SCALA
DATA CENTERS

2025 COMPETITIVE STRATEGY LEADER

Transforming Innovation Into High-Growth Performance and Competitiveness

RECOGNIZED FOR BEST PRACTICES IN THE LATIN AMERICA DATA CENTER SERVICES INDUSTRY

FROST & SULLIVAN

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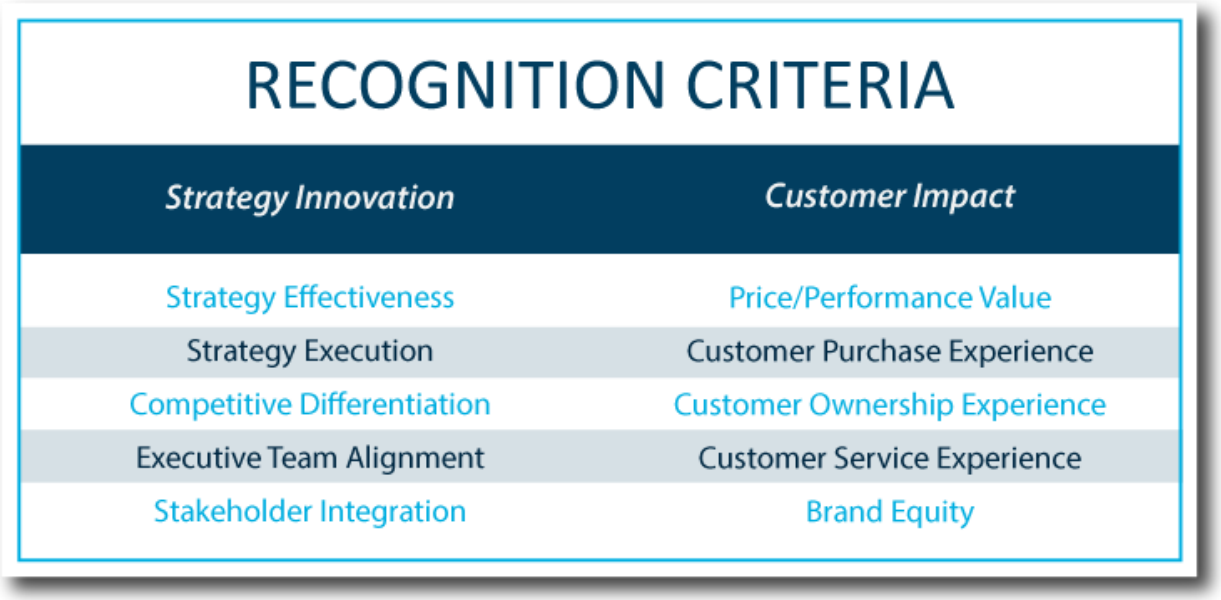
Best Practices Criteria for World-class Performance

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



The Transformation of the Data Center Services Industry

The Latin American data center colocation services market has experienced remarkable growth in recent years, driven by enterprises' increasing demand to outsource their infrastructure needs. This trend varies across countries and is influenced by several factors, but businesses throughout the region are recognizing the advantages of collaborating with third-party service providers. Key growth enablers are the growing demand for hyperscale capacity, enterprises outsourcing data center operations, and the demand for hosting and bare metal.

Sustainability is also a critical focus, with Latin America leveraging abundant renewable energy sources such as hydropower, solar photovoltaics, wind energy, and biomass for data center energy needs. Simultaneously, digital transformation and the adoption of advanced technologies like Big Data, the Internet of Things, and artificial intelligence (AI)/machine learning (ML) are prompting substantial investments from local and global colocation operators. Additionally, government initiatives such as establishing special economic zones and tax incentives draw significant interest from investors.

Brazil has historically led data center colocation growth in the region, but for the past three years Chile, Colombia, and Mexico have grown substantially in capacity. From 2022 to 2024, these countries received significant investments to expand their data center capacities to support the growing compute, storage and AI infrastructure from cloud providers such as Amazon Web Services, Microsoft Azure, Oracle Cloud

Infrastructure, Google Cloud Platform and IBM Cloud. Additionally, nations such as Panama and Peru are emerging as new investment hotspots, diversifying the region's data center landscape further.

Frost & Sullivan projects the market to grow at a compound annual growth rate of 13.7% from 2023 to 2029, with an ambitious pipeline of new data centers slated for operation.[1] By 2024 and 2025, 19 and 31 new colocation data centers, respectively, will become operational considering the top 17 market participants in Latin America.[2] Scala Data Centers (Scala) is leading this market expansion, aggressively growing its presence, with plans for 11 new data centers between 2024 and 2026,[3] with the largest pipeline of power capacity in the coming years. A significant milestone for the company includes a 560 megawatts (MW) power substation in São Paulo, Brazil. It also supports its Tamboré Campus, which will feature 17 units with a total IT capacity of 450 MW upon full development.[4] This achievement exemplifies Scala's dedication to creating a robust infrastructure for hyperscale clients while investing in regional economic growth.

