TAG Infrastructure Talks – Terry Comer and a Vision for Data Centers and Digital Equity
S01, Ep02

Alan Poole:

Welcome to the TAG Infrastructure Talks podcast. I'm your host, Alan Poole. I'm a partner at Troutman Pepper, and I serve on the board of the TAG Infrastructure Society. I'm really excited to introduce you to my guest, Mr. Terry Comer, he's CEO of a company called ImpactData, which he founded. He's developing a new data center model focused on digital equity and inclusion. Terry, thanks so much for joining us.

Terry Comer:

Thanks for having me, Alan. Absolutely.

Alan Poole:

Great. Yeah. No, I've really been enjoying talking to you these past couple of weeks to get ready for this episode, but for our listeners who were not on those calls, why don't you start us off by telling us about yourself, your story, and how you got to ImpactData?

Terry Comer:

Sure. Happy to. Originally from Columbus, Georgia, moved to Atlanta to go to college-

Alan Poole:

Mm-hmm.

Terry Comer:

First-generation college grad, and went to Morris Brown College here locally, it's a small liberal arts, HBCU. Ended up doing a dual degree program with Georgia Tech so I did mathematics at Morris Brown, industrial engineering at Georgia Tech, and then I was really fortunate enough to gain admittance into Harvard Business School directly out of undergrad. So it didn't work in between. So I was second youngest in my class at HBS, and that kind of started my journey on trying to figure out what I wanted to do in this world.

Alan Poole:

Mm-hmm.

Terry Comer:

And I ended up launching as a independent sponsor, which is a buyout entrepreneur. So I bought my first company when I was 25, a company up in Norcross, Georgia called American Biosurgical. It was a $30 million transaction and really cut my teeth on working in small enterprises. And we grew that business from about 12 million in revenue to about 40 million in revenue.

And after that, I kind of just kept having that entrepreneurial bug with acquiring and building out small businesses. So I've deployed about $200 million in capital as an independent sponsor across four or five different platforms.

And through that journey, I got introduced to a gentleman at a endowment management firm. And at the time this was pre-pandemic pre-social unrest, they were working with Morehouse College.

Alan Poole:

Okay.

Terry Comer:

And so that was kind of the initial kind of catalyst for thinking about ImpactData. But at the time, I was really just trying to be helpful. The college was dealing with some operating deficits, a huge, huge brand nationally and within the HBCU community, but like a lot of HBCUs they've seen a 40% decline in federal aid.

Alan Poole:

Mm, wow.

Terry Comer:

And so we were trying to think through and be creative around how to create recurring revenue streams to offset tuition declines. And so that was really the genesis of how we got started with ImpactData. Ultimately, it was a mechanism built out of necessity. There's a limited number of products that you can bring onto a collegiate campus, you've got student housing and parking decks and hotels, and so we were trying to be thoughtful around what could you bring that drives meaningful revenues, but also doesn't strip the college of its academic purposes and mission. And so with those things that I just mentioned, a lot of those don't have academic components. And so we had to create a new model and that's where we came up with the Dream Center.

Alan Poole:

I see. Tell me what the Dream Center is.

Terry Comer:

So the Dream Center is a combination of a co-location data center, tier three co-location, with digital learning spaces as kind of annexed onto the platform. And so we have about 60% of our space is a data center and about 40% is digital learning spaces where colleges can really advance student learning, really prepare the next generation of diverse digital talent. We also incorporate upskilling and this idea of really repositioning HBCUs to become the technology beacons in the communities that have hosted them for a hundred plus years. And so now corporate partners can now come in and migrate their workloads, be close to interconnection hubs-

Alan Poole:

Mm-hmm.

Terry Comer:

... in these major edge markets, but also be able to really future-proof their access to diverse talent.

Alan Poole:

Mm-hmm. So the training component... Well, let me back up a minute. Is the education component, was that necessary to get the colleges' sign-on, or was that just part of the model? We'll go into why the many reasons that's a good idea, but I'm interested in the process of how you got the sign-off on Morehouse or your model to-

Terry Comer:

Sure. P.

Alan Poole:

... put a data center on a college.

Terry Comer:

Yeah, really the first one was around revenue generation-

Alan Poole:

Yeah.

