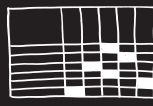
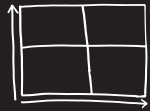
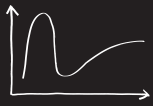


Gartner Proprietary Methodologies

The science behind Gartner Research—
Transforming information into insight



The key to the success of the Gartner proprietary methodologies lies in distilling large volumes of data into clear, precise, actionable advice and offering clients the insight needed to formulate strategic plans or support their toughest business and technology decisions.

Our respected research community—650 analysts worldwide—constantly uses Gartner models and strives to create new ones, helping clients to build, guide and grow their businesses. This is our greatest strength and your greatest advantage.

What's underneath the famous Gartner models? How do Gartner professionals analyze the commercial viability of emerging technologies with our Hype Cycles? Or position the relative strengths of vendors using our Magic Quadrants? How do our analysts compute total cost of ownership, rate vendors or predict an organization's implementation success?

These are fair questions, and we're asked them all the time. So we thought we'd give you a peek under the covers and provide you with some insight into how we support your long-term strategic issues and everyday decisions with our globally respected research models, which include:

- Hype Cycles
- Magic Quadrants and MarketScopes
- Vendor Ratings
- Total Cost of Ownership
- Enterprise Personality Profiles

But First, How Do We Conduct Our Research?

RESEARCH PROCESS Gartner Research employs a highly iterative process, ensuring that we apply the necessary rigor to get our recommendations right. Analysts draw on a wide range of information sources. They collaborate with each other to validate their observations and findings. Their ultimate goal is to uncover the trends, patterns and insights that will help you make decisions about the application of technology to everyday business problems—with as much integrity and rigor as possible.

RESEARCH ARCHITECTURE Our research is organized around real-life scenarios, key issues and Strategic Planning Assumptions (SPAs). Together, they form the foundation of our research architecture.

Research “tells the story.” The Gartner story framework is used to develop scenarios that tell the story of what we see occurring in the market. A scenario paints a situation and its impact by drilling down into a specific topic or theme. Scenarios help you plan for an uncertain future by revealing developments and trends that will impact your decisions. Scenarios also capture the distinct business and technology drivers you should consider when making key decisions.

Key issues identify high-priority questions. Key issues capture the types of questions we seek to answer. How should enterprises be guiding their investments? Which markets are heating up? Which technologies have the potential to disrupt an industry or change an industry’s predominant business model?

Our research is organized around real-life scenarios, key issues and Strategic Planning Assumptions (SPAs).

Which vendors will survive a consolidation trend? Which IT strategies will reap the greatest rewards? We organize our research around these types of questions to help us focus on those issues that have the most relevance and highest priority.

Strategic Planning Assumptions help clients take action. Gartner responds to key issues in the form of Strategic Planning Assumptions, which are often provided long before answers are obvious or clear. By assigning a confidence indicator, or probability, to our answers, we start giving you early advice and direction as you plan for the future.

For example: “By 2015, more than 50 percent of deployed Web services will operate within a virtual network of services (0.7 probability).”

An SPA with a 0.9 probability indicates something that we predict will happen barring a major industry reversal. An SPA with a 0.7 rating also indicates strong confidence, but the timing of our assumption may vary slightly in the end.

We often provide one or more SPAs together to show alternative views on possible outcomes. For example, we may pair a moderately high-probability SPA with another assumption that carries a 0.3 or 0.4 probability, indicating that an event is a long shot but not out of the question.

Qualitative and Quantitative Research

Gartner has defined methodologies for both qualitative and quantitative research that follow quality-assured processes.

Qualitative research comes from highly collaborative research communities that guide and inform our interactions with clients, peers and academic sources. Iterative interactions with all of our sources help us identify re-emerging patterns and themes that, when combined with previous research, help shape our predictions about the future.

Our primary quantitative findings are compared with published research to help validate our conclusions.

Our *quantitative analysis* complements the qualitative. Studies have a documented hypothesis supported by respondent screener criteria, data collection methods and a survey objective. Our primary quantitative findings are compared with published research to help validate our conclusions.

