

## Q3CY09 Converged Network Adapter Market Share

Over 100% quarter-over-quarter growth is putting CNAs on the radar

Frank Berry

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On November 11, Emulex and QLogic issued press releases announcing their respective Fibre Channel HBA market share gains in Q3CY09. Emulex highlighted a 4% gain in the standalone 8Gb HBA segment while QLogic emphasized their strength in blade server mezzanine cards that led to an overall 1.9% gain in market share.

As the two giants in the Fibre Channel HBA market slug it out for a percentage or two each quarter, the new market for CNAs is quickly appearing on the radar.

### New Products Appearing

During calendar 2009, Brocade, Emulex and QLogic announced a variety of design wins with Dell, IBM and HP for CNAs in PCI-E form-factors or CNAs in blade server mezzanine card form-factors. Also announced during this year were the virtualization-optimized Palo CNA from Cisco and ConnectX EN from Mellanox. Each of the products include support for Data Center Ethernet (DCE), the foundation of all CNAs.

**Table 1 – Leading CNA Vendors and Products**

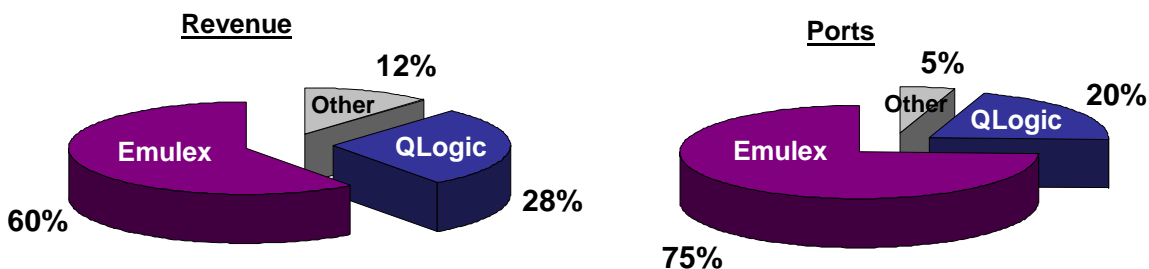
<b>Brocade</b>		
Brocade 1010	Single Port 10 Gbps FCoE/CEE CNAs	Gen 2
Brocade 1020	Dual Port 10 Gbps FCoE/CEE CNAs	
<b>Cisco</b>		
M81KR	Cisco UCS Virtual Interface Card	Gen 2
<b>Emulex</b>		
OCe10102-N	10Gb/s Ethernet Network Adapter	Gen 2
OCe10102-I	10Gbs iSCSI Adapter	Gen 2
OCe10102-F	10Gb/s FCoE CNA	Gen 2
CFFh	Emulex Virtual Fabric Adapter for IBM BladeCenter	Gen 2
LP21000	10Gb/s Single Channel FCoE CNA	Gen 1
LP21002	10Gb/s Dual Channel FCoE CNA	Gen 1
LP2105-CI	Mezzanine CNA for Cisco UCS B-Series Blade Servers	Gen 1
<b>Mellanox</b>		
ConnectX EN	Dual-Port 10 Gigabit Ethernet Adapters	Gen 2
<b>QLogic</b>		
QMI8142	Dual Port Mezzanine Card for IBM BladeCenter	Gen 2
QLE8152	Dual Port 10GbE Ethernet to PCIe CNA, Copper	Gen 2
QLE8150	Single Port 10GbE Ethernet to PCIe CNA, Copper	Gen 2
QLE8142	Dual Port 10GbE Ethernet to PCIe CNA, Optical	Gen 2
QLE8140	Single Port 10GbE Ethernet to PCIe CNA, Optical	Gen 2
QLE8042	Dual Port 10Gbps Ethernet to PCIe CNA, Copper or Optical	Gen 1

## Volume and Revenue Ramping

Manufacturer CNA port volume increased 133% quarter-over-quarter to a total of 9,800 ports and revenue increased 148% quarter-over-quarter to \$4.0 million.

