

In Focus : Networking Intelligently

[NR Sethuraman](#)

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Enterprises today require a new IT strategy to improve their ability to react to competitive pressures and market demands while accelerating business growth. Vendors are incorporating new technologies like intelligence in networking, which enable the applications and services to operate more efficiently

Networking solutions have been the first priority of any organization irrespective of its size. And the segment holds a major share in the IT investment of a company, which in turn would give a key figure about the position of that company and its spending abilities. According to IDC, IT spending in India is set to grow the fastest in the world in 2008. Over the next three years, IDC expects the Indian market to nearly triple to \$71 billion by 2012. Today more than ever, the network is critical to business success. Almost all enterprises worldwide rely on their networks to expedite growth, increase productivity, reduce costs and capitalize on new opportunities to outperform the competition. As business demands and risks escalate, the performance of the enterprise network will become increasingly important.

Active and passive networking solutions

The overall size of the networking market is worth Rs 7,000 crore and the market has grown at a rate of 25 percent during the last fiscal. However this is quite low as compared to the last year's growth of 32 percent. Predominantly the networking industry can be divided into active and passive networking solutions, where Ethernet, switches, routers, media converters, modems, network adapters, network attached storage (NAS), network cards, network cameras (Power over Ethernet), print servers, power line, wireless products are classified under the active networking solutions. Under the passive networking solutions come the adapters and couplers, cabinets and racks, keystone jacks, network cable, patch panels, surface raceway, tools, wall plates, wire ties etc.

Here we will focus on the active networking solutions, which is considered to be the growing segment among the networking solutions. The fact that switches and routers continue to dominate the networking segment clearly shows that the active networking solutions space is growing at a consistent phase and is the dominating one as compared to the passive products. The switches and routers account for almost 59 percent in the overall networking products and the wireless LANs are gaining more ground these days due to portability factor.

Challenges faced by SIs and SPs and solutions from vendors

S.No	Challenges	Solutions	Spokesperson	Vendor
1.	Channels need help especially on large complex cases on the pre-sales, sales and post-sales and other than creating and owning newer account, a major significant challenge is to acquire existing installed base to the next level	D-Link supports the partners according to their requirement. As a vendor, we help in offering what comprises pin to pin solutions	Jayesh Kodak, VP- Product Management	D-Link India Ltd

2.	Value proposition to the customer is the key challenge	As a vendor, Dax offers solution-based approach so that partners can differentiate themselves in their offering. We have designed niche solutions with which partners can offer better RoI and truly make IT a business enabler	Sudha Jagdish, COO	Dax Net
3.	Integrating products from various vendors and various standards	It would be very easy if they follow the technologies of open standards like IEEE. We provide technology to the partners that are open standards and that can be easily integrated with other solutions	Upendar Jit Singh, Channel Sales Manager	Juniper Networks
4.	Often, channel don't get a solution based product line and have to pick different solutions from different places	Keeping this in mind, we are looking forward to proving a whole suite of solutions to the partners	Muthu Logan, CEO	Brovis Networks
5.	1) Due cash crunch, the IT investments are delayed by the companies 2) Due to overall economic environment, customers tend to push back some of their replacement or upgrade decisions on their network	1) Cisco offers more aggressive financing solutions to partners to convert customers capex purchases into opex, so that the demand for Networking solutions continue 2) Cisco has launched couple of programs to get the best out of the customer's existing investments. The Cisco Technology Migration Program (CTMP) is a trade-in migration program that encourages end customers to trade-in their installed base of Cisco networking products and strategic competitive products. End customers earn trade-in credits which serve as an upfront discount towards the purchase of new Cisco solutions	R Dhamodaran, Sr VP, Channel Operations and Commercial Strategy, India & SAARC	Cisco

Vendors in the space

Products such as switches, routers, modems, WLANs constitute the active networking space. Cisco, Juniper, D-Link, Nortel, 3Com, HP Procurve are the big players in this space. According to DQ Top 20, 2008, Cisco continues to be the undisputed market leader in those areas, which it operates. Only Juniper has registered higher growth than Cisco in the router segment, and with the launch of its switches it is expected to give tough competition to Cisco. Even though there have been other players like 3Com in the market, that has established networking product portfolios, the results haven't been that satisfactory, as the company is on the verge of shutting down its operations in India and has been talking with a Mumbai-based company to take control of its Indian operations. The channels of 3Com felt that the company hasn't been doing an impressive job in India. Besides 3Com, it is also said that HP's networking company ProCurve also not been so aggressive in the market. The DQ Top20 had also estimated that D-Link, another major player in the networking segment posted static growth in all areas except WLANs.

