

November 12, 2008

# Engineering Valuable Sales Conversations

by Scott Santucci  
for Vendor Strategy Professionals

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## Engineering Valuable Sales Conversations

Forrester's Model-Map-Match Approach To Client-Focused Sales Messaging And Value Delivery

by **Scott Santucci**

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### EXECUTIVE SUMMARY

Technology buyers are in the midst of redefining their relationships with vendors, anointing just a few as value-added partners while relegating the bulk to the commodity supplier heap. To succeed in this dog-eat-dog world, sales enablement professionals must engineer a strategic program that empowers sales teams to efficiently configure messages, product combinations, and conversation strategies that match clients' needs and buying patterns and knock their socks off. Forrester's Model-Map-Match framework reflects the customer-centered foundation that underpins go-to-market approaches that systematically — and efficiently — differentiate a vendor's products and business value from the pack.

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### NOTES & RESOURCES

Forrester interviewed 23 vendor and user companies, including Accenture, Allen Systems Group, BearingPoint, BMC Software, CA, Computer Sciences Corporation, Compuware, Dimension Data, Dun & Bradstreet, IBM, Hewlett-Packard, Kronos, Novell, Orange Business Services, Siemens, SunGard, Unisys, and Xerox.

#### Related Research Documents

["Community Marketing: A New Discipline For Business Technology Marketers"](#)

May 7, 2008

["Customer-Focused Innovation Networks Emerge"](#)

April 22, 2008

["The End Of Product Development"](#)

April 15, 2008

## MARKET FORCES ARE FUNDAMENTALLY ALTERING TECH BUYER/SELLER RELATIONSHIPS

Today, 71% of business leaders believe technology is a vital element to their success, and 58% are directly involved in IT decision-making.<sup>1</sup> This shift from information technology (IT) to business technology (BT) and the resulting complexity in the way companies acquire and consume technology are creating acute challenges for vendor strategy professionals charged with growing the top and bottom lines of their firms.<sup>2</sup>

### Wall Street Expects Exceptional Margins, And Growth, From IT

Technology industry net margins are 26% higher than the overall market, and market analysts' profitability expectations are similarly aggressive.<sup>3</sup> Forrester is forecasting a US slowdown in technology buying that will hit in Q4 2008 and carry into the first half of 2009, if not longer.<sup>4</sup> Given the downturn, pressure on strategists to maintain current margin levels and defend market share will only increase. Furthermore, financial analysts are increasingly scrutinizing the productivity and efficiency of vendors' revenue engines and putting pressure on CEOs to improve execution.

### Customer Dynamics Pull In The Opposite Direction

Client company business executives see technology as vital to driving global expansion, integrating businesses, and driving business model innovation. The demand for IT services from functional departments and business units is expanding while finance groups are scrutinizing capital expenses. This puts CIOs in the squeeze of supporting the growing needs of various business constituents, while controlling costs at the same time. To succeed, IT leaders are transforming their organizations from stewards of technology assets into orchestrators of an ecosystem of interrelated business support services.<sup>5</sup> During this transition period, new realities are emerging that affect how enterprises work with their suppliers.

- **Federated IT spending.** Business buyers are increasingly involved in purchasing decisions because their success or budget hangs in the balance.<sup>6</sup> However, the responsibility for providing ongoing support and management of technology systems is generally assigned to IT. This creates complex sourcing situations as the business needs of individual P&L leaders are weighed against the technology support demands of the entire enterprise.
- **Procurement professionalization.** Faced with cost-cutting pressures of their own, enterprises have dramatically expanded the role of procurement. Centralized spend management efforts are saving companies like Pfizer hundreds of millions of dollars.<sup>7</sup> One IT executive interviewed for this report told us his organization has reduced the number of suppliers from 10,000 to 1,000.<sup>8</sup>
- **Perceived commoditization.** When we asked about the differentiation between competitors in a bid or competitive proposal, IT executives told us that there exists little to no difference. As one executive put it, "most products and services will do the job at nearly all the same price."<sup>9</sup> Buyers would prefer to funnel more spending through providers that add value; however, buyers perceive that less than 10% of the vendors that try to do business with them exhibit characteristics they consider valuable.<sup>10</sup>

- **Increased options.** Open source, software-as-a-service (SaaS), annualized licensing, offshoring, grid computing, virtualization, and flexible outsourcing delivery models are all examples of buyer options that have evolved over the past five years. As the number of solutions sources grows, so does the pool of possible IT suppliers that buyers can consider.

### Vendor CEOs Are Stuck In The Middle

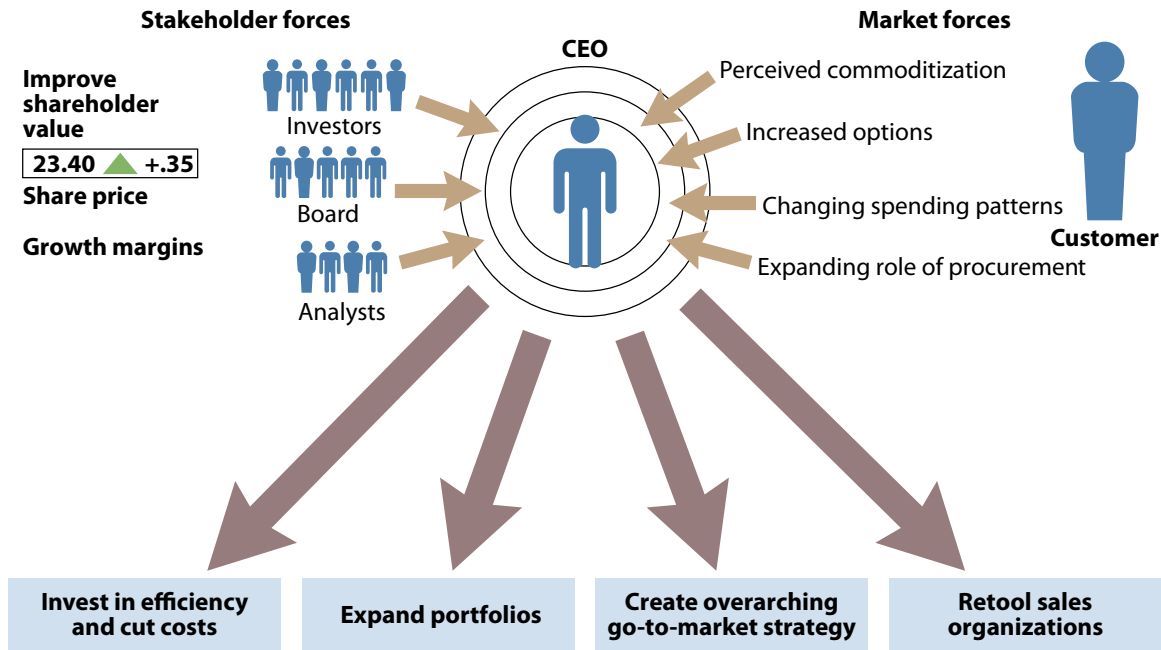
To position their businesses for profitable growth, CEOs of large technology vendors are responding to Wall Street objectives while also addressing the market realities of their evolving customer base (see Figure 1).

