KINETICDATA

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Infrastructure automation for service providers

How service providers can compete with Amazon and Microsoft by bundling services behind one customer portal and automating fulfillment across their tools.

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Written for Kinetic Request and Kinetic Task, which are now part of the Kinetic Platform. Product names, screens and the cloud market have changed since; the argument for one customer portal over many fulfillment tools still applies.

Abstract

Service providers need faster, cheaper infrastructure provisioning across public, private and hybrid cloud and on-premise automation tools. Dozens of vendors sell cloud and on-premise infrastructure automation, and it is hard to see how the pieces fit together.

A crowded market

After several years of change, the lines between specialist providers have blurred. Telcos, service providers, data center hosts, utility computing firms and large software companies all compete for the same customers. How does a service provider compete with Amazon and Microsoft on either price or features?

By being different. Instead of matching what competitors advertise at a lower price, the smarter providers bundle value-added products and services into complete offerings. Each bundle attracts a particular kind of customer, and that customer becomes the provider’s niche.

What service providers can learn from Amazon and retail

Retail went through the same shift over the past dozen or so years. In the early 2000s, online shopping was unproven and big-box electronics and housewares retailers were growing fast. Their model was low overhead and low added value: customers walked the aisles, picked what they wanted and avoided salespeople. Often the only extra on offer was an extended warranty at the register.

Then Amazon changed the model. It built a shopping site that walked customers through their choices, and it cut overhead in the back end by automating fulfillment and logistics. Prices on commodity goods dropped below the big-box stores', delivery got faster, and returns were easy. Once customers tried it, most stayed.

The shift happened so quickly that traditional retailers were caught off guard. Circuit City went from routine store openings to fighting for survival within a few quarters.

The big-box model depended on a captive audience in a physical store and on cross-selling: a customer buying a TV might also need a power strip and a DVD player. Amazon put its effort into the customer experience instead. Its website was the storefront, and it made searching, comparing prices, ordering and checking status simple.

To lower operating costs, Amazon automated picking, packing and shipping. It worked with Kiva Systems, whose robots handled many small steps in order fulfillment, which cut labor costs, allowed lower prices and reduced errors. Customers no longer had to visit a store, talk to a salesperson or wonder whether the price was fair. They could buy a TV, coffee mugs, drywall spackle and AA batteries in one order.

What this means for service providers

There is no winning a price war against a competitor with lower overhead. A provider has to offer something different, either a new product or service or a new combination of existing ones.

Some retailers held up against Amazon because their products barely overlapped with it. Tractor Supply Company is one example. Others, like Apple, made the in-store experience and expertise worth the trip. Both had an offer that was clearly different.

Amazon is also the biggest disruptor in cloud services, and its retail approach carries over to infrastructure hosting. The retailers that survived it did so by focusing on customer experience and differentiation. Three of Amazon's design choices explain much of its advantage.

Always available

The Amazon store is open at any hour, from anywhere, on any device.

