

Topic:
Competitor Analysis

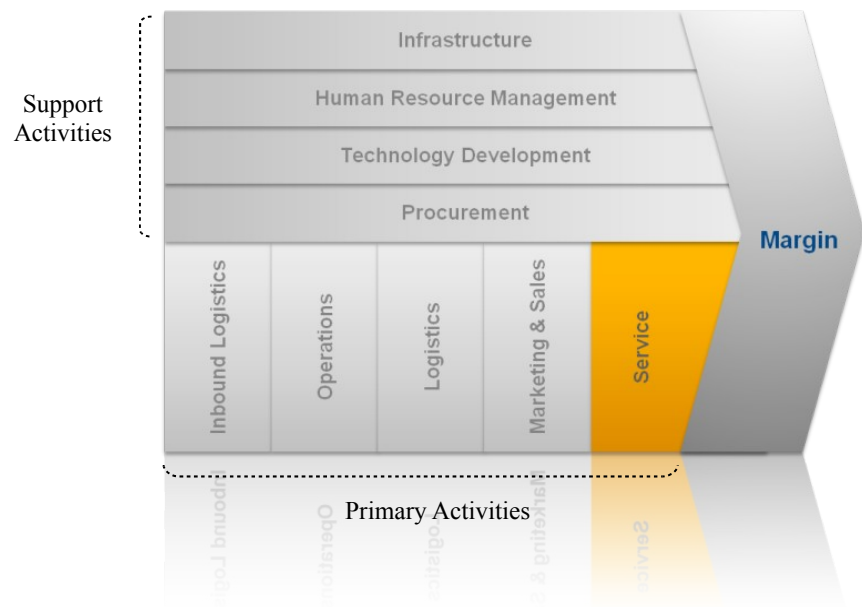
Competitive Support Benchmarking

Written by Dimitri Zlatarev, Business Advantage

Introduction

As the global economic downturn deteriorates, customers are becoming ever more cost-conscious along with their weakening balance sheets. As a result, ICT vendors recognize the importance of customer retention and are forced to re-calibrate their value chain by improving their service offerings to clients. The 'Value Chain' framework divides a company's activities into technologically and economically distinct activities it performs to do business i.e. primary and support activities. They are often referred to as 'value activities' and their goal is to ultimately offer the customer a level of value that exceeds the cost of the activities, thereby resulting in a profit margin. The focus of this study is mainly aimed at 'service-driven' value activities, which entail the support of customers after the products or services, have been sold to them. These can consist of items such as installation, repair, adjustment, upgrading, and parts inventory management. Product support has always been a major revenue driver for vendors and is now delivered in much faster, more innovative ways than its predecessors. Good coordination of service support is also pivotal as it allows on-time delivery without the need for additional costly overheads and also tends to be beneficial to the increase of a company's margins.

Figure 1 – The position of 'service' within the value chain








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Executive Summary & Methodology

CAD Spaghetti has assessed a number of hardware and software vendors and their support offering to partners and clients. Not only is it important to understand what those vendors offer in terms of support and service, but it is pivotal to assess their key market drivers and impact on the end user. For a vendor to perfect their service support function, they would need to look at the 'big picture' first, in order to understand which areas require attention and which don't. No single entity, however large, is the same or can encompass the 'perfect' support infrastructure. To put this analysis into perspective, we have benchmarked a number of 'industry champions' in the technology sector and looked in detail at how these organizations have carried out the same or similar processes. Our findings and results have provided us with key indicators, showing the most important drivers of support services.

Figure 2 - Vendor Snapshot

	<ul style="list-style-type: none"> Prominent in 3D CAD technology Owned by Dassault Systemès Used by >800,000 product designers and mechanical engineers worldwide
	<ul style="list-style-type: none"> Acclaimed for Security, Storage and Systems management solutions Foster operations in over 40 countries Within the Top 10 largest software companies
	<ul style="list-style-type: none"> Specialize in GIS technology More than 1 million users in 200 countries 2,200 Partner Network
	<ul style="list-style-type: none"> Renowned for networking & communications technology sector More than 66,000 employees Ranked No.32 in FT Global 500
	<ul style="list-style-type: none"> Proponent of open systems and a major contributor to open-source software There are >500,000 Sun certified professionals worldwide and growing Renowned for fast number of 'Partner programmes and incentives'
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Key Determinants of Vendor Support Structure

The following components were key determinants of the integrity and quality in each of the vendors support structure.

Figure 3 - Key Determinants of successful support delivery



1. Consistency in Global Support Delivery

Lean Six Sigma and process improvement tools are pivotal methodologies and are continuously utilized in the ICT industry. Most vendors have therefore streamlined the structure of their support processes into one, more uniformed system worldwide. This is welcomed by their resellers as well as clients for a number of reasons. Above all, it eliminates confusion over who is responsible for what, and at which point of an incident. Most vendors who participated in this study foster their own support centres in very few locations, preferably within domestic borders. For some, the 'outsourcing' of this function was categorically 'not an option'. In their view, this would result in the deterioration of delivery quality due to language and cultural barriers. The loss of oversight and supervision of security may also raise questions in certain boardrooms, not to mention the potential opposition by labour unions and regulatory bodies.

