

Furnishing a sweet deal with Pay per use computing

Success story



"Our finance people think this deal is great. We are saving 20 percent of the cost of traditional purchasing over the period of the Pay per use lease."

- Ned Jones, IS Director, R.C. Willey

In 1932, Rufus Call Willey started his business selling appliances door-to-door out of his pickup truck. When R.C. opened his first store in Syracuse, Utah, he promised that his store — R.C. Willey — would stand for better quality and lowest prices.

Seven decades later, R.C. Willey has grown to a premier home furnishings provider employing more than 2,400 staff and carrying an extensive range of brand names. Owned by investment giant Warren Buffett of Berkshire Hathaway, R.C. Willey has huge buying power. Every day, from its main distribution center — an 18-acre state-of-the-art facility in Salt Lake City — the company hastens 45 trucks carrying hundreds of pieces of merchandise throughout Utah, while another 30 trucks set out for daily deliveries from the company's Nevada and Idaho warehouses.



Meeting the seasonal demand without demanding costs

Every sales season poses the same conundrum for R.C. Willey's IS Director, Ned Jones. How much more hardware is needed to cope with growth and cyclical spikes in demand? The problem has been the same for at least 17 years and is well-known to retailers. "First Labor Day, then Thanksgiving and then the winter holiday season. In the fall, we would always be in crisis buying new hardware to meet the demands of the busiest day," says Jones. R.C. Willey had another problem: maintenance costs on older equipment were rising. Jones called IT partner HP to examine the problem and come up with an inventive solution.

Finding the right style

R.C. Willey always purchased its IT, so initially it was hesitant with HP's suggestion of a Pay per use lease through HP Financial Services. "We had never financed IT equipment before so this was a new adventure, but the benefits and savings of Pay per use are compelling," says Jones. HP Pay per use allows R.C. Willey to turn computing capacity on and off as demand goes up and down, only paying for what it uses. "With Pay per use we have a bigger system for the money, and the computing power is there when we need it," says Jones. HP solutions architects helped size capacity to meet the demands of the business and proposed two mid-range



Challenge

- Meet cyclical demand without increasing IT investment
- Reduce hardware maintenance costs
- Lower overall IT costs

Solution

- Pay per use financing solution from HP Financial Services
- HP Support Services - Critical Support
- Two clustered enterprise class RP8400 servers
- HP MC Service Guard and HP OpenView, Service Desk

Results

- 20% procurement cost savings over typical purchasing methods
- 20% space savings
- Reduction in assets and improvement in outgoing cash flows
- Agile on-demand IT platform supporting future business growth

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enterprise-class UNIX servers for handling mission-critical applications. R.C. Willey affectionately named them Willey Seven and Willey Eight, with Willey Eight acting as a hot standby. The cluster is managed as one virtual computer through HP's MC ServiceGuard software and HP Service desk, part of HP OpenView, HP's comprehensive systems management software.

Buying with agility in mind

Each server has eight CPUs, although the company can use as few as two and switch on more processors as needed. HP future-proofed the servers: with both housing up to 16 processors, there's plenty of flexibility built in for future business growth by simply paying for increased usage.

Most days the IT infrastructure runs between 25 percent and 75 percent of total capacity, although demand on holidays and sales periods can bring the load to 100 percent. Monitoring software records CPU usage, which is sent to HP by secure outbound e-mailings at the end of each day. HP then calculates payments based on the average monthly use. "We can never pay more than the lease; it's almost like giving money away. We are getting tremendous savings," says Jones.

Improving care while reducing repair

Switching to new systems has drastically lessened R.C. Willey's maintenance costs. "We paid for three years service up-front, which is cheaper than paying annually and buying up-front means you don't have to revisit costs," says Jones. "HP Critical Support provides immediate help when I need it," he continues. Jones also compliments his account team, "The HP account team is inventive, knowledgeable, and helpful."

Realizing door-to-door savings

Paying for service in advance, trading in older V series servers and using HP's innovative Pay per use program has changed R.C. Willey's approach to procurement. "Our finance people think this deal is great. We are saving 20 percent of the cost of traditional purchasing over the period of the Pay per use lease," says Jones. "It's worked well, and we're extremely satisfied."

Business results

- 20% procurement cost savings over typical purchasing methods
- 20% space savings
- Reduction in assets and improvement in outgoing cash flows
- Agile on-demand IT platform supporting future business growth

Who we are

HP Financial Services delivers a total "acquire-to-retire" suite of offerings that simplifies the entire IT financial life-cycle management process — from flexible acquisition alternatives to TCO-reducing asset management services to value-maximizing end-of-life solutions. As a wholly owned subsidiary of HP, Hewlett-Packard Financial Services Company is unmatched in the world, for both the capability and flexibility to deliver financial services that work the way you want to work, worldwide.

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