PandaDoc

Summer Edition

State of Deals 2020

An introduction from Nate Gilmore

PandaDoc CRO

In March 2020, we launched our first annual *State of Deals* report. For those who might have missed it (you likely did — but we'll forgive you because, you know, COVID), the report narrowed in on the often complicated relationship between buyers and sellers. Specifically, it focused on how sellers could develop a better sales process thanks to key findings and insights from our user data and survey results from hundreds of sales leaders.

Well, summer 2020 has brought a TON of changes. 88% of businesses have shifted unexpectedly to remote work, and it is highly likely that many sales teams aren't selling the same way they were at the beginning of the year.

Remote selling has pivoted the dynamic relationship between buyers and sellers once again. And as companies continue to adapt, it's no doubt that many more changes are bound to come.

This State of Deals isn't just another piece of COVID-19 content. We dove into the data of our 20,000+ customers to better understand how the first several months of 2020 have impacted sales teams and show you ways that teams have shifted and adapted because of the pandemic.

This report gives you a comprehensive look into the obstacles sales teams are now facing and how you can evolve your sales strategy to continue to conquer those irksome quotas and run your business more effectively in the new normal.

It's time to turn this data into action and record one of your best quarters ever.

Happy selling,
Nate

Process is still more important than people
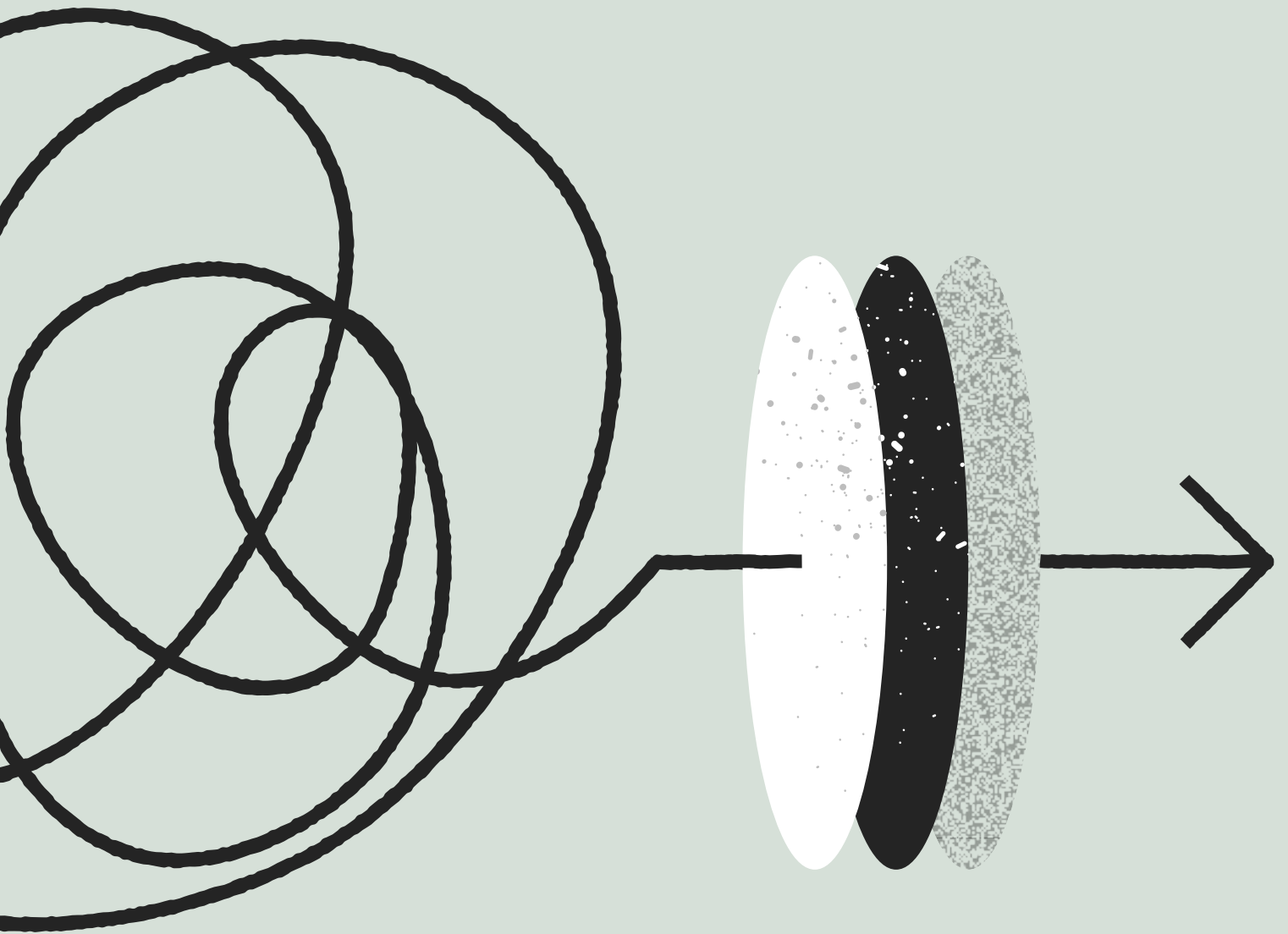
The drastic changes in work life due to the pandemic has served as a forcing function in recent months for organizations to establish improved or even new sales processes.