Scala Data Centers: Empowering Digital Transformation in Latin America

> *"Frost & Sullivan praises Scala for its visionary competitive strategy leadership, commitment to sustainability, and innovative solutions that continue transforming the digital landscape across Latin America."*
>
> ***- Natalia Casanovas***
> ***Best Practices Research Analyst***

Scala is a leader in sustainable data center solutions, catering to the growing demand for digital access in Latin America. Headquartered in Brazil and founded by DigitalBridge in 2020, the company stands out in the hyperscale market, offering cutting-edge infrastructure that supports the region's digital evolution. Scala's deep operational expertise and innovative practices drive scalable results, helping clients, communities, and employees thrive in a rapidly digitalizing world.

Shaped by a history of collaboration, the company actively builds and operates essential digital infrastructure across Latin American markets. By offering tailored solutions that prioritize energy efficiency, stability, and cutting-edge technology, Scala delivers maximum value to its clients. The company emphasizes growth and development, creating pathways for talent through careers that align with its vision of achieving scalable results for a brighter future.

Scala leads the way in sustainable data center operations, with an unwavering focus on reducing environmental impact. The company invests in sustainable projects, such as its recent issuance of green debentures totaling $250 million, to develop energy-efficient data centers powered by renewable energy.[5] Recognitions like the GHG Protocol's Gold Seal and the World Bank's Sustainability Champion title underscore Scala's dedication to transparency and climate responsibility.

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[1] *Latin American Data Center Colocation Services Growth Opportunities*. Frost & Sullivan. (2024, October 30).
[2] Ibid.
[3] Ibid.
[4] Ibid.
[5] https://scaladatacenters.com/en/about-us/, accessed November 2024

Innovation is integral to Scala's success. Through its proprietary FastDeploy methodology, the company delivers data centers up to 50% faster than traditional methods, ensuring agility and reliability for clients.[6] Projects like the Scala AI City, in partnership with the Government of Rio Grande do Sul, highlight Scala's commitment to cutting-edge solutions, solidifying its position at the forefront of the AI revolution in Latin America.

In 2021, Scala made a significant strategic move by acquiring a third facility from Algar Tech. This facility in Campinas, São Paulo State, Brazil, became a cornerstone of the company's expansion strategy and market positioning. Since this acquisition, Scala has taken on the design and construction of all its data centers in-house. This approach allows the company to utilize its expertise and maintain a single-tenant model. Scala made this change after its early experiences with third-party construction, particularly with the SGRUTB03 data center at the Tamboré Campus. This facility represented Scala's first project managed by an external contractor, prompting the company to develop its own construction and design capabilities.

Today, Scala operates across three countries in Latin America: Brazil, Chile, and Mexico, while also having data centers under construction and in development in Colombia. It establishes a robust presence with 12 operational data centers and eleven under construction. The 12 operational data centers have a power capacity exceeding 112 MW, a remarkable achievement for a company that has been in operation for less than five years. In addition, Scala is a 300 IT MW company (1Q25 est.). Despite launching during the challenging times of the COVID-19 pandemic, the company's swift growth highlights its resilience and commitment to becoming a leading player in the Latin American data center market. Frost & Sullivan praises Scala for its visionary competitive strategy leadership, commitment to sustainability, and innovative solutions that continue transforming the digital landscape across Latin America.

Strategic Growth and Market Leadership

Since its inception, Scala has faced significant challenges and navigated them successfully, particularly during the pandemic. The company was structured entirely online, requiring a monumental effort in coordination and planning. Despite these challenges, Scala seized an opportunity as hyperscalers expanded their demand for data center capacity. This demand catalyzed the industry's growth, and the company adapted with a robust strategy to address ongoing hurdles in technology, financial investments, connectivity, and workforce development.

A cornerstone of Scala's approach is its innovative build strategy, which diverges from the industry norm of outsourcing construction. By bringing construction in-house and establishing a Center of Excellence with over 400 professionals, including engineers, architects, and data center specialists, the company ensures full control over the data centers' lifecycle, from design to operation. This approach mitigates financial and technical risks and enhances flexibility to meet rapidly evolving technological needs, such as the increased rack density driven by AI and ML advancements.

Scala's design methodology, supported by its dedicated product development team, further distinguishes the company. Its "FastDeploy" methodology allows for construction timelines that are up to 50% faster

[6] https://scaladatacenters.com/en/about-us/, accessed November 2024

than conventional methods, delivering liquid-cooling-ready facilities equipped to handle AI's high-performance computing demands. This adaptability ensures Scala remains at the forefront of energy efficiency and future-proof solutions.

