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A Farewell to Storage

Another downside of outsourcing any part of the IT paradigm is loss of control, because the outsourcer generally makes technology decisions on the company's behalf. Managed-service providers tend to standardize on one set of tools and technology because doing so keeps costs down, and service providers are already proficient in using that set. Standardizing on tools, however, can stifle innovation, although it can be a reasonable trade-off.

"You may have other technologies from other vendors that may give you more of a competitive edge. But, because the outsourcer has standardized on tools and technologies, you may not have access to them or you will pay a premium for having the outsourcer implement them. It's about weighing your priorities," says Gartner's Couture.

At Reichhold today, the IT team has shrunk significantly due to the change in storage management, but Petit believes the trade-off has been well worth it. "Our IT department's role in storage is changed because we don't need as many resources to manage our storage capacity, but the system is now much more flexible and faster," he says. "Every month we tell EDS to add a certain amount of storage capacity to keep our servers running correctly, and it's done very quickly. If it was done internally, we would have to place a purchase order to buy it and take our system down during a weekend to add the storage. This way, I can give my approval within five or ten minutes by e-mail, and I know that within six or seven hours our servers will get increased capacity."

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Using a managed-storage service provider can be a great decision for many multinational companies, but not for everyone. Companies with a lot of sensitive information may not be a good fit

Cost is another factor. Although offloading storage management may seem like a money-saver, that's not always the case. Turning to managed-storage services can certainly allow a multinational corporation to reduce its IT staff, thereby saving money, but the service itself doesn't come cheap. In the end, it's often a wash. That's the case at Reichhold, although Petit says the decision was never about cost reduction.

In general, multinational companies that tend to be a particularly good fit for the managed-storage services model are those with large amounts of data, such as communications companies that are moving into broadband services, which involves taking on an exponential increase in data management. Companies in the petroleum industry are another good fit, both because of the large amount of data that must be managed and stored, and because much of the data is often leased out to various entities, such as global oil companies. That data must be hosted and managed in some type of centralized environment, and a managed-storage services paradigm could fit the bill.

Choosing Your Managed-storage Service Provider

If going the managed-storage services route seems to make sense, the first decision is what to outsource. Should you outsource everything related to storage or should you pick and choose?

In general, most companies would benefit from offloading backup, recovery, archiving and replication, opine experts. But beyond that, many companies choose to be more selective. Some companies may choose to outsource only these functions, while others may prefer a more comprehensive approach. "The route a company goes really depends on which functions are considered core and which aren't," says Couture.

The next decision — which managed-storage service provider to choose — often falls to someone fairly high up in the organization, such as a business unit CIO. Companies providing managed-storage services fall into several categories, making the executive's decision complicated. In addition to pure outsourcers, such as IBM and EDS, there are a host of other vendors that offer both managed and hosted storage services. Prominent examples include Arsenal Digital Solutions, based in Cary, N.C.; Unisys, based in Blue Bell, Penn.; Iron Mountain, based in Boston, Mass. and GlassHouse Technologies, based in Framingham, Mass.

Another category of suppliers known as managed hosting providers is working hard to make inroads in this space. One example is Verizon Information Technologies, based in Tampa, Fla., a company eager to use its network infrastructure to gain market share in the areas of both managed storage and hosted storage. Verizon Information Technologies, which gained its technology, worldwide reach and expertise through a verger of the former MCI and Verizon, has offered Web hosting for years, but recently introduced storage services.

"We want to start expanding and owning the edge," says John Tomljanovic, Director, IT Solutions Product Management. "We can manage the customer's SAN (Storage Area Network) devices and the entire storage infrastructure. And if you don't want to do it yourself, we will host it from our data center and manage it that way."

Although the growth of managed-storage services in the multinational world is slow, it's steady and in many cases, can

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