“What’s ahead for CA? It’s all about execution. We’ll build on our success in expanding and strengthening our portfolio with more product launches in October and at CA World in November. We’ll continue to improve our business processes and manage expenses with relentless focus on driving efficiencies and operating margin improvements; and we’ll continue our drive to build partnerships with our existing customers and new customers to grow bookings and revenue.”<sup>11</sup> (John Swainson, CA president and CEO)

Four strategic initiatives, which reflect the competing pressures on tech CEOs, are typical among the leading technology vendors.

1. **Invest in efficiency and cost cutting.** “While I realize that macroeconomic uncertainties exist, it’s important to note that we control many of the levers that drive our performance. We are therefore confident in our ability to meaningfully expand our earnings per share. We expect to remove significantly more cost this year than we did last year. We will take these savings and realign our cost structure to fund investments that both improve the efficiency of HP and create growth opportunities.”<sup>12</sup> (Mark Hurd, Hewlett-Packard chairman, CEO, and president)
2. **Expand their portfolio.** “In addition to strong revenue and earnings results, our deferred revenue and strong cash flow generation during the March quarter underscore the strength in our business. This strength was driven by our broad portfolio of offerings and continued focus on solid execution.”<sup>13</sup> (John W. Thompson, Symantec chairman and CEO)
3. **Establish brand and position.** “We’ve been a pretty low-key company relative to visibility and brand visibility, and as we go forward, we’re convinced that we need to raise that visibility and to better communicate our capabilities to the market.”<sup>14</sup> (Mike W. Laphen, Computer Sciences Corporation chairman, president, and CEO)
4. **Retool sales.** “Compuware sales teams engage in solution- and value-based selling and focus on the ability of our people and products to help increase revenues or improve performance. In tougher economies, buying decisions face additional hurdles, obviously. By focusing the abilities of our people and our products to provide rapid return on investment, our sales team will continue to execute.”<sup>15</sup> (Peter Karmanos, Jr., Compuware chairman and CEO)

**Figure 1** CEOs React To Colliding Market Forces



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Source: Forrester Research, Inc.

### Sales Execution Is Undermined By Complexity And Competing Demands

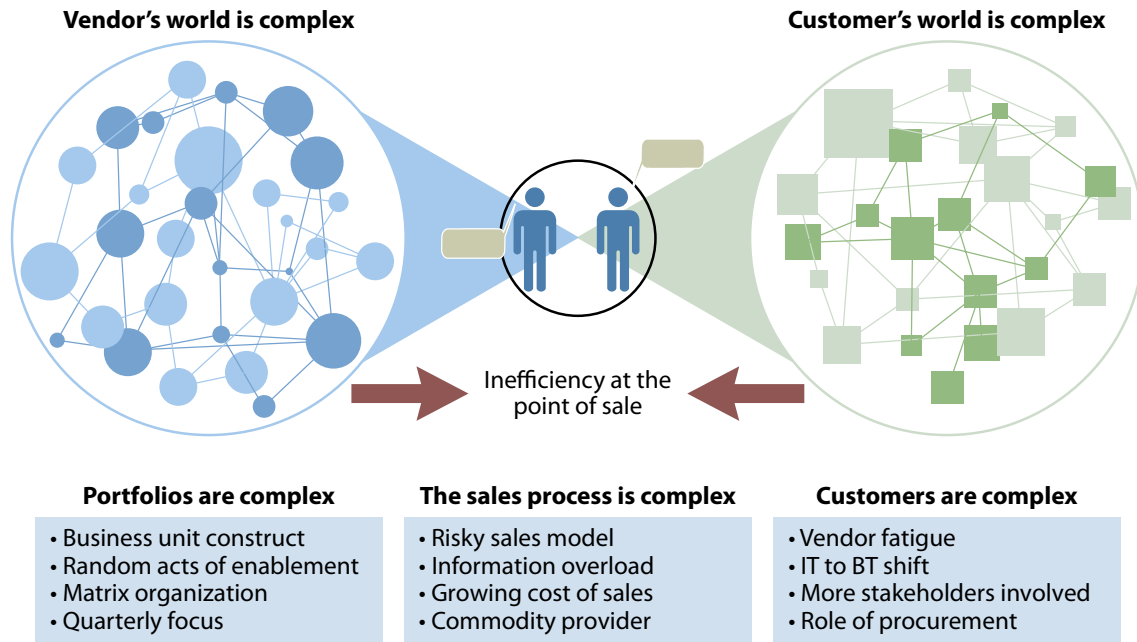
CEOs executing on these four priorities at the same time that their customers' worlds are undergoing a radical IT to BT transformation unwittingly create conditions that make selling a heroic effort (see Figure 2).<sup>16</sup> Reps' ability to communicate value at the point of sale is overwhelmed by the complexity of their own organizations as well as their buyers. CEOs and their business leaders contribute to these inefficiencies by unleashing:

- **Competing business units.** As a company's portfolio grows in breadth and complexity, CEOs segment the portfolio to be run as separate — accountable — business units. Business unit leaders focus on driving revenue for products in their domain and invest in their own sales resources to exert control over their P&L objectives. This inevitably creates multiple layers of marketing and sales people and propositions in a team selling environment and reinforces an inwardly focused orientation that undermines customer focus.
- **Random acts of enablement.** Competing business units, product marketing, demand generation, and sales operations professionals all create programs to support their sales organizations. For example, unbeknownst to its chief operating officer, one enterprise software firm had funded 31 different sales support programs. None of these disparate initiatives

(e.g., selling guides, return on investment [ROI] calculators, reference programs, competitive intelligence portals) were integrated with each other or were designed with sales use in mind. The vice president of sales rejected the more than three months of training requested by these project owners. To deliver a return on investment for their individual projects, the marketers turned into shadow sales support professionals whose advice on how and what to sell undermined the transformation program of the sales leadership team. What a mess.

