

WHITE PAPER

Improving IT Economics and Gaining Business Value with CA's Enterprise IT Management Software: An ROI Study

Sponsored by: CA

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EXECUTIVE SUMMARY

Recent dislocations in the world economy have driven IT economics — especially the cost and value of IT operations — to the forefront of IT concerns. With this situation in mind, we present the results of an IDC study, sponsored by CA, to quantify the benefits, cost savings, and return on investment (ROI) that can be achieved by customers using CA's Enterprise IT Management (EITM) software products to help manage their IT infrastructure and operations. The study is based on using standard IDC ROI methodology to calculate the costs of performing common IT administrative, operational, and support functions (both before and after implementing management software) and calculate a three-year ROI based on IT productivity, user productivity, cost savings, and revenue increase.

CA's EITM software encompasses a wide-ranging portfolio, including Application Performance Management, Infrastructure Management, and Service Management solutions. IDC conducted in-depth survey-based interviews with eight large enterprises, headquartered in North America, concerning their use of CA's EITM products. These companies have mature IT organizations with heterogeneous server platforms, with an average IT budget of 2.7% of annual company revenue. The companies represent vertical segments in finance, computer services, management services, telecommunications, and entertainment.

Key Study Findings

The companies interviewed in this study have deployed from one to 13 CA EITM solutions across three categories: Application Performance Management, Infrastructure Management, and Service Management. Results were normalized in terms of per 100 users to get comparable results. Key findings of this study can be summarized as follows.

- ☑ All eight companies interviewed in this study experienced positive returns on investment from deploying CA EITM solutions, with an average ROI of 433% over a three-year period and payback of the initial investment in less than one year.
- ☑ On average, the companies received annual benefits from using CA EITM solutions of over \$76,000 per 100 users.

- ☒ The most significant benefit generated by the management products is the automation of IT tasks and the subsequent increase in IT productivity. Increased IT productivity accounted for 61.4% of total benefits for the CA customers.
- ☒ The companies were able to reduce their downtime significantly, increasing the available hours of productive work. Improvements in user productivity accounted for an average of 21.8% of total benefits.
- ☒ Other major benefits included average direct cost savings of \$9,621 per 100 users and an average revenue increase of \$3,198 per 100 users.

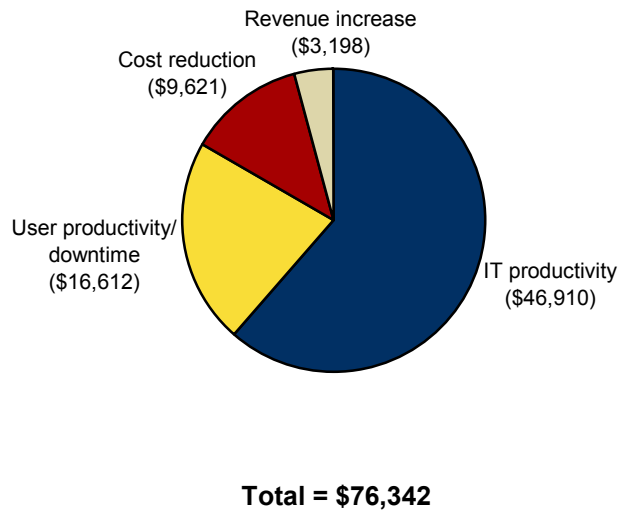
Additional study findings and highlights for the three EITM software categories are provided in subsequent sections of this white paper.

Benefits Analysis

IDC quantified the benefits of CA solutions in four main areas: IT cost reduction, productivity improvement, user productivity increase/downtime reduction, and revenue increase. On average, annual benefits exceeded \$76,000 per 100 users and were apportioned as shown in Figure 1.

FIGURE 1

Average Annual Benefits from CA EITM per 100 Users



Source: IDC, 2008

SITUATION OVERVIEW

Key Concerns Driving IT Management

IDC tracks key IT concerns on an ongoing basis through a combination of structured surveys, end-user interviews, case studies, and other in-depth research. The following key concerns were recently expressed by IT managers and professional staff:

