Vendor Rating: Cisco

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Initiatives: Sourcing, Procurement and Vendor Management Leaders

With a massive installed base of nearly 1M customers, Cisco is transitioning from hardware centricity and perpetual licensing models to software-, cloud- and subscription-based pricing. This research provides insights for IT leaders sourcing products and services from Cisco.

Overall Rating

Overall Rating: Positive

We assess Cisco with a positive overall rating due to solid products, a diverse portfolio, financial health and global channels. Further, Cisco has a large and (mostly) loyal installed base of nearly one million customers, with high visibility among Gartner clients and a strong global supply chain.

Feedback regarding Cisco from Gartner clients has been extremely consistent year over year. Despite these positive attributes, Cisco is not perfect. Specifically, pricing remains the top issue cited by Cisco customers. Also, Gartner believes there are suboptimal product overlaps within several markets that can impact customers. Overall, we expect Cisco to remain a solid choice for clients into the near future.

Figure 1: Vendor Rating for Cisco
**Vendor Rating for Cisco**

![Vendor Rating for Cisco](image_url)

**Detailed Rating**

**Product/Service: Positive**

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*Source: Gartner (September 2020)*

**ID 731667**

**Product**

We assessed Cisco’s products across multiple technology areas because Cisco has distinct strengths and challenges in each. Overall, we assess Cisco’s products as positive based on providing solid functionality for most of the markets they participate in. Specific products are covered in the Additional Analyst Insights section, in the following categories:

- Campus (access layer) networking
- Data center and cloud networking
- Collaboration
Cisco has a large and global support services organization that includes more than 10,000 engineers across 12 locations that handle more than 10 million cases per year. Cisco offers broader global coverage than all but a handful of infrastructure suppliers. For example, Cisco offers four-hour hardware replacement in more than 120 countries. This is a strong differentiator for enterprises with locations spread throughout the world.

Cisco’s SmartNet Total Care (SNTC) subscription-based offering remains the core technical support offering and is primarily resold by channel partners, but it is delivered by the Cisco Technical Assistance Center (TAC). SNTC provides hardware and software technical support, software and firmware upgrades, and product replacement. Based on peer insights, Cisco’s service and support levels have remained consistently positive from 2018 to 2019 (improving slightly, by less than 1%) across several thousand data points.

Another support option for Cisco customers is Partner Support Services (PSS). With PSS, specific Cisco channel partners provide their own L1/L2 support, which is authorized and backed by Cisco. While PSS contracts can sometimes provide savings versus Cisco-branded SmartNet, these contracts also may cost more because the partner will add in premium or managed services. PSS is not the same as third-party maintenance (TPM), which is not authorized by Cisco.

Cisco also offers premium support services, such as High Touch Operations Management (HTOM), Business Critical Services (BCS), and Solution Support. Enterprises should be advised to push Cisco and its resellers on transparency for BCS, as it is a premium service. Specifically, customers purchasing BCS should require Cisco to clearly identify the deliverables, pricing and SLAs associated with the service. Also, we’ve seen a substantial increase (over 25%) in the instances in which solution support (versus standard SmartNet) has been proposed to customers in the last year.

Cisco also offers limited lifetime warranties (LLW) on select equipment and in select countries. A small percentage of Cisco customers (we estimate less than 10%) choose to spare these products instead of covering support, as the LLW comes with software updates. Cisco also continues to offer no-cost firmware update entitlements that cover severe security and bug instances.

We observe Cisco increasingly auditing customers regarding Internetwork Operating System (IOS) usage employing Deloitte and KPMG. These audits usually target nonentitled firmware and software installations, secondary market hardware purchases, and third-party maintenance.
Therefore, end users should be aware of Cisco's EULA changes made in May 2020 (especially as they pertain to Section 6. Upgrades and Additional Copies and Section 11. Audit).

