

STATE OF IT SALES

2020

IN BULGARIA



The business of tech companies

#STATEOFITSALES

Welcome to the State of IT Sales Report



WHY

2020 was challenging. While there was a lot of information on the effects on different industries, data concerning the business and sales side of the tech sector in Bulgaria was missing.

Being a sales development agency and working with many Bulgarian IT companies, we couldn't just leave this problem unaddressed.

Hence the reason to design and conduct a survey showing the state of IT sales in Bulgaria. How technology companies lost, sustained or grew their work with existing clients and how new business acquisition was affected.

Initially, we planned to use it internally and share it only with respondents, but after a discussion with a few key partners we spotted an opportunity to help and inform the wider industry as well as the general public about the trends we observed.

ABOUT OUT2BOUND

Out2Bound is a sales development agency that helps technology companies (software development, mobile, web, SaaS) to attract b2b clients and access new markets around the globe. We develop and execute outbound sales development strategies on behalf of technology companies to enrich their sales pipelines and as a result to start conversations with highly targeted potential new clients.

Additionally, we test out new markets and validate the product or service-market-fit. We are able to both plug into the company as a remote sales team or support an existing sales team by enriching its sales pipeline.



Teofil Shikov

Founder & CEO,
Out2Bound



Executive Summary



IN JANUARY 2020 everyone believed that the upcoming year was about to be another strong one for the tech sector in Bulgaria. It seemed so until March, when everything turned upside down. Remote work, closed offices and processes changes happening overnight. Sub-verticals like e-commerce had one of their best years to date while others like hospitality were stagnating throughout the year.

THIS MADE US CURIOUS - how's the sector performing when it comes to sales? Joining forces with our partners from the Bulgarian Association of Information Technology (BAIT) we got answers to all of these (and other) interesting questions. We are delighted to be able to present them to you in the first edition of the survey - State of IT Sales Bulgaria.

98 COMPANIES TOOK PART in the 2020 survey, majority of those being in the SME segment (60%). Doing primarily B2B sales, 40% of the respondents are hitting revenues between 100 000 EUR-1 million EUR on yearly basis. From product development to services, half of the respondents are having at least 2-3 sales professionals to drive new business.

A STEADY DEMAND FOR SERVICES KEPT THE GROWING TREND. However, only 1/3 of respondents reached their goals for the year. Headcount changed too - Only 36% of respondents didn't change their overall team size. Sales headcount on the other hand was on the rise. Sales focus was primarily Europe and North America and Brexit influenced only a small percentage of the respondents. Concerning (when it comes to) future growth strategies - there are high hopes and plans for further growth in 2021. But it's not just more of the same as most said they'll increase efforts and alter their sales approach.

What's the current state and sentiment for the future of IT sales for Bulgarian companies? Have a look and if you have questions:

Reach out at survey@out2bound.com

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CURRENT STATE

Here is how our respondents have been performing in 2020

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FINDING 1

Difference in performance of service and product companies

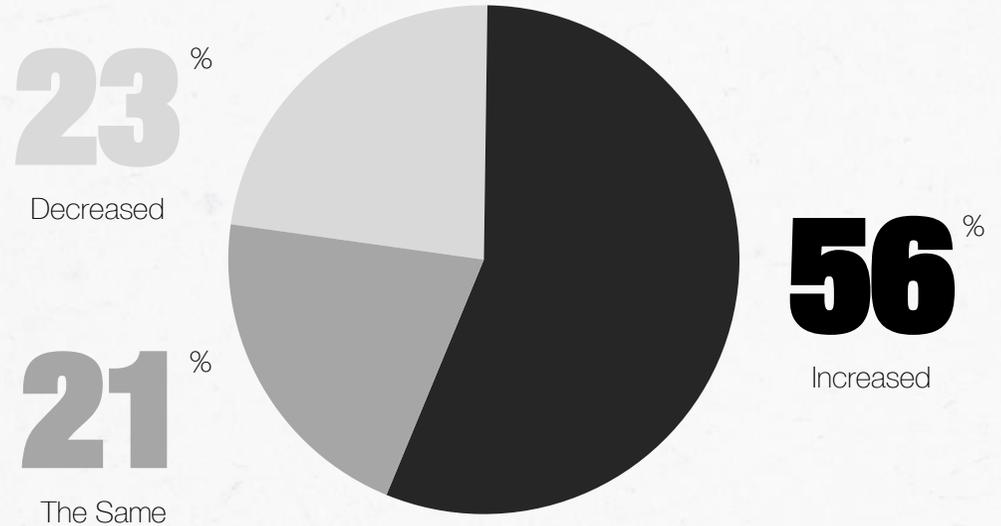
Although there has been a decline in other industries, the **tech sector appears to not have been that affected**. More than half of the responding tech companies even saw a rise in total revenue, while only 23% saw a decrease. The rest stayed at the same levels as H1*/2019.

When we look closer, we see there is a **significant difference between product & service companies** - the latter have been affected more by the uncertainty and the economic downturn. The difference between service and product companies is significant and product companies are mostly continuing on their growth trajectory.

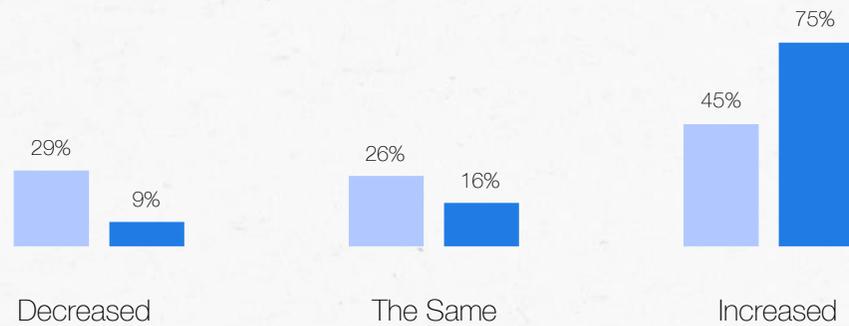


Revenue comparison H1 2020 vs. H1 2019

All types of companies



Service vs. Product companies



FINDING 1

Difference in performance of service and product companies



Companies focusing on **Own product development** and **IT services** have reported the best growth with respectively 73% and 70% increase in turnover.

