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REDUCING COSTS WITH CLOUD MODERNIZATION

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THE BOTTOM LINE

Cloud modernization can be a complex, risky, and time-consuming task. It typically requires many hours of manual coding to reconfigure workflows and mappings for digital enterprises with legacy data platforms and systems. With Informatica Intelligent Data Management Cloud (IDMC), customers can automate conversion and testing processes to de-risk their modernization initiatives. Using various tools offered through IDMC, BMC Software cut the time and cost associated with its modernization initiative by 70 percent. Another IDMC customer interviewed by Nucleus reduced ongoing operational costs related to its data platform by 40 percent. They did so by uniting integration activities, including data management, governance, and quality, under one cloud platform.

THE SITUATION

In this report, Nucleus investigates the strategy, implementation costs, and ongoing benefits realized by multiple Informatica customers who deployed Informatica Intelligent Data Management Cloud (IDMC) over the past three years.

The first customer is BMC Software, which deployed Informatica Intelligent Data Management Cloud (IDMC) as a part of its data platform modernization initiative. This was a medium-scale deployment of 27 TB and over 4000 data objects. Overall, BMC realized an annualized Total Cost of Ownership (TCO) of \$335,800 and 40 percent reduced ongoing operational costs. This was achieved by eliminating hardware maintenance and updating costs while leveraging cost-efficient cloud computing with Informatica's IPU usage-based pricing model. BMC also accelerated its time to deployment by 40 percent using Informatica's Migration Factory approach featuring automated migration tools and data operations (DataOps) to de-risk the conversion of PowerCenter mappings to IDMC with cost-efficiency.

BMC reduced annual operational costs by 40% to \$265,000

The second customer is a healthcare provider who adopted IDMC, including Informatica Cloud Data Integration, Informatica Data Quality, Informatica Data Catalog, and Informatica Master Data Management (MDM), to modernize and consolidate its data pipeline, lower complexity, and reduce administrative burden. This deployment was a large-scale initiative complementing the organization's data warehouse modernization initiative. With these Informatica solutions deployed, the organization achieved a positive annual return on investment with an annualized TCO of \$6,305,000 while reducing ongoing operational costs related to the data platform by over 40 percent.

BMC SOFTWARE

BMC Software deployed IDMC and achieved an annualized TCO of \$335,800 over a three-year period. Now BMC supports a modern cloud data platform. Furthermore, BMC reduced ongoing operational costs by 40 percent to \$265,000. This reduced cost was achieved by eliminating on-premises hardware maintenance and manual upgrade expenses while achieving cost-efficient cloud data integration and management with Informatica's IPU usage-based pricing model. BMC also reported a 70 percent accelerated implementation timeline using Informatica's Migration Factory approach with automated workflow conversions and testing instead of manually coding.

BMC offers IT service management tools to thousands of customers across the globe, generating over two billion dollars in annual revenue. Before adopting IDMC, the organization was constrained by its legacy data warehouse platform that had performance issues as utilization spiked. BMC's development and QA environments were also becoming

outdated, creating an incentive to replace the existing solutions rather than commit time and resources to system maintenance and upgrades. Furthermore, BMC's prior on-premises data warehouse required a custom solution for disaster recovery (DR), causing unnecessary complexity and an administrative burden. When considering modern cloud solutions across the data platform, BMC prioritized scalability and elasticity with independent compute and storage. Although the benefits of this modernization initiative were well recognized, there was hesitation due to the risk of moving 27 TBs of data and over 4000 data objects to the Cloud. Ultimately, the organization chose IDMC, citing Informatica's ability to automate the conversion of Informatica PowerCenter mappings, sessions, and workflows to the cloud with Informatica's Migration Factory and Informatica Cloud Mass Ingestion technology plus reduce risk with extensive workflow and user acceptance testing (UAT). Furthermore, Informatica's IPU usage-based pricing model provided cost efficiency to support cloud computing at an enterprise scale.

THE IMPLEMENTATION

In November 2020, BMC began its platform migration, which lasted seven months, consisting of four main areas: initial data migration, workflow conversion, workflow testing, and UAT. During the initial data migration, the organization moved 4000 objects and over 1000 views to the cloud using Informatica Cloud Mass Ingestion technology. These migrations were done with a highly automated four-click process, completing the initial data transfer 30 percent faster than with manual methods. The workflow conversion process was also accelerated using Informatica's Migration Factory alongside integrated testing. This highly automated migration reduced the time spent manually converting or rewriting workflows by 60 to 80 percent. This efficient implementation saved BMC over \$35,000 in the initial phase. During the workflow testing step, the organization would then individually test each converted workflow, evaluate data ingestion results, and run automated testing to compare objects across the on-premises and cloud platforms. This automated DataOps and workflow testing saved BMC over \$75,000 in equivalent IT operations time. Finally, the organization ran UAT testing on data assets as well as critical reports and analytics to ensure data quality alongside a consistent end-user experience.

Later in 2021, BMC underwent a second migration phase to fully migrate to the cloud. With the extended maturity of Migration Factory, 99 percent of PowerCenter metadata conversions were automated as-is with no coding required. Overall, Informatica enabled the organization to reduce its deployment timeline by over 70 percent with conversion and testing automation while lowering costs related to code migrations by 70 percent as well.

**Shortened the second
phase deployment
timeline by 70%**

ONGOING OPERATIONAL COSTS AND BENEFITS

With IDMC fully deployed alongside a modern cloud data platform, BMC reduced ongoing operational costs by 40 percent to \$265,000 annually. It eliminated hardware maintenance and upgrading costs related to its prior on-premises systems. Furthermore, with one comprehensive Cloud data management platform for many integration use cases, BMC can leverage orchestration across its entire data platform, from data ingestion and analytics to AI and ML, promoting cost and operational efficiencies. The organization also noted improved agility and cost efficiencies from using Informatica's IPU usage-based pricing model to extend usage as needed with the flexibility to leverage the full extent of Informatica's capabilities. This IPU usage-based pricing model also simplified ongoing integration development with a one-step setup, reducing the time to deployment by over 50 percent when integrating new applications or systems.

