

ESG Economic Validation

Understanding the Economic Benefits of Dell Technologies APEX

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July 2022

Executive Summary

The rapid pace of change in technology presents both opportunities and challenges for businesses that hope to succeed in this new ecosystem. This modernization of IT can enhance current revenue streams, identify and open new lines of business, and facilitate connectivity between people, data, and partners. However, organizations that are actively seeking ways to utilize technology gains often struggle with the vast number of knowledge areas that need to be mastered and how best to align these new capabilities to business objectives. Optimal alignment between business and technology goals can help maximize revenue and profits. However, the technical expertise required to benefit from these new areas is expensive, complex, and hard to keep.

Validated Benefits of Dell Technologies APEX

Better Alignment Between Business and Technology Goals

- Improved Cost Predictability
- Improved Agility
- Lower TCO
- Reduced Complexity

ESG validated that Dell Technologies APEX can help organizations **better control their IT costs, increase their IT agility, and reduce complexity** associated with IT. ESG interviewed customers of a variety of Dell APEX offerings and found that each of them was in a better position to reach their business goals with APEX than they were before because of a stronger level of **alignment between technology capabilities and business goals**. ESG also studied the overall Dell APEX Technologies umbrella of offerings and found a unique level of flexibility that allows customers to purchase the optimal mixture of capability, performance, and price to best meet their needs. ESG found that **APEX customers were better able to meet their business and technology goals** than they were before they migrated to APEX.

Introduction

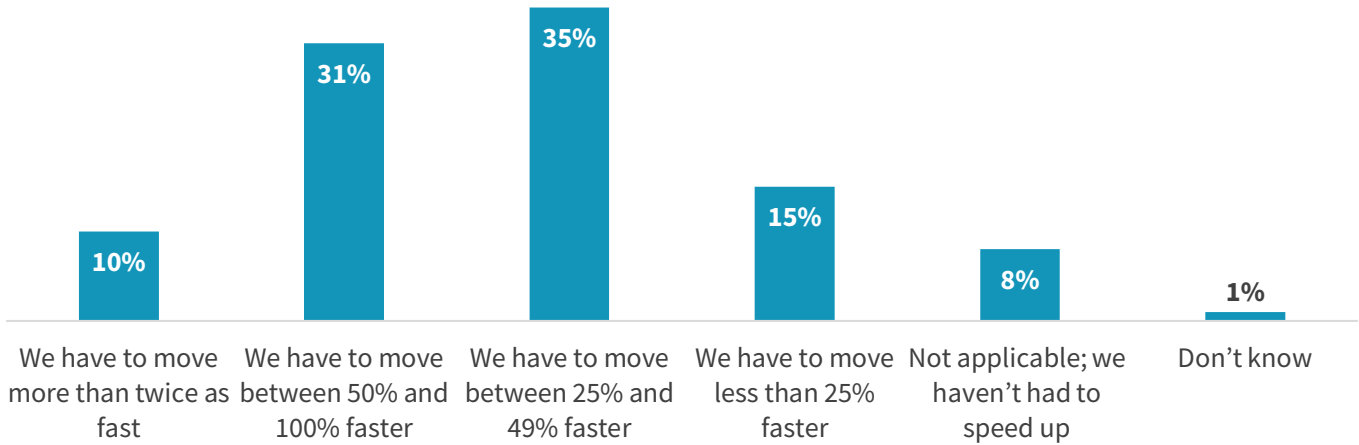
This ESG Economic Validation focused on the quantitative and qualitative benefits organizations can expect from shifting IT operations to Dell Technologies APEX to simplify IT, accelerate innovation, reduce costs, and increase revenue. ESG’s validation reveals that APEX addresses many of the challenges organizations face while enabling companies to focus on their key lines of business instead of IT operations.

Challenges

Today’s organizations require flexibility in their IT capabilities that can challenge even the strongest IT teams. The rapid transformation from central office-based workforces to home-based employees and the explosive growth in data density and sources inject complexity and a requirement for rapid and continuous change. ESG research found that 76% of survey respondents had to work at least 25% faster than they did 3 years ago, with 41% needing to move at least 50% faster (see Figure 1).¹

Figure 1. IT Organizations Are Forced to Deploy Capabilities Faster Than 3 Years Ago

When you think of the requirements placed on your organization today compared with three years ago, how much faster, if at all, does your team need to deploy applications, infrastructure, and services? (Percent of respondents, N=359)



Source: ESG, a division of TechTarget, Inc.