- **Matrix organizations.** In large organizations, team selling is a reality as marketing, sales, and subject-matter experts from different theaters, portfolio segments, and vertical industries converge to support a given account strategy or pursue a specific opportunity. However, customer problems are increasingly cutting across different vendor organizational groups. For example, a multinational corporation wanted to find an outsourcer that could support it across infrastructure towers and major geographic regions. To review the requirements of the large opportunity, a tier one outsourcer had no fewer than 750 people on the scoping call. Having many different people involved, each with different lenses and objectives, creates enormous challenges for a team to arrive at a consensus on what to propose and how to communicate the business case consistently across all points of the conversations with the customer.
- **Quarterly demands.** One of the keys for organizations to migrate from a product to a value-added selling model is to consistently develop opportunities ahead of the request for proposal (RFP). Most marketing and sales teams have yet to develop an integrated process to systemically create demand in the early stages of a customer's problem-solving process. And when consultative sales processes are disrupted to push a transaction, companies' efforts to develop more senior-level relationships unravel. Less than 10% of the vendors that engage with IT executives do so in a value-added way.<sup>17</sup> When asked why, one IT executive told us that it has less to do with the skills and goals of the salespeople themselves (who often have the right idea) and more to do with sales management trying to move an opportunity to closure prematurely.

**Figure 2** The Sales Conversation Collapses Under The Weight Of Complexity



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Source: Forrester Research, Inc.

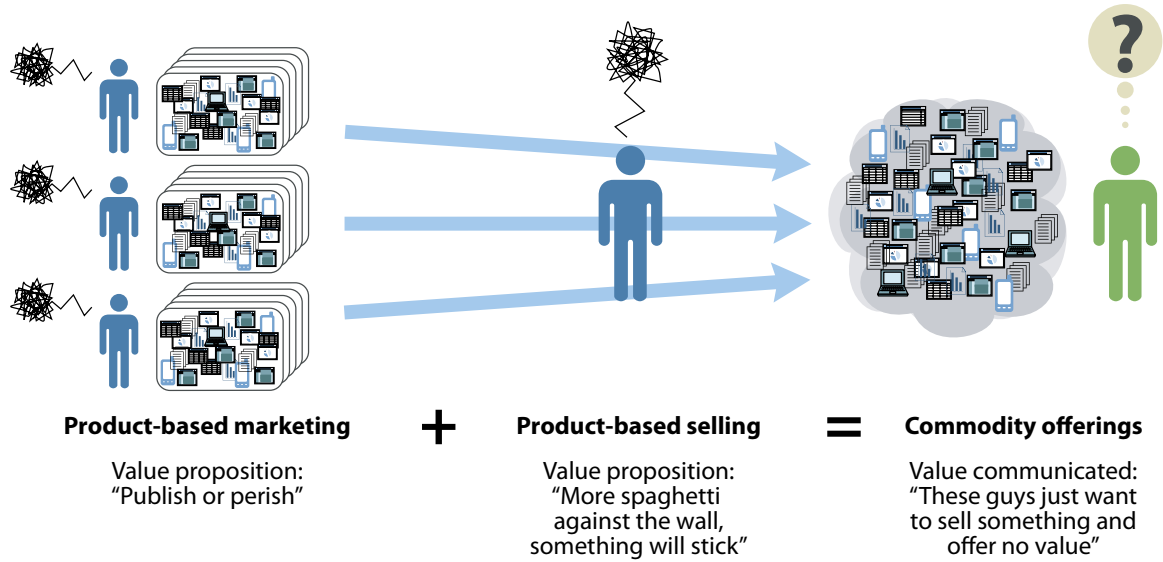
### TECHNOLOGY VENDORS ARE PASSIVELY COPING WITH THE COMPLEXITY

Large technology vendors typically operate more like a holding company for a variety of discrete businesses than as a single company that brings the right combination of capabilities to bear for a given customer. Successfully composing and selling enterprise technology products and services in such firms requires an encyclopedic command of disparate information; lacking a suitable organizing structure, individual salespeople are overloaded with content and starved for insight. Lacking a holistic strategy to manage this complexity, sales and marketing groups have commonly fallen into one of two suboptimum selling support models.

#### Let The Customer Manage The Complexity — Vendors Become Commodities

One of the two most prevalent coping mechanisms that vendors implement — passively — is to let their clients deal with the complexity. In this approach, vendor marketing teams package sets of capabilities into products or solution bundles and develop an inventory of various support materials targeted for sales consumption. Product centricity and a transactional-minded culture culminate in “show up and throw up” style sales interactions in which sales people listen for key words and supply the prospect with corresponding literature, regardless of its relevancy. This is the most common engagement model buyers encounter and is a major contributing factor to their growing perception of technology commoditization (see Figure 3).

**Figure 3** Product-First Engagement Model Promotes Commodity Perception



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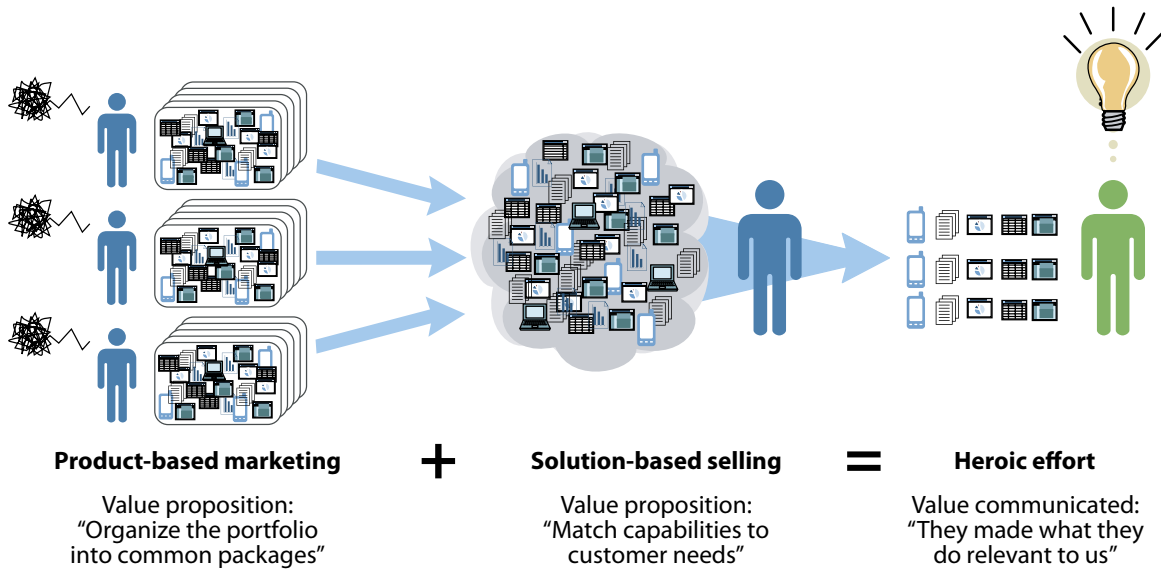
Source: Forrester Research, Inc.

