



# SOFTWARE BUYING TRENDS

↘ 2013



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# INTRODUCTION

For 14 years, Capterra has helped businesses find software. And in the beginning, we asked ourselves a lot of questions to figure out how people go about finding software...

Who's involved in the buying process? What makes a company choose one solution over another? Where do they get their information? Why do so many companies have to replace their software after just a few months?

What we found through our initial research is that every company does it differently. But regardless of how they arrived at their software purchase decision, there was a real need for one central place to search and compare business software (because a lot of companies weren't choosing the best system for them.) Hence Capterra was born.

But over the years, software purchasing has grown even more complicated. There are more solutions to choose from, more features to consider, and more misleading advice on the internet. It's a lot for your average software buyer to take in.

So, for the first time ever, we've conducted an industry-wide survey of more than 400 business professionals to answer the burning question...

## How do businesses really buy software?

# 5 KEY TAKEAWAYS

This study is based on a January 2013 survey of 400 US business professionals who had provided input and/or been the decision maker on an enterprise software purchase within the past 2 years. The respondents came from a variety of industries and represented dozens of different job functions in their respective organizations.

- 1 Decision by Committee:**  $\frac{2}{3}$  of software purchases involve 3 or more people. Typically, a small group of people within an organization are responsible for purchasing a specific type of software, and it usually takes them several months to find the right solution.
- 2 Foresight Failure:**  $\frac{1}{3}$  of buyers didn't demo any products. None! And 22% chose the first software they looked at. Many software buyers try to shortcut the process by not comparing all of their options, only to realize later that their chosen solution didn't meet their needs. Then they have to start the process all over again.
- 3 Peer Pressure:** Of all the steps in the software buying process, respondents said the most difficult part was figuring out which software would meet all of their requirements. 71% of software buyers turned to their colleagues and peers for recommendations.
- 4 Form AND Function:** When shopping for software, most people looked at functionality and usability of the system first, and then considered the customer service and support they'd get from the software company. 91% of people said functionality was important in their software decision, and 85% said ease of obtaining technical support was an important consideration.
- 5 Out with the Old, In with the New:** The most common reason businesses bought software was because their previous system was out of date. But once they found a replacement, 77% of people were confident or very confident about their selection and felt optimistic about what it could do for their business.

# WHO

## IS SHOPPING

## FOR SOFTWARE?



# WHO IS SHOPPING FOR SOFTWARE?

In the quest to find software, it's not all about the destination; it's the journey that really counts. And if you've ever been on a road trip, then you know that the journey is largely shaped by who's along for the ride. It turns out that the people who join in on your software search will vary depending on what kind of software you're buying. But across the board, we found that two types of people liked to be involved no matter what:



**CEO/PRESIDENTS**

were involved in

**40%**

of all software  
purchases



**IT PERSONNEL**

were involved in

**55%**

of all software  
purchases

# JOB TITLE **VS.** TYPE OF SOFTWARE

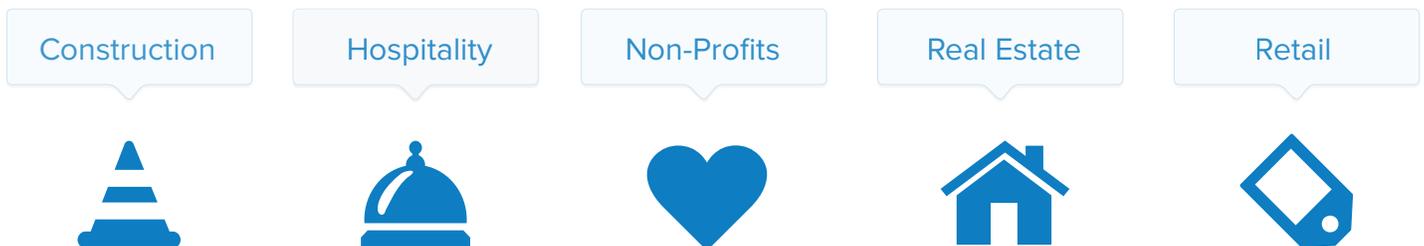
Curious to see what types of people were most often involved in specific software purchases? In the following pages, we've broken down which job titles were most likely to be involved in the purchasing decision for various types of software.

