



Fusepoint works with VMware to manage virtual IT

By: Rafael Ruffolo

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Toronto-based Fusepoint Managed Services Inc. is jumping on the virtualization bandwagon by bringing VMware Inc.'s suite to its customers.

The IT services and infrastructure provider has joined the VMware Service Provider Program (VSPP) to offer managed hosting services that run on the Palo Alto, Calif.-based VMware's products.

More in CIO Canada Sharpen your virtualization vision: Part 1, Part 2 This means Fusepoint's enterprise or SMB clients can provision virtual machines and servers to run their IT infrastructure without going directly through VMware. The benefit of getting a virtual IT landscape from a managed hosting provider, Fusepoint said, lies primarily in cost savings.

"Certainly businesses could license the software themselves, send boatloads of people to California to get trained in VMware, get certified, and then have staff work around the clock to support the environment," George Kerns, president and CEO at Fusepoint, said sarcastically. "But this would not be cost-effective for many individual customers to do. So, our customer base can benefit from our investment in this program and be provided a highly available and secure platform to run their business applications on."

Bogomil Balkansky, senior director of product marketing at VMware, agreed, saying companies looking to move toward virtualization need to ask themselves if they want to be in the business of running IT internally or if they can accept outsourcing it to a hosting provider.

"And in most cases, companies realize that they can't do it cheaply and efficiently internally, in addition to not being too interested in building and maintaining the type of skills required," Balkansky said. "Usually the stuff that is perceived as less differentiated or strategically important can be outsourced out and then it will just come down to extracting the best price."

With the VSPP agreement, VMware is incorporating a new licensing model that allows hosting providers like Fusepoint the ability to charge on a per-virtual machine, per-month basis. And according to Balkansky, the program has been a success because it aligns well with the revenue stream for hosting providers. Instead of paying a perpetual, up-front licensing fee, VMware said matching the licence model to consumption use makes sense for all parties.

"The way the hosting providers make money is on a unit of capacity per month model," Balkansky said. "For them, it's fairly difficult to make an upfront, perpetual purchase, especially if they generate revenue in small increments every month. So, to be able to spread out the cost of our software and really align it to the way they make money and their business model."

From a cost standpoint, Kerns said that on average there's a 25 to 33 per cent decrease in overall fees to customers because of the per-virtual machine, per-month model. And to support customer demands, he said, Fusepoint has sent staff to VMware to receive VMware's Certified Professional (VCP) designation to ensure its employees are fully qualified to work and test with the virtualization software.

"We also took on an internal project to make sure that people are trained and we have the correct tools in place," Kerns said. "To do this, we're using virtualization on our own IT infrastructure, consolidating 34 servers, supporting over 20 applications, and condensing them down to six servers."

VMware estimated that more than 50 managed hosting providers have signed on with the program worldwide.