Support/Account Management: Positive

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Channel

Cisco engages with customers through both internal sales teams and through its large channel partner ecosystem. Cisco has an extensive global channel that consists of over 60,000 partners. The majority of partners are value-added resellers (VARs), but they also include system integrators and service providers. Cisco customers (and competing vendors) often cite the Cisco channel, including availability of partners globally, as a positive differentiator for the vendor, compared with other suppliers. Gartner estimates 90% of Cisco's sales are conducted through the channel, and Cisco only sells directly to a small number of enterprises (we estimate 300) and service provider customers (we estimate 100). However, it's common for customers to negotiate discounting with their Cisco account team directly.

In recent years, Cisco has typically avoided channel conflicts, whereby Cisco competes directly with channel partners or creates an environment where channel partners compete with each other. However, there are instances where Cisco competes with its channel partners, including advanced consulting services. Moving forward, as Cisco moves to more as-a-service delivery models, we believe there will be increased likelihood for channel conflicts. In addition, we believe that many of Cisco's 60,000 channel partners will have to dramatically adjust their strategy within the next 24 months, to align with Cisco's strategy and/or to avoid being relegated to low-margin hardware fulfillment. As a result, there is increased likelihood that Cisco customers may need to switch channel partners during the next two to three years.

Account Management

While a channel partner is usually required to purchase Cisco's products and services, Cisco has an extensive customer-facing presales team composed primarily of account managers and system engineers, and also includes presales resources such as product sales engineers and technical account managers. Customers with enough annual spend (greater than $500,000) are usually assigned a Cisco account team. Cisco and the VAR account teams work in tandem to translate business requirements into technical requirements, and subsequently provide procurement and presales engineering resources.

While Cisco has made substantial structural changes to customer-facing functions, including rebranding as CX, we've observed limited change in customers' reported experiences over the past year. We believe this is partially due to Cisco's focus on revenue-oriented metrics versus customers’ business-outcome-oriented metrics.
Pricing Structure: Variable

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We assess Cisco's pricing structure as variable, due to customer feedback regarding high pricing, in addition to customer concern and confusion over changing pricing models. Pricing-related items are the most common complaint Gartner receives regarding Cisco.

In most markets in which Cisco is an established player, the vendor’s prospects and customers note that Cisco’s solutions are expensive, compared with other vendors. Cisco generally sets list prices at high levels, which we believe is meant to support discount flexibility. Cisco also maintains separate list prices in different regions, and in areas like China list prices are substantially higher than other regions. This enables Cisco to discount to deep levels, to win in competitive customer situations, while maximizing profit from organizations that do not apply procurement discipline on their Cisco purchases.

Thus, we observe organizations that apply strong procurement discipline and/or competitively bid Cisco products against competitors will fare best and pay substantially less (typically, 20% to 45% less). Competitive bidding and procurement discipline are the top factors in determining pricing discounts. Deal size/volume is secondary.

Deal size is not the most important factor in Cisco discounting.

Competition is.

We also observe Cisco and its channels overengineering and/or offering higher-priced solutions than necessary. This often occurs in sole-sourcing situations and “Cisco shops” where Cisco and its channels feel no threat of competition. For example, one particular tactic we observe often is SmartNet “Solution Support” being proposed, unbeknownst to customers, which carries a premium price (often 10% to 35% more). Customers mistakenly think this is standard SmartNET (see Note 2).

Pricing Changes

Cisco continues to purposely shift its overall pricing structure to focus on software subscriptions, which are now available in multiple markets, including wide-area network (WAN) edge, access layer, data center and collaboration. We observe Cisco shifting pricing in the following ways:

- Separating hardware from software and charging for them separately, which also affects associated hardware support and software maintenance.
Customers report that newer pricing models are complex and confusing compared to other vendors and previous Cisco iterations. Cisco and its channels often describe changing pricing models as simply “better” for customers, due to increased flexibility and ongoing “access to innovation.” However, in certain scenarios, customers are finding these new proposals complex and confusing, with higher overall expenditures over the lifetime of the product.

