

Don't call us, we'll call you

In our end-user research, **Doug Woodburn** asks UK purchasing decision makers to tell us what kind of communication they want – and what they don't want

“Don't be annoying; we'll be in touch if we need something.”

That response from one of the nearly 250 end users who took part in our IT supplier survey for *Top VARs* sums up the challenge facing VARs seeking to engage with new and existing customers in today's market.

In a world where IT buyers are becoming increasingly knowledgeable, and have all the information they need at their fingertips, many feel they have less of a need for the guiding hand of an IT supplier, at least until the point of procurement.

Indeed, over a fifth (22 per cent) of those questioned in our research said suppliers have little or no influence over the IT goods and services they buy. When they approach an IT supplier, it will be on their terms, and they will simply be hunting for the best price and service.

Not all feel that way, but that figure exemplifies the fact that VARs and other providers of IT hardware, software and services are under more pressure than ever to justify their seat at the table, and must engage with customers in subtler or more inventive ways.

Analysts are queuing up to tell us that IT buyers are engaging with

suppliers later in the decision-making cycle and that traditional sales and marketing techniques are losing their shine.

This year's research therefore put a particular focus on discovering how IT suppliers can exert influence in today's market – more on that later.

Some 247 IT purchasing decision makers took part, with respondents drawn from the full spread of verticals including retail, legal, financial services, manufacturing, professional services, media, telecoms, healthcare, education and local and central government (see figure 1, p31).

Just over a fifth (21 per cent) of respondents worked at large firms with over 1,000 staff. Some 16 per cent worked at mid-market firms,

with SMBs (31 per cent) and very small businesses (32 per cent) accounting for the remainder (see figure 2, p31).

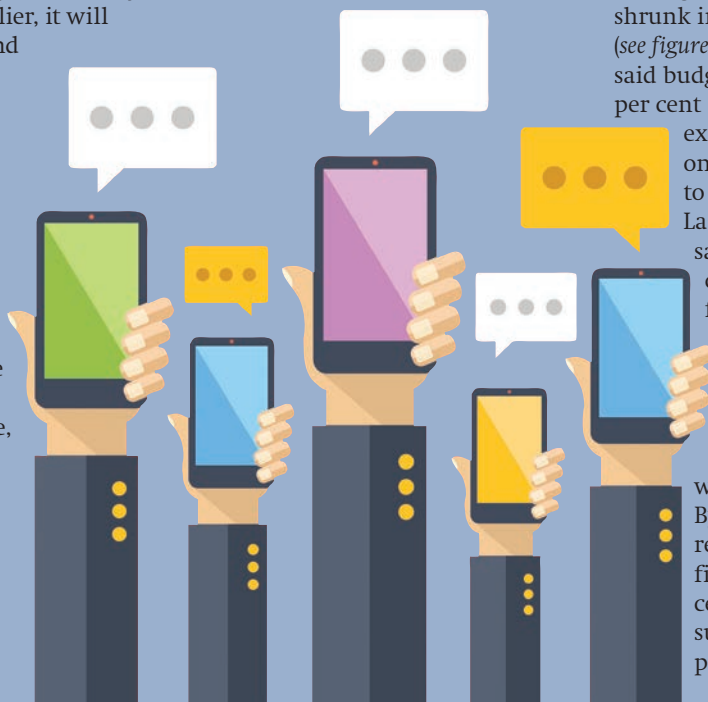
The main aim was to seek their feedback on how they engage with their IT suppliers, what they like, and what they don't like.

Just like last year, we asked respondents to share their experiences – good, bad and ugly – and they didn't hold back. But before we examine what they love and hate, let's probe how much money they have to spend.

Bulging budgets

The pleasing – and perhaps surprising – news is that just 13 per cent of IT purchasing decision makers said their overall budget for IT goods and services had shrunk in their current fiscal year (see figure 3, p32). Some 42 per cent said budgets were flat, while 41 per cent said their war chests had expanded. However, a year-on-year comparison points to a slight downward trend. Last year, more respondents saw an increase (56 per cent), and fewer had a flat budget (27 per cent) or saw a decrease (10 per cent).

Next, we asked them how many suppliers of IT goods and services they work with (see figure 4, p32). By far the most popular response was 'between five and 10'. Just three per cent worked with only one supplier, with a further 23 per cent using either two



1. Which of these characteristics best describes the industry of which your organisation is a part?



or three providers and 10 per cent bestowing their custom on four. Variety is clearly the spice of life for 25 per cent of respondents, who said they work with 11 or more suppliers.

Whether end users are tending to concentrate spending in the hands of increasingly fewer suppliers was another key question for us.

The prevailing wisdom would suggest customers are collapsing their supply chains and working with a shrinking pool of suppliers. But is that trend being offset by the rise of off-the-cuff relationships struck up between line-of-business executives and SaaS providers?

