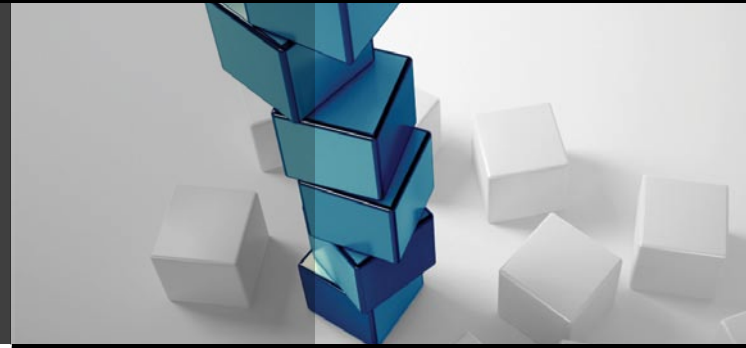


Précis

Thoughts on IT in Business



Making the Case

Editorial Panel

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Making the Case

In some countries, the economic slowdown is already a year old, with cost cutting initiatives well ingrained. Others have only recently experienced the implications of a cautionary outlook. A few have been relatively shielded, with increased rigor applied to expenditure. Still fewer have yet to feel the harsh effects of reduced spending at all.

Regardless of where your market is, adapting to this reality will be high on your agenda. While it's tempting to view IT as a large cost base to plunder, few businesses can survive long without support and development of their IT infrastructure. So, it's all about making the case for IT investment and making it well.

How do you get the best return on spend in infrastructure? What technologies can you deploy to save significantly? Where can you leverage IT to deliver real productivity gains for users? And what opportunities exist to transform business processes and shift your cost base?

In this issue of Précis, we explore just a few IT initiatives that answer these questions – and we look at making a case for them. It's about meeting new investment hurdles, articulating their business cases, and understanding where benefits will accrue – none require new disciplines, but rather a sharper focus on commercial results.

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Editors



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For decades in business, the most traditional form of communication focused on person-to-person meetings, which often resulted in travel expenses and a long paper trail. Integrated Collaboration is revolutionising the business world, not so much because it unifies a suite of high-tech technologies to create the ultimate end user experience, but more because of the dramatic operational savings it can achieve.

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By centralising global IT infrastructure, organisations can expect major savings. A global shipping company with more than 200 branches reduced its bandwidth usage by 50% and cut their worldwide IT hardware footprint by 85%, by centralising their IT systems with the help of a performance optimisation solution from Dimension Data.

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- CRM practices and principles only partially established in the \$130 billion contact centre industry.
- 30% of IT users report ‘frequent’ system crashes and slow-moving software.

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Mind the Gaps!

Proactivity in technology lifecycle management is now a business imperative

Consider this scenario. A large global insurance company rings its IT service provider because it is experiencing problems with a Cisco Catalyst 6009 switch and wants the provider to fix it. However, until the switch failed, the client wasn't even aware of its existence and, upon requesting support, finds that the box has reached last-day-of-support as of May 2007 and is therefore no longer supported by Cisco. The service provider is unable to do anything retrospectively with the switch and so the company, in a time of general economic cutbacks, is faced with making a split-second decision about whether to make an expensive purchase to replace the failed switch and keep its network running.

Or, a leading US financial services provider is faced with a massive potential bill to completely replace its ageing Cisco network infrastructure, after having been advised that 28% of its 4,600 core networking devices are beyond end-of-sale and . . . worse still . . . are set to go beyond end-of-support by 2012. The projected price tag for replacing the total number of non-supported devices at that time? US\$6,5 million!

Scenarios like these are not uncommon, and generally arise due to a combination of the way networking has evolved,

prevailing attitudes towards network infrastructure spending, and a lack of visibility of the elements that comprise the enterprise network.

According to Rich Schofield, Dimension Data's Director of Business Development for Global Network Integration: "In the past, companies have bought networking technology via big chunky projects, and have then left the network pretty much to itself. Following this initial network implementation, the focus for many organisations has been on funding new technologies such as IP telephony, unified communications and collaboration, data centre consolidation and virtualisation. Any further investment made on the network has been small and unstructured and, with the accelerated demand for these new technologies, the network has become increasingly overworked."

It goes without saying that the network is critical to the day-to-day functioning of modern enterprises – supporting applications and communications, and enabling the processes that keep business pumping. So, if the network is the lifeblood of the organisation, then a new approach to managing the elements that comprise the network is

required in order to keep it healthy and avoid scenarios such as those described above.

In recent years, organisations have started taking a different approach in technology areas such as the desktop. Continuous refreshment of technology, as opposed to forklift upgrades, takes place via annual review and budgeting, according to business need.

In networking, a technology lifecycle management (TLM) approach takes the desktop refresh concept and applies this to the enterprise network. It allows organisations to achieve greater visibility of their network and to establish a roadmap which provides for future planned and budgeted network expenditure.

A key component of Dimension Data's TLM approach is its Secure Network Infrastructure Assessment (SNIA) – a network and security assessment service that discovers, catalogues and provides remediation recommendations for Cisco hardware and software. By keeping products up-to-date and assisting with the alignment of their Cisco assets to configuration, security and patch management best practices, SNIA ensures that organisations do not expose themselves to unnecessary risk.

As a starting point, organisations need to ask themselves: "Do I know what equipment I have on my network?" "Do I know when it will no longer be supported?" "Am I aware of Cisco's six technology lifecycle milestones (see breakout box) and how will they impact my networking infrastructure?"

Given the current economic landscape, it makes a huge amount of financial sense for organisations to put a structured plan in place for continuous network upgrades and refreshes. Research has confirmed that organisations that have the lowest total cost of ownership (TCO) for their IT infrastructure typically have 3-5 year network investment plans in place. These organisations map out their spending in advance and manage their assets continuously and proactively, rather than laying out huge costs all at one time. According to Schofield, "If you are not managing your assets in this manner, they'll inevitably get old and will be running versions of software that manufacturers are no longer supporting. This will result in longer mean time to repair (MTTR), as older parts are harder to come by, which brings with it the cost implications associated with network downtime. In addition, unplanned purchases are generally a great deal more expensive than planned ones, due to the fact that when your network goes down, it's a race against time to get systems up and running again, so you don't have the time to negotiate the best price, identify the best solution and secure the best resources to attend to the problem."

While the TLM approach sounds good in theory, today's typical CIO is faced with an IT budget that has been cut down to its bare bones. Successfully motivating for and justifying

In the past, companies have bought networking technology via big chunky projects, and have then left the network pretty much to itself.

Cisco's Technology Lifecycle Milestones

- FEoS** = Future-End-of-Sale: All lifecycle milestone dates have been announced
- EoS** = End-of-Sale: Date past which you can no longer buy a product
- EoE** = End-of-Engineering: Date past which no more new features will be added
- EoSWM** = End-of-Software-Maintenance: The date past which any new bugs found will not be patched
- EoCR** = End-of-Contract Renewal: The date past which a renewal contract on that product cannot be purchased
- LDoS** = Last-Day-of-Support (end-of-life): The date past which Cisco TAC will no longer support the product

Secure Network Infrastructure Assessment (SNIA)

A key component of Dimension Data's technology lifecycle management (TLM) approach is our Secure Network Infrastructure Assessment (SNIA) – a network and security assessment service that discovers, catalogues and provides remediation recommendations for network hardware and software. By keeping products up-to-date and assisting with the alignment of their network assets to configuration, security and patch management best practices, SNIA ensures that organisations do not expose themselves to unnecessary risk.

Facts and figures

The findings from recent Dimension Data Secure Network Infrastructure Assessments have revealed some sobering statistics around the state of the typical corporate network. For instance, on average:

- 73% of network devices have some sort of software vulnerability
- 43% of all assets are beyond end of sale
- The configuration on a typical network device has broken 31 best practice rules, which impacts negatively on its availability and security
- There is typically a 10-15% discrepancy between the number of devices an organisation believes it has on its network and the number of devices actually there

investment in technology has never been harder. Schofield advises CIOs hoping to win over sceptical executives, who may be understandably reluctant to sign off on network investments during lean times, to stress the fact that putting in place a long-term technology asset management plan will enable the organisation to keep its assets current and avoid falling behind the technology curve ... without having to make huge capital outlays all at once, while at the same time enabling assets to be sweated by implementing a risk mitigation plan to do so where appropriate.

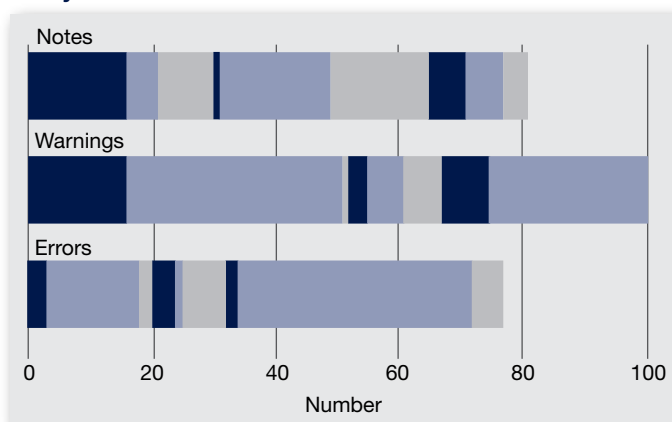
Also key to making a successful business case for proactive investment in technology upgrades is to tie it to the potential consequences of inaction: Decision-makers need to factor in the business impact of failure, and the risk the existing infrastructure poses to the success of future strategic projects.

