

Measuring the Economic Benefits of Symantec™ Managed Backup Services

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Executive summary

Symantec™ Managed Backup Services provide comprehensive 24x7 management of backup and recovery operations under strict service-level agreements (SLAs), allowing organizations to focus on their core business priorities without relinquishing ownership of their backup technology.

Out-tasking backup and recovery operations to Symantec Managed Backup Services delivers an average of \$250,000 annually in operational cost savings. This represents a 15–25 percent savings in operational costs in the first year alone. In most cases, moving to Symantec Managed Backup Services can be justified simply on the basis of lower operating costs. These savings come from the following sources:

- **Direct staffing costs**—recoverable costs from out-tasking staff to Symantec
- **Technology costs**—cost savings from the more efficient use of disk arrays, tape drives, and tape media
- **Backup/Restore operations costs**—lower cost of reporting, policies and procedures, and other costs of running backup and recovery operations

In most scenarios, you will be able to make the economic case for Symantec Managed Backup Services based on these **direct operational cost savings alone**, which is critical in today’s economic environment. There are additional economic benefits that help further justify the move to Symantec Managed Backup Services, including:

- **Incident response costs**—fewer helpdesk incidents and major data recovery efforts
- **Business costs**—less disruption and business downtime from failed data restoration

The results outlined in this paper come from analyzing existing Symantec Managed Backup Services customers’ and prospects’ total cost of ownership (TCO) and comparing in-house and outsource scenarios, as indicated in the following example.

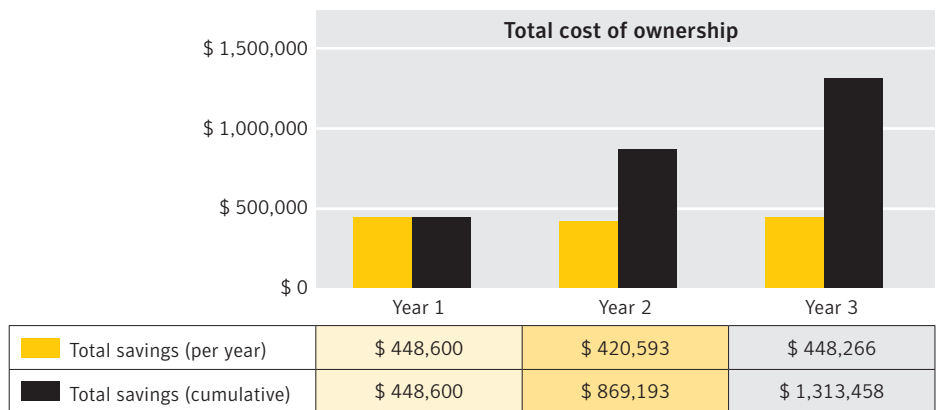


Figure 1: TCO savings delivered by Symantec Managed Backup Services for a logistics company (for complete scenario, see page 10)

Measuring the Economic Benefits of Symantec Managed Backup Services

This paper discusses methods for measuring total economic benefit of out-tasking backup and recovery operations to a managed service provider. It covers the critical role that operational cost savings must play in any out-tasking decision, and reviews additional factors that encompass the total economic benefit of Symantec Managed Backup Services. Finally, it reviews three typical customer scenarios, and demonstrates where savings can be best achieved for medium- and large-sized backup and recovery operations.

About Symantec Managed Backup Services

Symantec Managed Backup Services provide comprehensive 24x7 management of backup and recovery operations under strict SLAs, allowing organizations to focus on their core business priorities while retaining ownership of their backup technology. Organizations can meet internal and regulatory requirements at manageable costs by uniting Symantec's award-winning managed services and leading data protection technologies.

Based on ITIL processes and deep product knowledge, Symantec Managed Backup Services combine local management—onsite or off-site—with remote round-the-clock monitoring, incident management, and planning and optimization assistance. The services are managed by a local service delivery manager, who supervises day-to-day operations and provides comprehensive monthly account reviews.

Symantec operates to strict service levels. Some key minimum service commitments for the Managed Backup Services described in this paper are:

- **Backup success rate.** The keystone to successful data recovery is backup success rates. A world-class backup operation should be above 95 percent monthly average for backup success. Symantec will successfully back up at least 97 percent of in-scope clients.
- **Restore request response.** Symantec will initiate all restores within two hours of it being requested—night or day.
- **Service reporting.** Symantec will issue a nightly backup report by midday the following day, and a monthly service report within two days of month-end.