56% of businesses say software use has increased since switching to remote work

47% expect software spending to increase

66% predict that they'll need to purchase one new software product

25% say they might need as many as five or more due to shifting priorities

Because there is such a necessity to get deals done as quickly as possible due to demand, your sales process must meet buyer expectations while maintaining a positive relationship with them too.

71% of buyers believed that their relationship with the seller heavily influenced their decision to buy

The quickest and easiest way to build a stronger relationship with your buyer (besides learning what sports team they root for) is to personalize proposals, quotes, and contracts to their pains and needs.

We get it. Personalization does take time. PandaDoc customers solve this by creating docs from templates or utilizing a CRM integration to pre-populate their sales docs with detailed information about their buyer.

Over the past few months...

81% of all docs sent through PandaDoc were created from templates

73% of all docs were created via a CRM integration

While the template and CRM stats above haven't changed much since our first report in March, the data point that has swung like a pendulum the most is the number of deals.

(We should mention that a deal, defined by PandaDoc, represents the entire lifecycle of a document, from creation to completion.)

The start of 2020 looked promising. From January to March (week of March 2 to be exact), **deals overall were up 7.5%**. But as March progressed and the pandemic worsened, deals understandably decreased, if not halted, and by the end of the month **deals were down 13%**.

7.5%

March

28%

38%

January   **February**

April   **May**   **June**

13%
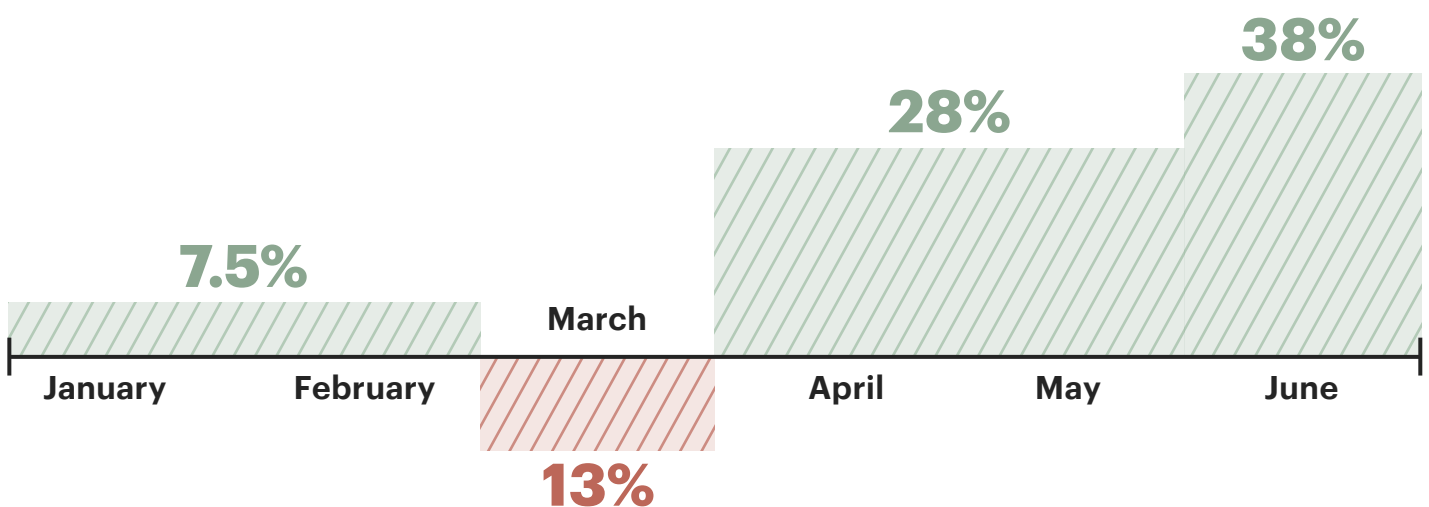
But as teams started getting comfortable with the uncomfortable, the data began to pivot for the better.

