

DATA CENTER CLIENT QUESTIONNAIRE

Client Questionnaire - some typical questions we have seen in discussing data center space (random order).

- 1. What is the rate?** We respond, what do you want? They say what do you mean? We say:
How much space in sq ft _____
How many racks would you have _____
What type of support would you have in the space _____ offices/ HVAC equipment/UPS/storage
How much power do you require _____ the connected load _____, the average consumption ____?
How much chilled water do you need _____
Are you looking for backup, if so define? Back up power _____, backup chilled water _____, backup UPS _____. Do you require redundancy, and if so where? _____
Will this facility grow _____, if so how and when _____
- 2. What do you provide?** We say, depending on your answer to #1 above, we can provide everything but your computer and HVAC units. We provide all maintenance on our equipment, fuel, staff, building security and management.
- 3. How are components of the rate determined?** The rates are different at different facilities and with levels of service and support provided. 1301 Fannin is more of a wholesale owner-type operation reported by the sq ft, where many other providers charge on a colocation and/or consumption basis and report the rate in a unit of measured service such as KW. The difference can be as much as 200-300% variance at the rate per sq ft level which is part of the confusion in the industry. Therefore the size of operation, level of support needed, length of term, use of capital, etc. becomes very important in comparing costs. For larger operations with their own staff and equipment (say 20 + racks) the 1301 Fannin approach is much more cost effective. For less than 1-5 racks the colocation basis can be a benefit.

In 1301 Fannin the rates are a function of the space which is charged for like office space on a net basis with an allocation of operating expenses. The equipment for backup power generation, switch gear, chilled water production, and UPS is charged on a shared equipment lease basis. The electricity is direct metered and billed (1301 is a large user with very competitive rate structure). The chilled water is charged by the BTU hour read from a meter. These rates and equipment lease rates are reviewed annually and based on actual cost plus a markup for overhead. A "Last In" method is used to determine costs so that inflation is considered for replacing gear. These total costs are amortized to recover capital costs and not as additional profit centers with markup as you would see in other types of operations that provide more services.

4. **What is the difference in the types of spaces?** This is a little like asking the difference in one type car vs another. Many times they will both get you there but the type of ride, level of load, consistency of operation, amount of down time, level of redundant systems, security and excess available capacity can be significantly different.
5. **How could you measure the differences?** Well, some use the Tier designation and/or some other “check sheet” but many times these are being compared by IT types rather than CFO types. The best way is to get a clear definition of what is needed -what is *actually* needed (many times future needs are being configured way in advance of the actual need making the current costs higher than necessary and something that could be handled under an expansion option--- not to mention the potential change in equipment capability over time), the consumption loads at peak and average, the level of redundancy *really* required. For larger users there typically will be some type of own vs lease comparison. The term, cost of capital, sharing arrangement, and exit strategy all play an important answer in making these comparisons. As in any equipment lease, the longer the term and the lower the cost of capital, the more an own vs lease will prevail. In the IT world however, terms revolve around shorter cycles, internal costs of capital are high and financing can be difficult because of the special use.
6. **How do brokers work?** Like other forms of commercial real estate, brokers are welcomed and paid. The commission structure is similar to other office buildings, but in the data center leases since the terms are usually longer and the collective rates higher, the resulting commissions are larger. What are some pros and cons. The pro is they identify the deal and bring it to the attention of the building, which is a significant benefit in that the actual tenant is hard to find. The con is that the broker and the IT person usually have little comparative experience for this type of facility and the “actual rates because they are all a custom fit” are not really published. The assignment is usually high profile because it involves the back bone of the business operations, the cost of equipment is high so it gets the attention of the senior executive. They are all looking for a way to determine the cost benefit relationship.

So what is needed is a fair way to compare the alternatives and a “common language” in which to communicate the comparison.

7. **What would you say are the key differences in 1301 Fannin?**

Cost competitive-----due to the structure of the rate components and sharing of costs between tenants, owner and agent are one team dedicated to doing deals.

Reliability---no unscheduled down time in building history

Experience—senior engineering staff and consultants have been with the building since it was built. On-site management and security team.

Flexible---500 sq ft to 200,000 sq ft facility

15 watts psf to 150 watts psf

Straight power to N+1 backed up power

Straight HVAC to N+1 backed up HVAC that is also power backed up N+1

High security—current tenants require highest of security

Bank vault operation with additional level of security

Equipment above ground

Space bunkered by garage and office tower

Window system 200 mph rated, covered by internal wall, chase at floor level for handling of any items that would penetrate the window system.

Floor load capacity 150 lbs psf

Two redundant primary electrical feeds

Two sets of backup redundant diesel generators in N+ 1 configuration

Four separate HVAC chillers in N+1 configuration backed up by generators

Separate underground fuel storage tank of 60,000 gallons expandable to 120,000 gallons

Ongoing building and equipment upgrade to meet current tenant requirements

Common areas for parking, office space, food service, workout and shower facilities

Large conduit chase throughout the building