

# Magic Quadrant for Enterprise Asset Management for Transmission and Distribution, 2007

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**For utility transmission and distribution companies searching for work and asset management maintenance software solutions, we analyze stand-alone software products that solve asset management problems.**

## WHAT YOU NEED TO KNOW

We have previously published generic, cross-industry enterprise asset management (EAM) Magic Quadrants, as well as work and asset management (WAM) Magic Quadrants. These are now combined into a distribution-utility-specific EAM Magic Quadrant. Changes in customer buying criteria and vendor offerings, resulting in more industry-specific needs and expectations, are reflected in our new market separation – we evaluate EAM products for distribution, manufacturing and natural resources, in separate publications.

Component EAM (and computerized maintenance management system [CMMS]) products suitable for distribution companies have been increasingly served by EAM vendors with versions or adaptations for this industry sector. Some suite vendors also actively market their EAM modules as stand-alone offerings and sell them as specialized maintenance solutions. (Other suite vendors offer them only as part of the ERP suite being marketed and so have a market for EAM limited to their own customer base.)

In this sector, clients will need to look at their overall application portfolios and plan how their work or EAM solutions will interact with other related components such as geographic information system (GIS), customer information system (CIS), outage management and work scheduling. With increased concerns about the aging workforce and reliability, regulators are likely to decide favorably on cost recovery for these investments.

Transmission and distribution companies should also make key architectural decisions such as going with a component approach or single ERP suite solution as part of their EAM selection processes. Then, based on the relative importance of asset reliability and availability to the overall success of the business, companies select the vendor that best fits into their architectures while offering the optimum mix of functionality for their generating portfolios and locations. Vendors vary widely in scalability and functionality, and a solution appropriate for one client may lack critical functionality appropriate for another.

While the scope of this assessment is global, some vendors specialize in geographies, so vendors must not be chosen based on size alone, and because the Magic Quadrant process is by necessity an “averaging” of vendors’ offerings and performance, we always recommend consulting the authoring analyst to get specific advice on needs, location and industry subsector (such as power, gas or water). Long-term vendor viability remains a factor in most customer evaluations, and potential buyers should examine current profitability, as well as a long-term commitment to products and markets.

## MAGIC QUADRANT

We analyzed the transmission and distribution (T&D) EAM market, which for our purposes includes the reactive customer work managed traditionally by specialist work. This evaluation includes leading vendors that offer products addressing WAM needs for utility delivery companies. This assessment focused on the vendors providing applications used to manage work associated with transmission (for example, electric transmission lines/substations and gas pipelines) and distribution (for example, electric wires, gas pipes and water pipes). It covers various work types, including construction (capital), inspections, operations and maintenance (O&M), and service orders.

### Market Overview

The market segment considered for this Magic Quadrant is utility delivery organizations (T&D utilities, water and gas utilities) that seek software solutions for the management and support of internally owned assets in a spatially distributed environment. Their focus is to keep plant, equipment facilities and linear assets available, with minimal downtime and at the lowest cost to maximize revenue.

These systems almost universally encompass asset management and material management (for example, inventory and purchasing) functionality and include mobile capabilities. The most-advanced installations involve integration with ERP to support supply chain management and procurement, GISs to support asset management, and CISs to support customer service. Utilities should consider work management systems to be nondiscretionary, or core, investments.

