Vendor Landscape: Canadian Co-location/ Managed Services

Sort through disguised differentiation in the market to get back to an apples-to-apples comparison.

INFO~TECH research group

Introduction

The Canadian co-location/managed services market consists of commoditized facilities; differentiate on services and vendor engagement

This Research Is Designed For:

✓ Mid-sized enterprises seeking to select a solution for co-location or managed services for all or part of their data center environment.

✓ Their co-location/managed services use case may include:

- Basic co-location services with customer supplied equipment and vendor supplied facility with some basic services.
- Managed services with customer supplied equipment, but vendor supplied services.
- Hybrid model whereby the customer supplies equipment and subscribes to a mix of basic co-location and managed services.
- Fully managed services with vendor supplied equipment and services.

This Research Will Help You:

✓ Understand what's new in the Canadian co-location/managed services market.

✓ Evaluate Canadian co-location/managed services vendors and services for your enterprise needs.

✓ Determine which services are most appropriate for particular use cases and scenarios.

Executive Summary

- As co-location and managed services continue to replace the traditional need for organizations to host and monitor their servers in-house, more and more vendors are offering outsourcing options; however, sorting through their commoditized solutions can be difficult. Former differentiators (e.g. vendor's facility) are becoming table stakes. Advanced offerings then become the true differentiator. As security of data becomes a greater concern, an increasing number of vendors are implementing biometric security measures (e.g. fingerprint or retina scanning). Cloud services have also made their way into vendor's standard offerings. As well, with the identification of data centers as huge energy consumers, customers are increasingly including some degree of green initiatives in their selection criteria, prompting more vendors to investigate ways to improve their efficiency, such as free cooling.

- Info-Tech has identified four Champions in the Canadian co-location/managed services space. CenturyLink/Savvis, Q9 Networks, PEER 1, and Bell Business Markets all display proven longevity, viability, and breadth of offerings. All of the Champions provide a hybrid model of co-location and managed services, allowing mid-sized enterprises to adapt their service model as their needs evolve.

- When value for money is taken into consideration, RackForce, PEER 1, Primus, TELUS, and Data Centers Canada become the most compelling options. Due to an inability to provide solution pricing, a few vendors received low value indexing.

- Enterprise use cases provide valuable insight for the vendor selection process. In the Canadian co-location/managed services market, attention should be paid to the vendor's offerings in terms of cost, the organization's present and future service requirements, and the vendor facility geographic separation to ensure that they are a compatible fit.

Market Overview

How it got here

- Co-location emerged with the growth of internet businesses and e-commerce. Initially, they focused strictly on hosting servers and meeting connection requirements.
- In the wake of the Dot Com Bust, co-location providers began to expand their services in order to remain in business. Managed services were introduced.
- Three tiers of vendors have evolved in response to customer needs based on size, geography, and influence in the market. Where vendors used to differentiate on capacity or capability, now it is really just a factor of the vendor's size in the market.
- Co-location has expanded from a niche service to a multi-billion dollar market in which even system integrators, large Telco's, and hardware vendors are fighting for a presence.

Where it's going

- Vendors are offering more managed services due to increased profit margins and customer demand. Many larger providers have completely removed basic co-location offerings from their service portfolio. Although managed services are increasing in demand, most enterprises in the mid-sized market still require a hybrid model to services where they can evolve from co-location into managed services to meet current and future demand.
- Many co-location/managed services providers have also begun to incorporate cloud services into their offerings.
- As 'GreenIT' and efficiency stay top of mind, many vendors are building new sites according to LEED standards. The Canadian climate presents an opportunity for energy savings in cooling and many have begun incorporating *free* cooling in their facilities.

Info-Tech Insight

As the market evolves, vendor facilities (power, cooling, security, standby power) become default and advanced offerings become differentiating. Facility capabilities have become Table Stakes and should no longer be used to differentiate solutions. Instead, focus on engagement practices and services available to get the best fit for your current and future requirements.

Co-location/Managed Services Vendor Landscape selection and knock-out criteria: size, service, separation

- *The Canadian co-location/managed services vendor market has evolved into three tiers*:
- **Tier 1.** Highly influential and global vendors that typically focus on larger processing objectives and see co-location as only a small portion of the value they add. This tends to push them out of the space for mid-sized enterprises seeking co-location for a few server racks.
- **Tier 2.** Can accommodate small, mid-sized and large organizations, but typically focus on the mid-sized enterprise. These vendors are typically regional vendors. This tier is highly commoditized, which makes it difficult to differentiate vendor services.
- **Tier 3.** Generally lower grade facilities or resellers looking to sell extra space, or aggregators who gather clients to enter them into a Tier 1 facility. Enterprises looking to co-locate the data center should stay away from these vendors and facilities, as the service levels are sub-par when compared to Tier 1 and 2 facilities.
- For this Vendor Landscape, Info-Tech focused on Canadian **Tier 2** vendors for the mid-sized market.

