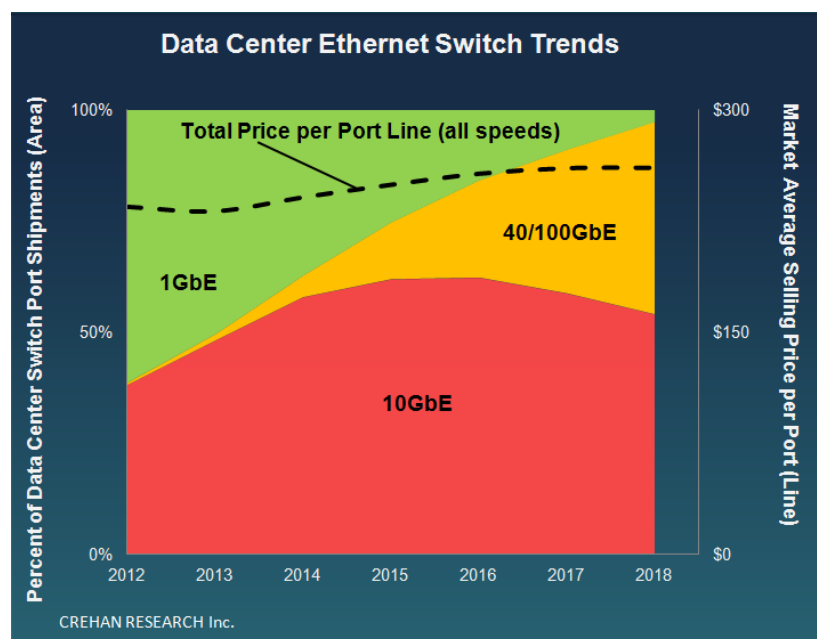


Growth in Faster Data Center Switches Should Offset Steep Price Declines, According to Crehan Research

Total Market Prices to Hold Stable Despite Big Individual Segment Drops

SAN FRANCISCO, CA, July 22, 2014 — In its most recent Data Center Switch Long-Range Forecast Report, [Crehan Research Inc.](#) projects that strong growth in faster, more expensive Ethernet data center switches will offset steep price declines in each of these high-bandwidth segments. The firm forecasts that competition and other factors will lead to significantly lower per-port pricing on 10, 40 and 100 Gigabit Ethernet switches, spurring stronger adoption of these technologies and resulting in relatively stable overall Ethernet data center switch average selling prices (see accompanying figure).

“Despite the onslaught of data center traffic and unprecedented network demands, high-speed data center



switches thus far have been too expensive to drive widespread adoption, but this is about to significantly change,” said Seamus Crehan, president of Crehan Research. “Aside from continual cost reductions and port-density improvements, price drops are being driven by factors such as increased competition in the data center switch market (including numerous recent entrants), low-priced white box and merchant operating system offerings, and the price negotiating power of some of the very large, hyper-scale public cloud vendors,” he said.

Crehan’s report forecasts that as a result of market migration to higher speed switches, Ethernet data center switch revenues will reach approximately \$14 billion by 2018, with revenue growth slightly exceeding shipment growth. More specifically, the firm forecasts strong upcoming adoption of 10 Gigabit Ethernet for data center server access, and 40 and 100 Gigabit Ethernet for data center uplink, aggregation and core deployments. With its most recent Server-Class Adapter & LAN-on-Motherboard (LOM) Long-

Range Forecast Report, Crehan predicted that 10 Gigabit Ethernet will finally eclipse one Gigabit Ethernet by 2016 to become a majority of total shipments, [closely following the mass adoption of Grantley-based servers](#). “The ramp of 10 Gigabit Ethernet on servers will also be an important driver for high-speed data center switch adoption,” said Crehan,

About Crehan Research Inc.

Crehan Research Inc. produces reports with very detailed statistics and information on the data center switch and server-class adapter & LOM/controller markets. The company’s reports are supported with rich insights and context to deliver increased value. For more information about Crehan Research Inc. email info@CrehanResearch.com, phone 650-273-8400, or visit www.CrehanResearch.com.

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