

### General Information

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## Considering A Rental?

### Weigh Basic Factors When Deciding Whether Colocation Or Managed Hosting Is Right For Your Data Center

For enterprises looking for greater redundancy and cost savings or for those with a limited staff, data center colocation or managed hosting are definite options to consider.

In fact, today's economic realities mean more IT managers are weighing those options. But whether or not one or the other is right for them depends on a number of factors, says John Rath, service center manager for Team Companies ([www.team-companies.com](http://www.team-companies.com)), which provides data center colocation. "It's quite a complex decision to make, and it depends on a lot of internal factors about your business," he says.

Some of those factors include IT staffing levels, IT budget, enterprise type, enterprise size, and the applications you'll be asking the outsourced center to manage or house, he says. Enterprises with small IT staffs or with employees who don't have a deep font of data center management knowledge can often benefit by choosing to move some or all data center operations to a managed service or colocation provider.

#### ■ Check In To Co-Lo

When making the decision, keep in mind the difference between the colocation and managed services offerings. Rath likens the collocated center to a hotel. "We'll give you the facilities and the security, and you do what you want with your space," he says.

The colocation provider offers bandwidth, power, cooling, security, and access, says Avi Deitcher, chief executive officer at operations consulting company Atomic ([www.atomicinc.com](http://www.atomicinc.com)). "You don't have to worry about redundant power supplies. They take care of that. You don't have to worry, is my building set to handle an earthquake? Theirs is," Deitcher says. "They usually have a video camera there, recording for security purposes." Some colocation companies will provide additional services such as replacing or replaying disks on request.

Of course, any colocation company passes on its costs. When shopping, consider a provider located in an area of the country that features low power and bandwidth costs, which vary dramatically by location, Deitcher says. In tracking the industry, Deitcher has seen power costs for collocated facilities run as high as \$30 per amp per month and as low as \$10 per amp. Costs for full server cabinets at collocated facilities run the gamut from \$800 per cabinet per month to about \$2,000 per month. Costs here depend on the space used, he points out.

Companies that choose the colocation option must still manage their operating systems and perform upkeep from afar. What you get from colocation is enterprise-class service and infrastructure without having to build it yourself, Deitcher says. "For a small company to provide that type of infrastructure for itself would be an enormous fixed cost when, for a few hundred a month, they could get all of that with colocation," he says. "Expertise is an issue, too. A small company probably knows about networks and server installation, but do they really know about fire suppression and power management? Probably not."

The downside with colocation is companies can pay a premium for services they may not need. If they don't have particularly sensitive data, running it on the highly secure and redundant servers offered at collocated sites might be more expensive than necessary, Deitcher says.

### ■ Add In Oversight

A managed data center offering—as compared to its colocation counterpart—includes, as the name implies, management functions. For a monthly fee, a managed service company takes care of maintenance and upkeep on an enterprise's hardware, stored at the managed service provider's site. It often manages the company's operating system stored on the servers, and it sometimes manages other applications, as well, Deitcher says.

Cost savings can be significant here. In addition to reducing the number of IT staff an enterprise needs, Deitcher offers another benefit to keep in mind: Hardware costs don't appear on the enterprise's financial books as a capital expenditure. "You could pay \$10,000 for a server when you buy it. With managed hosting, it's hardware dedicated to you, but you're leasing it," he says.

IT managers looking to determine whether colocation or managed service is the right solution for their enterprise should first consider their company's risk tolerance when it comes to outsourcing data center functions, Rath says. To determine risk tolerance, Rath advocates a simple grid that features risk on one axis and responsibility on the other. The columns can be titled servers, processes, and other factors offered by colocation or a managed provider. Determining the amount of risk vs. responsibility a company can handle for each factor helps managers determine where their company falls on the grid, he says. A low risk tolerance means the company should consider keeping data center functions onsite where they can be rigorously overseen, Rath says.

### ■ How Firm Is The Footing?

Charles Weaver, president of the MSP-Alliance, the International Associates of Managed Service Providers ([www.mspalliance.com](http://www.mspalliance.com)), reminds IT managers to ask potential providers one very important but often-overlooked question. "Ask a provider about its overall financial health," Weaver says. "What good is giving your gear over to a company two steps away from bankruptcy or running at low client capacity?"

He also reminds managers to ask the usual questions so they can be assured the provider offers the basic foundations of a well-run data center. Determine, for example, how it backs up data and how far away a second, redundant center is located. A company with a backup facility within 30 miles isn't a safe bet, Weaver says. "Take the case of Hurricane Katrina. When power was out in New Orleans, it was out all over New Orleans, so even sites half an hour away from each other would have been taken down," he says.

Bottom line, the type of service you'll need—and whether you need it or not—largely depends on the types of services you plan to outsource, Deitcher says. "Look at what you're processing now, for whom, and with what frequency," he says. "If your server isn't hugely used, it may not make sense to take the data center outside the business."

IT managers also need to look at the type of servers and applications they're running. They should also assess internal IT skills, their own facilities, and expected growth, he says. A Web-based company, for instance, will call upon many more IT resources than will an accounting firm. So it looks like a natural for a collocated or managed data center. But the Web company may have a large, well-trained IT staff with the know-how to do things in-house, Deitcher adds.

### ■ For Your Consideration

When deciding whether to outsource data center functions, consider your company's projected growth, IT staff expertise, the servers and applications it runs, and its tolerance for risk. "What to choose is a complex question, and it really depends so much on a company's individual needs," Deitcher says. "You should consider all those factors together to find a plan that makes sense for you." ■

*by Jean Thilmany*

# Managed vs. Colocated

Colocation providers offer their facility, power, and security systems. Think of it like a hotel room. These providers give you a secure space to house your systems. The colocation provider offers bandwidth, power, cooling, security, and access. You'll have to bring backup servers and applications that fail at your colocated site; consider a site near your IT staff.

Managed service providers perform maintenance, upkeep, and oversight on the systems you've leased from them. They also provide the space. These providers can manage your company's operating system stored on the servers; it sometimes manages other applications, as well. They'll help bring up systems and applications that experience problems. The outsourcer's staff can help troubleshoot long-distance.