

CASE STUDY

Virgin Entertainment Group, North America: Gaining Advantage from Microsoft Software Assurance

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COMPANY BACKGROUND

The Virgin Entertainment Group (VEG) operates one of the largest media product retail chains in the world, with 20 Virgin Megastores in the United States and North America, as well as stores in Europe and Japan. Larger Megastores carry over 250,000 CDs and DVDs, and aisles of video games, books, and other products.

Virgin Entertainment Group, North America, purchased Software Assurance (SA) to help reduce costs, make costs more predictable, and improve the capabilities of its knowledge workers.

Microsoft Products and Solution

Robert Fort, director of IT at Virgin Entertainment North America, leads a team of 15 professionals responsible for strategy and direction of all IT systems for Virgin's retail stores in North America. Fort and his team built a business intelligence solution based on Microsoft Windows Server System software and integrated the business intelligence solution using the Microsoft .NET Framework. The solution collects data from the company's inventory, traffic, and point-of-sale systems for real-time data analysis. With the help of this solution, Virgin expects to raise store traffic and increase efficiency and revenue.

Specific Microsoft products involved in this solution include:

- Windows Server 2003
- SQL Server 2000
- BizTalk Server 2004
- Exchange 2003
- SharePoint Portal Server and .NET
- Microsoft Office

Virgin Entertainment acquired the Microsoft Server Products (SQL and BizTalk), Microsoft Office, Microsoft Exchange, and Microsoft SharePoint via volume licensing. The company has an Enterprise Agreement through which it has purchased License and Software Assurance (SA) for three years on all products listed.

Microsoft Software Assurance Purchase and Benefits

In order to make a pragmatic decision, Virgin Entertainment reviewed the development cycles for the Microsoft products it planned to purchase, and determined that the upgrades would be valuable to the company. Important upgrades to BizTalk Server 2004 and SQL Server 2000 were right on the horizon; Virgin Entertainment was part of TAP Program for SQL Server 2005, and is an early adopter and premier account of BizTalk 2006. The next version of Microsoft Office, Office 12, was also eagerly anticipated at Virgin Entertainment.

Since Virgin Entertainment planned on taking advantage of these upgrades, SA was especially attractive as it provided the opportunity to spread out and defer costs related to the future upgrades as well as better predict and control these costs. In addition, Fort said that it was easier to make the case to purchase SA once, up-front, rather than having to go back and ask for additional funds each time a new upgrade became available. With SA, Virgin Entertainment is ready to go as soon as the upgrade is available and as soon as the company is positioned to adopt it.

In addition, Virgin Entertainment can deliver product to the customer faster, and with certainty of license compliance.

"I have internal users that are coming to us right now that want copies of Microsoft project," said Fort, "and we can say yes, go install and then we true-up and report to Microsoft."

Another important benefit of SA for Virgin Entertainment is training, via a combination of elearning tools and training vouchers. The company is extending more and more of its key applications and tools through the use of Microsoft Office, and it is important that its employees understand how to use it. The training is not only a necessary step to ascertain that Virgin Entertainment's employees can use the tools, but it is also considered a perk for the company's workforce.

Virgin Entertainment is currently considering how to take advantage of home use licenses, which the company considers another important SA benefit. The challenge is its transient workforce, which is common in the retail industry, and therefore Fort and his team are working on creating the policy needed to roll-out home use rights as a key company benefit.

CONCLUSION

SA has helped Fort and his department to become more responsive to customer needs while keeping costs predictable. For example,

"SQL 2005 is coming in November, and I know I'm not looking at a cost factor there," said Fort. "I've already paid for it, and I can focus instead on the tasks of implementation, user adoption, and being successful."

Fort would definitely recommend SA to colleagues in other organizations, especially those that plan to take advantage of new Microsoft technologies when they become available. As such, before making a decision on SA, it is important organizations assess their adoption characteristics and consider their IT road map for the next three years and beyond.

According to Fort, the challenge for Microsoft is making the customer feel comfortable about buying into the Microsoft vision for the duration of the SA agreement. In addition, if the customer is making a decision based on the expectation of a new release as Virgin Entertainment did, the release needs to be on time.

According to Fort, Microsoft could also simplify the communication of SA program details and benefits to customers.

"In the end it is a good deal," said Fort, "but it took a while to understand all they were offering and where they were coming from."

The bottom line for Virgin Entertainment is that SA has proven to be beneficial and should be even more so as some of the additional features, such as home use rights, are rolled out. With the help of SA, Virgin Entertainment has been able to reduce and better predict the costs associated with the Microsoft products the company utilizes, as well as improve the capabilities of its knowledge workers.

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