

white paper

To Cloud or Not to Cloud



SharePoint 2010 Hosting Options ...and Which One Is Right for You

Contents

Executive Summary	1
Configuring a Hosted SharePoint Installation	2
On-Premise Hosting	3
Outsourced Hosting	5
SharePoint Hosting in the Cloud	5
Microsoft Office 365	7
Third-Party Hosting	11
Conclusion	14
About AIS Network	15

Executive Summary

Information is the lifeblood of any organization, and keeping the flow of mission-critical information fast and healthy is critical. Microsoft SharePoint 2010 is a highly customizable, collaborative platform designed to do just that, enabling organizations of virtually any size to grow efficiently and effectively while saving both time and money.

For a majority of organizations, the SharePoint platform has become mission critical. Business intelligence, content creation and management, social networking, information publishing and distribution, workflow management, resource centralization and enterprise search are just some of the many uses for SharePoint by an organization's employees, vendors, partners and customers.

Before implementing SharePoint, an organization must first determine which version of SharePoint 2010 best meets its unique needs, how it intends to use the platform and what customization will be required. Second, it must consider where SharePoint will be deployed. The key question an IT manager must ask is, "Do I want to become an expert in hosting SharePoint myself? Or, do I want to rely on seasoned experts to do it for me?" When this question has been settled, it's time to assess hosting options:

On-Premise Hosting. This traditional SharePoint hosting model – in which the organization owns and maintains its own servers – is most familiar to IT managers. The drawback of in-house hosting is that it requires a large capital outlay (servers, energy, security, licenses, environmental controls, etc.), and a commitment to ongoing maintenance and support. Many organizations are not familiar with the relatively recent alternatives, and choose to host SharePoint in-house because "that's the way it has always been done."

Outsourced Hosting. Cloud computing has fuelled tremendous interest in outsourced SharePoint hosting, compelling many organizations to reexamine their IT service sourcing strategies. In an outsourced model, which encompasses cloud-based and traditional managed hosting options, an organization typically relies upon a third party to host the organization's SharePoint platform in a disaster-resistant data center. While Microsoft itself offers hosted SharePoint via its cloud-based Office 365, independent hosting providers offer a much broader array of SharePoint services through a range of cloud-based and traditional hosting options.

When SharePoint is mission critical to an organization, the business case for an outsourced hosting solution may be particularly compelling. The chief advantage is that it simply offers better value. Customers benefit from a highly sophisticated hosting infrastructure that would be cost prohibitive to replicate in-house. Overall, they can expect higher data center performance and reliability, seasoned hosting management, better scalability, more flexibility, lower overall costs for the same level of service, Microsoft certifications and greater expense predictability.

For public companies or others that are audited, Sarbanes-Oxley (SOX) also drives the case for outsourced hosting. SOX identified the Type II SAS 70 report as the only acceptable method for a third party to assure a service organization's controls. Many reputable hosting companies are SAS 70 Type II audited, which means the audit of the hosting company can be incorporated into the audit of the public company. Relying on the audit performed on a third-party hosting company, at the hosting company's cost, may be much more cost-effective than ensuring your own facilities and processes are SAS 70 compliant.

Ultimately, there is no "best" hosting method for SharePoint. Rather, there is a "most appropriate" method that depends on an organization's unique situation. This white paper is intended to serve as a guide for those organizations that have chosen to implement SharePoint 2010 and require some assistance in evaluating which hosting option best corresponds to their specific needs.

Configuring a Hosted SharePoint Installation

For the IT manager...the most basic question is, "Do I want to become an expert in hosting SharePoint myself? Or, do I want to rely on seasoned experts to do it for me?"

Information is the lifeblood of any organization. Documents, reports, financials, customer data – all are critical to an organization's ability to both survive and thrive in today's competitive world. If information is the lifeblood, then flow of information is the bloodstream, and like the bloodstream in the human body, a clogging or clot can be fatal.

Microsoft SharePoint 2010 helps prevent that situation. SharePoint is a highly customizable, collaborative platform designed to keep the flow of mission-critical information fast and healthy, enabling organizations of virtually any size to grow efficiently and effectively while saving both time and money.

