

Data Center Choices in the Year 2011: Which is right for your company?

By Eric Blaier

There has never been greater need for housing IT assets than exists today. Some of the demand is based not on choice but need for industry compliance (Sarbanes Oxley, Electronic Medical Records, etc...). Some of the demand is based upon advances. Virtualization, which has driven much of the past growth and has helped datacenter clients and providers alike, falls into this category. A third reason would be essentially repackaged services such as "Cloud Computing" (which takes on many different definitions) but, in essence and at the fundamental core, involves moving from one's own servers/services on-site or off-site to a third-party provider off-site. And, of course, the standard need for data center space still exists for housing of primary, secondary or testing/development IT assets.

Variables to consider when selecting the proper environment for housing IT assets include proximity, safety and security, regulatory issues, redundancy or "uptime", cost, and organizational capabilities. As such, we'll examine the different types of data center providers available in today's market to provide an outline in which environments the models may be most effective. It will also provide a new alternative that most companies may not be aware of.

The choices available to CIO's and owners of small business alike are Telco Providers, Network Access Points, Outsourced Datacenter Providers, Build-it-Yourself, and a new model we'll explore.

1. **Telco Providers**-These are what I would classify as AT&T, Verizon, CenturyLink, XO, and all of the standard telecom providers who offer it as a complement to the standard voice/data/unified communications that these companies provide. The advantage of hosting with them is viewed as having a single provider for all services and is typically marketed as such. The disadvantage is that the only telecom provider available in these facilities is the company you are with. Often, smaller companies with a single rack of need and a long-standing relationship with a telecom provider will host with the Telcos. However, if your company needs services not offered by your current telecom or just wish for secondary connections (redundancy, etc...) you are out of luck.

Before selecting a Telco to host your IT assets, I would consider it imperative to review your company's history of Telco vendor selection. If you have changed providers every few years, you may want to consider alternatives to this model as moving IT assets is a tad more "sticky" than changing your network provider.

2. **Network Access Points**-These are the companies that are founded as "Carrier Hotels" and exist primarily to connect carriers in a cost-efficient way. Companies that fall into this category are Equinix, TelX, and the Westin in Seattle. This model is fantastic for highly-connected companies, such as Content and Media, Financial, Applications Services Providers, Content and Delivery Networks and, of course, the Telcos.

The main benefit to these sectors is the robustness of network choice. The Network Access Point (NAP) often comes at a premium, however. If your company does not need to be connected to multiple network providers there may be less expensive alternatives out there. If your company falls into one of the sectors listed above, this may very well be the route to consider.

3. **Outsourced Data Center Providers**-this is the alternative that may be more applicable to the typical enterprise. It is typically less expensive than the NAP model, and include companies such as Quality Technology Services, SunGard, and Peak 10. The typical outsourced data center provider is “carrier neutral”, meaning they will allow anybody to provide telecom service in their facility. Some of the benefits of going outsourced include professional management of the facility and the need for less staff to manage, as well as the ability (in most cases) to use the network provider of your choice.

Outsourced providers are often measured on the “Four Ps” (People, Policies, Procedures, and Price). Does the provider have the staff to run the facility effectively? Does the provider have policies in place to satisfy compliance and industry regulatory standards (SAS-70, for example)? Does the provider follow the procedures every time and have standardization in place if operating multiple centers? Finally, price always seems to be a factor for vendor selection in this sector.

If your company is lacking in ability, people or funding to build its own datacenter, than this is often the least expensive model. Outsourced providers house all types of environments, including primary, secondary and testing/development.

4. **Build-it-Yourself**-we’ve seen a lot of this over the past few years, as real estate prices have dropped to record lows coupled with record amounts of cash being retained by companies. The economy is now several years into a bull market yet real estate, in general, lags. This is a fantastic opportunity for companies that have the personnel to build their own datacenter. The benefits of owning a private center include regulatory and compliance needs as well as company image.

If a company does not have the means to operate a datacenter or is unaware of how intensive it can be to run a professional, world-class facility, the company should look to outsource.

5. **The Hybrid-Model**-the above listed models are what is thought to be typically available to large and small companies alike. What has become an emerging trend are the private companies that own their own data center and have either decided to exit that facility or have downsized their IT footprint so greatly that they have excess space available.

The reasons for exiting are usually lack of the personnel to run it, or it could be financial or regulatory. Cloud computing, virtualization of IT environments and downsizing of staff are typically the reasons why a company's IT asset footprint shrinks.

Gary Smith, Managing Partner at Business Continuity Resources (BCR) in Alpharetta, GA, says "BCR specializes in finding surplus data center space on the market. Oftentimes, this space is located within a private Enterprise class facility in where the client never fully lived up to their IT growth plans. The Client has no vehicle to market the space in a way to attract an exact tenant that will fit into and share their existing infrastructure. We'll work directly with a potential client's C level management to understand their IT infrastructure demands and match them with a facility that solves both clients needs."

What is appealing about this model is that it provides a flexible, cost effect "roadmap" that will maximize Capex and Opex spend for both parties.

Smith adds: "The Client could continue to manage the facility, sell it, or keep it and have us manage the day to day operations. We are uncovering a lot of complex collocation needs that do not fit into today's traditional collocation vendor offerings. It's nice to provide infrastructure options for one client and at the same time elevate another client's IT spend."

In the hybrid model, a company may own a facility but outsource the management piece. They also may house certain core functions of their business (Production, Trading, Disaster Recovery) and choose to keep Testing/Development in their basement closet. A company may also decide to sub-lease what is now available space. Thus, consultants who examine data center needs become ever-so-vital.

I hope that this look at the choices available to large and small businesses today has been informative and helpful.

About the Author:

Eric Blaier recently joined Enroute Networks, an Atlanta-based telecommunications and information technology consulting firm and managed services provider. He has worked in IT sales and sales management for over 17 years and has worked for companies such as Allegiance Telecom, AT&T and most recently, Equinix. His client roster includes numerous Fortune 500 clients in the healthcare, finance, technology, consumer goods, and consumer services sectors.

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