Digital Infra Leaders Summit

USA 2024 EXECUTIVE SUMMARY

Organised by:

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Exclusive invitation-only executive-level workshops held alongside major events, the Digital Infra Leaders Summits have become a highlight on the calendar of digital infra CEOs and industry VIPs.

Held in Austin in September 2024, alongside Datacloud USA, the US Digital Infra Leaders Summit brought together 30 of the most influential stakeholders in US data centres and connectivity to tackle the main industry challenges the US digital infra sector faces.

Having each completed a short anonymised survey ahead of the workshops, analysis of the results was used to help structure and stimulate debate and discussion during the session.

In this Executive Summary, we share with you the main take homes from the session as well as the outcomes of the sentiment analysis

Participating organizations:

aws, CyrusOne, DigitalBridge, Digital Realty, EdgeConneX, EdgeD (An Endeavour Company), Elea Data Centers, EXA Infrastructure, Google, Meta, Microsoft, Netrality Data Centers, NVIDIA, Serverfarm, Zayo

Key discussion areas included:

- Evolving investor sentiment in digital infrastructure asset classes
- Key industry growth drivers and headwinds
- Strategic priorities for the upcoming year
- Priorities for capex allocation
- Business model evolution
- M&A expectations and drivers
- Collaborative activities that should be considered
- The short- and long-term impact of satellite technologies
- The impact of AI on both growth and internal processes
- Ensuring access to affordable, sustainable power

Interested in participating in future workshops?

Contact Digital Infra Leaders' Summit Director, Laura Graves to enquire about eligibility and availability.

E: lgraves@techoraco.com

Datacloud USA Leadership Summit 2024
Top 10 takeaways

Digital Infra Leaders Summit

1. Overall investor sentiment is optimistic in the US. Europe faces regulatory uncertainties regarding AI, making the US more appealing to investors, especially given lower operational costs
2. Consensus is that US will run out of power and capacity – players need to be thoughtful when building and ensuring the demand is there and real
3. Investors are keen on long-term collaborations in power generation and AI services, while also recognizing challenges in community relations and public sentiment towards data centers
4. Record low vacancy rates in data centers in the US are driven by hyperscale requirements, expected to account for 50% of demand by 2029, with colocation attracting the most capital, followed by REITs
5. Headwinds in digital infrastructure investment persist, especially regarding FTTH and capital allocation, necessitating innovative approaches to ensure timely execution and competitiveness
6. A shift towards collaborative models is essential, as the industry becomes increasingly interconnected, demanding cohesive relationships between data centers, suppliers, and hyperscalers
7. Public perception of DCs has undergone a reversal, shifting from admiration to a threat to the environment & community
8. There is a backlog in power generation capabilities, and the transition to affordable green energy sources is complicated – e.g., solar storage is not currently cost effective
9. Some data centers are exploring utility-like models and micro-grids to secure grid access and manage power generation, including emerging technologies like Small Modular Reactors (SMRs) and molten reactors to meet future energy needs
10. A fundamental shift towards a power-first location strategy is necessary


Jason Black
NVIDIA
Horace Zona
DigitalBridge
Owen Morris
CyrusOne


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Compared to last year, investor sentiment on digital infrastructure sector increased significantly…

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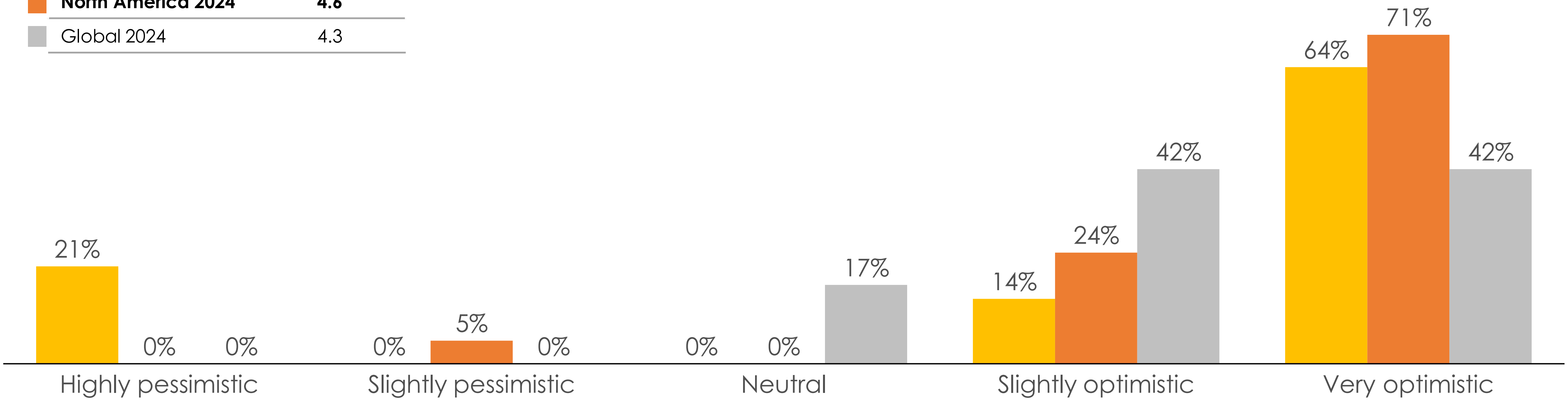
How optimistic are you on the outlook for the digital infrastructure sector in North America?

Legend	Avg. score
North America 2023	4.0
North America 2024	**4.6**
Global 2024	4.3

View from the Summit
Access to power, regulatory certainty highlights the US as more appetizing for investors, compared to Europe



Note: n (NA, 2023) = 14; n (NA, 2024) = 21; n (Global, 2024) = 23; May not add up to 100% due to rounding

…when looking sectors, like last year, data center is the clear winner

View from the Summit
Capital allocation for the data centers is great compared to other asset types, yet some point out conditions are getting more difficult due to public sentiment towards data centers

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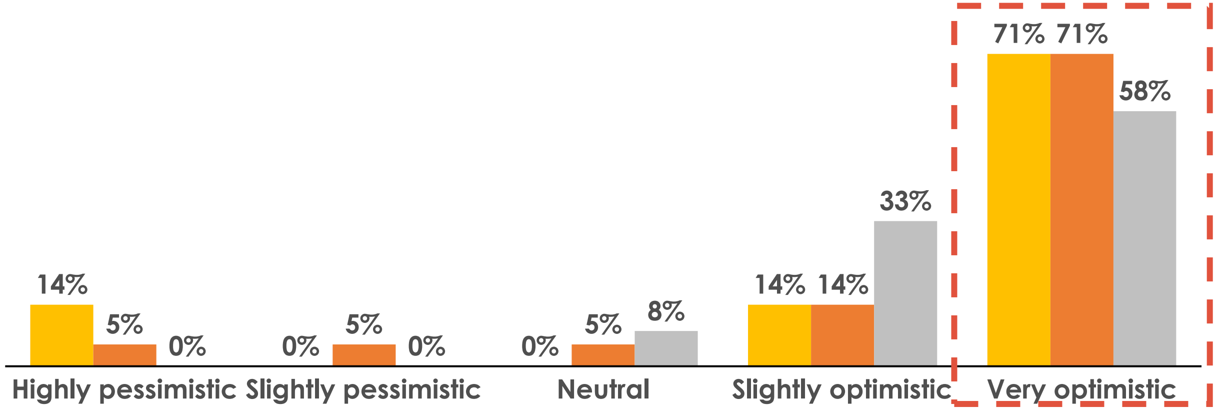
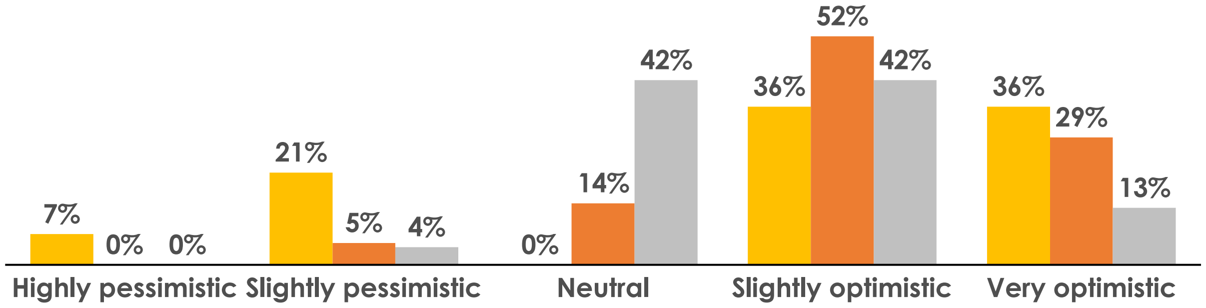
North America 2023 | North America 2024 | Global 2024

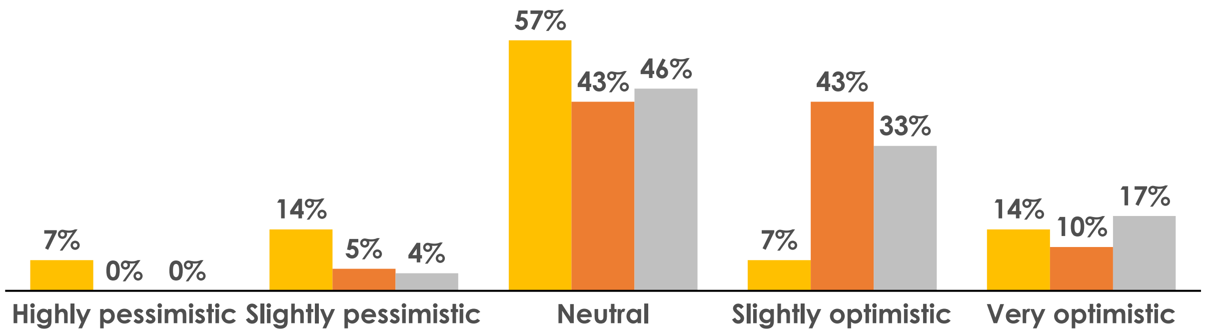
Outlook for the data center sector in North America



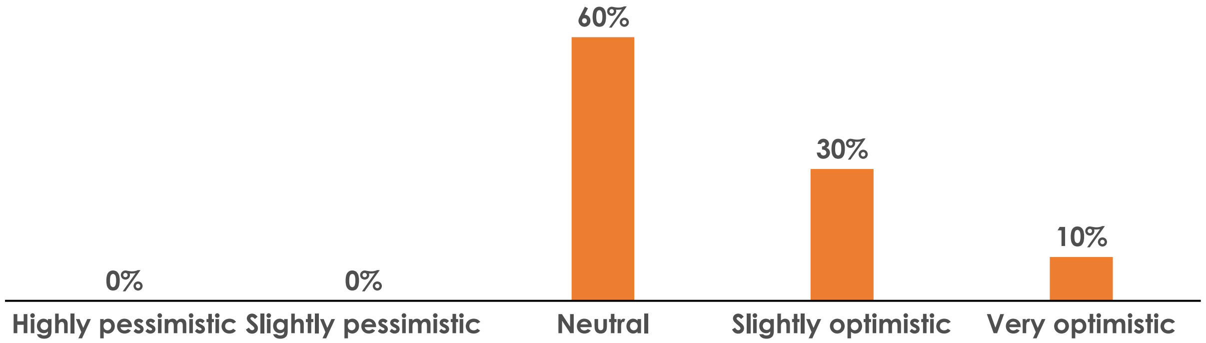
Outlook for the terrestrial fiber sector in North America



Outlook for the subsea cable sector in North America



Outlook for the mobile tower sector in North America



Note: n (NA, 2023) = 14; n (NA, 2024) = 21 (for mobile tower sector 20); n (Global, 2024) = 23; May not add up to 100% due to rounding

