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## Case Study: How IBM Supported kika/Leiner's Branding Strategy With A Green Data Center

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### EXECUTIVE SUMMARY

European furniture retailer kika/Leiner Group is going green. Its stores and furniture products are designed and branded to appeal to increasingly green-conscious consumers in its home country of Austria and throughout central Europe. IBM brought its Project Big Green resources — hardware, software, and services — to bear in greening kika/Leiner's data center and IT infrastructure, and it helped make green IT a pillar of the company's branding and marketing efforts.

### A GREEN DATA CENTER SUPPORTS A GREEN MARKETING STRATEGY

IBM customer kika/Leiner faced several business requirements as it studied the options for a new corporate data center: 1) Improve the growth capacity, security, and data backup capabilities of its IT operation; 2) save energy and money through more efficient design, equipment, and operation; and 3) support the company's overall green positioning by reducing the environmental impact of the company's IT infrastructure.

IBM provided green IT expertise — risk analysis, business case design, construction plans and execution, and ongoing operational support — that enabled its customer to meet all three of these requirements. And in doing so, IBM provided a clear example for other vendors in recognizing its corporate customers' multiple goals for pursuing greener IT, including more resilient and efficient infrastructure, saving money but cutting energy usage, and aligning with a corporate green initiative (see Figure 1).

The kika/Leiner Group is a family-owned, nearly 100-year-old furniture retailer based in St. Pölten, Austria, with annual turnover of €1.25 billion and approximately 8,200 employees. It operates 66 furniture stores and is expanding into Eastern Europe, Russia, and the Middle East. When the company's growth put critical strains on its 25-year-old data center, it turned to long-time supplier IBM to craft a design that would not only expand and modernize its data center but that would also create one that could boost the company's green credentials in its branding. The organization chose IBM from two competing bids because of its incumbent-supplier status within kika/Leiner; its fast reaction time; and because it could act as a one-stop general contractor for the design, outfitting, and operation of the new data center.

**Figure 1** Cost Savings Is The No. 1 Motivation For Green IT



Source: April 2008 Global Green IT Online Survey

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Source: Forrester Research, Inc.

### Green IT Meets Business Requirements

Most importantly, IBM’s design for kika/Leiner’s new data center had to meet business requirements. Nothing in the company’s traditional IT metrics would be sacrificed in order to make the new data center greener; all the efficiency and energy-saving characteristics had to fit within the envelope of kika/Leiner’s business and IT prerequisites, including:

- **Expansion of IT capacity.** The firm’s older data center did not have room for expansion and was not suited for a thorough retrofit. So to support its ambitious growth plans, the company had to build a new data center. And as a family-owned company with a tradition of owning its facilities, kika/Leiner considered outsourcing too expensive and out of its direct control to be a viable option. So it hired IBM as a general contractor for a new, purpose-built facility that would serve its expansion needs while using energy-efficient technologies.
- **Data backup and security.** The new building is just a data center, a free-standing cube with no other working or office space. It has no windows, and it has an automatic fire-extinguishing system, emergency backup power, and flood protection. The company’s old data center remains in operation as the backup facility.

### Green IT Saves Energy And Money

With a charter to build a new data center, IBM applied its leading green design principles to the challenges of meeting business requirements while reducing energy consumption. This led directly to a data center that will consume 40% less electrical power than a traditional design, by implementing:

- **Modular design.** The new data center has a separate area, about 30 square meters or one-third of the total space, for high-density computing; the area is environmentally sealed off from the rest of building. This high-density area contains rack-mounted, liquid-cooled systems with IBM BladeCenter servers. Another 30 square meters are used for traditional computing operations, those with low heat emissions and cooling requirements. The rest of the 100-square-meter data center is reserved for future expansion of either high-density or traditional computing elements.
- **Free cooling.** During colder months, the ambient temperature in the data center is controlled by allowing outside air to flow inside. Only in warmer weather is the building's cooling system switched on.
- **Thin client systems.** In addition to central IT applications like merchandise management and data warehousing, the new data center does the backend processing for new thin-client systems deployed at kika/Leiner's retail locations. This architecture speeds and simplifies the IT start-up of new stores and branch offices, supporting the firm's expansion plans in Eastern Europe and the Middle East.

### Green IT Enhances Brand Positioning

kika/Leiner has embraced green IT as part of its overall brand and market positioning efforts. Like many European retailers, the company sees its customers demanding more environmental sensitivity from the retailers and other brands that they do business with, both in terms of the companies' internal operations and in the products and services that they bring to market. kika/Leiner is taking a broad approach to let customers know that "we take care of them," with efforts including:

- **New store design and lighting.** kika/Leiner has implemented new lighting technology in its retail stores, reducing the firm's electricity consumption in Austria by 18% in 2007 versus 2006.
- **Grüne Linie (green line) furniture.** kika/Leiner offers the most widely recognized line of sustainable furniture in Europe, made with natural materials like hardwoods harvested under sustainable forestry management guidelines and certified by the European Environmental Seal of Approval.

## RECOMMENDATIONS

### RECOMMENDATIONS FOR VENDOR STRATEGISTS

Vendor strategy professionals across the IT industry are putting green initiatives in place. Three elements of the kika/Leiner experience stand out as pillars of a green IT strategy:

- **Put green IT marketing tactics in context of customers' strategy.** Vendors must recognize the interplay of customers' goals for pursuing green IT initiatives. In most cases, customers will have a mix of bottom-up or operational goals, particularly saving money through energy efficiency, and top-down or strategic goals, like enhancing their brand image with consumers or differentiating their products and services.
- **Support hardware and software offerings with green IT services.** The first decision that kika/Leiner made was to go with a general contractor — a vendor that could be in charge of the project from assessment and design through to operational migration. IBM's services capabilities were more important than its specific hardware and software offerings and were the critical differentiator in kika/Leiner's choice of vendor.
- **Don't be shy about internal achievements.** IBM's long track record in improving its internal operations to make them more environmentally responsible played a part in its successful positioning as a green IT partner. All vendors are deathly afraid of the "greenwashing" label; in some cases, this fear inhibits publicizing internal green improvements that are completely legitimate and important to customers and prospects.