

Why Perfect Commerce is mothballing its data center

Web site's shift to utility computing means less IT equipment, staff

By Carolyn Duffy Marsan

Perfect Commerce, a Web-based sourcing and procurement service, is replacing its data center and related IT staff with a utility computing service from Savvis. The move is the latest example of a company choosing a utility service provider instead of internal IT department resources.

The shift to utility computing is controversial, provoking an outcry from IT professionals who fear the move will limit their career opportunities. Proponents of internal IT departments say outsourcing IT infrastructure will result in lower quality services and could put information security at risk.

This controversy is epitomized in the reaction to Nicholas Carr's new book, *The Big Switch: Rewiring the World from Edison to Google*. The book asserts utility computing will replace internal IT facilities in staff in most corporations.

Perfect Commerce says the utility computing model allows it to grow its Web site as needed while reaping significant savings. Perfect Commerce is replacing its own IT infrastructure with one operated by Savvis.

"We'll probably save around 25% for the people who run the data center," says Del Putnam, vice president of technology at Perfect Commerce. "We're spending money on things that are really strategic to us — such as adding new features to our site — versus adding another hard drive or another block of memory."

Perfect Commerce will announce Monday that it has signed a three-year, \$5 million contract to outsource its IT infrastructure with Savvis. Perfect Commerce is buying fully managed and virtualized network, hosting, compute and managed security services.

Based in Hampton, Va., Perfect Commerce provides sourcing and procurement services to multinationals such as IBM, John Deere, Hitachi and Lexmark. The Web site has 200,000 users and 11,500 suppliers in a variety of industries.

Perfect Commerce's software-as-a-service application will be hosted at Savvis' data center in Atlanta, with disaster-recovery services at a data center near Washington, D.C.

"Our model to our customers is an on-demand model," Putnam says. "Savvis really fits that same model with their utility computing

and utility storage. They have a lot of experience doing virtualization, which allows us to scale our computing and storage needs."

Perfect Commerce plans to mothball its Kansas City, Mo., data center at the end of February. The equipment inside will be reused, sold or decommissioned.

Of its 150 employees, Perfect Commerce had 15 people dedicated to IT operations.

"Some of those folks will stick around. Some of them will be re-tasked in other places in the company. Some of them may decide they want to go somewhere else," Putnam says.

Putnam says the move to utility computing isn't all bad for the firm's IT staff. For example, it will allow database administrators to take on more challenging work because Savvis will handle mundane maintenance chores.

"We have a few database administrators who are very good at their jobs, but they have to focus on maintaining databases, cleaning out logs and all the typical things you have to do to tweak performance and keep databases running," Putnam says. "A couple of those people are very good at

database design and architecture. That's a skill we really need in our development organization. So we can re-task and reuse some of that energy to help our development organization."

One area where Perfect Commerce hopes to cut back is on hiring IT consultants who charge as much as \$250 to \$300 an hour for expertise in such areas as database design and storage-area networks.

"We had our own data center. We had our own IT people. But a lot of the software and hardware that we use is very specialized, and so you can't always find the depth of expertise across all of those systems on staff," Putnam says. "That's another advantage of Savvis. They've got all of these experts in tweaking databases and virtualization, and they're able to provide us with that expertise. Otherwise, we have to pay for consultants."

Perfect Commerce also is cutting back on hardware. Savvis is helping Perfect Commerce virtualize its applications on Savvis-owned servers.

"A couple of years ago, we had between 500 and 600 servers at Perfect Commerce in about 29 different application groups. A lot of what we're doing with Savvis is virtualizing most of those servers," Putnam says. "At the end of the day we're going to have less than half that number... This allows us to

reduce our hardware footprint, reduce size and reduce power. And virtualization allows us to quickly scale up."

Putnam says Perfect Commerce will end up with a more reliable IT infrastructure by switching to Savvis. That's because it will have identical backup systems and a separate disaster-recovery site.

"If a particular piece of hardware goes down, then the systems will bring up a new virtual machine," Putnam says. "Our customers won't see much interruption of service, and we don't need to have as many redundant machines — just enough to mitigate our risk."

Given that Perfect Commerce's entire business runs over the Internet, wasn't it scary for the Web site to hand off its network infrastructure to Savvis?

"It was actually very liberating," Putnam says. "We want to focus our energy on creating the right functionality for buyers and suppliers. The data center and network are just tools to deliver that functionality. We really believe that [using Savvis' utility computing service] will help us focus on providing better procurement software and sourcing services."

Putnam says he isn't worried about the security of customer data now that it will be housed in Savvis' data centers.

"In Kansas City, we had fairly

good security protocols," Putnam says, adding that the firm went through security audits each year. "It will be at least as good with Savvis, and in some cases it will be better."

Putnam admits that moving to a utility computing model is disruptive for his IT staff, and it has been a stressful six-month migration process. He recommends IT professionals focus their energy on mission-critical applications rather than hardware or operating systems, which are likely to be replaced by utility computing.

Application knowledge "is something we're not going to out-source," Putnam says. "The application availability work still needs to be done. Savvis can help us tweak the performance on our databases, but they don't have the detailed knowledge of how our applications work on the inside. That's where our IT staff comes in."

Founded in 1998 as a business-to-business procurement system, Perfect Commerce merged recently with CorMine, a specialty procurement outsourcing firm. Now the site handles around 7.5 million transactions per year for procurement of everything from office supplies, computers, cell phones and chemicals. More than 20,000 documents including purchase orders and invoices are sent through the site each day.



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