

Perspectives on the Global Service Industry

Sydney Support Showcase

March 27th, 2007

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President



Who is Service Strategies Corporation?

We are a Global Service Improvement Company

- Provide consulting, training, and standards programs specifically for technology service organizations
- Business Improvement Service Capability & Performance Standards for:
 - Support Center
 - Field Services
 - Professional Services
- Develop industry benchmarks and facilitate best practice sharing

Agenda

- Global Challenges for Service Delivery
- Trends in Offshore Outsourcing
- Mergers & Acquisitions
- Enterprise Support
- Self Service - eServices
- Industry Standard – Service Improvement

Today's Global Support Challenges

Reduce Support Costs

Utilization

Consolidation

Support Automation



Increase Support Revenues

More Value-Added Services



Expanded Partner Relationships

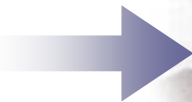
Sales and Support Channels external from organization



Increased Complexity

Minutes=Millions

Supporting Customer's Business – Not just your Product



Compliance

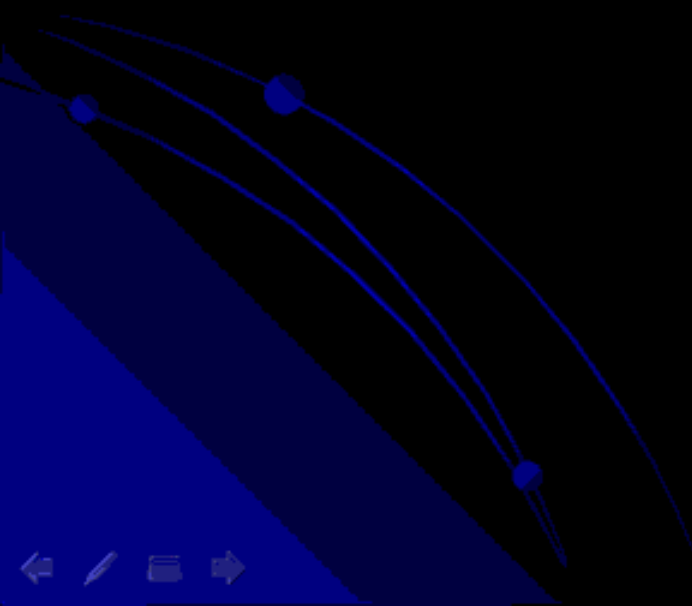
>16,000 regulations worldwide



Trends in Offshore Outsourcing

What are the tradeoffs

Did you know?



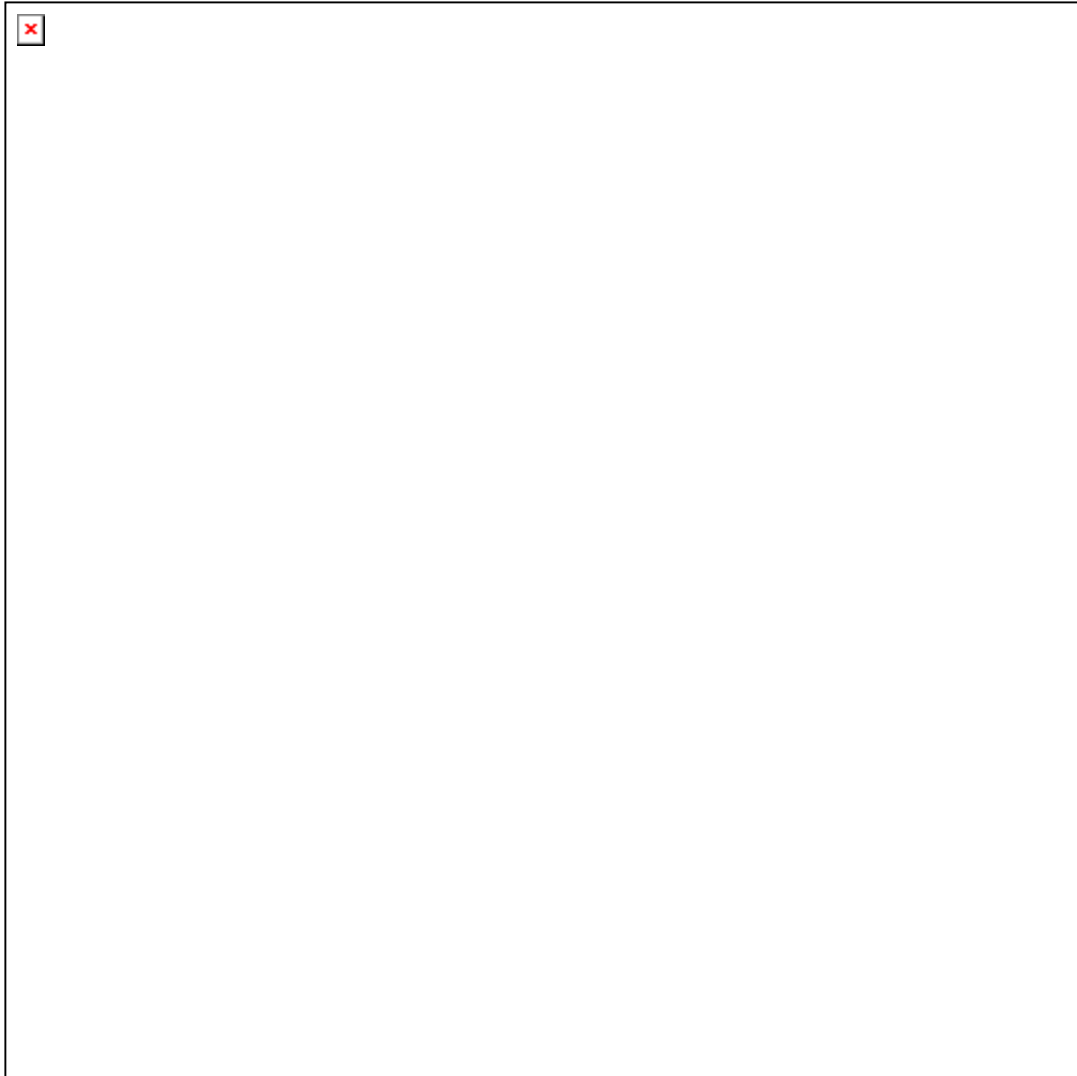
Support Infrastructure for the Flattened Global Economy



