

Cisco SMB Solutions

Single vs multiple vendors: Asking the right questions

In today's demanding business landscape, small and medium-sized businesses (SMBs) are constantly on the lookout for ways to differentiate and get ahead of the competition, including investing in technology to help them increase employee productivity and sharpen their competitiveness.¹ Now more than ever, the spotlight is on an SMB's technology investment decisions and how they align with business priorities and become an integral part of the business plan.²

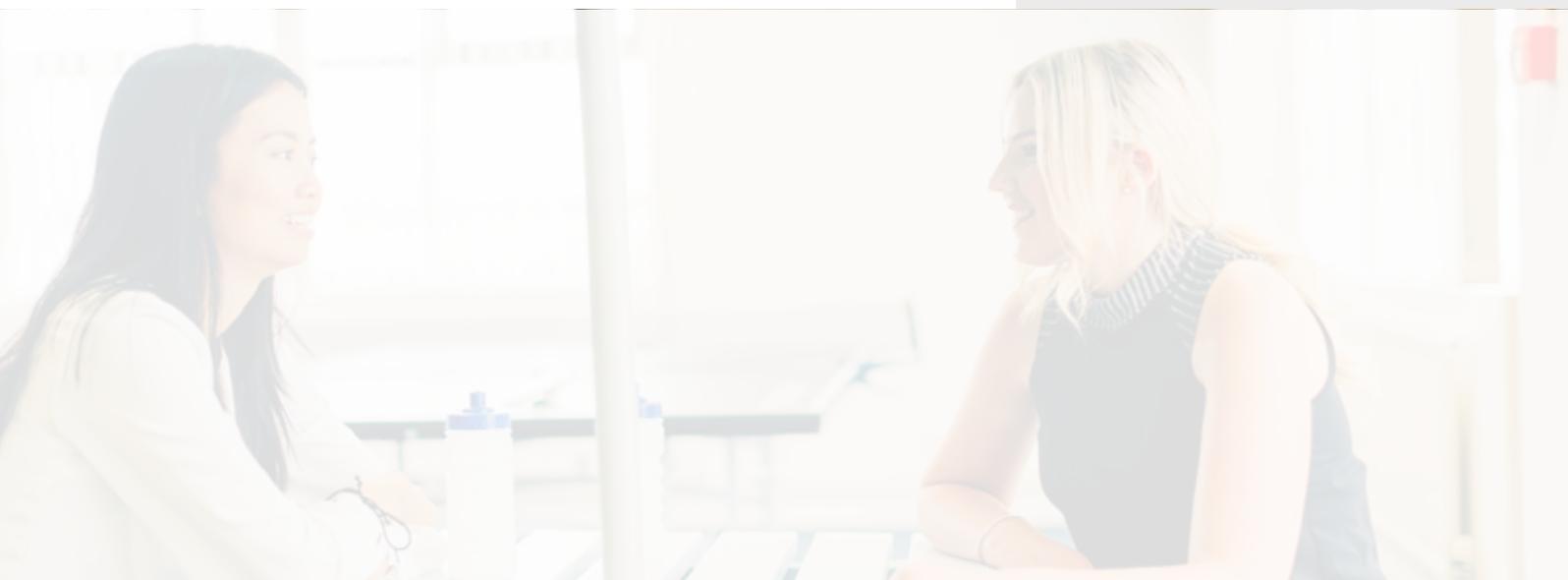
In the midst of all the deliberations and questions, one ongoing debate always surfaces in the IT spending decision-making process: Should your company choose a single vendor or work with multiple vendors?

