IDC
ANALYZE THE FUTURE

Business Value Highlights

287%
five-year ROI

6 months
to payback

27%
lower three-year cost of operations

35%
more efficient IT infrastructure teams

53%
more physical servers per IT infrastructure server team member

50%
faster to respond to potential security breaches

85%
less unplanned downtime

The Business Value of HPE GreenLake Management Services

EXECUTIVE SUMMARY

In the new era of digital transformation, enterprises are leveraging technology to drive new innovation, improve business agility, and streamline operations. As a result, IT and business objectives are intrinsically linked. Business managers and IT organizations are working closely to ensure technology and business strategies can meet the needs of dynamic global markets and demanding customers. Internally, IT organizations are seeking solutions that enable them to shift resources toward strategic initiatives and alleviate staff from daily operational tasks.

IDC interviewed organizations about their use of HPE GreenLake Management Services (GMS) to support their server, storage, database, and application environments. Study participants reported that relying on HPE to handle and support many day-to-day responsibilities enables IT teams to take on more valuable activities and ensure robust security and systems performance. Importantly, they reported achieving IT efficiencies with HPE GreenLake Management Services while advancing business objectives. IDC calculates the value of these benefits as worth an annual average of $1.84 million per organization ($115,900 per 1,000 users) in the following areas:

- **Freeing up IT infrastructure staff** by having HPE handle day-to-day activities and provide best practices and support

- **Optimizing server and IT infrastructure use** by increasing the staff-to-server ratio and reducing hardware requirements

- **Limiting operational risk** by responding better to security threats and performance issues

- **Supporting business operations** by minimizing the frequency and impact of unplanned outages and deepening the linkage between IT and business operations

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ANALYZE THE FUTURE

SITUATION OVERVIEW

All companies, across nearly every industry, are facing the challenges of digital transformation: integrating technology into business operations and decision-making processes to improve the customer and employee experience. In this new competitive era, a critical success factor will be the capability to leverage complex IT environments to enable speed, agility, and scale. As such, the role of IT is shifting from supporting the business to driving the business and enabling strategic competitive advantage. As an example, data sets will be utilized in real-time analytics and insights versus providing historical context and comparisons.

Transforming to a digital enterprise requires allocating technology, staff, and resources toward strategic initiatives (i.e., projects that drive business value). However, with complex legacy IT ecosystems in place, most organizations must innovate their IT stack while managing their existing workloads and infrastructure. According to IDC's Infrastructure Services Survey, IT organizations classify roughly half of their future initiatives as transformational (i.e., projects with a potential to fundamentally transform current business and/or IT operations). While these projects often garner more of the spotlight, optimizing existing infrastructure is still a pressing need to enable the business and deliver high-quality IT services (see Figure 1).

FIGURE 1 Transformation Versus Modernization Initiatives

Q. *For all future initiatives, what percentage of spend on services will be for modernization/optimization versus transformational?*

47%
Transformational

53%
Modernization/
optimization
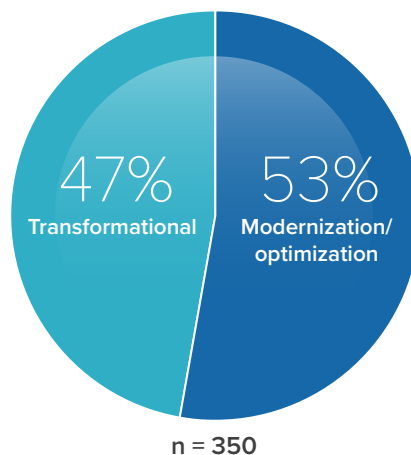
Source: IDC's Infrastructure Services Survey, 2019

n = 350

Maintaining IT operational continuity is vital to the enterprise's business, especially when facing the challenges of digitally transforming the business and the underlying technologies. In response to this dual challenge, IDC sees companies seeking out expertise of their

technology providers. Offloading daily IT operations of their infrastructure via a managed service offering addresses several challenges, including:

- Improving staff productivity by reducing the time spent on routine tasks

- Accelerating provisioning times for critical infrastructure

- Reducing IT costs through more efficient operations

The adoption of managed services for infrastructure is part of a larger approach toward an "as a service" model. An opex model versus a capex model for the consumption of IT can drive greater business agility by enabling the IT organization's ability to reallocate staff to strategic projects, reduce the efforts associated with "keeping the lights on," and even transform the internal workplace experience.

OVERVIEW OF HPE GREENLAKE MANAGEMENT SERVICES

HPE Pointnext is offering a flexible approach to managed services with HPE GreenLake Management Services (see Figure 2). "Traditional" managed services often means offloading all operations to a third-party provider offering guaranteed SLAs but at the loss of control of the company's IT strategy and ongoing operations. There are basic offerings on the market, but these typically only entail specific IT processes and do not encompass the full IT infrastructure.

