

## Partner Spotlight

# How Dominion Digital and Red Hat Partner to Support Enterprises in Their Digital Transformation Path

Sponsored by: Red Hat

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### IN THIS PARTNER SPOTLIGHT

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Founded in 1999, and previously known as Near Technologies, Dominion Digital is part of the Dominion group, a multinational solution provider with headquarters in Spain and operations in over 30 countries across the globe. The name change came after the completion of the integration process that started with the merger of Dominion and Near Technologies. The Dominion group achieved annual revenue of over €612 million in 2016, serving more than 1,000 customers with a team of more than 5,000 people. Dominion has been publicly listed on the Spanish stock market since April 2016. The Dominion group includes six divisions with vertical specialization in sectors such as telecommunications, industrial, renewable energies, and the commercial sector.

Dominion Digital, as one of these divisions, focuses on delivering IT integration and outsourcing around enterprise architectures in several verticals, including finance, public sector, manufacturing, and healthcare. The main goal of Dominion Digital is to help customers set up IT architectures that enable them to reshape their business processes and achieve higher revenue. To do that, Dominion Digital integrates building blocks from global hardware and software providers such as Red Hat® with its own intellectual property and software solutions.

In 2017, Dominion Digital won the Mobile Development hackathon and was also named "Digital Transformation Partner of the Year 2017" by Red Hat.

This paper describes how organizations are being impacted by digital transformation and the role that IT enterprise architecture needs to play to facilitate that journey. It presents examples of companies achieving business objectives by enhancing their processes and architectures, using open source solutions across the stack, and looks at how Dominion Digital plays in this market segment, describing the way Red Hat technology enables the solution provider to deliver results for its customers. The paper also provides essential guidance for organizations that are assessing the status quo of their enterprise architectures and looking to open source as a path forward.

### WHY DIGITAL TRANSFORMATION (DX) IS DISRUPTING THE WAY ENTERPRISES DO BUSINESS AND BUY IT

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Digital transformation is reshaping how commercial and public sector organizations compete in the market and interact with their customers. The digital wave forces them to react to ever-increasing expectations from consumers and citizens, and to competitive pressure from new, nimbler companies born in this new era. For many incumbents their very survival depends on how ready they are to harness the opportunities digital brings.

In a world where 3rd Platform technologies such as social, mobile, analytics, and cloud are the standard, enterprises must be able to support change both in their client-facing activities, ensuring reliable, multichannel interactions, and in their internal operations, harnessing digital technologies in production, workforce cooperation, and, above all, monetizing data through faster go-to-market and better marketing strategies.

To do so, however, most companies need to align their IT infrastructure as a first step to ensure that it acts as the main enabler, rather than inhibitor, of DX. Unless the company can start greenfield, however, it is likely that its IT infrastructure will need to go through some major change.

## THE HURDLES OF LEGACY AND THE ROLE OF OPEN SOURCE

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In an IDC survey carried out at the beginning of 2016 and involving 95 global CIOs, legacy systems were ranked as the second-largest hurdle to digital transformation (28% of respondents), after skills (33%) and ahead of cultural barriers (23%). Incumbent organizations' legacy infrastructure and platforms are typically rigid and siloed, whereas in the 3rd Platform environment information must be accessible anywhere and data has to be easily transferable (both inside the organization and offsite on and between clouds).

Legacy systems are generally affected by poor scalability, as they weren't designed to cope with the exponential increase in data volume. In addition, legacy systems become less stable and more expensive to maintain with time, with their cost growing exponentially as soon as they are adapted to cope with today's needs.

However, although it is clear that legacy infrastructure inhibits DX, overcoming the problem is often not that simple. Legacy systems cannot be replaced overnight because:

- Companies embarking on such tasks often do not have a clear view of which technology best suits their needs.
- Time- and mission-critical business processes often hinge on those legacy systems, making migrations complex.

Companies can seldom afford, or effectively plan, a quick transition to more modern IT systems, and many enterprises don't even know which infrastructure is best for them. In fact, never before have so many options been available to users, involving choices between proprietary and open source software, on-premise or off-premise infrastructure capacity, traditional or cloud-based approaches, and so on.

