



**MAXIMIZE YOUR PRODUCTIVITY
AND OPTIMIZE YOUR IT COSTS
FOR ONLY \$3/USER/MONTH**

**FOR \$3/EMPLOYEE/MONTH YOU SAVE \$30/EMPLOYEE/MONTH
AND GUARANTEE THE PERFORMANCE OF AN APPLICATION
PORTFOLIO THAT COSTS ENTERPRISE \$300/EMPLOYEE/MONTH**



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Business efficiency strategy relies on application and network performance. Guaranteeing their performance could be very costly. Ipanema optimizes your IT investments by guaranteeing the performance of business-critical applications.

EXECUTIVE OVERVIEW

Guaranteeing application performance enables your business to run more efficiently, to transform more successfully and grow more profitably.

As your network is now the central foundation of IT operations, its impact on business performance is greater than ever. It's what enables a business to run, transform and grow.

If you're business-critical applications aren't 100% available 100% of the time, you're losing competitiveness, revenue and opportunities for business growth. Just five minutes per day of poor application performance means a 1% decrease in productivity and up to a 10% decrease in profitability.¹

Across all industries, large enterprises spend an average

¹ [“The ZEN of Guaranteed Application Performance: The Frustration Factor...or Secret to a Great Workplace,”](#) Ipanema, June 2013

of more than \$1,000 on IT per employee per month.² Most of this spending is on business software applications and their sourcing platforms – devices, datacenters, private cloud and public cloud – over the corporate MPLS WAN or MPLS/Internet hybrid.

This document explains the financial payback from Ipanema's guaranteed application performance. Find out how you can:

- Make full use of your investments in business-critical applications. (A typical large enterprise spends \$300 to \$400 per network user every month on applications alone;
- Lower IT operational costs by \$30 to \$70 per network user per month;
- Reduce network bandwidth requirements by \$30 per network user per month (over three years).

² Jamie Guevara, Eric Stegman, Linda Hall, "[Gartner IT Key Metrics Data 2012: IT Enterprise Summary Report](#)," Gartner, Inc. 2012

With this information, your enterprise will be better prepared to:

- Run more efficiently;
- Complete enterprise and IT transformations faster and more successfully;
- Spend less money on IT support, freeing budget for revenue-generating growth initiatives.

Guaranteed application performance translates to better financial performance. In this document, we show you its direct payback related to higher employee productivity, customer profitability and lower IT costs.



