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Network News



Summit—Partnerships Powerful

By Claudia J. Betzner

The Power of Partnerships proved to be the best focus to date for the SIA Summit since the entire Western Civilization is Partnering & leveraging partnerships to grow the business and provide total solutions.



Scott Dougall, General Manager IBM Global Services Technical Support Executive – Americas

Scott Dougall led off the agenda with his powerful "Power of Partnerships" keynote address. Part of his presentation addressed "The importance of Partnerships and how clients want more for less in a more complex environment than ever in history." AN example he used was a partnership with Halifax Corp.

The IBM strategy discussed by Scott was to create and use strong partnerships to solve some of the clients problems. "With upfront structured planning and a targeted approach to Partnerships you will be prepared and know what out-

comes to expect. You will quickly recognize which companies to partner with and which would be just vendors or an empty press release."

Scott ended his presentation using the SIA acronym: "Simplify, Integrate, and Automate your partnerships.

Next on the agenda was the **State of the IT Service Market—Keeping pace with Change** delivered by Joe Delaney, V.P. Commercial Managed Services for Northrop Grumman. Joe reviewed the size and scope of the IT service market: Yesterday the market was \$134 billion, today the size is \$252 billion and tomorrow it is expected to be \$324 billion and is focused on networked environment solutions integrated into customer business processes. A 5.2% growth is forecast for the U S 2005 to 2009. According to Joe, "Services are being commoditized, prices are being driven downward, customers are more sophisticated, service delivery is becoming less labor intensive and more capital intensive with more automation." Joe's last slide was: "Give the customers what they need....Top Quality at lowest possible price, access to vital skills and tools, IT infrastructure that meets their needs, then alleviate their concerns.....Remove concerns about reliability and security, understand issues facing their industry, be able to validate and deliver business value.

The Power Panel headed up by Joe Patton discussed how they approach partnering and some of the lessons learned. Panel participants included: Al Andrus, Sr. V.P. for DeltaCom-putec; Jim Graham, Past President Kinetic Biomedical; Tom York, V.P. Technical Support IBM Americas and Chuck McNew CEO of Halifax. One of the takeaways from this session included Tom York's experience of Trust and Likeability, the two things most often noted when discussing why partnerships work or do not work.

Medical—IT convergence Brian Brougham, Sr. Healthcare Strategist for Intel discussed part of the Intel Global Healthcare Strategy. The Personal Health Platform was to "Bring Individual Health Care back home with a two-pronged approach—take advantage of the PC for fitness and wellness and address issues of chronic diseases by delivering purpose-built products for chronic disease management." He then reviewed a partnership between Intel and St. Lukes hospital of Kansas City where they were an integral part of the planning together. A couple of the summary points included: "The healthcare market is undeniable and represents a significant part of the US GNP; Technology can and will improve the global healthcare system and consumers' experience in the system."

Special points of interest:

- 2006 Summit wrap
- The Buying Group
- New Members & Sponsors
- Summit Evaluation results best in Decade
- 2007 Summit—back in Las Vegas
- 2006 Executive Roundtables—dates

The Mission of SIA is to serve as a forum where every member can enhance their business and to take collective action for the betterment of the industry whenever necessary.

New Members

ComputerPlus Sales & Srv
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SIA would like to thank the generous support of the sponsors of the 2006 Summit:

Service Strategies—
Monday Lunch; On-
Force—Monday Reception;
AMCOR—
Breakfast

Chuck McNew, President & CEO Halifax Corp. appointed to SIA IT Board

Mr. McNew has 30 years of service and product experience in the IT industry. He has been President and CEO of Halifax Corporation, the enterprise maintenance solutions company since 2000. Prior to that he was the Chief Operating Officer for NumereX Corporation. He has also held C-level positions with a variety of mid size public companies in the technology sector. He began his career as a CPA with Coopers and Lybrand, holds a BS in Accounting from Penn State and an MBA from Drexel University. Chuck, his wife and their three boys have resided in the suburban Philadelphia area for the past 25 years.

2006 Roundtables

Roundtables for 2006 – “The Customer” will be the focus

One of the challenges the President of SIA made to the members is “you should attend at least one meeting per year” and the Roundtables are held three times per year with the Summit the spring meeting. Dates for the roundtables are June 15, September 14 and December 7. Topics on the table for discussion for the 2006 roundtables will be: Customer Demand for real time access; Implementing wireless connectivity; Operating Costs; Selling & Marketing Service; Kick off Customer perspective – couple of customers will be invited to provide statement of their needs and what they are looking for in a service provider; Buying Selling companies. The discussion topics held throughout the year lead into the annual Summit agenda.