Terry Comer:

... and being intentional about how do we create a public-private partnership where... in a lot of cases these colleges have, if you're not a land grant institution, some HBCs are.

Alan Poole:

Ah.

Terry Comer:

But a college like Morehouse is, for the most part, landlocked.

Alan Poole:

Okay.

Terry Comer:

They've got a limited real estate portfolio. And so public-private partnership has become a great mechanism to be able to create recurring revenue streams, as well as new facilities and amenities on these campuses, where we come in with our balance sheet to design, build, bring those development resources to these underserved communities and take that burden off of their shoulders.

So we really started with just a blank sheet of paper and kind of started with the idea of the data center. At the time Georgia Tech was coming online with their CODA model as well-

Alan Poole:

Right.

Terry Comer:

Through DataBank.

Alan Poole:

Mm-hmm.

Terry Comer:

And so we were able to take some elements from that, and we added to it. From our perspective, we didn't believe that we could just be another market rate data center and compete effectively in the open markets. It's very competitive, especially here in Atlanta. And so we wanted to create a very unique value proposition that operated as a differentiator. And we knew that companies, the Cokes, the Deltas, even the hyperscalers are in dire need of being able to solve this problem of closing the digital divide.

Alan Poole:

Sure, sure. So let's talk about the training component for a minute because I'm aware of a serious drought of trained talent to work on digital infrastructure.

Terry Comer:

That's right.

Alan Poole:

So not only are you providing a pathway for this, but for also diversifying the workforce.

Terry Comer:

Absolutely. And so we do that in two ways. So one will be through the student population at the HBCUs who, in a lot of cases, may be focused on non-technical degrees. Well, now they can get certifications to be able to code and to be able to drive data science and those sort of in-demand career paths.

Alan Poole:

Mm-hmm.

Terry Comer:

And so you make them more marketable. You also have the adult education component where we're really upskilling, and in some cases, you're reskilling, right? Some folks that want to be career changers, they're tired of being in their previous career paths and they want to do something that's more exciting.

So we have those components, but to your point around the specific digital infrastructure workforce challenges, we're also going to incorporate data center academies-

Alan Poole:

Mm-hmm.

Terry Comer:

... within our program. And so we're talking to some hyperscalers as far as providing decommissioned server equipment so that students can train and really have this mock data center within our data center.

Alan Poole:

Uh-huh. Oh, that's very exciting there. That reminds me, I'd drive on College Avenue sometimes and see the old AT&T power pole training ground so-

Terry Comer:

There you go.

Alan Poole:

This is the modern version of that.

Terry Comer:

That is right. That's right.

Alan Poole:

That's great. So let's talk about the data center business a little bit. You're in the early stages of the life cycle of developing a data center. Can you just tell us a little bit about your experience with that life cycle, where you are now and-

Terry Comer:

Sure.

Alan Poole:

... where you're going?

Terry Comer:

Yeah, we picked a fantastic time to enter into the data center market with the post-pandemic or current in the pandemic-

Alan Poole:

Mm-hmm.

Terry Comer:

... it's challenging with construction costs and labor increases for sure. So we really started at a point of thinking about how much land do we have, first and foremost, and where is the land?

Alan Poole:

Mm-hmm.

Terry Comer:

What's our pathway to reliable power?

Alan Poole:

Yeah.

Terry Comer:

What's our pathway to connectivity and these on-ramps. And so for our first project here in Atlanta, I think we're very fortunate. We're going to be a mile, maybe a mile and a quarter away from the local internet exchange on 55, 56 Marietta. So when you talk about latency speeds and that sort of thing, we're in a prime area.

In some cases, there certainly will be primary workloads that will be housed there, but we also really look at it as kind of a disaster recovery node-

Alan Poole:

Okay.

Terry Comer:

... and setting these nodes up across the country in key markets.

So the first step we overlaid where HBCUs were-

Alan Poole:

Mm-hmm.

Terry Comer:

... and where we felt that there were attractive opportunities to build out the edge.

Alan Poole:

Mm-hmm.

Terry Comer:

And so our deployment sizes are between 7.5 And 10 megawatts.

Alan Poole:

Okay.

