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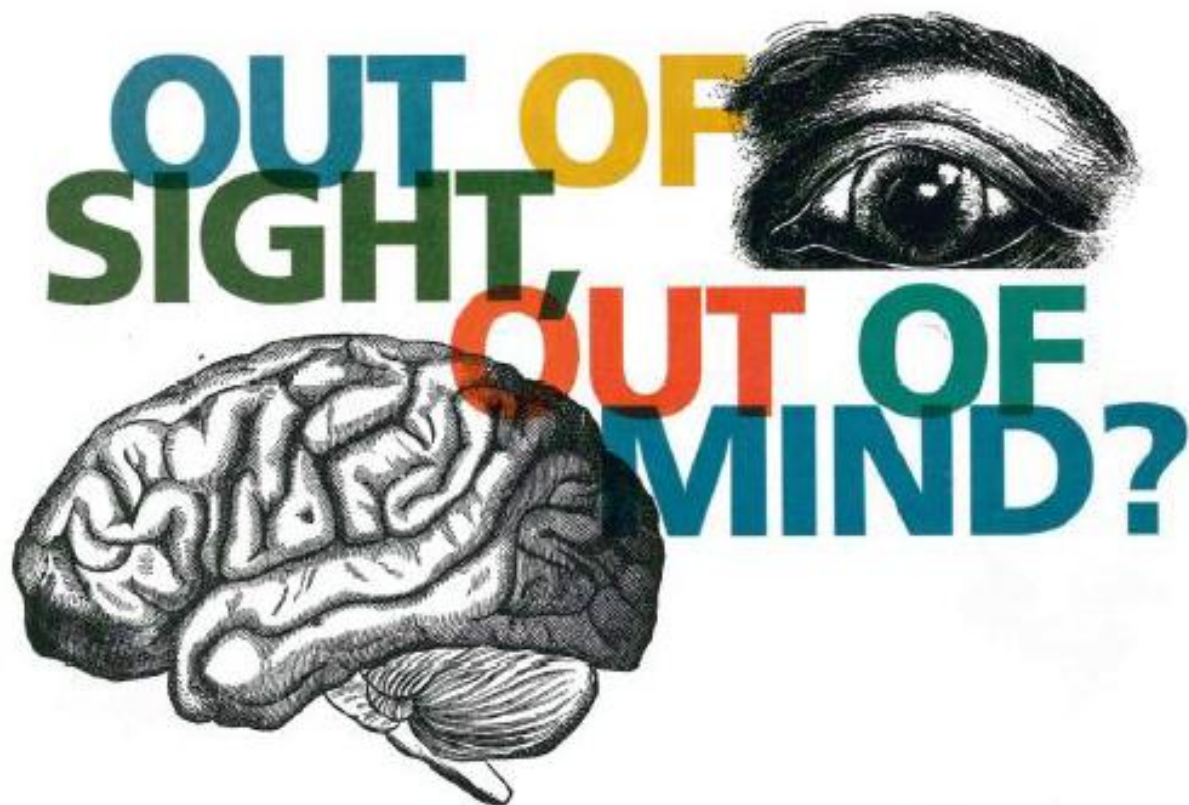
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Australia has no shortage of datacentres to meet the computing needs of local businesses, yet the temptation to use off-shore datacentres remains. **PATRICK BUDMAR** looks at how important data sovereignty is for local IT businesses and whether it comes with a higher price tag.

IT may have brought nations around the world closer together, but the location of the data in this interconnected environment has become a touchy issue in recent years. With the Patriot Act in countries such as the US, companies have been faced with questions of how the laws in one nation may affect their data in another.

Crucial domestic institutions such as governments are already storing their content locally in order to keep a close eye on it at home, but businesses have the option to do the same or turn to overseas datacentres for Cloud services. By going with an offshore solution, a company may be able to find a cheaper

option, though the peace of mind that comes with a local option may be worth the additional investment.

THE PUSH TO DOMESTIC

This question about where information is physically located has given birth to an ongoing data sovereignty debate. It has been a hot topic in Australia, particularly in the public sector.

Verticals such as finance and banking have also eyed local datacentres as the way to ensure the integrity of sensitive information, though the discussion may be not as clear cut with the private sector. While the benefits of storing data are evident, the tightening budgets of businesses has meant they are more open to looking at overseas datacentres, particularly

if the cost savings are there without sacrificing service levels, such as uptime.

