

Gartner Vendor Rating



Features, Benefits and Frequently Asked Questions

Gartner Vendor Rating is established and proven, providing global organizations with an overall view of **how a provider's offerings and strategic direction** align with their business objectives.

It also helps CIOs and IT Leaders assess the overall balance of their strategic provider portfolios.

This document is designed to provide an overview of the Vendor Rating and to provide answers to commonly asked questions. For additional questions relating to the Gartner Vendor Rating methodology, contact [Gartner Methodologies](#)

Key Value Points

Gartner Vendor Rating delivers a holistic view of providers' offerings and strategic directions to help Gartner clients see how these align with their business objectives so they can ensure they have a balanced provider portfolio.

- Highly structured document with seven consistent categories that defines Gartner's position on an individual provider
- A single, consistent and easy-to-understand visual that allows quick comparison across providers
- Uses a consistent, objective and unbiased methodology
- Includes Gartner's Financial Statement Scorecard rating — a standardized quantitative metric of the financial health of major public technology companies

Core Coverage Areas

To give clients a consistent user experience and facilitate head-to-head comparison of providers featured in Vendor Rating reports, these seven core sections are present in all Vendor Rating reports along with detailed analyst commentary:

- Overall Rating
- Product/Service
- Support/Account Management
- Pricing Structure
- Technology/Methodology
- Strategy
- Corporate Viability (incl. Financial Scorecard)

Rating Categories

The following rating categories are used to rating the Seven Core Coverage Areas:

- **Strong:** Is viewed as a provider of strategic products, services or solutions. Customers should continue with planned investments; potential customers should consider this provider a strong choice for strategic investments.
- **Positive:** Demonstrates strength in specific areas, but execution in one or more areas may be developing or inconsistent with other areas of performance. Customers should continue planned investments; potential customers should consider this provider a viable choice for strategic or tactical investments, while planning for known limitations.
- **Variable:** Shows potential in specific areas, but is still variable in more than one of the required categories. Customers should consider the short- and long-term impact of possible changes in status; potential customers should plan for and be aware of issues and opportunities related to the evolution and maturity of this provider.
- **Caution:** Faces challenges in multiple required categories and execution is inconsistent. Customers should understand challenges in relevant areas and develop contingency plans based on risk tolerance and possible business impact; potential customers should account for the provider's challenges as part of due diligence.
- **Weak:** Has difficulty responding to problems in multiple areas. Customers should execute risk mitigation plans and contingency options; potential customers should consider this provider only for tactical investment with short-term, rapid payback

Vendor Rating for Company Name



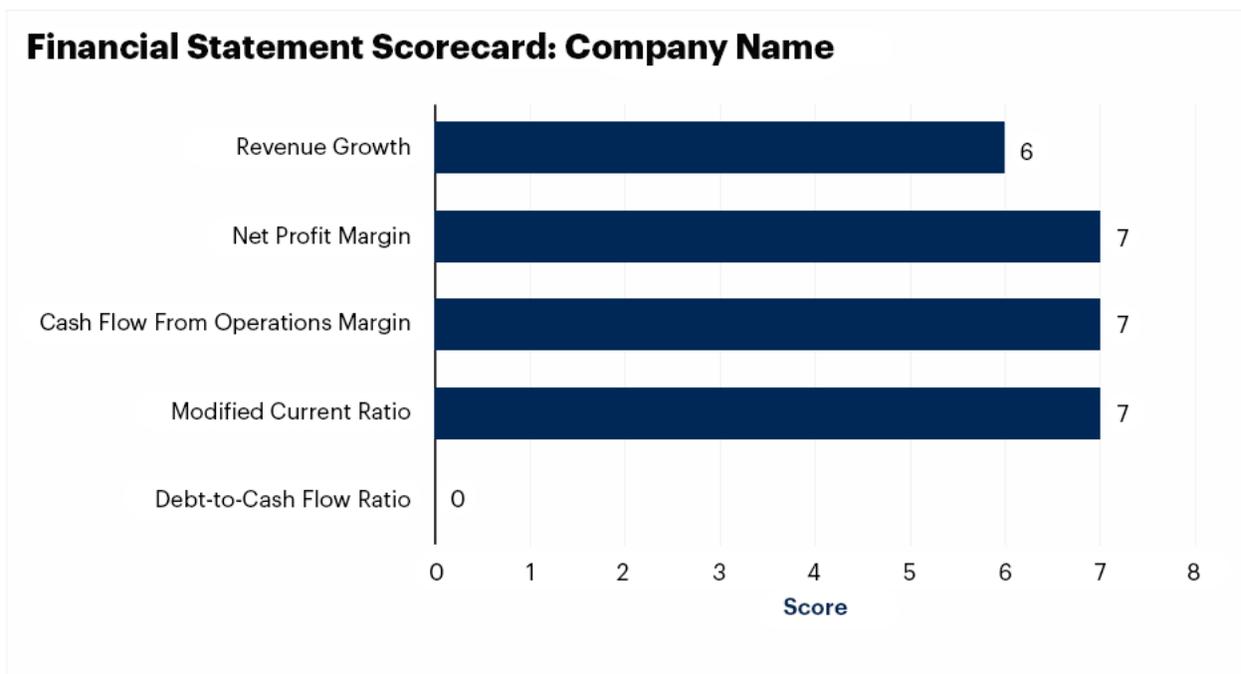
	Weak	Caution	Variable	Positive	Strong
Product/Service	█	█	█	█	█
Support/Account Management	█	█	█	█	█
Pricing Structure	█	█	█	█	█
Technology/Methodology	█	█	█	█	█
Strategy	█	█	█	█	█
Corporate Viability	█	█	█	█	█

Vendor Rating is aligned with the Financial Statement Scorecard methodology

The Financial Statement Scorecard is a fact-based rating of the financial health of public technology providers, which is calculated from income statement, balance sheet and statement of cash flows. This simple methodology exposes key metrics and delivers consistent results.

