

Cisco ranks highest for promise, Dell for fulfillment among hardware-centric vendors

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22 Apr, 2015

As a part of the Customer Assessment portion of the Servers and Virtualization Wave 14 Study, we allowed respondents to choose any vendor that they have in production and rank them in 14 categories. These categories are used to derive promise and fulfillment scores. Looking at hardware-centric vendors, Cisco stood out with the highest promise score, while Dell became the king of the hill in fulfillment. It is worth examining how the two vendors fare in terms of potential customer acquisition and projected spending allocations given the ratings.

The 451 Take

Cisco received the highest score for promise out of all hardware-centric vendors, while Dell became the head of the league table in fulfillment, driven by the highest 'value for the money' score in the past four years. Despite flattening spending projections in 2015, the two vendors also show the most citations as alternative vendors under consideration, providing additional opportunities this year.

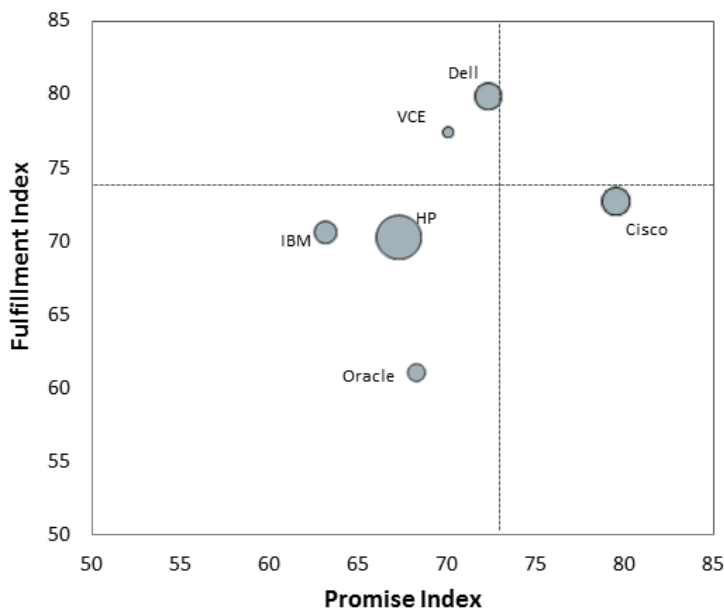
Promise and fulfillment scores - two sides of the same coin

Cisco achieved the highest promise score, and Dell led the way in fulfillment – the two scores may be interpreted as two sides of the same coin, representing customer satisfaction. The promise score reflects vendor's marketing effectiveness prior to purchase, while the fulfillment score shows post-purchase execution. Together, the two scores can be used to get an idea of overall customer satisfaction prior to and after adoption.

Cisco shows the highest score among hardware-centric vendors for promise, but is slightly below average in fulfillment. Cisco's score for promise and fulfillment have both experienced a slight decline between the studies.

Unlike Cisco, Dell experienced higher scores in both categories year-over-year. The vendor achieved the highest score in fulfillment out of all the vendors in the study. HP and Oracle have also improved their promise and fulfillment scores between studies, but have still fallen short of average in both, same as IBM. VCE, which gathered enough respondent selections to be included in the rankings for the first time, scored above average for fulfillment, but below average for promise.

Market Window – Hardware Vendors in Focus



Vendor	Promise Score	Fulfillment Score
Average	73	74
Cisco	79	73
Dell	72	80
HP	67	70
IBM	63	71
Oracle	68	61
VCE	70	78

The Market Window plots the Promise and Fulfillment Indexes to compare vendors' effectiveness at marketing and execution. A vendor placing in the upper right quadrant is rated highly for both its promise and ability to execute – underpromising and overdelivering – relative to its peers. Conversely, a vendor in the lower left quadrant rates poorly on the same criteria. The Vendor Promise Index is designed as a measure of marketing effectiveness. It uses 4 of the 14 customer ratings criteria (Competitive Positioning, Technical Innovation, Management's Strategic Vision, and Brand/Reputation), which are related to global concepts conveyed to potential customers prior to actual product/service delivery and use. The Vendor Fulfillment Index is designed as a measure of execution effectiveness. It uses 4 of the 14 customer ratings criteria (Value for the Money, Product Quality, Delivery as Promised, and Technical Support Quality), which are related to the physical product/service delivery and customer experience of using the product or service.

The size of the circle indicates the relative volume of ratings a vendor received. The intersecting lines indicate the average vendor score, including those for companies not depicted in the chart.

