The Business Value of HPE Managed Services

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Executive Summary

This document describes the value and experiences of businesses that rely on HPE Managed Services to maintain their workloads and infrastructure. Relying on HPE's abilities enables businesses to optimize the use of IT staff, access new skills, and improve business and operational outcomes.

Through a series of in-depth interviews, IDC conducted research that explored the value and benefits for organizations using HPE Managed Services to monitor, operate, and optimize their infrastructure, applications, and databases.

Based on this extensive data set and using a specialized Business Value methodology, IDC calculates that these customers will achieve benefits worth an annual average of $3.2 million and a three-year ROI of 365% by:

- Cost-effectively improving the overall effectiveness of IT infrastructure and management teams operations
- Optimizing the performance of other dedicated teams, including those focused on security, development, and help desk operations
- Improving the availability, functionality, and agility of mission-critical applications and databases for end users

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BUSINESS VALUE HIGHLIGHTS

$313,000
in average annual benefits per 100 supported servers

365%
three-year ROI

8.1-month
payback period

$141,507
in IT-related costs

22%
more efficient IT infrastructure teams

16%
more productive help desk operations

11%
more productive developers

47%
fewer support tickets for HPE environments

18%
more efficient network security operations teams

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Situation Overview

Organizations are looking to create better business outcomes through IT investments. Better business outcomes will be achieved by a more agile IT infrastructure that supports better technical and operational IT outcomes. According to IDC's June 2023 *Future of Digital Infrastructure Sentiment Study*, business agility, customer satisfaction, and employee productivity along with increased operational efficiency and cost savings are the top business outcomes they are trying to achieve with their digital infrastructure investments. These business outcomes are closely linked to an organization's digital technology, operations, and governance capabilities. The study also found that on average, 54% of organizations

were still developing their digital capabilities to achieve these outcomes. Organizations that have invested in developing digital capabilities such as cloud technologies, autonomous operations, and governance were two times more likely to achieve business outcomes versus those that have not.

With generative AI (GenAI) initiatives leading the charge, IT teams are now tasked with delivering business outcomes faster than ever before. IT professionals must now closely align IT infrastructure with business outcomes and bring them to fruition quickly with minimal disruption. The pace of changing business priorities, as well as new technology developments, is impacting IT teams that are already strained based on existing resources. IDC believes that these challenges transcend talent shortages; it is about having the right skills to clearly articulate to stakeholders how new digital technologies will drive the business forward, coupled with the ability to adopt new technologies and operating models. It's also about having the right business outcomes and key performance indicators (KPIs) to demonstrate IT value to the line-of-business owner and at the C-level.

For the few organizations with mature, highly skilled resources, these new technologies and operating models may be integrated into the workflows of the team. For many organizations, especially with new GenAI technologies, this integration may be untenable. As a result, IT teams must rethink their maturity, culture, skills, resources, processes, and investments to quickly transform and achieve the outcomes required by the business. Organizations that need to shift focus, funds, and resources from day-to-day tactical operations to driving strategic business outcomes should utilize third-party professional services to enable IT teams to rapidly transform.

Sustainability within IT has become a top concern for most organizations. Sustainable IT, with the help of services providers, is utilizing IT in a manner that minimizes environmental impact and maximizes social and economic benefits. This approach involves the development, deployment, and management of IT systems and infrastructure in a way that reduces energy consumption, minimizes electronic waste, and promotes the use of renewable resources. From designing energy-efficient hardware and datacenters to implementing virtualization and cloud computing solutions that optimize resource utilization, sustainable IT strives to mitigate the environmental footprint of digital technologies.

30%
fewer instances of unplanned downtime per year

37%
quicker unplanned downtime resolution

12%
higher end-user productivity

HPE Managed Services Overview

According to a recent IDC study, vendor services have been shown to alleviate 201 hours of downtime in enterprise datacenters (source: IDC's *Cost of Downtime Study*, 2023). HPE GreenLake and HPE Managed Services' infrastructure capabilities can help offload the heavy lifting of running modern IT, when and where you need it. With and through IP and automation, along with a team of over 15,000 service professionals, the service delivers monitoring, operations, administration, and optimization, which can help organizations get to the desired business outcomes they are looking to achieve.

