

The HP IT Infrastructure Story

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Agenda

- HP business challenge: HP and Compaq merger
- Results
- Commercialization of the HP account
- Core services

HP business challenge

- Consolidate the IT infrastructure of two multi-national corporations
- Support 141,000 employees in 160 countries throughout the world
- Reduce costs and complexity for competitive advantage
- Provide highly available mission-critical applications and web operations

**Accomplish all of the above with
global analysts, critics, and competitors
watching your every move**

The biggest tech merger in history



The size of the IT task



The desired result

1,200 networked sites

215,000 desktops

49,000 network devices

7,000+ applications

900+ web servers
and infrastructure

21,671 servers

228,000 mailboxes

26 million emails a week

30 million B2B messages monthly

Customers and partners interact
with HP as one company

Products and solutions
go-to-market through integrated,
global supply chains

HP workforce operates as
a single company

IT cost and complexity
are reduced

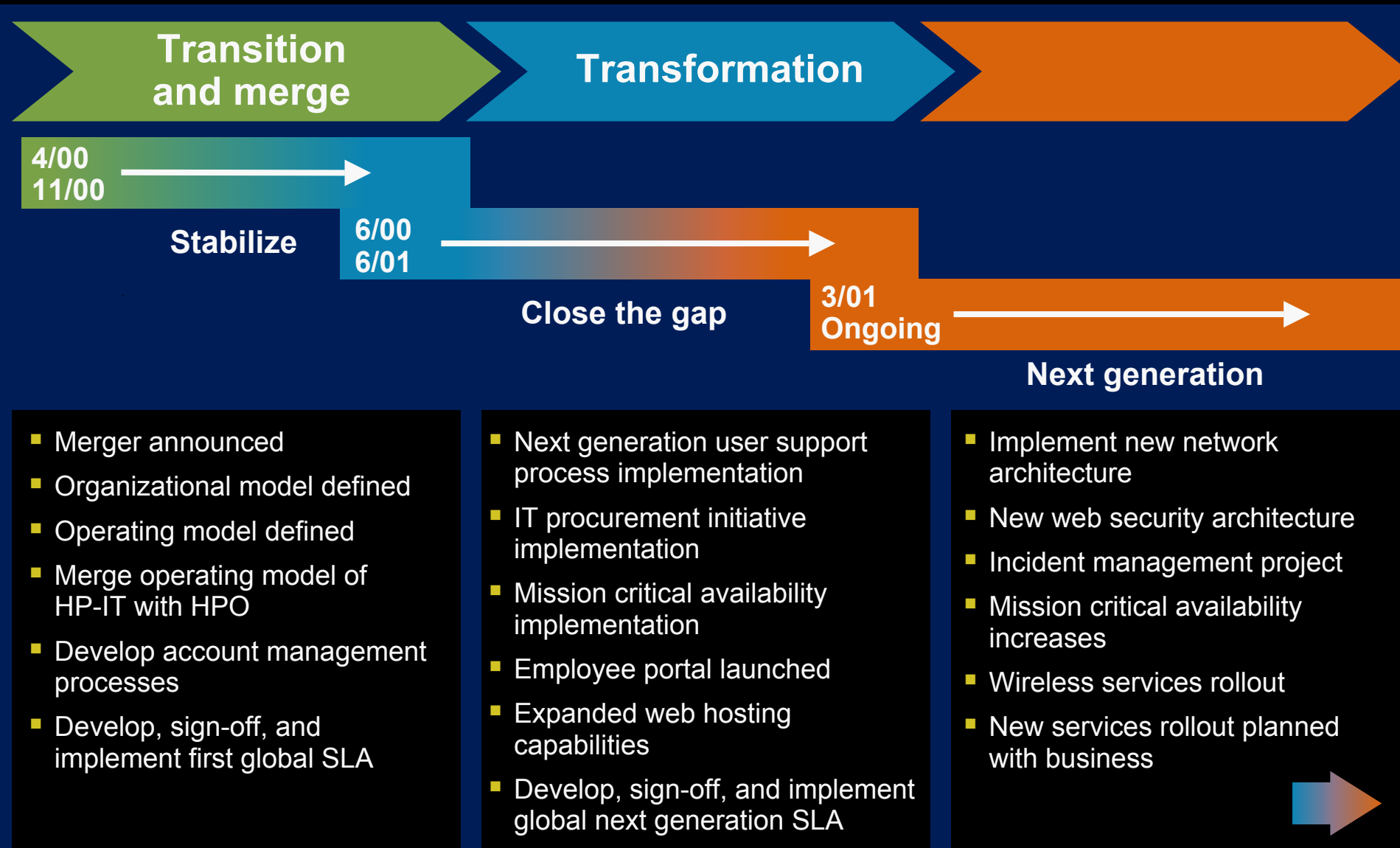
Business performance improves

Launch report: Infrastructure delivers



- Company networks connected at key strategic locations
- Active directory and enterprise directory synchronized
