



White Paper

IT Support: Managed Services Hosting or
On Premise Delivery

iStreet Solutions

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About iStreet Solutions

Since 2004, managed services provider (MSP) iStreet Solutions has focused on delivering value by meeting our customer's advanced application hosting requirements. Our goal is to reduce the time to market and total cost of ownership (TCO) for our customers. We do this by keeping costs lower than if customers provided the complete solution themselves and by staffing the iStreet team with application support specialists.

iStreet believes in providing managed services audited by accredited third parties to support our mutual success. All services are delivered from our secure, robust, and fully redundant SAS70 Type II certified Northern California data center located in West Sacramento, CA. Our secondary data centers located in the US also comply with these rigorous standards.

iStreet also maintains partnerships and certifications with key application providers including Microsoft, SAP, Oracle, and VMware. These relationships enable us to provide flexible, scalable, and cost effective solutions for clients of all sizes.

Our mission is to allow clients to focus on their core business while iStreet manages their infrastructure and applications. Our industry clients range from Transportation, Manufacturing, Wholesale Distribution, Utilities, Financial Services, Marine Services, to MSPs.

Introduction

In today's economic environment CIOs and CFOs are charged with delivering more with less. The discussion gets around to asking if an activity can be best done by an external service provider or in house staff.

This paper is designed to help managers decide which hosting model is best for their business; managed services application hosting or on premise delivery. By comparing and contrasting the delivery models CFOs can cost justify and CIOs can decide on the guaranteed level of service they need.

The comparison uses the ITIL Service Delivery standards of: Service Level Management, Capacity Management, IT Service Continuity Management, Availability Management, and Financial Management for IT Services. When performed together these standards help save money and provide a guaranteed level of excellent service.

Service Level Management

To begin, compare and contrast a SAS 70 Type II Certified managed services hosting provider for application management services with an on premise delivery team. The hosting provider has well developed and third party *audited* controls to maintain service levels for both proactive and reactive situations.

On the proactive side, network and server daily, weekly, and monthly maintenance is recorded as a change management control standard in a configuration management database. This allows any IT professional to be able to pick up where another left off. Since coverage is 24 x 7, any on duty IT Professional can perform these tasks on schedule.

For the 'just right' staffed on premise team, in addition to the proactive tasks, there are vacations and other time off considerations, job training gaps, individual growth plans, management goal achievement, and many other conflicting events to vie for the IT Professional's time. The on premise delivery model is problematic because these personnel issues can take precedence over delivering quality service to the company's end users.

Managed services application hosting puts guaranteed and contracted service level standards in place. These rigid standards are used to hold the hosting provider accountable for performance and delivery. As personnel issues are not part of the contract, the company is free to focus on its core business and deliver high quality services to its customers.

Capacity Management

The tasks of the hosting provider require recording asset utilization statistics, service request statistics, and other metrics required by contracts. Some on premise shops may do this as well. But without an authoritative contract monthly performance reporting is rarely done. Not knowing the trends can creep up on the team and before you know it there are service delivery issues.

We hear stories everyday about situations where an application was implemented years ago. When the situation we are presented with revolves around hardware failure, it is common that implementation staff is no longer with the company. The company is held hostage by lack of good configuration information and stopped in its tracks. Productivity plummets.

Service Continuity

Better known as disaster recovery, service continuity is the daily concern of the hosting provider. MSPs have many environments under management and their experience with recovery is current. This is rarely the case for even the most well intentioned on premise staff. The reality is if a disaster strikes, recovery procedures have to be *practiced*. SAS70 Type II audited practices require frequent testing, whether the customer has contracted for it or not. For the hosting provider the SAS70 audited control processes ensure this capability is in place when the inevitable disaster occurs.

It is important to note that disaster recovery can mean both local disaster recovery for system failures, and alternate site recovery for complete site failure. A SAS 70 Type II Certified provider will have both a local and alternate facility solution for service continuity.

Availability Management

What is availability management? The Process responsible for defining, analyzing, planning, measuring, and improving all aspects of the Availability of IT Services. Availability Management is responsible for ensuring that all IT Infrastructure, Processes, Tools, Roles, etc. are appropriate for the agreed Service Level Targets for Availability.

Availability Management (Cont.)

Availability is commonly measured by this Calculation:

Uptime Hours = (Max Avail. Hours - Planned Downtime Hours) - Unplanned Downtime Hours

Avail. Percent = (Uptime Hours / (Max Avail Hours - Planned Downtime Hours)) * 100

What is the on premise contract for application availability? Is there a guaranteed uptime of critical production applications of 99.5% or better? Is there guaranteed uptime at all?

A hosting provider who is providing support for critical IT services will have offered and be held to a specific and measureable availability SLA. Requirements for an availability SLA range from 98% on the low end to a high of 99.99%. Achieving 99.99% is complex and is the subject of iStreet's High Availability Component Comparison White Paper. It is standard practice for the hosted model to contain a specific SLA and the details on how it is measured.

Financial Management

How about financial management? Typically, a hosted service will provide both assets and manpower at a monthly cost much lower than that of an on premise solution including staff expenses. This is the operating expense vs. capital expense paradigm. The financials certainly look better with the operating expense provided by the hosting provider. And embedded in the hosting expense is the labor required to provide the service.

Conclusion

When considering the hosting vs. on premise delivery of IT support services, fully consider the service delivery dimensions to ensure that the best value is obtained for the money. It is not enough to err on the side of on premise delivery these days. Software and infrastructure as a service model enabled by both virtualization and cloud computing makes a very compelling case.

For a complete review of your IT support situation be sure to contact iStreet Solutions for an IT support assessment of your IT. Contact iStreet Solutions at 877-595-8479 to begin a no cost or obligation assessment.

Tags: Sacramento colocation, ITIL, SAS70 Type II, Sacramento data center, MSP, Managed Hosting, IT Support, iStreet SAP hosting, Managed Services Hosting

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About the Author

Mark Richter, Founder and President of iStreet Solutions is an IT Professional with 30 years of experience. He was ITIL Foundation Certified in 1995 while working at Hewlett-Packard Company in its IT Service Management consulting practice. After that Mark worked in the HP Outsourcing Services Division as an Engagement Manager for clients such as Cadence Design Systems and Applied Materials. His focus was to provide those companies the highest service levels for their outsourced SAP hosting implementation.

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