



| IBM Global Services

# How to Choose a Managed Services Provider – and get the benefits you expected

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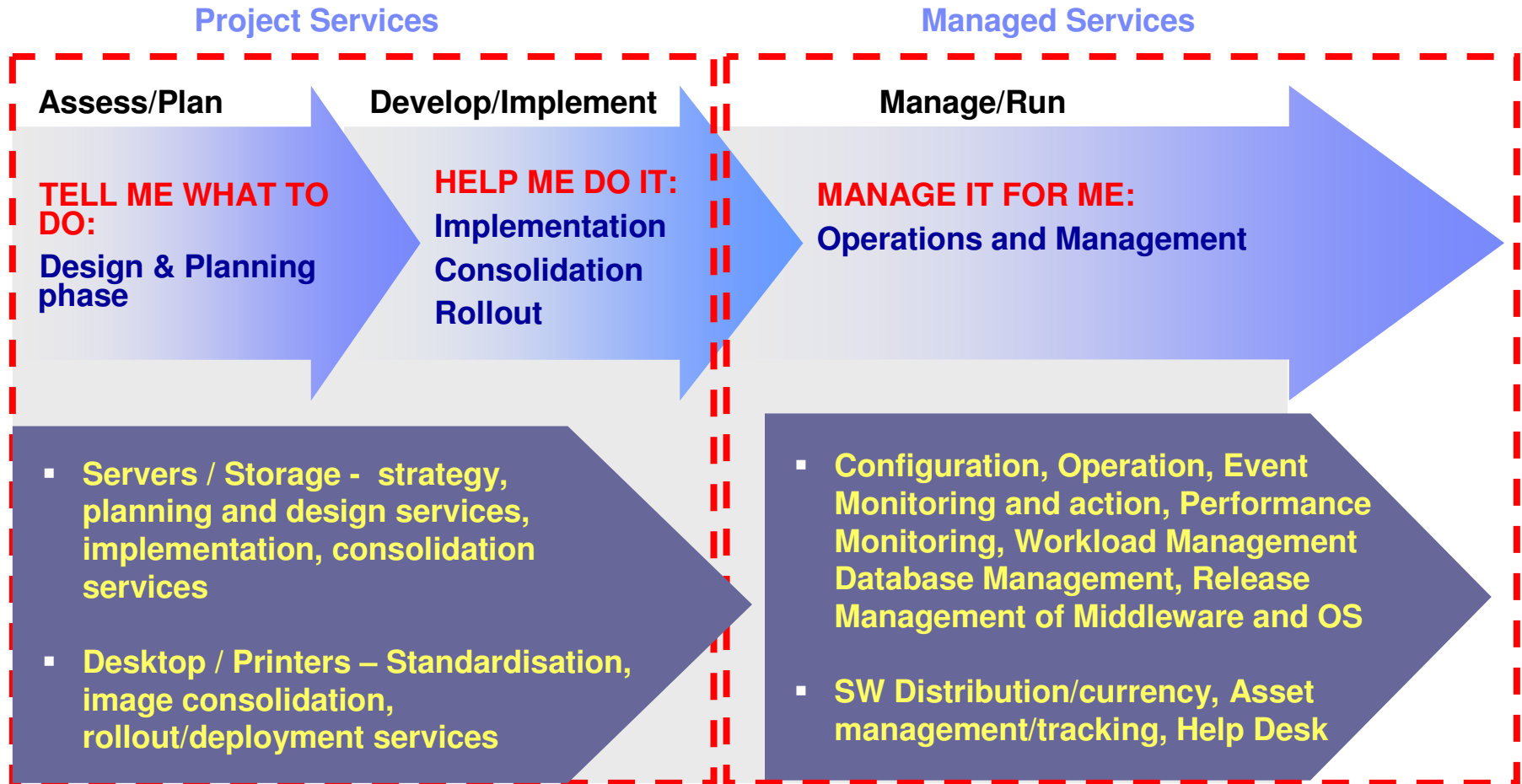
10/08/2007

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## Scope

- **Infrastructure Management**
  - Server
  - Storage
  - Desktop
  - Print
  - Security
- **How to go about engaging with a service provider**
- **Exclusions**
  - Application Management

