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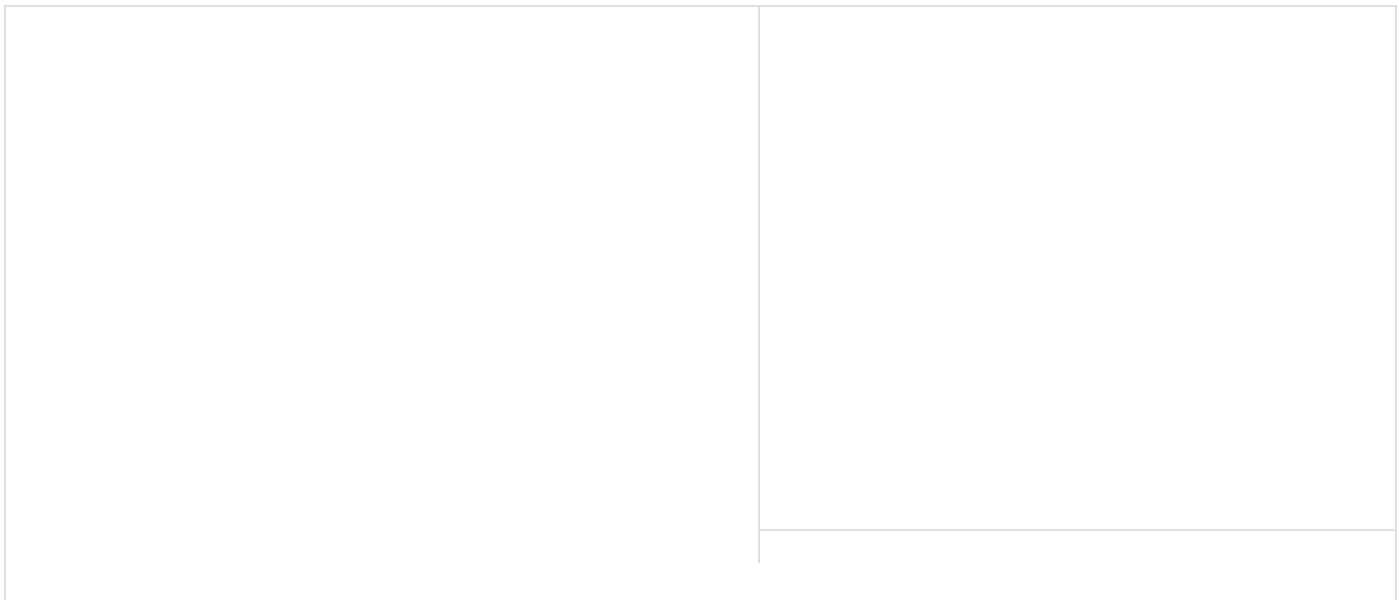
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# Portal Data Centres' Russel Smith on the importance of data centre location and where the market is heading

by **Desire Athow**, 03 June, 2013





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ITProPortal caught up with Russel Smith, Head of Sales for Portal Data Centres, to discuss the sustained rise in demand for data centres outside of London and the benefits regional peering can bring as well as some of the challenges that await data centres in a near future.

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**What are the key factors driving the demand for regional co-location datacentres?**

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As data traffic continues to grow, there is more demand for data-intensive services such as gaming, streaming and VoIP (voice over IP) that require low latency and high quality of service. In turn, as more data-reliant companies locate outside of London, it becomes more important to reduce the dependency on the Capital. The high price tag and lack of available data centre resources and availability of power within the M25 means that companies are now looking for alternatives in rural areas. The majority of organisations are happy to be within a 40 mile radius of where their data is held, so co-location can provide a practical and cost-effective answer. In addition, the advent of

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new technologies such as LTE (4G) are also influencing the growing need for regional peering to avoid poor quality of service for the likes of voice and video-streaming.

