

# Switching Existing Software Vendors Overwhelmingly Drives Increased Satisfaction

CIOs realize huge gains when they don't just auto-renew vendors.

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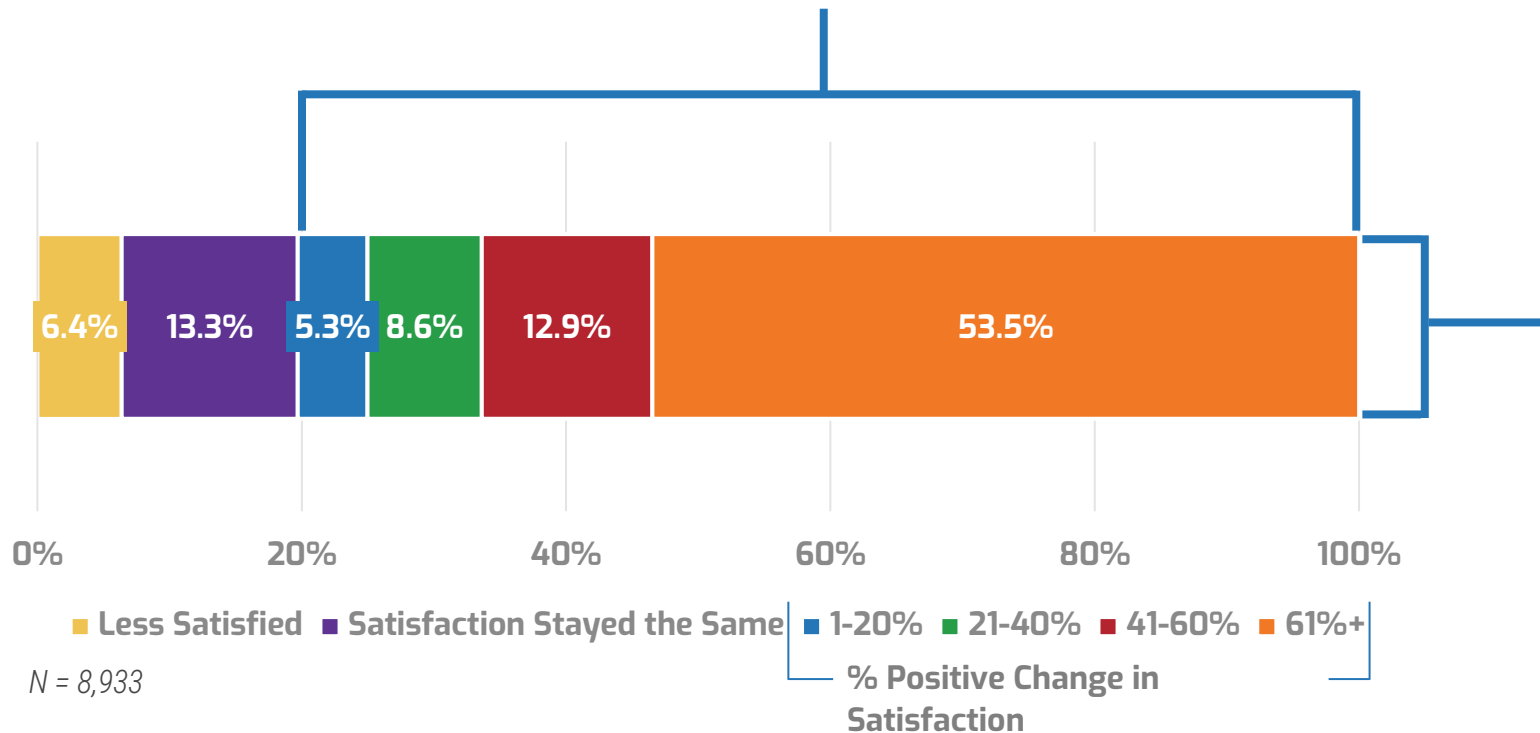


**Is the grass greener on the other side?**

Or, why you should consider switching software vendors.

