



*Tad Davies, Bick Group*

## **COLOCATION**

# **What Should You Consider When Moving to Colocation or Managed Services?**

*Finding and purchasing colo space is not as simple as it seems. How do you go about defining your needs, finding the right provider, negotiating the deal, and migrating to the space?*

Colleen Miller | Feb 19, 2015

When your data center is reaching the end of its life, its power or cooling are strained, and it's a struggle to keep pace with ever growing capacity demands, one starts to consider colocation or managed services solutions. Just buying some colo space is not as simple as it seems. How do you go about defining your needs, finding the right provider, negotiating the deal, and migrating to the space?

Tad Davies, Senior Vice President, Bick Group , will speak to these elements involved in the whole process of moving to an outsourced provider, in the session titled, "Considerations on Colo (Managed Services)" at the spring **Data Center World Global Conference** in Las Vegas this April. To help attendees, Data Center Knowledge is doing a series of posts on the topics covered at Data Center World to bring more attention to the issues covered by session leaders, such as cost, capacity and cloud, among others.

Bick Group, which has been in business for more than 50 years, provides consulting services to clients as well as providing facilities services. Davies oversees the client consulting side of the business.

## **Why Go Colo?**

"Capacity is one of the drivers," Davies said, about an enterprise's move to a service provider. "Usually the main driver of colocation or managed services is the company's asset is not functioning well. It's at the end of life, such as power or cooling are insufficient, or it could be capacity."

This situation where one's data center is no longer meeting the business need is a signal that colocation services might be in order. However, from Davies' perspective, it's not a one-size-fits-all approach. There are many factors to sift through and consider.

"From my point of view, everything is situational. You have to do fact-based decision making," he said. A firm's data center strategy must address the particular needs of the business.

## **Needs Assessment**

When looking at the service provider market, it's important to first do your homework. "Hammering down what your needs are" is a vital step, according to Davies.

He recommended that a client should think through questions such as, "Are you looking for colo?"; "Are you looking for managed services, and if so, what kind?"; "What are the business needs?"; "Is the company in a growth or expansion mode?" and "Are there business growth issues on deck, such as potential acquisitions in the pipeline?"

## **Different Financial Angle**

From the financial angle, the colocation and managed services approach is different from the "build your own" data center process. If you build a data center asset, the investment is over a longer time frame, such as 15 years or more, and the funding comes from the CapEx side of the balance sheet. "You look at your first need, five or six years ahead, and you get that funded because you don't want to go back to the board for more funding," said Davies. While for some

organizations avoiding CapEx is desirable, for others there is not that incentive.

The financial requirements depend on the individual enterprise, of course. But it's good to recognize that the purchase of colocation space works differently, he said, in that the provider can deploy more capacity "relatively instantaneously." This ability to buy space "as you go" can be very helpful. However, he noted, that while it is easy to "scale up," it is not as easy to "scale down." This is why an accurate needs assessment is critical.

### **A Provider's Business Model Matters**

Also, a key consideration in picking a provider is "understanding what their business model is," said Davies. "You need to understand what is important to the provider in addition to what is important to you. If you know the service provider's business model, you will know what levers you can pull," he said.

### **The Technical Match**

After you've defined your needs and assessed your approach on the financials, you look for providers that will meet your level of infrastructure and resiliency. "Most colocation and managed service providers have pretty good infrastructure today," said Davis. "It's a bit of an arms race in the service provider world." But, he cautions, your organization might not need the top of the line across all uses. The range of infrastructure choices available go from the most highly resilient, or fault tolerant, data centers to those that are simply "concurrently maintainable."

Another item to consider is understanding the IT organization's applications and their dependencies. While most companies know what their inventory of assets and infrastructure and even applications, their weaker area is knowledge of application dependencies. It may take effort to determine what these are, a lot of planning in the migration phase, and this may prove to be one of the most challenging aspects of moving to colocation services.

## Migration

One of the advantages of moving from an enterprise data center with a limited geographic footprint is that a colocation services provider often has the ability to access multiple, geographically diverse data centers. This can improve one's back up and disaster recovery approaches by having primary and secondary sites operating.

However, Davies pointed out, the degree of difficulty of migrating may reduce the number of options one has in colocation provider selection. Geographies can impact how one picks a provider, and how one ultimately, migrates to that provider. Migration can be highly complex, he said.

## Learn More

**To find out more about how to go about selecting the right colocation and/or managed services and moving to those sites, attend the session by Davies at spring *Data Center World Global Conference* in Las Vegas. Learn more and register at the *Data Center World* website .**

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