

## **Middle East Data Center Server - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030**

Market Report | 2024-02-17 | 100 pages | Mordor Intelligence

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### **Report description:**

The Middle East data center server market reached a value of USD 4.0 billion in the previous year, and it is further projected to register a CAGR of 16.8% 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 region.

#### Key Highlights

- The upcoming IT load capacity of the Middle East data center construction market is expected to reach 2,059.5 MW by 2029.
- The region's construction of raised floor area is expected to increase 9.7 million sq. ft by 2029.
- The region's total number of racks to be installed is expected to reach 496K units by 2029. Saudi Arabia is expected to house the maximum number of racks by 2029.
- There are close to 26 submarine cable systems connecting the Middle East, and many are under construction. One such submarine cable that is estimated to start service in 2024 is Blue, which stretches over 4,696 Kilometers with a landing point in Tel Aviv.

#### Middle East Data Center Server Market Trends

IT & Telecommunication Segment Holds the Major Share.

- The increasing adoption of cloud-based services is driving the expansion of wholesale and hyperscale colocation services in the

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region, resulting in increased demand for space in data centers and, consequently, the need for more servers within data centers.

- Data processing, analysis, and storage technologies have evolved into essential requirements for any country with a clear digital transformation strategy due to the exponential growth of data, which doubles every two years. The fast adoption of cloud-based technologies would secure mountains of data while assisting and accelerating the Kingdom's digital transformation.
- The data center industry has begun to gain traction due to investments from cloud service providers such as Google and Oracle. For Saudi Vision 2030, Oracle, in partnership with NEOM Tech & Digital Hold Co., will be the first tenant in the hyperscale data center at NEOM. Oracle Cloud Infrastructure (OCI), which would provide a high-performing, resilient platform for cloud services, would be housed in the data center.
- Dopay provides a cloud-based payroll solution in Egypt to assist businesses in paying employees online and integrating people without bank accounts into the mainstream financial system. Dopay offers firm employees bank accounts into which their paychecks are deposited. The company also provides online-usable debit cards and a money-management app through partnerships with Barclays and Visa. Hyperscale data centers are also being used to build robust, scalable cloud networks that can save costs, boost availability, and satisfy customers.
- The telecom sector is expected to continue to rule due to the rising adoption of 5G networks. The expected 5G mobile data speed increase by 2029 is enormous, reaching 921 Mbps, thus boosting the demand for data center servers. The nation's deployment of 4G also creates a need for data centers. The demand will likely increase during the forecast period due to the quick installation and growth of IT infrastructure.
- Such developments, increasing adoption of cloud services, Expansion of 5G Networks, and the ongoing demand for online payments are, in turn, expected to boost the demand for the data center market from the IT and telecom segment, leading to the significant need for the servers during the forecast period.

#### Saudi Arabia is Projected to be the Fastest Growing Market During the Forecast Period

- In the coming years, the Saudi Arabia region is expected to increase its investment in the data center market. Several factors are facilitating the expansion of data centers in the area. The region's governments' smart city ambitions are driving a shift in how modern communities are built. The future of the country, supported by digital technologies, is expected to generate massive amounts of data. It is critical to optimize data capture, storage, and processing.
- Saudi Arabia launched a USD 18 billion strategy in July 2021 to establish a nationwide network of large-scale data centers. According to the Saudi Ministry of Communications and Information Technology, the first batch of investment partners includes local firms Gulf Data Hub, Al-Moammar Information Systems, and Saudi FAS Holding.
- Further, factors such as increasing internet penetration, digital payments, and growing e-commerce sales are driving the demand for data storage and processing, thus creating more need for data center servers in the region.
- For instance, In January 2022, Saudi Arabia had 34.84 million internet users. At the start of 2022, Saudi Arabia's internet penetration rate was 97.9% of the total population. The state of digitalization in Saudi Arabia is rapidly evolving and gaining exponential interest, both regionally and globally. Since the publication of Saudi Vision 2030, the Kingdom has made significant progress toward a more advanced digital transformation.
- Additionally, Saudi Arabian customers spend more time and money online, increasing the region's appetite for e-commerce. This increase is controlled by the digital payment method. As a result, 26% of Saudi consumers currently use digital wallets for transactions. In Saudi Arabia, cash-on-delivery accounts for 69-85% of online orders, while electronic wallets, such as PayPal, Amazon Payments, and Google Wallet, account for 24% of the total sales. The nation's data centers will benefit from the e-commerce sector's digitalization because more data will be processed and stored. Such instances in the country are expected to drive the demand for data center server manufacturers in the coming years.

#### Middle East Data Center Server Industry Overview

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The upcoming DC construction projects in the region will increase the demand for data center servers in the coming years. The Middle East data center server market is moderately consolidated, with a few major players, such as Dell Inc., Hewlett Packard Enterprise, Fujitsu, and Lenovo Group Limited, in the market. These major players, with a prominent market share, focus on expanding their regional customer base.

In August 2023, Dell Inc. is transitioning its servers with Next-generation Dell PowerEdge Servers from OSA to ESA with PowerEdge R760 powered by 4th generation Intel Xeon Processors.

In January 2023, Cisco announced the launch of the 7th generation of UCS C-Series and X-Series servers, powered by 4th generation Intel Xeon Scalable processors. With support for the latest Intel processors, Cisco has launched two new blades for the X-Series: the Cisco UCS X210c M7 Compute Node and the Cisco UCS X410c M7 Compute Node.

Additional Benefits:

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

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