Lotus knows.

Smarter software for a Smarter Planet.

Smarter Collaboration for Strategic Impact
Optimising Collaboration Cost Structures

Michael Garbett | Sales Director, Lotus Collaboration,
IBM Software Group Worldwide

lotusknows.com

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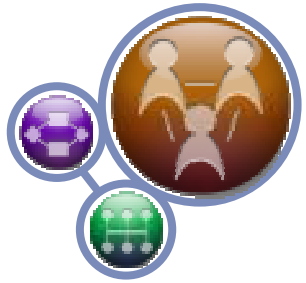
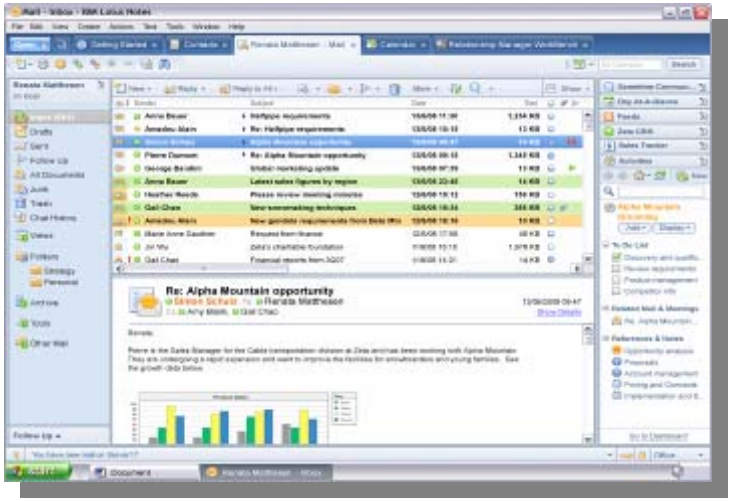
Optimize Cost Structures:

Lower Total Cost of Ownership (TCO) by 50% by lowering software license, hardware, and operational costs

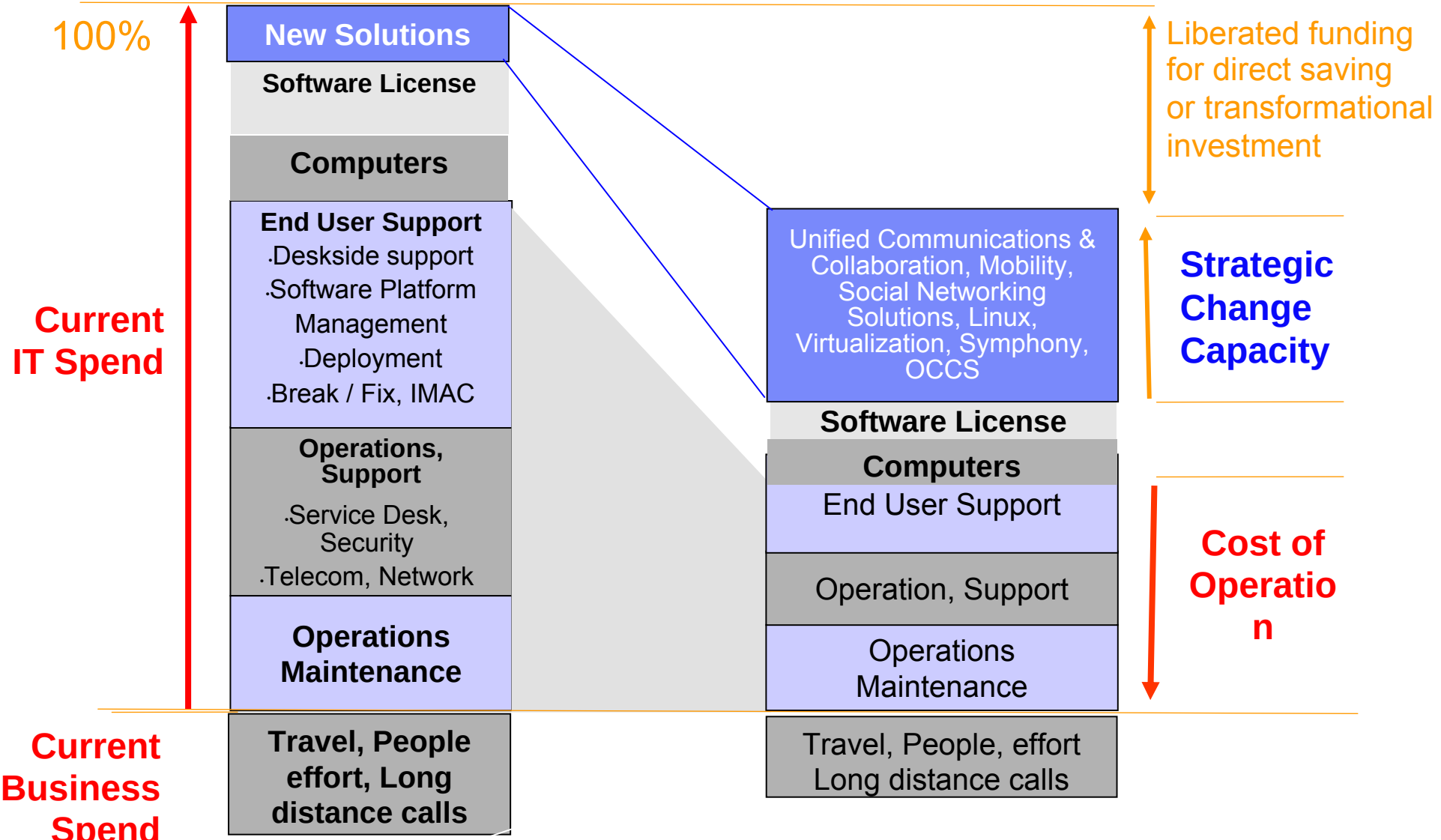


- Today's customer must reduce TCO by optimizing ALL operating costs and increasing capability
- Customers can achieve these goals with a combination of on-premise, appliance and cloud solutions
- Businesses need open standards that gives them flexibility and choice



Can your business reduce costs yet optimize the way people work?

