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# BrAINWARS 2024

## ROUND 3 SUBMISSION

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# Navigating **ZenSoft's** Past: The Era of Physical Servers

Summary

Situation

Solution

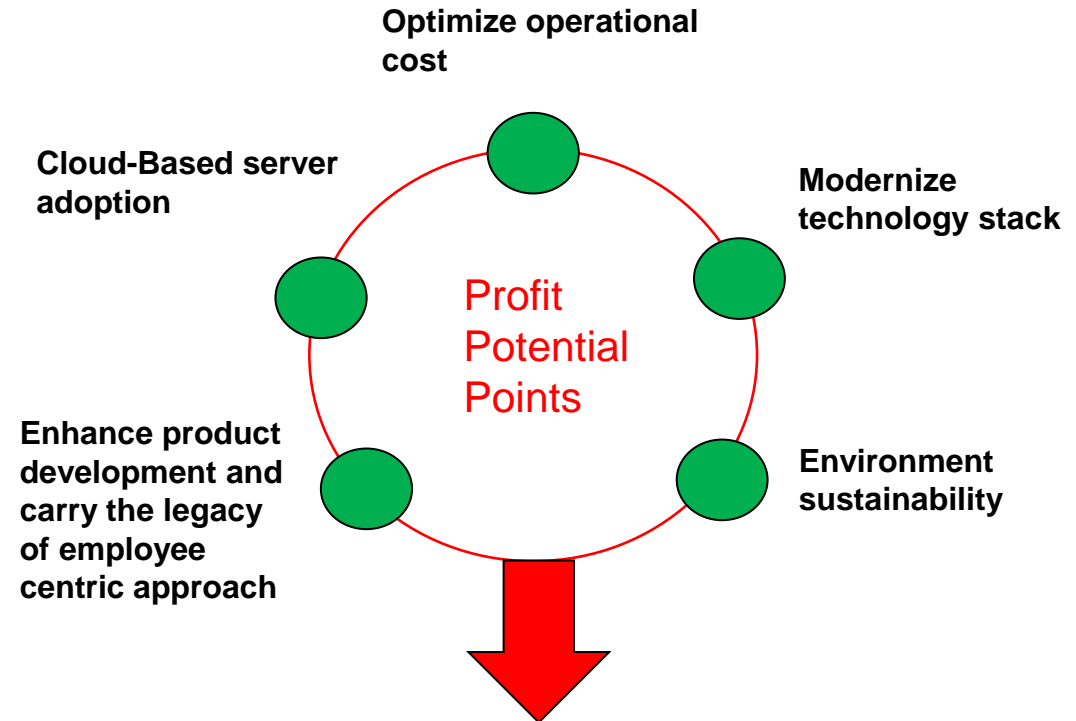
Conclusion

Challenges that **Zensoft** is facing with physical servers:-

1. Declining profits, rising costs, and slow growth challenge **ZenSoft's** market position and operational efficiency.
2. Dominance of cloud-based rivals like GenTech and SoftGen exacerbates **ZenSoft's** struggle with outdated technology and missed opportunities

**High Operational ,rental cost and low storage** ↓  
**Aging Technology Stack** ↓  
**High Development Cost** ↓  
**Market Shift towards new technology** ↓  
**New product development** ↑  
**Employee centric policies** ↑

Some suggested solutions



The key lies in adopting a holistic approach that is centered around both users and employees. This approach will ensure a smooth transition through these challenging times and help **Zensoft** maintain its standing in the industry.



# ZenSoft's Cloud Transition: A Strategic Analysis

## SITUATION

**ZenSoft**, previously reliant on physical servers, faced limitations in storage capacity and software upgrade speed, causing missed contract opportunities. They decided to explore cloud-based servers for their lower cost and faster time to market.

## QUESTION

Which cloud server vendor should **ZenSoft** choose among **Rackspace**, **DigitalOcean**, **UpCloud**, and **Digital Reality**, considering their specific requirements of increased storage capacity and faster software upgrades?

## SOLUTION

A detailed comparative analysis of the four vendors was conducted based on factors such as storage capacity, pricing, software update cycle, maintenance cycle, setup and training costs, and vendor reputation.