However, for others this option was partially deployed albeit to a minimum. **Sun Microsystems'** European support desks are based in Madrid and Ireland with support delivered in all major European languages. Their North American desk is based in a number of locations throughout USA, but only between standard office hours. Post-business hours support is outsourced to a low cost destination in the Far East. **SolidWorks Corp.**, a Dassault Systemès company, also prefers to keep their support delivery centre in-house.

"We have teams working with partners every day to ensure consistency and alignment with Cisco methodologies, tools, and best practices. We offer training, certifications and specializations for partners"

Channel Service Account Manager, Cisco, Italy

2. *Flexible Methods of Support Delivery*

The way in which support is delivered has drastically evolved in the last decade. It is now much more flexible, user-friendly and above all, cost-efficient for clients. Most incidents are resolved online and therefore off-site, which vastly reduces the vendors' carbon footprint and diminishes the client's costs of resolving a technical incident. **Cisco Systems** for instance, place a heavy focus on web-based virtual support. Clients or resellers are able to access a multitude of self-help tools such as system diagnostics and patches, therefore reducing their 'downtime' and resolving incidents quicker.

"Most of our customers and partners agree that Cisco.com offers one of the most comprehensive support web sites in the industry."

Channel Service Account Manager, Cisco, Italy

"We are expected to answer an initial call within 4 hours but we answer it within 1 hour. We should be able to solve the problem within 24 hours."

VAR, SolidWorks, UK

3. *Partner Certification & Training*

Most vendors direct a myriad of resources to the certification and training of their entire partner network. Some have also adopted a multi-tier partner structure, which clearly outlines partner status, key competencies and capabilities. A natural and more organic growth path is achieved via this approach, where each partner accumulates more training and expertise as they develop their relationship with the vendor. They are then certified accordingly, eventually obtaining a highly prestigious status awarded by the vendor, sometimes accompanied by an award for their efforts and achievements.

Sun Microsystems, based in California, is a shining example to the industry, heavily investing in its 'Partner Growth Fund' via its [Partner Advantage Program](#). **Symantec** also fosters a strong strategic relationship between partners and clients.

The delivery of training has also weathered substantial change and improvement. The traditional classroom-based training and study is slowly diminishing. Training is now much more cost-effective as the majority of it is delivered online via webcasts, online study materials, virtual meetings, Blogs, etc;

"Certification is very thorough with Sun and varies drastically according to product group. They (Sun Microsystems) also ensure we're kept up to date with the latest support changes. We're very happy with their training and certification."

VAR, Sun Microsystems, USA

"Our Partner-Training for sales staff is free. Partner-Engineers can also attend free classes via the web to support a "global knowledge sharing". Those kinds of programs are primarily aimed at "Gold- and Platinum-Partners."

Business Development Manager for Channel Strategy, Symantec, France

4. **Customer Satisfaction**

Knowing what the client wants or needs plays a key role in good practice and product/service improvement. The majority of vendors regularly dispatch surveys to clients, either themselves or via a third party, to assess important indicators such as customer satisfaction rates, expenditure patterns and migration trends. In addition, customer satisfaction is also driven by the speed of response a vendor offers. Quick response times are desired so a client is not kept waiting. Some clients with mission-critical systems such as trading platforms or Point of Sale (POS) simply cannot afford to have lengthy downtime as this can carry substantial losses.

"Customer satisfaction is at the heart of Cisco's strategy. It is the key driver of a company's success. Partners who achieve outstanding customer satisfaction are awarded the Customer Satisfaction Excellence gold star".

Marketing Manager, Cisco, USA

"Although this has not yet been published, JD Power has ranked us within the top six vendors in a customer satisfaction survey. Our goal is to establish a transparency focus for 2009 – no matter if the results are great or bad."

Global Technical Support Director, ESRI

Future Trends & Challenges

As information society becomes increasingly more sophisticated, eventually the majority of ancillary processes are expected to go online. It is therefore paramount that vendors take this onboard and channel their energies into delivering more versatile, user-friendly and cost-efficient support to clients. Much progress has been made and some vendors are more advanced than others in this area, but many believe that there is a long way to go until a perfect delivery mode is achieved.

Outsourcing also remains high on the agenda. Some opponents of this would claim that the industry is seeing a reversed trend in outsourcing activity, with many vendors withdrawing their operations from abroad and restoring it at home due to the loss of quality and security. However, much of this evidence is anecdotal and needs more interrogation. Indeed, outsourcing is still heavily promoted in India, the world's largest and fastest-growing outsourcing location, dominated by ICT services. However, signs of strain are appearing in the outsourcing sector, something which if not addressed on the political agenda, could impair the country's economic growth prospects. Worse for India, other low-wage countries such as China, the Philippines and Eastern European countries are gearing up to challenge its lead.

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