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Data Center Market in Latin America - Industry Analysis and Forecast 2020-2025

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Abstracts

The data center market in Latin America is expected to grow at a CAGR of over 6% during the period 2019–2025.

The following factors are expected to contribute to the growth of the data center market in Latin America during the forecast period:

- Development of Green Data Centers
- Increased Tax Incentives & Low Cost of Data Center Construction
- Increasing use of Free Cooling to Remote Data Center Heat
- Adoption of Flash Storage Solutions
- Shift to Edge Data Center Deployments

The digitalization of the business environment is driving the data center market in Latin America. Around one-third of the population adopted smart devices in 2019, which has led to the growth of internet-based service consumption, i.e. adoption of cloud-based services in the region. Moreover, the growing adoption of data center services in sectors such as media and entertainment, BFSI, government agencies is boosting the demand for colocation facilities. Enterprises, colocation service providers, and telecommunication service providers are also significantly contributing to data center investments in Latin America. Hence, the increased investment from cloud-based service providers is likely to influence the Latin America data center market.

In Latin America, the most start-ups across FinTech, AgTech, and eCommerce business verticals are involved in using big data analytics and IoT applications. Brazil dominates the big data market, followed by Mexico and Colombia. The high adoption of cloud computing, big data, and IoT services, along with the growth in social networking and demand for online video services, has prompted telecommunication providers, enterprises, and government agencies in the region to strengthen their internet backbone. In 2019, Google landed its private submarine cable, Curie, in Valpara?so, Chile. The cable is directly connected to the Equinix LA4 data center in Los Angeles, California. About 10 submarine cable projects expected to be operational by 2021, will bring in high data center investments year-over-year.

The report considers the present scenario of the data center market in Latin America during the forecast period and its market dynamics for the forecast period 2020?2025. It covers a detailed overview of several market growth enablers, restraints, and trends. The report profiles and examines leading companies and several other prominent companies operating in the market.

Latin America Data Center Market: Segmentation

This research report includes a detailed segmentation by IT infrastructure, electrical infrastructure, mechanical infrastructure, general construction, tier standards, and geography. IT spending in Latin America is growing significantly YOY. The growth is majorly driven by enterprises shifting from on-premise IT infrastructure to colocation. Enterprises are more concerned about the availability of support services such as reliable power, cooling system efficiency, high-speed connectivity, and security. These concerns are driving enterprises to adopt colocation and cloud-based services. The server market is expected to grow during the forecast period due to the increasing investment from cloud providers such as AWS, Google.

All-flash-arrays are expected to be replace traditional storage drives as a primary source of storage in the Latin America region data center during the forecast period. The increase in usage of internet, smartphone adoption, IoT, and big data analytics has raised the demand for IT infrastructure in the region. The number of application workloads instances in the cloud, as well as on-premise, will grow by 2.5X by 2025. The incorporation of 5G and improvement towards fixed broadband connectivity will fuel the demand for HPC infrastructure by 2025. While the use of HDD-based arrays is present in several data centers, the demand is declining YOY and is getting replaced by fast, reliable, and non-volatile storage solutions. The adoption of NVMe SSDs will gain traction in leading markets such as Brazil, Chile, and Colombia.

The Latin America data center market has a strong potential for UPS systems due to the increasing greenfield facility developments, especially greater than 10 MW. Several facilities are being developed based on Tier III standards for design and operations with a minimum of N+1 redundancy on UPS systems. The emergence of lithium-ion battery systems is expected to influence market growth.

The adoption of generators of capacity over 2 MW is growing in Latin America. The service providers in Latin American countries continue to invest more in N+N redundant generators rather than N+1 or 2N for power distribution and UPS systems. The market for transfer switches and switchgear is expected to grow due to the increased data center construction. However, the use of switches will vary significantly based on capacity supported, cost, mean time between failures (MTF), switching time, and design. With the increased construction of data centers typically of more than 5 MW capacity, the market for medium-voltage switchgears is expected to grow significantly.

Several facilities in Brazil are commonly utilizing water-based cooling systems. Some parts of Brazil also offer the climatic benefit of adopting free cooling and air-based cooling techniques. The large data center development in Brazil during the forecast period is expected to adopt systems that support free cooling.

In Chile, most facilities use chilled water systems with CRAH units, free cooling units with CRAC units, or free cooling chillers. The increasing adoption of free cooling in Chile is likely to reduce cooling energy consumption by up to 30% during the forecast period. Also, the growing construction of modular and colocation facilities in Chile is projected to fuel the demand for mechanical infrastructure in the region.

Many facilities in Colombia are equipped with a minimum cooling redundancy of N+1 configuration. The growth of rack power density will prompt providers to adopt innovative cooling solutions such as evaporative coolers to facilitate free cooling solutions. The use of water-based cooling solutions will dominate other Latin American markets, including Peru, Argentina, Uruguay, Mexico, and the Caribbean.

Most data center development in Brazil during the forecast period is expected to be greenfield. The market has a strong potential for growth for modular projects. In Chile, a majority of the construction contractors are generally involved in the development of greenfield and modular facilities. With the market operating data centers of IBM and Google, the country is likely to witness the opening of a few additional Tier IV facilities with high operational sustainability. The data center construction market in Colombia involves the adoption of greenfield developments and modular facilities. Greenfield developments are carried out by colocation and telecommunication service providers.

