

Flatten IT Cost Curve



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As per IDC's research published in July 2020, the market indicators and buyer intent index confirm that IT spending is still expected to dip overall in 2020.



Reference: www.idc.com/misc/covid19

Today the markets are amid the COVID-19 crisis and the economic slowdown. IDC predicts the return to growth, and the next normal is businesses have cut down capital spend (CAPEX). In some industries like travel & hospitality, it has come down to zero.

Businesses are encouraging IT to look at accelerating the savings from the operational expenditure (OPEX). This by eliminating everything that is considered non-critical and by removing all inefficiencies in the operating expense.

CIO's and IT Leaders are looking for answers on how to make sure that as businesses go further down the curve, IT does not have to also cut costs to a level where it will not be able to support the Business effectively and efficiently. And importantly, be prepared to support the Business when it returns to the growth mode.

It is 'flattening the curve' approach.

The top priority is Cost Optimization. The focus is on answering what can be done to rationalize further and optimize IT assets. What can be done to increase the automation to achieve north of 40 percent cost reduction in IT overhead costs?

"Cost Optimization is the #1 priority for CIO's, followed by Agility for 'Speed to Market' and outcome-driven Digital Transformation."

IT Asset Rationalization is a scientific approach to identify savings under the hood — I call it scraping the savings. It considers the current costs of Storage, Compute, Racks & Data Center, Applications, Platforms, and Environments. SCRAPE.

For instance, the cost of storage in the Cloud is one-tenth of the cost of storage in a data center. There is a considerable opportunity to rationalize storage and create savings.

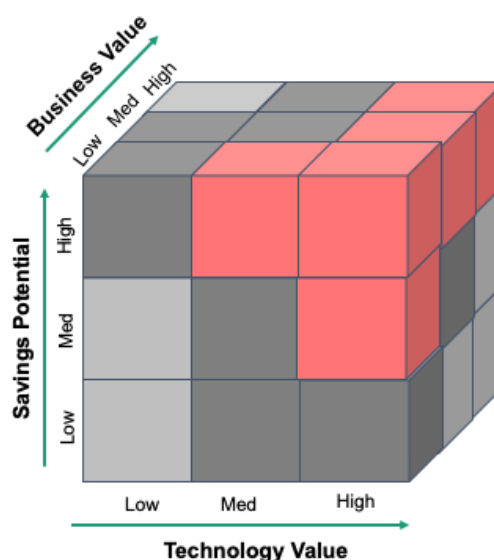
While there is only a 40% utilization of computing in a Dev/Test environment, the computing cost is incurred for 100%. So move to cloud compute and pay only 40%.

Retire technical debt by migrating to natively designed applications, like traditional BI to Cloud Analytics platforms.

Modernize end of life systems, like servers with Solaris operating systems, that are de-supported and not patched for years are now extremely vulnerable to performance and security risks. Migrate the systems to Cloud infrastructure. Etc.

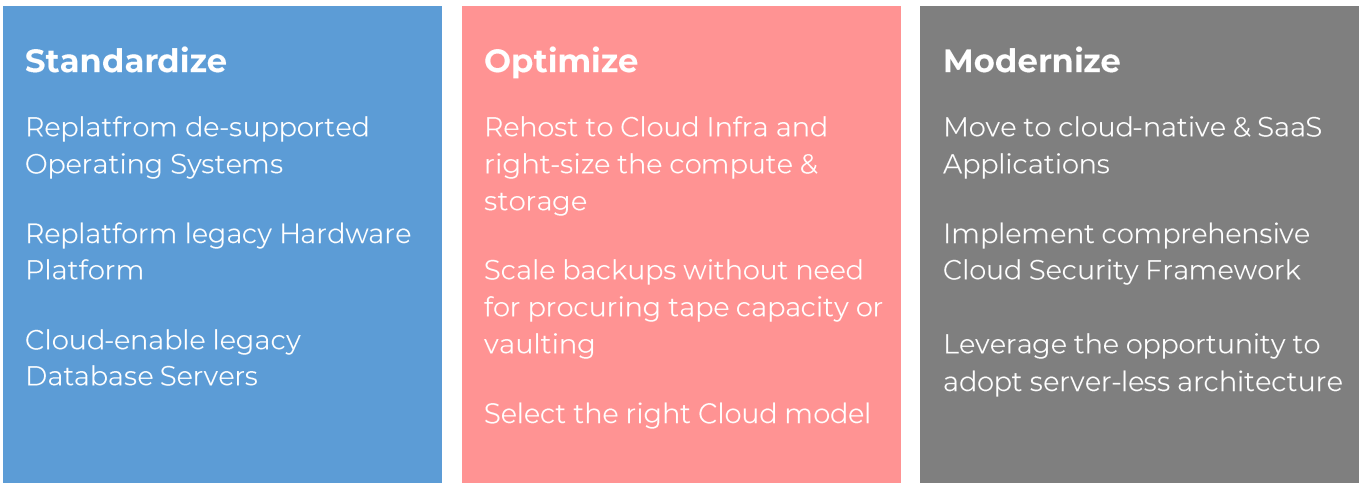
The objective of SCRAPE is to enable a flattened IT cost curve quickly.

