The Rise of Enterprise IT-as-a-Service

Stanton Jones, Director and Emerging Technology Analyst, ISG
Bryan Hair, Vice President and Chief Service Officer, Managed Cloud Solutions, Hitachi Data Systems

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IT leaders are increasingly weighing the benefits and risks moving of engaging with vendors that deliver technology “as-a-service”. Many as-a-service vendors promise to deliver decreased complexity along with committed savings, back to the business. However, oftentimes clients are not prepared to make the necessary operational and governance related changes necessary to enable vendors to transform their environment. Presenting will be Information Services Group (ISG), a leading technology insights, market intelligence and advisory services company, along with Hitachi Data Systems.

Join this WebTech to learn from ISG:

• How complexity is increasingly driving organizations to evaluate and adopt consumption-based, as-a-service delivery models

• Recommended criteria to evaluate as-a-service vendors

• How IT organizations can respond to this trend by creating robust Service Integration & Management functions

• Hear best practices and case studies from Hitachi Data Systems demonstrating how clients can move to an IT-as-a-service model that delivers decreased complexity and committed cost savings.
Information Services Group is a leading technology insights, market intelligence and advisory services company, serving more than 500 clients around the world to help them achieve operational excellence. ISG supports private and public sector organizations to transform and optimize their operational environments through research, benchmarking, consulting and managed services, with a focus on information technology, business process transformation, program management services and enterprise resource planning. Clients look to ISG for unique insights and innovative solutions for leveraging technology, the deepest data source in the industry, and more than five decades of experience of global leadership in information and advisory services. Based in Stamford, Conn., the company has more than 800 employees and operates in 21 countries.

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The “Complexity Avalanche” has peaked; buyers increasingly want outcomes, as opposed to features.
Market Response to the Complexity Avalanche

Buyers are increasingly interested in more flexible, as-a-service delivery models in lieu of product purchases. The kicker: these buyers are increasingly outside of IT.

“Enterprise CIOs estimate that in 5 years, they expect to spend a majority of their software budgets on SaaS, including ERP.

- Citi Research

“Who owns the asset is not the critical question anymore – in fact, customers often now view owning the asset as a negative.

- B4B

“By 2010, 90% of technology spending will be outside of IT.

- Gartner
As-a-Service: Evaluation

While the as-a-service model promises to improve the complexity-laden product model, careful evaluation is needed in a still-maturing market.

<table>
<thead>
<tr>
<th>SaaS</th>
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<tbody>
<tr>
<td>Eliminate upgrades</td>
<td>Are releases forced or optional?</td>
</tr>
<tr>
<td>Eliminate customizations</td>
<td>Who will configure?</td>
</tr>
<tr>
<td>Lower TCO</td>
<td>Does business case assume an on-prem upgrade?</td>
</tr>
<tr>
<td>Pay per user</td>
<td>How much required up front?</td>
</tr>
<tr>
<td>Decrease reliance on IT</td>
<td>What about integration and ITSM?</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>IaaS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay only for what you use</td>
<td>Do you know how much you use today?</td>
</tr>
<tr>
<td>Self-service provisioning</td>
<td>Does retained org have necessary skills?</td>
</tr>
<tr>
<td>Lower TCO</td>
<td>Does analysis assume low tier storage?</td>
</tr>
<tr>
<td>Inherent modernization</td>
<td>Transformation required to get there</td>
</tr>
<tr>
<td>Highly elastic</td>
<td>Is there a RRC threshold?</td>
</tr>
</tbody>
</table>
As-a-Service: The Supplier’s Operating Model

As organizations adopt more discrete as-a-service offerings and build a technology “supply chain”, the ability to evaluate and adopt the supplier’s operating model will become critical as well.

Source: B4B

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As organizations move to an as-a-service model, the way that adopt technology services will change dramatically as well.