HPE Managed Services include:

- **Observability and monitoring:**
  HPE, on an ongoing basis, has been investing (through acquisitions) in AI (GenAI) and cloud technologies as well as creating its own IP. These investments have enabled HPE Managed Services, for example, to provide better AIOps capabilities and improved customer outcomes and efficiencies in service delivery and provide data on sustainability gains. With the acquisition of OPSRamp, HPE acquired AIOps intellectual property, and the use of this technology is reflected in the results shared in the previous business value analysis. Through monitoring and observability (watching for and reporting on specific metrics), HPE is able to help customers define KPIs and matrices to get the most out of their IT investments. The other key investments have come around skills development of HPE specialists, who help aggregate all data produced by all IT systems. These specialists can then help organizations generate and get to the business, technical, and operational outcomes they define.

- **Staff augmentation:**
  Throughout the study, customers observed how HPE Managed Services allows the organizations' IT staff to focus on business initiatives while HPE manages and optimizes the infrastructure. Skills and staffing shortages is a major issue in the market today, and IDC's September 2023 *Future of Enterprise Resiliency and Spending Survey*, Wave 8, found that staffing and labor shortages prevent effective use of technology and that 30% of global organizations will struggle with these issues.

- **Proper deployment and ongoing maintenance:**
  According to IDC's cost of downtime, 45% of customers had issues when deploying infrastructure without the help of the vendor; this means that projects get delayed, users are without access to key applications, and the user experience and trust in IT wane. To get to any outcomes faster, customers should rely upon the vendor or partners to plan, design, and deploy and maintain/operate infrastructure. These are the fundamental services that are the basis for any outcome the business is looking to achieve.

With HPE GreenLake as a backdrop for getting into a scalable solution quickly and efficiently, the Managed Services component can help drive the business outcomes the technology should deliver.

The Business Value of HPE Managed Services

Study Firmographics

IDC conducted research that explored the value and benefits for organizations using HPE Managed Services to monitor, operate, and optimize their infrastructure, applications, and databases. The project included interviews with six organizations that use HPE Managed Services and had experience with and/or knowledge about the benefits and costs of using it. During the interviews, companies were asked a variety of quantitative and qualitative questions about HPE's impact on their IT operations, core business, and costs.

Table 1 (next page) presents the study demographics. The organizations that IDC interviewed had an average base of 62,417 employees and total average annual revenue of $3.6 billion. Two companies were based in the United States with the remainder in Australia (2), India, and the Netherlands. On average, these companies had IT teams of 8,882 staff members engaged in supporting IT services for 53,063 employees. From a vertical standpoint, IDC's study included organizations from the retail (2), utilities (2), healthcare, and manufacturing sectors.

TABLE 1

Firmographics of Interviewed Organizations

	Average	Median	Range
Number of employees	62,417	31,500	1,500–250,000
Number of IT staff	8,882	625	65–50,000
Number of employees using IT services	53,063	30,550	1,275–200,000
Number of business applications	460	150	30–1,200
Revenue per year	$3.6B	$4.0B	$1.6B–$6.0B
Countries	United States (2), Australia (2), India, and the Netherlands		
Industries	Retail (2), utilities (2), healthcare, and manufacturing		

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Choice and Use of HPE Managed Services

In partnering with HPE Managed Services, interviewed organizations were looking to solve several operational challenges. Importantly, HPE was a trusted brand that had a strong reputation as a service provider. Many organizations had a large deployment of HPE-branded infrastructure and found the partnership to be a very natural fit. Beyond brand loyalty and reputation, interviewed organizations were on a journey to scale with growth while gaining resiliency. They largely felt that the partnership and support provided by HPE Managed Services was a cost-effective way to improve operations and address these challenges and concerns.

Study participants elaborated on their selection criteria:

The need to be more resilient (utilities organization):

"HPE has been our partner since we started our journey in 2000. We needed a high level of continual support to be resilient. Importantly, we wanted to minimize issue resolution time."

Cost reductions and operational support (manufacturing organization):

"We selected HPE Managed Services to reduce costs and improve operations. It's not one of our core businesses to do the service on our own machines, so that's why we requested HPE to do that in 2021."

