Global Data Center Networking Market Assessment, By Component [Hardware, Software, Services], By End-user Industry [Banking, Financial Services, and Insurance, Healthcare, IT and Telecom, Manufacturing, Retail, Others], By Region, Opportunities and Forecast, 2018-2032F

Market Report | 2025-06-16 | 220 pages | Market Xcel - Markets and Data

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Report description:

Global data center networking market is projected to witness a CAGR of 11.53% during the forecast period 2025-2032, growing from USD 38.09 billion in 2024 to USD 91.19 billion in 2032. The global data center networking market is expanding at a very rapid pace because businesses are relying more and more on cloud-based services, big data and emerging technologies such as AI, IoT and 5G.

This demands a high-speed, secure, and scalable networking infrastructure to manage large amounts of data and enable real-time processing. Next-generation data centers are adopting technologies such as software-defined networking (SDN), network automation and edge computing to improve performance and efficiency. With data use continuing to grow globally across different sectors, the requirement for adaptable and smart networking technology is revolutionizing the industry, which is making it a key sector of investment for technology vendors and businesses worldwide.

For example, in June 2024, CoreWeave, Inc. announced an investment of USD 2.2 billion to launch three new data centers across Europe, such as in Norway, Sweden, and Spain, further boosting its AI infrastructure. The expansion not only serves the growing demand for AI compute resources but also enhances international data center networking through increased connectivity and capacity across geographies.

Fast Expansion of Cloud Computing Spreading Global Data Center Networking Market

The widespread adoption of cloud computing by corporations and individuals has created a need for exceptionally reliable networking infrastructure in data centers. Cloud service vendors such as Amazon Web Services (AWS), Microsoft Azure, and Google Cloud are spearheading this effort, with fast, reliable, and scalable networks to manage a variety of types of workloads and massive amounts of data efficiently. As more companies shift their operations to the cloud, reliable connectivity and smart

management of data are now the norm. This demands the adoption of advanced network solutions that can manage the constantly evolving complexities of cloud computing, including on-demand scaling of resources and high availability. Hence, data centers must invest in new infrastructure and technology to serve the escalating dependency on cloud services, thus allowing companies to make the most out of the entire potential of digital transformation and innovation.

For instance, in May 2024, Microsoft Corporation and Group 42 Holding Ltd launched a USD 1 billion venture in Kenya that supported the rapid growth of cloud computing by enhancing Microsoft Azure capabilities in East Africa. The initiative established a state-of-the-art, renewable energy-driven data center and improved internet connectivity, addressing the increasing demand for scalable and reliable cloud infrastructure. The project aimed to drive digital transformation and promote cloud adoption in the region.

Increasing Demand for High-Speed Data Transfer and Low Latency Compelling Market Expansion

The expansion and advancement of newer applications such as video streaming, artificial intelligence applications and real-time analytics have increased the demand for faster data transfer and low latency. These applications require advanced networking technologies to support effective performance and customer satisfaction. Nowadays, the adoption of high-speed technology such as 400G Ethernet, optical interconnects, and low-latency protocols in data centers is highly emphasized. Enabling high-bandwidth applications is critical to organizations that want to stay competitive in the constantly changing digital environment. Data centers need to meet these changing demands by embracing quicker and more efficient networking technologies that can enable the increased volume of data traffic. This transition not only improves overall application performance but also helps companies provide better user experience because of which they are leading to innovation and development in different industries.

For instance, in November 2023, Dropbox, Inc. installed 400G Ethernet networking in its latest data centers to manage growing demands for AI workloads, video streaming and real-time analytics. Upgrading is significant when dealing with handling more data without affecting performance and reliability. By employing 400G technology, Dropbox can manage bandwidth-consuming applications smoothly and scale services at high speed, which helps the company stay competitive in the present fast-changing digital economy.

Services Segment Dominates Global Data Center Networking Market

The services segment is playing a key role in the growth of the global data center networking market. As more businesses adopt cloud computing, AI, IoT, and edge technologies, the demand for expert services such as network consulting, designing, deploying, integrating, and managing is on the rise. These services enable companies to make their data center networks efficient, secure, and able to manage changing workloads.

