

White Paper

Contemporary IT Services: The Business Value of HDS Global Services

By Mark Peters, Practice Director & Senior Analyst

May 2015

This ESG White Paper was commissioned by HDS
and is distributed under license from ESG.

Contents

The Importance of Support Services in IT.....	3
The Importance of HDS Support to Hitachi Social Innovation Strategy	5
Services and Support: The Contemporary HDS Model.....	5
New Opportunities	5
The HDS Model	6
HDS Global Services: User Value and Market Relevance	6
The Bigger Truth	9

All trademark names are property of their respective companies. Information contained in this publication has been obtained by sources The Enterprise Strategy Group (ESG) considers to be reliable but is not warranted by ESG. This publication may contain opinions of ESG, which are subject to change from time to time. This publication is copyrighted by The Enterprise Strategy Group, Inc. Any reproduction or redistribution of this publication, in whole or in part, whether in hard-copy format, electronically, or otherwise to persons not authorized to receive it, without the express consent of The Enterprise Strategy Group, Inc., is in violation of U.S. copyright law and will be subject to an action for civil damages and, if applicable, criminal prosecution. Should you have any questions, please contact ESG Client Relations at 508.482.0188.

The Importance of Support Services in IT

A plan without an ability to execute is not very useful; likewise, the specifications and potential of any IT system are limited or worthless if that system is either sub-optimized or unavailable for any reason. In this light, it is surprising how much attention service and support does *not* get in the overall IT conversation. Moreover, when it *is* discussed, it is often in surprisingly traditional terms—such as those of break/fix, call home, and (a little more modern...) predictive service. Of course, these abilities and attributes are all still crucially important, but their essence goes back to the days of vacuum tubes and punch cards, aided only by the arrival of better communication networks. As IT itself has moved from a batch production organization—often merely automating mundane bureaucracy—to being a real-time, dynamic, and mission-critical part of modern business, it would seem timely and necessary for vendor support to evolve in a similar way.

In other words, while IT has moved on to become application- and business-outcome focused, a great deal of IT vendor support has remained—frankly—rooted in the technology weeds. Contemporary IT support should be more than just a better version of the old norm; it can—and should—offer innovations that deliver additional services and drive business value. Of course, this is much easier to think about or say than to do; nonetheless, it is precisely what HDS Global Services is doing.¹ Based on the clear customer demand borne of modern IT necessity, [HDS](#) is adding to its foundational “bread and butter” reactive support capabilities (reporting, fixing, etc.) with broad and deep operational and financial abilities to look further into *and up* the operational and application stacks in order to optimize business value.²

Even without “upgrades” per the HDS approach, the importance of service and support to users is clear (see Figure 1).³

The research in Figure 1 shows that respondents view service and support in the upper echelons of selection criteria for technology purchases. Two other noteworthy points:

- It is interesting to see some of the aspects that—perhaps unexpectedly—rank significantly *lower* than service and support in respondents’ selection criteria; the list includes elements such as the ease of implementation and management, the vendor’s ability to provide multiple elements of the technology “stack,” and the availability of pre-qualified solutions or reference architectures.
- While it is perhaps not surprising that economic elements (price and TCO) lead the selection criteria, it does bring up a question: What if a vendor’s service and support capability was actually able to deliver improved economics?

This question links back to the intent of HDS Global Services: Its essence is that services can—and should—*lead* the engagement rather than just come along to clean up various messes. The approach is one that is about business far more than technology.