Scala's procurement and land acquisition strategies are also instrumental in its success. Early procurement decisions, such as partnerships with key vendors like Vertiv, secure a steady supply of critical equipment despite global supply chain disruptions. The company also controls over nine million square meters of land in strategic locations across Latin America, enabling faster project launches while limiting competitor expansion.

Finally, Scala's commitment to sustainability underscores its strategic vision. Since its founding, the company has utilized 100% certified renewable energy and recently partnered with Serena Energy to diversify its energy sources, including wind power. With nearly 7 gigawatts (GW) of renewable energy secured through power purchase agreements in Latin America, Scala is well-positioned to meet its ambitious expansion goals sustainably.

Scala has implemented a robust Environmental, Social, and Governance (ESG) program that goes beyond the traditional focus on environmental issues prevalent in the market. While competitors and some customers often prioritize ecological concerns, the company's ESG approach is comprehensive, addressing the social and governance aspects equally. For instance, it ensures meaningful community engagement before initiating construction projects for new data centers. By collaborating with local leaders proactively, Scala identifies potential impacts and opportunities to add value to the surrounding communities. This commitment exemplifies its dedication to fostering sustainable growth that benefits the company and the communities it serves.

One notable initiative under the social pillar of Scala's ESG program is the *MW of Opportunities* scholarship program. Initially focused on providing engineering scholarships, the program expanded to include a variety of courses tailored to the needs of community residents near the company's data centers. This initiative provides scholarships and ongoing support, including job opportunities for high-performing second-year students and personalized mentoring from Scala's executives during their third year. This comprehensive approach ensures the development of skilled professionals while addressing the broader challenge of talent scarcity in the Latin American data center industry.

Scala ties the program's scalability and impact directly to its business metrics, awarding one scholarship for every MW sold. This alignment enables the company to commit to delivering 160 scholarships by 2024, reflecting its growth trajectory and determination to prepare the next generation of industry talent. While some graduates may ultimately join competitors, Scala sees this as a positive contribution to the broader industry, reinforcing its commitment to creating long-term value.

These combined strategies set Scala apart in the competitive data center market and demonstrate its commitment to innovation, sustainability, and excellence.

Pioneering Growth in Latin America's Digital Landscape

> *"By leveraging data-driven insights, Scala ensures its investments align with customer needs and market opportunities, delivering unparalleled value and satisfaction. These combined strengths cement the company's position as a transformative force in the digital ecosystem of Latin America."*
>
> ***- Renato Pasquini***
> ***VP Research***

Scala demonstrates exceptional growth and establishes itself as a leading force in Latin America's data center industry through bold strategies and a strong commitment to innovation. Drawing from a mission that extends beyond infrastructure development, the company actively seeks to transform the communities it serves and the broader regional market. In less than five years, Scala has reached milestones that took its competitors eight to ten years, reflecting its calculated risk-taking and effective accelerated growth strategies.

The company's performance metrics underscore its impressive achievements. By the end of 2023, Scala reported a 43% year-over-year (YoY) revenue increase compared to 2022 and will close 2024 with a 35% YoY growth. For the coming years, growth is predicted to remain in the high double-digits, considering its growth pipeline is relevant alongside a rise in bookings, as it now stand at 300 MW (1Q25 est.).[7] Additionally, the company achieved 100% growth in operational sites YoY (22-23), delivering five new data centers in 2023 and now two more to date in 2024. These accomplishments, combined with a continued focus on expansion and operational excellence, highlight Scala's pivotal role in shaping the data center landscape in Latin America.

Scala's Visionary Edge: Building Tomorrow's Data Centers Today

Scala boasts an extensive set of strengths that position it as a leader in the Latin American digital infrastructure market. Another distinguishing factor is the company "FastDeploy" methodology, enabling it to construct data centers up to 50% faster than traditional timelines. This innovative approach, combined with a robust financial backbone supported by major investors such as DigitalBridge, IFC, Olayan, Coatue and IMCO, underscores Scala's capability to execute large-scale projects efficiently. For example, each MW of data center capacity requires an investment of approximately $10 to $11 million. The company's flagship Tamboré Campus in São Paulo will deliver 450 IT MW upon completion, making it the largest data center campus in Latin America.

Scala complements its forward-looking strategies through collaborations with industry veterans like Christian Belady, a pioneer in data center metrics, and partnerships with regional governments. Its Scala AI City, in cooperation with the government of Rio Grande do Sul, exemplifies this strategic foresight. The initiative supports AI and cloud service workloads across the Southern Cone, starting with a 54 IT MW facility and scaling to an anticipated 4.75 IT GW over the next seven to eight years. Such ambitious projects showcase the company's controlled risk-taking and transformative vision, which redefine the scale and impact of digital infrastructure in the region.

