

# Lotus knows.

Smarter software for a Smarter Planet.

## Smart Work for a Smarter Planet

Bart Lautenbach | Director – WW Lotus Tiger Team



lotusknows.com

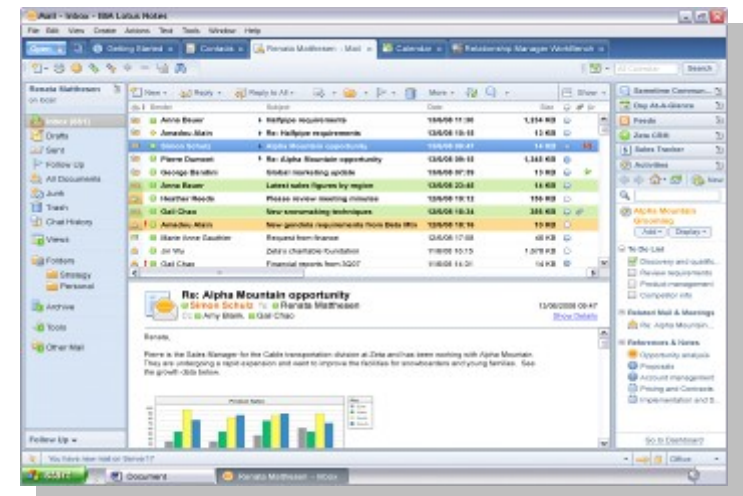


CREATED WITH LOTUS<sup>®</sup> SYMPHONY™

## Optimize Cost Structures:

Lower Total Cost of Ownership (TCO) by 50% by lowering software license, hardware, and operational costs

- Today's customer must reduce TCO by optimizing ALL operating costs and increasing capability
- Customers can achieve these goals with a combination of on-premise, appliance and cloud solutions
- Businesses need open standards that gives them flexibility and choice
- A SmartDesktop for SmartWork and complete collaboration

