



ICT Services: Financial impacts on a “critical enabler” in a Covid-19 world

Outlook and implications of Covid-19 on the ICT Services market

30 April 2020



OC&C
Strategy consultants

uncommon sense

This paper sets out OC&C's initial strategic and financial analysis of the potential impact of Covid-19 on B2B-focused ICT businesses

Purpose of this Research

- OC&C has assessed the potential **impact of Covid-19 on several B2B-facing ICT services and business models**
- Analysis focuses on unpicking key Covid-19 related macro and ICT specific trends across 3 phases of the Crisis: Lockdown, Lifting Restrictions, and New Normal, including
 - How **demand patterns and trends likely impact selected ICT services** (connectivity, comms, IT, cloud, software, hardware, managed services) **on 7 ICT business models**
 - Financial impacts on **revenue and margins**, leveraging our work with various business models
- We outline action-based **recommendations for Management teams and investors** to help best respond to and exploit opportunities to emerge stronger
- Given the uncertainty and fast-moving nature of the situation, we illustrative two scenarios of how lockdown measures and business activity could evolve

Methodology Overview

- Our work has been informed by several sources and insights:
 - 1. Primary Research with 20** senior executives, management, investors and business owners across ICT to gather perspectives on how businesses are weathering this crisis across **10 geographies** (UK, IT, US, NL, SE, DM, FR, NO, BE, DE)
 - 2. Third party analysis and commentary**
 - Industry sources (eg Megabuyte, Gartner, IDC, Enders Analysis, Omdia, Analysys Mason)
 - Publicly available macro economic forecasts and commentary (eg IMF, OBR, investment banks)
 - 3. OC&C proprietary knowledge-base and modelling**, projecting potential revenue and gross margin impacts for services and selected business models under 2 scenarios
 - Each with varying lengths of restrictions, recovery and associated economic impacts under a 'one off' crisis



ICT players will likely remain relatively resilient to Covid-19 over a 2 year frame, but the impact will vary by mix of service line and operating model



ICT Services are largely resilient, with a positive outlook...

- A sharp demand shock, rapid enforced remote working, supply chain disruption, and government intervention is impacting and will continue to shape all businesses, including those in ICT
- Despite a recession as we move to the 'New Normal', ICT business overall are expected to remain relatively resilient during Lockdown and through the lifting of restrictions
- ICT has proven it is a key enabler of the economy, with mostly non-discretionary spend
- Many 'in-train' trends to re-platform to cloud, collaboration tools and cyber will be being accelerated – albeit not immediately, creating demand for these services, including trusted advice, deployment and management



...but not all ICT is equal with Winners and Losers

- Players offering a more diversified ICT portfolio; including exposure to high growth unified comms, cloud services, cyber, SaaS), benefitting from addressing business-critical needs (eg connectivity, finance SaaS vs on-premise, discretionary IT), can emerge stronger with higher levels of recurring revenue
- However, this goes hand-in-hand with driving much stronger digital marketing skills, better cross-sale skills and agility (i.e. ability to launch new services rapidly)
- Winning business models include Cloud Service providers, Cyber Managed Service Providers, and Converged ICT players (with gross profit +15-30% in 2022 vs pre-Covid)
- Whilst hardware-focused VARs and those highly exposed to micro-SMEs will likely suffer most, all players' new logo win rates will suffer in 2020 (vs 2019), particularly if reliant on face-to-face consultative sales



Shift to Cloud Services and capabilities will accelerate beyond trend

- Rapid enforcement of remote working and (temporary) halt of traditional selling has brought new and wide awareness of the benefits of technology, including remote access to corporate data, applications (operational processes), and collaboration tools
- Business spend on cloud-based infrastructure (public, hybrid clouds, back-up, platform resources) are forecast to increase by c.50% vs pre-Covid levels by the end of 2022
- Demand for flexible Unified Comms (eg bundled MS Teams + Support), SaaS (including security) and remote management and monitoring / helpdesk services will all benefit
- We are hearing of short-term spikes for new hardware, upgraded or re-rerouted connectivity, and foresee a dash to 'harden' ICT environments after the initial 'quick fix' in early 2020 with 'home' IT

1. Relative to the macro economy

Positioning for best success requires creativity on proposition mix and re-alignment of operating models – though ICT investment remains attractive



Existing customers are King: “Holy Grail” of service, cross / upsell is key

- Looking after existing customers in their time of need (e.g. discounts, payment holidays – maybe extending into renewals and/or free trials of new products), and nurturing high potential accounts is critical with increased business deaths (SoHo, SME), stagnation of new formations, and a thinner switching pool. Bad debts will also likely worsen, hitting cash
- Segmenting customers to focus on ‘quality of MRR’ (beyond ‘MRR vs NRR’) and to drive cross- / up-sell is key
- Refreshing and strengthening ICT propositions (right services, must-have vendors, remote support, better service), will provide opportunity for continued growth



ICT players need to incorporate more automation and to enhanced their digital capabilities

- As face-to-face activities are curtailed, selling and supporting customers digitally is paramount: this means moving existing sales resources to the right places, and more emphasis on digital lead-gen, digital marketing events, collaborative sales tools, automated provisioning and responsive service models
- Pricing and revised proposition packaging (incl. service-wrap, and bundling) ought be addressed during 2020
- With more flexible working expected to be part of the New Normal, now is the time to revisit operating models, supply-chains and cost bases – not just in fixed costs/ property/ contact centres
- With phased actions, ICT players can emerge in better shape to exploit new demand patterns, further enabled by connectivity innovation (e.g. software-defined networks, 5G, IoT) and better operational SaaS applications

