

INPUT[®]

Research Bulletin

Route to:

A Publication from INPUT's Customer Services Programme—Europe

debis Systemhaus DCS wins Desktop Services Deal from Henkel

Henkel, the major German retail chain based in Holthausen near Duesseldorf, has placed what is claimed to be the largest contract of its kind with debis Systemhaus DCS (debis) of Leinfelden-Echterdingen outside Stuttgart. The contract is for the on-going installation and maintenance of the company's installed base of 6,500 desktop devices. The contract is to run initially for three years at an unspecified fee, estimated by INPUT to be in the order of DM 5 million (\$3m) per annum. The principal benefit of this contract, which will establish a partnership with what is a leading German independent computer services company, is perceived by Henkel to be the removal of all anxieties regarding the availability of its end-user devices.

Contract History

This project had a long gestation period of some two years from the conception of the original idea to the decision to go ahead. Some two to three years ago debis had toyed with the idea, but nothing had come of it. However, in June of 1991 the first serious contact was made with Henkel and the idea of the partnership then steadily evolved as requirements were specified and discussed. Key reasons for the contract needing careful thought and definition were:

- The contract does not only handle the maintenance of the installed base in its current status; it also requires the contractor to be able to refresh the installed base with a planned programme of installations and enhancements to hardware and software.
- Successful redeployment of the user's existing installation and support teams was part of the contract implementation process.

It had become apparent to Henkel that the in-house staff were going to be too few to handle the required expansion of the network and the maintenance of the end-user devices. The talks with debis really started in earnest as a result of Henkel management refusing a request to increase the existing headcount to cope with future expansion of the internal network.

By December 1992, contracts had been signed and debis had commenced with the initial stages of ramping up the installation effort over the next six months period. Full running of the contract started on 1st April 1993.

Overview of the Contract

debis responsibilities fall into two parts:

- . The installed base of approximately 6,500 devices must be put under support and maintenance care, so that it can be used in its entirety during the working week. This requires a service level agreement with response/repair times which are acceptable to both sides.
- . The installed base must be under continual refreshment over the three-year period of the contract, with agreed levels of installations of new devices and of enhancements to both hardware and software. This requires an agreed timetable for installation as well as close co-ordination between all the various parties, supplier, installer, user and end-user, working to an agreed procedure.

The installed base at the start of the contract starts with the following split between three types of unit device:

- . 2,500 PCs (Personal Computers) purchased from a variety of sources, including Compaq, IBM and Hewlett-Packard
- . 2,000 terminals mostly IBM 3270s or compatible devices
- . 2,000 printers.

The aim of the refreshment programme is to replace the terminals with PCs, and to keep the PC and printer bases up to date in terms of their hardware technology and their software functionality. Both hardware and software enhancements were, therefore, anticipated.

debis provides a fixed level of effort equivalent to one manager and six technicians, on Henkel central site premises. This commitment is made irrespective of holidays and sickness.

The main debis commitment is to the central Holthausen site, but its responsibilities also extend to outlying locations around Germany, where branch offices and warehouses are located. There are between 60 and 70 of these locations. They are supported in the same way but with different response/repair times and a different tariff structure.

Exhibit 1 summarises the key points of the Henkel-debis contract.

Exhibit 1

Contract Overview

Key Aspects of the Henkel-debis Contract

- . Support installed base of 6,500 end-user devices
 - from 50 different suppliers
- . Enhance/upgrade the base's hardware and software
- . Replace terminals with PCs
 - . 1 x manager & 6 x technicians permanently on-site
 - . Support central site locally, 60 x other sites remotely.

Source: INPUT

Contract Details

The contract covers not only the main Henkel location in Duesseldorf, but also the end-user devices in all Henkel group subsidiaries and in the branch offices around Germany. The scope of the services includes:

- . Installation of complete configurations, enhancements, and upgrades to hardware and software
- . Preventative maintenance according to the manufacturers' specifications

- On-site support by the team of seven during working hours
- Emergency call-out outside normal working hours.

It is planned to install 600 PCs in parallel each year of the contract, and to make 2,400 enhancements and upgrades.

