

# Inside Data Centre Podcast.

**WITH ANDY DAVIS**

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## Title

Craig Eadie, MD Straightline Consulting: European Expansion

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## Transcript

This is the Inside Data Centre podcast. We talk to the people who power the data centre sector to give you insider info on everything happening in DC today. Here's your host, Andy Davis.

Andy Davis

Welcome to Inside Data Centre podcast. Today I'm joined by Craig Eadie, Managing Director at Straightline Consulting. Good morning, Craig.

Craig Eadie

Morning Andy, how are you?

Andy Davis

I'm well, thanks. Great to have you back on.

I was looking back, September the 25th, 2020, which strangely enough is my birthday, September the 25th. So I released your first episode on my birthday four years ago, which seems mad.

Craig Eadie (0:52 - 0:54)

Seems like 10 years ago in some ways, doesn't it?

Andy Davis (0:54 - 1:11)

I know, it's crazy. And obviously a lot has happened since then, which is why it's good. It's always good to do these episodes where you kind of have a bit of a look back and an update on where everyone's at.

So before we go into all of that, do you just want to give a quick introduction for anyone that doesn't know who you are, sort of what you are and what you do at Straight Line?

Craig Eadie (1:12 - 2:08)

Okay, so I'm Craig Eadie, the Managing Director of Straight Line Consulting. We founded the business six years ago, this coming September actually. We provide commissioning management and agent services across Europe and the Middle East.

We're also sort of dabbling with some projects in America at the moment. We're currently running around 50 staff and we work probably 70% predominantly of our turnovers in the data centre space. So we work for three or four major data centre providers.

Obviously, I can't name all of them at the moment, but we're very active in France, Italy, Spain, Norway, Dubai, and then obviously the London and sort of surrounding markets in London. So yeah, we use a software platform called Facility Grid to deliver our projects, which is a very strong and powerful platform. But really, our people are our product. And we're very, very blessed to have a fantastic team of people around us.

Andy Davis (2:09 - 2:39)

Definitely. And one thing I wanted to touch on was normally at this point, I'd ask you how you started your career, but if anyone wants to know that, they can go back to the previous episode. But like we just said then, it feels like 10 years and feels like yesterday in the same point when I look back on our previous conversation, but so much has happened.

And I think that's the biggest challenge of this sector is so much happens so quickly. But what are the main challenges you've seen in the last three years since we previously had a conversation?

Craig Eadie (2:40 - 6:28)

Yeah, I mean, obviously the technology's changing considerably every week, every month, every year at the moment. And I think we're really seeing a huge growth in the area in terms of technology, not just in the way that buildings are constructed, but also the technology inside the buildings. Obviously that's been hugely impacted by AI, which is just blown up completely, I think bigger than probably anyone actually anticipated.

And also the cloud services, the cloud services are just getting bigger and bigger and bigger with online shopping and obviously video streaming, et cetera. But of course that's bringing along its own problems. And we're very active in the sort of flap regions or flap M, the M being Milan, which has proven to be one of the fastest growing areas in Europe at the moment.

And I think we're still seeing the skill shortage across the industry, sadly. And I think it's great to see people like Richard Irwin and yourself with the Gen Plus stuff and you with your data centre club trying to get young people into the industry, but we're still seeing a problem with that. And I think we've got a commitment to bring graduates into the business and we've continued that commitment.

In fact, Ms. Soppe, who I think had just taken on actually when we spoke last time as a graduate from Australia University, Ms. Soppe stayed with us for about two and a half, three years. He's now working for Arup, which is fantastic. And I remember when he resigned, I think he thought I was going to be really upset, but I was actually really proud of him because I said, fantastic, we've done our job, we've done our bit, we've given you the ground and you're now going on to work for a global company like Arup.

You'll come back probably at some point, but go away and do the corporate thing and work for a big organization. And I still mentor Ms. Soppe to this day. We have a call every month and we talk through stuff and he's doing absolutely fantastic.

I couldn't be prouder of him. And to know that we brought that person into the industry and gave back is really good. And I think more people need to do the same.

But of course, alongside that, we're seeing huge issues across Europe at the moment with demands on power. Everyone's trying to build at the same time. That's causing huge impact on the grid.

Everyone's trying to get clean power. And then it's also we're finding the public perception of what a data centre is and the energy usage and energy consumption. And I think it's a very difficult space at the moment in so much as the public don't necessarily know what a data centre is.