**Client’s Estate**
Company wants to transform, outsource, or renew an existing agreement...

**Workload Rationalization Process**
“Choosing the right environment to consume from”

**Common questions:**
- Why are we doing all this when we’re just going to sign provider’s paper?
- Why do I have to sign two contracts?
- Why do we need to talk about apps – this is about infrastructure?

**Migrate to SaaS**
- Migrate to IaaS - Shared Public
- Migrate to IaaS - Virtual Private
- Virtualize – Dedicated Private
- Forklift/no change

**RFS Approach**
- Standard Contract 1
- Standard Contract 2
- Standard Contract n

**RFP Approach**
- Custom Contract 1

**Providers** are gradually moving to this model, rather than by traditional towers, however...

**buyers** need to change the way they evaluate and contract to fit the as-a-service service delivery and architecture model.
As-a-Service: Service Integration & Management

As organizations continue to rapidly adopt as-a-service via “out-tasking” the need for an integrated Service Integration & Management function increases:

Pressure to rapidly reduce cost/move faster

Service Integration and Management

- Business Relationship Management
- Business Service Catalog Management
- Demand Management
- Project Management (incl. Transition & Transform)
- Customer Satisfaction Management
- Financial Management & Chargeback
- Risk Management & Controls Assurance
- Measurement & Reporting
- Cross-Provider Service Management for IT and Business Process Services:
  - Service Component Catalog
  - Service Level
  - Capacity
  - Availability
  - Service Continuity
  - Information Security & Access
  - Event
  - Incident & Problem
  - Service Request
  - Change
  - Service Asset and Configuration
  - Release & Deployment
  - Service Validation & Testing
  - Evaluation
  - Knowledge

Rapid/unstructured functional “as-a-service” out-tasking

Business Demand

<table>
<thead>
<tr>
<th>Business Demand Business Unit n</th>
<th>Business Unit 1</th>
<th>Budgeting &amp; Forecasting</th>
<th>Requirements Definition</th>
<th>Business Unit 1</th>
<th>Budgeting &amp; Forecasting</th>
<th>Requirements Definition</th>
<th>Business Unit n</th>
<th>...</th>
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Service Delivery

<table>
<thead>
<tr>
<th>Service Towers</th>
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<tbody>
<tr>
<td>EUC</td>
</tr>
<tr>
<td>Hosting</td>
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<tr>
<td>Network</td>
</tr>
<tr>
<td>AMS</td>
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Cloud & Out-Tasking

<table>
<thead>
<tr>
<th>Management of Service Delivery (Internal &amp; External)</th>
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</thead>
<tbody>
<tr>
<td>Public Cloud</td>
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<tr>
<td>On-Prem Cloud</td>
</tr>
<tr>
<td>SaaS</td>
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<tr>
<td>Testing</td>
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</tbody>
</table>

Aligning Services to Business Needs & Aggregating Demand

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As-a-Service: Key Takeaways

The as-a-service delivery model is an enabler to an outcome-based relationship with your suppliers, rather than a means to an end.

► Dramatic increases in features have led to significant consumption gaps.
► The market is responding by quickly moving traditional product-based services to an as-a-service model.
► Significant due-diligence is required to understand if the provider is simply bundling traditional services into a per user price, or has actually build a new commercial offering capable of delivering committed KPI or financial results.
► The architecture of the offering has a significant impact on the way the service is evaluated, contracted for and adopted.
► As these services proliferate, organizations need to build robust Service Integration & Management capabilities in order to effectively match business demand with technology supply.
► The maturity of the supplier’s operating model will dictate if they can deliver outcomes, rather than simply technology services.
Environment into a Managed Private Cloud
The journey to committed TCO savings
Outcome based Infrastructure
The journey to committed TCO savings

Bryan Hair
VP & Chief Service Officer
Managed Cloud Solutions
Responsibility for managing the complexity is shifting from the customer to the vendor

There is an increasing gap as technology vendors continue to add features and complexity to their products faster than customer are able to adopt the rate of change.

