



Equinix completes twin transformations within unmovable timelines

On-time technical and process transformation enables on-budget business transformation, saving millions of dollars

Overview

The need

REIT status could provide great economic value to Equinix and its shareholders, and a financial program, "SWIFT," offered major benefits. Could two transformations be completed inside fixed timelines?

The solution

Equinix created new business systems and processes designed to satisfy the demands of REIT/SWIFT, enabled by transforming business systems to Oracle R12 applications.

The benefit

Operating as a REIT offers millions in economic benefit to Equinix and its shareholders; new business systems offer greater control, reporting and analytics for cost savings, insight and efficiency.

Equinix, Inc. (Nasdaq: EQIX) connects the world's leading businesses to their customers, employees and partners inside the most interconnected data centers. In 33 markets across five continents, Equinix is where companies come together to realize new opportunities and accelerate their business, IT and cloud strategies. In a digital economy where enterprise business models are increasingly interdependent, interconnection is essential to success. Equinix operates the only global interconnection platform, sparking new opportunities that are only possible when companies come together.

At the end of 2014, Equinix generated \$2.444 billion in revenues, at an annual growth rate of 14 percent. Such high growth rates create challenges of management, reporting and control. In early 2012, the Equinix team had identified that converting the company to a Real Estate Investment Trust would potentially save millions of dollars – estimated by some external analysts at around \$340 million over two years. Such savings would create shareholder value in the form of dividend distributions and an increased share price.

It rapidly became clear that the company and reporting structures in place at Equinix would need to be completely transformed. Manual processes were not scalable or reliable, and the level of detail, consistency and auditability required for intercompany transactions would not be possible with existing systems. REIT status would require new processes and structures for global operations, and much more. Specific items, such as SEC filings, board policies and approvals, shareholder dividend declarations and payments, along with tax compliance, testing and reporting, were all required to achieve REIT compliance.

Equinix made a public commitment to achieving the necessary legal, reporting and compliance changes necessary for REIT status. To make it possible, underlying IT systems absolutely had to be ready on time. Cathryn Arnell, VP Corporate Finance, says, "IBM really did keep Equinix on that timeline, and provided the guidance and governance necessary to deliver an on-time result."



Solution components

Hardware

- IBM® Power® 750
- IBM Flex System®

Applications

- Oracle E-Business Suite
- Oracle R12 database

Software

- IBM AIX® Enterprise Edition
- IBM FlashCopy® Manager
- IBM SAN Volume Controller

Services

- IBM Global Business Services®
-

At the same time, Equinix created a Strategic Worldwide Integrated Financial Transformation (SWIFT) program, designed to streamline and improve its financial operations. SWIFT defined and led to the upgrade and extension of existing Oracle applications and related IT infrastructure, including migration to Oracle R12, deployment of IBM compute, storage and network services, and to the development of on-premise cloud capabilities .

Cathryn Arnell, VP Corporate Finance, reports, “After receiving Board approval, Equinix set a clear deadline: REIT status must be in place from 1 January 2015. Advisors recommended that for the transition to be successful, the company must operate as a REIT for two complete quarters prior to the effective date, which produced an absolute hard-and-fast deadline for the REIT/SWIFT program of 30 June 2014.”

Matching the Equinix ‘can-do’ culture

To make the combined REIT/SWIFT program possible, Equinix embarked on total business transformation. Oracle databases and Oracle E-Business applications needed to be upgraded and extended to meet the new requirements, and new processes and systems embedded.

Equinix appointed IBM® Global Business Services® to assist in the transformation project, as Rosh Dawes, Senior Director IT, explains: “The IBM team understood the business urgency of the project, and that the timelines were driven by the commitment to achieve the REIT status.

“IBM Global Business Services provided great references of similar projects, and proved to be excellent partners throughout the engagement. The IBM team was organized, and tracked every action, and immediately showed that they were a close fit with the Equinix ‘can-do’ culture.”

Planning, participation and processes

The program started with comprehensive reviews of the target structures, and rapidly moved to deployment followed by iterative feedback. IBM took on the upgrade and migration to the Oracle R12 platform, managing other vendors, and ensuring that the focus remained on the REIT/SWIFT target.