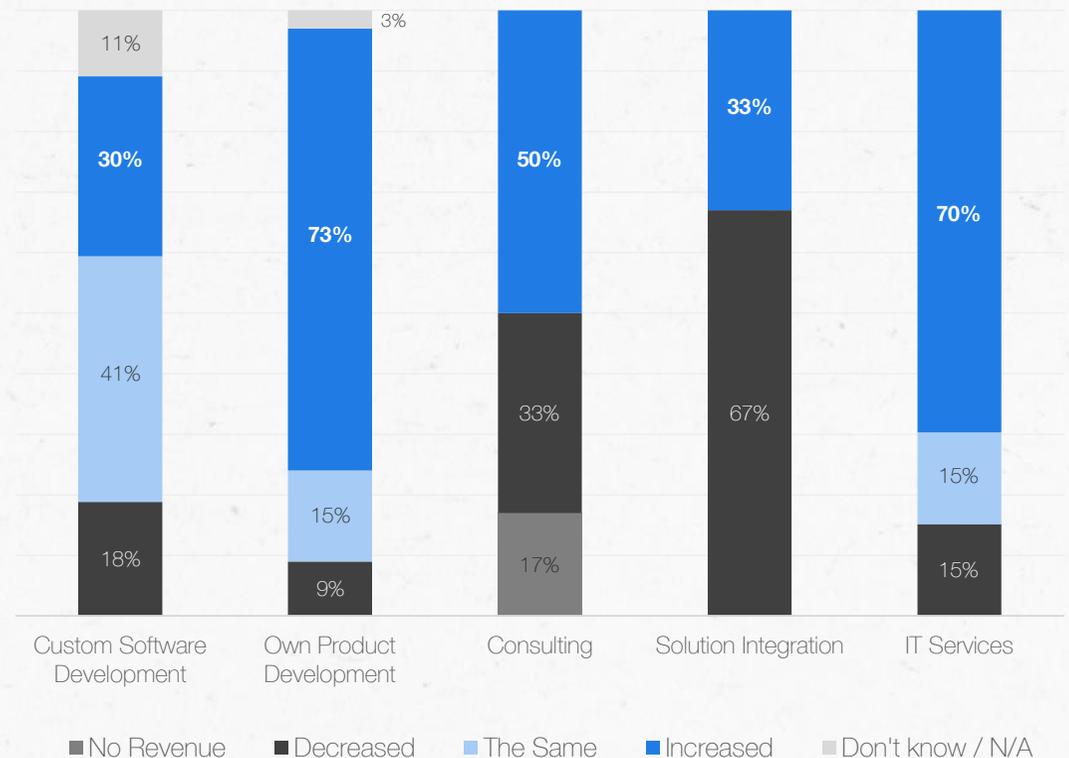
The hardest hit was taken by **Solution integrators** where 67% of respondents reported a drop in revenue.

Consulting looks black and white - 33% reporting a decrease and 17% having No new revenue, while the other half reports growth.

The **Custom Software Development** segment appears to be the most stable pillar out of all other sub-sectors - 41% report no change in revenue. And non-negligible numbers of respondents reporting in both directions - Growth (30%) and Decline (17%).

Has your company's revenue changed in H1 2020 vs. H1 2019?

Respondents chose the segment their company falls into.



FINDING 2

Demand wasn't collapsing unlike in other sectors

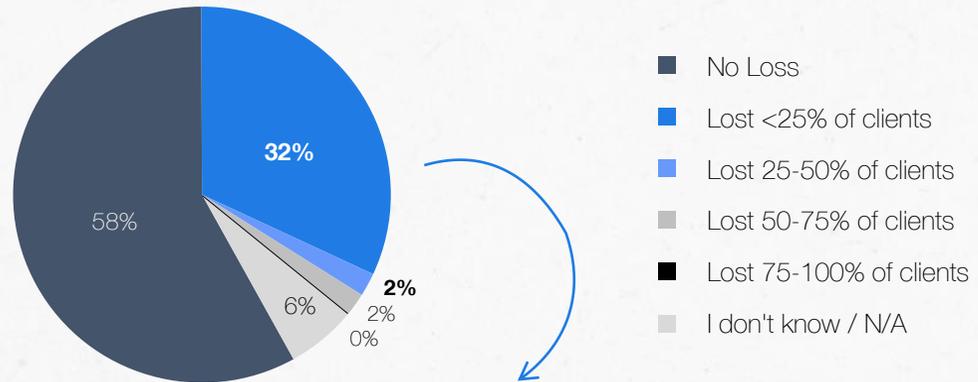
On the bright side, more than half (58%) of our respondents reported 'no client loss'.

And for those who experienced decline, it was limited to less than a quarter of their existing client base. Most pointing to reasons related to "Clients slashing their budgets" and "Economic uncertainty".

A relatively small percentage was due to clients going bankrupt.

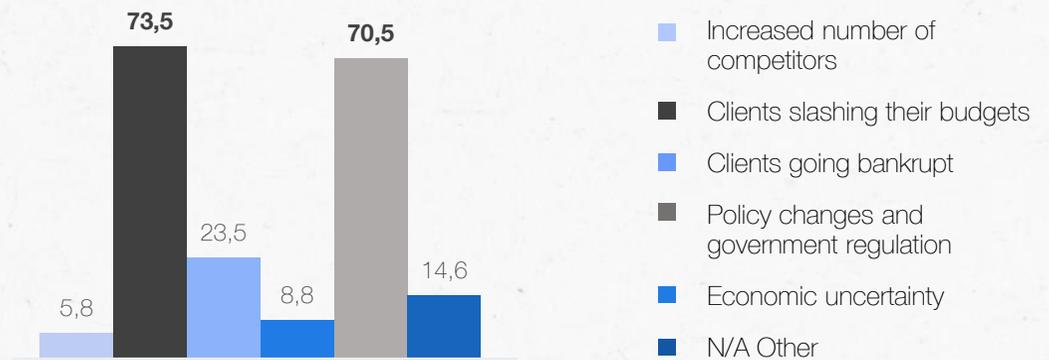


Have you noticed any changes in your number of existing clients in H1 2020 vs H1 2019?



What would you point out as reasons?

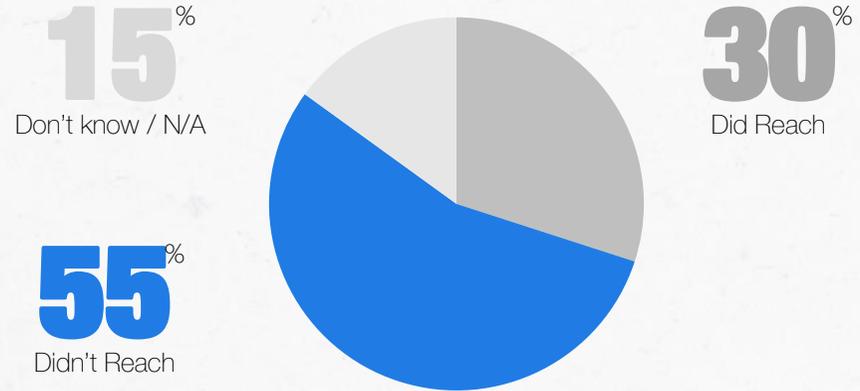
Groups "Lost <25% of clients" and "Lost 25-50% of clients"; Multiple choice answer



FINDING 3

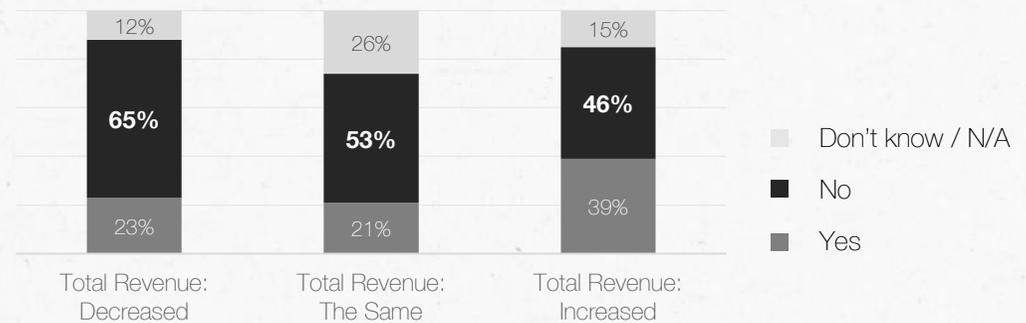
Less than 1/3 of respondents met their client acquisition targets

Did you manage to reach the number of new clients you planned to have since the beginning of 2020?



