



Boom Time Ahead

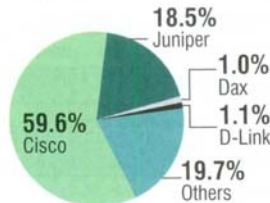
With companies witnessing expansion, the routers business is also forging ahead with potential for providing integrated and highly secure solutions

The business of routers, especially in India, is laden with potential as many successful enterprises are now opting for better connected and integrated network solutions. Growing companies, especially those seeing expansion by way of new offices, are taking advantage of integrated network router solutions. These are highly secure, flexible, and built to be compatible with future technologies.

Globally and in India, the market is moving towards integrated devices with built-in multiple capabilities. Today, vendors are introducing routers that have the capability to integrate key features such as content processing, VPNs, firewalls and load balancing. Wireless capabilities are also popular, replacing the need for separate wireless access points for small office networks. Security is a big focus area and this is evident from the new products being

MARKET SHARE

Total Market Size: ₹3,405 crore (FY 2010-11)



V&D Estimates

introduced by all vendors.

Cisco remained the market leader with revenue of ₹2,031 crore showing a jump of 25% from its last fiscal's revenue of ₹1,620 crore. Though the market grew just above 8% during the period, the top 3 players grew in double digits. Second placed Juniper showed more growth than Cisco, posting revenue of ₹631 crore for FY 2010-11 from ₹500 crore in

FY 2009-10. D-Link also performed pretty well showing growth of 12% compared to FY 2009-10. In FY 2010-11 it posted a revenue of ₹38 crore. However Dax, an important player in this business, could not reach its own estimates. It showed a negative growth of 10% and posted a revenue of ₹35 crore. The overall router market clocked ₹3,405 crore in FY 2010-11 from ₹3,134 crore in FY 2009-10.

The National Stock Exchange, is one of Cisco's biggest India clients. The company has deployed various core technology products to enhance network performance, security and scalability. Cisco has also provided high-level design and installation of a complex 3-tier network architecture with Cisco 7600 Series Routers, Cisco Integrated Services Routers, and Cisco Catalyst 6500 Series Switches with Cisco Firewall and Intrusion Prevention System modules. The system is designed to provide enhanced security, intelligent load balancing for business continuity,



Routers

and better collaboration and integration across 3,000 NSE member locations.

Service providers are focusing on reducing capex and opex while looking at seamless capability to upgrade existing infrastructures. 3G/BWA accelerates this need for rapid build out of their core and back-haul infrastructure. There are also business models that allow sharing of resources across multiple providers to reduce cost of operations. All these critical parameters drive the way routers are deployed and the set of features which are mandatory. Juniper Networks' MX series of routers came out as a clear favorite in this segment.

Enterprises are looking at routers that support features like 3G, UTM, in-built switching at affordable price points. This simplifies operational complexity and adds tremendous value to the business.

Cisco's routing solution for home segment through LinkSys also saw pretty good momentum during the last fiscal, mainly because of the increasing demand for multimedia services. The company has partnered with Neoteric Informatique and has been working with them to strengthen its presence in tier 2 & 3 cities. Linksys has also tied up with over 2,000 stores across India, including large format retailers like Reliance Digital, Croma, Staples, and Hypercity.

The Growth Drivers

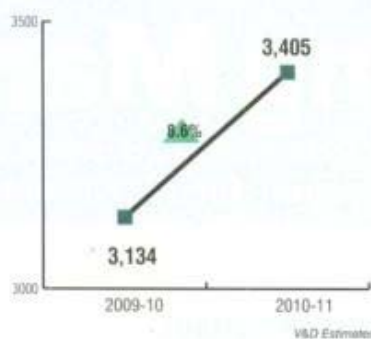
The prime growth driver gaining momentum today is aligning an organization's connectivity objective with the business objective. With the recent growth in cloud computing, enterprises are beginning to consolidate their IT requirements into a single pool where they have the flexibility to scale up. Deploying enterprise applications like ERP, SCM is becoming a norm, thus leading to increased adoption by all enterprises, including SMEs in remote areas. Multinational companies establishing their presence in India are setting up connectivity between their domestic offices. Many state governments, PSUs and banks have realized the importance

Top Players (FY 2010-11)

Players	Revenue (in ₹crore)		Change (%)
	FY '10-11	FY '09-10	
Cisco	2,031	1,620	25.4
Juniper	631	500	26.2
D-Link	38	34	11.8
Dax	35	39	-10.3
Others	670	941	-28.8
Total	3,405	3,134	8.6

V&D Estimates

MARKET SIZE (in ₹crore)



of IP networks and are planning for huge network rollouts. This sector has the capacity to push the average network growth rate to 45%.

In addition, newer networking technologies and applications are driving organizations to deploy networks of the scale and complexity never seen before. The pressure to reduce costs amongst budget constraints and competitive pressure is making organizations search for innovative ways of designing, building and managing networks.

Collaboration clearly is the number one solution from a networking standpoint. Unified communications solutions allow customers to collaborate within their organization, between their functional groups and communicate more effectively with their partners and customers. This was the

trend last year and will continue into this year as well especially within larger companies. UC includes a number of applications all the way from direct voice calls to multichannel voice data communication.

The second big area that we are seeing a lot of interest in is data centers. IT is becoming a strategic part of the business strategy for organizations. In order to access the right information at the right time, the data center and technology around the data center are increasingly becoming important.

What Lies Ahead

The market is now inundated with a lot of portable gadgets that use different media streaming and sharing technologies. As a result, data flow is not from a single source point anymore. Consumers can access data from multiple sources and these devices need to be interconnected. For example, if an iPad user wants to connect to the internet, WiFi is the most practical and common option. Take another scenario, where users want to stream content to their PMPs or HDTV from a media streaming device, they need to be connected wirelessly and router does exactly that. Since there is an increase in the streaming of content, we see an upward demand for the routers as well.

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