

Why Custom Market Analysis is So Important to End Users

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There is a difference between patently false information about telecom equipment and service choices, which is not a problem in this industry, and misleading, incomplete “disinformation,” which can be dangerous for commercial users in a deregulated, free market.

Of course, this is where consultants come in. In the telecom space, they provide clients with the critical knowledge that can help correct any warped perspective that may have been created by whomever has been first to provide end users with product and service information. After all, overzealous salespeople have been known to “accentuate the positive” from time to time. It would be difficult to suggest an industry where the custom market analysis function is more important, and more needed.

By way of definition, custom market analysis provides impartial, detailed assessments to assist organizations in making particular telecom-related decisions. In the same way, a military commander would not engage an enemy without gathering as much situational information as possible. I routinely provide customized market analysis, informally or formally, depending on the engagement, but the information gathering and evaluation function is always there as one of my inherent responsibilities to my clients.

Here are ten thumbnail suggestions on how custom market analysis can contribute to an end user’s network investment:

1) **Control** – The sales process involves the discovery of relevant information through questions and answers. Good market analysis helps provide questions to ask, as well as the platform to evaluate responses to questions. The result is control over the quality and accuracy of information, and a better basis for a product or service decision.

2) **Assurance** – Incomplete information weakens the basis for evaluating options, especially among a group of decision-makers. Good salespeople know how to exploit this knowledge gap. Independent market analysis empowers organizations to reach agreement on telecom-related purchase decisions more quickly by establishing a sound and unbiased rationale for the investment.

3) **Perspective** – Users know better than anyone what lies behind. Market analysis helps us understand what may lie ahead, in the context of a specific application. Call centers are a good example. Vendors commonly promote particular call center features such as skills-based routing, screen pops, or e-commerce gateways to agents as though there were no sensible alternatives. However, these powerful technologies are not automatic fits, but rather potential technology investments that are highly context-dependent. Market analysis fills the gap between what’s out there and what clients can justify, based on their outlook. Without this perspective, actual needs are subsumed by technology, and decision-making is weak.

4) **Definition** – The best telecom decisions are the result of understanding what we wish to accomplish with a technology investment. In this way we keep the horse before the cart. Market analysis helps clients understand their needs in the context of what suitable solutions are actually out there. Without this distinction, a vendor’s proposed solution might appear to be a good fit, but prove disappointing in its realization.

5) **Justification** – The custom market analysis I perform has its own internal validity, and it can aid in justifying telecom purchase decisions by providing comparative product capability statements that are specific to particular applications. Matrix-type feature comparisons of telecom products and services no longer have the value that they did 10 or 15 years ago. Such comparisons tend to be both limiting and uninformative, since valid product distinctions tend only to emerge within specific applications. Except for certain specialty products, trade journal yes-no feature matrices often represent market analysis at its worst. Since they do not represent the equally important elements of installation service and support, they can represent a prime source of market disinformation for commercial users.

6) **Insight** – Appropriate telecom equipment and service decisions need to be understood as well as justified. In today's market, purchase price is only one consideration. Invariably, actual cost is based on a combination of factors, which include: purchase price, parts availability, potential obsolescence, trade-in value, financing terms, warranty terms, and quality and reliability of installation. Market analysis provides insight into best-of-kind service and support, delivered price-value, and intelligent migration planning.

7) **Initiative** – Information is a powerful aid to strategic planning. While technology should never lead the application, it can open doors to users who know how to apply it as a competitive advantage. Market analysis is crucial to presenting independent assessments of technologies that are potentially applicable to an organization's strategic planning.

8) **Return** – Ultimately, all telecom equipment and purchase decisions are financial investments. Whether we analyze them on the basis of rate of return, net present value or straight payback, market analysis will underlie the evaluation. In most cases, particular circumstances will determine which of several otherwise equivalent product or service proposals will produce the most desirable financial return in light of expected growth. An informed and specific custom market analysis that weighs, for example, the useful life and future value of a system is necessary to this evaluation.

9) **Orientation** – Although two telecom equipment and service products may offer functionally equivalent feature packages, the vendors may be taking their products in different development directions, according to their interpretation of market trends. For example, one vendor's endorsement of a particular standard may differ from another's proprietary approach. Even though the products may function identically, the uninformed commercial user could end quite far up the wrong creek without considering the market trends underlying the technology. The market analysis that I provide delivers this level of information objectively for incorporation into the evaluation of the product.

10) **Protection** – Users cannot buy insurance against bad telecom purchase decisions. But market analysis can perform the vital role of lowering the chances that a decision will be unsuitable. Since in most cases this is the very reason I am engaged as a consultant, the point is obvious, but it helps clarify that an independent telecom consultant is much more than a decision-making aid. My ability to analyze and weigh purchase alternatives may be the best form of insurance available to end users in an open and rapidly changing market.

Custom market analysis deserves special recognition as a means for end users to extract value from their consultant engagements. This is why I promote this capability, both on a standalone basis, and as a central element to my other practice specialities.

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