### Let The Sales Teams Manage The Complexity — Sales Costs Accelerate

The second most common customer engagement adaptation in this complex context centers on value selling. In this model, sales teams work to understand buyers' needs and collaborate with them to develop a shared vision to solve a problem. The ability to synthesize a variety of customer inputs, correlate them to specific capabilities in the portfolio, and communicate a realistic approach to help the customer realize a desired outcome requires tremendous sales skills and knowledge. This method is time-consuming and demands superior internal-resource insights; only 20% of a sales force can successfully perform all of these tasks well enough to be viewed as a valuable resource to the prospective buyers on whom they are calling.<sup>18</sup> This approach is both expensive and risky as the lion's share of revenue production is driven by a handful of the salespeople (see Figure 4).<sup>19</sup>



**Figure 4** Heroic Sales Efforts Are Costly And Not Scalable



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Source: Forrester Research, Inc.

### ENGINEERED SALES CONVERSATIONS: THE KEY TO EFFECTIVE SALES ENABLEMENT

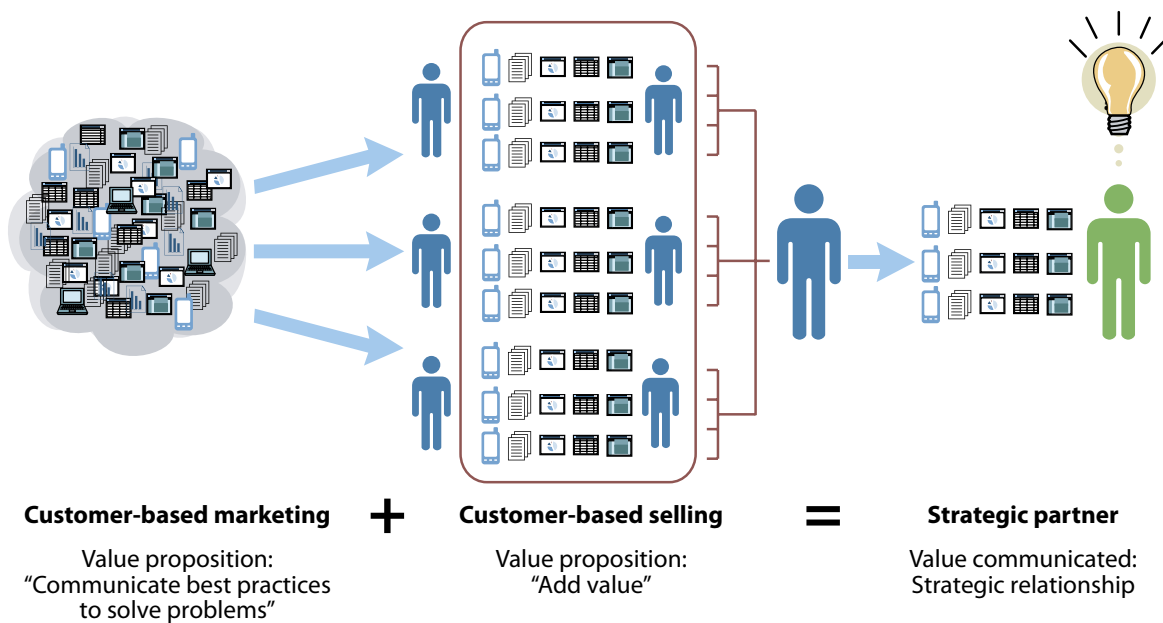
To meet the dual business objectives of cross-selling a large product portfolio and achieving attractive margins, technology vendors must develop a more scalable and adaptive sales platform that creates consistently high-quality output and empowers salespeople to tailor the right relationship and deliverables to meet customer requirements. Engineering these successful sales conversations demands a strategic and systematic process that provides all client-facing employees with the content and tools to consistently and empathetically engage with and deliver value to the right set of customer stakeholders at each stage of the customer's problem-solving life cycle (see Figure 5).

Smart sales enablement professionals will follow tried-and-true manufacturing principles to boost productivity while lowering costs by creating an adaptive sales support infrastructure designed to:

- Produce high-quality, customer-relevant content to deliver value in the sales process.
- Create configuration capabilities to allow sales people to match offerings to the needs of the particular customer.
- Distill client insights and product propositions to ensure messaging consistency and relevance across the product portfolio and throughout the customer engagement process.

- Standardize sales tools, training programs, and internal communication protocols to provide repeatability and reliability across all sales channels.
- Structure sales support tools and messaging to match the buyer’s sales process to reduce sales cycle times.
- Automate back-end processes to eliminate waste and reduce the total cost of sales.

**Figure 5** Design An Engineered Approach To Sales Conversations



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Source: Forrester Research, Inc.

### Conversation Engineering Yields Consistent Results

In the heat of battle, salespeople succeed when they have more effective interactions with customers than their competitors. To be effective, salespeople must have the skills, content, and supporting infrastructure to efficiently make a vision real for a specific buyer. Sales enablement professionals must, therefore, engineer their efforts to enable, in effect, the mass customization of sales conversations. What does a valuable conversation entail? A reciprocal exchange of information that is timely, relevant, and in context to the buyer and whose contents are authentic, accurate, and actionable (see Figure 6).

To arm all client-facing employees to have more valuable conversations with buyers, sales enablement professionals must embrace a common set of principals that define, in turn, those elements of marketing, messaging, and sales that must be included in a conversation reengineering effort.

