Networking Decisions

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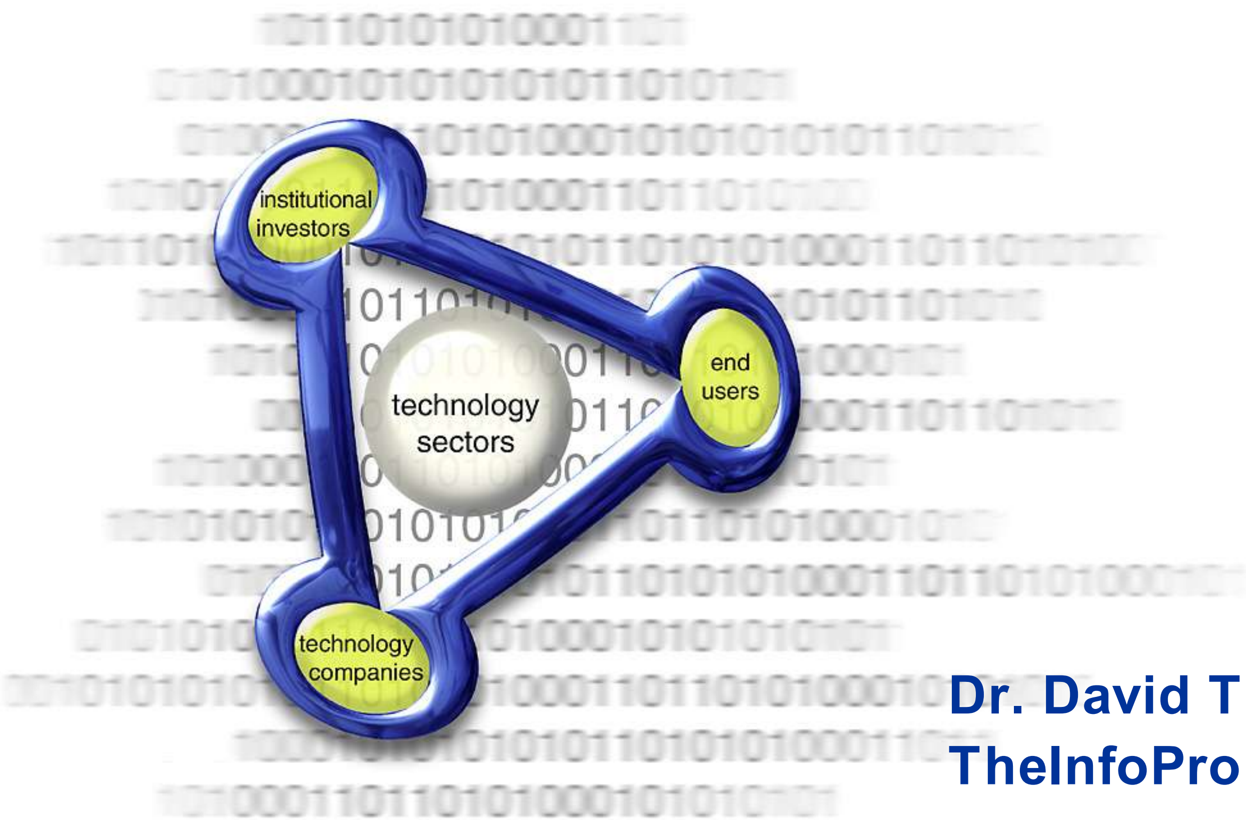
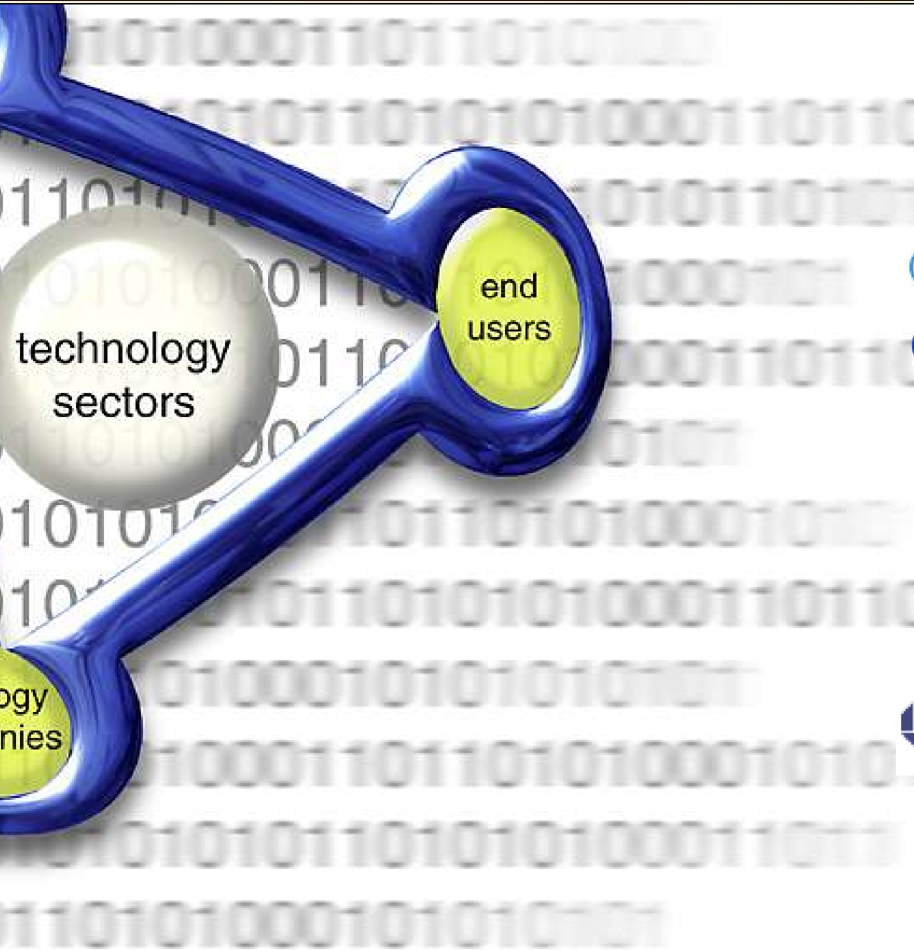
Networking Technology Deployment Trends: Vendor Implementation and Customer Ratings



