

IT Strategies for Uncertain Economic Times

How Microsoft delivers high-value solutions at low cost to help organizations improve productivity, accelerate agility, and reduce costs

Abstract

Even in uncertain economic times, leading organizations recognize that investing in information technology (IT) is a key differentiator that can help improve productivity, accelerate agility, and reduce costs. Intended for IT leaders and procurement professionals, this paper describes how Microsoft, with a long history of delivering high-value solutions and market-leading innovation at low cost, helps organizations accomplish these goals. Specifically, this paper will help organizations build an optimized IT infrastructure plan, understand important solutions for saving money, capitalize on future innovations, and maximize investments with the Microsoft Enterprise Agreement.

December 2008

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Introduction

We are living in a changing global economic environment. Recent market events have restricted access to credit, diminished the value of financial assets, and cast a pall of uncertainty over organizations, consumers, and governments. However, history suggests that times of economic uncertainty also offer exceptional opportunities to organizations able to look past near-term difficulties and plan strategically for the future. In particular, leading organizations focus on empowering their most important asset, their people, to adapt and execute appropriately to changing market conditions. At Microsoft, we call this type of organization People Ready because people and technology enable organizations to reshape market ecosystems and establish true competitive advantage.

Once viewed as a back-office discipline, IT has now evolved into a core asset recognized by leading organizations as a key differentiator for improving productivity, accelerating agility, and reducing costs. As Gartner's John Mahoney and Tom Berg describe, "CEOs [now] view IT as a critical part of growing a business." Looking forward, the importance of IT to an organization's success is expected to increase. Mahoney and Berg also predict that, "By 2012, IT's contribution will be cited in the top three success factors by at least half of top-performing businesses; IT barriers will be cited in the top three failure factors by at least half of the lowest performers."^{1,2} As a result, organizations today increasingly expect that IT departments deliver an optimized IT infrastructure that provides the right tools and information that enable people to gain insight from data, take action on their ideas, and maximize the opportunities that change presents.

By delivering a breadth and depth of software at high value and low cost, Microsoft and its partners enable organizations to optimize their IT infrastructure. This results in consolidation of technologies and standardization of vendors and therefore significant cost savings for the organization. This paper is designed to show how organizations can:

- Build a specific optimization plan for their IT infrastructure.
- Understand key solutions for saving money today and capitalize on future innovation.
- Maximize the value of IT investments through the Microsoft® Enterprise Agreement (EA) and Microsoft Financing.

Building An Infrastructure Optimization Plan

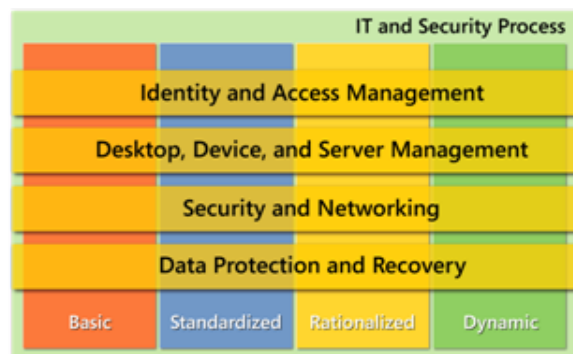
To help organizations assess and improve their IT infrastructure, Microsoft has developed the Core Infrastructure Optimization (Core IO) and Business Productivity Infrastructure Optimization (BPIO) models. These models were developed using industry best practices and Microsoft's own experience with its enterprise customers. Product-neutral, these models help organizations gain a realistic view of the state of their infrastructure and platform—regardless of third-party solutions they may have implemented—and develop a blueprint for transforming their infrastructure and platform into a cost-effective, less complex, strategic asset.

The optimization models include specific technology capabilities that can help define a comprehensive set of solutions for advancing an organization's IT efficiency through four optimization levels—basic, standardized, rationalized, and dynamic. As organizations advance along the continuum, they realize dramatic efficiencies in service levels, application deployment, and IT labor costs. Once fully optimized, IT infrastructure can move from being purely a cost center to a strategic asset that enables growth for the organization.

Optimizing Core Infrastructure

The Core IO model defines a set of capabilities that help organizations manage desktops, servers, devices, and applications to achieve efficient resource usage, protect data, authenticate users, and secure the network.

Microsoft's core infrastructure offering is a set of desktop and server products that are designed to work together and deliver integrated infrastructure solutions. Key components include the Microsoft Windows® family of client and server products, the System Center family of solutions for data center management, the Forefront™ security suite, and tools such as the Microsoft Desktop Optimization Pack (MDOP). Results of an independent research study by IDC show that organizations can reduce annual per-PC IT labor costs from \$1,320 to \$230 (an 82% reduction) by optimizing their core IT infrastructure.³



Optimizing Business Productivity Infrastructure

The BPIO model defines the set of infrastructure capabilities that help unify communications, simplify how people work together, make processes such as content management more efficient, improve enterprise search and the quality of business insight, as well as help IT departments deliver more responsive services.

