An IT Turnaround Leveraged by Clouds and Virtualization

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ICF at a Glance

• ICF International (NASDAQ:ICFI) partners with government and commercial clients to deliver professional services and technology solutions in the energy, environment, and transportation; health, education, and social programs; and homeland security and defense markets.

• The firm combines passion for its work with industry expertise and innovative analytics to produce compelling results throughout the entire program lifecycle, from research and analysis through implementation and improvement.

• Since 1969, ICF has been serving government at all levels, major corporations, and multilateral institutions. More than 4,500 employees serve these clients worldwide.

• ICF International reported gross revenue of US$841 million in 2011 and projected revenue of US$1B+.
Cloud

Cloud computing

• Internet service based model utilizing shared technology to allow for rapid setup, scalability, reduced in-house maintenance, shrinking of the data center footprint and a financial shift from a combination of capital cost to operating cost.
  – Consumer adoption exists although not always apparent
  – Security remains a concern in specific industries
  – Cost Reduction is not proven out in all instances – cloud is not the CFO’s silver bullet
Virtualization

- Creation of virtual devices instead of physical devices that share resources and as a result have the potential to more effectively utilize the physical systems that are available to allow for reduced capital cost, management, and constraining the datacenter footprint.
  - License impacts and product support remain a challenge
  - Virtual does not equal manage free or 100% uptime
  - Virtual requires physical environment and does not eliminate many of the maintenance or tools that a physical environment requires
The Situation

• In 2008 – aging hardware, rapidly growing environment, distributed data centers, limited staff, limited investment dollars and shifting company focus.
  – 50% growth in revenue and headcount from 2009 to 2012
  – Rapidly growing physical environment (offices domestic/international)
  – Corporate transition from small – mid size organization to a mid – large organization
  – 200 Servers managed in 2009, ~1,100 Servers managed in 2012
  – Established behaviors, budgets – IT expectations & limited resources
The Strategy

– Consolidate in an off-site data center
– Virtualize environment – focus on servers; bring services along
– Selectively deploy new/replacement applications in cloud
The Benefits

– Capitalize on cloud and virtual “benefits”
  – operating cost, low resource overhead, rapid deployment, scalability
– Increase IT flexibility and continuity
– Reuse savings to finance other IT initiatives
– Rapidly integrate acquisitions (11 since 2008)
Outcome

Results

- Key collaboration and communication components, storage, and test/dev environments are being considered for the cloud
  - The strengths of the public cloud can be best utilized in these areas showing a rapid return on investment and increased services
  - Costs are clearly defined and can be allocated directly to the business unit
  - Pay per use model matches the business
- Desktop virtualization is being evaluated
- Adjustments of IT organization and staffing to meet the new IT model
- Core cloud and virtualization advantages achieved
Bottom Line

- 4 enterprise applications have been moved to the public cloud – driving business value: CRM, performance management, talent management, and onboarding
  - Business applications supporting professional services teams are beginning to move into the public cloud
- 75% of the environment is virtualized and another 15% can be virtualized by EOY
- 8 of 11 acquisitions are integrated (2 have occurred in the last 4 months)
- Savings of ~$250,000 per year as a result of the applications in the cloud and $1.5M per year as a result of Virtualization
Managing the Ongoing Impact

• Cloud
  – Requires vendor management, contract, and different types of people skills
  – Shifts IT involvement towards partnership and requires consistent interaction with the business to manage
  – Ties IT infrastructure to outside drivers, upgrades, technology availability, functionality, and service
Managing the Ongoing Impact

• Virtualization
  – Tools and training are required
  – Ease and cost eliminate a barrier to utilization; potential rapid and uncontrolled growth
  – Cost models must be altered to mimic Services

• IT Strategy for 2012+ must have multiple components of which cloud and virtualization are part, but not all, of the solution
QUESTIONS?