

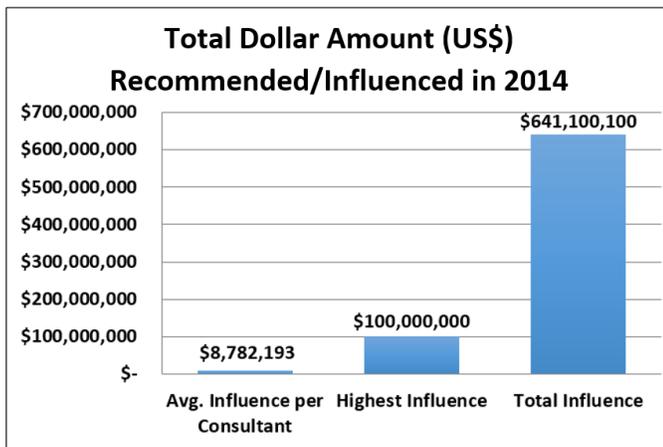


The Society of Communications Technology Consultants, Inc.
 P.O. Box 70 Old Station, California 96071
 800-STC-7670 or 530-335-7313 Fax: 530-333-7360
 sctchq@sctcconsultants.org www.sctcconsultants.org

Financial Impact of SCTC Consultants Increased 90% in 2014

Shift from on-premise to cloud service engagement aligns with overall industry trends.

A survey of the Society of Communications Technology Consultants International (SCTC) membership revealed that consultant members influenced more than \$641,100,100 in technology spending in 2014, with one member reporting over \$2 billion in influence and recommendations (Note: This \$2 billion was excluded from the aggregate statistics in order to report trends more relevant to the majority of SCTC Consultants).

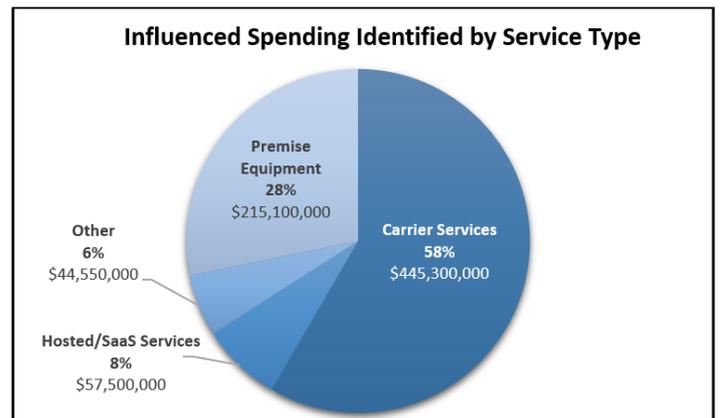


Each year, SCTC members are invited to participate in a survey to determine the amount of revenue that SCTC independent consultants influenced through client engagements in the prior year. This year, 80 consultant members chose to participate, representing 66% of SCTC consultant membership. In the STC’s survey on spend influenced in 2012, 44% of members responded –representing an aggregate total of over \$225M in influence and recommendations. The increase to \$641M in recommendations represents a 90% increase in spend influence over the last two years, after factoring the participation rates for each of the surveys.

Breakdown of Service Types

Consultants were asked in the survey to identify product types represented in the spend influence responses. The 2014 service type responses are similar to those found in 2012; while carrier services

still dominate, hosted/SaaS services show significant growth, and consultant influence in both areas continues to increase. Carrier services represented 58% of the spend SCTC consultants influenced in 2014, premise equipment was 28%, hosted/SaaS services were 8% and 6% was reported under “Other,” which included a significant volume related to wireless technology.



Incremental Increase in Cloud Services

In the 2012 survey, the most notable trend identified in was the exponential increase in Hosted/SaaS services being influenced by STC consultants. The growth from 1% of STC consultants’ engagements in 2010 to 6.3% in 2012 was indicative of the trend towards “cloud” services throughout the industry. The outcomes from the 2014 data indicate that Hosted/SaaS services are now growing at a more level pace, with 8% of the spending related to cloud services, up from 2012’s 6.3%.

Cloud communications services have evolved from a self-service niche of the SMB market to a large enterprise product. While the SCTC survey reflects spend influence, spending alone does not determine the percentage of engagements for cloud services. A comparison between *Information Week’s* “State of Unified Communications Report” from 2012 and

SCTC Consultant Influence

2014 shows an increase in Hosted UC services over the two years from 14% to 20%, as well as an increase in “Blend of Hosted/On Premise” from 21% to 24%. The continued increase in carrier service related engagements could also be related to the increased infrastructure requirements for Hosted UC services.

Decrease in On-Premise Equipment

The SCTC survey results show a decrease in on premise equipment services that were influenced by SCTC consultants within the last two years. On-premise equipment fell from 33% of consultant engagements in 2012 to 28% in 2014. This aligns with the decrease in on premise equipment throughout the industry.

RFPs and the SCTC VAC – Three Times the Number of RFPs Reported

SCTC consultants provided considerable opportunities to the SCTC Vendor Advisory Council (VAC). The SCTC’s Code of Ethics requires that all consultant members be independent, with no compensation or competing interests from telecom equipment or service providers. Equipment, software and service providers are associated with the SCTC through the VAC, providing product information and support for consultant members during client engagements. 65 SCTC members responding to the survey generated 315 Requests for Proposals (RFPs) that included VAC participation. The number of RFPs generated by SCTC consultants has nearly

How many RFPs involving VAC did you send out in 2015?

Responses	Number of RFPs	Total
15	0	0
5	1	5
12	2	24
14	3	74
4	4	16
4	5	20
3	6	18
1	7	7
1	10	10
1	14	14
1	15	15
2	20	40
1	22	22
1	50	50
65	(Average) 4.8	315

tripled within the past two years: in 2012, STC Consultants compiled a total of 110 RFPs.

Value of an Independent Consultant

The aggregate IT spending and the diversity in project sizes influenced by SCTC consultants indicates that business enterprises of all sizes value the contribution of an unbiased, experienced consultant when assessing service requirements and new product acquisitions. Vendors and Service Providers should recognize that the SCTC represents a significant opportunity since consultants serve as customer advocates. Ideally, this benefits both the vendor and the customer, with a much higher level of confidence and customer satisfaction from purchases involving an independent, unbiased expert.

Pie charts are excerpted from Information Week’s annual “State of Unified Communications” report. There is likely to be an impact on responses due to the variation in the survey question from 2012 to 2014; “Do you use Hosted Telephony?” vs. “What is your Deployment Strategy?”