# Switching software vendors substantially drives satisfaction

**80% of organizations are more satisfied**  
after changing their vendor.



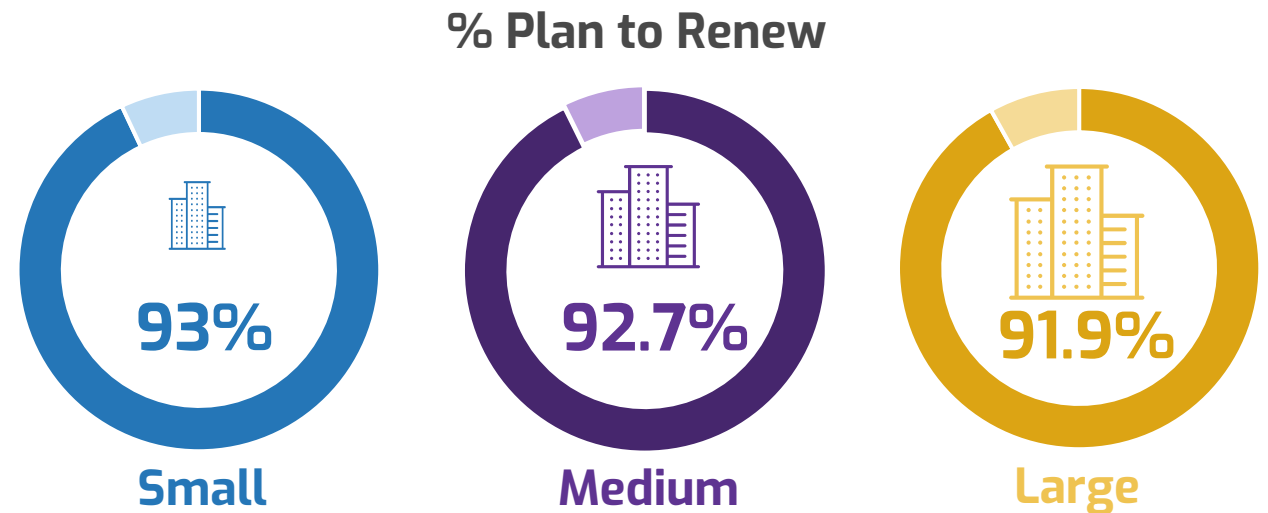
- Most organizations see not only a positive change in satisfaction with their new vendor but a **substantial change** in satisfaction.
- What matters is making sure your organization is **well positioned** to make a switch. Jump to **slide 15** for Info-Tech's software-switching methodology.
- When it comes to switching software vendors, the **grass really can be greener** on the other side.

**Over half of organizations**  
**are 60%+ more satisfied**  
after changing their vendor.

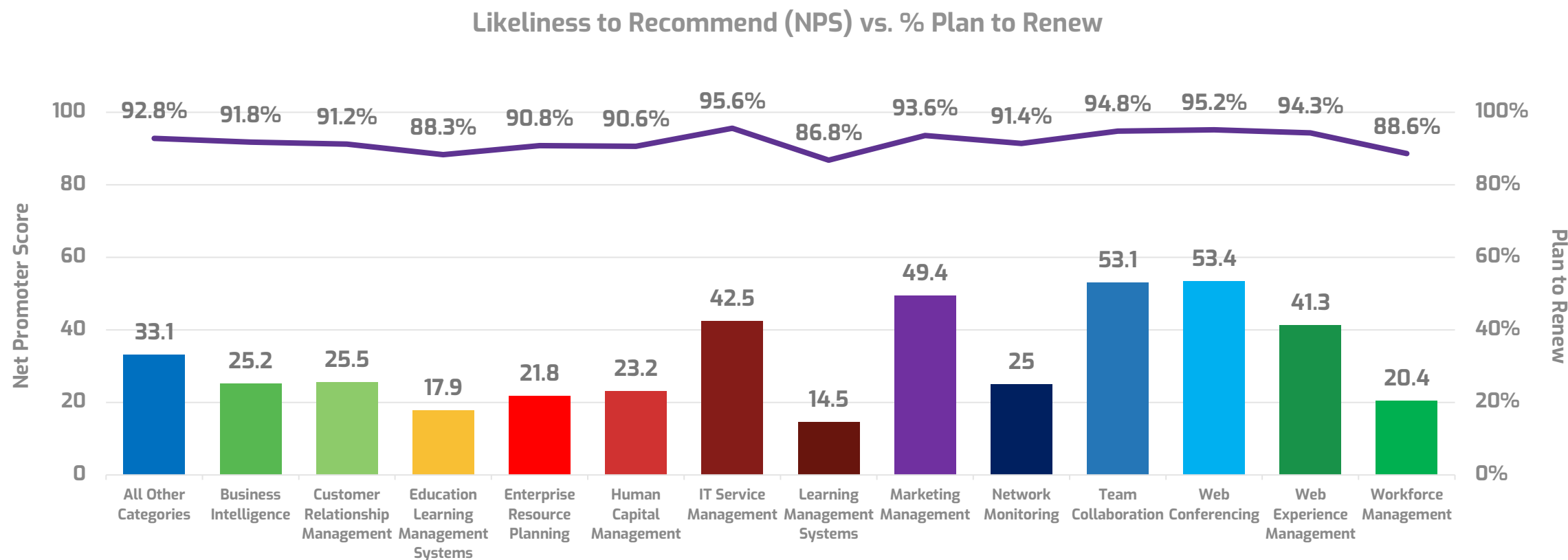
# Yet organizations uniformly plan to renew, regardless of size

And they're not renewing because they like their incumbent vendor!

- There is a **chasm** between organizations' "likelihood to renew" and whether they would "recommend their incumbent vendor."
- The result? **Incumbent vendors have a market advantage** – even if the organization isn't satisfied with them.
- This data suggests that the **perceived costs of switching** are just too high, even to switch out a poorly performing vendor. For most organizations, then, the grass being greener is too good to be true.