I mean, time and time again, people ask me and they probably ask you, what do you do? And you try and explain it and you try and explain what the cloud is. And then people get it once you say, well, on your phone and stuff.

But they also have an image mostly done by the press, particularly The Times and Daily Mail and people like that, that data centres are bad. And they're not. If you look around, a lot of data centres now are rejecting the heat that they're producing into local swimming pools, local district heating systems.

One of the data centres we just delivered in Paris actually provides all the heat for the aquatic centre for the Olympics, the upcoming Olympics in the summer. But people don't see that. They only see the opposite side of things.

So I think as an industry, we need to be far more open and honest about the power that's being used. Let's not beat about the bush. They are power-hungry machines, but they also bring a lot of benefit to the world as well.

So I think you've got to try and get that fine balance. And it's just education, isn't it? So all it is education from the schools right the way through.

And I think the last time we spoke as well, I'd spoke about doing, I think I'd done atalk at my son's school previously about data centres and stuff. So I think just getting more and more of that out and about in the public domain would be much better for everyone. And also reminding people not to leave just Netflix running in the background when you're not watching it, because actually you're just burning loads and loads of energy, not just in your own house, but actually in a data centre somewhere.

Andy Davis (6:30 - 7:13)

Yeah, no, interesting points. And I think a lot of it, I was thinking about it while you were talking, falls back to us being on the front foot, doesn't it? With talent, it's massively important that we're on there, we're proactive.

We're trying to attract these people in at a young age and selling the sector better. But then the public perception is the same thing. I find that a lot of the time we're reactive to the negative media rather than proactive, rather than selling the stories of the good work we're doing, we're always responding to something that's been printed.

And we're all the same individually, aren't we? If someone says something, we get aggressive, we get angry, that's not true. Whereas really we need to be showing the positive before we're having to react to the negative.

Craig Eadie (7:13 - 7:51)

Yeah, and I think a lot of the big data centre providers are getting really good at it now. They're getting good at giving themselves good press. But I think in the past, because it was always sort of cloak and dagger, oh, what's that warehouse over there?

Oh, nobody knows what's in that building. And they're actually become a little bit more open about this build, here's our new project, photographs of the projects and stuff like that. And I think that can only be a good thing.

People need to know that that building is a data centre and I just think as an industry as a whole, we need to maybe shout a bit louder about the good things that we do. And so the press can stop giving us such a bad name, really.

Andy Davis (7:51 - 8:19)

Yeah, it's interesting, on the hyperscale point, I always tell this story, but about five or six years ago when I started posting more regularly on LinkedIn and I would share articles I found about a new hyperscale project. So building somewhere in Europe, one of the major customers, and I once got a phone call from their PR department asking me where I found the information and to take the post down. And I had to explain to them that it was someone else's article and I was just sharing it.

It wasn't me.

Craig Eadie (8:20 - 8:21)

It was probably made already, yeah.

Andy Davis (8:21 - 8:44)

Exactly, but it's gone full circle now. Now I get phone calls from them before they're releasing the articles, asking me to share the articles when it is released. So that gives you the idea of how the perception has changed.

I think a lot of it's out of necessity rather than they want to do it, but it does give you that example of how their view is changing now about how they're perceived, whereas before they just didn't want anyone to know they even existed.

Craig Eadie (8:44 - 9:29)

I think especially in the UK, I mean, I know, for example, in Scotland, they're trying to actually get a big data centre market off the ground in Scotland and it's the public perception and the local councillors. I mean, there's a few sites in Scotland that I'm very familiar with that could be fantastic data centre sites, but they're looking at it from an employment perspective, not the jobs that it creates during construction, but after that event. Because I mean, obviously, you know, a huge data centre might only have 30 people working in it at any one time.

Okay, they're on a 24 hour shift rotation and stuff, so the jobs it brings to the community isn't great. But if they can look at the energy schemes like we just spoke about, where they're rejecting the heat into local swimming pools and local schools or local council office buildings, but they're just not selling that story well enough, you know, it's frustrating.

Andy Davis (9:30 - 9:51)

Yeah, it is tough, I do agree. And it's on us in these conversations to help highlight it as well, isn't it? Which will create the change.

From an organisational perspective as well, I know a lot's happened with your company. You gave us a really quick intro earlier about how you've developed and how you've grown, but the evolution of Straightline, how's that been over the last three years?

Craig Eadie (9:51 - 11:39)

I mean, it's been incredible. It's hard to believe how much we've grown since then. I mean, I think you're based near Sussex.

