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UNIVERSITY OF APPLIED SCIENCES
Together we are stronger

Cost of outsourced datacenter services

Experiences of broad scale outsourcing of datacenter services in a Finnish UAS

Datacenter IaaS workshop 11.9.2014
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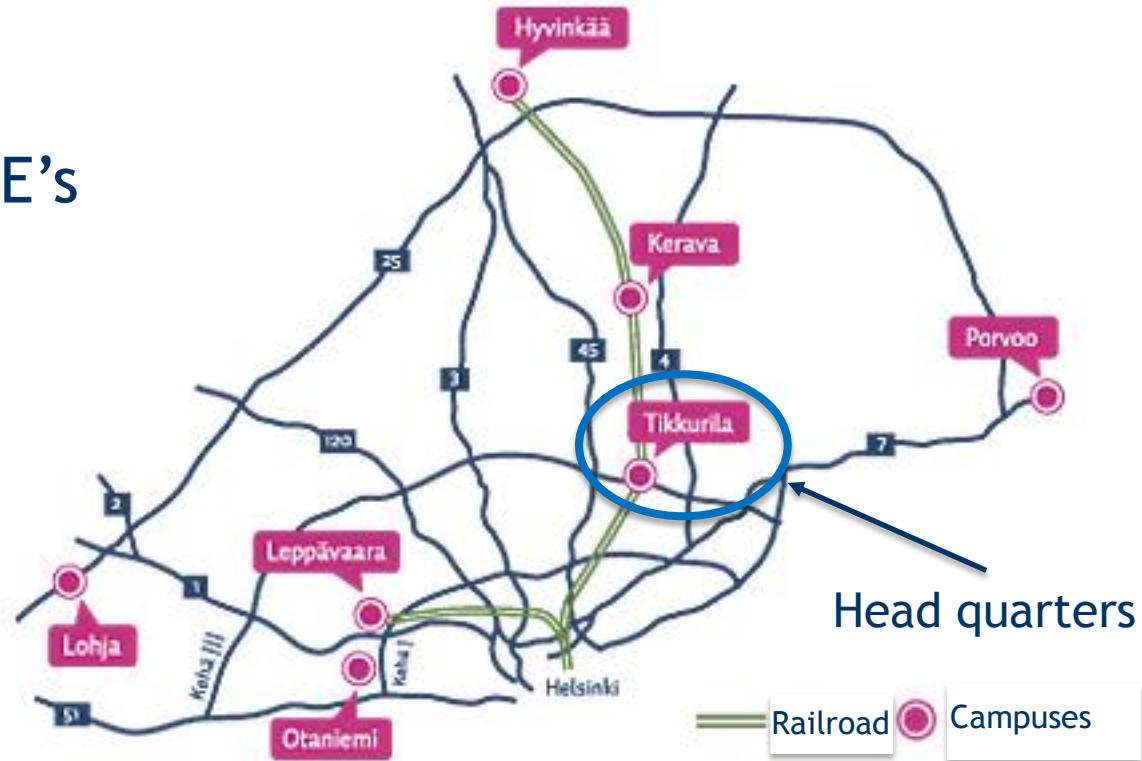
Content

- Laurea University of Applied Sciences
- History and background
- Current model of operation
- Contractual structure (IT infrastructure services)
- Cooperation and steering of the service provider
- Costs
- Summary



Laurea in short

- Mid size UAS
 - 6200 student FTE's
 - 470 Staff FTE's
- 7 Campuses
- IT-Personnel
 - 14 Permanent
 - 2 Temporary
 - 5 Students



History and background

”Total outsourcing”

- Needs of two merging UAS’s in 1998
- IT as a whole was outsourced to one provider
 - All needed services were produced by the same partner

Time of consideration

- Requirements of teaching
- Unhealthy growth of costs
- Service was steady, productized but inflexible
- Contract ending - June 30th 2004

Current model of operation

”Partial in-sourcing”

- Final decision to in-source - March 2004
- Production started - June 2004
- Objectives for in-sourcing
- First priority tasks
 - The formation of IT organization (recruitment, necessary training)
 - Building of telecommunication network (topology, hardware, local and wireless) - from scratch - between locations
 - Procurement model
 - Organizing competitive tendering

