

[RESEARCH | 2007 VENDOR VALUE SURVEY]

Better ... But Not There Yet

About 60 percent of vendors managed to improve customer satisfaction in 2007. The rest had better work harder. **By Allan Alter**

A year ago, we kicked off our annual Vendor Value survey with gloomy news: Value, reliability and customer loyalty were all down. This year, it seems most vendors heard the message and improved.

How they did it varied: Check Point Software's customers like the way it combined quality with lower costs; T-Mobile's clients say it became more responsive. But, bottom line, average scores rose year over year in nearly every category we track. That's much better than last year, when for every vendor that improved, three declined.

This is the fifth year *CIO Insight* has polled IT executives on how well their major vendors deliver business value, reliability and quality. Google appears on our list for the first time, and Adobe, No. 1 in our first Vendor Value

survey, in 2003, appears on the list again. While Adobe ranked 12th this year, Google took second place, tying with Hewlett-Packard and VeriSign. This year's No. 1 vendor: open source software vendor Red Hat, which earned a remarkable 97 percent loyalty rating.

A two- or three-point average rise in nearly all seven categories, coupled with a four-point boost in the average customer loyalty score, is a big step in the right direction. But it's not a breakthrough. All but the loyalty ratings remain in the same three- or four-point range as they did in our earlier surveys. And only 22 of the 38 vendors in our survey can claim that more than 66 percent of their customers give them good or excellent grades for overall value. That's far too many disappointed customers. So thanks, vendors, for making up lost ground. But don't stop yet.

CIOINSIGHT Top 10 VENDOR VALUE 2007		
RANK	VENDOR	SCORE
1	Red Hat	80%
2	Google	79
2	Hewlett Packard	79
2	VeriSign	79
5	Check Point Software	77
5	Research in Motion	77
7	Cisco Systems	76
7	Citrix Systems	76
7	Dell	76
7	McAfee	76

Percentage of IT executives rating vendor as excellent or good

The Big Picture

		Overall	Value								
RANK 2007	RANK 2006	Overall rating (combined value and reliability ratings)*	Meets expectations for increasing revenues*†	Meets expectations for lowering costs*		Solves the business problem paid to solve*		Meets ROI expectations*			
Vendor			RANK	RANK	RANK	RANK					
1	3	Red Hat	80%	79%	3	80%	1	82%	9	77%	5
2	N/A	Google	79	80	2	77	2	83	8	79	1
2	6	Hewlett Packard	79	75	6	75	4	84	6	77	5
2	10	VeriSign	79	81	1	68	10	86	1	79	1
5	14	Check Point Software	77	76	5	69	8	85	5	72	12
5	5	Research in Motion	77	77	4	69	8	86	1	78	3
7	3	Cisco Systems	76	73	7	64	11	86	1	75	8
7	7	Citrix Systems	76	73	7	74	5	84	6	73	11
7	7	Dell	76	73	7	77	2	79	12	78	3
7	10	McAfee	76	72	10	72	7	86	1	76	7
11	2	Trend Micro	75	72	10	73	6	81	10	74	9
12	N/A	Adobe	73	69	13	63	12	80	11	74	9
13	13	EMC	71	66	16	61	15	79	12	70	13
14	9	Apple	70	72	10	55	22	79	12	62	19
15	14	Symantec	69	66	16	63	12	77	15	68	14
16	10	Motorola	68	69	13	61	15	76	16	63	17
17	17	IBM	66	65	19	59	18	72	21	65	16
18	21	Sun Microsystems	65	60	24	55	22	74	18	66	15
19	26	SAP	64	67	15	60	17	73	19	63	17
20	26	T-Mobile	63	62	22	58	19	65	30	62	19
21	26	BellSouth	62	66	16	56	21	69	24	62	19
21	24	Microsoft	62	63	20	51	28	76	16	59	25
21	18	Verizon Wireless	62	62	22	55	22	71	23	60	23
24	30	Business Objects	61	63	20	53	25	69	24	54	28
25	33	SunGard	61	53	31	49	31	73	19	53	32
26	23	Novell	60	52	32	62	14	67	26	62	19
27	25	Avaya	59	54	30	52	27	67	26	54	28
27	16	Palm	59	57	27	58	19	62	32	60	23
29	18	Nortel Networks	58	57	27	45	34	66	28	57	26
29	30	Oracle (including Hyperion)	58	59	25	45	34	72	21	54	28
31	N/A	Deloitte	56	58	26	51	28	57	36	48	36
31	26	Sprint Nextel	56	51	33	47	32	66	28	57	26
33	38	Qwest Communications	54	45	37	53	25	61	33	54	28
33	36	Verizon Communications	54	55	29	51	28	65	30	51	33
35	36	CA	52	51	33	45	34	56	37	51	33
36	35	Cognos	51	48	36	46	33	60	34	47	37
37**	30	AT&T (including Cingular)	49	45	37	44	37	59	35	49	35
38	40	Accenture	47	50	35	43	38	55	38	44	38

*Percentage of IT executives rating vendor as excellent or good. †Meets expectations for achieving mission (for not-for-profit organizations).