Future of High Tech Service Industry

1. Break fix mentality is “Part” of Service Industry
2. Service Industry being Commoditized
3. Single point to customer
4. Partners – Outsourcing
5. Technology Driving western civilization

Golf Tournament



Winners of the 2006 SIA Golf Tournament held at Stallion Mountain Country Club in Las Vegas on March 5 were: 1st place went to -Greg Coleman, Robert Gaddis, David Yarborough. Second place went to Nathan Stilwell, Dan Duke, Robert Maiorano, Troy Brinza. A special thanks to Bill McCubbins, President POSDATA and SIA Board member for Chairing the 2006. The 2007 Golf Tournament will be Co-Chaired by Doug Reece of Halifax and Bill McCubbins.

Healthcare IT Investments Keynote—Dr. Elliot Sloane, Professor Villanova

It is estimated that one in every \$4 to \$5 dollars in America go to HealthCare and the costs is growing at double digit rates. It is estimated the waste is 30% according to Intel. In 2004 over 450,000 post-surgical patients had to be admitted to hospitals because of complications. In 1999 Institute of Medicine estimated that 98,000 patients were killed due to errors in hospitals. Government reimbursement pays over 60% of U.S. medical costs.

Some of the trends: HIPAA has never been about security. It is about a wholesale shift of the medical marketplace to EDI by brute market force. The Government refused to pay unless providers shifted to a uniform EDI system by 2005. The reason is to go from an “old stove pipe” architecture to an integrated data depository that allows OLAP data mining. We have a very rapidly aging population in America with the baby boomers coming on line. By 2010 40 million people, 12% of the population will be over 60 and by 2050 87 million or 25% of the population will be over 60. In 2005 the Social Security Department extended its life expectancy charts to 119 years old. IT—Medical Device convergence is creating NEW devices. TECHNOLOGY IS DRIVING THE CHANGE IN THE MEDICAL INDUSTRY. Software enhancements in the Medical industry is being paid for with tax dollars through tax incentives and anti-trust laws in medicine amendments. The SIA acronym was again used with the same words, different meanings. Even presentations now are real time: Here is what Elliot said: “Simplify standards for medical devices allow imbedding at the chip level; Integrate Deploy IHE creating interoperability between all medical specialties; Automate Use standards driven and IHE-enabled information to automatically generate bills, manage the supply chain, populate the Electronic Health Records, and forecast demand and health trends.

Leveraging Partnerships to Impact total employee Mobility Costs—Greg Harper, President Runzheimer International

Greg began his presentation with Total Employee Mobility Benefits of Integration: Costs savings, better employee relations and agility. He then discussed Integration opportunities from the employee perspective. In the better employee relationships you would have single point of contact, more streamlined process, more consistent program management. For Costs savings you had process integration and purchasing power. Greater agility you have the right people at the right place at the right time. The total costs of employee mobility per FTE is \$4,000 to \$5,000 per year or 8% - 10% of salary per year. Typical costs of Mobility per ongoing mobile worker is \$20,000—\$25,000 per year or 20% to 25% of salary per year. Trends - 44% of businesses surveyed said they would be increasing mobile home office workers; 33% of responding CFOs said that telecommuting in one of the best ways to attract top talent (Robert Half International). **Some of the costs control issues discussed** vehicle acquisition costs, image safety and reliability shown as direct costs—fuel, maintenance, personal use, idle vehicle disposal costs and liability/risk exposure were indirect costs. Greg then discussed allowance alternatives, flat rates, FAVR plan, then reviewed the fixed and variable vehicle costs.

The complete presentations of all the speakers are on the secure portion of the SIA website ac-

A special thanks to OnForce for the Green Apple Martini’s during their Sponsored Monday Night Reception.



