

INPUT  
SERVICE UPDATE

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A PUBLICATION FROM INPUT'S CUSTOMER SERVICE PROGRAMME - EUROPE

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>>> SOFTWARE SUPPORT

A recent enquiry regarding software support revealed the following information:

>>In general, a single payment for a licence fee gives customers telephone access to software support centres at no extra charge to the customer. Manufacturers' software support centres offer both systems software support and applications software support for all major applications software designed to run on the systems.

>>As of 6 January, 1986, WANG has launched its worldwide software service, the Wang Software Service (WSS). This offers 3 types of services:

- > Software Subscription Service: sending regular software updates to clients. Price: 3% of software licence fee.
- > Telephone Support: offering to solve 90% of software faults within 4 hours. Price: 8% of software licence fee.
- > Full Software Support: offering to send an engineer on-site to solve software problems. This service also includes the above two services. Price: 11% of software licence fee.

>>A note on software licence agreements for microcomputers. The trend towards unlimited use, or company-wide, licence agreements is gathering pace in the U.S.

>GENERAL ELECTRIC is the first company to sign three such agreements including a fixed annual maintenance fee for: OfficeWriter (Office Solutions Inc.), SuperCalc 3 (Computer Associates International Inc.) and Easytrak (Planning Control International). Although the terms of the agreement have not been disclosed, General Electric indicated to the Wall Street Journal that an effective discount of between 50% and 75% on the list price would be obtained.



## >>> SERVICE CONTRACT GUARANTEES

>>A growing number of users are looking for "guaranteed" levels of response and repair times. A recent enquiry revealed that:

> Most manufacturers offer a variety of maintenance contracts with response times ranging from 2 to 24 hours. There are some manufacturers who are willing to guarantee response times. As it turns out, most manufacturers are in fact able to send an engineer to the customer's site within the stipulated time in the contract. In most cases, however, there are no compensations made to the client should the engineer be delayed.

As an exception to the rule of "no compensation made", PRIME offers a 5% credit on the current monthly maintenance charge to customers with a "Preferred Service" maintenance contract (maximum refund is one month), in the event that a maintenance engineer takes longer to respond than the time guaranteed in the maintenance contract. Similarly, BUTEL SYSTEMS SUPPORT, one of the Third Party Maintenance companies, will offer a discount of 25% on the customer's next annual service charge if a service engineer fails to arrive in the agreed time.

## >>> SYSTEMS AVAILABILITY GUARANTEES

>>The first manufacturer to offer a guaranteed level of Systems Availability was HEWLETT PACKARD. Most other manufacturers would also be willing to negotiate a certain level of guaranteed Systems availability at a target level, depending on individual customer needs. For those clients wanting to negotiate such an agreement, the price of the maintenance will be increased accordingly.



## >>> MAINTENANCE NEWS

>>A maintenance "Boutique" can now be found in the heart of Paris' fashionable Opera district. WANG France has opened a centre dealing mainly with after-sales services, concentrating on maintenance issues, although some direct sales of Wang's smaller equipment are also made from this centre. The centre houses 150 maintenance engineers and holds a stock of spares estimated to cover 80% of user needs. Among the other services offered at the centre is the "Wang Fields Operating Package" which allows users to obtain statistical information such as average response and repair times, rate of spares usage and Mean Time Between Failures for a whole range of Wang equipment. Users can also be advised at the centre on their choice of maintenance contracts. Repairs can be made at the centre's repair shop which has the facility of repairing twenty different items at the same time.

## >>> Water Damage - Equipment Reliability after Repair

One of our clients had a user whose computer had been damaged by sooty water. The user's insurance company proposed that the machine be washed, dried and 'ironed' prior to the hardware supplier checking and repairing the equipment as needed.

Our client was concerned that after the cleaning and repair process, the computer would show more faults than normal over its life and the user would become unhappy.

However, on checking with another of our clients, ICL, who have had a number of water damaged machines, it was found that their computers had a completely normal performance after drying out. It is to be noted that in general "soft" water does less damage than "hard" water since the latter leaves a calcium deposit which must be cleaned out.



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>>>TPM NEWS

>> Company Update - MAINSTAY COMPUTER COVER LTD., Stockport, Cheshire

Established in 1981, Mainstay Computer Cover was the first Third Party Maintenance (TPM) company to provide more than a breakdown only service and the first to offer insurance based IBM mainframe computer maintenance in the U.K. All engineering work carried out is done either by IBM or Mainstay's own engineers. Typical computers maintained are IBM 4381s, System 34s, 36s and 38s.

