

THE FUTURE OF THE HIGH-TECH & SOFTWARE INDUSTRY

Despite economic and labor market uncertainty, tech companies can't afford to slow down—and must balance profitability and growth

How do you do more with the same—or even less? That's the question facing today's tech companies, as economic volatility and an unpredictable labor market dampen available capital, reduce resources, and ratchet up the pressure on profitability. Those that focus on efficient product-led growth, a digital-first customer experience, and disciplined revenue operations will emerge successful.

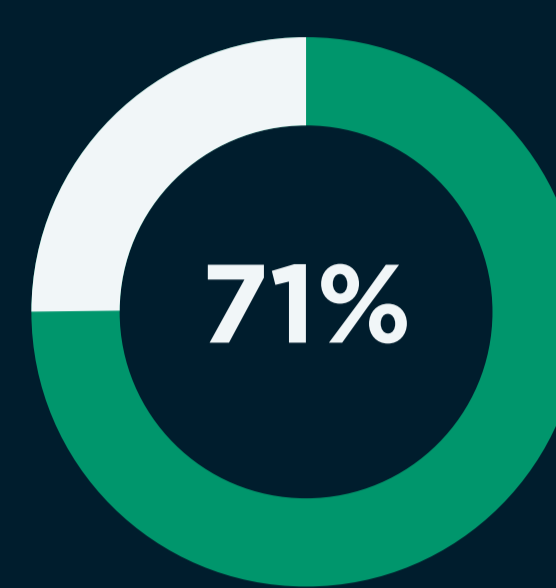


The idea of acting in a way that's more balanced really positions the industry to be stronger moving forward in terms of its fundamentals. It's a great opportunity for companies to think smartly about how they're growing and come out of the downturn even stronger.

WILL WU

West Monroe, Managing Partner, High-Tech and Software (HT&S)

Though some companies are slowing hiring in certain areas, competition for top talent remains. Opportunity exists for those in the sector who can optimize their labor, operations, and resources to seize it.



In a 2022 executive poll, 71% of leaders told us that inflation was having an impact on wages

Yet in that same poll, 71% also noted concerns about recruiting and retaining workers.

Pressure on efficient product-led growth is building

To do so, it's important to focus on optimizing their R&D spend, consider customer value in their roadmap prioritization, consolidate platforms where possible, and remember the importance of serviceability in driving customer satisfaction.

\$1.5 TRILLION

Subscription-based business models continue to gain prominence, with the market projected to grow up to \$1.5 trillion by 2025.

Key Product-Led Growth-Related Cost Optimization Levers

Consider the following operational levers when it comes to optimizing costs around product-led growth:

R&D and product management

Labor

- Off-shoring, outsourcing, and center-based delivery
- Team productivity
- Structure, roles, spans, and layers

Software development life cycle process

- Backlog prioritization/management
- Streamlined release processes
- Quality improvement (automated testing, etc.)
- Effort estimation and evidence-based planning

Product alignment

- Rationalize product portfolio (market feature fit, customer profitability, product profitability, etc.)
- Scale shared components
- Value estimation and prioritization

Hosting and third-party product licensing

- Product architecture/infrastructure design
- Cloud usage and instance analysis
- Data center strategy
- Cloud contract renegotiation
- Third-party licensing costs
- Cloud operations automation

Prioritizing the customer journey and experience is key

Executives should hone in on measuring, understanding and delivering customer value; double down on driving efficiency and digital scale; and focus on celebrating and enabling their people.

Key Customer Experience-Related Cost Optimization Levers

Consider the following operational levers when it comes to optimizing costs around CX and the customer journey:

Services, support, and customer success

- Tiered success offerings, and monetized services where applicable
- Services Team (margins, utilization, customer satisfaction score, etc.)
- Support Team (resolution time, % cases escalated, cases/rep, etc.)
- Success Team (customer health scores, customer usage, customer adoption, etc.)

Takeaways from our 'Delivering customer experience at scale leveraging digital innovation' webinar

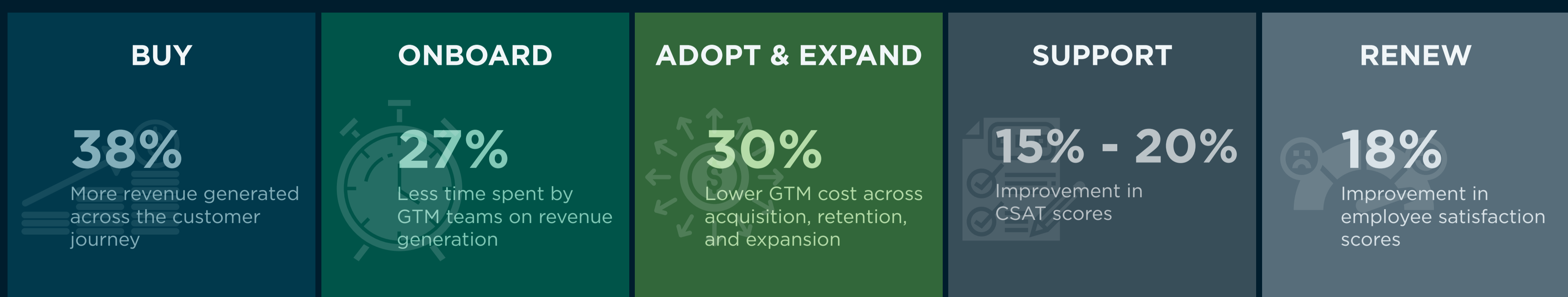
Digital innovation has never been more important. Industry leaders shared how they're leveraging it to deliver a better customer experience

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Revenue operations can help drive needed growth

Organizations should concentrate on understanding the data they have, leveraging that data to produce a core set of key performance indicators, and translating those KPIs into specific RevOps actions.

The Benefits of Successful RevOps Programs



Key RevOps-Related Cost Optimization Levers

Consider the following operational levers when it comes to using RevOps to optimize costs:

Sales & Marketing

Sales Coverage

- Customer coverage (automate processes, exploit digital capabilities)
- Sales role efficiency (assign appropriate role to the task/process)
- Sales resource allocation (focus on the right customers and key tasks)

Sales Effectiveness

- Sales enablement: tools and resources to increase effectiveness and efficiency (e.g., lead qualification, dashboards, pricing tools, training, etc.)
- Compensate on performance/profits
- Reduce/consolidate trainings

Marketing Effectiveness

- Understand team structure, roles, spans, and layers
- Ensure channel effectiveness (e.g. digital) for lead generation
- Manage third-party spend

Lead-to-Cash

Labor

- Assess cost per head and productivity
- Evaluate insourcing versus outsourcing options

Process Automation

- Finance: explore tools for quote to cash, forecasting, budgeting, etc.
- Re-negotiate vendor contracts
- Rationalize the applications used to support revenue