



## Apparel Company Chooses Hosted Services Over On-Site Software to Save 55 Percent

### Overview

**Country or Region:** United States  
**Industry:** Retail—Apparel

### Customer Profile

Based in Chesterfield, Missouri, Kellwood designs, manufactures, and markets premier fashion brands for women. The company employs approximately 1,200 people.

### Business Situation

Kellwood had a Lotus Notes and BlackBerry solution that was difficult to administer and inefficient. The company sought a streamlined communication and collaboration solution that would reduce IT costs.

### Solution

Kellwood chose the Microsoft Business Productivity Online Standard Suite to empower employees with low-cost, hosted communication and collaboration tools that work well within its IT environment.

### Benefits

- Reduced costs
- Streamlined IT maintenance
- Improved employee productivity
- Gained an archive solution

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Kellwood Company, one of the nation’s largest apparel manufacturers and owner of brands such as Vince, Baby Phat, and Sag Harbor sought up-to-date messaging technologies to increase employee efficiency. The company had been using an outdated IBM Lotus Notes e-mail service that was not compatible with its IT environment, which was based on Microsoft technologies, or customers’ and partners’ Microsoft messaging solutions. Kellwood replaced its Lotus Notes, BlackBerry, and Web conferencing solutions with Microsoft Online Services. The company gained a suite of communication, collaboration, and archiving services at one-third of the price of its current Lotus Notes environment. Kellwood also achieved substantial savings on Web conferencing and e-mail archiving solutions.

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## Situation

Established in 1961, Kellwood Company designs, manufactures, and markets a growing collection of premier fashion brands across a broad range of consumer lifestyles. The Chesterfield, Missouri company sells its branded and private-label goods to specialty stores, department stores, national chains, and catalog houses across the United States. Kellwood brands include Vince, Sag Harbor, Baby Phat, Phat Farm, Briggs New York, My Michelle, and Jolt, as well as licensed brands XOXO and David Meister. Kellwood also operates Vince and Sag Harbor brand stores.

In 2009, following a time of rapid growth, Kellwood entered a period of restructuring. The company took the opportunity to reflect on its operations and examine ways of working smarter and leaner. “We were changing from a publicly traded company to a private company,” says Charles Pritzl, Chief Technology Officer at Kellwood. “In the IT department, we wanted to energize employees with better services so they could work more productively.”

So Pritzl took a good look at the company’s IBM Lotus Notes e-mail service, which ran on several geographically dispersed IBM Lotus Domino servers. Even though the company had been using Lotus Notes for more than 12 years, it was not universally popular among employees. For example, approximately 40 staff members in Kellwood’s outsourcing operations in Asia were only able to use INotes, the Web mail client for Lotus Notes. These workers wanted the same level of functionality that their colleagues had with the full client version.

Many employees also complained that Lotus Notes didn’t operate well with the Microsoft Office Outlook messaging and collaboration client used by many

customers, suppliers, and partners. Staff members who wanted to work at home had to take extra steps to sign on to Kellwood’s virtual private network (VPN) to access their mail, and the connection was not always reliable. Extra frustration awaited staff travelling in China who encountered difficulties using the VPN to connect to headquarters in Chesterfield.

“When we acquired companies and brought new employees into the fold who were accustomed to Office Outlook, they’d say, ‘Why are you changing me to Lotus Notes? I didn’t know it still existed,’” says Pritzl. “It had a perception of being old and clumsy. I began to think of the move to a different e-mail service as a key step in providing more up-to-date technology tools for the workforce.”

The IT department spent extra time managing oversized e-mail inboxes and maintaining an outdated tape archiving system. Many employees used their inboxes as informal storage repositories. IT staff had to trim these inboxes to avoid exceeding storage limits and to keep the system manageable. IT staff members used clean-up routines that occasionally deleted information employees needed. The problem got to the point where Pritzl was actively looking at deploying a third-party archiving solution.

“We also needed a searchable archiving solution for our attorneys to manage the electronic discovery process, or ‘e-discovery’ process,” adds Pritzl. “As with any company, legal issues can arise. In such cases, the IT staff had to spend a lot of time and money restoring tapes and providing information for our attorneys.”

Lotus Notes frustrated the IT staff because it didn’t work with the rest of the company’s infrastructure. “I’m a guy who

likes things integrated," says Pritzl. "Instead, we had to create a user in our Active Directory service, and then again in Lotus Notes. We had a distribution list for our BlackBerry users and another one for Lotus Notes. People had to remember different user names and passwords. It was time-consuming and redundant."