Microsoft solutions aligned with business productivity infrastructure improvements include the Microsoft Office suite and server products such as Microsoft Office Communications Server 2007, Office SharePoint® Server 2007, Microsoft Office Live Meeting 2007, Microsoft Exchange Server 2007, and Office PerformancePoint™ Server 2007. IDC found that the deployment cost per user of Microsoft Office can be reduced from \$52.50 to \$5.90 (an 89% reduction) by optimizing the business productivity infrastructure.⁴



Key Solutions for Today's Uncertain Economy

Given the uncertainty of today's economy, organizations are more focused than ever on saving money as they optimize their IT infrastructure. With Microsoft's history of delivering high value at low cost through deep product integration, customers are finding ways to do more with less. For example:

- Windows Server integrates server virtualization at up to one third the software cost compared to competing offerings.
- Microsoft SQL Server® 2008 integrates the capabilities of business intelligence, data warehousing, and online transaction processing that cost up to 96 percent less than competing products.
- Microsoft Office and SharePoint Server 2007 combine collaboration capabilities into solutions that cost up to 50 percent less than the price of competing technologies, including open source alternatives, which lack rich functionality and incur high integration costs.

As organizations build their optimization plan, it is critical that they realize the value of current software investments and explore the opportunities provided by upcoming Microsoft innovations. Four solutions that are fundamental towards gaining cost efficiencies while optimizing an organization's infrastructure are the Windows Optimized Desktop, which includes the Windows client and MDOP, server virtualization and management, the Office family of personal productivity suites and Office servers, and software plus services.

The Windows Optimized Desktop

The Windows Optimized Desktop combines Windows Vista™ Enterprise and MDOP, a family of products that complement the client operating system. Together, these applications provide organizations with powerful technologies that secure, efficiently manage, and reduce the costs of their desktop infrastructure.

Today: Windows Vista Enterprise and MDOP

The current releases of Windows Vista Enterprise and MDOP, which are available only under Microsoft Software Assurance (SA), provide tangible IT labor cost savings and measureable improvements in user productivity. The following table shows four unique components of Windows Vista Enterprise, the benefits they provide, and a Gartner estimate of the annual per-desktop value compared to the 3-year cost of SA on Windows. To see further detail on these value estimates, refer to Gartner's research note, "How to Quantify the Value of Software Assurance for Windows Client."

Windows Vista Enterprise Component	Benefit	3-Year Value (per desktop) ⁵	3-Year Cost of SA on Windows ⁶
Multilingual User Interface	Interface that enables rollout of a single, worldwide operating system image. This approach helps global companies to reduce the cost of image management.	\$15 - \$148	
BitLocker™ Drive Encryption	Functionality that reduces the cost of lost or stolen intellectual property. It can also reduce PC recycling costs with faster clearing of data stored on computers.	\$20 - \$35	
License Rights to four virtual machines	A licensing benefit that can be used by leveraging technology such as virtual PCs.	\$200 - \$300	
Subsystem for UNIX-based Applications	Tools that improve application compatibility with UNIX operating systems.	\$86 - \$110	
Average total value/desktop		\$321 - \$593	\$123 - \$156

Source 3-year value: "How to Quantify the Value of Software Assurance for Windows Client," Gartner, July 2008⁵

Source SA on Windows: Microsoft Corporation

MDOP, the second component of the Optimized Desktop, extends the value of Windows Vista. It helps to reduce application management costs, instantly delivers applications as services, and provides better control over

enterprise desktop environments. An independent study by Wipro documents that MDOP provides one-time savings ranging from \$10 to \$150 per PC in the implementation of best practices such as standard desktop strategy, comprehensive directory solution, automated user provisioning, and comprehensive PC security program.⁷

The following table summarizes Gartner estimates of the innovative technologies in MDOP. To see further detail on these value estimates, please refer to Gartner in the research note titled, “Quantifying the Value of Microsoft’s Desktop Optimization Pack.”

MDOP Component	Benefit	3 Year Value (Per Desktop) ⁸	3 Year Cost of MDOP (Per Desktop) ⁹
Application Virtualization	Turns Windows applications into centrally managed services, that are delivered instantly to any desktop or laptop PC and won’t conflict with other applications	\$18.00	
Asset Inventory Service	Analyzes all applications installed on the desktop and translates inventory data for many titles into instantly available, administrator-friendly information	\$0 - 4.50	
System Center Desktop Error Monitoring	Proactively manages problems with applications and system components that crash or cause live PCs to hang	\$27.00	
Diagnostics and Recovery Toolset	Quickly repairs unbootable or locked-out systems, recovers lost data, minimizes future downtime, removes malware, and pinpoints the cause of PC problems	\$5.00	
Advanced Group Policy Management	Increases control over Group Policy objects through better change management, versioning, roll-backs and robust role-based administration and delegation	\$3.00	
Enterprise Desktop Virtualization (Available Q1 2009)	Enhances deployment and management of virtual PC images on a Windows desktop and provides a seamless user experience on a virtual PC environment, independent of the local desktop configuration and operating system	\$36.00	
Average total value per desktop		\$89.00-\$93.50	

Source 3 year value: “Quantifying the Value of Microsoft’s Desktop Optimization Pack,” Gartner, July 2008.⁸

Source 3 year cost of MDOP: Microsoft Corporation

Future Innovation: Windows 7 and MDOP

The new Optimized Desktop combines Windows 7, the upcoming Windows client operating system, and the upcoming version of MDOP. Key investments in Windows 7 are shaped by the evolving needs of enterprise PC users and IT professionals. Users are becoming more computer-savvy, expecting more from the technology they use at work. Today, IT professionals must provide users with more high-quality services and greater flexibility, while continuing to minimize costs and security risks. Here's a preview of Windows 7 investments and enhancements that will help organizations address the changing needs of their PC users and IT professionals.