We won international business of the year in Sussex a couple of years ago, which was amazing. I didn't expect to win that, but we did, first entry we did for an award and we won it. The business has grown sort of three, fourfold now since we last spoke.

So like I said, we're up around sort of the 50 people mark. Revenue's sort of been consistent as well in terms of growth and our staff levels have gone up. But what we've really seen is we've got about a 97% repeat business and that's fantastic.

And that's really just down to the fantastic team that we've got. We're always reviewing, assessing and improving on what we deliver and how we deliver. And we can always try and be a little bit better.

And listen, we all make mistakes and we've had some really challenging projects over the last two years, believe me. Really tough jobs, but we've got through them and we've learned from them. And obviously we want to try and make new mistakes because we're going to make them, but let's make new ones.

And I think we're also seeing like, we were talking about AI earlier on. AI is actually having a big impact on the industry in terms of how we can become more efficient as a business as well. So we've got an AI committee within the business now.

It's four or five people. And they're actually looking at how we can adopt AI into our business to actually make us more streamlined. And when I say more streamlined, I don't mean cutting jobs.

I actually mean us being able to win more projects because we can deliver for a better value with the same number of people. I think you can probably, if you've got 50 people in the business, you can deliver the same amount of projects as a company that may have 70, just by better use of AI. So I think it's something I'm quite passionate about now and we're working quite hard on it in the background.

And I'm looking forward to seeing the results of that going forward.

Andy Davis (11:39 - 12:06)

Yeah, I recorded an episode yesterday with Dave Mitchell from XYZ. We had a really similar conversation about AI and tech and how it's gonna make us all better, really make us all more efficient. And I see it similar to you as a massive value add to myself to make my time more efficient, utilise me in the areas I should be doing rather than the administrative functions or the support functions that we all have to do.

So yeah, it's gonna be a game changer.

Craig Eadie (12:06 - 13:39)

I was hugely skeptical of it, I must admit myself. And I went to, I'm a member of Vistage, which is like an executive coaching group. And they brought in a speaker at one of the events to talk about AI and how you can bring AI into your business.

And I was naive if I'm honest with you. And I sort of came away from that thinking, oh my God, this is actually so much more powerful than I realised in terms of how you can be more

efficient and better at your job. And they were teaching us in this meeting how to create bots and all this.

I mean, and that's like way above my pay grade normally, believe me. And I found it fascinating. And I've been raving about it ever since.

People are probably fed up hearing me talk about it now. But I think if we can get the right people into the business and use that knowledge that they have, and listen, it can be anyone from an office administrator who just happens to be really into that kind of thing to one of our top engineers. It's not really necessarily all about having knowledge of computers.

It's just thinking outside the box and like, how can I use this platform here to write a job description for me or produce a letter or produce a standard index for a document, a specification that I'm trying to write? And just those little things. I had a client call me this morning, funny enough, looking for a commissioning strategy and plan for a pharma project.

And I said, well, have you tried using AI? He went, what do you mean? So I explained to him, I went, oh, that's a great idea.

I'll give that a go. So I think we just all need to maybe and I think we're of a certain age where you kind of, unfortunately, we're

getting old now and we're not quite as sharp as the younger people, which is great in some ways.

Andy Davis (13:40 - 14:17)

Yeah, it's one of those, I think, either get on the bus or get left behind, isn't it? It's as simple as that. And I heard yesterday, Sam Altman has got a bet on with some people that of when the first one person company will reach a billion dollars in revenue based on utilising AI.

So if that's what's coming, then we certainly need to- My God, that'd be great, wouldn't it? Be partaking in it. Geographically, another huge change that I've seen, especially in Europe over the last three years, and obviously also you're moving to the Middle East, you know, another region that's really booming.

What have you seen from a geographical perspective if we go back to 2020 to now?

Craig Eadie (14:17 - 16:25)

Yeah, I mean, obviously in 2020, I think when we spoke, we were working in Germany at the time. We were working in London, obviously being our sort of main market at the time. And I think we were doing some projects where we were working in France.

I mean, now we're doing a lot in Italy. We've recently established in Spain and we're picking up, we've got a few projects running in Spain now. We've also just moved into Portugal, which is an exciting new market.

And I've yet to go over there, actually. It's literally, they only broke ground a few weeks ago. But interestingly, that's a modular data centre that's been built in Germany and then shipped to Portugal.

We've done a few of those now and we can come onto that later. We've also been working in Dubai. We also delivered a project in Tel Aviv.

