

Competitive Intelligence Report: **Getronics Strengthens Old Ties for Global Service Delivery in New Alliance**

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Market: Business Telecom Services - Europe

Current Perspective: 

Standard View

Summary

Event Summary

March 27, 2009 -- KPN/Getronics has announced the creation of the Getronics Workspace Alliance which consists of seven founding members: APX (France) CompuCom (USA), KPN/Getronics, Getronics Middle East, NTT Data Getronics (Japan), ServiceOne Getronics (a joint venture offering services in China and Hong Kong) and TecnoCom (Southern Europe). Alliance members will work together to provide international organisations with globally consistent IT support, with a specific focus on workspace outsourcing. The members share common processes, methods and tools and will focus on delivery a consistent service across the globe.

Analytical Summary

- Current Perspective: Positive on KPN/Getronics for its part in creating the Getronics Global Workspace Alliance because the company now has a stronger marketing message regarding its ability to deliver a single, unified approach for global service delivery around managed desktop services and devices by working closely with many of its former entities. This deal is important for each of these member companies to grow outside of their home markets and increase wallet share among their existing customers.
- Vendor Importance: High to Getronics because the company (as well as its partners) needs international scale as a counterweight to large outsourcers and systems integrators, such as HP/EDS and T-Systems, focused around workspace management. Being able to provide a global alliance with unified systems and processes to provide consistent customer support and local service delivery is important for assuring customers.
- Market Impact: Moderate on the European market because the Getronics Workspace Alliance emerges as a global provider of workspace management solutions with a better ability to target key accounts across the Benelux, France, Spain and Portugal with global service delivery. KPN/Getronics focus is to target primarily Dutch-based MNCs with global requirements. This move is likely to force more mid-sized integrators to consider similar moves to counter the influence of the major SIs.

Perspective

Current Perspective

We are taking a positive stance on KPN/Getronics for creating the Getronics Workspace Alliance together with many of its former entities because the company can now cover many key regions in the world (e.g., Europe, USA, APAC) with a more consistent service focused around workspace management. It will also be important for providing customers with local support and service delivery, and also for fostering shared product innovation.

The new 'Getronics Global Workspace Alliance' consists of seven key partners: APX (France), CompuCom (USA), KPN/Getronics, Getronics Middle East, NTT DATA Getronics (Japan), ServiceOne Getronics (a joint venture offering services in China and Hong Kong) and TecnoCom (Spain and Portugal). Each of these companies are former Getronics entities. Getronics also has regional and global service delivery centres in Kuala Lumpur, Singapore, Sao Paulo, Beek (Netherlands), Budapest, Glasgow, as well as Mexico City a (via partners) to serve the North American market. There are also facilities in Central and Latin America. Under the charter, each

member will work together to provide customers with a globally consistent IT support, underscored by common processes, methods and tools. There is also formal governance model with executive level backing to hold this alliance together.

On the positive side, KPN/Getronics is developing a credible approach for global service delivery through the creation of the Getronics Workspace Alliance. Unlike other partnerships that tend to form around individual deals, this alliance is based on established business relations. Many of these members were former Getronics entities and are actively supporting global accounts in key verticals such as telecoms, banking, industry, IT, and manufacturing. KPN/Getronics can now counter critics after selling off non-core assets by highlighting that it has not lost any capabilities around global service delivery whatsoever. Getronics controls minority interests in nine companies in which it holds a minority stakes and in the case of US-based CompuCom it maintains a board level seat. Moreover, Getronics can point to regional service delivery centres across Europe, APAC and the Americas as well as a multi-lingual helpdesk. It has also developed a standard framework for integrated reporting and ITIL for service level management and can point to standard costs and a global pricing model. The alliance has a direct presence in 41 countries and indirect in 71 countries via partners. It can also provide direct billing in 70 countries.

However alliances tend to emerge and disappear at times, almost unnoticed by the market. While they are formed with the best intentions, there is always the challenge of having all of these entities cooperate on a day to day basis, or focus on new areas such as joint marketing, business planning, product development, or investing in new platforms to improve customer experience. The new alliance will also have to make more investments into offering a single standard online platform to improve service delivery, resolving faults, allowing customers to launch online trouble tickets, access billing details or SLA metrics in near real-time. These types of platforms are only found in mature partnerships, and will be important for countering the influence of BT/HP alliance which have invested over five years in offering such a solution and tying this back to ITIL-bonded processes.

The creation of the Getronics Workspace Alliance is generally positive. The likely impact will be member companies being able to grow and scale their operations outside of their home markets and increase wallet share from their existing customers. It will also be a counterweight to companies such as T-Systems, HP/EDS and IBM which offer workspace management on a global basis. It may also force other mid-sized integrators to consider similar approaches.