Gartner's methodology for preparing a Financial Statement Scorecard rating uses five criteria, drawn from quarterly public financial statements:

- Revenue Growth
- Net Profit Margin
- Cash Flow From Operations Margin
- Modified Current Ratio
- Debt-to-Cash-Flow Ratio



FAQs

What is the Vendor Rating report, and why is it important?

A Gartner Vendor Rating assesses a technology provider's areas of strength — such as products, support, pricing, technology, strategy and financials — to show how they align with a Gartner client's business objectives for a balanced portfolio.

The Vendor Rating helps clients:

- Support their decisions in a continuing provider relationship or contract renewal opportunity
- Manage the risk of their provider portfolio while keeping an eye on up-and-coming players and potential alternate providers
- Understand how providers are competing and performing, how they are delivering against their vision and strategy, and how they are set up to survive in the long term

The Vendor Rating can help clients eliminate high-risk providers from their evaluation process.

How does the Vendor Rating work?

Clients use a Vendor Rating report to understand how a provider's offering aligns with their business strategy, and to help assess the health of their own strategic provider portfolio.

A Vendor Rating also reveals solution gaps among providers.

Providers are rated on a five-point scale:

- Strong
- Positive
- Variable
- Caution
- Weak

A provider's location on this scale has implications. For example, "Caution" means the provider faces challenges in one or more areas.

Providers are rated on these dimensions:

- Product/Service
- Support/Account Management
- Pricing Structure
- Technology/Methodology
- Strategy
- Corporate Viability

Technology providers with a clear focus, solid products and an advantageous market position may be rated Positive or Strong. Providers that face challenges in these areas may be rated Caution or Weak. Those that have potential but still have some areas to develop further are rated Variable.

Strong. Customers can feel comfortable investing in a continued relationship with this provider. Potential customers should consider this provider a strong choice for new strategic investments.

Positive. Customers should continue planned investments. Potential customers should consider this provider a viable choice for strategic or tactical investments, while planning for known limitations.

Variable. Customers should consider the short- and long-term impact of possible changes in status. Potential customers should factor issues related to the ongoing evolution and maturity of this provider into their decisions.

Caution. Customers should understand challenges in relevant areas and develop contingency plans based on risk tolerance and possible business impact. Potential customers should consider the provider's challenges in their due diligence.

Weak. Customers should execute risk mitigation plans. Potential customers should consider this provider only for tactical investments with rapid payback.

Vendor Ratings are updated annually, but analysts may periodically revise ratings to reflect changes in assessment when a significant internal or external event directly affects the provider.

How does a provider qualify to feature in a Vendor Rating?

Gartner's selection methodology is based on regular review of client buying-decision needs to ensure we focus on key providers.

Gartner uses a blend of four core metrics for Vendor Rating coverage:

- Interest metrics — Inquiry and Search
- Coverage metrics — Inclusion in Magic Quadrants and other Research

Gartner reserves the right to choose additional providers for strategic reasons, such as criticality to Gartner clients' businesses.

Financial Statement Scorecard

Key Value Points

Gartner's Financial Statement Scorecard blends five publicly available financial metrics to produce a top-level assessment of a provider's financial strength.

- A quantitative metric of the financial health of major public technology companies
- An open, transparent and predictable methodology based on GAAP/IFRS results
- Provides a single, consistent data point for public tech companies
- Supported with clear analyst insights into how the provider's financial strength positions it for the long term

FAQs

Where can I learn more about the underlying methodology?

For more details, see this methodology document: ["Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies"](#)

Where can I find these ratings?

Financial Statement Scorecard ratings appear in Gartner Vendor Rating reports if the provider is a public company. References to the methodology may also appear in other Gartner research, such as SWOT analyses.

Where does Gartner get the data from?

The data is obtained by a service that collects the information from public financial statements that are filed with the Securities and Exchange Commission (SEC).

How does Gartner apply the rating for private companies?

Gartner only produces automatic ratings for public companies. However, clients can attempt to obtain detailed financial information from private companies, even if under nondisclosure agreements. Short of that, clients should try to ascertain the value of the ratios in this research, without requiring the provider to disclose the magnitude of its specific results.

Can a company's rating go up or down?

There will be changes to individual companies, both up and down, in our scoring, as provider's financials change over time. If the company has a significant deferred revenue balance with little debt, that company could see an increase. If the company has significant debt, it may see a decrease in its rating.

Can a provider influence this rating?

No. The rating is automatically calculated from public financials. Increasing revenue growth, profitability, cash flow, current assets relative to current liabilities or decreasing debt will be the only ways to change that scoring.

Can anyone else influence this rating?

Yes. Analysts can review the output of the methodology and address anomalies in the ratings based on consultation with the authors of the Vendor Rating report or their peer analysts in Gartner's Invest research group. Examples of anomalies might be the overall macroeconomic scenarios for an industry sector or geographic region, or a provider having a large presence in a region that is suffering localized degradation. However, the analysts must show the automatically calculated rating and explain how they reconcile any differences with the rating generated by the methodology. In most cases, the rating generated by the methodology will be that used in any report.

Does the rating incorporate future or potential results?

No. The rating is based on historical execution and does not factor in any kind of projections.

Is Gartner now providing investment advice?

No. Gartner does not provide investment advice, and is not currently affiliated with a securities broker-dealer or registered investment advisor.

What currency does Gartner use as input for the Financial Statement Scorecard rating?

Gartner measures the metrics in the currency that the company reports in. Gartner does not adjust for currency fluctuations.