Terry Comer:

Kind give you some scale there. So then we started looking at electrical topology, and we brought in a couple of partners to help us think through that. I've never built a data center, right? My partner hasn't either. So we've surrounded ourselves with an ecosystem of world-class partners to help us to develop and design. So we've got Whiting-Turner on as our general contractor, Corgan on as our lead design and architectural firm. We brought in MGAC to help us to drive construction management and operate as our owner's rep.

And then lastly, we kind of put the last leg of the stool together with our partnership with DigitalBridge, which is the world's largest digital infrastructure fund. They own Vantage data centers, they own DataBank, they have over a hundred data centers globally, they own and operate a couple hundred thousand route miles of fiber through-

Alan Poole:

Mm-hmm.

Terry Comer:

... their partnership with Zayo, several hundred thousand small cell towers. And so we've really, really elbowed our way into this ecosystem and now we have this unique element of partners who can help us to figure out how do you build this in a way that corporate partners are going to be excited about?

Alan Poole:

Mm-hmm. So you'd mentioned that you're still about, what, five years away from the data center itself being deployed?

Terry Comer:

No, we're earlier than that, for sure. We started this three years ago-

Alan Poole:

Uh-huh.

Terry Comer:

... so we've done a tremendous amount of work. We've been very reluctant to just make huge announcements, and so we've been building these partnerships. We've got several Fortune 100 partners that we've been engaging with on potential migration of workloads, potential workforce part... upskilling partnerships, and so we want to make a huge, huge announcement at the appropriate time. But I'd say we're probably closer to about 24 months out from actually having a groundbreaking ceremony.

Alan Poole:

Oh, sure.

Terry Comer:

So we're starting schematic design here in the next couple of weeks with our first host HBCU partner in Atlanta.

Alan Poole:

Mm-hmm.

Terry Comer:

Very shortly thereafter, we'll be in schematic designs in North Carolina at a second HBCU, and then we're building a land bank of other HBCUs around the country so that as we perfect this model, we'll be able to accelerate and move a little bit faster.

Alan Poole:

That's very exciting. So I wanted to turn to the concept of digital equity because, to me, that's been a concept that was kind of an afterthought until the pandemic due to a number of factors, I think-

Terry Comer:

Yeah.

Alan Poole:

... not just the pandemic, but some but very, very much tied to the pandemic. It has moved up in terms of primacy for policymakers and for industry leaders.

Terry Comer:

Agreed.

Alan Poole:

I would love to get your perspective on what does digital equity mean to you and has that changed now that the pandemic has driven people home and made a huge increase in the need for reliable and video grade, at times, connectivity?

Terry Comer:

Yeah. It's a lot to unpack in that, right? You typically kind of look at digital equity across the country and you have a lot of focus on rural areas, right?

Alan Poole:

Yeah.

Terry Comer:

And one of the things that drew pause for us is, I think, a lot of folks just don't quite realize the number of connectivity deserts in metro and urban markets.

Alan Poole:

Mm-hmm.

Terry Comer:

And so when we look at kind of the cross-section, you've got a hundred plus HBCUs across the country and about 40 of them are in what we would call NFL markets-

Alan Poole:

Mm-hmm.

Terry Comer:

... which is a pretty large percentage. And so a lot of them are so much further behind from a connectivity perspective than their non-HBCU peers. Most of the schools that we're talking to, one of them is one of the largest HBCUs in the country-

Alan Poole:

Mm-hmm.

Terry Comer:

... they're not on internet too, they don't have connectivity-level research capabilities. And so a part of our mission is to be able to eradicate and power up these technology deserts.

And so that's one component. The second component is just the general community.

Alan Poole:

Mm-hmm.

Terry Comer:

One number always to toss out is a third of Black Americans don't have access to affordable high-speed broadband.

Alan Poole:

Mm-hmm.

Terry Comer:

And so you're like, "Wow." You look at all of the dark fiber paths, if you can actually see the routes-

Alan Poole:

Right.

Terry Comer:

... they're running through the neighborhoods, but they're not lit up because the retail operators don't believe that they can make a return for a hundred dollars a month in gigabit download speeds.

