

# IDC ExpertROI® SPOTLIGHT

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## The Business Value of HP Business Service Automation (BSA) Solutions

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### Overview

Today, companies are looking for tools to help automate and optimize their IT operations and better align IT projects with corporate objectives. While myriad solutions exist to support every IT function, companies are looking to standardize on management platforms to provide an integrated company-wide solution that enables them to create and enforce policies and procedures across the organization that reduce costs and mitigate risks.

This IDC ExpertROI® Spotlight is one of a series of business value studies that IDC performed on behalf of HP. Specifically, we conducted interviews with 30 HP customers and used our extensive research database (several thousand customers) to assess the value propositions for HP comprehensive Business Technology Optimization (BTO) and Information Management (IM) solutions (see Figure 1).

This particular Spotlight focuses on the benefits that companies derived from deploying HP Business Service Automation (BSA) solutions — one important element of HP's portfolio. BSA consists of the following capabilities:

- **Client Automation** automates critical IT processes throughout the PC life cycle. It provides tools used to simplify, efficiently deploy, and maintain client devices — including mobile and virtual environments.
- **Server Automation** automates manual operations and provides life-cycle management for enterprise servers and applications — from establishing a baseline to provisioning; patching to configuration management; and script execution to compliance assurance.

### Business Value Highlights

**Challenges to IT:** To reduce IT cost structure yet improve IT's ability to support the business

**BSA solutions:** Server Automation, Network Automation, Operations Orchestration, Storage Essentials, and Client Automation

**IT profile:** Hundreds of thousands of server, client, network, and storage devices managed using HP Business Service Automation

**Cumulative benefits:**

- ROI of 382%
- Payback in 6.7 months

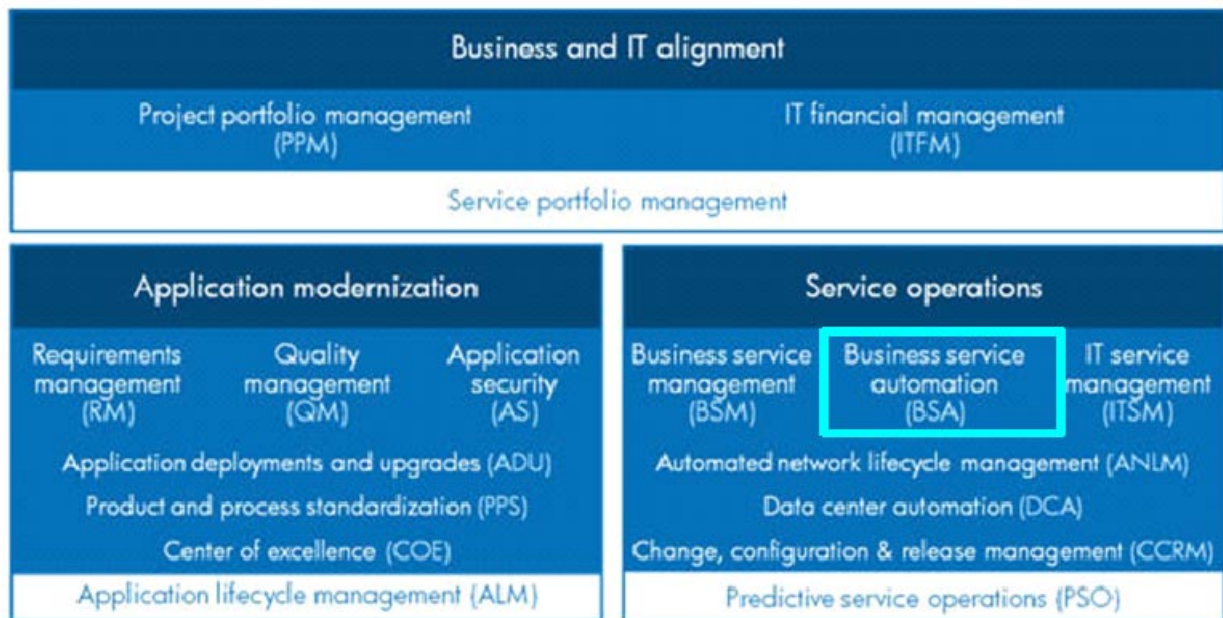
**Specific benefits:**

- IT staff can support 60–70% more users and resources
- Reduced outsourcing costs by 50–70%
- Provisioning time reduced 50–80%
- Downtime reduced by 51%