Offshore Outsourcing

- Offshoring and Outsourcing have become key business strategies
- Driven primarily by the need to reduce cost
- Major concerns about:
 - Service quality – customer satisfaction
 - Job losses (America and EMEA)
 - Technical and customer service skills

Today... Outsourced Locations



Offshore Outsourcing

- India has gained the leading outsourced market share for English language support outside of America and EMEA
 - Provide high tech, call center support and help desk
 - Agent wages 30-40% less than U.S. and Europe
 - Skilled workforce of over 25 million graduates – 2 million new graduates/year
- Issues
 - Voice and data bandwidth issue impacting growth
 - Communication cultural issues with “English accent”
 - High staff turnover

Asian Outsourcing

China is rapidly becoming the new location for Asian language support - Chinese, Korean, Japanese

- Call Center (non tech) growing rapidly
- Technical Support, IT and BPO evolving
- Software engineering high growth
- Similar to India, China produces over 2m graduates annually with advanced degrees in Computer Science, Engineering, Business, etc...

Status of Offshore Outsourcing

Successes

- Consumer support – high volume, low complexity
- eSupport – email & web service – non voice interactions

Failures

- Enterprise level support – mission critical/complex
 - *Dell, NCR, NetApp, and a number of other companies withdrew from India due to customer dissatisfaction issues*

OffShore, Outsourcing Conclusions

- Offshoring or Outsourcing support should not be primarily a cost reduction measure IT WILL FAIL
- Need to have a global support strategy that includes how Off Shoring or Outsourcing fits within your service delivery model
 - Plan for a minimum of 5 years
 - Will require significant investment in infrastructure, resources and management – Outsourcing could be an option

Mergers & Acquisitions

Service organizational impacts

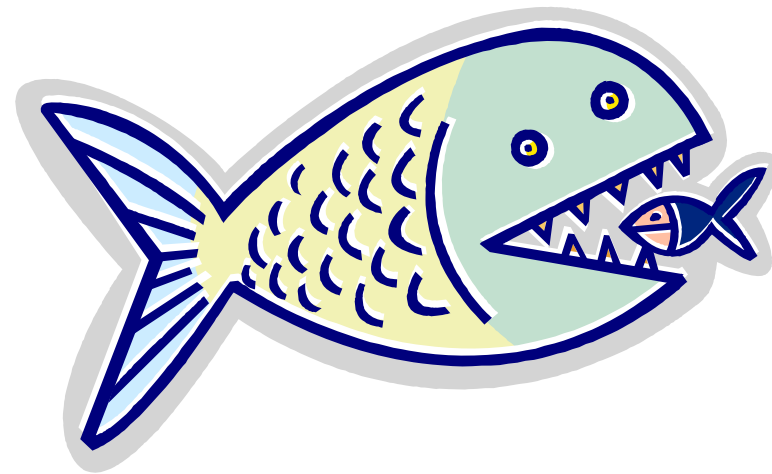
Mergers and Acquisitions – Trend continues

Recent M&A activity in IT sector:

- Oracle, Symantec, CA, IBM, and many more...

Big fish swallowing the not so little fish

- Disruption of service
 - Clash of cultures
 - Business systems
 - Service delivery processes
 - Support personal
 - Customer fear



Organizational Change – ongoing trend

Service organization reporting structure

- Chief Service Officer – CSO, Board level reporting
- Engineering/R&D
- Sales
- COO

Re-organizations typically happen on a two year cycle

Customers don't care and still expect quality service

M&A – Lessons for the future

Case studies from:

- Oracle and Peoplesoft
- Symantec and Veritas

Enterprise Support

Premium Support Programs

Why Enterprise Support?

- Customers demand it!
- C-level executives want strategic value, business continuity, and no excuses from their IT operations or vendors
- Customers want “one throat to choke”
- Improve customer satisfaction and loyalty
- Protect and increase support revenue from largest customers

Market Background

- Vendors are Struggling
 - Customer's expectations growing
 - Enterprise Services becoming table stakes
 - Most vendor services organizations are reactive at their core
 - “Let sleeping dogs lie”
 - Concentrates on solving cases, not avoiding them

Shifting Gears

Though cost containment, security, and compliance remain top priorities, business growth has shot up to fourth place

Relative ranking 2005	CIO business priority	Relative change 2004-2005
1	Cost containment	↔
2	Data security and integrity	↔
3	Fiscal compliance: Data transparency	↔
4	Revenue/business growth	↑ +3
5	Innovation of products and services	↑ +3
6	Stakeholder pressure	↓ -2
7	Risk management	↑ +3
8	Customer data integration	↓ -3
9	E-business/E-government	↓ -3
10	Privacy	↓ -1

DATA: Saugatuck Technology

Driving Support Tenets

- Present a single image of service to the customer
- Have clear ownership (accountability and authority)
- Provide consistent quality of service
- Provide clear value to the customer and corporation
- Be scaleable to support large enterprises
- Be measurable (SLA level)
- Be leverage-able through partners

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Relationship / Partnership / Account Management

Dedicated Team that knows the customers business, configuration, procedures, risk tolerance, technical environment – etc.

The Solution

Preventive Support

- Architecture
- Configuration
- Best Practices
- Go Live Support
- Multi Vendor Design
- Quality RAS

Pro-Active Support

- Problem Alerts
- Patch and Release Planning
- Knowledge Base
- Auto Support
- Best Practices
- TAM / SPOC

Reactive Support

- Availability
- 24x7
- Follow the Sun
- Fast Answers
- Fast Escalation
- Experts
- Patches
- Multi-Vendor Support

