



Client:



Solution:

Off-Premise Data Center

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Nelnet Decision to Partner Proves Successful

Situation:

As one of the leading education and finance companies in the United States, Nelnet helps students and families plan, prepare and pay for their education and reach their goals by providing quality products and services to students, families, schools and financial institutions nationwide. As of September 2010, the company manages more than \$24.4 billion in net student loan assets, and its loan servicing contract with the U.S. Department of Education has grown from 22,000 borrowers in September 2009 to 2.6 million by October 2010.

Nelnet’s technology infrastructure is critical to its operations and has been responsible for a significant share of the company’s operating expenses. To reduce information technology costs, Nelnet decided to centralize its data center operations. This required the company to choose between taking on the capital expense of building and operating its own data center or finding an existing data center provider that met its criteria and allowed it to leverage the economies of a variable cost model.

The scope of the project, deemed Project Omaha, included moving more than 1,000 servers from 11 locations across seven states in just a few months. The new facility also needed to meet the regulatory requirements of NIST (National Institute of Standards and Technology).

Solution:

At first, Nelnet considered building its own data center. However, when it could not find a suitable build site and determined that locking in to infrastructure could limit expansion, Nelnet focused on finding a data center provider.

“As a company, we wanted to get into a variable cost model, rather than fixed, so we would have the ability to scale up and down with our business without expensive outlays for build out,” said Cal Wilkinson, IT director of technical facilities for Nelnet. “To ensure it would deliver the reliability and redundancy we needed, we knew we needed at least a Tier 3 data center.”

The Project Omaha team of Nelnet technical and business system owners investigated data center providers in the Denver area, where Nelnet’s technology subsidiary, 5280 Solutions, is located, and in Lincoln, Neb., where Nelnet is headquartered. The investigation included all areas of IT – from infrastructure to telephony – and a full cost-benefit analysis.



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"While other choices offered collocation and data center services, they didn't offer the ability to partner," Wilkinson said. "We wanted a company that was able to provide services in such a way that we could use a little now and bring additional services to bear later, as we needed them. CoSentry was willing to be that partner."

Steve Schuttler, managing director for 5280 Solutions and Nelnet's IT infrastructure, headed up Project Omaha.

"As we approached the data center migration project, our number one priority was to ensure the moves were executed with as little disruption to our business users and customers as possible," Schuttler said. "In order to do this, we needed the ability to work in a very flexible fashion with CoSentry as well as our internal Information Technology teams so that we didn't box ourselves into a 'one-size-fits-all' solution."

Even before contracts were signed, the Project Omaha team went to work with a two-day strategy and planning meeting involving representatives from multiple business units at Nelnet, along with IT personnel who support them. CoSentry's team was also invited to take part.

"It was unique to see the partnership taken to this level," said Rod Peterson, CoSentry solutions consultant. "It was immediately apparent that everyone in the room was approaching the challenge with the same attitude – to do what's right for the company and to share their concerns and their thoughts in a very transparent way so that, together, we could reach the best solution."

The contract with the Department of Education required CoSentry and Nelnet to become NIST compliant. This meant implementing a tailored set of baseline security controls, documentation requirements and control audit methodology to protect information and information systems against threats to the confidentiality, integrity and availability of information and services, as required by the regulation.

"Regulatory compliance is a significant issue for companies today and requires a major commitment," said Kevin Dohrmann, CoSentry chief technology officer. "It's something we take very seriously, and it's an investment that continues to contribute to the value we bring to our clients and in our own expertise. In this instance, raising the bar beyond SAS 70 and PCI compliance enables us to offer what other data centers do not. Even clients who do not require NIST compliance benefit from the tighter controls and processes that are not necessarily in place at non-NIST-compliant data centers."

As with any move, especially one of this magnitude, the ability to be flexible, remain responsive and meet key milestones is critical.

"There are a lot of parts and pieces to this project," Wilkinson said. "CoSentry has given us a workroom to use for setup. Teams come in on a move – sometimes with a couple of people, sometimes with 15 or more – and CoSentry has always been accommodating. Cooperation and flexibility has gone both ways, and our open communication path has allowed a smooth process."

Results:

In less than a year, Nelnet completed its move into CoSentry's data center facilities. A federal audit in September 2010 found zero issues with CoSentry's implementation of NIST requirements and required minimal clarifications in process paperwork.

In addition, Nelnet has taken advantage of some of CoSentry's managed services such as tape management, engineering support and server device management. The company also plans to use additional services as needed in the future. This includes engineering, technical help desk and disaster recovery.

"Nelnet's IT infrastructure team supports many diverse business models across the company," Schuttler said. "We must balance the needs of business lines that are commoditized, require stringent cost controls or have strict contractual security obligations, with other parts of the company that are in innovative start-up or rapid-growth mode. Project Omaha, in conjunction with our new CoSentry partnership, has positioned infrastructure to meet these needs in a much more scalable fashion in the future."