**Future Pricing**

We expect continued changes to occur within the next several years, including driving customers toward enterprise agreements and whole portfolio agreements, the retirement of perpetual software licenses, and the introduction of hardware subscription models. Cisco has publicly stated that it is its desire to have its entire portfolio available as a service.

**Technology/Methodology: Positive**

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Cisco's broad portfolio contains many strong and comprehensive individual solutions. For most markets Cisco competes in, it delivers competitive features and capabilities to its customers. Despite having solid offerings that meet customer needs, Cisco has some overlapping product lines in multiple markets, which can create challenges for customers.

We expect Cisco to continue to innovate via both internal engineering and external acquisitions, as well as incremental improvements to existing offerings. We anticipate Cisco to make external acquisitions in the areas of security, collaboration and applications over the next 24 months. We also anticipate the increasing use of ML to improve operational management. Further, we expect Cisco to attempt to deliver nearly all products, including hardware, via an as-a-service model.

Since 1 September 2019, Cisco has made the following acquisitions:

- **Exablaze** in December 2019 for high-performance network switching.
- **Fluidmesh Networks** in April (intent to acquire) for industrial wireless backhaul.
- **ThousandEyes** in August 2020 for visibility and internet intelligence. We assess this as a wise acquisition that makes Cisco more relevant in the cloud era.
These acquisitions deliver the technology but can lead to overlapping solutions and limited integration within and across product lines. The result can be interim customer confusion, as well as suboptimal management and operation of solutions. Similarly, we assess that Cisco lacks a strong holistic network management strategy across its portfolio.

Cisco will also be faced with the classic “incumbents dilemma.” With a large installed base of customers who largely prefer incremental improvements to existing products, it can be challenging for Cisco to make dramatic short-term changes to products to capture a new innovation or trend.

We expect Cisco to maintain competitive solutions in most markets, although we expect that integration across and within product lines, particularly for assets acquired via acquisition, will remain a challenge for clients through 2021.

**Strategy: Positive**

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We assess Cisco’s strategy as positive based on the combination of solid financials, a diverse portfolio and planned product/service roadmaps. In FY20, more than half (51%) of Cisco’s revenue came from software and services, an indicator of success in Cisco’s strategy to transition away from a hardware-centric vendor.

Cisco’s publicly stated strategy includes four pillars: reimagine applications, secure data, transform infrastructure and empower teams. This strategy aligns with customer needs, Cisco’s portfolio and routes to market. Further, the vendor has a diverse portfolio of technologies, which helps it reduce its reliance on any one specific offering. Cisco is rapidly shifting its monetization strategy to drive subscription-based software revenue versus perpetual and/or hardware.

Like most large successful infrastructure vendors, Cisco faces the challenge of maintaining relevance as the world of on-premises computing is challenged by public cloud deployment models and an increasingly remote workforce. Cisco is not a cloud provider but has positioned itself as a cloud enabler, and it also uses cloud as a delivery platform. Thus, while the transition of workloads to the public cloud can limit the vendor’s influence and relevance to enterprises, Cisco has remained relevant. Further, the vendor also maintains strong partnerships with cloud companies, including Google and HashiCorp.

However, over the past year, there were several key departures from Cisco’s executive leadership team, including key heads of business units within collaboration (Amy Chang), networking and security (David Goeckler), and corporate strategy (Anuj Kapur). Cisco’s collaboration group, in particular, has had three separate leaders in the past 12 months. Further, Gartner believes the structural organization of Cisco’s networking and security business units is suboptimal and counter to industry trends regarding SASE. However, the new leader of the networking group (Todd
Nightingale) is from Meraki, which could indicate a focus on simplified management and cloud-native expertise, which is much needed.