# In fact, The Renewal–Recommendation Gap Is Consistent Across Software Types



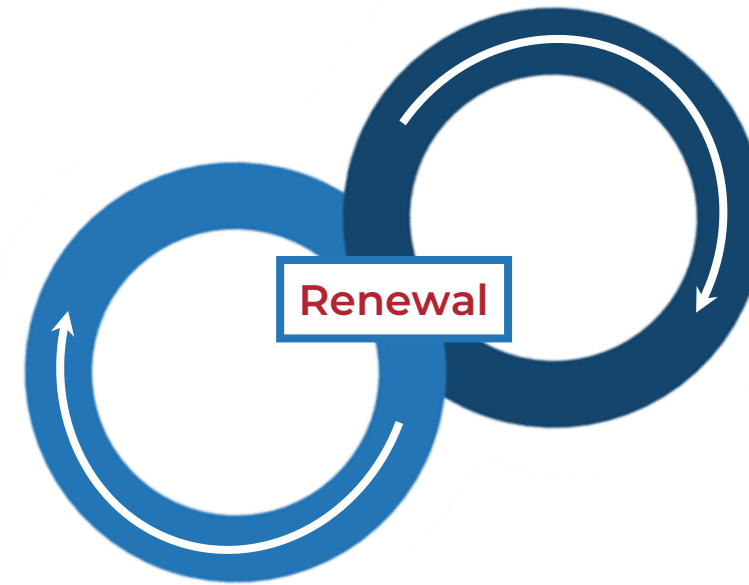
# Costs of switching are real, but renewal should not be the default

Check your expectations; if the perceived costs of switching are inflated, the organization risks being locked in a circular trap of inertia.

- 80% of organizations see positive change and satisfaction from switching, despite time and effort needed
- However, **complacency** often sets in reinforcing renewals, despite promises of higher satisfaction
- Organizations end up **renewing** vendors they wouldn't recommend

## Perceived implementation costs are too financially draining

If the organization doesn't see that it has the resources to implement, support, and train employees on new software, renewal is more likely.



## Perceived implementation costs are too time-consuming

Change management takes several months. Renewing a vendor's software that employees already know how to use is an attractive option.

# Satisfaction change isn't just a honeymoon effect – switching can lower vendor costs

Don't let perceived costs of switching cloud the potential savings you can enjoy.  
There is a cash cow in that greener field!

- Switching vendors often leads to **cost savings and higher ROI**
- Even without higher ROI, **satisfaction still increases**
- Organizations **realize savings over time**
  - from easier implementation and lower support costs

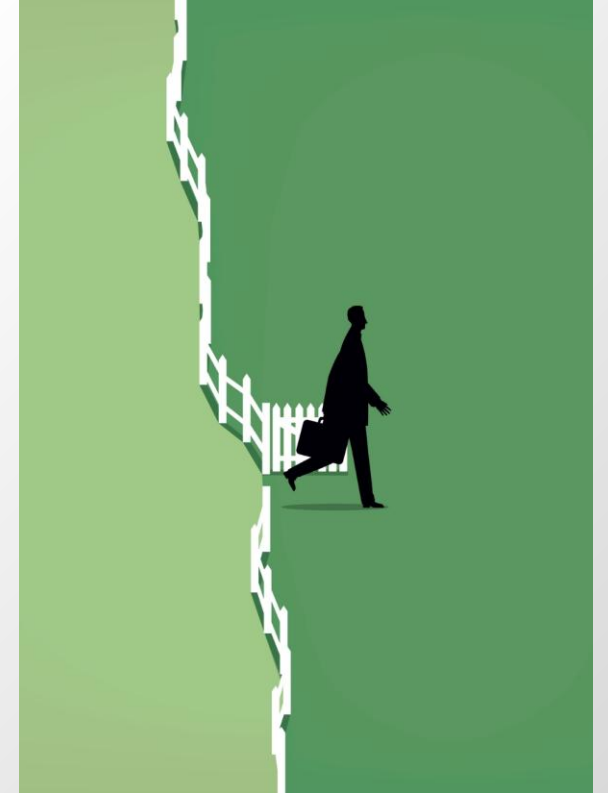
| Top three reasons for discount | % discount for small enterprises | % discount for medium enterprises | % discount for large enterprises |
|--------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Volume purchase                | 22.87                            | 22.71                             | 31.34                            |
| Multi-year commitment          | 24.72                            | 22.48                             | 24.65                            |
| Optimized usage or licenses    | 18.27                            | 21.46                             | 13.9                             |

| Bottom two reasons for discount | % discount for small enterprises | % discount for medium enterprises | % discount for large enterprises |
|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Threatened to switch vendors    | 7.44                             | 6.02                              | 8.84                             |
| Used vendor negotiating service | 6.63                             | 5.17                              | 2.53                             |

# Start making the business case to switch out poorly performing software

Prove the value of IT by leading the business to greener pastures.