We did some data centres there. That was a very interesting place to work and the challenges that that presented because it was kind of, Israel's very much like east meets west in terms of the construction and the quality and stuff like that. So it was very, it was kind of like doing a project in Dubai 10 years ago in some ways.

Dubai now is absolutely fantastic. You know, I mean, I've been working in the Middle East for 20 odd years and 20 years ago, the quality just wasn't there. Now, you know, I walked around the data centre there last year.

It was fantastic. You know, and equally all over Europe, actually. You know, I walked around the site in Spain last week.

I went to Madrid and the quality was exceptional. You know, absolutely on par with anything I've seen anywhere. You know, and I think all these countries and the quality is being brought up all the time.

But I think the market for us, predominantly now, we're seeing Italy, France, Spain, Norway, Germany, the usual areas, really. I think Portugal is going to become a big market. And yeah, it's just continuing to grow and grow.

I mean, obviously the edge data centres are bringing a different perspective. So they're closer to the door, so to speak. So you're seeing a lot of data centres popping up in Vienna and Austria and places like that now.

I think Poland has always been a pretty big market, hasn't it? And so, yeah, I just, you kind of wonder when it's going to stop, but it's not going to stop, is it? It's just going to keep going.

Andy Davis (16:25 - 16:57)

No, it's exactly that. I remember going back to a similar time, I started putting dots in the map of where we'd recruited people and I gave up because it was just, just cover the map now, don't you? That's how the market's changed.

Like it seems, even now, when you talk about the flat markets or flat D or flat, whatever it is, it just, it's everywhere now. Like those markets are obviously still there, still huge, but the demand is across every region in every geography as well. It's crazy how much it's scaled.

Craig Eadie (16:57 - 17:37)

Yeah, I mean, I think we're also seeing more and more landing stations now as well. You know, we did a landing station in Italy last year. We're currently working on one in France, in Bordeaux.

And obviously, as soon as you get a landing station, a lot of the customers will start coming around it very, very quickly because they want to be the closest, they want to be on the cable, so to speak. And I think that we're going to see more and more of that. If you look on LinkedIn, the subs are pulling in cables all the time now, you know, and whereas years ago, there was only so many cables coming across the Atlantic and stuff.

And it was, everyone was fighting for that cable and to be closest to that cable, you know. So I think, yeah, it's a super exciting time. You know, it really is.

Andy Davis (17:38 - 17:59)

Definitely. And from a customer perspective, obviously you've seen, one change we've seen is geography. So customers now expecting you to be able to service them in more regions, which is the way the industry's going.

What else have you seen from a customer? I think we talk a lot about scale, don't we? A lot about speed to market, etc.

But what have you seen?

Craig Eadie (17:59 - 21:13)

I think customers, we're really lucky because the customers we work with are very highly educated, very good customers. Their own internal teams are really, really good people to work with. And they're starting to recognise that the supply, without the supply chain, they don't have a business in terms of getting to market.

So we're finding out there's a lot more engagement with us from a supply chain perspective in terms of projects, pipeline, and they're working much closer with us. So we understand that next August, we've got a project starting in Milan or Paris or wherever it might be. We need to secure a team for that project now.

We need you to start thinking about who you're going to put on this project. And so it allows us as a business to be able to forecast and look at what people are coming available. Do we need to start recruiting?

Do we need to be talking to people like yourself to try and find new guys? And I think across the board, that we're seeing that, not just with consultants like ourselves, but generator manufacturers, switchgear manufacturers, air handling units, et cetera. But there's still huge pressures on these manufacturers.

And I think, honestly, I think from our side as a consultant, we've got the sort of easier part of the market where when you're running a factory and you're having to construct stuff and I mean, I've been very good friends with Arnold Mardix for many years and watched them grow right from the early 2000s. They're building new factories to deal with demand. We just need to employ more people.

We don't need to build a new factory in Blackburn or Belfast or Dublin or wherever it might be. And so I think that the challenges that that puts on the industry are huge because they've then got to find people to work in these factories. So, but it's definitely improving.

And I think the only issue that we've seen of late is the more demands put on these factories to produce equipment, that the more difficult is to maintain quality. So when the equipment's coming to site, occasionally it's not to the standard that we would have seen two, three, four years ago when the demands weren't so heavy on some of these suppliers. And that's really a question of us, people like us and the clients and the consultants working more closely with manufacturers.

