

CRN - Big sales to smaller businesses – Aug 7th 2009

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Small and medium-sized enterprises (SMEs) turn to VARs to help them implement the IT applications on which their businesses depend. Year on year, this becomes more onerous because these applications have moved from being 'nice to have' to 'vital'.

Even a relatively mundane application such as email has become a driver of communication both internally and externally. For many SMEs, their web site is a front window, shop counter, till and customer support desk - without it business stops.

How can VARs with limited resources deliver the same quality of service of large firms with big budgets and IT departments? In fact, enterprise-class facilities have never been more accessible to SMEs.

Managed hosting describes services that enable businesses to share enterprise-class IT infrastructure.

To be clear, this is more than the provision of datacentre space, usually referred to as co-location. This is the provision of pre-configured hardware and infrastructure software, managed by the service provider.

In the past, managed hosting has generally been provided on a one hardware server per client basis, but now virtualisation allows wider sharing of infrastructure. This has reduced the cost of services - the providers (see Table 1) are building their own compute clouds.

Table 1: Target markets					
	Enterprise	SMB	Public sector	ISV	SaaS
Type 1 - pure play MHPs					
7 Global	X	X	X	X	X
Attenda	X	X	X	X	X
NTT Europe Online	X	X	X	X	X
Rackspace	X	X			
Savvis	X				
Type 2 - system integrators offering managed hosting as part of a broader service					
Atos	X		X		
BT	Varies by country				
C&W/Thus	X		X		
Fujitsu Services	X	X	X		X
IBM	X		X	X	
Logica	X	X	X		
Orange Business Services	X	X	X		
T-Systems	X				
Type 3 - internet service providers offering managed hosting as an add on to internet access					
Claranet	X	X	X		X
COLT	X	X			
EasyNet	X	X	X	X	X
Global Crossing	X	*	X		
Hostway	X	X			X
* Mid-market only					

Some providers are managed hosting specialists, such as NTT Europe Online and Rackspace. Others are big system integrators, such as IBM and Atos Origin, that do not focus on SMEs.

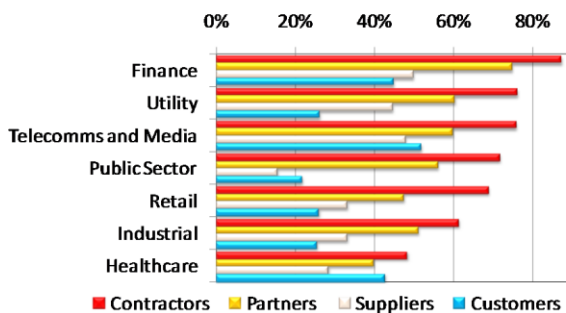
However, many already have relationships with SMEs as communications providers of managed hosting as an extension, such as Colt, Easynet and Hostway.

Platforms come in two basic varieties - Windows or Linux, fully managed, and with well-defined security and service levels. Customers or VARs deploy the applications and manage them from afar. There is little or no need to visit the host datacentre.

Managed hosting has three major benefits. The first is cost. Charging models are flexible but are generally based around actual use, for example per user or per transaction. You do not need to buy more infrastructure than you want, but if you do suddenly need to it is there for the taking.

Figure 1

Percentage saying external users are provided access to internal systems



From the "Distributed Business Index", Quocirca - March 2008

Charging is usually per month, so payment is

made out of opex rather than requiring big upfront capex investment.

The second advantage is the service-level agreements (SLAs). The datacentres of managed hosting firms are usually truly enterprise-class. Many rent space from co-location providers, but some build their own.

They deliver back-up power supplies, high-speed data connections from multiple providers, spare parts and in-depth expertise.

Most SMEs can only dream of having these things in-house, yet they are essential to secure, reliable application delivery.

The third advantage is accessibility. Most businesses need to share applications with external users - including customers, partners, suppliers and contractors (fig 1).

Applications must be easily available to users wherever they are. By their nature, managed hosters' services provide this.

Today VARs can work with managed hosters to provide SME customers with IT applications built on infrastructure that equals or exceeds that of enterprises. IT now takes centre stage in most businesses. Make sure the infrastructure it relies on lives up to this.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

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