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Delivered from Experience

SBI President/ CCO Growth Forum: Summary and Session Material

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Discussion Summary and Take-Aways for Commercial Leaders

1. While demand trends are generally positive, there is uneven-ness across customer segments, and a tension between new customer acquisition (which is increasingly expensive) and growth from a high-churn base. Tight customer targeting based on likelihood to progress through pipelines with greater velocity is key. Commercial leaders also need to drive sellers to more deliberately personalize and differentiate their communications with buyers in a noisy environment.

2. Leadership teams are operating in a world of buying trade-offs. In their efforts to maintain margins as growth slowly returns, most continue to force decisions regarding what they will stop using in order to purchase new solutions. This is a reaction in particular to revtech proliferation from earlier in the decade. Leaders are fighting back against “more”, instead seeking solutions that integrate and drive efficiency.

3. Buying journeys have become complex, with buying teams themselves often not understanding how buying works in their organizations. Simplify decision-making for buyers by emphasizing the benefits and experience of working together over solution features and benefits. Initiate conversations by demonstrating how the partnership can address buyers’ most pressing challenges.

Session Agenda

01

Welcome & Introductions

02

Market Direction

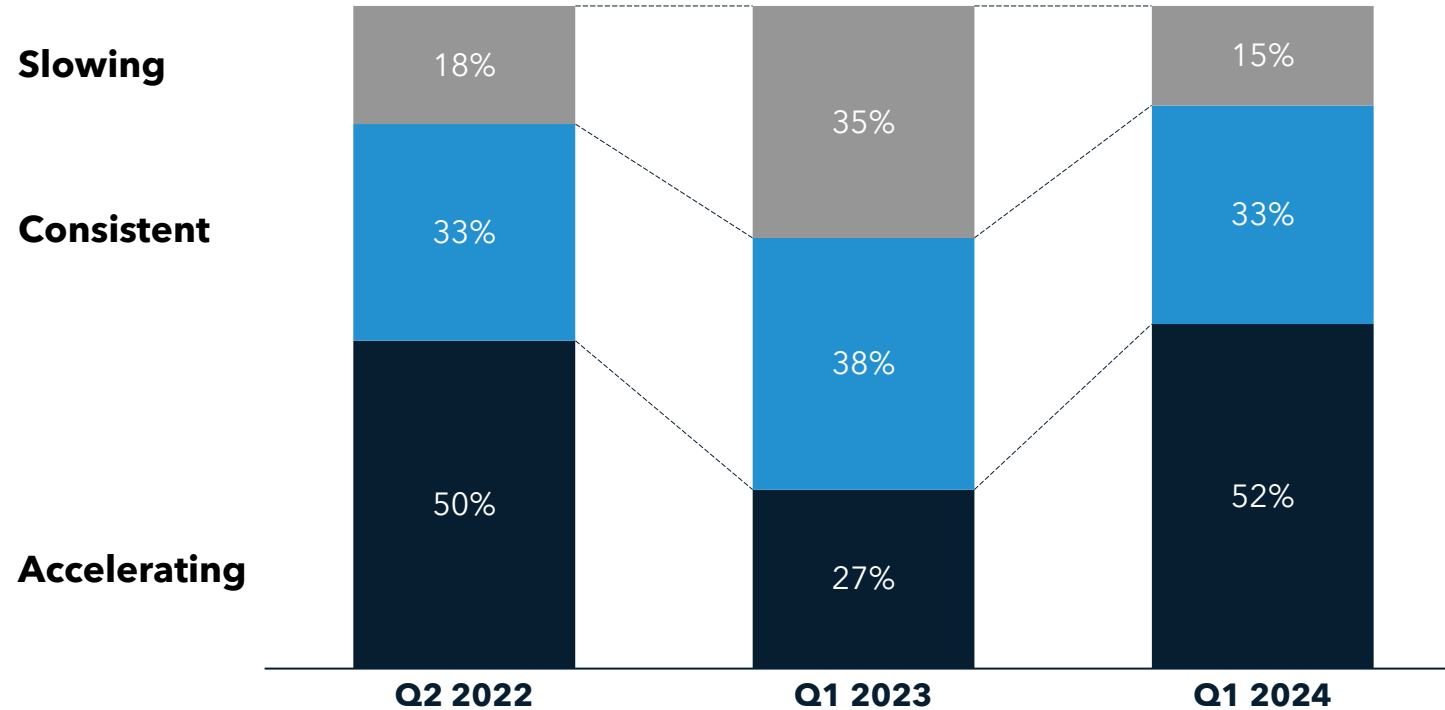
03

Navigating Buyer Friction

SBI's President and CCO Growth Forum brings together industry-leading business leaders to share perspectives on the future of B2B go-to-market strategies and the best ways to drive unforgettable growth. The group gathered in May 2024 to discuss demand trends and changes in buying behaviors in 2024.

Still feeling positive about demand?

CEO Assessment of Demand Indicators for Their Business



Q2 2022 N = 120; Q1 2023 N = 91; Q1 2024 N = 87

Response to question: Q2 2022 and Q1 2023: To what extent do you perceive softening demand indicators for your business?;

Q1 2024: How would you characterize demand indicators for your business?

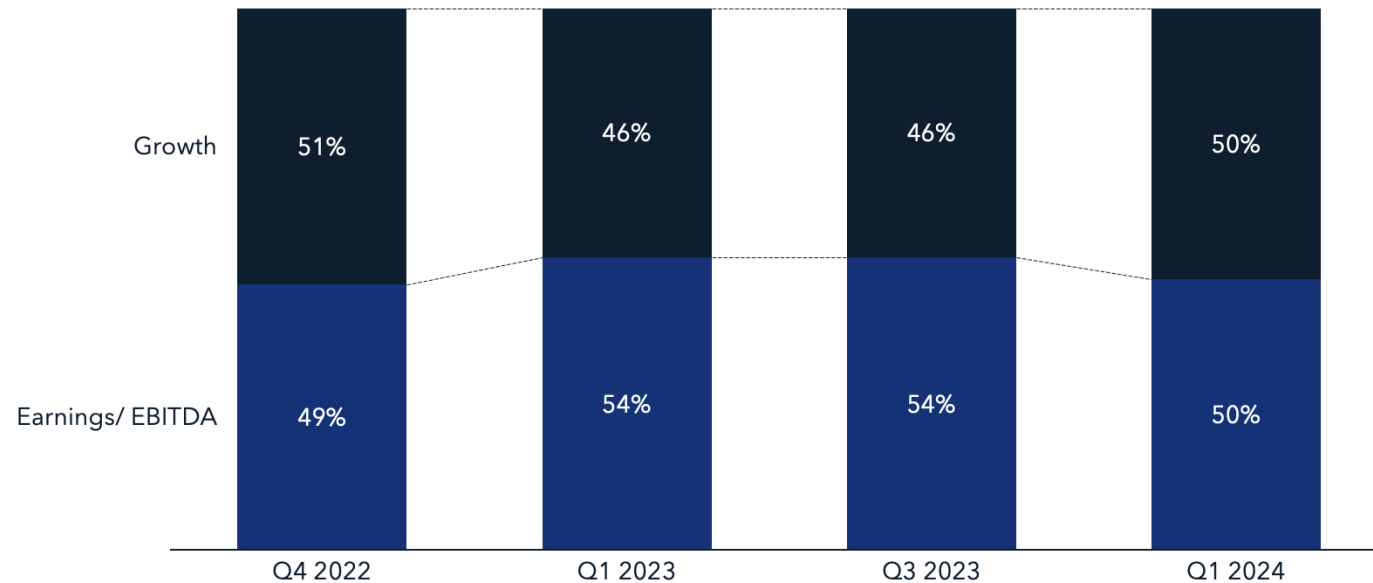
Source: SBI Q2 2022 CEO Survey; SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Participants agreed that in general demand seems to be improving into Q2, and noted several trends:

- **The market is somewhat fragmented.** Some customer segments are moving faster, others are still tentative, dealing with overcapacity. For some this is industry-based; others geography-based (Europe softer); others based on company size (enterprise coming back faster).
- Much of the demand uptick is coming from decisions that were previously paused. An open question remains when additional latent demand comes through. **Pipelines remain hard to predict** for most companies.