# From Project Based to Managed Service

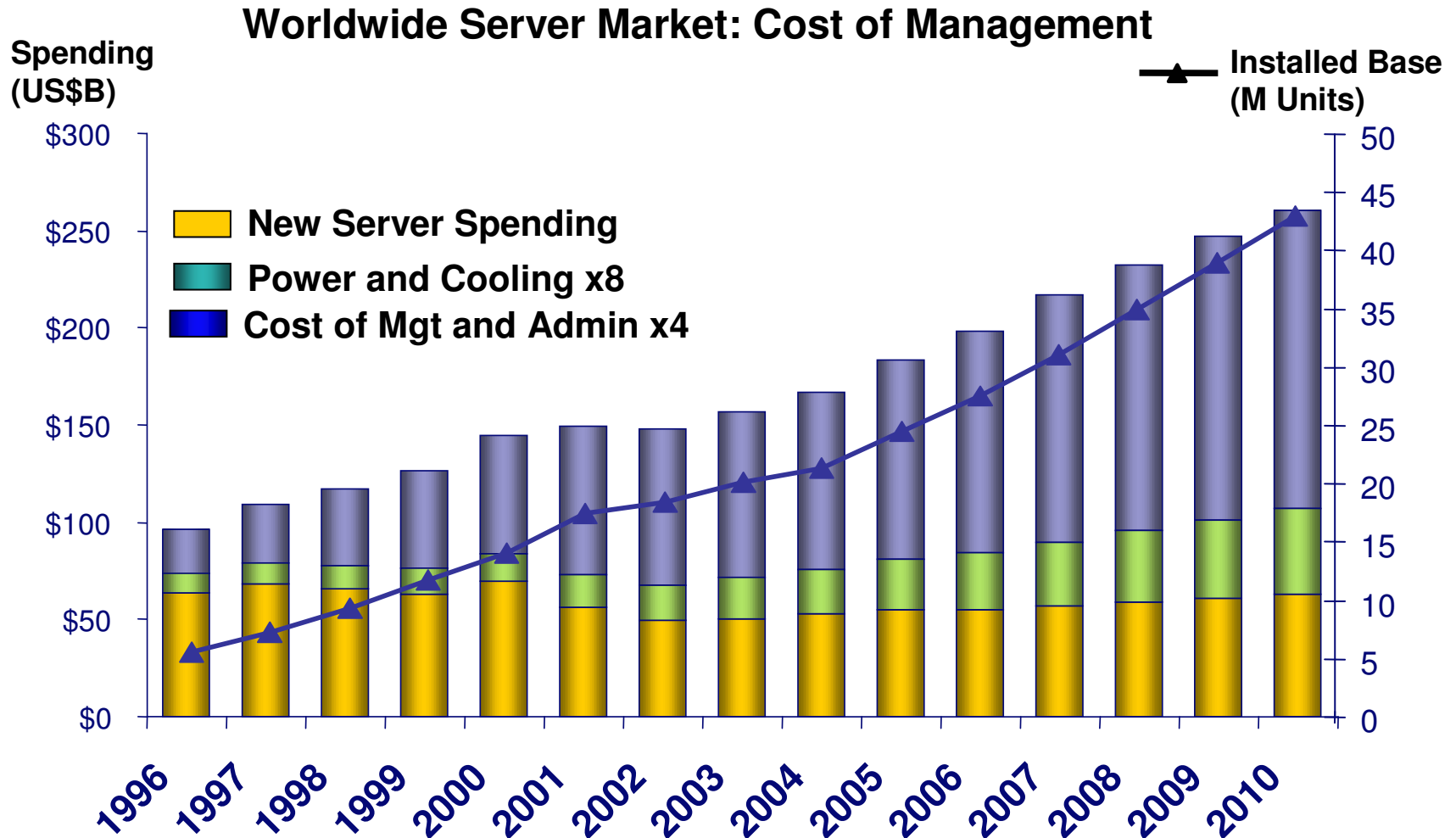


# Server Managed Services



24x7 Server Monitoring

# Management and administration of servers are biggest factors in Total Cost of Ownership



Source: IDC European Virtualization Study, 2007

## Caused by...

1. **Skill or staffing issues caused by a fragmented server estate with a multitude of operating system platforms (e.g. IBM AIX, HP-US, Sun Solaris, i5 OS / Linux / Windows Server)**
2. **Costly staffing rotas caused by requirement to provide 24 x 7 coverage**
3. **Labour intensive and costly day-to-day server management due to lack of automation and best practice**
4. **Significant capital outlays to upgrade or maintain server management infrastructure (software license costs, integration costs)**
5. **Systems outages with impacts on the business**
6. **Challenges with keeping OS or firmware patches, backups, antivirus etc. up to date**
7. **Resource shortage on new projects with business value caused by IT staff being caught up in basic systems management**
8. **New applications driving requirement for new platform – e.g. Unix**
9. **Disruption to quality of service by acquisitions, divestitures or office relocations**