If proprietary infrastructure and platforms are ill-suited to the changing and burgeoning needs of digital transformation, IDC believes that open source systems are the real enablers of the DX revolution.

In particular, open source systems enable:

- **A greater focus on innovation.** Open source frees up budgets locked into expensive upgrades and maintenance of proprietary systems, enabling enterprises to focus on what matters most – innovation. After all, the explosive growth of digital giants such as Google, Facebook, and Amazon has been enabled by such systems.
- **Flexible consumption methods.** Open source architectures offer innovative subscription consumption methods that enable organizations to scale on demand and move away from the high entry barriers of traditional capital expenses or software licenses.

- **Faster innovation.** The community-based ecosystem enables innovation to spread quickly through the market, given the option of adapting the code to each organization's needs and leveraging improvements in the code from other ecosystem players.
- **Faster time to market.** Agility in testing and prototyping new applications on open source systems, and being able to scale deployments on demand, can significantly accelerate the time to market of new applications.
- **Vendor lock-in avoidance.** Open source systems are vendor- and hardware-agnostic, and provide maximum flexibility to the end user.

## EXAMPLES OF COMPANIES ON A DIGITAL TRANSFORMATION JOURNEY

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Enterprises that are not familiar with open source technologies are often ambivalent about them. They can either be too quick to adopt the solutions, resulting in failure and disillusionment in the technology (usually for the wrong reasons), or become suspicious of the technology that often relies on outdated assumptions on technology maturity.

In both cases, solution providers such as Dominion Digital have to engage in evangelization activity to set the correct expectations for clients, dispelling the myths about the inhibitors and guiding clients through the right approach.

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*"In the open source context, the role of a solution provider is to adapt the open source solutions to the needs and workload characteristics of the company, structuring a full and gradual development plan and enabling the company to free staff and resources to invest in revenue-generating activities."*

*Juan Luis Alarcon Mañas,  
Senior Solution Architect, Dominion Global*

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In terms of inhibitors, a common misconception is that open source systems are not able to support mission-critical workloads.

Although such systems at the beginning of the Linux® era (mid-'90s) were lacking in usability and feature availability, the opposite is true now. Mission-critical environments such as core banking systems, telecommunication provider back-ends, and the supply chains of large corporations now commonly run on open source technologies at operating system, middleware, and application levels.

Also, before the global economic crisis, there was less pressure on enterprises to improve their cost efficiency, and less incentive to evaluate alternative solutions to their proprietary systems. Back then, they didn't trust open source projects due to the disruption and the lack of support.

In recent years, however, with pressure mounting for companies to improve their cost efficiency, open source systems have emerged as a more viable alternative to proprietary systems. The addition of professional support makes open source technologies as effective or often more effective than proprietary ones.

While the benefits of building enterprise architectures on open source are apparent, IDC believes those benefits can only be realized in full if implementation and maintenance are done by experts. Experts can be staff internal to the IT organization, staff from a qualified third-party solutions provider, or a combination of both.

In the following section, we look at two examples of organizations pursuing and achieving typical business goals with the help of open source technologies implemented by a system integrator with the relevant experience.

The goals were to:

1. Connect information across legacy silos to deliver a digital experience to users
2. Reduce operating costs for non-differentiating back-end tasks
3. Build a sustainable cloud business model based on flexible infrastructure

The examples are presented as typical and can help us visualize how enterprise architectures need to change to enable digital transformation.

## Goal 1: Connect Information Across Legacy Silos

As part of its digital transformation strategy, the government of a European country was planning to build a platform where its citizens could source information on public matters, apply for documentation, and get in touch with authorities, using a range of channels such as mobile devices and regular web sites. The goal was to create a new citizen experience, in the spirit of the European digital government directives.

In the medium term, the government planned to transfer multiple applications onto the same platform, such as the national lottery, driving license applications, and public transport tracking services. It was already using old, legacy middleware that had scalability problems and high maintenance costs. It was keen to work with open source technologies, but needed expert support during the different phases of the implementation. Also, it was not completely clear on the capabilities of open source middleware, nor its enterprise support status. It chose Dominion Digital to help it select the right approach.

