

Will Hyperscale Start to Dominate Africa's Data Centre Market?



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Overview of Africa's Data Centre Industry

Over the past three years, data centres in Africa have shown accelerated growth with multi-tenant data centre facilities increasing expansion across the continent. In a recent report “The African Data Centre Gold Rush”, [Xalam Analytics](#) says that projected data centre colocation growth will be between 20%-25% in 2020 and 2021.

Guy Zibi, Founder and Principal, Xalam Analytics, says that Africa is seemingly immune to the economic devastation surrounding it: In a context of considerable strain across the economic value chain, customers are looking for areas of safety for their operations – and data centres are providing just that.”

Coined as the last frontier for the world's [hyperscale](#) Internet and cloud companies, Africa's growth will see data centre colocation space, power and revenue all double. While, at the same time, global Content Delivery Networks (CDNs) continue to vastly increase their presence on the continent. But what is undoubtedly transforming data centres, and the continent is the hyperscale cloud and their data centre partners.

Reshaping the IT landscape, hyperscale shifts data from on-premise to large centralised data centre hubs. This has led to workload consolidation in the world's largest and most efficient facilities, offering economies of scale, and enabling hyperscale operators to rapidly add server capacity and electric power.

According to [Rack Centre](#), the leading carrier neutral data centre operator in West Africa, hyperscale companies have become the largest customers for leasing wholesale and build-to-suit data centre space and this will unquestionably influence and potentially dominate data centre development across the continent. Change is already evident as data centres are evolving rapidly to adapt to large footprint and hyperscale requirements in order to connect and deliver IT services to millions, if not billions of users, and rapid emergence of IoT and Smart Cities.

Trends to Hyperscale in West Africa

There are some compelling growth drivers across Sub-Saharan Africa, and in Nigeria specifically. Across most of the continent, the median age is generally low, at the age group with a propensity to use the Internet. In-land broadband penetration continues to improve, with recent announcements of fibre implementations, connecting the south to the north, and east to west. Nigeria has over 40 million MSMEs which are economically active entities, and data from the Nigeria Communications Commission indicates the number of Internet users growing from 126 million at the end of 2019 to 151 million in September 2020. A dramatic growth and higher than Russia the highest 'Internet user' country in Europe and on a trajectory to surpass Brazil. In tandem, the country's average broadband penetration continues to increase and was reported to be at 45% in October 2020 and the Ease of Doing Business ranking continues its

improvement trend over the past four years. With these key growth drivers, Rack Centre is embarking on a significant expansion of its facilities at the Lagos campus.

Rack Centre, recently announced an expansion programme that will immediately double capacity to 1,200 square metres, followed immediately by a further additional 6000 square metres of white space, for a total of 14.5 MW of IT power capacity at its existing Lagos campus: “The expansion will bring unprecedented carrier neutral scale to West Africa and is in response to increasing demand for data centre space from cloud uptake, telecommunications investment and outsourcing of IT facilities by enterprises in the region.”

Globally, leading hyperscalers are consistently investing significant amounts into a single campus. Coker says that this growth of hyperscale cloud campuses is part of larger densification for Africa’s infrastructure within a much broader digital transformation objective.

West Africa Digital Transformation, Progress Made

The Mobile Network Operators have demonstrated the dramatic scale that can be achieved in Africa, and specifically in Nigeria as evidenced with MTN’s scale. Africa can be described as a ‘sachet’ economy. People and MSMEs want to pay on a need basis, buying sachets of commodities rather than large quantities, similar to the pre-pay telco model. Cloud computing is the model that plays into this sachet economy principle; procure computing workload as needed and pay as you grow. With the right business models that tap into the scale of the population of SMEs, significant scale can be achieved, with the smart phone being a key delivery channel. Hyperscale providers are likely to start with large footprint initially, and if the sweet spot is achieved, will scale to MW of power demand.

Rack Centre’s location in Lagos has the benefit of geophysical location, halving latency between South Africa to Europe, North and South America. It is the natural gateway for delivering efficient digital services to Africa. It is the carrier neutral player, not owned or affiliated with a carrier with its comprehensive and growing ecosystem of over 40 carriers, ISPs, CDNs and hosting the local Internet Exchange, enabling limitless interconnections and peering to drive significant performance advantage, and ready for the Hyperscale growth as that market unfolds.