

# THINKTANK

Issue 19: January 2010

COST REDUCTION

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## FOCUS ON COST

For 19 issues now, ThinkTank has been introducing you to hot IT topics that can transform your business. Looking to the future, we would like your input to help us make your newsletter even better. To have your say, simply complete the survey at [ibm.com/expressadvantage/uk/survey](http://ibm.com/expressadvantage/uk/survey), and you'll be entered into a prize draw for the chance to win a revolutionary new Dyson Air Multiplier bladeless fan.

In this issue, we continue our focus on how Dynamic Infrastructure can help you get more from your existing IT by looking at further ways to cut costs and boost performance.

Welcome to the latest issue of ThinkTank.  
**Marcus Austin**, Editor.

**STAY INFORMED.** Previous issues of ThinkTank are available online at: [ibm.com/expressadvantage/uk/thinktank](http://ibm.com/expressadvantage/uk/thinktank)

## As the recovery kicks in, companies will need to reduce costs further to free up the necessary cash to meet growing demand. Applying virtualisation beyond your server set up can help businesses achieve this, while maintaining service levels and meeting expansion plans.

If there's one mantra that the recession will be remembered for it's: 'Do more with less'. And now the economic climate appears to be warming up, you're going to need to do even more with less, so that you exit the recession at the top of the pile.

History tells us that more businesses go under when the economy is climbing out of a downturn than when it's descending into one. Many of those that fail are profitable and expanding, but are forced to stretch too much to accept all the new orders they're receiving, and are subsequently hit by crippling cashflow problems.

Clearly the latter route is the best to follow, and there are three ways you can use technology to achieve this:

- Creating efficiencies through the virtualisation of servers, storage devices and desktops
- Reducing energy consumption by adopting Blade technology
- Cutting maintenance and downtime by adding software monitoring and automated problem resolution.

### Virtualise everything

You're probably familiar with server virtualisation, where the number of physical machines are reduced, and several software servers are combined on a single device. This saves on space, energy and maintenance, while increasing operating efficiency. But did you know that there are many other devices within your business other than servers that can be virtualised, such as storage, printing, network infrastructure and desktops?

# COST REDUCT

So how can you cut the cost burden on your business, while maintaining your competitive edge and building a cash pile to allow you to grow out of the recession, rather than going under?

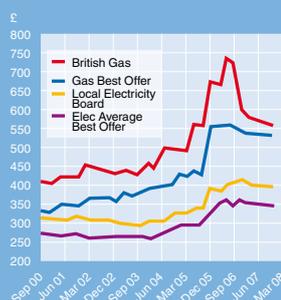
### Gain without the pain

There are two ways to reduce costs. First, there's slash and burn, where swinging cuts are made with little regard to their effects on the day-to-day running of a business or its reputation. Then there are the cost savings achieved by increasing efficiencies. These allow you to do what you do now – and perhaps even more – without running the risk of affecting the way the business is perceived.

Storage is the next big area for virtualisation. Currently, within most businesses, each server has its own storage, which in the case of an email server will be expanding quickly and have multiple copies of the same data. Meanwhile, other servers' storage is probably being under-utilised. Furthermore, each data store requires backing up to an even bigger silo.

Virtualisation creates a single central storage hub that serves the whole organisation's needs. This improves the efficiency of your data storage and has the knock-on effect of creating a solution that's easier to back up and restore.

## NO END TO RISING ENERGY COSTS



Utility charges have risen far higher than inflation over the past decade, and this looks set to continue. The problem is being driven primarily by a growing exposure to a volatile global gas market and power stations nearing the end of their life, according to a recent report by energy regulator Ofgem.

The study identifies the need for investment of up to £200 billion in power plant and other infrastructure over the next 10 years to secure both energy supplies and climate change targets. And this funding will come directly from end-users. Ofgem expects current utility costs to rise by between 14 percent and 25 percent by 2020.

**For details on how you can use IBM technology to reduce your energy bills, visit: [ibm.com/expressadvantage/uk/thinktank](http://ibm.com/expressadvantage/uk/thinktank)**

## Transforming the desktop

Your printers can also be virtualised. This process takes all the desktop printers out of your business and replaces them with larger machines that can handle more copies, require less maintenance and cost less to run.

For larger companies, the biggest savings through virtualisation can be achieved when the technique is applied to the desktop. By replacing individual, self-contained PCs on each desk with terminals or thin-clients running applications from a central server, the back-up process is simplified, security is easier to enforce and maintenance is greatly reduced.

Desktop virtualisation isn't for everyone. Initial setup costs can be expensive, and people still like the idea of having their own PC and data. However, the total cost of ownership over the life of the system is less than the normal server and desktop configuration. This is not only due to

cheaper maintenance, security and software licensing costs, but also because thin-clients use less power than traditional desktops.

## Blade benefits

With the increasing costs of utilities anything that reduces power through either direct savings or indirectly through, say, cutting the need for air conditioning, will be a great help to reducing overheads. Blade systems have been around for some time, and, like server virtualisation can produce real cost savings. Their modularity means that units are interchangeable, and the shared power supply, cooling and network backbone result in lower running costs and less downtime.