Support for private cloud service provider concept (retail organization):
"The drive to adopt HPE Managed Services from my company's viewpoint was to get out of datacenters and into more of a private cloud service provider concept. All our datacenter services have now been migrated onto HPE GreenLake for colocation and management from IaaS."

Brand loyalty (utilities organization):
"My organization selected HPE Managed Services because most of our IT infrastructure is from HPE; it was a natural choice."

Lack of IT resources (retail organization):
"My organization wanted to leverage HPE Managed Services to support infrastructure in a location where we could not staff a sufficient number of IT resources."

Table 2 provides a quantitative view of the organizational usage of HPE Managed Services across all companies at the time of interviews. Note that there was a substantial footprint across all companies, with an average of 10 sites, 1,034 servers, 60 databases, and 150 applications being supported by HPE. Additional metrics are presented.

TABLE 2

Organizational Usage of HPE Managed Services

	Average	Median
Sites	10	7
Servers	1,034	60
VMs	725	395
Applications	150	24
Terabytes	306	183
Databases	60	33
Internal users of applications	7,371	788

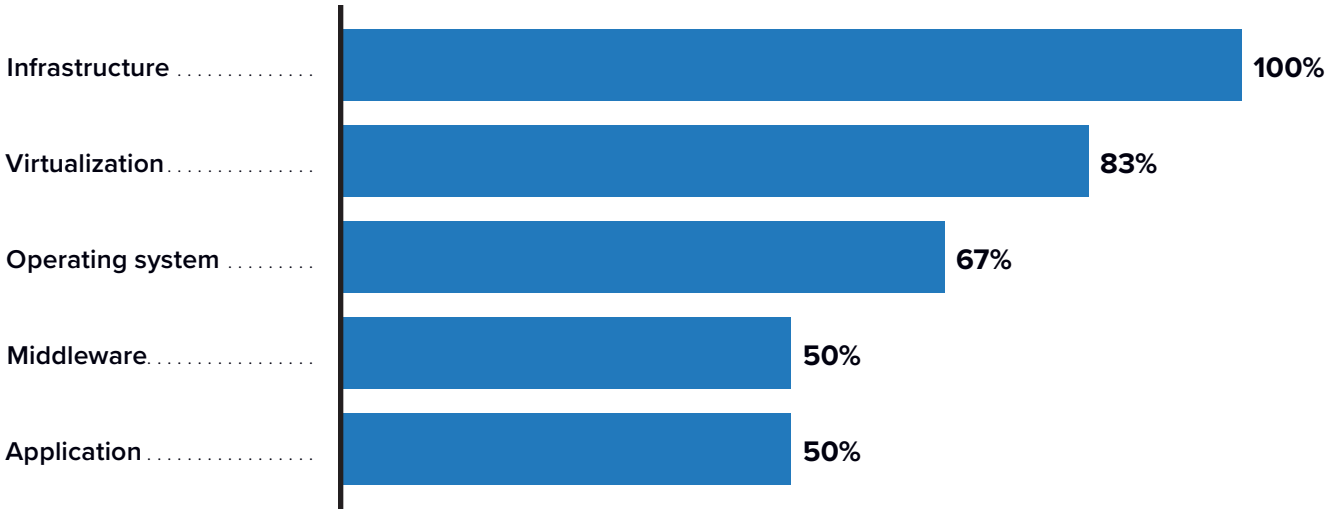
n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

HPE Managed Services was used by study participants to address a wide range of IT operations, including, but not limited to, infrastructure, applications, and databases. **Figure 1** presents interviewed companies' utilization profiles. As shown, the greatest usage was seen with environments associated with infrastructure (100%), virtualization (83%), and operating system (67%). Additional metrics are presented.

FIGURE 1

HPE Managed Services Component and Delivery Partnerships

(% of interviewed organizations)



n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Business Value and Quantified Benefits

IDC's Business Value research evaluated the benefits for companies in adopting HPE Managed Services to improve the overall effectiveness and reliability of IT infrastructure and operations. Interviewed organizations noted extensive benefits from their partnership with HPE. They gained expertise, resiliency, and support when managing business-critical infrastructure, applications, and databases. Importantly, HPE Managed Services exceled at proactively monitoring their environment and scaling patches and updates quickly and effectively. The support provided by HPE Managed Services ultimately reduced highly

manual, intensive work across various IT teams. This freed up time for highly skilled individuals to innovate and support additional business growth opportunities.

