



OIL INDUSTRY

- **CLIENT**
Iqon
- **CHALLENGE**
Deploying SAP, while cutting costs and improving IT quality
- **SOLUTION**
3 Vblock Systems- one for each company data center
- **RESULTS**
Iqon achieved a 64% internal rate of return, while improving IT metrics across the board, benefitting its business and its customers in one stroke.

VBLOCK SYSTEMS ENABLE OPERATIONAL EXCELLENCE AND THE BIRTH OF A NEW BUSINESS

EXECUTIVE SUMMARY

After a successful acquisition and growth phase, Rompetrol turned its energy into improving global operations by consolidating IT operations and launching a series of IT initiatives including an SAP rollout and a move toward private cloud. Realizing that its rigid IT infrastructure was not only expensive to operate but also inadequate for its expanded operations, Rompetrol evaluated options for a virtual infrastructure. Rompetrol chose VCE and Vblock™ Systems for its production and disaster recovery operations and distributed them in three of its data centers. In the process, Rompetrol created a new organization, Iqon Romania, that consolidated the IT expertise spread across the company and was given the mandate to provide “IT-as-a-service” to Rompetrol.

In just 12 months, Iqon/Rompetrol consolidated 675 physical servers to 63 servers running 480 virtual machines (VMs). The consolidation, which included the first phase of Rompetrol’s SAP project, enabled faster application provisioning, improved service levels, and increased IT asset utilization. On the cost side, the switch to Vblock Systems yielded a 64% internal rate of return (IRR), providing significant savings in energy consumption, power and cooling, and maintenance.



Situation

The Netherlands' based multi-billion dollar oil conglomerate, Rompetrol, had acquired several companies in a move to grow revenue and profit. The acquisitions, each with their own internal business structures had left the company with an increasingly complex IT infrastructure that could not keep pace with the business.

While two internal IT organizations managed the company's IT resources, it was common for newly acquired entities and existing business units to handle elements of their own IT as well. Additionally, each IT driven business initiative tended to come with its own hardware. This led to a proliferation of systems and equipment, which was difficult and expensive to manage. Unplanned downtime was frequent. IT for new projects would take considerable time to be provisioned and computing resources were poorly utilized (2-3% average CPU utilization for servers, and 20% average storage utilization). To keep growing, while meeting operational and financial targets, Rompetrol needed to modernize its IT systems and transform its operations.

“Vblock makes infrastructure simple. When you manage infrastructure, you have to consider a lot of things, like support, provisioning, administration of the operating systems. If you run a heterogeneous environment this is a real headache.”
— *Cristian Balulescu, Director of Operational Management Solutions and Services for Iqon*

It soon became clear that operational excellence could not be achieved so long as IT had to manage 675 servers, 14+ storage solutions, and hundreds of specialized applications. Existing systems had to be virtualized and consolidated so that IT could empower the business while, at the same time, improving operating metrics and significantly reducing costs.

To increase the speed of business, IT needed to be delivered as a service providing resources on demand with the right SLAs. Rompetrol decided to bring together all its IT resources under one group, and outsource its IT needs to this new organization, which would later become Iqon Romania.

Implementing SAP

The first challenge of the new organization was the implementation of an SAP solution, which would centralize Rompetrol's management systems and drive its enterprise resource planning processes. After developing a detailed RFP and evaluating multiple options, experts at Iqon and its partner system integrator CRESCENDO, determined that the Vblock System would provide the high availability needed to run SAP and the highest value to the business. In addition, Iqon saw that the platform would have enough capacity to allow Rompetrol to consolidate hundreds of server and tens of storage systems, enabling operations to be streamlined and costs to be cut.

From the start, Iqon was impressed with the system's power. Cristian Balulescu, Director of Operational Management Solutions and Services for Iqon, felt the “Vblock Systems offer better performance, new technology, and unified fabric. The product, in my opinion, doesn't have competition in terms of its capabilities.”

Solution

Iqon Romania/Rompetrol purchased 3 Vblock Systems and deployed one at each of its 3 data centers. One was a production unit; one was used for disaster recovery; and one was used to support Rompetrol branch operations (700 stations in Romania and 700 across Europe).

With Vblock Systems, the company has been able to accelerate one of Romania's largest ERP deployments to date. “The solution supports the activity of all divisions of the Rompetrol group, so the implementation roadmap was very strict. Consolidating the IT infrastructure on Vblock Systems helped us reach the aggregate objectives of the first phase,” says Giani Kacic, SAP Project Director Rompetrol.

The high-density Vblock Systems reduced the IT footprint and provided more computing resources, while delivering on stringent SLAs. This combined with the Vblock System's ease of operations permitted Rompetrol to realize significant cost savings.

