

FROST & SULLIVAN



NEXT DC

# 2022 COMPANY OF THE YEAR

*AUSTRALIA  
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. NEXTDC 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

### Market Snapshot and Company Profile

In Australia, the data center (DC) services sector is experiencing significant growth from hyperscale and retail segments and attracting investments from global service providers. Given the increasing competition in the country, DC service providers are exploring ways to create strategic differentiation by enhancing customer value.

Founded in 2010 and headquartered in Brisbane, Australia, NEXTDC operates and manages DC across multiple locations in Australia. Besides data center colocation services, cloud connectivity for organizations is among the services provided by the company, as well as data center-as-a-service solutions, universal interconnection solutions, cloud center ecosystems, and data center asset management. The company operates data centers in Brisbane, Canberra, Melbourne, Perth, and Sydney. The company uniquely leverages its data center infrastructure and technology capabilities to meet its customer’s needs. NEXTDC is well-positioned to capitalize on new growth opportunities, cementing its leadership in Australia DCs services.

In 2021 Frost & Sullivan recognized NEXTDC for its seamless DC network, successful best practice implementations, and remarkable customer experience journey and remains impressed with the company’s continuing innovation market focus.

### ***Strategic Growth Plans to Address Growing Demand***

There is growing demand in Australia for data center infrastructure and NEXTDC aims to meet these demands by continually expanding its data center network; 2021 marked the biggest expansion year in the company's history. A total of nearly 100,000 square feet has been added to the company's DC facilities, which include C1 Canberra, S2 Sydney, and M2 Melbourne. M2 Melbourne is the company's largest facility, measuring more than 60,000 square feet. Moreover, with the recent announcement of

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***- Norazah Bachok,  
Best Practice Research Analyst***

the acquisition of additional Sydney land, there is also a plan for considerable expansion, with a total capacity of 700 megawatts.

Furthermore, the company invests heavily in AXON, which is NEXTDC's powerful, inter-DC interconnection platform that extends to NEXTDC's data centers and several third-party sites where public cloud availability zones are hosted to support customers'

increasingly dispersed hybrid environments. The platform gives customers the ability to address growth, redundancy, backup, and disaster recovery challenges. NEXTDC's continued investments in Australia, backed by a focus on the transforming digital landscape, gives it a strategic advantage in the data center service provider ecosystem in the country.

### ***Demonstrated Focus on Emerging Needs for Low Latency Use Cases***

NEXTDC is focusing on low-latency value proposition to regional businesses across Australia. The company announced its first edge data center on Queensland's Sunshine Coast (SC1) in 2021. With SC1, businesses in Australia's fastest-growing regions now have low-latency connectivity, data capacity, speed, and reliability. Furthermore, SC1 is the first east coast landing site outside Sydney for a broadband network cable. This cable connects to 7,000 kilometers of Japan-Guam-Australia South submarine cable and provides Australia's fastest data connection to Asia.

With customers and organizations moving away from traditional on-premise infrastructure rapidly, they are demanding best-in-class third-party datacenter colocation services to achieve digital transformation and desired business outcomes. Furthermore, with the growing need for low latency and fast connections, an edge strategy or architecture is becoming increasingly important.

### ***Alignment to the Global Mega Trend of Sustainability***

Data center operators are leveraging renewable energy sources in their data centers to align with growing environmental concerns as well as address customer requirements. With NEXTDC customer-centric corporate philosophy, the company is committed to energy sustainability and renewable economics, which aligns well with the commitment of the Australian government to the circular economy. The company holds sustainability as one of its core values in all aspects of its business, from zero-waste requirements to 100% carbon offsets. NEXTDC expanded its capability by becoming the only data center provider to offer customers the option of offsetting their carbon footprint within the NEXTDC data center. Some of the company's sustainability initiatives and achievements include:

- Operate and own a solar array on the roof of the M1 facility, and recently added a new solar array to the S1 facility, with additional installations in the future.
- Introduced NEXTneutral, a carbon-neutral colocation service. It is a simple opt-in program that helps clients achieve 100% carbon neutrality for their information technology footprint when they co-locate within the NEXTDC data center. The solution involves investing in carbon offsetting to reduce DC's ecological footprint, accounting for 3% of global energy consumption.
- Actively focusing on water usage effectiveness metrics across all operations areas. Every facility undertook an internal review of its water usage, and the company implemented a revised water efficiency program, which also included the use of additional meters at all facilities.
- Investing in a trial of chemical-free water treatment at one cooling tower at M1, which solves the scaling and corrosion problems in commercial and industrial heating, ventilation, and air conditioning systems.
- Committing to 90% diversion from landfills, the company established a zero-waste management program with a roadmap to achieving zero-waste certification and intends to achieve accreditation for at least one of its facilities by Q1 in 2023.