FIGURE 2 HPE GreenLake Management Services Overview
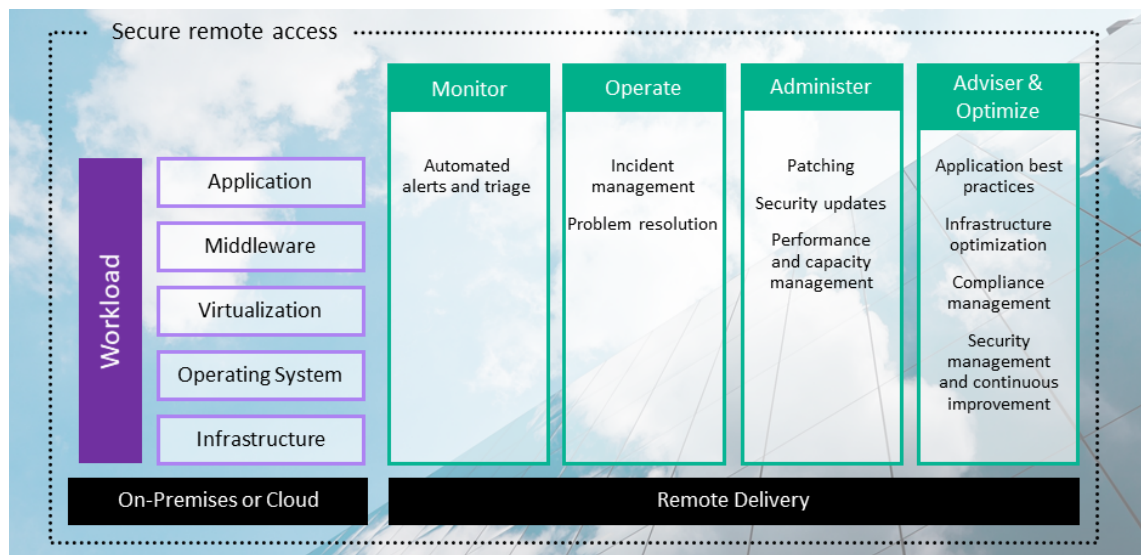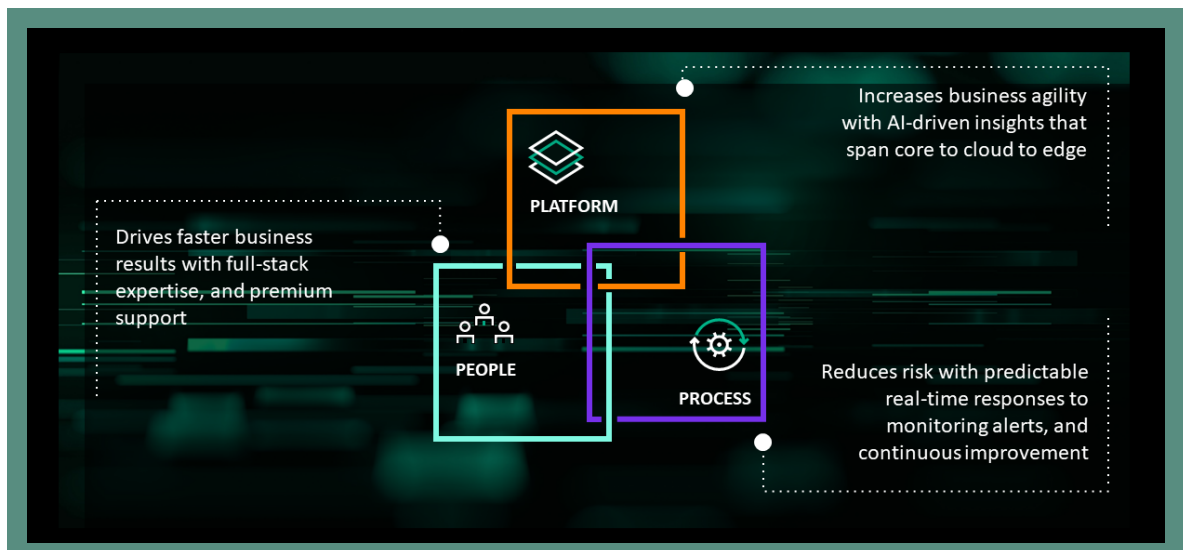

Source: HPE, 2020

HPE GreenLake Management Services includes the entire workload stack, covering servers, storage, networking, hypervisor, backup/restore, and security, in addition to middleware and applications:

- **Advise and Optimize:** It is a staff augmentation service that provides an HPE Pointnext specialist. Following HPE's Plan, Do, Check, and Act (PDCA) methodology, this shared or dedicated resource can provide strategic guidance on an as-needed basis.

- **Administer:** It includes continual life-cycle management, including patch installs, security updates, and performance and capacity management delivering remotely.

