The Register Buzz Report

Readership perceptions of 25 global IT brands

Freeform Dynamics and *The Register*, January 2008

IT buyers' views of technology vendors are shaped by a myriad of different inputs, which together create a 'buzz' of sentiment around each player. There are many ways of measuring buzz, both in the positive and negative sense, and in this inaugural Register Buzz Report, we look at those companies that stand out from the crowd. For those at the top, the question is what's behind their success. Meanwhile, do those languishing at the bottom of the heap really deserve to be there?

WHAT'S THE BUZZ?

The IT industry ecosystem between sellers and buyers is quite unique in the world of business, combining real technological innovation and atrociously hyped snake oil in equal proportion. Like the girl with the curl, when it's good, it is very very good, but when it's bad, it can be most spectacularly horrid. As a buying community, we express concern about the failures, all the while remaining hopeful that technology will continue to make a big difference to our business and personal lives.

Against this background, some companies will invariably stand out from the rest. IT companies want to be talked about – but for the right reasons of course. Manufacturers talk to journalists who speak with analysts, and peers and colleagues read the press, research, and discuss among themselves – together they create a level of sentiment around specific vendors that we call the 'buzz', combining the general aspect of mindshare, with the more positively focused areas of leadership, culture and ethos.

WHO'S GOT THE BUZZ?

According to a research survey conducted with *The Register* readership in October/November 2007 (1,192 respondents), the top 5 ranked vendors from a list of 25 global IT brands were as follows:

MINDSHARE	LEADERSHIP	CULTURE/ETHOS
1. Microsoft	1. VMware	1. VMware
2. Dell	2. Apple	2. Apple
3. Apple	3. Cisco	3. Sun
4. Adobe	4. Adobe	4. Red Hat
5. HP	5. Citrix	5. Cisco

Vendors ranking in the bottom 5 within each of these areas were:

MINDSHARE	LEADERSHIP	CULTURE/ETHOS
21. SAP	21. Novell	21. Acer
22. Xerox	22. Symantec	22. Borland
23. Avaya	23. Nortel	23. Symantec
24. Nortel	24. CA	24. Nortel
25. BEA	25. Borland	25. CA

The complete set of findings from this research, and their significance to both buyers and sellers of IT, are discussed in the remainder of this report.

Where do vendor perceptions come from?

IT investment decision making is not just a case of selecting the product or service with the best fit to requirements. The nature and reputation of the supplier and/or manufacturer is also a major consideration. Factors such as financial stability, the credibility of its leadership and other tangible due diligence elements are important here, but so are less tangible attributes such as culture and ethos, especially in the case of larger ‘bet your business’ investments.

While due diligence is the major process undertaken to determine how potential suppliers score against such criteria, a significant role is also played by the perceptions of technology customers. A vendor with the best product may well not make the shortlist because it is unknown to the customer, or, if known, is seen as insignificant, irrelevant or undesirable for the task in hand. We frequently come across vendors, for example, trying to shake off perceptions of the past, either in terms of product set or other, more esoteric criteria.

Such views may be based on experience, but that’s not the only input. Personal recommendations (both positive and negative) from colleagues and peers have a huge impact on the views of decision makers, recommenders and influencers, either in terms of deciding to do something, or setting out the reasons why it’s not such a good idea.

Feeding into the conversation is the advice and guidance that consultants and analysts are paid to provide, coupled with commercial information services such as industry analyst subscriptions. And let’s not forget the mass of information available for free online in the form of news, research, analysis, insight and advice, delivered via traditional websites, blogs and wikis, through to social networking and other community sharing mechanisms.

As background, from a separate Register study conducted in December 2007, we can see that the range of influences on buying behaviour, which also define vendor perceptions, is pretty complex (Figure 1) – but with personal, word-of-mouth recommendations featuring at the top of the list.

Figure 1 The complexity of the influencing environment

Given this picture, it is no surprise that one of the biggest debates in marketing, PR and related circles at the moment is the relative importance of such influences. Highly scientific (and not so scientific) techniques for understanding, weighting and manipulating influencer sources are used by many, with varying degrees of success. Meanwhile, arguments rage over how to classify the types of independent influencer – journalists, industry analysts, management consultants and bloggers –

and there is a hot debate about the value or otherwise of anything that is available for free, with many taking the view that the only information and advice that matters is that for which you explicitly pay. Looking at Figure 1, this latter argument would not seem to be particularly valid, but that doesn't stop those with a vested interest in selling information making it anyway.

