

Lenovo outscores its competitors in x86-based server customer satisfaction

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Introduction

As organizations seek out the optimal data center configuration, they regularly choose x86-based servers over public cloud and propriety servers for their mission-critical workloads. This is due to the simplicity of the x86-based architecture and compatibility with existing hardware compared to other offerings as well as perceptions of low levels of downtime, low latency and high levels of security.

TBR research continues to show that organizations' purchase decisions are driven by critically important attributes such as performance; ongoing hardware reliability; virtualization, efficiency, scalability; initial hardware quality; total cost of ownership; and on-site response time. To drive high satisfaction, x86-based server vendors must meet customer expectations for these attributes as organizations work to simplify their IT environments, decrease downtime and increase efficiency to drive their growth goals in addition to cost savings.

To track the developments in x86-based server customer satisfaction over time, TBR conducted nearly 300 surveys with North America IT decision makers responsible for purchasing servers to support its *1H17 Corporate IT Buying Behavior and Customer Satisfaction Study: x86-based Servers (CSAT x86-based Servers Study)*. This study, which measures 22 satisfaction attributes on a semiannual basis among Dell EMC, Hewlett Packard Enterprise (HPE) and Lenovo customers, showed that Lenovo outscored its competitors in customer satisfaction scores in each of the 22 attributes, including a tie with Dell EMC for the top spot in initial hardware quality, giving Lenovo the top spot ahead of HPE and Dell EMC in TBR's Weighted Satisfaction Index. Lenovo's overall TBR weighted satisfaction index score, which includes sales, product and service attributes as well as brand loyalty, was 83.4 out of a possible 100, compared to HPE and Dell EMC, which scored 78.6 and 78.2, respectively. 1H17 marks the seventh consecutive TBR study¹ in which Lenovo outperformed Dell EMC and HPE in overall x86-based server customer satisfaction, which TBR believes reflects Lenovo's ability to meet customer expectations for high-quality hardware.

High satisfaction results from meeting customer expectations

For each half-year period, TBR calculates the sales, product, and services and support attributes most important to customer satisfaction at that time for its *CSAT x86-based Servers Study*. In TBR's 1H17 study, customers rated performance; ongoing hardware reliability; virtualization, efficiency, scalability; initial hardware quality; total cost of ownership; and on-site response time as the most critical attributes to overall satisfaction with their x86 servers. Compared to their responses in 2H16, customers indicated a shift in importance away from product design/features and ongoing services and maintenance as customers tended to consider these attributes to be important but not critical. TBR attributes this shift to the commoditization of x86-based hardware making it difficult for vendors to compete on design and features.

TBR's 20-year history of surveying x86-based server customers revealed customers consistently rank product-related attributes as critically important to their purchase decisions. Dell EMC, HPE and Lenovo are all able to provide satisfactory experiences in these areas, but Lenovo outperformed the competition in 1H17 in all seven product-related attributes, albeit tied with Dell EMC for the lead in initial hardware quality, demonstrating the vendor's ability to meet customer expectations in the most critical attributes.

¹ Lenovo has scored in first place in the last seven TBR x86 Server CSAT reports: 1Q15, 2Q15, 3Q15, 4Q15, 1H16, 2H16, 1H17. In 2016, TBR reduced the frequency of the CSAT study from quarterly to semi-annually.

While leading in critical attributes is important, TBR believes vendors must differentiate themselves in sales- and service-related attributes as product-related attributes such as performance, reliability and quality offer little variance from one vendor to the next due to hardware commoditization. As a result, it is increasingly important for Lenovo and other server vendors to meet customer expectations in high-ranking attributes influencing the purchase decision, such as on-site response time and replacement parts availability, not only to differentiate their offerings but also to build the strong relationships loyal customer bases depend upon. In 1H17 Lenovo met customer expectations in these areas and more as the vendor had the highest score in both TBR's Sales Satisfaction Index as well as the Services Satisfaction Index as a result of the vendor finishing No. 1 in every sales- and service-related attribute in TBR's survey.

Performance

Customers consistently cite performance as the most important attribute during their purchase decision as the performance of the data center can directly impact the performance of the organization. As a result, customers repeatedly turn to x86-based servers over alternatives such as off-premises cloud and proprietary servers due to concerns with downtime and complexity, as x86-based servers offer many organizations the best balance of cost and real-world performance.