CommVault A/NZ systems engineering director, Michael Porfirio, said the choice to go with a local or overseas datacentre depended on a customer's compliance requirements. "If you're a government department, you would be looking to leverage private Cloud hosted in Australia," he said. "For the private sector, the promise of an affordable public Cloud solution is very attractive, but many organisations don't have adequate policies in place to handle the risks associated with a move to a public Cloud that is housed off-shore."

When it comes to data stored in an overseas location, Porfirio said organisations will be subject to the laws of the jurisdiction in which the information is located.

He added companies need to be aware of any Australian laws that might mandate certain data be housed in Australia. "However, for some of these organisations it's typically an all

or nothing approach," Porfirio said. "A lot of our customers are talking to us about how they can classify their data and move the non-sensitive information to the Cloud as part of their data and information management strategy."

When it comes to the headaches and risks of overseas datacentres, BitCloud

CEO, Bennett Oprysa, has seen larger enterprises and government prove to be very switched on. However, when the discussion shifts to smaller to mid-sized businesses, he said they are "not at all concerned" by the topic of where their data is located.

"Data sovereignty may feature on their list of 'nice-to-haves' and 'nice-to-understands', though Cloud adoption for most Australian customers remains a matter of the ideal trifecta of cost, scalability and peace of mind," Oprysa said.

A lack of understanding about the topic in general also comes into play with some companies. "More often than not, the SMB segment fails to ask where the data is stored," he said. "They are happy as long as the Cloud provider is established,



LOCAL OPPORTUNITIES

The growth of datacentres is showing no sign of slowing, and topics such as data sovereignty are expected to maintain their momentum long term. With this type of growth comes opportunity, particularly when more data needs to be kept in the country.

IMC Communications IT services head, Matthew Dixon, expects this will drive more demand for local providers.

"Resellers who are willing to invest in Cloud infrastructure will be in a strong position to meet business needs of clients who are concerned about data sovereignty," he said. "Also, the ability to provide expertise and services to help clients migrate their data to the Cloud, whether onshore or off-shore, then manage it ongoing, provides a huge opportunity for resellers."

While Microsoft Australia server and tools director, Toby Bowers, expects the greater awareness of data sovereignty to be a significant opportunity for resellers, he said all types of partners, including ISVs,

system integrators and hosting service providers can benefit.

"Having a solid understanding of the Cloud's capabilities and the relevant legislation means that businesses have a better idea of what they can achieve with the Cloud, and can therefore work with a range of partners to suit their needs," he said.

In a case such as this, Bowers said this may mean opting for a private Cloud, a service provider solution or a hybrid approach.

The route Microsoft is taking is to provide choice and flexibility for customers so they can move or leverage the Cloud on their terms. To do that, Bowers said the company's approach is to offer one consistent platform for infrastructure, apps and data that can span the customer datacentre, service provider datacentres and the Microsoft's public Cloud.

"It's not a take it or leave it proposition," Bowers said. "We're firm believers that customers shouldn't have to choose between cost and capability when moving to the Cloud."

"WITH THE ADVANCEMENTS TO NETWORK, COMPUTER AND STORAGE, PROVIDERS ARE ABLE TO DRIVE MORE EFFICIENCY FROM HARDWARE INVESTMENTS"

THOMAS DURYEA'S ADAM BEAVIS

well-knows and they can get a good deal to suit their IT budgets."

Data security and privacy issues in the US have thrust data sovereignty into the spotlight in recent times, and ATechology director, Sarah-Jane Peterschlingmann, said this prompted many Australians to play it safe.

"That's why they are choosing a Cloud solution based here in Australia in preference to cheap overseas hosting," she said. While larger organisations and government departments have demonstrated the ability to be very careful in this area, Peterschlingmann said many SMBs do not realise they are taking a risk by sending customer data overseas.

"Business decision makers should enter into a Cloud hosting agreement to get up to speed on the matter," she said.

RISE OF THE LOCAL DATACENTRE

The need for localised storage of data has meant that datacentres have been springing up all over Australia. While data sovereignty is likely one of the drivers for this, the question is whether it is the only factor leading to the growth of local datacentres.