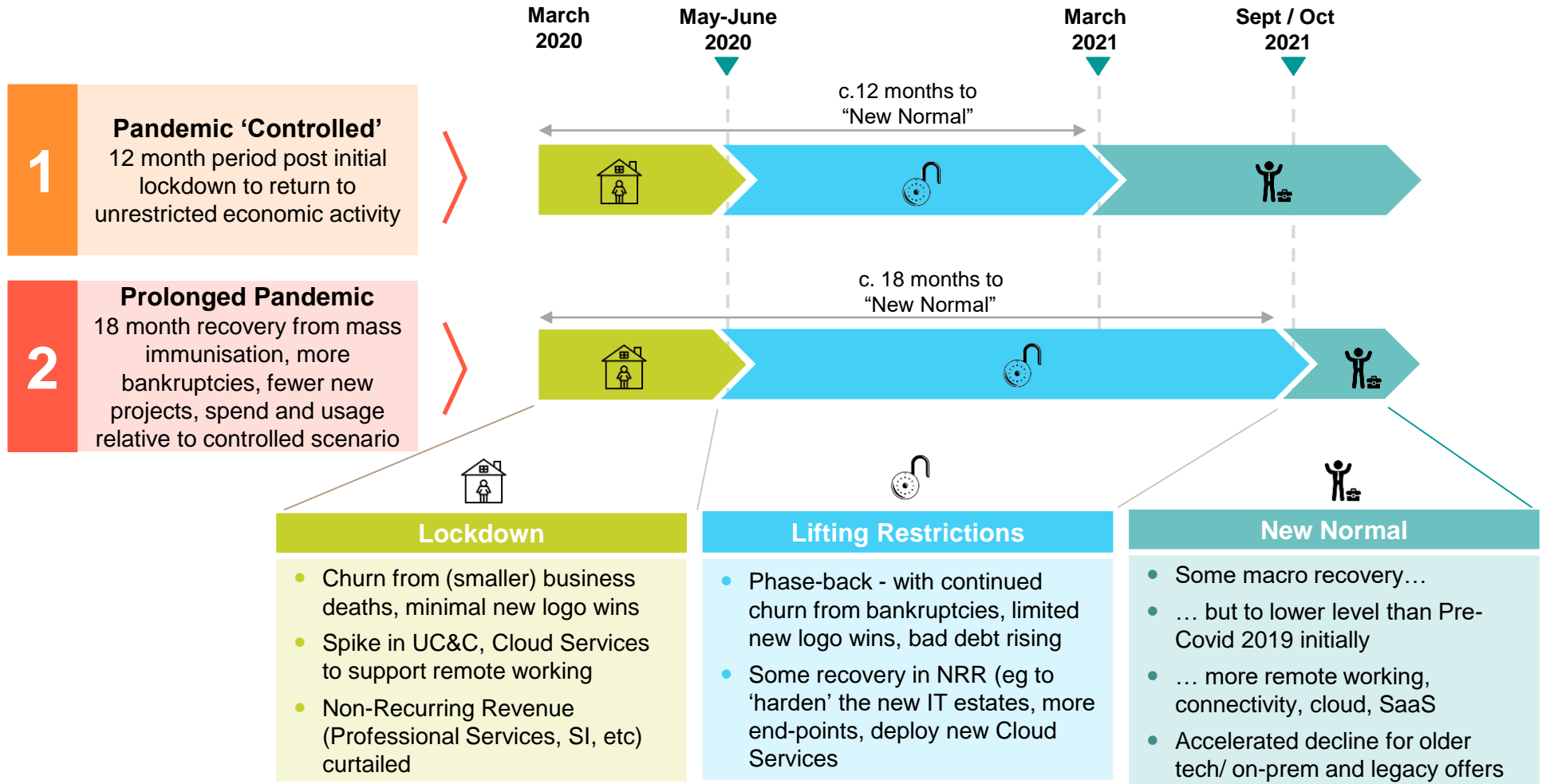


Mid to long term outlook remains attractive for investors

- Structural characteristics for most ICT sub-sectors remain attractive for investment
 - Fragmented markets with strong economies of scale via ‘roll-up’ thesis
 - Many assets have attractive businesses models - high recurring revenue, variable cost-bases, delivery of non-discretionary, business critical services, trusted personalised advice to make sense of fast-moving tech and vendor changes
- Most assets will be negatively impacted in the short-term. But with requisite management action, there will often be a strong medium-term growth story (across most sub-sectors)...
- ... and as a result some ICT businesses are potentially oversold, presenting value creation opportunities
- Under proactive ownership, several value drivers can be targeted including, proposition development, with further scale and capability-led M&A to build a broader converged ICT businesses, and finally the opportunity to drive operational improvements (eg sales, marketing, automation, etc)

Two scenarios are used to capture variability in outcomes given the evolving Covid-19 environment; impacts are assessed across 3 phases

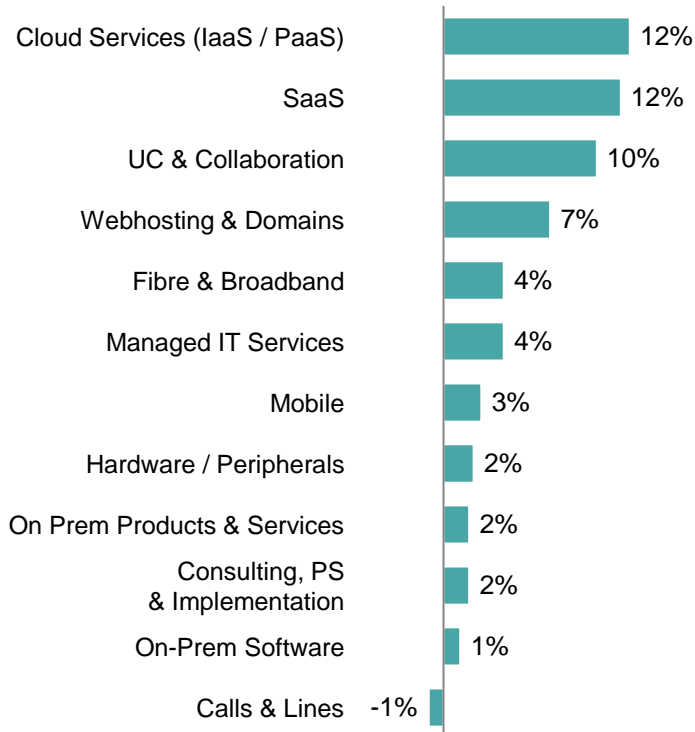
Definitions and OC&C Modelled Scenarios



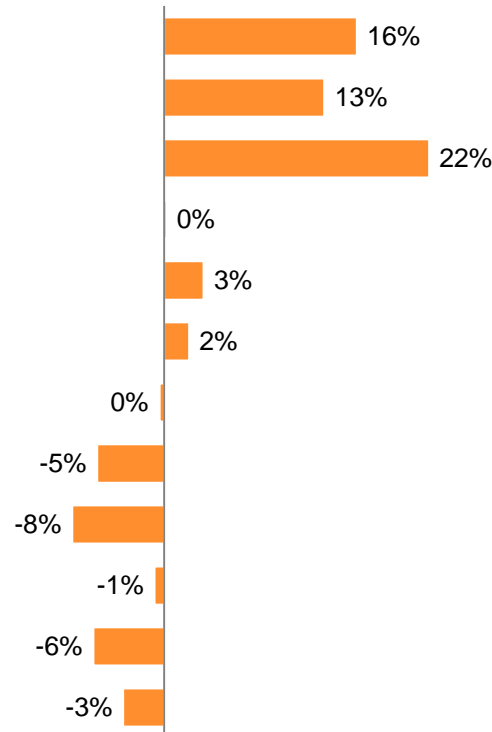
Unified Comms (collaboration, hosted voice) and Cloud Services (IaaS / PaaS and hybrid IT) are clear winners with accelerated growth over pre-Covid trend

ICT Service Revenue Growth, Pre-Covid-19 vs Illustrative Scenario, 2019-22 (% CAGR)

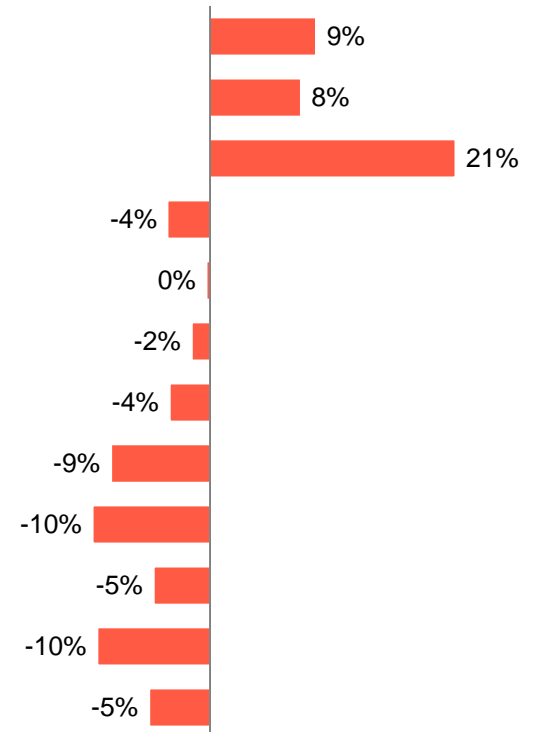
Pre-Covid-19 'Run Rates'



1 Pandemic Controlled Scenario (3 year outlook)



2 Prolonged Pandemic Crisis Scenario (3 year outlook)



ICT market resilience with a high (70%+) proportion of recurring revenue and structural growth from the transition to digital / cloud infrastructure, comms and services

