

Outsourcing to boost data centres

■ UAE projected to have 35 new data centres run by third-party IT service providers by 2012

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The UAE will have 35 new data centres by 2012 run by third-party IT service providers as more customers move from investing in in-house data centres to outsourcing core IT infrastructure.

According to consulting firm Broadgroup, in 2006 there were only five data centres in the UAE. Local as well as international IT service companies have continuously spend on building data centres to provide core and non-core IT activities.

A data centre is a facility used to house computer systems and associated components, such as telecommunications and storage systems.

In terms of opportunity for third-party data centre operators, the total available market is potentially vast. In Europe, about 13 per cent of data centres are with third-party providers compared with 30 per cent in the



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US. At least 35 per cent of enterprise data centre space will be outsourced by 2015 globally.

"Data centres have increased in the Middle East as the customer base has increased on a year-on-year basis. Until you have a large customer base, service providers will not invest in infrastructure," said Steve Wallage, MD, BroadGroup

Consulting, on the sidelines of the 2nd Data Centre Strategies Middle East 2010.

Service providers such as Dubai-based eHosting Datafort have been investing in its capacity at the data centre and is expected to add new infrastructure. "Service providers are definitely investing as it has become important to keep up with local needs and also because IT

market expands globally," said Yasser Zeineldin, CEO at eHosting Datafort.

However, in spite of these providers, investing in data centres for outsourcing and managed services, large number of customers in the Middle East still prefer to have their data centre in-house. "There is a large majority of in-house data centres even at a global level. In the US 82

per cent of data centres are in-house while in Europe it is at 86 per cent. It is estimated to be between 90 and 95 per cent in the Middle East. This includes banks, governments and corporates," he said.

He said data centres suffered from underinvestment as some banks and companies still prefer to have theirs within their premises, usually in the server room or some underground space.

The continuing resistance to outsourcing data centre services is mainly because of the perception that clients lose control over security and infrastructure once data is shifted out of their premises.

However, the UAE is more receptive to outsourcing. "The UAE is considered ahead compared to the rest of the region as there is a willingness to outsource. We are also seeing a trend of telcos getting into the shared services space and increasing awareness in this area," he added.