



Strategies That Deliver Exponential Results

Survey of Independent Computer Consultants

May 2006



Conducted by:

Exponential Edge, Inc.

For the ICCA

In collaboration with

Business Advancement Inc.

Accelerating Progress Toward Your Key Business Objectives



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Survey Objectives



Identify Business Models and External Services utilized by Independent Computer Consultants to Support their Business



Identify key challenges faced by independent consultants in growing their business.



Provide the Independent Computer Consultants Association (ICCA) with updated demographics on their membership.

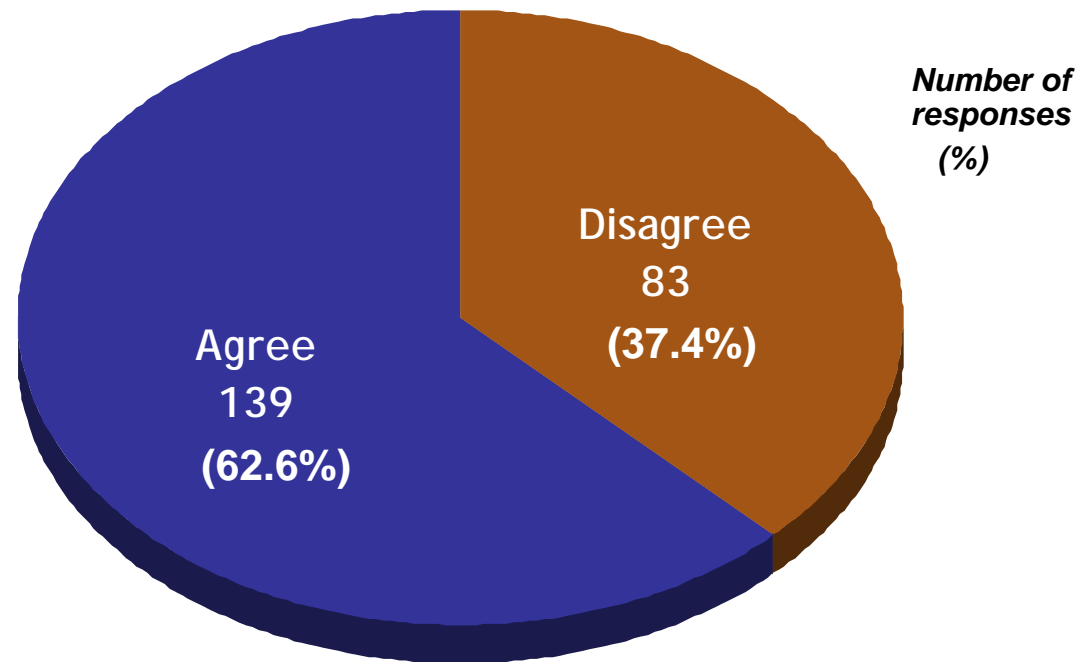
Survey Methodology

- Members of the Independent Computer Consultants Association (ICCA, a U.S. trade association with membership primarily in the U.S. (www.icca.org) were **surveyed on-line between April 17 to May 5, 2006.**
- **ICCA distributed the survey link** to its membership of approximately 750 consultants via e-mail.
- **222 responses were collected.** This constitutes approximately 30% of the membership.
- The confidence level of this survey is 95% with **a confidence interval of +/- 5.52%**
- **Respondents were not required to identify themselves** however they did so to participate in a drawing for a book. These names were used only for the purposes of the drawing and were not used in the analysis.

Two-thirds of independent computer consultants agreed that they run a multi-faceted business organization



Do you agree or disagree with the following statement, "I lead a multi-faceted business organization"?



Source: ICCA Survey, May 2006 N = 222

“I Run a Multi-Faceted Organization”

Representative Comments

AGREE

“A consultant must be skilled in a number of areas in order to meet their clients’ needs and run a successful business enterprise. IT is a dynamic, complex industry.”

