



The Data Centre Gamble

Executive Summary

Independent market research commissioned by Sentrum
Compiled & produced by Dynamic Markets



Foreword

Since 2008, Sentrum has been proactively monitoring the data centre sector, and the business issues that are discussed within it, by commissioning a series of independent market research reports. The results that we've collated and analysed in this time have been invaluable in both supporting and developing the Sentrum 'go to market' strategy.

These latest findings certainly appear to show that the humble data centre is now enjoying somewhat of a renaissance. There has been a definite increase in the number of companies that are outsourcing their data centre requirements, and the statistics show that once again numbers are starting to reach the peak achieved in 2009. In parallel, the potential movement towards Cloud Computing, and an improved focus on achieving greater efficiencies through virtualisation, also remain hot topics in this sector.

There is no doubt that the sector will continue to evolve in response to economic change but at this time our latest research findings indicate that the level of upheaval in the data centre sector may finally be subsiding.

I'm also pleased to sign off by saying that for a growing number of companies, tapping into the knowledge of specialist consultants continues to be the preferred and, in my opinion, most sensible way forward.

[Franek Sodzawiczny](#)

Chief Development Officer & Co-Founder of Sentrum

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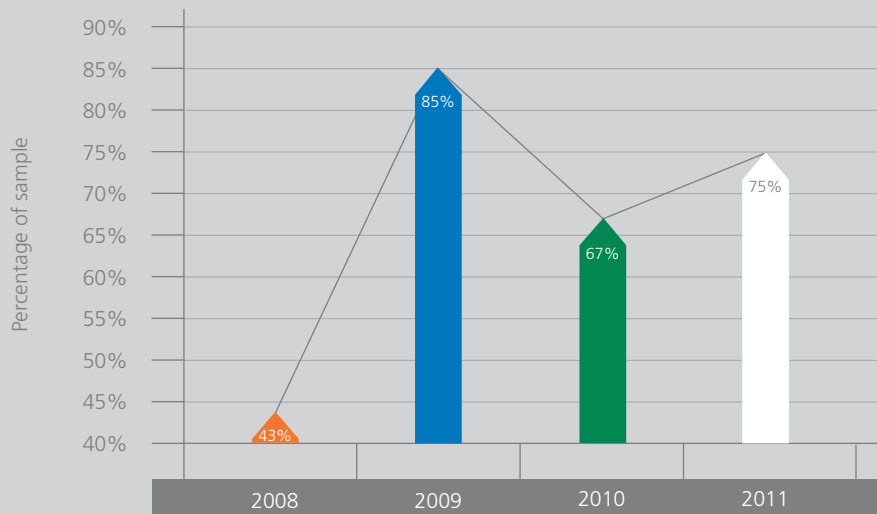


Market Momentum

Comparing back to 2010¹, there has been a rise in the number of large UK organisations that are outsourcing their data centre space requirements, and the numbers are starting to approach a peak reached in 2009² (85%) [Chart 1].



Chart 1: Trend data for outsourcing data centre space requirements



This suggests that there has been a lot of change taking place in the last 12 months with respect to the location of the data centre. Indeed, the market has seen an influx of newly formed companies trying to establish themselves as data centre space providers. However, this research shows that this market is now mature and 98% of senior IT decision makers would have an issue with selecting a brand new company to house their data centre space requirements.

98% of senior IT decision makers would have an issue with selecting a brand new company to house their data.



