

FROM CRISIS TO CASH

Technology opportunities within your organization can turn crisis to competitive advantage. And that spells CASH.



Turn Your Current Crisis Into Cash

Act now and gain a competitive advantage.

The recent turbulence in the economy brings to mind a story about two hikers who were attacked by a bear. When one camper stopped to put on running shoes before rushing off, the other camper exclaimed, breathlessly, “You’ll never outrun that bear!” To which the fleet-footed camper responded, “I don’t need to outrun the bear. I just need to outrun you.”

Crises abound. Everybody has them. What separates the organizations that will succeed from the ones that will fall behind is their ability to confront crises strategically and, in so doing, to find better ways of conducting business that not only save money but also gain competitive advantage.

Fortunately, organizations with alert IT departments have much more to reach for than a light pair of cross-trainers. Key technologies for gaining competitive advantage—leaving your competitors behind, include:

- Virtualization
- Data center transformation
- Email archiving
- Business intelligence
- Application development
- Unified communications
- Enterprise portals
- Managed services

No organization has time to wait. Whatever industry you are in, your competitors know that all they need to do to gain market share is to get ahead of you. They’re probably lacing up their IT running shoes right now.

This feature draws on actual customer experiences to identify technology opportunities you can use to turn your current crisis into CASH (see The Definition of CASH).



ROOM TO GROW

One crisis several organizations are facing today is realizing their data centers have run out of room, and that new data center space costs anywhere from \$500 to \$1,000 per square foot.

For example, one Logicalis customer with more than 750 servers had run out of room, but not out of demand, for more capacity. Consolidating the number of servers by a factor of more than 26-to-1 solved this customer’s crisis. It also slashed the cost of energy for its data center from \$1.3 million to \$77,000 during a five-year period.

Dave Kurtz, who has conducted financial analyses for literally hundreds of Logicalis customers during consolidation assessments, notes that virtualization has the overarching benefit of providing an organization with flexibility when confronting not only rapid growth, but also flat growth or contraction.

“Relatively speaking, planning for growth in an IT environment is easy,” Kurtz says. “Planning for contraction is much tougher. Virtualization makes it easier to adapt your IT infrastructure to your requirements.” Among other benefits, virtualization makes managing and maintaining an IT environment more effective. Logicalis Virtualization Consultant Brett Anderson explains:

“When you separate and abstract the hardware layer with virtualization, you still need maintenance for those devices, but you don’t need to deal with all the details of specific device drivers for one machine or another, or patching from one vendor to another. The hardware layer becomes much further removed and a less significant part of the overall management strategy.”

“By virtue of becoming virtual, physical servers inherit the high availability virtualization provides,” Anderson adds. “Without having to do anything special, you are able to take normal, run-of-the-mill Windows machines and the services they provide, and they inherit high availability by being part of the framework,” Anderson says.

Because virtualized servers and applications are not hard-wired to a physical device, moving mission-critical systems out of harm’s way in the event of a disaster is also facilitated. (See Real-Life Cost Comparisons.)

THE DEFINITION OF **CASH**



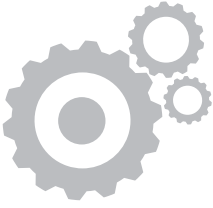
CREATE • ADVANCE • SIMPLIFY • HARNESS

Visit Our Crisis to Cash Microsite at
www.us.logicalis.com/CASH

FINANCIAL INCENTIVES FOR ACTING NOW

1. As part of the Federal Stimulus Initiative, it may now be possible to take first-year depreciations on 50 percent of IT investments made in 2009.
2. As much as \$250K worth of IT equipment and software—twice the usual amount—can be written off as expenses against income before taxes.
3. Lease options from major lessors are available in many instances at below-market rates, yielding significant reductions in the total cost of ownership.
4. The prime rate on which loans are based is at historic lows of between 3 and 3.5 percent, so the cost of capital is as low as it has been in years.
5. Manufacturers are negotiating special terms, including aggressive trade-in programs.
6. A growing number of local utilities are offering rebates for energy savings from virtualization. One Logicalis customer in California just cashed a check for \$20,000 from its utility company based on a Logicalis virtualization assessment.
7. Carbon credits are available from the Chicago Climate Exchange for investments that reduce your carbon footprint.





