

The New Network Podcast

Managed Network Service: the Benefits of Outsourcing

Steve Shepard

It occurs to me that a good way to start this podcast is with a quiz. Here you go: What do wheat, pork bellies, Texas sweet crude oil, soy beans, tin, and routers all have in common? Well, the answer is that they're all commodities. And what's a commodity? Well, there are two answers to that question. On the one hand, commodities are products that everybody needs and wants, making them highly desirable. On the other hand, commodities are products and services that have the somewhat undesirable characteristic of only being differentiable on the basis of price. If you sell them, and you have the cheapest price for them, you win. Otherwise, you lose to someone else who *does* have the cheapest price. So why would you want to play that game?

My point is this. It seems a bit silly to lump "routers" in with all of those true commodities, but the truth is that routers and the services they provide are largely commodities, whether we want them to be or not. In fact, large swaths of IT in general are moving inexorably toward that status.

Consider this: A few years ago, McKinsey and Company published an article called "Reshaping IT management for turbulent times" in which they concluded (correctly, by the way) that IT is moving down two diverging paths. On the one hand, some IT services, those that are truly critical to the business and often sensitive in nature, should still be done in house. McKinsey calls that *enabling IT*. Others, largely those IT functions that are common to every business on the planet and not particularly sensitive, fall into the category described by McKinsey as *factory IT*. In other words, there's nothing "special" about your storage requirements versus those of your competitors. There's nothing particularly unique (other than the obvious things that are specific to your particular company or industry) about your accounting requirements, office automation software, website, telephony, security, or for that matter, generic IT infrastructure elements.

McKinsey's contention is that businesses should focus their efforts on the strategic IT-related processes that generate clear competitive advantage and build the "factory" functions with a focus on efficiency, with a combination of optimized internal systems along with configurable off-the-shelf IT solutions that meet their key needs and may be managed by others offering automation, outsourcing or cloud solutions to drive down costs and achieve quality and performance goals.

Darren Wolner, Director of Network Services at Time Warner Business Class, agrees:

When we're talking about MRS, an ideal customer for us is one who is looking for additional expertise in order to efficiently run their network. And oftentimes customers come to us and say, "you know, Time Warner Cable, I know you guys are experts in the field, you've offered managed services in the past." Essentially, they're looking for a partner who is going to look out for them so they can essentially get back to their business. They'd rather run their business than have to run their network.

Whenever I talk about this topic with my clients, I always use the same line: if you're not in the business of running a data center, in other words, if running data centers isn't your core business, why in the world are you running one? This goes back to the McKinsey article: Put your effort into the activities and functions that set you apart from the herd. Design the factory IT functions with the most efficient approach that may include standardized platforms, lean techniques, cloud services, and outsourcing to drive down the cost and improve the quality. This may include utilizing a factory IT organization that can do it better than you can, every time. And one of the things that can—and should—be handled by an outsourcing agency is your router array, in the form of a managed router service.

So what's causing this forked path effect for IT, and what does it mean for your business? Well, a number of factors are involved. First is the inexorable and accelerating move to an all-IP network, which means a slow migration away from switched architecture and a move to routed architectures.

Second is the changing profile of work. More and more employees are working out of their homes, their local coffee shop, a remote satellite office, or on the train; and increasingly, the companies they work for are encouraging this as a way to improve productivity and employee satisfaction, reduce safety issues, and lower their costs for real estate, parking, and other recurring charges.

Third is mobility: as the workforce becomes increasingly mobile, and as 4th-generation mobile broadband in the form of LTE becomes the rule rather than the exception, demand for routed IP networks will grow, since LTE presumes that the underlying network fabric is IP based.

And finally, the needs of the business itself represent a major factor. Connectivity is a powerful accelerant when it comes to competitiveness; and the extent to which a company's connectivity is dynamic, survivable, flexible, and well managed is a measure of that organization's ability to beat the competition. And since connectivity is increasingly IP based, having a well-managed router environment is of paramount importance for the modern enterprise.

So what does this really mean? I asked Darren to explain what the "managed" part of

“Managed Router Services” really means:

[Yes, absolutely.] Anybody can buy a router off the shelf, right? But you have a solution that still needs to be cared for and fed, if you will. So I keep going back to the notion of a turnkey solution because, when a customer buys managed router services from Time Warner Cable, not only are they getting the physical box, not only are they getting the underlying service, but they are getting network management as well.

