# Americas Technology: Hardware: Expert Network Series: Data Center & Networking Equipment July 2026 outlook with 650 Group

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**We hosted an investor webinar with Alan Weckel, the 650 Group founder and technology analyst on July 14th, 2026 as part of our Expert Network Series to discuss current trends impacting the data center & networking equipment market.**

**Bottom line:** The Ethernet networking market should quadruple over the next decade as (a) networking captures a larger share of data center infrastructure capex spend across both scale-out and scale-up AI network buildouts, and (b) enterprises invest heavily in modernizing campus networks on aging device refresh and AI-readiness. Concurrently, growing traditional server demand should support growing agentic data traffic intensity and should have significantly denser core counts that can increase power efficiency across the data center.

## Key takeaways

- **Ethernet networking supercycle to emerge over next decade**. 650 Group expects the overall Ethernet Switch market to exceed $200 bn by 2035 (v. ~$50 bn in 2025) as networking grows its share of overall data center infrastructure capex. While Ethernet switching's primary position within the AI data center today is in the scale-out network (rack-to-rack), Mr. Weckel expects Ethernet to emerge as a growing portion of the scale-up networking market (GPU to GPU), competing against NVLink to standardize connectivity and performance across growing diversification of vendor accelerators. Additionally, Mr. Weckel believes networking demand upside should lag current compute demand strength given that data center customers are still figuring out levels of compute interconnect needed. Separately, the overall DCI market should grow towards ~$33 bn in 2030 (v. ~$9 bn in 2025) at a ~29% 5-year 2025-2030 CAGR, primarily driven by AI scale-across networking (data center to data center interconnection, growing at a 96% 5-year 2025-2030 CAGR), though non-AI data center interconnect demand should remain robust (~18% 2025-2030 CAGR). Given growing scale out, scale up, and scale across networking needs, as well as ongoing supply chain constraints, Mr Weckel believes the Ethernet data center networking market should accelerate into next year (v. ~40% growth year over year in 2026).
- **Campus networking demand robust on growing IT budgets**. Per Mr. Weckel,

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while campus networking has traditionally grown at around ~2X GDP growth, the market should now grow ~4X. Outsized growth should be driven by (a) greater enterprise IT budget allocation given Project Glasswing concerns, and (b) continued ongoing equipment refresh across switches (particularly with Cisco, where legacy pre-Cat9K products are reaching end-of-support over the next year) and wireless solutions (WiF-7 upgrades).

- **650 Group raised its annual traditional server forecasts for 2026-2030 by ~31% on average, now expecting the traditional server market to achieve ~$164 bn by 2030** (v. $105 bn prior per 4Q25 forecasts). Mr. Weckel characterized this growth as a refresh/replacement of the existing CPU server installed base, where the latest generation of servers have significantly denser core counts that can increase power efficiency across the data center. Growing traditional server demand is driven by increasing intensity of AI agents interacting with database/application layer. Mr. Weckel expects that the upgrade in compute in the traditional data centers will be followed by an upgrade in networking (to 400-800G systems) in order to support the increased core-count density.

