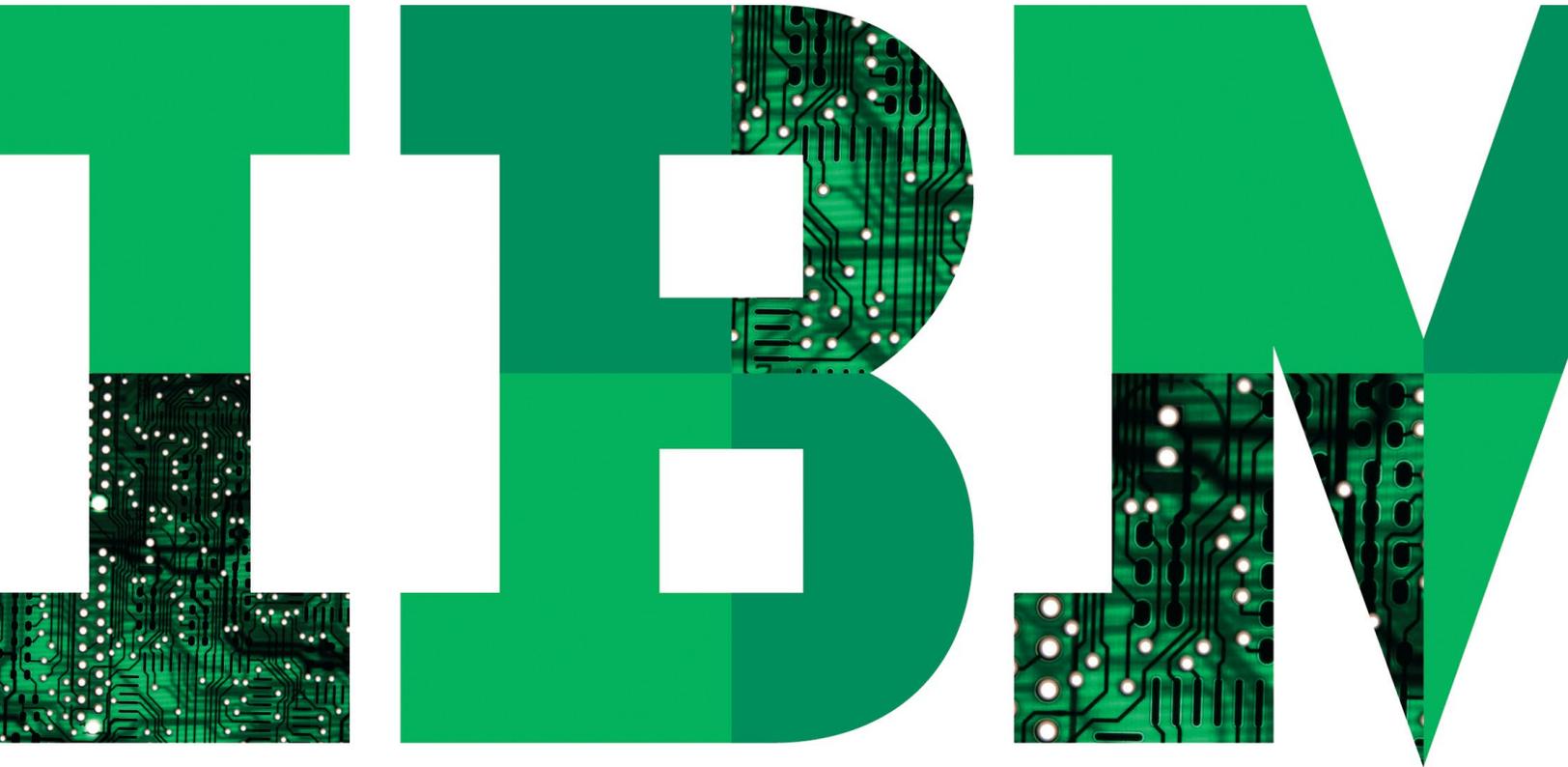# Reduce TCO for your data center with a streamlined hardware maintenance strategy

IBM

Executive summary

According to industry analyst IDC, the mean cost of an hour of downtime can range from USD 224,952 to USD 1,659,428, depending on the size of your organization.[1] And each instance of downtime increases your total cost of ownership (TCO) and eats away at your IT budget.

