

## Bargain prices mean bargain-bin services

Network services are doing well despite the downturn, according to **Peter Titmus**

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[CRN](#), 15 Oct 2008



Recent economic events have left many industries struggling to find their way through the doom and gloom. The IT industry can expect a period of consolidation over the next 12 to 18 months.

But there are deals to be made and many will monitor the market for prime merger and acquisition opportunities.

There may already be companies out there currently masking the true state of their finances. Such businesses can only hide their true state of affairs for so long, and I suspect the winners and losers will soon become apparent.

Yet professional services are thriving because customers are, in a sense, using **network services** providers as an extended workforce. While businesses appreciate the need for highly qualified network support services they may not have the resources or finances to hire internally.

As a result, they are booking engineering resources on a time-and-materials basis to give them flexibility.

We are also finding particular specialities in high demand and which will continue to be over the next year-and-a-half.

Companies are continuing to find money to invest in key technologies such as standard WAN and LAN products and services.

However, we think the biggest winners may be in the IP telephony and security markets. Advances made within these technologies over the last five years have seen a rush of new products to the market and a general shortage in engineers or consultants skilled in specialist vendor-specific applications.

We are hearing that some organisations are increasingly stretched by the amount of training needed to support the broad services portfolio they wish to deliver.

There is also a real scrabble at the bottom end of network support services from low cost operators for customers, resulting in price cuts and generous discounts.

However, companies must perform due diligence on the quality of service on offer. This includes scrutinising supplier accounts.

Companies may be promised full scale network support for a low price in the hope that no maintenance problems will occur. If a system failure does arise, the **networks** support services operator may not have the resources needed to meet their SLA or contract terms.

Ask what accreditations do the engineers have available for call out, what is the operator's engineer dispatching process and whether the supplier can deliver software upgrades online.

Businesses feeling the pinch may be swayed by cheaper deals. The result being that more end-users will start to experience bad service again, something that we have been keen to try to stamp out within our industry.

In a worst case scenario, payments made in advance for maintenance contracts and so on may be lost if companies go under. Short-term savings may mean long-term failure.

**Peter Titmus is managing director of Networks First**