

FROST & SULLIVAN



**2022**  
**COMPANY**  
**OF THE**  
**YEAR**

*JAPAN*

*DATA CENTER SERVICES INDUSTRY*

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Equinix excels in many of the criteria in the data center services space.

AWARD CRITERIA	
<i>Visionary Innovation &amp; Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

### *Japan Data Center Services Market Overview*

According to Frost & Sullivan, the rise in cloud technology adoption, enterprise digital transformation initiatives, and cutting-edge network and connectivity infrastructure drive the Japan data center services industry’s significant growth.<sup>1</sup> As an important location for the Asia Pacific (APAC) market, the increasing demand for colocation services triggers data center investments in the space. Additionally, the COVID-19 pandemic has propelled digitization, further accelerating data center services demand. However, service providers face critical industry challenges such as effective scaling up, real estate acquisition, and escalating construction costs. Equinix uniquely leverages its expertise to meet customer needs. It is well-positioned to capitalize on new growth opportunities, cementing its positioning in the data center services market.

### *Strategic Investments Address Customer Needs*

Founded in 1998 and headquartered in California, the United States (US), Equinix is a digital infrastructure company offering data center services across more than 240 data centers spanning over 60 markets on five continents.<sup>2</sup> Reflecting ‘EQUality’, ‘Neutrality’, and ‘Internet eXchange’ as its name suggests, the company offers unparalleled services to its global clients.

<sup>1</sup> *Japan Data Center Colocation Services Growth Opportunities*, (Frost & Sullivan, July 2021).

<sup>2</sup> Equinix, “About,” Equinix, April 22, 2022, <https://www.equinix.nl/about>.

Equinix’s vision centers on interconnecting industry-leading organizations with the stated purpose of providing “the global reach, the rich ecosystem, and the service excellence today’s enterprises need to compete and win.”<sup>3</sup> It combines deep-seated domain and operational knowledge with the advanced Platform Equinix to facilitate seamless connectivity.

In 2021, the company established three data centers in Japan. In March 2021, it built a hyperscaler data center in Tokyo, TY12x. It is the first xScale™ data center in the APAC region. Tokyo’s 11 International Business Exchange (IBX®) data centers provide more than 44,775 square meters of colocation space for 865+ companies, 85+ networks, and 300+ cloud and information technology (IT) services.<sup>4</sup>

In October 2021, Equinix opened the second IBX data center in Osaka, OS3. Similarly, in December, it opened an additional xScale data center in Osaka, OS2x. The Osaka IBX data centers accommodate 150+ companies, 25+ networks, and 50+ cloud and IT services.<sup>5</sup> Equinix’s Osaka campus enables businesses to interconnect with their own or any other company’s distributed infrastructure on its platform in Tokyo

and other parts of the world. In 2021, it went live with an incredible 30 megawatts of electricity in Japan.<sup>6</sup>

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**- Nishchal Khorana,  
Vice President & Global Program Leader, ICT**

The company’s compelling value proposition underpins its sustained success. Equinix boasts on-ramps for all six top global cloud providers (AWS, Microsoft Azure, Google Cloud, IBM Cloud, Alibaba Cloud, and Oracle Cloud), including Tokyo.

Equinix prioritizes sustainability by focusing on the following approaches: science-based targets and

climate neutrality, renewable energy, Leadership in Energy and Environmental Design certificate and design standards, operational efficiency improvement, water use efficiency, and circular economy. While the OS3 data center is compliant with all these standards, all of its facilities have achieved 100% renewable energy, a most remarkable feat.<sup>7</sup>

The average power usage effectiveness (PUE) for the company’s data centers is 1.48,<sup>8</sup> with new data center design average PUE goals ranging from 1.20-1.40.<sup>9</sup> Therefore, Equinix actively drives sustainability by implementing preemptive strategies.

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<sup>3</sup> Ibid.

<sup>4</sup> Equinix, “Investor Overview,” Equinix, Inc., July 6, 2022, <https://investor.equinix.com/investor-overview>.

