

Brazil Data Center Rack - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030

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Report description:

The Brazilian data center rack market reached a volume of over 114,000 units in the previous year, and it is further projected to register a CAGR of 12.5% during the forecast period. The increasing demand for cloud computing among SMEs, government regulations for local data security, and growing investment by domestic players are some of the major factors driving the demand for data centers in the country.

Under Construction IT Load Capacity: The upcoming IT load capacity of the Brazil data center market is expected to reach 1,200 MW by 2029.

Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 4.6 million sq. ft by 2029.

Planned Racks: The country's total number of racks to be installed is expected to reach 231,000 units by 2029. Sao Paulo is expected to house the maximum number of racks by 2029.

Planned Submarine Cables: There are close to 16 submarine cable systems connecting Brazil, and many are under construction.

Brazil Data Center Rack Market Trends

Cloud segment to hold major share in the market

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- Cloud service providers AWS, Microsoft, Oracle, IBM, Tencent, and Huawei are present in Brazil through cloud regions/availability zones. It provides private and public cloud services primarily for financial companies.
- Major factors driving the demand for data centers in the country include the expansion of cloud computing, penetration of various cloud providers, and increasing investment from domestic players.
- The cloud is an important part of your IT infrastructure. In 2021, public cloud spending for infrastructure as a service (IaaS) and platform as a service (PaaS) was expected to grow 46.5% to USD 3 billion. The private cloud model was expected to generate USD 614 million in revenue by 2021. Increasing cloud adoption in most businesses is driven by emerging technologies such as artificial intelligence, big data, and blockchain among various end users.
- The COVID-19 pandemic impacted the economic aspect of early entrants in digital transformation by offering digital products and services, or by using digital processes more than their competitors engaged in digital transformation.
- With the rise of the digital economy and the increasing number of Internet users in Brazil, the need for data storage and processing is increasing. The proliferation of hybrid cloud service providers has increased demand for colocation services and increased rack utilization.

Full rack segment to hold major share in the market

- Initially, the focus was limited to data center rack space. Only size and cost were considered in the deployment. Still, data center rack space utilization is likely to increase further as users grow in various verticals such as online banking, telecommunications, media, entertainment, and other high-density applications.
- As businesses generate massive amounts of data every day, they are increasingly relying on data centers to efficiently manage their databases and storage. A major factor driving the use of data center racks, therefore, is the increasing use of fully configured data centers. Moreover, market growth is influenced by rising demand for IT services and investment by large enterprises.
- In Brazil, full racks account for the majority of the market share as the space shortage among various companies is getting worse. A fully racked data center needs to be built to cope with increasing rack capacity due to mobile broadband, the rapid growth of e-commerce, and the rise of big data analytics combined with cloud computing.
- Brazil is embarking on a digital transformation to attract foreign investment. The deployment of 5G networks is driving digital transformation, IoT, smart cities, and the 4th industrial revolution. The increasing adoption and penetration of 5G and the proliferation of smartphones will drive the development of full-rack data center facilities, thereby creating investment opportunities in the market.
- In addition, various industries were under intense pressure to enable remote work due to COVID-19, accelerating the move to the cloud and digitization. This was expected to increase the use of well-equipped data centers in the country.

Brazil Data Center Rack Industry Overview

The Brazilian Data center racks market is relatively high in terms of competition and has a few players in the market, such as Eaton Corporation, Black Box Corporation, Rittal GMBH & Co.KG, Schneider Electric SE, Vertiv Group Corp. These major players focus on expanding their customer base in the country. These companies leverage strategic collaborative initiatives to increase their market share and profitability. The increase in the data center construction corresponds to increasing demand for the number of racks in the data centers.

In July 2022, Ascenty, a Latin American provider of data centers, opened a new facility in Sao Paulo, Brazil. In the heartland of the state of Sao Paulo, the corporation this week announced the opening of the fifth unit of the Hortolandia complex.

In June 2022, Elea Digital invested USD 20 million in expanding its Brazilian data center. The data center has doubled its capacity

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from 2.5MW to 5MW and can house up to 200 more racks in the increased 500 sqm (5,380 sq ft) of data center space.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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