

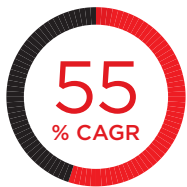
## THE SERVICE PROVIDER'S OPPORTUNITY

As data demand and over-the-top (OTT) services continue to grow, network service providers (NSPs) need new ways to quickly monetize their infrastructure and capture new business. Many carrier customers are now choosing to collocate with others in multitenant data centers (MTDCs), a sector that has a projected growth rate of 9.3% between 2017 and 2022.<sup>1</sup>

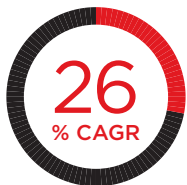
This is good news: by establishing partnerships with carrier-neutral MTDCs early on, service providers can win the bulk of the MTDC's transport business and reduce the complexity of the networks they need to provide to multiple customers. MTDC collocation and the decrease in customer-specific data centers are an opportunity for NSPs to claim fresh, fertile territory for their services.

Understanding how and where MTDC businesses are growing, and what their customers are doing, helps validate investment decisions and market trends. By working with large MTDC businesses, NSPs gain further insight into their market landscapes.

### Forecasting Connectivity Growth\*



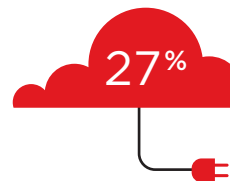
Internet gaming traffic is predicted to grow ninefold from 2017 to 2022.



Worldwide IP traffic growth, 2017–2022

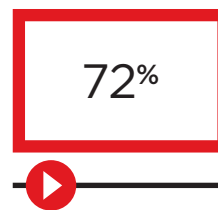
\* Predicted interconnection bandwidth growth capacities are represented as compound annual growth rate (CAGR). Source: Cisco Visual Networking Index: Forecast and Trends, 2017–2022 White Paper, [Get the paper](#).

### Three Typical Colocation Power Users



Cloud traffic is expected to grow by 27% CAGR between 2016 and 2021. It also accounts for 95% of total data center traffic.\*

Mobile data worldwide traffic is predicted to grow sevenfold from 2017 to 2022 at 46% CAGR.\*\*



Content delivery networks are predicted to carry 72% of internet traffic by 2022.\*\*

\* Cisco Global Cloud Index: Forecast and Methodology, 2016–2021 White Paper, [Get the paper](#).

\*\* Cisco Visual Networking Index: Forecast and Trends, 2017–2022 White Paper, [Get the paper](#).

### What NSPs should look for in an MTDC

- Understanding of interconnection patterns within a provider's data center.
- An installed customer base that matches the NSP's target customers.
- Data center locations in the geographic markets needed to support NSP expansion plans.
- Operational scalability to drive ongoing expansion and growth.

# THE FIRST-MOVER ADVANTAGE

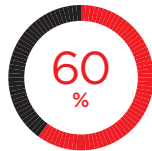
Missing a profitable MTDC opportunity can also mean missing out on lucrative follow-on MTDC sites. By establishing a PoP in a new data center and being ready for its first customers, first-mover NSPs can take advantage of the influx of new companies siting their infrastructure in that MTDC.

Equinix® analysis shows that NSPs with a PoP during an MTDC's first two months capture a disproportionately large share of that facility's customers.

## First-Mover Success Stories



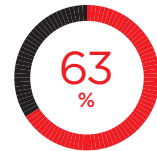
Chicago



Equinix opened an International Business Exchange™ (IBX®) data center in Chicago in March 2010. By December 2011, the nine NSPs that deployed within the first two months of the facility's opening (the "early birds" out of a group of 28 NSPs) had captured 60% of all customer network connections within the facility.



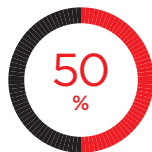
London



In March 2010, Equinix opened a new London data center. By May 2011, the first four NSPs in the facility (out of 40 NSPs) had captured 63% of the network services opportunity.



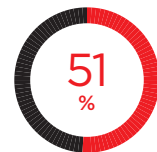
Washington, D.C.



In Washington, D.C., Equinix opened a data center in August 2010. By December 2011, the first four NSPs deployed in the new facility (out of a cohort of 35) captured 50% of all customer network connections.



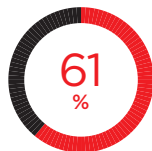
Silicon Valley



Equinix's SV5 IBX data center in Silicon Valley opened in August 2010. By December 2011, the six early-bird NSPs deployed in SV5 (out of a total of 25 NSPs) had captured 51% of all cross connects to the non-NSPs.



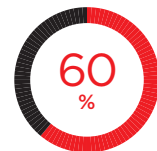
Melbourne



After the April 2014 opening of Equinix's Melbourne ME1 IBX data center, 13 of 22 early NSPs that had deployed in ME1 by March 2016 captured 61% of all interconnection opportunities.



Osaka



The Osaka OS1 IBX data center opened in December 2013. By March 2016, four early NSPs that deployed (of 15 total) had captured 60% of all interconnection opportunities.



