

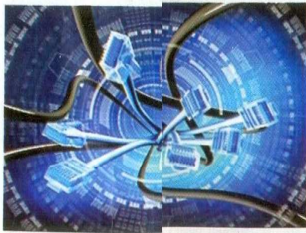
STRUCTURED CABLING

Vendors are striving to sustain growth

Harsh macro-economic realities have impacted the structured cabling market

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Structured cabling (SC) market seems to be poised with a growth of 30% in FY11 after de-growth of 22% in the last year. One of the main reasons for escalating the problem was recession and due to this, there was a major decline in spending by IT/ ITeS companies. Second, fluctuating LME prices also contributed to the decline and even today, this is one of the major concerns for all the vendors. But now the markets have



changed and sectors that are driving the structured cabling market include BPO, manufacturing, telecom, healthcare, retail, government and BFSI. But after growth, there is a change in the scenario and SC market is evolving with

a greater speed with much networking demands in the pipeline and the growth too seems strong as well. The implementation of new technologies such as cloud computing and virtualization are driving the growth.

MARKET TRENDS

The inclination of all organizations towards implementing more computing applications, virtualization, etc, are attracting more customers in the market. Huge expansion in infrastructure, communications and

consumer segments are enabling SC market to fuel this growth. SaaS, online citizen services, on-demand entertainment, evolution of mobility devices, etc, are growing to demand high capacity and high bandwidth requirements.

Extension of urban lifestyle to rural areas is another area which is going to increase the SC market across the length and breadth of the country.

Each and every vendor is playing well in the market, though Dax and R&M were the only players not affected at the time of recession. Acquisition was one of the key market trends observed with TE Connectivity acquiring ADC, DigiLink becoming a part of Schneider Electric, helped these companies strategically.

Speaking about the same, Mylariaiah JN, country technical manager, enterprise networks, TE Connectivity India says, "The market has evolved rapidly. While we are looking at high-end networks with managed connectivity and high density networks for DC on one end; with the IT expansions in B, C and D class cities, the network requirements in these sections are also growing very fast. The recent upward trends are also influenced by a number of government projects from both central and state governments, which will impact network expansion in a positive manner."

Further Subhasini Prabhakar, chief technology manager, Dax Networks added, "Organizational growth, use of converged networks, new applications, demand for data centers and network virtualization have served to increase the importance of structured cabling solutions (SCS), and corporate networks in India in recent years."

The structured cabling market will see exponential growth, as infrastructural expansion has already

started falling in place. The future looks bright for structured cabling market with almost all major industries vouching for it. We see greater preference of CAT 6 copper cables among the customers which can be attributed to the boom in data centers and as a whole the market seems to be completely revived."

Speaking about the same, Martin Isaac, manager, marketing, Molex India says, "Cat 6

system in copper forms the default choice of the customer with single mode and OM3 seeing increased deployment. Telecom and infrastructure projects have scaled-up in SCS deployments. The older establishments which were on unstructured cabling are migrating to SCS when they renovate or upgrade their facilities. Uptake of 10G systems is on the increase, generally by the large enterprises that are looking to implement the latest cabling technology to ensure longevity. There is a higher uptake in the BFSI and manufacturing research vertical."

PERFORMANCE

The companies are growing on a q-o-q basis, some attributed this to their approach of educating customers, some by expansion, amongst others. Since various scams came into purview, which some vendors feel have impacted their business, as decisions were delayed. Globally TE Connectivity closed the FY at \$14.3 bn but did not reveal Indian figures.

Prabhakar said, "Performance has been moderate and was below our expectation. In FY10,

we had good success from projects like GPON. The second phase of the same was expected in FY11. Because of various reasons including 2G scam, decisions were delayed and it impacted our performance. We did achieve success from other land-mark projects like WiMax.

CHALLENGES

There are few challenges which are deeply affecting the SC market. At first, fluctuating copper prices in London Metal Exchange affected each vendor over the past 1-year. Also, the performance of IT/ITeS sector directly impacted the SC market. Trained manpower is another problem area for most of the vendors and they are coming up with solution to address it.

TE Connectivity points out the challenges, "The SC market faces with 2 major challenges. One is the availability of trained and skilled man-power to install, certify and design networks and the other is the volatility of copper prices. We have been able to address the first challenge through structured training programs like AMPACT training for installation,

certifying, troubleshooting and designing premises cabling; similar training in data center installations for intelligent infrastructure solutions. Other than this, we also conduct regular partner trainings, both formal and informal. The challenge of rising copper pricing is not in the hands of manufacturers. Hence, it can't be easily addressed and most vendors have been forced to raise pricing for copper products in order to meet the pricing challenge."

R&M has found out an unusual way to find out the ways to lower down the problem. Shajan George, technical director, R&M India says, "We now have regional technical teams deployed all over. Therefore, we give on-site training at the time of installation. So the regional team goes to the site during the installation and audit the site, which normally in the Indian market, people don't do or they do it after the completion. Then, you can't do any changes, but we stand along with these technicians on the site and try to give some handfull training there. This is easier than the classroom training."

THE INDIAN STRUCTURED CABLING MARKET



Source: DQ estimates

The market was in a positive mood when the industry revived from recession and some infrastructure projects that got halted earlier resumed last year