- Email systems interconnected
- All external call centers with HP greeting on day 1
- Employee names with hp.com suffix for external email (both in-bound and out-bound calls)
- Day 1 infrastructure management environment
 - Monitoring and reporting process
 - Escalation and incidents management process
 - Day 1 IT command center in place L+1 through L+30

Timeline of change



The result: IT a business accelerator that drives business value



- Achieved \$3 billion in cost savings in 9 months
- Delivered \$1.3 billion in supply chain integration savings in first nine months, \$1 billion more next year
- e-business operations on a path to triple transaction volume by 2004
- Reduced build-to-order PC manufacturing costs by 26%
- Rolled out world's largest, most complex PeopleSoft 8.0 e-HR installation
- Reduced financial transaction processing costs by almost \$20 million annually
- Reduced (and simplified) applications portfolio by 30%
- **Reduced overall IT costs by 24%**

Today's business challenges require IT to adapt

Increased volume of change

Business challenges

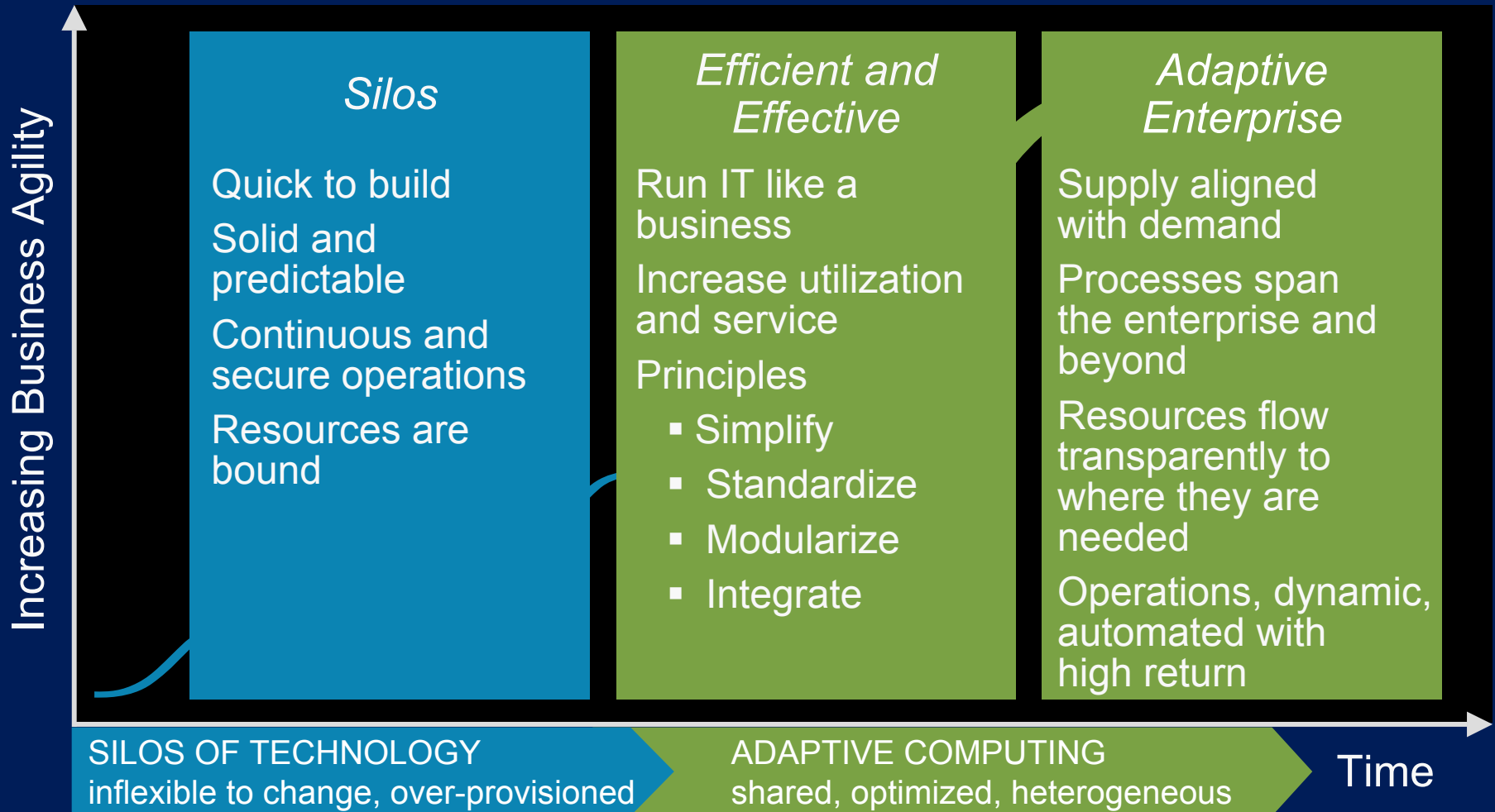
- Improve business performance, quality and ROI, while reducing costs
- Minimize risk associated with change
- Drive new business models and direction
- Shorten time-to-market
- Enable mergers, acquisitions and divestitures

