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Research Bulletin

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A Publication from INPUT's Customer Services Programme—Europe

Problems Management Valued More than Maintenance Services

Users have become more reluctant to pay for basic equipment repair services as IT equipment has become increasingly reliable. However, complex network based systems are driving the need for higher level problems management services. Customer services vendors are in danger of missing this opportunity if they remain too focussed on equipment repair and software product support rather than developing the skills necessary to support higher value added *problems management* services. To profit from increased customer perception of *value* vendors need to:

- Understand the reasons for user's higher level service requirements
- Develop increased knowledge sets that enable the firm to deliver genuine *value* to the client
- Adjust pricing and contract models to reflect a total system approach rather than an equipment repair orientation.

Systems Complexity Drives Problems Management Services

Over the last five years the dominance of proprietary systems vendors has been overturned by the industrial democracy of the open systems movement. The old type of competition, centred on the advantages of one proprietary technology over another, has been replaced by one in which a vendor has to win business by demonstrating the ability to deliver *value*. This trend has been followed by the shift to *open support* in customer services. Whilst users have generally become increasingly satisfied with hardware service (although not with the price paid for it) there are indications from INPUT's research that satisfaction with total systems support is decreasing.

User satisfaction with total systems support is decreasing because complete systems (computers and networks) are becoming more complex and involving users in additional support functions. One of the fundamental reasons for using any service function is to be protected from complexity. Few customer services vendors have risen to the challenge of extending the scope of the services provided to cover the latent demand for more comprehensive problems management of entire systems.

One aspect of the need for higher level problems management services in complex systems is the decrease in total availability incurred as the number of units increases. This is illustrated by the simplified model shown in Exhibit 1. This exhibit tabulates the availability of a network against the numbers of devices connected to it. The availability is measured in terms of the average unit availability (A_{av}) across all connected devices. In this simplified model the error rate of the network links is assumed to be zero. As this is an unrealistic assumption the model represents a best case scenario for each network size.

Increased Systems Knowledge Delivers Value

IT only has *value* in its application to real human or business problems. Customer services vendors must respond to this challenge if they are to increase the real and perceived value of their services. The more clearly that the service provider understands the overall business process the more likely it has the capability to provide high *value* services to the customer.

Customer services organisations can succeed in achieving this by correctly identifying the

Exhibit 1

Simplified Network Availability Model

Number of Devices	Network Availability (Percent)		
	A_{av} =99.9%	A_{av} =99.99%	A_{av} =99.999%
10	99.0	99.9	99.99
100	90.5	99.0	99.9
1000	36.8	90.5	99.0

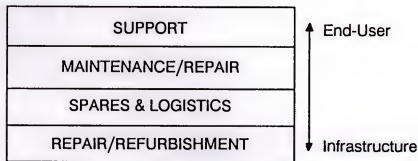
Source: INPUT

Given the known high individual reliability of system components (eg a PC or workstation) user concern for service value has shifted to the overall availability of the system and the potential conflict situations incurred in organising remedial support amongst multiple vendors. This is the *problems management* opportunity for customer services.

operational interface required by each individual client. This interface will be a function of the level of systems complexity from which the user wishes to be shielded. This interface can be defined at various levels, some are shown in Exhibit 2.

Exhibit 2

The Support and Maintenance Model



This exhibit illustrates a basic value chain for the IT support and maintenance market. Different types of vendors operate at different levels of the model. Currently few customer services organisations have entered the support layer in its fullest sense. This is a cause of potential dissatisfaction amongst users needing more comprehensive problems management service.

Some users have demanded services at even higher business levels. In a number of outsourcing contracts the vendor has taken responsibility for a complete business process of which the computer system is but a part. For example EDS has a contract with Memorex in Europe for the management of their complete logistics operation.

In order to effectively meet these new opportunities customer services vendors must not only be able to demonstrate a thorough understanding of the system level which they are supporting but also have significant understanding of the adjacent levels. A failure to do this is likely to lead to contracts reverting to in-house management as the perception of *value* on the part of the customer erodes.

Granada Computer Services' loss of the FordNet contract illustrates the vulnerability of services vendors to this threat.

The customer services organisation is thus facing profound challenges in increasing the scope of its knowledge base in order to be able to deliver real *value* to the client as a problems manager.

Redefined Contracts Communicate Value

Customer services vendors' sales presentations and marketing materials often emphasise high level support and responsibility for user system problems. In contrast, service contracts still emphasise equipment based services. This is a classic example of over-promising and under-delivering, the exact opposite of the service advice given by Tom Peters the management guru, *under-promise and over-deliver*.

Customer services vendors can effectively meet the problems management challenge by adapting their contract and pricing mechanisms to communicate their higher level service commitment. There has to be a complete shift away from an equipment repair orientation towards problems management. This will be essential to achieve the objective of increasing the user's real and perceived *value* from customer services.

Customer services vendors should be guided by the user who recently commented to INPUT that "they would be very happy to have a contract to support their 250 end-users, they were very unhappy about signing a contract to just support 250 PCs".

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

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