Dr. David Taylor
TheInfoPro



AOL Time Warner · McKESSON · AT&T · Merrill Lynch · BELLSOUTH · REUTERS · ChevronTexaco · SEARS · citi · TOYOTA · FedEx · Honeywell · ups · JPMorganChase · VISA · Lufthansa

- **150-250 Decision Makers interviewed in 6 month waves by key IT sector**
- **Average interview is 1 hour, conducted by phone & in person**
- **TIP*Network* today includes 800 enterprises in North America & Europe**

Networking Research Overview

- Studies: Networking, Wave 1: Summer - Fall 2004
  Security, Wave 4: Fall 2004
- Population: Networking, Wave 1: 150 (when complete in December)
- Security, Wave 4: 220 (when complete in November)
- Content: Vendor Ratings, Tech. Deployment, Spending, Issues
- Sectors: Network Architecture (2.5 & 3.0 Gens, Desktop GigE)
  Routers/Switches (Layers 2-3, 4-7, MPLS, 10 Gb/s)
  Enterprise Networks (SSL VPNs, Private VLANs, MANs)
  Identity Management (Directory, Provisioning, SSO)
  Network Security (AV, Firewall, AES, TKIP)
  Voice over IP (IP PBXs, Soft phones, H.323, MGCP, SIP)
  Wireless (802.11a, 11b, 11g, 11i, WLANs, WiMAX)
  Messaging (Unified messaging, Instant messaging)

