In this paper, IDC looks at how companies can save operational costs by using third-party maintenance providers and examines the criteria enterprises should consider when evaluating these providers.

Cut Operational Costs: Use Third-Party Maintenance Providers for Stable Datacenters and Better Digital Transformation

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Written by: Rob Brothers, Program Vice President, Datacenter and Support Services

Introduction

Opinions vary greatly when it comes to using third-party maintenance (TPM) providers in datacenter environments, and it is IDC’s opinion that when the right situation reveals itself, the use of a TPM provider can make real financial sense. For the past seven years, IDC has tracked enterprises and their propensity to utilize an entity other than their vendor to support their datacenter environment. These support providers supply a valuable resource for customers looking to support stable environments that are two to three years or older, systems that are in steady state (limited or no changes to the firmware and/or BIOS), or end-of-life assets until they can refresh their technology or retire an old application or when they need a bridge solution during a migration.

IDC sees these providers as a valuable viable option for many enterprises, and they should not be overlooked when trying to implement a "blended strategy" to optimize capital and operational expenditures. In studies over the past few years, IDC has observed the following:

» The propensity to use a TPM provider increased from 40% of enterprises in 2013 to close to 70% of enterprises in 2021.

» When enterprise respondents were asked why they chose a TPM provider, "better offerings" and "easier to do business with" were the top 2 responses.

» Price was one of the reasons enterprise respondents chose a TPM provider, but surprisingly, it was not one of the top 3 reasons. IDC evaluated TPM contracts and OEM contracts and found that TPM providers charge 50% less than OEMs for similar services (caveat being that the company surveyed was doing an apples-to-apples comparison).

AT A GLANCE

KEY STAT
40–45% of companies use a third-party maintenance (TPM) provider to support approximately 40–45% of their assets.

WHAT’S IMPORTANT
Companies think highly of TPM providers, with an average high level of overall satisfaction of 8.3 out of 10 (1 being extremely dissatisfied and 10 being extremely satisfied).

KEY TAKEAWAYS
Using TPM providers can be key to reducing operating expense spend, all while providing the support experience you expect.
The Role of TPM Providers in a Legacy World

Stable applications, steady-state systems, and siloed infrastructures are still part of many datacenters, and looking for alternative resources to support those datacenters can be a very wise choice when trying to create an optimized strategy for operational and capital cash flow. The reasons to use a TPM provider can be varied — lower costs, an easier approach to doing business, or better response and support due to the vendor’s lack of focus on older systems or the vendor’s decision to drop the support of a given device altogether. IDC also realizes that as cloud-based computing and the software-defined world begin to come to fruition, the ability to swap out systems, storage, and networking equipment without the worry of the intelligence running on any given device will become more of a reality.

As workloads obtain the ability to move between systems and datacenters, devices should be able to be swapped in and out of the environment without impeding critical data flow. Hence support at the device level will become very rudimentary — a true box swap. The intelligence will reside in the software running the movement of workloads. These factors should enable a TPM provider to be able to offer the base hardware support on devices, leaving software support on the "software defined" aspect of the devices to the vendor.

Companies are looking for experiences, and those experiences are driven by what the support provider can do within the environment. It’s not enough anymore to be reactive to a customer’s phone call for support. In a recent study, IDC asked customers about the key features of support. Figure 1 shows that a great support experience is about more than being reactive and the cost of support; it’s also about the provider’s tools and abilities.

FIGURE 1: Top Features of Support Services

Q How important are the following management features in deciding what type of support services agreement to purchase for your enterprise?

<table>
<thead>
<tr>
<th>Feature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of online self-support (customer portal with knowledge bases, forums, automated diagnostics) Ability to do self-repair with a spare’s parts locker with quick access to upgrades/updates/patches (through portal or vendor website), possible use</td>
<td>56.5</td>
</tr>
<tr>
<td>Availability of a contract management and support portal (a dashboard for tickets, IMACs, reviews, and assessments of support contracts, and asset management)</td>
<td>57.0</td>
</tr>
<tr>
<td>Ability to provide consistent support globally with multiple SLAs or levels of support to choose from (bronze, silver, gold) and hit those SLAs, including call to repair within four to six hours</td>
<td>57.5</td>
</tr>
<tr>
<td>Price/cost of support, flat and fair renewal with no price increase</td>
<td>58.0</td>
</tr>
<tr>
<td>Ease of escalation process and provides clear and effective communication throughout issue to resolution</td>
<td>58.5</td>
</tr>
<tr>
<td>Planning process and ongoing guidance for the use of the new technologies to ensure you meet your intended outcome for the technologies</td>
<td>59.0</td>
</tr>
<tr>
<td>Ability to provide a single point of contact for hardware support and vendor management, managing the commitment and communications</td>
<td>59.5</td>
</tr>
<tr>
<td>Ability to bypass L1 support and provide a single point of contact covering integrated support for configuration problems</td>
<td>60.0</td>
</tr>
</tbody>
</table>