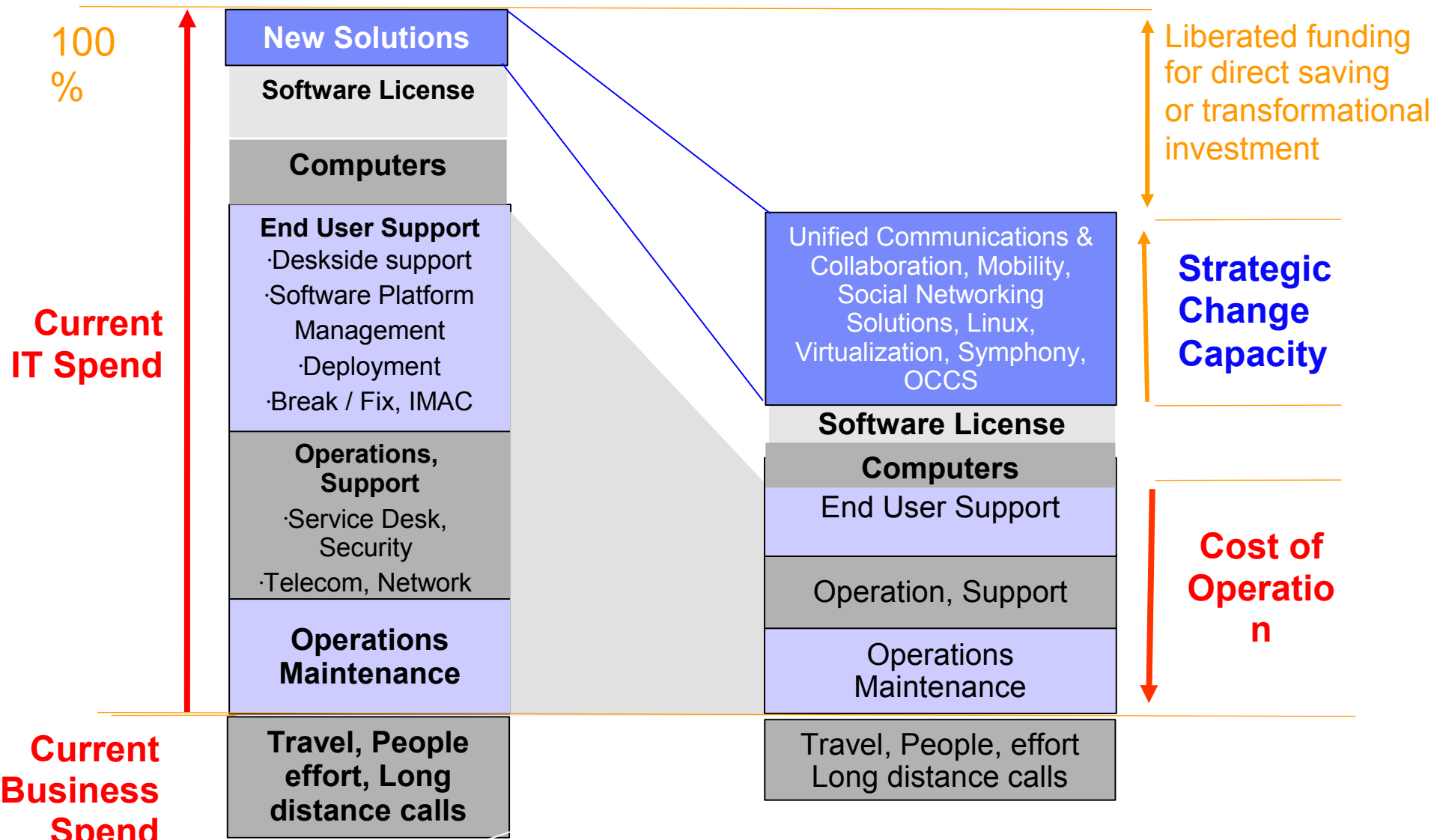


Can your business reduce costs yet optimize the way people work?

# Lotus knows.


Smarter software for a Smarter Planet.

Our approach is to reduce costs to put clients on a strategic path to growth  
Save on Software License, Operational, Infrastructure costs



## Domino 8.5 projected upgrade savings for one customer

\$1.4m in annual TCO savings (a 23% reduction) through centralization, server reduction and modernization of Lotus Notes and Domino Software. 70,000 user installation.



**Reduced System Management "FTE" Costs**  
Annual TCO Savings \$1,100,000

**Reduced Hardware "Servers" and Data Storage Costs**  
Annual TCO Savings \$213,986

**Reduced Data Center Operation Costs**  
Annual TCO Savings \$116,220

**Reduced Collaboration Software Costs**  
Annual TCO Savings \$??

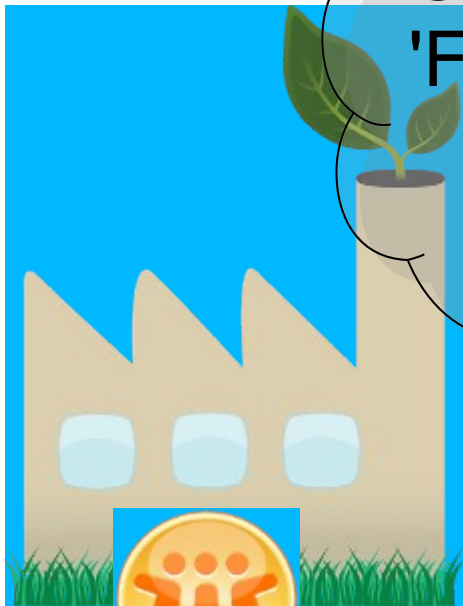
**Reduced "Office" Software Costs through Lotus Symphony**  
TCO Savings \$21,000,000

## Choices for Collaboration

In the  
Cloud



In the  
Private  
Cloud or the  
'Fog'



On Premise

## Clients of the Future



- IBM Lotus is offering USB Mini Clients, Netbook Solutions, Open Customizable Clients, Virtual Clients & Mobile Clients
- Link to Software as a Service, Appliances, on-premise systems
- 
- Alternative Client stacks with Linux and Mac

## Project Liberate

We have helped more than **600 customers free up around \$3.5B in their IT budget over the last 3 years worldwide** by advising them how to by differently from Microsoft

Customers with Microsoft Enterprise Agreements might be able to save up to **40% or more** on the cost of their renewal through this "no-charge" evaluation of their current Enterprise Agreement.

File Edit View Document Tools Window Help

Project Liberate: An IBM complimentary Consulting Engagement to help customers understand alternatives when negotiating a Microsoft Enterprise Agreement

