

Sustainable IT & Third Party Maintenance

Internal distribution only

econocom

What is maintenance?

Maintenance contracts are linked to each **server, storage system or network device** that is sold and ensure that **failures are fixed** within a certain time (2 hr, 4 hr, 8 hr, NBD, ...) .

Warranty is maintenance that is included in the purchase of a **server, storage system or network device**, offering a basic SLA (9x5 NBD intervention) during a specific period (1 or 3 years)

Warranty upgrade is a contract to upgrade the SLA of the warranty

Post warranty is a maintenance contract after the initial warranty period

What is maintenance?



HPE DL380 Gen10 6242

	Y1	Y2	Y3	Y4	Y5	Y6		Total 6 years
Investment	€ 23 985							€ 23 985,00
Yearly maintenance	€ 2 907	€ 2 907	€ 2 907	€ 4 166	€ 4 166	€ 4 166		€ 21 220,20

Maintenance costs can equal investment costs over the life of the asset

What is third party maintenance?

Maintenance contracts are linked to each **server, storage system** or **network device** that is sold and ensure that **failures are fixed** within a certain time (2 hr, 4 hr, 8 hr, NBD, ...) .

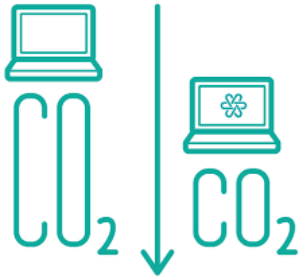
Third party maintenance (TPM) is hardware & software maintenance support offered through a company independently from the original equipment manufacturer (OEM).



Market trends



- Inflation, Recession
 - Investments on hold:
 - According to IDC Enterprise Storage market growth will decline in Europe from 10% in 2022 to 2% in 2023
 - The life of current assets will be extended
 - Cost reduction
- Sustainable IT
 - Extending the life of an IT asset can reduce CO2 emissions: production cost is 35% of CO2e (*)
 - Also, most IT hardware uses core minerals and rare earth elements during production. Manufacturing hardware also releases toxic by-products leading to increased pollution.



(*) the other 65% is the energy consumption over 4 years

6 reasons why customers choose for Econocom maintenance



Cost reduction between 30 and 70%



The answer to complexity through a single point of contact



Contractual flexibility



Operational flexibility



Upgrade and transformation according to their actual needs



Sustainable IT by extending the life cycle

Global coverage



- Pfizer (Europe)
- Tenneco Automotive (Europe)
- Atos (Europe)
- GlaxoSmithKline (Europe, America, Asia)
- France Telecom (Europe)

Advantages

- One contract
- Uniform pricing
- Centralized billing

Hybrid maintenance strategy



Gartner:

“Hybrid maintenance strategies that use both OEM and TPM (third party maintenance) are becoming the standard in the hardware support market. There is an ecosystem of independent support providers for server, storage, and networking equipment. End-user customers are selectively using TPMs to cost-effectively extend the life of IT assets, manage or delay OEM-forced upgrades, and save money”

Hybrid maintenance strategy



Analysis of the parc

- What to move to Econocom
- What to keep with OEM
- Review of SLA's
- Transparent & based on the customers strategy

4 scenario's

- Platform/application in continuous change
- Platform/application stable
- Migrate out of platform
- Platform approaching EOSL but still important

Technology

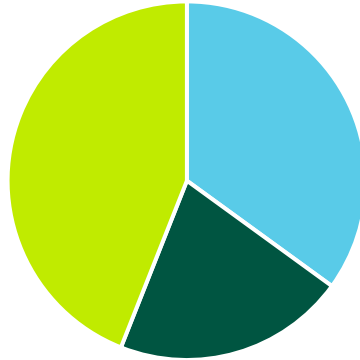
- Intel servers vs proprietary servers

Criticality

- Storage vs servers

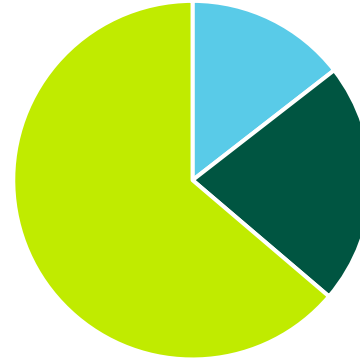
Hybrid maintenance strategy

Installed base



■ 1-3 year ■ 4 year ■ > 4 year

Maintenance cost



■ 1-3 year ■ 4 year ■ > 4 year

Age of systems in a datacenter (IDC)

Benelux references in multivendor maintenance



Competition is very limited

- Pure player: own field engineers, own spare parts, own L3
 - in Belgium: none
 - in Europe or Global
- Multivendor support providers
 - IBM, HPE, Fujitsu
 - Atos
- Collaborative
 - NTT
- Resellers with limited own capabilities
 - Real Dolmen
- OEM





Third Party Maintenance Services and purchase of Cisco products outside the Authorized Channel

Frequently Asked Questions

Note: This FAQ document was last updated in June 2020.