<sup>5</sup> Ibid.

<sup>6</sup> Interview with Equinix, 28<sup>th</sup> April 2022.

<sup>7</sup> Equinix Presentation, April 2022.

<sup>8</sup> Ibid.

<sup>9</sup> Equinix, “Operational Efficiency,” Equinix, May 25, 2022, <https://sustainability.equinix.com/environment/operational-efficiency/>.

### *Portfolio of Offerings Enhance Customer Value for Japanese customers*

Equinix's solutions demonstrate its extensive expertise and best-in-class capabilities, with customer value as a strategic imperative. Through the years, the company has earned a sterling reputation supporting customers' path towards seamless interconnectivity. Unlike competitors, it builds its technologies by collaborating closely with a range of stakeholders and partners to evolve alongside market needs and trends.

- **Equinix Fabric™:** The flexible, on-demand global interconnection service connects digital infrastructure and services at software speed through secure and software-defined interconnection. It enables scaling hybrid deployments, achieving network agility, and efficiently, directly, and securely connects to partners and providers.<sup>10</sup> The de facto standard for cloud connectivity connects the Japan facilities in the country and globally.
- **Equinix Metal™:** The on-demand, high-performance bare metal directly integrated with Equinix Fabric launched in Japan in June 2021. Product benefits include reaching more customers faster, getting data closer to customers, quick scaling to improve performance, directly accessing service providers, customers, and partners, optimizing cloud costs and increasing security, innovating faster with DevOps automation, and 24/7 dedicated support, including shared Slack channels for responsive and personalized service.<sup>11</sup>
- **Network Edge:** The software-defined network service launched in Japan in April 2021. It provides virtual network services on a modular infrastructure platform allowing selecting, deploying, and connecting virtual network services in minutes without any additional hardware requirements. Its benefits include reducing capital expenses, scaling existing physical IT solutions through virtual services, improving performance with ultra-low latency, gaining multi-vendor flexibility, achieving quicker time-to-market, accessing pre-integrated ecosystems, simplifying network with automation, and driving services and controls distribution.<sup>12</sup>
- **Equinix Precision Time™:** The global, secure, and precise time-as-a-service application delivers time synchronization. Some benefits include time and cost savings, high accuracy, and product flexibility.<sup>13</sup>

In essence, Equinix's offerings allow businesses to interconnect on the digital infrastructure Platform Equinix. Its simplified global network creates service providers' backbones effectively. Furthermore, the company's rich ecosystem of 10,000+ customers<sup>14</sup> differentiates it from market participants in the space.

Equinix has customers from a broad industry segment, including the manufacturing, gaming, and automotive sectors. The company's transparent, seamless approach and close relationships with industry players position it as a partner of choice. Frost & Sullivan commends Equinix's customer-centric offerings that maximize value for clients.

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<sup>10</sup> Equinix, "Equinix Fabric," Equinix, April 8, 2022, <https://www.equinix.nl/interconnection-services/equinix-fabric>.

<sup>11</sup> Equinix, "Equinix Metal™," Equinix, March 29, 2022, <https://www.equinix.nl/services/digital-infrastructure-services/equinix-metal>.

<sup>12</sup> Equinix, "Network Edge," Equinix, March 29, 2022, <https://www.equinix.nl/services/digital-infrastructure-services/network-edge>.

<sup>13</sup> Equinix. "Equinix Precision Time." Equinix, April 1, 2022. <https://www.equinix.nl/services/digital-infrastructure-services/equinix-precision-time>.

<sup>14</sup> Equinix, "Hyperscale Connectivity Drives \$3 Billion in Data Center Projects by Equinix and JV Partners," Equinix, Inc., March 9, 2021, <https://investor.equinix.com/news-releases/news-release-details/hyperscale-connectivity-drives-3-billion-data-center-projects>.

### **Strategic Partnerships Position Equinix for Growth**

Since its inception, Equinix's sterling reputation and customer-centric framework have created a strong value proposition for its partners. Over the years, it added a range of new customers to its established base. The company focuses not only on two-way partnerships but combines synergy between three or more essential industry players.