“Although focused on the technology industry, I am heavily involved in both management and technical projects in a wide variety of areas.”

“Research, development, instruction, consulting, strategy.”

“Just one person, but I wear many hats.”

DISAGREE

“What you offer is an inward facing statement. To be successful, I need to focus outward to client needs

“I am a single person firm and intend to stay that way.”

“I’m a lone wolf independent consultant.”

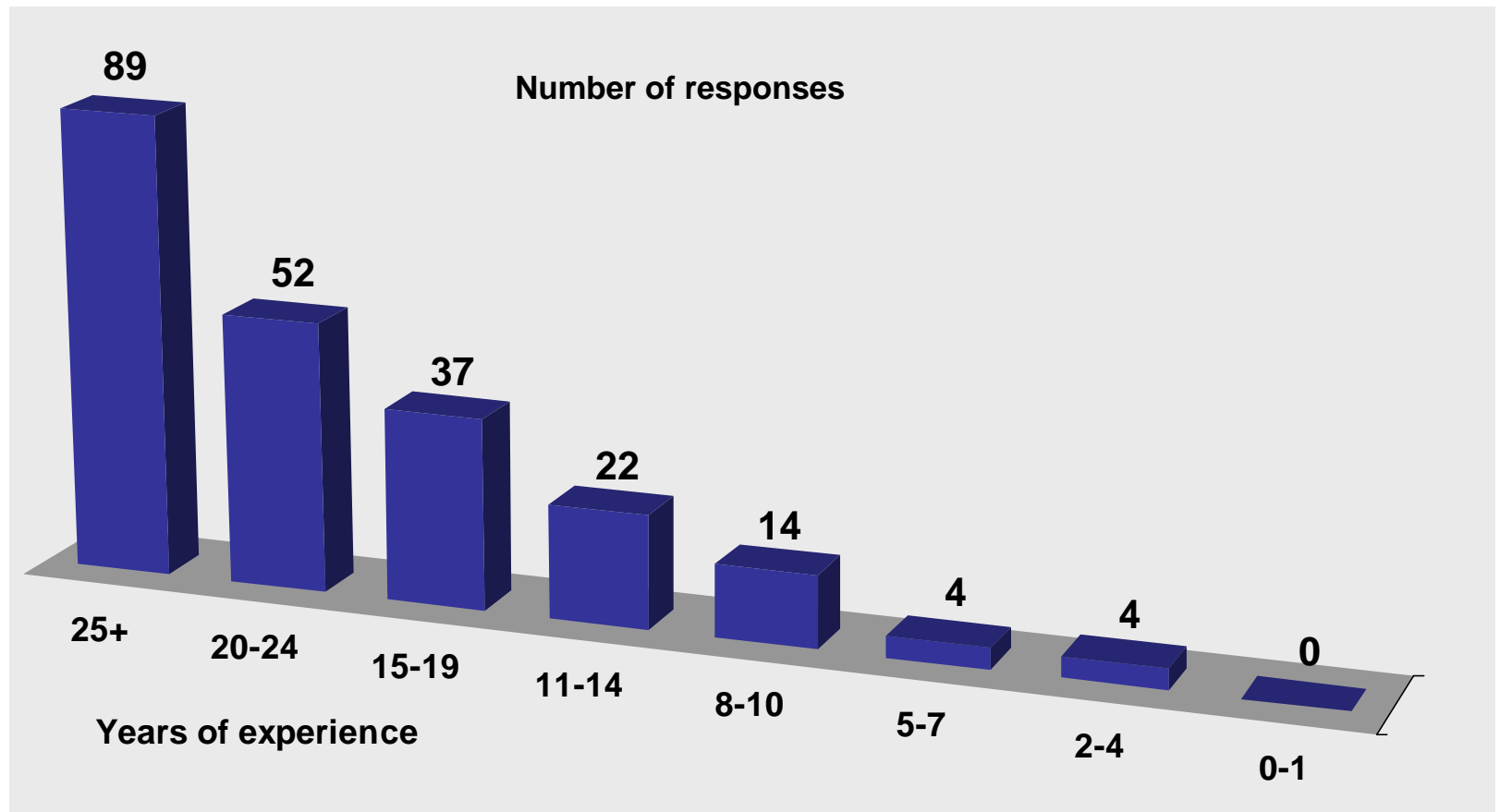
“It’s just me, and I do basically one thing in many contexts.”