**Corporate Viability: Positive**

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Cisco's viability continues to be rated positive. Cisco has been able to sustain a solid financial position (see the Financial section below), despite low-single-digit revenue growth over the last few years, which allows the company to invest in both R&D and acquisitions. Cisco's compound annual growth rate (CAGR) for revenue during the past three years has been approximately 0.9%, with mid-single-digit growth in FY19, but a 5% revenue decline in FY20. On the positive side, Cisco has improved profitability in each of the last two fiscal years, as shown by its improved gross and operating margins. Cisco continues to demonstrate a steady level of investment in its business, both from R&D and from acquisitions.

One of Cisco's scale advantages is its ability to spend significantly more on R&D than its competitors and at the same time sustain a ratio of R&D-to-revenue lower than that of its peers. With respect to R&D, Cisco has maintained its spending at nearly 13% of revenue for each of the past four fiscal years. Cisco also has the financial strength to add to its internal product development with an active acquisition strategy. Cisco has announced over 30 acquisitions since the beginning of FY16.

**Financial: Positive**

Gartner's approach to assessing the financial rating is based on historical performance (see Note 1). Given the unprecedented financial impact regarding COVID-19, the financial health of any company is extremely difficult to substantiate at the current time. Gartner's approach to assessing the financial rating is based on historical performance using financials reported according to generally accepted accounting principles (GAAP). Cisco continues to earn a positive rating from Gartner with respect to its financial position (see Figure 2).

Based on its past 12 months’ financials through July 2020, Cisco’s revenue growth is ~5%, and its net margin was a strong 22.7%. Its (modified) current ratio is 2.4x, and its cash from operations as a percentage of revenue is also strong at 31.3%. Cisco’s rating reflects its strong cash generation capabilities, high profit margins and good balance sheet. Cisco’s revenue growth has been weak in 2020 due to the impact of COVID-19, but the company should be able to sustain good margins and balance sheet ratios despite this revenue weakness.

Figure 2: Financial Statement Scorecard: Cisco
Cisco has a broad portfolio of access wired switching, WLAN products, network applications and services that are deployed globally to over 100,000 customers. Cisco is the market share leader for access layer connectivity. Cisco offers two access layer solutions:

- **Catalyst**, which Cisco primarily positions for mid to large enterprises
- **Meraki** (cloud-managed), which Cisco primarily positions to the midmarket

Individually, both of these offerings are solid and meet customers’ needs. However, each product family (Catalyst and Meraki) continues to have separate software licensing schemas (there is no DNA license for Meraki). These solutions have separate management interfaces and are also loosely tied together through Cisco DNA Center. Cisco continues to evolve to meet customer wired/WLAN needs. However, clients must be clear and specific about their short- and midterm requirements to ensure they select the correct product. End users still must make upfront decisions and face limited migration between platforms if they choose incorrectly or their needs change. For example, the solutions maintain separate capabilities regarding:

- Intelligent data capture — DNA On-Premises Assurance versus Meraki Wireless Health
Cisco's indoor location services struggle to address the expanded market requirements for asset location in their target markets, such as providing more accurate asset location to within one meter. Instead, Cisco has focused on location application capabilities, which is an area where Gartner continues to see growth in end-user inquiries across all vertical markets, especially with social distancing requirements created by COVID-19.

Collaboration

Analysis by Steve Blood

Cisco Webex is the flagship brand for its cloud portfolio of collaboration and customer service applications. Webex Meetings incorporates a strong range of video infrastructure, endpoint and applications offering a fully integrated set of deployment options between cloud, on-premises-based and hybrid architectures, enabling customers to maximize existing investments while taking advantage of platform migration to cloud and hosted services. Webex Meetings has seen an uptick in usage during the COVID-19 pandemic, which is an opportunity to capitalize on for future growth for this segment of the collaboration business. Nonetheless, Cisco faces strong and increasing competition from several vendors in collaboration, including RingCentral, Microsoft and Zoom.