Mainstay offer maintenance for both hardware and software. The company has a staff of 110 of which 75 are engineers. The head office, sales and engineering offices of the company are in Stockport, Cheshire. By the middle of 1986, there will be 6 other Mainstay offices throughout the U.K. Mainstay is already well established in Holland and Belgium and is planning to move into the German market in 1986 and into the French market in 1987. At present, the company has over 600 customer sites in the U.K. and some 150 in Europe.

Mainstay's TPM turnover for 1985 was some £3.5 million, ranking the company amongst the top U.K. TPM vendors. Turnover for 1986 is on target for £6 million. Mainstay's major competitors for maintenance contracts are DPCE and SMS INTERNATIONAL who also maintain IBM mainframes.

Mainstay is one of the most dynamic TPM companies, headed up by Geoff Henderson.





>>> Following OLIVETTI's lead, MAJOR HARDWARE VENDORS move more actively into Third Party Maintenance (TPM)

>> SPERRY is moving into TPM in the U.K. as part of a strategic plan to exploit Sperry's total expertise in software, hardware and maintenance. The company is aiming to increase its "System Building" business by offering complete turnkey solutions to clients. This could typically involve the installation of hardware and software from other manufacturers. Sperry will offer maintenance support on all the hardware and software installed.

Initially, the Sperry UK customer base will be penetrated to gain experience of TPM. Any similar products to Sperry's range can be maintained, for example most manufacturers' Personal Computers.

>> NCR has made a corporate decision to enter the TPM marketplace worldwide. Each NCR country subsidiary will plan its own strategy and tactics but the experience of NCR US which has major TPM contracts with OEMs and importers has provided a basis for international opportunities. NCR companies are not aiming at any specific market segments, eg. Personal Computers, but are interested in users with high volumes of equipment.

>> BURROUGHS is developing its TPM business in Board Repair for Convergent Technology users. Burroughs does manufacture equipment for Convergent Technology and therefore has developed expertise in the maintenance. As well as servicing their own user base with Convergent Technology equipment, Burroughs recently entered an agreement to acquire the Plessey Convergent Technology user base for service, some 400 sites. Convergent Technology Equipment has a number of distributors and Burroughs is building a successful business in Board repair for the distributors as needed.



## >>> COMPANY UPDATE

>> MELLORDATA LTD., Kersey, Ipswich, claim TPM revenues of some £1 million annually in the U.K. The company is strong in the Education, Health and Government markets.

- Main maintenance centre: Kersey, Ipswich
- Northern repair centre: Salford
- 40 engineers
- Maintain products from 80 manufacturers
- Specialise in the maintenance of: Micros, Printers and Terminals
- Peripherals distributor

## >>> RECENT TPM COMPANY RESULTS

>> DPCE reported a 44% gain in operating profits at £1.5 million for the six months period ending 31 December 1985. Revenues rose 93% to £10.7 million. The company's pre-tax profits rose 72% to £1.9 million, boosted by interest earned on the proceeds of last year's £7 million rights issue. The company's board is recommending a one for one bonus share issue, bringing the issued share capital up to £1.4 million.



## U.S. NEWS

>>> GE's acquisition of RCA has aroused marked interest throughout the industry, especially in regard to any emerging service strategy. The merger unites the fourth and fifth ranked TPM vendors, together holding an 11.6% market share (RCA with 6.5% and GE with 5.1%) and a combined workforce of 1,276 service employees dedicated to TPM. Awaiting word on Government and shareholder approval, the merger is not expected to be finalised until the fourth quarter of this year, and service groups in each company are reporting no knowledge of future strategic plans as of yet.

>>> An enquiry regarding service on National Holidays revealed some potentially cost-saving information:

>> HONEYWELL lists Memorial Day, Independence Day, Labour Day, Thanksgiving, Christmas and New Year's Day as relevant to listed holiday rates; additionally, Honeywell observes five floating holidays (Varying by state which could also carry the additional holiday charges. In total, the company has eleven days out of the year carrying the higher holiday rates.

>> IBM lists five days which carry holiday charges, including Independence and Labour Days, Thanksgiving, Christmas and New Year's days. IBM has no floating holidays.

>> SORBUS observes six holidays per year: Memorial, Labour and Independence Days, Thanksgiving, Christmas and New Year's Day. Although the Friday following Thanksgiving and three state holidays are taken by Sorbus personnel, these additional days are not considered holidays in billing clients.