Making users productive anywhere. Windows 7 will enable users to complete their work, no matter where they are—at home, in a branch office, or on the road—without reducing their productivity. For example, Windows Search will directly query a SharePoint Services site on a company intranet and the files on users’ PCs. BranchCache will make users in branch offices with slow connections more productive by speeding access to frequently used files and Internet pages.

Enhancing system security and control. Windows 7 builds on the security foundation of Windows Vista and delivers increased flexibility by helping to keep computers and data secure. Organizations will be able to worry less about sensitive data on lost laptops or USB drives. BitLocker protects internal hard drives, encrypts external

thumb and hard drives with BitLocker To Go, and provides recovery keys so that data is accessible when it is needed. For organizations that demand the highest levels of security policy compliance, IT professionals will use new application-blocking tools in AppLocker to determine which applications can run on specific user PCs. This approach provides another way to limit the risk of malicious software. Also, User Account Control has been streamlined to provide PC users with fewer prompts and IT professionals with more configuration options. And, with DirectAccess, mobile users will access corporate resources simply and more securely when they are out of the office.

Streamlining PC management. Whether IT professionals manage and deploy desktops, laptops, or virtual environments, Windows 7 will make the job easier by enabling IT professionals to use the same tools and skills they use with Windows Vista. Advanced image management and deployment tools will enable IT professionals to add, remove, and report on drivers, language packs, and updates—and to push those system images to desktops that use less network bandwidth. New scripting and automation capabilities based on Windows PowerShell 2.0 will reduce the costs of managing and troubleshooting computers. For organizations making the leap to client virtualization, Windows 7 will help IT professionals maintain virtual machine images more easily with the same tools used for physical images and provide a richer user experience over remote connections.

The upcoming version of MDOP will include enhanced application virtualization, an exciting development that is enabled by dynamically streaming software offered as a centrally managed service. This approach to software delivery simplifies and reduces the costs of the deployment and management of virtual PCs. The upcoming release of MDOP will also include enhancements to all six MDOP components available today.

Why Organizations Should Deploy Windows Vista Today

When organizations consider an upgrade, they always balance costs, functionality, and release timing. Minimizing application compatibility problems for organizations that have deployed Windows Vista is a major objective of Windows 7. Overcoming these potential problems was important because kernel-level and device-level innovation in Windows Vista was significant. Windows 7 is expected to have only minor changes in these areas. Organizations that still use Windows XP at the Windows 7 release will have the same application compatibility experience moving to Windows 7 as they would moving from Windows XP to Windows Vista.

By not deploying Windows Vista today, organizations miss proven benefits such as better security, user productivity improvements, advanced search capabilities, and enhanced mobility and manageability capabilities. Windows Vista, which works with more applications and devices than any other Windows operating system, can also be significantly less expensive to support than Windows XP SP3. Windows 7 is scheduled for release three years after the release of Windows Vista; customers with SA will have access to Windows 7 as soon as it is available.¹⁰

Information workers spend 20 to 30 percent of their time looking for information. Organizations waste up to \$14,000 per knowledge worker each year because those workers cannot find information and need to recreate existing data.

Source: "[Hidden Costs of Information Work](#)," IDC, March 2005.

Server Virtualization and Management

The emerging importance and growth of virtualization is fueled by the need to reduce spending on data center operations, energy consumption, and the rate of data center real estate expansion. Rather than paying for many under-utilized servers, each of which is dedicated to a specific workload, server virtualization enables consolidation of workloads onto fewer and more fully used servers. This approach requires fewer people to manage computers, less space to house them, and fewer kilowatt hours of power to run them, all of which saves money.

Today, Microsoft's virtualization toolset for the data center includes Microsoft Virtual Server 2005 R2 and Microsoft Windows Server 2008 Hyper-V™, which consolidates server roles as separate virtual machines on a single physical machine. Microsoft Hyper-V technology, a component of the Microsoft Windows Server 2008 operating system, easily plugs into existing IT infrastructures. The familiarity of Windows software is a huge advantage, enabling organizations to use existing tools, staff skills, processes, available hardware, and application architecture to provide a non-disruptive transition from a physical to a virtual infrastructure. From the data center to the desktop, Microsoft provides a full suite of technologies that enable an integrated, end-to-end virtualized infrastructure (including application, operating system, and server virtualization), which delivers the best total cost of ownership (TCO) in the industry.

Virtualization also forms part of the Microsoft management solutions that offer unique capabilities to monitor, configure, and backup server infrastructure. The suite is designed to provide a comprehensive solution for server application and platform management across physical and virtual server environments. Enterprise Server Management Licenses for Microsoft System Center Operations Manager 2007, System Center Configuration Manager 2007, System Center Data Protection Manager 2007, and System Center Virtual Machine Manager 2008 make up the Server Management Suite Enterprise (SMSE). The suite, which includes rights to manage an unlimited number of operating system environments (OSEs) on a single physical server, costs one-third the price of competing products.