VALUE OF APPLICATIONS
PROTECTED WITH IPANEMA:
\$300-\$400
PER USER PER MONTH

INDUSTRY STATS CONFIRM THE NEED FOR IPANEMA'S APPLICATION PERFORMANCE GUARANTEE

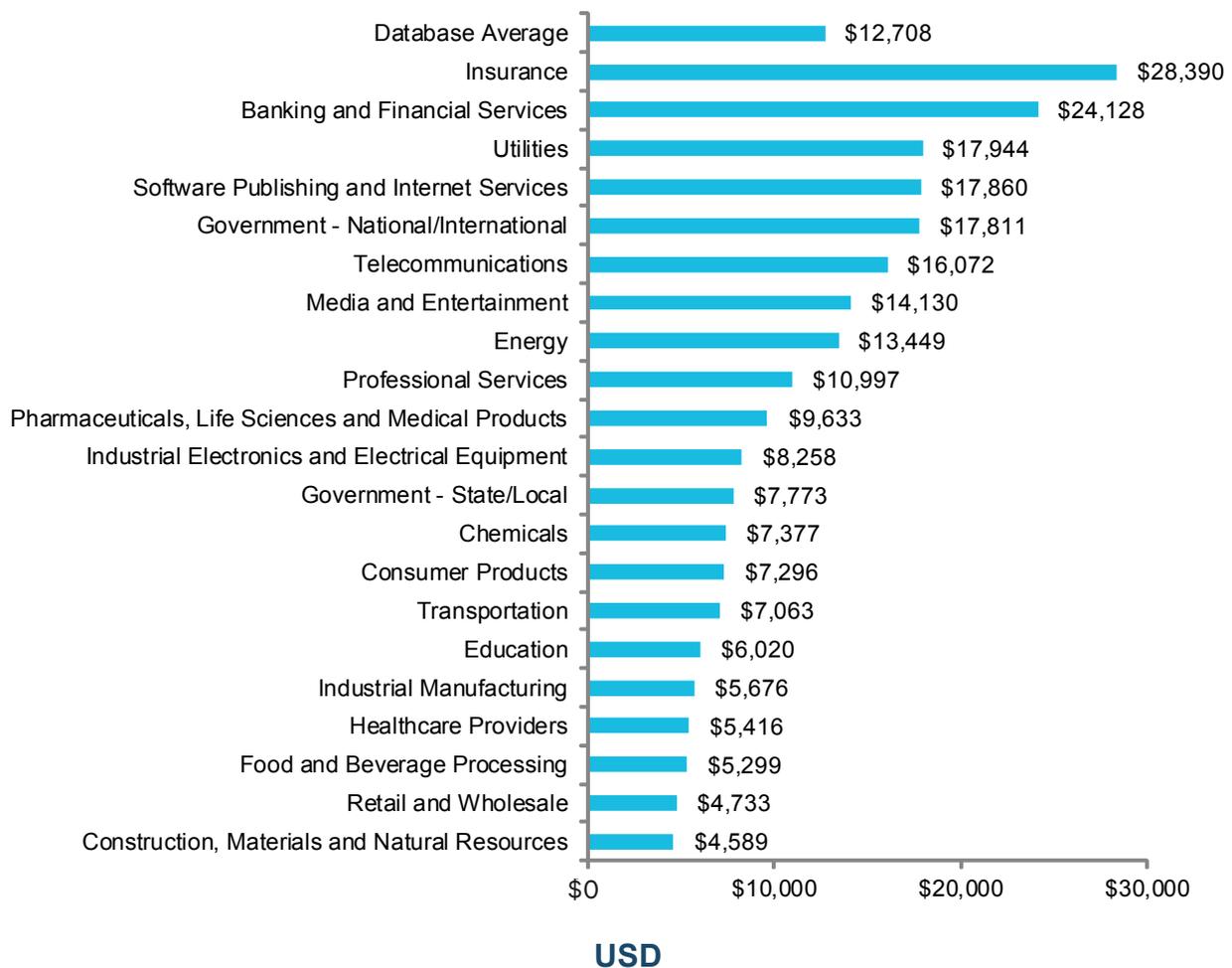
On average, an enterprise's IT spending costs more than \$1,000 per employee per month:

- More than \$300 in business applications;
- \$170 in IT operational costs;
- \$45 in WAN costs³.

Gartner's IT spending forecast for 2013 predicts that enterprise

³ Gartner Market Databook, 1Q13 Update, March 2013

IT Spending per Employee by Industry



Source: Gartner IT Key Metrics Data 2012

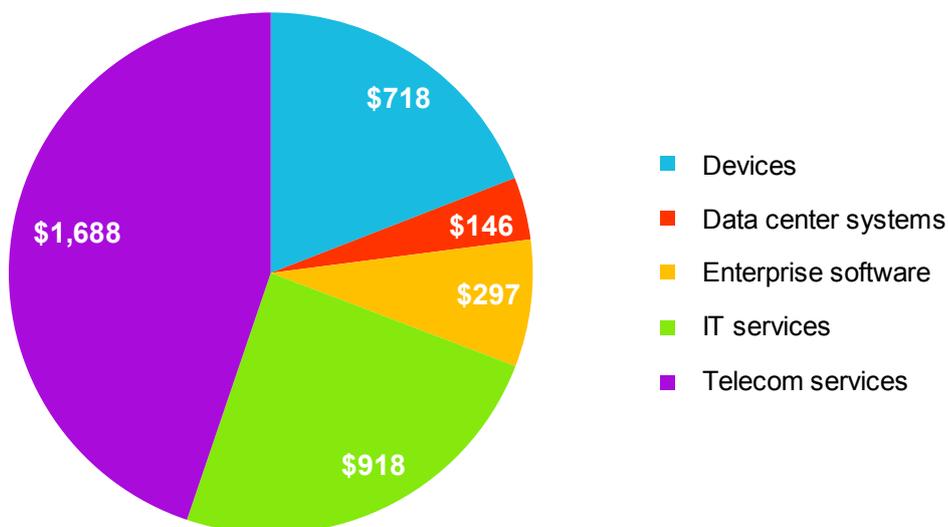
software investments will grow at a rate of 6.4% over 2012 and at a CAGR through 2017 of 6.6%. Much of this growth will be driven by transforming processes with new applications for Enterprise Mobility, Unified Communications, Big Data and Enterprise Social Software (Enterprise 2.0), which IDC predicts will grow to \$4.5 billion by 2016 at a compound annual rate of 42.4%⁴

