

IDC MarketScape

IDC MarketScape: Worldwide Datacenter Colocation and Interconnection Services 2021 Vendor Assessment

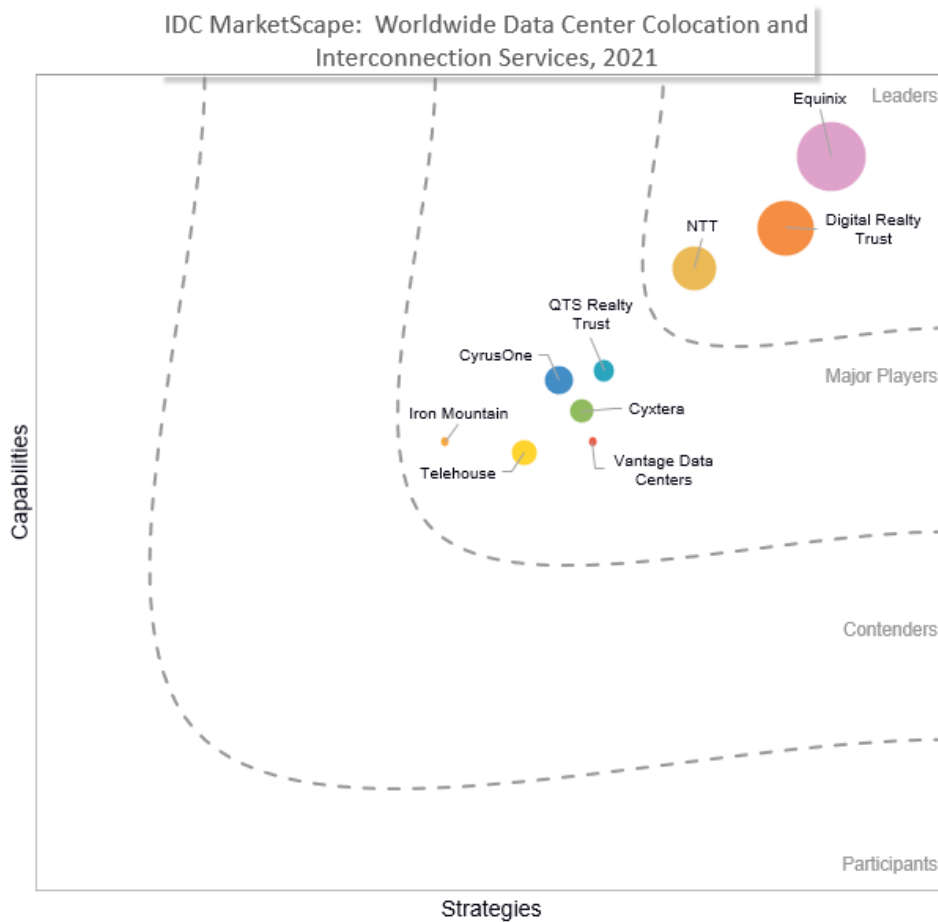
Courtney Munroe

THIS IDC MARKETSCAPE EXCERPT FEATURES: EQUINIX

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Datacenter Colocation and Interconnection Services Vendor Assessment



Source: IDC, 2021

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Datacenter Colocation and Interconnection Services 2021 Vendor Assessment (Doc #US46746121e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This study leverages the IDC MarketScape methodology to evaluate several major colocation and interconnection providers around the world. IDC identified several global datacenter providers. These companies range in size and offer the entire spectrum of datacenter services, including wholesale/hyperscale, enterprise, and interconnection services.

