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# ***IT Consolidation at the new HP***

***Hewlett Packard***



**i n v e n t**

***Prepared for:***  
***AF IT Services Strategy***  
***Industry Focus Session***

**4 Feb. 04**

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# *Briefing Agenda*

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- **Merger!**
- **Re-Architecting an Enterprise**
  - **Consolidation**
  - **Scope**
  - **Business Process Driven**
  - **IT Infrastructure and Process**
- **How we did it**
- **Results**
- **Lessons**

# *The Decision to Merge with Compaq: Why?*

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- **IT industry needed consolidation**
- **Strategic alignment between HP and Compaq; transform HP to leadership market share positions**
- **Belief that a blend of HP's culture of technology leadership coupled with Compaq's execution capability would be a powerful combination**
- **Estimated annualized cost savings of \$2.5B in 2 years**

# *IT Consolidation*

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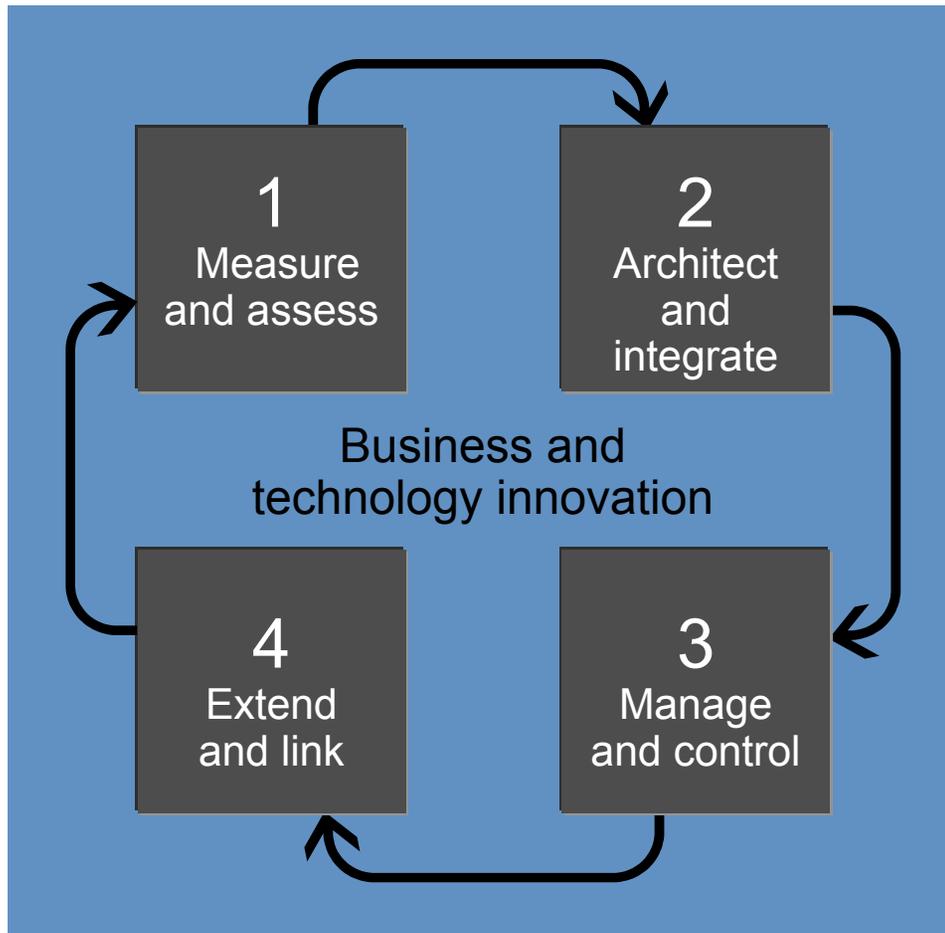
- **To realize the financial and operational goals of the merger required IT Realignment and Consolidation on a massive scale**
  - **IT Management and Governance**
  - **Infrastructure**
  - **Applications**

# *The Consolidation Problem*

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- **1,200 + Sites**
- **215,000 Desktops**
- **7,000 + Applications**
- **900 + Web Servers**
- **21,671 Servers**
- **49,000 Network devices**
- **228,000 Mailboxes**
- **26M emails per week**
- **30M B2B messages monthly**
  
