

Welcome to the SIA Worldwide Webinar

MEETING LOGISTICS

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- **Questions:** Please send us your questions during the broadcast using the questions panel on the right-hand side of your screen (Q&A).
- During the broadcast all attendees will be muted.
- We will respond to your questions during the broadcast.
- **Technical Difficulties:** If you encounter difficulties, we suggest leaving the webinar and then rejoining.





Market Analysis Perspective:

Worldwide Managed Support Services, 2020

Rob Brothers

Worldwide Hardware Support and Deployment Market

Drivers and Inhibitors (The COVID Effect)

- Remote workers will drive short term growth in deployment services, especially around laptops
- Security needs; deployment of remote software and security
- Expect investments in areas of business resiliency (DX)

Impact on Market

- Most impact will be felt in the deployment market
- Support will remain stable as customers that do not upgrade will need to support assets that are in place for a longer period
- Watch for more remote support capabilities to dramatically increase
- During “recessionary” times TPM’s tend to do well

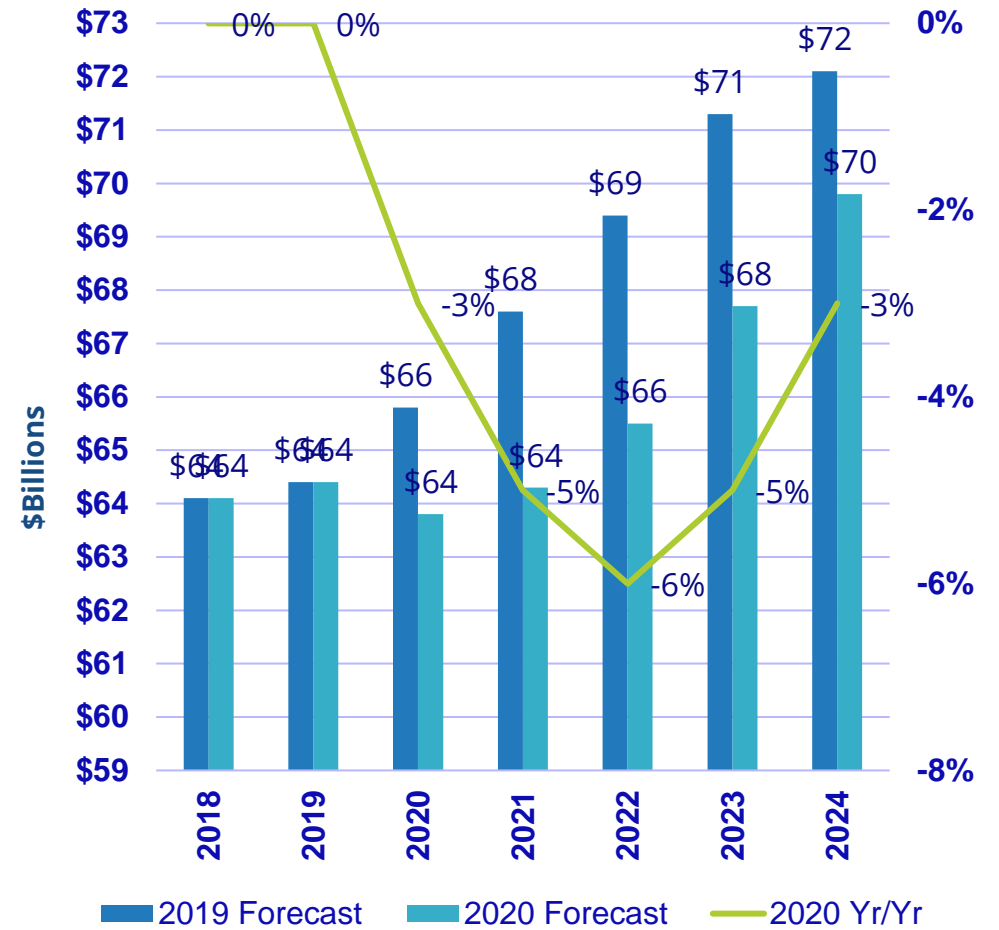
Regional/Vertical/Business Size Differences

- Regions will rebound at different rates
- Verticals impacted differently, know your audience
- SMB markets not DX hit hard, how can you help SMB’s

