

eNETWORK NEWS



SIA Expands Roundtables to Canada

This publication will be sent to members electronically and on the website

By: Claudia J. Betzner

Special points of interest:

- Roundtables expand to Canada
- Roundtable reviews San Jose, CA—and Toronto, Canada
- New Members, Sponsor
- Controlling Indirect Costs through The Buying Group
- 2008 Summit Details—to register go to the website
- www.servicenetwork.org

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.

The first SIA Executive Roundtable was held in Canada January 24. It was a frigid day outside but inside the Roundtable was both informative and the open discussions were engaging. Kevin Brady, President & CEO of TGB Global led the discussions. The first discussion was on Strategic Alliances, how they are formed, why they are formed and how they might look in the future.

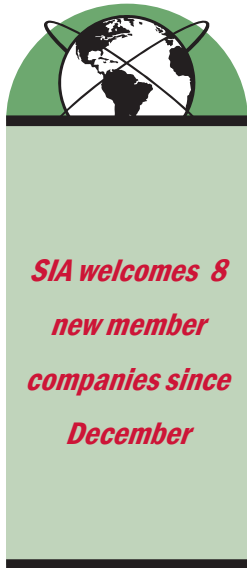
The second discussion was Optimizing the Variable Workforce Model. The discussion began with how the full-time to part-time ratio has changed dramatically over the last couple of years in Canada, with shrinking margins dictating a variable workforce model. The ratio has changed from 90% fulltime to 40% full-time according to the participants. While this model has certainly helped the bottom line it also required more mentoring with much more on the job training with the elimination of middle management over the last 10 years. The last agenda item discussed Parts Pooling, Parts Banking concepts—Do they make



sense? What research has been conducted? What companies have tried it? Pro's and Con's were discussed. Joe Patton's research from three years ago was also discussed when 8 major companies looked at "a server in California," the most common used part and the viability of sharing inventory using a third party to manage the inventory. The research showed there was not enough commonality of the part itself so the program was not implemented for any parts. After discussion with Mr. Patton along with other companies who provide a valuable service to reduce or eliminate inventory, it was suggested we have a U.S. Roundtable to further review options around this subject. Canadian companies and U.S. companies would be invited along with those companies that provide services on the subject of costs containment in the parts area. If you would be interested in this subject please

contact the SIA offices for an invitation.

SIA finalizing details of the largest Summit in over 5 years. With 2 months to go we already have as many registered as attended last year so we are expecting this to be the largest event in many years. This is partially due to the Program content, which is shown inside this newsletter, and part because we have refocused SIA over the past 2 years to become the only association and C-Level Summit that "Promotes Partnerships and encourages alliances." **In addition to the Program, The networking events, golf tournament, and grand finale are a part of the focus to provide a forum where the participants can get together, discuss joint business opportunities and expand service offerings. Our members tell us this is a one-of-a-kind summit and they re-schedule events to make sure they do not miss the event of the year in the service industry.**



New Members

Last Year:
 PowerTech Group, Inc.
 Hewlett Packard Corp.
 Oracle Corporation
 Redpack Network, Inc.
 Abtech Support
 ExpressPoint Technology
 Srvs. Inc.
 InStock, Inc.
 CDE Services, Inc.
 Washburn Computer Group
 Keystone Memory Gp LLC
 Wellington Technologies, Inc.

December & January New
 Members:

Ingenico
 Mauri Korhonen, V.P. &
 G.M. Alpharetta, GA.
 6 7 8 4 5 6 1 4 5 0
 Mauri.korhonen@ingenico
 .com

Cilicon Solutions
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 J b a r -
 croft@embarqmail.com

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 Alsip, IL
 Daniel Davin, President
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 Cking@prismpointe.com

Sonora Medical Systems
 Longmont, CO.
 G. Wayne Moore, Pres. &
 CEO 303 682 5871

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Competitive Support Op-
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Anacomp Multi-Vendor
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 440 653 1000
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 www.servicenetwork.org/
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Controlling indirect expenses

Indirect expenses, which typically comprises 10 to 15 percent of a company's spending, should rank alongside new revenue creation and cutting direct costs as the top strategies CFOs are pursuing to improve their business's financial situation.