HEALTHCARE PROVIDER

This healthcare provider deployed IDMC and achieved an annualized TCO of \$6,305,000 over a three-year period. The organization migrated its on-premises Informatica PowerCenter workloads and mappings, as well as its on-premise IBM Initiate solutions to IDMC, including Informatica MDM and Informatica Data Quality, which lowered annual operating costs related to its data platform by over 40 percent, including a 45 percent reduction in subscription costs and a 30 percent reduction in administrative expenses. Overall, Informatica's IDMC platform has given the healthcare provider the flexibility to choose any cloud service as its needs evolve and experience quick returns on its data whenever it needs to adapt.

This healthcare insurance provider serves customers in Maryland, Washington D.C., and Northern Virginia, offering medical, dental, and vision insurance plans. In addition to its traditional lines of business, the organization delivers an intuitive web and mobile application to provide various virtual care services. The organization employs over 8,000 professionals and accrues over ten billion dollars in annual revenue. The organization has been an Informatica customer since 2009, previously using Informatica PowerCenter to support their on-premises legacy data warehouses. With these on-premises systems, the organization spent ten hours each month on regular maintenance. The organization's legacy system architecture also required data to move across several technologies (Informatica to Oracle Database consumption layer to SQL server database to SSIS for reporting), limiting data processing speed and making it hard for users to understand data lineage. These challenges compounded as the organization scaled its data processing volumes.

**Reduced ongoing
administrative costs by
30%.**

In 2019, the healthcare insurance provider determined that it needed to migrate its on-premises, legacy data warehouses and associated data management, integration, and governance solutions to the cloud. The organization decided to move its legacy on-premises data warehouse to the Snowflake Cloud Data warehouse to reduce administrative costs and gain agility. To best interact with this new Snowflake environment, the organization sought to replace its existing on-premises IBM Initiate solution with a cloud-native data hub to centralize data management and improve data velocity. The organization evaluated Reltio and Informatica Master Data Management (MDM) for data management, Talend and Informatica Intelligent Data Management Cloud (IDMC) for data integration, and Collibra and Informatica Data Quality for data governance. In May 2020, the organization decided to implement IDMC that includes Informatica Data Quality, citing its wish to minimize technologies across its data pipeline and standardize all data integration and management technologies from one vendor to reduce cost alongside technology and operational complexity.

THE IMPLEMENTATION

In September 2020, the organization began converting Informatica PowerCenter mappings, sessions, and workflows to IDMC with an implementation team consisting of five database administrators and 12 developers. The organization also brought in a third-party migration consulting vendor to assist with the conversion. The first production went live in January 2021, and the main implementation was completed in April 2021.

From September 2020 to April 2021, the healthcare insurance provider spent \$11,057,000. Nearly 90 percent of these costs are attributable to consulting services, while the other 10 percent involved internal personnel time spent implementing Informatica MDM, IDMC, and Informatica Data Quality.

ONGOING OPERATIONAL COSTS AND BENEFITS

After deploying Informatica MDM, IDMC, and Informatica Data Quality, the healthcare insurance provider eliminated its previous on-premises IBM Initiate, Informatica PowerCenter, and SSIS solutions saving \$4 million annually. Using Informatica's cloud-native capabilities for end-to-end data integration, the organization also streamlined internal data management for IT personnel. This reduced ongoing administrative costs associated with its data pipeline by 30 percent.

Additionally, with Informatica's IPU usage-based pricing model, the organization could subscribe to cloud services on its own schedule. The organization also would now pay based on usage eliminating prior time spent dealing with rigid pricing structures. As such, the organization could easily adopt and deploy any connectors within Informatica's library, eliminating most of the need to build from scratch. This accelerated connector development by 90 percent, saving the organization's IT team nine hours per month. The organization's IT teams also leveraged Informatica Enterprise Data Catalog to improve internal understanding of data lineage, accelerating change impact analysis from a multi-week process to a multi-hour task. IT teams also accelerated their code deployments by over 15 percent by leveraging IDMC's capabilities for moving code across different environments.

With these Informatica solutions, the healthcare provider decreased its annual operating costs by 40 percent to \$2,950,000. Over 80 percent of this ongoing spending consisted of product subscription costs associated with IDMC, Informatica Data Governance, and Informatica MDM. The remaining 20 percent is attributed to administrative expenses related to the Informatica solutions.

LESSONS LEARNED

The healthcare insurance provider faced many operating challenges managing complex historical and real-time data flows. The organization applied multiple best practices to its implementation of the Informatica solutions, which facilitated the long-term success of the deployment. The company began with a clear definition of the project's scope, including the pain points that it needed to alleviate. The organization prioritized a cloud-native solution that could reduce the number of technologies across its data pipeline while offering low ongoing maintenance and administrative costs. Informatica's IDMC platform also improved the organization's understanding of data utilization with enhanced data lineage visualization.

BMC was able to accelerate its data platform modernization initiative by 11 months with Informatica's capabilities for automated workflow conversion and testing. Because of its crucial role in accelerating and de-risking cloud migration, BMC considered DataOps testing automation a must-have and ensured no P1/P2 defects after going live.

As data environments get more complicated, Nucleus anticipates that organizations will follow the examples set by this healthcare organization and BMC by increasing their investment in automated migration capabilities, end-to-end data integration and management, and monitoring capabilities to accelerate time to value, improve agility and reduce the costs and risk involved with moving to the cloud.