A typical customer case would have cloud service providers, technology partners, and network providers collaborate symbiotically to create an ecosystem that addresses customer and partner needs. The aptly

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**- Ojaswi Rana,  
Best Practices Research Analyst**

named "Power of Three" partnership strategy combines the respective players' capabilities to joint power solutions, marketing, and planning. For example, Hitachi, a cloud service provider and a technology partner specializing in enterprise solutions, utilizes Equinix Fabric and its digital infrastructure. In return, Equinix complements Hitachi's market access and technological expertise to deliver solutions.

Additionally, as an improvement to its partnership strategy, the company has initiated outreach to IT engineering levels of its partner organizations.

Through this outreach, the engineers handling and designing the architecture receive technical updates to help better understand and stay informed about Equinix's digital infrastructure and offerings. This strategy also has the additional benefit of marketing the company's digital services.

As its business strategy envisions being an essential partner for all digital leaders, Equinix does not limit its partnership strategies to just international digital leaders. Focusing on Western Osaka areas, the company partnered with OPTAGE, a leading Osaka-based IT services company. Similarly, it partnered with Kyndryl Japan, the second-largest entity in Kyndryl Group, to improve and standardize its local strategy, eventually enabling Kyndryl to deploy globally through this collaboration.

The company's data center expertise and digital infrastructure assets and Kyndryl's capabilities as a leading managed services provider bring complete digital infrastructure services to customers. Furthermore, Kyndryl and Equinix built a cloud hub on Equinix's platform, bringing Equinix's cloud hub services to Kyndryl's large customer base.

### **Investment in Kansai**

In 2021, the company prioritized reinforcing existing digital infrastructure assets in the Kansai area. Kansai is the second-largest metropolitan area in Japan, consisting of Osaka.

Recently, global cloud vendors have expanded in Osaka, where the interconnection bandwidth is projected to accelerate at a tremendous 50% compound annual growth rate from 2020 to 2024, opening up potential hyperscale data center demands.<sup>15</sup> Therefore, the growth potential for Equinix's new data

<sup>15</sup> Equinix, "The Global Interconnection Index (GXI) Volume 5," Equinix, February 10, 2022, <https://www.equinix.com/gxi-report>.

centers looks promising. Moreover, reinforcing its operations allows it to access prominent Japanese businesses in the region, leading to mutually beneficial partnerships and allowing it to stamp its authority in Japan.

Frost & Sullivan believes the company is well-positioned to drive the data center services space into its next growth phase, capturing greater market share in the coming years.

## Conclusion

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Equinix established three data centers in Tokyo and Osaka in 2021 to meet the market needs by making strategic investments and adopting best-in-class industry practices in the Japan data center services space. Its offerings, Equinix Fabric™, Equinix Metal™, Equinix Precision Time™, and Network Edge, seamlessly interconnect businesses. Overall, the service provider addresses the growing digital infrastructure demands that incorporate customer-centric strategies and exemplify best practices implementation. Equinix provides on-ramps for all top global cloud providers while prioritizing sustainability. The company remains a trusted partner, earning a reputation for offering the overall best in the data center services market.

With its strong overall performance, Equinix earns Frost & Sullivan's 2022 Japan Company of the Year Award in the data center services industry.

## What You Need to Know about the Company of the Year Recognition

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Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

### Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Visionary Innovation & Performance*

**Addressing Unmet Needs:** Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

**Visionary Scenarios Through Mega Trends:**

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

**Leadership Focus:** Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

**Best Practices Implementation:** Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

**Financial Performance:** Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

#### *Customer Impact*

**Price/Performance Value:** Products or services provide the best value for the price compared to similar market offerings

**Customer Purchase Experience:** Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

**Customer Ownership Experience:** Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

**Customer Service Experience:** Customer service is accessible, fast, stress-free, and high quality

**Brand Equity:** Customers perceive the brand positively and exhibit high brand loyalty