## CONCLUSION

The outcome of the vendor selection will be determined after a thorough analysis based on key factors. These include **ZenSoft's** specific needs and goals, the significance of AI capabilities, the implications of recent security issues at **Rackspace**, setup and training costs, and the value of customer service. Additionally, obtaining updated pricing information from **Digital Reality**, considering their increased storage capacity, could be advantageous in this analysis.

OUR WINNING STRATEGY

Summary

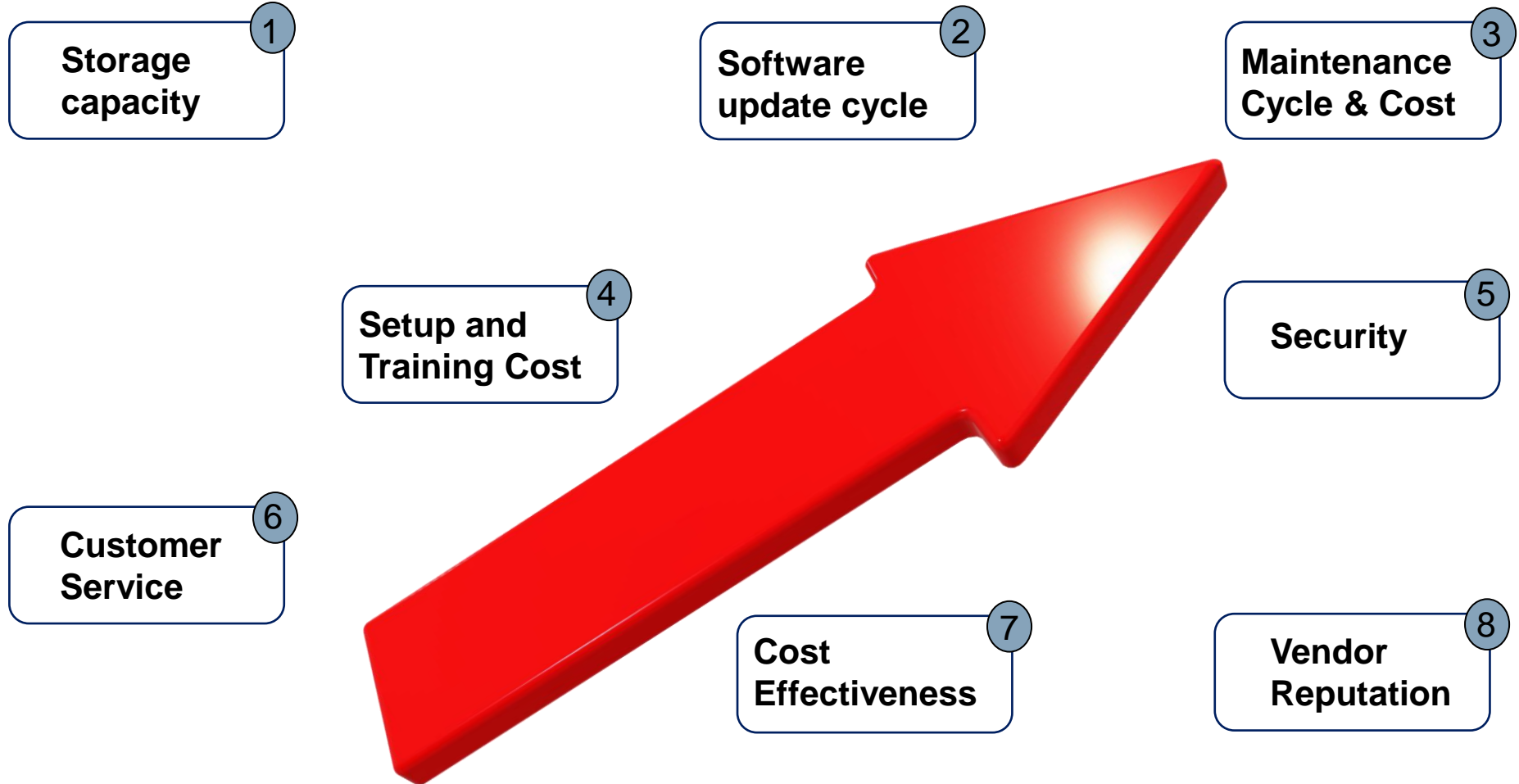
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Solution