There are four major considerations to highlight when making the case for technology lifecycle management initiatives:

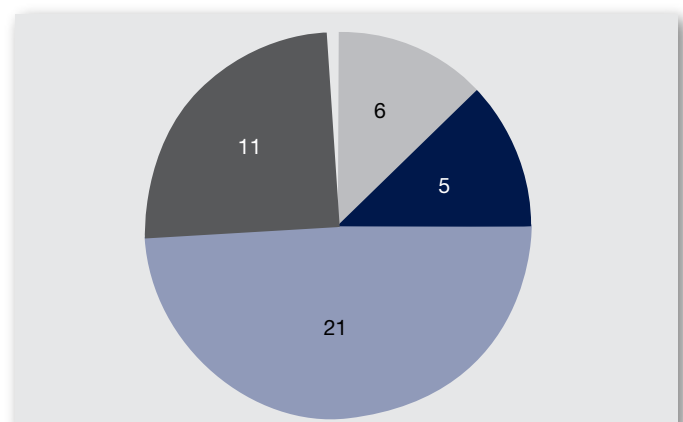
Cost

Are there technology elements that are approaching end-of-life and what are the costs associated with maintaining them, bearing in mind that this cost increases as technology reaches specific end-of-life milestones? What are the business costs if this technology fails, remembering that the rate of failure increases with device age? Consider that new platforms often consolidate multiple appliances, which not only reduces capital cost, but most importantly, operational expenditure.

Policy Violation Overview*



PSIRT Count*



* Source: Illustrative configuration, security vulnerability and end-of-life findings from Dimension Data Secure Network Infrastructure Assessment.

Risk

What are the risks associated with aged technology elements? Ageing technology generally poses risk in the form of security vulnerabilities. What is the business risk when aged technology elements are no longer supported by vendors? Is the progress of new projects at risk because your network elements are not current? Is aged technology making you consider 'grey market goods' and what are the risks to your business of these goods?

Business Continuity

Is the age of your networking technology endangering your business continuity and exposing your network to points of failure?

Capability

Are you planning for new investments in technology and is your network ready for new technologies such as video, wireless and high-bandwidth applications? Without knowledge of the existing asset base, which of your new strategic projects are at risk due to obsolescence, performance or functionality?

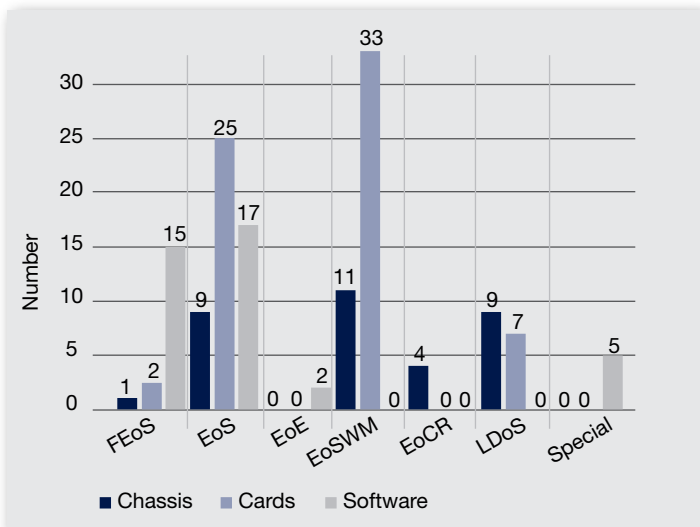
From an IT management and budgeting perspective, the TLM approach empowers organisations by giving them the information they need to develop a roadmap for improvements and upgrades to their network infrastructure. This roadmap makes the majority of investments in network

infrastructure both planned and predictable, allowing IT management to effectively allocate spending based on funds available over an extended period of time.

“With one of our clients, who was planning a major videoconferencing deployment, the assessment uncovered major issues with the network infrastructure that threatened the project’s success. As a result, we were able to work with the client to develop a roadmap over the life of the project to ensure the successful outcomes of the videoconferencing deployment,” said Schofield.

“The long-term nature of this assessment process ensures that our clients are truly managing the lifecycle of their technology and continue to maximise the performance of their existing and future technology investments,” he concludes.

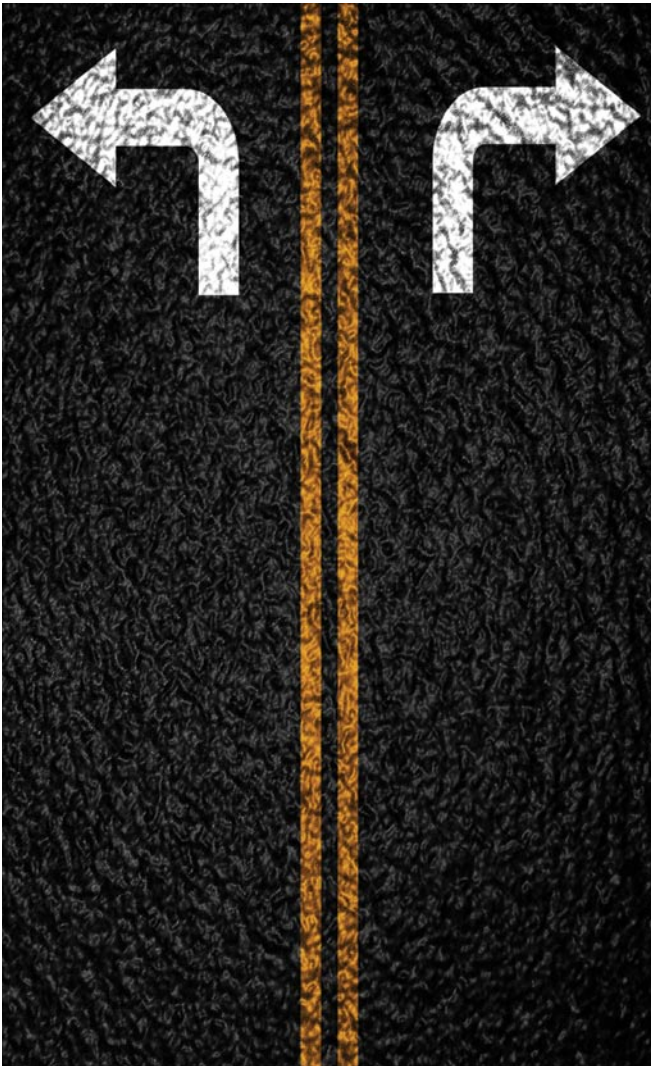
Product Lifecycle Milestone Summary*



The long-term nature of this assessment process ensures that our clients are truly managing the lifecycle of their technology and continue to maximise the performance of their existing and future technology investments

Making smart sourcing decisions in an economic downturn

Faced with economic turmoil, many organisations are looking at outsourcing to address a host of short and long-term business concerns. The potential for disciplined outsourcing to address immediate cost pressures as well as long-term recovery goals is now greater than ever . . . and prudent outsourcing tactics can help organisations to work through financial and competitive challenges.



In spite of growing economic uncertainty and market complexity, there are a number of tactics that organisations can adopt to assess, refresh and remodel their sourcing strategies, contracts and partnerships to reflect current economic and market realities. However, our advice is to proceed with caution ... in the present climate, outsourcing arrangements demand an even higher level of scrutiny and focus, and caution and due diligence must remain top priorities.

Beware the pitfalls of cost-focused outsourcing

In the face of an economic downturn, companies typically look for ways to minimise their risk until the return of more stable market conditions. In an attempt to “ride out the storm”, executives shift their focus towards immediate operational and tactical issues, and mid to long-term growth or improvement initiatives are temporarily shelved. At the same time, controlling and reducing costs changes from being a short-term pressure to being a pervasive demand for most IT executives. However, even though prioritising and reducing expenditure on IT is prudent during troubled times, it is also important to ensure you adopt a sustainable approach. Failure to think it through and making rash, cost-focused changes could lead to disruption and productivity losses.

While outsourcing can go a long way to helping organisations to work through financial and competitive challenges, it is critical that decision makers are diligent about understanding and avoiding the pitfalls of cost-focused outsourcing.

Executives need to ‘take the long view’ and ensure that they make effective and informed decisions that will stand the test of time. In fact, in the face of current market conditions, sourcing contracts require an even greater level of attention and focus.

Some organisations will renegotiate outsourcing contracts, and others will adopt tactical outsourcing for cost savings – signing new contracts that focus on slashing costs and securing cash for their assets. Because of this focus on low-priced IT services provisioning, there is a real danger that organisations will enter into deals that make no provision for improvement or innovation when economic recovery begins. In the current climate, price competition amongst service providers is rife and organisations must guard against being baited by low prices at the expense of service quality.

