

2016 Optical Infrastructure Delivers Strong Long-Haul and Optical DCI Growth

Optical DCI grew 63.5% in 2016 contributing over \$1.69 billion with total Optical infrastructure finishing the year at \$13.6 billion

GILBERT, ARIZONA, USA, April 6, 2017 /EINPresswire.com/ -- ACG Research has released its 2H-2016 worldwide [Optical](#) infrastructure and worldwide Optical Data Center Interconnect (DCI) forecasts. The forecast runs through 2021. The worldwide Optical infrastructure market is predicted to grow from \$13.6 billion in 2016 to \$17.3 billion by 2021. Purchases of Optical DCI equipment are expected to grow from \$1.69 billion in 2016 to \$4.3 billion in 2021. ACG Research projects growth in all geographic regions.



Worldwide Optical infrastructure market will grow from \$13.6 billion in 2016 to \$17.3 billion by 2021. Optical DCI equipment is expected to grow from \$1.69 billion in 2016 to \$4.3 billion in 2021.”

Tim Doiron

In 2016, Metro optical increased 5.5% and Long-Haul delivered 10.5% growth. APAC remains the largest optical networking region with solid 10% growth in spending in 2016. Driven in part by Verizon upgrades, we look for the North

American Metro Optical market to return to growth in 2017 after a slow 2016. We anticipate worldwide Metro Optical spending to increase 9.4% in 2017. When combined with the 19.1% decline in legacy Optical infrastructure spending in 2016, total Optical infrastructure managed a modest 2.7% growth in 2016. With legacy Optical now less than 15% of overall Optical infrastructure spending, the ongoing declines from the legacy Optical category will be less impactful to overall Optical infrastructure spending and growth rates. Looking forward, the five-year 2016 to 2021 Long-Haul Optical CAGR is 5.4% with LH revenue reaching \$6.7 billion in 2021. The five-year Metro Optical CAGR is adjusted to 7.8% with Metro Optical reaching \$9.4 billion in 2021.

Optical DCI equipment revenue was \$467.1 million in 4Q-2016 and exceeded \$1.69 billion in revenue in 2016 with 63.5% year-over-year growth. Looking forward, Optical DCI revenue is projected to grow at a 20.6% CAGR 2016 to 2021. The fundamental underpinnings of DCI growth remain strong with increases in data center bandwidth, increases in service requirements for data center interconnectivity and growth in the number of data centers worldwide. Over the forecast, ACG predicts the Metro Optical DCI growth rate will exceed Long-Haul Optical DCI, and SFF Optical DCI appliances will grow at a faster rate than multi-slot Optical DCI chassis-based solutions, although multi-slot chassis solutions will remain dominant throughout the forecast. With 82.8% growth in 2016, the SFF Optical DCI appliance segment remains highly competitive with recent new product announcements and upgrades, including the Ciena Waveserver Ai, Fujitsu's 1Fininity Release 2.1 and segment leader Infinera's debut of Cloud Xpress 2. Nokia announced the 1RU, 1830 Photonic Service Interconnect PSI-2T appliance at the OFC 2017 conference in March. Adva also announced a 1RU version of its FSP 3000 CloudConnect™ platform at the same conference. Pluggable 100G DWDM optical modules such as Inphi's QSFP28 PAM-4 have undergone field trials and are moving into commercial deployment in the sub-80km metro DCI space. New product debuts, product upgrades and pluggable solutions are all keeping downward pressure on prices for the SFF Optical DCI appliance segment.

Additional growth drivers beyond DCI for Optical infrastructure over the forecast include: accelerating 100G/200G+ coherent optical upgrades, mobile front-haul, 5G mobile backhaul and bandwidth expansions, multi-layer encryption/security and transport/multi-layer SDN.

For more information about ACG's [DCI Optical](#) services contact sales@acgcc.com.

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