

## VENDOR VALUE

# Are Your Vendors Providing More Value?

## SPECIAL REPORT

YOU GIVE YOUR STAFF A YEAR-END review, so why not your vendors? Once more, we've given you a head start by asking 1,050 IT executives whether their top vendors are delivering the value and reliability they expect. And this year we're adding six vendors in a new category, telecom, as well as four other new vendors.

There's good news to report: IT executives are happier with their vendors this year. Twenty vendors received higher scores, including most of the networking, storage and enterprise application vendors. In fact, five companies cracked our top-ten list for the first time this year, including our overall winner, Linux vendor Red Hat.

Then there's the bad news: 12 vendors saw

their ratings drop, by as many as eight points. Consulting and outsourcing firms continue to lag behind most other vendors. And what about those telecom vendors? It turns out that many IT executives believe they offer mediocre value and reliability. And ten vendors would be gladly ditched by more than a quarter of their customers.

While the gainers outnumbered the losers, there's still plenty of room for improvement: No company was considered good or excellent overall by more than 81 percent of their customers, and the loyalty numbers clearly demonstrate how many CIOs feel locked into their vendors. Vendors need to do more for their customers, and customers need to demand more.

## THE TOP TEN

1.	Red Hat	81.3%
2.	Symantec	81.1
3.	Dell	80.8
4.	Cisco Systems	79.4
5.	Apple Computer	75.4
6.	Citrix Systems	75.2
7.	StorageTek	74.7
8.	Hewlett-Packard	74.2
9.	McAfee	73.7
10.	Hitachi	73.4

Percentage of IT executives rating vendor as excellent or good. (Overall ratings)

# The Big Picture

RANK 2004	RANK 2003	Vendor	Overall	Value							
			Overall rating (combined value and reliability ratings)*	Meets expectations for increasing revenues*†	Rank	Meets expectations for lowering costs*	Rank	Solves the business problem paid to solve*	Rank	Meets ROI expectations*	Rank
1	-	Red Hat	81.3%	80.3%	4	85.7%	1	88.1%	3	83.3%	1
2	1	Symantec	81.1	82.3	2	76.3	3	88.8	2	78.3	3
3	4	Dell	80.8	81.7	3	81.1	2	85.4	5	80.4	2
4	3	Cisco Systems	79.4	82.8	1	68.3	10	89.8	1	73.2	5
5	9	Apple Computer	75.4	77.8	7	59.1	19	87.2	4	71.6	7
6	-	Citrix Systems	75.2	76.9	8	73.6	4	84.9	6	73.5	4
7	14	StorageTek	74.7	80.0	5	73.2	5	77.3	12	69.1	10
8	6	Hewlett-Packard	74.2	75.8	9	67.1	11	81.2	8	72.2	6
9	20	McAfee	73.7	73.3	12	70.9	8	83.1	7	68.7	11
10	-	Hitachi	73.4	75.0	11	72.4	6	75.4	17	69.6	9
11	5	Motorola	72.9	78.1	6	72.2	7	77.3	12	67.9	12
12	19	Intuit	72.2	72.4	13	70.9	8	77.2	14	71.3	8
13	8	IBM	71.9	75.4	10	64.6	15	80.8	9	64.4	14
14	13	Gartner	70.0	67.6	21	66.5	12	76.0	16	64.5	13
15	15	Veritas Software	69.4	71.4	14	60.1	17	78.6	11	63.6	15
16	23	EMC	68.6	70.1	15	59.9	18	79.9	10	57.7	21
17	24	Novell	68.4	70.1	15	65.2	14	76.4	15	63.5	16
18	11	Fujitsu	66.3	68.9**	19	65.4	13	70.9	24	62.7	17
19	18	Sun Microsystems	65.7	67.2	22	55.6	22	74.1	19	58.3	20
20	-	Network Appliance	65.4	66.1	23	60.3	16	69.6	27	60.6	19
21	7	SAS Institute	64.5	69.7	17	52.9	25	74.0	20	62.7	17
22	26	BEA Systems	64.4	69.1	18	54.4	23	72.2	22	57.6	22
23	31	Avaya	63.6	68.5	20	56.1	21	70.9	24	57.3	23
24	27	SAP	62.5	64.6	26	51.9	28	73.5	21	51.9	28
25	21	Siemens	62.4	62.7	27	56.2	20	67.5	30	56.3	25
26	25	Lucent Technologies	62.2	61.0	29	53.1	24	72.2	22	57.0	24
27	37	BMC Software	59.4	60.3	32	51.5	30	68.7	29	51.6	30
28	30	Oracle	57.9	62.2	28	43.3	38	75.1	18	50.8	33
29	-	SBC Communications	56.9	59.6	33	49.6	31	65.5	30	50.4	34
30	-	AT&T	56.5	60.9	31	52.7	26	65.4	32	51.9	28
31	-	Sprint	56.2	58.7	34	49.1	32	64.1	33	55.3	26
32	22	Unisys	55.9	64.8	25	51.8	29	61.0	39	48.3	38
33	28	Sungard	55.4	58.1	35	40.2	43	69.8	26	50.9	32
34	40	Siebel Systems	54.4	65.3**	24	47.2	34	63.6	35	44.2	42
35	36	BearingPoint	54.0	48.1	43	46.0	35	56.1	43	50.0	35
36	33	Microsoft	53.9	61.0	29	42.0	41	69.2	28	49.1	36
37	-	Qwest Communications	53.4	57.3	38	52.7	26	61.1	38	53.8	27
38	-	BellSouth	53.3	58.1	35	45.8	36	60.4	40	48.0	39
39	34	EDS	53.2	55.1**	39	40.4	42	61.8	36	51.0**	31
40	32	Deloitte	51.4	50.0	41	45.5	37	53.4	44	48.5	37
41	-	Verizon	51.1	53.3	40	48.8	33	63.8	34	47.2	40
42	35	PeopleSoft	49.1	57.4	37	42.2	39	61.4	37	44.4	41
43	39	Accenture	48.4	49.3	42	38.7	44	58.4	42	38.4	44
44	41	Computer Associates	47.5	46.6	44	42.2	39	58.5	41	39.8	43
MEAN			63.8	66.3		57.3		72.0		58.9	