STRATEGIC STORAGE

Lack of storage is a recurring crisis at many organizations, and the most common response has been buying additional storage devices more frequently. A better idea,

according to Logicalis Vice President Brandon Harris, is to evaluate exactly what it is you are storing and develop a multi-tiered strategy that includes archiving and document management systems that are able to distinguish what is truly critical from what is not.

Email provides a good example. Email storage is typically growing at 40 percent a year at many organizations. Expensive disk storage is overrun with email messages that no one has had any reason to look at in years. Backing up

email has become as time-consuming as it is storage-consuming, extending the length of time required to restore data by a factor of four—not to mention the fact that backup tapes are 55-gallon drums of storage and make finding specific files an exercise in futility. And then there are the proverbial propagating PST files that make every IT director shiver.

A whole different set of alarms are also clanging about legal and compliance liabilities. High-profile cases involving discovery requests for electronic communications have resulted in multimillion-dollar settlements against a growing roster of corporations across a range of industries, from tobacco to energy and finance. Not just big corporations are at risk.

LEARNING TO LOVE LEASING

Properly structured leases are winning approvals from cash-conscious CFOs.

The limited availability of credit and the need to conserve cash have driven more organizations to consider leasing as a means to finance technology investments. And, after due consideration, many are learning to like leasing more than they expected. Part of that is because leasing companies have cash and are offering low-rate financing (even zero percent financing promotions). Another reason leasing is becoming more popular is because CFOs are becoming more directly involved in the financing of technology investments. CFOs have always liked leasing. It conserves cash, it's a predictable cost, and, because it requires less money up front, it produces a return on investment faster than tapping lines of credit—typically within 12 months vs. two to three years for a purchase.

Other benefits of leasing include:

- Fixed lease payments, which simplify budgets and allow a company to conserve capital for investment in its business rather than in the infrastructure
- Payment deferral options, which can be arranged to delay payments for equipment until it can be put into a revenue-generating position
- Properly structured leases, which can be 100 percent deducted from corporate income to reduce taxes
- The ability to transition to newer technology, which reduces IT obsolescence and eliminates the cost of disposing of outdated equipment

Managing and archiving email are an entirely affordable and workable options, with the combined advantage of solving storage and performance problems and dramatically reducing legal and compliance liabilities at the same time. The technical tools exist—for both the Windows and Lotus/Domino environments.

Once email management is put into the context of an organization's overall success, several benefits begin to appear, any one of which could justify the entire cost of technically implementing an email management solution.

For example, Logicalis estimates that in the year following implementation of a formal email management and archiving policy, it racked up savings of more than \$900,000. Most of the savings came from increased user productivity, decreased operational support, reduced backup requirements, and reduced losses from failed backups and stale restores.



USE WHAT YOU HAVE

Just finding a way to store the waves of data flooding into most IT environments stops short of the major opportunity to

actually manage all the data and extract useful intelligence from it. In fact, so much innovative technology has been focused on *capturing, storing, replicating, and archiving* data that the intrinsic value of data as the raw material from which information is made has become obscured. Just coping with all of it has received all of the attention.

That's changing. Thoughtful executives on both sides of the business and technology aisle are peering into the stockpiles of data scattered around their organizations and finding gems of information: insights into how to become more efficient, market products and services more effectively, satisfy customers, and win their undying loyalty. Using a variety of business intelligence techniques to distill information from the data has become the key to gaining

competitive advantage in virtually every marketplace. There's no point waiting for a crisis to implement a business intelligence initiative. A better time to ramp up a business intelligence initiative is when you are...

- Bringing new systems online.
- Enhancing and/or expanding an existing data warehouse.
- Expanding a departmental BI solution into an enterprise-wide solution.
- Moving beyond simple reporting to predictive analytics and performance management.
- Providing dashboards with key performance indicators.
- Narrow-casting sets of information to a specific audience.
- Externalizing specific business procedures to a third party.