As with virtualisation, there are other IT systems that can be put in a Blade rack. By using a combination of Blade modularity and data networking technologies, such as Fibrechannel and the much cheaper iSCSI, it's possible to move data storage out of the server and into a single central place. As your storage is then shared across the whole system, there are once again benefits in terms of storage utilisation, and reduced costs for maintenance and running.

## Monitoring your situation

Another way to reduce costs is by examining the efficiencies in your infrastructure. When utility costs were low, it didn't matter that your server room was chilled to exactly the right temperature all year round, no matter what the load and outside temperature. However, rising power costs have made businesses think twice about how they cool their servers. During winter when the air temperature is close to freezing, why chill your server room with an air conditioning unit when there's all that free cool air outside? Wise businesses are starting to look at software that monitors power usage, air conditioning and the ambient temperature, and then adjusts the systems accordingly in real time.

Additionally, if you can spot the early signs of a server or a hard disk crashing, or identify performance bottlenecks that threaten key applications before they affect service levels, then you can save the cost of emergency maintenance and downtime. Proactive system monitoring software can identify issues early, enabling rapid fixes before users notice any difference in performance. Solutions proactively monitor essential system resources, efficiently detecting potential problems and automatically responding to events.

There are many other ways to reduce costs and improve your business' efficiency beyond the techniques identified above. For example, asset management, software deployment, increased energy efficiency and cloud computing can all lead to cost savings, while still allowing you to grow. The key is to find the right partner to help you identify the solution or combination of technologies likely to yield the best results for your specific needs.

## MORE THINKTANK

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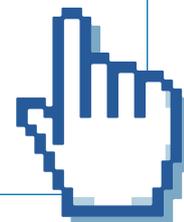
## WORK OUT YOUR RETURN ON IT

The IBM Systems Consolidation Evaluation Tool from Alinean is an easy way to gain an independent view of the potential cost savings you can achieve by modernising your infrastructure.

Enter a few simple facts about your business, your sector and your current IT infrastructure, and the tool will create an executive-level report detailing how much you can save over five years through consolidation.

To evaluate how much you could potentially save through consolidation, visit: [ibm.com/expressadvantage/uk/thinktank](http://ibm.com/expressadvantage/uk/thinktank)

Find out more about how your business uses the latest IBM technology to save costs without compromising service. Visit: [ibm.com/expressadvantage/uk/thinktank](http://ibm.com/expressadvantage/uk/thinktank)



## CLOUD CLIMBS THE TECHNOLOGY CHARTS

**Emphasising its growing importance in business, cloud computing has scaled the list of the top 10 strategic technologies that companies should be aware of in 2010, according to analyst Gartner.**

These technologies influence an organisation's long-term plans, programmes and initiatives. They may be important either because they have become widely used, or due to the fact that they enable companies to gain a strategic advantage from early adoption.

"Strategic technologies affect, run, grow and transform the business initiatives of an organisation," said David Cearley, Vice President and distinguished analyst at Gartner. "Companies should look at these 10 opportunities and evaluate where they can add value to their business services and solutions."

Another key technology on the list is mobile applications. Gartner has predicted that by the end of 2010, 1.2 billion people will be carrying handsets with rich environment capabilities.

The eight other technologies defined by Gartner as having the potential for significant impact on enterprises in the next three years were:

- Advanced analytics
- Client computing
- Green IT
- Reshaping the data centre
- Social computing
- Security
- Flash memory
- Virtualisation for availability.

**To find out more about IBM cloud computing technology, visit: [ibm.com/expressadvantage/uk/cloudcomputing](http://ibm.com/expressadvantage/uk/cloudcomputing)**

## CONFIDENCE SOARS, BUT CAUTION PREVAILS

**Concern is still strong in the boardroom about falling sales, even though business confidence is at its highest level for more than 18 months, according to the latest research from KPMG.**

The accountancy firm's most recent quarterly National Business Confidence Survey shows that more than half (56 percent) of senior executives

questioned claim to have seen signs of recovery in the UK economy. Meanwhile, 47 percent said they have noticed green shoots in their own sectors.

A total of 19 percent actively view prospects for UK businesses over the next 12 months as 'good' or 'very good', compared with nine percent reporting such optimism in the

previous quarter. "The old adage that twice as many companies fail on their way out of recession than do going into it certainly rings true," warned Malcolm Edge, Head of Markets for KPMG in the UK. "The concern is that when trade does start to pick-up again, businesses will simply not have the cash available to finance any

new growth plans. "The temptation to over-trade or scale up too quickly can be all-consuming after a lengthy period of inactivity, so there is a certain irony in the fact that this desire to 'get things back to normal' can often be the straw that breaks the camel's back."

## SIGN UP TO INFOBOOM!

**A website has been launched to keep you up to date with everything that's happening in the IT strategy world.**

Brought to you by IBM and CIO magazine, infoBOOM! looks at the latest IT news and technology, while fostering the free exchange of ideas among IT directors, chief information officers and technology leaders.

By registering, infoBOOM! allows you to talk directly to these industry experts, share solutions and work through your current IT problems with people in the same situation as you.

In addition to the website, you can also stay on top of the latest IT issues through infoBOOM's Facebook and LinkedIn groups.

These combine all of the advantages of your favourite social networks with infoBOOM's great advice, making it easy to keep up with trends while networking with existing and new contacts.

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