LAMCO Leverages Flexibility and Scalability of Bluelock’s Cloud to Manage and Wind-Down Assets of Lehman Brothers Holdings Inc.

Formed in 2010 as the operating company for Lehman Brothers Holdings Inc. (LBHI), LAMCO is an asset management business that specializes in managing Lehman’s commercial real estate, mortgages, principal investments, private equity, corporate debt and derivatives assets. The unplanned Chapter 11 filing and subsequent sale of major Lehman divisions left LBHI with no systems in place to support the management and wind-down of its assets. The company was forced to quickly build an infrastructure and technology that would meet the size, scope and capacity requirements required by the estate.

Subsequent to Lehman Brothers Holdings Inc. Chapter 11 filing in March 2008, Lehman sold its North American investment banking and capital markets businesses to Barclays PLC and its fixed income divisions to Nomura International.

Both sales took Lehman’s entire technology division (datacenters, servers, people running the systems, etc) and Lehman Brothers was left without the technology assets necessary to support the wind-down of the company. As part of the Chapter 11 reorganization plan that was filed in the Spring of 2010, Lehman formed an asset manager business called LAMCO that would specialize in management of Lehman’s commercial real estate, mortgages, principal investments, private equity, corporate debt and derivatives assets. LAMCO would provide management services to Lehman, administer its assets and offer long-term employment opportunities for the hundreds of Lehman employees working to liquidate the former investment bank’s estate.

Tasked with building an infrastructure for Lehman, the people of today’s LAMCO were forced to quickly build an infrastructure that would meet the size, scope and capacity requirements required by the Lehman estate, with little guidance on what those requirements would be over time. Most businesses’ infrastructures are built for growth and designed with excess capacity. This infrastructure, however, needed to assume peak capacity on day one and then be positioned to wind-down over time. The company began to look into cloud computing, as it offered ‘pay-by-the-drink’ pricing, scalability and the ability to manage the entire infrastructure as a single entity.

“Given our unique situation, we didn’t want to spend upfront capital on an in-house solution. We were faced with two issues: first, the technology would be a depreciating asset; and second, we would have been purchasing at peak capacity on day one and then halfway through the project, we would only be running with 50 percent excess capacity,” said James Johnson, Senior VP of Global Technology Services, LAMCO. “Cloud computing was the exact solution we were looking for. Often times, you build an infrastructure and then find that your assessment of on-demand needs are way off.”

Overview

NEEDS
- World-class infrastructure without the capital outlay of in-house hosting
- A scalable, high-performance solution to allow for company wind-down
- Ability to manage entire infrastructure in a homogeneous basis as a single entity

WHY BLUELOCK
- Flexible and scalable cloud hosting environment designed for more complex cloud needs
- Market performance and reputation within cloud computing industry
- Deep partnership with VMware
- Client service focus
- Competitively priced, especially when compared with in-house solution
- Commitment to maintain industry leadership

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With cloud computing, if you underestimate, you can borrow from the cloud; if you overestimate, you can give back to the cloud—not just in aggregate across the company but also in specific areas. You could be correct in sales and trading, but wrong in finance, but either way, you’re covered with cloud computing.”

Finding the Best Solution

The LAMCO team submitted requests for proposal to seven large cloud hosting companies, several of which were unable to handle LAMCO because of its unique situation. After a highly systemized procurement process, Bluelock’s VMware-based public cloud was selected based on competitive pricing, market performance, flexibility and their commitment to company strategy.

“Bluelock was extremely flexible with the economic models associated with the upfront capital and the ability to embed that into a run rate that we were very comfortable with,” said Johnson. “Beyond that, we were really impressed with Bluelock’s commitment to its overall company strategy and leadership within the cloud computing space. They have followed through on their commitment to continue building out of their infrastructure and deepening their partnership with VMware.”

Bluelock, a certified VMware vCloud® Datacenter Services provider, delivers enterprise-class cloud computing and managed IT services, offering the people, expertise and IT infrastructure in world-class, SSAE 16 Type II SOC 1 datacenters. By leveraging VMware technology, Bluelock is able to provide hosted virtual data centers to the enterprise that are fully compatible with their existing VMware investments, enabling their hybrid cloud strategy. This approach provides a common management and security model that enables complete workload portability between internal data centers and the Bluelock public cloud. Named Americas’ Service Provider Program Partner of the Year by VMware, Bluelock’s public, private and hybrid cloud computing solutions enable clients to utilize cloud resources based on their specific needs to optimize deployment, management and investment.

Business Value

Beginning its migration in January 2009, with a goal to finish by the end of the year, LAMCO moved their IT assets onto Bluelock’s VMware-based public cloud and experienced the flexibility and scalability they sought. Even with its initial estimates widely differing from what was actualized in the project, LAMCO was able to achieve their migration goal.

“Originally we assessed that 13 TB of data would be migrated, but in the end, it was well in excess of 65 TB,” said Johnson. “While our core computing capacity estimate was right in some areas, it was off in aggregate, and we found that we needed more capacity in other areas—something we were able to accomplish with Bluelock’s cloud. Their cloud’s flexibility enabled us to add more memory into given areas and disks into given business units, helping keep us on target despite all of the uncertainties and the lack of transparencies we had with our original capacity requirements.”

LAMCO plans to continue to utilize Bluelock’s cloud infrastructure for datacenter overflow and ambiguous workloads and has already started leveraging Lehman’s legacy platform, running on Bluelock’s cloud infrastructure, to help other companies run their portfolios as LAMCO is running their own. “The value that Bluelock has provided us is truly offering cloud computing and all that cloud computing is supposed to be,” said Johnson. “They’ve been an excellent partner, cost effectively delivering services to us, on a timely basis. The competency of their staff is second-to-none and much appreciated in any situation we may encounter.”

Future Plans

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About Bluelock

Bluelock provides enterprises flexible IT infrastructure solutions with its Bluelock Virtual Datacenters hosted in the public cloud. Bluelock’s unique customer approach leads to innovative solutions that offer unprecedented visibility and control, enabling customers to more tightly manage resources and costs. Bluelock Virtual Datacenters, a VMware vCloud Datacenter service, provide enterprise service levels, high uptime, and guaranteed platform compatibility. Bluelock’s customer proven cloud services are hosted in SSAE 16 Type II SOC 1 audited datacenters with strong security controls.