A top challenge that most organizations face is finding and keeping skilled IT workers. According to the Bureau of Labor Statistics, the workforce turnover rate was over 47% in 2021.² This means that the experience level of most IT staff has decreased over the past 3 years, while the need to create and deploy capacity has increased.

The demand to increase agility seems diametrically opposed to one of the core tenets of most IT groups—controlling costs. Traditional IT requires large capital investments and has become increasingly harder to deploy due to supply chain limitations. In addition to general cost control, there has been a shift in preference toward a consumption-based costing model for data infrastructure (see Figure 2).³

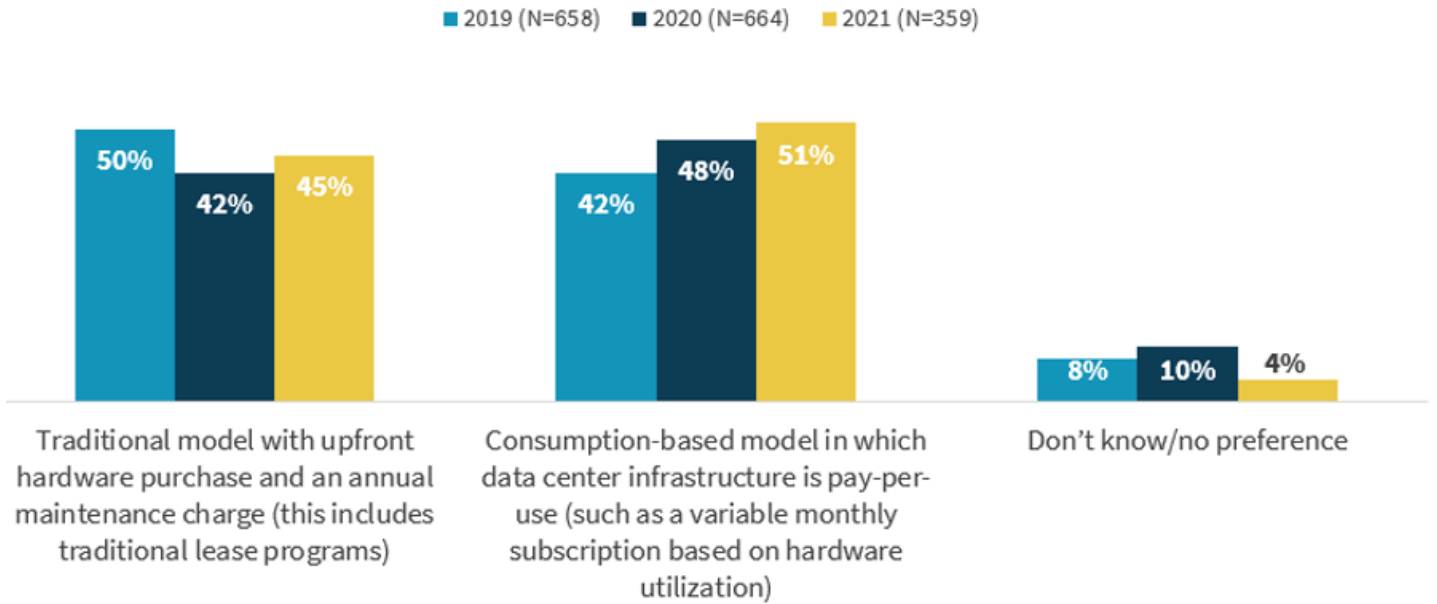
¹ Source: ESG Research Report, [Data Infrastructure Trends](#), November 2021.

² Source: U.S. Bureau of Labor Statistics, [Annual total separations rates by industry and region, not seasonally adjusted](#), March 2022.

³ Source: ESG Research Report, [2022 Technology Spending Intentions Survey](#), November 2021.

Figure 2. Organizations Shift Toward a Preference for Consumption-based Data Infrastructure

Assuming the net-costs were the same, which of the following would be your organization's preferred payment model for on-premises data center infrastructure? (Percent of respondents)



Source: ESG, a division of TechTarget, Inc.

The challenges IT organizations face are clear: be faster, more efficient, more cost-effective, and more flexible, all while securing an environment that is changing at a pace unseen in recent history. Businesses are putting stress on their IT operations, which are too often not adequate enough to provide the needed capabilities, resulting in missed opportunities. Organizations need to be able to run “unencumbered” by technology, but the complexity and cost are just too high.