n = 1,239

Note: Respondents were asked to rate the importance of the feature on a scale of 1 to 10, where 1 = not at all important and 10 = very important.

Source: IDC’s Enterprise Support Services Survey, September 2021
Figure 2 shows that customers expect to get more out of what they purchased (i.e., that the investments they make should be able to last).

**FIGURE 2: Top Benefits of Support Services**

*Based on your experience, what are the top 3 benefits your organization gets from support services?*

- Improved hardware performance and overall hardware satisfaction
- Faster incident resolution time
- Easier incident resolution (less effort for IT staff)
- Reduced number of internal IT staff devoted to hardware support and maintenance
- Reduction in incidents due to proactive support services
- Lower cost of operations across the hardware environment
- Decreased amount of system downtime or system crashes

\[ n = 1,234 \]

*Source: IDC's Enterprise Support Services Survey, September 2021*

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**The Services Ecosystem**

**TPM Providers: Independent Services Providers**

Independent services providers tend to present the greatest threat to technology vendors. They tend to offer just support, although most of them are expanding into other offerings to help augment the slight decline in support revenue. This primary focus on support allows them to be more flexible and have better communications with the enterprise about the support package. The package may include frequent reviews on how support is progressing within an IT environment. Also, companies have internal cost-saving mandates that they must meet to ensure they are optimizing the financial management of their businesses. Therefore, companies will look to support providers that can drive down costs, including the potential high costs of upgrading to new technology and capabilities.

**Advantages**

The main advantage of independent services providers is the flexibility of doing business; these providers are generally focused on one product (i.e., support), so they usually are able to be more flexible than vendors in how they interact with enterprises. Independent services providers do not have to maintain the same infrastructure as vendors. They do not have to invest in parts infrastructure (and they typically have access to lower-cost parts because they do their purchasing on the open market) or in training of new support personnel. As a result, the providers can deliver support at a considerably lower cost.
Considerations

When evaluating the support capabilities of TPM providers or other types of providers, customers should ask the following fundamental questions:

» Whom do I trust to fix my support issues?
» Do they provide support at good value?
» Do they have the proper sparing and logistics?
» Can they respond within my SLA?
» Do they have the geographical coverage?
» How easy is it to place a call?
» Do they have the engineering talent?
» Do they have the right support options?
» How easy are they to do business with?
» Can they provide a single point of contact as well as multivendor support?
» Do they have the tools and portals to resolve issues quickly and proactively?

Most of these questions are now table stakes, and the real value is being driven by remote and proactive/prescriptive support capabilities and the ability to provide a single point of contact and multivendor support. To drive true cost savings, operational efficiencies should include delivering remote and proactive support capabilities, which should be a top priority.

Conclusion

TPM providers are a viable alternative for enterprise datacenter support for a myriad of reasons, most of which are discussed throughout this document. With cloud-based initiatives and vendors turning more and more to software-defined solutions, the ability to box swap on a scheduled basis instead of an SLA basis should become more of a reality. This will further the opportunity for TPM providers to maintain a broader range of devices. Also, as enterprises are in a state of transition as to where to move workloads, TPM providers offer a cost-effective solution in the interim, freeing up much-needed cash to make investments in newer hyperconverged infrastructures or application modernization, which will allow them to be more competitive in the future.
About the Analyst

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Rob Brothers is a Program Vice President for IDC’s Datacenter and Support Services program as well as a regular contributor to the Infrastructure Services and Financial Strategies programs. He focuses on worldwide support and deployment services for hardware and software and provides expert insight and intelligence on how enterprises should be addressing key areas for datacenter transformation and edge deployment and management strategies.

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- Great pricing
- Outstanding quality of service delivery
- Flexibility
- Fast turnaround times on quotes

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