

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

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Report description:

The Japanese data center rack market reached a volume of over 330,000 in the previous year, and it is further projected to register a CAGR of 7.3% 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 Japan data center market is expected to reach 2,000 MW by 2029.
- Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 10 million sq. ft by 2029.
- Planned Racks: The country's total number of racks to be installed is expected to reach 500K units by 2029. Tokyo is expected to house the maximum number of racks by 2029.
- Planned Submarine Cables: There are close to 30 submarine cable systems connecting the Philippines, and many are under construction. One such submarine cable that is estimated to start service in 2023 is Southeast Asia-Japan Cable 2 (SJC2), which stretches over 10,500 Kilometers with landing points from Chikura, Japan, to Shima, Japan.

Japan Data Center Rack Market Trends

BFSI Expected to hold the major share.

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- The IT load capacity of the BFSI sector is anticipated to grow more than 400 MW by 2029, registering a CAGR of 5%. In Japan, banking services are already widely available to the public. Therefore, as in Europe and the United States, the main aim in digitalizing the management of financial institutions is to improve their management efficiencies, such as optimizing the efficiency of existing operations, rebuilding legacy systems, and restructuring branch and ATM networks. Mizuho Financial Group, Shinsei Bank Group, SBI Sumishin Net Bank, and others are currently focusing on BaaS (Banking as a Service).
- There are examples of banks considering introducing measures to improve business operations for SMEs. Some SMEs use electronic data interchange (EDI) systems to place and receive orders. Banks are trying to construct a settlement platform and link it to an EDI system so that companies can check their order (commercial data) and settlement (financial data) at the same time and automate the process of reconciliation.
- Megabanks in Japan are adopting a more open approach to push digital payments. MUFG bank plans to launch a global open network with Akamai to make high-speed and secured digital payments globally by leveraging blockchain technologies. Banks are also leveraging AI and automation. For instance, Mizuho Bank developed an AOR solution leveraging AI, OCR, and RPA to automatically process more than 80% of the checks and documents of the bank, which streamlined its back-office operations. Such trends and initiatives by banks are expected to lead to considerable growth in this segment.
- Further, Mobile wallets are becoming extremely popular all over Japan for e-commerce businesses. Additionally, the usage of these modern instruments enables quick and secure transactions. For instance, In April 2022, as a new merchant, PayPal collaborated with "BULK HOMME," a skincare company that sold items for guys. Due to the partnership, customers of Bulk Homme would be able to use their PayPal accounts to shop for products online and make purchases using PayPal.

Full Rack is Expected to Grow Significantly

- In Japan, due to growing space scarcity between various companies, the full rack has a majority of the market share. In order to cope with increasing rack capacity due to the rapid growth of mobile broadband, e-commerce, esports, and the increase in Big Data Analytics combined with cloud computing, it is necessary to build a fully rack-equipped data center.
- For instance, In a July 2022 survey of Japanese residents who played smartphone games at least once a month, 65% of respondents played smartphone games every day. Overall, 92% of respondents reported playing smartphone games at least once a week. Additionally, in the growing esports market, Japan has a large tournament with a prize of more than 909,000 USD (more than 100 million yen): Shadowverse World Grand Prix 2021, PUBG Mobile Japan League season 1. Such instances are expected to create more need for data storage space in the region.
- At first, there was a limited focus on rack space in data centers; only size and cost were taken into account during deployment. Nevertheless, there is an opportunity for increased use of rack space in the data center as more and more users from different sectors, such as online banking, telecommunications, media and entertainment, and others, are adopting applications with higher density.
- Companies increasingly rely on data centers for efficient management of their databases and storage, as they generate significant amounts of data every day. The main driving factor for data center rack usage is, therefore, the increased deployment of fully configured data centers. Also, the growth of the market is being influenced by the growing demand for IT services and investments made by large companies.
- A global data center vendor invested an initial amount into tens of billions of Japanese yen in the Tokyo metropolitan region for one block of a hyperscale data center it constructed. The whole project is estimated to cost more than JPY 100 billion (USD 668498400). Hyperscales facilities are majorly equipped with full rack units, which results in rising demand for data center racks in the country.

Japan Data Center Rack Industry Overview

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The upcoming DC construction projects in the country will likely increase the demand for Data Center Racks in the coming years. The Japan Data Center Rack Market is moderately consolidated with a few major players, such as Eaton Corporation, Black Box Corporation, Rittal GMBH & Co.KG, Schneider Electric SE, and Nitto Kogyo Corporation in the market. These major players, with a prominent market share, focus on expanding their regional customer base.

In October 2022, Eaton announced the release of its new Open Compute Project (OCP) open rack v3 (ORV3) compatible solutions. It is purpose-built and preconfigured, focusing on the efficient, scalable delivery of critical power for their data center facilities seeking to deploy ORV3 racks. The rack features extra-wide and extra-deep cabinets; the open rack enclosure supports hybrid mounting equipment and two locking-colocation compartments.

Additional Benefits:

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

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