

Hyperscale Datacenter - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Hyperscale Datacenter Market size is estimated at USD 101.23 billion in 2024, and is expected to reach USD 130.98 billion by 2029, growing at a CAGR of 5.29% during the forecast period (2024-2029).

Hyperscale data centers have become highly powerful in recent years due to the increased computing and storage requirements to serve high-end applications. Business-critical apps are increasing, resulting in greater data center complexity. With the rising popularity of the web, e-commerce, social media, big data, computing, online gaming hosting, and Hadoop, the infrastructure needs to improve application speed, energy efficiency, and server density are increasing.

Key Highlights

- In the recent past, data was considered the foundation of an emerging economy. Almost all enterprises use more data than before and will probably consume even more data in the future. This rapidly increasing data generation must be stored and accessed from somewhere. According to Cisco Systems, the global IP data traffic increased from 96,054 petabytes per month in 2016 to 150,910 petabytes per month in 2018, and it reached 278,108 petabytes per month last year.
- Moreover, the rising demand for over-the-top (OTT) applications through an app or service that can be availed over the internet bypass traditional distribution practices. Services available for over-the-top services are significantly related to the media and communication sector, which can be accessed at a lower cost and contributes to massive data growth, thereby driving the market.
- Furthermore, owing to the rapidly increasing adoption of IoT, cloud, and Big Data, analytics across multiple enterprises as a part of their digital transformation strategy, the burden on the data centers is also increasing, leading to growth in the hyperscale data centers globally.
- Enterprises that offer large cloud services, e-commerce, advanced research of pharmaceuticals, oil and gas, aerospace, stock

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exchange, and others have invested in the network infrastructure they require. However, sourcing security solutions to meet these needs presents a challenge since existing next-generation firewalls (NGFWs) still need to meet the massive scale and performance needs of hyperscale architectures.

-With the recent outbreak of COVID-19 worldwide, the demand for the data center is bifurcated with strong buying by hyperscale companies and cloud platforms. In contrast, there was a slowdown in spending by many enterprise users. Pandemic-driven leasing activity was concentrated in significant cloud markets. After the pandemic, the market is growing rapidly with the increased adoption of digitization and enterprises moving toward hybrid and remote working models.

Hyperscale Data Center Market Trends

Growing Demand for Cloud Computing and Other High Performance Technologies Driving the Market

- The demand for cloud-based solutions is surging, owing to the growing application of technology and consumer propensity towards the cloud. This technology allows the user to access the data from remote locations. The increasing realization among companies about the importance of saving money and resources by moving their data to the cloud rather than building and maintaining on-premise infrastructure is driving the demand for cloud-based solutions.
- Owing to these benefits, large enterprises and SMEs are increasingly adopting cloud-based solutions. Over the next few years, cloud computing and virtualization will be able to save the setup cost of software by dividing it, ultimately leading to decreasing the use of hardware.
- Enterprises and government organizations worldwide are moving from test environments to placing more work-critical workloads and compute instances into the cloud. Similarly, for consumers, cloud services offer anywhere and easy access to content and services on multiple devices.
- The demand for data storage and managed hosting services is expected to increase dramatically across Indonesia. Jakarta's two Data Centers will accommodate clients' needs, particularly cloud service providers and the financial industry, which require flexible facility designs to help them achieve their business objectives. In April this year, NTT Ltd, one of the leading IT infrastructure and services companies, expanded its hyperscale data center footprint by launching the largest data center in Indonesia (Jakarta's third data center) to support the growing digital economy in Southeast Asia.
- One of the most common methods for businesses to use cloud computing is to use the numerous "as-a-service" alternatives provided by many major global technology corporations. These services give businesses access to computing power, software, and other cloud-related operations without the need for on-premises infrastructure. According to Flexera Software, as of March this year, 46% of respondents are already running significant workloads on Amazon Web Services.

Germany is Expected to Hold Major Market Share

- European digital traffic increased tremendously due to the surge in electronic transactions, systems, and digital information during the global pandemic. When paired with the rapid rise of new firms and the ever-increasing population, this boosts demand for hyperscale data centers.
- Over the past few years, the German data center market has grown notably with the rise in the development of hyperscale data centers, and owing to the implementation of GDPR, which has been driving investments and the regional cloud network development in Germany.
- The growing usage of the cloud and investments encourage many players in the country to improve cloud infrastructure in Germany, which drives the market's growth. For instance, in August 2021, Google announced it would invest EUR 1 billion by 2030 to enhance renewable energy use and develop its cloud computing infrastructure in Germany.

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- In June this year, Vantage data centers announced the start of operations at two greenfield campuses in Berlin and Warsaw. The new sites are part of Vantage's USD 2 billion European expansion to offer hyperscalers and cloud providers with data center campuses in two sought-after markets.

- Moreover, in February this year, A 112-megawatt, 1.2 million sqft (108k sqm), hyper-scale data center campus is being built by Cloud HQ, a hyper-scale data center developer and operator in the US and Europe, in Offenbach, Germany, a city that borders Frankfurt to the southeast. With a total investment of EUR 1.1 billion (USD 1.15 billion), CloudHQ's Frankfurt data center campus will be one of Germany's biggest hyperscale data centers once fully constructed.

Hyperscale Data Center Industry Overview

The hyperscale data center market is moderately fragmented, with the presence of both global players and small and medium-sized enterprises. Moreover, hyperscale data centers are used in various industries to provide vendors with growth opportunities. Players in the market are adopting strategies, such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

October 2022, Microsoft Corporation plans to develop a large hyperscale data center in Pune as part of its multi-city data center strategy in India. As a part of the development, the company acquired a 25-acre land parcel in the Pimpri-Waghare locality of the city through an agreement with Finolex Industries to transfer the long-term lease for approximately INR 329 crore (USD 40.2 million), and it is planning to develop the data center on this plot.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Force Analysis
 - 4.2.1 Bargaining Power of Suppliers
 - 4.2.2 Bargaining Power of Consumers
 - 4.2.3 Threat of New Entrants
 - 4.2.4 Intensity of Competitive Rivalry
 - 4.2.5 Threat of Substitute Products
- 4.3 Industry Value Chain Analysis
- 4.4 Technology Snapshot
- 4.5 Assessment of the Impact of COVID-19 on the Market

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5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Growing Demand for Cloud Computing and Other High Performance Technologies

5.2 Market Challenges

5.2.1 Data Center Security Challenges

5.2.2 Excessive Energy Consumption and Inefficient Capacity Planning

5.3 Market Opportunities

6 MARKET SEGMENTATION

6.1 By End User

6.1.1 Enterprises

6.1.2 Colocation Providers

6.2 By Country

6.2.1 United States

6.2.2 Canada

6.2.3 China

6.2.4 Japan

6.2.5 Australia

6.2.6 United Kingdom

6.2.7 Germany

6.2.8 Other Countries

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles*

7.1.1 Hewlett Packard Enterprise Co

7.1.2 Cisco Systems Inc.

7.1.3 Huawei Technologies Co.

7.1.4 Nvidia Corporation

7.1.5 Quanta Computer Inc.

7.1.6 IBM Corporation

7.1.7 Amazon Web Services Inc.

7.1.8 Microsoft Corporation

7.1.9 Alibaba Group

7.1.10 Alphabet Inc.

7.1.11 Facebook Inc.

8 INVESTMENT ANALYSIS

9 FUTURE OF THE MARKET

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