

Green IT projects at risk as a result of cost-cutting

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GREEN IT PROJECTS AT RISK AS A RESULT OF COST-CUTTING

Stand alone green information technology (IT) projects are at risk of being discontinued as a result of cost-cutting measures, according to a new review of sustainable IT projects in global corporations and major government departments.

Compass Management Consulting claims that too many first generation green IT projects were poorly defined and lacked meaningful measures of success, which is leading to their worth being questioned as IT costs are reviewed more widely. The firm also reports wide variances within organisations in the implementation of green IT policies, with one corporation re-using 50% of its PCs and servers in Asia, 20% in the UK and just 10% in Central America.

Compass suggests that despite this mixed picture for sustainable IT projects, the current focus on cost-cutting may be good for sustainability in the long term as it will drive radical transformation in the way IT services are delivered.

“The current economic situation may prove to be the best opportunity we have to implement real change in the way IT services are consumed and delivered more sustainably,” said Steve Tuppen, consulting director at Compass Management Consulting. “Too many green IT projects have no dollar values attached in terms of benefits to be delivered so they do not get senior people’s attention. This lack of defined fiscal benefit means that more and more projects are being quietly dropped.”

Compass argues that large-scale IT estates can be transformed in ways which will cut costs by 30-50% and deliver sustainability benefits such as lower power consumption. This improvement is achieved through a programme of increased standardisation of IT services, server virtualisation, a recharge model which encourages sustainability and recycling of old equipment.

Compass reports one example of a UK government department where a cost reduction of £1.9bn over 5 years was accompanied by audited power reductions which led to a reduction in emissions of 29,897 tonnes of CO2 each year. This was accounted for by a combination of data centre power savings of 3,504 megawatt hours

per year (MWh pa), server consolidation (5,917 MWh pa), desktop transformation (40,364 MWh pa) and printer rationalisation (17,083 MWh pa).

“The greenest policy of all is to close datacentres, ship out old PCs and servers in good shape for disposal and bring in a more energy efficient estate. There are over 130 datacentres in central government alone and the government’s own ICT Strategy* calls for a reduction to 10-12 facilities over the next three years. This change will only happen if it is preceded by a transformation of the way IT services are consumed as a result of more standardisation of the service delivery and financial incentives to reduce consumption through utility-type pricing,” said Steve Tuppen of Compass.

Compass says that electricity accounts for 7-10% of datacentre costs and significant energy price rises look likely in the medium term. With this background, paying on a consumption basis for IT services delivered via a cloud computing model from highly efficient centralised datacentres is a powerful way to persuade service providers and their customers to behave in a more sustainable way.

“In some outsourcing contracts, suppliers are paid handsomely for installing extra servers, so are incentivised to implement new applications on new machines rather than install on an existing machine using virtualisation software. Transformation projects need to include changes in the way suppliers are paid and what units of measure customers are paying for. Outsourced service providers need to be released from the contractual and commercial constraints which stop them delivering better value and more sustainable IT services through leveraging their large-scale IT environments,” said Steve Tuppen.

Background on Compass Management Consulting

Compass is a company that specialises in Operational Excellence, covering both business and IT processes. Compass consultants analyse and optimise the operational practices of large organisations in relation to their core business objectives. All recommendations are fully auditable and are based on data, not opinion that quickly enables organisations to close performance gaps, develop best practice and drive effective change.

www.compassmc.co.uk

*UK Cabinet Office (2010). Government ICT Strategy: Smarter, cheaper, greener. HMSO, London.