Study participants offered these comments about the most significant benefits achieved from their partnership with HPE Managed Services:

Mission-critical level of partnership (retail organization):
"If you take the whole IT infrastructure landscape and you put a mission-critical lens on it, that is the high level of partnership benefits we get from HPE and their services and support teams or expertise. They are a mission-critical partner."

Increased resiliency (utilities organization):
"My organization has almost 99.9% uptime due to the resiliency that is built into the mission-critical server by HPE Managed Services, so there is no downtime. The business stays up and running 24 x 7."

Proactive support and monitoring (healthcare organization):
"The most significant benefit of HPE Managed Services is their ability to provide proactive support and monitoring capabilities. It is essential to my organization."

Supported technology refreshes (retail organization):
"A large benefit of HPE Managed Services is that when it comes time to do a technology refresh, my organization does not need to bring on additional staff."

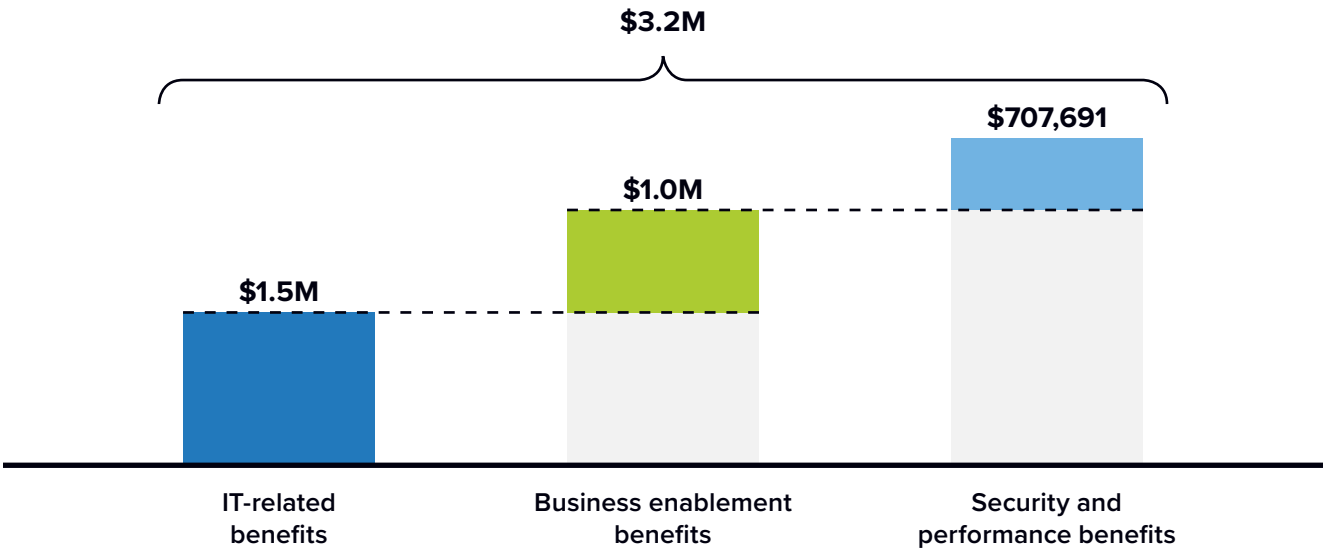
Local spare parts management and support (manufacturing organization):
"There are a few big benefits of HPE Managed Services: first is their local spare part management; second is the reduced amount of work on individual persons because now we just outsource to HPE. We no longer need a wide network of people around the world."

Figure 2 (next page) presents IDC's calculations of cumulative customer benefits after adoption of HPE Managed Services. As shown, average annual benefits were quantified at $3.2 million per organization ($313,000 per 100 supported servers). **Figure 2** (next page) breaks down these benefits further, as shown, in terms of benefits related specifically to IT, business enablement, and security.