Looking into the future, rise of AI/ML and cloud services are the main growth drivers

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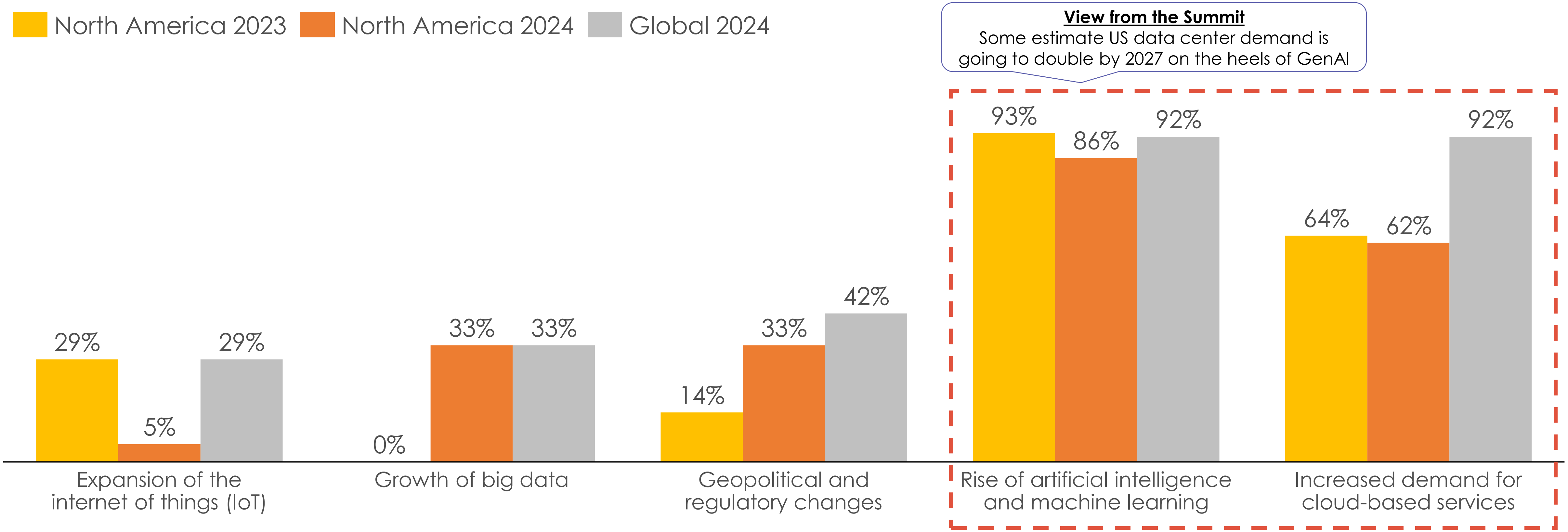
In your opinion, what are the key drivers for the growth of the digital infrastructure market in 2024-2025 in North America? (% of respondents that agrees the area is a key growth driver)

View from the Summit
Some estimate US data center demand is going to double by 2027 on the heels of GenAI



Note: n (NA, 2023) = 14; n (NA, 2024) = 21; n (Global, 2024) = 23; May not add up to 100% due to rounding

Resource/ talent is the key priority and capital allocations are critical in realizing the AI ambitions

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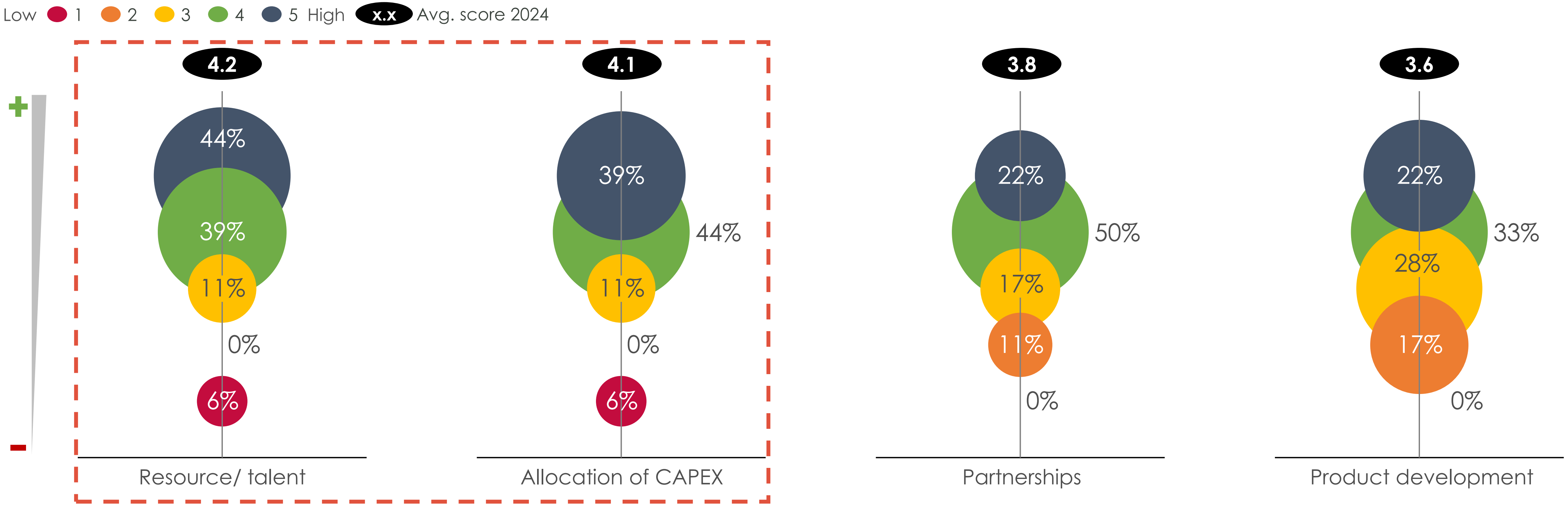
How relevant are the following in your leadership focus today with regards to AI?
(score 1-5, with 1 = lowest focus, 5 = highest focus)



Note: n (NA, 2024) = 18; May not add up to 100% due to rounding

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Respondents believe AI will have the greatest impact on hyperscale DC demand, followed by tier 1 & 2+ city DCs

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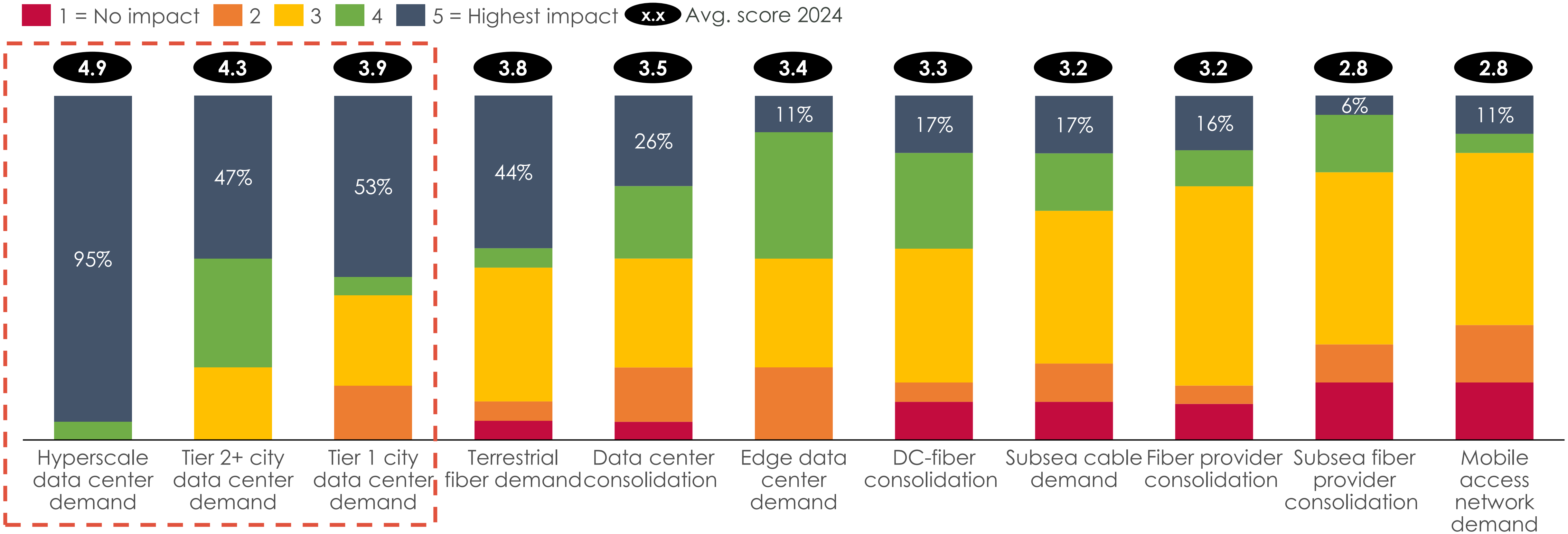
To what extent do you believe the growth in AI / generative AI will impact the following?
(score 1-5, with 1 = no impact, 5 = highest impact)

View from the Summit
Some point out DC operators and utilities in Tier 2+ markets are not used to the demand



Note: n (NA, 2024) = 19 - some participants did not provide response for some categories; May not add up to 100% due to rounding

Access to power comes across as an on-going theme

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Within the digital infrastructure sector, what is the top priority for the next 12 months to ensure continued growth?

Selected quotes

Access to power and regulatory stability

Survival

Pricing that is adequate to attract capital

Building new routes to underserved markets where the AI datacenters are popping up

Being able to scale efficiently

Available capacity and appropriate returns

Note: n (NA, 2024) = 12

Respondents are broadly positive about North American investor sentiment, investor confidence increasing 4% from last year

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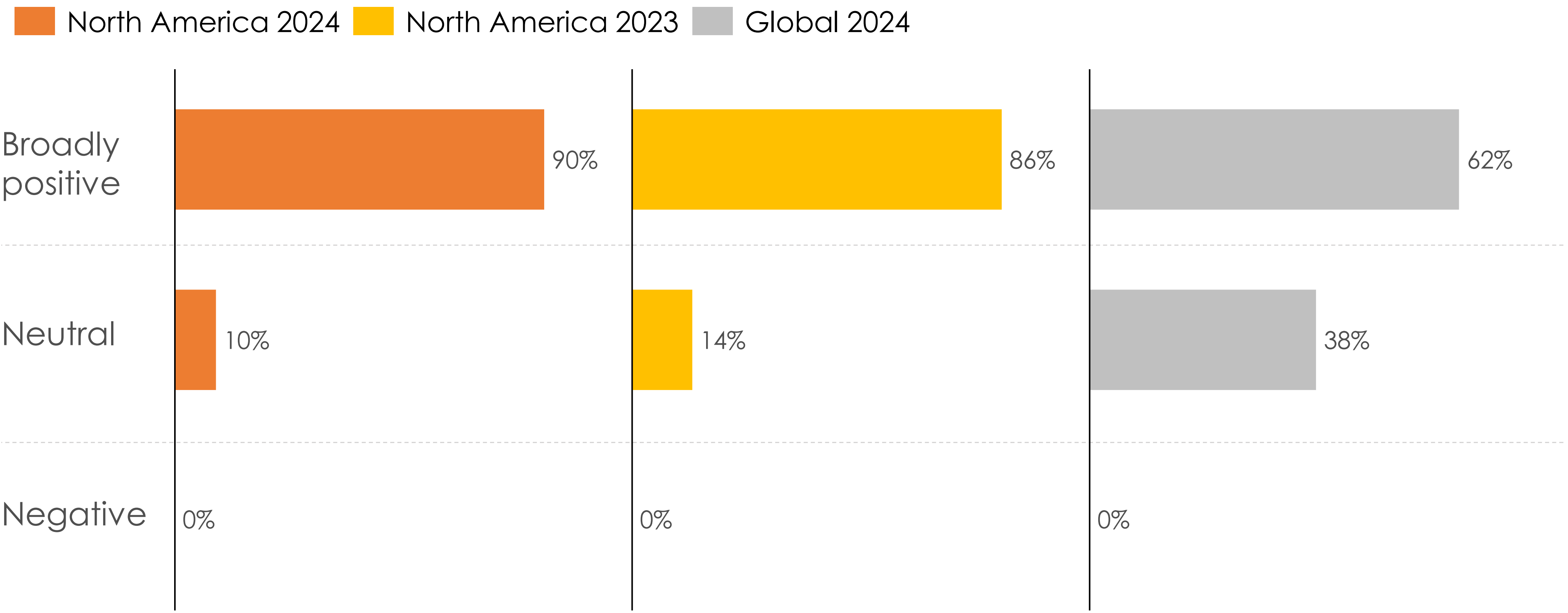
To the best of your knowledge, in North America, what is the overall investor sentiment, considering capital to be deployed in digital infrastructure over 2024-2025?