It is easy to say that there is no right or wrong approach.³ And that it depends on your company's strategy and business priorities as well as budget considerations and the relationship and trust that you may have already built with your existing vendor. While that may be true, there are also clear pros and cons that may support a single-or a multiple-vendor approach. These advantages and disadvantages deserve another look, especially when one considers that worldwide IT spending will hit a total of \$3.5 trillion in 2017,⁴ with total IT spending by SMBs expected to hit \$568 billion in 2017.⁵

IT Spending in 2017

Worldwide: \$3.5 trillion

**Expected SMB spending:
\$568 billion**



Single Vendor Approach



Pros

1. Higher up-front costs negated over time by better clarity on future services and support
2. One single trusted advisor
3. Easier to build trust and relationship with one vendor
4. One contract, one invoice, one support center number, one account team; less coordination and paperwork
5. "One bloke to choke"—single accountability of issues and problems; no finger-pointing

Cons

1. May be best in breed for some solutions, but will not have the best solutions for every single component and solution
2. Vendor lock-in—stuck with one single vendor
3. End-of-life (EOL) and end-of-service (EOS) issues—vendor decides, not you
4. Isolated from the competitive environment and what's available in the IT market that may suit your needs better
5. Product innovation happens at vendor's pace—you have no say

Multi Vendor Approach



Pros

1. Can lower total cost of ownership (TCO) and better negotiate pricing with a few smaller vendors
2. Can shop for the best-of-breed solution for each component
3. More technology choices
4. Lower risk of vendor lock-in
5. Can keep each vendor on its toes and get leverage as each vendor knows that it is not your sole supplier

Cons

1. TCO possibly higher if you are unable to harness price leveraging to arrive at a cheaper solution made up of components supplied by different vendors
2. Lower up-front costs negated by hardware/software conflict and incompatibility issues arising from potentially different vendors using different operating systems
3. Passing the buck—when something goes wrong, no single vendor to own the problem; finger-pointing
4. Time, effort, and resources needed to build relationships and manage multiple vendors—different invoices, different sets of paperwork, different support service staff, and different call center numbers
5. Smaller vendors that carry higher risks of running out of business; IT infrastructure may be compromised

At the end of the day, there is no “one size fits all” solution and no magic bullet.

To summarise:



You may prefer a single vendor if:

- Managing multiple vendors becomes a complex affair, especially when it comes to uptime and availability.
- Your IT staff have invested time and effort in learning a certain product range and need the familiarity to work on a stable and reliable operating environment with one vendor.
- Your stance is, “If it ain’t broke, don’t fix it.” If you have an excellent working relationship with a single vendor who looks after your IT needs, well, why bother?
- You do not need every component in your IT system to be best of breed, and a functional, reliable, and predictable system is enough for your company.

You may wish to consider a multiple-vendor platform if:

- Your IT team has diverse expertise and experience in managing different vendors and is able to gauge value in relation to pricing.
- Your IT team is relatively flexible and open to learning new technologies that come from having to work with different vendors and willing to attend regular training.

Some experts argue for a single-vendor approach, for the reliable and smooth operating environment it provides³ and because there is value in streamlining your operations with a complete solution on a single platform.⁵

1. “Worldwide SMB IT Spending to Top \$676 Billion in 2021, Driven by Software and Services Growth, According to IDC,” IDC press release, July 24, 2017. <https://www.idc.com/getdoc.jsp?containerid=prUS42908917>
2. “Making a Business Case for Technology Spend,” Computer Weekly, Oct. 2001. <http://www.computerweekly.com/feature/Making-a-business-case-for-technology-spend>
3. “The Pros and Cons of a Single Vendor Environment,” TechTarget, Oct. 2003. <http://searchstorage.techtarget.com/answer/The-pros-and-cons-of-a-single-vendor-environment> (Note: Requires registration for reading.)
4. “Gartner Says Worldwide IT Spending Forecast to Grow 1.4 Percent in 2017,” Gartner press release, Apr. 10, 2017. <http://www.gartner.com/newsroom/id/3672818>
5. “6 Advantages of Working with a Single Vendor,” Telogis, Sept. 7, 2014. <https://www.telogis.com/blog/6-advantages-of-working-with-a-single-vendor>