Microsoft Office

Driving efficiencies in organizations means helping everyone work more productively, regardless of what they do and where they do it. The Microsoft Office family of products provides the best tools to support organizations' most important asset—people—in their efforts to do their jobs more effectively.

Today: 2007 Microsoft Office System

The 2007 Microsoft Office System is a strategic tool that enables employees to drive business innovation, work more productively, and reduce costs and risk. Microsoft offers three editions of Office 2007, each of which is built with a specific user profile in mind.

Office Edition	Has been optimized to promote/enhance...
Standard	Disconnected individual productivity.
Professional Plus	Connected organizational productivity where everyone has access to the information, services, and other people they need to be efficient.
Enterprise	The most advanced collaboration scenarios.

Virtualization Reduces Costs, Physical Resources

By consolidating 40 servers to 5, MaximumASP, a hosting solutions company, reduced electrical power by 50 amps and licensing costs by \$7,000 annually. With Windows Server Hyper-V technology, they plan to consolidate 200 servers for a hardware savings of almost \$350,000.

[Maximum ASP case study](#)

The IT organization at Talx, a workforce management company, can deploy new virtual machines in less than an hour, rather than the two weeks it takes when using the company's traditional acquisition and provisioning process.

[Talx case study](#)

Microsoft Office Professional Plus 2007, the most widely used edition of Microsoft Office, is the proven way to connect workers to the information they need and the teams they rely on by providing flexible, familiar tools. There are two important aspects that make this version optimal for most organizations' needs:

- **Enhanced, server-enabled versions of core applications.** Office Excel 2007, Office Word 2007, Office Outlook 2007, and Office PowerPoint 2007 enable organizations to connect people to line of business information, server-based services, business intelligence, documents, and records, wherever users want to use them.
- **Additional applications.** Office Communicator 2007, Office Access 2007, Office InfoPath 2007, and Office Publisher 2007 ensure that everyone has the right tool for the job, right at hand.

Office Professional Plus 2007 is the edition that supports the most diverse range of working styles. Everybody's needs are different, and very few user baseline requirements are consistent and predictable across every task. In fact, anonymous customer experience data shows if Microsoft were to remove even the ten least frequently used commands in Office from the product, it would affect up to 30 million people. Office Professional Plus 2007 gives each person in the workforce the options they need to discover the best way to work smarter, a vital differentiator for organizations that need to perform better with fewer people.

Organizations licensing Office Professional Plus 2007 work more efficiently, reduce costs, and mitigate risks in this uncertain financial environment by using rich Microsoft Office suite capabilities together with the Office servers. These capabilities can help organizations become more competitive.

Enterprise content management. Achieving compliance by managing unstructured information can be delivered more cost-effectively by the integrated document management capabilities of Office Professional Plus 2007 and the powerful search and management capabilities provided by Microsoft SharePoint Server 2007. With Office Professional Plus 2007, organizations can protect intellectual property by using Information Rights Management of Word 2007, Outlook 2007, Excel 2007, and PowerPoint 2007. Users can manage content in context and achieve better process management by using customizable document information panels and initiating workflow within the Office client. And for organizations needing to reduce errors and application deployment costs, InfoPath 2007 is the easy way to capture forms-based information and feed multiple information flows and line-of-business systems simultaneously to improve efficiency, reduce data-handling errors, and meet compliance standards.

Unified Communications. Microsoft Office Communicator 2007 and Microsoft Office Outlook 2007 make presence, instant messaging, video, and voice capabilities intuitive and discoverable to everyone, reducing travel costs, minimizing intellectual property risks, and improving team efficiency. These key Office Professional Plus 2007 applications bring the power of Microsoft Office Communications Server 2007, Office SharePoint Server 2007, Live Meeting 2007, and Exchange

"With our investment in Office Professional Plus 2007 and Exchange Server 2007, we'll save \$19 million over the next four years in IT management and equipment costs. Deployment of Office Professional Plus 2007 is very easy using Microsoft Systems Management Server; fully deploying it over the wire is seamless and painless."

Chris Murphy
Director of IT
EMC Corporation
[EMC case study](#)

Microsoft Unified Communications Save Operations Costs

- Average ROI of 563% (risk-adjusted) and a 2-month payback period
- Reduction in voice mail costs up to \$150,000 per location
- Up to 23% reduction in travel costs
- Up to 43% reduction in telephony and conferencing call charges

Source: [The Total Economic Impact of Microsoft Unified Communications Products and Services](#), Forrester Consulting, March 2008.

Server 2007 SP1 to the desktop in a way everyone can use, with little or no additional training costs.

Collaboration. Office Professional Plus 2007 was designed to take advantage of the collaboration functions in SharePoint Server 2007. Users can publish directly to document management servers, Excel 2007 services, and PowerPoint slide libraries. Document management capabilities shared by SharePoint Server 2007, Word 2007, Excel 2007, and PowerPoint 2007 add practical, useful document and records management to the collaboration process. This approach helps everyone in the organization find, store, and collaborate on information more efficiently.

Business Intelligence. Excel 2007 is the cost-effective business intelligence (BI) solution that connects teams to line-of-business information, keeps track of information, and helps avoid costly surprises. When it's time to share sensitive spreadsheet data, Microsoft Information Rights Management protects it with one click. Information can also be published directly from Office Professional Plus 2007 to Excel Services to provide the entire organization with "one version of the truth," without exposing sensitive underlying data.