- **+ have to grow market share**

# How did HP do it?

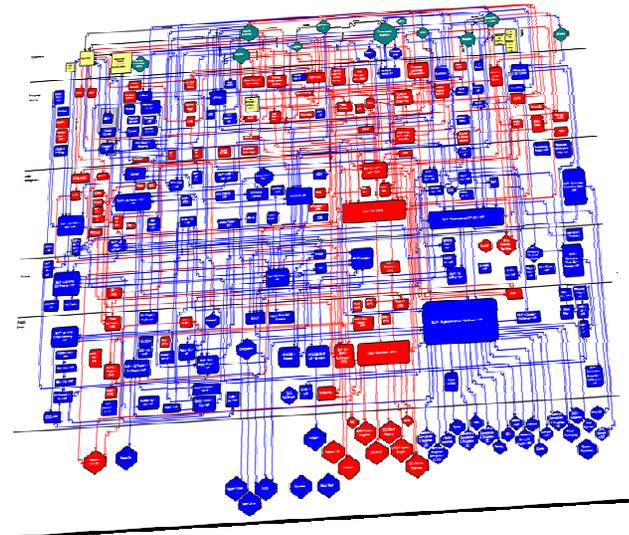


## A disciplined approach

- An integrated plan of record with rigorous program management
- Applied design principles across the entire IT environment
- Deployed adaptive network architecture to enable day one communication with suppliers, employees and customers
- Implemented Utility Data Center in Palo Alto, Bristol
- Implemented KeyChain to enable suppliers to deal with real-time shifts in pricing, production and capacity
- Outsourced IT environment to HP Services
- Scaling e-business operations

# Merger Landscape

## – Applications and Processes



Most mergers are organized around financial flows or organization structure

### Business Process Framework

#### Merged Level Zero and Level One Process Map



#### Level 0

1.0 Create & mg products/ services	2.0 Market products/ services	3.0 Sell products/ services	4.0 Perform order management	5.0 Manage supply chain operations	6.0 Manage & support customers	7.0 Plan & manage performance	8.0 Manage finances & accounting	9.0 Manage human resources	10.0 Manage information resources	11.0 Manage physical assets	12.0 Manage support services
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#### Level 1

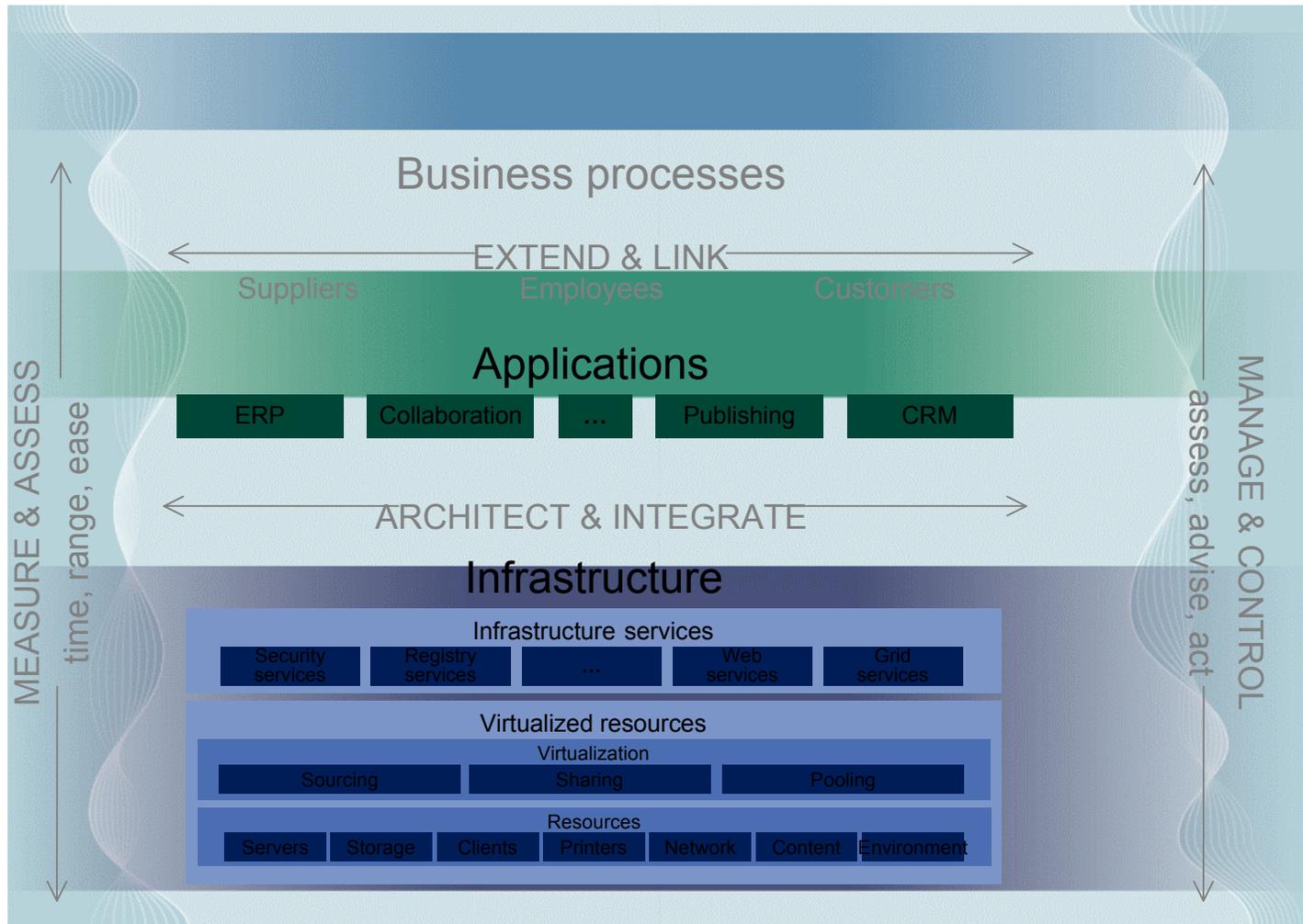
1.1 Perform research & design	2.1 Perform market analysis	3.1 Develop sales plan & quotas	4.1 Capture orders	5.1 Plan	6.1 Establish & manage customer relationships	7.1 Monitor external environment	8.1 Process financial transactions	9.1 Establish HR policies	10.1 Create & manage enterprise architecture	11.1 Acquire physical assets	12.1 Provide legal services
1.2 Prototype products	2.2 Develop marketing plan	3.2 Perform direct sales	4.2 Manage orders	5.2 Source	6.2 Manage customer interface infrastructure	7.2 Create & manage business plan	8.2 Plan & manage budgets	9.2 Manage employee recruiting & training	10.2 Create & manage infrastructure & operations	11.2 Maintain physical assets	12.2 Provide security
1.3 Create & mg product data	2.3 Implement marketing plan			5.3 Make	6.3 Provide information & training	7.3 Evaluate business results	8.3 Manage cash & liquidity	9.3 Manage compensation & benefits	10.3 Provide software solutions	11.3 Dispose of physical assets	12.3 Perform admin. functions
1.4 Manage product life cycle				5.4 Deliver	6.4 Manage customer inquiries	7.4 Initiate & manage improvements	8.4 Analyze & report results	9.4 Administer health, safety & security programs	10.4 Provide user support and training		12.4 Perform project management
				5.5 Return	6.5 Manage service & support delivery		8.5 Plan & manage taxes				

