Customer Services, Europe
The Open Systems Support Challenge

1 April 1993

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United Kingdom

Published by
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1280 Villa Street
Mountain View, CA 94041-1194

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The Open Systems Support Challenge

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Customer Services, Europe
The Open Systems Support Challenge

Michael Longy
Principal Consultant

Restructuring for Growth

- Customer services in Germany and German-speaking countries
- Desktop services
- Multivendor service
- Services strategies

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Notes

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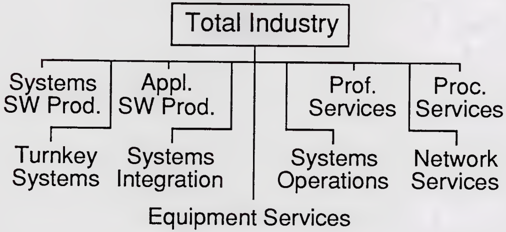
Information Services Industry Structure



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Restructuring for Growth

Customer Services—I

- Hardware maintenance
- System software support
- Professional services
- Education and training

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Notes

Presentation of Market Analyses

- Unique
- Non-unique
- All other services
- No software products

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Notes

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Restructuring for Growth

Customer Services—IIA

- Equipment services
  - Hardware maintenance
  - Environmental services
- Unique sectors

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Restructuring for Growth

Customer Services—IIB

- System software support
- Education and training
- (Other) professional services
- Business continuity services
- Not unique

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Hardware Maintenance

- Includes
  - Contract
  - Ad hoc
  - Warranty
- On-site or workshop repair
- Excludes 4th party

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Hardware Maintenance Model

- 4 layers
  - Mainframe
  - Mid-range
  - Workstation and server
  - PC
- Volume and value attrition
- Fee rates

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Notes

Environmental Services

- Affect “environment”
- Computer room
- Cabling
- Power, air conditioning, etc.
- Network
- Buildings

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System Software Support

- Contract and ad-hoc
  - Installation, updates, etc.
- Associated activities
  - Problem analysis
  - Software diagnostics
  - Capacity tuning

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Education and Training

- Platform or network
- Operations
- User service
- Equipment suppliers

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Notes

Professional Services

- Consultancy
- Network administration
- System software evaluation
- Problems management
- Project management
- Configuration/capacity planning

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Business Continuity Services

- Contingency planning
- Disaster recovery
- Back-up for media
- Restart services

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Notes

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Revenue Streams

- Customer services
  - Equipment vendors
  - Independent maintenance
  - Resellers/VARs
- Independent software and services vendors
- Non-industry vendors

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Notes

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Non-Available Market

- Bundled
- User self-service
- Increasingly available

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Notes

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Germany

Growth Over 1991

- 3% overall
- Ranging from -1% to +9% by sector
- Professional services best
- Hardware service worst

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Notes

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Germany

Growth 1992 to 1997—I

Category	DM Billion 1992	DM Billion 1997	DM Billion CAGR (%)
Hardware Maintenance	4.8	5.1	1
Environmental Services	2.3	2.9	5

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Notes

3/18/93

Germany

Growth 1992 to 1997—II

Category	DM Billion		
	1992	1997	CAGR (%)
System SW Support	0.6	0.8	7
Educ. and Training	0.4	0.5	3
Professional Servs.	0.2	0.3	9
Business Continuity	0.1	0.2	13

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Notes

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Germany

Growth 1992 to 1997—III

Category	DM Billion		
	1992	1997	CAGR (%)
Unique Services	7.1	7.9	2
Non-Unique Services	1.3	1.7	6
Total	8.3	9.7	3
Other Services	1.0	1.4	6

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Notes

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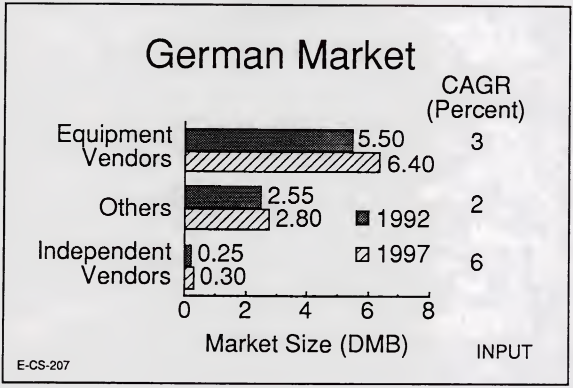
German Market
CAGR (Percent)
Equipment Vendors
5.50
6.40
3
Others
2.55
2.80
2
1992
1997
Independent Vendors
0.25
0.30
6
0
2
4
6
8
Market Size (DMB)
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Notes