Did you manage to reach the number of new clients you planned to have since the beginning of 2020?

Compared to total revenue



Although over half of the companies (55%) failed to hit their new client acquisition targets for the first half of 2020, only 23% of them saw a decrease in revenue.

When drilling down into the topic this trend was further emphasized – even market players who enjoyed revenue growth still failed to hit their projected new business targets.

FINDING 4

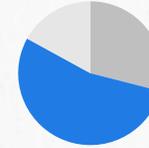
Some optimized their teams, but everyone plans to hire



Did you manage to reach the number of new clients you planned to have since the beginning of 2020?

55%

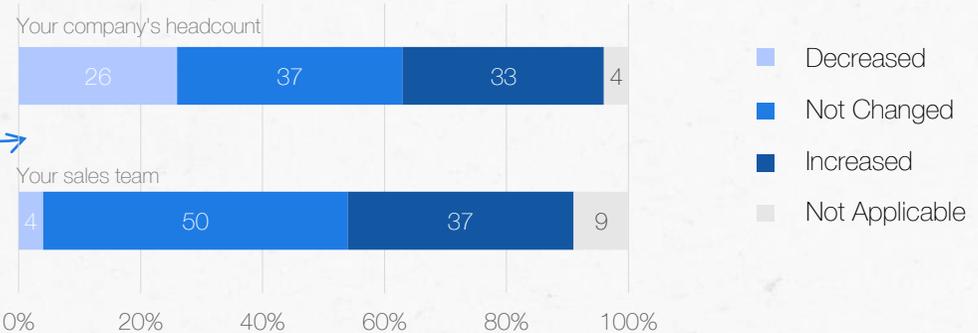
Didn't Reach



30%

Did Reach

Has your team increased or decreased in 2020 (vs. 2019)?

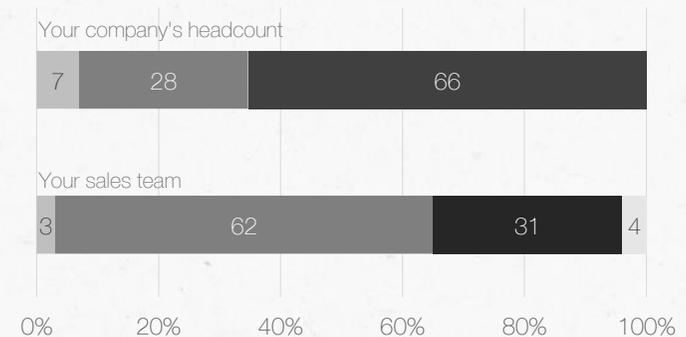


Who is firing & who's hiring?

The companies that failed to achieve their sales plans not only didn't increase their headcount, but a whole 26% of that subgroup even downsized their teams.

While changes in headcount differed between the two sets, the size of the sales team seemed to be less effected by company's performance.

- Decreased
- Not Changed
- Increased
- Not Applicable



FINDING 4

Some optimized their teams, but everyone plans to hire

Who is firing & who's hiring?

There has been a significant correction on the job market looking at the data from our respondents.

Half (50%) of companies that laid off people actually grew in revenue.

The degree of success of those that kept their headcount is split almost evenly. We suspect that they were waiting to see how the situation develops before taking steps to adjust.

There is optimism for the future - even companies that decreased their headcount say they will be hiring in the near future (67% of those respondents)

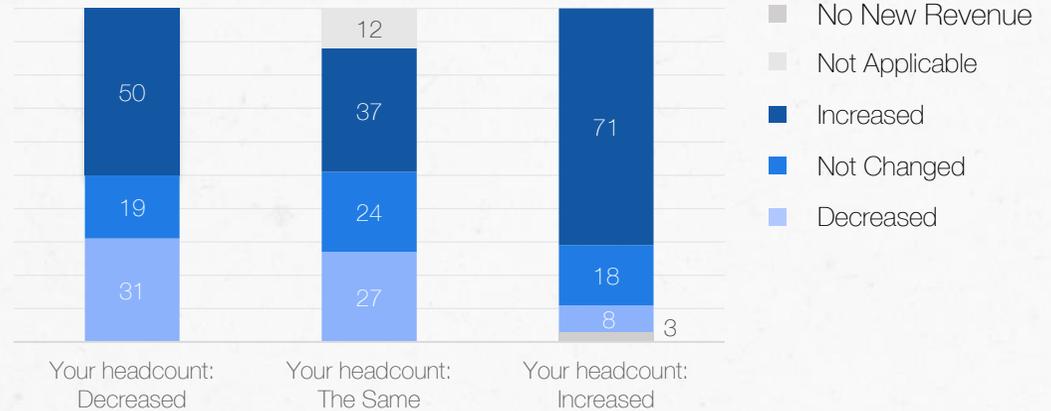
A considerable 83% of companies growing their headcount plan to continue hiring.

The companies with stable revenue are taking a more level-headed stance - 46% of which say they don't plan headcount changes soon.



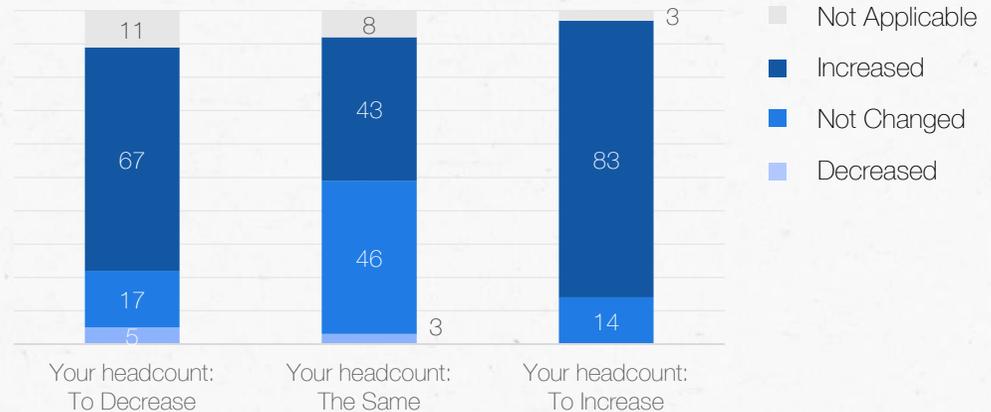
Has your company's revenue changed in H1 2020 (vs H1 2019)?