Search. Outlook 2007 includes new instant search capabilities that help everyone to find the mail and schedule information they need from Microsoft Exchange Server much more efficiently. The core 2007 Microsoft Office System applications feature the research pane, from which everyone can search SharePoint document libraries for the information they need, without leaving the application they're working on.

Line-of-business integration. Office Business Applications (OBAs) enable Office Professional Plus 2007 users to work with customized, role-based, line-of-business information by using intuitive Office applications and the Microsoft Office Fluent™ user interface. OBAs reduce the need to buy, maintain, and deploy third-party applications by delivering core capability through Office 2007. OBAs can be developed internally, by partners, or by Microsoft. Duet™ from Microsoft and SAP is a good example of an OBA. It provides a cost-effective way to deliver key SAP information to users through Office 2007, without the need for an additional client and its associated training, delivery, and support costs.

Office Professional Plus 2007 has the rich capabilities that enable every system and every person to deliver greater value to the organization, while offering the vital manageability and compliance capabilities that reduce cost and risk in the IT environment. These capabilities include:

- Powerful customization, deployment, and management tools and secure-by-design engineering, which enable a low TCO.
- Easy delivery of rich information and easy collaboration capabilities to every desktop, helping to reduce costs and drive organization-wide efficiencies.

"It's a real benefit to have the entire team view a single version of the truth. Instead of spending weeks going back and forth in Excel to get to the bottom of issues, employees can identify possible errors in a matter of minutes."

William Switzer

Controller
TAC Americas, a Schneider Electric Company

[TAC Americas case study](#)

"The security changes Microsoft has made to their latest Office 2007 suite, in particular the evolution from binary file formats to XML format, serve as yet another layer of defense against malicious code."

Microsoft's new philosophy of secure design and development is increasingly evident and makes them a worthy ally in the security trenches."

Rich Mason

Chief Information Security Officer
Honeywell Aerospace

[Honeywell Aerospace case study](#)

- Long support cycles per version, the largest network of certified partners anywhere, and flexible product support and consulting services. These people and capabilities enable Office software to provide ongoing, cost-effective assistance, even when business requirements change.

Future Innovation: Office '14' Wave

Microsoft customers have made it clear that they want a seamless experience across the many devices they use every day. With the next release of Microsoft Office (codenamed Office '14'), users will be able to access their work on the PC, the phone, or in the browser, opening the door to new, more flexible ways of collaborating. The Fluent user interface will continue to maintain a consistent, intuitive experience between the PC and browser. Organizations can use Fluent to provide information from line-of-business servers and services in familiar Office applications, where that information can be turned into real business advantages most easily.

In addition to the capability enhancements that accompany any new Office desktop software release, new Office web applications will provide Office '14' users with lightweight editing and viewing capabilities in the browser. Users will be able to collaborate in Office Word, Excel, PowerPoint, and OneNote documents in the same way that they take advantage of Outlook Web Access today. This is just one example of the depth and breadth of Office '14' innovation, which is created with one goal: to ensure that people can work even more effectively as individuals and teams.

Software Plus Services and the Power of Choice

For many organizations, the ideal way to build modern IT infrastructure is to find the right balance of in-house and hosted capabilities and choose which applications are run and managed in-house or in the cloud. The Microsoft vision of software plus services recognizes this fact. More than just software delivered over the Internet or experienced through only a browser, Microsoft software plus service provides a unique experience that combines software with the power of Internet services, which can be experienced with many types of devices.

The Microsoft approach to software plus services provides people with the choice of today's powerful devices and a rich interactive experience that they have come to expect from their PCs, mobile phones, and media players. Microsoft delivers these capabilities by making sophisticated software running on powerful processors the foundation of software plus services, which can be consumed through a rich client or thin browser.

Business Productivity Online Suite

The Microsoft Business Productivity Online Suite (BPOS) is a set of Microsoft-hosted messaging and collaboration services designed to maximize the value of service-based computing. When organizations subscribe to one or more BPOS service, they realize the flexibility, scalability, convenience, and economy of Web-based services and the rich interactive user experience of on-premises, client-server applications.

BPOS includes Exchange Online, SharePoint Online, Live Meeting 2007, Office Communications Online, and Exchange Hosted Filtering. BPOS supports information worker scenarios with full-functionality browser access through a Client Access License (CAL) and desk-less user scenarios with a reduced-function service. Although desk-less users such as factory workers or truck drivers are not regular email users, they need to keep in touch with what is going on and read content posted at a central location. BPOS provides a reduced-function service for these infrequent users.

Today, companies are using Microsoft technologies to take advantage of the optimal combination of on-premises software and cloud-based services. By using BPOS, organizations such as Coca-Cola Enterprises, Blockbuster, and Energizer access and manage Exchange Server 2007, SharePoint Server 2007, Office Communications Server 2007, and Live Meeting 2007 over the Internet through a single, secure infrastructure.

Microsoft Enterprise Agreement

The Enterprise Agreement (EA) is the optimal way for organizations with 250 or more desktop PCs to standardize their IT choices across the enterprise, receive a price advantage for volume purchases, take advantage of technology, training and support through Microsoft Software Assurance (SA), and effectively track and manage software license assets with online tools.

