

eChannelLine Daily News
5-August-2008

Enterprises considering third-party managed service providers to maintain networks

by Erin Bell

A new survey commissioned by Ipanema Technologies and conducted by Ovum suggests that the growing demands for business software applications is putting increasing pressure on enterprise wide area networks (WANs), and it is becoming more challenging for enterprise IT departments to keep up.

Although more than half of the 150 senior IT professionals polled from large enterprises (3,000 employees or more) said they used in-house tools for monitoring applications performance, only 45 percent were satisfied with data network performance.

Satisfaction levels were even lower for voice and video conferencing, with 23 percent actually rating voice "Poor," and 34 percent giving video conferencing a "Poor" rating. Less than 50 percent rated their tools as good in maintaining the high performance of applications on their corporate networks.

Furthermore, the majority of respondents (78 percent) said the potential impact of performance degradation of networked applications would have a high or critical impact on their company, such as severely impacting company revenues or having a major impact on processes like productivity and customer support.

"These results suggest that the current approach has some significant limitations," said Peter Hall, principal analyst in Ovum's Enterprise Practice and co-author of the report.

According to Ovum, the research shows that enterprises are willing to pay for additional services that help them to keep their business critical applications running at peak levels. There's also significant interest for managed service that provide network, IT infrastructure and applications monitoring and optimization capabilities.

Between 65 percent and 80 percent of survey respondents said they might be willing to pay network service providers more in order to improve application optimization. Sixty percent said they are either already using a third-party for monitoring and optimizing performance, or would consider doing so.

In terms of service improvements, respondents were most interested in guaranteeing in a service that could guarantee the performance of business critical applications, and use acceleration technologies to reduce WAN bandwidth and delay constraints for business critical applications.

Respondents said that the biggest benefit that could be derived from using a managed service provider or third-party is predictable charges and fewer disruptions to processes, following closely by reduced "cost of failure" within businesses, reduced need for specialist skills in-house, and the ability to detect problems before any impact to end-users.

According to Jeffry Herman, VP and general manager of Ipanema Technologies' North American operations, the results of the survey confirm the value-added services trend that has been evident in the market for several years.

"While European firms are more experienced partnering with managed service providers for application optimization needs, North American firms are now seeing the benefits of using such services, which have been recently launched by BT, Orange Business Services and Cable & Wireless, among others," said Herman.

The services respondents most want to receive from third-party service providers are 24x7 monitoring of key IT service infrastructures like servers and storage; SLAs for availability or performance of specific business application; bandwidth per application data and network optimization tools (such as traffic shaping); and expert assistance with diagnostics and fault localization.

"The research demonstrates the critical role of enterprise networks on the health of the enterprise and the interest of enterprises in adopting managed services for applications networking optimization and 24x7 network and applications performance monitoring," said Hall.