Making Multisourcing work in the new market environment

The market downturn has led many IT executives to consider the merits of adopting a selective approach to sourcing IT – the approach commonly known as Multisourcing. Up until recently organisations had two options when it came to managing their IT operations: they could either outsource their entire IT infrastructure to a service provider or they would keep it in-house and look after it themselves. Multisourcing offers a third option that combines the best features and benefits of both these traditional approaches. It’s a fluid and adaptable approach that allows companies to outsource specific parts of their IT environment to ‘best-of-breed’ service providers, while they retain other IT functions in-house. In this way they can cherry pick the best services in areas where they have limited capacity or talent in-house, and still retain control over areas of their business that they feel are critical, or where they perform the function really well. Multisourcing can also reduce outsourcing risk. Businesses can ‘hedge their bets’ by utilising a basket of expert suppliers, rather than a single partner. While Multisourcing offers potential advantages over the single source approach, care must be taken to assess, understand and manage the associated complexities, in an increasingly volatile market. First-rate governance is key to managing the complexity associated with this sourcing model. Multisourcing doesn’t just mean having multiple suppliers – which almost every company does in some way. It means having a structured framework that uses multiple suppliers to optimum effect,

in order to further the organisation’s overarching business goals. It requires that the careful selection of the most appropriate sources for business services – whether internal or external – be a fundamental element of the organisation’s business strategy. It requires identifying the desired business outcomes and developing partnerships, contracts, metrics and governance that enable these outcomes.

Organisations that are entertaining Multisourcing arrangements should consider the following imperatives in the new market environment:

Select the right mix of partners

Any organisation that is considering going down the Multisourcing path should consider the following when evaluating potential vendors in the new market environment: Firstly, from a business continuity perspective, it’s critical to assess and understand the viability of each service provider as a going concern. Include a thorough assessment of the impact of the economic crisis on their current and future operations, to understand the risk as well as additional value extraction opportunities. Furthermore, focus on each service provider’s ability to service debt liabilities and fund required investments; this could also extend to the potential impact of commitments made to and / or by other clients within their portfolio.

Secondly, realise that now more than ever, flexibility is the operative word for outsourcing strategies and contracts because outsourcing can never be separated from business goals. To drive the desired results, outsourcing relationships must constantly evolve. Organisations with successful outsourcing relationships will understand where they are in the business cycle and make adjustments. During the low points of economic cycles, cost will be paramount, but when growth returns, organisations and their service providers must be prepared to adjust their sourcing goals. For example, when it comes to the structure of the arrangement, consider engaging with providers that are willing to participate in profit-sharing and performance-based incentive arrangements. Also, CIOs shouldn’t underestimate the value of structuring contracts that include the ability to shift focus toward enhancement and innovation. Changes in the economy will inevitably occur in a multi-year outsourcing deal, but as the economy recovers, flexibility will be important. It’s therefore essential that you engage with providers who are willing and

able to engage with you on this basis and see the value in allowing a degree of flexibility into the contract.

Don't underestimate the governance requirements

The decision as to what to outsource and what functions to retain in-house is a critical one and, ideally, a formal sourcing strategy should be put in place to guide these decisions. Organisations should undertake a thorough assessment of their portfolio of services and determine the dividing line between mission-critical, strategic and tactical services and treat each differently when considering contract terms.

If your organisation doesn't already have a culture of strong IT governance - or the willingness to put in place detailed processes for dealing with multiple suppliers - Multisourcing can potentially cause chaos. While using multiple vendors can create healthy competition and lowers the risk of delivery failures, escalating fees and inflexible services, this approach also creates enormous co-ordination complexity for the organisation and for the vendors themselves. How do you get multiple vendors to deliver a seamless integrated service? How easy is it to switch to another vendor when one vendor does not perform? Who is ultimately accountable? Before taking the Multisourcing path, organisations should ask themselves: "who will have 'end-to-end' responsibility for service delivery and quality?"

There is also often the potential in a Multisourcing arrangement for the services of one supplier to be adversely affected by the activities of another. Even the perception that one supplier is hindering the efforts of another may lead to unhelpful finger pointing, which makes a 'root cause' analysis difficult and determining responsibility for the problem virtually impossible.

The first step to managing these risks is to ensure that contractual statements of work support the client's intended allocations of responsibility and minimise any blurring of the lines of responsibility between suppliers. Many organisations make the mistake of not investing sufficient time in defining scope clearly, objectively and without reference to assumed knowledge. Another common pitfall is failing to plan the

allocation of responsibility carefully, either by not considering fully how a particular supplier's services might affect others (before the contract is agreed), or splitting the responsibility for related services between different providers. The practical difficulties in doing this can easily outweigh the commercial benefits. A properly structured contract can support good project management disciplines, assist the pro-active management of suppliers and help to identify and resolve demarcation disputes before they occur.

Another approach is to use a prime contractor model, where the client has separate contracts between each supplier, but with end-to-end management being provided as a service by a particular supplier. This approach is not for the faint-hearted. The key to success is ensuring that the scope of the 'management' service is very clearly defined so that all players are clear on exactly where their responsibilities start and end. Again, however, the costs and benefits of taking this approach need to be weighed carefully: depending on the level of risk being passed to the managing supplier, the 'management service' may well result in higher overall service costs to the organisation than the scenario in which it retains end-to-end responsibility.

Conclusion

Although things look gloomy for the larger economy, the potential for outsourcing to address immediate cost pressures and long-term recovery goals is significant. However, only organisations that apply business-outcome-focused outsourcing will be successful and now more than ever, a structured, strategic approach to sourcing IT services, based on business outcomes, is essential. Multisourcing undoubtedly offers potential advantages over the 'single source' approach to technology procurement, but is not a panacea for all ills. Multisourcing can lead to its own problems if not implemented and managed properly. Ultimately, as with any procurement methodology, the suitability of this increasingly popular approach must be assessed in light of the organisation's business requirements and the services to be outsourced. Careful planning, appropriate structuring of the contractual arrangements and management are key to its success.

Virtualisation and Consolidation

Beyond the Business Case

Consolidation and virtualisation are high priorities for every large IT organisation today due to the efficiencies and cost reductions they promise. However, the true consequences of consolidating infrastructure and centralising the associated operations are only being discovered along the way. Decision-makers have a responsibility to ensure that implementation is an ongoing improvement process and to establish procedures that will allow them to maximise the benefits of consolidating to a virtualised platform.

Consolidation and virtualisation promise a transition from an unpredictable, inefficient state to one that is controlled, sustainable and efficient. The business and operational benefits of centralisation have long been attainable in operations outside of IT: more consistency, higher levels of standardisation and an improved control of process and resources to name a few. However, these were always set against the undeniable advantages of localised practices and independence, which often allow for more organisational flexibility and agility in the face of customer and market pressures. In the face of these two opposing considerations, management's task has always been about finding a suitable balance.

With the advent of virtualisation technologies, this broader management question has now become especially relevant to IT infrastructure and operations. While virtualisation is not new – MPLS networks are just one example of how



infrastructure can be virtualised from multiple systems into one – the astounding benefits promised by and available through server consolidation are making this an important strategy for IT departments right now.

In the world of servers and storage, virtualisation technology allows a single system to run multiple incompatible operating systems – and their applications, meaning that long-standing barriers to flexibility and compatibility can be broken down whilst dramatically improving hardware utilisation rates. Utilisation of most IT infrastructure only reaches 10 – 20% – clearly in today's economic climate, using only a fraction of IT assets worth hundreds of thousands of dollars is not

The positive impact of consolidation and virtualisation on business and IT objectives can be impressive:

- Reduced total capital expenditure through increased server hardware consolidation.
- Operational expenditure savings through lowered power, cooling and floor space demands within the data centre.
- Improved operational efficiency through standardisation and simplification of IT operational processes (e.g. fail-over, server build, business continuity planning).
- Productivity gains both in terms of reduced operator effort and improved transaction times during peak processing periods.
- Improved infrastructure service levels as a result of the technical ability to virtualise and / or pool server hardware, with the benefit being that virtual machines can be moved – potentially within minutes – based upon hardware availability and / or processing requirements.
- Improved service / availability / continuity through improved mean time to recovery and the potential to balance peak workloads (e.g. end of month / quarter / year).
- Reduced business risk and improved security and regulatory compliance

a sustainable practice. Other benefits include reduced energy demands, optimised use of data centre and real estate facilities and greater visibility, leading to improved management efficiencies.

Despite the well-documented benefits of consolidation and virtualisation, problems can crop up. These projects essentially involve moving from a decentralised to a centralised operating model and are often fraught with technical, organisational, and implementation challenges that require a well thought-out strategy. The key to success lies in ensuring that implementation is an ongoing improvement process and that server virtualisation and consolidation is thoroughly integrated into current and future technology architectures.

What are some of the potential risks to consider?

Firstly, how much is enough? Consolidate too much, and you may overload the server. In this case, if the server could not handle the consolidated workload it would lead to poor availability and performance – or worse, frustratingly slow end-user response times on critical business systems, which will in turn impact negatively on business agility. On the other hand, if you consolidate too little, you will not realise return on investment promised by the time-consuming server consolidation effort. Many companies today are focusing their consolidation and virtualisation efforts only on non-critical, low utilised servers to mitigate their risk, and as a result have returned only lackluster results and economies of scale.