## **CEOs, Presidents, and Business Owners**

CEOs/Presidents and Business Owners are most often involved in the following software purchases:

-  Accounting/Billing/Finance
-  Facility Management
-  Marketing

They're also more likely to be involved in software purchases for the following industries:



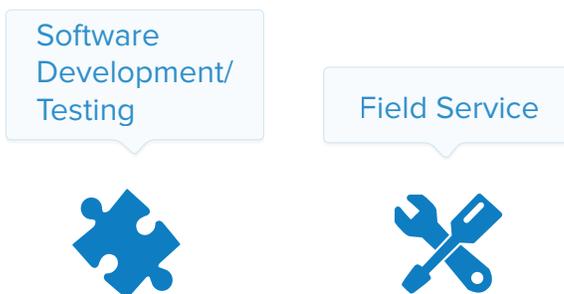
# JOB TITLE **VS.** TYPE OF SOFTWARE

## Most Technical Software Purchases

IT Managers were most often involved in these types of software purchases:

- ↘ Supply Chain Management
- ↘ Learning Management Systems
- ↘ ERP
- ↘ Database Management
- ↘ Project Management

They're also more likely to be involved in software purchases for the following industries:



# JOB TITLE **VS.** TYPE OF SOFTWARE

## Most Diplomatic Software Purchases

For Medical Software purchases and CRM/Sales Force Automation Software purchases, job titles across all levels of the organization were equally represented in the software decision making process.

## Most Involved Software Purchases

The software purchases that involve the biggest variety of job titles/seniority levels on average are:

- ↘ ERP
- ↘ Field Service Management
- ↘ Facility/Maintenance Management

# 80%

of respondents have been involved in more than one software purchase in the past 4 years (**50% have been involved in more than 2**)

# 2/3

of software purchases involve 3 or more people



# IS IT BETTER TO HAVE MORE OR LESS PEOPLE INVOLVED?

Buying software is a big investment- and depending on the type of software you're buying, the decision can impact many people across your organization. So naturally, everybody wants a say. But does Bob in accounting really need to be on your CRM demo? Check out below how adding people to your software search can impact the length of time it takes to find a solution.

**15%** of software purchases only involve 1 person. Of those purchases, **76%** are completed in one month or less.

When 10 or more people are involved in a software purchase, **80%** of the time it will take at least 4 months to decide, **40%** of the time it will take more than 7 months, and **20%** of the time it will take over a year.

Think you're better off sticking with just one cook in the kitchen? Think again. Unfortunately, if one person makes an executive decision when buying software, it often leads to an upset workforce because the end users didn't have any say in the purchase. It's worth the extra month or two to include at least 3 people in your search.

## Average Length of Software Purchase Based on How Many People Involved

- ↘ 1 Person= 1.8 Months
- ↘ 2 People= 2.2 Months
- ↘ 3 People= 2.7 Months
- ↘ 4 to 6 People= 4.4 Months
- ↘ 7 to 9 People= 5.1 Months
- ↘ 10 or More People= 7.2 Months



# HOW ARE THEY LOOKING FOR SOFTWARE?



# HOW ARE THEY LOOKING FOR SOFTWARE?

Once you've got a search team in place, where do you turn next? The answer depends on what type of software you're looking to buy (but we do recommend Capterra as a good place to start). While most software purchases take just a few months, it's important to make the most out of your software shopping experience and get all the nitty gritty details before pulling the trigger. While you probably want to get a solution in place quickly and move on with your life, it's important to do your due diligence and make sure that the software truly meets your needs.