- **Network Automation** tracks, regulates, and automates configuration and software changes across globally distributed, multivendor networks.
- **Storage Essentials** automates management of heterogeneous storage environments by providing application-centric visualization of complex SANs.
- **Operations Orchestration** automates routine IT tasks, such as repetitive maintenance, change provisioning, and incident resolution.

IDC research showed that companies that deployed the HP BSA solution were able to realize \$4.82 in benefits for every \$1.00 invested.

**Figure 1. Business Service Automation (BSA) Is a Critical Element of HP's Business Technology Optimization (BTO) Portfolio**



Source: HP, 2010

### Challenges to IT

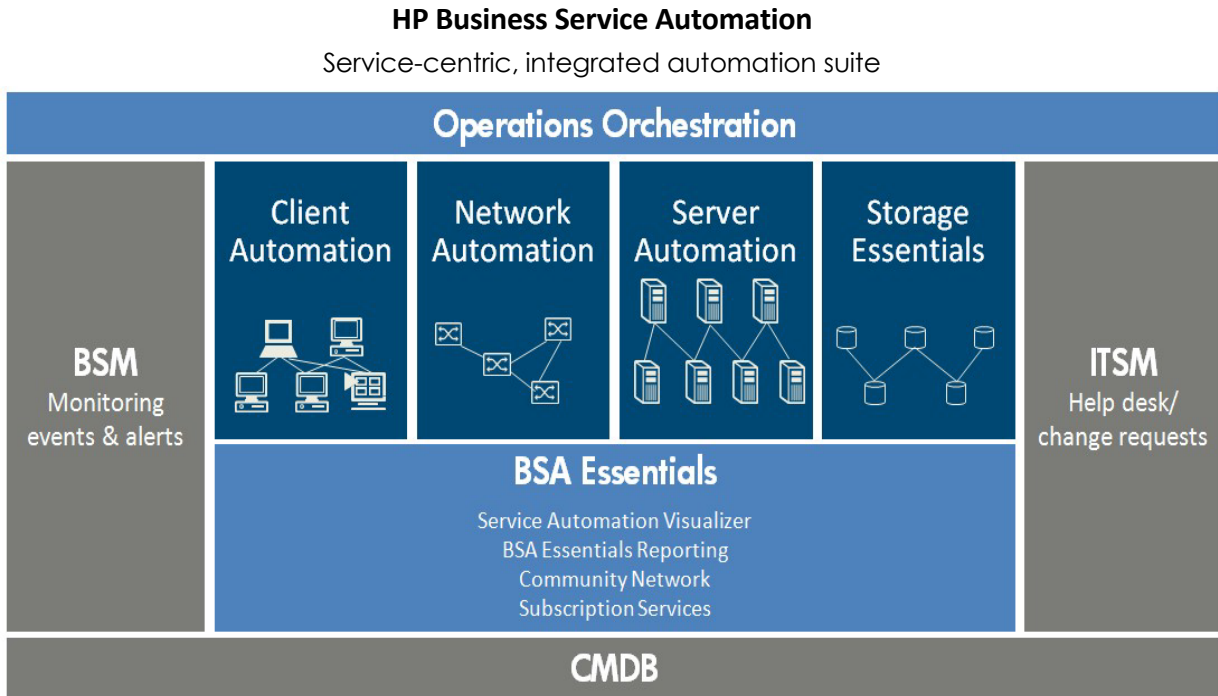
Large and medium-sized companies are under pressure to lower costs and leverage IT resources in line with corporate goals. Companies turn to HP BSA solutions because:

- They are migrating from point solutions they have inherited through acquisitions or have purchased incrementally over time to meet short-term needs.
- They are preparing to implement a cloud solution and need a better method of dynamically provisioning resources or deploying new applications to the cloud.
- Establishing a managed environment is part of a major IT initiative such as virtualization of servers and/or client environment; implementation of a program such as ITIL; a major upgrade of the software or hardware platforms; or deployment of a transformative business application such as ERP.
- They are unable to keep up with demand with manual operations.
- They are struggling with compliance management.