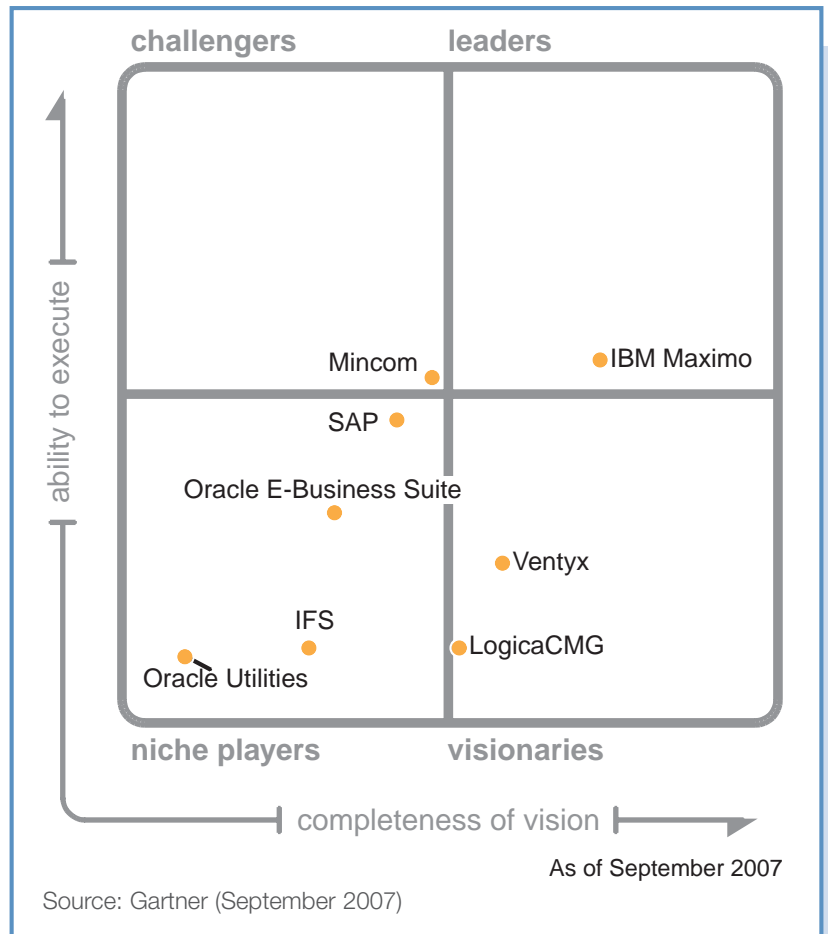
Utility EAM packages primarily have material and maintenance management functionality (or sometimes the vendor packages and sells in that format) that is scalable to multiple sites and caters to advanced maintenance management functions. A sometimes interchangeable term is "CMMS packages." CMMS packages include material and maintenance functionality, but they are simpler in scope and are focused on single-site deployments, which may even be used by large enterprises if a site-by-site or departmental solution is required. WAM packages have largely been supplanted by EAM packages extending into the short-term and reactive work planning arena.

Growth drivers include concerns about reliability in North America, the need for automation to aid network reliability in developing countries such as India and China, and the exhaustion of

depreciation on highly customized legacy systems and software. We estimate that spending on T&D EAM and services, as previously defined, is currently \$500 million to \$600 million globally. (Note: This estimate includes professional services provided by application vendors and does not include internal spending, hardware, or professional services provided by others for the implementation or integration of EAM.)

Vendors with broad offerings – mobile workforce, advanced scheduling, outsourced service management, work management (construction/maintenance/service) and supply chain management – will continue to lead this market. These offerings can come as product suites or as a solution set from multiple products or vendors with strong partnerships (in which case, ease of integration is paramount). However, in this evaluation, we are

**Figure 1. Magic Quadrant for Enterprise Asset Management for Transmission and Distribution, 2007**



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primarily looking at the EAM component, which is frequently selected and installed as a discrete unit. The drive to automate end-to-end business process will force consolidation and extension to other applications (for example, CISs, asset management and mobile workforce management, which is being built out by Oracle, SAP, Ventyx and Mincom). Utility companies will benefit through fewer vendors to manage and, in the long term, by access to capabilities for T&D asset and resource optimization.

Utilities evaluating WAM solutions should seek financial stability, advanced technology/ease of integration, functionality across all work types (construction, service, inspection and maintenance), and customer service and analytics. Because of close regulatory scrutiny, reliability concerns and the need for operational excellence, the vendor's ability to execute will continue to be important, though with consolidation and market maturation, we expect the importance of vendor completeness of vision to rise.

