

Executive Summary

Once it was standard for organisations to own and operate their own data centres. But a number of factors are making businesses think twice about whether they need to own their own facilities.

Maximizing operational efficiencies, reducing costs, and improving service quality and compliance are just a few of the primary concerns for organisations looking to improve their efficiency and deliver more value to their organisations. This challenge is made more complex when IT Service and Customer Management processes are managed manually, or across a number of disparate systems or applications, which can be costly and time intensive in an increasingly complex IT environment. In addition, the staff required to manage all of these processes can be substantial.

As environments become increasingly complex, maintaining compliance can be very difficult. Susceptibility to hacking and malware could put large amounts of confidential corporate information at risk.

It makes sense to look at all the various functions an IT department performs and ask whether each one is really strategic and a fit to the organization. Outsourcing your IT functions allows your organisation to focus your limited resources on those capabilities that reflect your core competencies and market differentiators.

Achieving efficiency and reducing costs can be realised through a *Single, Unified Computing System (UCS)*.

WHAT IS UNIFIED COMPUTING SYSTEM (UCS)?

A unified computing system (UCS) is a data centre architecture that integrates computing, networking and storage resources to increase efficiency and enable centralised management. Under a UCS hardware and software are designed or configured to work together effectively.

Why Outsource Your Hosting Infrastructure?

Operating and providing members with banking services begins with the infrastructure (everything from computers, network devices and wiring to power, cooling and rack systems). Data centres require plenty of IT staff; from IT managers to myriad administrators tasked with ensuring servers function properly, often on a 24-hour basis. Security is another concern, as a financial institution you must protect the customers data against both Internet-borne attacks as well as physical harm, which means spending money to ensure only authorised personnel can enter the data centre.

At the same time, it's imperative that your datacentre functions reliably and efficiently, which means that you must ensure your business hosting systems are configured for maximum performance, and ensuring backup systems are in place, and deal with various time-consuming and expensive tasks such as maintenance, upgrades and licensing.

IT MAKES SENSE TO CONSIDER, THEN, WHETHER THE EXPENSES ARE WARRANTED.

Is running a datacentre environment really a core competency for your organisation,

In most cases, the answer is **NO**, because it's the applications that bring real value to the organisation, not the infrastructure itself.

The next question to consider, then, is whether it makes sense to outsource business hosting and operational functions. Such a strategy reduces capital expenses by offloading many hardware and software expenses, replacing them with operational expenses that can be spread out over a greater period of time. The net effect is to reduce overall IT expenses

*LET'S LOOK AT EACH IN TURN- So HOW DO WE DO IT AND WHATS INVOLVED
ASSESSING THE LANDSCAPE IN BUSINESS IT HOSTING*

□ *Datacentre Requirements*

The costs to run an effective, efficient datacentre are many, including investments in infrastructure, people and security. Demands are equally great, as companies seek to provide an environment that is agile and reliable while offering high performance.

□ *Business Hosting Infrastructure*

Infrastructure investments include not only servers but spare parts. Infrastructure includes a fast, reliable network not only within the datacentre itself, but to connect the datacentre to the rest of the company. Real estate can be another significant investment, especially if the datacentre is located in an urban area. Providing proper power and cooling is something of a double-edged sword as datacentres grow, since more servers not only draw more power themselves, but require more cooling as well, further increasing power demands.

In each of these areas, scale matters. Managed hosting providers, given their economies of scale, can meet each of these demands at a lower cost per customer. For example, having multiple customers share a large datacentre reduces power and cooling costs by spreading the cost burden among more users.

□ *People*

While business hosting requirements and the size of the datacentre will determine the exact number of IT staff required to maintain it, at the very least you'll need a number of system administrators with expertise in various areas, including databases, networks, security, help desk and the like. Increasingly, administrators are required on a 24-hour basis, as many companies have resources they can't afford to lose for any length of time, no matter the time of day. Websites often fall into that category as do critical resources in companies with global operations.

Business Hosting Security

Given the value of the information you hold on your customer / members, your organisation must provide proper physical security for the datacentres. At a minimum this includes some form of entrance security, such as doors with ID card readers, and perhaps security cameras to help catch intruders. In some instances, it may also require security for the building itself, not just the datacentre. Some high-value datacentre buildings are located underground or within secure, fenced areas with guards that allow entrance only by authorised personnel.

Business hosting infrastructure must also be protected from cyber attacks, both from outside the company and within. That requires effective use of tools such as firewalls and virtual private networks (VPNs), plus occasional vulnerability scans and, if necessary, remediation.

If providing that kind of security is not a core competency for your company, outsourcing your datacentre may be a good option.

Business Hosting Agility

All of the challenges noted above make it difficult for smaller financial institutions to scale their datacentres to keep up with the demands of a growing company. Consider what would happen if your organization launched product that took off in a big way, requiring you to add new computers in a matter of weeks or months. Could your infrastructure support that kind of growth? Do you have, or could you hire, the personnel to handle it?

With vast quantities of computing resources on hand, a quality hosting company can meet those kinds of demands within days if not hours. Access to those kinds of resources enables you to quickly answer "yes" with confidence when your board asks if you can meet growing demands of the business.

Business Hosting Reliability

To determine whether you may be able to benefit from outsourced managed hosting, ask yourself some hard questions:

- How reliable are your computers /servers? Can you even say for sure?
- What happens when a server goes down? How quickly do you find out?
- Is there an automated failover system in place, or do your users notice before you do?
- How quickly can you get replacements parts to fix a broken server? Can you do it 24x7?

