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Will the picked up pace in recent digital transformation pave the way for data centre investment in India?

From cost centre to profit centre – Will the data centre infrastructure investment be an asset to the companies in India's Digital Economy?



ON-POINT

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On – Point Query: From cost centre to profit centre – Will the data centre infrastructure investment be an asset to the companies in India’s Digital Economy?

“We are living in a world of change. Its no longer – Business As Usual”. The corporate world is rapidly changing the strategies in order to survive in a competitive environment through continuous innovations. So, the accelerated shift towards digital is one of the core agenda in the companies strategy list. Furthermore, the improved focus by the Government on Digital India (a flagship program) with enough fillip from the “Smart Cities Mission” to improve and penetrate digital infrastructure has set the ball rolling leading to an unprecedented digital explosion in the Indian digital economy. Moreover, as the world locked down following the coronavirus outbreak, and a huge proportion of the global population was forced to work remotely, data providers quickly experienced a surge in demand. Consequently, the data centre sector was brought into the spotlight as one with great potential to flourish for the data centre infrastructure provider and the after the pandemic.

India is expected to have 2 Billion IoT devices at the end of 2021 as compared to 60 Million in 2016 (~140% annual growth) making the country the frontrunner to become the new data hub across the globe due to such data explosion. The Indian data centre industry, which accounts for 1-2% of the global pie, is estimated to be worth USD 1.2 billion presently and is expected to grow at 25-30% with the investment tune of USD 4.5-5 billion by 2025. Moreover, the Atmanirbhar Bharat campaign and probable shift of manufacturing base from China to India is shifting the interest of global data centre infrastructure provider to India.

The Indian data center market is currently witnessing aggressive growth due to increased interest from both local and international enterprises and service providers. Data center operators are putting in place plans for the next phase of growth, which includes investing in Hyperscale data centers allowing for large, faster, and secured processing of data that is not stored on-premise. For example, Amazon Web Services is slated to invest USD 2.77 billion in Telangana to set up data centers. Yotta, a Hiranandani Group company, lays the foundation for a USD 1 billion data center park in Greater Noida. Also, Japanese technology firm NTT has acquired 6-acre land in Greater Noida to set up a data center with an investment of USD 150 million. Hence the future supply will be translated from 590 MW IT power currently to more than 1400 MW IT power in 2025 which can be sourced from distributed solar systems giving a boost to the solar sector in India.

Hence, Data centers, in their true sense, are essential services that keep the larger economy growing in the digital world. The data center industry presents an enormous opportunity for local as well as global players to deploy resources as India is set to become a major data hub within Asia Pacific in the next decade. Initially, the tier 1 cities will witness the data center investment boom due to large IT and manufacturing infrastructure set up. Moreover, With the new data localization norms, India is moving towards creating hyper-scale data center facilities giving opportunities for the data center infrastructure providers to invest in the country. Additionally, the pandemic has proved to be the tipping point for the data center industry in India due to the large explosion of data with the need to store it in a secure place. Hence, with the right Government impetus, incentive, and support, the vision to make India a regional data hub is on track.

To learn more about the data centre, please click on: <https://bit.ly/3amtEuN>



The life of a man consists not in seeing visions and in dreaming dreams, but in active charity and in willing service

- Henry Wadsworth Longfellow

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