

Lifted by the cloud: EMEA data center IT infrastructure market to grow to \$40 billion by 2015

- Canalys EMEA data center IT infrastructure forecast

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For immediate release

Canalys today announced that it expects data center IT infrastructure investment, covering everything from server closets to large data centers, in Europe, the Middle East and Africa (EMEA) to grow from \$29 billion in 2010 to \$40 billion by 2015.¹ Private and public cloud development is expected to fuel data center transformation and consolidation, driving the market's 6% compound annual growth rate.² While servers are projected to remain the largest market component, Canalys forecasts virtualization and storage will grow more quickly.

On a worldwide basis, Canalys anticipates data center IT infrastructure end-user revenue to grow by an average of 7% each year, to reach \$149 billion by 2015, up from \$107 billion last year. EMEA is expected to account for 27% of the global value, with other regions - notably Asia Pacific - poised to expand at faster rates.

'Data center transformation has emerged as a key IT topic in recent years, with a focus on establishing more centralized, pooled computing, storage and network resources to facilitate cloud computing,' said Matthew Ball, Director of Enterprise Services at Canalys. 'Data centers will need to improve service levels to customers, whether internal or to third parties, by accommodating growing data and network bandwidth demands and merging complex architectures that were once technology silos - all while achieving a low carbon footprint and occupying minimal floor space.'

Canalys anticipates that the shift to public and private cloud computing will stimulate consolidation of multiple server closets, server rooms and small data centers to privately owned or third-party-operated large data centers.

¹ The Canalys IT data center market forecast includes industry-standard servers, storage, Ethernet networking, storage networking, application delivery networking, network security and server virtualization. This covers infrastructure deployed in server closets, server rooms, and small, medium and large data centers across all types of businesses, but excludes wiring closets used exclusively for Ethernet networks at the LAN edge.

² Canalys defines cloud computing as any IT service delivered on-demand with metered usage, typically using virtualized and multi-tenancy architectures to deliver scalability, elasticity and rapid provisioning with the aim of reducing costs.

‘As companies place an increasing proportion of their IT assets in fewer locations, risk also increases,’ said Ball. ‘Cloud computing service providers will continue to build out their data center footprints and offer infrastructure as a service to customers that outsource their equipment requirements or adopt cloud-bursting models.’

‘Services, including professional and managed services, will be essential for data center transformation and the adoption of private and public cloud computing,’ said Canalys Analyst Alex Smith. ‘As IT budgets become less constrained, especially in the public sector in the medium term, data center transformation will grow, creating demand for core IT infrastructure components. The challenge, however, is getting the right scale of compute, storage and network resources to meet current and future demand without too much or too little capacity.’

Servers will remain the largest component, but virtualization and storage will grow faster

Industry-standard servers represented 37% of total data center IT infrastructure spend in 2010 in EMEA and will remain the largest component throughout the forecast period. Investment in industry-standard servers is expected to grow by an average of 6% each year to reach \$14 billion by 2015. The proportion of tower form factors will decline, while more compact rack and blade servers offering high-density computing power will gain. Blade servers will be the fastest-growing segment, driven by large data center deployments as part of cloud computing roll-outs, as well as integration into modular data center pods and containers.

Server virtualization will be the fastest-growing component of the data center IT infrastructure market, with a predicted 12% growth each year between 2010 and 2015. Canalys expects server virtualization penetration to rise further and increasingly filter down into smaller businesses that seek the same server consolidation benefits achieved by larger enterprises.

Storage end-user revenue will increase from \$8 billion to \$12 billion between 2010 and 2015. The continuing growth in all forms of data consumption, including files and video, as well as desktop virtualization, will drive the continued build-out of storage capacity within data centers.

Cloud computing, and its effects on the data center IT infrastructure market, will be debated at The Canalys Channels Forum in Barcelona, from 3 to 5 October 2011. Now in its fourth consecutive year, the Forum unites senior executives from leading technology vendors,

distributors and channel partners to discuss industry trends, forge new business relationships, and create sales opportunities.

About the Canalys Data Center Analysis Service

For market intelligence, product and field marketing, and business planning managers, Canalys focuses on the sales opportunities and challenges associated with the next generation of virtualized data centers. The Data Center Analysis service examines the computing infrastructure market in its entirety, covering product trends, energy and channel issues, as well as shipment tracking into all facilities - from small server closets to the largest critical data centers. It provides detailed market estimates and forecasts for infrastructure spend on servers, storage, Ethernet networking, storage networking, application delivery networking, network security, server virtualization, and associated management tools - all in a single tracker.

About Canalys

Canalys serves the technology industry with high-quality analysis, produced via a rigorously consistent methodology that is complemented by attentive customer service. Members of its talented, ambitious and globally integrated team are leading-edge users of technology. Canalys deploys innovative, web-based solutions to gather research, connect communities and provide customer-friendly deliverables. These investments underpin the company's long-term approach to consistent, profitable global growth.

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