Telecom Performance in 2014 Indicates Consistent Growth:SP Routing & Switching Forecast Report, ACG Research

Worldwide Router and Switch markets will grow moderately and steadily from 2014–2018, driven by increases in fixed broadband and mobile broadband traffic

GILBERT, ARIZONA, USA, March 19, 2014 /EINPresswire.com/ -- The total Worldwide Service Provider Carrier Router-Switch market is projected to increase from $11.4 billion to $13.8 billion by 2018 (CAGR 5.1 percent). From a regional perspective, APAC will lead the growth as carriers respond to increases in data traffic, big data, virtualization, software-defined networking and machine to machine as well as the unrelenting demand for innovative and intelligent applications and services. Core Routing revenues will increase +4.5 percent and Edge Routing and Switching revenues are anticipated to increase +3.3 percent, 2014–2018 CAGR.

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>
> *Ray Mota*

ACG Research anticipates new and innovative services have and will continue to instigate a shift in networking. "Technologies such as SDN and NFV and what gets virtualized and what stays physical will impact the transition from equipment to software," states Ray Mota, managing partner. "Virtualized routers currently have limited functions and are just not sufficient for today's bandwidth demands. Service providers are judiciously spending, investing, upgrading and launching new projects but only on those that drive efficiency and vendors need to be mindful of this as they address SDN, virtualization and cloud."

Wall Street firms report that the 2013 year-to-date telecom performance was 6.2 percent; IT was 10 percent. These numbers are indicators of future economic growth within these sectors. Worldwide, there is a correlation between different types of technology and the impact on GDP or economic growth. For every 5 percent broadband penetration related to consumer business or mobility there is a 1.6 percent increase in GDP. In the communications, technology or IT in the enterprise spaces, we see a similar type of correlation; for every 5 percent increase in the use of IT within the enterprise space there is approximately 0.5 percent increase in productivity. This insight is important for companies as they need to change their mindset on how they create solutions for a customer.

In the next five years service providers will continue to focus on monetizing emerging opportunities, which will require networks that enable them to accelerate service innovation, scale services, and expand the customers' experiences, all within a viable economic framework. Service providers are looking at vendors' solutions that provide a single operating system, operational simplicity and a platform with the highest possible scale across bandwidth, subscribers, and services.

TRENDS

The outlook for routers: the edge segment, which is projected to reach $12.2 billion in 2018, is 3Xs the size of the core router market, which will increase $3.3 billion in 2018.

Live SDN deployments in WAN IP and transport solutions will gain significant traction, and the edge, metro and core domains will each become larger as a percentage of total SP SDN sales than the data centers are by 2018 (including both hardware and software SDN products). This is driven by the diversity of platforms participating in SDN solutions in those domains (IP/MPLS, Ethernet/MPLS, Optical and Packet Optical Transport Systems, for example), the broad extent of their deployment in SP infrastructures globally, and the range of optimizations in each domain being ushered in as part of the SDN transformation.

Total potential for SDN enabled equipment in the core will reach $7.5 billion in 2018, but not all of those platforms will be used for live SDN deployments.

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