**2/3** of software purchases take **3 months or less**



**1/3**

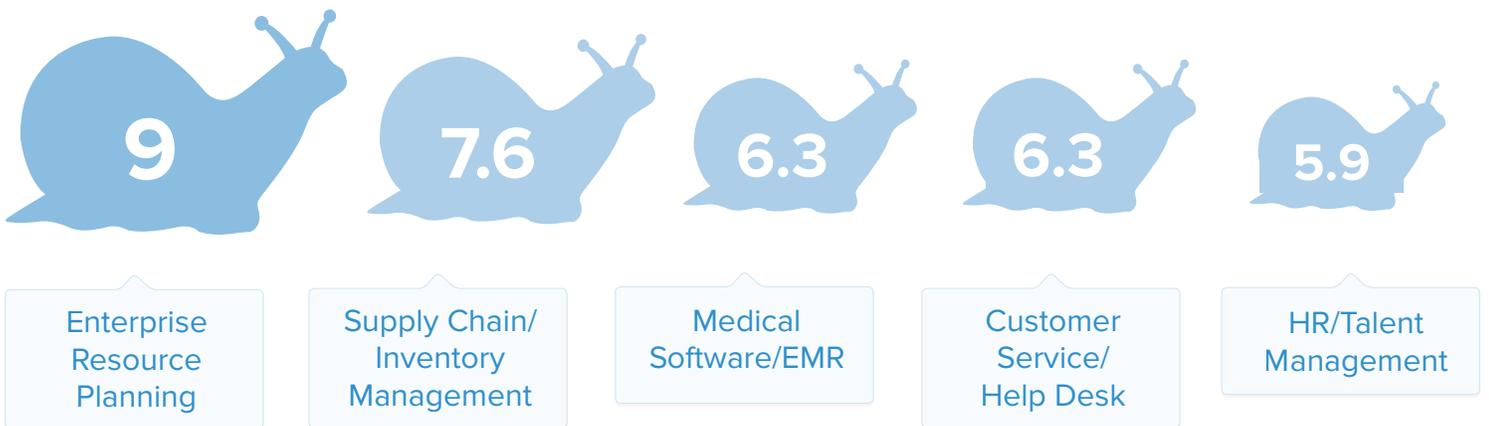
of respondents **DID NOT** demo any products

- ↘ **14%** of respondents considered more than 3 options
- ↘ **22%** only considered 1 option

# SOFTWARE PURCHASE TIMELINES

More regulated industries (like the medical field, for example) tend to be slower purchases that require a lot of research and oversight across the organization. These types of businesses often get several recommendations, view more demos, and receive several price quotes. Other industries are more nimble and able to find a software solution fairly quickly.

## Slowest software purchases (in months):



## Fastest software purchases (in months):



# WHERE DO BUSINESSES GO TO LOOK FOR SOFTWARE?

With so many places to turn for software information, it's hard to know who to trust and who's just trying to sell you. Based on our research, people are turning to the web for most of their software knowledge, but they also trust their peers to steer them in the right direction.

## Top information sources for researching software options:

- 1 Peer recommendations
- 2 Software company websites and blogs
- 3 Online media



While it's a good idea to ask for advice, beware of selecting software solely on the recommendation of a friend. Just because it works for their business doesn't mean the same system will work for you. You're better off talking to a neutral, unbiased peer—someone who has a similar business model as yours (and preferably not recommended by the software company).

# WHAT'S A TYPICAL SOFTWARE BUDGET?

According to our survey, the majority of businesses didn't have a pre-defined budget when shopping for software. And of those who did, many of the people actually conducting the software search weren't privy to the budget limitations.



**35%**

of organizations  
had a pre-  
defined budget



**LESS THAN 1/3**

of people felt held back by  
their budget limitations when  
selecting software

While it's important to know whether a particular software will break the bank at your organization, it's better to look at the total cost of ownership, and determine whether the revenue generated from increased efficiency due to buying the software will actually help the system "pay for itself."

# WHAT

ARE THEY LOOKING FOR  
IN THEIR SOFTWARE?



