Simplification and Agility: The Growing Value of SDN

SDN software for virtual networks in SP data centers is growing faster than the underlay physical network elements they work with

GILBERT, ARIZONA, USA, July 18, 2016 /EINPresswire.com/ -- Highlighting the growing importance of agile service delivery infrastructures, ACG Research in its most recent report on software defined networks in service provider data centers found year-on-year growth of revenues for SDN software in virtual overlay networks (at 90%) to be occurring at more than 4x the 18% rate of growth in revenues for underlay physical networking platforms they work with. Both rates corroborate the ongoing concentration of workloads in cloud computing data centers (public and private) and put a firm spotlight on the increasing value of agility in networking by the growing use of SDN to support the new workloads.

> Revenues for SDN software in virtual overlay networks (at 90%) are occurring at more than 4 times the 18% rate of growth in revenues for underlay physical networking platforms they work with.
>
> *Paul Parker-Johnson*

Still, dollars spent on SDN-enabled physical network platforms in operators' data centers remain significantly higher than dollars spent on SDN software by a 5:1 margin. Although high, this margin is narrowing over time as the dollars that vendors charge for software as a percentage of total SDN solution purchase price increases.

Evolution of the leaders' packs in both virtual and physical DC SDN networks also highlights the importance of open, extensible overlays as well as early adoption of modular, merchant-silicon-based hardware in SDN deployments. Four companies are closely grouped at the head of the market for overlay virtual networks in SP DCs, with Nuage (a Nokia company) in the lead with 18%, and Cisco, VMware and Juniper following in close succession with the lowest of the four having 16% share. A subtlety in these shares is the rise of both Nuage and Juniper over the past year compared to the clear lead Cisco and VMware held in earlier periods. In parallel in the market for physical switches and routers in DC SDN deployments, Cisco continues to hold a dominant position with 62% share, though its lead is less commanding than in prior periods. Rising quickly in the segment is Arista whose share is currently 10.6%, with Juniper holding a strong overall position at 8.3% share.

"Developments for SDN in SP DCs in coming periods will continue to show increasing amounts of software licensing as a percentage of total market revenue, as well as a progressive rebalancing of revenues between hardware and software in the networks' physical underlays," says Paul Parker-Johnson, principal analyst at ACG Research. "The increased value being placed on software in the network is a strong indicator that SDN is beginning to be appreciated for the simplification and agility benefits that are the core of its value proposition."

Information
ACG Research
616.802.0896
email us here

This press release can be viewed online at: http://www.einpresswire.com