The purpose of this report, however, is not so much to get into this debate as to explore what really matters – the end result – which we can describe as the 'buzz' that surrounds a given vendor.

Introducing 'the Buzz'

It is important to say up front that the information presented in this report is not based on any of the highly complex or scientific techniques mentioned above. We have deliberately taken a straightforward, bottom-line approach to assessing the perceptions of a list of 25 vendors, using an online survey mechanism to garner the perspectives of a wide number and variety of IT professionals. The source of such an audience is the well respected and frequently vocal readership of *The Register* news and analysis website (www.theregister.com).

The value of using *The Register* for this kind of exercise, apart from the sheer numbers of readers (over 5,000,000 unique visitors per month at the time of writing), lies in the diversity of its audience. Rather than focusing on the views of just one constituency, such as CIOs, developers, etc, which is a common limitation of many research studies, we are able to capture the collective view of the IT professional community as a whole.

This is particularly important when assessing vendor perceptions, as the buzz does not respect traditional boundaries. Views tend to spread virally between people and groups both within and across organisations, so a good or bad experience or perception originating in the data centre, in the development team, within a line of business department, or in the board room, is likely to propagate quickly across the various other internal constituencies, as well as up and down the management chain, and even to colleagues and peers in other organisations.

In order to assess the buzz, we first wanted to determine whether or not vendors were "front of mind" – in the words of Noel Coward, "There's only one thing worse than being talked about, and that's not being talked about." Being front of mind and thus talked about could of course be a positive or negative thing, but at least it gets the brand in the room!

Following on from front of mind we then consider a couple of buzz factors, specifically around perceptions of leadership, culture and ethos. The overall buzz assessment is thus based on the following:

BUZZ ASSESMENT FACTORS

Community Mindshare	*Assessed by looking at the percentage of respondents who volunteered an opinion, regardless of the nature of that opinion. The basic principle here is that respondents would primarily comment on vendors that were front of mind.*
Perception of Leadership	*Based on whether the vendor was considered a leader, follower, laggard or 'has been'*
Culture and Ethos	*Based on categorisation of vendors as exciting, interesting, boring or 'turn-off'.*

In all, we received approximately 1,200 responses based on the above factors, capturing views and opinions from IT professionals across a mix of industries, organisation sizes and job roles. Please see the appendix for more details of the sources of information used.

In the meantime, the following sections deal with the results gathered, in relation to each of the measurements outlined.

Community Mindshare

As previously discussed, mindshare relates to whether a given vendor is considered important enough to be talked about within the IT community – as such, results indicate the magnitude of the buzz, positive or negative. Community mindshare varies considerably, from Microsoft at one end, which attracted responses from over 85% of the respondents, to players like Nortel, Avaya and BEA at the other, with little more than a 10% response rate (Figure 2).