Recommendations

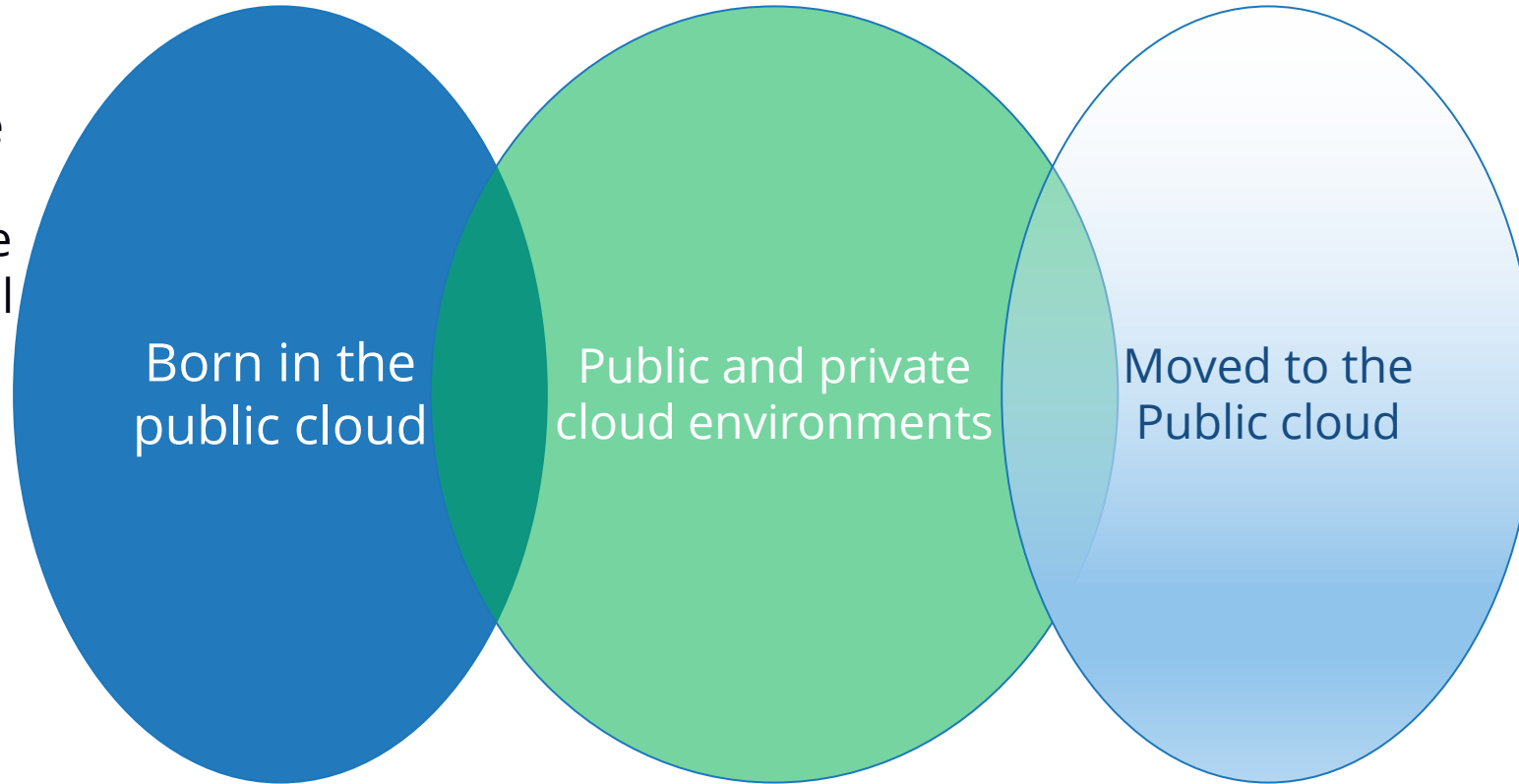
- Keep investing and double down on remote support capabilities
- During this crisis it is more important than ever to reach out to customers
- Keep investing in higher end services that assist in cloud environments

	2018-2023 (Published 10/19)	2019-2024 (Published 4/20)
WW CAGR	X%	Y%



Where are Workloads Going by Business?

Mixed on-prem legacy/cloud and off-prem public/private cloud



- New companies just entering the market, no need or desire to have IT or IT staff until maturity

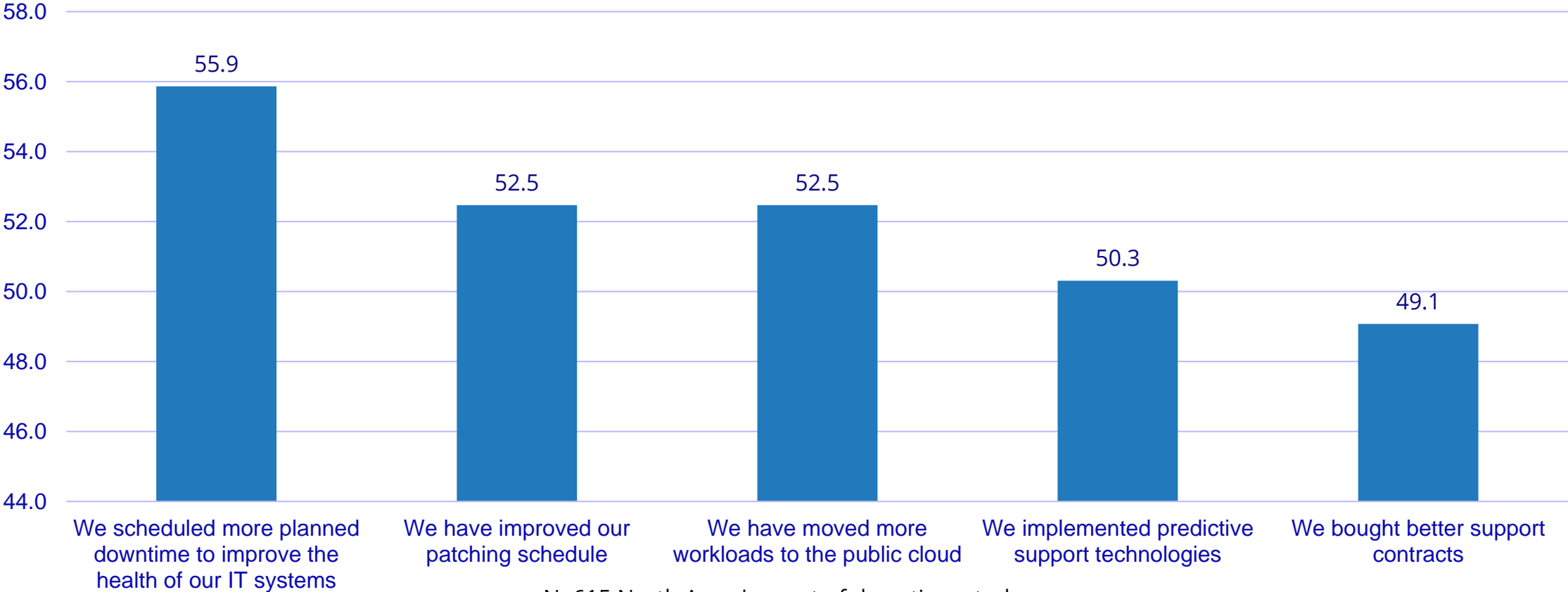
- Mature companies that have found a balance between public and private clouds

