GATEPOINT RESEARCH

Why Building Your Own Solution is Coming to an End

Contents

Insights from Gatepoint Research's recent survey, *Strategies for Maximizing Application Performance*, reflect the need of today's enterprises to find technology solutions that most effectively address their business concerns, while also simplifying their IT environment. The survey also finds that business leaders strongly prefer single-sourced, vendor-integrated IT solutions over a collection of best-of-breed hardware and software components that must be integrated by the buyer. Consequently, integrated hardware/software systems are playing an increasingly important role in helping organizations cost-effectively meet their business priorities of performance, adaptability, and security.

Why Integrated Systems Are Preferred

Technology has shifted from a business enabler to an integral component of business operations. As a result, a significant share of the technology budget has moved to the Lines of Business (LOB). These business buyers look for solutions that prioritize business concerns and simplify technology environments[i].

In May 2014, Gatepoint Research invited selected business development, sales, finance, and IT executives to participate in a survey themed *Strategies for Maximizing Application Performance*. Survey responders represent the financial services, healthcare, retail trade, telecom services, and utility industries. Of the organizations represented, 76% have annual revenues of greater than $1.5 billion. Management levels of the responders are predominantly senior decision makers: 25% hold the title CxO or VP and 71% are Directors.

According to the survey results, responders with a preference overwhelmingly chose an integrated, single-sourced stack that is engineered and certified together (57%) over disparate, best-of-breed hardware/software components (10%).

The top reasons Gatepoint Research respondents prefer an integrated system over best-of-breed are: "staff familiarity," "single point of support and contact," and "common components reduce risk and support." However, underlying all of these aspects is the implicit notion of cost/benefit and bottom-line impacts.

Getting components from multiple vendors to work together is hard, expensive work—and continues across the useful lifetime of the system. With vendor-integrated systems, the vendor—not the buyer—assumes responsibility for the integration of a multitude of components across the system's lifetime. The buyer gives up some flexibility in choosing the system's components in exchange for lower total cost of ownership (TCO), and often more-capable systems, optimized to work together.

Vendor-integrated systems combine servers, storage, systems software, and common applications into a single engineered stack to simplify start-up and ongoing system management. The vendor optimizes the whole rather than any single part, and pays attention to critical system qualities including usability, performance, interoperability, security, manageability, and the ability to evolve—all priorities identified in Gatepoint's survey. As a Forrester report states, "The combined benefits of [engineered systems] are greater than the sum of the parts.[ii]"

As to which system qualities survey responders deem most important, the graphic below (figure 1) identifies priorities regarding how IT can better address its organization's evolving business needs. The respondents' top three priorities are: performance (real-time access to business-critical data), adaptability (smoother updates, changes, and deployments), and security (confidence in overall security). Each of these is addressed in the sections below.

Figure 1

[i] *2013 Buyer Experience Survey*, IDC 2013
[ii] *The Total Economic Impact of Oracle Exadata and Oracle Exalogic*, Forrester, Sept. 2013
[iii] *"Elizabeth Arden Generates Financial, Sales, and Marketing Reports up to 10x Faster by Using Software and Hardware That Are Engineered Together"* http://www.oracle.com/us/corporate/customers/customersearch/elizabeth-arden-1-exadata-ss-2147080.html?msgid=gcp-0314-EngSys
[iv] *"Garmin International Consolidates 24 Databases onto a Single Footprint, Improves Performance up to 50%"* http://www.oracle.com/us/corporate/customers/customersearch/garmin-1-exadata-ss-2183921.html
[vi] Ibid, http://www.oracle.com/us/products/middleware/exalogic/forrester-tei-exadata-exalogic-2077623.pdf
[vii] *"The Trend To "Open Source" Software And What It Means For Businesses And Consumers"* Forbes, Feb. 2014

Business Priority #1: Business Performance

Survey result: 67% of responders report that better access to real-time, business-critical data would help them meet their evolving business needs.

"Time is money" has never been more true. Today, anything less than real-time data hurts your bottom line. Yet, access to massive amounts of real-time data is worthless without the proper analytics to ascribe meaning. Selecting a robust data platform provides deep analytical capabilities to deliver actionable information—*the right data, at the right time, to the right user*. Across industries, the ability to immediately inject accurate insight into the decision-making process has become indispensable in today's rapidly changing and always-on, 24/7 global business environment. Systems that include Business Intelligence (BI) applications such as advanced data visualization, speed-of-thought analysis, and mobile BI empower better, faster decision making for that vital competitive edge. Business applications help you take advantage of market opportunities, proactively address customer needs as they emerge, and enrich overall customer experience.