Want more information on the benefits of business intelligence?

Download the feature story,
"It's All in the Data"

www.us.logicalis.com/bi/



SOLVE YOUR CUSTOMER'S CRISIS

Using innovative technology to help your customers respond to a crisis in their markets is an excellent opportunity to gain competitive advantage.

For example, Marix Servicing, a loan servicing company founded in 2007 in response to distress in the U.S. mortgage market, leverages technology to initiate loss mitigation procedures to keep homeowners in their homes. If time is of the essence in normal markets, then it is especially critical today as the outright collapse of the subprime market continues to undermine credit markets around the world.

Responding to its clients' urgent need to collect detailed information about mortgages they either insure or own, Marix needed an application that would help it gather current data from homeowners who were at risk of defaulting on their loans. And Marix needed it fast.

Less than five weeks later, Logicalis, working as an extension of the Marix IT team, completed requirements development, quality assurance, user acceptance testing and full production of the Marix Borrower Outreach program.

The Marix Borrower Outreach program enables Marix to capture more than 500 data points and customize a strategy to save the home for the homeowner and preserve the value of the mortgage for the investor. The program also provides Marix with a competitive advantage among loan servicing companies. No one else has such an application.



FROM LEGACY TO UC

Communications is a fundamental necessity to virtually every business activity. For example, New York-based Newmark Knight Frank and London-based partner Knight

Frank Newmark operate more than 165 offices in established and emerging property markets on six continents. Last year alone, its realtors completed transactions valued at more than \$37.3 billion.

When the legacy PBX phone system began faltering at its New York headquarters, replacing it with a more dependable system became Newmark Knight Frank's top priority. After an exhaustive due diligence, the company became one of the first large-scale organizations to implement Cisco Unified Communication Manager, the software-based heart of Cisco's IP telephony solution. A characteristic that differentiates unified communications from legacy PBX systems is that it is an engineered solution able to grow and evolve with the needs of the organization.



Want more information on the benefits of unified communications?

Download the feature story,
"More Than Just Talk"

www.us.logicalis.com/uc/

One of the new features Newmark's mobile sales force has readily taken to is the ability to connect their notebook computers back to headquarters and have access to their office phone system. Cisco IP Communicator allows their four-digit extension to ring on their notebooks wherever they are. They are able to make, receive, and transfer calls, as well as set up conference calls as easily as if they were sitting at their desks.



WILLING TO CHANGE

Implemented strategically, unified communications has the potential to propagate productivity benefits incrementally throughout an organization over time.

Part of the challenge is realizing that unified communications is about more than just talk. "When you deploy any sophisticated, new technology, there are things you didn't know it could do until you've had it deployed for a little while," Linxweiler says. "After they've had it for a while, many customers say, 'Wow, now I understand the possibilities!' That's when innovation can really begin."

Change can be good. When a group of road warriors, who spent 70 to 80 percent of their time flying around their respective territories for their manufacturer employer, were informed by management that they had to slash their travel budgets and still triple their customer interactions, not everyone thought it was a great idea. Use your new unified communications technology, the reps were told. Yeah. Sure.

Some months later, however, travel budgets have been slashed, and sales reps are, in fact, spending more time with more customers. They still take those flights when it's important to have a personal meeting, but they have found themselves more available for that kind of quality time now that they are not spending days each month in rental car lines and getting through airport security.

One now-less-road-weary traveler says he often lets the customer decide whether to meet in person or virtually: "I can fly out to meet you the Tuesday after next, or we can launch a workspace conference online and go over everything together in an hour," he tells them. More often than not, the customer opts for the workspace conference with the condition, "You can buy lunch next time you're in town."



WHO YOU GONNA CALL

The best first responder for an IT infrastructure crisis is managed services. "We can be connected within an hour," says Logicalis Business

Development Manager for Managed Services Kevin Clark. Once connected, the managed services team uses state-of-the-art monitoring technology to quickly identify what's causing the problem, along with the training and experience to manage virtually any situation.