- Mature companies looking to digitally transform, looking to strike a balance

Cost of Downtime Executive Summary

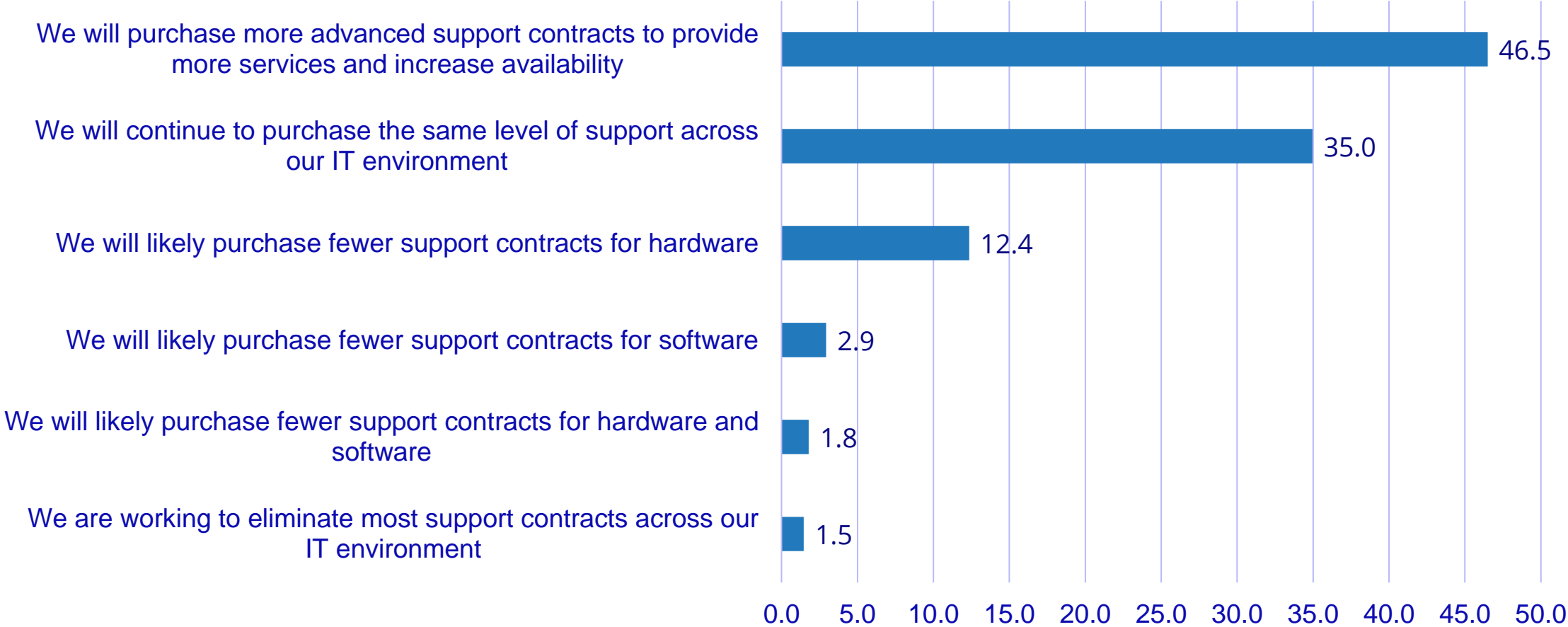
- Planned and unplanned datacenter downtime costs enterprises an estimated \$960,710 per year
- Support contracts save customers approximately 634 hours of downtime per year
- Customer estimate that proactive support services save them an estimated 201 hours per year of downtime
- Over 50% of customer have seen a decrease in downtime over the past 2 years by an estimated 8%
- Servers were deployed mostly by internal resources. Servers also had the highest instance of downtime issues due to deployment (coincidence? I think not)
- Not Surprising Financial organizations stated the highest cost of being down, followed by manufacturing

You indicated your company saw a decrease in downtime for on-premise IT. What were the primary steps taken to reduce that downtime in your organization?



