

Professional Services and Solutions: The Sourcing Conundrum



2007 Brand Tracking Study

Professional services remain core to successful technology enablement, but although buyers recognize that professional services are far from a commodity, they find themselves in a sourcing conundrum:

Professional services firms spout value propositions that sound too similar.

A narrow pool of C-suite and senior IT and line-of-business executives are hounded for exclusive relationships by a mass of professional services firms. It's no wonder that professional services firms find themselves struggling to differentiate and form coveted "trusted advisor" relationships.

REPORT HIGHLIGHTS

OVERVIEW

This report provides critical insight into the prevailing buying reality for IT professional services and solutions providers. By breaking new ground, pushing the envelope, or exceeding expectations, IT professional services leaders stake their ground in ways that are reinforced by perceptions of their brands and market positioning. Understanding the participants in IT professional services purchase decisions is the first step in addressing the sourcing conundrum.

The 2007 edition of this survey represents the ninth annual installment of ITSMA's flagship multiclient brand tracking research focused on the IT professional services market.

STUDY SCOPE

ITSMA's The Sourcing Conundrum: 2007 Professional Services and Solutions Brand Tracking Study focuses on providers of IT professional services and solutions. This study delivers the data study sponsors need to validate internal assumptions, improve marketing strategies and tactics, and hone their brand communication. Included are new data and analyses on key market indicators and topics, such as:

- **Market knowledge.** Who are the leaders and followers? Are providers recognized for their services capabilities? Are they making credible claims?
- **Provider preference.** To which firms do clients turn first? Are they familiar with others? Can firms leverage positive brand equity, or do they carry baggage?

(Continued)

- **Services decision influences.** When there are a number of qualified providers, what breaks the deadlock?
- **Competitive differentiation.** Is what's different really different? Does it really matter?
- **Alternative service delivery models.** Does offshore services provision matter in a global economy? Are attitudes changing?
- **Report card.** Are professional services firms meeting expectations? Which ones are hitting home runs?

STUDY HIGHLIGHTS

This examination of the IT professional services and solutions market yields many interesting findings related to the firm selection process, brand equity of services providers, effective marketing, and purchasing preferences.

- Relationship factors are the most important selection criteria, but these are hard for providers to convey during the sales cycle.
- The fast-accelerating interest in offshoring IT services appears to be leveling off as customers debate the risks and merits of trusting their mission-critical applications and business processes to offshore outsourcers.
- Many buyers still don't know where to turn when they have a problem or opportunity that can be addressed by technology consulting and professional services firms.
- All professional services and solutions firms sound the same, yet buyers have unique wants and needs that don't seem to be addressed.
- Buyers want proven solutions that deliver measurable business results, but they see no professional services firms leading with these attributes.

COMPANIES COVERED

The report examined the following 20 professional services and solutions firms: Accenture, AnswerThink, Bain, BearingPoint, Boston Consulting Group, Capgemini, Cognizant, CSC, Deloitte, EDS, Hewlett-Packard, Hitachi Consulting, IBM, Infosys, McKinsey, Oracle, SAP, Satyam, TCS, and Wipro.

STUDY METHODOLOGY

ITSMA recruited sponsors for *The Sourcing Conundrum: 2007 Professional Services and Solutions Brand Tracking Study* in late 2006 and early 2007. Primary sponsors of the study included Capgemini, Cognizant, Deloitte, Hitachi Consulting, and SAP.

ITSMA conducted 401 telephone interviews with U.S.-based senior IT and business decision makers (CXOs, vice presidents, and directors). The sample includes two types of professional services buyer (information technology executives/CIOs and business executives) and spans eight industry segments, including:

- Communications
- Energy/utilities
- Financial services
- Healthcare providers
- Manufacturing/consumer products
- Manufacturing/industrial products
- Public sector
- Retail trade

Organizations eligible to participate in the study reported annual revenue or operating budget of \$300 million or greater. Participants qualified for inclusion based on their decision-making authority. ITSMA donated money to charity in return for participants' contribution to the study.

RESPONDENT DEMOGRAPHICS

Respondent Titles

| | |
|----------------|-------|
| Director | 64.8% |
| Vice President | 16.0% |
| President/CXO | 19.2% |

Organization Size

| | |
|---------------|-------|
| \$300-999M | 25.2% |
| \$1-4.9B | 24.2% |
| \$5-19.9B | 20.0% |
| \$20B or more | 30.7% |

Industry

| | |
|--------------------------|-------|
| Public sector | 14.0% |
| Healthcare | 13.2% |
| Manufacturing—consumer | 13.0% |
| Financial services | 13.0% |
| Manufacturing—industrial | 12.5% |
| Energy/utilities | 12.0% |
| Retail | 11.7% |
| Communications | 10.7% |

MORE INFORMATION

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Figure 4.2 Unaided Awareness of IT Professional Services and Solutions Firms

What one firm would you most likely call if you needed IT professional services?
Which other firms come to mind that provide IT professional services?

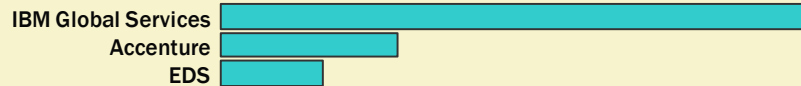


Figure 3.1 Mean Importance Ratings of IT Professional Services Firms Attributes

When you and your company are selecting an IT professional services provider, how important is it that this vendor ___?





RESEARCH ORDER FORM

| | ITSMA Member Price | Nonmember Price |
|--|--------------------|-----------------|
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| The Sourcing Conundrum, 2007 Brand Tracking Study | \$35,000 | \$40,000 |
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