The contracted response/repair times are:

- At the Holthausen central site, total Fix time (equivalent to the sum of response time and repair time) should be within four hours for 97% of the installed units. For the remaining 3% of units a faster Fix time of one hour or less is offered

- At the peripheral sites, an eight-hour service is sufficient, and this may be split 50:50 between Response time and Fix time.

Exhibit 2 summarises the quantitative targets to which **debis** is committed.

Processing a Fault

Henkel and **debis** share the overall tasks of monitoring and correcting the problems which occur on the network at the user desktop. Henkel retains control of the in-house Helpdesk; **debis** engineers divide their time between installing new systems and overcoming faults of all kinds. Exhibit 3 illustrates the various groups of Henkel and **debis** personnel that are connected for management purposes to each other through the Helpdesk section.

Exhibit 2

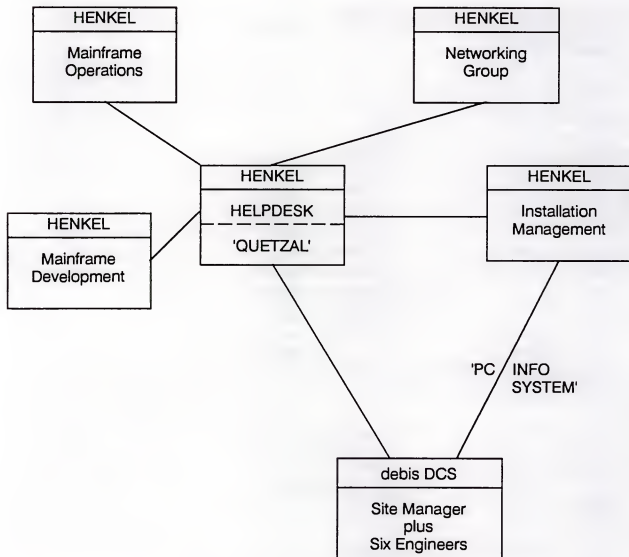
Target Numbers for **debis** to Achieve

Combined Response and Repair Times		
Central Site	Remote Sites	
4 hours - 97% of cases 1 hour - 3% of cases	8 hours split between 4 hours Response time & 4 hours Repair/Fix time	
Hours of Availability		
Service	Central Site	Remote Sites
On-Site Service (Working hours)	07.00-18.00 Monday-Friday	08.00-17.00 Monday-Friday
Out-of-hours Service	18.00-07.00 & Non-working days	17.00-08.00 & Non-working days

Source: INPUT

Exhibit 3

Partnership Working Groups



Source: INPUT

Any malfunction in an end-user's desktop unit has to be reported by the user to the central Helpdesk, which has the responsibility for both defining the problem and eliminating it. If Helpdesk cannot resolve it over the telephone,

they must notify the debis site manager using Henkel's copy of the resident problem management tool, called Quetzal. The problem is then handed over from the Henkel area into the debis area, and the measurable "fix time" clock has started.

When the fault has been cleared or bypassed, the site manager notifies the Helpdesk of the fact, again through the medium of the Quetzal tool.

Installation Management

New PCs and other products required for the installation of upgrades are delivered to the Henkel sites by the appropriate manufacturers. Henkel's Installation Management section has the responsibility for assembling the configurations, and for verifying that all prerequisites, whether hardware or software, are already available.

A user affected by an incoming installation or upgrade is contacted in writing by Installation Management and given a rough installation date, to the nearest calendar week. These approximate dates are stored in an application called the PC Info System, which is the communication tool between **debis** and the Henkel Installation Management.

The **debis** site manager can then co-ordinate with each user how and when each installation/upgrade is going to take place. When the **debis** team has completed a new installation or an enhancement, it reports back to the site manager who passes the notification back to Installation Management using the PC Info System tool.

The use of computer-based tools allows for clear demarcation of roles and effective monitoring of the service levels being achieved.

