

IBM Multivendor Support Services (MVS) Reduces Data-Center-Support Costs And Complexity



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Forrester Consulting conducted a Total Economic Impact™ (TEI) study to provide readers with a framework to evaluate the potential financial impact of IBM Multivendor Support Services (MVS) on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed two and surveyed 266 customers with experience using IBM MVS. This summary is based on a full TEI study, which can be downloaded [here](#) (available in US English only).

Through interviewing and surveying these customers, Forrester concluded that IBM MVS provides organizations net benefits of over \$3.1 million over three years.

Quantified benefits. The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed and surveyed:



- › **Reduction in maintenance and support spending, up to 25%.** In legacy environments, organizations relied on original equipment manufacturers (OEMs) and third parties to provide support for their organizations. By streamlining hardware and software support contracts with IBM, organizations can substantially reduce their IT support spending.



- › **Reduced time spent on hardware support tasks, up to 20%.** Using IBM MVS as their single strategic partner for IT support management allows organizations to reduce the complexity of their IT environments, reducing the time spent on IT management-related tasks and allowing employees to reallocate their time to more productive activities.



- › **Reduced time spent on vendor relationship management, up to 20%.** By consolidating IT support with one vendor, employees no longer have to spend significant amounts of time maintaining multiple support relationships. This allows employees to shift their focus to more value-add tasks.

Unquantified benefits. The interviewed and surveyed organizations experienced the following benefits, which are not quantified for this study:



- › **Extending the useful life of equipment.** By investing in IBM MVS, organizations extend the useful life of hardware by an average of 1.8 years. In addition, 42% of survey respondents said they saved or deferred capital expense by utilizing IBM MVS over prior solutions.



- › **Improvements in availability.** Consolidating support allows organizations that invest in IBM MVS to improve their availability and overall system reliability. Interviewees reported a 22% reduction in mean-time-to-repair (MTTR) with IBM. They avoided a significant number of incidents or outages per year and even prevented issues from occurring with predictive maintenance.

SUMMARY

This document discusses in brief the average benefits and potential cost savings experienced for a composite organization, based on feedback from 268 current users of IBM Multivendor Support Services.

METHODOLOGY

The objective of the TEI framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact of IBM MVS, including interviews with Forrester analysts, IBM stakeholders, and two current IBM MVS customers, as well as a survey of 266 additional users. Forrester constructed a financial model representative of the interviews and survey using the TEI methodology.

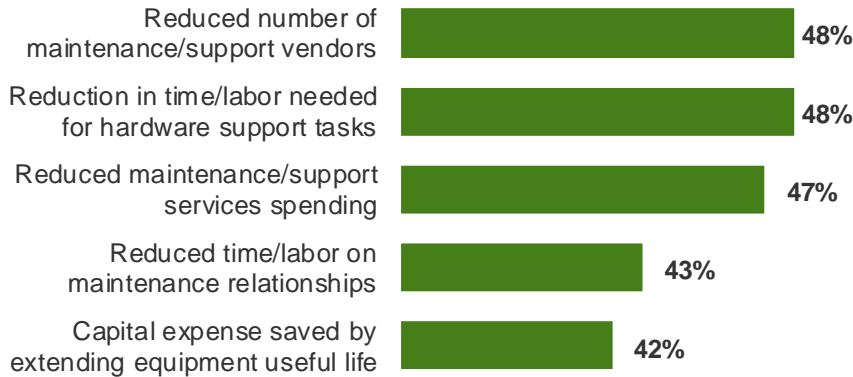
COMPOSITE ORGANIZATION

The study uses a composite organization, based on the interviews and survey, to present an aggregate financial analysis.

RISK ADJUSTMENT

Forrester risk-adjusted the financial model based on issues and concerns of the interviewed and surveyed organizations to account for uncertainties in benefit and cost estimates.

“Which of the following economic benefits have you realized since you deployed IBM as your third-party maintenance solution?”



“What percent of your capital budget was saved by reducing or deferring capital expenses with IBM MVS?”

Base: 266 IT and finance decision makers using IBM for support
 Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, January 2019

The IBM MVS Customer Journey

For this study, Forrester conducted two interviews with IBM MVS customers and surveyed an additional 266 IBM MVS customers.