HP chose to organize around process control for the target company

**An approach to transform IT organizations  
to being business-driven,  
focusing on continuous business-IT alignment,  
and delivering IT services  
at agreed-upon service levels,  
quality, agility, and cost targets**

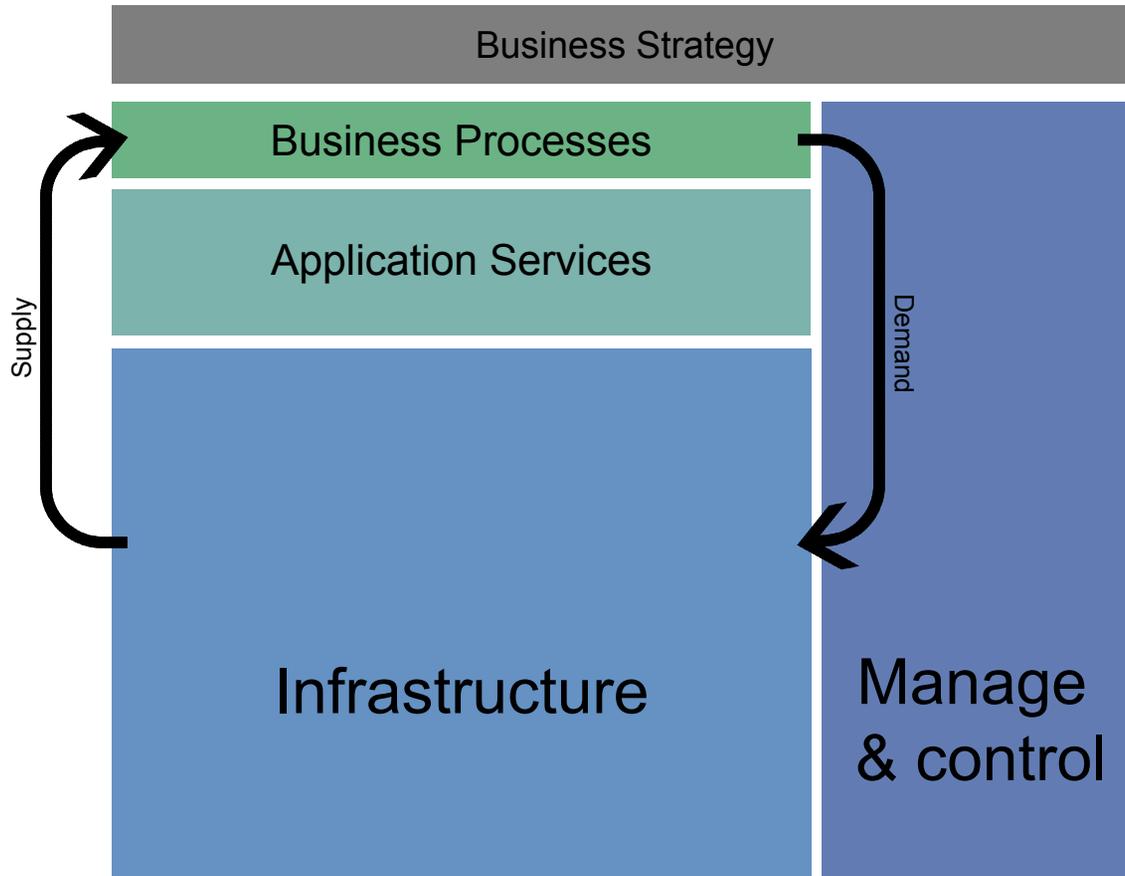
**Successful IT transformation is enabled by a step-wise  
approach based upon the customer ITSM maturity level,  
challenges faced, and business imperatives  
through the HP ITSM Reference Model!**