Technology support services are designed to prevent and rapidly repair IT problems. Often chief IT procurement officers (CPO), like yourself, play a critical role in selecting the technology support vendor and managing the vendor relationships. Typically, there are two vendor options to choose from: 1) original equipment manufacturers (OEMs), which generally sell easy add-on or warranty services when you buy new equipment and 2) third-party maintenance providers (TPM providers) that support a variety of different IT manufacturers' equipment.

Like many organizations with large complex IT environments, you may rely on numerous OEM providers to maintain your data center equipment because you've acquired warranty services with each product purchase. However, OEM maintenance services can lead to increased capital expenditures (CAPEX), especially when the maintenance term is based on end-of-service-life (EOSL) dates. A lifecycle approach to data center equipment maintenance that tailors hardware maintenance decisions to the actual condition of your equipment (as opposed to EOSL dates) can increase your return on investment (ROI) by helping you extend the useful life of your IT equipment.

Moreover, managing numerous service providers can pose risks to your business, such as increased costs and management complexity, difficulty accessing support, inconsistent service quality and potential security exposures. And each of these risks adds up to a higher TCO for your data center—and more headaches for you and your organization.

This paper describes how using a lifecycle approach to data center equipment maintenance and consolidating support vendors can help CPOs achieve the following goals:

- Reduce TCO
- Defer CAPEX
- Ease vendor and contract management
- Optimize IT availability

The IT availability challenges of today's data centers

Finding a simple and cost-effective way to maintain IT availability and drive business innovation is a universal challenge for organizations. But reducing costs and complexity is easier said than done.

Demand for best-of-breed products has created a new-norm: complex heterogeneous data center environments that are challenging to manage. Game-changing technologies, like cloud, mobile, analytics and social, are both driving and compounding these complexities. Although these technologies are essential to business agility and innovation, they require integration with core systems and thus introduce new risks. If there's a glitch or breakdown in any of these systems, the ripple effect can lead to outages and performance degradation—not to mention lost productivity, lost revenue, and reputational damage.

As a CPO, your priorities are to reduce TCO for your data center equipment and ease vendor management and administration—all while meeting your stakeholders' requirements. The following two-tiered approach to hardware maintenance can help you significantly streamline costs and management across your data center:

1. **Adopt a lifecycle approach** to hardware maintenance to decrease TCO.
2. **Strategically consolidate support vendors** to leverage economies of scale and ease management.

Each step is explained below.

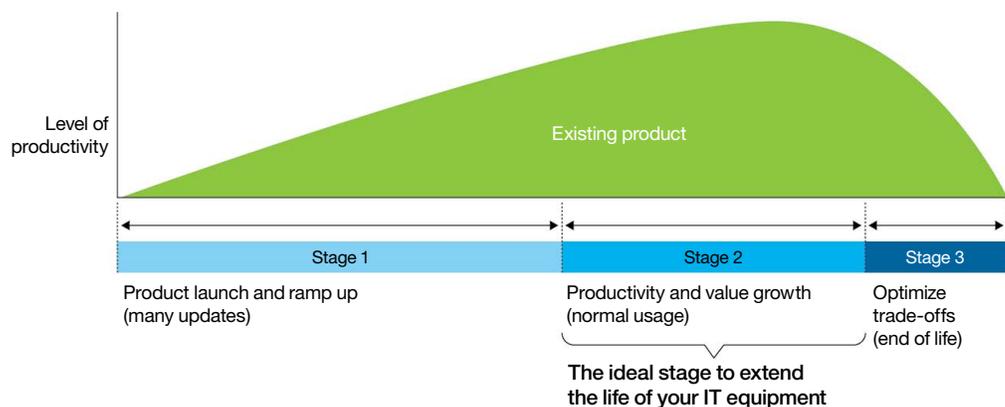## Adopt a lifecycle approach to hardware maintenance to decrease TCO

The lifecycle methodology is designed to extend the life of your data center equipment. And it's based on the belief that there's an optimal lifespan for a device that, in most cases, transcends its EOSL date. Commonly used to dictate the terms of a hardware maintenance agreement, EOSL dates determine when a product is deemed replaceable by an OEM (typically 3-5 years), even if the product is still functional. Renewing an EOSL-based contract with an OEM means that you get new equipment and maintain the status quo vendor relationship. But the price you may ultimately pay is unnecessary CAPEX and a higher TCO—both of which erode your budget.

