

How to Avoid Colocation Hidden Charges - IO



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Everybody loves a deal, including colocation customers. But as with any type of too-good-to-be-true business proposition, a “bargain” colocation package can actually cost far more over time thanks to hidden charges.

How can you protect yourself from falling for a colocation contract that will eventually turn into a money pit? Consider these points:

Networks and carriers. The devil is in the details. Look carefully at the number and types of networking services being offered. Remember that if a provider is committed to only a single carrier, you stand to lose a considerable amount of connectivity bargaining power when negotiating network service terms. A multiple carrier environment creates a competitive environment that drives costs down. Additionally, some carriers require a local loop fee, costing anywhere from \$1,500 to \$15,000. Teaming up with a colocation provider that has each carrier’s equipment installed on-site means that the local loop fee could suddenly disappear, providing a potential huge cost savings. Colocation customers in a multi-carrier environment also benefit from a blended solution of multiple fiber backbone providers. A blended environment provides a highly reliable Internet connection and significantly reduces the potential for downtime.

Cross connects. A colocation customer should never have to pay extra for interconnection. Monthly cross-connect charges are a major revenue source for most providers, so free cross connects creates a huge savings for customers—a benefit that multiplies over time. Check the fine print to see how much you will be charged per cross connect, per month. Quality colocation providers do not charge for cross connects and include a full range of commonly used cables, including single or multi-mode fiber, category 3, 5 or 6 twisted pair cable and 734/735 COAX with BNC connectors.

Remote Hands. Remote Hands service is another area where some colocation providers try to squeeze extra money out of their customers. Having to visit your colocation environment to simply flip a switch or to swap a

disc is a great way of burning away time and money. So walk away from any colocation deal that doesn't include free Remote Hands service.

Cages. If you decide to use a cage, make sure that it can be customized to meet your requirements rather than what the provider thinks you need. A cage that's inadequately sized, wastes space or promotes inefficiency represents a hidden cost. For example, a customer may request a cage that can support 150kW of power, but receive a quote for a 400 square foot cage. While the quote may seem lower than expected, the estimate would require a power density of 375 watts per square foot (a level most providers can't achieve). The alternative is for the provider to eventually sell the customer more space. Therefore, it's important to ensure that the provider can honestly accommodate your real-world power needs rather than simply trying to lure you into a small cage that only appears to be a bargain.

Redundancy and uptime. Many colocation providers oversubscribe their critical infrastructure. You certainly won't be saving any money if a vital support system suddenly fails—perhaps for an extended length of time. Make sure the colocation provider has adequate backup power generation, UPS, chiller and air handling capacity to meet your needs and the needs of the provider's other customers. Expect a 100% Uptime SLA that has real service level objectives – don't just take the provider's "best effort" at keeping your IT environment up and running 24×7.

Technology expertise and availability. Look for a provider with a highly trained staff that's available on a 24×7 schedule. Remember – a provider with years of experience will be able to operate more efficiently and cost effectively than a provider without the experience, creating customer savings.

Efficiency. Is the provider doing all it can to cut energy and cooling costs, such as using variable frequency drives, ultrasonic humidification, sealed cabinets and LED lighting? Does the provider have a peak-load shaving strategy to reduce energy consumption during the day when energy costs are typically higher? Lower energy bills translate into potential cost savings.

Geographic location. A provider's physical location can have a major impact on what you will eventually pay. Costly real estate, high business taxes and fees and expensive utility rates are all passed along to the customer. In addition, some states may be at higher risk of natural or man-made threats, which could impact uptime. A protracted period of downtime could end up costing you more than you expect, both in terms of lost revenue and business opportunities.

Don't zing yourself. Many colocation customers create their own hidden costs by installing inefficient, outdated, power hungry and unreliable equipment. Money invested in quality gear is rarely wasted. Consider using virtualization and other efficiency-efficient technologies to drive down costs.

Tags: 100% Uptime, colocation, free cross connects

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