Lower TCO

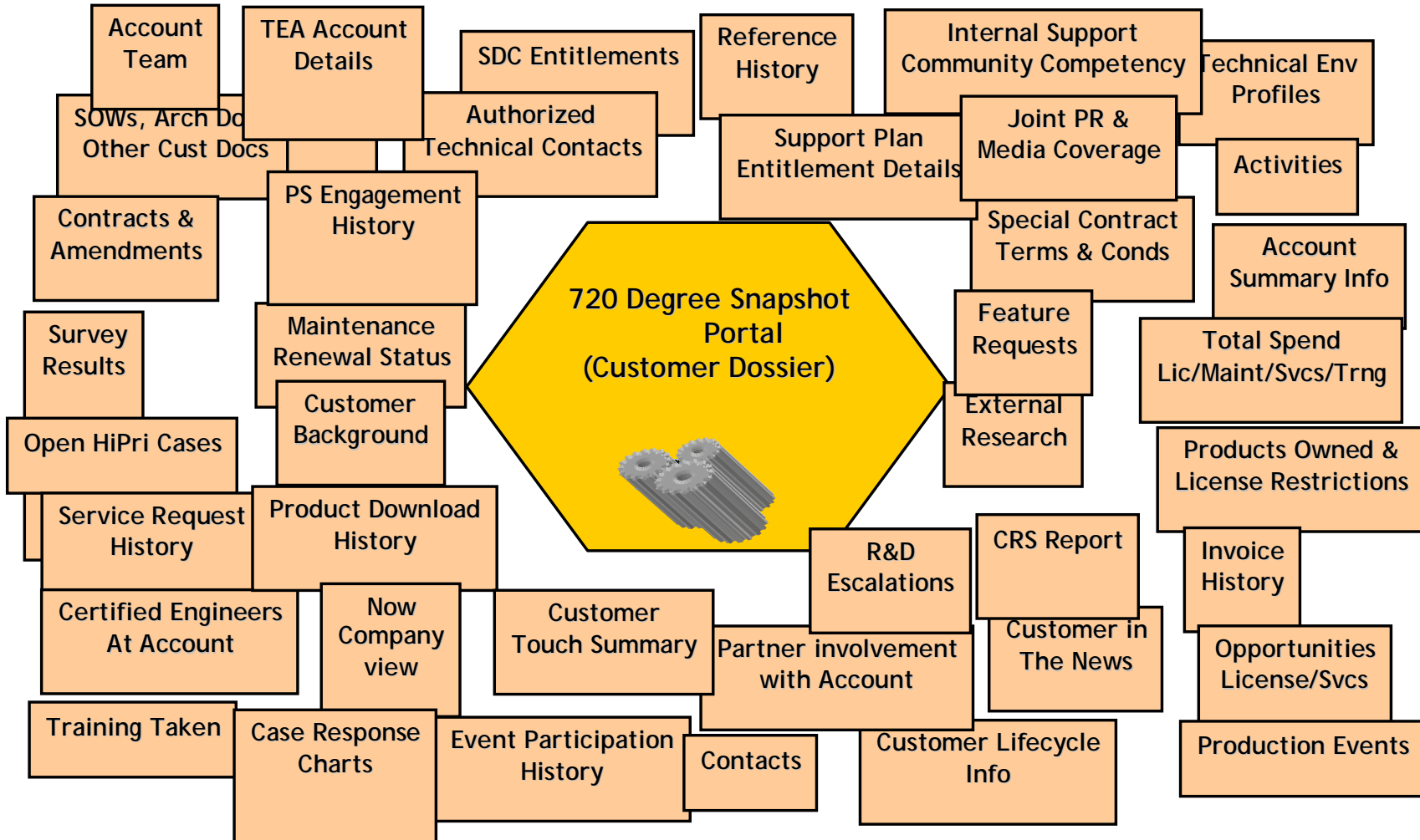
- EOS Extended Lifecycle Support
- Enhancements
- Flexible Service Plans
- Managed Services
- Easy Upgrades and Installs

