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21/09/16

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September 21, 2016 9AM Sean Mitchell

Our societies are consuming a lot more data every year. Many believe that huge growth in data is still to come. Most point to the number of new everyday devices that are being connected to the internet. These are often referred to as Internet of Things (IoT) devices.

The upcoming boom in autonomous cars is a perfect example of this. Industry sources say that each autonomous car generates 25Gbs of collected data every hour. Imagine the growth in data networks and datacenters needed just to support a society full of autonomous cars.

Infinera is one of the hardware manufacturers supporting the explosive growth of this data.

They have developed clever devices that sit at each end of an optical network and convert data into light waves and vice versa at the other end. These fibre optic cables used to be reserved for telcos connecting countries or running their massive backbone networks.

Nowadays more and more fibre optic cables are being run between datacenters, whether they're in the same campus, across town or across countries.

Large cloud operators like Facebook, Google, Amazon Web Services and Microsoft are starting to run their own large fibre optic networks between their datacenters.

Recent research has shown that as much as 50% of data traffic across the Atlantic is now datacenter-to-datacentre traffic.

They need these big pipes to replicate huge amounts of data between their facilities. Having their data replicated at multiple sites makes it faster for users to access in that region, as well as provides redundancy in case of an emergency.

Traditional telcos have also been experiencing a huge growth in data traffic.

David Welch, co-founder and president of Infinera, says the company has been riding this wave with 16 quarters in a row of revenue growth. This has equated to around 25% year over year growth for the manufacturer for many years.

“However, at the end of Q2, we announced that for the first time in 16 quarters, we will report a drop in 3Q revenue. And the stock market reacted,” Welch says.

“There’s been a number of global events that brought our stock price down,” he adds.

The company is the leader in North America for its solutions and also globally in datacenter to datacenter optical connectivity.

While the company has done well, it has yet to enter the massive Chinese market.

In the last year, Infinera is extending its product range to include devices that are designed for across town connectivity. These are less expensive than their original long haul product ranges. This is referred to as ‘Metro’ connectivity within the industry and is generally around the 100-kilometre length fibre cables. It calls these devices it’s ‘Cloud Xpress’ range.

While the manufacturer is playing in an explosive area, it’s also been growing market share, although it’s an incredibly competitive space.

Some of this price pressure could explain why the company has had its first quarter in a long time without growth. This has seen its stock price drop from \$22 a year ago to \$8.50 today.