Low Promise, High Fulfillment	High Promise, High Fulfillment
Low Promise, Low Fulfillment	High Promise, Low Fulfillment

Cisco, n=35; Dell, n=32; HP, n=90; IBM, n=22; Oracle, n=13; VCE, n=5.

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Promise and fulfillment scores are derived from some of the 14 categories that study respondents use to rate the vendors. Promise score is based on customer ratings for competitive positioning, technical innovation, management's strategic vision and brand/reputation. Fulfillment score is derived from ratings on value for the money, product quality, delivery as promised and technical support quality.

Customer Ratings – Hardware Vendors in Focus

	AVG	Cisco	Dell	HP	IBM	Oracle	VCE
Strategic Vision	3.8	4.0	3.7	3.4	3.2	3.9	4.2
Technical Innovation	3.9	4.1	3.7	3.6	3.6	4.0	4.0
Brand/ Reputation	4.2	4.3	4.2	4.0	4.1	3.6	3.4
Competitive Positioning	3.8	4.3	4.0	3.7	3.2	3.4	3.6
Value for Money	3.8	3.6	4.6	3.8	3.5	3.1	3.4
Product Quality	4.2	4.1	4.2	4.2	4.2	3.8	4.6
Delivery as Promised	4.0	3.9	4.2	3.8	4.0	3.6	4.6
Technical Support	3.8	4.0	3.8	3.4	3.7	3.3	3.8
Interoperability	3.8	3.5	4.2	3.7	3.5	3.0	3.0
Features/ Functions	4.1	4.1	4.0	4.0	3.8	4.1	4.0
Product Performance	4.2	4.1	4.1	4.2	4.4	4.5	4.4
Product Reliability	4.3	4.0	4.4	4.2	4.5	4.2	4.6
Sales Force	3.5	4.0	3.8	3.2	3.7	3.2	3.2
Ease of Doing Business	3.7	3.8	4.1	3.6	3.6	3.0	3.6

Raw Scores: Respondents rated vendors using a 1-5 scale, with '1' being poor and '5' being excellent. Red highlighting indicates that the average score is at least .5 standard deviations below the mean ratings and green highlighting indicates that it is at least .5 standard deviations above the mean.

Cisco, n=35; Dell, n=32; HP, n=90; IBM, n=22; Oracle, n=13; VCE, n=5.

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Dell received the highest score in value for the money out of all vendors in the study. From a time-series perspective, it is the highest value-for-the-money score that Dell was able to achieve in the past four years. Although Dell's score in product reliability is not half of a standard deviation above the average, it is also the highest score that the vendor received for this category in the past four years.

- o "Server hardware is all roughly the same, based on same processors from Intel. Dell's strength is the value proposition that it brings. The cost of the servers from Dell has always been less than other vendors, and it doesn't feel like you're sacrificing much in the way of cost." - LE, Consumer Goods/Retail
- o "Dell provides a good, reliable product with good tech support for a good price. Dell really takes ownership of any and all problems." - LE, Education
- o "They [Dell] provide good interoperable hardware that is reliable and performs well. Reliability for the money is excellent." - LE, Consumer Goods/Retail

Dell continues to improve in customer ratings following its privatization, and is cementing its role as a value leader. Some of the study respondents felt that Dell's privatization was transparent and allowed the vendor to achieve better focus on certain processes.

- "Their [Dell] re-privatization has caused them to focus on their policies with respect to maintenance, refreshes, support, etc." - MSE, Services: Business/Accounting/Engineering
- "Dell going private has been transparent for our organization (i.e., no negative changes). They offer extreme configuration flexibility with the PowerEdge family, giving the customer near-infinite configuration options." - LE, Consumer Goods/Retail
- "Dell will do lease financing. That was always a big factor for us in the past. We like the one-stop shop, and true integration has been great." - LE, Industrial/Manufacturing