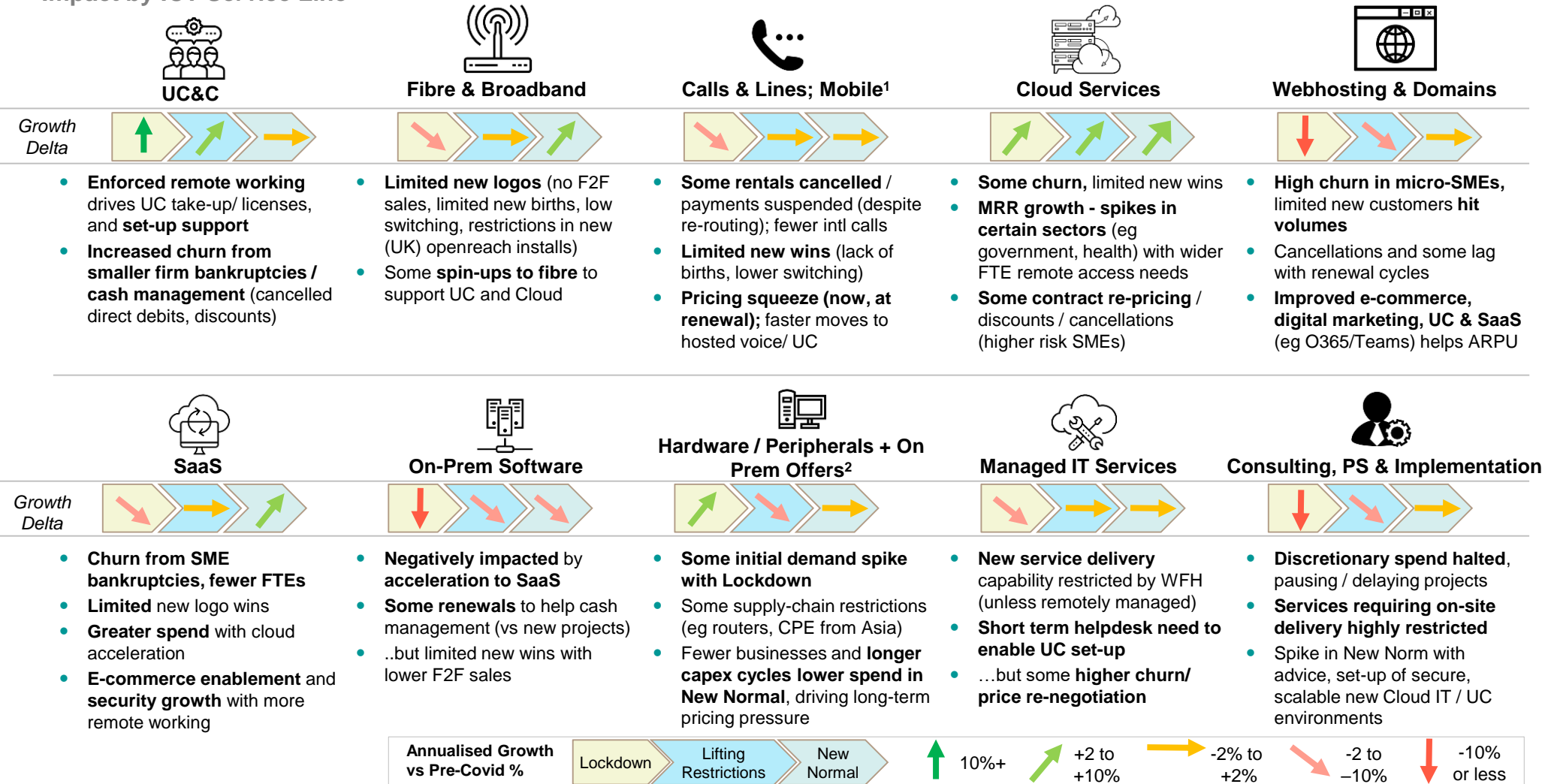
Prolonged crisis significantly impacts most services with subdued economic activity, cash management and SME-led churn

1. Weighted average of the ICT services covered above
Source: Analysys Mason, OC&C analysis



Service demand will flex through the Crisis, with shorter-term step-downs in NRR and usage; more smaller businesses in distress will impact revenue

Impact by ICT Service Line



1. Arrows reflect cellular mobile growth; 2: Arrows reflect hardware + peripherals growth
 Source: OC&C analysis



Management teams have relayed to us many early Covid impacts, which have invariably been more positive than initially expected



UC&C

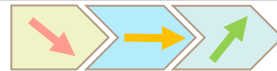
Growth Delta



“UC/ Teams and Azure revenue is up 30% since Jan, especially from UK government and NHS customers”



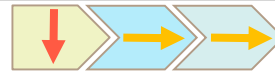
Fibre & Broadband



“New broadband sales has collapsed, particularly with openreach pausing new installs. We’re likely not seeing any new logos during Lockdown”



Calls & Lines; Mobile¹



“Customers are cancelling direct debits, but we’re saving half with discounts, and re-directing calls to mobiles and homes. Overall, its holding-up better than we’d hoped – particularly our GMs”



Cloud Services



“Managed Cloud / VPS / Dedi servers usage is up 50% in 2 months – esp more streaming / corporate data, VPNs and OTT video (eg to support news content streaming, online gaming)”



Webhosting & Domains

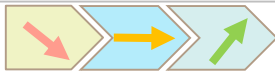


“Our business is going to take a hit from the lack of new business formations initially, but will pick up and existing customers remain very sticky”



SaaS

Growth Delta



“Some of our customers are seeing liquidity issues – they just can’t pay”



On-Prem Software



“It’s challenging as it’s hard to virtualise in-person and on-site implementations of software or hardware”



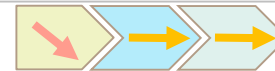
Hardware / Peripherals + On Prem Offers



“Some product one-off sales are hard - hardware-based security products, routers/switches, eg cisco) can’t be fulfilled for lack of stock at the moment”



Managed IT Services



“Some interest for more outsourced IT from new customers – but hard to convert - we’re booking in some ‘special set-up appointment days’ for when Lockdown ends”



Consulting, PS & Implementation



“Professional Services for new set-ups / new logos are down 40%”

1. Arrows reflect mobile growth
Source: OC&C analysis



In practice most players sell a combination of services; we have focused on assessing seven business models

Service Lines Offered by Business Model

Non-Exhaustive List of Business Models

Actual mix of service lines offered will vary by individual player

		Calls & Lines	Mobile	Unified Comms & Collaboration	Fibre & Broadband	Webhosting & Domains	Cloud Services (IaaS / PaaS/ Hybrid)	SaaS	On-Prem Software	Consulting, PS & Implementation	Hardware / Peripherals	On Prem Products & Services	Managed Services
Converged ICT	• Provider of comms, connectivity, cloud and ICT services across various domains	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Fixed-Focused Comms Reseller	• Asset-light provider of voice, broadband and some unified comms services	✓		✓	✓						✓		
Mass Hoster	• Shared webhosting, domains and related SaaS solutions (eg ecommerce)					✓	✓	✓					
Managed Hoster	• Managed hosting and dedicated/ virtualised IaaS provider, with emerging Cloud offer					✓	✓			✓		✓	✓
Cyber MSSP	• IT service provider with focus on cyber-security consulting, product/ solution deployment, and managed services							✓	✓	✓		✓	✓
IT VAR	• Re-seller of hardware, on-premise and cloud-based software and support services							✓	✓	✓	✓	✓	✓
Managed IT Services	• IT infrastructure and service managed services provider, with IT helpdesk						✓	✓	✓		✓	✓	✓

✓ Service offered

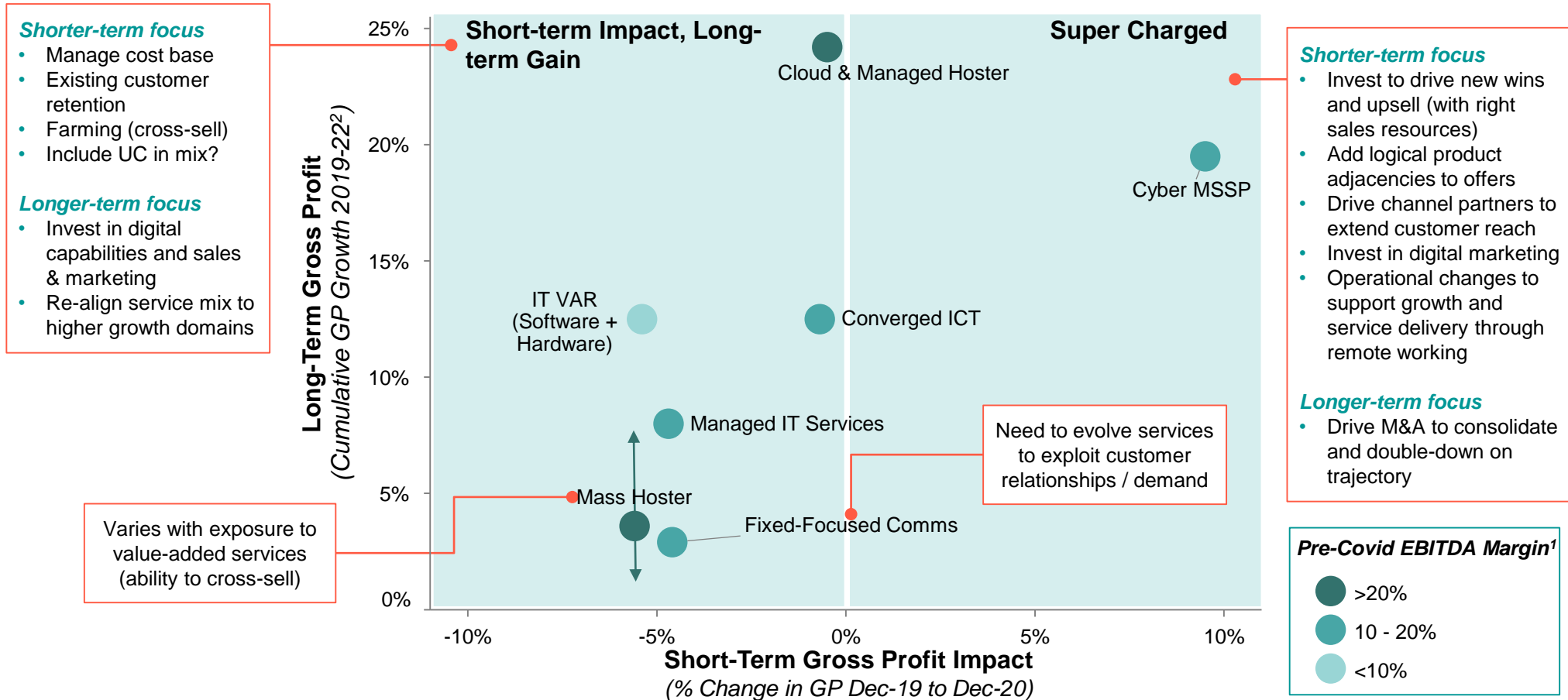
Note: SaaS refers to deployment and management of software (security, ERP/CRM, etc) not as a pure-play vendor