Current model - Hybrid

Hybrid-model

- Service providers
 - Infrastructure services: Servers, backup, email, AD,...
 - Frame network (between campuses) + related services
- Own IT-organization
- Students - HelpDesk

Contractual model- IT infrastructure services

Public institution

- Competitive tendering (CT) every 3-5 years
- CT is much work for a little organization (several months, 4 people involved + legal advise)
- CT done three times so far for IT Infra services
- Latest CT took place in Fall 2012
 - More flexible model for Laurea

Contractual structure

- Framework agreement
- For each service an own contract - currently 14 pieces
- In addition "*light*" contracts for larger projects

Cooperation and steering1

Steering group

- Highest body of cooperation
- Supervision and follow-up
- Ensuring uninterrupted continuous services
 - SLA follow-up and execution of possible sanctions
- Appoints groups and projects for cooperation
- Meetings every 6 weeks
- Common sharepoint workspace for materials
 - Formal agenda and memo after the meeting
 - Memo signed and archived

Cooperation and steering2

Projects

- Essential part of continuous development
- Way to implement unpredictable needs
- Multiple projects every year
- Projects are carried out according to a written *project guidelines*
 - Newest addition to cooperation
 - All new projects follow the guidelines (required documentation, project mgr., tasks, timetable, responsibilities, etc.)
 - Bigger projects have more rigid requirements

Cooperation and steering 3

List of contact persons

- Detailed list who can order what
- Everyone can not make requests

Other tools to support cooperation

- Service descriptions
- Project portfolio
- Ticketing system and email
- Collaboration platform
- Description of levels of services (next page)

Cooperation and steering 4



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Description of levels of services - unfortunately only in Finnish!

Application management service

Sisältävät tilaajan liiketoimintaa tukevien sovellusten ylläpito- ja tukipalvelut, asennukset, sovelluspäivitykset, versiopäivitykset, sovellusten tietoturvapäivitykset, valvonnan, vianselvityksen, varmistukset ja varmistusten palautukset. Laurea vastaa lisenssikustannuksista ja lisenssien hallinnoinnista, Laurea omistaa konfiguraatiot ja tietosisällöt. Laurea hankkii sovellushallintapalvelua Active Directory –ympäristöön, Winhaan oppilashallintojärjestelmään sekä keskitetyn käyttäjähallinnan kokonaisuuteen. Laurealla tulee olla oikeus tarvittaessa sovellusten hallintaan, vastuu rajapinnoista sovitaan käyttöönottoprojektissa.

Utilization service

Sisältää palvelinlaitteiston käyttöjärjestelmätason ylläpito- ja tukipalvelut, asennukset, käyttöjärjestelmäpäivitykset, käyttöjärjestelmän tietoturvapäivitykset, haittaohjelmien torjunnan, palveluiden valvonnan, palvelutasojen raportoinnin, vianselvityksen, varmistukset ja varmistusten palautukset. Laurea vastaa käyttöjärjestelmien lisenssikustannuksista ja hallinnoinnista. Laurealla on palvelimille asennettavista sovelluksista omat ylläpitosopimukset sovellustoimittajien kanssa tai Laurea huolehtii itse sovellushallinnasta tuotanto- ja testipalvelimien osalta. Laurea omistaa käyttöpalveluna toteutettujen palveluiden konfiguraatiot ja tietoaineistot, lukuun ottamatta palvelun tarjoajan omia palvelun tuottamiseen tarvitsemia konfiguraatioita ja tietoaineistoja – esim. toimittajan valvontaan ja ylläpitoon tarvitsemien sovellusten osalta.

