

but, somehow market looks... **Back on Track**

The demand for high-end technology by end-users has brought an opportunity for the structured cabling business to grow

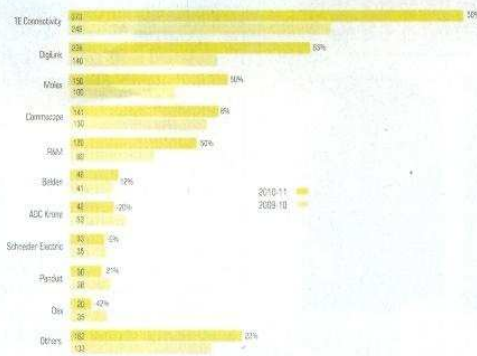
PRAGYAN ACHARYA

In FY10, every segment which relied on the developed market and most often lucrative IT/TeS vertical faced the brunt due to global recession. Quite unlikely, structured cabling which has always been a hot business area, was no exception to the ripple effect caused by recession. Except for Dax Networks and R&M, other players in this segment incurred losses in FY10. The market stepped towards the growth trajectory in the last fiscal after tolerating degrowth for nearly 2 years. It was an uphill task for the vendors as they had to adopt aggressive marketing strategies to reach to the customers and cater to large number of new customers but it was a lesson learnt for all those who did not take any other vertical seriously except for IT/TeS.

The market seems to be in a positive mood. The willingness of organizations to deploy internet led applications, IP applications, virtualization, and high computing business needs is swinging more number of customers to various structured cabling solutions. The Indian structured cabling market stood at ₹1,345 crore last year as compared to ₹1,033 crore in FY10. Undoubtedly, the industry revived from recession and certain projects which were immediately halted due to recession resumed last year. At the same time, non-closure of certain telco projects has put growth expectations of many vendors on hold.

As per TE Connectivity, the word 'connectivity' substantiates their line of business better. The acquisition of ADC India Communications (formerly Krone) in FY10 was the

STRUCTURED CABLING VENDOR DOSSIER



There was an increasing demand for 10G over last year. CAT 5 cables are on their way out and CAT 6 continues to gain ground. Cat 6A deployments were preferred among customers because of its capability to meet higher bandwidth needs in data centers and work stations. Fiber multimode is also transitioning to OM3. There was a shift towards converged networks and fiber

trend setter in the market in terms of consolidation. Recently, Schneider Electric acquired DigiLink. The 2 biggies, TE Connectivity

and Schneider Electric, could set a big challenge to other vendors or might pester them to a situation where they have to acquire

or merge with other players in the market. There was an increasing demand for 10G over last year. CAT 5 cables are on their way out and CAT 6 continues to gain ground. Cat 6A deployments were preferred among customers because of its capability to meet higher bandwidth needs in data centers and work stations. Fiber multimode is also transitioning to OM3. There was a shift towards converged networks and fiber. Data center implementation gained momentum. The major growth driver for structured cabling business in India was FTTx/FTTH.

REVIVAL OF THE MARKET

The structured cabling business has regained the lost ground in the last fiscal and the growth was back on track in double digits. The factors for the

Continued on page 6

Continued from page 1

lack of growth during the dull period have been incorporated primarily to the over-dependence on the US or the IT/ITeS sector. The vendors were shaken when their customers, mainly concentrated in the US and European markets did not invest the way they used to. This led to repercussions on the structured cabling market in India. Vendors tried out different ways to maintain themselves in the market during the slowdown phase. TE connectivity decided to focus on the SME sector and government when it realized that the IT/ITeS sector and other verticals were directly or indirectly hit due to recession. Though the deal size was not so big but it kept the business going. DigiLink which showed q-o-q growth through the recessionary period could maintain steady growth due to continued investments on its brand, product development, partnerships, and training. Molex and Commscope Systemax expect more growth in Category 6A solutions and intelligent networking solutions.

KEY MARKET TRENDS

Structured cabling is growing faster than before with the mix of network technologies. With the adoption of newer technologies like virtualization and convenience, which brings along with it to the end-users, is driving change. There is a change in hardware and software suite and the demand for high-end technology by end-users has brought an opportunity for the structured cabling business to grow. In the past, customers were holding themselves back from investing in many solutions like 10G and debate on shielded vs unshielded cabling resulted in delayed decisions on investments by customers. Customers were waiting to see some stability in the market, price cuts, and adoption of large-scale trends before budgeting on any of these solutions. A similar kind of pattern was also seen with 1G but in the last fiscal, broad scale adoption was witnessed. Vendors are not

only showcasing newer and better solutions but they are also making the price points attractive.