For these reasons, Pritzl had been anxious to move away from Lotus Notes for several years. But because Lotus Notes performed the basic tasks of sending and receiving e-mail messages, he couldn't come up with a convincing return on investment to make the change. "As long as the mail worked well enough, management was not prepared to invest in another on-premises solution," he says. "However, with the growing acceptance of 'cloud' or Web-hosted computing and software as a service, I had a new argument to make. The improved reliability and security of the Internet make hosted services more appealing today than they were a couple of years ago. Everyone understands that e-mail is now a commodity service. There's no value to Kellwood in managing our own e-mail servers."

Pritzl decided to evaluate different hosted e-mail services and build a business case for outsourcing e-mail for his next budget. "I knew the return on investment with a hosted service would be much higher; I just needed to find the right choice for Kellwood," he says.

## Solution

Kellwood Company found its solution with the Microsoft Business Productivity Online Standard Suite. Part of Microsoft Online Services, the suite offers interoperable services that include desktop and mobile e-mail, instant messaging and presence, shared workspaces, and live audio-visual Web-conferencing applications. Through

Microsoft Online Services, Kellwood gained access to the suite's collection of finished services—Microsoft Exchange Online, Microsoft SharePoint Online, Microsoft Office Live Meeting, and Microsoft Office Communications Online—all for a low monthly per-user fee.

Kellwood also subscribed to Microsoft Exchange Hosted Archive services to satisfy retention requirements for e-discovery and compliance, and encrypt data to preserve confidentiality.

## Making the Decision

"I looked at many different providers of hosted e-mail, including Zimbra Collaboration Suite, Google, Yahoo, Hotmail, and third-party hosted solutions using Exchange," says Pritzl. "Google has Google Docs and Google Sites, but what's the point of having Google Docs when everyone is working in Office Word? We use Microsoft business intelligence tools and Microsoft Office SharePoint Server 2007. If I threw Google in the mix, I'd have to code all that integration. I was driving toward an integrated, consistent environment. Microsoft Online Services had a great price point, and we got an entire suite of collaborative technologies. After we did our analysis, we surveyed our employees: They voted overwhelmingly for Office Outlook as their mail client."

Taking advantage of the Microsoft partner ecosystem for support, Pritzl enlisted Microsoft Gold Certified Partner MessageOps to assist with the pre-migration configurations, providing scripting that streamlined the entire process.

Then, in October 2009, Pritzl evaluated two vendors to perform the actual migration, eventually selecting Microsoft Gold Certified Partner, Binary Tree. The partner

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immediately performed an analysis of the company’s Lotus Notes environment and recommended a timeframe for the project. Kellwood wanted to get the migration completed before the end of the year to avoid renewing licenses for Lotus Notes.

#### **Expediting the Migration**

Kellwood took advantage of the Weekend Express Migration Program offered by Binary Tree. “This is a hosted migration, where we can migrate up to 5,000 users in a weekend,” explains Mark DeAngelis, Project Manager at Binary Tree. “We created replicas of Kellwood’s mail files on staging servers in our environment. The replication cleans up corruptions that may be in the mail files. For each employee, Kellwood wanted to migrate 90 days of e-mail messages and one year of calendar history, contacts, and tasks. Before the actual migration, we sent templates to the company’s employees to do some pre-migration tasks such as synchronizing their contacts from their personal address book into their mail file so we could reach that data and migrate it as well.”

During the weekend of December 18, 2009, Binary Tree migrated 1,350 Kellwood employees from the Lotus Notes messaging platform to Office Outlook and Exchange Online. This amounted to approximately 2.5 terabytes of data. “Binary Tree’s experience and their understanding of the inner workings of Lotus Notes were critical to the success of this project,” says Pritzl. “I talked to our chief operating officer and he said, ‘I’m impressed beyond belief.’ It was truly Lotus Notes on Friday and Microsoft on Monday. The icing on the cake was that our migration cost with Binary Tree was almost one-quarter of the quote we got from the other vendors.”

Since the migration, employees have been using Office Live Meeting for impromptu,

real-time meetings and Web conferencing, as well as Office Communications Online for presence awareness and instant messaging. “We did very little training for the new suite, and in hindsight, we could have provided more tips and tricks for our users. But considering that everyone had been on Lotus Notes for 12 years, user adoption has been phenomenal,” says Pritzl.

Now that Kellwood employees have incorporated Microsoft Online Services into their daily work lives, the IT department can turn its attention to Microsoft Exchange Hosted Archive services. By subscribing to this service, Kellwood gained a centralized, searchable e-mail and instant messaging repository so Pritzl and his staff can more easily adhere to retention, compliance, electronic discovery, and regulatory requirements.

#### **Benefits**

Kellwood Company employees are excited to be working with an up-to-date suite of communication and collaboration technologies that fit the expectations of a modern workforce. “Kellwood employees are pleased to be using technologies that meet both the needs and expectations of the modern workforce,” says Eric Hunter, Senior Vice President and Chief Marketing Officer at Kellwood.

Also, the IT department is benefiting from a simpler way of consuming and managing technology that works well within its Microsoft technology-centric IT environment.

