



Cautious Market

The market bore the brunt of the slowdown and remained almost flat, but it advanced in terms of adoption of new technologies and standards

The market for structured cabling products during FY '09 remained more or less flat due to the cautious approach by enterprise buyers in the light of the slowdown. This was almost evident across all verticals. In terms of technologies and bandwidth demands, India appeared to be at par with the developed world. The market became clearly segmented into commodity products (Cat 5), mainstream products (Cat 6 and Cat 6A), and emerging products (Cat 7).

On the copper front, enterprises started to look at the possibility of sustaining 10G over 100 meters. Vendors also successfully demonstrated this to their customers. The market progressed towards 10 Gb over Ethernet during FY '09, but this remained somewhat confined to data center deployments. Hospitals, remote sensing agencies, and manufacturing organizations that use CAD/CAM applications with high bandwidth requirements saw some good business. The hospitality, government, and education sector also showed growth; telecom too grew with the setting up of new offices by the new licensed telecom service providers. On the fiber front, FY '09 saw an increase in the fiber content of enterprise networks, particularly with the data centers being set up by organizations.

There was also a drop in cable prices due to decline in copper prices and severe setback due to fluctuations in exchange as well as other commodities. Rapid growth

The Cable Guys

Vendors	Revenue (in Rs crore)		Growth %
	FY '09	FY '08	
Tyco Electronics	340	300	13
Commscope	221	221	0
Digilink (D-Link)	201	180	12
Molex	107	98	9
CBT Belden	77	41	88
Reichle & Massari (R&M)	71	55	29
ADC Krone	53	52	2
Schneider Electric	37	32	16
Dax Networks	13	11	18
Sterlite Technologies	NA	45	NA
Others*	204	170	20
Total	1,324	1,205	10

*Others include Nexans Cabling, Hubbel, Siemon, Legrand, Corning India, Panduit

CyberMedia Research

DD Estimates

The clear segmentation of the market, increasing adoption of 10G Ethernet, and growing preference for fiber were some of the positives for the structured cabling vendors. Decline in copper prices, currency fluctuations, and the general slowdown sentiments, however, offset most of the positives

of infrastructure across verticals over the years had seen structured cabling grow decently. But FY '09 was different, considering the overall cautious approach taken by enterprises, particularly IT/ITeS, and BFSI companies.

Vendor Strategies

Tyco was sailing along well till about September 2008, but after this, there was a clear impact of the slowdown. There was a decline of almost 15-20% in terms of order booking but

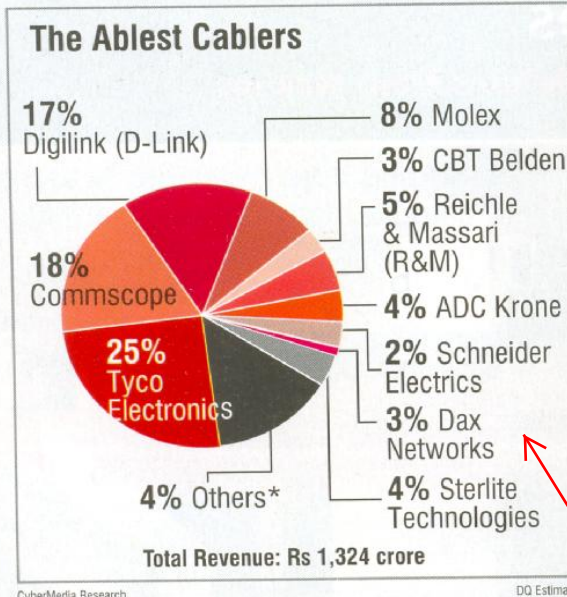
in terms of billing, the period saw a flat to negative growth. But the real challenging time for the company started from October 2008 onwards. Tyco experienced a boom in the data center marketplace, particularly in the IT/ITeS verticals in the first half of FY '09. But the business in the second half of the year was severely impacted. The manufacturing and government business also declined for Tyco during the year. The only sector which survived the downturn was telecom, which helped Tyco

to somewhat compensate for its business loss in other sectors. The company also saw good response during the period from telecom service providers. It expanded to B and C class cities and opened offices in Kolkata and Cochin.

The growth for Systimax remained flat due to the tightening of budget by enterprises who have been impacted by the slowdown. CommScope Systimax tried to add some leaner and trendier look to its products by launching Systimax 360—a next generation platform. Its copper panels and optical fiber shelves will allow customers to deploy immediately or in phases.

The company focus concentrated on data centers. It aimed at expanding its Goa manufacturing unit. This was followed by a mandated closure of three international facilities by end of 2009. The company took a suitcase approach to training on installation and maintenance wherein it went for different locations to offer training. Systimax appointed SES Technologies as a national distributor and opened a new office in Dhaka with an eye on the Bangladesh market.

ADC was severely impacted by the downturn, particularly in H2 and its revenue grew by just about 2% over the previous year. ADC pursued its strategy of positioning its next generation fiber products. Besides, it continued to focus on its data center segment. It launched its Next Gen Fiber Network Infrastructure portfolio to support all network segments, including central office, outside plant and customer premises. It also announced its intention to launch Next Gen Fiber Network solutions



A highly fragmented market often spells trouble in a slowdown-impacted year, as the overall pie does not grow to the extent expected. Although most vendors launched new products, for most of them FY '09 was nothing home to write about

in a proof-of-concept van that will travel to customers' doorsteps starting in New Delhi and Mumbai, where the company will demonstrate the portfolio to service providers and OEMs. They will have the facility to review and evaluate products in a real-world situation.

