
Sales Pulse Research Update**February 13, 2024****SPR Update - CSCO - Some Signs of Weakness, More Cuts Coming...****CSCO**

Checks on Cisco sound similar to the past few quarters with continued slow bleed of market share in the enterprise market to Arista and others, more departures of execs and senior sales staff but still hope of a refresh cycle starting sometime in 2024. Now that 2024 is here, the easy call by many industry contacts is that there is still uncertainty in the first half but the second half looks bright, with the usual caveats about the macro economy.

Concerns include:

- 1) Departures of Cisco execs in some key areas including leadership in their Routing organization; Head of wireless sales, various field management positions.
- 2) Concerns regarding Cisco's Splunk acquisition. Cisco's strategy in acquiring Splunk, as we understand it, is to integrate Splunk and Cisco technology and to leverage Cisco's account control to help retain and growth revenue. Although the deal won't close for a while, channels are already seeing some clients take more aggressive action to limit their Splunk spend and to consider alternatives. Some include tactical moves like using Cribl or SentinelOne DataSet to offload large volumes of data and processing from Splunk. End users are also evaluating the shift to next generation SIEM / XDR from vendors including CrowdStrike, Palo Alto, Microsoft or others. Some industry contacts see the evaluation of alternatives to Splunk accelerating now that the Cisco / Splunk deal has been announced.
- 3) Some anecdotal evidence of disappointing sales. Cisco is a very large organizations and our channel contacts do not have visibility across much of their market. Recent input is similar to the past few quarters with no indications of re-acceleration.

Reasons for optimism include:

- 1) Cisco's large installed base includes a lot of equipment that is overdue for refresh. Many upgrades have been delayed due to expectations that more applications would be moved to the cloud. There are many examples of large enterprises that stated over the past few years, their intention to move the majority of their apps to the cloud. 2023 was the year of cloud optimization as end users learned more about cost overruns and other cloud related issues. Now, armed with more realistic expectations about the viability and cost of cloud, organizations are better able to assess their premise based infrastructure and refresh where appropriate.
- 2) Channels report high levels of sales activity and projects in the pipeline. Although there is uncertainty regarding budgets and timing, projects are in motion and ready to move forward as end users gain more confidence in their business plans.

More Cuts...

Cisco is expected to announced more cuts (see [Cisco to cut thousands of jobs to focus on high growth areas.](#)) Field contacts anticipate that Cisco will inform their organization of how many and who is impacted this Thursday. Cisco will certainly stress the positive, that they are making changes to focus on high growth areas. The cuts will also likely result in savings. On the negative side, we believe that at least some of the cuts are being made as a result of growth that is slower than anticipated.

As always, we are happy to discuss in more detail,

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