And so how do we address that? Well, a lot of the Digital Infrastructure Expansion Act funds that are coming through again are being earmarked for a lot of the rural markets, and we've got to be able to address these densely populated areas in our cities. And so a part of bringing Dream Centers into play is, when we bring a hundred gigabyte download speed onto Martin Luther King Boulevard or Martin Luther King Drive, we can run fiber to the premises of homes.

Alan Poole:

Mm-hmm. Wow.

Terry Comer:

We can be the beacon that brings outdoor 5G local area networks to those outdoor areas and communities so that folks have access to basic needs. If you think about it, I think we've all kind of talked about connectivity is now utility, right? And so there's basic needs there for telehealth and tele-education. And so there's a lot of creative things you can do when you start thinking about digital equity going forward.

Alan Poole:

Mm-hmm. You mentioned that you see corporate partners being interested in that, that to me seems like a long time coming of finally rubber hitting the road in terms of diversity equity inclusion efforts-

Terry Comer:

Yep.

Alan Poole:

… to actually work on the workforce that they have in a real way. I'd really like to start looking towards the future as we sort of kind of look towards the end of this episode. I think you're in a space where you are full speed ahead to start deploying soon, but what do you hope to see in the next 5, 10 years? What's your dream?

Terry Comer:

Yeah. The exciting part is imagine seeing this level of infrastructure where innovation and ideas collide inside of the HBCU campus-

Alan Poole:

Mm-hmm.

Terry Comer:

In Atlanta, the partner we're working with, they've had a curriculum for innovation and entrepreneurship for over 15 years and they'd never had a place to house the program.

Alan Poole:

Oh, wow. Okay.

Terry Comer:

And so these sort of academic spaces are paramount to being able to drive advanced student learning. And so for me, a big part of it is kind of seeing that vision of corporate America being more intentional in their partnerships with HBCUs-

Alan Poole:

Mm-hmm.

Terry Comer:

... and not being so transactional to come in to just get the best and brightest of the talent, but how do we drive and push forward the community as a whole. And in doing so, we solve all of the problems that we have around... II think I saw a number with Microsoft saying there's going to be 13 million digital jobs over the next 5 years. And they're going to mostly lack diversity.

Alan Poole:

Yeah.

Terry Comer:

And when you lack diversity, you lack the diversity of ideas-

Alan Poole:

Mm-hmm.

Terry Comer:

... to be able to advance society. And so we're going to be able to bring that infrastructure and those resources where the training grounds are going to be within the Dream Center-

Alan Poole:

Mm-hmm.

Terry Comer:

... and you're going to be able to see this vibrancy of energy and activity when you walk into the space, it's not just going to be, "Hey, come take a tour of the data center." No, we're going to take you and show you the students touching your web applications, we're going to show you how students are touching your web architecture, and how they're working on NextGen applications for your business. And that's the excitement that I have, and then being able to develop that in multiple markets.

And so over the next 5 to 10 years, we envision deploying a billion dollars of digital infrastructure on the campus of HBCUs, which would ultimately become the largest private investment in the history of higher education, and for sure within HBCUs. So it's a pretty big deal to be able to execute on this vision.

Alan Poole:

Yeah. From my perspective, it's really exciting and I'm really looking forward to tracking this and seeing all the great announcements you're going to make. So let's talk about what do you see as your biggest challenges to realizing your goal?

Terry Comer:

I think there's probably two big challenges. The first one is we're looking to start construction in a period where the supply chain is just completely out of whack, right?

Alan Poole:

Sure.

Terry Comer:

We're going to ultimately probably have to buy and procure all of our equipment up front so at least we can eliminate the variable of access to talent to actually construct, right? As long as we have equipment on-site, we can get the crews out and not have work stoppages there, but it's challenging from a cost perspective. We're building smaller data centers on these campuses. Most data center operators are trying to go bigger, right? That first megawatt of power that goes in the ground is very, very expensive.

Alan Poole:

Mm-hmm.

Terry Comer:

And so you see folks that are trying to deploy 20 megawatt data centers, and so they want to get their cost per megawatt down to $8 million of megawatt.

Alan Poole:

Okay.

Terry Comer:

We're going to be a little bit higher than that because of how our model is set up. And so we've done some creative things to be able to offset and lower cost to capital through incentives and federal grants, et cetera, to be able to normalize that some.