# WHAT ARE THEY LOOKING FOR IN THEIR SOFTWARE?

You may be wondering why it takes so long for people to decide which software to buy? Does it really require all that research? In short, yes, it takes a long time... and it should. There are several factors that go into a smart software decision, and it's hard to weigh all of those factors if you haven't done enough comparisons. Here are some of the top factors our survey respondents considered when purchasing their software:

## Most important factors in software selection (in order from most to least important)

- |   |                                |    |                                 |
|---|--------------------------------|----|---------------------------------|
| 1 | Features/Functionality         | 10 | Peer Recommendations            |
| 2 | User-Friendly Interface        | 11 | Low Price                       |
| 3 | Tech Support Availability      | 12 | Reviews                         |
| 4 | Ease of Implementation         | 13 | Age of Software Company         |
| 5 | Commitment to Customer Service | 14 | Ability to Measure ROI          |
| 6 | Vendor Responsiveness          | 15 | Availability of Free Trial/Demo |
| 7 | Software Reputation            | 16 | Vendor's Market Share           |
| 8 | Platform                       | 17 | Software Company Size           |
| 9 | Availability of Training       |    |                                 |

# SELECTION PROCESS

Every business has different reasons for wanting to buy software. Some are first generation buyers looking to solve a long-standing problem with new technology. Others are veterans who've been around the block and are looking to update a previous system. Here are some of the most common reasons companies embark on a software search...

## Top three reasons for wanting to purchase new software:

- 1 Previous software we were using for the same purpose was **out of date**
- 2 Needed/ wanted to **increase worker efficiency/productivity**
- 3 Needed/ wanted to **reduce costs** by using software to optimize operations/processes

We recognize that not every software search is simple. (If it were, Capterra wouldn't exist). Here's what our respondents had to say about the more challenging aspects of buying software...

## Most difficult parts of the software selection process were:

- 1 Getting a clear picture of how well each possible software option could meet specific needs
- 2 Being able to make comparisons between software companies/vendors
- 3 Absorbing and understanding the information available about different software solutions

# HOW

DO THEY FEEL ABOUT  
THEIR SOFTWARE?



# HOW DO THEY FEEL ABOUT THEIR SOFTWARE?

The good news for all the software shoppers out there is that there's a light at the end of the tunnel. While the actual buying process might seem tedious, most of those negative feelings our survey respondents experienced were outweighed by excitement and optimism for what's to come when they actually implement the new software.



1/3

of respondents felt **frustrated, confused or overwhelmed** during the buying process



2/3

of respondents felt **optimistic, confident, or excited**



**But...** There is a honeymoon phase when it comes to new software. People are most satisfied with their purchase right after they've bought it, and their satisfaction rate gradually decreases the longer they have the software.

# MORE KNOWLEDGE = LESS CONFIDENCE

They say ignorance is bliss. And that may be true, but that doesn't mean you should stick your head in the sand when it comes to buying software. Our study found that people were more confident in their decision when they had nothing to compare their selection to.



The people who were most confident in their software selection did **ZERO** demos



Only 8 people did **7 or more demos**, but they were the next most confident in their selection



