

Cisco to Acquire Whiptail



OBJECTIVE ANALYSIS SEMICONDUCTOR MARKET RESEARCH



WHIPTAIL

\$415 Million Purchase Price

Cisco announced on 10 September 2013 its intent to acquire privately held Whiptail, which Cisco says will strengthen Cisco's Unified Computing System (UCS) fabric computing architecture by integrating high performance solid state memory systems. With UCS, Whiptail, and data center switches Cisco says it will: "accelerate Cisco innovation and momentum in the converged infrastructure."

Cisco plans to use Whiptail's technology to evolve UCS by integrating data acceleration capability into the compute layer. This is intended to help bridge the gap between increased performance demand from servers and the lagging bandwidth of standard storage systems.

The two systems are to be integrated in a way that simplifies customers' data center environments with unified management for provisioning and administration.

Under the terms of the agreement, Cisco will pay approximately \$415 million in cash and retention-based incentives in exchange for all shares of Whiptail. The acquisition is expected to close in the first quarter of Cisco's 2014 fiscal year.

Who is Whiptail?

Whiptail is a small independent manufacturer of very high end flash storage arrays, one of the first companies to participate in this space. Although it has been shipping highly-optimized systems for quite some time, Objective Analysis has encountered very few installations in our field interviews, and we estimate total shipments to date to be in the low hundreds of units.

The system, based on standard MLC SSDs controlled by an Intel-based server, performs in-line deduplication and write aggregation to accelerate performance and reduce wear. Products are optimized for certain applications (i.e. OLTP or VDI).

Whiptail, based in Whippany, New Jersey, calls itself: "a leader in high performance, scalable solid state memory systems."

How this Fits Cisco's Plan

Cisco has been making great strides in its server penetration. Part of the company's sell is to provide matched server/switch sets that are a good fit for the application. The addition of high-speed flash storage will remove one obstacle to Cisco's sales efforts by eliminating the need for third-party fast storage

systems, and may even pave the way for Cisco to altogether cancel the need for performance storage: systems can instead use low-end network-attached storage (NAS) or even cloud storage to meet their needs for long-term persistent storage, as all of their high-performance requirements will be fulfilled by the Whiptail array.

In this way Cisco should be able to capture the higher-value portion of the data center, leaving the mass storage to companies that are willing to compete on lower-margin opportunities.

A Good Bet?

Although Objective Analysis has not yet connected with either company and is a little shy on particulars at the moment, we see Cisco's move as a good one, and look forward to hearing why Whiptail was singled out among the very many flash storage companies who compete in the market today. In light of other recent acquisitions the price seems reasonable enough, since flash storage companies are selling for some pretty high prices these days.

Objective Analysis has published a report: [***The Enterprise SSD: Technologies and Markets***](#), which outlines the enterprise SSD market and profiles its players, forecasting unit shipments and revenues over the following five years. The report can be purchased for immediate download from the Objective Analysis website.

We thank Charles King of Pund-IT for helping us understand Cisco's UCS business.

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