

HOW TO INFLUENCE FINTECH BUYERS



A study of what influences technology
purchasing decisions in financial institutions



GlobalCom

ccgroup

outstanding communication



Executive Summary

Driven by shifting consumer behaviour, new market entrants and a raft of regulation, services and structures are being rewritten in every corner of the financial services industry, underpinned by a huge investment in technology. Analyst firm Celent predicts total spending on IT by banks across North America, Europe, and Asia-Pacific will grow to US\$188 billion in 2014, an increase of approximately 4.4% over 2013.

Marketing has a critical role to play in helping vendors navigate the sales process successfully and generate sales opportunities with financial institutions. Unfortunately, most marketers and agencies are working 'blind'. What is missing is quantitative data on how decision makers at financial institutions identify and select technology vendors. Understanding their influences is critical in helping develop marketing and communications programmes that ultimately help vendors to sell.

To fill this knowledge gap CCgroup worked with specialist research agency MRops to ask senior purchasing decision makers from leading financial institutions what information mattered to them at different stages of the sales process.



Key Findings

What's important during longlisting:

- ☞ **Internal business analysts at institutions** - the most important channel for getting on the list. They in turn rely on industry analysts and trade media for intelligence, making these two audiences critical.
- ☞ **Network** - peers and consultants are highly influential. Intelligent influencer marketing strategies can help drive advocacy among these groups.

What's important during shortlisting:

- ☞ **Reputation** - buyers need to know they are dealing with a credible vendor. Reputation is built through consistent and compelling communications across key channels.
- ☞ **Unique insight** - a new perspective that can make a pragmatic difference to a prospect will help a vendor stand out from the crowd.

What's important during the final purchasing decision:

- ☞ **Hard evidence** - proof points and examples are particularly important during the final selection stage. Institutions want vendors to support their marketing messages with facts.

What doesn't have an impact:

- ☞ **National media** - coverage in nationals tends to be 'shallow' - lacking the depth and insight found in trade publications and analyst reports. As a result it has a very limited direct impact on sales.
- ☞ **Social media and advertising** - these carry little weight during the entire purchasing process, buyers didn't rate social media or advertising as influential.

For anyone involved in B2B marketing or sales for technology vendors targeting financial institutions, this document is essential reading. It delivers practical advice based on unique insight into what influences financial technology buyers.



Introduction

The financial services industry is facing challenges like never before. Competition is increasing as traditional players battle for market share with new, non-traditional financial institutions in a world that is increasingly digital and mobile. The banking crisis and scandals such as bonuses and Libor have had enormous reputational impact, and fierce public and political scrutiny continues. Regulation such as Dodd-Frank in the US and Seven Day Account Switching in the UK has become disruptive, requiring financial institutions to make far-reaching organisational changes.

Financial institutions are investing in technology to help meet these challenges in the following ways:

- ☞ Reduce costs
- ☞ Grow market share
- ☞ Introduce new products
- ☞ Drive efficiencies
- ☞ Increase transparency
- ☞ Improve customer experience
- ☞ Enhance security

While the market for technology is lucrative, it is also crowded with thousands of vendors vying for the attention of hundreds of financial institutions. As technology investments grow in size and deals take on company-wide and often global significance, the number of decision makers involved in a purchase has dramatically increased.

Many vendors are investing in marketing to support sales efforts, using both in-house and outsourced resource. Both are valid approaches to drive lead generation, but are undermined by a lack of intelligence into what influences buyers. Too many companies are basing marketing strategies on generic B2B marketing advice or anecdotal evidence. In the fast-moving, high-stakes FinTech space, against a backdrop of fundamental change in marketing practice, surely anecdotes are not a sufficient foundation for critical lead generation activities?

What has been missing from the equation is hard evidence about how financial services institutions identify and select technology vendors:

- ☞ What influences them?
- ☞ What information do they want about potential vendors?
- ☞ What information sources do they value?
- ☞ Does the information they want change during the stages of the purchasing process?

CCgroup decided to collect and analyse this hard evidence. It asked purchasing decision makers from leading financial institutions what information mattered to them when they were longlisting, shortlisting and deciding to purchase from vendors.

Note:

CCgroup has held back certain insights and recommendations exclusively for our clients.