Consider, for example, the value of performance being reaped by Elizabeth Arden, Inc., a global and prestigious beauty-products company with an extensive portfolio of beauty brands sold in more than 100 countries. Their challenge was to increase the ability and speed of innovative business analytics so managers could make more effective decisions regarding cosmetics sales and marketing, supply chain planning, and budgeting.

By implementing a solution of Oracle software and hardware working together, Elizabeth Arden was able to:

- Accelerate report generation by 300% to 1,000% — shortening the month-end close process, putting financial data into the hands of decision-makers more quickly.
- Enable the company to develop more targeted marketing programs by generating customer and brand-specific profit and loss statements.
- Build five new executive dashboards—without requiring IT support—to enable senior-level executives to easily access the latest sales, revenue, and supply chain information needed to manage their teams and make more effective decisions.
- Reduce the time that the business intelligence team spends addressing problem queries by a factor of six—enabling the team to spend more time addressing business needs and requests.

For many companies continuous 24/7 capability (48%), innovation (46%), and the cost of IT operations (35%) are driving factors. Garmin International Inc. is a good example. They are a global leader in the design, manufacture, and sale of navigation and communication devices and services. They have built and sold more than 100 million devices that serve aviation, automotive, marine, outdoor, fitness, and wireless markets. Garmin's mission is to enrich the lives of customers, suppliers, distributors, and employees by providing the very best products that offer superior quality, safety, and operational features. To help them achieve this, Garmin looked to Oracle's integrated systems.

By deploying an Oracle Exadata Database Machine, with Oracle Active Data Guard, Garmin was able to improve database performance by 20-50%, which boosted the speed of critical business services, such as Garmin Connect, which stores over 400 billion miles of fitness activity. In addition, they reduced planned and unplanned database outages, which had plagued the system. And they did this while site traffic increased by 400% a year and the data increased from 3 TB to 30TB.

To quote Alex Mann, Director of Infrastructure & Security:

"It was amazing to me to how instantly having the Exadata in production improved the stability, the reliability and the scalability of Garmin Connect. That to me is where we have seen the biggest impact to total cost of ownership."

In the words of James Barlow, Director Global Business Intelligence, Elizabeth Arden:

> *"We see a tremendous advantage in running software and hardware from one vendor... When a transaction occurs in our JD Edwards EnterpriseOne system, we get immediate information into the data warehouse. We don't need to wait for a batch upload. Having that real-time information at our fingertips was a clincher for us. Our ERP system, data warehouse, and hardware are tied together to support our business goals...*
>
> *[W]e have significantly improved our data warehouse performance, putting actionable information into the hands of the people who need it to make more effective business decisions.*[iii]*"*

Business Priority #2: Adaptability

Survey result: 62% of responders report that "upgrades, changes, and deployments must go more smoothly."

These changes are important in order to:

- Ease adding new capabilities as necessary
- Maintain a reliable, effective, and secure system
- Maximize productivity and performance through reduced downtime
- Provide a streamlined, familiar environment
- Free up IT so IT can innovate and add to the organization's competitiveness

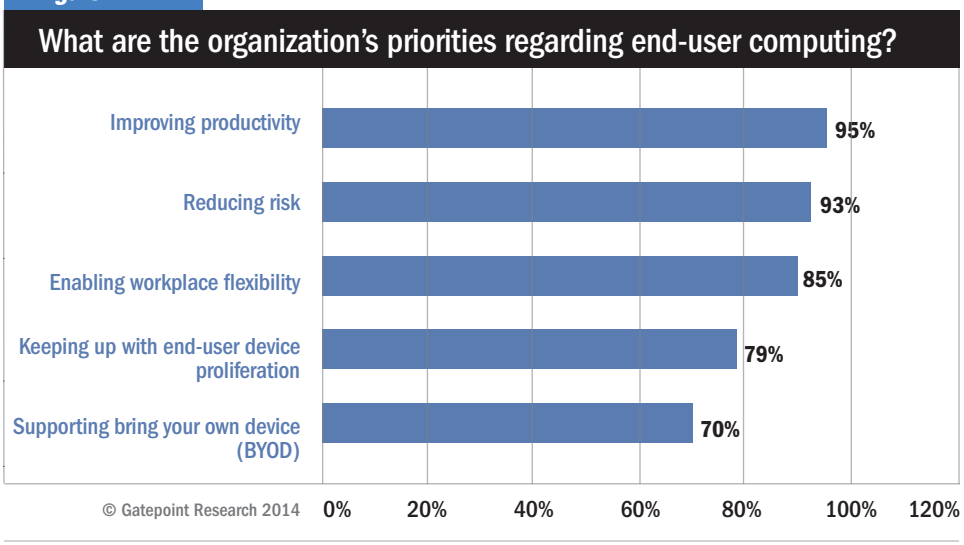
A considerable advantage to vendor-integrated systems is that they are pre-integrated and pre-tested to enhance interoperability and performance, saving the business considerable time, resources, and cost. Business processes supported by varied vendors often "don't play well together," lacking effective and efficient connectivity. Such an approach requires the business to adapt, integrate, and test these solutions itself—often at significant cost. In contrast, vendor-integrated systems provide the ability to customize and add applications cost-effectively, and with comparative ease.