This is a Cross-Organizational, Corporate-Wide Effort

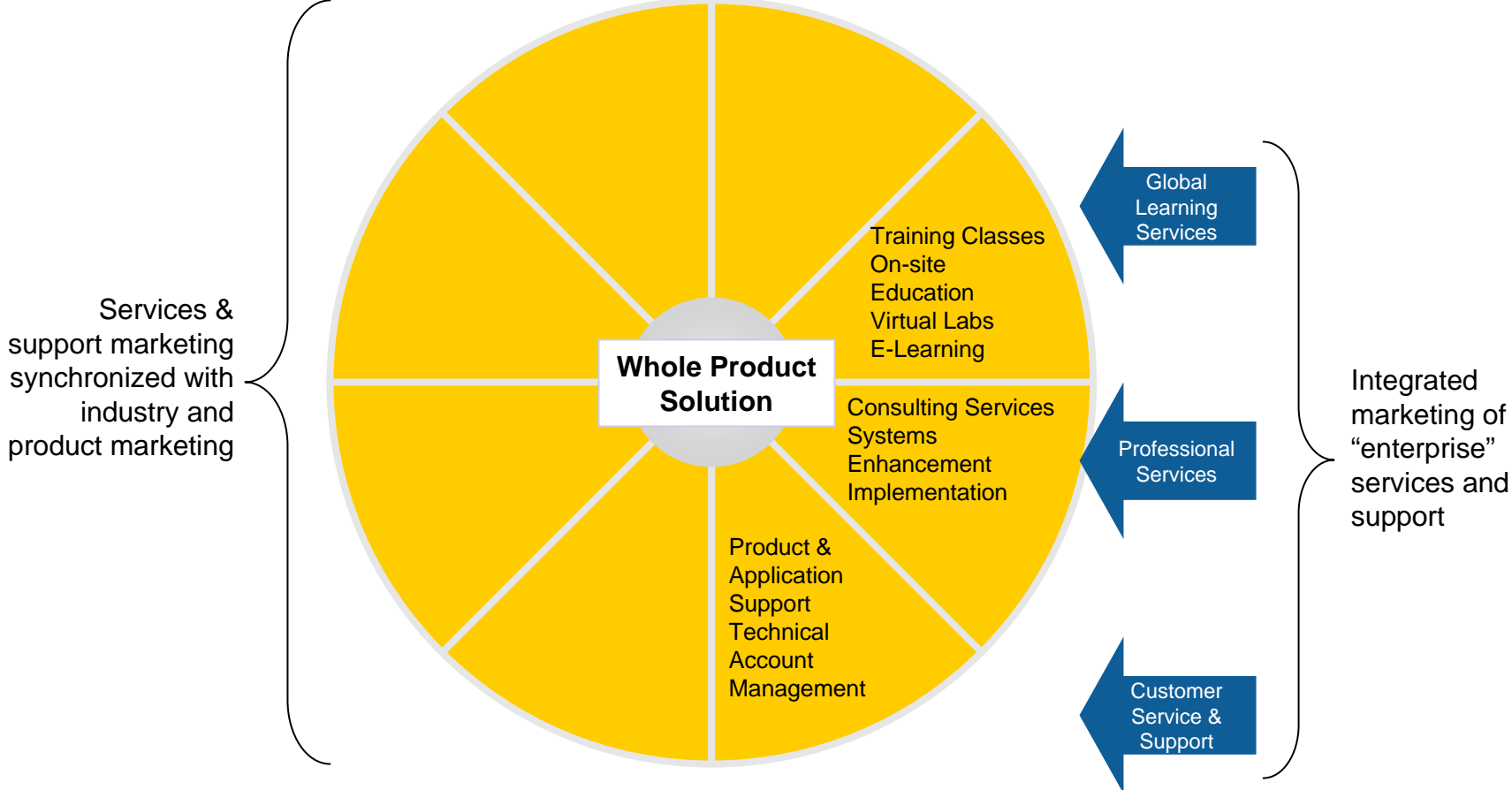
Common Enterprise Themes

- Mission-critical
 - Reliability, Availability, Serviceability
 - Fast Resolution when problems occur
- Global Availability
- Relationship
- Pro-Active and Pre-Emptive
 - Stop problems before they happen
 - Same problem never occurs twice
 - Address pre-production and post-production environments

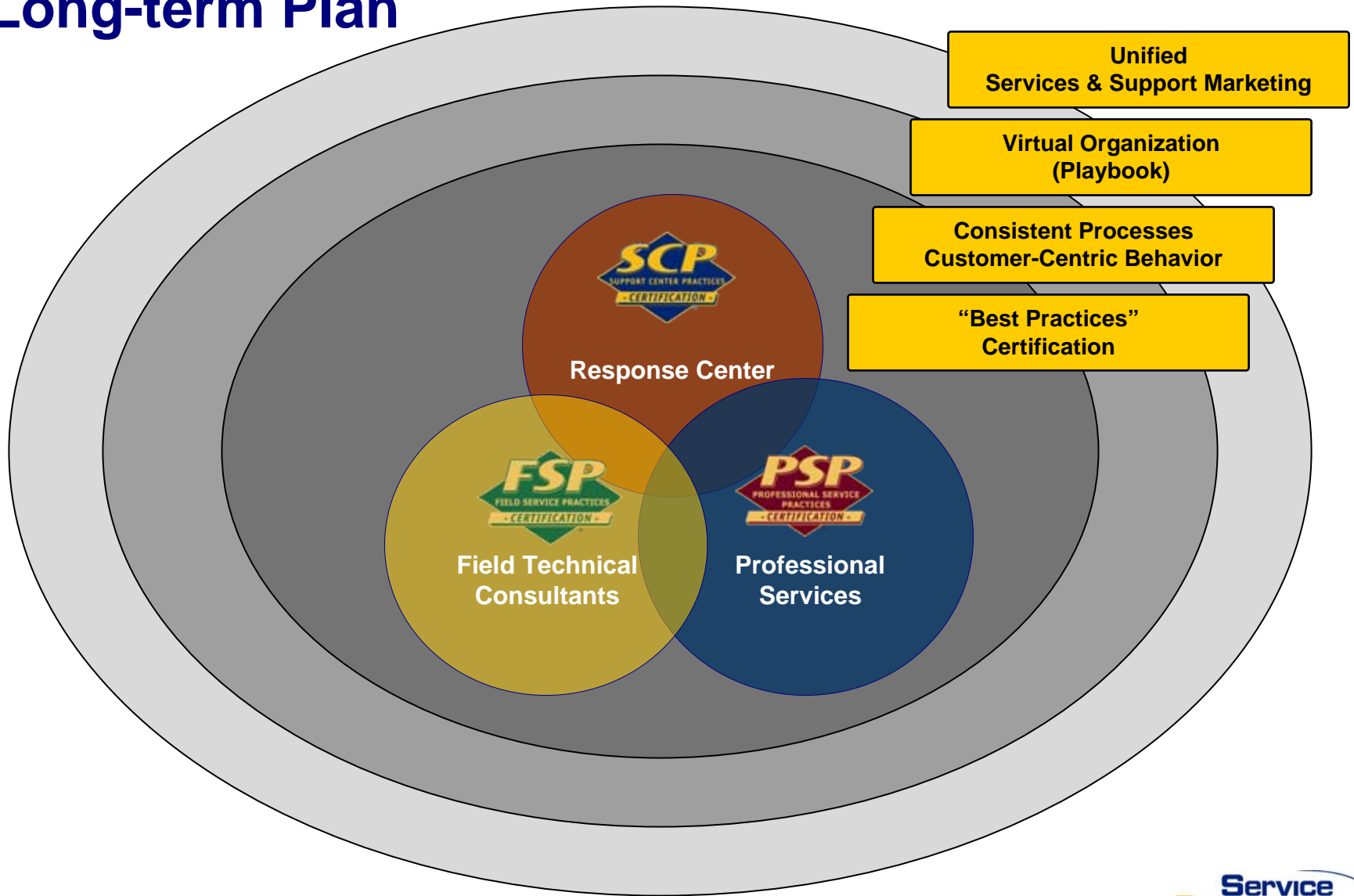
“720 Degree View”