Initial hardware quality and ongoing reliability

Organizations deploy x86-based servers to support business-critical and mission-critical workloads, making hardware quality and ongoing reliability critical to the organization's ability to limit downtime and control costs. In addition, these attributes are key in establishing long-term customer relationships and building strong brand loyalty within the customer base as organizations are most likely to purchase their x86-based servers that run their critical workloads from a vendor they know and trust.

"Lenovo really works with you to provide cost-effective servers and service. It has high-quality value, and the company and software do their best to monitor any kind of risks and to make sure things run eas[ily] and efficient[ly]."

— IT Director, Computer Software

Service and support

While x86-based servers make it easier for organizations to rely on in-house IT support staff by utilizing a familiar instruction set and providing a high level of compatibility with existing IT hardware, the complexities of today's data center often result in organizations turning to their server vendor to supplement internal capabilities with additional service and support offerings. Furthermore, while product-related attributes are often the most critical to the purchase decision, service and support attributes such as on-site response time cannot be overlooked as organizations seek not only to limit downtime but also to extend the life cycle of their x86-based servers, creating a need for server vendors to provide services and support that limit the impact of downtime due to repairs or maintenance during the product life cycle. Server vendors can benefit from focusing on delivering services and support that ensure a high level of availability and quick response times.

Total cost of ownership

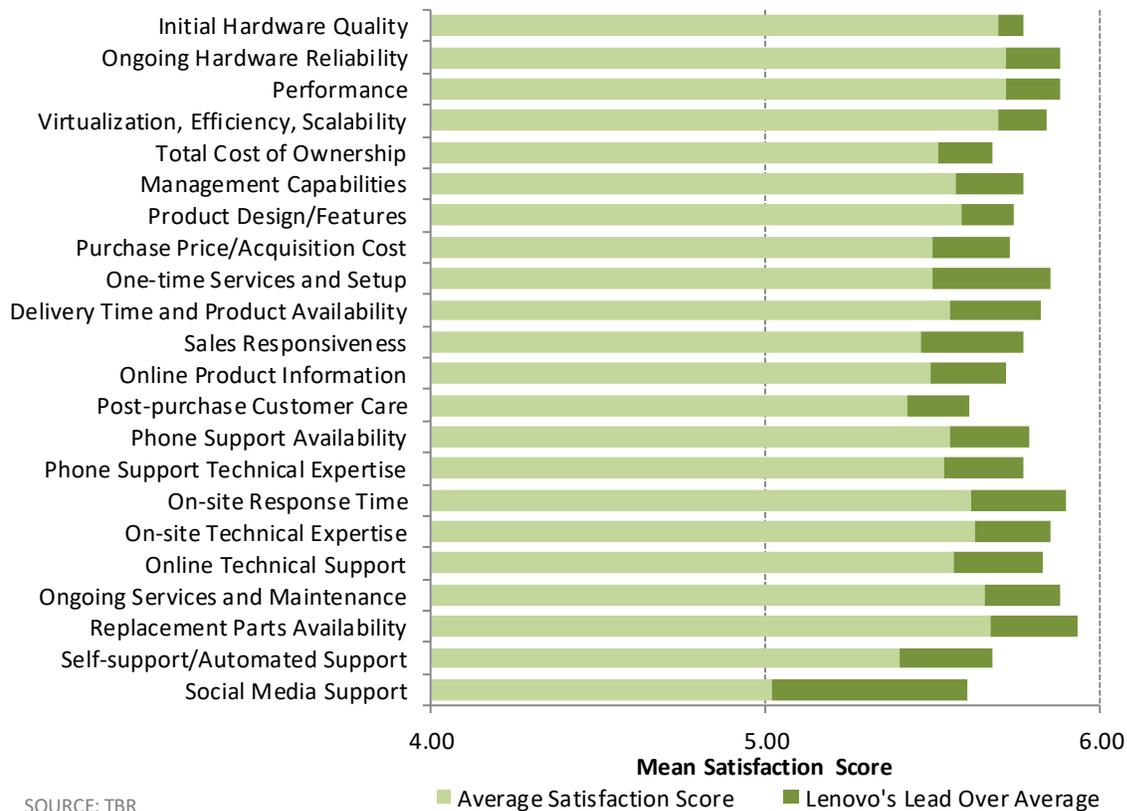
As the data center market has shifted to encompass cloud technologies, organizations have become increasingly concerned with total cost of ownership (TCO), looking beyond the initial purchase price to better understand additional costs related to operating servers on premises, such as parts, repairs, cooling and power consumption. As a result, x86-based server vendors must design and produce servers that not only generate high levels of performance, quality and reliability but also are highly efficient, providing organizations with a cost-effective alternative to public cloud. Additionally, TBR's *1H17 CSAT x86-based Servers Study* found that the No. 1 reason