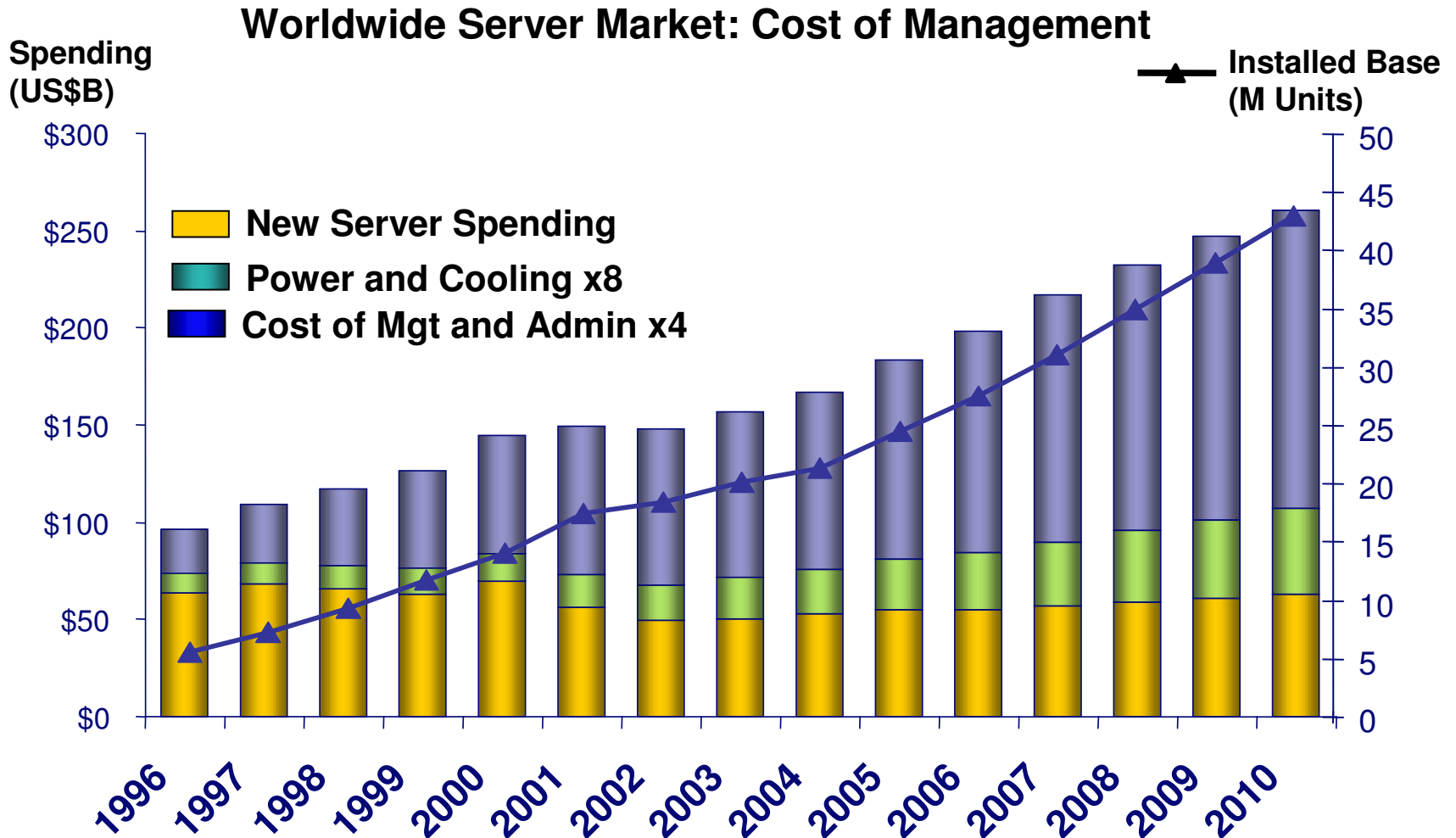




## Types of Server Management

	<i>Remote Server Management</i>	<i>Hosting Centres</i>	<i>Full Scope Outsourcing</i>
<b>Service Description</b>	Remote management of existing client servers	Provision of Server farms and capacity from supplier data centre	Outsourcing of people, processes, assets etc.
<b>Asset Transfer</b>	Rarely	To Supplier	Often
<b>People Transfer</b>	Rarely	Never	Often
<b>Asset Location</b>	Customer site	Supplier site	Customer and/or supplier site
<b>Asset type</b>	Existing customer owned servers	Typically New Major Brands	Combination of old and new
<b>HW make</b>	Major Manufacturers	Major Manufacturers	All
<b>Standardisation</b>	Some customisation	Highly standardised	Highly bespoke
<b>Contract Size</b>	Typically less than £15m – £100K – £5m is the norm	From £100k upwards	Typically more than £15m (and beyond)

# But look at Power and Cooling



Source: IDC European Virtualization Study, 2007



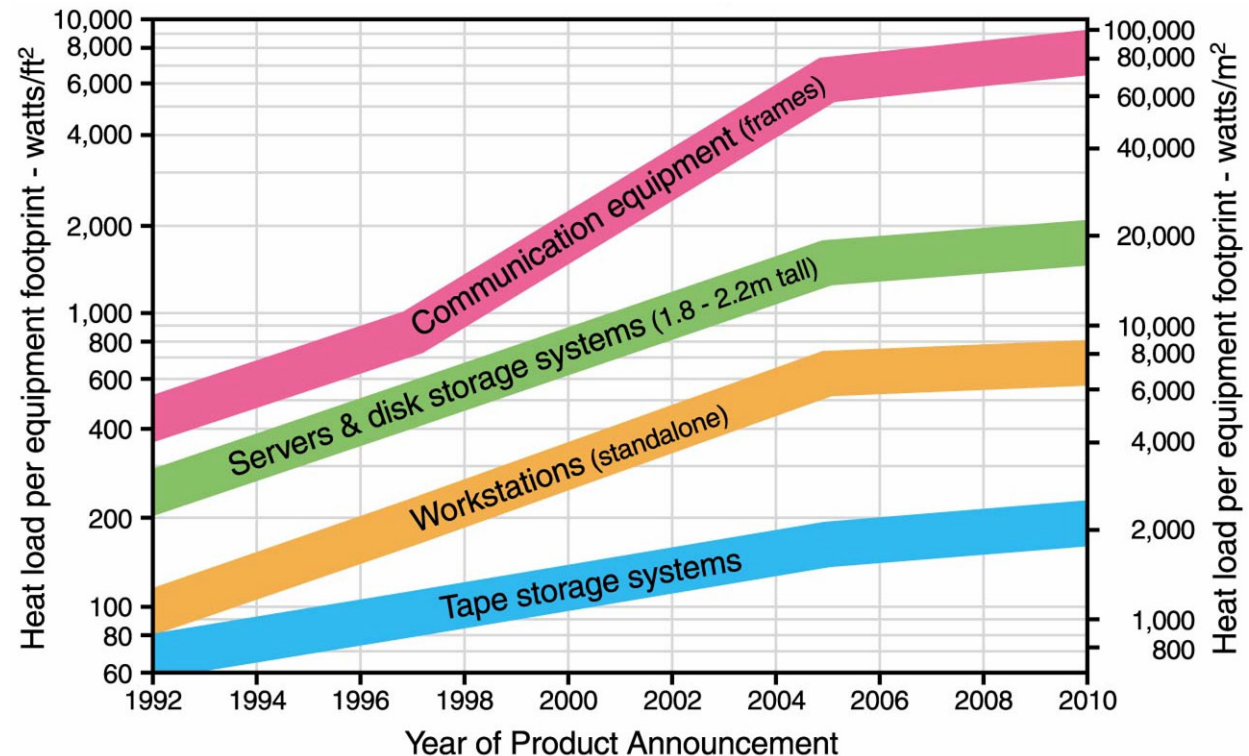
## Power and Cooling Costs

- **Today, 50 cents are spent on energy for every dollar of hardware**
- **This is expected to increase by 54% over the next four years**