Agenda Highlights

- **Business drivers and priorities for 2005-06**
- **Wireless**
  - **Deployment status & plans for 2005**
  - **Specific technology projects & preferred vendors**
  - **Customer ratings for a sample of vendors**
- **VOIP**
  - **Deployment status & plans for 2005**
  - **Specific technology projects & preferred vendors**
  - **Customer ratings for a sample of vendors**
- **Security**
  - **Deployment status & plans for 2005**
  - **Specific technology projects & preferred vendors**
  - **Customer ratings for a sample of vendors**

Vendor/Product Customer Ratings – 8 Open-ended Questions

Is this vendor a strategic or a tactical vendor for your organization?

What are this vendor's (or product's) top 1-2 strengths, and why?

What are this vendor's (or product's) top 1-2 weaknesses?

What feature(s) would you most like to see added to this product?

About how much money did your enterprise spend with this vendor (for security) during 2004?

Approximately how much (what percentage) will your spending with this vendor change next year?

"Are you planning to switch from this vendor to another vendor? If so, to which vendor?"

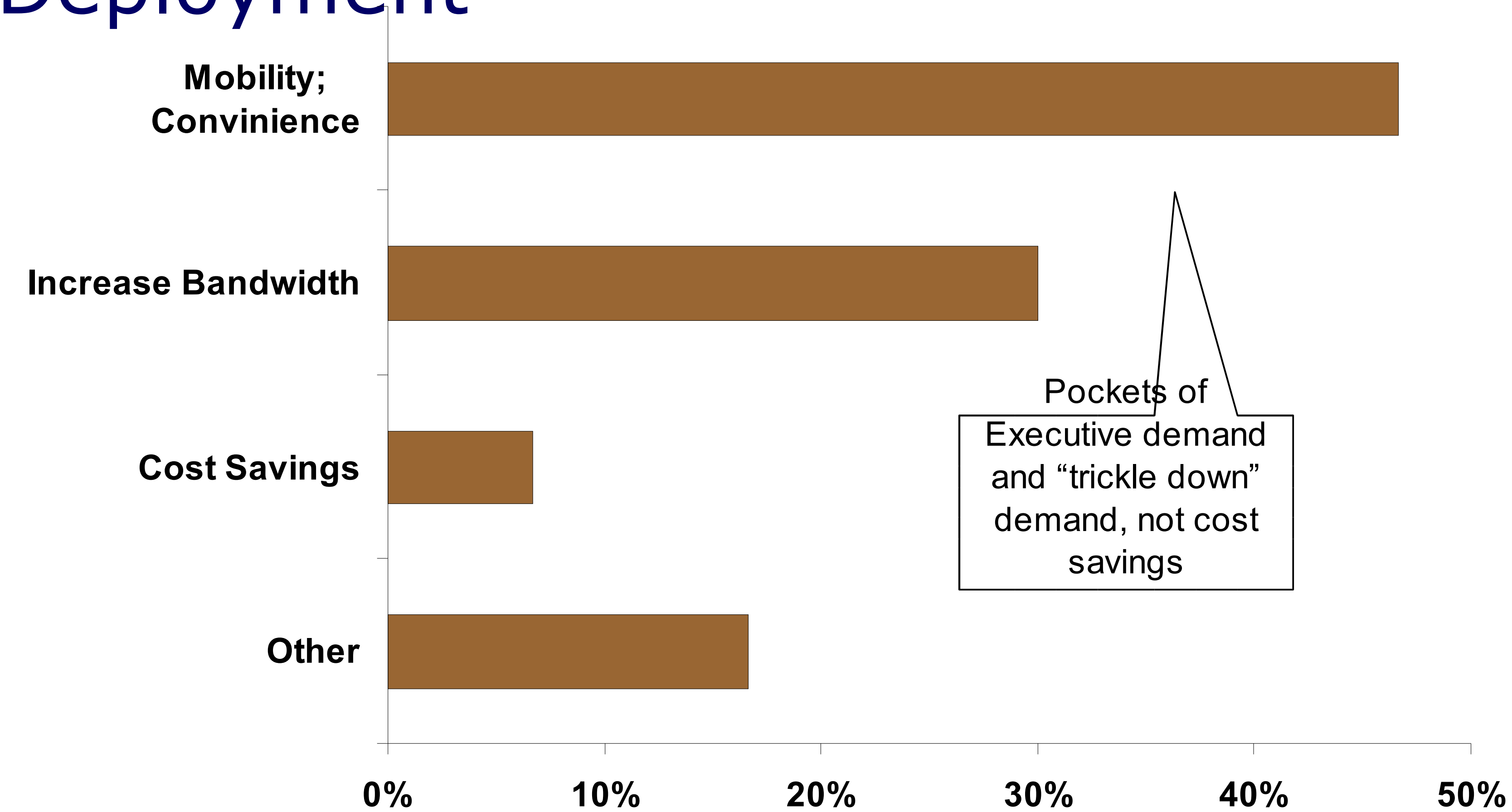
Would you consider outsourcing this to a managed service provider? If so, what vendor would you consider first?