IBM set up new project processes, including stakeholder management, participation of senior executives and the Equinix business team, and developed a comprehensive plan to move to the business model to a shared service center approach. At the outset, Equinix used hosted services from IBM to demonstrate the validity of the approach prior to making capital commitments. IBM subsequently provided strategy, technology and application integration services from the IBM Global Business Services technical support team based in India and in the United States based Baton Rouge Development Center.

“The REIT program was started in the midst of SWIFT, and Equinix’s own people were very tied up in daily operations. IBM was able to provide resources globally and locally to ensure we had the capacity when needed, using local, onshore and offshore centers to provide flexibility and expertise,” says Rosh Dawes.

“This is a standout IT project that came in on time, and on budget, and IBM played a central part in that achievement.”

— David Wilson, VP Global Financial Operations, Equinix

“The IBM folk sat with us on-site and we sent some Equinix folk to India, and built a great, cohesive team based on continuous partnership. This really helped avoid surprises and kept us all on track. Another element of the process was cleansing of historic data. The IBM Graduate College in Baton Rouge provided outstanding support here, handling large volumes of data flawlessly.”

To support the solution, Equinix migrated its Oracle E-Business Suite and Oracle databases to IBM Power® 750 servers running the IBM AIX® Enterprise Edition operating system, with a further four IBM Power Systems™ nodes in an IBM Flex System® chassis, connected to IBM Storwize® V7000 storage. IBM completed further custom development, both at IBM Baton Rouge and at Equinix’s location in Redwood City, CA.

Equinix engaged an IBM Business Partner, Chouinard & Myhre, Inc., which showed that x86-architecture solutions could be cheaper on initial capital expense but more expensive on a total cost of ownership basis. The company was not willing to trade short-term gains for long-term benefits, and now uses the Power Systems infrastructure as a private cloud, using automated provisioning to assign compute, network and storage resources as appropriate to each application area for maximum efficiency.

Loveneesh Bansal, DBA Manager, comments, “In total the migration handled some 30 TB of data, with the core Oracle R12 applications running on the Power 750 servers. We use Live Partition Mobility to allow us to move applications even while they are running, and handle our backups and data snapshots through IBM FlashCopy® Manager and the IBM SAN Volume Controller for maximum resilience. IBM stood out in terms of greater performance and lower costs per application, and the IBM team was always ready to listen, advise and come up with a solution.”

Doing what is needed to meet the deadlines

The first critical deadline loomed: being ready for two quarters’ continuous operation from 1 July 2014. David Wilson, VP Global Financial Operations, takes up the story:

“The technical migration to Oracle R12 had gone well, and we now had to check the processes, systems and business realignment essential to achieving the REIT status. We invited a large audit company to prove that we could satisfy the REIT obligations, which soon showed that the systems transformation project had been completely successful.

“One of the greatest gains is in the area of intercompany transactions. Even allowing that we curtailed the scope of the implementation to be certain that we hit the timelines, migrating to Oracle R12 has showed us what can be achieved, such as global processes for the General Ledger, automated receipts matching and a streamlined procure-to-pay process.”

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— Rosh Dawes, Senior Director IT, Equinix

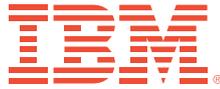
Rosh Dawes adds, “IBM Global Business Services has helped Equinix on the path to the globally integrated enterprise. As a team we chose to de-risk the program by ensuring that we stayed within scope, while IBM offered the ability to adapt on-the-fly with flexible resources and assigning teams with the right cultural fit and personality. IBM really took the speed of the program and the fixed deadline to heart, and did what they had to do.”

David Wilson concludes, “IBM offered simplicity and a streamlined approach. This is a standout IT project that came in on time, and on budget, and IBM played a central part in that achievement.”

Cathryn Arnell agrees, “IBM really did keep Equinix on that timeline, and provided the guidance and governance necessary to deliver an on-time result. The benefits are that the SWIFT platform will help Equinix enable enterprise agility, make better decisions and drive profitable growth.”

For more information

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Route 100
Somers, NY 10589

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