

## News

### Remote Control

Although a nascent service model, remote infrastructure management (RIM) seems to be taking the center stage. A few leading mid-sized system integrators and tier-2 solution providers have already built RIM capabilities and many VARs are looking at it with keen interest. **By N Geetha**

There has been a buzz around IT services. Several service business models viz. managed services, implementation services, integration services, infrastructure services, etc, have emerged as great revenue options for partners. In this context, a service delivery model of remote infrastructure management services (RIM) seems to be taking the center stage. Although the hype around RIM has been there for a while now, it's only now that RIM is seeing some solid adoption by customers. As with all other services or technologies that have had good footprint in the overseas market RIM is gaining strength in the domestic market.

Some partners, particularly the system integrators, have been cashing on this trend, already. The second tier VARs have been slightly skeptical about adopting this service model owing to the long gestation period that it comes with. However, the smart ones have been trying to leverage this trend for growth by making all the necessary investments.

#### Playing a catch up

The players have been bullish about the growth in RIM in the next two-three years. Chennai-based K Venkatesh, VP - IMS, Precision Informatic finds the estimated market for RIM to be about \$3.5 billion where about 60 per cent is catered by the overseas companies and about 40 per cent by the domestic players. "I foresee a migration of the current onsite service customers to the RIM model in near future," Venkatesh says.

To the question if RIM has become a channel forte, Vijayant Rai, Director – Channels (India & SAARC), CA Technologies says that channel has successfully adopted and leveraged the advantages that better connectivity and tools provide to improve the level of service they deliver to their end users. "RIM, in many cases, has helped the channels to enhance the level of existing service at a lower cost besides helping them increase coverage customers for their services," observes Rai.

Mumbai-based Magnamious Systems' CEO, Jiten Mehta observes that RIM to gain the maturity curve and be ready of increasing profitability once a partner bags a 5,000 end point service assurance, which currently is hardly 200 node servicing through remote.

An official from Omnitech Infosolutions maintains that RIM services demand infrastructural investments in tools, technology, and people and this opportunity can be addressed by latching on with the established managed service providers (MSPs) in RIM space.

Mumbai-based Chetan Shah, Managing Director of Xpress Computers observes that while many partners have opted to offer RIM, the large majority of them are yet to adopt it. "In fact, the larger players have taken a lead in RIM because they are serving large customers who have the need and maturity to understand its. The small partners that work with mid-sized and small businesses have to show proof of concept and other aspects such as ROI before their customers can embrace any new service or delivery model."

It can be inferred that at this point of time, there could be countable numbers amongst the solutions providers who have a conscious RIM strategy. While the top system integrators have had a good footprint in this space, the VARs and solutions providers have started betting on the RIM opportunities by investing in infrastructure such as proof of concept centers and network operating centers.

## **Promise of growth**

There have been changes in the customer outlook towards RIM. Gemini Communications' Chairman & Managing Director Ram Kumar believes that with improvements in technology, customers are now feeling compelled to change their mindsets. With the buzz around security of Cloud-based delivery model, a broader acceptance of security is seeping in and with that the openness about the concepts such as RIM.

Mumbai's Ashtech Infotech's Director Vinod Menon too believes that RIM has already entered a growth phase but more needs to be done by solution providers and to broaden the customers' perspective about RIM services.

Partners opine that customers have started consolidating their diversified locations under RIM support by either utilizing the existing NOC of MSPs or by creating NOCs locally. The contracts in RIM space are growing from single year contracts to three-year and five-year ones with reducing commercial outgo. The positive sign is that the partners have started thinking aloud about RIM and have started making investments and working out strategies to win over their customer confidence.

## **Challenges & opportunities**

One of the key challenges as mentioned by solutions providers in this area has been changing of the fixed mindsets of the customers. Security of organizational and end-customer information has been one of the key concern areas felt by customers. Even as RIM as a model has technologically reached the necessary level of maturity to address any such concerns, a lot needs to be done in terms of making customers aware of the ruggedness of the security provisions in remote management.

Gemini's Ram Kumar observes, "We have to go with the fact that RIM like the outsourcing model has not yet reached the maturity curve, but would definitely open up opportunity when it is packaged accurately."

