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Gartner Says Following Fabric-Based Infrastructure Best Practices Could Deliver Six-Figure Savings

Cost Optimisation to Be Explored at Gartner Data Center Summit 2012, 27-28 November in London and Gartner Data Center Conference 2012, 3-6 December in Las Vegas

Egham, UK, 31 October, 2012 — Organisations are settling for 10 to 20 per cent lower discounts on data centre convergence than could ultimately be achieved, according to Gartner, Inc. Gartner said that if organisations develop a negotiating strategy supported by IT and procurement they could achieve significant savings with fabric-based infrastructure (FBI).

Gartner defines FBI as an emerging area of vertical integration of hardware and software infrastructure with automation on top, which promises to help IT organisations realise their vision of a dynamically optimised data centre. FBI differs from fabric-based computing (FBC) by enabling existing technology elements to be grouped and packaged in a fabric-enabled environment to achieve infrastructure convergence.

“IT procurement is often relegated to a subsidiary role after IT and business management have done most of the negotiations with the vendors. In some cases vendors will press users and IT to bypass competitive RFPs so as to expedite integration, shipment and setup of the solution,” said George Weiss, vice president and distinguished analyst at Gartner. “With FBI and converged infrastructures, the entire procurement process must be monitored and executed with careful guidelines, so that all parties involved in executing the deal understand what the deliverables, commitments and long-term implications of the FBI contract are.”

Gartner recommends 11 steps to evaluate, select and negotiate procurement of FBI or converged infrastructure solutions. “If these best practice steps are followed, there is scope for additional benefits and for discounts as high as 20 per cent off list prices, depending on the nature and stage of the contract,” said Mr Weiss. “We frequently see contract sizes in the \$2 million to \$3 million range when converged solutions are requested. Even 10 per cent could offer the potential for \$200,000 to \$300,000 savings.”

Step 1. Ensure the procurement department, which is negotiating terms and conditions to ensure maximum discounts and benefits, is involved in the effort from the outset. If procurement managers are brought in after initial contacts and discussions with vendors, they will be constrained from generating changes or modifications to verbal agreements, or the procurement process will be extended well beyond the desired installation date.

Step 2. Prepare a first-time evaluation process six months ahead of the desired date of contract acceptance to allow for visits to vendor sites, demos, evaluations, test runs and design validations. If the contract is rushed, vendors will gain advantages by imposing their own benefits and minimising concessions to the buyer, and, if they are aware of the rush, they can pressure the user to bypass

additional competitive proposals. Do not allude to required or urgent deployment dates, top-down pressures from CxOs, or bottom-up pressures from business units.

Step 3. Require a cross-functional team to be part of the evaluation process, since many of the roles in traditional deployments may be modified and system configurations may be tightly integrated, with little room for mixing and matching other vendor gear. If the traditional network, storage, security, database management system (DBMS) or computing experts are not made fully aware of the changes in their roles and process coordination, the solution could create resentment and conflict among domain experts.

Step 4. Generate an RFI or RFP that reflects the IT department's understanding of business goals in the short, medium and long term, with expected service levels, planned growth and technology life cycle improvements. Vendors of FBI may modify configurations, change the nature of partnerships and require strict adherence to associated management software, while licensing, pricing and other terms and conditions change. Perform "what if?" analyses and risk mitigation strategies to determine what escape valves can be invoked.

Step 5. Design the FBI RFP so that at least two suppliers (vendors, resellers or partners) can be engaged in a competitive evaluation. Decide how some parts of the FBI may be supplied by parties other than the lead vendor, and create a plan whereby FBI vertical silos from more than one vendor can be integrated through common infrastructure such as hypervisors, middleware, network and storage components.

Step 6. Ensure that the team involved in making the selection works closely with procurement to structure the most favourable contract terms and conditions for the organisation. Procurement should instruct IT participants how to engage with the vendors on technical aspects, including SLA definitions and recourse, without controlling the business and contractual negotiations.

Step 7. Specify that quotes be submitted for all line items, split into the following categories: hardware (HW)-compute; HW-networking; HW-storage; software (SW)-fabric resource pool management; SW-cloud management; SW-other licensed; SW maintenance; HW maintenance; and support installation services. Ensure that each category shows list and discounts. Since discounts can vary by category, acquire the knowledge on how category discounts in the FBI compare to stand-alone purchases by category. Pay particular attention to the support category and calculate the ratio of support to total contract value. If the amount exceeds 20 per cent, query the vendor on how the value was determined.

Step 8. FBI increases the probability of vendor lock-in, so devise an exit or bridge plan in case the vendor or coalition radically changes or abandons its original or mainstream road map. Devise a plan B such that strategic parts of the FBI have known and accessible alternative suppliers. Consider the lack of alternative options as a single point of failure with the potential to cause serious availability and continuity problems through periods of change, high workload pressures, significant software upgrades, and so on.

Step 9. Make the testing and integration that vendors supply as part of the service a collaborative effort, with mutual agreement before shipment. Truly converged and integrated solutions should live up to vendors' promises; it's up to IT staff to monitor the process and ensure vendor resource commitments. At this stage a compromise aimed at protecting the vendor's margins could affect the integrity and service level agreements (SLAs) of the solution. As a crosscheck, compare the vendor's contractual cost with your own hypothetical cost if you were to assume the responsibilities internally.

Step 10. Don't commit to timelines for additional purchases and data centre expansion before milestones and support meet agreed commitments. Predicate your continued loyal support of the vendor on quality of service, support and continued beneficial discounts. Keep the door open to competition, with invited presentations or trips to vendors part of your ongoing educational research. This will also help to ensure discount commitments are kept in place as additional projects emerge.

Step 11. When the vendor is chosen, don't end the search — technologies are dynamic so you should continually compare the pace of vendors' technological innovation. Gather market data and competitive positioning analysis. Peruse recent public financial disclosures and talk with other adopters. Use this information together with the analysis in follow-up negotiations.

Additional information is available in the Gartner report "Fabric-Based Infrastructure Best Practices Could Result in Up to Six-Figure Savings." The report is available on Gartner's web site at <http://www.gartner.com/resId=2200515>.

Additional analysis on data centre cost optimisation will be discussed at the Gartner Data Center Summit 2012 taking place from 27 to 28 November in London and at the Gartner Data Center Conference 2012 running from 3 to 6 December in Las Vegas. These events will deliver a wealth of strategic guidance and tactical recommendations on the hottest issues, including servers, next-stage virtualisation, and the impact of cloud computing, mobility, storage, facilities, business continuity and disaster recovery.

For further information on the London Summit, visit <http://www.gartner.com/eu/datacenter>. Alternatively, to register for the Summit, the media can contact Rob van der Meulen on + 44 1784 26 7738 or at rob.vandermeulen@gartner.com. Information from the event will be shared on Twitter at http://twitter.com/Gartner_inc using the hashtag #GartnerDC.

About Gartner Data Center Summit 2012

At the Gartner Data Center Summit 2012 Gartner analysts will explore the full spectrum of issues that impact the data centre, including servers, operating systems, storage, mobility, business continuity and disaster recovery. The aim of the Summit is to help data centre professionals deliver cost-effective services that generate clear business benefits, by capitalising on disruptive trends such as virtualisation and cloud computing.

About Gartner

Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner in 12,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, USA, and has 5,200 associates, including 1,280 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.

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