



Managed Cloud: The New Cloud Category

A Rackspace White Paper

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Introduction

Instant capacity, cost savings, and an easier way to manage applications—that was the promise of the cloud. But businesses are beginning to realize that in order to tap into the cloud’s real business value, they need to dedicate a growing amount of time and resources to managing complex, interconnected deployments.

In 2014, Gartner added a new category in its Magic Quadrant Analysis: **Cloud-Enabled Managed Hosting**. Managed cloud gives businesses the technology and the expertise to run it successfully.

This new cloud category succeeds where traditional cloud has failed. By giving businesses the tools to merge cloud delivery methods with traditional managed hosting expectations, businesses are liberated from less strategic, day-to-day management tasks and freed up to focus on core business objectives. The results are increased efficiency, better insights and faster innovation.

“Today, Rackspace is the early leader in a massive and fast-growing market for managed cloud. We are clearly differentiated from competitors by our specialized expertise, broad portfolio of hybrid infrastructure options, and Fanatical Support.”

— Taylor Rhodes
President & CEO, Rackspace

1. Why “Commodity Clouds” Don’t Meet Business Needs

In a climate of rapid cloud adoption, many businesses adopted the cloud without the foundation, planning and cloud engineers needed to manage its complexity. In order to keep costs attractive, commodity cloud providers didn’t offer the support businesses needed to grow their cloud environments in a responsible, efficient way. While curing some IT headaches, it created new ones, like:



Unreliability: The use of cheap, failure-prone commodity hardware means overprovisioning cloud resources to plan for server failure.



Management: The need to hire experienced cloud engineers to tweak and tune cloud resources, handle monitoring and alert response, and manage the applications and workloads running on top of cloud resources.



Cloud sprawl: The need for multiple providers to run workloads, secure deployments and other cloud-related tasks. This leads to shadow IT, platform lock-in, billing confusion and service compatibility glitches.

2. The Solution: Managed Cloud

Managed cloud is a white-glove service for businesses that have moved past basic cloud into complex, multiple deployments with critical dependencies and advanced platform requirements. The struggles businesses faced with commodity clouds are alleviated by:

- Streamlining providers with a single point of contact to manage the entire environment, not just a piece of it.
- Trading out low-value cloud management chores to free up IT resources to work on high-value technology projects instead of keeping the lights on.
- Enhancing business alignment by collaborating with IT to achieve business goals to move toward more automated, policy-driven practices as opposed to just adding server capacity.
- Solving talent acquisition with concentrated cloud stack expertise to manage and guide growth, a key failing of unmanaged clouds.

This model allows IT teams to partner with a provider to get both the raw compute power and the expertise required to best serve business outcomes.

RETHINKING TOTAL COST OF OWNERSHIP ON THE MANAGED CLOUD

Traditionally, organizations focus on total cost of ownership (TCO) when making IT decisions. The bottom line cost savings of deploying in the cloud is usually enough to sell most businesses. And while discussing the less tangible value of the cloud is more difficult, this is often where the most meaningful impact is revealed.

How do you put a price tag on time to market? Freeing up time for experimentation and innovation? Or deepening your current IT staff's skills rather than hiring more personnel?

These benefits often trump the bare costs or savings involved with embracing the cloud. The hidden value of cloud adoption include:

Competitive Advantage

A managed cloud approach enables the business to spend time on the type of strategic work that moves the needle instead of just maintaining baseline operations. Online retailers, for example, can use performance data, load time statistics and the impact of improved search rankings to justify customer experience improvements using a [managed ecommerce platform](#). Any move to a robust, managed cloud platform holds the potential to boost online satisfaction directly. Meanwhile, moving up in search rankings translates directly to more qualified leads and sales activity.