FIGURE 2

Average Annual Benefits per Organization

($ per organization)



n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

For an accessible version of the data in this figure, see Figure 2 Supplemental Data in Appendix 2.

IT Benefits from HPE Managed Services

In their interviews with IDC, study participants discussed various benefits associated with HPE Managed Services in their day-to-day IT operations. They appreciated the scale and breadth of the service offerings. Financial benefits emerged as an important aspect, and study participants commented on being able to annualize cost outlays and appreciated the "pay as you go" cost structure. They noted that HPE Managed Services allowed their IT teams to move beyond being preoccupied with routine functions to focus on more innovative solutions and also handle ever-growing workload requirements without adding to staff.

Study participants elaborated on these benefits:

Scale of IT services (retail organization):

"A useful aspect of HPE Managed Services is their scale. If there is an issue, the HPE staff is managing it, versus me having to find one or two people who are subject matter experts."

Annualized cost (healthcare organization):

"A great benefit of HPE Managed Services is that from a cost perspective, my organization can annualize the cost over a long-term period rather than having to pay for everything upfront."

Cost optimization through better provisioning (utilities organization):
"My organization appreciates that the HPE GreenLake model maximizes and optimizes output. IT is provisioned in such a way that we are paying only for what we are using."

Increased time to innovate (manufacturing organization):
"HPE Managed Services enables our IT team to no longer spend time on sorting things out or buying spare parts. Instead, they can focus on different functions and different software."

Ability to do more without staff increases (retail organization):
"My organization is able to grow while maintaining the same resource level. We didn't have to grow in resources to maintain the natural growth of our payment businesses; that growth was actually enabled by HPE."

Reduced help desk burden (utilities organization):
"At a minimum, my organization would have required another five help desk staff members. However, the HPE team works overnight in shifts to take this burden, which is important because we are a 24 x 7 uninterrupted service."

To arrive at an accurate picture of post-adoption experiences and benefits derived from HPE Managed Services, IDC evaluated a variety of impacts, beginning with overall cost-effectiveness. Interviewed organizations reported that HPE Managed Services helped them to optimize their IT environments to significantly reduce annualized spend on software licenses, including, but not limited to, hypervisors, applications, databases, and hardware. **Table 3** quantifies these cost benefits, broken down by category and showing total annual savings of $141,507 for each organization.

TABLE 3

Annual IT-Related Cost Reductions

	With HPE Managed Services
License cost savings	$75,545
Hardware cost savings	$60,545
Power/cooling cost savings	$833
Facilities cost savings	$4,583
Total annual cost savings	**$141,507**

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Study participants uniformly reported that the use of HPE Managed Services created new organizational efficiencies. One study participant noted: *"In the past, we did all this with a team of 10 people, and now, we are running it with just two people. HPE does all of this on their software, and we have our own software stack on top of it, and that's what we are managing."*

IDC examined the impact of HPE Managed Services on IT infrastructure operations by identifying and measuring several key performance indicators. **Figure 3** shows the impacts of HPE Managed Services on a number of typical IT support tasks. After adoption, the greatest improvements in lowering staff time were seen in the areas of patching (69% less time), incident management (57% less time), and monitoring (48% less time).

FIGURE 3

Impact of HPE Managed Services on IT Infrastructure Activities

(% less staff time required)

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

IDC then drilled down further to look at benefits derived for IT infrastructure teams. Interviewed organizations found that HPE Managed Services aided IT Infrastructure teams in effectively deploying, maintaining, and managing their infrastructure. Importantly, HPE stepped in to manage work-intensive processes such as monitoring and patching, thereby freeing up time for highly skilled individuals to innovate and better support business operations. IDC calculated a number of infrastructure team KPIs and found that 35% less staff time was required to deploy new compute (i.e., VMs) and 36% less staff time was needed to deploy new storage.

Keeping in mind the benefits described previously, **Table 4** showcases the impact of HPE Managed Services on the efficiency level of IT infrastructure teams. The partnership with HPE enabled this team to recognize a 22% efficiency gain. In fact, IDC calculated that in partnering with HPE, this team needed 13.2 fewer full-time employees (FTEs) to manage their environment compared with previous solutions. In total, this gain was valued at $1,318,207 in staff time per year.

