



Colocation, colocation, colocation

Small to medium size businesses are choosing increasingly to host their computer servers in an external data centre, with many of them opting for the colocation level of service. But what exactly is colocation, what are the benefits, and why are small to medium size businesses adopting the service?

What is colocation?

Colocation refers to a form of hosting in which a third party provides an organisation with space, bandwidth and power in their data centre for a fee. In contrast to 'full-service' hosting, colocation customers are required to provide and manage the computing hardware (i.e. the servers) themselves.

The benefits of colocation – low cost hosting

A key priority for businesses right now is reducing their costs. For those businesses that need a professional hosting environment, colocation is cheaper than full-service hosting, and is considerably cheaper than building, managing and maintaining a data centre in-house. Any large enterprise will tell you that data centres are not cheap; Internet connectivity, power, cooling, security, uninterruptible power supplies, fire protection etc. all add up to big sums if you're the only one paying for them. By exploiting economies of scale, colocation shares the numerous costs of the data centre between its many users. And in contrast to full-service hosting, your monthly fee to the data centre is considerably lower because you provide the equipment.

We consider data centre costs along three main categories: set-up, maintenance and security.

1. Set-up costs: Data centres are incredibly expensive to set-up. First you need to choose a location with good Internet connectivity, access, space and affordable power. The site must have good cooling capabilities to maintain servers at the optimum operating temperature of 22 degrees Celsius. You will also need redundant power supplies, in the form of short-term backup batteries that kick in the moment power is lost, along with diesel-powered generators to supply electricity on an ongoing basis if needed. By requiring you to simply bring your own servers (which you will likely already have in-house anyway), colocation eliminates the majority of these initial set-up costs.

2. Maintenance/running costs: Once the data centre has been built, you need to keep it running 24/7. Unsurprisingly then, the electricity to run the servers and to keep them cool is the biggest cost here. By exploiting economies of scale, data centres drive down these costs for each user.

3. Security/redundancy: Since data centres are responsible for housing and running the very core systems of your business – from the entirety of your company's data to the hosting of your website, not to mention the rising amount of core applications hosted in the cloud – measures must be taken to ensure the reliability of your data centre in a range of scenarios and unforeseen events. Security is one aspect of this, with redundancy as the other. The data centre itself must be built with security in mind, and it must have security staff present 24/7 to protect against unauthorised access or unlawful activity. In case of redundancy, skilled IT staff must be available at any time to deal with technical failures, and uninterruptible power supplies must be installed, maintained and regularly tested. Waterless fire protection (which is considerably more expensive than water, but essential where expensive computer equipment is concerned) is another cost that data centres must absorb.

The true value of colocation – the peace of mind of professional service

However, while lower cost is generally the driving force for a company choosing to collocate, peace of mind is the primary benefit. Businesses, as with their customers too, need the peace of mind that the critical systems that run the business are housed in an optimum performance environment that is secure, reliable and guaranteed. This simply cannot be achieved to the

same standard in-house without spending a significant amount of money. Colocation is the stepping stone that allows businesses to first experience the peace of mind of a hosted environment (such as managed cooling, security, uninterruptable power etc.) in a relatively low cost, low risk way.

Ultimately, small and medium size businesses choose colocation because they are looking to take their first step into a professional hosting environment. Colocation offers all the technical benefits and peace of mind of a professional data centre at a fraction of the cost and overall commitment of building one yourself. As businesses increasingly look to economise their IT budgets and avoid high capital expenditures, colocation will be an attractive option for many businesses this year.