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Optical Interconnects for Data Centers Market Forecasts to 2034 – Global Analysis By Component (Transceivers, Active Optical Cables (AOC), Optical Switches, Optical Fibers & Patch Cords, and Optical Multiplexers), Data Rate, Technology, Distance, End User and By Geography

https://marketpublishers.com/r/O11B59ED9EEFEN.html
Date: February 2026
Pages: 200
Price: US$ 4,150.00 (Single User License)
ID: O11B59ED9EEFEN

Abstracts

According to Stratistics MRC, the Global Optical Interconnects for Data Centers Market is accounted for $20.98 billion in 2026 and is expected to reach $61.12 billion by 2034 growing at a CAGR of 14.3% during the forecast period. Data center optical interconnects are communication pathways that transmit information using light rather than electricity, connecting servers, storage, and network devices. They offer higher data rates, lower delays, and improved energy efficiency over copper links, meeting the needs of AI, cloud computing, and large-scale data processing. Utilizing optical fibers and transceivers, these interconnects provide scalable, reliable, and efficient network performance, making them essential in modern data centers where fast, high-capacity data transfer and minimal signal loss are crucial for operations.

Market Dynamics:

Driver:

Need for energy efficiency

Rising power consumption in hyperscale facilities has highlighted the importance of low-energy networking technologies. Organizations are increasingly investing in components that reduce heat generation while maintaining high data throughput.

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Optical interconnects offer significant reductions in electrical power usage compared with traditional copper-based systems. The drive toward sustainability and carbon footprint reduction is reinforcing market adoption. Enhanced energy efficiency also supports cost savings on cooling and operational expenditures. As AI and cloud workloads expand, the need for energy-optimized optical solutions is becoming increasingly critical.

Restraint:

Manufacturing complexity

Precision engineering, cleanroom fabrication, and alignment tolerances increase production costs and complexity. Integration with high-speed transceivers and servers adds further technical hurdles. Smaller vendors may struggle with scaling production while maintaining quality standards. Customization demands for hyperscale and cloud environments further complicate manufacturing processes. Component miniaturization and the use of exotic materials can lengthen development cycles. These factors collectively slow product rollout and limit rapid market expansion.

Opportunity:

Open optical networking

By decoupling hardware from software, data center operators gain flexibility and interoperability across multiple vendors. This approach encourages innovation in transceiver design and network management solutions. Open architectures reduce vendor lock-in, allowing cost optimization and faster technology deployment. Standardization efforts are supporting ecosystem-wide collaboration among suppliers, integrators, and end users. Emerging cloud operators and telecom hyperscalers are increasingly prioritizing open optical solutions. These trends are likely to accelerate adoption and create new revenue streams for component manufacturers.

Threat:

Supply chain vulnerability

Shortages in key materials, like high-purity glass and semiconductors, can delay production schedules. Geopolitical tensions and regional manufacturing restrictions further exacerbate risks. Transport and logistics challenges impact timely delivery,

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particularly for global hyperscale deployments. Vendor consolidation can increase susceptibility to single points of failure in sourcing. Companies must adopt risk mitigation strategies, such as multi-sourcing and inventory optimization, to maintain continuity.

Covid-19 Impact:

The pandemic disrupted global supply chains, affecting optical component availability and production timelines. Lockdowns slowed manufacturing output and delayed delivery to hyperscale data centers. Despite these challenges, the crisis accelerated digital transformation and adoption of high-speed optical networks. Cloud service providers expanded infrastructure to support remote work, streaming, and AI workloads. Temporary shortages highlighted the importance of diversified suppliers and local manufacturing strategies. Post-pandemic, operators are prioritizing resilient networks and scalable optical solutions.

The transceivers segment is expected to be the largest during the forecast period

The transceivers segment is expected to account for the largest market share during the forecast period, due to their critical role in high-speed data transmission. These components are essential for enabling low-latency communication across servers and storage systems. Continuous innovation in form factor, data rate, and energy efficiency is boosting their adoption. Hyperscale cloud providers rely heavily on transceivers to manage massive traffic volumes efficiently. Emerging technologies such as 400G and 800G modules further drive segment growth.

The cloud service providers segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the cloud service providers segment is predicted to witness the highest growth rate, due to increasing data traffic demands. Hyperscale operators are expanding optical network deployments to support AI, IoT, and streaming workloads. Investments in high-bandwidth, low-latency interconnects are critical for efficient resource utilization. The need for energy-optimized solutions drives adoption of cutting-edge optical technologies. Providers are exploring open networking models to reduce costs and enhance flexibility. Emerging cloud markets in Asia and Europe are also contributing to growth.