Ability to adapt quickly

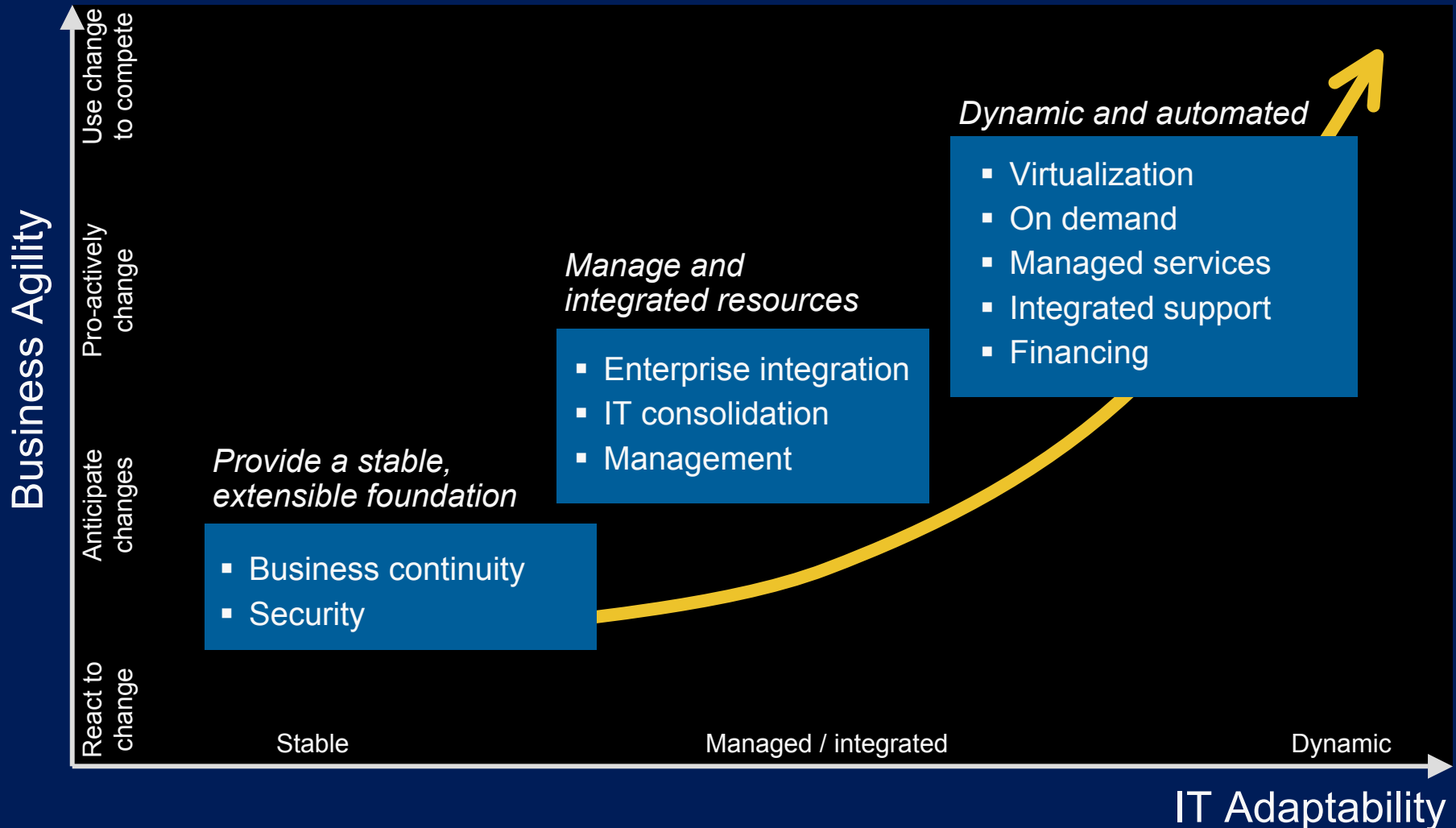
IT imperatives

- Link business and IT
- Reduce costs, ensure stability and flexibility
- Reduce complexity
- Optimize assets today and tomorrow
- Extend value and reach of the enterprise

Business can demand more with a new model of computing



Building the foundation of an adaptive enterprise



Unified global infrastructure

- 
- Customer solutions and support centers
 - Voice network
 - Data network
 - Call management system
 - Personalization (CRM) tools
 - Data warehouse and analytics
 - Multi-channel tools
 - Problem avoidance and self-help tools
 - Business continuity (for GSD)
 - Security

Commercialization of the HP account – *NEW*



- Evolve from a cost center to a service provider model
- New operating model will consists of:
 - Commercial engagement model
 - Variable budget driven by client demands
 - Focus on solving business not IT challenges
 - Cost saving objectives
- New HP Managed Services to HP IT include:
 - On demand infrastructure
 - Utility data center
 - Managed storage

Commercial portfolio of Managed Services



Strategic Outsourcing

Infrastructure Management

- Server and storage management
- Network operations and management
- Enterprise applications operations (ERP, CRM)
- Data center management
- Managed web services
- Security management