NOTES FROM SURVEY

- Investments continue but cautious due to market consolidation scrutiny
- North America's growth is driven by AI, but structural inefficiencies and power issues pose risks
- Low-interest rates keep yields on digital infra. attractive

Note: n (NA, 2023) = 14; n (NA, 2024) = 21; n (Global, 2024) = 23; May not add up to 100% due to rounding

High levels of M&A are expected in data centers, but low in subsea cable and satellite assets

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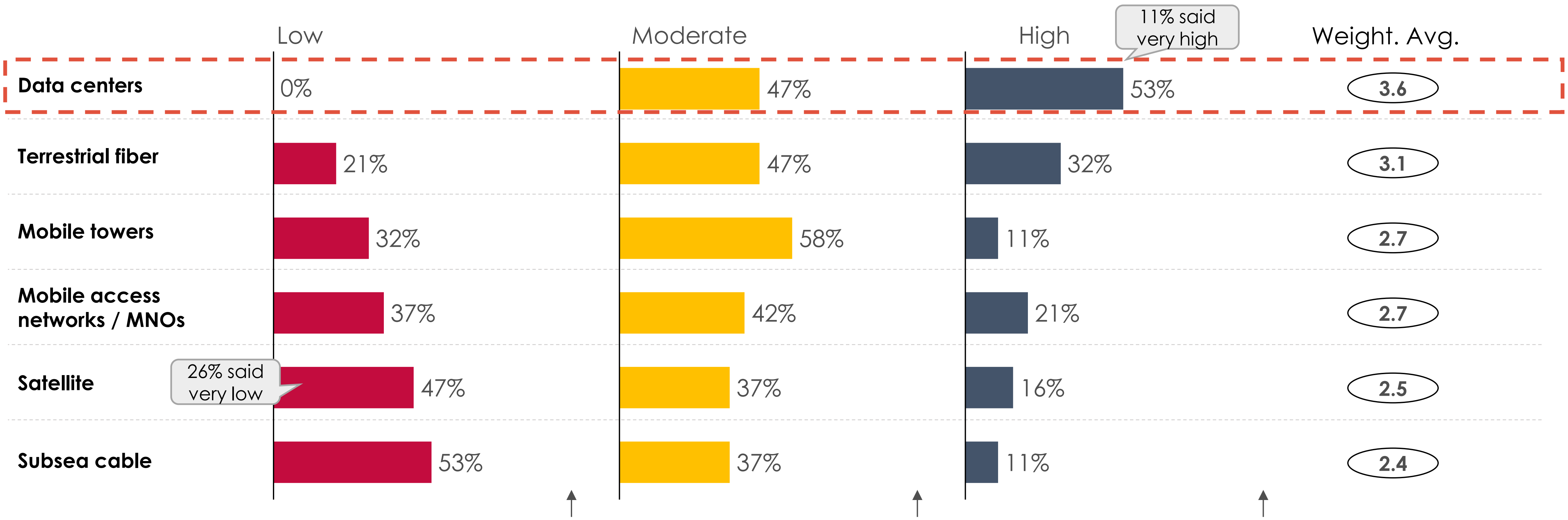
What level of digital infrastructure industry M&A are you anticipating for 2024?
(Score 1-5, with 1-2 = low, 3 = moderate, and 4-5 = high)



Note: n (NA, 2024) = 19; May not add up to 100% due to rounding

Infrastructure/network consolidation and financial restructuring/access to capital are the key drivers of M&A

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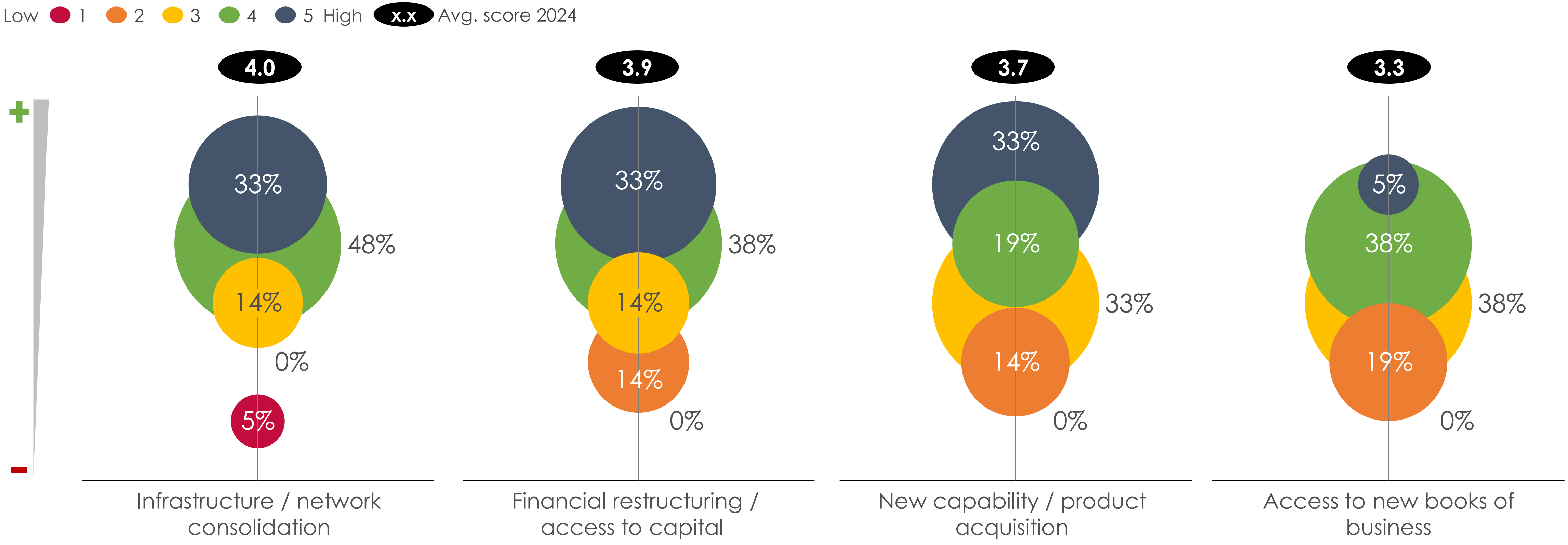
At an industry level where there is M&A, to what extent do you believe it will be for the following purposes? (Score 1-5, with 1 = low and 5 = high)



Note: n (NA, 2024) = 21; May not add up to 100% due to rounding

DC continued to be seen as the most attractive digital infrastructure investment class, not just in North America but also globally

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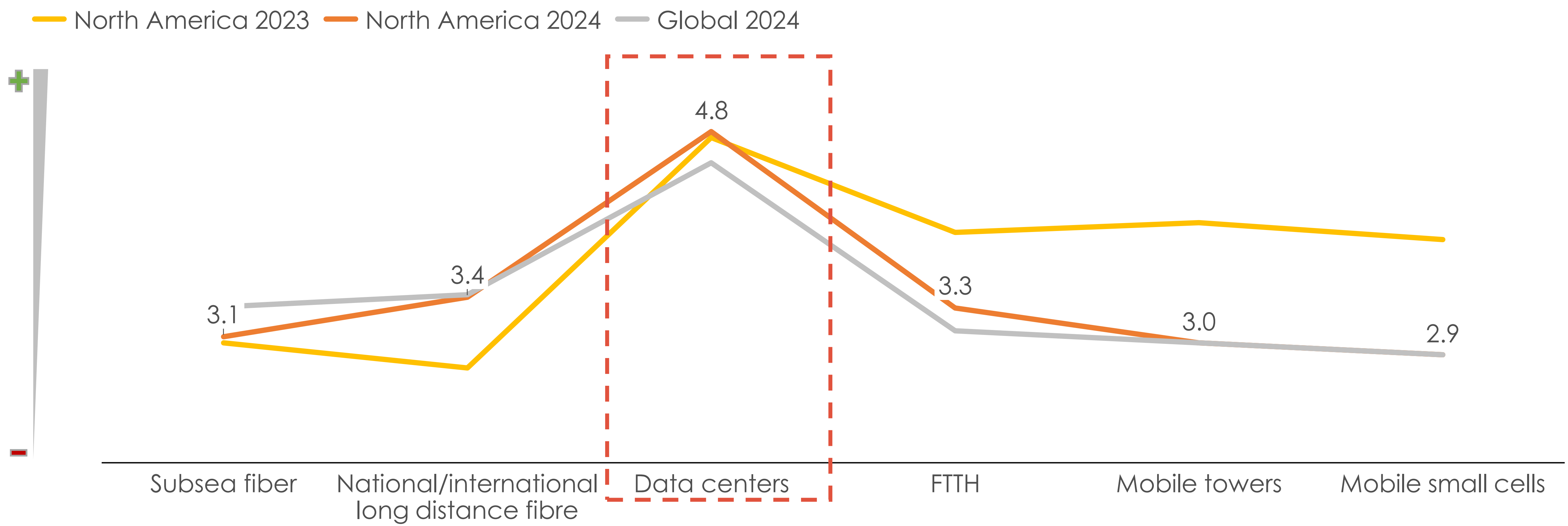
How attractive do you see digital infrastructure classes in North America for investment over the next three years? (score 1-5, with 1 = low, 5 = high)



Note: n (NA, 2023) = 14; n (NA, 2024) = 21; n (Global, 2024) = 23; May not add up to 100% due to rounding

Respondents see fiber investments becoming more attractive, a change of perception for terrestrial fiber from 2023

North America 2023 | North America 2024

View from the Summit
Participants highlight the need for terrestrial fiber, in the context of ongoing DC investments

