

# 1. Introduction

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The Government of the Hong Kong Special Administrative Region (the “Government”) represented by the Office of the Government Chief Information Officer (“OGCIO”) appointed Frost & Sullivan to conduct a study on the economic benefits of developing data centres to entrench Hong Kong’s position as a trade and financial hub. The key objective of the study is to examine the economic benefits that are attributable to data centres in Hong Kong.

Hong Kong's position as the major financial and international trading and logistics hub in the region is undisputed. As a result, Hong Kong’s international data centre service market is one of the largest in Asia/Pacific. In terms of market revenues, it counts among the top 5 markets in Asia/Pacific, and in terms of Raised Floor Space (RFS) per USD billion GDP, it ranks second. Many multinational companies from a diverse range of industries have based their Asia/Pacific headquarters in Hong Kong. According to the annual survey released in 2010 by InvestHK and the Hong Kong Census and Statistics Department, 3,638 multinational companies have set up their Regional Headquarters and Regional Offices in Hong Kong. Together, these regional offices generate a large demand for data centre services linking all offices across the region to Hong Kong as a hub.

Locations such as Shanghai, Guangzhou, Singapore, and Taiwan have also been aggressively focusing on attracting corporate headquarters and investments in data intensive industries such as Financial Services, Trading and Logistics, IT/Telecommunications and Content/Media. As such, there is much emphasis on actively developing their data centre and telecommunications infrastructure to position themselves as the data centre hub and interconnection gateway to support the growth of these industries. As a result of these developments, it is imperative that Hong Kong sustains and enhances its competitive edge in facilitating and attracting investments for data centres, to retain its leadership position as a Global Financial Centre and Asia’s business capital..

To fulfil the objective of the study, more than 50 interviews were conducted with relevant businesses, including Data Centre Operators (DCOs) and businesses using End User data centres, as well as stakeholders from industry associations and relevant government bodies.

Data collated through the interviews were aggregated with secondary research and in-house analysis to develop the conclusions of the study, as summarised in this report.