Our approach is to reduce costs to put clients on a strategic path to growth
Save on Software License, Operational, Infrastructure costs



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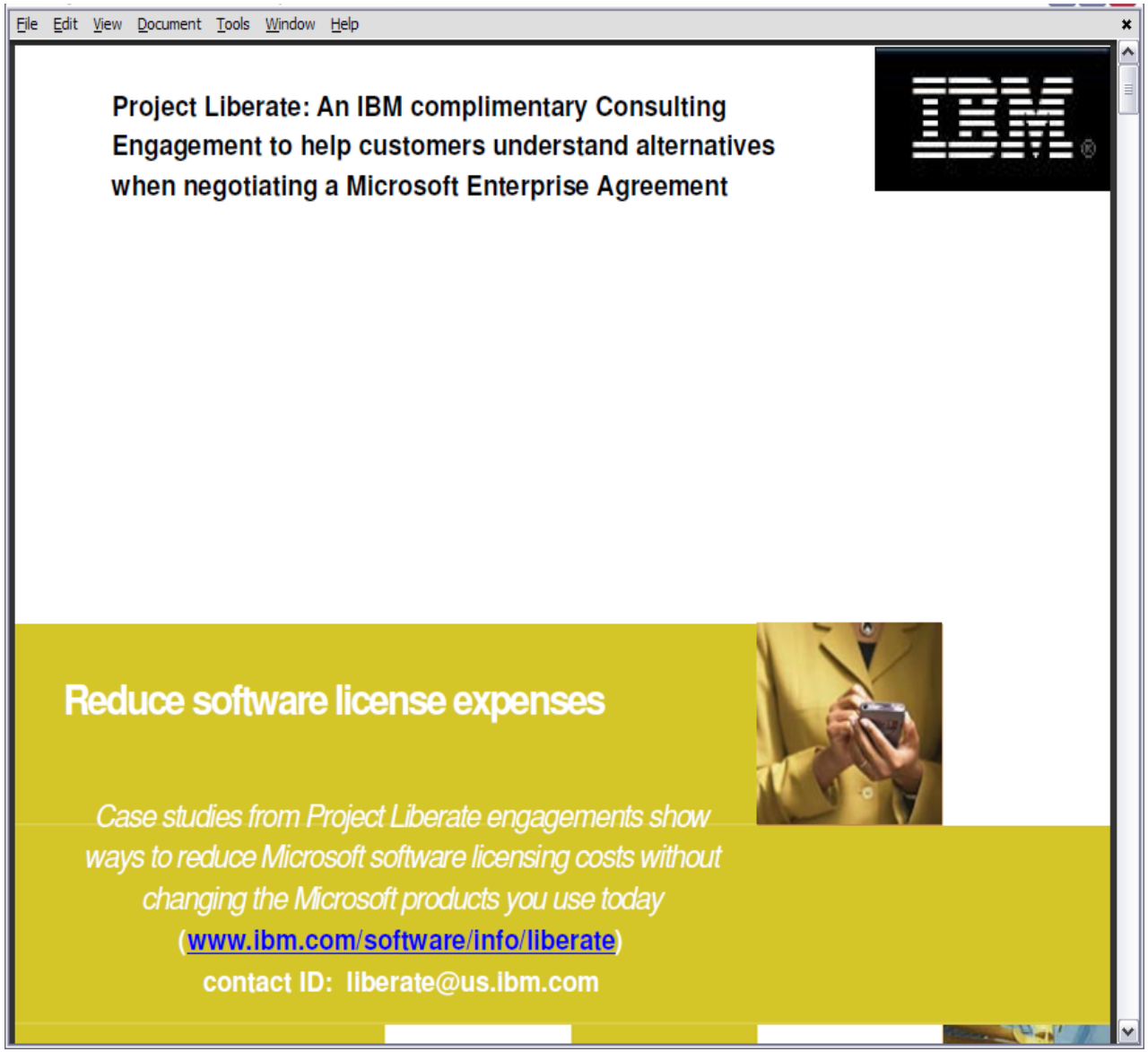
IBM Project Liberate

We have helped more than **600 customers free up around $3.5B in their IT budget over the last 3 years worldwide** by advising them how to buy differently from Microsoft

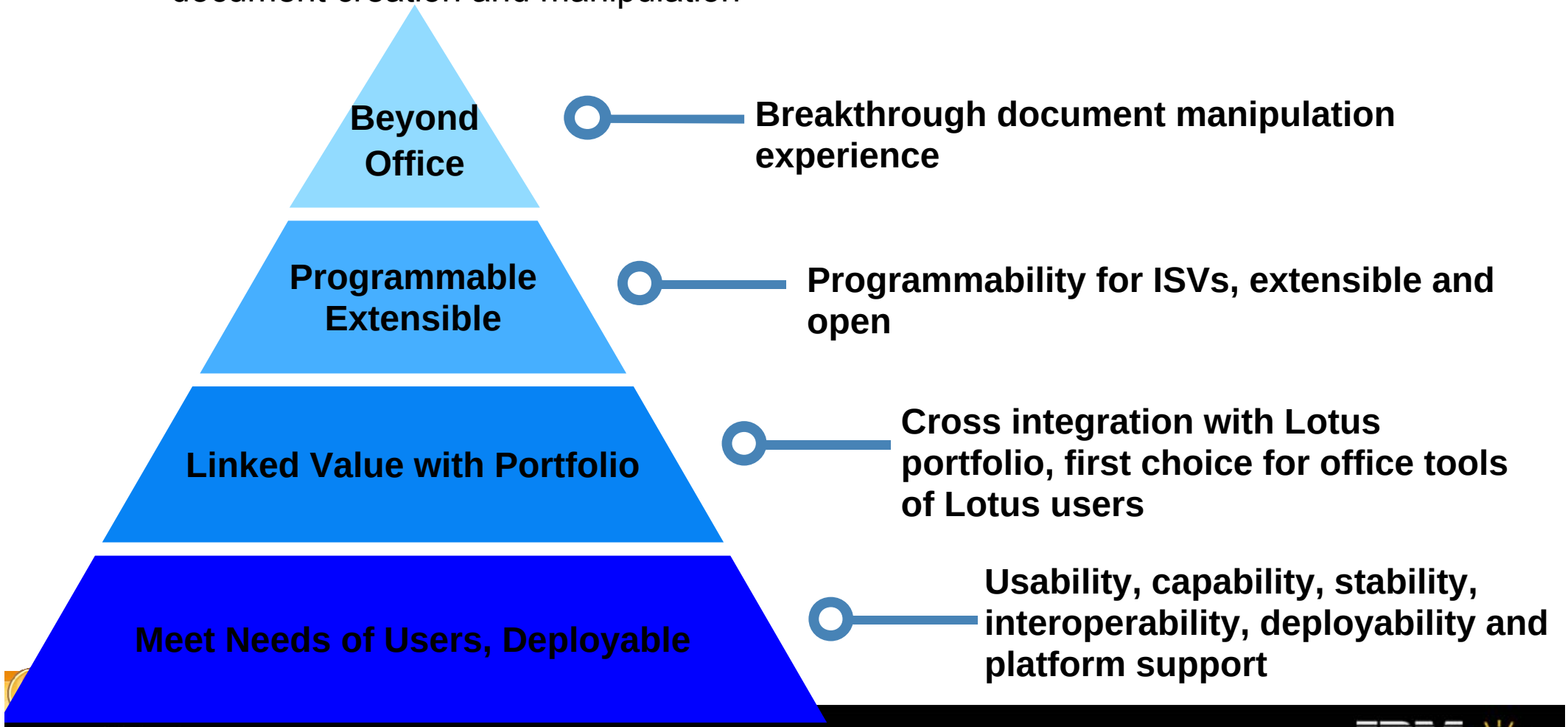
Customers with Microsoft Enterprise Agreements might be able to save up to **40% or more** on the cost of their renewal through this "no-charge" evaluation of their current Enterprise Agreement.



