

## Data center infrastructure market will be worth \$152 billion by 2016

➤ Asia Pacific will account for a quarter of global data center investment in five years

Shanghai, Palo Alto, Singapore and Reading - Wednesday, 11 July 2012

---

Data center transformation is one of the three key trends driving IT growth in 2012, according to analyst firm Canalys (the others being consumerization of IT and enterprise mobility). Its latest forecasts reveal that the market for data center IT infrastructure globally, including servers, storage, networking, security and virtualization, will reach \$128 billion this year, up 6% from \$120 billion last year. Total investment will grow 5% on average per annum to reach \$152 billion in 2016.

Large data centers will lead this expansion, posting an average annual increase of 8% over the same period. Much of this infrastructure will be used to form the backbone of cloud services for both consumer and commercial customers.

‘On the consumer side, everything from social networking platforms to online banking services will require resilient infrastructure on which to run,’ said Alex Smith, Senior Analyst at Canalys. ‘This is particularly evident in the Asia Pacific region, where businesses in China and India are investing heavily in infrastructure to provide online services to their customers. The size of the populations in these markets presents a huge potential demand for data center infrastructure.’

Cloud computing has been a hot topic in the enterprise space in recent years and will continue to disrupt established patterns of IT purchasing behavior. The management of hardware and software traditionally conducted in-house will increasingly be transferred to third-party providers, with resources charged for on an on-demand, metered basis. This transition is already well underway in many public sector organizations, particularly in Europe where government spending is being re-shaped by the ongoing economic challenges. These trends are helping to concentrate investment into fewer, but larger, data centers, as opposed to being distributed across many smaller facilities.

Analytics is another driver of large data center investment. ‘Different organizations, with different interests spanning commerce, the environment and a spectrum of scientific disciplines will require large data warehouses and the ability to analyze vast quantities of information,’ Smith added. ‘The need to routinely process exabytes of data will become common.’

Canalys predicts Asia Pacific will be the fastest growing region over the next five years and will account for a quarter of worldwide data center infrastructure spend by 2016.

‘IT infrastructure expansion is critical to support the high-growth economies and rising online populations in this region,’ said Matthew Ball, Canalys Director of Enterprise Services. ‘The leading US vendors must focus resources on expanding their channel coverage in key Asia Pacific markets in order to capitalize on these growth opportunities. And they should not underestimate the challenge presented by local vendors, such as Fujitsu, Hitachi, Huawei and NEC.’

Canalys forecasts that North America will remain the biggest data center infrastructure market, though its share of total worldwide investment will fall from 43% in 2011 to 41% in 2016. The EMEA (Europe, the Middle East and Africa) market will be affected in the short term by the economic environment in Western Europe, despite growth in countries such as Poland, Russia, Turkey and South Africa.

‘Latin America will grow faster than North America and EMEA, but will not quite match the pace of Asia Pacific over the next five years,’ Ball added.

The implications of these trends will be discussed in detail at the Canalys Channels Forum events in EMEA, from 8 to 10 October 2012 in Barcelona, and APAC, from 30 October to 1 November 2012 in Singapore. These prestigious, independent events unite senior managers from leading technology vendors, distributors and channel partners to discuss industry trends, forge new business relationships and create sales opportunities. More information is available at: [www.canalyschannelsforum.com](http://www.canalyschannelsforum.com).

## About Canalys

Canalys delivers smart market insights to IT, channel and service provider professionals around the world. Our customer-driven analysis and consulting services empower businesses to make informed decisions and generate sales. We stake our reputation on the quality of our data, our innovative use of technology, and our high level of customer service.

## Receiving updates

To receive press releases directly, or for more information about our events, services or custom research and consulting capabilities, please complete the [contact form](#) on the [Canalys web site](#).

---

Copyright © Canalys 2012. All rights reserved.

Americas: Suite 316, 855 El Camino Real, Palo Alto, CA 94301, US | tel: +1 650 681 4488  
APAC: 2532 Wheelock Square, 1717 Nanjing West Road, Jing An District, Shanghai, China, 200040 | tel: +86 21 6157 5113  
APAC: 1 Pickering Street, Great Eastern Centre, #07-02, Singapore, 048659 | tel: +65 6671 9399  
EMEA: Diddenham Court, Lambwood Hill, Grazeley, Reading RG7 1JQ, UK | tel: +44 118 984 0520  
e-mail: [inquiry@canalys.com](mailto:inquiry@canalys.com) | web: [www.canalys.com](http://www.canalys.com)