



BMC Helix Discovery Helps Organizations Optimize ITSM Operations and Asset Management

An IDC White Paper, Sponsored by BMC

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November 2019

Business Value Highlights

549%

five-year ROI

15%

more efficient IT infrastructure teams

5.4 months

to payback

8%

reduced number of physical servers required

8%

more efficient ITSM teams

13%

improved help desk operations

57%

reduction in unplanned downtime

19%

reduced staff hours required to perform software audits

42%

more efficient auditing teams

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EXECUTIVE SUMMARY

Today's service management tools, including case management, customer service, financial, and information technology (IT), emerged in a time when process automation and optimization delivered enormous value. As the business and technical environment became more complex, these tools expanded into interconnected platforms, which attempted to manage the complexity through increasingly clever applications of basic techniques. These efforts have been moderately successful but have done little to help manage the perception of chaos the complexification brings.

Understanding both traditional IT assets and emerging asset classes like artificial intelligence models, cloud computing resources, learning data, intellectual property, and SaaS entitlements is critical to understanding the complexity and reducing the perception of chaos. However, it is only through the use of artificial intelligence, well-structured data, and intensive automated discovery that this complex system can be reduced to human-governable activities, with automation taking the bulk of the management load.

The ability to automatically detect assets and changes and automate response processes is critical and is increasingly required to enable scale for I&O teams as software delivery cycles increase. BMC Helix Discovery is a cloud-native discovery and dependency mapping system that provides visibility into hardware, software, and service dependencies across IT environments. IDC interviewed organizations using BMC Helix Discovery to understand, validate, and quantify its business value. Interviewed organizations reported that the use of BMC Helix Discovery resulted in significant business value, which IDC quantified at \$4.18 million per year on a per organization basis, resulting in an average five-year ROI of 549% by:

- » Increasing the efficiency and productivity of IT service management (ITSM), IT infrastructure, and software auditing teams

IT organizations have turned to asset discovery and management as a means to manage this growing complexity.

- » Reducing the number of physical servers required to support IT operations to provide cost savings
- » Improving help desk operations by reducing the time-to-resolve user issues
- » Improving end-user productivity by reducing the effects of unplanned downtime on business users

Situation Overview

The chaos of working in a digital business is increased by the rapidly multiplying array of applications, business services, data sources, and learning models deployed on diverse platforms including on-premise, private cloud, hybrid cloud, public cloud, and multicloud environments. These facilities are being accessed directly by end users and through a variety of intermediary layers, many of which communicate with and configure one another in increasingly opaque ways.

IT organizations have turned to asset discovery and management as a means to manage this growing complexity. This is a relatively regular trend in the industry, as there are marked upticks in asset management during transitional periods like the Y2K event or the advent of cloud computing. However, in this case, simple enumeration of assets in their “before” and “after” transition state will not be enough to deliver consistent value. Instead, the dynamic of the industry has changed with:

- » Enterprise IT organizations balancing legacy management tool investments and new, modern IT estate investments with public clouds, DevOps, Agile, and microservices adoption
- » Public cloud providers investing to speed cloud migration to their platforms, increase competitive differentiation, and create new revenue sources
- » Partner ecosystems requiring consistent views and operations that cross environments, legal entities, and geographies
- » Intelligent automation of technology processes and the orchestration of multiple processes that increasingly act as a partner to the IT organization, its partners, and the partner’s intelligent automation systems

Resolving these challenges requires vendors to combine both artificial cognitive skills with human-oriented design thinking. Humans take on a governing role, setting parameters and managing emergent situations as they occur. Artificial cognitive skills leverage the tsunami of asset/entitlement/usage data and create discrete actions and skills to address emerging challenges and opportunities.

As datacenters transform to multicloud environments, new ways to deliver cloud-native applications are being used to scale the business.

BMC Helix Discovery Overview

BMC Helix Discovery is a cloud-native discovery and dependency mapping offering that provides visibility into hardware, software, and service dependencies across various environments. Each scan delves into the information and dependencies for all software, hardware, network, storage, hyperconverged infrastructure, and cloud services — providing organizations with the context needed to create an application map from any piece of information about it.

As datacenters transform to multicloud environments, new ways to deliver cloud-native applications are being used to scale the business. These private and public cloud environments often have limited or nonstandard means of communications and need to coexist with legacy infrastructure and software. As a result, companies that don't have good visibility into how cloud-native applications are implemented struggle in their digital transformation.

