Executive Insights on Driving Rapid Revenue Growth

Episode 2

In this exclusive series, FTI Consulting experts interview industry executives to explore how innovative leaders are adopting new strategies to drive rapid revenue growth.

**Featured Guest:** Prashanth Chandrasekar, CEO of Stack Overflow

**FTI Panel:** Sazz Ariyanayagam, Brendan Klein and Jason Allen

**Question:** This is going to be an interesting quarter in terms of sales, and we will get a clearer picture on the impact across the tech industry as companies start reporting their earnings. As an industry veteran, can you give us your perspective on how bad the damage will be for the tech industry?

**Prashanth:** This recession is going to be different for the tech industry compared to the recession we faced in 2008. Top tech companies, with positive cash flow and reserves, will be resilient in the current recession. In fact, the current pandemic will offer a significant tailwind for tech companies focused on the B2B sector. B2B-focused tech companies saw a dip in March, but the trends started to reverse in April. Given the macro demand for virtual collaboration, there will be more growth for the tech sector. We observe it at Stack Overflow, where there has been a huge spike in traffic to our websites. The exceptions in the tech sector are companies servicing certain segments of the B2C sector — like Airbnb and Uber. These B2C-focused companies will be heavily impacted, as we are already seeing in the market.

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**PRASHANTH CHANDRASEKAR**
CEO of Stack Overflow
Prashanth has held executive leadership roles at some of the world’s leading cloud managed service providers and software companies.
He joined Stack Overflow in October 2019.
**Question:** As economists rule out a V-shaped recovery and start debating between U- and L-shaped recovery curves, what is your forecast for the recovery curve for the tech industry?

**Prashanth:** Many economists have different perspectives on this question. The reality is the world has never seen such a global economic shutdown. With unemployment filings rising significantly every week and massive disruption in day-to-day services, there is going to be a significant downstream impact in 2020 that hasn’t started yet. Our expectation is we will see a distressed economy through 2020 and even through Q1 2021. Every day, we witness massive layoffs in companies across the world, and that will only accelerate the significant downstream impacts on the economy — people will get conservative with spending, which will have an overall impact on our GDP. We don’t currently expect to see a recovery for the economy till Q2 2021. So, I don’t foresee a V-shaped recovery. In the best-case scenario, I see a U-shaped recovery for the economy.

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**Question:** What is your forecast for the B2B tech sector as a result of this pandemic?

**Prashanth:** When it comes to the B2B space, my view is that there will be a strong flight to quality. Two categories of companies will emerge — digital winners and digital losers. B2B companies that are at the forefront of digital innovation and transformation will emerge as winners. Companies need to be the “best of the best” in their space because tier 2 and tier 3 companies will very quickly fall into the “digital losers” category. For example, we don’t expect companies to stop their journey to cloud, but they will partner only with best-in-class providers to support their cloud transformation efforts. We are seeing this trend shaping up even within Stack Overflow’s advertising business. Global advertising spends are shrinking, but Stack Overflow has had very stable advertising revenue growth this year because we are one of the top-ranked platforms for reaching developers and technologists. So, all B2B companies need to move fast and take all the necessary steps to be the top-quality provider in their category. In addition, we expect to see a lot of M&A activity and consolidation of players as a result of the race to top quality.

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Question: What kinds of changes are you witnessing in customer behaviors as a result of the pandemic?

Prashanth: Changes in customer behaviors depend on the product offering. At Stack, we have three lines of business: our SaaS collaboration and knowledge-sharing platform for companies, called Stack Overflow for Teams; our advertising business; and Stack Overflow Talent, an employer branding and recruiting business. Our Teams business is seeing the highest demand of those three products, because all of our customers are carving out specific budgets to drive collaboration while working remotely. This month, we signed the largest deal in our company’s history. Our advertising business saw a small dip in March because companies were re-evaluating their ad spend. But as I mentioned earlier, the trends reversed in April after companies figured out what kind of messaging they wanted to advertise through our platform. Our talent business is facing some headwinds because some customers are in hiring freeze right now. With those customers, we are getting innovative in our offers, payment terms and value propositions to protect our revenues. So, in summary, you have to be very relevant to your customers during these times — offering the right products and services to help them navigate the pandemic, refining your value proposition, and supporting them with flexible payment terms to reduce customer churn.

Question: How are you re-thinking your sales channels and go-to-market to fit into this new world of selling?

Prashanth: I started in my role in October 2019 and spent the first three months observing how things were done at Stack, meeting with all our employees and assessing opportunities for growth. Starting in January 2020, we converted our full Stack sales organization into a specialist sales organization. As part of our sales transformation efforts, we opened a new sales development organization in Austin, Texas, focused on outbound prospecting and inbound qualification. We also launched a customer success organization to drive renewals and upsells. These changes were part of our plans before COVID-19. We may have to rethink our inside sales channel model and make additional investments there to navigate the future remote-selling sales model.

Question: What would be your advice to fellow CEOs to drive rapid revenue growth amid COVID-19? Where should they start?

Prashanth: We are going to see a pre-COVID and post-COVID world, and the post-COVID world is going to be dramatically different. People will place renewed focus on what their companies stand for, their vision, mission and business model. This era of digital transformation is going to accelerate like we’ve never seen before. In general, the technology sector has a role to play in this massive digital transformation boom, and the onus is on tech CEOs to make their companies relevant for the transformation and partake in the journey with their customers. I encourage my fellow CEOs to take a critical look at their customers’ agendas, refine their offerings’...
value propositions to support those agendas, and to rapidly take measures to become the “best of the best” in their category. You must aspire to be in the “digital winners” category as we come out on the other side of the pandemic.

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COMPANY OVERVIEW

KEY FACTS ABOUT EVERBRIDGE

Sector: Technology
Industry: Developer and Programmer Platform
Full Time Employees: 250-500
Money Raised: ~$85M
www.stackoverflow.com

Stack Overflow helps developers and technologists write the script of the future. Its public platform is one of the top 50 websites in the world, and its knowledge management and collaboration SaaS product, Stack Overflow for Teams, is used by thousands of companies globally.