For most ICT business models, gross profitability will likely be relatively resilient in the longer-run, despite some 2020 impacts

Short & Longer Term Impact by Illustrative Business Model¹

Pandemic Controlled Scenario



1. EBITDA margins based on average basket of players; impacts will be asset-specific

2. Dec 19 – Dec 22

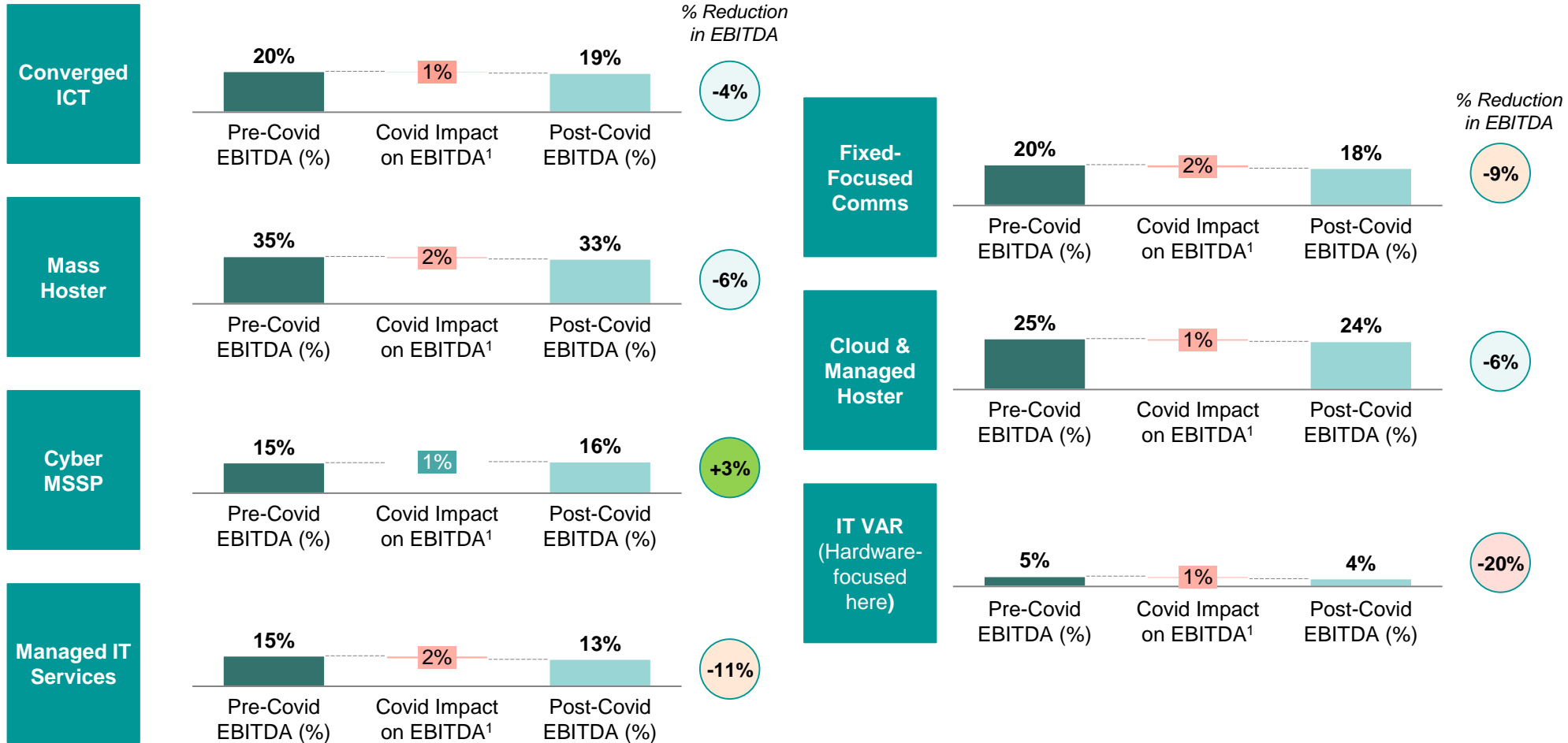
Source: OC&C analysis



Before Management (staff, cost) action, Covid-19 will disproportionately impact (hardware-focused) VARs and traditional calls & lines players, though most show resilience

EBITDA Impacts, Pre-Cost Actions, by Business Model (EBITDA Margin %)

Pandemic Controlled Scenario






1. Based on expected impact of modelled reduction in gross profit by the end of the 'lifting restrictions phase', before any opex reduction / wider measures

Source: OC&C analysis



There are a range of actions across *Proposition, Sales / GTM, and Operating Model* evolution to strengthen resilience and position for further growth

Illustrative Actions for Management Teams

	Customer & Proposition	Sales, Marketing & Go-to-Market	Operating Model & Costs
Lockdown 	<ul style="list-style-type: none"> • Support existing customers – eg discounts / holidays – with extended terms, trials of new products • Create new easy-to-consume offers (eg Teams Licenses + Hosting + Support bundles; Office-to-Mobile Call Diverts) 	<ul style="list-style-type: none"> • Shift sales resources to 'hot' areas (eg UC, remote access, support) • Digital Lead Gen for customer support, communicate customer support measures, new packages / offers • Plan 'Special F2F' Sales / Support days to book activity for when restrictions lift 	<ul style="list-style-type: none"> • Invoke staff safety and remote working • Cash / resource management
Lifting Restrictions 	<ul style="list-style-type: none"> • Shift resources (in-house, new partners) to high growth offers in the 'New Normal' (Cloud / UC / SaaS) • Develop propositions for B2B remote workers (eg Corporate 'Pooled' Home fibre access, firewalls, and support) • Refine price plans / bundles 	<ul style="list-style-type: none"> • Build remote sales capabilities • Partner with 'must-have' category vendors (often Microsoft) • Re-train sales and incrementally hire to drive cross/ upsell; (eg UC, back-up/ security); redeploy some Hunters 	<ul style="list-style-type: none"> • Build client-facing remote service delivery • Strategic cost reduction – particularly to variabilise existing fixed costs • Minimise cost-to-serve for off-the-shelf solutions with self-serve options • Build internal capabilities and team to thrive in "new-normal"
New Normal 	<ul style="list-style-type: none"> • Adjust proposition mix – close gaps for 'high-growth' offers (eg Microsoft skills, remote monitoring, helpdesk) • Evolve pricing to new demand curve 	<ul style="list-style-type: none"> • Refine customer sector strategy (eg revisit central and local government, healthcare focus?) • Re-shape sales and marketing priorities – including for new logo wins 	<ul style="list-style-type: none"> • Accelerate simplification and automation initiatives • Add flexibility and scalability to operating models to accommodate growth
Key Activities:	<ul style="list-style-type: none"> • Customer support & churn management • Proposition development / product offering • Bundling and pricing strategy 	<ul style="list-style-type: none"> • Sales approach refinement, add cross-sell and upsell enablers and digital marketing • Partnering strategy 	<ul style="list-style-type: none"> • Cash management • Strategic cost reduction / streamlining • Building flexibility into operating model

Source: OC&C analysis



ICT Management and Investors are relatively positive¹ about both short- and longer term outlook, recognising operational aspects will change

Covid-19 ICT Player Short Term Perspectives

Customers & Proposition:

ICT customers are maintaining spend, with some shift in allocation

“Corporates are boosting cyber spend to protect more end-points and networks as data traffic is up significantly with more remote access to email, video and software applications. Our revenues are up 30% since Jan”

Cyber MSSP

“Our customers seem fine – just retail and leisure struggling at the moment – but net net it is positive for us”

Converged ICT

“Customers are cancelling direct debits and asking for discounts, but we’re saving half of those, and re-directing calls to mobiles/ homes, overall GMs are actually up in the first few weeks...”

