# Six Reasons Colocation Makes Better Business Sense

Big Data is big, and it's getting bigger. As our ability to collect data continues to increase, our thirst for more grows right along with it. The Internet of Things (IoT) is going to turn this wave of Big Data into a tsunami-sized event.

Product manufacturers are embedding intelligence into more products than ever before, even ones you normally wouldn't think of as computer enabled.

Gartner predicts that by 2017, more than 20% of customer-facing analytic deployments will provide product tracking information leveraging the IoT.

Just as every cloud has a silver lining, it seems that every opportunity also presents its challenges. In this case, Big Data brings with it big overhead and opportunity costs as organizations try to manage all that data to keep it accurate, current and available. After all, what value is having lots of data if it is inaccurate, outdated or you can't access it because your systems are down?

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## Data Centers: Buy or Build?

The amount of data businesses manage is going to continue increasing, and good data can give a business a competitive advantage. At the same time, it's vital to keep data secure, so perhaps it's not surprising that so many businesses make the decision to build their own data centers as a way to reduce their exposure to risk. Data management is seen as just too important to entrust to somebody else.

But, is that the right course of action for your business? A company-owned data center can actually introduce the organization to new risks and exposures. Few midsized organizations have the resources to construct a fully redundant data center, employ a dedicated team to manage and maintain the facility or staff it 24x7 with security personnel to ensure authorized access only. For those without unlimited resources, colocation makes an attractive alternative.

On the next pages are six reasons why many midsized businesses are choosing colocation over building their own data center.

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**COLOCATION:**

A data management approach where space in the data center facility is leased from another organization such as a data center operator or Managed Services provider. The data center operator manages the facility, but the organization leasing the space typically owns and maintains the hardware.

## 1 Better Use of Capital.

Building a data center is no small undertaking. The building itself can cost millions, and then there's the price tag of maintaining it. Not only can a new data center take a bite out of budgets; it also makes it harder for the organization to take advantage of other opportunities.

Colocation moves the data center expenses into the OpEx category at much more manageable levels. Freeing up capital gives many midsized businesses the ability to respond quickly to opportunities and unforeseen challenges in their markets.

## 2 High Availability.

Ask any IT professional to name the last time their network went down, and you're likely to get an exact date and time. It's that painful and that important. However, IT executives understand that network availability comes at a cost. Most organizations aren't ready to foot the bill for completely redundant infrastructures or 24x7 support, so they need to look for other options.

For critical physical infrastructures, colocation is a big step in the right direction. A well-designed data center with highly available components allows maintenance to be performed without service interruption and insulates customers from unplanned downtime due to component failure.

Furthermore, with a properly trained data center staff, outage incidents caused by human error are greatly diminished.

Choosing the right location for your data center is vital. Although locating a facility in or near your corporate offices offers convenience and easy access, it may come with a whole host of challenges not readily apparent. Most commercial office buildings utilize sprinklers for fire suppression, which can pose a danger to IT equipment. These structures are designed with floor loading, column placement, firewalls, elevators and egresses to support humans, not 2,000-lb storage arrays. Most commercial office parks are allocated a limited amount of power and

water by the local utilities. This could hamper a new construction project or expansion. Certain geographical zones in the U.S. are more insulated from natural disasters and offer more days of "free-cooling" than other areas.

## 3 Increased Focus on Innovation.

Brocade's most recent Global CIO Study found that more than half of CIO respondents spent around 1,000 hours a year reacting to unexpected problems such as data loss, network downtime and application access. Managing an internal data center is often not the best use of IT headcount, and it takes the CIO away from contributing to the organization in more strategic ways.

For many organizations, colocation is just the first step toward a more manageable IT infrastructure. For example, Managed Services can take another category of time-zappers off your plate including tasks like network maintenance, patch management and data backup. Managed Security can help you keep up with the ever-shifting data security landscape.

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## 4 Lower Energy Costs.

Energy costs can fluctuate dramatically, but the general trend seems to be upward. In Annual Energy Outlook 2015, the U.S. Energy Information Administration (EIA) predicts that, on average, retail energy costs will rise by 18% from 2013 to 2040 due to the rising costs of electric power generation, transmission and distribution. However, they also note that this estimate does not include the effects of the Clean Power [Plan]. New clean energy regulations are likely to give that trend an added push, but colocation can help you push back.