Another unintended consequence of centralising your operating model is that it dramatically increases the need for rock-solid availability. Because server consolidation can result in the server becoming the single point of failure for multiple applications, the implications of downtime are much greater. It also becomes more difficult to schedule downtime for maintenance, because you need to find a window that's acceptable for all workloads, so uptime requirements become much higher.

Also bear in mind that over-centralising your environment can potentially bring with it the risk of reduced business

agility and responsiveness. It's critical in any virtualisation project to understand just what degree of independence branch offices require to adequately perform the tasks that ensure they operate efficiently – whether that be in delivering a certain production quota or supporting local customers.

Bandwidth problems can also arise, as a result of co-locating multiple workloads onto a single system with one network path. In a physical server environment, each application runs on a separate box with a dedicated network interface. But in a virtual environment, multiple workloads share a single network interface and possibly one router or switch too.

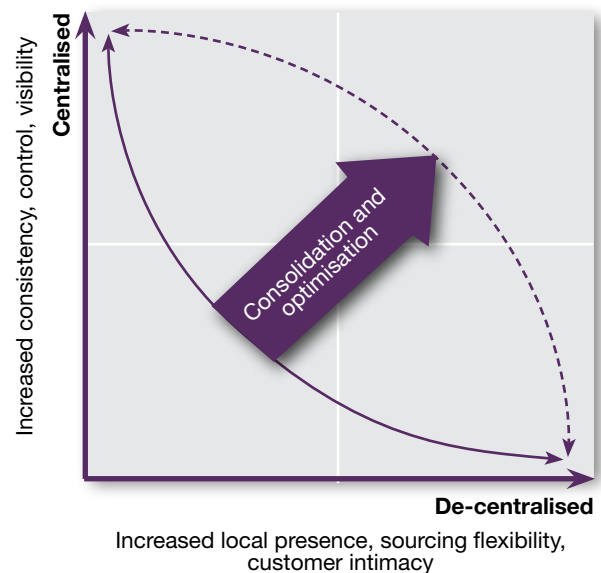
This setup can increase the network traffic through this single path, resulting in problems with bandwidth availability and throughput. Before virtualising server infrastructure, it is important to have a thorough understanding of the impact on the applications that run on these servers and the associated network paths. Many applications were simply not designed to run over the WAN and the success of a centralisation initiative could be cut at the knees if users simply can't access the applications they need to do their jobs effectively. The need to rethink network architecture and performance can often be an unintended consequence of virtualisation.

Failure to 'take the long view' and accurately account for future demands on capacity is not uncommon amongst organisations going down the consolidation / virtualisation path. For example, consolidating three servers showing 12% average utilisation today to one larger system using virtualised partitions may not look too risky, but there are many factors that could negatively impact this initiative. It is essential that you thoroughly evaluate current and future capacity with precision, helping to accurately and quickly evaluate the risks.

Companies also sometimes have difficulty finding or applying adequate monitoring and management tools that work across both virtual and physical landscapes. Other issues can include support, integration and compatibility of different operating systems on the multivendor hardware being virtualised.

Failure to 'take the long view' and accurately account for the future demands on capacity is not uncommon amongst organisations going down the consolidation / virtualisation path.

Consolidation and Virtualisation can provide the benefits of centralised and de-centralised operating models



Success lies in planning and ongoing management

The following guidelines can assist IT decision makers take on consolidation and virtualisation projects that return the highest value, with confidence:

1. Before implementing virtualisation technologies it is critical to dissect the cost benefits associated with them.

Thoroughly map out your anticipated return on investment upfront, together with the relevant payback time-frames. For example if the required hardware specification to support the infrastructure being virtualised costs more than the virtualisation hardware itself why would you go ahead with the exercise unless you had a clear idea how long the payback period would be? The tip is to complete a simple return on investment analysis prior to submitting the business case for funding.

2. Understand your infrastructure.

Prior to making any decisions concerning virtualisation it is important to understand your current infrastructure; this would include numbers and types of servers, operating systems, CPU and memory utilisation, application names and versions. Without a thorough understanding of these

components it will be difficult to identify where and how virtualisation technologies could best be used within your organisation.

3. Not everything should be virtualised.

Although virtualisation brings many benefits and may be used in a variety of environments, it is not necessarily the answer to everything. Operating system virtualisation will provide most benefit when replacing a physical server which is being under-utilised. For example, a typical server running Active Directory may only use a small percentage of its processing power and is therefore ideal for virtualisation.

4. Anticipate the people factor and the impact on your team:

Virtualisation brings with it a new style of administration that may impact the existing processes in place within your organisation. For example, the team responsible for the provisioning of new servers will likely need to adapt their administration model in order to be able to create servers in the new virtual environment.

5. Understand what applications you have.

Before virtualising any applications it is best practice to understand exactly what applications are included in the estate, what versions they are currently using and how they work. This will enable you to make the best decisions when considering virtualising those applications.

6. Conduct a review of your network traffic and capacity

Will the network handle the changed and increased load from the virtualised servers to branches? Does your current network performance meet the requirements that a virtualised server infrastructure will demand? Also

Failure to 'take the long view' and accurately account for the future demands on capacity is not uncommon amongst organisations going down the consolidation/virtualisation path.

consider your security strategy. You may need to rethink how you secure applications, data and your communication network in a new virtualised environment.

7. Sound capacity planning is critical.

Make sure you fully understand the infrastructure that will be used to virtualise your environment and combine insights about application loads, user demands, and hardware capacity into a comprehensive capacity planning model. Providing an exact match of infrastructure to the business demand that will be placed on it will ensure the highest levels of asset utilisation while optimising performance and service levels.

8. Leverage the vendor and consulting community to help you understand the various virtualisation technologies available in the marketplace today.

The solutions available are wide and can appear at first glance complex. When business-critical processes are on the line, an expert service provider can provide the peace of mind that CIOs need.

It's no secret that consolidation and virtualisation bring a host business and IT benefits ... More control, better server utilisation, lower capital and operating expenses and greater flexibility to meet business needs among them. It is an area of technology that every CIO should be considering. But proceed with caution down the consolidation and virtualisation path – it is a fine balancing act and lack of thorough preparation for the transition in infrastructure and operations management can impact negatively on your business agility. Success lies in upfront assessment, ongoing 'temperature checks', and where necessary, making use of experts to enable you to confidently make informed decisions.

It's no secret that consolidation and virtualisation bring a host business and IT benefits... More control, better server utilisation, lower capital and operating expenses and greater flexibility to meet business needs among them.





Securing Your Share of Wallet

Perspectives from the Business

In 2009, IT is coming under increasing pressure – as are all parts of business – to reduce costs and justify every dollar spent. How do you go about making the case for the projects you want to execute and the operational expenditure you need to enable IT to continue to support the business? *Précis* spoke to some business leaders for their perspectives on how best to go about securing your share of wallet.

Mark Sardi is Head of Investment Banking at Nedbank Capital, the Investment Banking business of Nedbank Limited, a leading Southern African bank. Investment Banking is home to the group's corporate finance, private equity, specialised lending and coverage teams.

What do you see as the primary focus of decision makers hoping to weather the current economic storm?

From an investment banking perspective, it's very much about ensuring that you have access to the right information at the right time, and using it to your advantage. The inverse is also true: the consequences of not having the right information – or not acting upon it quickly and appropriately – can be grave.

In an environment where the economy is under stress and commodity prices have fallen, gaining access to funds is harder for everyone. Wherever we have exposure in our business – be it on the debt or equity side – it is critical to

ensure that if any warning signs of problems ahead emerge, we are in a position to manage the situation proactively. We need timeous, decision-useful information. In 2009, I think you will see a lot of organisations moving into survival mode – focusing on just making it through the year relatively unscathed. To this end, receipt of decision-useful information is critical. In our organisation we've introduced a new system to give us this level of visibility. In the lending space, we now have a set of tools that sets out our exposure geographically, by sector, in 'time buckets' and by rating category. This allows us to tap into a wealth of information about our exposure at the click of a button. For example, if we're lending money to an energy company, we must take into account movements in the oil price. If we are funding a mining company, we need to keep an eye on the precious and base metal prices – the price of gold, platinum, copper, steel etc. This system empowers us to dynamically manage our lending book and if there are stresses imminent, we are able to 'get there early'. It all goes back to my point about making sure you have access to the information you need to make informed decisions, quickly.

Given that overall liquidity in global markets has been hard hit, do you think that companies will ultimately be looking to spend less?

The current lack of liquidity is affecting both borrowers and lenders. Banks aren't necessarily lending less – but they are looking longer and harder at the types of investment they are willing to make. Applications for funding for projects that are clean, easy to understand, have the right debt-to-cash flow metrics and easy to forecast revenues will be more likely to pass muster.

Likewise, organisations are thinking a lot harder about borrowing money, given the level of uncertainty in their own businesses. In the current climate, many companies are hesitant to load additional debt onto the balance sheet and thus increase the level of risk to their operations.