Included in the Vendor Landscape:

- ***Bell***. *A leader in the Canadian Telco marketplace, expanding co-location/managed services nationally.*
- ***CenturyLink/Savvis***. *Now a part of CenturyLink, Savvis acquired FusePoint in 2010 to expand Canadian services.*
- ***CGI***. *A global player in the Canadian market with a focus on larger enterprises and managed services offerings.*
- ***Data Centers Canada***. *A pure co-location provider, regionally based in the Greater Toronto Area.*
- ***PEER 1***. *A global provider, with national expansion and a focus on hybrid services offerings for the mid-market.*
- ***Primus***. *A global Telco provider with hybrid service offerings in Toronto with plans for national expansion.*
- ***Q9***. *A national market leader in Canada focused on mid-to-large sized enterprises with hybrid service offerings.*
- ***RackForce***. *Focused in Western Canada, with hybrid offerings for the mid-market.*
- ***TELUS***. *A Canadian Telco provider with national presence focused on managed services offerings.*

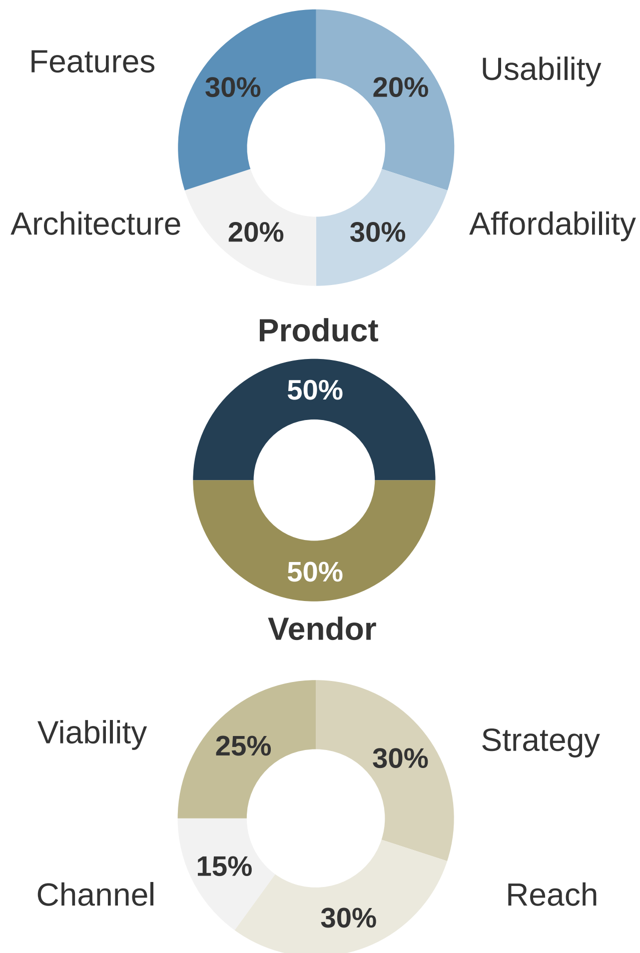
Co-location/Managed Services Criteria & Weighting Factors

Product Evaluation

Features	The solution provides basic and advanced feature/functionality.
Affordability	The five year TCO of the solution is economical.
Usability	The solution's reporting tools are intuitive and engagement practices meet market needs.
Architecture	The delivery method of the solution aligns with what is expected within the space.

Vendor Evaluation

Viability	Vendor is profitable, knowledgeable, and will be around for the long-term.
Strategy	Vendor is committed to the space and has a future product and portfolio roadmap.
Reach	Vendor offers geographic separation and is able to sell and provide post-sales support.
Channel	Vendor channel strategy is appropriate and the channels themselves are strong.



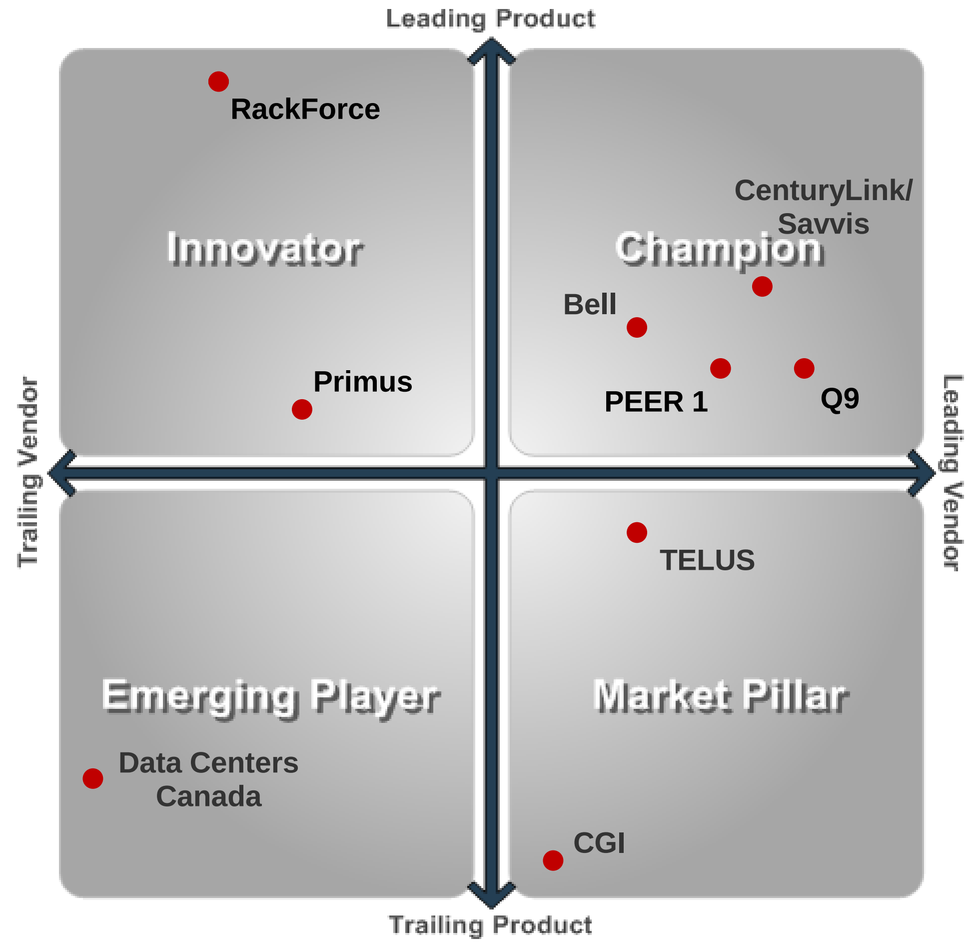
The Info-Tech Canadian Co-location/Managed Services Vendor Landscape

Champions receive high scores for most evaluation criteria and offer excellent value. They have a strong market presence and are usually the trend setters for the industry.

