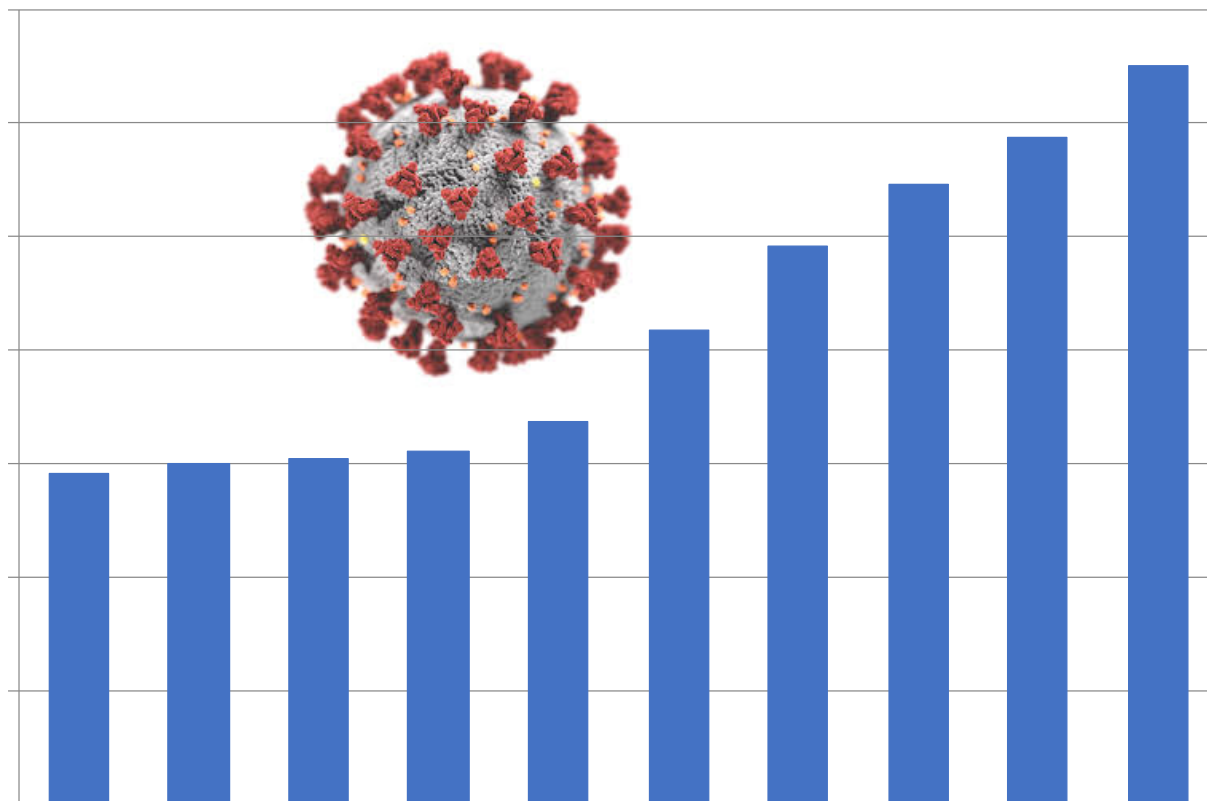




## Optical Communication Market forecast – OCTOBER 2020

Looking beyond the IMPACT of COVID-19



## Table of Contents

<b>TABLE OF CONTENTS</b> .....	<b>2</b>
<b>ABSTRACT</b> .....	<b>4</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>5</b>
THE OPTICAL COMMUNICATIONS INDUSTRY WILL BE AMONG THE FIRST TO EMERGE FROM COVID-19 DISRUPTIONS.....	5
IMPACT OF COVID-19.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
Q1 RESULTS AND Q2 GUIDANCE FROM SUPPLIERS .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
CHANGES TO THE LONG-TERM FORECAST.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
<b>CHAPTER 1: CARRIER REVENUE, CAPEX OVERVIEW</b> .....	<b>10</b>
IMPACT OF COVID-19 ON SERVICE PROVIDERS .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
COMPANY SPECIFIC HIGHLIGHTS.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
<b>CHAPTER 2: INTERNET INFRASTRUCTURE DRIVERS</b> .....	<b>10</b>
INTERNET INFRASTRUCTURE SPENDING .....	21
QUARTERLY SPENDING PATTERN SHOWS CAPEX GROWTH LAGGING.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
COVID-19 PANDEMIC AND ICP SPENDING .....	22
SPENDING REMAINS CONCENTRATED IN THE TOP FIVE ICPs (87% OF TOTAL SPENDING IN 2019).....	23
CLOUD SERVICES REVENUE INCREASING AS SHARE OF TOTAL .....	24
INTERNET COMPANIES HAD \$627 BILLION IN READY CASH BY THE END OF 2019 .....	25
WILL GOVERNMENTS SLOW THE MARCH OF THE TOP CLOUD COMPANIES? .....	25
EUROPE IS LEADING THE PUSH FOR GREATER REGULATION .....	25
REGULATORY ACTION AGAINST ‘BIG TECH’ IS RAMPING UP IN THE UNITED STATES.....	27
REGULATORY IMPACT ON DATACENTER OPTICS DEMAND.....	28
<b>CHAPTER 3: FORECAST FOR OPTICAL COMPONENTS AND MODULES USED IN TELECOM APPLICATIONS</b> .....	<b>30</b>
SUMMARY.....	30
CWDM AND DWDM TRANSCEIVERS AND TOTAL DWDM PORTS .....	35
TUNABLE LASERS, MODULATORS AND RECEIVERS FOR DWDM APPLICATIONS .....	40
WAVELENGTH SELECTIVE SWITCH (WSS) MODULES.....	42
FTTx OPTICAL COMPONENTS.....	45
OPTICAL TRANSCEIVERS FOR WIRELESS FRONTHAUL AND BACKHAUL .....	49
BACKHAUL SHOWS SLOWER BUT STEADIER GROWTH.....	54
<b>CHAPTER 4: FORECAST FOR OPTICAL TRANSCEIVERS AND INTERCONNECTS USED IN DATA COM APPLICATIONS</b> .....	<b>58</b>
SUMMARY.....	58
ETHERNET TRANSCEIVERS .....	59
FIBRE CHANNEL TRANSCEIVERS.....	60
OPTICAL INTERCONNECTS .....	61

<b>CHAPTER 5: FORECAST METHODOLOGY .....</b>	<b>63</b>
INTERNET AND DATACENTER TRAFFIC GROWTH.....	63
FORECAST METHODOLOGY .....	66

## Abstract

This report provides a detailed market demand forecast through 2025 for optical components and modules used in Ethernet, Fibre Channel, CWDM/DWDM, wireless infrastructure, FTTx, and high-performance computing (HPC) applications.

Key inputs include an analysis of the business and infrastructure spending of the top 15 service providers and of the leading Internet companies, and sales data from 2016 through H1, 2020 for more than 30 transceiver vendors, including more than 20 vendors that shared their confidential sales information with LightCounting. The forecast is based on LightCounting's proprietary forecast model, which correlates transceiver sales with network traffic growth and the projected deployments of 5G and FTTx systems for broadband access.

LightCounting is also grateful to many industry experts for their critical review of the forecast projections.