Business Priority #3: Security

Survey result: 57% of responders report that "they must be confident of overall security."

One of the most visible and highest-risk issues organizations face today is that of IT security. A separate Gatepoint Research survey (*Trends in Business Performance of IT*, conducted in January 2014, see figure 2), reveals that business executives have two non-negotiable priorities: improving productivity (95%) and reducing risk (93%). The business priorities identified in this current survey on maximizing application performance are, to some degree, inseparable from the issue of reducing risk and managing security: Greater system reliability, availability, and speed speak to the ability to react quickly to potential threats, while effectively minimizing them with smooth and regular updates. Reducing system management requirements frees up considerable resources to be refocused on business-critical issues such as security.

Figure 2



With vendor-integrated systems, the burden of responsibility falls on the vendor to manage security issues and updates proactively. Comprehensive real-time monitoring and alerts, with advanced support including problem identification, diagnosis, and resolution, ensure system performance is maximized and downtime minimized. Business buyers should seek vendors with advanced security protocols that will meet their organization's requirements.

Additional attributes of integrated systems

Lower total cost of ownership (TCO)

While survey respondents identified the above priorities in addressing their evolving business needs, underlying all of these aspects is the implicit notion of cost/benefit and bottom-line impacts. A 2013 Forrester study[v] examined the total economic impact of an engineered system. Forrester's approach considered these four elements: costs, benefits to the entire organization, flexibility, and risk. Forrester's findings indicate that such simplified IT operations lower the total cost of ownership and offer the following benefits:

- Elimination of hardware sprawl and heavy maintenance
- Revenue protection through reduced downtime
- Reduced IT operations team size
- Significant improvement in system performance
- More timely and robust data analytics

Open standards enable component swapping and override lock-in fears

For some organizations, avoiding vendor lock-in is an important issue. In the recent Gatepoint survey, among those few (10%) who indicate a preference for disparate, best-of-breed hardware and software components, the primary reasons cited are "avoiding vendor lock-in" and the "ability to swap out components at will." Yet no matter which solution is purchased, there's always a cost to switching vendors. And so the question becomes, what is the "affordable price" associated with switching components?

Traditionally, arguments for the DIY best-of-breed approach have promoted it as the best way to avoid vendor lock-in. But when the components of a vendor-integrated system are based on open standards, the lock-in fear is reduced. With the trend in open source software "picking up momentum," according to *Forbes*,[vi] business buyers can benefit from the adoption of vendor-integrated systems, while retaining a cost-effective ability to swap out components as needed.

Maximizing business value—integrated without compromise

These insights from Gatepoint Research's recent survey reflect the need of business buyers to find technology solutions that most effectively address their business concerns, while also simplifying their IT environment. Consequently, vendor-integrated hardware/software systems are playing an increasingly important role in helping business buyers cost-effectively meet their business priorities of performance, adaptability, and security. Where cost is a concern, vendor-integrated systems offer buyers an attractive set of trade-offs.

For business buyers wanting to effectively shift the business-led buying of technology capabilities toward more vendor-integrated solutions addressing key concerns, compromises are no longer required. Buyers no longer have to choose between an integrated system and best-of-breed—today's top vendors have already sourced, integrated, and tested options to provide a fully optimized system. Yet the adherence to open standards means that adaptability is fully preserved—the capability exists, should the need arise, to add new applications. Moreover, this ability to customize and add applications cost-effectively translates to less risk and more bottom-line savings, while minimizing the need to adapt custom capabilities. With vendor-integrated systems, business buyers can rest assured that their business needs will continue to be met throughout the life of their system as vendors proactively manage interoperability and performance, as well as security issues and updates.

In today's 24/7 digital business context, IT has a critical role to play in addressing rapidly evolving business challenges. Vendor-integrated systems enhance the organization's ability to adapt and flex responsively, while empowering better, faster decision making for that vital competitive edge. Maximized performance and minimized downtime result in streamlined operations and improved end-user/client services—all of which translates to more effective teams, happier clients, and significant bottom-line improvements.

For an elegant solution of a simplified system optimized for extreme performance, adaptability, security, and lower TCO, business buyers should strongly consider going integrated.