

The Perfect 10:

The Top 10 Things to Look For in an Infrastructure Provider

IT organizations are under increasing pressure to do more with less. Budgets are tight and many groups are understaffed, making efficient end-user support tougher all the time.

This represents a great opportunity for VARs and systems integrators. Specifically, many clients need or will need help with their infrastructure. Naturally, end-users organizations can do everything themselves including buying, building, and managing their own servers and network infrastructure. But with a suitable VAR or systems integrator partner willing to take over this aspect of their operations entirely, there is less need to do so.

The advantage to offloading the servers and network to a VAR or integrator is that it frees up time so the organization's staff can work on tasks that deliver more value to the business.

In turn, VARs and systems integrators must partner with infrastructure experts: solution providers whose sole focus is upon maintaining and delivering the services and support that will enable the VAR to offer higher-value services.

State of the Market: Factors Driving Corporate IT Choices

The opportunity for VARs and systems integrators seems to be riper by the day. IT departments in most organizations find themselves dealing with a number of factors that are stressing their budgets and staffs, leading them to look for help in core operational areas.

For example, IT departments are under increasingly tight budget constraints. A 2007 Ziff Davis Enterprise survey of 500 senior IT managers from 14 countries found that budget increases have been modest over the last two years – barely outpacing inflation. Many respondents said they are spending larger portions of their

Ten Things to Look for in a Provider Partner

1. Uptime
2. Redundancy and Business Continuity Capabilities
3. Data Restoration Capabilities
4. Response Time and Site Performance
5. Scalability to Meet Business Growth
6. Customer Support
7. Security
8. Cost Reduction and Benefit of One-Stop Billing
9. Optimized IT Resources
10. Financial Improvements

limited budgets keeping things up and running, as opposed to adding more value to the business, and 52 percent said they are understaffed.

With data theft on the rise and the initiation of additional data protection and retention laws, organizations face an increased burden to comply with regulations and to ensure thorough data security. As such, spending on governance, risk management, and compliance rose last year for the first time in several years, according to a 2008 Baseline article.

Security management is also more complicated today. Hackers are constantly employing new tactics to compromise systems.

The combination of these (among other) factors is giving many organizations new reasons to outsource their servers and network to a third party. This represents a great opportunity for VARs and systems integrators. (See sidebar: VAR Business Models Undergo Change.) Many already have close relationships with these IT organizations, providing on-site hardware, applications, and support for years.

These relationships should be leveraged to shift customers from a model where the VAR puts servers in place in a customer's office or data center, to a new model where dedicated servers from a solutions provider are used to run an organization's business.

The Perfect Ten.

In today's competitive environment, it becomes paramount that VARs and systems integrators find an outsourced infrastructure provider that can deliver the solutions to support their efforts as business models shift to meet the demand of IT department clients.

IT organizations want their staff to focus on unique, custom IT functions that provide the highest value to their companies while relying on service providers for what they perceive to be routine support functions, according to 2008 Channel Insider research. As such, 63 percent of the senior IT executives surveyed by Channel Insider said they will be looking for new solution providers within the next two years. And 39 percent of those surveyed said they expect to specifically increase their spending on managed services this year.

So how does a VAR parley this market dynamic into more sales? The critical step is to review your ongoing relationships with infrastructure partners and evaluate them to see if they meet certain criteria.

1. Uptime: Greater Reliance on the 'Net, Makes "On" The Only Option.

Many organizations are relying on their VARs to provide service-based offerings for critical business functions like e-mail, security, and database applications. Today, many of these applications are provided as hosted services.

At the same time, there is great interest in Software-as-a-Service (SaaS). A 2007 CIO Insight article noted 61 percent of CIOs surveyed by the management consulting firm McKinsey were considering SaaS adoption in 2007. That was up from 38 percent in 2006. SaaS applications are a natural for VARs. The software can run on hosted servers and the entire application can easily be managed centrally.

VAR Business Models Undergo Change

The competitive environment for VARs is drastically changing. In fact, VARs must change their business model to address what is known as the three Cs: Commoditization, Complexity, and Compliance.

Commoditization: The commoditization of IT hardware has resulted in significantly lower prices for customers and smaller margins for VARs. And many VARs are losing business to manufacturers who are selling directly to enterprises.

Complexity: Many VARs have essentially cobbled together their IT infrastructure buying pieces from different partners. This alone makes operations more complex. And now, as organizations adopt and incorporate new technologies (VoIP, virtualization, RFID, etc.), IT becomes ever more complex.

Compliance: Industry and government regulations on data retention, data protection, and information access seem to be growing at a rate that outpaces Moore's Law. As such, VARs must spend growing amounts of time and money to ensure their operations meet their clients' regulatory requirements.

