

Sumerian helps European retail bank gain improved capacity and cost visibility with 10% annual savings in cloud service identified

Client challenge

A leading European retail bank with a fully outsourced cloud-based environment was two years into a five-year year deal with its service provider. Although optimised and cost-effective IT formed an integral part of its operating strategy, the bank had very little visibility on its IT demand and utilisation beyond the supplier's quarterly generated invoices, and so had no way to assess different strategies and actively control its costs.

In approaching Sumerian to assist with an independent assessment of its current demand and utilisation position, the bank was seeking to gain greater transparency into its cloud estate and associated charges, and in doing so understand where it could negotiate improved contractual terms, with the ultimate goal of delivering more aligned and cost-effective IT services.

Sumerian solution

Sumerian began the assessment by first establishing baselines of the current services' usage by modelling data from the estate's underlying infrastructure components. To achieve this, Sumerian captured one month's worth of utilisation data from across all platforms comprising the estate, including: server, mainframe, storage, network and end-user client machines.

By then comparing these baselines with the actual provisioning and the supplier's cost model, Sumerian was able to compile accurate assessments of each platform's utilisation and ascertain whether IT was over-supplied, under-supplied or on a par with current demand and forecasted growth. In cases where platforms were discovered to be over-supplied, Sumerian modelled various consolidation scenarios to calculate any respective cost savings.

The analysis, which took just 4 weeks to complete from data capture to results presentation, uncovered some highly favourable findings that the bank could apply toward its supplier management and contract negotiations. For example, for the bank's server estate which comprises both Unix and Wintel platforms, it was found that many servers were running at very low levels of utilisation with no risk of resource overload - making this area a particularly strong candidate for consolidation.

The challenge

- European retail bank lacked visibility into its cloud environment
- Bank had no visibility on utilisation beyond quarterly invoices, and no way to assess different strategies to control costs

Value delivered

- Sumerian established baselines of current demand for IT services, comparing these against supplier's cost model
- Identified 10% annual savings by reducing allocated resource through consolidation to match measured baselines and demand forecasts
- Visibility into reasons for consumption enable different cost-saving strategies, for example, slow development at end of month to allow more mainframe MIPS for production

To relay these findings, Sumerian provided like-for-like comparisons between conservative, moderate and aggressive consolidation scenarios, enabling the bank to easily understand the achievable cost savings arising from each.

For the bank's mainframe resource, it was found that provisioning had been calculated on peak-load measurements, but that the peak was only needed at the end of the month for development purposes. Because utilisation was very low for the remainder of the month, Sumerian's recommendation was that by spreading development away from month end, more mainframe MIPS would be available for production, culminating in a potential annual saving of approximately £1million. Similarly, in the case of end-user services, which are charged by number of seats allocated, Sumerian's analysis calculated that a significant portion of seats were not actively being used, equating to a potential cost-saving of approximately £600k.

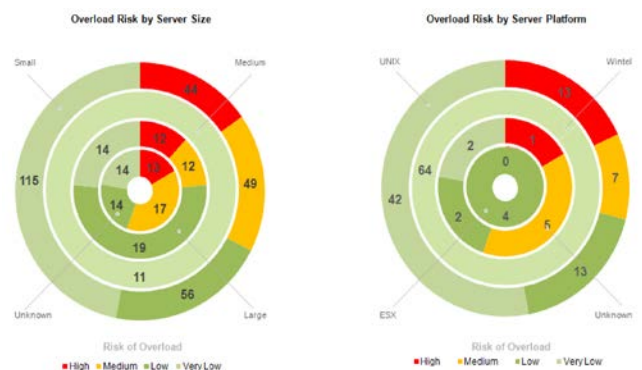


Fig.1 – Sumerian visualisations for consolidation targets





Outcome and results

Overall, Sumerian's findings identified over 10% annual savings for the bank by reducing its current allocated provisioning to match the calculated baselines. As a result, the bank is now using Sumerian's analysis to actively negotiate improved terms with its supplier and align its services more accurately to demand.

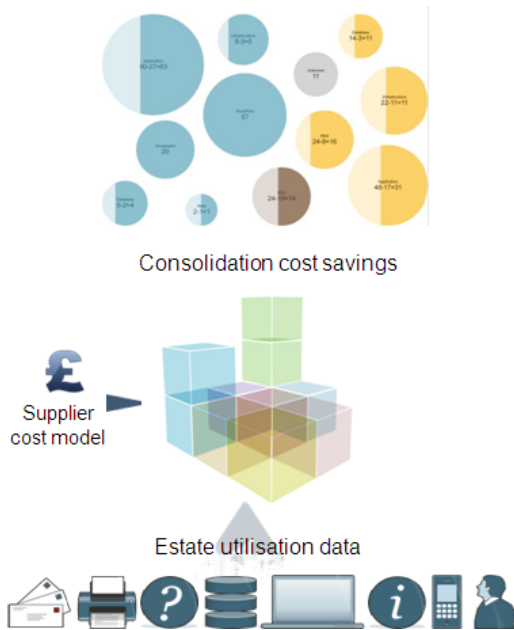


Fig.2 – Sumerian approach to baselining estate utilisation vs. supplier provisioning and costs to calculate achievable consolidation savings

As with any cloud contract, the ability to quantify and accurately determine usage requirements while factoring in growth and business change before signing the deal is highly advantageous for allaying issues around misalignment and cost during the length of the agreement. By using Sumerian's Analytics to gain improved visibility and greater transparency into its cloud estate utilisation and costs, the bank now has the quantified facts it needs to present a powerful case to its supplier, and renegotiate contractual terms based on its precise needs.

More information

For further information on Sumerian or to arrange a demonstration of our services, contact us on 0141 229 7580, e-mail us at info@sumerian.com or visit our Web site at www.sumerian.com

