

CASE STUDY

RED HAT PROVIDES COST-EFFECTIVE SOLUTION FOR RECORD MANAGEMENT

Highmark Inc. is Pennsylvania's largest health insurance company by membership. It was created in 1996 by the consolidation of two Pennsylvania licensees of the Blue Cross and Blue Shield Association—Pennsylvania Blue Shield (now Highmark Blue Shield) and Blue Cross of Western Pennsylvania (now Highmark Blue Cross Blue Shield). They are now one of the largest health insurers in the United States.

Highmark's mission is to provide access to affordable, quality health care, enabling individuals to live longer, healthier lives. They have a long history of nearly 70 years serving health insurance needs, and currently provide fully insured and self-funded health products to about 4.6 million members in Pennsylvania.

Highmark completed the grand opening of its new data center in November 2005. The facility is located on 11.3 acres in an 87,000 square foot building with 49 employees. Its ISG division has approximately 700 people. Highmark has 107 Linux servers and four Linux systems administrators.

CHALLENGE

Highmark is a large Medicare intermediary and carrier that deals regularly with strict government regulations. The company is involved in seven to 10 government audits per year surrounding the security of the highly sensitive health care information it holds. Information like dental business coverage details for military personal, both retired and in service, and Medicare information. Five of these annual audits are large-scale and require an enormous focus on security. Therefore, the company must ensure that their health care records remain secure and manageable.

In addition to security and management issues, Highmark needed to find a cost-effective, high-performing, and consistent operating system in order to cover their IT budget and goals.

SOLUTION

In the face of these challenges, Highmark decided to consolidate to one operating system. While the company already had forms of Linux present in its environment, Highmark needed the consistency of one unified operating system—a solution that Red Hat provided.

Highmark migrated from Sun and AIX to Red Hat for two reasons. "First, we wanted to try to get a consistent operating system for management purposes," said Dave Dipiazza, manager of Internet services at Highmark. "The second big thing was the cost in trying to cover our IT budgets."

FAST FACTS

Industry: Healthcare

Geography: Pennsylvania, USA

Challenge: To maintain secure health records for over 4.1 million insured customers through a manageable and cost-effective system.

Solution:

Platform: Red Hat® Enterprise Linux®, Red Hat Directory Server, Red Hat Network, Red Hat Satellite Server

Hardware: JuTzu, Race servers, HPDL rat mouse server

Benefits:

- Approximately 30% savings in hardware/software licensing costs
- An almost 50% reduction in hardware (78 CPUs to 42)
- More than \$470,000 long-term savings through the directory server (\$500,000 + future costs estimate from Sun versus one-time \$30,000 cost from Red Hat)
- Higher performance and security
- Readily available support

The migration to Red Hat is focused on four major areas: WebSphere, Oracle, Lotus Notes, and web presence. "Considering the four big applications that we have in our IT environment, we started out looking at both SUSE and Red Hat," Dipiazza said. "We came to the decision that Red Hat would be better for our environment because the support we received from Red Hat was outstanding and Red Hat has better market share here in the United States. We simply had better experiences with Red Hat solutions."

Dipiazza continued, "Security was one of our top priorities, and Red Hat provided an amazing solution for us. As a Medicare intermediary and carrier, we have to deal with many strict government regulations. The security and protection of our health care records is extremely important within our corporation, and Red Hat helped us to achieve this level of security."

Don Matush, manager of operating systems at Highmark, expects to finish consolidating to one operating system by the end of 2006. They have already completed the migration of close to 90% of the WebSphere environment and have started on its Oracle and web server environments.

Highmark also implemented the Red Hat Directory Server into its environment to realize further cost reduction. They migrated from the iPlanet directory server, which operated on a per-entry pricing model, to the Red Hat Directory Server. With 1.3 million entries in the directory currently, per-entry costs were much higher than with Red Hat's one-time fee.

Highmark's environment is now operating from the Red Hat Network. "Our environment has grown in its position. It is more prudent to bring that functionality in-house and manage it ourselves instead of having over 107 servers connecting to the network to get something," Dipiazza said.

BENEFITS

Highmark has seen numerous benefits since migrating to Red Hat—including cost savings, heightened performance and security, and excellent support resources. The company has experienced a 30% reduction in its hardware and software licensing costs. The ISB software that Highmark was previously running was priced per CPU. Because Highmark was able to make an almost 50% reduction of the amount of CPUs necessary for operation (78 CPUs to 42 CPUs), licensing costs were drastically reduced.

Highmark also saw a huge cost reduction in its directory server. With Sun, Highmark would have spent \$500,000 up front with additional maintenance costs in the future. By implementing Red Hat instead, Highmark is spending a one-time fee of \$30,000. "Red Hat is going to save us money every time we need to add users," Dipiazza said. "I don't need to purchase anything else for Red Hat Directory Server in the future. Red Hat saved us more than the difference between \$500,000 and \$30,000."*

The Red Hat Satellite Server has helped Highmark with functionality and management. "The Satellite Server offers some additional administrative functionality to help us optimize our employees' time managing the environment," Matush said.

With the optimum service provided by Red Hat, the management of Highmark's environment has become much easier. "Red Hat support was much more available than SUSE support," Dipiazza said. "It was much easier for Highmark to find the right resources with Red Hat."

Highmark has also benefited from Red Hat certification and on-site training. More than five members of their IT staff are currently Red Hat Certified Engineers® or are preparing for the certification test.

The company's future plans and integration of Red Hat solutions include taking a look at virtualization. "We are definitely interested in seeing and evaluating virtualization when it becomes part of Red Hat Enterprise Linux 5," Matush said.

Thus far Highmark has enjoyed a successful migration to Red Hat. "It's definitely been a positive experience with Red Hat," Matush said. "You can tell that Red Hat values their relationship with Highmark, and we certainly value it as well. We are working together to make sure this Linux initiative is a success at Highmark."

*Red Hat Directory Server is sold as an annual subscription, which covers service and support.