Services & Support Marketing



Long-term Plan



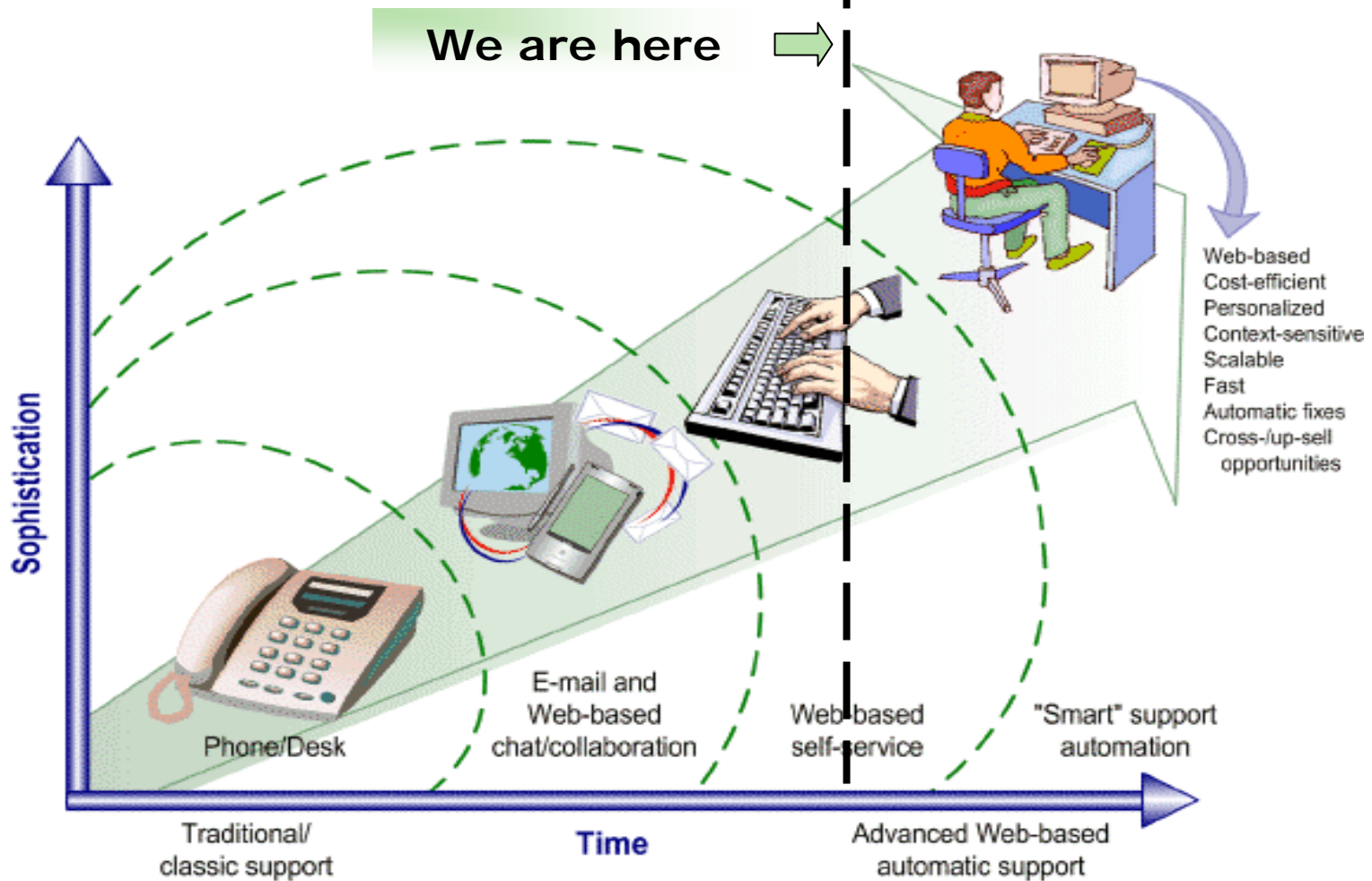
Summary

- Enterprise Support is all about transitioning customer experience from “vendor” to “strategic partner”
- Providing C-level executives with confidence in your solution as a mission-critical enterprise-capable platform
- Working to maintain support revenue and profitability, while improving customer loyalty
- Expanded support offerings will make your solution more competitive in the enterprise space

Self Services

eServices

Support and Service Evolution



Source: Aberdeen Group,

Superior Self-service is Now a Crucial

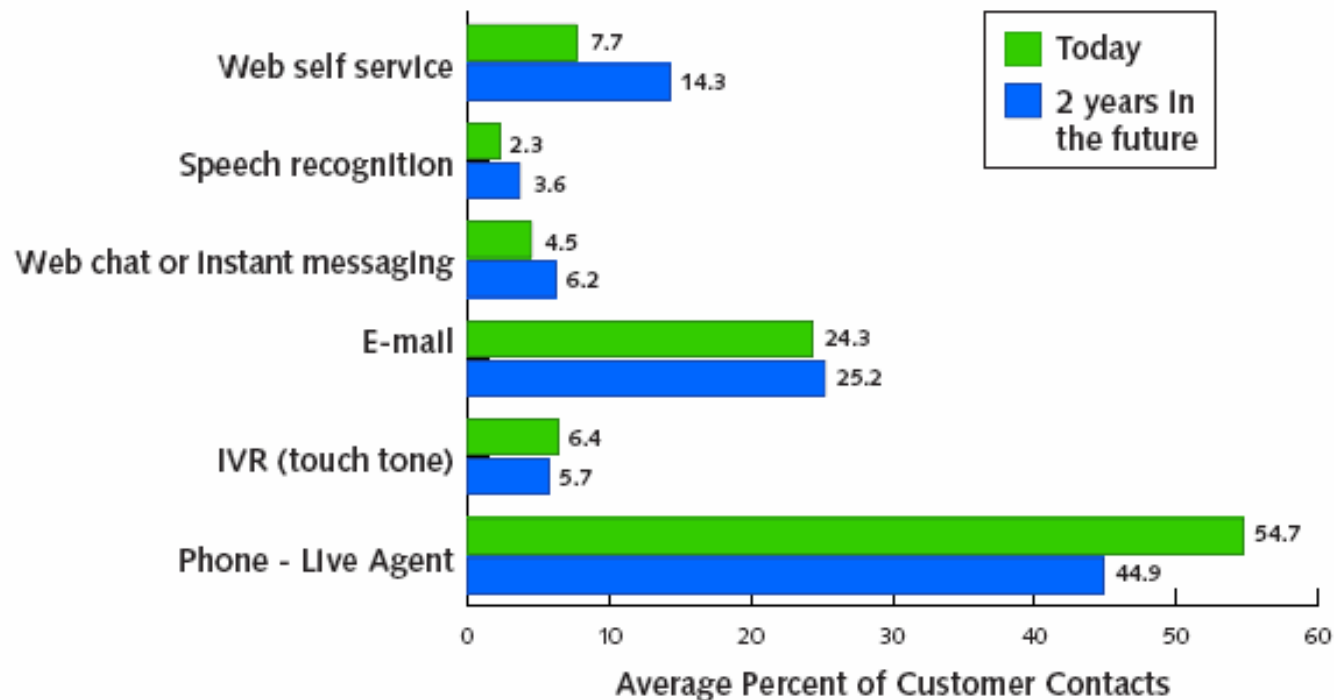
Customer service is one of the few differentiators that a company possesses. Well-executed superior self-service is now a crucial strategic component of the overall customer-centric business strategy.

To derive maximum value from self-service, companies must optimize the value of their customer interactions and not focus solely on self-service as a cost-saving mechanism.

Web Self-Service Interactions Are Increasing

Exhibit 1.