IBM

Reduce software license expenses

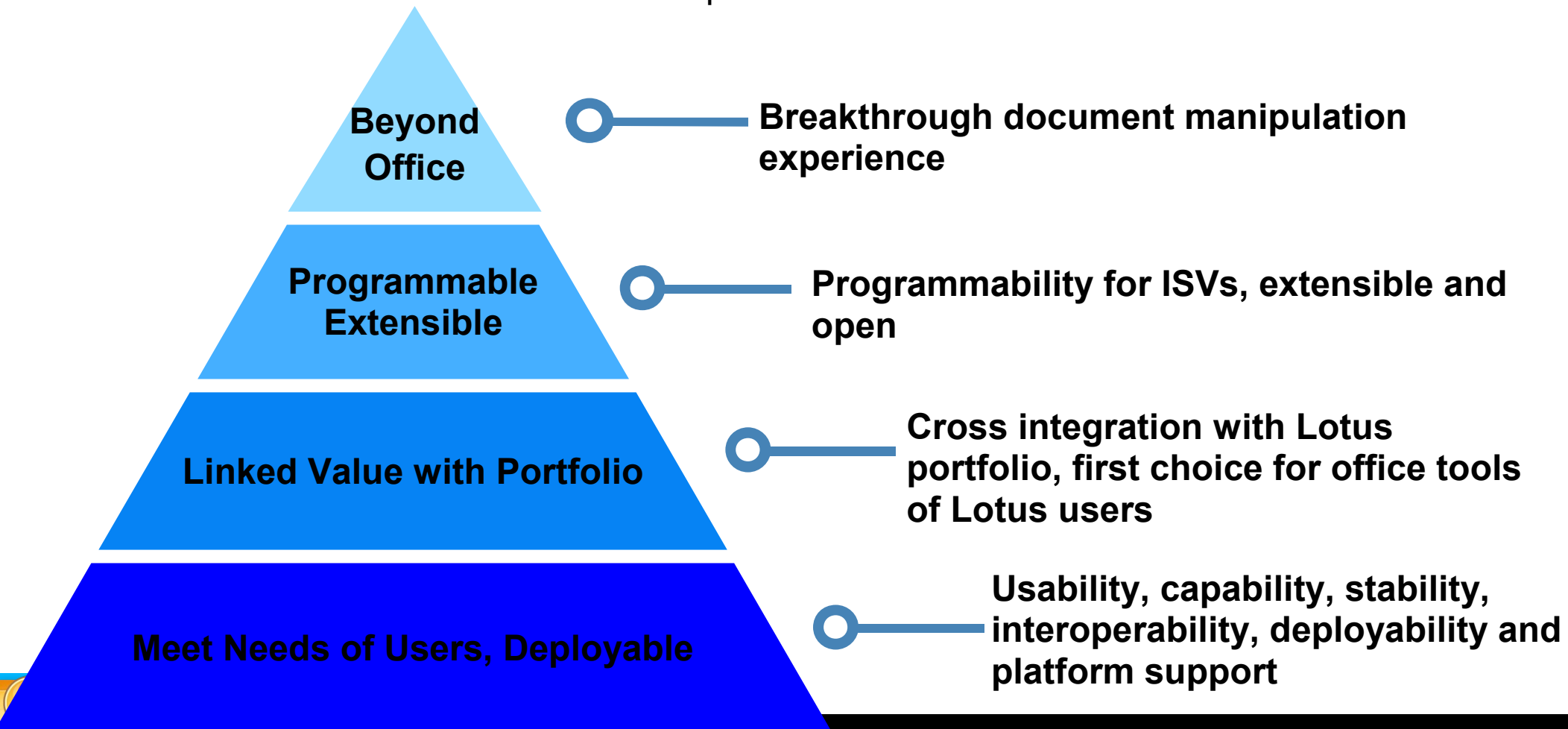
Case studies from Project Liberate engagements show ways to reduce Microsoft software licensing costs without changing the Microsoft products you use today

[www.ibm.com/software/info/liberate](http://www.ibm.com/software/info/liberate)

contact ID: liberate@us.ibm.com

## Lotus Symphony: more than just free

- Lotus Symphony is part of a long-term, key investment strategy by IBM
  - Promote use of ODF to help facilitate innovation in market
  - Long term: Advance IBM's position as market leader in new, dynamic models for document creation and manipulation