**BSA Solutions**

BSA solutions provide an integrated suite of solutions to support datacenter (covering servers, network, and storage infrastructure) and client management, as illustrated in Figure 2.

**Figure 2. BSA Product Architecture**



Source: HP, 2010

Interviews with BSA solutions customers have identified some key best practices:

1. **Start with one major solution at a time.** Typically, most companies initially deploy one of the following solutions, depending on their specific and immediate requirements: server management, network management, client management, or storage management. Then they add the remaining solutions incrementally, as needed, because each requires a different set of skills and has a different impact on users.
2. **Deploy to a high percentage of users.** Companies in which BSA applications impacted more than 50% of IT users had significantly quicker recognition of benefits than companies in which less than 40% of IT users were impacted. Other benefits to extensive deployment included getting up the learning curve faster and greater support from users' and internal stakeholders' "shared success."
3. **Use HP professional services.** Having HP help with deployment also speeds up time to benefits and increases the extent of automation and integration of the solutions.

**Benefits**

IDC looks at both quantifiable and qualitative benefits of technology. The quantifiable benefit is a function of taking improvements in key metrics, such as reducing downtime, and translating them into financial savings. To help "normalize" and communicate the benefits of software solutions to clients in a "scalable" way, IDC uses a methodology that quantifies total benefit value in terms of *dollar savings per 100 end users*. Thus, the total business value of

client + server + network + storage automation is expressed in a way that organizations of varying size can extrapolate as they deem appropriate. This value is a measurement that quantifies specific key metrics presented in the narrative that follows.

Moreover, we group quantifiable benefits into four major groups:

**IT productivity** — the value of IT staff time. BSA solutions automate much of IT staff management operations, thereby reducing the staff hours required. For example, HP Server Automation automates many of the processes that are managed by server administrators, reducing the amount of time required for such activities as server provisioning by 64% and software updates and configuration by 35%. This staff time multiplied by a loaded salary of \$100,000 quantifies IT productivity. In this study, companies realized average IT productivity benefits of \$23,710 per 100 end users per year.

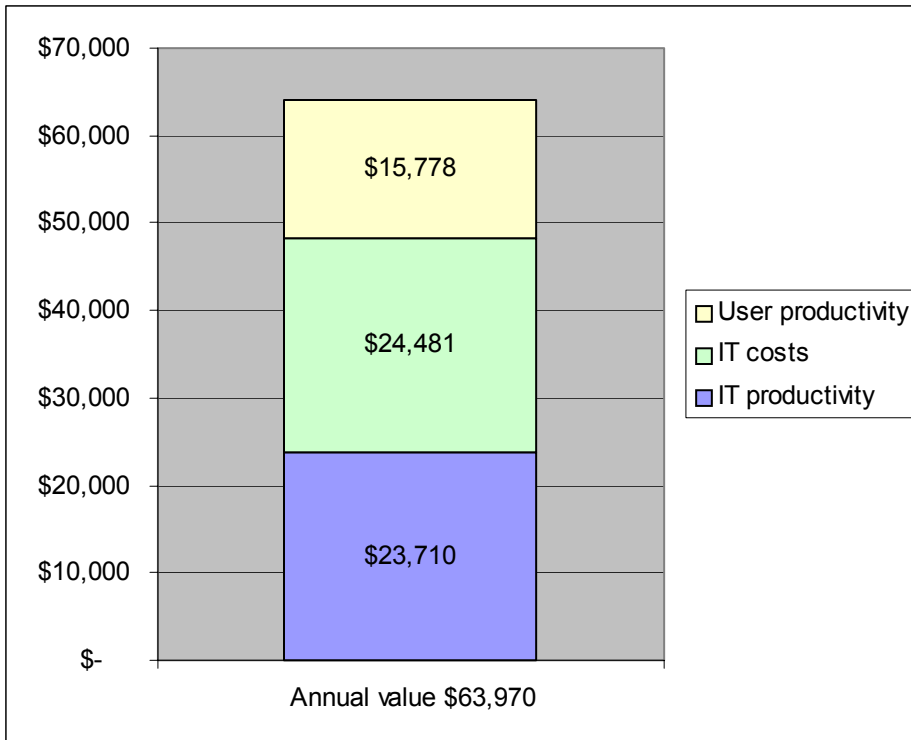
**End-user productivity** — the value of IT end users' time. IT end users are defined as employees who use applications as part of their daily job. Typically, in IDC studies, some 60–70% of employees are also IT end users. End-user productivity is measured by quantifying the time end users have access to the applications they use as part of their job multiplied by their loaded salary (\$67,500) and scaled by some productivity factor (1–100%) that accounts for the fact that they may have other job functions as well. By optimizing the operations of servers, clients, and networks, BSA solutions enhance the reliability of IT services, which means that barriers to end-user productivity such as unplanned downtime and help desk issues are reduced. This accounts for average end-user productivity benefits of \$15,778 per 100 end users annually.

