

**CFO IT Analysis: 2008**

**IT Analysis Looks at Shared Workload and Automated Process Costs**

**CHECK OUT THESE KEY TOPICS**

*CFO IT MANAGEMENT*  
*IT COST BENEFIT ANALYSIS*  
*CONSOLIDATED IT RESOURCE*  
*IT DATA CENTERS AGING*  
*IT DATA CENTERS NEEDING REPLACEMENT*  
*SOA DEVELOPMENT TOOLS*  
*CFO SUPPORT LINE OF BUSINESS DEVELOPERS*  
*ROI BASED CHARGEBACK ANALYSIS STUDIES*  
*CFO IT COST REDUCTION*  
*ENTERPRISE IT CONSOLIDATION*  
*DISTRIBUTED DATA CENTER REPLACEMENT*

**Complexity Of Computing Environment**

Shared Workload Reusable Components

*SINGLE PLATFORM SOLUTION*  
*CORRELATION BETWEEN AUTOMATED PROCESS AND INCREASE IN PROFITABILITY*  
*INTEGRATED ENTERPRISE VALUE ANALYSIS*  
*IT HEALTH TRACKING*  
*MEASUREMENT OF VALUE AND RISK FOR AN ENTERPRISE ORGANIZATION*  
*TRACKING SOA AS A MAINFRAME TECHNOLOGY*  
*RISK ANALYSIS TRACKING*  
*SOA AS A MAINFRAME TECHNOLOGY*  
*SERVICES ORIENTED ARCHITECTURE (SOA) CFO FUNDAMENTAL CHANGE*  
*CFO AUTOMATED PROCESS*  
*CFO ANALYSIS OF APPLICATIONS*

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*OPPORTUNITY ABOUNDS*

**WinterGreen Research, Inc.**  
**Lexington, Massachusetts**  
[www.wintergreenresearch.com](http://www.wintergreenresearch.com)

**CFO IT Analysis: Competitive Market Opportunities, 2008**

The competitive market opportunity and risk to any enterprise organization comes from outside that organization. There are market forces represented by customers, technologies, outsourcers external to the organization that need to be managed as well as possible. IT iterations are used to be responsive to these market forces, creating new value based on automation of business process that permits offering quality products and services. CIOs understand how to create the enterprise market positioning via automated process responsive to direction from the CEO and the Board of Directors.

The CFO ability to manage IT cost forces inside the organization has been limited. For good reason does the CFO eschew controlling or implementing micro management of IT spending. The decisions are complex and the risk of failure high because mistakes in judgment can destroy the enterprise. The CIO comes with special experience and training that is very specialized.

IT is a world of its own. But, ..... Changes in the market warrant CFOs taking a new look at IT decision making process because the cost structures have become so dramatically differentiated. Now it is possible for the CFO to take a high level look at the cost of a distributed server data centers vs. the cost of System z implementations, because the costs are different by a factor of 10. IBM has just eliminated its distributed data centers and moved to a mainframe centric architecture for IT. This represents a dramatic change in the industry driven by the IBM CFO predictions of the impact of rising energy costs on distributed data center operations.

Server vendors adapt business strategy to focus on real time exchange of information on enterprise networks and the Internet. Network computer systems hardware leverages integration and messaging software. Network storage systems

are adapting to the Internet. SOA provides significant advantage to the mainframe because operating costs are lower and actual costs can be managed with creative financing packages.

CFOs have positioned to help implement business strategy relative to real time exchange of information. Enterprise networks are built on data centers that leverage the Internet. A focus on network computer systems hardware has hidden the need to leverage shared workload and integration of applications. Messaging software renamed as ESBs supports exchange of information over the network. Network storage systems are adapting to the Internet.

System z acts as a consolidated server technology enabling implementation of network solutions in a shared workload environment that attacks cost and complexity, accelerates service delivery, and provides mobility with security. Shared workload analysis looks at core elements of server business strategy. Decisions based on shared workload include provision for end-to-end architecture that extends technology across scalable processor architectures.

