



EQUINIX

**2011 Australia Excellence Awards
Datacenter Services Provider of the Year**





Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business as a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360 Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2011 Frost & Sullivan Data Center Services Provider of the Year Award to Equinix.

Significance of the Company of the Year Award

Important Trends in Data Center Management

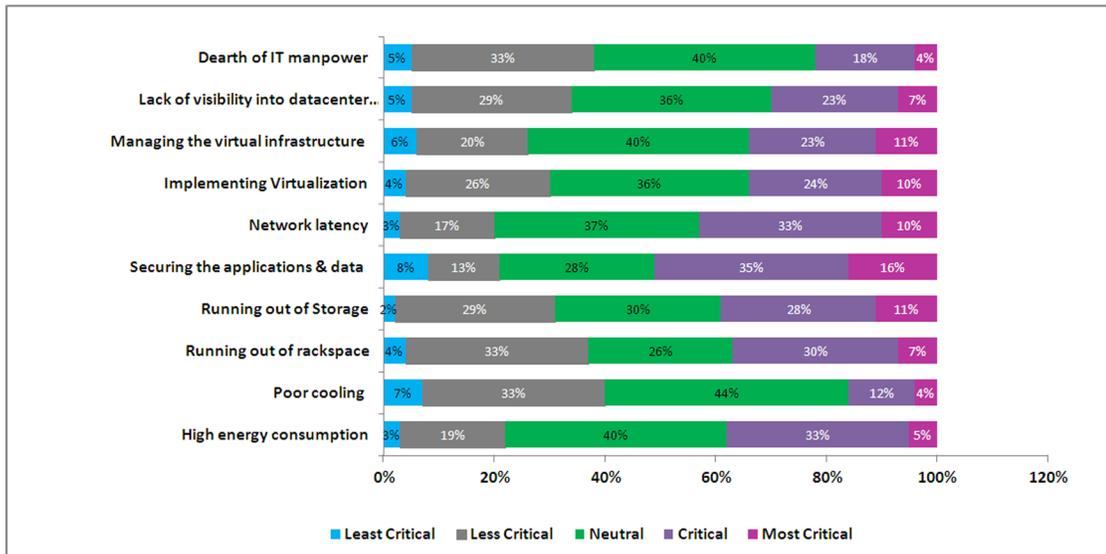
Introduction

A data center is a dedicated facility designed to house storage, networking and communications technology. Larger data centers are typically housed in specialised, secure facilities and can be owned and operated by either the user (a "captive" data center) or a third-party. Data centers are becoming increasingly essential to modern organisations and to their ability to perform mission-critical tasks. Across all types of organisations data loads are increasing significantly, due to factors such as to heightened compliance requirements, proliferation of rich media, and growing adoption of virtualization and cloud computing. These increased data loads are often creating significant challenges for IT managers in many organisations, and causing them to review the way that they manage their data center facilities.

Build Vs. Buy

In order to meet this growing business complexity, the agility, capacity and resiliency of data centers is increasing. The first decision any Chief Information Officer (CIO) often needs to make is whether to "Build" or "Buy" data center capacity. There are advantages and disadvantages to both these approaches, however the "build" scenario – i.e. developing the data center capacity in house (captive data centers) - has become very difficult, as a result of the difficulty in sourcing suitable sites, unavailability of skilled staff and, not least, because of the difficulty of realising economies of scale and high levels of energy efficiency in a data center dedicated to serving only a single organisation. A recent survey we undertook of IT managers in Australia indicated that security, latency and running out of storage space are the major challenges faced by IT managers with captive data centers;