N=615 North America cost of downtime study

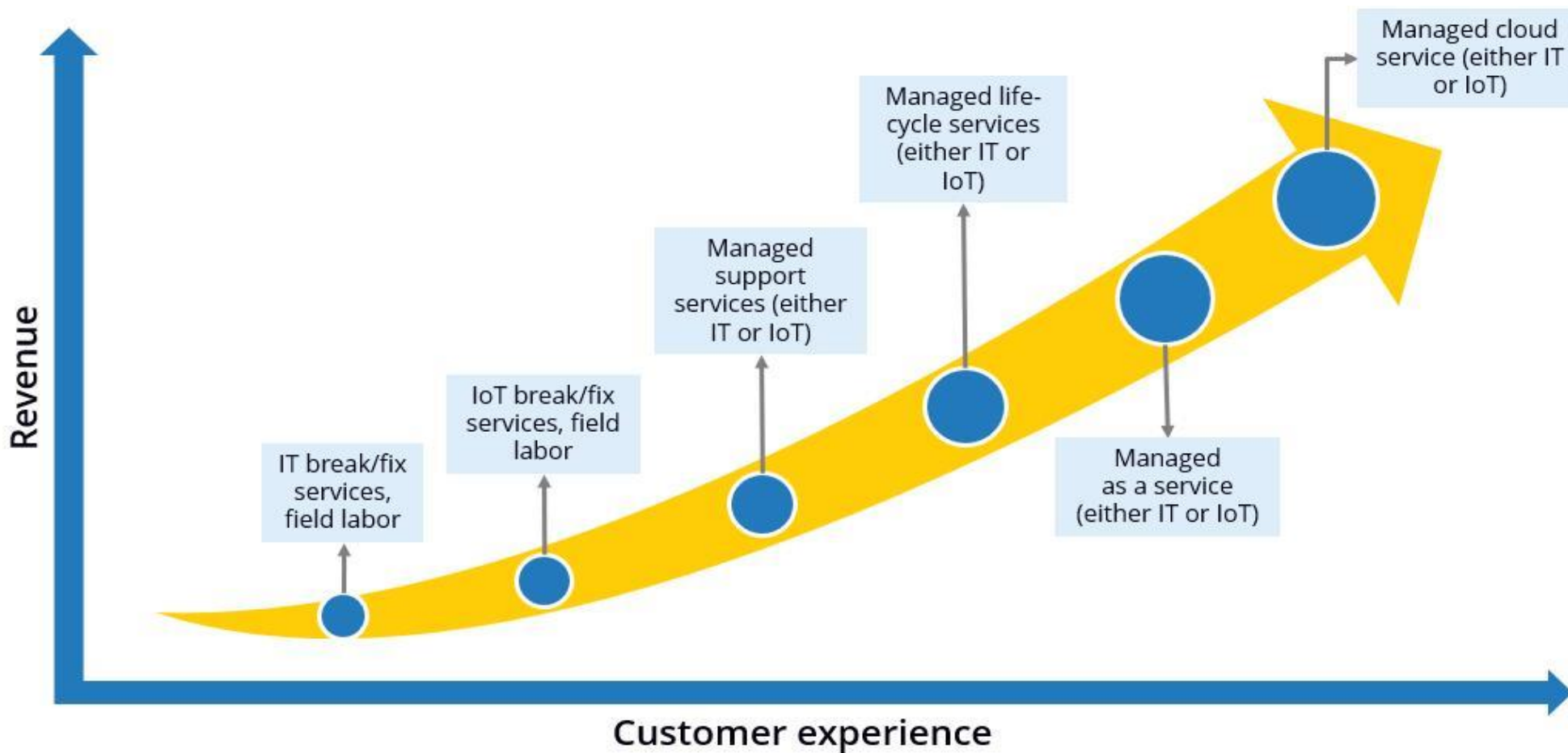
As your organization updates its IT infrastructure to become more resilient, how do you expect your hardware and software support needs will change?



N=615 North America cost of downtime study

Figure 2: Customer Experience Increases as Offers Mature

Source: IDC, Support Organization Evolution — Break Fix Support to Customer Experience: Where Is the Money?, #US46112320



Managed Services Defined

- Managed Support Services – includes the following attributes
 - Monitoring (Tools include, what's up gold, Solarwinds, and vendor built-in tools)
 - Asset management (most of the tools above can also assist in asset management)
 - Asset owned by end-user (Although Dell on-demand and HPE GreenLake are in this space)
 - Optimization of hardware layer
 - Patching and firmware updates (Hardware layer)
 - Maintenance (Break/fix) (Includes call center)
 - Proactive services (Proactive in the sense that the support provider reaches out on a consistent basis with recommendations)
- IT Outsourcing – Long-term, contractual arrangement in which a service provider takes ownership of and responsibility for managing all or part of a client's information systems (IS) infrastructure and operations based on a service-level agreement.
 - Endpoint management (e.g., PCs, laptops, and smart devices)
 - Local and wide area network operations management
 - Help desk support
 - Datacenter/facilities operations (e.g., ongoing management of datacenter facilities); datacenter facilities can range from a small closet-like room to full-scale hosting centers (e.g., tier 1–4)
 - Application management (e.g., ERP, SCM, CRM, and messaging)
 - Hosted application management
 - Hosting infrastructure services
 - Cloud services (e.g., SaaS, PaaS, and IaaS)

Managed Services Defined

■ Cloud Services

- Cloud professional services
 - Project-based services that assist customers with planning and implementing a cloud services strategy, which involves deciding how to adopt the use of public clouds, deciding how to build and implement private clouds, or deciding how to use a hybrid of public and private clouds.
- Managed Cloud Services
 - **Managed public.** This involves "value added" managed services utilizing public IaaS platforms (e.g., Amazon AWS, Google GCP, Microsoft Azure, and IBM SoftLayer) as well as SaaS platforms (e.g., salesforce.com, Workday, and Oracle NetSuite). In these engagements, the managed service is dedicated to a single client (private), while the underlying infrastructure operations (IaaS) or SaaS environments are shared between unrelated customers (public).
 - **Managed private.** This involves managing private clouds that are either on-premise (located at the client site) or hosted (located at the service provider's datacenter) in which the engagement is a dedicated (private) relationship between a client and a service provider.
 - **Managed hybrid.** Managed hybrid is managed services that support a combination of cloud environments (private and public) or cloud and noncloud environments (legacy mainframes, custom-coded legacy applications, packaged applications, etc.), which are integrated into a single engagement referred to as hybrid engagements.