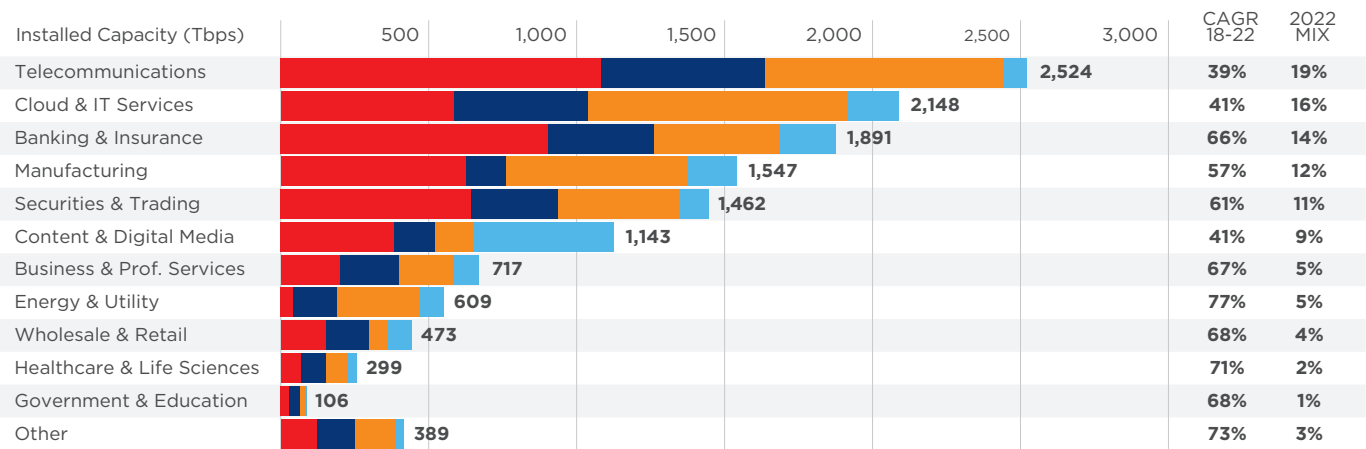
# OTHER SUCCESS FACTORS

Enterprises continue to increase and diversify their interconnection to NSPs as they optimize network topology for digital business. The direct interconnection of enterprises with cloud and IT providers continues to proliferate as businesses leverage hybrid multicloud architectures for digital business scale and agility, as measured and projected by Equinix in the chart below.

## INTERCONNECTION GROWTH

Interconnection enables enterprises to build their digital ecosystem by seamlessly integrating a myriad of service providers and business partners. A measure of the total capacity to do this through IT exchange points inside carrier-neutral colocation centers is called interconnection bandwidth.

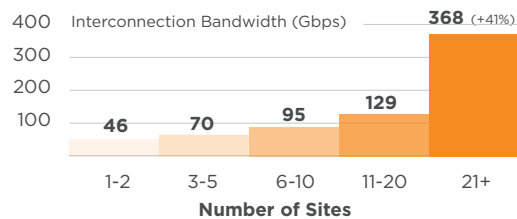
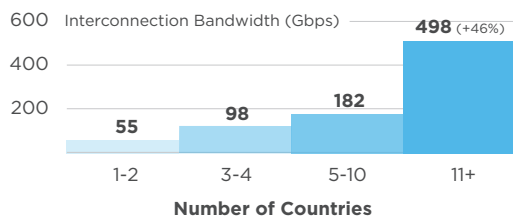
Interconnection Bandwidth by Industry Type\*



\* Global Interconnection Index (the GXI) Volume 3. [Get the GXI report.](#)

Average Interconnection Bandwidth by Geographical Presence\*

For businesses operating in more than three countries, the GXI forecasts a fivefold increase in the interconnection bandwidth required to locally connect data sources and security controls to meet data compliance regulations and reduce cybersecurity vulnerability points.



\* GXI Vol. 3. [Get the GXI report.](#)

# FINDING THE BEST COLOCATION OPPORTUNITIES

To maximize the potential benefits, NSPs should look for the following when deciding which MTDCs to connect with:

- Proven track record of attracting fast-growing new customers.
- Broad geographic reach.
- Operational scale that supports long-term growth.
- Robust ecosystems of partners and providers to accelerate your transformation.

# GETTING THE MOST FROM A DATA CENTER

**NSPs can improve the profitability of their network investment by targeting MTDCs. By providing connectivity to new facilities as soon as they open, NSPs can win the majority of the business in these locations.**

To thrive in a digital world, you need to break through old IT constraints and find, share and deliver value in new ways. With the right research, and by partnering with the right data center providers, NSPs can see increased growth, profitability and customer access.

Platform Equinix® is your global platform for digital business. Throughout our global data centers, come together with the world's largest ecosystems of interconnected partners and providers and globally deploy your infrastructure and services wherever opportunity leads. Directly and privately interconnect to your most important clouds, services and networks. Activate edge services on demand to scale for success. On Platform Equinix, you'll reach everywhere, interconnect everyone and integrate everything you need to create your best future. Get digital ready with Equinix.

## About Equinix

Equinix, Inc. (Nasdaq: EQIX) connects the world's leading businesses to their customers, employees and partners inside the most-interconnected data centers. On this global platform for digital business, companies come together across more than 50 markets on five continents to reach everywhere, interconnect everyone and integrate everything they need to create their digital futures.

[Equinix.com](https://www.equinix.com)

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<sup>1</sup> 451 Research, [Get the report.](#)