Factors contributing to growth

As discussed earlier, the active networking components have been the backbone for the IT infrastructure for any organization. Apart from telecom vertical, there are other major verticals that contribute to the growth of these active networking products. According to Upendar Jit Singh, Channel Sales Manager-India and SAARC, Juniper Networks, "There are four major verticals that contribute to the growth of active networking products apart from telecom, which is the key vertical for us. These include IT and ITeS, BFSI, education and government." For Muthu Logan, CEO, Brovis Networks, there are many solutions that are coming in and are catering to large number of verticals apart from the

stereotypical ones. "I would say that the video surveillance, hospitality and residential, infrastructure, large enterprise where multimedia is in key usage are places where the active networking solutions are playing a key role," said L

Enterprise Networking: Overview

	FY 08	FY 07	Revenue (in F crore)
			Growth%
Routers	1,810	1,437	26
Switches	2,316	1,980	17
Modems	390	335	16
Structured cabling	1173	817	44
WLANs	210	150	40
Others*	1,019	824	24
Total	6,918	5,543	25

Source: DQ Estimates

Convergence is another factor that is driving the adoption of the networking segment, especially the convergence voice and video applications. As more and more offices are connected through video and audio conferencing, companies are installing high performance networks that are able to deal with the additional load. Consolidation of branch offices, new data centers and increase in demand of bandwidth applications can be termed as major growth drivers.

SMB is another segment that is contributing to the networking industry to a great extent. Almost all the networking companies have a solution targeting the SMBs, which clearly shows the focus of vendors in that segment and the market potential. The vendors feel that the SMB segment is still spending on IT even though large enterprises have down their expenses. According to the market estimates, the SMB currently spends 30-40 percent of total market spend.

IP telephony solutions, Gigabit Ethernet, backbone switches for network up gradation, security solutions, layer 2 & layer 3 switches, draft N Routers, IP Sec VPN firewalls, voice and video gateways, IP surveillance, RAID5 storage etc are some of the networking solutions that are seeing good adoption among the enterprises. However, due to the fact that the notebooks are gaining huge uptake among the end-users, the market for modems are said to be decreasing. The adoption of broadband among the SMB and SOHO group is said to expand the market for xDSL modems, which stands at Rs 180 crore.

Growing WLAN

Wireless LAN is another area which has a lot of potential and the adoption has also been increasing on a regular basis among the enterprises. The WLANs is one of the fastest growing products among networking products and the main driver of this has been the Wi-Fi adoption. "Wireless is moving from luxury to necessity category for both SMB and enterprise. In the Enterprise space, the concept is towards unified wired and wireless Solution. In the next 10 years wireless networks will replace the majority of wired networks, mostly because of the introduction of 802.11n and because wireless is often cheaper and easier to install and maintain than its wired counterpart," claimed Jayesh H-Kotak, VP-Product Management, D-Link India.

Intelligent networking solutions

Over the years, the role of networks have evolved and today the networks are expected to offer increased and diversified functionality as organizations face the demands for increasing scalability of the infrastructure, integrate new comp

technologies, support new business applications, facing security challenges and increasing system integration costs. Organizations are finding ways to increase the agility needed to respond to and capitalize on market changes, while decreasing costs.

These requirements have made vendors incorporate the concept of intelligence into their solutions. Adding intelligence to the network has enabled applications and services to operate more effectively. "Today, routers have matured to become an intelligent network device. Routers have the capability to integrate key features such as content processing, VPNs, firewalls and load balancing. Wireless capabilities are also becoming popular, replacing the need for separate wireless access points for small office networks for eg Cisco's range of Integrated Services Routers (ISR) offers a concurrent services, including secure IEEE 802.11 wireless LAN capabilities services as a single resilient system. On the other hand, switches have more punch with greater processing speed," informed R Dhamodaran, Sr VP-Channel Operations and Commercial Strategy, Cisco & SAARC.

Logan of Brovis Networks too felt that solutions like 10G, where the routers are integrated with VPN capabilities, security management firewall etc are being integrated with the wireless solutions. According to Singh of Juniper Networks, PoE is a very important emerging technology. "The wireless networks have multiplied over a period of time and is deployed. If there is an access point it becomes very easy to connect it to the switch and power it. Apart from the modular operating system on the switch is also an emerging thing, where customers could operate routers, switches, VPN, firewall on the same operating system that makes life easy for the IT managers," said Singh.

Dhamodaran of Cisco opined that currently the world has entered the second phase of Internet and although collaborative technologies and 'Web 2.0' have been around for many years, employing them through entire organization can be made possible only by the intelligent network. "The network connects every part of the IT infrastructure from servers to applications, middleware, and end points. The network has the potential to improve the performance and functionality of every element of the IT environment and bring benefits to all organizations and people within the enterprise. More and more intelligence has been added to the network, and is becoming a platform service oriented network architecture," quipped Dhamodaran.

NR Sethuraman
sethuramannr@cybermedia.co.in