Scala's integrated teams specializing in market research, competitive analysis, and strategic decision-making contribute to the company's ability to identify optimal locations for new data centers. By

[7] https://scaladatacenters.com/en/data-centers-en/, accessed November 2024

leveraging data-driven insights, Scala ensures its investments align with customer needs and market opportunities, delivering unparalleled value and satisfaction. These combined strengths cement the company's position as a transformative force in Latin America's digital ecosystem.

Scala's Strategic Edge: Driving Growth Through Excellence and Trust

Scala demonstrates remarkable growth and innovation, establishing itself as a leader in its field. Since its inception, the company has grown from 90 professionals to over 1,000 within four years, reflecting its commitment to excellence and strategic development. This rapid expansion underscores Scala's ability to scale operations effectively while maintaining its focus on delivering cutting-edge solutions.

The company's investment in advanced technologies, particularly in generative AI and ML, highlights its forward-thinking approach to innovation. These advancements enhance Scala's data center capabilities and position it to create significant opportunities across the broader region. The company's strategy of fostering collaboration with governmental bodies and other stakeholders, including competitors, reflects a holistic vision of growth. This approach ensures that Scala maximizes its impact while contributing to the development of the industry.

Scala's emphasis on transparency and proactive communication is a cornerstone of its operations. With its robust team, innovative strategies, and dedication to collaboration, the company is well-positioned to continue leading the way in its sector.

Conclusion

Scala Data Centers (Scala) redefines the data center services industry in Latin America through its bold competitive strategy, resulting in the largest growth pipeline in the industry. Its unwavering commitment to sustainability, relentless pursuit of innovation, proprietary methodologies, strategic partnerships, and deep understanding of market dynamics, position the company as a transformative force in the region's digital evolution. Its focus on community impact, environmental responsibility, and technological advancement underscores its holistic vision of growth, ensuring long-term value creation for clients, stakeholders, and society. As Latin America's demand for digital infrastructure continues to rise, Scala's proactive approach and scalable solutions ensure it remains a leader in driving the region's digital transformation.

With its strong overall performance, Scala Data Centers earns Frost & Sullivan's 2025 Latin American Competitive Strategy Leadership Recognition in the data center services industry.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Recognition is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Recognition Analysis

For the Competitive Strategy Leadership Recognition, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes best practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services offer the best ROI and superior value compared to similar market offerings

Customer Purchase Experience: Purchase experience with minimal friction and high transparency assures customers that they are buying the optimal solution to address both their needs and constraints

Customer Ownership Excellence: Products and solutions evolve continuously in sync with the customers' own growth journeys, engendering pride of ownership and enhanced customer experience

Customer Service Experience: Customer service is readily accessible and stress-free, and delivered with high quality, high availability, and fast response time

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty, which is regularly measured and confirmed through a high Net Promoter Score®

Best Practices Recognition Analytics Methodology

Inspire the World to Support True Leaders

This long-term process spans 12 months, beginning with the prioritization of the sector. It involves a rigorous approach that includes comprehensive scanning and analytics to identify key best practice trends. A dedicated team of analysts, advisors, coaches, and experts collaborates closely, ensuring thorough review and input. The goal is to maximize the company's long-term value by leveraging unique perspectives to support each Best Practice Recognition and identify meaningful transformation and impact.

		VALUE IMPACT	
STEP		WHAT	WHY
1	**Opportunity Universe**	Identify Sectors with the Greatest Impact on the Global Economy	Value to Economic Development
2	**Transformational Model**	Analyze Strategic Imperatives That Drive Transformation	Understand and Create a Winning Strategy
3	**Ecosystem**	Map Critical Value Chains	Comprehensive Community that Shapes the Sector
4	**Growth Generator**	Data Foundation That Provides Decision Support System	Spark Opportunities and Accelerate Decision-making
5	**Growth Opportunities**	Identify Opportunities Generated by Companies	Drive the Transformation of the Industry
6	**Frost Radar**	Benchmark Companies on Future Growth Potential	Identify Most Powerful Companies to Action
7	**Best Practices**	Identify Companies Achieving Best Practices in All Critical Perspectives	Inspire the World
8	**Companies to Action**	Tell Your Story to the World (BICEP*)	Ecosystem Community Supporting Future Success

*Board of Directors, Investors, Customers, Employees, Partners

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Generator™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

Learn more.

Key Impacts:

- **Growth Pipeline:** *Continuous Flow of Growth Opportunities*
- **Growth Strategies:** *Proven Best Practices*
- **Innovation Culture:** *Optimized Customer Experience*
- **ROI & Margin:** *Implementation Excellence*
- **Transformational Growth:** *Industry Leadership*



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- Megatrend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)