Vendor/Product Customer Ratings – 12 Ratings Criteria

1. The company's brand or reputation
2. Technical innovation
3. Management's strategic vision
4. Competitive positioning of the products or services
5. Interoperability with other vendors
6. Product features / functionality
7. Product quality
8. Value for the money
9. Sales force quality
10. Delivery of products as promised
11. Quality of technical support
12. Ease of doing business with the company

Wireless

Business Needs that Drive Wireless Deployment



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Networking Decisions

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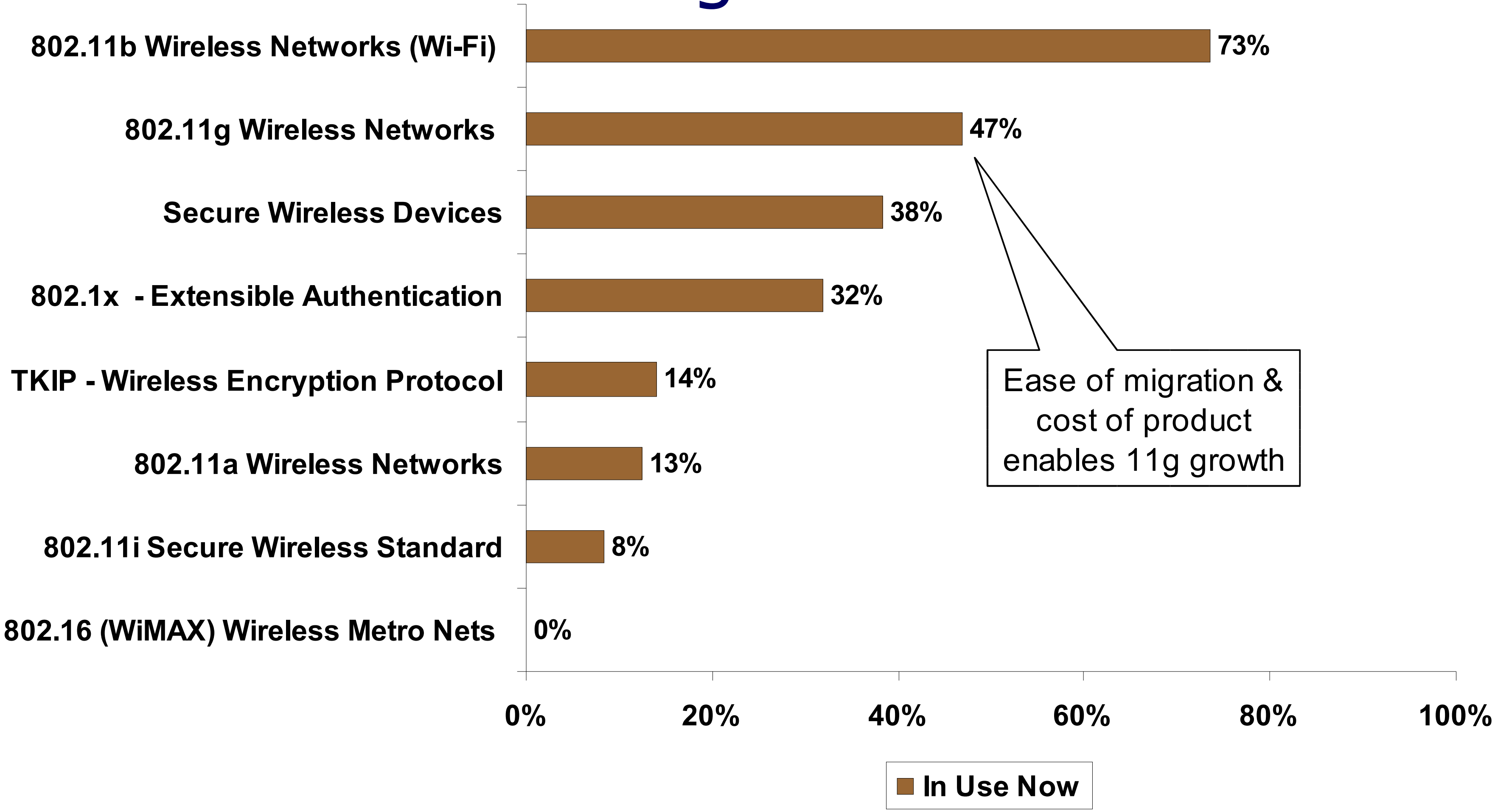
Percent of Firms Currently Using Wireless Technologies