For a majority of organizations, the SharePoint platform has become mission critical. Business intelligence, content creation and management, social networking, information publishing and distribution, workflow management, resource centralization and enterprise search are just some of the many uses for SharePoint by an organization's employees, vendors, partners and customers.

Essentially, SharePoint 2010 comes in four different flavors. Selecting the SharePoint version that best fits an organization's unique situation and requirements – and then configuring an installation – requires significant focus and a litany of due diligence questions.

The choice of SharePoint Foundation (formerly WSS) vs. SharePoint Server (formerly MOSS with either Standard or Enterprise licensing) vs. Office 365 is not based on the size of an organization's installation or even the number of its users. Rather, it is based on how the SharePoint platform will be used within the organization. What unique needs does the organization have? What functionality will the end users require? Which SharePoint features will solve their business problems? What customization will be required?

Deciding Where SharePoint Will Be Deployed

Determining the answers to these questions is crucial to the next decision – where SharePoint will be deployed. Multiple options exist for deploying SharePoint in a hosted environment. Should it be hosted on-premise? Off-premise? In a cloud environment? Is a single server adequate?

Before evaluating hosting options, ask some key questions. For the IT manager in charge of configuring the SharePoint installation, the most basic question is, "Do I want to become an expert in hosting SharePoint myself? Or, do I want to rely on seasoned experts to do it for me?"

When this question has been settled, it's time to assess hosting options. The ultimate decision of where to host is critical; it has significant impact on the organization's daily IT operations as well as the capabilities of its SharePoint solution and any additional integrated applications. ¹

¹ For more tips on configuring an installation: <http://www.aisn.net/blog/index.php/2011/03/15/sharepoint-2010-configuring-an-installation>.

On-Premise Hosting

For on-premise hosting, Microsoft offers SharePoint Foundation 2010, a free version of SharePoint, as well as SharePoint Server 2010, a premium edition with extra integration, functionality and customization options.

The traditional SharePoint hosting model – in which the organization owns and maintains its own servers – is perhaps most familiar to IT managers. Self-hosting is common among mid-sized organizations (up to 500 employees). Smaller and larger organizations that self-host tend to gravitate, over time, toward outsourced hosting for its performance, flexibility and cost efficiency issues.

Self-hosting organizations own and control the servers, house them in a dedicated office (or a server closet as the case may be) on its property, bear the costs associated with securing and cooling the servers, manage their licenses, and employ an IT staff to maintain the servers and their applications. As the organization grows, it adds servers and hires additional staff to care for them. In this way, no SharePoint hosting option can be as tailored to an organization as the on-premise model.

Ensuring Successful Self-Hosting

Successful self-hosting depends upon the harmonious coordination of numerous variables – the hardware, software applications, a backup and recovery system (and separate hardware to support it), a vigilant IT staff, access to training, security, successful upgrades, reliable access to the Internet and to a power supply, and other factors. If any of those fail, it has the potential to collapse an organization's SharePoint platform – or at least leave it critically vulnerable. The two variables that will either make or break an organization's ability to host SharePoint in-house are the hardware infrastructure and the support staff.

Hardware. If an organization intends to run SharePoint smoothly, it will need to ensure that its server infrastructure has the horsepower needed to run it. This capacity will need to be able to run not only SharePoint, but any other integrated applications such as customer relationship management (CRM) software.

Also, because server traffic is rarely consistent throughout the year, a common issue with server capacity is “scalability,” and that involves careful planning on the part of the organization. For example, many retailers see seasonal spikes in traffic, especially during the holidays. During those peak times, more server capacity is needed, but ensuring availability can be complicated. Organizations must respond by scaling their server usage. Many cannot afford to have extra servers sitting idle – waiting to accommodate seasonal or unanticipated traffic spikes. If an organization can optimize its server usage to do that, while still maintaining solid operational performance, then self-hosting is a viable option.

Support. Most businesses, especially in the current economic climate, have a limited budget for IT staff. If an organization's IT staff are already stretched too thin, adding another responsibility like SharePoint, and all its complexities, may prove too burdensome. Ideally, the organization would hire more staff to do the job – perhaps a SharePoint expert, if the platform is mission critical to operations. However, if the organization's IT staff can absorb the responsibility without sacrificing performance elsewhere, then self-hosting is feasible.