Source: ICCA Survey, May 2006 N = 222

75% of ICCA Consultants have over 15 years of experience in their field



How many years of experience do you have in your field of expertise (e.g. IT experience)?

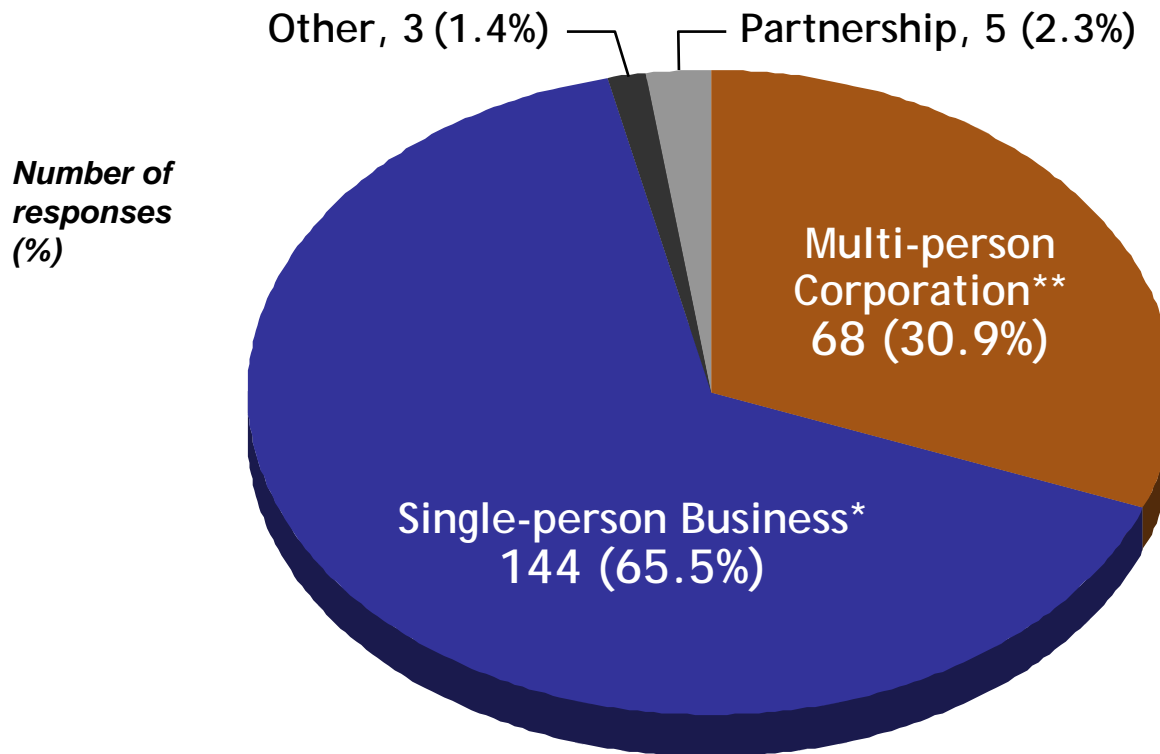


Source: ICCA Survey, May 2006 N = 222

Approximately two-thirds operate as a Single Person Business (Sole Proprietor or Corporation)



Please Indicate the structure of your business



* e.g. Sole Proprietor, Sole Corporation (C or S Corp), Sole LLC

** (C Corp, S Corp, LLC)

Source: ICCA Survey, May 2006 N = 220

Of those that run multi-person businesses, most have fewer than three owners. Corporations have two to three non-owner employees.



