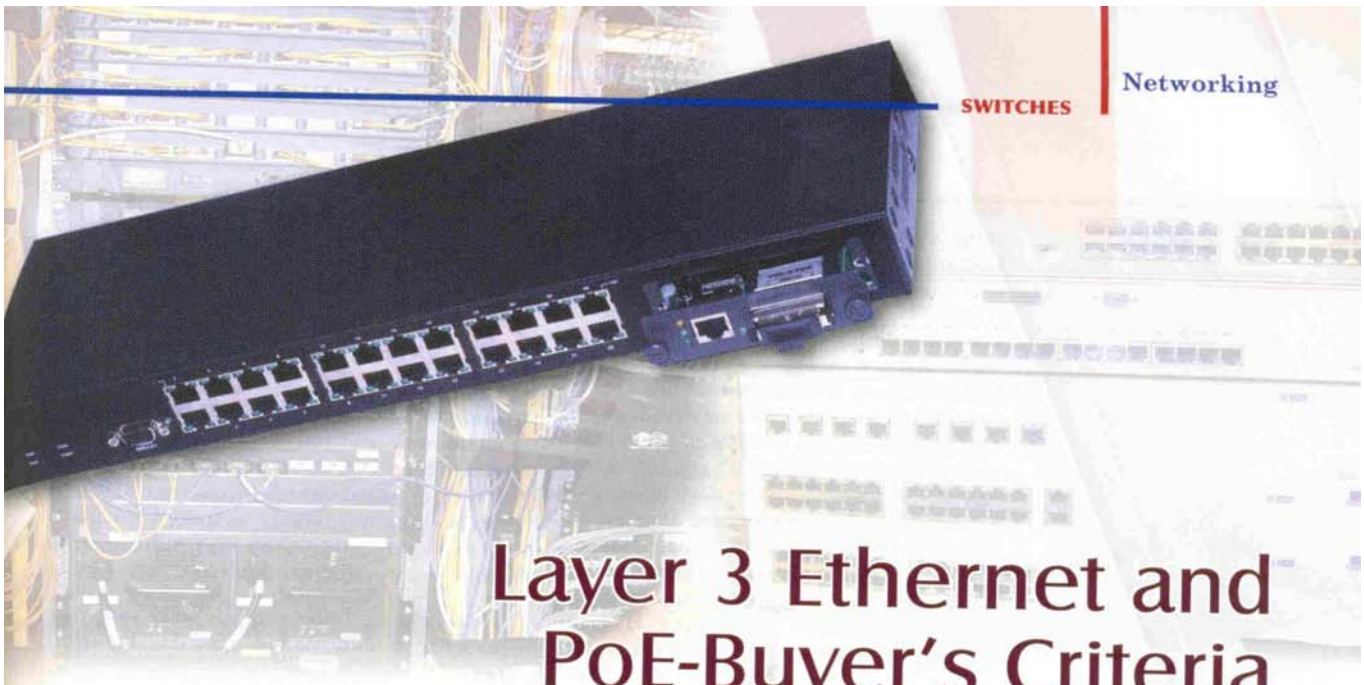
COMMUNICATIONS TODAY



Layer 3 Ethernet and PoE-Buyer's Criteria

Growth across key sectors of the Indian economy like manufacturing, **infrastructure, banking,** government, defense, IT and ITeS, telecom, outsourcing/off shoring, **retail, SMB, etc.,** is driving the market.

The Indian switches market was valued at Rs. 2,316 crore for the financial year 2007-08 growing at a CAGR of 20 percent over the previous financial year. Growth across key sectors of the Indian economy like manufacturing, infrastructure, banking, government, defense, IT and ITeS, telecom, outsourcing/off shoring, retail, SMB, and the like, is the biggest growth driver. The other growth drivers for the switches market include:

- Move toward consolidation, virtualization, and automation of datacenters
- Growth in the complexity of networks and demand for solutions that help integrate security with every aspect of a network to create an end-to-end integrated security system
- Acceptance of IP as the next wave in communications across all segments as enterprises realize the value of VoIP given its inherent cost effectiveness, ease of deployment, and management.
- From a technology perspective, the network will become a platform for the delivery of applications and services, thus enabling collaboration.

