

Norway is the second-most attractive country in the world in which to set up a data centre, according to a new report. The fibre situation is pretty good as well, say several key players.

(Photo: Colourbox)

DATA CENTRE RISK INDEX 2016

Quashing a resilient myth: Norway's international fibre connections hold up

IT heavyweights can now come and set up data centres in Norway. Everything they need is in place.

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Data Centre Risk Index 2016

The report measures a number of aspects, including the price of electricity (the biggest single expense for data centres), as well as international bandwidth and the ease of actually running a business.

The risk of natural disasters is accorded the greatest weight. Tax level, payroll costs, quality of electricity supply and renewable energy are among the ten factors covered by the report.

Norway has become a much more attractive country in which to establish data centres. This is one of the findings from a report prepared by the global property company Cushman & Wakefield.

The country is actually close to capturing top spot worldwide, coming second only to Iceland in the survey entitled [Data Centre Risk Index 2016](#).

The last time the report was prepared – [in 2014](#) – Norway lay further down the list, in eighth place. The year before that, Norway was ranked a lowly twelfth. Briefly put, the country is steadily moving up the list, buoyed by

factors such as the decision by the Norwegian state to reduce electricity duty. Moreover, Norway has achieved a much better position than previously on the parameter of 'accessible international bandwidth'.

Specifically, Norway has risen from nineteenth to seventh place with regard to the criterion 'International Internet Bandwidth' measured in megabytes per second – without the report explaining precisely why.

digi.no has pinpointed the reason, however, having spoken to a number of key players in the sector.

Drawn to the Nordic region

Gisle M. Eckhoff is CEO of the data centre Digiplex. In his opinion, the excellent position in the survey is hugely positive, and his company has noted an increase in interest among international operators who are keen to find out more about Norway.

“It’s a myth that fibre connections and internet infrastructure in Norway are below par. Of course, the rumour becomes self-perpetuating the more it is talked about. I don’t think it’s been that bad – to a large extent, it has been based on perceptions with no basis in fact,” he said to digi.no.



The international fibre connections from Norway are much better than their reputation, says Gisle M. Eckhoff, CEO of Digiplex.

Photo: Chris

He is not the only one to hold this opinion – which is something we will return to below.

Gisle M. Eckhoff recently participated in a major data centre conference in Monaco. At the meeting with 2,000 other participants, he noted that many of them were interested in the Nordic region and the opportunities that exist there.

“The perception of the Nordic region is fundamentally positive,” says the Digiplex boss.

Coordinated input

Access to renewable energy, more favourable taxation, lower electricity duty and low electricity prices are some of the attractive factors. However, Gisle M. Eckhoff highlights progress in coordination as perhaps the most important improvement to have taken place in the area.

“Previously, each local authority attempted to sell plots of land and power individually, without the work in this area necessarily being coordinated with other players. Abelia, IKT-Norge and Statkraft, along with players such as us and others are now pulling in the same direction when Norway is talked about abroad. In short, we’re coordinating much better than before. The Ministry of Transport and Communications has also made major strides by coordinating internally within the political world, and by working to set up good framework conditions. As a result, both American and Asian companies are starting to look towards Norway,” he says.

Thinks Norway deserves its position



Lower electricity duty is positive, says Knut Molaug of Green Mountain Data Centre. Archive photo.

Photo: Marius Jørgenrud

Knut Molaug is CEO of Green Mountain Data Centre, which has built a giant facility on Rennesøy in Rogaland, and at Rjukan.

[Read about the facility located deep in the mountains in a former NATO ammunition depot in West Norway.](#)

“We’ve been working actively with Cushman & Wakefield (the company that prepares the report we mentioned at the start of the article) for several years. I think that we’re now starting to close in on where we should be,” says Knut Molaug with reference to Norway’s second place in the rankings.

He thinks that there were errors in the survey in previous years, and that Norway is now scoring more correctly.

“A number of the conditions on which the previous surveys were based were quite simply wrong, founded on misconceptions. For example, they didn’t use the right indices for power prices – they simply trotted out old statistics.”

Personally, he is not sure whether the new ranking will give Norwegian data centres or Norway itself any advantage in the context of international competition.

“The role these brokerages play used to be important, but its significance has declined in recent years. I think that the big players pretty much run their own assessments. But the latest survey places Norway higher on the list, which is not a negative development by any means,” adds Knut Molaug.