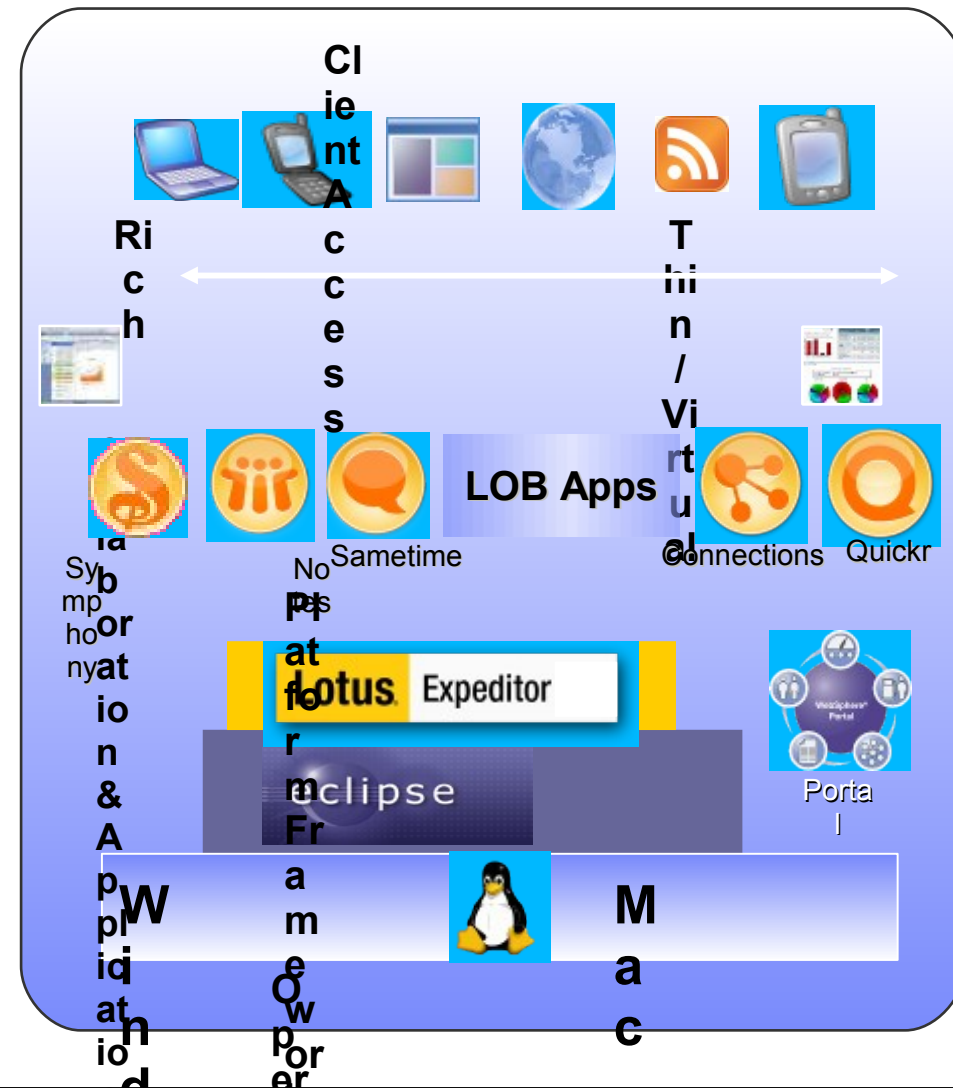






## IBM CIO office's Open Client Strategy Heterogenous Desktop Environment

- Client strategy is to provide IBM's workforce with the right client platform based on job role
  - Flexibility and choice of client platform and operating system
  - Reduced total cost of ownership, especially through server-managed clients
  - Cross-platform client application development through Lotus Expeditor Rich Client Platform
  - Leverage web browser for business applications
  - Linux plays a key role in the wider IBM Client strategy
  - Document Interchange via ODF



## IBM's Own Success Story

### Realtime Collaboration

- 6+ Million Chats per Cal Day
- 320k total & 220k concurrent
- Cost savings for Reduced Phone and E-mail usage
- Largest deployment in world

### Productivity Suite – Beyond Office

- Cost avoidance for MS Enterprise License
- 80% Deployment goal 2009

### E Meetings

- 17 Mil savings in T&E
- Savings - &95 M saved in travel

### Social Software

- Massive increase in adoption of Social Tools
- 72% of IBMers leverage "Tagging" in search

### Unified Communications

- Growth Markets, Small Offices
- Mobile Workers, Legacy Phones
- 7Mil if Conf Call users did a 30min call

### Portal - User Experience

- One of our "Global" Apps
- 5.6 K Domain Names before "W3" Portal

### Messaging & Collaboration

- Windows, Mac, Linux
- Savings Upgraded to 8.5 Back up & restore

## Knowing your costs is the first step to cost reduction

JUNE 21, 2009

### Calculating The Fully Loaded Costs Of Corporate Email: It's Bigger Than You Think



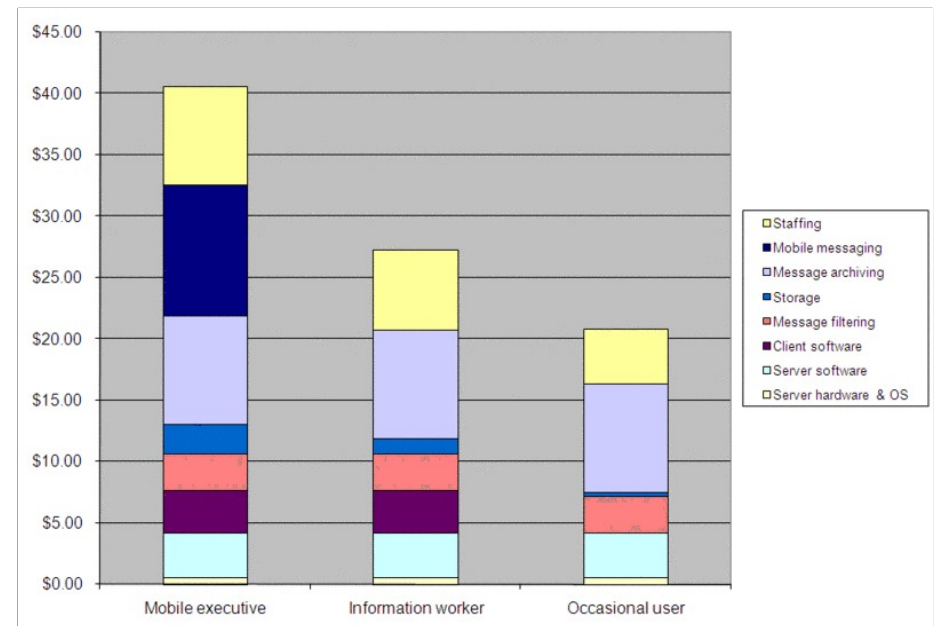
by Ted Schadler

Since colleague [Chris Voce](#) and I published a pair of reports on corporate email in the cloud (one on the [infrastructure and operations](#) and one on the [cost of running email on-premises or in the cloud](#)), we have had dozens of discussions with our clients accompanied by detailed cost analyses of the true cost of running email on-premises versus running it in the cloud.