Total revenue; Percent



Does your company plan to change its headcount?

Overall for the company; Percent



FINDING 4

Some optimized their teams, but everyone plans to hire



When looking to the sales team headcount things seem different.

Companies which decreased their sales team size in 2020, in 75% of the cases, are now ready to hire.

Our theory is that the turmoil in H1 2020 could have proved a good time to clean underperformers and think about bringing in fresh blood.

The only instances in which we see businesses showing readiness to mandate further sales cuts, is where those companies have recently completed a hiring cycle.

Does your company plan to change its headcount?

Of the sales team



FINDING 5

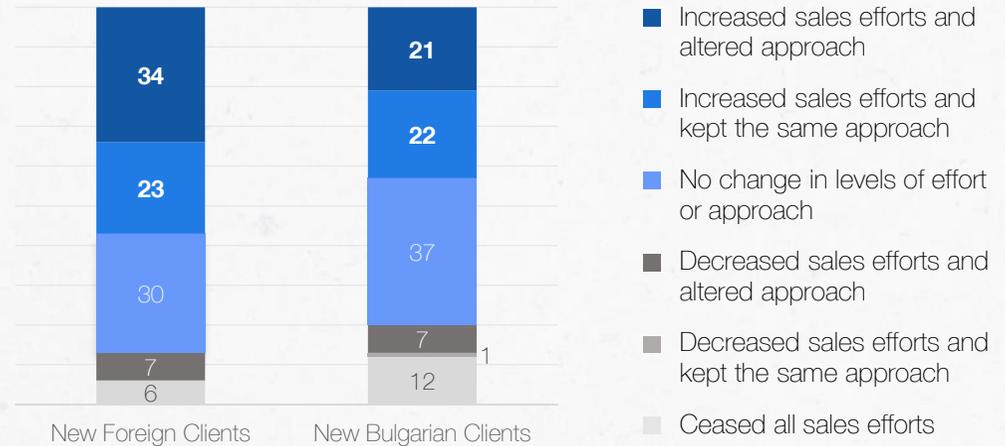
Most companies are re-evaluating their sales approach

Most respondents have increased their sales efforts - with 57% aimed at foreign clients and 43% at domestic. Those players also expect to grow their sales force significantly in the near future.

A sizable group has continued with the same approach and only a smaller number of respondents (13% for foreign and 20% for domestic market) have decreased or ceased all sales effort.

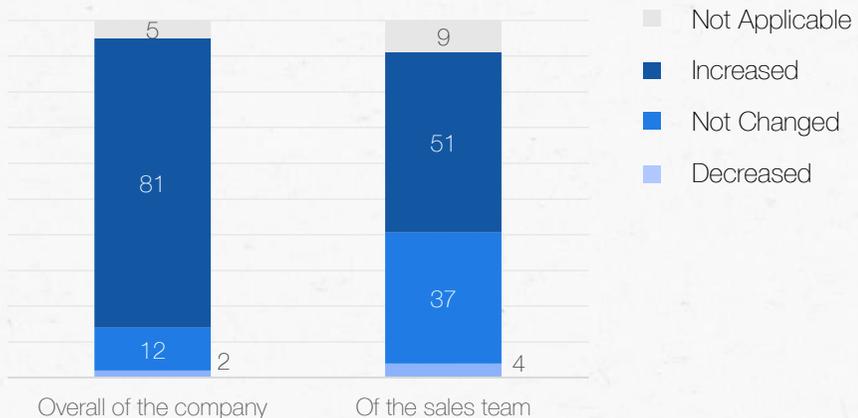


Which of the below best describes the approach your company has taken in H1 2020 vs H1 2019 towards acquiring:



Does your company plan to change its headcount?

For the companies with increased sales effort



FINDING 6

Europe and North America as the breadwinners

Europe & North America account for the majority of external markets that respondents listed.

Only a few of the companies surveyed (9%) don't currently work with foreign clients. And other markets are negligible to the total mentioned.

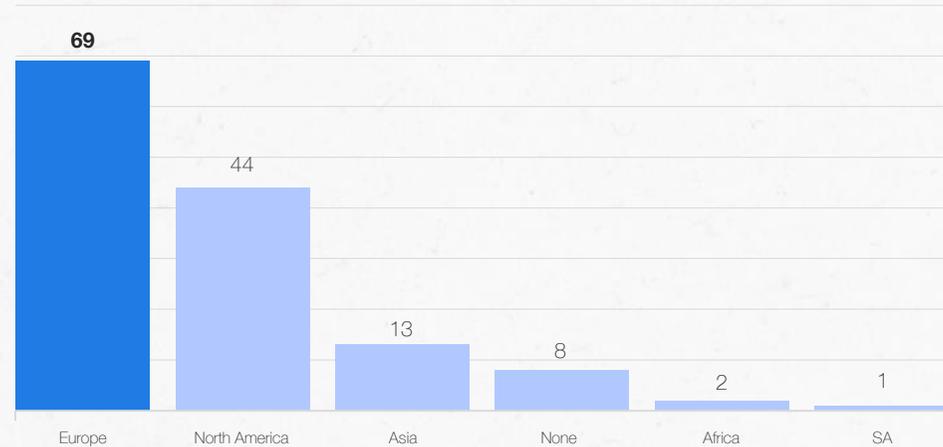
70% of companies do business with Europe due to its geographical proximity, cultural similarities and the common market.

Looking deeper into the data, we see that Germany and the UK are the leading European markets.



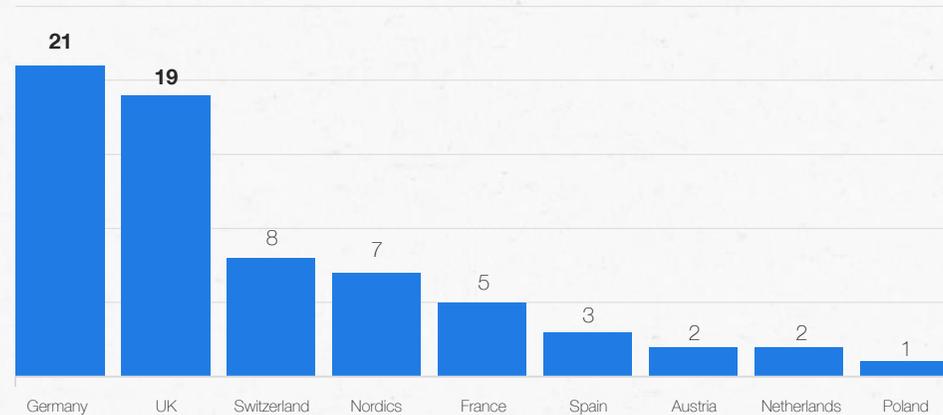
What are the foreign markets you currently have clients from?

Multiple choice



What were the top mentioned European markets our respondents have clients from?