Key Investment Drivers And Results

The interviewed organizations shared the following investment drivers:

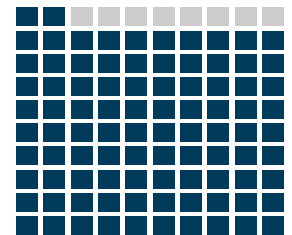
- › **Lower equipment maintenance costs.** Companies were faced with expensive annual maintenance contracts paid to legacy support providers. These costs increased after the initial manufacturer warranty expired, causing support and maintenance expenses to further increase.
- › **Reduce the complexity of data-center-support environments.** In legacy environments, companies relied on a heterogeneous mixture of OEMs and third-party vendors. Companies struggled to manage the relationships they had between multiple vendors as there was little continuity between vendors and no solution that spanned the breadth of their data-center environment.
- › **Mitigate risk associated with extending useful life.** Prior to investing in IBM MVS, organizations had to carefully consider the risks involved in using devices beyond their useful life. The cost of a system failure or security breach could quickly surpass the benefit received from the capital expense avoided by not replacing the device.



89% say lower equipment maintenance expense is somewhat or very important

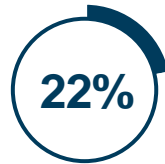
The interviewed organizations achieved key investment results:

- › **Simplifying through consolidated support with IBM reduces time spent on hardware support and vendor relationships.** IBM MVS gives interviewees a consolidated and streamlined data-center-support system. Forty-three percent of the surveyed organizations reduced the amount of time and labor needed to maintain vendor relationships after investing in IBM MVS.
- › **IBM MVS extends the useful life of equipment, allowing organizations to defer capital expenditure.** With IBM MVS, the lifespan for servers is extended by an average of 1.6 years, tier 1 storage by 1.8 years, tier 2 storage by 1.9 years, and network devices by 1.9 years.



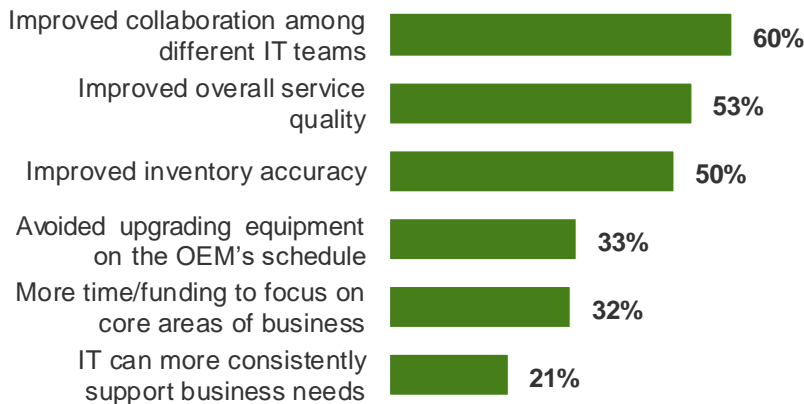
92% said extending the useful life of the equipment is somewhat or very important.

- › **IBM helps organizations avoid incidents and outages, leading to less system downtime.** On average, organizations avoided up to seven incidents or outages per year with IBM MVS. This allows for less system downtime and enables organizations to avoid the cost of downtime and system repairs.
- › **Collaboration increases across teams.** Prior solutions created siloed work environments where teams covering different areas of data-center support did not interact or collaborate frequently. With IBM MVS, 60% of surveyed organizations reported that collaboration among the teams in their organizations increased.



“What is the percent reduction in MTTR with IBM support services?”

“Which of the following qualitative benefits have you realized since you deployed IBM as your third-party maintenance solution?”



Base: 266 IT and finance decision makers using IBM for support
 Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, January 2019

“There are several machines and certain devices that reached end of support life with the OEMs like five or six years ago or even longer. And then IBM still supports them. And then we have some hardware that is like 17 to 18 years old. Without IBM, we would have had to replace them a long time ago.”

Director of infrastructure engineering and operations, retail



Composite Organization

Based on the interviews and survey, Forrester constructed a TEI framework, a composite company, and financial analysis that illustrates the areas financially affected, covered in greater detail in the full study.

Description of composite: The composite is a global organization with over 10,000 employees and over \$2.5 billion in annual revenue. The organization has a heterogeneous data-center environment, with multiple vendors in multiple data centers around the world. Previously, support was managed through OEMs and third-party support contracts.



Key assumptions
 10,000 employees
 \$2.5B annual revenue
 1,250 devices transitioned by Year 3

IBM MVS Reduces Complexity And Optimizes Efficiency

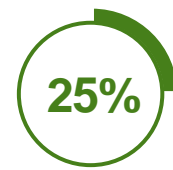
As organizations' IT departments grow and modernize, they increasingly look for ways to simplify their data-center-support environments. In traditional support environments, several different vendors are tasked with managing support needs. This requires organizations to spend vast amounts of money on vendor contracts and to dedicate employees to managing the relationships with these vendors. These employees spend a significant amount of time managing a varied heterogeneous environment without support solutions that span across the data center. Organizational decision makers are tasked with optimizing the amount of time and money spent on support.