Fixed Focused Comms

Sales, Marketing & Go-To-Market:

Focus on account management and upsell; new logo and on-boarding much more challenging

“Overall account management is working well and we’re close to customers. Winning new customers is difficult without F2F selling though”

Managed IT Services

“New logos are down significantly – worsened by openreach announcing no installs for links”

Converged ICT

“We’ve launched some new Cloud Services via a digital campaign during Lockdown - customers are signing up for initial conversations, but I suspect we won’t close deals till later”

Cloud & Managed Host

Operating Model & Costs:

Business are taking a “measured” view to cost cutting so far; WFH has created rapid change of processes

“We’ve furloughed staff across sales, provisioning and taken some action on costs”

Fixed Focused Comms

“We learnt from 2008 that if you overdo cost cutting it is harder and slower to return to growth”

Managed IT Services owner

“There’s been a lot of issues to work through. How do we quickly put in place the right policies to ensure GDPR compliance when agents are taking credit card numbers from their sofa?”

Converged ICT

“We’ve seen rapid take-up of more licences for remote working, a record sales month – hardware, UC, cloud – with only some smaller customers cancelling so far”

IT VAR

1. Compared to other global economy industry sectors

Source: Management Presentations, Customer Interviews, OC&C analysis



Looking forward, ICT Leaders recognise the need to adapt and are already taking action

Players' Forward-Looking Perspectives

Customers & Proposition:

Companies are aware of Covid-driven shift in consumer trends and are already taking steps to adapt

"We are now planning to revisit our customers to help them upgrade and secure some of the quick IT fixes to get people up and running remotely"

IT VAR

"We're thinking through how we best add-on remote working features and products to our core offer"

Converged ICT

"Customers are interested in different services now. Covid is accelerating plans to move to Teams, and for integrating that with our hosted voice offers more seamlessly"

Fixed Focused Comms

Sales, Marketing & Go-To-Market:

Sales & marketing will shift towards digital from face-to-face

"In the medium term, we're hiring more sales teams in key areas to focus on public cloud strategy with MS, in particular the move to more CSP licenses"

Managed Cloud Provider

"Covid has demonstrated to me that we need to get much better at digital marketing and build out these capabilities"

Mass Hoster

"We've seen that we can do account management quite effectively via video – we will try to maintain this reducing the amount of time our (expensive) sales resource is on the road"

Cyber Security Provider

Operating Model & Costs:

Businesses have adapted new methods of working and will continue to use them in the future

"Working from home has been a lot less disruptive than we thought, and it's going to happen more in the post-Covid world as well. Do we need all our offices?"

Converged ICT

"Digital meetings are here to stay. We've worked out how to run them effectively and we'll be using more"

Managed IT Services owner

"Unlike the GFC, we want to think about our operating model and strategically re-align activities and costs thoughtfully"

Managed IT Services owner

The medium term outlook for investment in ICT Services remains attractive, with an emphasis of “next wave” of roll-ups and digital transformation

Implications for Investors

1 Structural attractions remain in ICT Services...

- Fragmented within sub-sectors and across the value chain
- Attractive scale economies available via a “roll-up” thesis
- ... and opportunities to broaden ICT capabilities via M&A
- Growing international expansion opportunities (with over the top services and remote management)

2 ... likely one of the first sectors to “return” to significant activity

- ICT players are expected to be quite resilient, and maintain profitability overall in the longer-term
- There is a clear near-term downside...
- ... but strong potential to tell a attractive medium and long-term growth story (in most sub-sectors), with thoughtful cost actions potentially boosting EBITDA

3 M&A “pause” provides opportunity...

- **For Existing Portfolio businesses:** Re-set growth proposition and help drive operational improvements
- **Investment Opportunities:** Market scan and prepare for likely winners and “value” opportunities

ICT Services – Investment Checklist



- Focus on mix of sub-sectors with stronger long-term secular market growth potential...
- ..with high recurring revenue (at a ‘higher quality MRR’)



- Identify businesses that fall in the “*short-term challenges – long term potential*” category – offering “value”



- Identify the next wave of roll-up targets



- Identify opportunities to build broader Converged ICT businesses, with ‘must-have’ packaged ICT offers / vendors’..



- ... combined with action to “step-change” sales and marketing capabilities (a relative sector weakness) - especially digital marketing and cross / up-sale skills



- Identify situations with opportunity to drive automation and operational efficiencies (another relative common weakness in ICT businesses)

Agenda

Key Findings

Scenario Modelling and Implications for ICT Players

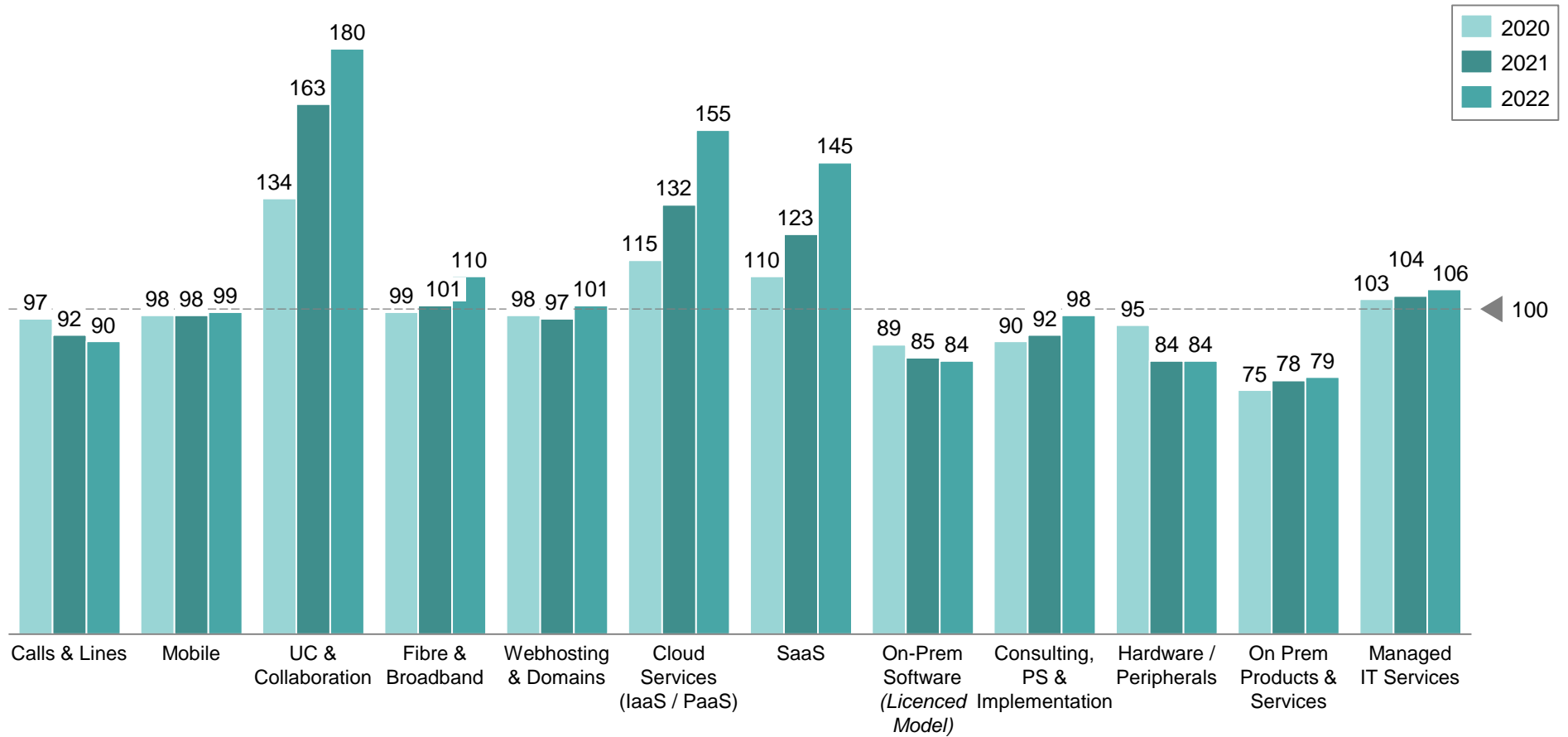
Supporting Materials



Spend on Unified Comms, IaaS and SaaS is forecast at +10-25% pa to 2022 over pre-Covid rates; on-prem software / hardware revenue declines 5-8% pa