Microsoft recognizes organizations' enterprise-wide agreements with a price advantage of up to 15 percent and platform-wide agreements with up to an additional 15 percent. Enterprise-wide is the purchase of Windows Vista, Office Professional Plus 2007, or the Core CAL Suite. A platform-wide agreement includes the purchase of all three.

With the EA, customers purchase the license and SA to the latest Microsoft enterprise software products such as:

- Microsoft Office Professional Plus 2007
- Microsoft Office Enterprise
- Microsoft Windows Vista
- Microsoft Core CAL Suite
- Microsoft Enterprise Client Access License (ECAL) Suite

The Microsoft Core CAL and ECAL suites provide substantial cost savings and a wide range of other benefits. These suites are also a simple, flexible, and economical way for organizations to optimize core and business productivity infrastructures and deploy and upgrade needed technology on each organization's timetable.

To determine the best license portfolio, organizations should work with a Large Account Reseller (LAR) or Enterprise Software Advisor (ESA). These partners have the knowledge and experience to help determine the best software and services to obtain:

- A predictable, annual price per desktop.
- Software Assurance benefits beyond maintenance.
- Customized economic solutions for today's market conditions.

Predictable Annual Price Per Desktop

Providing organizations with a predictable, annual price per desktop for enterprise software products is a basic benefit of the EA. The Core CAL and ECAL suites provide this per-desktop price, which eliminates the costly, time-consuming task of counting individual licenses for each desktop. Without being concerned with the costs and complexity of licensing, vendor relationships, and purchasing-related asset management, the IT staff can focus on more important deployment and implementation tasks.

Annually throughout the enrollment term, organizations can "true-up" to report added desktop PCs and immediately get the same license coverage as the desktop PCs at the beginning of the agreement. This "true-up" consolidates orders for additional software licenses run during the year under one order each year. EA customers can also step up to migrate from Standard Edition software products to Professional or Enterprise Edition products, without incurring the full cost of licensing two separate editions of software.

"We want our employees to have the best technology available to continue to help them develop the best, most competitive products. And we want consistent and predictable IT costs each year. The Microsoft Enterprise Agreement enables us to do both."

Tom Grahek
Director of Platform Engineering
Fair Isaac

[Fair Isaac case study](#)

Core CAL Suite

The Core CAL Suite presents outstanding value and cost savings for organizations that want to extend the capabilities of the Windows family of client and server products and the Microsoft Office 2007 suite platforms. This offering includes the license that users need to access four fundamental Microsoft server products, which provide several workloads such as identity management, directory services, enterprise communications (e-mail, calendar functions, and scheduling), collaborative workspaces, and software asset management. The Core CAL includes these components:

- Windows Server CAL
- Exchange Server Standard CAL
- SharePoint Server Standard CAL
- System Center Configuration Manager Client Management License (CML)

If organizations use Windows Server 2008 and Exchange Server 2007, the Core CAL is the most effective licensing option because it includes Office SharePoint Server for team collaboration and Microsoft Systems Management Server for desktop management.

ECAL Suite Adds Benefits to Core CAL Suite

The ECAL Suite provides a robust offering of 11 server CALs, including the four Core CALs. The ECAL Suite helps optimize an organization’s business productivity infrastructure by providing the latest communications, collaboration, enterprise search, and enterprise content management technologies. The enterprise versions of these server products offer additional capabilities such as more scalability, access to more memory and processors, geographic load balancing, higher availability, and server clustering. The ECAL Suite also offers the latest in core infrastructure technologies by incorporating the Microsoft Forefront family of security software and the Microsoft System Center family of data center management software. The ECAL Suite includes these components:

- Core CAL Suite
- Office Communications Server Standard CAL
- Office Communications Server Enterprise CAL
- Office SharePoint Server Enterprise CAL
- Exchange Server Enterprise CAL
- System Center Operations Manager CAL
- Forefront Security Suite
- Windows Rights Management Services CAL

Generally, if organizations require the Core CAL Suite and three or more additional products, it is more economical to purchase the entire ECAL Suite. A Capgemini study demonstrates that this approach is a more economical way to purchase software than purchasing comparable IBM software.¹¹

“Microsoft has been a great partner in helping us develop our vision, and our account team demonstrated the value of purchasing Microsoft products through an Enterprise Agreement. With a single, comprehensive agreement, we can achieve the unified communications, enhanced content management, and automated business process that we seek.”

