

CRN

SPECIAL REPORT

SUPPORT SERVICES

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...you need support you can trust

As businesses rely more and more on the availability of their IT infrastructure it is critical that IT resellers have the support services to fulfil this demand. Comms-care recognise this and have designed a wide range of IT support services that include Maintenance, Installation, Health checks, Security and IP Telephony. Working to support only resellers, Comms-care realise the importance of the channel model and pride themselves in offering their Customers with an unrivalled level of support.

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editorial

Call on a third party for first-class service

The flexibility of third-party service providers means firms can choose the skills they need when they need them, says **Laura Hailstone**

We all need a helping hand from time to time. Someone to lean on, call upon, an extra pair of hands. It's no different in business – every business in every sector will require support of some form or another at some stage.

For example, having a relatively small editorial team putting together the leading channel publication every week can cause problems when one of the journalists is off sick or away on a press trip.

With such a quick turnaround required for news stories, being just one person down can put tremendous pressure on the rest of the team. On such occasions *CRN* can luckily turn to a third party – a freelancer – to provide cover and

support to the team, helping the magazine stick to its deadlines. Knowing that resource is available whenever it is required is immensely reassuring.

The same can be applied to the channel. With the days of box-shifting long gone, resellers are increasingly offering more services and support to end users to bolster margins. At times though, VARs may find they are under resourced, staff-wise, at a crucial point of a contract so they will need to turn to a third-party services provider.

Smaller VARs may even use such companies on a regular basis, not just when they are under-resourced. For example, it is probably more viable for a smaller reseller to use a third-party support firm to provide services as and when required, rather than investing in training its three engineers to provide a raft of services. Nine



The ideal support partners are third-party service firms that only work with resellers

Laura Hailstone, CRN

times out of 10, the engineers will provide the same two or three services to customers so they will become rusty in the other areas they were initially trained in, resulting in the need for refresher courses or yet more training.

The other instance where third-party service providers can come in handy is when a reseller is asked to provide support in an area outside its comfort zone. If a VAR specialises in the installation and maintenance of voice over IP systems but needs to provide a security solution, for example, a third-party services

provider will be able to help them plug that skills gap.

The ideal support partners are third-party services firms that only work with resellers, as the VAR will never fear that their 'partner' will do the dirty on them and steal their business. These types of channel-only providers will also enable a VAR to label the service as their own, so from the end users' point of view they are just dealing with one organisation and it appears that the reseller is delivering the service and support themselves.

Laura Hailstone is features editor of CRN

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Support your customers, reap the rewards

Integrating support services brings many business benefits and could ensure you stay one step ahead, says **Scott Yates**

At a recent meeting with one of our partners at their new offices, an interesting conversation about support services developed. They commented on the incompetent level of service and support they had experienced from their technology provider when simply trying to transfer and install new communications from their old premises to the new one.

Undoubtedly many resellers have also at some point experienced this level of service during the relocation of their business, facing frustrating complications and unnecessary delays.

It is these types of disturbances that constantly drive a huge number of businesses to change their existing providers to support organisations that realise the importance of superior and reli-



Investment in superior support services can significantly increase customer loyalty

Scott Yates, Comms-care

able support, therefore presenting an opportunity for those who encompass this principle.

As VARs continuously look to new methods of increasing their sales targets, growth areas such as support services are being increasingly explored and aggressively marketed.

Whether it is maintenance, installation, IP telephony, health

checks, wireless or security, investment in superior support services can significantly increase customer loyalty, provide high-margin sales opportunities, open the door to new contacts and differentiate resellers from their competitors.

Even the VARs that provide their own support services often need to call upon third-party support companies, such as Comms-care, from

time to time to use their specialist technical skills, geographic coverage, short response times and spares resource.

So it is no coincidence that the successful VARs are the ones that have identified the provision of high-quality support services as a fundamental element of their business model.

These firms have a competitive advantage over their rivals at the moment, but it also illustrates a huge opportunity for the rest of the reseller community to reap the benefits of integrating support services into their future business.

Whether a VAR is a global communications reseller or simply a couple of people working out of a home office, providing customers with unrivalled support services can mean the difference between being selected over a competitor, so why take the gamble of not using a support services firm?

Scott Yates is managing director of Comms-care.

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Stringent service level agreements (SLAs) are spurring growth of the support services sector. **Gareth Kershaw** reports

Get your support act together

The impossibility of trying to prime a steam engine with no coal should be an all too familiar one for the average reseller.

