NEEDHAM, Mass., December 8, 2021 – The worldwide Ethernet switch market recorded $8.1 billion in revenue in the third quarter of 2021 (3Q21), an increase of 7.5% year over year. Meanwhile, worldwide total enterprise and service provider (SP) router market revenues grew 4.7% year over year in 3Q21 to $3.8 billion. These growth rates are according to results published in the International Data Corporation (IDC) Worldwide Quarterly Ethernet Switch Tracker and IDC Worldwide Quarterly Router Tracker.

Ethernet Switch Market Highlights

The Ethernet switch market's 7.5% annualized growth in 3Q21 builds on growth in the first half of the year. Year-to-date through the first three quarters of 2021, the market is up 8.6% compared to the first three quarters of 2020. On a sequential basis, the 3Q21 Ethernet switch market revenues were up 9.3% from the previous quarter. And compared to the third quarter of 2019, which was before the COVID-19 pandemic, revenues increased 9.6%, indicating strong organic growth in the market.

From a geographic perspective, the 3Q21 Ethernet switch market had strong results across most parts of the world. In the Asia/Pacific region, the People's Republic of China increased 18.1% year over year while Japan's market declined 13.6%. In the rest of Asia/Pacific (excluding China and Japan) (APeJC), the market rose 7.3% year over year, buoyed by the market in Korea growing 22.3% annually. In Europe, results were mixed: Western Europe's market rose 16.7% year over year with strength from Germany, which grew 18.3%. Central and Eastern Europe's market rose 3.3%.
In the Middle East & Africa, the market declined 8.9% year over year. Across the Americas, the market in the United States rose 5.5%; Canada's market fell 0.2%, and Latin America's market increased 16.0% year over year with Brazil rising 43.6% compared to 3Q20.

"The Ethernet switching market continues to demonstrate impressive resilience. Through the first three quarters of 2021, the market has recorded healthy growth compared to 2020, driven by demand in both the enterprise campus and branch markets, as well as from hyperscalers and other cloud providers, which continue to invest in datacenter switching capacity," notes Brad Casemore, research vice president, Datacenter and Multicloud Networking. "There are some headwinds in the market, though: supply-chain constraints occasioned by the COVID-19 pandemic mean that customers and vendors must plan accordingly as they look to the year ahead, and the pandemic itself continues to sow uncertainty among technology buyers, especially enterprises in certain industries."

Overall port shipments increased 9.1% with growth in both the non-datacenter and datacenter portions of the Ethernet switch market. Non-datacenter Ethernet switch revenues grew 6.5% in 3Q21 year over year with port
shipments increasing 9.1%. The non-datacenter Ethernet switch portion of the market makes up 87.1% of port shipments and 56.7% of total market revenues with the balance of revenues and port shipments in the datacenter portion of the market. In the datacenter segment, revenues rose 8.8% year over year while port shipments increased 8.7%.

The higher-speed segments of the Ethernet switch market continue to see significant growth driven by hyperscalers and cloud providers. Market revenues for 200/400 GbE switches grew 70.4% from the second quarter to the third quarter of 2021 with port shipments more than doubling (+118.1%) on a sequential basis. 100GbE revenues increased 13.8% on an annualized basis while port shipments rose 13.1% year over year. 100GbE revenues make up 24.5% of the Ethernet switch market’s total revenues. 25/50 GbE revenues declined 1.1% annually while port shipments declined 7.8%.

Lower-speed switches, a more mature part of the market, saw mixed results. 10GbE port shipments declined 1.5% year over year with revenue dropping 6.0% annually; 10GbE switches make up 23.0% of the market’s total revenue. 1GbE switches increased 10.5% year over year in port shipments and increased 7.6% in revenue. 1GbE accounts
for 34.4% of the total Ethernet switch market's revenue. 2.5/5GbE switch revenue increased 7.3% sequentially from 2Q21 to 3Q21 while port shipments rose 6.7% quarter-over-quarter.

Router Market Highlights

The worldwide enterprise and service provider router market increased 4.7% year over year in 3Q21 with the major service provider segment, which accounts for 76.4% of revenues, increasing 3.6% and the enterprise segment increasing 8.3%. From a regional perspective, the combined service provider and enterprise router market increased 15.4% in APeJC. Japan's market declined 6.1% while the People's Republic of China market was up 2.2% year over year. Revenues in Western Europe were off 1.6% compared to 3Q20 while the Central and Eastern Europe the combined enterprise and service provider declined 4.9% annually. The Middle East & Africa region declined 1.7%. In the U.S., the enterprise segment increased 27.6% while the service provider revenues increased 5.4% giving the combined markets a 10.6% increase on an annualized basis. The Latin American market grew 7.3% on an annualized basis and Canada's market increased 6.2% year over year.

Vendor Highlights
Cisco finished 3Q21 with a year-over-year decline of 1.3% in overall Ethernet switch revenues and market share of 45.4%. Meanwhile, Cisco's combined service provider and enterprise router revenue grew 10.7% year over year with enterprise router revenue increasing 14.1% and SP revenues increasing 8.7%. Cisco's combined SP and enterprise router market share stands at 37.5% in the quarter.

Huawei's Ethernet switch revenue increased 11.4% on an annualized basis in 3Q21 giving the company market share of 10.7%. The company's combined SP and enterprise router revenue increased 4.0% year over year giving the company a market share of 28.1%.

Arista Networks saw its Ethernet switch revenues increase 23.0% in 3Q21, bringing its share of the total market to 7.3%.

H3C's Ethernet switch revenue increased 18.6% year over year giving the company market share of 6.2% in the quarter. In the combined service provider and enterprise routing market, H3C's revenues grew 31.3%, giving the company a 2.2% market share.

HPE's Ethernet switch revenue increased 23.6% year over year in 3Q21, giving the company a market share of 5.8%.
Juniper's Ethernet switch revenue, which includes the company's cloud-managed, enterprise campus Mist portfolio as well as its EX and QFX switch portfolios, increased 25.6% year over year in 3Q21, bringing its Ethernet switch market share to 3.2%. Juniper saw an 11.0% decline in combined enterprise and SP router sales, bringing its market share in the router market to 10.0%.

"Results in the Ethernet switch market were generally strong across the globe, indicating that most regions of the world continue to recover from the COVID-19 pandemic that caused decreased spending on network infrastructure," noted Petr Jirovsky, research director, IDC Networking Trackers. "The growth in the third quarter of 2021 compared to the same period in 2019 indicates strong fundamentals for the market, which is a positive sign for the future."

Figure 1
The **Worldwide Quarterly Ethernet Switch Tracker** and the **Worldwide Quarterly Router Tracker** provide total market size and vendor shares for the Ethernet switch and router technologies in an easy-to-use Excel pivot table format. The geographic coverage for both the Ethernet switch market and the router market includes nine major regions (USA, Canada, Latin America, People’s Republic of China, Asia/Pacific (excluding Japan & China), Japan, Western Europe, Central and Eastern Europe, and Middle East and Africa) and 60 countries. The Ethernet switch market is further segmented by speed (100Mb, 1000Mb, 2.5Gb/5Gb, 10Gb, 25Gb/50Gb, 50Gb, 100Gb, 200Gb/400Gb), product (fixed managed, fixed unmanaged, modular), and layer (Ethernet switch, ADC). Measurement for the Ethernet switch market is provided in vendor revenue, value, and
port shipments. The router market is further split by product (high-end, mid-range, low-end, SOHO), deployment (service provider, enterprise), connectivity (core, edge), and the measurements are in vendor revenue, value, and unit shipments.

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