



the starr conspiracy



ROI in the Age of Triage

HOW IS WORK TECH PERFORMING IN 2023?

By Steve Smith with Aaron Delgaty

ROI in the Contemporary Market

ROI is top of mind for tech companies everywhere, as investors and shareholders continue pushing for efficiency and profitability. Although this is a good business practice at all times — not just in a tough market — it is leading to some aggressively short-term thinking that is actually making performance worse in the near-term and, if it applies to you, is putting your brand in a worse position for the long term.

Here's an example: We have seen keyword performance for the most-searched terms in Work Tech fall by 20% year-over-year from 2022, and in the past 90 days nosedive 20%, 30%, and in some cases as much as 60%. Software purchasing budgets are frozen. Buyers are avoiding buying conversations. So, marketers are throwing more budget at fewer in-market prospects, which is driving up costs.

However, despite this lead-gen doom loop, we have seen some companies absolutely killing it this year. How is that happening? They are playing the long game and focusing on buyer engagement rather than trying to convert prospects into a buying cycle they aren't ready for.



In this report, we want to show you what's going on and how you can make good ROI choices today, to tee you up for a brighter future.

How are Work Tech companies performing?

The Starr Conspiracy surveyed Work Tech professionals in May 2023 about this new reality. More than 200 leaders director-level and above responded, representing companies of all sizes and funding types.

These are the five key findings:

1

It's a tough market. A majority of respondents said that 2022 ended flat or negative; only 52% say they are performing better than expected this year. However, a larger majority predict a strong finish for 2023.

2

Buyers aren't buying. When it comes to measuring ROI, Work Tech professionals have their eyes on the right things. The problem is that buyers aren't buying — they're only shopping.

3

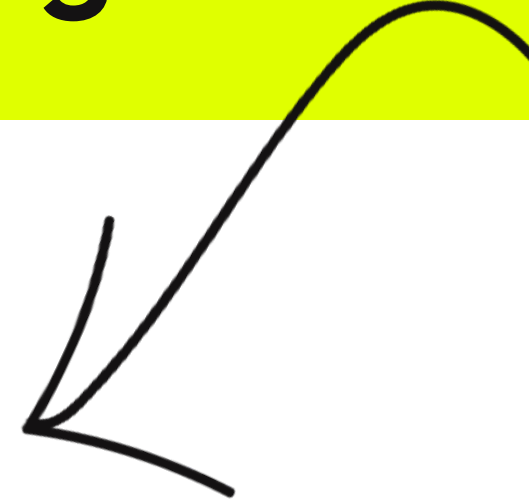
Talent concerns are top of mind. In a time when layoffs are rampant and budgets are tight, Work Tech professionals are understandably concerned about the impact on competitiveness.

4

Labor models are moving away from full-time employees (FTEs). There is a clear shift toward addressing labor needs with non-FTEs, including gig workers/freelance, temporary staffing, and agencies.

5

Buyers are underestimating the importance of industry expertise when evaluating external labor sources. Industry expertise is near the bottom of decision criteria, but it is No. 3 in determining project ROI.