The third most confident group did just **2 Demos**



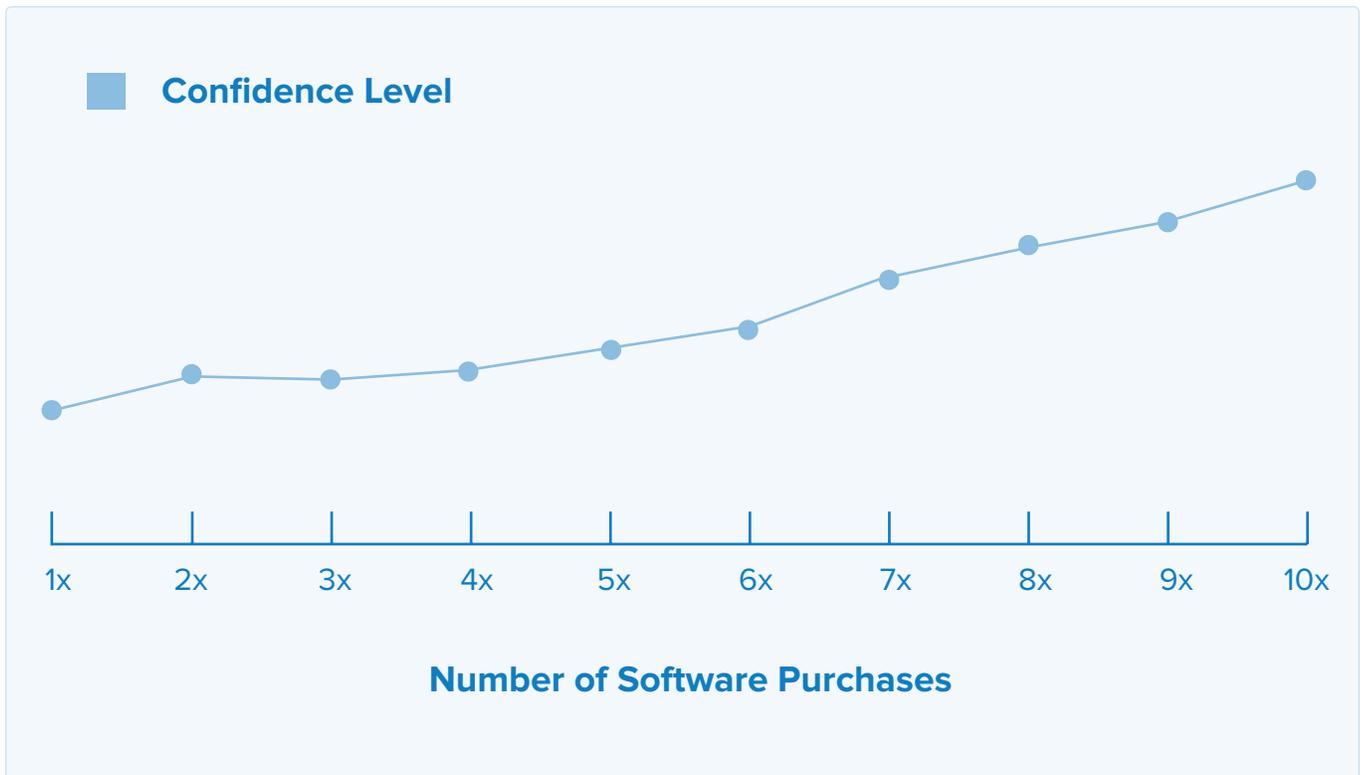
The least confident group did **4-6 Demos**

It's important to know what else is out there (even if it makes you less confident in your decision) so that you know you've got the best pick of the litter. While you may not be 100% sure that you made the best choice, at least you'll have made an educated decision and won't be back to shopping for software a couple months down the road.

# NUMBER OF TIMES BUYING SOFTWARE VS. CONFIDENCE LEVEL

## Number of times buying software versus confidence level

- ↘ It doesn't matter whether you're a first time buyer, or are buying software for the sixth time, your confidence level in your software selection stays about the same.
- ↘ But... if you've bought software 7 to 9 times, your confidence level starts to go up. Expert shoppers (those who've bought software 10 or more times in the past 4 years) are the most confident of all.



# CONCLUSION

More than a decade after Capterra's initial research, businesses still face many obstacles on the path to finding the perfect software. But taking the easy route and choosing the first option you hear about has bigger consequences nowadays. Your company can't afford to pick the wrong software, only to have it fail to meet your needs. Nobody wants to jeopardize months of their employees' time searching for a new solution.