The key takeout for someone managing capital in an IT department? Focus on making your forecast as clean and simple as possible. It's all about reducing complexity – the less turgid a story is, the easier it will be to sell in the current economic environment.

What advice would you give a CIO who is about to approach his or her source of finance for funding for a new technology project or investment?

As a first step, you need to attach some urgency to the need, then fit the wallet around that need so that it's not seen as excessive. In the current climate you also need to bear in mind that those holding the purse-strings will likely go for the most functional IT spends – the Volkswagen as opposed to the Rolls Royce. Spending wisely and transparently is key.

You also need to demonstrate that you've done some homework in terms of where the business will get most 'bang for its buck'. To assist with this, bring in some relative pricing, show decision makers exactly what you'll get for a million dollar solution, and contrast this to what the \$500,000 will do... and not do. It's also not a bad idea to build some benchmarking into your case and provide some examples of experiences other organisations have had with the various technology options available.

Have organisations' investment horizons changed in the sense that they are thinking more in the short term? Or are they still bearing in mind the strategic picture, but just figuring out how to do it in a phased investment approach?

While a lot of the strategy that was set by organisations in the second half of 2008 may be credible, current economic conditions are making it very difficult to execute on these strategies. As I mentioned earlier, I believe that in 2009, the primary focus will be on navigating the choppy waters and while, for the most part, companies will keep their strategies in play, they'll need to be aware that they may have to delay execution for a period. What this typically means is a high level of cost focus . . . and the challenge therefore for IT is to position IT spend not as a 'cost' but rather as an investment.

You need to attach some urgency to the need, then fit the wallet around that need so that it's not seen as excessive.



We also make sure we act swiftly on any new opportunities that arise to reduce product cost and make our organisation more efficient.

Ken Goldman is the CFO of Fortinet, a world-leading provider of unified threat management (UTM) security systems that enable secure business communications. Fortinet's security systems and subscription services protect the networks of more than 25,000 customers worldwide – including telecommunications carriers, service providers and enterprises of all sizes.

Are you seeing fundamental changes in the way organisations approach investments in technology in the wake of the economic downturn? Has your organisation's investment strategy changed?

In our organisation, we apply several basic principles when making investment decisions. First, we look very hard at any proposed expenditures to ensure that they are revenue-driven. We also make sure we act swiftly on any new opportunities that arise to reduce product cost and make our organisation more efficient. In our business, like any other, there are some areas of investment that are 'nice

to have' and others that are integral to the sustainability of our operations. For example, to run any organisation efficiently in today's environment you need to manage risk, and therefore a robust IT security infrastructure is always going to be imperative. This is not an area where it would be prudent to cut corners.

When times are tough, the degree of scrutiny that new and existing investments are subjected to typically becomes more intense. For instance, whenever a new opportunity is brought to the table, we'll make sure that the business case is compelling enough to justify the spend and also that the right mechanisms are put in place to track and measure the return on the investment further down the line. The ability to demonstrate a near-term benefit on investments is also very important right now. At present, within our organisation we look upon projects that have a relatively short ROI period a lot more favourably than those offering returns only in the three-to-five year time period.

Access to capital is not as easy as it used to be. Are you seeing companies delaying or deferring projects for which they would need to secure external funding?

Companies are definitely thinking longer and harder about increasing their debt profile at this time. Projects that are being put on the back burner or shelved completely are generally those that don't have a reasonably near-term ROI and those that require heavy capital investment, for example, in new equipment.

The impact of the economic slowdown on Fortinet's business has been relatively limited due to the fact that our price-points aren't so high as to preclude organisations from having the resources to invest in our solutions – they are typically not multi-million dollar investments. What's more, managing threats and security is an area everyone is justifiably very concerned about. Most decision-makers realise that saving a few dollars on security now could potentially compromise the organisation's security posture in a way that would be detrimental in the longer term. We also have the advantage of having an extremely diversified customer base – we supply products and services to companies in all vertical industries, which works in our favour.

Projects that are being put on the back burner or shelved completely are generally those that don't have a reasonably near-term ROI and those that require heavy capital investment, for example, in new equipment.

Another advantage for us is that many of our security products involve consolidation, in other words they enable organisations to eliminate multiple different security products (and their associated costs) and replace them with a single integrated security device. This not only results in better overall performance and security, but also in reduced operating and capital expenses.

What activities are organisations looking to drive most as part of their cost saving strategies?

Automation is a tactic that many organisations are leveraging in order to improve the productivity of their workforce and up the average revenue per employee. At Fortinet, we were able to improve revenue per employee internally by 30% last year through automation. We invested in a concept called 'hard-tooling' which enables us to manufacture our circuits and chips at a much lower variable cost. We're also looking closely at our systems, in terms of how we can invest in and integrate them, firstly, in order to access better data to make strategic decisions with and, secondly, to boost the productivity of our operations.

Do you think Boards and CFOs are looking to CIOs for advice on where and how to invest the company's money in technology, or do they understand IT sufficiently well to make these decisions independently?

As I mentioned earlier, there are typically three kinds of projects in every business: projects that have a clear ROI, discretionary projects and the 'must have', essential projects. I think in most organisations, IT and the business adopt a joint approach to 'sifting and sorting' through them, and balancing their assessment against the amount of money 'in the pot'. I certainly work very closely with Fortinet's CIO when it comes to making decisions on where it makes most sense to invest in technology and which projects to prioritise.



Investments that are easily quantifiable and have clear revenue-generation potential are going to be the ones that are given the nod.

Charles Russon is the Chief Financial Officer of Absa Capital, the investment banking division of Absa Group. Absa Capital provides financing, risk management and advisory services to South African Corporate Clients and is the Rand centre of excellence for Barclays Capital.

How has the way people are making investment decisions been impacted by the economic crisis? Are new or different criteria being used, or are the same criteria being applied, but just more rigorously?

The most fundamental change flowing from the economic downturn is the fact that credit is not being extended as freely as it was a few years ago. Capital is a very scarce resource and looks likely to remain that way for the foreseeable future. As a result making a successful business case today is a lot tougher and your business case is going to need to be water-tight. This principle of a sound business case has always existed, but today the hurdles are a lot higher and

the criteria are going to be a lot more rigorously applied. It boils down to the fact that at the moment, that everyone is using their capital very, very carefully to make sure they get the most 'bang for their buck' – whether it be through an investment in people, technology, infrastructure or property – and establish what is going to give the greatest return.

Are we seeing a shift away from more risky portfolio-based investments in favour of investments where the near-term returns are easier to define and demonstrate?

At the moment there is a risk that investments that are easily quantifiable and have clear revenue-generation potential are going to be the ones that are given the nod. However, the risk of this is that if organisations become too focused on the near-term and on measuring returns, they can potentially miss out on strategic opportunities which can contribute to growth and agility. Businesses are going to need to be vigilant about making sure the pendulum doesn't swing too far in the

other direction and that they don't start looking at everything solely from an operational, short-term perspective. There is perhaps an even greater need to apply a strategic lens, when times are tough.

Given the prevailing mood of risk-avoidance and the tendency of Boards to favour quantifiable, short-term projects, how would one best make the case for investments that don't necessarily fall into this 'bucket'?

You need to accept that today the level of governance that is brought into play by decision-makers when reviewing plans for more strategic, long-term projects is far greater than it used to be. This means your business case for any kind of large, multi-year investment is going to have to be properly thought through and meticulously planned. Expect to be challenged at every level and from every angle – and don't expect decisions to be taken quickly. The reality is that in the current climate, organisations are going to want to make 100% sure the business case truly stacks up, before loosening the purse-strings. In line with this frugal approach, executives will be inclined, wherever possible, to defer non-essential technology investments and 'sweat' existing assets a little longer. Of course, one needs to be careful not to 'sweat' one's assets too extensively . . . so make sure you have the right metrics in place, be aware of what the implications of not replacing or refreshing elements of your infrastructure will be, and the period for which this will be sustainable.

What is the 'unspoken' cost of getting management decisions through, given the increased governance around decision-making on more strategic initiatives? How do you weigh up the cost and complexity of the process?

In the current climate, pursuing strategic endeavours will certainly consume a lot more energy, time and resources than it used to, so it is simply not feasible to divert too much attention away from 'what keeps the ship afloat'. You need to keep a close eye on ensuring your operation is running

efficiently in the short as well as medium term. It's critical that someone in a senior role has a clear line of sight across all these areas, to ensure the correct balance is maintained.

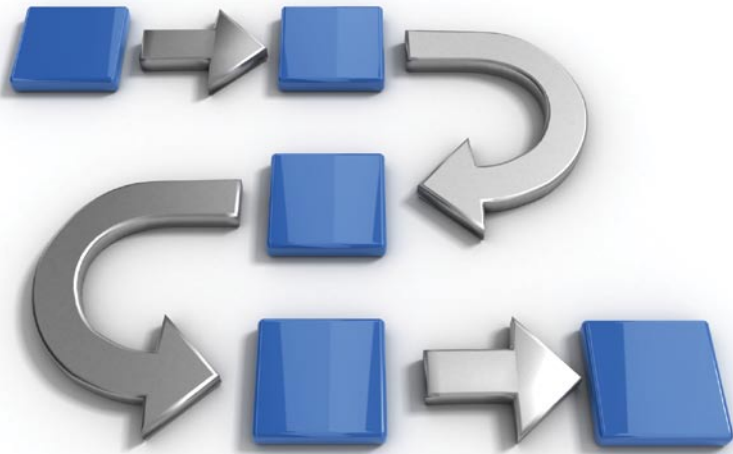
What level of collaboration between the business and IT stakeholders exists – or should exist – when making decisions around investments in technology?