Intriguingly, far more respondents indicated that their spread of suppliers has risen than fallen (see figure 5, p32). Four per cent said the number they work with has increased greatly, while

34 per cent said it had increased a little. In contrast, only two and 11 per cent said it had decreased greatly or decreased a little, respectively. For 45 per cent, the number had not changed.

Resellers versus vendors

The next question produced a victory of sorts for IT resellers. Respondents were asked which types of IT suppliers they bought from or worked with directly.

Out of the eight categories we ran past them, 'IT product reseller' finished top, having been selected by 59 per cent of respondents (see figure 6, p33).

But in slightly more worrying news for the channel, almost as many had direct relationships with vendors. For instance, the 'IT hardware manufacturer' box was ticked by 57 per cent of

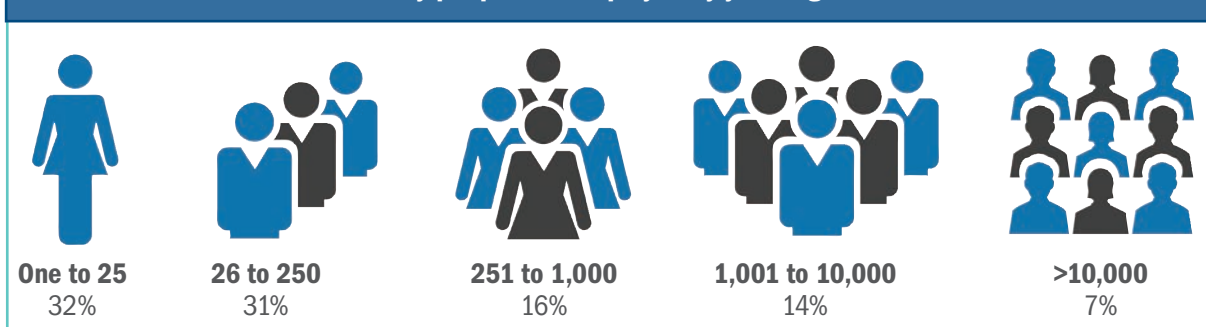
respondents, while 58 per cent said they work directly with 'major IT software vendors and developers'. 'Telecoms providers and mobile network operators' was the other high-scoring category (58 per cent).

Somewhat surprisingly, managed service providers scored a relatively modest 43 per cent, while 'systems integrators and large outsourcers' languished on a distant 14 per cent. Meanwhile, 49 per cent nominated cloud services or hosting providers, down on the 60 per cent who did so last year.

Supplier attributes

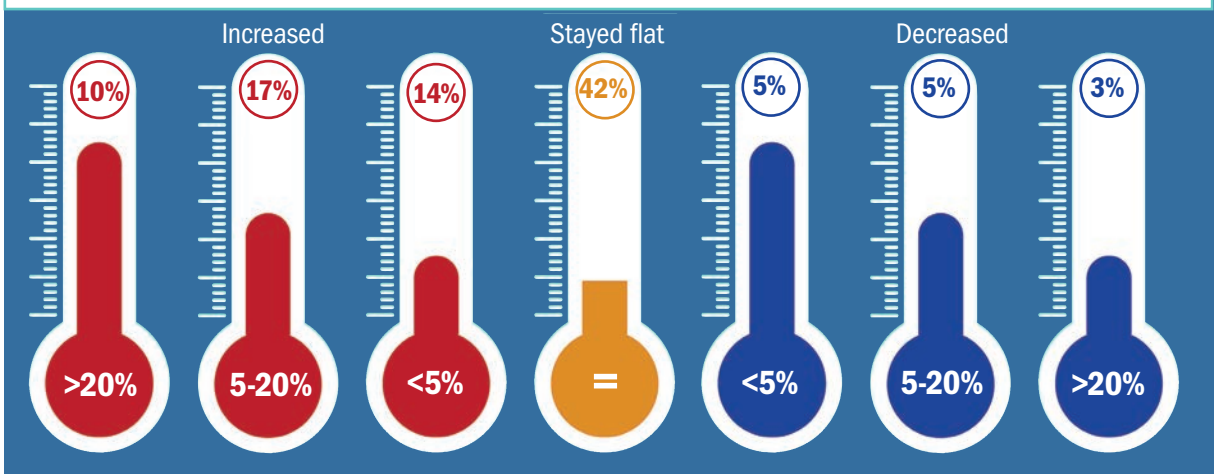
Next, IT purchasing decision makers were quizzed on what factors govern their choice of IT supplier (see figure 7, p36). In previous years, price has always finished top by a country mile, so this year we removed it from

2. How many people are employed by your organisation?



TOP VARs

3. In your current fiscal year, has your overall budget for IT goods and services:



the list of options and asked respondents to rate the importance of eight other attributes on a sliding scale from 'not very important at all' (1) to 'very important' (5).

Honesty and integrity emerged as key themes in the qualitative section of the research, with many respondents sharing horror stories of suppliers who had promised the earth and fallen short on delivery.

"We want honest suppliers that stick to their commitments and don't lie," one said.