¹ Source: "The Power Struggle.", by Dynamic Markets for Sentrum, 2010

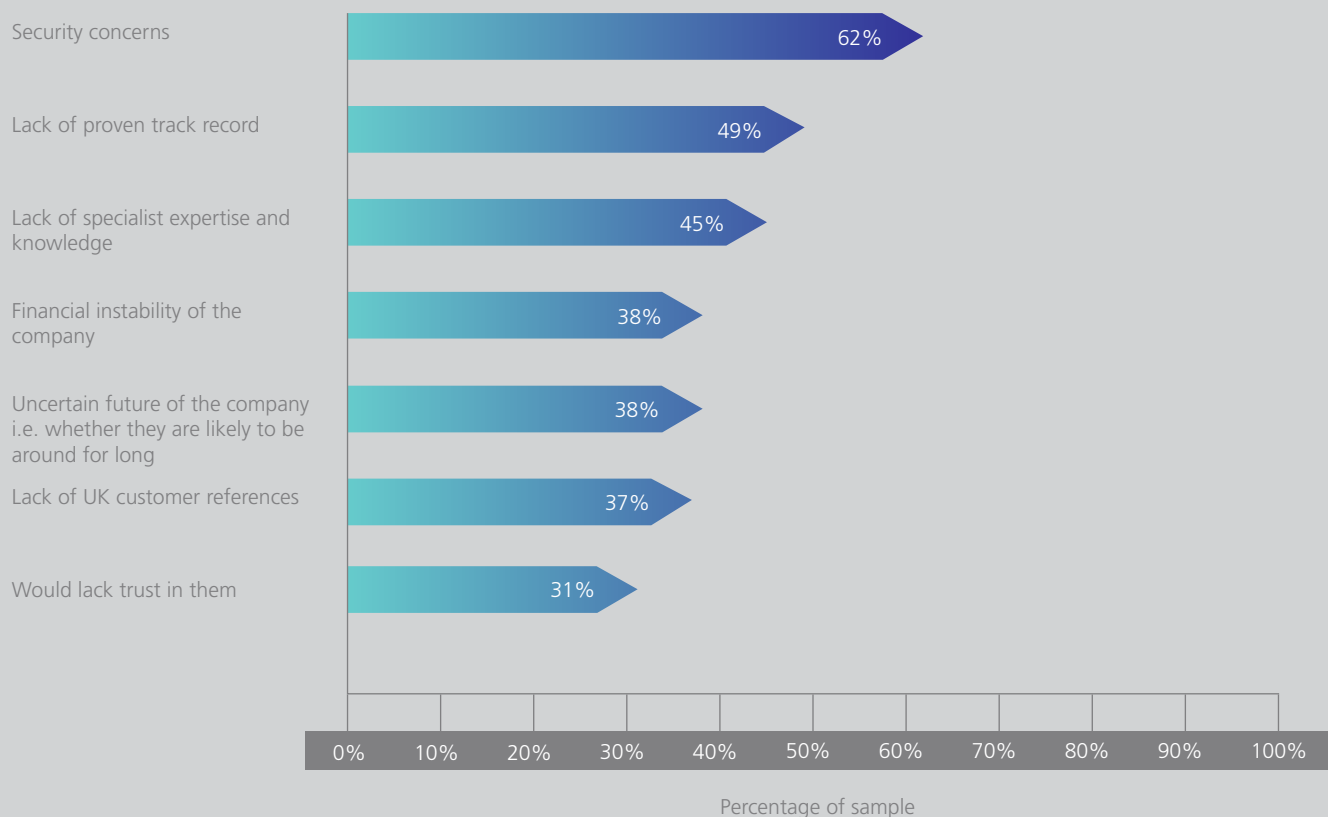
² Source: "Energy: The Currency of the Data Centre.", by Dynamic Markets for Sentrum, 2009

Market Momentum continued

Top of the list of issues that would deter them is security concerns (62%) [Chart 2]. Also significant would be worries over a lack of proven track record (49%) and similarly, a lack of specialist expertise and knowledge (45%). Not unrelated is a concern over such companies having a lack of UK customer references (37%). 38% would worry about the financial stability of the company and the same amount

(38%) would worry about an uncertain future of the company in terms of whether they were likely to be around for long. 31% simply would not trust a new company with such a precious resource as their data. All of this is in spite of the fact that only 21% of these large companies describe themselves as risk-averse.

Chart 2: Issues associated with selecting a newly formed company to house a data centre



Today, 75% of organisations outsource at least some of their data centre space requirements: 18% outsource all of it, while 57% outsource some of it. In contrast, 24% do not outsource any of their data centre space requirements, but this includes 18% who have plans to do so in the future.