Managed On-Site Hosting

Alternately, rather than rely on their own staff, some organizations may outsource the management of their servers to a third party – typically a specialist in SharePoint server management, whose capabilities include 24x7x365 monitoring, remote management, disaster recovery services, service level agreements (SLAs), and more.

Benefits and Drawbacks of On-Premise Hosting

There are three significant benefits to the on-premise hosting model:

- **Maximum control.** The organization has complete control over hardware and infrastructure decisions.
- **Convenience.** Because the hardware resides in-house, performing server restarts, backups, patching, updating and monitoring is expedient.
- **Change management.** Changes to the infrastructure can be made without a third-party review and approval process.

However, there are also a few major drawbacks:

- **Upfront costs.** Self-hosting demands substantial capital outlays for hardware and software licenses and additional costs are frequently unpredictable. Servers depreciate and routinely need to be replaced on a 3-to-5 year basis.
- **Performance and reliability.** Occasionally, the network will crash or suffer power outages, which can interrupt business operations and may result in the loss of data.
- **Support.** Adequately trained IT staff must be on call to support it, 24x7x365. And, patching and troubleshooting servers can become a real time sink for IT staff, whose time would be better utilized for innovation.
- **Scalability.** Maintaining flexibility for changing organizational demands (including seasonal workloads) can pose challenges.

Weighing the Pros and Cons

The on-premise model involves coordinating multiple variables successfully. For those organizations that do not regard SharePoint as mission critical and are willing to make some sacrifices to lower their costs in the long run, this model is inherently well-suited. For example, if the following is true, on-premise may be the ideal solution:

- Network performance and 100% uptime and availability are not a high priority
- A server closet works just as well as a hardened data center
- Special cooling systems and fire retardants are over-the-top
- The servers' physical location is not prone to natural or man-made disasters
- 24x7x365 monitoring by a hosted SharePoint expert is overkill
- Data security does not need to be "Fort Knox"

As of July 1, 2011, with the proper help from an authorized license mobility partner, an on-premise customer can freely move existing, on-premise hosting licenses directly to the cloud, or to a third-party hosting provider, without a requirement to obtain new licensing... Now, the business case to move SharePoint to the cloud is compelling. This enormous licensing emancipation will likely usher in a sea change.

Over several years, it may even prove less expensive than some other hosting options such as third-party hosting.

Yet, with each new release, the SharePoint platform becomes increasingly sophisticated, and likewise, configuring hosted SharePoint installations becomes progressively more complex. As SharePoint evolves further, many organizations struggling to support the basic platform requirements are discovering that on-premise hosting is becoming less practical. That is when their focus shifts to the value proposition of outsourced hosting, the most popular variant of which is rapidly becoming cloud computing.

Microsoft License Mobility Through Software Assurance

Previously, on-premise SharePoint hosting customers faced licensing barriers to the cloud. Many companies have made significant investments in the Microsoft software that is running on their own servers. Due to the Microsoft licensing model, they could not move those licenses from their servers to those of a hosting company. Simply put, if you wanted to move from an on-premise model to a hosted model, you would have to abandon the licenses you owned and start over with licenses supplied by the hosting company.

However, as of July 1, 2011, with the proper help from an authorized license mobility partner, an on-premise customer can freely move existing, on-premise hosting licenses directly to the cloud, or to a third-party hosting provider, without a requirement to obtain new licensing.

This license mobility, known as License Mobility through Microsoft Software Assurance, covers Microsoft SQL Server, Microsoft Exchange Server, Microsoft SharePoint Server, Microsoft Lync Server, Microsoft System Center servers and Microsoft Dynamics CRM. Licenses for application server software that are covered under Software Assurance can be run in service providers' data centers on shared hardware for that customer's dedicated use.

Now, the business case to move SharePoint to the cloud is compelling. This enormous licensing emancipation will likely usher in a sea change. Companies that self-host will readily take that next leap into the cloud and/or other outsourced hosting options.

Outsourced Hosting

SharePoint Hosting in the Cloud

Undoubtedly, cloud computing is the future. According to the "2010 IBM Tech Trends Survey" published in October 2010, 91% of 2,000 IT professionals surveyed across 87 countries expect that cloud computing will overtake on-premise computing as the primary means that organizations acquire IT over the next five years.