To meet this need, BMC Helix Discovery capabilities include the following:

- » Enables rapid discovery, relationship modeling, correlation, visualization, and root cause analysis across geographically dispersed datacenter resources that can include more than 100,000 servers (In minutes, IT can link infrastructure and software to how they impact the business so that enterprises can optimize capacity, ensure stronger security, meet compliance requirements, and improve service, change, and problem management. Integration with a wide range of third-party systems and management tools provides operators with a unified view of system/service performance.)
- » Reduces cost and time to prepare for audits, preventing audit penalties and enabling compliant and secure datacenter operations
- » Customizes the portal and reports for specific roles and needs across network operations center (NOC) specialists and subject matter experts
- » Minimizes change risks by empowering the change advisory board (CAB) with trusted dependency data to evaluate change impact
- » Allows IT to mitigate risks associated with moving datacenter assets for consolidation, cloud, and virtualization projects

With BMC Helix Discovery, organizations are enabled with tools that can improve business engagement and end-user satisfaction. IT organizations can remove the manual guesswork and adopt a more integrated infrastructure management approach. BMC Helix Discovery enables IT to shift its focus from manual and reactive troubleshooting activities to delivering consistent end-to-end service levels.

The results allow for collaboration and necessary exposure with the business on proactive value-added activities. Likewise, the ability to quickly and accurately assess the source of a problem empowers IT to improve response times to critical issues, thereby improving service levels, end-user analysis, and IT operational performance. This lack of visibility directly impacts business productivity.

The Business Value of BMC Helix Discovery

Study Demographics

IDC conducted research that explored the value and benefits of using BMC Helix Discovery as an ITSM management and asset discovery platform in support of IT and business operations. The project included interviews with five organizations that had experience with and knowledge about its benefits. During the interviews, companies were asked a variety of quantitative and qualitative questions about the impact of the solution on their ITSM operations, businesses, and costs.

Table 1 presents study demographics. Interviewed organizations had a base of 30,550 employees supporting 71.1 million external customers and users. Both groups were engaging with 600 business applications. In terms of geographical distribution, three companies were largely based in the United States, with one in Germany and one in Sweden. Interviewed organizations' vertical industries include the manufacturing, information technology, and energy sectors. (Note: All numbers cited represent averages.)

TABLE 1

Firmographics of Interviewed Organizations			
	Average	Median	Range
Firmographics	Average	Median	Range
Number of employees	30,550	22,500	500–100,000
Number of external customers/users	71.1 million	13.5 million	15,000 to 200 million
Number of business applications	600	250	150–1,200
Industries	Manufacturing (2), information technology (2), and energy		
Countries	United States (3), Germany, and Sweden		

Source: IDC, 2019

“We were working with a two-tier ITSM system. We had one for plant management and the other was our intake layer. But we would have interfaces for one system that would create notifications and the work order to actually do the work. Our vice president wanted to make a change to have one unified system, so he basically went to BMC.”

Choice and Use of BMC Helix Discovery

The companies that IDC surveyed described usage patterns for BMC Helix Discovery and provided a snapshot of their overall IT and business environments. They also discussed the rationale for their choice of BMC Helix Discovery over competing solutions and/or legacy approaches. Study participants reported that this included the solution’s ability to provide increased efficiency and productivity for ITSM, IT infrastructure, and auditing teams by optimizing asset visibility, improving ITSM setup and configuration, and better supporting business operations. Study participants discussed these and other benefits:

- » **Needed better asset visibility:** *“Basically, it was not knowing what we have and running the risk of overspending if we have to purchase something we didn’t know we already had. For example, we looked at a lot of licensing. We wanted to make sure that we’re compliant, and we wanted to understand end-of-life support for hardware. There was a lot of stuff we were blind to and this really helped open that up.”*
- » **Less confusing ITSM setup:** *“We were working with a two-tier ITSM system. We had one for plant management and the other was our intake layer. But we would have interfaces for one system that would create notifications and the work order to actually do the work. Our vice president wanted to make a change to have one unified system, so he basically went to BMC.”*
- » **Did not know about full infrastructure:** *“We didn’t know really what kind of infrastructure we had such as the number of servers. We had a manual configuration management system, but we didn’t have an automated tool that we could use to compare and see if the information was correct. So the main reason is that we want correct information through our operations management.”*
- » **Better ability to support business:** *“We wanted to understand what is supporting our business and the dependencies that interconnect all of them.”*