There are tremendous savings that could be realized if you really focus on the areas that would otherwise be taken for granted.

So; why don't most companies focus on indirect costs? Their main concern is the amount of time employees must devote to researching and processing expense transactions-time that could be spent on more value-added activities.

Joining SIA's Member Savings Program is one way to focus on these savings opportunities without a large investment of time. The RFP's and research have already been done by our program adminis-

trator(The Buying Group). Their collective Buying Power enables SIA Members to obtain National Pricing as well as value added services normally reserved for very large companies. Savings will range by product or service and typically range from 15- 45%. A complete listing of services can be found at www.thebuyinggroup.com

As a SIA Member, there is no cost to join The Buying Group. You may sign up and start saving immediately by going to <http://www.thebuyinggroup.com/sia>. The Buying Group's Mark Schiavone can be reached at 941-330-8050; mark@thebuyinggroup.com

SIA Canada Executive Roundtable

I. Strategic Alliances – Kevin Brady, Session Leader

- **Revenue Only**
- **Geographic** – especially important in remote areas of Canada where there are limited personnel & tech's
- **Product Oriented** – OEM training
- **Size Oriented** – Some partnerships
- **Other factors** – Low-tech; Brady gave an example of several companies who sat around a table at a meeting where each had a specific product or service that could enhance the other to make a complete new service such as solar powered lights on a truck used for advertising/billboard. UPS uses partnerships for same day service. PeopleToGo sells people by the hour as a variable workforce partnership to their clients.
- **Strategic Alliances of the future- Web based & other;** Outsourcing was discussed to India and China.
- **Sri Initiative was discussed:** www.thesrii.org Major companies, innovation consultants, and academic researchers are shifting their focus from products to services as the next hot area. Last March was the launch of the Service Research & Innovation (SRI) Initiative, an ambitious Silicon Valley nonprofit founded by executives at IBM (IBM) and Oracle (ORCL), is a sign that the concept of service innovation is quickly becoming top-of-mind, at least among executives at high-profile companies in the technology industry.



**Special thanks
to Kevin Brady
& Rich
Guglielmo for
facilitating the
roundtable**

II. Optimizing the variable workforce Model – Kevin Brady Session Leader

- Staff needs were discussed along with different country cultures in the variable workforce model
- Part-Time vs. Full Time has gone from 90% fulltime and 10% part time over the last two years to 40% Full Time and 60% part time in Canada. Core temp staffs are being used.
- Shrinking margins are dictating a variable workforce model
- Service has been commoditized
- Strategic alliances with variable workforce agencies are being forged
- Pro-Active changes & strengths in the variable workforce model include: Must be self-motivated; self disciplined; **much more mentoring**; middle management level has disappeared over the last 10 years; ratio changes have created variable responsibility by job need; variable workforce is using temps for same job; on the job training now done by employees who are good role models and have been with the company a while.

III. Shared Parts Bank; Parts Pooling & Other costs containment

- A discussion was held about the difference in some OEM models such as Toshiba & Dell vs. IBM & HP, who could lend themselves better to a parts pooling or parts bank program. The difference in Parts Bank and Parts Pooling was also discussed.
- Parts Pooling – Airlines was an example of how common high value parts could be shared placed in a central third party facility. Each company would own an equal part of the inventory, orders would be filled in the order they arrive. No one company would have a higher priority.
- Parts Bank – You own your own inventory exclusively and other companies cannot touch it. Again, a third a third party who manages the inventory with audits completed on an as requested basis by the vendor or the company that owns the inventory places the inventory in a central location.
- An inventory-sharing project by a few OEM's in Canada spearheaded by IBM was discussed but the project was not implemented.
- Joe Patton's research completed a few years ago was also discussed.

Final Session – What keeps you up at night; major industry concerns

- Technology moving faster than training available for technology
- Wages in India – will they ever reach U S level
- Government regulations related to employment – In U.S. each state is different
- Government Legislation
- A discussion on manufacturing moving from China to Africa in the future where the next high numbers of low skilled low costs labor pool is located – Venture Capital in Africa may be a new opportunity for North American companies.
- The pro's and con's of the North American approach vs. the European Union was also discussed on labor rates, etc.

