



**Evaluating Third-Party Hardware Maintenance:
Understand Why 71% of Fortune 100 Companies are
Now Using Independent Hardware Support**

White Paper Purpose

For many companies around the world, data center decision makers are more frequently relying upon independent support for data center hardware assets – servers, storage devices and networking equipment. If the reader has previously resisted support models other than what is provided by OEMs, this white paper's purpose is to explain why the trend toward hybrid support (OEM and Independent) models has grown so popular.

Data Center Support Models are Evolving: Independent Surveys Results

In March 2017, Gartner's research analyst, Christine Tenneson, was co-author of a published report entitled, "Forecast Analysis: IT Services, Worldwide, 1Q17 Update." Within the research, Ms. Tenneson offered, "Third-party maintenance (TPM) as a hybrid strategy to support server, storage and networking equipment continues to gain adoption. Some OEMs' pricing methodologies demand significant increases in maintenance charges as equipment ages, which drives customers to consider cost optimization using TPM. Seventy-one percent of Fortune 100 customers used a third-party maintainer as a form of support in their environment in 2016." Gartner [\[Doc. ID G00327730\]](#)

Additionally, in June 2016, IDC published another report in support of third party maintenance alternatives, "Cut Operational Costs: Third-Party Maintainers for Legacy and Stable Datacenter Environments to Help Invest for the Future [\[Doc #US41447716\]](#)." Details and statistics were based on a global survey of data center clients and survey questions included third-party usage, reasons for choosing TPM support and percentage of the data center covered by third party maintenance companies. The report included several influential data points, comparing TPM usage rates from 2013 to 2015, showing a 5.5% usage increase since 2013. Now, nearly half of all global respondents are using third party maintainers for a portion of their data center environment.

Why Has a Hybrid Support Strategy (OEM + TPM) Become More Acceptable?

Let's begin this answer with a similar IDC survey conducted in 2015:

In September 2015, IDC analyst, Rob Brothers, published a report named, "Third-Party Maintainers and the Enterprise Datacenter: Still Gaining Ground" [\[Doc # 258887\]](#). In the article summary, "Enterprise customers have made it very clear they will utilize third-party maintainers and not just for cost savings," says Rob Brothers, VP, Software and Hardware Support Services at IDC. "The easy-to-do-business aspect they have eluded to in the survey is surely a compelling differentiator."

So, to begin a bulleted list of reasons, beginning with these survey results, the acceptability of hybrid support strategies is resulting from:

- 1) Cost-savings, OpEx reduction, IT cost containment objectives
- 2) "Easy-to-do-business with," flexibility

If those reasons aren't enough, here are a few more to consider:

1. Cost savings

- a. To quantify, TPM pricing is typically 40-70% less than OEM pricing
- b. Pricing strategies vary greatly between the OEM and the TPM for post warranty hardware. Did you know that most OEMs will increase their monthly support pricing, the older the server or storage device becomes? Third Party Maintenance companies conduct just the opposite of the OEM – we almost always reduce support pricing as the hardware grows older.
- c. Consults about cost vs. risk mitigation are rooted in your best interests and the establishment of long-term "partnering" relationships.

2. Flexibility

- a. The OEM exists to sell you more. We exist to save you money AND provide exemplary service. The typical TPM is NOT hard-wired to efficiently move you into the newest technology. The TPM has nothing to do with the tech refresh treadmill, nor are they trying to recoup the costs of the expensive infrastructure which is necessary to technology development.
- b. Flexible SLAs are common. Special requests for invoice structure are never denied, but accommodated.
- c. Think about the complexity of adds/deletes with the OEM. If an asset is inadvertently not under a support contract, the OEM may take days or weeks of contract adjustments before addressing a failed system. In the TPM industry, it is extremely common to “Fix first, ask questions later.” That is, most TPMs will address your productivity first and worry later about contract formalities.

3. Service Style

- a. Although not as measurable, most TPMs follow “Golden Rule” practices in client service. Rooted in respect, from the senior-most executives to the receptionist, from your sales rep to the assigned field engineer(s), there should always exist this mantra – “Client respect is to be continually earned – never assumed.” This element of service style is often praised in quarterly client satisfaction (CSAT) surveys for most third-party hardware maintainers.
- b. Like Burger King’s 1970s brand promise, “Special orders don’t upset us,” the most respected TPMs take pride in building solutions for unusual requests. The spirit of the truly solid field engineers is rooted in solving puzzles and this spirit becomes an unrelenting core value within every employee in the TPM industry.

4. Quality

- a. The OEMs’ perspective on quality is rooted in its products and the reputation of these “physical” assets it provides to its target audiences. OEM support services appear more focused on billings than satisfaction. The TPM only has a service to sell. Therefore, perspectives on quality are always rooted in whether or not it’s client is satisfied.

Respected IT industry analysts, like Gartner and IDC, have a tendency to also point to the priorities of the modern data center decision maker. These analysts explain that other priorities (e.g. security, digital business/IoT, cloud considerations, etc.) have caused decisions about hardware support to become less strategic than they once were. Here’s an interesting quote from Gartner’s Christine Tenneson, North American Research Director for Hardware & Software Support:

“Hardware maintenance is increasingly being considered as a ‘nonstrategic IT’ spending and procurement, with the result being that IT professionals are seeking low-cost alternatives to expensive OEM contracts.”

Christine Tenneson, Gartner [[Doc. ID G00294372](#)]

If your curiosity is initially piqued by the cost-savings, so be it. Insist upon and fully expect to be delighted with the service quality available in this service-focused TPM industry.

Additional & Related Reading

1. [“Still Unfamiliar with the Benefits of Third-Party Hardware Maintenance?”](#)
2. [“CIO/CTO Evidence: Enterprise Trends in Hardware Lifecycle Extension Strategies”](#)
3. [“CIO/CTO Evidence: Financial Impacts from Hardware Support Strategy Remodeling”](#)

Author & Bio:

Mark Havens, Vice President, Sales & Marketing, SSCS

This year will be Mark's 23rd year with SSCS Global IT Services. Beginning in sales, he was promoted to Vice President, Sales & Marketing, now responsible for all global sales activities, brand recognition, inbound/outbound marketing and primary messaging. In his previous employment in management with Ritz Carlton, Mark was highly influenced by their industry-leading customer service program, as influenced by the standards of the Malcolm Baldrige quality awards.

In his spare time, Mark is engaged in numerous activities with his daughter, plays the bass guitar and is a vocalist with a band and his church choir.

Connect to [Mark at LinkedIn](#).

Additional Information

For more information about SSCS's third-party hardware maintenance solutions, please visit us at: www.sscs.com or call +1.800.833.8223