Converging Technology Outsourcing Services Markets

The move to managed cloud services is fundamentally changing IDC's five technology outsourcing services markets (AM, HAM, HIS, ITO, and NEOS) as all these markets are converging into a common delivery (and consumption) model shaped by becoming **host-based**, **cloud-centric** and **workload (application) driven** services.

Technology Outsourcing Services Markets

NEOS
(Network and Endpoint Outsourcing Services)

AM
(Application Management)

ITO
(IT Outsourcing)

HAM
(Hosted Application Management)

HIS
(Hosting Infrastructure Services)

Managed Cloud Services

1. Host based
2. Cloud centric
3. Workload driven

Private, Public and/or Hybrid Clouds

Discrete

Applications, DevOps

Integrated

Applications, DevOps
Infrastructure

Discrete

Infrastructure

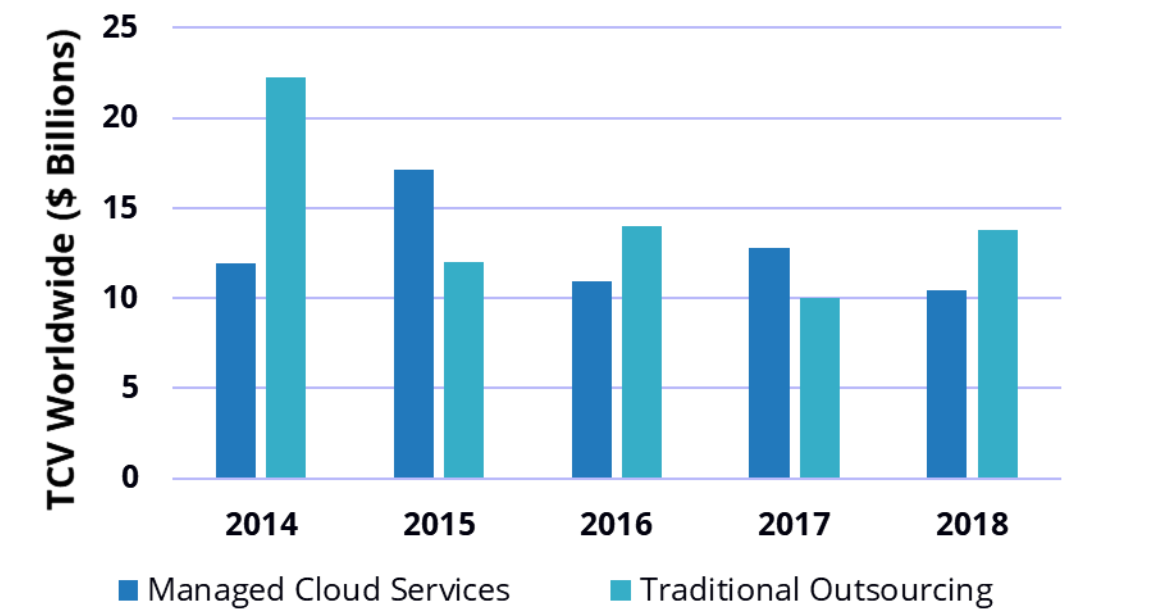
Convergence and Restructuring

Worldwide ITO TCV and Share of TCV by Managed Cloud Services vs. Traditional Outsourcing, 2014-2018

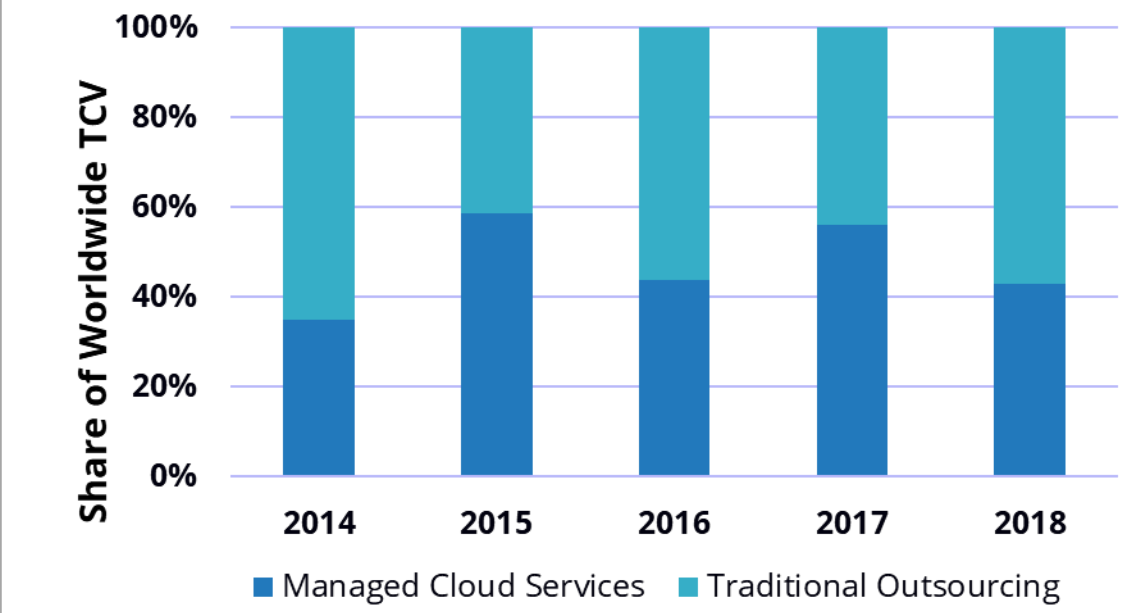
Key Messages

- **Worldwide Managed Cloud Services TCV for ITO:** Managed cloud services TCV was \$10.4B in 2018
- **Share of Worldwide Managed Cloud Services TCV for ITO:** Share of worldwide TCV involving managed cloud services rose from 35% of ITO TCV (combined cloud and traditional outsourcing-managed services) in 2014 to 43% in 2018.