⁴ Press Release, “Worldwide Enterprise Social Software Forecast to Grow to \$4.5 billion by 2016, According to IDC,” IDC, June 2012

Enterprises will also spend heavily on updating devices, especially smartphones and tablets replacing or in addition to PCs, and on the services for delivering and managing business applications across their corporate networks.

These investments will be extremely costly to enterprises in terms of expected productivity, profitability and business growth if the applications accessed by devices do not perform as expected. The latest “Killer Apps” survey conducted

2013 worldwide IT spending forecast (US\$ billions)



Source: Gartner Market Databook 1Q13 Update

by Vanson Bourne reveals that application performance problems are occurring more frequently in enterprises, despite the higher IT budgets⁵. 79% of the 650 responding IT decision makers of large enterprises in the US and six key European markets said their enterprises experience application performance problems such as slowness and non-responsiveness.

⁵ Vanson Bourne, "[Killer Apps 2013: The continuous rise of application performance problems.](#)" June 2013

Over half of the enterprises said these problems are becoming more frequent.

This trend toward more frequent application performance problems can only continue to rise until enterprises implement more dynamic tools to manage the new, bandwidth-hungry applications that will clog their networks with voice, video and on-demand file sharing, which static network management tools were never intended to support.





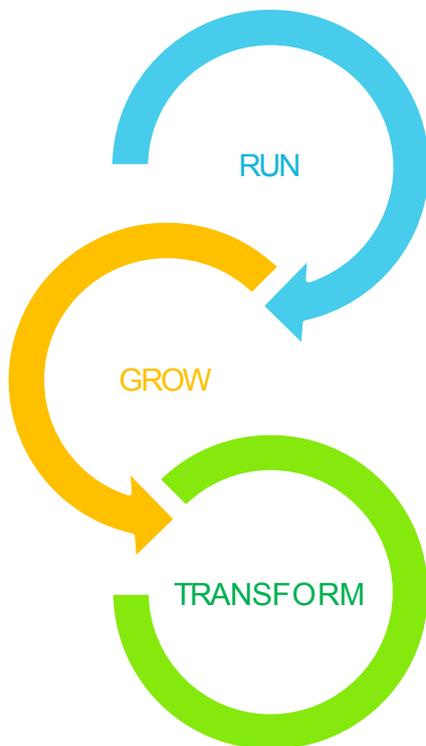
IT OPERATIONAL
SAVINGS WITH IPANEMA:
\$30-\$70
PER USER PER MONTH

IPANEMA'S APPLICATION PERFORMANCE GUARANTEE IMPROVES THE PROFITABILITY OF DAILY BUSINESS OPERATIONS, ENTERPRISE TRANSFORMATIONS AND GROWTH INITIATIVES

With your network now the central foundation of IT operations, its impact on business performance is

greater than ever. It's what enables your business to run, transform and grow. By enabling IT to guarantee application performance, Ipanema adds business value to each of these objectives:

- **RUN** – You have applications just to run your enterprise, which support or improve business functions that do not directly produce revenue. Using Ipanema, you avoid interruptions in productivity that impact your



Applications for business functions that do not directly produce revenue

- Avoid interruptions in productivity that would impact operational costs
- Reduce IT management, network and service desk costs

Applications that generate revenue

- Improve business efficiency
- Avoid interruptions to revenue-generation activity
- Ensure successful rollout of new applications

Applications that are revolutionary for your enterprise

- Enable moving into new markets or industries
- Ensure business continuity
- Eliminate risks of disappointing users and stakeholders

enterprise's operating costs. IT also operates more efficiently, reducing IT management, network and service desk costs;

- **GROW** – You have applications that make money by enhancing, extending and differentiating your business capabilities. Guaranteeing the performance of these applications directly improves business efficiency by avoiding interruptions to revenue-generating activity. You also ensure the success of new deployments and business continuity during and after rollout;
- **TRANSFORM** – You have or will have applications that are revolutionary for your enterprise, opening opportunities to move into new markets or new industries. Enterprise and IT transformations are complex enough without the risk of disappointing users and stakeholders with poor application performance.

