

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

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Report description:

The Vietnam data center cooling market reached a value of USD 55.9 million in the previous year, and it is further projected to register a CAGR of 8.6% during the forecast period.

Key Highlights

- In Vietnam, the mean annual temperatures are around 24 to 25 C, in which the coldest month has a mean temperature of 17 to 20 C and the hottest month has a mean temperature of 29 to 30 C.
- Extreme weather events are a threat to physical infrastructure such as power stations, electricity cables, and the data center buildings themselves. The above factor drives the major demand for data center cooling solutions.
- The upcoming IT load capacity of the Vietnam data center market is expected to reach around 230 MW by 2029. The country's construction of raised floor area is expected to increase to 877.5 thousand sq. ft by 2029.
- The country's total number of racks to be installed is expected to reach 43.9K units by 2029. Ho Chi Minh City is expected to house the maximum number of racks by 2029.
- There are close to 7 submarine cable systems connecting Vietnam, 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 km with landing points from Quy Nhon, Vietnam.

Vietnam Data Center Cooling Market Trends

IT and Telecom to Hold Significant Share

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- The telecommunications industry is looking toward institutionalization to supervise and promote digital transformation, making the process a foundation for developing the digital economy and society.
- The Vietnam Radio and Electronics Association suggested that 80% of Vietnamese data are created abroad. The country is taking necessary measures to produce data in Vietnam and aims to generate revenues from the national data infrastructure, which may account for 1% of the GDP by 2025. Interconnecting data centers and providing connectivity are vital to network requirements, resulting in high storage resources and energy consumption, necessitating data center cooling.
- About 80% of the data centers in Vietnam are operated by local telecommunication companies. Major players include VNPT IDC (7 facilities, 2 of 10,000 sqm, others under 2,000 sqm in addition to joint-ventures in other projects of large scales from 5,000 - 6,000 sqm); Viettel IDC (5 facilities, 1 of 10,000 sqm, 3 of 3,000 - 6,500 sqm, 1 of 500 sqm), and others.
- Data centers are energy and carbon-intensive types of property due to the constant operation of cooling systems, IT equipment, power generators, and facility lighting. In fact, carbon emissions from data centers contribute up to 3.7% of total greenhouse gas emissions, placing it ahead of aviation (2.4%), shipping (2.3%) and rice cultivation (1.5%).
- The deployment of 5G networks may boost the region's digital economy and lead to higher demand for high-bandwidth networking infrastructure, leading to major data center constructions and cooling solutions. For instance, in November 2021, Amazon Web Services (AWS) announced AWS outposts in Vietnam.
- Vietnam's data center (DC) market is thriving, with both local and foreign companies looking to develop more DCs in the Southeast Asian country as demand for data storage continues to grow. A key reason is the implementation of a new data localization rule in Vietnam in 2022, which has resulted in increased activity in DC investments. Efficient management of thermal loads within telecom facilities and electronic enclosures is essential, which will lead to major cooling solution demand.

Liquid Cooling to Hold Significant Growth

- With the implementation of the data localization law in Vietnam, data center investments are increasing on a YoY basis. The country is witnessing investments from new entrants such as Data Center First, Edge Centres, Infracrowd Capital, and Worldwide DC Solutions. Existing operators are expanding their presence in the country by investing in the new facility and expanding the existing facility.
- Regarding network connectivity, the country has five existing submarine cables connecting to APAC & EMEA countries and the US. Asia Direct Cable (ADC) and Southeast Asia-Japan Cable 2 (SJC2) are the two upcoming submarine cables expected to be operational by 2023/2024.
- The Government has launched the digitalization initiative known as Digital Transformation Program 2025, which aims to transfer around 50% of the business to digital platforms by 2025. In the country, the 5G network connectivity increase drives the demand for edge data center deployment and offers last-mile connectivity and lower latency services. In August 2022, Amazon Web Services (AWS) announced the launch of edge data centers in Hanoi and Ho Chi Minh City in Vietnam.
- In February 2022, the Ministry of Information and Communication of Vietnam announced its research plans for developing 6G technology to meet the demand from the fastest-growing technology sectors.
- Due to supply chain disruptions, the country witnessed a chip supply shortage. Several chip manufacturers are expanding their footprints with new manufacturing units to overcome the challenges. For instance, in August 2022, Samsung announced that they are investing around USD 3 billion to develop a chip manufacturing plant in Vietnam, and they plan to start trial production in July 2023.

Vietnam Data Center Cooling Industry Overview

The Vietnam Data Center Cooling market is characterized by consolidation among key players, who have gained a competitive

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edge in recent years. Mitsubishi Electric Corporation, Schneider Electric SE, Huawei Technologies Co., Ltd., and others are among the major players dominating this market. These industry leaders, holding significant market shares, are dedicated to expanding their customer base across the region. They employ strategic collaborative initiatives to enhance their market share and overall profitability.

In May 2022, STULZ made an exciting announcement regarding its latest innovation, the CyberCoolFree Cooling Booster. This cutting-edge free cooling module delivers environmentally friendly cooling solutions for both data centers and industrial applications. The CyberCoolFree Cooling Booster is a versatile and high-performance solution, unlocking the substantial savings potential associated with free cooling in both existing and new systems. Doing so not only improves operational reliability and equipment lifespan but also contributes to a reduction in CO2 emissions.

Additional Benefits:

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

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