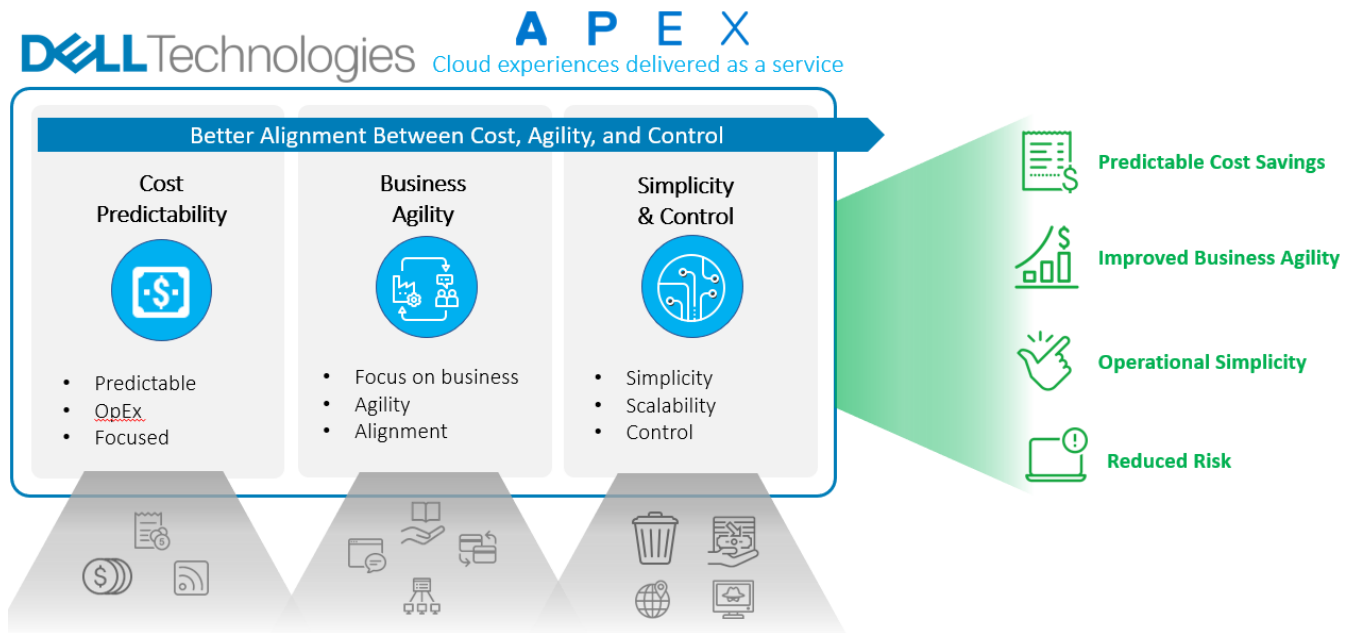
The Solution: Dell Technologies APEX

Dell Technologies APEX is a growing portfolio of as-a-service offerings that provides simple and consistent cloud experiences. While other as-a-service offerings generally provide a single, pre-defined solution that organizations must build around, Dell APEX provides the flexibility of choosing outcomes from pre-defined solutions or building custom as-a-service offerings for the technology and guidance that best match a customer’s need and budget.

As part of this study, ESG interviewed customers and found that APEX was much broader than the customers initially imagined. In addition to standard APEX offerings, such as data storage, cloud services, and IT management, customers shared their experience of evaluating APEX, calling it “customized” to their needs. One customer shared, “Dell sat down and listened to our needs and came up with a perfect solution based on our challenges and budget.”

Dell has the ability to deliver services across the spectrum, from cutting edge to cost-centric. ESG found APEX to be a strong solution to align business needs, technology capabilities, and budget while substantially reducing customer-facing complexity (see Figure 3).

Figure 3. Dell Technologies APEX



Source: ESG, a division of TechTarget, Inc.

ESG Economic Validation

ESG's Economic Validation process is a proven method for understanding, validating, quantifying, and modeling the economic value propositions of a product or solution. The process leverages ESG's core competencies in market and industry analysis, forward-looking research, and technical/economic validation. ESG conducted in-depth interviews with end-users to better understand and quantify how Dell Technologies APEX has impacted their organizations, particularly in comparison with previously deployed and/or experienced solutions. The qualitative and quantitative findings were used as the basis for a simple economic model comparing the expected costs of traditional IT operations with Dell Technologies APEX.

Dell Technologies APEX Economic Overview

ESG's economic analysis revealed that Dell Technologies APEX provides its customers with significant savings and benefits in categories, including the following:

- **Cost predictability** – ESG found that customers not only recognized an overall lower cost for most Dell APEX deployments, but they also saw benefits by shifting to a more predictable consumption-based IT model.
- **Business agility** – Shifting IT responsibilities to APEX allows organizations to focus on using technology to solve business challenges while helping ensure that tech capabilities are available at their optimal level and are aligned to the company's needs.
- **Simplicity and control** – Rapid changes in business needs and the challenges of matching hardware, software, and expertise to meet those needs are struggles for most IT organizations. Customers interviewed by ESG shared that APEX dramatically reduced the complexity of their IT environments, giving their business a clear understanding of operations and a level of simplicity that allowed them to focus on solving business problems.