- **Operate:** It includes incident management, problem resolution, and change on listed resolution.

- **Monitor:** It includes 24 x 7 remote monitoring for the full stack, spanning compute and storage hardware, infrastructure software (virtualization and storage software), and security.

Hybrid IT is the new default for IT as enterprises will have a mix of private and public cloud deployments alongside their traditional environments. HPE GreenLake Management Services monitors and operates the company's infrastructure across cloud, on-premises and edge environments. The advisory, optimize, and administration services from HPE can address the wide spectrum of use cases, including data analytics, cloud, storage, mobility, and SAP workloads.

Figure 3 provides HPE GreenLake Management Services Platform.

FIGURE 3 HPE GreenLake Management Services Platform

Source: HPE, 2020

Integrated Platform for Consistent Delivery

HPE GreenLake Management Services comprises a suite of HPE integrated management tools. The AI-based platform utilizes automation and machine learning (ML) to deliver a better operational outcome. Through continuous, advanced analytics and visualization, the integrated GMS platform improves root cause analysis and management efficiency while mitigating risk via data-driven insights.

Process

HPE tools, methodologies, and processes help customers manage and operate their IT environment. GMS monitors the infrastructure, from the virtualization layer to the application layer. The Remote Delivery Access (RDA) utilizes automation to ensure governance and compliance is met, direct change, and manages problems.

HPE Expertise

HPE GMS is complement with a dedicated relationship manager, Customer Success Manager (CSM), to tailor the customer experience. Leveraging HPE specialists can speed the onboarding of new technologies while reducing the IT complexity associated with too many disparate technologies. This CSM serves as the primary point of contact for all relationship management and escalation needs, whether they are business or technical issues. The CSM will serve as a guide through the digital transformation journey by advising in optimization of legacy infrastructure and supplementing the in-house staff skill set. This enables the customer to free up resources for technology innovation that directly drives value to the business.

HPE GreenLake

HPE GreenLake Management Services is an integrated component of HPE GreenLake solutions, which is delivered via HPE Pointnext services. HPE GreenLake flexible consumption provides an alternative to cloud-based infrastructure models. With a pay-as-you-grow economic model, customers are able to rapidly provision, scale up capacity, and reduce the life-cycle management of infrastructure, similar to the benefits of public cloud but in a private cloud or on-premises environment. The adoption of on-premises utility and as-a-service consumption models is advancing rapidly. The new consumption models serve as a key enabler in the digital transformation journey, further shifting IT organizations to an outcome-based operating model.

THE BUSINESS VALUE OF HPE GREENLAKE MANAGEMENT SERVICES

Study Demographics

IDC interviewed six organizations in 2019 about their use of HPE GreenLake Management Services. Interviews focused on understanding the impact of HPE GreenLake Management Services on IT and business operations from both quantitative and qualitative perspectives. Interviewed HPE customers were large organizations, with an average of 15,880 employees and annual revenue of $14.85 billion (medians of 2,400 employees and $197.75 million, respectively). They offered insights from organizations based in Europe, the Middle East, and North America, as well as represented a cross-section of industry verticals, namely: financial services, healthcare (2), hospitality, manufacturing, and professional/IT services (see Table 1).

TABLE 1 Demographics of Interviewed Organizations

	Average	Median
Number of employees	15,880	2,400
Number of IT staff	222	74
Number of business applications	98	63
Revenue per year	$14.85 billion	$197.75 million
Countries	United States (2), Denmark, the Netherlands, Turkey, and UAE	
Industries	Financial services, healthcare (2), hospitality, manufacturing, and professional/IT services	

Source: IDC, 2020

Use of HPE GreenLake Management Services

Study participants described choosing HPE GreenLake Management Services after considering approaches and solutions in pursuit of more efficient IT operations to better support business activities. They weighed both the need to shift IT staff time away from day-to-day activities to higher-value activities and underscoring the role of their IT organizations in delivering business growth. Interviewed HPE customers spoke about the overlap in IT and business goals:

- **Improve IT systems to support direct business objective:** *"Rather than expand our head count, we opted to go with HPE GreenLake Management Services to help us improve our systems to take advantage of new business opportunities."*

- **Need to optimize IT operations and staff:** *"Our main objectives with HPE GreenLake Management Services were to optimize operations and staff, with the hopes of also reducing costs. We chose HPE because GMS is a full-service solution that helps us plan and grow. They are the experts in their field; we are the experts in ours."*

- **Partner to deliver knowledge to impact IT operations:** *"We went with HPE GreenLake Management Services because we were struggling with firefighting datacenter issues affecting servers and complex hardware. We needed a partner that could help us with their knowledge."*

Study participants reported robust use of HPE GreenLake Management Services across their IT environments, including an average of 72 servers, 259 virtual machines (VMs), 544TB, and 36 databases (see Table 2). In terms of workloads, all interviewed organizations were using HPE GreenLake Management Services to support infrastructure; two-thirds for applications, virtualization, and operating systems; and half for middleware. In terms of service components, interviewed organizations are most commonly using monitoring and operating capabilities, with several using the Administer and Advice and Optimize service components. Table 2 provides additional information about the IT environments supported by HPE GreenLake Management Services.

