Cloud-Managed WLAN Services White Paper

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Report

Market

The Enterprise-class Wireless LAN (WLAN) market has been a growth market since its introduction in 2003. Initially, the Enterprise WLAN market began with the introduction of hardware-based Controllers which allowed simultaneous management of many WLAN Access Points (APs). Around 2010, cloud-services were introduced to manage multiple WLAN APs, which began the cloud-managed WLAN services market. Since its introduction, cloud-managed WLAN services has experienced growth rates far more than the total WLAN market and in 2018 generated $0.5B of revenues. We anticipate the cloud-managed WLAN services market will continue its strong growth and by 2023 will reach $1.0B in revenues, double that of last year's revenue (Figure 1).

Figure 1: Cloud-Managed WLAN Services Revenue
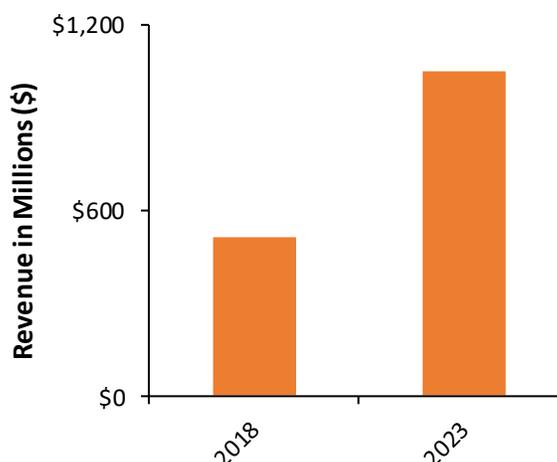
Advantages of Cloud-Managed

There are many advantages to using cloud-managed WLAN services. Medium-sized businesses have taken advantage of cloud-managed WLAN services more than either small or large-sized enterprises. We expect that over time, small and large enterprises will take fuller advantage of cloud-managed as vendors further expand on their offerings by further simplifying for small business and by adding more features for large business. As all company sizes are growing, especially in the US market, much of the enterprise WLAN market will transition to Cloud. Verticals such as retail, finance, and healthcare are great examples of verticals that are adopting cloud-managed WLAN services, and with time, we expect many, if not all verticals will adopt cloud-managed widely.

Branches - One very clear case where cloud-managed WLAN services make a lot of sense is for a business with a lot of branch offices, whether they are bank teller locations, retail or restaurant locations or satellite offices. Cloud-managed WLAN services allow a single organization to manage many far-flung locations, each equipped with WLAN APs, seamlessly, without the need to install a separate WAN Controller.

Ease of use - Since the introduction of cloud-managed, these services have generally been easier to use than Controller-based systems. When the WLAN vendor operates a cloud service, customers are not responsible for making system updates, and likewise, performance and interface improvements are without the need for customers to be involved.

Services – WLAN vendors and software/service companies are constantly introducing services that offer value on top of simple WLAN connectivity. Examples of such new services are retail analytics, monetization systems, location services, WiFi user analytics, and many more. Many of these new services are being offered as cloud services, either by cloud-managed WLAN vendors or by third parties and will help enhance the customer experience.

AI - Artificial Intelligence (AI) capabilities are being brought to the enterprise network at a rapid rate, and many such capabilities are being managed and deployed in the cloud. Cloud-managed WLAN services are among the first such services to take advantage of AI. These days, AI is being used to help manage networking devices, which is becoming especially necessary as IoT devices are becoming a growing portion of connected devices.

Management of other devices - Many of the same cloud-managed services that are focused on enterprise WLAN have been improved to allow management of campus Ethernet switches, routers, firewalls and most recently, SD-WAN

systems (Figure 2). Many of the advantages of managing WLAN using cloud-managed services apply to these other systems.

Leaders

Two of the earliest companies to have developed cloud-managed WLAN services are the leaders, Meraki (acquired by Cisco) and Aerohive. In 1Q19, Aerohive was the second-ranked vendor in cloud-managed WLAN services. Many other vendors have offered cloud-managed WLAN but have not displaced the two early players.

Conclusion

We expect that cloud-managed WLAN services market growth will continue to exceed that of the rest of the enterprise-class WLAN market as more companies will adopt its use. There are many reasons why more organizations will transition to cloud-managed services, including the fact that its use is broadening past the WLAN infrastructure towards campus Ethernet switches, routers, firewalls, and SD-WAN. Two of the main vendors that pioneered this industry still maintain a lead in the market, Cisco and Aerohive.

Figure 2: Cloud-Managed Services Revenue
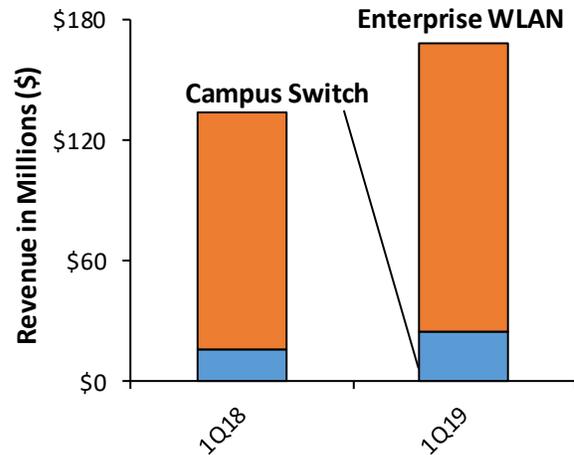
About 650 Group

650 Group is a leading market intelligence research firm focused on cloud and IoT growth markets, as well as the broader communications and Information Technology industries. Our team has decades of research experience, has worked in the technology industry, and is actively involved in standards bodies.

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