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Why savvy technology firms thrive: new Lazaridis Institute report reveals business practices that give Canadian companies a boost

WATERLOO – A new research report from the Lazaridis Institute for the Management of Technology Enterprises says international sales are a key driver for overall revenue growth for Canadian tech firms. While the United States is typically the first market entered, the report indicates 83 per cent of businesses selling outside of Canada serve markets outside the U.S.

The report goes one step further to show how the path to strong sales growth differs by firm age and firm type.

This is the second year the Lazaridis Institute for the Management of Technology Enterprises, located in the Lazaridis School of Business & Economics at Wilfrid Laurier University, has released findings examining how technology start-ups and scale-ups can succeed.

The report examined firms from across Canada that report an average sales growth of over 141 per cent per year.

"These are successful firms that have found ways to grow their sales revenue," said Nicole Coviello, Lazaridis Institute research director. "We wanted to learn and report on what they do, and what areas of their business they invest in. This knowledge will help us empower all Canadian technology companies to reach their next level of performance."

According to the report, for high growth, the younger software-as-a-service (SaaS) firms ramp up sales expenditure quickly, and they work with customers and outside parties to create new products. They also reward employees based on the value they provide rather than the status or title they hold within the firm. Older SaaS firms emphasize relationship-building with customers and shift their investment from sales activities to marketing.

For non-SaaS tech firms (e.g., hardware, emerging technologies, digital media) success drivers are more specific. Successful young firms help customers make the best decision for their needs, even if it means encouraging them to buy from another company. Successful older firms are better at integrating their two customer-focused activities: selling and marketing.

The report's findings also show what successful Canadian tech firms do and don't prioritize when spending their marketing and sales budgets.

"Like any good study, our findings generate new questions," said Coviello, who will continue the work of the annual research program. "We're looking forward to examining new data that will help Canadian technology firms become globally competitive."

For a copy of the full report, please contact lazaridisinstitute@wlu.ca