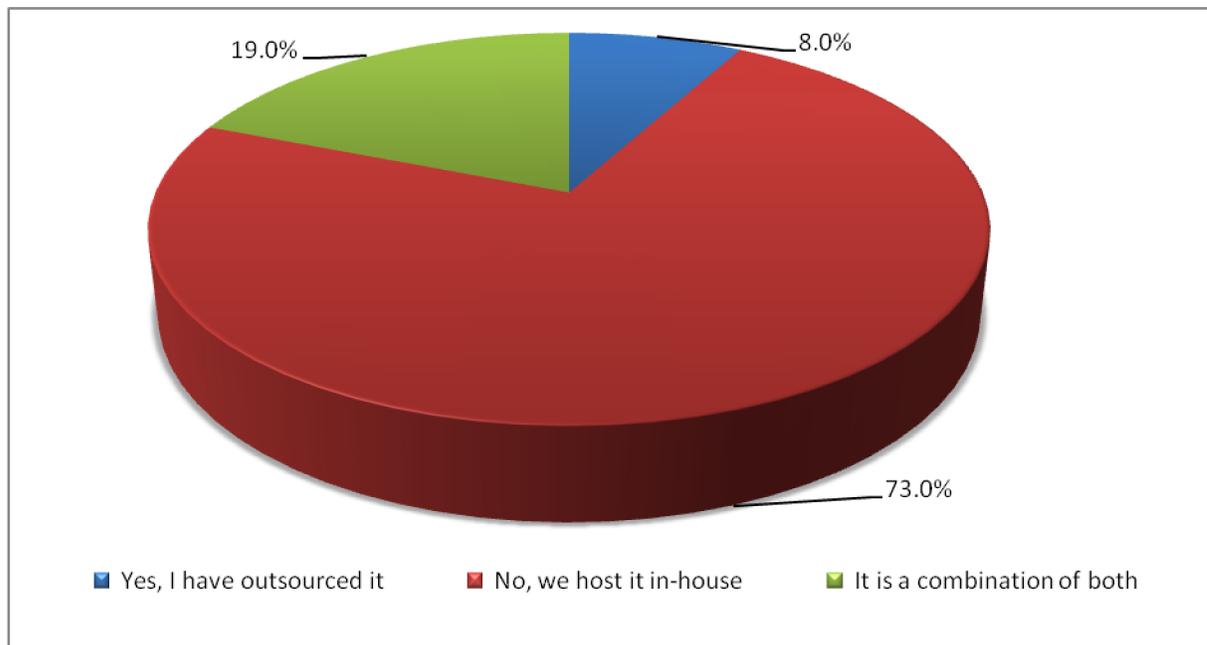
Figure 1: Major challenges faced by captive data centers:



N=100 IT Decision Makers in Australia; Source: Frost & Sullivan

As a result of these challenges outsourcing of data center hosting is growing rapidly with an increasing number of organisations deciding to utilise the hosting services of specialist, third-party data center providers. Currently we estimate that about three-quarters of organisations in Australia still host their data center in-house, however third-party hosting is increasing rapidly;

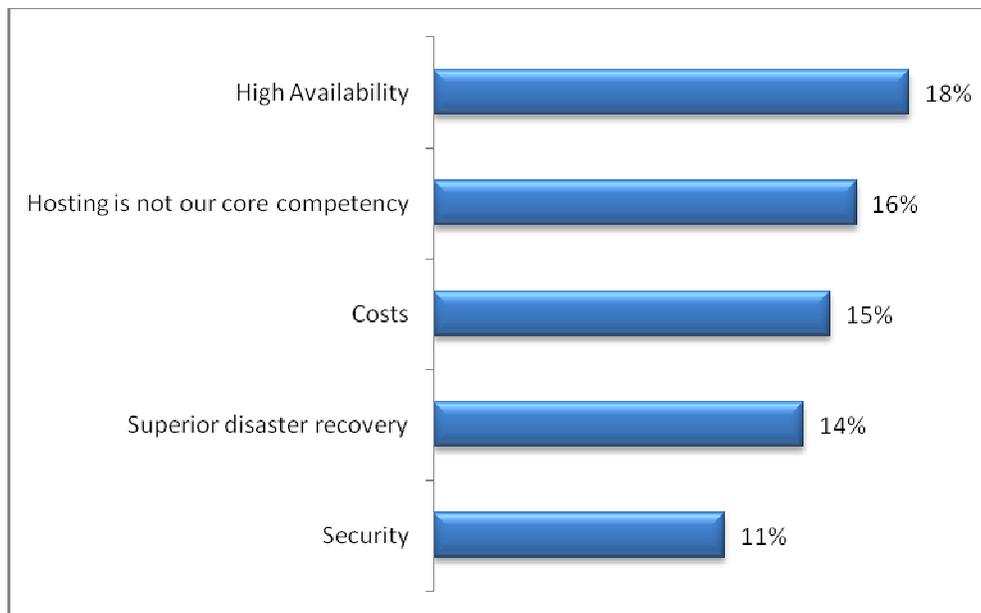
Figure 2: Data Center Hosting in Australia – Outsourced Vs In-House (2010)