IT is shifting its focus from building and maintaining systems to delivering an outcome to the business processes of their enterprise.
ACCELERATING YOUR TIME TO VALUE

TRADITIONAL BUSINESS MODEL

- OPTIMIZE IT for me
- FIX IT for me
- INSTALL IT for me
- SELL IT to me

CLOUD BENEFIT: VELOCITY

CONSUMPTION BUSINESS MODEL

- LOWER COSTS for me
- OPTIMIZE IT for me
- MANAGE IT for me
- OWN IT for me

© Source: TCG Advisors
PROMISE OF THE CLOUD ……..

Usage based pricing

Rapid Elasticity of IT resources

Guaranteed SLAs

Reduced TCO

Service Catalogue

In Firewall Security

Inside the Enterprise
On premise

Hitachi Cloud Managed Solutions
Transformation for a legacy environment into a managed private cloud within the 4 walls of the Enterprise
Maximize total cost reductions

- Utility based consumption and billing for Compute (CaaS), Storage (STaaS) & Back up (BUaaS)
- Elastic resource capacity on demand
- Service levels committed against a service catalogue
- Operations out-tasked to HDS (ITILv3)
- All inclusive unit price (HW, SW, transformation and out-tasking services)
- Assets owned by HDS, not a lease
- HDS commits to transformation benefits

Maximize total cost reductions
Hitachi Cloud Managed Solutions

Transformation for a legacy environment into a managed private cloud within the 4 walls of the Enterprise

ACCELERATE TIME TO VALUE VIA A PHASED APPROACH

**STORAGE**
- MGA
- Discover
- Design
- Transform

**BACKUP**
- Consolidation
- Compliance
- Archiving

**COMPUTE**
- Consolidation
- Virtual or Physical
- In-built Elasticity
STORAGE - THE JOURNEY TO GUARANTEED SAVINGS

30% to 40% TCO reduction
Benefits on day one
Measured and tracked

- €92m TCO savings identified over five years
- 60% savings on cooling and energy
- 2.2PB transformed

- $90m TCO savings identified over five years
- 85% throughput performance increase
- 3.6PB transformed to date
STARTING THE JOURNEY

What we need from you…
…attendance at 1 or 2 short workshops

What we’ll provide…
…quick assessment of the potential savings achievable for you
…one hour executive presentation

What next…
…commencement of Discovery phase and full assessment
Measurable gains process

- Reducing TCO through architectural change
- Delivered with expert services to reduce risk
- Financed to meet P&L challenges
**DESIGN: SERVICE CATALOGUE AND PLATFORM**

**SERVICE**
- SLA-based consumption model
- SLA commitment via Service catalogue
  - 100% data availability
  - Operations out-tasked to Hitachi
  - ITILv3 methodology

**MANAGED PRIVATE CLOUD SOLUTION WITHIN YOUR DATA CENTER**

**COMMERCIAL**
- All inclusive pricing
- Savings commitment
  - Pay-per-use
- Elastic on-demand capacity
- Service credit regime

**TECHNOLOGY**
- Hitachi owns and transforms assets
  - One platform for all your data
    - Virtualization
    - Seamless migration
<table>
<thead>
<tr>
<th>TRANSITION</th>
<th>TRANSFORMATION</th>
<th>OPERATION</th>
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<tbody>
<tr>
<td>ENTRY</td>
<td>PREPARATION &amp; INITIAL TAKEOVER OF SERVICES</td>
<td>TRANSFORMATION: DATA MIGRATION</td>
</tr>
<tr>
<td>Managed Services by existing provider</td>
<td>Based on existing level services catalogue</td>
<td>Introduce improved Service Level Catalogue</td>
</tr>
<tr>
<td>CUSTOMER Phase I</td>
<td>CUSTOMER Phase II</td>
<td>CUSTOMER Phase III</td>
</tr>
<tr>
<td>TRANSFORMATION: DATA MIGRATION</td>
<td>DATA CENTER TRANSFORMATION</td>
<td>IMPROVEMENT PROCESS</td>
</tr>
<tr>
<td>Introduce improved Service Level Catalogue</td>
<td></td>
<td>Service Level Catalogue implemented through Policy Engine</td>
</tr>
<tr>
<td>EXIT PROCESS</td>
<td></td>
<td>Operational services under SLA</td>
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Your requirements into a set of customized unit items

