

Networking: Investment boom underway

November 28 2005

Investment in wireless networking soared during the last quarter, reaching growth levels not seen since the technology stock market bubble burst in late 2000, experts tell United Press International's Networking.

According to research released by the National Venture Capital Association, Thomson Venture Economics and PricewaterhouseCoopers -- called the MoneyTree Survey -- 41 wireless companies received a total of \$455 million investments during the third quarter of 2005, the biggest level of investment in four years.

Investment overall in networking was \$2.5 billion for the quarter, the survey said. The biggest winner was FiberTower, a maker of microwave cell tower networking technology, which netted \$150 million last quarter in venture capital funds; another developer, wireless messaging firm Visto, garnered \$70 million. Most of the investments were smaller, however, with companies like Pronto Networks receiving \$3.2 million.

In addition to the investment in early-stage networking technologies, established developers are also stepping up their spending. Juniper Networks recently completed a new R&D facility for Bangalore, India, with an \$8.5 million investment, that will concentrate on supporting and testing the company's products and technologies.

The center employs high-performance networking infrastructure, and telephony, including 500 racks of networking equipment for use by engineers. Sam Srinivas, the chief technologist for India operations for

Juniper, said in a statement that the primary reason the center was launched was because "the IP (Internet Protocol) networking sector in India is growing rapidly."

R&D and testing are needed not just in the United States, but also in India due to the "momentum" of economic growth in the subcontinent, added Sridhar Sarathy, managing director of India operations for Juniper. Jobs are being created around the world by the new networking investment boom. "In fact, 10 percent of the overall engineering workforce in Juniper is based in India," noted Sarathy. "And they work on all product lines, just as the U.S. R&D center."

Other companies are coming to market with new networking technologies that are sure to continue the spending streak. The developer 3Com is working on what it calls "total packet inspection" technology, an emerging technology that dissects every packet of information that travels across a network, the company said. The primary benefit is to allow only "legitimate" traffic to cross the network in order to reduce spam. Packets of critical information, like Internet telephony calls, are given first priority, while e-mail is given secondary consideration.

Companies are also working in strategic collaborations with others -- like the HomePlug Alliance (www.homeplug.org) -- to drive the adoption of technologies that may change the way networking is done, at least for homes and home offices, in the future.

Leading players like Intel, Sony, Radio Shack, Intellon and Arkados are part of the consortium, which is developing technologies that enable homes to network all their appliances -- including Ethernet networks, wireless networks, TV and appliances -- over conventional power lines.

"There is considerable renewed interest in power line products to support the growing consumer demand for increased network reach with reliable

throughput," said Joyce Putscher, an analyst at In-Stat, an IT market research firm, Waltham, Mass.

The HomePlug Alliance is developing specifications for power line communications technologies, and focusing on developing a new market for those technologies, a spokeswoman said.

"For many applications in the digital home, a power line device offers a useful alternative to a networking solutions, especially with the faster speeds of this next generation of 85 Mbps technology," said Kartik Gada, the product line manager at Netgear, Inc., a Santa Clara, Calif.-based developer of power line networking technologies.

Some networking technologies -- like video and audio teleconferencing -- are already making a hit for home networks, helping home-based entrepreneurs expand their offerings to potential customers. Previously, such technologies were only available, and affordable, for Fortune 500 companies.

"Emerging now are live audio-video conferencing options, with unlimited participants, for as low as \$25 per month," Eva Rosenberg, author of a new book, "Small Business Taxes Made Easy," told Networking.

Copyright 2005 by United Press International

Citation: Networking: Investment boom underway (2005, November 28) retrieved 25 April 2024 from <https://phys.org/news/2005-11-networking-investment-boom-underway.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.