N=100 IT Decision Makers in Australia; Source: Frost & Sullivan

Frost & Sullivan estimates that there are around 150 enterprise-class captive data centers in Australia (defined as dedicated facilities of 500 m² or more with high levels of security and redundancy). However more companies are realizing the business benefits of outsourcing data center hosting, such as enabling the in-house IT team to focus on more strategic tasks. As of late-2010 only 8% of organisations currently house their entire mission critical infrastructure in a hosted (3rd party) data center relying on the expertise of the service provider to host and monitor the infrastructure. 19% of organisations adopt a hybrid approach. High availability ranks as the main reason why organisations choose hosted data center facilities. High availability is a key metric in most co-location service level agreements with customers often demanding “five nines” (99.999%) uptime for their mission critical environments;

Figure 3: Reasons for Outsourcing Hosting



N=100 IT Decision Makers in Australia; Source: Frost & Sullivan

A growing number of customers are realizing the challenges of managing the infrastructure in-house as they often lack the processes and skills to ensure high availability and security.

Industry opinion is divided on the cheaper way to handle data center hosting. While some organisations believe that co-location results in a more cost effective way of managing IT, many continue to believe that co-location is inherently more expensive than hosting the infrastructure in-house. The conundrum exists due to the

presence of multiple parameters that determine the pricing, including location of the data center (CBD vs Suburbs), type of hosting (Dedicated vs. Shared), and cost of bandwidth, which often varies by location. However, overall outsourcing of data center hosting to third-parties is clearly increasing. Frost & Sullivan estimates that the total value of the data center services market in Australia (i.e. revenues earned by third-party data center providers) exceeded \$400 million in 2010, with the market growing close to 15% annually. Equinix is a leading participant in this market in Australia.

The Hosted Data Center Market

To meet the growing demand for third-party hosted data centers, a significant increase in data center capacity in Australia has occurred. There are four main models of delivery for third-party data centers, as summarized below;

Table 1: Third Party Data Center Operator Models

DATA CENTER MODEL	DESCRIPTION	MAIN COMPANIES
Carrier Neutral	Not owned or operated by a carrier or systems integrator. Provides clients with space and core infrastructure, but generally not managed services. Clients are able to choose their own carriers and system integrators	Equinix, Global Switch
Facility Pure Plays	The facility pure plays are particularly strong at infrastructure and facility management. Although facility pure play participants sometimes have a direct relationship with end clients, they often offer large data center space in a wholesale manner to their parent company or other providers.	Digital Realty Trust
Carrier Owned	Owned and operated by telecommunications carriers, typically provided to clients as part of a broader solution including managed services	Telstra, Optus, Macquarie Telecom
System Integrator Operated	Operated by a systems integrator often in facilities leased from a carrier neutral or carrier owned data center. Provides a package of system integration services that may include data center hosting	Fujitsu, IBM,HP

Source: Frost & Sullivan

Frost & Sullivan estimates that the total Raised Floor Space (RFS) offered by third-party data center operators in Australia exceeds 1.8 million square feet. The leading operators include Equinix, Global Switch, IBM, Fujitsu and HP. Several of these operators are making significant investment in additional data center capacity as most established data centers are running at or close to full capacity. These new facilities are designed and built to

offer very high standards in parameters such as redundancy, latency and security and will enhance the general switch from captive to third-party data center hosting.