From April to May, **deals were up 28%, and in June, deals were up 38%**, which is the highest growth in the number of deals our customers have ever seen.

We've also seen a big jump in...

55%

growth in the number
of docs sent

76%

growth in the number of
docs completed

This horseshoe curve is likely because sales teams were able to adjust quickly to working remotely, implementing the right tools and processes while also immediately meeting the demands of their buyers. This allowed teams to hit their stride and increase the number of docs and deals going out the door.

The drastic swing in data could also be because many companies reduced their workforce, meaning fewer people working deals. Pew Research reports that unemployment rose higher in the first three months of COVID than in two years of the Great Recession from 2007 to 2009.

The silver lining is that things are starting to return to pre-pandemic normalcy. If this upturn in growth is any indication of what's to come in the remainder of the year, it certainly looks promising.

This accelerated growth continues to support our position in the market that sales teams MUST adopt a better document process to be more efficient and close faster. It is now more important than ever to embrace this speedy process to better meet the needs of your prospects now that most everyone is working remotely.

Our customers likely saw amazing success because they quickly responded to prospects and customers, thanks to a seamless, responsive sales and document process.

38%
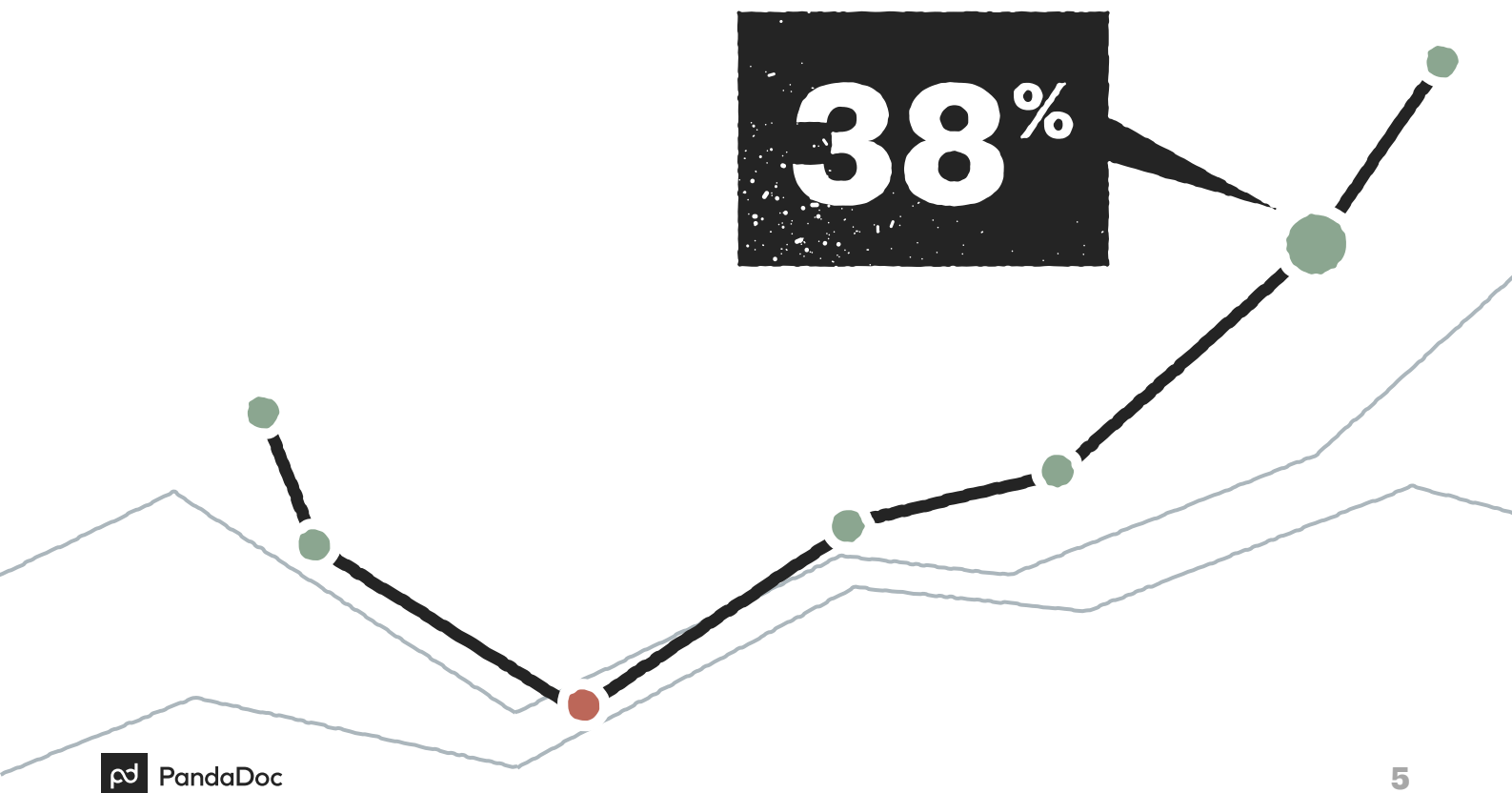
# Decisions are still being made by consensus, but with fewer people

