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On the Radar: Vertiv to expand its portfolio by acquiring E+I Engineering

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Summary

Catalyst

The growing reliance on digital infrastructure has created a need for a larger number of reliable data centers, generating significant market opportunity for infrastructure and equipment manufacturers. Data center infrastructure vendors are constantly evaluating the competitiveness of their portfolio, optimizing critical supply chains and evolving their portfolios to offer end-to-end solutions. Vertiv recently announced the signing of a definitive agreement to acquire E+I Engineering Ireland Limited and its affiliate Powerbar Gulf LLC, an independent provider of electrical switchgear, busway, and modular power solutions, which would provide for an expansion of Vertiv's data center offerings. Vertiv's acquisition of E+I Engineering Ireland Limited and affiliate Powerbar Gulf LLC is expected to close in the fourth quarter of 2021, subject to customary closing conditions.

Omdia view

Omdia has studied the capex of data center cloud and colocation service providers for several years. Our work has shown that investment in the data center sector keeps growing across IT infrastructure, physical infrastructure, and land and buildings. The acquisition of E+I Engineering will enable Vertiv to address more of this growing opportunity.

The global low-voltage (LV) and medium-voltage (MV) switchgear market is estimated at \$40–50bn. The LV switchgear market (focusing on circuit breakers) is expected to reach \$15.3bn in 2021 and \$17.8bn by 2024 according to Omdia's *LV Switchgear Report – 2020 Analysis*. The market is currently led by Schneider Electric, ABB, Siemens, and Eaton, with E+I Engineering ranking fifth. Specifically, for data centers and vital commercial and industrial applications, Vertiv estimates that the targeted addressable switchgear and busway market is approximately \$7bn. Vertiv's entry into the market as a result of the E+I Engineering acquisition will add healthy competition.

Omdia forecasts that for 2021–24 the installed base of prefabricated modular data centers will grow at a 24% CAGR. Data center service providers can benefit from prefabricated modular data centers. They can deploy, scale, and replicate data center buildouts and expansions utilizing some combination of IT, facility, and all-in-one modules. Vertiv is already a leader in this market, and E+I Engineering's modular power solutions will allow further integration.

Why put Vertiv's acquisition of E+I Engineering on your radar?

Data centers are mission-critical facilities in today's digital world, and companies operating their own are looking for reliable partners and end-to-end infrastructure solutions to improve management and performance while reducing downtime and risk.

Market context

The fragility of global supply chains was on full display during the COVID-19 pandemic. Much of the disruption is still ongoing and will take time to overcome. The data center industry continues to experience construction and installation delays. While it is true that data center operators are always evaluating

improvements to critical supply chain management, such actions are exponentially more important in the current situation to allow growth and flexibility without downtime. Data center operators need partners with a solid supply chain.

Vendors offering end-to-end infrastructure solutions are also well positioned in the industry. An end-to-end portfolio offers numerous advantages:

- Cost-effectiveness is improved, since working with fewer suppliers can help data center operators avoid the complicated process of integrating infrastructure equipment and solutions from multiple vendors.
- Operations can be optimized to improve performance, enhancing overall efficiency and productivity.
- Smoother automation, monitoring, remote management, and AI-enabled analytics contribute to a simplified and comprehensive management of the physical infrastructure.

Data center solutions providers have significantly increased their adoption of prefabricated electrical/mechanical modules, which can include UPS, batteries, switchgear, power distribution unit (PDU), cooling, fire protection, and monitoring systems. These modules can be linked to an IT-only container or a standalone unit providing power and cooling infrastructure. These modular solutions have several benefits:

- Outsourcing the manufacturing and integration
- Contributing with standardization
- Rightsizing, replicability and scalability based on the client's needs, reducing overbuilding and unused capacity, with less waste generated
- Improving the speed of deployment, allowing simultaneous activities to occur and procurement to start before the site is ready for installation
- Derisking on site construction, since modules are preassembled, pretested and precommissioned

