Weighing up outsourcing

While outsourcing enterprise datacentres can prove to be highly beneficial to firms, there are some key points that they need to keep in mind, and follow diligently, in order to attain the most from their choice.

Datacentre service providers are not new to the Middle East, and over the last few years they have garnered increasing interest among mid-to-large enterprises in the region.

Part of the growing interest can be attributed to the obvious and rather enormous advantages of having a third-party host an enterprise datacentre – advantages that service providers and datacentre vendors are quick to point out.

"There is cost reduction, risk mitigation and increased control and efficiency to name just a few," says Sachin Bhardwaj, head of marketing and business development at eHosting DataFort (eHDF).

"Outsourcing datacentre operations offer an attractive financial model, converts capex to opex and enables firms to focus on their core business. It allows firms to leverage best in class technologies, provides scalability advantages, access to IT best practices and mitigates risks via support for comprehensive disaster recovery (DR) and business continuity (BC) planning," says Fatima Mohsin, senior director, product marketing at Etisalat

Another reason for the expanding clientele base is the increasing competency of the region's service providers.

record of serving medium to large organisations, like Emirates Airlines, Panasonic, Arcelor Mittal, Dubai eGovernment, and Dubai Financial Market is a demonstration of the same," says Bhardwaj.

Mohsin adds, "The requirements of mission critical systems remain the same, whether hosted with datacentre providers in the Middle East or the West. Economies of scale in the West have facilitated substantial investments into R&D and with Middle Eastern infrastructure outsourcing on a high growth trajectory, we expect major investments in a regional context."

Samer Shaar, enterprise regional managing director, Middle East and Africa at Juniper Networks states: "Regional service providers are quickly adopting the concepts and processes associated with managed service delivery. As a market, the Middle East is still maturing to the managed service model but it is well placed to, and is already, adopting some of the leading technologies and best practices from other parts of the world where such services are more mature."

Path not taken
The circle of increasing technology and competency, and the growth in client interest, has fuelled many providers in the region to up
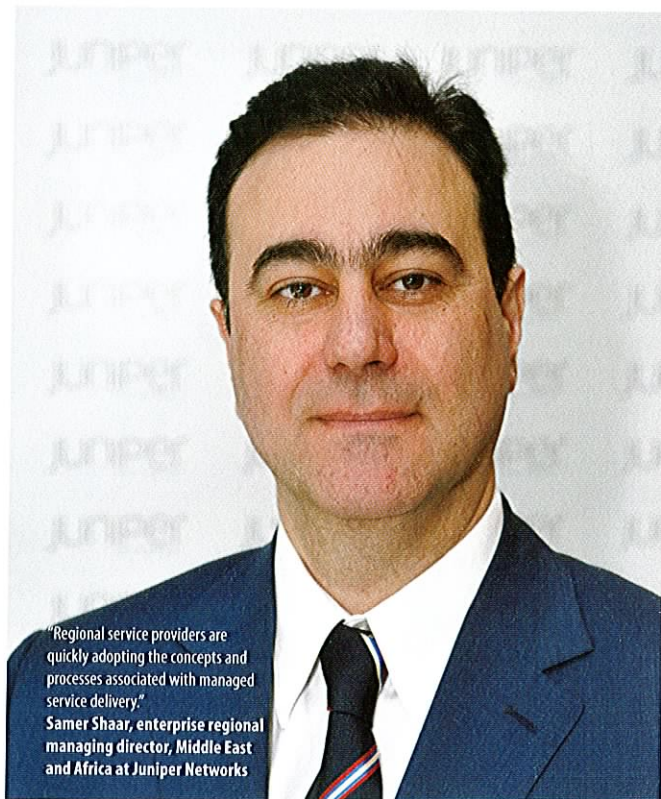
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linked to the sense of losing control when critical systems are hosted elsewhere and systems management is related to attuning business processes to capitalise on the gains of outsourcing. This is sometimes seen to take longer with first time clients than with those who have already extracted gains from the model," points out Mohsin.

Bhardwaj states: "One major challenge is ensuring that the provider is aligned to the service objectives of the company and completely understands the nature of an organisation's business."

