

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

Market Report | 2024-02-17 | 90 pages | Mordor Intelligence

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Report description:

The Philippines data center rack market reached a volume of 89,592 in the previous year, and it is further projected to register a CAGR of 19.9% 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 Philippines data center market is expected to reach 730 MW by 2029.
- Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 2620 million sq. ft by 2029.
- Planned Racks: The country's total number of racks to be installed is expected to reach 130K units by 2029. NCR (Metro Manila) is expected to house the maximum number of racks by 2029.
- Planned Submarine Cables: There are close to 20 submarine cable systems connecting the Philippines, and many are under construction. One such submarine cable that is estimated to start service in 2024 is SEA-H2X, which stretches over 5,000 Kilometers with landing points from La Union, Philippines.

Philippines Data Center Rack Market Trends

IT & Telecommunication holds the major share.

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- Increasing digital adoption creates more need for data storage space in the region. For instance, Alibaba Cloud Intelligence intends to invest more in the Philippines after opening a data center. At a press conference in Makati, Allen Guo, the country manager of the giant technology company, said that it was considering increasing its data center's capacity to meet the growing demand for digital platforms. In the Philippines, approximately 88% of enterprises are using cloud-based solutions.
- The growing demand for analytics and software for business purposes by the public and private industries is expected to boost the growth of the cloud segment.
- Moreover, In recent years, the market for cloud gaming has grown significantly, with more and more players opting to use cloud-based solutions instead of traditional video games. For instance, The first 5G eSports hub in the Philippines was launched by Smart Communications, marking the occasion of the first cross-platform gaming exhibition match to be held on the cloud, a nationwide first.
- The growth in the telecom segment considerably increased after the pandemic, with new remote work and online study options being adopted as the new normal. Further, Streaming services, online gaming, and shopping contributed to the considerable increase in the demand for data centers from the telecom industry. The Department of Information and Communications Technology brought out a new policy called the Common Tower Policy, which is expected to further improve the quality of mobile networks.
- Additionally, Telecom operators are expanding their bases to strengthen their network connectivity across the country. For instance, PLDT's mobile arm, Smart Communications, increased the count of its 5G substations to 7300 in 2022 to strengthen its 5G networks. Most of its new 5G BTS are rolled out in Metro Manila, Tarlac City, Silang in Cavite, and Laguna's Cabuyao, Lumban, and Santa Rosa.

Full Rack is Expected to Grow Significantly

- In the Philippines, 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, and the increase in Big Data Analytics combined with cloud computing, it is necessary to build a fully rack-equipped data center.
- For instance, the Philippines eCommerce market generated sales of 17 billion USD in 2021, representing a significant contribution from 73 million online users. It is expected that by 2025, it will be USD 24 billion, with a growth rate of 17%.
- 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.
- Further, 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.
- Hyperscalers (mostly prefer full-rack units) consider the Philippines to be the optimal place to host DC facilities. In May 2023, a joint venture between Globe Telecom, Inc., Ayala Corp., and the local unit of Singapore-based service provider ST Telemedia Global Data Centres (STT GDC) announced a 124 MW data center plan.

Philippines Data Center Rack Industry Overview

The upcoming DC construction projects in the country will increase the demand for Data Center Racks in the coming years. The Philippines Data Center Rack Market is fairly consolidated with a few major players, such as Schneider Electric SE, BTICINO

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PHILIPPINES, INC., Vertic Group Corp., Eaton Corporation, and Black Box Corporation in the market. These major players, with a prominent market share, focus on expanding their regional customer base.

In July 2023, The Department of Information and Communications Technology (DICT) department expects that, by 2025, there will be around 300 MW of capacity increases in the country's data centers.

In June 2023, The STT GDC Philippine Company disclosed its plans to expand its data center facilities in Makati, Cavite, and Quezon City by 5.2 megawatts.

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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