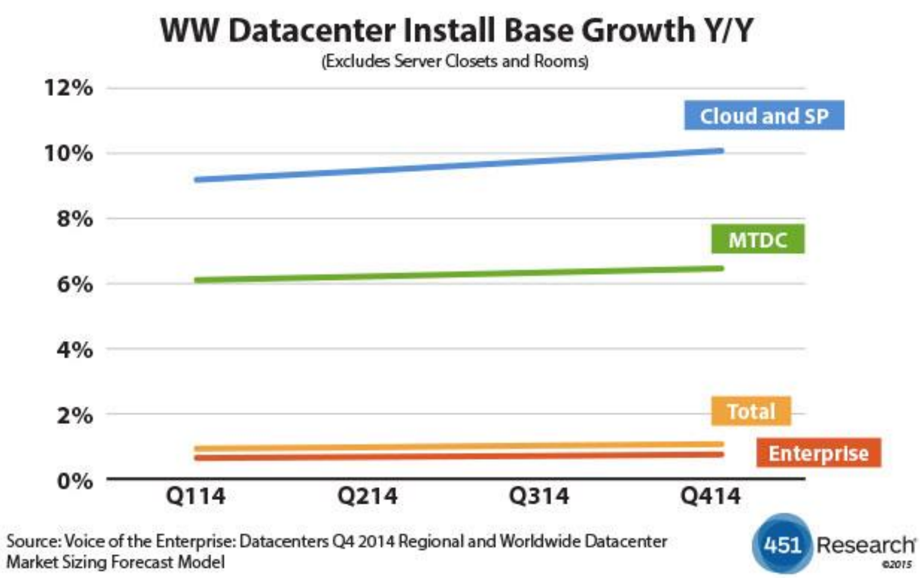
451 Research

451 Research: The Worldwide Datacenter Install Base Saw Minimal Growth During the Fourth Quarter of 2014

Emerging Markets, Cloud and Multi-Tenant Datacenter Providers Heat Up an Otherwise Lukewarm Datacenter Market, according to a new data service from 451 Research.

NEW YORK, February 17, 2015 – Data from Voice of the Enterprise: Datacenters, 451 Research's newest product offering, reveals that the worldwide datacenter install base grew at +0.2% Y/Y in Q4 2014 to 4.3 million datacenters and IT sites. The weak demand for new facilities was primarily driven by a decline in traditional enterprise demand, particularly in mature markets. This decline was offset by the booming demand for large premium and hyperscale facilities from cloud, service provider and multi-tenant datacenter vendors. While datacenters from those organizations are typically very large, from a datacenter count perspective they are still the minority, representing only 5% of the market combined when server closets and rooms are excluded.

From a square footage perspective, enterprises continue to control the vast majority of the worldwide market, at 83%. MTDC and cloud providers control 12% and 5%, respectively. That balance will continue to shift over time as enterprises invest less in their own datacenter spaces and become more comfortable with relying on third parties. "Investment in new datacenter space by traditional enterprises is being propped up only by the sheer force of growing organic demand for IT resources. Almost all the overarching market trends are working against the need for enterprises to build out more of their own datacenter space," said Daniel Harrington, Research Director, Enterprise Datacenters.



Other highlights from the Voice of the Enterprise: Datacenters study include:

- Developed markets such as North America and Europe declined 1% and 2% respectively. This was offset by an increase in emerging markets such as APAC, LATAM and MEA, which all grew at 2% year over year.

- Continued enterprise consolidation led to flat to declining growth for server closets and rooms in most regions. The same consolidation trend has led to a continued buildout of centralized premium datacenters.

- Hyperscale datacenters grew at 4%, led by strong demand from cloud and service providers (15%).

Continued consolidation and centralization of datacenters and IT sites, movement to third parties, including cloud and multi-tenant datacenter providers, and the increasing efficiency of IT infrastructure hardware are all working against the need for traditional enterprises to expand. In referencing the findings from the Voice of the Enterprise: Datacenters study, Dan Harrington also said, “The bright spot for facilities vendors being that those cloud and MTDC providers will need to accommodate the growing demand for outsourced IT resources with their own facilities, albeit fewer and more efficient ones.”

Additional findings from the research show things are not changing overnight. The movement to third-party providers continues at a slow but steady pace. Enterprises will continue to maintain and upgrade their existing sites for some time as they evaluate the capabilities of third-party providers.

Learn more about the Voice of the Enterprise: Datacenters research findings on February 18, 2015, at 2pm during the "The State of the Datacenter Market: Disruption and Opportunity for 2015 and Beyond" webinar. Register now.

Voice of the Enterprise: Datacenters

Published quarterly, Voice of the Enterprise: Datacenters combines a market-sizing forecast model with comprehensive, survey-driven analyst reports derived from 900 Web-based surveys and 25 hour-long in-depth interviews with senior IT professionals. Together the research provides end-to-end coverage including supply and demand for the datacenter market, construction and design trends, facilities trends, financing, lifecycle analysis and utilization of service providers. Learn more.

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