The SCRAPE framework includes the Cloud Optimization Index.



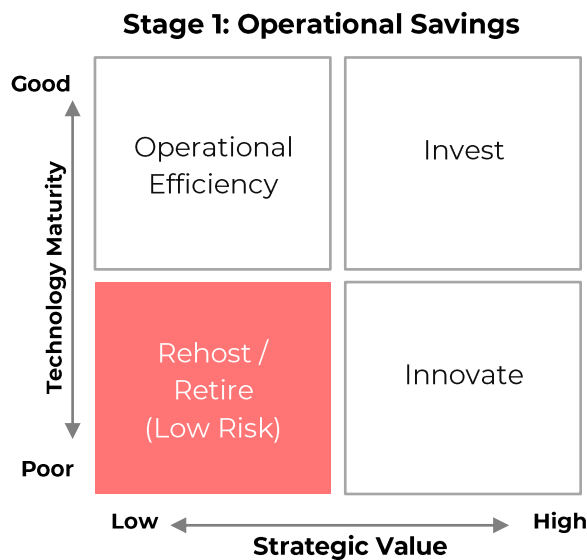
The Cloud Optimization Index considers the building blocks of IT — the applications and systems. It identifies the opportunities to rationalize these and save costs by moving those building blocks into Cloud & digital.

The outcome is the IT Asset Rationalization Index and savings potential from SCRAPE.



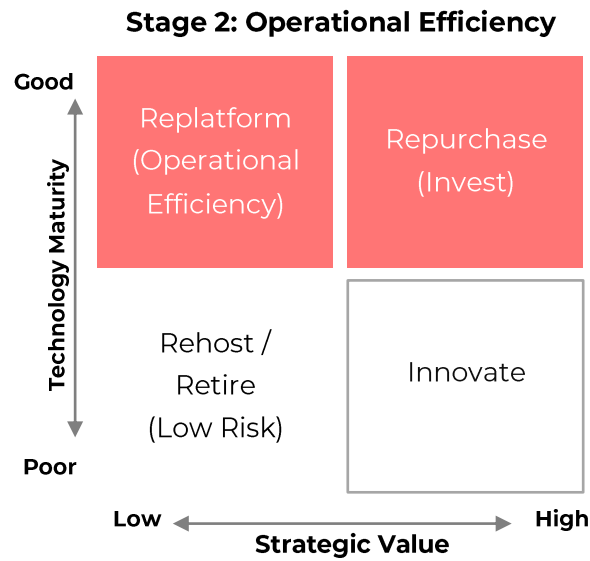
The 3-Stages of IT Asset Rationalization focuses on Operational Savings, Efficiency & Innovation.

Stage 1 IT Asset Rationalization focuses on accelerating Operational Savings through SCRAPE.



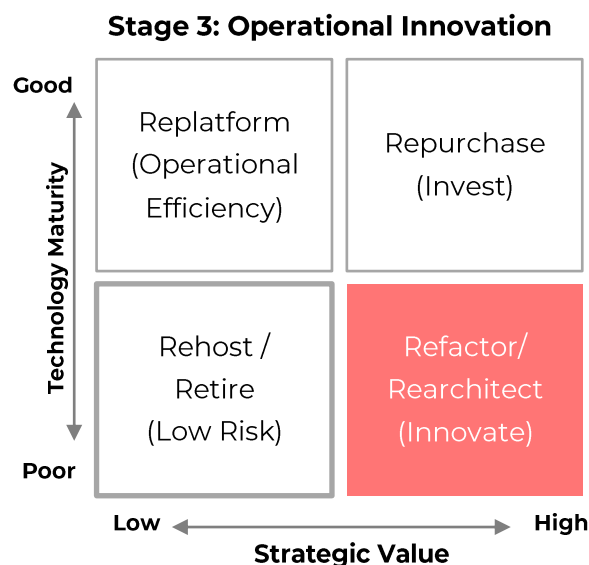
Rehost or move applications and associated workloads "As-Is" from the current data center to the Cloud computing with minimal changes. Or Retire applications that are no longer needed. Duration: 2 weeks

Stage 2 of IT Asset Rationalization focuses on achieving Operational Efficiency.



Replatform application and associated workloads on serverless cloud platforms. Or, Repurchase similar application(s) on digital platforms. For instance, SaaS applications. Duration: 3 weeks

Stage 3 of IT Asset Rationalization focuses on achieving Operational Innovation.