If your business is a Partnership, please provide the number of partners and the number of employees (non-partners)

of employees*

6.5

of Partners

1.79

Average

* Highest and lowest responses were taken out of distribution to avoid skewing the data
Source: ICCA Survey, May 2006 N = 220



If your business is a Multi-person Corporation (C Corp, S Corp, LLC), please indicate the number of employees with ownership in business and the number of employees without ownership.

**# of employees with
no ownership in business**

2.64

**# of employees with ownership
in business (including you)**

1.45

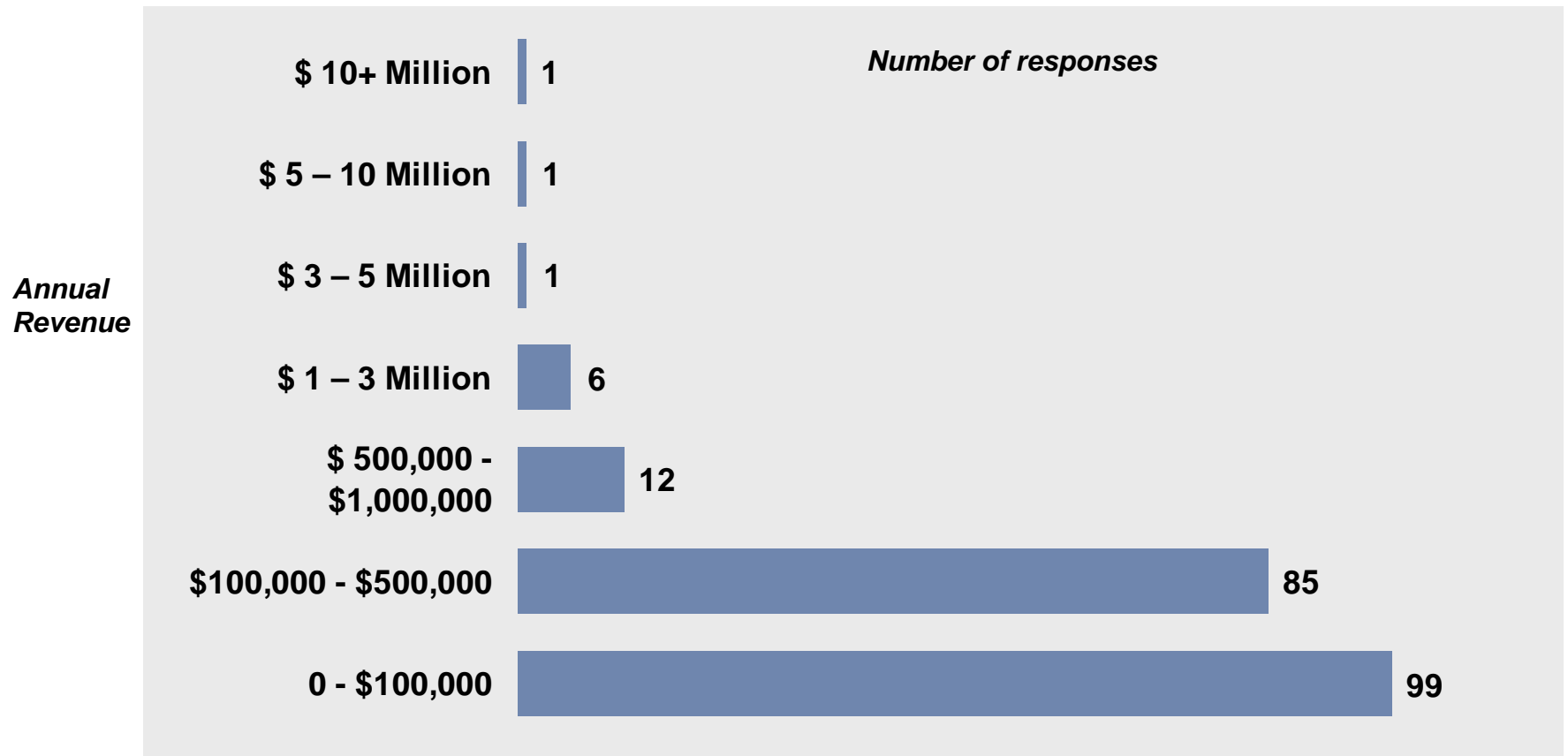
Average

Source: ICCA Survey, May 2006 N = 27

Almost 90% of firms earned \$500,000 or less, while 4.4% earned a million or more annually



What was your Firm's approximate revenue for the past year?

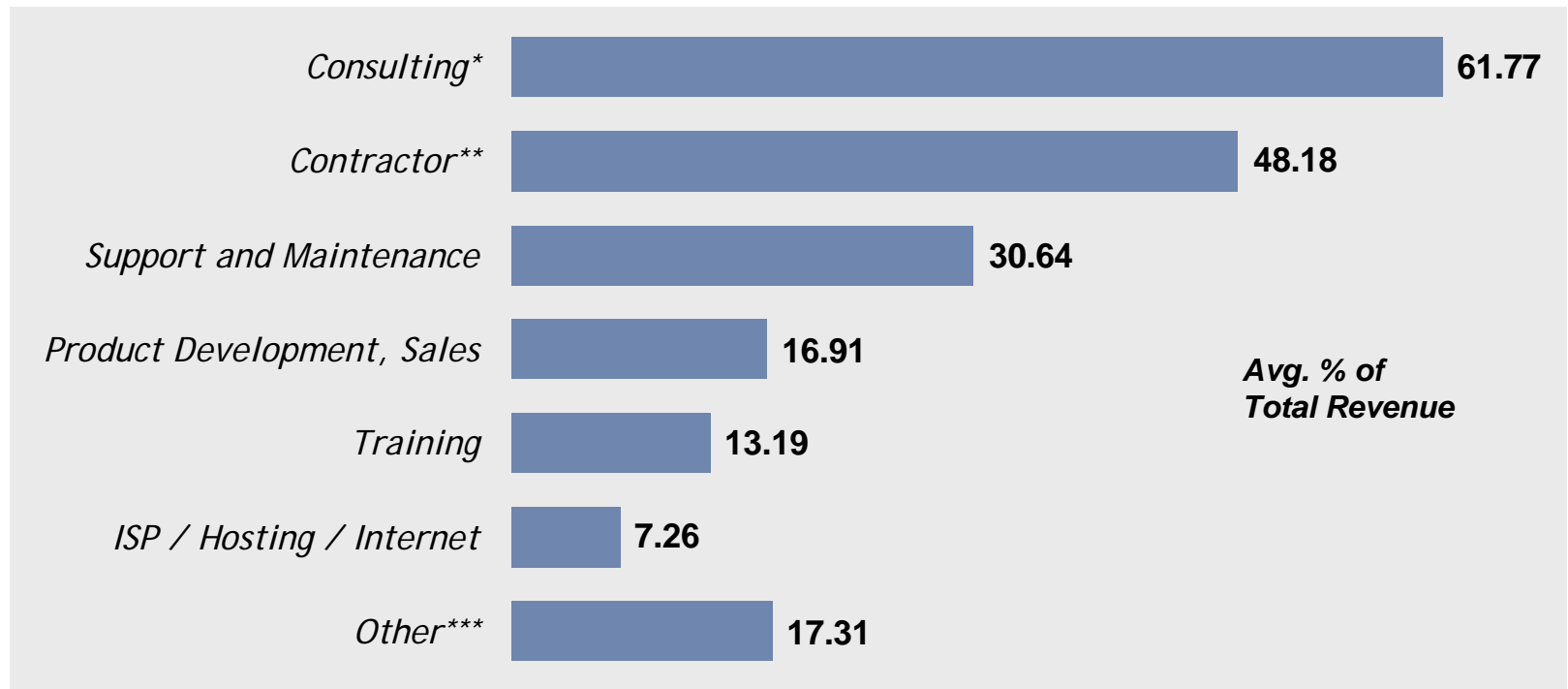


Source: ICCA Survey, May 2006 N = 205

Almost two-thirds of ICCA members provide consulting. But they also provide other services.



