

Hosted Hosting: Should Service Providers Go Hosted?

□ Preamble

No one can argue the fact that the IT industry, even in these troubled economic times, is continuously developing at astounding rates. This can be seen across all sectors of the industry, whether it is application development, platform evolution, online services hardware development and even research. To some degree, though, this is also inevitable because along with the unstoppable evolution of the Internet, our need for interaction and communication has increased exponentially. With cloud computing environments just around the corner, the service provider (SP) market is about to reach another turning point somewhere in the near future.

It is not very often that you get to hear about smaller Service Providers that move up the ladder in a very short time. The main reason behind this consists in the actual lack of resources required to make such big leaps. In most cases, it all comes down to time, money or both, which means there is not so much that one can do about it, given the large scale of SP scenarios. But what if the resource-related issue would go away with a simple and comfortable solution that allows any provider to adapt and scale its services to an unprecedented size, at only a fraction of the time and the costs that are normally required?

This is a very interesting and promising puzzle to solve: if such a solution existed, the SP would easily be able to redirect much of its attention to gaining more customers and profit instead of scheduling hardware purchases and solution upgrades to the dime.

□ Service Provider Hosting Is Possible

The simple concept of **hosted services**, already known and widely used for enterprise environments for quite some time, represents the perfect solution for a great number of small and medium sized companies that require a safe and reasonably priced platform. Applying the same concept at a higher level could result in Hosting and Service Providers leasing or renting virtual real-estate for the services they provide in order to lower their initial investments or subsequent upgrade costs.



Hosted hosting could bring the advantages that hosted services usually create for enterprises to SPs' own tier and optimize their resource usage to the maximum extent possible. This also goes to prove there is a need for a new breed of hosting services, especially aimed at large SPs requiring large storage and server farms. Moreover, **hosted hosting** would improve the overall service quality since those companies hosting Service Providers would only have to manage the platform, leaving the service to the provider.

This increase in quality will very much appeal to the customer or subscriber base, as no one can ever turn down a better deal for the same price. What's more important, even services on offer could get a lot cheaper as the SP would only pay a fraction of the cost each month and only for the resources it requires, changing its subscription plan based on the usage rates of its services.

❑ What if Something Goes Wrong?

Like any solution, the **hosted hosting** concept is obviously not bullet-proof. So, besides benefits, there must also be some down-sides that need to be considered. However, since it is not a very commonly used method throughout the industry, we do not have any real-life examples to which to base our conclusions at first glance. To find out what these drawbacks might be and where trouble might be waiting for us, we will turn yet again to the already treaded path of enterprise hosting.

The main issues with enterprise hosting are the result of inefficient business partnerships. This is the single, most important factor to take into account when moving a service to a hosted platform. This is where service level agreements (SLAs) come in and uptime rates divert growing businesses to an uncontrollable downward spiral. With **hosted hosting** services, part of these issues will be inherently overcome because the responsibility of the platform provider will be to manage their own platform only and thus reduce complexity. On the other hand, a side-effect makes its way into the equation: the service uptime rates will have to be much closer to 100% than for current hosting.

To provide end-users and customers with a 99.97% uptime SLA, the Service Provider must have an SLA with the service hosting partner of roughly 99.9985% or more (note the four decimals). This requirement will make most decision-makers very wary and cautious about the companies that they do business with. A clean "failure record" and satisfied customer base will become just the tip of the iceberg in this new paradigm of hosted services.

❑ Conclusions

For the SP market, the future is here. The **hosted hosting** concept will most likely pick up incredible momentum in the following years as it creates a vast array of opportunities for all players and can even allow some of them to make up for a slow start in the past.

For further details on this new hosting paradigm, a head-to-head comparison of the pros and cons of licensed and hosted services models, or a pertinent analysis of the factors that providers should weigh in when trying to select a stable and trustworthy business partner to host their messaging services, we invite you to check out this highly-informative AXIGEN webinar: http://www.axigen.com/webinars/hosted-hosting_19/

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