

Solving integration

The future is challenging for networking integrators as vendors vie with them for custom. **Keith Humphreys** points to a solution

THE RAPID commoditisation of networking products presents the networking integrator with one of its biggest business challenges.

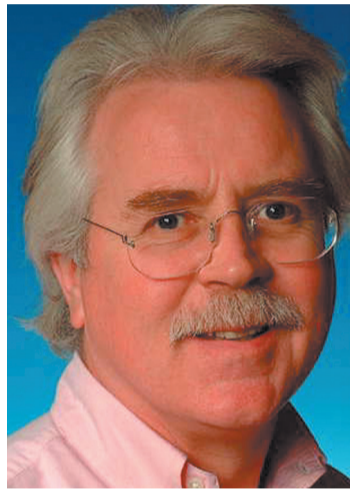
While vendors face the constant problem of bringing in new products, the integrator has to ensure that it positions itself correctly in the market, by either selling new technology or adopting a 'stack 'em high and sell 'em cheap' philosophy at the commodity end of the scale.

The diagrams on this page illustrate the commoditisation of networking products as they go through their lifecycle. At the top you can see that the network operating system (NOS) reached its peak in 1993 with the battle between Microsoft NT and NetWare, while today networking is just part of the operating system and is mainly invisible.

The two amorphous blobs in the bottom diagram attempt to represent these two extremes of cutting-edge and commodity technologies.

The lower blob represents new technology: 'low volume - high value'. The higher one shows when products start to reach commodity status: 'low value - high volume'. The difficulty for the networking integrator is to avoid being trapped between the two; low volume and low value is not the best business model.

In reality, the business model of a networking integrator has never stacked up. The integrator must possess a combination of efficient logistics in the supply of products, the skills of a dedicated consultancy firm and a high degree of specialist service capabilities. All of these characteristics are necessary, along with the management skills, sales and marketing prowess and the administration infrastructure that any large company requires.



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And all these skills are under threat.

Service revenues are also under threat. Increasingly, end-users separate product supply and installation from post-sales service. Requests for proposal specify bids that separate service and support from the product. The post-sales service is increasingly awarded to specialists that can provide multi-vendor support and a single point of contact.

Vendors are competing on services. In pre-sales the large network vendor is offering design and consultancy directly to the end-user at no charge. Previously this was a major differentiator for networking VARs.

However, previously it was rarely chargeable, so on the whole they have welcomed the assis-

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tance. Vendors are also competing in post-sales, with shrink-wrapped service offerings. Their insistence on the promotion of end-to-end ability and preferred-vendor status plays directly into the hands of the consultants.

Traditionally consultants have offered audit-based services. Now they are increasingly representing the major players. For example, Accenture in the US resells networking products, and closer to home, CGEY is a Cisco partner. The ability to offer independent consultancy will be valued by the end-user.

The future of the networking integrator is bleak, primarily because the core competencies of the integrator are becoming eroded. The relationship between integrator and customers is under threat from the very vendors that are being represented.

In addition, service revenues are under attack from multi-vendor service specialists. Equally detrimental, while perhaps less surprising, is the fact that integrators are also threatened by the emerging networking channels such as the telecoms companies, ISPs and corporate resellers.

For networking integrators, salvation lies in solutions, such as unified messaging or a contact centre offering.

EuroLAN Research believes that this is just the type of opportunity that networking integrators must look for if they are to avoid the 'squeeze' from consultants through vendors on pre-sales and post-sales services.

The solution today may be solutions, and the future shape of the network integrator is set to change forever.

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