

informationspan

Insight Services Report: Gartner's acquisition of Burton Group

Information and action points for clients of both organisations

January 2010

Introduction

InformationSpan and Lighthouse Analyst Relations hosted a webinar on Wednesday 13 January to discuss Gartner's acquisition of Burton Group, and to assist clients develop their strategy in response to the news.

Participating were:

- *Dr Tony Law*, InformationSpan
- *Duncan Chapple*, Lighthouse Analyst Relations
- *Ashley Bassett*, a senior account executive with experience of both Gartner and Burton as well as with META Group (acquired by Gartner in 2005). Ashley is not joining Gartner.

The panellists discussed:

- What is Gartner buying, and why? How does this relate to the AMR deal already announced? (page 2)
- What will the Burton service look like from now on? (page 3)
- What should Burton clients do now and in the near future? (page 5)
- What should Gartner clients do now and in the future? (page 6)
- How does the deal change the marketplace? Is there an alternative source for second opinions? (page 6)
- Key recommendations and contact information are on page 8

Key recommendations are:

1. Make sure you know what contracts are in place in your organisation with Gartner, AMR Research and Burton Group.
2. Make your users aware of the changes already in place and those likely to happen.
3. Start planning to replace the acquired services, if pricing takes them out of your budget.
4. Develop good practice in the management of your insight services portfolio.

InformationSpan and Lighthouse Analyst Relations offer specialist support to enterprises and vendors in their development of an insight services portfolio and its management.

Event

At the very end of December 2009, Gartner and Burton Group announced that Gartner had acquired Burton. Unlike the earlier deal to acquire AMR Research, this transaction was already complete when announced. This means that Gartner is committed to integrating both second-tier firms over the same timescale. It also closes off some options for Burton clients which were available to AMR clients when that deal was first announced in early December 2009.

Gartner discussed both deals in their Analyst Relations call on 7th January.

Gartner's agenda in the acquisition

What is Gartner buying?

Burton Group (<http://www.burtongroup.com/>) have developed over the years from a highly specialised network architecture firm to a broader and more general provider.

Burton are best known for their *Identity and Privacy* service. They have some industry leading research and analysts that will enhance Gartner's current *Security Services* portfolio. In conjunction, Burton's *Security and Risk Management* and *Network and Telecom* will also enhance Gartner's proposition due to the technical depth of the research and support.

Over the last few years, Burton has extended support and breadth of coverage to clients through additional services including *Application Platform*, *Collaboration and Content*, *Data Center* and *Data Management*. The main proposition to the market for these services is the depth and thoroughness of the research, and a pragmatic and practitioner approach for selecting and deploying technologies. This is obvious when you look at typical research notes. Gartner produces short documents (5 to 10 page reports) intended for their main target audience: the CIO and senior IT Executives. Burton produce reports of around 40 pages, a thoroughness that aids their audience (typically technical architects etc) by providing all the necessary information to make true informed decisions.

Nearly all of Burton's research ties into their *Reference Architecture*, a set of guidelines that help clients through appropriate selection to deployment (and as appropriate management) of technologies. The three phase process of (1) considering principles; (2) taking a technical position; and (3) providing deployment/application templates is a step beyond the templates that Gartner provide through diagrams and spreadsheet tools.

Beyond the seven "technical" services mentioned above, Burton offers *Cloud Computing*, which looks at the vision and strategy of Cloud for clients and draws for technical points on the research in the seven services; and *Enterprise Architecture* (EA, driven by Mike Rollings, one of the original Architecture analysts from META Group) providing a more pragmatic approach to the development of EA in an organisation based on the current and forthcoming projects rather than the expensive and complex development of a holistic EA function.

The *Executive Advisory Program* was Burton's foray with senior executives and CIOs. Like META Group's *Executive Directions* it isn't intended to compete with Gartner's *Executive Program* (EXP). It is aimed at educating senior IT executives in technology, and to help them communicate with their technical teams; and to help technical staff communicate (sell) to their seniors

and the business. More recently Burton has started down the route of ITIL research, but Gartner already have extensive work in this area.