Cloud computing has emerged only within the last few years and is rapidly gaining acceptance by organizations of all sizes due to its inherent flexibility in both price and capacity. Cloud hosting providers essentially offer customers convenient, on-demand access to a shared pool of computing resources such as network connectivity, servers, storage, applications, services and more. These resources are rapidly provisioned with minimal management effort.

Cloud computing solves numerous technical problems that on-premise dedicated servers create. First, it removes the need for organizations to keep their own internal data centers, which require office space, power, cooling, bandwidth, high levels of maintenance, networks, servers and storage – not to mention the applications that are run on them.

With cloud hosting, companies are placing their applications on servers that reside in fully staffed, purpose-built data centers; have redundant power supplies and Internet connections; and are fortified against an array of natural or man-made failures. This cannot easily be replicated in an on-premise environment. Cloud customers have anywhere-access to their data as long as they have a compatible device with an Internet connection. In the end, the deployment model choice depends upon the organization and its unique requirements.

Four cloud deployment models are:

- **Private cloud.** An organization controls a physical server infrastructure, on which virtual servers reside, dedicated for its use. It can be managed on-premise, or as is the case more often, by a third-party cloud hosting provider. This is an optimal choice for specialized applications like SharePoint, because it provides a flexible software environment.
- **Public cloud.** A third-party cloud hosting provider dynamically provisions resources to multiple organizations and/or the general public.
- **Community cloud.** Several organizations with communal interests share a single infrastructure. This can be managed on-premise, or as is typical, by a third-party cloud hosting provider.
- **Hybrid cloud.** Two or more unique clouds (private, public or community) blend to yield the benefits of multiple deployment models. A hybrid cloud is more commonly managed by a third-party cloud hosting provider.

Cloud-based SharePoint hosting can sidestep many of the problems associated with self-hosted SharePoint and thus offer substantial value for the price.

Benefits and Drawbacks of Outsourced Cloud Computing

The principle benefits are:

- **Guaranteed uptime and availability.** When SharePoint is mission critical, a “five nines” guarantee (99.999%) is a must-have.
- **High scalability.** This appeals to organizations experiencing growth or concerned even with potential downsizing. As user demand increases (or decreases), there is always more power and space.
- **Highly trained support.** Experienced staff is managing the organization’s servers, typically 24x7x365, and the hosting customer can draw on their specialized expertise as needed, rather than maintaining that capability in house.
- **Convenience.** Customers have anywhere-access to the managed infrastructure, including licensed operating systems and applications that are routinely backed up.

Cloud-based SharePoint hosting can sidestep many of the problems associated with self-hosted SharePoint and thus offer substantial value for the price.

- **Fast deployment.** Provisioning a new server is quick and uncomplicated.
- **Predictable costs.** The organization pays only for the computing, storage and network traffic that it uses, creating a predictable monthly expense.

Drawbacks include:

- **Skepticism about security.** Although hosting providers are putting tougher security controls in place, traffic between an organization and the cloud is still across a public Internet, and this leaves some organizations skeptical about data security.
- **Outages.** Hosting provider outages often have repercussions across all customers.
- **Lack of industry standards.** Cloud hosting providers do not operate under a uniform code of standards. Their features and service offerings often fluctuate.

Weighing the Pros and Cons

Scalability, flexibility and predictable monthly costs are the winning attributes of cloud-based SharePoint hosting; those variables cannot be matched by on-premise hosting. Some highly publicized outages among the leading cloud hosting providers are hardly a banner ad for superior performance, but these hosting companies still have much higher uptime than the average on-premise hosted environment. There will always be outages, whether on-premise or hosted. If there is an outage in a hosted environment, you have a team of dedicated, specialized professionals who respond to the problem almost immediately. What cloud computing does bring to the table is superior value. Customers get optimal data center facilities, somewhat better performance, a faster deployment and seasoned SharePoint experts managing their platform – all for a typically predictable monthly fee.

In addition to Microsoft's Office 365 offering, there is a plethora of third-party hosting providers who host SharePoint Foundation 2010 and SharePoint Server 2010 in the cloud. These two options represent the best two ways for an organization to take its SharePoint to the cloud.

Microsoft Office 365

In June 2011, Microsoft released Office 365, which is essentially bundled online software hosted in the cloud. Office 365 replaced Microsoft's Business Productivity Online Services (BPOS) and bundles together the latest upgrades of its SharePoint, Exchange and Lync Server solutions.