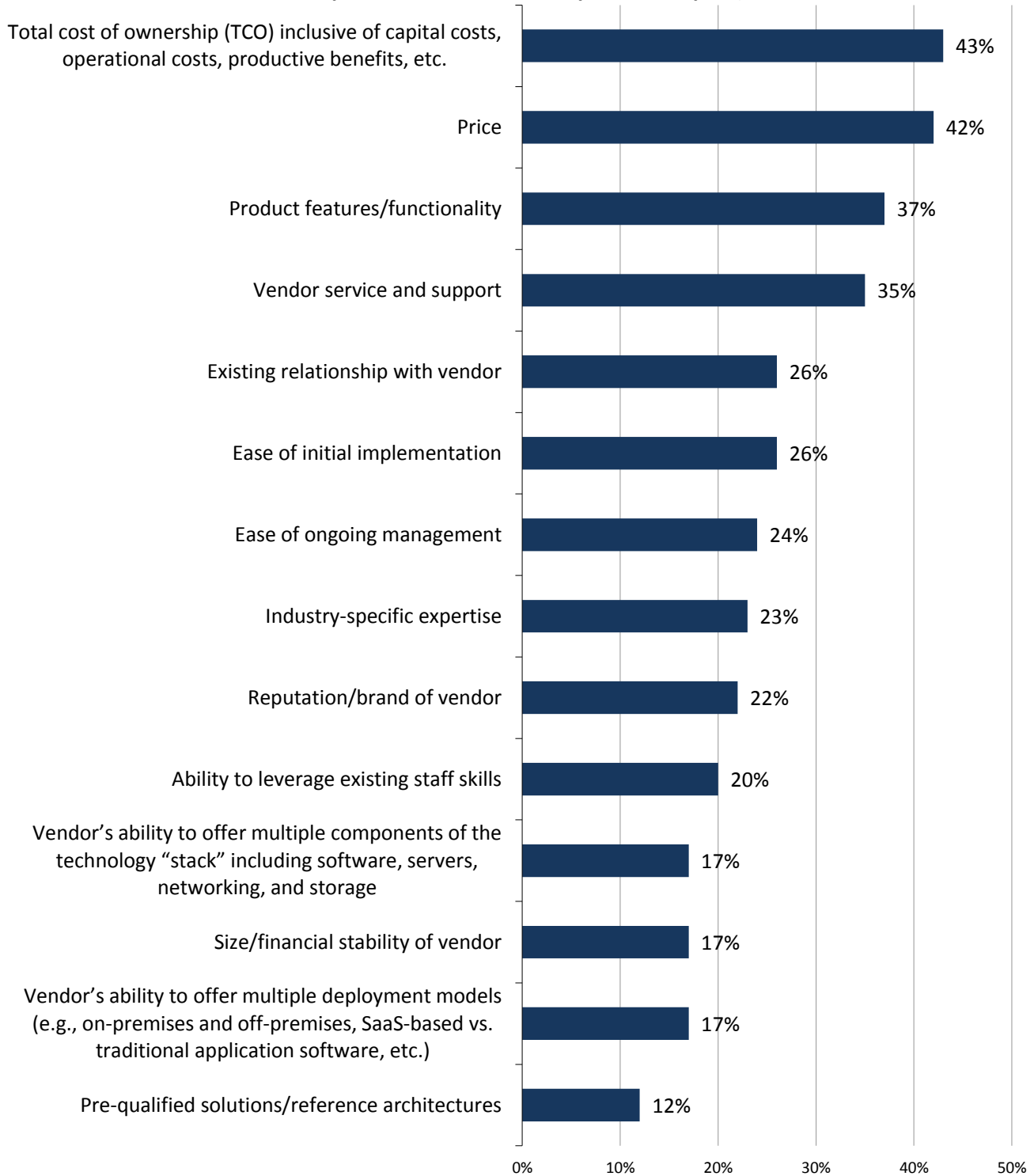
¹ This paper is designed not to convey the full elements within the HDS offering—whether that be the ITIL model, detailed capabilities, etc.—but instead to discuss the need for, and value of, the approach.

² This is not to minimize the importance of the “vanilla” necessities. It’s a well-known but dirty little secret that even basic reporting is not well incorporated into or at all used in many organizations...and, as the saying goes, “You cannot manage what you can/do not measure.”

³ Source: ESG Research Report, [2015 IT Spending Intentions Survey](#), February 2015.

Figure 1. Key Criteria in Technology Vendor/Solution Selection

In general, what would you consider to be the most important criteria to your organization when it comes to selecting a technology vendor/solution? (Percent of respondents, N=601, five responses accepted)



Source: Enterprise Strategy Group, 2015.