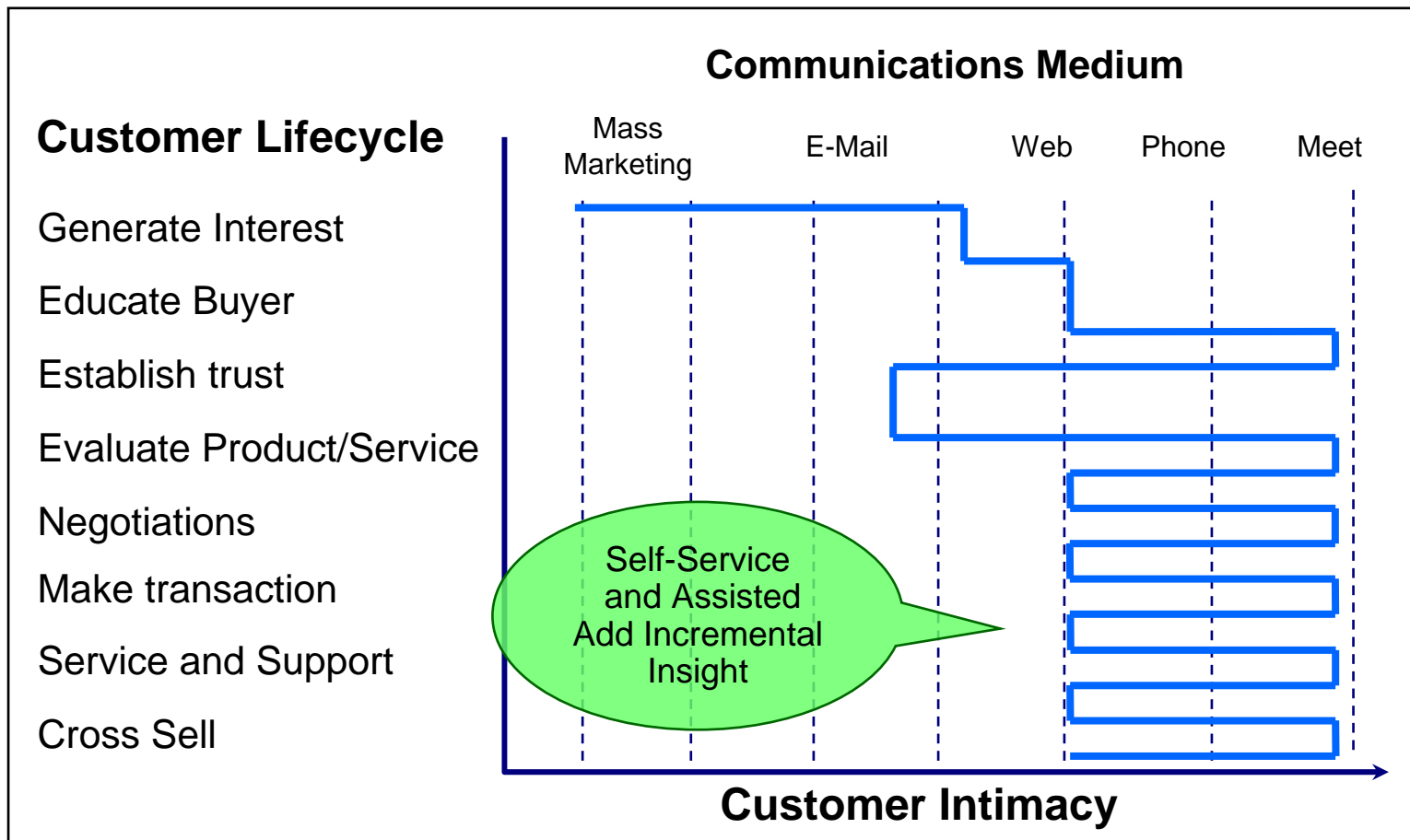
Customer Interactions by Channel



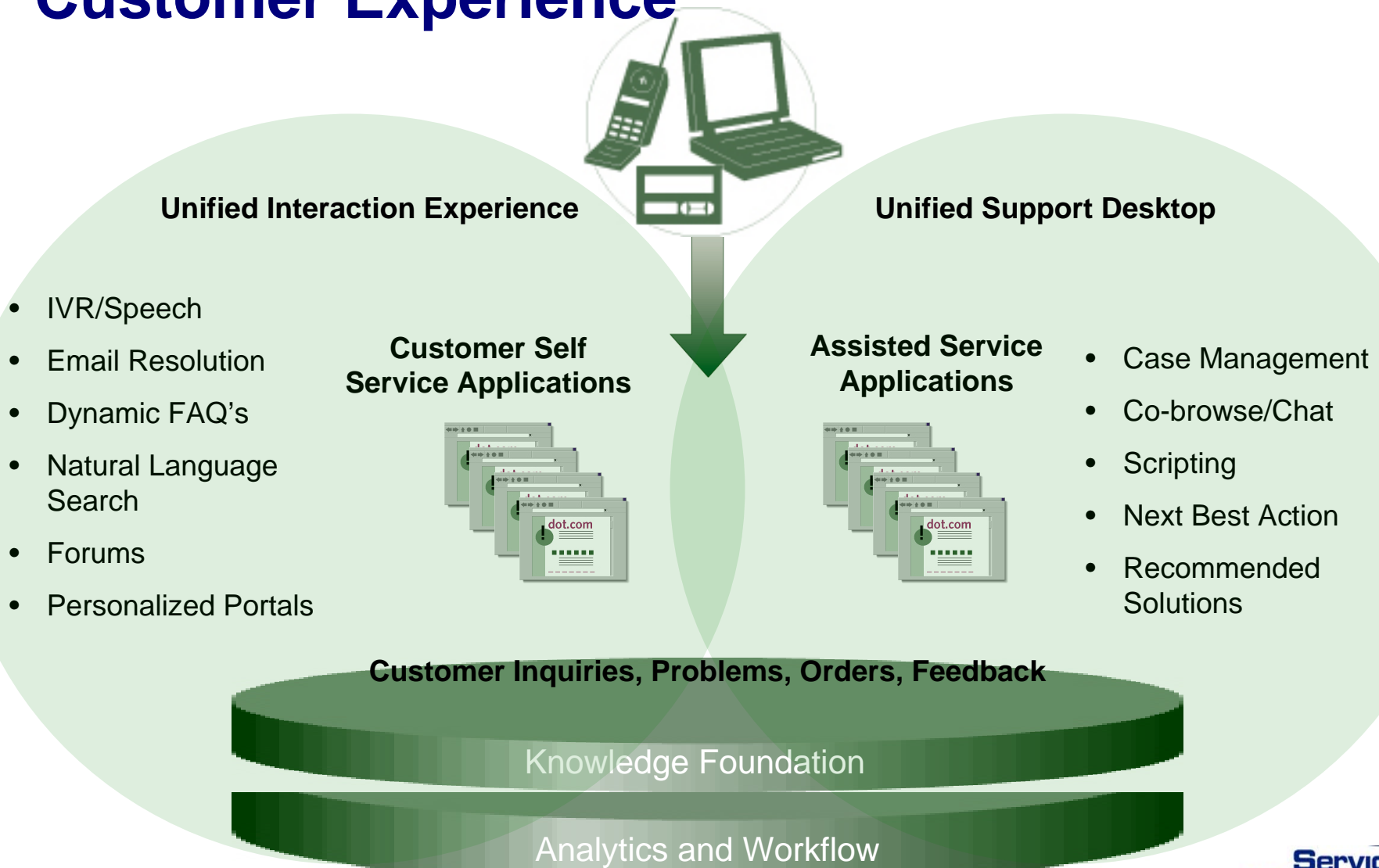
Source: Yankee Group 2005 North American Contact Center VoIP Adoption Survey

