

# The host with the most

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**The host with the most business critical Web sites require fail-proof Web hosting. Lisa Simmons reports on companies who can manage the load whilst you focus on your business.**

As Web sites evolve from static brochures into interactive e-commerce platforms, the hosting demands of the businesses running them change. Suddenly, with money changing hands over the Web, or supplier relationships being maintained virtually, the implications of getting it wrong, from downtime to a security breach, become more serious.

Companies who once outsourced Web hosting to co-location or shared hosting providers are handing essential Web infrastructure over to providers that manage, monitor, and support a dedicated server for that customer and that customer alone.

"Hosting is becoming more critical and has to be managed by someone who knows what they're doing. This can either be done in-house or outsourced to specialists, the latter of which is usually far more cost-effective and offers better results," says Lorenzo Modesto, director of sales and marketing at managed services company [Bulletproof Networks](#).

Managed dedicated hosting differs from co-location and shared hosting. With co-location the customer owns and manages the physical servers whilst a third party supplies the data centre. Shared hosting is where a number of customers share the same physical server. With managed hosting, often known as managed dedicated hosting, customers have their own dedicated server or servers and hand over most, if not all, of the day to day running of it to their hosting service provider (HSP).

Glen Noble, general manager of data hosting solutions at [Macquarie Corporate](#) says that co-location suits larger corporates with the high degree of technical skills and resources necessary to manage the server, whilst shared hosting is best for companies with a non-critical Web presence. It is largely SMEs with complex transactional Web sites which should be looking for a managed dedicated hosting solution, he says.

According to Nick Day, business development executive for e-business hosting at [IBM Global Services](#), the managed segment of the market is the largest in terms of revenue, citing IDC predictions that by 2006 close to three quarters of the hosting market will be managed dedicated. However, by sheer number of customers, shared hosting takes the largest slice of the pie, with many customers paying as little as \$40 a month to squeeze onto shared servers.

Day breaks down managed hosting into two segments: basic dedicated where the customer gets its own server and the host determines everything else, and complex (or custom) hosting where there can be more than one server per customer, and the customer dictates the finer details, such as hardware specifications.

"Customers are moving away from having no control in co-location and shared hosting, through basic dedicated hosting towards complex environments, which actually gives them a lot more control even though someone else is managing it," says Day.

## Benefits

The main benefit of managed hosting is that customers' sites have a load balanced and secure hosting infrastructure with redundant connectivity and power, and there are skilled engineers monitoring the infrastructure and proactively keeping everything running smoothly and securely.

IBM's Day highlights some other specific business benefits. "Building a complex Web infrastructure takes time and skilled people. As applications become increasingly mission critical, what happens if someone doesn't turn up for work?" says Day.

You will also be up and running on your new system more quickly than with an in-house installation. "The switches, ISP connections and firewalls are already there, and it's just a case of plugging the customer into an existing environment," says Day.

Then there is cost-effectiveness, performance optimisation, and the benefits of scale in terms of bandwidth and server capacity. "Customers running Web sites suddenly find they have a 24 x 7 operation, and if they're currently running a single shift IT department five days a week, the cost of supporting a three shift environment can be significant," says Day.

Aside from peace of mind and leaving it to the experts, Matt Mulligan, product manager at Web hosting company [Iisys](#), says there is another benefit. "That is not having your public Web site anywhere near your own network," he says. A

managed solution also means that multiple offices and traveling employees, can access the same system, with the same real-time information.

### **Who needs IT?**

Patrick Cusack, chief technology officer (CTO) of Web development agency Hothouse Interactive warns that some businesses, even those whose core business is online, may not suit managed hosting. "One of our clients does 10 percent of its business online and as a health insurance company its business data is highly sensitive, so its appropriate to take that infrastructure in-house, but that is the exception," says Cusack.

Offers differ in the marketplace, but usually all aspects of hardware and operating system are managed and monitored. Most suppliers offer network access, connectivity, and some level of management. The customer then runs their applications on top of this infrastructure.