TABLE 4

IT Infrastructure Team Efficiency Gain

	Before/Without HPE Managed Services	With HPE Managed Services	Difference	Benefit
FTEs required for equivalent environments	59.8	46.7	13.2	22%
Value of staff time per year	$6.0M	$4.7M	$1.3M	22%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

IDC then examined impacts on help desk operations. Interviewed organizations reported that HPE Managed Services (specifically HPE Shift Operations) served to reduce the number of workload-related help desk tickets related to a variety of areas, including, but not limited to, applications, middleware, and databases. IDC calculated that after adoption, there were 47% fewer support tickets related to the HPE environment. In addition, when issues did arise, they were 60% quicker to resolve.

Table 5 (next page) quantifies these benefits. As shown, IT help desk teams realized a 16% efficiency gain after adoption. The partnership with HPE Managed Services enabled this team to need 1.7 fewer FTEs to manage their environment; this efficiency gain was especially helpful in managing less-than-desirable overnight shifts. In total, this amounted to an average annual value of $171,429.

TABLE 5

IT Help Desk Team Efficiency Gain

	Before/Without HPE Managed Services	With HPE Managed Services	Difference	Benefit
FTEs required for equivalent environments	10.7	9.0	1.7	16%
Value of staff time per year	$1.1M	$900,000	$171,429	16%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Application development teams also reported benefits. The deployment and use of HPE Managed Services enabled organizations to maintain and optimize their agile development operations. Importantly, their development teams were able to focus more on core business initiatives rather than just routine application support.

Table 6 shows the full set of calculated benefits. After adoption, interviewed companies saw an 11% productivity boost in development-related efforts. To put it differently, these teams of, on average, 15 developers were able to work at an equivalent productivity level of having 1.6 additional FTEs. This productivity boost resulted in an annual business value of $162,500 for each organization.

TABLE 6

Developer Productivity Gain

	Before/Without HPE Managed Services	With HPE Managed Services	Difference	Benefit
FTEs required for equivalent productivity level	15.0	16.6	1.6	11%
Value of staff time per year	$1.5M	$1.7M	$162,500	11%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Security and Performance Benefits from HPE Managed Services

In their detailed conversations with IDC, study participants pointed out benefits from HPE Managed Services specifically related to security and performance. Study participants attributed these gains to several factors. First, they noted that they gained rapid service recovery from downtime events. In addition, they found that they achieved better monitoring and alerting processes that provided quicker insights into any abnormal or unusual behaviors. Interviewed organizations also appreciated that routine security patching was scalable and significantly accelerated. These benefits ultimately reduced the number of impactful security breaches and helped compliance initiatives.

Study participants explained these benefits in greater detail:

Rapid service recovery from downtime (healthcare organization):
"A big benefit of HPE Managed Services is that my organization has less downtime and better service recovery. We are able to deploy and fix services more rapidly."

Better monitoring and alerting (retail organization):
"HPE Managed Services saves my security team a significant amount of time. It provides my organization with better alerting and monitoring. The service gives us quicker insights into any abnormal behavior."

Quick security patching (utilities organization):
"HPE Managed Services is quicker at patching. Once the schedule time is set for our 600 servers, HPE will do the patching in a week. Without HPE Managed Services, that level of patching would take a month."

Strong level of compliance services (retail organization):
"HPE Managed Services has reduced the frequency of impactful security breaches because of the level of compliance services that they supply; my organization is more secure and closely monitored. They pay attention to the service being rendered because they have compliance obligations, and they are now 200% compliant."

IDC verified these anecdotal observations with quantified data. Interviewed companies reported that security teams benefited from HPE Managed Services using automation to update and patch their environment at scale and on a regular basis. HPE also aided in monitoring and alerting organizations to any abnormal behavior in their IT processes, thereby enabling them to address concerns before they became impactful.

IDC calculated the following KPIs after adoption:

- 43% quicker to deploy security patches
- 45% fewer impactful security breaches
- 50% quicker to respond to potential security breaches

Table 7 further quantifies these benefits. As shown, security operations teams needed 4.2 fewer FTEs to manage their environment than with previous or alternative solutions. In total, this amounted to an efficiency gain of 18%, which IDC valued at $422,019 in staff time per year.