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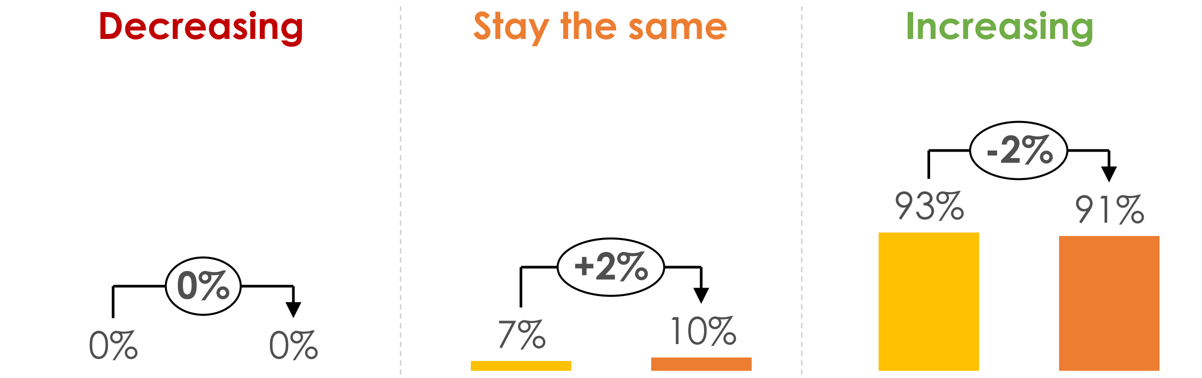
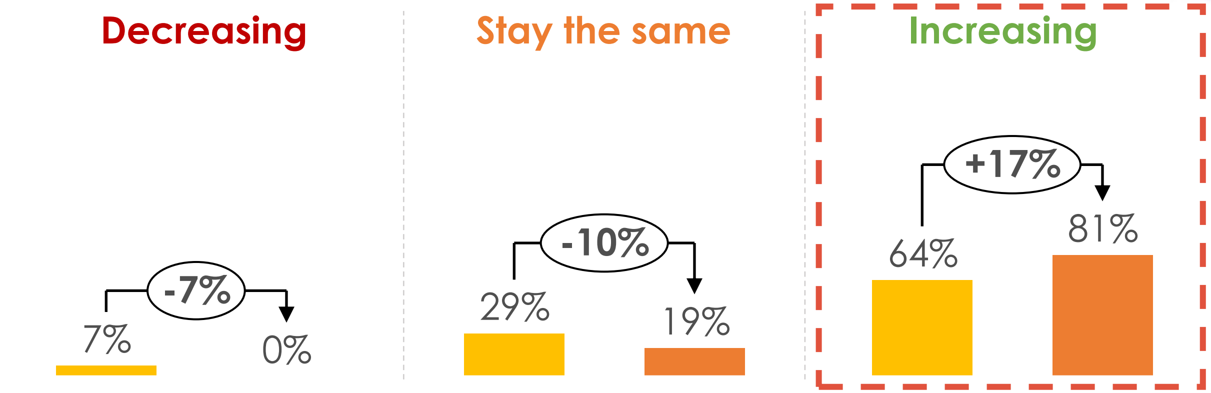
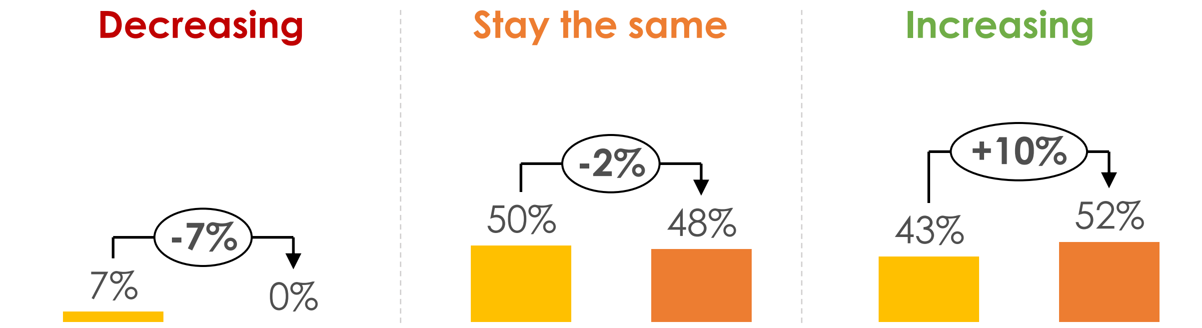
1 Attractiveness of data center investment in NA over three years vs today



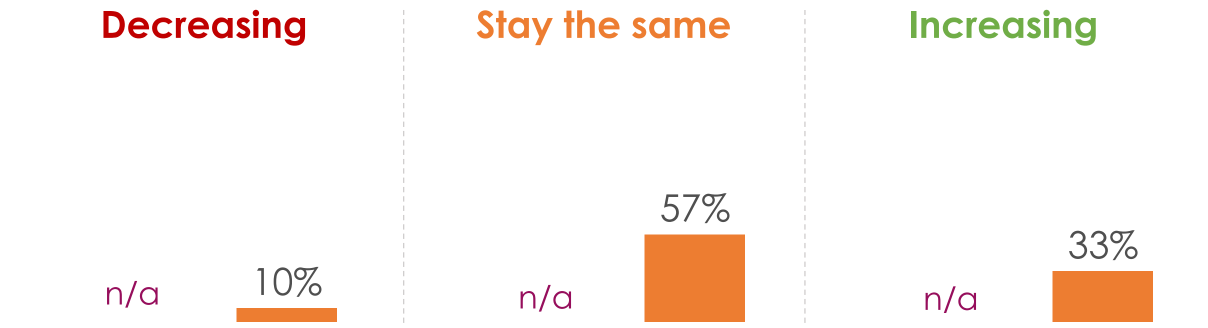
2 Attractiveness of terrestrial fiber investment in NA over three years vs today



3 Attractiveness of subsea fiber investment in NA over three years vs today



4 Attractiveness of mobile tower investment in NA over three years vs today



Note: n (NA, 2023) = 14; n (NA, 2024) = 21; May not add up to 100% due to rounding

Financial investors and private capital got even more momentum as the leading provider of capital for both data centers and terrestrial fiber

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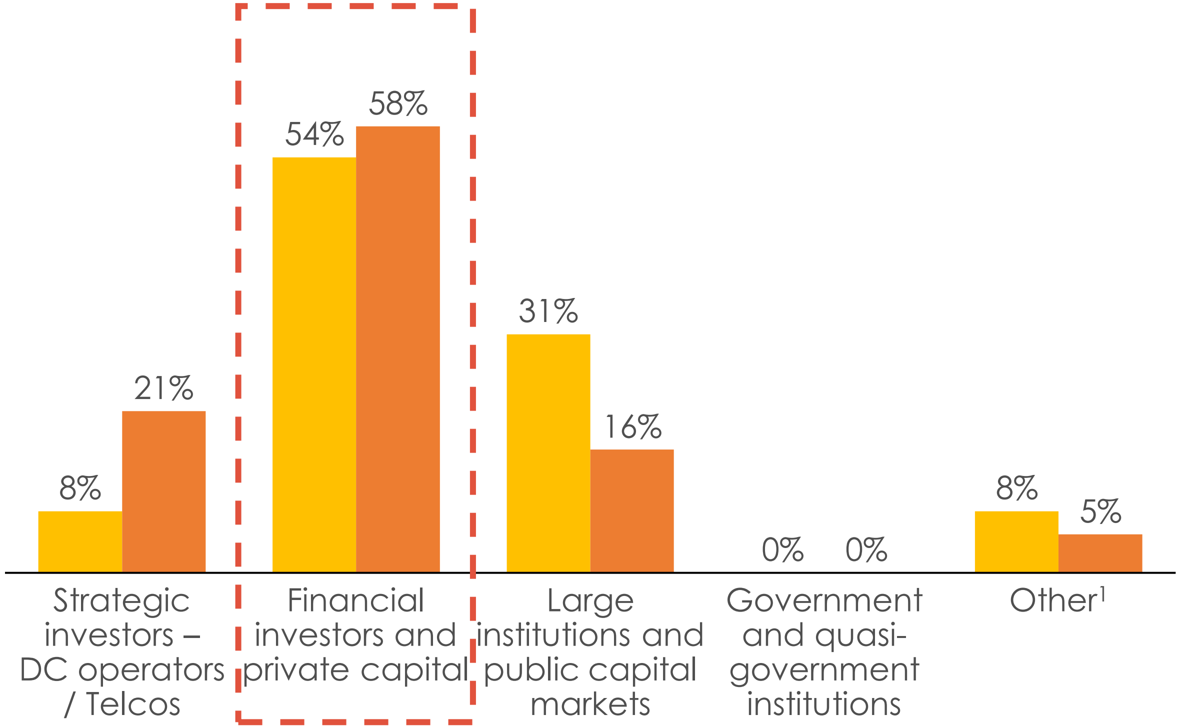
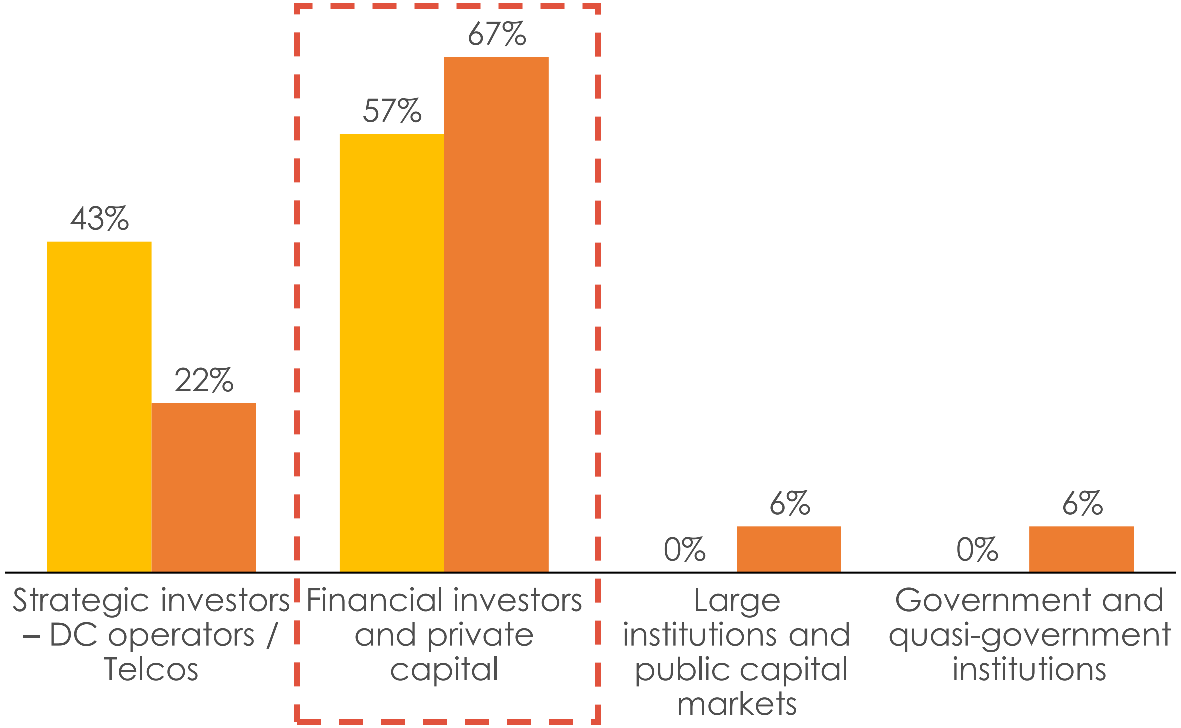
North America 2023 | North America 2024

What do you see as the main providers of capital for data centers in North America?



What do you see as the main providers of capital for terrestrial fiber in North America?