- Switching software delivers **substantial change in satisfaction**.
- This change in satisfaction is bolstered by the potential for **lower vendor costs**.
- **Renewal is driven by inertia** or fear of high switching costs. However, renewal as the default option leads to organizations renewing vendors they wouldn't recommend.
- This is an opportunity cost because perceived costs of switching are often inflated. **Software categories that drive a higher change in satisfaction are also easier to implement** – indeed, easier implementation probably helps drive this higher satisfaction!
- As such, **begin your roadmap** for switching out poorly performing software in your organization.





**The grass *is* greener on the other side – how do we get there?**

Or, how to optimize your software vendor switching process.

# Overcome fear of switching with Info-Tech's methodology

Follow our five action steps to realize the benefits of switching software.



## 1. Identify switch opportunities

Perform a review of software applications to identify low-rated software



## 2. Evaluate your software

Before deciding to switch, ensure low satisfaction is with the software itself and not due to its underutilization.



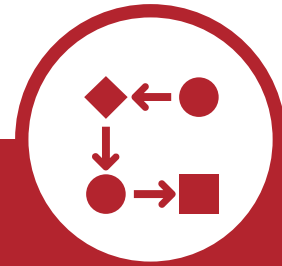
## 3. Build the business case

Define key metrics to measure success and align stakeholders. Rank quick wins and long-term goals.



## 4. Optimize selection method

Number of people involved, time spent, and method used all factor into the success of switching software.



## 5. Plan implementation

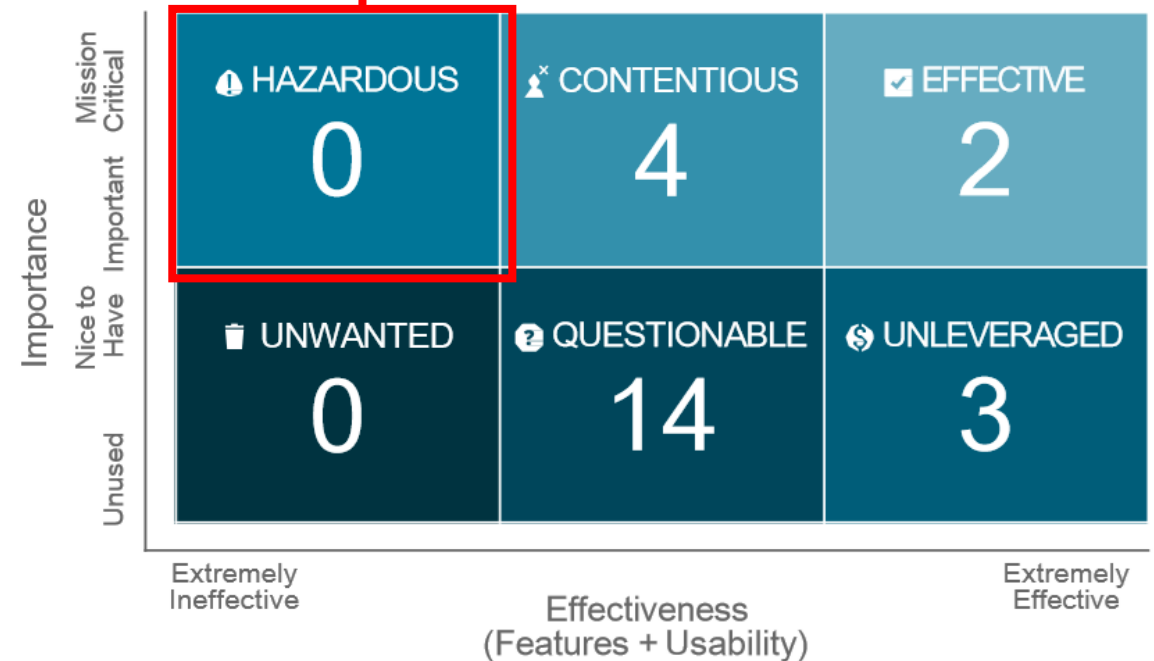
Implement the new software with speed and confidence.

# 1. Identify switch opportunities

Conduct an assessment of your applications to quickly and effectively zero in on low-rated applications to switch out.

Contenders for immediate switching!

- Info-Tech suggests evaluating vendors across two dimensions: **business importance** and **effectiveness**.
- Performing this assessment helps prioritize **short-term switching opportunities** (hazardous applications) and **longer-term opportunities** (contentious applications).
- Applications in the **hazardous** quadrant represent the strongest immediate opportunities for replacement or modernization.