Ipanema enables your enterprise to pursue transformation initiatives and contributes to their success by eliminating this risk.

IPANEMA'S VALUE FOR BUSINESS EFFICIENCY: EMPLOYEE PRODUCTIVITY, CUSTOMER SATISFACTION AND COMPETITIVE ADVANTAGE

If you're business-critical applications aren't 100% available 100% of the time, you're losing competitiveness, revenue and opportunities for business growth. Just five minutes per day of poor application performance means a 1% decrease in productivity and up to a 10% decrease in profitability⁶.

⁶ [“The ZEN of Guaranteed Application Performance: The Frustration Factor...or Secret to a Great Workplace,”](#) Ipanema, June 2013

EMPLOYEE PROUCTIVITY: how much you save with guaranteed application performance

For a enterprise with 10,000 employees/users at an average monthly salary of \$5,000 (which does not include the cost of benefits and incentives), a 1% drop in productivity due to poor application performance adds up \$500,000 per month. Guaranteeing application performance with Ipanema protects against this loss.

CUSTOMER SATISFACTION: positive customer experiences build reputation and repeat business

Even the best sales and customer service (contact center, in store and online) cannot ensure customer satisfaction when the applications needed to serve the customer are slow or unresponsive. Guaranteeing application performance with Ipanema ensures less wait times to order, checkout and engage customers in marketing and service activities. What are positive customer experiences and repeat business

worth to your enterprise?

COMPETITIVE ADVANTAGE: increasing your business speed

In addition to the above, guaranteeing application performance with Ipanema accelerates business processes by having the right information for the right user at the right time. This is especially true for new applications that move core functionality such as ERP to cloud and mobile access, as well as for Unified Communications, Big Data and Enterprise Social Software. The competitive advantages from these process transformations can only be achieved if you can ensure flawless application performance across you network(s).



BANDWIDTH SAVINGS

WITH IPANEMA:

\$30

PER USER PER MONTH

IPANEMA'S VALUE FOR PROTECTING INVESTMENTS IN IT APPLICATIONS AND INFRASTRUCTURE

We say Ipanema's guaranteed application performance helps ensure successful transformations to new applications and MPLS/Internet networking infrastructure, but what does that really mean? Using Ipanema, you protect IT investments that add up to a substantial value of \$300 to \$400 per user month.

The investment averages protected by enterprises using Ipanema:

UNIFIED COMMUNICATIONS (e.g., Avaya, Cisco, and Microsoft Lync): \$36 per user per month protected (for each application);

CLOUD APPLICATIONS (e.g., Google Apps, Office 365, Salesforce.com and Webex): \$30 per user per month

protected (for each application);

ON-PREMISES APPLICATIONS (e.g., SAP, Oracle and Sharepoint): \$30 per user per month protected (for each application);

HYBRID NETWORKING: Savings of \$10 to \$50 per user per month on network costs by simplifying the management of hybrid networks, aligning them with business requirements and ensuring business continuity.

IPANEMA'S VALUE FOR IT OPERATIONS, MANAGEMENT AND GOVERNANCE

In addition to guaranteeing application performance, Ipanema reduces spending on your service desk, IT management and governance, and network upgrades.

Service desk cost savings

Ipanema saves \$15 per employee per month or 19% of service desk spending and change management, based on a Gartner estimate that the typical service desk costs \$80 per employee per month.

It is fair to assume that in a typical enterprise, network and application performance issues represent 30% of all service desk calls. Deploying Ipanema automatically eliminates half of these calls. The other half are solved 25% faster using Ipanema's real-time dashboard.

