

Secure and Hardened Colocation and Disaster Recovery Services for Nationwide Customers

Business Services Data Centers

Colo5
2850 Interstate Drive
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Doug Recker
CEO

BIO:

Doug is the Founder and CEO of Colo5 Data Center. As CEO, he oversees the strategic vision and day-to-day management for Colo5, which includes the supervision of the client recruitment effort, the representation of the company at public events, and the negotiation of leases and contracts. He also leads the Colo5 team by guiding their short and long term planning, future acquisitions, and introduction into new markets.

Doug has more than eighteen years of experience in the telecommunication

industry including various significant supervising positions at nationally recognized companies. In 1996, he was a regional director at Intermedia Communication where he grew revenues over 200% year over year. In 1999, Doug assisted with the acquisition of Digex into the Intermedia Communications family. He was responsible for more than 70% of Digex™s revenue as the Director of Sales for Midwest and Southeast regions, where he grew revenues more than 400%. In 2000, he held a key position at Cbeyond Communications, Inc. a voice and broadband Internet provider for small to medium businesses. While at Cbeyond, Doug supervised the initial hiring and development of the sales infrastructure. Since then, he has held several key positions in the data center industry with tier 1 providers such as Telcove and Level 3 communications.

Doug has been involved in the community since he moved to Jacksonville in 2001. He has taught computer skills to students at his children's school, PVPV/Rawlings Elementary in Ponte Vedra and has recently sponsored fundraising events on behalf of Colo5. Doug is launching an organization called Fathers for Fatherhood and has previously helped with a similar organization in St. Augustine, Kids Bridge. He also supports the Junior Service League of St. Augustine which raises funds for over twenty local charities.

About Colo5

Colo5 is a leading independent data center operator offering secure and hardened colocation and disaster recovery services to customers nationwide. With more than 140,000 square

feet of dedicated facilities, Colo5 provides state-of-the-art security, redundant power systems, and a robust fiber network optimized for performance and speed to a host of demanding customers.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Recker, what is the basic concept at Colo5?

Mr. Recker: It is quite simple. The basic concept is to protect data and the equipment of companies, their servers and all of their application needs. What we do here at Colo5 is we build an environment that actually secures their servers and protects them from storms, power outages and theft.

CEOCFO: What do you understand about the process that maybe others do not?

Mr. Recker: Our goal and our model is a little bit different than most data centers. We actually build a facility that can withstand category five hurricanes. We protect, not only the environment, the computer environment and the server environment, but we protect the IT folks also. They can actually come to our facility and come inside the bunker and ride the storm out. They can use our facility for physical workspace also.

CEOCFO: Have they?

Mr. Recker: Absolutely! It does not have to be a storm. It does not have to be a category five storm or a hurricane or a tornado. It can be a power outage at their facility. Therefore, they can use my facility

right away. Their IT folks will immediately come to our building and keep their business up, so that there is no down time or no hindrance to the business.

CEO CFO: Is there a typical customer for you?

Mr. Recker: We have a small attorney. We have a small, one person insurance company. Then we have Fortune 100s. Therefore, basically everyone that has a business needs this type of service.

CEO CFO: What is your geographic reach?

Mr. Recker: Our reach is the state of Florida. We have a facility in Jacksonville Florida and we have a new facility in Lakeland Florida, which is right outside of Tampa.

CEO CFO: Would you tell us about the new facility? Why was this the time for expansion?

Mr. Recker: This was the perfect time for expansion for us because; number one, our facility in Jacksonville is at ninety two percent capacity. We looked throughout the state of Florida and found that Lakeland is one of the higher elevations in Florida and somewhat of a safe zone. Therefore, we can attract clients from Tampa, Orlando and Southern Florida. It is the perfect environment. This is a new type of data center for us. This is actually a modular data center that we are building. It is sixty percent more efficient than our current facility. Therefore, we are really excited about it.

CEO CFO: Would you explain more about what is a modular data center?

Mr. Recker: When you go with a modular approach you can actually build out a facility in steps, instead of building out a one hundred and twenty thousand square foot facility right out of the gate. A modular center allows you to build it in five to ten thousand square foot increments. It is kind of a "build as you go" model and "pay as you". Therefore, I can build out five thousand square feet of data center space and that should cover a work space of twenty thousand square feet.

Then when I get to eighty percent capacity I can build another five and twenty. Therefore, my investment goes from seven to eight million instead of twenty five to fifty five million. The modular approach is very, very attractive now in our market, so you will see much more of that happening here in the next three or four years.

CEO CFO: How do you attract your customers?

Mr. Recker: We operate a little bit differently than most data centers. I told you about the approach of how we have the disaster recovery work space. When I built the model when I started this business, I knew what the customers wanted. I used to sell this product for years. They want a flat fee. They do not want to be nickel and dimed. We have all different kinds of little things in our business that we

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could charge for like Cross Connect and Remote Hands and all of these things that are basically at no cost to us. That is because, once you run a piece of cable it is there; it is not going anywhere. Therefore, I have eliminated all of those charges. Therefore, we charge for the actual service. When they come in they pay for power and space. That is what they get charged for. It is a consistent bill. They can plan their three to five year IT budget out and have a steady number. We are really motivated to help the businesses save money and to make the right and smart decisions.