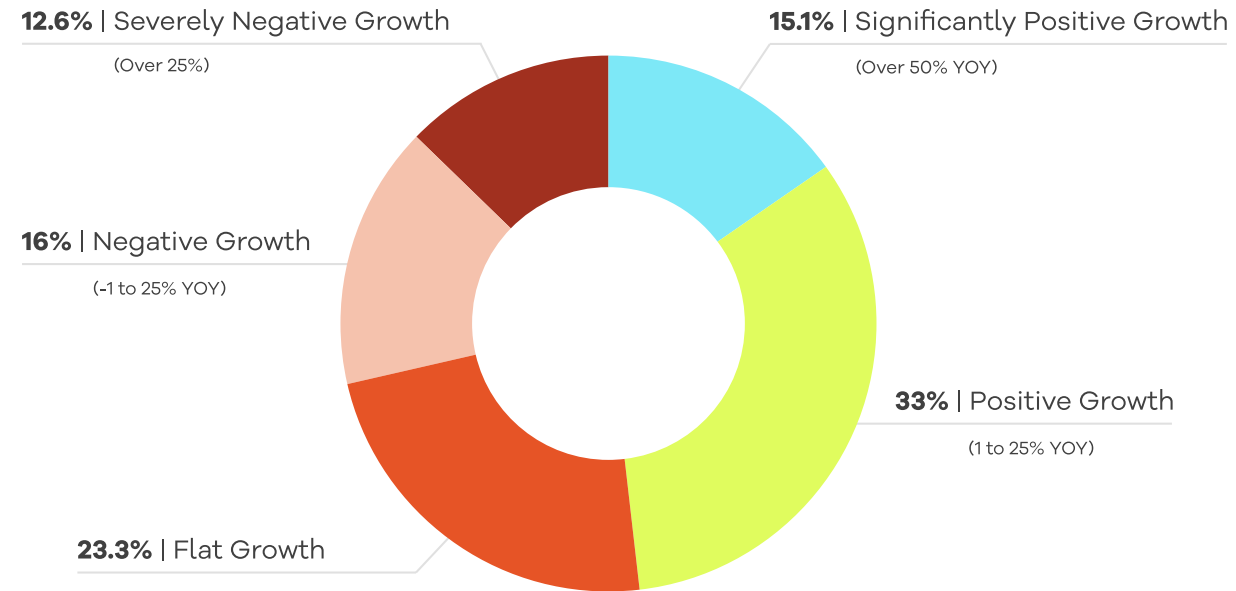


Work Tech professionals — whether founders, executives, or sales and marketing leaders — are inherently an optimistic bunch. So, we see an (understandable) optimism bias in these results. The fact remains that a majority reported flat or negative growth in 2022, and only a thin majority say things are going better than expected this year. Most predict a strong finish to 2023.

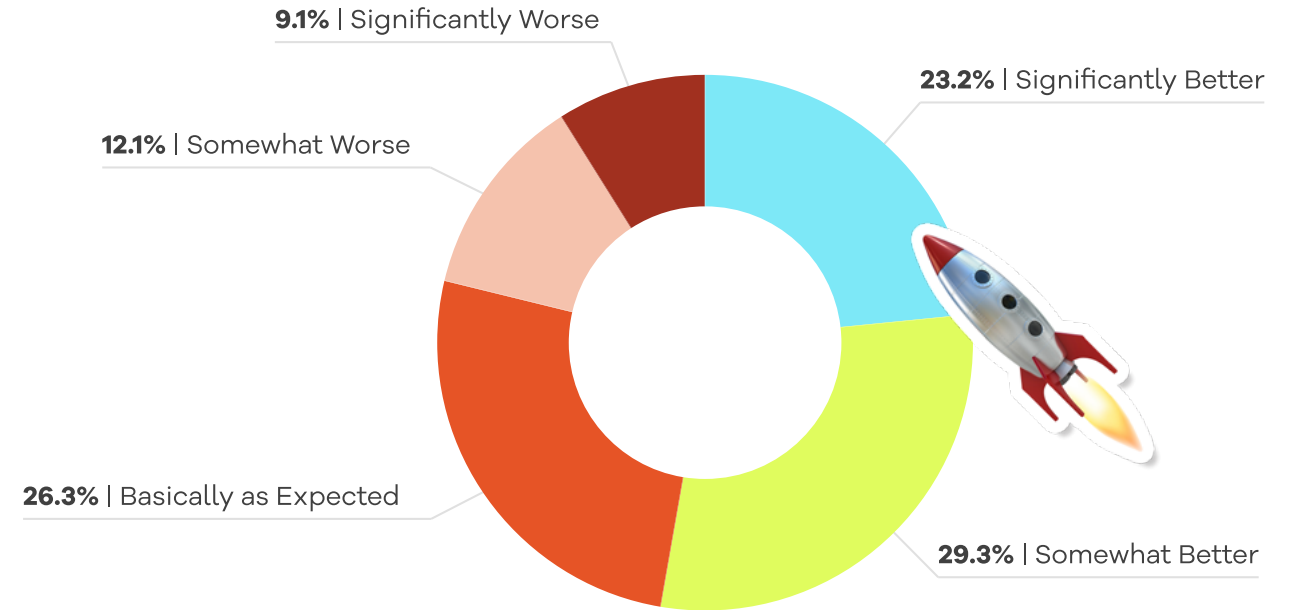
HOW IS 2023 GOING SO FAR?