Time to Market

Time to market is often hampered by resource constraints that prevent completing a project on budget and on schedule. **Xero** slashed hosting costs by 40 percent using the managed cloud. Duncan Ritchie, Chief Platform Officer at Xero states “It’s also given us a lot of efficiency savings through the automation, the API, and access to VMware vSphere, saving time for our engineers. This gives us the power, but also the agility to respond quickly.” Ritchie credits the ability to deploy hardware faster with the managed cloud as a key factor in getting Xero’s new features to market faster. Managed cloud can save time and cost in procuring, testing and deploying cloud infrastructure.




Adaptability

By encouraging experimentation, organizations gain the freedom to investigate new directions with minimal risk. One of the biggest impediments to innovation in many businesses is simply finding time for IT to plan and pilot projects along with the hardware and software resources to run it. The increased flexibility of a managed cloud allows businesses to quickly react to market shifts while preparing for the demands of the future. It allows an organization to take a market-leader role instead of playing catch up. With a managed cloud approach, IT teams can become more responsive and agile, reducing the chance of shadow IT and reinforcing the team’s role as a partner to the business.

RETHINKING SECURITY ON THE MANAGED CLOUD

More data and higher stakes are adding to the pressure to maintain bulletproof application security. With the hyper-connected nature of enterprise environments, single outages can wreak widespread havoc extending far beyond the IT department. End-user productivity takes a hit three times harder than IT productivity during an outage. Non-IT/security departments absorb more than half of DDoS attack-related costs with customer support bearing 63 percent of the burden.

On-premises hosting has long been thought of as the safest place for critical applications. However, [the 2014 Alert Logic State of Application Security Report](#) paints a different picture with cloud-hosted environments proving safer against these common application threats:

Common Application Threats		
	Malware/botnet: Cloud-Hosted Provider On-Premises	Customers affected: 11% 56%
	Malware/botnet: Cloud-Hosted Provider On-Premises	Customers affected: 4% 16%
	Malware/botnet: Cloud-Hosted Provider On-Premises	Customers affected: 6% 18%

Managed cloud takes security to the next level. In the traditional cloud model, the onus is on the enterprise to implement the correct security protocols, including regularly patching and updating servers to prevent a known vulnerability from being exposed. With managed cloud, enterprises can enjoy all the advantages of controlling cloud servers, but also rely on a group of experts that can help ensure the systems are patched with the latest security releases. Security experts review hosted environments and systems, then recommend best practices to reduce vulnerabilities. They review network access control, user access, cryptographic controls, patching, server hardening and security software, and then recommend a security solution customized for specific workloads.

RETHINKING SCALING ON THE MANAGED CLOUD

The partnership between a business and a managed cloud vendor is critical when it comes to scaling. In an ideal world, businesses would know when a spike in traffic is imminent. But the real world isn't perfect, and any social-media mega-platforms can send a torrent of traffic with little notice while a site is already dealing with a heavy load.

Managed cloud, and the expert support that comes with it, gives enterprises the insight to create a scalability plan prior to traffic spikes. This allows them to leap into action as soon as the load starts to increase. One part of the team scales the site while another part

holds the site together until more resources are applied. A managed cloud provider can install, configure, manage, troubleshoot and respond to workload-monitoring technologies that will sound the alarm when specified threshold parameters are reached.

The managed cloud ensures that scalability can be optimized according to workload. At Inavero, a fast-growing survey company in Portland, OR, scalability is key. “There’s nothing worse than making our clients look bad to their customers,” said Nathan Goff, Inavero’s operations director. As the demand for Inavero’s survey app boomed, they needed a compute platform that could scale with that demand. The company also needed an ultra-reliable IT infrastructure. Server failure was not an option. And looking ahead, Goff also knew that as the company’s business grew, scalability would become even more crucial. For Inavero, growth means many more instances in which numerous survey campaigns are occurring simultaneously, making traffic spikes more difficult to predict.

For a way forward, Inavero turned to the Rackspace Managed Cloud. Now its entire critical compute infrastructure is hosted and managed externally, ensuring scalability and reliability. In the end, the technology “really wowed us,” Goff said.

