

UPDATE

Q1 2006 Indian LAN & WLAN Equipment Market

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IN THIS UPDATE

- Summary of the Q1 2006 LAN & WLAN market report based on IDC's ongoing quarterly track of the Indian LAN-WLAN market.
- Includes overall findings of the report and key highlights of the performance of the different segments of the Indian LAN/WLAN market, namely switch, router, bridge, access points and NICs.
- Descriptive charts to give a flavour of the detailed report.

OVERVIEW

Economy

Recent announcement from Govt. states that Indian GDP has grown by 8.1% on a year on year basis making the country among the fastest growing countries in the world. The growth was well supported by growth in manufacturing and services sectors. Performance of Indian agriculture, which accounts for a large chunk of the domestic production and engages a chunk of the rural population, was aided well by favorable monsoon through the year.

Inflation for the full year is expected to be around 5.1% assuming the crude led inflation to be offloaded to the consumer. Even then, that remains significantly low rate of inflation compared to last year's average of 6.5%.

Exports in dollar terms during January-March, 2006 increased by 14.1 percent as compared to an increase of 23.4 percent in January-March 2005. Imports increased by 29.3 percent in January-March, 2006 as against an increase of 36.3 percent in corresponding period last year.

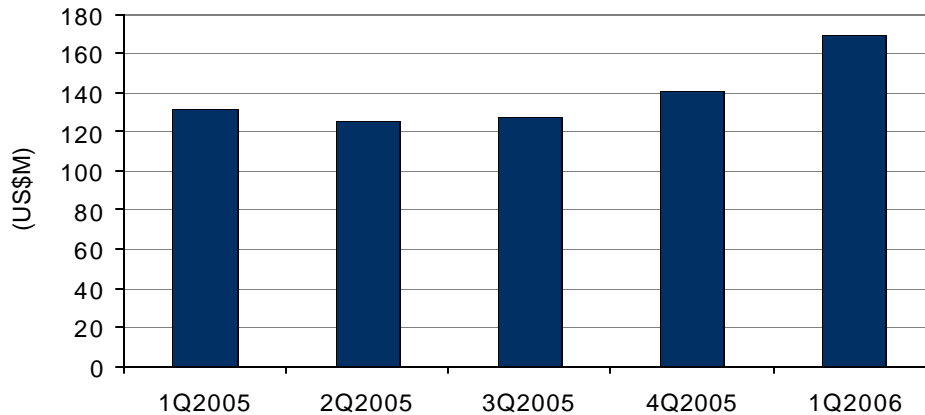
All these suggest that the economic growth for the country continues to remain strong. We expect the growth rate to be in the range of 7.5% to 8.5% for 2006-07.

LAN Equipment Market

The LAN market in India grew by 20.8% since last quarter. Routers grew by nearly 6% and switches grew by 34.6% during the corresponding quarter. The steep growth in Switches was due to the huge buying by the Educational Institutes under the TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP), being the last quarter of the fiscal year also fueled in the market growth. As expected, Cisco continued to be the market leader both in the switching and routing segments.




FIGURE 1

LAN Equipment Market by Value



Source: IDC, 2006

VENDOR PERFORMANCE

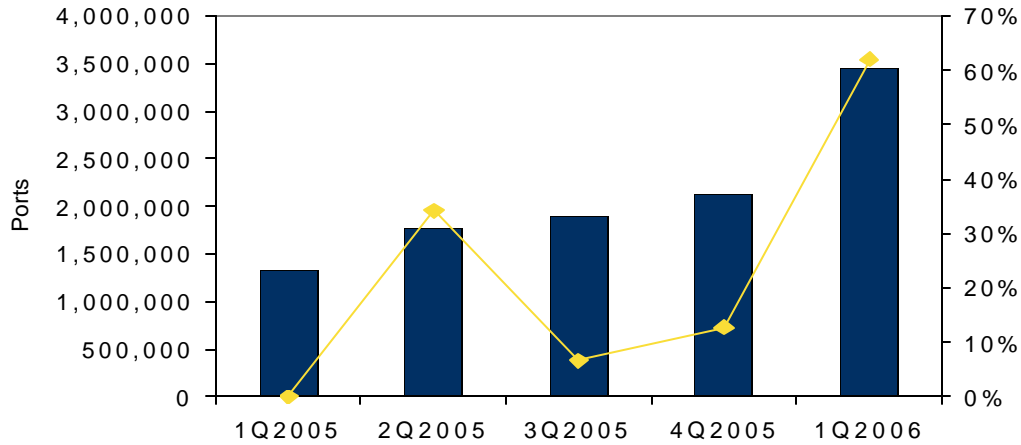
- ☒ Cisco, had a good quarter in both routers and switches.
- ☒ D-Link further consolidated its position in PSUs, Telcos, BFSI & Educational segment.
- ☒ Extreme did extremely well in educational vertical bagging some of the major deals under TEQIP project.
- ☒ Top 5 companies in terms of overall LAN equipment revenues during Q1 06 were:
 1. Cisco 
 2. D-Link 
 3. Nortel 
 4. Foundry (NEW)
 5. Dax (NEW)

LAN Switch

FIGURE 2

LAN Switch Market Trend by Ports

Switch market had a steep growth both by value and unit shipment. Switched fast Ethernet contributed the major part, and had a good growth. 10G Ethernet Switches were introduced in Q405 and had a steep growth of more than 350% in Q106, which was mainly due to good activity by Foundry and Procurve.