Is your business performing better or worse than you expected?

2022 PERFORMANCE



2023 PERFORMANCE



So what?

It's not just you. We will look back on 2023 in the future as the worst year for the tech industry in the past 20 years. The question is: What are you going to do about it? You can't keep running the same sales and marketing playbook you could in 2021 or 2019.

Measuring ROI: Buying KPIs are struggling



Work Tech leaders are looking at the right things when it comes to measuring ROI. The problem is that buyers aren't buying right now. The KPIs showing the most improvement this year are all engagement metrics. The KPIs showing the biggest declines are all about buying performance. People are definitely shopping right now, but they aren't moving forward in the buying process.



The 5 most valuable marketing KPIs to determine ROI (Top box, Q12)	The 5 marketing KPIs showing the most improvement in 2023 (Top 2 Box, Q13)	The 5 marketing KPIs showing the biggest declines in 2023 (Bottom 2 box, Q13)
Return on Marketing Investment (ROMI), 42.6%	Click-Through Rate (CTR), 51.0%	Revenue on Ad Spend (ROAS), 41.67%
Revenue on Ad Spend (ROAS), 33.3%	Opportunity-to-Close Conversion Rate, 49.1%	Houelist Growth, 39.0%
Sales Qualified Leads (SQLs), 32.8%	Organic Website Traffic, 48.8%	Sales Qualified Leads (SQLs), 36.2%
Cost Per Lead (CPL), 28.6%	Social Media Engagement, 48.6%	Marketing Qualified Leads (MQLs), 34.5%
Click-Through Rate (CTR), 24.5%	Share of Voice vs. Key Competitors (SOV), 44.8%	MQL-to-SQL Conversion Rate, 34.0%



So what?

It's all about engagement now. There's still shopping going on but not as much buying. If you are trying to pound prospects into demos and sales meetings and moving on when neither happens, you're doing it wrong. Play the long game and build a relationship to achieve early favorite vendor status. You're writing a check that you can cash in 2024.

Talent concerns are top of mind

Work Tech is all about the impact of people on business performance, so it's no surprise that everyone is concerned about the impact of layoffs and tighter budgets on their competitive ability.

Everyone has talent concerns, but our survey Leaders (companies that reported 2022 revenue growth) have a slightly different focus from the laggards.

- **Lack of innovation** is the **top concern** across cohorts.
- **Leaders** struggle **significantly more** with staffing for critical areas.
- **Leaders** are **more open** to outsider perspectives.

