

High Availability in Outsourced IT Services

By Floyd Piedad in conjunction with Harris Kerns Enterprise Computing Institute

The terms "high availability" and "outsourced services" are rarely seen together, with their combined use looking more like an oxymoron or a contradiction in terms. Is it possible for one to get high availability levels from services rendered by a third party? This article helps you gain the right perspective in making use of outsourced services and giving-up that control that is so vital in any high-availability operations setup.

In my book "High Availability: Systems, Designs, and Processes" we emphasize the fact that a system is perceived as always available if to the end user the following is true:

1. the system is accessible when the user needs it
2. the system always provides timely accurate results
3. the system is easy enough for the user to actually use it

The critical element here is that high-availability is measured from the user's point-of-view. For example, it doesn't really matter if the IT guys just installed a gigabit LAN for the office if the users still cannot access the server because it rebooted by itself and the administrator is not around to input the power-on password (it should have been disabled). Nor do users care if the latest version of the mail server was just bought and yet some of them still do not get all their emails because their mailbox is always full (user should have been given bigger mail storage space). And will they really jump for joy at the next version of an application that now requires them to remember to convert some of their files when used on older systems (should have migrated all users)? Experience tells us they certainly won't.

So when your IT organization makes a decision to outsource a service that was traditionally provided by them directly, it is creating an intermediary layer of service delivery between them and the end-users. This intermediary layer should only be visible to the IT organization, and should be transparent to the end-users. This is the simplest measure of a successful outsourcing: that the end users continue to think that the service is provided by their internal IT organization, and the quality of services provided is the same, if not better.

Here are some golden rules to follow in outsourcing:

Rule 1: Trust no one completely.

The terms and conditions of the service to be provided must be clearly stipulated in a contract. Never take your provider's word for it.

Ensure that the contract provisions at least cover:

- Service availability hours, performance guarantees, and list of responsibilities.
- Support coverage hours, mode of support available (e.g. telephone, email, on-site), escalation procedures.
- Contract penalties, termination clauses, renewal and continuance terms.

An important point to consider is what penalties are incurred by the vendor when the service is poor or unavailable? Definitely this penalty amount will be trivial compared to

your business losses, but the higher the penalty stipulated, the higher is their own motivation to make their service perfect.

The better providers will give rebates or free advanced subscriptions if their committed service levels are not met. Even better is one provider who will even insure against business losses for service unavailability.

Rule 2: Make it easy to switch providers.

Never assume that your good relationship with your outsource provider will always stay that way. You have to make an exit plan in case the outsourcing setup is no longer beneficial to your company. First of all, ensure that there are no contractual or legal impediments towards ending the agreement prematurely. A point of argument with the service provider: if your service is really going to be good, then you should not worry about us pre-terminating the contract since we will always be satisfied, right?

With the way the economy is going right now, one can never be sure if the service provider one uses will still be around next month, right? So this exit strategy should also plan for the possibility of a sudden loss of service provider.

On the technical side, ensure that most of your data is in your safekeeping, or that at least the amount of data that is not is kept minimal. This is so that restoration of your service in another provider can be done easily and as fast as possible, and any required reconstruction of data is kept minimal. When you have a stable system, document the entire system setup from hardware to network to software setup, so that you have all the info you need to restore on another system. In the case of an outsourced website, for example, what server software version is it running on, including what patches have been installed, etc.

Rule 3: Manage your providers

Successful outsourcing experiences are those where the service providers are adequately managed by the clients. By management, we mean providing adequate and timely feedback when things don't seem to be right, invoking and criticizing their support facilities, and keeping your provider abreast of future changes or potential problems that you might have.

Bad outsourcing experiences are most often the ones where the client thinks that they should leave it all to their service provider.

An important tip here is to always keep a file of documented communications between you and your service provider, most especially if these affect the service terms and conditions, pertain to problems and solutions, or involve technical changes to the outsourced service.

When choosing a service provider, here are just some of the most important concerns or requirements you should be looking at that would require further research into the outsourcing company:

Can they scale?

Your outsource provider might be able to service your current needs, but you should also determine if they can handle a growth in your user base, volume of transactions, storage capacity, and other concerns related to a general growth in your business operations.

Will they survive?

With the downturn in the IT industry came a deluge of companies closing-shop, with a good number of them application service providers or outsource providers. What you need to find out is if your service provider will continue to be a financially stable. This does not mean that you should necessarily chose the bigger companies, as experience has shown that they too are not immune from financial collapse, especially if you remember the saying: the bigger they are, the harder they fall. If you want to assess the financial soundness of your provider, you could look at how they price their services versus the infrastructure costs that they obviously incur. This is no easy task however. Are they offering their services at prices that are too cheap compared to their competitors? Are they spending too much on their infrastructure vis-à-vis their client base? Do they have a history of retrenching people or of selling out their assets? Obviously, there is no sure-fire way to asses a company's long-term stability.

Will other services be available in the future?