Colocation and interconnection services are defined as a customer's use of a third party's datacenter facilities (i.e., physical floor/cage/rack space, network capacity, and HVAC/power infrastructure) in which the customer operates its own servers/storage systems, network equipment, and other types of infrastructure. In detail:

- The datacenter segment has performed above the average IT level over the past 18 months, buoyed by the demand for digital platforms driven by the COVID-19 pandemic. As companies look to the future, they will resume digital transformation (DX) projects and look to implement enhanced cloud and digital internal and external engagement policies.
- Hyperscale-driven investments were a key driver both in the United States and across the world. The top infrastructure and content providers together added several new datacenters in the United States, and the market is poised for continued growth during 2021.
- Enterprise migration to cloud infrastructure is still robust, although actual implementation slowed a bit in 2020 as companies focused on business continuity and cost optimization during 2020. During 2021, companies will revive and accelerate hybrid infrastructure strategies and will look to colocation providers as integral partners for colocation and cloud interconnection.
- Cloud interconnection surged during 2020 and will continue its steady growth during 2021 and beyond. As companies implement a hybrid cloud architecture, they are also leveraging multicloud networking as well as the global WAN fabric of the major colocation providers. This will evolve as a dynamic competitive segment over the course of the year.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC included companies with an international presence to reflect companies that cater to hyperscale providers and global multinational companies. All the companies included in this study have datacenters on at least two continents.

ADVICE FOR TECHNOLOGY BUYERS

- Datacenter providers are in an ideal position to facilitate a strategic road map to help enterprises move the needle on digital transformation. Colocation will be crucial to the COVID-19 pandemic recovery cycle. Colocation providers should provide a cloud migration road map for companies renewing their digital transformation initiatives. Provide the advantage of low PUE, and secure facilities with access to a robust ecosystem of cloud infrastructure, networking, and multicloud interconnection.
- There is a perceptible digital skills deficit within the enterprise. Datacenter providers can augment enterprise DX with managed services, high-efficiency facilities, and access to a diverse array of infrastructure and cloud providers.
- Edge computing in its current stage is nebulous. As service providers pursue the optimal low-latency edge strategy, they will still need access to the distributed cloud and an efficient conduit to core data infrastructure for storage and AI capabilities. The rush to the edge should be tempered by a strategic and comprehensive vision of the entire requirements of the digital ecosystem and each provider's place in the puzzle.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Equinix

Equinix is positioned in the Leaders category in the 2021 IDC MarketScape for datacenter colocation and interconnection services vendor assessment.

The role of Equinix's digital platform remains central to the rapidly evolving digital IT infrastructure landscape. The company recorded excellent performance during 2020 and has started 2021 performing equally well, according to *U.S. Hosting and Datacenter Services Forecast, 2021-2025* (IDC #US47659721, May 2021).

Equinix has more than 220 datacenters located on 5 continents in 26 countries and 63 metro markets. Equinix is expanding by approximately 24 datacenters in 5 metro cities per year. It will also have added 8 xScale sites by early next year and will officially establish its presence in Mumbai, India, with the close of the GPX acquisition.

Equinix serves more than 10,000 customers that are directly interacting through more than 398,000 interconnections within a global ecosystem encompassing 1,800 networks and 2,950 cloud and IT companies. Sustainability is a key aspect of Equinix's growth strategy. During 2020, Equinix leveraged over 90% (5,840GWh) of the electricity it consumed from sustainable renewable sources.

Strengths

Equinix has developed a reputation for delivering enhanced performance and connectivity while enabling enterprises to implement an agile hybrid cloud architecture and digital framework. The company has a diverse and multilayer platform supported by best-of-breed IT, cloud, and networking partners. Platform Equinix offers a multilayer portfolio that meets both current and emerging digital infrastructure requirements for most companies:

- **Datacenter services:** This suite includes IBX datacenters, offering a range of space, power, and support services options, as well as comprehensive near-real-time monitoring, managed services, consulting, and professional services. Equinix also has a growing number of xScale facilities that empower hyperscale companies to add core deployments to their existing access point footprints at Equinix.
- **Interconnection services:** This suite includes the innovative Equinix Fabric – a software-defined interconnection service that allows any business to connect between its own distributed infrastructure and to any other company's infrastructure on Platform Equinix. Additional interconnection services include cross-connects, internet connectivity, and IX peering services.
- **Digital services:** This layer includes Equinix Metal, an interconnected bare metal offering; Network Edge, a marketplace of virtual network functions deployed as a service on Platform Equinix; and Precision Time, a precise and secure time-as-a-service offering. In addition to its direct market capabilities, Equinix has also forged alliances and channels distribution and partnerships with infrastructure vendors, systems integrators, and VARs, which places the company in a good position to respond to a wide range of digital infrastructure requirements. Central to Equinix's partner program is "the power of three", where Equinix brings together a partner and a provider to solve for all IT digital infrastructure requirements, allowing customers to scale on Platform Equinix and interconnect to all their partners, supply chains, and ecosystems.

