

Seven Red Flags to Watch Out for When Selecting a Data Center Provider



Data center providers will almost always run a data center more effectively than a business, since they can spread out costs and gain efficiencies across a number of customers. When evaluating data centers, businesses need to weigh the pros and cons of each data center carefully.

As a business, outsourcing colocation services to a data center provider offers many strategic advantages. They can preserve capital that would have been earmarked for building in-house data centers.

They don't need to find and retain expensive technical talent or worry about managing complex new technologies. And they can focus entirely on their core competencies and strategic initiatives.

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Beware of these red flags when selecting a data center provider. If a data center provider exhibits any of this behavior, cross them off the search list.

7 Inattentive Data Center Employees

Data center employees should be on-site; available around the clock; and willing to help when needed, whether it's a simple question or a late-night emergency.

Interactions with a data center provider's employees can be very telling. Ask these questions: Do the employees engage with current customers? Are they visible around the data center, or do they tend to walk the other way when customers approach? Are they knowledgeable when questioned, or do they always "need to get back to you"?

When the data center staff is unavailable or poorly trained, customers don't get the service they need to efficiently run their operations. Excellent service makes customers feel like they're working with a true partner, not just a vendor.

6 The Data Center Does Not Pay Vendors Promptly

A data center not paying its vendors on time is cause for concern.

A data center's financial stability is paramount to a good partnership. If they can't pay their bills, they are probably not making the capital investments necessary to deliver (and maintain) the critical infrastructure their customers need. In extreme cases, if a data center provider is forced to close, customers can face disruptions until they move to a new data center.

To determine economic viability, dig deep into a data center's financial statements. For public companies, ample and accurate financial data exists, including comprehensive reports filed with the Securities and Exchange Commission. Financials for private companies may not be as readily available. Request specific financial information before signing any contracts to assess the data center's longevity.

A proven track record of supporting large Fortune 1000 companies, ongoing expansion into different markets, and growth within existing locations are good indicators that the data center has the capital needed for long-term success.

Although new entrants into the market may offer cut-rate deals, a data center's experience, stability and expertise are more critical long-range considerations. Partnering with a financially stable data center helps eliminate the risk of having to go through a lengthy and involved selection process again.



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5 Existing Customers Keep Leaving

Data centers with a high level of customer churn (over 3-4% quarterly) indicate that customers are unhappy. Try to obtain churn numbers and ask the data center provider to explain why THEY think their churn percentage is what it is.

Ask these questions: Is the data center not investing in quality technology and maintenance? Are they experiencing financial troubles and had to cut service levels? Can they finance necessary expansions? Does their infrastructure lack critical updates? What's their outage history?

Any amount of downtime adversely affects revenues, reputations and customer retention – for both the data center and its customers.

4 Issues with Facility Upkeep

Proper due diligence requires a thorough review of the data center's facility and operating procedures. The data center must be clean, properly maintained and have established processes in place for facility upkeep.

Although virtual tours are helpful, they can't replace an in-person tour. Tour the data center firsthand to examine its construction. Ask these questions:

- How old is the physical building? If not constructed to be a data center, what was its original purpose?
- What are the exterior walls constructed of? What are the fire ratings of the interior walls?
- How is the roof constructed? Is roof access restricted? Where are the windows and doors located?
- Does the tour include visiting critical areas of the facility, including the telecommunications rooms, electrical maintenance areas and generator accommodations?
- What specific monitoring and security measures are in place? Can visitors access the facility from locations other than the main entrance?