Innovators have demonstrated innovative product strengths that act as their competitive advantage in appealing to niche segments of the market.

Market Pillars are established players with very strong vendor credentials, but with more average product scores.

Emerging players are newer vendors who are starting to gain a foothold in the marketplace. They balance product and vendor attributes, though score lower relative to market Champions.



For an explanation of how the Info-Tech Vendor Landscape is created please see *Vendor Evaluation Methodology* in the appendices.

Every vendor has its strengths & weaknesses; pick the one that works best for you

	Product					Vendor				
	Overall	Features	Usability	Price	Architec-ture	Overall	Viability	Strategy	Reach	Channel
Bell Business Markets	◕	●	◑	◕	◕	◕	●	◕	◕	◑
CenturyLink/ Savvis	◕	●	◕	○	◕	●	◕	◕	●	●
CGI	◑	◕	◕	○	◕	◕	●	◑	●	◕
Data Centers Canada	◕	◔	◑	●	◕	◑	◑	◕	◔	◑
PEER 1 Hosting	◕	◕	●	◕	◑	◕	◕	●	◕	◕
Primus	◕	◕	◑	●	◑	◕	◑	◕	◕	◕
Q9 Networks	◕	◕	●	○	◕	●	●	◕	●	◕
RackForce	●	●	◕	●	◕	◕	◑	◕	◑	◕
TELUS	◕	◕	◑	◕	◕	◕	●	◕	◕	◕

For an explanation of how the Info-Tech Harvey Balls are calculated please see *Vendor Evaluation Methodology* in the appendices.

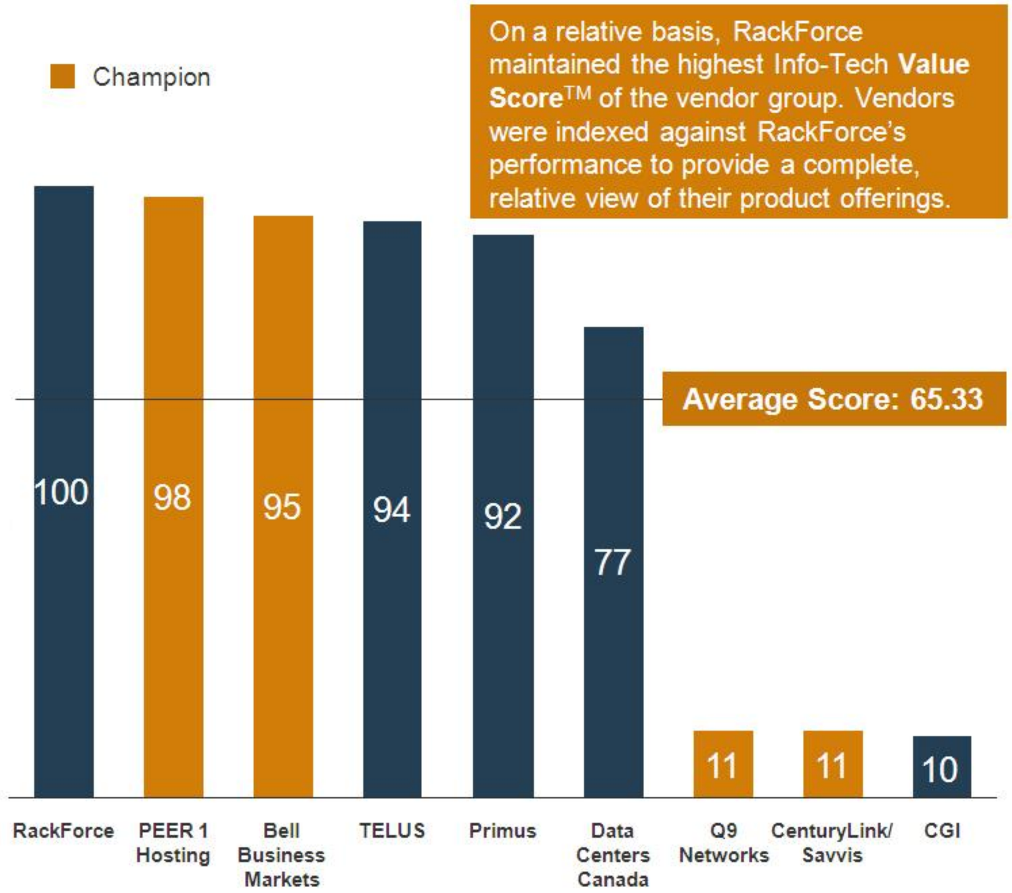
The Canadian Co-location/Managed Services Value Index

What is a Value Score?

The Value Score indexes each vendor's product offering and business strength **relative to their price point**. It **does not** indicate vendor ranking.

Vendors that score high offer more **bang for the buck** (e.g. features, usability, stability, etc.) than the average vendor, while the inverse is true for those that score lower.

Price-conscious enterprises may wish to give the Value Score more consideration than those who are more focused on specific vendor/product attributes.



For an explanation of how the Info-Tech Value Index is calculated, please see *Value Index Ranking Methodology* in the appendices.

For an explanation of how normalized pricing is determined, please see *Product Pricing Scenario & Methodology* in the appendices.