But the other big challenge is once we are operational and we can do tours and we can have people come and see these facilities, the big piece is making sure that corporate partners don't see a data center on an HBCU campus likely the only minority-led and controlled data center operation as inferior.

Alan Poole:

Mm-hmm.

Terry Comer:

We've brought in all of these partners to help stand us up and give us that sprint out of the gate, right? And we're having to borrow folks' credibility, that's really how it's going to come to this point. But ultimately, we need folks that come in, see the quality of the data center, see the quality of the team, and understand that our mission is pretty significant. And if we're going to close the digital divide, we've got to do it together, it can't just be nonprofits that are out there trying to figure out how to get folks advanced training and certifications, corporate partners have to lean in, and it starts with creating revenue streams back to the HBCUs, driving financial sustainability so that they can be the ones who are teaching and pushing forward in these communities that have the talent that we all need.

Alan Poole:

Mm-hmm. So are you seeing some forms of unconscious bias with your corporate partners, even when they're kind of initially got their foot in the door?

Terry Comer:

Yeah, we have. We've had conversations with Fortune 500 partners that would ask us, "Are you going to have security in your data center?" right?

Alan Poole:

Wow.

Terry Comer:

It's kind of like the most basic of questions and I don't know if we should take it as an insult or not, but we're committed and we're staying and we're persevering, right?

Alan Poole:

Mm-hmm.

Terry Comer:

We've been working on this for three years and we've got some big people behind us that see the vision, see the opportunity. We have to get this done. We have to be successful. There's a lot of folks counting on us to be successful.

Alan Poole:

Right. Right. Well, Terry, this has been a great conversation. Any closing thoughts before I sign us off?

Terry Comer:

Yeah. No, first of all, thank you for the opportunity to be able to share our platform.

Alan Poole:

Absolutely.

Terry Comer:

We wake up every day and we run through these walls to be able to bring this concept of data for good.

Alan Poole:

Yeah.

Terry Comer:

Right? And so when I kind of think out, "What's going to make us the most successful?" and ultimately, it's not leasing up 7 or 8 megawatts of power, right?

Alan Poole:

Mm-hmm.

Terry Comer:

That's kind of the low level of the goals. But I think if we can look back 7 to 10 years and we've trained and staffed a thousand local residents in each of our markets, that's going to be the emphasis for success in my eyes. And so I think we're well-positioned to do it, we've got the team to be able to achieve those sort of aggressive and ambitious thresholds, and we're just excited and hope that the city of Atlanta and other cities around the country will not just cheer us on from the back, but also be holding our hands across the finish line.

Alan Poole:

Are you seeing or feeling out good buy-in from state and local government so far, has that been up to what you would expect?

Terry Comer:

It has. I think that the problems that we're solving inherently and how we do business-

Alan Poole:

Mm-hmm.

Terry Comer:

... are the problems that our local city and state stakeholders are looking to address as well. And it's at the forefront of all of their conversations and all of their campaigns around creating digital equity and access to affordable broadband so that folks can really compete and get the training that they need to be able to earn higher wage jobs. A lot of times we talk about affordable housing, right?

Alan Poole:

Mm-hmm.

Terry Comer:

But in a lot of cases, that's needed, but in a lot of cases, we also just need better paying jobs so that we can get regular housing.

Alan Poole:

Sure.

Terry Comer:

And so this is front of all of the conversation that we're having with our representatives.

Alan Poole:

Great. Great. Well, I really enjoyed this conversation.

Terry Comer:

No, I appreciate it. Thank you for having me again.

Alan Poole:

I really appreciate your time, coming to talk with me and we can't wait to put this episode out and I really can't wait to see what ImpactData has to say when the big announcements start coming.

Terry Comer:

Absolutely. You will be one of the first to know, Alan.

Alan Poole:

Oh, thank you so much.

Terry Comer:

Absolutely. Absolutely.

Alan Poole:

Well, thank you for joining us at the TAG Infrastructure Talk podcast. This was a great episode. If you want to hear more, make sure to subscribe to our podcast on your podcast listening application of choice and follow both TAG the TAG Infrastructure Society, and Troutman Pepper on LinkedIn for more great conversations like this. Thanks.