3. Putting the Rackspace Managed Cloud to Work

A managed cloud is different from an unmanaged cloud in several important ways:

- Leverages hybrid environments that are customized to balance physical and cloud-based resources for higher performance, enhanced security and cost efficiency.
- Provides high-touch support for hardware, application and platform layers so in-house teams can focus on strategy not maintenance.

At Rackspace, we've extended our managed cloud offering to include:

- Advanced SLA guarantees to give customers confidence in support.
- Service offerings to support SysOps or DevOps environments.
- Direct access to engineers and architects.
- Code assistance to optimize application performance and comprehensive developer resources via the [developer+program](#).



Managed Cloud means thousands of cloud engineers ready to help you run fast and lean—around the clock.

Why Rackspace?

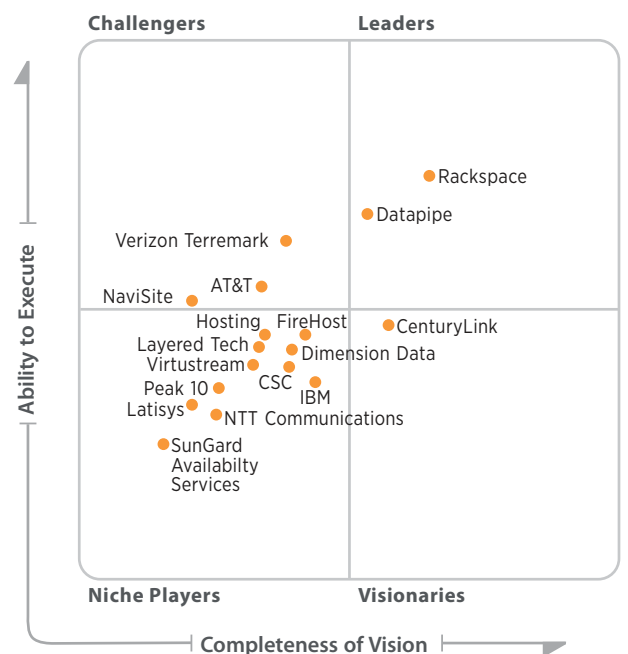
In 1998, Rackspace invented the term managed hosting” which led to a new industry category. Later, Rackspace became one of the first providers to market with cloud-based services. Our breadth of experience serving both massive, enterprise deployments and cloud-savvy, DIY consumers has given us a unique view into how to serve and support teams. As a result, Rackspace realigned to serve this evolving business market.

“We’re targeting businesses and developers who want to tap the power of the cloud without the pain of running everything themselves — and the expense of recruiting or contracting with experts in dozens of complex technologies,” Taylor Rhodes, Rackspace President and CEO, shares [in a blog post](#).

The Rackspace Managed Cloud solution was positioned the furthest for completeness of vision and ability to execute in the 2014 [Gartner Magic Quadrants for Cloud-Enabled Managed Hosting for North America and Europe](#). Our leadership in the field is further bolstered by the fact that we’re the hosting partner to six in ten of the Fortune 100, top host to the Internet Retailer 1000 and co-founders of OpenStack®.

In describing the Rackspace Managed Cloud, IDC Research Vice President, Melanie Posey, says, “Rackspace’s managed cloud approach provides an opportunity for significant differentiation from the rest of the pack. Rackspace’s new managed cloud strategy featuring enhanced SLAs and its long track record in delivering superior support will create sustainable competitive advantage in an increasingly crowded market.”

[Learn more about Managed Cloud at Rackspace.](#)



As of July 2014

Figure 1. Magic Quadrant for Cloud-Enabled Managed Hosting, North America

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About Rackspace

Rackspace® (NYSE: RAX) is the #1 managed cloud company. Its technical expertise and **Fanatical Support**® allow companies to tap the power of the cloud without the pain of hiring experts in dozens of complex technologies. Rackspace is also the leader in hybrid cloud, giving each customer the best fit for its unique needs — whether on single- or multi-tenant servers, or a combination of those platforms. Rackspace is the founder of OpenStack®, the open-source operating system for the cloud. Based in San Antonio, Rackspace serves more than 300,000 business customers from data centers on four continents.

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