# HP IT Architecture Framework

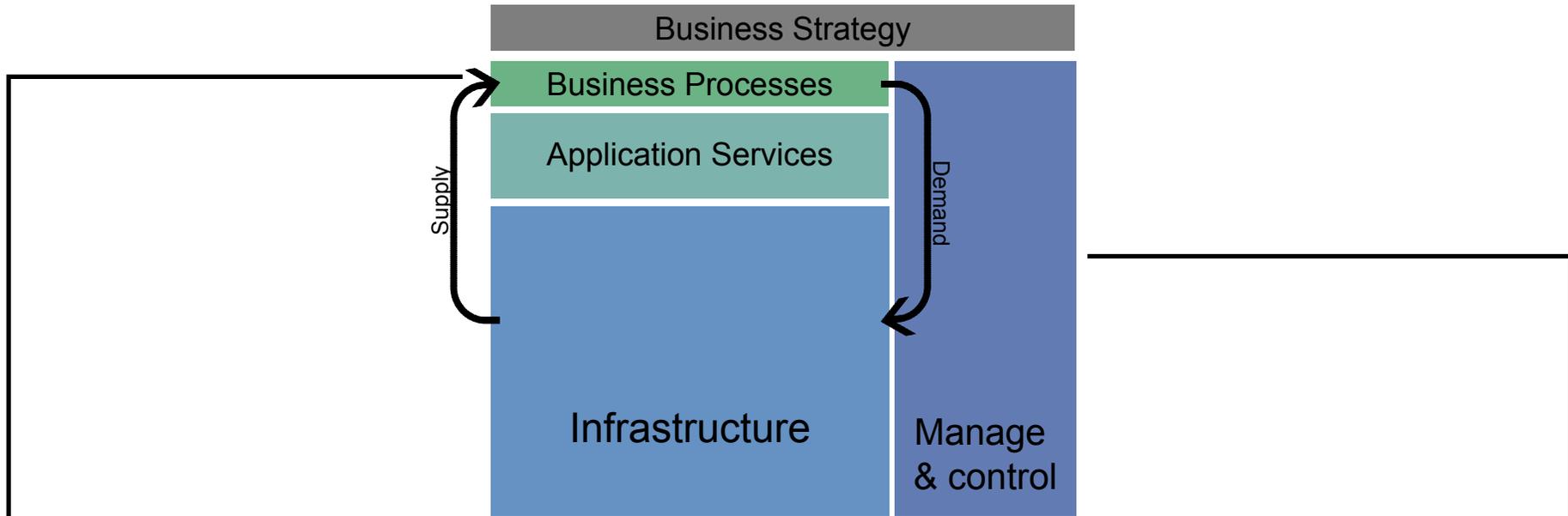


# *HP's architectural vision for an adaptive enterprise*

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# Connection to the Business process layer – the lynchpins of an Adaptive Enterprise



*IndustryPrint's Business Process Architecture (Manufacturing Industry Specific example)*