Speaking from what we deliver at Time Warner Cable Business Class, what that means is, we're going to provision the service for you; we're going to configure it based on your needs; we're going to handle all the changes that you're going to want to make over the life of the service; we're going to actively monitor that connection; and we're going to make sure that things are running well. Many customers have remote locations and it's very difficult for them to manage it. So we're going to manage that for them. If anything doesn't go well, we're going to provide break fix, meaning that if the router goes for whatever reason, we're going to come out, we're going to replace it.

And also what is very important that people don't always understand or realize how important it is until they're in a bad situation, is that software changes need to be frequently updated. There are security issues. There are patches. There are updates that need to be done on a frequent basis. Not only are we aware; it's our job to be aware of every software patch that needs to be done, but we're going to make sure that all of the customers' routing equipment, as part of the service, is going to be updated to make sure that the customers are running the latest version of everything, the most secure version of everything, and that everything is just working the way it should be. And to me, that's management. That's all-around management.

And what does this ultimately lead to? This is where the good news begins. It translates to lower CAPEX and OPEX. It means less downtime and better network performance, both of which translate into enhanced customer service and experience. It means predictability in terms of maintenance requirements. It means much richer and more visible network management.

And most important of all? It means that you get to focus on your core business—you're *enabling IT*—rather than the noncore activities associated with delivering IT resources.

And it means getting the most out of those resources while at the same time watching the cost of doing so measurably go down.

So what does this actually look like? Imagine that your business has multiple locations, including employees working out of their homes or other remote locations. They're connected to the corporate LAN using a LAN switch with high-speed Ethernet connectivity. But here's where things shift just a bit. Instead of those LAN switches homing on enterprise routers that you own, they now home to enterprise routers that are

owned, operated, and managed by the managed router service provider—who offers support for installation, provisioning, configuration, and management support of the devices on your premises. Those routers interconnect over the service provider's network to meet your SLA requirements, while at the same time connecting securely to the Internet, and to a remote network operations center where network performance is monitored at all times. This is the best of all IT worlds:

[Darren Wolner:] So how does it work? Well, that's a key portion of what's going on. Then we provision a router. We put the router on site; we configure it to how the customer wants to run their network, whatever features they want to use; we help them set everything up. And then we're monitoring and managing that router from a remote NOC or SOC. We're monitoring what's going on. We offer the customer a portal, an interactive portal so they can take a look at the site, the health of the site. There are logs for the services that are running off that router. So the customer has full view into what's going on on a location-by-location basis. So that's happening at the same time.

And if the customer has an issue, they can give us a call. They can detect the issue on their own. We're obviously monitoring, we detect issues as well. We'll communicate with the customer. If there is an issue that we can't fix remotely, we will roll a truck, and we'll make sure that the customer's happy.

At the end of the day, we want to make sure the customer is up and running and again, I keep going back to this but I think it's important, that the customer spends the large majority of the time worrying about their own business and not about their network."

Additionally, many service providers such as Time Warner Cable Business Class also offer their customers a robust and secure portal that provides a management dashboard, network topology information, and a range of insightful reports. The result? The visibility that your IT staff needs to ensure accountability and peace of mind.

[Darren Wolner:] Absolutely, I think that one of the first things that concerns customers these days are costs. And when they look at their total cost of ownership, with MRS I think they would be at an advantage. They don't have to buy the equipment; they don't have to invest in the educational expertise to set it up; they don't have to invest in the systems and time to monitor and tweak the network and care for it and react when there's an issue. Back to total cost of ownership, they don't have to invest in additional CP to replace things that will eventually break. It's just a good, overall, turnkey solution for the customer.

This wave, this move to managed services, represents a sea change in the world of IT. Honestly, it's a bit threatening to some businesses because it requires a level of trust in partner companies that we haven't had to sustain in the past. But when Jack Welch made his now-famous speech in which he said, "Destroy your business – change or die. When the pace of change outside the business exceeds the pace of change inside the

business, the end is near,” he was talking about just this kind of evolutionary step in the world of commerce. The move to managed services isn’t an “if” question; it’s a “when” question, and the timeframe is getting closer. Now is the time to consider a move to managed services, and a good place to start is with the routed network. Think about it: it’s good for business, because it’s one less thing you have to worry about.

Thanks for listening. For Time Warner Cable Business Class, I’m Steve Shepard.