Capacity service

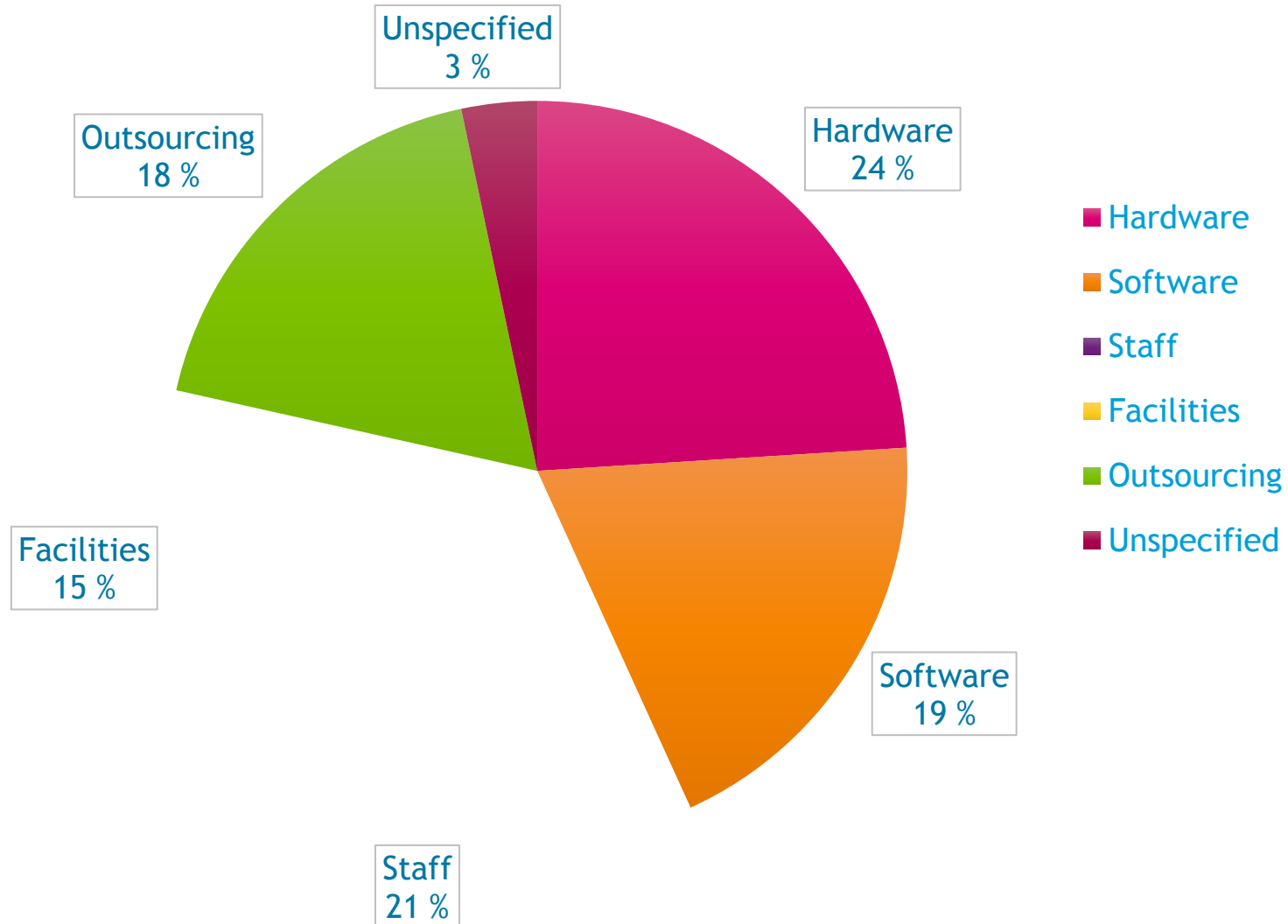
Sisältää infrastruktuuripalveluita, kuten konesalitan, ilmastoinnin, sähköt, palvelinten fyysiset alustat, levyjärjestelmät, varmuuskopioinninlaitteistot.

