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Viptela – A Key Piece of Cisco’s Digital Business Transformation



[Kevin Bandy](#) - May 8, 2017 - 5 Comments

Visualize the last puzzle you worked on. Now, remember how good it felt when you snapped a key piece into place. The fit was snug, it completed a strategic section, and opened up new areas to be assembled. This is how I feel about Cisco’s plan to acquire [Viptela](#)—a company that delivers cloud-based Software-Defined Wide Area Networking (SD-WAN) solutions.

Our job is to empower our customers’ digital transformations with the right networking solution that gives them with the best choice for their business model, talent and needs. From a solution perspective, Viptela extends Cisco’s SD networking strategy into the WAN environment in a significant way. It does this by combining Viptela’s cloud-first network management, orchestration, and overlay technologies with Cisco’s industry-leading routing platforms, services, and SD-WAN capabilities. For customers, the acquisition simplifies management, increases digital business agility, and reduces costs.

From my perspective as Cisco’s Chief Digital Officer (CDO), Viptela is also a great fit because the company and its people bring us closer to achieving our vision of delivering recurring value to our customers and the ability to consume that value on a subscription basis.

Much of Viptela’s revenue is subscription based. This means the acquisition will increase the percentage of recurring revenue for Cisco. Further, the SD-WAN market opportunity is projected to reach \$6 billion by 2020 at a compound annual growth rate (CAGR) of 76%. * As we increase our share of the SD-WAN market, our recurring revenue will also increase.

Press and analysts like the acquisition. A TechCrunch [article](#) stated, “[The acquisition] fits with the service-oriented focus of [Cisco’s] recent purchases, enabling the company to switch from a pure network hardware business, which has been its bread and butter to a services revenue based on the subscription model.”

Per my [last blog](#), we’re not there yet, but we’re one puzzle-piece closer to transforming our business model. Let me know what you think about Cisco’s latest strategic acquisition and our digital business transformation.

* Gartner, 2017

Tags:

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[akshman Vijayarajan](#)
May 16, 2017 at 9:12 am

1115pts

This is a great news! However, what's the direction and positioning message from Cisco with 3 unique solutions IWAN, Meraki SDWAN & Viptela SDWAN . Is there any solution comparative analysis collateral being prepared for the Partner/Field SE community ?

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Kevin k
May 13, 2017 at 9:19 am

What about meraki? What is the vision of cisco with two solutions contending for same market

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


[Sudip Lamichhane](#)
May 12, 2017 at 10:07 am

7570pts

:)


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Anonymous
May 10, 2017 at 10:46 am

Great perspective - Viptela is a welcomed addition to the portfolio.

0 likes



Hiten
May 8, 2017 at 1:19 pm

Excellent post, the market is upbeat about the Cisco M&A machine being in high-gear and this confirms that we are heading in the right direction. Thanks Kevin for this perspective!

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Hang on to your hats! Just about ready to take the stage for the closing keynote [#CiscoPS17](#) -Rowan <https://t.co/LEIruatNrY>

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