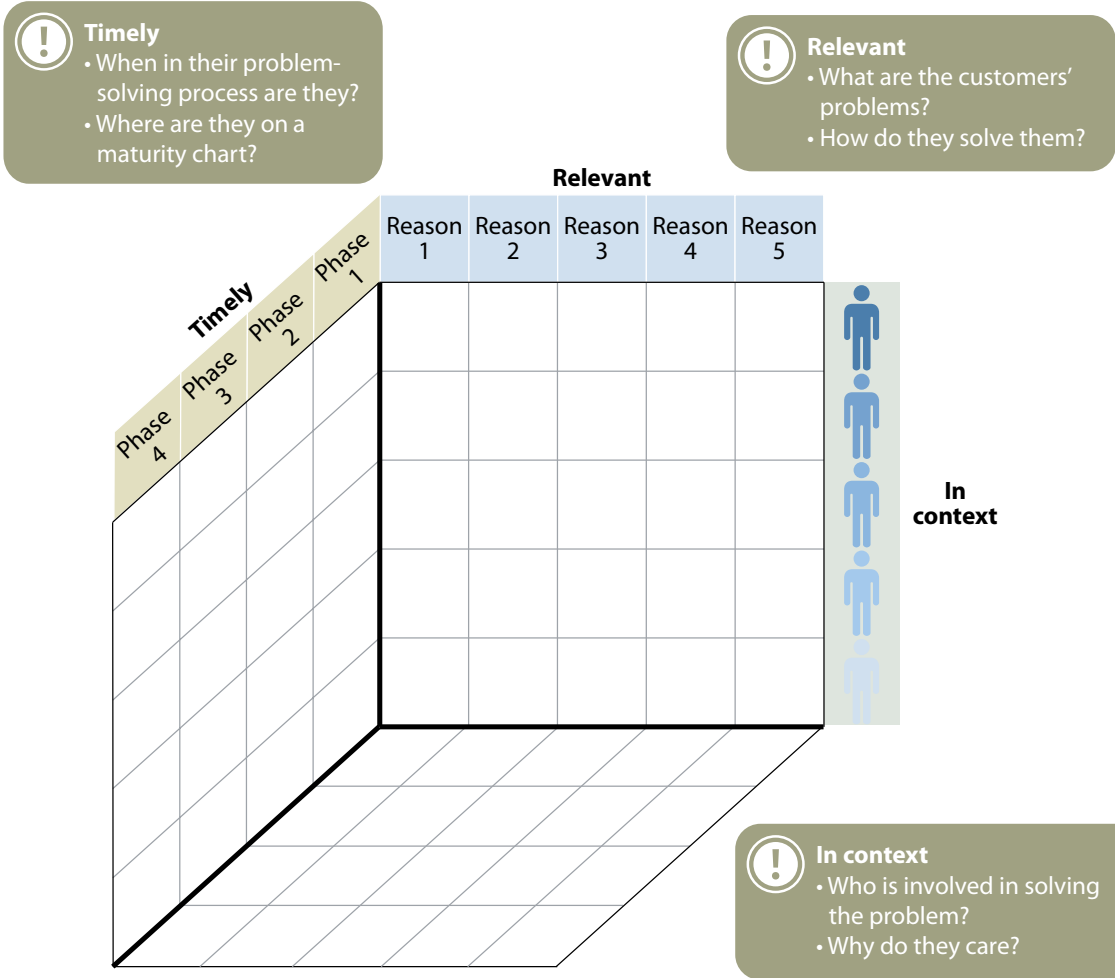
- **Companies don't buy products, they invest to solve problems.** There are a variety of different tools that decision-makers use to evaluate investments, but all of them are based on determining how a given proposal meets a business need, not the merits of a product or service.<sup>20</sup>
- **People buy from people.** Different stakeholders are involved in the problem-solving process depending upon the scope of the issue, and each individual has a slightly different lens with which to evaluate their companies' options.
- **"Only a customer can call it a solution."**<sup>21</sup> When asked if he could detect any difference between vendors' historical product packaging and the new approach to market "solutions," one IT executive commented, "their squirrel is just a rat in pretty clothes."<sup>22</sup>
- **Problems are solved over time.** While one stakeholder may have a vision for solving a problem, others in the organization may struggle to determine its root causes. Individuals and organizations process information differently and need to gain agreement at key milestones to fund or execute initiatives successfully.
- **Problems are hierarchical.** Executives delegate responsibility to subordinates based on the scope of a particular issue and its perceived level of importance. Elements of related projects often roll up into larger initiatives of a different name or scope.

### Forrester's Model-Map-Match Approach

To help technology marketers engineer more valuable sales conversations, Forrester has developed a framework for all sales enablement activities that involves three fundamental disciplines (see Figure 7).<sup>23</sup>

- **Model.** Break down the people and processes of an enterprises' complex problem-solving process for common business problems, define relationships across all of these activities, and organize them into a logical framework each sales channel is fit to address.
- **Map.** Use the customer model as the key reference point to developing and coordinating all content required to produce valuable conversations and offers for a client.
- **Match.** Develop a tool set that accommodates all primary and derivative value propositions in a standardized, customer-facing framework that allows sales people to quickly identify patterns within a given account and match those patterns to the corresponding set of strategies, supporting material, content, and other resources.

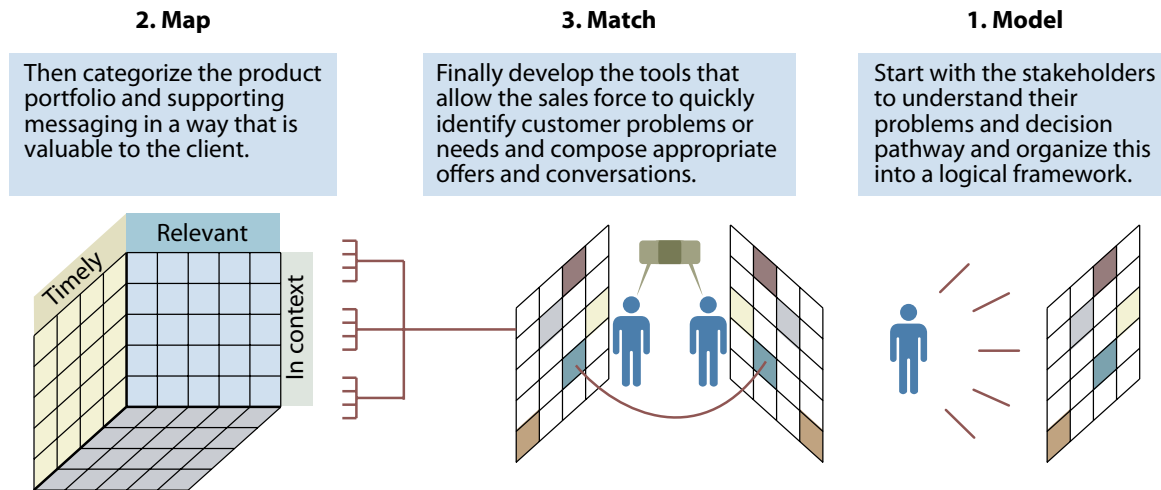
**Figure 6** Organize Content In Three Dimensions To Fuel Valuable Conversations



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Source: Forrester Research, Inc.

