

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

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Report description:

The South African data center networking market reached a value of USD 181.6 million in the previous year, and it is further projected to register a CAGR of 13.6 % during the forecast period.

Key Highlights

- The demand for cloud-computing and insight-driven business models has sparked massive investment in data centers in South Africa over the last few years. Local data facilities enhance internet speeds and processing power for South African businesses.
- There has been massive data center investment in Africa, particularly in South Africa, and this trend is expected to continue. It is estimated that investment in African data facilities will grow by a further 15% in the next four years, leading to major networking demand.
- The upcoming IT load capacity of the South African data center market is expected to reach 828.92 MW by 2029. The country's construction of raised floor area is expected to increase to 4.4 million sq. ft by 2029.
- The country's total number of racks to be installed is expected to reach 220201 units by 2029. Johannesburg is expected to house the maximum number of racks by 2029. There are close to 9 submarine cable systems connecting South Korea, and many are under construction. One such submarine cable that is estimated to start service in 2023 is 2Africa, which stretches over 45,000 km with landing points from Cape Town, Mtunzini, and Port Elizabeth in South Africa.

South Africa Data Center Networking Market Trends

IT and Telecom to Hold Significant Growth

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- The telecom sector is currently experiencing significant growth, offering operators the potential to revolutionize their revenue models through the introduction of novel and innovative digital services. With the advent of 5G networks, the ability to segment these networks into specialized slices opens the door for each virtual network slice to require distinct security features tailored to a range of usage scenarios. Consequently, the security of 5G network infrastructure must evolve in tandem with the standard, thereby increasing the need for advanced application delivery controller (ADC) solutions in the sector.
- The rapidly increasing 4G penetration and the upcoming 5G wave are adhering telecom vendors to invest in the South African networking data center. In October 2022, the South African telecom provider Telkom established the 5G high-speed internet network with the help of Huawei Technologies from China. Huawei continues to assist South Africa in developing its 5G networks. The prominent 5G network on the African continent has more than 2,800 base stations deployed.
- Vodacom stands out as a top performer in terms of latency for users when compared to other major mobile operators in South Africa, boasting an average response time of just 36 milliseconds across its 3G and 4G networks. In areas with extensive coverage across South Africa, Vodacom and MTN share the top spot, both delivering 'Excellent Consistent Quality' network experiences to over 70% of their subscribers.
- Overall, the market for data center networking solutions is expected to increase in the telecom sector, majorly for router and ADC, due to its benefits leading to major positive market trends.

Ethernet Switches to Hold Significant Share

- In South Africa, the Internet of Things (IoT) is increasingly becoming an important sector for enterprises with the development of mobile communications and cloud computing. With the South African government's emphasis on IoT and its wide application, the demand for Ethernet adapters in the South African market is on the rise.
- Currently, numerous Chinese companies have entered the South African Ethernet adapter market, achieving noteworthy success. For instance, Shenzhen 10gigabit Ethernet Technology Co., Ltd. is dedicated to Ethernet adapters and leverages China's robust domestic manufacturing capabilities, establishing a significant presence in the South African market.
- Carrier Ethernet, which is also known as the Metro Ethernet in SA, has experienced growing levels of adoption and is projected to increase even further in the coming years. Carrier Ethernet is facilitating increased partnering of regional service providers with large numbers of wireless access providers, as standardization and service definitions allow for much quicker integration of external network-to-network interfaces, in turn enabling faster time-to-market of services, as well as monitoring of end-to-end service performance.
- South Africa is considered to be the most developed cloud market in sub-Saharan Africa. The increase in demand for data storage is also leading to an increase in the demand for ethernet switches. In 2022, South Africa witnessed a surge in data center investment from global data center operators, as well as the expansion of local data center facilities. To serve the growing demand for cloud services, global cloud providers, Amazon Web Services, Google Cloud Platform, IBM, Microsoft, Oracle, SAP, VMware, and others have targeted South Africa.

South Africa Data Center Networking Industry Overview

The South Africa data center networking market exhibits a mild degree of fragmentation among its key players, and this sector has seen heightened competition in recent years. Among the notable industry participants are Cisco Systems Inc., Juniper Networks Inc., H3C Holding Limited, and several others. These prominent market players, boasting substantial market shares, have been actively engaged in broadening their customer base within the region. To achieve this goal, they have strategically forged collaborative partnerships and initiatives aimed at enhancing their market presence and financial performance.

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In October 2022, NEC Corporation successfully implemented Africa's inaugural TIP Phoenix platform for Teraco, a prominent carrier-neutral colocation provider in the region. NEC's initiative aligns with its commitment to bolstering All-Optical Networks, which encompasses the introduction of open specifications-compliant, open optical transport solutions and products. These solutions adhere to the standards specified by TIP's Phoenix initiative, underpinning NEC's dedication to advancing optical networking technologies.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

1.1 Study Assumption & Market Definition

1.2 Scope of the Study

2 Research Methodology

3 Executive Summary

4 Market Dynamics

4.1 Market Overview

4.2 Market Drivers

4.2.1 Increasing Need of Cloud Storage

4.2.2 Increasing Cyberattacks Among Enterprises

4.3 Market Restraints

4.3.1 Increasing Network Complexity

4.4 Value Chain / Supply Chain Analysis

4.5 Industry Attractiveness - Porter's Five Forces Analysis

4.5.1 Threat of New Entrants

4.5.2 Bargaining Power of Buyers/Consumers

4.5.3 Bargaining Power of Suppliers

4.5.4 Threat of Substitute Products

4.5.5 Intensity of Competitive Rivalry

4.6 Assessment of COVID-19 Impact

5 MARKET SEGMENTATION

5.1 By Component

5.1.1 By Product

5.1.1.1 Ethernet Switches

5.1.1.2 Router

5.1.1.3 Storage Area Network (SAN)

5.1.1.4 Application Delivery Controller (ADC)

5.1.1.5 Other Networking Equipment

5.1.2 By Services

5.1.2.1 Installation & Integration

5.1.2.2 Training & Consulting

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- 5.1.2.3 Support & Maintenance
- 5.2 End-User
 - 5.2.1 IT & Telecommunication
 - 5.2.2 BFSI
 - 5.2.3 Government
 - 5.2.4 Media & Entertainment
 - 5.2.5 Other End-Users

6 COMPETITIVE LANDSCAPE

- 6.1 Company Profiles
 - 6.1.1 Cisco Systems Inc.
 - 6.1.2 Juniper Networks Inc.
 - 6.1.3 H3C Holding Limited
 - 6.1.4 VMware Inc.
 - 6.1.5 Huawei Technologies Co. Ltd.
 - 6.1.6 Extreme Networks Inc.
 - 6.1.7 Dell EMC
 - 6.1.8 NEC Corporation
 - 6.1.9 F5 Networks Inc.
 - 6.1.10 A10 Networks Inc.
 - 6.1.11 Radware Corporation
 - 6.1.12 Moxa Inc.

7 INVESTMENT ANALYSIS

8 MARKET OPPORTUNITIES AND FUTURE TRENDS

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