End User Workplace Management

- Global service desk
- Global service desk with eSupport
- Managed Desktop Services
- Managed mobility
- Managed messaging and collaboration

Applications Management

- Management
- Maintenance
- Development

Business Continuity

- Business continuity consulting
- Disaster tolerant management
- Business recovery services for the data center and office
- Backup and recovery

Software Publishing

- Global software product fulfillment
- Manufacturing and distribution
- Software product lifecycle management and licensing support
- eSoftware fulfillment and web-store hosting

On Demand

HP is no. 1 outsourcer

Information Week, “Analyzing the Outsourcers” – November 18, 2002

...asked customers to rank their satisfaction with their outsourcers, and the best-known names in the business, IBM and EDS, don't top the list.

No. 1 is Hewlett-Packard, a company some consider a sleeping giant among outsourcing providers because it's better known for hardware...

How They Rank		
	HP	IBM
Overall	1	7
Innovation	3	8
Reliability	1	7
Cost and value	2	9
Technical skill	2	6
Industry knowledge	3	6
SLAs	1	5
Strategic advice	6	4
Trust	2	4
Range of services	7	1
Reputation	3	1

How They Rank		
	HP	EDS
	1	6
	3	7
value	1	4
skill	2	4
knowledge	3	8
	1	4
advice	6	8
	2	7
services	7	4
	3	8



Q&A



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