

MID-YEAR
REVIEW

Wired

Structured cabling market in India is all set to boom, with new opportunities in datacenter and infrastructure projects

By Radhika Nallayam

Illustration by Unnikrishnan AV

A STRONG BACKBONE is definitely an invaluable possession. Structured cabling, thus, is being looked upon as the most critical component of any network. Companies of all sizes are investing on making their cabling system more robust so that it becomes reliable at all times. India, true to form, is one of the fastest growing market for structured cabling, with all the leading vendors betting big on the various opportunities from different industry verticals. After going through a tough period during the recession, the structured cabling market in India is all set to boom.

The structured cabling market in Asia Pacific (including Japan) was predicted to hit \$1.53 billion in 2010, according to an AMI Partners' research. The fastest growing market in the region is India, with a CAGR of 46 percent in the datacenter structured cabling market according to the agency. There is going to a huge-sized opportunity for the vendors and partners in this market.

The size of the structured cabling

market in India is estimated to have reached about \$248 million in 2009, according to IDC reports, and is growing at a rapid pace of 35 percent CAGR. According to the research firm, this figure is expected to touch \$327 million in 2010. An estimated 80 percent of the market is still copper-based, while the rest of it is driven by fiber. Within copper, 40 percent is CAT 5E and 55 percent is CAT 6 and 5 percent is CAT 6A.

There are however different types of estimates. Alamuri Sitaramaiah, Director Sales and Marketing, Fluke Networks India says, "There are various counts on this in the market, depending on what you include to be part of passive networking market. The data could include just the cable and cable assemblies, connectors and connecting hardware. Other counts could include racks and panels, pathways and panels, labeling and documentation as well as testing services. It is estimated to be a Rs 800 crore market for the cable and cable assemblies, connectors and connecting hardware."

Vendors are expecting that the growth rate will go up further, fueled by the deep infrastructural investment happening in the country. "There are huge investments being made across all the verticals and sectors. We believe that this will result in rapid technology adoption and IT penetration. This will definitely call for investments in structured cabling," says Mohit Anand, Managing Director, Belkin India.

DRIVERS

The booming infrastructure segment in India is definitely a huge opportunity for the structured cabling players. Every new building and commercial complexes are now insisting on the need to have a robust structured cabling backbone. Besides, the government and education sectors are the other drivers. Millions of government schools are now being computerized and it calls for investments in cabling and networking.

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leverage Information Technology for competitive advantage as well as cost reduction. Such investments in IT are also being aided by rapid and massive advances and penetration by telecommunication infrastructure," says Alamuri Sitaramaiah of Fluke Networks. Besides, increasing investments in new data centers in terms of upgradation and consolidation and disaster recovery centers, leads to the need for better cabling systems and solutions.

Sectors like BFSI, telecom, healthcare and many more are going for expansion and are coming up with more branch offices. Also, there are massive investments in IT in government-initiated projects such as UID and also in creating national backbone for Defense for vacating the spectrum for 3G and BWA applications. These are some of the high-visibility projects that are driving demand in the market.

The fact that penetration of data

centres is still quite low will further drive this market. At the enterprise segment, more and more new data centers are coming up. Companies are waking up to the reality of owning a datacentre, regardless of the size.

Besides, companies that already own a data centre are now on the verge of expanding their infrastructure and are thus fueling the growth of this market. "As companies go into expansion mode, they are going to require more people and thus more space. This will result in increased number of servers and expansion of data centers, which eventually necessitate the need to invest in structured cabling.

TRENDS

The new age data centres are stimulating the need for better technologies in structured cabling. For example, as the new data centers become more 'green', the cabling solutions are becoming compliant with the new safety and green standards. The use 'intelligent patch panels' in data centres has gone up in last few years. "Enterprises are now looking at centrally monitoring and controlling the networks as it reduces the manpower required," says Subhashini Prabhakar, CTO, Dax Networks.