So we've actually got teams of people now that fly in and out of factories all the way through the build process to inspect the equipment, make sure it's actually being built in the right way, that it looks the same, it's the right shape, it's the right colour, all that kind of stuff. So that when it does get to site and we've done the final end of line factory test, we know it works, we know it's exactly how we want it. And that de-risks the schedule in the programme on site because the programmes on these projects are getting tighter and tighter and tighter.

From our end, the commissioning programme is always the one that gets squeezed the most. And yeah, it's the most important part of the project because we make the building work. And yet we get less time to do that than the guy gets to, you know, tile the toilets.

So I think, but clients are becoming more educated on that as well. We're working very closely with some great commissioning teams on the client side now to ring fence the time that we need to do a proper IST on a project, to properly commission it. So we hand the building over and we know it works because it has to work because you can't switch it off.

Once it's on, it's on. You know, when Microsoft or Facebook or Google or whoever it is comes in and puts their servers in, they ain't getting switched off again. You know.

Andy Davis (21:15 - 21:41)

Yeah. Another point someone raised to me the other day is there's only so many of companies like yours and GCs alike that can build these and make them work, which there's so much work now out there and so much growth and more coming. There will come a point and I know there is in all good organisations where you're turning down work because you can't deliver it.

And that is only, that is going to impact. I think at some point the scale has to reach a tipping point.

Craig Eadie (21:42 - 24:20)

Yeah, and I mean, it's been close to that for a while now. I mean, we've turned projects down over the last few years, you know, not necessarily because we couldn't cope with it. I think because sometimes because of the geographical location of the project.

Because also, I mean, one of the biggest challenges we have at the moment as well is a lot of our workforce is transient. So they're flying in and out of the UK every week or every 10 days or whatever that might be. But then you've also got to look at the geographical location of your workforce.

So, you know, we've got a lot of guys that live in the Northeast, for example. Now, Newcastle Airport and Teesside Airport and places like that, they're not very well serviced for Europe. So the guys have got to fly to Amsterdam, then go somewhere else.

So you've got to look at the logistics of not only how you deliver a project in Germany or Norway or wherever, it's the logistics of getting your workforce in and out as well. And then all of the work permits and everything that goes with that, which is a whole other podcast. But I think, you know, a lot of the GCs are turning down work now.



And I'm not sure what the answer is going to be there. I mean, we're not seeing many. We've seen a couple of new GCs come on the horizon over the last couple of years and they come in and maybe dabble, maybe get their fingers burnt a little bit because it's their first data centre project.

But again, it goes back to this sort of age old issue that we've had in the industry. Well, you've never done a data centre before. And so how is any new contractors meant to come into this space if the clients, some of the clients say, well, you know, we're only going to work with people that have built data centres before.

So it just becomes like this roundabout that no one can ever get off or on for that matter. So I think, yeah, there's a lot of work to be done there. I think the modular approach for offsite fabrication of data centres could certainly ease a lot of the pressure on the smaller scale data centres, certainly not on the hyperscale.

The hyperscale is a big construction project, let's be honest. But the smaller sort of edge type data centres that we've been doing, the one we've been working on in Bordeaux, we've been building that data centre in Croatia for the last year and shipping it from Croatia to Bordeaux, bolting it together and with a building around it. So that's going to ease the pressure on the sort of lower demand in terms of megawatt size data centres up to maybe six, 12 megawatts.

But above that, it's an issue and there are no fast answers on that one really. I think we're going to see a lot of American general contractors perhaps coming across to Europe and buying some of the European contractors and bolstering them together. I think there's a lot of acquisition going on at the moment, particularly in the consultant space.

e're not seeing much of it in the GC space, but on the consultant side, we're seeing a lot of acquisitions at the moment.

Andy Davis (24:22 - 24:42)

Yeah, I think consolidation is something we'll see over the next five years from a whole industry perspective, whether it's operators, contractors, supply chain, totally agree with you on that point. You mentioned modular. Is there anything else you see from an evolution perspective of the sector as we look ahead?

What would you anticipate will happen over the next few years?

Craig Eadie (24:42 - 27:19)

Yeah, I mean, I think the modular thing we're going to see continue to grow, you know, without a doubt. And the technologies there, you know, obviously the use of AI in the construction process, we're seeing a lot of that. And BIM and stuff like that have been around for years now, it's nothing new at all for any of us.

But I'm sort of interested to see where we go. During COVID, we trialled virtual witnessing and stuff like that. I think we spoke about it on the last podcast, actually, we were trialling it at the time in Milan to avoid people travelling during COVID.

I was really, we were one of the first companies to trial that at the time from a commissioning perspective. And I thought it was really going to take off and it just didn't.

