

Crehan Sees Factors Falling into Place for Strong 10-Gigabit Ethernet Growth

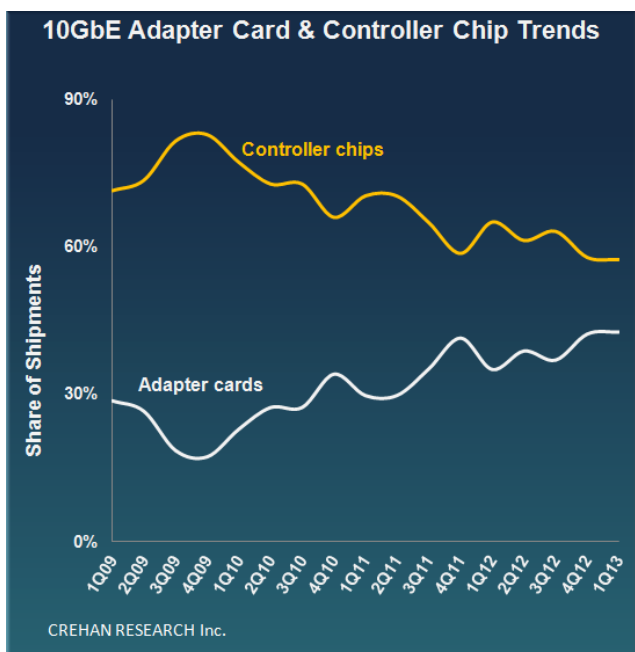
Reductions in inventory and pricing, broader product offerings, and Ivy Bridge launch to drive server adapter increase

SAN FRANCISCO, CA, May 20, 2013 — In its newly-released 1Q13 Server-Class Adapter & LAN-on-Motherboard (LOM) Report, [Crehan Research](#) sees the 10 Gigabit Ethernet (10GbE) market poised for strong growth as a number of factors fall into place, including:

- 10GbE inventory reductions at major server OEMs, clearing the way for additional sales
- Price reductions, stimulating end-user 10GbE demand
- Broader product offerings including additional 10GBASE-T Modular LAN-on-Motherboard (LOM) and quad-port 10GbE (despite the lack of a full set of offerings from all the major OEMs, 1Q13 10GBASE-T Adapter and LOM shipments jumped 60% to approach a one-million port annual run rate)
- The launch of Intel-based Ivy Bridge server platforms in the latter half of 2013, bringing an opportunity and value proposition for users to upgrade their servers and incorporate 10GbE networking.

“Reductions in 10GbE server adapter inventories and prices, broader product offerings and the launch of the new Ivy Bridge server platforms should drive increased 10GbE server networking growth,” said Seamus Crehan, president of [Crehan Research](#). “This could be further accentuated by the backdrop of an expected improvement in the IT spending environment, more of which seems to be shifting toward the data center,” Crehan added.

In contrast to the Gigabit Ethernet (1GbE) server networking transition – where 1GbE chip-down LOM solutions were often included free with the server platform to end customers, thus driving a rapid 1GbE upgrade – 10GbE is offered mostly as an option card. This is reflected in a still-high server-adapter card mix. As shown in the accompanying figure, the 10GbE card mix is still close to 50%, even 10



years after the initial 10GbE server adapter introduction. Since option cards remain such a significant part of the overall shipment mix, full product offerings and attractive pricing in this segment are very important in driving overall 10GbE market growth.

Crehan expects that the factors described above will drive incremental growth on top of the strong [10GbE server adoption currently occurring in the Public Cloud, Web 2.0 and Massively Scalable Data Center segments of the market.](#)

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.