Table Stakes represent the minimum standard; without these a solution doesn't even get reviewed

The Table Stakes

Feature	Description
Facilities	The vendor has more than one facility in Canada, and they own or manage at least two of their facilities.
Physical Security	The vendor offers security functions such as locked cabinets and cages, card access, and the facility is manned 24/7.
Expansion	The vendor's facility has room for growth and expansion in terms of space and power capacity.
Standby Power	The vendor offers redundancy with UPS and generators with at least 72 hours of fuel storage on site.
Cooling	The vendor offers flooded air cooling system with hot/cold aisle layout.
Power Capacity	The vendor has available power capacity and can extend capacity. Building power is drawn from two grids.
Fire Protection	The vendor has pre-action sprinklers and a fire detection and dry chemical suppression system.
Basic Technical Support	The vendor offers remote-hands and support for moves, adds, changes (MACs) included in their basic level of service.
Basic Networking Services	The vendor includes basic networking services such as NAT, IP sub-net, and firewalls in their basic level of service.

What Does This Mean?

The products assessed in this Vendor Landscape™ meet, at the very least, the requirements outlined as Table Stakes.

Many of the vendors go above and beyond the outlined Table Stakes, some even do so in multiple categories. This section aims to highlight the products' capabilities **in excess** of the criteria listed here.

Info-Tech Insight

If Table Stakes are all you need from your co-location/managed services provider, the only true differentiator for the organization is price. Otherwise, dig deeper to find the best price to value for your needs.

Advanced Features are the market differentiators that make or break a product

Scoring Methodology

Info-Tech scored each vendor's feature offering as a summation of their individual scores across the listed advanced features. Vendors were given 1 point for each feature the product inherently provided. Some categories were scored on a more granular scale with vendors receiving half points.

Advanced Features

Feature	What We Looked For
Price Model	The vendor offers a metered power pricing option and is transparent about pricing for services.
Advanced Support	The vendor supports non-commodity platforms (i.e. UNIX, iSeries), and second-level support is available within Canada.
Advanced Security	The vendor has additional security features (e.g. biometrics for retina or finger print scanning), with manned security 24/7/365, and a secure perimeter.
Fully Managed Services	The vendor provides services where they own equipment and provide full services for the organization.
Hybrid Services Offering	The vendors go-to-market strategy enables a hybrid model where they sell and support a mix of both co-location and managed services.
Cloud Offerings	The vendor offers cloud services.
Advanced Cooling	The vendor has advanced cooling technology (i.e. free cooling, drilled a well).
Power Reservation Model	The vendor can provide additional power capacity and holds some reserve for unpredicted demand on the facility and does not over-subscribe power.
Server Monitoring & Reporting	The vendor provides real-time "heart beat", basic utilization metrics for OS, databases, and applications.
Server Backup	The vendor provides scheduling, media handling, re-start, change control, incident handling, and "Ad-Hoc" restoration services.
Hardware monitoring & reporting	The vendor provides information on the monitoring of managed hardware, such as processors, storage, and peripherals for fault or failure, with SLA reporting.
Hardware configuration management	The vendor provides corrective hardware MACs, break fix, provisioning, and incident handling at the basic level of service.
Network management services	The vendor provides intelligent monitoring, tools and services, QoS reporting (e.g. packet latency, loss, and jitter rates), monitoring of network services.
Recovery Services	The vendor has a site available for recovery services in case of a disaster and owns and operates the site.
Certification	The vendor's facilities are SAS70 Type II/CIPA 5970/SSAE No. 16, LEED certified.

Each vendor offers a different feature set; concentrate on what you need

Gather requirements, and list services needed beforehand to ensure you aren't paying for what you don't need.

	Price Model	Support	Security	Managed Services	Hybrid	Cloud	Cooling	Power Reserva-tion	Server Monitor & Report	Server Backup	HW Monitor & Report	HW Config-uration	Network Manage-ment	Re-covery	Certifi-cation
Bell	🔴	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
CL/Savvis	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🔴	🟢	🟢	🟢	🟢	🟢	🟢	🟢
CGI	🟡	🟢	🟢	🟢	🔴	🟢	🟢	🔴	🟢	🟢	🟢	🟢	🟢	🟢	🟢
DCC	🟢	🟡	🟢	🔴	🔴	🔴	🟡	🔴	🔴	🔴	🔴	🟢	🔴	🟢	🔴
PEER1 Hosting	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟡	🔴	🟢	🟢	🟡
Primus	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟢	🟢	🔴	🟢	🟢	🟢
Q9	🟡	🟢	🟢	🟢	🟢	🔴	🟡	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🔴
RackForce	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟡
TELUS	🔴	🟢	🟢	🟢	🔴	🟢	🟢	🔴	🟢	🟢	🟢	🟡	🟢	🟢	🟢

🟢 **= Feature fully present** 🟡 **= Feature partially present / pending** 🔴 **= Feature absent**

Info-Tech Recommends:

Refer to Info-Tech's *Develop a Co-location Strategy* for additional guidance on determining the needs of the enterprise.

CenturyLink/Savvis provides a superior network, reporting, and monitoring, but is still in M&A transition

Champion

Vendor:	Savvis (CenturyLink)
Employees:	50,000 total
Headquarters:	St. Louis, Missouri
Website:	savvis.ca
Founded:	1995
Presence:	NYSE: SVVS/CTL FY10 Revenue: $933M (S) $18.5Billion (CL)

*Savvis' rankings were affected by their inability to provide Info-Tech with pricing for their co-location/managed services and lack of public pricing resources.

Overview

- Over the last decade, Savvis has their offerings expanded outside the US into Asia, Europe, and Canada. Savvis acquired FusePoint (Canada) in 2010, and was acquired by CenturyLink in June 2011.