SIA..... “simplify,
integrate and
automate your
partnerships”

Scott Dougall, IBM

2006 Summit Highlights (complete presentations on SIA website)

State of the Labor Market

Sam Timothy, CFO Paladin Consulting Provided the State of the IT Labor Market

IT Services Employment Trends: 3-5% headcount growth in 2005; Salaries have bottomed out, begun to rebound

■ Talent supply has declined significantly in last twelve months ; 1.4% unemployment rate for hardware engineers; With increase in new jobs, best talent is being utilized; Superior talent migrating toward:

— Focus/alignment with their trade/profession

— Growth/training opportunities

— Salary, benefits, work balance

Market Speed: Employee Trends according to Sam's statistics in 1960 new employees stayed 30 years with new employer by 1980 college graduates change employers ~4 times in their career and in 2006 the average employment tenure is 3.8 years and in 2004 the best available talent was on market 4 to 6 weeks. In 2006 the best available talent on market 1 week

Doug Stephens, President Stephens International provided the Medical State of the Labor Market

•As the largest industry in 2004, Health Care provided 13.5 million jobs—

•13.1 million jobs for wage and salary workers;

•About 411,000 jobs for the self-employed.

•Health Care is projected to grow the fastest of all careers from 2004 to 2014 (Stephens International's revenue has gone up over 100% in the first two months of 2006)

BMET Education, Skills Training & Earnings

•2004 – 2005 School Enrollment Up Significantly (Texas State Technical College (TSTC) in 2001 had 100 students. In 2004 TSTC had 226 students enrolled and that trend continues nationwide. New DOD BMET Training Produced 350 to 400 BMETs per year from 2001 to 2005. Many of these graduates are sent to Iraq.

•Pay (Reported by Westat for AAMI's 2005 Salary Survey) increased by an average of 3.2% for Biomedical Technicians in 2005. Salaries ranged from \$29,700 for Entry Level BMETs to \$78,000 for Director/Manager positions

•A marked reduction in employers paying the full cost of healthcare benefits (In 2004, 23% had 100% paid benefits and in 2005 only 11% had 100% paid healthcare benefits)

•Travel Pay has not keep up with the cost of Gas – In 2005 rates for travel mileage went from \$.36 to \$.48 (now back to \$.44) None of our surveyed BMETs had received more than \$.40 for travel pay.

87% of those surveyed indicated a high degree of satisfaction with their profession and would recommended it to others.

52% of the respondents had been with their current more than 16 years.

Making Partnership work from an Operational Perspective Panel Discussion : Randy Parks of Diebold ISS and Chairman; participants included—Robert Gaddis of Northrop Grumman, Doug Reece of Halifax, Bill McCubbins of POSDATA and Dr. Elliot Sloane of Villanova. This group discussed the impact of changes created from Partnerships from a Depot perspective, an Outsource Perspective, an Operational perspective and at the higher Education perspective.

Partnering to Grow the Business was presented by Al Hahn, President Hahn Consulting and expect in Service Sales and Marketing.

Al discussed Who To Partner With? Compatibility; Markets; Cultures; Similar goals; Similar or compatible strategies and Can bring business to each other or to you. He also discussed How to partner? The real work starts after the partnership agreement is reached. Al also address the Money? How will commissions be split Who owns the Customer, Whether it is exclusive or non-exclusive. Length of time and how will it end. Some of the good ideas he left the group with: Get on websites, Partner with trade associations like SIA, Partner with specific consultants like Hahn Consulting, look for deals that keep your brand visible, when negotiating understand the dollar value to you and to them. Things to watch out for: Joint marketing agreements that don't flow business, will an OEM drive the business, will your brand be visible, high risk low profit combinations, being cherry picked with old or unreliable products.

Logistics Trends and Partnering Affecting the bottom line—Joe Patton, Chairman & CEO Patton Consultants

Joe began with a hierarchy of service Business Growth: 1. Fix Equipment; 2. Fix Equipment with profit; 3.Integrated Marketing Partner; 4. Total Customer Support; 5. Major Profit Contributor; 6. Corporate Strategists. He later defined service and discussed how you cannot be all things to all people without Partners. He then discussed Logistics Costs which are between 6% - 16% of net sales or 10% average. Joe went on to discuss Logistics trends—Life cycles, barcodes, etc. He ended with a discussion on what this means to partnerships. Stay in close contact with your customer and make sure they get exactly what you promised, Would they recommend you to their friends, You should do yourself what you do unique and best, use partners to do commodity, specialists, and geographic work that can best be done at a lower costs.

