Managed Technical Support and Lifecycle Maintenance

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IDC OPINION

Time is truly money, and spending time on tasks that take away from innovation and driving new business is not time well spent. IT needs better solutions to maximize time and capital expenditure (capex) budgets as it is being tasked with developing and implementing better business processes and new revenue streams through what IDC calls the 3rd Platform, which includes cloud-, mobile-, social-, and analytics-based solutions. These new solutions need to ease capex constraints while easily refreshing aging assets and automate the deployment and management process for a large number of IT systems at once. IDC trend data from the past three years shows the amount of time and the number of people IT organizations are devoting to:

- Asset management and refresh
- Monitoring, troubleshooting, and remediation
- Provisioning, patching, and configuration
- New service request administration and approval processing
- Vendor and internal meetings

IDC has also seen IT budgets becoming capex constrained with IT and finance looking for more predictable and flexible operating expenditure (opex) pricing models such as "as a service"-like options. The platform-as-a-service and software-as-a-service market is an excellent example of opex growth. IT software spend in this market reached 14% in 2014 and is expected to grow to more than 20% by 2019. IBM has a long history of not only generating solution and support options that can help enterprises spend less time on day-to-day tasks but also providing flexible refresh and payment options for the supported assets.

IN THIS WHITE PAPER

IDC shows how much of IT's time is spent on maintaining devices and planning asset lifecycle refreshes, which can put a strain on capex budgets. IBM's solution looks to streamline and ease the burden of these tasks for a vast majority of enterprise environments, and their solutions will keep IT's focus on business objectives.

SITUATION OVERVIEW

IDC has done extensive research to examine the needs of IT organizations looking to reduce the overall costs related to new technology implementations and refreshing of existing assets. IDC recommends that IT organizations consider the following initiatives to ease the pain and complexity:

- Ease capex and implement solutions that are as a service or opex in nature
- Offload costly IT tasks such as support, maintenance, asset management, IT refreshes, and lifecycle maintenance
- Invest resources in developing mobile- and cloud-based solutions for end-user customers to help drive revenue
- Help streamline business processes to gain better operational efficiencies through IT-based initiatives
- Gain a better understanding of workload management, including where IT should place workloads and what the cost of those workloads should be based on user needs
- Work with fewer vendors to reduce IT complexity

IDC research shows that following these initiatives can yield significant benefits, such as:

- Increase capex availability for other IT projects
- Enhance cost savings associated with maintenance costs for end-of-life or end-of-service equipment
- Reduce downtime and improve availability through proactive reporting and analysis
- Reduce the cost of maintenance, service, and support
- Keep IT focused on core business initiatives

IT and business leaders need to take into consideration how long and costly it is to implement and deploy new solutions and understand the financial implications of these complex solutions. Enterprises need to focus on IT business initiatives and utilize their infrastructure to create new business processes to help streamline workloads and not spend valuable resources on deploying the technology. IDC has laid out some best practices to help alleviate some of these pain points.

Capex Models Versus Opex Models

Organizations today are struggling with the costs associated with upgrading and maintaining hardware assets. IT budgets are under tight constraints as to how financial resources should be allocated. In addition, organizations are constantly influenced by vendors to upgrade hardware to newer versions versus utilizing their budgets for tackling business initiatives. Typically, businesses are under pressure to make capex investments to upgrade their equipment rather than make more efficient use of what they already have. One way an IT organization can alleviate budget pressure is to shift from a capex model to an opex model.

Capital Expenditures

Capital purchases are long-term investments, where businesses typically pay everything up front and use a financially derived amortization period that is usually three to five years depending on the assets. This can sometimes be the right model for organizations, especially if they have a standards policy in place with strict refresh schedules. However, most organizations don't have these strict policies in place, nor do they adhere to best practices with refresh cycles, and with new technologies coming into play, deferring

these refresh cycles may cause the system to fall behind in performance and compliance. Furthermore, organizations will typically try to put off using any more capex for hardware refreshes, which in turn may put enterprises at risk. Running IT assets in this capex fashion may not be the best use of IT funding.

Operating Expenditures

On the other hand, utilizing a model such as *device as a service,* which is opex in nature, allows an organization to pay as it goes and pay every month, meaning it sees value on a recurring cycle. With technology changing rapidly, it makes financial sense for businesses to try to reduce the maintenance costs for end-of-life or end-of-services equipment by utilizing an as-a-service model. This type of engagement also enables organizations to have a predictable and consistent budget with a flat fee spread over the maintenance contract and puts the onus on the vendor to make sure the assets are functioning as intended, which includes ensuring that:

- Assets have the latest firmware and patching updates.
- Systems are performing as intended.
- Devices are secure and in compliance with enterprise and government specifications.
- The solution adheres to the uptime SLA associated with the guidelines of the contract.
- Assets are being refreshed in a timely manner.

