



Key Trends in the Data Center and Network TPM Market

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Key Issues

1. 2017 – Gartner Research and Inquiries.
2. TPM market trends – current and future.
3. Recommendations for challenges and opportunities.

2017 – Gartner Research and Inquiries



Gartner's TPM Related Research in 2017

Key research themes:

- Provider consolidation
- Investment activity
- Additional SHW entrants
- Increased interest in storage
- Maintenance optimization automation
- Hybrid maintenance
- VAR partnerships
- OEM aggressiveness
- Effect of cloud



Competitive Landscape: Partnering With Third-Party Maintenance Providers for Data Center and Network Maintenance Cost Optimization

Published 7 July 2017 - ID G00327262 - 48 min read

Supporting Key Initiative is [Exploit IT Services Market Dynamics](#)

[View Key Insights](#)



Technology product marketing leaders at service providers responsible for channel alliances can help clients optimize maintenance costs using a hybrid maintenance strategy. Many TPM providers



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RECOMMENDED BY THE AUTHOR

[Differentiating Attributes of Customer Rebate Programs](#)



Market Guide for Data Center and Network Third-Party Hardware Maintenance

Published 9 August 2017 - ID G00327263 - 45 min read

Supporting Key Initiative is [Maturing the IT Asset Management Discipline](#)

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The third-party hardware maintenance market is highly fragmented, but consolidation is occurring as providers expand into new geographies and across technologies. This means more choice for sourcing and vendor management leaders looking to implement global hybrid maintenance coverage.



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[Used-Hardware Resellers Offer Hardware and Support Cost Savings](#)