# What consumes the power

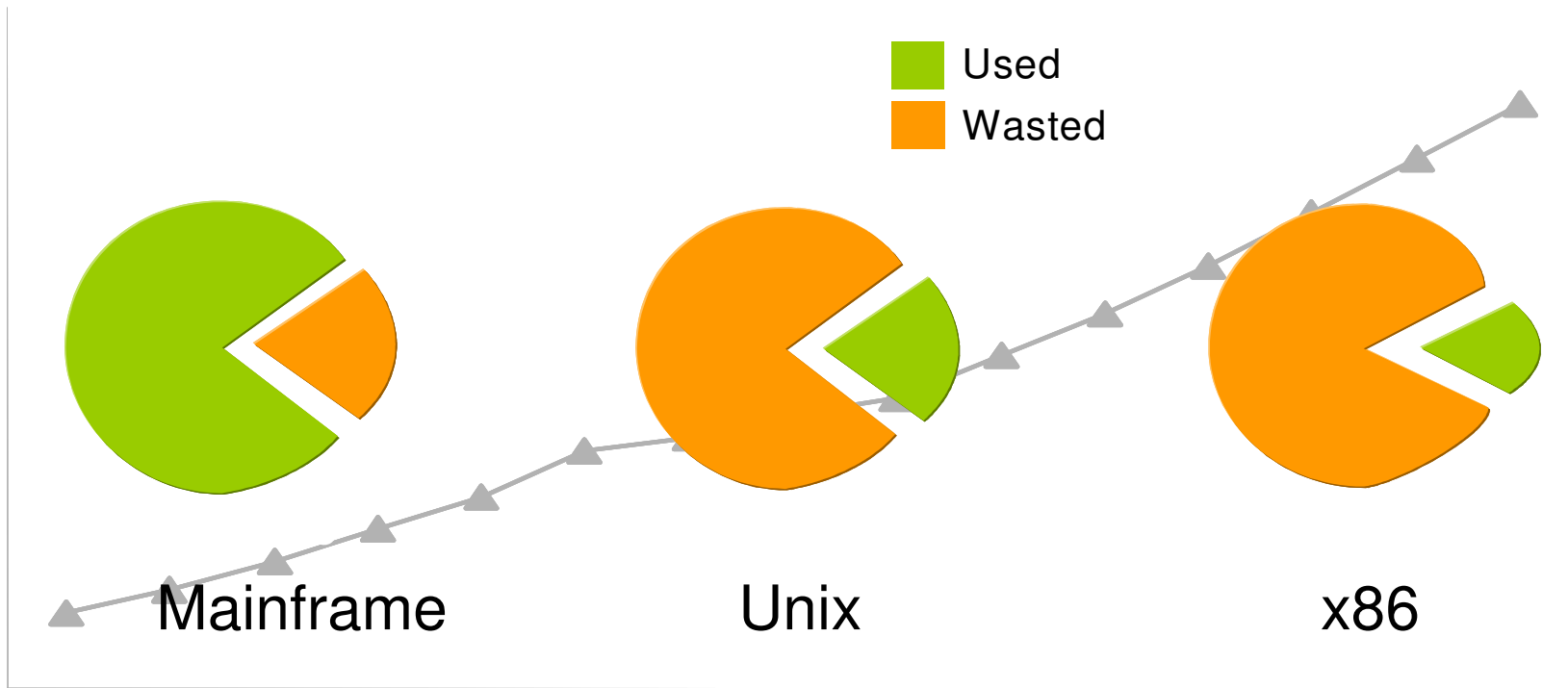
## Product heat density trend

These growth rates  
 Are not sustainable  
 So don't necessarily  
 Expect a straight 'lift  
 And shift' into a Data  
 Centre – you may be  
 Encouraged to  
 consolidate



Source: American Society of Heating, Refrigerating, and Air conditioning Engineers committee TC9.9, 2006

# Comparison of typical server utilisation rates



Consolidate, Virtualise, Manage

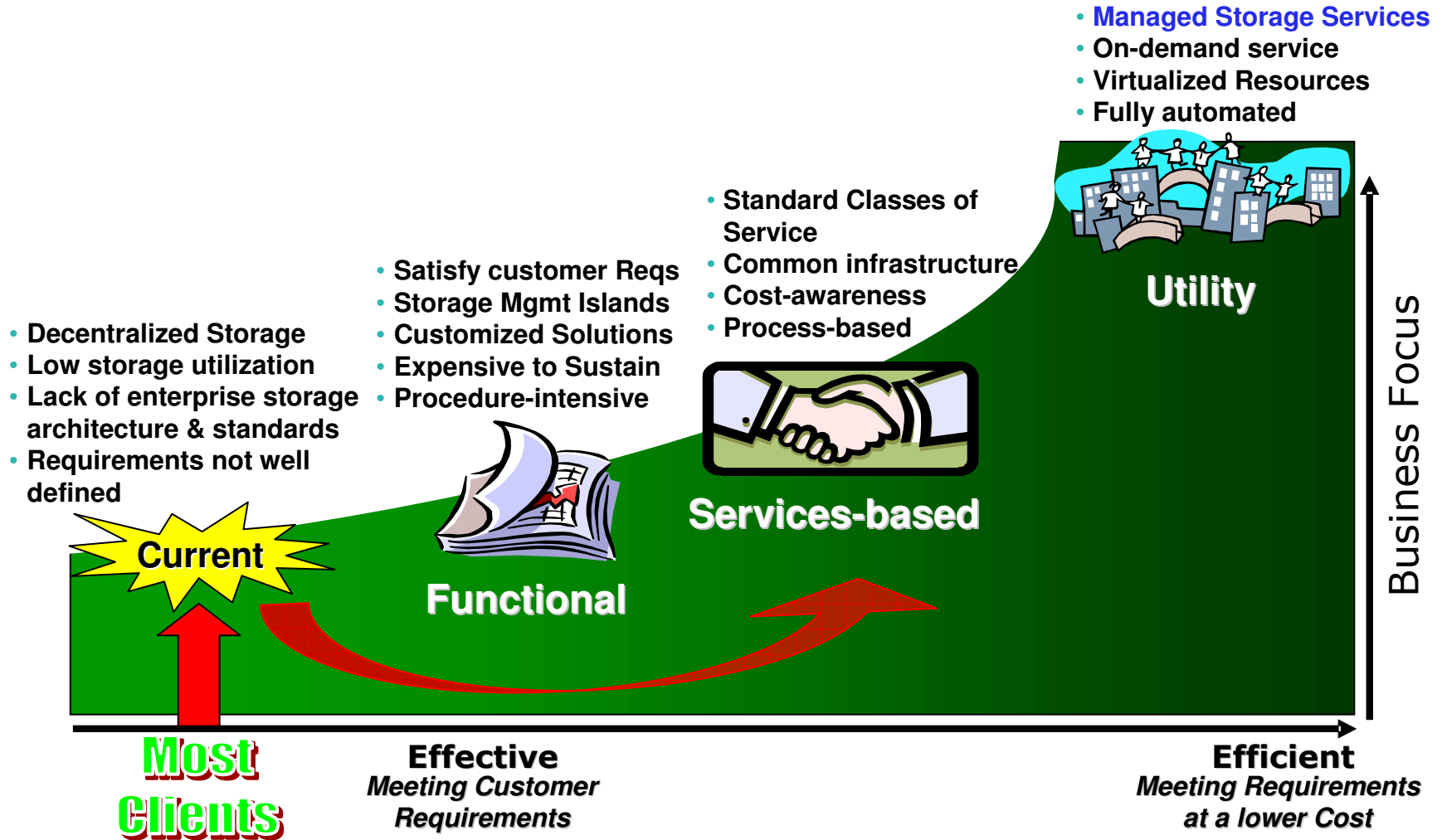
## Server Summary

- **Reasons for server management**
- **Don't necessarily expect 'lift and shift' into a supplier data centre and immediate cost savings**
- **Current power consumption is not sustainable**