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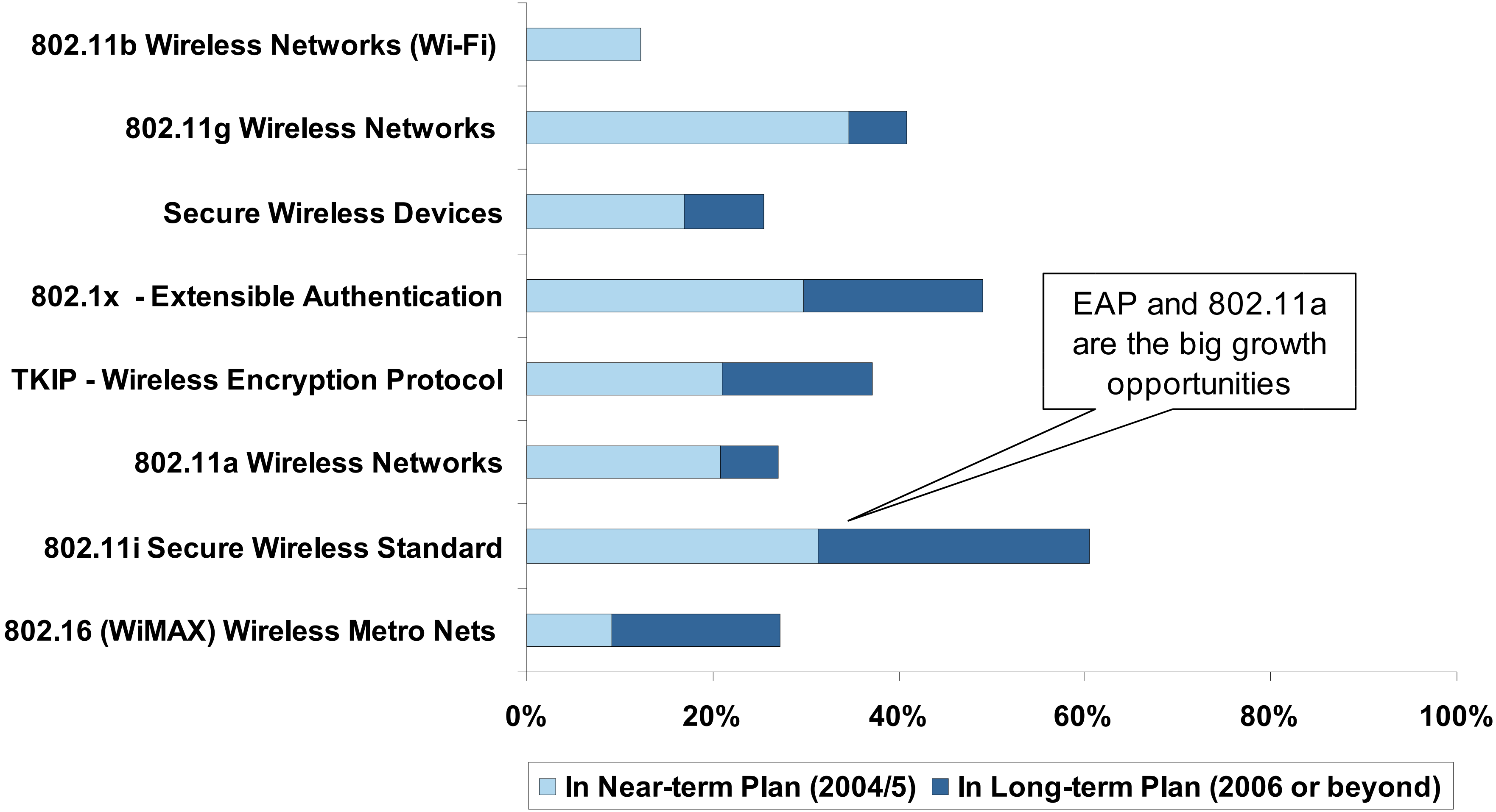
Percent of Firms Planning to Deploy Wireless in 2005 - 2006