As-a-service models for devices are an excellent alternative to capex models. These new financial offerings can bundle different service features with a device and work for a variety of different assets, such as ATMs, PCs/laptops, printers, tablets, networks, and x86 servers.

Consider Multivendor Support Solutions

Organizations today are expected to implement new solutions to satisfy the needs of their customers and create new revenue streams. Such demands place stress on IT budgets that are already shrinking. While organizations are tackling constrained budgets, managing the multitude of solutions from different vendors is also causing a lot of complexity and taking time and resources away from the IT staff. Managing the complexities of multivendor solutions has its challenges. For example:

- Keeping track of hardware/software upgrades and patches on a multitude of different assets
- Managing a multitude of support contracts with varying SLAs and contact protocols
- Managing a multitude of asset refresh cycles

The time needed for tracking equipment refresh cycles and then implementing new technologies is an ongoing challenge for organizations.
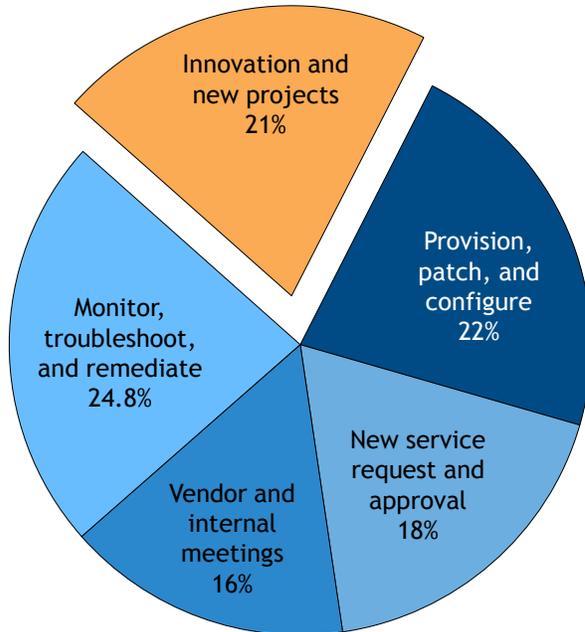
Today's IT staff has little time to allocate toward innovation, so lessening the complexities involved with multivendor systems becomes even more important as businesses adopt new technologies. According to IDC's August 2014 *Converged Systems Survey,* IT staff spends the bulk of its time monitoring, troubleshooting, managing, and configuring the current environment (see Figure 1). Enterprises are expecting new solutions to drive more efficiency for IT staff within these categories.

In addition to the previously mentioned survey, IDC's *Hardware Customer Satisfaction Report* found that close to 40% of the 270 IBM respondents believe that the ability to provide multivendor support is an important feature when deciding what type of support services agreement to purchase for their enterprise. This is further proof that enterprises are striving to remove complexity when it comes to supporting IT infrastructure to optimize IT dollars spent.

FIGURE 1

IT Operations Efficiency

Allocation of IT Admin and Operations Staff Time

- Today, IT staff has little time to allocate toward innovation
- Customers expect infrastructure software to drive efficiency to IT staff
  - Monitoring and provisioning categories are the top 2 areas of improvement
- There are further hints of infrastructure software as a simplification/consolidation tool
  - Reduce the number of vendors

n = 301

Base = all respondents

Source: IDC's *Converged Systems Survey,* August 2014

Evaluate Managed Support Solutions

Organizations are struggling with managing time spent on innovation. Because of time constraints, many companies are trying to stay focused on refreshing their existing assets versus looking toward purchasing new technology. As a result, companies are looking to efficiently manage and refresh their assets, but they fall into the complexities of maintaining them. The many moving pieces involved in refreshing assets create a lot of confusion and complexity for IT groups. As a result, IDC believes that a managed support service contract with multivendor support and lifecycle maintenance can offer companies the ability to reduce IT complexities while giving IT staff the ability to focus on core business objectives.

