

## Solution Provider Advisory: IBM Express Services

October 2009

### **Key Take Aways:**

***IBM is using its portfolio of Express products and Express Managed Services to expand the opportunity for Solution Providers to leverage IBM-branded technology to build high-margin services to sell to midmarket customers.***

***Although IBM has not historically looked to Business Partners to be the delivery mechanism for IBM-branded services, the vendor is increasingly producing offerings designed to be compatible with partners' own services offerings. The refreshed Express portfolio can nicely complement a range of other services that an IBM Business Partner might be offering as part of their service practice today.***

***Bottom line for Solution Providers: If you thought you couldn't work with IBM because you didn't want conflict over the service opportunity, look again, especially if you are focused on midmarket customers.***

### **Introduction**

For decades, IBM's overall message to the channel from the services perspective was that the partner's job was to sell IBM services and IBM would take it from there. Since selling the PC division to Lenovo, for example, IBM offers very few options for its channel partners to deliver maintenance or installation services on IBM gear – (Partners can be authorized to deliver warranty services on xSeries but their delivery participation ends with the warranty period.)

But Viewpoint sees a new wind blowing at IBM – one that recognizes that IBM Business Partners (IBM's name for solution providers/channel partners) must deliver high-margin, high value services to their customers to flourish. IBM now publicly recognizes what they have acknowledged in private for years -- that IBM-branded services can be a piece of that customer solution but will not represent the total offering.

As a result, the portfolio of services that IBM is encouraging its partners to sell are increasingly better positioned as foundation-type services that partners can wrap their own services around as part of a total services offering.

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Earlier this year, IBM Global Technology Services identified several key service areas where it believed partners could be most successful with an IBM-branded solution – included are Business continuity, Security, Storage, and Storage Security. IBM’s strategy going forward with these service segments is to offer Business Partners a combination of managed services and professional services in each area.

Many IBM Business Partners don’t want to invest in a bench to manage their customer’s environment but they are eager to tap into the kind of annuity stream that a managed service represents. So the partner can sell the IBM Express Managed service, wrap their own professional services around the IBM offering or – in some cases—license the offering from IBM and embed it in their own branded offering. This creative new license offering represents a significant shift in IBM’s willingness to have the partner brand lead the service engagement.

Look on IBM’s partner portal, Partnerworld, for a partner exhibit that provides terms on the IBM Express offerings with fixed price/fixed scope services that give solutions providers clear guidance on what the costs and the margins are. IBM also publishes ‘rules of engagement’ that outlines expectations for when a solution provider might find an IBM rep in the account and when they can count on IBM deferring to the partner.

After a slow start for the IBM Express portfolio of services that are purpose-build for midmarket customers, IBM says these services are now growing quickly with the IBM channel partner community, thanks largely to IBM’s more flexible approach in trying to dovetail with partner’s own services offerings.

At the recent VAR Exchange conference IBM conducted deep-dives sessions on Data Mobility and Optimization solutions and many of the participants that were not IBM Business Partners were suitably impressed enough to start the IBM authorization process. Partners tell Viewpoint that the solutions are particularly attractive in industries such as retail, healthcare, travel and transportation and banking.

IBM has employed significant headcount in its field organization whose quotas are met entirely by partners selling IBM services – so there’s no shortage of IBM badges to help a partner find the solutions that fit best with their own portfolio. These reps may be “irrationally exuberant’ about how much of the partners solution offering will carry the IBM brand, but they are proving to be a strong resource for partners looking to expand their service portfolio with a minimum investment level.

IBM still has a journey ahead of it in terms of being completely flexible with Express Services and non-Express Services. Much is left to do in enabling partners to be the delivery agent. Other hardware vendors such as EMC, NetApp, Cisco and in several areas even HP, are further down the road in acknowledging the partner presence in the service engagement with the customer. But IBM has made great strides in the last 2 years in recognizing that it needs channel partners with advanced skills and capabilities – and that those partners have established service practices of their own that has made them the trusted IT advisor to their customers.

IBM has continued to invest in and refine a portfolio of services that solution providers can use to: round out their service offerings, start a new conversation with installed base customers, build more higher-margin services that will usher in the next decade of growth. If you think you can't work with IBM on services, try again—you might have a pleasant surprise awaiting you.