North America 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 North America data center networking market reached a value of USD 9.0 billion in the previous year, and it is further projected to register a CAGR of 7.1 % during the forecast period.

Key Highlights
-The IT infrastructure market is undergoing a rapid digital transformation. Canada and parts of the United States have become ideal locations for primary co-location and disaster recovery data centers hosting global enterprises.
-To reduce latency, hyperscalers, and cloud companies are building small data centers close to population centers outside of core markets. Generative AI and the growth of connected devices will continue to drive demand for Edge data center requirements, leading to major market demand.
-The upcoming IT load capacity of the North American data center server market is expected to reach 25,757 MW by 2029. The country's construction of raised floor area is expected to increase to 88.9 million sq. ft by 2029.
-The region's total number of racks to be installed is expected to reach 4.4 million units by 2029. The United States is expected to house the maximum number of racks by 2029.
-There are close to 100 submarine cable systems connecting North America, and many are under construction. One such submarine cable that is estimated to start service in 2023 is GigNet-1), which stretches over 1,104 km with landing points from Boca Raton, United States.

North America Data Center Networking Market Trends

IT and Telecom to Hold Significant Share

- Newer technologies are quickly adopted in the region. Investors in data centers are increasingly finding new locations. The worldwide development of 5G networks, of which the United States is one of the early adopters, has boosted the significance of edge data centers. Many American operators, including EdgePresence, EdgeMicro, and American Towers, have begun making investments in these facilities.
- Traditional network architectures will continue to be replaced by ultra-high capacity, low-latency, flatter, and more resilient designs-each requiring deep-fiber-based components. Edge data centers will play an important role in the artificial intelligence (AI) ecosystem. Edge computing reduces latency and enables AI systems to process data closer to IT telecom or applications.
- The United States and Canada are among the top countries in the world for 5G adoption, which is a result of operators' aggressive 5G implementation plans and a quickly growing ecosystem of devices and content. By 2025, operators will have deployed more mid-band spectrum due to increased 5G installations and the increasing overall population coverage to 92% in Canada and 100% in the United States. By that point, 5G will represent almost 280 million connections or roughly two-thirds of all mobile connections in North America.
- Furthermore, various telecom providers are implementing application delivery controller (ADC) solutions to overcome challenges such as improving visibility on application delivery infrastructure, increasing uptimes with self-servicing, and more. For instance, recently, one of the largest US telecommunication companies partnered with AppViewX to build agile ADC infrastructure.

United States to Hold Significant Growth

- The rising adoption of the Internet of Things (IoT) and cloud computing technologies in the United States will drive the market demand. The rising cybersecurity threats across the regions have further encouraged businesses to opt for more agile and cost-effective application delivery controllers, which are scalable and secured and increase the visibility of data traffic and movement across the users.
- Amongst the leading players in the market, Akamai Ion offers a cloud-based application delivery controller that lets organizations deliver their web-based applications quickly, reliably, and securely to any user on any device across the world. As an application delivery controller, Ion places application deployment and delivery capabilities within the Akamai Intelligent Platform, enabling web application delivery optimizations to be distributed globally and placed close to users and data centers throughout the world.
- Several companies are working on innovative solutions to tap into the growing small- and medium-sized (SME) sector in the region that is looking for cost-effective cloud-enabled solutions for their businesses. For instance, In August 2021, Snapt, the pioneering application security, visibility, and control company launched Nova Version 2, the second generation of Snapt's ground-breaking centralized application delivery controller (ADC) platform. The new cloud-based ADC includes a load balancer, WAF, GSLB, and web accelerator. Nova is a hyperscale-ready, centralized platform for deploying, controlling, and monitoring ADCs at scale.
- As the ethernet controller allows making wired connections to the computer network, any device requiring high-speed internet connection will have to use Ethernet Controllers for fast internet connections. Such is the case with cloud infrastructure networks. With developing cloud capabilities and enterprises shifting their work to the cloud, the demand for cloud applications is increasing rapidly in the United States. In the coming years, more and more businesses will opt for cloud storage solutions due to their low costs, less maintenance, data security, and almost unlimited scalability. Therefore, this rise in cloud computing and storage will also see a rise in the Ethernet demand.
- Another important market for ethernet controllers is AI. United States is one of the leading countries in terms of applications and research in AI, and the nation has a dedicated law for AI known as the National AI Initiative Act 2020. As many of the sectors in the US embrace AI in their work field, demand for the studied market will also grow in the region.

The North American data center networking market has seen increased competition among key players in recent years. Leading companies like Juniper Networks Inc., Arista Networks Inc., H3C Holding Limited, and others have secured significant market shares and are actively working to expand their customer base throughout the region. These industry leaders employ strategic collaborations to enhance their market presence and overall profitability.

In November 2022, VMware, Inc. introduced its cutting-edge SD-WAN solution, which includes a novel SD-WAN Client. This innovative offering is designed to assist enterprises in achieving more secure, reliable, and efficient delivery of applications, data, and services across a variety of networks and devices.

Additional Benefits:

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

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