No surprises
Defined SLAs
Improved governance
Enables you to manage your business
OPERATE: 24 x 7 GLOBAL OPERATIONAL MANAGEMENT AND GOVERNANCE

- **Client Manager** - Executive Relationship
- **Service Delivery Manager** - Operational Relationship
- **SME / Architect** - Technical Relationship / Capacity Management

[Map showing global locations with USA, UK, and Hong Kong highlighted with relationships indicated.]
Management and Governance

Client Demand Management
- Capacity Management
- Trend Management

Transparent Management Reporting
- Availability
- Performance / Utilization
- Capacity / Chargeback
- Replication Management
- SLA Compliance

Service Reviews
- Operational Delivery
- Trending Analysis
- Service Improvement Plans

Benefits Tracking
WHY HITACHI…

Commitment to deliver savings (estimated minimum of 30% TCO)

All inclusive Pay-Per-Use pricing – no upfront or post contract hidden costs

Agility to right size and align the IT infrastructure to the business

True consumption based (used) charging mechanism

Service Catalogue designed to your business needs

Out tasking of Operational Management with full transparency and oversight through governance

Better control and predictability of your Enterprise infrastructure.

Transition to a true operational procurement model

100% data availability guaranteed
OUR TRACK RECORD

✓ 1.35PB capacity reduction
✓ Backup success rate > 99%
✓ Improved SLAs
✓ Lower OPEX
▼ Operational risk & single points of failure
▲ Efficiencies & mitigated SOX non-conformance issues

60% savings on power, cooling and floor space

“HDS is our strategic technology partner in our move to provide a cloud-ready Storage as a Service platform globally. Delivering significant operational cost reduction and improved services to our businesses.”

Executive Director,
Global Investment Bank

€92m of identified TCO savings

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OUR TRACK RECORD
OUTCOME FOR A LARGE RETAIL BANK

75% Total Cost Reduction

£40 Million storage cost savings over 5 years

3£ Million Saved
 legacy maintenance

92% Power Reduction
1.4MW Saved

56% Less Costs
increased resiliency
block and file storage

200 Tons Saved

CO₂

equal to a taxi circling the earth 24X!
OUR TRACK RECORD
OUTCOME FOR A LARGE RETAIL BANK

75% Total Cost Reduction

£40 Million storage cost savings over 5 years

SIGNIFICANT SAVINGS

90% Smaller datacenter footprint

100% Performance Increase in disk writes

30,000 Backup Tapes Eliminated with backup-to-disk

10,520 Hosts Migrated

88% Reduction in storage arrays

75% Increase in storage utilization

OUR TRACK RECORD
OUTCOME FOR A LARGE RETAIL BANK
Questions and Discussion
Questions and Answers

Our QA will take place live on the HDS Community at http://community.hds.com/groups/webtech

Sign up after the WebTech at: https://community.hds.com
Upcoming WebTechs

- **WebTechs**, 9 a.m. PT, 12 p.m. ET
  - Stay tuned for special new sessions in November
  - **Top 10 Business Trends Driving IT in 2015**, December 10

- **Check** [www.hds.com/webtech](http://www.hds.com/webtech) for
  - Links to the recording, the presentation, and Q&A (available next week)
  - Schedule and registration for upcoming WebTech sessions

Questions will be posted in the HDS Community: [http://community.hds.com/groups/webtech](http://community.hds.com/groups/webtech)
Thank You