In this year’s survey, Norway has suddenly moved up to seventh place among the 37 countries included with regard to international internet bandwidth. This is quite a leap from three years ago, when Norway ranked nineteenth.

Knut Molaug believes this is linked to TampNet activating greater bandwidth in its North Sea infrastructure.

Therefore, the next call we make is to TampNet, and sure enough:

They have opened up fibre connections across the North Sea.



TampNet operates more than 2,500 km of submarine fibre cables, as well as radio links and 4G connections in the North Sea. In addition, the company has infrastructure in Houston.

Photo: TampNet

TampNet is the only player with fibre connections across the North Sea, and this infrastructure has now been opened up to the entire market.

Background: [Entices with the option of avoiding Sweden – ready to launch commercial fibre services across the North Sea](#)

“We have appreciable fibre infrastructure in the North Sea, which was primarily used in connection with oil rigs. However, around 18 months ago we made a strategic purchase and suddenly found ourselves with two fibre transfer channels that land in Great Britain, and four landing in Norway. This means that we have a particularly robust infrastructure that has now been made generally available,” says Per Helge Svensson, CEO of TampNet to digi.no.



Per Helge Svensson, CEO of TampNet, thinks it is a myth that Norway does not have sufficient capacity running in and out of the country.

Photo: Press photo

For the same reason, the company has established this as a new business area named 'international carrier' or 'transit'. This business area sells dark fibre both to telecoms operators and directly to major customers, and claims to have received an extremely positive response.

"We're the only company with fibre connections across the North Sea. Our product is unique; while there are many other fibre operators in Norway, they all run their infrastructure through Denmark and Sweden," continues Per Helge Svensson.

He explains that the capacity is almost limitless.

"We provide the fastest connection between London and Stockholm, and between London and Oslo. There are numerous fibre pairs in each cable, so the capacity is limitless, in theory. We can simply add more light and update the equipment at each end. With the current infrastructure, we can cover a large proportion of expected demand for the coming 5–10 years."

In particular, he thinks this is an attractive option for data centres that set up operations in West Norway as it shortens the distance.

He is a little more cagey with regard to just how well this new business area is performing.

"It will come to play a more and more important role for us, however. We have been working solely with this, marketing and technological upgrades of the equipment for a year and a half. The response in the market has exceeded all expectations," says the TampNet CEO.

The company is *not* in negotiations with any of the American IT behemoths at present, as some might think, but Per Helge Svensson does confirm that they are maintaining ongoing dialogue with all relevant operators in this market.

"Largely in the carrier market, and we are also talking directly with a number of major clients who work closely with data centres to ensure diversity. Completely separate, independent channels (otherwise known as 'redundancy' – ed.)," he explains.

Wants to quash the myth



NO STRAGGLER: There is no truth to the rumour that Norway has poor international fibre infrastructure. This is quite simply a myth, according to several of the experts digi.no contacted.

Photo: Erwin Wodicka

Per Helge Svensson has also read the report from Cushman & Wakefield, and says it is only fair that Norway should be placed so high on the list.

“Unfortunately, a number of data centres have put a lot of energy into talking down the infrastructure in Norway. The Norwegian infrastructure is actually excellent. Norway also enjoys a strong position on account of its green power and cold fjords.”

As he sees it, the reason why Google chose Finland, Apple chose Denmark (paradoxically with data capacity supplied from Norway), and Facebook decided to locate its facility in Sweden is purely because the framework conditions were different back then.

“Now that the authorities have eliminated the extra duty on power, we provide the same conditions as our neighbouring countries, in principle. The next time an IT giant is looking to establish a data centre in the Nordic region, Norway may well win that particular competition,” he says.

“Yes, yes, yes. This market is on the move and a great deal is set to happen in the future. The tendency it to make everything cloud-based and huge volumes of data will need to be moved.”

Just like the head of Digiplex, TampNet’s CEO Per Helge Svensson thinks it is a myth that Norway does not have the right preconditions with regard to internet infrastructure running into and out of the country.

“There is plenty of capacity,” he says succinctly.

And it won't be long before there are even more internet connections taking the sea route out of Norway. Read about the ambitious plans for a new transatlantic fibre connection from Mo in Rana to the United States:

This is The Midgard Serpent: [Plans to crush competition with these incredible fibre plans](#)