



A Finance Perspective on Storage Investments

Getting past 'No' with your CFO

Freeform Dynamics, June 2017

Revisiting the stereotype ‘Bean Counter’ image

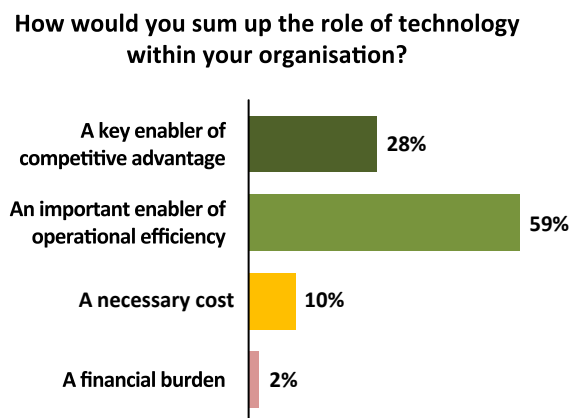
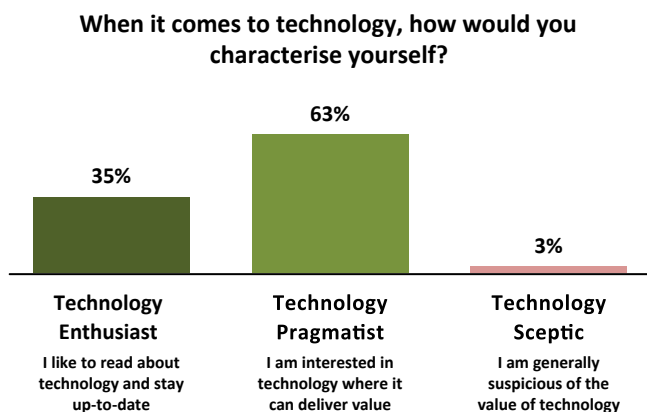
The traditional view of finance managers needs some serious updating.

When we interviewed 182 senior finance professionals from across Europe, the Middle East, Africa and Asia Pacific during a recent telephone research study (see back of report for details), the people we spoke with generally didn’t fit the image often portrayed in IT circles. They certainly weren’t, for example, the kind of individuals that sit in their office keeping score all day with their calculators and spreadsheets, habitually rejecting requests from the IT department to spend the company’s money. So what did we learn about them?



A high degree of technology awareness

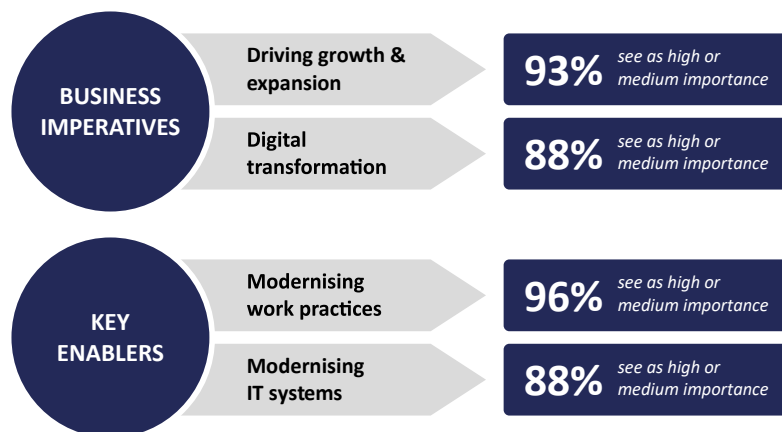
The overwhelming majority declared a clear interest in technology, with over a third of our respondents even describing themselves as technology enthusiasts. There was also a high appreciation of the importance of technology to the business, as an operational enabler, but also in many cases as a source of competitive advantage.



Given that the mainstream IT industry arguably began by addressing financial number-crunching needs, and for many years IT teams often reported into finance, this picture shouldn’t come as a surprise. Let’s also not forget that many senior finance professionals have years of direct hands-on experience as power users on the desktop.

