

EXECUTIVE BRIEF

Empower Continuous Business Change With Hybrid IT

Challenge

Rapidly changing business initiatives (new applications, M&A, spin-offs, etc.) drive IT infrastructure evolution at an unsustainable — yet still accelerating — pace.

At Stake

Companies risk losing market share and forfeiting new business opportunities when their infrastructure is unable to support continuous business change.

Solution

An outsourced hybrid IT model that makes a dynamic mix of data center colocation, cloud, and managed services available as appropriate to optimize each new business initiative.

The accelerating pace of the global economy is driving up the rate of new business initiatives, spin-offs, and mergers and acquisitions (M&A) — as it also recasts business models, supply chains, and distribution channels. Each of these activities, in turn, puts significant pressure on corporate IT infrastructure.

Your organization might be a retail giant scrambling to reinvent IT systems as customers migrate from in-store shopping to online eCommerce and then to smartphone buying. Or, it might be a

newly chartered joint venture faced with only a few months to exit its parents' data centers and establish its own. Or, perhaps, an acquisition-driven company in need of a data center consolidation strategy to rapidly integrate the IT systems of a new acquisition.

In all these situations, today's intensely competitive markets demand near real-time IT response. Otherwise, you may miss that window of new business opportunity, lose market share — or both.

Keeping up With Retail Buyers

Take Walmart. The world's largest retailer is racing to keep up with customers who are increasingly shopping by smartphone. Mobile already drives about one-third of the traffic to walmart.com, spiking to more than 40% during the holiday season, says Gibu Thomas, Walmart's Senior Vice President of Mobile and Digital.¹

In response, the retailing giant has added a shopping-list function to its mobile phone app. The app guides customers to find the products they're searching for and points them to digital coupons they can redeem by phone. The results are impressive: customers who have downloaded the app make more trips to the store and spend up to 40% more once there.

Next up, says Thomas, is a big data application that will anticipate what the customer needs and automatically compile a shopping list that will appear whenever the shopper opens the mobile app.

“The best shopping list is the one you don’t have to create, so that’s the one we’re working on,” Thomas says.

Handling IT Separation (or Consolidation) Anxiety

The window for IT action can be extremely short in spin-offs, M&A, and joint venture deals.

In spin-offs, for example, the parent company often requires the IT systems of its departing division to be removed from its data centers in only a matter of months. In practice, this usually requires a combination of migrated and completely new systems, all sufficient to support an already operational and even sizable business. As a new company, the spin-off can’t afford to break stride during the IT hand-off — a challenge often exacerbated when it gets only a skeleton IT crew from its parent.

“Because you often have an extremely short runway to stand up new systems, spin-offs are one area where outsourcing to a provider offering a dynamic mix of possible IT environments really makes sense,” explains Chip Freund, Director, CenturyLink Business.

M&A deals present their own IT challenges. One is that the initial stages of some mergers require a kind of “neutral zone” between the systems of the acquired company and its buyer — a need often served by data center colocation services. A far bigger challenge is the ultimate requirement to consolidate the two companies’ IT infrastructures. “In many cases, neither company’s infrastructure is robust enough to take on the integrated whole,” notes Freund.

Embracing ‘Bumpy’ Growth

Responding to new customer behaviors, re-envisioned markets, and unexpected competition requires a dynamic IT infrastructure that can instantly adapt to an ever-changing set of business circumstances. However, as companies seek to turbo charge their infrastructure and their growth along with it, they discover that not all growth is uniform. Uneven or “bumpy” growth has its own infrastructure requirements, necessitating a degree of scalability and flexibility that traditional IT operations are hard-pressed to support.

“Businesses are realizing that it’s a very dynamic market and there is no crystal ball to predict what they need to do,” says Andy Huxtable, Senior Director, at CenturyLink Business. “Their management recognize that they need to be scalable — meaning their IT infrastructure has to be able to quickly scale up or down.”

Outsourcing Paves the Way

Riding the bumps of growth amid shifting markets has taught IT professionals to avoid getting stuck with infrastructure they don’t need. This has driven mounting interest in a hybrid approach to infrastructure requirements, including data center colocation, managed services, and the cloud.

The results of recent research bear this out. Within the next five years, 70% of all IT infrastructure will be outsourced, representing a huge shift away from today’s on-premises model,

according to an independent survey of 550 IT executives from around the globe.³ A hybrid model will dominate, according to the survey, including a mix of on-premise, colocation, cloud-based, and managed service offerings.

“Organizations are waking up to the need to outsource and plug into a service provider’s economies of scale,” Huxtable says. “That ensures that the infrastructure is there when they need it to grow their business, but it never becomes a millstone around their necks.”

Mastering Continuous Change With Hybrid IT

- Responding to new customer demands, fast-changing markets, and new sources of competition requires a dynamic IT infrastructure that can keep pace.
- To provide sufficient flexibility, IT infrastructure has to be able to quickly scale up or down.
- Within the next five years, 70% of all private IT infrastructure will be outsourced.
- Most enterprises will deploy hybrid IT infrastructures to achieve their goals.
- Using a service provider is a cost-effective way to pursue a hybrid infrastructure strategy.
- The right provider should guarantee 100% uptime and offer knowledge and resources not found within your company.

Conclusion: Optimize Continuously With Hybrid IT

The benefits of a hybrid outsourcing strategy include lower costs, greater reliability, and improved security. But if these are the parts, the whole is even greater. Adopting an outsourced hybrid strategy empowers a business to continuously optimize for rapidly evolving new business conditions, without concern for the impact on legacy on-premise IT infrastructure.

About Hybrid Infrastructure Solutions from CenturyLink

CenturyLink's Hybrid Infrastructure solutions infuse agility into IT infrastructure, whether your business is challenged with controlling costs, managing performance, or scaling and expanding into new markets. CenturyLink is recognized as the No. 2 retail colocation provider, with an extensive global footprint that includes more than 60 state-of-the-art data centers across North America, Europe, and Asia, with over 2.6 million square feet of raised floor space.

About CenturyLink Business

CenturyLink Business delivers innovative managed services for global businesses on virtual, dedicated and colocation platforms. It is a global leader in cloud infrastructure and hosted IT solutions for enterprise customers. Parent company CenturyLink, Inc. is the third largest telecommunications company in the United States, and empowers CenturyLink Business with its high-quality

advanced fiber optic network. Headquartered in Monroe, LA, CenturyLink is an S&P 500 company and is included among the Fortune 500 list of America's largest corporations.

For more information visit www.centurylink.com/technology.

¹ Walmart to Send Automated Shopping Lists to its Mobile App, CIO magazine, May 2013.

² Hybrid IT: The Best of All Worlds, DataCenter Dynamics, May 2014.

³ Independent survey of 550 CIOs, IT Directors, VPs of IT, and senior IT managers commissioned by CenturyLink and completed in August 2013 by Vanson Bourne, a research-based technology marketing consultancy.

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