**IT costs** — the actual value of IT budget items, which include both capex items (i.e., hardware, software, infrastructure, power, and facilities) and opex items (largely IT staff and outside services). As IT operations become more centralized, automated, and productive, they can do more with less — reducing the need for staff at remote sites and consulting services as well as eliminating other tools. Companies deploying BSA have reduced costs by an annual sum of \$24,481 per 100 end users.

**Business benefits** — the impact on revenue recognition or costs outside IT. This could include the revenue loss from downtime on a customer-facing application or the incremental revenue from getting a product to market quicker or reducing the fines associated with compliance failures. Because such benefits are not relevant or quantifiable to all companies, we did not use the value in our financial analysis.

Based on our analysis, the average annual benefits of BSA solutions are shown in Figure 3.

**Figure 3. Average Annual Benefits of BSA Solutions per 100 End Users**



Source: IDC, 2010

Other nonquantified benefits of using HP BSA technology include eliminating the need for client-dedicated IT staff, integration with other HP BTO solutions, consistency across the enterprise, ease of use, and rapid response time.

***The Key to It All: IT Productivity***

The BSA products provide advanced, policy-based management solutions that automatically and continuously manage software configurations, making IT's job much easier than before. Instead of performing software functions such as patching and upgrades in a manual, task-based manner, the automated solution ensures that business rules and policies are adhered to automatically. The key metrics highlighted in Table 1 show how the companies in the study have realized significant quantifiable benefits from the use of HP BSA solutions.

**Table 1. Key Metrics of IT Productivity**

Key Metrics of IT Productivity	Before HP BSA	After HP BSA	Improvement
Server CPUs per IT staff	270.7	446.1	65%
Clients per IT staff	560.9	884.9	58%
Desktop provisioning (hours)	7.0	0.7	64%
Server provisioning (hours)	3.5	1.5	57%
Application deployment (hours)	137.5	27.5	80%
MTTR (minutes)	100.3	78.5	22%

Source: IDC, 2010

The key net benefit of using HP BSA solutions is the transformative effect on IT support and management. Companies that combine implementing better policies and procedures with automating server, client, network, and application management tasks and integrating and centralizing control have shown significant reductions in day-to-day IT labor requirements, which add up to the IT productivity savings shown in Table 2.

