The Total Economic Impact Of IBM Cloud Pak For Watson AIOps With Instana Webinar

Connor Maguire
TEI Consultant

September 2021
Agenda

Introduction
What is TEI?
Executive summary
Customer journeys
Study results
Question and answer

Please note:
This slide presentation is an abridged, graphical, and complementary representation of a case study.

For a full explanation of methodology and details on model calculations, please refer to the full case study (The Total Economic Impact of IBM Cloud Pak For Watson AIOps With Instana, July 2021)
Enterprises are on the Journey to AIOps

Predictive Management
- Applications on "Auto-pilot"
- Continuous cost & performance improvement
- Proactive intelligence & actions

Enterprise Observability
- Granular visibility into application performance
- Close incidents faster with AI & Automation
- Tie application health to business outcomes

Standard Monitoring
- Basic performance & status
- Struggle with discovery during outages
- No connectivity between IT + business performance

Most Apps HERE

Increasing Automation
The Journey to AIOps requires the right tools

IBM Cloud Pak for Watson AIOps

Predictive Management
• 40% Improvement in new services & applications

Enterprise Observability
• More than 30% IT savings through continuous cost & performance management
• 50% Reduction in MTTR for better user experience

Standard Monitoring

Increasing Automation

© 2021 IBM Corporation

Most Apps HERE
TEI™ is a proven, consistent, repeatable methodology to justify technology investments.
Forrester took a multistep approach to evaluate the impact of IBM Cloud Pak For Watson AIOps With Instana.
Three-year impact

Based on an analysis of customer feedback and quantified benefit, cost, risk, and flexibility factors.
Forrester interviewed four users of IBM Cloud Pak
For Watson AIOps and Instana

Travel – $200M revenue, IT operations director, headquartered in EMEA

Business Services – $3B revenue, CTO, headquartered in USA

Marketing – $100M revenue, application architect, headquartered in USA

Healthcare – $45B revenue, director of IT, headquartered in USA
Prior challenges

Drivers to make the investment

• Desire to increase agility
• Need to reduce spend on incident management
• Need to increase visibility into application infrastructure

“With Instana, you’re no longer interrupted by issues several times a week. We have shifted to a more proactive state where if we see something that’s going south, we can address it immediately.”

— Application architect, marketing
Creating a business case for IBM Cloud Pak For Watson AIOps With Instana

Forrester created a composite organization to convey the aggregate financial analysis

Key Assumptions

• 200 applications across the organization
• 300 incidents each year
• 20 FTEs dedicated to incident-response team
Three-year risk-adjusted benefits

Based on interviews with current customer organizations, as applied to the composite

Benefits (Three-Year)

- Incident management savings: $2.0M
- Reduced cost to investigate false positives: $623.1K
- Retired legacy solutions: $528.5K
- Increased revenue from reduced unplanned downtime: $178.4K
- Increased application visibility: $186.9K
IBM Cloud Pak For Watson AIOps With Instana reduces the number of incidents customers experience

CUSTOMER EXPERIENCE

For root-cause analysis, it has reduced time savings down to next to nothing because the great majority of instances get fixed automatically. And the only ones where people have to get involved – we are talking minutes instead of hours.

CTO, business services

CAPTURING VALUE

50%

Reduction in the number of critical incidents investigated

FINANCIAL IMPACT

$2M

Incident management savings
IBM Cloud Pak For Watson AIOps With Instana reduces the cost to investigate false positives

CUSTOMER EXPERIENCE

We can monitor our applications across any number of metrics and reduce the time we spend on investigating these incidents down to next to nothing because the great majority of instances get fixed automatically.

CTO, business services

CAPTURING VALUE

80%

Elimination of the time spent remediating false-positive incidents

FINANCIAL IMPACT

$623K

Reduced cost to investigate false positives
IBM Cloud Pak For Watson AIOps With Instana allows users to reduce spending on legacy solutions

<table>
<thead>
<tr>
<th>CUSTOMER EXPERIENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Watson AIOps, we don’t need a lot of our legacy solutions. IBM Cloud Pak for Watson AIOps creates a virtual war room for us automatically. It does a lot of site reliability engineering like a fire alarm. It notifies all the respective teams that something has happened, automatically creates a blast radius for those affected by the incident, and then notifies the relative teams of the potential impact that needs to be explored.</td>
</tr>
<tr>
<td>CTO, business services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPTURING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% Reduction in spending on legacy solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$528K Retired legacy solutions</td>
</tr>
</tbody>
</table>
IBM Cloud Pak For Watson AIOps With Instana reduces unplanned downtime

CUSTOMER EXPERIENCE

Watson AIOps allows us to do more proactive monitoring. That within itself has allowed us to be more in the driver’s seat when it comes to downtime. We aren’t just waiting for something to happen to us.

Director of IT, healthcare

CAPTURING VALUE

15%

Reduction in unplanned downtime

FINANCIAL IMPACT

$178K

Increased revenue from reduced unplanned downtime
IBM Cloud Pak For Watson AIOps With Instana increases application visibility and reduces time spent debugging applications

**CUSTOMER EXPERIENCE**

Previously the biggest issue we faced was the lack of visibility into our application performance. You might deploy a path or an update, it would be deployed without having any real dashboards or historical data to look back on. This made it very difficult to see how an application is performing.”

Application architect, marketing

**CAPTURING VALUE**

75%

Reduced time to debug applications

**FINANCIAL IMPACT**

$187K

Increased application visibility
There are benefits to using IBM Cloud Pak For Watson AIOps With Instana that the customers couldn’t quantify.

- Apply Watson machine learning capabilities to proactively avoid incidents.
- Reduce risk across the application portfolio.

“IBM helps us remediate changes. It helps us identify when someone makes a change in their infrastructure that wasn’t coordinated through change control, wasn’t communicated to all their peers because we have a change control for reasons, so that we estimate the impact if something goes down.”

— Director of IT, healthcare
Customers incurred three areas of cost

- Subscription and services costs
- Planning and implementation costs
- Training and management costs

Subscription and services costs, $940,030
Planning and implementation costs, $76,560
Training and management costs, $111,407

$1.1 million
three-year total costs PV

Subscription and services costs, $940,030
Planning and implementation costs, $76,560
Training and management costs, $111,407

© Forrester Research, Inc. All rights reserved.
Financial summary

Three-year risk-adjusted results

216% Return on investment (ROI)

$2.43M Net present value (NPV)
The audience should be aware of the following:

- This document is an abridged webinar version of a full case study (Forrester Total Economic Impact of IBM Cloud Pak For Watson AIOps With Instana, July 2021).
- The study is commissioned by IBM Cloud Pak For Watson AIOps With Instana and delivered by the Forrester Consulting group.
- Forrester makes no assumptions as to the potential return on investment that other organizations will receive. Forrester strongly advises that readers should use their own estimates within the framework provided in the study to determine the appropriateness of an investment in IBM Cloud Pak For Watson AIOps With Instana.
- IBM Cloud Pak For Watson AIOps With Instana reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester’s findings or obscure the meaning of the study.
- The customer names for the interviews were provided by IBM.
- Forrester does not endorse IBM Cloud Pak For Watson AIOps With Instana.