

IDC MarketScape

IDC MarketScape: Worldwide Datacenter Colocation and Interconnection Services 2021 Vendor Assessment

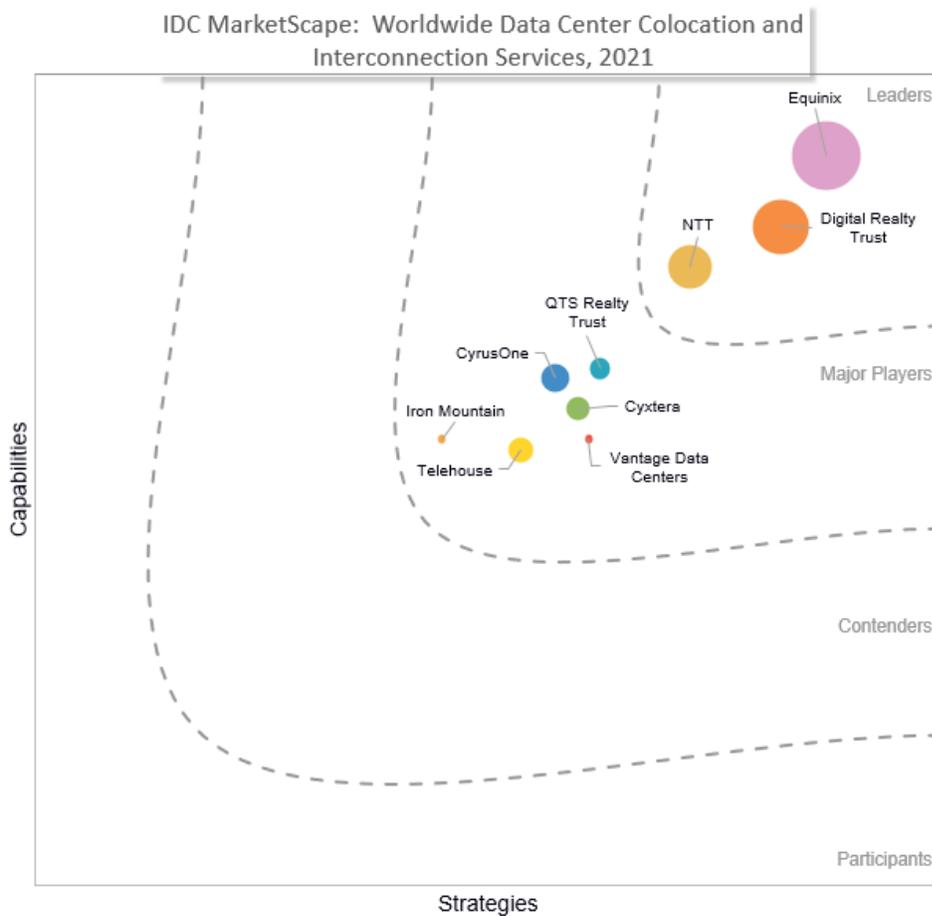
Courtney Munroe

THIS IDC MARKETSCAPE EXCERPT FEATURES: DIGITAL REALTY TRUST

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Datacenter Colocation and Interconnection Services Vendor Assessment



Source: IDC, 2021

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Datacenter Colocation and Interconnection Services 2021 Vendor Assessment (Doc #US46746121e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This study leverages the IDC MarketScape methodology to evaluate several major colocation and interconnection providers around the world. IDC identified several global datacenter providers. These companies range in size and offer the entire spectrum of datacenter services, including wholesale/hyperscale, enterprise, and interconnection services.

