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## *Managing IT in Tough Economic Conditions*

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# Managing IT in Tough Economic Conditions

We are all feeling the effects of the economic situation facing the world markets today, and IT is no exception. In past economic downturns, those companies that focused on cost containment and process improvement emerged in a stronger position. During the current financial implosion, businesses must look at their expenses and determine where they should spend and where they should cut in order to ride out the storm. Never before has there been a greater sense of urgency to align IT with business needs. It is clear that IT can be the foundation that will help businesses survive and even thrive. However, there are precautionary measures that IT organizations should implement now to reduce costs in this challenging economy:

- Continue to focus on people, process and technology. Don't fall back to a reactive state.
- Look for areas to automate. Don't settle for manual or antiquated processes.
- Continue with your service delivery initiatives. Don't postpone.
- Track your software and hardware assets through their complete lifecycle. Don't assume you have this covered.
- Look for energy savings. Don't stop at the data center — effective client-side power management can yield significant cost savings.

## Identifying the Opportunities

In order to know how best to utilize IT, we first need to identify and understand its components, how each of its parts works symbiotically with the other. Technology, Processes and People: these are the three pillars that support an effective IT organization and the three aspects we need to take a good hard look at to ensure they are working efficiently and delivering a strong return on investment (ROI).

### Technology: Manage IT Assets and Power Consumption to Control Complexity

In the case of technology, a couple of key areas can be easily addressed to help provide an almost immediate ROI, and the first of these is asset management. Surprisingly, up to one-third of all IT assets within an organization are unaccounted for, causing a financial drain on a business. To maintain sound cost control, it is imperative to know what you have, where it is, how it is used, and how to get it "off the books" if it is no longer being utilized at all times.

Associated with these costs is software licensing and renewals. As systems have consolidated, especially with the virtualization technologies being deployed in the environments, do you truly know what you have or what you need? Have you moved a business application from a physical server to a virtual server but are still paying for two instances of the software? Not knowing what

technology is deployed within the corporate IT ecosystem and how it is used runs a substantial expense risk — you may be paying more for licenses and renewals than actually needed. Accurate asset knowledge and accountability are crucial to insure optimized spending in IT environments, an area with real savings potential for your company.

Not only do we have to manage assets from an ongoing spending perspective, but how can we stretch the value of those assets a little longer than we may typically do during better economic conditions? Maximizing and extending the life of hardware assets through automated inventory management and tracking will do just that. An asset management tool will help you discover and more efficiently utilize all of the assets across the IT environment, giving you greater insight into the actual workings of your IT landscape. This knowledge will allow you to optimize the lifecycle of your existing equipment and allow you to get more out of your investment for dollars spent.

While extending the life of systems is important, another aspect is that we have a lot of equipment in our environments that is not being used at all. Given the surge in server consolidation, you need to have a good process to instigate and track server decommissioning. Managing or eliminating your dormant, "dead" or ghost servers can deliver real cost savings immediately. In some anecdotal cases, IT shops have stated that 30% of servers in large data centers are "dead" servers. These servers not only take up valuable rack space, but waste precious data center energy resources for power and cooling, which directly relate to expense. Effective asset management will help control the end-of-life segment of the lifecycle and help drive cost savings by completely decommissioning assets and eliminating the loss of the resources they consume.

In addition to an increased need for cost savings, we will see extreme pressures on businesses around governance and compliance. Given that governments around the world have had to take an increasing financial stake in the markets and individual businesses, we are going to see more regulations around governance and compliance, moving beyond the strictures of the Sarbanes-Oxley act. IT will not be immune to this trend, but thanks to the asset management tools and the associated processes in our environments, we can get a handle on the assets and their association to the business. This will position us for this forthcoming set of regulatory requirements.

Beyond asset management, another key opportunity to curb spending is power conservation. It is time for us to apply the green initiatives being preached in marketing messages to our organizations and, through determined resolve, turn them into real savings for our companies. While not all IT managers pay the actual

bill, being a good steward for the company by aiding in expense management is essential to align IT with the business needs.

