

Interoute doubles down on Ghent, Belgium, expanding its datacenter there

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Interoute is seeing strong demand for its datacenter services across Europe and is doubling the size of its datacenter in Merelbeke, near Ghent in Belgium.

Interoute - not just for network

Interoute has 10 hosting datacenters, 31 network colocation centers and 140 connections to third-party datacenters in Europe. Its hosting centers have over 100,000 square meters (over 1.1 million square feet) of operational space ranging from Tier I-type resilience to levels similar to Tier III/IV. All the facilities are connected to Interoute's network and monitored 24/7 at Interoute's Network Operations Center (NOC). Perimeters and access points have alarms. Interoute maintains an ISO 27001 accredited enterprise security management system for its Operations Centers (in Luleå, Sweden; Prague and Sofia) and datacenters (in Amsterdam, Berlin, Geneva, Ghent, London, Paris, Stockholm and Zurich) supported by ITIL industry best practices to ensure the security and quality of customers' ICT services.

The facility in Ghent was opened in 2007, and most recently had about 790 square meters (8,500 square feet) of operational space. It has been expanded to 1,500 square meters (16,000 square feet) with space for 9,600 servers, at a cost of roughly €3.2m. It has 1.5MW of power and offers standard density of 7kW per rack, though higher density is possible. The design PUE is 1.4.

Interoute offers its Virtual Data Center (VDC) and CloudStore service in five locations (Paris, London, Amsterdam, Berlin and Geneva) but will continue to focus on regular colocation out of Ghent for the time being.

Ghent datacenter demand

The Merelbeke facility targets local and international firms – there are several business parks in the area and Ghent is one of the largest cities in Belgium. It can also serve the Brussels market, since many banks, government entities and enterprises located there are required to have datacenter space at least 15km away from their primary facilities. Connected to Interoute's network, it can also serve customers in Paris, Amsterdam or London, among other locations. Interoute plans to continue to target medium-sized enterprises in verticals such as manufacturing, biotechnology, finance and government as well as ICT firms and systems integrators.

Broader context

Interoute became known as a telecom provider in the late 1990s. It was restructured and relaunched in 2002 and has since added to its network and service portfolio via M&A and upgrades. In July 2002, the company purchased KPNQwest's Ebone fiber network assets, gaining eight metropolitan-area networks. Since 2003, it has bought Central European Communications Holdings, gaining an Eastern European network, the European operations of VIA NET.WORKS, PSINet's operations in Germany, France, Belgium, the Netherlands and Switzerland, and KPN's fiber network in Germany. In 2008, Interoute doubled capacity on its network.

Interoute has also obtained service capabilities through acquisitions, buying Virtue Broadcasting's media services division as well as managed services businesses in Sweden and Bulgaria. In 2011, it picked up videoconferencing firm Visual Conference Group and later on in the year, IT services house Quantix. But the company remains best known for its extensive European lit fiber network, which now totals over 60,000km.

Interoute revenues - boosted by cloud

Interoute recently noted that its 2012 revenues grew 12% Y/Y to €410m with its enterprise business accounting for more than half of the total. Strong growth in cloud services (up 28% Y/Y) and continuing demand for pan-European private network services (up 12.5% Y/Y) have contributed to the revenue lift. Even the wholesale business grew 7.6% in 2012, thanks to service providers, mobile operators and carriers seeking connectivity into and throughout Europe. Interoute's EBITDA rose 16% to €79m for 2012 and profits rose a healthy 140% to €18.4m.

Competition

In general for its cloud and datacenter services, Interoute faces competition from providers such as

KPN, Orange Business Services, Deutsche Telekom, Terremark/Verizon, Savvis/CenturyLink, BT and Telefónica.

For datacenter services in Ghent, local providers such as Orbit One and Hostbasket may be competitors. In other nearby locations, possible competitors include Colt Technology Services Group and Interxion as well as smaller providers such as DataCloud, LCL Belgium, EDPnet, Antwerp DC, Belnet, Datahouse Brussels, AXS Brussels, DataZone Hasselt, Teleweb, Syntigo and Jordens Datacenter.

The 451 Take

Interoute is seeing strong growth in demand for datacenter services, including virtual datacenters, so the Ghent facility is the first of several expansions the firm has planned for the year. We expect that the Interoute network is a big part of the datacenter's appeal and that as Interoute expands its cloud and backup/disaster recovery offerings to additional datacenters, Ghent could see even more interest.

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