Costs and benefits of out-tasking backup and recovery operations

Many factors must be considered when deciding how to structure a company's backup and recovery operations; the ability to hire and retain a backup and recovery operations team, the impact of failed backup and restoration to business productivity, and your company's risk and regulatory profile are but a few. However, in today's economy, cost is often of paramount concern.

As with any in-house vs. outsource decision a company makes, backup and recovery operations must deliver a sufficient operational cost benefit in order to consider out-tasking. Out-tasking backup and recovery operations does offer hard-dollar cost savings, and it must be measured effectively.

Methods of measuring economic benefits

How best to measure the impact of out-tasking backup and recovery operations is primarily an operational decision—total cost of ownership (TCO) is the most effective measurement to make this decision. Let's look briefly at common measurement tools:

- **Return on investment (ROI)** is the most common measurement used by buyers and vendors when considering technology investment. ROI models are effective for companies considering new investments, and typically compare new revenue and associated cost. ROI is ineffective for making decisions on backup and recovery operations as operations are already ongoing and there is not a new investment decision to be made.
- **Total cost of ownership (TCO)** typically assumes that project decisions have been made—in this case the decision to spend on backup and recovery operations. Because every company backs up and restores data, there is no new investment decision to be made. TCO is an effective tool to compare in-house vs. out-tasking scenarios to discover the most cost-effective way of providing backup and recovery operations.
- **Total economic benefit (TEB)** adds additional economic factors—sometimes considered soft benefits—onto TCO to capture a complete picture of the economic impact. In this case, TEB adds lower incident response costs and lower business costs to the TCO calculation.

This paper and the accompanying economic benefit model rely primarily on total cost of ownership (TCO) and total economic benefit (TEB) calculations.

Operational cost savings

Any TCO model for out-tasking of backup and recovery operations must rely on quantifiable cost savings, clearly separating out hard-dollar savings from softer benefits such as lower revenue loss from business downtime. Most out-tasking decisions are based on operational cost savings—backup and recovery operations should be no different. IT operations professionals must be wary of vendor ROI practices that attempt to justify investment based only on business downtime, brand impact, employee morale, or other soft factors.

Hard-dollar operational savings for backup and recovery operations come from three areas:

- **Direct staffing**—redeploying or eliminating staff from basic backup and recovery operations to other backup, restoration, system administration, and IT tasks
- **Technology**—lower cost of disk arrays, tape drives, and tape media resulting from optimized use of existing investments
- **Operations**—avoided cost of developing and managing operational policies and procedures

It is critical to account for all costs when comparing TCO for different scenarios. For backup and restore operations, companies must account for the full cost of running an effective backup function, in compliance with regulations, and the cost and frequency of recovery from failed backups.

Measuring the Economic Benefits of Symantec Managed Backup Services

Additional benefits

If additional benefits are included in any economic analysis, ensure that they are clearly broken out separately, and make sure that you have the ability to adjust model assumptions to meet your company's specific needs.

For backup and recovery operations, additional quantifiable benefits are delivered primarily by lowering the overall number of incidents and information losses caused by failed backups and restorations. These benefits include:

- **Lower cost of incident response**—savings delivered in two areas: fewer helpdesk incidents and fewer major data recovery efforts. Poor backup success rates lead to these two types of incidents, and guaranteed service-level agreements from a managed backup provider mitigate these costs.
- **Avoided cost of business downtime**—business value of faster data restoration and fewer incidents causing major business downtime. Just as failed backups lead to IT costs, they also lead to business costs.

Some benefits, such as morale and retention of key employees, are important considerations but are just not quantifiable.