Conversely, the lifecycle approach can significantly reduce your TCO by tailoring hardware maintenance decisions, such as updates and part replacements, to the actual condition of your equipment (as opposed to EOSL) dates. Using analytics, and real-time performance monitoring tools, a hardware maintenance vendor that follows this approach can advise you on which hardware should remain on OEM maintenance, be replaced or be moved to a TPM provider.

In addition to tools of the trade, the expertise of the vendor plays a key role in accurately assessing the health of data center equipment. It's critical to choose a vendor that's thoroughly familiar with the lifecycles of OEM equipment and highly experienced with supporting OEM hardware.

By moving from the typical OEM three-year refresh approach to a seven-year lifecycle strategy, it's possible to save up to 57 percent in capital costs.[2]

Using a lifecycle maintenance approach can enable you to run equipment for years beyond the EOSL date and defer new equipment expenses. For example, by moving from the typical OEM three-year refresh approach to a seven-year lifecycle strategy, it's possible to save up to 57 percent in capital costs.[3] Thus, knowing when your products' OEM warranties expire and identifying the most cost-effective time to migrate to a TPM provider can help you avoid needless CAPEX and optimize the TCO of your data center equipment.

Level of productivity

Existing product

Stage 1	Stage 2	Stage 3

Product launch and ramp up (many updates)

Productivity and value growth (normal usage)

Optimize trade-offs (end of life)

The ideal stage to extend the life of your IT equipment

The lifecycle methodology is designed to extend the life of your data center equipment.

Consolidate vendors to leverage economies of scale and ease management

In addition to financial challenges, managing multiple technology support vendors can cause significant administrative burdens. Juggling numerous contracts with different start and end dates, monitoring several service-level agreements (SLAs) and their associated service-level objectives, and managing the risks of multiple vendors going in and out of your data center are just a few of the many challenges inherent in multivendor management—challenges that can impact your TCO.

Single-source technology support agreements can considerably reduce these challenges. This approach consolidates IT maintenance and technology support with one or a few TMP providers—decreasing your administrative burdens and TCO.

The prevailing rationale for choosing an OEM vendor over a TPM provider is that an OEM can offer better support for its products. However, this assumption doesn't take into account important criteria for evaluating a maintenance and technology support provider.

 An industry-leading vendor should provide:

- Innovative tools to expedite remote or onsite problem resolution and streamline costs
- A thorough understanding of your business needs to deliver fast and reliable support
- Extensive and time-tested experience supporting heterogeneous IT environments
- Flexible and modular service options tailored to your needs and budget
- A single point of contact for globally consistent services, from simple break-fix to end-to-end support capabilities


How IBM Integrated Multivendor Support can help

IBM provides vendor agnostic technology support, thereby enabling IBM to serve as TPM provider for our clients. IBM® Integrated Multivendor Support (IMS) is a single-source and pre-priced offering that uses a lifecycle maintenance approach to help reduce the TCO of non-IBM servers, storage and networking equipment. This includes equipment from vendors such as EMC, HP, Hitachi Data Systems, Dell, Oracle-Sun Microsystems, Brocade and more. In addition to providing lifecycle-based maintenance recommendations, IBM offers a single point of contact for around-the-clock Level-1 and -2 support, including problem determination services.

Our specialists examine the actual condition of your equipment and advise you on which equipment should remain on OEM maintenance, be replaced or be moved to IBM maintenance. This can help you defer CAPEX and optimize the TCO of your data center equipment. In addition to helping to reduce overall costs, the IMS offering can also:

- Consolidate your OEM technology support—reducing costs, complexity and risks
- Tailor support to your unique needs via flexible and customizable service options
- Reduce business disruptions with proactive monitoring and event notifications

Seeking a **simpler solution** for multivendor product maintenance?

Who should I call for support?
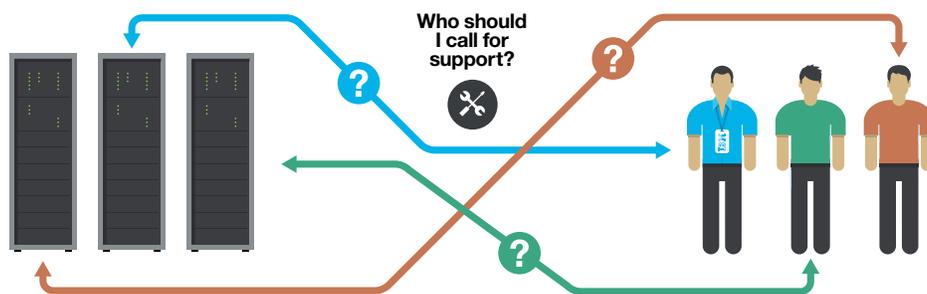
Let an IBM technician service **both your IBM and non-IBM systems.**