Worldwide Managed Cloud Services versus Traditional Outsourcing Services ITO TCV, 2014-2018



Share of Worldwide Managed Cloud Services versus Traditional Outsourced-Managed Services ITO TCV, 2014-2018



Datacenters continue to face barriers to transformation

Internal struggles, legacy infrastructure constrict efforts to improve

Do you experience any of the following barriers to improving your internal or company-owned datacenters?



Datacenter challenges are directly aligned with digital transformation challenges. Partners are needed that can facilitate building a team to embrace a new datacenter vision and commitment to innovation.

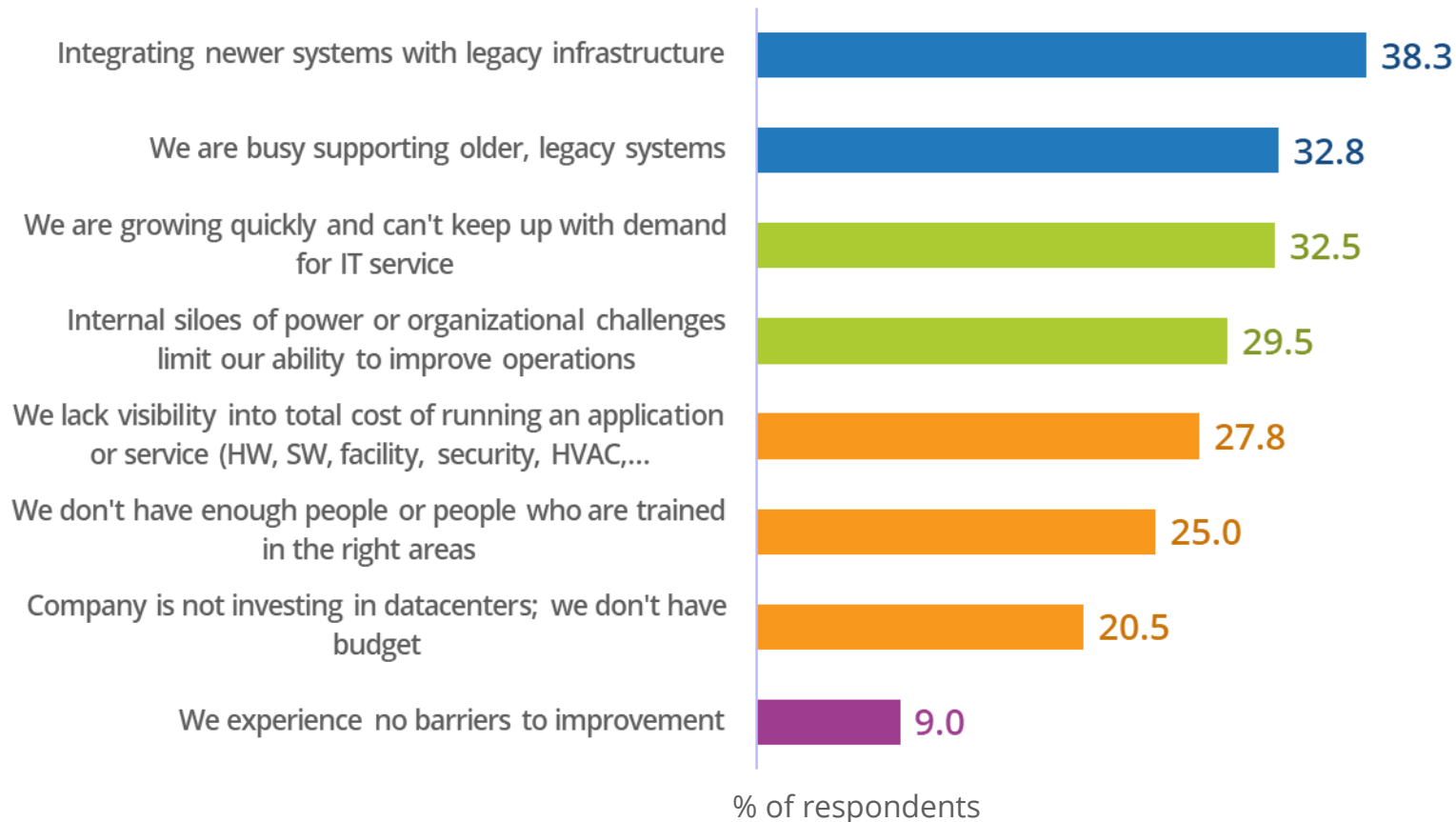
Legacy infrastructure continues to limit time and resources for innovation

1/3 of organizations recognize the need for more visibility into total costs. 1 in 5 struggle to find budget

Datacenters challenged to support DX

Opportunity for providers to help internal datacenters overcome barriers

Do you experience any of the following barriers to improving your internal or company-owned datacenters?



Organizations are busy supporting older, legacy systems and struggle to integrate the old and the new

For many, organizational siloes stand in the way of rapid progress. 25% of organizations don't have staff that are trained in the right areas. Partners are needed that can facilitate building a team to embrace a new datacenter vision and commitment to innovation.

