

## Starent Buy Would Strengthen Cisco's Mobile Carrier Strategy

Akshay K. Sharma, Frank Marsala, Juan Ignacio Fernandez

Starent Networks would give Cisco expertise in long-term-evolution Evolved Packet Core mobile switching software. This could help increase the customer base for the Cisco 7600 platform and enhance its competitiveness.

## NEWS ANALYSIS

---

### Event

On 13 October 2009, Cisco Systems announced that it intends to acquire the IP-based mobile infrastructure solution vendor Starent Networks for \$2.9 billion in cash and equity. The companies expect the deal to close during the first half of calendar year 2010, after which Starent will become Cisco's Mobile Internet Technology group.

### Analysis

With this acquisition, Cisco is betting on the strong trends for mobile data. According to Cisco's "Visual Networking Index" — a report in which Cisco seeks to forecast the growth and use of IP worldwide — global mobile data traffic will more than double every year through 2013 (see [http://www.cisco.com/en/US/netsol/ns827/networking\\_solutions\\_sub\\_solution.html](http://www.cisco.com/en/US/netsol/ns827/networking_solutions_sub_solution.html)). Starent is a mobile packet core specialist whose technology Gartner has rated as good to excellent. Its key offering, the ST40, is a purpose-built Evolved Packet Core (EPC). Cisco's EPC is not a complete solution, as it is based on the 7600 router as the platform for the public data network (PDN) and serving gateways. The Starent technology will extend Cisco's core routing business, enabling it to offer an end-to-end solution in the core, which enhances its competitiveness against Alcatel-Lucent, Ericsson, Nokia-Siemens, Juniper Networks and Huawei. Such solutions appeal to accounts like AT&T that prefer working with larger vendors with comprehensive offerings.

Cisco will also benefit from Starent's technology leadership in code-division-multiple-access-based mobile data switching with its packet data serving node (PDSN) solutions. In addition, Cisco can leverage Starent's software expertise within newer functions, such as the IP Multimedia Subsystem (IMS) Call Session Control Function (CSCF), ASN gateways for Wi-Max, PDSN/Gateway GPRS Support Node (GGSN) and long-term evolution (LTE) EPC. Eventually, Cisco could port these solutions on top of the Cisco ASR 9000.

The companies face the usual challenges inherent in merging organizations with different development centers and cultures and overlapping customer bases. But access to Cisco's resources could help convert Starent's LTE trials with Verizon Wireless and Sprint into lasting deals. The acquisition would also give Starent an entry into Cisco's customer base and its status as a preferred vendor on many Tier 1 accounts.

## RECOMMENDATIONS

---

### Cisco and Starent customers:

- Ask for a road map for Starent and Cisco products and services, and a support plan for Starent products. Inquire after any plans for converged offerings on the ASR 9000 platform.
- Shortlist Cisco for upgrades and replacements of Cisco's 7600-based products if you are able to leverage an installed Cisco infrastructure.
- If evaluating Starent solutions for "greenfield" accounts, factor in the risk if the deal does not go through.

## RECOMMENDED READING

---

- "Vendor Rating: Cisco" — Gartner has given Cisco a "positive" rating, in part because it continues to expand its capabilities beyond networking into applications, services, the data center and the home. **By Ken Dulaney and others**
- "Dataquest Insight: Scorecard for Vendors of Long-Term Evolution Network Infrastructure"— Gartner offers LTE vendors and mobile network operators guidance on this key technology for enterprise wireless broadband. **By Silvain Fabre and others**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

## REGIONAL HEADQUARTERS

---

### Corporate Headquarters

56 Top Gallant Road  
Stamford, CT 06902-7700  
U.S.A.  
+1 203 964 0096

### European Headquarters

Tamesis  
The Glanty  
Egham  
Surrey, TW20 9AW  
UNITED KINGDOM  
+44 1784 431611

### Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.  
Level 9, 141 Walker Street  
North Sydney  
New South Wales 2060  
AUSTRALIA  
+61 2 9459 4600

### Japan Headquarters

Gartner Japan Ltd.  
Aobadai Hills, 6F  
7-7, Aobadai, 4-chome  
Meguro-ku, Tokyo 153-0042  
JAPAN  
+81 3 3481 3670

### Latin America Headquarters

Gartner do Brazil  
Av. das Nações Unidas, 12551  
9º andar—World Trade Center  
04578-903—São Paulo SP  
BRAZIL  
+55 11 3443 1509