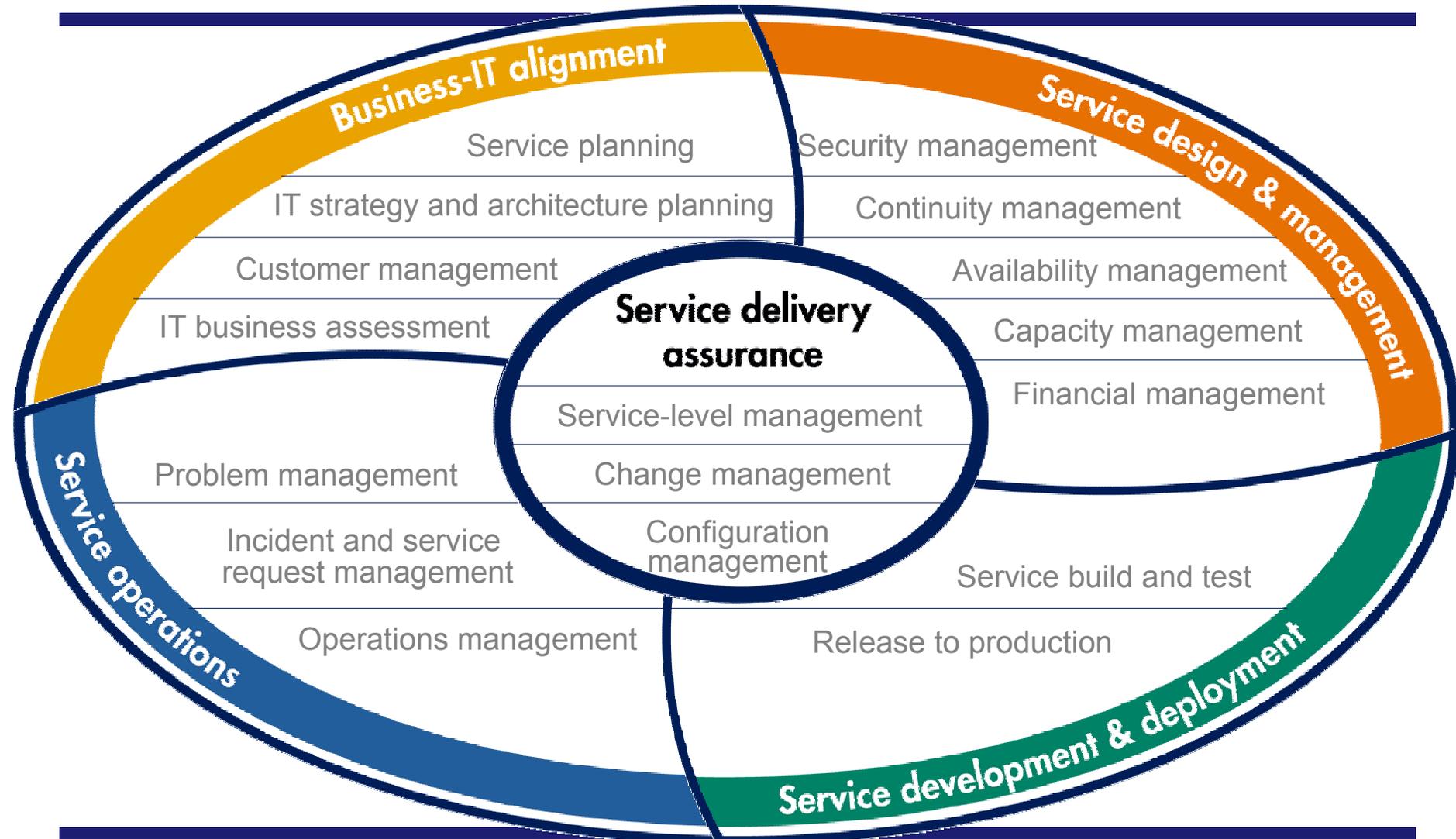


*Gartner's Business Performance Framework (Industry Agnostic example)*



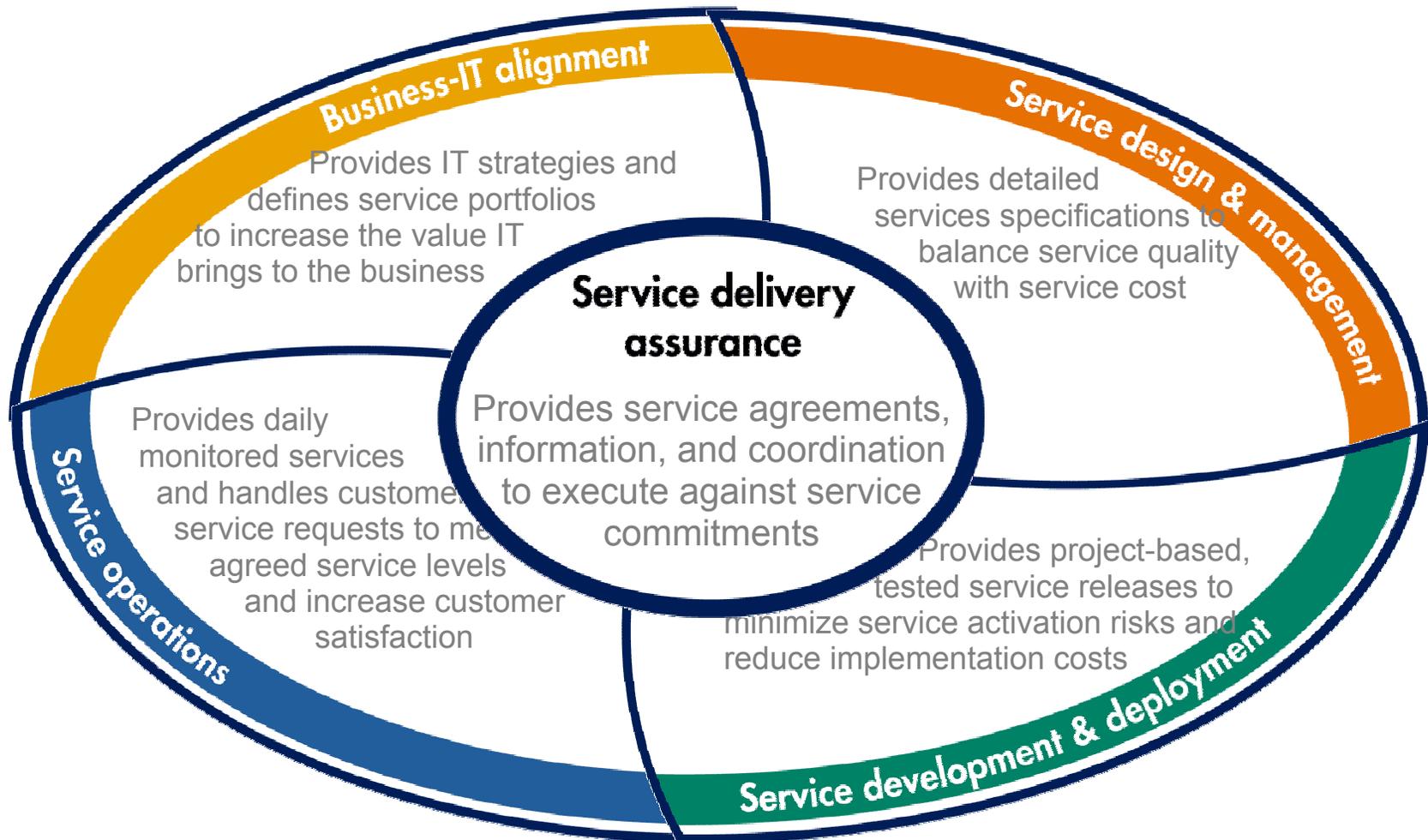
# HP IT Service Management Reference Model

