Managed Hosting Buyer's Guide

Making "cents" of the managed hosting equation

Determining where and how to host your IT systems is largely a strategic business decision, even more so than an IT decision. It's one that can have a large impact on your business, in regard to system performance, security, and cost. In order for you to build a comprehensive cloud and IT outsourcing strategy, it is essential that you have a clear understanding of the true costs to weigh your options.

This document will provide insights into potential cost savings broken down by capital investment, monthly costs, facility expenses, maintenance costs, and resource overhead. At the conclusion, you will have a better gauge of what your company can really save, and what parameters you need to set for your business and your future IT partner.

What Are the Average Data Center Costs?

You may have heard that a move to the cloud can deliver a compelling ROI. With the cloud, you are promised greater IT operational performance with reduced stress on your internal resources. But how do you know that's all true without the calculated hard numbers? How do you determine what the best business decision is to internally host vs. outsource your data center operations? And how do you know what IT partner can bring the most to your operations with the least number of headaches?

Reasoning Before Resolution

No doubt your company has debated whether to outsource your on-premise data center to a reliable hosting and cloud partner. But if you're a small to medium-sized business, you have a variety of questions to consider:

• How do you get started?

• What should you expect from a third-party IT hosting partner?

• What engagement is expected from your own internal resources, and how many hours are truly returned to your IT staff?

Most of all, you're probably wondering if economies of scale really contribute to your total cost savings. While you're not alone in questioning what the costs are, many other companies are becoming more reliant on partner-hosted solutions as a way to drive down costs.

The cloud is certainly not a "set it and forget it" environment, especially when dealing with critical applications like SAP. According to a report by McKinsey, "companies that have moved operations to the cloud still aren't achieving the desired operational agility. A renewed focus on people, processes, and policies can unlock the cloud's full potential."*

The Decision Point

Just because other companies are making the switch, that doesn't mean your company should, too. There's no sense in keeping up with the Joneses only to fall behind in your budget. However, the outlay for upkeep and dwindling morale can end up costing your business much more – even with the upfront investment in a hosting and cloud partner. As the cloud world expands to the masses, the economies of scale truly make outsourcing your data center a more favorable, cost-effective option.

When choosing a cloud provider, several factors become critical to a successful deployment with ongoing support and updates. After all, when you move off-premise, your critical IT systems require a true partner that you trust.

The Costs of Hosting Internally: Breaking Down the Dollars

Every business must invest in its operations. However, when you host internally, your business is investing in pricey hardware and equipment that will depreciate or become obsolete before your budget has recovered. Even if you have already begun implementing a lofty data center or are in the process of updating, there are several incurred costs still left to consider beyond the upfront investment:

- Monthly Expenses

- Ongoing Facility Costs (electricity, expert heating and cooling)

- 3rd party maintenance contractors to maintain space

- Resources (Training and FTE per Growth)

- Maintenance, Backup / DR and Updating Equipment

- Network Costs (complex networking to maintain and grow)

- Licensing

Up to 36% Cost Savings

After calculating the average costs per an on-premise data center vs. a partner hosted/cloud solution, the total cost savings over three years is 27%, with an impressive 36% cost savings when compared to a cloud solution.