Providers Have Different Models

Service Express

No secondary
hardware
business

Sells primarily
direct to
enterprises

Park Place

No secondary
hardware
business

Sells through
channel and
direct to
enterprises

Evernex

Secondary
hardware
business

Sells through
channel and
direct to
enterprises

Procurri

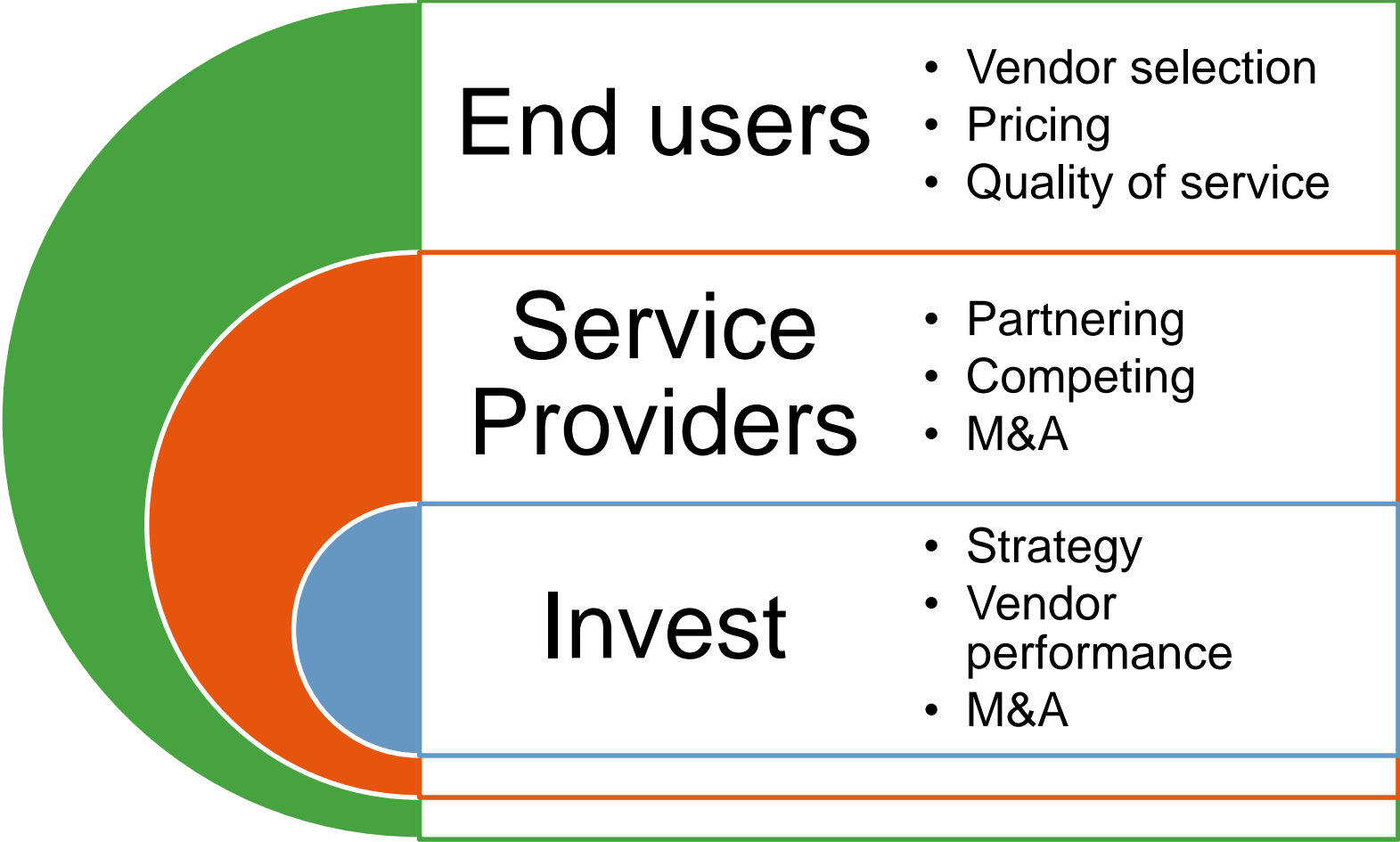
Secondary
hardware
business

Sells only
through
channels

Resellers

Aggregators

Interest in TPM Continues to Grow – 3 Audiences



TPM Inquiry Examples (End User)

Passive consideration
(35%)*

- **Short list creation, TPM trends, SWOT, RFI**
- Who is out there for us to consider? Looking at Vmax, EMC, data domain, Netapp. What insight can we give on these or other third party maintenance providers? Looking to drive down the storage cost.

Active consideration
(60%)*

- **RFP review, quote review (pricing and SLAs)**
- I am looking at moving the support of our HP products to (TPM) a third party provider of hardware and software support. Could I please get someone to review the attached SOW to see if there are any gaps or issues that could arise from moving to a third party reseller of support?

Renewal
(5%)*

- **Renewal quote review, trends**
- (TPM) is the preferred vendor to support some legacy equipment. They claim the pricing on this renewal is 80% below OEM. Just want to make sure we are getting a competitive price.

* Percent of total TPM inquiries by stage, 2017, Tenneson inquiries only.

TPM Market Trends Current and Future.



Strategic Planning Assumptions

By 2019, 80% of pure-play TPM providers with \$10 million to \$50 million in revenue will be acquired by a larger provider.

