

## Energy risk and cost will shape data center landscape

➤ Predicted growth in large data centers raises supply and location questions in EMEA

Shanghai, Palo Alto, Singapore and Reading - Tuesday, 29 May 2012

---

Market analyst firm Canalys anticipates that the EMEA (Europe, Middle East and Africa) region will face major challenges in meeting the rising energy requirements of data centers over the next decade. It estimates that the combined base of server closets, server rooms, and small, medium-sized and large data centers accounts for 1% of all electricity consumption and 5% of commercial electricity use across the region. It predicts electricity use across all these facilities will be 15% higher by 2016, driven in particular by a 40% rise in consumption by large data centers. Some countries are much better placed than others to cope with this increased demand. Vendors, service providers and their customers therefore need to evaluate their location choices carefully.

‘Virtualization and workload acceleration technologies, as well as increasing network bandwidth, enable organizations to invest in data centers sited far beyond their traditional geographic borders. As this trend continues and the need for server proximity diminishes, energy supply risk and cost become key factors in determining the best locations for those data centers,’ said Alex Smith, Canalys Senior Analyst. ‘Depending on the corporate social responsibility policies of both the providers and their customers, use of renewable, environmentally sustainable resources for electricity generation will also become increasingly important elements of the decision-making process.’

Companies building and utilizing data centers will seek opportunities to capitalize on lower-cost, more dependable and greener energy supply, as long as legislation regarding restrictions on data movement allows such freedom.

‘Many countries remain heavily dependent on fossil fuels, often sourced from politically unstable regions. Pressure to meet emission reduction targets, especially in Europe, will force large combustion plants to be decommissioned or retrofitted with costly carbon capture solutions,’ added Matthew Ball, Canalys Director of Enterprise Services. ‘Governments must invest in new infrastructure to achieve EU-wide targets on renewable energy. But poor economic performance over the past three years combined with weak growth prospects and serious public debt problems cast significant doubts over the ability of some to make the required investment.’

Canalys’ annual Energy Watch report, recently released to clients of its Data Center Analysis service, analyzes, scores and ranks 26 countries in EMEA based on numerous risk and cost factors. These include: political stability, climate, inflation, cost of electricity, government debt and per-capita GDP, electricity production/demand differentials, electricity export strength, fuel reserves, susceptibility to natural disasters and security.

‘These factors vary significantly between countries across EMEA and assessing them all is vital to evaluate which countries offer the highest likelihood of continued cost-efficient and uninterrupted data center operation,’ Ball added.

The 2012 Energy Watch report highlights Norway, Switzerland, France, Sweden and Denmark as the top five countries providing the necessary energy foundation for medium-sized and large data centers in the coming years. The countries most at risk of not meeting energy demands are Greece, Italy, Portugal and Hungary.

‘Vendors should aim to become best in class at minimizing data center electricity consumption and at providing solutions for continuous monitoring and optimization of resources,’ Ball continued. ‘The issue of energy risk and its impact on data center operations will get worse before it gets better, as consumption increases at a faster rate than production, especially from renewable resources.’

## 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)