



## Microsoft virtualisation technology helps hosted services provider broaden choice, cut service costs and expand market.

“Hyper-V makes a massive financial difference to our customers. A typical customer might have 20 virtualised servers, in which case they were paying A\$1,500 to A\$2,000 per month just in virtualisation licence fees. Now those charges are eliminated.”

*Rachel Holden, Marketing Manager, ICO*

Sydney-based ICO is a pioneering Australian infrastructure hosting company, offering dedicated and virtual hosting, and private cloud services, which include and support Windows and Linux operating systems. The company provides 99.999% service availability levels, and claims amongst the highest redundancy levels for any hosting company in Asia Pacific.

Cloud infrastructure computing is constantly evolving as new technologies are released. As a result, ICO staff are always searching for efficiencies and improvements in technology in order to continue to offer exceptional service and support to their customers. In 2007, ICO started offering to virtualise customer environments, using VMware technology. This reduced overall hosting costs, increased redundancy and improved scalability, but meant ICO had to pass on a virtualisation licence fee to customers. In late 2009, Microsoft launched Windows Server® 2008 R2, which includes the new hypervisor-based virtualisation technology, Hyper-V™, at no additional charge. ICO managers decided to extend the option of using Hyper-V virtualisation to its customers.

Over the following 18 months, a large proportion of ICO customers have switched to Hyper-V virtualisation because it reduces their overall IT costs. Technical staff have reported no service problems over that period, helping ICO retain its reliability levels. And by further reducing hosting costs, ICO has been able to attract new customers and dramatically expand its own core market.

### ICO

**Industry:**  
Infrastructure as a Service

**Location:**  
Sydney, Australia

**Organisation size:**  
25

#### Organisation Profile

ICO provides infrastructure hosting solutions for developers and business customers. The company prides itself on its high-uptime and cost-effective services, which span both Windows and Red Hat Linux operating systems.

#### Business Situation

To cut the costs of its hosted services, ICO technical staff started to build virtual dedicated server environments using the VMware hypervisor. This proved popular, but meant ICO had to pass on a virtualisation licence fee to its customers.

#### Solution

When Microsoft launched Windows Server® 2008 R2 in October 2009, the operating system included the Microsoft virtualisation technology Hyper-V™. This enabled ICO to offer virtualised customer environments at no additional cost, proving a very attractive option.

#### Benefits

- Reliable environments
- Reduced costs
- Expanded markets
- Happier customers

“In terms of reliability, we did a lot of testing and our technicians were very satisfied with the performance of Hyper-V,”

*Rachel Holden, Marketing Manager, ICO*

## Business Needs

Founded in 1997, Sydney-based ICO is one of Australia’s pioneer infrastructure hosting companies. The company hosts applications for small and medium-sized businesses and supports both Windows and Linux operating systems. ICO hosts customer applications from multiple ASIO T4 data centres and employs 25 staff, who are predominantly highly trained technicians.

The company’s key commercial differentiator is its commitment to very high levels of service reliability. Customer service level agreements stipulate ‘five-nines availability’, which means that hosted services have to be available 99.999% of the time. This equates to a maximum of 26 seconds downtime in any given month.

“We attract customers who want reliability, flexibility and scalability,” says Rachel Holden, Marketing Manager, ICO. “Our hosting infrastructure consists of virtual dedicated servers, dedicated physical servers and more recently we’ve seen an increase in demand for both private cloud infrastructure and also hybrid solutions. Our customers require mission-critical services, which is why they come to ICO, and for some companies our role is to provide an instantaneous disaster recovery capability.”

Infrastructure hosting is highly competitive. According to Holden, the recent highly publicised outages experienced by hosting providers are putting a greater value on security, support and uptime to ensure that business risks are managed as well as possible. So when server virtualisation began to promise large-scale commercial savings and increased levels of redundancy in the 2000s, ICO staff were quick to assess the technology.

“When VMware became available, it held obvious attractions for us,” says Holden. “Not only was virtualisation a far more efficient use of servers, but failover clustering meant that if a server went down, the load was automatically transferred to the other servers in the cluster, providing far higher levels of redundancy.”

“In 2007, we became one of the first hosting companies in Australia to offer virtualised dedicated servers. We could cut the number of servers we needed to host a customer’s environment, which reduced our costs and increased our competitiveness. However, we still had to charge the VMware licence fee back to the customer and the pressure to deliver our services more efficiently never relaxed.”

## Solution

As a member of the Microsoft Hosting Community that provided numerous partner-hosted services, ICO already worked closely with Microsoft.

“We have a really good relationship with Microsoft, so when they brought out Windows Server® 2008 R2 with the hypervisor included in the licence cost, we were very interested,” says Holden. “We sent our technical team to evaluate the technology.”

The technical team focused on three core criteria: capability, reliability and ease of migration.

“Not all our customers needed the full suite of functionality available on VMware,” says Holden. “What most wanted was failover clustering, so their environments keep going when one server stops: Hyper-V does this and our technicians reported that it also did everything else our customers needed.”