And I'm kind of frustrated by it because I see the benefit of it, but we just didn't have the site connectivity to make it great.

And that's still something I think could change the way we do things. And certainly, A, reduce the number of people we need on site during a witnessing activity. It can reduce the amount of travel perhaps required for the commissioning teams that work for some of our clients, you know, on the commission, like on the data centre delivery side, where they could be sat at their desk in London, witnessing on five different projects all across Europe in one day.

And using, you know, Google, using Google Goggles or that type of technology, which, yeah, we trialled it and it was really, really good to a point. And some sites, we get great internet connectivity, but you're using really and truly 4G, 5G on a phone. And it just, you know, so I'm really excited about that thing.

I think that's really going to evolve and I think we will see more and more of it. A lot of the factories still do virtual witnessing where you can, where you maybe just send two people to the factory to do the QAQC, make sure the quality is there because you can't really do the quality over Goggles, but you can do the functionality over Goggles. And I think, you know, that's something that I'm really keen to see how that develops over the next couple of years.

Obviously, we spoke about the prefabrication stuff, we're definitely seeing more and more of that. And that obviously helps with the skill shortages as well, the prefabrication, because you can teach a shop floor worker in a factory how to do pipe work and welding and stuff, whereas out on site, and it reduces travel, it reduces the safety risks on site, because obviously safety is paramount in all of our businesses. You know, if you go to work, you always go home, it's as simple as that.

And we're lucky, the safety record in data centres is actually very good. If you compare it to the commercial office sector or other construction sectors, the data centres is a very safe place to work. So I think as long as we can keep it safe, that's the most important thing.

Andy Davis (27:20 - 27:25)

Yeah, totally agree. It's interesting on the connectivity aspect, isn't it? Like building these data centres.

Craig Eadie (27:28 - 27:43)

But yeah, we've honestly, every project that we've got across Europe at the moment, our biggest challenge is uploading documents to our servers from the site offices, because the internet connection is so slow. And we're building a data centre, it just doesn't make sense.

Andy Davis (27:43 - 28:10)

I guess this is where our good friend Elon Musk comes in with Starlink, isn't it? There's something there. You don't consider it in the UK.

I've said this conversation with people before, but there's so many regions in the UK where they don't even have internet. And I holidayed in North Devon earlier in the year, and you can't get connectivity anywhere. But the construction aspect is a really good point, isn't it?

Building these data centres in these locations where there is no connectivity, Starlink hopefully can or something similar.

Craig Eadie (28:10 - 28:42)

Well, Starlink to me, I'm a huge supporter of Starlink. I think it's absolutely fantastic. In fact, we've used it on a couple of sites where we've actually just installed it ourselves as opposed to using the site connectivity.

Because I mean, it's like 50 quid a month or something, and it's super fast. And in fact, one of the guys that works with us, Darren, he lives down in Wales, in the middle of nowhere, and he's got it at his house. So I remember like two years ago, having Teams calls with him, and it was absolutely useless.

Now it's like watching TV when you're on a call with him. You know, it's incredible. It's a great system.

Andy Davis (28:43 - 28:59)

No, definitely. It's definitely the future. Before we close up, just a few more industry questions, challenges, I think we've touched on quite a few, sort of talent, power, public perception, is there anything else or any of them that you think is a particular challenge as we head through the rest of 2024?

Craig Eadie (29:00 - 29:59)

I think what we're seeing, Andy, and you're probably seeing it yourself, in fact, you'll probably see it even more than I do, is just the increasing rates. You know, rates are going through the roof at the moment, and they have been for a couple of years now, and it's really just not sustainable. You know, and I get how it happens.

You know, GCs, clients, consultants like ourselves, you take on a project at this rate, the project's under huge demands, you need to bring people in, you throw money at the problem to make it go away. So you get guys, you know, people that might work in MySpace or, you know, electricians or whatever they are, project managers, who will jump across the road to a different project for another 50 quid a day or another 10 grand a year. And all that does is kills our industry completely.

And OK, you might solve a short-term problem, it doesn't solve a long-term problem, because you can't go back to the client for more money, you know. And all it's doing is driving down margins, driving down profit for everyone across the industry. And I'll come back and bite us.

The same thing happened in the London construction industry just before the last crash and I remember back then I was working and we were interviewing and guys were coming in and saying I've been offered £120K a year to go and work on a data centre in Amsterdam, just when the data centre boom was starting again.