## 2. Evaluate your software

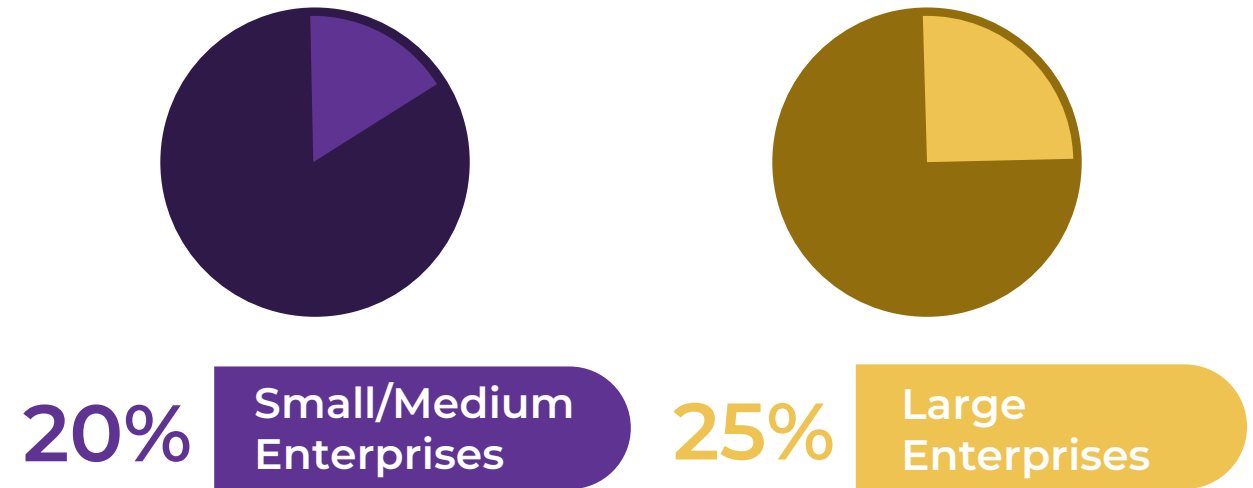
Is your organization's lack of satisfaction with the **software itself** or with your **underutilization** of it?

Before switching vendors, ask *why* you're dissatisfied with your incumbent software.

For software in the hazardous cell, dig deeper: Is the software the problem, or are you failing to fully leverage its capabilities?

Maximizing utility from your current software now has two major benefits that can save both time and money in the long run:

- You may solve the problem without switching and focus on adoption.
- You'll strengthen your negotiating position if you do switch by being an active user.



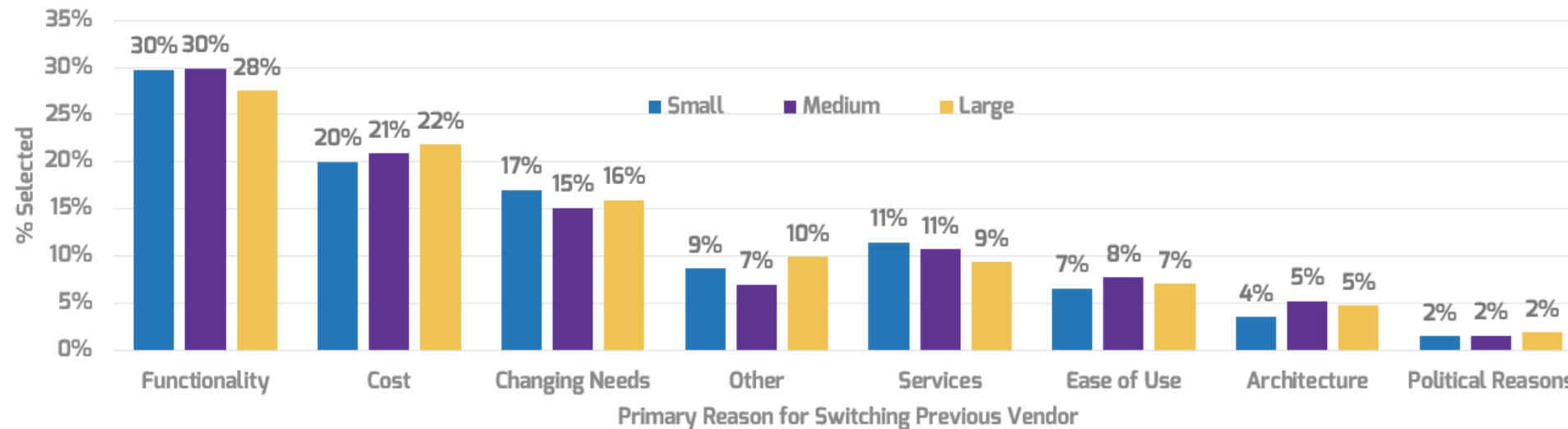
**only occasionally or rarely/never use their software** *N = 45,027*

### Info-Tech Insight

Switching vendors won't fix poor internal processes. An organization's complacency in leveraging software will plague any new software implementation.

### 3. Build the business case

Make clear the rationale for switching, drawing on the data you gathered from the previous two steps.