View of IT in perspective

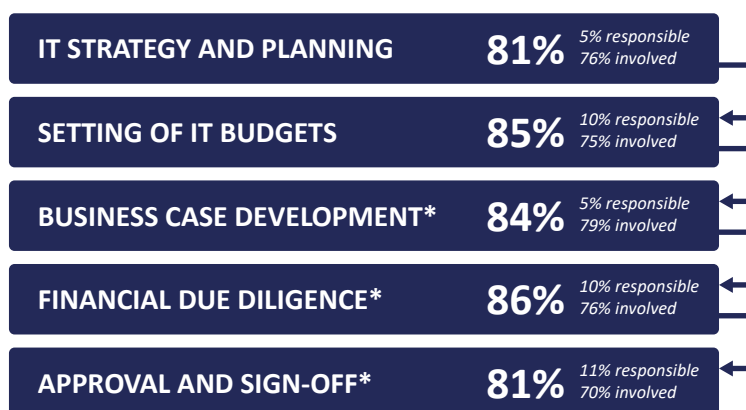
A key characteristic of finance managers is that they largely think of IT in a business context. They typically have a rounded view of strategic business plans and objectives, understand the digital transformation imperative within this, and the part technology plays in modernising working practices. This in turn leads to a clear appreciation of the need to invest in IT systems.



Still an important gateway and influencer

But despite most senior finance professionals having an interest in technology and recognising the importance of modern IT systems, they are still responsible for ensuring that the company's financial assets and cash are used wisely. It is therefore not surprising to see them involved in, even sometimes responsible for, various aspects of the IT planning and investment cycle. Sometimes they play a proactive or leading role, other times they act more in a support capacity. Either way, CFOs and their teams are often significant influencers or approvers.

How much are you involved in these activities?



*In relation to significant IT investments or contract commitments

How much are you involved in the following?



A keen eye on risk

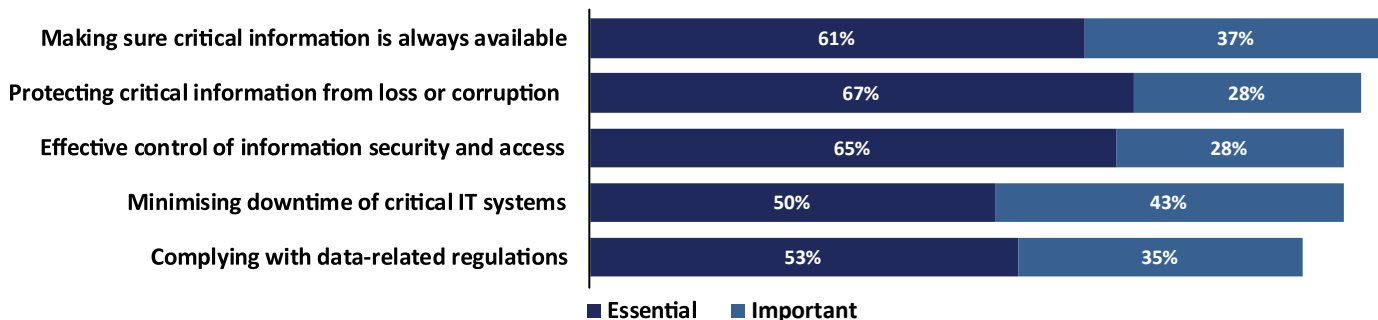
Beyond budgets, business cases and due diligence, most senior finance professionals are actively involved in risk and compliance. This interest extends well beyond the financial domain to embrace more general business risk, and in nearly three quarters of cases, IT risk management too. Given the dependency between all of these areas, finance managers arguably maintain one of the most holistic perspectives on risk of anyone in the organisation. This impacts how they view IT investment priorities, and the way they conduct due diligence.

Electronic data in the spotlight

A common thread running through all these areas of risk is data availability. Whether it's analytics for managing financial and business risk, reporting to meet compliance

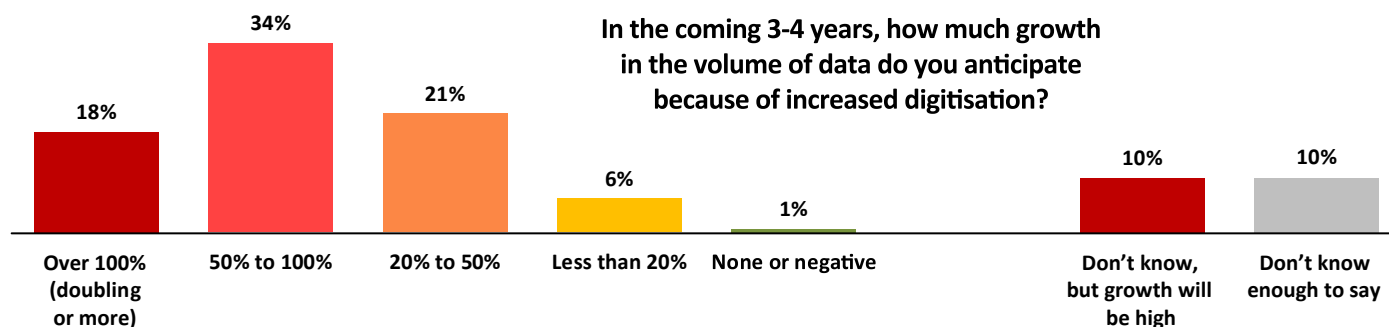
requirements, or simply making sure that critical systems can create and retrieve transaction records, if electronic data isn't stored in an accessible, robust, secure and protected manner then your business can't function effectively.