The calculation is:

$30\% \times [(1/2 \times 1) + (1/2 \times 0.25)] = 19\%$ of IT service desk spending

IT management and governance cost savings

Ipanema saves \$5 per employee per month or 6% on IT management and governance spending.

According to industry data provided

by Gartner, the time spent by IT on management and governance consumes 8% of all IT spending or \$80 per employee per month. 20% of this time is spent on WAN and applications performance management. Ipanema reduces this time by 30% through easier and more valuable reporting with metrics such as AQS (Application Quality Score), and clearer communications between IT and stakeholders, including CxOs and line of business managers, to improve the speed and quality of decision making.

The calculation is:

$20\% \times 30\% = 6\%$ of IT management and governance spending

Network cost savings

Ipanema saves \$13 per employee per month or 28% of WAN spending (27% for hybrid networks). This is based on Gartner data for data network spending of 9% of IT budget. 50% of this data network spending is

on WAN cost corresponding to \$45 per employee per month.

The Quality of Service (QoS) & Control feature of the Ipanema solution enables more efficient bandwidth utilization so that networks can handle up to twice the traffic load without having to upgrade the network. (This is without the additional availability of virtual bandwidth through Ipanema's 30% compression).

Assuming that traffic over your network doubles every three years and that doubling bandwidth adds 42% to the cost, the average yearly savings on WAN spending with Ipanema is 28% (see table below).

IPANEMA'S TOTAL COST OF OWNERSHIP (TCO): \$3 TO \$5 PER NETWORK USER PER MONTH

Ipanema's TCO takes into account:

- Capex;
- Technical Support;
- Training;
- Deployment;
- Operation;
- Other overheads such as project cost and unforeseen contingencies.

| | WAN Cost with Ipanema | WAN Cost without Ipanema | Upgraded Site (BW x 2) |
|-----------------------|-----------------------|-----------------------------------|------------------------|
| Year 0 | Base (100%) | Base (100%) | 0 |
| Year 1 | 100% | $100\% + 42\% \times 1/3 = 114\%$ | 1/3 of sites |
| Year 2 | 100% | $100\% + 42\% \times 2/3 = 128\%$ | 2/3 of sites |
| Year 3 | 100% | $100\% + 42\% \times 3/3 = 142\%$ | 3/3 of sites |
| Yearly Average | 100% | 128% | |

Generally, TCO is twice the Ipanema Capex, which is consistent with CIOs' "rule of thumb". Capex, deployment and support depend on Ipanema's configuration and features, which are known beforehand through the sales proposal and contract agreement. Training costs are trivial, typically OTS (One-Take Session) for two people. The operational costs for most customers is less than 15% of Capex + support. TCO also includes project cost and unforeseen contingencies calculated at 15% of Capex + support + operation.

BUSINESS CASE: IPANEMA'S VALUE-ADD IN UNIFIED COMMUNICATIONS DEPLOYMENT

Unified Communications (UC) is one of the enterprise's hot IT transformations. UC is deployed to improve internal and external communications and collaboration,

customer engagements, and the speed of business, i.e. accelerate processes for revenue generation and recognition. A major challenge of UC deployment is the volume and complexity of dynamic traffic loads placed on the network.

Ipanema's value-add to UC investments is to ensure UC deployment delivers the expected results without impacting the performance of pre-existing business apps and overspending on bandwidth.

Ipanema effectively:

- Guarantees the performance of UC and all other business applications across the network(s);
- Reduces IT operations and governance costs;
- Reduces network costs.

The risks of UC project failure without Ipanema

Without the visibility; automated

real-time traffic control; and metrics that Ipanema provides, enterprises risk:

- Jeopardizing the success of UC rollout;
- Degrading the performance of pre-existing, business-critical apps;
- Creating a firestorm from unsatisfied users and business managers;
- Reducing instead of increasing productivity;
- Damaging the reputation of IT and project champions;
- Draining IT time and budget to correct problems.