Please distribute your firm's approximate percentage of revenue over the past year across the following service categories.



Source: ICCA Survey, May 2006 N = 216

* e.g. Design, Architecture, Implementation or Advisory Services

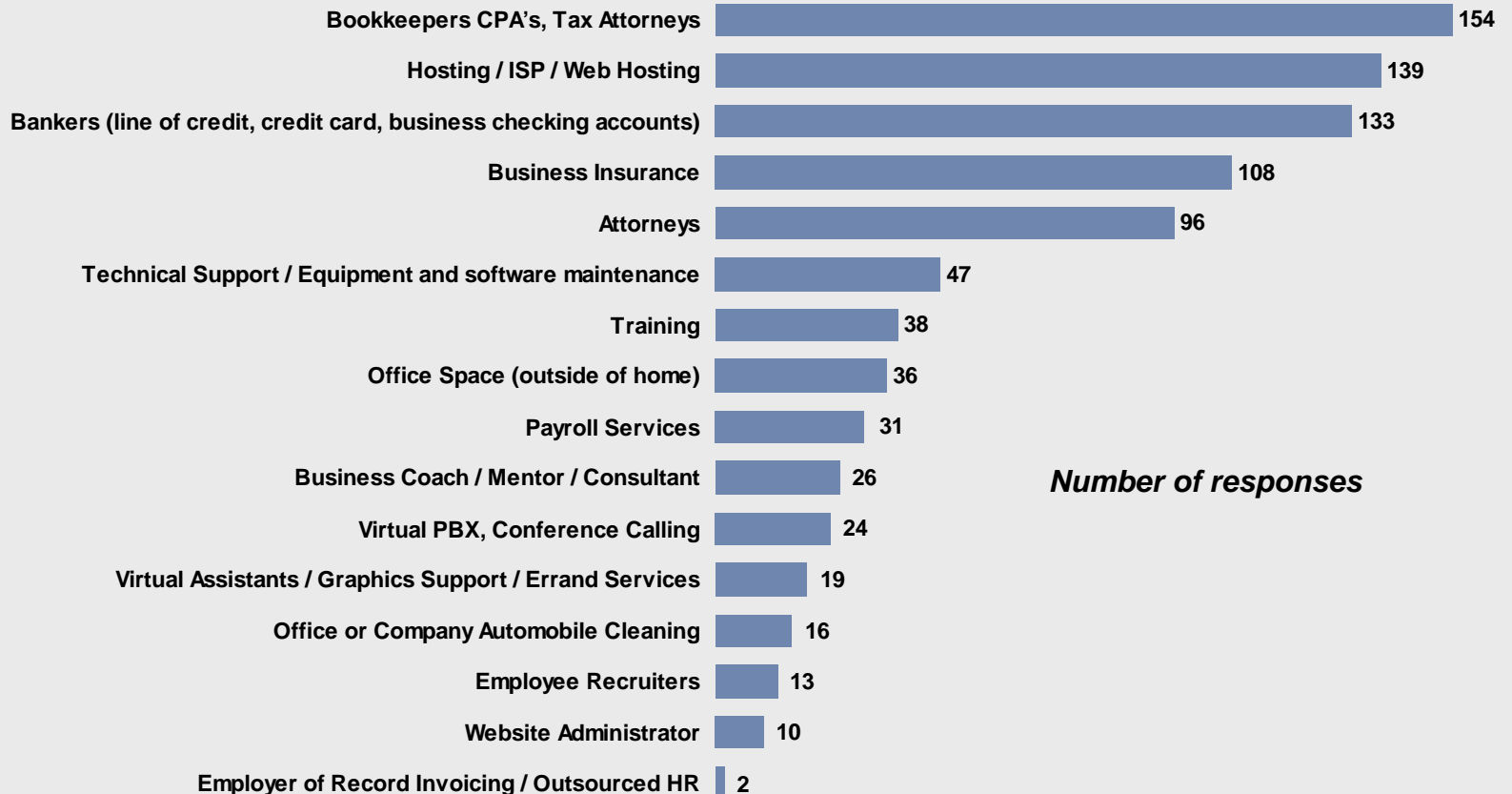
** e.g. Contract Programmers, Temporary Work

