

Data Centre Pricing is evolving rapidly with inflation adjustment & new cloud fabric services being the key developments worldwide a new DCP report finds

Submitted by: Tariff Consultancy Ltd

Wednesday, 11 January 2023

Tariff Consultancy Ltd

DCP (Datacentrepricing.com) finds that Data Centre Pricing is continuing to evolve worldwide as Data Centre Providers respond to a series of new challenges. The challenges include:

- The migration to cloud services: Cloud Service Providers (CSPs) are a significant user of colocation capacity, accounting for 30% of revenues. Retail Data Centres are offering both colocation services and access to the cloud as part of a hybrid cloud solution. But those local Data Centres without cloud access face an uncertain future.
 - Wholesale Data Centre capacity is growing rapidly worldwide: Wholesale Data Centre capacity is growing worldwide, driven by CSPs and hyperscale users, as cloud providers expand their services into new markets.
 - Price rentals for Data Centres are increasing over time: Data Centre rentals are increasing as new high specification facilities are launched. The construction cost of new facilities is increasing. Additionally, Data Centre Providers are introducing a CPI (Consumer Price Index) factor into their end-user pricing to cover inflation & protect their margins.
 - Power pricing is also increasing rapidly: Data Centre power costs worldwide are increasing as a result of the conflict in the Ukraine. Data Centre Providers are passing on the increase in power costs to their users, with utility costs increasing by as much as 80% in Europe over the last 6 month period.
- " Data Centre Providers are seeking to diversify their business by introducing new connectivity services. These include cloud fabric services " (which provide access to a number of cloud providers using a virtualised online portal), metro connectivity services and IXP (Internet Exchange) services to connect to a range of ISPs.

Data Centres are investing in online portals and DCIM (Data Centre Investment Management) for service automation - in order to provide near real-time information - on current server utilisation and power usage. They are also set to introduce predictive analytics using machine learning and AI to forecast future usage.

Despite the investment in new technology and connectivity services the majority of Data Centre Provider revenues are derived from colocation services. And the rentals of Data Centres remain focused on dedicated cabinets or racks using long-term contracts and so are different from the virtualised on-demand services used by the CSP.

Data Centre rack space rentals are increasing over time. But there remains a wide range of average rack space pricing worldwide with considerable differences between regions. Average Data Centre rentals in the

most mature markets such as Europe and North America are considerably lower than the newer Data Centre markets in the Asia Pacific and South America regions where rentals remain much higher.

Key Data Centre pricing is typically composed of a core rental for rack space plus a rental for the “right” to use an amount of power plus a usage charge per kWh (kilo-Watt Hour) which varies according to usage. Data Centre capacity continues to increase, particularly in Tier 2 markets where cloud operators are introducing services (in countries such as South Africa and Mexico) and is driving ecosystems in those regions. Data Centre capacity is set to continue to increase despite the economic conditions.

Note to Editor:

Contact: info@datacentrepricing.com

About The Future of Data Centre Pricing Report:

The DCP Future of Data Centre Pricing report analyses the current state of Data Centre pricing worldwide. It considers the types of pricing offered, the market dynamics and the future key trends in pricing by the main regions. Published in November 2022 the report costs GBP £1,500 for a single user licence. More information on The Future of Data centre Pricing report can be found at: www.datacentrepricing.com

About Data Centre Pricing:

DCP is a London-based international research and consultancy company providing Data Centre research worldwide for providers, enterprises and users. DCP provides services on Data Centre developments by region and Data Centre Price Tracker service as well as reports on individual country markets examining the whole Data Centre ecosystem as part of the Data Centre Landscape service. More information on DCP and our services can be found at: www.datacentrepricing.com