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Examples of User Deployment of Wireless APs in 2005

Industry	Revenue	Wireless AP's 3Q 2004	Wireless AP's 3Q 2005
Government & Other Services	Less than $1 Billion	30	60
Government & Other Services	Unknown	43	75
Financial Services	Unknown	6	50
Energy/Utilities	$1 Billion to less than $20 Billion	150	200
Government & Other Services	$20 Billion or More	180	250
Healthcare/Pharmaceuticals	$1 Billion to less than $20 Billion	65	150
Energy/Utilities	$1 Billion to less than $20 Billion	3	100
Industrial/Manufacturing	$1 Billion to less than $20 Billion	50	150
Government & Other Services	Unknown	200	300
Telecom & Technology	Less than $1 Billion	100	225
Industrial/Manufacturing	$1 Billion to less than $20 Billion	150	300
Financial Services	$1 Billion to less than $20 Billion	200	400
Financial Services	$20 Billion or More	100	300
Telecom & Technology	$1 Billion to less than $20 Billion	300	600
Financial Services	$20 Billion or More	200	500
Telecom & Technology	$20 Billion or More	50	500
Industrial/Manufacturing	$1 Billion to less than $20 Billion	600	1200
Financial Services	$20 Billion or More	600	1200
Industrial/Manufacturing	$20 Billion or More	200	1000
Telecom & Technology	$20 Billion or More	1500	3000

