



Print Article



Close Window

From: [www.cio.com](http://www.cio.com)

## Outsourcing Your Datacenter

– Gunjan Trivedi, CIO India

March 18, 2009

How much is too much? It's hard to say -- especially with datacenters. It's a subject that has troubled CIOs who have over-provisioned in the face of soaring business demands and need to cut costs at the same time.

More and more frequently, the balancing act brings CIOs to one question: should they build and maintain their own datacenters or let others run it to help manage costs and enable growth?

The current slowdown is pushing more CIOs towards an outsourcing strategy. Only half in jest, one CIO says that in a time of crisis, even God outsourced the building of the Ark to Noah. By turning to managed hosting services, CIOs hope to curb capital and operational costs and help make their organizations more agile to changing market scenarios.

It's a trend that Forrester's principal analyst Bill Martorelli is monitoring. "The popularity of managed hosting will likely increase because of current economic pressures," he says.

Galen Schreck, principal analyst, Forrester Research agrees. "If you needed more office space, would you build an office from ground up or would you look for a larger, more modern office building to lease? A new datacenter represents the same kind of choice, and increasingly it makes more sense to lease datacenter space."

### Run Datacenter Run

The CIO of Elbee Express, Shirish Gariba, agrees. The Indian logistics and express delivery company that covers most of the country and 200 worldwide locations hosted its apps, including its Web-based track and trace system called eTabs, its mailing ecosystem, and its consignment database at a third-party datacenter.

"I am the only IT person in my organization," says Gariba. "I'm not a server-hugger. Managing your own datacenter means creating big pools of job roles at the expense of organizational agility -- and a continuous stream of cost to maintain both human and technological resources," says Gariba.

According to Martorelli, hiring a provider also makes sense from a power perspective. "Customers under capital spending constraints will find upgrading their own datacenters for higher power needs hard to justify. With its limited requirement for upfront capital investment, managed hosting can help relieve these concerns," he says.

Elbee Express's primary need was round-the-clock availability of its apps and consignment database with adequate power backup and resource management. Gariba was finding it increasingly hard to keep changing his datacenter's dynamics to meet his organization's growing needs.

After Gariba chose an on-demand model while outsourcing his IT infrastructure, sudden surges in

**MODERN TECH TALK**  
with Jim Malone

How can you get 90% lower operating cost with the Intel Xeon processor 5500 series?

Intel Xeon  
IDG

**ROLLOVER TO FIND OUT MORE**

demand for consignment shipping could be easily managed by renting servers at a fixed rate for brief periods of two to four months. "This enabled us to evaluate whether a surge was one-time or part of a larger trend, giving us time to buy additional in-house servers," points out Gariba.

Today, Gariba runs a client-server infrastructure where local servers capture data and replicate it to the hosted datacenter. In next couple of months, he plans to browser-enable core applications and get rid of local servers. "We want to concentrate more on business and business apps and not worry about managing infrastructure," he says.

#### Value Adds

The CTO of India Infoline, Titus Gunaseelan knows exactly what Gariba is talking about. "Since inception, we've chosen the infrastructure outsourcing way because our business wanted a 'no-worry' scenario. We first hosted our front-end servers running our online trading application and later moved our middleware and backend infrastructure as well when we realized that we are unable to cope with the business' growing demands."

At India Infoline, an online trading and brokerage firm, Gunaseelan managed a mission-critical, multi-rack server environment that ran online trading apps, which required 24x7 high availability, unbreakable security and superlative performance.

Post its IPO in 2005, India Infoline faced the challenge of implementing and managing multi-platform networks, a distributed computing environment and a help desk supporting trader terminals across the country -- all while maintaining focus on the core business of providing financial services.

To mitigate the challenge, Gunaseelan turned to end-to-end IT infrastructure outsourcing with a focus on scalability and manageability, where the service provider provides turnkey management of all infrastructure facets including applications, databases, servers and networks.

Today, his provider selects, implements, and manages all of Indiainfoline.com's technology resources, trading applications and processes, nationwide network, mission-critical servers, bandwidth and connectivity and performs vendor evaluation, selection, and management, and help desk services.

Those were the benefits that Anand Rathi Financial Services (ARFS) was looking for. The organization, which offers online broking, trading, distribution, institutional broking and debt raising syndication, knew the criticality of the high availability of its online portal.

Though the front-end servers including its mailing solutions were already hosted, ARFS was outgrowing its datacenter. "As the business demands grew, we found it harder to scale. Since I couldn't have built a datacenter to meet the rate at which business was growing, we opted for a pay-per-use model. The premise was simple: scalability," says Bhavesh Shah, CTO, ARFS.

Shah believes that CIOs should look at building a datacenter themselves only if it gives their organizations an edge over their competitors. He says that if he had developed a proprietary application then he would have hosted it in-house. "But if there is something available outside and can be tweaked to meet your requirements, you should look at an outsourced model. It gives scalability on demand," he says.

Outsourcing his infrastructure gave Shah access to two more benefits: governance and superior skill sets. Because service providers need to adhere to SLAs, their processes and governance tend to be very strong. For example, Shah says introducing changes -- switching a router for example -- will not be accommodated by the service provider until proper process and authorization takes place -- not even if Shah demands it.

More often than not, an in-house IT team will dispense with these formalities and proper documentation to save time. This lack of governance at lower levels could have larger consequences later on.

"And as a non-IT organization, I can't always get the best resources. Vendors, who provide solutions to multiple clients, can afford experts. I can get these experts at a good price by letting a service provider manage my datacenter," says Shah.

These benefits, say Martorelli, are beginning to foster new interest in the infrastructure model. "The growing scope and versatility of services will appeal to more buyers. Service providers are boosting the appeal of managed services with offerings based on customer-dedicated infrastructure. And customer interest is picking up," he says.

Untangle now.

REPLAY

Unify your business communications with a better IP Phone System. [Click to untangle](#)