- ☒ **Pressures to contain costs and achieve efficiencies.** Controlling IT costs — both capital expenditures and ongoing operational expenses — remains a key requirement for IT organizations. IT budgets have been under pressure for years, and they will be under increased scrutiny given the recent economic dislocations. Capital costs are related to optimizing the process and timing of hardware and software acquisitions and deployments. Operational costs are significantly related to the number of IT staff required to perform specific functions.
- ☒ **Need to align with the business and show business relevance.** Increasingly, IT is viewed as a service provider to the business, supplying services that deliver and support key business processes and applications. Alignment includes such activities as relating infrastructure events to service and end-user impact, tracking IT and business metrics, and calculating costs of delivering specific services.
- ☒ **Need to achieve service objectives for key applications and workloads.** IT needs to deliver agreed-upon service levels in terms of availability and performance to meet business objectives. Service levels of key workloads must be tracked in terms of uptime, workload volumes, and response times for key transactions and end-user interactions. Operational service levels must be compared with service objectives, with provisions for adjusting workload priorities and resource allocations to meet requirements.
- ☒ **Need to improve IT infrastructure utilization and reduce energy consumption.** A specific focus on optimizing the IT infrastructure is a major component of delivering efficient operations. This factor has gained positive momentum with the spread of virtualization across x86 architecture platforms. Virtualization enables the flexibility of deploying applications on servers, thus driving up server utilization and permitting server consolidation, for infrastructure hardware cost savings.

ROLE OF IT MANAGEMENT SOFTWARE IN THE DATACENTER

The use of software tools to leverage and optimize infrastructure management functions is a long-standing and widely accepted practice in the IT industry. As IT infrastructure has grown in complexity with the proliferation of mainframes, distributed systems, networks, and Web-based applications, software for infrastructure management has become an essential requirement for smooth IT operations in the datacenter. Management software is also essential for delivering high-quality IT services to the business organization and to end users.

IT management software is commonly used to support operational functions such as system management, network management, application management, job management, and database management. Across these functions, management software provides a number of key benefits that can result in cost savings and operational efficiencies. These benefits include the following:

- ☒ **Automation of routine tasks — increased efficiency.** Management software can be used to automate routine tasks, such as monitoring common types of infrastructure alerts and providing automated responses for known conditions. Automation of routine tasks can increase IT staff efficiency by reducing staff time spent on routine functions and by increasing the scale of operations that can be achieved by a staff member.
- ☒ **Leveraging of staff resources — increased productivity.** Productivity is a measure of how much staff time can be spent on work that brings value to the business. Use of management software can help increase the proportion of staff time that can be used for productive work that increases business value.
- ☒ **Higher availability — fewer outages, less downtime.** System and network uptime plus application and database availability are key requirements for conducting business in today's increasingly online environments. While costs vary based on industry segments and the nature of the applications, downtime has direct costs to the business that come from loss of business opportunity and decreased end-user productivity due to the inability to access key applications. The use of infrastructure management software can reduce downtime, improve application performance, and improve revenue opportunity to the business.
- ☒ **Faster response to incidents.** The use of infrastructure management software can greatly improve the speed with which IT can respond to infrastructure incidents. This can occur in a number of ways, ranging from automated responses to simple alerts and alarms, to automatic creation of trouble and repair tickets for service desk functions, to problem determination and resolution aids such as event correlation, impact analysis, and root cause analysis.
- ☒ **Cost savings and improved ROI.** As demonstrated by numerous IDC studies, the overall effect of using automated software tools for IT infrastructure management typically results in cost savings and positive ROI. Areas for cost savings include reduced hardware and software costs, IT staff efficiency, end-user productivity, and enhanced operations for business applications, including reduced downtime and faster performance.

ENTERPRISE IT MANAGEMENT SOFTWARE

Overview: Major Functional Areas

The overall focus of CA's Enterprise IT Management software is to "govern, manage, and secure" IT. To this end, CA has developed a large portfolio of software products and technologies that cover IT operations, infrastructure components, technologies, platforms, applications, and user services. EITM software spans a wide variety of functions. For the purposes of this study, we consider the following areas within EITM:

- ☒ **Application Performance Management.** Application Performance Management addresses the availability and performance of both packaged and custom applications supported by the IT infrastructure. This can take the form of specific management of named packaged applications — such as ERP — or management of the applications infrastructure such as J2EE application servers, .NET, and Web services and Web-based components. CA's Application Performance Management software products include CA Wily Introscope, CA Wily Customer Experience Manager, and TRILOGexpert APC for Tritune.
- ☒ **Infrastructure Management.** The focus of Infrastructure Management is the management of availability and performance of servers, networks, and databases, including event management and correlation. CA provides Infrastructure Management products for z/OS mainframes, mainframe processes, and distributed UNIX, Linux, and Windows systems. Key CA products for Infrastructure Management include CA NSM for server and network management, CA Advanced Systems Management for virtual systems management, CA eHealth® Network Performance Manager and CA SPECTRUM® Network Fault Manager for network management, CA Insight Database Performance Monitor for Distributed Databases and CA Vantage Storage Resource Manager, CA SYSVIEW Performance Management, and CA OPS/MVS Event Management and Automation.
- ☒ **Service Management.** Software in this category is used to manage services based on user needs and business demand. Functions span IT asset management, service level management, service desk, CMDB, and change and configuration management. Process standards such as ITIL are supported. Representative products include CA Service Desk Manager, CA IT Asset Manager, CA IT Client Manager, CA CMDB, CA Software Change Manager, CA Service Catalog, and CA Endeavor Software Change Manager.