It is therefore perhaps not surprising that 'service level agreements' were seen as the

most important of all the options listed, achieving an average score of 4.05. Some 39 per cent rated it 'highly important'. 'References and demonstrable experience' finished second, with a score of 3.96.

One other finding leapt out: 'Breadth of product and service offering' was seen as being less important than 'specialised expertise in one technology, service or vendor'. The inference that some may draw, yet again, is that end users are increasingly demanding depth over breadth.

For any supplier looking to play the 'local card' in their pursuit of customers in their geographic

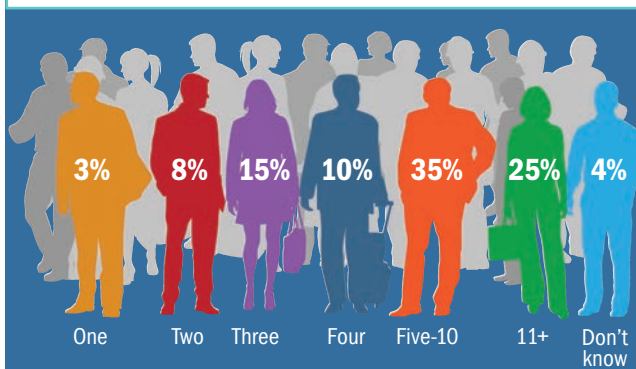
area, the bad news is that 'a desire to work with local companies' was considered by far and away the least important of the eight options, with a comparatively lowly score of 3.16. Word of mouth recommendations (3.53) also scored relatively poorly.

Sphere of influence

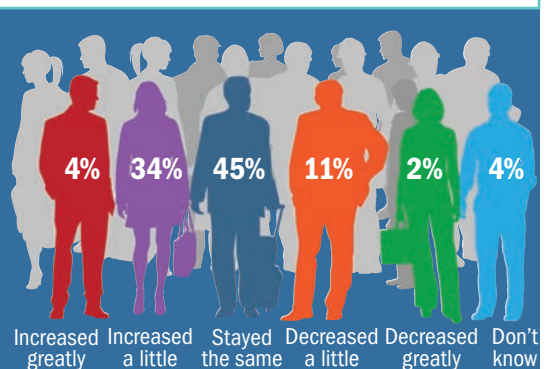
We also wanted to know just how much influence suppliers wield over customer buying decisions in today's market.

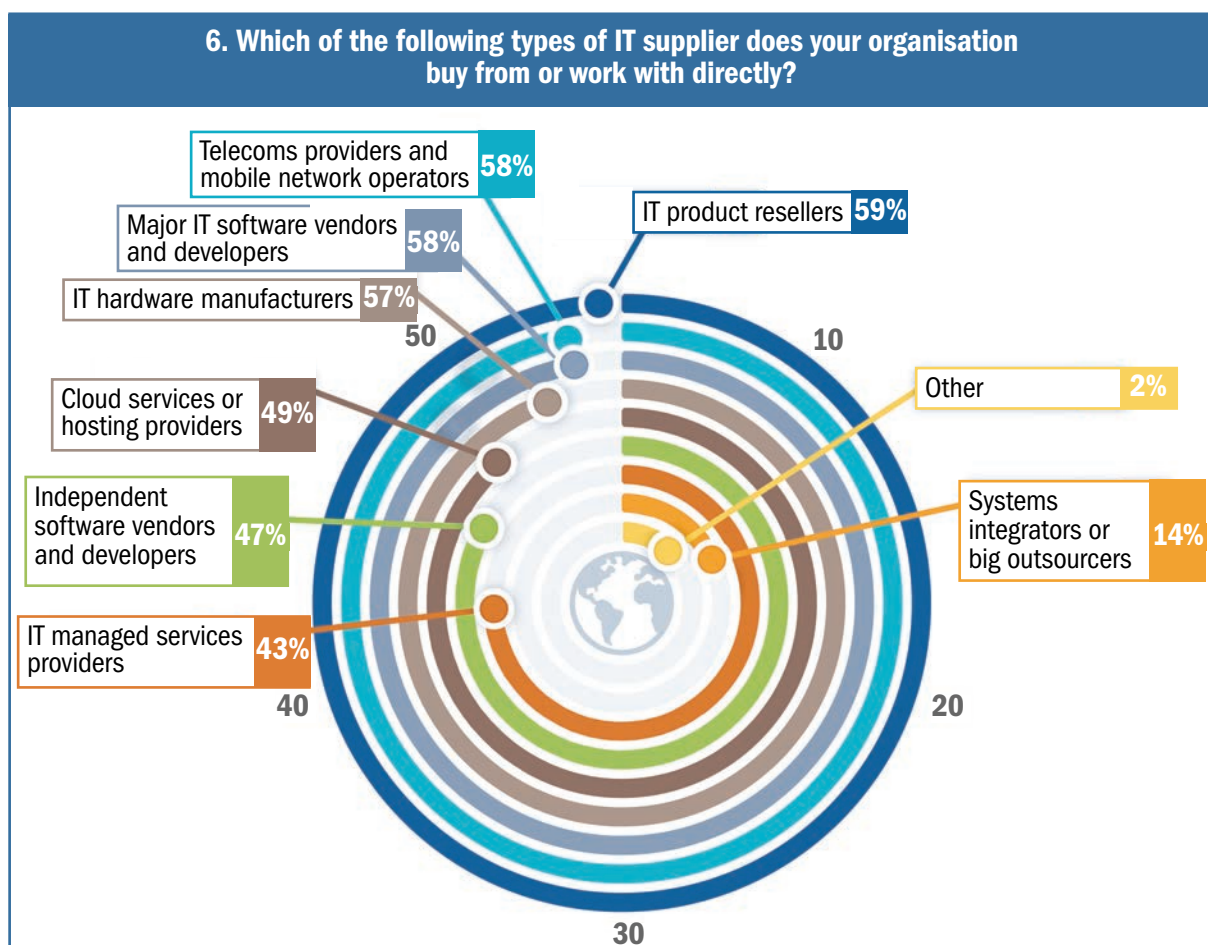
We therefore asked respondents to select which among five options best describes how they generally view the role IT suppliers play in