TABLE 7

Security Operations Efficiency Gain

	Before/Without HPE Managed Services	With HPE Managed Services	Difference	Benefit
FTEs required for equivalent environments	23.7	19.4	4.2	18%
Value of staff time per year	$2.4M	$1.9M	$422,019	18%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Applications and databases are the workhorses of end-user activity. Study participants reported that HPE Managed Services significantly reduced the frequency of unplanned application/database downtime outages occurring while improving the time it took to resolve any events that did occur.

Ultimately, this improved end-user productivity levels. After adoption, the number of outages occurring annually reduced by 30% (see **Table 8**, next page). In addition, when disruptions did occur, they were able to be remediated 37% faster. These metrics yielded a combined 56% improvement in productivity and an annual average business value of $418,801.

TABLE 8

Application/Database Unplanned Downtime — End-User Impact

	Before/Without HPE Managed Services	With HPE Managed Services	Difference	Benefit
Number of outages per year	4.30	3.00	1.30	30%
MTTR (hours)	8.70	5.50	3.20	37%
Number of users impacted by downtime	1,616.70	1,616.70		
Percentage of productivity loss	33%	33%		
Productivity loss per organization (FTEs)	10.80	4.78	6.00	56%
Value of lost productive time per year	$753,553	$334,751	$418,801	56%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Interviewed companies reported that internal end users gained additional productivity benefits because their business-critical applications were able to perform with greater speed, availability, agility, and functionality. Factoring in a 15% operating margin, this increased application and database performance enabled end users to work with the equivalent productivity level of having an additional 17.2 FTEs on staff. IDC valued this productivity gain at $1.2 million per year (see **Table 9**, next page).

TABLE 9

Business Enablement — End-User Productivity Gain

	Before/Without HPE Managed Services	With HPE Managed Services	Difference	Benefit
Equivalent productivity level (FTEs per organization)	950.0	1,065.0	114.8	12%
Equivalent net productivity level (FTEs per organization)	950.0	967.0	17.2	1.8%
Calculated value of productivity	$66.5M	$67.7M	$1.2M	1.8%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

ROI Summary

Summing up Business Value benefits, **Table 10** presents IDC's ROI analysis for study participants' use of HPE Managed Services. As shown, IDC projects that these companies will achieve three-year discounted benefits worth an average of $7,594,000 per organization through better IT performance, enhanced staff efficiencies, and improved business results. These benefits compare with total three-year discounted costs of $1,631,400 per organization. These levels of benefits and investment costs are projected to result in an average three-year ROI of 365% and a break-even point in their investment occurring in 8.1 months.

TABLE 10

Three-Year ROI Analysis

	Per Organization	Per 100 Supported Servers
Benefits (discounted)	$7.6M	$734,429
Investment (discounted)	$1.6M	$157,776
Net present value (NPV)	$6.0M	$576,654
ROI	365%	365%
Payback period	8.1 months	8.1 months
Discount factor	12%	12%

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

Challenges/Opportunities

Driving business outcomes is how a partner/vendor's solutions will be measured. This means that companies will face a range of "solutions and services" that all vie to be transformative and drive better outcomes. For organizations with many business priorities and stakeholders, this may prove challenging. HPE will need to connect the dots between technical/operational outcomes and business outcomes. Service providers such as HPE will need to differentiate their solutions to stand out from their competitors. IDC believes that HPE's services will need to play a key role in driving business, technology, and operational success. To achieve customer outcomes, HPE will need the combination of the right tools, technologies, people, and processes. HPE Managed Services offers customized engagements to help organizations achieve specific business outcomes. A challenge for many organizations is understanding, defining, and prioritizing their own business outcomes. IDC recommends engaging with a services firm early in the process to help define and align outcomes with IT investments to ensure that success is achieved with minimal impact to the business.

Conclusion

As more IT organizations are tasked with ensuring that technologies are enabling specific business outcomes, CIOs and IT managers need to maintain a high level of service delivery while incorporating critical new solutions. For many enterprises, Managed Services can help resource-strapped IT organizations focus on strategic technology solutions that can deliver the latest innovations for demanding business managers. IDC believes that HPE Managed Services can be a suitable choice for IT teams that need comprehensive deployment, monitoring, and ongoing optimization across any complex IT landscape.