These statistics are based off of findings from the average small to medium-sized client, industry standards, and the Managed Services division of NTT Ltd., Americas' data center investments.
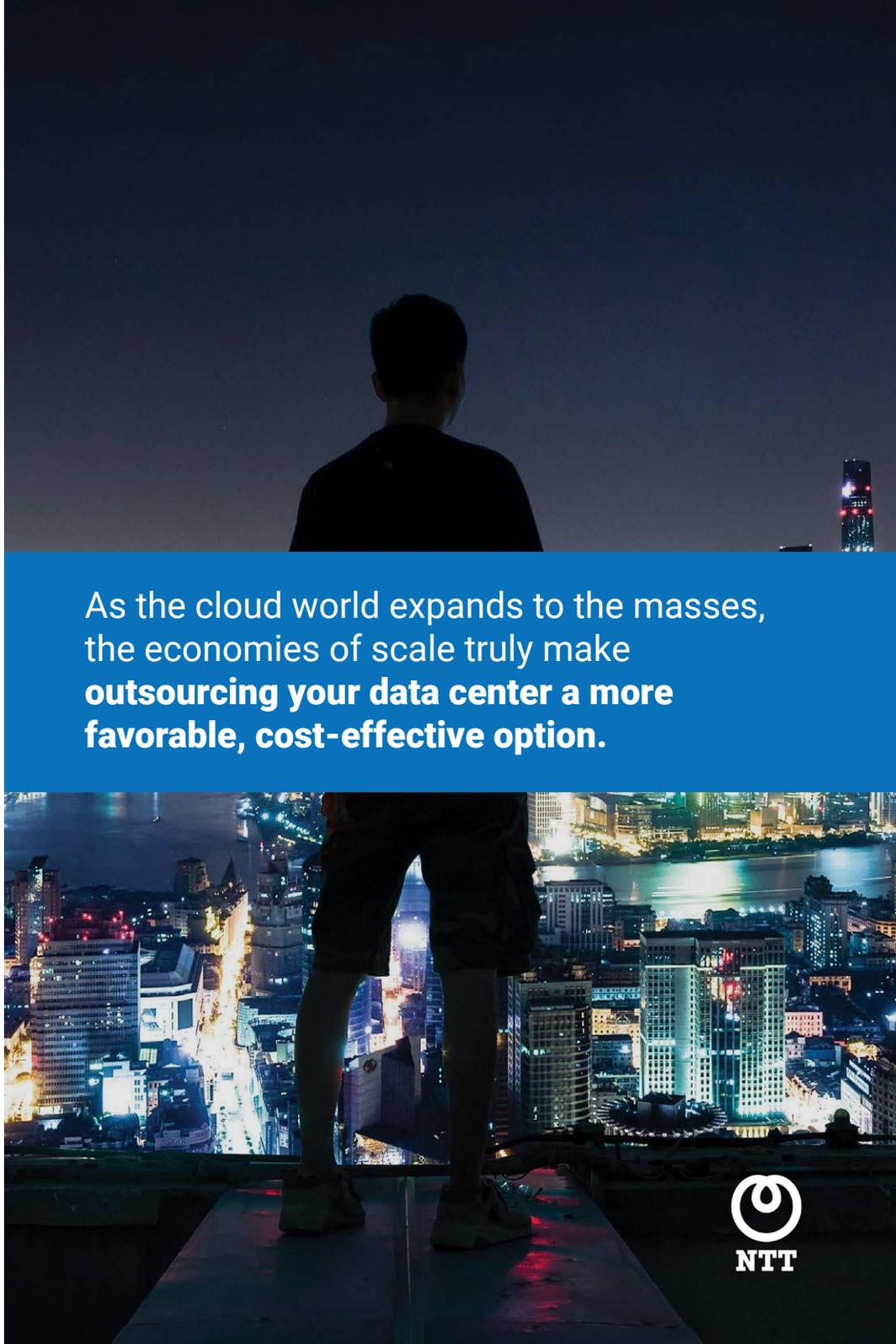
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Calculate Your Hosting Costs:

To weigh your options and estimate your own possible cost savings via a cloud or hosting model, be sure to consider the following must haves:

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Capital Investments

- Servers
- Disk
- Backup Library
- Backup Tapes
- Rack
- Network Gear
- Raised Floor & Communication Buckets (1500 sq. ft)
- Electrical Whip with Parts and Labor
- Software Costs
- Operating Costs

Setup Costs

- Equipment Setup and Deployment

Monthly Labor

- Facility Manager
- Equipment Manager
- Systems Manager

Monthly Costs / Facilities / Services
(included with hosting and cloud solutions)

- Facilities (computer room)
  - Computer Room Cleaning
  - Floor space (1500 sq. ft)
- Power Electric
  - Panel Maintenance
  - Monthly Consumptions (5kW per month)
  - Annual Inspection (breaker/bus bar tightening)
- Power UPS
  - Battery Maintenance & Testing
  - System Maintenance
  - Battery Replacement (3-5 years)
  - UPS Specific Cooling
- Power Generator
  - Semi-Annual Maintenance with Load Test & Generator Battery
  - Monthly Transfer Switch & Generator Test
  - Fuel
- Cooling
  - CRAC Maintenance

Network Cost

- MPLS Provisioning (10mbps allocation)