Colocation and interconnection services are defined as a customer's use of a third party's datacenter facilities (i.e., physical floor/cage/rack space, network capacity, and HVAC/power infrastructure) in which the customer operates its own servers/storage systems, network equipment, and other types of infrastructure. In detail:

- The datacenter segment has performed above the average IT level over the past 18 months, buoyed by the demand for digital platforms driven by the COVID-19 pandemic. As companies look to the future, they will resume digital transformation (DX) projects and look to implement enhanced cloud and digital internal and external engagement policies.
- Hyperscale-driven investments were a key driver both in the United States and across the world. The top infrastructure and content providers together added several new datacenters in the United States, and the market is poised for continued growth during 2021.
- Enterprise migration to cloud infrastructure is still robust, although actual implementation slowed a bit in 2020 as companies focused on business continuity and cost optimization during 2020. During 2021, companies will revive and accelerate hybrid infrastructure strategies and will look to colocation providers as integral partners for colocation and cloud interconnection.
- Cloud interconnection surged during 2020 and will continue its steady growth during 2021 and beyond. As companies implement a hybrid cloud architecture, they are also leveraging multicloud networking as well as the global WAN fabric of the major colocation providers. This will evolve as a dynamic competitive segment over the course of the year.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC included companies with an international presence to reflect companies that cater to hyperscale providers and global multinational companies. All the companies included in this study have datacenters on at least two continents.

ADVICE FOR TECHNOLOGY BUYERS

- Datacenter providers are in an ideal position to facilitate a strategic road map to help enterprises move the needle on digital transformation. Colocation will be crucial to the COVID-19 pandemic recovery cycle. Colocation providers should provide a cloud migration road map for companies renewing their digital transformation initiatives. Provide the advantage of low PUE, and secure facilities with access to a robust ecosystem of cloud infrastructure, networking, and multicloud interconnection.
- There is a perceptible digital skills deficit within the enterprise. Datacenter providers can augment enterprise DX with managed services, high-efficiency facilities, and access to a diverse array of infrastructure and cloud providers.
- Edge computing in its current stage is nebulous. As service providers pursue the optimal low-latency edge strategy, they will still need access to the distributed cloud and an efficient conduit to core data infrastructure for storage and AI capabilities. The rush to the edge should be tempered by a strategic and comprehensive vision of the entire requirements of the digital ecosystem and each provider's place in the puzzle.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Digital Realty Trust

Digital Realty Trust is positioned in the Leaders category in the 2021 IDC MarketScape for datacenter colocation and interconnection services vendor assessment.

Digital Realty Trust has grown steadily both organically and via acquisitions over the past five years. PlatformDIGITAL, the company's global datacenter platform, leverages its scalable Pervasive Datacenter Architecture PDx concept. Digital Realty currently has the most diverse global datacenter footprint with over 290 facilities in 47 metros across 24 countries on 6 continents. Digital Realty continues to target new market opportunities, leveraging the success of the joint venture model it has established to enter Latin America with Brookfield, where it now offers 27 datacenters through the Ascenty brand, and Japan in partnership with Mitsubishi. On the short-term horizon is an entry into the Indian market, likely following DLR's tried and tested approach.

Strengths

Over the past two years, Digital Realty has emerged as a major global platform based on its global expansion due to both M&A and the establishment of PlatformDIGITAL. It has a comprehensive portfolio that includes the following:

- **Datacenter solutions:** Include build to suit, suites and cages, and green facilities and low PUE centers across the globe (The company is aiming for 100% renewable energy sources and has achieved 100% renewable energy coverage in Europe and the United States, as well as multiple green certifications during 2020.)
- **Connectivity solutions:** Diverse array of solutions including cross-connect, campus, and metro, as well as IX and IP bandwidth (The company also partners with Megaport for access to multiple providers.)
- **Cloud connectivity solutions:** Facilitate hybrid cloud with access to popular cloud platforms and multicloud access

- **PlatformDIGITAL:** Digital Realty's global platform to enable scalable, on-demand, secure, low-latency enterprise connectivity

The past 18 months have been pivotal for Digital Realty. The company also emerged as a contender for global enterprise hybrid cloud infrastructure. Digital Realty's focus is to provide best-in-class, diverse, and flexible global solutions to enterprises. The company expanded its global presence, including closing its acquisition of Interxion, which brings an expansive European presence.