\*Percentage of IT executives rating vendor as excellent or good. †Meets expectations for achieving mission (for not-for-profit organizations). \*\*Number of respondents is between 45 and 49.



## The Vendor Elite

As with last year's survey, most high-performing companies excel at both value and reliability. Newcomer Red Hat received our highest-ever score for value—a victory for proponents of Linux and open systems—while Symantec and Cisco tied for the top spot for reliability. Only five companies in each category are repeats.

**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 budget, being flexible and responsive and meeting quality expectations.

### VALUE TOP TEN\*

1.	Red Hat	84.4%
2.	Dell	82.2
3.	Symantec	81.4
4.	Cisco Systems	78.5
5.	Citrix Systems	77.2
6.	StorageTek	74.9
7.	Hewlett-Packard	74.1
8.	McAfee	74.0
9.	Apple Computer	73.9
9.	Motorola	73.9

### RELIABILITY TOP TEN\*

1.	Cisco Systems	80.7%
1.	Symantec	80.7
3.	Dell	78.9
4.	Apple Computer	77.3
5.	Red Hat	77.2
6.	Hewlett-Packard	74.5
7.	StorageTek	74.4
8.	Hitachi	73.8
9.	McAfee	73.3
10.	IBM	72.7

\*Percentage of IT executives rating vendor as excellent or good.  
Red: New to Top-Ten list

## The Best & the Bleakest

Dell received the highest percentage of “excellent” marks, but the real news is that 16 hardware and software companies were voted “excellent” for value by more than 20 percent of respondents, up from two last year. But this good news must be tempered by the “poor” showings by so many consulting, outsourcing and telecommunications firms.

