

IDC's Worldwide Quarterly Ethernet Switch and Router Trackers Show Weakness in Fourth Quarter of 2019

Worldwide Ethernet Switch Market Declined 2.1% Year Over Year in Fourth Quarter of 2019; Router Market down 7.7%

FRAMINGHAM, Mass., March 11, 2020 – The worldwide Ethernet switch market (Layer 2/3) recorded \$7.6 billion in revenue in the fourth quarter of 2019 (4Q19), a decline of 2.1% year over year. For the full year 2019, the market recorded \$28.8 billion in revenue for a year-over-year growth rate of 2.3%. Meanwhile, the worldwide total enterprise and service provider (SP) router market recorded \$4.2 billion in revenue in 4Q19, a decrease of 7.7% on a year-over-year basis. For the full year 2019, the router market finished at \$15.5 billion, essentially staying flat with an increase of 0.4% over 2018. These results are according to the International Data Corporation (IDC) [Worldwide Quarterly Ethernet Switch Tracker](#) and [Worldwide Quarterly Router Tracker](#).

Ethernet Switch Market Highlights

From a geographic perspective, the 4Q19 Ethernet switch market recorded strong growth in the Middle East & Africa segment, which rose 10.1% year over year in 4Q19 and 9.8% for the full year 2019. The United Arab Emirates grew 10.4% in the quarter and 6.9% for the year. The Central & Eastern European region rose 5.8% year over year in 4Q19 and was up 1.7% for the full year. Poland's market in the region rose 17.4% in the quarter and 11.7% for the full year. The Asia/Pacific (excluding Japan) (APeJ) region increased 1.6% year over year in 4Q19 and was up 1.5% for the full year 2019. The People's Republic of China, which makes up the largest share of the region's total, rose 5.1% in 4Q19 and 3.6% for the full year. Japan rose 8.1% in the quarter and 4.2% for 2019.

In the Western European region, the Ethernet Switching market declined 8.5% year over year in 4Q19 and was down 2.9% for the full year 2019. Germany's market contracted 5.5% in 4Q19, while the United Kingdom was down 12.0% for the quarter and off 6.8% for the full year. The Latin America region was flat, declining 0.2% for the quarter, but was down 2.6% of the full year. Mexico's market contracted 12.5% in the quarter and was off 4.9% for the full year. Canada's market fell 5.5% in the quarter and was off 1.1% for the full year. In the USA, revenues were off 5.0% for the quarter, but were up a healthy 4.5% for the full year.

"The Ethernet switch and router markets showed weakness in the final quarter of 2019, driven by a variety of factors. Macro-economic issues continued to impact the global economy from the ongoing trade war between the U.S. and China to growing clarity about Brexit. While the rise and spread of the novel coronavirus, COVID-19, did not impact these 4Q19 results, it will not ease these pressures in the early part of 2020 where we expect this softness to continue," said [Rohit Mehra](#), vice president, [Network Infrastructure](#) at IDC. "Despite these headwinds, enterprises are still prioritizing investments in digital platforms in order to transform their businesses and keep pace with competitors, which will ultimately continue to

buoy spending in the networking market over the long term."

Growth in the Ethernet switch market continues to be driven by high speed switching platforms. 100Gb Ethernet switch revenues grew 24.7% year over year in the quarter and made up 18.3% of the market, down just slightly from 19.6% in the prior quarter. 100GbE shipments reached 5.8 million ports and \$1.4 billion in revenue in 4Q19. 25GbE switch ports continue to see strong growth with port shipments rising 57.1% year over year in the quarter and up 7.4% sequentially. 10GbE port shipments grew 7.0% year over year while revenues decreased 13.0%. 10GbE made up 27.3% of all 2019 Ethernet switching revenues. Meanwhile, 1Gb remains the primary connectivity technology for enterprise campus and branch deployments, driving 1Gb port shipments to 133.6 million in 4Q19, growing 4.1% year over year, and making up 67.8% share of all ports shipped in the quarter and 40.3% of Ethernet switching revenues.

Router Market Highlights

The worldwide enterprise and service provider router market fell 7.7% year over year in 4Q19 with the larger service provider segment falling 11.7% and the enterprise portion growing 6.2%. For the full year, the combined market grew 0.4% with the service

provider segment off 1.5% and the enterprise segment growing 6.9%.

The combined enterprise and service provider router market had mixed results across the world, with APeJ falling 12.4% year over year in 4Q19 and down 1.1% for the full year. Middle East & Africa increased 2.4% year over year and 7.2% annually. In the USA, which is the largest worldwide market, revenues were off 11.5% year over year and down 3.1% for the full year.

Company Highlights

Cisco's 4Q19 Ethernet switch revenues were down 6.4% year over year giving the company a 50.9% market share. For the full year 2019, Cisco switching revenues were flat, rising 0.1% over 2018. In the hotly contested 25GbE/100GbE segment, Cisco remains the market leader with 39.7% share in 4Q19. Cisco's combined service provider and enterprise router revenue fell 18.5% year over year in 4Q19 and was off 3.4% for the full year giving the company 37.2% share in 2019.

Huawei's Ethernet switch revenue grew 8.9% year over year in 4Q19 and was up 7.8% in 2019 compared to 2018. This gives Huawei 9.6% market share for the full year. Huawei's enterprise and SP router revenue fell 4.1% year over year in 4Q19 but rose 4.1% for the full year, giving the

company 29.8% market share in 2019.

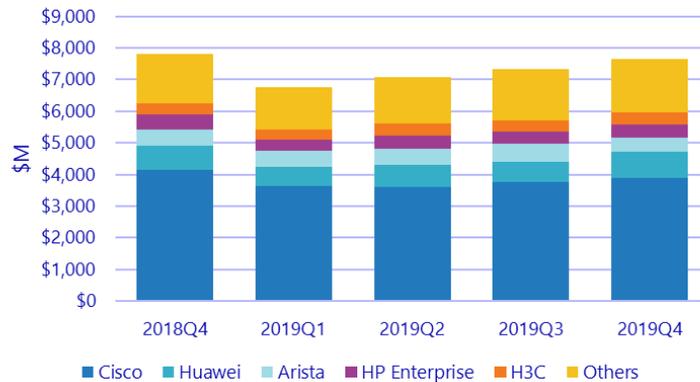
Arista Networks' Ethernet switching revenue fell 11.1% year over year in 4Q19 but rose 9.8% for the full year. 100GbE revenues for Arista cooled somewhat in 4Q19 falling 19.7% compared to 3Q19. Arista's market share in the broader Ethernet switch industry stood at 7.0% at the end of 2019, up from 6.5% year over year.

Hewlett Packard Enterprise's (HPE) Ethernet switch revenues were off 15.9% year over year in 4Q19. This contributed to a decline of 9.1% in annual revenues in 2019, putting the company's full-year market share at 5.4% compared to 6.1% at the end of 2018.

Juniper's Ethernet switch revenues rose 11.7% year over year in 4Q19 but were off 7.2% for the full year. Juniper's 4Q19 router revenues declined 4.6% year over year and were off 11.7% for the full year. The company finished 2019 with 13.2% market share in the service provider routing market, down from 14.7% in 2018.

Figure 1

Worldwide Top 5 Ethernet Switch Companies,
2018Q4 - 2019Q4 Revenue (\$M)



Source: IDC 2020

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 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.

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