

Lenovo earns top x86-based server customer satisfaction scores in 4Q15

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Introduction

The x86-based server market continues to grow as organizations seek to replace propriety systems with more open x86-based architectures to optimize business outcomes. TBR research indicates that as customers use more x86 servers in their data centers, they are increasingly leveraging this hardware for business-critical workloads such as database applications, systems management, enterprise resource planning (ERP) and customer relationship management (CRM). Customers require reliable, strong-performing hardware backed by vendors with a solid services and support organization to confidently run these workloads on their x86 servers. TBR's *4Q15 Corporate IT Buying Behavior & Customer Satisfaction Study: x86-based Servers (CSAT x86-based Servers Study)* found customers require a server vendor to excel in several areas, including sales processes, product quality, and services and support.

Satisfaction scores from TBR's *4Q15 CSAT x86-based Servers Study* show that customers view Lenovo as a provider of high-quality x86-based servers, services and support. TBR measured 22 customer satisfaction attributes for Dell, Hewlett Packard Enterprise (HPE) and Lenovo, and Lenovo finished ahead of its competitors in rolling six-month mean satisfaction scores for every attribute. Lenovo's overall TBR weighted satisfaction index score, which includes sales, product and service attributes, as well as brand loyalty, was 78.3 out of a possible 100, surpassing Dell and HPE, which scored 73.9 and 73.4, respectively. Lenovo has been No. 1 in overall x86-based server customer satisfaction in seven out of the previous eight quarters. TBR believes Lenovo's industry-leading satisfaction scores reflect the vendor's ability to meet customer expectations for high-quality hardware and consistently strong sales, services and support.

Vendors that meet customer expectations excel in critical attributes

TBR surveys x86-based server customers quarterly to determine the sales, product and service attributes most important to customer satisfaction. TBR's *CSAT x86-based Servers Study* ranks these attributes as critically important, important or less important. In the 4Q15 report, customers rated performance; ongoing hardware reliability; initial hardware quality; virtualization, efficiency and scalability; total cost of ownership (TCO); product design/features; replacement part availability; and purchase price/acquisition cost as the most critical attributes to overall satisfaction with their x86-based servers. Services, support, maintenance and management attributes are secondary to product-centric satisfaction aspects, but TBR believes they are becoming more important as vendors seek new ways to differentiate.

Limiting downtime is essential to customers as globalization requires continuous uptime, especially for business-critical workloads running on x86-based servers. As a result, customers seek vendors that can provide not only reliable hardware, but also the services and support necessary to ensure limited interruptions to business operations. TBR believes customers place a premium on vendors with highly reliable hardware to prevent outages, as well as vendors with strong maintenance services and readily available replacement parts to get servers up and running quickly if failures occur. While Dell, HPE and Lenovo have historically performed well in product-related aspects of x86-based server customer satisfaction, Lenovo is starting to pull ahead of its competitors, scoring higher than both Dell and HPE in all seven product-related attributes in TBR's survey. Additionally, Lenovo scored significantly higher than Dell and HPE in five product attributes. However, TBR believes these product-related attributes are table stakes, and despite lower scores from Dell and HPE, Lenovo's true ability to differentiate its x86-based servers comes through services, support and management attributes.

Initial hardware quality and ongoing reliability

Organizations deploy a wide range of workloads on x86-based servers, including performance-intensive and mission-critical applications that require x86-based server hardware to eliminate IT downtime. This was demonstrated in TBR's *4Q15 CSAT x86-based Servers Study*, which found initial hardware quality and ongoing hardware reliability are critical aspects to overall customer satisfaction.

Virtualization, efficiency, scalability

Server virtualization allows organizations to improve the efficiency of their x86-based servers and reduce operating costs. The growing impact of server virtualization on enterprise data centers has pushed businesses to seek

scalable, cost-effective server hardware. Further, automation technologies simplify management for IT teams and enable customers to unlock additional business benefits by freeing IT staff to focus on business-critical initiatives. As companies seek new opportunities to increase efficiencies and reduce IT expenditures, TBR expects customers will continue to demand x86-based server hardware that is scalable, efficient and flexible.

Service and support

While many organizations use in-house IT support, server customers are supplementing their internal capabilities by choosing data center vendors with strong services, support and maintenance portfolios. TBR's *4Q15 CSAT x86-based Servers Study* shows that customers ranked seven out of nine services attributes as either important or critical to overall satisfaction. TBR believes this is a solid indication that customers require highly available services and support backed by strong technical expertise. Further, TBR research suggests that as x86-based server hardware becomes commoditized, vendors' sales and support attributes allow them to differentiate otherwise similar products. High satisfaction levels in time-sensitive service attributes such as phone support availability, on-site response time and replacement parts availability demonstrate that customers gain value from these additional services.

Purchase price and TCO

According to TBR's *4Q15 CSAT x86-based Servers Study*, purchase price/acquisition cost and TCO are two of the most important factors that influence customers' purchase decisions. The importance of these attributes to the purchasing decision makes it critical for vendors to meet their customers' expectations and ensure a high level of satisfaction. Due to shifts in the data center market toward cloud, analytics and mobility, the value proposition of x86-based server hardware has diminished as customers focus more on software and services. The effect of this shift can be felt throughout the market as customers increasingly demand lower prices for x86-based servers. Additionally, TBR research indicates that dissatisfaction with TCO is one of the leading factors that drives customers to consider purchasing x86-based servers from one vendor over another, demonstrating the impact that perceived value can have not only on acquiring new customers but also on ensuring strong brand loyalty.