Ultimately, we predict application convergence to create an enterprise solution covering the asset life cycle (design, procure, operate, maintain and retire) and functionality (mobile workforce, work and asset management, customer service/field, and business analytics) to achieve resource and asset optimization. However, in the market today, utilities are still planning and buying individual functional components, frequently from multiple vendors.

For T&D companies, the functionality must be capable of distributed asset support, with particular importance attached to linear asset structures, remote locations of assets, short-term work, reactive client or failure-triggered work, condition and performance monitoring, preventive maintenance, and construction capability for network extensions. Particular emphasis is placed on the planning and execution process. This is reflected in the requirements below, which will be satisfied by the software products in this category:

- Detailed asset registry, combined with detailed parts and support descriptions
- Support for complex inventory relationships for indirect (blue-collar maintenance, repair and overhaul [MRO]) goods that are associated with forecasts of planned and unplanned work on installed assets
- Supply chain capability for indirect goods, with demand planning linked to maintenance and repair schedules
- Probability-based, "just in case" inventory and procurement, rather than "just in time"
- Support for manufacturer logistic processes for equipment under warranty
- Human capital management (HCM) capabilities to match location, skills, training and availability with work requirements
- Statistical analysis of equipment performance and reliability
- Remote electronic monitoring of asset health and performance
- Serial number tracking and tracing for equipment and parts
- Financial support via detailed cost analysis
- Integration with whatever financial and human resource package is deployed
- Extensive warranty tracking to component levels

- Capital construction planning (based on compatible units) defining linear assets and geographic locations
- Long-term maintenance, project and work schedules (integration with GIS)
- Short-term maintenance, client requests and failure recovery work schedules.

### Market Definition/Description

In the words of Geoffrey Moore, a market is "a set of actual or potential customers for a given set of products or services who have a common set of needs or wants, and who reference each other when making a decision".

We have previously published work management market assessments. In our first market assessment (1Q03), we adhered to industry convention and prior publications and called it the "work management system" market; we later renamed it "work and asset management" (WAM). These systems are now described as an industry-specific variant of the broader class of EAM (enterprise asset management) functionality, and they frequently include mobile work capabilities. The most-advanced installations involve integration with ERP to support supply chain management and procurement, with GISs to support asset management and with CISs to support customer service.

This particular market of component solutions is often referred to by buyers as the "best of breed" or "point solution" market for EAM. Transmission and distribution utilities evaluate and procure EAM products as maintenance modules when solving customer service and physical asset care requirements.

EAM functionality evolved from the CMMS applications that encompass work and material management for fault repair, regular preventive maintenance and service activities, as well as from the work management applications that catered to reactive, short-term work planning arising from customer or failure requirements. An EAM solution includes work order creation, planned maintenance, maintenance history, MRO inventory and procurement, as well as equipment, component and asset tracking for equipment. In its most evolved form, the functionality is extended by the addition of basic financial management modules, such as accounts payable, cost recording in ledgers, and human resource management for rostering and skill recording.

Technically, the EAM applications are designed to scale to larger numbers of users (for example, beyond 100 concurrent users) and run on multiple sites from a single central database, thereby catering to whole-of-business requirements, rather than departmental or site requirements. Because buyers usually evaluate products from multiple vendors and look for point solutions rather than suites (on a ratio of 76-to-24 based on 2006 license fee expenditures), the ability to sell the EAM module stand-alone is an important criterion.

### What the Market Is Not

The market does not include IT asset management, facilities workplace management (integrated workplace management) and treasury/financial asset management, which are separate markets for software covered by Gartner elsewhere. Nor does this market encompass the related service parts planning market, which is

related to EAM in that it supports the provisioning of spares for a repair environment.

### Inclusion and Exclusion Criteria

Software products must address the majority of the functional capabilities listed above. Because there are more than 400 vendors in the CMMS/EAM class of software and most of these are too small in company size or product scope to be of interest to Gartner clients, we will evaluate only the top products worldwide that are requested by our clients. They will have a demonstrable track record in transmission and distribution utilities (that is, at least 10% of the license revenue is from T&D utilities), have an estimated license fee revenue of at least \$2 million that they generated in the past 12 months, and have coverage of multiple geographies.