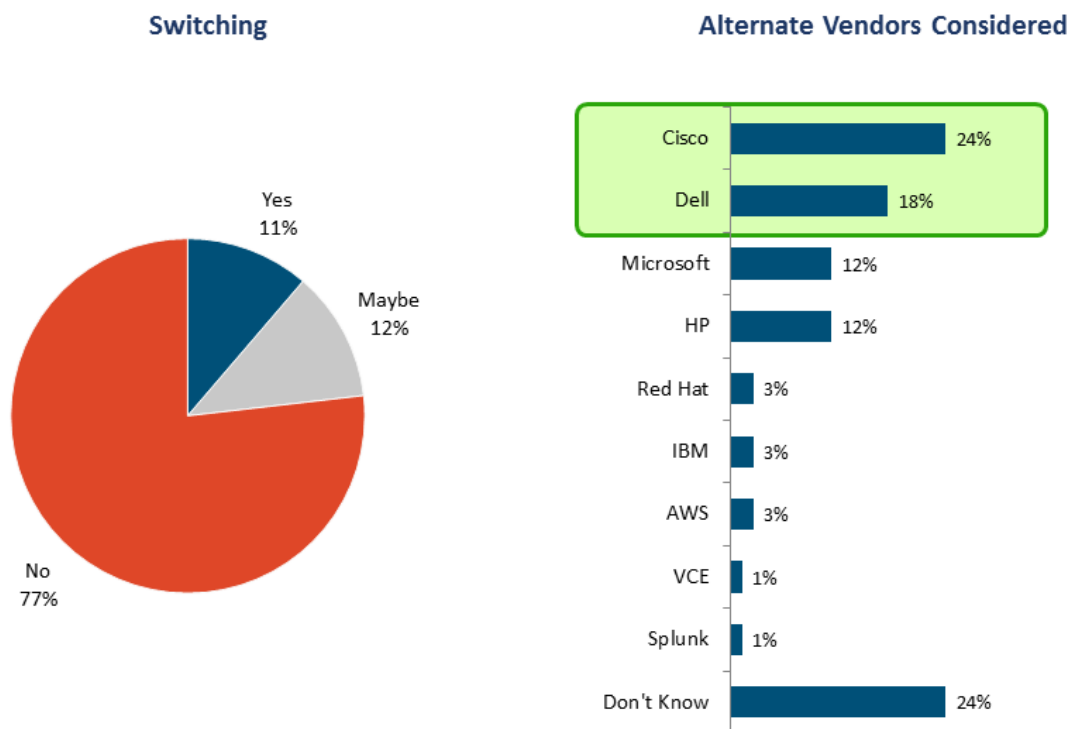
Cisco, meanwhile, is maintaining its perception as a thought leader in reshaping the nature of server architectures with UCS, and it has a strong position in the market despite some headwinds. It continues to receive close-to-average ratings in all of the 14 categories, with slight year-over-year improvement in some categories and declines in others.

- "Cisco has done well with their strategic vision, especially with UCS. We like that we can consolidate. Cisco has proved to be easy to install as well as operate." - LE, Financial Services
- "Cisco has great technology, and the converged structure is seamless. It is so much easier to manage, and it is a real pleasure to do business with them. They are an excellent partner that focuses on our needs." - LE, Transportation
- "Cisco is the 800-pound gorilla. Their existing infrastructure at corporations is very extensive, so they have amazing ability to cross-sell their product." - LE, Financial Services
- "They [Cisco] seem to understand what enterprises need to scale and what they don't need to scale. They kind of get it. Ease of use and overall management of infrastructure platform." - LE, Energy/Utilities
- "Cisco makes quality products, especially on the server side of their business. UCS is a really good product - I think much better than their competition." - MSE, Education

Cisco and Dell - top of mind for those looking to switch horses

In addition to Cisco achieving the highest score for promise and Dell leading the way in fulfillment, the two vendors show the most citations as alternative vendors under consideration. About 11% of large and midsized enterprises are actively looking to switch away from current in-use vendors and another 12% are 'maybe' considering switching horses.

Vendors Considered by Customers Looking to Switch From Current Vendor



Left Chart: Q. Are you considering switching from this vendor/provider to a competitor? n=337.
Right Chart: Q. If yes or maybe, to which vendor? Right Chart, n=78.

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- o "I like the UCS platform [Cisco] and the architecture they put together to consolidate their infrastructure. That's the main reason we looked at them – been able to implement a much tighter server network architecture and added security pieces that made us happy. Very good so far." – LE, Industrial/Manufacturing
- o "We switched to Dell – HP and Oracle licenses were getting too expensive, and Dell represented a way to reduce licensing costs with Oracle and enable easier virtualization." – LE, Consumer Goods/Retail

Cisco emerged as the most common vendor under consideration, with 24% of selections, followed by Dell at 18%. Dell experienced the largest uptick in selections as alternative vendor between the studies, with a seven-percentage-point increase from 11% in 2H 2013. Cisco had the second-highest increase in selections year-over-year after Dell, estimated at five percentage points.