Webex Calling is the figurehead for Cisco's UCaaS portfolio, with additional assets in heritage Cisco Unified Communications Manager as an on-premises-based platform or hosted by partners as a hosted collaboration service. This segment of Cisco's business is facing strong competition from cloud-based UC providers, such as RingCentral, 8x8, Zoom and Microsoft. In addition, some customers are questioning the value of traditional office phone services and their willingness to pay for it. Traditional telephony and UC on-premises-based systems have been underutilized during the pandemic, with staff instead relying on meetings and workstream collaboration to keep in touch.

Webex Contact Center is undergoing renewed investment as it is redesigning its applications to be microservices-based, with a focus on exposing services via APIs, which it refers to as a programmatic contact center. Cisco has good international presence for both Webex Contact Center and the recently launched Webex Contact Center Enterprise for much larger requirements. The COVID-19 pandemic has been an opportunity for organizations to transition to CCaaS, but other competitors are gaining interest from clients, including Content Guru, TalkDesk, Five9s and Amazon Connect.
Webex Training is a strong offering that supports learning and training use cases. In addition, Webex Events is a mature and fully featured platform for addressing the growing demand for virtualizing large events, whether internally focused or for external audiences.


**Compute**

*Analysis by Dan Bowers*

Cisco's compute portfolio aligns with market trends toward hyperconverged infrastructure, composable computing and infrastructure automation. Cisco's compute portfolio consists of Unified Computing System (UCS) servers, HyperFlex hyperconverged integrated systems and infrastructure management software, including the cloud-based Intersight. The UCS server portfolio includes B-series blade, C-series rack, S-series multinode storage servers and E-series nodes that embed into Cisco ISR routers. Cisco partners with other vendors to offer integrated systems that include Cisco UCS servers, such as Dell-EMC VxBlock and NetApp FlexPod. Gartner believes that Cisco's 10-year-old blade chassis design requires a refresh to remain competitive with newer blade architectures from its competitors.

Cisco had 6% of worldwide server market share in 2019, measured by revenue (see “Market Share: Servers, All Regions, 1Q20 Update”). Cisco's market share is heavily concentrated in blade servers and within the North American market. Cisco UCS enjoys a loyal user base among large enterprises due to integration with Cisco networking and feature-rich management interfaces that enable automation. Compared to server market leaders Dell and HPE, Cisco offers a less broad compute portfolio (for example, Cisco does not offer tower form-factor servers).

Cisco's HyperFlex placed fourth in market share for hyperconverged integrated systems in 1Q20 (see “Market Share Analysis: Data Center Hardware Integrated Systems, Worldwide, 1Q20 Update”). Within the competitive and fast-growing market for hyperconverged infrastructure, Gartner gives a high rating to HyperFlex for its hardware, scalability and security features (see “Critical Capabilities for Hyperconverged Infrastructure”). However, some IT leaders standardized on competing vendors' servers may be hesitant to shortlist Cisco HyperFlex because it is only available on Cisco UCS servers.

**Data Center and Cloud Networking**

*Analysis by Andrew Lerner*

Cisco has a large installed base of more than 45,000 customers in this market and has a solid portfolio. Its offering includes fabric management via Application Policy Infrastructure Controller (APIC) or Data Center Network Manager (DCNM), Nexus switches, and associated tools, including...
Network Dashboard. Cisco has a deep and broad portfolio of solutions and offers increasingly automated solutions. Customers cite concerns regarding high pricing and a fragmented portfolio. This market is covered in depth in Gartner’s “Magic Quadrant for Data Center and Cloud Networking” and “Critical Capabilities for Data Center and Cloud Networking.”

