

Venture Development Corporation

Embedded Hardware and Systems Practice



Press Release

For Details, Contact:

Paul Zorfass, Director, Embedded Hardware and Systems Practice

508.653.9000 Extension 145

pzorfass@vdc-corp.com

ATCA Market: Increasing Deployments of Integrated Platforms Signal Improving Momentum

Natick, Massachusetts – May 18, 2007 – Deployment of merchant AdvancedTCA (ATCA) integrated platforms, configured as full systems, is beginning to increase its growth and momentum. Venture Development Corporation discusses this improving momentum, the implications and market acceptance and forecasts, in its recently released *ATCA and MicroTCA (μ TCA) Market Opportunity and Requirements Analysis*.

Surmounting of Obstacles for Adoption

The deployment of ATCA platforms and associated growth of the market were constrained by major obstacles during the 2004-2006 emergent period. There were three important hurdles to overcome in order to accelerate deployment. Each has been either overcome or is far along.

The first obstacle was the constraint imposed by early build out associated with different technical interpretations relating to the ATCA specification. There were key questions surrounding hardware and software interoperability between products from different suppliers. This constrained their ability to work together. Significant progress has been made to resolve these interoperability concerns. The interaction and development of a fuller ecosystem between critical special interest organizations such as PICMG, the SA Forum, CP-TA, SCOPE, and the Mountain View Alliance have created an important dialogue between users and suppliers to solve these issues.

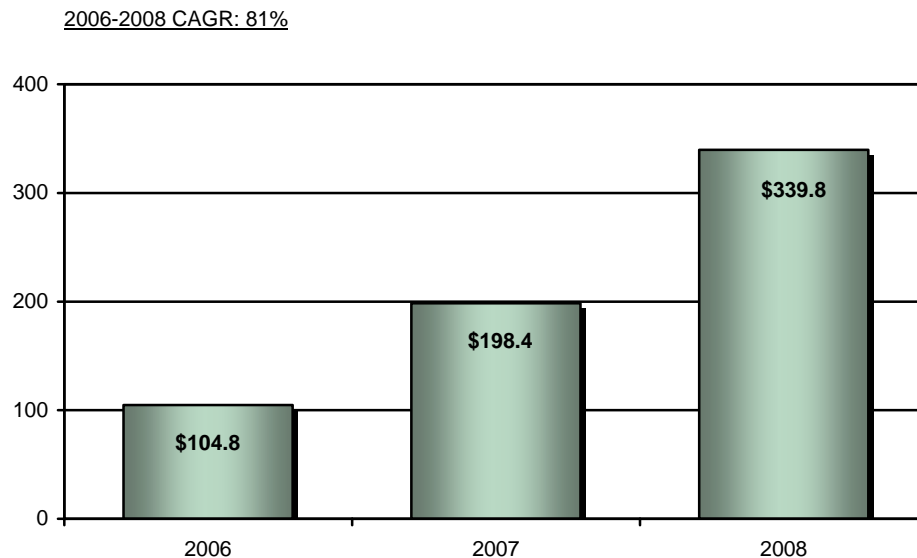
The second obstacle surrounded the implications of ATCA as a standardized communications platform associated with value realized. Within its target market of Tier 1 Network Equipment Providers (NEPs) and Telecommunication Equipment Manufacturers (TEMs), ATCA has engendered a great deal of central engineering and management discussion. Many of these organizations needed to confront how best to deal with standardized and proprietary platform architectures and the implications for engineering manpower investments. It has been more difficult for the Tier 1s versus the Tier 2s and Tier 3s since the former have invested more heavily in hardware platform engineering.

Finally, the ATCA platform requires supporting subsystem and component technology. These include such diverse areas as processors, switching fabrics, chassis, and operating systems. The hurdles of price and technical maturation for enabling technologies such as Gigabit and 10Gigabit Ethernet and Multicore processors added to delays within ATCA evaluation and adoption. As the capabilities of these subsystems became better understood their adoption for deployment has increased.

Advancing Deployment

According to VDC's research, 2006 shipments of Merchant ATCA Integrated Platforms were US\$ 104.8 million and forecast to reach US\$ 339.8 million by 2008. This indicates that NEPs and TEMs are now moving from the evaluation and pilot stages to selected production and development stages for ATCA. These firms are beginning to buy ATCA merchant platforms in larger volumes for their own value adds and fuller deployments.

**Total Market, Merchant ATCA Integrated Platforms, 2006-2008
(US\$ in Millions)**



Of the 2006 merchant Integrated Platform shipments, 92% were 14- or 16-slot platforms as opposed to the 2- and 5-slot platforms that are more typically used for evaluation and pilot for ATCA systems. NEPs and TEMs are buying these integrated ATCA platforms from merchant suppliers, and then building in their own value to include application specific hardware, software, and support services. These completed systems are then being deployed primarily into core and edge communications and network applications. Still too early are enterprise-related products and networks.

Paul Zorfass, Director of VDC's Embedded Hardware and Systems Practice, states, "ATCA growth proceeds at an aggressive measured pace. This is consistent with VDC's view of how new products compete and are adopted into proprietary architectures in cost-competitive markets. At the same time, we forecast strong growth for the larger market in the future. Based on these findings, as well as our discussions with Tier 1 NEPs and TEMs, the market is gaining momentum as early adopting NEPs and TEMs move toward fuller deployment for select

solutions and perform additional evaluation and productization of ATCA systems in newer core and edge/access solutions. When this is combined with our additional research into μ TCA and AMC solutions, the result is a more vibrant market for xTCA solutions overall.”

Learn More

VDC's report, *AdvancedTCA and MicroTCA Components and Solutions: Global Market Demand Analysis, 2nd Edition*, examines all facets of the ATCA and μ TCA markets including board-level components, basic platforms (chassis, power supply, and shelf manager), and integrated platforms. Market projections are provided for all of these segments of the AdvancedTCA and MicroTCA markets as well as demand analysis of data collected from AdvancedTCA and MicroTCA evaluators and users.

About VDC

Venture Development Corporation (VDC) is an independent technology market research and strategy consulting firm that specializes in a number of embedded, component, industrial, retail automation, RFID, AIDC, datacom/telecom, and defense markets. VDC has been operating since 1971, when the firm was founded by graduates of the Harvard Business School and Massachusetts Institute of Technology. Today, we employ a talented collection of analysts and consultants who offer a rare combination of expertise in the market research process; experience in technology product and program management; and formal training in engineering and marketing. VDC's clients include thousands of the largest and fastest-growing technology suppliers in the world and the most successful investors participating in the markets we cover.

For further information about *AdvancedTCA and MicroTCA Components and Solutions: Global Market Demand Analysis, 2nd Edition*, contact:

Paul Zorfass, *Director*, Embedded Hardware Practice, 508.653.9000 ext. 145, pzorfass@vdc-corp.com

For purchasing information, contact:

Tim Callahan, *Sales Manager*, 508.653.9000 ext. 113, timc@vdc-corp.com

Tim Shea, *Sales Manager*, 508.653.9000 ext. 119, tims@vdc-corp.com

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TECHNOLOGY MARKET RESEARCHERS AND STRATEGISTS SINCE 1971

Tel: 508.653.9000 ♦ Web: www.vdc-corp.com ♦ Email: info@vdc-corp.com