Automation

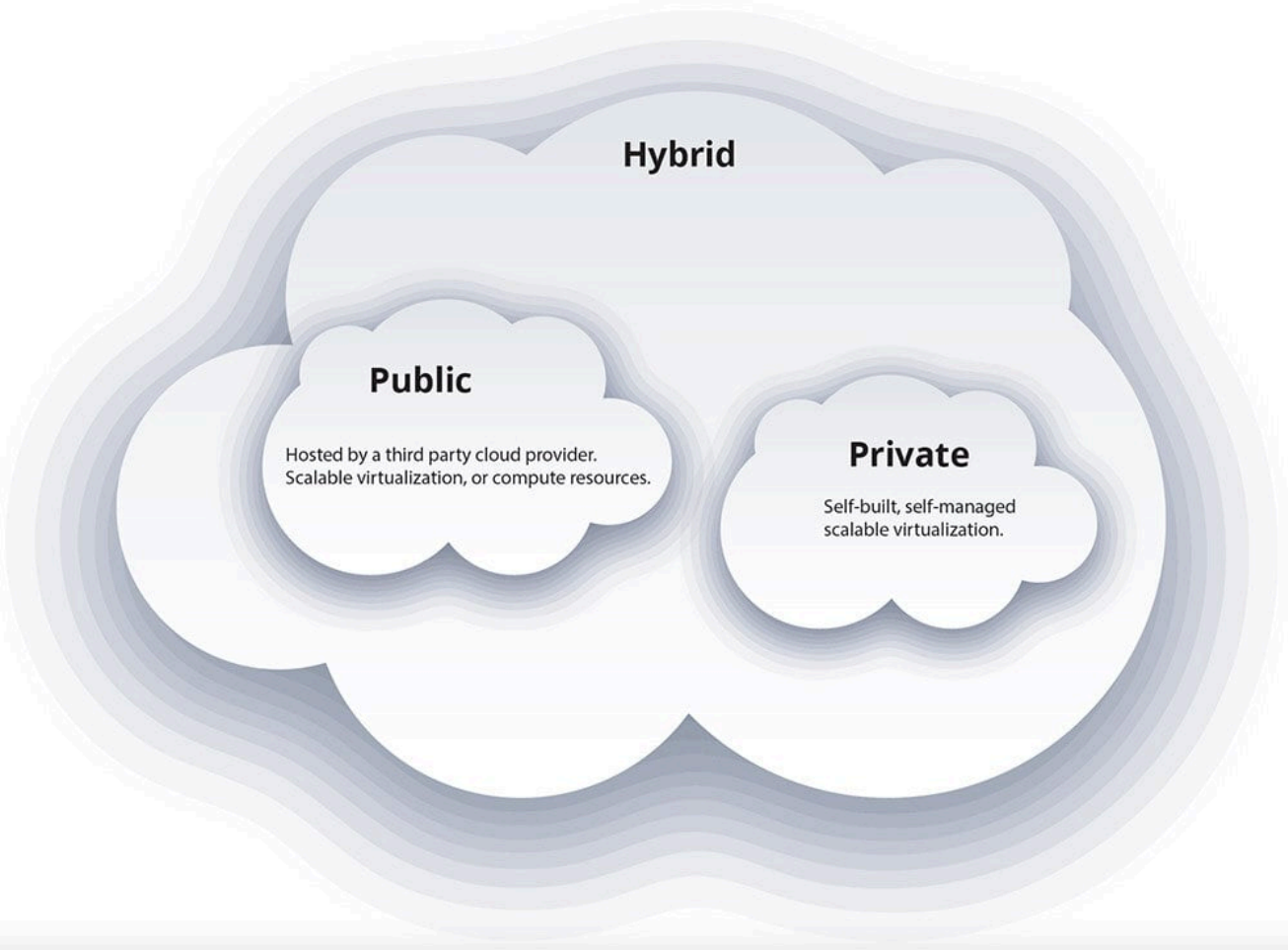
Amazon automated as much of inventory management and logistics as it could. That made deliveries faster and cut labor costs sharply.

Customers decide for themselves

The site walks buyers through their choices, so they don’t need a salesperson, a phone call or a wait. What they need to decide is on the page, with help built into the catalog.

Delivering infrastructure services today

Infrastructure delivery keeps changing, and providers must do it faster and at lower cost each year. Most now offer infrastructure as a service in several forms: public, private, hybrid and community cloud.



The confusion around cloud cuts both ways.

The opportunity: customers will pay experts to guide them. A provider with a solid delivery approach can offer a simple, consumer-style experience and sell managed services to organizations that lack the skills or the appetite to do it themselves.

The difficulty: a complete offer has many parts. To win share in a crowded market, providers have to package their tools and people into something customers can buy, that is secure and scales, that connects to the customer's existing systems, and that can change as the business does. And hosting is rarely the whole offer. System administration, performance management and security can be added to make a full managed service.

Managed service delivery usually involves dozens of automation tools and separate fulfillment teams, some internal and some from other vendors. Across data center, network, mobility and desktop, no single vendor's toolset covers everything. Providers combine commercial tools with custom-built ones, partly because that combination is how they set themselves apart. A typical offer includes cost management, billing automation, capacity management, portfolio management, customer relationship management and service integration, each adjusted as needed.

Providers need room to differentiate while still meeting SLAs and giving customers a good experience. Services have to be easy to reach, manageable at scale, open to steady improvement and cheaper to deliver over time. That requires automation that connects every step of a service from request to fulfillment. It is why so many providers are working out a service integration and management (SIAM) strategy.