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Germany

Trends 1992

- Maintenance decline slow
- Downsizing
- Total service contracts
- Partnering/outsourcing
- Traditional competition

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Notes

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Germany

Leading Suppliers (1991)

Vendor	Share (%)
SNI	16
IBM	15
Digital	8
AT&T/NCR	4
Prime CV	2

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Notes

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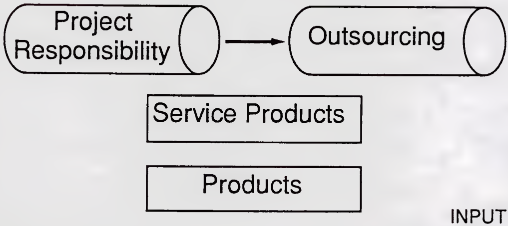
Information Systems Market Scenario



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Notes

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Switzerland

Growth Over 1991

- 2% overall
- Ranging from -3% to +20% by sector
- Business continuity best
- Education and training worst

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Notes

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Switzerland

Growth 1992 to 1997—I

Category	SFr Billion 1992	SFr Billion 1997	CAGR (%)
Hardware Maintenance	0.8	0.9	2
Environmental Services	0.5	0.6	3

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Notes

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Switzerland

Growth 1992 to 1997—II

Category	SFr Million		
	1992	1997	CAGR (%)
System SW Support	90	140	9
Educ. and Training	85	100	3
Professional Servs.	50	65	5
Business Continuity	10	30	18

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Notes

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Switzerland

Growth 1992 to 1997—III

Category	SFr Million		
	1992	1997	CAGR (%)
Unique Services	1.3	1.5	2
Non-Unique Services	0.2	0.3	7
Total	1.5	1.8	3
Other Services	0.2	0.3	8

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Notes

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Switzerland

Leading Suppliers (1991)

Vendor	Share (%)
Digital	12
AT&T/NCR	12
IBM	10
Unisys	8
SNI	5

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Notes

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Austria

Growth Over 1991

- 3% overall
- Ranging from -6% to +14% by sector
- Business continuity best
- Education and training worst

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Notes

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Austria

Growth 1992 to 1997—I

Category	Sch Billion 1992	Sch Billion 1997	CAGR (%)
Hardware Maintenance	3.1	3.3	2
Environmental Services	1.5	1.9	4

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Notes

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Austria

Growth 1992 to 1997—II

Category	Sch Million		
	1992	1997	CAGR (%)
System SW Support	390	560	8
Educ. and Training	240	270	3
Professional Servs.	110	170	9
Business Continuity	40	100	20

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Notes

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Austria

Growth 1992 to 1997—III

Category	Sch Billion		
	1992	1997	CAGR (%)
Unique Services	4.6	5.2	3
Non-Unique Services	0.8	1.1	7
Total	5.4	6.3	3
Other Services	0.6	0.8	6

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Notes

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Austria

Leading Suppliers (1991)

Vendor	Share (%)
Digital	20
IBM	17
SNI	12
Unisys	3
H-P	3

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Notes

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Desktop Services

- One solution
- Open window
- Range of approaches

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Notes

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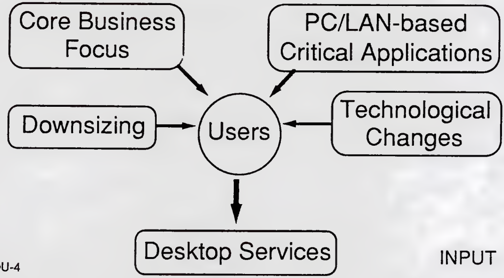
Desktop Services, Europe

Driving Forces



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Traditional Desktop

- PC supply
- Network/server
- PC/printer maintenance
- Installation
- Training

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Notes

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New Services

- ASP supply/support
- Help desk selection/supply
- Problems management
- Planning/administration
- Network upgrades
- Application development

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Notes

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Selection Criteria

- Network expertise
- Single supplier
- Up-to-date
- Independence
- Pan-European

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Notes

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Desktop Services, Europe

The Decision Process

Size of Organization	In-House Capability Level	Source of decision to outsource
Large organizations	High	Senior executives
Medium-sized organizations	Low	IS management

E-OU-5

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Notes

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Desktop Services, Europe

Pricing Mechanisms

- Cost of on-site support plus mark-up
- Monthly usage of remote help desk
- Volume discounts

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Notes

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Approaches

Standalone

Outsourcing

Solution

1. 3. 2.

