

Biz & Finance

THURSDAY | JAN 29, 2026

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Changing demands redrawing digital infrastructure landscape

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KUALA LUMPUR: Digital infrastructure is moving from a back-end cost centre to a strategic enabler, with power density, resilience, data sovereignty and sustainability set to define competitiveness in 2026, according to Equinix Malaysia managing director Cheam Tat Inn (pic).

Presenting Equinix's digital infrastructure outlook for 2026, Cheam said, businesses and governments can no longer treat data centres as passive utilities, as accelerating adoption of artificial intelligence (AI), regulatory scrutiny and environmental, social and governance (ESG) expectations are reshaping demand for digital infrastructure globally and in Malaysia.

"Infrastructure is now critical. The biggest challenges ahead are not just in the cloud or the code, but in the physical foundations that keep digital systems running," he pointed out.

Equinix, which operates more than 270 data centres across 36 countries, positions itself as a global digital infrastructure provider rather than a hyperscaler, with its value anchored in interconnection and low-latency ecosystems that allow enterprises, cloud providers and networks to connect securely.

Cheam said one of the most immediate constraints facing AI adoption is power density, particularly in sectors such as financial services, where AI workloads require significantly higher rack densities and advanced cooling solutions.

"AI-ready infrastructure means much higher power per rack and

Equinix Malaysia: Physical foundations that keep systems running are critical as AI adoption, regulatory scrutiny and ESG expectations grow

more efficient cooling, including liquid cooling," he said.

"Without this, even the most advanced AI models become ineffective."

As banks and enterprises in Malaysia accelerate AI deployments, Cheam said, power-density ceilings are becoming a bottleneck, making infrastructure upgrades a near-term necessity rather than a future ambition. Beyond capacity, operational resilience has become a baseline expectation.

He noted that always-on digital services have shifted customer tolerance for downtime to near zero, while regulators are tightening requirements around business continuity.

"In Malaysia, Bank Negara's risk management and business continuity guidelines have effectively formalised resilience as a regulatory expectation, particularly for financial institutions," he said, adding that cybersecurity and uptime requirements are also expanding beyond the financial sector under national digital and security frameworks.

Another major trend highlighted was data sovereignty, especially as AI-driven use cases expand in healthcare, life sciences and regulated industries. Cheam



said countries are increasingly insisting that sensitive data remains in-country, even as organisations seek global collaboration.

"AI-generated and patient-identifiable data must be processed locally, but insight still needs to be global," he said, adding that's where sovereign infrastructure connected to a global ecosystem becomes critical.

He said Equinix enables organisations to deploy infrastructure within Malaysia while maintaining private interconnections to global research and business networks, allowing collaboration without moving sensitive data across borders.

Cheam also pointed to a structural shift in AI workloads, with inference and decision-making moving closer to where data is generated, rather than relying solely on centralised training clusters.

"You will continue to see large language models, but more inference models will be deployed closer to users for real-time response," he said, citing applications such as smart cities, traffic management, flood prediction and financial fraud detection, areas aligned with Malaysia's digital

economy priorities.

This shift, he said, supports the case for more distributed data centres, countering concerns about overcapacity in markets such as Johor.

"From a global perspective, Malaysia is not just serving local demand. Companies from Europe and the US deploy here to serve the wider Asia-Pacific region."

At the same time, he added, Malaysian enterprises can use this ecosystem to establish a digital presence globally.

On sustainability, Cheam said, rising energy costs, climate risks and investor scrutiny have pushed sustainability from a compliance exercise to a strategic differentiator.

"Data centres must be designed for energy efficiency from day one, with renewable energy, advanced cooling and climate-resilient architecture," he said, noting Malaysia's policy push under initiatives such as the National Energy Transition Roadmap and the Green Electricity Tariff.

Equinix aims to achieve 100% renewable energy globally by 2030, a target Cheam said applies equally to its Malaysian operations. Across Asia-Pacific, the company plans to double capacity by 2029, with Malaysia among the key growth markets.

Looking ahead, Cheam said, Malaysia's ability to attract and sustain digital investment will hinge on how well infrastructure strategies balance scale, resilience, sovereignty and sustainability.

"In 2026, resilience is the floor, not the ceiling," he said. "Those who get infrastructure right will define the next phase of digital and economic growth."