MARKET TRENDS

The Indian market is moving toward adopting a high performance network as businesses demand more from IT. Today, network performance has matured drastically and the criterion for buying and operating has changed dramatically. In this scenario, the Indian switch market has transformed significantly with wide adoption of world class IT networks across all verticals. Convergence of voice, video, and applications is driving huge investments in high performance networks. Metro Ethernet deployment too is fuelling this growth. On the technology front, greater traction will come from the increased adoption of collaborative technology, unified communications, datacenter, and security solutions in India as trends like remote working catch on and enterprises focus on productivity improvement.

Internationally, one sees increased penetration of PoE (Power over Ethernet), decline in the prices of gigabit and 10 gigabit ports, migration to higher performance switches and growth of 10 gigabit switches. Greater functionalities are delivered via the LAN switching infrastructure like added/integrated security, integrated wireless, virtualization, and more. Another noticeable trend is evolution of SP carrier/metro market. The prices on the gigabit switches are coming down, though fast Ethernet still dominates.

MAJOR PLAYERS

Cisco is the market leader dominating 70.6 percent of the market. Other key players competing to capture the growing demand include Dlink, Nortel, Dax, 3com, HP Procurve, Enterasys, Linkquest Telecom, MRO Tek, and Accent Net Technologies. Juniper is a new entrant in the market.

Switches should support intelligent **services that** consistently address these requirements from the **desktop to the** core and through the WAN.

Cisco is focusing on making its solutions more compelling through offering flexible leasing and financial services to customers and channel partners in India by launching 'Cisco Capital'. Cisco's Ethernet switches provide reliability, scalability, and rich features that can meet business needs in a cost-effective, easy-to-manage manner. Designed specifically for organizations with fewer than 250 employees, the platforms provide wire-speed, fast ethernet, and gigabit ethernet connectivity to deliver the performance their business applications require. Dax networks recorded total sales of Rs. 26.4 crore in the FY07-08 and its total market share was 1.2 percent. With 20-years' experience and expertise in Indian networking, Dax offers products and solutions that are innovatively designed, which result in customers saving 20-40 percent on the total cost of ownership over 3 years. It offers a customer support in terms of extensive after sales services. MRO-Tek, despite the fact that it controls less than one percent of the market, entered into some major contracts worth approximately Rs. 2.65 crore with Elecon, L&T, and TA Pai institute of management in FY07-08.

CHALLENGES

Remote management in telecom infrastructure networks and establishing un-manned kiosks is a big challenge. No back up termination on switches in the last mile links that result in low uptime, and intense competition prevailing in the market are some of the market-related challenges. Applications, and the network infrastructure of switches and routers that transport them, are crucial tools for enhancing user productivity and increasing an organization's ability to grow and remain competitive. Large enterprises, small businesses, educational institutions, and government agencies alike must optimize their network switching. Organizations are pumping in greater investments for providing greater access to advanced applications across extended geographies, which creates new network infrastructure demands, including requirements for:

- More network switch capacity to support bandwidth-hungry applications
- Converged services support including IP telephony, voice over WLANs, and video services
- High enterprise-wide availability and uninterrupted access to information assets
- Greater protection against internal and external security threats
- More manageable solutions as IT administrators seek to reduce cost and complexity of network switches

FUTURE OF SWITCHES MARKET

Companies use their networks to extend their market reach and communicate with their customers and partners quickly and cost-effectively. But swift and agile e-business is a double-edged sword—access can also open up businesses to costly security breaches. It is more important than ever to have a reliable, secure, and available network.

Networks in India and globally today are evolving to address four new developments

- Increase in desktop computing power
- Introduction of bandwidth-intensive applications
- Expansion of highly sensitive data on the network
- Presence of multiple device types, such as IP phones, WLAN access points, and IP video cameras

These new demands are contending for resources with many existing mission-critical applications. From a market perspective, the traditional high growth segments will continue to be IT/ITES and BFSI. In the coming years, Layer 3 standardization and embedded power over Ethernet in all Switches (POE) will be the standard buying criteria.

As companies increasingly rely on networks as the strategic business infrastructure, it is more important than ever to ensure their high availability, security, scalability, and control. Switches should support intelligent services that consistently address these requirements from the desktop to the core and through the WAN.

Smart and intelligent switches help enable companies to realize the full benefits of adding intelligent services into their networks. Deployments of capabilities that make the network infrastructure highly available to accommodate time-critical needs, scalable to accommodate growth, secure enough to protect confidential information, and capable of differentiating and controlling traffic flows is critical to further optimizing network operations. ■