#### **Reduced Costs**

Thanks to Microsoft Online Services, Kellwood IT staff members could finally deploy the messaging and collaboration technologies they felt would better serve the company. “Microsoft Online Services

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made an Exchange-based e-mail solution possible,” says Pritzl. “We got all the rich communication capabilities you’d expect from an on-premises solution, at a fraction of the cost.”

Deploying the Business Productivity Online Standard Suite through Microsoft Online Services saved Kellwood from expenses that would have been required to license and support new messaging and collaboration solutions. To make his business case, Pritzl compared the costs of continuing with Lotus Notes with the costs of moving to Microsoft Online Services, estimating a savings of 55 percent. “Per user, Lotus Notes costs me three times as much as moving to Microsoft,” he says. “It’s hard to argue with numbers like that.”

And with regards to the archiving solution Kellwood had been contemplating, Exchange Hosted Archive services provided the e-mail retention capabilities that the company needed at 50 percent of the cost. Pritzl deployed the Microsoft solution.

Pritzl also increased Kellwood’s savings by retiring its BlackBerry servers and its third-party Web conferencing solutions.

“Instead of acquiring and managing disparate solutions for mobile e-mail, spam protection, and Web conferencing, I get them all in one suite of services,” says Pritzl. Plus, Kellwood gets the benefit of predictable, ongoing IT costs.”

#### **Streamlined IT Maintenance**

Not only did Kellwood successfully lower the total cost of ownership of its messaging and collaboration solution, but it also reduced day-to-day maintenance, freeing valuable IT resources to focus on strategic initiatives that move the business forward. Today, staff members no longer have to manage an on-premises solution or spend

time ensuring that it works well with the rest of the IT environment.

“While we were probably only spending five percent of our time directly managing Lotus Notes, it was an irritant because we didn’t feel as though we were providing the best service to our users,” says Pritzl. “And there’s no direct value to Kellwood for us to manage commodity services that Microsoft can host and support with better security at less cost. However, there is a benefit to Kellwood if we can spend more time on IT services that are directly related to the business.”

Kellwood’s recent experience with Exchange Hosted Archive illustrates how easy it is for the IT department to deploy new services to the company. “Subscribing to Online Services decreases the support and the engineering and the upfront work that needs to go into building a solution,” says Pritzl. “I wanted to enable archiving; we subscribed to the service, turned it on, and it’s already configured and ready to go. Simple.”

#### **Improved Employee Productivity**

Since deploying Microsoft Online Services, Kellwood employees are using Live Meeting and Office Communications Online to streamline collaboration and keep the business running at maximum efficiency. “Before, we could only provide Web conferencing to select associates; now everyone can use it,” says Pritzl. “We are seeing spontaneous online meetings and conference calls happening all over the country. People are thrilled that they can take their laptops home, or on an Asian trip, open them up and get their e-mail. We routinely had around one hundred VPN users through the network every day because they wanted to access their mail. Now we are running less than 10. Our staff can now use Blackberry, Windows phones,

## For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers in the United States and Canada who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to:

[www.microsoft.com](http://www.microsoft.com)

For more information about Binary Tree products and services, call (212) 244-3635 or visit the Web site at:

[www.binarytree.com](http://www.binarytree.com)

For more information about Kellwood products and services, call (314) 576-3100 or visit the Web site at:

[www.kellwood.com](http://www.kellwood.com)

iPhones, and Motorola Droids to access our mail. The usability of Microsoft Online Services has been a real productivity enhancer."

### Gained an Archive Solution

With Exchange Hosted Archive services, the IT department can begin archiving e-mail messages, offering employees a more secure alternative to purging mailboxes. Because the archive is searchable, it's easy for staff members to locate a file that they stored in their inbox even a year ago.

"With the Online Services archiving solution, I can give our attorneys a searchable environment for e-discovery," adds Pritzl. "We want our attorneys to have self-serve capabilities for doing their own recovery work. Now I don't have to worry about my IT staff spending days or weeks doing discovery for our legal staff. With this service for our attorneys, I estimate that we'll see a 100 percent return on investment in the first year."

## Microsoft Online Services

Microsoft Online Services are business-class communication and collaboration solutions delivered as a subscription service and hosted by Microsoft. With these offerings, customers can cost-effectively access the most up-to-date technologies and immediately benefit from streamlined communications, simplified management, and business-class reliability and security features. For IT staffers, Microsoft Online Services are backed by strong service level agreements and help reduce the burden of performing routine IT management, freeing up time to focus on core business initiatives.

For more information, visit:

[www.microsoft.com/online](http://www.microsoft.com/online)

### Software and Services

- Services
  - Microsoft Business Productivity Online Standard Suite

- Solutions
  - Software-plus-Services

### Partners

- Binary Tree