Lotus Symphony: more than just free

Lotus Symphony is part of a long-term, key investment strategy by IBM

- Promote use of ODF to help facilitate innovation in market
- Long term: Advance IBM's position as market leader in new, dynamic models for document creation and manipulation



Reduce Your Costs with Lotus Symphony

FREE Lotus Symphony® office productivity suite

Over 12 million seats in the market

Why pay for commoditized software when you don't have to?

Would you like to better use your IT Budget to drive innovation?

End-Users	Lotus Symphony	Microsoft Office
100	$0	$36,900
500	$0	$184,500
1000	$0	$369,000
5000	$0	$1,845,000
25000	$0	$9,225,000
50000	$0	$18,450,000

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Delivery Models: Choices for Collaboration

In the Cloud

LotusLive™
www.lotuslive.com

In the 'Private' Cloud

LotusLive™
www.lotuslive.com

On Premise

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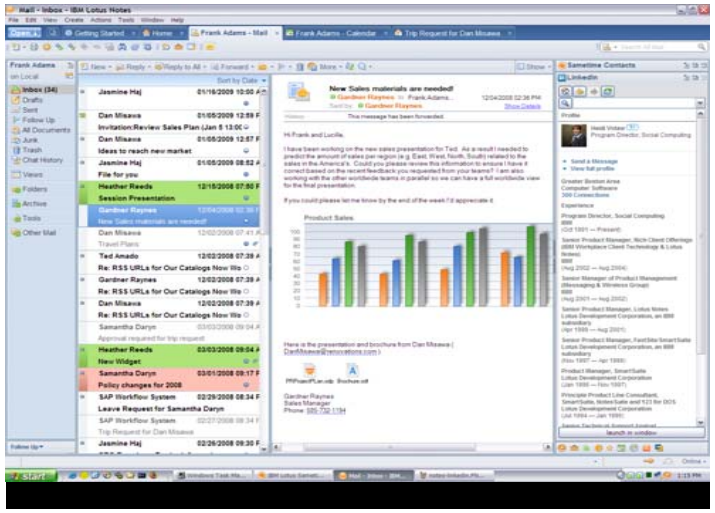
Lotus® Notes®8.5

Strong focus on TCO

30% Fewer Servers to Manage

40% Improvement in CPU Efficiency

>50% Bandwidth reductions



40-60% Disk Savings

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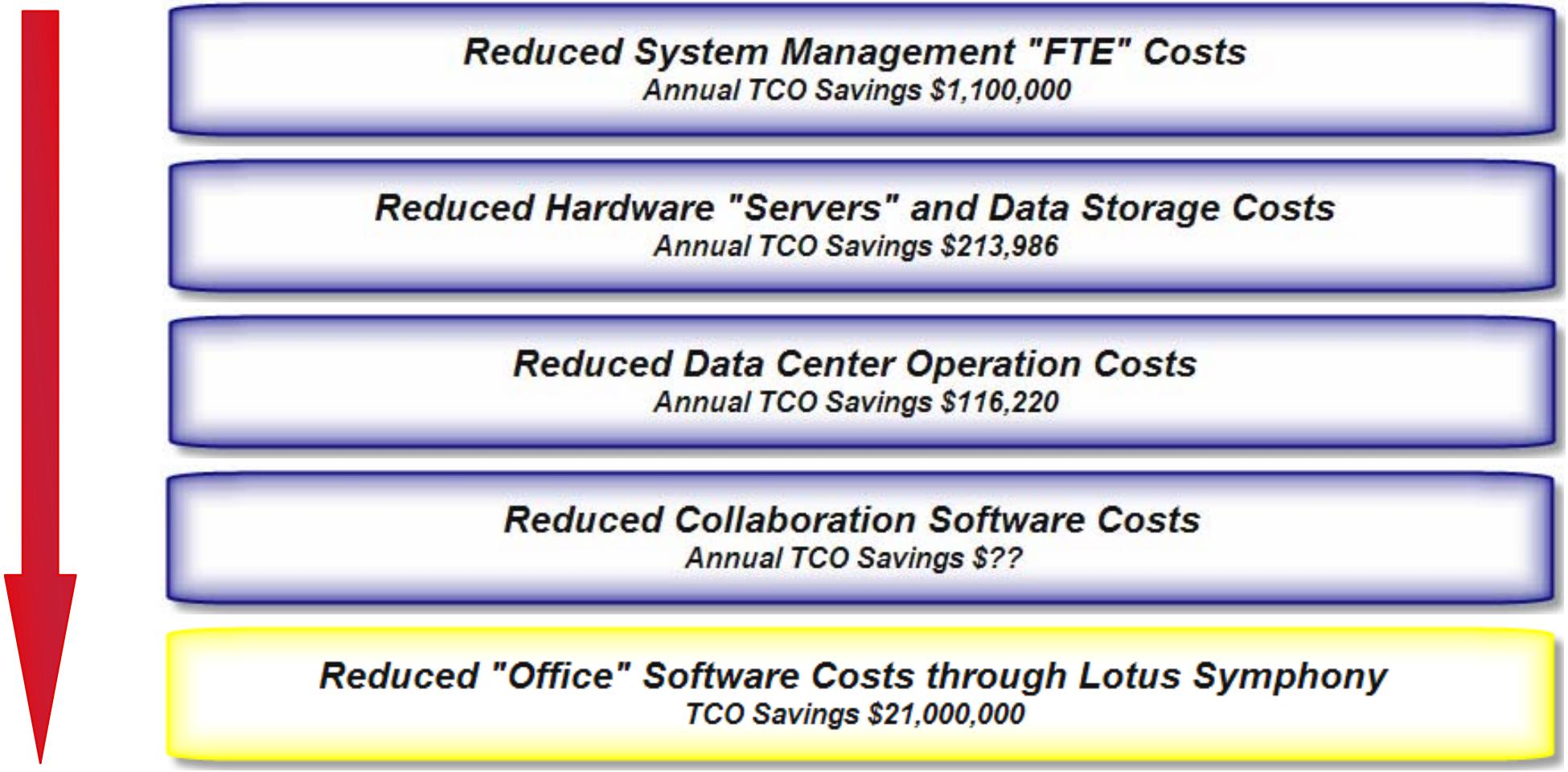
Domino 8.5 projected upgrade savings for one customer

$1.4m in annual TCO savings (a 23% reduction) through centralization, server reduction and modernization of Lotus Notes and Domino Software. 70,000 user installation.