Region with largest share:

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During the forecast period, the North America region is expected to hold the largest market share, driven by advanced data center infrastructure and high cloud adoption. The U.S. and Canada are leaders in hyperscale deployment and optical networking innovation. Strong investment in R&D and early adoption of next-generation transceivers support growth. The presence of major cloud operators reinforces regional market dominance. Advanced manufacturing capabilities and access to high-purity optical materials also contribute. Government initiatives promoting digital infrastructure expansion provide additional momentum.

Region with highest CAGR:

Over the forecast period, the Asia Pacific region is anticipated to exhibit the highest CAGR, owing to rapid expansion of cloud and hyperscale data centers. Countries such as China, India, and Japan are heavily investing in data center infrastructure. Rising internet penetration and digital services are driving demand for high-speed optical links. Local manufacturing and government incentives encourage adoption of innovative optical technologies. Regional operators are increasingly embracing open networking and modular interconnect solutions. Expansion of AI and 5G ecosystems further boosts growth potential.

Key players in the market

Some of the key players in Optical Interconnects for Data Centers Market include Cisco Systems, Inc., Eoptolink Technology Inc., Ltd., Broadcom Inc., Accelink Technologies Co., Ltd., Coherent Corp., NeoPhotonics Corporation, Lumentum Holdings Inc., Arista Networks, Inc., NVIDIA Corporation, Intel Corporation, Ciena Corporation, Fujitsu Limited, Huawei Technologies Co., Ltd., Infinera Corporation, and Juniper Networks, Inc.

Key Developments:

In January 2026, NVIDIA and CoreWeave, Inc. announced an expansion of their long-standing complementary relationship to enable CoreWeave to accelerate the buildout of more than 5 gigawatts of AI factories by 2030 to advance AI adoption at global scale. NVIDIA has invested $2 billion in CoreWeave Class A common stock at a purchase price of $87.20 per share. The investment reflects NVIDIA’s confidence in CoreWeave’s business, team and growth strategy as a cloud platform built on NVIDIA infrastructure.

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In November 2025, Cisco, in collaboration with Intel, has announced a first-of-its-kind integrated platform for distributed AI workloads. Powered by Intel® Xeon® 6 system-on-chip (SoC), the solution brings compute, networking, storage and security closer to data generated at the edge for real-time AI inferencing and agentic workloads.

Components Covered:

- Transceivers
- Active Optical Cables (AOC)
- Optical Switches
- Optical Fibers & Patch Cords
- Optical Multiplexers

Data Rates Covered:

- ? 25 Gbps
- 40–100 Gbps
- 100–400 Gbps
- 400–800 Gbps
- > 800 Gbps

Technologies Covered:

- Single-mode vs. Multimode
- Wavelength Division Multiplexing (WDM)
- Silicon Photonics

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VCSEL-based Solutions

Pluggable vs Integrated Optical Solutions

Distance Covered:

Short-Reach (2 km)

End Users Covered:

Cloud Service Providers

Hyperscale Data Centers

Enterprise Data Centers

Telecommunication Data Centers

Government & Defense

Other End Users

Regions Covered:

North America

United States

Canada

Mexico

Europe

United Kingdom

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- Germany
- France
- Italy
- Spain
- Netherlands
- Belgium
- Sweden
- Switzerland
- Poland
- Rest of Europe

Asia Pacific

- China
- Japan
- India
- South Korea
- Australia
- Indonesia
- Thailand
- Malaysia

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- Singapore
- Vietnam
- Rest of Asia Pacific

South America

- Brazil
- Argentina
- Colombia
- Chile
- Peru
- Rest of South America

Rest of the World (RoW)

- Middle East
- Saudi Arabia
- United Arab Emirates
- Qatar
- Israel
- Rest of Middle East
- Africa
- South Africa
- Egypt

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Morocco

Rest of Africa

What our report offers:
- Market share assessments for the regional and country-level segments
- Strategic recommendations for the new entrants
- Covers Market data for the years 2023, 2024, 2025, 2026, 2027, 2028, 2030, 2032 and 2034
- Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)
- Strategic recommendations in key business segments based on the market estimations
- Competitive landscaping mapping the key common trends
- Company profiling with detailed strategies, financials, and recent developments
- Supply chain trends mapping the latest technological advancements

Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

Company Profiling

Comprehensive profiling of additional market players (up to 3)

SWOT Analysis of key players (up to 3)

Regional Segmentation

Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)

Competitive Benchmarking

Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

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Note: Tables for North America, Europe, APAC, South America, and Rest of the World (RoW) are also represented in the same manner as above.

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