Conclusion

A well chosen co-location facility can offer significant advantages to an organisation. Servers co-located in a data center are normally secured in a cage or rack, with regulated power, dedicated connectivity, layered security and on-site support services 24x7x365. Data centers typically have monitored alarms for fire, smoke and moisture, and power is typically backed up by a UPS and diesel fuel generator – greatly diminishing any loss of mission critical data due to fire, theft, vandalism or loss of power.

Over the long term, data loads, compliance requirements and energy needs are only going to increase. More customers are now choosing OPEX based business models (i.e. outsourcing) due to the greater efficiencies of working capital and improved asset usage ratios that this model offers. Frost & Sullivan believes that this combination of financial and technology advantages will continue to drive the shift towards the outsourced model for hosting data centers.

Impact of Company of the Year Award on Key Stakeholders

The Data Center Services Provider of the Year Award is a prestigious recognition of Equinix's accomplishments in the Data Center Services Industry. An unbiased, third-party recognition can provide a profound impact in enhancing the brand value and accelerating Equinix's growth. As captured in Chart I below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**
Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.
- **Customers**
Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.
- **Employees**
This Award represents the creativity and dedication of Equinix's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for Equinix.

Best Practice Award Analysis for Equinix

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Company of the Year Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Chart 4: Decision Support Matrix for Data Center Services Provider of the Year Award, 2011

<i>Measurement of 1–10 (1 = lowest; 10 = highest)</i>				
	Market Leadership	Revenue Growth	Product and Service Innovation	Weighted Rating
Relative Weight (%)	33.3%	33.3%	33.3%	100%
Equinix	9	10	10	9.7
Competitor 1	8	9	7	8.0
Competitor 2	10	7	6	7.7

Criterion 1: Market Leadership

Equinix runs three state-of-art data centers in Sydney with the new facility – SY3 - recently opened in 2011 to cater to growing customer demand for quality space. Equinix’s Sydney IBX data centers are strategically located close to the central business district (CBD) with ready access to trans–pacific cable networks. With the opening of the 3rd data center in Australia, Equinix now has more than 150,000 square feet of capacity in the country, making it one of the leading data center service providers in Australia.

Criterion 2: Revenue Growth

In 2010, despite a turbulent start to the year, Equinix recorded solid double-digit growth in revenues, much higher than the industry average. It opened a new facility – SY3- in 2011 to accommodate future growth. The SY2 facility, which opened in 2009, was filled to capacity in a short span of 18 months, a further testament to the impressive growth that is being witnessed by Equinix.

Due to its focus on high availability and security, Equinix has emerged as the partner of choice for many financial services, media and entertainment companies as well as cloud service providers. Its focus on its core competency of running efficient data center operations has meant that the company offers no services that conflict with those offered by its partners, such as telecom service providers and cloud computing companies.

Criterion 3: Product and Service Innovation

Equinix has differentiated itself in the data center services industry by providing industry leading availability combined with stringent security and low latency. Equinix data centers offer direct access to multiple carrier backbones, thereby delivering high performance to customers.

Equinix thus connects businesses with partners and customers around the world through state-of-art facilities and offering a broad choice of carrier networks. Equinix has been at the forefront of innovating and driving technologies that increase energy efficiency in a data center through stringent PUE (Power usage effectiveness) benchmarking, to measure and reduce energy wastage.

Conclusion

By offering customers a world class infrastructure in Australia, with the option of extending it across the globe, Equinix is well positioned to cater to the global aspirations of Australian firms and also to act as a trusted partner for American, European and Asian multi-nationals looking to expand into Australia. Equinix's strong commitment to high availability, security and low latency, makes it an attractive partner for customers such as financial services organizations, cloud computing service providers, content providers and telecommunications services providers, offering the stringent performance parameters they require to host their mission critical infrastructure.

Equinix is therefore very well positioned to benefit from the growth in content delivery and cloud computing in Australia in the years to come.