Strengths

- After the merger with CenturyLink, Savvis will have 48 data centers, a bigger network and over 1.9 million sq. ft. of data center space, significantly increasing its global presence.
- CenturyLink/Savvis boasts top-notch security, including biometric palm scanners, person-traps, and cameras on-and-off-site.
- SavvisStation, CenturyLink/Savvis' customer portal, has superior reporting and monitoring capabilities, ensuring that customers always know the status of their servers.

Challenges

- Savvis is facing organizational growing pains in its transition from FusePoint to Savvis and now, its acquisition by CenturyLink.
- Despite FusePoint's traditional reputation as providing *white glove* services, smaller enterprises may no longer receive the same quality of service in the new combined CenturyLink/Savvis.

Info-Tech Recommends:

CenturyLink/Savvis is a good fit for mid-to-large sized customers that require advanced monitoring, metrics, and security.

Q9 Networks has all the bells & whistles for security in the Canadian market, but at a cost

Champion

Vendor:	Q9 Networks
Employees:	175
Headquarters:	Toronto, Ontario
Website:	q9.com
Founded:	1995
Presence:	Private FY08 Revenue: $64M

*Q9' rankings were affected by their inability to provide Info-Tech with pricing for their co-location/managed services and lack of public pricing resources.

Overview

- Q9 was founded in 1995 under the name Myna Communications and renamed Q9 Networks in 2000. The company operates 10 data centers across the country, with a heavy focus on the Greater Toronto Area.

Strengths

- Q9 employs a capacity reservation model whereby they do not sell services based on space or square footage; rather, services are sold based on power demand. Customer power demands are subtracted from the facility's full capacity to ensure they don't go over capacity and can provide maximum uptime.
- Q9 focuses on multi-level security, including 24/7 on-site security guards, biometric access controls, and extensive video surveillance, guaranteeing the safety of critical data.

Challenges

- Q9's price point is high compared to competitors. Although Q9 delivers premium services and security, smaller organizations will find it hard to justify these costs.
- At this point in time, Q9 is not offering cloud services, which means that it lags behind others in the spectrum of service offerings.

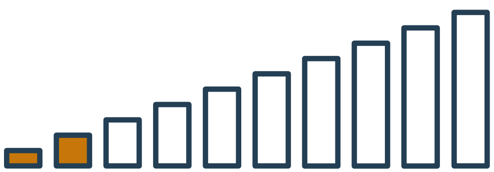
Info-Tech Recommends:

Q9 is appropriate for mid-to-large enterprise customers that are positioned at the premium end of the market and require additional security measures for mission critical applications.

Canadian-owned PEER 1 Hosting aims to be a preferred service vendor in Canadian, American, and British markets

Champion

Vendor: PEER 1 Hosting
Employees: 400 total
Headquarters: Vancouver, BC
Website: peer1.ca
Founded: 1999
Presence: TSX: PIX
FY10 Revenue: $97.9M total; $20M Canada (in USD)



Priced between $1,000 and $2,500

*Pricing based on monthly costs for full rack plus power

Overview

- Founded in Vancouver, BC in 1999, PEER 1 Hosting currently has 17 data centers across North America and Europe. PEER 1's most recent project was a 41,000 sq. ft. data center in Toronto.

Strengths

- Fully Canadian-owned, but with data centers across the UK and the US as well, giving clients room to expand services outside of Canada.
- PEER 1 Hosting is aiming for customer service excellence and intends on becoming a preferred vendor in terms of proactive customer service and engagement practices.

Challenges

- Does not offer managed services for legacy hardware (e.g. UNIX or iSeries), but will support the infrastructure (e.g. power, cooling, security) for any and all hardware.
- Hosts many of its data centers out of high-rise buildings in which it does not have control over the entirety of the building; however, new facilities in Toronto and in the UK have been built as standalone facilities as they focus on their service model.

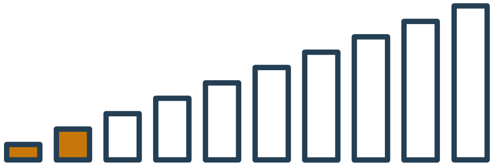
Info-Tech Recommends:

PEER 1 Hosting was traditionally in the SMB space, but they are moving up market, making them an appropriate fit for customers that are also moving up market and out of the mid-sized space.

Bell's emphasis on expansion reflects aspirations to lead the market, but it is still in the growth stage

Champion

Vendor: Bell Business Markets
Employees: 6000
Headquarters: Montreal, Quebec
Website: bell.ca/enterprise
Founded: 1880
Presence: TSX: BCE
FY10 Revenue: $18B



Priced between $1,000 and $2,500

*Pricing based on monthly costs for full rack plus power

Overview

- Bell is more well-known as a Canadian Telco provider, but has been focused on increasing its presence in the market. Bell is currently expanding its existing data centers in Alberta and B.C., as well as extending its footprint in Ontario and Quebec.

Strengths

- Bell uses a power reservation model that ensures customers receive a minimum capacity and have room for expansion.
- Bell is increasing its reach with expansions in Montreal, Vancouver, Calgary, Markham, Ottawa, and a new facility in Quebec, making it more accessible to customers across Canada.
- Bell has a reputable end-to-end network in Canada.

Challenges

- Although Bell is increasing its footprint in the data center space, in the past they have had little visibility in the Canadian market as a co-location/managed services provider. However, their current advertising campaign, targeting this area, should bring more visibility in the market for Bell.
- Onus is still mostly on the customer to initiate engagement between customer and vendor, as Bell does not have many formally instituted engagement or reporting practices in place.

