



T-SYSTEMS DRIVES RAPID GROWTH OF CLOUD SERVICES AND CREATES NEW OPPORTUNITIES WITH VMWARE VCLLOUD



INDUSTRY

CLOUD SERVICE PROVIDER

LOCATION

FRANKFURT, GERMANY

KEY CHALLENGES

- Develop new managed services to align with evolving customer needs, and become a trusted Cloud Service Provider

SOLUTION

DSI vCloud with vCloud Director and VMware NSX®

BUSINESS BENEFITS

- New services driving 75% year over year growth (Managed OS, BaaS)
- Developed new revenue streams with managed services and consulting
- Faster customer on-boarding for state-of-the-art networking services
- Expanded customer-base with cloud services for mid-sized customers
- Reduced operating costs by eliminating the need to have teams of engineers configuring, deploying, managing and supporting infrastructure
- Enabled customer self-service management to reduce manual intervention
- Evolved from outsourcing to highvalue, pure cloud business

With a presence in more than 20 countries and 43,700 employees, T-Systems is one of the world's leading vendor independent providers of digital services. The Deutsche Telekom subsidiary offers one-stop shopping that includes the secure operation of legacy systems and ICT services, the transition to cloud-based services (international networks, tailored infrastructure, platforms and software) as well as new business models and innovation projects in the Internet of Things. Headquartered in Europe, T-Systems partners with customers to enable digital transformation.

The Challenge

T-Systems was founded as a provider of outsourced IT services at a time when organizations were seeking more cost-effective and efficient operational approaches to meeting their technology needs. But as cloud created new opportunities and models to support agility and speed, customers wanted to take advantage of the benefits that come from moving to the cloud.

"Our customers change and we need to change with them. The cloud computing market is accelerating and hyperscalers are creating new ways for customers to leverage the cloud," explains Thomas Götz, product manager for T-Systems. "At the same time, as T-Systems customers' business needs evolved, they recognized the need for new services beyond traditional outsourcing."

T-Systems wanted to be able to offer existing outsourcing customers the ability to benefit from self-service cloud infrastructure that meets the requirements of mission-critical production environments and provides enterprise grade service levels and expertise. While cost plays a role in cloud adoption, the true value for T-Systems customers was the added speed and agility, which includes the ability to deploy new VMs in minutes or seconds instead of months. T-Systems wanted to deliver the speed its customers were seeking while also providing new services that moved the company beyond its core ICT outsourcing capabilities.

The Solution

When T-Systems made a strategic decision to move into the cloud market, VMware was a natural partner to help support their transition and develop successful business models. The resulting solution, branded DSI vCloud, is a highly secure, hybrid IaaS offering that allows companies to expand their infrastructure capacities on-demand with virtual data centers based on VMware technology. With T-Systems' DSI vCloud, end-users don't even notice whether they are working with their own resources or with cloud-based resources, and the VMware Cloud Provider Platform provides a quick and easy implementation.

“DSI vCloud, enabled by VMware Cloud Provider Platform with NSX and vCloud Director, has given us the ability to move down market to serve organizations outside our initial outsourcing sweet spot, while also continuing to leverage opportunities with existing customers. We see a lot of growth potential in the mid-market, and that would not have been possible without a cloud platform that enables self-service while also delivering the scalability, simplicity, and security necessary to support the speed and agility needs of our largest customers.”

THOMAS GÖTZ
PRODUCT MANAGER
T-SYSTEMS

VMWARE FOOTPRINT

- VMware Footprint
- VMware NSX®
- VMware vCloud Director™
- VMware vSphere®
- VMware vRealize® Operations™
- VMware vRealize® Automation
- VMware vCenter® Chargeback Manager™

“vCloud Director enabled us to give customers their own portal to manage workloads, which, unlike an outsourcing model, creates tremendous efficiencies because we’ve eliminated manual intervention by providing self-service capabilities,” notes Martin Lange, product manager. “This, of course, also led to cost reduction and the ability to allocate those resources elsewhere.”

As part of the ongoing development process, NSX was later implemented to provide customers with advanced networking services. Today, T-Systems’ DSI vCloud supports both traditional applications as well as next-generation apps.

Business Results and Benefits

The DSI vCloud on VMware Cloud Provider Platform, which today includes NSX and vCloud Director, has enabled T-Systems to successfully meet the dynamic cloud requirements of the customers fueling T-Systems’ growth. Historically focused on the largest worldwide enterprises, T-Systems is expanding its customer base by adding new mid-market customers to the VMware Cloud Provider Platform.

“DSI vCloud, enabled by VMware Cloud Provider Platform with NSX and vCloud Director, has given us the ability to move down market to serve organizations outside our initial outsourcing sweet spot, while also continuing to leverage opportunities with existing customers,” says Götz. “We see a lot of growth potential in the mid-market, and that would not have been possible without a cloud platform that enables self-service while also delivering the scalability, simplicity, and security necessary to support the speed and agility needs of our largest customers.”

In addition to new markets, DSI vCloud has also opened up new revenue opportunities beyond pure infrastructure services, such as consulting services for cloud readiness. When adopting cloud technologies and services, T-Systems’ customers recognize that managing cloud workloads can be complex and require new skillsets and significant resources. Instead of building these skillsets in house, which can be expensive, they look to T-Systems to help them with their transition to cloud. T-Systems is able to offer new managed and consulting services, through the capabilities of the VMware Cloud Provider Platform, to address these evolving customer needs and thereby creates significant new revenue opportunities.

“We started from scratch, with no customers on the Cloud Provider Platform,” Lange points out. “Today we have more than 400 paying customers on the platform and that number continues to grow at a rate of seventy-five percent each year.”

The speed with which customers can roll out new business initiatives is key to determining the degree of success of a customer’s transition to the cloud. The time it takes to migrate workloads to the cloud directly impacts a customer’s ability to take advantage of the flexibility, agility and cost benefits of cloudbased business models.

“With NSX and vCloud Director Extender, the time to migrate customer workloads is dramatically reduced because customers don’t need to change their network technology or IP address,” explains Lange. “Because they can take their networks and IP ranges with them, it’s easy and customers can migrate faster. When they use our infrastructure as a service, T-Systems captures more revenue. The easier it is for customers to initialize new services, the more revenue opportunity we have.”

Looking Ahead

Today, T-Systems has regional data centers offering IaaS services, and customers can move workloads only within the regional T-Systems data centers. T-Systems envisions combining all regional data centers into a central resource pool and giving their customers the ability to consume cloud services elastically beyond the regional data center. With VMware NSX connecting all the regional data centers, and with vCloud Director providing self-service portals, T-Systems is able to offer its customers a single service portal through which they can manage their global workloads and cloud services.

As DSI vCloud is further developed, T-Systems plans to add a L2VPN option via ANS. In addition, the deployment of VMware vCloud Director Extender will remove the barriers associated with workload migrations, allowing T-Systems to quickly onboard customers and monetize networking services for faster time to revenue. vCloud Director Extender is a free vCenter plugin that enables rapid workload migrations through self-service management portals that let customers migrate several VMs in a single task, schedule a future job, or power on the VMs after cutover. It also eliminates the need for third party migration tools, which can increase overall operational costs.

"In today's environment, success is not about competing with hyperscalers but rather helping customers put the right workload on the right cloud," concludes Götz. "There is a market for the services enabled by the VMware Cloud Provider Platform as part of a public/private ecosystem. Our goal as a cloud provider in the European market is to offer all of these ecosystems to our customers and help to manage all of them."

