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## Here's why investors bought 365 Data Centers and how they plan to grow it

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The private investor group that now owns 365 Data Centers, including its Tampa operations, plans to broaden its customer base to attract more small and mid-size businesses to its data centers.

“They want to be where the [telecommunication] carriers are,” said [Bob DeSantis](#), 365 Data Centers CEO. He sees opportunity ahead to grow the newly acquired data center business while also increasing security and cutting costs for business customers who locate their servers and networking operations at the sites.

Tampa and most of the other 365 sites are “edge” communities — regional markets that are close to users and can reduce latency — or delays in data transfers — as well as decrease network congestion. Investors have a growing interest in data centers in edge markets because of the increased demands for connectivity from technologies such as virtual reality, the Internet of Things and autonomous vehicles, [according to industry publication Data Center Frontier](#).

DeSantis, an industry veteran who heads Longboat Advisors LLC, was part of the investment group that bought 365 Data Centers in April, joining with Chirisa Investments in Dublin and Lumerity Capital LLC, a Connecticut-based private equity investment firm.

Financial terms of the deal were not disclosed, but [Times Newspapers in London](#) [estimated the purchase price at \\$100 million](#).

The group bought data centers originally established by the former Tampa company Switch & Data before that company was bought by [Equinix](#) in 2010. Equinix [sold 16 of the data centers in 2012](#) to what at the time was called 365 Main.

DeSantis and his ownership group are keeping the 365 Data Centers name but are changing course from contraction to expansion, [according to industry publication Data Center Knowledge](#), which quoted analyst [Stefanie Williams](#). The purchase occurred about two and a half years after DeSantis sold Xand, a business



Bob DeSantis, CEO, 365 Data Centers

he built into the largest privately owned data center operator in the Northeast United States before it was bought by Tierpoint.

DeSantis, who has a home in Sarasota, was initially interested in 365's Tampa operation in the Franklin Exchange building downtown, which also has a customer service center on-site.

His investment partner, Chirisa's [Colm Piercy](#), wanted to broaden his U.S. interests, so they ended up buying eight centers. In addition to Tampa, they now have centers in Buffalo, Chicago, Detroit, Indianapolis, Nashville, Philadelphia and New York, with a combined 126,000 square feet of floor space and 9 megawatts of power, [a press release](#) said.

They serve 25 major carrier customers with 122 network points of presence, or PoPs. Those are access points from one place to the rest of the internet.

The carriers — companies such as AT&T, Century Link and Verizon — pass by 20 million households while also providing connections for content providers such as [Netflix](#), [Facebook](#) and [Google](#), DeSantis said.

But the data centers were underutilized, he said.

"The company we bought was only 50 percent utilized on average in terms of space and power availability," he said. "We have a great opportunity to increase our revenue at each location."

The company is beefing up its sales staff, adding a dedicated salesperson in each of the local markets to reach out to small and mid-size businesses. It plans a limited set of services such as remote disaster recovery, firewall management and storage that attracts enterprise customers.

"We have the space and power so we can be at the cutting edge of price," DeSantis said.

In Tampa, small and mid-size companies spend \$293 million annually on data center services, which represents 72 percent of the entire market spend; the rest is by big companies, he said. That percent is well above the national average, and tells DeSantis there's room to grow.

"This is a big market in Tampa that has not been approached prior to our ownership," DeSantis said.

365 Data Centers appears likely to make further acquisitions, [Jabez Tan](#), research director at Structure Research, told Data Center Knowledge.

"We do have an appetite to do some tuck-ins, particularly in Florida," DeSantis said.

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