Another driver for this market is the 'bandwidth hungry' applications that are running at the front-end. Today's networks are expected to have the robustness to carry huge amount of data, voice and video. In addition, companies want to access them at



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SUBHASHINI PRABHAKAR, CTO, DAX NETWORKS

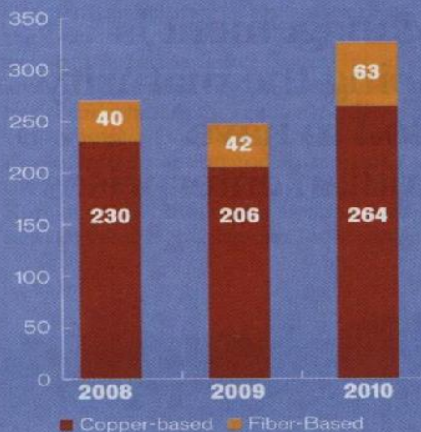
“The main driver for the structured cabling market is the need and therefore the investments by enterprises and government to leverage Information Technology for competitive advantage”

ALAMURI SITARAMAIAH, DIRECTOR, SALES & MARKETING, FLUKE NETWORKS

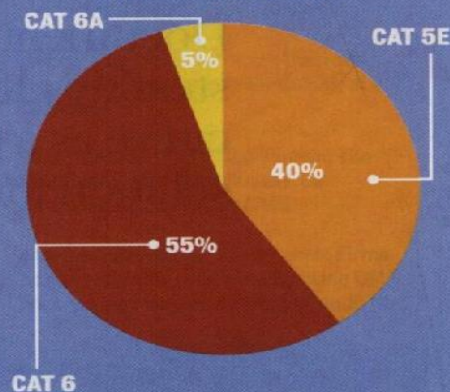


INDIAN STRUCTURED CABLING MARKET

COPPER IS STILL KING



COPPER-BASED STRUCTURED CABLING MARKET



CROWDED MARKET WITH MANY PLAYERS

- Tyco
- Digilink
- Systemax Commscope
- Sterlite Technologies
- Molex
- Reichle & De-Massari
- ADC Krone
- CDT Belden
- Schneider Electric
- Dax Networks
- Panduit
- Leviton
- Siemon
- Nexans

SOURCE: IDC

any time from anywhere.

"Consequently, the network has to be robust enough to give high throughput and lower response time. Only then the users can access real time data in a fast and secure manner. This drives the structured cabling market upward in terms of 'spec' and higher in terms of volume," says Anand of Belkin. "Convergence of industrial and security applications to IP will drive more deployments of structured cabling and wireless LAN," adds Sitaramaiah, of Fluke Networks.

On the copper side, companies are now increasingly graduating to CAT 6 and CAT 6A. Currently, the CAT 5A is a smaller pie in the market while comparing with CAT 6. "Companies are insisting on having Cat 6 as a minimum," says Prabhakar of Dax.

At the same time, more and more companies are expected to graduate to fibre based networks. The only hindrance for the adoption of fibre has been the cost.

"A fibre solution is still much more expensive than a copper solution. Besides, as fibre is extremely tough to deploy, companies are facing the lack of technical resources who can do the job well," says Anand of Belkin. However, this is considered as

the initial challenge that any new technology would face in the market. As fibre technology picks up, the difference between the prices of fibre and copper would become smaller, further intensifying the growth of fibre.

Prabhakar of Dax adds, "Though fibre would not completely replace copper, we do see a strong trend towards fibre among our customers." In spite of everything, companies can't ignore the need to have a network that can assure speed, safety and reliability and thus fibre is eventually going to pick up in a big way. Within the fibre space, new promising concepts like 'fibre to the desk'

80%
of the structured cabling market is still copper based, while the rest is fiber, according to IDC

are picking up pace.

10G is predicted to be another game changer in the structured cabling industry. "Increasing deployment of 10G Ethernet especially in data centers as well as in campus is going to be trend worth watching," says Sitaramaiah of Fluke Networks.

However, there are conflicting observations in the industry. "If you ask me, 10G is what is popularly referred to as Cat 6A," says Anand of Belkin. "Because, Cat 5E is piping data at 100 Mbps, while Cat 6 pipes data at 1 Gbps and Cat 6A does it at 10 Gbps, which precisely means 10G," he adds.

The recession had made a lot of companies to put their expansion plans on hold. With the economy rebounding, the growth drivers of the market are back. Fluctuating copper prices have been a big concern for the players in the structured cabling market over the last few years. "Copper price fluctuation is big challenge and it has made forward pricing impossible," says Prabhakar of Dax.

While this market is predicted to witness an upward curve, one thing is sure. New technologies and newer customer demands would create faster and reliable networks that can support heavier applications and cater to the needs of diversified users. ■