Table 2 describes organizational usage of BMC Helix Discovery. The overall BMC footprint was substantial as evidenced by the number of internal users supported — roughly a third of the entire workforce (9,636). The number of business applications being supported by BMC Helix Discovery was 542, also a substantial number out of the 600 total applications cited previously in Table 1. The number of physical servers across all companies was 5,267, while the number of virtual servers was 14,275. (Note: All numbers cited represent averages.)

TABLE 2

Organizational Usage of BMC Helix Discovery		
BMC Helix Discovery Use	Average	Median
Number of internal users supported	9,636	4,350
Number of business applications	542	250
Number of physical servers	5,267	5,000
Number of virtual servers	14,275	10,000
Number of sites/remote networks	2	2

Source: IDC, 2019

Business Value and Quantified Benefits

IDC's Business Value model expresses the accrued benefits for organizations using BMC Helix Discovery to support their ITSM and IT operations and teams. Survey data from BMC Helix Discovery customers was applied to this model to arrive at quantified benefits. Using this methodology, IDC found that these customers realized significant value. Study participants reported that its use increased the efficiency and productivity of ITSM, IT infrastructure, and auditing teams; improved help desk operations by reducing the time-to-resolve user issues; and improved user productivity by reducing the effects of unplanned downtime. These capabilities allowed these teams to better contribute to business needs, goals, and results. Study participants discussed these and other benefits:

“One of the biggest benefits was that BMC Helix Discovery allowed me to basically create a report that shows the whole stack of applications.”

- » **Better ability to understand and respond to issues:** *“One of the biggest benefits was that BMC Helix Discovery allowed me to basically create a report that shows the whole stack of applications. You can see the application from not only the servers it's running on but down to the switch that it's talking to. And that is pretty vital for us when we're trying to understand a business interruption based on an asset. We are able to now look and say what asset is affected, and here are all the applications that could be affected. So it's given us a greater visibility and understanding of how the business impacts, and it helps us to quickly respond to those incidents.”*
- » **Ability to right size infrastructure:** *“We wanted cost savings as well as cost avoidance. It's nice to know where we can cut costs so we can make sure infrastructure is right sized and if we are using it properly. And the other thing is we are doomed to go out and buy an asset again if we don't know if we already have it.”*

“BMC Helix Discovery helps us with our strategic planning. As we’re now trying to move to use more cloud resources, we’re looking at our existing portfolio to see what we can shift to a cloud environment. BMC Helix Discovery is helping us do that.”

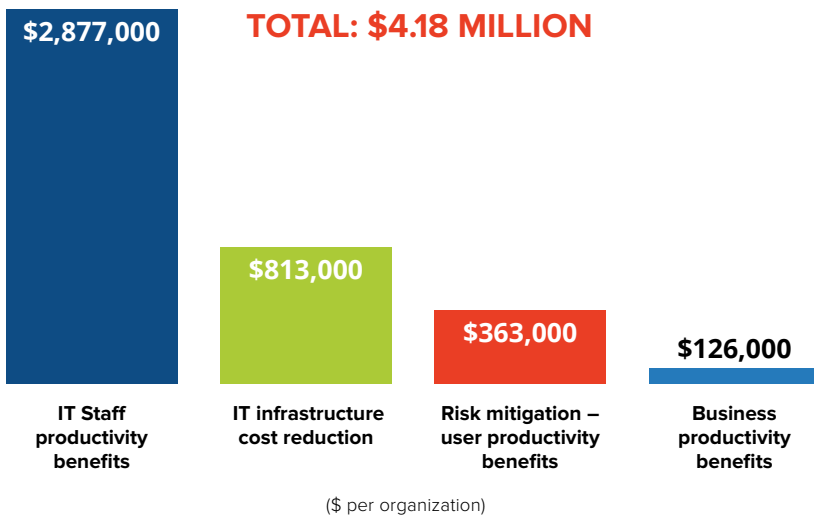
- » **Helps with the migration to cloud:** *“BMC Helix Discovery helps us with our strategic planning. As we’re now trying to move to use more cloud resources, we’re looking at our existing portfolio to see what we can shift to a cloud environment. BMC Helix Discovery is helping us do that.”*
- » **Improved vulnerability management and patching efforts:** *“Vulnerability management is one of the biggest business benefits. We can see what our exposure levels to certain things. It really helps if there is a patch that comes out. We can know what our level of effort would be in order to patch a given number of servers. If we have to put a patch on a server because of this vulnerability and you don’t know how many servers you have, you can’t possibly extrapolate how long that might take you.”*