- **Organization size impacts** what reason delivers the **highest change in satisfaction**. Other factors may have a greater impact on satisfaction than the primary reason for switching.
- As such, **set appropriate expectations**: it may be that your primary reason for switching does not deliver the highest change in satisfaction. That honor might be reserved for another reason – account for this in your business case.

# Rank quick wins and long-term goals

Software that is easier to implement also drives the highest satisfaction.  
Focus there first.

- The matrix compares organizations' change in satisfaction across various software categories with their likelihood of recommending vendors in those spaces.
- We saw that **13 software categories** appeared in the top-right quadrant of this matrix. Organizations that switched out software in these categories saw the **highest change in satisfaction** and were **more likely to recommend** vendors in these spaces.
- The good news is that the software categories that drive the highest satisfaction are also **easier to implement**.

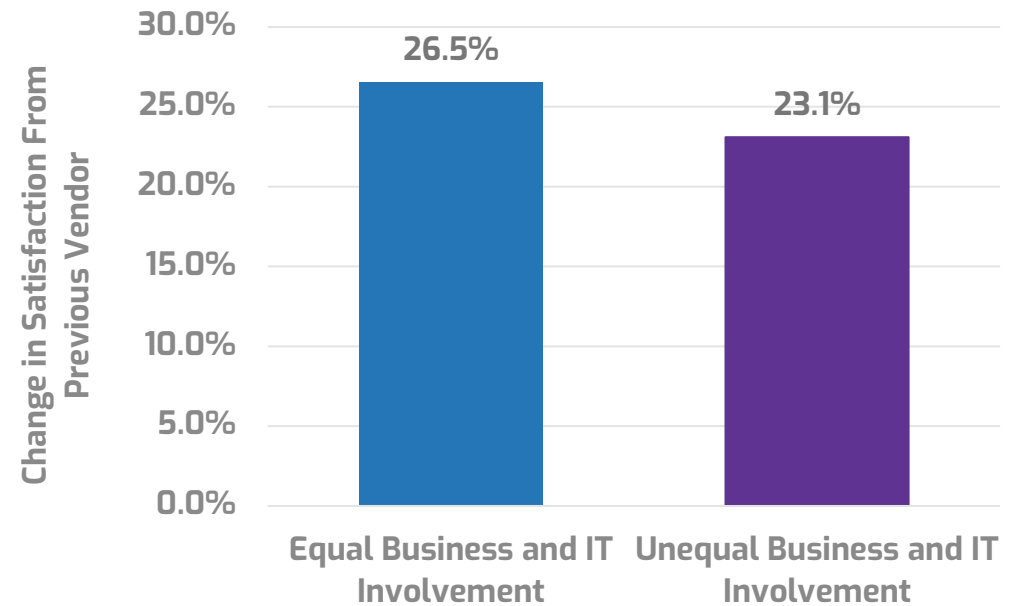
| For quick wins:                                                                                                                                                                                                                                                                                                                                                                   | For long-term goals:                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• <b>Align</b> identified software in the “hazardous” cell of the Application Portfolio Assessment diagnostic with the above 13 software categories.</li><li>• Ensure poor satisfaction with that software is <b>not due</b> to underutilization.</li><li>• If you find alignment, <b>prioritize</b> switching out that software.</li></ul> | <ul style="list-style-type: none"><li>• Work through the rest of the “hazardous” cell, identifying where the next highest drive in satisfaction will come (aligning with the matrix).</li><li>• <b>Phase out</b> any redundant software that rarely or never gets used.</li></ul> |

# Your business case is made stronger with business and IT working together

Maximize your vendor switch satisfaction across the organization – not just for one department.

- When business and IT make decisions **separately**, organizations' satisfaction of their vendor switch is **lower** than those organizations that had business and IT make decisions together.
- Breaking down these silos is important. It ensures that IT can communicate its rationale through a **business case** to gain buy-in. In turn, this allows the business to see how their aims can be **supported** by IT.
- The result is an IT strategy that supports both IT and business goals.