Refactor / Rearchitect: Build application & associated workload “natively” in the cloud. For instance, refactor the traditional Business Intelligence applications to Cloud Analytics platforms. Duration: 3 weeks

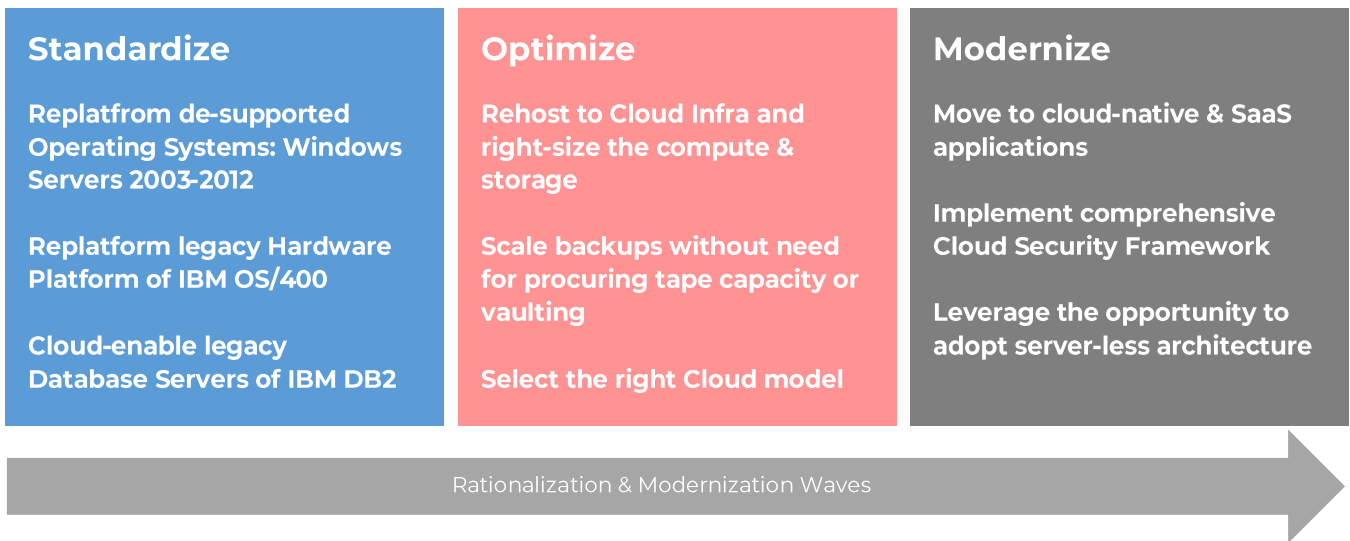
IT Asset Rationalization Case Study

Here is a use case of IT Asset Rationalization for an enterprise executed as part of the cloud strategy. The 3-stage assessment included analyzing the entire existing applications and the infrastructure to develop an order-of-magnitude business case to rationalize and migrate relevant components of the estate to the Cloud.

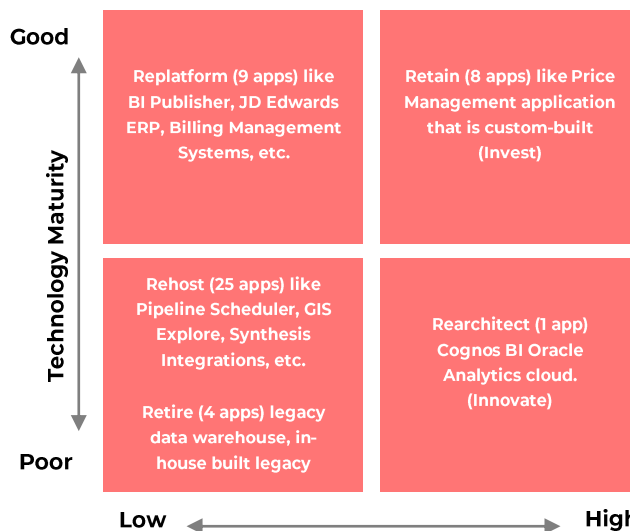
This included:

1. Applications: A total of 47 applications out of the 123 application suites that were evaluated across the Enterprise (20), Operational (23), and BI portfolios (4).
2. Databases: A total of 44 instances of databases of Oracle, Microsoft, IBM DB2, and MySQL.
3. Infrastructure: 107 server hosts with 286 CPU cores across 4 data centers consisting of OS types of Windows Servers, Red-Hat Linux, and IBM OS/400.

IT Rationalization Report



IT Rationalization Benefits





Standardization

1. Gain greater resiliency in the cloud infrastructure and near-instant scaling up or down
2. Achieve high availability and better recovery enabling seamless business continuity
3. Avoid vendor lock-in, as workloads in cloud infrastructure are movable across the cloud providers



Optimization

1. Mitigate potential OS security risks and provide long-term business continuity
2. Reduce infrastructure TCO by eliminating VM License renewal costs and similarly other costs
3. Proactively monitor costs and usage of cloud infrastructure and better manage the costs



Modernization

1. Reduce time and money spent by IT in the run & maintain of infra operations
2. All workloads in the Cloud are in a secured tenancy as per the organizations' standards
3. Eliminate the overheads associated with managing the Data Center facilities

To summarize, the IT Asset Rationalization is a proven methodology to create Operational Savings, Operational Efficiency & Operational Innovation.

Want to learn more?



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