### COMPANIES WITH HIGHEST PERCENTAGE OF EXCELLENT RATINGS

OVERALL		VALUE		RELIABILITY	
1.	Dell	31.1%	1.	Dell	31.7%
2.	Apple Computer	29.3	2.	Red Hat	31.3
3.	Cisco Systems	29.0	3.	Apple Computer	31.1
4.	SAS Institute	27.0	4.	Cisco Systems	30.3
5.	Novell	25.9	5.	Symantec	28.1
6.	Symantec	25.7	5.	Novell	25.7
7.	Red Hat	25.6	7.	Hitachi	25.4
8.	Hitachi	25.3	8.	SAS Institute	25.1
9.	IBM	24.9	9.	Intuit	24.9
10.	EMC	22.8	10.	StorageTek	24.3

### COMPANIES WITH HIGHEST PERCENTAGE OF POOR RATINGS

OVERALL		VALUE		RELIABILITY	
1.	Accenture	25.1%	1.	Accenture	23.6%
2.	BearingPoint	23.0	2.	BearingPoint	23.3
3.	PeopleSoft	19.9	3.	Sungard	21.4
4.	Sungard	18.6	4.	PeopleSoft	21.1
5.	EDS	18.3	5.	EDS	21.0
6.	Computer Associates	18.0	6.	Computer Associates	19.8
7.	Qwest Communications	16.8	7.	Deloitte	18.7
7.	Verizon	16.8	8.	SAS Institute	18.2
9.	SBC Communications	15.7	9.	Siebel Systems	18.2
10.	Deloitte	15.6	9.	Oracle	17.7

## Earning Loyalty

It pays to provide value and offer reliability: Except for Veritas Software, every company that scores high for customer loyalty also earned a spot on our other top-ten lists. StorageTek and Red Hat join Cisco, Motorola and Dell at the top of the heap. But three companies—Qwest, BearingPoint and Computer Associates—have disappointed nearly 40 percent of their customers.

### WOULD CONTINUE TO DO BUSINESS IF HAD A CHOICE

% YES		% NO			
1.	Cisco Systems	96.7%	1.	Qwest Communications	39.1%
2.	StorageTek	93.8	2.	BearingPoint	39.0
3.	Motorola	92.4	3.	Computer Associates	38.8
4.	Dell	91.9	4.	Accenture	36.0
4.	Red Hat	91.9	5.	EDS	35.1
6.	Symantec	91.5	6.	Deloitte	32.5
7.	IBM	90.4	7.	Sungard	30.5
8.	Apple Computer	89.8	8.	Sprint	27.5
9.	Hewlett-Packard	89.5	9.	Siemens	26.3
10.	Veritas Software	89.4	10.	PeopleSoft	26.2

# The Competition

## Hardware, Software and Services

Hewlett-Packard is once again the leader of one of the strongest categories, but IBM has closed much of the gap, improving its overall ratings by 3 points. H-P's biggest edge comes in meeting ROI expectations and time/budget commitments. Meanwhile, Unisys' overall ratings slipped 8 points from last year; it now earns marks that are 10 to 22 points below those received by H-P and IBM. Its 56 percent score, however, is still better than the companies in the consulting and outsourcing category.

RANK 2004	RANK 2003		Overall rating 2004	Value	Reliability	Would continue to do business (% yes)
1	1	Hewlett-Packard	74.2%	74.1%	74.5%	89.5%
2	2	IBM	71.9	71.3	72.7	90.4
3	3	Fujitsu	66.3	67.0	65.3	83.1
4	4	Sun Microsystems	65.7	63.8	68.3	79.7
5	5	Unisys	55.9	56.5	55.2	75.8

## Enterprise Applications

SAP has widened its lead over other vendors in this category, but all vendors have improved with the exception of PeopleSoft. In the midst of its battle with Oracle, PeopleSoft fell 5 points in its overall rating, dropping it to the bottom of the category. On average, enterprise application vendors do reasonably well at solving business problems, but much worse at lowering costs, meeting ROI expectations and flexibility. That's why, despite the improvement, this remains one of the lowest-scoring vendor categories.

