

INSIGHT

Rationalizing the IT Support Services Budget for 2009: Three Things Enterprises Should Investigate

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IDC OPINION

The economic forecasts for 2009 do not look promising. Most economists are calling for the economic downturn to last well into 2009. In response to this, enterprises are investigating all manner of cost reduction. To assist with this, IDC has identified three areas of the enterprise IT department that should be investigated. IDC believes that with some investment in these areas, enterprises could realize immediate cost avoidance or cost savings. These three areas are:

- ☒ **Virtualization.** Virtualization can provide enterprises with immediate cost avoidance as it can improve the utilization of the IT infrastructure. However, enterprises should not think that virtualization is limited only to servers. Rather, virtualization also can provide benefits to the network and storage environment. To capitalize on the cost savings offered by virtualization, enterprises should investigate using an external IT services provider for developing the architecture, integration, and support for the virtualized environment.
- ☒ **Help desk.** Over the past several years, there have been significant improvements in the tools available to help desks. These tools can help in the automation of support and the remediation of problems. By deploying these tools, enterprise can optimize the size and the responsibilities of help desk personnel.
- ☒ **Support portfolio.** Optimizing the support portfolio can provide enterprises with immediate cost savings. By rationalizing the support portfolio, enterprises can reduce the costs associated with having redundant support contracts, over supporting, or under supporting IT systems.

IN THIS INSIGHT

This IDC Insight provides organizations with recommendations regarding services and tools that they should investigate deploying during the economic downturn. IDC understands that while cash conservation is of paramount importance over the next year, enterprises should not make across the board cuts, rather they should take a surgical approach to cost cutting. As part of this approach, there are investments that enterprises should be investigating that will provide immediate opportunities for cost savings.

SITUATION OVERVIEW

2008 saw a significant amount of turbulence in financial markets. In the first half of the year, the subprime mortgage crisis expanded as homeowners in the United States began to default and foreclosures accelerated. This credit crisis spread throughout the financial services industry and, in October, several blue-chip financial institutions either failed or had to be bailed out. Against this backdrop, the National Bureau of Economic Research declared on December 2, 2008, that the U.S. economy had been in a recession since December 2007. With the economic times continuing to be challenging, most organizations are investigating some form of cost control for 2009. Through IDC's ongoing conversations with enterprises, most of them are implementing dramatic cost-cutting measures for 2009 based on the uncertain economic future.

To help with these cost-cutting measures, IDC believes that enterprise IT organizations need to investigate several aspects of their operations as they provide some areas for potential cost savings. These three areas are:

- ☒ **IT utilization.** IT utilization measures the capacity of the physical hardware that an organization is using to support its business. Generally, the most common metric is server utilization. Most organizations are using a far smaller percentage of their server resources than the expect. However, despite only using a portion of the server resources, organizations are still paying for and supporting the entire device. In addition to server utilization, which is the most common referenced metric, IDC also believes that organizations should investigate storage and network utilization.
- ☒ **End-user support.** Most organizations operate some form of an internal help desk. Generally, this internal help desk is responsible for supporting end users' client devices. When IT budgets get cut, one area that usually comes under investigation is the internal help desk. However, the internal help desk can be essential to providing support for the end users and maintaining employee productivity. However, there are technologies that have been developed in the past several years that can assist with automating this support and improving efficiency of the help desk.
- ☒ **Maintenance and support budget.** The largest component of the IT operations budget is external support services. For many organizations, this is an area where cost savings can be realized through portfolio optimization. In many cases, organizations are either under or over supporting their IT environments and adding additional costs.

FUTURE OUTLOOK

IDC believes that organizations will need to address the above-mentioned areas in their IT operations to be able to successfully cut costs while maintaining IT performance. To address these concerns, IDC recommends that enterprises take the following actions in 2009.

Virtualization Acceleration

Virtualization is one of the technologies that can provide enterprises with immediate benefits. Initially, by deploying server virtualization, enterprises can improve server capacity on their x86 servers and avoid having to refresh some of their technology. However, deploying virtualization enterprisewide can require integration skills that many organizations lack. Deploying virtualization on a select number of servers as a proof of concept on a single server or a limited number of servers is relatively simple and can be handled by the internal IT department. However, enterprisewide deployments require an end-to-end approach as the deployments affect the following aspects of the IT environment:

- ☒ **Server workloads.** Determining which workloads can be consolidated onto the same server requires an understanding of the virtualization platform and the workloads. Generally, IT services providers have developed tools and best practices that address these concerns based on previous experience with many other clients.
- ☒ **Network and storage impact.** Once organizations deploy server virtualization, there are often impacts on the network and the storage systems. In some cases, these impacts are significant enough that the network needs to be redesigned to handle the new network traffic pattern caused by the newly virtualized server environment. Further, the storage architecture can be significantly impacted by server virtualization. This is most commonly seen in direct-attached storage systems. Using an external services provider to assist with the enterprisewide virtualization project can help mitigate these challenges.
- ☒ **Network and storage virtualization.** In addition to the impact of server virtualization on the network and storage architectures, enterprises should also look into the prospect of virtualizing their network and storage systems. This can result in similar increases in the capacity utilization of these systems and result in additional cost avoidance.
- ☒ **Training and support.** Once the enterprise has deployed virtualization, there will be challenges associated with managing and supporting the infrastructure. Specifically, there are pitfalls that enterprise can avoid by focusing on the postimplementation operations during the deployment. Specifically, there are concerns around virtual machine sprawl and the potential for cascade failures. By focusing on these issues during deployment, organizations will be in a better position to realize the benefits from the virtualization project.