Projected Revenue by ICT Service, 2019-22 (Indexed EoY 2019 Run Rate = 100)

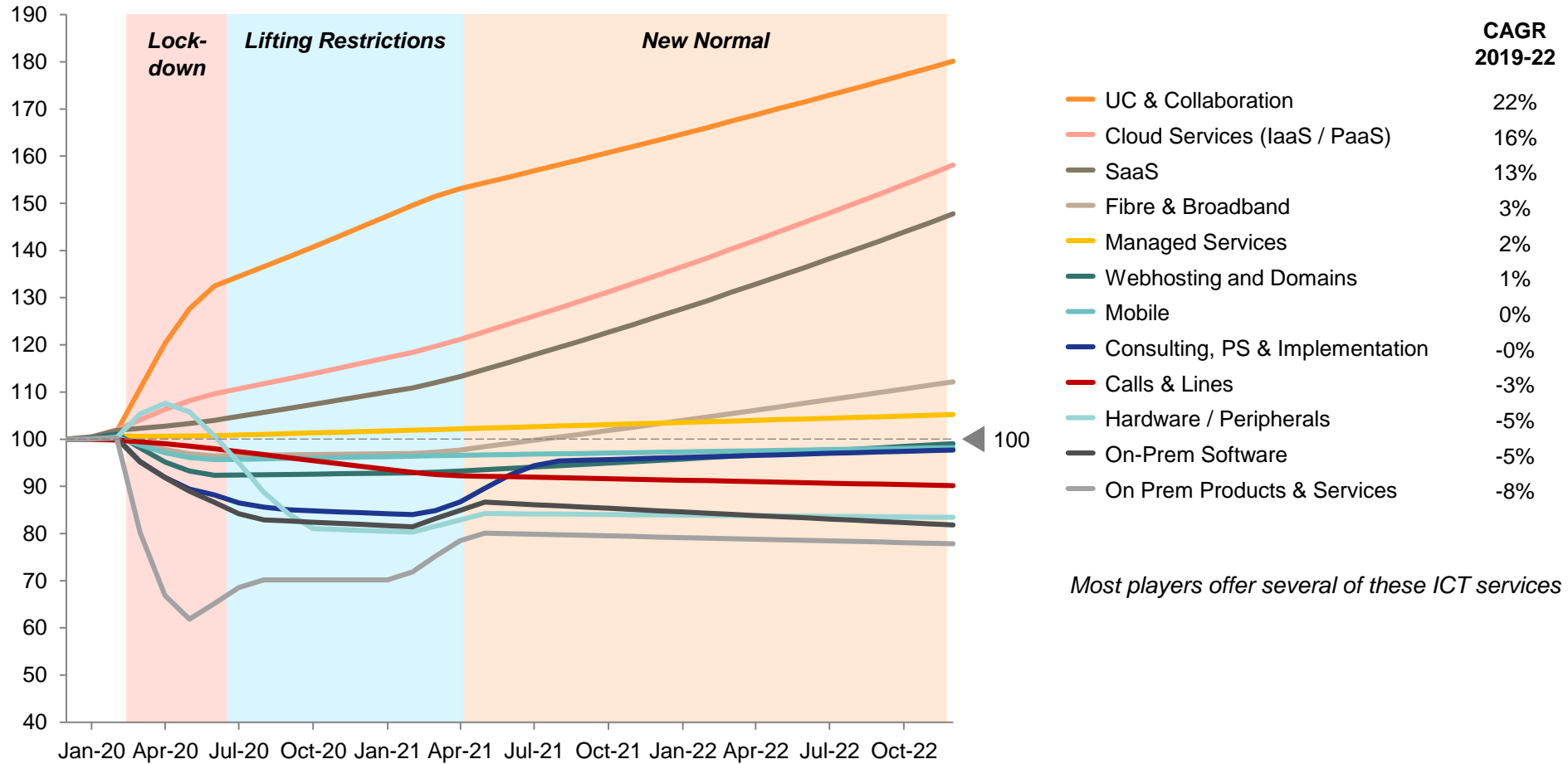
Pandemic Controlled Scenario



Spend on many ICT services will be impacted in Lockdown (fewer new logos and 'hard churn'); but Unified Comms, IaaS / PaaS and SaaS spend grows

Projected Revenue Growth by ICT Service Line, 2019-22 (Indexed Dec 2019 = 100)

Pandemic Controlled Scenario



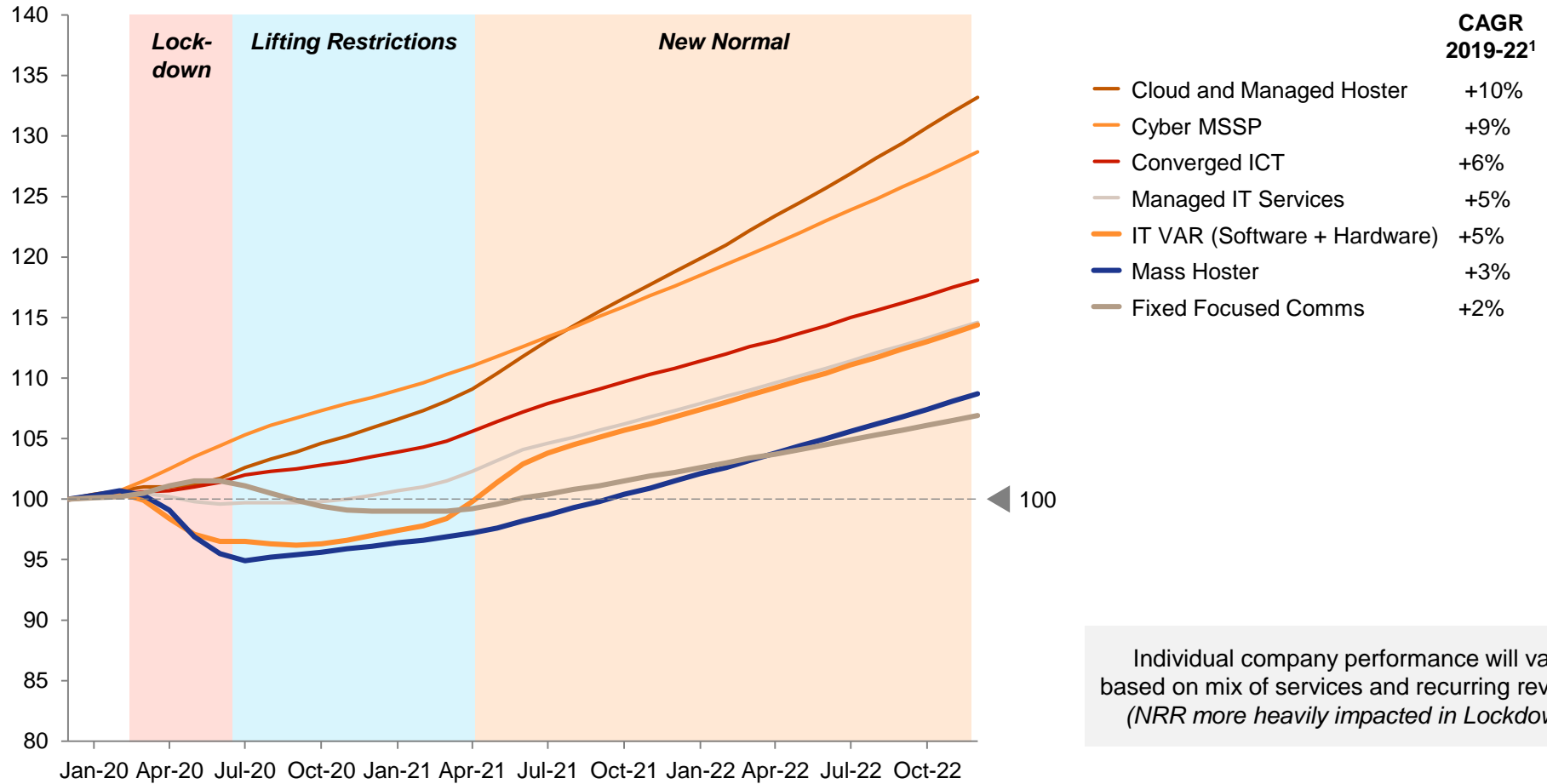
Most players offer several of these ICT services