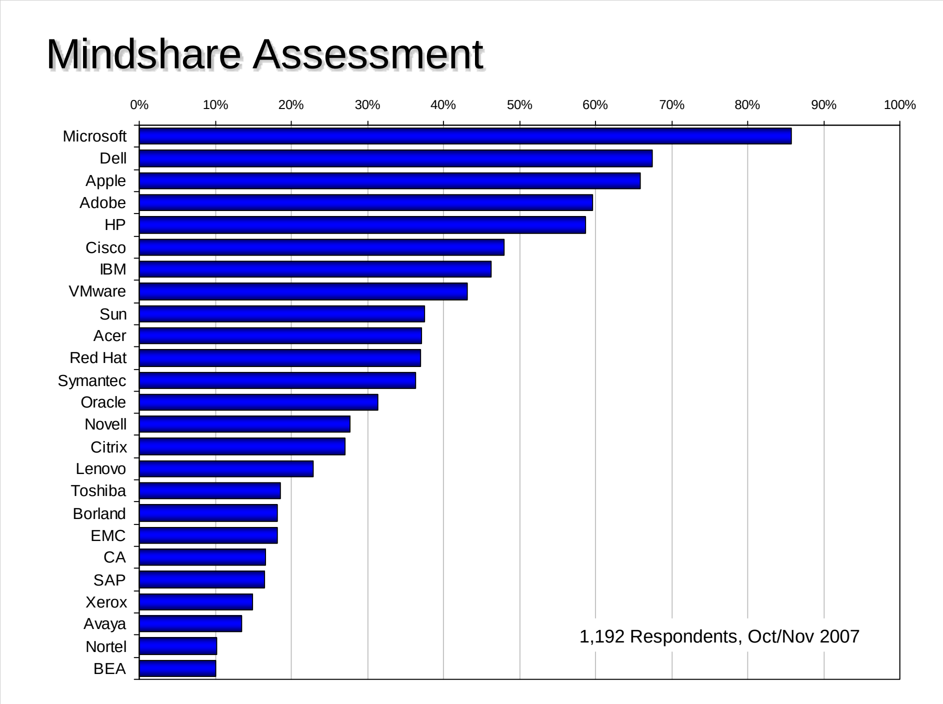

Figure 2 Mindshare of vendors, indicating the magnitude of their buzz

It must be stressed when looking at this chart that the sample upon which it is based represents a complete cross section of IT professionals. We should therefore not be surprised to see vendors that largely operate in a specific domain having a lower mindshare at an overall community level. This is not necessarily a bad thing, it just means they have historically focused their efforts on a specific subset of the community.

We must also be clear that mindshare is not the same as recognition and awareness. While most IT professionals would be aware of players such as Oracle, SAP, Toshiba, and so on, they may not know or indeed care enough about them on a day to day basis to pepper their conversations with references to them. It is buzz within the community rather than traditional measures such as brand awareness that we are concerned with here, i.e. who is being talked about and how.

It is beyond the scope of this report to analyse the position of each specific vendor in depth, but we should acknowledge Microsoft and Dell's positions as leaders of the pack – though this can be a double-edged sword, as we shall see in subsequent sections. As for companies that appear to languish such as BEA and Nortel, suffice it to say that as we see more and more convergence between disciplines and markets, it is going to be important for many of the traditionally niche players to broaden their audience if they want to gain or retain mindshare (the alternative of course is to be acquired, as we have seen recently with BEA). Examples here include some of the communication vendors who are in the process of crossing the boundary between comms and IT, as well as historically enterprise-focused suppliers that are looking to come 'down market' into the small to medium business (SMB) space.

When looking at mindshare rankings, an interesting observation we can make is that vendor attention is undoubtedly influenced by consumer related activity as well as what happens in the business context. We know from other studies, for example, that Apple has a comparatively small presence in the business sector (with the exception of industries such as media), yet it is still very much front of mind with the majority – almost certainly because of the strength of opinion that the iPod, iPhone and iTunes have generated.

But it is not just being thought of and talked about that matters; the nature of the buzz is important as well.

Leadership

One of the most striking contrasts we see when looking at perceptions of leadership is how markedly different the picture is to the mindshare view. The two highest ranked vendors by mindshare, for example, Microsoft and Dell, are much lower down the leadership table (Figure 3).