**Figure 7** Model-Map-Match Is The Foundation To Build Engineered Sales Conversations



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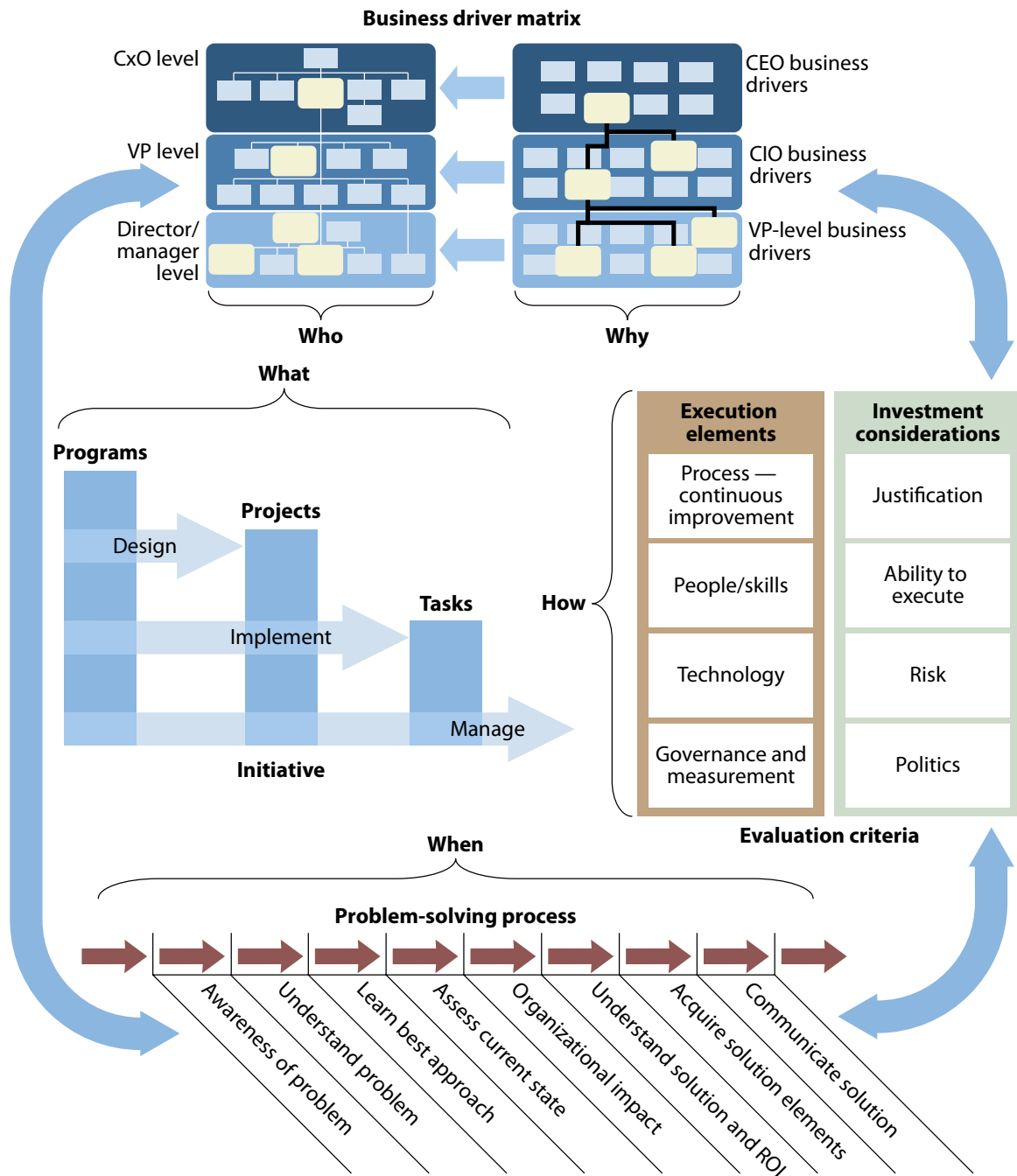
Source: Forrester Research, Inc.

### Model The Customer

Vendor strategy, marketing, and sales enablement professionals should develop customer models based on the business themes that define clients' business problems. Logical, well-researched customer reference architectures will analyze the following:

- **Why is there a problem and who is involved in solving it?** Define a hierarchy of business issues that correspond to the business theme and the typical customer roles that are responsible for addressing those issues. The relationships between roles and business issues should be cross-indexed into a business driver matrix.
- **How should the customer solve it?** Create a framework that organizes all of the activities customers must perform to successfully achieve their desired output — independent of your products or services. For example, driving adoption for a new service requires internal marketing, something for which you could offer help outside of your traditional product set.
- **When will you engage with the customer?** Break the customers' problem-solving processes down into a set of logical decision gates that they will go through to gain internal agreement required to advance from one decision stage to the next.
- **What is the scope and level of the initiative?** Customers require different levels and frequencies of vendor engagement depending on the level of a given initiative. For example, an assignment to select a software product to help administrators manage user identities required a far different buyer/supplier relationship than the team tasked with developing overarching enterprise security architecture (see Figure 8).

**Figure 8** Relationships Of Modeling Artifacts To Building A Customer Model



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Source: Forrester Research, Inc.

### Map Processes And Content To The Customer Model

To eliminate redundancies, increase adoption of marketing programs, and streamline workflows, sales enablement professionals must collaborate with their peers in product, marketing, and sales teams to use the customer reference models to create a federated marketing and sales execution framework across the organization.

- **Organize the product portfolio and supporting messages in a more flexible way . . .** to allow sales teams to better configure the right set of capabilities to meet the specific challenges of a given account.
- **Find internal processes that are creating friction points . . .** then create ways to build integration points between them. Use the customer model as a reference point to highlight the specific actions customers and sales people must perform together to smoothly execute marketing and sales campaigns and develop techniques and tools to streamline these efforts.