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Lotus Notes & Domino Hardware Savings

- Lotus Domino 8.5.x provides efficient use of resources, and greater scalability and consolidation capabilities
  - Storage, CPU, I/O

Customer study findings

- Organizations noted that a key driver was to control storage related costs
  - **60% reduction of storage assets**
  - **30% reduction of growth of storage assets**
  - **20 – 40% reduction of storage administration costs**

- Organizations saw the upgrade as an opportunity to better manage & consolidate environments
  - **25% capital cost savings**
  - **23% capacity freed through consolidation**

- IBM saved $2 million in 2008 for storage acquisition costs alone
  - Only with compression enabled (DAOS was not enabled at that point)

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Lotus Notes & Domino Hardware Savings Example

- In this conservative case, a 10,000 employee organization can save:
  - 2 servers and 1.8 Terabytes of disk space

	Mail users per CPU	Number of servers	Server savings	Mail quota	Equivalent disk space used (Gb)	Disk space savings
Domino 6.5	900	6	N/A	500	4547	0
Domino 8.5	1300	4	2	500	2728.2	1818.8

- Further savings are recognized via:
  - Less data to backup and store
  - Less network traffic
  - Less administration required

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Lotus Notes & Domino Administration Savings

- Reduce administration costs (labor intensive) through:
  - Server consolidation
  - Reduced storage tasks
  - Automated administrative tasks
  - Pro-active configuration analysis
  - Improved client

Real-world savings:

A customer that was spending 2 ½ hours per day recovering passwords now spends a total of 10 minutes on the same tasks!

Customer study findings:

- Organizations were able to achieve savings in a number of areas
  - **20% operational cost savings for problem resolution**
  - **30% reduction of IT time spent on messaging problem resolution**
  - **10% operational cost savings for end user security**
  - **25% reduction of IT time spent on end user messaging security**
  - **20 – 40% reduction of time spent on storage administration**

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Lotus Notes & Domino Compatibility & Open Standards

- Maintaining compatibility with applications and infrastructure protects customer investments, and avoids additional cost
- Lotus Notes & Domino leverages existing hardware in many cases
  - Avoids 'rip & replace' unlike Microsoft Exchange 2007
- Lotus Notes & Domino applications built years ago continue to run
  - Build once, significant ROI!

Customer study findings:

- The new XPages capability allows flexibility in design AND deployment, saving development time
- 15% reduction in costs related to messaging application development

*"...the commitment Lotus puts into **backwards compatibility is a huge cost savings - we haven't had to rewrite anything**. We have applications I wrote ten years ago that we still use today."*
- Troy Fulkerson, Director of Information Technology, Kentucky Baptist Convention

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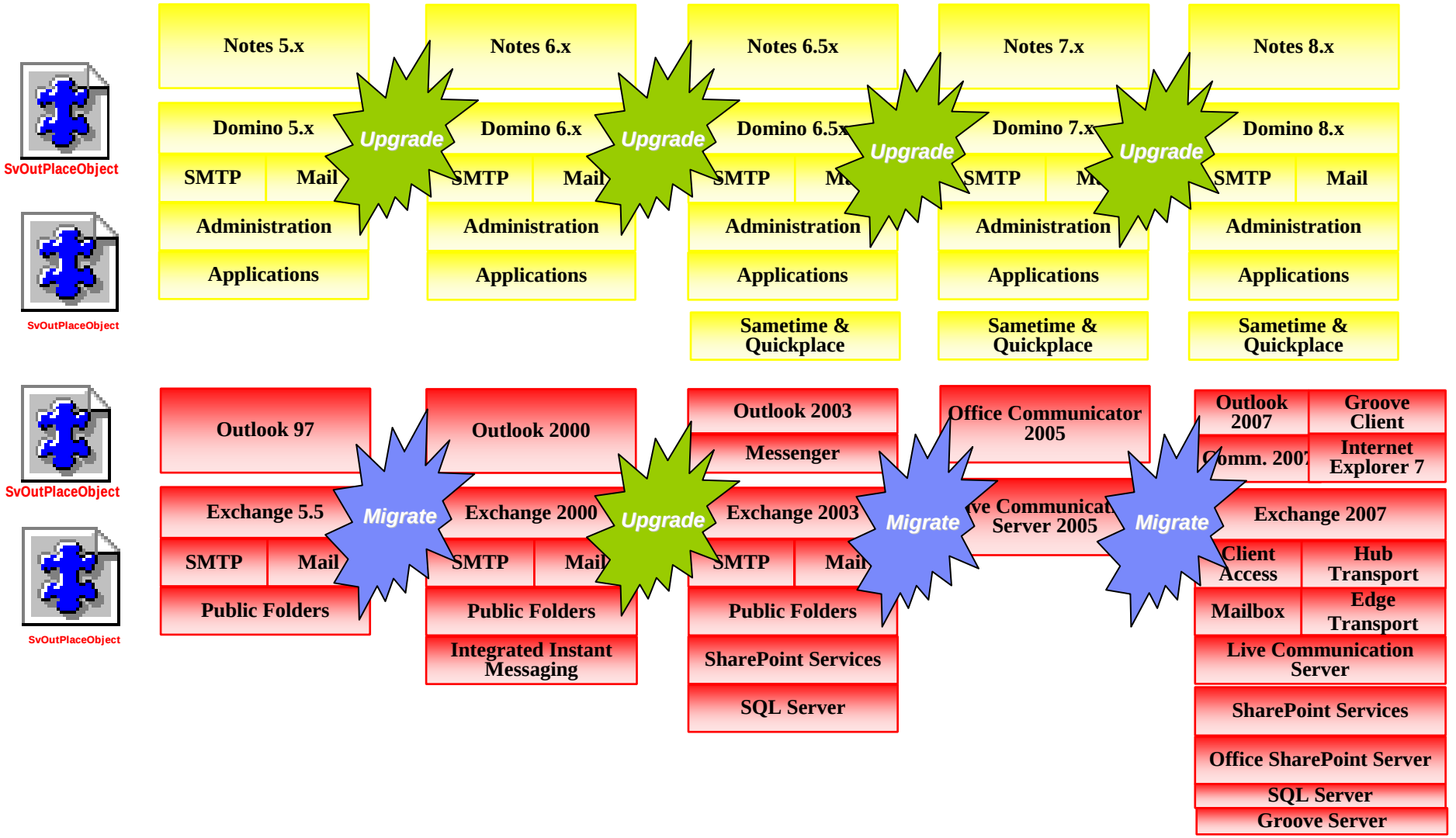
Versus the competition's history of rip & replace....



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Upgrading (Migrating!) Exchange from version to version is expensive...

Osterman Research says “Exchange 2007 is a big jump” *

“The cost is non-trivial. The analyst firm has built a cost model that demonstrates the cost of migrating to Exchange 2007 for a 5,000-seat organization can be as high as **$244 per user**. Even when amortized over a three-year period, the average cost of an Exchange 2007 migration can be $6.79 per seat per month for a 5,000-seat organization. This is a high-cost departure from how most open source companies charge, which is a subscription that entitles users to upgrade for free.”