After all, they have been trying to solve the perennial poser of how to pay the bills, the rent, the wages and the taxman out of two or three measly hardware margin points for quite some time.

Now though, an interesting, but as yet relatively low-profile answer, appears to be stoking up its boilers, working up quite a head of steam and preparing to offer the channel some welcome light at the end of that long dark tunnel.

The manna comes in the form of support services and the idea is so engagingly simple that one has to wonder why it has not gained greater traction before now.

It goes like this. The reseller, struggling to deliver on its support, management and maintenance promises, simply outsources them to somebody else – a support services provider.

Depending on the circumstances and who is asked, the reseller can make anything from 10 to 40 margin points on such a deal, which makes attractive reading whatever markets a firm operates in. But it's sure to be particularly appealing for the product-based channel player looking for some extra bunce.

"Any reseller that sells products and services but lacks an in-house capability should consider engaging support services," says Toby Strauss, chairman of support services provider OrderWork.



Balancing act: Support services can take some of the strain from overburdened resellers.

"Also, those that offer particular services already, but are receiving requests from end customers outside their areas of core competence should look into it."

Earlier this year, John Carter, managing director of distributor DMSL, launched FixITlocal – a nationwide network of small, independent resellers that provide services on a local basis. It claims to give smaller locally focused resellers a way of fighting back against the big-name, big-budget behemoths now trying to compete for their business. Almost 300 resellers have signed up so far.

Carter tells CRN: "Every reseller focused on meeting the requirements of local businesses needs to offer a wide range of services and support on a flexible basis – it's the only way they can meet the needs of the many diverse businesses that are out there and need to use IT solutions. That diversity and the

need for flexibility is also why big corporations will never be able to meet all the needs of SMEs in the UK – the business community needs service-focused resellers; it depends on them."

As such, says Carter, service is, or should be, a reseller's business. "Talk to resellers and you'll find that it's part of their everyday bread and butter business. It's what keeps them alive and what the customer values most. (But) that business is now under threat from big firms such as PC World, who are trying to eat the smaller reseller's lunch by tempting small businesses with low-cost service contracts."

Local service

"The fact of the matter, though, is that small, locally based resellers – most of whom have many years' experience in servicing and supporting IT systems and solutions – are those best placed to provide good, honest, locally based services. Service always has been, and remains, a massive opportunity for resellers."

The problem, however, is exploiting it, which is where third-party support services come in useful.

According to Pat O'Keefe, operations director of support services specialist HTT, it is a fairly straightforward sell. The customer typically will not have the resources or the expertise to conduct operations such as in-depth maintenance and testing in-house, so they look to the reseller to provide it.

"It is well known that there is a skills gap in the comms sector. Outsourced partners can plug that gap at a fraction of the cost of a dedicated resource and react quicker," he says. "By commissioning support services from a third party provider, the reseller can add value and margin without the overhead of hiring people directly."

All sorts covered

Strauss is equally evangelistic about the support sector's value as a genuine and growing adjunct to reseller offerings. "The [support services] marketplace covers all sorts from desktop installation and support, networking and comms installation and support, to installing and upgrading systems and adding handsets and training. It also ranges from one-off wireless network and voice over IP (VoIP) installs to significant installations, involving hundreds or thousands of seats."

In essence, support services deliver a fully supported, end-to-end solution for the customer and improved margin with better, deeper customer relationships for the reseller – together with a reduced likelihood of losing custom to competitors.

This is all very well in theory, but how do such deals work in practice?

In FixITlocal's case, resellers come to a mutually convenient arrangement with their customers, says Carter. "That might be full payment up front, a quarterly or monthly fee, or some kind of pay-as-you-go arrangement where a small fee is charged for the call-out, with parts and labour on top.

The key for small business customers is flexibility. It is about meeting needs and not trying to convince them that the one-size service package offered by a third party will fit their business."

The reputable outsourced service

Routine tasks should be automated

Phil Sansom, Kaseya UK



Companies are emerging that are trying to offer something more independent and to add value

Scott Yates, Comms-care



provider will also provide detailed SLAs, which will ensure the reseller can deliver on promises to the customer.

Typically, explains Strauss, the model works so well because the price charged by the third party allows for a good reseller mark-up while providing value for money for the customer. Because the reseller is saving the support service provider sales and marketing expense by bringing the lead or sale to them, the provider can price their services at a more attractive level.