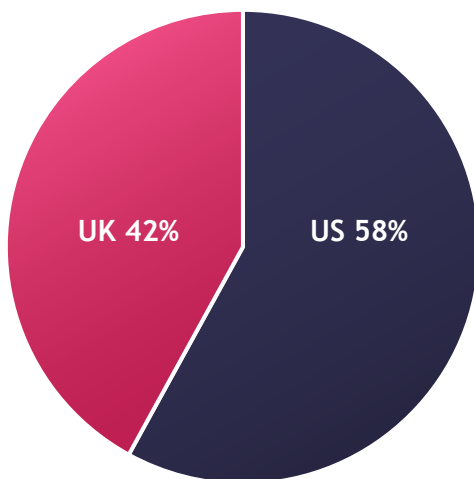
The audience and methodology

CCgroup's clients supply technology products and solutions to financial institutions both large and small across the globe. Decision makers at these major financial institutions were the individuals CCgroup wanted to engage with to get to the heart of their decision making processes.

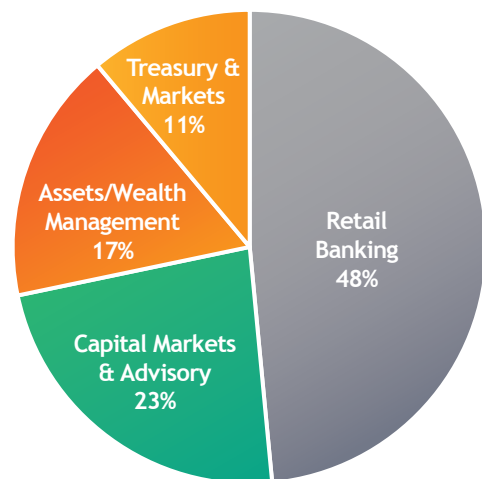
CCgroup commissioned the specialist research agency, MRops, to interview 67 senior decision makers responsible for the purchase of technology, equipment, software or services. 34% were a Board Member, President or a C-level executive.

The people we spoke to...

67 respondents based in the UK and USA



Primary industry classification



All the companies spoken to are global in scale, and more than half employ at least 25,000 people.





The buying landscape

Overview

The technology market for financial services is truly big business. Multi-million dollar contracts are regularly made available for tender. The vendors that can best influence the sales process will be the most likely to win.

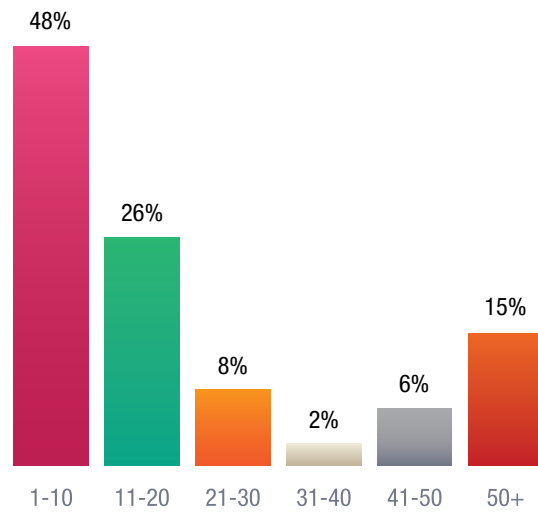
Types and frequency of investment

CCgroup asked a series of questions regarding the number of people involved in the buying decision, the frequency of investment and size of investment.

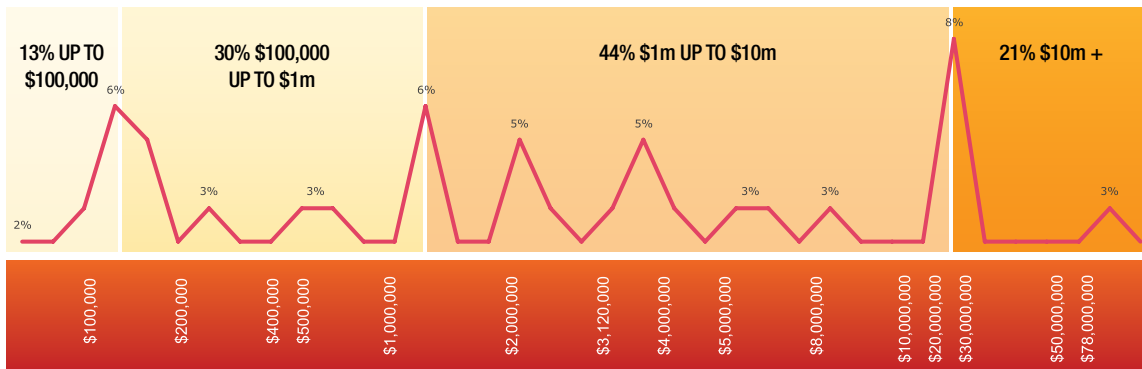
The results show just how lucrative the landscape is:

- ☞ A major technology purchase happens more than once every six months
- ☞ 52% of respondents said that IT decisions involved ten or more people
- ☞ 15% involved 50 or more people
- ☞ The average of the highest investments made in the last 12 months was \$7,273,000 USD

On average, how many people are involved at a company level in IT decisions?



