

# Virtus serves up colocation on demand in London, readies second datacenter

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Virtus Data Centres hired CEO Neil Cresswell in April 2013, and has launched some innovative services since then, as well as starting construction on its second London datacenter. The firm has been building up its management team, hiring Venessa Wilson as marketing director, Amar Naher as head of strategic development and Darren Watkins as sales director London since November, with the intention of becoming one of the top five datacenter providers in London in the next few years. We caught up with the firm to learn more about its new datacenter and new services.

## The 451 Take

Virtus continues to do well in London and fill up its space according to plan. Having a second facility should add to its appeal, allowing it to offer backup and disaster-recovery options as well. We are particularly intrigued by its CoLo-on-Demand and Connectivity-on-Demand services - since software, storage and server hardware is now being offered on a pay-per-use model, why not the power, cooling and bandwidth as well? It may take some fiddling on the part of colocation providers to get the model right, but this seems like something that should be quite appealing to customers and we are encouraged to see 'cloud-like' thinking at the 'ping power and pipe' layer.

## Context

Virtus was launched in 2008 and its first facility, LONDON1, went live in spring 2011 with an initial build of 1.2MW and almost 9,000 square feet of operational space across two dedicated stand-alone

data halls. The site is in Enfield, a short train ride from central London and inside the M25 ring road. Most of the initial space was leased within a year, so Virtus expanded and the facility is now complete, with a total of 32,000 operational square feet and 4.2MW of IT power.

Construction is underway on the firm's second facility, LONDON2. This build is in Hayes, another suburb within the M25. It will be available in phases starting this summer. Additional datacenters are planned in what Virtus calls the 'Goldilocks' zone of London: not so close to the center that prices are high, it is hard to find a suitable building and there are flood risks; not so far outside the city that latency and travel time become problematic.

Virtus targets customers that require 25kW up to 1MW deployments, aiming to offer elements of both wholesale and retail colocation. It provides services (e.g., remote hands and migration assistance), short-term leases and multiple connectivity options like other retail providers, along with suites, some ability to customize space, dedicated UPS and cooling, the availability of large amounts of space and low costs, similar to other wholesale providers. The firm doubled revenue last year and is backed by Brockton Capital (with the Frogmore Property Company Development Fund contributing early funds as well). Brockton has said that it expects to invest up to £100m in Virtus over the next five years.

### **Datacenter details - Enfield**

The Enfield facility is built with 2N redundant UPS and N+1 cooling and generators. There are two 8MW power feeds and dual A&B UPS supplies to customer equipment, providing an average power density of 1.5kW/square meter or about 140 watts/square foot. Its design features some free cooling and a chilled water system, as well as both hot and cold aisle containment, which brings the design PUE to below 1.5. Virtus also contracted with E.ON to provide all the energy to the site, ensuring that the energy comes from renewable sources. This will spare Virtus customers from having to pay the UK Climate Change Levy (a tax on energy consumption).

Virtus has redundant fiber connectivity to Telehouse Metro and Telehouse East via Virgin Media, plus dark fiber from Geo Networks and connectivity into the site from BT, C4L, Daisy, Exponential-e, Level 3 Communications, Pacnet and SSE. In the fall, Openreach added a dedicated fiber link to Virtus, providing wholesale access and high-speed services from 10Mb per second to multiple 10Gb per second.

### **Datacenter details - Hayes**

Construction started on the Hayes facility in October 2013. When fully built out, the datacenter will

provide 65,000 operational square feet, divided into six data halls, and 11.4MW of IT power. Like Enfield, Hayes will have dual A&B UPS supplies to customer areas and N+1 generators and cooling.

The facility will use a fresh-air evaporative cooling system, solar panels, and chimney racks in order to make it more efficient (its design PUE aims for <1.2). Heat pumps will be used in the winter to circulate warm air from the IT rooms to the common areas. The datacenter will also use ground water from its own well. Like LONDON1, power has been contracted from 100% renewable sources. The facility has been designed to power and cool high-density cabinets of up to 40kW each without requiring in-row cooling. A customer can have a 40kW rack next to a 4kW rack, if desired.

LONDON2 will also provide client office space, boardrooms and meeting facilities. The initial phase is expected to come online in summer 2014 and will offer a choice of over 10 carriers at the site as well as connectivity to LONDON1.

### **Innovative new services**

Virtus launched its 'CoLo-on-Demand' service in June, initially targeted at cloud providers in order to give them the same infrastructure flexibility that they provide to their customers. CoLo-on-Demand customers can lease colocation space by the rack on a daily basis, paying for the rack plus whatever power is used, with a contract cancellation notice of one day. Virtus offers flexible densities of 2.5kW to 10kW per rack for this service.

In November, Virtus launched 'Connectivity-on-Demand,' which offers interconnection bandwidth that can be scaled up or down monthly and an IP transit service where the customer pays only for bandwidth consumed.

Virtus also joined the IBM Solutions Store in the fall, providing colocation services as part of the stack of offerings within the store.

### **Competition and demand trends**

Competition remains healthy in the London market and Virtus targets both retail and wholesale customers, so it gets to compete with retail providers such as Equinix, Colt and TeleCity (particularly its new Powergate facility) as well as wholesale providers such as Digital Realty Trust and Infinity. Other potential competitors include Pulsant in Croydon and Sovereign Data Connect in Cockfosters. Virtus is not a major player in the proximity hosting market, so does not compete too directly with providers such as Interxion and Savvis, new entrant Volta or those in the Docklands (e.g., Global Switch and Telehouse) but certainly comes up against those providers at times.

Virtus management noted that demand has been growing since the second half of 2013, particularly among mid-market UK enterprises (\$25-250m in revenue) that are starting to move to hybrid private cloud/managed hosting deployments. Virtus works with managed service providers as partners to bring in those types of enterprise customers.

The company is also hoping that its ability to provide relatively high-density racks will be a differentiator. The average rack density deployed remains around 2kW but in the past six months, Virtus has started to receive many more requests for 6, 8 and 10kW racks or more, including multiple requests for 40kW racks. The firm suspects this may be a sign that UK enterprises are at last refreshing their equipment and that density will continue to trend upward.

## **SWOT Analysis**

### **Strengths**

Virtus has a brand new, efficient facility and has made an effort to be innovative with its services and flexible when adapting space to customer requirements. It is also well capitalized.

### **Opportunities**

Virtus should be well placed to serve mid-market enterprises that seek a combination of colocation and private cloud/managed hosting, since it offers a variety of space options and good connectivity at a lower price than some of the retail-focused providers downtown.

### **Weaknesses**

Until Hayes comes online, the firm has only one datacenter so it cannot yet provide diverse, redundant datacenter offerings. Also, playing in both the retail and wholesale space is not easy and opens the firm up to competition with just about everyone.

### **Threats**

Some of the large, well-known competitors in London may decide to adopt elements that Virtus currently uses to differentiate itself, such as its range of size options and CoLo-on-Demand service.

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