**Cingular ranked 38th in the 2006 Vendor Value survey

Reliability						Loyalty		Nature Of Relationship ⁺						Worked with during the past 12 months	No. of respondents	RANK 2007
Meets commitments on time and on budget*		Is flexible and responsive*		Meets quality expectations*		If had a choice, would continue to do business (yes)		■ 10-24% ■ 25-49% ■ 50-74% ■ 75-100%								
RANK		RANK		RANK		RANK		Consultant	Outsourcer	Telecom	Hardware	Software	Security			
81%	1	73%	4	85%	3	97%	1					■■■■		19%	90	1
79	2	71	7	84	5	95	2	■	■		■■	■■■■		17	80	2
78	5	78	1	84	5	92	8	■			■■■■	■■		59	280	2
79	2	77	2	86	2	94	4					■■■	■■■	29	135	2
78	5	72	5	90	1	94	4				■■	■■■■	■■	14	67	5
79	2	66	14	81	8	93	6			■■	■■■■	■■■		29	138	5
78	5	75	3	85	3	95	2	■		■	■■■■	■■	■■	72	338	7
78	5	70	8	79	12	93	6				■	■■■■	■	42	199	7
78	5	70	8	80	10	89	12	■			■■■■	■		64	301	7
76	11	69	11	81	8	91	10					■■■	■■	36	170	7
78	10	72	5	79	12	92	8				■	■■■■	■■	13	61	11
75	12	69	11	83	7	91	10					■■■■		45	212	12
72	13	70	8	80	10	89	12	■■	■		■■■■	■■■		27	128	13
72	13	68	13	78	14	86	18				■■■■	■■■■		15	69	14
71	15	64	16	76	15	87	16					■■■■	■■	40	191	15
70	16	63	19	76	15	87	16	■		■■	■■■■	■■		14	68	16
65	20	64	16	73	17	88	15	■■	■		■■■■	■■■	■	53	250	17
67	19	64	16	71	18	85	19	■			■■■■	■■■		27	127	18
61	26	59	21	67	23	89	12	■■	■			■■■■	■	13	61	19
68	17	65	15	61	30	73	33			■■■■	■■	■		15	71	20
65	20	57	23	61	30	83	23			■■■■				15	70	21
64	23	51	30	68	20	84	21	■			■	■■■■	■■	85	399	21
61	26	58	22	68	20	84	21			■■■■	■■	■		36	171	21
65	20	56	25	65	26	83	23	■				■■■■		19	92	24
68	17	63	19	68	20	79	27	■■	■■■	■	■	■■	■	15	70	25
59	31	54	26	67	25	70	36	■				■■■■	■	16	74	26
64	23	51	30	69	19	85	19	■		■■■	■■■	■■		19	92	27
60	29	51	30	62	29	81	25				■■■■	■■■		13	63	27
60	29	54	26	64	27	75	31	■		■■	■■■■	■■	■	18	85	29
61	26	49	35	67	23	79	27	■■	■			■■■■		46	218	29
62	25	54	26	63	28	79	27	■■■■	■					12	57	31
57	32	57	23	59	32	71	35			■■■■	■■			23	107	31
54	34	53	29	56	34	73	34	■		■■■■		■		14	66	33
52	35	50	33	56	34	79	27	■		■■■■	■	■		27	127	33
57	32	50	33	54	36	68	37	■				■■■■	■	24	111	35
52	35	44	38	59	32	80	26	■				■■■■		18	85	36
47	37	48	36	54	36	74	32	■		■■■■	■	■		50	235	37
46	38	48	36	42	38	62	38	■■■■	■■			■		13	60	38

*Respondents identified all the ways they work with each vendor.