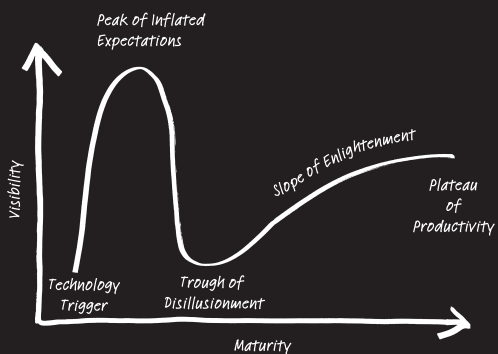
Rigor and Discipline Through Peer Review and Validation

Validating our research findings and positions is an ongoing and rigorous process. Our research undergoes peer review to ensure its integrity and logic. Peer reviews and iterative stages of validation with both internal and external sources guarantee that we keep bias out of the picture. These types of reviews also ensure that we’ve considered the most current thinking and recent events in forming our hypothesis. By adhering to peer reviews, we inject another level of objectivity from people who are uninvolved, hence unattached—providing a fresh, unbiased perspective.

Our research undergoes peer review to ensure its integrity and logic.

So let’s get started. In the following pages, you’ll see how we represent research with tools that make your job easier.

Hype Cycle: Interpreting the Hype and Promise of New Technologies



Helps you:

- Compare your understanding of a technology's evolution against that of Gartner analysts.
- Use facts to drill through the emotion, hype and publicity that accompany the early claims of a technology breakthrough.
- Make more informed investment decisions.

Riding the Hype Cycle

When it comes to emerging technologies, what is your appetite for risk? What are the trade-offs between making an early move or waiting for the market to mature? With Hype Cycles, you weigh these two attributes to make an informed decision about the timing of your investment.

The Five Phases of Hype

TECHNOLOGY TRIGGER A potential technology breakthrough kicks things off. Early proof-of-concept stories and media interest trigger significant publicity. Often, no usable products exist and true commercial viability is unproven.

PEAK OF INFLATED EXPECTATIONS Early publicity grows into a frenzy of stories about successful applications—often accompanied by scores of failures. Some companies take action; many do not.

TROUGH OF DISILLUSIONMENT Interest wanes, as the technology fails to deliver on its inflated expectations and promise. Vendors shake out or fail. Investment in the technology continues only if the surviving vendors improve their products to the benefit and satisfaction of early adopters.

SLOPE OF ENLIGHTENMENT Lessons learned and real-world experiences from early adoptions start to pay off. More relevant, insightful understanding of how a technology's capabilities can benefit the enterprise start to crystallize. Second- and third-generation products appear from a smaller number of vendors. Risk takers are comfortable adopting the technology. Moderately risk-averse companies fund pilots; conservative companies remain wary.

PLATEAU OF PRODUCTIVITY Mainstream adoption starts to take off. A reasonable maturation of the technology has occurred, and proven applications are delivering measurable contributions to the enterprise. Criteria for assessing vendor viability become more clearly defined.

The final height of the plateau is a function of the technology's broad market applicability or relevance to a niche market.

Using the Hype Cycle to Support Management Decisions

Understanding your organization's attitudes about risk is key to using the Hype Cycle. If you're a Type-A organization, your willingness to take risks to reap high rewards is accompanied by an understanding that risks don't always pay off.

Making an Early Move

Being an early mover certainly has its advantages. If successful, Type-A organizations can reap enviable market positions and handsome financial rewards from a creative application of an emerging technology.

But it's important to realize that early adoption is rarely a blanket policy. Even Type-A organizations don't sign up for early adoption across the entire enterprise. For example, a Type-A organization might be comfortable applying new technology to enhance its sales process but hesitant to apply the same technology to its supply chain.

Approaching With Moderation

Type-B organizations are more moderate in their attitudes about investing in projects that carry risk. Managers from Type-B organizations will hear the argument but will also insist on a sound cost/benefit case for experimenting with new ways of doing things that are not yet fully proven.

Waiting for Maturation

Type-C enterprises are conservative. The Type-C organization is driven by the need to reduce costs vs. the desire to take on the unknown. Type-C organizations adopt technology when it nears the Plateau of Productivity, after others have proven its ability to enable and generate business value.