Note: Chart on the left: n (NA, 2023) = 13, n (NA, 2024) = 19; chart on the right: n (NA, 2023) = 14, n (NA, 2024) = 18; May not add up to 100% due to rounding;
(1) 2023 has 1 other response (Infrastructure Funds) and 2024 has 1 other response (A mix of traditional data center operators, cloud service providers, and specialized investment firms)

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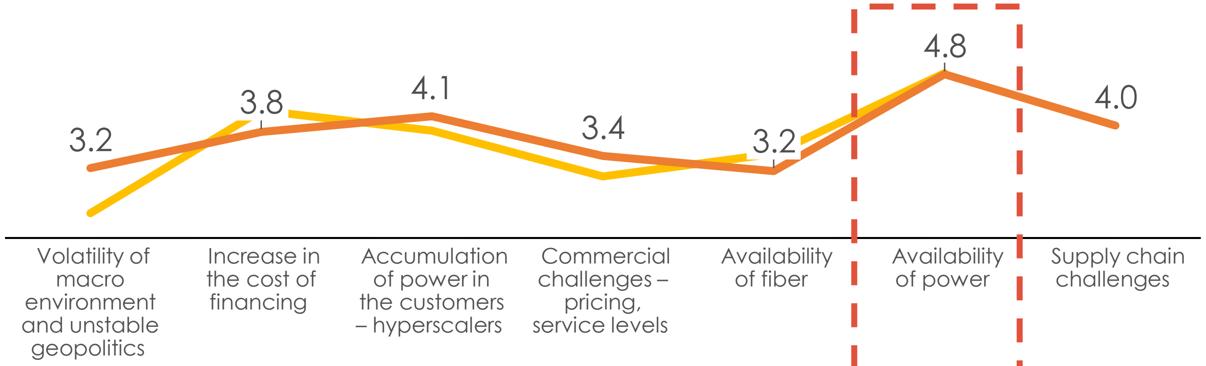
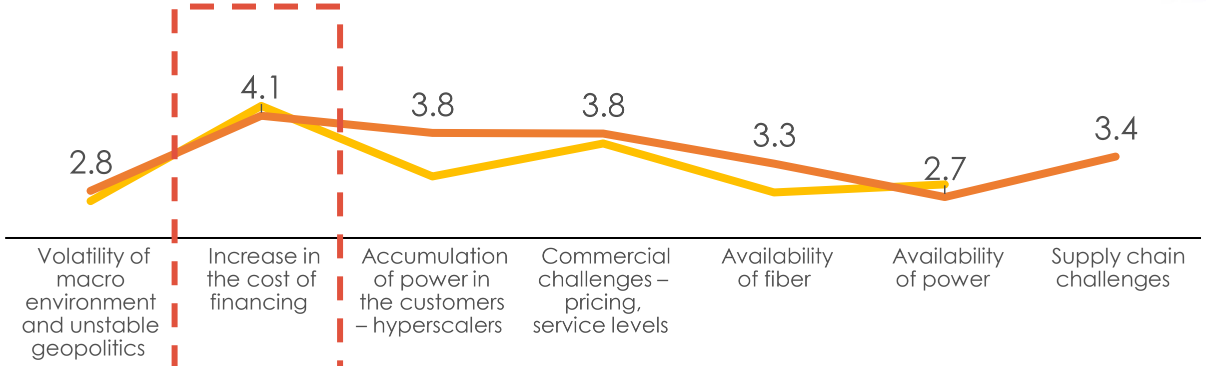
Availability of power for DC, while financing costs for all other assets seen as the key challenge by the investors in NA

North America 2023 — North America 2024

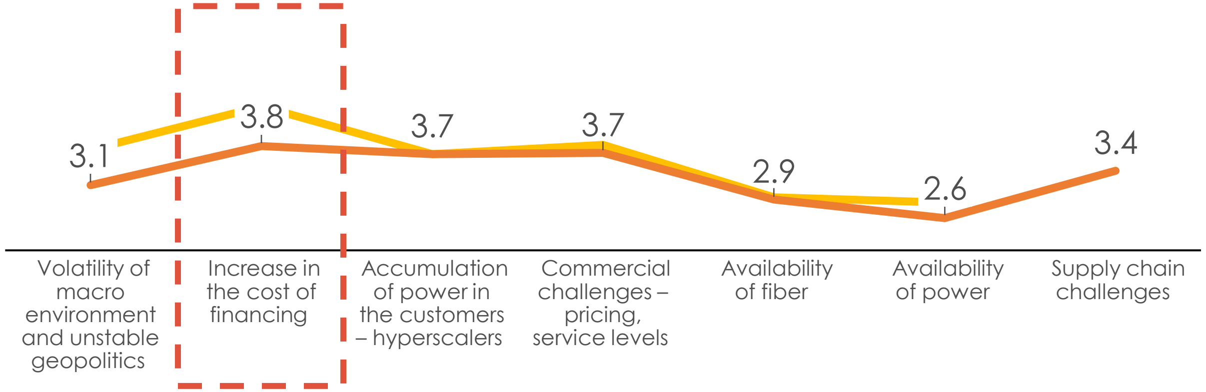
1 What are the key challenges facing data center investors in NA?
(5 – very challenging, 1 – not challenging)



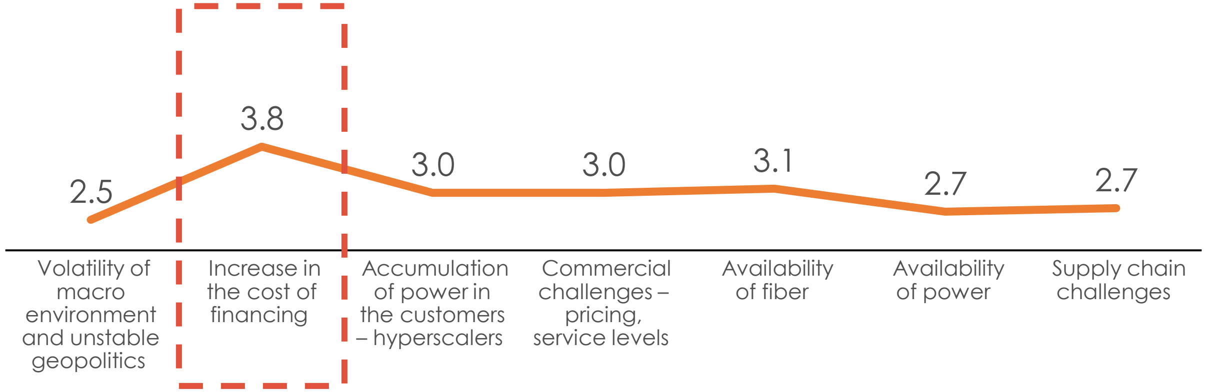
2 What are the key challenges facing terrestrial fiber in NA?
(5 – very challenging, 1 – not challenging)



3 What are the key challenges facing subsea fiber in NA?
(5 – very challenging, 1 – not challenging)



4 What are the key challenges facing mobile tower in NA?
(5 – very challenging, 1 – not challenging)



Note: Chart 1: n (NA, 2023) = 14; n (NA, 2024) = 19; 2: n (NA, 2023) = 14; n (NA, 2024) = 17; 3: n (NA, 2023) = 12; n (NA, 2024) = 16; 4: n (NA, 2023) = n/a; n (NA, 2024) = 15; Some participants did not provide response for some categories; *Supply chain challenges* was not given as an option in 2023 survey

Satellite is foreseen to be equalized to terrestrial fiber; rural BB access and direct to device are considered key applications

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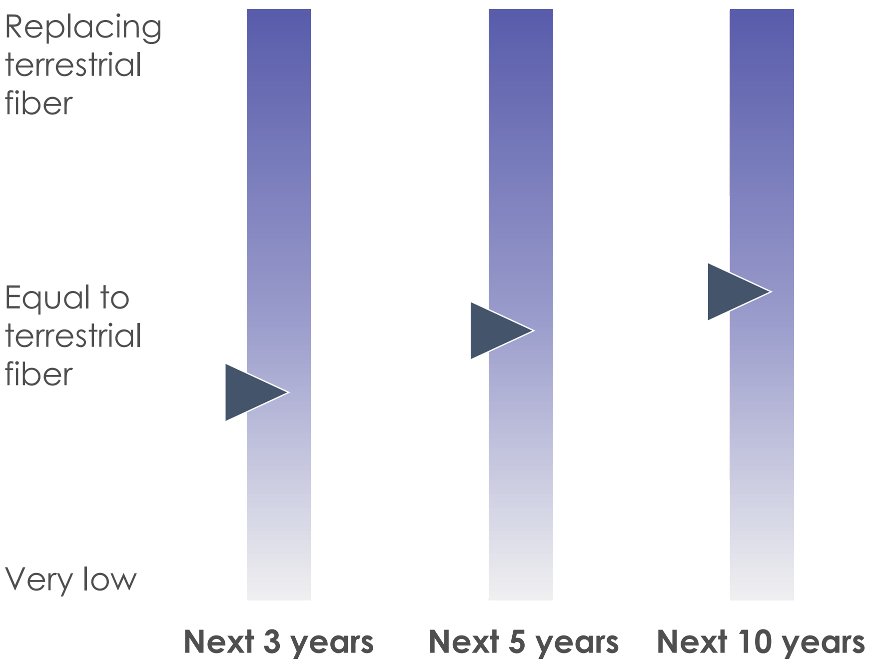
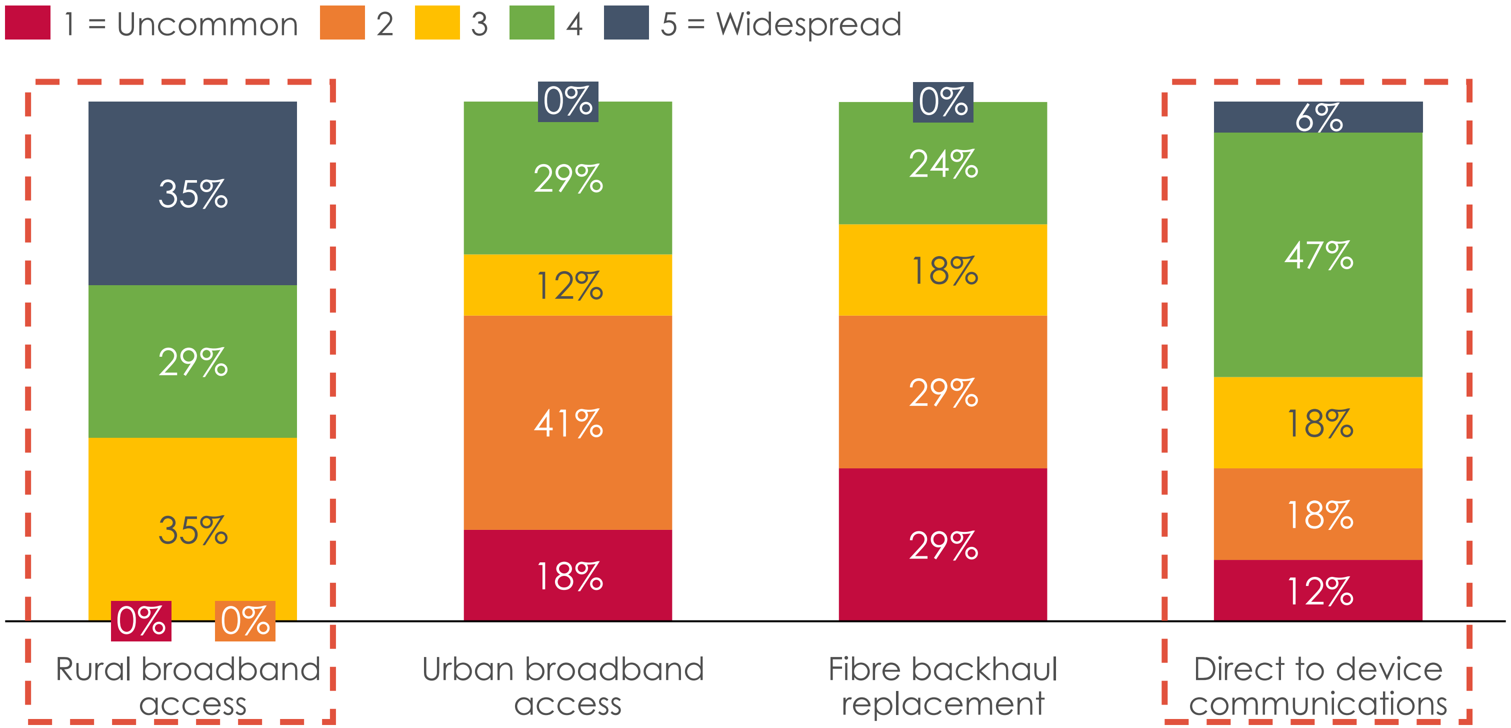
How pervasive do you foresee satellite connectivity becoming relative to terrestrial fiber in NA in the next years?