And they're earning maybe £70K-£80K in London and I'm like go and take it but by the way when you come back to London in a couple of years time you won't be earning that kind of money. It's really stifling the market at the moment and we as a business are finding it difficult.

Everyone's finding it difficult and I think the good thing is the couple of our clients are seeing it as well and they're coming to us and saying, look, we know there's rate pressure on the market. We don't have a massive issue with having a discussion with you about increasing your rates for certain projects or for certain individuals if it makes sure we maintain these teams. I think it needs to be driven by the client. This race to the bottom in tendering and, you know, to try and win for GCs to win a project just doesn't work. And the only people that suffer is the client.

And then ultimately, the supply chain. And, you know, that's when you end up with supply chain people going bust because they're not making the margins. And then we're in it, we've got an even bigger issue, because there's one less switchgear company or one less chiller manufacturer.

You know, so I think for me, that's probably one of the biggest challenges industries seeing at the moment is this rate issue that we have, because some of the rates I see, Andy, are just, it's mind boggling. You know, I just don't get it. I don't get it.

Andy Davis

You know, Yeah, no, it's very much a supply and demand challenge, isn't it? And I agree with, I agree with your point around what we see in the market is, if organisations come into the market and win a package of works or a project, and they're new to the market, they probably have won it on price, let's be realistic, that's how it tends to work. And then, and then they get under pressure to deliver the project, because they might have committed to something that's undeliverable, or it's not sustainable.

And they therefore have to buy the talent in, which then drives up the revenue across the industry. And I agree with your point around the customer perspective, it is, is driven by the customer, I guess the only positives are we have more conversations now with customers around rates and supply chain and what labour does cost in these countries, I think, trades, it's, you know, we don't recruit trades, but I know trade, it's a massive problem. Yeah, it's a huge problem, what electricians are getting paid or pipefitters or whatever skill it is, because there's not many of them compared to the scale of growth.

So yeah, it is a, it's definitely a conversation that's needed to be had.

Craig Eadie

Yeah, I think so. And I think, you know, nobody, nobody really wins from it either. Because I mean, I've seen guys come and go within our business over the years, where they'll leave us to go, like I said, across the road for an extra 50 quid, they might have been with us for three years, where they've had continuous work on a good salary on a good rate, well looked after, and they'll go down the road for 50 quid a day more.

And then guess what, three months later, when that project finishes, and we get across the line, what happens? Well, you know, they're on the phone to you looking for a job. Yeah.

And, and, you know, I think, I think that as well needs to be, you know, perhaps, I mean, me, I need to run our teams in a way that we all talk to each other, so they know what the next job is going to be. And again, that goes back to what we spoke about, right at the very start of this call, that supply chain engagements, because if I can go to my teams and say, guys, look, I know your project that you're on just now finishing in October, but you know what, here's what we've got in our pipeline with this customer, your job's secure for another year, mate, you don't even need to go on LinkedIn to look for a new job.

And again, that that's what we need to, that's what we're having businesses need to start operating, I think.

Andy Davis

Yeah, totally agree with that point. I had that conversation with somebody else around a similar thing. I think the retention is not always focused on, I know you do, but retention is all kind of like a byproduct to a lot of companies, whereas they spend all this money on attraction, and they don't look at retention.

But if you retain the people you've got, you need to spend less on attraction. And it does come to that, that pipeline of projects is massive. I said this, the most, obviously, we run a recruiting business globally, the majority of people that phone us up looking for work is because their project's finishing.

That's the reality of it. There's data behind that.

Craig Eadie

Exactly. And I mean, you know, like I said, our people are our product. So we need to protect our product at all times, don't we?

You know, and if you could trademark that product, you would be, we can't, but our people really are our best asset, our only asset, you know.

Andy Davis

No, similar. I know exactly what you mean. A couple more questions.

If you could ask everyone in the data center sector to start or stop doing one thing, what would it be?

Craig Eadie

Well, I think we actually spoke, I mean, there's two things. One, we just actually completely spoke about, which was this balance on rates. And I think we need to, as an industry, take that face on and deal with it.

And then I think really, we need to stop being so exclusive. You know, I like all of this data center, you know, camaraderie, if you like, for want of a better expression, with the groups that we've got, the networking events, all that kind of stuff is fantastic. But I do think we're still very exclusive in terms of, well, you've never done a data center before, so you can't possibly come and work in this sector.

But I look at our business, you know, probably 40% of our workforce in Europe came from outside of data centers. They'd never worked in the data center space before. And a lot of them came from oil and gas or commercial office backgrounds.