Making the Right Call

Gartner published its now-famous E-Business Hype Cycle in 1999, accurately predicting the period of inflated expectations and subsequent decline of this market in 2000 – 2001. Analysts further observed the rise of e-commerce projects without clear strategies and plans, correctly predicting a Trough of Disillusionment. The Hype Cycle did in fact reveal when the technology's maturation would stabilize and enable viable online business transactions.

Lessons Learned

History has shown us that enterprises should not invest in an emerging technology just because it is being hyped as the next breakthrough. Nor should they avoid it just because it has yet to prove its commercial viability. Organizations that combine their attitudes and history toward risk with the knowledge and analysis shown in Hype Cycles adopt a technology when it is right for them.

If you believe in the "no surprises" rule of management, Hype Cycles will become a valuable decision tool for your enterprise, no matter where you fall on the risk spectrum.

Magic Quadrants and MarketScopes: Your Overview of the Vendor Landscape

Magic Quadrants: Relative Positioning of Vendors Within a Specific Market Space

Magic Quadrants provide a visual snapshot of a specific market by plotting the relative positions of its participating vendors. They evaluate a market's vendors on their strengths in vision and ability to execute. By applying a graphical treatment and a uniform set of evaluation criteria, Magic Quadrants quickly show clients where a market is today and where it's headed in the future.

Interpreting Vendor Placement

LEADERS Are doing well today and have great prospects for tomorrow. Have the talent, capability and resources to drive and shape the future direction of a market.

VISIONARIES Have the vision to become leaders if they can muster the execution skills required for long-term staying power.

NICHE PLAYERS Are executing well to plan which is, by design, narrower than the general market. Or have fallen into niche status due to failure to keep pace with the realities of market demand.

CHALLENGERS Are doing well today, but abilities to apply their proven execution skills to a vision that aligns with where Gartner believes the market is going are not clear.

MarketScopes: Rating Vendors Within a Market Space per Specific Criteria

MarketScopes rate vendors in markets that are highly maturing or highly emerging. In both cases, MarketScopes provide insight into vendors that are difficult to differentiate through a relative positioning exercise.

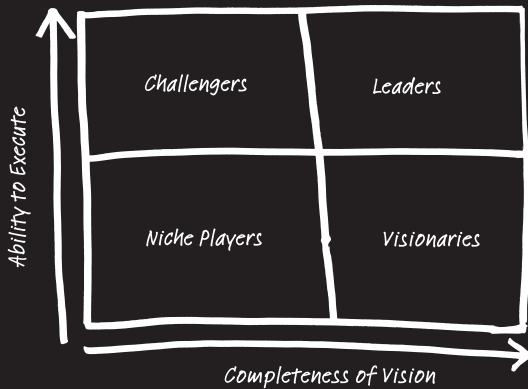
For example, in a mature market, vendor consolidation might have created a set of players that are all financially sound, with leading products, offering similar functionality and built upon accepted standards. Hence, differentiation through relative positioning doesn't add much insight.

The same might be true of vendors that are pioneering emerging markets. Differentiation is also difficult and less useful through relative positioning because the vendors are so new and vendor strategies appear to be changing every day.

How MarketScopes Work

MarketScopes use the same rating scale our clients have come to know from our Vendor Ratings. However, in MarketScopes, the analyst customizes the ratings to focus on the subtle areas of differentiation.

Hence, MarketScopes don't conduct an apples-to-apples positioning of vendors but provide insight into how the vendor is performing against its vision and plan.



	Strong Negative	Caution	Promising	Positive	Strong Positive
Vendor Product / Service A					
Vendor Product / Service B					
Vendor Product / Service C					
Vendor Product / Service D					
Vendor Product / Service E					
Vendor Product / Service F					

Helps you:

- Get educated quickly about a market's participants, maturity and direction.
- Focus on the subtle differences between vendors in markets that are highly mature or newly emerging.
- Map vendor strengths against your specific needs.

Using Magic Quadrants and MarketScopes to Build a View of the Market

Magic Quadrants evaluate and position a vendor's vision and abilities to execute in all of the following criteria. With MarketScopes, analysts rate vendors in mature or emerging markets with one to seven of the criteria that make the most sense for differentiation.