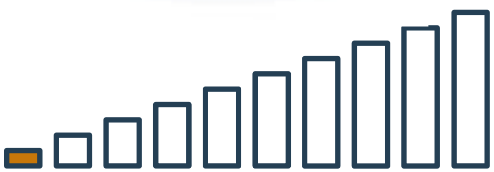
Info-Tech Recommends:

Mid-to-large sized organizations with employees greater than 500 and less than 5000, or organizations that are growing fast and need guaranteed power reservation to support their growth will benefit most from Bell's solution.

RackForce offers competitive pricing and innovative offerings aimed at early adopters

Innovator

Vendor:	RackForce
Employees:	35
Headquarters:	Kelowna, BC
Website:	rackforce.com
Founded:	2001
Presence:	Private



Priced under $1,000

*Pricing based on monthly costs for full rack plus power

Overview

- Founded 2001, RackForce has 2 data centers in the moderate and stable climate of Kelowna, B.C., a national network, and an enterprise cloud service provided from 151 Front, Toronto. RackForce plans to expand its GigaCenter model into Ontario.

Strengths

- To meet market demands for flexible solutions, they offer hybrid hosting *and* cloud options. They have setup and operated over 10,000 virtual and cloud servers and are one of the most capable cloud providers in Canada.
- RackForce's partnership with IBM has meant the creation of innovative GigaCenters, and a focus on green initiatives like free cooling where, in Canada, chillers don't run for 7-8 months out of the year, allowing savings to be passed to the customer.

Challenges

- An affordable price and breadth of offerings has led to hosting a lot of start-ups, which may attract clientele with more volatile demands; however, it has been these types of companies that have developed their security, resource management, and ability to scale.
- Based solely out of Kelowna, which limits their usability for pure co-location clients; however, they do work with other providers to bring their hybrid cloud solution to the table across Canada.

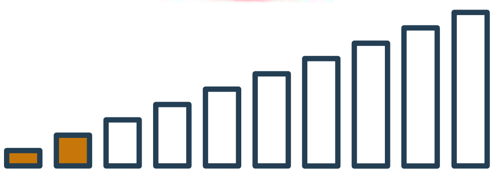
Info-Tech Recommends:

Small-to-large organizations in early-to-mature stages of business development that require an agile cloud, co-location, network, and/or managed services model will benefit most from RackForce's offerings.

Primus is focused on upgrading facilities for Tier 3 redundancy and offers flexible, customer-driven solutions

Innovator

Product:	Primus Business Services
Employees:	650 (Canada)
Headquarters:	McLean, VA, Etobicoke, ON
Website:	primustel.ca
Founded:	1994/1997 Canada
Presence:	Private



Priced between $1,000 and $2,500

*Pricing based on monthly costs for full rack plus power

Overview

- Primus Canada is a subsidiary of Virginia-based Primus Telecommunications Group. Primus Canada has 8 facilities spread across Western and Central Canada.

Strengths

- Primus' solutions are flexible for the mid-market. They will work with customers to accommodate changing requirements. Customers are able to buy what they need now and change their service mix within the terms of their contract without penalty.
- Primus' services are co-sourced, which means that customers don't have to adapt to Primus' practices; instead, Primus will act as an extension of their IT department and conform to their processes and procedures.

Challenges

- Currently most of Primus' facilities are Tier 1 and 2 according to the Uptime Institute's standards (Tier 1 for generator; Tier 2 for mechanical and electrical), but they have begun upgrading existing facilities and will be building to Tier 3 standards in new facilities.

Info-Tech Recommends:

Small-to-mid sized organizations that require competitively priced, flexible, and agile solutions will benefit from Primus' services.

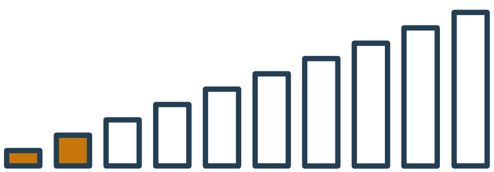
TELUS provides an unparalleled point-to-point network in Canada, but focuses only on managed service offerings

Market Pillar

Product:	TELUS
Employees:	34,800
Headquarters:	Vancouver, BC
Website:	telus.com
Founded:	1991
Presence:	TSX: T; NYSE: TU
	FY10 Revenue: $9.7B

TELUS

the future is friendly®



Priced between $1,000 and $2,500

*Pricing based on monthly costs for full rack plus power

Overview

- TELUS was founded out of the merger of AGT and BC TEL and subsequent acquisition of Clearnet. TELUS has since become one of the largest telco's in Canada.

Strengths

- Over the past 5+ years, TELUS has focused on sustainable business and environmental stewardship. Its newest data center in Quebec will be one of the first built to gold LEED standards.
- TELUS has one of the strongest networks and geographic dispersed facilities spanning from the east to the west coast.
- TELUS' channel strategy and training of channel partners ensures that customers get the same experience.

Challenges

- TELUS is focused on managed and cloud solutions, but no longer offers pure co-location services, limiting their ability to provide a hybrid approach to services. However, their strategy for SMBs is to offer Cloud Services where, instead of the customers owning and managing hardware, they manage virtual compute, storage, and network without the capital burden.
- Unless a compelling event takes place or a customer strongly initiates it, TELUS does not offer mid-year contract reviews.

Info-Tech Recommends:

TELUS' sweet spot is in the mid-to-large sized organization, where customers require more complex and higher levels of service, especially regarding security, availability, and regulatory requirements.

CGI provides a superior offering for large enterprises, but is not well suited for the small to mid-sized space

Market Pillar

Vendor:	CGI Canada
Employees:	31,000 total
Headquarters:	Montreal, Quebec
Website:	cgi.com/en/canada
Founded:	1976
Presence:	TSX: GIB.A NYSE: GIB FY10 Revenue: $3.73B

*CGI' rankings were affected by their inability to provide Info-Tech with pricing for their co-location/managed services and lack of public pricing resources.