For every 100 watts of IT load, a well-designed data center draws between 30 and 80 watts of additional power. However, a poorly designed data center will draw 100 to 200, or more, watts of additional power just to keep the data center cool. In lowering the ratio of IT load to total load, colocation reduces the overall cost of delivering IT services, reduces carbon emissions and reduces the stress on our power generation and distribution systems.

Experienced data center operators accomplish this by leveraging economies of scale, shared overhead, and the latest technologies such as chilled water-cooling systems. In fact, when the data center is located in cooler climates and the data center operator understands how to leverage the environment, power draw per 100 watts of load can dip as low as 10 additional watts during the wintertime months.

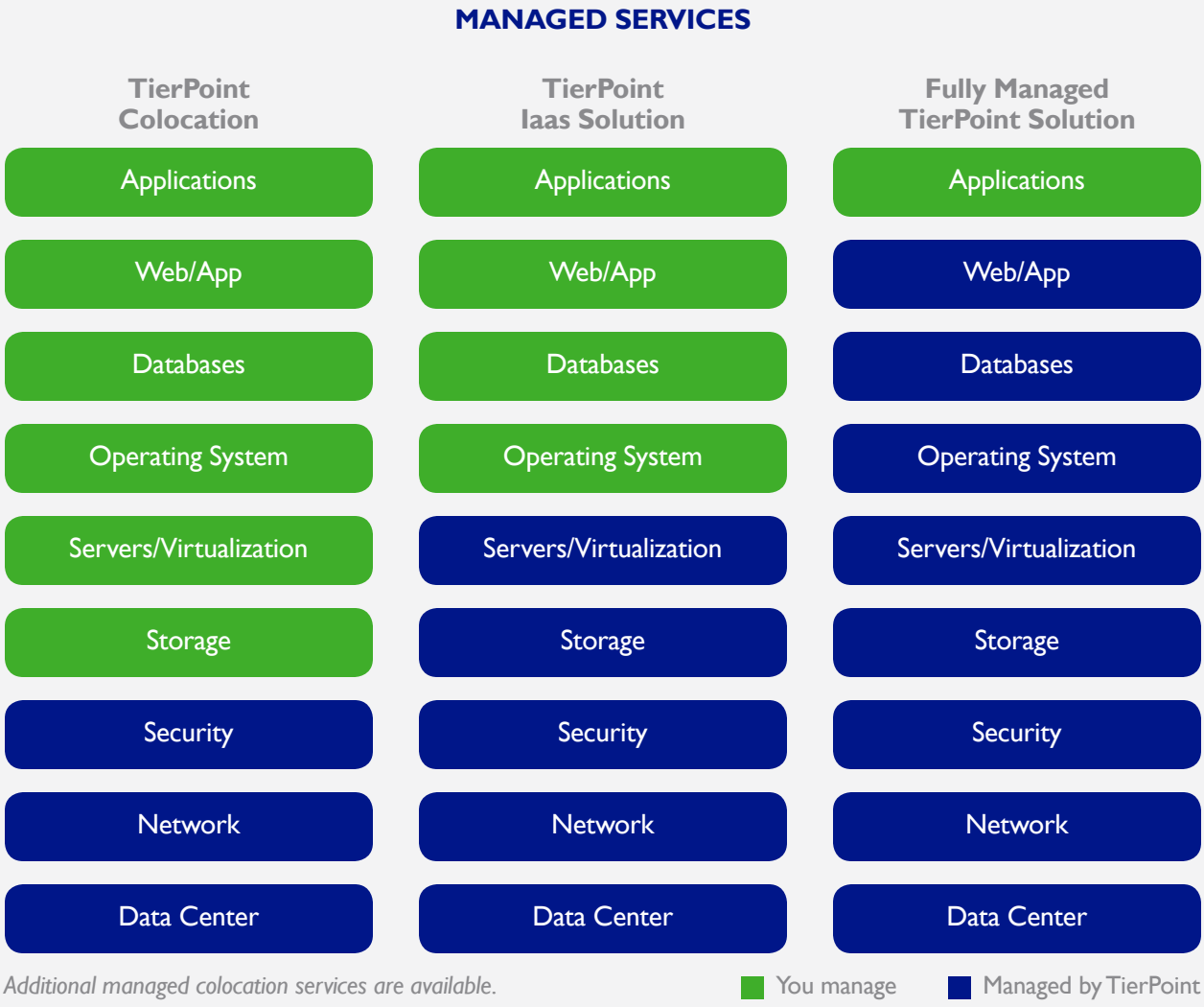
# What's the Difference Between Cloud Computing and Colocation?

