



Outsourcing In The Co-located World

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Co-location can help you concentrate on your core business, while also cutting overheads.

Co-location, by its very nature, defines the outsourcing model. Businesses focussed on the provision of competitive services are under serious pressure to reduce overheads, increase flexibility, control risk and enhance performance. They also need to be able to provide key services - in this case, telecommunications.

The role of co-location operators is to provide companies with such support and services. They provide their customers with the opportunity to develop by enabling them to concentrate on their core business and off-load business overheads to a third party.

A co-location operator can relieve a business of the need to, not only ensure that adequate resources are available in a timely manner - bandwidth being a classic example, but also ensure that the right skills are available at the right time to maintain seamless business continuity.

Add this to the capital savings and the ability to concentrate your workforce resources on your key business objectives, and you start to realise the true value of an outsourced co-location provision.



Reliability

There are a number of factors that a business needs to consider when deciding to outsource to a co-location service provider. Whether this is done for just part of your network, or all of it, represents a fundamental change in business management.

In the first instance, outsourcing presents an ideal opportunity to increase the reliability of your systems and, therefore, your business as a whole. With computers themselves becoming ever more reliable on one hand, and business processes becoming ever more dependant on them on the other, it is vital to ensure that maximum uptime is achieved. And a large part of that uptime equation is now being devolved to the services that surround your core computing equipment - the power, air-conditioning, telco access and physical security.



Security is also an issue that requires careful consideration and analysis. Not only should an outsourcing facility be as physically secure as your existing arrangements, but you also need to consider how access for both staff and subcontractors can be arranged and monitored.

These functions are normally controlled in in-house facilities on an ad-hoc basis - your IT department knows which visitors to expect and when, and does not have to put a lot of thought into personnel access and monitoring. When equipment is located at another site, particularly one that is not within your control, scrutiny of both the outsourcer's security arrangements and your own arrangements is vital.

Connectivity

Quality, quantity, timeliness and the price of connectivity are further factors that need to be investigated. Any co-location provider can tell you they have multiple choices of connectivity provider. However, make sure that these are real - and not virtual - offerings.



Many facilities today have made investments, alongside their carriers, to ensure that adequate, fully diverse fibre connectivity is available to the co-location site. Also, most facilities can boast multiple carriers with fully diverse east/west rings into the building, and it is they that provide the tier two carriers with access to the facility, and on to the customers.

Simple checking will often provide a quick and clear picture. Contact the carriers listed directly and confirm they have their own fibre runs, multiplexer and delivery channels within the co-location area, and that these facilities are not simply being 'resold' to bulk out the apparent diversity.

A service offering from a co-location provider should also ensure that all of the services and support your business requires, both now and in the foreseeable future, are available within the facility and from its service agents. These should ideally be under the auspices of a single contract.

It makes sense to ensure that these peripheral services are as robust as promised. This way you can ensure that if you call on them at a later date, particularly if you are bound contractually to a single source of supply, they are going to meet the appropriate standards necessary to support your business.

It is often said that timing is everything. If a company is rapidly growing a data network with wide connectivity and online integration, it is easy to get on the wrong side of the supply and demand cycle when it comes to provisioning your own data centres, or even ensuring that the capacity within an existing data centre can grow to match demand. Typically, it will take an experienced data centre project manager 18-24 months to put a facility online. And in today's marketplace, a lot can happen in that time.



SLAs

Once you have analysed your option and selected an outsource co-location service provider, the next step is to look at Service Level Agreements (SLAs). Generally speaking it is both impractical and unlikely you will be offered an SLA with any form of watertight guarantee in regard to the co-locator's ability to offer 100 per cent performance, 100 per cent of the time. However, they should be able to offer something close. Much of the offering will be based on the level of service you take.

Having an enforceable contract which provides a service level guarantee, effectively shifts both the responsibility and the liability to another party and is one of the principal tenants of the outsource deal. Ensuring that the co-location provider of your choice can meet your requirements for reliability and service, whilst finding a sensible and practical balance of risk versus cost is a vital part of structuring your outsourcing deal. Ideally, it is a deal formed with experience and knowledge on both sides of the table, leading to a win-win situation.

Insurance

Business insurance is another major requirement, and managing the added or reduced risk profile associated with a co-location outsourcing deal is an important part of the overall picture. The co-location provider should be able to introduce you and your brokers to experienced underwriters - after all, the co-locator will have been down this path with all of his clients to some extent or other in the past.

The important issue will be the perceived risk in the changes that the outsourcing deal will bring to your business insurance and overall exposure. Talking to your brokers and underwriters about your plans should provide a wealth of information. After all, risk reduction is in their best interests.

It is important to have a careful think before committing yourself, your company and your shareholders to an outsourcing contract. Committing yourself to an outsourcing supply contract with a co-location provider is no different.