RANK 2004	RANK 2003		Overall rating 2004	Value	Reliability	Would continue to do business (% yes)
1	1	SAP	62.5%	60.4%	65.3%	84.9%
2	2	Oracle	57.9	57.9	58.0	80.7
3	4	Siebel Systems	54.4	55.1	53.5	76.8
4	3	PeopleSoft	49.1	51.4	46.1	73.8

## Telecommunications

Our first look at the telecommunications industry reveals a sector that earns unimpressive scores not just for value but also for reliability—surprising findings considering the industry's maturity. These companies average just 50 percent for lowering costs and 48 percent for flexibility and responsiveness. That's bad news for their business customers, and good news for the cable and VoIP firms that are gearing up to steal their clients. Qwest Communications, which has a loyalty score of just 61 percent, seems especially vulnerable.

RANK 2004	RANK 2003		Overall rating	Value	Reliability	Would continue to do business (% yes)
1	-	SBC Communications	56.9%	56.3%	57.7%	75.7%
2	-	AT&T	56.5	57.7	54.9	76.6
3	-	Sprint	56.2	56.8	55.5	72.5
4	-	Qwest Communications	53.4	56.2	49.6	60.9
5	-	BellSouth	53.3	53.1	53.7	79.3
6	-	Verizon	51.1	53.3	48.1	74.3

NOTE: Unless noted, numbers represent the percentage of IT executives rating vendor as excellent or good.

To see how a vendor scored on individual ratings such as "meeting expectations for lowering costs" or "meeting ROI expectations," see "The Big Picture" chart on pages 54–55.

## Networking

Cisco Systems remains the star of this group, even though its overall scores dropped two points. It came in first in nearly every category, and especially stands out at solving business problems and quality. Avaya deserves credit for raising their overall score 7 points above last year's.

RANK 2004	RANK 2003		Overall rating	Value	Reliability	Would continue to do business (% yes)
1	1	Cisco Systems	79.4%	78.5%	80.7%	96.7%
2	2	Motorola	72.9	73.9	71.6	92.4
3	5	Avaya	63.6	63.2	64.2	77.3
4	3	Siemens	62.4	60.7	64.6	73.8
5	4	Lucent Technologies	62.2	60.8	64.0	78.5

## Consulting and Outsourcing\*

It's ironic that these companies, which are paid for providing advice, score so poorly. On average, barely half of IT executives give these companies excellent or good grades. Accenture, the cellar-dweller of the category, received scores of just 39 percent for meeting expectations for lowering costs and 38 percent for ROI. And except for BearingPoint, the overall scores of these companies dropped in 2004.

RANK 2004	RANK 2003		Overall rating	Value	Reliability	Would continue to do business (% yes)
1	4	BearingPoint	54.0%	50.1%	59.3%	61.0%
2	3	EDS	53.2	52.1	54.7	64.9
3	2	Deloitte	51.4	49.3	54.1	67.5
4	6	Accenture	48.4	46.2	51.5	64.0

## Storage

Storage equipment vendors StorageTek and EMC both improved their overall scores this year by more than 5 points, but StorageTek remains the No. 1 vendor. Although EMC has the edge in meeting quality expectations and solving business problems, StorageTek scores at least 10 points higher than EMC at meeting expectations for increasing revenues, lowering costs and ROI. Both trumped Network Appliance in most categories.

RANK 2004	RANK 2003		Overall rating	Value	Reliability	Would continue to do business (% yes)
1	1	StorageTek	74.7%	74.9%	74.4%	93.8%
2	2	EMC	68.6	66.9	70.9	86.8
3	-	Network Appliance	65.4	64.1	67.0	88.0

## Security

Security may be a nightmare for CIOs, but fortunately their two main security software vendors are not. Symantec receives the second highest overall score in our survey and an 89 percent rating for solving the business problem it's paid to solve. McAfee's 10 point increase from 2003 makes it our MIV (Most Improved Vendor) of 2004.

RANK 2004	RANK 2003		Overall rating	Value	Reliability	Would continue to do business (% yes)
1	1	Symantec	81.1%	81.4%	80.7%	91.5%
2	2	McAfee	73.7	74.0	73.3	87.6

\* Computer Sciences Corp. and Capgemini, which ranked first and fifth in the 2003 survey, did not receive enough responses to be included in this year's survey.