So what can we do to reduce that expense for our business? First, we need to understand the power implications within our environments and then be able to react accordingly. In the data center, according to the US Department of Energy, floor space capacity is growing by approximately 10% per year for large enterprises and the amount of energy that these data centers consume continues to soar. Typically, a data center consumes 10 to 100 times the energy per square foot of the average office building. At current rates, these power requirements could double in five years. On a worldwide basis, in 2008, for every dollar spent on a new server, customers will spend an additional \$0.53 to power and cool their installed servers. This ratio is up drastically from 10 years ago when the worldwide ratio was \$0.11 on the dollar. Under the current industry conditions, IDC expects this ratio to increase to \$0.67 for every new dollar of server spending by 2012.

Getting a handle on these costs is of huge value to the business – however, the task is not always easy; you can't manage what you can't measure. A recent survey conducted by Avocent of 300 data center IT decision makers revealed that energy conservation is rated the most difficult issue to resolve with currently available tools – and managing the total cost of power was second. If we were able to measure and monitor energy consumption, costs, and trends across the data center, we could then analyze overall cost and determine how to better balance the power load, thus saving money.

Measuring and monitoring actual energy usage, identifying ghost servers and right-sizing the power chain will enable IT administrators to operate more equipment under their current energy budgets. In some cases, this could extend the current life of an existing data center, delaying the capital outlay for an extension or the building of a new one, both of which are highly desirable in this tough economic environment. We need to be deploying power management tools that give us real-time feedback on the consumption of power within the infrastructure, which will then enable us to properly plan and manage power consumption within our environment and realize even more savings out of our green initiatives.

But the data center is not the only place where power savings can be had; significant savings can be achieved in the desktop as well. According to the 451 Group, an industry research firm, despite the potential for strong ROI and the immediate environmental benefits, desktop power management is not widely practiced today. Thus, controlling power consumption from the desktop presents itself as an untapped opportunity for real cost savings within an IT environment.

There are challenges to adoption, the greatest of which is the on-going disconnect between the IT administrator who has the ability to impact power management, and the accountant who pays the power bill. Without easy-to-use reporting that clearly indicates how much money is being saved, administrators are hesitant to deploy policies that have the potential to impact system availability. But deploying policies that make use of simple activities, such as placing the machine in a lower power state at night, can turn into significant cost savings. Along with a potential for savings, you have to be able to measure the savings to justify the investment, ensuring that proper measurements can be modeled prior to adoption, to guarantee the greatest ROI.

#### **Processes: Automate to Reduce Complexity**

IT organizations have long resisted moving toward automated processes, as it is in our very nature to want to control the details. In these times, however, there has never been a more urgent need to automate tasks – especially mundane tasks – that can be critical to managing operational expenses.

Basic repetitive tasks are a major drain on IT personnel resources; by automating those processes, we can free up IT staff and allow them to allocate their time on higher-value activities.

By utilizing process automation tools, we are able to clearly define processes, refine them and then automate them. By deploying these types of tools and instead focusing on IT management, we will then be able to establish a consistent level of operations across functional silos and thereby reduce the need for oversight. This will directly affect our operating efficiency, allowing us to get more out of our current organizations without increasing IT resource spending.

One process area that can realize immediate ROI is the Service Desk. As we mature our IT organizations to be more aligned with our business, it is imperative to have a process by which we can gain efficiencies in providing IT as a service. In many cases, we are reactive in nature to situations in our environments, which drives inherent expense and focuses us more on a specific issue than the reliability of the entire IT service chain. However, process frameworks like ITIL have great value for us in providing directions on how to create business value from IT and Service Desk solutions, providing a simple and effective way to introduce these best practices.

Implementing the proper Service Desk solution can help our organizations deliver support services without a large enterprise budget, extensive training, or technological aptitude. By putting more efficient and higher-quality problem-solving procedures in place, we can resolve support and service issues more quickly, increasing cost savings for our businesses along the way.

### People: Work Smarter, Not Harder, to Manage Complexity

Staffing presents a particularly difficult challenge. While no one wants to consider the possibility of staff reductions, this is a very real scenario we may face in these types of economic environments. At the very least, we can expect to not see staffing growth until there is an economic turnaround.

Over the past several years, we have experienced a rapid increase in complexity within the IT organizations. From the data center to the business environment there is an ever increasing number of devices to manage on a day-to-day basis, from PDAs to mobile devices, to servers and appliances. If we add to this all of the operating and virtualized environments running on that equipment, the complexities skyrocket. The reality is we are facing an IT staff productivity crisis and are not in a position to hire additional labor resources – or we may be facing impending reductions. So how can we ensure we are maximizing our existing staff to efficiently manage the complexities of our environments?

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