Many experts speak about cloud computing and colocation in the same breath. However, there is an important distinction between the two strategies.

**Cloud computing:** Strictly speaking, when using a hyperscale, multi-tenant, private or hybrid cloud, you will outsource everything: facility, IT hardware, operations, management, etc.

**Colocation:** Colocation refers to an agreement where you own the IT equipment and applications deployed, but the data center provider operates the facility.

These two strategies are better represented as a continuum rather than an "either/or" choice. Colocation, as just described, is the starting point. The graphic below shows how an organization can add additional Managed Services such as Managed Security, Disaster Recovery, etc., as the organization grows or business needs change.



# 5 Greener Approach to IT.

Whether or not "going green" is part of your corporate strategy, it's probably in the back of your mind. In addition to environmental concerns, going green, a.k.a. reducing energy consumption, may soon become important for other reasons as well.

The fact is, power needs in the U.S. are coming perilously close to outstripping the capacity of the central power grid. Thanks to a number of factors, the EIA reports that the growth in electric energy consumption in the U.S. has slowed to 0.5% over the past decade. However, that may only buy us some time. Operators of traditional coal-fired power plants are opting to retire many of their facilities instead of retrofitting to meet the new emissions guidelines. At the same time, lower energy prices make alternative generation sources such as solar and wind, less attractive to investors.

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In the not-to-distant future, balancing demand with generation while controlling emissions may require regulations placed on the energy footprint of individual organizations. If so, compliance probably won't be optional the way reducing energy consumption is today.

Interestingly, enterprise data centers have earned a poor reputation when it comes to power consumption. Granted, they are large consumers of power and a key target for industry regulations and compliance. However, the most efficient data centers are those running at, or near, their designed maximums where the overhead of operating and maintain the critical infrastructure is a smaller percentage of the total work being done. Compare that to the astronomical overhead required to power dozens or hundreds of corporate-owned facilities, each running at 20% of their designed maximums. A single, enterprise colocation facility supporting 200 clients could enable its customers to turn-off their poorly utilized air-conditioning units and save an estimated 52 billion watts per year.

# 6 Increased Flexibility.

Colocation is not an all-or-nothing proposition. For example, an organization might decide to house some applications in a fully-managed data center while other applications, especially those that aren't architected for a cloud deployment or aren't as mission critical, might remain on-premises. In addition, organizations can add additional managed services such as security as a service as their needs grow.

## IT'S YOUR MOVE

If your organization is considering building a data center for the first time, you're in luck. The decision to colocate is often much easier for you because you haven't broken ground. However, even if you decide to build, colocation will give you a secure way to manage your data while you work through the innumerable details involved in such a large capital expenditure.

If you already have a data center and you're considering colocation, it's probably because you've realized your current situation isn't tenable long term. Unfortunately, that realization is often the result of a critical event such as:

- A data breach significant enough to come to the attention of the authorities
- One too many network failures, or an extended failure that resulted in a financial loss
- A financial crisis that has you searching for better ways to allocate your budgets
- A data loss that will cost your business time and money to remediate and from which you may never fully recover

Or, you may just be looking for a better way to allocate your resources and be good stewards of the environment.

**Bottom Line:** There is no one reason why midsized organizations choose colocation over building their own data center. The reasons and the business case are as unique as the organizations themselves. But, whatever the reason, colocation can be a powerful addition to your business strategy.

Whatever your business objectives are, **COLOCATION IS A POWERFUL TOOL** to help you accomplish your goals.

## LEARN MORE

To schedule a call with one of our disaster recovery advisors, reach out to us at **844.267.3687** or by email: **sales@tierpoint.com**.

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A leading national provider of hybrid IT solutions, TierPoint helps organizations drive performance and manage risk. No U.S. provider comes close to matching TierPoint's unique combination of 5,000-plus clients; 40 data centers and 8 multi-tenant cloud pods coast to coast; and a comprehensive portfolio of cloud solutions, colocation, disaster recovery, security and other managed IT services. With white-glove customer service, TierPoint professionals customize and manage agile solutions that address each client's unique needs.

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