How important are the following to your business?



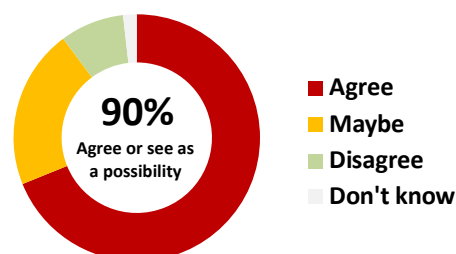
A closer look at data and storage

Drilling into requirements around electronic data more deeply, the senior finance professionals participating in our research were well aware that data volumes were likely to grow as a result of increased digital transformation.



The picture we see here will mostly reflect a 'business activity' perspective. It won't necessarily take full account of the way in which familiar information assets are generally getting bigger (physical size of documents, higher resolution of images and video, etc), or the new types of data likely to be produced as time goes on (VoIP and video-conference recordings, web/mobile log files, IoT data streams, and so on). Nevertheless, while IT professionals may regard the above picture as an underestimation, finance managers are clearly aware of the general trend. Furthermore, the majority also acknowledge that data is likely to grow in ways it's often going to be difficult to anticipate.

AGREE OR DISAGREE?
Ongoing digitisation may lead to data volumes growing in unexpected ways

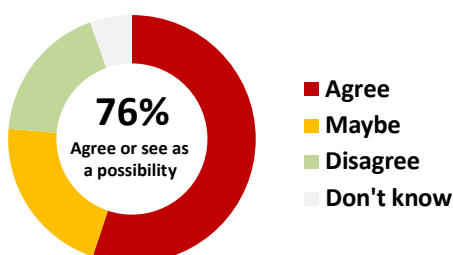


Concerns about storage and staffing costs

The financial implications of high and unpredictable data growth lead to obvious questions for finance managers. Against this background, it is therefore not surprising to see the majority concerned about not just escalating storage costs, e.g. the need to buy more hardware and software to add extra capacity, but also the costs associated with data management. With regard to the latter, it's telling that around half see IT staff time as a significant business expense.

AGREE OR DISAGREE?

I am concerned about possible escalation of data storage and management costs

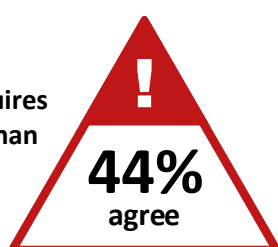


IT staff time and effort to manage and protect data is a significant cost to the business
(another 20% say 'maybe')

This sensitivity about people-related costs undoubtedly stems from the effort needed to administer traditional storage systems, but the concern isn't just about that. Many believe that additional training and/or recruitment will also need to be funded. Then there's the impact of losing staff.

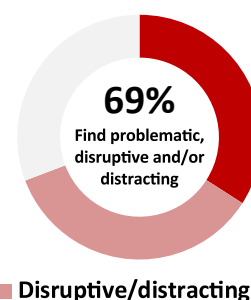
AGREE OR DISAGREE?

Managing data growth requires more skill and knowledge than exists within our IT team
(another 13% say 'maybe')



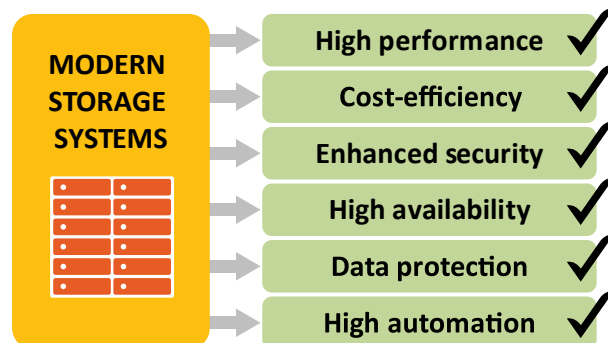
HOW MUCH OF A CHALLENGE?