IDC research has shown that organizations are spending too much time managing their own multivendor environment with limited budgets. Furthermore, with the limited budgets available, IT needs to keep on top of the training involved in managing and maintaining these infrastructures. With all these new technologies to manage, IT organizations are trying to figure out how to reduce maintenance costs for end-of-life or end-of-service equipment. A new strategy is needed for businesses looking into how to efficiently manage their IT infrastructure in the most efficient and simple manner. For these reasons, IBM has developed a simplified multivendor Managed Technical Support and Lifecycle Maintenance service (MTSS) to help businesses become more efficient with the limited resources they have while also reducing IT complexity.

IBM Solution: Managed Technical Support and Lifecycle Maintenance

IBM's Managed Technical Support and Lifecycle Maintenance service offers companies the ability to customize and utilize premium-level support services in order to reduce IT complexities and alleviate the financial burden related to refreshing IT equipment with no capital investment.

IBM has developed a solution that allows organizations to gain technical support services while providing alternative ways to adopt new capabilities and technologies. The IBM solution includes:

- Multivendor support expertise
- External resources to reduce IT burden
- A flexible way to manage the refresh cycle
- A predictable monthly spend
- Customized, premium-level support services to help optimize system availability and reduce IT complexity

With IBM's MTSS, organizations can gain support to relieve the burden of day-to-day tasks for the IT staff. For example, IBM's service provides support experts who can assist the IT staff by providing IT support as a way to help simplify and reduce downtime. IBM's engineers are trained to be supportive and work with organizations to provide a more simplified process across various IT groups. The support specialists also act as a single point of contact for hardware and software support, therefore simplifying the complexities of dealing with a multivendor environment.

IBM allows organizations to be proactive in the IT environment and provides a single point of contact for end users who understand the client's needs and can assist in an escalation process when needed. Online access is provided to IT users for tracking, resolving, and reporting issues. The online access also provides a single management system that can accurately track hardware and software inventory and can help with managing compliance when integrating new technology. Figure 2 outlines IBM's methodology for implementing MTSS, logically moving customers through the different maturity phases.

FIGURE 2

IBM MTSS Methodology

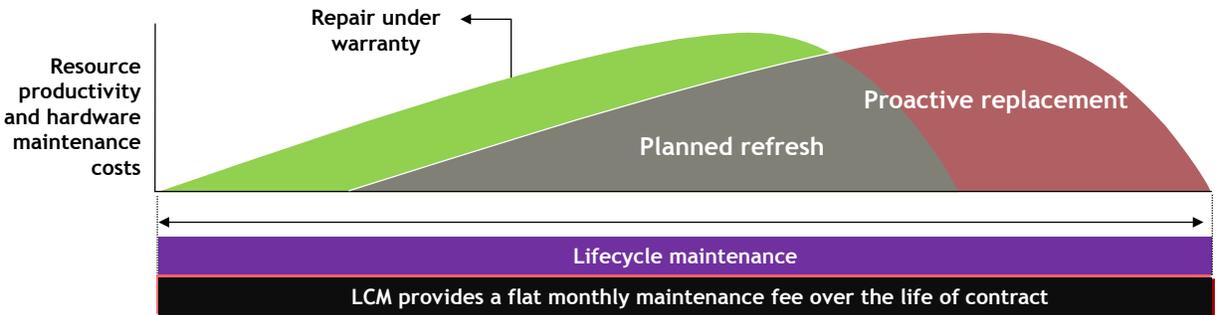## IBM Methodology for Managed Technical Support (MTSS)
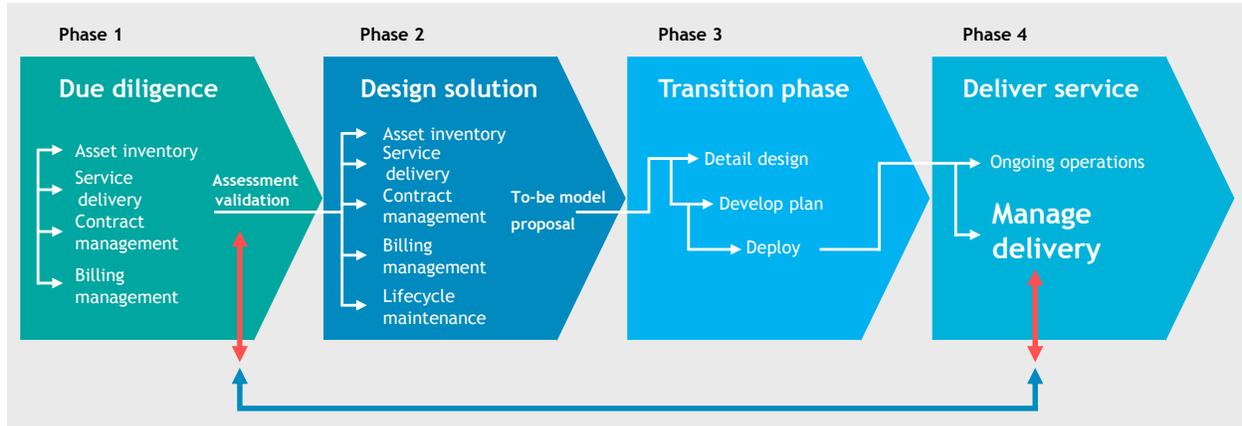
- Perform due diligence on your target IT environments
- Design a managed support solution tailored to meet your unique business requirements
- Transition by platform or by location to ongoing steady state management by IBM
- Continuously improve the solution to help deliver the best support at the best price on an ongoing basis