The Importance of HDS Support to Hitachi Social Innovation Strategy

However, before focusing on the specifics of the HDS support model, it is important to note that HDS is a part of the much larger Hitachi organization. It is, therefore, both a contributor to and a reflection of the Hitachi Social Innovation strategy.

As with the support model, the overall strategy is categorically *not* just about doing the same things more and better than before. Instead, the HDS contribution to Hitachi Social Innovation is to innovate with data and its integration with business. HDS is part of the glue that brings together many of the vertical capabilities of Hitachi with overall solutions. Whether it's "big data" per se or, more precisely, "Big Hybrid Train Systems" or "Big Proton Beam Therapy Solutions" or "Big Power Plants" etc., HDS is seeking to be an integral part of overall big Hitachi offerings. Put differently, at the extreme, this is not about how a storage or IT vendor serves a vertical market...instead, Hitachi can supply the whole vertical solution—from massive Earth-moving machinery to the VMs that run the QA on the soil, and to the underpinning e-mail systems; from face-recognition software and camera systems to cloud links and big data/analytics that work with cloud infrastructures to enhance safety and security on a global, integrated scale. It does not need to be about an IT stack (however complete and wonderful) sold *into* a vertical...it can be about Big Hitachi serving/selling an entire vertical (business) "stack."⁴

Of course, not everyone will be so far along—or even a candidate for—the overall *Hitachi* path yet, but the services and solutions at *HDS* are built to the same strategic design. In a nutshell, both operate on the assumption that information technology should serve and optimize business purposes.

Services and Support: The Contemporary HDS Model

New Opportunities

Two concurrent forces can be seen as the genesis of the HDS support model. First, the overall Hitachi Social Innovation represents the parent company's desire to be a key driver toward—and beneficiary of—business transformation. Second, the increasing complexity and tough issues in modern IT have created nascent demands to manage storage in a more intelligent fashion than simply reacting to the latest crisis, and to align modern storage—data management would be a better term—with business and financial as well as technology and operational needs.

Of course, doing this well and globally requires a lot more than a NOC or break fix abilities alone! It demands a plethora of intelligence—across machines, systems, *and* human beings. Whatever the economies of scale delivered by automated processes, and shared expensive resources, there remains a level of management finesse that only smart people can deliver. To use an automotive analogy, automatic transmission and cruise control are great tools, but they don't preclude the need to drive or to choose destinations.

⁴ This paragraph is an edited extract from an ESG Blog by this White Paper's author: [HDS – Putting Us Under Its Wide\(r\) Influence](#), November 2012.

Heather Peck, VP Global Delivery Managed Cloud Solutions, HDS

“We are now addressing user needs from a business perspective: How do our users want to see their technology related to their business? And how do *their* customers want to see IT and business outputs appear in terms of the goods and services being provided to them?”

“IT is at an inflection point; things like service catalogs are designed to help IT align with the demands of the business it supports. Many IT organizations have a vision for this, but how they actually do it is the challenge.”⁵

The HDS Model

The underlying principle of the HDS approach is that it is focused on *outcomes* (which are very often business related) rather than just *fixing issues*. Colloquially, it is about technology driven to support, enable, and improve organizational value: *Think of it as managing “BLAs” (“business level aspirations”) rather than just the traditional SLAs (service level agreements).*

Of course, the actual delivery requires all the usual foundational elements: storage operations, SAN and NAS monitoring (for example, using HDS Hi-Track tool), migration and bursting, etc. From this perspective, it’s a soup-to-nuts storage management capability.⁶ However, the difference comes in how all that management is thought about, and by whom:

- The focus of the HDS support model is the actual application and required business outcomes, which translates back into a technology need, rather than vice versa.
- The personnel leadership is delivered by senior and smart people, trained and experienced in the confluence of business and IT, and located around the world.
- The overall package of optimization that these elements can deliver addresses everything from performance and availability to price, TCO, and value.

