System Center   Forefront   Windows Server

Insurance Market Embraces New Licensing Enrollment, Cuts Costs by 43 Percent

Overview

Country or Region: England
Industry: Financial Services—Insurance

Customer Profile

Lloyd's is a market where members join together as syndicates to provide insurance services to people and businesses in more than 200 countries. Lloyd's directly employs approximately 900 people.

Business Situation

Lloyd's chose Windows Server 2008 R2 Hyper-V technology and System Center data center server management products for its dual data centers. But it needed a cost-effective licensing model to put its virtualization plans into action.

Solution

Lloyd's is the first company in the United Kingdom to acquire the Microsoft Enrollment for Core Infrastructure, which includes all the products and technology that Lloyd's needs under one license.

Benefits

- Simplified licensing
- Streamlined IT management
- Costs 43 percent lower
- Greater business agility

"Microsoft got it right by linking server processors with management licenses. The Enrollment for Core Infrastructure makes sense for any company seeking to secure and manage its data center."

Jamie Beadle, Manager of Application Services, Lloyd's of London

Based in London, Lloyd's is the world's only specialist insurance market with a 322-year history. Lloyd's wanted to increase its virtualized environment to cut operating costs, increase resource utilization, and take advantage of its new data centers. The IT staff wanted to use the Hyper-V virtualization technology and Microsoft System Center data center solutions. However, the company's Microsoft licensing model did not meet its needs for securing and managing its data centers. Lloyd's found a cost-effective, simpler solution in the Microsoft Enrollment for Core Infrastructure (ECI) program. Lloyd's is benefitting from increased licensing flexibility, which enables the IT department to respond more quickly to the needs of the business. It also saved £26,000 (U.S.$38,000) on initial license costs and another £44,000 ($65,000) a year on maintenance costs over three years.

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Situation

Lloyd's started in Edward Lloyd's coffee shop in 1688. Ship owners met there for coffee, and it wasn't long before insurers started frequenting the shop to sell the mariners insurance. Before long, most of the insurance for England's burgeoning ship and cargo trade was being arranged at the little coffee shop. Today, Lloyd's is a leading insurance market, providing coverage for some of the world's largest and most complex risks. From oil rigs and bridges to celebrity body parts, from airlines and sporting events to global banks, millions of people in more than 200 countries are covered by Lloyd's of London.

Unusual Business Model

While Lloyd's is commonly thought of as an insurance company, it is in fact a partially mutualised market where members of Lloyd's join together as syndicates to insure risks. Today, there are 85 syndicates providing coverage for Lloyd's customers. Lloyd's brokers bring business into the market on behalf of prospective clients or existing policyholders, and shop around to see which syndicates can cover their specific risk and on what terms.

Server-Heavy Infrastructure

The company's business model presents some interesting challenges for Lloyd's IT department. "We are very server-intensive," says Craig Carter, Lead Infrastructure Architect at Lloyd's of London. "We have 450 physical servers and 50 percent are for development and data modeling. On top of this we have another 260 virtualized servers that service both the production and development environments."

Lloyd's IT department recognized room for improvement in how it managed its infrastructure, especially in the data center. Historically, Lloyd's had been hesitant about virtualization because it didn't trust the technology. So over the years, the IT staff accumulated servers as it responded to requests for new services and business capabilities. "The expansion of our physical servers, along with the proliferation of third-party server management solutions, was becoming less and less attractive," says Carter. "In order to get our operational efficiency where we wanted it we needed better utilization levels on the physical servers and fewer tools to manage them."

Early Foray into Virtualization

In an effort to save on hardware costs, in 2005, Lloyd's deployed approximately 50 virtual servers in a Microsoft Virtual Server 2005 R2 environment. Then, in 2008 the IT department was asked to build a test environment for a big project requiring 80 server instances. "We wanted to virtualize the servers to avoid hardware and electrical costs," says Carter. "We were also migrating from one of our older data centers to a new one, and we wanted to avoid unnecessary cost by optimising our space and power footprint."

However, the department was under a deadline, so it did not have the luxury of waiting for Microsoft to release the Windows Server 2008 R2 operating system with the Hyper-V virtualization technology that it needed. Instead, the department decided to deploy VMware ESX.

Since Lloyd's completed the migration, Microsoft released Windows Server 2008 R2, so the company replaced Virtual Server 2005 R2 with the latest version of Hyper-V, which Carter felt was more than enterprise-ready.

Dual Data Center

Because the initial virtualization projects yielded demonstrable reductions in operating expenses, Lloyd's began to see and feel the benefits of virtualization. The IT

department developed a virtualization strategy that would take into account the company's plans for adding another data center. By the end of 2010, Lloyd's will be coming to the end of a program to migrate from several old data centers to two new highly optimized ones. "We had been limiting our virtualized production servers to IT-facing applications," says Carter. "Now, with the latest version of Hyper-V, we are comfortable architecting a production, business-facing, dual-vendor virtual server service across our two data centers."

