AT THE HEART OF THE DIGITAL ECONOMY

AmCham.pl Quarterly Tom Ćwiok talks with **Sławomir Koszołko**, CEO of Atman, a data center operator, about the company's performance in the current market dynamics. Mr. Koszołko is also Chairman of the Polish Data Center Association PLDCA.

What can you tell us about the services Atman offers?
Since the beginning of this century, Atman has focused on data center services. Our main business is colocation, but we have been also successfully developing our IaaS or Infrastructure as a Service offering for years. We have a rich portfolio of dedicated servers and cloud services based on our infrastructure.
Atman also offers telecommunications services, which are available practically all over Poland. We have an extensive fiber optic network, especially in the Warsaw and Silesian metropolitan areas.

Atman has three data centers in Poland, and the fourth one—an investment project estimated at PLN 1.5 billion—is under construction in Duchnice, 30 minutes west of Warsaw. How is it going?
Despite the challenges of long equipment delivery times due to high demand, driven by digital transformation, cloud development, and AI, our latest investment in a data center is progressing without delays. The first building of the WAW-3 campus in Duchnice, with an IT capacity of 14.4 MW, will be ready for the first customers at the end of the first quarter or the beginning of the second quarter, when we should receive a permit for its use. The total investment, including three colocation buildings, will exceed PLN 2 billion.

What is driving the data center market in Poland?
In Poland, as in the rest of the world, the growth of the data center market is linked to digital transformation in the broadest sense. The development of digital services requires more and more computing and storage infrastructure, which has to be located and maintained somewhere—and this is where data centers come in.
Historically, the primary driving force has been the development of cloud services, while the emergence of AI models in the market has led to a surge in demand for data center services due to the significant demand for computing power and the electricity required to generate it. Clearly, the AI revolution would not have been possible without data centers.
As a result, it is not surprising that a significant part of the development of the data center market in Poland has progressed thanks to the investments of so-called hyperscalers—leading providers of cloud and AI services—who have chosen our country in recent years as their next location for their extensive infrastructure. These are primarily companies from the US, as there are many and growing reasons to provide services based on data centers located relatively close to the end user.
Poland is a strategic hub for hyperscalers, enabling them to seamlessly operate across Central and Eastern Europe, including Poland, Ukraine, Slovakia and the Czech Republic. A thorough evaluation of the Polish economy and IT market, including its size, stability, potential, investment security, and the availability of qualified staff, triggered their decisions to base their operations in our country.

Energy prices in Poland are among the highest in the EU. How do you see the problem from the perspective of the data center business?
The cost of electricity is undoubtedly a significant component of data center services, particularly in the context of colocation. Other critical factors include security, quality and availability of services. As I previously mentioned, there are situations where the location of the data center is the determining factor, and in such cases the price of energy is irrelevant. In this regard, Poland's strategic location frequently is advantageous.
It is also important to note that the perception of energy prices in Poland may not fully align with reality. While they are not as low as in some Scandinavian countries or France, there are European countries with comparable prices, and in some cases, higher. It is also crucial to recognize that energy prices for households or companies do not apply to data centers, at least not to our data centers, as we do not use the day-ahead market.
At Atman, we prioritize minimizing energy costs for our customers by contracting energy in advance, typically a minimum of a year in advance. This approach ensures that the wholesale price we negotiate is consistently lower than the cost of direct purchasing from utility companies.
Additionally, we invest in enhancing energy efficiency ratios, ensuring that we utilize most of the energy to power our customers' infrastructure rather than cooling systems and also other supporting functions.

According to the EU energy efficiency and climate change regulatory framework, future data centers have to have net zero emissions. Poland's energy system relies on fossil fuels in more than 50 percent of its generation capacity. Is that a problem?
Poland is rapidly catching up with Western Europe in this respect. However, it remains challenging to identify a reliable partner in the Polish market who can consistently provide green energy on a 24/7

basis. Most suppliers are prepared to offer such energy on a "deliver as produced" basis which complicates the sole use of sources such as wind or photovoltaic farms.
However, a balanced ecosystem that integrates production based on fossil fuels, wind, solar panels, or other sources can achieve efficiencies of 80 percent or even 90 percent of renewable energy consumption.
We look forward to an opportunity to utilize small nuclear reactors, which we anticipate will address our concerns. Poland has announced the commencement of this type of investment shortly, with plans to develop a large nuclear power plant in the long term. As an industry, we are strong proponents of this technology.

In light of the market trends, how do you evaluate the government strategy for the digitization of the Polish economy by 2035, unveiled in 2024 by the Ministry of Digitization?

