

Case study

Simac transforms business to offer cloud services



HP CloudAgile enables Dutch service provider to reduce headcount and costs significantly

Industry

IT Services

Objective

Reduce costs and respond to customer requests for cloud services

Approach

Developed cloud reference architecture and phased implementation approach with clear business goals. Conducted proof-of-concept tests and reviewed demonstrations

IT matters

- Provides highly available, conformant IT solutions for companies wanting the predictable cost and functionality of IT outsourcing
- Features HP Converged Infrastructure solutions that operate together efficiently
- Delivers flexible capacity and regular upgrades to ensure business requirements are met

Business matters

- Reduces headcount and wages significantly due to automation and standardization
- Benefits from 'pay-as-you-go' Flexible Capacity Services with reduced risk
- Increases competitiveness by meeting customers' cloud demands
- Supports business growth with joint go-to-market initiatives with HP

“HP CloudAgile has enabled us to realize what our vision was. We needed a partner like HP in order to go on that route and to make our vision a reality.”

– Peter van Egmond, business development manager, Simac

Business and organizational changes are vital

Traditionally, Simac ICT Netherlands has been an outsourcer and one of HP's largest resellers. When it decided to add cloud services to its portfolio, Simac also became an HP CloudAgile partner. Now, it has not only solved the technical challenges of this initiative but has also managed the vital business and organizational changes required by cloud computing.



30 percent reduction in headcount

Challenge

Changing customer demands

When IT service providers decide to implement cloud computing, they face business planning and organizational changes that are as important as the technology challenges.

One company that realized this from the outset was Simac ICT Netherlands. With 360 employees, it's the largest subsidiary of the Simac Techniek holding which provides technology services to customers in Benelux countries and Central Europe.

"Customers started asking for services delivered in a cloud and we needed the cost reduction associated with that. They wanted services, not products and we realized that if we didn't move it was going to be a risk to the business," explains Peter van Egmond, business development manager with Simac.

"We started the cloud project based on our vision strategy back in the last quarter of 2010 when the main reasons for change were to stay in line with clear market trends such as commoditization, standardization, bring-your-own-device (BYOD), pay-as-you-go and other new ways of working. We saw clear indications from major vendors that the delivery models were going to change and when we mapped that onto what we were doing, we saw that our strength and core business were being threatened by all those trends."

Solution

Flexible financing

Simac first created a list of end goals to see how its business model would have to change. It defined business outcomes, planning how it would work towards them with a functional reference chart showing the layers of hardware and software that would be required. Along with product demonstrations from vendors, some proof-of-concept testing was carried out and benchmarked on performance and price.

"We didn't want to 'cloud wash' our current solutions which would be just a marketing gimmick without any real benefits," explains Van Egmond. "We wanted to do it right, benefit from the cost reduction of automation, provide our customers with resource and cost flexibility and re-engineer our sales and delivery organization.

"I started talking to our tier one vendors about our vision and strategy. I was not looking for a partner or vendor that had the smartest hardware, but one that understood the business reasons for having to move into cloud services. Unlike other vendors, the talks I had with HP were about how we were going to run the business and what impact it would have."

Simac decided to become an HP CloudAgile partner, the joint go-to-market program that helps service providers specifically build their own cloud services, accelerate time-to-market and grow their cloud business. The program assists partners in designing and building the most appropriate cloud platform, without them having to make the initial capital outlay.

Virtualized server farm

The avoidance of financial risk is made possible by a Flexible Capacity Services arrangement, where HP retains ownership of the platform and partners only pay for what they use at the moment they use it. They then pass on the same payment structure to their end customers.

Simac realized that changing its whole organizational structure and way of working would be a difficult and lengthy process so decided to take a greenfield approach for its delivery platform.

HP helped with the design and build of the new cloud platform as part of its HP CloudStart service which delivers pre-integrated, pre-architected and fixed price offerings for businesses looking to initiate a private cloud. HP Education Services also provided training for Simac employees, principally around the cloud management software, and the platform is on a Proactive 24 support contract.