Anthony Harrison, server and storage management expert at Symantec MENA notes: "The legacy of over-dependence on third parties is that system documentation and knowledge is very poor. We have all heard of particular systems that everyone is afraid to touch (to maintain, patch, upgrade or whatever) in case they break because they don't know how to fix them. Many business users are unaware

that the applications they have relied on for years are running on unsupported versions and out-of-warranty hardware, so they are living on borrowed time. When moving their data and applications to an outsourced provider it makes sense to do it with new hardware and the latest applications. Systems owners need to be prepared to tackle that challenge."

Moreover, there are other issues that are not strictly related to providers and customers.

"Many countries in the region still have single utility providers (power, water, telecommunications) so all providers are in the same position. Service providers thus find it hard to both differentiate versus the competition and enable multiple utility sourcing. It is common in many more developed countries to have a datacentre with two separate telco links at least to eliminate that as a single point of failure," says Harrison.

The good news though is that most of the obstacles related to datacentre outsourcing that face enterprises can be addressed by adherence to procedures covering everything from the selection of third-party providers to the detailed documentation of service provision.

Shaar says: "Enterprises should look for service providers who

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"Industry standards of service providers in the region are definitely giving western countries a run for their money. We are amongst one of the few service providers in the world to have obtained three ISO certifications i.e. ISO9001, ISO20000, ISO27001 - a formal recognition that our services in assurance, best practice and data security meet the international benchmarks of the IT industry. Also having a successful track

their datacentre tiers from two to three, and sometimes even four. Nevertheless, challenges remain writ large for any enterprise looking to tap into the benefits of outsourced datacentres.

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take the time to understand the business needs, not just the technical needs, and ensure that adequate control is in place. Clear procedures for interacting with the provider, escalation processes etc., should all be in place and understood by both sides, including firm SLAs (service level agreements) to indicate what the service provider's and the enterprise's responsibilities are."

He continues: "Finally, as in any business agreement it is important for both sides to see a positive benefit from the arrangement. Trying to squeeze as much cost as possible out of the service may be counterproductive by compelling the service provider to reduce cost in areas of the service that could impact their ability to deliver reliability and performance. Remember that the fundamental of a managed service business is that the provider can leverage scale across multiple customers.

This is reflected in the technology and the processes they deploy."

"Certain things need to be done prior to the signing of agreements to ensure organisations get the maximum from service providers. Visiting the actual datacentre, network operation centre and security operation centre is important, and so is understanding the providers' third-party certifications. Companies should ensure that there is a mutual SLA such that both parties have an understanding of expectations. Firms should talk to some of the provider's existing customers, review provider processes, analyse availability of resources for troubleshooting and determine the impact on monthly charges should the customer decide to add more services," says Bhardwaj.

Others though emphasise the need for building long-term relationships that are not always

based on strict contractual agreements.

Harrison says: "SLAs are a double-edged sword – metrics give you a tangible measure of provider performance, but the things you can measure, such as downtime or response time, do not always correspond to business value. The procedures should at the very minimum be based on a service management framework such as ITIL to ensure that industry-standard terminology and processes are used."

Success delivered
Enterprises that outsource their datacentres should also be ready to dedicate resources to manage the partner to ensure smooth knowledge transfer and service deliverance. Service provision should also be well-documented in order to avoid any confusion and to serve as a knowledge base.

However, the most important thing to remember might be that datacentre outsourcing is not for every enterprise. For example, if a firm wants independence in choosing its own hardware and software, or if the infrastructure design needs to be highly

customised for the business, then it might make more sense to keep the datacentre inhouse.

"Outsourcing decisions will be made based on the economics of the proposition, the company strategy and the sensitivity of the process and/or data. The more sensitive the process to the enterprise's business, and/or the more sensitive the data from a customer data protection or intellectual property perspective, the more attractive the in-house approach may appear," says Shaar.

Harrison adds: "Once an organisation gets above a certain size, mainly when you have at least two or three people doing the same operational role, you have the flexibility to cope with different skill levels, holiday cover and the inevitable turnover of staff. If you are below this size, you are exposed to a higher risk. If any of your key staff are unavailable, then you cannot manage your environment efficiently. Service providers benefit from economies of scale so by providing services to multiple customers, they have multiple staff members to provide those key operational services."

Having considered the pros and cons of third-party service provision, and having put in place the right processes, enterprises that take the step to outsource their datacentres can taste success - provided both they and the provider understand that there is no easy way to it and are ready to invest the required effort.