“Hyper-V means we can offer our five-nines service at a lower cost, it makes us more competitive and we have expanded our customer base.”

*Rachel Holden, Marketing Manager, ICO*

“In terms of reliability, we did a lot of testing, and our technicians were very satisfied with the performance of Hyper-V,” says Holden. “It was very robust, and they didn’t find any problems. Lastly, our technicians reported that migrations from VMware would be relatively smooth.”

In January 2010, ICO managers decided to offer customers a 64 bit virtualised server platform using Windows Server 2008 R2. Under a Service Provider Licensing Agreement, ICO would charge customers directly for their Windows operating system, passing the licence fees back to Microsoft, though without any addition for virtualisation.

“After we made the decision, it took us approximately one month to decide on the hardware, order it and build it,” says Holden. “The transition was relatively easy: it wasn’t a major project.”

ICO technical staff completed a short training course in managing Hyper-V™ virtualised environments, and were able to support live virtualised environments within a week. They used Microsoft® System Center Virtual Machine Manager 2008 R2 to centralise management of the physical and virtual environment.

## Benefits

Eighteen months after launching a virtualised hosted service using Hyper-V, the service has proved a major commercial success.

“Hyper-V means we can offer our five-nines service at a lower cost, it makes us more competitive and we have expanded our customer base,” says Holden.

### Reliable environments

The ICO Hyper-V hosted environments have proved their reliability, and ICO technical staff report no Hyper-V-related service problems in the 18 months since

starting the service. As a result, ICO have sensed an increasing confidence in the Hyper-V technology, which has impacted customer purchasing behaviour.

“Twelve months ago, when we suggested virtualisation to our customers, they would often express a preference for the VMware hypervisor,” says Holden. “Our experience is that as Hyper-V has matured, customers have stopped discriminating. Now they decide on cost.”

### Reduced costs

A large proportion of ICO customers have now migrated to the Microsoft virtualisation technology, and the company’s target market has expanded dramatically. The principal driver for migrating has been reduced costs.

“Hyper-V makes a massive financial difference to our customers,” says Holden. “A typical customer might have 20 virtualised servers, in which case they were paying A\$1,500 to A\$2,000 per month just in virtualisation licence fees.

“Now those charges are eliminated. They are just paying for the operating system, the Gigabytes used and the processing. With Hyper-V we have been able to lower the cost of our services.”

### Expanded markets

By lowering costs and demonstrating reliability, ICO has been able to expand its target market.

“By lowering our prices, we have been able to open up new markets: we are now attracting customers we couldn’t have attracted two years ago,” says Holden. “As a result, a whole new band of customers are learning that by using a hosting company for their IT services, they can expand their own business faster, with less risk, and without the overheads of onsite maintenance.”

## Technical Information

### Software and Services

Windows Server® 2008 R2 with Hyper-V™

Microsoft® System Center Virtual Machine Manager 2008 R2

### IT Issues

Reducing the cost of providing hosted services

### Happier customers

Holden cites one customer, Eclipse, a leading provider of intelligent business solutions to the mid-market across a range of diverse industries including mining and exploration, education, professional services and equipment hire. ICO migrated the Eclipse Edupoint solution to a full Hyper-V virtualised infrastructure in early 2010.

“One of our products, Edupoint, aimed at the education market, is designed to be a hosted offering,” says Brett Garrett, Business Development Executive, Eclipse. “Not being in the hosting business ourselves we needed a specialist partner, ICO, to host the solution in a secure environment for our customers, enabling us to focus on our core business.

“We’re really leveraging hosted solutions with ICO and also planning our cloud business where we’re going to take our vertical solutions and offer them as cloud based solutions.”

The migration to Hyper-V has proved popular for Eclipse and many of ICO’s other customers. “All of Eclipse’s pain points were addressed and solved with the new

Hyper-V solution,” says Holden. “Complete redundancy, reduced overall costs, reduced licencing costs, ease of scalability and a streamlined Microsoft platform.”

### Microsoft product that was featured

With Hyper-V™ included in Windows Server® 2008 R2, it's now easier than ever to save money through virtualisation. The Microsoft hypervisor-based server-virtualisation technology enables you to make the best use of your server hardware investments by consolidating multiple server roles. You can efficiently run multiple different operating systems—Windows, Linux, and others—in parallel, on a single server, and fully leverage the power of x64 computing.

Virtualisation increases deployment flexibility and application life-cycle management. And by deploying virtualisation with clustering technologies, you can create a robust IT infrastructure with high availability and quick disaster recovery.



### Partner Information

**Eclipse Computing (Australia) Pty. Ltd.**

Level 29, 580 George St

Sydney NSW 2000

Phone: +61 9279 3000

### For More Information

For more information about Microsoft products and services call the sales and information line on 13 20 58 Monday to Friday 8am to 8pm AEST. To find a partner or solution, visit [www.microsoft.com/australia/findapartner/](http://www.microsoft.com/australia/findapartner/)

This case study is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY.

Document published July 2011

14986-0711/ICO

Microsoft