



The Disappearing Data Center

by Robert Plant

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With “container-based” data centers, firms can quickly add IT capacity.

Companies that allow the recession to sweep away their corporate data centers may find themselves well positioned to rapidly increase or decrease computing capacity—which could offer a big advantage in volatile times.

Few CEOs ever visit their own data centers, and from IT’s point of view, that’s probably a good thing, because they’re not a pretty sight. The typical center is a mishmash of new and out-of-date hardware that is often expensive to run and maintain. In fact, costs of data-center facilities have been rising faster than IT budgets, according to the Uptime Institute.

To reduce overhead during hard times, some companies have shrunk their capital-intensive data centers and shifted much of their critical computing to remote vendors. Juniper Networks, for example, saved money on equipment, energy, and security by moving its critical applications to an IBM data center in Boulder, Colorado. Other firms have simply scaled back in-house data operations. Rather than purchasing expensive applications, many pay a vendor such as Salesforce.com or Amazon for use of software on demand. A McKinsey study suggests that this approach especially works well for small and midsize enterprises: With a 200-seat license, for instance, it can save companies 30% of the cost of implementing customer relationship management systems.

A creative new option for remote arrangement is the “container-based” data center. With the help of companies such as HP, Microsoft, and Sun, firms can build their own

portable data centers—server farms that can be moved to a new location where, say, utility costs are lower. These data centers are built from modular pieces that look like giant Lego bricks; essentially, they’re made out of shipping containers that house IT equipment and are carted to a site on trucks and placed in rows. Many companies think of these centers primarily as backup facilities, but their modular design makes it easy to add or subtract capacity rapidly.

The ability to scale computing and storage capacity up or down quickly makes container-based centers especially attractive when business fluctuates and IT needs thus become hard to predict. According to IDC research, it takes three and a half years to set up a traditional data center, whereas modular centers can be up and running in eight to 12 weeks. The modular approach also costs about a third less than retrofitting existing data centers.

Perhaps it’s time for the CEO to visit the corporate data center, determine its true operational and capital costs, and reexamine the logic of data-center ownership.

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