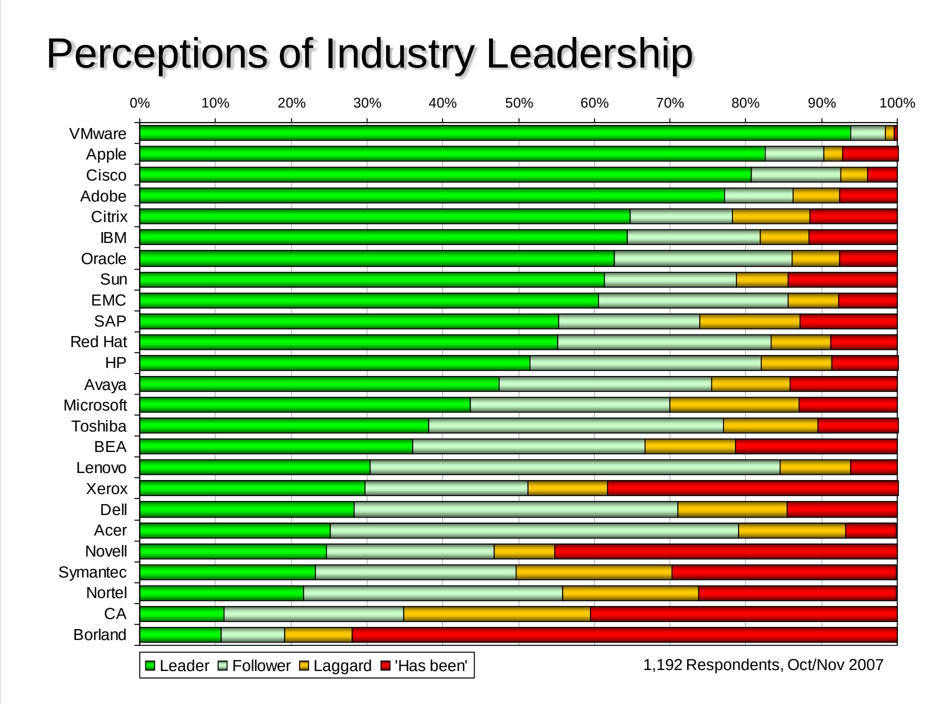

Figure 3 Leader, follower, laggard or 'has been'?

Unlike Figure 2, where the percentages relate to the overall sample, the numbers on this chart relate to those who expressed an opinion of that vendor. This allows us to compare sentiment and perceptions more easily between vendors, e.g. while significantly more respondents provided an opinion on Dell compared to VMware, the sentiment within the VMware feedback was overwhelmingly more positive than Dell's.

Looking at the results themselves, few would actually be surprised at the perceived leadership status of VMware, as this vendor has been the figurehead for a liberating trend towards virtualisation in a commodity systems environment. Again we see the 'fashionable' Apple near the top of the table, along with R&D and marketing powerhouses Cisco, IBM and Oracle, none of which are shy about telling the world what great leaders they are. What is also nice to see, however, is the presence in the top 5 of the unassuming heroes, Adobe and Citrix, which are both companies that (relatively) quietly get on with delivering leading products and services to their respective audiences. Encouraging, perhaps, that when product quality and company performance are in place, this type of vendor can generate similar leadership perceptions to companies expending significantly more in terms of marketing dollars.

At the other end of the table we have the struggling Borland, squeezed by IBM, Microsoft and Adobe from one direction, and the trend towards open source development environments from the other. Then we have CA, a company that is reaping what it has sowed from the years of buying up and exploiting weaker vendors' customer bases – while now arguably reformed, it is still dealing with a legacy of negative perception that is deeply ingrained in the memory banks. CA offers a good example of how an unfavourable buzz can be difficult to shake, despite the efforts and progress a company has made to change things.

Moving on, believing someone is a leader is not necessarily the same as respecting them or being able to relate to them from a cultural perspective, so let's now take a look at this dimension.

Culture and Ethos

Again, we see a shift in the rankings compared to mindshare, with players like Sun and Red Hat rising further up the list, though VMware still holds the crown, closely followed by Apple (Figure 4).

