Indonesia Data Center Server - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030

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Report description:

The Indonesia data center server market reached the value of USD 2.09 Billion in the previous year, and it is further projected to grow at a CAGR of 14% 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/region.

Key Highlights
-Under Construction IT Load Capacity: The upcoming IT load capacity of the Indonesia data center market is expected to reach 1400 MW by 2029.
-Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 4.4 million sq. ft by 2029.
-Planned Racks: The country's total number of racks to be installed is expected to reach 218K units by 2029. Greater Jakarta is expected to house the maximum number of racks by 2029.
-Planned Submarine Cables: There are close to 14 submarine cable systems connecting Indonesia, and many are under construction. One such submarine cable that is estimated to start service in 2025 is Asia Connect Cable-1 (ACC-1), which stretches over 18,000 Kilometers with landing points from Batam, Jakarta, Makassar, and Manado.

Indonesia Data Center Server Market Trends

IT and Telecom to Hold Significant Growth

- The demand for data center servers in the IT and telecom industry is rising with increasing network traffic. Telecom data centers are responsible for managing network resources, such as vRAN and 5G packet core. Telecom data centers now offer a variety of services in an environment that meets the requirements for availability, scalability, security, and performance.
- The rapid increase in 4G penetration and the upcoming 5G wave are focusing on telecom vendors to invest in the data center market. Recently, Indonesian operator Telkomsel announced plans to invest USD 150 million in mobile on-demand services and payments platform Gojek. This collaboration marks an expansion of the multi-year partnership between Telkomsel and Gojek, which has offered data packages to Gojek driver-partners for the past few years.
- The Ministry of Communication and Information Technology has opened an auction for the use of a 2.3 GHz radio frequency band in the range of 2,360-2,390 MHz. Mobile operators will use these frequencies to fuel the adoption of 5G networks in Indonesia. This development is expected to support digital transformation in the economic, social, and government sectors, as there are still radio frequency blocks that are to be allocated.
- In addition, the development of the nationwide fiber-optic and satellite network infrastructure is a key focus of the industry regulatory body Kominfo - backed by strong investment in capital expenditure. Such instances are expected to cater to major data traffic, leading to more demand for data centers and thereby increasing server occupancy.

Rack Server to Hold Significant Share

- Rack servers are compact and efficient devices that can handle a variety of computing tasks and are commonly used in data center environments where space is at a premium. In Indonesia, various end users prefer rack servers due to easy access and maintenance, and with increasing digitalization, the market is expected to increase.
- In 2017, Bank Indonesia, the banking regulatory body of Indonesia, issued Regulation (PP) 71 and Regulation No 9/15/PBI, providing fresh guidelines for banking and financial institutions. Under these regulations, domestic and foreign banks in Indonesia turned to data center service providers to help them comply with government requirements for financial institutions to deliver higher quality customer services and provide disaster recovery sites in the country by October 2017. The majority of banks in Indonesia offer online banking services. Additionally, the urban population of 158.32 million, with an annual growth of 2.2%, has increased the adoption of online banking platforms.
- In February 2021, the Indonesian Joint Funding Fintech Association (AFPI) began developing a data center for financing technology companies (pinjol) to improve the business performance of its members. One hundred and thirty-eight platforms were incorporated into the fintech data center (FDC), collecting data from up to 6 million borrowers, particularly for productive loans.
- Indonesia's cloud market, in its formative stages, represents one of the fastest-growing markets in the APAC region. The data center industry has begun to gain traction with attractive investments from hyperscale cloud providers such as Google, Alibaba, and Amazon. Due to the pandemic, Alibaba Cloud announced USD 28 billion worth of data center investments covering 21 regions, including Indonesia, Malaysia, and Singapore, to support digital transformation in a post-pandemic world, leading to major rack server demand.
- Government initiatives and the digitalization of public accessibility platforms are the primary sources of demand for data centers across Indonesia. The government's 2020 Go Digital Vision and Industry, 4.0 in the region, are also likely to drive the need for more data centers and rack servers, as one million fishers and farmers will be given online support from thousands of tech startups with targeted combined value of USD 10 billion.

Indonesia Data Center Server Industry Overview

Indonesia data center server market is consolidated among the players and has gained a competitive edge in recent years. A few major players are Hewlett Packard Enterprise, Dell Inc., IBM Corporation, and others. These major players with a prominent market

share focus on expanding their customer base across the region. These companies leverage strategic collaborative initiatives to increase their market share and profitability.

- July 2023 - Supermicro, Inc., announced several new servers to its already broad application-optimized product line. These new servers incorporate the new AmpereOne CPU, with up to 192 single-threaded cores and up to 4TB of memory capacity. Applications such as databases, telco edge, web servers, caching services, media encoding, and video gaming streaming will benefit from increased cores, faster memory access, higher performance per watt, scalable power management, and the new cloud security features.

Additional Benefits:

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

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