Running an effective backup operation

Before examining the specific economic benefits of Symantec Managed Backup Services, it's important to look at how most companies spend on the three areas of proposed savings:

- **Direct staffing.** Larger companies have dedicated backup teams, with internal expertise in Veritas NetBackup™, disk arrays, tape drives, backup policies, etc. Mid-sized and smaller operations often fold this capability into the storage team or general IT operations. Regardless of staffing model, staff must run the backups, restore when backups or systems fail, procure more tape drives and media, and keep Veritas NetBackup running smoothly.
- **Technology.** Companies spend a great amount of money on technology to run their backup and recovery operations. Beyond the cost of Veritas NetBackup, companies must procure hardware and media to perform and store backups. Much of that spend is variable depending on the effectiveness of the backup and recovery operations—how well-architected the environment is, and whether technology-friendly policies are designed and adhered to. Repeatedly, Symantec Managed Backup Services customers have been able to eliminate upwards of 60 percent of their variable media technology costs from their environment due to better architecture, policies, and operational excellence.
- **Operations.** Running effective backup and recovery operations comes from constant vigilance. Backup and recovery operations must be designed and managed on an ongoing basis, and companies must develop an operations manual, setting policies and procedures for backups, retention, restoration, and escalation. This costs hard dollars.

Now let's take a look at the economic benefits provided by Symantec Managed Backup Services by looking at three typical customer scenarios.

Economic benefits of Symantec Managed Backup Services

Out-tasking operations to Symantec Managed Backup Services can deliver between \$200,000 and \$500,000 annually in operational cost savings, typically representing a 15–25 percent operational cost savings. These results come from analyzing existing Symantec Managed Backup Services customers' and prospects' total cost of ownership (TCO), comparing in-house and outsource scenarios.

Obviously, any company's results will differ based on assumptions on operational costs, technology investment, and risk profile. The best way to ascertain your company's expected economic benefit is to engage a Symantec account manager and create an economic model based on your company's operating environment.

Let's take a look at three scenarios that reflect typical Symantec Managed Backup Services customers:

Scenario 1—a large logistics company

This Fortune 500 logistics company backs up and recovers data from three separate data centers across over 3,000 servers. As a logistics company, data is absolutely critical to their business. They have historically invested in a world-class backup and restore infrastructure—in both technology and staffing. However, the company's ongoing investment in its in-house 24x7 staffing model has dramatically pushed up costs.

Large logistics company—in-house operations

Current staffing (based on utilization)	27	staff
Total servers to be backed up	3,100	nodes
Terabytes backed up per week	145	week
Yearly growth in data volume	10%	annual
Yearly growth in server nodes	5%	annual
Number of tape drives purchased annually	5	drives
Number of tapes utilized per year	6,000	annual

The logistics company began investigating managed backup providers. Symantec offered significant hard-dollar savings from the company's current operational model, and an increase in reliability and service levels.

TCO analysis demonstrated that the company could **save over \$400,000 annually** in operating costs alone by selecting Symantec to manage their backup and recovery operations. Not surprisingly given the company's large historical staffing investments, the primary cost savings comes from redirecting staff out of backup and recovery operations.

Measuring the Economic Benefits of Symantec Managed Backup Services

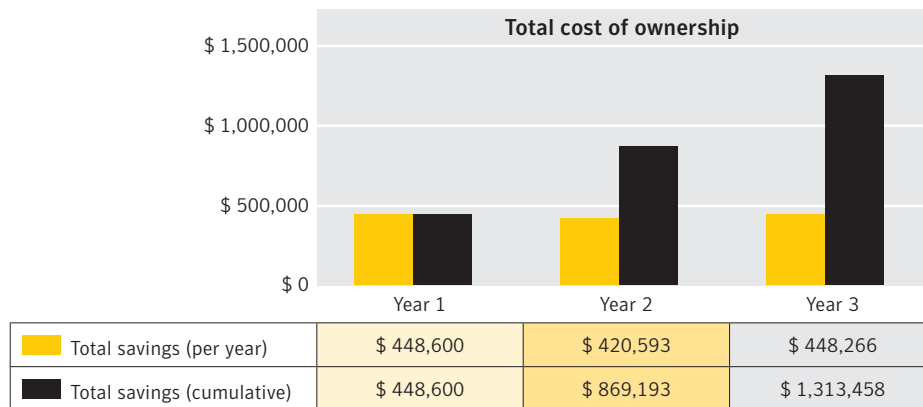


Figure 2: Large logistics company—TCO savings

In addition to staffing savings, the company was also able to save technology costs by reducing tape drive and disk array needs, as well as lowering the number of tapes utilized per year.

