Data centres drive Digital Transformation in Middle East

Data centres are integral to the digitalisation efforts of enterprises and organisations across the Middle East. We hear from industry experts at Equinix MENA, Injazat and eHosting DataFort, who tell us about some of the challenges to the Middle East data centre industry, as well as how data centres are enabling Digital Transformation across the region.

Research has revealed that the Middle East data centre market is likely to grow at a CAGR of around 7% during the period 2018 to 2024. Among other findings, *Middle East Data Center Market – Investment Analysis and Growth Opportunities 2019-2024* revealed that the participation of government and individual agencies has accelerated the digitisation trend in the Middle East.

We spoke to three industry experts about the regional data centre industry to find out more…

How would you describe the data centre industry in the region and do you have any predictions for how this could change?

Jeroen Schlosser, Managing Director, Equinix MENA

The technology industry continues to expand at a rapid pace and in order to support that, data centres need to be one step ahead, providing the digital infrastructure required to handle the data demands of the future. According to Research and Market's *Data Centre Construction Market in Middle East & Africa* – Industry Outlook and Forecast 2019 to 2024, the data centre construction market in the Middle East and Africa is expected to reach US$1billion during the forecast period.

The current trend of the world's biggest technology firms building data centres in the Middle East is a result of the countries in the region diversifying their economies.

Digital Transformation initiatives across the public and private sector are driving the need to build state-of-the-art data centres to support the transformation journeys of enterprises. New technologies and business transformation tools ranging from multi-cloud, Internet of Things (IoT), Blockchain, Artificial Intelligence (AI) to Machine Learning (ML) – all of which depend on high-performance networks – are fundamentally changing the way data is being produced, shared and analysed, requiring a rethink in data centre strategy and architecture, driving demand for local clouds.

Digital business leaders today are leveraging interconnection to solve the complex integration and control challenges of an increasingly distributed infrastructure.

Equinix's second annual market study, the Global Interconnection Index (GXI), concluded that interconnection or direct and private traffic exchange between key business partners is becoming the de facto method for companies to operate in today's digital world.

If you take a more detailed look at how the design of today's interconnected IT is evolving then we see that due to legislation, data security considerations in country and network latency performance, some data sets and workloads need to live in country, localised to those governments, people and/or enterprises using it. On a regional level, we are seeing that hyperscalers, network services providers and general ICT providers are building a hub where these data sets and applications are living and serving regional demand.

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As more Middle East businesses embrace multi-cloud and hybrid cloud infrastructures, greater demand for private interconnection is expected between businesses and the cloud and IT provider. Proximity between private and public cloud environments enable organisations to lower latency and networking costs. This is where we see private interconnection coming into play with many of our customers.

Hugh Dignum, Head of Data Centre Products at Injazat

As we welcome the Fourth Industrial Revolution and related technologies including AI, IoT and cloud computing, companies are becoming more digital – from operations to services. To facilitate a continuous move to digitisation, companies require reliable, secure and fast infrastructure to hold their data and query it to enable their processes when required.

Data centres are the heart of any IT and Operational Technology (OT) infrastructure in any sector including banks, energy, Internet, transport, health and entertainment. Every industry relies on fast and secure applications that a modern data centre can provide today.

With SMEs – which make up around 90% of Middle East companies – joining the digitisation bandwagon, there is a massive requirement for keeping data in a safe and efficient environment. Data centres have historically helped companies increase their revenues and profit margins while also presenting risks such as system downtime that can adversely affect company

operations. Moreover, a data breach in an organisation is known to cause an absolute financial, operational and reputational catastrophe for the company; the impact of which will be felt by their customers and supporting organisations.

Therefore, it is crucial to ensure a safe, reliable, secure and robust data centre at the core of a company's infrastructure. As one of the UAE's information technology leaders, and a specialist in Digital Transformation, Injazat helps organisations put digital at the heart of their business – working with clients to reduce risk, improve productivity and drive growth.

Hugh Dignum, Head of Data Centre Products at Injazat

Injazat operates two world-class facilities: a Tier IV Data Centre in Abu Dhabi, offering the highest levels of uptime, resilience and security; and a Tier III+ Data Centre in Dubai, also offering excellent levels of uptime and resilience, while greatly expanding Injazat's capacity to provision cloud services and other managed service offerings.

An understanding of the applications of a data centre is of paramount importance for companies and Injazat consulting teams help clients to improve business performance by utilising data centre solutions and enabling them to make full use of digitised operations.

Are there any unique challenges to the data centre industry in the Middle East?

Ganesh Bhat, Head of Data Centres, eHosting DataFort

The Middle Eastern region in general has ambient conditions which can take a major toll on the efficiency of data centres. Two

of the main factors include temperature and dust. With operating temperatures set higher, it has a negative ripple effect on the condensers or outdoor chiller units. Since cooling units and associated outdoor units are oversized to compensate or offset ambient conditions, they then become an overkill on the efficiency. Additionally, there has to be an extra effort in ensuring that the air filters are cleaned and replaced frequently.

The majority of data centre units are imported and hence any future maintenance is comparatively more expensive than the countries where they are manufactured and supplied. Availability of spare parts and the supply lead times are other factors to be considered for maintenance. It may be a wise idea to keep few critical components in stock to avoid supply lead time.

Also, there is a huge skills gap for IT personnel in the region. On the other hand, the intelligence, know-how and technical competency that is required to build, expand and adhere to certification requirements calls for a higher degree of expertise.

More often these roles are outsourced and at times may not be available locally. The region has to make some concerted efforts in ensuring that these technical skills are nurtured and in turn work towards a stronger industry.

It is critical that data centre providers implement advanced technology to ensure that the efficiency levels are optimised. Given the nature of the business, we must be aware of and make adequate investments in security solutions to be in a strong position to protect the infrastructure as well as the all-important data. ∎

Ganesh Bhat, Head of Data Centres, eHosting DataFort