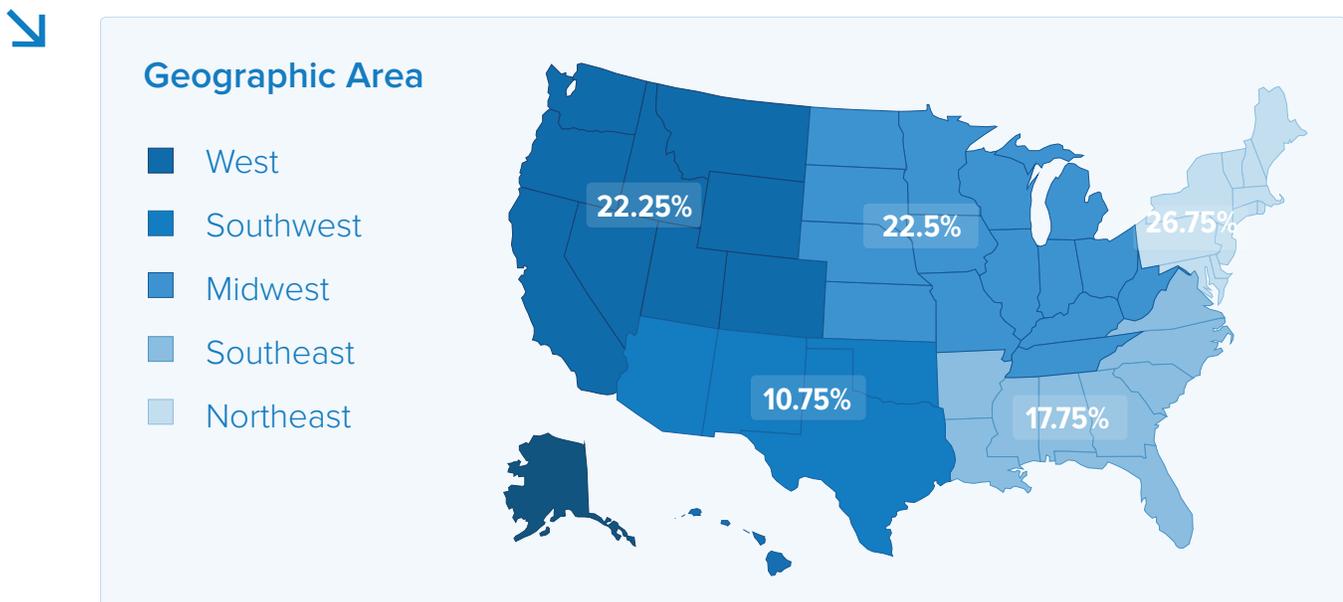
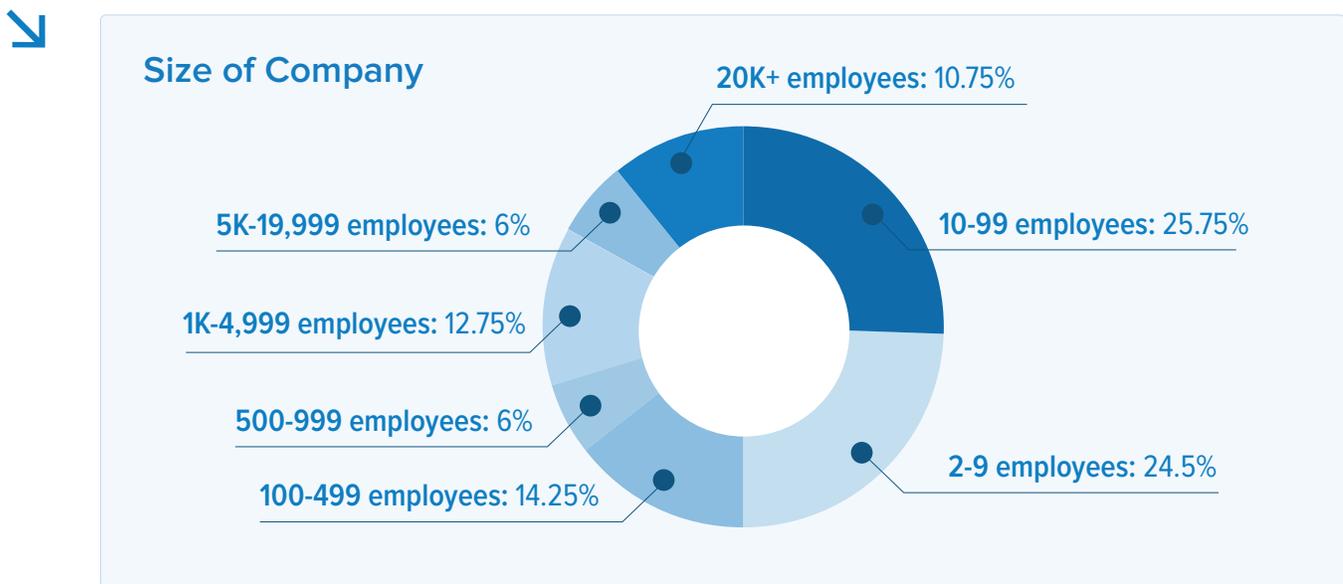
Fortunately, most software buyers are turning to online resources, software websites, and their peers to guide them through the difficult decision process. So much so that today's software buyers feel confident and optimistic in their software search much more often than overwhelmed or frustrated. With the advent of social media and an increasing focus on educational content developed by the software vendors, there are more ways for businesses to discover what software can do for them, and which one will work best. Across every industry, professionals work together in groups over several months to find a solution that will meet the end users' needs, with a particular focus on the functionality, ease of use, and level of customer support provided by the vendors.

