GREEN HOUSE DATA

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Is Colocation Right for You?

Considerations for Organizations of All Sizes

Presented by Green House Data

Introduction

The size of your organization has an obvious and major impact on your IT infrastructure strategy. A small-medium business may not have many servers of their own, or they might already be using cloud services. An established enterpise likely has at least one large data center, if not many scattered across different geographic locations.

No matter the size of your organization, colocation can be a solid option to keep your systems running at all times. Colocated infrastructure involves placing your servers and other IT equipment in a data center provider's facilities to take advantage of advanced redundancy, power, and networking without your own capital expense.

SMBs, midmarket companies, and large scale enterprises each have different challenges when it comes to their IT systems. Here are some ways colocation can help you tackle your unique infrastructure goals.

Are you a...

SMB	Midmarket	Enterprise
Fewer than 100 employees *Under 5M in revenue*	*100 – 5000 employees* *5M – 1B in revenue*	*5000+ employees* *1B+ in revenue*
Positioning Your Company for Growth	**Prioritizing Organizational Resiliency**	**Data Center Consolidation**
If your company is growing, the demands on compute resources will continue to grow. Despite the 66% of SMB information technology workers who planned to use cloud services in 2013, colocation remains an important part of a larger IT strategy.	Many midmarket organizations— after bootstrapping past 100 employees and watching the IT landscape shift dramatically— have critical IT equipment in repurposed offices that were not built with the electrical or HVAC standards of a true server room.	Despite Gartner research that shows internal politics are consistently the biggest barrier to data center consolidation projects, smart organizations have been able to reap real rewards from combining data center facilities and eliminating superfluous workloads.

SMB

Big data, sensitive information, legacy apps, and large applications like ERP may need dedicated hardware.

Colocating your servers protects the IT infrastructure you have purchased by housing it in a purpose-built environment, ensuring users can access critical applications and data at all times.

Downtime and network outages can be the most costly for smaller businesses—according to IDC, network downtime costs 80% of SMBs at least $20,000 per hour. Looked at another way, if an SMB's revenues are $4,800,000 and the business experiences 3 hours of downtime, it represents an operating loss of 1.2%, or $60,000 that could be much better spent elsewhere.

62%

of cyber attacks target SMBs, according to a 2013 Verizon study.

Midmarket

41% of the midmarket sees technology as a "critical differentiator", and this number is set to grow. Without dedicated data center space, midmarket businesses are at risk of hardware or facility failures, putting the company at risk of not being able to respond quickly in times of aggressive growth.

However, the midmarket's most compelling reason to start establishing a data center footprint is to use this as a stepping stone to cloud-based implementations. Planning a physical server move from your premise to a data center will be good practice for a cloud migration, as you take stock of your virtualization goals and progress, your network capabilities, and your application stack. With some estimates showing that infrastructure as a service could save midmarket organizations up to 30% or more, colocation in a facility that offers cloud services will be an evolutionary step for your IT operations.

Enterprise

In fact, as reported in 2014, the Federal agencies who participated in a three-year Data Center Consolidation Initiative collectively reported an estimated $1.1 billion in cost savings and avoidances between fiscal years 2011 and 2013.

Barriers to Consolidation Projects (Gartner)

	Savings Expectations
	Workload Coexistence
	Internal Politics

Percent   10   15   20   25   30   35

Still, any enterprise or large agency getting ready to embark on a consolidation project must carefully weigh expectations and consider timing. Many companies may have already consolidated their owned data centers in an effort to increase asset utilization or as a process of sunsetting after an acquisition. Colocation can be the next logical step, reducing energy and real estate footprints and driving a shift to more efficient computing platforms.

SMB

Importantly, this three hour example still puts a business at a 99.9996 uptime rate, which is a good number. But five nines are not enough; when you are looking for a colocation provider, make sure they offer a 100% uptime service level agreement, or SLA.

Finally, small businesses are increasingly targeted for cyber attacks. In 2013, 62% of cyber attacks were aimed at small businesses, according to Verizon. In 2012, more than half of SMBs experienced a data breach. Choosing colocation helps protect your business against cyber attacks with dedicated 24/7/365 network monitoring that takes place inside a highly secure facility.

Checklist:

☑ Does the colocation vendor offer a 100% uptime SLA?

☑ Does the colocation provider provide 24/7/365 monitoring?

Midmarket

Finally, for stressed IT departments, passing infrastructure management to a trusted data center provider helps get your personnel back on high-value tasks, instead of spending time doing things like swapping out Ethernet cords or power cycling servers.

Checklist:

☑ Has your data center helped clients move before? What services do they offer beyond "lift & shift"?

☑ Is your data center vendor experienced in hybrid cloud?

☑ What is your data center provider's remote hands policy?

Enterprise

As you draft your consolidation plans, or as you discuss budget, consider how comprehensive inventory, centralized disaster recovery strategies, and relocation to geographies with advantageous power pricing can further drive cost savings.

Checklist:

☑ Are you realistic about cost savings, and have you implemented metrics benchmarking in advance?

☑ Is your current equipment well inventoried?

☑ Is your colocation vendor located in a region with competitive utility rates?