How can SMEs tackle the energy crisis through colocation?

Surging energy prices are causing business to urgently review their costs. In this article Philip Bindley, our Managing Director of Cloud and Security at Intercity, explains how savvy firms are saving money on their IT infrastructure through the emerging trend of decentralised colocation.

As wholesale gas and power prices hit fresh highs, businesses, as well as consumers, face significant increases in their energy bills. With a rise in the costs of living, now is the time to address rising energy prices.

One area where many businesses are exposed to particularly high energy costs is by housing IT infrastructure on-site. According to research by Close Brothers, 58% of SMEs still do not use cloud-based computing, where software, storage and other services are delivered remotely, so rely on their own in-house infrastructure. These businesses are facing the skyrocketing costs of powering and cooling the servers on their premises.

These organisations could shield themselves from energy cost rises by moving their hardware to regional data centres, exploiting a growing trend known as 'decentralised colocation'. This is where enterprise servers, as well as private and hybrid clouds, are hosted in third-party data centres.

Historically, data centres – where companies can rent collocated IT equipment and space – were 'centralised' by virtue of being built in the docklands in London. This central location offered the higher availability of bandwidth and low latency. But this came at a price with high real estate costs and wages leaving smaller businesses priced out of colocation.

Nowadays, improved connectivity has made decentralised colocation an affordable option for businesses across the country offering a range of benefits:

1. **Lower costs.** As well as the direct savings on energy bills, moving your IT infrastructure to a colocation site generally means housing it in a purpose-built site designed to make the most efficient use of energy as possible
2. **Security.** Regional data centres can offer higher back up power capacity, fire suppression as well as round-the-clock security, keeping data safe and secure.
3. **Up to date infrastructure.** In an age of constant technological innovation, with the move towards 5G and the continuing impact of IoT and AI, decentralised colocation means your data will be stored and carried by the latest infrastructure to offer greater agility and optimal application responsiveness.
4. **Ease and trust.** Storing infrastructure close to home in a regional data centre also makes it far easier to gain access to your equipment. From a data residency and security perspective it also gives you peace of mind over knowing where your data is physically held, as well as any data you store for your customers.
5. **Levelling-up.** In line with the government's levelling up agenda, investing in regional datacentres also supports the local economies by stimulating job growth and the development of infrastructure.

To find out more about how decentralised colocation can help your business address rising energy costs, click here to access our Decentralised Colocation brochure.