Customer solution at a glance

CloudSystem solution

- HP BladeSystem c7000 enclosures
- HP CloudSystem Matrix software
- HP ProLiant BL460c G7 and Gen8 server blades
- HP 3PAR StoreServ F400 storage system
- HP SAN switches

Software

- HP Cloud Service Automation
- HP Operations Orchestration
- HP Server Automation
- Cloud Cruiser

HP services

- HP Cloud Service Automation implementation services
- HP CloudSystem, Server Automation, Cloud Service Automation and Operations Orchestration training
- HP Proactive 24 support
- HP CloudStart services
- HP Flexible Capacity Services financing

The cloud runs from two data centers in the towns of Ede and Tilburg with active/active mode ensuring 99.99 percent availability. The converged HP technologies that make up this HP CloudSystem platform include approximately 40 physical HP ProLiant BL460c G7 and Gen8 server blades supporting some 400 virtual machines. HP 3PAR StoreServ F400 storage system provides 110TB of storage capacity. The solution includes the HP CloudSystem Matrix software to automate the provisioning of infrastructure. Simac is currently expanding its CloudSystem by implementing HP Cloud Service Automation (CSA) which will enable it to provide customer portals and other software components including HP Operations Orchestration and HP Server Automation.

The platform has been implemented using HP Flexible Capacity Services. This provides a pay-as-you-go, future-ready cloud platform that speeds up delivery of new services and time to revenue. Often called 'pay-as-you-grow', Flexible Capacity Services improves total cost of ownership and saves companies from either running out of IT capacity or buying too much too soon.

Simac does not restrict its services to any particular vertical and concentrates on end-users rather than Independent Software Vendors.

"We provide Infrastructure-as-a-Service (IaaS) and Software-as-a-Service (SaaS) but my final goal is to provide Platform-as-a-Service (PaaS) with SaaS," adds Van Egmond. "In addition, we have also acquired a SAP company and we are in the process of providing SAP services from our platform."

Simac has implemented a Cloud Cruiser solution to manage its multi-tenant billing, ensuring that customers only pay for what they use. Cloud Cruiser's 2.0 Edition is a leading cloud cost intelligence application that supports public and private clouds, including HP CloudSystem and HP CloudService Automation.

Benefits

Headcount reduction

The project has been so successful that HP has named Simac 'CloudAgile Partner of the Year' in the Netherlands.

It has brought significant OPEX savings, as Van Egmond explains: "From the start, we aimed for at least 30 percent cost reduction because we know that cloud is primarily about automation resulting in reduced headcount. With Cloud Cruiser, we can quickly on-ramp new customers by automating our cloud billing. Additionally, we can optimize our margins by analyzing the revenue received for our services against the cost to deliver those services.

"The CloudAgile program is also beneficial for us because we have joined forces to go to market. We are now very interlinked with the sales guys from HP. We go jointly to customers; and we get leads from HP. Having HP behind us is a big benefit.

"Last year we did a joint go-to-market workshop, and it worked well. We ran seminars and I brought HP in when I had a cloud update session for all the Simac companies. This is a partnership where sometimes we will join HP and sometimes HP will join us and our success is important to the HP business."

Speaking of the benefits of HP Flexible Capacity Services, Van Egmond adds: "By eliminating the need for a large initial investment in hardware, this enables us to get the benefits without the risk. We offer pay-as-you-go to our customers. They pay us for what they use and we pay HP for what we use, so it's a back-to-back arrangement from customers through us to HP. This enables us to manage financial risk.

"The HP hardware and software portfolio matched what we were trying to achieve and its roadmap matched ours," concludes Van Egmond. "It's important that HP is interested in Simac. It's a business relationship but it's based on people. Now, it's not just Simac and customers, it's HP and Simac."

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