4. How many suppliers of IT goods and services does your organisation currently work with?



5. In the past few years, has the number of suppliers you work with...





their purchasing decision-making process.

In most cases, they hold at best only moderate sway, the findings suggest (see figure 8, p37).

Over a fifth (22 per cent) see them as no more than fulfilment houses, plumping for the option of ‘they have little or no influence: we have decided what we want by the time we approach them and are just looking for the best price and service’.

Nearly half (47 per cent) had a slightly more generous view, rating their influence as ‘moderate’ and saying ‘we generally know what we want but sometimes a supplier offers thought leadership or guidance that feeds into our decision making’.

This ambivalence was backed up by comments that respondents left in the qualitative section. “IT providers have no influence on our purchasing decisions; if we want a service, we’ll come to you,” read a fairly typical one. Another claimed that suppliers “have become almost redundant in purchasing decisions”.

Around a quarter of respondents, however, said their organisation does admit a wider role to suppliers, with 24 per cent saying most purchasing decisions are ‘an equal mix between our own market research and advice and guidance we receive from suppliers’. But just one per cent said they ‘lean very heavily’ on suppliers in the purchasing

decision-making process.

These figures are consistent with the notion that end users are becoming more knowledgeable and savvy, meaning suppliers must endeavour to influence them in more imaginative or understated ways.

Standing out

This theory was put to the test further in our next question, which asked our IT purchasing decision makers to say how likely six methods or techniques are to convince them to consider engaging with an IT supplier for the first time (see figure 9, p37).

The subsequent qualitative section of our research uncovered a particular loathing of cold

END USERS ON...

...what would make them engage with an IT supplier

"I generally know what I want when I approach a supplier. What impresses me is when they go the extra mile, which could be doing something as simple as directing me to a better product."

I hate the sales guy approach of rattling off how they're 'gold-partner' this, that and the other – so are most of his rivals so it doesn't impress – or simply going through a preset script of how good they are and what they offer, rather than finding out what I want and focusing on that. Plus, when I say I'm 'not interested at this time', I expect them to shut up. Many go with the 'but have you considered...' approach, seemingly unaware that all they are doing is ensuring I won't be using them in the future. Those we work with currently have all listened, gone away when I've said I have no current interest and then we've contacted them (or they us) at a later agreed time. I'm not sure if they are less influential or we're just more clued up with what we want; certainly we allow suggestions with regards to some projects as to ignore their experience is occasionally just asking for problems down the road."

"A candid and open discussion about the limitations of capability and scope are essential in supporting an open and honest relationship with my business. That is what I seek out in all cases."

"I'm impressed by attending seminars that teach me something I don't know. The worst suppliers are the ones that won't stop phoning and we will never do business with them because of this. I hate it when people ignore instructions in emails or take it on their own back to contact somebody else when I or a member of my team are already talking to them. If somebody gets annoying or lets us down then we will not do business with them. There is so much competition that it is easy to get competitive pricing. The best suppliers are the ones that waste the least amount of one's time."

"A supplier managed to win our Office 365 (O365) business through timely educational webinars about migrating on-premise exchange to O365."

"In general any company that will provide a 'try before you buy' facility is adding good value. If a product is good, it will sell itself. Anyone who will not let you try, potentially has something to hide."

"Showing how their systems integrate with systems we already have; showing how we can save money via said integration and also time/resources; or showing how their product is better than ones we currently have (but this has to be truthful: just saying they're better without providing any examples won't win points!)"

"I am far more likely to engage with a supplier if they have taken the time to find out about my business."

"Sales teams that know our business inside out without ever meeting us are a huge bonus in the process. They have done their research and know exactly how we operate and then provide a solution that is tailored to us right from the get-go."

"Decent thought leadership based on content marketing; those who tell me something I don't already know!"