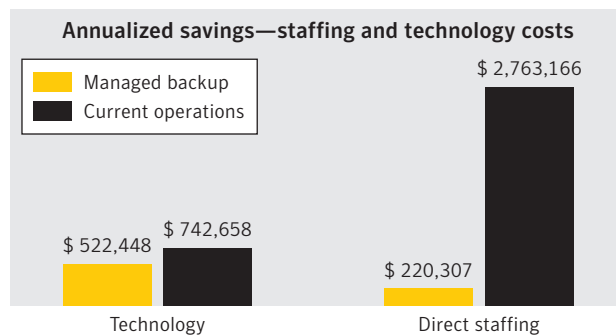


Figure 3: Large logistics company—staffing and technology savings

The total annual economic benefit of Symantec Managed Backup Services for this company is over \$1,500,000 per year, spread across hard-dollar savings on staffing and technology, as well as savings in incident and business costs.

Total economic benefit	Year 1	Year 2	Year 3
Recoverable direct staffing costs	\$ 2,419,850	\$ 2,540,843	\$ 2,667,885
Recoverable technology costs	\$ 203,750	\$ 219,750	\$ 237,131
Recoverable backup/restore operations costs	\$ 125,000	\$ 75,000	\$ 75,000
Recoverable incident response costs	\$ 187,500	\$ 196,875	\$ 206,719
Recoverable business costs	\$ 958,969	\$ 1,005,844	\$ 1,055,063
Managed backup service	(\$ 2,300,000)	(\$ 2,415,000)	(\$ 2,535,750)
Total economic benefit	\$ 1,595,069	\$ 1,623,312	\$ 1,706,047

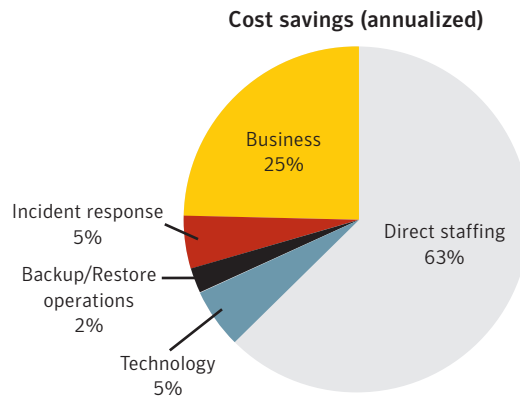


Figure 4: Large logistics company—annualized cost savings

Scenario 2—a global energy company

As one of the largest public energy companies in the world, this firm generates a tremendous amount of business data. Oil exploration produces notoriously large amounts of data, and business operations spanning five continents generate tens of terabytes each week. Energy is a highly regulated industry, so data that is backed up must be kept—sometimes for seven years, sometimes forever.

Today, this company does not aggressively staff their backup and recovery operations. For years, they have gotten by on relatively small staff and technology investment. This has led to a great deal of inefficiencies, which are evident in the tremendous amount of tape drives and media the company uses. Plus, they are facing rapid data growth resulting in a 25 percent annual growth rate in server nodes. The company projected zero percent staffing growth if they continued to maintain operations in-house, further reducing their ability to maintain service levels.

Global energy company—in-house operations

Current staffing (based on utilization)	7	staff
Total servers to be backed up	3,900	nodes
Terabytes backed up per week	120	week
Yearly growth in data volume	25%	annual
Yearly growth in server nodes	25%	annual
Number of tape drives purchased annually	8	drives
Number of tapes utilized per year	32,000	annual

The company turned to Symantec Managed Backup Services to drive both staffing and technology costs down while simultaneously moving the company to world-class service levels.

The TCO analysis demonstrated that the company could **save over \$400,000** a year in operating costs alone on an annualized basis by selecting Symantec to manage their backup and recovery operations. While it is intuitive for many companies to look to outsourcing to reduce staffing costs, in this case, staffing savings are matched by savings from technology costs.