A subtle shift back toward growth emphasis

CEO Perceived Relative Importance of Growth and Earnings to Investors



N = 102 (Q4 2021 and Q4 2022); 91 (Q1 2023); 113 (Q3 2023); 87 (Q1 2024)

Question: Allocate 100 points to indicate the relative importance your investors place on the following outcomes: Growth or Earnings / EBITDA. (current year / a year ago)

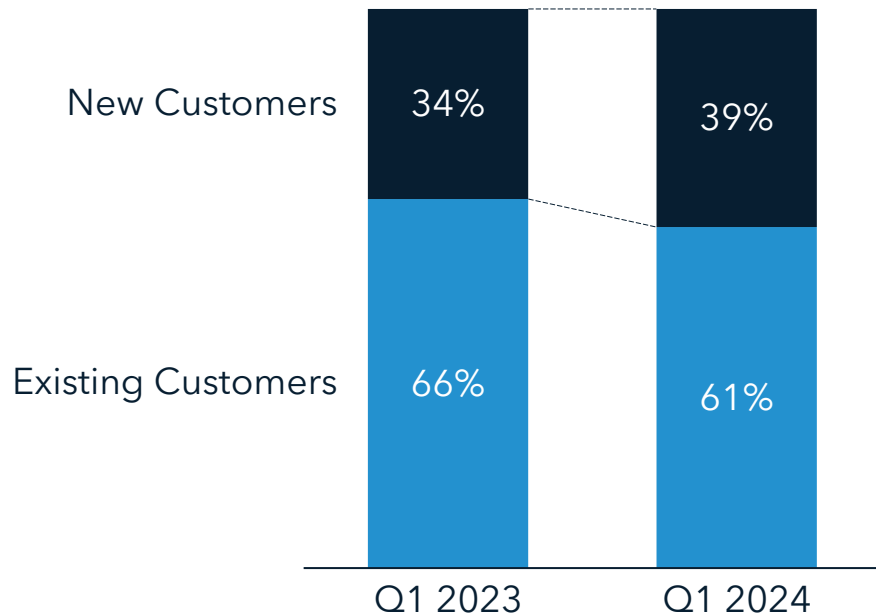
Source: SBI Q4 2022 CEO Survey; SBI Q1 2023 CEO Survey; SBI Q3 2023 CEO Survey; SBI Q1 2024 CEO Survey

There is a small but noticeable shift back toward more evenly-balanced growth and earnings emphasis:

- Most found it naturally easier to beat expectations on margins across the past year.
- Companies are finding themselves making **thoughtful budget trade-offs**, rather than increasing spend. They found large efficiencies in customer support and marketing and are reallocating toward other go-to-market initiatives. Some are reallocating to product and R&D.
- Many are **capturing efficiencies by off-shoring** but see an opportunity to **“skip a generation” by using AI** for efficiency gains.

Continued reliance on existing customers for growth

Relative share of net new bookings from new vs existing customers



N = 102 (Q4 2022), 91 (Q1 2023), 113 (Q3 2023); 87 (Q1 2024)

Question: What percent of net new bookings do you expect to receive from new vs existing customers in FY23?

Source: SBI Q4 2022 CEO Survey; SBI Q1 2023 CEO Survey; SBI Q3 2023 CEO Survey; SBI Q1 2024 CEO Survey

Strategically, there is a conversation happening with investors about “what kind of growth do we want?” Is it more from the base? More new customer acquisition?