TABLE 2 IT Environments Supported by HPE GreenLake Management Services

	Average	Median
Number of sites	18	9
Number of HPE servers	72	45
Number of VMs	259	163
Number of applications	86	33
Number of terabytes (TB)	544	150
Number of databases	36	28

Source: IDC, 2020

Business Value of HPE GreenLake Management Services

Interviewed organizations stressed the benefits of HPE GreenLake Management Services for their both IT and business operations and the extent to which these benefits reinforce each other. They connected staff time savings to business innovation and linked robust monitoring
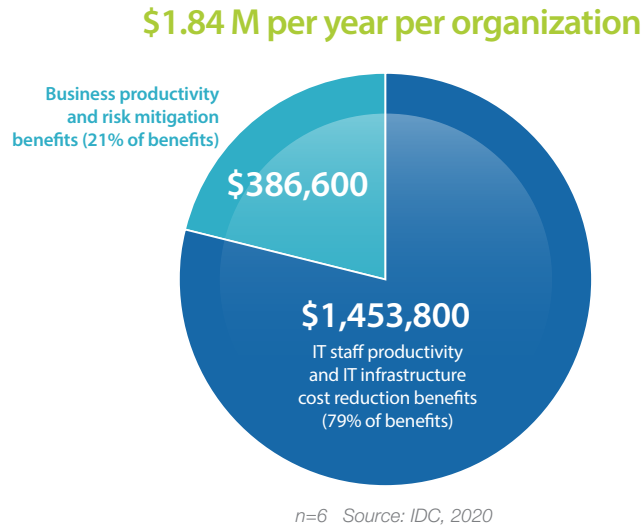
and best practices to reduced operational risk. Interviewed HPE customers spoke about these benefits:

- **Reducing risk and focusing on innovation:** *"Partnering with HPE with GreenLake Management Services is helping our IT teams optimize expansion of our capabilities with additional monitoring, faster patching, and expert advice that is easily accessible when it's needed, which helps reduce risk and allows us to spend more time on innovation."*

- **Helping leverage data to business advantage:** *"We've always done a good job of collecting data and information but never really had the bandwidth to mine that or know where best to begin. With HPE GreenLake Management Services, we do now, and we are gaining more understanding how to use that data to better position ourselves for services and products."*

Study participants reported achieving strong value with HPE GreenLake Management Services by freeing up IT staff to handle higher-value activities and establishing more robust and secure IT foundations for their businesses. IDC quantifies the value that these organizations will achieve at an annual average of $1.84 million per organization ($115,900 per 1,000 users) in the following areas (see Figure 4):

- **IT staff productivity and IT infrastructure cost benefits:** Study participants lessen the burden on IT infrastructure, help desk, and security teams by reducing time spent on day-to-day activities and gaining best practices from HPE. This makes these teams more efficient, enabling them to handle growing workloads and take on higher-value projects. IDC calculates that study participants will realize IT staff time savings and productivity gains worth an annual average of $1.45 million per organization ($91,600 per 1,000 users).

- **Business productivity and risk mitigation benefits:** With HPE GMS, study participants have more secure and robust IT foundations, which reduces the impact of unplanned outages on business activities and increases organizational confidence in IT's ability to support business operations. IDC puts the value of higher user productivity and revenue at an annual average of $386,600 per organization ($24,400 per 1,000 users).

FIGURE 4 Average Annual Benefits per Organization

$1.84 M per year per organization

Business productivity and risk mitigation benefits (21% of benefits)

$386,600

$1,453,800
IT staff productivity and IT infrastructure cost reduction benefits (79% of benefits)

n=6   Source: IDC, 2020

Enabling IT Infrastructure Teams

Interviewed organizations' use of HPE GreenLake Management Services has generated strong efficiencies for IT infrastructure teams. These teams must find ways to meet increasing expectations related to data growth, business digitization, and responding with agility to heightened competition. With many organizations having limited ability to increase the size of IT teams to match escalating expectations, they need to find ways to shift the focus of IT teams from day-to-day activities to higher-value activities focused on the business and innovation. Study participants spoke about how HPE GreenLake Management Services has helped them do this by making them more efficient in key areas such as monitoring, patching, and day-to-day administration:

- **Free staff for higher-level projects and more efficient data management/storage:** *"With HPE GreenLake Management Services providing enhanced security resources, monitoring, and managing all the daily tasks, we've freed up our IT personnel for higher-level projects."*

- **Use infrastructure time savings to work on broader IT initiatives:** *"With HPE GreenLake Management Services, our IT team can work on initiatives without delays and improve the IT structure. We can do this because we spend less time on the infrastructure."*

Figure 5 shows how these efficiencies bring down the share of team time spent on day-to-day activities, or "keeping the lights on." Study participants reported reducing time spent "keeping the lights on" from 68% to 40% with HPE GreenLake Management Services, or 41% less time was spent on day-to-day activities.