Positives and Concerns

Competitive Positives

- Getronics is developing a credible approach for global service delivery through the creation of this formal alliance. Since many of the new partners were also former entities, Getronics is entering this agreement with established business relations, live customers with over active 50 ongoing projects. In total, Getronics controls minority interests in nine companies and in the case of CompuCom a board level seat. This alliance does appear to have strong management buy-in which is necessary for solid corporate governance.
- Getronics also has its own network of global service centres in the UK, Netherlands, Hungary and Malaysia. It also has access to a number of regional facilities across the Americas (via partners) and has developed a standard framework for integrated reporting and ITIL for service level management. The company also reports standard costs associated for each partner in the global pricing model.
- The alliance can also drive business growth across its membership through shared marketing, business development and sales activity. Each member can point to international presence without the expense of maintaining multiple subsidiary operations around the globe. This in turn could allow members to remain competitive in their bidding.
- The alliance has a direct presence in 41 countries and indirect in 71 countries via partners. It can also provide direct billing in 70 countries. KPN Getronics will have access to over 41,000 employees (including its own resources), including nearly 4,000 ITIL certified employees. KPN/Getronics is the largest of the founding members contributing nearly 16,000 employees.

Competitive Concerns

- While the formation of an Alliance is an important step for Getronics and all of its partners, it will have to stand

up to the scrutiny of customers and prospects. Many alliances are deal-driven and customers will need to be assured that 'Getronics Global Workspace Alliance' is as solid as a competitor that is committed to the long-term.

- While the company has some standard e-bonding platforms, these systems are not fully integrated across its new global network. The alliance will need to invest to improve service level management across-the-board. The BT/HP alliance is one of its major competitors and it has invested significantly over the years to offer this single interface to interact with customers, suppliers and partners through a single common interface. This has led to improvements in service delivery and fault resolution.

Recommended Actions

Recommended Vendor Actions

- Now that the alliance is formed, KPN/Getronics as well as alliance members should begin a marketing campaign to generate more visibility around its capabilities in desktop management. Customers would be interested to know that it has delivery centres across the globe and that the alliance collectively has 6.1 million devices under management. This puts the alliance in a top-three global standing among workplace management companies.
- KPN/Getronics should highlight that it has entered the alliance with live customers in key industries such as telecoms, banking, industry, IT, and manufacturing. Customers should be aware that this alliance is not really new, but formalises an existing relationship. KPN/Getronics should also consider working more closely with members in developing a vertical marketing strategy to appeal to customers with desktop requirements in key industries.
- KPN/Getronics should highlight that it has tackled many of the issues around providing strong global and local support and service through its multi-lingual helpdesks in different time zones, and centralised service desk. Customers should also be aware that there is a framework for integrated reporting and ITIL processes for guaranteeing strong service level management.
- With the formation of the Workspace Alliance, the next step is to formalize global agreements with key suppliers. This will improve the company's ability to offer globally consistent products and services, which are centrally managed and locally delivered. It also provides consistency in vendor terms and conditions, pricing (e.g., rent, owned) and availability.

Recommended Competitor Actions

- Competitors can point out potential weaknesses with respect to its capabilities around mobile device management. While KPN/Getronics offers some support in this area as does Sympac (KPN's enterprise mobility arm), there is little to indicate that these two companies are cooperating as much as they could be doing. There is also a noticeable gap in messaging in this area.
- T-Systems can counter with a range of offerings around its managed desktop services which include options for managed PC services, document management (i.e., MOOS), mobile device management (i.e., MOBIS) and centralized computer services, which provide support for Citrix, dynamic computing services and thin client services. It can also highlight new innovations such as 'Office on a Stick' which allows individual users to access office applications and personal data securely a USB stick. It can also highlight that it has a direct presence in 23 countries and partnerships in an additional 37 countries for global service delivery.
- BT/HP should highlight that it has a strategic alliance that has lasted over five years, supported over 70 MNCs and generated over EUR 3 billion in sales order value. The company must highlight complementary skills to support customers ICT requirements. Further, it should highlight to customers its investments it has made to provide a single under interface and the benefits customers have received from such a robust platform.
- Telefonica needs to highlight that desktop management fits squarely into its new MNC strategy. The company should highlight for example, that the contract it was won with DPWN calls for the management of 100,000 LAN ports, 60,000 voice and 80,000 mobile connections across Europe. The company should also highlight that it has launched a new service desk and management facility to Prague and building up its knowledge and certification around ITIL.

Recommended End User / Customer Actions

- MNC's should definitely add the Getronics Workspace Alliance to their RFP list for global workspace management. While KPN/Getronics has sold off many non-core assets, such as CompuCom in the US, all is not lost. These entities are working together in a collaborative partnership to match the skills and capabilities of a leading system integrator. Customers should definitely push for more details around its online service management platforms.
- European MNCs that are also looking for mobile device management should enquire with KPN/Getronics over the extent it is working with its sister organization, Sympac, in delivering these services to the enterprise. At least publicly, the level of cooperation is questionable.

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