Self-Service is a Key Part of Customer Management

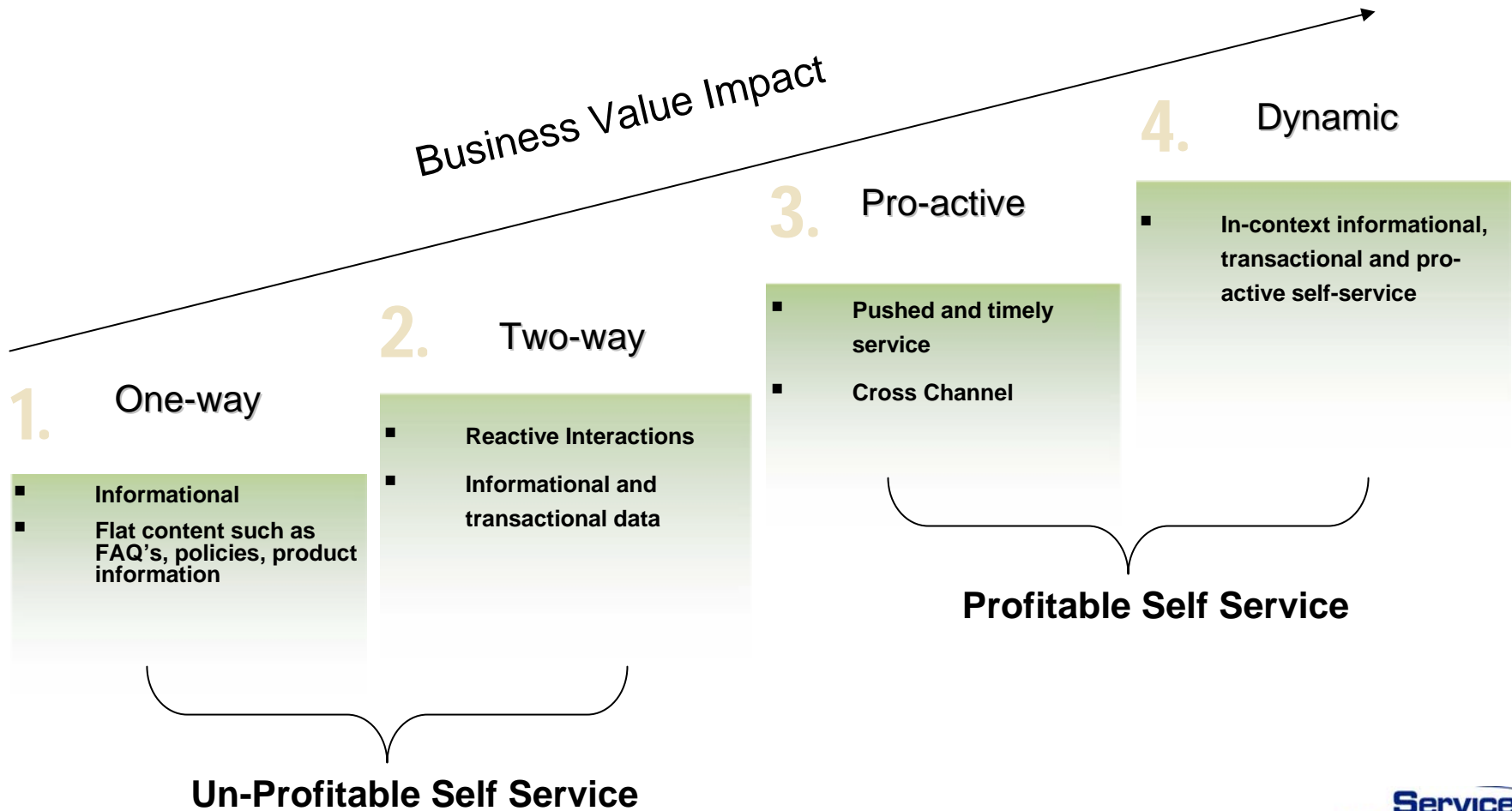
An estimated 60 percent of interactions between customers and an organization are cross channel and inter-related.



Knowledge Foundation Powers Support and Customer Experience



Phases of Self Service



eService Initiative

- eService standards content
 - Definition of eService practices
 - Expected performance levels
 - Method for measuring Success / Deflection
- Opportunities for delivering the standards
 - Incorporate portions into Support Center content
 - Enable standalone certification of eServices
 - Offer as an eService framework without certification

High Level eService Criteria

Seven eService Criteria Sections

- Usability and Design
- Self Help Services
- Interactive Services
- Tools and Technologies
- Planning & Processes
- Security / Privacy
- Measures of Success

Over 50 business elements measured and scored

Usability and Design**User Entitlement Functions**

Moved to Security / Privacy Section

Content Localization

Localization strategy
Implementation methods
Scope / depth of localization
Maintenance
Cultural issues
Compliance issues

Personalization Features

Personalized content
Role based content
Profile management
Personalized layouts
Custom views
Personalized reporting / history
Dynamic / adaptive personalization

Accessibility of Services

Uptime
Redundancy
Site performance / optimization
Platform support
Device Support / awareness
Conforming to accessibility standards
Plug-in requirements
Pop-ups...

