APAC Data Center Networking - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030

Market Report | 2024-02-17 | 90 pages | Mordor Intelligence

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Report description:

The Asia-Pacific data center power market reached a value of USD 7.23 billion in the previous year, and it is further projected to register a CAGR of 9.7% during the forecast period.

Key Highlights
-Asia Pacific is experiencing strong adoption of visualization tools, specifically standalone visualization. Increasing data traffic along with increasing data center constructions and servers is laying the demand for networking solutions.
-The upcoming IT load capacity of the Asia-Pacific data center construction market is expected to reach 23K MW by 2029. The region's construction of raised floor area is expected to increase 74.5 million sq. ft by 2029.
-The region's total number of racks to be installed is expected to reach 4.2 million units by 2029. India is expected to house the maximum number of racks by 2029.
-There are close to 160 submarine cable systems connecting the Asia-Pacific, and many are under construction. One such submarine cable that is estimated to start service in 2024 is Southeast Asia-Japan Cable 2 (SJC2), which stretches over 10,500 km with a landing point in China, Taiwan, Japan, South Korea, Thailand, and Vietnam.

APAC Data Center Networking Market Trends

IT and Telecom to Hold Significant Share

- In Asia-Pacific, the hyper-connectivity environment has reinforced the importance of telcos, which play a foundational role in

supporting consumers' and enterprises' connectivity and collaboration needs. Across Asia-Pacific, 75% of the operators registered positive revenue growth. South Korea is second only to Hong Kong in the world rankings of telecom market maturity.
- South Korea is also on the leading edge of the latest telecom technology developments, including around 6G. In terms of investment, in November 2022, Malaysian telcos Celcom and DiGi approved the merger agreement. Once the two companies are fully merged, the new entity will be one of the largest carriers in Malaysia, with over 20 million subscribers.
- The advent of 5G in the Asia-Pacific region has accelerated small-cell deployment for high-speed network connectivity. Many nations have created exemption standards that can be applied when deploying new Small Cells. For instance, in Singapore, The Infocomm Media Development Authority (IMDA) has directed the building developers and owners to provide rooftop spaces free of charge for telecommunication equipment the telecom providers.
- Regarding IT infrastructure, the Southeast Asia data center market is expected to shift majorly towards adopting switches with a capacity of over 40GbE and flash storage devices. Data localization law has been a major driver for data center construction in countries where operators must develop facilities to store data and information within their borders. Data localization in Malaysia, Indonesia, and Vietnam has been a boon for the growth of the data centers in such countries, leading to major networking solution adoption.
- In March 2021, China's Ministry of Industry and Information Technology unveiled a proposal to broaden the country's gigabit network's coverage to benefit more people. The companies in the China region are developing a new Ethernet physical layer to provide better services to their customers.
- For instance, in December 2021, T2MIP, the global independent semiconductor IP Cores provider and Technology experts, announced the licensing to a top Chinese Semiconductor business of its partner's GbE (10-100-1000 Base-T) PHY IP Core in 28FDSOI process node for Broadband Access Network application. The silicon-proven 1G Ethernet PHY IP Core is in mass production. The ST 28FDSOI process technology Gigabit Ethernet PHY IP Core is taken from a production chip with low power consumption. It is compatible with 10BASE-T, 100BASE-TX, and 1000BASE-T networks.
- In April 2022, Internet Multifeed Co., the provider of JPNAP, one of Asia's most significant Internet exchanges (IX1), Internet Initiative Japan Inc. (IIJ), an internet service provider (ISP) in Japan, and NTT Communications Corporation, the ICT solutions, and international communications business within the NTT Group, announced that they had conducted the first successful IX interconnection in Asia utilizing 400-gigabit Ethernet, which has four times the traffic bandwidth of regularly used 100-gigabit Ethernet. Such initiatives are expected to showcase a positive market demand.

India to Hold Significant Growth

- India is one of the fastest-growing economies globally, and due to the combined impact of the growth of several end-user segments utilizing networking systems, the country is expected to showcase major market growth. The number of active Internet users in India is expected to rise by 45% from 2020 to 2025 and touch 900 million by 2025 from around 622 million in 2020, according to the Internet and Mobile Association of India.
- In July 2021, Bharti Airtel, India's prominent communications solutions provider, announced a collaboration with Intel for 5G network development by leveraging vRAN / O-RAN technologies. The collaboration is part of Airtel's 5G roadmap for India as it transforms its networks to allow its customers to reap the possibilities of the hyperconnected world where Industry 4.0 to cloud gaming and virtual/augmented reality become an everyday experience.
- Further, companies are investing in developing various new technologies and Wi-Fi routers for increased efficiency, network capabilities, and reduced latency. For instance, in September 2022, ASUS launched the ROG Rapture GT-AX6000 Wi-Fi-6 router in India. It is equipped with Broadcom 2.0 GHz quad-core 64-bit CPU and Wi-Fi 6 chipsets. This router is capable of delivering wireless speeds of up to 6000 Mbps and contains two 2.5 Gbps Ethernet ports.
- In terms of policy, the Government of India and various state governments are revising their data center policies to support the infrastructural growth of data centers in India through tax subsidies. Under a national policy framework for data centers, the IT ministry intends to provide up to INR 15,000 crore as incentives. The government plans to invest up to INR 3 lakh crore in the data

center ecosystem over the next five years, as per the policy.
- Since the pandemic, cloud computing has evolved as a mission-critical technology for businesses, governments, and consumers. In 2021, 53% of enterprises have increased their cloud adoption compared to the previous year, and 84% of the organizations have adopted SaaS. Companies like Facebook and Google are coming to India with their mega projects and taking measures to lower their carbon footprints. Overall, the market for data center networking is in favorable condition during the forecast period.

APAC Data Center Networking Industry Overview

The Asia-Pacific Data Center Networking market is characterized by a significant degree of fragmentation among the key players, who have notably intensified their competitive strategies in recent years. Prominent among these players are Shenzhen Tenda Technology Co., Ltd., H3C Holding Limited, NEC Corporation, and others. These leading companies, wielding substantial market influence, are diligently focused on expanding their customer base throughout the region. To achieve this, they have embraced strategic collaborative initiatives designed to enhance their market share and bolster their profitability.

In November 2022, VMware, Inc. unveiled its cutting-edge SD-WAN solution. This comprehensive offering includes the introduction of a new SD-WAN Client, which is specifically designed to empower enterprises to securely, reliably, and optimally deliver applications, data, and services across any network to any device.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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