The Specifics

Most Frequently Voted Excellent or Poor

These numbers reveal which companies are doing especially well by customers and which are doing especially poorly. The same five companies top the “excellent” lists, with Google displacing Apple to emerge No. 1. Apple’s customers recorded a dropoff of five points or more. Also noteworthy: Despite all the security problems companies are facing, three security software companies—Check Point, McAfee and VeriSign—received enough excellent marks to make the lists. As for “poor ratings,” the good news here is that the average “poor” scores for the firms on those lists declined by three or four percentage points. Accenture, which ranked lowest in this year’s survey, also fared worst here.

Companies With Highest Percentage of Excellent Ratings

Overall		Value		Reliability	
RANK	SCORE	RANK	SCORE	RANK	SCORE
1	33%	1	35%	1	31%
2	30	2	29	2	30
3	27	3	27	3	29
3	27	4	26	4	28
5	26	4	26	5	25
6	25	6	25	5	25
7	24	6	25	5	25
7	24	8	23	8	23
9	22	9	22	8	23
9	22	9	22	10	22
9	22	9	22	10	22

Companies with Highest Percentage of Poor Ratings

Overall		Value		Reliability	
RANK	SCORE	RANK	SCORE	RANK	SCORE
1	20%	1	21%	1	18%
2	15	2	14	2	17
3	14	2	14	3	16
3	14	2	14	4	15
5	13	5	13	5	14
5	13	5	13	5	14
7	12	7	12	7	11
7	12	7	12	7	11
9	11	9	11	7	11
10	10	10	10	7	11
10	10	10	10	7	11

Best at Value and Reliability

It’s hard to beat free—which explains why Google, with its free search engine and tools, rises to the top for value. What’s remarkable is that the other top 10 vendors come so close.

Value: Average of ratings for increasing revenues and lowering costs as expected, solving the business problem paid to solve, and meeting ROI expectations. **Reliability:** Average of ratings for meeting commitments on time and on budget, being flexible and responsive, and meeting respondents’ quality expectations.

Value Top 10*		Reliability Top 10*	
RANK	SCORE	RANK	SCORE
1	80%	1	80%
1	80	1	80
3	79	1	80
4	78	1	80
4	78	5	79
6	76	6	78
6	76	7	76
6	76	7	76
9	75	7	76
9	75	7	76

Best and Worst at Customer Loyalty

Customer loyalty is rising. The average loyalty score for all companies we surveyed rose to 84 percent, the highest since 2003. Last year, only five firms earned loyalty grades of 90 percent or higher; this year, 11 companies did. Loyalty leader Red Hat score gained seven points; Accenture scored lowest again.

% Yes		% No	
RANK	SCORE	RANK	SCORE
1	97%	1	38%
2	95	2	32
2	95	3	30
4	94	4	29
4	94	5	27
6	93	5	27
6	93	7	26
8	92	8	25
8	92	9	21
10	91	9	21
10	91	9	21
		9	21

Blue: New to top 10 list

*Percentage of IT executives rating vendor as excellent or good.

†Not in 2006 vendor value survey

Enterprise Software

Red Hat caps off the software industry, but SAP's the big winner. Red Hat's overall score dropped seven points last year, but the company regained most of the ground it lost, thanks to improvements in customer service: It saw increases in meeting commitments on time and budget, and flexibility and responsiveness. That helped the firm enjoy an astounding 97 percent loyalty rate. But the biggest success story this year is SAP, which rose from seventh to fourth place in the enterprise software category, and enjoyed a seven-point rise overall. The big improvements came in lowering costs (12 points) and ROI (8 points), helping raise its loyalty score from 82 to 89. The two companies at the bottom of the list, CA and Cognos, scored a five- and eight-point increase, respectively, in loyalty. The upshot is that enterprise software vendors, under threat from the open source movement and SaaS vendors, improved this year.

RANK 2007	RANK 2006	RANK 2005	Vendor	Overall rating 2007	Value	Reliability	Would continue to do business (% yes)
1	1	1	Red Hat	80%	80%	80%	97%
2	2	2	Citrix Systems	76	76	76	93
3	•	•	Adobe	73	71	76	91
4	7	6	SAP	64	66	62	89
5	6	7	Microsoft	62	62	61	84
6	8	3	Business Objects	61	60	62	83
7	5	5	Novell	60	60	60	70
8	8	10	Oracle (including Hyperion)	58	57	59	79
9	11	9	CA	52	51	54	68
10	10	8	Cognos	51	50	52	80
AVERAGE 2007				64	63	64	83
AVERAGE 2006				60	60	60	77

Industry Leaders

Only a handful of vendors have come in first in their respective categories every year they have appeared in our survey.

