

Vietnam 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 Vietnamese data center rack market reached a volume of over 28,000 in the previous year, and it is further projected to register a CAGR of 7.7% 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 Vietnam data center market is expected to reach 240 MW by 2029.
- Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 870K sq. ft by 2029.
- Planned Racks: The country's total number of racks to be installed is expected to reach 43K units by 2029. NCR Ho Chi Minh City is expected to house the maximum number of racks by 2029.
- Planned Submarine Cables: There are close to 20 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 Kilometers with landing points from Quy Nhon, Vietnam.

Vietnam Data Center Rack Market Trends

IT & Telecom segment is expected to account for the highest market share among the end-user industries.

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- Following the global trend of cloud technology, the interest of Vietnamese companies and their demand for cloud services are also increasing. Service provider opportunities in IT services include IT technical training and IT consulting, management, software/enterprise applications (ERP and CRM systems, financial and accounting software), data centers and data storage, and web services.
- The country's data center market is driven by the migration of enterprise data to cloud platforms. For instance, in December 2022, Vietnamese conglomerate Vingroup announced its plans to migrate its SAP systems, including supply chain management, enterprise resource planning (ERP), finance management, human capital management (HCM), and manufacturing operations, in its on-premise data centers to Google Cloud to boost its production capabilities and improve product and service quality. Such developments are expected to increase the adoption of data storage solutions and positively impact the market.
- The telecom segment also witnessed significant growth of 5.48% during the study period. Many telecom operators aim to increase their offerings and expand their presence nationwide amid the growing internet users and economy. For instance, Viettel IDC plans to invest in 4G and 5G infrastructure and fiber optic connectivity for every household by 2025.
- The rollout of 5G networks is expected to boost the region's digital economy and increase the demand for high-bandwidth network infrastructure. For instance, in December 2022, AMD announced the successful completion of a 5G mobile network field trial with Viettel Group's R&D arm Viettel High Tech (VHT). AMD supplied its Xilinx Zynq UltraScale+ MPSoC devices for the trial, part of Viettel's plan to complete its 5G network in Vietnam by the end of 2022. Such developments in the market are expected to create more need for data storage space and raise the demand for data center racks in the coming years.

Full Rack is Expected to Grow Significantly

- In Vietnam, 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.
- Foreign direct investments continued in Vietnam's e-commerce sector in 2022. Companies from China, Japan, South Korea, and the United States expanded their digital presence on local e-commerce platforms. Vietnam also has a stronghold on five of Southeast Asia's most successful e-commerce platforms, namely Lazada, Shopee, Tiki, Sendo, and The Gioi Di Dong. With the adoption of new technologies and stronger digital infrastructure, the year 2022 was the beginning of a new era of e-commerce in Vietnam. Such instances are expected to create more need for full racks in the coming years.
- 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.
- Recently, Vietnam approved the National Digital Transformation Programme by 2025, with an orientation toward 2030. To meet the targets, the Ministry of Planning and Investment (MPI) will issue documents and tools guiding the digital transformation and boost cooperation with relevant agencies, including a roadmap for production facilities and offering them a 50% reduction in consultancy costs. Such developments in the market are expected to create more demand for data center racks across the region.

Vietnam Data Center Rack Industry Overview

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The upcoming DC construction projects in the country will likely increase the demand for Data Center Racks in the coming years. The Vietnam 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 Corporation announced the release of its new Open Compute Project (OCP) open rack v3 (ORV3) compatible solutions. It was 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 featured 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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