## Leaders Emerging

The rapid growth of CNA volume and revenue was led by Emulex with 163% quarter-over-quarter growth to \$2.5 million and 170% quarter-over-quarter growth to 7,300 ports shipped. This growth positioned Emulex at the end of Q3CY09 with 2.1x the revenue and 3.6 x the ports of their nearest competitor QLogic.



CNA market share is based on manufacturer revenue, ports and average selling prices (ASPs) for adapters supporting Data Center Ethernet.

## Q4CY09 and Beyond

Through Q3CY09 CNA volume was driven by Emulex and QLogic partnerships with Cisco. During Q4CY09 and Q1CY10, the assault on the legacy markets for Fibre Channel HBAs and Ethernet NICs will begin in earnest as activities at Dell, HP and IBM transition from CNA technical and sales training, to CNA deployments.

## The Strategies

Emulex enters CY10 with a product rich in NIC functionality and partnerships with OEMs to satisfy 10Gb NIC demand with Emulex CNAs. Support for FCoE will be added in Q4CY09 or Q1CY10.

QLogic enters CY10 with a product rich in FCoE functionality and partnerships with OEMs to satisfy Fibre Channel HBA demand with QLogic CNAs. More robust NIC capabilities will emerge during CY10.

NIC giants Broadcom and Intel will enter the CNA market in the first half of CY09. We could see could a quantum increase in CNA industry volume very quickly If Broadcom and Intel position their 10Gb CNAs to displace some or all of the 10Gb NICs they have been shipping for years and that are now ramping at over 50% per quarter.

## Conclusions

- Emulex is clearly out of the blocks first in the CNA race.
- During CY10, CNA deployments will align with the past. CNAs with solid NIC functionality deploy in NIC applications, CNAs with great storage functionality will deploy in SAN applications and CNAs with low-latency will deploy in HPC clusters.
- Based on the fact the data center NIC market is four times bigger than the Fibre Channel HBA market, I like the NIC market focus of Broadcom, Emulex and Intel.

## Q3FY09 CNA Market Share

**Table 2 – Q3FY09 CNA Manufacturer Revenue, Ports, ASP & Market Share**

<b>Revenue (000)</b>	<b>1QCY09</b>	<b>Q:Q</b>	<b>2QCY09</b>	<b>Q:Q</b>	<b>3QCY09</b>	<b>Q:Q</b>
<b>Revenue</b>						
Emulex	\$ 444	n/a	\$ 972	119%	\$ 2,555	163%
Qlogic	\$ 320	n/a	\$ 620	94%	\$ 1,200	94%
Others	\$ -	n/a	\$ 129	n/a	\$ 250	94%
Total	\$ 764		\$ 1,721	125%	\$ 4,005	133%
<b>Revenue Share</b>						
Emulex	58%	n/a	56%	-3%	64%	13%
Qlogic	42%	n/a	36%	-14%	30%	-17%
Others	0%	n/a	7%	n/a	6%	-17%
Total	100%		100%		100%	
<b>Ports</b>						
<b>Ports</b>						
Emulex	1,200	n/a	2,700	125%	7,300	170%
Qlogic	500	n/a	1,000	100%	2,000	100%
Others	-	n/a	250	n/a	500	100%
Total	\$ 1,700		\$ 3,950	132%	\$ 9,800	148%
<b>Port Share</b>						
Emulex	71%	n/a	68%	-3%	74%	9%
Qlogic	29%	n/a	25%	-14%	20%	-19%
Others	0%	n/a	6%	n/a	5%	-19%
Total	100%		100%		100%	
<b>ASP Per Port</b>						
<b>ASP</b>						
Emulex	\$ 370	n/a	\$ 360	-3%	\$ 350	-3%
Qlogic	\$ 640	n/a	\$ 620	-3%	\$ 600	-3%
Others	\$ -	n/a	\$ 515	n/a	\$ 500	-3%

**About the Author:**

Frank Berry is founder and senior analyst for IT Brand Pulse. As former vice president of product marketing for the host bus adapter group and vice president of corporate marketing for QLogic, Mr. Berry has over 9 years experience in the development and marketing of host bus adapters. Prior to that Mr. Berry was vice president of worldwide marketing for the automated tape library (ATL) division of Quantum.

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