Multiple choice



FINDING 6

Brexit: No critical reliance on the UK

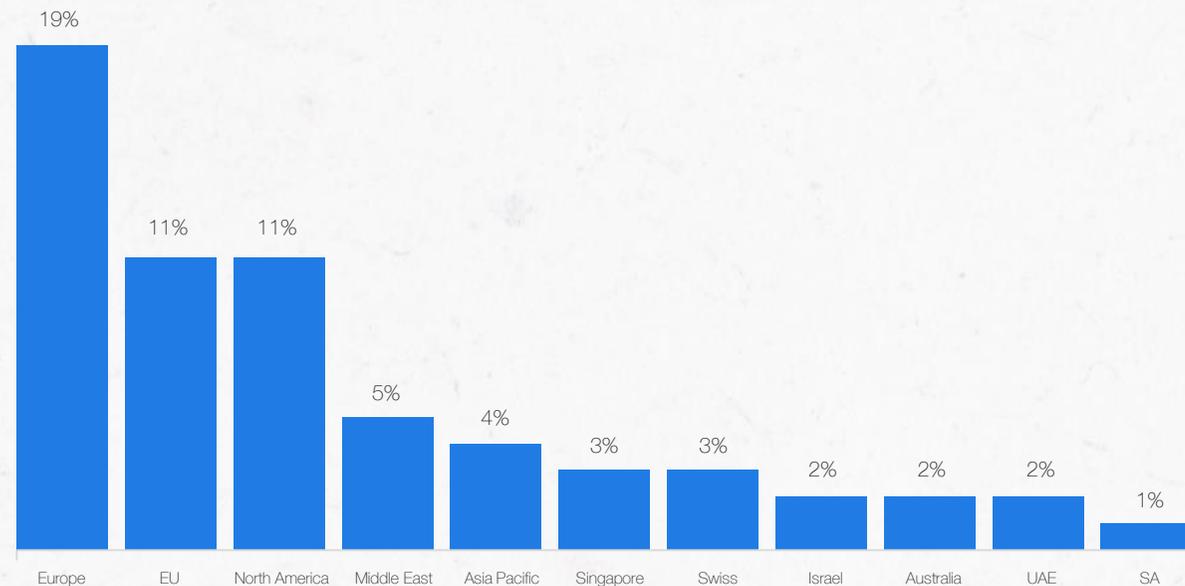


The UK is the second most frequently mentioned market after Germany. Looking at the companies who work with UK clients, we notice that a very small percentage (1%) are working exclusively with the UK.

The majority also work with European and North American clients. This means that any potential challenges around doing business with the UK in the future can to some extent be counterbalanced by shifting focus to other markets.

Companies affected by Brexit work with

Multiple choice



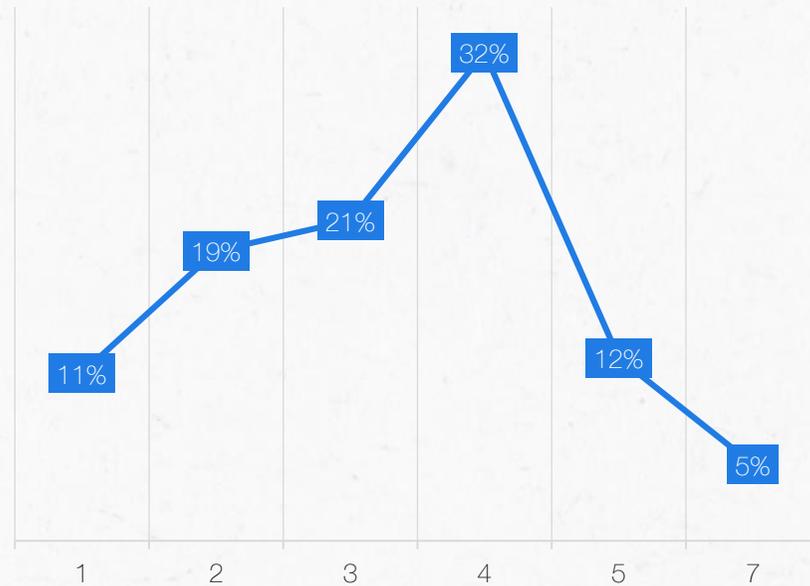
FINDING 7

Using multiple channels to reach new customers

We were pleased to see that only 11% of respondents rely on one exclusive channel to sell.

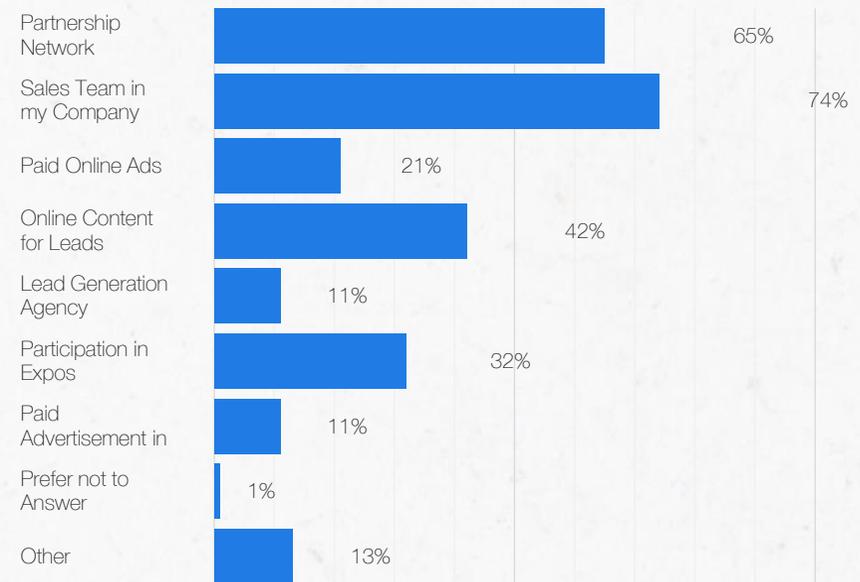
Around 70% use 3 or more mediums and such diversification is becoming ever more critical in these changing times.

Number of channels listed



What channels do you currently use?

Multiple choice



FINDING 8

The lack of expos as a sales channel in 2020 didn't make a big difference

31% of respondents used expos to acquire new clients but no business relied exclusively on them. Almost all (90%) used them in combination with an internal sales team.

Bigger companies use expos for sales.

