

Jeff Fisher: Hello, and welcome to this *Desktops as a Service (DaaS)* interview. Today's session, *CIO Perspective: Moving to Desktops as a Service (DaaS)*, is an interview with Paul Gaffney, Chief Operating Officer at Desktone.

I'm Jeff Fisher, Senior Director of Strategic Development at Desktone and also the moderator of our blog, *Desktops as a Service*.

Today's guest is a former CIO with experience at retailing giants such as Staples and Office Depot, and at online investment leader Charles Schwab. As a result, Paul has firsthand experience tackling complex IT operational challenges. Last year Paul was one of 20 honorees named to CIO Magazine's *CIO Hall of Fame*.

We're going to chat with Paul about the desktop management challenges he personally experienced as a senior IT leader and his thoughts on how desktops as a service can help overcome many of those issues.

Welcome, Paul, and thanks so much for being with us today.

Paul Gaffney: Glad to be here. My pleasure.

Jeff Fisher: Okay. So, let's get started. There's a lot of excitement around virtual desktop computing because it has the potential to eliminate much of the cost and complexity associated with managing traditional corporate desktops. I would imagine that you experienced a lot of these challenges when you were CIO at Staples and a senior IT leader at Office Depot and Charles Schwab. Can you tell me about some of the challenges you encountered?

Paul Gaffney: The interesting thing about desktops is they're a very straightforward case of a perpetual CIO conundrum: the constant tension between efficiency and flexibility, particularly around infrastructure.

What I mean by that is, when you have your efficiency hat on, you want to design and run a very lean infrastructure. You don't want to over-provision. You don't want to have a lot of change. I know IT pros who ideally would like to have a year-long change window. And, of course, that doesn't always work because the businesses IT is supporting need agility and flexibility. They need to be able to deal with spikes in demand. That's why you sometimes provision excess capacity. They may need to deal with a new way of looking at data based on some important insight

developed in the last week that requires new analytical capability. As a CIO you want to be able to respond to those things. Unfortunately, you can never eliminate one or the other. You have to be very effective, and at the same time, very efficient.

The desktop has been one of those places where it's been very difficult to accomplish that balance of being both efficient and flexible. Part of the reason for that is the desktop has always been kind of the wild west of computing. It's been the place where software vendors and other people who build scrappy non-industrial strength tools could very easily get their wares in front of the user. The change control barriers on the desktop have been very, very low.

Consequently, folks who have tried to make their desktop environment more efficient have tended to do so by limiting what users can do on that desktop. And, it's desktop virtualization that finally unlocks that part of the infrastructure. It finally allows an IT professional to say, "Hey, wait a minute. I can be efficient and I don't have to lock everything down. I don't have to constrain what my end users do on their desktops."

Jeff Fisher:

That makes sense. It's the age old challenge between managing, like you said, the flexibility that users need and the control that IT must put in place to not only be efficient, but also to keep their sanity and to keep the business operating.

Paul Gaffney:

Yes. And on the desktop no IT professional has liked what essentially boils down to: I want to run these things cost effectively and the way to run them cost effectively is to essentially lock them down. Desktops are pretty complex just with the OS and the Office suite of applications on them. People might find that hard to believe unless they're really in the business, but these devices get complicated.

Some people have observed that even if you don't change anything, desktop performance still degrades on a day to day basis. So the only logical way of addressing this has been: "The desktop has to be reliable and I can't spend a lot of money on it, so I'm going to lock it down. I'm going to make it a captive computing resource that doesn't change."

Virtualization comes along and says wait a minute. With virtualization you can always return to a point of stability. You can always provision an experimental desktop, for example, while keeping access to the locked down version available.

And so, it becomes a lot more palatable to be a responsive and efficient IT executive. You can have as many different applications as you want on as many different desktops as you want as long as you're not running them all the same time. You say, "My cost of running them is just about the same. And if I can accept slightly less reliability on the more experimental versions, actually it doesn't cost me anything more to give you those."

Jeff Fisher:

That makes a lot of sense. So, moving to a centralized virtual desktop environment can help eliminate these problems. But as we know, it's not easy for enterprises to do this in a cost-effective, scalable way. How does virtual desktop as an outsourced service help enterprises overcome these financial and operational challenges?

Paul Gaffney:

That's an interesting question because it brings into play one of the other significant IT conundrums that has existed for a long, long time.

Most people have lived in an environment where, when you make an investment, you need to justify its return. And it's usually easier to justify a return on an investment in a tool that is going to improve profits in a particular line of business, particularly when that investment is championed by the P & L owner of that business.

People like to spend money if they know that it's driving more revenue and profits. Those were always the kinds of investments that we liked to champion in my roles at Staples, Office Depot and Schwab.

The projects that were always the more difficult ones, and I think still are the more difficult ones, are investments in improving infrastructure efficiency. Those are basically investments that say, "Hey, I need to spend a little bit more on my plumbing so that the plumbing will cost me less over time to run."

Those investments by their very nature are a little more speculative, especially if they don't involve immediate reductions in some other offsetting permanent expense. And that's kind of a fancy code for layoffs.

The really nice thing about the potential for outsourcing a move to virtual desktops is you get to have your cake and eat it, too. You get to basically say, "I know I can draw a very straight line to how

this will improve my cost of running my desktops. And because I'm going to outsource it I don't have to justify CAPEX."