Product offering overview

The offering from E+I Engineering covers an extensive number of applications in the commercial, industrial, healthcare, and data center markets. It has four main areas:

- **Electrical switchgear.** The offer includes an extensive range of switchgear solutions from final distribution LV to MV projects. It includes UL-approved LV switchgear.
- **Powerbar:** an integrated solution for larger power distribution, including a range of busbar trunking to distribute power throughout buildings so the data center's power distribution can be optimized
- **Energy management services:** a solution to monitor and control electrical systems, compliant with applicable standards and regulations, which aims to improve productivity and reduction in energy consumption and costs

- **Modular power solutions:** a turnkey package for data centers ready to be installed on site; it can include switchgear, UPSs and PDUs, fully engineered, preassembled, pretested, and precommissioned

E+I's differentiators include added value to modularity, scalability, flexibility, and speed of deployment. It offers highly customizable and flexible products and solutions aimed at seamless customer adaptations, enhanced safety and user experience, and integration capabilities.

Company information

Background

Vertiv Holdings Co (NYSE: VRT) is a US-based mission-critical infrastructure provider with a global presence, founded in 2020 through a business combination with GS Acquisition Holdings.

Vertiv's history began in 1946 when Ralph Liebert founded Capitol Refrigeration industries. In 1965 Liebert Corporation formed as the first manufacturer of computer room air conditioning (CRAC), and in 1983 it acquired Programmed Power Corporation, expanding the UPS business. In 1987 Emerson acquired Liebert Corporation, and in 2000 Emerson formed the Emerson Network Power business unit; this was followed by various acquisitions. In 2016 Vertiv was launched as a standalone business as a result of the acquisition of the Emerson Network Power group of businesses by affiliates of Platinum Equity Advisors.

E+I Engineering Ireland Limited was founded in 1986 by Philip O'Doherty and is privately owned. It has been headquartered in Burnfoot, Ireland since 2004 and has more than 2,000 employees globally.

Current position

Vertiv is one of the leaders in data center physical infrastructure. Its products and services include critical power, thermal management, rack enclosures, monitoring, and management. The following brands are part of the portfolio: Alber™ (battery monitoring), Avocent (IT management), Chloride® (industrial power), Cybex™ (IT management), Energy Labs (commercial and industrial thermal), Geist™ (rack PDU), Liebert® (AC power and thermal), and NetSure™ (DC power).

Future plans

The acquisition of E+I Engineering Ireland Limited and its affiliate Powerbar Gulf LLC marks the first acquisition by Vertiv since it became a public company. It represents an opportunity for growth through addressable market expansion. Vertiv is also acquiring highly skilled engineering talent and intellectual property.

Analyst comment

E+I Engineering's solutions complement and are aligned with Vertiv's current portfolio. In addition to expanding Vertiv's portfolio and enabling the customer to select from a more end-to-end product offering selection, the acquisition expands Vertiv's engineering capabilities, enabling the development of new solutions.

With the acquisition, Vertiv's data center critical power infrastructure offering will expand to include switchgears and busway in addition to its existing portfolio of UPS, static transfer switch, PDU, remote power panels, and rack PDU among other offerings. E+I Engineering's modular power solutions and energy management software solutions will also be added to the Vertiv product offering with the acquisition.

Data center operators are looking for more efficient and sustainable construction of data centers. Prefabricated modular data centers offer a road to it and are gaining a lot of traction. E+I Engineering's modular power solutions will complement Vertiv's competitiveness and focus on modular data centers and power infrastructure.

While Vertiv has already built substantial expertise in the data center industry as a key supplier of electrical equipment and solutions, the E+I Engineering acquisition will help bolster its competitiveness in the industry.

Appendix

On the Radar

On the Radar is a series of research notes about vendors bringing innovative ideas, products, or business models to their markets. On the Radar vendors bear watching for their potential impact on markets as their approach, recent developments, or strategy could prove disruptive and of interest to tech buyers and users.

Further reading

[LV Switchgear Report – 2020 Analysis](#) (October 2020)

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