....and also very time consuming!!

“At TechEd 2009, keynote presenter **Bill Veghte**, senior vice president for the Windows business, said companies testing Vista should stop and move to testing Windows 7. The same advice was repeated for users who have not yet moved to Exchange 2007; they were told to skip it and wait for 2010.” **

** Source: InfoWorld interview with Michael Osterman, June 2007*

** Source: Network World, May 14, 2009*

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"*$244 per user to upgrade my email system?!*"

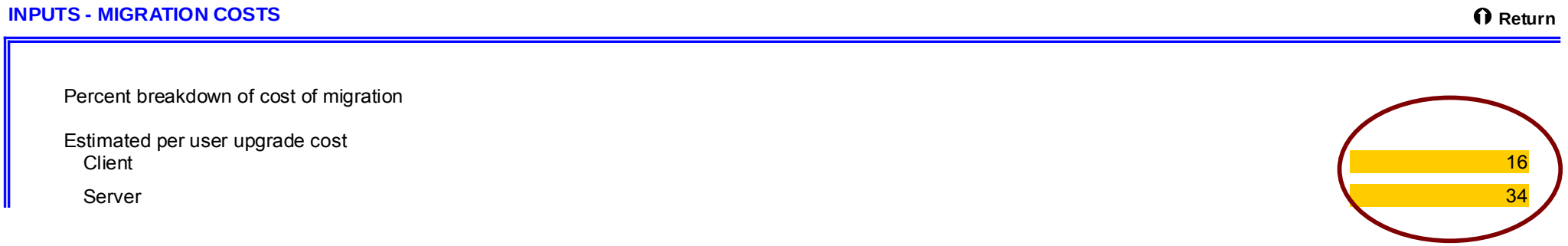
Consider this:

Analysts have stated that the typical cost to migrate to a **completely different** email system is $282 per user. *

Bottom line - Every Exchange "upgrade" costs as much as a migration!

VS. low cost, low-stress Notes upgrades...

The typical upgrade cost that Forrester Research provided as a baseline value in the new Notes 8.5 Total Economic Impact Calculator (more in a moment...) is just **$50** per user. **



** Source: Ferris Research Report #400 Email Migration Costs, December 2003*

*** Source: Forrester Research TEI of ND 8.5 November 2009*

Forrester: Knowing your costs is the first step to cost reduction

JUNE 21, 2009

Calculating The Fully Loaded Costs Of Corporate Email: It's Bigger Than You Think

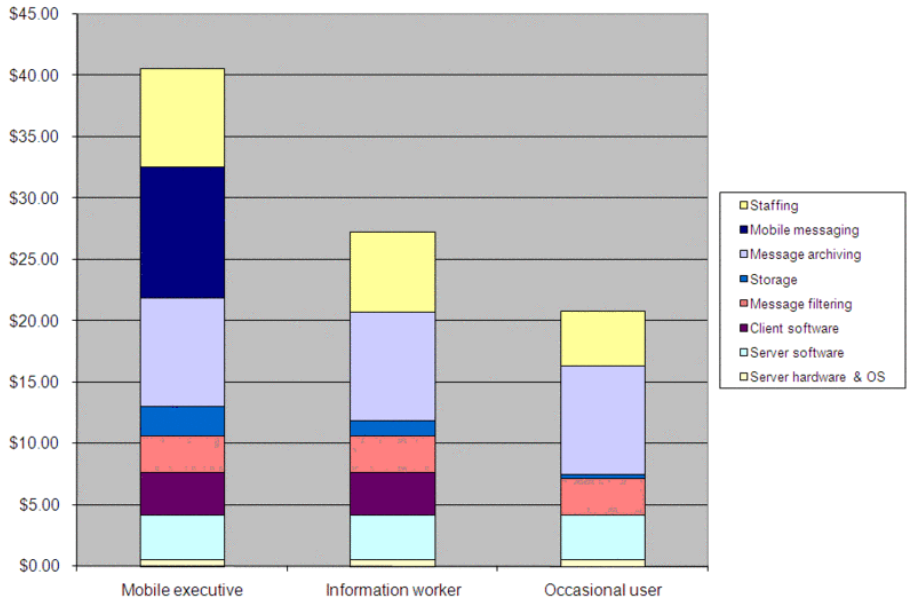
by Ted Schadler

Since colleague Chris Voce and I published a pair of reports on corporate email in the cloud (one on the infrastructure and operations and one on the cost of running email on-premises or in the cloud), we have had dozens of discussions with our clients accompanied by detailed cost analyses of the true cost of running email on-premises versus running it in the cloud.

While the cloud-based cost of email is pretty transparent (many providers, including Microsoft and Google, publish their per-user per-month costs), the cost of running email on-premises is often a big mystery to everyone, including most CIOs. The big challenge is that the costs are spread throughout the budget: some in the hardware budget, some in the software budget, some in the storage budget, some in the cost of capital budget, some in the staffing budgets, and so on.

After dozens of these discussions and after a survey of 53 information & knowledge management professionals to ask about the cost of email, it is abundantly clear that few firms know their true cost of running email on-premises. And this matters if you're considering a move to cloud-based email.

But it an accurate calculation of on-premises email also matters if you are contemplating upgrading your email to a more current version that might support cheaper storage, higher automation, or reduced email database size due to eliminating redundant copies of attachments. You can compare your current costs against the fully loaded costs of the new system with its higher efficiencies.



http://blogs.forrester.com/information_management/2009/06/calculating-the-fully-loaded-costs-of-email-its-bigger-than-you-think.html

Cost Categorization

This is Forrester's estimate of the cost per user, per month for a typical enterprise to provide on-premise messaging to 15,000 users. It is not vendor specific - it could be Notes/Domino, it could be Exchange/Outlook.

Note that the model assumes *user segmentation* – one size does not fit all in most organizations...

	Mobile Executives	Information Workers	Occasional Users
Server hardware & OS	$0.52	$0.52	$0.52
Server software	$3.61	$3.61	$3.61
Client software	$3.49	$3.49	$0.00
Storage	$2.40	$1.23	$0.34
Message filtering	$2.99	$2.99	$2.99
Message archiving	$8.89	$8.89	$8.89
Mobile messaging	$10.68	$0.00	$0.00
Staffing	$7.99	$6.53	$4.47
Total	$40.57	$27.26	$20.83

In this context, "archiving" is compliance or journaling, not storage mgmt.