The adoption of Cat 6A grew significantly in the last fiscal with sales of 10G network gear driving the demand. 10G, without which many virtualization strategies would fail, is driving new business demands and is not merely limited to marginal network performance management. As these technologies become common, structured cabling industry along with network vendors have found a way to bring 10G infrastructure to every network at a reasonable price. It is predicted that 10G will grow exponentially. In preparation for the 10G migration, customers are refreshing the network with technologies that will support 10G. The largest single technology being deployed is Cat 6A UTP cabling which is again emerging as the dominant 10G ethernet physical infrastructure. Intelligent cabling is going to be a growth area. Companies are looking for an intelligent network with shortest downtime but at the same time, they do not want to overlook security and asset management issues.

VENDOR STRATEGIES

For TE Connectivity (formerly Tyco Electronics), it was a good year and it rechristened itself on March 25, 2011 as it wanted to connect to its line of business better through the new name. It had acquired ADC India Communications for its wide range of connectivity products for wireline, wireless cable, broadcast, and enterprise networks. Though the acquisition did not help TE to exactly revive out of recession but the company saw some amount of synergy by acquiring ADC. The acquisition also helped TE in adding Distributed Antenna System (DAS) products for the wireless market and expanded its network solutions offering. Through its 3 national distributors—Compuage Infocom, Ingram Micro and Redington India, 12 regional distributors and nearly 140 Netconnect design and Installation Contractors (ND&I) has expanded its geographical

reach.

DigiLink (now a part of Schneider Electric) focussed more on its product management and go to market strategies, prompt follow-ups on leads, pre-sales and post-sales service record, aggressive market promotions. In short, it made all efforts to create a good brand recall and brand perception. After the structured cabling business of DigiLink became a part of Schneider Electric, it targeted IT/ITeS, BFSI, telecom, manufacturing, hospitality, government, PSUs, and retail. Other important verticals were SOHO, SMEs, and channels.

Commscope Systemax adopted a very clear business plan of working with partners to ensure a tight distribution pattern to reach maximum number of

Frame (ODF), and specific cabling solutions for new verticals like energy.

Belden also joined the Merger and Acquisition (M&A) club along with TE and Schneider Electric. It had acquired Trapeze which was later sold to Juniper Networks and in the same year, it acquired GarrettCom and Thomas & Betts communications products business. Through this acquisition, Belden will be able to position itself as an end-to-end solution provider within the broadband/Cat 5, security and audio-video markets.

Dax Networks recorded a flat growth due to non-closure of most of its telco projects. Domestic market has been its focus throughout and the homegrown company is in no plans to eye at the

project of Andhra Pradesh. TE realized that they are not bagging enough deals at the IT/ITeS front, so it shifted its focus to the SME sector and government. It also bagged some deals from the manufacturing sector which contributed 10% to its total revenues.

FY12 will be an interesting year for DigiLink to watch out for. It will also get an opportunity to position itself in the global market. Its key projects have been in data center space which include CBI-DC&DR-2000 sq ft, UBI-DC&DR, Dena Bank-DC&DR, and NICSIDC. Other big projects were R-APDRP projects from 9 states, UID (Maharashtra), e-court (countrywide), e-panchayat, Mumbai International Airport, Maharashtra Gramin Bank, Sarva Shiksha Abhiyan (in 9 states), SBI Life, and NSEIT.

Molex has its presence in most of the verticals like manufacturing, government, PSUs, BFSI, industrial, education, and telecom. Though IT/ITeS was sluggish for the company in the last fiscal, it could generate good business from telecom and automotive industry. Molex's key projects were from Axis Bank, Lovely Professional University in Ludhiana, India Infoline, Jackson Engineers, Global Hospitals, Mahindra and Mahindra, NIT Agartala.

While IT/ITeS, manufacturing, and telecom showed significant growth over last year, verticals like BFSI, pharmaceuticals, hospitality, and automobiles also contributed to growth. Dax Networks, which is the only company in both active and passive structured cabling won projects from Directorate of Technical Education, SREI Infrastructure, Rajasthan Schools, Salem Steel Plant, Maharashtra LAN, Mannapuram, BSNL GPON installation on fiber, Kalyan Jewellery, Sai Infosystems.