Knowing that deals were slow to take off over the last few months, we wanted to know how many people were involved and if those stakeholders changed throughout the deal process.

According to our customer data, over the last few months, and to our surprise, the number of doc recipients and viewers didn't change.

From March ———————————————————————————— **to July**

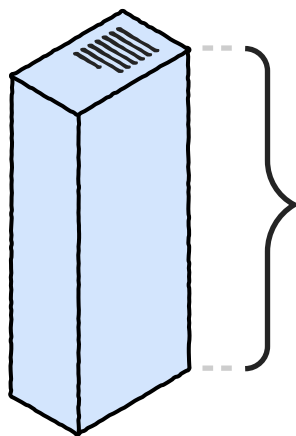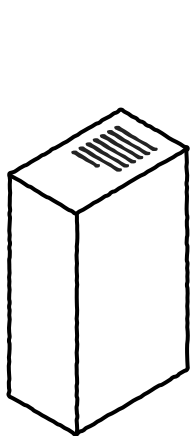**Docs were sent to, on average, about 1.6 people**
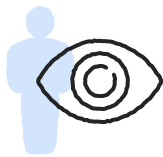
The number of viewers of said docs was about 2.2 people

The number of signers hovered right around 1.3 people

Of the viewed documents, the completion rate was almost 1.5x greater in May and June versus the earlier March and April months.

Of the viewed documents, the completion rate was almost

1.5x greater

March and April   **May and June**

We were also curious if revisions impacted the completion rate. They didn't, but the data is worth mentioning.

Of the docs in the completion rate above …

23% were revised before they were completed, an increase of 6% from the same period last year (March-June 2019).

This data suggests a couple of things — that the pandemic allowed sales reps to identify decision-makers more quickly, or that organizations seemingly moved faster on purchase decisions due to necessity, therefore not needing as many people involved in a deal.

Since a majority of our customers tend to be SMBs orgs, likely selling to small businesses, these types of organizations tend to be more nimble. They don't have the luxury of time and since a pandemic is a challenging time, these businesses have to make decisions more quickly and strike while the iron is hot.

We can also assume that our customers have fewer people involved in deals because they are able to run a leaner, more prioritized process, thus eliminating unnecessary people to be involved in a final purchase decision.

Both scenarios above are possible in our current climate. One thing that is certain is that sales managers must equip their teams with the right technology to accelerate the sales cycle, no matter how many people are involved or the number of changes in the process.

Timing proves that dynamic deals are here to stay

In our first report, we challenged our readers to think about deals differently by proposing a new definition:
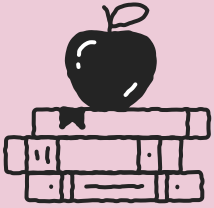
A deal is a continual exchange of value between you and your customer before, during, and after the agreement and throughout the entire customer lifecycle.

We believe that deals are dynamic. Deals are not just executed by sales teams but by the entire revenue org, and when teams adopt dynamic deal processes, they are more confident and better prepared to meet or exceed quota.

While we uncovered changes in deal velocity and the number of decision-makers, there is still one missing ingredient that either falls in a deal's favor or kills it once and for all: timing.

Similar to the trends we saw in the data we've previously mentioned, deal timing also saw a trend of hesitation followed by full pedal-to-metal improvements.