FIGURE 5   Impact of HPE GMS on IT Infrastructure Team

n=6   Source: IDC, 2020
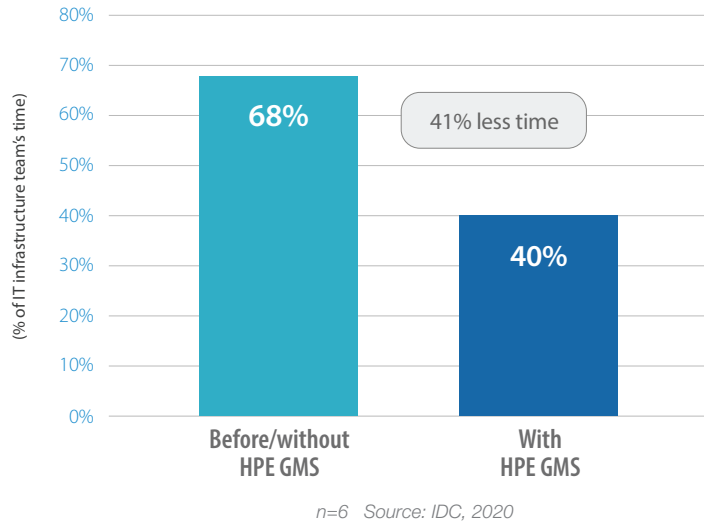
With HPE GMS, study participants have converted IT infrastructure teams' time related to day-to-day activities into that can handle equivalent workloads and infrastructure more efficiently. As a result, interviewed organizations can better manage business and application growth and position IT as a core contributor to business success. One interviewed organization explained: *"Our IT team benefits from HPE GreenLake Management Services because HPE now handles most day-to-day functions, especially with insights on enhanced monitoring. They also help streamline our processes and provide ongoing support and sometimes provide training if needed."*

Table 3 demonstrates how study participants have used HPE GreenLake Management Services to improve overall efficiency levels of their IT infrastructure teams. Overall, these HPE customers reported an average of 35% efficiency, freeing up the equivalent of more than 10 staff members per organization to handle workload growth and take on other initiatives. This higher efficiency is confirmed when analyzing the number of servers handled by each IT server infrastructure team member. The improvement of 53% shows the extent to which HPE GreenLake Management Services have changed how these organizations' IT infrastructure teams work on a day-to-day basis.

TABLE 3 Impact of HPE GMS on IT Infrastructure Staff

	Before/Without HPE GMS	With HPE GMS	Difference	Efficiency with HPE GMS (%)
Staff time to manage infrastructure (FTEs)	29.4	19.2	10.2	35
Hours of staff time per server per year*	297	194	103	35
Equivalent value of staff time per year per organization	$2.94 million	$1.92 million	$1.02 million	35
Number of servers handled per FTE by team members responsible for managing servers*	6.3	9.7	3.4	53

* Based on the portion of IT infrastructure staff time spent on server management and related activities
n=6   Source: IDC, 2020

Figure 6 details the sources of IT infrastructure team efficiencies with HPE GreenLake Management Services. They benefit from HPE assuming responsibility for carrying out certain tasks as well as best practices and advice. IT infrastructure efficiencies are not only most significant for monitoring (60%) and patching (49%) but also substantial for incident management (34%) and change management (26%).

FIGURE 6 IT Infrastructure Efficiencies by Activity

Activity	%
Change management	26%
Incident management	34%
Patching	49%
Monitoring	60%
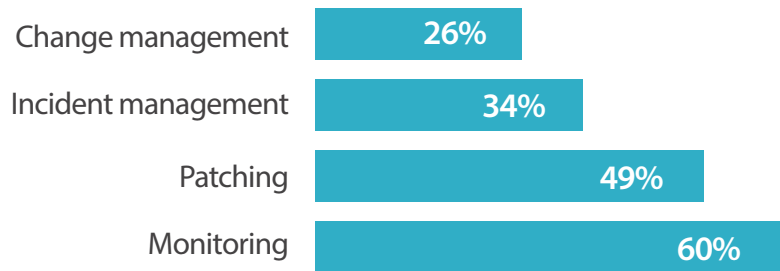
n=6 Source: IDC, 2020   *% of efficiency*

IT Infrastructure Cost Savings and Lower Cost of Operations

Study participants also linked the use of HPE GreenLake Management Services to optimization of their hardware requirements. They reported that on average, they required 5% fewer servers, thanks to best practices and improved application performance. Hardware-related cost avoidances combined with the already discussed IT infrastructure staff efficiencies enable

study participants to provide a much more cost-effective IT foundation for their businesses. IDC calculates that over three years, interviewed organizations will enjoy an average of 27% reduction in their operational cost in terms of hardware and IT staff time requirements, thus saving an average of $2.8 million per organization for workloads and applications over three years (see Figure 7).