Brennan IT Cloud services practice manager, Nicholas Hollings, said data sovereignty is behind some of this adoption, though the "tyranny of

"RESELLERS WHO ARE WILLING TO INVEST IN CLOUD INFRASTRUCTURE WILL BE IN A STRONG POSITION TO MEET BUSINESS NEEDS OF CLIENTS WHO ARE CONCERNED ABOUT DATA SOVEREIGNTY"

IMC COMMUNICATIONS
MATTHEW DIXON

distance" and latency issues also drive the need for data proximity. "Response time, particularly in typical corporate workloads such as desktop, file and print or ERP data entry, is a critical factor when determining workload placement, and round trip times to foreign data centres for many local businesses can be problematic."

Orange Business Services Australia managing director, Gordon Makryllos, has seen the location of the datacentre remain a top concern for CIOs. "Data stored offshore is subject to the laws of the jurisdiction on how it is stored, so CIOs need to be aware of where their data is stored and ensure that the datacentre storing their data meets all Australian obligations," he said. "If a datacentre is located overseas, they will need to understand any and obligations that may arise."

With the current unstable economic environment, Makryllos said many businesses are taking their data management overseas and are using offshore data storage to take advantage of the competitive prices. However, he warns that when an organisation's sensitive information is stored in another country, Australian jurisdiction for

privacy law is negated.

"For example, all financial regulators in the finance industry are required to comply with the data sovereignty guidelines," he said. "Many organisations don't have an adequate policy in data sovereignty, and their data management policies do not cover jurisdiction or location, nor recognise challenges thrown up by using a hybrid Cloud environment."

Makryllos is now seeing businesses looking for a balance of good governance and expediency. "The compound annual growth rate of Cloud services are almost 25 per cent in Australia," he said. "The benefits of having a policy outweigh the challenges of dealing with these issues today." For that reason, Makryllos expects CIOs will look to drive compliance, best practice and good governance, translating into further demand for Australian based datacentres.

In the long term, Dell Software information management research and development executive director, Guy Harrison, sees data latency as a bigger issue, particularly since it is unlikely to be ever be completely overcome.

"The speed of light alone adds about 100ms [1/10th of a second] to a round-trip to the US West Coast or to Europe," he said. While this latency might not seem that high on the surface, Harrison said a typical webpage refresh involves dozens of round trips and that adds seconds to an interactive transaction.

"Packets do not achieve anything like the speed of light given that the messages must pass through many routers and switches, the actual latency between Australia and the US is typically about 250ms or one quarter of a second," Harrison said.

SERVICE AT A PRICE

The relative high cost of doing business in Australia has created the impression, justified or not, that using a local datacentre comes with a higher price tag. This seems to fly against the established notion of technology prices going down over time, though with energy prices regularly going up, many assume that the

price of local datacentres will also increase.

Anchor is a company that operates from datacentres in both Australia and the US, and co-founder, Andrew Rogers, admits to not seeing a material difference in pricing. "Other operational costs such as equipment, staff and currency fluctuations are much larger factors," he said.

However, Rogers admits that electrical aspect of the equation does play into the pricing. "Datacentre costs have constantly been on the rise, with power being a large factor and there's no escaping this," he said. However, he has seen this change with better technology.

"Increases in energy efficiencies of equipment, combined with significant power reductions per customer through a move to virtualised services, have grossly outweighed the increased operating costs over the last five years."

Thomas Duryea Consulting Cloud general manager, Adam Beavis, said it is fair to assume that energy costs are responsible for the higher price tag in Australia, but adds that it is not entirely true. "Many Australian providers are very competitively priced," he said.

"With the launch of so many new datacentres, we have the luxury of innovation keeping us competitive."

Beavis adds that when adjusted for inflation, the cost to cool and power a new modern datacentre is less than facilities built more than ten years ago.

One of the innovations that have enabled datacentres to cut down on energy use is the new ways to power and cool the facilities. "With the advancements to network, computer and storage, providers are able to drive more efficiency from hardware investments," Beavis said.

"Finding new ways to ensure customers are only paying for what they need means smart service providers can deliver the right service level without having to over provision and waste resources." As Australia continues to lead the world with Cloud adoption, Beavis expects this will continue to drive the innovation to keep local options cost competitive. ■