### Match Account Patterns To Mapped Resources

This step is the one that requires vendors to use technology smartly.

- **Create a common, unified, customer-centered platform . . .** to simplify salespeople's ability to locate relevant content and more easily manage multiple opportunities within complex targeted accounts.
- **Use the customer model to develop an organizing construct . . .** to ensure all materials, processes, technologies, and training are logically organized to reflect a modeled customer image.
- **Standardize all sales tools and support efforts . . .** to streamline how they interoperate with each other to reduce clutter and confusion for the sales force.
- **Integrate all training activities (skills, methodologies, tools, products) . . .** to establish a common modular program that simulates real-life situations and reinforces all of the learning objectives and reliably scale the right sales behaviors (see Figure 9).

**Figure 9** Sales Enablement Program Checklist

<b>Planning</b>	
ID pools of potential funding	Inventory all investments to enable sales across organization to find areas where funding can be redirected.
Pick the right place to start	Pick an issue (like demand generation or targeted sales campaigns ahead of the RFP) with a defined scope, then execute Model-Map-Match end to end.
Fund full campaigns, not deliverables	Define and evaluate success based on the targeted outcomes of the given program; the deliverables are only contributors.
Design to scale	Create campaigns that can be clearly related to others, modified for different audiences, or easily replicated in different channels.
<b>Building</b>	
Get more strategic about content	Implement robust content development and management strategies to make the material more reusable, easier to maintain, and less costly to create.
Be strategic with presentation	Develop a consistent presentation schematic based on consumption requirements and sales use before engaging usability and design experts.
Reduce the noise	Eliminate the clutter, disorganized communications, inconsistent recommendations, and varied definitions, which create confusion.
Test it first	Get your hands dirty, go in the field, and experience the same things your salespeople and customers experience. This will help you significantly tighten up the program before scaling it out.
<b>Running</b>	
Keep the content fresh	Valuable content is perishable, make sure you have cost-effective strategies to continually update information, or your program will wither on the vine.
Create a sales knowledge management strategy	Profile all of the informational requirements needed for salespeople to effectively execute their role in the program.
Rationalize disparate sales portals	Create an intelligent, dynamic Web application that allows sales to configure the right conversation, for the right person, at the right time, while supplying just-in-time coaching material.
Focus on the few, not the many	Too many sales enablement programs fail because they are designed for the average salesperson. Work with sales leadership to target programs for top performers and focus efforts on making them successful. As they succeed, more and more sales people will adopt your program.

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Source: Forrester Research, Inc.



## RECOMMENDATIONS

## START TRANSFORMING, WHILE PERFORMING

The first step to engineering successful sales conversations is unleashing an empowered team to drive the radical changes implied by Model-Map-Match. Create a charter that clearly defines the vision of the program and outlines operating principals that are agreed upon by all the affected division leaders and product executives. Having the right executive-level sponsorships will provide the mechanism to adjudicate cross-functional disagreements and allow sales enablement professionals to systematically overcome the product P&L-centric cultural tendencies that would otherwise torpedo the program. From a program management perspective, there are three critical success factors:

- **Communicate, communicate, and communicate some more.** Changing the muscle memory of an organization is extremely tough work. Sales enablement professionals must be aware that, although most people they encounter will logically agree with the notion of “working backwards from the customer,” the overwhelming majority will always revert back to an inward-first mentality when they perform their tasks. All strategic sales enablement programs must develop a sophisticated, well thought out, internal communication strategy or expect failure.
- **Measure the system, audit your performance.** Sales enablement professionals should run their programs as businesses within a business. Co-develop metrics with finance that map directly to your organization’s income statement to show direct contribution to the business. Invite finance to audit your performance and validate your results. While painful at first, making your program completely accountable will provide much needed credibility among sales professionals to drive adoption. Later, it will provide a basis for funding as you calculate your returns on investment.
- **Fix the plane while it’s flying.** Executive-level endorsement is important, but the path to success is blazed by identifying low-hanging-fruit milestones and compounding your results along the way. Forrester’s Model-Map-Match approach is specifically designed to help you create an overarching architecture to provide the “sockets” to allow individual projects to be easily integrated in the future and to allow you to rapidly address discrete challenges immediately. This provides sales enablement professionals with a road map to scale their funding, influence, and scope in direct relationship to the measurable impact their efforts have on previously identified problem areas. When charting your course on your Model-Map-Match sales enablement journey, make sure to think through the planning, building, and running phases of your program to guarantee that you achieve success and can build upon them for the next iteration.

## WHAT IT MEANS

### VENDORS ARE AT A FORK IN THE ROAD

The marketing and sales process and organizational decisions made by technology vendor strategists today will have long-term ramifications for firms' competitiveness. Over the next three to five years, three distinct buyer-seller relationships will emerge as large enterprises transition from IT to BT operating models.

- **Business partner relationships.** When a vendor's products and services are designed into the technology architecture of the enterprise and the relationship is woven into the execution fabric of the buyer, the ultimate relationship is in evidence. Forrester estimates that buyers will reserve these relationships for less than 5% of all current vendors, and both parties have a vested interest in each other's success in this desirable state of affairs for vendors.
- **Value-added provider relationships.** When a vendor has a history of working collaboratively with the buying organization and does what's right, this relationship level is in evidence. These providers have a history of getting things done while also offering subject-matter expertise not available internally. Positioned to challenge business partner providers, value-added suppliers will comprise between 10 % and 15% of a buyer's total supplier list and be given first priority status on helping with new business initiatives.
- **Commodity provider relationships.** The vast majority of technology vendors will fall into this category where they will be constantly managed on price/performance metrics. Vendors caught in this relationship model will be under enormous pressure to cut costs across the board as they will be systematically restricted from access to senior-level buyers and pressured through procurement processes to continuously reduce costs.