Questions to Ask Your Prospective Cloud Hosting Partner:

1 Does your firm support ongoing certified training and internal knowledge sharing?

2 Do you offer flexible pricing and customized hosting plans?

3 Do you have client references I can speak to about their experience?

4 What backup/disaster recovery plans do you offer?

5 When are your contact hours?

**6** Will I be able to speak with a real expert or will it be a middle man?

7 Are you certified in the most common enterprise applications?

8 What are your core competencies?

9 How long have you been providing hosting and cloud services?
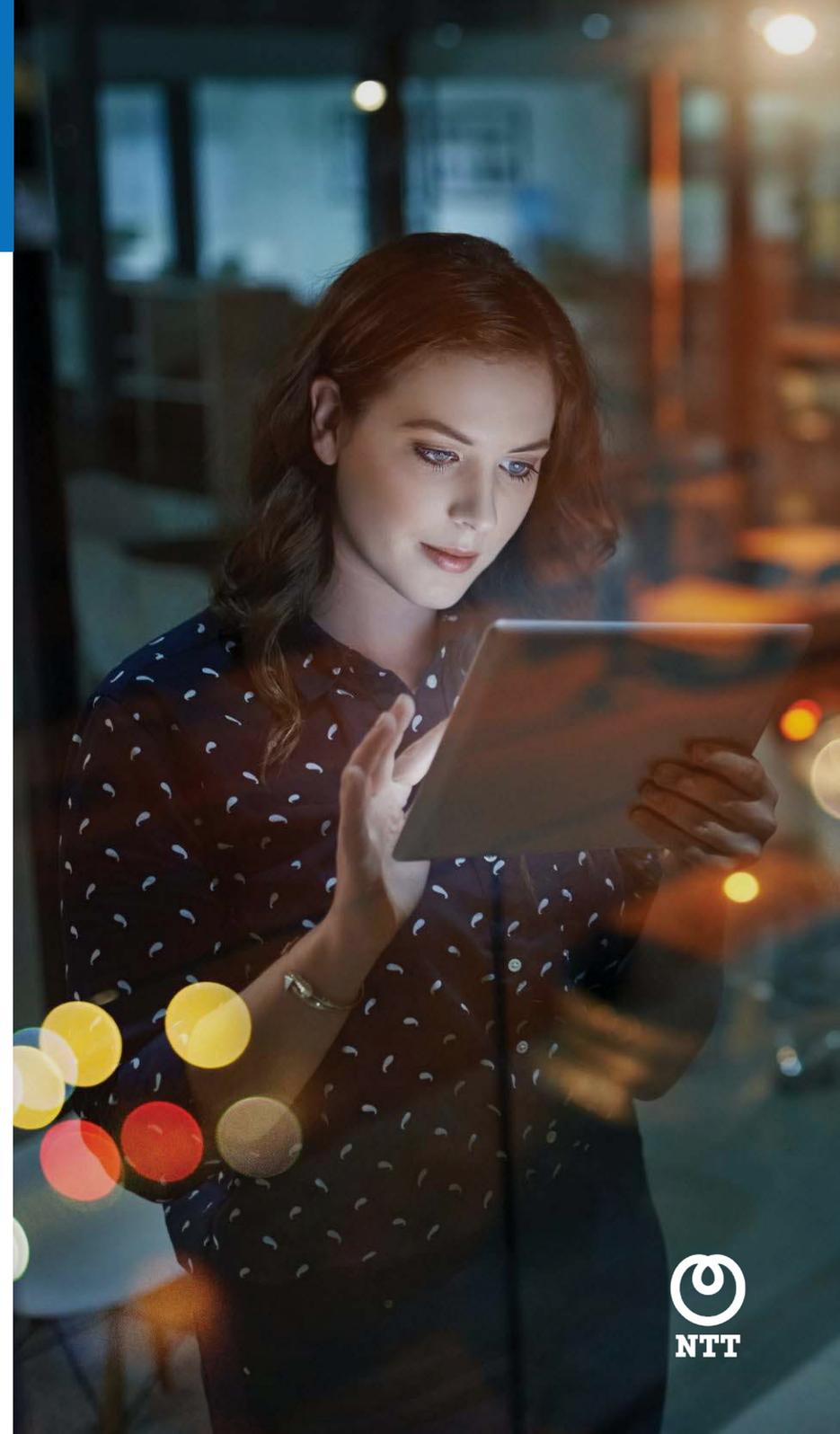
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Don't feel rushed into choosing a hosting partner. Even if you decide that now is the time, **making any decisions too quickly could result in a deficient outsourcing relationship.**