"Demonstrating leadership/expertise through educational blogs/events/webinars."

END USERS ON...

...whether they feel IT suppliers are becoming less influential

"I generally research purchases before contacting suppliers, so they have little impact on my decision-making process."

"Yes, they are becoming less influential – if they want to affect a decision, they need to 'showcase' themselves better – that is assuming they can – and explain how they can add value."

"Many IT suppliers are becoming less influential because they still prefer to push 'special deals' from a given vendor or they focus on selling what they'd prefer you to have, rather than taking the time to understand your business and find the solution that is best for you."

"Suppliers are becoming less influential, due to not taking the time to understand our business. As we – and presumably many other buyers – will understand a lot of the technology elements already, there is less and less value from the supplier beyond simply delivering the product."

"Suppliers are remaining as influential as they were, but they do need to be on the same wavelength and understand the kind of organisation we are."

"Suppliers who are honest, eg when they cannot meet a requirement in an ITT. For substantial purchases we go out to tender. Suppliers are not and should not be influential in the decision-making process (at this point) other than to demonstrate how their offering matches the stated requirements. Prior to this stage suppliers who impress are those who explain the benefits of their offerings clearly and do not make outlandish claims."

"I remain totally unimpressed by IT suppliers. They have become almost redundant in purchasing decisions."

OUR IT DECISION MAKERS ON...

...cold calling

"Good suppliers are few and far between which is why we generally stick with ones we know. We want honest suppliers that don't lie and that stick to their commitments. Cold calls are a massive no-no and waste an enormous amount of time. Oh, and don't 'pretend' you know me or are already conversing with me to try to get past receptionists, that really annoys me. The best suppliers we work with are knowledgeable, professional and committed. They make me believe they want to do a good job for us and they aren't just there to make a fast buck. Also, we work for the public sector and are bound by procurement rules. When we go out to tender, give us your best price first time – you won't get a second chance and we cannot haggle after the event."

"The main thing I really value in a supplier is 100 per cent impartial advice, even if it means that they miss out on sales as certain activities can be carried out in a more cost-effective way. I totally hate cold calls, especially when the cold callers lie and say they are one of my existing suppliers to get through to me in the first place."

"Cold calling, the sheer volume of cold calls and the fact that they always say the same thing (we are the cheapest, we give the best service) means that I give them little time."

"Probably only twice in my 25-year IT career have cold callers been successful and called up with the right thing at the right time."

"Cold calls from suppliers with no idea of your company or needs are very frustrating."

"Cold calling no longer works (if it ever did). I'll give them a chance to introduce themselves but it does not normally result in successful engagement unless we have been in a conversation first."

"Cold calls are annoying."

"Cold calling is a no-no."

"Don't be annoying! We'll be in touch if we want something."

"Cold calls/emails are bloody irritating! As far as I can see to it, these companies will never get our business."

OUR IT DECISION MAKERS ON...

...what they love/value in suppliers

"When the IT supplier genuinely does understand what I am looking for and is able to give an honest answer which may go against his/her company propaganda/marketing... I will often give them my business because I feel that they are trying to solve my problem which may not necessarily promote their own company's premium product lines."

"Taking me out for lunch always helps and having an honest, open-minded approach by opening up about their company's pros and cons."

"I value honesty very highly when selecting a supplier. The worst aspect is the apparent disconnect between what the salesman is offering and what the technical team can actually deliver. I value those companies that make an effort to understand our business needs and will tailor their offering to suit. Too many suppliers state that their product is the best in all situations; too often this turns out not to be the case."

"I like it when a supplier actually checks a multiple item order for consistency and points out incompatibilities, eg x does not work with y, try z."

"Generally the most successful suppliers are those that have specialists on board who are not afraid to give impartial advice."

"Clarity of communication. It's really important to me to know what my supplier is saying as I have had lots of trouble with this."

"Proactively sharing new technologies with you."

"Where they can add value to our own ideas."

"Good knowledge of products and their availability in short turnaround times."

"Companies that are willing to give up their time without charge in order to ensure that they engage us in their product."

OUR IT DECISION MAKERS ON...

...what they loathe in suppliers

"Don't appreciate constantly be chased for orders. Suppliers have to understand that some processes take a long time. Like proactive suppliers that review the costs and services they offer without being prompted."

"Not impressed when a supplier ignores your requirements and gives you a standard generic presentation - suggests a lack of care and engagement and will ensure they do not reach the shortlist."

"Being pressured to work to supplier timescales to meet their goals is absolutely undesirable."