Not-so-new model

In some ways, says Scott Yates, managing director of Comms-care, while the model is a recent one, the idea really is not new at all. Many vendors have been offering their own proprietary versions for years.

“Historically, this space has been dominated by manufacturer offerings, which are by their very nature proprietary. In effect, where the reseller sold such a product, it was really a box shift, only with no box. But companies are emerging that are trying to offer something more independent and to add value,” says Yates.

He thinks that this

is being driven in part by the fact that end users are waking up, coming to their senses and moving away from single manufacturer offerings.

“Calling out engineers from three or more big-name expensive vendors for what may be a problem caused by just one user is neither efficient, nor financially prudent. Support services companies fill that gap.”

It comes down to common sense, says Yates. “End users don’t have single-vendor IT environments, so why should they buy into single-vendor maintenance solutions? Why retain one services contract for maintaining servers, one for applications, one for communications? It is good business sense to centralise it – one contract, one service level agreement (SLA), one point of contact, one telephone number.”

Such simplicity also makes the idea attractive for players operating in crossover areas such as the converged networking space, he says, as whichever side of the networking fence you are from – voice or data – it is a great way to shore up the offering.

So where else might support serv-

ices apply? Are they limited largely to installation, maintenance, health checks and such, or are there wider possibilities?

Mike Morrison, service delivery manager at Networks First believes that the spectrum is definitely broadening.

“Support services now include consultancy and managed services such as remote network management from which the reseller can make money because there are fewer overheads from a more focused customer base. Some support service providers are able to offer increased discounts thereby maintaining the reseller’s margins for the delivery of the services.”

Emerging services

That makes it ideal for resellers limited to product sales, and for those who wish to broaden their skills and offerings into new areas.

Other emerging support services markets include testing, commissioning and ongoing management; first- and second-line maintenance; and network support.

Specific to the communications market there is everything from network testing and maintenance to fibre and cellular network management. Testing itself includes quality of service, hardware management and more, to support any critical communications application.

Some believe that demand for support services may even extend to areas such as corporate social responsibility and carbon neutrality.

“The opportunity is to install and maintain pretty much any hardware or software product or system that a reseller sells,” argues Strauss.

“This might include anything from remote assistance, training, moves and changes and additions to configurations. It also includes the

installation and set-up of standard application software packages such as Microsoft CRM, Sharepoint and Sage Line 50, as well as server-side products such as anti-virus and Microsoft SBS.”

Yates agrees, albeit with reservations. “In theory the model could be applied to just about any service. But VARs should be aware of the provider claiming to offer all services to all resellers. It stands to reason that the broader the offering, the more thinly spread and logistically geared it is likely to be.

“In essence, support services providers that offer everything will likely be sub-contracting a great deal of it out themselves. How do you know that some of it is not being outsourced to one or more of your rivals?”

As such, he says, honesty is vital from all parties concerned. “Service providers have to be completely open with resellers and vice versa.”

This is a view echoed by Allan Tyrrell, UK managing director at distributor CDG Europe, who says that resellers have to tread carefully if they are to avoid the same pitfalls they fall foul of today; specifically spreading themselves too thinly and becoming the dreaded jack of all trades and master of none.

“The difficulty is in knowing what skills to invest in, both now and in the future,” he says. “Getting this wrong could potentially leave a hole in your services.”

As could focusing too pointedly on technologies with a strong brand awareness, which could leave gaps in both your technology stack and your value proposition.

These are not the only potential problems, says Morrison, citing the issue of resellers wanting to sell the services, but not wanting to get involved in their delivery. Here, he



It is well known there is a skills gap in the comms sector

Pat O'Keefe, HTT

Due diligence

HTT's Pat O'Keefe gives a simple checklist of SLA and security checks that resellers should carry out as part of due diligence on potential support services suppliers.

- Ask the prospective partner for their customer credentials – this is the best evidence of their engineering services and understanding of technologies.
- Look for long experience, a complete skills matrix overview, training qualifications and credentials of the engineering resource and blue-chip customer references: if they've succeeded on other high-profile networks, there's an excellent chance they will succeed again.
- A precise brief and scope of works that defines the aims and technical aspects of the work involved is key to matching and fulfilling expectations. Irrespective of what services are outsourced to a partner, the relationship is based on trust – and trust starts with defined targets and goals. Then the SLA can be put in place.
- Look for pan-European capabilities as this gives opportunity for expanding services.