Cost Predictability

ESG found that when APEX customers discussed improved costs, there were two main categories that stood out: lower overall costs and cost predictability. While both categories were strong benefits, the combination of the two was consistently called out in interviews as a highlight of APEX. Costing categories include:

- **Shift to consumption-based costing** – The traditional model of providing capacity looks like a large staircase; organizations overprovision when they add more capacity, and slowly grow in usage until they require another addition. This method is highly reliant on capital investment and requires careful prediction of need that is months, if not years, away. APEX has flexibility in costing. The ability to create an APEX offering that is matched to business needs means that you pay for what you need with the assurance that capacity can be closely mapped to demand. The consumption model of APEX eliminates the large CapEx outlays that are found in traditional IT while removing the drastic overprovisioning found in the staircase model.

“APEX costs us 35% less than when we managed IT ourselves.”
– CTO, US-based healthcare organization
- **Rightsizing of capacity** – APEX offerings are built with a balance between cost, capacity, and performance that best fits the needs of the customer’s specific business. The customer determines the level of capacity and support provided by Dell. APEX also helps customers identify areas of opportunity to eliminate waste. **ESG estimates that APEX customers can reduce overprovisioning between 26-42%, depending on workload.**
- **Reduced support instances** – ESG found that customers shifting to APEX had substantially reduced support costs. Not only was the support burden shifted to Dell in many cases, but the new systems and best practices introduced as part of APEX “just make sense,” according to one customer. ESG found that support costs can be reduced up to 70% by moving to APEX, and the business impact of reducing support events has a **direct and positive impact on profitability.**

“Prior to APEX, we had a team that was very reactive. We had an average of 70 open incidents at any point in time. With APEX, we have not had a single priority 1 incident in 2 years, and our open tickets average 10.”
– CTO, international engineering company
- **Reduced unplanned downtime** – APEX customers **report between a 40-65% reduction in unplanned downtime events** as well as a mean time to recover that is almost half the time as in their previous environment. The impact of this downtime savings equates to **large chunks of recovered revenue** due to fewer events.
- **Lower TCO** – APEX allows for a direct alignment between cost and need. One customer ESG interviewed shared that their IT costs have dropped 35% since moving to APEX, all while bringing a marked improvement to their ability to support business initiatives with technology. Another APEX backup services customer said, *“Our backup costs went from £250K to £200K with a shift to OpEx costing, which was beneficial to our planning.”*



Increased Business Agility

Innovations in technology are increasing at blinding rates.

Organizations that can capitalize on technology increases are able to grow their business at a much more rapid pace than those that can't. ESG examined the before and after states of companies that adopted APEX and found potential benefits in areas, including:

- **Rapid scalability** – The IT capabilities of APEX seem “limitless,” according to customers interviewed for this analysis. Customers reported that Dell’s ability to react to changing business demands, both up and down, far surpass what most organizations can accomplish on their own.
- **Predictable performance** – APEX provides a wide range of SLA levels to match the varying needs of customer organizations. One customer shared, *“We approached Dell with a business problem, not a technology problem. Dell worked with us to find the best solution to give us the level of performance we needed in a cost model that fit our budget. We got the performance level we wanted, we didn’t have to pay for wasted capabilities, and Dell has consistently hit our SLA.”*
- **Roadway to multicloud** – ESG research shows that most companies see the benefit in shifting to the cloud. However, most lack the confidence or skill to maximize the potential of multi-cloud or modernized environments. In this analysis, ESG found that customers consistently see APEX as an effective and secure way to manage their multicloud environment.
- **Improved employee productivity and capabilities** – ESG found employee productivity gains in all workloads studied for this analysis. A healthcare customer shared, *“We went from two minutes to our first login to 29 seconds. We have more than 1,800 logins per day. This gave us over \$500,000 in savings per year and better quality care for our patients. A minute and a half is an eternity during some medical procedures.”* In other cases, ESG found that having IT capabilities that closely mapped to business requirements enabled revenue and profitability gains. Additionally, shifting FTE resources from below-the-line IT activities (tactical and support functions) to above-the-line work that had them working with business units to map revenue goals to IT capabilities increased revenue and overall employee job satisfaction.