**Can you tell us more about the recent event that you took part in with LINX (London Internet**

## **Exchange] at the Birmingham Innovation Centre?**

We recently co-sponsored the Birmingham Consultation Meeting of LINX [London Internet Exchange] who was responsible for setting up the first Internet Exchange Point in the Capital back in 1994. The "Digital Day" event, also supported by Birmingham City Council and Digital Birmingham provided the opportunity for both businesses and internet service providers across the region and beyond, to discuss and learn more about the possibilities of Birmingham furthering its national and global position as a "Digital City". Key discussions covered a substantial future investment in its digital and technological infrastructure with the possible introduction of an Internet Exchange Point (IXP) in the area and a centrally based data centre. There was a very positive response from both regional and national companies with over 60 delegates attending.

## **Why is a central datacentre a fundamental part of a City's infrastructure?**

Part of the feedback we gathered from the Birmingham Digital Day was an overwhelming consensus that in other cities that now boast super-fast connectivity such as Manchester and Leeds (both of which now have their own Internet Exchange Points) is that having a centrally based state-of-the-art DataCentre was crucial in providing direct access to the XP (Exchange Points). Keeping traffic local, rather than relying on ferrying data back and forth from London, will not only boost quality of service, particularly in voice-based services which are more sensitive to latency issues, but it also supports regional businesses and encourages inward investment. With regional peering, local ISPs have the power to compete on a level playing field and challenge the stranglehold of the main data carriers. A data centre's close proximity to the city centre is essential because this is where you can access the existing high speed fibre links easily and effectively.

## **What factors are driving the demand for high speed infrastructure in areas such as Birmingham?**

The number of data-thirsty businesses whose success depends on reliable and high speed connectivity has increased significantly over the last few years. In particular, Birmingham is already home to a large number of innovative ISPs and award-winning content providers such as Maverick TV. It has also attracted other big names such as The BBC, Rare games, Codemasters, Blitz, Activision and Sega. Yet it is not only larger companies that are driving the need for a more powerful IT infrastructure. The City is well-known for its pool of creative agencies generating Gross Value Added amounts of over £2 billion per annum for the digital and creative sector. These industries are now creating data at unprecedented levels so it is vital that Birmingham has the right environment to provide not only safe, accessible and affordable data storage opportunities but the ability for this data traffic to be handled as quickly and cost effectively as possible. There are also other industries in the region that would welcome better infrastructure and of course there is a well-established manufacturing base here including names such as Jaguar Land Rover and Rolls Royce. Another statistic that supports Birmingham in its aspirations to become a Smart City is the fact that it the youngest city in Europe, with half its population under 35. With youth unemployment at 40 per cent in some wards, the City Council is keen to promote Birmingham as new digital hub that will support existing businesses, boost investment and job creation.

## **What type of businesses do you believe are likely to use regional data centres?**

There are many medium to large businesses that are located outside of London, or have regional

branch offices across the UK, who want the reliability of local connectivity and storage to ensure uptime and high quality of service. It's sometimes very difficult for companies to anticipate what data requirements they need on a short or longer term basis. With regionalised co-location, you have a resource close by, that can quickly and easily manage and store data on demand, without the expense or delay of building and/or managing your own data centre. We see this as a growing trend.

### What do you predict as being the biggest challenges for data centre providers over the next 12-18 months?

With the growth in virtualisation, many established data centres of five years or more, will struggle to cope with the increased demand for higher density and power. In contrast, newer data centres are being designed with superior cooling power (5 kilowatts per rack as opposed to 1-2 kilowatts) lower running costs and heightened sustainability. As a result, the DC sector is already seeing downward pressure on pricing, as older facilities cut rates to compete. In parallel, it is becoming more difficult to obtain funding to build new data centres because banks regard them as a "new business", so companies need to seek additional private equity, which can be very expensive. In these circumstances, co-location is likely to become more appealing for organisations that need to upgrade or expand their data storage, without the financial exposure of a capital investment.

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