

Philippines Data Center Cooling - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030

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Report description:

The Philippines data center rack market reached a value of USD 178.6 million in the previous year, and it is further projected to register a CAGR of 14.9% during the forecast period.

Key Highlights

- 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.
- The upcoming IT load capacity of the Philippines data center market is expected to reach 950 MW by 2029. The country's construction of raised floor area is expected to increase to 5.3 million sq. ft by 2029.
- The country's total number of racks to be installed is expected to reach 260K units by 2029. NCR (Metro Manila) is expected to house the maximum number of racks by 2029. The average annual temperature is 27.1 C, with relatively small seasonal variations of about 3 C. Depending upon climatic conditions, the DC cooling is processed in the DC facilities.
- There are close to 23 submarine cable systems connecting the Philippines, and many are under construction.

Philippines Data Center Cooling Market Trends

Liquid-based Cooling is the Fastest Growing Segment

- Liquid cooling takes advantage of the superior heat transfer properties of water or other liquids to support efficient and cost-effective cooling of high-density racks, up to 3000 times more effective than using air. Long proven in mainframe and gaming

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applications, liquid cooling is increasingly being used to protect rack servers in data centers across the region.

- Direct liquid cooling solutions consistently deliver impressive partial power usage effectiveness (PUE) ranging from 1.02 to 1.03, surpassing the efficiency of even the most efficient air cooling systems by a marginal single-digit percentage. It's essential to note, however, that a significant portion of the energy efficiency improvement attributed to DLC is not reflected in the PUE metric. This is due to the fact that traditional servers incorporate fans that draw power from the rack, and their control mechanisms are factored into the IT power consumption portion of the PUE calculation. These fan power requirements are considered part of the data center's overall payload.

- Technological advances have made liquid cooling easier to maintain, more scalable, and more affordable, reducing data center liquid consumption by more than 15% in tropical climates and by 80% in greener areas. The energy used for liquid cooling can be recycled to heat buildings and water, and advanced artificial refrigerants can effectively reduce the carbon footprint of air conditioners.

- Further, the demand for online shopping has increased considerably post-pandemic. Cashless payments, product quality, and shopping at the convenience of the home have increased the demand proportionally for these online ecommerce platforms. The leading online eCommerce platforms are Shopee, Lazada, Zalora, and BeautyMNL. The Philippine ecommerce market is expected to increase from USD 17 billion to USD 24 billion by 2025. Thus, growing data consumption and the need for storage would increase data center facilities in the country.

IT & Telecommunication is the Largest Segment

- The ICT sector includes both IT and telecommunications markets. IT investment is on the rise, and the demand for the ICT market is expected to grow significantly over the next five years. According to the Department of International Trade, Philippine software services sales are expected to reach USD 95 million by 2025.

- According to Oracle, the Philippines recorded a 7.23% share in IT recruitment activity in August 2022, up 22.09% from July 2022. This shows that the IT department is growing. For example, in March 2022, Microsoft launched the Microsoft for Startups Founders Hub to boost startup ambition and drive innovation to foster economic and social progress in Asia and the rest of the world. Such efforts by the ICT market giants will help IT startups enter the Philippine ICT market to develop new hardware, software, and services.

- Cyberattacks are expected to continue to increase over the next five years. Advances in IT operations protect the ICT market from cyberattacks. As cloud-based platforms and enterprise software provide real-time data, they create greater value for businesses, especially by providing remote access. For example, Microsoft has introduced new and enhanced security services under a new service category known as "Microsoft Enterprise Security Professionals."

- Given the increasing digital adoption, Alibaba Cloud Intelligence intends to invest more in the Philippines after opening a data center. Allen Guo, the country manager for the giant technology firm, said at a press conference in Makati that the company was considering expanding the capacity of its data center to accommodate the growing use of digital platforms. Around 88% of the companies use cloud-based solutions in the Philippines. The growing demand for analytics and software for business purposes by the public and private industries is expected to boost the growth of the segment.

Philippines Data Center Cooling Industry Overview

The Philippines data center cooling market is moderately competitive, having gained a significant competitive edge in recent years. Currently, a handful of major players, including Stulz GmbH, Schneider Electric SE, Vertiv Group Corp., Rittal GmbH & Co. KG, and Mitsubishi Electric Hydronics & IT Cooling Systems SpA, dominate the market in terms of market share.

In March 2023, STULZ, a Hamburg-based company specializing in mission-critical air conditioning solutions, made a

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groundbreaking announcement regarding its industry-leading CyberAir 3PRO DX series. The company has introduced the use of the low global warming potential (GWP) refrigerant R513A in select units of this series, marking a significant milestone in its ongoing commitment to delivering environmentally sustainable air conditioning solutions for data centers. Furthermore, STULZ has embarked on a broader product transition initiative aimed at expanding the incorporation of R513A refrigerant across its entire product portfolio. This initiative underscores the company's dedication to providing eco-friendly cooling solutions for the data center industry.

Additional Benefits:

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

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