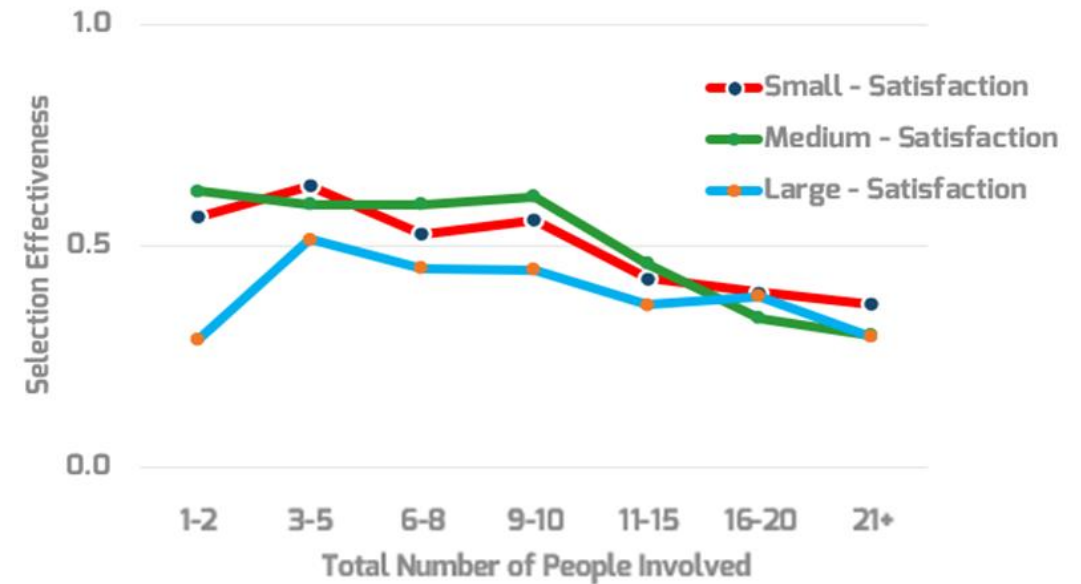
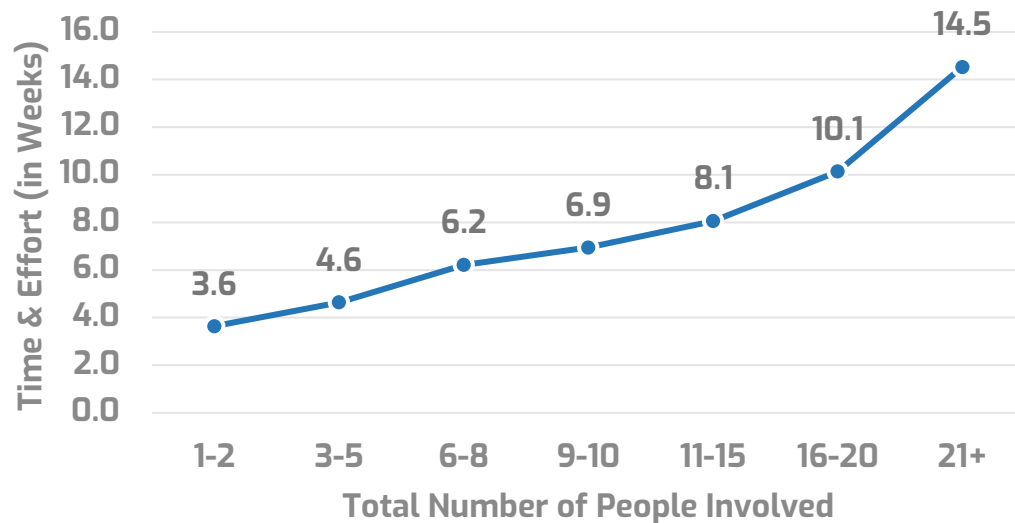
Business vs. IT Involvement in Selection Process



# 4. Optimize selection method

The number of people involved, time spent, and method used all factor into the success of switching software.

Aim to have 3-5 people involved in the selection process. Having more people involved reduces the effectiveness of the software switch, regardless of organization size.

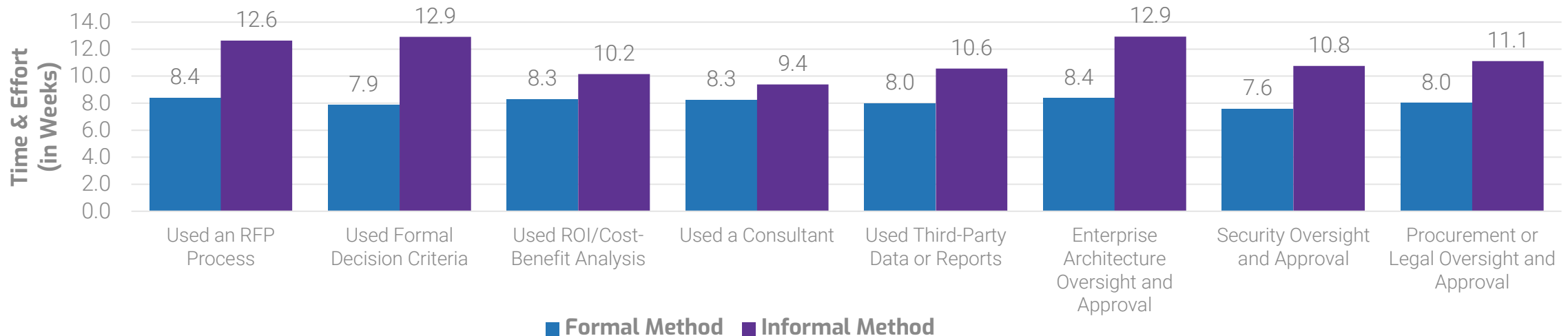


Optimizing selection effectiveness with 3-5 people reduces time and effort spent. Having more people involved decreases selection effectiveness because it eats up time toward negotiating or implementing the new software.

