

The Costs of Going with Colocation

Colocation Costs

① Exorbitant Capital Expenditures Problem

Although the thought of co-locating can seem like a stable, long-term solution, the costs associated with implementing it can quickly compromise a company's budgeted capital expenditures for that fiscal year. Such an outlay in CAPEX means that the company is now under tremendous scrutiny and pressure for the solution to operate without failure. More importantly, in today's ultra-competitive business environment, the need for a faster Return on Investment is imperative and can be a distraction to the company's day-to-day operations.

The Rackspace Advantage

Rackspace Solution

Rather than pay for everything like dedicated lines, router, server chassis, firewalls, load balancers and software up front, Rackspace Managed Hosting eases that financial burden. By providing each customer a Cisco Powered, multi-homed, autofailover Network that is fed by multiple Tier-1 providers, Rackspace allows a company to significantly reduce its capital expenditures rather than pay for these necessary components all at once, thereby achieving a faster ROI.

② Hardware Depreciation Problem

In the server component market, the rate at which equipment depreciates is predicated on the rate that technological advancements increase. This fact continues to plague many companies that have implemented a co-located solution. Whether it is advancements in faster chip sets, SCSI drives or network upgrades, keeping up with the demands of a growing online presence can mean planning and paying for systematic technology refreshes. This necessity causes an additional capital outlay, adding to the ongoing costs of running your online business.

Rackspace Solution

Although Rackspace does not admit to being able to slow down the equipment depreciation process, we take on the responsibility of owning equipment that will depreciate so you don't have to. We allow customers to upgrade on the fly without incurring the significant capital outlays associated with a co-located solution. We work hand-in-hand with you to make sure that your customers and your revenue-generating transactions are backed by the fastest, most efficient technology available, all at a reasonable price.

③ Overall Maintenance Problem

One of the most important items to consider when outsourcing your hosting project is the associated cost of effectively and efficiently maintaining it and the risks associated with not being able to do this properly. In a co-located environment, a company must take steps to ensure that an exceptional disaster recovery solution in place in the event of equipment failure. For a truly robust disaster recovery solution, a company must have, at a minimum, a warm spare for every component in the configuration on hand. You must also plan to have on-call Level-3 technicians ready to diagnose and address the problem. When and if disaster should happen, these additional payroll, hardware and opportunity costs can quickly shatter any profit goals.

Rackspace Solution

Since we opened our doors we have realized one thing – it's not just about servers, it's about service. It's one of the reasons we are continuously praised for our extraordinary efforts at maintaining our customers' servers. It's by far the most important reason that thousands of customers have relied on us to manage more than 30,000 servers on multiple platforms with differing degrees of complexity. In the event that we fail to meet the high standards we have set for ourselves (like our Zero-Downtime Network™ or our 1-Hour Hardware Replacement Guarantee), we will credit your account up to 100% until the problem is solved.

MODIFIED DATE: 10.04.07

Managed Hosting Backed by **FANATICAL SUPPORT™**

United States: www.rackspace.com | 800.961.2888

Europe: www.rackspace.co.uk | +44 20 8734 2600