The Benefits of Hosted & Cloud Solutions

Services Count as Much as Technology

Hosted and cloud solutions are meant to be easy. They offer more capabilities for your business – faster, more powerful computing, seamless functionality, enhanced security, and easy scalability. So why task your IT resources with troubleshooting and maintenance responsibilities instead of strategic growth initiatives?

Most IT environments are complex. Every element of the cloud needs to be architected specifically for the applications and done so by a certified expert team. A reliable IT partner can lend instrumental guidance and complete technical support, from the initial migration to ongoing system management.

Don't feel rushed into choosing a hosting partner. Even if you decide that now is the time, making any decisions too quickly could result in a deficient outsourcing relationship. Before you make the leap, outline the explicit goals your operations would like to achieve, whether it's the dollar amount saved, reallocating your internal resources, or achieving a more secure, seamless environment. Shop around. There are many solution options, pricing plans, and partners to choose from.

Profit from More Productivity

Your IT resources were intended to add value to your operations – to save business dollars and streamline processes through strategic, technical innovation. And while that is the intention, most IT departments spend the majority of activity maintaining their current system instead of critical process-enhancing projects.

The NTT Difference

Flexibility isn't a notion for the Managed Services division of NTT Ltd., Americas, it's a definitive practice of delivery. After all, no two operations models are created equal. All customers receive 24x7 coverage from our certified IT experts, with a premier data center network spanning the globe. You choose the hosting option that best meets your business operations, compliance requirements, and budget.

Any cloud vendor can eliminate the financial burden of owning, maintaining and updating hardware and equipment. But as a trusted IT partner, we take it one step further by ensuring we are always delivering the best technology, quality, and value to our customers. Through research, client-led development, and industry best practices, we continually build upon our multiple state-of-the-art data center facilities. Above all, we believe in giving our customers the flexibility and autonomy they desire with the dedicated support they need.

All of our certified experts follow a client-centric approach. No landscape or set-up requirement is outside our realm of capabilities. Our wide-ranging IT talent is versed across the entire infrastructure architecture. Each specialist stays abreast of the latest industry

innovations, through internal cross-training, and partner certification programs.We recognize and truly understand your unique operational challenges, in order to tailor a solution that will bring the best value to your business.

The Managed Services division of NTT Ltd., Americas has security, quality, and affordability built into our hosting solutions and data center services. We have combined a certified expertise in hosting architecture with an all-inclusive integrated data center approach through hosting and managing enterprise applications with certified solutions that ensure secure, stable, fully redundant, and optimally-performing environments. Our hybrid data center solutions are road-mapped, built, and supported by industry-leading network, infrastructure, security, and application engineer teams.

Our customers can take advantage of the improved security and performance available through a dedicated hardware infrastructure. Rather than locking you into a hardware or cloud choice, we provide cloud services that give you the freedom to choose the platform and cloud solution that delivers the best performance and lowest total cost of ownership, while being scalable to grow with your business.

Above all, our hosting solutions promise more reliable protection and stability through the multiple layers of security, redundancy, and 24x7 monitoring on-site at the data center and throughout our application management.

Not sure what solution is right for your business? Leverage our years of experience and deep technical insight to arrive at your decision. By following the best practice of delivering honest and strategic guidance, our expert team works side by side with you to assess your business requirements – ensuring the tailored cloud solution is meeting all your business goals. We then devise a comprehensive cloud infrastructure plan and ongoing cloud strategy that includes hosting of all of your mission-critical and third-party applications. As a true extension of your team, we take the confusion out of the cloud equation. We handle all of the complexities of the cloud, networking, security, redundancy, daily management, system optimization, and performance.

The Managed Services division of NTT Ltd., Americas is a leader in IT managed services by integrating end-to-end hosting solutions with the agility and security of our world-class data center network. The difference we provide is a single-source support team backed by enterprise-grade data centers. The result: a seamless and comprehensive delivery model that gives you peace of mind.