As presented in Figure 1, IDC’s analysis shows that these benefits translate into significant business value, which IDC quantifies as worth an annual average of \$4.18 million per year per organization in the following areas:

- » **IT staff productivity benefits.** Enabling better ITSM and IT operations means that associated teams were more efficient and productive. IDC quantifies the value of these staff efficiencies at an annual average of \$2,877,000 per organization.
- » **IT infrastructure cost reduction benefits.** Reducing the number of physical servers resulted in less investment required for infrastructure. IDC quantifies the value of these reductions at an annual average of \$813,000 per organization.
- » **Risk mitigation — user productivity benefits.** Reducing the frequency of unplanned downtime and outages resulted in higher employee productivity and less revenue loss. IDC quantifies this value at an annual average of \$363,000 per organization.
- » **Business productivity benefits.** Having improved ITSM operations enabled IT organizations to better support business goals and results. This translated into additional revenue that IDC calculates at an annual average of \$126,000 per organization.

FIGURE 1

Average Annual Benefits Per Organization



Source: IDC, 2019

Improved Productivity for ITSM and IT Infrastructure Teams

Interviewed organizations typically have maintained sizable teams dedicated to supporting IT operations including ITSM. ITSM teams operate in areas such as incident, change, release, asset, and configuration management. The numerous resources devoted to these responsibilities reflect their criticality in maintaining efficient IT operations.

ITSM software must be able to support analytics capabilities to more quickly identify the root causes of problems and take proactive measures to prevent impending problems from impacting users. Automation of technology processes and the orchestration of multiple processes are critical and increasingly required to enable scale as software delivery cycles increase.

BMC Helix Discovery customers reported achieving significant IT staff efficiencies in both service management and datacenter management operations. They attributed these efficiencies to the benefits of improved visibility, better understanding configurations and dependencies, the automation of record keeping and gathering, and reduced time needed to resolve problems. These efficiencies in turn freed up time to work on other key initiatives and fostered a better and more streamlined approach to incident and change management tasks. Study participants elaborated on these and other benefits:

“It is faster to see how our environment really looks instead of searching with a configuration management tool that is not up-to-date. You have very up-to-date information with BMC Helix Discovery, and that saves our IT teams time.”

- » **Better data enables more streamlined IT operations:** *“IT operations on the employee side have been streamlined dramatically because of BMC Helix Discovery. This is because it discovers the assets immediately, which supports IT operations and ITSM. It helps with change management, incident management, and problem management by creating records used for those processes. Without BMC Helix Discovery, you wouldn’t have those records in the system with the amount of data that it pulls in — it would just be manual records that wouldn’t have any information.”*
- » **IT spends less time searching for correct information:** *“It is faster to see how our environment really looks instead of searching with a configuration management tool that is not up-to-date. You have very up-to-date information with BMC Helix Discovery, and that saves our IT teams time.”*
- » **Avoiding future ITSM headaches:** *“BMC Helix Discovery is very tightly integrated with our ITSM software. If you are going to do something from an incident or change management standpoint, it’s nice to know which things are related to what assets. If you’re going to kick the legs out from under a server, we will know what else is attached to it so you’ve got future avoidance of problems.”*
- » **Free up time to work on different initiatives:** *“Because of the time freed up with BMC Helix Discovery, we had time to work on a cloud initiative, where we basically stood up another environment. We also created a DevOps pipeline utilizing an Agile methodology. We’re now spending more time on better structuring the datacenter — and finally, we’re also building a new grid datacenter to support applications that support our main operations.”*

These benefits helped IT teams involved in network, server, and storage management be more efficient in the course of their day-to-day responsibilities. IDC quantified FTE-based productivity benefits for these teams as shown in Table 3. Improvements were realized in the areas of network management (15%), server management (16%), and storage management (15%). These impacts translated into a substantial business value benefit of \$1.09 million.