Many of the services are non intrusive in nature and hence are not prone to any data security threats. However, the potential opportunity for partners lies in the remote break-fix management and critical infrastructure management services which are not much investment intensive. Some partners opine that they can leverage the niche technologies around virtualization and MS Exchange, to provide RIM services besides tapping the growth opportunities in the areas of network monitoring and management. Thankfully, many customers especially from BFSI, telecom, government, and manufacturing businesses have started seeing value in this model and their adoption of RIM looks encouraging to partners.

Ashtech Infotech's Menon sees the lack of acceptability and inadequacy of investments by channels as the top challenges in the way of success of RIM business.

## **The nitty-gritty**

Mumbai's Ashtech Infotech has six customers who have shown interest in signing up for RIM, informs Menon. "At this point I am providing network-based services for 300 users. We have set up an NOC by investing about Rs 30 lakh," he informs. The scale of volume will determine the profitability for him as currently it is still around desktop and servers though not critical servers at this point of time, Menon mentions.

While the partners like Ram Kumar and Precision's Venkatesh find the revenues from RIM to be a small portion of their total current revenues, they expect its contribution to grow substantially over the next three years. To achieve such growth, partners also need to evolve an effective payment model, stresses Jiten Mehta of Magnamious.

Mehta has been catering to the 200 user end points around desktops and servers across his existing clients. The challenge Mehta finds is that the monthly payment is not assured as customers often delay payments or even default at times. "Given the kind of investment that we make for providing these services, does not justify the end result, in such cases." Magnamious has invested Rs 14 lakh in setting up RIM infrastructure with NOC. Mehta points out that it takes almost three years to get the break even in RIM space.

Most partners are using certain tools from companies like Kaseya to drive RIM services. CA's Rai points that the channel is providing RIM across the spectrum – right from desktop support to server / network management to service

support.

“In a lot of cases, the channel has used RIM to improve efficiency, to reduce cost of their services, delivery, and maintenance as well as to provide additional services which generate new revenue and profits,” observes Rai.

Rai also states that the channel has the opportunity to make money by the ability to service a much larger base of customers using RIM, by offering management services via RIM over and beyond their existing set of services to the end users.

According to Shah of Xpress, the channel is doing the entire gamut of investments including setting up NOC, support infrastructure, and customized support plans. “The services areas which are gaining prominence is around server support, break fix PC support is largely targeted by RIM players topped up with 24x7 RIM along with its many variants,” he says.

From a revenue standpoint, Shah finds RIM helping in lowering support costs, helps in out-selling competition who are offering traditional support services with new and improved rates on support contracts, with the payment model being quarterly.

According to Shah a significant portion of his services now comes bundled with RIM, with overall a healthy 10-15 per cent share. Despite the constraints, the situation looks promising as the partners see a good pipeline of projects and customers for RIM.

The official from Omnitech Infosolutions observes that currently the channels are offering services like infrastructure monitoring, server, network security, helpdesk management through NOC. The IT service company is able to make money by offering higher

SLAs at incremental commercials and RIM services though operates in the standalone mode, is treated to be a service and resource optimization tool. Omnitech believes that as the commercial model, RIM does not differ from IMS for customers within in the country. However, in the international market, there are various models such as hourly rate to fix bid projects, the official specifies. Omnitech garners about 15 per cent of its total revenues from RIM practice.

### **Way forward**

Mehta of Magnamious believes that despite the current challenges, the RIM pipeline looks good with several mid-size companies looking at signing up for this model.

Ashtech's Menon opines that we can witness exponential growth in RIM provided the partners do justice to this concept and understand the nuances correctly.

The Omnitech official opines that the SME customers are showing willingness to spend on RIM due to cost pressures faced by them. Pipelines in the banking and insurance sector looks strong, the official mentions. Omnitech expects a multifold growth in its RIM practices over the next three years.

The company, the official informs, has been offering adaptive delivery model to customers depending upon the organizational needs, while creating online demos to showcase various delivery capabilities to new customers as part of demand generation activities.

Chetan Shah finds opportunity opening up in the enterprise, mid-sized customers with multi-location IT setups. “While it is difficult to give long term predictions on the pipeline, we are looking at 20 to 30 per cent growth in the RIM business in future,” avers Shah. Doing his bit, Shah has undertaken the task of creating awareness amongst the customers through seminars, bundling the services with products, and by carrying out proof of concepts.