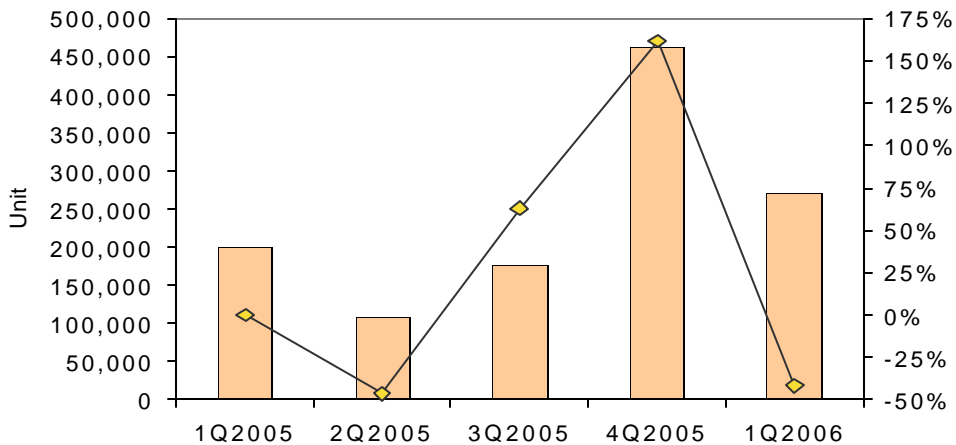
Source: IDC, 2006

Router

FIGURE 3

LAN Router Market Trend by Units

The market faced a flat growth in Router shipment in value terms, where as in Unit terms it was huge drop in shipment. SOHO & HighEnd Routers had good growth Q-O-Q, where as Small SOHO Routers faced a decline of 38%.



Source: IDC, 2006

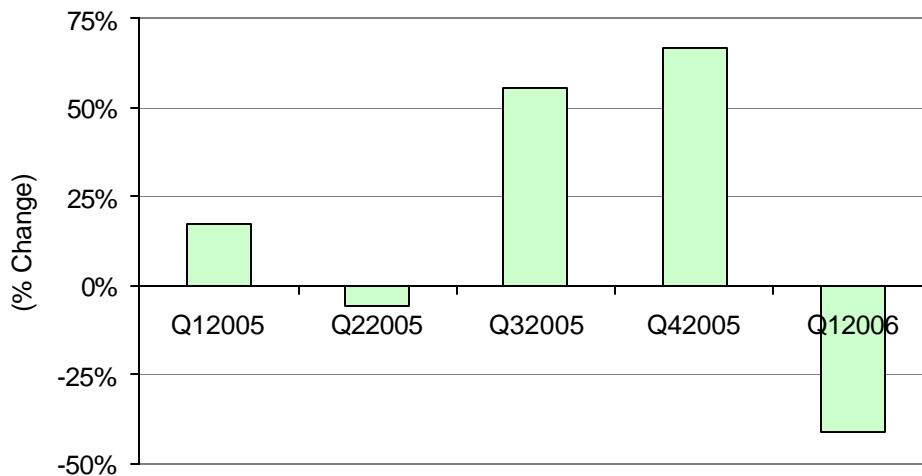
WLAN Equipment Market

- ☒ The Wireless market faced a decline of around 40% in Q106 compared to Q405. Q4 05 was a huge up due to one off deals by Huawei, which was missing in Q106.
- ☒ Access Point had a flat growth of around 9% and switch had a huge growth of 28%, which indicated the improvement of enterprise mobility in Indian market.
- ☒ Wireless routers had huge decline of more than 60%, whereas bridges also down by 21%.
- ☒ Top 5 companies in terms of overall LAN equipment revenues during Q1 06 were:
 1. Cisco
 2. D-Link
 3. Netgear
 4. Linksys
 5. Accton/SMC

FIGURE 4

Wireless Equipment Market Trend

Accesspoints had a growth over last quarter in value shipment, but Wireless Routers faced huge decline, this was mainly as Q405 was huge up for Huawei due to some one off deals, which was missing in the market in Q106.



Source: IDC, 2006

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