IDC ROI ANALYSIS OF CA CUSTOMERS

Study Demographics

IDC interviewed eight large enterprises headquartered in North America regarding their experiences with CA Application Performance Management, Infrastructure Management, and Service Management solutions. The companies operate in the entertainment, telecommunications, finance, computer services, and management services industries. These organizations have complex, mature IT environments with

heterogeneous server platforms. On average, each company spends 2.7% of its annual revenue on IT. The companies had deployed from one to 13 CA management solutions across the three solution groups. As a baseline, 100% of the companies had deployed CA Unicenter Service Desk. The demographics are shown in Table 1.

TABLE 1	
Demographics	
Average number of employees	10,460
Average number of users	10,365
Average number of servers	1,788
Average number of IT staff	549
Geography	North America

Source: IDC, 2008

Study Highlights

All companies interviewed enjoyed significant benefits from deployment of the CA management solutions, realizing positive returns on investment with an average of 433% over a three-year period and payback in less than one year. It is impossible to completely isolate the benefits of multiple solutions and allocate the benefits to each solution separately — benefits are generated by the integration of multiple solutions as well as by the management practices that support the solutions. Given the limitations, we were able to identify certain benefits more impacted by a specific solution and allocate the others.

Application Performance Management

Four of the eight companies interviewed had deployed both CA Wily Introscope and CA Wily Customer Experience Manager Application Performance Management solutions. The most important benefits are as follows:

- ☒ Since the deployment of CA Application Performance Management solutions, data collected from end users is now more accurate, leading to fewer errors in company applications. In addition, performance tracking has helped ensure high-quality support. Application-associated help desk calls have been reduced by 20%.
- ☒ In some cases, while the number of users or devices has not changed, operational efficiency has been improved by decreasing the mean time to repair (MTTR). By helping to more quickly identify where problems are in the system, the CA solutions have helped to reduce MTTR for applications by 50%.

- ☒ Customers use EITM across their companies to assess risk. CA solutions have helped customers become more proactive — now they know when a problem is going to occur and take steps to prevent it. In the event that an error dictates a system restart, technicians are able to continue running applications without losing any information. As a result, downtime has been reduced by 70%.
- ☒ The time required to implement applications has been reduced, and application performance delays have been cut by 71%.

Infrastructure Management

Six of the eight companies interviewed had deployed CA Infrastructure Management solutions, including CA eHealth, CA SPECTRUM, CA NSM, CA Insight Database Performance Monitor, CA Event Management, and CA Storage Management. The most important benefits are as follows:

- ☒ Customers are able to detect poor service levels and also predict when a failure will occur. Organizations can then employ redundant devices and react before customers are aware of the problem. Help desk calls have been reduced by 40%.
- ☒ Since deployment, customers troubleshoot problems more accurately with faster resolution speeds. MTTR for infrastructure issues has been reduced by 20%.
- ☒ An increase in service levels, a decrease in service delivery cost, and an increase in availability of clients' systems have led to a reduction in downtime of 30%.
- ☒ Customers have a better understanding of their bandwidth capacity and only buy more bandwidth when it is truly needed. There is a more firm grasp on network topology and better utilization of existing assets. Bandwidth and networking costs have been reduced by 50%.
- ☒ CA customers also enjoy several business benefits. They are able to expand to meet new business demands such as streaming video and voice over IP.
- ☒ After the deployment, the network requires fewer full-time equivalents (FTEs) to maintain and some IT staff have been reassigned to other business critical roles. Administrators can now monitor multiple databases on different platforms from a single console. IT staff productivity is improved — as the number of devices grows each year, the IT head count remains constant.

Service Management

All of the companies interviewed had deployed CA IT Service Management solutions, including CA Service Desk Manager, CA IT Asset Manager, CA IT Client Manager, CA CMDB, CA Software Change Manager, CA Service Catalog, and CA Endeavor Software Change Manager.

The most important benefits are as follows:

- ☒ Incident response times are improved, and customers have well-defined processes for resolving errors. The CA tools have allowed customers to reduce errors, produce management reports with ease, and analyze historical data. Customers are also able to manage the amount of change happening in the environment and improve system uptime. With incident, problem, and change management solutions deployed, customers are also better able to manage their services, assets, and capacity. The total reduction in downtime has been 20%.
- ☒ There has been improvement in application stability, which allows for better organizational coordination and tool integration. IT departments discover potential incidents faster and find root causes more quickly. The CA solutions have also reduced the effort required in auditing processes. As a result, audits have become easier to pass. Customers have avoided creating new IT positions and reallocated staff more efficiently. The staff has been able to take a more proactive role in promoting ITIL processes and improving their IT maturity level.
- ☒ Service desk administrators are now able to handle more calls. The percentage of automated trouble tickets and reports to management is increasing. Overall, IT productivity has risen by 25%.