The one thing we ensure in our organisation is that there are clear business owners for any kind of IT investment, as opposed to giving IT stakeholders carte blanche to decide how the money is spent. There has to be a 'joint carrying of the can'. Ideally, organisations should establish a forum, comprising stakeholders from different areas of the business, which is responsible for evaluating the various needs and requests from different departments and prioritising them fairly and objectively, according to a set of defined metrics.

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‘Automate’ and Be Efficient

Cost saving strategies for software upgrades



Automating to achieve a ‘dynamic’ environment means you can reap the benefits of enhanced IT operational efficiency and reduced deployment, maintenance and support costs.

As an IT operation, supporting the business in running efficiently is not only important but expected. You need to ensure that information workers can take advantage of new software upgrades and productivity tools within minutes, not days or weeks. You also need to ensure that company information is secure and accessible at the same time. The only way to achieve this ‘efficiency’ is to ensure that the services you deliver to the business are dynamic and available when they’re needed.

In reality, many organisations still fail to update their desktop infrastructure with software updates on a regular basis and consequently introduce unnecessary security vulnerabilities into their environment. The result: serious system crashes and poor performance.

Working on sluggish PCs and outdated operating systems can drain staff productivity and morale. It can also potentially erode the competitive edge an organisation has achieved through the use of technology.

In addition, by not upgrading software, workers will not be able to leverage the advantages of new platforms and applications and they will therefore not be able to exploit the latest productivity tools. Many vendors build additional management and efficiency toolsets into newer versions of their software that could make your IT department more efficient. However, while there are a myriad of good reasons for organisations to upgrade, delivering services and applications to end-users, and updating desktops and laptops to incorporate new versions of software are all disruptive events. They take effort, time and resources to complete; a large-scale desktop deployment can take anywhere from 6 to 18 months to roll out.

You may therefore be hesitant to adopt new desktop infrastructure and your organisation may tend to avoid the latest technologies. This 'if it ain't broke, don't fix it' approach may help avoid the inconveniences of a desktop deployment project, however, putting off such a project has additional hidden costs such as increased requests for technical support, higher management costs and ineffective security measures.

The answer to these problems lies in automation. Automating the deployment process will ensure that the upgrade and roll-out of systems becomes a dynamic activity. By making your environment consistent, repeatable and automated, you are removing the chances for disruption and errors which typically require IT personnel to manually intervene.

For example, with automation solutions, such as Dimension Data's Dynamic Desktop Deployment offering, organisations can deploy, update, secure and centrally manage the latest desktop versions of Microsoft Windows, Microsoft Office and third party products on thousands of PCs within minutes.

But there are other benefits that come in the form of consistency, reduced install errors, less user frustration, less time to deploy – all of which translate to efficiency gains and therefore impact productivity of the business.

The business case for automation, especially in the current economic slowdown, is indeed very compelling.

Dimension Data's work with many organisations around the world to deploy and manage Windows desktops and servers (both physical and virtual) has shown that dynamic systems deployment can deliver strong and tangible benefits. For example, the ability to deploy an SOE image to multiple PCs across the organisation in approximately 30 minutes, rather than over a period of several hours; reducing the time to deploy a fully-functioning workstation to a user from six hours to 90 minutes per machine; and cost savings as a result of shorter time to full deployment in the region of 30%.

A word of caution, however, is that implementing best practice processes is not easy and typically requires a degree of IT rigour, commitment and management backing. Automating manual processes while retaining an appropriate level of flexibility to address diverse needs and scenarios

can be difficult. If you don't have the skills in-house consider drawing on the capabilities of a service provider who can offer you the safety net of a track-record and focused expertise.

Automating to achieve a 'dynamic' environment means you can reap the benefits of enhanced IT operational efficiency and reduced deployment, maintenance and support costs. Most importantly, you can help the business to exploit the latest technologies available. With robust and proven solutions available, why continue to deploy and manage upgrades manually where automation can boost your IT efficiency and help deliver more productivity in the business?

There are other benefits that come in the form of consistency, reduced install errors, less user frustration, less time to deploy – all of which translate to efficiency gains and therefore impact productivity of the business.



Do the Right Things... and Do Things Right

Software as a Service (SaaS) is one of the most impactful trends in the IT software space. Recently this trend has been extended into the IT Service Management (ITSM) domain. The approach solves many of the problems that traditional installations faced, from large upfront license fees, long time to implementation, and access issues by a mobile workforce. Is this something your organisation should be thinking about?

Enterprise IT budgets for 2009 are virtually flat and CIOs' top priority in the coming year is finding efficiencies. IT decision-makers are analysing how things are currently done, and finding out if there's a way to either automate them or use other tools they currently have, or invest in new tools if these show additional efficiencies. When it comes to ITSM, there has been a great deal of interest in SaaS platforms. These next generation models offer a lightweight, but comprehensive approach to IT service and asset management and have the potential to save time and cost and address frustrations commonly associated with traditional service delivery models. A typical SaaS implementation in ITSM costs less than the current maintenance of legacy applications, and provides far more flexibility to a company's workforce.

"The last few years have seen an uptake in interest in ITSM software offered on demand as a service via the Internet. These applications are licensed on a subscription basis and

may be deployed in a fully hosted fashion or implemented on site, on the client's infrastructure," says Lee Schubert, Dimension Data's IT Service Manager.

In many respects, these services are redefining the IT management market, providing a fresh opportunity for organisations to fix their age-old problems, but also providing the platform to tackle service management challenges that have been perceived until recently as too complex to realistically address with software.

The technology is based on the premise that effective IT Service Management is all about implementing processes with as much automation as possible, remaining flexible to business requirements and responding to reporting and workflow needs.

How SaaS platforms are redefining IT Service Management

Essentially, the technology provides a modern set of ITIL-based service management applications delivered on a single, extendable development platform.

The single system of record provides clear visibility into what is being done in IT, for which parts of the business, with what priority, as well as the risks associated with that work. It is comprehensive enough for the most technical manager to understand the impact of pending changes being made in seemingly unrelated areas, yet simple enough to use that a non-IT employee will find value in it too.

There are always going to be issues, incidents, upgrades, releases and user error, but the level of pain they cause your users and the number of dollars they cost your business can be controlled and minimised.

Making the case

Justifying investment of any kind in new technology is a tall order in the current climate. CIOs who hope to eliminate management fears and make a successful business case for investment in a SaaS platform need to make their case... and make it well. Executives will be likely to listen if, for example, you can illustrate how the technology will lead to improved use of scarce internal resources, or software licensing savings of \$X per user per annum. Another approach is to identify processes that are decidedly shaky, which, once corrected by automation, for instance, will give the company a leg-up on competitors that are content to maintain the status quo during a downturn.

The key to crafting a successful case for investment is to tie it to specific, broken, overly-expensive or inefficient business processes. The point to get across is that there are always going to be issues, incidents, upgrades, releases and user error, but the level of pain they cause your users and the number of dollars they cost your business can be controlled and minimised. To make the case internally, as a first step, you'll need to audit your wastage and inefficiencies. What is your current first call resolution rate? How much downtime do you experience in an average month? Is the organisation plagued by security breaches? Are scarce internal technical resources performing the right tasks and in the most cost and time-efficient way? Or is your internal team spending hours attending to manual software deployment and upgrades rather than focusing on innovation and strategic initiatives that will grow revenue? Back your argument up with some

sobering proof points, then, once you have everyone's attention, explain how revisiting your approach to IT service delivery can help to reduce or eliminate these painpoints.

Some of the key benefits that can be unlocked by moving to SaaS ITSM platforms include the following:

“We can save money and work smarter”

One of the ways to motivate the migration to a SaaS ITSM platform is to point out that these models can substantially reduce ITSM tool total cost of ownership without requiring a significant upfront capital outlay. Typically, these services are purchased via a monthly or quarterly subscription, which allows for predictability of cost. Thereafter, you pay only for what you need, when you need it. “With this model, you pay per licence so spend correlates with your business growth. You are able to opt in or out of specific software packages according to your business requirements. For example, if you embark on a fixed-term IP telephony deployment, you can increase your subscriptions for this period to cover your additional project, change and release management team then discontinue the license subscription once the deployment has been completed,” explains Schubert.

“We'll operate more efficiently than ever”

Another win of moving to a SaaS ITSM platform is efficiency gains. Multiple communication options means employees can send and receive information faster, in the format they prefer, and as the Web 2.0* interface is simple, customisable and user-friendly, staff will see the application as a tool that helps get work done, not an impediment.