>> TRW observes the same six holidays as Sorbus, and staffs at half crew for the Friday following Thanksgiving and President's Day. Likewise, only the six nationally recognised holidays are considered for billing purposes.

>> WANG lists the same six dates as billable at holiday rates, and additionally charges at the holiday rate for service provided on the Friday following Thanksgiving.





>>> Another survey across top TPM vendors regarding service contract variations highlighted some interesting differences in policy. In particular, zone adders, improved response time surcharges, and engineering change orders (ECOs) were of issue:

>> NCR contracts service rates incorporating three zone radiuses: Charges are at list for calls within 20 miles of an NCR service site; for technicians travelling from 21 to 40 miles to perform repairs there is a 15% surcharge; 41 to 60 miles adds an additional 25%. (Service in Alaska is charged for by flat rate.)

> Regarding improved response time to service calls through payment of surcharges, NCR can guarantee two hour response, provisions and pricing depend upon size and type of system.

> ECOs, or "mandatory modes", are done by NCR personnel at no charge to the customers.

>> RCA carries no mileage zone adder charges.

> Response times below the four hour goal of the company are not offered for surcharge.

> ECO installation is performed as contracted with the manufacturer.

>> SORBUS uplifts standard maintenance fees by 10% within a 10 mile radius of service offices; 20% within an 11 to 20 mile radius; 30% for 21 to 40 miles; 50% for 41 to 60 miles; 75% for 61 to 75 miles; 110% for 81 to 100 miles, and a 140% adder between 101 and 120 miles is charged. Service beyond a 121 mile radius is negotiable.

> For a 10% uplift in charges, best effort (four-hour goal) response can be improved to two hours.

> ECOs are done at no additional charge to customer.

>> SPERRY's service rate structure includes no zone uplifts.

> Improvement on response time is offered only to Government contracts.

> ECOs are installed without charge to customers under maintenance contract. Non-contract customers are informed of the change, and installation is provided at purchased price if change is desired. If change is due to design error affecting the safety of operation, installation is provided free of charge regardless of contractual status.



>> TRW mileage zone adders start at a 26 to 50 miles radius with an 18.5% uplift; 51 to 75 miles carries a 37.5% increase; 76 to 100 miles, a 55.5% increase; service beyond this point is negotiable.

> Response times of less than four hours are not contracted; any faster response must be negotiated with local TRW service offices.

> ECOs are usually performed during a service call or preventive maintenance visit free of charge.

>>> A glance across the industry's top competitors' service revenue figures for 1984:

(ALL FIGURES ARE IN MILLIONS OF DOLLARS)

>> IBM's \$9,600 in service revenue accounts for 20.9% of total revenues (as derived from their Data Processing equipment sales plus applicable service) of \$45,937.

>> DEC realises 25.4% of DP sales/service revenues out of their service division -- \$1,420 of a \$5,584 total.

>> HEWLETT PACKARD's service revenues total \$530 -- or 16.1% of similarly considered total DP revenues of \$3,300.

>> HONEYWELL's service group brings in 38.1% of company DP revenue dollar total -- \$696 of \$1,825.

>> DATA GENERAL service provides 21.6% of the \$1,161 total DP Revenues -- or \$251 last year.

>> PRIME's service total of \$164 comes to 26.7% of their total DP sales/service revenues of \$613.



>>> A recent enquiry about a Washington-based start-up venture revealed an interesting alternative for systems 34, 36 and 38 users in their maintenance budgeting:

The Computer Maintenance Self Insurance Fund pools IBM system 34, 36 and 38 users' standard monthly maintenance costs (as would be charged by IBM) into a common fund. If an "insured" user comes to need support, money is drawn from the pool to pay for IBM service on a per-call basis (at a time and material rate). In the meantime, the pooled funds are invested, drawing interest and the total amount left over at the end of the period is distributed to the participating users. The only requirement of the arrangement is that the user's system have been under IBM contract within the last year and that the company agree to participate for at least six months.

>>> Here's a rundown of some of the pricing information researched by INPUT, U.S., staff in the final month of 1985:

>> IBM time and material (T&M) hourly rates for servicing by their National Service Division are divided into three hardware categories: Class I, including type-writers, input processing equipment, executive copiers. Class II for media devices, copiers, workstations, displays, printers, PC's, and local or non-complex systems. Class III rates for control units, information processing systems, local or remote sub-systems. "Prime" denotes IBM working hours Monday through Friday, 7 a.m. to 6 p.m.