customers do not purchase from their server vendor again is dissatisfaction with TCO, demonstrating the importance of the cost of the server over its entire life cycle in not only acquiring new customers but also in retaining the existing customer base.

Lenovo's satisfaction scores No. 1 in all 22 attributes



LENOVO CUSTOMERS REPORT ABOVE-AVERAGE SATISFACTION ACROSS 22 ATTRIBUTES OF X86-BASED SERVER



TBR's 1H17 CSAT x86-based Servers Study determined that Lenovo outperformed Dell EMC and HPE in 21 attributes while also tying Dell EMC for the No. 1 industry ranking in initial hardware quality, resulting in a perfect 22 out of 22 No. 1 industry rankings for Lenovo. Lenovo's continued push into the data center market, including the June announcement of 14 new x86-based servers and formation of the ThinkSystem and ThinkAgile brands, demonstrates the vendor's commitment to the server market following its acquisition of IBM's System x portfolio in 2014. These ongoing developments of its x86-based server portfolio through investments in research and development and partnerships provide the momentum necessary to meet customer expectations consistently and improve customer satisfaction. During 1H17 Lenovo experienced the largest increases in customer satisfaction in service and support attributes, which all increased in mean satisfaction by 2.5% or more compared to 2H16. On-site response time and replacement parts availability, two important attributes in the purchase decision-making process, both improved by over 5%, demonstrating Lenovo's ability to meet customer expectations outside the critical product-related attributes and differentiate from competitors through important service and support

attributes. As a result, TBR believes Lenovo is well positioned to continue to meet its customers' expectations and grow its customer base.

Initial hardware quality and ongoing reliability

Since the beginning of 2015, Lenovo has maintained the No. 1 industry ranking in TBR's *CSAT x86-based Servers Study* for both initial hardware quality and ongoing reliability, attributes customers have consistently ranked within the top five most critical attributes to their purchase decision. While these attributes should be considered table stakes due to the commoditization of x86-based server hardware, Lenovo's ability to consistently deliver the highest level of satisfaction for these attributes gives the vendor a competitive advantage it can leverage to influence customer purchase decisions, especially customers whose organizations utilize x86-based servers for business-critical and mission-critical workloads who are concerned with downtime or costly repairs during the server's life cycle.

Virtualization, efficiency, scalability

Customers have become increasingly focused on virtualization, efficiency and scalability as the data center market has adapted to changing technologies creating a need for on-premises data centers to operate similarly to public clouds. This allows organizations to use virtualization to scale their data center up and down with additional virtualized servers to meet business needs without requiring additional hardware purchases while also maintaining a high level of efficiency that can generate cost savings through reductions in cooling and power consumption expense. In TBR's *1H17 CSAT x86-based Servers Study*, Lenovo ranks ahead of both Dell EMC and HPE in virtualization, scalability, efficiency satisfaction, validating Lenovo's ability to meet customer expectations for decreasing costs and increasing efficiency.

Performance

Organizations rely on x86-based servers to run mission-critical and business-critical workloads. As a result, server performance is critical for many organizations whose business operations can be negatively impacted by poor server performance. Lenovo has consistently led Dell EMC and HPE in performance satisfaction since 1H15 and continued to do so in 1H17. TBR believes Lenovo's ability to dependably meet customer expectations and induce high levels of satisfaction from server performance positions the vendor well to capture additional market share, especially among midsize and enterprise customers requiring high-quality, high-performance x86-based servers.

