Customer Services, Europe
Changing Marketplace

Stuttgart

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Customer Services Programme—Europe
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Customer Services, Europe
Changing Marketplace

Michael Longy
Principal Consultant

Restructuring for Growth

- Overall IT market Europe
- Customer services
  - The new perspective
- Germany and German-speaking countries
- Multivendor service
- Services strategies

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Restructuring for Growth

Key User Demands

- Effectiveness
- Cost reduction
- Value for money

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Restructuring for Growth

Improved Effectiveness from IT

- Business process re-engineering
- Simplification
- Speed of implementation
- Flexibility

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Restructuring for Growth

Seeking Cost Reduction for IT

- Downsizing
- Outsourcing
- 80% solutions

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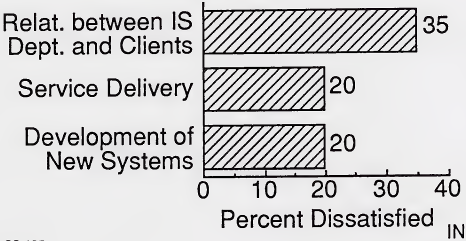
Major Challenges for IS Departments



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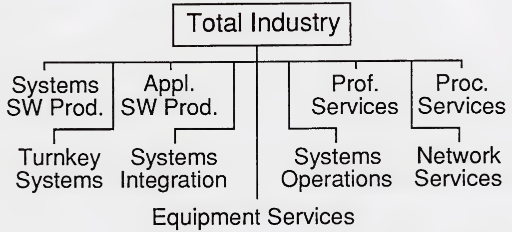
Information Services Industry Structure



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Restructuring for Growth

Customer Services—I

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

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Restructuring for Growth

Presentation of Market Analyses

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

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Restructuring for Growth

Hardware Products Market

- Product sales
- Customer services
- Spares, media and supplies

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Restructuring for Growth

Customer Services—IIA

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

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Customer Services—IIB

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

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Growth Over 1991

- 3% overall
- Ranging from -4% to +17% by sector
- Business continuity best
- Education and training worst

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Growth 1992 to 1997—I

Category	$ Billion		
	1992	1997	CAGR (%)
Hardware Maintenance	15.9	17.4	2
Environmental Services	7.9	10.2	5

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Growth 1992 to 1997—II

Category	$ Billion		
	1992	1997	CAGR (%)
System SW Support	1.9	2.8	8
Educ. and Training	1.3	1.6	4
Professional Servs.	0.8	1.4	11
Business Continuity	0.4	0.9	20

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Growth 1992 to 1997—III

Category	$ Billion		
	1992	1997	CAGR (%)
Unique Services	23.8	27.6	3
Non-Unique Services	4.4	6.6	8
Total	28.1	34.3	4
Other Services	4.4	7.1	10

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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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Environmental Services

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

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System Software Support

- Retained definition
  - Limits of system software
- Contract and ad-hoc
- Associated activities
  - Problem analysis
  - Software diagnostics

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Education and Training

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

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Professional Services

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

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Market Segmentation

New Customer Services

Professional Services	Environmental Services

- Consultancy
- Design
- Project mgmt.

- Computer room
- Cabling
- Power
- Installation

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Business Continuity Services

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

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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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Non-Available Market

- Bundled
- User self-service
- Own trends

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Multivendor Maintenance Market Europe

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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

Definition

- Restated as
  - Hardware suppliers' multivendor
  - All independent maintainers'
- Multiservice contract with hardware maintenance

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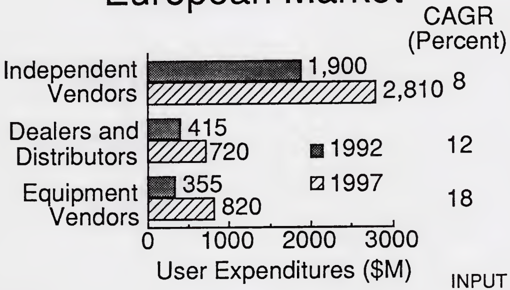
European Market



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Multivendor Maintenance—France and 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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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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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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Multivendor Maintenance—France and Europe

1991 Top Suppliers—I

	Share
Granada	10
Olivetti	9
Thomainfor	8
Digital	4
Sorbus	4

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Multivendor Maintenance—France and Europe

1991 Top Suppliers—I

	Share
Getronics	4
Nexor/Telub	2
ACT Support	2
NCR	1
Computeraid	1

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Multivendor Maintenance

Open Systems

- From threat to reality
- Three-year transition
- Services strategy

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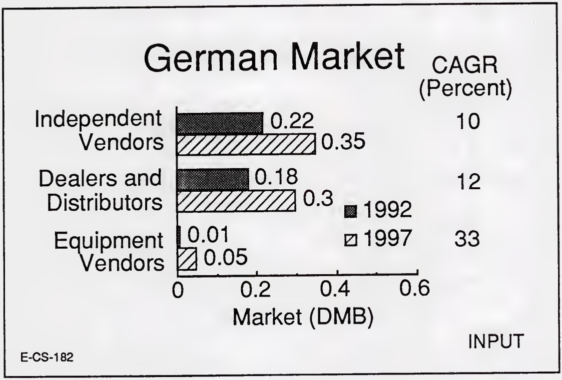

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Trends 1992—Germany

- IMOs diversify to networking
- Downsizing
- Dealers strengthen
- Partnering

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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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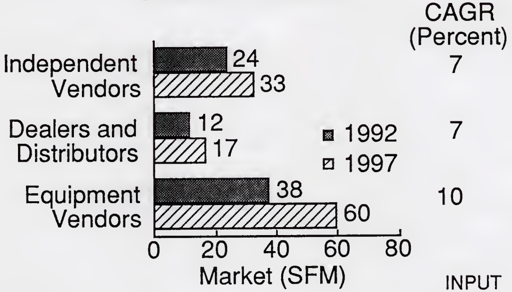
Swiss Market



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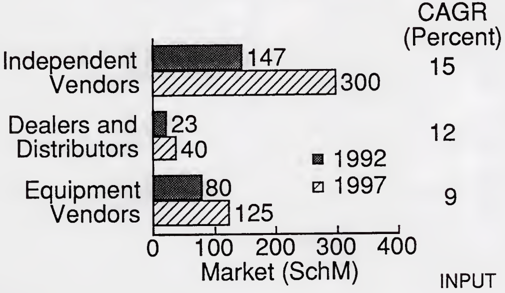
Austrian Market



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Multivendor Maintenance—France and Europe

Strategy Development

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

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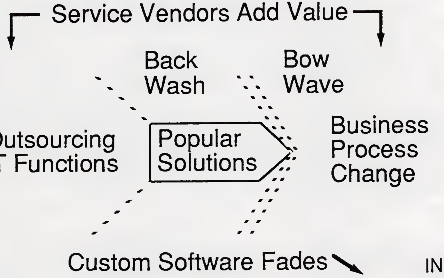
The Tidal Wave of Change



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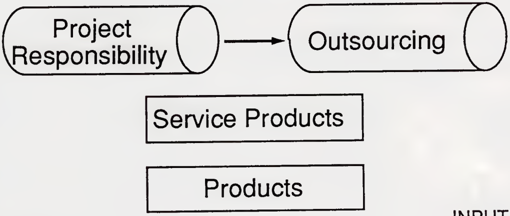
Information Systems Market Scenario



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