IT and support service statistics

Gartner

The worldwide IT services market totalled \$624bn in 2005, a six per cent increase on 2004. Traditionally, outsourcing has driven the growth in this area, but in 2005 project-based services (consulting, development and integration), as well as software support, grew at a greater rate than the market average. This was the first time since 2000. The financial services market continues to be the largest sector, but healthcare organisations show the greatest growth.

Kew Associates

The UK IT service market was worth in the region of £23bn in 2004.

Euromonitor

IT grew by four per cent from 2003, which is lower than previous years, driven by a decline in hardware turnover with prices becoming cheaper. The outsourcing sector represents more than half of the market and it showed 25 per cent growth, driven largely by companies deciding to focus on their core activities. The market is forecast to reach a value of £30.2bn by 2008. The constant need to update IT systems will underpin growth in the market and outsourcing will continue to be the main sector driver as companies continue to strive to cut costs but strive for business process efficiency. The global TPM market is estimated to be worth between \$8bn and \$20bn.

says, many resellers do not understand what is involved in the service delivery because they consider themselves sales-only organisations.

The opposite such as resellers being too involved and offering only one point of contact to the end user, can be equally problematic, especially when the reseller logs a fault and then passes the call onto the support services provider.

Involved resellers

"Invariably the reseller passes on the support service organisation SLA fix time of, for example, four hours, but does not allow for any management time," explains Morrison. "In other words, there's a delay in passing on information and the SLA becomes much harder to meet."

Phil Sansom, senior vice president at Kaseya UK, says that resellers must also pick and choose the kinds of services they decide to deliver via third-party contracts.

"Resellers need to look at support services that automate routine tasks," he suggests.

"Only by using automated solutions can resellers properly ensure that patch and security updates are always carried out; anti-spyware is up to date; and anti-virus software is correctly configured. Furthermore, alerts raised by monitoring software can be acted on by an automated solution that can repair and reboot machines remotely, not by an engineer on standby."

"Using the traditional, resource-heavy model, each new customer win prompts a flurry of technical staff recruitment simply to keep pace with demand. Yet these engineers

are, at best, only productive 30 per cent of the time. The rest is spent either travelling to and from customer sites or on emergency standby. What business can afford to have a highly skilled, high-cost workforce unproductive for the majority of the working day?"

Managing expectations is key, says Strauss. "Sometimes it is difficult to define the work required and therefore the customer's expectation can be different from what they receive. And, of course, a reseller needs to find one or more support service providers that have the necessary skills and experience to help define their end-customer need, and to ensure that the work is completed successfully."

The ideal situation is a tri-party business relationship, says Morrison. In other words all three parties are actively involved in the delivery of the service with an open and honest three-party, three-way dialogue.

"Channel-only providers are the



Some support service providers are able to offer increased discounts

Mike Morrison, Networks First

best bet," says Yates, "as there is no threat of them taking business from the VAR."

Comms Care has no marked cars, no uniforms and blank stationery. Why? "Because to all intents and purposes it then looks like a reseller is delivering the service."

Channel players should opt for partners that concentrate on offering strong reseller SLAs and let the reseller worry about the end user SLAs. They should also look for providers keen to work in genuine partnership through joint investment; and not just in client negotiations, but in areas such as marketing. The best support services partners are those willing to roll up their sleeves and not just wait for quotes to roll in.

Channel players

Also, while many support service provision companies claim to be channel only, in reality this is not true, warns Yates. Many such providers often become subject to serious conflicts of interest as they acquire or team up with other service providers, many of which are themselves resellers.

"You could end up dealing with a company that has a vested interest

in the end user's business and is looking to get their hands on the end user's details. Many big names are doing this and are, therefore, by definition not channel only."

Resellers have to be careful who they get into bed with, and Yates says that it is crucial to do your homework and appropriate due diligence.

"Check out any potential partners carefully. Make sure they really do have the number of engineers that they say they have. Look at their accounts. Visit their premises. You'll soon get a feel for who can be trusted. Go with your instincts."

Other resellers will be tempted to take on the challenge and do it for themselves of course. But Yates cautions against this unless a company has the resources and wherewithal to withstand a tough time, especially early on.

"You have to have the headcount, the feet on the street, decent breadth and depth in terms of spares, and the critical mass to set it all off.

"As such, most resellers that try to do it all themselves make little or no margin in the first two or three years."

Networks First issues support services warning
» www.channelweb.co.uk/2200201



Service has always been, and still is a massive opportunity for resellers

John Carter, DMSL



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