To address all of the above concerns, IDC believes that enterprises should look to an external services provider to assist with the deployment, integration, and support of the technology.

Support Automation and Remediation Tools

Over the past several years, there have been significant improvements in the tools available to support IT systems and improve the efficiency of IT help desks.

Tools That Can Help the Server Environment and the Datacenter

In the area of enterprisewide applications or datacenter support services, vendors are increasingly looking to proactive and preventive support tools and utilities to provide the high-value support services required to avoid costly downtime situations. Advancements in technology and increased customer acceptance are enabling increased deployments of automated support and remote monitoring, which can help support providers deliver higher-quality support by focusing resources in a more targeted fashion. This technology, if deployed correctly, can accelerate a shift away from reactive maintenance to proactive and preventive support services, which can improve the efficiency of the current internal IT support staff, thus reducing the amount of time and resources that need to be dedicated to supporting the current environment.

Tools for the Client Environment and End User

To address client-side support issues, many vendors have developed tools that can address the requirements for installation and verification of patches on server and PC software. The vendor solutions also address functionality required for:

- ☒ **Discovery and inventory.** Simplifying the process to patching machines begins with being able to determine which PCs and servers are using network resources. Identifying the software versions that require remediation is based on an accurate, current view of the software configuration of the machine to determine if patches have been applied, and if the machine is current with the latest patches.

- ☒ **Automation.** Once inventory and configuration of software on PCs and servers has been performed, providing that information in an automated fashion to the service desk software is key toward smoother, streamlined operations. IT organizations turn to solutions that incorporate a configuration management solution, as well as some sort of run-book automation solution to address the thousands of PCs and servers that require update with the latest software.

In addition, there has been significant improvement in remediation tools — the new generation of "clientless" remote support tools. These tools differ from traditional remote control tools, as they do not require the client device have any preinstalled software to operate. Further, they can operate when the end user is either on the corporate network or outside of the network. Further, the newer generation of tools can assist the IT help desk in supporting a variety of devices. This is becoming increasingly critical as the number and type of devices that the IT help desk is required to support is increasing at a dramatic rate. Deploying this technology enables the help desk to achieve a higher level of end-user support while reducing or optimizing their help desk staff. Further the tools enable:

- ☒ **Faster problem resolution.** By using a remote control tool, the IT help desk can better serve their end users. Remote control tools provide help desk personnel with the ability to remotely diagnose and solve problems. By being able to see and control the end users' PC, the help desk technician can avoid having to talk the user through the problem or having to go to the users' office to address the problem.

- ☒ **Greater reach.** Traditional remote control tools are limited in their reach and thus their utility to the help desk, because they require the installation of client-side software. This requirement, while it seems minor, introduces several issues that can limit the reach and utility of these tools. Initially, the IT support staff needs to ensure that all of the client devices that they need to support have the correct software installed and operating correctly. For organizations that do not have robust IT processes, this can be challenging. Further, to be able to support the wide variety of devices that organizations are deploying, the tools need client-side software designed for each device type. The newer generation of clientless remote support tools do not have this requirement and, as a result can support a wider variety of devices giving them greater reach and thus utility.

IDC believes that by deploying automation and resolution tools, enterprises can effectively optimize the size and responsibilities of their internal help desks.

Rationalize the Support Budget

For many organizations, a significant portion of the IT operating budget goes to external support services. In many cases, this budget has not been subjected to an overarching review, rather enterprises have reviewed and tried to reduce portions of the budget. However, because of the challenging economic times that enterprises are expected to face in 2009, a comprehensive review of the entire support budget is in order. The review of the budget should try to identify the following support inefficiencies:

- ☒ **Multiple vendors providing support for the same equipment.** In some cases, enterprises with very complicated IT environments may have support contracts from multiple vendors that both cover either the same hardware or software. One of the most common examples of this is a support contract with a software vendor that covers the application and the server OS and a contract with the server vendor that covers the hardware and the OS. In this case, the organization is paying two vendors for the same service. Identifying these situations and consolidating the support with a single vendor, organizations can reduce their external support spending.
- ☒ **Under- or oversupported equipment.** Some IT equipment may not be currently supported at the optimal level. To determine how the equipment should be supported, IT departments need to understand how critical the business process that is dependent on the equipment is. So, for example, mission-critical business processes need to run on IT equipment that is being supported at the highest levels. However, less-critical process can be run on equipment that is supported at a lower level. Mismatching the support level can lead to higher costs. Under supporting critical systems leads to increased costs associated with higher internal staffing costs and downtime costs. Over supporting systems results in higher direct support costs.

To help address these costs, IDC believes that enterprises should undergo a comprehensive review of their support portfolio. By identifying the inefficiencies and rationalizing them, IDC believes that enterprises can reduce their support operating budget while ensuring the systems are supported at the correct level.

ESSENTIAL GUIDANCE

As we move through the current bout of economic turbulence, organizations need to conserve cash and limit expenditures. However, IDC believes that across the board cuts are not the best method to accomplish the cost reductions. Rather, enterprises should look for investment areas that can result in immediate cost savings. By taking this more surgical approach to cost cutting, the enterprise will both preserve cash and reduce operating costs in the short term and become more efficient in the process. Further, once the economic downturn has ended, organizations that have taken the surgical approach will be in a better position to grow revenue as they will have more efficient IT systems to support their business processes.

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