This assessment focuses on the vendors providing applications used to manage work associated with transmission (for example, electric transmission lines/substations and gas pipelines) and distribution (for example, electric wires, gas pipes and water pipes). It covers various work types, including construction (capital), inspections, O&M and service orders. These systems now encompass asset management and material management functionality (for example, inventory and purchasing) and frequently include mobile capabilities.

We believe the products assessed in our T&D EAM Magic Quadrant are of the greatest interest to our clients; the vendors actively sell and market their products in the U.S. and at least one other market. However, there may be reasons other products would be included in an enterprise's shortlist, including prior usage, price or specific geographic presence. Only products that have been implemented and are in production have been evaluated.

### Added

This is the first iteration of this industry-specific Magic Quadrant. This initial delivery EAM Magic Quadrant does differ from previous cross-industry editions because it includes only those vendors that have a focus on transmission and distribution utilities. Oracle and SAP have been included because they are commonplace in utilities, though they are not implemented as component solutions.

### Dropped

Some vendors appearing on the previous cross-industry edition that served the manufacturing sector are omitted, but they are included on the appropriate manufacturing service EAM Magic Quadrant:

- Severn Trent Worksuite

was acquired by LogicaCMG.

- Synergen was acquired by SPL WorldGroup and then subsequently became part of the Oracle Utilities Global Business Unit.

## Evaluation Criteria

### Ability to Execute

For distribution utilities seeking EAM software, the ability to execute is primarily a combination of factors driven by product functionality, global strength and ability to deliver as a component solution (or best-of-breed, as it is sometimes known) market.

### Completeness of Vision

For distribution utilities seeking EAM software, completeness of vision is primarily a combination of focus on the EAM and field service segments, an appropriate go-to-market strategy, and focus on innovation in EAM functionality.

### Leaders

Leaders in this market have a global presence, an installed base in distribution utilities of all kinds, strong viability and a combination of rich features, including functionality, interfaces to different ERP applications, and a capable and global implementation partner community. IBM Maximo (Maximo/MXES formerly of MRO Software) is the leader in the component EAM space as we shift to an industry-focused view. While leaders also have clients outside of utilities, they remain the vendors that should be on any utility shortlist of EAM applications for evaluation.

### Challengers

Challengers in this market show good execution, but may lack a focus on functional or technological innovations, which restricts their desirability, particularly as a stand-alone application. Mincom, the only challenger in this market, shows stronger viability because

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	Standard
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	High
Marketing Execution	Standard
Customer Experience	Standard
Operations	Standard
Source: Gartner	



of its acquisition, improved performance and improved delivery capability for what it does, but it shows a relative lack of technical advancement, functional initiatives and global strategy (particularly for Europe and North America).

### Visionaries

Ventyx – formed as a result of Vista Equity Partners acquiring Indus and MDSI, and further expanded with the acquisitions of Global Energy Decisions and NewEnergy Associates – exhibits classic visionary characteristics. It has a strong focus on EAM for utilities and increasingly broad functionality, it is suitable for all types of utilities, and it has displayed technical and functional innovation, as well as growth through related acquisitions. Having the option of including Service Suite (firstly Wishbone but now MDSI) improves the solution for distribution utilities. However, even with the acquisition by Vista Equity, the overall viability is believed to still be below competitors. Additionally, organizations must be aware that Ventyx’s client relationships, installation track record and geographic presence are sometimes below the performance of industry peers. LogicaCMG has, since the acquisition of the Severn Trent Worksuite product, shown fresh initiatives and begun progress on a path to bring it closer into line with the vision for the delivery asset management space. Executing on this vision is and will remain a challenge for this vendor, which does not specialize in the software industry.