How common do you believe the following satellite applications will become in North America? (score 1-5, with 1 = uncommon, 5 = widespread)



Note: n (NA, 2024) = 17; May not add up to 100% due to rounding

Innovative technologies hold the greatest potential for future value creation

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As an investor / operator in the digital infrastructure industry, where do you see the greatest potential for future value creation and how are you addressing these opportunities?

Selected quotes

> Power generation

> Closer alignment between customers, capital and operators to reduce inherent risk premiums in the current model

> AI based services to consumers

> Microgrids - long term partnerships with NatGas and the Nuclear SMR sectors

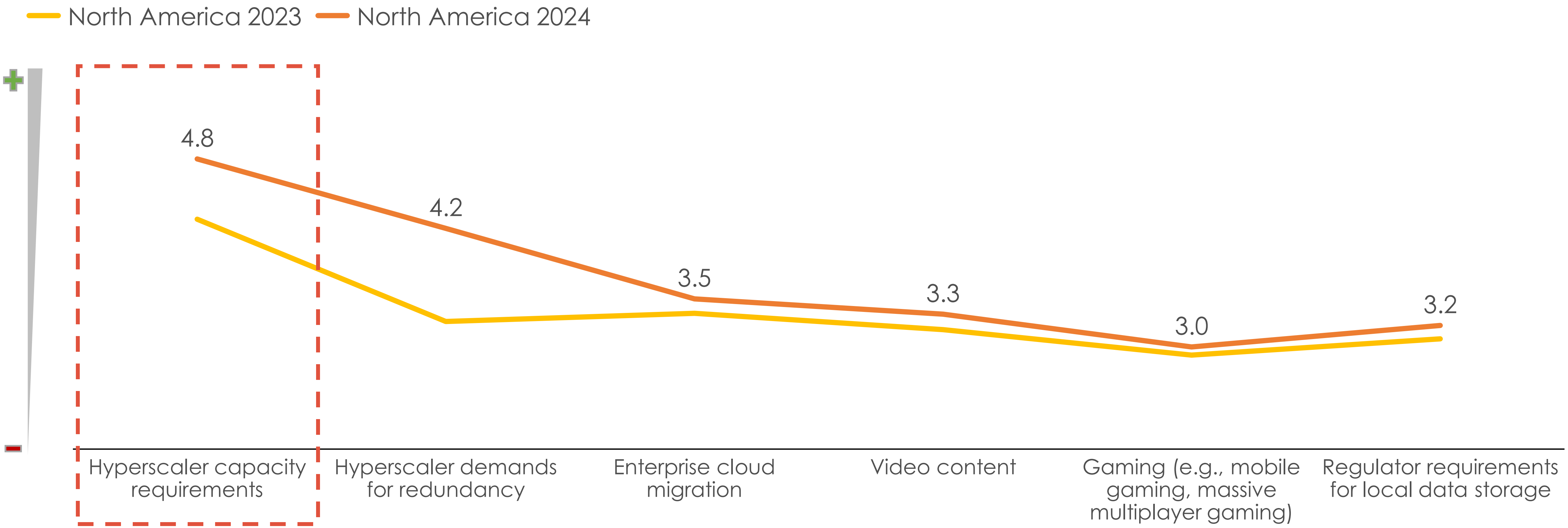
> AI/ML is bringing opportunities to develop new markets that were not under consideration before for cloud latency related reasons…

> Investing in landbanking

Note: n (NA, 2024) = 12

Respondents in North America see hyperscaler capacity requirements driving overall capacity higher

In North America, how will the relevance of the following data center demand capacity factors change over 2024-2025? (score 1-5, with 1 = low, 5 = high)



Note: n (NA, 2023) = 12; n (NA, 2024) = 19

Not surprisingly, respondents believe colocation will attract the most capital, followed by REIT

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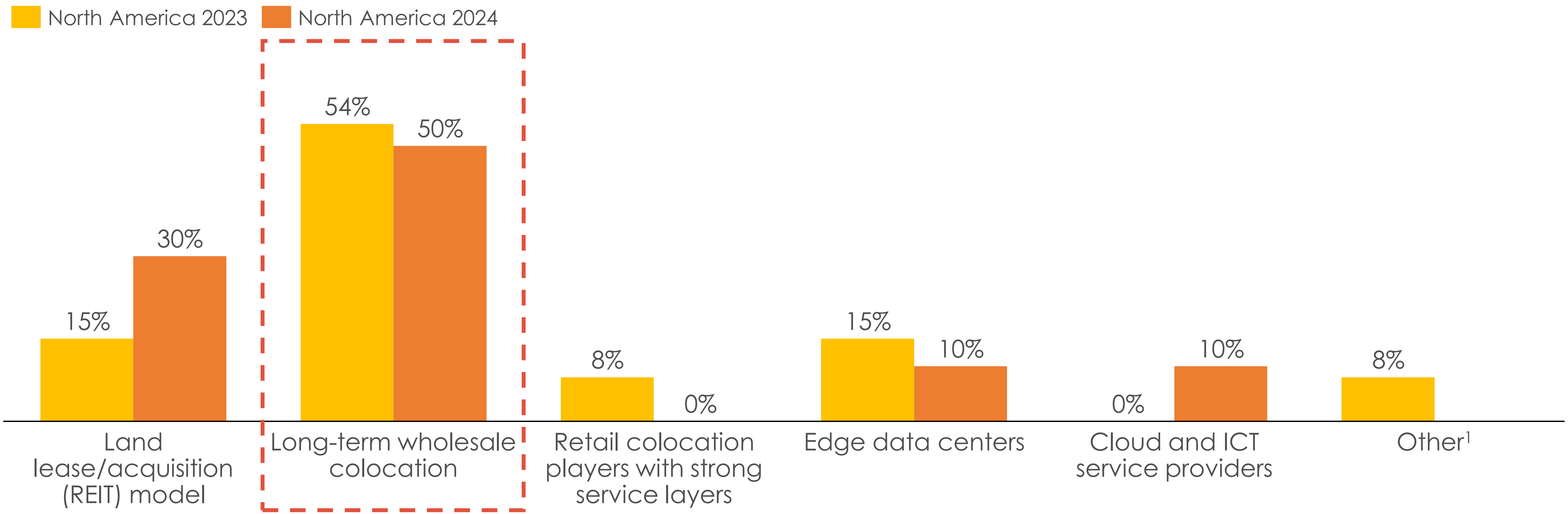
Which part of DC market value chain will attract most capital in 2024-2025?



Note: n (NA, 2023) = 13; n (NA, 2024) = 20; May not add up to 100% due to rounding; (1) 2023 has 1 other response (AI nodes)

Geographical presence, footprint & scale elements emerge as expected to change the most with technology, footprint, power supply, and connectivity

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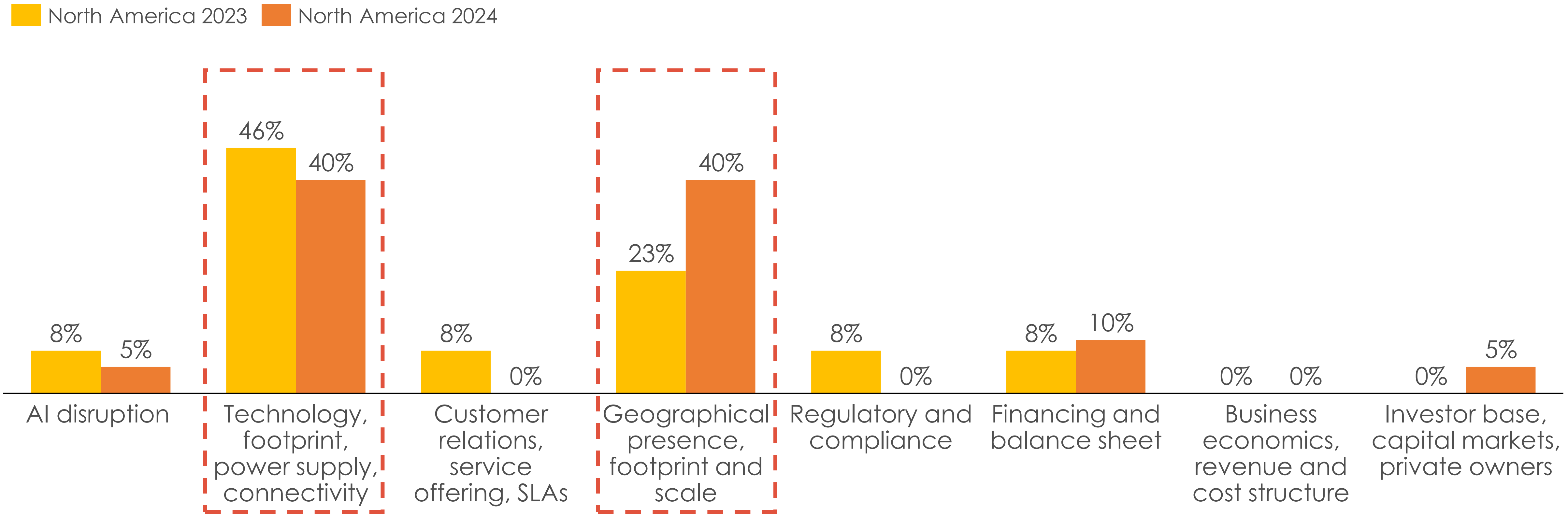
In your opinion, which parts of the DC business model will change the most in 2024-2025?



Note: n (NA, 2023) = 13; n (NA, 2024) = 20; May not add up to 100% due to rounding

Capacity upgrades and energy are the highest priority for CAPEX allocation

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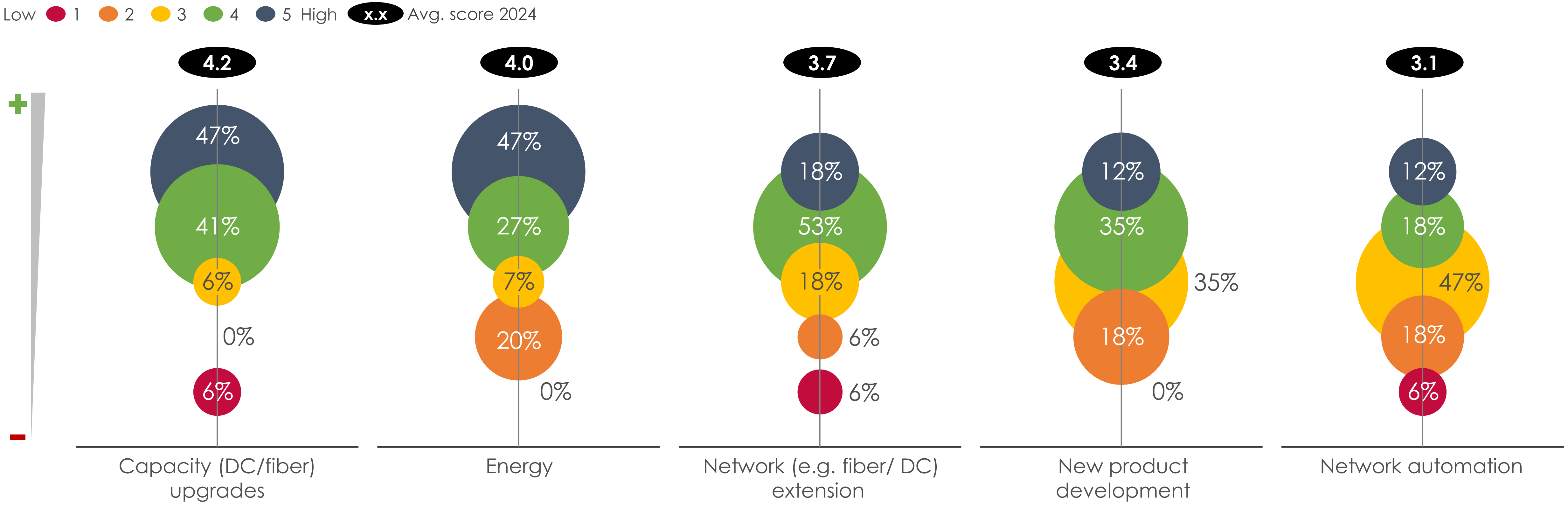
What level of priority are the following areas receiving for CAPEX allocation?
(score 1-5, with 1 = lowest priority, 5 = highest priority)