Lloyd's wanted to expand its virtualized environment to take advantage of the dual data center, lower hardware costs, improve reliability, and drive business agility. The company has a Microsoft Enterprise Agreement (EA) that was coming up for renewal in August 2010. Attracted by the fact that a two-or-more-processor server running Windows Server 2008 Datacenter offered unlimited virtualization rights, the IT department decided to upgrade a percentage of its servers from Windows Server 2008 Enterprise to Windows Server 2008 Datacenter as part of its EA renewal negotiations.

At the same time, in anticipation of its expanding virtualized environment, Lloyd's IT staff decided to take advantage of Microsoft System Center data center solutions. The company had already deployed Microsoft System Center Configuration Manager 2007 in November 2009 to help with asset management. Adding the other System Center products—Microsoft System Center Virtual Machine Manager 2008 R2, Microsoft System Center Operations Manager 2007, and Microsoft System Center Data Protection Manager 2007—would help the company consolidate its data center management tools.

However, it turned out that having to pay for the licensing upgrades to Windows Server 2008 Datacenter and then separately for the System Center data center solutions proved too expensive. "We wanted to standardize on Microsoft technologies to virtualize, secure, and manage our dual data centers, but the existing Microsoft licensing model didn't meet our needs," says Jamie Beadle, Manager of Application Services at Lloyd's of London.

Solution

Fortunately, while reviewing its licensing options with reseller Ultima Business Solutions, Lloyd's learned about a new Microsoft EA enrollment. The Microsoft Enrollment for Core Infrastructure (ECI) program offers Lloyd's a cost-effective way to acquire all the products and technologies that it needs to build a secure and well-managed data center.

Under ECI, Lloyd's can license the Windows Server operating system, Microsoft System Center data center solutions, and Microsoft Forefront Client Security together in a single per-processor license. This Core Infrastructure Server Suite is available in three editions—Datacenter, Enterprise, and Standard—to accommodate different virtualization needs. All suites include Microsoft Software Assurance.

"At first, we wondered where the catch was," jokes Beadle. "When Ultima and our Microsoft account team told us about this new enrollment, we couldn't believe how well it fit with our virtualization strategies."

On December 1, 2009, Lloyd's became the first company in the United Kingdom to acquire an ECI license. It chose the Core Infrastructure Server Suite Datacenter so that it can run and manage an unlimited number of Windows Server instances. "We were the first to go through the process, so

it was a bit complex, but it was easy to see the business case stacking up clearly for ECI," says Beadle. "Today, we have 450 processors covered in our ECI enrollment."

Now Lloyd's can move forward with its virtualization plans, beginning with older business-facing applications running on outdated operating systems that would be tricky to reengineer onto Windows Server 2008. The company also plans to virtualize line-of-business applications that reside on underutilized servers; it also plans to virtualize Microsoft Office SharePoint Server 2007 and some roles within Microsoft Exchange Server 2010 email messaging and collaboration software. "In line with the opening of our second data center, Lloyd's has the appropriate products licensed under the most cost-effective enrollment to virtualize as many servers as we deem sensible," says Carter.

With its System Center data center solution, Lloyd's can also begin to build a secure and well-managed dual data center. The IT department will complete its rollout of System Center Operations Manager 2007 in the second half of 2010 and will deploy System Center Data Protection Manager 2010 by the end of 2010 as a backup and recovery solution for SQL Server 2008 data management software, Office SharePoint Server 2007, and Exchange Server 2010. The company is currently testing System Center Virtual Machine Manager 2008 R2 in parallel with its existing virtual server management tools. In the next few months, IT staff will move System Center Virtual Machine Manager into production mode and use it to manage both the Hyper-V and VMware virtual machines.

"With ECI, System Center Data Protection Manager and System Center Virtual Machine Manager are like an added bonus," says Carter. "If we had to upgrade,

or purchase them as additional tools for our estate, we probably wouldn't have considered them. Now they come included and we get the advantage of a fleet of connected tools that we can use to optimize our IT resources."

Benefits

With the Enrollment for Core Infrastructure, Lloyd's has a licensing model that helps the company reach its business-critical IT goals. Now that Lloyd's can move ahead with its virtualization expansion and data center optimization plans, the company is better positioned to lower costs and drive business agility—two key benefits for staying at the top of its market. "ECI offered a simplified licensing model that seemed written just for Lloyd's," says Beadle. "Microsoft got it right by linking server processors with management licenses. The Enrollment for Core Infrastructure makes sense for any company seeking to secure and manage its data center."