Through the application of professional and managed services, business organizations can enhance network performance, minimize downtime, and comply with regulations. With the complexity of today's IT environments increasing, service providers offer expertise to maintain hybrid and edge infrastructure. This growing need for specialist skills is making the services segment a prime driver for market growth.

For instance, in March 2025, Cisco Systems, Inc. deepened its partnership with NVIDIA to accelerate AI deployment in enterprises. The expanded partnership combined Cisco's Silicon One technology with NVIDIA's Spectrum X platform to create a converged and secure AI infrastructure. The goal was to simplify the deployment and management of AI-ready data center networking, offering enterprises greater flexibility, scalability, and enhanced security, supporting the growing demand for advanced networking solutions in the era of AI and digital transformation.

For example, in March 2025, Cisco Systems, Inc. deepened its partnership with NVIDIA Corporation to accelerate AI deployment in enterprises. The widened partnership brings together Cisco's Silicon One technology and NVIDIA's Spectrum X platform to form an AI infrastructure that is converged and secure. The aim is to simplify the deployment and management of AI-ready data center networking, providing enterprises with greater flexibility, scalability, and improved security, ultimately underpinning the increasing need for advanced networking solutions in the age of AI and digital transformation.

North America Holds a Significant Share in the Global Data Center Networking Market

North America is a prime performer in the global data center networking market because of its strong digital infrastructure and early mover position in adopting modern technologies. The region has a concentration of prominent cloud service providers such as Amazon Web Services (AWS), Microsoft Azure and Google Cloud, all of which are continuously investing in the upgrade and development of their data center facilities. Such firms need solid, scalable, and high-performance networking infrastructure to

enable cloud-based applications, artificial intelligence, real-time data analysis, and other high-end applications. Moreover, North American companies are adopting hybrid and multi-cloud environments quickly, making more demands on smooth network integration and sophisticated data traffic management. Increasing utilization of edge computing and IoT devices is also moving data towards the user, further necessitating low-latency, high-speed networking.

For example, in December 2024, Amazon Web Services, Inc. announced plans for a USD 10 billion Ohio infrastructure investment to drive AI development. The action reflects North America's dominance of the global data center networking market, with top cloud providers such as AWS steadily building out their facilities. Investment will make AI capabilities stronger and the digital infrastructure of the region more robust and meet the increasing demand for high-performance networking to power emerging applications.

Impact of U.S. Tariffs on Global Data Center Networking Market

U.S. tariffs on imported data center equipment, such as networking devices and servers, have resulted in increased operating expenses for data center operators. These additional expenses are sometimes passed along on to customers, which leads to increased service charges. The smaller providers can be less comfortable with these additional expenses, which can lead to delayed expansion plans. Tariff uncertainty also makes long term investment decisions more difficult, and retaliatory tariffs from other nations could upset the global supply chain, hampering the growth of the global data center networking market.

Key Players Landscape and Outlook

The global data center networking market is growing aggressively, with growth fueled by innovation across cloud computing by key players, artificial intelligence and rising demand for high-speed internet and low-latency technologies. The market is growing as companies are still investing in the modernization of their data center infrastructures to be able to meet the changing needs of digital transformation. As companies go to hybrid and multi-cloud deployments, there has been a rising need for scalable, secure, and agile network solutions. Foremost among these trends are the increased use of such technologies as 400G Ethernet, optical interconnects and low-latency protocols that are at the center of processing the vast amount of data being produced by AI, IoT and other newer technologies. Artificial intelligence and automation are also gaining ground in the data centers to optimize and manage the network better. Additionally, edge computing is also propelling the demand for increasingly distributed and localized network ecosystems with the ability to process data closer to the points of need for data, lowering processing latency and enhancing performance in general.

For instance, in October 2024, Equinix, Inc. announced that it had agreed to create a joint venture worth over USD 15 billion to significantly expand its hyperscale data center footprint across the United States. This substantial investment aimed to address the growing demand driven by artificial intelligence (AI) innovation and the widespread adoption of cloud computing. With these upgrades, Equinix was positioned to offer faster data processing, reduced latency, and highly scalable, high-performance environments required by next-generation technologies. This move was part of a broader industry trend toward building robust, future-proof data center networks to support the next generation of digital services.

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