- Are on-site security personnel available 24/7 year-round?
- Are the data center technicians employees or hired contractors?
- What type of video surveillance and recording is in place? What access controls are in place? Are they multilayered, biometric, keycard or window security, with entrance and exit alarms?
- Does the facility include secure doors, man traps and staffed checkpoints?
- How is redundancy built into the infrastructure? Does a diagram of the infrastructure show redundant power-distribution units, backup systems, utility feeds and generators?
- Is a diagram of the fiber routes available? Does the facility have redundant fiber-optic access? Redundancy is critical in the event of an accident outside the data center.
- Are critical areas at risk for possible water damage? Water pipes located overhead, above drop ceilings and under raised floors can cause serious outages if they burst.
- What are the procedures for facility-related issues? What specifically happens if a pipe breaks or a backup generator fails to start? What's the troubleshooting process for various events?
- What's the customer support response time to service issues? What contingency plans are in place for electrical or mechanical disruptions?
- Are preventive maintenance operations handled in-house or outsourced? How is the maintenance staff trained to safeguard customer security?
- How often are systems tested? Answers should include those for electrical components; generators; uninterruptible power supplies; switching equipment; transformers; automatic transfer switches; static transfer switches; power-distribution units; power/circuit-breaker panels; heating, ventilation and air-conditioning components; fire-suppression equipment; air-quality equipment and leak-detection systems.
- What's the facility's maintenance schedule?
- Are maintenance, inspection and testing records available?

Taking note of facility issues is critical during the selection process.

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3 Making Excuses for Poor Service

No business wants to hear that recurrent outages aren't the data center's fault. Although downtime may be caused by external forces beyond a data center's control, the data center must have backup systems and procedures to provide ongoing availability.

Ask these questions:

- Does the service-level agreement provide a 100% uptime guarantee?
- What's the redundancy power architecture? Does the data center offer 2N power levels?
- What is the electrical and cooling capacity in watts per square foot?
- Does the data center offer separate parallel transformers and underground utility feeds?
- What's the configuration of the power-distribution units? What backup systems are available and do they include multiple generators, fuel tanks and batteries?
- Are the necessary monitoring systems, processes and trained staff in place?

The best data center providers will have established a customer-centric corporate culture. They will focus on providing solutions over excuses and make servicing customers an ongoing priority. With the best systems, maintenance procedures, internal processes, technical experts and highly qualified leadership in place, these data centers will be well-equipped to create value. The right data center will also customize its solutions and service to each customer's specific requirements and be available 24/7 year-round.

2 High Rate of Employee Attrition

Employee attrition is a good indicator of job satisfaction and the internal health of a company. If employees aren't excited about their jobs and where they work, they'll be looking for other opportunities.

High turnover is expensive to any business. It costs companies time, money and productivity. According to research studies, the total costs of turnover can range from 90% to 200% of an employee's annual salary.

When employee attrition is high at a data center, overall performance suffers. Performance issues lead to lower levels of customer satisfaction. Request the employee turnover ratios of prospective data centers.

High attrition is a definite cause for concern. A lack of 24/7 year-round access to well-qualified employees may affect the support businesses require.

1 Inability to Innovate

Most businesses aren't experts in designing, building, upgrading and maintaining a data center facility. They don't have the in-house expertise to stay on top of an ever-changing technical landscape, which includes adopting the newest technologies and complying with the latest regulatory requirements.

Some data center providers mask their inability to innovate by attracting customers with lower prices. Over the course of several years, this strategy ends up costing businesses more, since they don't benefit from efficiencies that newer technologies can deliver, or from innovative service offerings.

A data center provider must have the right blend of financial, technical, personnel and management resources to excel now and in the future.

Summary

The goal in any outsourcing decision should be to remove risk. In a colocation scenario, businesses need their information technology (IT) assets properly protected. They also must derive real value from the data center provider relationship. And they should be able to free up resources to support initiatives that drive the core business. However, many things can endanger a good return on investment. Any one of the red flags identified in this report should cause serious concern.

About CyrusOne

CyrusOne specializes in providing highly reliable, flexible and scalable enterprise data center colocation that meets the specific needs of customers across its broad portfolio of carrier-neutral data center facilities in the United States, Europe, Asia and Latin America. CyrusOne employs its Massively Modular[®] engineering and design approach to optimize design and construction materials sourcing and enable just-in-time data hall inventory to meet customer demand. The company engineers its facilities with redundant power technology, including an available 2N architecture.

CyrusOne customers can mix and match data centers to create their own production and/or disaster recovery platforms by combining facilities via the low-cost, robust interconnectivity provided by the CyrusOne National Internet Exchange (IX).

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