It stood up a partnership with AWS to facilitate its hybrid cloud solution and also gained momentum with the PlatformDIGITAL strategy. The company also acquired an interconnection platform company, Pureport, to enhance the development of an open SDN-enabled cross-platform orchestration. The company is focused its investment and growth on serving MNCs deploying multiple data hubs in key metro markets. The goal is to become one of the most relevant digital ecosystems platforms for enterprises and cloud infrastructure providers, enabling connected data metros in major distributed global centers.

Challenges

Digital Realty is now a strong competitor with an expanded global footprint and platform that is appealing to a broad array of enterprises and cloud infrastructure companies. The key to success will be to maintain its momentum in the face of fierce competition in the regional markets, which are growing faster than the North American sector. However, leveraging its Data Gravity Index, the company is focused on the growth opportunities in the EMEA, APAC, and LATAM regions.

Consider Digital Realty Trust When

Consider Digital Realty Trust when your company is a data-driven business that requires a scalable, future-proof platform to facilitate your global hybrid and multicloud infrastructure. Digital Realty's PlatformDIGITAL offers secure and industry-specific compliance, as well as a flexible, high-performance multicloud interconnect platform located in convenient metro and edge markets. As companies look to leverage edge computing, look for Digital Realty to conclude a partnership with an established player in the coming months to address the edge to core workflow opportunity with a global infrastructure player. As interconnection evolves, Digital Realty will also announce strategic partnerships with global and innovative leaders in the networking and telecommunications industry to execute on its global network fabric vision.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here, and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level

decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Colocation services are defined as a customer's use of a third party's datacenter facilities (i.e., physical floor/cage/rack space, network capacity, and HVAC/power infrastructure) in which the customer operates its own servers/storage systems, network equipment, and other types of infrastructure:

- **Retail colocation:** This segment includes the rental of rack/cage/cabinet space in the datacenter, network capacity within the datacenter, and access to/use of critical facilities infrastructure such as power and cooling. The customer retains ownership of the equipment housed in the datacenter (typically servers, storage, and networking devices such as firewalls and load balancers) and controls and manages the IT environment. Contracts are typically short to medium term in duration and include a reserved amount of power per rack.
- **Wholesale colocation:** In this segment, the customer leases the building/shell or data hall/suite level rather than the smaller scale of retail colocation (racks/cages/cabinets). Projects generally involve heavily customized builds, although many operators in this segment are moving toward a mix of build-to-suit and turnkey offerings. Customers of wholesale colocation are typically hyperscale content and media/entertainment providers, scale-oriented cloud service providers, and hosting, IT managed services, and telecommunications companies.
- **Interconnection:** Colocation providers facilitate digital exchange points for network providers, internet peering providers, cloud providers, content providers, managed service providers, and enterprises to connect to each other's networks. The modern hyperconnected digital ecosystem relies on low-latency, scalable bandwidth. These carrier-neutral facilities offer direct one-to-one, one-to-many, or many-to-many connectivity as required by each segment. This is an essential aspect of the colocation business and will become increasingly important in the future.
- **Managed services:** Colocation providers also offer a range of managed services to enterprises including remote configuration, on-demand compute, and server capabilities, as well as monitoring, security, and cabling services.

LEARN MORE

Related Research

- *U.S. Colocation Services Market Shares, 2020: Colocation Vendors Continue to Play a Critical Role in Enterprise DX Strategy* (IDC #US47850921, June 2021)
- *U.S. Hosting and Datacenter Services Forecast, 2021-2025* (IDC #US47659721, May 2021)
- *The Emerging Telco Cloud: Creating a Resilient Digital Platform* (IDC #DR2021_FoC_CM, March 2021)

Synopsis

This IDC study presents a vendor assessment of the 2021 colocation and interconnection vendor market using the IDC MarketScape model.

"Colocation and interconnection to cloud, networking, and internet connects have transformed datacenters into the 'nerve center' of the IT infrastructure ecosystem," according to Courtney Munroe research VP, Worldwide Telecommunications research, IDC. "Enterprises will look to this segment for innovative, secure, and dynamic solutions to enable intelligent, automated workflows from edge to core, across worldwide metro locations."

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