TABLE 3

IT Infrastructure Management Impact				
	Before BMC Helix Discovery	With BMC Helix Discovery	Change	Efficiency (%)
Server management (FTE impact)	28.5	24.1	4.5	16
Network management (FTE impact)	26.4	22.4	4	15
Storage management (FTE impact)	16.4	13.9	2.5	15
Total IT infrastructure management efficiency gain (FTEs per organization)	71.3	60.4	10.9	15
Time spent keeping lights on (%)	59	49	10	17
Value of staff time per year	\$7.13 million	\$6.04 million	\$1.09 million	15

Source: IDC, 2019

IDC also evaluated three key task areas associated with infrastructure management:

- » Incident management
- » Change management
- » Configuration management

Study participants reported that BMC Helix Discovery had positive impacts on the time required to fulfill tasks in all three areas as shown in Table 4. Measured in terms of FTE impact, there was a 5% improvement in incident and change management and a 20% improvement in configuration management. In the aggregate, these improvements translated into an 8% efficiency improvement, which lead to annual business value of \$791,000.

TABLE 4

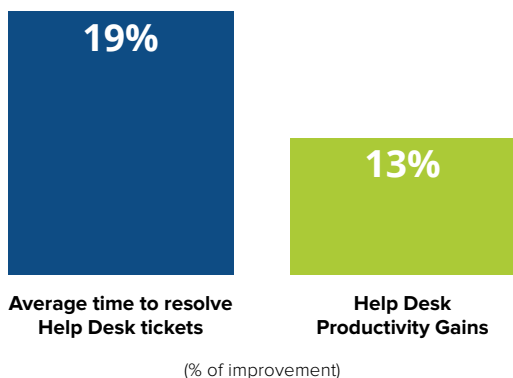
IT Service Management Impact				
	Before BMC Helix Discovery	With BMC Helix Discovery	Change	Efficiency (%)
Incident management (FTE impact)	42.5	40.2	2.3	5
Change management (FTE impact)	44.7	42.5	2.2	5
Configuration management (FTE impact)	17.9	14.4	3.5	20
Total IT service management efficiency gain (FTEs per organization)	105	97.1	7.9	8
Value of staff time per year	\$10.5 million	\$9.7 million	\$791,000	8

Source: IDC, 2019

The benefit of more efficient service management had downstream impacts on user productivity including help desk operations. More streamlined and efficient operations resulted in fewer issues and disruptions requiring help desk intervention as shown in Figure 2. The average time required to resolve help desk tickets realized a 19% improvement, while help desk productivity gains overall saw a 13% improvement.

FIGURE 2

Help Desk Impact



Source: IDC, 2019

Study participants also reported improvements for IT security teams. As shown in Table 5, FTE equivalence saw a 14% efficiency improvement and an annual business value benefit of \$209,000.

TABLE 5

IT Security Team Impact				
	Before BMC Helix Discovery	With BMC Helix Discovery	Change	Efficiency (%)
IT security (FTE equivalent per organization per year)	14.9	12.8	2.1	14
Value of staff time per year	\$1.49 million	\$1.28 million	\$209,000	14

Source: IDC, 2019

“The time needed to do a software audit definitely dropped. I get asked things such as how many versions of this software do we have or how many installs of that software. I can pull those reports very quickly because I created those reports with BMC Helix Discovery.”

Optimizing Business Processes

The companies that IDC interviewed have complex businesses involving a variety of processes. Study participants reported that the use of BMC Helix Discovery enabled them to streamline these processes by ensuring smooth operation and fewer disruptions for both IT teams and the business units they serve. Study participants cited a number of benefits such as quicker vulnerability remediation, smaller server infrastructure footprints, and better predictability for asset configuration changes needed to support the business. All these improvements translated into downstream benefits for business operations as described by study participants:

- » **Better performance predictability for the business:** *“Because of better control of assets and architecture, the business can predict growth in terms of expected costs. The business knows both the costs, how to buy new hardware and how to architect it for growth.”*
- » **Easier software auditing:** *“The time needed to do a software audit definitely dropped. I get asked things such as how many versions of this software do we have or how many installs of that software. I can pull those reports very quickly because I created those reports with BMC Helix Discovery.”*
- » **Reduced time to address vulnerability issues:** *“Vulnerability remediation is probably the one area that we are able to detect because if there is something security related, we know where it is, and we can speed the remediation up. In general, we can fix things faster.”*

Providing consumerlike responsiveness to end users without slowdowns, interruptions, or crashes is a critical success factor for IT organizations as they strive to meet digital business imperatives. Study participants reported that the efficiencies introduced by BMC Helix Discovery had positive implications for lowering unplanned downtime.