# Formalize your selection method to reduce the costs of switching

Obstacles to switching vendors include perceived difficulty and time wasted. Overcome both with a formal method.

- Formal methods across the board **reduce** the amount of **time** and **effort** spent on selection.
- Formal methods also **improve selection effectiveness**, regardless of organization size.

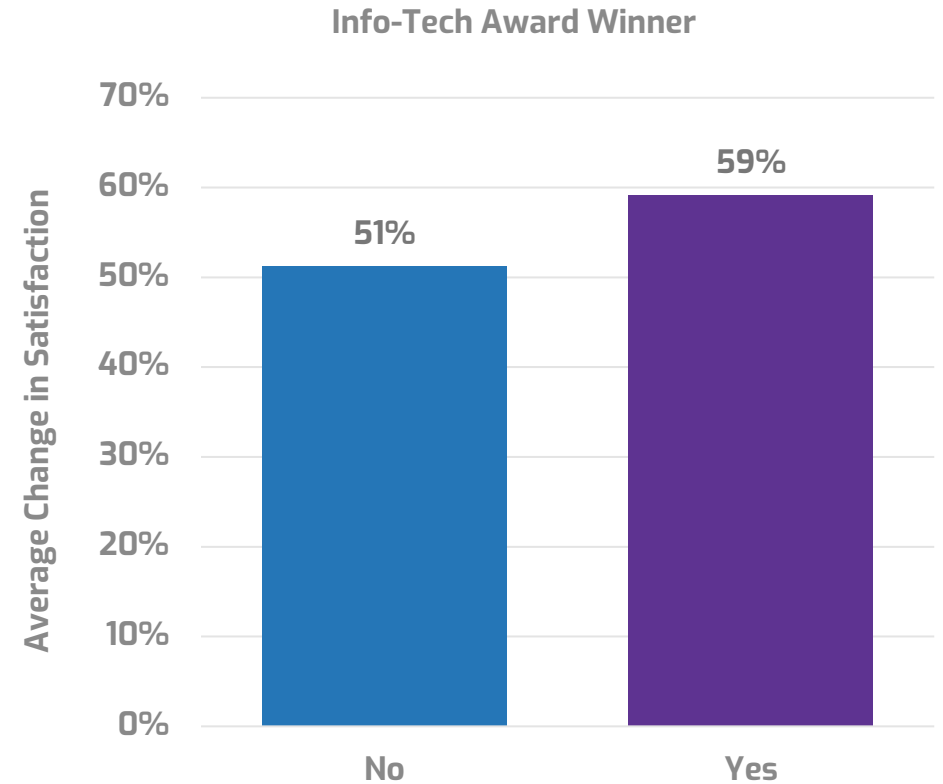


# Maximize change satisfaction by shortlisting software from an Info-Tech award

Draw on data-validated insights from other organizations to accelerate your selection efforts.



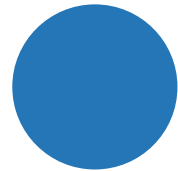
- SoftwareReviews gives annual Info-Tech Research Group awards to vendors that top their software categories.
- SoftwareReviews **collects and analyzes detailed reviews** on enterprise software **from real users** to give you an unprecedented view into the product and vendor before you buy.
- Shortlisting a software solution that has received an Info-Tech award is **a win-win**:
  - It will **boost** your overall potential change in **satisfaction**.
  - It will **save you time and effort** from examining the marketplace for yourself.



# 5. Plan for smooth implementation to cement the change in satisfaction

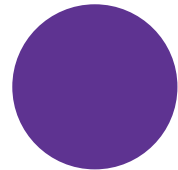
Organizations either highly satisfied or delighted with ease of implementation together report **over 50% change in satisfaction** from their previous vendor.

- It's one thing to have easy-to-implement software; it's another to have internal processes that can support that implementation.
- There are three crucial steps to ensure a smooth software implementation:



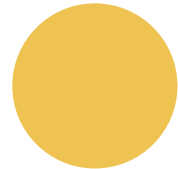
## **Communication plan**

Align end-user expectations with reality by providing clear, consistent, and frequent communication.



## **Phased deployment**

Pilot your chosen tools with a group of early adopters to learn from them. Promote your champions to help support others as you extend roll-out.



## **Engage end users**

Utilize a use case-driven approach to show end users how the software fits into and makes better their everyday workflows.

# About Info-Tech

Info-Tech Research Group is one of the world's leading information technology research and advisory firms, proudly serving over 30,000 professionals. The company produces unbiased and highly relevant research to help CIOs and IT leaders make strategic, timely, and well-informed decisions.

For 25 years, Info-Tech has partnered closely with IT teams to provide them with everything they need, from actionable tools to analyst guidance, ensuring they deliver measurable results for their organizations. Info-Tech offers research, diagnostics, and workshops to systematically improve IT departments.

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