Bell Techlogix looks to add business services to its BEAM-as-a-Service offering

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Bell Techlogix is a midsize US managed service provider (MSP) that is ahead of the curve in getting its business model ready for the cloud era. It has already been offering its customers ITaaS via its cloud management platform for more than a year, and is now adding business services to its Bell Techlogix Enterprise Architecture Management (BEAM) platform.

The 451 Take

Bell Techlogix is an innovative MSP that is always looking to expand its value proposition beyond the mainstream US midmarket, select large enterprises and US education offerings. Having launched its BEAM-as-a-Service capability, offering its own ITSM IP along with an integrated set of tooling using BMC Remedy and Cloud Lifecycle Manager at the core, it is now considering how to add business services to its portfolio. These services include capturing IT metrics, to help customers analyze the impact of their business outcomes; back-office ERP; and complete business process outsourcing (BPO) for small IT retailers. As such, Bell Techlogix continues to develop a pioneering business model for MSPs that should especially appeal to the midmarket buyer.

Context

Bell Techlogix is more than 30 years old, but has changed beyond recognition from the large technology distribution company it used to be. Over the past decade, it has become a full-service company focused on the US domestic market, especially targeting the upper midmarket buyer

(those with revenue ranging from $200m-5bn). It is backed by private equity from Newcastle Capital Management, and forms the technology part of that company's diverse portfolio. Bell Techlogix moved into a new headquarters in Indianapolis in late 2012, and this is where its main delivery hub and innovation center are located, including a new technology experience center launched late in 2014.

Bell Techlogix has around 1,000 employees, and earns annual revenue of around $100m. The most mature part of its services portfolio is end-user outsourcing, which accounts for more than half of its managed services business, with the rest composed of infrastructure management services, IT lifecycle services (the asset management capability built up during its former life as an IT distribution company) and enterprise managed mobility services. It has market specializations in the commercial and public sectors, with its vertical focus spanning the healthcare and educational ecosystems, coupled with a fairly broad reach into high tech, retail, financial services, manufacturing and so on.

Strategy

For more than a year, Bell Techlogix has been offering BEAM, which is a service-delivery management platform made available as a number of functional modules. These span helpdesk operations, knowledge management, network and system management, mobility management, analytics, and reporting. The platform includes automated call management based on VoIP and IP services management, the monitoring and management of incidents using ITIL and ITSM, and IT asset management using a CMDB. Knowledge management and a self-service portal are also provided.

However, from the initial development of BEAM, the strategy has been for Bell Techlogix to extend the reach of its own platform, not to simply configure technology for a client. BEAM as a Service comes with prepackaged functionality designed by Bell Techlogix as an operating MSP, and the point of the proposition is to enable customers to access this intellectual property. Company president Anthony D'Ambrosi is taking a look, along with the company's clients, at the next steps its needs to take to add other layers of value for its customers. For example, with the financial data the company gathers as part of BEAM, it is planning to offer anonymized benchmarking across its managed services portfolio. The company is also thinking about adding back-office billing consolidation, as well as additional processes beyond traditional IT systems, to the ITSM capability. One initiative is to add integrated ERP in the cloud so that Bell Techlogix can capture internal business metrics and share them with the client. However, D'Ambrosi does not want to get too broad, since Bell Techlogix wants to keep the cloud management platform at the core of the BEAM

service.

One aspect of the company's cloud management platform that offers the potential to create additional services is the business intelligence that is gathered from its own analytical work as a service provider on the outcomes of service. For example, Bell Techlogix already provides a business-outcome metric on 'speed to resolution' to help with client retention, and this type of benchmarking could be useful for clients themselves, especially when considering the rollout of an application and the restoration of service. The company is working with two clients on this, and is developing the capability as an investment. Bell Techlogix wants to offer more business outcomes as part of BEAM by integrating the platform with an internal set of metrics and KPIs, and making these available to IT clients to help with calculating the cost of services as a chargeback and IT ROI service. The fundamental idea is to empower CIOs to see themselves as the 'president of an internal IT company.'

In the F&A area, Bell Techlogix is looking to further integrate BEAM with front-office operational systems, and then to complete this with HR systems for workforce management in recruitment, recruitment analytics and retention plans. To do this, the company has new vendors to deal with; it needs to work on terms of use for the subscription base, and to be clear on the data transfer and data ownership issues involved. The plan would be for Bell Techlogix to provide assurance around security and the compliance model for the data. To help with all these initiatives, Bell Techlogix has recently hired a chief innovation officer with a global BPO and customer-care background, to rethink the office of the CIO.

Services

Bell Techlogix has also recently completely taken over retail IT operations for one of its large clients in the education sector. This engagement involves managing an integrated point-of-sale system in a model that the company intends to replicate and roll out to other comparable customers.

The client (a very large public university) has a technology retail business for its students, and wanted Bell Techlogix to provide a total business service for the operation, not just act as an MSP and VAR. The service provider took over the client's computer store, with its staff and inventory, and now runs the point-of-sale business, servicing 50,000 students in Florida and Georgia. This is a transformational deal in the sense that Bell Techlogix is migrating a legacy dedicated system to a new cloud-based PoS system based on MS Dynamics. The new system is designed to be like a 'computer store in a box,' and this is what Bell Techlogix is looking to replicate.

Bell Techlogix is offering this service on both a minimum fixed fee and a variable transaction fee for operational services. It is using a volume-based unit rate for transactions, which is a business mix with a reasonable amount of risk being taken on volumes.

Competition

The MSP space is currently undergoing a lot of disruption, including the potential disintermediation from the customer that cloud delivery threatens, as well as the requirement to develop 'as a service' skills to assist a customer base that requires the MSP to move up the value chain and become more of a business adviser. In the high-end US midmarket, competitors at this level include AT&T, CenturyLink, CompuCom, Dimension Data, Logicalis and Rackspace.

When it comes to servicing the US midmarket with BPO capabilities, many of the big players avoid the opportunity, preferring to stick with large enterprise accounts that they know how to sell to. In the midmarket HR outsourcing market, there are providers such as ADP and PlatformOne, and in midmarket F&A there are focused providers such as Iblesoft and Ospro, a company that has developed a range of IT and BPO services for the US midmarket. So there is a new set of competitors for Bell Techlogix as it expands its capabilities into business outcome services. The interesting thing about the midmarket is that it's very fragmented, and thus very loyal to local service providers. Where there is already a trusted relationship in place, there will be a tolerance to trying out new capabilities as service providers diversify.

SWOT Analysis

Strengths

Bell Techlogix continues to come to market with a clearly differentiated approach to delivering services as an MSP in the cloud era. It is offering its target market capabilities that they do not currently have easy access to in a way that is palatable to how they operate, but that also offers opportunities for the company to add value via its staff and its tooling.

Weaknesses

The main challenge Bell Techlogix faces is to not diversify too quickly, taking on too many different risks at once. The real test will be whether the company's existing customer base will move with it as it explores new opportunities.

Opportunities

The US midmarket has been offering growth opportunities for BPO services for many years – the difficulty the global providers (servicing large enterprises) have had in stooping to conquer means that there is plenty of opportunity for smaller vendors more attuned to midmarket requirements.

Threats

The main threat in capitalizing on this sort of opportunity is keeping the customer base on standard capabilities in order to keep costs and management issues down – this is a really tricky contractual balancing act that Bell Techlogix must master to be successful, while distinguishing itself from well-established midmarket BPO providers.