“In order to compete in today’s digital economy, businesses need greater agility and faster operations from their IT organizations. For those IT teams struggling to keep pace, Dell APEX can be a true game changer. With the ability to shift capacity and performance almost immediately, Dell APEX allow businesses to quickly adapt their infrastructure to suit the needs of their evolving application environment while minimizing the burden on personnel.”

– *Scott Sinclair, ESG Practice Director*

“In the past, we had senior people doing very tactical work. With our new APEX infrastructure, we were able to shift these people to more strategic work. We believe that this helps us retain our top talent.”

– *Head of ICT, International Construction and Engineering Company*



Simplicity and Control

Complexity is the unwelcome result of rapid change, especially in technology. Business demands drive the needs for new and varied IT solutions, and these become complex and costly to operate. ESG believes that companies who adopt APEX can reduce complexity, resulting in simplicity in operations and a higher level of visibility and control. **“When things get too complex, mistakes are made.”** ESG’s research for this analysis found that organizations improved control and simplified operations in the following areas:

- **Disaster planning and management** – Companies that don’t consistently refine their disaster plan are not only at risk of failure during a disaster event, but they also minimize their opportunity to shift and react to the changes that a disaster might bring. Disaster plans are complex. APEX reduces complexity and, as one customer described, can become the cornerstone of an effective disaster plan. APEX also removed the burden of internal admins who can help assure senior leadership that the organization is protected.
- **Modernization/digital transformation** – Modernization can mean many things in technology. Some see modernization as a shift to the cloud or re-architecture of applications to allow more or better access. Many companies are recognizing the value held in secondary data, which is stored but capable of being mined to uncover trends and opportunities. The problem with modernization, often, is a lack of knowledge or high-end skillsets required to change. One customer shared, **“We didn’t have the skillset to get into the cloud. We had concern that costs would quickly get out of control.”** Every customer interviewed as part of this project said that APEX was a critical partner on their path to modernization.
- **Better alignment between business goals and supporting technology** – IT is most effective when it enables the business to reach its goals. The planning that goes into APEX deployments was consistently called out by customers because Dell didn’t come to the table with a pre-packaged list of products and services. ESG was told by more than one interviewee, **“Dell listened to our challenges and needs and helped us come up with a solution that mapped to our goals and budget. They didn’t try to bend us to fit their product; they changed to fit our need.”**

“APEX is the cornerstone of our IT disaster policy. It gives us the agility to better react in any situation.”

- CTO, US-based healthcare organization

The Bigger Truth

Technology is increasing at an amazing pace, offering capabilities that were science fiction 20 years ago. These new capabilities allow companies to generate revenue and realize efficiencies that can change their businesses. However, these changes in technology bring a level of complexity that requires expensive and hard-to-find expertise and inject risk into operations. Most companies run at far lower than their optimal potential because they are unable to effectively harness the potential of this new technology. Companies that can utilize new technology can outperform and outearn their competitors.

Dell Technologies has compiled a wide range of services and expertise to complement its hardware offerings. This has culminated in Dell Technologies APEX, a portfolio of offers designed for a multicloud world, delivering technologies as-a-service – wherever it is needed – and spanning every aspect of available technology that most organizations would consider. Dell APEX is an ever-growing collection of products and services that allows customers to either choose outcomes from pre-defined solutions or customize a solution to fit their exact needs.

As part of this analysis, ESG interviewed customers with a wide range of APEX experiences. ESG found these customers were extremely satisfied with the way that APEX allowed them to shift focus from managing technology to driving their core business. Customers reported benefits that include **35% lower TCO**, improvement in predictability and granularity in costing, **26-42% reduction in overprovisioning**, **70% reduction in support costs**, **40-65% reduction in unplanned downtime**, and improved employee productivity. While benefit metrics vary depending on workloads and SLA, ESG found consistent benefits across all organizations studied.

ESG validated the impact of shifting to APEX and found that customers were able to realize cost savings while accessing the benefits of technology that was right-sized for their business needs and budget. Each of the interviewees was asked whether they would make the same decision to move to APEX knowing what they do now, and every person interviewed said they would absolutely trust APEX to handle their technology needs again.

Most companies have a main line of business that is not technology-focused. It is not reasonable to think that companies can maintain the expertise and expense to take maximum advantage of the boost modern technology can have on revenue and profitability. APEX offloads that burden to allow organizations to focus on their core business.

ESG has analyzed the impact that adopting APEX can have in multiple scenarios and validated the cost and benefit categories. ESG strongly recommends that companies explore the capabilities of APEX to bring expert-level technology and expertise that aligns to each individual organization's goals and budget.

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