**Table 2. IT Productivity Savings**

IT Management Function	% Reduction	Value per 100 End Users
Client management	58%	\$8,464
Server management	28%	\$2,898
Help desk processes	62%	\$6,340
Network management	25%	\$5,964
Application management	86%	\$44
Total productivity savings	47%	\$23,710

Source: IDC, 2010

***IT Productivity Results in Better Services and Enhanced User Productivity***

Automating and centralizing most of desktop, server, and applications management significantly reduced the time that users do not have access to business applications. Unplanned downtime per user is reduced 51% — adding another 5.5 hours per year in productive time (see Table 3). Centralizing desktop, server, and network provisioning as well as application deployments, upgrades, and patching allowed the company's users to gain another 2.1 hours of productivity per year. Finally, an automated help desk and automated applications deployment, server load sharing, and software distribution services for clients mean far fewer compatibility, capacity, and congestion issues and quicker, more efficient troubleshooting, saving another 1.2 hours per year.

**Table 3. End-User Productivity Savings**

End-User Productivity Metrics	Annual Hours Before	Annual Hours After	% Savings	Value per 100 End Users
Help desk automation	1.98	0.76	62%	\$874
Downtime	10.63	5.17	51%	\$9,799
User administration savings	2.30	0.22	90%	\$3,794
Total end-user productivity savings	14.90	6.15	62%	\$14,467

Source: IDC, 2010

***Productivity Leads to IT Cost Reduction***

Deployment of HP BSA means that companies can eliminate other point solutions that they may have been using for various management functions. By consolidating IT operations and centralizing management and control of multiple user sites with fewer consoles, companies reduce labor, hardware, software, and space requirements and costs. Through automating client and server management, companies are able to eliminate or significantly reduce reliance on third-party support for many remote sites. Overall, the HP BSA solution was directly responsible for reducing outsourcing costs by 40–80% (see Table 4). Additional cost avoidance for both outsourcing and internal overhead growth will be realized based on how rapidly companies grow part or all of their IT environments.

**Table 4. Annual Cost Reduction**

Cost Reduction Savings	Annual Value per 100 End Users
Elimination of other tools	\$10,429
FTEs reduced/avoided	\$3,219
Reduction of outsourcing	\$5,833
Consolidation of management operations	\$5,000
Total cost reduction	\$24,481

Source: IDC, 2010

***Business Benefits***

Multiple metrics can be measured to show the direct business benefits from HP BSA solutions but are excluded in most ROI analyses. For example, we can quantify revenue losses related to unplanned downtime. However, although this metric is critical to many service providers and financial institutions, it is not important to the government and education sectors.

Companies that deploy HP BSA solutions tend to have reasons that stem from both business and IT, where IT is an enabler of business outcomes. Many of the business benefits are not directly quantifiable for the ROI analysis but are important in the reasons why BSA solutions are selected and for the impact on the business (see Table 5).