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Procurement Attitudes

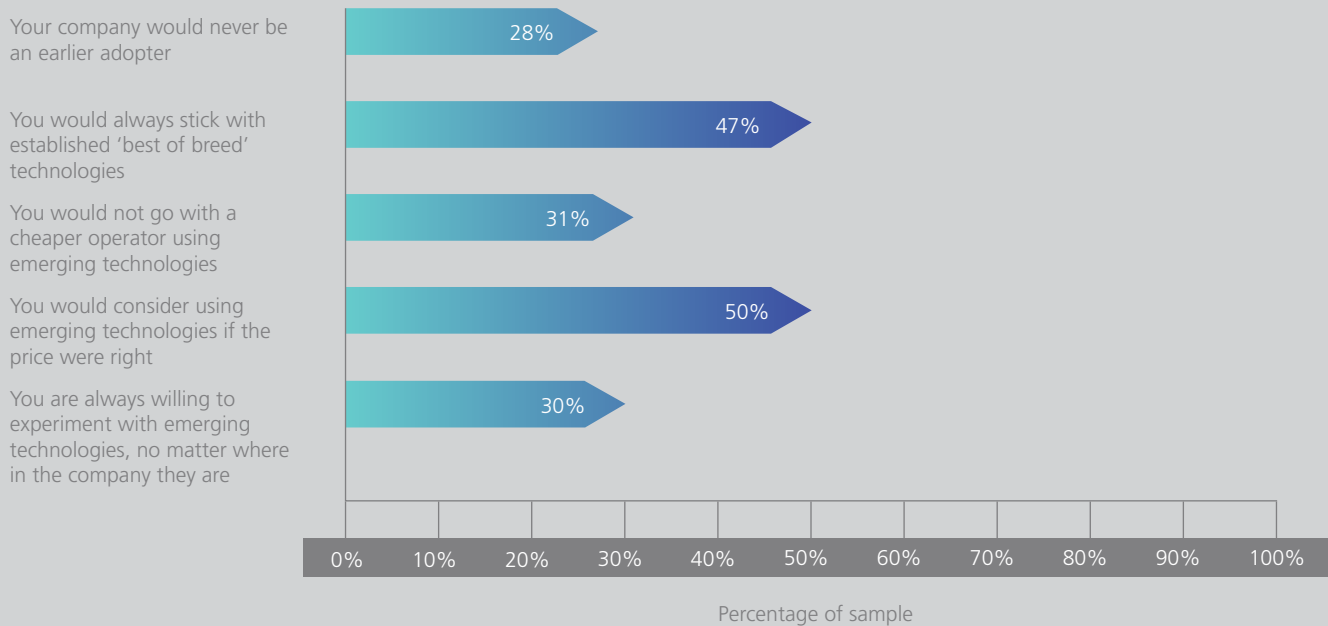
The most important criterion when it comes to selecting a data centre operator is specialist data centre knowledge and expertise (64%). Similarly, 1 in 2 (52%) values the quality of the design. But also important to the majority is energy efficiency (62%).

When it comes to the adoption of emerging infrastructure technologies in the data centre environment, 47% of large companies say they would always stick with 'best of breed' solutions [Chart 3]. Furthermore, 28% say their company would never be an earlier adopter in this respect. But as many (30%) say they are always willing to experiment with emerging technologies, no matter where they are in the company. Also, 50% of senior IT decision makers would consider using such emerging technologies if the price were right. In contrast, 31% would steer clear of a cheaper operator using emerging technologies.

When it comes to the type of data centre offering large UK companies prefer, it seems there is mixed opinion. 64% of these senior IT decision makers would sometimes prefer a bespoke offering when it comes to accommodating their data centre space requirements. In addition, 47% say they would sometimes prefer a pre-configured offering. Indeed, 16% sometimes prefer one or the other, presumably depending on the type of data to be stored.

In contrast, however, 49% prefer only a bespoke offering and 31% prefer only a pre-configured one. That said, among those IT managers who already outsource all or part of their data centre space requirements, more (71%) would prefer a bespoke offering, compared to those who do not currently outsource (44%). Also, more respondents in retail, wholesale & distribution (38%) find value in both types of data centre offerings, compared to manufacturing (8%) and the public sector (7%).

Chart 3: Opinions on adopting emerging data centre infrastructure technologies



When it comes to where in the country to locate a data centre, roughly 1 in 2 view such issues as important. Indeed, 43% think latency / location is important when it comes to selecting a data centre operator. Also, 47% think it is important to have an area free from potential hazards (e.g. proximity to airports, flood plains etc.) – and interestingly, this figure is no higher for the financial services companies in the sample (47%).