Special thanks to Kevin Brady for organizing the meeting and inviting the Canadian companies.

Special thanks to Rich Guglielmo for attending the meeting and presenting SIA to the group.



SIA 2008 Summit March 30, 31, April 1, 2008 Mirage Las Vegas

Growing the Business & Challenges in a Demanding Market

Sunday, March 30, 2008

Annual Golf Tournament - Bill McCubbins Chairman

(tee off at 11:30 A M Sharp; Cash Prizes; rental clubs will be available)

All exhibits, breaks, breakfast and receptions in Barbados

6:30 P.M. Welcome and Networking Reception with Exhibitors

Vendor Showcase with promo opportunities and giveaways. Spotlight on Sponsoring Vendors

Monday, March 31, 2008

7:30 A.M. Monday Breakfast and Breaks sponsored Event

Continental Breakfast with Table-top Exhibitors

General Sessions in St. Croix A

8:30 A.M. **Welcome**

SIA Exec. Dir., Claudia Betzner, Summit Moderator

The Moderator will discuss the 2007 annual meeting and 2007 Executive Roundtables, what the association found from the roundtables and why we are focusing on Growing the Business for the 2008 Summit

8:40 A.M. **Keynote Address – Business Development – Growing the Business in a demanding Market**

Warren M. Winterbottom, Principal, *gtmAdvisors*, LLC

“Success is a peace of mind which is a direct result of self-satisfaction in knowing you made the effort to become the best of which you are capable.” – Coach John Wooden, ret., 2005

Mr. Winterbottom has earned a reputation for credibility, professionalism and integrity through 25 years of executive and international management experience in the engineering, scientific, healthcare and computer graphics markets. He is the founding principal at *gtmAdvisors*, LLC, a management consulting firm specializing in developing profitable “go to market” strategies and programs for high-technology companies.

www.gtmadvisors.com

9:40 A.M. **State of the Industry—Martin Wolf, President & Founder Martin Wolf Securities**

M & A activity, growth, consolidations, an analysis of what it means; how the Service Industry and Customers have changed; Latest Technology that is changing the customer wants and needs;

10:30 A.M. **Break** (During the break questions will be gathered for the Panel)

11:00 A.M. **SIA Roundtable – SIA Board members discussing Perspectives on Market Changes & dynamics of the marketplace. The goal is to present the spirit of the board meetings and roundtables.** John Rinas, Moderator; Chuck McNew, CEO Halifax; Peter Brooks, President ISS Solutions; Rich Guglielmo, COO AMCOR

- **Service management system Interoperability – middleware**
- **Growth**
- **Metrics**
- **Business Development**
- **Workforce – training & staffing,**
- **Costs containment - restructuring**

12:00 Noon Lunch

**The 2008 SIA
Summit is the
Networking
“Partnership” event
of the year**



1:00 P.M. **Keynote—Launching New High Growth Consulting & Services Offerings to Rapidly Grow your Services Business—Tom Esposito, CEO The Insight Group**

Best in Class practical approaches and proven methods adopted by leading firms.

2:00 P.M. **Roundtable Discussions and Brainstorming Session on Business Development: Al Hahn, President Hahn & Associates - Facilitator**

(Interactive break out sessions with facilitators and results presented back in meeting)

Attach Services - Growth - Business Development—Brainstorming session on Business Development after the break

4:00 P. M. **Summary of Days Events and drawings**

6:00 P.M. Reception and Networking Social - Attendees with Exhibitors – **sponsored event**

Tuesday April 1, 2008

8:00 A.M. **State of the Association** - John Rinas, President

8:30 A.M. **Keynote – Sanford Kahn** www.businessspeaker.biz

The U.S. Economic Machine: How to Thrive Amidst Turbulence Who owns the future?

The future belongs to those individuals who can quickly discern, adapt to, and exploit the unpredictable movements in the turbulent flow of life. The future does not belong to the big or the small, but to the **swift**.