Trust
- An IBM technician can support IBM and non-IBM systems— reducing risks, vendors and contracts
- Technicians are certified field engineers, many with years of experience servicing data center equipment

Simplicity
- Single point of accountability
- Fast and easy quote process
- Designed to help you manage your devices longer
- Support for data center storage, server and networking equipment like **EMC, HP, Dell, Brocade, Sun Microsystems, HDS** and more

Reliability
- IBM Technology Support Services (TSS) supports 80% of Fortune 100 companies
- 24x7 response time
- Global parts infrastructure and a knowledge base of 23,000 worldwide employees
- Decades of experience supporting multivendor equipment

IBM Integrated Multivendor Support offers single-source lifecycle-based maintenance to help simplify vendor management, resolve problems and reduce the TCO of non-IBM servers, storage and networking equipment.

Why IBM?

IBM has over three decades of experience supporting multivendor, multiplatform equipment and numerous partnerships with leading IT vendors. Our vast experience is just one of the reasons why we can achieve up to a 94 percent first-call hardware success rate.[4] In addition, our maintenance recommendations are backed not just by performance data but also by the extensive research and knowledge of our IMS team, who has studied the lifecycles of hundreds of products, model by model.

Best of all, our lifecycle approach has been proven to help clients reduce costs and optimize the return on investment (ROI) of their data center equipment. In fact, by just extending the OEM equipment refresh period by one year via a lifecycle method, it's possible to save up to 14 percent in CAPEX.[5]

Additionally, through our outage mitigation and problem resolution services, we've helped clients achieve up to 20 percent reductions in operating costs.[6] This, combined with TCO and CAPEX improvements, not to mention our ability to provide one price and contract, can add up to bigger savings—in both costs and time. These are savings that you can invest in advancing your business.

Of course, as an IBM client, you can rest assured that we can rapidly support practically all your technology needs through our virtually unparalleled global infrastructure, which includes:

- **A global footprint that makes us available where you need us**—Our global reach spans 170 countries. Plus, we have 57 call centers worldwide with regional and localized language support, 114 hardware and software development laboratories, and 11 global research laboratories that we use on your behalf.[7]
- **A highly experienced team for industry-leading support**—Our 23,000 service personnel have an average of 14 years of experience and perform 19,400 hardware and software service requests daily.[8]
- **Robust parts inventory for faster parts replacements**—We have 585 parts centers, stocked with 1.3 million IBM and non-IBM parts that are delivered within four hours, on average, to 99 percent of US customers.[9]
- **Feature-rich technology capabilities**—With support services for both IBM and OEM hardware and software and a vast array of other technology solutions from cloud to cognitive computing, IBM can be your one-stop shop for virtually all your needs.

Transforming customer support operations

Profile: North American computer services provider

Challenge: The company used multiple vendors to provide support for its products, resulting in high support costs and unreliable system performance.

Solution: IBM provided a single point of contact for the company's customers and a single workflow for all calls, as well as availability management, tailored invoicing, vendor management, inventory management and change management services.

Results: The client saved USD 8 million the first year and achieved ROI in just two quarters. These savings have helped the company reinvest in training and improvements to its customer relationship management (CRM) systems.

For more information

To learn more about IBM Integrated Multivendor Support, please contact your IBM representative or IBM Business Partner:
ibm.com/services/us/en/it-services/technical-support-services/technical-support-services-for-the-entire-data-center/index.html

Additionally, IBM Global Financing provides numerous payment options to help you acquire the technology you need to grow your business. We provide full lifecycle management of IT products and services, from acquisition to disposition. For more information, visit: **ibm.com**/financing

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[1] IDC, High-Availability Angst in the 3rd Platform Era, Doc # DR2015_T5_PR, March 2015.

[2] ROI calculator for IBM Integrated Multivendor Support.

[3] Ibid.

[4] Based on IBM internal data; current as of March 2014.

[5] ROI calculator for IBM Integrated Multivendor Support.

[6] Based on IBM internal data; current as of March 2014.

[7] Ibid.

[8] Ibid.

[9] Ibid.

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