Conclusion

# ZenSoft's Digital Transformation: The Shift from Physical to Cloud Servers

Transitioning from physical servers to cloud servers is a significant move that requires careful planning and consideration



Summary

Situation

Solution

Conclusion

# ZenSoft's Digital Transformation: The Shift from Physical to Cloud Servers

Summary

Situation

Solution

Conclusion

**Storage Capacity:** Ensure the cloud server vendor can provide the required storage capacity. In **ZenSoft's** case, they want to increase their storage capacity to at least **140TB/month**

**Software Update Cycle:** Faster software updates can provide access to new features and improvements more quickly. **ZenSoft** is specifically looking for faster software upgrades

**Maintenance Cycle and Cost:** Understand the maintenance cycle and the associated costs. This includes both the frequency of maintenance and the downtime during maintenance

**Setup and Training Cost:** Transitioning to a new system may require setup and training costs. For example, Rackspace and DigitalOcean charge one-time setup and training costs

**Vendor Reputation and Reliability:** Consider the reputation and reliability of the vendor. Look at their track record, customer reviews, and any awards or recognitions they have received.

**Security:** Security is a critical aspect when moving to the cloud. Rackspace, for instance, has faced **litigation issues** due to server breaches.

**Cost Effectiveness:** Transitioning to cloud servers could lead to cost savings in terms of employee wages. **Cloud service employees are ~30% more cost-effective** compared to traditional physical server technicians.

## Introduction to Vendor Analysis

### Rackspace

Known for its **AI integration** capabilities, **storage capacity**, and **customer service**. However, it has faced recent **litigation issues due to server breaches**.



**Storage Capacity:** 140TB/Month

**Annual Subscription cost:** \$18 million

**Annual Maintenance cost:** \$240K

**Software update cycle:** 20 days

**Maintenance cycle:** 25 days

Summary

Situation

Solution

Conclusion

## Introduction to Vendor Analysis

**DigitalOcean**

Offers proactive support services and has been jointly awarded the “**Best Client Service**” award. It provides a good balance of **storage capacity and pricing**.



**Storage Capacity:** 145TB/Month

**Annual Subscription cost:** \$21.6 million (\$1.8 million/Month)

**Annual Maintenance cost:** \$150K

**Software update cycle:** 15 days

**Maintenance cycle:** 30 days

Summary

Situation

**Solution**

Conclusion

## Introduction to Vendor Analysis

**UpCloud**

Similar to DigitalOcean in terms of proactive support services. It offers a **fast software update cycle** and **free setup and training cost** but **falls slightly short** on the **storage requirement**.



**Storage Capacity:** 130TB/Month

**Annual Subscription cost:** \$20 million

**Annual Maintenance cost:** \$180K (\$15K /Month)

**Software update cycle:** 10 days

**Maintenance cycle:** 20 days

Summary

Situation

**Solution**

Conclusion



# Introduction to Vendor Analysis

## Digital Reality

Recently increased their **cloud storage capacity** and started providing **free onboarding and initial support**. However, updated pricing information for the increased capacity is not available.



