

CANADIAN
DATA CENTRE HOSTING &
IAAS CLOUD COMPUTING
MARKET REPORT



2014 EDITION

NBI / MICHAEL SONE
ASSOCIATES INC.

www.nbicanada.com

TABLE OF CONTENTS

Section	Page
ABOUT THIS REPORT	vi
SECTION 1 — INTRODUCTION & INDUSTRY BACKGROUND	1
1.1 Introduction	2
1.2 Industry Background	4
1.3 Types of Hosting Services	5
1.4 Drivers of Outsourced Hosting Services	9
1.5 Data Centre Features	12
SECTION 2 — MARKET OVERVIEW	16
2.1 2013 Market Highlights	17
2.2 2014 Market Highlights	19
2.3 Major Trends	20
2.3.1 Hybrid solutions – the gateway to the cloud for large enterprises.....	20
2.3.2 Large players will dominate the market as consolidation continues	21
2.3.3 “Build it and they will come” still applies	24
2.3.4 Carrier neutral data centres	24
2.3.5 Cloud providers and the Canadian market	25
2.4 2015-2016 Forecast	26
SECTION 3 — MARKET AT A GLANCE	28
SECTION 4 — HOSTING SERVICE PROVIDER PROFILES	32
4.1 Introduction	33
4.2 Allstream	34
4.3 Bell Canada	44
4.4 CenturyLink	54
4.5 CGI Group	65
4.6 Cogeco Data Services	71
4.7 Cologix	80
4.8 HP Canada	91
4.9 IBM Canada	98
4.10 PEER 1 Hosting	108
4.11 Q9 Networks	118
4.12 Rogers	128
4.13 TELUS	140
4.14 Other Hosting Service Providers	149
(Abaxio.com, AT&T Canada, Deluxe Corporation, Fujitsu Canada, iWeb Group, NetNation, Rackforce, Verizon, WebServe)	

LIST OF EXHIBITS

Exhibit	Page
Exhibit 2.1	2013 Market Shares 17
Exhibit 2.2	Forecast 2014 Market Shares 19
Exhibit 2.3	Industry Revenue, 2012-201627
 <i>Canadian Hosting Industry Revenue & Market Shares</i>	
Exhibit 3.1	Industry Revenue by Hosting Service Provider & Market Shares, 2012-2014 29
Exhibit 3.2	Industry Revenue by Hosting Segment, 2012-2014 29
 <i>Canadian Hosting Industry Revenue by Segment by Hosting Service Provider</i>	
Exhibit 3.3	Revenue by Segment by Service Provider, 2012 30
Exhibit 3.4	Revenue by Segment by Service Provider, 201330
Exhibit 3.5	Revenue by Segment by Service Provider, 201430
 <i>Canadian Data Centres by Hosting Service Provider</i>	
Exhibit 3.6	Industry Revenue by Vertical, 2013 31
Exhibit 3.7	Data Centre Area (Total, Raised Floor, In Service & Spare) by Hosting Service Provider & Shares as of April 2014 31
 <i>Hosting Service Provider Exhibits</i>	
Exhibit 4.2	Allstream 43
	4.2.1 Revenue by Hosting Type, 2012-2014
	4.2.2 Revenue by Industry, 2013
	4.2.3 Data Centre Area by Province, as of April 2014
Exhibit 4.3	Bell Canada 53
	4.3.1 Revenue by Hosting Type, 2012-2014
	4.3.2 Revenue by Industry, 2013
	4.3.3 Data Centre Area by Province, as of April 2014
Exhibit 4.4	CenturyLink 64
	4.4.1 Revenue by Hosting Type, 2012-2014
	4.4.2 Revenue by Industry, 2013
	4.4.3 Data Centre Area by Province, as of April 2014
Exhibit 4.5	CGI Group 70
	4.5.1 Revenue by Hosting Type, 2012-2014
	4.5.2 Revenue by Industry, 2013
	4.5.3 Data Centre Area by Province, as of April 2014

LIST OF EXHIBITS (con't...)