Ease of Navigation

Single Login
Intuitive / Simplicity

Self Help Services**Online Training Services**

course registration
course objectives and curriculum
notifications
delivery methods
users tracking / management
certification
service level incentives (cert)
course schedules
pricing

Search Capabilities

Filtering
methodologies
content sources / formats
content optimization
relevancy
transparency
synonyms
methods of access
Integration
performance
search optimization
presentation of results
learning capabilities

Tools

Self Diagnostics
Contract Management / Admin tools
Configuration tools

Content

Administrative Content

Interactive Services**Notification / Alert Services**

Opt in /out
Delivery strategy
Frequency
personalization
execution process
delivery methods
measurement
compliance issues
entitlement
priority

Case Management Services

SCP Description

Live Support Services (chat etc.)

SCP Description

User Forums

SCP Description

Assisted Diagnostics

SCP Description
Remote Support
WebEx Etc...
Desktop Sharing

Online Meetings / Seminars

Recording of Webinars
Technical Topics / Upgrades Etc.
Proactive Notification of Sessions
Sessions on Use of eService Offerings
Tour or Web site / KB etc

Recommendations

- **Use the service channel as a differentiator to create memorable experiences.**
- **Integrate self-service with assisted service support channels.**
- **Infuse proactive contextual guidance and knowledge throughout the customer interaction for improved effectiveness.**
- **Segment and proactively anticipate customer needs with preemptive recommendations for both marketing and service interactions**
- **Use analytics to continually optimize the service experience**

Service Capability & Performance Standards

Program overview



What's the Program All About?

- Industry driven Service Capability & Performance (SCP) Standard
- Analysis & improvement of business practices
- Comprehensive on-site audits to verify results
- Feedback on best practices from auditors

- Defines over 100 service business factors
- Customer focused factors have the greatest impact
- Measured results are the basis for certification
- Annual recertification ensures consistency

Service Capability & Performance (SCP) Model

Certification Framework

Auditing Practices >> Scoring System >> Program Structure

Foundation Criteria

(Customer Feedback, Employee Development etc.)

eServices

Function Criteria

Support Center Practices

- Delivery Requirements
- Performance Measures
- Electronic Services etc

Field Service Practices

- Delivery Requirements
- Performance Measures
- Logistics etc

Professional Service Practices

- Delivery Requirements
- Performance Measures
- Project Management etc

Career Certification

- Manager Level
- Delivery Staff
- TAM & Others

Service Capability & Performance (SCP) Model

Certification Framework

Auditing Practices >> Scoring System >> Program Structure

Foundation Criteria

- Customer Feedback
- Employee Development
- People Programs
- Corporate Commitment & Strategy
- Total Quality Management
- Financial Management

Comments

- Align criteria / elements across disciplines
- Future changes affect all disciplines
- Input from all interested parties
- Weighting consistency across disciplines

Service Capability & Performance (SCP) Model

Certification Framework

Auditing Practices >> Scoring System >> Program Structure

Foundation Criteria

Functional Criteria

Support Standard

- Service Delivery Processes
- Performance Metrics
- Productivity Tools
- Electronic Service Delivery
- Development Interface
- Sales & Services Interface

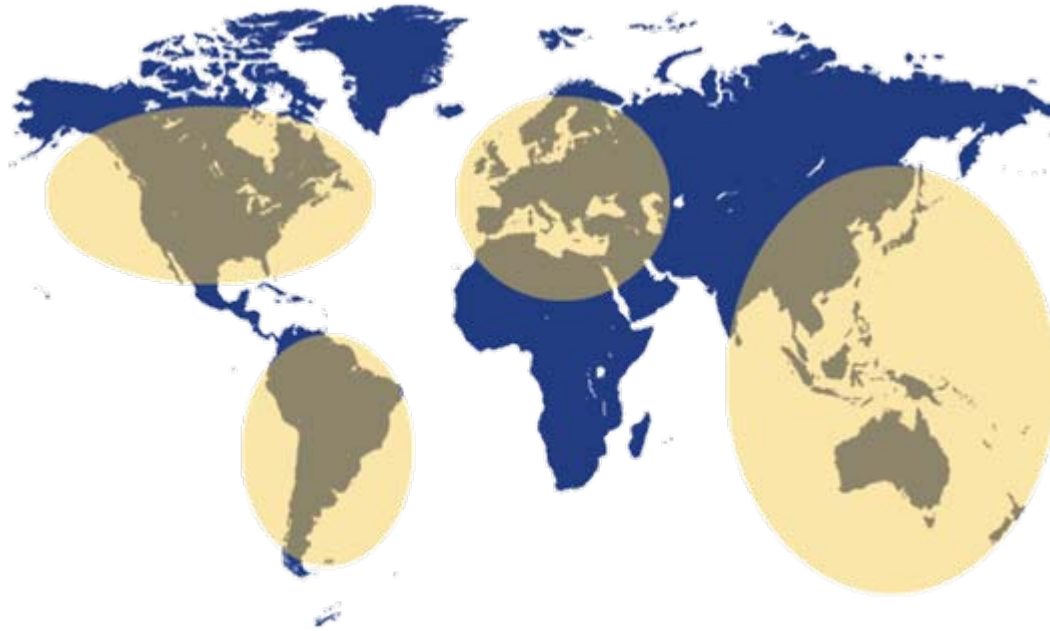
Field Service Standard

- Service Delivery Processes
- Performance Metrics
- Productivity Tools
- Support & Development Interface
- Sales Interface
- Logistics & Inventory Effectiveness
- Partner Management

Professional Service Standard

- Service Delivery Processes
- Performance Metrics
- Productivity Tools
- Support & Development Interface
- Sales Interface
- Project Management
- Resource Management
- Partner Management

Globally Accepted Standard



sage
software

COGNOS

EMC²

HALLIBURTON

NetworkAppliance

MCKESSON
Empowering Healthcare

NOKIA
CONNECTING PEOPLE

SOFTWARE AG

**Rockwell
Automation**

M.
MERCURY INTERACTIVE

Teradata
a division of **NCR**

LOCKHEED MARTIN

THE DOCUMENT COMPANY
XEROX

**Mentor
Graphics**

aspentech
process. to the power of e.

**TREND
MICRO**

**Service
Strategies**
Advancing Service Excellence

Any Questions

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