### Niche Players

The Niche Players quadrant contains three classes of vendors:

- Those that offer best-of-breed EAM as a stand-alone component application (Oracle Utilities)
- Those that offer EAM as part of a suite, but that are not designed to be used in conjunction with a different application suite (Oracle E-Business Suite and SAP)
- Those that can be delivered either as a component or as a suite (IFS)

Clients need to pay particular attention to the choice of Oracle EAM applications. Because of its growth through acquisition, Oracle has six distinctly different offerings covering EAM. The products targeted and sold to distribution companies are assessed here: Oracle E-Business Suite eAM and Oracle Utilities, which started life as Synergen, was acquired by SPL WorldGroup and then came to Oracle. Oracle has other EAM solutions not considered here for distribution (Oracle PeopleSoft Enterprise [sometimes referred to as “Enterprise”], which is a module released by PeopleSoft after its acquisition; Oracle Complex MRO [cMRO – for aerospace], EnterpriseOne [the old JD Edwards One World product], and the old JD Edwards World product). These products are not considered in this report due to a lack of distribution-focused functionality.

In the case of suites, the limitation of being usable (for all practical purposes) only within the larger ERP suite, along with the client cost associated with that strategy, lessens demand and impacts both execution and vision. We have found that two-thirds of implementations are of a component solution, and for the suite vendors, no more than one-third of their own client base uses the “standard” EAM module. So for most clients, it is an important buying criterion.

Vendors are classed as niche players due to one or more of several factors, including:

- Narrow platform support
- Lack of global presence
- Inability to assess long-term viability due to nontransparent or poor financial performance
- Very limited presence in the distribution utility market

## Vendor Strengths and Cautions

### IBM Maximo Strengths

- Under IBM ownership, MRO Software has moved to extremely high viability.
- Global sales and implementation resources make the solution widely available.
- Combined with Tivoli software, IBM Maximo Asset Management offers the opportunity of being able to manage IT-enabled assets with the same solution used to manage traditional EAM assets.
- High EAM investment and the leverage of IBM’s research capabilities are bringing advanced maintenance functionality to market in the near future.
- It supports integration with a wide variety of ERP suites.
- It has native integration with ESRI GIS.
- It has versatility across multiple platforms.

### Cautions

- Now that MRO Software is part of IBM, contracts and negotiations are moving to a standard IBM format, and some previously demonstrated flexibility may not be available.
- A specialized version is required for transmission and distribution operations.

**Table 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Standard
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	Standard
Vertical/Industry Strategy	Standard
Innovation	High
Geographic Strategy	Standard
Source: Gartner	

- Future innovation may be compromised by seeking multiple markets.
- It is one of the most expensive products on the market (but with very high functionality).
- There is only moderate customer satisfaction, in terms of product quality.
- IBM is not known as a business application software company, and this is the only business application product that IBM markets.

## IFS

### Strengths

- It can be implemented as part of an ERP suite or as a component EAM.
- Its componentized service-oriented architecture (SOA) provides a high degree of flexibility.
- It has an innovative and rich maintenance functionality. However, this may impact deployment times to achieve maximum functionality.
- Good customer references for satisfaction are available.

### Cautions

- It only supports the Oracle Database.
- It is not widely deployed in distribution utilities.
- The existing customer base is weighted toward Europe, the Middle East and China.
- Available resources need to be examined closely prior to project commencement.
- There is limited global marketing and commitment to this sector.

## LogicaCMG

### Strengths

- It is specialized in the distribution utility field, with good client and market understanding.
- It has ready-made integration with multiple ERP vendors.
- It has a good industry fit and terminology.
- The vision for future product is consistent with industry needs.

### Cautions

- It is only available on the Oracle Database.
- LogicaCMG performs the vast majority of its own implementations.
- The EAM staff is relatively small.
- A combination of multiple products with different designs forms the solution.
- There are limited North American and Asia/Pacific resources.
- There are few clients overall.
- It is a relatively expensive solution.

## Mincom

### Strengths

- It has flexible deployment as a component or a suite.

- It has strong performance in its home country of Australia, along with the U.K., Latin America and sub-Saharan Africa, and it is currently growing its presence in Russia.
- There is a high level of maintenance functionality.
- It is focused on asset-intensive industries like utilities.
- Recent acquisitions have broadened its offering.
- Versatility exists across multiple platforms.
- It is highly scalable.
- It has improved financial performance.