The benefit impact experienced by the composite organization is based on the past and current experiences of the interviewed and surveyed organizations. Over three years, the composite organization expects risk-adjusted total benefits to be a present value (PV) of over \$3.1 million.

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Reduced maintenance and support spending	\$1,083,000	\$1,254,000	\$1,425,000	\$3,762,000	\$3,091,533
Btr	Reduced time spent on hardware support	\$4,670	\$5,494	\$6,464	\$16,628	\$13,643
Ctr	Reduced time spent on vendor management	\$4,151	\$4,884	\$5,746	\$14,781	\$12,127
	Total benefits (risk-adjusted)	\$1,091,821	\$1,264,378	\$1,437,209	\$3,793,409	\$3,117,303

- › **Reduced maintenance and support spending.** IBM MVS enables organizations to reduce the number of vendors supporting their data-center environments by consolidating support with IBM. The composite organization transitions 1,250 devices over the analyzed period, leading to a 25% reduction in its support costs.
- › **Reduced time spent on hardware support.** Previous support solutions made even routine hardware maintenance cumbersome and time-consuming. IBM MVS allows organizations to reduce the labor effort needed to perform hardware support tasks. Forrester assumes that the composite organization spends 540 hours per year on hardware support prior to IBM MVS, decreasing the time spent on hardware support by up to 20% within the three-year analysis.
- › **Reduced time spent on vendor management.** In addition to the hardware-support time savings, organizations experience a reduction in the time spent managing the relationships between various vendors. This reduction is a direct result of the reduced number of support vendors that interviewed and surveyed organizations used in their data centers. In its legacy environment, the composite organization spent 480 hours managing these relationships, reducing the amount of time it spends on vendor management by 20% with IBM MVS.
- › **Interviewees realized several unquantified benefits including:** Extending existing data-center investments, which freed up capital for strategic priorities; avoiding critical incidents while reducing the time it takes to resolve remaining incidents; and improved quality of service that leads to improved customer experience.



Reduction in support spending with IBM MVS



Reduction in time spent on hardware support

“It frees up time, certainly for myself as I no longer have to wade through contracts and renewals and things of that nature. That obviously lets me do other things. And the fact everything is all in one place — that saves time as well. Trying to organize support contracts for thousands of different things at once is extremely difficult. So, having everything in one place, it just frees up time.”

IT server and storage manager, utilities



IBM MVS Costs Include IBM MVS Use And Planning And Training Costs

The fees paid to IBM vary with the number and type of devices that are under the support agreement. In addition to these factors, the total cost to use IBM MVS can vary based on the age and rarity of the device as finding spare parts is more challenging for some devices, which tends to raise the cost organizations will pay per device.

- › **IBM MVS use costs.** To best represent the cost of using IBM MVS in the model, the costs for IBM MVS support are highlighted in the first benefit calculation. Per the interviews and the survey responses, the cost of IBM MVS is 25% lower than previous support costs. To account for a staggered transition from existing

partnerships, the composite has an incremental increase in the number of devices covered under the IBM support agreement each year.

- › **Planning and training costs.** Organizations incurred costs associated with planning the migrations to IBM MVS and training essential personnel on the data provided through IBM MVS. The composite spends 100 total internal hours upfront to plan the transition of hardware and software to IBM support. The organization spends 20 hours each year identifying and communicating to IBM which items should go on or come off support. Forty staff members participate in 4 hours of ongoing training each year on how to use data provided by IBM as part of support escalation processes.

An IBM MVS Investment Today Can Create Future Opportunities

The value of flexibility is unique to each customer, and the measure of its value varies from organization to organization. There are scenarios in which an organization might implement IBM MVS and later realize additional uses and opportunities:

- › **Savings accrued through IBM MVS can be used by decision makers to focus on other business priorities.** Interviewees and survey respondents highlighted that they can use savings generated by IBM MVS on other strategic priorities. These organizations can reallocate the resources that were previously being used to run the company to projects that could transform the company.

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

For more information, you can download the full IBM Multivendor Support Services (MVS) TEI analysis [here](#) (available in US English only).

Disclosures

The reader should be aware of the following:

- › The study is commissioned by IBM and delivered by Forrester Consulting. It is not meant to be a competitive analysis.
- › Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in IBM MVS.
- › IBM reviewed and provided feedback to Forrester. Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning.
- › IBM provided the customer names for the interviews but did not participate in the interviews.

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ABOUT TEI

Total Economic Impact™ (TEI) is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility. <https://go.forrester.com/consulting/content-marketing-consulting/>

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