	<u>Prime</u>	<u>Non-Prime</u>
>For Hardware Class I	\$88	\$101
Class II	\$120	\$138
Class III	\$165	\$190
>For Software -----	\$200	\$230

There is a one hour minimum on Class I services charged; a two hour minimum for other classes; mileage is billed at 25 cents/mile.





>> T&M rates for some of the major TPM vendors:

	<u>Prime</u>	<u>Non-Prime</u>
> <u>GE:</u>		
Data comm Equip/PC	\$85	\$127.50

Prime constitutes Monday-Friday, 8 a.m.-4:30 p.m. (one hour minimum); non-prime consists of other hours Monday-Friday (with a one-hour minimum), and all day Saturday (with a four hour minimum); Sundays and holidays are charged at \$170 per hour (four-hour minimum).

Depot service available Monday-Friday, 8 a.m. to 4.30 p.m., at \$85/hour (\$50 minimum).

	<u>Prime</u>	<u>Non-Prime</u>
> <u>RCA</u>		
Contract customers	\$68	\$102
Non-contract customers	\$73	\$109

Prime hours are 9 a.m. to 5 p.m., Monday-Friday, and there is a two hour minimum charge per call; 60 cents/mile portal to portal is billable.

Depot service is available 9 to 5 at \$73/hour.

> SORBUS

Class I	\$87	\$104
(terminals / video equip)		
Class II	\$102	\$122
(minis / peripherals)		
Class III	\$120	\$144
(mainframes)		
Class IV	\$79	\$95
(micros / business systems)		
Class V	\$105	\$126
(unit record)		

Prime hours are 8 a.m. to 5 p.m. Monday-Friday. One hour minimum charge per call policy is not strictly enforced; 30 cents/mile portal to portal is billable.

Depot service available 8 to 5, with a \$50 to \$75 diagnostic test charge.



	<u>Prime</u>	<u>Non-Prime</u>
> <u>TRW</u>		
Office Products/ calculators	\$68	\$97
all other products	\$94	\$133

Prime hours are Monday-Friday, 8.30 a.m. to 5 p.m. Non-Prime hours are considered as 7 a.m. to 8.30 a.m. 5 p.m. to midnight, and Saturday from 8.30 a.m. to 5 p.m. All other times are charged at \$119 (office products and calculators) and \$170 (all other products).

Service charged during prime business hours carries a minimum charge of one hour; non-prime minimum is two hours. A portal to portal travel charge of 31 cents per mile is also billable.

Depot service is available at \$68 per hour prime hours, \$94 non-prime as listed, and \$119 "other hours".

IBM Class II equipment	\$106	\$123
IBM Class II equipment	\$154	\$177
IBM PC/327x/CRT/ controllers/Series I/ peripherals	\$97	\$133

Prime hours for IBM users are 7 a.m. to 6 p.m.; mileage charges and depot service rates are the same.

>>> Of five major TPM companies surveyed, only two reportedly service IBM Series I minicomputer, namely TRW and SORBUS. INDESERVE does offer support for the system through some of their independent service offices, but conditions and availability are dependent upon the individual site. SPERRY, as their service base continues to expand, reports plans of Series I support in the near future.

>>> An enquiry regarding service of DEC equipment among TPM vendors revealed only one major company offering support -- CDC. Both TRW (who currently services only printers for DEC) and SPERRY (now in the process of expanding their limited service offerings) are considering an inclusion of many more DEC products for service in the coming year.



>>> A recent request for a listing of companies dealing in disk refurbishment yielded the following names on the East Coast:

> <u>SCOPUS</u>	Lowell, MA	(617) 454 8033
> <u>XEROX</u>	Webster, NY	(716) 422 8081
> <u>NY REPAIR DEPOT</u>	New York, NY	(212) 741 3800
> <u>PRECISION METHODS</u>	Lorton, VA	(703) 339 7050

on the West Coast:

> <u>DATA/TECH RELIANCE</u>	Federal Way, WA	(206) 952 2440
> <u>GRANADA DATA</u>	Hayward, CA	(415) 487 4042
> <u>PERIPHERALS</u>	Costa Mesa, CA	(714) 540 4925
> <u>INFO EXTEND</u>	Santa Barbara, CA	(800) 468 2000

in the Central US:

> <u>BRODER ENTERPRISES</u>	Dallas, TX	(214) 241 3727
> <u>BRUM-KRO MAGNETICS</u>	Elkhorn, NE	(402) 289 2400
> <u>CONTROL DATA</u>	Bloomington, MN	(800) 382 6060
> <u>NEWMAN COMPUTER</u>	Ann Arbor, MI	(313) 994 3200







