Central London and M25

Retail Colocation Market Structural Changes and Trends 2015

Report Summary

By Tim Anker
The Colocation Exchange Limited

Report Outline

The aim of the 2015 edition of the Colo-X report is to update the reader on the significant changes that have taken place in the London and M25 retail colocation market over the last two years as well as provide our perspectives on the significant corporate activity of 2015. To do this the report is broken into three key sections:

1. **Overview of the UK Colocation Industry**

    - Highlights the key markets in the UK being Central London, M25 and the regional colocation market
    - Review of the significant changes in the supply mix across the entire UK retail colocation market from 2005 to 2015 and shift in market shares
    - Discussion as to how the structure of the UK retail colocation marketplace is changing, evolving from a geographic focus to the massive growth in "undifferentiated capacity" and the value becoming apparent in key colocation ecosystems
    - What has happened to retail colocation pricing over the past two years?
    - What is the likely impact of the Equinix bid for Telecity on the market? Will the resulting "Equicity" market share raise the interest of regulators? Will the transaction make a similar impact as the Telecity bid for Redbus in 2006? What next for Interxion?

2. **The Central London Retail Colocation Market**

    - The Market Overview section provides a detailed update on the state of the central London market covering key developments from all operators, including new entrants and the smaller central London operators
    - An analysis of the situation with the Central London wholesale operators is provided
    - Analysis of the announced future capacity additions to the market, from whom and when, what the total amount of potential supply equates to
    - The report then looks at an estimate of what demand is in this market and puts the supply estimate into context, as well as providing further analysis of the threat posed by capacity around the M25

- Our review of LINX port distribution continues to emphasis the strength of key Central London colocation network ecosystem and our “league table” highlights our opinions on the strength of specific facilities.
- The review of colocation pricing in Central London shows how the picture has changed over the past few years and examines the price premium now attached to leading colocation ecosystems
- Finally we also look at some longer term themes including product definitions and the outlook for pricing

3. The M25 Retail Colocation Market

- The report provides a review of source of retail colocation supply and summarises current capacity and pricing
- A detailed overview is given highlighting specific areas of growth around the M25 and activities by the key operators
- A contrast is provided comparing the market in the M25 with the Central London market, looking at market shares and network choice
- Retail colocation pricing in the M25 is examined including an analysis of recent Colo-X price points and comparison of the convergence between retail and wholesale pricing
- We examine how operators are looking at service and industry verticals to differentiate themselves in the market

4. Report Summary

Methodology

Colo-X's independent position in the UK colocation industry and our interaction with providers of all shapes and sizes, gives us a unique ability to assess the retail colocation market. Our price findings are based upon information we believe to be reasonably available in the market, or which could be fairly easily discovered by an external consultant. Where pricing is used it should be considered "our opinion" on pricing rather than company specific price quotes. Unless specifically mentioned pricing information in the report is always quoted on a power included basis.

Colo-X has been involved in the industry since 1999, meaning we have access to a wealth of in-house historic data from both actual transactions and quotations. We are able to utilise this information together with our overall experience, market intelligence and impressions gathered through numerous meetings, conversations and dealings.

The author of this report also owns and operates Crosspoint Colocation Ltd, a 50 rack colocation business that uses capacity in London Telehouse, Telecity Harbour Exchange, Volta and a couple of other regional M25 based sites. Crosspoint spends over £0.75m per year on colocation services.

List of companies mentioned in the report

4D Data Centres Ltd	Ark Data Centres Ltd	City Lifeline Data Centre Ltd
Daisy Group Ltd	Datum Datacentres Ltd	Docklands Data Centre Ltd
Digital Realty Trust Inc	Equinix Inc	EuroHub Hosting Ltd
Everest Data Centres	Global Switch Holdings Ltd	Gryon Internet Ltd
Infinity SDC Ltd	Interxion Holding NV	IO Data Centers, LLC
Iomart Group plc	LDex Group Ltd	Level3 Communications, LLC
NTT Communications Corp	Optimum Data Centres	Pulsant Ltd
Redcentric plc	ServerChoice Ltd	TeleCity Group plc
Telehouse Europe	Telstra Ltd	Virtus
Telstra	Virtus Data Centres Ltd	Virtustream UK Ltd
Volta Data Centres Ltd		

Table of contents

List of Figures

List of Tables

The report is 67 pages and over 17,000 words.