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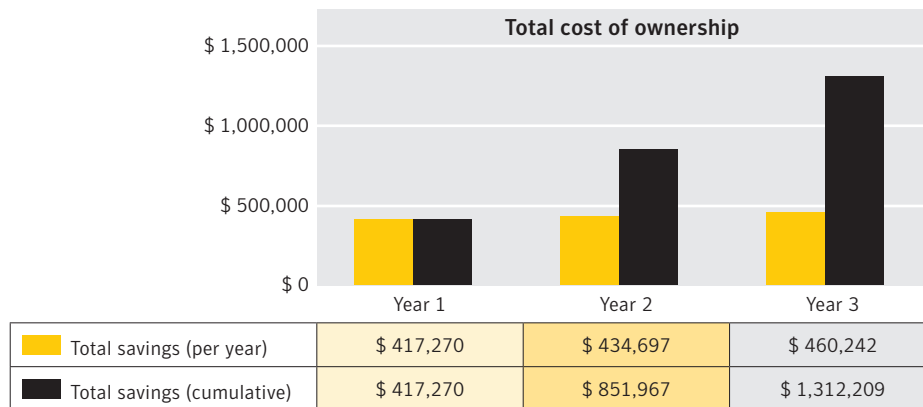


Figure 5: Global energy company—TCO savings

The company saves over \$900,000 annually in staffing costs, and over \$650,000 in technology costs. Symantec Managed Backup Services was able to recover over \$400,000 annually in tape media costs alone through policy and operational efficiencies.

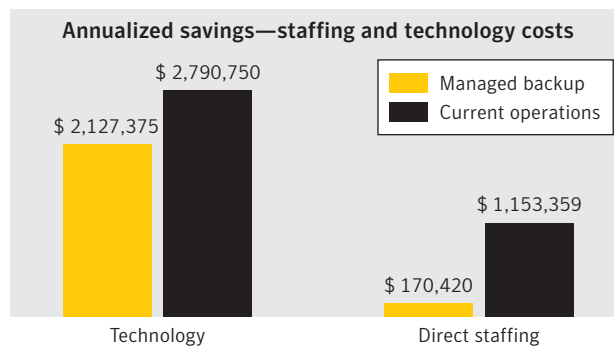


Figure 6: Large logistics company—staffing and technology savings

The average total economic benefit of Symantec Managed Backup Services for this company is over \$2,000,000 per year. Recoverable business costs were substantial in this case because poor backup success rates were driving up helpdesk incidents, and causing business loss through failed backups.

Total economic benefit	Year 1	Year 2	Year 3
Recoverable direct staffing costs	\$ 958,770	\$ 958,770	\$ 958,770
Recoverable technology costs	\$ 522,000	\$ 652,500	\$ 815,625
Recoverable backup/restore operations costs	\$ 21,000	\$ 33,000	\$ 33,000
Recoverable incident response costs	\$ 388,125	\$ 485,156	\$ 606,445
Recoverable business costs	\$ 859,852	\$ 1,070,789	\$ 1,334,461
Managed backup service	(\$ 1,084,500)	(\$ 1,192,950)	(\$ 1,312,245)
Total economic benefit	\$ 1,665,247	\$ 2,007,266	\$ 2,436,056



Figure 7: Global energy company—annualized cost savings

Scenario 3—a mid-sized financial services company

Regulatory requirements force mid-sized financial services companies to spend heavily on technology, but often they do not have the expertise or resources to do it correctly. This mid-sized firm ran a backup and restore operation with two employees, backing up 120 servers on a weekly basis.

Mid-sized financial services company—in-house operations

Current staffing (based on utilization)	2	staff
Total servers to be backed up	120	nodes
Terabytes backed up per week	40	week
Yearly growth in data volume	20%	annual
Yearly growth in server nodes	5%	annual
Number of tape drives purchased annually	6	drives
Number of tapes utilized per year	6,000	annual

Backup and recovery were not core competencies for this company. The company knew it was not operating a cost-effective backup operation, and worried about potential data loss and regulatory impact. When investigating Symantec Managed Backup Services, the firm was surprised to see a positive return, even for its small operation. The TCO analysis demonstrated that the company could save an average of over \$200,000 annually in operating costs alone by selecting Symantec to manage their backup and recovery operations.