For example, managed services got the call when a hospital in the Southeast realized its IT environment had been hacked by two former employees, who deleted files and caused other havoc that threatened the continued operation of the hospital. The managed services team was able to perform emergency surgery that not only blocked any further damage by the vindictive ex-employees, but also put in place protections to prevent a recurrence.

Others turn to managed services when their email goes down, they find they can't restore all of those backups they diligently made every evening, or they have a legacy application

they need access to, but don't need to support on their own. Several clients with newly implemented unified communications turn to managed services when they realize they have neither the skills nor the time to manage sophisticated networks internally.

Recently, there has been a significant uptick in the number of clients who turn to managed services to host or co-locate some or all of their data centers. Many organizations that are introduced to managed services during a crisis come away from the experience realizing the strategic use of managed services can be a game changer for IT departments, who need to focus their attention on supporting the business initiatives the organizations depend on to succeed in their markets.

"The ideal way to leverage managed services is to have your IT department focus on business processes that are unique to your organization, and leverage us for the IT tasks necessary to support those business processes," Clark says.


THE BUSINESS CASE FOR MANAGED SERVICES

- Access to technologists with high-level certifications and diverse experience
- Implementation of the Information Technology Infrastructure Library's (ITIL v3) best practices
- Predictable monthly costs and stringent service-level agreements
- Reduced risk of downtime
- Detailed quarterly performance reviews
- Flexibility to change coverage as your needs change
- Opportunities to focus on supporting business initiatives and building competitive advantage

According to Logicalis Vice President of Managed Services Wayne Kiphart, the most sophisticated tool sets and a team of highly qualified engineers, aided by economies of scale, can typically support an organization's infrastructure for one-third the cost to support it internally—and Logicalis can support it at a higher level.

The savings is accomplished in many ways, including reduced downtime, access to experienced experts on an as-needed basis, streamlined procedures, and overall efficiencies that come from a proactive approach to infrastructure support—as opposed to running from crisis to crisis. Some savings reflect harsh realities. A manufacturer in the Northeast, for example, more than offset the cost of a \$38,000 monthly managed services fee by subtracting the salaries, benefits, and training of seven full-time employees.

CFOs, in particular, tend to like managed services because of its predictable monthly fees. The quarterly performance reviews also appeal to them in two specific ways: They love numbers, and they hate surprises.



Want more information on the benefits of managed services?

Download the feature story, "Efficiency On Demand"

www.us.logicalis.com/ms/



INFORMATION ON DEMAND

Many crises are the result of a breakdown in a business procedure that became overwhelmed by increasing demand. Think of the paper trail of forms in triplicate wrapped around the productivity

of many organizations today. Enterprise portal technology has the potential to revolutionize workflow in organizations that implement it strategically.

For example, the field staff for an organization responsible for properties in foreclosure, which relied on an FTP site to upload data became overwhelmed by rocketing demand in the past year. It turned to Logicalis to design a portal that not only made it faster and easier to enter data, but also provided a complete audit trail to all related data in one place.

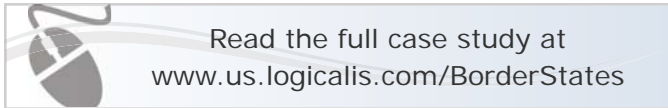
An engineering firm turned to Logicalis to help it develop a secure, single-sign-on portal that presented all of the information its end users need to perform their specific jobs—often drawn from several applications—on one screen. Outfitted with business intelligence, the portal reveals significant trends and alerts in data that might otherwise be missed.

When designed and developed well, enterprise portals deliver business managers a significant return on investment through increased efficiencies and productivity, while simultaneously enhancing the ability of IT departments to consolidate and streamline processes and satisfy end users.