Source: IBM, 2016

IBM's service can help companies better manage the complexities of IT and provides technical support to help companies mature toward the 3rd Platform and beyond. The more complex the IT environment is, the greater the need for IT support. IBM's Managed Technical Support and Lifecycle Maintenance service offers a technical maturity framework that can help IBM's clients pinpoint the gaps in their technical support strategy. IBM works collaboratively to help its clients prepare for their desired level of support maturity. The maturity model works in three stages: reactive repair, planned refresh, and proactive replacement. Each stage is designed to simplify IT complexity and support higher availability along with the tools and methodologies that IBM has created for many years. The result is a holistic lifecycle service, as shown in Figure 3.

FIGURE 3

Lifecycle Maintenance Service

Source: IBM, 2016

Finally, IBM's Managed Technical Support and Lifecycle Maintenance service can help organizations reduce the cost of IT operations and simplify lifecycle management, freeing up resources to invest in new solutions that can drive new business initiatives.

FUTURE OUTLOOK

Technology is changing rapidly and becoming more advanced and complex. Enterprises that are looking at integrating new business initiatives such as social business, analytics, mobility, and cloud will need help expanding their infrastructure. In addition, outsourcing staff support can become more important as the in-house staff struggles to keep up with the complexities of managing all these solutions as well as training.

Flexible and cost-effective lifecycle services will continue to expand as as-a-service offerings continue to mature. These new solutions can enable enterprises to be more agile and cost effective when refreshing their IT infrastructures. The drive to reduce capex is becoming more important as enterprises transform their infrastructures. Enterprises have already embraced the as-a-service or a more opex model, as seen by the use of services such as Google Docs, AWS, and Microsoft Office 365 as well as CRM packages such as Salesforce. According to IDC data, the opex/as-a-service model will continue to expand and grow, and IDC expects enterprises to take full advantage of such offerings.

CHALLENGES/OPPORTUNITIES

Getting enterprises to buy into new as-a-service models can be challenging. The status quo, or the way we have always done things, will need to shift as enterprises start to implement new business practices, which consist of IDC's four pillars (social business, mobility, big data/analytics, and cloud). These disruptive models are enabling enterprises to build more revenue opportunities but at the same time are causing IT to employ more complex infrastructures. This is a good opportunity for IBM to show the value of an opex model versus a capex model for deploying and refreshing IT assets, conveying the notion that the burden of maintaining those assets sits with the IBM technical staff.

IBM has a strong reputation in technical support services and remains a major player in the market for supporting both enterprise customers and other vendors. With a broad range of support services, the company has the capabilities to assist customers that are adopting new technologies within their IT environment. For larger enterprises looking to offload part of their IT support to one vendor, IBM may be the right choice. IDC expects that IBM's strength and global support infrastructure for maintenance and technical support services will continue to resonate well with customers.

CONCLUSION

As enterprises adopt new technologies while keeping their existing equipment, they will certainly face an enormous amount of complexity. Along with this new complex environment, organizations will be driven to invest more in infrastructure and will have to rethink their financial strategy. One of the biggest challenges organizations will face is how to make these investments while still having the staff and resources to support the new IT environment. The as-a-service and opex financial models are very well suited to assist in alleviating some of those burdens.

Organizations will need to find a vendor that can manage all these new capabilities in a cost-effective manner while also aligning with their key business initiatives. Selecting IBM's Managed Technical Support and Lifecycle Maintenance service may enable organizations to reduce costs by using an opex/as-a-service model to manage assets, which will free up resources who can then improve and adopt new technologies and in turn increase new revenue streams.

About IDC

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