Real-time decisions, ecosystem optimization, and comprehensive solution-oriented advice are therefore possible for three reasons:

1. Rather than the more standard “cheap and deep offshore outsourcing” approach to providing support, HDS has a follow-the-sun model with its own employees in major global centers (the United Kingdom, the United States, and Hong Kong are the main locations).
2. The high level of both technical and business education—together with extensive operational experience—of its personnel enables a degree of understanding, counselling, and sheer specialized added value that regular support models cannot.
3. These personnel work in client-dedicated teams (of up to 30 individuals), so that they can genuinely understand the specific client’s needs and act as extended team members, while bringing economies of scale and additional resources to bear.

HDS Global Services: User Value and Market Relevance

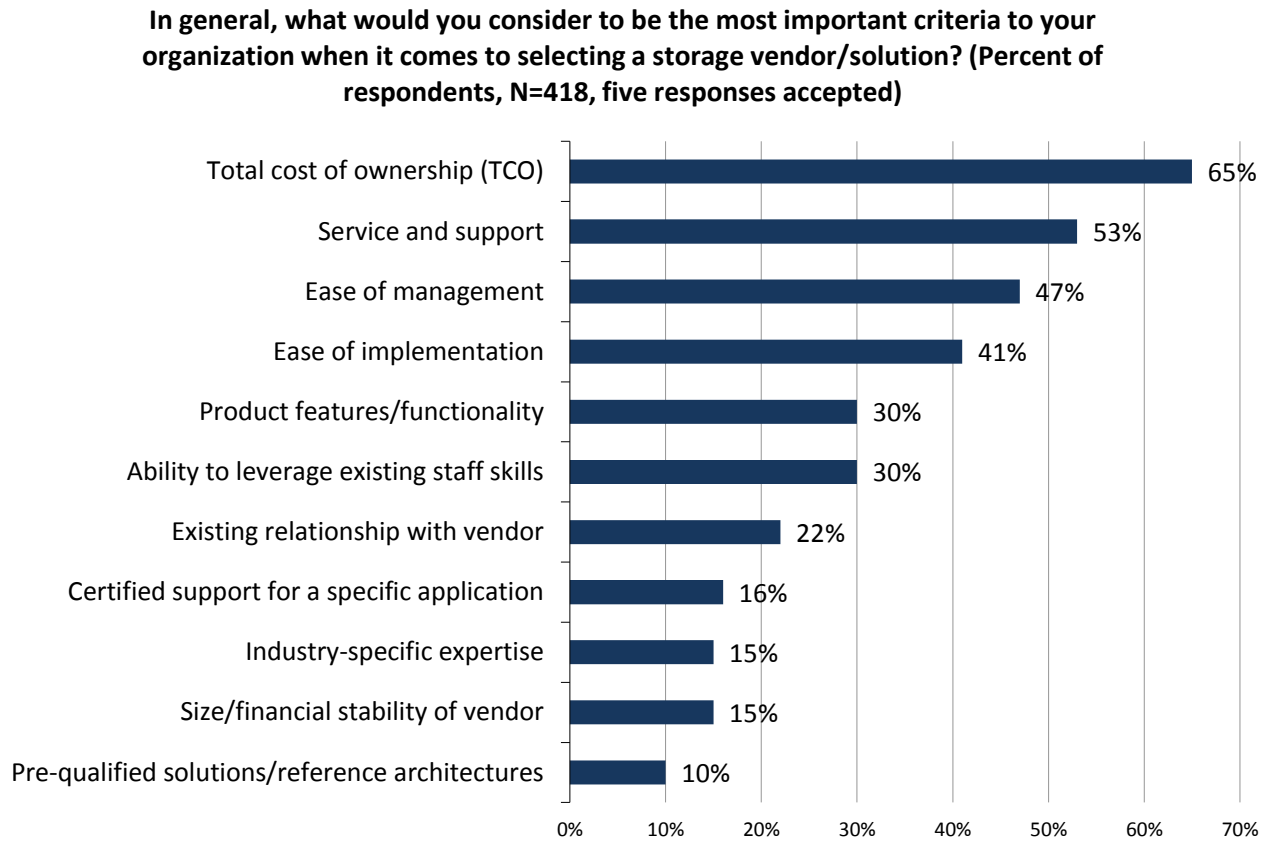
Irrespective of what new opportunities the HDS Global Services offering might create for HDS, it already has a significant user base to cultivate. HDS gets roughly half of its current revenue from software and services and can be found in about 75% of the Fortune 100 and 79% of the Global 100 companies. These are certainly the kinds of clients that could benefit from the HDS model because they are all invariably seeking to “do business smarter.” The ESG research previously mentioned (see Figure 1) addressed IT overall, but earlier ESG research that focused

