



Strategic Thinking

New Business Models for Tech Success

BMC Adds Managed Services to Its Business Service Management Solutions

Management Software Vendor Offers Three-Tier Portfolio to Respond to Varying Customer and Reseller Needs

Opening Thoughts

One of the primary reasons for the growing interest and demand for managed services has been escalating enterprise frustration with the challenges of implementing and administering traditional management software platforms and tools that require considerable internal resources and expertise to be effective, and often become little more than 'shelf-ware' in many organizations.

As the role of information technology (IT) becomes more pivotal to enterprises of all sizes, the need to optimize the performance of IT infrastructure and business applications has become more acute. As a consequence, an increasing proportion of IT departments are adopting a services approach to managing IT. This trend has spawned greater focus on the concept of business service management (BSM).

BSM takes the previous best practice of service level management (SLM) to the next level by calling on IT organizations to not only behave like a service business, but also measure the business value of their IT services. This is no easy task for many IT organizations that have had limited success moving from a reactive to a proactive management position.

Many organizations are adopting the IT Infrastructure Library (ITIL) framework to guide them through this maturation process. However, in order to fulfill the standards of this 'best practices' framework, enterprises must still implement a myriad of IT measurement and management software tools to collect the data required to properly monitor and measure their service level compliance.

For many enterprises, investing in the tools and staff skills necessary to deploy them isn't realistic. Surprisingly, few of the management software vendors have recognized this issue and offer an alternative to traditional packaged solutions. BMC Software, Inc. is an exception by beginning to provide its BSM solutions via a set of managed service alternatives.

BMC was founded in 1980, is headquartered in Houston, TX, and reported fiscal 2005 revenues of over \$1.46 billion. The company has more than 9,600 worldwide customers worldwide, including more than 80% of Fortune 500 companies.

This profile examines BMC's successful managed services strategy and portfolio.

BMC Managed Services

Like many management software vendors, BMC began its venture into the managed services market in 2001 by recasting its PATROL® software into an 'appliance', called PATROL Express®, which managed service providers could acquire as a cornerstone of their business and resell to their customers.

While this tactic met with some success, BMC recognized that there was a growing need among its enterprise customers for a broader portfolio of managed services delivered directly by the software vendor.

Today, BMC's managed services portfolio includes many of the major BSM disciplines and major ITIL best practice management areas such as incident and problem management; infrastructure

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and application management; event management; asset management and discovery; change and configuration management; capacity management and provisioning.

For example, BMC's Infrastructure and Application Management managed services include Infrastructure and Application Monitoring, Web Transaction Monitoring On Demand which measures customers' end-to-end website experience using BMC's Performance Manager (formerly PATROL) capability. BMC also offers a Transaction Management Application Response Time Monitoring Service, Data Infrastructure Management Service, and comparable service for IMS database environments.

BMC's Performance and Capacity Management services include a Performance Visualization Service that performs remote data collection, historical trending, and performance reporting across all of an enterprise's servers. BMC's Performance Management Service diagnoses and recommends fixes for server, application, and database performance issues. BMC's Capacity Planning Service predicts potential performance risks as a result of fluctuating infrastructure or application demands and recommends methods to optimize system availability. Each of these capabilities is also bundled into BMC's Performance Assurance Service.

BMC also intends to expand the scope of its managed services to address a greater range of mainframe management functions in 2006.

In addition to converting its management software capabilities into managed service alternatives, BMC has also recognized that enterprises have varying remote support needs and in response has created a three-tier portfolio that enables customers to select the right level of service to meet their needs—Hosted, Admin, and Managed Services.

In the Hosting option, BMC provides a software-as-a-service (SaaS) solution for companies that want to take advantage of BMC's management software, but don't want to deal with the hassles of deploying and administering packaged management products. BMC's Patrol Express and Remedy On Demand Services fall into the Hosted services category. BMC's Admin services provide continuous updates and ongoing remote management of BMC software installed on a customer's premises, such as Remedy ITSM and BMC Performance Manager. BMC's fully Managed services assume the full responsibility for deploying and managing BMC's solutions on behalf of the customer to ensure the customer obtains the benefits of the output of BMC's software, including its Performance and Capacity Management solutions.

BMC has adopted a "sell to", "sell through" and "sell with" go-to-market strategy for its managed services. It is not only selling managed services directly to enterprise customers, it is also recruiting value-added resellers (VARs), systems integrators (SIs) and other third-party service providers to resell and/or deliver its managed services alternatives.

Strategic Thoughts

As a growing number of enterprises seek to better leverage their IT operations to meet their business objectives, a greater proportion are turning to managed services as a more rapid and effective method to generate the benefits of BSM solutions.

Most of the BSM software vendors have failed to recognize this trend and continue to produce packaged software products that enterprises find difficult to deploy, administer and fully utilize to monitor, measure and optimize the performance of their IT infrastructure and business applications.

BMC has responded to these changing enterprise preferences and developed an extensive portfolio of managed services to satisfy customers' BSM needs and accommodate their varying support needs.

About THINKstrategies, Inc.

THINKstrategies® is a strategic consulting services firm that helps enterprise IT decision-makers with their sourcing strategies, IT solutions providers with their marketing strategies, and venture capitalists with their investment strategies. For more information, visit www.thinkstrategies.com, or contact Jeff Kaplan, Managing Director, at 781-431-2690 or jkaplan@thinkstrategies.com.

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