Mobile devices can significantly increase costs

Setting aside mobile (all users don't need it...) and archiving (many customers don't do it...), **staffing** is generally the largest cost of operating messaging infrastructure

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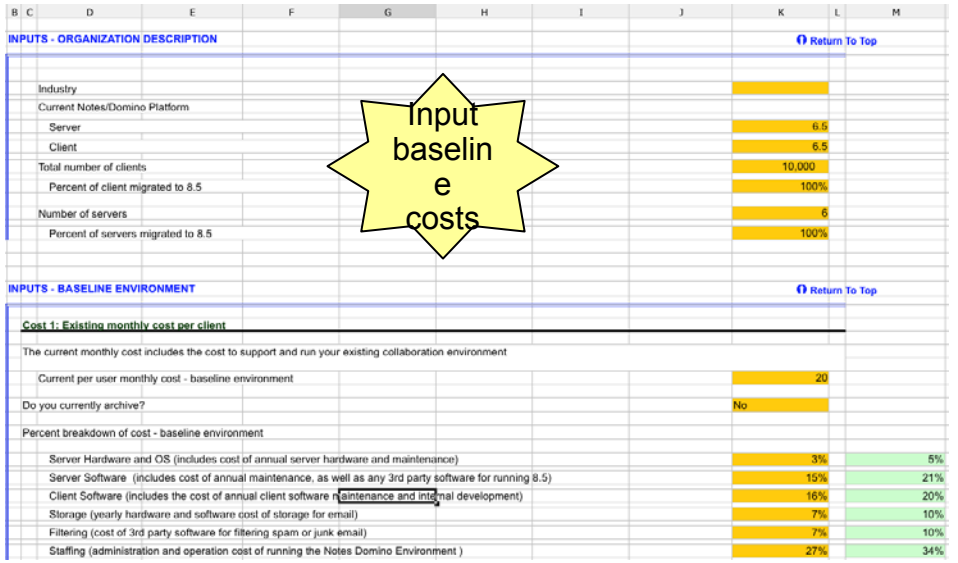
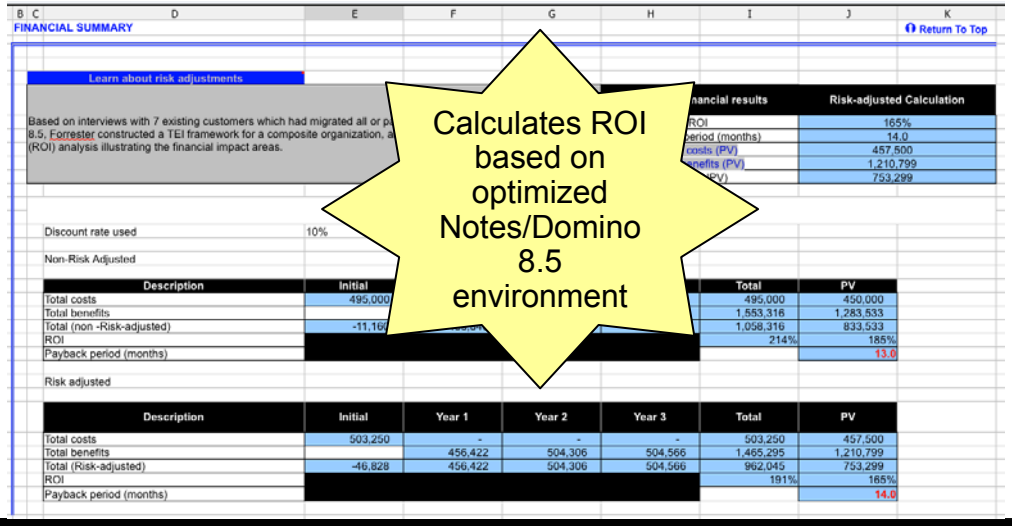
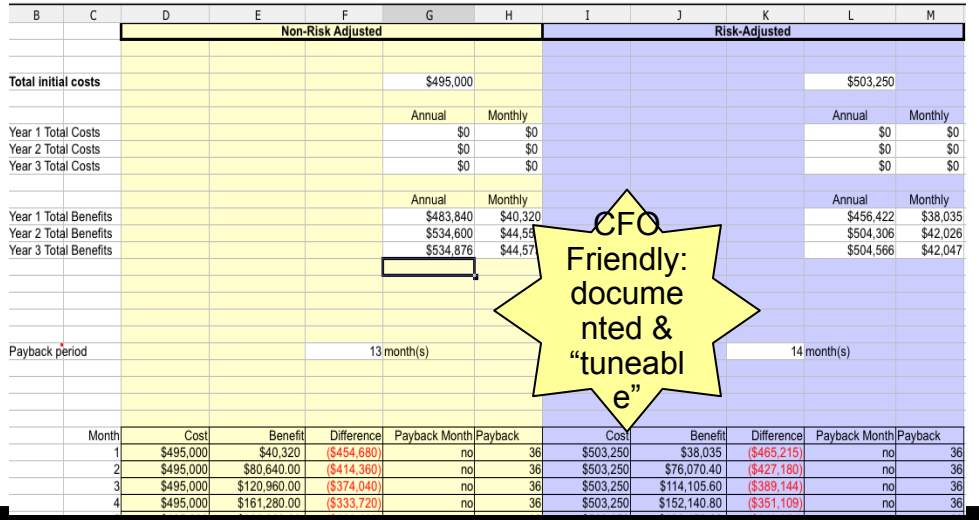
Forrester Calculator: Determine TCO Reduction resulting from upgrade to Notes Domino 8.5







Forrester Research:
147% ROI
for Upgrading to Notes and Domino 8.5

Webcast Replay and Forrester Case Study Report on Lotus Notes/Domino V8.5 Economic Benefits

- Payback period – only 12 months!
- Get the webcast and white paper on ibm.com/lotus/notes

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User segmentation – what is it and *why?*

- Simply, user segmentation is recognizing what each of us already knows when it comes to selecting tools: *Pick the right tool for the job.*

User Segment Definitions and Examples

Knowledge Worker

Individuals whose work effort is centered around creating, using, sharing and applying knowledge and information.

Sample Professions

Software Engineer
Architect
Electrical Engineer
Biologist
Lawyer
Doctor
Teacher
Actor
Writer
CEO
HR Manager
Property Manager

Task Worker

Individuals whose day to day efforts focus on completing repeatable specialized tasks.