The main proposition of Burton is to sell the technical services as a bundle called *Burton Group IT1*. *Cloud Computing* and *Enterprise Architecture* are only available through IT1 (at no additional cost).

Gartner intends to keep Burton's service separate from the current *Executive Program* (EXP) and *Gartner for IT Leaders* (GITL) services. It's likely that, to avoid complexity, Gartner will only offer IT1 and not the separate Burton services.

What's the benefit to Gartner?

Gartner's major benefit in the acquisition, from a services point of view, is to extend the audience from the senior level to the technical and architectural practitioner – providing deeper guidance in the application of technology, rather than strategic support. The current Burton model will provide a good platform to continue this or indeed springboard into a new audience and opportunities to increase revenue opportunities.

As to resources: Burton has a small sales team located mainly in the northern US. More important is their team of around 50 analysts, some of who are acknowledged thought leaders in their space. If they intend to stay with Gartner then this will only enhance the high quality of analyst community Gartner already have.

Gartner will also absorb the 12 or so Burton consultants (all based in the US). The majority of these have extensive experience, predominantly in the identity and access management (IAM) and security/risk spaces. However it's doubtful if they will fit Gartner's current consultant model and they may follow a separate model or move into the analyst space.

How close are Gartner and Burton working models?

Like Gartner, Burton research issues and create research reports; run events (*Catalyst* in the US and Europe); and facilitate direct interactions between their analysts and clients. To that extent, their models are more similar than in the case of AMR.

Gartner have said that there are elements of Burton's process which they regard as best practice; the implication is that these will be spread throughout the extended organisation. Burton analysts will have to make bigger changes in the assimilation, but the traffic won't be all one way.

What's the story for sales?

Purely on the basis of numbers, it's clear that legacy Gartner will dominate the sales effort. It will be relatively easy to train Gartner representatives on Burton's straightforward product set; harder to train Burton's team on the complex Gartner offering.

There are probably few Burton clients who don't also have Gartner accounts, but many Gartner clients who don't use Burton. Gartner's sales teams will look to extend the reach of Burton's products outside the US.

What's the future of the Burton Group service?

What are Gartner saying about the deal?

Gartner's regular call for the Analyst Relations community on 7th January focussed on the two acquisitions (Burton and AMR). There's a writeup of the call on *ITasITis* (<http://wp.me/pcu1D-c0>) for more detail than provided here.

Gartner have stressed that it will be "Business as Usual" for both acquired organisations and their clients. They have made job offers to all the analysts and all the sales staff in both, although not all will be accepted.

Both teams are now operating as part of Gartner, and Gartner have spoken of assimilating them to Gartner's platforms and processes. *Dataquest* may offer a glimpse of the future, so long as the service-within-a-service policy stands. We assume:

- research will be created and reviewed through Gartner processes, and will be published from Gartner platforms
- where there are multiple accounts (Gartner ± Burton ± AMR) within a large client organisation, multiple account managers may be retained but one of these will be designated the lead. For smaller accounts, there will only be one contact. Gartner account managers will be enabled to (*read: will endeavour to*) sell both Burton and AMR services, and vice-versa
- for vendors' Analyst Relations teams: once common processes are in place it will be possible to schedule joint briefing call.

How long will Business as Usual in fact continue?

Most commentators, including ourselves, are sceptical about the long term future of Burton (and AMR) as separate brands and as quasi-independent services-within-a-service. The historical precedents are not encouraging:

What about AMR? Can Gartner effectively handle two acquisitions at the same time?

Neither AMR nor Burton are particularly large in relation to Gartner's operation. There will be some differences, because AMR's Supply Chain specialism takes it into the mainstream business side of enterprises at least as much as into IT.

However in both cases Gartner will move quite quickly to get operations "Gartnerised", bringing the acquired teams onto Gartner's processes and platforms. There are also already-announced movements of individuals between the legacy Gartner and the acquired teams. There's more about this in InformationSpan's report from Gartner's analyst relations call; see *ITasITis* on <http://wp.me/pcu1D-c0>.