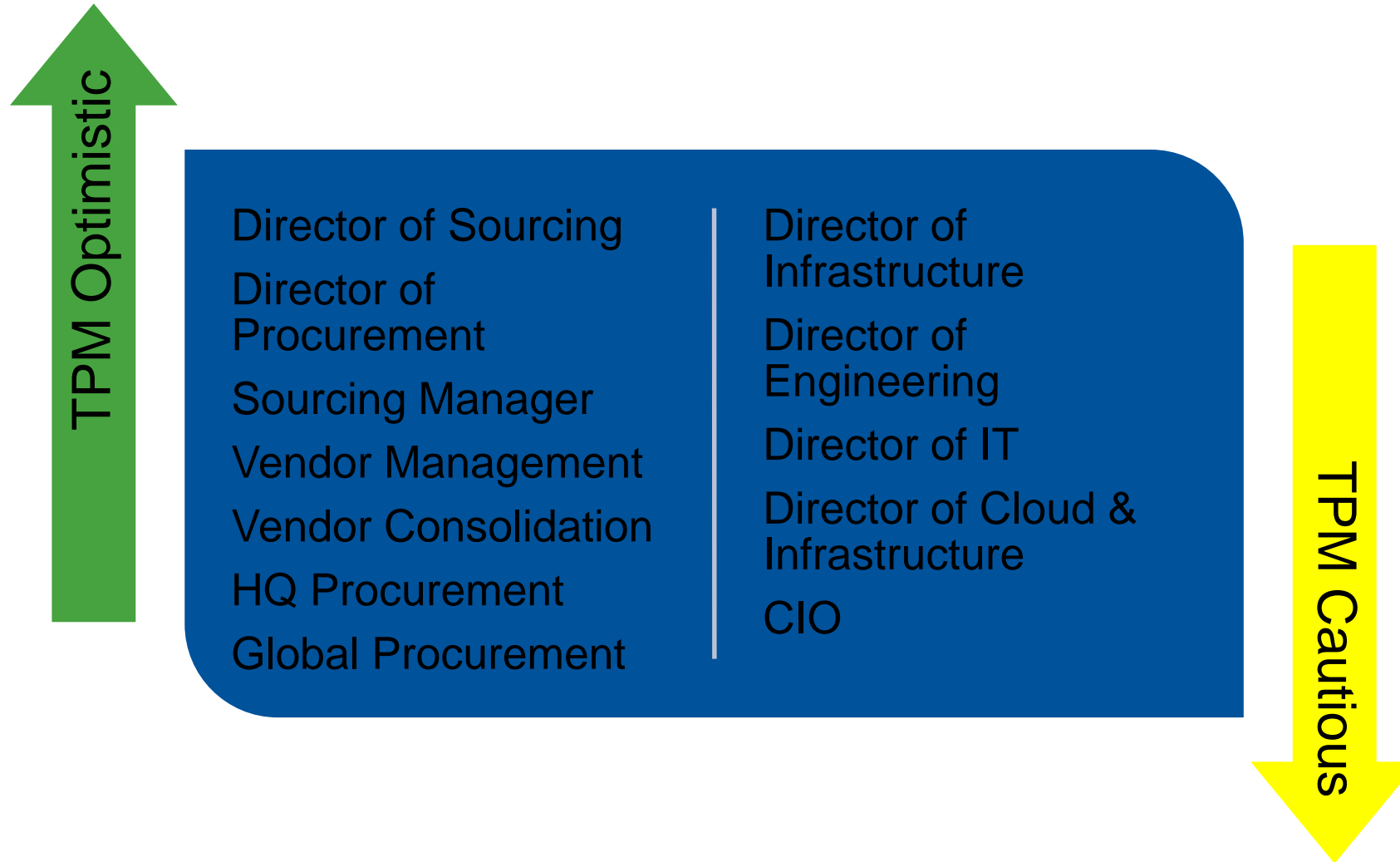
By 2020, the number of TPM-related RFI/RFPs that are multiplatform/multivendor will increase by 35% as TPM becomes more mainstream and is no longer considered a point solution for servers, storage or networking.

By 2020, instead of primarily competing against the OEMs, TPMs will compete directly against other TPMs for "greenfield" opportunities in 60% of deals.

By 2020, 80% of North American VARs will have an active commission-based sales partnership with at least one independent TPM.

By 2018, 75% of secondary hardware providers will have a formal, strategic TPM offering.

Direct Sales to Key Roles in Sourcing and Procurement



RFPs Everywhere

- Global
 - N. America or EMEA HQ
- “RFP lite”
 - Disparity in sourcing/procurement experience
- Hybrid - OEM/MVS/TPM blend
 - (Option to bid on RFP parts)
- Multiple OEMs
 - IBM, HPE, Cisco, NetApp, Dell EMC, Hitachi

Strategic Planning Assumption:

By 2020, the number of TPM related RFI/RFPs that are multi-platform/multi-vendor will increase by 25%.



Secondary HW TPMs vs. Pure-Play TPMs

Strategic Planning
Assumption:

By 2018, 75% of secondary
hardware providers will have
a formal third-party
maintenance offering.

