

# The Benefits and Considerations of Colocation Services

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## **ABOUT EZE CASTLE INTEGRATION**

Eze Castle Integration is the leading provider of IT solutions and private cloud services to more than 600 alternative investment firms worldwide, including more than 80 firms with \$1 billion or more in assets under management. The company's products and services include Private Cloud Services, Technology Consulting, Outsourced IT Support, Project & Technology Management, Professional Services, Telecommunications, Business Continuity Planning and Disaster Recovery, Archiving, Storage, Colocation and Internet Service. Eze Castle Integration is headquartered in Boston and has offices in Chicago, Dallas, Geneva, Hong Kong, London, Los Angeles, Minneapolis, New York, San Francisco, Singapore and Stamford.

In a world where power is the ultimate requisite and security is an utmost concern for hardware and applications, businesses are often turning to colocation services for support. More and more, firms are relying on colocation data centers to host their hardware and/or software in an off-site facility which provides necessary bandwidth and increased protection. But like each important decision a firm makes, the choice to host equipment at a colocation center is one that requires certain considerations first. This article will examine why firms use colocation services, the advantages and disadvantages of doing so, and the considerations for choosing a data center.

## Why Firms Use Colocation Services

There are a number of driving factors that motivate firms to rely on colocation services for storage and support. The first is in-house facility limitations. As small or medium businesses begin to grow, so does the supporting technology. If this technology grows at a rate faster than they can accommodate, they often decide to host their equipment off-site. Communication Rooms (*Comm. rooms*) can be difficult as well as expensive to expand. Based on a firm's size, a certain level of power is needed, and it can often be hard to generate on-site. Firms must also take into consideration their ability to control heat and humidity levels, which can seriously affect the performance of most hardware.

Another reason why firms are becoming more reliant on colocation data centers for hosting is the need for redundancy. As with general size and space limitations, an on-site facility might not be able to accommodate the levels of redundancy that a firm requires to operate sufficiently. Also, disaster recovery and business continuity planning are being sought out more by businesses who understand that, realistically, they need to prepare for a potential outage. Colocation can be the solution, as equipment is stored away from the production environment at locations built, from the ground up, with multiple levels of redundancy, lessening the likelihood of failure.

A final driving factor for colocation is the flexibility a data center offers its tenants. If a firm that is launching or relocating attempts to store equipment in-house and the accommodations are not right, they will ultimately shorten the lifespan on the hardware, and end up costing themselves more money. There is never a cause for concern over space at a data center; you simply rent out the space you need, and if your equipment expands or increases, you rent more. You are paying for what you are getting without having to worry about spending thousands of dollars expanding your own comm. room.

## Advantages

There are a number of advantages to hosting your firm's hardware and/or software in an off-site colocation center. For instance, a data center offers immense flexibility, giving you exactly the space you need at a lower cost than it would require for you to build out your own on-site comm. room.

Colocation also offers a vast amount of necessary redundancy that firms can rarely generate on their own. Two of the most important considerations for choosing a data center are power and bandwidth; luckily, data centers are built precisely around these two factors and, therefore, are built around your needs.

Security can also be a significant advantage when it comes to colocation services. Data centers are secured and manned – most 24x7. They often provide surveillance and monitoring – services that you can potentially get on your own, but most likely at a higher cost. At a data center, your security comes with the package. Additionally, construction and moving operations are never a concern. Building or expanding a comm. room on your own will most likely take you weeks, whereas a data center can probably offer you additional storage space in hours. And if your business ever needs to move operations to a new production environment, you won't need to worry about transporting all of your hardware.

## Disadvantages

While there are specific advantages to colocation, there are also a number of disadvantages. For example, it is not always easy to find a data center near your operations. If you are not located in a major metropolitan area, you could have a hard time finding what you need. Even if you are within a reasonable distance to your data center, it can still present challenges. If you need to reboot a server, you cannot just take a stroll down the hall – you must travel to wherever you are storing your hardware. In the financial services industry, particularly, where time equals money, it is vital that location be factored into all considerations so as to optimize uptime.

Accessibility can also be a cause for concern. Obviously, the farther you are from your data center, the more difficult it is for you to access your equipment. In some cases, there is the option of remote connectivity, but it only works if you have connectivity to begin with. If you don't, you have a larger problem on your hands, and you are probably losing money by the second. Some data centers will maintain hardware and software for their tenants, but the hands-on staff often has limited skills, so if the project requires extensive maintenance, you are probably not going to rely on them.

Another disadvantage to colocation is the participation of third-parties. When third-parties are involved in any process, it is often disconcerting. If you are not the one handling and managing your equipment, there is always a chance that things will not turn out as well or as efficiently as you want. There are always the “what-ifs” to consider, and sometimes, there are too many to ignore.

## Considerations

Colocation appears to be a growing trend in the industry, particularly with its advantages in terms of increased redundancy and security. However, at least one important hurdle needs to be overcome before more firms can rely on colocation for their hosting needs.

Machines and systems are made more power-hungry than ever before; computers and other vital business equipment are designed to require more of every resource. Colocation centers must be prepared to handle such increases.

If you choose to host your firm's hardware in a data center, there are two important factors to consider: redundancy and application compatibility. First, you must understand the necessary bandwidth you will need to process information from your work and production environment to your data center. If you don't have enough bandwidth, latency will quickly become an issue. The data center you choose must be able to install redundant connections. Secondly, be sure that the functions of your current applications, as well as those of any future applications you may be interested in, are compatible with running it out of a colocation center. Remember that for every 60 miles away you are from your data center equals 1 millisecond of response time for your applications.

## Conclusion

In summation, colocation services are a viable option for many firms; they provide increased power and redundancy, security and flexibility. Data centers are even trying to "go green" these days, providing even further opportunities for firms to get the needed amount of power by using fewer resources. However there are a number of considerations to be heard before making a move to host your technology elsewhere.

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