The first data point we examined was the time to close, or also known as, time to document completion. This metric experienced the biggest change during the pandemic. The data also supports our earlier conclusion that current buyers are making decisions much, much faster.

Pre-COVID time to complete in January

6-7 hours

Time to complete from March to June

2-3 hours

We should mention that the pandemic and remote work didn't impact the speed of deal creation. It remained pretty steady at about 8 minutes.

Perhaps the most impressive stat during the pandemic — and one that shows the most promise of recovery — is the completion rate.

Pre-pandemic, there were some indications that business was beginning to slow. From January to March 2020, the completion rate was 52%.

67%

But true to trends, things took a pivot and jumped significantly to

**growth in completion rate from April to June 2020.
This is the highest average completion rate we've seen
at PandaDoc.**

It is worth mentioning that the completion rate is the number of sent docs to completed docs, meaning they obtained a signature or a payment. In our opinion, the better the completion rate, the better the close rate. (By the way, on average, most companies achieve about a 20% close rate.) Many of our customers can connect their completion rate to their close rate and notice a direct correlation of improvement in their sales process.

Sure, these stats represent our own customers, who already have software tools to accelerate deals. But the data confirms that in order to be an elite sales team in 2020, you have to roll with the punches and be ready for dynamic deals and ever-changing sales cycles.

Sales teams must be ready to meet the needs and demands of prospects and customers no matter if they are purchasing because they want-to-have it or must-have it.
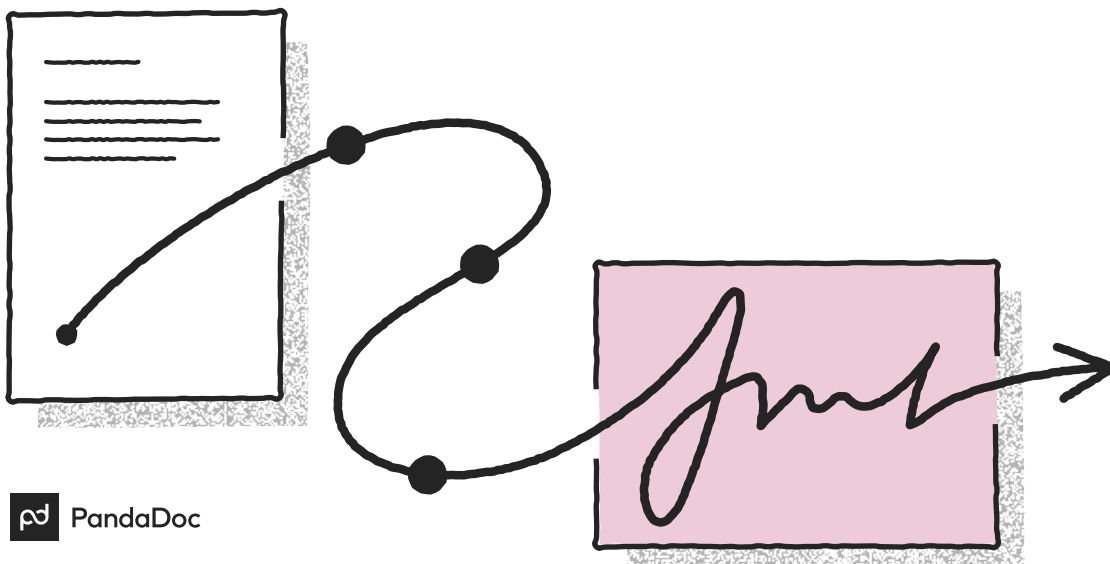
Real stories from real customers and sales leaders: These sales teams pivoted during a pandemic and won

The data in this edition of State of Deals reflects many salespeople who are just like you.

Over the last few months, we've been working with our customers to introduce a new program called the Customer Quarterly Business Review.

Each of our account managers or customer success managers meets with their respective clients and presents the individual customer's data, similar to the data points we shared above.

This has proven to be a very effective renewal and expansion opportunity for our customers and us: Customers can see areas where they've made an immediate improvement in their process or sales cycle, while also easily identifying areas where there is still work to be done.

Here are three stories of relatable customers whose sales teams have pivoted their strategy during the pandemic and drastically reduced their create-to-send time, time to close, or even been able to rapidly help those in need:

American Meetings, a meetings services organization, transitioned from in-person events to virtual ones. Problem was, they didn't have an attractive digital document process to present their new business idea.

