



IDC ExpertROI® SPOTLIGHT

Equinix Increases IT and Employee Productivity with ServiceNow Cloud-Based IT Service Automation Solution

Sponsored by: ServiceNow

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Overview

A global data center provider, Equinix Inc. offers network-neutral data center and interconnection services in 15 countries in the Americas, EMEA, and Asia/Pacific. Its services include co-location, traffic exchange, direct cloud access, and outsourced IT infrastructure solutions. With a customer base of more than 4,500 companies, Equinix operates in 32 markets across five continents.

Despite operating globally, Equinix was still using a combination of six solutions for its IT service management (ITSM) efforts as recently as 2009, with each region using a different set of tools and processes. This product patchwork resulted in a lack of visibility when it came to incident management and an absence of common processes for change management.

In 2009, Equinix began looking for a solution that it could leverage to consolidate its disparate systems and processes into a single global IT platform. The company selected a cloud-based IT service automation solution from ServiceNow. Within six months of choosing ServiceNow, Equinix had put in place a global incident and problem management platform and succeeded in consolidating its six legacy ITSM solutions into a single system. Four months after that, Equinix had automated its global infrastructure and applications change management processes. It has since consolidated regional processes into a single global system.

Equinix has also now standardized its IT project management efforts globally with ServiceNow. Streamlined processes for project approval and prioritization enable managers to track their projects directly in ServiceNow, saving time and ensuring the quality of the processes. More recently, the company began using asset management services within the ServiceNow platform, automating the discovery of all global IT assets and managing IT asset life cycles from procurement to disposal.

Business Value Highlights

Organization: Equinix

Location: Redwood City, California

Challenge: Replace an inefficient ITSM platform consisting of six systems with a single integrated solution that increases IT visibility and drives productivity

Solution: ServiceNow cloud-based IT service automation solution

Five-Year Cumulative Benefits:

- \$2.97 million (discounted)
- ROI of 365%
- Payback in 7.7 months

Other Benefits:

- Increased non-IT employee productivity as a result of improved operations and automation
- Faster incident and change management processes by replacing email-based systems
- Reduced staff time spent on audit-related tasks up to 90%

Eric Fisch, Senior Applications Release Manager at Equinix, who serves as the project manager, developer, and administrator for ServiceNow, praises the impact of ServiceNow on his company's IT capabilities: "We can now quickly identify patterns related to different types of issues and requests and adjust processes to improve service-level commitments." He also notes that ServiceNow has enabled process improvements benefiting Equinix's IT operations: "By revealing where automation adds significant value, ServiceNow promotes continual service improvement."

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Overall, ServiceNow has improved Equinix's IT process efficiency through automation and integration and allowed the company to implement ITIL best practices globally. A central benefit to Equinix stemming from these IT process efficiencies and improvements, especially for its support operations, is that the company's non-IT employees are more productive because their IT-related problems are resolved faster and correctly more often. Equinix is also leveraging ServiceNow to create efficiencies outside IT, such as in its Facilities, HR, and Finance departments.

IDC projects that Equinix will realize benefits from the ServiceNow IT service automation solution worth **an average of \$850,120 per year** by making its IT operations more efficient, increasing the productivity levels of IT staff members and other employees, and reducing the burdens associated with audit compliance. This results in a **five-year ROI of 365%** and a **payback period of 7.7 months**, calculated from the beginning of 2011, when Equinix started using ServiceNow.

Implementation

Before choosing ServiceNow, Equinix licensed an ITIL-based ITSM solution, but abandoned it after multiple implementation attempts failed. It chose the ServiceNow cloud-based IT service automation platform after reviewing alternatives. Equinix concluded that it could leverage the ServiceNow design to simplify the integration of multiple production processes and consolidate its global ITSM operations.

Equinix's deployment of ServiceNow began in July 2010, and the company went live with ServiceNow Incident Management for its global IT infrastructure services six months later. Several months after that, the company added ServiceNow Change Management for IT globally, including its Infrastructure, Applications Support, and Network Support teams, replacing legacy regional processes and systems. At about the same time, Equinix also deployed ServiceNow Service Catalog to provide an internal customer-facing portal. More recently, Equinix added global IT project management and asset/configuration management to its global IT services through ServiceNow.

Equinix then turned to leveraging the ServiceNow platform to improve management reporting and automate additional, critical IT processes. For example, Equinix is using ServiceNow OOB capabilities to build a robust dashboard for its CIO to use as a "heartbeat monitor" for all IT operations. Equinix also developed a custom application to automate the provisioning of employees' access to the firm's Oracle ERP application using ServiceNow Service Catalog and custom workflow solutions.

Additionally, Equinix has begun to leverage ServiceNow to automate processes within non-IT departments, including the Facilities and HR groups in North America and the Finance, Data Center, and Revenue Operations groups in Europe. Going forward, Equinix intends to automate all elements of its asset management efforts with ServiceNow and to create an automated process for improving virtual machine (VM) provisioning.