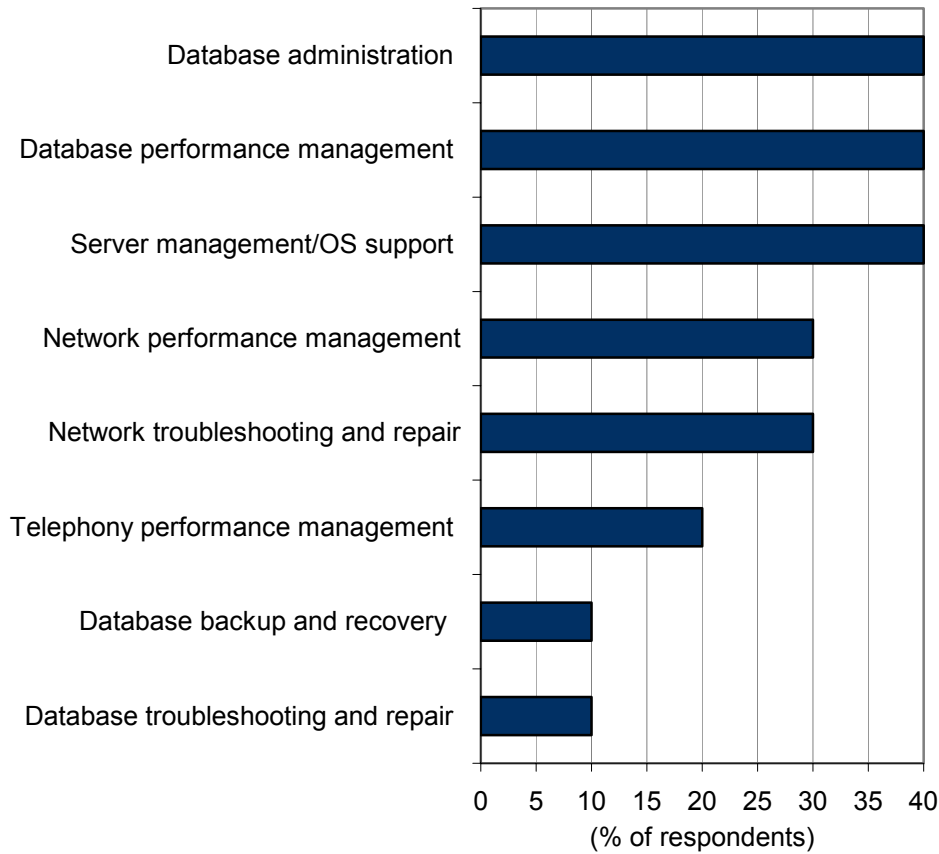
IT Productivity

CA management tools increase IT productivity by automating management tasks and providing a complete view of IT assets. This enables IT staffs to spend far less time in management tasks. IT staffs now employ a standard set of protocols with regard to change/add requests, incident management, and problem resolution. Organizations have simplified processes, which has helped their staffs respond more quickly. Process standardization has led to a more reliable environment with fewer errors as well as more accurate reporting. Across all solutions, the total amount of productive IT time rose 25% after the deployment of CA EITM.

Companies address issues more proactively now than they did prior to the deployment. They have become more focused on long-term, strategic planning rather than reactionary incident maintenance. Prior to the deployment of CA EITM, companies had limited visibility into incident and change management practices. But now, the IT staffs have a higher-level view of their departments, gaining a cross-company perspective of total IT operations. The IT tasks where productivity was most improved are identified in Figure 2.

FIGURE 2

IT Productivity by Task



Source: IDC, 2008

There was marked improvement at the service desk, where productivity was impacted in three areas: First, the number of support calls per week dropped by 10%, on average. Second, the average length per call was cut by 12%. Finally, average resolution time (MTTR) declined by 61%. The average annual IT productivity benefit is \$46,910 per 100 users.

User Productivity/Downtime

As companies become more automated and integrated, system, network, database, and application downtime becomes more critical to operations. Downtime is directly tied to user productivity in that unavailable system or application resources reduce users' ability to work and increase the risk that companies will not deliver their products and services. We measure user productivity as a product of salary times working hours without access to the applications that users need to do their job. A factor is then applied that accounts for the users' ability to do some other aspects of their job during downtime. In this study, the deployment of CA EITM solutions reduced lost productivity due to downtime by 46%, increasing each user's productivity by \$124 annually.

User productivity was also improved as a result of the reduction in time lost because of application performance delays. Incidence of delays was reduced by 44%, and the average loss of time per delay was reduced 48%, lowering the total time lost by 71%. Reductions in application delays increased each user's productivity by \$42 annually.