Simplified Licensing
The ECI enrollment compiles many different products, with different licensing models, and creates an easy-to-manage per-processor packaged suite. This makes life a lot easier for Lloyd's IT staff who no longer have to calculate some licenses by server and some by processor. Because Lloyd's can license the suites per processor, the company can manage its licenses more easily, spending less time and effort ensuring that its data centers are license compliant.

"For Windows Server 2008 Datacenter, it's easier to purchase licenses by processor, rather than by how many guests you are going to host," says Beadle. "Then, with ECI, we simply get one license that covers all the management tools, no matter how many virtual instances we add to the mix. This approach works well with our own

tools for managing our licensing position because they count per processor. We still have our EA, but overall, the whole licensing process is a lot simpler for me."

Streamlined Data Center Management
Because the System Center tools interoperate well within Lloyd's Microsoft IT infrastructure and provide a familiar Windows-based console, staff required little training. "System Center Configuration Manager 2007 is a multifunction tool that fits better in our world," says Carter. "We used to have two tools to manage our virtual servers: VMware's Virtual Center and the Management Console that comes with Hyper-V. Today, with System Center Virtual Machine Manager 2008, we are using one tool to manage both our virtualized environments. And it's extremely user-friendly. The VMware tool was challenging prior to having some very specific training. We don't want staff to take weeks to learn the technology. With System Center tools, IT staff members took to it much quicker."

Since deploying System Center Configuration Manager 2007, Lloyd's IT staff has enjoyed significant time savings and an improved understanding of the corporation's server and desktop estate. "When we started doing a parallel run of System Center Configuration Manager 2007 with our existing estate management tool, we had more faith in the results that the Microsoft tool gave us. You need to be able to trust the numbers in any asset management," says Carter.

Lower Costs
Before proceeding with its ambitious virtualization plans, Lloyd's put together a business case for ECI to estimate the potential savings and to demonstrate the fiscal viability and expected return on investment. The analysis involved comparing the cost of ECI with purchasing

the standalone server products. Because Lloyd's chose the Core Infrastructure Suite Datacenter, it can support an unlimited number of virtualization instances while acquiring all the server management and security products that it needs for its dual data centers.

By signing up for ECI, Lloyd's will save £26,000 (U.S.$43,000) on the initial license costs and a further £44,000 ($65,000) a year on the maintenance costs over the three-year deal. This represents a 43 percent cost savings over the equivalent EA. "These numbers were extremely compelling," says Beadle. "It's safe to say that ECI paved the way for us to speed up the virtualization process, significantly reducing time to benefit for Lloyd's."

Other costs savings attributable to the new ECI licensing model will become apparent in 2010 as Lloyd's rolls out its System Center data center solutions. "ECI gave us the financial incentive to rationalize and consolidate our tools," confirms Carter. "As we retire our point solutions, we'll save money in licensing for redundant products."

Greater Business Agility
By expanding its virtualized environment across its two data centers, Lloyd's will reduce infrastructure and operations costs and improve reliability and overall business continuity. The increased business agility that comes from quickly provisioning servers to comply with requests and new business strategies will provide a better foundation for growth. The company's business hinges on a number of success factors, but responsive customer service within the marketplace is crucial to keeping the company at the top of its game.

"This program greatly improves our server provisioning, which means less time

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www.microsoft.com

For more information about Lloyd's products and services, visit the website at:
www.lloyds.com

building kit and more time using it!" Carter says. "Now that we can move ahead with expanding our virtualized test and development environment, we will be able to respond even faster to the opportunities, keeping our customers and their clients happy."

For Lloyd's of London, the ECI played a key role in helping the company to build the virtualized environment it needed to boost responsiveness to the market. "ECI is not just a new licensing enrollment from Microsoft, it's a business enabler," concludes Beadle.

Enrollment for Core Infrastructure

The Enrollment for Core Infrastructure (ECI) is a Microsoft Enterprise Agreement program that helps you easily acquire the foundation for a protected, well-managed IT infrastructure. The Core Infrastructure server suites available through ECI provide you with the server platform, management, and protection you need to deliver more efficient, reliable, and flexible data center services. These suites offer a cost-efficient way to license the Windows Server operating system, Microsoft System Center server management applications, and Microsoft Forefront Client Security solutions together in a per-processor license.

For more information about Enrollment for Core Infrastructure, go to:
www.microsoft.com/licensing/licensing-options/enterprise.aspx

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Software and Services

- Microsoft Server Product Portfolio
  - Microsoft Forefront Client Security
  - Microsoft System Center Configuration Manager 2007
  - Microsoft System Center Data Protection Manager 2007
  - Microsoft System Center Operations Manager 2007
  - Microsoft System Center Virtual Machine Manager 2008 R2
  - Windows Server 2008 R2 Datacenter

- Technologies
  - Hyper-V