

Midsize Business Case Study



VillageSoup

Publisher Virtualizes Systems, Cuts Servers by a Third, Reduces Staff Costs by \$83,000 Annually

Story at a Glance

Richard Anderson is out to forge a new communications model that transforms community newspaper companies into virtual neighborhood companies. Anderson is Chief Executive Officer of VillageSoup, a software company in Maine. As the company grew through acquisitions, technology issues consumed ever more time. Anderson used Microsoft® virtualization technology to reduce the company's server count by one-third, avoiding new hardware costs of roughly U.S.\$25,000 and IT labor costs of about \$83,000 annually. Anderson can now hire more talent to grow the business. Also, improved server reliability increases staff productivity.

In 1997, Richard Anderson was inspired to enrich community vitality in his Maine hometown by creating a place online where journalists, citizens, and business owners could share a common space. He formed a software development company called VillageSoup that helps publishers put their news online, fully integrated with postings by citizens and local businesses. The VillageSoup model enables community members to read the news, share their views, and shop for community services. It also helps publishers replace lost print revenue with online revenue. VillageSoup licenses its platform and brand to community news organizations throughout the world. Anderson created his own news organization to use as a test center for VillageSoup ideas. He serves as Chief Executive Officer.

Server Worries Mount

VillageSoup develops its software and operates four newspapers across Maine from its Rockland, Maine, headquarters. In 2008, VillageSoup acquired six competing

newspapers, adding 75 new employees, more e-mail inboxes, and more servers. The company's technology infrastructure grew to 12 server computers and 100 client computers. Bryan Gess, Product Director and an IT Manager for VillageSoup, is tasked with running the print shop (stories appear first online and then in print) and providing technical support for the entire operation. As VillageSoup grew, so did the server count and Gess's workload.

"Many of our servers were older and needed to be replaced, but I wasn't keen on spending thousands of dollars for new hardware and software," Anderson says. "Also, server management was unwieldy; Bryan spent 35 percent of his time updating, maintaining, and backing up servers and managing e-mail inboxes, rather than developing new services."

Reliability was another concern. At least once a week, one or more servers failed, which upset tight production schedules, frazzled writers and editors working on

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deadline, and ran up overtime costs when print times had to be rescheduled.

Servers Cut by Half

To curb growing technology expenses, Anderson turned to Know Technology, a Microsoft® Gold Certified Partner in Camden, Maine. Know Technology recommended consolidating servers using the Windows Server® 2008 Enterprise operating system with Hyper-V™ virtualization technology. With virtualization, companies create multiple virtual machines, which can run different operating systems and applications, within a single host server.

VillageSoup deployed Windows Server 2008 with Hyper-V on two new host servers, and moved its Microsoft Exchange Server 2007 messaging solution and several other workloads to virtual machines on the host servers, which still have growing room. The move eliminated the need for four older servers, which VillageSoup placed in remote offices as domain controllers. This gave local users faster, easier connections to corporate applications.

“We saved [U.S.]\$10,000 by repurposing existing servers and avoiding the cost of new domain controllers,” Anderson says. “What we spent on virtualization was half what we would have spent replacing older servers and adding new servers to grow the business.”

By mid-2009, VillageSoup intends to move additional workloads to the virtual setup and eliminate two more physical servers, ultimately reducing its server count by one-third, to just eight systems. VillageSoup estimates that its current host servers can accommodate the company doubling in size. “In the next 12 months, we would like to add yet two more newspapers, which would have required adding another four to six servers,” Gess says. “Using Hyper-V, we’ll

avoid that cost altogether, an estimated \$25,000 savings.” New, ongoing energy costs will also be avoided. By not having to run four to six more servers, VillageSoup will avoid energy expenses of approximately \$3,615 annually.

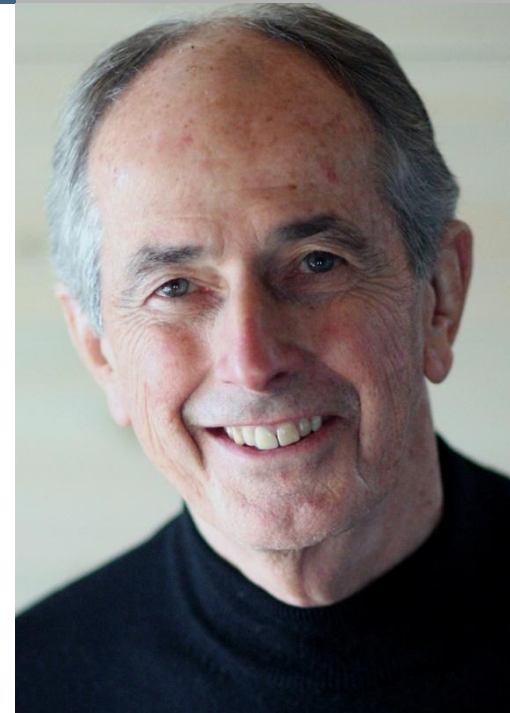
Labor Savings of \$83,000

By virtualizing servers, Gess has reduced his and another staff member’s server management time by 50 percent, valued at \$40,000 annually, and eliminated the need to bring on another IT person at a \$30,000 salary. Know Technology uses Microsoft System Center Virtual Machine Manager 2008 to migrate workloads to virtual machines and manage the virtual landscape remotely. Also, virtualization increases application reliability by enabling staff to easily move workloads off failed servers. This, and the increased reliability of the new host hardware, enables workers to remain productive throughout the day, reducing overtime spending by approximately \$13,000 annually.

“We recouped our virtualization investment within the first year, freeing up money to spend on writers and editors,” Anderson says. “Virtualization reduces technology worries and frees the business to grow.”

Lessons Learned

- If server management becomes unwieldy, find a local technology partner to help.
- Purchase enough host servers and storage to accommodate growth.
- Use virtualization to meet reliability goals and reduce IT costs.



Executive Biography

Richard Anderson is Chief Executive Officer of VillageSoup. He spent 34 years in education but, in 1997, turned his attention to transforming community newspapers. Anderson earned BA and MA degrees in mathematics from the University of Northern Iowa, and a PhD in administration of educational research and information systems from the University of Iowa.

Customer Details:

VillageSoup
Company size: 100 employees
Web site: www.villagesoup.com

Software and Services

Windows Server 2008 Enterprise
Microsoft Exchange Server 2007
Microsoft System Center Virtual Machine Manager 2008
Hyper-V technology

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