

Top 10 Managed Hosting And Hosted Cloud Best Practices

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Executive Summary

In January 2014, AT&T commissioned Forrester Consulting to evaluate managed hosting and hosted private cloud services. As the cornerstone for this research, Forrester Consulting conducted online surveys of 165 North American and European IT infrastructure outsourcing decision-makers from firms with 1,000 or more employees. This research was documented in a three-part series of reports: 1) market state of managed hosting and private hosted cloud services; 2) managed hosting and private hosted cloud option selection criteria; and 3) top 10 managed hosting and private hosted cloud best practices.

Although cloud dominates most headlines today, managed hosting continues to serve as a viable value proposition to customers as well as in emerging hybrid computing scenarios. Managed hosting has joined private hosted cloud as a principal enabler for workloads that customers would like to see under tighter control than is possible in public cloud models, and may often entail dedicated server infrastructure. Regardless of the precise model selected, we list 10 best practices that should help customers achieve success using both models.

In conducting this research, Forrester defined the two models as follows:

Hosted private cloud is an externally hosted private IaaS cloud that provides semi-dedicated infrastructure through a self-service portal for requesting, managing, and monitoring its virtual resources. Typically, hosted private cloud vendors manage up to the hypervisor level, although it may expand to the OS layer in certain domains. Compute resources are physically isolated from other customers and dedicated to that customer, but storage resources can either be multitenant or dedicated to that customer.

Managed hosting is a general-purpose delivery model involving third-party administration of conventional (not cloud-optimized) server infrastructure on the client's behalf either remotely (usually) or on-site. Typically, managed hosting manages up to the OS level, although it may expand to the application layer in certain domains. Managed hosting initially embraced a dedicated infrastructure delivery model, but has since evolved to encompass virtual, shared implementations.

Minimize Pitfalls In Transitioning To The Cloud: Here's How

1. TRANSITION ACTIVELY FROM IT TO BT

Across industries, software is becoming the competitive advantage required for differentiation. Some early examples include Nike, Kelley Blue Book (KBB), and Citibank, where customer-facing software connects and engages the customer with its products. Enterprises that have focused on back-office support to maintain ongoing systems must switch focus to delivering net-new services that engage with the customer and tie more closely to revenue. With authority for information technology (IT) decision-making broadening to encompass new constituencies such as business and marketing leaders, IT decisions can no longer be made in technical isolation.

Outsourcing can aid in this transition by helping to take the first step toward handing over redundant or common tech tasks that merely “keep the lights on,” and assisting external partners so that your IT team can focus on delivering specialized value directly to the business. But outsourcing alone isn't enough. Goals, skill sets, collaboration, prioritization, and governance must evolve to also support this model. This transition shows a change in focus from IT to business technology (BT).

2. RIGHTSOURCE

One size doesn't fit all. Some applications are complex and critical, but done exactly the same way by every organization. Others provide differentiation and enhanced engagement with customers. Managing the infrastructure, hypervisors, OS, and application itself requires so much time and effort for likely lower levels of availability and performance, that enlisting managed hosting or private hosted cloud solutions can help enterprises focus on what they need to do best. Replacing that application with a SaaS solution or through a specialized application hosting service might be the best fit for that particular workload. Go through your entire application portfolio and complete a lightweight standardized assessment to evaluate which applications might be a better fit for a different deployment option based on required customized, differentiation, security, uptime/performance, and (layers) managed.

3. RIGHTSIZE

Traditionally, hosting solutions required enterprises to identify its maximum usage over the period of the contract and pay for all of those resources throughout the contract. Underestimating the scale and scope of service could trigger contract renegotiation at potentially higher service costs. Newer, flexible models allow for enterprises not to have to provision for peak periods but instead the average amount they need over a short period of time, with the ability to flex up each month or even expand total physical capacity throughout the contract without renegotiation. Using a more flexible model can drastically reduce time, overall cost, and risk. Beyond optimizing the flexibility of your deployment, enterprises are still plagued with configuration errors where physical machines are overprovisioned and specific VMs or instances are “running hot.” Tools exist today to rightsize your environment so that you're paying for fewer resources and often reducing your software licensing costs.

4. ACTIVELY MANAGE YOUR VENDOR(S)

Rightsourcing does not entail abdication, meaning that you will ultimately retain responsibility for the service delivered, even if it is coming from an external party. Customers that succeed with external sourcing relationships not only make sure that contractual obligations and service-level expectations are fulfilled, but also make sure that suppliers are not held at a financial disadvantage and are allowed and encouraged to bring their best capabilities to bear. Customers also must protect themselves against the various types of risks associated with strategic rightsourcing, including risk to the vendor's independence and financial stability as well as relationship-level risk associated with the success or failure of the engagement itself. Ultimately, they must also plan for the contingency of leaving a failed relationship, however, undesirable or unlikely, and transition either back in-house or to an alternative supplier.