Completeness of Vision:

How well does the vendor's vision translate into commercial solutions for short- and long-term success?

MARKET UNDERSTANDING How well does the vendor demonstrate an understanding of its target buyers? How well does its understanding reflect customer intimacy?

MARKET STRATEGY How sound is the vendor's market positioning? How well is its market strategy being communicated through the entire communications mix?

SALES STRATEGY Is there an all-channels strategy that takes full advantage of the vendor's sales opportunities?

OFFERING OR PRODUCT STRATEGY How agile is the vendor's product development framework for accommodating new requirements?

BUSINESS MODEL Is the underlying business proposition sound? Are solutions realistically priced relative to those of alternative solutions?

INDUSTRY STRATEGY Is the vendor allocating resources to the needs of specific customer segments and vertical industries?

INNOVATION Is there evidence of expertise and investment set aside for defensive or pre-emptive purposes?

GEOGRAPHICAL STRATEGY Are resources, skills and offerings responsive to the specific needs of geographies beyond the vendor's home territory?

Ability to Execute:

How well is the vendor positioned to capitalize on its vision?

PRODUCTS AND SERVICES What are the breadth and depth of the vendor's product capabilities, features and its associated quality—whether offered natively or through OEMs?

BUSINESS VIABILITY How strong is the vendor's financial health and the likelihood it will continue to make strong investments in its products and solutions?

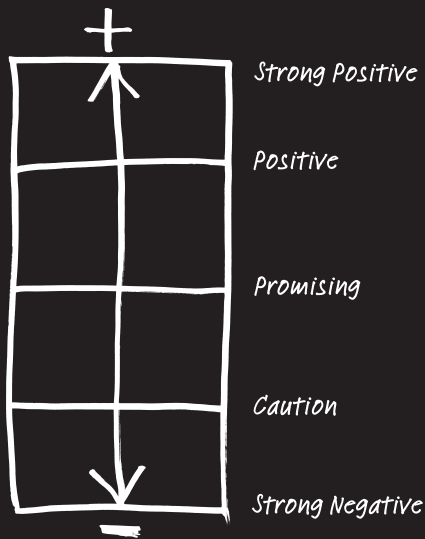
SALES How capable is the sales organization of providing pre-sales support for both direct and indirect sales channels? Does the sales organization have the talent to manage deals, pricing and negotiation?

MARKETING What is the history of the marketing organization's capacity and talent to swiftly adapt to the ebbs and flows of the market?

CUSTOMER EXPERIENCE Does the vendor provide customers with the resources and support they need to be successful?

OPERATIONS How well does the vendor meet its stated commitments to partners and customers?

Vendor Ratings: How Are Vendors Performing?



Helps you:

- *Manage the risk of your vendor portfolio while you keep an eye on up-and-coming players.*
- *Understand the drivers of vendor performance.*
- *Support key vendor purchase and renewal decisions.*

Tracking and Monitoring Vendor Performance

How are the vendors in your portfolio performing? Vendor Ratings support your strategic planning decisions with a single, focused perspective from which you can make decisions. Vendor Ratings aren't about vendor comparisons or where a market is going. Rather, they provide visibility into a vendor's individual performance.

How They Work

Gartner Vendor Ratings consider the entire company: its business strategy, organizational capabilities, product architecture and ability to apply new technology, marketing and sound financial management to its vision for the future.

Lots of questions get answered. Does the vendor have attainable strategic goals and a solid operating structure? Are products and services well-aligned with its strategy? Are customers happy? Do customers get access to the insight, resources and services they need to succeed?

What is the company's financial position? How about share performance, investment history or history of acquiring new customers and partners? Are distribution and support channels well-managed?

Of course, the vendor rating is most valuable when assessed in the context of what's important to you as a user and long-term customer.

Using Vendor Ratings: Interpreting the Rating Bands

Gartner Vendor Ratings give clients an additional level of insight for managing specific vendors in their portfolio.

- Vendor Ratings complement other market analysis, a client's personal vendor experience and one-on-one discussions.
- By having another view of a vendor's health, clients are better equipped to make informed decisions—much like the financial services industry's "buy, hold and divest" recommendations.