What is the highest value IT investment you've been involved with in the last 12 months?





Analysis...

Respondents make a major IT investment more than once every six months. And, while the value of that investment can be sizeable or modest, the highest value investments now average at over \$7m.

The challenge for the vendor looking to capitalise on these opportunities is how to influence the decision maker. This has become increasingly difficult as there is rarely a single decision maker - more than half of respondents said a decision involved ten or more people.

With so many people involved in the decision making process, selling to a large financial institution becomes a 'consensus' sale. Whether it's marketing, payments, compliance, security or investment related technology, a vendor will need to demonstrate value to a diverse and demanding buying audience.

CCgroup specifically selected respondents with job roles that are highly likely to have a direct influence on technology purchases. Vendors need to ensure that their communications are relevant and targeted to these job functions, based on the particular technology offering. This includes C, EVP and VP level executives who are interested in the financial, operational and marketing merits of a technology. It also covers Directors and Department Heads that look after horizontal streams of business including mobile, and vertical streams of business such as retail banking.



How do you get on the buyer's radar?

Overview

At the first stage of the purchasing process, unless the purchaser has an existing relationship with the vendor, most potential vendors will be unknown quantities. The objective is to get onto the longlist.

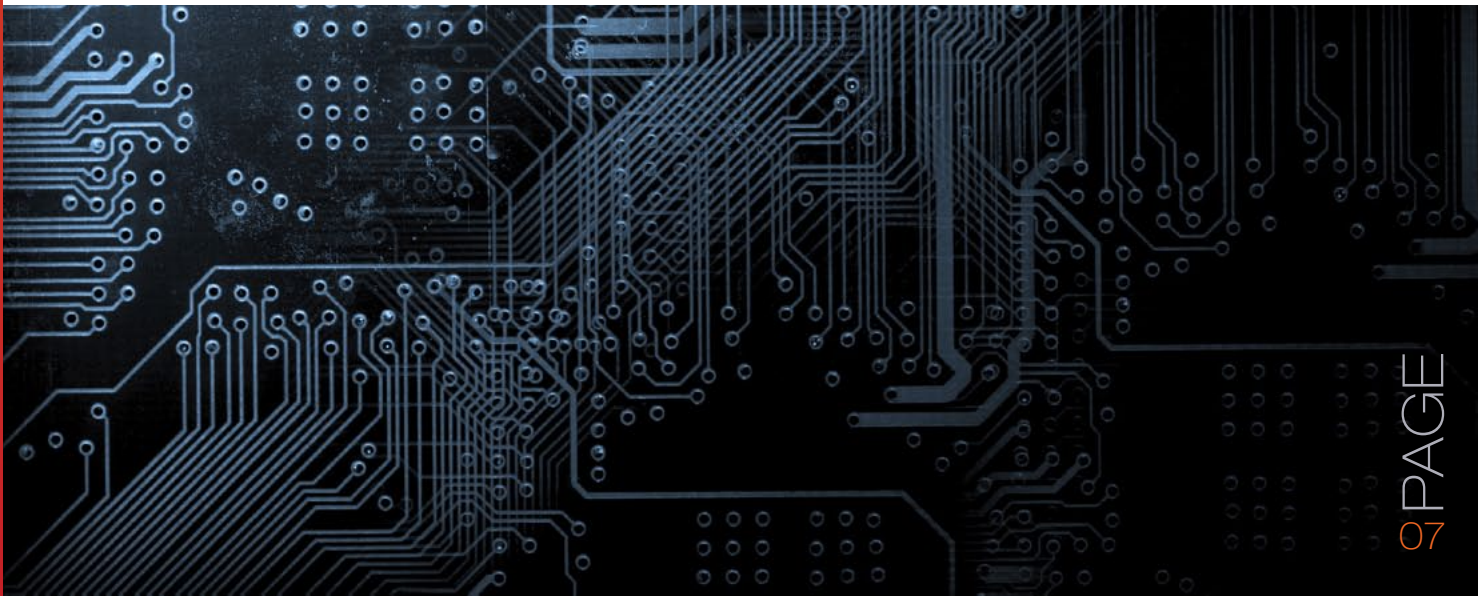
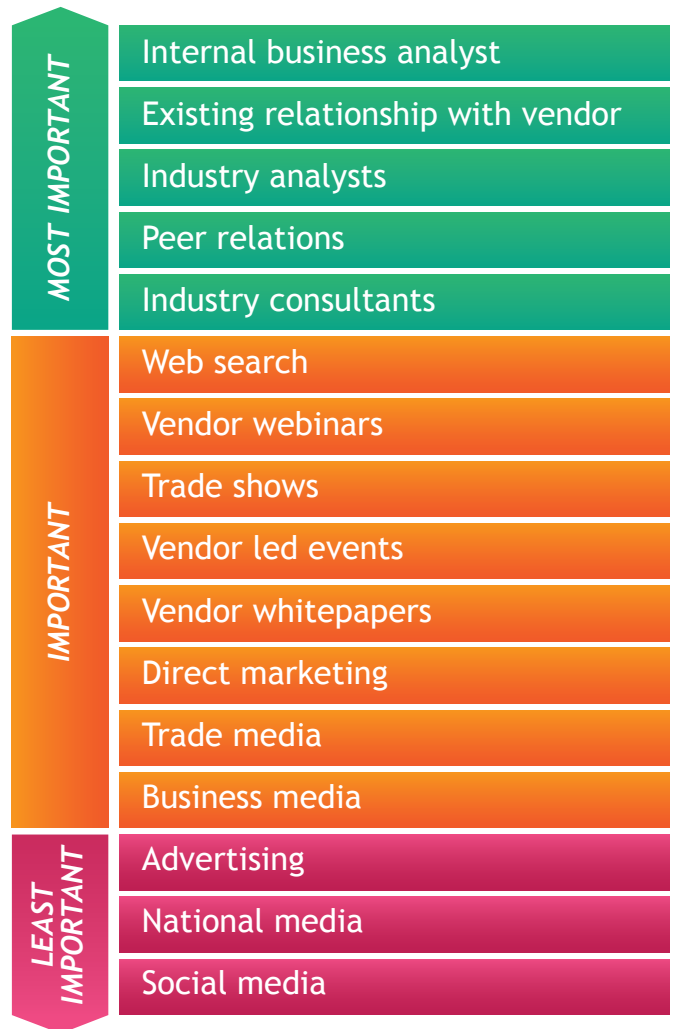
CCgroup wanted to discover:

What channels and content are most valued by decision makers? How do vendors get on the longlist?

Results - Channels & Content

Respondents were asked to rank the following factors out of ten (with one being 'not at all influential' and ten being 'highly influential').