Secondary Hardware TPMs	Pure-Play TPMs
CentricsIT	ISC Group
Curvature	Park Place Technologies
CXtec	Essintial Enterprise Solutions
Evernex	SSCS Global IT Services
OSI Hardware	Service Express
Procurri	XS International

Effect of VAR Consolidation on Partnering

Consolidation alarming number of RFPs issued to consolidate providers

Discounts looking to drive discounts up

Rebates looking to create customer rebate programs and drive rebates up

Looking to add new services to rebate tiers

Cost Plus as low as possible

“Value” value you pay for vs. value you don’t pay for

Diversity Requirements favor certain VARs/solution providers

Key Point:

Sourcing is already starting to ask about cost plus or rebates from TPMS.

Diminishing VAR Loyalists – But Continue to Target These

Strategic Planning Assumption:

By 2020, 80% of North American VARs will have active commission-based sales with at least one independent TPM.

Established Collaborators	Recent Recruits	VAR Loyalists
SHI	Presidio	Logicalis
Longview	ConvergeOne	Dimension Data
Softchoice	WWT	Carousel
CDW		Sirius
Congruity		Aqueduct Technologies

OEM Aggressiveness is Not Equal

Need to educate the market on individual OEM policies.



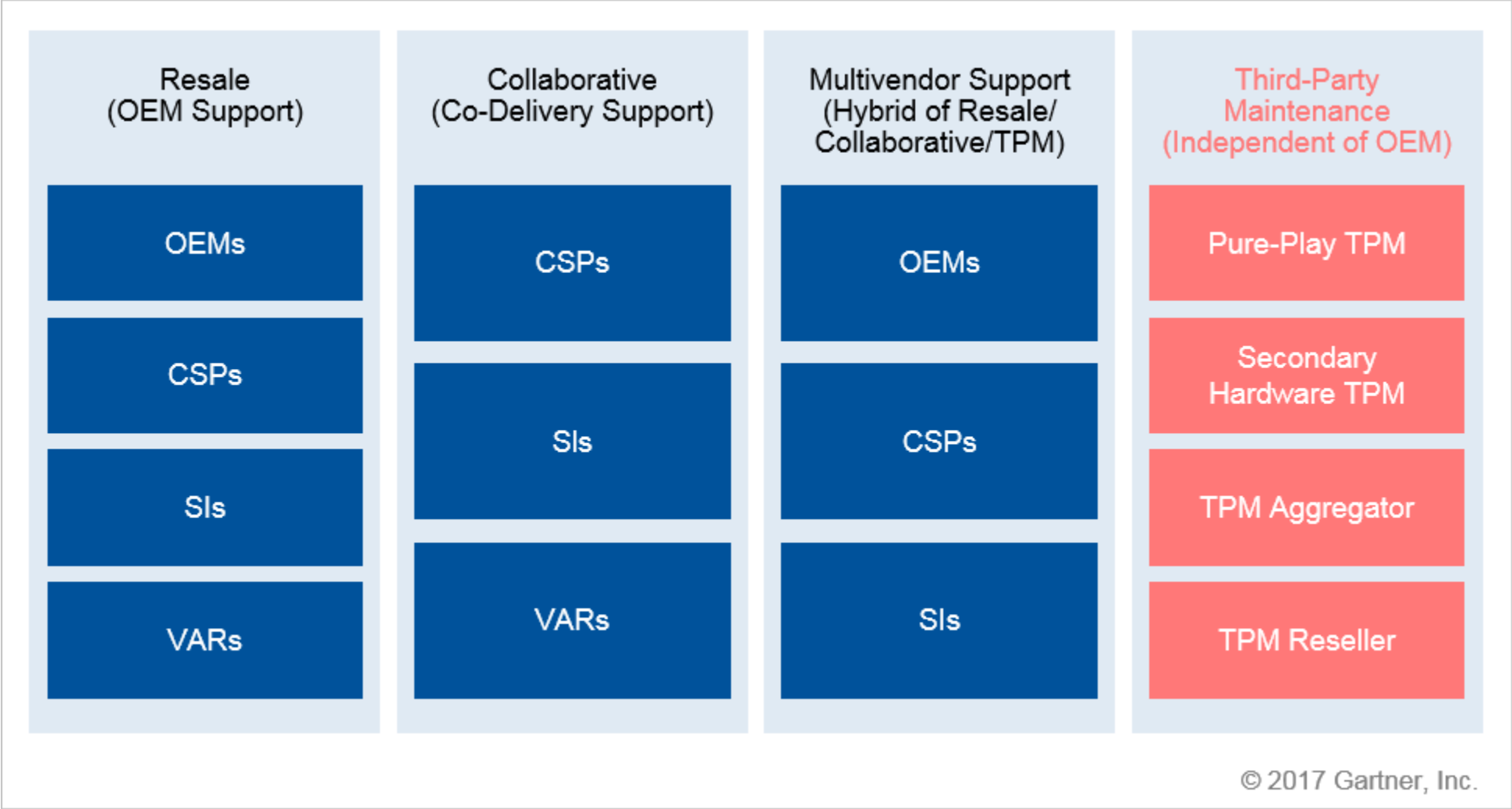
Warmer = more TPM friendly



Colder = more aggressive anti-TPM policies

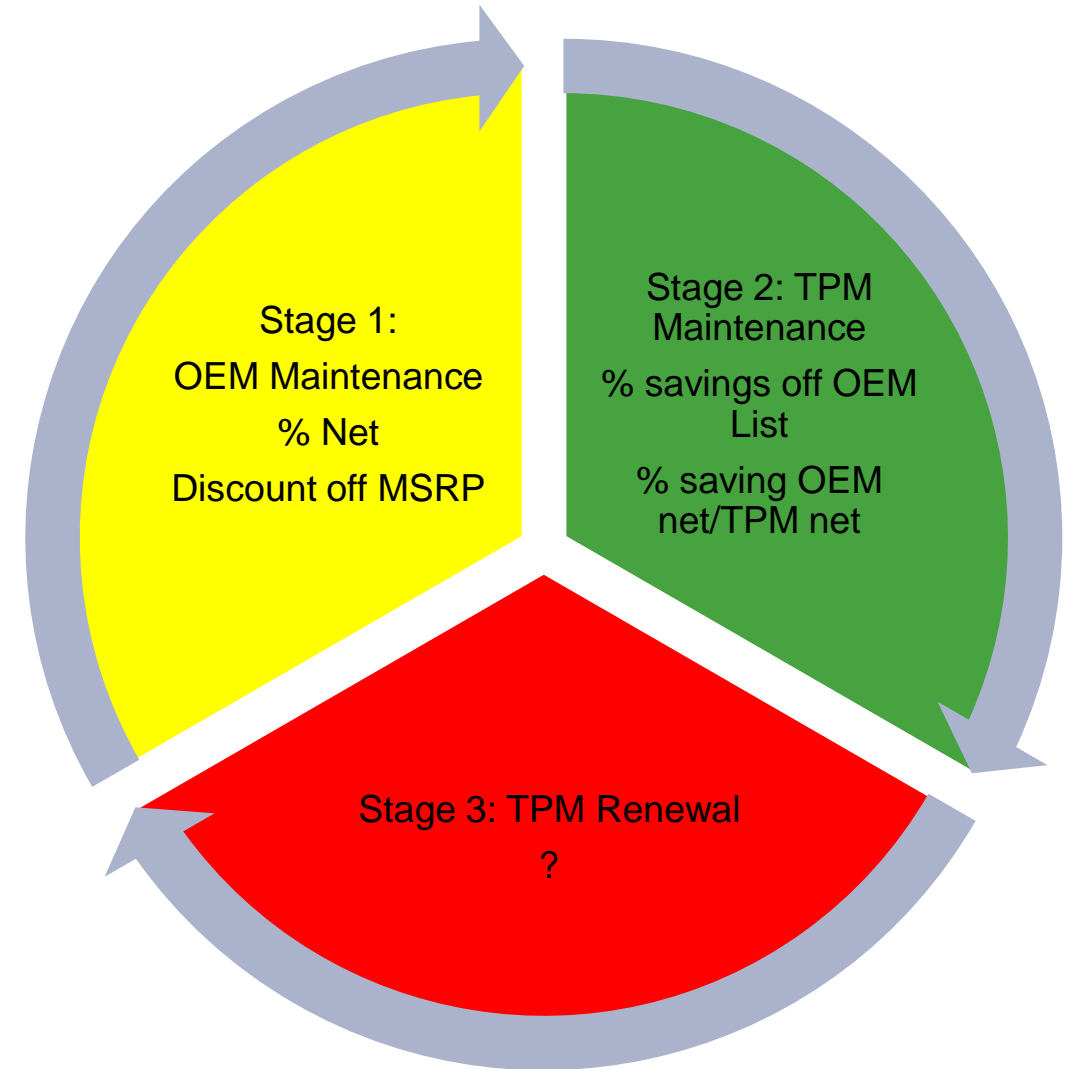


Do vs. Sell Confusion and Lack of Consistent Understanding of Pricing



Renewal Benchmarking Can Impact Retention and Margin

- Stage 1:
 - Easy to understand for many OEMS
 - Difficult to understand for others
- Stage 2:
 - Easiest to understand across OEMs
- Stage 3:
 - Needs best practices

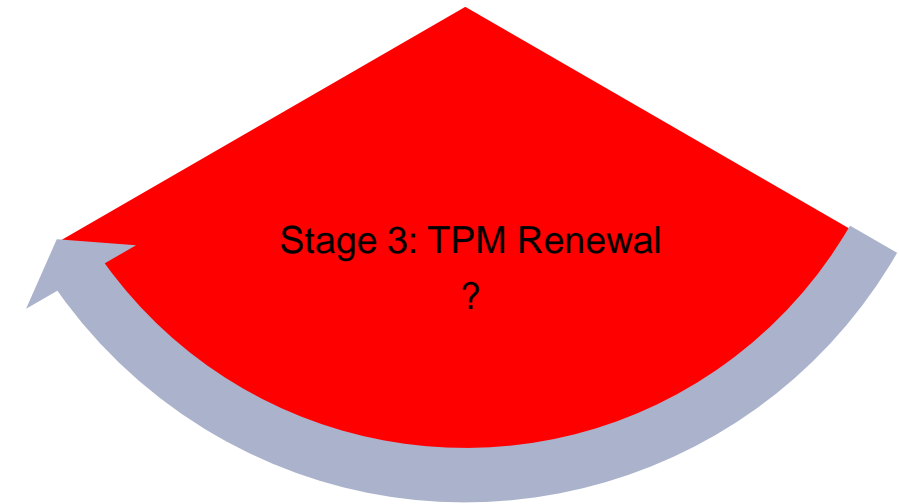


Recommendations



Renewals: Challenges for Sourcing and Procurement

- Challenges:
 - Can no longer see % off OEM list
 - Can no longer articulate savings compared to OEM net
 - Difficulty estimating OEM EOSL net costs
 - Do not have consistent view if price should be increasing, decreasing or the same
 - IT may report being delighted with service but sourcing and procurement is required to get additional quotes



If challenges continue, will lead to more price pressures, margin erosion, and customer retention issues.

Combat the Renewal Issue Multiple Ways

Customer Education	Quotes	Value Articulation Beyond TPM
Thought leadership pieces - OEM price increases over time	Include “today’s” OEM List Price on renewals.	Professional services
Thought leadership pieces - OEM EOSL pricing methodologies	Where not available, include OEM List Price estimates.	Managed services
	Statements of Work	Analytics/reporting

Recommendations

- ✓ KPIs and Value Articulation: Articulate service quality – especially important for larger, global deals
- ✓ Create a Balanced GTM Strategy: Develop a focused sell-through and/or sell-with channel strategy.
- ✓ Segmentation Strategy for Partnering: Consider CSPs, OEMs, TPMs, Solution Providers, and Aggregators.
- ✓ Global Expansion: Leverage partnerships and acquisitions to expand the opportunity for global growth.
- ✓ Services expansion: Develop strategy to expand into adjacent service areas.
- ✓ Role-Based Sales: Devise tactical plans to market and sell to both IT and sourcing and procurement roles.
- ✓ References: Focus on cultivating OEM-specific, geographic specific, and vertical specific references.

QUESTIONS?

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