Strong Positive

The vendor is a solid, stable provider of products, services and solutions. The vendor's solution set aligns with market demand and the vendor's stated strategy. Customers should continue investments. Potential customers should feel comfortable in adding the vendor to their portfolio.

Positive

The vendor is strong in several specific areas but is more opportunistic than strategic. Customers should feel comfortable making continued investments but should consider making them incrementally. Potential customers should short-list the vendor as a tactical alternative.

Promising

The vendor shows potential in specific areas. However, the vendor or specific vendor initiative needs to evolve and mature before the vendor can be considered positive. Customers should monitor the situation closely and develop plans of action for best- and worst-case scenarios. Potential customers should be aware of the issues and opportunities and make decisions accordingly.

Caution

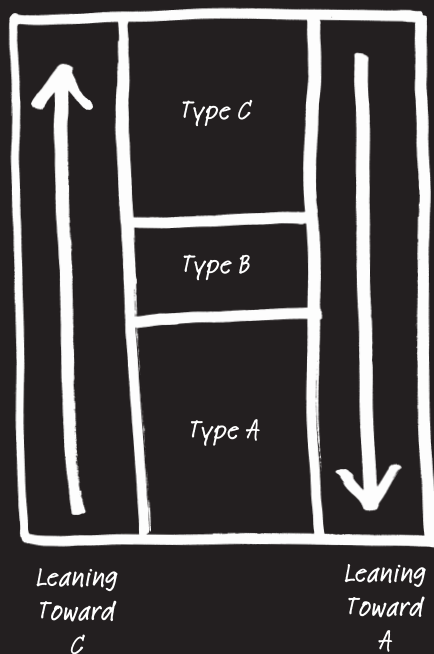
The vendor faces tough challenges in one or more areas. Customers should weigh the potential risks to the business and craft contingency plans as needed. Potential customers should note the vendor's challenges in their due diligence.

Strong Negative

The vendor is having a tough time responding to challenges in many areas. Customers are advised to find alternatives and withdraw their business as soon as possible. Potential customers should consider the vendor only if no alternatives exist.

Gartner Vendor Ratings are released and updated regularly to accommodate additional vendors. The reports are also updated to reflect the more recent opinions and judgments of Gartner.

The Enterprise Personality Profile: Covering All Your Bases



Helps you:

- Factor organizational behavior into your decisions.
- Identify the personality dimensions that will either enhance or impede your case.
- Clarify where you are, where you want to be and how you can get there.

Painting the Bigger Picture

How many times have you, as CIO or IT leader, championed an initiative with a strong business case down a path of disappointment?

The Enterprise Personality Profile (EPP) gives you insight and visibility into your organization's appetite for risk, change and other variables that impact success.

By understanding your organization's history of adoption, especially of initiatives that propose new ways of doing things, you can transform pending conflicts into positive catalysts for change.

Understanding the Enterprise Personality

Eight personality dimensions are pivotal to the way your organization operates:

Market
Funding
Human Capital Management
Governance
Sourcing
Leadership
Technology
Change

EPP intersects your enterprise personality dimensions with the following cultural drivers:

Use of Information
Risk Tolerance
External Demand and Supply
Adaptability
Strategy
Maturity
Complexity

Going In With Your Eyes Wide Open

Using the EPP methodology, you gain a keen understanding of how your enterprise makes decisions and how the culture responds to them.

CIOs and IT leaders use our EPP approach to help them measure the gaps between management intention and enterprise inertia, and to calibrate the degree of difficulty they will likely face in sponsoring transformation and change.

Using the Enterprise Personality Profile to Improve Your Probability of Success

IT professionals who factor enterprise personality into their project plans and rollouts, especially those that drive transformation and change, have a much higher probability of success.

If your initiative is considered counterculture, EPP can help you use potential showstoppers to your advantage.

Consider This Example

A food manufacturer uses the Enterprise Personality Profile to pinpoint the challenges of an enterprisewide rollout of radio frequency identification (RFID) standards. The firm is decentralized, which can work against enterprisewide adoptions. This potential mismatch raises a red flag.