Due to these trends, VARs are trying to reform their business model. They are shifting from hardware resellers to post-sales or customer support specialists. To do this, they are partnering with solution providers who can simplify their IT infrastructure and who can help ensure compliance with regulatory requirements.

Critical to both forms of software delivery (straight hosted and SaaS), is 24x7 availability to these core business applications. It's not just employees wanting to check their e-mail at night from home. The globalization of businesses means that there really is no downtime. In fact, reliability and quality were considered a key measurement used to determine the value-add a provider delivered, according to a 2008 ZDE Channel Summit survey.

To support this new climate, VARs need a service provider who can ensure high avail-

ability and high uptime of their servers, links, infrastructure, and others resources.

2. Redundancy and Business Continuity Capabilities: Because Critical Applications “Live” Online, a VAR Needs Enterprise-Class Continuity.

A VAR or integrator who is managing critical business applications needs an infrastructure that ensures continued access in spite of outages. With today’s global workforce and Web-based world, users need access to all applications 24 x 7.

An outage of a CRM application that supports a client’s call center where customers place orders would result in an immediate loss of business. And in many cases, customers would simply go to a competitor perhaps resulting in the loss of that business... permanently.

Because client companies depend on these applications to stay in business, a VAR needs a provider with enterprise-class business continuity capabilities. This would include hot spare servers to roll applications over in case of system crash and redundant data lines to recover from a line break and to be able to route around other problems. Additionally, data centers must be designed to ride out local natural disasters including floods, earth quakes, and tornados.

If a disaster does occur, the solutions provider needs contingency plans to get back up and running quickly.

3. Data Restoration in the Case of a System Failure: eDiscovery Laws Mean Your Customers Need a Serious Backup Plan.

For most businesses, data is their prime jewel. Loss of customer data could mean loss of business. Additionally, some types of data have always been subject to data retention regulations. For instance, firms must keep copies of business receipts for several years in the event of an audit.

But now, the amount of data that is subject to retention laws is exploding. Changes to the Federal Rules of Civil Procedure about two years ago have produced what are commonly referred to as new eDiscovery laws, which mandate that companies involved in litigation produce e-mail,

documents, instant messages, and other electronic information. A company in litigation that cannot produce subpoenaed information would risk losing the case or could face fines imposed by the court. Loss of this type of information such as email messages can produce embarrassing front-page news stories.

As such, VARs and integrators offering applications as managed services must have the IT infrastructure in place to restore data in the case of a system failure. Again, this is an area where the VAR or integrator can look for specific help from their provider.

What Customers Need

- 1. Availability** – Systems are up and running when expected
 - Uptime – Systems are up according to service levels
 - Redundancy – Steps are taken to ensure critical pieces are redundant
 - Restoration – When failures happen, we recover quickly
- 2. Performance** – Systems respond as they should and don’t impede business
 - Response Time – Systems respond quickly, do not impact customer experience
 - Scalability – Systems can grow without compromising performance
- 3. Agility**
 - Support – Business partners can support customer needs and growth
- 4. Security**
 - Security – Information is protected
- 5. Efficiency**
 - Cost Reductions – Reduce TCO
 - Optimized IT Resources – Redeploy resources to maximize effectiveness
 - Financial Improvements – Leverage IT systems for financial gain

4. Response Time and Site Performance: You Can't Ignore The Facts of Geography and Physics.

Naturally, as organizations rely on VARs to provide managed services for core business functions, the solutions provider's site performance and response time (of applications) is critical.

Most providers can design their hosting centers to include high performance servers and high-speed access so that the site's performance meets customer needs. However, many providers are limited in what they can offer in terms of application response time due to simple geography and physics. A provider with operations in only one country can certainly serve the world, but it takes time for all those protocol handshakes and acknowledgements (typical in any IP application) to make the round trips between a user's site and the provider's center.

5. Scalability to Meet Business Growth: "Cheap" Providers Can't Afford to Quickly Add Capacity.

Who knows what the next hot new thing will be. But if one of your customers has the next "it" product, it will likely have to ramp up its operations quickly to seize the opportunity. That means more server and storage capac-

ities, the competitive advantage comes from being the first to launch a new product or service. For instance, many financial institutions now launch products each month such as new online banking services, insurance packages, and new types of loans.

Applications and services required to support these new offerings must be turned on quickly to keep pace with product development cycles. That means a VAR or integrator who provides the underlying applications as a managed service must have a way to quickly provision servers, storage capacity, bandwidth, and other infrastructure elements.

6. Customer Support: Voice Mail Just Doesn't Cut It, VARs Need Choices.

Whether it has to do with a service disruption, a performance drop, or simply a question about a service, enterprise customers are very adamant: They want answers immediately.

That's an area where a provider's customer service comes into play. Two-thirds of the respondents to a 2008 ZDE Channel Summit survey rated "response time to requests" as the most important measure they used to determine the value-add delivered by a provider.

