

## Using a Dynamic Infrastructure to Reduce Costs

**Speakers: Rich Esposito, VP, IT Strategy & Architecture Service Product Line  
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Welcome to this IBM podcast series focused on how to optimize your technology infrastructure. I'm Jen Knecht from IBM. Through this series we'll cover topics that help lower IT complexity and improve operating efficiency along with tips and advice on using technology and services to help you and your company succeed.

Today I'm joined by Rich Esposito, vice president of IT Strategy & Architecture Services for IBM. Rich will speak with us today about IBM's Dynamic Infrastructure initiative and how it's helping clients. Good morning Rich. Thanks for joining us. I think the best place to start is to discuss what a Dynamic Infrastructure is and how it can help businesses.

### **Rich:**

Well, good morning Jen. You know, I'd like to begin with the kinds of problems that clients are facing and if you think about it today, most are undergoing dramatic changes across all different industries, not just financial services. They're looking at reduced costs and improved service levels and yet they're dealing with a very fixed, complex and costly infrastructure that is highly siloed and fragmented. So, there's a gap, a real gap between the needs for a change in the business and this fixed, costly environment that they're currently operating under. A Dynamic Infrastructure solves this kind of problem. Simply put, a Dynamic Infrastructure is the connection of business and IT assets that are highly automated and can help them reduce their costs and improve their service levels. The value here is that we can now manage and optimize all of the assets across the entire infrastructure. This helps them in reducing their operating costs, managing their risk better and helping to make their infrastructure much more flexible.

### **Jen:**

Rich, can you give us any client examples of who IBM has worked with to establish a Dynamic Infrastructure.

### **Rich:**

Yes, absolutely. Let's take a look at CenterPoint Energy. They are a utility company based in Houston, Texas, and they have a huge business and IT infrastructure. They have about 3 million meters and 45,000 miles of transmission and distribution lines. It's a very complex business and IT infrastructure. Their goal was to reduce the cost and improve services and comply with a number of different regulatory requirements. They decided to implement an automated meter reading system to enable them to read the meter from the point of the home all the way back into the IT infrastructure. Now they can read these meters remotely and reduce the number of reads that they have to do each month. In fact, they're going from 10,000 meters per month to about 3 million meters per minute. The take away here is that CenterPoint broke down the silos between business and IT to really create a much more Dynamic Infrastructure.

Let me give you another example. The University of Pittsburgh Medical Center, which is one of the leading non-profit medical centers in the country, had a very high, diverse and costly infrastructure due to a number of different mergers and acquisitions and they began their journey by consolidating and virtualizing a number of their server and storage devices, so they

simplified, and consolidated and automated their infrastructure. That enabled them to reduce capital and operating spend by up to \$30M each year and improve processing capacity, reduce floor space and reduce the actual number of physical servers by 67%. They've gained tremendous value by taking some of these first steps towards moving to a Dynamic Infrastructure.

**Jen:**

You talked about how we're helping some other businesses move to a Dynamic Infrastructure, what steps has IBM taken to move to a Dynamic Infrastructure?

**Rich:**

That's a great question. We operate our own systems and the systems of some of the world's biggest companies and we know how to create an efficient and integrated system. Our journey began several years ago within IBM and our objective was very much like our clients. It was to simplify the infrastructure, make it secure, resilient and very efficient. At the time, several years ago, we had thousands of servers, many thousands of applications and systems that were being managed by over 125 different CIOs in different business units throughout IBM.

We focused on three things. The first was to consolidate and simplify. We moved from 200 datacenters to 12. We reduced the number of applications, thousands of them that were running on different servers, by over two-thirds. The second point was to move to a much more open standards environment so we consolidated and virtualized about 3,900 servers to about 30 Systems z mainframes running Linux. Then, the third part of this was to become much greener. We launched, if you'll recall back in May 2007, our own Project Big Green. IBM has reallocated about a billion dollars each year for green purposes and this announcement included a goal to double our IT capacity with no additional energy consumption. We're becoming much more efficient through our consolidation and simplification of our own infrastructure and much more dynamic. We're seeing some of the benefits just as much as we're seeing for our clients where we're able to reduce our overall cost structure and improve our service levels.

**Jen:**

If a CIO or IT Manager is looking to get started on the journey towards a Dynamic Infrastructure, could you talk us through what some of the key first steps would be?

**Rich:**

There are a number of different ways to get started, but in my opinion in dealing with lots of different clients, I think the first step is take a really hard look at your current infrastructure, conduct an assessment and see where there are gaps in your infrastructure. We do that through a holistic view of looking at all of the dimensions of your technology whether it be server, storage devices, data, the facility and end-user devices, things associated with your processes as we try to look at what areas of your processes are inefficient or fragmented and siloed and then, of course, you have to take a look at the people dimension which is how your roles, responsibilities and skills and maybe even organization structure might need to change. The first step here is to take an assessment of your entire infrastructure and those dimensions, and get a good inventory of what you have. Frankly, as I've talked to a lot of CIOs, most of them don't really have a clear view of all of the assets that are within their scope and pervue. It's a really good way to get started to identify those gaps and then to build a roadmap and a plan to help address those gaps.

**Rich:**

What is IBM doing today to help deliver the right components for our clients to achieve a Dynamic Infrastructure?

**Rich:**

Well, Jen, we have a number of different consulting services to help clients think through a number of different alternatives for how they can get started. Build a business case so they can understand the value of what can be realized and then develop a roadmap towards a Dynamic Infrastructure. For example, some people want to explore Cloud as a way to move to a more efficient environment and we've recently announced a set of Cloud Consulting Services to help them build out a strategy and a plan as well as a business case to determine whether or not that Cloud environment is really the right fit for them. The key here is for our clients to stay focused on how they can reduce the cost and improve their service levels and better manage risk. A Dynamic Infrastructure can solve that problem and we can help clients get there.

**Jen:**

Rich, thank you for your time and insights. For more information on Dynamic Infrastructure and how it can help you, please visit [ibm.com/DynamicInfrastructure](https://ibm.com/DynamicInfrastructure). This concludes our podcast.