Table 6 presents metrics for unplanned downtime impacts. Both the frequency per year of events and the time to resolve those issues were each reduced by 25%. User FTE impact in terms of lost productivity resulting from unplanned outages was reduced from 9.4 to 4.1, a 57% improvement in the time gained back for these users. These aggregate improvements yielded a business value of \$373,000. Additional metrics are presented in Table 6.

TABLE 6

Unplanned Downtime Impact				
	Before BMC Helix Discovery	With BMC Helix Discovery	Change	Efficiency (%)
Frequency per year	29.9	22.5	7.4	25
Time to resolve (hours)	1.8	1.4	0.5	25
User FTE impact (lost productivity due to unplanned outages)	9.4	4.1	5.3	57
Value of lost productivity per year	\$657,000	\$284,000	\$373,000	57

Source: IDC, 2019

ITSM teams are frequently engaged in routine audits of software and systems used in their organizations. Study participants reported that the BMC deployment fostered easier software auditing, an important benefit. Table 7 quantifies the staff benefits for performing auditing processes. FTE equivalence on a per organization per year basis showed a 42% efficiency gain and yielding \$125,000 in annual business value.

TABLE 7

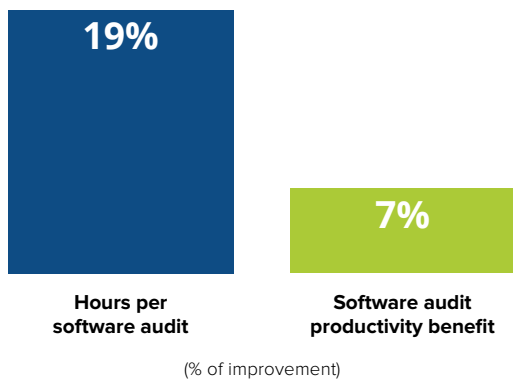
Audit Staff Impact				
	Before BMC Helix Discovery	With BMC Helix Discovery	Change	Efficiency (%)
Audit staff (FTE equivalent per organization per year)	4.3	2.5	1.8	42
Value of staff time per year	\$298,000	\$172,000	\$125,000	42

Source: IDC, 2019

Figure 3 provides a more granular look at the KPIs associated with software audits. As shown in Figure 3, the time required by team members to complete software audits decreased, representing a 19% improvement. Similarly, the overall productivity involved in audit processes improved 7%.

FIGURE 3

Software Audit Impact



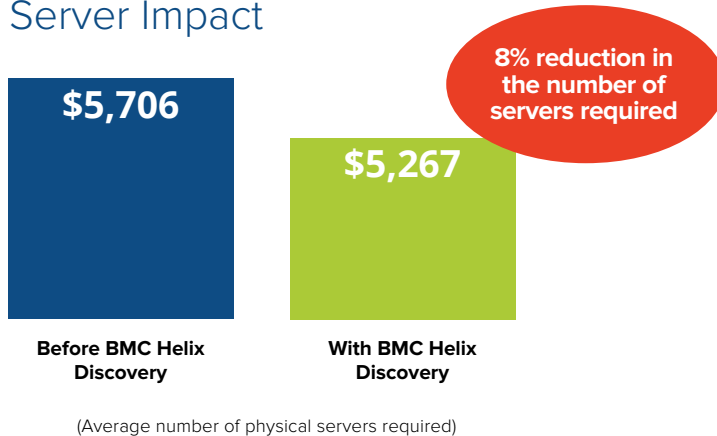
Source: IDC, 2019

“Without BMC Helix Discovery, we would have more physical assets. I would say that we would probably have at least 20% more servers.”

Study participants also reported infrastructure cost reduction benefits from deploying BMC Helix Discovery. Compared with manual configuration, BMC Helix Discovery’s automated tools allowed them to gain better visibility into their infrastructure assets, especially the number of servers. This helped IT teams reduce the number of physical servers needed. As one study participant explained: “Without BMC Helix Discovery, we would have more physical assets. I would say that we would probably have at least 20% more servers.” Figure 4 quantifies the total average reduction in overall server footprint at 8%.