Dominion Digital, realizing that the infrastructure was too old and rigid to sustain the digital plans of its clients, suggested a migration to Red Hat® Middleware. This offered a number of benefits, such as:

- **Creating new opportunities by connecting data.** Implementing Red Hat Data Virtualization helped connect databases that were not linked up previously. This enabled the client to offer citizens prepopulated forms by using information such as addresses or social security numbers that the government already had but which could now be automatically linked together.
- **Offering a better citizen experience.** Thanks to Java™ development environments on the front-end, the digital experience on mobile and traditional web sites was improved significantly.
- **Avoiding vendor lock-in.** Due to the open source nature of Red Hat Middleware, the government is not bound to a single vendor's solutions and roadmap, gaining control of its infrastructure.
- **70% operating expense reduction.** Dominion Digital said the customer saved 70% on operating expense, with the cost of deployment alone falling by 50%. Thanks to the support subscription model, users can save on high, rigid proprietary expenses, and achieve consistent savings in infrastructure maintenance and upgrades. In fact, upgrades and updates come at no additional cost, unlike proprietary systems.
- **High scalability.** Red Hat's cloud-friendly systems enable the deployment of any applications both in private and public cloud natively, giving users the opportunity to scale when needed.
- **Full support in the event of any issues.** This was of particular benefit to the government, which needs to ensure that its services to the community run smoothly.

For Dominion Digital, it was a good learning experience dealing with multiple data sources – a typical case in public administration – and implementing data standardization.

## Goal 2: Reduce Costs for Non-Differentiating Back-End Tasks

After the implementation, the government was so satisfied with the results that it partnered again with Dominion Digital and Red Hat® for a second project on a different part of the stack (the storage stack migration used for replicating data).

The government was planning to implement a better long-distance disaster recovery system that would have to replicate data in a site outside the country, and was looking to refresh its infrastructure to improve scalability and reliability and at the same time cut IT expenditure. Above all, the deployment also had to comply with the strictest, military-level security standards while handling personal data. This time, Dominion Digital supported the implementation of Red Hat® Gluster® Storage. With Red Hat Gluster Storage, a consistent reduction in cost was accompanied by an improvement in performance: in fact, the government was able to double the speed for data replication thanks to the use of a highly efficient compression technology. On the security side, the open source system fully complied with the stringent data protection requirements.

## Goal 3: Build a Sustainable Cloud Business with Flexible Infrastructure

With cloud services taking off in every region, a number of local cloud service providers have started looking for a scalable, pay-as-you-grow cloud engine that allows them to deliver services to the market while enabling them to differentiate against multinational companies. Key aspects of differentiation are data location, governance, and the ability to deliver stringent SLAs for demanding end customers.

Local service providers often take a too hurried approach to open source, opting for open source environments driven by the promise of low cost and high scalability, but without having laid down a proper plan or having the right skills in place.

Dominion Digital's approach in such cases is to guide clients in their open source journey, making it as gradual and sustainable as possible while supporting them through each step. This, it says, is the best way to ensure that the open source systems are properly implemented – and that clients are happy with the implementation.

One such case concerns a Spanish service provider. The company had already implemented open source systems for database and virtualization, and was looking to expand its open source utilization to its core business. When it engaged Dominion Digital, it was looking to build a cloud platform with OpenStack® to deliver infrastructure on demand (including virtual machines [VMs] and storage) to its end customers. The service provider business was also growing quickly and needed a highly scalable solution that was easy to manage and cost effective, and it had stringent zero downtime and non-disruptive upgrade requirements.

Taking a very pragmatic approach, Dominion Digital recommended a staggered approach to OpenStack to allow the service provider to build up the skills to master the system. After such considerations, Dominion Digital advised the service provider to opt for Red Hat Virtualization first and then move to Red Hat® OpenStack® Platform in a second step.

In terms of immediate results, the service provider was able to:

- Achieve better utilization of hardware and a notable performance improvement, which in some cases matches bare metal performance
- Unlock resources through savings on virtualization software licensing compared with a proprietary system

The client is currently working with Dominion Digital on the mobile integration of its services based on Red Hat's Mobile Application Platform.