Note: n (NA, 2024) = 17 - some participants did not provide response for some categories; May not add up to 100% due to rounding

Unsurprisingly, majority believes that relevance of power supply will increase

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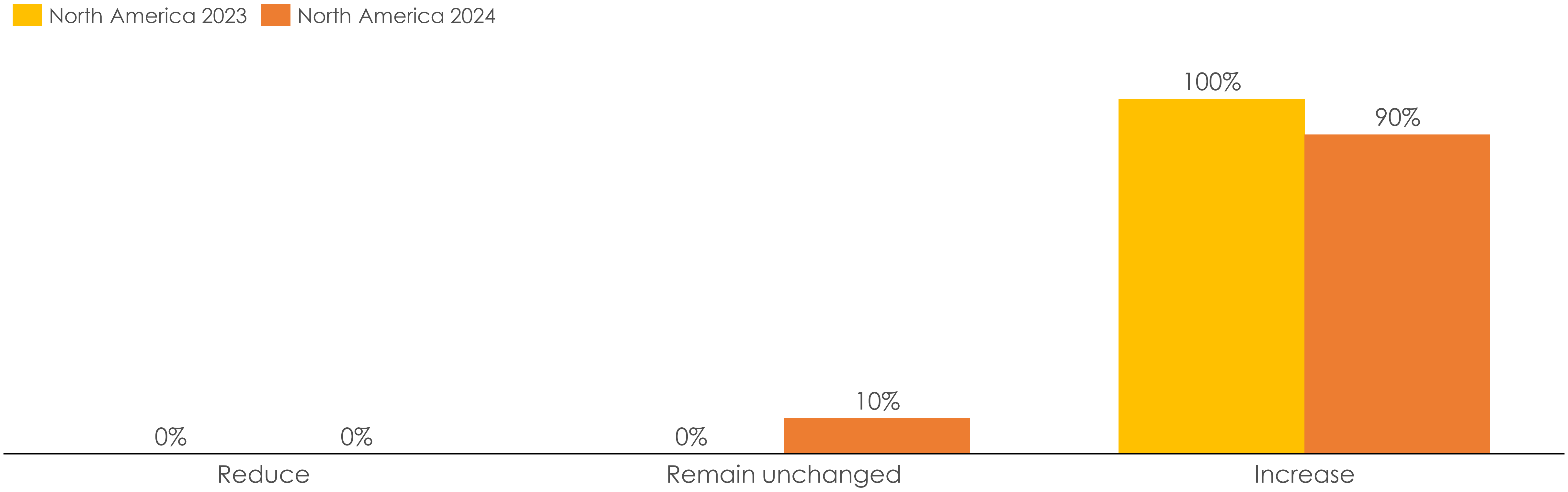
How will the relevance of power supply for digital infrastructure change over 2024-2025?



Note: n (NA, 2023) = 13; n (NA, 2024) = 20; May not add up to 100% due to rounding

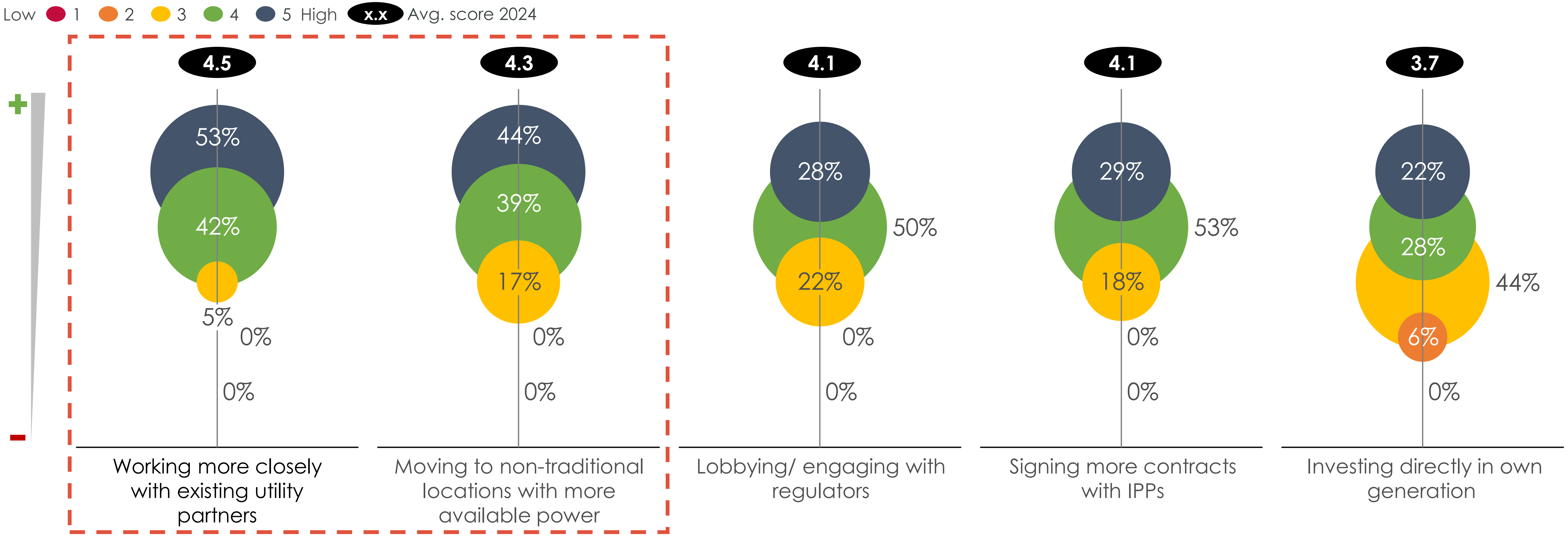
Moving to non-traditional locations and partnerships are considered optimal to avoid constraint

View from the Summit
Some data centers are pursuing to become a utility themselves to improve access to transmission lines and grid power.

Issues facing the supply of power include backlog of power generation, anticipation of new chipsets, and affordable green energy.

Some highlight that power in DC and power to the rack are often underestimated challenges; due to varying standards among suppliers.

To avoid power becoming a limiting factor in your growth, what will be the most important strategies? (score 1-5, with 1 = low, 5 = high)

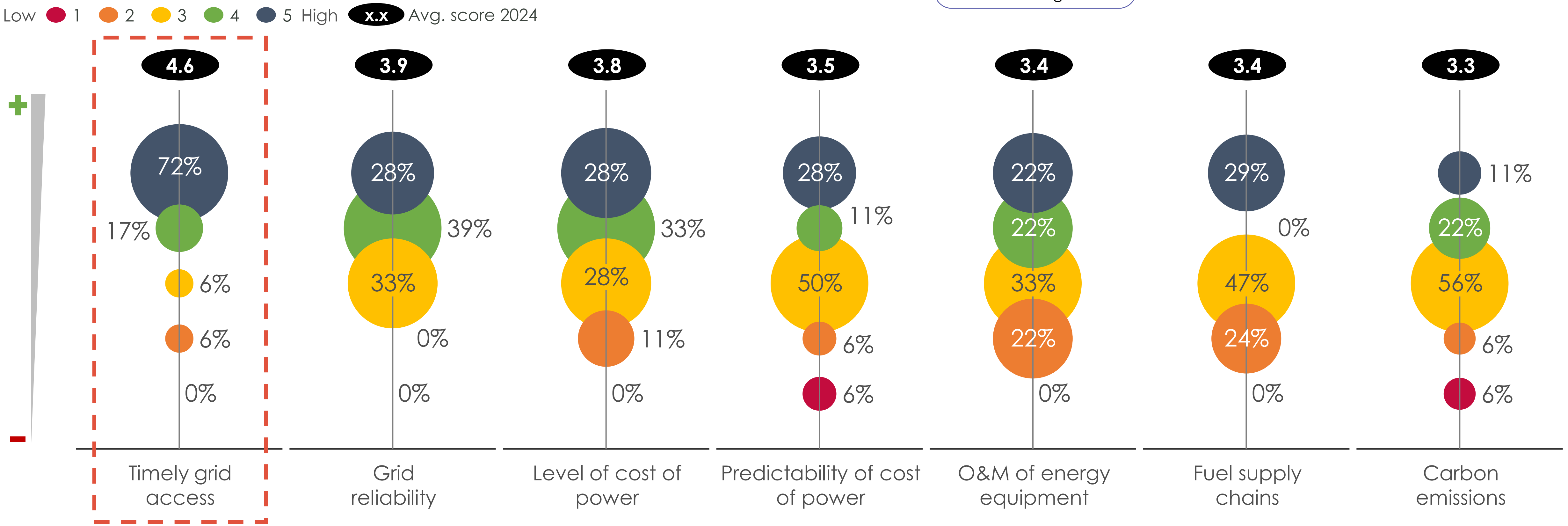


Note: n (NA, 2024) = 19 - some participants did not provide response for some strategies; May not add up to 100% due to rounding

Timely grid access emerges as a key challenge in relation to power

In relation to power, how significant a challenge are the following?
(score 1-5, with 1 = low, 5 = high)

View from the Summit
Getting grid access even in the cities with abundance of power is a challenge



Note: n (NA, 2024) = 18 - some participants did not provide response for some categories; May not add up to 100% due to rounding

While energy efficiency is top priority, industry is skeptical on accessibility of affordable green energy

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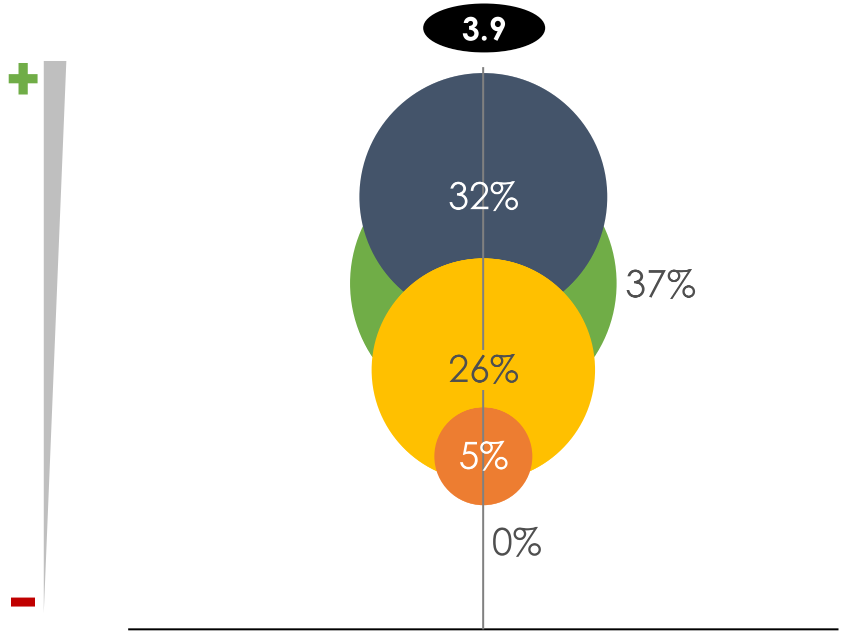
x.x Avg. score 2024