Stephen Mulligan

Web and Mobile Technology Manager
eircom

[eircom case study](#)

Purchasing Alternative	Relative Cost
Microsoft (Core CAL and ECAL Suites)	\$ 1.00
Microsoft (individual products)	\$ 1.70
Pure play	\$ 3.80
IBM	\$ 5.30

Source: How an Intelligent Infrastructure Supports Business Productivity in the Intelligent Enterprise,” Capgemini, July 2007 ¹¹

Microsoft Software Assurance: Benefits Beyond Maintenance

Microsoft SA is a comprehensive offering that provides technology, training, partner services, and support that help organizations get the most from their investment in Microsoft software and services. Much more than a software maintenance program, SA offers a broad range of benefits that can help organizations deploy, manage, and migrate software quickly, flexibly, and economically. These benefits include:

- **New Version Rights**, which includes rights to new software versions released during the term of SA coverage. This benefit reduces the costs of software acquisition and simplifies purchasing and forecasting.
- **Spread Payments**, which provide greater flexibility in managing technology expenditures with the option of making annual payments instead of one, up-front payment. This benefit can help reduce initial costs and forecast annual software budget requirements up to three years in advance.
- **Packaged Services**, which provide consulting engagements to help organizations plan and prepare for successfully deploying new software while maximizing the value of existing investments.
- **The Windows Vista Enterprise** operating system, as described in the Optimized Desktop section of this paper.
- **MDOP**, which is an added subscription available exclusively to SA customers and is described in the Optimized Desktop section of this paper.
- **Training vouchers**, which provide access to selected courses taught by more than 500 Microsoft Certified Partners for Learning Solutions.
- **E-learning**, which includes courses that provide access to individual, on-demand Microsoft software courses delivered on a secure, Microsoft-hosted Internet site.
- **Home Use program**, which enables eligible employees to obtain a licensed copy of most Microsoft Office desktop programs and to install and use them on a home computer.
- **Employee purchase program**, which enables employees to purchase discounted Microsoft productivity and consumer software products.
- **Enterprise Source Licensing Program**, which provides access to Microsoft Windows source code for internal development.
- **24 x 7 problem resolution support**, which includes business-critical phone support for all Microsoft server products, the Windows client, and the 2007 Microsoft Office System.
- **Cold backups for disaster recovery**, which provide complimentary, cold-backup server licenses for every production license covered by SA.
- **TechNet subscription**, which includes an Internet-based support resource for IT professionals that provides convenient online access to Microsoft experts and information about software and IT.
- **Windows Fundamentals for Legacy PCs**, which help to reduce the costs of owning legacy PCs, improve their management, and make them more secure.
- **Extended hot fix support**, which includes an Extended Hot Fix Support Account whenever hot fix issues arise. This support program waives annual fees and required sign-up periods.

The following table provides a Gartner estimate of the value of selected SA benefits. These are third-party estimates, and organizations should work directly with their account teams and partners to evaluate how best to take advantage of the benefits of SA.

Example Values of Selected Software Assurance Benefits		
Benefit		Example Customer Value
Deployment planning services (Component of packaged services)	Value of services depends on value of contract	\$2,000 – \$30,000
Training vouchers	Number of vouchers depends on number of seats	\$500 per voucher
E-learning	Number of users who can access courses varies is based on the number of licensed copies of qualifying products	\$49 - \$62 per user
Home Use program	One home use copy for each Office Application License covered in SA	\$180 per copy
24 x 7 support services	Number of incidents depends on contract	\$750 - \$1000 per incident

Sources: "How to Quantify the Value of Software Assurance for Windows Client" Gartner, July 2008.¹²
 "Determining the Value of Microsoft Software Assurance," Gartner, April 2006.¹³

Customized Economic Solutions

Organizations looking for additional flexibility in how they pay for their EA enrollments and renewals, true-ups, and additional product orders will find value in the new Microsoft Extended Payment Terms initiative. This payment method goes beyond the current, up-front annual payment structure to provide a choice of monthly, quarterly, semi-annual, or customized payment options such as deferred or ramped payments. The option of extended payment terms also simplifies decision making because it is integrated into the EA by a simple, one-time amendment that covers current as well as future purchases.

Microsoft Financing

Microsoft Financing helps large organizations make the most of their IT budget, increase IT cash flow, and benefits from an optimized IT infrastructure. With Microsoft Financing, customers choose a payment structure that works with their monthly, quarterly, or annual budget and preserves cash and credit lines for other priorities. Microsoft Financing supports EAs and SA, deployment and training services, as well as partner products and hardware. These resources enable organizations to choose the solution they need and manage it as one investment.

By structuring the software life cycle and cash management, organizations that use Microsoft Financing realize IT benefits and obtain higher returns on their IT investments. These organizations overcome budget constraints and align the timing of benefits to the payments that deliver critical capabilities today with IT project payback of 12 months or less.

"It's a true partnership, true relationship orientation, where [Microsoft] understands your strategy, and you get comfortable with their directions and their strategies as well. And then, the financial arrangement just brings the whole thing together."

Mike Fuqua
 Sr. Vice President, Strategic Development
 Global Crossing
[Global Crossing video case study](#)

Calculating Total Value of the Enterprise Agreement

The EA provides clear evidence of Microsoft's long-held strategy of delivering high value at low costs. Each organization should take advantage of Microsoft account team and partner relationships to determine precise EA value given the specifics of its IT maturity, licensing position, and use of benefits. The key EA value drivers that should be part of this determination include:

