

Virtual Router - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Virtual Router Market size is estimated at USD 278.21 million in 2024, and is expected to reach USD 767.44 million by 2029, growing at a CAGR of 22.5% during the forecast period (2024-2029).

The virtual router market is driven by the increasing demand from the telecommunication and enterprise sector as service providers are increasingly moving from expensive, dedicated hardware devices to virtualized solutions that reduce the total cost of ownership (TCO), flexibility, and scalability.

Key Highlights

- The increasing focus on software-defined networking (SDN) has led to the development of several advanced virtual router software solutions. Moreover, the growing demand for private cloud and virtual router applications across network segments in the telecommunication and enterprise sector is expected to provide significant growth opportunities in the market.
- Further, in the past few years, enterprise services have been becoming more diversified; more and more enterprises have deployed virtual private clouds (VPCs) on public or private clouds to cloudification and virtualize enterprise networks and IT infrastructure, thereby reducing network costs and implementing fast service rollout. Such factors increase the demand for cost-effective solutions such as Virtual routers in end-user segments owing to their scalability and cost-effective features.
- Additionally, as cloud-based services develop, applications and traffic surge rapidly. Traditional enterprise WANs face challenges in enterprise infrastructure and service cloudification requirements. Virtual routers cope with trends of network device cloudification and virtualization. In addition, virtual routers save hardware costs because no dedicated hardware platform is required. Such developments resulted in virtual routers gaining significant traction in the past few years, expanding the virtual router market.
- Moreover, the rising need for private clouds in enterprises coupled with expanding popularity of cloud services is creating growth

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opportunities for the market over the forecast period. These cloud services are strengthening their operations via the deployment of virtual routers, consequently fostering market growth. The need for virtual routers has significantly increased in the network environment due to their favorable features, which include faster data acquisition, faster network speed increases, and safer storage networks, among others, for cloud services.

-Most industries faced difficulties as a result of the COVID-19 pandemic. Governments across the world forced indefinite shutdowns and disrupted supply chains. Businesses attempted to reduce maintenance costs across network environments, thus increasing the demand for virtual routers to reduce the total cost of ownership. Moreover, the market is expected to witness significant demand post-pandemic owing to the high penetration of digitization and cloud services and innovations in the virtual router environment.

Virtual Router Market Trends

Service Providers are Anticipated to Hold Significant Market Share

- The service providers such as data centers, telecom, and cloud are expected to hold a significant share due to the growing deployment of SDN and VNF. Telecommunication service providers are challenged to transform their carrier network infrastructure to build new business network services, generate new revenue streams, and improve operational efficiency. Virtual routers are becoming the preferred choice to overcome these challenges for service providers by offering a cost reduction coupled with high flexibility and scalability.

- These providers globally recognized the need to digitally transform their network infrastructure and build more consumer-centric business models. Embracing software-defined networking (SDN) principles and the innovative deployment of network functions in virtualized form factors are key necessities for carriers investing in their future technologies. This necessitated the demand for virtual routers for the service providers.

- In addition, service providers worldwide are rapidly leveraging virtual routing in various parts of their networks, including the data centers, the network edge, and customer premises equipment (CPE). Moreover, data demands continue to increase as fiber and 5G are witnessing significant growth; the need for software-centric models, such as Virtual routers, is expected to grow. The ability of virtual routers to easily and rapidly scale up bandwidth makes them ideal for service providers.

- The service provider segment is expected to witness significant adoption of virtual routers among telecom and cloud service providers, as it helps them to increase the overall network capacity latent by providing flexibility and scalability in routing functionalities. Further, as the demand for cloud services such as public, private, and hybrid cloud gains significant momentum, the need for virtual routers for cloud service providers is expected to grow. For instance, according to Flexera 2023 State of the Cloud Report, hybrid cloud and public cloud usage are 72% and 24%, followed by Private cloud with 4%.

North America Region is Expected to Hold Major Market Share

- The North American region is anticipated to hold a major share owing to the growth in Research and Development (R&D) and advancements in networking technology. Countries in the region, such as the United States and Canada, are also witnessing increasing complexities in network infrastructure, growing adoption of virtual router solutions by service providers to optimize their networks, and a growing demand to deliver an enhanced customer experience across all the major industry verticals.

- Further, the virtual router market in the region is receiving significant investment and new product launches from several well-known key companies, including Juniper Networks, Cisco Networks, IBM Corporation, and others, and the adoption of virtual routers by service providers is boosting the market growth. Various industries, including IT and telecommunication, BFSI, healthcare, and government agencies, contribute to the industry's growth by adopting virtual router solutions.

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- Further, the high penetration of SDN and NFV in the region also resulted in the significant expansion of virtual routers in countries like the United States and Canada. In addition, considerable reduction offered in OPEX and CAPEX coupled with scalability and flexibility by deploying the virtual router will create growth potential for the virtual router market and high adoption in the region's various end-user industries in the coming years.
- Additionally, the demand for virtual routers in North America is also expected to grow owing to the region's highly developed internet infrastructure coupled with the introduction of various advanced network technologies such as 5G, as well as the growing adoption of virtual router solutions by internet service providers to optimize their networking and an increasing preference to improve the customer experience across in all major industry verticals in this region.

Virtual Router Industry Overview

The virtual router market has been gaining a competitive edge in recent years and is moderately competitive. The companies in the market are strategically innovating, partnering, and expanding to provide innovative virtual router solutions.

In January 2022, Juniper Networks Inc. introduced new software features and hardware to make it easier for companies to manage their routers, forming a crucial corporate network building block. Juniper expanded its presence in the enterprise router market in 2021 by acquiring a startup called 128 Technology Inc. for USD 450 million. The company repackaged the virtual router software obtained through the acquisition into the Session Smart Router (SSR) product. Businesses can use SSR to establish network connectivity between data centers, branch offices, and cloud deployments.

Additional Benefits:

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

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