The convenient, pay-as-you-grow subscription plan to Office 365 requires that an organization pay Microsoft for only what it uses – per user, per month. The net benefit to an organization's IT team is that it is relatively turn-key and requires far less administration than an on-premises deployment of the identical suite of applications. Organizations may find comfort in Microsoft's guaranteed high availability and recoverability and its back-end administration, all of which are backed by a Service Level Agreement.

When evaluating an Office 365 deployment, organizations should be asking four key questions:

- Is Microsoft offering a better value? How much would it cost to run these same solutions on-premise?
- Do we need all of these products?
- Are the limitations of Office 365 a deal-breaker for us or our customers?
- Are my mission-critical applications going to be safe? What security assurances is Microsoft providing?

Office 365 Plans

Office 365 comes in two sizes – one for small businesses and professionals (referred to as Plan P) and one for medium-sized enterprises (referred to as Plans E1, E2, E3, and E4). Microsoft designed Plan P for smaller organizations, ranging from 1 to 25 employees, with a cost of \$6 per user per month. For somewhat larger enterprises, the more flexible series of “E” plans (“E” stands for enterprise) ranges from \$10 to \$27 dollars per user per month.

Plan P and the four Plan Es are not exclusive to the company size for which they were designed, so a small business could opt for a version of Plan E.

The Office 365 Plan P, according to Microsoft, “brings together online versions of the best business-grade communications and collaboration tools from Microsoft, plus Microsoft Office Web Apps, at a price that small businesses can afford.”

Plan P

Highlights include:

- Email, calendar, contacts, personal archive, and 25 GB mailbox storage with 25 MB attachments using Exchange Online
- Support for workgroups of up to 50 people
- Online document viewing and basic editing capabilities using Office Web Apps
- Easy access to files from a mobile device using Office Web Apps
- Consistent file formatting from desktop Office to Web versions with Office Web Apps
- Sites to share documents and information with SharePoint Online
- Capability to design/ maintain a professional, public Web site with SharePoint Online
- Instant messaging, presence, online meetings, and PC-to-PC audio/video calls with Lync Online
- Ability to share a desktop with colleagues and partners using Lync Online
- Premium antivirus and anti-spam filtering with Microsoft Forefront Online Protection for Exchange

Plan P’s SharePoint emphasizes sharing content rather than collaborative content creation. Collaboration on creating and editing documents with Office Web Apps is “basic.” Plan P assumes that, unlike larger companies, small organizations are less likely to require robust collaboration.

Plan E Series

If Plan P feels somewhat light, an organization might consider Microsoft’s Plan E series. Office 365 for medium-sized enterprises is presented in four plans, each with access to some level of SharePoint. Not all four plans come with the same level of SharePoint or other features.

Choosing the optimal plan depends on three questions:

- How much are we willing to spend?
- How much SharePoint do we need and what customization is required?
- What other benefits of Office 365 do we need?

Features	E1 Plan (\$10)	E2 Plan (\$16)	E3 Plan (\$24)	E4 Plan (\$27)
Advanced administration capabilities, Active Directory integration and 24/7 support	X	X	X	X
Email, calendar, contacts, personal archive, and 25GB mailbox storage with Exchange Online	X	X	X	X
Sites to share documents and information with SharePoint Online	X	X	X	X
Instant messaging, presence and online meetings with Lync Online	X	X	X	X
Premium antivirus and anti-spam filtering for email and sites with Microsoft Forefront Online Protection for Exchange	X	X	X	X
License rights to access on-premises deployment of Exchange Server, SharePoint Server and Lync Server	X	X	X	X
View, edit and share content created in Word, Excel, PowerPoint, and OneNote desktop applications online with Office Web Apps		X	X	X
Complete and full-featured set of Office productivity applications with Office Professional Plus			X	X
Sites with advanced capabilities for rich forms, enhanced data visualization with Visio Services, and publishing for simple databases through Access Services with SharePoint Online			X	X
Advanced archive capabilities, unlimited email storage, and hosted voicemail with Exchange Online			X	X
Enterprise voice capabilities to replace or enhance a PBX with Lync Server on-premises				X

All four “E” series plans feature SharePoint’s ability to access information and documents, however advanced content creation and publishing only come with plans E3 and E4. So, to derive the full benefit of SharePoint through Office 365, an organization must choose either E3 or E4 at a cost of \$20 or \$27 per user, respectively.