Exhibit	Page
Exhibit 4.6	79
Cogeco Data Services	
4.6.1 Revenue by Hosting Type, 2012-2014	
4.6.2 Revenue by Industry, 2013	
4.6.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.7	90
Cologix.....	
4.7.1 Revenue by Hosting Type, 2012-2014	
4.7.2 Revenue by Industry, 2013	
4.7.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.8	97
HP	
4.8.1 Revenue by Hosting Type, 2012-2014	
4.8.2 Revenue by Industry, 2013	
4.8.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.9	107
IBM Canada	
4.9.1 Revenue by Hosting Type, 2012-2014	
4.9.2 Revenue by Industry, 2013	
4.9.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.10	117
Peer 1	
4.10.1 Revenue by Hosting Type, 2012-2013	
4.10.2 Revenue by Industry, 2013	
4.10.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.11	127
Q9 Networks	
4.11.1 Revenue by Hosting Type, 2012-2014	
4.11.2 Revenue by Industry, 2013	
4.11.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.12	139
Rogers	
4.12.1 Revenue by Hosting Type, 2012-2014	
4.12.2 Revenue by Industry, 2013	
4.12.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.13	148
TELUS	
4.13.1 Revenue by Hosting Type, 2012-2014	
4.13.2 Revenue by Industry, 2013	
4.13.3 Data Centre Area by Province, as of April 2014	
Exhibit 4.14	157
Other Hosting Service Providers	
4.14.1 Revenue by Hosting Type, 2012-2014	

ABOUT THIS REPORT

The *Canadian Data Centre Hosting & IaaS Cloud Computing Market Report, 2014 Edition* is NBI/Michael Sone Associates' annual examination of the competitive landscape of the hosted infrastructure services market in Canada. At over 150 pages and containing 23 quantitative exhibits, this report provides a detailed analysis of the development of, and trends driving, the Canadian Data Centre Hosting market. Market size and vendor market shares are presented in terms of revenues and size of data centre (overall, raised floor and capacity) for the period 2012 to 2016.

We define the hosting market as out-sourced infrastructure operated in a data centre by a third-party, and segment this market into three areas – collocation, shared hosting and managed hosting. This segmentation is used in the exhibits throughout the report.

A sub-category of managed hosting is called Infrastructure as a Service (IaaS), one form of cloud computing. This is an arrangement whereby a client outsources the IT equipment required to support its operations, including servers, storage and networking, to a service provider. Much like dedicated managed hosting, the IaaS service provider owns the equipment and is responsible for housing, operating and maintaining it. However, most IaaS services usually permit the dynamic scaling of resources according to the customer's needs, and the customer is typically charged on a per-use basis that is metered by one or more parameters reflecting the consumed computing resources. We include coverage of IaaS services offered by major Canadian telecommunications companies in this report.

In-depth profiles of 12 leading hosting service providers active in Canada are provided, examining the company's services, facilities and Canadian hosting revenues. Each profile includes exhibits detailing the company's total and market segment revenues (collocation, shared and managed), and quantifies in terms of square footage the data centre operations by raised floor space, in-service floor space and spare capacity in each province where the company operates as of Q2 2014.

ABOUT THIS REPORT (Con't...)

Exhibits for the overall market include industry revenues & market shares, revenue by service provider by market segment, data centre floor area by hosting service provider, overall data centre area by province and total industry revenue by vertical segment.

As with all NBI/Michael Sone Associates reports, information has been gathered from primary sources. The information contained in this report is the result of numerous interviews, primarily with the hosting service providers themselves.

Please note that reported revenues represent proceeds from the operation of out-sourced infrastructure operated in data centre services by vendors active in the Canadian market. These revenues exclude consulting and professional services fees (other than what is required to provide service), such as business process outsourcing. Figures are in Canadian dollars unless otherwise noted.

Please also note that in accordance with industry practice, we use the Imperial unit of measure, the square foot, to quantify data centre area. One thousand square feet equals about 93 square meters; a 10,000 square foot data centre is thus about 930 square meters. We also use the units of Watt and VA (Volt-Ampere) interchangeably when discussing data centre power capacities. This implicitly assumes that electrical loads are purely resistive, which may or may not be the case for any specific piece of equipment, system or data centre.

NBI / MICHAEL SONE
ASSOCIATES INC.

www.nbicanada.com