Even if a host has complete control over the servers, most businesses will want what is known as "root access" to their server. That is, full administration control of the server. And unlike shared hosting, which gives the customer no control over the selection of brand or server and operating system, managed hosting allows you to pick and choose brands to suit your businesses requirements.

"Shared hosting providers get the price down so low by picking the platform and simply plugging customers in. We allow customers to pick things such as which firewall devices they want," says Day. "We support up to an operating system level, and if the customer wants to manage the middleware and applications, they can, or alternatively we can manage it all," he adds.

### **The small print**

A hosting contract will normally cover the obvious items such as space, traffic, and relevant charges but also uptime and response time commitments as well as agreement length, terms, and conditions.

Key things to consider when choosing a supplier, according to Anoosh Manzoori, managing director of [SmartyHost](#) include; network reliability and uptime; hardware reliability and uptime; hardware replacement timeline; terms of the contract; the monitoring systems available; whether or not the hard drive is a RAID system; dual power supply; backup solution; data transfer cost and terms; the ability to purchase in bulk and save; privacy and security of your information; and hours of support.

There is almost always a set up and configuration fee and then an ongoing monthly charge that should only vary due to traffic consumption. Most providers will require you sign a contract of between 12 to 24 months, and payments are calculated monthly. Some data centres and HSPs will also charge you extra to upgrade the server.

"As much as possible you should pay for what you use. Customers pay a monthly fee, with a variable nature depending on the services they've used, for example how much we backed up that month," says Day.

Web hosting specialist [WebCentral](#) offers both shared and complex managed hosting; the latter being aimed at government and corporate customers. "Our contracts cover everything from design, implementation, management of applications, and support and are priced according to the complexity of the service," says CEO Lloyd Ernst. Complex hosting services range from \$30,000 to \$450,000 a month and the company currently has 19 customers signed up. In comparison, shared hosting services range from \$38 to \$350, and have attracted 60,000 sites and domain names to the company.

Cusack warns that there is a sting in the tail in what might look like cheap hosting. "Most providers include a six-monthly fee with a specific bundled traffic threshold but you must be very careful about anticipating your traffic," he says, as it is not unusual for your stated hosting contract to "blow out by several orders of magnitude" due to higher than anticipated traffic.

"For example, the penalties that come from stepping into retail bandwidth costs in the region of 13 cents a megabyte is staggering," says Cusack. "I've seen \$3500 a month contracts blow out to \$42,000 within the ISP-in-question's billing schedule, so the first the customer knew about it was when he received a bill for \$42,000. If you insist on monthly bills and the ability to revise your bandwidth each month, you might get one shock, but it won't run away from you," he adds.

You should double check the viability of suppliers and obtain references and testimonials from reputable well known companies, which means physically examining the data centre, not just deciding from a boardroom pitch by the supplier.

It is also important that an HSP can grow as your business grows. "You don't want to transform your business into an e-enabled business only to be limited by infrastructure, so providers must be able to scale quickly and grow as fast as you do," warns Day.

Modesto suggests you speak to the engineers who will be looking after your infrastructure, and should find them knowledgeable and approachable. Web site complexity in terms of platform and database requirements is also important, and an important part of the pre-sales process should be thorough technical questioning to determine all your detailed technical requirements.

Also be wary of companies that do not ask many questions, says Modesto. "On another note, the smallest aspects of hosting can be the most dangerous, for example DNS, and the ability for your Web developers to perform testing in a safe environment is important, making a staging area essential," he adds.

Ilisys's Mulligan agrees that it's important that the client has control of the DNS, which it can manage itself. "Some other hosting providers force you to host your DNS with them," he says.

And don't be afraid to negotiate, particularly when it comes to dedicated upload and download services, says Cusack. "We have negotiated contracts for a 10 to one ratio, and conversely a one to 10 ratio for dedicated upload and download services," he says. "If your server sits all day and accepts uploads, negotiate a contract weighted towards inbound traffic, but if your server does nothing but deliver huge megabyte downloads, that's a different contract, as it should be much cheaper to host a download server than an upload," says Cusack.

