

GO COLO OR GO HOME

Do Data Centres belong
in office buildings?

Colocation facilities (Colos) provide space, principal and backup power, cooling, and physical security for a company's server, storage and networking equipment for the data system and connectivity to a variety of telecommunications and network service providers—with a minimum of cost and complexity and lower risk of downtime.

In today's digital world, individuals and corporations depend on data far more now than ever before. To survive and thrive, businesses need consistent, reliable and secure access to their data 24/7.

“An onsite server housed in an office building can go down multiple days a year, creating a substantial loss in productivity, income, and reputation,” says Metcalfe. “According to an American Marketing Association report, 50% of businesses that suffer from a major IT disaster without a disaster recovery plan in place never reopen for business. In fact, the Ponemon Institute estimates the cost of downtime to be \$7,900 per minute and rising. With an onsite server room, businesses also have to consider the cost of real estate space, specialized build-out time and materials, cooling, and dedicated IT employees.”

Scott Metcalfe, Vice President of JLL's Data Center Solutions.

**“Data centres do
not belong in office
buildings”**

Scott Metcalfe

**Businesses have a number of advantages when
choosing to use a data centre:**

- More flexible and reliable server and data storage without a huge capital investment, allowing them to pay for what they need only when they need it
- No need to hire and maintain staff to run their own data centre, and
- Allow them to focus on their core business.
- Leveraging the security, technical support, and larger capacity for lower price per kW equipment

Marc Creel, Director, International Sales, COLO-D Inc., which owns two colocation facilities in Quebec, explaining the advantages of colocating.

According to Mark Schrutt, Research Vice President at International Data Corporation (IDC), a global provider of market intelligence to the technology markets, leading companies in the Canadian banking, transportation, retail, and government sectors are holding back on new data centre construction. Instead, they are shifting data workloads to third-party commercial data centre providers.

Increasingly, companies are seeing the value in utilizing a professionally managed and maintained data centre, also known as colocation facilities or “colo”, versus owning their own data centre or maintaining server rooms onsite. While data centres are designed to house and protect technology equipment, office buildings are not and will be inadequate to protect sensitive and expensive computing equipment and information from variables including power outages, temperature fluctuations, natural disaster, untrained building management personnel and tenants, and physical and cyber threats.

Commercial data centre facilities are a purpose built home for a company’s IT equipment that holds their

data, offering physical and digital security, redundant power, and efficient cooling. Colocation space can also be supplemented by managed services (in effect, outsourcing a company’s IT function) and connectivity to a variety of telecommunications and network service suppliers. Data centres also serve businesses as a safe digital data disaster recovery site and as home to the cloud.

Currently, there are more than 175 commercial data centres in Canada with more than 50 new centres opening in the last five years.

“The Canadian data centre market is in full-swing,” says Metcalfe. “The number of commercial grade, purpose built colocation facilities is rapidly increasing to meet the growing demand of companies operating in Canada that are seeking increased data security and data sovereignty.”

A data centre is the physical infrastructure specifically designed to safely and efficiently house digital information. Data centre users represent companies from mid-sized businesses to global corporations.

There are two types of data centre solutions:

1 Retail colocation solution

For a tenant who houses a few servers within a cage, cabinet or rack and has power needs of 50 racks/cabinets or less.

2 Wholesale colocation solution

For a tenant who leases individual white-space rooms with a power need of 50 racks/cabinets or more.

Wholesale colocation users are also represented by providers of cloud services such as Amazon Web Services (AWS) and Microsoft Azure. Those cloud services then become in themselves opportunities for the outsourcing of data storage for small to large businesses. Michael O’Neil, Principal Analyst at InsightaaS, an IT analyst firm headquartered in Canada, explains, “Cloud providers offer an active and important link between small businesses and colo facilities. In this scenario, tenants are basically led to the facility via a distribution channel network.”

“Data Centre customers are increasingly leveraging multiple services,” explains Mike Segal, Vice President, International Business Development, at ROOT, a wholesale colocation provider based in Montreal. “For example, a customer could be leveraging ROOT’s colocation service with a cross-connect to Bell MPLS (Multi Protocol Label Switching), a cross-connect to Cogent’s bandwidth, a cross-connect directly to a cloud within ROOT’s ecosystem, enabling reliable and secure connectivity to public cloud environments such as Amazon Web Services (AWS) and Microsoft Azure. This is the new reality of IT.” ■

In Canada 2011 to 2016:

- 50 new third party commercial data centres opened
- 1.3 million square feet of raised floor came online
- 225 megawatts of power were made available for commercial data centre operations

Source: IDC’s State of the Canadian Data Centre 2016 Report

Data processing is not the core competency of most organizations, neither is real estate management. Consider engaging a third-party specialist such as JLL’s Data Centre Solution as your trusted advisor to help locate a data centre solution that combines cost and capability in a way that best supports your organization’s goals.

In JLL’s newly released 2016 Data Center Outlook, you will find a market-by-market analysis of the data centre industry, including an in depth look at changes in supply, demand and rental rates. Download JLL’s complimentary report today and learn how these trends are reshaping the industry:

<http://www.jll.ca/canada/en-ca/research>