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Every WhatsApp message, bank transfer, or streamed video in Nigeria runs through a handful of buildings and infrastructure that most people will never see, called data centres. These data centres are the unseen engines of the digital economy, and their rise would be transformative for Nigeria's digital future.

As the nation seeks to diversify into other sectors, data is emerging as the lifeblood of economic activity, powering banking, healthcare, education, commerce, and governance. The Information and Communications Technology (ICT) sector contributed 11.18% to GDP as at Q2 2025, however, data centres, the backbone of this sector, have the potential to amplify productivity across all industries, creating a new growth engine for the digital age.

Why Data Centres Matter

A data centre is not just a warehouse of servers. It is a piece of national infrastructure. Every mobile money transfer, fintech transaction, hospital record, and government database depends on it. In an era where Nigeria is Africa's largest digital market, with over 200 million people and 130 million internet users, robust data centre infrastructure is no longer optional; it is essential. Beyond convenience, data centres underpin national security, business continuity, and digital sovereignty. They ensure that sensitive data remains under Nigerian law, while creating high-value jobs and attracting foreign investment.

The Current Landscape

Nigeria's data centre ecosystem is expanding rapidly, with Lagos emerging as the dominant hub, hosting around 77% of all data centres. Tier III and IV facilities like MainOne's MDXi, Rack Centre, and Open Access Data Centres have set new standards, while emerging players like Kasi Cloud signal a second wave of investment. Telecom giants such as MTN, Airtel, and Galaxy Backbone are also expanding infrastructure footprints.

This concentration in Lagos is driven by proximity to undersea cables and Nigeria's financial institutions. However, new hubs in Abuja, Port Harcourt, Enugu, and Kano are beginning to emerge as organisations seek redundancy and regional coverage.

If all planned projects materialise, Nigeria's data centre capacity could exceed 150MW by 2027, ranking second only to South Africa. This is a critical moment because whichever country builds scalable,

Nigeria's Next Growth Engine: How Data Centres Will Power the Digital Economy

sustainable, and secure digital infrastructure first will define Africa's next decade of digital leadership.

The Economic Multiplier

Data centres have both direct and indirect economic effects.

Direct Impact:

They create skilled jobs for engineers, IT specialists, and technicians, while generating demand for contractors, energy providers, and security services. For governments, they drive tax revenue and foreign direct investment. Loudoun County, Virginia; the world's "data centre capital", generated \$330 million in tax revenue in 2020 and is projected to surpass \$1.3 billion by 2026.

Indirect Impact:

By powering fintech, e-commerce, and healthcare digitisation, data centres support productivity across the economy. They also improve internet speeds and reliability, enabling local content creation and innovation.

For a country with a young, tech-savvy population, data centres represent more than infrastructure, they are the foundation for building a knowledge economy and digital economy that exports digital services, not just commodities.

What's Driving Demand

1. Artificial Intelligence (AI) as a growth differentiator:

AI adoption across industries is fueling massive demand for computing power and local data storage. From predictive analytics to customer engagement tools, AI models require scalable, secure infrastructure, precisely what local data centres provide.

2. Cloud Adoption by Businesses:

Banks, fintechs, and public agencies are shifting operations to digital platforms that require secure, reliable hosting. Mobile banking, payments, and digital identities are producing unprecedented volumes of data that must be processed locally.

3. Government Policy and Regulation:

NITDA's frameworks and the Nigeria Data Protection Act (2023) encourage data localisation and compliance with global standards. The National Digital Economy Policy and Strategy also positions data infrastructure as a strategic national priority.

4. Demographic Advantage:

With over 130 million internet users and growing smartphone penetration, Nigeria's

data demand will continue to rise. The rollout of 5G networks and increasing AI adoption will require low-latency, high-capacity data centres.

5. Growth in Tech Startups:

In 2023 alone, African startups raised \$2.7 billion. Nigerian founders need reliable, scalable data centre services to host applications, manage customer data, and ensure business continuity.

Challenges and Risks

The opportunity is significant, but so are the hurdles.

- Power Reliability:** Data centres require uninterrupted electricity, yet Nigeria's grid remains unstable. Operators depend on diesel generators, raising costs and emissions. Hybrid models using gas and renewables are emerging but need policy support.
- Connectivity Gaps:** Fibre infrastructure outside major cities is still limited. Over-concentration in Lagos poses risks for national redundancy.
- Skill Gaps:** Data center setup and operations require technical skill sets, operational tools and process frameworks that must operate to global standards. Tertiary education Institutions must infuse industry work experience, technical certification and mentoring into the curriculum for us to produce STEM graduates in the required quality and quantity to support the emerging data center economy in Nigeria and other countries.

“As the global economy becomes increasingly digital, Nigeria stands on the brink of a transformation. Data centres are not just warehouses of servers, they are the factories of the 21st century, powering commerce, governance, and innovation.”

- Regulatory Fragmentation:** Inconsistent policies across Africa make it difficult for Nigeria to serve as a regional hub. Harmonising cross-border data standards is essential.

The Road Ahead

The government's plan to deploy 90,000 kilometres of fibre broadband across Nigeria could redefine the nation's digital future. High-speed connectivity will unlock cloud adoption for businesses and individuals in every region and attract hyperscalers such as Amazon Web Services, Google Cloud, Alibaba and Microsoft Azure.

If backed by policy incentives, renewable energy integration, and regional collaboration, Nigeria could establish itself as the Data Capital of West Africa. The time to act is now.

What this means for Businesses

For Nigerian organisations, the implications are profound:

- Chief Information Officers (CIOs) should view local data centres as strategic enablers of compliance, resilience, and scalability.
- Chief Information Security Officers (CISOs) should leverage local data centers for stronger data protection, cybersecurity, and business continuity.
- Startups can access enterprise-grade hosting environments that lower entry barriers.
- Multinationals will benefit from reduced latency and improved user experience when workloads are hosted locally.

In summary, data centres are no longer mere IT assets; their role has evolved, and they are now recognised as strategic business enablers.

Conclusion

As the global economy becomes increasingly digital, Nigeria stands on the brink of a transformation. Data centres are not just warehouses of servers, they are the factories of the 21st century, powering commerce, governance, and innovation.

If Nigeria can close its infrastructure gaps, stabilise its policy frameworks, and scale investment, the data centre economy could become the cornerstone of national development and its most renewable form of wealth.

Verraki (a member of Andersen Consulting) partners with organisations to design, build, migrate, and assess Africa-fit data centres helping unlock the infrastructure that will power Nigeria's digital future.

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