

Channel to the rescue

Offering hardware support offers partners the chance to cash in on the growing services market, says **Fleur Doidge**

The global market for hardware support services may be riding a wave, according to IDC, and increasingly, channel partners will be involved in a market that was once the preserve of vendors and their own proprietary support partners. In fact, IT services in general are hardly stranded at sea either, with outsourcing and managed services in particular expected to stand up well against the downturn.

According to Matt Healey, manager of software and hardware support research at IDC, between today and 2013 the channel will play an increasing role in the sale and delivery of support services for all kinds of core IT kit. The tide will be turned partly by a need for VARs to ballast their shrinking hardware sales margins while differentiating themselves from rivals.

"Vendors that do not recognise the growing importance of the channel in their sales process will face greater challenges gaining market share than those that are aware of the channel importance," said Healey in a June report.

Although IT services profits generally should remain shallow this year across Western Europe and particularly in the UK, the market is expected to recover next year and have hit four to five

per cent growth rates once more by 2012. In addition, the IT outsourcing market across Western Europe has been tipped to keep growing during 2009, although the customer base will be reduced and customers may wish to renegotiate terms.

Meanwhile, vendors will compete fiercely to retain customers and cut prices where possible, according to IDC. So where are the opportunities for the channel?

Forecast fine for services

It has not always been plain sailing for Redditch-headquartered Networks First. Peter Titmus, managing director at the one-time integrator, said that it has focused on delivering IT support services since around 2003. A 3Com partner, it narrowly escaped going to the wall in 2000 and decided on the life-saving move to networking and communications infrastructure support provision.

"That's when we became a services organisation rather than a product-based business," said Titmus. Networks First already knew what it was like to deal with an end user as a reseller, so it was a natural progression – taking advantage of inherent strengths with which vendors find it harder to compete. According to Titmus, unlike its competitors Networks First focuses on the most business-critical networks, not volume deals. "So we have a huge investment in spares," he said. "And we have about 35 heavily qualified engineers, with different specialities including IP telephony and security. We come up against the big players such as BT frequently."

Fixing desktops is not really its thing. But many resellers that aim to deliver support services find they do not have the critical mass to make the necessary investments.

"We are profitable, we are cash-generative and all the other stuff"

Peter Titmus, MD, Networks First



Pushing the right buttons: Networks First has 35 highly

Customers need guaranteed service-level agreements (SLAs) and a customised approach to their individual needs.

"It is growing very well. We are profitable, we are cash-generative and all the other stuff," he said. "Lately, we have been doing about twice as well as we expected, given the time of year. We are up about 20 per cent at the moment. Despite the recession, we are growing."

Networks First offers its branded Kestrel network support service and its Swift remote network support service on top of consultancy, professional services and security, as its core offering. However, generally everything is tailored to customer requirements.

"We do some general maintenance activities as well," said Titmus. "I think we have managed to get that trust – which can take some doing."

Few companies want to do everything in house. Over the past couple of years, outsourcing has become more accepted. The development of a productive, collaborative third-party relationship can take the pressure off, especially when the different components of a network do not seem to plug and play together as well as may have been previously advertised.





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"People would prefer to put their investment into another part of the business than support," said Titmus. "And we renew about 85 per cent of deals."

Taking a different tack

Richard Eglon is marketing manager at Comms-care, an IT support services provider with a twist – it only works with other resellers, rather than directly with the end user customer.

The company has just recruited another six network engineers. These new hires will help with VAR and integrator engineering projects, network maintenance and bespoke installations across the whole of the UK.

"Many resellers have cut back on their own engineering and other resources. And most resellers seem to have a specialised team. We go in to help them from a communications perspective," said Eglon.

Comms-care's business has gone from 80 per cent communications and 20 per cent other IT services to more like half of each.

"Companies find that having their own resources is quite expensive. So we are seeing a big shift happening around the downturn, with people coming to us with smaller jobs," said Eglon.

"Going back five to 10 years, the channel was made up of services providers with both direct and indirect models. Resellers would go to them and then get their noses pushed out – that left a bad taste. We are never going to go direct."

He maintained that a multi-vendor, multi-technology approach to offering support services is vital. The company has Cisco Gold and Microsoft Gold partner accreditations, and is especially proud of attaining Cisco Certified Internetwork Expert (CCIE) as well as voice and security certifications.

Customers like getting it all in one shop, especially if they can get it close to home. Meanwhile, maintenance services – especially of legacy systems, extending the life span of older technology – have grown despite the downturn.

Mark Forster, operations manager at Comms-care, agreed.

"We have been particularly busy. An increased number of organisations that once used us on the odd occasion are relying on us more as their internal skills and knowledge base have been dramatically reduced," he said.

There has also been a rise in requests for advanced technology services, as compa-

nies seek to update their IT infrastructure in order to cut costs.

A rounded offering may include marketing support as well as tailored SLAs. Comms-care also whitelabels its service, meaning the partner can more easily present a united front to the customer.

Meanwhile, the rise of Information Services Infrastructure Library (ITIL) policies around IT services processes means yet more due diligence is required.

"And we run our own training schemes," Forster said. "A lot is done with role play for the full cycle, not just for operations onsite but for sales meetings and challenging people on a case-by-case basis."

