

## Out-of-life but not out of support service options

With enterprise network service revenues tipped to decline, **Fleur Doidge** discovers the channel may yet find opportunities for support sales via multi-vendor service partnerships

Statistics from Gartner have suggested that the market for enterprise network services is shrinking. Last year, it reported a decline in revenue of 4.9 per cent to £6.5m in the UK alone from 2008 to 2009, as technology refreshes are delayed. An overall market decline is expected to continue globally, although perhaps more slowly, all the way through until 2013.

The channel increasingly relies on such services, due to shrinking hardware margins and a need to differentiate and enhance its offerings. But the available services could also be about out-of-life or end-of-warranty support.

Darren Briscoe, technical director at IT support services provider Comms-care, says out-of-life comms network hardware support is a growing area of revenue.

Average vendor support contracts expire after a period of one to three years. Yet the product may still be useful – particularly hardware that is technically 'obsolete' but still performs. This may not have mattered so much a few years ago, but cost and efficiency have become more important than

ever and refresh cycles are lengthening, he says.

"What are the options available to resellers once the original vendor support contract on a new product comes to an end?" asks Briscoe.

Customers or resellers may renew the extended warranty with the OEM – if that turns out to be possible. "They may be prepared to offer a short-term extended warranty or a single one perhaps on one layer," suggests Briscoe.

### Getting more for your money

A third-party support provider may help. Some, including Comms-care, may offer extended support for five to seven years – considerably extending the useful life of the hardware. And customers may be able to get a bundle of other services included, instead of just support for one vendor's kit.

Briscoe claims that in some circumstances, for around the same price, resellers could even get support for the operating system and normal 'health checks'.

"A reseller partner of ours would be able to do that," he says.

A key advantage is the ability to have multi-vendor support on one contract, with one number to call and one bill. This simplifies the delivery of services not only for the partner but also for the customer, who no longer has to tear his or her hair out wondering which vendor's product to



Refresh button: Many vendor support contracts only

blame – and who to call – for a recent outage, he says.

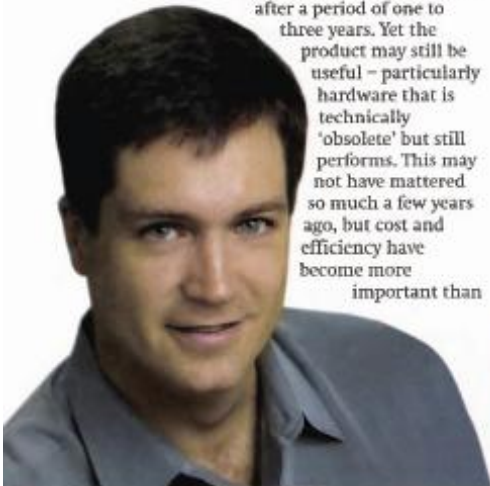
"It can include managing any existing warranties with a vendor," adds Briscoe. "You can manage a multi-vendor, mixed environment with all major vendors."

It is about flexibility, on fixed terms, for today's mixed-vendor environments. Virtual machines can be managed as part of the whole bundle, and new support added for any changes to the network as things progress, he says.

"You can get professional services, address adds, moves and changes, and installations. Or, with a lot [of contracts], you might get simple break-fix," explains Briscoe.

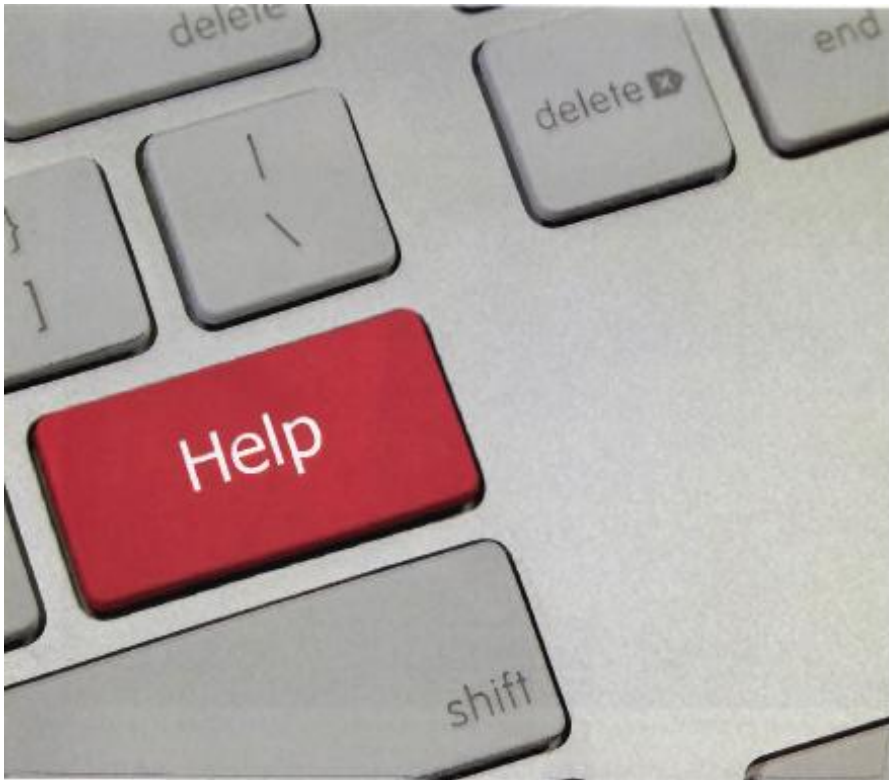
Customers sometimes sign up to support contracts without fully understanding what other options are available.

