

4Q18 Worldwide Service Provider Router and Switching Market Seeing Positive Effects of Transitioning

Drivers making network owners think about transport technology that can provide convergence across layers, domains to offload the complexities in their networks

GILBERT, ARIZONA, USA, March 6, 2019 /EINPresswire.com/ -- ACG Research released its 4Q 2018 worldwide Routing and Switching market share report. The worldwide Routing and Switching market increased market increased quarter over quarter 10.7% and 4.6% year over year. The core routing segment posted solid growth in q-q with revenue of \$824 million. The edge/switching segment grew, posting revenue of \$2,9 billion. Regionally, APAC decreased revenue 1.7% q-q but up 6.6 y-y. The EMEA region was up significantly, 18.7% q-q and increased 9.7% y-y. The Americas also substantially increased 20.2% q-q but decreased 0.6% y-y. ACG Research also released its forecast and predicts that over the next five years the

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market will post a CAGR of -0.3.

Factors affecting the market are providers requiring maximum agility and efficiency at scale to advance their operations. To capture maximum benefits toward achieving these goals they must utilize infrastructures that are open, dynamically composable, support diversified workloads, and deliver maximum operating efficiencies. As their operations become increasingly distributed, relying on both core and edge computing resources, these requirements will only become more acute. By embracing composable [infrastructure](#) frameworks they can maximize their opportunities to take advantage of open, modular hardware designs; standardized and software-driven management frameworks; and agile, cloud-native workload and application deployments.

“ACG’s position is that routers are not going away anytime soon, but macroeconomic conditions will impact the rate of spending on [5G](#) and new business models. New consumption pricing and bifurcation of routers will reduce the top-line revenue of routers in service providers,” says [Ray Mota](#), CEO. “Our discussions with providers indicate that these evolutions will impact every category of routing and switching infrastructure deployment that they will be making in the coming five years. They will be employed in service providers’ mobile networks, software-driven offerings in enterprise and residential services in support for IoT and edge computing designs, at their peering sites, and in cloud-native data center designs. The impact of these developments will be pervasive.”

TREND and DRIVER HIGHLIGHTS

Routing is a huge contributor to 5G innovation because 5G is anticipated to put significant amounts of capacity in the networking demand. We are seeing service providers gear up their networks for 5G.

The market is showing increasing lumpiness as providers transition to new technology and

consumption models with next-generation architectures.

Globally, the router and switching market grew in 2018: 10.7% q-q and 4.6% y-y.

Providers are focusing on architectural transitions specifically related to distributed cloud, 5G and next-generation service delivery; ACG forecasts Webscale companies will spend almost 13% on capex and CSP approximately 1.5% in 2019.

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