- **Infrastructure Optimization plan.** Leverage the existing assessments of IT efficiency to explore deployment and cost-saving opportunities.
- **Optimized Desktop.** Deploy Windows Vista Enterprise and MDOP to realize the significant cost savings per desktop.
- **Windows 7 and MDOP.** Get ready for the release of Windows 7 and MDOP enhancements by deploying Vista Enterprise today.
- **Server virtualization and management.** Use Microsoft virtualization and management solutions to reduce data center costs, energy consumption, and the expansion rate of data center real estate.
- **Office System.** Extend the power of Office Professional Plus with the Office servers and OBAs to enable enterprise content management, unified communications, collaboration, business intelligence, search, and customized role-based solutions.
- **Office '14' wave.** Plan for the Office '14' release, including the availability of new Office Web Applications.
- **Software plus services.** Explore the power of choice by finding the right balance of in-house and cloud capabilities, and explore the advantages of BPOS.
- **Predictable annual price per desktop.** Eliminate the costs and complexity of licensing, budgeting, software asset management, and, compliance.
- **Core CAL and ECAL Suites.** Extend the capabilities of IT infrastructure by providing users with access to their information on any device and from any location by utilizing this user-based licensing model.
- **SA Benefits.** Use all SA benefits including new version rights, training, partner services, and support.
- **Customized economic solutions.** Align technology solutions to specific budget and payment options.

Summary

In uncertain economic times, there is tremendous opportunity to leverage existing IT resources as well as invest in new technology trends that save money and drive value. When doing more with less is more critical than ever, software projects can reduce IT operating costs and provide very high returns. With Microsoft software, organizations can save money on the “break-fix-repeat” cycle that is estimated to consume 78 percent of IT budgets and invest more in IT capabilities that truly drive the business.¹⁴

Building a plan for an optimized IT infrastructure is crucial for organizations empowering people to turn data into insight, transform ideas into action, and turn change into opportunity. Microsoft software available today as well as coming innovations immediately available to customers with SA, deliver the solutions needed to improve productivity, accelerate agility, and reduce costs.

The table below summarizes opportunities that organizations should explore to further optimize their own IT infrastructure and enable their people to deliver the business outcomes required by uncertain economic conditions.

Objective	Actions
Improve productivity	<ul style="list-style-type: none">▪ Improve collaboration across geographical and organizational boundaries▪ Unify communications across applications and devices for messaging, voice, and video▪ Accelerate compliance audits and reporting
Accelerate agility	<ul style="list-style-type: none">▪ Provide faster and easier access to critical business information▪ Accelerate shared business processes with customers, partners, and suppliers▪ Reduce time to market for business changes
Reduce costs	<ul style="list-style-type: none">▪ Deploy existing software and use existing SA benefits▪ Consolidate software vendors and suppliers▪ Reduce labor and standardize configurations across desktops, clients, and mobile devices▪ Reduce server hardware requirements and simplify data center operations management▪ Choose more cost effective options: in-house, hosted applications, and the cloud

Microsoft remains committed to helping organizations leverage the power of technology and innovation to improve business performance. Organizations are encouraged to draw on the relationships and expertise of their Microsoft account teams and partners to quickly uncover any untapped opportunities that will help to make their organization even stronger and more resilient than they are today.

Endnotes

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- ² Ibid.
- ³ “Optimizing Infrastructure: The relationship between IT Labor Costs and Best Practices for Managing the Windows Desktop” (Doc #203482) IDC, October 2006, available at http://download.microsoft.com/download/a/4/4/a4474b0c-57d8-41a2-afe6-32037fa93ea6/IDC_windesktop_IO_whitepaper.pdf.
- ⁴ “Optimizing Infrastructure: The Relationship Between IT Labor Costs and Best Practices for Deploying and Managing the Office System,” IDC, January 2008, p. 3, available at http://download.microsoft.com/download/D/2/7/D271CD1C-A6FD-4E50-9621-AD1A38ABD042/IDC_IO_IW_Whitepaper.pdf.
- ⁵ “How to Quantify the Value of Software Assurance for Windows Client”, Gartner, July 2008, available at http://mediaproducts.gartner.com/gc/reprints/microsoft/microsoft_vol2_article3.pdf.
- ⁶ Microsoft Corporation
- ⁷ “Microsoft Desktop Optimization Pack for Software Assurance,” Wipro, March 2007, available at <http://www.microsoft.com/downloads/details.aspx?FamilyID=518CCDA-84F0-4B08-9B29-6979EB8A73F9&displaylang=en>.
- ⁸ “Quantifying the Value of Microsoft’s Desktop Optimization Pack,” Gartner, July 2008, available at http://mediaproducts.gartner.com/gc/reprints/microsoft/microsoft_vol2_article4.pdf.
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- ¹¹ “How an Intelligent Infrastructure Supports Business Productivity in the Intelligent Enterprise,” Capgemini, July 2007, available at http://download.microsoft.com/download/c/4/d/c4dabeae-7ec9-478b-bd42-c29520149ffc/Whitepaper_Capgemini_Office07_BPIO_FY08.pdf.
- ¹² “How to Quantify the Value of Software Assurance for Windows Client”, Gartner, July 2008, available at http://mediaproducts.gartner.com/gc/reprints/microsoft/microsoft_vol2_article3.pdf.
- ¹³ Determining the Value of Microsoft Software Assurance, Gartner, April 2006, available at <http://download.microsoft.com/documents/uk/licensing/guides/Gartner%20-%20Value%20of%20Software%20Assurance.pdf>.
- ¹⁴ “Driving Business Value from IT,” Bathwick Group, December 2007, p. 3, available at <http://www.silicon.com/i/s/ads/pa/bathwick/TCS%20White%20Paper%20Dec%202007.pdf>.