

**Tier1Research**

Teraco Data Environments opens datacenter in Johannesburg, South Africa

Datacenters and Colocation

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Teraco Data Environments has opened a new datacenter located in Isando, Johannesburg, South Africa. The first phase of the 3,800-square-meter (40,900-square-foot) datacenter was scheduled to open in February but was opened early to meet customer demand for a carrier-neutral facility. Customers have already started installing equipment in the new datacenter last week. The new datacenter's location in Isando was selected to be near the fiber rings of most of the carriers in South Africa, including **Telkom SA, Neotel, Vodacom** and **Dark Fibre Africa**.

Teraco opened its first carrier-neutral datacenter in Cape Town, South Africa, in February 2009, with a first phase supporting 228 cabinets. **KDDI's Telehouse Europe** business unit has also partnered with Teraco to enter the South African datacenter market by leasing space in Teraco's Cape Town and Johannesburg facilities. Under the partnership, Teraco will operate the leased space under the Telehouse brand and provide remote-hands services and customer-facing operations.

Datacenters in South Africa

Carrier-neutral datacenters have become a possibility in South Africa only recently. For many years, South Africa had only one telecommunications provider, Telkom SA, which is partly government owned. This monopoly over fixed-line telecommunications and international access resulted in traditionally high costs for telecommunications in South Africa. Under pressure from business, South Africa started to open up this market in August 2006 with the establishment of a second national operator (SNO), Neotel, for fixed-line telecommunications services.

With the telecommunications markets in South Africa becoming competitive, the incumbent Telkom is also facing competition from Neotel on the datacenter front; it recently opened new datacenters in Cape Town and Johannesburg, and has the backing of **Tata Communications**, which became the controlling shareholder in Neotel in January with a 56% stake.

T1R take

T1R has seen several new datacenters in South Africa over the past year and we expect to see more datacenter investment in the country over the next several years after the opening up of the telecommunications market after many years of a monopoly. T1R believes that carrier-neutral datacenter facilities such as Teraco's datacenters in Johannesburg and Cape Town will provide customers with some of the first opportunities to see the lower prices that result from the new competition between telecommunications providers in South Africa.

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