Benefits

With ServiceNow in place, Equinix has retired its disparate legacy systems and consolidated its regional processes for the Americas, EMEA, and Asia/Pacific into a single global IT platform. Within months of deployment, Equinix had automated its global infrastructure and application change management processes. According to Fisch, with this automation, "we have become a lean and mean ITIL shop with a rock-solid incident and problem management system in place with ServiceNow."

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With the legacy support system, users had no visibility into the status of incidents they had submitted. With no portal, users had to wait for a member of the support staff to respond or spend time calling to get the information. Using ServiceNow Service Catalog, Equinix has created a self-service portal to give users the information they need and to provide a single point of entry for ordering items, requesting fixes and enhancements, or asking questions. According to Fisch, as a result, the company is "delivering a higher quality of service with ServiceNow."

Meanwhile, users making change requests had to submit requests in a legacy document repository system. The legacy system did not manage approvals, so users had to obtain approvals via email and attach the approval manually to each change request. With ServiceNow, users now make requests via a standardized online form and receive email approval through a change management workflow.

With ServiceNow, Equinix's non-IT employees have become more productive because members of the support staff are resolving problems faster and finding the right resolution more often. According to Fisch, "We have 2,500 users who are gaining productivity from support resolving issues more quickly because they are getting data up front with ServiceNow to fulfill those requests."

In addition to driving employee productivity, automated processes enabled by ServiceNow have reduced staff time needed to complete Sarbanes-Oxley (SOX) audits, which require access to the firm's Oracle ERP system to retrieve samples of past access requests. In the legacy system, requests to access the Oracle database were assigned to a team of database administrators (DBAs) through a Word document template, and administrators reviewed each document before issuing an email approval and assigning responsibilities manually. Now requests are handled through the ServiceNow Service Catalog standardized form. Requests are automatically routed to the appropriate approvers, who provide approval via email or directly in ServiceNow, and responsibilities are automatically assigned through integration between ServiceNow and the Oracle ERP system. This process has saved DBAs hundreds of hours in verifying request accuracy, making approvals, and assigning responsibilities. ServiceNow has also helped Equinix save additional time in the research and validation of the audit inquiries.

Further, by using dashboards, the CIO and IT managers can review IT performance against service-level agreements (SLAs) and add staff or reallocate resources as needed. "The dashboards have improved our IT and business transparency by providing a single source of truth about our service operations," Fisch says. "They have helped us to successfully allocate resources to meet challenging SLAs."

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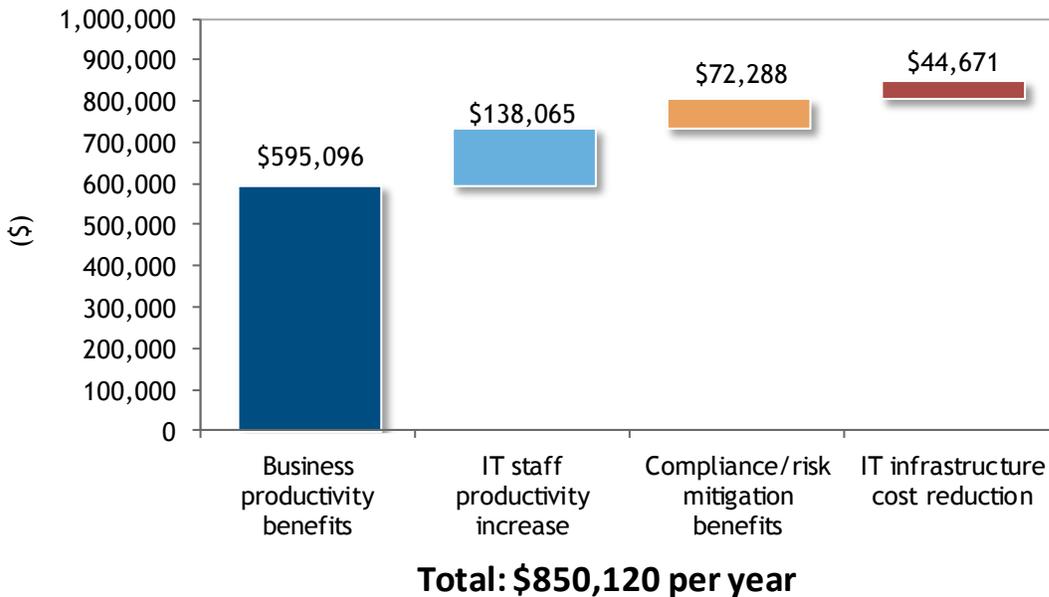
Equinix has also streamlined project management with ServiceNow by integrating end-to-end workflow-driven project prioritization, approval, and execution processes. Project and status details are maintained within ServiceNow, with project tasks, resource assignment, and milestones included for each project so that project managers can track their programs directly.

Quantifying the Benefits

From interviews with Equinix, IDC was able to quantify the benefits the company is realizing from deploying the ServiceNow IT service automation solution, including improved IT staff and other end-user productivity, more efficient incident and change management operations, and reduced infrastructure costs. In total, **these benefits average \$850,120 annually over the projected five years** (see Figure 1).