While the cloud-based cost of email is pretty transparent (many providers, including Microsoft and Google, publish their per-user per-month costs), the cost of running email on-premises is often a big mystery to everyone, including most CIOs. The big challenge is that the costs are spread throughout the budget: some in the hardware budget, some in the software budget, some in the storage budget, some in the cost of capital budget, some in the staffing budgets, and so on.

After dozens of these discussions and after a survey of 53 information & knowledge management professionals to ask about the cost of email, it is abundantly clear that few firms know their true cost of running email on-premises. And this matters if you're considering a move to cloud-based email.

But it an accurate calculation of on-premises email also matters if you are contemplating upgrading your email to a more current version that might support cheaper storage, higher automation, or reduced email database size due to eliminating redundant copies of attachments. You can compare your current costs against the fully loaded costs of the new system with its higher efficiencies.



[http://blogs.forrester.com/information\\_management/2009/06/calculating-the-fully-loaded-costs-of-email-its-bigger-than-you-think.html](http://blogs.forrester.com/information_management/2009/06/calculating-the-fully-loaded-costs-of-email-its-bigger-than-you-think.html)

## Cost Categorization

*This is Forrester's estimate of the cost per user, per month for a typical enterprise to provide on-premise messaging to 15,000 users. It is not vendor specific - it could be Notes/Domino, it could be Exchange/Outlook.*

Note that the model assumes *user segmentation* – one size does not fit all in most organizations...

	Mobile Executives	Information Workers	Occasional Users
Server hardware & OS	\$0.52	\$0.52	\$0.52
Server software	\$3.61	\$3.61	\$3.61
Client software	\$3.49	\$3.49	\$0.00
Storage	\$2.40	\$1.23	\$0.34
Message filtering	\$2.99	\$2.99	\$2.99
Message archiving	\$8.89	\$8.89	\$8.89
Mobile messaging	\$10.68	\$0.00	\$0.00
Staffing	\$7.99	\$6.53	\$4.47
<b>Total</b>	<b>\$40.57</b>	<b>\$27.26</b>	<b>\$20.83</b>

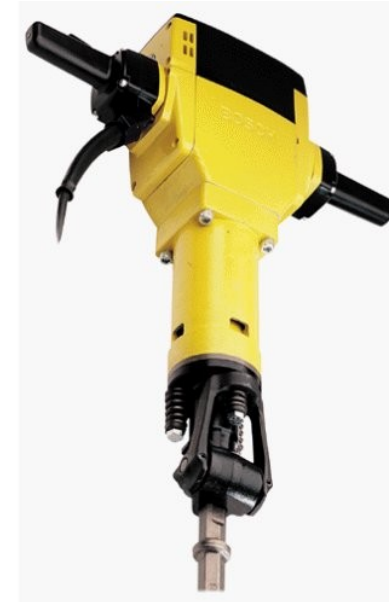
is compliance or journaling, etc. storage mgmt.

Setting aside mobile (all users don't need it...) and archiving (many customers don't do it...), staffing

Mobile devices can significantly increase costs

## User segmentation – what is it and *why*?

- Simply, user segmentation is recognizing what each of us already knows when it comes to selecting tools: *One size does not fit all.*



## User Segment Definitions and Examples

### Knowledge Worker



Individuals whose work effort is centered around creating, using, sharing and applying knowledge and information.

#### Sample Professions

Software Engineer	Actor
Architect	Writer
Electrical Engineer	CEO
Biologist	HR Manager
Lawyer	Property Manager
Doctor	
Teacher	

### Task Worker



Individuals whose day to day efforts focus on completing repeatable specialized tasks.

#### Sample Professions

Clerks	Nurse
Secretaries	Police
Tellers	Fireman
Customer Service Reps	
Telemarketer	
Cashier	
Real Estate Agent	
Travel Agent	

### Boundary Worker



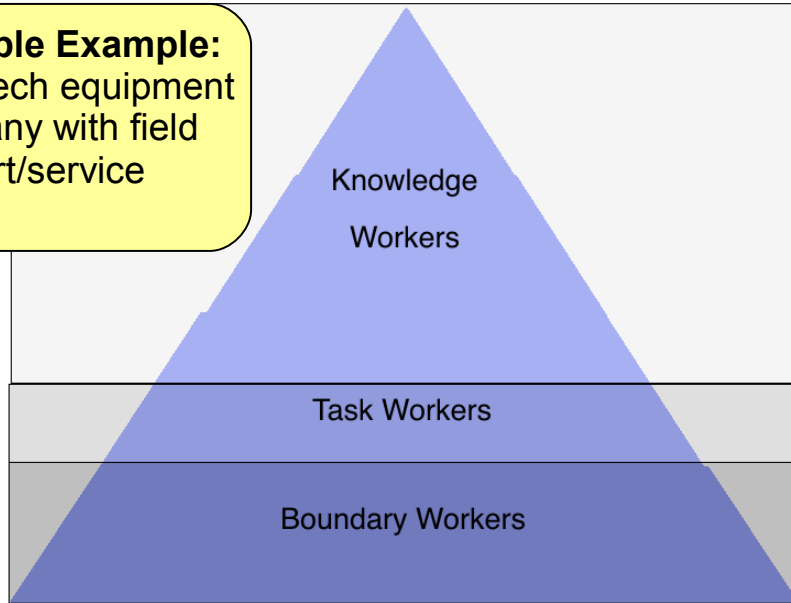
Individuals who typically work in the field and interact directly with the public or employees of other companies – extending the physical “boundary” of their company walls. Tends to “work with hands” or in primary/secondary industry