# YEARS	Vendor	Category
5	Cisco Systems	Networking
5	Hewlett Packard	Hardware, Software, Services
4	Red Hat	Enterprise Software
3	Research in Motion	PDA's

Two to One Improvement

Last year's slide has been reversed: The 2006 Vendor Value Survey reported that by three to one, most companies' overall ratings declined instead of improved.

This year, 23 vendors improved their scores while 10 fell. (The other vendors either had no change, or were not included in the 2006 survey.) Check Point Software and VeriSign were the big winners, with nine-point increases; SAP increased by seven points. But Palm, which gained nine points in 2006, surrendered most of that gain this year.

Vendor	Overall rating 2007	Change from 2006	Overall rating 2006
Accenture	47%	4	43%
Adobe	73	•	•
Apple	70	-3	73
AT&T (including Cingular)	49	-7	56
Avaya	59	1	58
BellSouth	62	5	57
Business Objects	61	5	56
CA	52	1	51
Check Point Software	77	9	68
Cisco Systems	76	-1	77
Citrix Systems	76	2	74
Cognos	51	-1	52
Dell	76	2	74
Deloitte	56	•	•
EMC	71	2	69
Google	79	•	•
Hewlett Packard	79	4	75
IBM	66	0	66
McAfee	76	6	70
Microsoft	62	3	59
Motorola	68	-2	70
Nortel Networks	58	-7	65
Novell	60	0	60
Oracle (including Hyperion)	58	2	56
Palm	59	-8	67
Qwest Communications	54	5	49
Red Hat	80	3	77
Research in Motion	77	1	76
SAP	64	7	57
Sprint Nextel	56	-1	57
Sun Microsystems	65	4	61
SunGard	61	7	54
Symantec	69	1	68
T-Mobile	63	6	57
Trend Micro	75	-5	80
VeriSign	79	9	70
Verizon Communications	54	3	51
Verizon Wireless	62	-3	65
Total Average	65	2	63

■ RATE LOWER THAN 2006 ■ RATE HIGHER THAN 2006

How the Survey Was Done

What does the survey measure? *CIO Insight's* 2007 Vendor Value Survey measures how U.S.-based IT executives generally perceive the value of their vendors' product and service offerings, and those executives' overall satisfaction with the support these vendors provide.

How were the vendors selected? The published results include only vendors which received 45 or more qualified responses on all ratings, and were used by at least 50 respondents. To create our list of the most widely used computer hardware, software, telecommunications, IT consulting and outsourcing companies in the U.S., we relied on *Baseline* magazine's 50 Fastest Growing Software Companies, the *Fortune* 500 and *Global* 500 lists, *Hoover's Online*, and annual and financial reports of individual companies.

How was the survey conducted? *CIO Insight* editors designed the 2007 Vendor Value and Satisfaction Survey with members of the Ziff Davis Enterprise research staff. IT executives from Ziff Davis Enterprise publication lists were invited to participate in the study by e-mail. The questions were posted on a password-protected Web site, and 472 qualified respondents (170 from companies with between \$5 million and \$99 million in revenues, 172 between \$100 and \$999 million in revenues, and 130 from companies with over \$1 billion in revenues) replied and completed the survey between September 8 and September 27, 2007. Of the respondents, 51 percent were the top IT executives at their company, and the rest held titles of director of IT or higher. Respondents were only considered qualified if they described them-

selves as very knowledgeable or knowledgeable about the IT vendors and consultants their company uses, and the value it has received from them.

How are vendors rated?

After identifying the vendors they have had a business relationship with in the past 12 months, and whether they use the vendor as a hardware, software, telecommunications, consulting or outsourcing services provider, respondents were asked to rate vendors as "excellent," "good," "fair" and "poor" on seven key criteria. Four of the criteria concerned value: 1) how well they have met their company's expectations for increasing revenues (or achieving mission, if not-for-profit), and 2) for lowering business or IT costs; 3) how well they have solved the business problem their products or services were purchased or engaged to solve, and 4) have met their company's ROI (business value) expectations. The other three criteria focus on reliability: 5) how well they have met commitments to their company on time and budget 6) how flexible and responsive they have been to their company's needs and 7) how well they have met their company's quality expectations for their products and services. The "overall" rating is the mean of respondents answering "excellent" or "good" for these seven criteria. In addition, respondents were asked whether, if they had a choice, they would or would not continue to do business with each individual vendor. Unless otherwise noted, percentages given are the percentage of respondents who answered either "excellent" or "good."

For more information about the *CIO Insight Vendor Value* survey, go to our Web site: www.cioinsight.com.