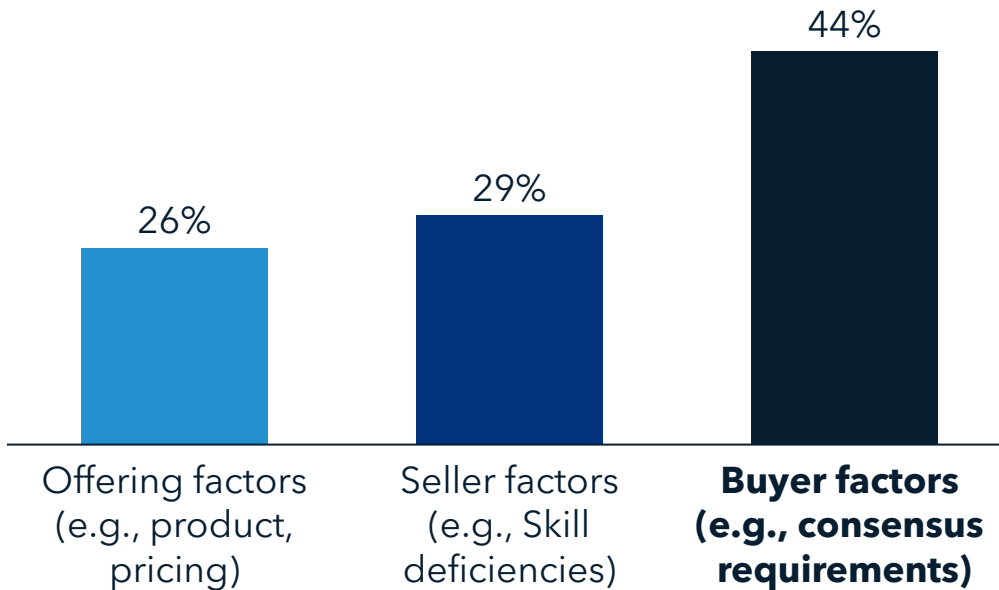
- For most, they are trying to manage a tension between high customer acquisition costs (CAC) making growth from the base more appealing, but high churn from the base making new customer acquisition important.
- They attribute rising CAC to a saturated customer and emphasize a **need to target customers as issues arise** where their solution is a fit.
- For both new customer acquisition and growth from the base, **seller capabilities are critical** – being able to personalize and differentiate. This is driven by high-performing managers, and hiring for individuals who can adapt to change quickly.

4. **The State of B2B Buying**

CEOs report buyer factors as the largest hindrance to commercial productivity

CEO Allocation of Points Against Factors Influencing Commercial Productivity

Average percentage allocated to each



N = 87

Source: SBI Q1 2024 CEO Survey

SBI's surveying indicates that buying factors are a primary threat to commercial productivity.

Discussion added several insights:

- Buying factors are a concern but **problems with seller skills and offerings are closely related**, and also hurting commercial productivity.
- Most buyers have lost track themselves of what the buying journey is within their organizations. This makes it particularly challenging to drive them to decisions.
- **Decision-making is slowing in part due to solution bloat** – in previous years when buying was easier customers ended up with redundancies. Now for every purchase there is an expectation that something gets traded-off or retired.

Two ways to help buyers navigate friction - a better offering and a better experience

Aspects of the Offering

A Unique and Easy
to Integrate
Product

Flexible **Pricing**

Strong **Brand**
Reputation

Aspects of the Experience

Comfort with the
Supplier

An **Easy Process**
with Momentum

A **Consistent**
Experience

SBI's research is looking at both the offering and the buying experience as factors in buyers getting to decisions, finding that the offering matters for smaller purchases, and the experience for larger and higher-loyalty purchases:

- Discussion emphasized that **risk is a significant factor determining when the experience matters more than the offering**. Buyers are worried about making the wrong decisions and want to ensure they will get what they are asking for.
- The buying experience also drives buyer confidence that suppliers will **be able to flex with them** as their needs evolve.

About SBI

Driven by insights and delivered from experience, SBI continues to help clients grow their revenue, margin and enterprise value in ways never before possible.

Working with us, leaders can expect confidence and trust with experienced partners every step of the way. We engage and support our clients as an extension of their team, both guiding and working side-by-side to deliver relatable, practical strategies that work for today and tomorrow.

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