#### Sample Professions

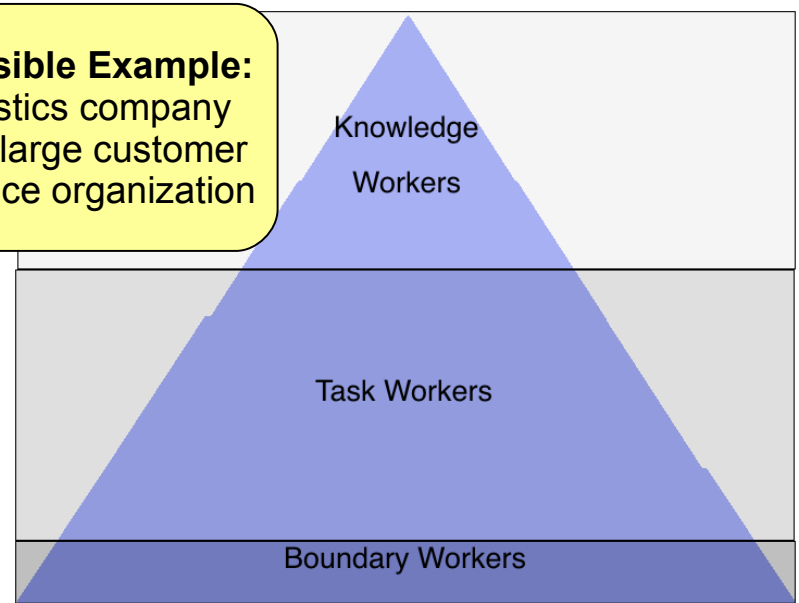
Construction Worker	Mason
Electrician	Plummer
Steam fitter	HVAC Installer
Pipe Fitter	Mechanic
	Framer
	Assembly Line Worker
	Textile Cut & Sew

## One *distribution* does not fit all!

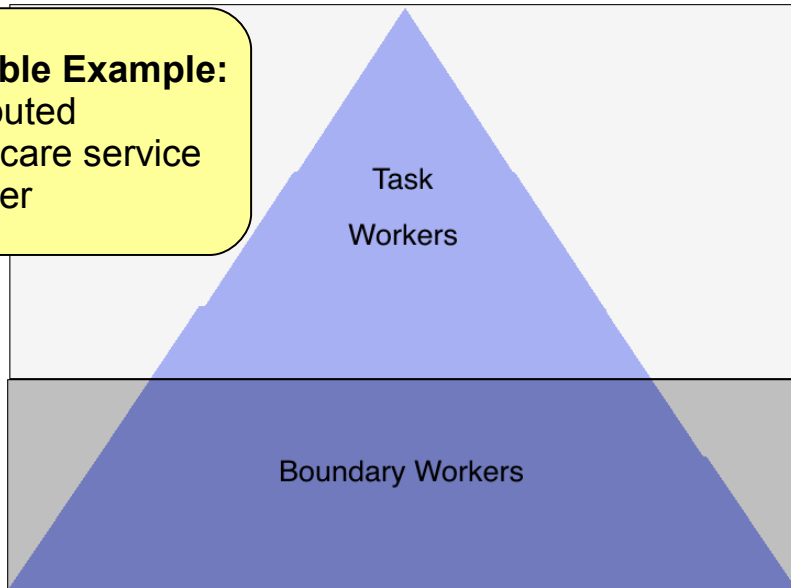
**Possible Example:**  
High tech equipment  
company with field  
support/service  
focus



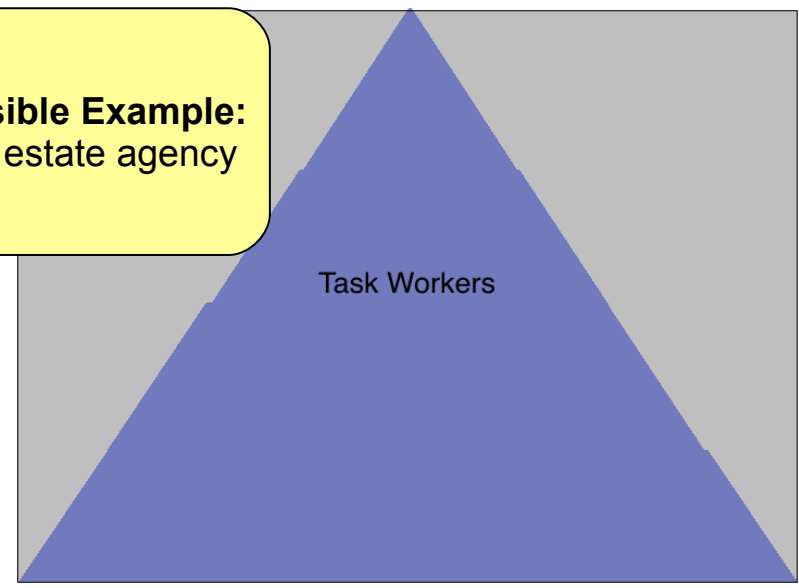
**Possible Example:**  
Logistics company  
with large customer  
service organization