Sample Professions

Clerks
Secretaries
Tellers
Customer Service Reps
Telemarketer
Cashier
Real Estate Agent
Travel Agent
Nurse
Police
Fireman

Boundary Worker

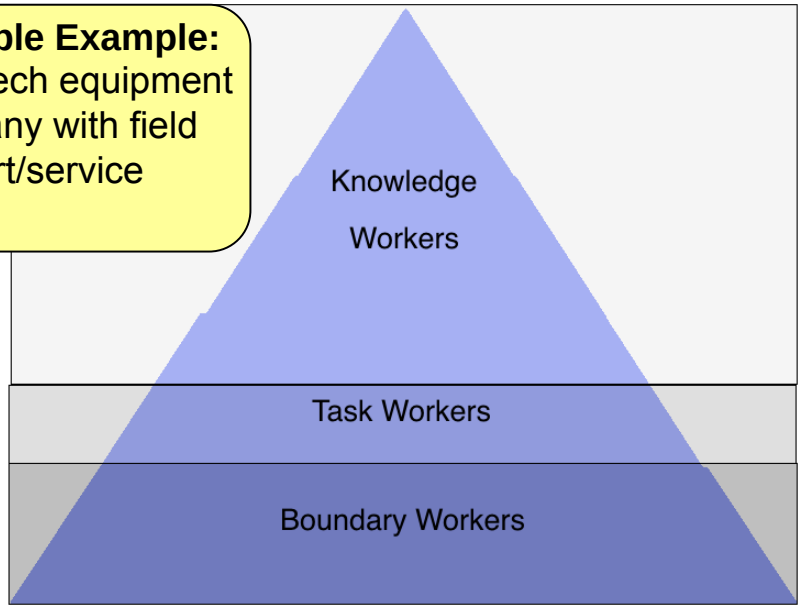
Individuals who typically work in the field and interact directly with the public or employees of other companies – extending the physical "boundary" of their company walls. Tends to "work with hands" or in primary/secondary industry

Sample Professions

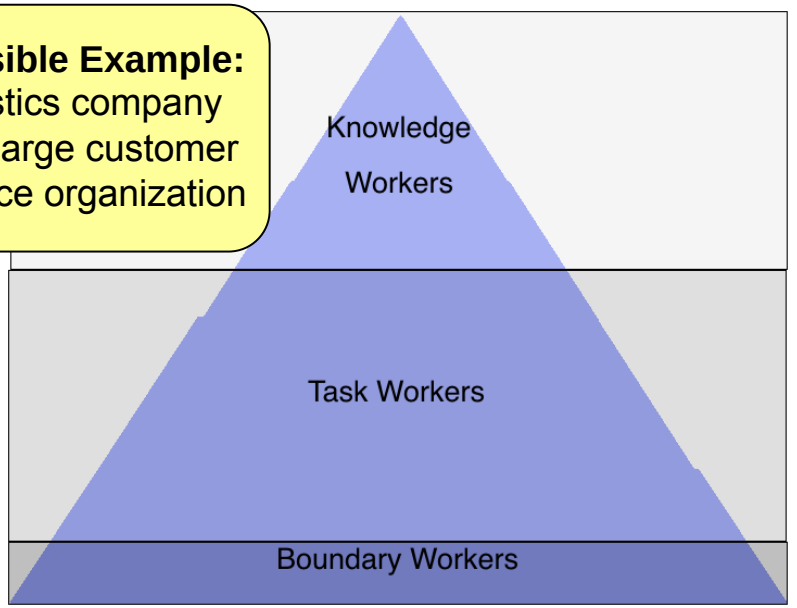
Construction Worker
Electrician
Steam fitter
Pipe Fitter
Mason
Plummer
HVAC Installer
Mechanic
Framer
Assembly Line Worker
Textile Cut & Sew

One *distribution* does not fit all!

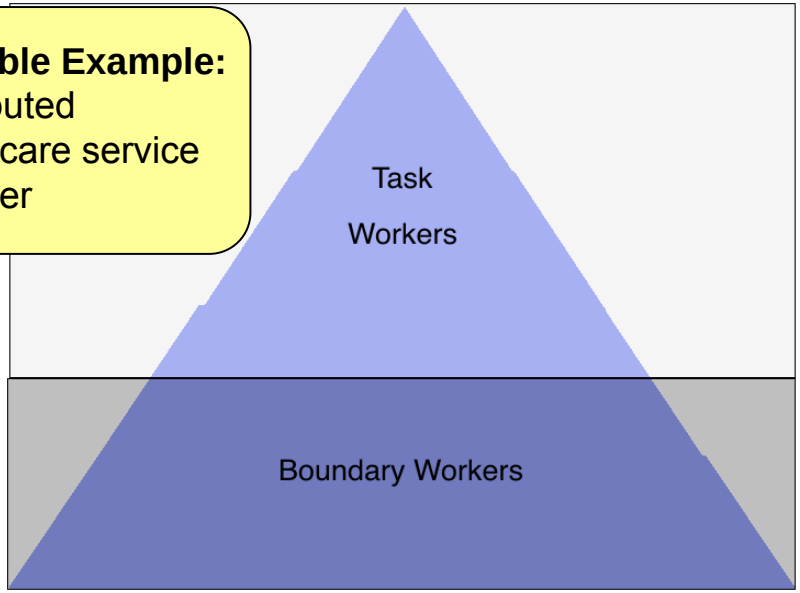
Possible Example:
High tech equipment company with field support/service focus



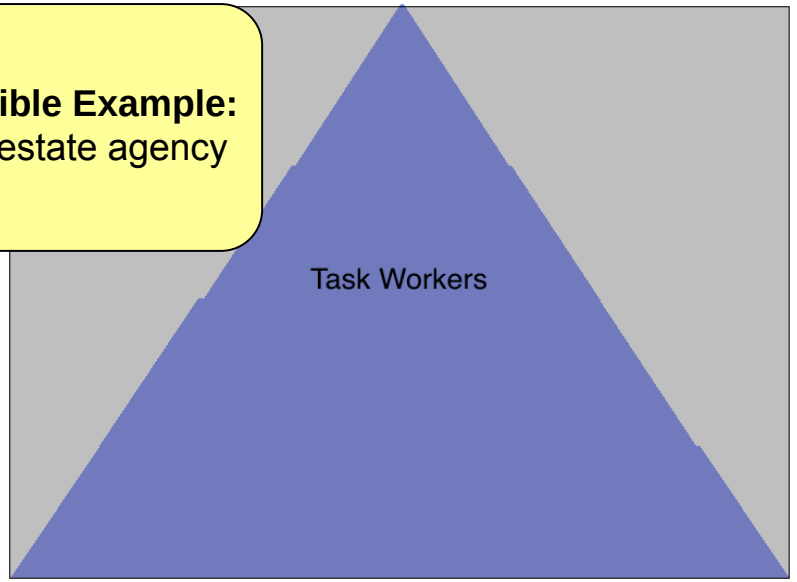
Possible Example:
Logistics company with large customer service organization



Possible Example:
Distributed healthcare service provider



Possible Example:
Real estate agency



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Delivery Models: Choices for Collaboration

In the Cloud

LotusLive™
www.lotuslive.com

In the 'Private' Cloud

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www.lotuslive.com

On Premise

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LotusLive Solutions: Cloud Based Collaboration

Web Conferencing

Collaboration

eMail

LotusLive Meetings

Full-featured Web conferencing service includes polling, hand raising, record & playback.

LotusLive Engage

An integrated suite of Web collaboration and business networking solutions including:

On line Meetings
File sharing
Instant Msg
Activities

Survey Forms
Charts
Profiles
and Contacts

LotusLive Notes (Lotus Notes Hosted Messaging)

Full-featured, dedicated hosted Email service.