This is the inaugural strategy to digitalize the Polish economy, and it is commendable that it has been developed. The document addresses a wide range of potential applications for digital solutions. It emphasizes the significance of cloud computing and AI development, although its primary focus is on the application layer. The issue of data centers, as a hardware base necessary for the implementation of digitization plans, is mentioned minimally, only in the context of government-funded data centers. In my opinion, and I believe I represent the Polish Data Center Association here, this is far from sufficient.
The government's ambitious goals, especially those related to AI, necessitate the stimulation of data center infrastructure development and the integration of public and private facilities. To this end, removing the barriers investors currently face in Poland would be key. This includes, in particular, streamlining administrative procedures related to construction and environmental permits, as well as facilitating access to energy connections and low-carbon electricity sources. It would also be advantageous to allocate areas designated for data centers in local zoning plans.
According to data center operators in Poland, the national data center infrastructure should be recognized as a key and critical infrastructure for our economy, similar to the telecommunications infrastructure, following the example of the UK, Norway, or the Netherlands.

Business people often say Poland is an IT and innovation hub in Central and Eastern Europe. Do you share this view?

Polish companies are experiencing significant growth in the IT sector, including domestic start-ups that are attracting foreign investors for their innovative ideas. Poland's success in overcoming the challenges of years under Communism and achieving rapid technological progress is noteworthy. Poland boasts a highly educated workforce, and its technical universities and scientists in the field of natural sciences have consistently demonstrated a high level of excellence.
The resources of the Ukrainian and Belarusian diasporas, which have been arriving in our country in large numbers in recent years due to geopolitical reasons, are also significant. Among them are highly qualified engineers and scientists, who contribute to the growth of large and successful companies in Poland.

In January, President Trump announced Stargate—a USD 500 billion investment in private sector AI infrastructure, including data centers. Also, he said his intentions are to bring energy prices down in the US. Overall, what are your thoughts about the competitiveness of the EU versus the US?

Europe has always had its advantages. The EU's population of nearly 450 million has the potential to create new technologies, as demonstrated on numerous occasions. While it may be challenging for us to compete directly with the US, we can leverage our status as a substantial and robust market, both financially and as consumers.
It is important to note that the IT business sector is not universally dependent on cloud technology as some services require local presence and proximity to the end user. This is an area in which Europe will have an advantage: the ability to create new solutions locally and deliver them to Europeans and beyond. This is why companies are investing in data centers in different countries and continents all along—to be closer to the end user.
Undoubtedly, Stargate will be a significant challenge for Europe as a whole, and the EU will need to change its perception and adapt to the new political, economic, and environmental perspective of the US. However, we hope the project will contribute to cooperation, as it has been for many years, rather than competition between the US and the EU.

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IT relies on energy sources, brain power and the experience of its engineers. How do you source the talent you need in Poland?

The data center market in Poland is growing rapidly, creating a demand for engineers to manage the infrastructure of such facilities. Conversely, there is a shortage of professionals prepared to immediately join data centers upon graduation due to a lack of relevant coursework in our educational system. Consequently, the industry itself is responsible for supplying these specialists. Data center operators frequently recruit and train university or technical school graduates early in their careers, enabling them to develop and gain experience in this dynamic and promising field.

The security of the physical infrastructure as well as data is a must for the development of the IT-based economy. How do you ensure you have the best solutions available?

Security is a vast and complex subject that merits a thorough discussion. In summary, our data centers deliver customers comprehensive protection of their IT infrastructure, including physical, energy, and operational security. This commitment to excellence is validated by numerous certifications, such as ISO 9001, ISO/IEC 27001, PCI DSS, and EPI-DCOS, which attest to our adherence to rigorous industry standards.
Also, Atman's facilities exceed the requirements of the global Tier 3 standard for data centers because we have eliminated any points of failure in the power architecture, among other features. Both primary and backup power systems in our data centers are designed with redundancy, ensuring a 99.999 percent guarantee for power supply.
Looking at physical security, Atman data centers are fenced and equipped with CCTV and intrusion detection systems. In addition, our campuses are divided into several access zones and monitored by security personnel around the clock. All visitors must be registered in advance and are escorted inside the buildings. Our employees receive regular training on physical and digital security.
As for the IT equipment, we have implemented an extensive monitoring system in the data halls that supervises and records multiple environmental conditions, power continuity, and events such as the opening and closing of server racks.

What are the company's plans in Poland and CEE for 2025 and beyond?

Our primary objective for the current year is to equip and commercialize the inaugural colocation building within the data center WAW-3 campus in Duchnice. In the coming years, we will continue this investment by constructing buildings #2 and #3 of WAW-3, as well as modernizing and expanding our main data center campus WAW-1 at 21a Grochowska Street in Warsaw, where Atman is also headquartered.
We are also looking for suitable land to build our next data center campuses in or around Warsaw. At the same time, our American owners are also exploring investment opportunities in other markets, including Romania, the Czech Republic, and other countries.