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# Research Bulletin

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A Publication from INPUT's Customer Services Programme—Europe

## The Open Support Challenge for Independent Computer Services Companies

The complementary developments in open systems and outsourcing have profound implications for the traditional pattern of IT services supply. Computer services companies have already seen a shift away from the segmentation based on services sold to the IT function (such as IT consulting, processing services, and software specification and development). The new emphasis is upon services provided at the business level such as systems operations, value-added networks, and systems integration. The concept of open support will hasten and extend this process.

The increasing intensity of competition in the services area, coupled with greater integration of services, means that rigorous assessment of how to strengthen competitiveness and differentiation will be needed by all the computer services companies in order to survive and grow.

Three principal categories of independent computer services companies are considered by INPUT: systems operations vendors, consultancies, and professional services companies. It is recognised that many of the larger players include all three areas of activity within their service portfolios. This bulletin deals only with vendors whose primary focus is in the first category.

### The Issues for Systems Operations Vendors

The principal question for systems operations (SO) vendors is whether to relate their services to:

- Particular technology platforms
- Particular market sectors
- Particular service functions

The key differences between the three segmentations are the following:

- Focusing upon technologies allows SO companies to offer to their customers a level of technical sophistication that these users may not be able to afford on their own—thus the possibility of competitive advantage based on technology exploitation arises.
- Concentrating upon vertical market sectors allows an SO company to extend its solutions into specific software and networking applications.
- Specialising in certain service functions, such as operations or network management, allows vendors and users to increase the spread of target customers to include companies

interested in outsourcing those particular activities.

All the systems operations vendors want to exploit the development of open systems, but for different reasons:

- The technology specialists can offer migration services that allow their customers to move systems onto open platforms earlier than normal.
- The industry specialists can develop open applications that can be sold to their customers irrespective of their principal hardware platform.
- The service specialists can offer skills that their customers then have no need to develop in-house.

The challenge in open support for the SO vendor comes in deciding how broad a spectrum of services to develop. Most SO companies do not provide infrastructure maintenance, preferring to subcontract this either to the equipment supplier or to a third-party maintainer. Similarly, with the notable exception of Andersen Consulting, the SO companies are not typically involved in business consulting, and have relatively little opportunity to influence either the IT direction of their customers or the product strategies of the equipment vendors.

The question then becomes one of whether to go upstream (into the business operations area), to go downstream (towards mastering the technologies), or to stay in the middle and respond to demand for open support by concentrating upon service management rather than the broader task of service delivery.

Culturally, the SO vendors have little difficulty in the concept of open support. They tend to relate strongly to their customers (particularly because much of their staff has been taken over from their clients) and they are used to framing resource-based contracts of extended duration, embracing multiple services and skills. They are already providing support at the systems, and in some cases, the application level.

Extension downstream into hardware (and software) maintenance looks easier than pushing upwards into high-level consulting. SO vendors are often perceived as technicians rather than consultants. Through focusing upon exemplary knowledge of the technologies; managing technical complexity and providing disparate services within a single contractual framework, the SO vendors have real potential to thrive in an open support environment.

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This Research Bulletin is an excerpt from a full research report issued as part of INPUT's Customer Services Programme—Europe. If you have questions or comments on this bulletin or wish to purchase the report, please contact Peter Lines at INPUT, 17 Hill Street, London W1X 7FB, England.  
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