- when Gartner acquired META Group in 2005, one of the jewels in the crown was META's *Enterprise Architecture Strategies* service and clients who bought this as a single service were assured that it would continue for the foreseeable future. By the time the next contract renewals came round, it had been absorbed into Gartner's Architecture practice where many clients believed its value was substantially diluted.
- When Forrester acquired Giga, the Giga brand also disappeared within about a year. The *GigaWorld* forum took place under Giga branding the first year, but although the format remained in future years it became a Forrester branded event. The *Giga Technology Forum* was cancelled the year after the acquisition, and rolled into the Forrester Forum event. None the less, many elements of Giga's delivery model were adopted by, and remain part of, Forrester's offering.

Cross-over in the new Gartner has started. Both Burton and AMR teams within Gartner will be led by managers from their own legacy companies, reporting directly to Peter Sondergaard (Gartner's SVP of Research). But there has already been movement of analysts between the AMR and legacy Gartner teams, and Gartner have appointed a senior manager into the Burton management team "for coordination".

Vacancies which arise will be filled by the Gartner process. Analysts from AMR and Burton teams will share in Gartner's team coordination meetings. Some analysts who are moving between the legacy teams will publish into both Gartner and Burton (or AMR) spaces, and it doesn't seem intuitively likely that they will write separately for both. There's more detail on this in the *ITasITis* post at <http://wp.me/pcu1D-c0>.

We also believe that pricing within Gartner will rise towards Gartner's historic levels for both AMR and Burton services.

What will be the reality of integration?

On the surface this seems like a good "marriage". However, like many marriages, it is going to be fraught with complications that both the combining teams and current or future clients need to be aware of.

Analysts

Gartner's analyst community is second to none. They come with extensive experience and, to earn their status, they have more extensive knowledge than most experts. Like their Burton counterparts, they have immense technical depth.

The key point is that there is a *large* degree of overlap in the expertise of the resources. Burton's detailed and thorough research makes it into their written reports, while it tends to be less visible in the Gartner universe. This doesn't mean that Gartner doesn't support clients in depth. However, this support for appropriate and informed decisions, from technology selection through to deployment, more often comes from direct interaction with Gartner analysts through enquiry calls (Burton's equivalent is dialogues). Clients need to develop personal relationships with analysts to get the best access to their knowledge. It falls to the client to manage that relationship: a failing due to Gartner's success and size.

Gartner made offers to all the Burton (and AMR) analysts, and most of them will be accepted. However, as with any merger, there will be some who discover over the first few months that they are not comfortable in the new organisation and they will move on. Bruce Richardson, Chief Research Officer of AMR, has already done so. The legacy teams will change over time, and as we've outlined above, we are sceptical about the long term future of these teams as quasi-independent entities within Gartner.

Magic Quadrant (Gartner) vs Market Insights (Burton)

The approach in collating the data differs between the two tools, and so does the objective. However, the client perspective and application in their decision making will be the same. Gartner have recently launched their *Market Clock* tool, complementary to the *MQ*.

Market research, vendor and technology reviews, visionary reports and other output clearly must converge to a common view between the combining teams. Otherwise, they continue to be competitors and thus prevent an cross-over of resources and ideas.

Clients subscribe to either or both of these providers for true objectivity, not for what the market will bear.

Sales and Account Management

Culture is going to be a fundamental challenge here. Gartner's sales framework is one of the best in the industry. The training is extensive and ongoing and is crafted around selling a complex portfolio of services, with complex return propositions to an increasingly complex market.

Gartner sales people are responsible for the end to end sales process and the ongoing management of the relationship although less involved in the engagement with analysts and consultants. Burton sales professionals have always exercised a degree of autonomy, innovation and ownership.