Each company had as a goal to reduce not only the number of incidents but also the average length of outages. In many cases, the system monitoring processes were proprietary within groups and not available across the entire organization. This meant that only the few groups that had established tracking mechanisms were aware of the failures, and further, they repaired only the portions of the problem that applied to their group. As one manager stated, "People were doing monitoring previously, but they were only doing it within their own little silos. They would have custom scripts they would write, and they would get paged in the middle of the night. But nobody else knew about the scripts or that outage." By implementing organization-wide monitoring systems, the entire organization became aware of outages and all necessary repairs were completed. The average performance delay was reduced from 4.5 hours to 2.5 hours.

On average, the annual downtime benefit is \$16,612 per 100 users.

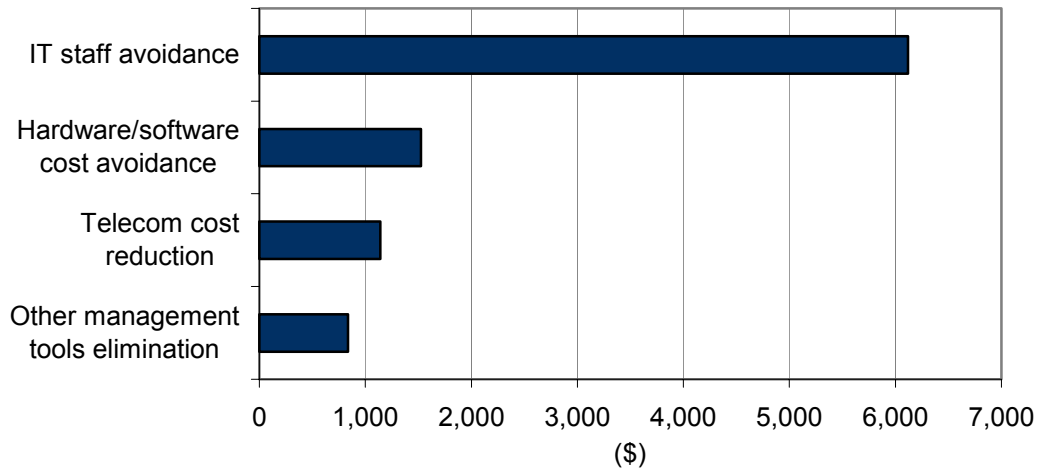
Cost Reduction

In this study, the deployment of CA EITM helped increase the overall efficiency of the IT environments. IT optimization means that IT staff can increase services to a higher quality without adding resources or in some cases reduce redundant resources. In this way, IT optimization leads to actual reduction in the IT budget or, more commonly, limits budget growth. IDC was able to quantify the following cost reductions (see Figure 3):

- IT staff avoidance — putting off or eliminating new hires because of higher IT staff productivity
- Capital expenditure avoidance — optimizing existing hardware and software resources
- Telecommunications cost reduction — optimizing bandwidth utilization and reducing network downtime, eliminating the need for excess bandwidth
- Eliminating other management tools — deploying CA management suites to replace point solutions

FIGURE 3

IT Cost Reduction Annual Savings per 100 Users



Source: IDC, 2008

Avoiding the hiring of new IT staff was the greatest source of cost reduction. As one manager said, "The integration and automation of those products in our operations center — that definitely reduced our cost of delivery for the services we provide to our clients, across the board. It probably saved close to 30%."

The average annual cost reduction equals \$9,621 per 100 users.

Revenue Increase

Improving the IT environment impacts revenue in a number of ways. First, companies may be able to add more customers without having to increase internal resources because their processes can support more demand, more information, and more data. In this case, companies are growing the total base of business, resulting in more customers and revenue growth. Second, optimized operations will often increase time to market for new products, increasing sales within the current customer base. Finally, reducing downtime in customer-facing applications reduces lost revenue.

IDC does not consider 100% of increased revenue in its benefit calculations because each dollar of revenue generated was a result of some investment of time or money. In addition, a one-to-one correlation between new revenue and the deployment cannot be created because of the numerous factors affecting new business generation. To ensure the revenue benefit is not overstated, IDC attributes only a portion of the new revenue to the solution, in this case 5%.

On average, CA EITM provided a revenue boost of \$3,198 per 100 users.

ROI Analysis

The return on the investment in CA EITM solutions is calculated by dividing the present value of the three-year benefits by the present value of the three-year investments. This yields a return of \$4.33 for each dollar invested in the solutions. The payback period is 9.4 months after the deployment is completed. The ROI data is shown in Table 2.