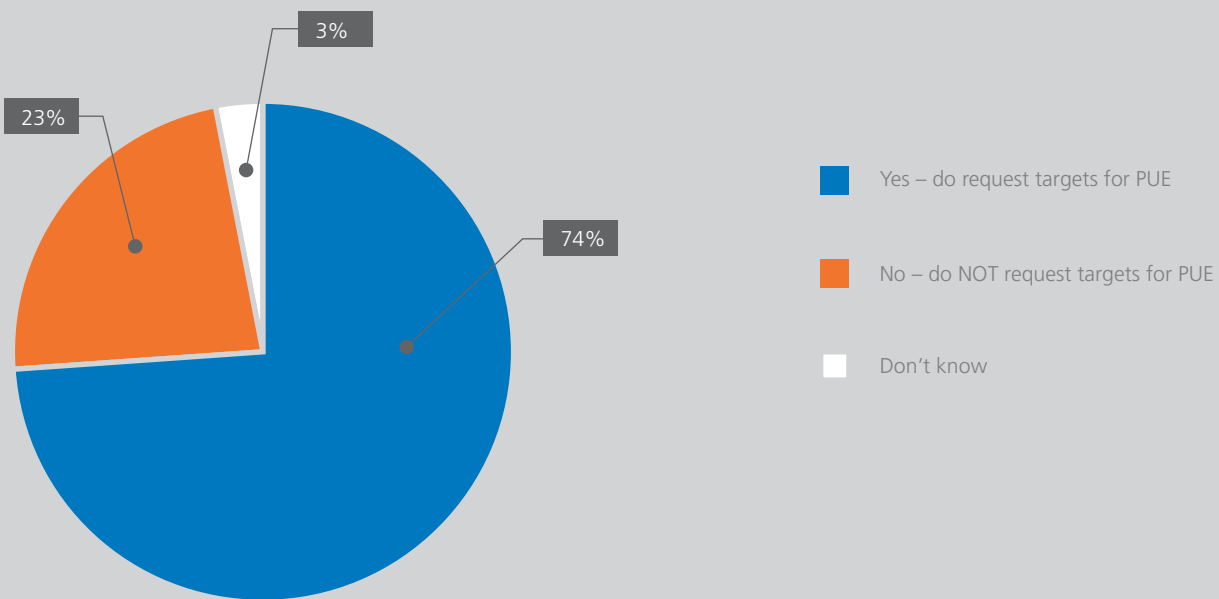
Specialist data centre knowledge and expertise is the most important criterion when selecting a data centre operator.

Power Usage Effectiveness (PUE)

Whose responsibility is it for achieving PUE targets in an outsourced data centre facility? Answers to this question are poles apart among most IT decision makers in the sample, with 35% thinking it is solely their company's responsibility, whilst the same proportion thinks it is solely the responsibility

of the data centre operator. Under a third (29%) recognises that it is in fact a shared responsibility between both parties. Surprisingly, more respondents at CIO / director level (56%) think it is solely their company's responsibility, compared to senior IT managers (25%).

Chart 4: Requirements for PUE targets from prospective data centre operators



Interestingly, 96% of large organisations who already outsource data centre space requirements think their current operator could do more to advise their company about PUE. During the last 12 months, 66% have pro-actively approached their current provider for advice and consultancy on how to improve PUE. However, among those who have sought such advice, just 47% have followed it completely. This is despite the fact that 74% include as part of their request for proposals specific targets for achieving a certain level of PUE [Chart 4].

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Methodology

This report was commissioned by Sentrum and details quantitative research with IT professionals in large organisations across the UK. It is the fourth report in a series dating back to 2008.

For this project, 103 interviews were collected with senior IT professionals across a wide variety of industry sectors and in large organisations with 250 or more employees. All respondents confirmed prior to interview that they were an IT professional with responsibility for the company's data centres from an operational and / or strategic perspective. They also confirmed their level of seniority: 29% are at CIO / director level and 71% are at senior manager level.

The findings of this quantitative survey have been analysed systematically and compared according to industry sector, company size, respondent seniority and whether any data centre space requirements are outsourced. The answers in relation to outsourcing status have also been compared to data collected in the 2008, 2009 and 2010 surveys. Where differences exist, they are commented on accordingly.

The interviews were conducted online by Dynamic Markets Limited between 21st and 28th January 2011. Before and during the interviews, respondents were not aware that Sentrum had commissioned the research.

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