

Scala Data Centers discusses Latin America hyperscale builds and strategy

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Summary: We caught up with management at Brazil-based Scala Data Centers to get insight into its data centre design and build strategy and plans for Latin America.

Background: Scala Data Centers was established in April 2020 when DigitalBridge acquired two data centres from UOL Diveo, a carrier hotel in downtown São Paulo with over 100 enterprise customers and a single-tenant facility in Tamboré in the metro SP area. Later that year it acquired a data centre from Algar Tech in Campinas in SP state. Since then all growth has been organic.

Management: Scala is headed up by CEO and co-founder Marcos Peigo, who is also an operating partner of DigitalBridge. Prior to joining Scala he was VP of IBM Latin America for two years, and before that was executive director and COO of UOL Diveo. Other senior executives (including SVP business development and customer experience, Cleber Braz, and senior director of product management office, Décio Miname) also worked at both IBM and UOL over the same timeframes, while others stayed on from UOL after the acquisition.

GTM strategy: Scala was formed right at the start of the pandemic and was quick to realise the opportunity created by a lack of hyperscale capacity when cloud providers needed it. Scala's two existing data centres were not suitable for hyperscale needs but it had the financial backing of DigitalBridge, land under control, a power purchase agreement in place and the opportunity because no other operator had room for growth. Scala claims to have been the first Latin American operator to serve the market for single-tenant data centres. It maintains its legacy UOL customers in São Paulo, but the focus is on a short list of ~20 hyperscale customers – CSPs, content providers, CDNs and the like – with high volume demand over a long period.

Build strategy: Scala used a general contractor for its first build but then took the unusual step of bringing everything in-house. Its Center of Excellence in Engineering (CoE) now has over 340 engineers, architects and data centre specialists across Latin America who are responsible for the entire lifecycle of Scala's data centres, from design and construction

through to delivery and operation. Management believes the strategy is more cost-effective and faster than using third parties, as well as giving it flexibility and greater control to meet individual customer needs, builds and timelines.

Procurement strategy: Scala took the early decision to pre-buy critical equipment in order to have stock ready when customers needed it, a decision which has paid off given the current global supply chain issues. It has long-term strategic supplier agreements with companies including Vertiv, Hitachi and Caterpillar. Vertiv has a production line in Europe dedicated to Scala, and Scala campuses in Brazil, Chile and Colombia have a dedicated Vertiv customer service manager. Vertiv and Scala teams co-developed a project that is fully customised for Scala and its customers.

Design strategy: Scala's CoE has developed two build designs, the standard One Scala Template for large single-tenant buildings and the FastDeploy modular build. The standard design incorporates a mix of customer requirements so Scala can build out a shell and then customise to the specific customer. The main difference in customer needs is cooling equipment to deal with different power densities. All new builds are ready for liquid cooling. FastDeploy comes in 600kW and 1.2MW deployments and, even though they can be multi-tenant buildings, the space is single-tenant with dedicated infrastructure and equipment. This delivers greater security as well as flexibility to design space in line with customer needs. The idea is to help customers launch in new markets, both internationally beyond Brazil and in new markets within Brazil. Scala's first FastDeploy data centre [opened in Rio de Janeiro](#) in May.

Land strategy: Scala has 2m sqm of land under control, either owned or reserved, in multiple markets in Brazil, Mexico, Chile and Colombia. It uses its real estate assets to enable customers to reserve future capacity. Some land has existing warehouses that can be fitted out into data centres to deliver a shorter time-to-market with an easier permitting process and less construction.

ESG strategy: Scala has used 100% certified renewable energy from day one, claiming to be the first operator in Latin America to do so. It has access to nearly 3GW of clean energy to 2033. Scala claims its CoE has helped it deliver the highest density in the market in MW/sqm, lowest PUE (<1.4) in Latin America and water usage effectiveness (WUE) of zero for new buildings. In late 2022, Scala claimed to be the first company in the industry to measure and neutralise 100% of its [Scope 3 emissions](#). On the education side, Scala donates a full engineering scholarship for every MW booked, in the area where that capacity will be deployed, along with a dedicated mentorship programme and job opportunity. It aims to reach 140 students in 2023.

Footprint: Scala now has over 60MW of operational IT capacity in Brazil, in São Paulo, Tamboré, Campinas and Rio. It has multiple builds at various stages of construction, development and planning in all four markets, as well as Jundiaí in SP state (roughly halfway between Tamboré and Campinas), Fortaleza in northeastern Brazil close to subsea cable landings, and Porto Alegre in the far south of the country. The Tamboré campus is planned for 450MW by the end of the decade. Beyond Brazil, Scala recently launched its first [Curauma data centre](#) in Valparaíso (a subsea cable hub) in Chile, and expects to open in the capital Santiago by the end of the year. It is planning campuses in both cities. Its first facility in Mexico is set to open in 4Q23 in Tepotzotlán close to Mexico City, and the first capacity at its two planned campuses in Querétaro is expected to come online next year. It also has plans underway for Bogotá in Colombia, located on land it controls in multiple free trade zones to give customers tax breaks. Management does not expect Bogotá will grow as quickly as Chile and Mexico but noted demand from network-sensitive customers like content providers. In all markets – and others Scala is evaluating – it will look at large plots of land for future capacity as and when customers need it.

Angle: Scala has grown rapidly in a short timeframe, spurred by the pandemic-driven need for significant hyperscale capacity in Latin America which has developed into sustained, long-term demand. It now has over 800 employees working to deliver 140MW of booked capacity with builds under various stages of planning, development and construction in 11 markets in four countries. The land and power it has reserved in these markets can support over 1.16GW of capacity. Scala has taken some calculated risks; worked to understand and build to customer needs; developed an internal design, engineering and construction team; and built relationships with strategic suppliers. Its first builds outside Brazil, in Tepotzotlán and Valparaíso (where it is the only hyperscale-oriented player building) already have customers on board.