Q. Who is authorized to resell Cisco services?

A. Cisco and Cisco Channel Partners are authorized to resell Cisco services. To verify whether a particular company is a Cisco Channel Partner, please visit Cisco Partner Locator at: <https://locatr.cloudapps.cisco.com/WWChannels/LOCATR/openBasicSearch.do>

Q. What is a Third Party Maintenance Provider?

A. A Third Party Maintenance Provider is a company that is not a Cisco Channel Partner and offers maintenance services for Cisco products.

Q. What happens if I source spare parts from a Third Party Maintenance Provider?

A. If you decide to source spare parts for your Cisco products from a Third Party Maintenance Provider, you may be taking the following risks:

- Your Cisco product may not have a valid software license. The license is subject to the terms of Cisco's End User License Agreement available at:

Competition: OEM

Econocom	Vendor
● Cost reduction (30% to 60%) ● Contractual and operational flexibility (no duration imposed, no price increases, intervention first) ● Reduce complexity for multivendor environments ● Worldwide coverage (list of countries available) ● Support beyond EOSL	● Prices are marketing driven (push for renew) ● Minimum terms and notice periods First the contract, then the intervention ● Only supports own products – Different procedures/SLA's per vendor. ● Complex to obtain uniform conditions world wide

Competition: OEM

Econocom

- Own L3 support with support by specialized companies

Vendor

- Can provide specific patches for firmware and storage operating systems
- Impose license restrictions

Why sell?

- High margin
- Recurrent revenue stream (200K – 1 M€ yearly)
- Very satisfied customers
- Easy target for upsell in infra

“Gartner has seen very few customers look to move equipment back to OEM maintenance once it has been moved to a TPM because overall satisfaction with TPMs is good and the savings are dramatic.”

Source: Gartner Market Guide for Data Center and Network Third-Party Hardware Maintenance, Published 29 August 2019

Fun selling

- You bring value (bottom line)
- Visibility to C-level
- It is not a complex sell
(at least in the first steps)

+100K€ bottom line = +20 M€ top line

Which customers to target



Large customers

- Top 100 with own datacenter equipment
- International with decision / HQ in Belgium
- Significant storage

Who

- CFO
- Purchasing
- CIO

Who not

- Operations
- Functions with no P&L responsibility

In the following situations

- Migrating to the cloud or an MSP (managed services provider)



- Legacy environments



- Escape rising maintenance costs



What to assess in the first meeting

- Are IT budgets next year insufficient? Is cost a primary concern?
- Is there a purchasing department with a mission to reduce costs?
- Is purchasing done in Belgium? Is HQ or EMEA HQ in Belgium?
- Are you migrating or do you plan to migrate to a public cloud? Azure, AWS?
For a significant part of the workload?
What is the timing?
- Are you planning to outsource your operational ICT to a MSP such as DXC, Atos, ...?
- Do you have an idea of your installed base?

Next steps

- Account list
 - Customers you (probably) know
 - Customers we think have potential



Microsoft Excel
Worksheet

Sales pitch voor CIO - Purchase

Bij een goede relatie:

Piet, ik heb iets dat je zeker moet interesseren.

Voor bedrijven van jouw grootte zijn wij in staat grote kostenbesparingen te realiseren op de recurrente kosten van je IT infrastructuur. Deze kostenbesparingen zijn niet theoretisch, maar onmiddellijk zichtbaar in de facturen.

We spreken over besparingen van enkele 100K tot enkele M€ per jaar.

We hebben dit reeds gedaan voor XXX (kies een klant uit de referentielijst die het meest aansluit bij je target).

Kan ik eens langskomen om dit uit te leggen met een van onze experts?

Bij een prospect:

Beste, ik ben XXX van Econocom.

Econocom helpt bedrijven in XXX (klantensegment) om de recurrente kosten van de IT infrastructuur drastisch te verminderen, meer bepaald op vlak van de onderhoudskosten bij de vendors zoals HPE, IBM, Dell.