**Possible Example:**  
Distributed  
healthcare service  
provider



**Possible Example:**  
Real estate agency



## Forrester Research: 147% ROI for Upgrading to Notes and Domino 8.5

Webcast Replay and Forrester Case Study Report on Lotus Notes/Domino V8.5 Economic Benefits



- Payback period – only 12 months!
- Get the webcast and white paper on [ibm.com/lotus/notes](http://ibm.com/lotus/notes)



## Forrester Calculator: Determine TCO Reduction resulting from upgrade to Notes Domino 8.5

**FORRESTER** **IBM**

Interactive Model of The Total Economic Impact™ Of Lotus Notes/Domino 8.5 Migration

**START**

Learn more about Notes/Domino Migration

**INPUTS - ORGANIZATION DESCRIPTION** [Return To Top](#)

Industry	
Current Notes/Domino Platform	
Server	6.5
Client	6.5
Total number of clients	10,000
Percent of client migrated to 8.5	100%
Number of servers	6
Percent of servers migrated to 8.5	100%

**INPUTS - BASELINE ENVIRONMENT** [Return To Top](#)

**Cost 1: Existing monthly cost per client**

The current monthly cost includes the cost to support and run your existing collaboration environment

Current per user monthly cost - baseline environment: 20

Do you currently archive? No

Percent breakdown of cost - baseline environment

Server Hardware and OS (includes cost of annual server hardware and maintenance)	3%	5%
Server Software (includes cost of annual maintenance, as well as any 3rd party software for running 8.5)	15%	21%
Client Software (includes the cost of annual client software maintenance and internal development)	16%	20%
Storage (yearly hardware and software cost of storage for email)	7%	10%
Filtering (cost of 3rd party software for filtering spam or junk email)	7%	10%
Staffing (administration and operation cost of running the Notes Domino Environment)	27%	34%

**FINANCIAL SUMMARY** [Return To Top](#)

Learn about risk adjustments

Based on interviews with 7 existing customers which had migrated all or part to 8.5, Forrester constructed a TEI framework for a composite organization, and performed a (ROI) analysis illustrating the financial impact areas.

Financial results		Risk-adjusted Calculation	
ROI		165%	
Payback period (months)		14.0	
Total costs (PV)		457,500	
Total benefits (PV)		1,210,799	
Net benefits (PV)		753,299	

Discount rate used: 10%

Non-Risk Adjusted

Description	Initial	Total	PV
Total costs	495,000	495,000	450,000
Total benefits		1,553,316	1,283,533
Total (non -Risk-adjusted)	-11,160	1,058,316	833,533
ROI		214%	185%
Payback period (months)			13.0

Risk adjusted

Description	Initial	Year 1	Year 2	Year 3	Total	PV
Total costs	503,250	-	-	-	503,250	457,500
Total benefits		456,422	504,306	504,566	1,465,295	1,210,799
Total (Risk-adjusted)	-46,828	456,422	504,306	504,566	962,045	753,299
ROI					191%	165%
Payback period (months)						14.0

**Calculates ROI based on optimized Notes/Domino 8.5 environment**

Non-Risk Adjusted				Risk-Adjusted			
Total initial costs		\$495,000				\$503,250	
Year 1 Total Costs	Annual	\$0	Monthly	\$0	Annual	\$0	Monthly
Year 2 Total Costs	Annual	\$0	Monthly	\$0	Annual	\$0	Monthly
Year 3 Total Costs	Annual	\$0	Monthly	\$0	Annual	\$0	Monthly
Year 1 Total Benefits	Annual	\$483,840	Monthly	\$40,320	Annual	\$456,422	Monthly
Year 2 Total Benefits	Annual	\$534,600	Monthly	\$44,550	Annual	\$504,306	Monthly
Year 3 Total Benefits	Annual	\$534,876	Monthly	\$44,572	Annual	\$504,566	Monthly
Payback period		13 month(s)				14 month(s)	

**CFO Friendly: documented & "tuneable"**

Month	Cost	Benefit	Difference	Payback Month	Payback	Cost	Benefit	Difference	Payback Month	Payback
1	\$495,000	\$40,320	(\$454,680)	no	36	\$503,250	\$38,035	(\$465,215)	no	36
2	\$495,000	\$80,640.00	(\$414,360)	no	36	\$503,250	\$76,070.40	(\$427,180)	no	36
3	\$495,000	\$120,960.00	(\$374,040)	no	36	\$503,250	\$114,105.60	(\$389,144)	no	36
4	\$495,000	\$161,280.00	(\$333,720)	no	36	\$503,250	\$152,140.80	(\$351,109)	no	36