Benefits of SaaS IT Service Management Platforms

- On demand
- Subscription-licensed
- Simple user interface
- Automatic upgrades managed by the vendor as part of the service
- No hardware investment needed
- Delivered on a single web-based platform providing global access

Typical cost savings realised by organisations that migrate to next generation platforms include:

- Overall IT Service Management costs reduced by between 33% and 66%.
- Application infrastructure costs disappear.
- Administrative costs are halved.
- Upgrade costs are zero as these are included in the subscription as part of the service.
- Rapid, predictable, lower-cost implementations.
- Automatic upgrades liberate staff for more important things.
- Subscriptions cost around 80% of current maintenance fees.
- Implementation typically takes 25% of the time and cost of upgrading existing ITSM applications.

You won't need an army of expensive consultants to help deploy IT processes.

Additional efficiency gains flowing from the new technology relate to time savings associated with implementations. Applications can be deployed throughout an organisation in a matter of weeks, unlike traditional models which require many months of testing and piloting.

“We can enable business agility”

Current economic conditions mandate that business and IT services are agile. The simplicity and flexibility of the back-end platform architecture of this technology allow organisations to easily customise the application to meet their unique business needs. You won't need an army of expensive consultants to help deploy IT processes. As your organisation matures, the application can grow with you.

“We'll have the information we need to make decisions at our fingertips”

Greater visibility and control as well as increased information sharing between different branches and geographies are further benefits offered by SaaS ITSM platforms. This is because all your company's information is stored in one database, which decreases dependencies and bottlenecks and gives your IT team one consolidated view of your IT estate.

“We'll never need to worry about an upgrade again”

Enterprise software vendors have historically required clients to shoulder the burden and costs of application upgrades and maintenance. Most IT organisations today can't absorb the loss of valuable time and resources, additional infrastructure expenditures, excessive consulting costs and staff retraining. Not to mention the endless cycle of patches and maintenance! So it makes sense to consider automating things – it's relatively straightforward to make a case based on the time savings of not having an IT engineer complete this manually with each user's PC or laptop.

What to bear in mind

While interest in and adoption of SaaS platforms continues to grow and the benefits they offer in terms of improved efficiencies and cost savings are significant, CIOs should be mindful that like any aspect of technology, SaaS platforms are not immune to problems. A variety of issues relating to security, integration or performance can arise and these need to be carefully evaluated before proceeding down the SaaS path.

Firstly, let's consider integration. Installing SaaS applications is easy. It's integrating them that has the potential to drive up the cost and complexity that SaaS is supposed to avoid. It's not uncommon for companies to turn to SaaS to access these benefits, hoping to leave maintenance and upgrades to the vendor. They're finding, however, that management of the integration still falls to the IT organisation. Even though SaaS has proven ability to handle critical roles at large companies, integration remains far from a drag-and-drop job. While you will reap considerable benefits in the long term by eliminating the need for manual software deployment and upgrades, be sure that you've factored in the time and resources that will be consumed by the integration process, when presenting your business case.

Another factor to bear in mind is that to some extent, being tied to SaaS means that you are at the mercy of the vendor when it comes to the software architecture. There also seems to be room for improvement on the part of vendors in terms of the timeous sharing of roadmaps and upgrade plans with clients. It's not uncommon for companies to complain about not being made aware of upcoming upgrades to SaaS software and as a result, being blindsided with the changes. This is perhaps indicative of a communications issue on the part of vendors. The latter must be diligent about informing clients of upcoming changes well in advance, monitor feedback, and adjust their plans if appropriate.

It follows therefore that the selection of the right SaaS vendor is a critical one. If your business is considering a SaaS solution, make sure the vendor you're considering has a long track record and is financially sound. You don't want to entrust your data and mission-critical services to a company that may go belly-up any minute. What about if their servers get hacked and your data is modified? If you are a regulated entity, will their policies on data loss affect you? Check to see how your vendor's security policies measure up and what its plan is around disaster recovery.

Also consider how you'll deal with any performance issues that arise. Remember that as long as the network is working, things are fine but if the network is having problems or the vendor is having server issues, business literally stops. You need to have worked out backup plans for what you're going to do if your business-critical online application suddenly

Web 2.0

Web 2.0 sites often feature a rich, user-friendly interface and allow users to do more than just retrieve information. They can build on the interactive facilities of "Web 1.0" to provide "network as platform" computing, allowing users to run software-applications entirely through a browser. Users can own the data on a Web 2.0 site and exercise control over that data.

becomes unavailable. Will you go to paper? Wait until it comes back up?

Bear in mind that while your network operations personnel have local visibility and control of applications deployed from within the enterprise, they are much more limited in SaaS applications served from the cloud. In particular, it's difficult with traditional tools to distinguish SaaS traffic from

While you will reap considerable benefits in the long term by eliminating the need for manual software deployment and upgrades, be sure that you've factored in the time and resources that will be consumed by the integration process, when presenting your business case.

other Internet usage going in and out of remote sites. IT personnel do not have local ability to determine whether the service is up and running or if the business user has straight connectivity to his or her hosted application. Ultimately the challenge for an IT organisation is that their end users aren't going to call the SaaS provider if they have performance

SaaS for IT Service Management in action

For Dimension Data, high quality and consistent service delivery is imperative – not only in terms of the service we provide to our clients, but also the service our own internal IT organisation provides to Dimension Data end-users and the business. The company recently successfully 'made the case' for the implementation of a group-wide migration to a next generation SaaS ITSM platform. The solution was seamlessly rolled out in four geographies in less than five months. As part of our internal rollout, we focused on the following ITSM applications:

- Incident Management
- Problem Management
- Change Management
- Project Management
- Service Level Management
- Configuration Management (CMDB)

As part of the deployment, we set up five virtual Service Desks. These Service Desks operate on the same global system but can be adapted to accommodate different regional specific workflow, presentation and integration needs.

Dimension Data is in the process of migrating its managed services capabilities onto a SaaS ITSM platform. This gives our clients the peace of mind that they are partnering with a provider who is at the cutting edge of technology. In addition, this initiative is enabling us to better meet our clients' needs in terms of information visibility and customisability, as well as improving our own internal operational efficiency.

issues; they're going to call the IT support desk. Before support personnel relay the problem to the SaaS provider, they first need to perform the due diligence on their end to see if there is anything in the enterprise affecting the SaaS application – a potentially time-consuming and resource-draining affair.

Have you considered the infrastructure requirements for migrating to SaaS? Once upon a time, all web-based applications were just simple forms. However, many current SaaS applications require significant client-side processing power, and are expected to respond like desktop applications even as data is moving from the user to the vendor. Good network environments, minimal interference from intermediary devices, and fast, up-to-date systems are a requirement for good performance. Many SaaS vendors do not shine a light on this issue with their clients. For this reason it is critical that both IT and the business be involved in decision making when SaaS vendors are being evaluated. Avoid the situation where the business side chooses a SaaS vendor without IT, basing the decision on business needs but forgetting to factor in the technical requirements needed to fulfill those business needs.

In difficult economic times, you need to make sure you are not wasting precious resources. When it comes to IT service delivery, you need to ask yourself, firstly are we doing the right things... and secondly, are we doing them the right way? On demand, automated, web-based platforms are emerging as an attractive alternative to traditional delivery models, and may be something you should consider investing in or speaking to your service provider about. If you outsource your IT Service Management or are considering doing so, you can expect to benefit from cost savings and improved quality and consistency in service delivery by partnering with managed services providers who are themselves leveraging SaaS ITSM platforms to deliver services to their clients. Keep in mind however, that a rigorous evaluation of vendors is essential to ensure your service experience is in line with expectations. Also, be sure that you have thoroughly considered how you will deal with potential setbacks that could crop up during your SaaS adoption journey.

Embrace the New Dawn of Business Collaboration

Reduce Your Operational Costs by Collaborating Efficiently

For decades in business, the most traditional form of communication focused on person-to-person meetings, which often involved incurring travel expenses and leaving a long paper trail. Integrated Collaboration is revolutionising the business world, not so much because it unifies a suite of high-tech technologies to create the ultimate end-user experience, but more in terms of the dramatic operational savings it can bring about.

Organisations view collaboration as a fundamental part of their long-term survival. In a recent research study*, executives revealed that collaboration will either form an important part of their competitive advantage or will be central to survival over the next three to five years.

While successful collaboration hinges primarily on people and their communication skills, technology plays an enablement role. Integrated Collaboration (IC) offers the ability to significantly improve the ways that individuals and groups interact and perform, by integrating multiple communication channels such as IP Telephony, Presence, e-mail and audio / video / web conferencing, on a single platform.

Why collaborate?

Making the case for collaboration technologies to your executive board should not so much focus on the features of the technologies, but more on the operational savings it can bring to your organisation. In other words, when implemented correctly and utilised in the most appropriate way, these technologies can increase efficiency in your organisation resulting in operational cost savings, especially if your organisation is dispersed across a number of regions or countries.



As an example, in the Americas, Dimension Data has 800 plus employees spread across 21 locations. A quarter of this workforce consists of flexi-workers – individuals who are either home-office based or temporarily based at client sites. For this reason, integrated collaboration technologies work well in improving communication between co-workers and bringing about dramatic savings in travel expenses, as well as slashing their telecommunications bill by around 50%. The solution has also simplified how employees connect with each other and this saves time and improves efficiency.