Soft skills such as conflict resolution are crucial, especially for anyone dealing with customers. Many a deal is won or lost not on the capabilities of the provider but on its bedside manner – the perception of competence founded, rightly or wrongly, on the way its staff behave.

"Some very skilled technicians just 'close up' in a room full of people," Forster said. "And you need to know how to handle an irate customer."

Floating ideas close to home

John Carter, managing director of IT support network FixITlocal, said a prime problem with the dominance

of large services providers is that their support is normally most desirable close to the customer's location, enabling rapid response times and a personalised service.

"That means in a 10-mile radius, perhaps more in Scotland. And perhaps three or four miles away, if they are in London."

His take on IT support is different again. FixITlocal's wireless networking, PC security, support, installation and repairs business targeting consumers and small businesses is crewed by some 1,000 independent IT professionals scattered around the UK. While coming in for some criticism for its business model in the past, the company is well placed to take advantage of local IT support opportunities in coming years.

"What we are seeing is a 30 per cent increase in opportunities being given to resellers, and that is going up and up," Carter said. "It takes time to grow, but we are doing a lot of search engine optimisation onsite and a lot with Google search words and so on."

If the reseller is capable, all sorts of support can be offered, especially in upcoming growth areas such as IP-based and wireless communications as well as online backup. Customers that may

Steady hand on the tiller

Directing communications between a number of partners all having their own part in satisfying the customer can prove tricky, especially if the right information on each customer relationship and agreement cannot be found easily to hand.

Networks First's managing director **Peter Titmus** says good databases and customer relationship management (CRM) systems are critical.

"We have got a database that, from the first contact you have with somebody, it goes into our CRM system. When we establish some commercial relation and

agreement with people, using that system we have a quoting engine that allows us to do proper, very large quotes," he said.

"All the services that we think we can do, allowing for any costs or software support and items that we have to buy from the manufacturer, and so on, can be included."

The team fills in the blanks as it goes, making sure that all products used are fed into the system.

It is easy to pinpoint details if anything goes wrong, and how to contact the customer no matter what.

The company keeps in constant touch with both parties to ensure customers and partners alike are happy with the service.

previously have gone to the big chains for IT support are looking elsewhere, discovering that the skills and capabilities they seek in local resellers.

Newer trends such as software-as-a-service (SaaS) and hosting as well as CRM all offer support opportunities and those are unlikely to vanish.

"It is not about the cost of buying servers and software licences so much as it is about the cost of training all your staff to make sure the product you buy is effective," said Carter.

Meanwhile, smaller companies cannot afford to invest in multiple vendor training programmes and certifications for staff and most businesses in the UK are smaller businesses. Nor do they want multiple relationships to back up a heterogeneous IT infrastructure.

"That is not going to change," said Carter. "And that is what a small business wants. When something goes wrong, they want to get someone reliable in to sort it out, they get a bill and that is the end of it."

With Windows 7, for instance, expected to attract some long overdue hardware and software upgrades across all walks of business, a real surge in installation opportunities and IT support requirements is expected. When broadband in the form of 21st Century Networking rolls out across the UK, a wave of demand for online support and services is set to hit.

However, Carter is calling for more standards within the industry, because the quality of a company's IT support services are often quite opaque to customers. Support providers have often been self-certified.

"We are working very closely with the Technology Channels Association and putting pressure on it to say that we should have [transparent] standards in the industry," said Carter.

Peter Keast is operations manager at ADA Networks, a Berkshire-based converged IP systems and unified communications reseller that has long partnered on communications support services.

Customers that have benefited from the arrangement so far include blue-chip clients like the BBC and WS Atkins.

"It has been a good experience. When I first came to this company, it did not do a large amount of maintenance and support, which was the first thing we hired Comms-care for," he said.

A view of the horizon

A cultural change was required. Like many resellers, the staff *modus operandi* was to do just what they knew. If a deal required a different speciality, it did not happen or had to be changed. If a contract was too small, it could be overlooked. The problems were gradually overcome, said Keast, because Comms-care, as the third-party support provider, was prepared to go the extra mile.

"Most organisations are very contract driven. And say, 'sorry, that is not in the quote in my contract'," he said. "I have had service run-ins with pretty much every other vendor that we have worked with, in terms of that they often want to use particular solutions."

Once a trusted relationship is established that gives the customer – and partner – faith that the best solution for their needs will be chosen. And the recurring revenue can go on for years. Keast recommended Comms-care to ADA Networks, for example, because he had partnered the former for support services in his previous role.

"Our customers are primarily large organisations. Typically, they are large enterprises or at the high end of the market, of all kinds. There are universities and corporates such as Tetley, 50 of Arco's



In a tight spot: ADA Networks promises its customers it will fix problems within four hours

UK stores and now DHL Logistics right across the UK," he said. "The common thing they all have is that they require a guaranteed-fix service level."

ADA Networks customers need to know that if they put in a call, within four hours it can be fixed. Their partner support needs can be mission-critical, even though many might assume that such organisations will manage their IT themselves. Also, they are aware they are dealing with a third party, for the most part.

"Customers see the value of our arrangement. Some have no in-house IT at all, so have full break-fix. Previously, the BBC had about 700 support contracts," said Keast.

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