WAN

*Analysis by Andrew Lerner*

Cisco has over 30,000 WAN edge customers and is the leading SD-WAN vendor when measured by revenue share. Its products are branded as Cisco SD-WAN powered by Viptela or Cisco SD-WAN powered by Meraki. The SD-WAN powered by Viptela solution runs either Viptela OS or IOS-XE. In addition, Cisco Umbrella can optionally be deployed for additional enhanced security capabilities. Cisco’s WAN product portfolio has both feature breadth and depth, with varying price points to serve nearly all customer usage scenarios. However, Cisco’s SD-WAN portfolio includes separate pieces that don’t have full integration at the software or hardware layer, which can lead to limited investment protection as needs change or the requirement to manage multiple platforms. Also, based on client inquiry, Cisco customers report a much higher rate of concern over the last 12 months (nearly double) compared to other vendors, which is primarily related to price and/or software stability for IOS-XE. This market is covered in depth in “Magic Quadrant for WAN Edge Infrastructure.” Moving forward, we believe that Cisco has a solid roadmap to deliver increasing security and cloud capabilities in an integrated fashion, driving toward a SASE architecture.

Security

*Analysis by Craig Lawson and Ant Allan*

**Overview**

Cisco has a broad set of security products and services with strong client visibility across a range of markets. The vendor has solid firewall offerings, strong authentication products and strong security research capabilities. However, the security portfolio overlaps in several markets and is occasionally incomplete. Cisco will be able to pressure point-product competitors by making the breadth of portfolio a more important selection criterion, as well as the enterprise license agreements (ELAs). Overall, the vendor has been in a steady phase of postacquisition integrations across a broad range of markets, with examples being Sourcefire, Lancope, ThreatGRID, Cloudlock, OpenDNS and Duo Security. We expect Cisco to continue to use external acquisitions to bolster its security portfolio. Moving forward, we believe product rationalization and a focus on three emerging markets, including SASE, XDR and MDR, are key for Cisco to retain (or gain) relevance and align with customer needs.

**SecureX**

Cisco recently launched SecureX in June 2020, which is a cloud-delivered security management, event aggregation and orchestration console. SecureX evolved from Cisco Defense Orchestrator (CDO), and Cisco Threat Response (CTR) is Cisco’s entry into the burgeoning XDR market, as
defined in “Innovation Insight for Extended Detection and Response.” SecureX is designed to
deliver a common security framework for policy, event aggregation, case management, workflow,
attribution, threat intelligence and reporting across Cisco's portfolio, including network, endpoint,
user/identity and cloud. The vision and pricing behind SecureX should help Cisco customers to
deploy and manage more security components in a unified way. However, there is limited actual
market feedback on SecureX, given its newness, and this is an area (that is, modern interfaces
spanning product lines) that has traditionally been a challenge for Cisco.

**Firewall and Intrusion Detection and Prevention**

Cisco continues to sell multiple firewall product lines, including Cisco Firepower Threat Defense
(FTD), Cisco Adaptive Security Appliance (ASA), Cisco Meraki MX and Cisco IOS Firewall. The
vendor also offers cloud firewalling functionality in its Umbrella Secure Internet Gateway (SIG). We
believe Cisco's portfolio presents too many options, which can lead to customer confusion and
suboptimal product selection and/or complex management. Further, not all of these have a
common policy engine or management plane, although SecureX (described earlier) carries
potential to help in this area. Gartner believes that Cisco is continuing to focus more on the
enterprise firewall market over the IDPS market at this point (see "Magic Quadrant for Network
Firewalls" for more in-depth analysis on this topic).

**Security Research**

The Talos threat research team is well-regarded and helps Cisco customers gather threat
intelligence, detect vulnerabilities and response to security incidents. Multiple Cisco products
benefit from the integration of the Talos R&D group, as there are few security research groups that
have their depth and breadth of coverage.

**Host-Based Security**

There are a number of agents in Cisco's portfolio, including AnyConnect VPN, Duo Beyond,
Umbrella (OpenDNS), AMP for Endpoints and Tetration. These solutions help Cisco customers
deliver elements of zero trust to enable Gartner's CARTA architecture both from an end user,
identity, device (Duo Beyond, AnyConnect) and a server workload (Tetration) perspective. However,
we assess that Cisco's endpoint products could benefit from rationalization and consolidation to
reduce confusion and complexity for customers. Cisco's competitors are moving to a single agent,
performing multiple functions and reducing agent sprawl.

