IDC Finds Growth in the Ethernet Switch Market and Slight Decline in the Router Market in Q2 2021

Ethernet Switch Market Increased 10.8% Year Over Year; Router Market Declined 0.5% in 2Q21

NEEDHAM, Mass., September 10, 2021 – The worldwide Ethernet switch market recorded revenues of $7.4 billion in the second quarter of 2021 (2Q21), an increase of 10.8% year over year. Meanwhile, worldwide enterprise and service provider (SP) router market revenues declined 0.5% year over year in 2Q21 to $3.9 billion. These results are from the International Data Corporation (IDC) Worldwide Quarterly Ethernet Switch Tracker and Worldwide Quarterly Router Tracker.

Ethernet Switch Market Highlights

The Ethernet switch market's annualized growth of 10.8% builds upon the 7.6% growth in the first quarter of 2021. For the first half of the year, Ethernet switch revenues are up 9.3% over 2020. Compared to the second quarter of 2019 – before the COVID-19 pandemic – revenues increased 3.8%.

From a geographic perspective, the 2Q21 Ethernet switch market had strong results across most parts the world. In Asia/Pacific, the People's Republic of China revenues grew 11.6% year over year while Japan's market increased 8.3%. More broadly in the Asia/Pacific region, excluding China and Japan, the market rose 20.5% year over year in the quarter, buoyed by the market in Singapore growing 58.2% annually. In Europe, results were mixed: Western Europe's market rose 23.1% year over year with strength from France, which grew 39.3%. Central and Eastern Europe's market was essentially flat at 0.5% growth with Russia declining 4.8%. In the Middle East & Africa, the market increased 2.6% year over year. Across the Americas, revenues in the United States rose 6.2%, Canada's market fell 1.0%, and Latin America's market...
increased 8.1% year over year with Mexico rising 15.8% compared to a year earlier.

"IDC witnessed a strong start to 2021 for the global Ethernet switch market, as macroeconomic conditions improved and a growing number of organizations worldwide demonstrated perseverance and digital resilience in the face of the rolling challenges presented by the COVID-19 pandemic," said Brad Casemore, research vice president, Datacenter and Multicloud Networks at IDC. "Enterprises made notable investments in their campus networks, while hyperscalers and other providers of cloud services continue to drive growth in high-bandwidth datacenter switching."

Overall port shipments increased 28.4%, driven by strength in the non-datacenter portion of the Ethernet switch market. Non-datacenter Ethernet switch revenues grew 17.7% in 2Q21 with port shipments increasing 36.1%. The non-datacenter ethernet switch portion of the market makes up 88.6% of port shipments and 58.5% 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 2.4% year over year, while port shipments declined 10.6%.

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 132.5% from the first quarter to the second quarter of 2021, with port shipments more than tripling (+206.0%) on a sequential basis. 100GbE revenues increased 15.4% on an annualized basis, while port shipments rose 11.4% year over year. 25/50 GbE revenues increased 25.6% year over year while port shipments rose 1.3%.

Lower-speed switches, a more mature part of the market, saw mixed results. 10GbE port shipments rose 3.1% year over year, but revenue declined 8.4%. 10Gb switches make up 23.4% of the market’s total revenue. 1GbE switches increased 33.2% annually in port shipments and 14.4% in revenue. 1GbE accounts for 35.9% of the total Ethernet switch market’s revenue. 2.5/5GbE revenue increased 25.3% sequentially from 1Q21 to 2Q21, while port shipments rose 26.6% quarter over quarter.

Router Market Highlights

The worldwide enterprise and service provider router market declined 0.5% year over year in 2Q20 with the major service provider segment, which accounts for 76.7% of revenues, falling 0.8% and the enterprise segment increasing 0.4%. From a regional perspective, the combined service
provider and enterprise router market increased 15.7% in Asia/Pacific (excluding Japan & China). Japan's market increased 4.9% while the People's Republic of China market was down 14.4% year over year. Revenues in Western Europe grew 3.3% year over year, while in Central and Eastern Europe the combined enterprise and service provider market was flat. The Middle East & Africa region grew 4.3%. In the U.S., the enterprise segment was down 4.8%, while service provider revenues increased 7.8%, giving the combined markets a 4.6% increase on an annualized basis. The Latin America market grew 1.0% on an annualized basis and Canada's market increased 2.2% year over year.

Company Highlights

Cisco finished 2Q21 with a 4.5% increase in overall Ethernet switch revenues and market share of 44.1%. Cisco's combined service provider and enterprise router revenue grew 2.4% year over year with enterprise router revenue decreasing 9.8% and SP revenues increasing 10.1%. Cisco's combined SP and enterprise router market share stands at 34.2% in the quarter.

Huawei's Ethernet switch revenue increased 3.5% on an annualized basis, giving the company market share of 11.1%. The company's combined SP and enterprise router
revenue declined 8.5% year over year, giving the company a market share of 33.4%.

Arista Networks saw Ethernet switch revenues increase 31.6% in 2Q21, bringing its share of the total market to 7.5%.

H3C’s Ethernet switch revenue increased 10.6% year over year, giving the company market share of 7.0% in the quarter. In the combined service provider and enterprise routing market, H3C’s revenues increased 32.6%, giving the company 2.5% market share.

HPE’s Ethernet switch revenue increased 46.4% year over year, giving the company a market share of 6.7%.

Juniper’s Ethernet switch revenue increased 23.3% year over year in 2Q21, bringing its Ethernet switch market share to 3.1%. Juniper saw a 3.9% decline in combined enterprise and SP router sales, bringing its market share in the router market to 9.8%.

"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," notes Petr Jirovsky, research director, IDC Networking Trackers. "The growth in the second 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 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, 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.

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.

Click here to learn about IDC’s full suite of data products and how you can leverage them to grow your business.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets.
With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC’s analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG), the world's leading tech media, data, and marketing services company. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC and LinkedIn. Subscribe to the IDC Blog for industry news and insights.

IDC is a subsidiary of IDG, the world’s leading technology media, research, and events company. Additional information can be found at www.idc.com. All product and company names may be trademarks or registered trademarks of their respective holders.

For more information contact:

Michael Shirer
press@idc.com
508-935-4200
Petr Jirovsky
pjirovsky@idc.com
413-313-6112