Overview

- CGI started in Quebec City as a consulting agency and has expanded worldwide to include over 125 offices. It has acquired several other companies (i.e. Bell Sygma, Stanley Inc) and focuses primarily on managed services.

Strengths

- CGI can provide support for legacy equipment (e.g. UNIX and iSeries) whereas many other vendors in the market do not.
- Advanced global recovery services ensure that customer data is kept safe even if regional interruptions occur.
- CGI employs extensive security measures in all of its data centers.

Challenges

- CGI offers only managed services on the premium side of the scale and doesn't support a hybrid model with basic co-location, making its services a poor fit for SMEs.
- Focus is primarily on large enterprises, as evidenced by CGI's pricing and sales channels, and smaller organizations likely will not find price points a fit for their budget.

Info-Tech Recommends:

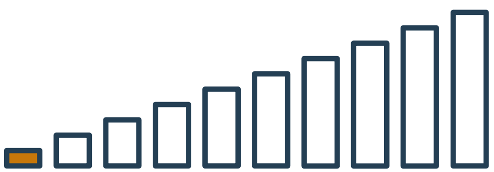
Large enterprises that require advanced security and managed services will benefit from CGI's offerings. Small to mid-sized organizations should consider other vendor offerings.

Simple business model of Data Centers Canada provides a viable alternative for those seeking only co-location

Emerging Player

Vendor:	Data Centers Canada
Employees:	12
Headquarters:	Vaughan, Ontario
Website:	datacenterscanada.com
Founded:	2003
Presence:	Private

DATA CENTERS CANADA
COLOCATION AND DISASTER RECOVERY FACILITIES



Priced under $1,000

*Pricing based on monthly costs for full rack plus power

Overview

- Data Centers Canada (DCC) is based in the Greater Toronto Area (GTA). It offers co-location and recovery services at its two facilities, and focuses primarily on the Canadian market.

Strengths

- DCC offers an affordable price point for SMEs, and flexibility of pricing and solutions that includes metered power.
- DCC is careful in its acceptance of the customers they host. Their low price point could attract *overnight* operations; however, their selection process ensures that they host only legitimate, viable businesses.

Challenges

- DCC's geographic separation is poor as vendor is located only in the GTA. Customers managing their own servers would have to be located nearby.
- DCC does not provide managed services. They allow customers to contract alternative service providers to manage their servers; however, this would require multiple contracts.

Info-Tech Recommends:

Organizations requiring affordable pure co-location in the Toronto area will find Data Centers Canada a good fit. Organizations requiring managed services now, or in the future, should look elsewhere.

Identify leading candidates with the *Shortlist Tool*

The Info-Tech *Canadian Co-location/Managed Services Vendor Shortlist Tool* is designed to generate a customized shortlist of vendors based on *your* key priorities.

This tool offers the ability to modify:

- Top-level weighting of product vs. vendor criteria
- Individual product criteria weightings:
  - ✓ Features
  - ✓ Usability
  - ✓ Affordability
  - ✓ Architecture
- Individual vendor criteria weightings:
  - ✓ Viability
  - ✓ Strategy
  - ✓ Reach
  - ✓ Channel

Shortlist Preparation Worksheet

Assign each Evaluation Criterion a Client Weighting (light blue cells) from 0% (not appropriate for the project) to 100% (the only factor of consideration for the project). Client Weightings should sum to 100%. The Total cell will display green when the total equals 100%, and red when the total does not equal 100%. If the Total cell is not green (and does not equal 100%), please adjust the Client Weightings until the total equals 100%.

Vendors will be ranked based on the provided Client Weightings. A customized Vendor Landscape™ and Vendor Shortlist of weighted scores will be generated. Results are displayed on the Shortlist Generator tab.

Enterprise Name: [Enterprise Name Here]

Evaluation Criteria	Criteria Description	Info-Tech Weight	Client Weight
Vendor Weight	*The relative importance of the vendor score in the overall evaluation.*	50%	50%
Product Weight	*The relative importance of the Product Score in the overall evaluation.*	50%	50%
Total		100%	100%
Viability	*Vendor is profitable, knowledgeable, and will be around for the long-term.*	25%	25%
Strategy	*Vendor is committed to the space and has a future product and portfolio roadmap.*	30%	30%
Reach	*Vendor offers global coverage and is able to sell and provide post-sales support.*	30%	30%
Channel	*Vendor channel strategy is appropriate and the channels themselves are strong.*	15%	15%
Total		100%	100%
Features	*The solution provides basic and advanced feature/functionality.*	30%	30%
Usability	*The solution's dashboard and reporting tools are intuitive and easy to use.*	30%	20%
Affordability	*Implementing and operating the solution is affordable given the technology.*	20%	30%
Architecture	*The delivery method of the solution aligns with what is expected within the space.*	20%	20%

In a commoditized market, little differentiation exists in facilities and services; pay attention to cost

Vendors provide different mixes of service offerings, which are reflected in costs per rack and power. Match your price point with a vendor's offerings.

1 **Cost**

2 Solution

3 Geographic Separation

High

CGI
Q9 NETWORKS
SAVVIS.

Medium

Bell
peer1 Fully scalable hosting solutions
primus.
TELUS

Low

DATA CENTERS CANADA Colocation and Disaster Recovery Facilities
RACKFORCE

The mid-sized market requires a provider that meets current and future service requirements

Not every vendor provides a hybrid model. Be sure to check the vendor's product solution to ensure it meets your needs now and in the future.