Lenovo outperforms competitors in the attributes customers consider most critical

In TBR's *4Q15 CSAT x86-based Servers Study*, Lenovo improved its mean satisfaction score in all 22 attributes compared to 3Q15, leading to No. 1 rankings in all attributes compared to Dell and HPE. Lenovo's investments in its x86-based server portfolio allow it to continually meet customer expectations and improve satisfaction in critical product-related attributes such as initial hardware quality, ongoing hardware reliability and performance, demonstrating the Lenovo's commitment to innovation. During 4Q15 Lenovo customers reported an increased level of satisfaction with all seven product-related attributes including a 2.1% increase in management capabilities and a 1.8% increase in performance satisfaction compared to 3Q15. Additionally, with Lenovo's integration of System x nearly complete, the vendor is making System x more competitive with HPE and Dell by reducing the price. TBR believes that Lenovo's lower prices for System x can help the vendor capture market share and build its brand in the global data center market.

Initial hardware quality and ongoing reliability

The requirements of organizations for continuous uptime have led Lenovo to develop its x86-based server portfolio to meet customer expectations for initial hardware quality and ongoing reliability. Both of these attributes are critical to customers' purchase decisions and, in turn, their level of overall x86-based server satisfaction. In TBR's *4Q15 CSAT x86-based Servers Study*, System x ongoing reliability and initial hardware quality ranked only behind performance in terms of satisfaction, helping Lenovo earn the No. 1 position in rolling six-month satisfaction over Dell and HPE.

"We keep adding Lenovo servers, and they keep performing. What more could you ask for?"

— Lenovo (System x) rack customer

TBR believes hardware reliability will continue to be one of the most critical elements driving customer satisfaction and will play a key role in purchasing decisions of customers deploying business-critical workloads. Lenovo's above-average satisfaction scores for hardware-related reliability attributes indicate that the vendor's x86-based server

hardware is meeting customer expectations for highly reliable server hardware that limits interruptions to business operations caused by downtime.

Performance

In TBR's 4Q15 *CSAT x86-based Servers Study*, Lenovo's x86-based servers attained the highest rolling six-month mean customer satisfaction scores for performance for the fourth consecutive quarter. Lenovo's 4Q15 performance satisfaction score increased 1.8% from 3Q15 to reach 5.64, its highest score in over two years. Lenovo achieved satisfaction scores of 5.77 and 5.73 for performance among companies with small and medium IT departments, respectively, while neither HPE nor Dell achieved a score higher than 5.45 in either category. TBR believes Lenovo's high level of satisfaction among organizations with small and medium IT departments indicates its ability to sell System x into these organizations and exceed their customers' expectations.

Virtualization, efficiency, scalability

In 4Q15 Lenovo customers reported a slight increase in six-month virtualization, efficiency and scalability satisfaction from 3Q15, earning the vendor the No. 1 ranking in this category and a significant lead over competitors Dell and HPE. Similarly to its satisfaction scores for performance, Lenovo outscored Dell and HPE in both small and medium IT department sizes by a wide margin.

"Lenovo servers never fail. Their uptime is why I rely on Lenovo."

— **Lenovo (System x) customer**

Organizations are increasingly focused on reducing IT expenditures and increasing efficiencies, producing a data center market in which server customers require hardware that enables them to easily add capacity and quickly scale their infrastructure environments. As a result, organizations are turning to server virtualization to help meet the needs of their growing businesses, improving server longevity and decreasing TCO. Lenovo's strong virtualization, efficiency and scalability satisfaction score indicates the vendor's customers are able to easily scale their Lenovo x86-based servers to add workloads and increase capacity to meet demand.

Service and support

TBR's *CSAT x86-based Servers Study* surveys customers to gain insights into their level of satisfaction with nine attributes related to the services and support of their x86-based servers. During 4Q15 Lenovo customers reported an increased level of satisfaction with all nine service and support attributes, continuing Lenovo's No. 1 satisfaction rating in this category. Not only did Lenovo outscore Dell and HPE, but the vendor did so at a statistically significant level in seven of the nine attributes. This indicates Lenovo's service and support capabilities are meeting customer expectations and helping organizations quickly troubleshoot and resolve issues as they arise to limit server downtime.

"We are always able to get support when needed with an experienced person."

— **Lenovo (System x) customer**

When Lenovo purchased IBM's x86 server business in 2014, IBM agreed to provide support services for System x servers at least through 2019. This agreement allows Lenovo to offer a wide range of service options ranging from simple support calls to fully managing servers for their entire life cycle. In the year that Lenovo has owned the System x server business, it has continually achieved leading service and support satisfaction scores. TBR believes Lenovo and IBM also benefitted from a similar agreement when Lenovo purchased IBM's PC unit in 2005 and IBM provided services and support for a period of time for its divested PC business.

Purchase price and TCO

Lenovo achieved the top ranking in both purchase price/acquisition cost and total cost of ownership for the third consecutive quarter in 4Q15. TBR believes that purchase price and TCO play critical roles in customers' overall satisfaction with vendors. As a result, Lenovo's ability to continually deliver a strong value proposition helped the vendor earn its leading position in both purchase price and TCO.

Conclusion

Lenovo's System x servers consistently meet and exceed customers' product, sales and service expectations for their x86-based servers in TBR's *CSAT x86-based Servers Study*. The vendor's ability to deliver hardware dependability and quality; performance; virtualization, efficiency and scalability; services and support; and purchase price and TCO results in customers regularly reporting a high level of satisfaction. Lenovo's No. 1 overall ranking in TBR's study demonstrates System x sales, hardware quality and support all meet the ever-changing demands of organizations for their IT environments.

About TBR's Quarterly 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 being extremely dissatisfied, 4 being neutral and 7 being extremely satisfied. TBR surveys more than 300 individuals responsible for purchasing x86-based servers at U.S.-based enterprises with more than 500 employees on a quarterly basis. TBR ranks major vendors in each form factor area through a series of 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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