5. ENGAGE WITH A SUPPLIER WITH MULTIPLE SOURCING OPTIONS

One of the key capabilities required in the era of hybrid computing is the ability to move between operating models as emerging models like private hosted cloud and virtual private cloud mature. As a corollary, engaging with suppliers that can serve multiple hosting models can reduce the sourcing and transition burdens on the customer. Managed

hosting and hosted private cloud are similar in many ways, although hosted private cloud buyers tend to demonstrate a more pronounced “do it yourself” bias. Nevertheless, there are sure to be opportunities for customers to migrate from one model to the other, as well as the more seemingly unlikely transition from colocation to public or private cloud. Using a vendor that supports multiple services or connects third-party services through a single portal can simplify the management of multi-outsourcing environments.

6. HONE YOUR CLOUDWASHING DETECTOR

Don't accept a cloud at the name alone. Whether the solution is internal or external, or somewhere along the public or private spectrum, cloudwashing plagues the market. Any solution that carries the cloud name should include the following core requirements: 1) full automation; 2) self-service access; and 3) tracking and monitoring of resources. Today, the biggest violators include enhanced virtualization, extended contract requirements, and provisioning that takes longer than 15 minutes. Survey results show that only 30% of hosted private cloud adopters could get additional virtual resources within 15 minutes. Among hosted private cloud adopters that regret its sourcing type selection, 31% state that its solution fell short on speed of provisioning and flexibility. Every vendor you evaluate should first be able to articulate what makes it a cloud environment. Key areas to discuss include deployment time of virtual resources (greater than 15 minutes), full automation including the request process, a self-service portal with multiple tiers of users, tracking of usage across each user, and multitenancy within the environment. Red-light any solution that falls short of these expectations. It's likely that solution won't be around very much longer if it is still carrying the cloud label.

7. STANDARDIZE AND AUTOMATE

Services are constantly becoming more inherently standardized as IT's cult of customization continues to recede. Why? Customization may more closely fit specific company business requirements, but at the potential cost of loss of flexibility and freedom of movement. The trend to standardized services is particularly acute at the level of cloud services and similar services, where buyers are less than interested in unique wrinkles in service offerings and suppliers find it uneconomic to provide them. Increasingly, BT buyers are finding that cloud services involve standard service definitions as well as contractual and SLA terms. Moreover, automation is once again in vogue.

8. DON'T UNDERESTIMATE THE NETWORK

One of the realities of the managed services in the modern era is that service commitments often stop at the edge of what the vendor can control, often at the walls of its data center. Yet, performance of the network is also a significant element of the overall customer experience. Although actual performance-level guarantees will usually stop at the data center walls, customers can compensate by using synthetic transactions and performance monitoring services.

9. APPLY SECURITY DUE DILIGENCE

Internal and external threats are a reality that lives both outside and inside the corporate firewall. Now more than ever, pervasive security policies and processes are a must. Setting up secure environments across your range of deployment environments is complex and time intensive, but the business and customers mandate that the solution not be from the eye of the user. Red tape, restrictions, and any additional time/cost delay are quickly circumvented. Not only must these policies be pervasive but they must do this in a standard and automated fashion. This change moves away from the safety of the firewall and toward granular automated protection. For each environment and workload, you'll first need to map out the responsibilities of the vendor and then your own before crafting the right policies and processes.

10. RESILIENCY PLAN THAT INCLUDES OUTSOURCED SERVICES

Default disaster recovery and business continuity features within outsourced environments are typically minimal and filled with caveats. For example, each data recovery request on a popular SaaS tool carries a \$10,000 price tag. For many public cloud solutions, SLAs provide exceptions for downtime due to failure majeure (power outages, storms, etc.) and hackers as long as they've done their due diligence to try to prevent the occurrence. In many of these circumstances, enterprises didn't pay for additional backup or had shut off the capabilities that allowed them to recover elsewhere for all of their resources to meet the compliance requirements for only a small set of workloads. As part of your disaster recovery plan, also look to provide resiliency for your hosted workloads. This might mean buying additional disaster recovery services, enabling recovery within an availability zone, paying for a cold or warm site for recovery, or looking to a third-party solution.

Appendix A: Methodology

In this study, Forrester interviewed 165 North American and European IT infrastructure outsourcing decision-makers from firms with 1,000 or more employees to evaluate the hosted private and managed services markets to provide clarity within these two newer deployment markets. Survey participants included decision-makers in IT, vendor management, and IT procurement. Topics explored with participants included drivers, inhibitors, benefits and challenges of current hosting solution, importance of specific selection criteria, and future plans. The study was conducted in January 2014.