FIGURE 4

Server Impact



ROI Summary

IDC’s analysis of the financial and investment benefits related to study participants’ use of BMC Helix Discovery is presented in Table 8. IDC calculates that, on a per organization basis, interviewed organizations will achieve total discounted five-year benefits of \$14.9 million based on the ITSM operational capabilities and business improvements previously described. These benefits compare with projected total discounted investment costs over five years of \$2.30 million on a per organization basis. At these levels of benefits and investment costs, IDC calculates that, through the use of BMC Helix Discovery, surveyed organizations will achieve a very substantial five-year ROI of 549% and a payback period of 5.4 months.

TABLE 8

Five-Year ROI Analysis			
Five-Year ROI Analysis	Per Organization	Per 100 Physical Servers	Per 100 Virtual Servers
Benefit (discounted)	\$14.9 million	\$283,500	\$104,600
Investment (discounted)	\$2.30 million	\$43,700	\$16,100
Net present value	\$12.6 million	\$239,800	\$88,500
ROI (NPV/investment) [%]	549	549	549
Payback (months)	5.4	5.4	5.4
Discount factor (%)	12	12	12

Source: IDC, 2019

Challenges/Opportunities

Traditionally, IT operations management (ITOM) costs are usually associated with deep overhead costs and are often not billed back to business units. It is not always easy to demonstrate the value of IT infrastructure management until hard metrics are available to identify existing hardware and software costs. While BMC seeks to address this issue with its innovative BMC Helix Discovery product, the challenge of cost visibility will remain until such solutions gain widespread adoption.

Like many IT management software vendors, BMC needs to help its customers effect cultural and process changes while they update, expand, and integrate infrastructure management solutions to accommodate increasingly complex network, system, and application requirements and dependencies. Customers that want to get the most benefit out of their investment in BMC Helix Discovery

should plan to tackle cultural, process, and workflow integration activities on a coordinated basis while they deploy more unified and integrated IT operations management solutions.

BMC should also consider the value of expanding the business case of digital asset management beyond its departmental limitations. IT assets are at the heart of digital business: a business model which assumes that value is generated by assets owned and controlled by a variety of partners and enmeshed in a web of entitlements whose contracts are held throughout the partnership ecosystem. This new reality is too complex for human actors to directly manage; instead humans must learn to govern an ecosystem of automated and learned responses driven by machine-to-machine interaction.

This complexity also drives a digital security use case, which can become the budget-enabling catalyst for funding IT infrastructure management solutions. The enterprise will subsequently target other outcomes and benefits dealing with financial IT management, hardware and software life-cycle management, portfolio management, and configuration management — thereby enhancing the whole IT infrastructure management value proposition.

Conclusion

BMC Helix Discovery provides value quickly, with a five-month breakeven and greater than 500% return on investment over a five-year period. This return comes from a combination of IT operational efficiencies, reduced time spent on service requests, improved asset utilization, and gains in auditing staff productivity.

BMC Helix Discovery creates a detailed view of digital and software license assets, their relationships, and interdependencies. This view forms the foundation of the human-governed, machine-controlled digital core, combining the best of new and existing technologies into a single digital estate across the hybrid environment. This study highlights the value of the foundation in isolation, but its true value is unlocked when used in conjunction with the broader BMC Helix ITSM/ITOM platform.

BMC Helix Discovery creates a detailed view of digital and software license assets, their relationships, and interdependencies.

Appendix

Methodology

IDC's standard ROI methodology was utilized for this study. This methodology is based on gathering data from current users of BMC Helix Discovery as the foundation for the model. Based on interviews with organizations using the service platform, IDC performed a three-step process to calculate the ROI and payback period:

- » **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of BMC Helix Discovery.** In this study, the benefits included staff time savings and productivity benefits as well as operational cost reductions.
- » **Created a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using BMC Helix Discovery and can include additional costs related to migrations, planning, consulting, and staff or user training.
- » **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of BMC Helix Discovery reports over a five-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- » Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully loaded salary of \$100,000 per year for IT staff members and an average fully loaded salary of \$70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- » The net present value of the five-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- » Because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

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