We weten dat deze kosten bij bedrijven van uw grootte jaarlijks tot enkele miljoenen kunnen oplopen. Wij realiseren gemiddeld een 45% kostenbesparing bij onze klanten, maar dat kan oplopen tot 70%.

Deze kostenbesparingen zijn onmiddellijk zichtbaar op de onderhoudsfacturen van 2023. We hebben dit reeds gedaan voor XXX (Kies een klant uit de referentielijst die het meest aansluit bij).

Kan ik eens langskomen om dit uit te leggen met een van onze experts?

Sales pitch pour CIO - Purchase

Dans le cadre d'une bonne relation:

Sophie, j'ai quelque chose qui devrait t'intéresser.

Pour des sociétés de votre grandeur, nous sommes capables de réaliser des grandes économies sur les coûts récurrents de ton infrastructure IT. Ces économies ne sont pas théoriques, mais visible immédiatement sur les factures.

On parle d'économies de quelques 100K jusque quelques M€ par an.

Nous l'avons déjà fait pour XXX (choisis un client dans la liste de références qui correspond le mieux avec ton target).

Est-ce que je peux venir te voir avec un de nos experts pour mieux expliquer?

Dans le cadre d'un prospect:

Cher, je suis XXX d'Econocom.

Econocom aide des sociétés dans XXX (segment du client) à diminuer les coûts récurrents de leur infrastructure IT de manière drastique, plus spécifiquement au niveau des coûts de maintenance chez les vendeurs tel que HPE, IBM, Dell.

Nous savons que chez des sociétés comme la vôtre, ce genre de coûts peuvent s'élever jusqu'à quelques millions. Nous réalisons en moyenne une économie de 45% chez nos clients, mais cela peut s'élever jusqu'à 70%. Ces économies sont visibles directement sur les factures de maintenance de 2023. Nous l'avons déjà réalisé pour XXX (choisis un client dans la liste de références qui correspond le mieux avec ton target). Est-ce que je peux venir vous voir avec un de nos experts pour mieux expliquer?

Sales pitch voor de CSO (Chief Sustainability Officer)

Bij een prospect:

Beste, ik ben XXX van Econocom.

Econocom helpt bedrijven in XXX (klantensegment) in het reduceren van de CO2 footprint van de IT infrastructuur, door de levensduur van de investeringen te verlengen.

Het verlengen van deze levensduur wordt nu vaak onmogelijk gemaakt door de vendoren omwille van de prijsstijgingen in onderhoud die zij aanrekenen.

Econocom heeft een oplossing hiervoor.

We hebben dit reeds gedaan voor XXX (Kies een klant uit de referentielijst die het meest aansluit bij).

Kan ik eens langskomen om dit uit te leggen met een van onze experts?

ESG Program Leaders



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n = 104
Source: Gartner
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Gartner

Sales pitch pour le CSO (Chief Sustainability Officer)

Dans le cadre d'un prospect:

Cher, je suis XXX d'Econocom.

Econocom aide des sociétés dans XXX (segment du client) a réduire leur footprint CO2 de l'infrastructure IT, par la prolongation de la durée de vie des investissements.

La prolongation de cette durée de vie est régulièrement rendue impossible par les vendeurs à cause de hausses de prix dans les couts de maintenance qu'ils vous chargent.

Econocom a la solution pour ça.

Nous l'avons déjà réalisé pour XXX (choisis un client dans la liste de références qui correspond le mieux avec ton target).

Est-ce que je peux venir vous voir avec un de nos experts pour mieux expliquer?

ESG Program Leaders



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Thank you!

Third Party Maintenance

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Contractual Flexibility

- Personalized contractual commitments
- Service levels linked to real needs
 - Coherent service levels for all systems independent of model or brand
 - Change of Service Level effective next month
 - Custom service level agreements
- Maintain beyond EOL
 - As long as it is technically feasible
- Flexibility in handling incorrect inventories
 - Priority to the incident
 - Intervention in T&M and/or automatically added in contract

Operational Flexibility

— Incident management:

- ↪ Priority to the incident not the contract
 - First solve the incident, then regularize
- ↪ Priority to the incident not the service window
 - The engineer will not leave until the incident is solved
- ↪ CRU not required
- ↪ Latest software / firmware version not required

— SPOC

- ↪ Manage existing contracts
- ↪ Manage warranty
- ↪ Comprehensive reporting
- ↪ Use customer service management tool