Total service

Toimittaja vastaa ja järjestää palvelun kokonaisuudessaan, Laurea omistaa järjestelmien tietosisällöt. Kokonaispalveluna hankittavat palvelut ovat: Web-hotelli, palomuuuri ja reitityspalvelu, Funet-verkon kytkentä ja sähköposti, sähköpostin roskapostinsuodatus, sähköpostinhaittaohjelmien suodatus sekä nimipalvelu –laurea.fi

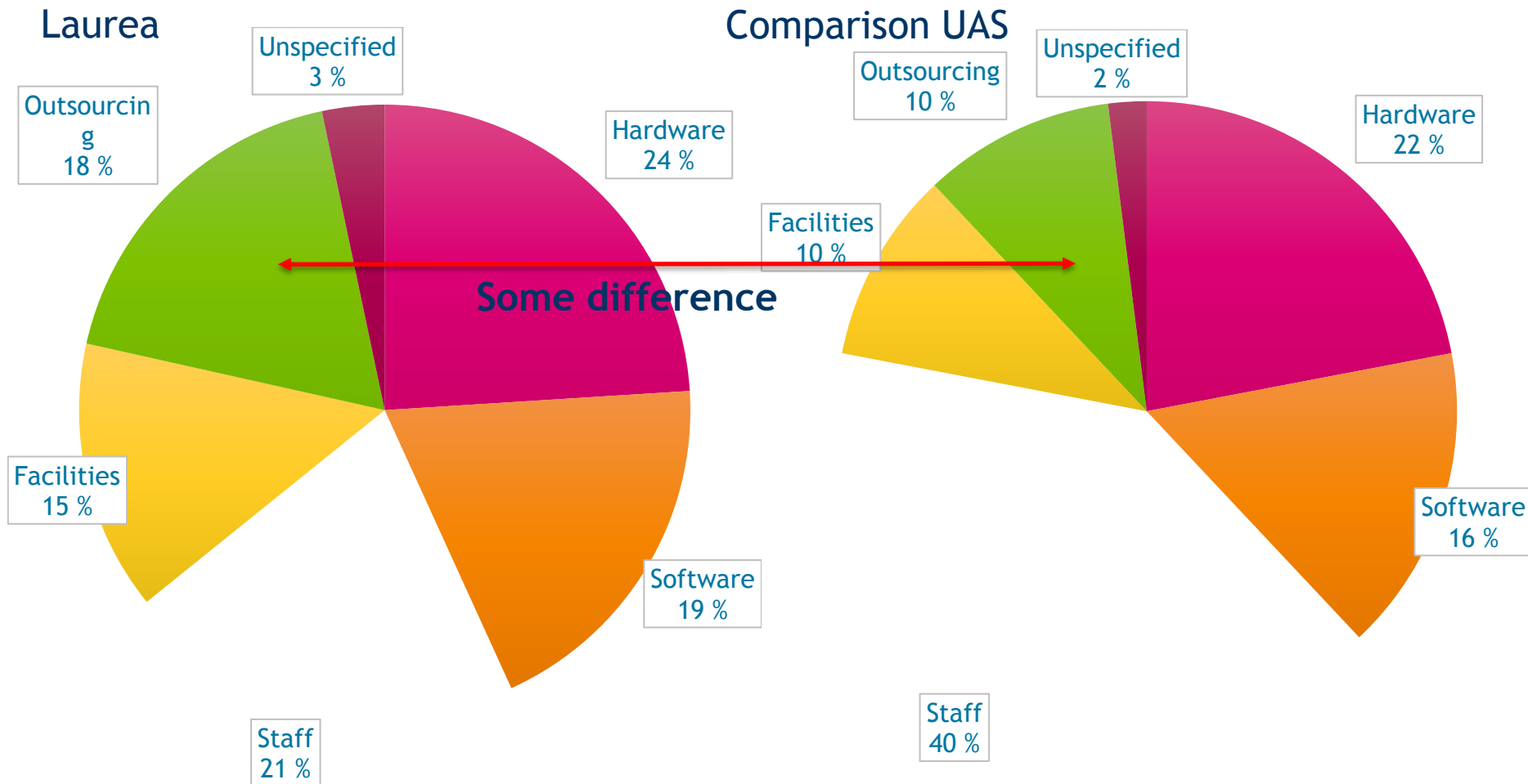
Split of IT-costs Laurea 2013

Relative shares



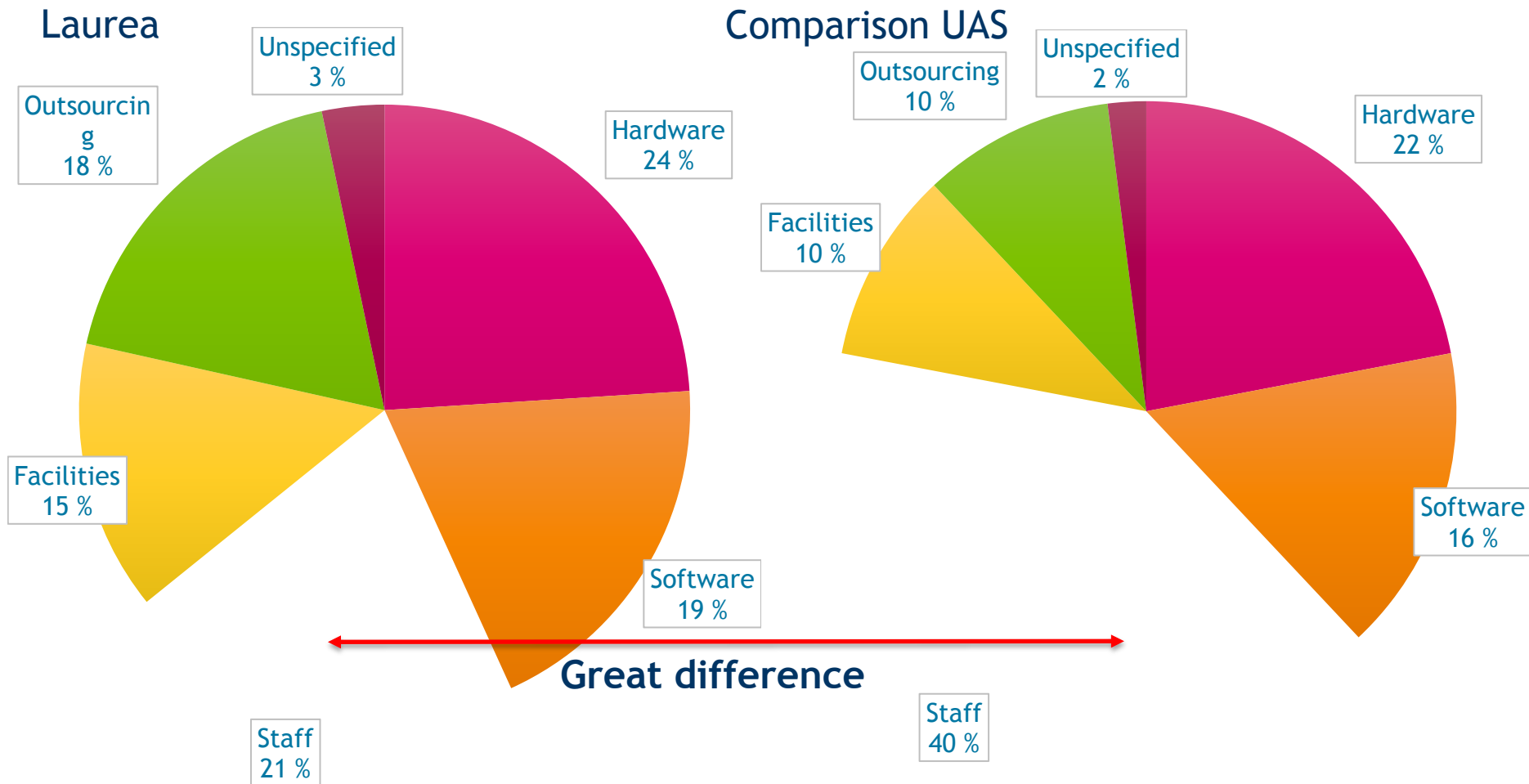
Split of IT-costs Laurea vs. another UAS

Relative shares



Split of IT-costs Laurea vs. another UAS

Relative shares



Summary

Decision to outsource is always a strategic decision

To succeed you need to

- know what you are outsourcing
- know the current costs
- have clear GO from management

What we have observed

- It is now easier to estimate costs vs. *total outsourcing*
- Problems in *competitive tendering* process
 - You do not always get **best fit** but rather the cheapest
 - We are lucky to have a flexible and **good size** provider → smooth cooperation over the years
 - Changing the service provider - Could be tricky
- Changes in the "outer world"

Thank you !

Any Questions ?

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