ZITHA TECH SPECIALTY CABLES (Pty) Ltd

CPO Optical Module Investment Portfolio



Overview

The Co-packaged Optical (CPO) Modules market is booming, projected to reach $7.38 Billion by 2033 with a 40% CAGR.

Key Takeaways

The Co-Packaged Optics (CPO) market is rapidly expanding, with major investments from Nvidia and other tech leaders, projected to reach $21.99 billion by 2033.Market Overview

The CPO optical module market is experiencing strong growth due to increasing demand for high-bandwidth, low-latency data center and AI infrastructure. The market size was estimated at $13.31 billion in 2025 and is projected to grow at a CAGR of 9.3% through 2033, potentially reaching $21.99 billion . Growth is driven by AI, machine learning, cloud computing, and high-performance computing (HPC) applications, which require faster data transfer and energy-efficient networking solutions .

Key Investments and Players

Nvidia has made significant strategic investments in the CPO supply chain, including $2 billion each in Lumentum and Coherent, securing access to laser components and optical networking products essential for CPO systems . These investments aim to integrate pluggable transceivers directly into switches, reducing hardware costs and power consumption in AI data centers . Other major players investing in CPO technology include Broadcom, Intel, Cisco, and Marvell, focusing on silicon photonics, 200G/lane modules, and high-density AI interconnects .

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Technological Drivers

CPO modules replace traditional pluggable transceivers by embedding optical components directly into switches, offering up to 5x power efficiency and higher bandwidth . The transition to 1.6T optical modules is expected to double bandwidth compared to 800G modules while improving energy efficiency, with annual production projected to exceed 5 million units by 2026 . Key enabling technologies include Electro-absorption Modulated Laser (EML) chips and monolithic silicon photonics platforms .

Regional Insights
• North America currently dominates the market due to advanced data center infrastructure and a concentration of technology firms .

• Asia-Pacific is expected to see rapid growth, driven by cloud adoption and digital infrastructure investments .

• Europe and other regions are gradually expanding CPO adoption, particularly in AI and HPC applications .
Investment Implications

Investors targeting the CPO sector should consider:

• Strategic partnerships with AI and cloud computing leaders to secure supply chain access.

• Technological innovation in silicon photonics and high-speed optical modules.

• Market timing, as 2026 marks the transition from pilot deployments to large-scale commercial production .

• Long-term growth potential, with AI-driven data center expansion creating sustained demand for CPO modules . In summary, the CPO optical module market represents a high-growth investment opportunity, with Nvidia and other leading tech companies actively shaping the ecosystem through strategic investments, technological innovation, and partnerships in AI and HPC infrastructure .

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CPO switches are shipping in 2026. Learn how co-packaged optics work, which platforms are live, power savings vs

CPO & Silicon Photonics: AI''s Interconnect Bottleneck and Who Profits

As investments, Chinese optical modules are "cash flow stocks" (the current-order dividend), not "platform stocks"

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Bringing optical connectivity closer to switch ASIC, shortening electrical paths, and reducing system power

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Lumentum, II-VI Incorporated and Ciena focus on high-performance passive and active optical components that

Co-Packaged Optics Market Size, Growth & Trends, 2031

Co-packaged optics market to grow from USD 161.43M in 2026 to USD 748.62M by 2031, driven by AI/ML bandwidth,

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FAQ What are the main differences between silicon photonics technology and traditional optical module technology?

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Embedded

In this scenario, Co-Packaged Optics (CPO) is now gaining momentum, emerging mainly as an alternative to the

Optical Stocks'' Sell-Off Wasn''t Foolish-But the Rebound Case Is

- The optical module sell-off reflects a timing correction after a 60%+ rally, not a flawed thesis, as demand remains

Nvidia''s official announcement, CPO mass production, and a ...

The rise of CPO technology has a structural differentiation effect on domestic optical module manufacturers, rather than a

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