important



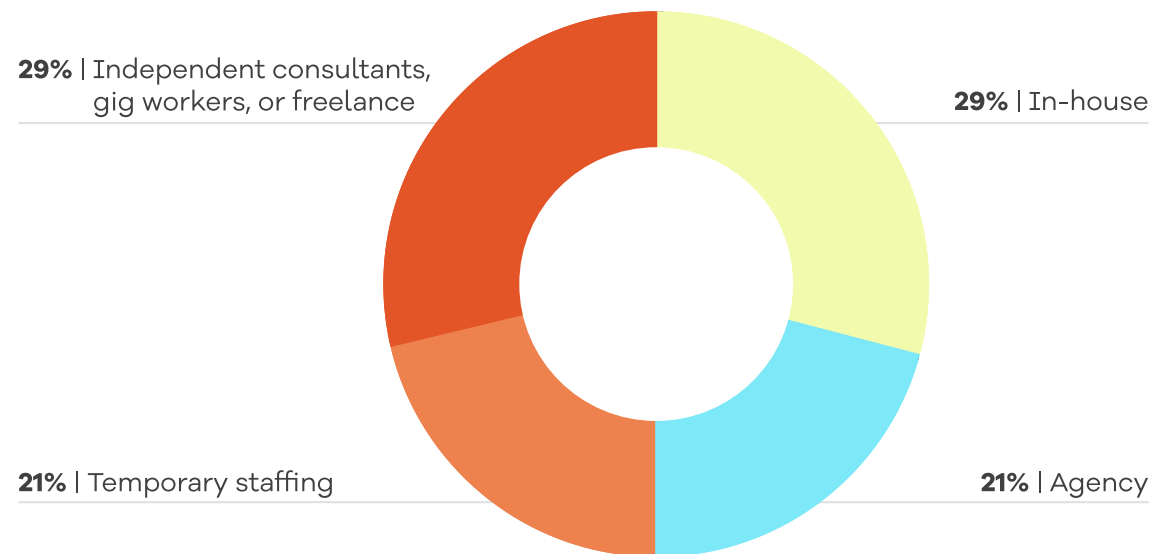
So what?

Avoid bunker mentality. Getting some outside perspective these days isn't just advisable; it's essential if you want to get out of your own way.

Top Two Box	Total	Leaders	Laggards
I worry whether my organization lags behind competitors in terms of innovation .	48%	53%	44%
My organization struggles with staffing for critical areas.	46%	53%	40%
I think outsider perspectives could help my organization adapt to changing market conditions.	45%	48%	41%
My organization often lacks the expertise necessary to execute critical initiatives professionally and competitively.	45%	45%	43%
My organization struggles with retention in critical areas.	32%	35%	29%

Work Tech is shifting toward flexible work

In the past year, has your organization been more likely to hire in-house, independent consultants, or hire an agency?



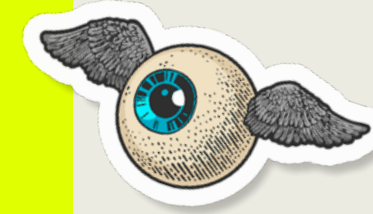
Budgets are tighter for everyone in tech, and layoffs have been at 20-year highs. However, work still needs to get done. **Survey respondents demonstrated a clear shift toward flexible workforces.** Whether it's by preference or CFO decree, hiring in-house FTEs is the labor choice only about a third of the time. The rest of the time, the labor mix is split between a range of options — a result that was pretty consistent with leaders and laggards alike.



So what?

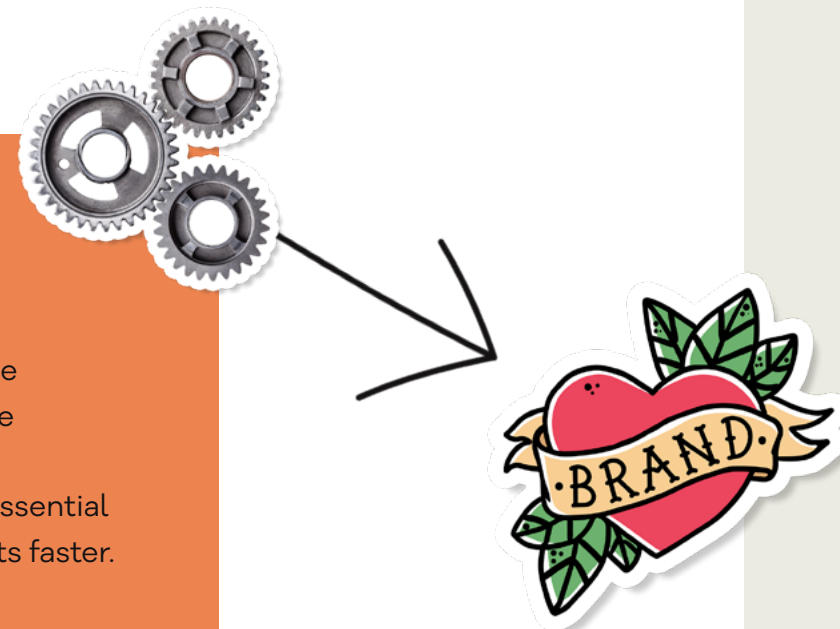
We get it. You would prefer to build your own team of FTEs for loads of very good reasons. That was easy to do in the Easy Money Era. Those days are over. A variable labor strategy is essential from an efficiency standpoint. It's easier to turn off an agency or stop work with a freelancer than it is to lay off an FTE. In this world, working with an industry expert offers even more value, efficiency, and ROI. They can hit the ground running and deliver value faster.

