

Can your IT infrastructure keep up with customer demand?

“Retailers are used to buying server and storage capacity to manage unpredictable seasonal demands. It doesn't have to be this way with utility computing.”

Mark Brighton
Commercial Director,
Loyalty Management Services



Innovation Sparks A New Industry

Can your IT infrastructure keep up with customer demand? According to Mark Brighton, Commercial Director at Loyalty Management Services (LMS), yes.

In September 2002, the Nectar loyalty programme was launched. Well known to most consumers in the UK, this innovative database-driven loyalty programme enables shoppers to earn and redeem points for their purchases at participating retailers. Facilitated by state-of-the-art consumer and retail applications, IT systems and network, the Nectar loyalty programme has been hugely successfully across the country.

The Nectar loyalty programme was founded by Loyalty Management UK (LMUK), a company specifically set up to operate Nectar. Mark Brighton previously held the position of IT Director at LMUK since it was founded three years ago and has witnessed its astonishing organic growth and success to date. “Approximately 50% of UK households enrolled on the programme within the first few months of its launch and over £500 million of rewards have been redeemed since the programme began,” says Brighton.

So how did LMUK's IT infrastructure cope with this unexpected success? “To meet the needs of our business and customers, we initially opted for a managed hosting environment with SAVVIS that featured a secure platform to handle our data warehousing, customer transactions and network load, as well as providing a cost-effective disaster recovery system and testing environment. We required a massive amount of infrastructure to support the large volume of customer transactions that are completed every day. In addition, the sensitive nature of the data itself required a combination of extensive physical and virtual security measures,” adds Brighton.

Success Leads To A New Business Model

As the Nectar loyalty programme continued to grow, demand for loyalty programmes amongst B2B and B2C organisations increased worldwide. To address this opportunity, the management team leveraged their experience managing other successful loyalty programmes in Europe, Canada and the Arab Emirates, to launch LMS. This new global company provides businesses in all vertical markets with an outsourced, end-to-end loyalty management solution. LMS' complete solution includes enhanced data analytics, data hosting, campaign management, data management services and all vendor and supplier communication and points collection. Nectar is currently LMS' biggest customer.

A Flexible, Scalable IT Infrastructure Solution

LMS knew they had to easily accommodate new clients and the seasonal buying trends of the retail year. “Working with SAVVIS, we decided to begin a migration from dedicated servers and storage devices to SAVVIS' virtualised utility services platform. To date, the migration has been flawless and completed without disrupting our daily transactions,” says Brighton.

Richard Warley, Managing Director EMEA at SAVVIS states, “A virtualised utility infrastructure enables businesses to save money and increase customer satisfaction by matching their IT systems to seasonal change and organic growth. SAVVIS' utility platform integrates blade servers, storage capacity, network bandwidth and security devices to be delivered as a managed service. It will enable LMS and their clients to scale up their IT operations during busier periods, such as the Christmas season and to reduce their IT infrastructure levels during slower times.”

Brighton adds, “Working with SAVVIS we have been able to reduce our total cost of ownership by 20% this year and we expect the trend to continue in the future, even as we add more computing power and storage. With SAVVIS' utility platform we are increasing the flexibility and scalability of our business.”

Secured, Always-on IT Systems

The physical and virtual security of the SAVVIS infrastructure has been a key element of LMS' success in winning new business. Because of the sensitive nature of customer data, LMS has been audited by credit card companies, independent organisations and major retailers—all of whom have been impressed with the physical and procedural controls in place.

In addition, LMS has been able to leverage SAVVIS' global infrastructure of 25 data centres and a Tier 1 “self-healing” network backbone to guarantee the availability of its applications and data. An independent observer watching a February 2005 disaster recovery test noted that it was the most efficient and effective test he had ever witnessed.

The Future Looks Bright

LMS looks to bring its services to a wide variety of businesses worldwide. “In expanding globally, LMS knows that SAVVIS will be able to support and deliver our loyalty management solutions to any customer in any major city on the planet,” states Brighton. “It has been a privilege for SAVVIS to partner with LMUK over the last three years and we are looking forward to continuing to support the growth and development of their business with the global expansion of LMS,” says Warley.

For further information on SAVVIS, please visit www.savvis.co.uk or call +44 (0)20 7400 5600.