

Taiwan Data Center Storage - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Taiwan Data Center Storage Market size is estimated at USD 0.28 billion in 2024, and is expected to reach USD 0.32 billion by 2029, growing at a CAGR of 3.12% during the forecast period (2024-2029).

Key Highlights

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, leading to a growing need for data center storage equipment.

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 Storage Market Trends

IT & Telecommunication Segment to Hold Major Share in the Market

There has been a recent surge in cloud migration as companies adapt to more flexible digital workplaces to meet the rising demand for online services and accommodate remote work. The cloud, being the cornerstone of digital transformation, relies on data centers for its infrastructure. Consequently, the shift to enterprise cloud solutions is propelling the growth of the domestic data center market, leading to an increase in the market value of data center storage equipment.

With the proliferation of data-intensive technologies, cloud computing, and digital services, businesses are generating and processing larger volumes of data. Data centers must scale their storage infrastructure to handle this increased workload, which may involve incorporating flash storage and additional drives into existing data centers or constructing new ones. The expanding number of data centers is directly correlated with the demand for storage devices in IT infrastructure, meeting the growing computing needs of various industries.

Given the critical role of data centers in national security, internet infrastructure, and economic performance, the country is experiencing rapid growth in its data center infrastructure. This growth is fueled by a growing preference for cloud services and increased consumption and generation of data by the growing digital user base. As a result, the usage of data centers is on the rise, concurrently driving the utilization of storage devices within these data centers and positively impacting the market.

In Taiwan, individuals use approximately 6.5 social media platforms per person, spending around two hours on social media daily. The active social network penetration in Taiwan is approximately 89.4%, with the number of social media users increasing from 0.4 million in 2020 to 2022. Increasing internet penetration and the widespread implementation of AI across industries are further propelling investments in data centers. As the number of data centers increases, so does the demand for data center storage in the country.

The adoption of 5G services is anticipated to accelerate, driven by the growing need for high-speed data access for cloud and IoT applications, including smart home energy management. The rapid expansion of 5G networks, offering faster speeds, higher capacity, and lower latency than 4G LTE networks, has resulted in a significant increase

in 5G subscribers in Taiwan. The continued growth in smartphone usage and the increasing adoption of 5G networks contribute to the dominance of the telecommunications sector, positively impacting the growth of data centers in the country. This, in turn, augments the demand for data storage and data center storage equipment, leading to an increase in market value.

Hybrid Storage Expected To Hold Significant Share

The integration of on-premises and cloud storage solutions, commonly known as data center hybrid storage, leverages the strengths of both environments, providing the flexibility to store and manage data either on-premises or in the cloud.

Hybrid storage proves instrumental in effectively utilizing storage resources, reducing the overall storage footprint, and optimizing storage management. The increasing demand for agile, cost-effective, and flexible computing is a key driver behind the growing adoption of hybrid storage solutions.

In the realm of digitalization, the adoption of cloud technologies is on the rise. For example, Microsoft launched its "Reimagine Taiwan" program in 2020, signaling its intention to build the first cloud data center area in Taiwan. This initiative includes substantial investments in local talent and development, aiming to equip over 200,000 Taiwanese individuals with digital skills by 2024. As a result, there has been a notable surge in the procurement of all-flash and hybrid array systems, particularly by small and medium-sized enterprises (SMEs) leveraging cloud services.

Taiwan's evolution into a regional hub for enterprises is accompanied by significant investments in cloud computing, leading to an increased demand for local data centers. The government actively encourages local businesses to embrace digital transformation, creating a cloud-based smart digital blueprint for local partners and fostering connections with top-tier creative technologies across various industries. The continuous growth of businesses is prompting data centers to expand and adapt to meet the growing connectivity needs of diverse industries, emphasizing the increasing reliance on hybrid infrastructure and cloud capabilities for flexibility, scalability, and remote work. The escalating data traffic further underscores the importance of storage for businesses, contributing to the rising market value of hybrid storage solutions.

Numerous service providers are deploying advanced storage solutions to ensure data

availability and access in hybrid clouds. Companies, such as HPE GreenLake, are offering optimized hybrid storage systems, exemplified by their updated app and data product. In 2022, HPE GreenLake introduced platform upgrades and new cloud services, making its product portfolio particularly appealing to large enterprises with substantial data storage capacities, further driving the demand for hybrid storage solutions in the country.

Taiwan Data Center Storage Industry Overview

The Taiwan Data Center Storage market exhibits moderate fragmentation, with a majority of the market share held by key players. Major contributors to this landscape include Dell Inc., Hewlett Packard Enterprise, NetApp Inc., Hitachi Vantara LLC, and Kingston Technology Company Inc. These significant players employ strategic collaborative initiatives to not only enhance their market share but also to increase overall profitability.

In October 2023, KIOXIA Corporation, during the Open Compute Project Global Summit, spotlighted its extensive data center and enterprise solid-state drive (SSD) portfolio. The showcase included next-generation Enterprise and Data Center Standard Form Factor (EDSFF) E1.S SSDs designed specifically for hyperscale data centers. The portfolio also featured Software-Enabled Flash™ technology and PCIe® 5.0 SSDs, marking a global launch of these advanced storage solutions.

In May 2023, Kingston Technology made a notable return to the COMPUTEX Taipei event after a three-year hiatus. At COMPUTEX 2023, Kingston unveiled its latest products in Taiwan, introducing non-binary DDR5 memory, the XS1000 External SSD, and an Industrial SD card. This return to the event signifies Kingston's commitment to showcasing cutting-edge storage solutions and innovations in the Taiwanese market, reinforcing its position as a key player in the data center storage arena.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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