Deep Analysis

Cisco Blockchain

Founded 1984 | HQ San Jose, CA | 74,200 employees (2018) | $49.33B revenue (2018)

This report focuses on the enterprise blockchain division within Cisco. The firm seemed intent on leveraging distributed ledgers to enhance its existing strengths at the network layer, but recently we learned that Cisco has essentially stopped investing in blockchain and plans to open-source its work to date. Intriguingly, Cisco had been promising a network-embedded option soon. This would have taken Cisco in a truly different direction from its competitors and played to Cisco's strengths, as well as taking blockchain in new and groundbreaking directions.

The Company

Cisco is one of the world's largest IT vendors, founded in 1984, with revenues of $49.33 billion in 2018. This report focuses on the enterprise blockchain division within Cisco.

Cisco is best known for its network and routing hardware systems, and over the years it has expanded its portfolio across the infrastructure backbone and into security and collaboration. Cisco is an interesting company in that the bulk of its revenue is generated by its vast partner system, and in that Cisco views every problem as a networking problem. It has a unique perspective on the potential and challenges of computing and has pioneered many new initiatives, such as the Internet of Things (IoT). Most recently, it is visible at the forefront of Edge, 5G, and Fog Computing. Cisco was one of the first major IT firms to explore the use

of blockchain, starting in 2015. But much like everything else at Cisco, its approach has been unique and to date has gone relatively unnoticed. Cisco only revealed its blockchain work in June 2019.

The driver behind Cisco's interest in blockchain is that Cisco is deeply embedded in major financial services firms, and all of the top 500 firms in that sector are exploring the use of blockchain.

The Technology

Assessing Cisco's blockchain technology is challenging as there is not much visible today, though it did release Cisco Blockchain Platform (CBP) and has filed a number of blockchain-specific patents. As might be expected, Cisco is more involved in the underlying infrastructure than in the more visible applications. To date Cisco has been highly active in everything to do

with blockchain, from the Linux Foundation to OpenStack. Of particular interest, though, has been Cisco's involvement in the role of blockchain for IoT, and the company co-founded the Trusted IoT Alliance in 2017.

Officially launched in 2019, CBP offers a decentralized, permissioned, highly scalable distributed architecture that pays keen attention to enhanced security. A key differentiator from its competitors is that CBP leverages its in-house predictive threat analytics across the network. It also offers enhanced and highly granular access controls, and end-to-end analytics. This core infrastructure is accessed via a pre-configured platform interface.

Where CBP further differentiates itself is in its design, from the start, for multi-cloud use, with an AWS Quick Start option. But most intriguingly, Cisco was promising a network-embedded option soon. This future network option would have taken Cisco in a truly different direction from its competitors and clearly played to Cisco's strengths.

The idea of a blockchain-enabled and embedded network is radical. It promises the possibility of a trusted, immutable networking layer. Combine this with Cisco's existing network health, performance, and assurance capabilities and many new options for blockchain open up – including its use in Edge and Fog Computing. This network option is not yet available, and sadly may never be as Cisco has cut back its investment in blockchain recently. So, we cannot provide any opinion other than its potential, but if it were to move forward, we have little doubt it would be successful for Cisco and take blockchain in new and groundbreaking directions.

Figure 1
Cisco Blockchain Assessment
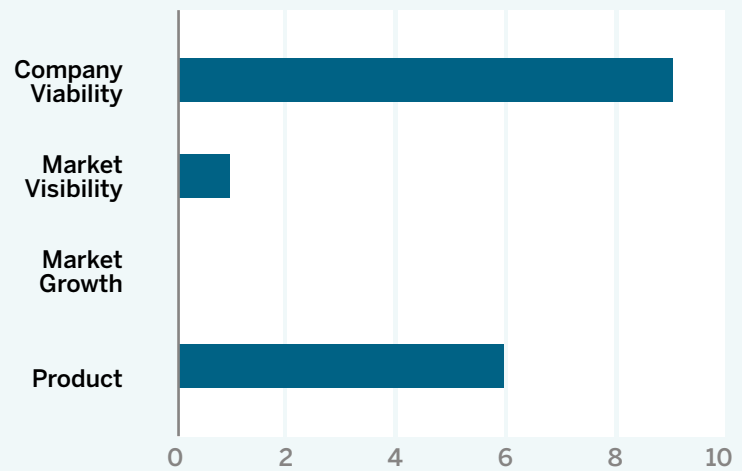
Our Opinion

Though on the one hand it's early days for Cisco and blockchain, the firm seemed intent on leveraging distributed ledgers to enhance its existing strengths at the network layer. Recently we learned that Cisco has essentially stopped investing in blockchain and plans to open-source its work to date. Figure 1 shows our assessment of Cisco Blockchain across four categories.

Advice to Buyers

Clearly, we can only advise buyers that Cisco has paused its blockchain efforts. Although it plans to open-source the work, and others will surely pick up where Cisco left off, we recommend you consider looking at Oracle, IBM, or R3 Corda for major enterprise blockchain requirements.

SOAR Analysis

Strengths

→ Huge IoT/networking install base

→ Innovative plans to embed blockchain at the network level

→ Ability and appetite to acquire blockchain firms quickly

Aspirations

→ Be the first to embed blockchain at the network level

→ Be the trust blockchain network for global trading

→ Leverage blockchain to accelerate Cisco's IoT business

Opportunities

→ For other vendors and developers to leverage Cisco's work once open-sourced

Results

→ Some customers already in production, with many more at proof-of-concept stage

→ Cisco decided to pause its blockchain investment efforts

About Deep Analysis

Deep Analysis is an advisory firm that helps organizations understand and address the challenges of innovative and disruptive technologies in the enterprise software marketplace.

Its work is built on decades of experience in advising and consulting to global technology firms large and small, from IBM, Oracle, and HP to countless start-ups.

Led by Alan Pelz-Sharpe, the firm focuses on Information Management and the business application of Cloud, Artificial Intelligence, and Blockchain. Deep Analysis recently published the book "Practical Artificial Intelligence: An Enterprise Playbook," co-authored by Alan and Kashyap Kompella, outlining strategies for organizations to avoid pitfalls and successfully deploy AI.

Deep Analysis works with technology vendors to improve their understanding and provide actionable guidance on current and future market opportunities.

Yet, unlike traditional analyst firms, Deep Analysis takes a buyer-centric approach to its research and understands real-world buyer and market needs versus the "echo chamber" of the technology industry.

About the Author

Alan Pelz-Sharpe is the founder of Deep Analysis. He has over 25 years of experience in the IT industry, working with a wide variety of end-user organizations like FedEx, The Mayo Clinic, and Allstate, and vendors ranging from Oracle and IBM to startups around the world. Alan was formerly a Partner at The Real Story Group, Consulting Director at Indian Services firm Wipro, Research Director at 451, and VP for North America at industry analyst firm Ovum. He is regularly quoted in the press, including the *Wall Street Journal* and *The Guardian*, and has appeared on the BBC, CNBC, and ABC as an expert guest.

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