# Storage Management



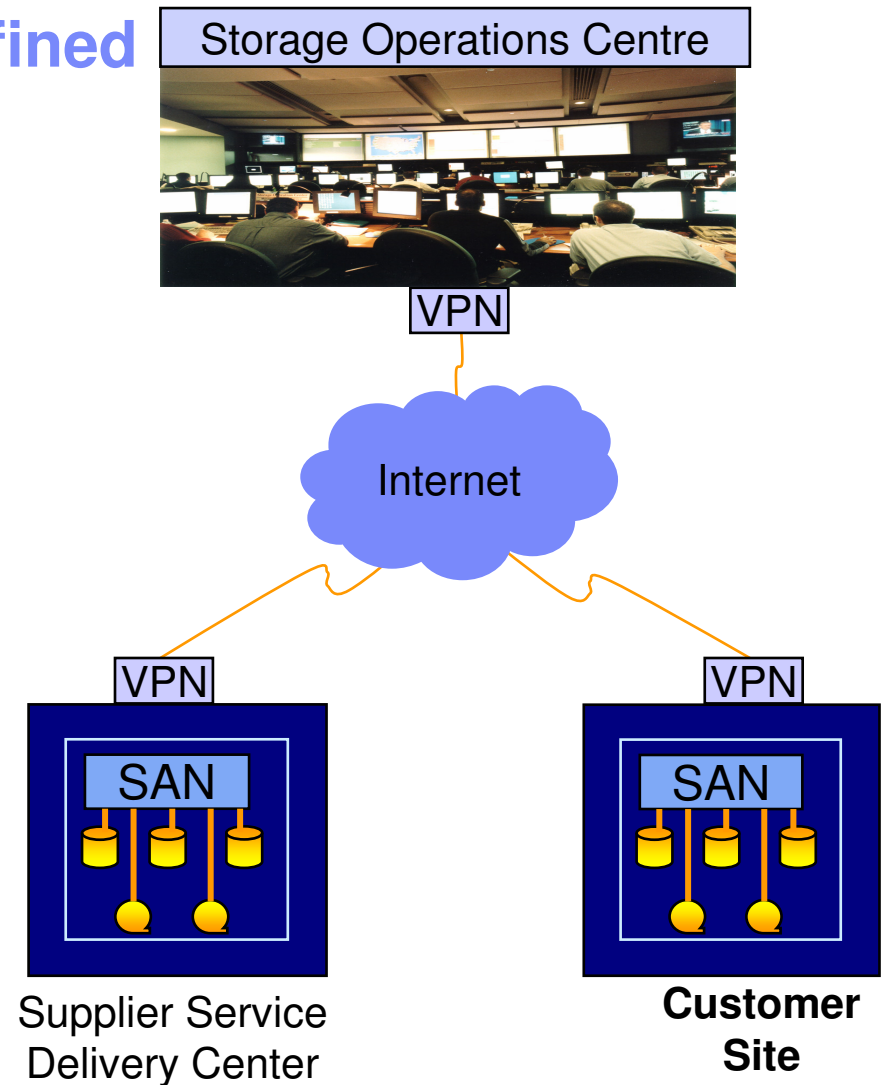
# The transition from functional to services-based and ultimately utility-based storage infrastructure



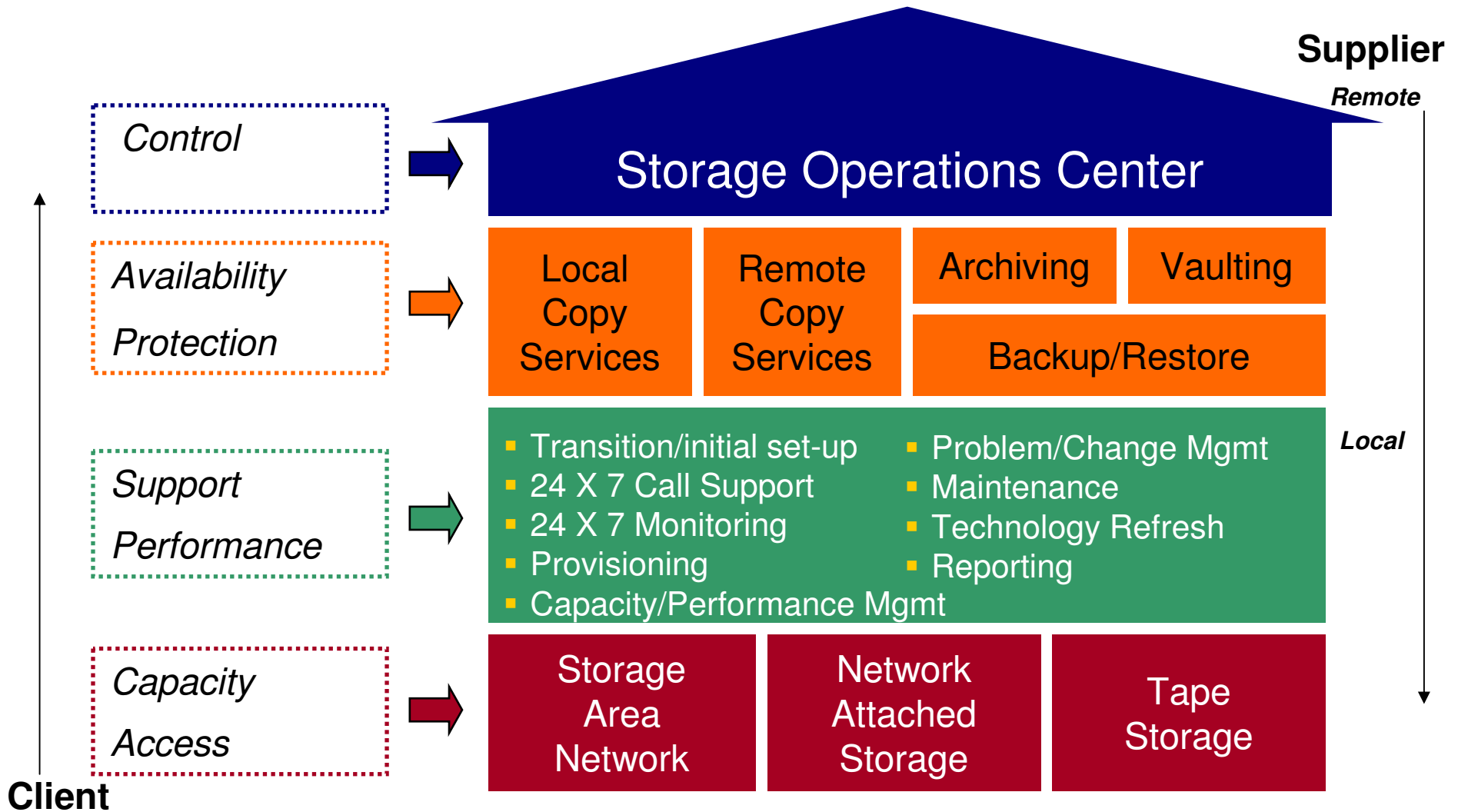


## Managed Storage Services Defined

- Flexible, scalable storage capacity and backup/restore services
- Fully managed solution: monitoring, management and reporting services
- Usage-based pricing for storage assets and services
- Location options: Supplier Service Delivery Centre, Customer Site
- Connectivity options: Fibre Channel and LAN