View from the Summit
Improving processing efficiency through better calculations can reduce power requirements

View from the Summit
Currently solar and renewable batteries are still too expensive; while small modular reactors (SMRs) are urgently needed, nuclear technology remains years away

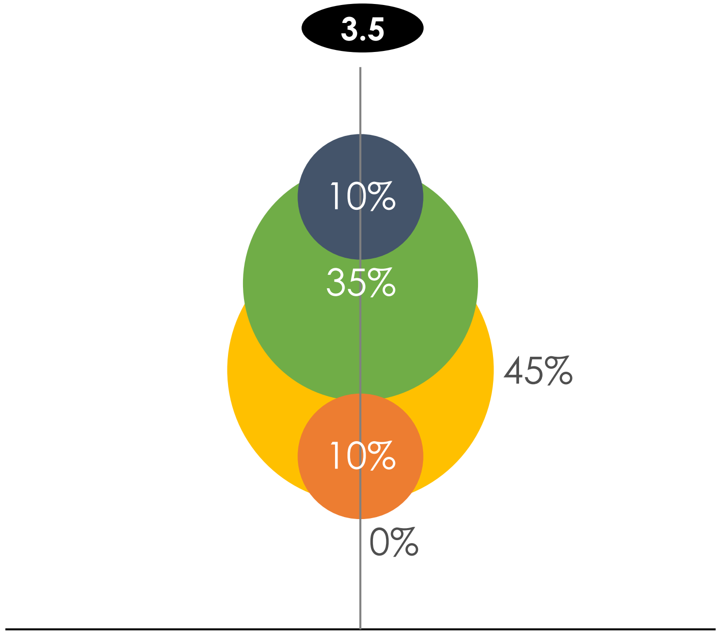
Energy efficiency improvement priority

Not at all ● 1 ● 2 ● 3 ● 4 ● 5 Highest/ top corp. priority



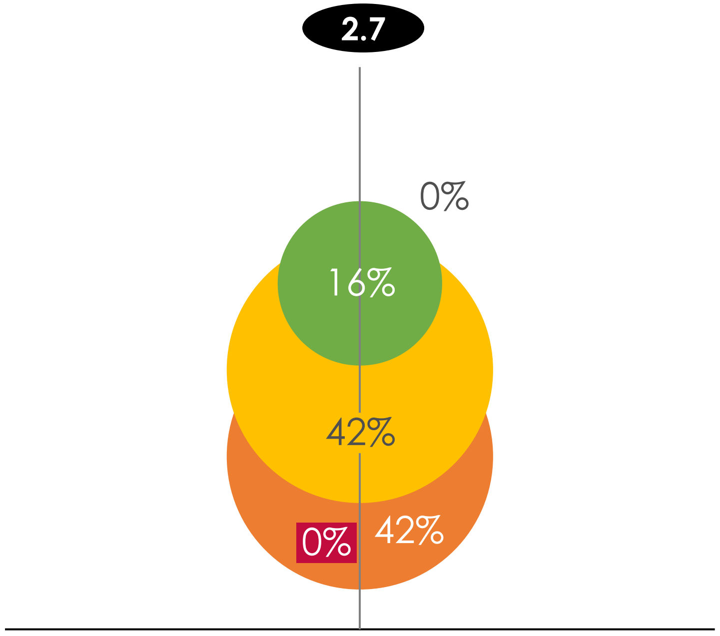
Green Energy adoption priority

Not at all ● 1 ● 2 ● 3 ● 4 ● 5 Highest/ top corp. priority



Affordable green energy accessibility confidence

Not at all ● 1 ● 2 ● 3 ● 4 ● 5 Complete confidence



Note: For second chart n (NA, 2024) = 20; For others n (NA, 2024) = 19; May not add up to 100% due to rounding

Infrastructure expansion and collaborative investment are priorities to prevent digital divide

Digital Infra Leaders Summit

Within the digital infrastructure sector, what is the top priority for the next 12 months to prevent further development of a digital divide?

Selected quotes

Laser focus on solving the problem by executing on filing the gap with neutral real estate and IX functionality

Continued investment in broadband access, and further fiber expansion

Investment in programs to be more inclusive and develop talent for the sector

More community interaction locally to benefit them instead of alienate them

Supply chain and access to power to support ML/AI growth

Increased government investment

Note: n (NA, 2024) = 9

Power availability is the common concern on respondents' minds

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Within the digital infrastructure sector in North America, what keeps you awake at night?

Selected quotes

> Power oversubscription

> Power, supply, lack of quality new fiber

> Velocity of capital

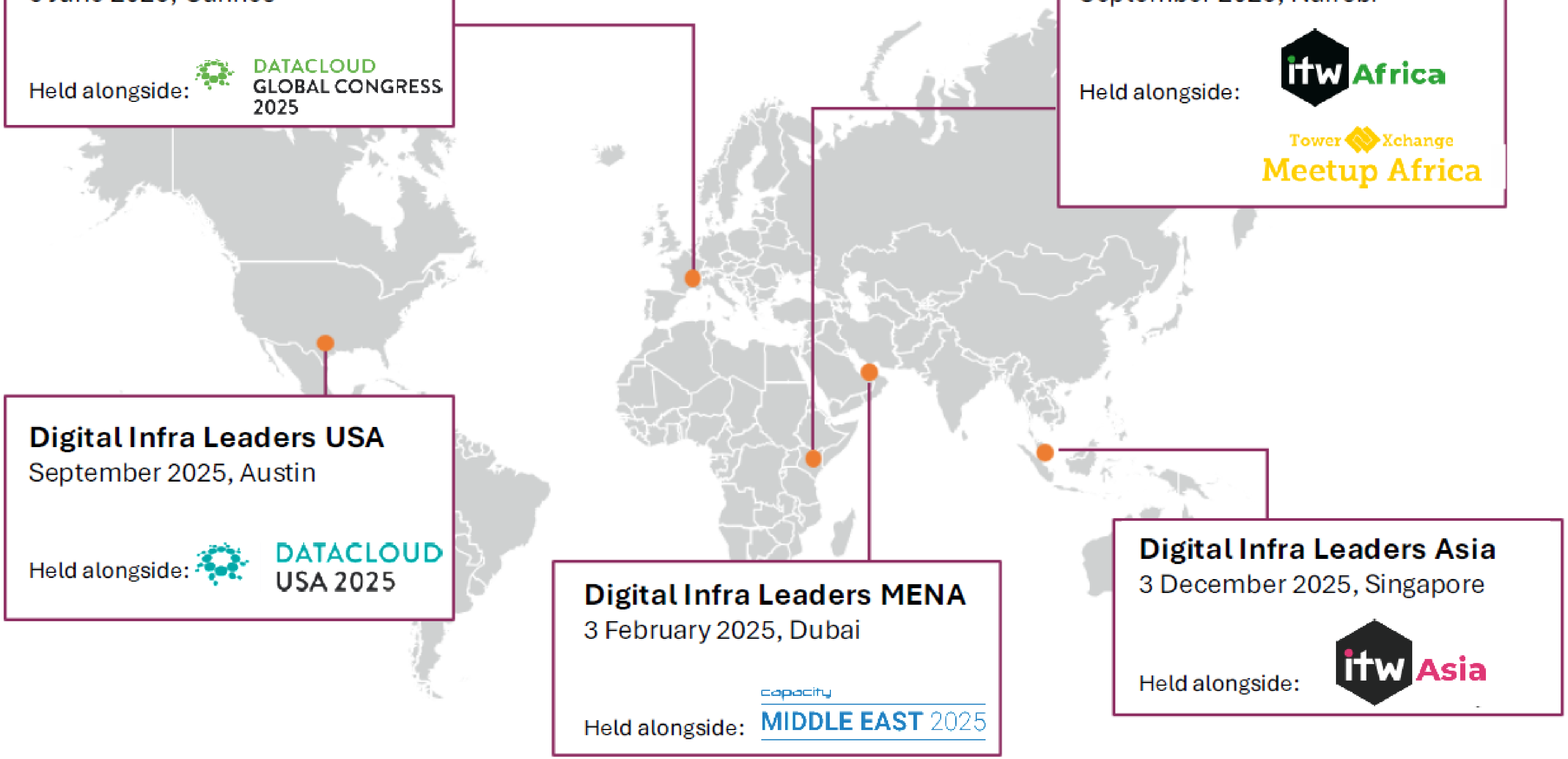
> Power availability and supply chain constraints

> Not having enough power to keep up with demand. The constant struggle of competing priorities .... How do you grow faster in a sustainable way

> Regulatory overreach by populist politicians who do not understand the real technical issues involved with power and datacenter location

Note: n (NA, 2024) = 11

2024/25 calendar



Digital Infra Leaders Europe
3 June 2025, Cannes

Held alongside: DATACLOUD GLOBAL CONGRESS 2025

Digital Infra Leaders Africa
September 2025, Nairobi

Held alongside: itw Africa

Tower Xchange Meetup Africa

Digital Infra Leaders USA
September 2025, Austin

Held alongside: DATACLOUD USA 2025

Digital Infra Leaders MENA
3 February 2025, Dubai

Held alongside: capacity MIDDLE EAST 2025

Digital Infra Leaders Asia
3 December 2025, Singapore

Held alongside: itw Asia

About the organisers

With deep and long- standing networks spanning the entire digital infrastructure community, the Digital Infra Leaders Summits are a collective effort of BroadGroup, Capacity Media, the Global Leaders Forum and TowerXchange,

Capacity Media is the premier and most trusted source of information and networking for those #KeepingTheWorldConnected, made up of the global connectivity and digital infrastructure communities.

Through our world-renowned series of large scale and regional events, awards, our print products such as Capacity Magazine, our daily digital news coverage, Capacity TV channel, and executive podcasts; Capacity Media is your authority on the latest developments shaping the industry of tomorrow.

Our eminent events portfolio includes International Telecoms Week (ITW), the Capacity series, Metro Connect and the Global Carrier Awards. Join us in our mission to connect people and communities across the global digital infrastructure industry.

https://www.capacitymedia.com/

Datacloud exists to facilitate the growth of the global IT infrastructure ecosystem. From investment, to design, through to operation, our network reaches the full life cycle of the data centre, cloud, edge, finance, and big tech industries.

Through our slate of global events we provide thought-leadership directly from the most senior leaders in our space, and unique networking opportunities around the world.

We understand the importance of data infrastructure in modern society, and we believe in the power of connections

https://datacloudseries.com/

The GLF is a membership organisation that provides a single voice to the broader digital ecosystem, ensuring alignment amongst international connectivity leaders for industry transformation. Our mission is to provide leadership to the industry that is #KeepingTheWorldConnected based on the principles of interoperability, connectivity, and value creation.

www.itwglf.com

International Telecoms Week (ITW) is the world's largest annual meeting for the global connectivity community to meet, learn and conduct business. Uniting decision makers from across the telecoms and ICT Infrastructure ecosystem, this is a must-attend event for anyone who is enabling and pioneering the future of communication.
In 2023, we expanded our horizons and bringing you ITW Africa! The only event in Africa where you can meet the entire infrastructure value chain, including cloud, finance, satellite, and carrier providers.

www.internationalteleomsweek.com

TowerXchange is the market leader in telecom tower industry market intelligence. Our premium data sets and industry reports are trusted by towercos, MNOs, investors, equipment vendors and solution providers.

Our annual series of Meetups represent the most important date on the calendar for tower industry professionals and have been assembling CXOs and the who's who in digital infrastructure for over a decade

www.towerxchange.com