

Spending big on IT despite recession

4:00AM Thursday Feb 12, 2009

By [Simon Hendery](#)

While the tough economic climate has seen many businesses balk at spending money on technology, transtasman company Speedscan has spent up large over the past few months upgrading its Auckland and Sydney data centres with new Dell blade server technology.

*Chief executive Mark Josman tells **Simon Hendery** why – despite the recession – his company needs to keep investing heavily in IT.*



Mark Josman says Speedscan needed a technology platform that could support its business growth objectives.

What does Speedscan do?

We are a regional provider of document process outsourcing solutions. We take document-intensive business processes and apply technology, robust infrastructure and business processes to deliver to our clients a more cost-effective way of processing their paper-based documents.

We use a range of technologies around form-recognition, workflow, scanning, our hosting applications and infrastructure to deliver these solutions. We specialise in the document-intensive industries of banking, finance and insurance.

Many of our solutions are mission-critical to our clients. Such as paper-based accounts payable, applications and claims in the insurance sector and mortgage applications in the banking sector. They're also all time-sensitive in terms of when the business needs access to this information, so equipment reliability is paramount for us.

Over the past few months you've spent several hundred thousand dollars replacing about 200 servers in your Sydney and Auckland data centres with about 30 Dell servers in each place.

What prompted the consolidation?

[We needed a technology] platform that could be supported, was robust, had high availability, and the right level of support. We'd been working with Dell in several regions and as Speedscan was growing across the region – with our entry into New Zealand [through the 2007 acquisition of local company Datacap], our expansion in Australia and the Philippines – we looked around and we selected Dell as the basis of expanding and standardising our data centres, using their blade servers and their storage devices across our data centres in New Zealand, Australia, and across some of our applications in the Philippines.

It's been a pretty significant investment for us but we see it as critical to maintaining both a platform for growth and the level of reliability we have to offer to our customers. We were looking for high-

availability equipment that can be scaled. There was also a support requirement: Where there is the inevitable hardware failure they've got to be on to it immediately.

How were you able to reduce the number of servers so significantly without limiting your data-processing capacity?

We've used virtualisation [the ability to run multiple applications on a single server to maximise equipment usage] quite extensively in both Auckland and Sydney, and we recommend it to many of our clients. Reducing the physical "machinery" meant reducing heat generation and power requirements. It's important to maintain the most effective environmental solution.

Aside from the demand for reliability, what else are your corporate customers looking for from you when it comes to their document-processing needs?

Certainly in this economic environment the ability to offer cost reduction on internal business processes is always attractive. More and more large organisations are turning to us for ideas on improving their document-intensive business processes.

Is proving you can offer a strong return on investment to customers becoming more important for winning business?

Return on investment comes to the fore much more quickly than it used to. Two years ago people were talking about competitive advantage and improving customer service. Now they want return on investment and less costly ways to run their business – and in a variable environment.

Many businesses seem to have shut the door to technology spend-ups until conditions improve. Are you seeing evidence of that?

We don't ask them for a massive up-front investment. We are a monthly, volume-related business that processes documents on behalf of customers and they can see benefits pretty much from day one in terms of the cost. It's like shifting to a lower-cost telephone service – you see the benefits immediately.

There's no question that the economic environment has deteriorated substantially over the past three to six months. Discretionary spending by businesses is down completely.

People are re-evaluating the returns on investment for major IT projects on a continuous basis.

We are seeing that our value proposition is still such that businesses are still continuing to talk to us about our solutions. I have no doubt there will be some delay or deferment in some of the decision-making but at the end of it we are not seeing a significant downturn in the business coming towards us.

On the contrary, we are seeing some turning towards us for ideas on how to reduce internal costs.

Were you tempted to cut costs when it came to your own IT investment?

There's always [the option for a business to] do nothing or just band-aid current solutions and hope for the best. But the market we're aiming at is the high-end financial services industry that needs to see high availability and reliability. We needed a platform that could support our business growth objectives.

We're working towards PCI compliance [a data security standard] which is very important for the banking sector and they need to see we have the appropriate infrastructure in place to support their needs. So it was critical for us to make this upgrade given where, strategically, our business is going and needs to be.