- The seven deadly business sins
- Mega trends - where we are and where we are going
- How to maintain and increase market share
- Understanding the Federal Reserve Bank - tight money vs. loose money
- Economic signs - how to spot emerging trends
- China vs. the United States - how will this impact our prosperity?

The Law of Le Chatelier - a law governing the movement of market economies and the impact on you

9:30 A.M. **Metrics & Costs Ratios:** Examples of information to be revealed: (Revenue per Full Time Employee as well as Net Profit per Full Time Employee plus many other metrics and ratios developed from the SIA Roundtable and Members) Data from the Member web survey will be revealed with an analysis of the data

David Perara, V P Nautilus Advisors, Facilitator

10:30 A.M. **Break**

10:45 A.M. **Growing your business through Profitable Parts Planning; A panel of various Parts & Logistics providers**

12:00 Noon **Lunch sponsored**

1:00 P M. **Staffing/Workforce issues (Enoch Timothy, CEO Paladin)**

What are the staff needs; training, etc. –What are the culture differences,

Different countries – develop mentors for staff development; what do you do about

The aging population of technical expertise in Medical and IT – how will you replace

Your existing staff when they retire?

1:50P M **Roundtable Discussions and Brainstorming Session on Business Development:**

Dr. Jim Alexander, President, Alexander Strategists Group

(Interactive break apart sessions with facilitators and results presented back in meeting)

- **Costs savings/containment to promote growth** Examples such as tax credits for certain employee classifications,
- **Infrastructure to promote growth** – Does your company have a Scalable Infrastructure - your internal systems, processes and staffing, set up for increased growth (when business goes up) or can you downsize (when business is bad).
- **Restructuring** - could you get rid of accounting or marketing and outsource cheaper, etc.

3:15 P M Break

3:30 P M. **Final Panel of Industry Leaders**

Discussion on what they are doing to Grow the Business – **Their actual experience: Randy Parks, Facilitator**

Joe Barna, President & CEO CDE; Frank D'Alessio, President, Maintech; John Hamilton, President

Service Strategies; Medical OEM/Masterplan

4:30 P M **Wrap Up**

6:30 P.M. Dinner and Networking Social – Grand Finale



Special Book to read: "The world is flat" Asian parts of all kinds
www.alibaba.com

Roundtable Review

Notes November 29, 2008 San Jose CA

Session One 1:00 – 2:30 P.M. Work Force – Staffing Issues

Discussions included: What are the staff needs; training, etc. –What are the culture differences, Different countries – develop mentors for staff development; what do you do about The aging population of technical expertise in Medical and IT – how will you replace Your existing staff when they retire? Questions by sector included: Technical, Geo/Political, and Geo/Cultural.

- Zip code matters in low skill, high need environments
- Middleware – Project mgmt. Is a big demand
- Tight-market high skills matter more

Geo Political Immigration is major issue - what is underlying cause of need for labor from other countries? Cheaper labor; sometimes too bottom-line oriented; device to drive votes for Congress and elected officials.

Geo Cultural -

- In China and India education issues with high qualified;
- US more productive due to high technology opportunities those that live in US can afford – in US citizens work everywhere with their laptops, cell phones. Laptops more productive than computers at work since employees can take them home and work
- What WE citizens need is a dashboard to help us focus. This is a result of automation – Cell phones, PC's, GPS, etc. everyone carries with them all the time.
- Workforce motivation – entitlement an issue with younger generation
- Some successes – show employees results of company, profit sharing, involve them in decisions
- One action is to filter during interview process – some will be more motivated than others – general US workforce is maturing later in life – responsibility later
- Mentoring important to bring others up
- Job sharing a good motivator
- Some in US do not have strong work ethic, however in Medical less than 5% turnover rate due to technology in Healthcare
- Social network different as result of multi media communications – PC, text messages, etc.
- Work ethic – some feel entitled, lack responsibility, pay higher rates, bigger responsibility pays bigger salaries – must put your vision in front of people
- Only 25% in room had live receptionist – younger generation would rather get info from system than live person at their convenient time and location
- Products are cheaper more reliable
- Products cheaper more reliable have become commodities – revenue less, costs of living higher
- Now have a worldwide labor market with equilibrium pressure
- Quality of life more important today than money – workers must be inspired
- Best Characteristics of mentors – use your best people with right frame – we can-do attitude