# Managed Storage Services “services” structure



## Storage Management Summary

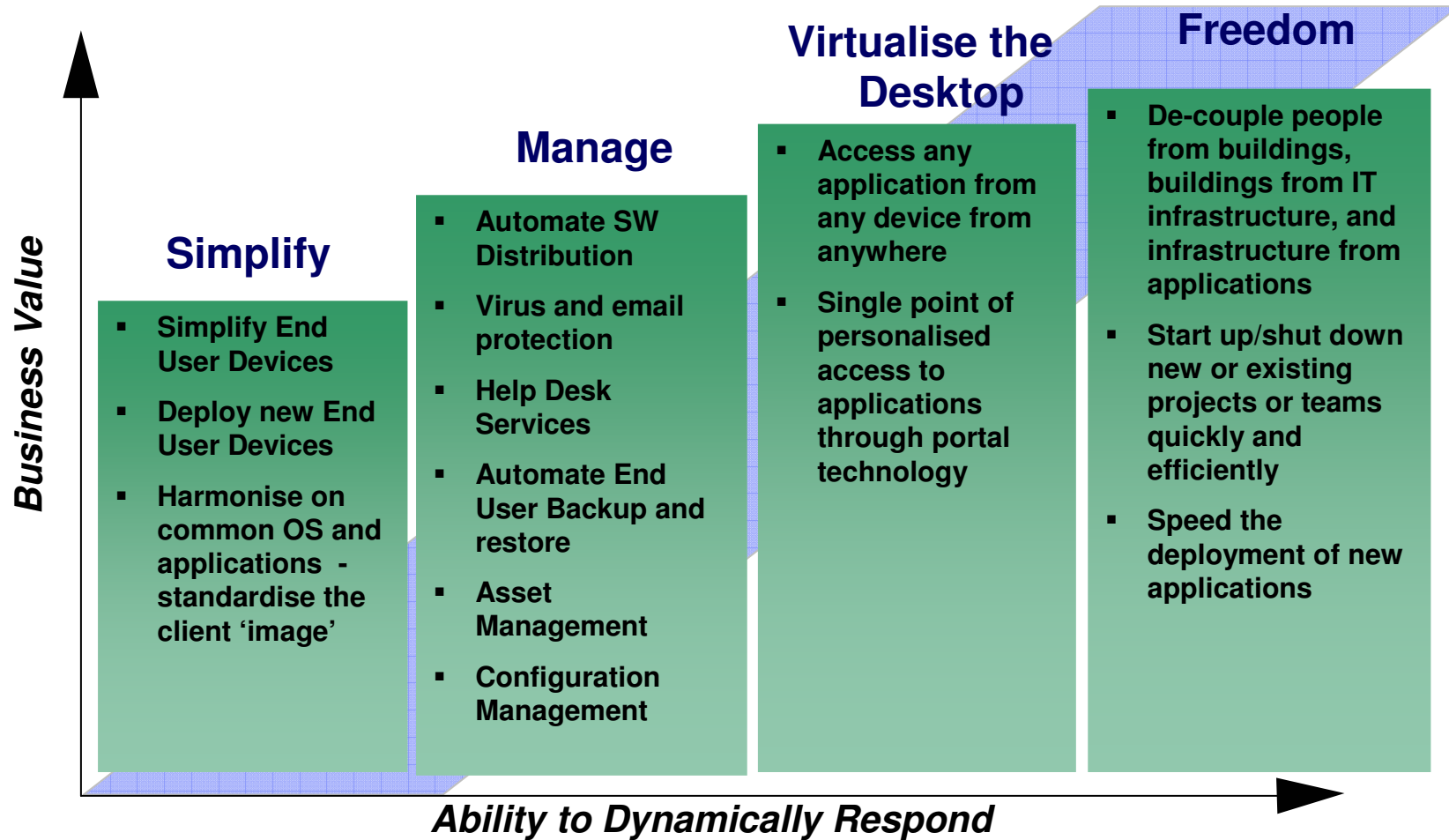
- **Unrealistic to expect to jump straight to managed storage service – need to classify data and define appropriate service classes and processes**
- **Relative price reduction in storage HW has made it easy to throw more GB at the problem – has contributed to storage management issues**
- **There is a way out but it is a 6-12 month journey**

# Desktop Management



Desktop support team responding to a call

# The Path to Freedom from End Users



## Desktop Management Summary

- **What you would like v what your organisation will support culturally**
- **Is visible and emotional for the end use community**



## Managed Print Services



The paperless office

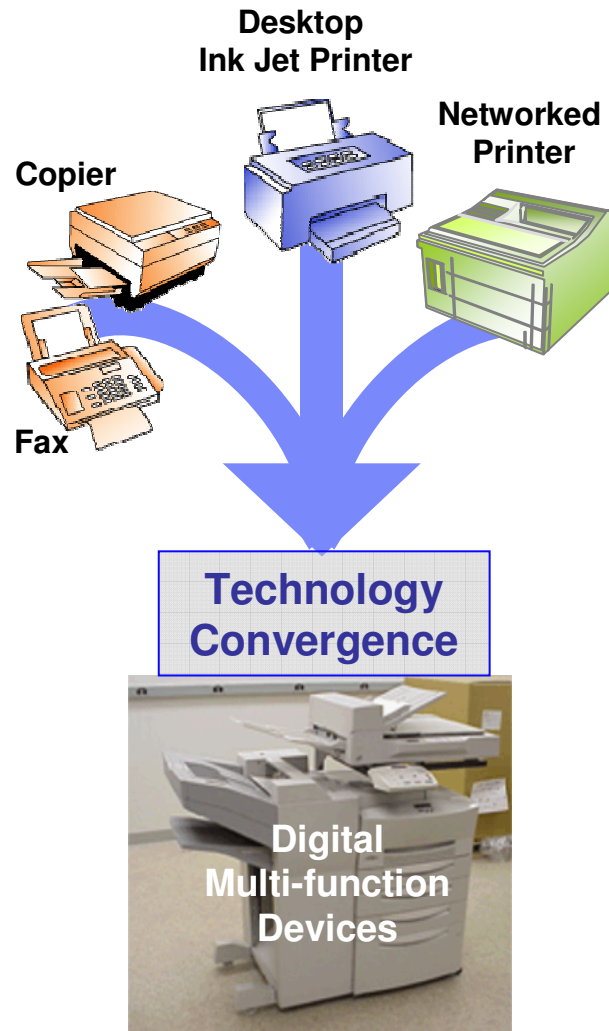
## Managed Print Services

- **Rightsizing the output environment to replace expensive-to-operate legacy print, copy, and fax devices with the latest multi-function technology**
- **Matching the appropriate output technology to business needs and strategy**
- **Configuring for productivity by placing the right devices in the right places to meet end-user needs**
- **Providing fully managed supplies, support and maintenance**
- **Integrating multifunction technology with IT infrastructure to improve data management, reduce print and improve productivity**
- **Optimizing key business processes by integrating input and output as workflow triggers, enabling true process transformation**