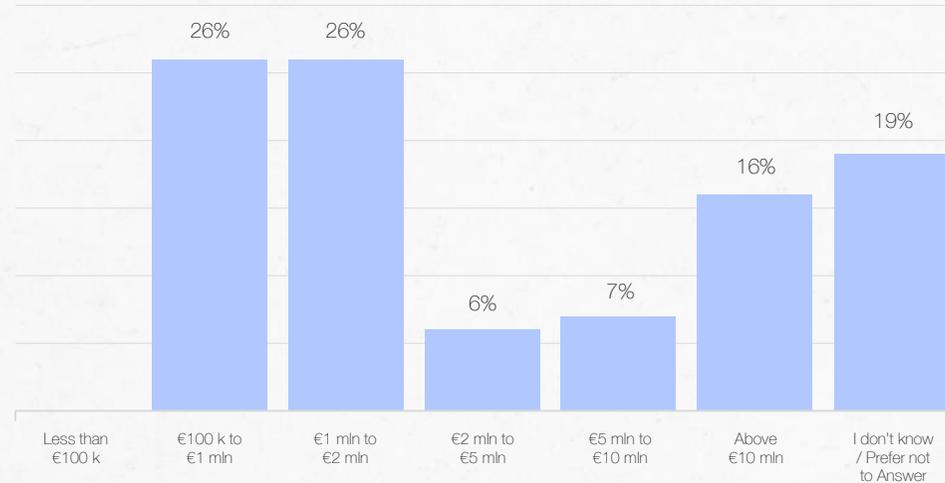
When it comes the company size, we are talking about 18% more respondents above the 1mln euro mark for annual revenue. And double the representation of companies above 10mln euro (16% vs 8% in the general sample).

Due to the fact no respondents listed expos as their only sales channel, we have not observed major differences between expo users and the general sample.



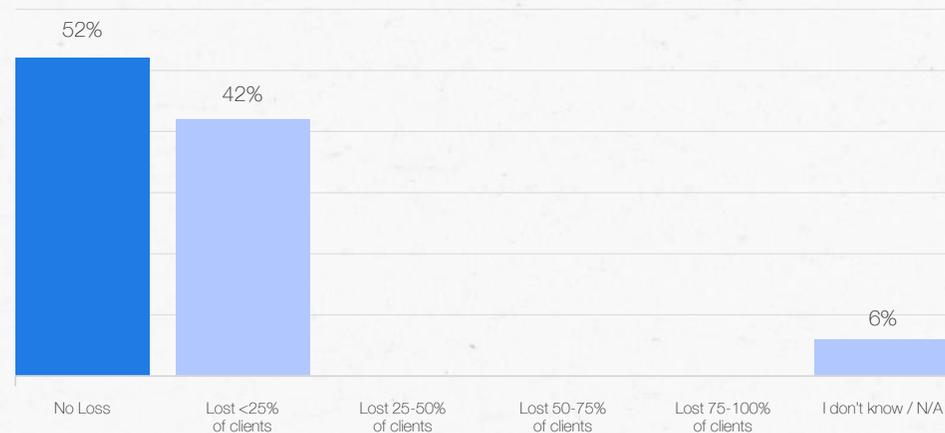
What is the revenue of your company?

Companies that reported using expos as a sales channel



Have you noticed changes in your number of existing clients in H1 2020?

Vs H1 2019, Companies that reported using expos as a sales channel



The sales role in numbers

How do salespeople perform in the IT sector?

Tech-focused sales roles have been evolving in recent years and more professionals are choosing to specialize in this sector. Although there is still a shortage of good professionals with previous experience in selling IT products and services, interest from companies looking to hire has peaked over the last 2 years.

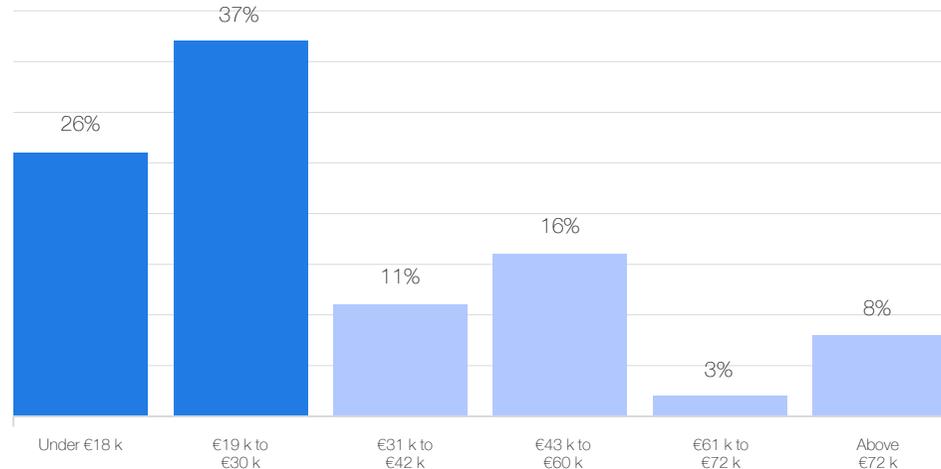
Remuneration varies, yet most companies (63%) reported providing an annual income below € 30 000. Only 11% of respondents provide above € 60 000 annually.

Respondents also share that between 11 and 49%, of their remuneration is received in the form of a sales commission. In some instances (20% of respondents) the bonus exceeds 50% of the total.

A bit over 20% of respondents don't have a bonus system and provide fixed salaries.

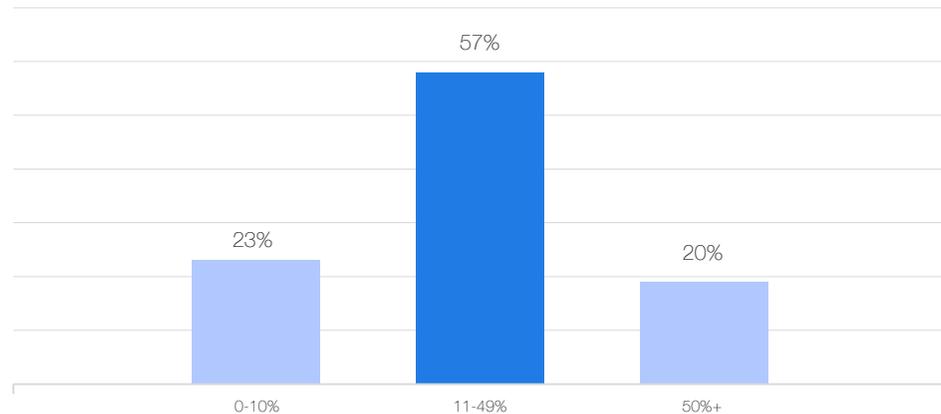
What would you say is the average annual income of a salesperson (including bonuses) at your company for 2020?

40% of the respondents replied to this question.



What % of that would you say comes from bonuses?

As opposed to flat remuneration





SENTIMENTS FOR THE FUTURE

Here is a glimpse at our respondents expectations.

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SENTIMENT I

Looking to the future with optimism

Most companies expect an increase in their revenue in the upcoming months. Biggest contributors are expected to be foreign clients.