*** Other includes items such as Expert Witness, Coaching, Event Management, Placement Services, Referrals, Public Speaking, Technical Editing (books), Custom Hardware and Software Programming

Independent Consultants rely upon a variety of external services to run their businesses



Please identify external service providers used to operate and administer the internal portion of your business over the past two years (excludes services used to sell and deliver services and services performed by employees of your firm)

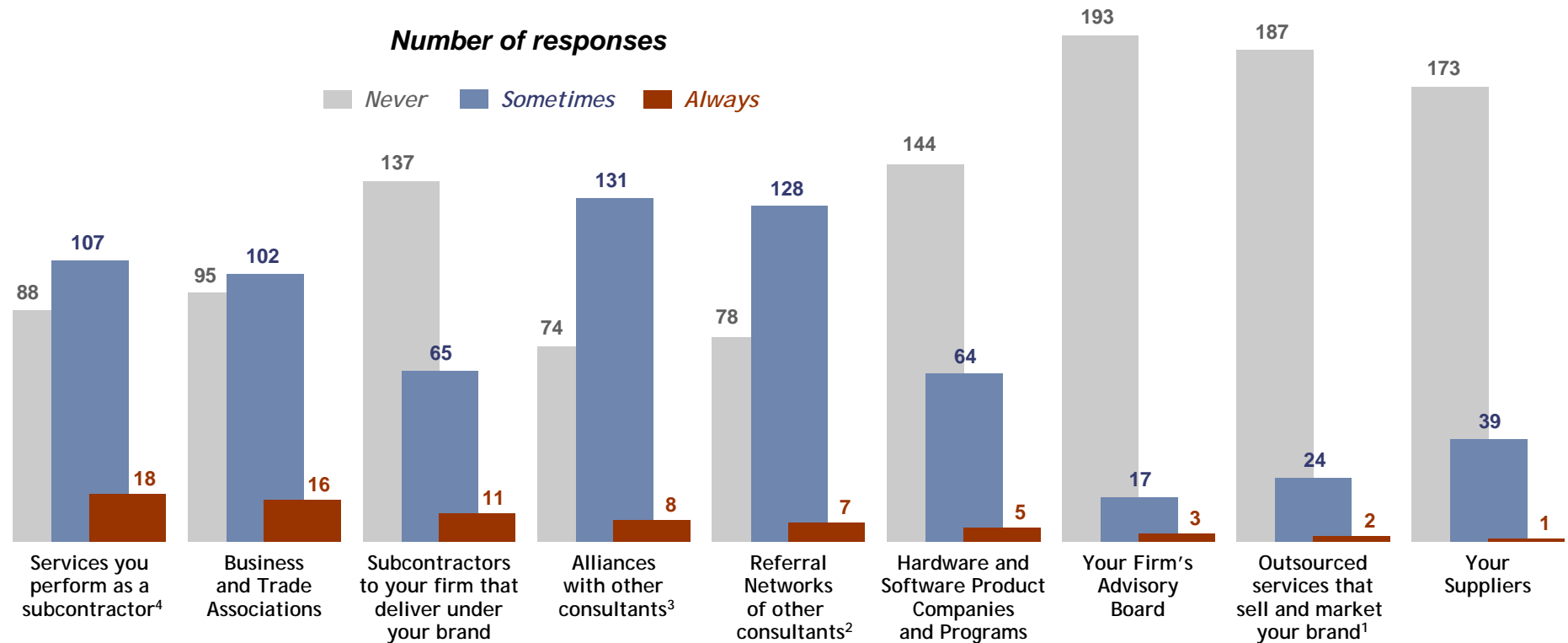


Source: ICCA Survey, May 2006 N = 216

Consultants rely primarily on consultant referral networks, alliances with other consultants, temp agencies and trade associations to help sell and deliver services. Few use these services all the time.



*Please identify external service providers used to help your firm sell and deliver services to clients over the past two years (excludes activities of your employees)
[Please specify frequency]*



Source: ICCA Survey, May 2006 N = 213

¹ e.g. telemarketing, sales and marketing of your book or services

² Usually includes referral fees or reciprocation of leads or services with little/no collaboration

³ Joint collaboration and/or pursuit of projects under each consultant's own brand

⁴ e.g. 1099 or temp (W-2 Employee) to an agency that includes your services under their brand

41% use an average of two to three subcontractors per year to sell or deliver services.

Q *If applicable, please indicate the number of subcontractors you used to sell or deliver services in the past year**

	Response Total	Response Average
# of Subcontractors	244	2.65*

* Highest and lowest responses were taken out of distribution to avoid skewing the data
Total Respondents = 94

Source: ICCA Survey, May 2006 N = 94

58% used one to two agencies in the past year

Q *If applicable, please indicate the number of firms or agencies that you were a subcontractor to in the past year, i.e. you were a subcontractor to them.*

	Response Total	Response Average
# of Firms/Agencies	221	1.71

Total Respondents = 128

Source: ICCA Survey, May 2006 N = 128

The biggest challenges in growing an independent consulting business include developing new business, competing priorities, and keeping pace with demand.