Benefits and Drawbacks of Office 365

Online SharePoint is like a good off-the-rack suit – it does the job if you are a relatively low-level user. However, like a department store suit, it never fits perfectly enough to feel tailor-made.

The features and functionality limitations may be a deal-breaker for some organizations. For example, Office 365 does not allow for full server control and unrestricted access to customize the online SharePoint environment; it also restricts the maximum number of users to 50 and a number of search features are not included. Because online SharePoint cannot be highly customized, some organizations may eschew it for hosted SharePoint Server 2010, which allows for maximum customization. Organizations weighing the two options should study the service descriptions for each product; they will need to compare carefully the online SharePoint to its on-site counterpart.

Nevertheless, a good business case can be made for deploying Office 365. Among the benefits are:

- **Comprehensive.** The bundled services are attractive to many smaller organizations for which customization is of little importance.
- **Fast.** Turn-key configuration and anywhere-access go a long way in the small- to mid-size market.
- **Less expensive.** Maybe, maybe not. However, it does free an organization from the capital outlays associated with on-premise hosting.

SharePoint from Office 365 is like a good off-the-rack suit – it does the job if you are a relatively low-level user.

Among the drawbacks:

- **Storage.** It's more expensive per gigabyte.
- **Service Level Agreement.** Microsoft offers a lower SLA than most top-tier hosting companies. They do not guarantee 99.999% uptime.
- **Comprehensive.** An organization may not need or want all of the features offered – or the cost that comes with it.
- **Features/functionality limitations.** In comparing the on-site and online versions of SharePoint, an organization might find that the limitations of the latter are a deal-breaker.
- **Impersonal hosting relationship.** Microsoft is the hosting provider, and it will be challenged to match the rewarding, personalized experience that organizations often have with a smaller hosting provider – one who blends seamlessly into the organization's own IT staff.
- **Loss of flexibility and control.** An organization can keep its on-premise infrastructure, and using the hybrid capabilities, still deploy Office 365 in the cloud.

However, if it requires a high level of control and customization for SharePoint, it would be better served deploying SharePoint Server 2010 in the cloud. If, in future upgrades, Microsoft chooses to match more closely the features and functionality of online SharePoint to its on-site counterpart, namely SharePoint Server, the incentive to move to Microsoft's cloud may be even stronger for many organizations. In the meantime, third-party hosting of either SharePoint Foundation 2010 or SharePoint Server 2010 may offer an optimal solution.

Third-Party Hosting

“To cloud or not to cloud?” is rapidly emerging as the technical question of the decade. Industry analyst Gartner, Inc., expects 43 percent of companies to have most of their IT efforts running in the cloud in as little as four years. Due to that expected boom in cloud adoption, Gartner ranks cloud computing as the current No. 1 tech priority for chief information officers in 2011.²

Placing a mission-critical platform into the hands of an independent, third-party hosting services provider can uniquely position that organization to combine some of the best elements of on-premise hosting and Office 365 delivery. For many organizations, SharePoint is mission critical and the decision to shift from on-premise hosting to third-party hosting is not entered into lightly. However, the benefits of doing so are increasingly appealing. In comparison to on-premise hosting, third-party hosting offers superior flexibility, greater reliability and a better value.

Why a better value? Ultimately, if an organization were to attempt to replicate the hosting infrastructure built by a third-party provider, it would become abundantly clear to that organization that outsourcing to a third party provides a much better value. It is usually cheaper for an organization to host SharePoint on-premise – unless they want to do it right. Replicating an on-site infrastructure that equals the performance, reliability, scalability, security and compliance environment that “comes standard” with a solid, Microsoft hosting partner’s services would be cost prohibitive.

Here, it is also important to note that for public companies or others that are audited, Sarbanes-Oxley (SOX) also drives the case for outsourced hosting. SOX identified the Type II SAS 70 report as the only acceptable method for a third party to assure a service organization’s controls. Many reputable hosting companies are SAS 70 Type II-audited, which means the audit of the hosting company can be incorporated into the audit of the public company. Relying on the audit performed on a third-party hosting company, at the hosting company’s cost, may be much more cost-effective than ensuring your own facilities and processes are SAS 70 compliant.