**Table 5. Business Service Automation Has Value for Both IT and the Business**

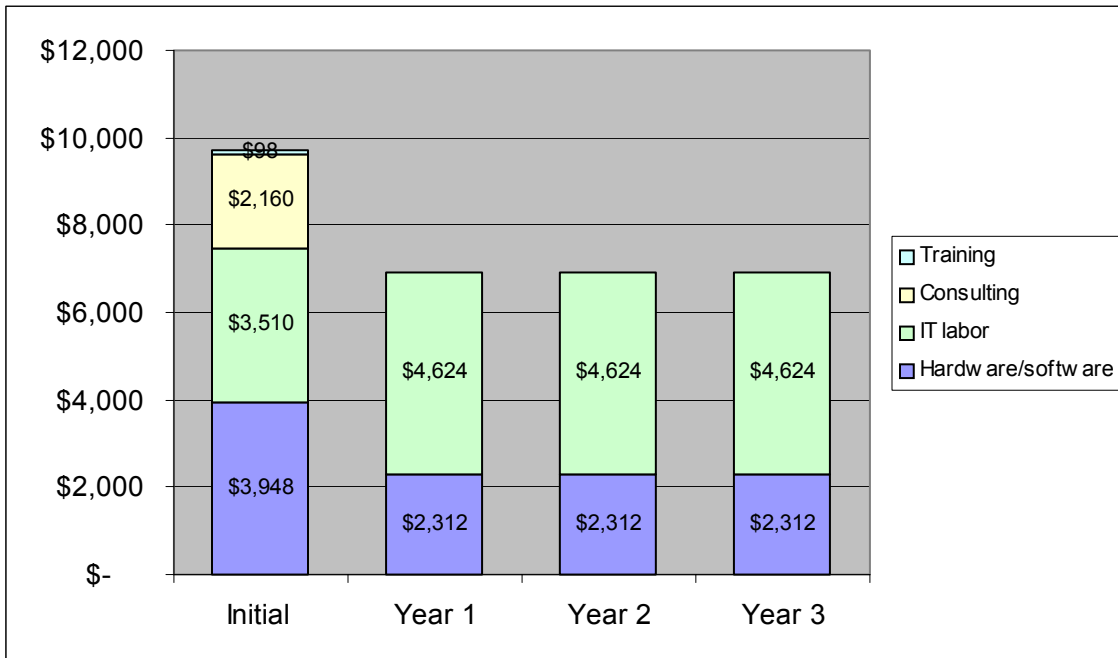
<i>Business Outcome</i>	<i>Business Metric</i>	<i>IT Enabler</i>	<i>IT Metric(s)</i>
<i>Reduce operating costs to become a more efficient competitor</i>	<i>Lower operations costs per transaction</i>	<i>Client, server, network, and storage automation</i>	<i>Lower IT costs per user</i>
<i>More quickly implement business decisions</i>	<i>Quicker time to market and revenue enhancement</i>	<i>Integrate IT resources management on a single platform</i>	<i>Quicker deployment of business applications, provisioning of new users</i>
<i>Maximize quality of services and customer satisfaction</i>	<i>Fewer customer complaints, lower churn</i>	<i>Ensure high availability of customer-facing applications</i>	<i>Lower downtime to reduce revenue loss and service disruption</i>
<i>Optimize productivity</i>	<i>Lower error rates, less rework</i>	<i>Monitor performance of IT services across the entire environment to track performance</i>	<i>Lower downtime, fewer service desk calls, lower IT costs per user</i>
<i>Regulatory compliance</i>	<i>Lower noncompliance penalties</i>	<i>Automated SLA and regulatory compliance</i>	<i>Lower costs of compliance audits</i>

Source: IDC, 2010

**ROI Analysis**

The cost for buying, deploying and managing a five-solution suite of HP BSA over the three-year period is \$30,524 per 100 end users (see Figure 4). We consider this cost the investment, which includes all the costs directly associated with the HP BSA solution(s) that the typical company would have to bear. Initial costs account for 32% of the total three-year investment and are counted before any benefits accrue. Hardware costs include the cost for purchasing and installing new server hardware and software with no allowance for reusing servers. Installation costs include the average for both internal IT staff and some consulting. Training costs include training fees and the loss of productivity for tying up IT staff for 1.5 weeks.

**Figure 4. Three-Year HP BSA Investment per 100 End Users**



Source: IDC, 2010

Table 6 shows that with the HP BSA suite of products, customers can realize a three-year ROI benefit of 382% with a payback in only seven months from deployment.

**Table 6. BSA Return on Investment**

Three-Year ROI Analysis	Per 100 End Users
Benefit (discounted)	\$127,009
Investment (discounted)	\$26,376
NPV	\$100,633
ROI	382%
Payback	6.67 months
Discount percentage	12%

Source: IDC, 2010

The results of IDC research are also embedded in the ROI models that HP offers to its customers to help build business cases to justify investment in HP BSA solutions.

**IDC ROI Methodology**

IDC performs a three-step process to calculate the ROI and payback period:

1. Measure the benefits from reduced costs, increased availability, and improved IT productivity.
2. Ascertain the total investment in the solution (hardware, software, FTE requirements for deployment and annual maintenance, customization, training, and consulting).
3. Project the investment and benefit over three years and calculate the ROI and payback for HP BSA.

To account for the time value of money, IDC bases the ROI and payback period calculations on a 12% discounted cash flow.

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