

Intelligence Report: **Cisco Announces Supervisor 2T and Doubles Catalyst 6500 Performance, but is it Enough to Stave Off Aggressive Competition?**

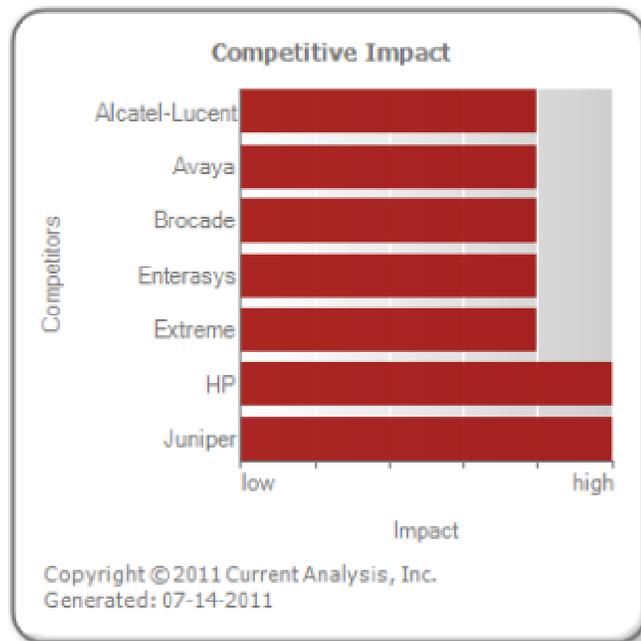
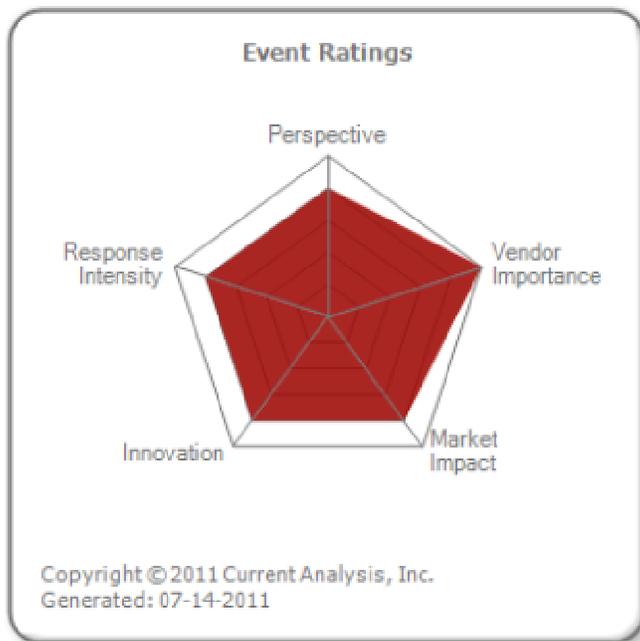
Report Date: July 14, 2011

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Service: Business Technology and Software , Service Provider Infrastructure 

Market: Data Center Technology , Enterprise Networking , Transport and Routing 

Quick Take



Competitive Positives

- Enhancements extend the useful life of the 6500
- 88 line-rate 10Gb ports provides 10G density that meets or exceeds most needs
- Demonstrates Cisco's ten-year commitment to the 6500 remains strong and exceeds that of most competitors
- With the increase from 40G per slot to 80G, Cisco addressed a competitive gap
- Cisco further enriched the feature set with security, enterprise / SP border technologies and more

Competitive Concerns

- Converting customers to the new modules opens risk of competitive turnover
- Catalyst 6500's value as a complete network services platform is not needed by all
- The 6500's premium pricing may be too expensive for pure play switch deals
- Positioning Nexus 7000 performance versus the 6500's breadth could cause confusion in partner and customer accounts
- Performance enhancements useful to the 7600, but no commitment was made

Event Summary

July 12, 2011 - Cisco announced new modules and feature enhancements to the venerable Catalyst 6500 platform. As the most widely deployed modular switch platform in the world, Cisco once again demonstrated its

commitment to its installed base and delivered on a promise made to ensure the 6500 continues to meet needs both today and well into the future. The new supervisor 2T and line cards double performance and enhanced security, offer customers compelling enhancements to the 6500 family.

Analytical Summary

Perspective

• Positive on Cisco's 6500 new supervisor, modules, services and software, because Cisco has shown that it can engineer solutions and significantly enhance a platform even many years after first customer shipment. With the new supervisor and line cards, Cisco doubled system performance. Besides adding several key features, such as full TrustSEC support coupled with a full complement of routing, encapsulation, these service provider technologies are finding value and use inside the enterprise more and more as it deals with emerging virtualization and address challenges. These new capabilities and modules give the 6500 additional life as well as new positioning opportunities. 

Vendor Importance

• Very high to Cisco, because the enhancements offer a means for it to upgrade the installed base of 6500's to a much more defensible position versus the competition. One of the weaknesses for the 6500 has been its 10G performance / density ratio and premium price relative to throughput. With Cisco's aggressive pricing on these new line card modules and supervisor as well as new software capabilities, Cisco has significantly improved the platform and created a strong opportunity to call on the installed base once more. 

