

Services Marketing Budgets and Benchmarks: 2005 Metrics, Trends, and Challenges



An ITSMA Study

Today's services marketers are in a unique position: in an environment characterized by intense competition for skeptical and hard-to-reach buyers, marketing has become the essential engine spurring growth and profitability. Yet despite the opportunity—and need—to make a significant impact, marketers' hands are often tied due to flat or declining budgets. Business leaders know that strategic marketing is critical to survival in a maturing industry, but these same executives are asking marketers to deliver more with less. This leaves today's marketers in a difficult bind: they must build a strategic platform for the company's long-term success while at the same time delivering tactical programs that drive short-term results.

REPORT HIGHLIGHTS

OVERVIEW

Services Marketing Budgets and Benchmarks: 2005 Metrics, Trends, and Challenges delivers a detailed look at the tradeoffs technology services and solutions marketers are making as they look for balance between their long- and short-term objectives. It provides data on 2005 services marketing budgets, budget allocations, and marketing priorities from a range of companies across the technology and consulting industries.

Topics covered in the report include:

- Services marketing budget size and growth rates
- Services marketing budget allocations
 - Corporate vs. field marketing
 - Personnel vs. nonpersonnel
 - Investment by category
 - Investment in thought leadership

- Marcom budget allocation
- Services growth rates and margin trends
- Services revenue and profitability
- Solutions marketing
- Top services marketing challenges and priorities

Key trends highlighted in the report include:

- Projected services revenue growth in 2005 mirrors 2004 levels. North American companies are more optimistic than Europeans.
- Services marketing budget growth is not keeping pace with revenue growth; nevertheless, marketing budgets are holding steady as a percentage of revenue growth.

(Continued)

- Services marketers are allocating proportionally more of their budgets to offering development/management, marketing communications, and sales support.
- The marketing communications mix is becoming more balanced. Marketers are diverting funds away from advertising and collateral and spending more on public relations, analyst relations, and interactive marketing.
- Solutions revenue is increasing, accounting for nearly half the revenue at participating companies. Designated solutions marketing headcount is on the rise.

Participating companies:

- Agilent Technologies
- Alfa Wassermann Diagnostic Technologies
- Alliance Consulting
- Ariba
- BearingPoint
- Capgemini
- Cisco Systems
- Cognos, Inc.
- DecisionOne
- Dimension Data
- EDS
- Equant
- Getronics
- Hitachi Consulting
- IBM
- Intergraph Solutions Group
- Juniper Networks, Inc.
- Lucent Technologies, Inc.
- Microsoft
- NextiraOne
- Nokia
- Patni Computers Ltd.
- SAP
- Siemens Communications
- SITA
- Sun Microsystems
- Symantec
- VEGA Group PLC

STUDY METHODOLOGY

In January and February 2005, ITSMA used a Web-based survey to gather data from 28 companies about services marketing budgets, services growth and margins, and top marketing challenges. Survey invitations were e-mailed to 149 companies, yielding a response rate of 19%.

ITSMA collects this type of data each year from member and select nonmember companies on a “give-to-get” basis. That is, study participants receive a detailed presentation report of the aggregate data in exchange for their participation.

ITSMA analyzed this study data in three ways:

- The data set as a whole
- Company type—primarily services or product and services
- Company size—less than \$500 million or more than \$500 million in annual services revenue

RESPONDENT DEMOGRAPHICS

Industry

Professional services firms	32%
Network systems vendors	29%
Software vendors	21%
Computer and other systems vendors	11%
Other	7%

MORE INFORMATION

To learn more about the report, contact Rob Leavitt, Vice President, Marketing and Member Advocacy at +1-781-862-8500, ext. 45, or rleavitt@itsma.com.

Figure 8.1 Marketing Priorities

How important are each of these marketing objectives to your organization?



Figure 7.3 Services Revenue Allocation by Type of Company

How is your services revenue allocated across the following types of services?



Figure 6.4 Solutions Marketing Organization

To which organization do the solutions marketers belong?



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2005 METRICS, TRENDS, AND CHALLENGES [B015]**

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