### Cautions

- It has a limited Asian, North American and European presence.
- The technology is in transition to a Java-based Web service architecture.
- The small company size compared to major vendors gives rise to a shortage of resources and partners.
- Its mobile applications are relatively undeveloped.

## Oracle E-Business Suite

### Strengths

- Oracle's E-Business Suite eAM functionality is approaching parity with best-of-breed applications after Release 12.
- Good customer references are available.
- It has good usability.
- It has strong project management functionality.
- Integration is possible between company and customer assets.
- Oracle's eAM application should be on the shortlist in any evaluation of EAM solutions for Oracle E-Business Suite customers.

### Cautions

- Oracle eAM has not been integrated with other ERP solutions as a component solution and is not marketed as such. For non-Oracle customers looking for an EAM solution, Oracle is not a practical candidate.
- Only Oracle Database support is provided.
- There is limited engagement from large system integrators, but boutique providers exist.
- It has limited transmission and distribution experience.
- There is no compatible unit functionality.

## Oracle Utilities

### Strengths

- Though well suited to municipalities and water utilities (which are often smaller in scale than power utilities), the system is scalable to larger environments.
- It is focused on field service and distribution utility needs.
- It has lower cost and complexity.
- Open integration with multiple ERP suites is possible.

### Cautions

- Being acquired first by SPL WorldGroup and then by Oracle has resulted in product overlap within the Oracle E-Business

Suite.

- It is available only on the Oracle Database.
- It has limited functionality for complex environments.

## SAP

### Strengths

- It has the majority of the EAM functionality that most utilities would require.
- It recently added true Compatible Unit functionality.
- It has a well-developed partner program to fill functional gaps.
- When integrated with the SAP ERP suite (now referred to as ERP 6.0), the combined solution provides a single view into all aspects of work and asset management – from HR to material management.
- There is the potential to leverage SAP supply chain management (SCM) for material planning.
- The program of Enhancement Packages (currently at No. 2) will provide progressive functional improvements.
- There have been recent improvements in warranty management, clearance control and configuration management derived from other industry solutions.
- Versatility exists across multiple platforms.
- The IS-U package extension provides further utility-specific functionality.
- SAP EAM should be on the evaluation list of any SAP ERP customer.

### Cautions

- SAP's EAM application, while theoretically capable of being implemented as a stand-alone component, requires extensive implementation of other components of SAP's suite solution. As such, for all practical purposes, it is always marketed, sold and implemented in conjunction with a full SAP ERP deployment.
- SAP EAM has not been integrated with other ERP solutions as a component solution, and it is not marketed as such. For non-SAP customers looking for an EAM solution, SAP is not a practical candidate.
- Future (broadly defined) enhancements are expected to alleviate the problem of conflict with the IS-U option, but with no further future release (other than enhancement packs) announced, the resolution remains ill-defined.
- Some functionality like improved user interface or visual parts selection is available only as an xApp, which requires additional investment and NetWeaver to get maximum benefit.
- Compatible Units have only very recently been made available in the standard product.
- Recent improvements to the Mobile solution based on NW 7.1 (to be available early 2008) are intended to address reported

### Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

performance concerns. While MAM/MAU is incompatible with SAP CRM mobility, this is being addressed as it undergoes technology change toward 2010.

## Ventyx

### Strengths

- It is a focused utility specialist with the terminology and functionality to suit the industry.
- It has a long history of industry involvement and focus.
- It has a vision for expanding the solution set through complementary acquisitions, particularly in field service.
- It recently re-architected the product to modernize the application.

### Cautions

- The current product (Asset Suite) is less established than the prior product (Passport), so it does not have the same track record in customer sites.
- Asset Suite is a combination of older technologies from Empac and Passport.
- Customer satisfaction varies from poor to good, depending on the software version and the support experience.
- Limited resources are available in Asia/Pacific.
- There have been slow sales in the marketplace, with few new accounts.
- Viability and performance are still in question, albeit supported by private equity now.

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups and service-level agreements.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.