FIGURE 7 Three-Year Cost of Operations



n=6   Source: IDC, 2020
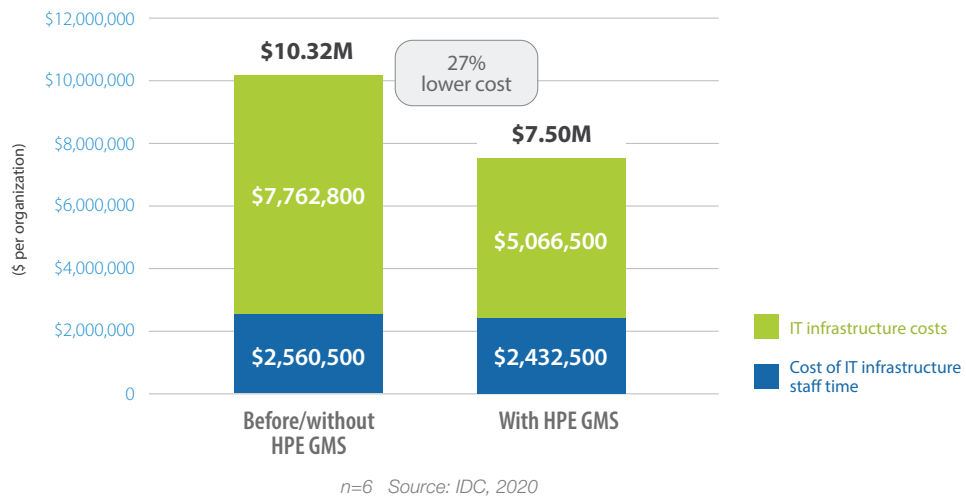
Limiting Risk by Ensuring Security and Support Activities

Study participants also tied their use of HPE GreenLake Management Services to improved ability to secure and support their IT environments. This results in more efficient and higher-performing IT infrastructure foundations and minimization of operational risks associated with security breaches or other unexpected problems. Study participants linked improvements to having HPE handle activities such as monitoring that relates closely to security and support, as well as overall improvements in IT performance and access to best practices. An interviewed organization commented on how HPE GreenLake Management Services has helped it better its security posture: *"Although our security team is quite good, HPE's knowledge and experience are obviously more extensive than ours, so they provide guidance and some better practices that our team implements."*

Figure 8 shows the extent to which interviewed HPE customers have realized improvements in key metrics related to security and operational support. In terms of enhancing their security efforts, these customers have improved their ability to respond to potential security breaches (50% faster) and deploy needed security patches (28% faster). Meanwhile, help

desk and support teams have benefited from improved ability to identify performance issues (48% faster), needing less time to resolve these issues (38%), and being able to identify more performance issues (19% more). These benefits contribute to higher efficiency levels of 15% and 27% for security and help desk teams, respectively.

FIGURE 8 IT Security and Support Efficiencies by Activity

Increase in number of performance issues identified	19%
Faster to deploy security pathces	28%
Less time to resolve performance issues	37%
Faster to identify performance issues	48%
Faster to repond to potential security breach	50%

n=6 Source: IDC, 2020   % of efficiency
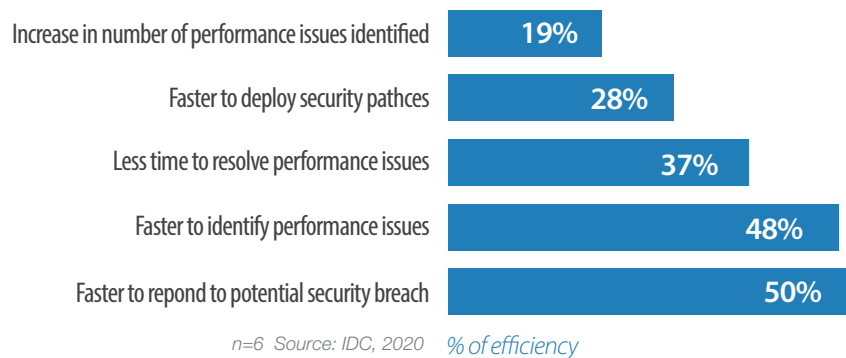
Delivering Performance to Support Business

Study participants reported that HPE GreenLake Management Services also contributes to their ability to maintain more robust and reliable IT operations. They cited improved ability to plan and monitor infrastructure capacity as well as being able to minimize the impact of necessary changes to their infrastructures. This can result in important improvements in their ability to deliver more robust service and application performance. Interviewed HPE customers provided the following examples of the impact:

- **Improved capacity management leads to better uptime:** *"We have more knowledge and awareness for capacity planning with HPE GreenLake Management Services …. We used to have 98% uptime, and now we're at 99.999% uptime. Improved capacity monitoring helps prevent outages related to spikes and overload."*

- **Minimize performance-impacting issues:** *"We used to have performance issues that impacted customers' sites. Now, with HPE GreenLake Management Services, we fix issues ahead of time. Most complaints were about performance not downtime, so performance issues did not necessarily result in lost productivity or revenue, but they were not good for our reputation."*

- **IT stability and reduced downtime:** *"The long-term benefit of HPE GreenLake Management Services is that we have a more stable environment and are not looking to make major changes every few years …. We have gone over the last 10 years from maybe a half dozen downtimes a year to none, which has to have an impact."*

By reducing the frequency (72% fewer) and duration (48% less) of unplanned outages affecting applications and services, study participants were able to bring down the cost exerted in terms of lost user productivity by an average of 85%. Importantly, Table 4 shows that interviewed HPE customers have substantially minimized the impact of unplanned outages on business operations, losing an average of only six minutes of productive time per IT user per year with HPE GreenLake Management Services.

### TABLE 4 Impact of HPE GMS on Unplanned Downtime

	Before/Without HPE GMS	With HPE GMS	Difference	Efficiency with HPE GMS (%)
Unplanned outage instances per year per organization	7.1	2.0	5.1	72
MTTR (hours)	2.9	1.5	1.4	48
Lost productivity per IT user per year (hours)	0.7	0.1	0.6	85
Lost user productivity per year (FTE impact)	6.0	0.9	5.1	85
Equivalent value of lost productive time per organization per year	$420,100	$62,200	$357,900	85

n=6   Source: IDC, 2020

Beyond impacting employees' ability to do their jobs, unexpected outages can carry actual business losses. By reducing unplanned downtime with HPE GreenLake Management Services, study participants have minimized revenue losses during outages, avoiding the loss of more than $500,000 in revenue per organization per year (see Figure 9).

Improved performance achieved with HPE GreenLake Management Services has also galvanized business operations for some interviewed organizations. One interviewed HPE customer explained how HPE GMS is redefining the role of IT: *"HPE GreenLake Management Services are helping move IT from working 'in' the business to helping us work 'on' the business, such as looking at our customer data to help find ways on how we can become more adaptive to the marketplace."* Another HPE customer noted the impact of improved application and system performance on its core business-generating activities: *"Sometimes in the past, we'd have situations where our systems would freeze up or trouble tickets were unable to access a certain system due to the configuration. With HPE GreenLake Management Services, everything is much smoother …. Seconds are crucial in our business. In volume, it may be a small difference, but when you multiply that by tens of thousands of trades, that can add up."*

FIGURE 9 Unplanned Downtime: Revenue Loss per Year

n=6   Source: IDC, 2020
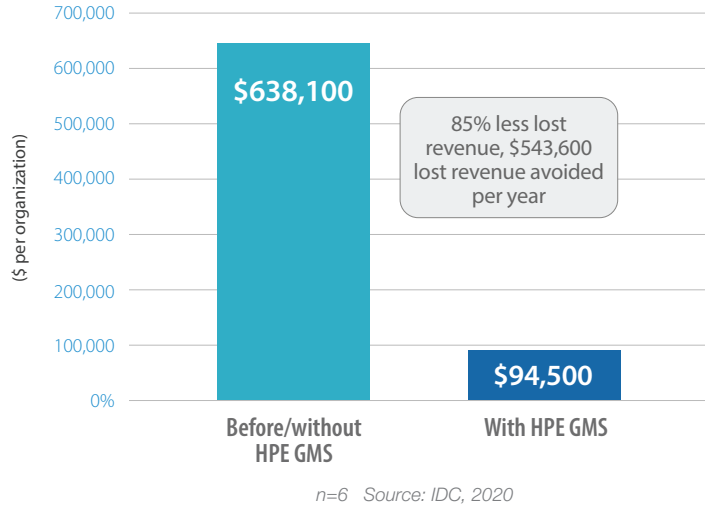
ROI Analysis

Table 5 provides IDC's analysis of the benefits and investment costs for interviewed organizations' use of HPE GreenLake Management Services. IDC calculates that interviewed HPE customers will realize discounted benefits worth $4.35 million per organization ($274,000 per 1,000 users) over three years in higher IT staff and user productivity, reduced IT infrastructure costs, and higher revenue. These benefits compare with total three-year discounted investment costs of an average of $1.12 million per organization ($7,080 per 1,000 users). These levels of benefits and investment costs would yield an average ROI of 287%, with breakeven on investment for this group of HPE customers occurring in an average of six months.