2006 Summit Review continued

The other half of the **State of the Industry—Medical**, was presented by Michael Blumberg, President of Blumberg and Associates discussing the size and scope of the Healthcare Service Industry. The total market for medical technology service exceeds \$35 billion. Service and support on digital and imaging technologies are the sectors growing most rapidly. The growth in service and support on digital convergence and IT is outpacing the growth in service and support of traditional medical electronics equipment. Predictions: ISOs and OEMs with MVS capability will face intense competition ; OEMs with proprietary services are choosing to subcontract service; ISOs will essentially be able to hold their own when it comes to break-fix services; in the acquisition area the only two in the past year have been Crothall's acquisition of Kinetic Biomedical and Masterplan's acquisition of Genysis. ISOs will maintain a 30% market share over the next five years, while OEMs with MVS will increase their market share from 28% to 31% over this same timeframe. Professional services market related to digital convergence expected to total nearly \$14.0 billion by end of 2006. IT professional services has the greatest opportunity for future growth and high profitability

Mark Vigoroso of Aberdeen discussed changes in partnerships over the last ten years.

What is "strategic service management"? Aberdeen's research indicates the best companies are increasingly running service as a profit center, revenue driver, and competitive differentiator Why? Top 3 market drivers: A collective customer base; shrinking product-based profit margins; customer service has become a competitive trump card. Mark ended his presentation with some recommendations for OEMs and ISOs:

For OEMs

•Utilize mix of full-time and outsourced service resources, based on standardized cost, benefit, and customer value assessments.

•Pay attention to new entities playing roles in the service chain (e.g. contract manufacturers, BPOs, etc.)

•Keep track of warranty chain (e.g. 3% to 4% of revenues go to warranty costs)

For ISOs

•Evaluate technology profile for opportunities to provide greater upstream and downstream visibility and control.

•Look to existing partners or vendors (e.g. fleet leasing cos.) for opportunities to provide value-added services for OEMs.

•Collaborate with OEMs to achieve top-line targets and drive incremental revenue for all stakeholders.

The Buying Group Mark Schiavone

One of the popular topics at this years SIA Conference was how to decrease operating expenses. Take advantage of our new savings partnership with The Buying Group www.thebuyinggroup.com and save money on many day to day expenses.. TBG and their suppliers can assist you in doing cost comparisons which will enable you to save time and money. Suppliers such as STAPLES,ADP,DHL, RBS Lynk Systems, MESCA LTL Freight, EMKAY Fleet Leasing, HR Screening Tax Credits, Pre Employment Checks, J. Smith Lanier Insurance and VERIZON WIRELESS will research pricing and services on your behalf. It's like having an additional controller on your staff.

SIA has negotiated with TBG to waive all membership fees in TBG for SIA members. Take advantage of this SIA benefit by going to www.thebuyinggroup.com/sia and signing up today or call their President Mark Schiavone at 941-330-8050 for more information.

There is no down side to this, no minimums, just sign up and try it. If you do not save money don't use it but since it is an SIA benefit you should at least try it. Here are the benefits and some actual savings:

6 Employees	Office Supplies Courier/Freight CC Processing	\$ 3,500 actual savings
180 Employees	Office Supplies Courier/Freight	\$ 23,000 actual savings
750 Employees	Office Supplies Courier/Freight Vehicles P/C&W/C Insurance Tax Credits	\$ 377,000 actual savings

Survey Results best in Decade

An Overall 4.4 out of a possible 5 is the best score in a decade.

What did you hope to accomplish at this conference and did that occur? *Networking, New relationships, Partnerships, Industry knowledge, Best practices in establishing partnerships, new suppliers. All responded the summit met their expectations or exceeded them.*

What do you believe should be the top three priorities of the SIA board of directors? *Promote Partnerships, Education, Networking Opps, Membership Growth, Promote Member interaction, increase value, Visibility, more ISO's attending Summit next year*

In the future, where in the United States would you like to hold this event? *California 0 Florida 33% Nevada 67%*

Las Vegas will be the site for the 2007—late February or March. We will let you know soon.

Best Sessions or Presentations: Both Keynotes by Dougall and Sloane, State of the Industry by Delaney & Blumberg; The end of Day One with the breakout Roundtable Problem Solving exercises led by Dr. Alexander; The Operations Panel and Medical IT Convergence by Brougham. The Transportation Costs by Harper was also a big hit. All the speakers were of exceptional quality in 2006.



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