Which technologies to choose?

One common, fundamental error in selecting the technologies that form part of the integrated collaboration suite is the lack of understanding and analysis of how your organisation meets. For this reason, it is crucial to investigate your organisation's meeting culture at an early stage.

* *Companies without borders, collaborating to compete - Economist Intelligence Unit survey of 187 executives, November 2006.*

Day-long meetings, if they form a large part of your corporate culture, are well-suited to virtual meeting styles. However, it can be difficult to keep people focused for long periods using purely audio technology. Similarly, carbon footprint and cutting the cost of travel might be issues that suggest that virtual technology solutions can assist your organisation.

Integrated collaboration also means that virtual meetings don't always have to be conducted in reserved conference rooms. You have the freedom to conduct virtual meetings 'on the fly' from your desk or in more formal settings. Mixing and matching conference room video and laptop video is no issue, regardless of whether you are working from your office, home or hotel.

Everyone has access to a phone – and this can be useful for broadcasting shorter messages to larger audiences quickly and securely. Applying the right technology, however, can even have your end-users simultaneously viewing a slide presentation on the web for a richer experience.

In addition, rather than rushing headlong into adding a video conferencing solution to your communications suite, it is important to carefully devise a conferencing strategy. Take a step back and determine what your requirements are, how these are best met, your priorities and therefore where your budget should be spent. For example, factors to consider when making the business case for adding a video conferencing solution to your communications suite may include the following:

- Are your executive members based in different branches or a single location?
- Does your meeting culture lead to infrequent, day-long conferences or shorter, more frequent meetings?
- Where does the issue of environment and carbon footprint feature in your organisation's priorities?
- What about budget?
- Do you have staff training needs that readily lend themselves to video conferencing capabilities?

Again, as an example, in the Americas, Dimension Data's executive team previously incurred significant travel costs in order to meet face-to-face. Today, they meet via video conference, thereby minimising their impact on the environment though reduced travel-related carbon emissions.

The Human Resources Department also utilises video conferencing to hold confidential meetings with employees. They say it is easier for employees to discuss important issues face-to-face than to call a stranger when they have an issue. Human Resources personnel can also look employees in the eye and get to know them as people, rather than just as voices.

Making your case

Once you have a thorough understanding of how your organisation meets, the next step is to determine the technology required in your communications suite. Dimension Data provides a tool (the Unified Communications Development Methodology) to assess where your organisation is, and where you want to be in your journey to integrated collaboration.

There are many issues you need to consider before making the case for an integrated collaboration solution to your executive board. Most importantly, investigate your organisational culture and operations and determine whether IC can bring about cost savings and end-user efficiency.

Remember that savings that will be made will not come from IT, but from operations: a reduction in the travel and telecommunications budget, printing and shipping, as well as making employees more efficient by empowering them with appropriate collaboration tools.

Rather than rushing into adding a video conferencing solution to your communication suite, it is important to carefully devise a conferencing strategy.

Case Study

Centralise IT infrastructure and optimise to cut costs

By centralising global IT infrastructure and optimising the corporate network, organisations can expect major savings. A global shipping company with more than 200 branches reduced its bandwidth usage by 50% and cut its worldwide IT hardware footprint by 85%, though centralising their IT systems and enabling performance optimisation solution from Dimension Data.

Client Background

Our client is a global shipping company which is the world's largest marine services provider. The company manages berths at hundreds of ports globally for major clients, including Shell and the US Navy, handling more than 58,000 transactions a year. When a vessel arrives in port the company acts as the agent, handling services such as providing tugs, docking permission, fees and refuelling.

Business Challenge

The shipping company has an aggressive business strategy to double in size and revenue within five years. To support this growth, the company aimed to rationalise their IT systems and infrastructure. Additionally, many of the company's branch offices are located in regions of the world where the quality of the telecommunication infrastructure is not as advanced as in the developed world. The company wanted to provide all their employees with the service and applications that they needed to efficiently conduct business.

Quick Overview

- **Industry:** Transport and Logistics
- **Country:** United Kingdom
- **Challenge:** Double business size and revenue within five years. Improve the poor quality of the telecommunications infrastructure challenging many of their 200 worldwide branch offices
- **Solution:** Dimension Data's performance optimisation solution enabled the shipping company to centralise its IT systems and to achieve near LAN-like performance for users worldwide accessing United Kingdom hosted applications.
- **Results:** Apart from cutting its IT hardware footprint by 85% (thereby reducing its carbon footprint), and reducing bandwidth usage by 50%, the shipping company has also increased network performance in regions with poor local infrastructures.

Our Solution

At the time the company approached Dimension Data, they had already investigated several technologies in the marketplace. However, Dimension Data impressed them with our services-led approach and understanding of the WAN

optimisation market. The recommendation was to deploy WAN optimisation technology from Cisco (their WAAS – wide area application services) as the key enabler to support the company’s consolidation strategy. Essentially, our solution optimises network bandwidth enabling the centralisation of the company’s applications, content and data in the United Kingdom, while delivering near LAN-like speeds to branch offices globally.

“One of our client’s major concerns was that they were finding it hard to retain and resource skills to manage their IT within each region. We helped them to assess whether it would be possible to centralise their IT services and skills from their local branches to the United Kingdom, where all their major IT skills reside. They needed a solution to combat latency and packet loss, as well as all the typical networking types of issues that may arise on a WAN when services are centralised,” explains Rob Johnson, Solutions Architect at Dimension Data in the United Kingdom.

Value Added

Dimension Data’s solution is having a dramatic impact on the shipping company. The solution has enabled the company to reduce their worldwide IT hardware footprint by

85%, thereby reducing their carbon footprint. The company is replacing two or more servers at each of their offices with a single router.

“By centralising local services, such as Microsoft Exchange, file and print services and the Web, the company is reducing their hardware, software, licensing, maintenance and operational costs,” adds Johnson.

Thanks to Dimension Data’s performance optimisation implementation, the shipping company was also able to reduce its bandwidth usage by 50%. A case in point is the example of how the company is able to optimise bandwidth at their Djibouti branch in Eastern Africa. Internet connections are limited at this branch with data throughput sometimes as low as 64Kbps (kilobits per second). By making better use of bandwidth, this branch is able to reduce its traffic and optimise its bandwidth by 50%.

“We have assisted the company with their strategy to double in size and revenue and reduce their carbon footprint. With our solution they were able to centralise their application services whilst maintaining and, in some cases, exceeding the end-user experience ” concludes Johnson.



Thanks to Dimension Data’s performance optimisation implementation, the shipping company was also able to reduce its bandwidth usage by 50%.

Research Notes

CRM PRACTICES AND PRINCIPLES ONLY PARTIALLY ESTABLISHED IN \$130 BILLION CONTACT CENTRE INDUSTRY

In the global contact centre industry, estimated to be worth some USD 130 billion per annum, organisations are not optimising the value of their investments in Customer Relationship Management (CRM) practices, according to findings from a recent Dimension Data Contact Centre Benchmarking Report.

Alex George, Dimension Data spokesperson for the Benchmarking Report comments, “Minimal progress has been made in adopting a more customer-oriented, CRM-based approach within the contact centre environment

30% OF IT USERS REPORT ‘FREQUENT’ SYSTEM CRASHES AND SLOW-MOVING SOFTWARE

According to recent research undertaken by Dimension Data, 30% of end-users and IT decision makers bemoan ‘frequent’ computer crashes and sluggish software. According to the company’s Network Performance Frustration Research Report, more than half of all users and IT decision makers encounter these issues at least ‘occasionally,’ which can negatively impact everything from worker productivity to employee satisfaction to the bottom line. These issues are also causing users to lose roughly three workdays per year – time spent waiting for their network to pick up the pace.

The report contains responses from 267 IT decision makers responsible for network management and 957 IT users across North America, Europe, Australia, Central and Latin America, the Far East, Middle East and Africa.

over the last 10 years. When we compared this year’s findings with those from our first survey, undertaken over a decade ago, the picture is not positive.”

A key CRM indicator is the establishment of a single view of the customer. Ten years ago, 39% of participating contact centres already possessed this capability, with a further 45% of centres planning to implement a single view within the next two years. However, this year’s results show that the percentage of centres with a single customer view has decreased to 34%.

For more information about Dimension Data’s Benchmarking Report, please go to www.ccbenchmarking.com

Results indicated that, although the above issues are no doubt detrimental, worse yet, their effects are often overlooked. More than 20% of the IT decision makers surveyed don’t take network performance into account when calculating return on investment (ROI); in fact, 23% don’t calculate ROI on network investments at all.

“Without the ability to look at ROI, a company leaves itself open to losses and costs that cannot be quantified,” said Gary Middleton, business development manager for Network Integration at Dimension Data. “What’s more, the ROI business case for performance-improving technology is both compelling and easy to prove – with a typical payback period as low as seven months.”

For more information about Dimension Data’s Network Frustration Research Report, sponsored by Blue Coat Systems, please see www.dimensiondata.com/speedoflife.

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