TABLE 5 ROI Analysis

	Three-Year Average per Organization	Three-Year Average per 1,000 Users
Benefit (discounted)	$4.35 million	$27,397
Investment (discounted)	$1.12 million	$7,080
Net present value (NPV)	$3.23 million	$20,317
Return on investment (ROI)	287%	287%
Payback period	6 months	6 months
Discount rate	12%	12%

n=6   Source: IDC, 2020

CHALLENGES AND OPPORTUNITIES

Even though companies are familiar with managed service offerings, the marketplace is experiencing a change in the competitive dynamics. The mass adoption of public cloud over the past several years has confirmed that cloud services providers are now a viable deployment option for enterprise workloads. HPE must continue to develop higher-level services layered on top of IaaS, PaaS, and SaaS offerings as it competes with those providers for total solution delivery. For companies evaluating a managed service offering, migrating the workload to the public cloud is a consideration.

HPE will also be challenged to continue developing the "behind the scenes" technologies required to optimize IT operations through HPE GreenLake Management Services. To improve IT service delivery, CIOs and IT managers expect automated preventive and predictive support for these highly integrated IT environments. A comprehensive suite of tools and utilities that can connect disparate technologies and multiple solution providers will be increasingly important in a hybrid IT landscape. This area is where the platform nature of GMS will come into play, with the integration of technologies, process, and people.

HPE also has the opportunity to advance the market for enterprise-class integrated service delivery for hybrid environments with HPE GreenLake Management Services. CIOs and IT managers are facing significant organizational change as they modernize their IT environments and shift their focus away from "keeping the lights on" and toward enabling the business. As a result, they often consider external providers to help them navigate this tricky path. Given HPE's extensive history in IT services, the company is well positioned to deliver comprehensive services across the life cycle for the entire infrastructure stack.

HPE GreenLake Management Services can provide an opportunity for companies to keep workloads on-premises but still realize the benefits of a cloud-based infrastructure model. While enterprises are rapidly adopting "as a service" solutions, IDC research also shows that most IT organizations will maintain some portion of their on-premises legacy infrastructure for the foreseeable future. In addition, certain industries face governance provisions and regulatory requirements that dictate maintaining an on-premises IT infrastructure. With services like HPE GreenLake Management Services, companies can maintain a secure on-premises infrastructure with comprehensive optimization and management while increasing IT agility and the enhancing the business' ability to innovate.

CONCLUSION

Successful execution of digital transformation initiatives requires organizations to integrate new technologies and their businesses with the goal of improving the customer and employee experience. To do this, IT organizations need to take on a more proactive role in enabling the business through involvement in strategic and innovative activities, rather than their traditional less proactive and more supportive role. For many organizations, this requires finding solutions that allow for shifting of IT team time from more routine tasks to strategic innovation. Use of a managed services approach is one path forward for many organizations looking to fit their IT organizations to better match these demands.

IDC's study demonstrates the substantial value that organizations can achieve by using HPE GreenLake Management Services to support their server, storage, database, and application environments. Interviewed organizations benefited from both HPE expertise and best practices, as well as having HPE take on many day-to-day activities related to IT operations. As a result, they have freed up significant amounts of staff time to take on strategic or business-enabling initiatives. Meanwhile, having HPE manage significant components of their infrastructure has also helped them improve the security and performance of their systems and applications, putting their businesses in a better position to success. IDC projects that study participants will realize benefits worth an annual average of $1.84 million per organization over three years, which would result in almost a 4:1 ratio of benefits-to–investment costs (three-year ROI of 287%) related to their use of HPE GreenLake Management Services.

APPENDIX: METHODOLOGY

IDC's standard ROI methodology was utilized for this study. This methodology is based on gathering data from organizations currently using HPE GreenLake Management Services as the foundation for the model. Based on interviews with these study participants, IDC performed a three-step process to calculate the ROI and payback period:

- Measure the benefits associated with using HPE GreenLake Management Services in terms of IT team efficiencies, IT infrastructure cost reductions, higher user productivity, and revenue losses avoided.

- Ascertain the investment made in deploying and using HPE GreenLake Management Services.

- Project the costs and benefits over a three-year period and calculate the ROI and payback for HPE GreenLake Management Services.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For purposes of this analysis, IDC has used its standard Business Value assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

- Downtime values are a product of the number of hours of downtime multiplied by the number of users affected.

- The impact of unplanned downtime is quantified in terms of impaired end-user productivity and lost revenue.

- Lost productivity is a product of downtime multiplied by burdened salary.

- The net present value of the three-year benefits is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- Because every hour of downtime does not equate to a lost hour of productivity or revenue generation, IDC attributes only a fraction of the result to savings. As part of our assessment, we asked each company what fraction of downtime hours to use in calculating productivity savings and the reduction in lost revenue. IDC then taxes the revenue at that rate.

- Because IT services require an implementation period, the full benefits of use of HPE GreenLake Management Services are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

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