Communication channels, content and influencers in order of importance





Analysis...

Most Important

☞ Internal business analysts are the most important influence at this stage. Many large companies employ internal business analysts to identify and investigate options for improving business processes using technology. Internal business analysts review and interrogate trade media and industry analyst intelligence. As a result, ensuring visibility among these two audiences is incredibly important.

☞ Peers and consultants are difficult but not impossible to influence. It requires a significant investment of time and effort to understand, engage and, ideally, work with these individuals. This can only be achieved through careful relationship building based on mutual trust and benefit. Over time - and this is a long term process - influencers will become advocates.

Important

☞ Web search is the most influential in the 'important' category. Surprisingly, decision makers will simply search online for information or a solution to their problem. This reinforces the importance of search engine optimisation and high quality online content that links back to the vendor's website.

☞ The channels and content deemed important, such as webinars and whitepapers reinforce the importance of content that educates the audience on, rather than simply identifying, the latest issues and trends.

Least Important

☞ Advertising doesn't carry weight with influencers because it is not independent nor does it provide insight/education like whitepapers or webinars. The research and CCgroup's own experience indicates that direct marketing - with the right content behind it - is more successful as a vehicle for delivering sales.

☞ "Shallow media" such as national and social simply don't provide the detail or depth of information for longlisting. Social media is important as a conduit to reaching media, analyst and consultants. However, it doesn't yet have a direct influence on purchasing decisions.





What influences the shortlisting of a vendor?