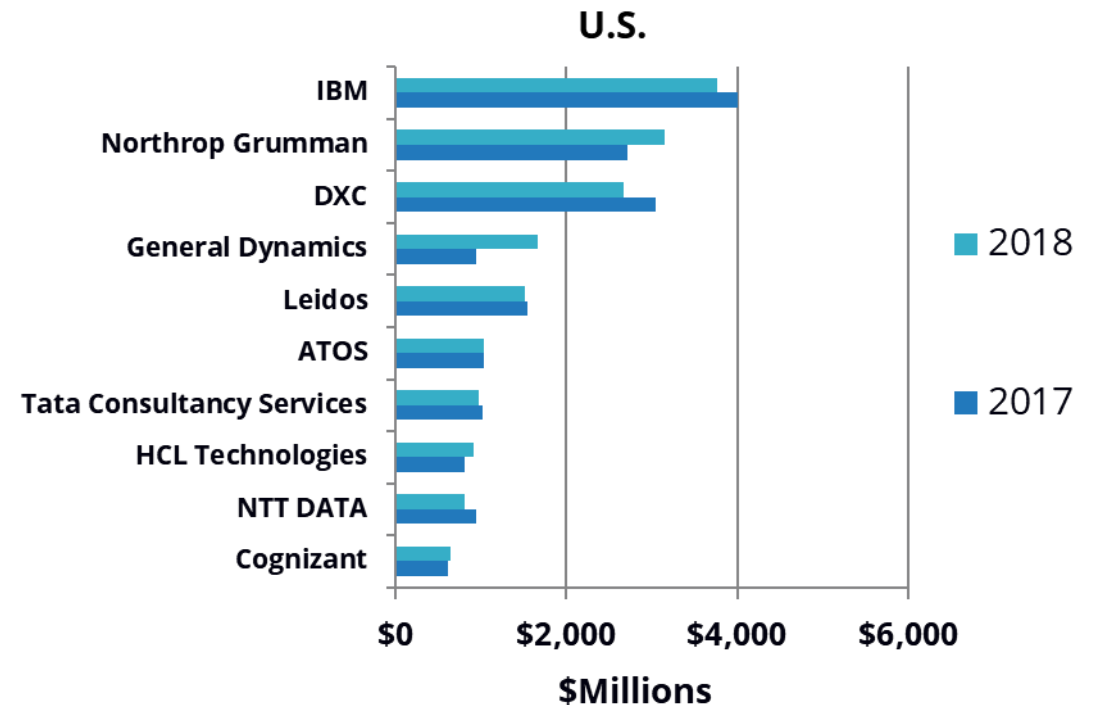
1 in 5 organizations struggle to find budget

2018 Top 10 IT Outsourcing Vendor Shares: Worldwide and U.S.

IBM ranked number 1 both worldwide and in the United States with \$13.2 billion and \$3.8 billion, respectively, which represent 13.3% and 10.6% of these geographic markets, respectively. In 2018, IBM captured 11.7% of the worldwide top 100 TCV involving ITO deals that included a \$2 billion, cloud-based deal with BNP Paribas S.A. This also included seven additional managed services deals ranging from \$142 million to \$600 million that involved four managed cloud services deals (Source: IDC Services Contract Database, 2019).

DXC ranked number 2 worldwide with \$8.3 billion in ITO revenue, representing 8.4% of the worldwide ITO market, and ranked number 3 in the United States with \$2.7 billion, representing 7.6% of the U.S. ITO market.

Atos ranked third worldwide in the IT outsourcing services market with \$4.9 billion in revenue and a market share of 4.9% and ranked sixth in the U.S. IT outsourcing services market with \$1.0 billion in revenue and a 2.9% share of the market. When it came to winning major ITO deals in 2018, Atos won three major deals — Scottish Waters (\$265 million), Aviva plc, (\$192 million), and Novozymes A/S (\$142 million) — of which the latter two are cloud-based (managed cloud services) engagements (Source: IDC Services Contract Database, 2019).



WW Technology Sector Impact by the Numbers

■ Storage

Year	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
Storage Class	YoY Growth	Value	YoY Growth	Value	YoY Growth	Value	YoY Growth	Value	YoY Growth	Value
Entry	-10.0%	\$5,106.13	+5.1%	\$5,357.77	+3.4%	\$5,532.96	+3.4%	\$5,714.68	+2.0%	\$5,818.48
High End	-15.7%	\$5,337.97	+1.9%	\$5,438.60	-0.3%	\$5,424.42	+0.0%	\$5,424.09	+0.5%	\$5,448.98
Midrange	-6.5%	\$17,140.01	+10.4%	\$18,878.27	+5.7%	\$19,927.08	+3.6%	\$20,620.88	+3.1%	\$21,238.94
TOTAL	-9.1%	\$27,584.11	+7.7%	\$29,674.64	+4.2%	\$30,884.47	+3.0%	\$31,759.65	+2.5%	\$32,506.40

■ Servers (Includes ODM)

Year	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024
Product Category	Value	Units	Value	Units	Value	Units	Value	Units	Value	Units
Non-x86	\$7,232.60	281,159	\$6,764.85	299,412	\$6,785.47	330,966	\$6,734.75	360,071	\$6,776.35	385,585
x86	\$81,008.74	11,391,283	\$90,030.54	12,360,899	\$98,072.86	13,084,078	\$105,545.75	13,766,584	\$112,999.78	14,439,504
TOTAL	\$88,241.34	11,672,441	\$96,795.40	12,660,311	\$104,858.34	13,415,044	\$112,280.50	14,126,655	\$119,776.13	14,825,088