For smaller companies running non-business critical Web sites, less is sometimes more. "In some cases you'd be crazy wasting money for enterprise level hosting in some big bunker because the cost difference is astronomical, but conversely I won't recommend a corporate host its Web server in a garage because it won't be there next year," he says.

### **Great expectations**

The managed hosting market is constantly evolving as business needs change. For example Modesto has seen growth in the area of Macromedia ColdFusion hosting. "The type of companies asking for it are the ones that usually benefit from a managed hosting service as well," he says.

According to Day, customers can share capacity with other customers in a dedicated managed environment without it being shared hosting. "As customers start to grow, we can scale the capacity to meet their requirements. For example a seasonal company might need more server space at Christmas, so we introduced hosting models that give that customer access to that capacity for a short time, and then scale back during the rest of the year," says Day.

An example is the [Australian Open](#) Web site, hosted by IBM Global Services. "Eleven months of the year it's an informational Web site, but for one month the whole world wants to know what is going on, and it requires extra capacity. Most providers leave capacity doing nothing for some of the year," he adds.

Manzoori believes that customers are demanding more space and more data transfer. "They expect to have all the script languages available in a managed hosting solution. In some cases these are not provided but the client has "root access" to the server and hence can install them," says Manzoori. "We are in the 'more is better' stage of the market cycle," he adds.

"We have bundled all the hosting features into the one package and given it a fixed price. Our shared hosting solution has everything from 150MB Web space to all the scripting languages and databases available," he says. "We often attract customers who would typically need to enter the dedicated managed hosting environment but would rather still be served by our shared hosting plan as it meets their growing needs. Our shared hosting solution can also be further scaled up to add more space if needed," he adds.

The last 12 months has seen customers gain greater control. "We provide the infrastructure, server, and network but hand over root access to the customer so that they can install applications and add their own bespoke solutions. Customers take responsibility for systems administration whilst we handle the capital intensive things like security and connections to the Internet," says Michael Farrell, general manager at [Hostway Australia](#).

Farrell also warns that a lot of Australian companies go to the US to purchase hosting services, but its better to look for a local presence. "If you run into problems, you might find the different business hours and foreign exchange might count against you," he says.

Customers are demanding a broader range of services from their hosting provider. "At the higher end we are moving away from giving you a server and connecting you to the Internet, to adding firewalls, security mechanisms, detailed reporting tools, and load balance, if the site is popular," says Farrell. At the lower end demand is increasing for site building tools. Hostway, which has 300,000 customers globally, has recently launched SiteClerk, a site building tool.

"If a business is embracing the Web for the first time and has no background in HTML coding, they go to a Web builder which can cost from \$5000 to \$50,000. Not many businesses entering the market for the first time can afford that, and a trend which is becoming evident in Australia is for a template driven service where the customer gets a presence on the Internet which they can then manage themselves," he says.

Hostway also offers what it calls TruFlex services, which means that if you increase the specifications of your server you will not be charged more. "If you own a Toyota Corolla and then buy a Lexus, you shouldn't pay more for fuel and it's the same principle here. The time required to manage a higher specification server is not much different than for a lower specification sever, so we charge the same, with a slightly different set up fee," says Farrell.

Specialisation is also becoming more common. "When the Internet first became popular, players such as Telstra and OzEmail tried to be content providers, Web hosters, everything, but as the market matures there has been a rise in specialist hosting providers who have strategic partnerships with ISPs. Telstra's new SME Web hosting service is being provided by WebCentral for instance," says Farrell.

Gazing over the horizon, Farrell believes there will be a return to the ASP model but not as we know it. "All a Web host does is provide an ASP version of a Web server. The logical next step is to take that to other applications such as messaging, CRM, sales force automation, content relationship management tools, accounting packages and so on," he says.

"It won't be a major technical stretch for existing managed hosting providers to deliver these services, but it will not happen within the next 12 or 18 months," says Farrell.

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