Additionally, RFID technology leans toward aggressive adoption (considered Type A in the technology dimension), but the firm's behavioral history toward governance and funding is conservative (a Type-C trait).

Avoid Potential Land Mines

Using the EPP approach, the RFID program manager conducts a "prediagnostic" exercise that reveals behavioral incongruities in risk tolerance, adaptability, strategy and maturity with the problematic dimensions of governance, funding, change and technology.

The result? An action plan that builds alliances and programs for driving change. Potential dissonance is converted to harmony.

Total Cost of Ownership: What Are the Real Costs of Your IT Investments?

A Holistic Approach

What is the total cost of ownership associated with an IT investment over time? Total cost of ownership (TCO[®]), pioneered by Gartner in 1987, has become the industry standard for answering this question.

TCO shows that the acquisition or purchase price of an asset represents only a fraction of its total cost. The classic example is the purchase price of a desktop computer, which represents just 20 percent of its TCO.

TCO as an Analysis Tool

As an analytical tool, TCO translates the feature sets of IT products into cost metrics. TCO also provides benchmarks to help IS organizations compare their cost performance with that of peers.

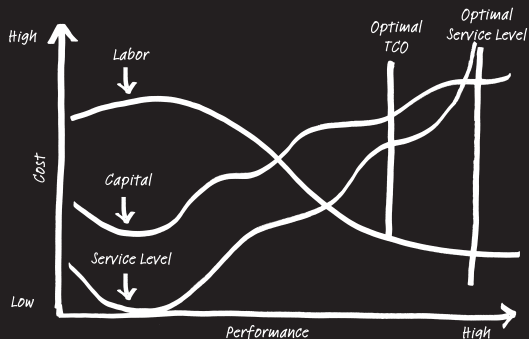
TCO benchmarks are even more insightful when viewed with an effectiveness metric. For example, an organization might be spending more dollars per seat on its help desk vs. its peers but delivering higher customer satisfaction.

Hence, TCO should always be analyzed within the perspective of a business driver that factors in things like service-level satisfaction.

TCO and Value

In addition to effectiveness of IT investments, TCO recognizes other dimensions of value such as risk, a factor that might stop an initiative that otherwise meets financial and business objectives.

With TCO tools, IS organizations build business cases based more on reality—and avoid surprises.



Helps you:

- Compute the real cost of an IT asset by capturing all of its costs over time.
- Understand how your current cost performance compares to peers or past performance.
- Take action to improve.

Using Total Cost of Ownership to Help Manage IT Performance

Not Just About the IS Budget

IT has become an enabler for just about every business process in the enterprise, and the costs go far beyond just hardware and software assets. It's not unusual to find the majority of costs being borne by organizations other than IS. As a result, costs can get out of control because they are hidden and more difficult to account for than in the earlier days of IT when technology functions were highly contained.

The Gartner TCO model provides a proven approach to helping enterprises get heightened visibility and awareness into the full origin and magnitude of the costs of technology.

Once costs are known, actions to control them are possible.

Measures Both Cost and Efficiency

The Gartner TCO methodology uses a rigorous and consistent technique to help you analyze both cost and efficiency of your IT infrastructure and its related business processes.

A Chart of Accounts sits at the heart of the TCO framework, capturing cost and efficiency information about your specific environment and the interaction between its various functions and components. Our clients use our TCO modeling tools to help them understand the size of their investments in many areas of technology analysis: CRM implementation, desktop computing, printer management, business intelligence and data warehousing, server management and enterprisewide ERP implementations, to name just a few.

TCO frameworks are available for:

- Distributed Computing
- Help Desk
- Contact Center
- Enterprise Storage Management
- Data Networks
- Voice Communications
- Enterprise Operations Center

We hope you've gotten a greater understanding of how Gartner analysts use our models to gather and analyze the information you need to make informed decisions about investing in technology.

Of course, nothing remains the same. As the industry ebbs and flows, and as the global economy shifts gears, we'll adapt our models and tools to the realities of change. And when we do, we'll let you know.

We know our advice impacts your lives, your careers and your success—and we appreciate your trust in making us part of your future.

For further insight and education about Gartner models, please visit gartner.com.

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