



GLOBAL DATA CENTERS AMERICAS

Groupon: In search of a scalable, customizable, economical data center

Client profile

Groupon is a global leader of local and online commerce that offers consumers a vast e-marketplace of deals all over the world. Groupon is redefining how traditional small businesses attract, retain and interact with customers by providing merchants with a suite of products and services, including customizable deal campaigns, credit card payment processing capabilities, and point-of-sale solutions that help businesses grow and operate more effectively.

Groupon was looking for a data center provider that is customer-focused, with proven capabilities around scale, security, agility, and support.

Summary

When it came time to select the right data center partner, Groupon considered multiple markets. However, it all began with a data center location in Santa Clara in 2011, which Groupon quickly outgrew. Being an e-commerce platform, they had serious **concerns regarding network latency around data and sensitivities around web transactions and content delivery**. With this in mind, they needed to stay on the West Coast to ensure optimal performance, the least amount of latency, and best delivery options, but they wanted to avoid the high prices and earthquake risk of Silicon Valley and the Bay Area.

So, they vetted out Los Angeles, Las Vegas, Denver and Sacramento. Throughout the entire process, they took a holistic approach to selecting the right data center partner. They went through a discovery phase, TCO analysis, recommendation phase, modeling phase, and presented their findings and selection to their C-level executives.

Groupon, expanded its enterprise data center portfolio by contracting for 1 MW of power and 5,000 square feet at NTT's CA3 Data Center in Sacramento.

Vision

NTT's Sacramento CA3 Data Center has 180,000 square feet of space, 14 MW of critical IT power, and 20,000 square feet of customer amenities and Class A office space. NTT's ability to provide **100% availability, dedicated office space, and flexible power ramps** was a large factor in the decision. In their selection process, they saw that NTT consistently put Groupon's needs first and worked to adjust the data center environment to the needs of their ecosystem. Finally, throughout all of the other locations analyzed, Groupon saw that the Sacramento CA3 Data Center was able to support their business architecture, had the right level of redundancy, was able to provide the proper amounts of density, and was able to deliver all of this at a great price. But, it's not just about price – but also value to the business.

Transformation

To make the entire deployment a success, Groupon outlined their most critical points for a data center deployment. When it came to the final criteria and success points – here's what Groupon found:

- Although cost of power was a part of the decision-making process, more weight was

The Groupon logo, featuring the word "Groupon" in a bold, green, sans-serif font.

Why Sacramento?

- **Low-Cost Power:** 40% lower cost of power in Sacramento than San Francisco.
- **Very Low Risk:** There have been no major earthquakes in Sacramento for more than 100 years. It's a separate seismic zone and power grid from the Bay Area.
- **Low Latency Network:** Less than a 3-millisecond round-trip to the Bay Area.

“It was important for us to find a wholesale data center provider that could meet our requirements for scalability, customizable high-density power, cooling containment, ISP neutrality and physical security.”

put on the **cost of rent**. However, even more critical was the requirement of proximity to the Bay Area.

- **Latency thresholds** were a major issue for Groupon. They specifically wanted to minimize the round-trip time from the Bay Area to their new data center location.
- Carrier-neutrality is important from the ISP availability and cost perspective. Groupon sought to **avoid the inherent risk of network outage** when there is a limited number of carriers on site. For example, if the carrier had a maintenance or service outage, Groupon could not have the customer become impacted. It was critical for Groupon to engage with a carrier-neutral site to enable the complete availability of features and functionality.
- Having access to multiple, industry-leading carriers and cloud providers is a huge asset. Groupon was able to **minimize risk and expand global reach** by being given the ability to choose between multiple carriers and cloud providers with diverse routes to the data center. From there, they're able to drive better economics and value granted by competition, and have access to the newest and richest set of service offerings and availability. Ultimately, this results in optimal uptime, enabling the business to stay connected to Groupon's customers.
- Operational best practices and efficiency were also a priority for Groupon. The right data center operator would offer **temperature SLAs and containment** in order to make sure that cold supply airflow is separated from hot air coming out of equipment exhaust. This containment saves money by reducing energy consumption.

Results

Uptime and business resiliency are absolutely critical for Groupon; but so is availability and flexibility of the infrastructure. After the deployment of the data center, Groupon has recognized business and technology benefits that include:

- The ability to afford customers **more availability and access to critical, revenue-building services**. The resiliency of NTT's data center allowed Groupon to grow and deliver more diverse services.
- Groupon was able to go from deployment to service delivery in an incredibly short amount of time. NTT was able to provide the right service and infrastructure that allowed Groupon to **set up their entire ecosystem in 41 days** – as in serving users and delivering applications.
- Operating at 1 MW of power and more, Groupon's buildup time was substantially reduced because of the location and the new infrastructure.
- Finally, Groupon was able to **deliver key components for operation very quickly** because of the Sacramento location.

