Global Router and Switching Market Will Grow to $14.2 B by 2020

Demand for high-speed Internet, big data solutions, SDN, and cloud computing are expected to positively impact demand for the routers and switches

GILBERT, ARIZONA, USA, March 23, 2016 /EINPresswire.com/ -- The Worldwide Router and Switching market is projected to increase from $11.9 billion to $14.2 billion by 2020 according to ACG Research. ACG anticipates that the total router and switching market will increase 5% in 2016 as well as increase in each successive year. Core routing revenue will increase 3.9% and Edge routing revenue will grow 2.7% during the forecast period. Recent technological advancements such as big data solutions, software defined networking, and cloud computing are expected to positively impact demand for the router and switch market. Vendors continue to upgrade their networks and technologies, and with the shift in demand from hardware networking solutions to software-based solutions, the demand for core Ethernet devices is expected to rise.

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>
> *Ray Mota*

The projected five-year growth will be strongest in the APAC region, CAGR +4.0%, followed by the Americas, CAGR +3.7%, and EMEA, CAGR +2.8%. "There will be modest yet consistent growth projections for each router segment for 2016–2020 except for Multi-Services Edge Routing segment," says Ray Mota, principal router and switching analyst. "Legacy technology and next-gen IP have converged into one box at tremendous cost benefits for providers and the need for these devices continues to decrease. With network performance and quality of the networks becoming a key differentiator and with an increase in the penetration of mobile devices such as smartphones and tablets, many service providers are upgrading their networks to support and monetize traffic growth. This escalation in mobile data traffic will have a positive impact on router sales."

The global demand for data centers is also contributing to router growth. According to the Cisco® Global Cloud Index, data center traffic will grow nearly three-fold and by 2019 data center traffic will reach 104 zettabytes per year. Eighty-three percent of this data center traffic will be from the cloud and 80 percent of data center workloads will be processes in the cloud. Because of the increasing application of big data analytics and cloud-based services, the worldwide demand for data centers is expected to increase and this increase will fuel the adoption of Ethernet switches and routers.

"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 within a viable economic framework," says Ray Mota. "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."

TREND AND DRIVER HIGHLIGHTS

Growing operational needs of businesses and the advent of IoT will spur the increase in the global Ethernet switch and router market during the forecast period. The ability of Ethernet switches and routers to aid consumers and businesses in accessing advanced technologies is estimated to result in modest growth.

Mobile data traffic is projected to explode over the next six years as operators deploy faster networks and consumers add more devices to the mobile networks. This surge in demand is due to increase in smartphone usage, rise in wireless devices in networks combined with deployment of faster networks such as 3G/4G/5G and LTE.

Wireless vendors are already drawing up architectures and scoping out the requirements of next generation wireless platforms; the monetization of current investments amid rapidly changing consumer buying behaviors is a priority of carriers. Major transitions and disruptions from SDN/NFV are also playing out before 5G standards can be decided. How networks proliferated by SDN and NFV will look in next 3 to 5 years is going to impact 5G standards and subsequent deployments.

ACG Research provides market share and forecast analysis in the service provider equipment space, business modeling and key performance indicators consulting services, service creation, strategic messaging and go-to-market strategies in all aspects of the networking industry.

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