India’s networking market, which includes Ethernet Switch, Routers, and WLAN segments, witnessed a significant 17.1% year-over-year (YoY) growth in terms of vendor revenues during 3Q21 (Jul-Sep). The elevated YoY growth can be attributed to a weak base caused due to COVID-19 previous year and the country witnessing significant economic activity after the second wave of the pandemic. The pent-up demand from enterprises that stalled digital spending during the first half of 2021 started to revive infrastructure spending. However, the vendor ecosystem faced challenges in terms of the semiconductor shortage, thereby exponentially increasing the shipping lead times. The prices for most network infrastructure components increased due to this shortage coupled with increasing logistics costs.

Switching business in India had a 13.5% YoY growth during 3Q21. The Non-DC business, which was slow due to the nonfunctioning of campuses, was revived with a strong 21.8% YoY growth due to corporate spending ahead of offices planning to be opened in January 2022. The service provider investments in the switches segment showed marginal growth of 3.2% YoY during 3Q21. Key industries that contributed to the switching business include professional services, banking, telecommunications, and process manufacturing.

India’s router market expanded by an exceptional 45.4% YoY, while the sequential growth from last quarter was only 3.5%. The strong YoY growth was due to an extremely weak base witnessed in the previous year due to COVID-19. Both the enterprise and service provider segments grew by 21.6% and 69.4% YoY, respectively. Service providers were investing in routing hardware, majorly around optimizing capacities and ramping up the infrastructure ahead of 5G
rollouts planned for the later part of next year. Apart from telecom, other key verticals for routing include professional services, process manufacturing and banking.

WLAN segment declined marginally by 1.7% YoY (by vendor revenue). The demand dynamics are shifting between enterprise and consumer router segments as offices plan to open, enterprise segment grew at 27.3% YoY, and consumer routers declined at 20.1% YoY. However, the decline in the consumer segment was slower than anticipated due to the holiday season in India, causing the segment to still grow with a strong 37.4% quarter-over-quarter (QoQ).

Within the enterprise segment, Wi-Fi 6 is becoming the de facto technology faster than expected due to the semiconductor shortage, thereby substantially delaying the shipments of previous generations of Wi-Fi access points. In addition, cloud-managed wireless is also gaining traction in the Indian market owing to easier deployment and management.

India Ethernet Switch Market 3Q21

According to IDC’s Worldwide Quarterly Ethernet Switch Tracker, the 3Q21 Ethernet Switch market in India stood at USD 156.1 million (by vendor revenue), registering a strong YoY growth of 13.5%. The enterprise investment in non-
DC switching grew at a 21.8% YoY owing to the trend of hybrid work and pent-up demand from the first half of the year starting to come through. On the other hand, the DC switching segment grew at a marginal 3.8% YoY. Professional services, banking, telecommunications, and process manufacturing were the top verticals for 3Q 2021.

Figure 1

![Cisco continued to dominate the Ethernet Switch market with a 59.0% share during 3Q21, followed by Hewlett Packard Enterprise (HPE) and Juniper at 4.5% and 4.4%, respectively.](image)

India Router Market 3Q21

According to IDC’s Worldwide Quarterly Router Tracker, the India Router market in 3Q21 stood at USD 83.9 million (by vendor revenue) with a strong YoY growth of 45.4%. The noticeably high
growth was due to the weak base caused during the first wave of the pandemic. Both the enterprise and service provider investments in routing grew by 21.6% and 69.4% YoY, respectively. The telecom vendor investments were mostly centered around refreshes, bandwidth optimization requirements, building edge clouds, investments ahead of 5G rollouts etc. While enterprises were focused on regular refreshes of their routers and upgrading branch infrastructure with solutions such as SD-WAN which would aid them with better QoS (quality of service), easier deployment, management, and help them achieve cost savings without compromising on branch security. Apart from telecom, the key investments areas included professional services, process manufacturing, banking.

Figure 2
Cisco leads the router market with a 66.8% market share in 3Q21 followed by Nokia and Juniper at 15.2% and 10.8%, respectively.

India WLAN Market 3Q21

According to IDC’s Worldwide Quarterly Wireless LAN Tracker, the Indian WLAN market had a marginal YoY decline of 1.7% during 3Q21, majorly driven by the consumer wireless segment. The market stood at USD 59.9 million (by Vendor Revenue).

Within the enterprise segment, businesses across verticals like manufacturing have been growing significantly over the last few quarters with the economy opening up and organizations looking to improve connectivity for manufacturing efficiency that results in better business results. The enterprise class WLAN recorded a YoY growth of 27.3%. Wi-Fi 6 contributed to 63.6% of revenues in the overall enterprise WLAN. The technology is gaining faster penetration due to the delay in shipments of the older generation of access points.

The consumer gateway router business declined sharply by 20.1% YoY. However, the market for consumer gateway routers had a strong QoQ growth of 37.4% due to the holiday season. Wi-Fi 6 is slowly starting to make inroads in the consumer segment, while Wi-Fi AC continues to dominate this segment. With offices planning to
be opened in January 2022, we expect the market for consumer routers to get even slower.

Figure 3

![Image: India Top 5 WLAN Companies, 2021Q3 Vendor Revenue Market Share]

With a market share of 28.7%, TP-Link was the market leader in the WLAN segment during 3Q21. Within the enterprise class WLAN segment Cisco was the market leader with a 22.9% market share, followed by HPE with 10.0%.

Sudharsan Raghunathan, Senior Market Analyst, Enterprise Networking, IDC India, says, “The impact of semiconductor shortage on network infrastructure was significant this quarter. Vendors were struggling to meet the market demand, thereby expanding the lead times drastically. However, this also acted as an indirect catalyst in some cases where enterprises planned for their future needs in advance and placed orders to avoid unplanned delays. The overall market encompassing
all elements of networking bounced back strongly to pre-pandemic levels for the first time in six quarters anticipating 2022 to be a year of growth. The Non-DC/campus market will act as the key factor determining the course of the market. However, a lot depends on the new variant of the virus and its impact on the Indian enterprises”.

IDC India Forecast

The Ethernet Switch, Router, and WLAN markets are expected to grow in single digits in terms of compound annual growth rate (CAGR) for 2021–2026. Increased adoption of emerging technologies such as cloud, IoT, mobility, etc., would drive incremental revenues. IDC also expects large investments for 5G rollouts in the next couple of years.

—Ends—

For more information about IDC’s products and research services, please contact Shivani Anand, Senior Marketing Specialist at sanand@idc.com. You can also follow IDC India’s Twitter and LinkedIn pages for regular updates.

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