**Storage Capacity:** 155TB/Month

**Annual Subscription cost:** - \$25 million for 130TB/Month

**Cost Per TB** =  $25,000,000 / 130 = \$192,307$  (approx.)

**For 155 TB = \$192,307 x 155 = \$29.8 million**

**\*\*We've estimated the cost for 155TB based on the previous cost per TB.**

**This is under the assumption that Digital Reality will maintain the same pricing structure\*\***

**Annual Maintenance cost:** \$216K (\$18K /Month)

**Software update cycle:** 15 days

**Maintenance cycle:** 30 days

Summary

Situation

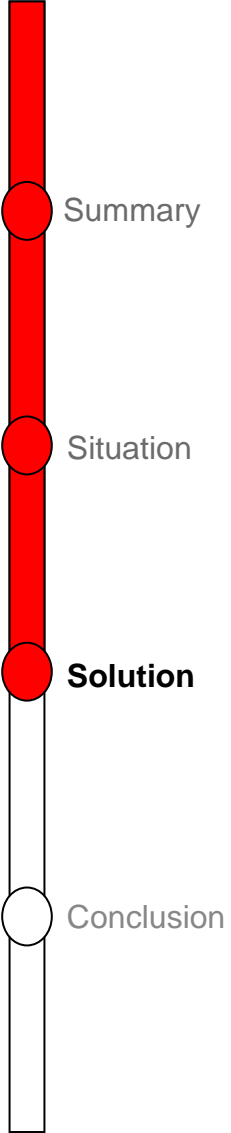
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Conclusion

# ZenSoft's Evolution: Addressing Past Challenges with New Vendor Solutions

## Identified Gaps and Solutions (Detailed Approach)

Gap	Implications	Solution	Supporting Data
Limited Storage Capacity	ZenSoft's current physical server storage is 125TB/month, causing bottlenecks in product development and missed contract opportunities due to a lack of AI capabilities.	Increase storage capacity to at least <b>140TB/month</b> to accommodate future growth and AI capabilities. Consider vendors offering scalable storage with competitive pricing.	Rackspace offers 140TB/month for \$18M/year, DigitalOcean offers 145TB/month at \$1.8M/monthly, and Digital Reality offers 155TB/month
High Costs of Physical Servers	Physical servers are costly due to maintenance, rental expenses, and lack of scalability. These costs hinder ZenSoft's competitiveness in a fast-evolving market.	Transition to cloud-based infrastructure to reduce costs and increase flexibility. Evaluate cloud vendors that provide better scalability and lower maintenance costs.	ZenSoft spends \$2.5M/month for physical server storage, with an additional \$200K/month for rental. Cloud vendors like <b>DigitalOcean</b> offer 145TB/month at <b>\$1.8M/month</b> with lower maintenance costs.
Slow Software Update Cycles	Delays in product development due to slow update cycles, impacting ZenSoft's time-to-market and innovation.	Adopt cloud vendors with faster update cycles to accelerate product development. Implement agile methodologies to improve development speed.	DigitalOcean has a 15-day update cycle, allowing for quicker software releases. Rackspace has a 20-day cycle, and UpCloud has a 10-day cycle, though with a lower storage capacity (130TB/month).
Security and Compliance Risks	Physical servers pose higher security risks due to data breaches and lack of compliance with evolving regulations. This impacts customer trust and may lead to litigation.	Adopt strong security with encryption, firewalls, and detection. Choose cloud vendors with solid security and proactive support. Physical servers have higher risks due to breaches and regulatory non-compliance	Rackspace faced litigation due to server breaches, intending to improve security with enhanced data encryption and firewalls. DigitalOcean and Rackspace <b>offer proactive support services</b> , including monitoring and troubleshooting.
Environmental Impact and Public Sentiment	Physical servers have a high carbon footprint, leading to negative public perception and environmental concerns. This can impact ZenSoft's reputation and customer loyalty.	Choose cloud vendors with a focus on sustainability. Implement environmentally friendly practices and publicize efforts to reduce carbon emissions.	Physical server setups like <b>TechDesk</b> produce significant carbon emissions, while cloud-based solutions generally have lower environmental impact.





Summary

Situation

Solution

Conclusion

## Comprehensive Breakdown: Cloud Server Vendors

Vendors	Storage Capacity (TB/month)	Annual Subscription Cost	Annual Maintenance Cost	Software Update Cycle	Maintenance Cycle	Setup/Training Cost	Employee Training Time	Litigation Issues	Proactive Support
RackSpace	140	\$18 million	\$240K	20 Days	25 Days	~\$0.5 million	~3 Weeks	Yes	No
DigitalOcean	145	\$21.6 million	\$150K	15 Days	30 Days	~\$0.8 million	~3 Weeks	No	Yes
UpCloud	130	\$20 million	\$180K	10 Days	20 Days	\$0 (free)	NA	No	Yes
Digital Reality	155	\$29.8 million	\$216K	15 Days	30 Days	\$0 (free)	NA	Not Indicated	Not Indicated

### Selecting the Ideal Vendor for ZenSoft: A Multi-Factor Analysis

	Storage	Annual Subscription Cost	Annual Maintenance Cost	Update Cycle	Maintenance Cycle	Setup/Training Cost
RackSpace						
DigitalOcean						
UpCloud						
Digital Reality						

Compared to other vendors, **DigitalOcean** appears to be a superior choice. They offer proactive support and have no known litigation issues.