## SUPPLEMENTAL MATERIAL

### Companies Interviewed For This Document

Accenture	Hewlett-Packard
Allen Systems Group	IBM
BearingPoint	Kronos
BMC Software	Novell
CA	Orange Business Services
Computer Sciences Corporation	SunGard
Compuware	Unisys
Dimension Data	Xerox
Dun & Bradstreet	

## ENDNOTES

- <sup>1</sup> Forrester completed a survey of 603 North American business buyers and their attitudes about the role of technology to their success and to what degree that participate in the IT decision-making process. In our survey, we broke down the opinions about the role of technology and degree of involvement in the purchase decision into high-level business processes. The percentages in the reports are based on a weighted average of the following categories of how technology impacts the business: Technology is a core component of our products and/or services, technology is central to how we differentiate ourselves from competitors, technology is primarily used to reduce cost of business operations, technology is essential for our distribution and sales model, and other strategic roles. Source: Q3 2008 North America Business Technology Online Survey.
- <sup>2</sup> Forrester reveals a major transformation for how enterprises use, deploy, and manage technology. We characterize this change as the shift from information technology to business technology. See the May 7, 2007, "[Business Technology Defined](#)" report.
- <sup>3</sup> Calculation (weighted average of sector margins from computer software, computer peripherals, eCommerce, information services, Internet, semiconductor, telecommunication equipment, telecommunication services, and wireless networks is 5.79% versus 4.58% of all other industries) derived from data aggregated by Professor Aswath Damodaran, Leonard N. Stern School of Business at New York University. Source: "Margins by Sector," Stern School of Business at New York University ([http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/margin.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html)).
- <sup>4</sup> While the first half of 2008 was not as bad as feared, CEOs and market strategists at tech vendors should plan for a slowdown that will hit in Q4 2008 and carry into the first half of 2009, if not longer. Remember, though, apart from computer equipment, actual declines in IT purchases are unlikely (and even computer equipment revenues are likely to start to recover by early 2009). This is not a replay of the early 2000s, when tech vendors saw big drops in their revenues. However, growth in US revenues will weaken significantly in Q4 2009 and early 2009. Moreover, overseas revenue growth measured in US dollars for US vendors will also weaken in this period, removing that support for reported revenue growth. See the September 24, 2008, "[US IT Market Outlook: Q3 2008](#)" report.
- <sup>5</sup> Market forces of commoditization, miniaturization, industrialization, and globalization, along with changing buyer sentiments, will accelerate a shift in the dominant form of IT delivery by 2012 — from buyers self-integrating technology to having it assembled and managed by outside providers. See the January 2, 2007, "[The Emerging IT Ecosystem](#)" report.
- <sup>6</sup> Business leadership has delegated IT-related decisions to IT for years and often lacks an understanding of how IT can be leveraged to positively affect business outcomes. There is often a lack of pervasive business skills throughout the IT organization. See the July 25, 2008, "[Synchronizing Strategy And The IT Portfolio](#)" report.
- <sup>7</sup> "Pfizer Worldwide Procurement has committed to deliver \$2 billion in purchased goods and services savings by 2008." Source: Pfizer (<http://www.ism.ws/files/RichterAwards/2008Winner-Pfizer.pdf>).

- <sup>8</sup> Companies and governments have organized their purchasing function in a variety of ways, ranging from fully decentralized to fully centralized to a hybrid of the two. However, the emerging best practice is to centralize enterprisewide purchasing policies, standards, and technologies and to centralize most of the actual execution of sourcing and procurement to the relevant departments and employees.” See the June 10, 2004, “[Organizing the Procurement Function](#)” report.
- <sup>9</sup> Source: An IT executive interviewed for this research document.
- <sup>10</sup> Consensus opinion of IT executives interviewed and approximated figure based on Forrester’s collective interactions with buying executives in more than 2,000 enterprise organizations.
- <sup>11</sup> Source: “Q1 FY09 Earnings Conference Call Script,” CA, July 31, 2008 (<http://files.shareholder.com/downloads/CA/439722607x0x217358/3084C816-D9AF-4EE7-A9C1-1C547CE909BA/CA%20Q1FY09%20Earnings%20Script.pdf>).
- <sup>12</sup> Source: “HPQ - Q1 2008 Hewlett-Packard Earnings Conference Call,” Hewlett-Packard, February 19, 2008 ([http://media.corporate-ir.net/media\\_files/irol/71/71087/transcripts/Q12008Transcript.pdf](http://media.corporate-ir.net/media_files/irol/71/71087/transcripts/Q12008Transcript.pdf)).
- <sup>13</sup> Source: Symantec Fiscal Q4 2008 Earnings Call Transcript, April 30, 2008 ([http://media.corporate-ir.net/media\\_files/irol/89/89422/4Q08\\_CombinedScript.pdf](http://media.corporate-ir.net/media_files/irol/89/89422/4Q08_CombinedScript.pdf)).
- <sup>14</sup> Source: “CSC Institutional Investor Meeting,” CSC, June 05, 2008 (<http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=109974&eventID=1837539>).
- <sup>15</sup> Source: Compuware Corporation F4Q08 (Qtr End 3/31/08) Earnings Call Transcript,” Compuware, May 15, 2008 (<http://seekingalpha.com/article/77505-compuware-corporation-f4q08-qtr-end-03-31-08-earnings-call-transcript?page=2>).
- <sup>16</sup> US Department of Commerce data on business investment in information technology reported IT spending increases of 8% for Q1 and Q2 2008. Forrester’s evaluation of 49 large technology vendors showed growth rates of 1% for Q1 and 3% for Q2. See the September 24, 2008, “[US IT Market Outlook: Q3 2008](#)” report.
- <sup>17</sup> Consensus opinion of IT executives interviewed for this research document.
- <sup>18</sup> Source: CustomerCentric Selling training course developed by Michael T. Bosworth, John Holland, Frank Visgatis, and Gary Walker. They break down salespeople into two categories: eagles and journeymen. Eagles are the top producers, and they believe that only about 20% of sales force members have these skills.
- <sup>19</sup> Twenty percent of a sales force will generate 65% of its total revenues, according to CSO Insights. Source: “2008 Sales Performance Optimization Survey,” CSO Insights, 2008.
- <sup>20</sup> For more information and insight into the specific tools created by customers to evaluate a project, or to make an investment decision, see the August 26, 2008, “[TCO Is Overrated](#)” report.
- <sup>21</sup> This is a quote made famous by Michael T. Bosworth, author of *Solution Selling: Creating Buyers in Difficult Selling Markets* and *CustomerCentric Selling*.
- <sup>22</sup> Source: An IT executive interviewed for this research document.

<sup>23</sup> As part of this research, Forrester has developed a Value Manufacturing Blueprint in order to help visualize all of the complex relationships among the various buyer and vendor organizations required to systematically create scalable and repeatable conversations. This research tool has been further refined into a series of related visual diagrams this research product into a reference schematic which helps illicit the current state environment, provides guidance for what the future state could look like, and a scoping layer to identify starting points. Forrester uses this work product to help our clients assess their current situation and develop a plan to transform their operations.

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