Market Impact

• High on enterprise networks and data center infrastructure segments, as Cisco's 6500 is such a popular and prevalent platform that these new products provide customers the means to upgrade an installed 6500 solution without a complete replacement. Additionally, the performance of the new modules exceeds that of most enterprise network needs and offers headroom for many environments for several years to come. However, any discussion regarding a core upgrade (whether a component or a complete chassis) potentially opens up the sales opportunity to other vendors. 

Competitive Strengths

Competitive Positives

- The installed base is the greatest strength of the 6500. As Cisco's flagship campus platform, it receives a great deal of attention and investment from Cisco and partners alike. These enhancements extend the capabilities and bring the 6500 back within competitive reach of many of the newer architectures from a pure performance stand point, which closes a hole competitors may have been using.
- Few network devices in the industry have had a ten-year legacy, now with several additional years of capability added, Cisco has new revenue opportunities and customers have enhanced investment protection for their already operationalized networks. This has been achieved through continual, significant investment from Cisco. Customers and partners alike recognize the value and investment protection offered by the platform and this announcement merely reiterates that Cisco's commitment to the Catalyst 6500 remains strong.
- With the addition of the complete TrustSEC stack support, including hardware MACSEC, Cisco can now offer an edge to core security solution that exceeds that of many software-only based solutions. This is a powerful message and a capability that few competitors can match.
- With up to 88 line rate 10G ports or 176 2:1 oversubscribed 10G ports, Cisco has provided sufficient density to reduce the competitive exposure as well as exceed the needs of most campus environments. This provides a platform upon which customers can grow into a fully virtualized infrastructure (both DC and desktop) while providing a secure end to end architecture.

Competitive Weaknesses

Competitive Concerns

- With core switches being deployed as “don’t touch” devices, any time an upgrade is proposed, customers that do due diligence, may consider other competitor offerings. As Cisco works to reduce the exposure of the older 6500 supervisor modules to competitors, in so doing it may also trigger replacement investigations at the very accounts it is working to protect.
- Customers looking for a simple, easy to manage core switch may find the 6500 an overly complex, heavyweight product for their needs.
- The 6500 remains one of the most expensive core platforms in the industry, and if a customer is strictly looking for an Ethernet device that possesses minimal service capabilities, it may be perceived as overpriced - especially if the robust routing and buffering capabilities offer minimal or no value.
- With both the Catalyst 6500 and Nexus 7000 being offered as options for campus core devices with some basic criteria separating them, accounts that fall between the criteria may be confused as to which box best suits their needs.
- While the new supervisor and line card modules are aggressively priced for a core campus class device, this will not solve the price/performance issue the 6500 faces in the data center. In addition, many of the new features are targeted at core and campus applications rather than data center requirements (which is where the Nexus is the optimal platform), despite the large installed base of 6500s in the data center.
- By contrast, Cisco perhaps has missed an opportunity to leverage the new hardware and software enhancements for application in the 7600 service provider edge router, which incidentally needs the added performance and scale boost to satisfy traffic growth and service sophistication in the service provider’s edge network. Application in the 7600, however, is not free since the two systems run different software loads and poses a similar issue with the ASR 9000 as posed by the Nexus analogy above.

Response & Recommendations

- Cisco needs to move customers aggressively onto the new supervisors at minimum, and preferably the new modules as well in order to reduce the competitive threat and exposure that exists with older supervisors.
- While this announcement featured and focused on the technology that is brought with the new modules, Cisco needs to better articulate the business drivers for building virtualization enablement into the core platform as well as the end to end security capability provided through TrustSEC and MACSEC.
- All competitors need to displace the 6500 prior to the new supervisor and modules being deployed, because afterwards the core will be off-limits to replacement discussion again for another two to five years.
- Cisco still has considerable 6500 installations within the context of the data center as well as new messaging positioning the Nexus 7000 as a core switch platform. Cisco needs to clarify and then communicate how to articulate the positioning between the two and the relative values of each in order for the resellers to sell effectively, and stave off competition.
- Competitors such as Alcatel-Lucent and Juniper should exploit the opportunity to target Cisco’s base with their core Ethernet switch alternatives. Each should point out that replacing the supervisor engines and line cards could represent a significant CapEx investment in a decade old platform, not to mention a new revision of IOS.

Buyer Actions

- Existing and new customers should strongly consider the new Sup2T in the event they have a driving need for end to end security and have a Cisco TrustSEC enabled architecture already in place or need to bolster their security implementations.
- For dense 10G deployments in the core, where the performance offered by the new modules is demanded, customers should consider whether the migration to the new modules is the right choice and balance this against alternative platform choices that offer the opportunity to deliver higher density G and 10G Ethernet services.

- Customers should also evaluate the 6500 to provide addition robust software feature support, which may be needed to help deliver differentiated services across their enterprises.
- With Cisco's pricing of the new modules and capabilities being at parity or more aggressive than previous modules, customers may find the new offering compelling. However, they may also be able to demand deeper discounts on existing products in light of the new modules and therefore reduce their CapEx for 6500 solution blades.
- Cisco's service provider customers should press for a commitment to support the new capabilities on the 7600 variant of the platform to help cope with the growing bandwidth and capacity needs which can be satisfied by the 80G per slot performance now offered in the 6500.

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