## The convergence of output technology creates and opportunity for change but also organisational challenges

- Typical client goals:
- **Improve end-users' satisfaction with their office equipment via a robust enterprise output solution**
- **Significantly reduce the cost of output in the end-user environment**
- **Facilitate business transformation – automate business processes**
- **Satisfy basic print, copy and fax functions with security**



- Why this is a challenge:
- **No central point of ownership and decision-making**
- **Facilities owns copiers / fax machines**
- **Departments and users make decisions relative to printers**
- **Output not centrally managed**
- **Device consolidation requires change in paradigm**
- **Purchasing authority and responsibility centralized**
- **User behavior and workflow changed**
- **Output policies defined and enforced**

# Print management – do you need it?

	<u>Below Average</u>	<u>Average</u>	<u>Above Average</u>	<u>Best of Breed</u>
<b>Employee to Device Ratio</b>	1:1	3:1	8:1	12:1
<b>Output Volume Per Employee</b> <small>(Pages Per Month)</small>	2,000	1,100	800	500
<b>Support Processes</b>				
— <b>Assets</b>	No Std's	Some Std's	Monitored Std's	Rigorous Std's
— <b>Acquisition</b>	Purch Only	Purch/Lease	Lease/Usage	Pay for Use
— <b>Service</b>	Self-Maint	Some Fee Svc's	O/S Svc's	Pro-Active Svc's
— <b>Help Desk</b> <small>(% Print)</small>	>40%	10% - 25%	<10%	<1%
<b>Estimated Savings Opportunity</b>	<b>40%</b>			<b>10%</b>

## Print Management Summary

- **Savings can be large but you need the ownership and the will to drive forward**
- **Print is even more emotional than desktop**

# Managed Security



Beyond virus protection



# The Internal Security Challenge

## Crumbling Perimeter

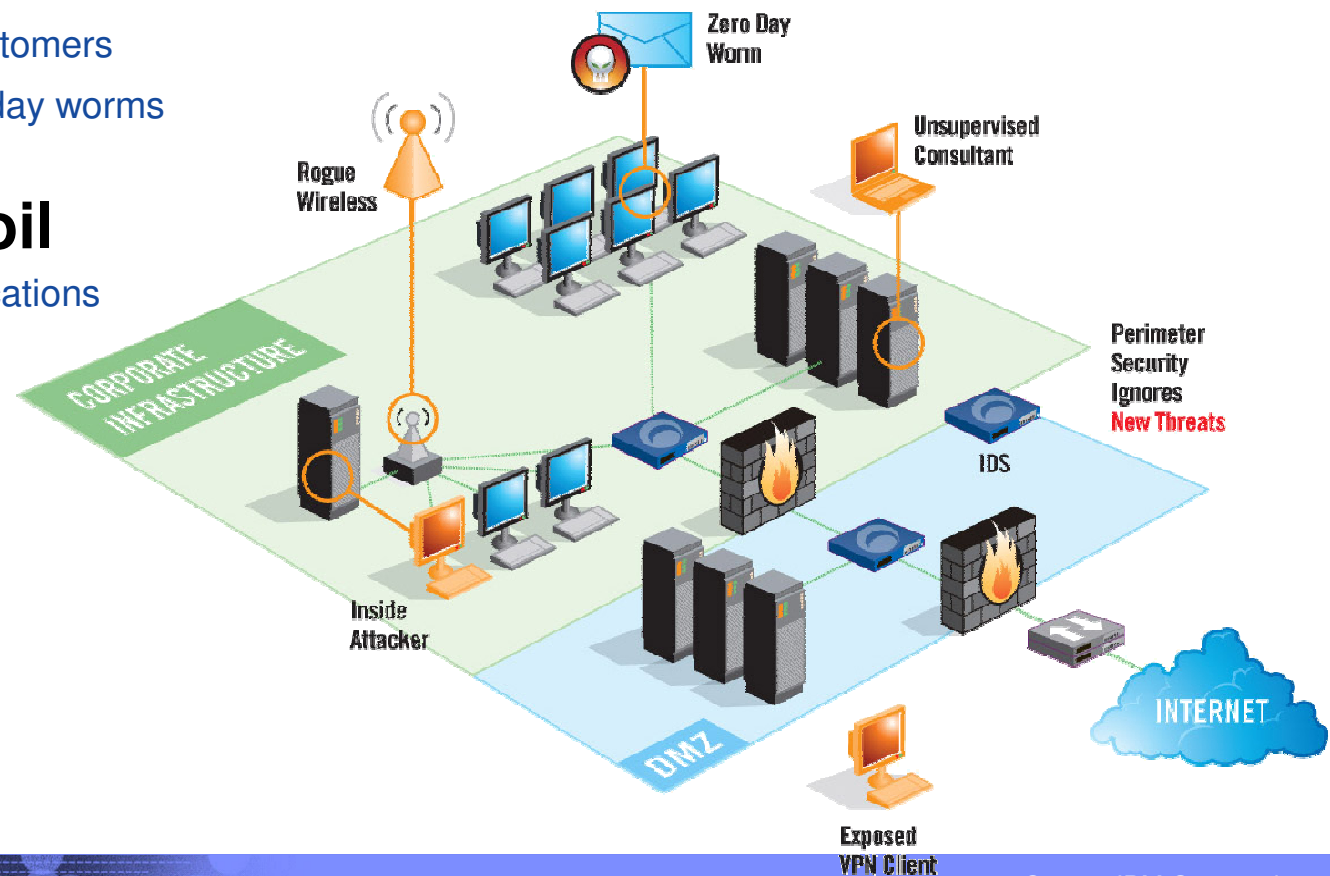
- VPNs, Wireless, Walk-In Vector
- Contractors, partners, customers
- Automated attacks, zero-day worms