In addition, NEXTDC continues to improve the efficiency of its DC, as evidenced by the 5-star rating given by the National Australian Built Environment Rating System, as well as being certified as 100% carbon neutral by the Australian Government's Climate Active Program.

### ***Leveraging Emerging Technologies to Create Strategic Differentiation***

NEXTDC continuously invests in engineering research and development in machine learning (ML) and artificial intelligence (AI) across many areas such as commercial and university research programs. NEXTDC continues to see energy efficiency gains based on AI-assisted tuning based on weather and data center operations historical data. With AI, NEXTDC addresses the challenges around tuning cooling systems to optimize energy efficiency with external weather conditions and workloads (heat generation) within isolated data hall environments. Furthermore, AI supports the use of the lowest possible energy consumption within data halls to help clients reduce costs and thus increase profitability.

NEXTDC also teamed up with Aurecon to create customized algorithms that analyze and compare dozens of years of historic plant data about weather conditions and facilities settings. Adding new data from ongoing tuning efforts and extended methodologies multiplied the power of the ML program to extract useful tuning recommendations. As these algorithms receive new daily data, they identify optimal settings and influence power usage effectiveness performance in greater depth. To further reduce the energy consumption of the computer room air conditioning units, NEXTDC's engineering team designed a complementary performance optimization plan for the free cooling and indirect evaporative cooling systems that incorporate external air.

### ***Continued Focus on Customer Value Enhancement***

NEXTDC continuously improves its customer journey experience through various initiatives. As an example, its ONEDC® data center intelligence cloud platform enables customers to view their data

center utilization in a 360-degree way. Recently, NEXTDC enhanced the ONEDC® portal by working with customers, ClimateActive and key stakeholders across the organization. Through this process, the company removed a significant administrative burden for its customers, allowing them to move one step closer to their organizational sustainability goals. Through multiple workshops, the team created new capabilities for ONEDC to support this requirement. Consequently, customers can now create, schedule, and utilize self-serve reports, giving them great value.

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

NEXTDC has grown its customer base over the years, and more than 750 cloud, carrier, and information and communications technology providers are part of the the company’s partner ecosystem. The NEXTDC team actively assists customers and partners in locating third-party resources for managing their data centers and cloud deployments. The company boasts Australia's most extensive local ecosystem with its

cloud center community. The company's data center footprint is completely vendor-neutral, giving customers and partners total freedom to choose which services and skills are crucial to their digital progression while focusing on their core competencies and what matters most to them. Continually improving NEXTDC's datacenter infrastructure and services ensures that they operate at their best. Having recently achieved the Australian Government's Digital Transformation Agency Certified Strategic status for every data center the company operates in Australia is evident in its success at providing outstanding data center services.

Furthermore, NEXTDC remains committed to partnering with local and state governments to provide critical digital infrastructure for technology investment and innovation within the country. NEXTDC has partnered with other organizations, including Vocus, Aussie Broadband, EngineRoom, and multiple carriers and satellite-based communications services companies. As a result of these strategic initiatives and partnerships, the company continues to augments its capabilities and create strategic differentiation.

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

## Conclusion

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NEXTDC has continually successfully positioned itself as a leading provider of data center services in Australia through substantial investment and effective growth strategies, including acquisitions, portfolio expansion, and innovative data center development initiatives.

Overall, NEXTDC addresses market requirements with a strong leadership focus that incorporates customer-centric strategies and exemplifies best practice implementation. The company has been acknowledged for its world-class accreditations for its facilities, demonstrating its commitment to being Australia's premier data center provider.

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

With its strong overall performance, NEXTDC earns Frost & Sullivan's 2022 Australia 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



