

Delivering Resources to Enable Growth



“APEX understood the data center industry and what Involta needed to move forward with our project. They assisted us with identifying and meeting local customers, finding the ideal size and arranging an incentives package to help us get established in the region.”

– Bruce Lehrman,
Involta Founder & CEO

Abstract

Leveraging the capacities of public- and private-sector partners, APEX (Area Partnership for Economic Expansion) executed a strategic attraction campaign targeting the data center industry, ultimately bringing Involta, LLC and two state-of-the-art colocation facilities to Duluth, MN.

Overview

In 2005, APEX and its economic development partner and investor, Minnesota Power, identified data centers as a potential target for an attraction campaign because:

- Information technology and data storage needs are critical for compliance-driven corporations, healthcare and educational institutions
- Multi-tenant, carrier-neutral data centers are powerful economic engines because they generate spin-off employment in construction, operations and maintenance, and often catalyze additional telecommunications investment
- The Twin Ports region is an attractive location for a data center because of its stable geologic characteristics and low year-round average temperature
- Attracting a data center facility would represent a monumental step in positioning the regions of northeast Minnesota and northwest Wisconsin as magnets for tech-based business development and industry growth

For these reasons, APEX and its regional development partners set forward an aggressive, sophisticated strategy to recruit a colocation data center to the region.

The Opportunity

Duluth, Minnesota is the world's largest inland port, located on the edge of Lake Superior. Duluth joins adjacent Superior, Wisconsin to form a metropolitan area referred to as the Twin Ports, with a population approaching 280,000. Areas of this size, or Tier II communities, often lack multi-tenant colocation facilities – forcing area organizations to choose between outsourcing colocation needs to other regions or investing considerable capital resources to create and manage their own data centers – which are typically inadequate for regulatory compliance purposes.

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– Don Ness,
Former Mayor,
City of Duluth

As of 2005, the Twin Ports had no multi-tenant colocation facility. Yet the area boasted numerous characteristics that were of interest and value to the data center industry, including:

- Energy savings due to a year-round cool climate
- Reliable and cost-competitive power
- Very low incidence of natural disasters
- Local and state economic development incentives
- Proximity to the Twin Cities (Minneapolis-St. Paul) metropolitan market

In addition, APEX was able to identify multiple tenants with data center needs, including two potential Duluth-based anchor tenants: Essentia Health, a Midwestern integrated healthcare provider, and SISU Medical Solutions, a healthcare IT services provider.

In December 2009, APEX crossed paths with Involta, a growing tech company headquartered in Iowa that fit the criteria APEX was looking for in a data center operator. The company had a strong balance sheet, experienced management team and strategic focus on expansion in mid-sized, Tier II markets like the Twin Ports. APEX and its regional economic development partners leveraged their experience and networks to connect Involta with potential tenants and supply the financial and technical resources to cost-justify the company’s investment in Duluth. APEX worked simultaneously to educate the public sector on the value of having a data center in the community.

The Outcome

After five years of APEX’s focused strategic attraction efforts, Involta made significant investment in the region through new construction and repurposing an existing building. Investments that will continue to have positive economic ripple effects for years to come.

“This project was a great example of private-sector investment in Duluth,” commented Don Ness, former Mayor of the City of Duluth. “Involta’s investment revitalized an existing facility, constructed a world-class facility, added high-paying job opportunities and enhanced our community’s network connectivity and technology infrastructure.”

Involta’s investments and impacts included:

- Construction of a purpose-built state-of-the-art \$13 million concurrently maintainable data center
- Investment of \$2.6 million to redevelop an existing customer-owned facility into a data center that provided an “active/active” environment for the organization and other customers
- Construction of a \$1 million, 144-count metro fiber ring between the Involta data centers to offer customers a resilient, cost-effective solution for an “active/active” environment



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- Construction-related employment over the course of 12 months amounting to approximately 38 full-time equivalent employees
- Direct employment of 10-15 technical employees within one year of operation

Involta CEO Bruce Lehrman expressed great appreciation for the support shown by APEX and its investor-members. "Without the assistance of APEX, St. Louis County and the City of Duluth, it is unlikely this project would have made it out of the planning stage," he stated.

As anticipated by APEX, the attraction of Involta paved the way for additional telecommunication infrastructure investment in the region from carrier companies like CenturyLink and Windstream, further enhancing competitive offerings and lowering the cost of connectivity – positioning the region for continued robust growth in the technology sector and beyond.

"We would probably not be in Duluth if it were not for the help of APEX and their local development partners."

**– Bruce Lehrman,
Involta Founder & CEO**

About APEX

APEX is the private-sector-led business development engine for northeast Minnesota and northwest Wisconsin. APEX investor-members represent some of the most influential companies in the region, with a collaborative approach to promoting sustainable economic growth. APEX attraction, expansion and retention efforts focus in areas including aviation, data centers, manufacturing, professional services and next-generation forest products. Since 2003, through attraction, expansion and retention efforts, APEX has impacted over 4,000 jobs in the region, resulting in an annual regional payroll of over \$163 million and contributing to \$22 million in state and local taxes annually.