

Sectors

CompuCom: A RIM contender for the US heartland

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CompuCom has come a long way from its PC VAR roots and now offers a wide range of IT services, including remote infrastructure management (RIM). Via acquisition and thoughtful management over the past decade, the company has positioned itself to challenge some of the older IT service providers in the US with a full spectrum of managed infrastructure services (bar mainframes), all primarily delivered by North American staff.

The 451 Take

CompuCom made the decision more than a decade ago to enter the IT services market and has made strong progress in not only building up a portfolio of services via acquisition, but also in putting in place a uniform IT service delivery and management framework, IIM, to ensure consistency across acquired and homegrown service capabilities. Although some prospects may require greater offshore capabilities than CompuCom has developed itself, the approach provided by the Getronics Workspace Alliance (GWA) is an innovative solution to this, which would match the requirements of many midmarket and enterprise US customers.

Context

CompuCom has existed since 1987 and was originally a PC VAR but moved into IT services in the first decade of this century. It has made significant investments both organically and inorganically to expand its service portfolio. When it first moved into services, it provided hardware and software maintenance services, but now also covers the full spectrum of IT outsourcing, including end-user computing, networks, security, data and datacenter operations.

In 2004, Platinum Equity bought CompuCom, enabling the company to acquire the IT services business from General Electric, as well as Vanguard Management Services (which offered RIM and security services). CompuCom has grown that business and has also extended its RIM offerings. For example, in 2008, it acquired the North American arm of Getronics. This added a broad range of security services and datacenter operations to CompuCom's RIM and outsourcing portfolio. The company now provides the full range of managed IT services with the exception of mainframe management.

Services

CompuCom's RIM offerings are underpinned by its ITIL-based IT service delivery and management framework known as Integrated Infrastructure Management (IIM), which the company is confident can reduce IT management costs by up to 50% over a five-year contract, as well as improve end-user and business-line satisfaction rates.

The IIM framework can integrate with all IT service management tools, including the advanced high-availability infrastructure management platform, ServiceNow. In this way, CompuCom can provide customers with management of heterogeneous IT systems, including cloud environments.

Using IIM as a framework, CompuCom can provide single-tower remote infrastructure management outsourcing (RIMO) or a blended approach combining datacenter, network, voice and end-user computing environments. CompuCom provides RIMO in the following areas:

- End-user computing (spanning managed desktop, laptop, mobile device management and end-user service desk)
- Networks and security (including managed networks, infrastructure protection, managed identity and access.)
- Service desk
- Unified communications and collaboration (providing managed IP telephony, messaging, presence and collaboration services)
- Cloud and datacenter (covering managed server, managed storage and database administration, as well as business continuity and disaster recovery)

Delivery structure

In order to provide RIM services, CompuCom has network operation centers in five locations (Mexico, Dallas, Pune, India, Toronto and Calgary). These centers operate via a single portal to provide customers with access to information about their systems.

CompuCom does have resources in low-cost locations such as Pune and most recently the Philippines that it uses for user ID and database administration, as well as application management, development and support. However, telephony support typically remains onshore or near-shore (e.g., Dallas, Mexico City, Toronto and Costa Rica for North American customers). The company only uses offshore resources for project-based services while the core team remains in the US.

CompuCom has service desks in seven locations: two in Canada, one in Dallas, one in Mexico City, one in India, one in Costa Rica and the most recent has opened in the Philippines. Using these locations, CompuCom can support 20 languages.

CompuCom is one of the regional IT champions that belong to the GWA, which has nine member companies and was set up in March 2009. The Alliance offers an alternative sourcing model for customers via its key members: Getronics, CompuCom Systems, SPIE, KPN Corporate Market, AGCN, NTT DATA Getronics, ServiceOne, Tecnomcom and Getronics Latin America. All partners use CompuCom's IIM toolset so that they can all have visibility into service management tickets. Using its membership in the Alliance, CompuCom can access offshore resources in EMEA, Asia or Latin America that it wouldn't otherwise have access to.

Strategy

For CompuCom, RIM can often be part of a phased transition to a full outsource contract with a customer. For example, CompuCom often begins by providing internal support for customers, then managing, say, the network or workplace services, and then eventually taking a full ITO contract.

The company is expanding its cloud service offerings to support customers that want to move to either public, private or hybrid cloud services. CompuCom has consulting and integration resources to help clients prepare their infrastructures for cloud and to rationalize their application estates to work out which workloads should be migrated to the cloud, and which are not relevant for cloud delivery and should be retired. For these types of transformational deals, customers are often contracting by results and require close alignment between business outcomes and IT delivery. IIM supports CompuCom's ability to deliver these types of contracts. CompuCom also offers access to cloud sandbox environments as part of its RIM capabilities to enable customers to experiment by testing applications or provisioning support services.

CompuCom divides the North American market in which it operates into two segments: enterprise customers with revenues higher than \$3bn and midmarket customers with revenues of \$750m-3bn. It has a two-tiered approach to providing all services using its IIM framework.

At the enterprise level, CompuCom usually comes in to manage two service towers: network security and/or end-user services, and these account for roughly 70% of its RIM business.

Retail is the company's biggest vertical sector, accounting for about 20% of revenue. In the retail space, CompuCom often provides full monitoring of the network remotely from the customer center to CompuCom's center, as well as support of the networks to the stores 7 x 365. The company does everything from building and installing new equipment to providing backup and recovery services. Other

everything from building and installing new equipment, to providing backup and recovery services. Other significant sectors for CompuCom are banking and finance, and healthcare and pharmaceuticals.

Competition

Remote infrastructure management outsourcing is a market with a wide range of competitors that include business lines in the well-established global outsourcing arms of companies such as IBM, HP, CSC, Fujitsu and Unisys; the Indian heritage service providers such as Cognizant, HCL, Infosys, Mahindra Satyam, TCS and Wipro (which created RIM as a new type of managed service by introducing the labor arbitrage play into the market); as well as systems integrators such as AtoS and Capgemini; and also the services arms of telcos such as T-Systems (Deutsche Telekom) and Dimension Data (NTT).

As a North American service provider, CompuCom has a well-developed approach to RIM that predominantly uses onshore and near-shore resources in the US, Canada and India to support its customers, as well as the ability to provide a full IT outsourced contract. As such, it will be directly competing with companies such as IBM, HP, CSC and Unisys for contracts with US enterprises that are not comfortable contracting with the Indian heritage vendors for infrastructure management.

For the US midmarket, CompuCom is one of the leading providers of RIM services, where its strong IT service management capability and a mature management approach to supporting cloud delivery platforms distinguishes it from many competitors.

SWOT Analysis

Strengths	Weaknesses
CompuCom has steadily grown its IT service capabilities over the past 10 years and now offers a solid set of RIM capabilities that can be delivered consistently thanks to its IIM framework. This gives it an advantage over many newer entrants in the US midmarket for RIM.	CompuCom does not have access to a sizeable offshore workforce for RIM and so may be ruled