

# Rocky Mountain News

## Data-storage centers prospering

### Denver a draw because it's less prone to disasters

By Jeff Smith

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Data centers - secure, earthquake-proof buildings that store computer data and manage high-speed Internet services - are prospering, counter to the weak economy.

Fortrust, a Gary Magness company, has invested \$30 million in the past year to expand computer server space inside its mammoth facility

near the Denver Coliseum.

Qwest Communications last fall opened its third "CyberCenter" in metro Denver, with Fox Interactive the anchor tenant.

And Denver-based ViaWest in March acquired DataSide, which has four data centers in Texas and Nevada. ViaWest now has 15 data centers in five states, including four in Colorado.

Data center operators suffered earlier this decade after the dot-com bubble burst. Some closed operations and others sold out. Qwest sliced the number of its centers in half to eight, but the company is back up to 15.

Operators report that demand for services has been strong for the past three years, with little letup despite current economic woes.

"Without question, for a number of reasons, we seem to be countercyclical to the current economy," said Steve Prather, ViaWest's senior vice president of sales. He said same-



Brandon Hieb, director of operations, left, and Tom Nats, director of hosting, who both work at the Red Rocks Data Center in Morrison, look down a manhole that leads to a tunnel at the facility. The tunnel will be used to cool the data center.

Linda McConnell / Special To The Rocky

center revenue at ViaWest was increasing at nearly a 50 percent annual clip, and total company revenues should hit \$100 million this year.

Operators cite a number of reasons for the healthy environment:

- \* A proliferation of data that needs to be stored, managed and protected, in part because of additional regulation. Companies also increasingly are using private networks to communicate and transmit data between offices.
- \* An economic incentive for companies to outsource IT operations in a weak, credit-tight economy, rather than expand or build in-house centers.
- \* The continuing trend of companies to back up sensitive data in locations less vulnerable to natural disasters. Denver is a good middle-of-the-country option.

Underlying these reasons are traditional strengths.

Most Internet data centers are built to withstand earthquakes, plane crashes and the like. They have tight security, often equipped with fingerprint scanners or other biometric equipment.

Operations are monitored 24/7. Computer equipment is housed on raised floors, cooled and ventilated. Backup batteries provide emergency power during utility outages.

Local data center operators typically don't disclose exact revenue, profits and customer lists for proprietary reasons. But national figures support the thesis that the centers overall are doing well.

IDC, a Massachusetts-based technology research company, said the U.S. Web-hosting services industry grew in revenue by 19 percent, to \$8.2 billion, in 2006 and is projected to grow about 15 percent annually through 2011.

Not everything is rosy, however.

Data centers are notorious energy gobblers. It takes power and cooling to keep operations running smoothly.

The industry is under pressure to get on the "green" bandwagon, but that's not so easy to do.

"I don't feel that any (data center) operator can call themselves green," said Alf Gardner, CEO of Comfluent, which operates two data centers in the downtown Denver area. "Coal will be the main source of electricity in this part of the country for a long time to come, and it's dirty. Data centers require a very reliable source of electricity. Sun and wind do not yet provide that reliability."

Strides are being taken, albeit partly self-serving.

Qwest, for example, installed a more expensive water-cooling system in its new Seattle data center last year, said Bill Vencl, general manager of hosting.

The technology added 10 percent to the project cost, but the telco expects it to pay off in reduced energy costs - perhaps within five years. Plus, it's just the right thing to do, he said.

In Morrison, operators of the small Red Rocks Data Center are studying the feasibility of pulling outside air, or perhaps water, through an existing tunnel to help cool the building.

The center benefits from a unique history and location. The facility is a former NASA satellite-uplink location from the 1970s and featured a tunnel system between the satellite dishes to carry utility pipes.

"Half of our cost is the electricity" to serve the center, said company President Tom Nats. "If we could pull in cool air 80 percent of the year, that not only would be environmentally friendly but save money, too."

Red Rocks also is studying the feasibility of installing solar panels.

And Microsoft recently unveiled a small data center in Boulder that is purchasing wind-generated power to fully offset carbon emissions. The center supports the company's Virtual Earth online mapping product.

The other industry buzzword these days is *virtualization*. The technology, in layman's terms, enables a computer server to be partitioned into multiple servers and hence used more efficiently.

That, in turn, can help cut energy costs and save data-center space while revenues continue to climb.

### **Metro companies**

**An Internet data center is a secure facility** offering data storage and protection, Web hosting, high-speed Internet access and other services. Such centers gobble up energy to power and cool the equipment. But data centers increasingly are using servers more efficiently and slowly exploring "green" initiatives such as renewable energy. Here is a sampling of Denver-area Internet data centers (a number of companies such as IBM and Microsoft also have data centers primarily for their own use):

\* **Comfluent:** Communications carrier "hotel" in downtown Denver. Also leasing the former Enron Broadband data center.

\* **Data393:** Acquired in January by California-based Managed Data Holdings.

\* **Fortrust:** Mammoth facility near Denver Coliseum slowly being built out, with \$30 million of expansion in past year.

\* **Qwest Communications:** Three CyberCenters in metro area, including one opened last fall. Has Fortune 500 customers, but midmarket companies are its "sweet" spot.

\* **Red Rocks Data Center:** Housed in a former NASA satellite-uplink facility. Targeting small businesses, looking at "green" initiatives.

\* **SunGard/VeriCenter:** Acquired Inflow, four centers in metro area. Does well in data backup/disaster recovery.

\* **Verizon Business:** South metro center nearing capacity, with plans to expand in the next six to 12 months.

\* **ViaWest:** Has four centers in metro area, including two downtown. Small to medium-size customers, including Frontier Airlines and the Denver Broncos.

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