Meanwhile, resellers – no matter how skilled and sophisticated – can struggle to have the right type and the right amount of expertise in house when they need it, or need to supply it to the right location. A partnership on



"The support service market does not contract or expand as fast as other IT markets

Matt Healey, IDC



run far up to three years, yet IT refresh cycles are lengthening, leaving a gap in customer support

services can solve all of these problems, says Briscoe.

#### **All about value and tailored services**

Market analyst IDC could not provide any current figures or comments about IT support services in the UK specifically at the time of going to press, but has released 10 top predictions for the global support and training markets in 2010.

This year it is all going to be about value and tailored services that are directly relevant to customer revenues and business operations. Vendors in 2010 are expected to respond to this need with initiatives aimed at delivering intelligent training and support. And there will be a corresponding focus on cost management strategies in the face of ongoing economic uncertainty, according to IDC.

This would seem to bode well for the sort of complex, customer-focused IT support services that Briscoe believes offer opportunities.

Briscoe says another important aspect is working not only to ensure that such arrangements offer suitable service level agreements (engineer responsiveness across the UK, vendor accreditations, and

the like), but on getting IT services delivery expertise around the Information Technology Infrastructure Library (ITIL), Projects IN Controlled Environments version two (PRINCE2), and ISO 20000.

According to Comms-care, only a handful of IT services-based companies in the UK have ISO 20000 accreditation – which it recently achieved.

ISO 20000 is solely focused on IT services, rather than other areas of IT, and replaces the older standard BS15000. According to the ISO 20000 website, the standard lays down the requirements and best practice for any organisation to deliver managed services of “an acceptable quality” for its customers. It scopes out requirements for management systems, planning and implementation of service management, as well as new or changed services, and service delivery. It also covers issues around relationship, resolution, control and release processes.

ISO 20000's best practice is aligned with that of ITIL, which is intended to help organisations develop a framework for IT service management worldwide. ITIL, according to the Office of Government Commerce, is the most widely accepted

approach to the management of IT services globally.

According to certification body APM Group, PRINCE2 is the *de facto* project management standard, meant to apply to all kinds of projects in controlled environments and accepted extensively in both public and private sectors.

A project or programme manager's certification in PRINCE2 is meant to convey confidence not only that a given project will be done reasonably well, but that it will be compatible with other projects carried out by an organisation or its partners, according to *PRINCE2 Business Benefits*, an OGC paper released in January.

#### **Flexible and fast service delivery**

Warwick Everett, proprietor of Hook-based storage, server and virtualisation reseller Freestyle IT, says his company has been working with Comms-care for about four years.

Freestyle IT is a Dell certified partner, a Gold Microsoft partner, a Gold HP partner, and has Microsoft Certified Professionals and two senior pre-sales consultants who have recently upgraded their VMware certification to VMware Certified Professional for VSphere V4.0.

Even with this skill-set, there are advantages to working with a third-party support services provider, according to Everett.

“They are providing legacy break-fix support contracts for us to our customers, through us, for a variety of different hardware. We also use them as a Cisco Gold Partner, and with pre-sales technical support,” he says. “And with old-kit warranty that is about to expire.”

Everett says he has not been made aware of any vendors getting upset about end-of-life support provided to his customers – although it is true that OEMs have lately been putting more marketing collateral behind post-warranty services of their own.

A third-party support provider, however, can support multiple vendors at once.

“That is a challenge that vendors themselves have got to get to grips with,” says Everett. “For end users, it is a lot easier to have just the one phone number to call.”

Paul Barlow, managing director of Warrington and Leatherhead-based mid-market reseller Servium, agrees.

“We have been working with Comms-care now for five or six years,” he says. “And we are starting to talk to them about remote monitoring and maintenance solutions.”

Servium aims to cope with significant multi-site projects while retaining a sufficiently ‘personal’ touch. But it too

benefits from having access to more expertise, in a flexible way.

"We can have various vendors covered with one company and I think it has become more and more unusual to have only one vendor in their whole IT estate," says Barlow. "This helps us provide engineers with coverage for the whole UK on a consistent and professional basis."