## DOMINION DIGITAL AS A PARTNER FOR DIGITAL-READY ENTERPRISE ARCHITECTURES

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Dominion Digital, at the time still named Near Technologies, spotted the open source opportunity at its earliest in Spain in the early 2000s, when the public administration kick-started its DX strategy, migrating applications to open source environments.

The company quickly realized the potential of the emerging sector, due to its flexibility, cost-saving opportunities, automation, and open standards, and understood that the enterprise environment was its most promising, though at the time most underaddressed, target market. Twenty years ago, open source was not yet enterprise-ready: it generally offered basic features and poor manageability compared with legacy systems and, above all, it lacked vendor support. These drawbacks prevented expansion beyond a small group of early adopters.

Dominion Digital understood that the lack of support should be the first issue to address if open source was to have any mainstream appeal, and started looking for a partner with the financial reach and the strategic vision to target commercial development in the enterprise segment and translate the open source vision into a sustainable business. It soon found Red Hat®, which was developing a comprehensive portfolio based on the open source paradigm that spanned from cloud computing to middleware and storage, all solutions tailored to support businesses in their move to the 3rd Platform.

Red Hat was also aware that offering enterprise support through partners was critical for the future sustainability of open source in business environments, therefore Dominion Digital found that partnering with Red Hat was a strategic choice to further develop its open source business.

On the Red Hat side, partnering with Dominion Digital helps the company to carry on developing a commercial offering that can rival proprietary systems in the enterprise world.

## HOW RED HAT AND DOMINION DIGITAL WORK TOGETHER

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The first contact between Dominion Digital and Red Hat® took place in late 2006, and the two started partnering together immediately after this – in doing so, making Dominion Digital one of Red Hat's first partners in Spain.

Since then, Dominion Digital has continued to invest heavily in its open source capabilities, undertaking constant training and becoming one of the few partners to specialize across the whole Red Hat portfolio – from cloud computing through OpenStack® to middleware and storage, to the company's latest additions in emerging fields such as mobile and the Internet of Things (IoT).

Overall, Dominion Digital has been able to tap into the partnership with Red Hat to build competitive advantage by:

- **Offering enterprise-grade, 24 x 7 support that differentiates it from open source system community versions.** Unlike the community version, Dominion Digital offers full enterprise support to clients – a fundamental aspect that makes it easier for enterprises to replace their legacy infrastructure with open source.
- **Remaining at the forefront of innovation through its commitment to open source.** Open source systems are evolving rapidly, making a huge contribution to setting the standards in emerging IT areas, from IoT to containerization. Gaining expertise in open systems therefore is very strategic as it enables organizations to remain innovative.

- **Providing expertise across the whole Red Hat portfolio.** Dominion Digital's full expertise across the whole Red Hat portfolio makes it a one-stop-for-all supplier that is able to integrate full stack solutions for clients.
- **Strengthening its long-term commitment.** Thanks to Dominion Digital's continuous investment in training, particularly around new additions to the Red Hat portfolio, the company has been able to build extensive expertise over years. This is especially important given the intrinsic difficulty for enterprises in sourcing the skillsets needed to keep pace with rapid IT innovation.

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*"Red Hat helped us serve large accounts in the government and banking sectors that trusted it as a supported open source provider. We have increased investment in new end-to-end technologies from Red Hat like mobile application development and IoT, which complement well our customer journey to digital transformation."*

*Eduardo Manzanos,  
Mobile Business Manager, Dominion Digital*

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Dominion Digital is also fully aligned with Red Hat's long-term strategy and this, it says, enables it to keep pace with state-of-the-

art technology and achieve long-term results for itself and its clients. This alignment can be seen at both the planning level, where Dominion Digital participates in setting goals and planning roadmaps with Red Hat, and at the more operational level through, for example, coordinated marketing activities.

An example of this cooperation is seen in IoT, with both companies seeing it as the biggest IT driver for the next 10 years, powered by cloud, Big Data, and technology convergence. This plays well in the partnership, IDC believes, because IoT architectures work best in open infrastructure based on standard platforms and protocols that ensure a fully scalable, cost-effective, and secure solution to foster development. Dominion Digital is already fully trained on Red Hat's IoT solutions and is ready to support enterprise implementations of Red Hat systems in the IoT field.