ADC also forayed into a new area of wireless business aimed at improving the cellular coverage through in-built solutions. TCS project implementation was one of the key highlights of ADC's customer wins during the last fiscal as it was done from scratch. Another project that it implemented included EMC's new facility in Bengaluru. ADC also started a program called professional architects, consultants, and engineers program (PACE) aimed at providing easily accessible design and proposal tools to simplify and aid in overall specification and design work. Members are provided with direct personal support and access, private

briefings and a single-point of contact. Some of the other customer wins and expansion orders included Intelent Global, Cognizant Technology Solutions, Reliance Data Center, Volkswagen, TCS, and Vodafone.

D-Link, one of the leading networking companies in India, which introduced Digilink as a structured cabling brand in 2004, announced its demerger into two separate entities that would focus on active products under the D-Link brand and passive products under Digilink. Post demerger announcement, Digilink was positioned as an independent SCS brand.

Siemon launched Z-MAX Network cabling solutions in the RJ-45 category 6A and claimed to offer performance margin across all critical cabling parameters and termination times under 60 seconds in both UTP and shielded configurations.

Key customer wins for Molex during FY '09 included Pawan Hans, CG SWAN, Serco, West Inn Hotel, Vizag Steel Plant, Sutherland, IIT Chennai, Anna University, Zenta, Yes Bank, Taj Group of Hotels, Cauvery Medical, Sun n Sand Hotel, The Oberoi, and Commonwealth Games Control Center. CDT Belden and R&M India registered a decent growth too. R&M tied up with Inflow Technologies as the value added distributor for its products. Moreover, Leviton, a US based vendor made its entry into India during FY '09.

Technology and Standards Update

The year also saw Fiber Channel over Ethernet (FCoE) becoming the official standard T 11's FC-BB-



5 and the working group approving it as a final standard. The idea of FCoE is to facilitate convergence of LAN and SAN data convergence within data centers by simplifying the network under a single interface. This will have implications for structured cabling vendors. FCoE is also likely to be a boon in terms of saving of real estate apart from reduction in the number of servers and the quantity of cabling. This will also have implications in terms of power savings.

TIA released the TIA-568-C.0/C.1 standard. This replaces the older (but commonly used) TIA-568-B.1 standard and its addenda. The new standard would be a generic structured cabledocumentemphasizingefficiency and effectiveness. This will put all common cabling information within a single source, thereby, allowing cable usage in different types of facilities and premises within a multi-product/multi-vendor environment. The new standards document will also cover cabling requirements, structures, topologies, distances, installations, performances, and testing.

IEEE working groups started working on developing standards for 40G and 100G over copper—single as well as multi-mode fiber. The

group had several meetings during the year. Another development that took place was the progress towards coming up with OM4 cable (improvement over OM3 which was developed supporting 10 GbE up to 300 meter and standardized from 2002) as it increases the throughput to 550 nm from 350 nm. OM4 has the capability of high bandwidth, which offers additional margin and can be used to extend 10 GbE link distances, apart from supporting more complex topologies and support future wavelength-division multiplexing (WDM) solutions near 850 nm. There was also some movement towards reducing the number of fiber connectors allowing enterprises to connect cables in the plug-and-play mode.

Top Level Movements

The year saw some top executive movements in the cabling industry. Prasanna Kumar, sales director for Commscope India and SAARC quit the company and joined the latest entrant in the cabling market—Léviton—as regional director, India and SAARC. Sandeep Chadha took over from him. Also, Jangoo Dalal, D-Link's CEO quit the company to join Avaya India as managing director.

Outlook

The market is set to revive in the coming years with some of the new areas which is likely to witness growth. This include security and surveillance installations across the country by private and government agencies, which would require intelligent cabling infrastructure. IP convergence is also going to play a role in the times to come. IT/ITeS, and BFSI, traditionally being the heavy users of cabling products are bound to see a revival in the coming months contributing to the overall growth of the industry. Challenges around cost versus installation is likely to remain a major issue with vendors, for meeting the expectations of users in a LAN environment, as Indian users march towards maturity. On the technology front, 10G applications are going to drive the adoption of Cat6, particularly in the backbone infrastructure. The market is slated to move more towards plug-and-play solutions. Another challenge the market is likely to face is on the training side. As technologies evolve, the industry would require more skilled personnels. The industry being not so glamorous as the IT services, faces an increased challenge of attracting good talent. Vendors have a big role here to make the cabling segment attractive for the young and aspiring professionals. Another factor that might drive growth is the B and C class cities, where requirement of small and medium businesses are all set to grow. The emphasis on 'green' cabling is also likely to increase with vendors trying to make more RoHS compliant and energy efficient products which would mean cost savings for enterprises, as energy prices are bound to grow. Moreover, the growth of data center amongst large enterprises is going to fuel the expansion of the cabling market.

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