Reliability also extends to the network that connects your datacentre to the rest of your company and to your customers/members.

Here again, a series of tough questions is in order:

- How many Internet connections do you have? If more than one, are they provided by different carriers? Do they take different physical routes, to protect against cuts and other outages?

How reliable is your wide-area network? Is it a mesh configuration that can protect against failures? Does it provide adequate performance for your specific applications?

Business Hosting Performance

Closely related to reliability is the issue of performance monitoring in business hosting. The ability to have a window into the health and performance of your computer and network infrastructure is crucial in determining when performance is degrading.

Performance monitoring in business hosting is typically a core competency for managed hosting providers that provide a managed service offering. Here again, their economies of scale and deep expertise make it easier for them to provide the kind of performance monitoring and reliability that most organizations only aspire to.

The Cost Equation for Business Hosting

Where the outsourcing question in business hosting really gets interesting is when you start to look at the financial equations behind the decision. Outsourcing datacentre infrastructure to a managed hosting provider means an immediate, dramatic savings in capital expenses. Companies realise those savings by avoiding investments in servers, datacentre racks, power and cooling systems.

When companies pay a hosting provider to take on datacentre functions, the payment is funded out of the operating expense budget - the money required to run the business day to day. Opex enables more flexibility over time because you don't have that capital tied up. In effect, reducing capital expenses and instead streaming payments out over time from the operational budget reduces both costs and risk.

CHOOSING A BUSINESS HOSTING PROVIDER

Of course those savings won't mean much if the managed hosting provider you choose doesn't live up to your expectations. You can protect yourself, however, by keeping in mind a handful of criteria as you assess your provider options:

Selecting An Established Player

Of course your datacentre infrastructure is too important to trust to just anyone. You'll also want to make sure your managed hosting provider is an established player in the business; one that you can be sure will be around for the long haul. Don't be afraid to ask probing questions about how well the business is doing, to check financials and ask for references.

Network Quality

The best infrastructure in the world won't do you any good if you can't get to it and that comes down to having a quality network connection. Potential managed hosting providers should have multiple high-speed connections, following diverse paths, to providers that are high up on the Internet food chain.

Multiple Datacentres

Ideally your managed hosting provider will offer service from more than one datacentre, enabling you to offer a distributed presence to customers and partners. Managed hosting providers with multiple datacentres around the country (or the world) are ideal, especially if you need service in more than one geographic region.

Management Tools

Your managed hosting provider offers a portal that gives you the ability to monitor your environment. The portal should make it simple for you to perform functions such as enabling you to easily get reports on the network, usage and the like.

Expertise

You may need guidance in determining how your business hosting needs are changing and what kind of services you need. A quality managed hosting provider will have experts on hand who understand your business requirements and can help you map out a plan to meet them today and over time, scaling up your environment along the way as necessary.

Example - Managed Services Sydney

TAS Managed Services (TAS) commenced operation in 1989 and has become one of Australia's leading managed services providers. Offering hosted services for critical applications such as core banking systems, ERP (Oracle, SAP, JD Edwards), collaboration platforms, websites and unified communications.

TAS provides ultra-high availability hosting banking systems for leading financial services organisations where service performance and system availability are critical. To achieve this, TAS operates a 24x7 service from two high availability 1st class data centres based in Australia, running highly redundant Tier 1 infrastructure. The data centres are bridged together via Telstra's Wavelength Service (TWS) providing clients seamless operations and processing from either centre.

TAS provides a range of secure cloud, hosted and managed service solutions with expertise in systems integration, network management, application distribution (SaaS and centrally hosted managed desktop services), business continuity, security, data storage and more. We are a leader in providing managed services for Sydney, NSW and nationally.

TAS Clients

Australian Defence Credit Union	AWA Credit Union	Bananacoast Community Credit Union
Bankstown City Credit Union	Big Sky Building Society	Central Murray Credit Union
Central West Credit Union	Circle Credit Co-operative	Community Alliance Credit Union Limited
Community First Credit Union	Community Mutual Group	Comtax Credit Union
Country First Credit Union	Defence Bank	Encompass Credit Union
Family First Credit Union	Fire Brigades Employees Credit Union	Firefighters Credit Union
First Option Credit Union	Fitzroy & Carlton Community Credit Co-op	Ford Co-operative Credit Society
George Weston Foods	Goulburn Murray Credit Union	GrainCorp Operations
Heritage Isle Credit Union	InterfaceFlor	Lutheran Laypeoples League
Lysaght Credit Union	Macarthur Credit Union	Macquarie Credit Union
Maritime Mining & Power Credit Union	My Credit Union	My State Financial
Northern Inland Credit Union	Once Australia	Orange Credit Union
Police Credit Union Victoria	Pulse Credit Union	QT Mutual Bank Limited
Quay Credit Union	Queensland Police Credit Union	Queensland Professional Credit Union
Select Credit Union	Service One Members Banking	SGE Credit Union
Shell Employees Credit Union	South West Credit Union Co-operative	Swan Hill Credit Union
Sydney Credit Union	Tartan Credit Union	Territory Insurance Office
Vision Super	WAW Credit Union Co-operative	Woolworths Employees Credit Union

Recent Clients transferring to TAS Case Studies



Conclusion

Outsourcing your datacentre infrastructure can give you the peace of mind that comes with knowing you are getting a top service along with the freedom to invest your IT dollars in the kind of strategic endeavours that will drive business success.

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