Engineering is engineering. M&E is M&E, you know. So I think the more we can get away from this, well, you know, we're so exclusive.

And, you know, listen, the pharma industry is exactly the same. Life science is exactly the same. You know, well, you've never done a, well, you've never done a fume cupboard before.

Well, it's a fume cupboard, for goodness sake. You know, they're not that complicated. So I think the more we can do work towards that, and I think all these events, networking events, perhaps we should try and advertise them outside of the data center space so that we can attract people to come along and actually understand what we do.

Because it is an exciting industry to work in. Let's be honest, it's really exciting. I love it.

But we need to bring more people in. And the only way to do that is to stop being so exclusive.

Andy Davis

eah, I could get on my soapbox about that one. And data center club, that's kind of one of the ideas was a frustration is that you have to pay to go and talk to someone from the data center industry. Whereas if you just let people in and ask questions, you know, the industry is full of great people that want to help.

But sometimes the barriers are shut between the two. And if you actually open the doors a little bit, there's so many, I know, because I talked to people like yourself, and so many others that love to help people, you just need to know they're there, you're not going to go and find them, they need to come and find us. But to find us, they need to know where we are.

Craig Eadie

Exactly, exactly.

Andy Davis

And for final question, I have asked you before, but I wanted to ask you again, just to get your view, really. But if you could give one piece of advice to anyone looking to work in the sector, what would it be?

Craig Eadie

I think you've got to, you know, come into the industry with open eyes, you know, it's hard work. But it's exciting, you know, and you've got to be willing to travel, you've got to understand that there is going to be time away from home, but the rewards are

considerable. And it's not just the financial rewards, because let's be honest, if you, I'm sure if you've been and you'll probably know more about this than I do.

But you know, the benchmark salaries in our space compared to working in central London on a commercial office type project, there must be quite significantly different. But I think

you also need to look at your employer, who you're working for, are they going to train you, are they going to support you, are they going to allow you to go to these networking events that we spoke about prior to recording this podcast, and then take that challenge, you know, carefully, you know, and I think, you know, there's some great employers out there, some fantastic companies, it's okay to move around when you're young. You know, and I think, you know, like I said, I gave the example of Miss who joined us a few years ago as a graduate. I'm immensely proud of him.

You know, I knew he was, I knew he would never stay. And that was the whole idea. You know, and I think if more employers can take that sort of approach of, right, we're going to bring this person in, they're only going to stay for three years, then they're going to go somewhere else.

The chances are, they're going to come back, or the chances are, he's going to be my client in 10 years time. And he's actually going to be giving me work, because he will remember where he came from. So it's a full circle, isn't it?

You know, and these things have a habit of going full circle. So, you know, I think it's a great industry to get into. If anyone that watches this podcast is interested in talking to us on a graduate scheme type approach, get in touch.

We'd love to talk to young people that want to come and work for us.

Andy Davis

Yeah, and well done for having that mindset as well, because it's important that people do. I totally agree with you. But a lot of companies don't think like that.

They feel like they're investing in someone to work for them forever. And the reality is that the younger generation are not going to do that anymore. I think I listened to something the other day or heard a stat that they think the average tenure of someone probably in their 20s now is going to be around two years.

So you're going to get two years out of most people. So you've got to get as much as you can in those two years. But I also agree with your point that they'll come back as well, some of them, because they'll go full circle.

Craig Eadie

Or they'll become a client. And listen, who doesn't want a client? They'll work for you at some point.

Anyway, it's great to talk to you again, Andy. It's really been good.

Andy Davis

Yeah, yeah. And a great way to end the podcast. We're going to release this pre-CAN.

So you'll be there. I'll be there. Where can someone find you if they want to meet up for a drink in CAN or they want to talk to you after the event?

Craig Eadie

Yeah, I mean, I'm going to be at various events. If anyone wants to meet up with me in CAN, just drop me a message on LinkedIn or if you've got an email address, drop me an email. We're going to have a huge straight line banner across the front of the building at CAN, so that'll be quite good to see.

It's got email address details on there as well. So again, drop an email to the address on the banner if you want to meet up while we're in CAN. And I look forward to buying you a beer when we get down there, mate.

Andy Davis

Yeah, definitely getting some sunshine. I know you're inside. Well, I'm on holiday next week, so I probably should have had some sunshine by the time we're in CAN.

Definitely. But yeah, great to see you again. Keep up the good work.

And like you say, we'll catch up in a couple of weeks. Excellent. Thanks, Andy.

Take care.