SUNGARD

HOW TO PICK A COLOCATION PROVIDER

Ask the Experts

The relentless pace of business automation and Internet commerce has led to a staggering increase in the amount of data that businesses need to store. And that growth has created a corresponding need for businesses to expand their IT capabilities.

However, a direct investment distracts from your core business and can cost up to $10 million for buildout and $5,000 per square foot for operational overhead. That's why many companies are opting to outsource their IT through colocation.

"Colocation is all about economies of scale, focusing on your core competencies as a business and letting someone else handle the data center aspect," says Joe Sullivan, senior director, colocation product management with SunGard Availability Services. "From a financial perspective, it allows you to take a large cash outlay or capital expense and convert that into an operating expense."

Sullivan discusses if colocation is right for you, and what to look for in a colocation provider.

WHY ARE COMPANIES CONSIDERING COLOCATION?

The No. 1 reason companies consider colocation is to avoid making IT a core competency of their business. The second major reason is to gain the economies of scale you get from sharing a facility with others. Instead of having to build and maintain your own facility, you can leverage another company to do it for you and share those costs with other customers that you might not even know.

Some companies already have their own data center, but their current facility can't keep up with their business's growth. Adding a second site to handle the growth is one reason companies consider colocation. Disaster recovery planning is another reason. Companies may need an alternate location to protect against infrastructure downtime, either from natural catastrophes or hardware failures.

WHAT ARE THE KEY FACTORS TO CONSIDER WHEN PICKING A COLOCATION PROVIDER?

There are five key factors. First is how much power a customer needs, not only today, but in the future. The business is based on power costs, as well as the cooling needed to cool that power.

That drives a large portion of the cost structure and facility capacity, so it's the No. 1 thing providers ask customers.

The second factor is environment size. Do you need a cabinet, two cabinets, or do you need a cage to store your data? Think of cabinets and cages as storage lockers and apartments.

You might only need a locker, or you might need an apartment, depending on how much you have. Basically, a colocation provider rents highly powered, highly cooled and fully redundant storage lockers and apartments.

Geographic location is important, as well. Many customers like to be close to their facilities. They want to touch and feel their data and make all the changes themselves. Others want their provider to be as far away from their main facility as possible, because their main concern is disaster recovery. Those customers ask about colocation facilities in St. Louis, Denver, Phoenix and Dallas, because those sites don't have as much natural disaster activity.

Fourth is connectivity. You may call it bandwidth, telecom or fiber, but it's all connectivity. This is important because you are going to need to get your data out of those storage lockers or apartments to somewhere — either back to your facility or to your customers through the Internet.

Last, what services do you need on top of colocation? Some companies just provide space, power and connectivity. Others provide services such as data backup, storage, security monitoring and intrusion detection on your servers, and services such as cloud applications.

You need to make a decision up front on whether you may want those services at some point, because if you are outsourcing your colocation, you may end up outsourcing other services, as well. If that's the case, you want to make sure you choose a provider that has the capability to do that. The services you need on top of colocation today or in the future should be a big factor in your choice of provider.

What questions should you ask a potential provider to determine if it can meet your needs?

What facilities in the geographies we are interested in have the space and power that we need? That's the first question. Because you're not going to care if a provider has 55 locations and only three of them are in the geography you want and none of them have space and power available to meet your needs.

Next, get into resiliency questions. Typically, customers will look for companies that have fully redundant power systems. At every point in the process of the power coming from the utility company, through two feeds into the building, hitting two power plants, one system should be able to fail over to the other. In the event that anything in that chain fails, you have fully redundant systems.

That is a large differentiator between providers. Some are fully redundant and some have single points of failure. What the customer needs to determine is whether those single points of failure are acceptable for the applications they are running and for the price discount you would get.

Then you get to pricing. Not all prices are created equal in colocation. You might not be getting the same thing, even if it sounds the same. You might have two providers, one who advertises a cabinet for $1,000 and the other for $1,500. It may seem like the $1,000 cabinet is the better deal, but the $1,500 cabinet might give you three times the power density, which would make it a better deal.

You should request transparency in pricing from a provider, and always make sure you understand what's included and what's not included.

About SunGard Availability Services

SunGard Availability Services provides disaster recovery, managed IT, information availability consulting services and business continuity management software to over 9,000 customers globally.

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