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Notes

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Desktop Services, Europe

Professional Services Vendors

Strengths	Weaknesses
• Networking capability	Lack of supply cap.
• Synergy with systems operations	Lack of depth and breadth of software product knowledge
• Access to large accts.	Lack of ambition

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Notes

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Desktop Services, Europe

Strategies: Professional Services Vendors

- Only targeting desktop services as part of wider offering
- Concentrating on network implementation and management

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Desktop Services, Europe

Dealer/Distributor Strategies

- Develop pan-European capability
- One-stop shopping
- Partnerships for proprietary capability
- Major opportunity to enter high-margin services business
- Targeting system development

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Notes

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Desktop Services, Europe

Personal Computer Dealers

Strengths	Weaknesses
• Full desktop services capability	Lack of mainframe and midrange capability
• Breadth and depth of product knowledge	Pan-European capabilities still embryonic
• Vendor independence	

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Notes

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Equipment Suppliers

Strengths	Weaknesses
• Expertise	- Product oriented
• Large IBs	- Resources
• Financial	- Channel contention
• CS organisation	- Slow to change
	- Not impartial

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IMOs

Strengths	Weaknesses
• PC expertise	- Financial
• Incentive	- Software skills
• Independent	- Maintenance cultures

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Notes

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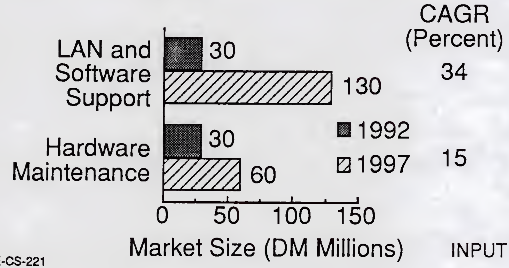
Germany

Desktop Services Market



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Notes

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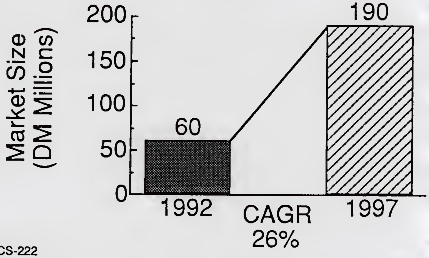
Germany

Desktop (+Maintenance)



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Notes

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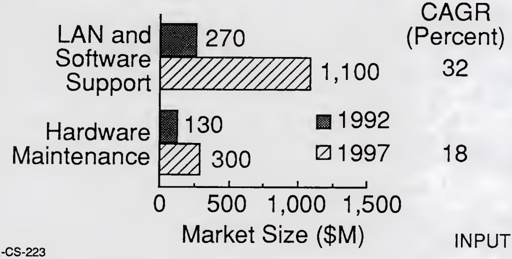
Europe

Desktop Services Market



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Notes

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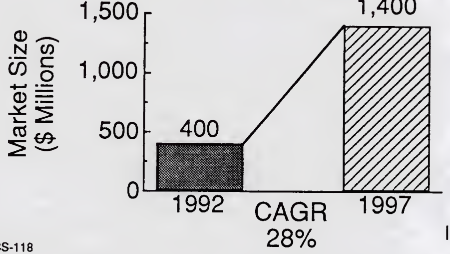
Desktop (+Maintenance) in Europe



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Notes

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Multivendor Maintenance Market Europe

The German-speaking Nations

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Notes

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Multivendor Maintenance

Redefinition of Multivendor

- TPM → Independent maintenance
- IM absorbed entirely
- Participants
  - IMOs
  - Equipment/system vendors
  - Dealers/distributors/VARs

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Notes

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Trends 1992—Germany

- IMOs—traditional vs. diversify
- Downsizing
- Dealers strengthen
- Partnering

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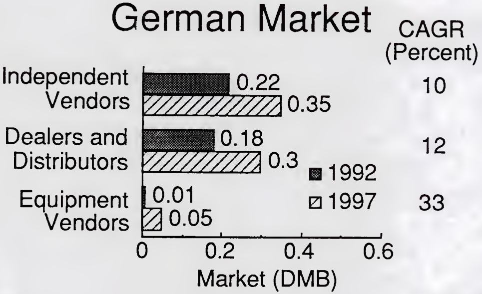

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Notes

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Germany—Multivendor Maint.