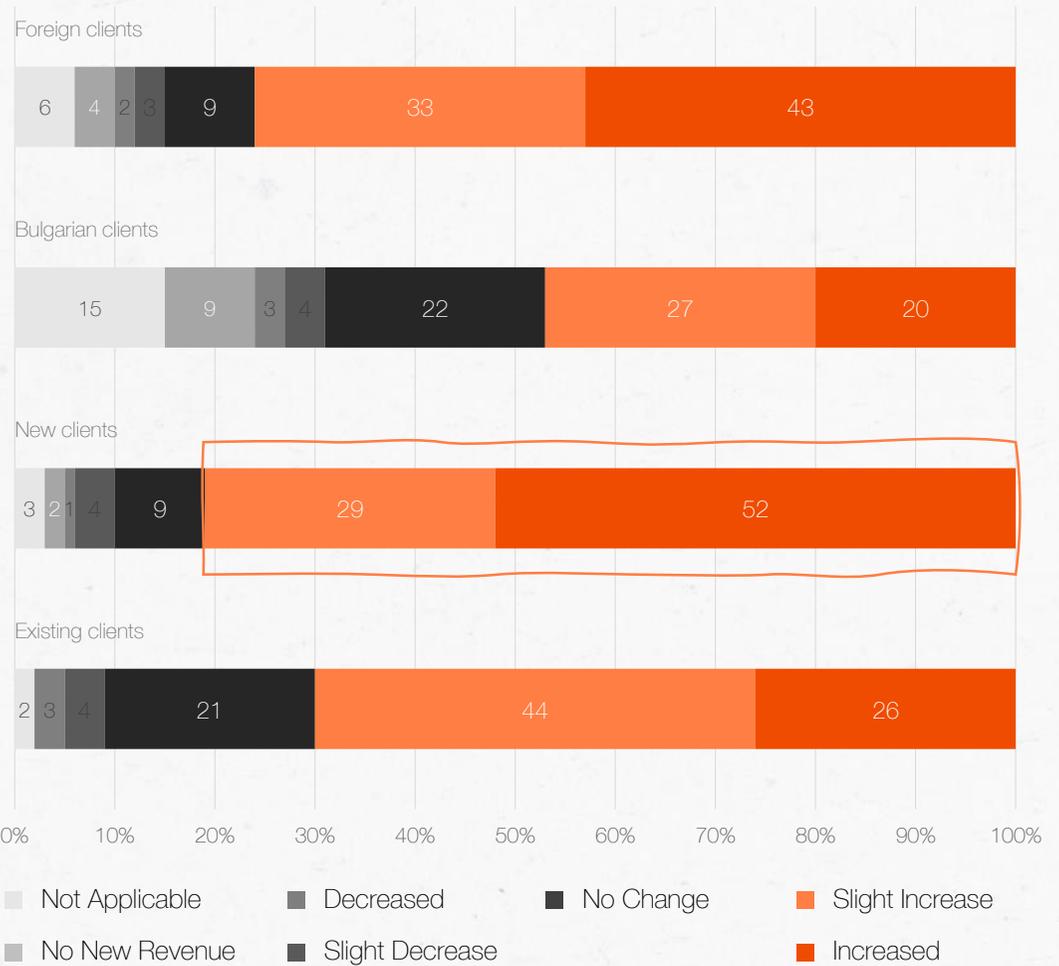
81% of our respondents expect their company revenue from NEW clients to increase (“increase” and “small increase”). Either way you slice it New Foreign clients are something everyone is expecting to grow in order to aid/boost revenue.

Less than 20% of respondents expect some kind of decrease.



Do you expect your company’s revenue to change in the next 6 months?

Compared to previous 6 months.



SENTIMENT 2

More effort and adjustment towards foreign markets

The majority of respondents are not going about it as business as usual and are making changes.

66% are increasing their sales efforts and 41% are also changing their approach.

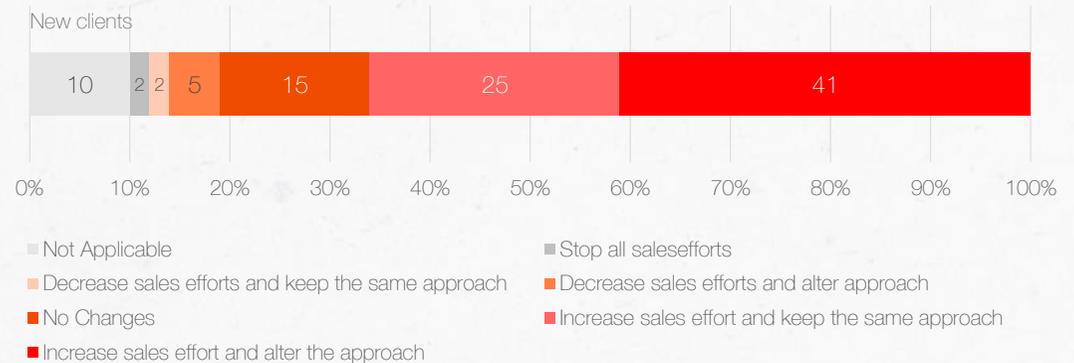
They expect to do so by using traditional approach of Partnership networks and having an internal sales team. It's interesting to see that almost half of the respondents point out "Online content for lead generation", making it the third most mentioned channel.

Expos are not "dead" as 22% of respondents mentioned them as channels they expect to be using although business travel is at a halt.



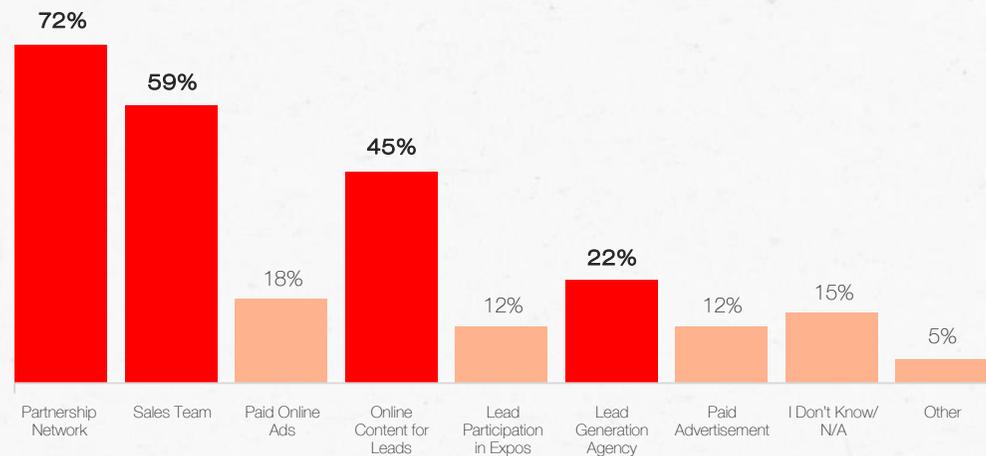
Do you plan to change your sales effort towards foreign markets in the next 6m?

Compared to previous 6 months.



How do you plan to approach foreign markets in the next 6 months?