WW Server Sales by Vendor

Year	2017	2018	2019	2020 (1H)
Vendor	Units	Units	Units	Units
ODM Direct	2,291,654	2,991,123	3,281,666	1,867,231
Dell Technologies	2,046,048	2,272,531	2,048,731	906,567
Hewlett Packard Enterprise	1,659,959	1,508,166	1,392,213	628,325
Inspur	590,638	908,634	1,016,301	568,041
Others	1,096,213	1,198,698	1,146,333	525,647
Lenovo	625,204	768,635	756,576	347,500
Super Micro	548,689	641,890	568,796	284,411
Huawei	552,828	714,975	615,372	238,884
H3C	292,330	342,779	418,510	205,861
Cisco	316,670	278,831	280,723	109,206
Fujitsu	220,802	222,874	212,096	88,277
TOTAL	10,241,034	11,849,137	11,737,317	5,769,951

WW Storage Sales by Vendor

Year	2016	2017	2018	2019	2020
Company	Units	Units	Units	Units	Units
Others	334,127	323,838	366,666	348,094	147,603
Dell Technologies	180,986	172,984	195,813	189,621	81,758
Hewlett Packard Enterprise	85,421	75,702	66,261	63,984	32,966
Huawei	24,551	34,501	42,749	54,393	24,659
NetApp	55,919	45,020	43,498	45,352	20,507
IBM	44,758	41,445	34,804	33,995	18,563
Lenovo		12,134	21,610	33,469	12,744
Hikvision	15,489	18,227	20,739	23,917	10,795
Inspur	11,518	10,949	13,880	12,459	9,846
Hitachi	20,547	21,166	18,150	19,555	8,870
New H3C Group	8,497	10,315	15,007	19,303	7,561
TOTAL	781,813	766,282	839,177	844,143	375,871

▪ Honorable mention Pure at

2,823	4,587	6,689	8,995	4,413
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Flex Consumption and Support

- HPE GreenLake – Mix of flex consumption offers now anchored by Central (amazon like console)
- HPE Point Next – Continually upgrading portfolio especially in high end support
- Dell On-Demand – Gaining traction across entire portfolio
- Dell ProSupport – Has remained consistent look for new offers in the high end of portfolio when it comes to “managed”
- Lenovo TruScale - Gaining traction across entire portfolio
- Lenovo Services – Gaining traction, has lots of room for growth

Advice for the Technology Supplier

- Asset management, still a big deal, understand the datacenter through tools and automatic asset detection and you will provide that company with very important data. Overlay software interdependencies and now you have real stickiness.
- Software support continues to be more important as the “software-defined” world moves ahead
 - Portfolio, pricing and entitlement key to “Internet of Things” delivery
 - Patch and upgrade management best practices critical
 - Focus on adoption evolves over time as training and support merge
- Plan for expanded automated operational support, especially around critical decision points for infrastructure/app management
 - Opt-out is key for widespread adoption
 - Any plans to retrofit into existing deployments require a high-touch approach

Advice for the Technology Supplier

- As-A-Service as a service! Watch out for vendors packaging systems as a true service. That means they get to use the asset on a monthly basis (includes all support) then replace that asset as needed.
- Workplace Services
 - Enterprises looking to deliver best practices for services
 - Willing to invest in customer experience to keep talent from leaving
- Look to develop edge solutions for support of “dark” spaces
- Consider programs and initiatives that help customers measure better business outcomes.
 - Program to help drive alignment between IT and business managers
 - Portfolio rationalization to integrate IT assets with business processes

For More Information

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Related Research CY19

Document Title	Document Number	Publication Date
IoT: IT Is Supporting the IoT — Predictive Support for Critical Systems and Devices That Create Better Business Decisions and Outcomes	IDC #US45117819	June 2019
IDC's Customer Datacenter Hardware Support Survey, 2019	IDC #US45105619	June 2019
Secure Asset Disposition: It's Not Just Security; It's the Environment, the Steps an Enterprise Should Take to Sustainability	IDC #US45085519	May 2019
Amazon Outposts: An On-Premise as-a-Service Hardware Solution — If I Have Prime, Do I Get Free Two-Day Shipping?	IDC #US44896319	March 2019
Worldwide Datacenter Systems Support Forecast, 2019–2023	IDC #US42962615	March 2019

Support Fundamentals: Building Blocks for Success



Customer Success Fundamentals: Building Blocks for Success



IDC Commentary

The fast-changing environment has revealed some remarkable differences in how the pandemic has affected various segments of the market. As the first to be hit by the coronavirus, China will see the greatest negative impact in the first quarter of 2020 while other regions will start to experience the impact in the second quarter. Similarly, some industries (transportation, hospitality, retail, etc.) are facing significantly reduced consumer activity and business closures and others are being hit by an unexpected wave of demand for services, including video streaming, Web conferencing, and online retail. Facing economic uncertainty, many businesses are being forced to consider more expedited adoption of cloud services to fulfill their compute and storage needs. This spike in demand put unplanned pressure on the IT infrastructure in cloud service provider datacenters leading to growing demand for servers and system components. As a result, the IT Infrastructure market has two submarkets going in different directions: decreasing demand from enterprise buyers and increasing demand from cloud service providers. This dynamic is impacting the server market the most, resulting in just a moderate decline for the overall market in 2020. The external storage systems market, with a higher share of enterprise buyers, will experience a deeper decline in 2020.