IDC's Worldwide Ethernet Switch and Router Trackers Show Solid Growth in Both Markets for Q1 2019

Enterprise Switch Market Grew 7.8% Year Over Year; Router Market Rose 8.2% in 1Q19

FRAMINGHAM, Mass., May 31, 2019 – The worldwide Ethernet switch market (Layer 2/3) recorded $6.8 billion in revenue in the first quarter of 2019 (1Q19), an increase of 7.8% year over year. Meanwhile, the worldwide total enterprise and service provider (SP) router market revenues grew 8.2% year over year 1Q19 to $3.6 billion. These growth rates are according to results published in the International Data Corporation (IDC) Quarterly Ethernet Switch Tracker and IDC Quarterly Router Tracker.

Ethernet Switch Market Highlights

From a geographic perspective, the 1Q19 Ethernet switch market had a strong quarter across the globe. The Asia/Pacific (excluding Japan) (APeJ) region grew 8.6% year over year. Notable gains in the region included China, which grew 11.7% year over year, and Taiwan, which increased 15.3%. Meanwhile, Japan's Ethernet switch market rose 1.3%.

The Middle East and Africa (MEA) region saw growth of 9.5% year over year, led by Egypt, which rose 17.3%. Europe saw more modest growth with Western Europe growing 3.5% and Central and Eastern Europe remaining stagnant with 0.3% year-over-year growth. Notable markets in Western Europe included the United Kingdom, which was down 1.2% from a year earlier, while Germany was up 2.3% and Italy grew 15.5% year over year. In Central and Eastern Europe, Russia declined 13.4% year over year. In the Americas, the United States grew 11.9% while Canada increased 2.6% year over year. Latin America was down 4.5% overall with Brazil's 8.5% year-over-year decline offset by 11.0% growth in Mexico.

"Organizations across the globe are looking to digitally transform themselves in an effort to meet market and competitive needs and improve user experiences. As they do so, enterprises are realizing the critical role the network plays in their broader IT transformation initiatives," said Rohit Mehra, vice president, Network Infrastructure, at IDC. "This has led to continued, and growing, investment in Ethernet switching, routing, software-defined networks (SDN), and SD-WAN platforms and architectures that support the increasing demands of an always-connected world."
100Gb Ethernet switch revenues continue to grow rapidly. Port shipments for 100Gb switches rose 85.3% year over year to 3.6 million. 100Gb revenues grew 59.0% year over year in 1Q19 to $1.2 billion, making up 17.3% of the market's revenue. 25Gb ports also saw impressive growth, increasing 133.3% to $304.0 million, with port shipments growing 104.8% year over year. 40Gb switches continue to be falling out of favor with revenues declining 21.3% year over year. Lower-speed campus switches, a more mature part of the market, showed moderate growth. 10Gb port shipments rose 8.6% year over year to make up 28.7% of the market's revenue. 1Gb switches grew 2.9% year over year in port shipments, making up 40.3% of the market's total revenues.

**Router Market Highlights**

The worldwide enterprise and service provider router market grew 8.2% on a year-over-year basis in 1Q19 with the major service provider segment, which accounts for 75.3% of revenues, increasing 7.1% and the enterprise segment of the market growing 11.9%. From a regional perspective, the combined service provider and enterprise router market increased 12.0% in APeJ with the enterprise segment up 17.7%. Japan's total market grew 27.1% year over year. Central and Eastern Europe regional revenues rose 19.7% year over year, while the Western Europe combined enterprise and service provider market grew 3.7% year over year. The Middle East & Africa region was up 12.6% fueled by a 15.7% increase in service provider revenues. In the U.S., the enterprise segment was up 15.7% but the service provider revenues fell 5.8%, causing the total market to decline 0.5% year over year. Canada's market rose 28.5% year over year and the Latin American market grew 9.0%.

**Vendor Highlights**

**Cisco** finished 1Q19 with an 8.3% year-over-year increase in overall Ethernet switch revenues and market share of 53.7%. In the hotly contested 25Gb/100Gb segment, Cisco is the market leader with 39.4% of the market's revenue. Cisco's combined service provider and enterprise router revenue rose 15.3% year over year, with enterprise router revenue increasing 16.1% and service provider revenues growing 14.8%. Cisco's combined SP and enterprise router market share increased to 42.4%, up from 37.4% in 4Q18.

**Huawei's** Ethernet switch revenue rose 18.9% on an annualized basis, giving the company market share of 8.9%, up from 8.1% a year earlier. The company's combined service provider and enterprise router revenue rose 5.7% year over year with a market share of 24.5%.

**Arista Networks** saw Ethernet switch revenues increase 24.0% in 1Q19, bringing its share to 7.5% of the total market, up from 6.5% a year earlier. The company continues to cater to the higher end of Ethernet switch speeds, with 100Gb revenues accounting for 67.6% of the company's total revenue, indicating the company's focus on hyperscale and cloud providers.

**HPE's** Ethernet switch revenue declined 5.6% year over year, giving the company a market share of 5.3%.
Juniper’s Ethernet switch revenue declined 23.4% in 1Q19, bringing its market share to 2.6%. Juniper saw an 8.2% decline in combined enterprise and service provider router sales, bringing its market share in the router market to 10.4%.

"There continue to be diverging trends across the Ethernet switch market," said Petr Jirovsky, research director, IDC Networking Trackers. "Hyperscalers and service providers continue to demand the fastest Ethernet switching speeds in the market, leading to the highest growth rates in both port shipments and revenues. Meanwhile, the more mature enterprise switching platforms continue to make up a larger share of the overall market."

Figure 1

The IDC Quarterly Ethernet Switch Tracker and the IDC 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 eight major regions (USA, Canada, Latin America, Asia/Pacific (excluding Japan), 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, 10Gb, 25Gb, 40Gb, 50Gb, 100Gb), product (fixed managed, fixed unmanaged, modular), and layer (L2, L3, 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.

For more information about IDC's Quarterly Ethernet Switch and Router Trackers, please contact Kathy Nagamine (knagamine@idc.com).

About IDC Trackers

IDC Tracker products provide accurate and timely market size, vendor share, and forecasts for hundreds of technology markets from more than 100 countries around the globe. Using proprietary tools and research processes, IDC’s Trackers are updated on a semiannual, quarterly, and monthly basis. Tracker results are delivered to clients in user-friendly excel deliverables and online query tools.

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