## So, how do businesses shop for software?

**Now you know!**

# RESPONDENT PROFILE

- 400 business professionals surveyed in 2013
- All respondents have provided input or been a decision maker on a software purchase in the past 2 years
- Represented people from over 30 industries, including medical, nonprofit, education, hospitality, and retail (just to name a few)

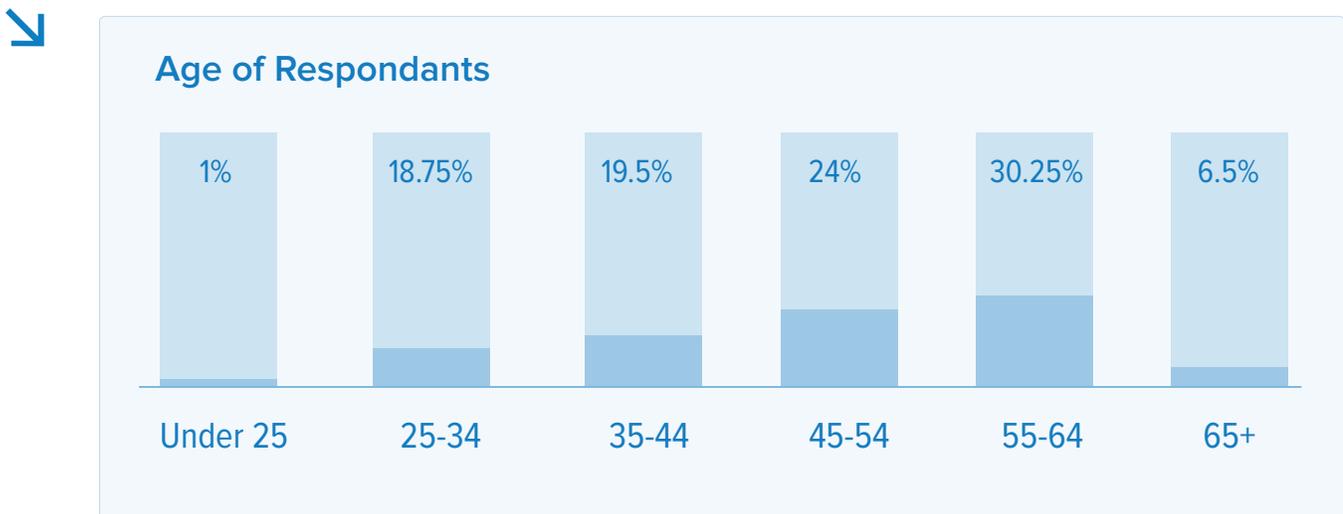
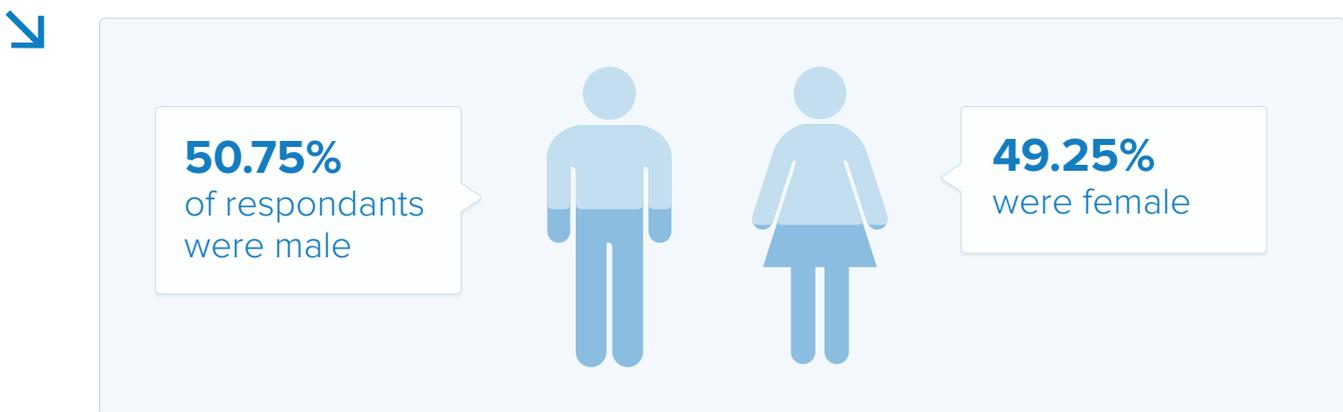