In Burton's small organisation, senior operational staff, sales peers, analysts and consultants had personal accountability in the success of the business. All were involved in ensuring it – be it new business, renewals or delivering client satisfaction. Burton Sales have been responsible for managing and closing the sale and also for internal lead generation and meeting management. While they owned the account, much of the relationship has been held in Client Services which, for the size of the organisation, was extensive and well integrated into the accounts.

Burton Sales people (unless they have had previous time with Gartner) will find this a tough transition as Gartner applies a true corporate mentality across the sales team, with aggressive targets and micro-management applied to their framework. If they get through this they may find the Gartner environment rewarding. But Burton clients may need to work a little harder to ensure they get the return they expect.

Events

Catalyst (US and Europe) is Burton's flagship event, attended by predominantly technologists, architects and security professionals. It's a successful event even in the current climate: comparing *Catalyst* and Gartner's *Symposium* to the size of the organisation (either revenue or employees) *Catalyst* was much more successful in number of attendees. The format is lighter, more informal and with a more engaging approach with the audience. It feels more of an open debate than content delivery – even when putting points to competing vendors in a showdown!

Whether or not *Catalyst* remains a separate event, it will have little impact on the impressive calendar of Gartner events. Perhaps combining Gartner's *Security Best Practice* event with *Catalyst* may be a good way forward!

Action points for Burton clients

What's the contractual and service position?

The Burton Group IT1 service is likely to be stable in the medium term, perhaps as long as the next 12 months – in line with what has been stated by Gartner. Certainly Gartner is bound by inherited Burton client contracts.

The resources will be available to support current BG current clients so long as the majority of analysts stay with Gartner. Support personnel are currently remaining in place: it was the original intention that over 90% of the workforce move across to Gartner, with the sole intention of keeping Burton Group running as a separate business.

Gartner have acknowledged that the research agendas for 2010 are in place for Burton (and AMR) and will be adhered to. Research reports are still being written by analysts in the same style and to the intended agenda. The agendas for 2011, however, will emerge from the new organisation and will likely be closely aligned whether or not the services remain independent.

What should clients do, or plan to do, now?

Burton Group clients will *not* be well advised to let the next 12 months (or remaining contractual period) run its natural course. Support will be impacted due to movement of personnel, system changes, a move to internal Gartner processes, the relationship between your Burton and Gartner account representatives (who have suddenly changed from being competitors to being colleagues), and many more things.

We assume that many (not necessarily all) Burton clients will either currently be also Gartner clients or will have been so in the fairly recent past. Even if clients do not subscribe widely to Gartner, it's likely there will be some contracts in place: executives using the *Executive Program*, managers with *Gartner for IT Leaders* seats, or individuals regularly attending Gartner events. This makes the situation different from that with AMR, where there is less overlap of the client base.

So here are some important actions.

1. **Now:** make sure you know what contracts are in place with both Burton (and AMR) and Gartner. Contact your account managers in both legacy teams and ask them to help you make sure you have complete information. In particular, with Gartner's worldwide operations, it's quite likely that a multinational organisation will have overseas contracts which the Office of the CIO doesn't know about. Your rep will do the research for you, if you press hard enough.

2. **Now:** talk to your users and make sure they are aware of the change. If you don't, they will hear the news from the Gartner account manager trying to sell them new services (this applies to Gartner users as well as Burton users). Find out what their level of usage is, especially of Burton. Make Burton users aware that costs will likely rise at renewal, and begin to build both the case for renewal and the alternative plan in the case of termination of the Burton service
3. **Now:** at the same time, find out which individual analysts your Burton users value. Make sure that either you or they talk directly to these analysts and probe their intentions. Do this regularly for at least six months, even if they say they are staying with Gartner; experience will change some minds.
4. **Soon:** if you and your users value Burton services, approach your Burton account manager and negotiate your contract renewal early – while there's still a chance of Burton pricing. You may want to explore the option for a multi-year contract with either discount up front or capped uplift for renewal. Negotiate attainment of resources in delivering the services (i.e. minimum number of dedicated analysts writing for each Burton service). Ensure that there is some form of acceptable termination provision in the contract, to cover the possibility that the Burton service may cease to meet your needs. Use your organisation's Procurement professionals to help negotiate costs and terms.
5. **Now:** as part of the conversation with your account managers, probe their expectations for the relationship. Is your account large enough that you will retain separate representatives? If so, who will lead the account? If not, who will remain and who will leave?
6. **Soon:** your Burton users should begin to familiarise themselves with Gartner analysts whether or not you have a contract. Begin to figure out what the Gartner agenda is, in your areas of interest, and how it compares with Burton's approach. Your Burton (or Gartner) account manager will probably be willing to offer you sample reports, and conversations with analysts, as part of the sales effort. Also, you can look at Gartner's blogs and podcasts: visit the index on InformationSpan for name and topic indexes, and for a dedicated search over Gartner's blogs (<http://www.informationspan.com/analystblogs.htm>).

