

Analysts: Businesses want outcomes-based IT

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Fire your sales force and start again.

A complete sales overhaul may be necessary for IT vendors to meet today's business demands, analysts say.

At the *NetEvents* service provider conference in Singapore last week, analysts from IDC and Yankee Group highlighted demands for an "outcomes-based approach" to IT procurement.

IDC analyst Tim Dillon described the "many businesses telling IDC that they wanted usage-based pricing models."

Citing the firm's November 2009 Asia/Pacific Recovery Watch Program, Dillon said the current hardware-heavy spending model was ending.

Businesses were becoming less concerned with what exactly they were purchasing, and more concerned with what the procurement outcome achieved, he said.

Dillon recommended that vendors pitch their IT offerings in terms of business outcomes and how they would affect clients' key performance indicators (KPIs).

"The IT industry has it wrong," he said. "Enterprises are going to start forcing the vendor community to change how they work."

Camille Mendler, Yankee Group's VP of international telecoms strategies, said vendors should pitch their products in terms of 'time to revenue' for customers.

Although she said IBM offered business outcome-based contracts, such an approach would likely be a significant change for most companies.

"Neither vendors nor enterprises have any clue about how to define the contract," Mendler said.

"They may need to fire their entire sales force and start again."