## Process groups

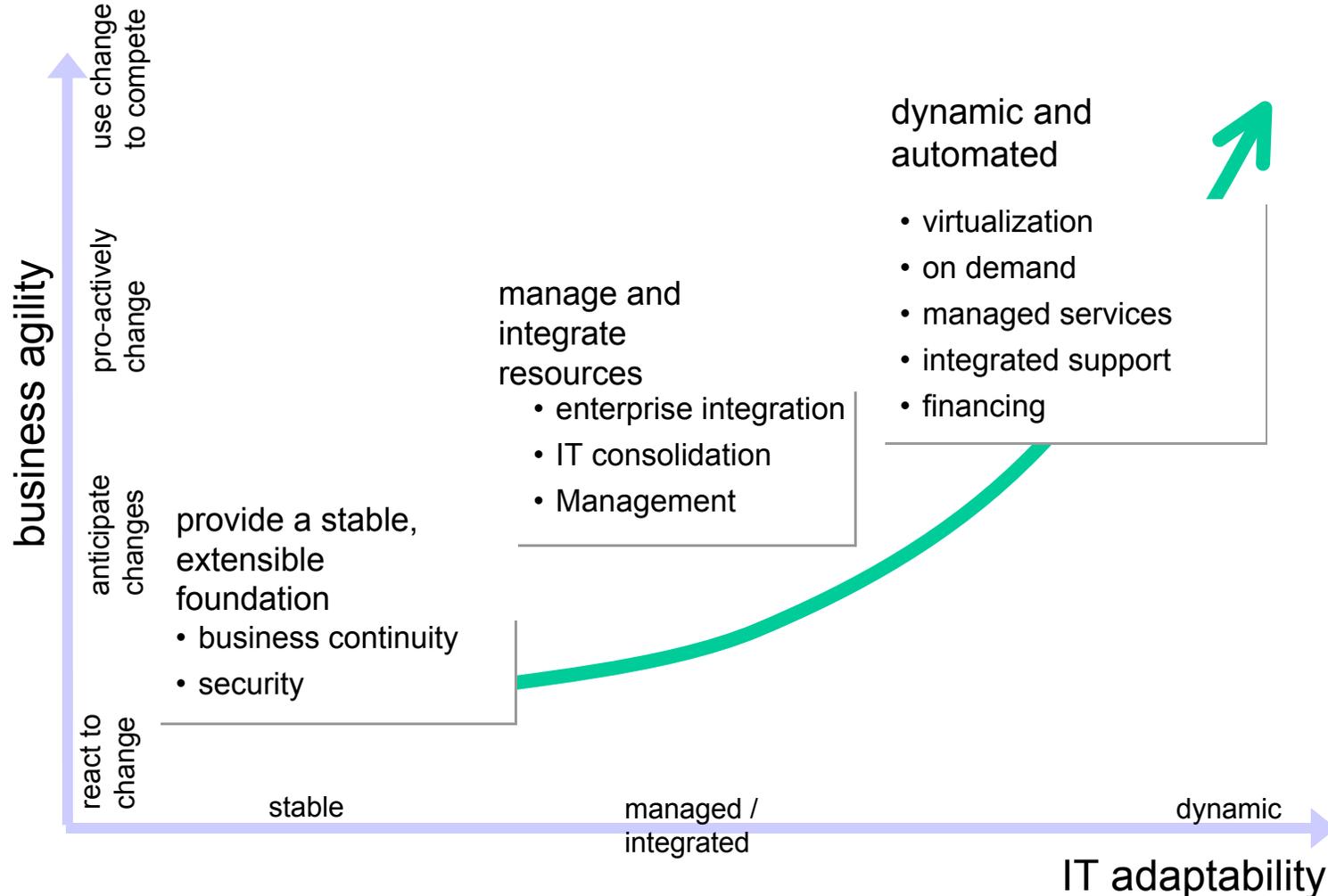


# HP IT Service Management Reference Model

## Goals by process group



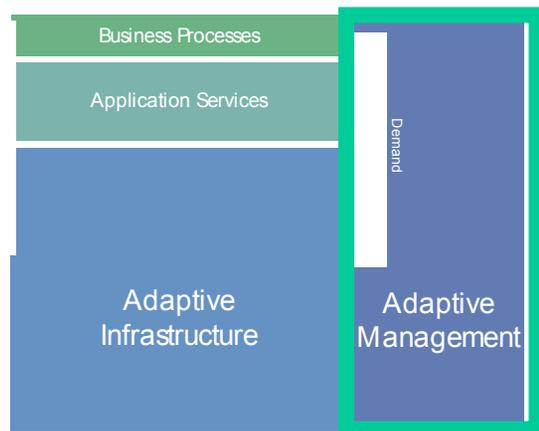
# building the foundation of an adaptive enterprise



# HP Adaptive Infrastructure attributes

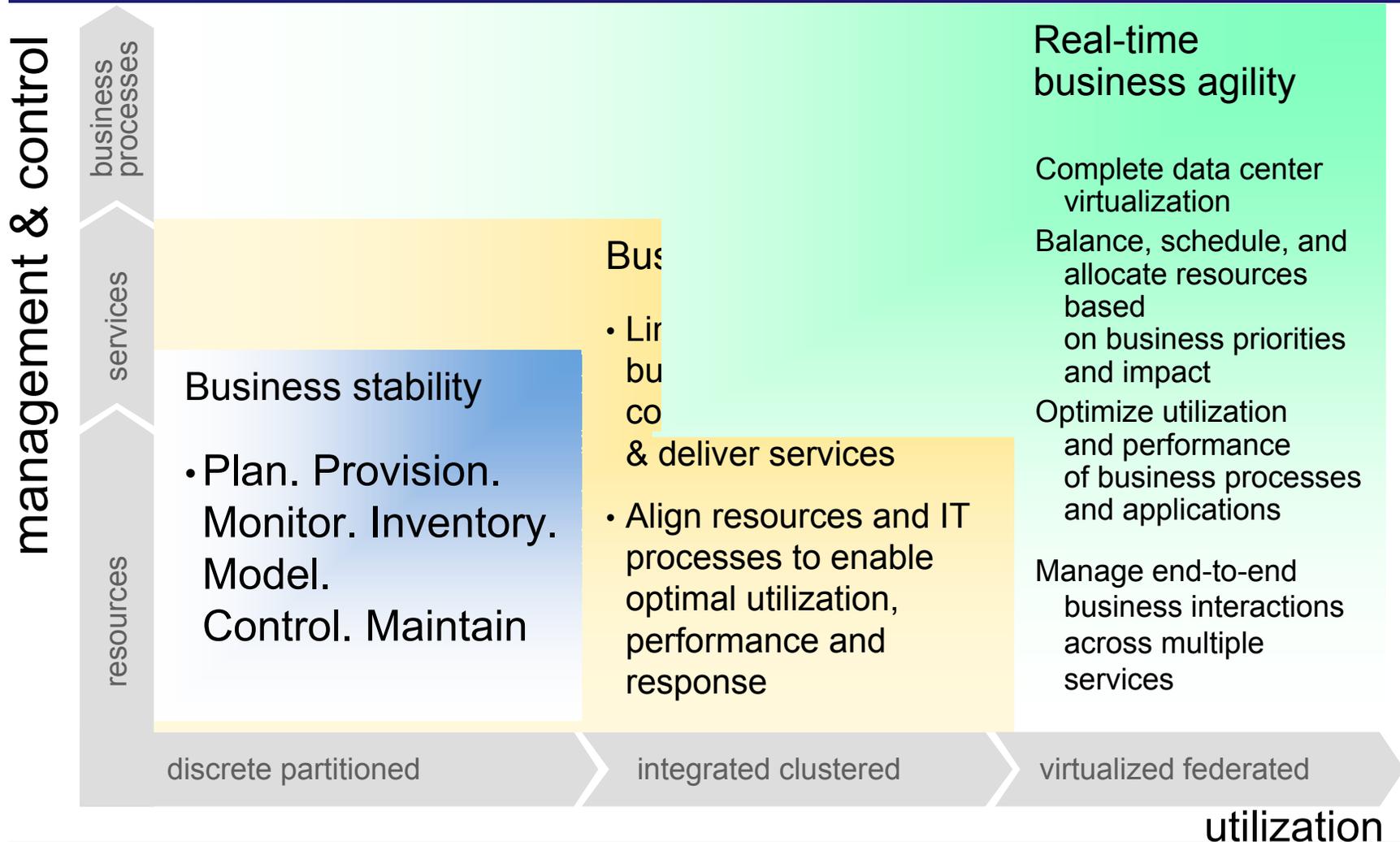
	storage	servers	software
automated intelligent management	<ul style="list-style-type: none"> <li>business rule driven quality of service</li> <li>heterogeneous resource management</li> <li>lifecycle data management</li> <li>integrated storage resource management</li> </ul>	<ul style="list-style-type: none"> <li>anywhere, anytime resource control</li> <li>remote management</li> <li>automated maintenance</li> <li>built-in self aware component management</li> </ul>	<ul style="list-style-type: none"> <li>dynamically adjust and manage virtualized resources</li> <li>automated actions to assure service availability</li> <li>end-to-end business-critical transaction management</li> </ul>
dynamic resource optimization	<ul style="list-style-type: none"> <li>array-, appliance and fabric-based virtualization</li> <li>modular, extensible network storage</li> <li>storage provisioning</li> <li>integrated nearline technologies</li> <li>scalable SAN</li> </ul>	<ul style="list-style-type: none"> <li>virtualized datacenter</li> <li>modular, virtualized scale up and out architectures</li> <li>multi OS partitioning &amp; workload optimization</li> <li>automated deployment/provisioning</li> <li>hot plug components</li> </ul>	<ul style="list-style-type: none"> <li>dynamic resource allocation based on service levels</li> <li>virtualization, workload management, provisioning and deployment to drive highest resource utilization</li> </ul>
continuous secure operations	<ul style="list-style-type: none"> <li>self-healing</li> <li>disaster tolerant</li> <li>remote management</li> <li>data replication, protection and restoration</li> <li>network security</li> </ul>	<ul style="list-style-type: none"> <li>high availability continuum from mission critical to fault tolerant</li> <li>clustering</li> <li>built in security</li> <li>intelligent fault resilience</li> </ul>	<ul style="list-style-type: none"> <li>assured availability and performance of business-critical services</li> <li>rapid fault detection &amp; resolution</li> <li>self-healing software</li> </ul>