SIAM is more than service brokering

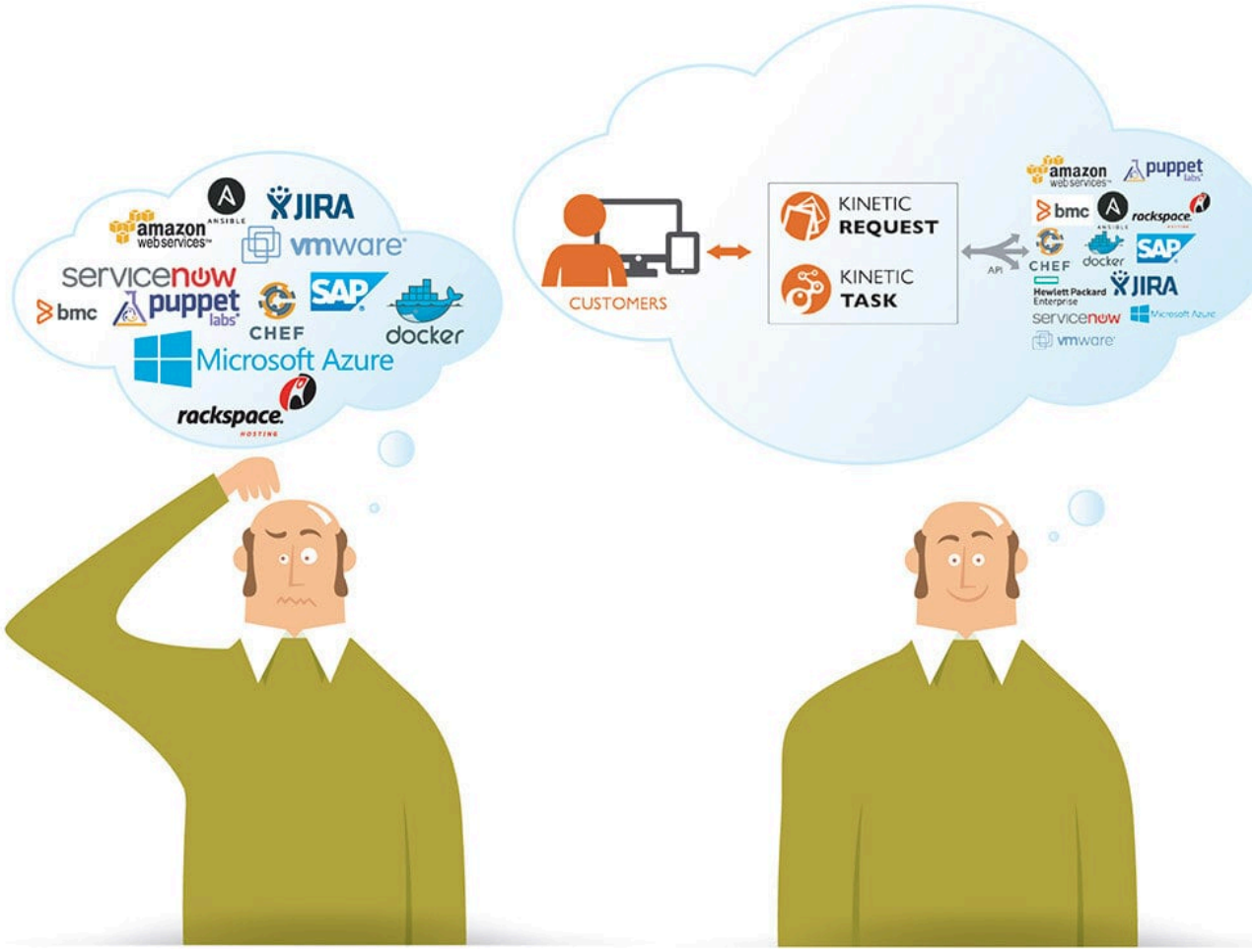
Large companies and government agencies once chose vendors with big tool and service portfolios to speed up adoption of frameworks like COBIT and ITIL. The frameworks helped, but the end state those vendors promised often never arrived.

SIAM is the current process-improvement approach for building a sustainable, scalable service model. It means delivering service to customers with many vendors, processes and tools working together. Many tool vendors now call this "service brokering," which misdescribes it.

In managed services, a broker hands work to someone else. A provider is responsible for delivering it. That holds for internal shared-service organizations as well as outside service companies. Throughout delivery, the provider owns the whole process, whichever organizations are involved, so its tools and methods must automate and deliver services from request to completion at scale and at a reasonable cost.

The Kinetic Data approach to infrastructure automation

Kinetic Request is an enterprise request management (ERM) application designed for service providers and built for web-scale transaction volumes. Providers control both the user experience and the process design, and portals follow their branding and work on mobile devices.



This is especially useful for infrastructure provisioning. Customers order through a single mobile-ready portal, and the services behind it are connected to cloud, hybrid and on-premise automation tools. Customers don't need to know which infrastructure platform fulfills their request. Whatever cloud or virtualization partner the provider uses, infrastructure services are delivered the same way and can be bundled with value-added services.

Benefits for providers

Infrastructure delivery never stops changing, so Kinetic Data focuses on helping providers adapt as new requirements appear.

- A multi-tenant design lets providers take different offers to market at scale without custom code.
- A storefront gives customers one consistent place to order, while the services behind it are fully integrated with the fulfillment tools rather than handed off.
- Providers keep the specialized fulfillment systems they have invested in, cloud and on-premise, and improve their delivery models over time.
- Value-added functions can be attached to individual services in the catalog, so providers offer more than commodity infrastructure.

What's next

Start a conversation, ask a question or request a demonstration. Self-service automation and integration is the work we do every day.

NEXT STEP

Bring us one process that crosses your systems

In a free two-hour working session we map one of your processes, from the first request to the last system update, and send you a written plan for building it.

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Kinetic Data is the build platform for AI-enabled business. Its Kinetic platform lets organizations build applications, workflows and agent-ready processes on top of the systems they already own, with AI generating the experiences and workflows and people and agents working in the same process.

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