Conclusion: DigitalOcean as ZenSoft's Optimal Choice - A Profitability Analysis

Why is DigitalOcean the preferred choice over other vendors?



◆ RackSpace ?

Cost Per TB = 18,000,000/140

Cost Per TB = \$128,571

Maintenance Cost = \$240,000

Setup/Training Cost = \$500,000

Faced Litigation issues in the past

No Proactive support services

● UpCloud ✖

Cost Per TB = 20,000,000/130

Cost Per TB = \$153,846

Maintenance Cost = \$180,000

Setup/Training Cost = \$0

Won Best Client Service's Award

Provides Proactive support services

▲ Digital Reality ✖

Cost Per TB = 29,807,585/155

(Assuming that they will maintain the same pricing structure)

Cost Per TB = \$192,307

Maintenance Cost = \$216,000

Setup/Training Cost = \$0



Despite offering top-notch services, low maintenance costs, and free setup/training, UpCloud may not be a feasible choice as it doesn't meet ZenSoft's current storage requirements.



Despite offering the highest storage capacity and complimentary onboarding and initial support, Digital Reality may not be a feasible choice. This is due to its elevated maintenance and server storage costs, especially if it adheres to its previous pricing model.



Despite offering the lowest storage and setup costs compared to DigitalOcean, Rackspace may not be a suitable choice due to its past litigation issues, which might deter clients. Additionally, it does not offer proactive support services.

Summary

Situation

Solution

Conclusion

Conclusion: DigitalOcean as ZenSoft's Optimal Choice - A Profitability Analysis

DigitalOcean

Cost Per TB = 21,600,000/145

Cost Per TB = \$148,965

Maintenance Cost = \$150,000

Setup/Training Cost = \$800,000

Won Best Client Service's Award

Provides Proactive support services

RackSpace vs Digital Ocean

Cost Per TB

\$128,517 < \$148,965

Maintenance Cost

\$240,000 > \$150,000

Setup/Training Cost

\$500,000 < \$800,000

Why is DigitalOcean considered a better choice despite having a higher cost per TB and training expenses compared to Rackspace?

DigitalOcean stands out as a superior choice over Rackspace, and it's not just about cost considerations. DigitalOcean has been recognized with the "Best Client Service" award, a testament to their exceptional proactive support services.

Furthermore, they boast a quicker software update cycle and longer intervals between maintenance breaks, reducing the frequency of maintenance-related interruptions. This makes them a strong contender in the server vendor landscape.

Financial Impact: Assessing the Profitability of ZenSoft's Shift to Cloud Servers

Cost-cutting measure	Before	After DigitalOcean
Migration to Cloud Servers (Storage)	\$30 million (\$2.5 million/month)	\$21.6 million (\$1.8 million/month)
Storage	125 GB /month	145 GB /month
Employee Wages	\$1 million	Cloud Service employee are ~30% more effective \$700,000
Rental expenses (annually)	\$2.4 million	0

Additional costs, such as the one-time setup fee and application development expenses, will be incurred once Zensoft begins the production of the new product.

Total Cost (Before) \$30 million + \$1 million + \$2.4 million = \$33.4 million

Total Cost (After) \$21.6 million + \$0.7 million + \$0.8 million = \$23.1 million

Total Savings = \$10.3 million (30.84%)

With an emphasis on enhancing storage capacity, swift software updates, and proactive support, DigitalOcean stands out as an appropriate option, offering us a cost reduction of 30.84% compared to our prior usage of physical servers.





**THANK YOU!**