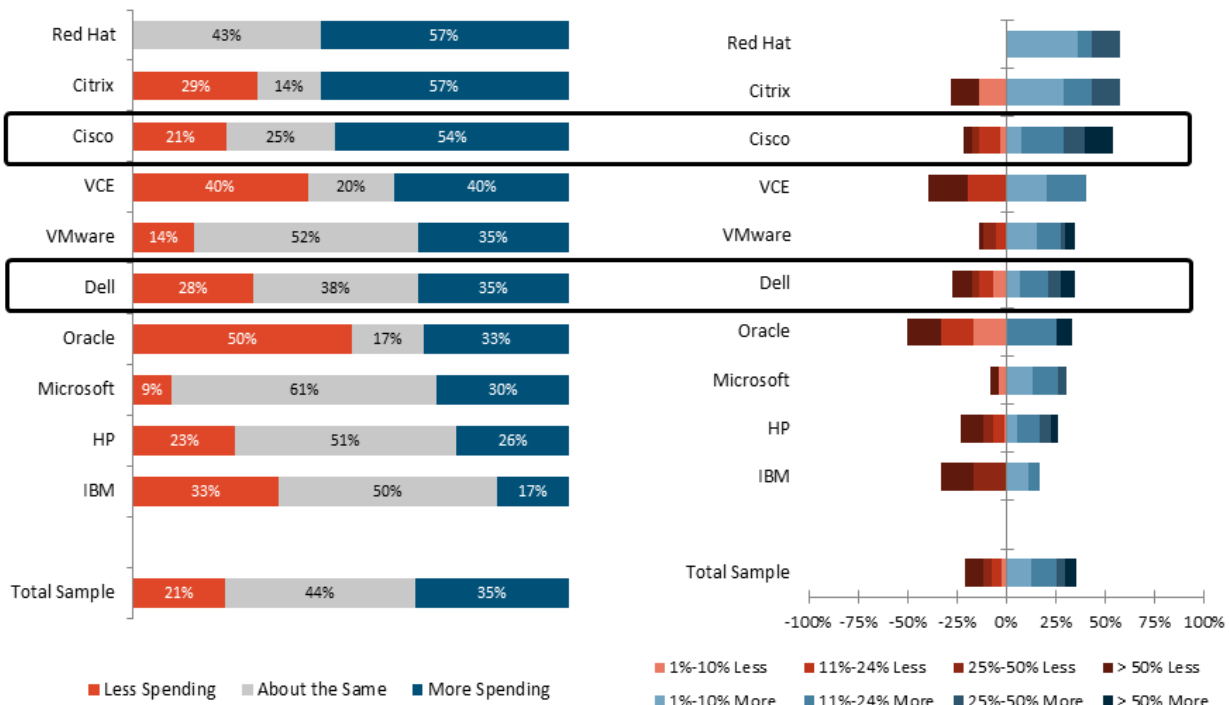
Increased cost-effectiveness is the most common reason for looking at alternatives, as cited by 28% of respondents, followed by product and business issues at 24%. Dell's highest score for value for the money out of all the vendors in the study plays in the vendor's favor as enterprise decision-makers continue to eye more cost-effective alternatives.

2015 spending projections

Projected spending allocations remain positive for Cisco and Dell going into 2015, but are less favorable year-over-year. Overall, the shift in spending from hardware to software is becoming more prevalent, with Red Hat replacing Cisco as the vendor with the most favorable spending allocations.

Cisco continues to have the strongest planned spending allocations among hardware-centric server and virtualization vendors, but less favorable projections year-over-year, where about one-half of respondents plan to increase spending in 2015, vs. 82% in 2014. Projected spending growth is also expected to flatten for Dell in 2015, compared with 2014. In 2014, about 52% had spending increases in plan, and 23% were budgeting for spending cuts, whereas in 2015, 35% are planning to spend more vs. 28% planning less spending. Spending allocations for Cisco and Dell remain stronger than for other hardware-centric vendors, such as Oracle, IBM and HP, which experienced larger slowdowns in spending year-over-year.

2015 vs. 2014 Spending Change by Servers and Virtualization Vendor



Q. Compared to 2014, approximately how much will your server and software spending with this vendor/provider change in 2015? Red Hat, n=14; Citrix, n=7; Cisco, n=28; VCE, n=5; VMware, n=58; Dell, n=29; Oracle, n=12; Microsoft, n=23; HP, n=77; IBM, n=18; Total Sample, n=296.

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Despite flattening spending projections for hardware-centric vendors, Cisco and Dell continue to have a strong position in the market. Even though there is a slowdown in spending projections for Dell and Cisco going into 2015, since the two vendors have the most citations as alternative vendors under consideration, there is potential for additional revenue this year.

Following privatization, Dell continues to improve in customer ratings as it builds up the reputation of an enterprise-class end-to-end datacenter server provider and cements its role of a value leader. Cisco is maintaining its perception as thought leader in reshaping the nature of server architectures for virtualized datacenters with UCS.

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