While cybersecurity and cloud services will continue to grow strongly through the pandemic, VARs and Mass Hosting face a temporary decline

Projected Revenue by Business Model, 2019-22 (Indexed Dec 2019 = 100)

Pandemic Controlled Scenario



Individual company performance will vary based on mix of services and recurring revenue (NRR more heavily impacted in Lockdown)





1. Dec 2019 to Dec 2022
Source: OC&C Model, OC&C analysis



Want to know more?


OC&C is a leading Comms & Technology advisor

OC&C's Comms & Technology Specialists

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Agenda

Key Findings

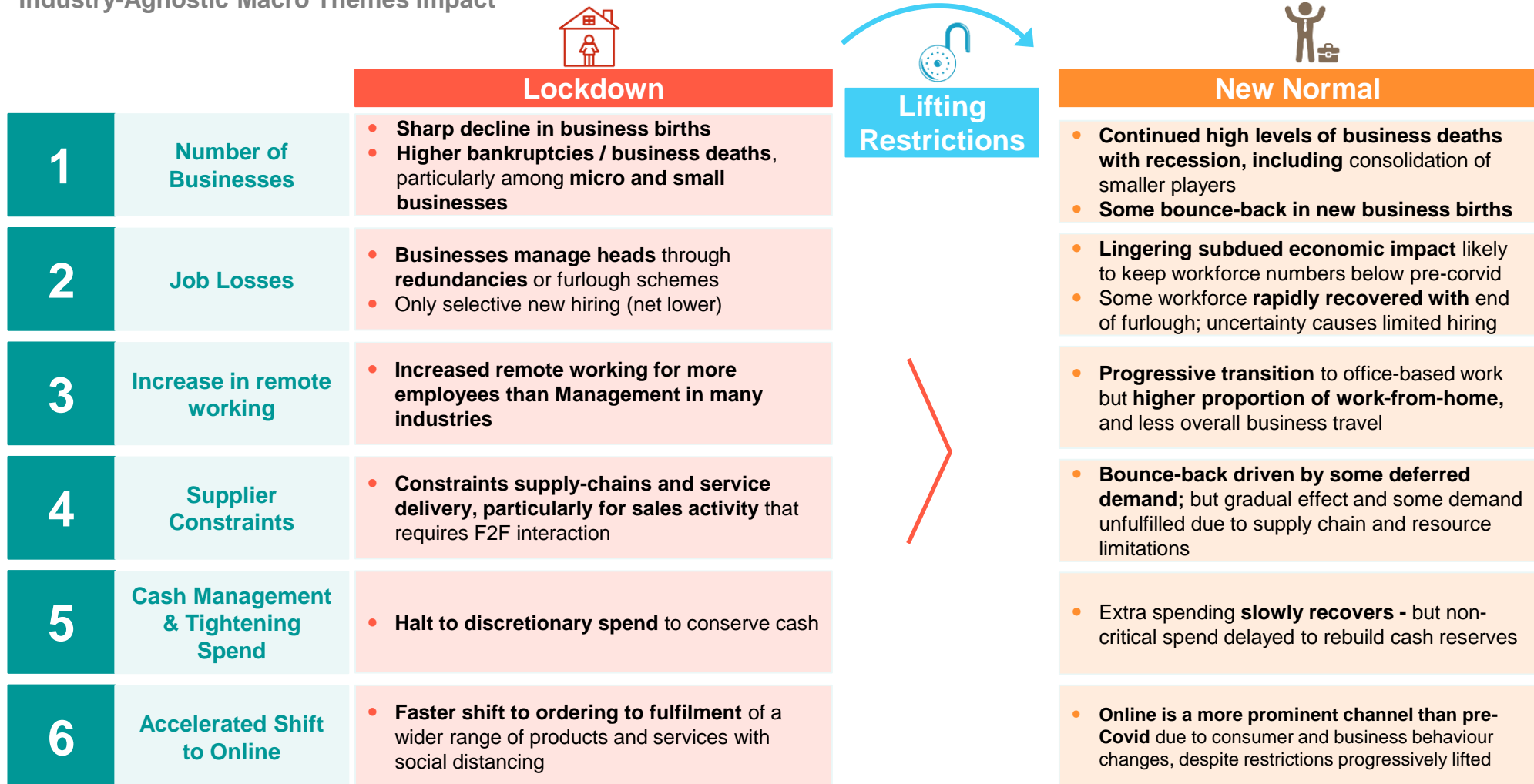
Scenario Modelling and Implications for ICT Players