FIGURE 1

Average Annual Benefits



Source: IDC, 2014

Business Productivity Benefits

Equinix is leveraging ServiceNow to make its **business operations more productive** by bolstering productivity across its employee base. ServiceNow is enabling this by improving support processes and allowing non-IT departments to achieve administrative efficiencies. In total, IDC calculates that Equinix will realize **average business productivity benefits of \$595,096 per year over five years**.

The most significant benefit to Equinix from its deployment of ServiceNow is that its **business staff has become more productive**. With ServiceNow in place, employees are spending less time waiting for IT problems to be resolved, and problems are more likely to be resolved correctly the first time. By adding several hours per year of productive work time on average to its entire non-IT employee base, Equinix is generating an **average productivity benefit of \$409,351 per year** over five years with ServiceNow.

Equinix non-IT employees are also benefiting from spending **less time waiting for access requests** with ServiceNow. Equinix has leveraged ServiceNow to reduce the average wait period for access request fulfillment from 3.5 days to 1 day, resulting in **average annual productivity savings of \$127,056**. Further, **staff time spent on procurement notifications** has dropped by almost 90% with ServiceNow in place, yielding an **average employee productivity gain of \$2,346 a year**.

Equinix is also discovering ways to leverage ServiceNow **outside its IT group to make operations more efficient and effective**. For example, the Facilities group in North America and the Finance group in EMEA have replaced their legacy email approval processes with more efficient processes enabled by ServiceNow, **saving employee time worth an average of \$56,344 a year**.

IT Staff Productivity Increase

Equinix has realized significant IT staff time savings and productivity increases from its deployment of ServiceNow. In total, IDC projects that Equinix will achieve **increased productivity across its IT team** worth an **average of \$138,065 per year** over five years.

Equinix's **incident management operations in EMEA and Asia/Pacific have become more efficient** with ServiceNow. Before ServiceNow, these regions used an email system to handle incidents, which needed be supported with significant administrative time. On average, these teams have realized a time savings of 10 minutes per incident with ServiceNow because of its integrated nature and its ability to capture data within the system. Given that these regions are handling thousands of incidents a year, IDC calculates that Equinix is realizing **an average annual benefit of \$73,915**.

Equinix has also made its **change management operations more efficient** with ServiceNow by replacing manual bug tracking and change management systems. On average, enhanced capabilities in change management are saving Equinix about 15 minutes of staff time per change request, resulting in **an average annual productivity gain of \$18,694** with ServiceNow.

Beyond incident and change management, Equinix has benefited from the fact that ServiceNow can put operational data at the fingertips of its IT employees in far less time than its legacy system. Before the ServiceNow deployment, IT staff members spent an average of about 40 hours per month generating **ad hoc management reports**, but they can now generate these reports in minutes with ServiceNow. This results in **average annual IT staff productivity gains of \$21,402 per year**.

Further, Equinix has benefited from saving staff time previously spent supporting its **legacy ITSM solution**. As a result, these staff members have time to take on other more business-enabling projects, a **productivity gain worth an average of \$24,054 per year**.

Risk Mitigation

Equinix has also benefited by **reducing the amount of employee time needed to comply with Sarbanes-Oxley regulations and to fulfill other audit requests**. Since the ServiceNow deployment, the time spent chasing missing information and approvals for change requests is down by more than 80%, which includes time for costly external auditors. This is worth an average annual time savings of \$22,942. Additionally, Equinix staff members are saving hundreds of hours a year that database administrators used to spend manually assigning responsibilities in the Oracle system to handle audits. These time savings translate into an average annual productivity gain of \$46,334. Equinix staff members are also saving time on research and validating audits worth an average of \$3,012 per year. In total, IDC projects that Equinix will realize an **average productivity gain in its compliance efforts worth \$72,288 per year over five years**.

Infrastructure Cost Reduction

By deploying the cloud-based ServiceNow solution, Equinix was able to **retire multiple internally hosted legacy systems**, saving on hardware and support costs. When projected over five years, hardware savings average \$17,181 annually and savings on support costs average \$27,490 per year, resulting in **average IT infrastructure savings of \$44,671 annually**.

Return on Investment

IDC projects that Equinix will realize a **discounted total benefit of \$2.97 million** in IT and business staff productivity gains, cost savings, and reduced compliance burdens through its use of ServiceNow, compared with a **discounted investment of \$638,500**. This results in a five-year **ROI of 365%** with **payback** on its investment occurring within **7.7 months** (see Table 1).

TABLE 1

Five-Year ROI Analysis

Benefit (discounted)	\$2,966,500
Investment (discounted)	\$638,500
Net present value (NPV)	\$2,328,000
Return on investment (ROI)	365%
Payback period	7.7 months
Discount rate	12%

Source: IDC, 2014

IDC conducted several interviews with Equinix to quantify the benefits and investment associated with its use of ServiceNow's cloud-based IT service automation solution and created an ROI analysis from the results.

IDC calculates the ROI and payback period in a three-step process:

1. Measure the benefits from increased IT staff and user productivity and other cost savings since deployment.
2. Ascertain the total investment.
3. Project the investment and benefit over five years and calculate the ROI and payback period. The ROI is the five-year net present value of the benefit divided by the discounted investment. To account for the time value of money, IDC bases the ROI and payback period calculations on a 12% discounted cash flow.

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