Proactive Changes

- Need social team sports to develop teamwork spirit
- More training, more education, flextime, job sharing, work from home
- Vistage great organization for CEO's
- Book recommended: **Your not the person I hired**
- People are vital to success
- Technology is advancing faster than training for people
- More people working at home
- Congestion in America a huge problem going forward – one solution work from home
- Use creative solutions

Roundtable Review Continued—Session Two

Session Two Competitiveness – Chuck McNew completed talking points, Craig Youngblood led discussion

Market Conditions Creating Cost Pressures for the Maintenance Services Industry

- Declining prices for hardware and software are driving customer expectations that cost of service must decline in a similar fashion – Expectations are up
- Hardware longevity and performance continue to improve
- Remote diagnostics / help desk advances are reducing the need for field service visits
- Customer perspective (procurement departments) that maintenance is a commodity – Software support not commodity – quality and responsiveness more important
- Assist in writing RFP to sustain business very important
- One example was the Purdue Chicken model: How do you brand a dead chicken
- Be prepared to walk away if not profitable
- Determine what you are focused on Revenue or Profit – Public companies different than private
- Believe in your value proposition
- Look at every aspect of a customer – is the customer totally profitable or is some parts a need to hold onto the customer – believe in your value proposition – what price is he willing to pay to make the pain go away – customer sets the price
- Procurement process does not work
- Do not respond to RFP when you do not know specifics or have a relationship with

Principal components of field service delivery (variable costs)

- 1) Labor - direct W-2) and sub-contract – O/T is an issue – pay by call; swing shift; moonlighting a problem for standby – affects 60% of participants as primary costs
- 2) Parts – complete units and components – eliminate service call is goal of good parts
- 3) Shipping costs – important to write contracts to account for added shipping costs – fuel surcharge
- 4) Other – Own worst enemy driving pricing down as result of increased competition

How much new business is your company writing?

Outsource easy to find, in source hard to find

Model – 3 calls per tech except in high-density areas

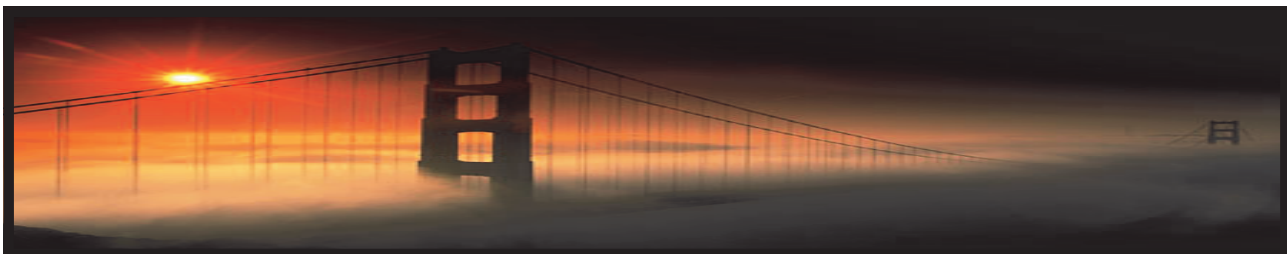
Principal fixed cost components of field service delivery (back office ,etc.)

- 1) Dispatch and call management
- 2) Technical support
- 3) Depot repair
- 4) Logistics and Warehousing
- 5) Purchasing
- 6) Administrative and sales

Automation & Infrastructure can bring costs down on all of the items above

Benefits – most paid over 75% on employee but much less on family – some going to different deductible – free access to health clubs – healthier employees are less costs – some going to self insured

Doug Morse discussed the update on the SRI Initiative but for all up to date info go to the website at www.thesrii.org. He also discussed the SIC code for Services Science or NAIC as they are now called. Any government agency can create a code. Bureau of census is primary – review every 5 years – next is 2009 to be implemented 2011-2012 timeframe





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