## Constant Turmoil

- New business, new applications
- Mergers and acquisitions
- Internal visibility is poor

## Regulation

- HIPAA, SOX, GLBA
- Financial Penalties
- Brand Damage, Liability



# Evolution to Managed Service

## Software

Installed on client hardware

Currently the biggest, will decrease share over the next four years  
- IDC

1980's

## Appliances

Dedicated Hardware Hosted on client site

↑ by more than 775% by 2008  
- IDC

1990's

## Managed Service

In the cloud

↑ by more than 668% by 2008  
- IDC

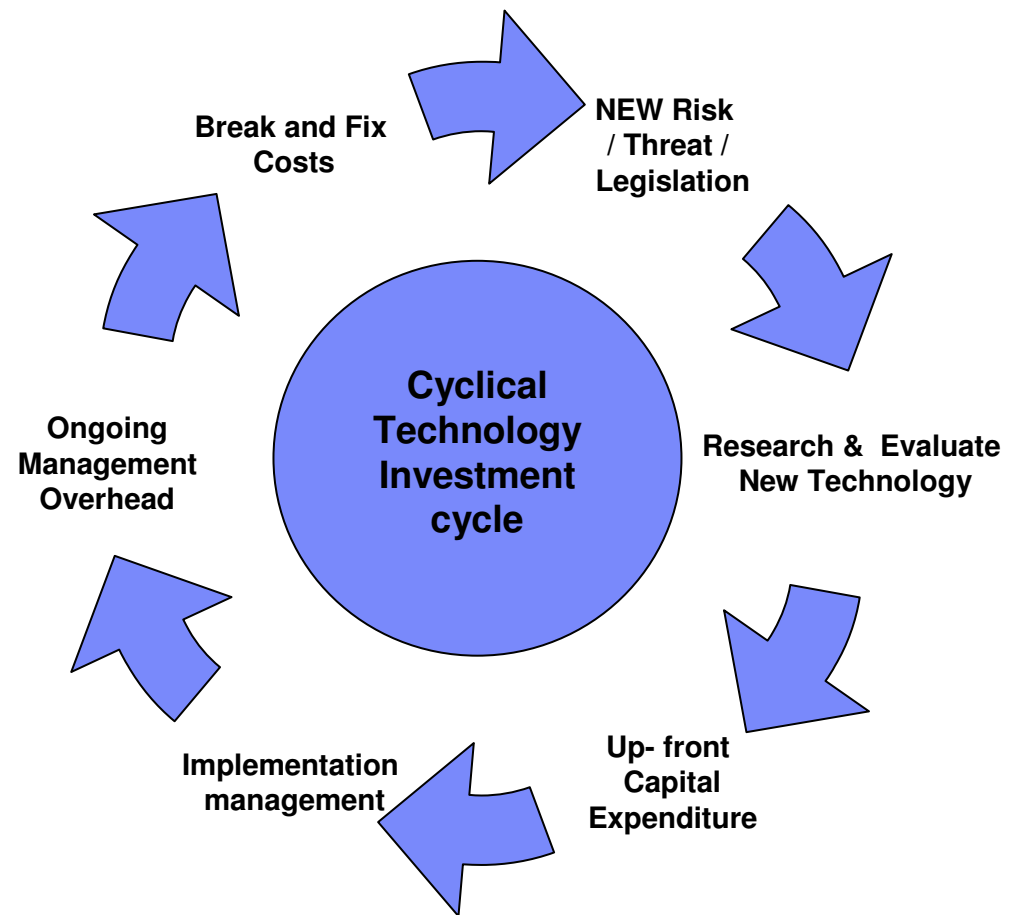
2000's

# Feature Comparison

Features	Managed	Appliance	Software
Quick and easy setup	●●●●●	●●●●○	●●●●○
Predictable cost/low TCO	●●●●●	●●●●○	●●●●○
Load balancing and redundancy	●●●●●	●●●●○	●●●●○
Platform OS independent	●●●●●	●●●●○	●●●●○
No maintenance required	●●●●●	●●●●○	●●●●○
Reduced bandwidth cost	●●●●●	●●●●○	●●●●○
Transparent signature updates	●●●●●	●●●●○	●●●●○
Transparent engine updates	●●●●●	●●●●○	●●●●○
Quarantine off-site	●●●●●	●●●●○	●●●●○
Disaster Recovery	●●●●●	●●●●○	●●●●○
Scalable	●●●●●	●●●●○	●●●●○
Strongly disagree/Feature not offered	●●●●○		
Strongly agree/Perfect match	●●●●●		

## Why Managed Services

- Proactive v Reactive
- Zero hour capability (protection against the unknown threat)
- Virtual Development Team
- 24 x 7 x 365 management
- Global threat management
- Managed Services Provider takes ownership of all this



## Managed Security Summary

- **Constantly evolving business environment has led to Managed Security Services becoming more and more prevalent**
- **Specialist teams from Managed Security Providers can constantly assess new threats**

## How to select a managed services provider



And avoid a typical negotiation

## What are you trying to achieve

- **Cost reduction**
- **Improved service**
- **Support for non strategic environment**
- **Better utilisation of scarce resources**
- **Organisation change**
- **Will you actually do this or are you just benchmarking internal costs**



## Who to ask

- **Tier 1, Tier 2**
- **Onshore/Offshore**
- **Onsite/Offsite**
- **How many do you ask to tender – is there a company procurement process that governs this (can you override if necessary)**
- **Sharing of cost data?**

## Points of Consideration for your RFP

- **Who writes it**
- **Who assesses the responses**
- **What are your timelines and are they realistic**
- **What are your plans for current staff**
- **Do you have an existing contracting mechanism with the suppliers**
- **Do you need any specific T&Cs (over and above and existing agreement)**
- **Who signs off the contract – local legal, external legal, parent legal (is this costed in financially and time wise)**
- **Desired term**

## Transition

- **Do you have it in this year's budget**
- **What is the project plan**
- **Do you have the required resources from your side available to support**
  - At a minimum you will need a good Project Manager
- **Is there a specific timeline the transition has to meet**
- **What if you are transitioning from an incumbent supplier**
  - Continuation of service during transition
  - Who owns the HW/SW

## Summary

- **Where is your infrastructure issue and what's causing it**
- **Do not ignore the detail of transition**