Hosted SharePoint Specialists

Organizations contemplating a SharePoint deployment should recognize that there are applications hosting providers and then there are a handful of hosting providers that specialize in hosting SharePoint. Many have Microsoft and additional compliance certifications, and that enhanced capability and level of service may be imperative to an organization requiring customized SharePoint hosting configurations, Microsoft-certified talent, and top-grade security and disaster compliance.

Replicating an on-site infrastructure that equals the performance, reliability, scalability, security and compliance environment that “comes standard” with a solid, Microsoft hosting partner’s services would be cost prohibitive.

The hosting provider’s infrastructure is supported by many clients, thus enabling it to deliver a broad range of services at a substantially lower price (than managing identical services on-premise).

For the customer, there is little upfront capital expense and the monthly payments to the hosting company are predictable operational expenses. The IT staff is freed up from spending precious resources and time on designing its own hosting solution architecture. Stressing about managing backups, software licenses, hardware/software upgrades, and patching schedules is all in the hands of seasoned hosting experts who monitor the customer’s SharePoint solution in a disaster-resistant data center.

² “Reimagining IT: The 2011 CIO Agenda,” Gartner, Inc., January 2011.

In addition to cloud hosting services already addressed by this paper, there are two general types of SharePoint hosting that a third-party provider may offer:

- **Shared hosting.** An organization's applications and data are deployed on a server that is shared by several other organizations.
- **Dedicated hosting.** An organization either deploys its own servers or the hosting provider deploys servers dedicated for exclusive use by that organization. Dedicated hosting may be provided by either dedicated physical servers or dedicated virtual servers.

Benefits and Drawbacks of Third-Party Hosting

A SharePoint hosting provider frees up an organization's entire IT staff to focus on tasks that will help grow their business.

In their Service Level Agreements, most top-tier hosting providers offer disaster-resistant data centers, temperature and access controls, 24x7x365 monitoring and response, excellent connectivity, reliable uptime and availability, managed hardware/software upgrades and maintenance, routine backups and fail-over capability in the event of disaster.

The best providers develop a solid, personalized relationship with each customer, listening carefully to their needs and integrating their team of experts into the organization's IT staff.

Benefits include the following:

- **Customization.** The hosting provider is capable of configuring highly complex SharePoint installations.
- **Low upfront costs.** Capital outlays are minimized. Outsourced hosting becomes an operational expense. The hosting provider typically buys and manages the servers and provides the licenses.
- **Staff.** Highly trained hosting experts strive to integrate seamlessly with an organization's team, thus helping to strengthen the relationship through personalized service.
- **Security.** An organization's servers are typically highly secured, backed up and sitting in a disaster-resistant data center. Many providers have SAS 70 Type II designations as well as other compliance certifications.
- **Scalable.** Spikes in traffic can be sustained without the accompanying worry that the organization's network will crash.

Drawbacks include the following:

- **Portability.** SharePoint hosting is complex, and organizations must enter into long-term contractual commitments with their hosting provider. Switching providers in mid-contract, or reverting back to self-hosting, is not easy and the process of migrating data to a new hosting arrangement can be onerous.
- **Slower deployments.** Deploying the physical infrastructure is managed and thus not as turn-key as cloud-based hosting.

- **Change management.** Changes – either hardware or software – to the SharePoint configuration may require the hosting provider’s review and approval, so organizations must plan in advance.
- **Flexibility.** While third-party hosting may not recreate the level of flexibility associated with on-premise hosting, in most cases, the degree to which an organization loses out on flexibility and control is less than the degree by which it will save on capital outlays.

The old adage goes,
“If you want something done right,
do it yourself.”
Third-party hosting might be the
exception to that rule.

Just as with on-premise hosting, there is a large emphasis on customization and flexibility in the world of third-party hosting providers. An organization will have full access to its own SharePoint environment – the way it should be – and any kind of software application that compliments its SharePoint (customer relationship management software, data mining programs, etc.) can be integrated.

