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

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Report description:

Taiwan's data center rack market reached a volume of over 50,000 in the previous year, and it is further projected to register a CAGR of 7% 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 Taiwan data center market is expected to touch 300 MW by 2029.
-Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 1.5 million sq. ft by 2029.
-Planned Racks: The country's total number of racks to be installed is expected to reach 76K units by 2029. Taipei City is expected to house the maximum number of racks by 2029.
-Planned Submarine Cables: There are close to 10 submarine cable systems connecting Taiwan, and many are under construction. One such submarine cable that is estimated to start service in 2024 is Apricot, which stretches over 11,972 Kilometers with landing points from Toucheng, Taiwan.

Taiwan Data Center Rack Market Trends

IT & Telecom Segment expected to hold the major share.

- Cloud and telecom are anticipated to contribute the largest market shares among end-user industries. Due to the increasing data generation, which drives the demand for quicker processing and effective servers, the cloud segment generates significant revenue. Numerous cloud service providers, including Cadence, Google, Siemens, Azure, AWS, and Synopsys, joined forces with TSMC to form a cloud alliance. Other big corporations also intend to enter the Taiwanese cloud industry in the future.
- As Taiwan develops into a regional hub for many enterprises, they are investing in cloud computing, thus increasing the demand for local data centers. The government is encouraging Taiwanese businesses to go digital. It is also dedicated to creating a cloud-based smart digital blueprint for local partners and connecting top-tier creative technologies for a variety of industries.
- For instance, Microsoft launched its "Reimagine Taiwan" program in 2020, outlining intentions to build its first cloud data center area in Taiwan and make large investments in local talent and development with the aim of supplying over 200,000 Taiwanese with digital skills by 2024.
- With an increase in smartphone users in Taiwan, the demand for telecom services is expected to grow. The Taiwanese electronics market has expanded due to the growing semiconductor sector. Taiwan currently produces close to 21% of the world's semiconductors. Over the past few decades, Taiwan has dramatically improved its semiconductor output, becoming a prominent participant in the sector.
- The use of digital consumer products such as smartphones and the data generated via them may allow telecom companies to securely manage and store large volumes of data and scale up the storage capacity as per their requirements. Such instances in the market create more demand for data center manufacturers in the coming years.

Full Rack is Expected to Grow Significantly

- In Taiwan, 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.
- Due to widespread internet and smartphone usage, the number of online shoppers in the area is steadily growing. The country's well-developed communications infrastructure and transportation network are also encouraging online buyers and sellers to use online channels. E-commerce revenue has been rising over the past few years as more people shop online. For instance, according to the Ministry of Economic Affairs Taiwan (MOEA Taiwan), the proportion of e-commerce sales in Taiwan's overall retail revenue grew at 24.5% to reach TWD 430.3 billion (USD 14.3 billion) in 2021.
- 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 and by the local government.
- The expansion of hyperscale data centers is projected to accelerate starting from the pandemic, as the COVID-19 pandemic pushed enterprises toward digital transformation, owing to an increase in remote working calls and the requirement for rapid mobilization of cloud computing to meet increased data demand. Larger businesses are looking to expand their data centers to ensure the stability and reliability of data services as the application of 5G, the Internet of Things, and artificial intelligence generate the demand for computing power. Taiwan is concentrating on taking the lead over global peers in data center construction. Such instances in the market are expected to create more demand for full-rack units in the coming years.

The upcoming DC construction projects in the country will likely increase the demand for Data Center Racks in the coming years. The Taiwan Data Center Rack Market is moderately consolidated with a few major players, such as Eaton Corporation, Rittal GMBH & Co.KG, Schneider Electric SE, Vertiv Group Corp., and Dell Inc. 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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