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COLOCATION BUYER'S GUIDE

Considerations to Be Made Before Making a Colocation Decision

This Buyer's Guide will help you:

1) Determine if colocation is right for your company
2) Learn the pros and cons of using a colocation service
3) Develop a checklist when evaluating potential colocation providers

IS COLOCATION RIGHT FOR YOUR COMPANY?

Let's look at three examples in today's business world:

1) SMBs

Many SMBs and start up type companies will buy a server or two for website, database and/or email functionality. The server(s) are placed in a closet or spare office room that offers a T1 line or cable Internet connection. For most companies this is a cost-effective and quick solution that works in the short term. Once the business grows and more hardware is added to the in-house "server room", problems may begin to surface. Additional servers need more space, cooling, and power which increase overall costs. In-house Internet connections are sometimes not reliable and cause slow performance and downtime. Local power outages hamper uptime unless redundant power feeds and uninterruptible power supplies are utilized.

2) Medium/Large Organizations

Most medium and large companies operate an in-house data center or server room. As the business grows, the server room expands and starts to reach capacity. Climbing Internet and power costs become a burden. In some industries, internal sales people need to answer client questions regarding security and compliance, and the server room is not up to par. Upper management may ask for an analysis of either upgrading existing space or outsourcing to a colocation data center provider.

3) Enterprise

Enterprise clients typically operate their own internal data center and will outsource certain segments of their IT infrastructure. Many will use an outsourced data center for disaster recovery purposes within a private cloud or colocation scenario. Others will outsource certain applications or websites that require industry compliances like Sarbanes Oxley or HIPPA. Enterprise clients typically have the IT manpower to run an internal data center or to manage an outsourced data center environment. Overall operational costs rise, and management may request an analysis and outsourced options.

The Pros and Cons of Colocation

Pros of Colocation

- **Increase reliability and uptime** – qualified data center providers offer state-of-the-art and redundant power, cooling and internet bandwidth. These data centers also offer Service Level Agreements (SLA) guarantees and should reimburse clients down to the minute in case of any issues.

- **Decrease Costs and Save Money** - Trying to build a truly redundant data center internally is technically difficult and very costly. According to Data Center Knowledge, it costs between $1000 -$1500 per square foot to build a redundant data center. Ongoing monthly fixed and variable costs of running a data center are also a major reason to consider an outsourced colocation. Clients using an outsourced data center take advantage of "economies of scale" that the provider offers in power, space and Internet bandwidth.

- **Scalability** – qualified outsourced data centers offer scalability in terms of rack space, power, cooling and bandwidth. Clients can start with a partial rack and can easily scale to multiple racks or a private cage within days/weeks. With today's power hungry server equipment, clients can easily upgrade power to help keep all systems up and running. Qualified data centers offer flexible cooling options to keep equipment running smooth at the proper ambient temperature.

- **Security** – qualified data centers offer top notch security which is typically not duplicated within an internal data center. On-site security personnel monitor the data center 24-7 with a physical presence and high-tech video surveillance equipment. Some data centers offer advanced fingerprint biometric sign-in features for clients as well. Along with physical security, qualified data centers offer advanced network security to protect against threats like hacking, malware, and DOS attacks.

- **Compliance** – qualified data centers have spent the time and money to meet certain industry regulations and compliances. More and more businesses today are required to meet industry specific compliances such as Sarbanes Oxley, SSAE 16, and HIPPA.

Cons of Colocation

- **Travel Time** – an outsourced data center is less convenient than hosting internally. IT personnel will need to contend with traveling to the facility through traffic and various weather conditions. Be sure to pick a data center that is close to your business and close to public transportation, major freeways and airports. Check that the data center has ample free parking available as well.

- **Contract terms** – most data centers offer 12, 24 and 36-month term contracts. What happens if you are not happy with their service? Legally, you just can't pick up all your equipment and go away. Headaches and legal fees will be incurred in trying to break your contract. When picking a provider, make sure to perform due diligence and ask for a 60 or 90-day out in your contract.

- **Variable monthly costs** – some data centers charge extra monthly fees for excessive power or bandwidth usage. If you contract for a 100Mbps on a GIGe port, and you actually use 200Mbps, you may be charged an "overage" fee. The same thing is true for using more power than what your contract states. Read the fine print for the overage and other variable fees before signing a colocation contract.