The cost of electricity and infrastructure are central aspects of CFO analysis. With the costs of electricity skyrocketing, and the availability of electricity questionable, CFOs worldwide are looking at alternatives to sprawling, expensive data centers full of distributed servers.

Open systems technology implementation and is being combined with Linux-based application products hosted on System z.

IBM financing can lower the out of pocket cost of technology acquisition. Financing immediately frees cash that would be tied up in computers to invest in the core business. Investment in the core business matters. IBM financing group will take a trade in on almost anything.

IBM financing packages are each unique. They take into account the trade in, the hardware, the software and services that need to be financed in the context of what interest rate is available for this financing. Sometimes, using a refresh approach to upgrading a mainframe means that the payments for the new unit go down. This is due to the fact that in refreshing and old box to have the capacity of the new System z10, there is a higher trade in value at the end of the lease cycle and the cost is less, because the value is more.

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## CFO IT Analysis: Competitive Market Opportunities, 2008

### REPORT METHODOLOGY

THIS IS THE 357TH REPORT IN A SERIES OF MARKET RESEARCH REPORTS THAT PROVIDE FORECASTS IN COMMUNICATIONS, TELECOMMUNICATIONS, THE INTERNET, COMPUTER, SOFTWARE, TELEPHONE EQUIPMENT, HEALTH EQUIPMENT, AND ENERGY. THE PROJECT LEADERS TAKE DIRECT RESPONSIBILITY FOR WRITING AND PREPARING EACH REPORT. THEY HAVE SIGNIFICANT EXPERIENCE PREPARING INDUSTRY STUDIES. FORECASTS ARE BASED ON PRIMARY RESEARCH AND PROPRIETARY DATA BASES. FORECASTS REFLECT ANALYSIS OF THE MARKET TRENDS IN THE SEGMENT AND RELATED SEGMENTS. UNIT AND DOLLAR SHIPMENTS ARE ANALYZED THROUGH CONSIDERATION OF DOLLAR VOLUME OF EACH MARKET PARTICIPATION IN THE SEGMENT. INSTALLED BASE ANALYSIS AND UNIT ANALYSIS IS BASED ON INTERVIEWS AND AN INFORMATION SEARCH. MARKET SHARE ANALYSIS INCLUDES CONVERSATIONS WITH KEY CUSTOMERS OF PRODUCTS, INDUSTRY SEGMENT LEADERS, MARKETING DIRECTORS, DISTRIBUTORS, LEADING MARKET PARTICIPANTS, OPINION LEADERS, AND COMPANIES SEEKING TO DEVELOP MEASURABLE MARKET SHARE. OVER 200 IN DEPTH INTERVIEWS ARE CONDUCTED FOR EACH REPORT WITH A BROAD RANGE OF KEY PARTICIPANTS AND INDUSTRY LEADERS IN THE MARKET SEGMENT. WE ESTABLISH ACCURATE MARKET FORECASTS BASED ON ECONOMIC AND MARKET CONDITIONS AS A BASE. USE INPUT/OUTPUT RATIOS, FLOW CHARTS, AND OTHER ECONOMIC METHODS TO QUANTIFY DATA. USE IN-HOUSE ANALYSTS WHO MEET STRINGENT QUALITY STANDARDS. INTERVIEWING KEY INDUSTRY PARTICIPANTS, EXPERTS AND END-USERS. OUR RESEARCH INCLUDES ACCESS TO LARGE PROPRIETARY DATABASES. LITERATURE SEARCH INCLUDES ANALYSIS OF TRADE PUBLICATIONS, GOVERNMENT REPORTS, AND CORPORATE LITERATURE.