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ity for the business applications that process orders, collect payments, and track customer purchases. In today's market, it also means increasing the bandwidth to the corporate Web site and super-sizing the servers that are hosting its Web applications.

To have the flexibility to meet such client needs, VARs and integrators must partner with a financially strong provider who has the resources to quickly add capacity and allocate additional bandwidth. Related to scalability is startup speed. In many

Different enterprise clients have varying preferences in how they want to interact. And many are willing to pay for premium levels of support. So look for a provider who offers choices. For instance, one client might want a dedicated person to reach by phone when problems occur, while another might simply want someone to reply to an email or instant message in real time.

7. Security: Does Your Current Provider Only Offer Cosmetic Security?

Enterprise customers want security of all types to ensure their data is safe and to protect

themselves from the penalties of violating data handling and privacy regulations such as Sarbanes-Oxley or the Gramm-Leach-Bliley Act.

In fact, in a January 2008 CIO Insight interview with author Nicholas Carr he noted that the biggest constraints to the move to managed services and IT as a utility “are probably related to data security, including regulatory constraints on what companies can do with their data.” (In 2004, Carr’s book “Does IT Matter? Information Technology and the Corrosion of Competitive Advantage,” had the IT industry sizzling with hot discussions.)

A VAR or integrator can take certain steps to help ensure compliance and data safety, but they will need a solutions provider dedicated to the effort, too. In particular, the solutions provider will

8. Cost Reduction and Benefit of One-Stop Billing: One Bill and One Neck to Choke.

VARs and integrators, like most of the enterprise customers they serve, have typically taken an a la carte approach to developing their IT infrastructure. They may get hosted services from one provider, access services from another, specific application hosting services (with high availability) from yet another provider, etc. This can complicate matters and add to the total costs of doing business. Managing billing is simpler when fewer providers are (or ideally one is) involved. And buying bundles of services from a single provider is often less expensive than paying for each service separately.

These matters have always been important, but they are more so today due to the economic cli-

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need to offer a number of features to ensure its systems and the applications and data that reside on them are safe.

First, the data centers and network operation center must be physically secure. Access should only be permitted by passkey or other technology to those authorized to be in the facility.

Second, if needed, the servers should be secured in their racks protected by locks to prevent tampering or the theft of a physical drive containing data. This is an area where dedicated servers from a provider can help alleviate problems. Third, robust systems security must be instituted. The solutions provider must employ firewalls and intrusion detection and prevention systems.

In a 2008 CIO Insight survey of 251 senior IT executives, 29 percent said that cutting costs was a top priority this year. That was roughly mid-pack behind other goals like delivering better service to customers and improving business processes. However, among companies who expected revenues to decline, cutting costs ranked higher in their list of priorities (44 percent of these organizations said it was their top priority).

9. Optimized IT Resources: The Importance of Dedicated Servers.

A VAR or integrator who offers a managed service based on its own servers would need to set up numerous data centers around the world to support their clients. In many cases, there would likely be overlap in regions as each cus-

tomers demanded its own dedicated servers. To make more efficient use of IT resources and reduce the work load of the IT staff, a VAR should partner with a provider who handles the raw management of dedicated servers. In this way, the VAR's IT staff can focus on delivering and supporting its own high-end services.

10. Financial Improvements: Moving from CapEx to OpEx.

For exactly the same reason end-users have outsourced operations to third parties, VARs and integrators can reap the same cost saving benefits of using a service provider for its infrastructure. In particular, rather than spending money on hardware (a Capex expense), the VAR or integrator can pay for a service (an operational expense).

Verio As Your Technology Partner

Verio offers the breadth of solutions required by VARs and integrators in today's business environment.

It offers a sophisticated Tier-1 global Internet Protocol (IP) network upon which VARs and integrators can offer their managed services. The network has been designed to provide its customers with world-class IP data transport to move Internet traffic around the world at the highest possible speeds. Additionally, the network is built to ensure optimum network reliability and maximum performance. This is accomplished by virtue of a network footprint

that is global in extent with many redundant paths between hubs.

A prime example of a product ideal for many VARs and integrators is the Verio dedicated servers offerings. Verio provides a wide range of strategic solutions featuring dedicated hosting, managed services, security, and internet access.

To simplify many aspects of a VAR's or integrator's operations, Verio also offers discrete or bundled packages that include Web hosting plans, virtual private servers, managed private servers, and support for common business solutions including Microsoft Exchange, SugarCRM, and others. This gives a VAR or integrator the necessary IT infrastructure without the management burden so it can focus on the relationship with its customer and on development of value-added managed services.

For more information about Verio services for VARs and integrators go to:

www.dedicatedserver.com

Or call 1-800-269-3300

To contact Verio Dedicated Sales go to:

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