TABLE 2

ROI Summary per 100 Users

Three-year benefits	\$182,187
Three-year investments	\$34,206
Net present value	\$147,980
Discount rate	12%
ROI	433%
Payback	9.4 months

Source: IDC, 2008

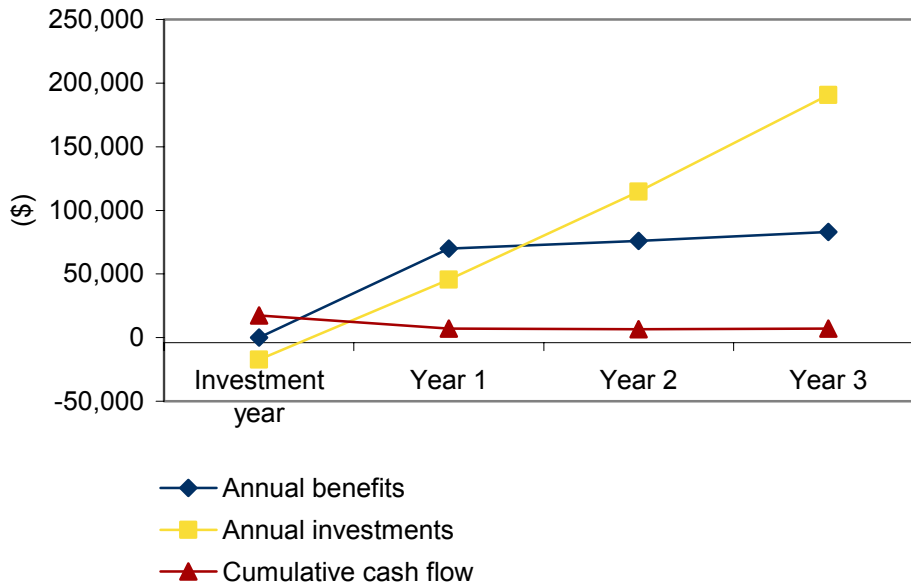
Cash Flow Analysis

The initial investment in CA EITM solutions was \$17,348 per 100 users (45% of total three-year investment) and was dependent on the number of solutions deployed. After the initial investment, annual costs to support the solution average \$7,000 per 100 users. It is also important to note that the annual benefits increase annually at 8.8%. As organizations become more familiar with the solution and EITM becomes more embedded and utilized, its impact on the company becomes stronger. Lower costs and higher benefits mean that positive cash flow increases by 10% annually.

Financial payback is the point where cumulative cash flow becomes positive. IDC adds this to the deployment period to provide a realistic estimate of the time required to cover the initial investment. The annual benefits, investments, and cumulative cash flow are shown in Figure 4.

FIGURE 4

Investments, Benefits, and Cash Flow over Time per 100 Users



Source: IDC, 2008

Benefits Analysis of Multiple Products

Customers can experience higher ROI benefits by using multiple solutions from a single vendor. There are a number of reasons that can cause this to happen, principally reduction of IT costs in installing, integrating, operating, and maintaining the software. Typically, costs associated with configuring and deploying management software include IT staff time and often the use of external services as well. These costs can be considerably reduced in cases where the vendor delivers preintegrated solutions, reducing the IT staff or external services time needed to make the solutions fully operational and also reducing the elapsed time needed to achieve payback on the initial investment, thus improving ROI.

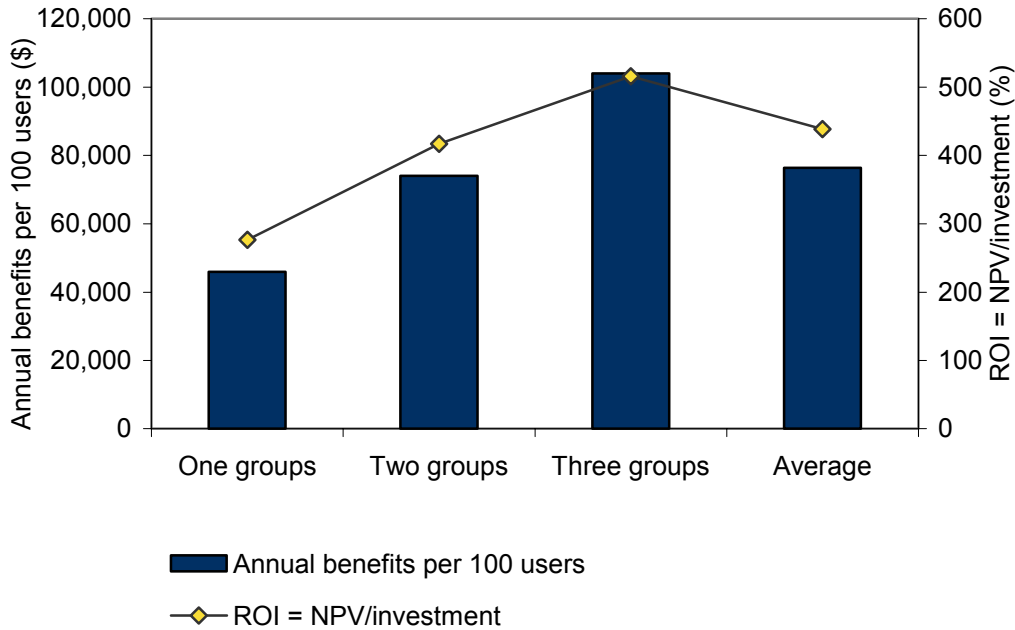
Another benefit of preintegrated solutions is reduced maintenance costs. Integrated delivery of updated software releases across a family of solutions can greatly reduce IT testing and deployment costs that occur with release-to-release transitions. And of course, product operational costs can be reduced by use of common architectural components and user interfaces, especially Web-based portals, thus simplifying user tasks.