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## Lotus® Notes® 8.5



Strong focus on TCO

# 30%

Fewer Servers to Manage

# 40%

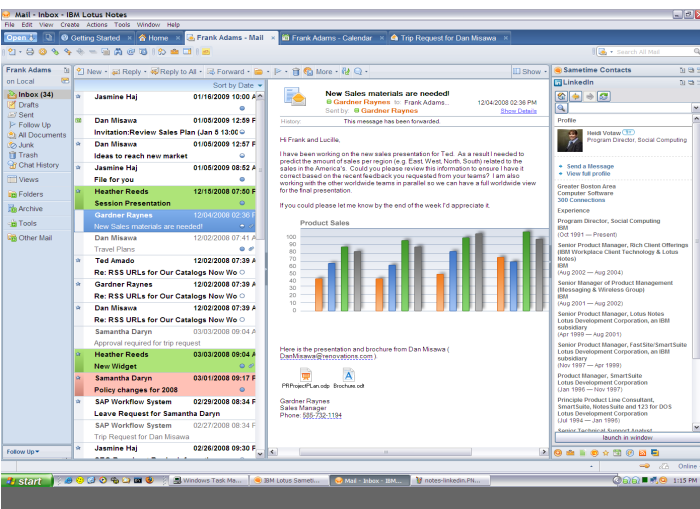
Improvement in CPU Efficiency

# >50%

Bandwidth reductions

# 40-60%

Disk Savings

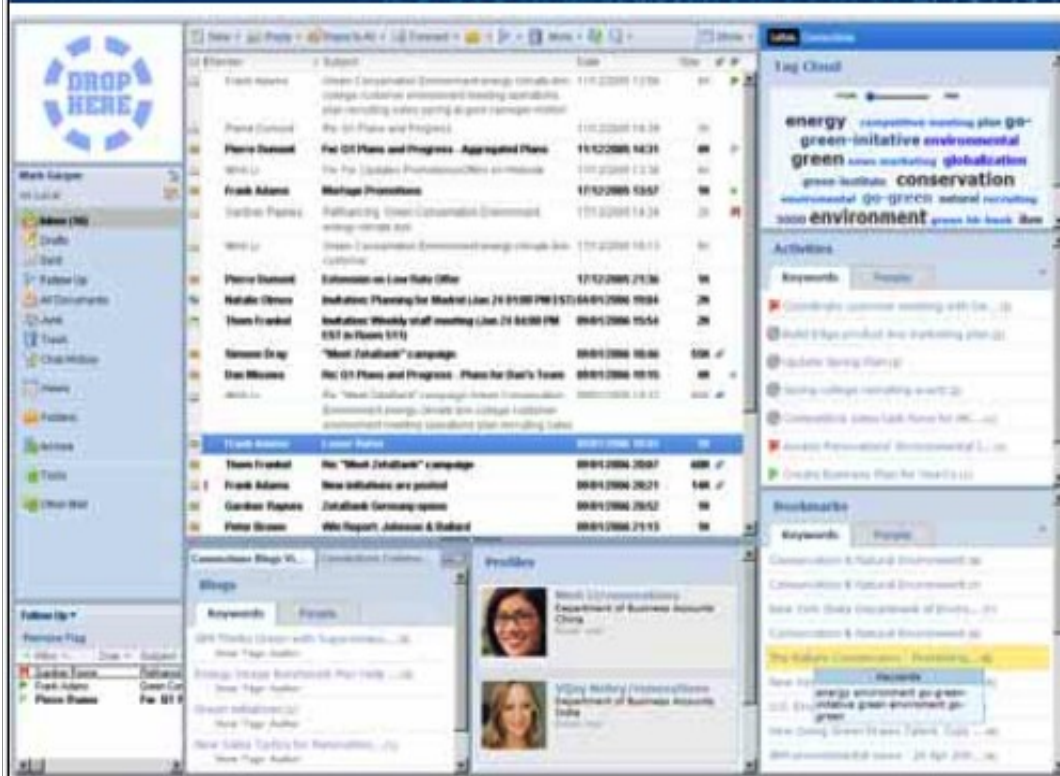


## Analyst View:

Gartner: Lotus Notes the future of Collaboration

*“IBM has actually leapt to the head of the e-mail client pack by merging the traditional Notes client with Lotus Expeditor...examine the Lotus Notes 8.5 client to get a glimpse of the long term evolution of the e-mail client...”*

## E-Mail Becomes the Collaboration Console: The Future of E-Mail Is...Gasp...Lotus Notes?



- Eclipse-based
- Sidebar paradigm
- Mashup architecture
- Third-party platform
- Whither Microsoft?

**E-mail needs a plug-in architecture to survive generational change.**

**Gartner.**

Analyst Matt Cain's presentation on e-mail at Gartner's 2009 Portal and Collaboration conference