# RESPONDENT PROFILE

## Job Title Breakdown:

- Chairman / President / CEO / Business owner: 2.96%
- Other C-level position (e.g. CFO, COO, CIO, CMO, etc.): 3.55%
- Executive / Senior VP: 2.07%
- Director / Department Head: 10.95%
- Manager / Regional Manager / General Manager (not C-level, not VP, not Director): 18.05%
- Administrator / Associate / Coordinator / Analyst: 41.72%
- Secretary / Assistant: 6.81%

81.75% of respondents were also an end-user of the software purchased



# SAMPLE QUESTIONS ASKED

- 1 Which information sources have you or others in your organization used in the past 2 years to learn about software options and software companies / vendors?
- 2 Within the past 2 years, what type(s) of software has your organization purchased that you were the decision-maker for or provided input on?
- 3 Why did you and/or others at your organization consider purchasing new software at that time?
- 4 How many different software companies / vendors did you and others at your organization consider before the final decision was made about which software to purchase?
- 5 Including yourself, which types of people at your organization provided input and/or participated in the decision making process for purchasing new software?
- 6 Including everyone in your organization, how long did it take to select the final software, beginning with the initial information gathering and consideration stages all the way through to the final purchase?
- 7 Was a pre-defined budget limit established before people at your organization began actively considering this type of software?
- 8 What was the single most important factor in the final decision of which software to purchase?
- 9 How would you rate the ease or difficulty of each stage of the software consideration and selection process?
- 10 Overall, how satisfied are you and others in your organization with the software that your organization purchased in the end?

# WHO IS CAPTERRA?

At Capterra, we believe software makes the world a better place. That's why we love connecting buyers and sellers of business software. Our website shows companies all of their options and provides free tools to help them make the right decision. We provide software companies with a free listing on our comprehensive directory and give them the opportunity to upgrade for more exposure.

## Need Software for Your Business?

Let our software experts find *your* best software match. We'll even provide free quotes, consultations, and demos, so you can sit back and let us do the searching for you.

[Get Started Now For Free!](#)