Many of these action points are part of good practice in the management of an insight services portfolio. Ask us at InformationSpan or Lighthouse Analyst Relations for more points and guidance; contact information is at the end of this document.

Action points for Gartner clients

What should Gartner clients with no Burton service do?

Legacy Gartner services will continue largely unchanged for the foreseeable future, though there may be analyst movements in either direction between Gartner and Burton teams. So the action list for Gartner clients with no Burton subscriptions is shorter.

1. **Now:** as we suggested for Burton clients, use this event as a trigger to collect information on all the Gartner contracts your organisation holds. There will be more than you expect, and there could be some savings from coordinating them into a single contract. Your Gartner account executive can be persuaded to research this information for you from Gartner worldwide.
2. **Now:** talk to your Gartner account manager. Ask about the possible impact on the management of your account, especially if you have multiple Gartner staff on the team. Ask also for a check on the existence of any Burton contracts that you don't know about.

3. **Now:** familiarise yourself with Burton analysts who work in the space you're interested in. Your Gartner account manager will be able to provide you with names and with samples of their output. It's possible they may move; and we expect the agendas, the reports and (in due course) the organisations to merge.
4. **Soon:** talk to your Gartner users about the acquisition. They won't notice much change in their Gartner service, but enlist their help to make you aware of new analysts who appear in their area of interest. They may be Burton analysts moving across.
5. **Longer term:** Develop good practice in the management of your insight services portfolio. Contact InformationSpan or Lighthouse Analyst Relations for more points and guidance; contact information at the end of this report.

Marketplace impact

How does the deal change the analyst services marketplace?

Gartner's acquisition of AMR and, even more, Burton is certainly significant in the market for insight services.

1. It increases Gartner's dominance in the IT insight services market. In doing so, it extends the "distance" between Gartner and the following pack led by Forrester Research.
2. The real competition in this marketplace now is for second place; followers will see themselves as chasing Forrester Research, with Gartner out of sight.

Identifying potential competition for Forrester in second place is not easy.

1. *Ovum* is an emerging strong contender. *Ovum* is a UK-based worldwide-recognised brand. It has absorbed Butler Group, a UK analyst company who had the ambition, but not on their own the ability, to break into the global market. In turn it is part of DataMonitor, a wide-ranging market research organisation, and through them of Informa Group providing the resourcing for a global ambition. The *Ovum Knowledge Centre* is at <http://www.ovumkc.com/> but there is little freely available content there.
2. The IT portfolio of the *Corporate Executive Board* (CEB) ranges widely and its insights are strongly informed by synergy with its business-oriented services (e.g. for legal, financial, sales and HR teams).

CEB has two significant differences, however. It is not an analyst-led firm. Its model is "supported sharing"; it researches and coordinates insight, tools, best practice and ideas from among its membership and knits them together for delivery through reports and workshops. And its focus (in IT) is strongly on senior management: the *CIO Executive Board* holds senior-CIO-only executive retreats, for example, and then trickles the content to the next level down through management forums.

CEB is not well known, but is developing strongly; effective use depends on a client's willingness to give (time and knowledge) as well as get. See <http://www.executiveboard.com/it/>; again, there is little freely available content.