Comparing Third-Party Hosting to Office 365

Office 365’s offerings are split into five plans, and the majority of what an organization derives from those five plans are non-SharePoint server software. Maybe an organization does not need Lync or Exchange. It is worth remembering that Office 365 is a multi-server software package, not a pure SharePoint offering.

The flexibility of Office 365 can be rather constrictive at times. Maybe an organization wants one Plan E3 benefit, but it can only afford either Plan E1 or E2. Maybe there are 60 would-be users in the office, which would necessitate buying two of one plan due to the hard 50-user cap.

Most third-party SharePoint hosting specialists, on the other hand, customize SharePoint to an organization’s unique needs, thus creating a solution. Lower-level SharePoint users will find Office 365 to be a great choice. The higher-level users, who want customization, advanced features and functionality, however, should look toward third-party hosting of either SharePoint Foundation 2010 or SharePoint Server 2010.

So, is third-party hosting the best method? Not necessarily. An organization’s SharePoint environment should be exactly what it needs. Third-party hosting is an excellent option but may not be the best fit for every business. Just as an organization would not build a SharePoint environment that does not perfectly match its needs, it should also regard hosting choices similarly.

For example, an organization seeking a basic SharePoint solution with minimal customization and tolerance for downtime would likely not be disappointed with Office 365. Anything more than online SharePoint would be superfluous. Unless customization, high performance and other factors are drawing an organization toward third-party hosting, it should not opt for a high-level SharePoint environment, especially if most users are unlikely to utilize that much SharePoint.

Likewise, another organization may require complete reign over its SharePoint. Giving up even a little control or flexibility may negatively impact its business, and it should be able to recognize when that is the case. In some cases, self-hosting can be worth the capital outlay – especially if the organization already has the infrastructure and expertise.

Conclusion

Over the past few years, SharePoint hosting options have exploded. While the additional choice has been a blessing in the industry, it can be confusing at times – which can lead to a poor choice on the part of an organization. It is our hope that this white paper clarifies some important aspects about SharePoint hosting.

Final points worth emphasizing are the following:

- **Visualize costs and SharePoint needs as a spectrum.** On the low cost/low performance end, there's Office 365. On the opposite end is outsourced hosting, which offers the confidence that an organization's mission-critical applications will be available, and recoverable, should disaster strike. In between is the do-it-yourself model of on-premise hosting. Before deciding, pinpoint what mixture of customization, costs, services and flexibility your organization needs from SharePoint.
- **Be cautious with selecting self-hosting.** Making the wrong choice can cause serious repercussions for a company. If an organization makes the wrong choice with a cloud service, it can always switch. However, when it buys the infrastructure for self-hosting, that money is gone for good as are any opportunity costs that were forfeited to self-host. While it may initially appear less expensive than third-party hosting, keep in mind the massive infrastructure expenses made by hosting companies to ensure uptime, redundant internet connections, redundant power connections, disaster recovery and disaster-proof buildings. For most organizations, there is no practical way to replicate this type of environment. If SharePoint is not mission critical, it may be okay to self-host. If it is mission critical and its failure will impact the organization's bottom line, or even affect the viability of the company, host it with someone who can provide this type of hardened, specialized environment.
- **Don't compromise.** SharePoint should be what your organization needs it to be. Since the goal of getting SharePoint is to meet organizational needs, an organization's SharePoint should fit its needs perfectly. With the number of available options today, it's inexcusable to tolerate a SharePoint environment that doesn't fit every need.

SharePoint is an important, useful, and often critical business tool when deployed and implemented properly. Today's hosting providers offer ample options to help an organization find the right SharePoint environment for its users.

We sincerely hope that this white paper has illuminated the range of options and helped make your organization's hosting decision process a little easier – or at least sparked some intrigue to learn more about SharePoint's benefits.

About AIS Network

AIS Network takes SharePoint to the cloud. AISN clients no longer maintain SharePoint servers in their office, because AISN secures and cares for those servers 24x7x365 in world-class, disaster-resistant facilities and ensures their capacity grows with the client's business. Fully managed hosting is what AISN does best, and AISN has been delivering it in the form of managed, cloud and applications hosting since 1993. Unlike many hosting companies, AISN, a SAS 70 Type II-certified organization, personalizes client service at every level, inspiring full confidence that mission-critical data, applications and email are in reliable hands. Visit www.aisn.net.

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