Further, there is an industry trend toward convergence of the endpoint protection platform (EPP)
and the endpoint detection and response (EDR) markets, which have historically been separate
markets. Some endpoint vendors are now also performing vulnerability management, and VA
vendors are now delivering EDR capabilities. This has made it harder for EDR-centric offerings like
AMP for endpoints to broadly succeed in the market. Microsoft’s recent combined EPP/EDR
offering (Windows Defender ATP) is also very compelling for customers. Despite its capabilities,
Cisco is not perceived as a strategic endpoint security vendor by many end-user organizations
based on Gartner analysis.
User Authentication (Duo Security)

Multifactor authentication (MFA) is required to establish trust in a user’s identity and reduce account takeover (ATO) risks from attacks like phishing. Cisco’s Duo Security offering has been one of the most successful MFA vendors, and Gartner clients mention Duo 10x more often than the next most cited stand-alone MFA vendor. Clients cite Duo’s “breathtakingly” easy installation, low management overheads, ease of integration across legacy and cloud environments, granular MFA policy, and native support for third-party hardware tokens. However, Gartner observes clients increasingly looking at alternative access management (AM) vendors, including Microsoft. Moving forward, we believe Cisco will increasingly compete with newer vendors (such as HYPR, Secret Double Octopus and Trusona) that have intrinsically passwordless mobile MFA offerings (see “Hype Cycle for Identity and Access Management Technologies, 2020”). For in-depth analysis, refer to “Market Guide for User Authentication.”

Managed Detection and Response Services

Detection and response services (see “Market Guide for Managed Detection and Response Services”) are the fastest growing style of security service, at approximately $1B. The value proposition of managed detection and response (MDR) is to help address deficiencies in being able to deliver 24/7 monitoring, reduce dwell time, and improve the time to contain and respond to active threats. It has proven particularly valuable for midmarket organizations (see “Midsize Enterprises Should Embrace MDR Providers”). We assess that Cisco’s original MDR offering represented a brief and promising foray into the MDR market. However, Cisco reentered this market with another offering, and we believe Cisco’s ability to support client requirements outside that of its own product set is limited. The level of response capabilities provided by the service is unclear, and the differentiation between technology delivery and intelligence-driven, human-powered delivery is hard to determine. Refer to “Market Guide for Managed Detection and Response Services” for further analysis.

Secure Access Service Edge (SASE)

SASE combines network security functions (for example, SWG, CASB, FWaaS, RBI and ZTNA) with WAN capabilities (that is, SD-WAN) to support the dynamic secure access needs of organizations (see “The Future of Network Security Is in the Cloud”). These capabilities are delivered primarily as a service and based upon the identity of the entity, real-time context and security/compliance policies. We believe that Cisco can deliver against the SASE vision but will have to integrate several disparate parts of its portfolio. Cisco’s SASE approach to date consists of its SD-WAN products combined with Umbrella Secure Internet Gateway (SIG). SASE is already proving to be a disruptive development to these stand-alone markets and is driving considerable amounts of feature expansion and acquisition activity from Cisco’s competitors. It represents both risk and opportunity for Cisco, as it has the capability and scale to deliver a global SASE solution, but can be very disruptive to its existing products and channels.

Evidence
Gartner analysts fielded over 5,500 inquiries on Cisco from 1 July 2019 through 1 July 2020. Peer Insights, which includes 2,500 reviews from 1 July 2019 through 1 July 2020 for Cisco, and over 6,000 from 1 July 2018, across multiple markets.

Gartner’s Market Share reports for multiple markets.

Vendor briefings with Cisco for multiple products.

Public materials from Cisco, including its website.