Purchase price and TCO

Lenovo has led Dell EMC and HPE in purchase price/acquisition cost and TCO satisfaction since the beginning of 2015 and continued the trend in 1H17. Additionally, customers reported a significantly higher mean satisfaction score for purchase price/acquisition cost compared to Dell EMC and HPE, indicating the vendor's wide lead in this attribute. While Lenovo leads in purchase price/acquisition cost satisfaction, this does not imply the vendor is the least expensive vendor; rather, the vendor is able to convey the value proposition of its x86-based servers to customers, effectively keeping expectations in line with real-world outcomes. TBR believes this affords Lenovo an advantage and positions the vendor to continue to grow its market share in the x86-based server market as organizations focus more on the overall value and cost of data center hardware and less on the vendor with the lowest initial purchase price.

Service and support

The commoditization of x86-based hardware along with a shifting data center market has resulted in customers increasingly focused on service and support

"The support and service has proved to be reliable; has never let our organization down; superb performance and innovated features that constantly meet our needs." — IT Director, Computer Services/IT Consulting

for their servers. Organizations understand there is little difference in hardware from one x86-based server vendor to another, which has even led to some organizations turning to original design manufacturers (ODMs) to save on cost. Most organizations, however, recognize they must augment their internal IT support staff with additional services and support from the server vendor, creating a critical need for vendors not only to provide these service and support offerings but also to deliver satisfactory results. These services and support offerings provide the tools and resources necessary for customers to meet the requirements of their businesses such as minimizing server downtime, deploying additional x86-based solutions, and troubleshooting issues quickly and cost effectively.

TBR's *1H17 CSAT x86-based Servers Study* surveyed IT decision makers on their level of satisfaction with nine attributes related to the services and support of their organizations' x86 servers. The results indicated that Lenovo is the clear leader in services and support as the vendor outscored its competitors, Dell EMC and HPE, to claim the No. 1 industry ranking in all nine attributes. Lenovo scored significantly higher than HPE in all nine attributes and significantly higher than Dell EMC in eight attributes, with phone support technical expertise being the lone attribute in which Dell EMC does not significantly trail Lenovo. Lenovo's ability to provide industry-leading levels of satisfaction with its services and support offerings gives organizations the peace of mind to allow Lenovo to offer support services to manage the server infrastructure, thereby reducing the time spent managing, repairing and maintaining servers, and allowing organizations instead to repurpose that time on higher-value business tasks.

Conclusion

Since acquiring IBM's System x business in 2014, Lenovo's x86-based servers have consistently outperformed customer expectations, helping the vendor achieve some of the highest TBR Weighted Satisfaction Index scores in the history of TBR's *CSAT x86-based Servers Study*. As a result, Lenovo has resiliently held on to the No. 1 spot overall since 1H15, including a dominant performance in 1H17 as the vendor outscored Dell EMC and HPE in satisfaction for 21 attributes and tied Dell EMC for the lead in one other. Lenovo's launch of two new brands, ThinkSystem and ThinkAgile, to deliver end-to-end solutions that meet the needs of customers further demonstrates the commitment of the vendor to the data center market as Lenovo continues to take the steps needed to remain the leader in x86-based server satisfaction.

About TBR's Customer Satisfaction (CSAT) Studies

Technology Business Research, Inc. (TBR) measures the expectations, satisfaction and loyalty of enterprise customers in its quarterly CSAT studies. TBR measures satisfaction on a 7-point Likert scale with 1.00 being extremely dissatisfied, 4.00 being neutral and 7.00 being extremely satisfied. On a semiannual basis, TBR surveys 300 individuals responsible for purchasing x86-based servers at U.S.-based enterprises with more than 500 employees. TBR ranks major vendors in each form factor area through indices including sales satisfaction, product satisfaction, service satisfaction and loyalty.

About TBR

Technology Business Research, Inc. is a leading independent technology market research and consulting firm specializing in the business and financial analyses of hardware, software, professional services, telecom and enterprise network vendors, and operators.

Serving a global clientele, TBR provides timely and actionable market research and business intelligence in formats that are tailored to clients' needs. Our analysts are available to further address client-specific issues or information needs on an inquiry or proprietary consulting basis.

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