



Cisco Finally Announces Updates to Catalyst 6500 Switches

Cisco's claims lack accuracy and material substance.

July 13, 2011

Announcement:

Cisco announced that they have finally made updates to their 12-year old flagship Catalyst 6500 switching line at the company's annual IT conference, Cisco Live, after several years of no upgrades. This announcement comes amid very turbulent times at Cisco that includes rapidly shrinking profit margins and a request for a change in leadership from investors. The Catalyst 6500 is one of Cisco's most popular products with a very large install base. The centerpiece of this announcement is Cisco's Supervisor Engine 2T, a 2-terabit card that Cisco claims triples the performance of the switch. Cisco also used this opportunity to again reiterate their "good enough network" argument which specifically targets HP.

Competitive Positioning:

Cisco Catalyst 6500 Refresh Announcement	HP Networking Position
<u>Supervisor Engine 2T:</u> Cisco claims this will triple the performance of the chassis with a 2-terabit card taking the throughput from 720 Gbps to 2 Tbps or 80 gigabits per-second, per-slot and be compatible with Cisco's previous chassis for existing Catalyst 6500 E-series customer's.	The new Supervisor Engine 2T still trails HP Networking's offering in terms of performance as their 80 gigabits per-second, per-slot trails HP's A10500 which offers double the performance with 160 Gbps. While the Supervisor Engine 2T is compatible with Cisco's 6500-E chassis most of their market share is on the 6500 not on the -E so therefore many customers will be forced into very expensive fork lift upgrades. The Catalyst 6500 is also nearing its maximum capacity, while HP's A10500 is designed to scale to nearly 1Tbps per slot.
<u>Multiple Platforms:</u> Cisco SVP John McCool claims that the Nexus is not intended to replace the Catalyst 6500 and that the two product lines are headed in different directions with the Catalyst targeting the campus-based market and the Nexus targeting the data center market.	Cisco continues to promote two separate network architectures (Data Center Business Advantage and Borderless Networks), however they are positioning their lead Catalyst and lead Nexus products in both architectures. This is causing a great deal of confusion in the market place.
<u>40 Gigabit Ethernet:</u> Cisco announced that the Catalyst 6500 became the first modular switch to showcase 40 gigabit Ethernet interoperability in November 2010.	It has been eight months since this was "showcased" last November by Cisco and they have yet to ship 40 gigabit Ethernet on the Catalyst 6500 and it does not appear this will occur in the immediate future.
<u>Additional Technical Announcements:</u> Cisco announced that the newly overhauled Catalyst 6500 offers an "industry first" with seamless IPv4 and IPv6 support from the switch's hardware platform as well as a comprehensive set of L4-7 integrated services modules and new network virtualization capabilities.	HP's A-series which is currently shipping has offered seamless IPv4 and IPv6 capabilities over the last several years. The L4-7 integrated services modules are the same modules that Cisco was previously offering. HP has also led virtualized networking for years with its Intelligent Resilient Framework (IRF) technology. Cisco gave no details on the new network virtualization capabilities.
<u>Cost:</u> Cisco claims that an upgrade to the Supervisor Engine 2T would cost an existing Catalyst customer \$38,000, whereas a comparable HP investment (A9508) would be a forklift upgrade and with chassis, frame, PSU and various modules taken into consideration, would be more than \$100,000 and an HP customer would only get 720 Gbps of throughput.	The new Supervisor 2T requires a 6500-E chassis. The 6513E has only been shipping since late 2010 and it represents just a small percentage of the overall 6500 installed base. When making an accurate and realistic comparison (Cisco 6509E vs. HP A10500), HP provides over 2x the performance while offering lower capital and operational costs. Additionally, the A10500 is designed for 1Tbps per slot which provides true investment protection over the next decade.
<u>Network Management:</u> Cisco announced that the new Supervisor Engine 2T ships with multiple management tools including Cisco Prime and Cisco Data Center Manager.	HP Networking is able to offer a single point of management with the HP Intelligence Management Center (IMC). Cisco offers different architectures for the data center core, campus and branch. Each architecture requires multiple management tools that do not communicate with each other.

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<p>Large Installed Base: Cisco SVP John McCool claims that the Catalyst 6500 has generated \$42B in revenue since 1999 and has close to 700,000 systems (110 million ports) installed globally to more than 25,000 customers.</p>	<p>The Catalyst 6500 is more than a decade old platform that has seen nothing more than incremental updates. As for the large installed base, these are the customer's who continue to turn their backs on Cisco and lift HP's market share results each quarter, proving that a real alternative exists.</p>
<p>Market Share: Cisco SVP John McCool claims that Cisco's market share in switching has been steady.</p>	<p>According to the Dell'Oro Group HP Networking had 12% market share for the WW L2-3 Ethernet switching market in Q111. This was up 2.5 percentage point's year-over-year, while Cisco's market share continued to slide with a 5.8 percentage point decline year-over-year. HP also gained 3.7 percentage points (ports shipped) of modular switching market share. The market share losses which Cisco has been experiencing are an obvious reflection of the market's reaction to being forced to pay a premium for legacy architectures on outdated platforms.</p>

Analyst Comments:

- "The 6500 was a fantastic workhorse, but is it going to be another five-year or seven-year platform?" – Andre Kindness, Forrester Research
- "Customer's may remain confused about whether they should place long-term bets on the Catalyst 6500." – Alan Weckel, Dell'Oro Group
- "Coming in with a supervisor only refresh opens up the customer to choice and evaluation of alternatives." – Mike Spanbauer, Current Analysis

Bottom Line:

Cisco's announcement comes two months after HP Networking announced the Flex Network architecture and A10500 series. This announcement is one that Cisco clearly had to make even though the Catalyst 6500 is very long in the tooth. The Catalyst 6500 is one of Cisco's more important installed bases and since the Catalyst 6500 carries much better margins than the Nexus line and Cisco shareholders have been very concerned with Cisco's shrinking gross margins this announcement was a necessity. The bottom line is that Cisco is facing declining switching profits and they have never before seen competition like they are currently seeing from HP. This announcement which lacks accuracy and material substance is just another sign that their downward spiral is continuing. It is obvious now more than ever that the market place finally has a real choice, as HP has brought competition to a stagnant and overpriced market and it's the customer's who are benefitting the most.

Press Coverage:

[HP Challenges Cisco Catalyst 6500 Upgrade Claims](#) – July 13, 2011 – CRN
[Cisco Live 2011: Catalyst 6500 Upgrade The Game Changer?](#) – July 13, 2011 - CRN
[Cisco Is Set to Unveil Upgraded Switching](#) – July 12, 2011 – Wall Street Journal
[Cisco Refreshes Top Catalyst Switch Line](#) – July 12, 2011 – CRN
[Cisco Pushes Back on Switching](#) – July 12, 2011 – Light Reading
[Cisco Upgrades Catalyst Series of Switches](#) – July 13, 2011 – Channel Insider
[Cisco Injects New Life Into Catalyst 6500 Switch](#) – July 13, 2011 – Network World

Cisco Collateral:

[Cisco Press Release](#)
[Catalyst 6500 Data Sheets](#)

HP Networking Supporting Information/Tools:

[HP Networking July "Pause" Cisco Disruption Campaign](#)
[HP Accelerates Market Share Gains in Networking Worldwide and in Every Region](#)
[Competitive Battlecard: Defending and Attacking Cisco FUD on HPN](#)
[HP Networking Playbook: Cisco EOL Products](#)
[Cisco Quarterly Earnings Analysis FY11Q3](#)

[HP Networking Competitive Intelligence Web Portal](#)

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