CHALLENGES

With the structured cabling market getting back on track, the deployment of solutions has increased. First of all, there is a dearth of skilled labor in India to suffice the requirement of manpower. India has a scarcity of engineers

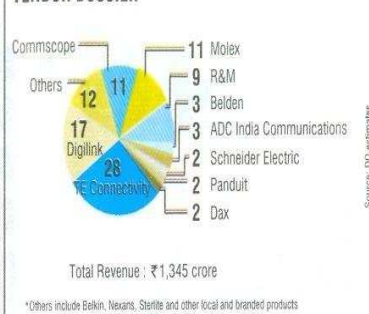
to install, trouble shoot, design, and warrant the networks. Another major challenge is the volatile pricing of copper which impacts business upto a great extent. There has been frequent price revisions for copper based products and this fluctuation in copper price pose a challenge for the customers to plan their budgets. Above all, cabling industry in India does not have any set of guidelines. It follows TIA/EIA 568B and other ISO standards.

FUTURE PROSPECTS

The structured cabling market moved towards consolidation and the market picked up really well in the last fiscal. Vendors in the market not only initiated newer products and solutions but they also tried to diversify their focus from few rewarding verticals like IT/ITeS, BFSI, and manufacturing. Structured cabling installations will see exponential growth as the infrastructural expansion has already started falling in place. Since 2009, the trend has been to achieve higher speeds of transmission in copper medium, starting from 1000 Mb/s till 40 Gb/s. In the near future, advent of 100 Gb/s could be expected. As the demand for various structured cabling solutions will increase, vendors will also come out with various packages with attractive price points. Exponential shift in technologies will take place and the rate of adoption of technology will also increase. Customers have taken cognizance and have equipped themselves to adapt to changes in future. As speed increases, parallel or mesh topology may evolve. Cabling connections are expected to grow in capability and number in the future.

When higher speed backbone technologies like 40G or 100G from copper to fiber is considered, there may be a shift in deployment. While there is some discussion of higher speeds on copper, there is no clear business case to substantiate this point. Fiber is considered as a 'one-time solution' but copper cabling still patronizes the structured cabling business because of its affordability.

VENDOR DOSSIER



In preparation for the 10G migration, customers are refreshing the network with technologies that will support 10G. The largest single technology being deployed is Cat 6A UTP cabling which is again emerging as the dominant 10G ethernet physical infrastructure. Intelligent cabling is going to be a growth area

customers. Despite giving a channel performance guarantee, it has also ensured that its partners have the required training, certification to sell their products like Systemax at a premium of 35%.

Both Commscope and Molex have realized the potential of intelligent cabling network in the coming years. Molex introduced MIIM 1.7, an intelligent solution for passive cabling and is engaged in promoting it. R&M sees huge opportunity for cabling in industrial environments and healthcare segments. The company had launched Single Circuit Management (SCM) fiber optic product range, Optical Distribution

foreign market in the near future. It had launched field installable fiber connectors and ADSS cables in fiber category, semi-intelligent copper patch panels, attenuators, and unarmoured copper cables.

DEALS BAGGED

For almost every vendor, key verticals like IT/ITeS, BFSI, manufacturing have always been the major focus areas. However like IT services companies, structured cabling companies also realized the importance of having a presence in the domestic market. TE Connectivity bagged projects from IBM, Vodafone, Etisalat, Aegis, and rural electrification

PROMINENT STRUCTURED CABLING PRODUCTS

Cabling Vendors	Products/Solutions
TE Connectivity	MPO, MPOptimate, MRJ21, AMP Sigmalink
	Hi-density Cable Management Platforms
	Intelligent Infrastructure Management Systems
Belden	IBDN 10GX System
	IBDN 4800LX
	FiberExpress Field-installable Connectors
Molex	Single Mode and Multimode Fiber Solutions
	Category 6A Shielded Solutions
	Intelligent Infrastructure Management
3M	NPC (No Polish Connector)
	VIIMS (Volition Intelligent Management System)
	Tool-less Information Outlet
Dax Networks	CAT5e, CAT 6, and CAT6A in copper category
	Multimode (50/125, 62.5/125um) OM1, OM2 & OM3, Single mode (9/125um) in fiber category
	Field installable fiber connectors, ADSL cables
R&M	Security System
	E-2000 Fiber Connector
	Cat. 6A RJ45 Module
Digilink+Schneider Electric	Collapsible Angular Shuttered Keystone Jacks
	LED based intelligent physical layer solution
	Intelligent Media Panels
Commscope	Node A universal multi-band, multi-service, software-based repeater platform,
	BrightPath fiber-to-the-home
Seimon	XLR8 Pre-Polished Fiber Connectors
	MTP based fiber Plug-and-Play solutions
	MapIT G2 next-generation intelligent infrastructure management
Nexans	EMAC
	Copper MPO solution