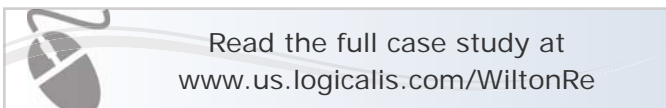
A quick look at how Logicalis customers have used portal technology illustrates the range of possibilities. For example:

Border States of Fargo, N.D., is the 10th largest independent electrical distributor in the United States. It has distribution agreements with more than 9,000 product vendors to provide products and services to the electrical construction and maintenance, industrial automation and supply, power and natural gas utilities, and data communications markets. The portal that Logicalis developed allows Border States customers to scan the bar codes for products they need and input the quantities through a Domino application creating an SAP order.

Because Border States primarily works in an IBM environment, Logicalis developed its customer-facing inventory control and order entry portal with IBM's WebSphere.



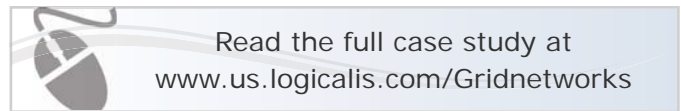
Wilton Re is a successful company in the reinsurance vertical whose business model calls for the formation of long-term relationships with strategic partners. Working closely with Wilton Re CIO Andy Wood, a software development team from Logicalis Consulting Services implemented an innovative SharePoint system that enhanced collaboration between Wilton Re and its partners, improved search and sorting capabilities, provided granular levels of security, and laid the groundwork for a broad document management strategy. Wilton Re, among other portal clients, also relies on Logicalis to provide the Managed Services that ensure its entire IT infrastructure is supported 24/7.



GridNetworks of Seattle is a leading provider of managed Internet television delivery services. GridNetworks executives envisioned a flexible and user-friendly portal where its customers could upload and manage video content, view network status, track trouble tickets, and set up and control service options. They wanted their customer portal to take full advantage of Web 2.0 asynchronous JavaScript and XML (AJAX) Web development techniques so it would function very much like a full-featured desktop application. Logicalis used open-source Java applications for the portal.

Logicalis Consulting Director – Portals Pat Simmons emphasizes that establishing a stable foundation is critical for portal projects because once one set of users sees that a well-designed portal actually does make their jobs easier, word spreads. Portal projects that start out as simple document management projects often evolve

rapidly into an array of portals that spreads through an entire organization.



ULTIMATE ADVANTAGE

History has shown that organizations that invest wisely in themselves during times of economic turmoil gain significant competitive advantage over those that wait to act until the turmoil is over. There is no formula for what to invest in or a technology solution for all problems. What organizations that catapult past their competitors have in common is a willingness to examine the assumptions that got them into their current crisis and a determination to act. Instead of avoiding all crises, they have learned to use them to their ultimate advantage.



BENEFITS OF PORTAL TECHNOLOGY

- Empowers employees with easy access to the specific information they need to do their jobs efficiently and effectively.
- Improves decision-making for all employees by making relevant information immediately available.
- Facilitates collaboration by sharing information and enabling active interaction.
- Consolidates and standardizes procedures and processes across the enterprise.
- Provides a seamless connection to business partners that eliminates duplication of effort and increases operating efficiencies.
- Makes it so easy for customers to do business with you that they wouldn't think of going anywhere else.



ABOUT LOGICALIS

Logicalis is an international provider of integrated information and communications technology (ICT) solutions and services founded on a superior breadth of knowledge and expertise in communications and collaboration, data center optimization, application development and integration, and outsourcing and managed services.

With its international headquarters in the UK, Logicalis Group employs more than 1,600 people worldwide, including highly trained service specialists who design, specify, deploy, and manage complex ICT infrastructures to meet the needs of more than 6,500 corporate and public sector customers. To achieve this, Logicalis maintains strong partnerships with technology leaders such as Cisco, HP, IBM, and Microsoft.

The Logicalis Group has annualized revenues in excess of \$1 billion, from operations in the UK, US, Germany, and Latin America, and is fast establishing itself as one of the leading IT and Communications service providers, specializing in the areas of advanced technologies and services.

The Logicalis Group is a division of Datatec Limited, a \$4.2 billion revenue business listed on the Johannesburg and London AIM Stock Exchanges (LSE/JSE: DTC).

For more information, visit www.us.logicalis.com
or call 866.456.4422.