The importance of expertise is underappreciated



Q23) What are your primary concerns when hiring an outside agency? Check your top five.
 Q24) How significant are these factors in determining the ROI of hiring an outside agency? Please rank from most significant to least significant.

When engaging with agencies, Work Tech vendors have legitimate concerns about who is doing the work, the cost of the work, and coordination of the work. However, when determining the ROI of the agency investment, a lack of industry expertise shows up prominently. It could also be said that the lack of industry expertise affects both the quality and the cost of work. As someone once said, the only thing more expensive than doing it right the first time is doing it over when it's wrong.



So what?

Brands that don't value expertise when they seek outsource work partners come to appreciate the expertise when those relationships don't pan out. Working with a partner who understands your business is always beneficial. Today it's essential when you need to decrease the time to value and get results faster.

	Total	Rank
Too many junior/inexperienced workers	48%	11
Cost of work	48%	2
Coordinating collaboration between agencies	44%	5
Poor/inconsistent quality of work	44%	1
Time to value	44%	7
Coordinating collaboration between teams	43%	4
Change orders inflating the cost of work	41%	10
Speed of completion	41%	8
Excessive number of revisions	40%	9
Time to productivity	39%	6
Lack of industry experience	35%	3
Uncomfortable sharing in-house information	34%	12

Measuring ROI: 4 takeaways to remember



- 1. If you are struggling to hit your KPIs, you aren't alone.** The tried-and-true sales and marketing KPIs that focus on sales effectiveness (MQLs, SQL, CPL, and so forth) are all lagging. You can increase your spend and chase diminishing returns or you can change the game.
- 2. Play the long game: engagement.** Buyers may not be buying, but they are definitely in-market. The KPIs showing the best performance this year are all centered on prospect engagement. Keep this in mind as you build content and campaigns. Buyers are deciding their early-favorite vendors for 2024 today.
- 3. Talent is a challenge for everyone.** The days of being able to throw budget and people at a problem are long gone. As you look to optimize your mix of variable and contingent labor, take a page from the leaders' playbooks. Supplement your internal teams with experts who are willing to challenge your thinking and make things better.
- 4. Industry expertise matters.** The big mistake Work Tech professionals are making when evaluating agencies and other variable labor sources is underestimating the ROI value of that vendor's knowledge of the Work Tech industry. When you choose an expert partner, you get faster time to value and higher quality work than you would with a generalist partner.



Conclusion

In today's challenging Work Tech sales environment, it's understandable that you are focused on ROI. But, what kind of ROI are you looking for? You are probably frustrated that your CAC is increasing, your CPLs are through the roof, and your pipeline is struggling. If you are running that same playbook as 2019 or 2021, don't expect to see different results today or tomorrow.

It's time to change the game.

Focus on building relationships with buyers. You need to create content, campaigns, and cadences that are fundamentally different from what worked before. You also need to create a consistent customer experience (CX) vision across the spectrum of brand, marketing, sales, product, and customer success. And, that vision needs to shift vendor preference in your favor. When a buyer says, "Both companies are great, but I chose you because ..." you want to be in control of the because that's the power of CX.

If you really want to change the game, let's talk. Growing Work Tech companies choose The Starr Conspiracy because of our industry expertise. We hit the ground running and get you and your team to results faster. You'll see the ROI in terms of efficiency, faster time to value, shorter cycle times, and bigger impact.

Have any questions?

