

# Worldwide Optical Markets Make Slight Comeback in 4Q

*Demand for rich media and OTT services are trends that continue to pressure providers to move DCs into the metro and enhance core infrastructures*

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*Dennis Ward*

Networking market rebounded slightly in Q4 2014 to \$3.375 billion in revenue, dipping 7.0 percent q-q but increasing 2.7 percent y-y. The year closed with annual revenue of \$13.1 billion, 0.9 percent y-y increase. Demand for high-speed optical infrastructure remains steady, driven by increased sales of 100G interfaces in the Metro and LH WDM segments. “The 4Q revenue jump has been observed within the optical market for the last three out of four years. The year-over-year growth indicates a slight increase of spending but not necessarily a bullish market,” stated [Dennis Ward](#), principal

optical analyst, ACG.

Regionally, APAC is the top producing region though revenue declined 5.3 percent q-q. North America remained in the 2nd position, increasing 7.8 percent q-q and up 25.4 percent y-y. EMEA remained a strong 3rd at 11.4 percent q-q but showed a dip of 5.2 percent y-y. LAM improved with 6.3 percent q-q and 10.2 percent y-y growth.

## TREND AND DRIVER HIGHLIGHTS

The growth rate of 100G optical interfaces remains steady. The trend to support 4G and mobile Internet with its rich services is driving this as well as 400G trials in all regions. But 400G standards are still in flux. Although the Tier 1 communication service providers gear up for 2015, many of the optical equipment providers are finding a real market with the content service providers (CSPs) as they migrate their data centers into the metro closer to their customer bases. Some of these CSPs are looking for simple high- capacity solutions via dark fiber across the metro; others want more sophisticated long-haul solutions into the metro. “We see the demand for DCI bifurcating into two distinct market segments of products, small slot versus multislot solutions,” says Dennis Ward.

[Service provider](#) SDN and NFV in combination with P-OTS/Metro WDM solutions are gaining traction in network infrastructure selection and deployments. P-OTS segment saw a quarterly dip in its revenue contribution but maintained its \$.5 billion run rate, decreasing 7.9 percent q-q but increasing an impressive 28.9 percent y-y. The top five worldwide players in 4Q were Huawei, ZTE, Ciena, Infinera and Alcatel-Lucent, respectively.

Ray Mota  
ACG Research  
6168020896  
email us here

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