CEO CFO: How do you reach the businesses?

Mr. Recker: Mostly, we have sales reps in Jacksonville and we have two in Tampa and in Lakeland. Their job is to reach out to folks and talk about our disaster recovery facility. The main goal is to get them to tour the facility, because once they see the facility it

pretty much sells itself. That is because once you see the bunker environment and the other kinds of clients that are in our facility; that is probably the main way that we attract business. It is basically door to door, but also on the phone. We do have a partner program, where we partner with many vendors who sell IT products. If they refer business to us we give them a referral fee.

CEO CFO: Do most people actually come and look?

Mr. Recker: Absolutely! I do not think that we have ever sold a client that has not seen the facility in person. In both facilities we have a network operations center that is extremely impressive. It has over thirty flat screen TVs in there and it is monitoring all of the facility, the network and the weather. It is a very cool, "techy" environment and they like that. It is kind of what they live for.

CEO CFO: Do they understand or is it the "flash" that gets them?

Mr. Recker: They understand! Here is the great thing. The IT folks understand it, but sometimes when you get the CEO and the CFO; typically who sign on the dotted line, they are more awed by it. They may not understand the technology, but they think it is "neat". Therefore, the visual helps to sell the CEO and CFO and then the technology obviously sells itself with the techy folks.

CEO CFO: How do you protect in a hurricane area? What can you do to really make sure?

Mr. Recker: The main thing is power. Obviously, when there is a hurricane the power is probably the first thing that is going to go out. Therefore, you really have to build your facility with an infrastructure of deep robust power. How we do that is we have multiple generators and multiple UPS systems that maintain the facility and keep the power up. Just like Jacksonville, we have fifteen thousand gallons of fuel just for standby fuel, in case we run over five to eight days of consistent run load. Therefore, we will always guarantee

that the power will be on. There are so many redundancies built into our systems that we can afford and handle that type of impact on the outside environment.

CEO CFO: Do many competitors come anywhere close?

Mr. Recker: It is for the folks that are trying to attract the business that we are. Therefore, several of our competitors in our market do have what we call the “computer room space”, where you actually put the servers. However, no one actually has the disaster recovery physical work space like we have, so that you can actually come to the facility. That is because, if there is a hurricane the first thing you think is, “I have to get my family out of here! We have to get out of town!” Now the business is stuck with no one to run their IT or do payroll or anything like that after the storm hits or goes through. However, at this place, they can actually come and bring their really important folks here and their IT folks or payroll or HR or whomever. Whoever they think are the mission critical folks that have to be here to process the company can come and stay in the facility. We have showers, locker rooms, work out facilities; it is a place where they can actually come and be okay with the environment that they are in.

CEO CFO: Do many of your customers take advantage of the full range of your services or is it an all or nothing offering? How does it work?

Mr. Recker: They can pick and choose. They can just take computer room space, which we call cabinets. They take a cabinet or a few cabinets or they can take disaster recovery

space where it is just physical people. However, if you look at our hundred plus clients there is not one client that does not take disaster recovery work space. It kind of goes together. It makes sense that if you are buying a cabinet you can buy disaster recovery work space for another five hundred dollars and you can house your staff there. It just makes sense. It is really a great insurance policy for the company.

CEO CFO: How is business these days?

Mr. Recker: Good! Very good! That is why we are growing into Lakeland. Hopefully we will look into another Southern Florida market maybe on the East Coast; Boca, Fort Lauderdale or Miami over the next twelve to fourteen months. It is looking good!

CEO CFO: What is involved in running the facility day to day? How do you ramp up personnel when a hurricane is coming or when you know a potential disaster is at hand?

Mr. Recker: Day to day, we operate the same as we would during a hurricane, so everything has to be consistent. Basically, it will run just like it is today. Everything has its redundant backup plan. Everything has a redundant backup plan in here. Whether it be the people that work here or the computers or systems, everything is redundant. Basically, in our environment we have operations. Those operations folks maintain the facility. Then we have IT folks in the network operations center to maintain the network side of our facility, so that everyone has IP or internet connectivity or everyone can

communicate out to the world. Then, obviously we have our executives who run the company. Those folks are on a normal schedule. That schedule would be the same if there was a hurricane. Therefore, our business does not change. We run every day as if there were a hurricane.

CEO CFO: Why should investors and people in the business community pay attention to Colo5?

Mr. Recker: This is a mission critical piece of their business. If they do not have a plan like this they are really putting their business at risk. Look at hurricanes Sandy and Katrina and all of the businesses that actually went out of business just because of that impact. Here is a prime example. There was a small tanning bed company here in Jacksonville that put their stuff in our facility. They had maybe four locations throughout town. I asked him, “Why would you want to come to this data center? Why would you want to put your stuff in the data center?” He said, “My friend who had a tanning company in Louisiana lost his business.” What happened was hurricane Katrina came in and wiped out his office. He explained to me that tanning bed companies rely on residual payment. Therefore, they buy a package and then every month they get charged for the package. However, when they lost their data base they had to wait for everyone to come back in and people did not come back. Therefore, their billing went out the window and they went under. That example goes to show that every type of business needs it.



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