Pricing

The deal which has been struck between these two companies is typical of the way in which close working between customer and contractor can earn the title of a 'partnership'. The

attractiveness of the deal has been enhanced for Henkel by the two-part pricing mechanism which was devised and agreed. It works as follows:

- Henkel pays **debis** a flat per annum fee covering a base level of activity for installation and spares provisioning
- A second part of the payment is geared to the actual number of times that Henkel invokes the **debis** maintenance service through the Quetzal tool.

There are also certain ancillary charges connected with the installations and upgrades undertaken at the remote locations.

The beauty of this two-tier system is that the first part ensures an adequate compensation to **debis** to cover its fixed costs, while the second part gives Henkel the feeling that it is not paying for unused repair capacity. Many users are unhappy at paying a flat fee (or 'insurance premium') for maintenance on modern equipment that is seen to be increasingly reliable. This method overcomes that particular psychological block. At the same time and in combination with the split of responsibility with the Helpdesk section, it prevents Henkel from making frivolous invocations on the services of the **debis** repair team.

In summary, **debis** sees this contract as setting a pattern for the future. The company's objective is to target the large 'big name' companies with long-term outsourcing offerings of this type, where the risks and the benefits can be equably shared between the client company and its partner.

This Research Bulletin is issued as part of INPUT's Customer Services Programme for the information services industry. If you have any questions or comments on this bulletin, please call your local INPUT organisation or Peter Lines at INPUT, 17 Hill Street, Mayfair, London W1X 7FB England. (071) 493 9335, Fax (071) 629 0179.

ABOUT INPUT

Since 1974, information technology (IT) users and vendors throughout the world have relied on INPUT for data, objective analysis, and insightful opinions to support their plans, market assessments and technology directions particularly in computer software and services. Clients make informed decisions more quickly and save on the cost of internal research by using INPUT's services.

Call us today to learn how your company can use INPUT's knowledge and experience to grow and profit in the revolutionary IT world of the 1990s.

ANNUAL SUBSCRIPTION PROGRAMS**EUROPEAN AND NORTH AMERICAN MARKET ANALYSIS**

*Analysis of Information Services, Software and Systems Maintenance Markets
5-year Forecasts, Competitive and Trend Analysis*

- 15 Vertical Markets
- 9 Categories of Software and Services
- 7 Cross-Industry Markets
- The Worldwide Market (30 countries)

— EUROPEAN —

- Outsourcing
- Systems Integration
- Customer Services

— U.S. —

- Outsourcing
- Client/Server
- Systems Integration
- IT Vendor Analysis
- EDI / Electronic Commerce
- U.S. Federal Government
- IT Procurements

CUSTOM CONSULTING

Many vendors leverage INPUT's proprietary data and industry knowledge by contracting for custom consulting projects to address questions about their specific market strategies, new product/service ideas, customer satisfaction levels, competitive positions and merger/acquisition options.

INPUT advises users on a variety of IT planning and implementation issues. Clients retain INPUT to assess the effectiveness of outsourcing their IT operations, assist in the vendor selection process and in contract negotiation/implementation. INPUT has also evaluated users' plans for systems and applications downsizing.

INPUT WORLDWIDE

London—17 Hill Street
London W1X 7FB, England

Tel. +71 493-9335 Fax +71 629-0179

Paris—24, avenue du Recteur Poincaré
75016 Paris, France

Tel. +1 46 47 65 65 Fax +1 46 47 69 50

Frankfurt—Sudetenstrasse 9
W-6306 Langgöns-Niederkleen, Germany

Tel. + 6447-7229 Fax +6447-7327

San Francisco—1280 Villa Street
Mountain View, CA 94041-1194

Tel. (415) 961-3300 Fax (415) 961-3966

New York—400 Frank W. Burr Blvd.
Teaneck, NJ 07666

Tel. (201) 801-0050 Fax (201) 801-0441

Washington, D.C.—1953 Gallows Rd., Ste. 560
Vienna, VA 22182

Tel. (703) 847-6870 Fax (703) 847-6872

Tokyo—Saida Building, 4-6, Kanda Sakuma-cho
Chiyoda-ku, Tokyo 101, Japan

Tel. +3 3864-0531 Fax +3 3864-4114