

Why companies look here for data center sites

By **Jim Stafford** Business Writer

Oklahoma's low cost of living, land and electrical power have made it one of the nation's most inviting data center locations, according to a New Jersey location consulting company.

As if last year's location of a massive Google server farm near Pryor wasn't enough evidence, New Jersey-based The Boyd Co. released a survey Wednesday that listed Tulsa among the nation's most attractive data center locations.

In its report, "Banking and Financial Services: A Comparative Cost Analysis for Information Assurance Operations," The Boyd Co. found that Tulsa offered the seventh lowest costs for operating a data center among 45 cities compared.

The consulting firm used criteria that included labor costs, cost of construction, electrical power, property and sales taxes, heating and air conditioning costs and corporate travel costs for a data center of 125,000 square feet with 75 employees.

Total annual cost for Tulsa for such a data center would be \$12.06 million, less than half the cost of New York City, the nation's highest-cost locale for a server farm. It would cost \$28.06 million to operate the same data center in the Big Apple, according to the survey.

"This is the white-hot industry now," said John A. Boyd, consultant for The Boyd Co.

Background to demand

Demand to meet federal privacy regulations, a growing amount of digitized data and the need to geographically separate data storage from corporate locations are driving demand to build data centers, Boyd said.

"You have, No. 1, federal compliance; No. 2, this unprecedented amount of digitalization and there are more people in the system, unprecedented utilization; corporations need to keep this information digitalized, safe and secure," he said. "We are projecting the industry to grow about 30 to 40 percent this year alone."

Founded in 1975 as an independent site selection consulting firm, The Boyd Co. claims among its clients JPMorgan Chase, PNC Bank, Visa International, PW Funding, Pepsico and others.

Boyd was in Oklahoma City Wednesday to meet with former clients and to unveil the survey.

Oklahoma — and Tulsa specifically — won points as a data center site for the state's "pro business" environment that includes passage last year of a law that permits data center operators to keep their power usage numbers secret for "proprietary" reasons.

"Your governor, Brad Henry, is a pro-business Democrat," Boyd said. "His reputation is really as a rock-star in the eyes of the corporate world."

Why else is state attractive?

Other attributes that make the state attractive to companies seeking locations to house their off-site computer servers: Oklahoma's reputation for not being a "litigious" state; our geographic neutrality, meaning that it's about midway between East and West coasts; cheap land costs; and low cost for electricity, which is a major component.

On the negative side, Boyd identified the state as one that requires companies to make immediate notification of a data breach to its clients, which opens them up to class-action lawsuits. "That is a new cottage industry in civil law," he said of the lawsuits filed in the wake of news of security breaches.

The Oklahoma findings were confirmed by John Parsons, chief executive officer at Perimeter Technology Center, which operates data centers in both Oklahoma City and Tulsa.

Perimeter is developing a 21-acre site in far western Oklahoma City on which it plans to build 10

data center buildings. The first one is scheduled to open later this year.

"Buying the land, building the four walls, a lot of the labor to go into installing the infrastructure, you are just going to be a lot more competitive in the small market areas that Oklahoma can offer," Parsons said. "Ongoing, the labor pool is going to be less expensive, yet Oklahoma still has a pretty healthy IT labor pool to choose from.

"And then, obviously, your power costs ongoing are going to be the No. 1 factor."

Why city rates just as well

Although Oklahoma City was not among the 45 cities surveyed by The Boyd Co., Parsons said operating costs here are no higher than those for his Tulsa data center.

"It's interesting because Oklahoma City has many of the same attributes as Tulsa," Parsons said. "In fact, our power costs here from OG&E are lower than our Tulsa facility power costs."

Ranked as the nation's lowest cost site for data centers was Sioux Falls, S.D., with an annual projected operating cost of about \$11.2 million. Other cities ranked below Tulsa for costs were Council Bluffs, Iowa; Rolla, Mo.; Winston/Salem, N.C.; Bloomington, Ind.; and Huntsville, Ala.