## Change is Mostly Good

Of the vendors reported on in 2004 and 2003, twenty companies improved their scores from last year, while 12 companies scored lower; two saw no change. The most improved vendor was security software vendor McAfee, which raised its score by 10 points. Unisys saw the largest drop, at 8 points. However, the average change was small—an improvement of one percentage point across the board.

	Overall rating 2004	Change from 2003	Overall rating 2003
Accenture	48.4%	▼ 2.6%	51.0%
Apple Computer	75.4	▲ 6.5	68.9
AT&T	56.5	—	—
Avaya	63.6	▲ 7.3	56.3
BEA Systems	64.4	▲ 5.7	58.7
BearingPoint	54.0	▲ 0.6	53.4
BellSouth	53.3	—	—
BMC Software	59.4	▲ 7.6	51.8
Cisco Systems	79.4	▼ 1.5	80.9
Citrix Systems	75.2	—	—
Computer Associates	47.5	▲ 2.1	45.4
Dell	80.8	▲ 0.6	80.2
Deloitte	51.4	▼ 3.3	54.7
EDS	53.2	▼ 0.8	54.0
EMC	68.6	▲ 5.8	62.8
Fujitsu	66.3	▼ 2.5	68.8
Gartner	70.0	▲ 2.9	67.1
Hewlett-Packard	74.2	▼ 0.5	74.7
Hitachi	73.4	—	—
IBM	71.9	▲ 2.6	69.3
Intuit	72.2	▲ 7.3	64.9
Lucent Technologies	62.2	▲ 2.2	60.0
McAfee	73.7	▲ 9.6	64.1
Microsoft	53.9	▼ 0.3	54.2
Motorola	72.9	▼ 4.2	77.1
Network Appliance	65.4	—	—
Novell	68.4	▲ 6.0	62.4
Oracle	57.9	▲ 1.0	56.9
PeopleSoft	49.1	▼ 4.5	53.6
Qwest Communications	53.4	—	—
Red Hat	81.3	—	—
SAP	62.5	▲ 4.0	58.5
SAS Institute	64.5	▼ 6.7	71.2
SBC Communications	56.9	—	—
Siebel Systems	54.4	▲ 3.9	50.5
Siemens	62.4	▼ 1.6	64.0
Sprint	56.2	—	—
StorageTek	74.7	▲ 7.7	67.0
Sun Microsystems	65.7	▲ 0.5	65.2
Sungard	55.4	▼ 2.5	57.9
Symantec	81.1	▼ 2.0	83.1
Unisys	55.9	▼ 7.6	63.5
Veritas Software	69.4	▲ 2.5	66.9
Verizon	51.1	—	—

## How The Survey Was Done

**What does the survey measure?** *CIO Insight's* 2004 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?** Unless otherwise noted, the published results include only vendors which received 50 or more qualified responses on all ratings. 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 several sources for revenue data: Gartner, the Fortune 1000 list, the Forbes Private 500 list, Hoover's Online and annual and financial reports of individual companies. Most of the companies which were included in the 2003 survey were included this year; usually deletions were due to insufficient qualified responses.

**How was the survey conducted?** *CIO Insight* editors designed the 2004 Vendor Value and Satisfaction Survey together with Equation Research, LLC ([www.equationresearch.com](http://www.equationresearch.com)), an Estes Park, Colo.-based supplier of custom research services. IT executives gathered from Ziff Davis Media publication lists were invited to participate in the study by e-mail. The questions were posted on a password-protected Web site, and 1,050 qualified respondents (487 from companies with between \$5 million and \$1 billion in revenues, and 563 from companies with over \$1 billion in revenues) replied from October 5 to October 25, 2004. Of the respondents, 62 percent were CIOs or CTOs, and the rest held titles of vice president of IT or

higher. Respondents were only considered qualified if they described themselves 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*, please go to our Web site: [www.cioinsight.com](http://www.cioinsight.com).



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