Remember that a critical success factor in outsourcing is being able to manage your providers well. Naturally, it is harder to manage many different providers than it is to do so with just one. It is thus better if you have just one service provider who can handle your many requirements now and in the future.

What is their support policy?

This I feel is one of the most critical evaluation criteria, as this will determine the long-term stability of your outsourced services. During the proposal stages, you should already ask your potential providers about what their support policies AND procedures are. Yes, everyone will tell you that they have this customer support number available all the time, or this email address that you can use to reach them., or may even assign a dedicated account manager to look after you. But ask them: do you have a documented procedure for handling customer problems – where is it? Are there set targets for responding to customer problems? And last but not the least, which I have seen is an accurate indicator of how mature and serious the support organization is, do they have an escalation procedure that goes all the way to top-level management when customer problems are not resolved in a timely manner (and give you their contact numbers)?

Obviously I did not discuss the technical evaluation criteria which I am sure most of you are already aware of and which would depend largely on what you are outsourcing. What I have pointed out above are those often times ignored but which can cause the most problems to you in the future.

In answer to the question on whether it is possible to have high availability in outsourced IT services, the question is a cautious 'Yes'. Outsourcing does not equate to abandonment, most especially if you want to achieve high availability from such service. It requires a change in management practice, close monitoring of the service suppliers, and identification of alternate sources of said service in case of supplier failures. Done right, outsourcing can help you focus on your core business expertise; but done wrongly, you will end-up spending more effort and resources trying to make up for poor service provided by your service provider, making the outsourcing effort not worth it.

Here is a quick checklist when evaluating your potential outsourcing contract:

1. Ensure service availability hours exceeds, if not match, your system's committed availability hours.
2. Ask for service performance guarantees in writing. There should be some penalties associated with inability to meet these targets agreed upon.

3. There should be a comprehensive list of responsibilities not only for the service supplier but also from your end. Again, this should be part of the service contract.
4. Support coverage hours should also be defined, including the different means of invoking this support, which should be more than one means and include access to real-time live-person support when necessary. Ask to be assigned a primary and secondary contact person who will be in-charge of your account for non-immediate requirements.
5. Response times to support requests should be specified according to different problem types and their severity.
6. A good support policy should include escalation procedures that can go all the way to the outsource provider's senior management team. If they are serious about providing good service, there is no reason why they should hold back on giving you contact information to those in their support hierarchy.
7. There should be contract termination clauses and its implications for both parties. This includes the conditions for allowing contract to end prematurely, penalties for either party, and exemptions such as force majeure.
8. Contract should include terms and conditions for continuation of the contract. It is better that the contract have an auto-renewal clause so that there is no service interruption just because of negligence on either party to renegotiate the contract.
9. Contract should include a clause which covers you against sudden permanent service interruption, such as assistance in finding and migrating to another provider and making available all required information pertaining to your service for a certain period after termination of the outsourcing service.
10. Terms and conditions on adjustments to pricing should be included in the contract, such as amount of time prior to effectivity date of adjustment, a range of percentage increase allowed, and price protection for a certain period of time.

The Harris Kern Enterprise Computing Institute is a consortium of publications – books, reference guides, tools, articles - developed through a unique conglomerate of leading industry experts responsible for the design and implementation of ‘world-class’ IT organizations. This information extends well beyond technology-bound publications predominant in this industry and the general data provided by leading research firms. The Harris Kern Enterprise Computing Institute is quickly growing in to the world's foremost source of information on building the ideal IT organization. Organizations that master our approach and techniques ensure that their IT initiatives are closely aligned with their business objectives. And surprisingly, technology is the easy part. The key is taking a comprehensive approach that truly includes people, process, and organizational disciplines. Without that technology can be your worst enemy.

Our approach and techniques are proven. Placing special emphasis on and applying a special framework designed around organization, people, process, and technology, we have assisted numerous companies to assess, build, and manage complex computing environments. These companies include, among others, The Royal Hong Kong Jockey Club, Standard & Poors, Twentieth Century Fox, U.S. Satellite Broadcasting, The

Weather Channel, several Time Warner companies, TransAmerica Corporation, and Fannie Mae. Over the next few months we will publish this special framework, its approach, methodologies, processes, organizational structures, and technology architectures in a series of exciting articles that will allow you to build a world-class IT organization.

Today, under the umbrella of the Institute, IT professionals from many of the country's leading companies come together to take advantage of our leading edge disciplines and strategies for improving the IT industry through the management of organizational, process, and technology issues. In the weeks and months to come those same professionals will be joining together with us in a dialogue to discuss those same strategies. Together with Prentice Hall PTR, members of the Institute have published several 'how-to' books, including such titles as "IT Services," "IT Organization," "IT Systems Management," "IT Problem Management," "Technology Strategies," "High Availability," "IT Automation," "Building Professional Services," "Data Warehousing," "Software Development," "Rightsizing the New Enterprise", "Networking the New Enterprise," "Managing the New Enterprise", and "Building the New Enterprise". For more information on the Harris Kern Enterprise Computing Institute, visit www.harriskern.com.