Losing and having to replace and retrain skilled IT staff



Putting together a finance-friendly investment case

The views of senior finance people that we have been discussing so far are actually very useful when considering how best to construct a finance-friendly investment case for modernisation of storage systems. There's an appreciation of the role of both technology and electronic data in enabling the business to meet its objectives. We also now have a clear view of some of the key risk and cost-related issues that are likely to be front-of-mind. And the good



news is that modern storage solutions address many of the concerns head on. They are powerful enough to provide on-the-fly compression, de-duplication and encryption of data, so combine speed and cost-efficiency with effective storage-level security. In-built data protection and rapid fail-over then enable the cost-effective management of some key risks. Native replication features, for example, help to avoid downtime and data loss without the need to spend

significant additional budget on a separate set of specialist tools. These attributes alone help to tick many of the CFO's boxes from a business value and due-diligence perspective. When you then add automation into the mix, the case becomes



Agree we would invest in more automation if we could reduce manual effort and skills requirements
(another 10% say 'maybe')

even stronger. Indeed the study confirms you are pushing against an open door here. But none of this means you are home and dry on getting a positive decision.

It's got to be future-proof

A key set of responses from the study relate to the kind of things that frustrate finance managers.

These include unplanned requests for significant spend, unhelpful ultimatums and the waste of replacing equipment before its natural end of life. Unfortunately, the combination of rapid and

unpredictable growth, traditional products that offer limited expansion, and an absolute business dependency on electronic data, has frequently precipitated the kind of situations highlighted in relation to storage. It has been all too easy to buy a solution at a particular level in the manufacturer's product range, only to find out that the whole system needs to be prematurely replaced with a higher model in order to accommodate unanticipated growth. Again,

Situations that cause problems, disruption and distraction for CFOs

Request for significant spend coming out of the blue without warning



Being presented with ultimatums, e.g. approve this spend or accept the consequences



Proposals to replace equipment that's still within its original anticipated life-span



Agree being able to add capacity, without replacing entire systems, would be highly desirable
(another 17% say 'maybe')



Agree we could benefit from more flexible systems to deal with high and/or unpredictable growth
(another 21% say 'maybe')

modern systems can help, as they tend to offer a much greater level of expandability, as well as being designed to allow new technology options to be exploited as they appear. Together with innovative acquisition options, e.g. 'pay-as-you-grow', this provides the investment-protection and flexibility that finance managers are clearly looking for. This means that if you buy the right system today, storage will cease to be a risk, worry or distraction for many years to come.

Getting to that final ‘Yes’

If you currently rely on older, less-flexible storage technology with basic functionality and limited automation, then modernisation will make absolute sense when you look at the problems and opportunities we have been discussing through an IT lens. More reliable, self-managing systems translate to less administrative drudgery, fewer unpleasant surprises and a lot less high-stress fire-fighting. You can also meet evolving business needs much more confidently, effectively and efficiently. What’s obvious to you as an IT professional, however, needs to be articulated in the right way to get buy-in and approval from non-technical decision-makers, stakeholders and influencers. The views of finance managers on what’s likely to motivate them to say ‘Yes’ are therefore extremely helpful.

When considering a case for a significant IT investment (including in data storage), how much do the following influence the chances of approval?



Some of what we see here is as we would expect - laying out the business rationale, mapping benefits onto business priorities, and where possible presenting a quantitative analysis of return on investment, highlighting relevant aspects of future-proofing along the way.

Generating mutual understanding and respect

Beyond ensuring that the tangibles are covered, it’s also worth remembering the human aspects of influence and decision-making. Take the trouble to bring financial stakeholders up to speed on the key principles and ideas that underpin the solution you are proposing, at least at a high level. Knowledge builds confidence, and the more confident someone is, the more likely they are to freely and positively provide their support. With this in mind, we would encourage you to seek out our document entitled “INVESTING IN DATA STORAGE; A GUIDE FOR BUSINESS EXECUTIVES”, which has been specifically written to help with this process. The aim is to generate mutual understanding and respect, which will always lead to better decisions. In the meantime, we hope the insights presented from our research here have been useful as you look to better engage with one of the most important stakeholders in the business.

About the Research

The research upon which this report is based was designed and executed on an independent basis by Freeform Dynamics. Data was collected from 182 senior finance professionals via a telephone survey. The respondents were drawn from a variety of industry sectors, including Manufacturing, Retail, Travel/Transport, Financial Services, Telecoms, Healthcare/Life Sciences and Automotive. The organisations in which they worked were spread evenly across two size bands (200 to 500 employees, and 500 to 1,000 employees). The study, which was completed in June 2017, was sponsored by Fujitsu.

About Freeform Dynamics

Freeform Dynamics is an IT industry analyst firm. Through our research and insights, we aim to help busy IT and business professionals get up to speed on the latest technology developments, and make better-informed investment decisions.

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