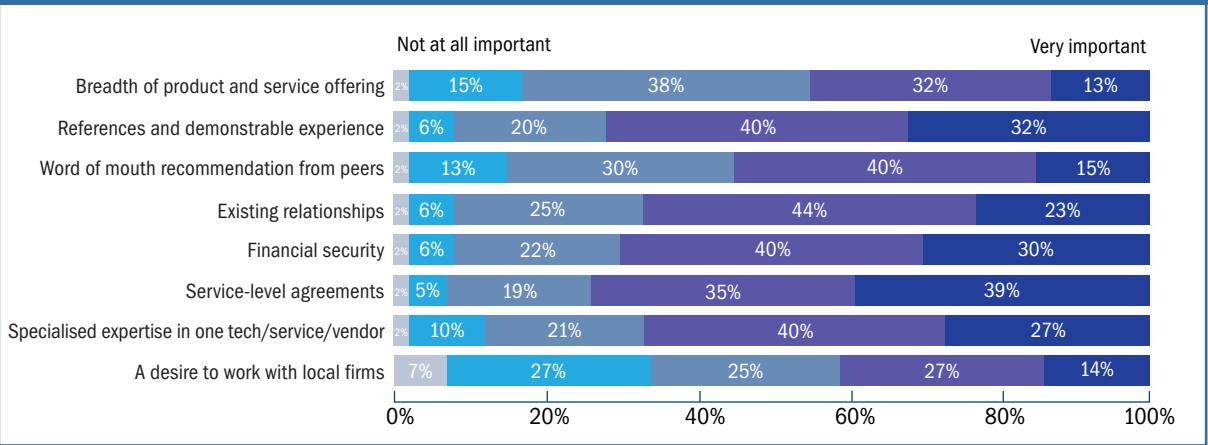
"Breaking promises, not answering phone or email is very bad. Supplying poor quality goods when asked for advice."

"Channel resellers consistently ignoring the stated requirements in order to sell what is in their stock – this can be hugely irritating."

"The biggest issue I have is not delivering to agreed timescales, not responding in a prompt manner, issues with billing and so on."

TOP VARs

7. How important are the following factors when choosing IT suppliers?



calling, so it was no surprise that the majority (61 per cent) of respondents said a cold call or email was ‘not likely at all’ to persuade them to engage with a new supplier.

Underlining this vitriol, when we assigned a number to the five response options (‘very likely’ equalling five, ‘neutral’ equalling three and ‘not likely at all’ equalling one), cold calling and emailing received a pitiful average score of 1.65.

For suppliers looking to engage IT purchasing decision makers for the first time, the best way to their heart – at least among the options we gave them – would seem to be providing helpful engagement via online industry and social forums. This received an average score of 3.43, with over half (57 per cent) saying they would be either ‘quite’ or ‘very’ likely to engage with suppliers that do this.

Thought leadership is often touted as a successful way for tech providers to influence end users in today’s market. But does it hold sway with our respondents? Yes, to a degree: ‘Blogs from staff demonstrating thought leadership in a relevant field’ was the second most highly rated option, with an average score of 2.99. Some 35 per

cent of respondents said this was either ‘very’ or ‘quite’ likely to lead to an engagement.

Helpful engagement via social media (2.85), prominent advertising in a relevant magazine or other media (2.85) and prominent positioning on Google searches or vendor portals (2.72) all had an average score below the “neutral” score of three. This goes to show that it is tough – but not impossible – to grab end users’ attention in a world in which many feel they already know what they want, even though the majority are open to some subtle cues from suppliers they see as experts or thought leaders.

In their own words

Of course, these quantitative statistics can only tell us so much about what end users think of their IT suppliers.

Therefore, for the second year running, we asked our respondents to let rip on their experiences with their IT suppliers; good, bad and indifferent. We asked what they look for in their suppliers, and for examples of horror stories where providers had let them down badly, as well as ones where they had gone that extra mile to help them.

Unlike last year, we also asked

them to share their views on whether they feel IT suppliers are generally becoming less influential in their purchasing decision-making process and, if so, how they might remedy this. A range of responses can be found on the following and preceding two pages.

Conclusion

The results of this year’s research will give VARs equal cause for concern and celebration.

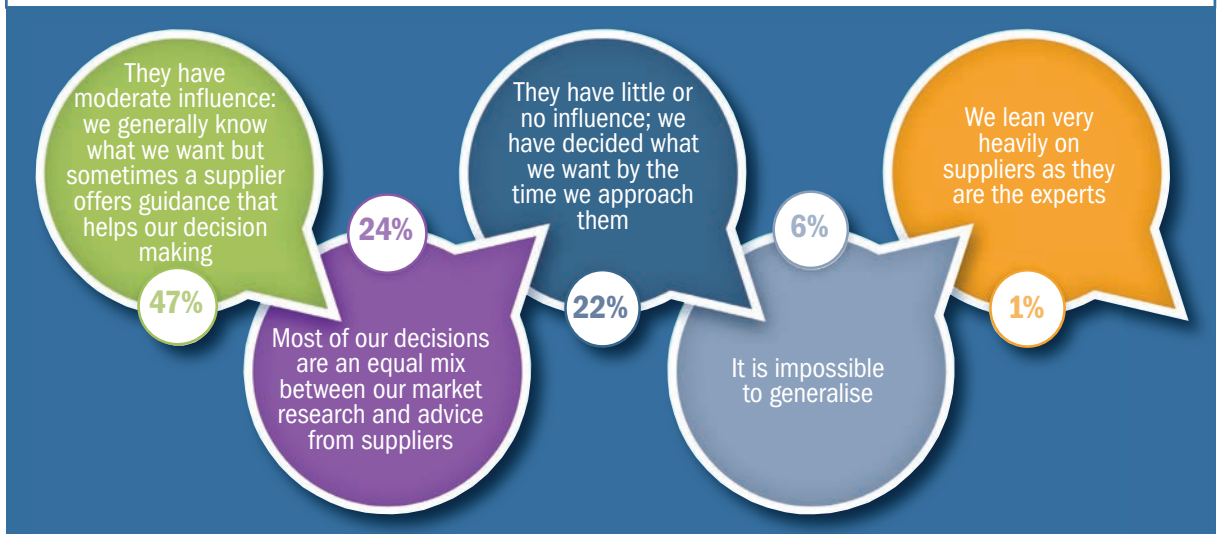
On the plus side, the data suggests end users generally have slightly more to spend on IT this year than last.

