

The Des Moines Register

Data Center Company Involta Gets \$50 million Investment

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A Cedar Rapids-based data center company received a guarantee of \$50 million from two investment firms, an infusion the company says will allow it to expand its already growing reach.

Involta, which operates seven data centers in five states, closed a financing agreement Friday with investment firms M/C Partners of Boston and Morgan Stanley of New York.

CEO Bruce Lehrman said the \$50 million represents the largest single investment in Involta since the company was founded in 2007.

Lehrman said the investment would allow the company to become a dominant data center services provider. Involta operates data centers in Iowa, Ohio, Minnesota, Idaho and Arizona. It is currently constructing its eighth in Boise, Idaho.

So far, Lehrman said Involta has received \$29 million of the investment. The remaining \$21 million is available for the company to access as it needs.

Lehrman said Involta's main focus for growth includes building and acquiring more data centers in new markets and developing new services. For example, Involta acquired a company in Boise before building the Idaho data center.

Lehrman said similar acquisitions would allow Involta to expand its reach while using existing infrastructure.

Involta leases storage and cloud space to multiple corporate tenants in its data centers. The company focuses on providing services in "secondary and underserved markets," Lehrman said.

"What's really driving us is more and more organizations are looking to outsource the infrastructure side of their IT," Lehrman said. "Most large organizations want to focus their

people on the core business and outsource the part of the business that doesn't differentiate themselves in the marketplace."

John Boyd, the principal at New Jersey-based site selection firm Boyd Co., said the demand is strong for the types of services Involta offers.

"It's a booming sector within the booming data center industry," Boyd said. "Not every company has the wherewithal, the expertise, the financial resources to establish their own in-house data center."

As the company expands, Lehrman said it also would add more employees, but no specific hiring plans are in place. Involta has about 100 employees now.

Involta is a part of Iowa's growing technology sector, which has attracted three tech giants — Google, Facebook and Microsoft — as well as a slate of local companies.

Lehrman said M/C Partners would place two members on Involta's board of directors, but the company would have no other management changes.

He declined to say how much ownership M/C Partners would have in his company after the investment.