

Get maximum performance and availability for your critical workloads

With all the buzz about cloud computing, one might assume that traditional managed hosting is becoming obsolete. The reality is that managed hosting is a viable and growing market. Managed hosting serves an expanding range of solutions representing a fully managed, IT-provisioned alternative to self-managed and cloud services.¹

We need to remember that rarely does one size fit all, especially for IT. The cloud offers compelling benefits for specific use cases, but there are other, proven ways to support the agility and flexibility the other parts of your IT environment requires. And you can do so in a way that is more tailored to your specific environment — augmenting your cloud strategy while allowing for control and availability of your business-critical workloads.

For the foreseeable future, IT will be a mixed approach — a combination of on-site, traditional hosted environments, and cloud solutions — also known as Hybrid IT. Hybrid IT gives you flexibility and adaptability, allowing you to select the infrastructure that best delivers the desired results. That is also why companies like yours increasingly adopt managed hosting solutions.

Managed hosting provides organizations with a powerful combination of efficiencies, cost management, control, and expertise while you redirect time and resources to strategic activities.

Managed hosting, the cloud, and hybrid IT

Even with the increased interest in cloud offerings, the managed hosting market is still growing and is expected to do so for some time. According to Forrester, customers exhibit strong interest in managed hosting in the following situations:²

- **Desire for greater control.** While cloud models may be alluring at first glance, it's not optimal for all of your workloads. The need for control, security, and predictable cost often lead customers to a managed hosting solution for their business-critical applications.
- **Departmental demand, but IT involvement desired or necessary.** Managed hosting occupies a middle ground between conventional IT outsourcing and the cloud in terms of provisioning. Most managed hosting decisions are acquired with IT's involvement and support, even if the buying impetus comes from business buyers.

65%
Managed services are on the rise: 65% of commercial enterprises indicated that they have at least one managed services engagement, and more than 55% indicated that they plan to increase their use of managed services.²

- **Preference for dedicated infrastructure.** Managed hosting remains in demand due to some customers' discomfort with shared infrastructure models.

In addition to the technical situations highlighted by Forrester, additional security, privacy and data governance demands presented by compliance requirements may also drive an enterprise to consider managed hosting. These challenges are compounded for organizations in regulated industries.

¹ Managed Hosting: Still Relevant Despite Cloud's Rise. Bill Martorelli with Chris Andrews and Fraser Tibbetts. November 15, 2012. Forrester Research, Inc.

² Diligently Evaluate Outcome-Based Managed Services Versus Capacity-Driven Staff Augmentation. Frances Karamouzis. Gartner. 11 April 2013.



The reality

Greater Pressure, Diffused Budgets

A lot of spending and control has drifted from IT with the advent of cloud computing, mobile, BYOD, and other initiatives. “Gartner believes that more than 25% of today’s IT spending takes place outside of IT control, and that this will accelerate to greater than 40% in some industries by 2015. Trends such as the increasing digitalization of business, the IoT (Internet of Things), cloud and mobile all contribute to more and more IT spend taking place outside of the knowledge or control of IT sourcing and procurement leaders and CIOs.”³ Despite this, IT is under increased pressure to deliver value, growth, and competitive advantage.

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In order to drive more value for the business, IT organizations will need to address a few challenges:

- **Efficiency:** IT departments need to constantly increase responsiveness and strive for proactive approaches to deliver what the business needs when it needs it. IT is often seen as a cost center rather than a business value center. Technology and process inefficiencies can build up over time, putting IT into reactive mode. Older technologies, including legacy applications and infrastructure, tie up valuable resources to keep them operational and utilize antiquated processes that slow down or eliminate the ability to add new value.
- **Focus:** The day-to-day administration of your IT infrastructure and applications reduces the time you and your team can focus on business initiatives. Today’s IT departments have too many projects and not enough people or budget to address the needs of the business unit. As a result, IT departments can get “bogged down.” This can be perceived as delivering IT instead of delivering the ability to scale and grow.
- **Speed:** With the rapid pace of change and new technologies, it can be difficult for your IT technology and processes to keep up, resulting in increases in project timeframes and increased frustrations. You may struggle to manage availability across the network, infrastructure and applications. Slow time-to-market, unhappy customers, and competitive positioning can all be affected by IT responsiveness and capability. The business looks to IT to improve agility, mitigate risk, and improve time to market, and IT can play a valuable role in accomplishing those goals.
- **Transformation:** Trigger or transformational events can disrupt IT momentum. Mergers, acquisitions, or the end-of-life of a core application can force an organization into an unexpected migration, integration, or upgrade. Needs may arise around infrastructure migration timelines, what integration obstacles and opportunities might exist, or the amount of resources needed to successfully facilitate a major application upgrade.

Managed hosting can deliver on many of these needs, as relying on internal capabilities can be costly and resource-intensive — in addition to diverting attention away from value-added initiatives.

But not all managed hosting is the same. Many managed hosting providers take a “cookie cutter” approach and force you to adapt your needs to their solution. This lack of flexibility is especially problematic for mid- to large-sized enterprises, which have sophisticated needs that require the hosting provider to modify and customize accordingly. It is imperative on IT organizations to find a hosting provider that views their role as an IT partner and not just a technology platform provider.

³ “Don’t be Bypassed: The Six Futures of Sourcing and Procurement,” Published: 4 October 2013 ID:G00256386, Analyst(s): Frank Ridder | Alexa Bona | Frances Karamouz.