- **Shared space** – major enterprise clients will not share the same colocation floor space with other clients. Even if their company racks are secured in a private cage or suite, some enterprise clients will still not allow their applications and websites to reside within a facility that allows authorized access to other customers.

- **Finding a good colocation provider** – just Google the term "colocation" and you will come up with 45,000,000 results. Try a more defined search like "Dallas colocation" and Google comes up with 509,000 results. Do you pick the top 5 listings and ask for

information and pricing? How do you know if these providers will meet all of your requirements and expectations? Be sure to ask your IT colleagues, clients and vendors for local data center recommendations. Better yet, try a colocation broker service like QuoteColo.com. A good colocation broker will be able to provide you with free and unbiased advice on the best colocation provider options in your given area.

10-Point Checklist on How to Find the Best Colocation Provider

1) **Evaluate the Colocation Provider's Data Center Infrastructure.** Take a data center tour and check out the "bells and whistles." Ask questions about the data center's physical security, cooling infrastructure, redundant power, back-up power, stand-by generators and IP network redundancy. Most qualified colocation providers will have documentation supporting their data center in regards to cooling, power and network. Top-notch providers should offer redundant data centers outside of their primary data center location. If they do not, you should look elsewhere.

2) **Ask for Data Center Certifications.** Many of your clients today, and down the road, will require compliances like SSAE 16, SAS70, HIPPA and PCI. If you are looking for a quality colocation provider, these are must-haves.

3) **Evaluate the Colocation Provider's Technical Support.** While on tour, ask the data center technicians (not the salesperson) any specific questions you might have regarding your operating system needs or other managed service requirements. Also, try calling or emailing technical support before signing a contract to see how responsive they are. Try contacting technical support after hours as well to determine the competence level of technicians on the second and third shifts. Some data centers are only staffed with "reboot" technicians at these times. Will that work for your business colocation hosting requirements?

4) Evaluate the Colocation Provider's Past Experience with Colocation Services and Managed Services. Seek a colocation provider with past experience offering dedicated servers, managed hosting and managed services. Stay away from the "pure play" colocation providers who just recently released a colocation package.

5) Compare Local Colocation Data Centers to Well-known Options like Equinix or Verizon. Local colocation providers in your geographic area may offer more options and flexibility than the big national colocation options. Many local data centers offer "hybrid colo" options in which clients can have dedicated servers, colocated servers and cloud services all in one package. Others local colocation providers will allow clients to "showcase" their data center to potential clients or venture capitalists.

6) Ask About Migration Services. Many of the larger colocation providers only provide "do-it-yourself" type service options. In many cases, new colocation clients require migration assistance because they don't have the time and necessary technical personnel on staff. If you need migration service, find a colo provider that offers professional and other managed services to assist you in developing a strategy and timeframe for the entire process. Even if you don't require migration services at the start, it is a nice to have in case the need arises in the future.

7) Read the Fine Print on the Service Level Agreement (SLA). Spend the money upfront and have an attorney read through the contracts. This will be money well spent. Make sure both your IT department and marketing personnel are in agreement on the SLA terms before signing a contract.

8) Analyze the Colocation Providers Entire Service Offering. Do they offer both open rack and secure rack options? Do they offer hybrid colo options? Even though you may only want a single U of space today, tomorrow you may require a more complicated and secure colocation solution because of customer requirements. What is their infrastructure road map for new products and managed services (ie.) cloud hosting?

9) Pick a Provider Who Uses Well-known Technology Vendors. A colo hosting infrastructure is only as good as the hardware and network gear is resides on. Pick a provider who uses industry leading vendors like Cisco, HP, VM Ware and EMC. If the provider doesn't offer brand names in their platform, keep researching and find more options. You will sleep better at night!

10) Go with your Gut and Work with a Vendor you Like and Trust. Make sure you are comfortable with the colocation provider's sales and the IT team. Depending upon your requirements, implementing a colocation project can be a long process. Pick a provider that you trust, one that you are comfortable with and one that understands your business and specific colocation hosting requirements.

For more information or to set up a free 10-minute consultation with a colocation specialist, please call 888-400-5732 or email info@quotecolo.com.