Platform Category	DM Million			
	1991	1992	1997	CAGR (%)
Mainframe	40	40	55	+7
Mid-range	90	90	120	+6
Workstn./Servers	25	35	175	+39
PCs, Portables, LANs	225	245	350	+7
Total	375	410	700	+11

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Notes

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Independent Suppliers 1991—Germany

Vendor	Share (%)
Sorbus	9
Granada	8
Thomainfor	5
Telub Bitronic	4
Areatech	2

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Notes

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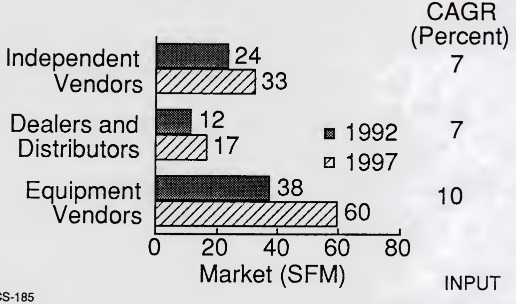
Swiss Market



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Notes

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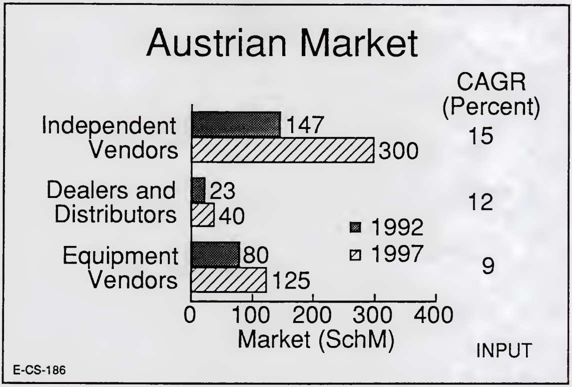

Notes

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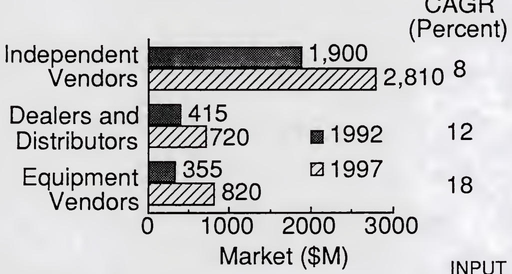
European Market



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Notes

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Multivendor Maintenance—Europe

Strategy Development

- Reorient perspective
- Transition opportunities
- Strategic options, e.g.
  - Prime contractor
  - Services vendor
  - Subcontract/FPM

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Notes

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Multivendor Maintenance—Europe

Country Markets—I

Country	$ Millions 1992	1997	CAGR (%)
France	500	680	6
Germany	270	460	11
U.K.	830	1,200	8
Italy	240	390	10

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Notes

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Multivendor Maintenance—Europe

Country Markets—II

Country	1992 ($M)	1997 ($M)	CAGR (%)
Sweden	80	105	6
Netherlands	180	320	12
Belgium	90	145	12
Spain	190	505	22

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Notes

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Multivendor Maintenance—Europe

Country Markets—III

Country	1992 ($M)	1997 ($M)	CAGR (%)
Denmark	22	35	10
Norway	26	43	10
Finland	23	34	8
Austria	24	44	13

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Notes

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Multivendor Maintenance—Europe

Country Markets—IV

Country	1992 ($M)	1997 ($M)	CAGR (%)
Switzerland	55	81	8
Portugal	8	22	23
Greece	8	20	19
Ireland	8	14	10
E. Europe	120	250	16

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Notes

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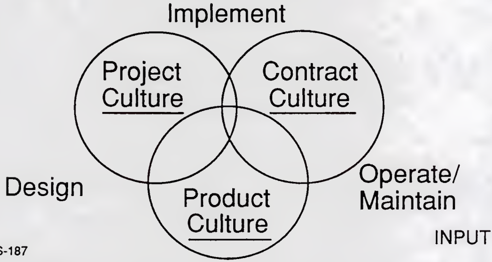
Business Cultures in the Life Cycle



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Customer Services, Europe The Open Systems Support Challenge

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