Contrary to what some may believe, the findings indicate that end users are, on average, working with more suppliers than a few years ago, and that they tend to value specialism over breadth of offering. Some 59 per cent said they use IT product resellers, more than any other category.

But to what extent that relationship extends beyond just fulfilment is another matter, with the vast majority of respondents saying that IT suppliers hold at best only moderate sway over their IT purchasing decisions.

Worse still, many who left comments in the qualitative section felt IT suppliers are

8. Which of these options best describes how you view the role IT suppliers play in your purchasing decision-making process?



becoming less influential and now see little role for them beyond simply delivering the product.

That said, most seem open to having their preconceptions challenged by IT suppliers who are able to demonstrate a deep understanding of their business or open their eyes to something they'd not previously considered.

Many of the comments suggested that suppliers looking to gain influence early in the cycle should ditch cold calls and consider more inventive or understated techniques to get their message

across, be that through thought-provoking webinars, free demos or try-before-you-buy schemes.

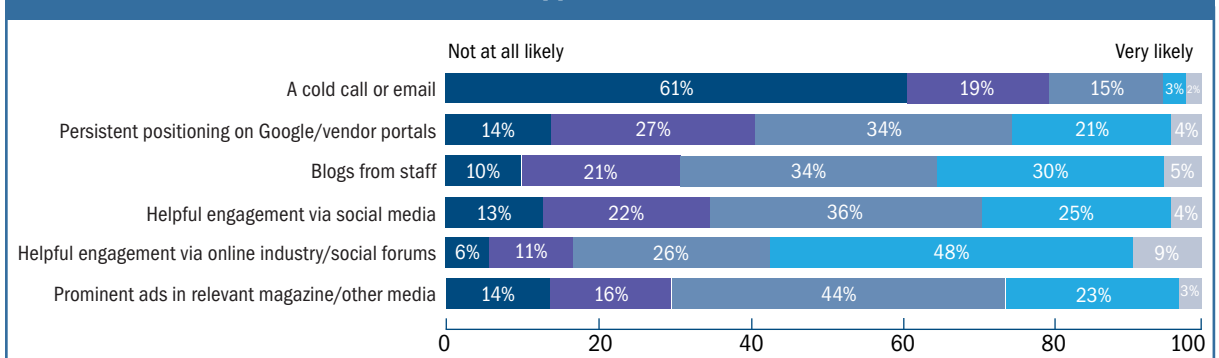
We asked respondents to give a warts-and-all account of their experiences with IT suppliers, and we got a fair amount of horror stories. Instances where suppliers had over-promised and under-delivered or who were generally dishonest, were unresponsive when issues arose, sold them things they didn't want or need, or who bombarded them with nuisance calls were fairly common.

But these tales of woe were

more than matched by accounts of IT suppliers that had gone above and beyond. Examples of where suppliers had helped save organisations thousands of pounds, had gone to great lengths to understand their needs and people, had put giving impartial advice ahead of their bottom line or who had wowed with lightning-fast response times were all given.

It may be harder to influence end users than ever before, but any VAR who achieves the above will surely always prosper.

9. How likely are the following methods to convince you to consider engaging with an IT supplier for the first time?



Reseller report card



The good

"Our mainframe supplier keeps us informed without being too pushy. This approach recently won the company a very large order for four new mainframes."

"Specialist service/software provider gave us a two-month free licence to allow trial of program. Also took very difficult problem and solved it in-house for us, free of charge. This was the clearest demonstration that the company understood our problem, and that the software would solve our problems with relative ease, and do it economically. It enabled us, with great confidence, to switch away from long-standing contract with supplier of competing product. Tech support has continued to be excellent. For general software/hardware, suppliers are becoming less influential; however, with specialist software, suppliers' attitude and skills are examined closely."

"Really value the fact that they respond to everything immediately; bend over backwards to deliver what we want when we want it – even if it means shipping to site on a Sunday night because we are having an issue; take ownership of problems. In the past we have dealt with larger suppliers where we've had to conform to their processes rather than them serving us."

