

The Perfect Host

10 reasons to run your data centre out of Ireland

As cloud services and big data become more important to businesses, so too does the data centre. At the epicentre of new ways of consuming IT, data centres provide the rack space, connectivity, security and resilience to host business critical services and highly sensitive data.

The decision that businesses have to make is which data centre and where. Choosing the right location has enormous implications: economic, strategic and logistical. Ireland has rapidly emerged as a prime destination here are 10 reasons why:

1 Business focussed

Successive Irish governments and the Industrial Development Authority (IDA) Ireland's state agency responsible for attracting FDI (Foreign Direct Investment) have worked hard to make the country pro business and free from red tape.

Ireland is experienced at creating business-friendly ecosystems and has been attracting multinationals to its shores for fifty years, innovative companies that have established a significant footprint here.

Today, 3,300 foreign-owned companies directly employ around a quarter of a million people in Ireland. They include

- 9 out of the top 10 software companies
- All of the top 10 internet companies
- 9 out of the top 10 pharmaceutical companies
- 8 out of 10 of the largest medical device companies

The country is a good place to do business, politically stable, economically buoyant, and now growing faster than any other country in Europe.

2 Tax friendly

Ireland's corporation tax rate of 12.5 per cent is among the lowest in Europe and continues to be a central pillar in attracting FDI. The Minister for Finance, Michael Noonan, made it clear in the 2014 budget that the policy would remain integral to Ireland's economic strategy: "The tax

rate is settled policy. We are 100 per cent committed to the 12.5 per cent corporation tax rate. This will not change."

Ireland also offers 25 per cent R&D credits to encourage companies to start or expand their R&D activity in Ireland. New companies setting up an R&D operation automatically qualify for the credit on all qualifying expenditure.

In addition, Ireland has an extensive tax treaty network, an attractive holding company regime and generous tax write-off schemes on equipment/software expenditure and acquisitions where intellectual property is involved.

3 Regulatory compliant

Funding for the Office of the Data Protection Commissioner in Ireland was doubled at the start of 2015. The state is ensuring it has a first-rate regulatory and enforcement regime for data protection as the new General Data Protection Regulation is rolled out across Europe.

Helen Dixon, Data Protection Commissioner, said: "It is critical that the Office is fully equipped to play its part in regulating cross-border data flows and ensuring the fundamental right to data protection of all European data subjects is upheld."

For Irish data centres looking to attract overseas companies, a properly regulated, secure and compliant environment, ensures strict adherence to EU requirements. For US companies struggling to appease customer concerns after the NSA spying revelations, Ireland's leading position in data protection becomes a key factor when choosing a destination.

4 Cost efficient

As it emerges from the recession faster than other European country, Ireland is continually improving its competitiveness. Hourly labour costs and inflation, for example, have fallen below the EU average.

Crucial to hosting and data centres has been the competitive pricing of electricity, which is now below the European average. The plan is for 40 per cent of all energy to come from renewables by 2020, ticking the corporate and social responsibility box for many companies with a green agenda.

The International Energy Agency has commended Ireland for the pace it has moved towards becoming a low carbon economy, despite the disruptive effects of the financial crisis: "Ireland has a very proactive energy efficiency policy, which is helping to reduce its carbon footprint in line with the European Union."

5 Geographical advantaged

As the western outpost of Europe, the island of Ireland is a stepping-stone between Europe and North America. Long established as a gateway to 500 million European consumers for US multinationals, there are signs that traffic is heading the other way. A 2014 PWC survey describes how Ireland has a unique opportunity to be a "tech hub" for Central European companies looking to access North American markets.

Another advantage of Ireland's location, on the edge of the Atlantic Ocean, is the weather. It ensures one of the best wind and ocean resources in Europe, according to the International Energy Agency. The government has embarked on a renewable energy feed-in tariff (REFIT) programme to capitalise on the opportunities. Ireland is rated extremely low-risk from the perspective of both natural & man-made disasters.

Irish data centres are already taking advantage of the climate with cool exterior air used to control the temperature on server racks, reducing the need for power-hungry air-conditioning units.

6 Well connected

A public private partnership in the 1990s established a trans-Atlantic fibre optic link between Ireland and North America. From then, strategic infrastructure improvements and the development of clusters have been integral to Ireland's economic development.

One consequence is that the Dublin area has one of the densest clusters of data centres in Europe with over 30

large-scale facilities hosting global operations, including the BT data centre in Citywest.

Global connectivity continues to mature: resilient fibre networks have been built delivering subsea connectivity between Ireland, the UK and mainland Europe; other networks also link the US to Europe through the south coast of Ireland and between County Mayo, London, and America.

7 Talent and skills

Combine a young, highly educated workforce combined with government strategy that aligns third level education to sector-specific requirements, and you create a rich talent pool that feeds tech companies resident in Ireland.

The average age of the population is lowest in Europe at 35. According to the OECD (Organisation for Economic Co-operation and Development), 39 per cent of 25-34 year olds have a tertiary qualification. Ireland also has the highest proportionate of science and engineering graduates of the 34 OECD countries.

US companies are also drawn to Ireland as a European base because it is English speaking. Ironically, because a growing number of companies use the location as a customer service and sales centre, Ireland also attracts a lot of multilingual talent from across Europe. Similarly, engineers and developers have come from all across the continent to advance their careers in Europe's "tech hub".

8 Track record

For over 50 years Ireland has been attracting FDI. Today, six of the top 10 companies have Irish operations (Forbes' list of The World's Most Innovative Companies 2014).

There has been a steady stream of multinationals setting up business here, from IBM in the 1950s to Microsoft in the 1980s and BT in the 1990s, all the way through to Google and Facebook in the 2000s.

Ireland has earned a global reputation by building ecosystems around tech businesses, with pharmaceutical and medial device clusters in Cork and Galway respectively, and the Silicon Docks in Dublin, which plays host to BT, Google, Facebook, Twitter, LinkedIn and Yahoo!

9 Future prospects

In 2014, the economy grew at the fastest rate in Europe and the Irish Central Bank forecast that GDP would continue to grow in 2015 by around 3.3 per cent. The Economic and Social Research Institute (ESRI) forecasts a GNP rise of 4.6 per cent for 2015 and unemployment to fall to an annual average of 9 per cent. 85,000 jobs have been created since 2012.

The ratings agency Fitch upgraded Ireland's sovereign debt rating to A- and observed improved trends in the economy and a recovering banking sector. Export growth and an increasing competitiveness will fuel further FDI investment in Ireland.

With its data centre clusters, Ireland is also in a strong position to capitalise on emerging IT trends such as cloud computing, big data, and the internet of things. A proven ability to attract new waves of technological innovation shows no sign of abating. Research estimates that the market for hosting services in Ireland will grow at a CAGR of 18 per cent through to 2016, outpacing the UK and other mainland destinations.

10 Reputation

In surveys and analysis by third parties internationally, Ireland consistently ranks high as a prime destination for FDI and frequently comes out top.

IBM's 2014 Global Location Trends report ranked Ireland no.1 and praised it for "adding value". Ireland also came out top in the Good country Index, which evaluates wide-ranging criteria that encompasses health and wellbeing as well as excellence in science and technology.

In 2013, Ireland headed up the Forbes' list of The Best Countries for Business and in 2014 was named the best western Europe country to invest in by International Magazine.



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