

BUSINESS TRANSFORMATION THROUGH COLLABORATIVE INNOVATION

SOLUTIONS BRIEF

Most businesses depend heavily on technology to drive success—from the ability to work anywhere, at any time, from any device, to being able to extract valuable insights from mountains of data. Lines of business are demanding that IT source, integrate, and maintain the latest and greatest technology to give the business a competitive advantage.

Traditionally, when faced with a demand from the business for new application capabilities, IT would turn to a handful of proprietary technology mainstays. Those few dominant firms would consistently provide the skills, resources, and guidance necessary to implement the newest technologies.

These days, bigger isn't necessarily better. Hybrid physical, virtual, and cloud infrastructures now dominate computing, and the challenge is to innovate in advance of business demands. For all the strengths the "big guys" have to offer, speed and agility aren't often at the top of the list.

Increasingly, the answer lies in the open innovation community. In 2014, there were 3.3 million developers¹ working on two million active collaborative development projects—double the number of projects in 2012.² Let's take a look at how open source solutions can help enterprise IT leaders respond to the three primary challenges they face today:

CHALLENGE #1: INABILITY TO ADDRESS LINE-OF-BUSINESS DEMANDS

The pace of innovation is accelerating, and most legacy systems are unable to keep up. Being tied to a sluggish traditional supplier threatens to leave IT continually in catch-up mode. Meanwhile, IT's credibility suffers and some business units go looking outside the organization for solutions, creating "shadow IT" that increases risk.

WHAT IF YOU COULD DELIVER NEW TECHNOLOGIES FASTER AND MORE RELIABLY?

The size and scope of the open source development community surpasses the innovation capabilities of any one supplier, in speed, quantity and quality. And with Red Hat overseeing the process, the new software development model stresses rapid, continuous development, peer review, and selection of the best solutions based on merit.

As a result, open source developers anticipate and proactively address business demands. The organization's IT team is able to deploy enterprise solutions with clean upgrade paths. It is not only more responsive to line-of-business units—it becomes a catalyst for change in the organization.

¹ Ohloh (Black Duck Open Hub) Website, April 16, 2014

² Black Duck Software, April 2014

CHALLENGE #2: RESOURCES CONSUMED BY MAINTENANCE

The collaborative development model holds out the promise for faster, more agile development and deployment, but what if IT organizations are starved for the resources to innovate at all?

There is a substantial gap between what management expects IT to achieve with available resources and what IT can actually achieve. When surveyed in 2014, executives reported an average of 3% growth in their companies' IT budgets – and yet they expected a 20% increase in productivity.³

IT leaders report spending 72% of their budgets on activities designed to simply “keep the lights on.”⁴ Maintaining increasingly complex legacy stacks simply doesn't leave much money to hire top developers who can supply the business with technology that will advance productivity by 20%.

WHAT IF YOU COULD OPERATE AND INNOVATE MORE EFFICIENTLY?

To invest in the future, organizations must reduce spending on aging systems. The global open innovation community develops complex software more efficiently, and at lower costs, than traditional suppliers. And Red Hat adds extensive experience and the ability to cut costs through standardization and optimization.

Software and support are purchased on a subscription basis, further reducing upfront costs. As legacy systems are phased out and replaced with modern, nimble solutions, more money and people are available to transform the business with innovative technology.

CHALLENGE #3: TODAY'S TECHNOLOGY IS THREATENED BY UNKNOWN, DISRUPTIVE CHANGES IN THE FUTURE

Moving away from legacy systems toward open innovation can help IT organizations regain competitiveness, but IT leaders also need to stay ahead of the curve.

Without a plan in place for continuous enhancement, today's cutting edge technology will almost inevitably be tomorrow's lagging technology. The open innovation community is growing at 50% per year,⁵ compared to the single-digit growth of most traditional suppliers. That adds up to a lot of extra brainpower working to help provide end-users with progressive and productive solutions.

However, being the first to adopt the wrong technology can be even more damaging than being late to adopt the right one. With so many developers and projects, sorting through the options and finding the best solutions for your organization can be overwhelming.

WHAT IF YOU COULD SELECT EMERGING TECHNOLOGIES WITH CONFIDENCE?

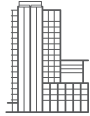
Sustaining a competitive advantage requires early adoption of the “next big thing.” Red Hat's two decades of experience in identifying promising technologies, working on standards committees, and bringing innovations to market, allow them to consistently identify new, disruptive innovations that will actually succeed.

Of course, new innovations only provide value if they connect seamlessly to existing systems. Red Hat's commitment to open standards and Open innovation, and 20 years of experience ensuring interoperability ensure easy integration using standard, published APIs and Red Hat container technologies.

³ 2014 IT Budget and Benchmark Survey, Andrew Horne, Managing Director, CEB, November 14, 2013

⁴ Forrester

⁵ Black Duck Software, April 2014



ABOUT RED HAT

Red Hat is the world's leading provider of open source solutions, using a community-powered approach to provide reliable and high-performing cloud, virtualization, storage, Linux, and middleware technologies. Red Hat also offers award-winning support, training, and consulting services.

Red Hat is an S&P company with more than 80 offices spanning the globe, empowering its customers' businesses.

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INNOVATIVE SOLUTIONS OPEN NEW DOORS

Because innovation is increasingly disruptive and less likely to come from established vendors, community-based development is the model not just for the future; it's for today. Being able to innovate without sacrificing commercial quality involves several elements: a cost-effective, stable technology platform, assured integration, certified products, and access to world-class support and consulting services. To plan effectively, you need visibility into emerging innovations that will become mainstays.

THAT'S WHY COMPANIES ARE TURNING TO RED HAT

Red Hat is at the hub of a collaborative development model that delivers speed, agility, and interoperability. Red Hat's products are enterprise-hardened, certified, and fully supported versions of community projects. And when it comes to determining what new technologies will truly change the market, Red Hat offers an informed view into the future that helps ensure maximum return on investment.

THE RED HAT ADVANTAGE

As a strategic technology supplier, Red Hat offers access to the best solutions produced by a community of millions of developers. Over 20 years of experience has given Red Hat a unique, well-informed vision of which technologies will be truly revolutionary. The Red Hat business model helps reduce operational and capital expenditures (OpEx and CapEx) and delivers more value through excellence in optimization, efficiency, and low upfront costs – all without abandoning investments in existing technology.

Red Hat helps organizations:

- Deliver new technologies faster and more reliably.
- Operate and innovate more efficiently.
- Select emerging technologies with confidence.

THAT'S WHY OVER 90% OF THE FORTUNE 500 USE RED HAT PRODUCTS AND SERVICES.⁶

⁶ Red Hat client data, 2014