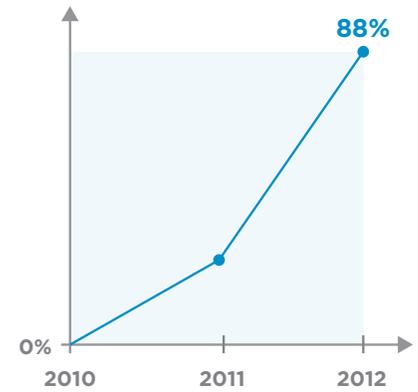
Results

With Vblock Systems, Iqon was able to attain significant improvements: physical servers were reduced by 90%; the number of people needed to manage the environment shrunk from 14 to 5, and availability climbed markedly from 93.7% to 99.8%. In all, Iqon realized savings of \$3.6 million a year. The infrastructure operating burden was reduced by more than two thirds, thus freeing resources to tackle business critical challenges.

Summing up his experience with the systems, Askor Zhakenov, a Group IT Director at Rompetrol says, “The Vblock Systems’ major advantage can be expressed in four simple words: best value for money.” George Oprescu, the General Manager of Iqon, has seen the financial benefit as well, and he recognizes how the Vblock System has let him elevate the level of his business: “By going with Vblock Systems, we finally managed to reverse the ratio of resources spent on administration and the development of new opportunities. Moreover, it is the first step towards a greater level of transparency everyone is craving. The Vblock System is the best example of how technology can enable IT to better help business people, while decreasing the budget.”

The Vblock System has also shown its mettle with impressive improvement on a number of operational metrics. For instance, the number of downtime incidents per month has decreased from 3 to .05. The improved uptime directly increases the quality of the services provided. Iqon can now offer enterprise grade infrastructure for the virtualization of tier one applications.

Iqon was able to meet and exceed Rompetrol’s virtualization targets. Iqon virtualized 88% of Rompetrol’s servers, enabling it to reduce the number of physical servers from 675 to 63. This in turn has resulted in power and space savings. The infrastructure now handles most of Rompetrol’s business applications, 6 out of 8 of their major tier one workloads (the remaining 2 will soon be retired), and 230 of its 250 other workloads.

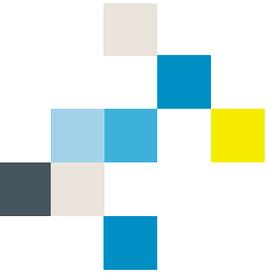


Infrastructure Savings (Millions USD Per Year)

Support Contracts for Legacy Hardware	\$ 1.38
Infrastructure Monitoring Software	\$ 0.77
People Moved To Different Tasks	\$ 0.64
Support for High Availability Components	\$ 0.38
Hosting + Power + HVAC	\$ 0.38
Total Savings Per Year	\$ 3.56

Iqon IT — Before and After Vblock

2010	2012
Virtualization status: 0%	Virtualization status: 88%
Datacenter space: 45 racks	Datacenter space: 23 racks
-0 kW annual Power Savings	-240 kW annual Power Savings
CPU usage: 2.76%	CPU usage: 24%
RAM usage: 53%	RAM usage: 90%
Physical Servers: 675	Physical Servers: 63
Availability Ratio (%): 93.7%	Availability Ratio (%): 99.8%



The pre-integrated, standardized nature of the Vblock Systems dramatically simplifies IT. As Mr. Balulescu describes, “When you manage infrastructure, you have to consider a lot of things, like support, provisioning, and administration of the operating systems. If you run a heterogeneous environment, this is a real headache. The Vblock System is much, much simpler to manage.” Provisioning is much faster now too, with new capacity provisioned in hours, whereas before it could take a month and a half. This has greatly increased the speed at which Iqon can respond to new requests from the business.

The tremendous ease of management the Vblock System provides has enabled the company to reduce admin support from 14 FTE’s to 5, freeing 9 people to work on new projects to drive additional business value for customers. Mr. Balulescu explains, “Now more than 50% of my time is spent on new projects. Before 70% was spent on administrative projects.” This benefits the business and “it makes for a more enjoyable work environment.”

“As far as I am concerned, the advantage offered by the Vblock platform can be expressed in just four words:

best value for money.”

— Askar Zhakenov, CIO, Rompetrol

Next Steps

The capabilities and responsiveness that Vblock Systems provided helped the new group to go beyond their original mandate to serve Rompetrol. With the expertise of over 100 IT professional, the technology differentiation afforded by Vblock systems, and a major oil conglomerate as its main customer, the group became Iqon Romania, an independent company. It evolved its business model to provide IT as a service to other companies across Europe.

According to Mr. Balulescu, “One of the key benefits for me is knowing exactly what I have in my court. It used to always be a surprise. Now, I have one machine and everything is on it. If I exceed capacity, I can buy more. So, it makes my infrastructure management very easy.” He knows that if additional capacity is needed, VCE can respond quickly with additional Vblock Systems delivered in under 45 days and operational just hours after delivery. In contrast to systems from other vendors, which can take months for delivery and weeks to become operational.

The Vblock System experience has been a very positive one for Iqon. Mr. Balulescu finishes, “I would recommend the Vblock System. The most impressive behavior is from the team. They are very enthusiastic to be working with it.”

For More Information visit www.vce.com or contact your authorized VCE reseller.

To learn about Iqon, please go to: www.iqon.com



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