Appendix 1: Methodology

Table 11 shows specific calculations for the benefits that interviewed companies derived from the use of HPE Managed Services.

TABLE 11

Benefits from Use of HPE Managed Services

Category of Value	Average Quantitative Benefit	15% Margin Applied	Calculated Average Annual Value*
IT-related cost savings	$141,507 annual IT cost avoidance	No	$119,101
IT infrastructure team efficiency gain	22% more efficient worth 13.2 FTEs — $100,000 salary	No	$1.1M
IT help desk team efficiency gain	16% more efficient worth 1.7 FTEs — $100,000 salary	No	$144,286
Developer productivity gain	11% more productivity worth 1.6 FTEs — $100,000 salary	No	$136,771
Security operations efficiency gain	18% more efficient worth 4.2 FTEs — $100,000 salary	No	$355,200
Application/database unplanned downtime — end-user benefit	56% less productivity loss worth 6 FTEs — $70,000 salary	No	$352,491
Business enablement — end-user productivity gains	12% more productive worth 114.8 FTEs — $70,000 salary	Yes	$1.0M
Total average annual benefits	**$3.2 million per organization per year**		

* Includes 5.7 months deployment time in year one

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of HPE Managed Services as the foundation for the model. Based on interviews with organizations using HPE Managed Services, IDC performed a three-step process to calculate the ROI and payback period:

- **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of HPE Managed Services.** In this study, the benefits included IT cost reductions and avoidances, staff time savings and productivity benefits, and revenue gains.
- **Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using HPE Managed Services and can include additional costs related to migrations, planning, consulting, and staff or user training.
- **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of HPE Managed Services over a three-year period. ROI is the ratio of the net present value and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For the purposes of this analysis, IDC has used assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- Further, because HPE Managed Services requires a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

Appendix 2: Supplemental Data

This appendix provides an accessible version of the data for the complex figure in this document. Click "Return to original figure" below the table to get back to the original data figure.

FIGURE 2 SUPPLEMENTAL DATA

Average Annual Benefits per Organization

	Amount
IT-related benefits	$1,509,649
Business enablement benefits	$1,014,471
Security and performance benefits	$707,691
Total	**$3.2M**

n = 6; Source: IDC Business Value In-Depth Interviews, November 2023

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About the IDC Analysts

Megan Szurley

Senior Research Analyst, Business Value Strategy Practice, IDC

Megan Szurley is a senior research analyst for the Business Value Strategy Practice, responsible for creating custom business value research that determines the ROI and cost savings for enterprise technology products. Megan's research focuses on the financial and operational impact of these products for organizations once deployed and in production. Prior to joining the Business Value Strategy Practice, Megan was a consulting manager within IDC's Custom Solutions division, delivering consultative support across every stage of the business life cycle: business planning and budgeting, sales and marketing, and performance measurement. In her position, Megan partners with IDC analyst teams to support deliverables that focus on thought leadership, business value, custom analytics, buyer behavior, and content marketing. These customized deliverables are often derived from primary research and yield content marketing, market models, and customer insights.

More about Megan Szurley

Rob Brothers

Program Vice President, Datacenter and Support Services, IDC

Rob is a program vice president for IDC's Datacenter and Support Services program, as well as a regular contributor to the Infrastructure Services and Financial Strategies programs. He focuses on worldwide support and deployment services for hardware and software and provides expert insight and intelligence on how enterprises should be addressing key areas for datacenter transformation and edge deployment and management strategies. IT hardware services covered include IoT devices, converged infrastructures, storage, servers, client devices, networking equipment, and peripherals. Software covered includes software-defined infrastructures, cloud support, operating systems, databases, applications, and system software. He also has expertise in the latest consumption models, which include as-a-service models such as device as a service.

More about Rob Brothers

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Elaina Stergiades is the Research Manager for IDC's Software Support Services program. In this position, she provides insight and analysis of industry trends and market strategies for software vendors supporting applications, development environment and systems software. Elaina is also responsible for research, writing and program development of the software support services market.

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