

2016 Router Market Posts Small Growth but Forecast Sees Decline by 2021

The global router market grew at 3.2% in 2016 & is projected to post slow growth as providers transition from custom purpose-built to off-the-shelf hardware

GILBERT, AZ, USA, April 11, 2017
/EINPresswire.com/ -- ACG Research has released its 2H-2016 worldwide [Routing](#) and Switching forecast. The

Worldwide Carrier Routing & Switching Market Shares			
Vendor	Rank	Market Share (\$)	Revenue (\$M)
Cisco	1	44.1%	\$ 1,423.0
Juniper	2	19.3%	\$ 622.4
Nokia	3	18.8%	\$ 605.5
Huawei	4	6.9%	\$ 223.1
Brocade	5	3.5%	\$ 112.6

worldwide Routing and Switching market

is predicted to grow from \$5.9 billion in 2016 to \$6.4 billion by 2020 but decrease to \$6 billion in 2021. The core segment is expected to grow from \$1.3 billion in 2016 to \$1.5 billion in 2020 but decrease to \$1.4 billion in 2021. The edge segment will grow from \$4.6 in 2016 to \$5 billion in 2020 but decrease to \$4.6 billion in 2021. For the forecast ACG Research projects only the Americas region will see continued growth.



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Ray Mota

The router market is increasingly affected by the industry [transitioning from custom purpose-built hardware](#), especially in the routing segment, to off-the-shelf hardware as well as to leveraging software. This move is affecting global hardware sales and revenue. Capital expenses spending for Tier 1s was down 7% year to year, but webscalers' spending was up 16%,

doubling their spending in the last four years. This increase is due to the realization that they need reliable scalability in certain parts of their networks whether it is virtualized or in a purpose-built box.

Another factor affecting the market is the allocation percentage of capex for routing, which has slightly decreased every year: it does not account for the shift toward virtualization. Providers are not buying fewer routers but purchasing some cloud version of routers; consequently, top-line hardware revenue is being cut off that.

Additional market trends challenging the traditional router market is the cost difference with virtualization, and the introduction of new brand hybrid layer devices. Although these trends and the pressures they put on the market will affect top-line revenue and the router market might decrease in the short term, profit margins will ultimately increase because the market is software driven.

For more information about ACG's routing and switching services contact sales@acgcc.com.

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