Is there an alternative to replace Burton?

One of Burton Group's values to the end-user (enterprise IT) community was as an independent alternative opinion: that is, they were valued because they were not Gartner nor Forrester. Clients will be sceptical about Burton's continued independence, and we believe that in the medium term they are right to be so.

A replacement for Burton as an independent second opinion is not easy to find. The market may be open for a respected analyst or small group going independent in the fall-out from this acquisition.

On the webinar, participants identified a number of other options worth investigating:

- *MWD Advisors* (Macehiter Ward-Dutton): specialise in topics including architecture, identity management and IT governance; <http://www.mwdadvisors.com/>
- *PAC* (Pierre Audoin Consultants): based in France but with offices in Europe and both North and South America and a declared focus on local market insight; offers advisory services through its *CIO Board*, and *SITSI* (Software and IT Services Industry) market research; <http://www.pac-online.com/>
- *Springboard Research*: market research specialist with a focus on Asian markets (China, Japan, India); <http://www.springboardresearch.com/>
- *Select*: based in Mexico; no further information available

Beyond these, there are three options.

First, look to the niche and independent operators although there is not, in Burton's case, an immediately

obvious recognised option (for AMR replacement, we suggest looking at Charlene Li's *Altimeter Group* which now numbers R "Ray" Wang, formerly Forrester's supply chain/ERP guru, among its directors; see <http://www.altimetergroup.com/>).

Second, although it is always "use with caution", look to the wide and increasing range of crowdsourced options. Blogs and comments are widespread, and there are services such as the CEB's *Toolbox for IT*, or *Enterprise Irregulars*, which provide a route to market for independents writing more formally. See *IT Toolbox* at <http://it/toolbox.com/>, and *Enterprise Irregulars* at <http://www.enterpriseirregulars.com/>.

Third, longer term: it's almost inevitable that there will be new independent firms starting up led by Burton analysts who choose, probably later this year, not to remain with Gartner. *InformationSpan* and *Lighthouse* will be watching this space and will report via *ITasITis* (<http://itasitis.wordpress.com/>) and *Analyst Equity* (<http://www.analystequity.com/>)

The most important recommendations

1. Research and identify the contracts in place in your organisation with Gartner, AMR Research and Burton Group. This is baseline information for any future negotiations with Gartner.
2. Make sure all your users are aware of these developments from you, not from the providers. Expect convergence in the research output and, from 2011, the research agendas. Expect changes in the sales team(s) and some analyst moves.
3. Start planning to replace the acquired services, if pricing takes them out of your budget. Look at emerging contenders to replace the services you have valued from Burton Group or AMR Research.
4. Develop good practice in the management of your insight services portfolio. This is a good longer term investment in any case!

Contacts:

Tony Law, InformationSpan: email tony@informationspan.com; website <http://www.informationspan.com>; blog (ITasITis), <http://itasitis.wordpress.com/>; phone +44 (0)1273 470931

Duncan Chapple, Lighthouse Analyst Relations: email dchapple@lighthousear.com; website <http://www.lighthousear.com/>; blog <http://www.analystequity.com/>; phone +44 (0)20 7993 8655

Ashley Bassett: email ashleybasset@gmail.com

Document history

This is version 1 of January 2010. No revisions will be created.

This document is available free. It is a report based on presentations and participant comments at an open webinar on 13 Jan 2010.

Please send comments on this report to Tony Law: tony@informationspan.com

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This document is a research report from InformationSpan

Based in the south of England, InformationSpan specialises in reviewing the insight services sector from the point of view of an IT user organisation rather than taking the vendor's Analyst Relations view. We focus on those aspects which make a service useful and usable from the enterprise perspective, and on assisting users to select and manage the right services to deliver value through better IT decision making.

InformationSpan understands the structure of the service marketplace, and has a database of over 400 provider firms from which this research is drawn. See more about us at <http://www.informationspan.com/>. To engage with us, send email to tony@informationspan.com or telephone +44 (0)1273 479031.

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