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## White paper

# Analysing analysts (demystifying industry analyst relations)

### What do industry analysts do?

When it comes to IT and telecoms it's not just the technology itself that is becoming increasingly complex. Deciding which technologies to invest in to improve business performance, how much to spend, which vendors are going to be able to best meet an organisation's needs and, ultimately, which products and services to purchase are all difficult decisions that are likely to be individual to any given organisation. This is where industry analysts come into play, helping to shape and align technology-related buying decisions with the specific needs of an organisation.

Analysts can provide insight and expertise across pretty much all areas of IT and telecoms (for example from scrutinising the data centre industry, examining the Software as a Service (SaaS) market, and looking at trends in mobile services). As a result, organisations that invest in technology to improve their performance turn to analysts for an independent critique of the market and to tap into their understanding of the strengths and weaknesses of the various technology options available to them.

Industry analysts research, write and comment upon specific markets or even specific vendor offerings and, because of this, they are often the

first port of call for an organisation considering procurement of a particular type of product or service.

Industry analysts have much influence over technology purchasing decisions and can help



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to determine which vendors are deemed to be most suitable to meet a particular organisation's requirements. However, these days, with budgets tight and major purchasing decisions requiring stringent analyses and justification, analysts are more influential than ever.

There's more to the industry analysts' role than just helping organisations to make the best technology purchasing decisions. Analysts also provide a valuable service to the technology vendor community, helping them to understand the current and future requirements of potential customers, how their particular market is evolving and how they stack up against the competition.

In order to provide an informed opinion of a given market, an

analyst derives information from a number of sources, such as primary data gleaned from conversations with other analysts and decision-makers working for vendors or systems integrators (SIs) (operating in the same market), and secondary data compiled from articles,

magazines, the web, government sources, economic indicators (such as Gross Domestic Product (GDP)), etc. For example, analysts will hold 'top down' interviews with vendors to gain an insight from the 'coal face' into what is happening in a particular market but, as vendors can sometimes exaggerate information provided, analysts will also undertake 'bottom up' research, such as questioning end users about adoption of a particular technology or service.

Input from many sources, particularly from a range of vendors and technology users in a given market, helps to shape an analyst's view. This intelligence can be of interest to the following groups:

<b>Audience</b>	<b>Reason:</b>
End users:	To inform purchasing decision
Vendors:	To inform strategic or competitive decisions
Investors	To underpin investment decisions
Partners:	To inform partnering decisions
Government:	To inform decision-making by Government regulators
Media:	To support a story by providing independent third party insight

### Why communicate with industry analysts?

As alluded to above, industry analysts are key commentators as they have a large circle of influence. Thus building a good working relationship with relevant analysts can be highly beneficial to a vendor. There are two main types of analyst interactions with a vendor:

1. Briefings: A vendor will secure a briefing with an analyst to convey what they are doing in a given market. In this instance, the flow of information is primarily from the vendor to the analyst. Whilst an analyst might chat openly about what they are seeing in a market, this should not be expected by the vendor. This is because analysts earn their living from selling their intelligence about a given market so only a certain amount of information will be divulged for free during a briefing session.

2. Inquiries: If a vendor has a paid relationship with an analyst firm (i.e. a subscription to the analyst company's wares) then included in this may be an element of Inquiry time. This means that nominated vendor personnel can quiz an analyst about research that the analyst has undertaken (thus in the Inquiry session the flow of information is primarily from the analyst to the vendor). However, if questions posed are outside of this scope, then the vendor would need to commission a consulting project.

### Types of analyst firm

There are hundreds of analyst firms that focus partly or entirely on technology and telecoms-related markets. These range from global firms with multiple offices and hundreds of analysts through to smaller, local firms that specialise in particular niche technology areas.



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By far the biggest tech analyst firm is Gartner with a claimed 60,000 clients across 80 countries. Other big, global firms include Datamonitor (1,500 employees, 6,000 clients); Forrester (1,100 employees, 2,605 clients), IDC (more than 1,000 analysts and part of the IDG media group) and Frost & Sullivan (1,800 employees). All of the large, global firms have offices around the world including analysts based in Europe. In addition to the big boys, there are a large number of smaller, specialist analyst firms that focus on particular technology-related areas (such as cloud, telecoms, semiconductors, supply chain, IT security, managed services etc) or on particular geographic areas (such as Europe) or both.

This includes the likes of Quocirca, Bloor Research, Tekplus, to name a few. Whilst a number of analyst firms are headquartered in the USA, it is necessary to ensure that analysts based in Europe are briefed and dealt with locally. It is not enough to assume that information will filter over to

Europe because a key analyst in North America or Asia has already been briefed.

### Building relations with the industry analyst community

Whilst analyst companies will differentiate themselves in certain ways, below are some important points for vendors to consider when communicating with analysts namely:

- Devise an analyst relations strategy that is part of the corporate communications strategy.
- Appoint a vendor-side Single Point of Contact and display this information on the vendor's website.

- Have an analyst-friendly website.
- Maintain a central database of analyst contact details and a list of all analyst interactions.
- Brief analysts at least every six months plus help them with forthcoming publications.
- Respond quickly to requests from analysts for information.
- Under a Non-Disclosure Agreement (NDA), pre-warn analysts of significant announcements (note that, once an NDA has been lifted, an announcement loses its attractiveness to analysts).
- Whilst the provision of expensive sweeteners to industry analysts may not be allowed by some analyst companies, sending a gift at Christmas or Easter is a gentle, periodic reminder of a vendor's brand and is a minimal cost exercise to undertake.
- Issue a monthly, bi-monthly or quarterly newsletter containing analyst-friendly information.
- Prior to briefings: Do not keep changing the date / time of briefings; Check if there is anything that the analyst would wish to hear about during the session; Brief spokespeople; Send final details to the analyst, including a Powerpoint presentation (include a corporate overview, where the vendor is now, where it wants to be and how it will get there?).
- During the briefing: Bring the narrative alive by using statistics, real world examples etc. Use clear language, remember vocal variety and speak to time.
- Post-briefing, send a thank you note to the analyst(s) and, politely request feedback. Every few weeks / months, contact them to find out if information divulged has been used and if further help can be given.

- Keep it simple, be helpful, be responsive. And remember that the power resides with the analyst.

Whether analyst relations is handled in-house or outsourced to a Public Relations (PR) or Analyst Relations (AR) company, it is important that the right analysts are identified and a clear plan devised to keep them



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informed. While this can be time consuming, the increasing influence of the analyst community means that analyst relations is a key element of a company's communications' activities and, if undertaken correctly, can be highly effective.