Additional Add-ons

LotusLive Mobile for Blackberry
LotusLive Sametime IM

LotusLive Events

Internet-based event capabilities. Provides tools to create & manage webinars.

LotusLive Connections

An integrated suite of Web collaboration and business networking solutions including:

Files
Activities

Profiles and Contacts
Instant Messaging

LotusLive iNotes (Multi Tenent)

Web-based Email service with group calendar & shared contacts.

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Summary

- Cost Optimization needs to be driven through the utilization of several methods
- Project Liberate: Optimize your MS Licnesing cost through FREE IBM consulting service
- IBM Lotus Symphony: Open standards based alternative to MS Office
- Optimization of On Premise collaborative solutions: Migrate to ND 8.5!
- Through end user segmentation study, determine if LotusLive cloud based solutions may be the right delivery model for a subset of your end users
- Many customers end up a with a Hybrid of On Premise and Cloud
- IBM Lotus can help you with this cost reduction analysis.

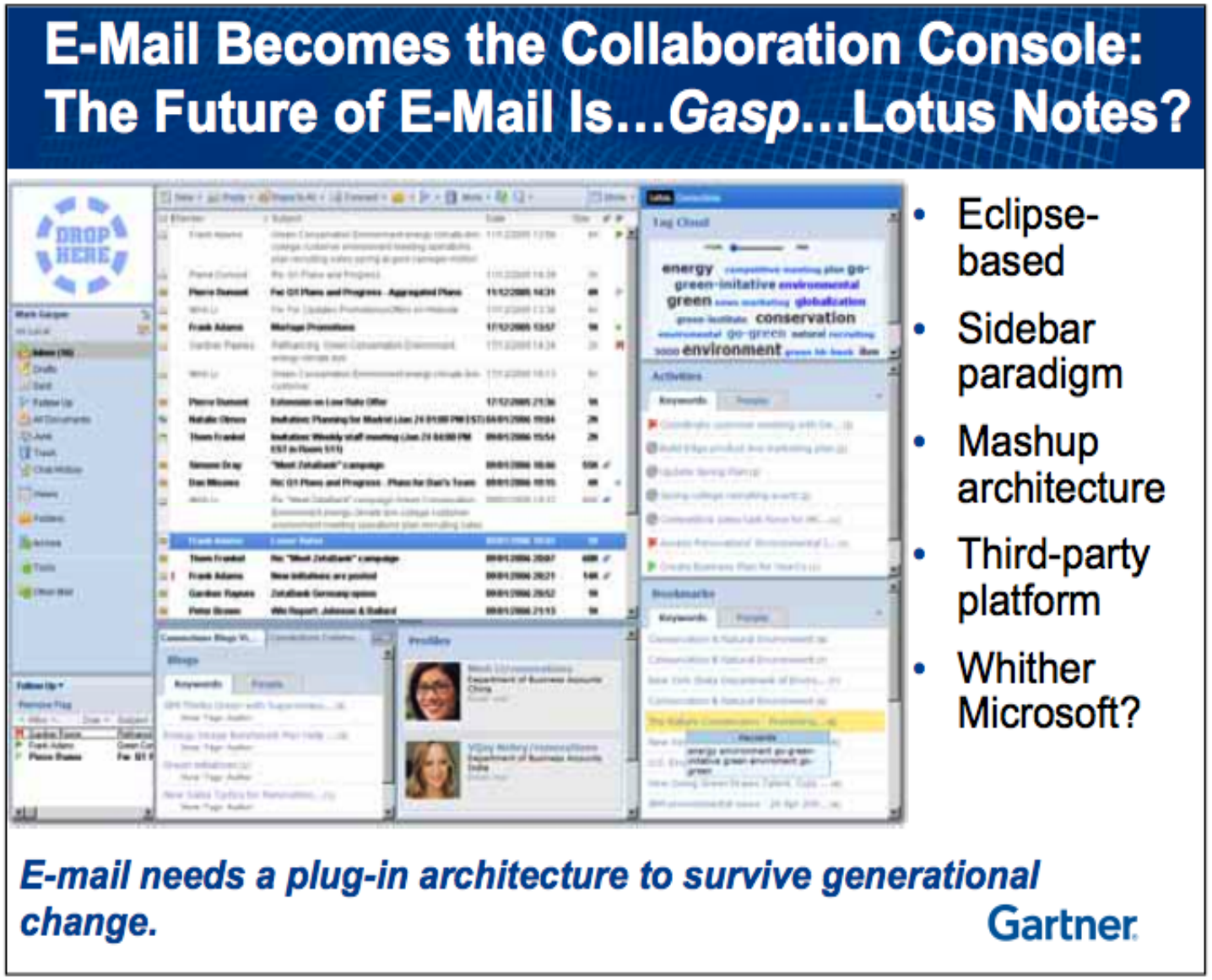
Clients of the Future

- IBM Lotus is offering USB Mini Clients, Netbook Solutions, Open Customizable Clients, Virtual Clients & Mobile Clients
- Link to Software as a Service, Appliances, on-premise systems
- Alternative Client stacks with Linux and Mac

Analyst View:

Gartner: Lotus Notes the future of Collaboration

"IBM has actually leapt to the head of the e-mail client pack by merging the traditional Notes client with Lotus Expeditor...examine the Lotus Notes 8.5 client to get a glimpse of the long term evolution of the e-mail client..."



Analyst Matt Cain's presentation on e-mail at Gartner's 2009 Portal and Collaboration conference

IBM CIO office's Open Client Strategy
Heterogenous Desktop Environment

- Client strategy is to provide IBM's workforce with the right client platform based on job role
  - Flexibility and choice of client platform and operating system
  - Reduced total cost of ownership, especially through server-managed clients
  - Cross-platform client application development through Lotus Expeditor Rich Client Platform
  - Leverage web browser for business applications
  - Linux plays a key role in the wider IBM Client strategy
  - Document Interchange via ODF

IBM's Own Success Story

Realtime Collaboration

- 6+ Million Chats per Cal Day
- 320k total & 220k concurrent
- Cost savings for Reduced Phone and E-mail usage
- Largest deployment in world

Productivity Suite – Beyond Office

- Cost avoidance for MS Enterprise License
- 80% Deployment goal 2009

E Meetings

- 17 Mil savings in T&E
- Savings - &95 M saved in travel

Social Software

- Massive increase in adoption of Social Tools
- 72% of IBMers leverage "Tagging" in search

Portal - User Experience

- One of our "Global" Apps
- 5.6 K Domain Names before "W3" Portal

Unified Communications

- Growth Markets, Small Offices
- Mobile Workers, Legacy Phones
- 7Mil if Conf Call users did a 30min call

Messaging & Collaboration

- Windows, Mac, Linux
- Savings Upgraded to 8.5 Back up & restore