1 Cost

2 Solution

3 Geographic Separation

Co-location Only

DATA CENTERS CANADA
Colocation and Disaster Recovery Facilities

Managed Services Only

CGI TELUS

Co-location/Managed

SAVVIS Bell RACKFORCE Q9 NETWORKS primus peer1 Fully scalable hosting solutions

A vendors that offers geographically separated facilities can provide better recovery services in case of a disaster

Evaluate the reach that you require - regional, national, or global - and choose your vendor accordingly.

1 Cost

2 Solution

3 **Geographic Separation**

Global

National

Regional

Appendix

- Vendor Evaluation Methodology
- Value Index Ranking Methodology
- Product Pricing Scenario & Methodology
- Definition of Provider Service Terms

Vendor Evaluation Methodology

Info-Tech Research Group's Vendor Landscape market evaluations are a part of a larger program of vendor evaluations, which includes Solution Sets that provide both Vendor Landscapes *and* broader Selection Advice.

From the domain experience of our analysts, as well as through consultation with our clients, a vendor/product shortlist is established. Product briefings are requested from each of these vendors, asking for information on the company, products, technology, customers, partners, sales models and pricing.

Our analysts then score each vendor and product across a variety of categories, on a scale of 0-10 points. The raw scores for each vendor are then normalized to the other vendors' scores to provide a sufficient degree of separation for a meaningful comparison. These scores are then weighted according to weighting factors that our analysts believe represent the weight that an average client should apply to each criteria. The weighted scores are then averaged for each of two high level categories: vendor score and product score. A plot of these two resulting scores is generated to place vendors in one of four categories: Champion, Innovator, Market Pillar, and Emerging Player.

For a more granular category by category comparison, analysts convert the individual scores (absolute, non-normalized) for each vendor/product in each evaluated category to a scale of zero to four whereby exceptional performance receives a score of four and poor performance receives a score of zero. These scores are represented with "Harvey Balls", ranging from an open circle for a score of zero to a filled in circle for a score of four. Harvey Ball scores are indicative of absolute performance by category but are not an exact correlation to overall performance.

Individual scorecards are then sent to the vendors for factual review, and to ensure no information is under embargo. We will make corrections where factual errors exist (e.g. pricing, features, technical specifications). We will consider suggestions concerning benefits, functional quality, value, etc; however, these suggestions must be validated by feedback from our customers. We do not accept changes that are not corroborated by actual client experience or wording changes that are purely part of a vendor's market messaging or positioning. Any resulting changes to final scores are then made as needed, before publishing the results to Info-Tech clients.

Vendor Landscapes are refreshed every 12 to 24 months, depending upon the dynamics of each individual market.

Value Index Ranking Methodology

Info-Tech Research Group's Value Index is part of a larger program of vendor evaluations which includes Solution Sets that provide both Vendor Landscapes and broader Selection Advice.

The Value Index is an indexed ranking of value per dollar as determined by the raw scores given to each vendor by analysts. To perform the calculation, Affordability is removed from the Product score and the entire Product category is reweighted to represent the same proportions. The Product and Vendor scores are then summed, and multiplied by the Affordability raw score to come up with Value Score. Vendors are then indexed to the highest performing vendor by dividing their score into that of the highest scorer, resulting in an indexed ranking with a top score of 100 assigned to the leading vendor.

The Value Index calculation is then repeated on the raw score of each category against Affordability, creating a series of indexes for Features, Usability, Viability, Strategy and Support, with each being indexed against the highest score in that category. The results for each vendor are displayed in tandem with the average score in each category to provide an idea of over and under performance.

The Value Index, where applicable, is refreshed every 12 to 24 months, depending upon the dynamics of each individual market.

Product Pricing Scenario & Methodology

Info-Tech Research Group provided each vendor with a common pricing scenario to enable normalized scoring of Affordability, calculation of Value Index rankings, and identification of the appropriate solution pricing tier as displayed on each vendor scorecard.

Vendors were asked to provide *list* costs for co-location plus power to address the needs of a reference organization described in the pricing scenario.

Additional consulting, deployment, and training services were explicitly out of scope of the pricing request, as was the cost of *enhanced* support options, though vendors were encouraged to highlight any such items included with the base product acquisition.

Key elements of the common pricing scenario provided to Canadian co-location/managed services vendors included:

- The monthly costs for one full rack (42U) of co-location space that includes the cost of power of at least 110V 20A (‘A’ side/’B’ side included)..Info-Tech has observed the following aggregated monthly co-location costs (of Tier1, Tier 2, Tier 3 prices) based on recent customer data:

Estimated Rack & Power Costs	Current Class "B" Estimate
1U Standard Rack Space	$80
6U Standard Rack Space	$291
12U Standard Rack Space	$621
42U Standard Rack Space	$1,310
Full Cage per/sq. ft.	$66
110V 20A ('A' side/'B' side included)	$240
110V 30A ('A' side/'B' side included)	$460
208V 20A ('A' side/'B' side included)	$480
208V 30A ('A' side/'B' side included)	$1,025
Cross-Connect Ether-Net	$70
Cross-Connect Fiber	$307

*Data Centers Canada does not charge cross connect fees.

Definition of Provider Service Terms

- For the purpose of this report, the following perms were used to express the multiple service layers of a co-location/managed services provider:
  - **Basic/Pure Co-location.** Customer supplied equipment, vendor supplied facility with some basic services such as remote hands.
  - **Managed Services.** Customer supplied equipment, but vendor supplied services.
  - **Hybrid Co-location Model.** The ability of the customer to subscribe to co-location services and some managed services as they evolve and as it fits their level of need.
  - **Fully Managed Services.** Vendor supplied equipment and service.
  - While consideration was taken into whether or not the vendor provided cloud services to give the customer a full spectrum of services, cloud services were not evaluated in depth. Please refer to *Vendor Landscape: Cloud Infrastructure-as-a-Service* for additional information on cloud services in the market.