## YOU MUST HAVE THIS STUDY

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**CFO IT Analysis: Competitive Market Opportunities, 2008**

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## **Statement of the Problem**

IT run costs account for 80% of IT budgets typically, leaving little room to invest in software that can be used to grow the business. If all the IT budget is being spent on labor and platform maintenance, then very little of the budget is available to provide flexible response to changing market conditions. The cost of IT has burgeoned in recent years as data centers containing distributed servers are implemented at a cost of \$60 million. A System z installation data center can operate at one tenth the cost, typically \$6

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million, performing the same functionality that distributed servers perform, but the System z platform is significantly more reliable and more secure. These facts provide the System z platform with significant competitive advantage in IT markets.

## **Solution**

System z introduces run time efficiencies because shared workload automates the process of scaling to meet unexpected demand from the Internet. The ability to run System z at a rate of 95% efficiency with minutes of downtime per year, is very significant. It provides economies of scale that distributed systems cannot achieve.

Labor costs which frequently are 70% of an IT distributed server based data center budget are significantly reduced using System z. A large data center has hundreds of people running around in it. System z typically requires 4 to 6 people to run it. The difference is automated process and shared workload.

# **ABOUT THE COMPANY**

**WINTERGREEN RESEARCH**, HAS A UNIQUE RESEARCH STRATEGY THAT RELATES TO GARNERING ACCURATE NUMBERS BY TRIANGULATING SOURCES TO REACH ACCURATE MARKET ASSESSMENT. NUMBERS ARE REACHED BY IDENTIFYING MARKET TRENDS THROUGH READING AND INTERVIEWING OPINION LEADERS. MAKING MARKET ASSESSMENT BY TAKING INTO CONSIDERATION MARKET TRENDS IS A HIGH PRIORITY AT WINTERGREEN RESEARCH. AS WITH ALL RESEARCH, THE VALUE PROPOSITION FOR COMPETITIVE ANALYSIS COMES FROM INTELLECTUAL INPUT.

**WINTERGREEN RESEARCH**, FOUNDED IN 1985, PROVIDES STRATEGIC MARKET ASSESSMENTS IN TELECOMMUNICATIONS, COMMUNICATIONS EQUIPMENT, HEALTH CARE, INTERNET AND ADVANCED COMPUTER TECHNOLOGY. INDUSTRY REPORTS FOCUS ON OPPORTUNITIES THAT EXPAND EXISTING MARKETS OR DEVELOP MAJOR NEW MARKETS. THE REPORTS ASSESS NEW PRODUCT AND SERVICE POSITIONING STRATEGIES, NEW AND EVOLVING TECHNOLOGIES, AND TECHNOLOGICAL IMPACT ON PRODUCTS, SERVICES, AND MARKETS. MARKET SHARES ARE PROVIDED. LEADING MARKET PARTICIPANTS ARE PROFILED, AND THEIR MARKETING STRATEGIES, ACQUISITIONS, AND STRATEGIC ALLIANCES ARE DISCUSSED. THE PRINCIPALS OF WINTERGREEN RESEARCH HAVE BEEN INVOLVED IN ANALYSIS AND FORECASTING OF INTERNATIONAL BUSINESS OPPORTUNITIES IN TELECOMMUNICATIONS AND ADVANCED COMPUTER TECHNOLOGY MARKETS FOR OVER 30 YEARS.

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**Susan Eustis**, President, co-founder of WinterGreen Research, has done research in communications and computer markets and applications. She holds several patents in microcomputing and parallel processing. She has the original patents in electronic voting machines. She has new patent applications in format varying, multiprocessing, and electronic voting. She is the author of recent studies of the Services Oriented Architecture SOA marketing strategies, Internet equipment, biometrics, Robotic Equipment, Worldwide Telecommunications Equipment, Top Ten Telecommunications, Digital Loop Carrier, Web Hosting, Web Services, Wheelchairs and Scooters, Stationary Fuel Cells, and Application Integration markets. Ms. Eustis is a graduate of Barnard College.

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