Tier I data centers exist in the North American region. According to the Uptime Institute, there are around two facilities in Latin America that are Tier II certified based on designing and construction. In these facilities, redundancy is recognized between UPS and PDU systems. Other infrastructures are identified to be working through the single delivery path with no redundancy in most cases; this includes piping of data center cooling systems. However, with the increased awareness of redundant infrastructure, the number of Tier I facilities in Latin America have decreased considerably in the last five years.

Tier IV data centers facilities are in Brazil, Colombia, Chile, Mexico, Uruguay, and Ecuador in Latin America. Tier IV facilities are equipped with at least 2N+1 redundancy in every infrastructure that makes the facility fault-tolerant, with some facilities having 2N+2 redundancy in few critical infrastructures such as UPS systems and PDUs. The contribution of hyperscale developers such as Google and AWS is aimed at making a facility that is fully fault-tolerant to provide customers with satisfaction while connecting with cloud-based services in a region.

Market Segmentation by IT Infrastructure

- Servers
- Storage
- Network

Market Segmentation by Electrical Infrastructure

- UPS Systems
- Generators
- Transfer Switches and Switchgears
- Rack PDU

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Other Electrical Infrastructures

Market Segmentation by Mechanical Infrastructure

Cooling Systems

CRAC & CRAH units

Chiller Units

Cooling Towers, Dry Coolers, & Condensers,

Other Cooling Units

Racks

Others Mechanical Infrastructure

Market Segmentation by General Infrastructure

Building Development

Installation and Commissioning Services

Building Designs

Physical Security

DCIM & BMS

Market Segmentation by Tier Standards

Tier I &II

Tier III

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Tier IV

Insights by Geography

Brazil is the leading country with the highest number of facilities. With the increasing internet penetration, the use of cloud-based services by businesses is growing. In Brazil, there were about 13 new facilities opened or under-construction projects and are likely to be operational by 2019. Cloud service providers such as Alibaba is also planning to launch its cloud computing service in Brazil. Alibaba has identified a local partner known as UOL Diveo that will resell its cloud services in Brazil. In Brazil, Sao Paulo is the state with the majority of investment from Ascenty, Equinix, UOL DIVEO. Rio de Janeiro is also preferred by colocation service providers such as Ascenty and Centurylink.

Chile has been witnessing growth in data centers development in recent years due to the demand for cloud-based services, the internet of things (IoT), and big data analytics the increasing submarine cable deployments in Chile, the data center construction market is growing rapidly. For instance, Huawei is expected to build a 2,800-kilometer subsea cable project in Chile in partnership with Communications and Rural Telephony (CTR). Colocation and telecommunication service providers are the major contributor to the Chile market. Ascenty is one of the leading operators in Latin America and is investing in its first facility in Chile. Ascenty is expected to expand its presence in the country with Google boosting the market growth through additional investments.

Key Country

- Latin America
  - Brazil
  - Chile
  - Colombia
  - Rest of America

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Key Vendor Analysis

The data center construction market in Latin America is continuing to grow in terms of greenfield, brownfield, and modular data center construction. The market is still witnessing increased growth in the number of facilities across all regions, with a high adoption of efficient and modular data center infrastructure solutions. The market has a strong presence of vendors across all three categories, such as electrical infrastructure, mechanical infrastructure, and general construction.

Prominent (IT) Infrastructure Providers

- Hewlett Packard Enterprise (HPE)
- Cisco
- Dell Technologies
- Huawei
- IBM

Prominent Support Infrastructure Providers

- ABB
- Eaton
- Rittal
- KINOLT (Euro-Diesel)
- Schneider Electric
- STULZ
- Vertiv

Prominent Construction Contractors

AECOM

Constructora Sudamericana S.A.

Flexenclosure

Aceco TI

ZFB Group

Prominent Data Center Investors

Bridge Data Centres

Ascenty

Equinix

Google

ODATA

Tigo (Millicom)

Other Prominent IT Infrastructure Providers – Arista, Broadcom, Juniper, Lenovo, NetApp, Oracle, Pure Storage

Other Prominent Construction Contractors - Fluor Corporation, Holder Construction, Jacobs Engineering Group, Mortenson Construction

Other Prominent Infrastructure Providers - Active Power (Piller Power Systems), Alfa Laval, Assa Abloy, Axis Communications, Bosch Security Systems (Robert Bosch), Caterpillar, Cisco, Cummins, Daikin Applied (Daikin Industries), Delta Group, Generac Power System, Honeywell International, Legrand, Mitsubishi, Munters, Panduit, Siemens

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Other Prominent Data Center Investors – EdgeConnex, GTD Group, Telefonica

Key Market Insights Include

The report provides the following insights into the data center market in Latin America during the forecast period 2020–2025.

It offers comprehensive insights into current industry trends, trend forecasts, and growth drivers about the data center market in Latin America.

The report provides the latest analysis of share, growth drivers, challenges, and investment opportunities.

It offers a complete overview of segments and the regional outlook of the data center market in Latin America.

The study offers a detailed overview of the vendor landscape, competitive analysis, and key strategies to gain competitive advantage.

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