Overview

With the right mix of content and channels the buyer will be aware of the vendor and the company will be on a longlist of vendors. The next stage of the buying process is to move from longlist to shortlist. At this point communications need to shift from increasing vendor visibility to differentiation.

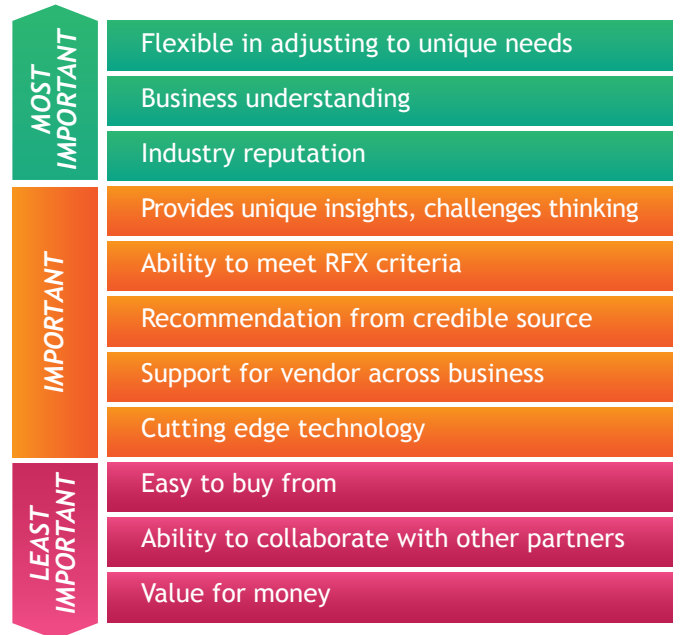
CCgroup wanted to discover:

What capabilities do decision makers value the most? What corresponding messages will help secure a place on the shortlist?

Results - Key messages

Respondents were asked to rank the following factors out of ten (with one being 'not at all influential' and ten being 'highly influential'). Note - the following factors all scored highly and are clearly important messages/capabilities to communicate. However, some are more important than others and should be prioritised accordingly.

Messages and capabilities in order of importance





Analysis...

Most Important

☞ A keen understanding of the financial institution's business and the ability to be flexible in terms of meeting business needs tops the list of influencers. It may sound simplistic but vendors must demonstrate that they both understand the challenges and priorities of their buying audience, and have the capabilities to meet these needs. This is where thought leadership is critical in a crowded market. Vendors who not only demonstrate a deep understanding of the issues, but are able to provide pragmatic solutions will garner the attention of prospects.

☞ Reputation is the next most important. It's not just about how well known a vendor is, it's about how well regarded and respected they are. In marketing terms the quality of communications and insight provided rather than sheer quantity is critical to influencing decisions makers at this stage.

Important

☞ Decision makers value vendors that can provide unique insights into their market. This is about bringing a key issue to their attention that they didn't know about before, or at least didn't fully appreciate. Intelligence regarding future opportunities and pitfalls is valued information and resonates with buyers. Spending time identifying new and unique challenges that

the competition are not discussing is much more powerful than talking superficially about broad issues/themes.

☞ Technical and service capabilities need to be made easily available to ensure the vendor can demonstrate it meets the selection criteria. These are best communicated via the analyst community and directly to prospects via the website and direct marketing.

☞ Recommendation from a credible source - usually analysts, media or other third parties - is critical. It is one thing to make an assertion independently, but what counts is independent validation of a vendor's value proposition. Messages with the stamp of approval from a third party are much more likely to gain traction.

☞ The importance of a consensus or widespread support from across the business is reinforced here. Vendors need to communicate their value across diverse business remits within a financial institution.

Not Important

☞ At this point it's less important to demonstrate value for money and ease of purchase, because it's about showing why the vendor can make a real difference to the financial institution. It's also likely that this kind of information simply isn't available until the next stage of the buying process.



What factors influence the purchasing decision?

Overview

Once the process moves from shortlisting to purchasing, the influencing factors change dramatically.