"I'm going to work with a partner who has made the independent decision that they can get a return on assets. If I outsource this, it's because I believe I can make some cost and complexity go away by moving from physical desktops to virtual desktops. The outsourcing magic is that I can do this without any upfront investment."

Jeff Fisher: Oh, absolutely, and that's clearly what DeskTone is about. So, how would you sum up the opportunities that desktops as a service (DaaS) provides for enterprises? Why would they want to consider this type of implementation?

Paul Gaffney: You get to take a dramatic step up in your ability to be more flexible while at the same time being more cost effective. And that's the Holy Grail of IT. How can I lower my cost of providing service and at the same time make the service I provide more flexible? Desktop virtualization is a home run on that front.

Desktop virtualization on an outsourced basis makes the investment case a no brainer. And that's the reason that this should be something that every enterprise IT organization is considering. Particularly because the infrastructure improvement is so compelling, but may pale in comparison to the rest of the business benefit.

When I was a CIO—and the CIOs that I know—want to spend their time on – and they're under pressure to spend their time on – IT projects that will improve the customer experience that will improve sales force effectiveness, and that will drive more revenue to the top line and more profits to the bottom line.

And those projects that should be getting the time and attention of an enterprise IT organization are completely different than the projects that you would do to re-engineer your desktop infrastructure.

And I would contend that another compelling reason that people should be looking at outsourcing desktop virtualization is that, although it's an important project, it's one that they shouldn't be devoting their own scarce staff resources to.

They should be devoting the smart people that they employ in their internal IT organizations to more business-critical, revenue-

growing and profit-enhancing projects. And they should be handing as much infrastructure as possible to third parties who specialize in infrastructure, who get their revenue and profits from making infrastructure more effective.

Jeff Fisher: Got it. When you took the job at Deskstone I'm sure you also had opportunities to apply your expertise at other companies. What made you decide to join Deskstone? What was your vision of how the company could help transform enterprise desktop computing into a cost-effective, scalable service?

Paul Gaffney: Jeff, I really am attracted to large-scale transformation. At Schwab, I had the luxury and privilege of being part of the team that built the original Schwab.com starting back in 1995, well before anyone was serious on the Internet. That was a method of transforming the way financial products and services were delivered.

In the middle of my career at Office Depot, I had the vision for – and again the privilege of – being able to build the plan and the business for OfficeDepot.com in the very early days of e-commerce. And at Staples, I did a very large scale multi-year complete overhaul of a multi-billion dollar supply chain. I like transforming big things. And in the middle of 2006 when the real possibility of applying virtualization technology to desktop workloads started to emerge out of the server virtualization world, it was clear to me that this was another opportunity to participate in big-scale transformation.

I like seeing those opportunities, putting together a vision for executing on those opportunities, and then inspiring people to do the best work of their life in pursuing those kinds of opportunities.

And the interesting thing about the desktop virtualization transformation is I actually didn't think it would be appropriate to do that inside of one company for reasons that I talked about in response to your last question.

I don't think an IT shop should be doing desktop virtualization on its own. Not because it's complicated, which it is. But internal IT shops have very smart folks and those smart people should be paying attention to more business-critical problems. And so this opportunity for creating a company that would be a very effective partner for enterprise IT to solve multiple problems with one transaction—improve their desktop flexibility, lower their costs

and outsourcing an infrastructure problem that frees them up for other tasks—it's a really compelling opportunity.

Jeff Fisher:

Great. Last question: What kind of advice would you give enterprises that are looking to adopt personal desktop infrastructure?

Paul Gaffney:

This may be somewhat self-serving given what we're all about, but my number one piece of advice would be don't treat this like a home improvement project and go down to the Home Depot with multiple trips on Sunday afternoons to do it yourself. Many of us enjoy doing those things on the weekends around our home, but this is a little bit more complicated.

And, like I've said before, it is a problem that doesn't have a lot of differential value from one company to the next. No CEO of a Fortune 500 Company is standing up and talking about how they're differentiated because they have a better desktop infrastructure than their competitor.

And so, the core message is that this is an important project, but it's one that you can and should be looking to partners to execute on your behalf. And it's one that you have the opportunity to do leveraging someone else's assets. So outsource this, and do it as a service.

It's also going to allow you to jump onto this technology accelerator sooner rather than later, even while there's still some flux in the marketplace about what might be the best underlying technologies. That flux is going to exist for a while and one of the things that technology outsourcers tend to be very good at is staying on top of that kind of dynamic shifting of the underlying technologies.

And by outsourcing this problem to a qualified partner, someone who has proven they know how to do those things, you don't have to sit back and say, "Is Microsoft's hypervisor going to be the right one or should I go with VMware or should I just wait?" Waiting is not really necessary, and I would contend, not the right answer in this case.

So the core advice is this – get on this technology because it allows you to crack one of the key and lasting IT problems, namely how to deliver more flexibility with greater financial efficiency. Do it now and outsource the complexity and the asset investment to a qualified third-party provider.

Jeff Fisher: Great. Thanks for your time today. We really appreciate it.

Paul Gaffney: Jeff, it was my pleasure – always love to talk to you about this.

Jeff Fisher: Thanks for listening to this interview with Paul Gaffney, Chief Operating Officer at Desktone. Please visit us online at www.desktopsasaservice.com where you will find additional interviews and regular blog postings. We welcome your feedback and encourage you to post comments.

For more information about Desktone, please see www.desktone.com.