The breakthrough

Flexible, industrialized, dynamically configured managed hosting

There are four key phases to delivering a successful managed hosting outcome: Strategy, Design, Transition, and Operation.

1

Strategy involves the understanding and direct consideration of the business goals and mapping of a technical solution that will support them. This is not a high-level concept exercise, but the first steps in turning your business needs into actionable and executable solutions.

2

Design takes the strategy down a level and looks at specific architectures needed to deliver business goals. It is important that your managed hosting provider understands both the relationship of your applications to the infrastructure and the interdependencies between your applications. This is where the flexibility of the managed hosting provider is key, so that you are not force-fitted into an existing architecture that is less than ideal for your needs. This is also where the breadth and depth of the provider's portfolio, and its ability to deliver on your needs for this project and beyond, should be considered.

Managed hosting, with a look to Hybrid IT and cloud approaches where and when appropriate, is a great solution to reduce IT complexity, improve efficiency, reduce costs, and add more value to the business.

3

Transition may be the most critical phase. This must be highly collaborative time spent between your team and the provider. You need dedicated resources, established roles and responsibilities, documentation, test phases, milestones, regular reviews, and a knowledge transfer process. You want to leverage the institutional knowledge and flexibility of a provider who's been through similar projects before.

4

Operation includes the service delivery model and the tools for incident and change management. It is about operational excellence, which comes from experience and talent development as well as solid procedures and documentation. You should use regular audits to make sure the provider's operations are meeting your expectations and SLAs consistently and securely. Your provider and account team should feel like an extension of your team.

Questions you should ask your provider about the operations phase include:

- What are your operating procedures?
- How are your staff trained and managed to follow them?
- Are your processes and procedures based on industry standards and best practices?
- What governance is applied to ensure process is being followed?



You need a managed hosting partner that has the **people, processes, and technology** that are robust and proven enough to support your needs and that are flexible and customizable enough to adapt to deliver your desired outcomes.

Consider your possible provider skills and depth across:

- **People:** Look at the dedication, expertise, and account team make-up; the interaction between account, technical, and support teams; how they resolve trouble; and what level of management they provide.
- **Process:** Look at how they back up the quality and consistency of their processes. How do you ensure the people on your provider's team are certified? What lessons learned and best practices have they discovered through their experience?
- **Technology:** Look at the available tools to manage and monitor your environment. What type of services can you get — application services, DR services, security, cloud? Look at various customer implementations of various scale and complexity. What is their experience with cloud and Hybrid IT?



The move to managed hosting can improve operations, efficiency, and security, reduce risks and costs, and free up resources for more strategic initiatives.

The payoff — driving business, not operations

The move to managed hosting can improve operations, efficiency, and security, reduce risks and costs, and free up resources for more strategic initiatives.

Some of the benefits to moving some or all of your IT to managed hosting include:

- **Cost and efficiency savings.** Managed hosting providers can perform the administrative functions of provisioning, managing, and patching infrastructure in a more consistent, reliable manner and at a more reasonable cost. They can achieve improved application performance and reduced maintenance costs. In fact, you can reduce or eliminate capital investments and move IT to an operating expense.
- **Focus on strategic activities.** Outsourcing the day-to-day administration of your IT infrastructure and applications allows you and your team to focus on business initiatives. You can target LOB needs, move IT from cost center to revenue and growth center, and improve security and corporate governance.
- **Expertise.** Managed hosting providers can augment your staff expertise with around-the-clock support for more traditional technologies as well as new cloud computing technologies. They can enable better design, smoother implementation, and higher service delivery quality of applications. Managed hosting providers also have specialized technology resources you and your team can leverage as you consider hybrid and cloud alternatives.



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Conclusion

Manage Your Way to Maximum IT Potential

Emerging enterprises find themselves with all the challenges of Fortune 500 companies without the means. A method to reduce IT complexity, improve efficiency, reduce costs, and add more value to the business is needed. Managed hosting, with a look to Hybrid IT and cloud approaches where and when appropriate, is a great solution.

As Forrester Research recommends, IT professionals looking to the future of their managed hosting environments should be mindful of a few points:⁴

- **There are valid reasons to resist moving to public cloud offerings.** By transitioning from managed hosting to pure public or private cloud models, customers surrender the managed aspect of their model and revert to a self-managed one, regaining some responsibilities that were previously outsourced.
- **Managed hosting may play a critical role in cloud transitions.** Managed hosting will continue to serve the core applications and workloads that may not transition to the cloud for some time.
- **Expect more hybrid models.** Forrester expects the role of managed hosting into hybrid models to grow. One example lies in the realm of enterprise application

hosting, where some elements of the workload, such as database processing, remain in a traditional managed hosting scenario, whereas other aspects, such as application server workloads, migrate to public or private cloud models.

Managed hosting takes this a step further by striking a balance between the industrialization and customization needed to meet your unique business, technical and operational requirements. It enables a real partnership with a provider that is responsive to all aspects of the relationship (from strategy and design through transition to operations) and has proven results in the transformation of complex, IT environments. This unique combination will enable you to maximize your IT potential to deliver strategic value.

⁴ Managed Hosting: Still Relevant Despite Cloud's Rise. Bill Martorelli with Chris Andrews and Fraser Tibbetts. November 15, 2012. Forrester Research, Inc.

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