Companies in the study deployed EITM solutions from one to three major functional areas — Application Performance Management, Infrastructure Management, and Service Management. On average each company deployed solutions from 2.4 functional areas. While each functional area had different costs and benefits, IDC found that there was a positive trend in deploying solutions from multiple functional areas. Deploying solutions from a single functional area yielded \$46,000 in annual

benefits and an ROI of 277%; deploying solutions from two groups delivered \$74,000 in benefits and an ROI of 417%; deploying solutions from all three groups led to \$104,000 in annual benefits and an ROI of 516%. This relationship is demonstrated in Figure 5.

FIGURE 5

Incremental Annual Increase in ROI Benefits per 100 Users



Source: IDC, 2008

Figure 5 demonstrates that by deploying solutions from more groups, customers experience a higher ROI/investment protection; therefore, it is worthwhile to deploy the CA EITM suite. The sum is greater than the piece parts.

CASE STUDY

IDC interviewed a large systems integration consulting firm that serves both public and private sectors. The company is composed of three major divisions: custom applications, enterprise resource group, and IT operations. The company employs over 8,000 people and operates in 18 countries.

Implementation

Primarily running on distributed systems, the company relies on CA solutions to support its IT organization, improve IT staff efficiency, align IT with company goals, and keep costs low. To support these goals, the company has deployed multiple solutions from the CA infrastructure suite (CA eHealth, CA SPECTRUM, CA NSM, CA Insight Database Performance Monitor, CA OPS/MVS Event Management and Automation,

CA Vantage Storage Resource Manager) and the CA Service Management suite (CA CMDB, CA Unicenter Service Desk, CA Service Catalog, CA Service Metric Analysis, CA Unicenter Asset Management). CA resources are shared across the organization. As a senior manager explained, "What we have done is integrate 50 or so CA products into a single instance and now use that as part of our service delivery to our outsourced clients. So we're really operating those systems to manage our clients' environments."

Benefits

The company deployed CA EITM to improve its infrastructure to support its IT services customers. The immediate benefits were the automation and integration of IT management. The financial returns were the reduction in overhead costs to deploy and manage its services and the revenue generated through increasing services and customers and reducing customer churn as a result of better performance and higher reliability than its competition.

CA EITM Highlights	
<input checked="" type="checkbox"/>	Reduced IT support cost — 17%
<input checked="" type="checkbox"/>	Reduced MTTR — 20%
<input checked="" type="checkbox"/>	Reduced downtime — 40%
<input checked="" type="checkbox"/>	Increased IT productivity — 30%
<input checked="" type="checkbox"/>	ROI — 514%
<input checked="" type="checkbox"/>	Payback — 7.8 months

Optimizing Productivity

The CA infrastructure and IT Service Management solutions support the staff who provide services for over 10,000 customers. These solutions help the staff not only run datacenters, operation centers, call centers, and the help desk but also support disaster recovery facilities. The solutions operate the infrastructure and applications, assisting with job scheduling and batch processing, which have shown considerable benefits since the deployment.

The IT staff has been "able to do more with less as a result of this implementation," a manager said. The staff is able to complete more tasks per week, and the time saved allows personnel to pursue more business-enabling activity. For example, one DBA can manage and monitor multiple databases across platforms because he is more efficient with the tools and information provided by the CA solutions.

Since the deployment, the help desk is now more flexible. Call centers can respond to calls or inquiries remotely, and information is then provided to customers quickly and directly. The CA solutions have also allowed the company to develop Web-based

customer service, which automatically generates trouble tickets and includes self-help functions. If a problem cannot be resolved remotely, technicians will travel to the client's location, explore the problem in person, and work toward a resolution. The systems integration consulting firm has been able to increase its network devices to support its growing customer base and at the same time has redeployed 17% of its IT staff to other parts of the company.