# *adaptive management attributes*



- manage end-to-end business interactions across multiple services
- dynamically adjust supply of resources to support business processes
- link IT with the business – communicate, measure & deliver services
- align resources and IT processes to enable optimal utilization, performance and response
- plan. provision. monitor. inventory. model. control. maintain

# Implementing adaptive management



# Consolidation: HP's Experience

Biggest tech merger The challenge:	Business 9 months later:	Financial 9 months later:
<p>1,200 + Sites networked</p> <p>215,000 Desktops</p> <p>7,000 + Applications</p> <p>900 + Web Servers</p> <p>21,671 Servers</p> <p>49,000 Network devices</p> <p>228,000 Mailboxes</p> <p>26M emails per week</p> <p>30M B2B messages monthly</p> <p>+ have to grow market share</p>	<ul style="list-style-type: none"> <li>■ Customers interact with us as one company 24 x 7)</li> <li>■ Our products &amp; services go to market as “one”</li> <li>■ Combined workforce operates as a single company</li> <li>■ Accelerated business growth:               <ul style="list-style-type: none"> <li>■ grew market share in all key segments</li> <li>■ registered 3000 new patents</li> <li>■ introduced 367 new products</li> </ul> </li> </ul>	<p>\$3 billion in cost savings</p> <p>\$1.3 billion in supply chain integration savings</p> <p>26% reduction in build-to-order PC manufacturing costs</p> <p>\$20 million annual savings in financial transaction processing costs</p> <p>24% overall reduction in IT costs</p> <p>29% reduction in applications portfolio.</p> <ul style="list-style-type: none"> <li>■ Reduced and simplified applications portfolio from 7,000 to 5,000</li> <li>■ e-business operations on a path to triple transactions by 2004</li> <li>■ Rolled out world's largest, most complex PeopleSoft 8.0 e-HR installation</li> </ul>

# Strategic Fundamental Simplify IT Solution Portfolio

**Disciplined Enterprise Architecture driven governance  
measurable goals and accountabilities established**

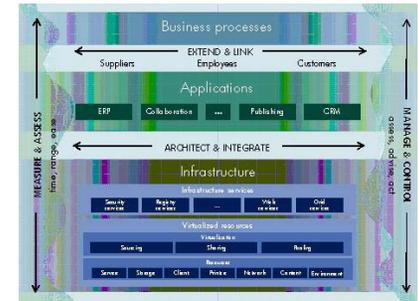
**Dramatic reduction in applications, application  
and associated server, storage infrastructure**

**Global, Common Principle for application and infrastructure services**

**Applications and Infrastructure Services developed using standard  
building blocks (Service Oriented Architectures)**

**Adaptive Infrastructure and other Utility Data Center capabilities and  
operating models in place**

**And most importantly.....**



# Linking *PROCESS* and *IT Governance*

Global Operations  
Business Processes

Supply Chain  
Customer Operations  
eBusiness  
Indirect Procurement

ITSM

Information Technology

Organization and Operating Model = People  
Application Portfolio = Logical  
Data Centers, Telecommute, etc. = Physical



**i n v e n t**