"Softcat have been helpful in engaging with us. I have been impressed with their breadth of knowledge in the industry. Where our account manager has not been able to help directly, he has passed our requests to another internal specialist team to help out."

"CDW/Kelway have recently been outstanding at quoting and ordering with speed, efficiency and price, particularly with hard-to-find end-of-line products. Their knowledge of a new product imminently being released has saved us nearly £10,000 and future-proofed the project for the next five-plus years."

"Our current supplier keeps things simple and doesn't sell us things we don't need or want."

"Free upgrade of APs for wireless after distributor pulled stock. Impressive."

"We like working with Insight UK as their approach is to inform us of their services and how they can adapt to the needs of our organisation. They want to help us find solutions rather than just products. They work with major brands and that gives us confidence that we will get the best product and service in the industry."

"Our IT support company are based locally. They visit our offices regularly and have made a great effort to understand our needs. Since they switched us from Outlook to Gmail, every decision they have shaped has been totally vindicated."

"Our managed service provider is now trying really hard to 'digitise' our processes, really push IT solutions (real solutions to real problems, not just dressing up a printer sale as a 'solution'), and look at processes to change them in line with business needs."

"Ebuyer have never engaged with me, but were responsive when I engaged with them."

"A local supplier sends me a Curly Wurly each year, which is far better than the pointless 'customer satisfaction' calls that other suppliers bombard me with – especially when I've stopped using them due to their incompetence and told them to stop contacting me."



The bad

"I do not like suppliers that over-promise and under-deliver. In fact, it really makes me angry. It is generally a sales issue (for example, when a salesman over-promises and one finds out only on delivery the restrictions that apply)."

"(I have) a feeling that IT could be so much simpler but some companies hide behind technology and make it much more complex and confusing than it should be."

"Hate wading through websites looking for necessary product add-ons (e.g. warranties) when the supplier could have simply added a web link/page. I also hate blanket delivery charges that bear no relation to the item (size/weight) being sent."

"The worst thing for me is when companies are not upfront about their charges, or make it very difficult to find prices without creating an account and logging in."

"The most galling aspect of a supplier is when they don't bother to really get to understand the business, the constraints, ethics, touch points, processes etc. We have suppliers that assume they understand us because we are a group of international schools. They are the ones who do not do well in bids, because, although we are in education, we have a large corporate team who are skilled professionals in their roles and not just teachers doing IT because they like it and are grateful for any help and not commercially aware."

"Many suppliers want to impress with a demo before discussing pricing. I am not interested in a demo unless I know I can afford the product/service. Some suppliers are very reluctant to talk about pricing first."

"Don't appreciate: constant calls/emails; limited numbers of skilled staff; poor written communication skills; consultants who force a particular view, technology, etc; anyone who 'bends the truth'."

"I want clear, consistent communication. I don't have time to work with suppliers that can't give firm dates or feedback effectively when projects slip up etc."

"Sales staff who take a basic resale job and tag professional services and managed services onto the contract that were never wanted."



The ugly

"Delivery and follow-on support are very important. We dumped one very large supplier because they took a week to answer an email."

"The worst instance I have experienced was when we stated what our budget was, yet the supplier's quote was 10 times that, and they were expecting us to sign a five-year agreement. We didn't listen!"

"Horror – continuous and multiple approaches by hardware vendor and their third-party suppliers. Ended up having to block their calls."

"The biggest issue is suppliers trying to sell us something that we neither want nor need. Needed some more SAN space a few years ago, supplier took up hours of my time and eventually decided we needed a £100,000+ device. I bought a £1,000 device that actually did what we needed."

"One recent supplier in particular has, despite being given a clear budget and outline of our needs and aspirations as a business, insisted on trying to sell me kit way in excess of either. While they do a nice line in engagement days (smart city centre hotels, post-demo whisky tastings etc.) they really don't seem to get that the way to my heart is good value and the correct product."

"Every big-name telecoms provider (BT Business, Virgin Media Business, TalkTalk Business) has useless call centre staff, usually offshore, who cannot resolve problems (or often understand your problem) on the first call. It wastes time and makes everyone angry. Other big-name vendors (Cisco, VMware) rely on their brand to justify inflated prices and poor products – there are plenty of better alternatives."

"I am currently working with a software reseller that massively underestimated the effort involved in delivering our solution. As we neared the delivery date, they finally had to admit they weren't even close. They did not have the capability to deliver the quality we wanted in the timeframes agreed. Consequently the budget has almost trebled and the product is not a lot better than what we already had."

"Our host has a history of double charging, ignoring emails, closing its '24/7/365' phone lines for office parties, and straight up lying to cover themselves. Bizarrely, these are not isolated cases – I've experienced each of those things almost every time I've had any contact with them. They're a top-five VPS and dedicated server provider, by the way."

"Cocky bulls**t is the most annoying trait with IT companies. We are sometimes treated as though we have no understanding of the issues arising."