Overall improvement in IT productivity is estimated at 30% since the deployment.

Gaining a Competitive Advantage

This company competes with some of the largest IT services organizations in the world. As a result of the CA deployment, it now has the same set of tools and associated processes that larger rivals have. The company is able to develop a competitive pricing model because it offers the same high-end processes and tools as its rivals, but with lower overhead and a more flexible corporate structure. In this highly competitive environment, customers expect increasing performance and high availability. "They wouldn't have chosen us if they were doing it better and cheaper themselves," a senior manager said. Decreased service outages and improved performance and response times have reduced customer churn by 55%.

The company merges new clients into an existing environment — which it considers a time share for its customers. The IT organization has reduced cost because only one instance of the CA solutions delivers services to all of its clients. A senior manager said, "I could tell you categorically across everything — because of the integration and automation — CA definitely reduced our cost of delivery across the board." Cost reduction is estimated at 30%.

The CA solutions allow key performance indicators to be tracked. These indicators are tied directly to the company's service offerings. Regular monitoring of this data ensures that quality service levels are achieved. As the performance goals are met consistently, client satisfaction increases and the cost of delivering services remains low.

The company's service customers are saving money as well — it is estimated some clients have enjoyed a 50% improvement in their bandwidth availability. In one case, a large client with a vast network had no bandwidth management procedures in place. But after the company began to maintain the network, it was discovered that network utilization was under 1%. The customer realized immediate performance and monetary benefits by increasing its current utilization and purchasing less total bandwidth.

Annual revenue has risen an estimated 2% because of the deployment of CA solutions.

Conclusion

Reducing the cost of service delivery and increasing service levels were the primary business drivers for choosing CA. The company needed an enterprise management suite with the ability to integrate and automate a host of products as well as support the platforms its IT department runs. Since the deployment, the IT staff has become more efficient; the company also is more competitive in the marketplace and consistently delivers high-quality services to its customers.

ROI METHODOLOGY

IDC utilized a standard ROI methodology for this project. This methodology is based on gathering data from current users of the technology as the foundation for the model. Based on these interviews, IDC performs a three-step process to calculate the ROI and payback period:

- ☒ Measure the benefits from reduced IT costs (staff, hardware, software, maintenance, and IT support), increased user productivity, and improved revenue over the term of the deployment.
- ☒ Ascertain the investment made in deploying the solution and the associated training and support costs.
- ☒ Project the costs and savings over a three-year period and calculate the ROI and payback for the deployed solution.

IDC uses a standard discounted cash flow methodology to calculate the net present value (NPV) of the benefits (savings and increased revenue) over three years. IDC notes that NPV is the discounted benefits minus the investment. The ROI value equals the NPV divided by the initial investment. Payback period is the time from initial deployment to the time when benefits equal the three-year investment.

IDC uses the following assumptions in its calculations.

- ☒ To quantify investment and savings for IT and user labor, IDC multiplies time values by burdened salary (salary + 28% for benefits and overhead).
- ☒ IDC uses a 12% discount rate in the ROI analysis to fully account for the average cost of capital and risk and to ensure a conservative analysis.
- ☒ Because the full benefits of the solution are not available during the deployment period, IDC prorates the benefits on a monthly basis and subtracts the appropriate amount for the deployment time from the first-year savings.

CHALLENGES/OPPORTUNITIES

The benefits to IT of deploying enterprise IT management software products, such as CA's EITM, are clear and quantifiable, as evidenced by this study based on actual user experiences. With a track record extending for nearly three decades, CA has established itself as a major enterprise player in this market.

During the past several years, the enterprise IT management software market has been characterized by major vendor consolidations. Increasingly, the challenge is how the large, broad function management software vendors such as CA, which can offer large bundles of products including recent acquisitions, can provide increasing degrees of product integration and at the same time continue to bring "best of breed"-type focus to acquired products and technologies.

A major challenge for CA will be to build on its existing reputation in terms of products and technology and at the same time work on increasing customer satisfaction levels in order to drive momentum for growth in an increasingly competitive marketplace. Business value, as demonstrated by positive ROI, is an important component of overall customer satisfaction and is receiving increased emphasis due to the recent economic dislocations.

SUMMARY AND CONCLUSION

The use of automated IT management software tools typically brings direct benefits to IT operations, company business services, and end users in terms of IT productivity, user productivity, cost savings, and revenue increase. These areas were the principal focus of the CA EITM ROI study. Based on the results from in-depth surveys of eight companies, the use of CA EITM software has resulted in average total benefits of more than \$76,000 per 100 users on a normalized basis. The payback period averaged under one year, and the three-year ROI averaged 433%. These results clearly demonstrate the direct benefits realized by the CA EITM software products in three functional areas, based on the responses provided by users interviewed for this study.

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