## CHALLENGES FOR DOMINION DIGITAL AND RED HAT

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IDC believes that Dominion Digital has a strong strategic approach to enterprise architectures and, leveraging the Red Hat® partnership, it has built expertise on the full IT stack, from application development to datacenter workloads. To remain successful in the long term, however, Dominion Digital will need to overcome the following challenges:

- **Open source is less successful in the SMB sector, due to an endemic lack of internal skills to build on open infrastructures.** Open source is routinely adopted by large enterprises, but has so far been largely ignored by SMBs due to a shortage of both skills and budget in the sector. However, SMBs would largely benefit from the advantages of open source technology, given its lower, subscription-based cost and its flexibility, which would mean they wouldn't have to overbuy hardware. Strong product evangelization, and ad hoc solutions from Red Hat partners, should address this issue and make it an opportunity for further expansion. Some proprietary systems are already exploiting the emergence of new technologies such as hyperconverged and software-defined storage to allow for less expensive systems that also appeal to SMBs due to their simplified management. Open source players are now starting to leverage their experience with large companies and service providers to widen their target market once again.
- **Perception of late adopters around open source.** Companies without a strong IT backbone may have security and reliability concerns when it comes to open source. Such concerns are often misplaced, IDC believes – as the code is open, it allows bugs to be easily

identified and patched. Similarly, the support for and the reliability of hardened solutions in the OS, virtualization, and middleware layers are now very mature. Nevertheless, Dominion Digital will have to continue to invest considerable resources to educate customers about these issues.

- **Poor customer experiences among those that have tried open source.** Some enterprises, attracted by the prospect of high scalability and quick deployment at low cost, jumped on new open source technologies to address issues in-house – only to realize that some solutions can be difficult to configure and deploy, and that they often need to add a layer of customization. In other words, they realized too late, and at their own expense, that their staff and infrastructure are simply not fit to embark on a serious open source project. Such experiences can create a negative feeling in the market, and Red Hat and Dominion Digital need to have a clear communication plan to explain why and how their approach is different, and how they can avoid most of the problems companies have encountered.

## ESSENTIAL GUIDANCE

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With only 22% of companies on average really monetizing consistently on DX opportunities – classified as "digital transformers" or "digital disrupters" in IDC's *MaturityScope: Digital Transformation* (IDC #254721, March 2015) – the path to a full, digitally transformed business environment is only just the beginning.

IDC believes open source has been playing a vital role in making DX a more affordable and technologically viable opportunity for the industry, setting the common standards to drive future development and transforming the way IT is bought, deployed, and managed for the better. IDC believes open source technology will continue to expand, but full support, as offered by Red Hat® and Dominion Digital, is needed for non-digital-native companies to ease the transition to the digital era and help sidestep common errors.

For companies looking to kick-start their DX journey, IDC recommends the following:

- **Set realistic expectations and recognize open source capabilities when dealing with DX.** The wide adoption of open source in enterprise environments and the broad expertise of solution providers prove that the arguments about the immaturity of the technology are fundamentally wrong. But enterprises should not underestimate the importance of a proper implementation strategy if they want to realize the benefits of the technology.
- **Price in the risk of a DIY approach to open source.** A DIY approach is normally not recommended to enterprises, unless they can leverage a full team of experts within their own ranks. Companies are advised to leverage external support for the tactical and the strategic steps if they want a successful implementation. Although a DIY approach is often preferred to reduce cost, it can prove to be costly and this could result in failure.
- **Adapt your open source strategy to your business needs and workload types.** A two-phase approach to open source is usually the best way for companies moving away from proprietary systems. Testing adoption on less-critical workloads first and then moving to critical workloads is a sensible way to proceed. Given the differences between the two types of workloads, however, there may not be many good practices or shared knowledge that can be applied to mission-critical applications. It follows that leveraging the expertise of solution providers is critical for a successful open source implementation, as this can reduce deployment time and contain costs.

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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