⁵ These quotes are taken from exclusive interviews for this paper with Heather Peck on March 13 and March 26, 2015.

⁶ HDS does not actively seek out third-party support opportunities, but will engage according to clients’ desires.

specifically on storage shows a great deal of congruence in the ranking of selection criteria—and emphasizes the importance of service and support in storage decisions (see Figure 2).⁷

Figure 2. Key Criteria in Selecting Storage Vendors/Solutions



Source: Enterprise Strategy Group, 2015.

Again, the factors that are less important to respondents than service and support are particularly telling. Moreover, now that the HDS model has been explained, it is clear that it has the potential to improve the TCO for users (as well as improve their business outcomes). The more HDS establishes and grows trust with its clients, the greater will be its ability to improve the TCO by making real-time decisions in its clients' stated best interests. If it is not too tautological, this can be viewed as "service-as-a-service." And that is going to be additionally valuable to any organization that has made a strategic decision to focus on its core competencies and business imperatives and to run such functions as IT as more of a utility.

⁷ Source: ESG Research Report, [2012 Storage Market Survey](#), November 2012.

Heather Peck, VP Global Delivery Managed Cloud Solutions, HDS

“One of the biggest impacts for our clients is that their ‘lens’ expands; it’s no longer an IT organization transforming information into what it believes is business terms, nor is it the business trying to translate things into technology terms so that IT can go and purpose-build something that often doesn’t fit the need; instead they are both looking at a real-time ecosystem with ‘simultaneous translation!’”

“Users don’t see storage arrays and cumbersome interfaces per se; they see instead the way that they are consuming and using infrastructure...they might see where business choices don’t marry well with the cost of that infrastructure...the HDS approach takes the value of IT and the cost of IT and marries it to the cost—and value—of business.”⁸

The progress of storage service and support has uniformly been a move from a break/fix model (that requires the user to initiate action) to a more detailed and proactive engineering management approach (that is typically initiated by automation). The kind of approach taken by HDS represents the next step by realizing that technology is inextricably linked to the health of the business—and thus reintroduces people into the equation as they are more aware of the overall business-outcome possibilities and subjective quality gaps than the smartest machines can ever be. (To extend the earlier automotive analogy, that’s why self-driving cars don’t fully work yet and are unlikely to ever be the absolute best drivers: They lack undocumented finesse and unprogrammed nuance.)

⁸ These quotes are taken from exclusive interviews for this paper with Heather Peck on March 13 and March 26, 2015.

The Bigger Truth

The need for a better storage service solution with an emphasis on maximizing and uncovering actual economic and business value is a result of changing IT models and consumption desires. While technology and automation has been the endpoint for many in IT services to date, HDS has added both a business focus and an element of pragmatism. The move that this represents—from simply process and practicality to people and possibilities—is a part of Hitachi Social Innovation initiative that is being driven across the Hitachi portfolio of companies.

The bottom line is a change in thinking that can lead to measurable business results. HDS Global Services—whether traditional support or as its full ecosystem Managed Cloud Service—is not only aimed at executing traditional IT and services better, but is also designed to allow IT to do better things for the business it supports. HDS is already highly regarded for its rock-solid products, and service and support is an important element of the overall product offering, so HDS is strengthening its abilities in order to mirror that reputation for its support expertise.



Enterprise Strategy Group | **Getting to the bigger truth.**