Multiple choice



SENTIMENT 3

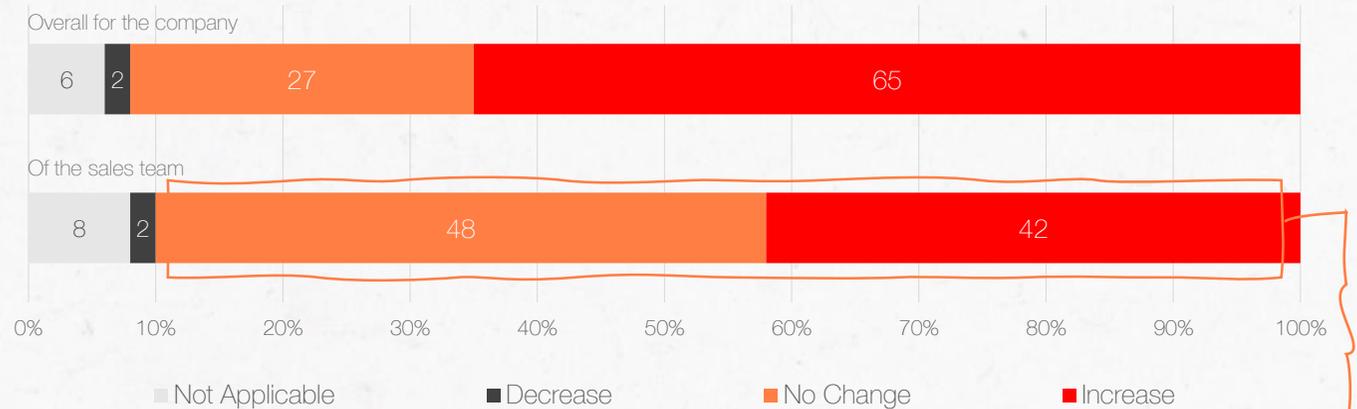
The hunger for talent



Most companies plan to grow their employees and only a negligible number of respondents think they'll decrease their headcount.

Here are some of the reasons shared.

Does your company plan to change its headcount?



"The sales team is enough to sustain the company growing to around 45 people, out of 33 now, so no need for new sales talent."

"We have new confirmed contracts for 2021."

"We have unutilized resources internally, and more than enough work. Once this is fully utilized will we be looking to expand."

"Overall for the company, we are planning growth in operations, but in terms of Sales team, it would be sufficient to stay with the same team size."

"We are developing and launching new products, so we need to increase our sales team anyway."

"Entering the new markets will require additional people."

"RnD on new products requiring better focus from sales."



BREAKDOWN BY BUSINESS SEGMENT

Segment-specific data

#STATEOFITSALES

Breakdown by business segment

Each business segment has had its own unique set of problems, opportunities and responses to market shifts. We'd like to give you the ability to see a more detailed picture of each.

Click the green boxes for more info.

OWN PRODUCT DEVELOPMENT

IT SERVICES

SOLUTIONS INTEGRATION

CUSTOM SOFTWARE

CONSULTING



RESPONDENTS AND METHODOLOGICAL FRAMEWORK

Details regarding the survey

#STATEOFITSALES

We surveyed 98 executives across 98 tech companies



COMPANY PROFILE

1

Our respondents set consists of companies that rely on B2B sales.

2

They mainly develop software for their clients and their own products.

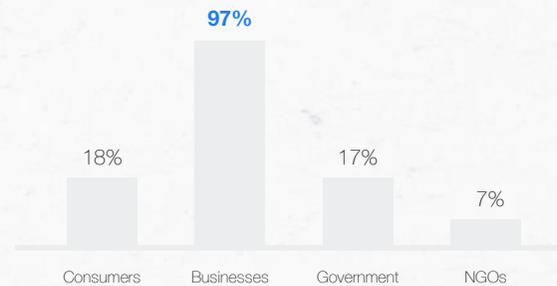
3

Only 4% of respondents' companies have less than €100k of annual revenue.

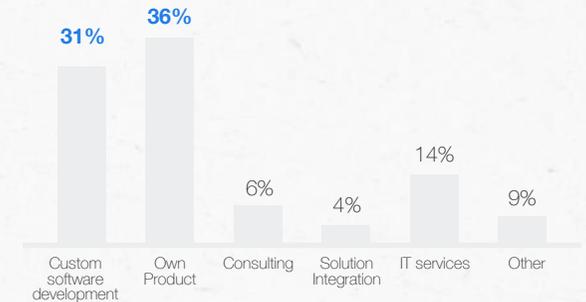
4

Almost 50% of respondents are in companies between 11 and 50 people.

What type of clients do you sell to?



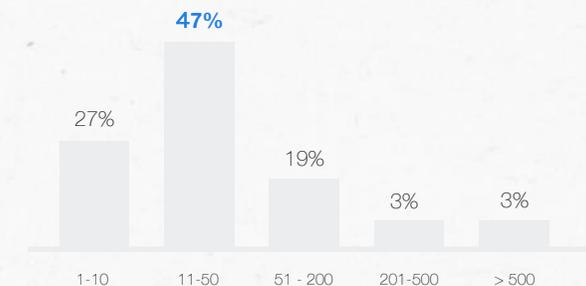
What is the main business activity of your company?



What is the annual revenue of your company?



What's the number of employees in your company?



We surveyed 98 executives across 98 tech companies



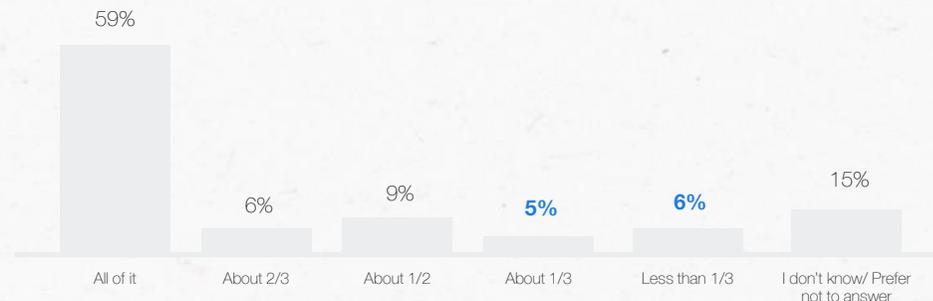
RESPONDENT PROFILE

What is your current role?



Most respondents were handling the business operations of their companies or working on business development and had all or more than half of the revenue under their direct supervision. Only 11% have been responsible for less than half the revenue.

What % of the company's revenue is under your direct supervision?



Most of the respondents are CEOs, Sales Directors or Managers.

Want to learn more about **B2B Sales**?

LISTEN TO OUR PODCAST



READ OUR BLOG

<p>Out2Bound Recognized as Top Business Consulting Service</p> <p>Read More</p>	<p>The Sales Mindset for Founders</p> <p>Read More</p>	<p>4 Common Myths About Tech Sales</p> <p>Read More</p>
<p>Новото лице на продажбите</p> <p>Read More</p>	<p>Why do you need sales in your tech company?</p> <p>Read More</p>	<p>Clutch.co Recognizes Out2Bound's Position Among Top Lead Generation Companies</p> <p>Read More</p>
<p>5 Biggest Sales Challenges IT Companies</p>	<p>How To Be Successful In The World of IT Without Being A Developer!</p>	<p>Out2Bound named Global Consulting & Appointment Setting Leader!</p>



MEDIA CONTACTS

Interested parties may share the findings freely with the requirement being to quote the original source.

For questions and requests for commentary please reach out to **survey@out2bound.com**

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