Ipanema's ROI reduces UC TCO while protecting the value of all application investments

Using the averages described earlier in this document, your ROI with Ipanema (after Ipanema TCO) effectively reduces the TCO of UC by \$28 to \$30 per user per month:

\$13 in network costs

- + \$15 in service desk costs**
- + \$5 in IT management and governance costs**

\$33 Ipanema ROI

- Ipanema TCO (\$3 to \$5)**

\$ 28 to \$30 per user month less for UC

Moreover, your investments in UC and other business apps with a total average value of \$376 per user per month are protected with guaranteed application performance:

\$ 36 per user per month (average value of UC apps protected)

- + \$340 per user per month (average value of all other business apps protected)**

\$376 per user per month (total value of apps protected with performance guarantee)

ROI can be much higher when brownouts are avoided.

CUSTOMER SNAPSHOT

For \$3.30 per employee per month, a world leading chemical enterprise uses Ipanema to save \$17 per employee per month on network and IT operations, while guaranteeing the performance of applications valued at \$146 per employee per month.

This Ipanema customer is a world leading chemical enterprise with:

- \$15 billion in annual revenue;
- 43,000 employees;
- 1,800 sites of which 50 are business-critical;
- IT spending of \$430 per employee per month;
- WAN spending of \$31 per employee per month;
- Bandwidth costs of \$440 per Mbps per month;
- Business-critical applications such as SAP, Magnitude, JDE,

Oracle, etc.

As with most enterprises, the key goals were to align IT with business objectives, maximize productivity and efficiency while reducing costs. For this customer – using the rationale and equation presented earlier in this document – losing five minutes per day in productivity due to slow or unresponsive application performance would mean a loss of \$2.1 million dollars per month.

TCO for this enterprise's application portfolio consumes 34% of all IT spending or \$146 per employee per month (34% x \$430 total IT per employee per month = \$146). This represents the value of applications protected by deploying Ipanema to guarantee application performance.

Using the other equations presented in this document, the enterprise's estimated savings with Ipanema include:

- \$6.50 per employee per month in

service desk costs;

- \$2.00 per employee per month in IT management and governance;
- \$8.70 per employee per month in network costs.

For a total ROI of \$17.10 per employee per month, the enterprise's TCO for Ipanema is \$3.30 per employee per month or a net ROI of \$13.80 per employee per month x 43,000 employees = \$593.400 per month.

The intangible benefits delivered by Ipanema should not be forgotten, specifically:

- Consistent IT alignment and tuning with enterprise goals;
- App performance that enables expected improvements in business processes;
- Improved communications, collaboration and user satisfaction;
- Higher customer satisfaction;

- Competitive advantages.

All at more acceptable IT costs.

ASSESS THE VALUE IPANEMA CAN BRING TO YOUR ENTERPRISE

Ipanema enables IT to guarantee application performance over your corporate network(s) with a dynamic solution designed for business and network transformations to emerging technologies and MPLS/Internet hybrid networking. Ipanema ensures the successful deployment of Unified Communications, Big Data, Enterprise Social Software, mobile workforces, as well as the performance of pre-existing apps that must coexist on the network with the newer technologies.

As described in this document using customer averages, deploying Ipanema:

- Protects enterprise applications valued at \$300-\$400 per employee per month;
- Saves \$15 per employee per month on service desk costs;
- Saves \$13 per employee per month on network costs;
- Saves \$5 per employee per month on IT management and governance costs;
- Comes at a comprehensive TCO of \$3 to \$5 per employee per month.

To assess the protection and savings Ipanema can bring to your enterprise, contact your local Ipanema office.

<http://www.ipanematech.com/en/contact>



ABOUT IPANEMA TECHNOLOGIES

Ipanema provides enterprises with a direct connection between application performance and their business requirements. With Ipanema Technologies, enterprises understand which applications use the network and automatically deliver guaranteed performance to each user. Enterprises can support their strategic IT transformations (like cloud computing and Unified Communications) and control Internet growth while reducing their IT expenses. Ipanema's customers range from mid-sized companies to enterprises with 1,000s of sites. Enterprises can use Ipanema as a product through an international network of certified channel partners, and as a service through Managed Service Providers and telecom operators' managed services. For SMBs, Ipanema is available as a service through Ipanema's AppsWork™ authorized partner network.

For more information, visit: www.ipanematech.com

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