#### Partners versus vendors

Peter Titmus, managing director of IT support services provider Networks First, says his company does not generally do warranty extension programmes as such – although it does sell its own versions of manufacturer support programmes.

"We do create our own versions of that, but there have been a lot of changes and manufacturers want to have more control over third-party providers, or get something declarative in the frame," says Titmus. "Manufacturers are concerned about people using a third party, because maybe the service level is not delivered."

He says vendors want a reseller providing third-party support to make it clear to customers that the support is being provided by a third party.

Titmus says that vendors have been "changing the rules" about support provision in recent years. Cisco started the trend three or four years ago with Shared Support, asking providers who work with Cisco services and kit to have a single, formal relationship with the vendor.

"This idea has started to migrate to other manufacturers," says Titmus. "But it really started to be influential over the last 12 months, so things like serial numbers have to be registered with the manufacturer."

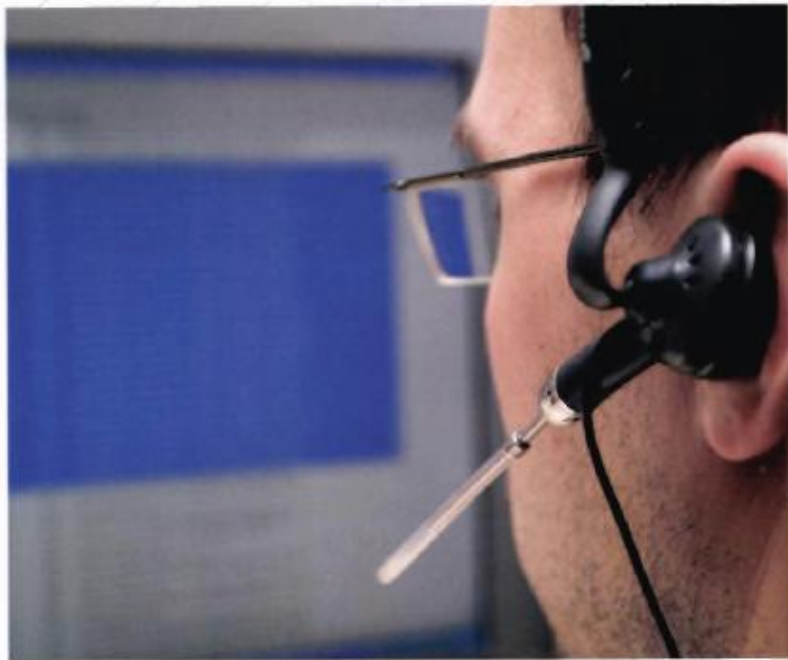
Titmus says the trend for vendors to retain more control is pushing the pirates out, but probably not achieving as much as the vendors would really like.

"In the UK, when they sell a product it is normally through some sort of authorised reseller channel and that reseller will choose whether to provide the service," he says. "Manufacturers are getting concerned about the 'grey services' market."

Vendor warranties these days normally extract a premium for someone to actually come out and do something on the customer's premises, and again Titmus puts forward Cisco as a standard example – this time, its Smartnet programme.

"These types of things are not particularly popular in the UK," he says.

Meanwhile, offerings get more complex and need to interoperate more, so more and more training is needed to support them. The Redditch company works with



**Communication station:** By partnering up, channel firms can offer customers a total comms package

the channel as much as it delivers IT support services – network support, remote networking, security, consultancy and professional services – to the end user.

#### Partnering up

It is not just about end-of-life support but the entire package on offer.

Networks First has worked with integrator RnD for public relations firm Porter Novelli. The public relations industry aims to influence people by manipulating its clients' images and relationships, so efficient communications are vital. An old, expensive and inflexible telephone system needed replacing with IP communications.

According to Networks First, Porter Novelli wanted a sophisticated network but without having to deal with different suppliers or conflicting products.

RnD and Networks First recommended a future-proof, multi-vendor, IP telephony set-up. Together, the partners completed the performance capacity planning, proof-of-concept, network design and migration.

According to Networks First, RnD led the implementation process, supplying the firewall and application server products, while the support partner did consultancy on design and professional services, and provided miscellaneous support for RnD.

Titmus says customers do not necessarily

want things cheaply or simply – but they do want their problems to go away.

Matt Healey, a research manager at IDC who has been heavily involved in market analysis around IT support services globally, says that the market for hardware – and software – IT support services is recovering as the economy struggles back to growth.

"However, the support services market does not contract or expand as fast as other IT markets," he says.

Channel providers of support could do various things to take advantage of the diverse, multi-vendor, multi-approach opportunities that are appearing – and that goes for all forms of IT support.

"As IT [generally] is moving towards converged infrastructure, support providers need to realise that converged infrastructure is not only hardware, it also includes support for the infrastructure," says Healey.

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