Challenges

Equinix has set the pace and remains the blueprint that its competitors have attempted to emulate. The company is facing intensified competition from global well-capitalized entities. Equinix must continue its investment in both scale and product portfolio to maintain its position in the market.

Consider Equinix When

Consider Equinix when your company requires the most comprehensive and seamless global portfolio of digital infrastructure and interconnection to modernize hybrid capabilities, scale digital partnerships, build new experiences, and extend analytics across a secure edge. Equinix facilitates access to and partners with key cloud and IT infrastructure companies. It offers a robust and dynamic road map with sustainable, continuous investment and expansion. Equinix is well positioned to help companies optimize their digital infrastructure and power their digital platforms at global scale.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here, and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level

decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Colocation services are defined as a customer's use of a third party's datacenter facilities (i.e., physical floor/cage/rack space, network capacity, and HVAC/power infrastructure) in which the customer operates its own servers/storage systems, network equipment, and other types of infrastructure:

- **Retail colocation:** This segment includes the rental of rack/cage/cabinet space in the datacenter, network capacity within the datacenter, and access to/use of critical facilities infrastructure such as power and cooling. The customer retains ownership of the equipment housed in the datacenter (typically servers, storage, and networking devices such as firewalls and load balancers) and controls and manages the IT environment. Contracts are typically short to medium term in duration and include a reserved amount of power per rack.
- **Wholesale colocation:** In this segment, the customer leases the building/shell or data hall/suite level rather than the smaller scale of retail colocation (racks/cages/cabinets). Projects generally involve heavily customized builds, although many operators in this segment are moving toward a mix of build-to-suit and turnkey offerings. Customers of wholesale colocation are typically hyperscale content and media/entertainment providers, scale-oriented cloud service providers, and hosting, IT managed services, and telecommunications companies.
- **Interconnection:** Colocation providers facilitate digital exchange points for network providers, internet peering providers, cloud providers, content providers, managed service providers, and enterprises to connect to each other's networks. The modern hyperconnected digital ecosystem relies on low-latency, scalable bandwidth. These carrier-neutral facilities offer direct one-to-one, one-to-many, or many-to-many connectivity as required by each segment. This is an essential aspect of the colocation business and will become increasingly important in the future.
- **Managed services:** Colocation providers also offer a range of managed services to enterprises including remote configuration, on-demand compute, and server capabilities, as well as monitoring, security, and cabling services.

LEARN MORE

Related Research

- *U.S. Colocation Services Market Shares, 2020: Colocation Vendors Continue to Play a Critical Role in Enterprise DX Strategy* (IDC #US47850921, June 2021)
- *U.S. Hosting and Datacenter Services Forecast, 2021-2025* (IDC #US47659721, May 2021)
- *The Emerging Telco Cloud: Creating a Resilient Digital Platform* (IDC #DR2021_FoC_CM, March 2021)

Synopsis

This IDC study presents a vendor assessment of the 2021 colocation and interconnection vendor market using the IDC MarketScape model.

"Colocation and interconnection to cloud, networking, and internet connects have transformed datacenters into the 'nerve center' of the IT infrastructure ecosystem," according to Courtney Munroe research VP, Worldwide Telecommunications research, IDC. "Enterprises will look to this segment for innovative, secure, and dynamic solutions to enable intelligent, automated workflows from edge to core, across worldwide metro locations."

About IDC

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