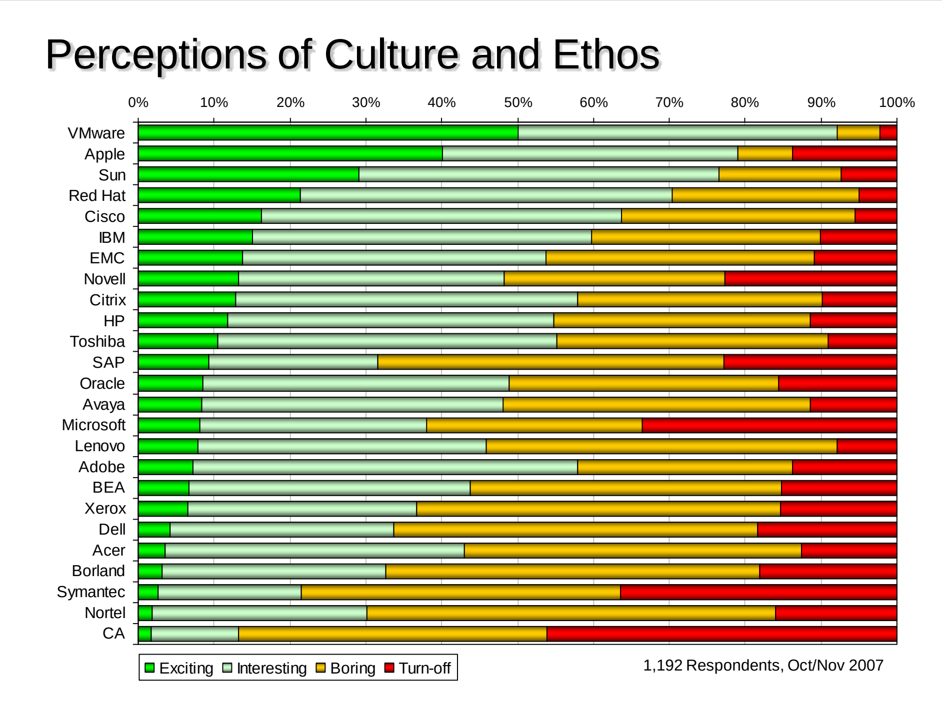

Figure 4 Exciting, interesting, boring or turn-off?

What's fascinating about Figure 4 is where these perceptions come from. For many respondents, their only real direct contact with the organisation would be through customer facing functions such as sales and customer services, indeed many may never deal with the vendor directly at all if solutions are acquired through the partner or reseller channel. Apart from highlighting the obvious need for vendors to encourage the right kind of behaviour in customer facing staff, the importance of third-party influences is also underlined here. The reality is that views on culture and ethos are shaped heavily by the various other inputs identified earlier – news stories, analyst commentary, opinions of colleagues and peers, community exchanges, and so on.

Having said this, some clear religious behaviour can be observed if we look behind the data. One of the more interesting vendors that has a tendency to polarise views is Microsoft: there are two almost mutually exclusive groups, for example, one of which regards the Microsoft culture as exciting, with the other being turned on by Red Hat. There are then some apparent anomalies such as SAP being regarded as a leader by most, but also, on balance, relatively boring.

With regard to other vendors, again we see CA's legacy coming back to bite it at the bottom of the list. We cannot help wondering what Symantec has done to turn so many people off, though we can hazard a guess that Novell's 'deal with the Devil', i.e. the arrangement it came to with Microsoft over patents that upset so many in the open source community, may have something to do with the amount of red on that particular bar – again, perhaps some religion creeping into the equation.

The importance of perceptions and sentiment in this area will be understood by any sales and marketing professional reading this report. It is a factor that can stack the odds for or against a vendor when trying to do business as decisions are made as much on the basis of who the buying team wants to buy from, as they are on the actual business need itself.

Discussion

When looking at data such as the findings presented in this report, it is important to understand how it has been derived. In this case, the source was a relatively informal survey offered through one of the mainstream news sites, *The Register*, which, while capturing the views of a broad cross section of the IT Pro community, will have been influenced to a certain extent by the style and reach of the publication.

Nevertheless, the methodology is very ‘levelling’ and some of the differences we have observed are so great that even taking into account any sampling skew or limitations, we can form a high level view of the relative emphasis being placed on different information sources and the macro level perceptions of individual vendors that are created as a result.

From an interpretation perspective, however, we have to bear in mind a couple of important caveats. It would be inappropriate, for example, to interpret a low community mindshare score as negative in all cases. As mentioned already, some of the vendors included in our list have historically been very focussed on specific audiences, whether in terms of organisation types or constituencies within organisations. Buyers should therefore not read too much into this, though those vendors with a relatively low mindshare would do well to consider how much it matters in the context of their own business. Hitherto big names in the industry that have apparently dropped off the mainstream radar might regard a low mindshare as an indicator of more work needing to be done to recapture attention. There might also be a wakeup call for vendors looking to expand their horizons, such as niche communications providers crossing the line into the big bad world of IT, and which need to get better at reaching out to IT management, architects, operations professionals, and so on.