Read how they were able to reduce their **create-to-send time from 30 minutes to 3 minutes.**

Quadient, formerly Neopost, has been a PandaDoc customer since 2016. When the pandemic hit, they had to transition everyone to remote work, thus adding 250 seats to their already existing 100 users.

Read how they were able to manage the stress while also **decreasing their time to close from 4 days to 4 hours**.

Food4Heroes is a non-profit organization formed because of the pandemic. They bring together local catering companies and volunteers to feed the UK's front line workers. Obviously, just by starting a business, they were strapped for cash.

Read how we were able to get them up and running in no time to **deliver over 150,000 meals to those brave workers.**

SALES HACKER

Recently, we joined **Sales Hacker's** new community to get a pulse on how sales leaders other than our customers are transitioning their teams' sales strategy.

We love this article from Neil Ringers, EVP North America at Revenue Grid, where he discusses ways to overcome the challenges of managing a remote team. Spoiler alert: Step 1 is all about making the right tech choices.

Neil Ringers

Read his full post here: Supporting Remote Teams: 5 Steps to Keep Your Team Thriving

Another must-read article is from Andrea Grodnitzky, CMO at Richardson Sales Performance. Her post dives deep into the benefits of remote selling. We could not agree more with her stance on how virtual selling encourages a customer's decision-making momentum. Grodnitzky writes:

"Having an ally among the stakeholders can be powerful. But as they bring other executives to your side, it's critical that you keep the sales process moving. Because one dissenting voice can just as easily derail the sale."

Andrea
Grodnitzky

Read her full post here: Virtual Selling Is Here To Stay: 3 Benefits of Remote Sales

The biggest benefit of the new Sales Hacker community is the threads on topics like closing, sales management, and training and coaching. Real salespeople are able to start a convo and ask for advice from their peers.
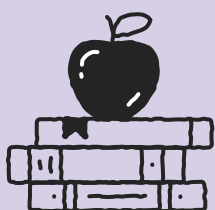
Here are three threads packed with killer advice:

1. How Do You Manage Your Sales Team From Home?

2. Coping Up with the Pandemic

3. Closing Deals When Companies Don't Want to Commit to New Expenses

Summary: Survival of the most adaptable

To date, 2020 has pushed businesses — and salespeople, for that matter — to forces beyond our control. The pressure is at an all-time high, and yet we can't even predict the next steps or know what it will take to alleviate what we're all feeling.

Many organizations are in a very similar situation and choosing to forge ahead to ensure their sales teams continue to consistently meet goals.

This data tells us that when we thought we were preoccupied with worry or felt stuck in the mundane, deals still have momentum. Deals are moving forward and are closing, and businesses are doing whatever it takes to keep the lights on and the doors open.

Right now, all business is like COVID — unpredictable, challenging, and uncertain. Business won't be as usual for a while, and there's a good chance it's been forever changed. What we've learned this year might not even help us next year.

But those leaders who can provide their reps with a reliable, adaptable, and dynamic deal process have the greatest chances of succeeding. The companies who double down on investing in technology that streamlines, saves time, and improves pipeline conversions in the sales process are most likely to come out on top. Teams who choose dynamic deals will survive because of their adaptability.

It's tough out there, and it will continue to be tough for the foreseeable future. All you can do is take the necessary steps to develop an efficient process so you never have to worry about how you and your team will "hit the number" – even if another pandemic comes our way (and here's hoping it doesn't).

Audience and Methodology

The data reflected in this report consists of the top 10% of PandaDoc's 20,000+ active paying customers. A top customer is defined as having the highest monthly recurring revenue spend with PandaDoc.

Thanks to the help of our Business Operations Team, our Content Team was able to consult and pull data to tell the story of the impact of March-June 2020 on our customer base.

Data was viewed in table formats in Tableau and then interpreted to write this report.

The audience breakdown is as follows:

Company size	
1-10	54.97%
10-200	41.00%
200+	4.02%

Company size	
Software & Technology	27.39%
Marketing & Advertising	12.90%
Professional Services	9.78%

About PandaDoc

Sales teams use PandaDoc to improve deal workflow, insights, and speed without compromising the customer experience.

Over 20,000+ customers use PandaDoc's all-in-one document automation software to streamline the process to create, approve, and eSign proposals, quotes, and contracts. With powerful document creation and workflow capabilities, sales teams can provide their customers with a professional, timely, and engaging experience.

For more information, please visit pandadoc.com.