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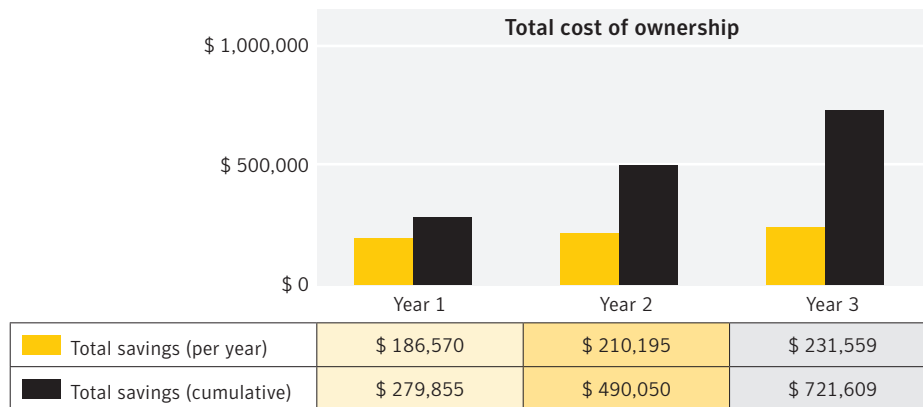


Figure 8: Mid-sized financial services company—TCO savings

These savings were split evenly between staffing and technology savings.

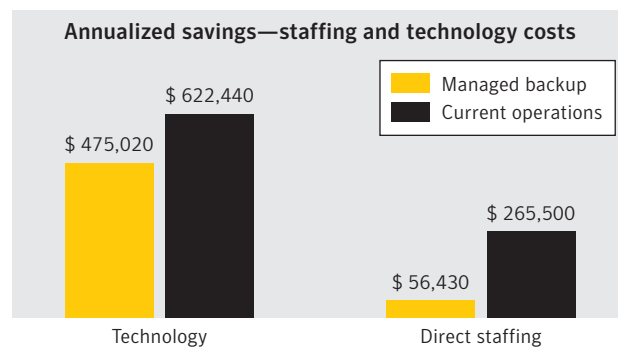


Figure 9: Mid-sized financial services company—annualized savings

The total annual economic benefit of Symantec Managed Backup Services for this company is over \$700,000 per year, spread across hard-dollar savings on staffing and technology, as well as business savings.

Total economic benefit	Year 1	Year 2	Year 3
Recoverable direct staffing costs	\$ 209,070	\$ 209,070	\$ 209,070
Recoverable technology costs	\$ 121,500	\$ 145,800	\$ 174,960
Recoverable backup/restore operations costs	\$ 4,500	\$ 11,250	\$ 11,250
Recoverable incident response costs	\$ 106,875	\$ 112,219	\$ 117,830
Recoverable business costs	\$ 369,704	\$ 386,579	\$ 404,297
Managed backup service	(\$ 148,500)	(\$ 155,925)	(\$ 163,721)
Total economic benefit	\$ 663,149	\$ 708,992	\$ 753,686

Misconceptions about managed backup: an economic benefit view

Managed backup services suffer from misconceptions as much as any other technology service area. Often it is difficult to separate vendor hype and customer cynicism from reality. Using economic analysis available in the Symantec Managed Backup Services TCO model helps dispel some common misconceptions when considering whether to outsource backup and recovery operations.

Misconception	What the economics say
Staffing (salaries) is all that matters with backup and recovery	Running a backup and recovery operation requires more than people. In the Symantec Managed Backup Services scenarios outlined above, staffing represent only a percentage of the overall costs and savings. Other critical areas are technology (tape drives, disk arrays, tape media) and incident response costs.
It is cheaper to throw technology at the problem	Many companies will buy more tape drives and expand their Veritas NetBackup environment, or even move to virtual tape libraries to raise their backup success rates. Frustratingly, these efforts often raise the cost but do not result in improved backup success rates and other service levels. For many, simply running the current infrastructure more efficiently with expert staff can raise backup success and save money.
I cannot afford to use Symantec for a managed backup service	Once many companies appreciate the full scope of what they are currently spending in-house on backup and restore operations, the affordability of Symantec Managed Backup Services becomes apparent.

Note on model assumptions

Note that all assumptions for calculating the total cost of ownership of Symantec Managed Backup Services are included in the accompanying model. Symantec encourages you to contact your account manager to compare TCO for in-house and outsourced backup and recovery operations and determine your company's expected TCO savings.

About Symantec

Symantec is a global leader in providing security, storage, and systems management solutions to help businesses and consumers secure and manage their information.

Headquartered in Cupertino, Calif., Symantec has operations in more than 40 countries. More information is available at: www.symantec.com.

For specific country offices and contact numbers, please visit our Web site. For product information in the U.S., call toll-free 1 (800) 745 6054.

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