<i>Developing new business</i>	<i>Dealing with competing priorities</i>	<i>Keeping pace with demand</i>
<p>"Obtaining new clients in a world of outsourcing, H1B Visas and Agencies..."</p> <p>"Identifying new prospects without relying upon agencies"</p> <p>"So many companies work only with their list of 'preferred' providers. It's difficult to break into that circle as an independent."</p> <p>"Many of my former clients have gone out of business or left the profession."</p> <p>"Reduction in mainframe shops."</p> <p>"Highly negative treatment by large companies I compete against"</p> <p>"Ability to articulate services easily"</p>	<p>"Securing the next contract while still completing the current contract. Ability to handle only one contract at a time."</p> <p>"Time and resources to do all that needs to be done."</p> <p>"Keeping up on changing technology"</p> <p>"Transitioning from small incident/project engagements to ongoing retainers"</p> <p>"Finding time away from client-paid activity to develop the business."</p> <p>"Disciplining myself to make the transition from technician to entrepreneur."</p>	<p>"Finding and retaining qualified staff."</p> <p>"Finding partners to market our products"</p> <p>"Ensuring that the business has the infrastructure and organizational capacity to meet demand for services"</p> <p>"Keeping it small so I can be a consultant, not a manager"</p> <p>"Consistently providing quality service"</p>

Source: ICCA Survey, May 2006 N = 222



About Exponential Edge Inc.

Exponential Edge Inc. assists leading global corporations in high-tech and communications to ignite revenue growth and innovation through strategic research and next-generation customer and partner relationships. Clients include HP, Symantec, Sun, C-Cor, Microsoft, and Sun Chemical's digital toner group.

Exponential Edge is an independent woman-owned California Corporation based in the Silicon Valley that has been in business over 5 years. Exponential Edge has recently been named by its peers to the "Leaders Network" as one of the top women-owned professional services firms in the San Francisco Bay Area by the Women in Consulting Organization (WIC) based on its success and respect in the industry.

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