

# Service Provider Router and Switching Market Shows Signs of Growth in 3Q 2017

*Although Cisco, Juniper & Nokia grew q-q SPs continue to feel the effects of a rapidly changing market as they address the disruption upending their businesses*

GILBERT, ARIZONA, USA, November 27, 2017 /EINPresswire.com/ -- ACG Research has released



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*Ray Mota, CEO*

its 3Q 2017 worldwide Routing and Switching market share and forecast reports. The worldwide Routing and Switching market increased 4% quarter over quarter and increased 9% year over year; revenue \$3 billion. The market is expected to grow to \$12 billion in 2021 with a CAGR of 0.8%. In 3Q the core routing segment increased in q-q revenue for a total of \$669 million. The [edge](#)/switching segment grew, posting revenue of \$2.54 billion. Regionally, APAC decreased revenue 0.3% q-q but was up 18% y-y. The EMEA region grew slightly 1.8% q-q and up 2.6% y-y. The Americas were up 8.9% q-q and increased 6.3% y-y.

Service providers continue to feel the effects of a rapidly changing market as they continue to address the disruption that has been upending their businesses. “To be successful they must realize that transformation is more than just a technological upgrade; it is a fundamental change to how they operate their businesses and organizations,” says [Ray Mota](#), CEO, ACG Research. “Operators recognize that to succeed they must modernize their networks to gain agility to effectively compete and remain relevant in a highly dynamic market.”

To address these disruption challenges, SPs are upgrading to key technologies, building comprehensive plans for transformation and working with the right partner throughout the process to achieve their agility as well as their financial goals. We continue to see service providers focus their capex on revenue-generating services and economic cost, while running their networks hotter with higher traffic loads. They will not expend as much capex on dealing with capacity and traffic but will continue to invest on key strategic projects that will help deliver services with new revenue for them, for example, [SD-WAN](#) and/or IoT solutions, which bring in new revenue and new subscribers.

## TREND and DRIVER HIGHLIGHTS

Service providers are increasingly challenged by nimble competitors. To succeed they will need to 1) have a smaller footprint with higher capacity than the legacy DCS/ADM equipment; 2) lower opex costs; 3) life-cycle support for existing and future services that leverage a common IP infrastructure; 4) a plan that is flexible and includes training; and 5) the right support from a trusted partner.

Webscalers are projected to post capex spending at 13% in 2017; SPs are expected to be -2% in 2017.

As their traditional business matures, service providers are increasingly moving to offer services in adjacent industries, leveraging their ability to deliver connectivity solutions and tapping into value-

creation opportunities at the application level.

Wireless spending in North America in 2017 thus far is down 2% but will recover 4% in 2018. Additionally, the distinction between wireline and wireless networks will disappear; in 10 years, we will not talk about wireless and cable networks. There simply will be the network. Cost, agility, simplification, cloud and slow migration away from MPLS is driving the adoption of SD-WAN.

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