Supporting Materials



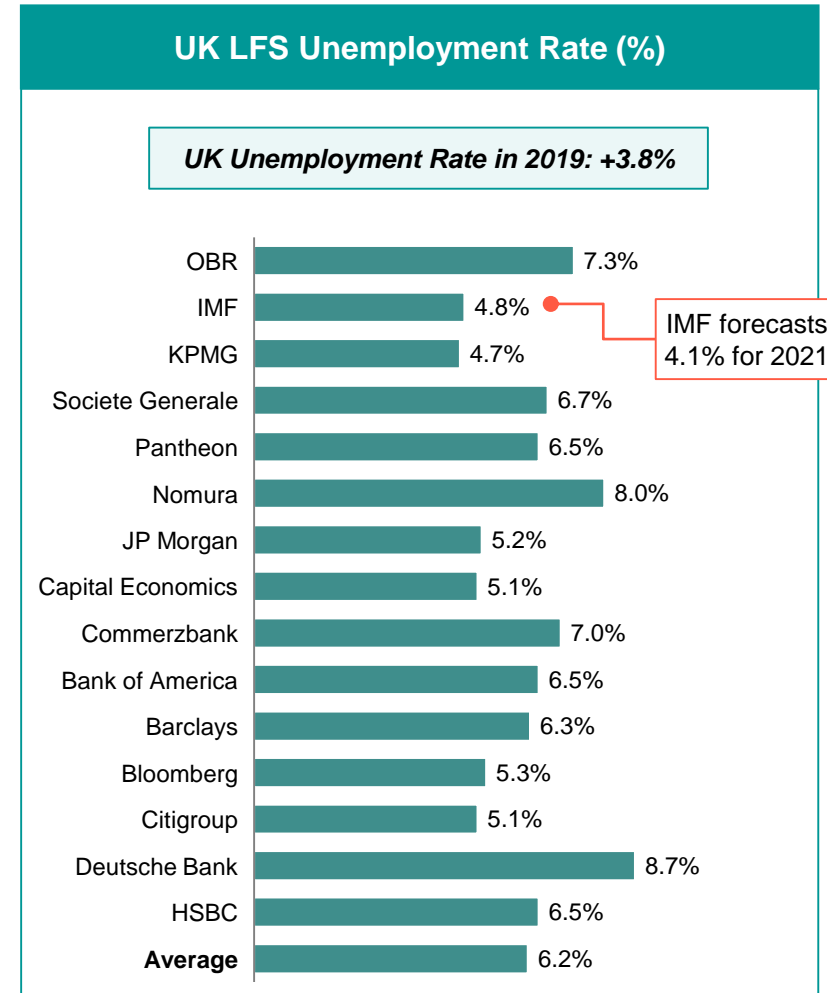
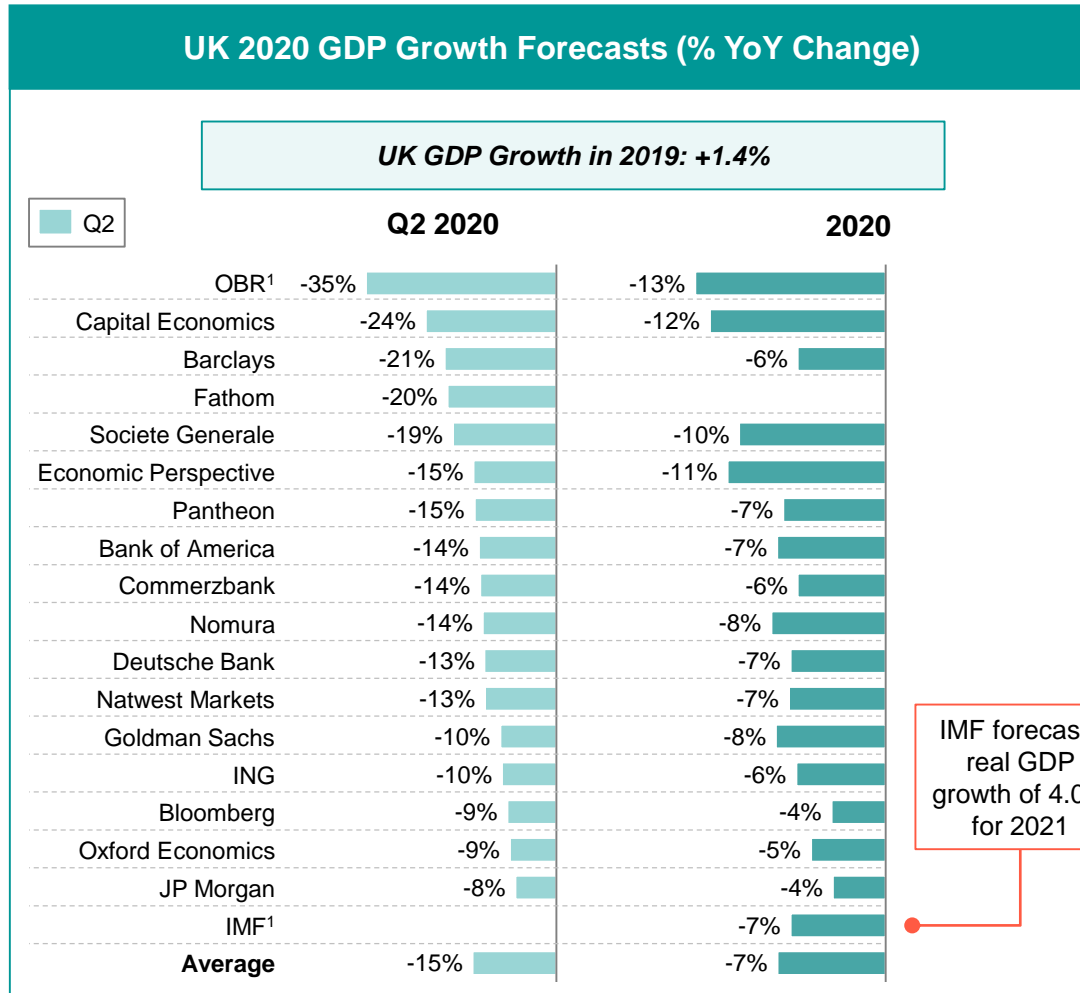
Several Covid-driven macro trends will shape post-pandemic businesses

Industry-Agnostic Macro Themes Impact



UK economic forecasts indicate sharp GDP and employment declines

UK 2020 GDP Growth Forecasts (% YoY Change)



1. Office for Budget Responsibility; Real GDP Estimate
Source: OC&C analysis



Macro impacts and ICT player insight inform potential trading impacts across each phase of the Covid-19 environment

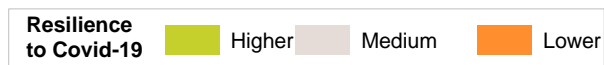
Overview and Net Impact of Trends within ICT

Not Exhaustive

Net Impact vs Pre-Covid-19		Description	Net Impact on ICT		
			Lock-down	Lifting Restrictions	New Normal
Business Numbers	More Bankruptcies, Fewer Births, More Churn	<ul style="list-style-type: none"> Bankruptcies jump, in particular for smaller businesses and certain industries relying on physical movement (retail, leisure, etc) Fewer business births, and higher churn rates with direct debit cancellations 	↓	↓	↘
Job Losses	Fewer Users & Sites	<ul style="list-style-type: none"> Lower licenses and usage volumes in office sites, and with furloughing (in particular lower business comms, fixed mins, lines on hold, etc) 	↓	↓	↘
Remote & Flexible Working	Acceleration Shift to Cloud (IaaS / PaaS, SaaS)	<ul style="list-style-type: none"> Enforced remote working with more users requiring cloud-based services, accelerating existing on-prem to cloud transition 	↗	↗	↗
	More Connectivity & Comms	<ul style="list-style-type: none"> More UC, collaboration and video, virtual desktops (eg MS Teams, Zoom) Need for enhanced network connectivity (fibre) – at employee or new sites 	↗	↗	↗
	Need to Secure New Remote & Hybrid ICT Infrastructure	<ul style="list-style-type: none"> More remote management and monitoring of out-of-office ICT usage More Identity, access management and VPN tools 	↗	↗	↗
	Hardware Spikes & Postponements	<ul style="list-style-type: none"> Office hardware (PCs, PBXs, routers) sales / upgrades postponed, partially offset by laptops / peripherals to work remotely 	→	↘	↘
Supply Chain Constraints	Product Supply Chain Issues	<ul style="list-style-type: none"> Hardware and some security product supply chain disruption 	↘	→	→
	Service Delivery Constraints	<ul style="list-style-type: none"> Less scope for in-person advice, design and installations, despite some key worker status of telecoms firms 	↘	↘	→
	Limited Face-to-Face Sales	<ul style="list-style-type: none"> Lower new logo wins / upsell when requiring F2F interactions 	↓	↘	→
Tightening Spend	Re-Pricing & Discounts	<ul style="list-style-type: none"> Customer cash-constraints lead to cancelled services, or requests for payment holidays and discounts Pricing pressure and cancellations contract renewal 	↘	↘	↘
	Postponed New Projects / Capex	<ul style="list-style-type: none"> Non-essential projects delayed or cancelled, replacement cycles extended 	↓	↘	↘
Online Shift	Enabler Growth	<ul style="list-style-type: none"> Increased demand for online sales, marketing and web-services/ digital marketing after initial pause Greater demand for custom software to drive digital sales, support and customer interactions (eg contact centre software, services, IVRs, chatbots, app developments, etc.) and digital commerce and payment infrastructure 	↗	↗	↗



Nature of underlying ICT service, revenue structure and service criticality impact trading trends



	Description	Pricing	Revenue Model	Criticality	Typical Customer Size			
					Soho	SME	Mid-Mkt	Enterprise
Calls & Lines	• Traditional PSTN / ISDN monthly access fees and services	Fixed per line + per usage (minutes)	Recurring	High				
Mobile	• Cellular business mobile phone line rental access and usage	Fixed per line + per usage (minutes, data)	Recurring	High				
UC&C	• Unified Comms tools (eg Teams, Hosted Voice), licenses and usage	Per user license	Recurring	High				
Fibre & Broadband	• Internet access and usage	Fixed (based on bandwidth)	Recurring	High				
IaaS / PaaS	• Public, Private & Hybrid infrastructure and platform services and service wrap (eg servers, Azure, AWS, GCP)	Fixed + professional services fees + per usage	Recurring + one-off	High				
Webhosting & Domains	• Web-site hosting and domain name services	Fixed	Recurring	High				
SaaS	• Software applications that are multi-tenanted cloud-delivered (eg CRM)	Per user license	Recurring	High				
On-Premise Software	• Software application installed and accessed via on-premise servers	Per user license	One-off + maintenance	Medium				
Hardware / Peripherals	• Sale of computer and related devices	Per unit	One-off / lease	Medium				
On Premise Products & Services	• Sale of networking and storage kit	Per unit	One-off / lease	Medium				
Managed Services	• Delivery of outsourced IT services and support and other recurring service delivery, management and monitoring	Fixed	Recurring	High				
Consulting, Professional Services & Implementation	• Consultancy / Advisory, Design and Proposition delivery and integration	Time-based / fixed fees	One-off	Low				

Source: OC&C analysis