The other big caveat is to do with the lingering nature of the buzz. The reality is that creating and changing perceptions is generally a very time consuming exercise. As an industry analyst firm, Freeform Dynamics is in the privileged position of being able to maintain up-to-date and in-depth insights into vendor strategies, plans and activities, and through this we have been able to spot instances in which the buzz is not a good indicator of current behaviour and/or capability. A good example here that has been referred to before is CA. To be frank, this is a vendor that deserved the negative perceptions it accumulated in the past, but with recent slapped wrists from the courts on its commercial practices, and a more forward looking and coherent approach to product and solution development, a strong case could be made for it now being a reformed character. Perhaps another example is Nortel, which suffered a great deal of damage from the telecom crash in the early part of the decade, but has recently regrouped and is now delivering some quite leading edge solutions into the market.

So, from a buyer perspective, we would urge those planning to invest, or reviewing their incumbent suppliers to look beyond any negative buzz they encounter before writing off a particular vendor. By the same token, it is also important to realise that positive buzz is no guarantee of leadership or solution fitness for purpose in a specific context, and can sometimes even be a distraction or red-herring. Apple’s success in the consumer entertainment space, for example, is not necessarily indicative of a compelling corporate proposition. Another example is VMware’s perceived leadership, which many argue is over-stated given that virtualisation had already been with us for a couple of decades by the time this vendor came onto the scene – it just happened to be the first player to gain traction in the mainstream x86 arena.

Conclusions

There are three overriding lessons we can learn from this research. The first is aimed at the vendor community. While the buzz isn’t everything, any IT sales person knows how hard it is walking into an organisation when the general mindset is against you, and conversely, what a pleasure it is when you encounter a strong positive vibe, which makes doing business so much easier. Even if your organisation is not front of mind at an overall community level, you should therefore at least take steps to ensure that it is as high up the list as possible within your peer group or in your core area of sales and operation.

The second lesson will be particularly obvious to those who have looked at the charts presented in this document and been either surprised at what they have seen or have disagreed with the overall perception of a vendor they know well. The fact is that the buzz is just one indicator of the strength, position and nature of a vendor, and while clearly influential, it is important to drill behind it and consider options in the context of your own specific requirements. The buzz may be a good indicator of what the overall market thinks about a vendor, but it is not a sufficient basis upon which to define, or indeed reject, a procurement decision.

From this, the final lesson is the importance of paying attention to all sources of information and influence available today. Distinguishing signal from noise can be difficult, but the days of procurement decisions being made off the back of a single analyst report or consultant's recommendation are long behind us, and if you are not taking advantage of the broader range of inputs that others clearly are, then from a purchasing decision perspective, you are probably missing a trick.

APPENDIX

Sources of Data

The research presented in this report is based on two online surveys conducted via *The Register* news and analysis website (www.theregister.com) in the fourth quarter of 2007.

The geographic distribution of the sample in each was similar, with approximately half of the respondents coming from the UK, about a quarter from the USA, and the remainder from the rest of the world.

The study from which the decision making input data was derived (see Figure 1 that looks at the relative importance of different information sources) was conducted in December 2007, and captured responses from over 5,000 readers in total. From these, we homed in on the 818 respondents working in mainstream IT departments of at least 5 staff who declared themselves to have a role in the IT procurement process (48% from departments of 5 to 50 staff, 26% from the 50 to 500 staff range, and 26% from very large IT environments with greater than 500 staff).

The supplier perception data presented (Figures 2, 3 and 4) was derived from a slightly earlier study, again executed via *The Register*, in which responses were gathered from 1192 readers. In this case, no filtering was applied (apart from quality related) as the objective was to look at the 'buzz' across the entire IT professional community. This sample includes a complete cross section of respondents from all industries (including IT vendors and consulting firms) and size segments (from the very largest enterprises to single person companies).

About Freeform Dynamics

Freeform Dynamics is a research and analysis firm. We track and report on the business impact of developments in the IT and communications sectors.

As part of this, we use an innovative research methodology to gather feedback directly from those involved in IT strategy, planning, procurement and implementation. Our output is therefore grounded in real-world practicality for use by mainstream IT and business professionals.

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