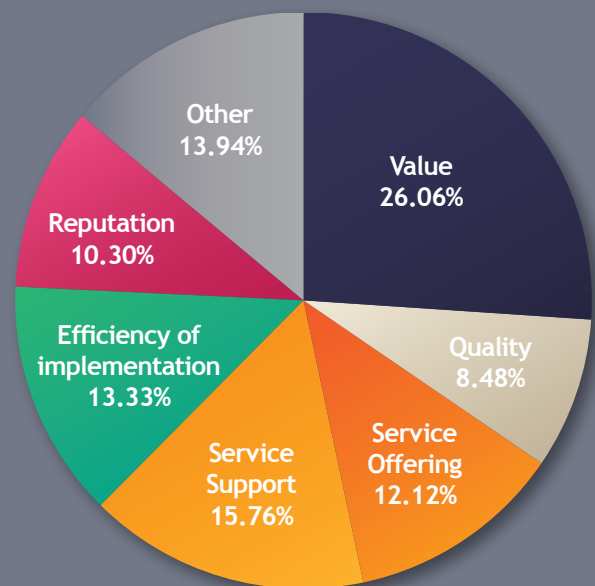
Purchasers no longer prioritise thought leadership or profile. Now they are interested in the bottom line and look for evidence. Value for money might have been the least important factor in shortlisting, but, when it comes to that final decision, it becomes paramount. And the requirement to provide evidence, preferably from third parties, is critical.

Results - Sealing the deal

Respondents were asked to provide the three most important influencers in the purchasing decision.

Furthermore, when asked what information they do not have but would like in order to make their decision, the areas identified are again evidence-based:

- Evidence that the vendor has experience in delivering to similar companies
- Customer references and case studies
- Industry feedback
- Demonstrable track record



Analysis...

It's not surprising that at this stage of the selection process, value becomes the most significant factor. Decision makers now want to see hard numbers and deliverables. They also want, but rarely receive, industry and customer feedback such as case studies and analyst evaluation.

Fundamentally, these decision makers want evidence that the vendor can do what they say they can. Marketing communications will help vendors build the body of evidence and credibility that can make the difference between a shortlisting and winning the business.

The following types of proof points will influence the final decision:

- Evidence that the vendor has experience in delivering to similar companies
- Customer references
- Track record of vendor
- Industry feedback

Vendors need to drive the following content types:

- Analyst reports
- Award wins
- Case studies
- Client list
- Customer announcements
- Customer



Conclusion

FinTech is a lucrative but crowded market. Vendors must be smart about their communications if they are to successfully sell to financial institutions.

There are different communications strategies that vendors need to employ to ensure they are in the best possible position at each stage of the buying process.

These can be summarised as:

🔥 Longlist = visibility: Vendors need to drive visibility across key channels, especially industry analysts and trade media. Building advocacy among peers and consultants is highly influential but takes time and dedication.

🔥 Shortlist = differentiation: Vendors need to demonstrate an understanding of the target audience by sharing insights and solutions that can make a genuine difference to their prospects' business. Third party endorsements of service and technical capabilities that deliver credibility will further support differentiation.

🔥 Purchase = evidence: Vendors need to provide buyers with evidence that they can deliver value for money. A bank of supporting proof points and collateral needs to be built over time to ensure the buyer has a simple choice to make.

Financial institutions currently lack evidence-based information to inform their purchase decision. This means that the buying process is falling down at the final hurdle for many vendors due to a lack of credentials. There is competitive advantage to be gained by building the right proof points.

For new market entrants this evidence is clearly difficult to establish. It may make sense to offer a favourable business agreement with initial prospects in order to win a full reference implementation.

CCgroup believes that, armed with the right intelligence, vendors can build marketing communications strategies that will give them an advantage over their competitors and deliver more sales.

LONGLIST

'Visibility'

Channels:

- > Trade media
- > Analysts
- > Influencers
- > Events/network

Approach:

- > Influencer marketing
- > Content marketing

SHORTLIST

'Differentiation'

Channels:

- > Trade media
- > Analysts

Approach:

- > Thought leadership
- > Credentials build

PURCHASE

'Evidence'

Channels:

- > Direct
- > Trade media
- > Events

Approach:

- > Comparative
- > Customer references
- > Proof points



contact

In an increasingly competitive market it is extremely difficult to raise awareness, stand out from the crowd and establish the proof points that support successful sales.

CCgroup has worked with numerous FinTech companies - big and small - to overcome these barriers. It helped Fundamo, a Visa company, go from start-up to the highest profile mobile money vendor in the world. It helped Encap Security establish unique positioning in the authentication market that opened doors with partners and customers. And it helped VeriFone

build a raft of evidence to cement its place as the leading POS provider in the world.

CCgroup has reserved additional details and unique from this study for the exclusive use of existing clients.

For more information about the influencer study, and advice specific to your company and its goals, please get in touch.



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