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[Home](#) > [Here's Why Some Partners Think Cisco Should Acquire Hyper-Converged Startup Springpath Instead Of Partnering With It](#)

Here's Why Some Partners Think Cisco Should Acquire Hyper-Converged Startup Springpath Instead Of Partnering With It ^[1]

by [Kevin McLaughlin](#) ^[2] on February 29, 2016, 5:18 pm EST

With Cisco Systems possibly poised to unveil its long awaited hyper-convergence offering ^[3] this week at its annual partner conference, some of its partners believe the vendor will acquire Springpath, a startup founded by former VMware storage engineers.

As CRN first reported in January ^[4], Cisco has inked an OEM agreement with Springpath and also made an undisclosed investment in the Sunnyvale, Calif.-based startup. Cisco is using Springpath's technology in a new hyper-convergence offering that runs on its UCS servers, according to CRN's sources.

Sources have told CRN that Cisco also has the option of acquiring Springpath based on revenue results. Springpath, which exited stealth in early 2015, certified its software to run on Cisco UCS servers last June.



[The 'Big Boys' Came To Play: HPE, Cisco Shake Up Hyper-Converged Landscape]

Adding fuel to the speculative fires in the channel, Rob Soderbery, Cisco's senior vice president of enterprise products and solutions, has been working with Springpath as a board observer since November, according to his LinkedIn profile ^[5].

A Cisco spokesman referred CRN's questions about Soderbery's board role to Springpath, which didn't respond to a request for comment.

Springpath develops software that enables compute, storage, networking and virtualization to run on x86 server hardware. Co-founders Mallik Mahalingam and Krishna Yadappanavar were previously engineers at VMware, helping to create technologies like VMFS (Virtual Machine File System) and VXLAN (Virtual Extensible LAN).

Three partners told CRN they believe San Jose, Calif.-based Cisco will acquire Springpath to lock up the technology and prevent one of its rivals from buying it. If Cisco doesn't announce the move at its partner conference this week in San Diego, it will likely pull the trigger sometime in the near term, the partners speculated.

"I think working with Springpath is a good move for Cisco, but if it's an OEM relationship instead of an acquisition, then it could spell trouble for them down the road," said one of the partners, who didn't want to be named because the partnership is confidential.

Buying Springpath would enable Cisco to avoid a repeat of the scenario that played out in 2012, when it was reportedly close to acquiring coveted software-defined networking startup Nicira when VMware swooped in at the last minute with a better offer and closed a deal.

Cisco is coming late to market where startups Nutanix and SimpliVity are grabbing the lion's share of attention. Yet Springpath is a good option for customers that want to build their own hyper-converged infrastructure, according to one Cisco partner.

"The customer can choose their own hardware, in whatever CPU/RAM/Network/storage mix they want. They can also choose a hypervisor -- or not choose and run more than one," said the partner, who didn't want to be named to protect his vendor relationships.

Another Cisco partner said the networking vendor's late entry isn't a concern given the level of sophistication of current hyper-convergence offerings.

"I don't think Cisco has any reason to be intimidated by the state of the technology available in the converged market today. Most are just a [VMware] VSAN type storage on top of a hardware platform," said the partner.

Cisco's annual partner conference would provide an ideal opportunity for the vendor to unveil the Springpath-based hyper-convergence offering, one longtime Cisco partner told CRN. But such a move, he said, would also come with more than its fair share of competitive ramifications.

"This will certainly be one of the most visible -- and touchy -- announcements since Chuck Robbins took the helm [as Cisco CEO last July]," the partner said.

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[2] <http://www.crn.com/author/kevin-mclaughlin>

[3] <http://www.crn.com/news/data-center/300079781/sources-cisco-to-unveil-hyper-converged-offering-aims-to-undercut-nutanix-simplivity-on-pricing.htm>

[4] <http://www.crn.com/news/data-center/300079256/sources-cisco-inks-oem-deal-with-startup-springpath-preps-ucs-hyper-converged-appliance.htm>

[5] <https://www.linkedin.com/in/robertsoderbery>