Cisco’s public financial statements, including quarterly financial investor calls.

**Note 1: Gartner's Financial Statement Scorecard for Public Companies**

Gartner’s Vendor Financial Statement Scorecard methodology measures a combination of growth, profitability and liquidity based on a company’s financial results from public financial statements according to generally accepted accounting principles (GAAP). Gartner uses a standard methodology to derive its Vendor Financial Statement Scorecard to provide a like-for-like view among a pool of more than 750 vendors using publicly available financial information. The four basic criteria are: (1) revenue growth (trailing 12-month year-over-year revenue growth); (2) profitability (trailing 12-month GAAP net profit margin) with net income as a percentage of revenue; (3) balance sheet liquidity (current ratio) as current assets divided by modified current liabilities (which adjusts for the presence of deferred revenue); and (4) cash flow based on the trailing 12 months of cash flow from operations as a percentage of the trailing 12 months of revenue. For companies with large amounts of net debt, a fifth criterion, net debt divided by trailing 12-month cash flow from operations, is incorporated. Gartner’s policy is to use financials based on GAAP in calculating the ratios needed for the Vendor Financial Statement Scorecard (see “Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies”).

**Note 2: SmartNet Solution Support**

[SmartNet Total Care Community](#)

**Company Overview**

Cisco

Headquarters: San Jose, California, U.S.

[www.cisco.com](http://www.cisco.com)

Cisco Systems is a publicly traded global technology corporation headquartered in San Jose, California. With about 75,000 employees worldwide and annual revenue of approximately $50 billion, Cisco offerings span networking, collaboration, software, security, compute and services.

**Overall Rating Definitions**
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<th>Potential customers:</th>
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<tr>
<td>Strong</td>
<td>Is viewed as a provider of strategic products, services or solutions:</td>
<td>Continue with planned investments.</td>
<td>Consider this vendor a strong choice for strategic investments.</td>
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<td>Positive</td>
<td>Demonstrates strength in specific areas, but execution in one or more areas may still be developing or inconsistent with other areas of performance:</td>
<td>Continue planned investments.</td>
<td>Consider this vendor a viable choice for strategic or tactical investments, while planning for known limitations.</td>
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<td>Variable</td>
<td>Shows potential in specific areas though still variable in more than one of the required categories:</td>
<td>Consider the short- and long-term impact of possible changes in status.</td>
<td>Plan for and be aware of issues and opportunities related to the evolution and maturity of this vendor.</td>
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<tr>
<td>Caution</td>
<td>Faces challenges in multiple required categories and execution is inconsistent:</td>
<td>Understand challenges in relevant areas, and develop contingency plans based on risk tolerance and possible business impact.</td>
<td>Account for the vendor's challenges as part of due diligence.</td>
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<tr>
<td>Weak</td>
<td>Has difficulty responding to problems in multiple areas:</td>
<td>Execute risk mitigation plans and contingency options.</td>
<td>Consider this vendor only for tactical investment with short-term, rapid payback.</td>
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**Recommended by the Authors**

- **Magic Quadrant for Data Center and Cloud Networking**
- **Magic Quadrant for Wired and Wireless LAN Access Infrastructure**
- **Magic Quadrant for Unified Communications as a Service, Worldwide**
- **Magic Quadrant for Hyperconverged Infrastructure**
- **Hype Cycle for Network Security, 2020**
Hype Cycle for Cloud Security, 2020
Demystify Cisco DNA Enterprise Agreements to Improve Your Negotiating Position and Optimize Your Network Spend

Recommended For You

Tool: Customer Foresight Enablement Guide to Discover Durable Customer Changes
Achieve Successful Managed Mobile Services Deals by Avoiding These Pitfalls
Critical Steps for Product Managers: Measuring Business Unit Performance
Revisit Sales Role Design to Increase Seller Effectiveness
Building Inclusive Leadership To Enable Future Success

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