Large firms, across industries planning big Wireless growth

Growth rates of 200% - 300% for 2005 are common

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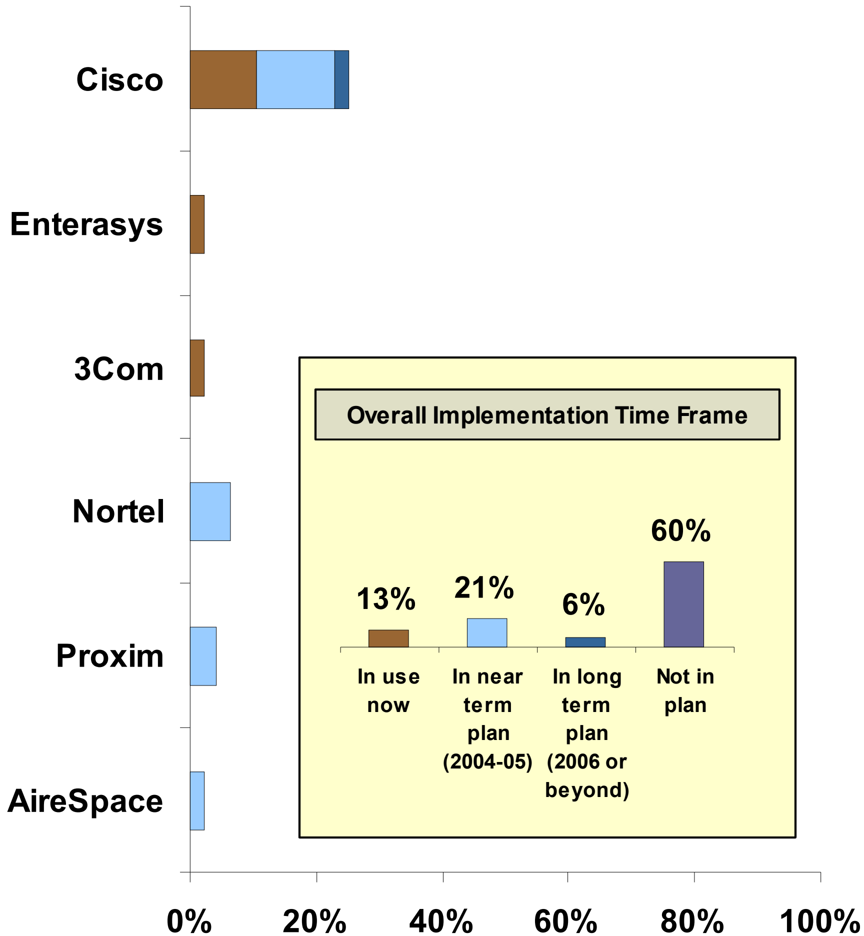
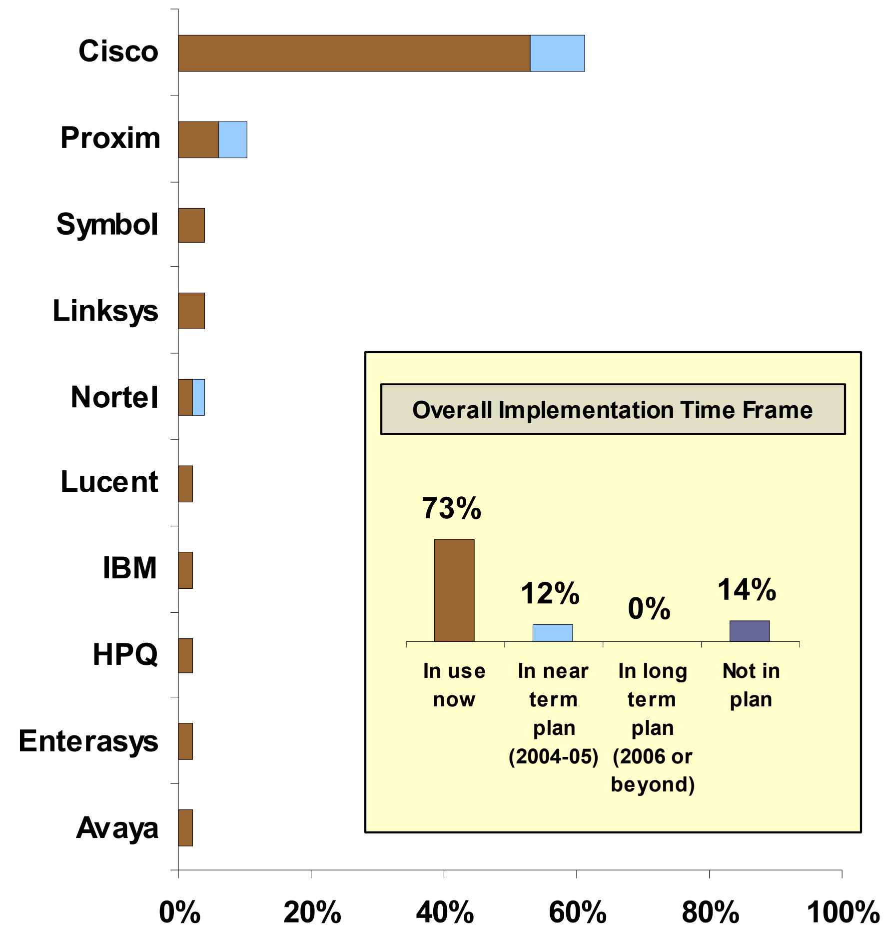
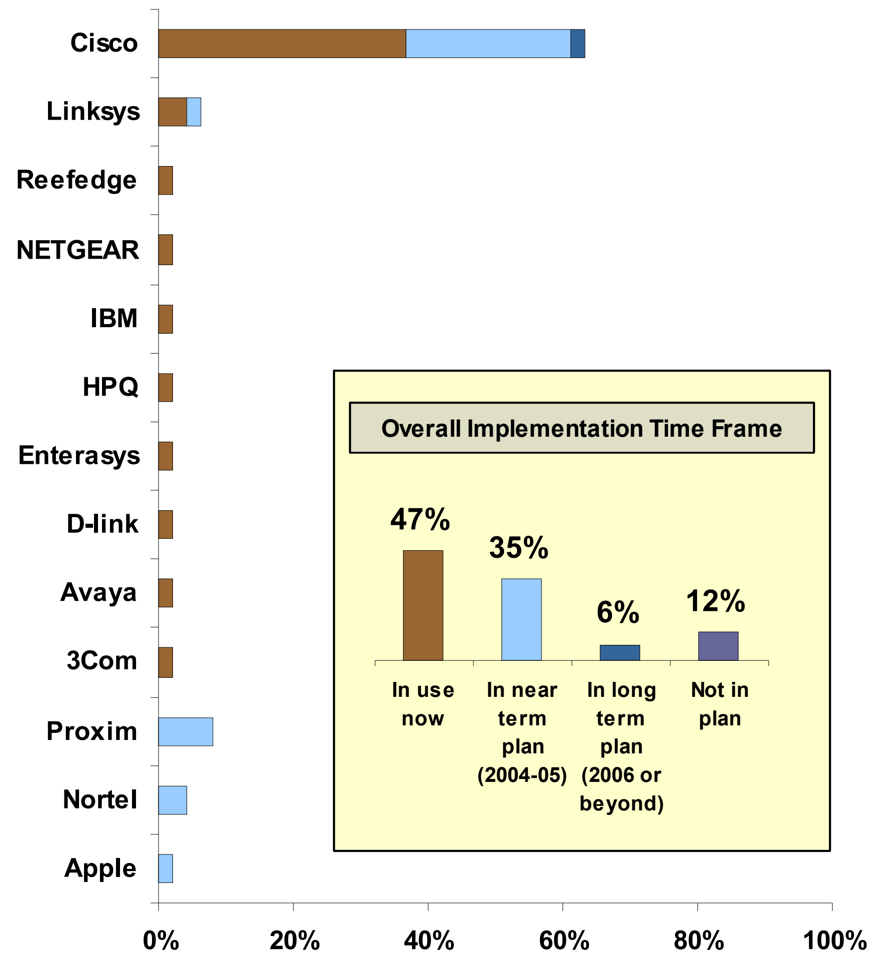
802.11a Wireless Networks



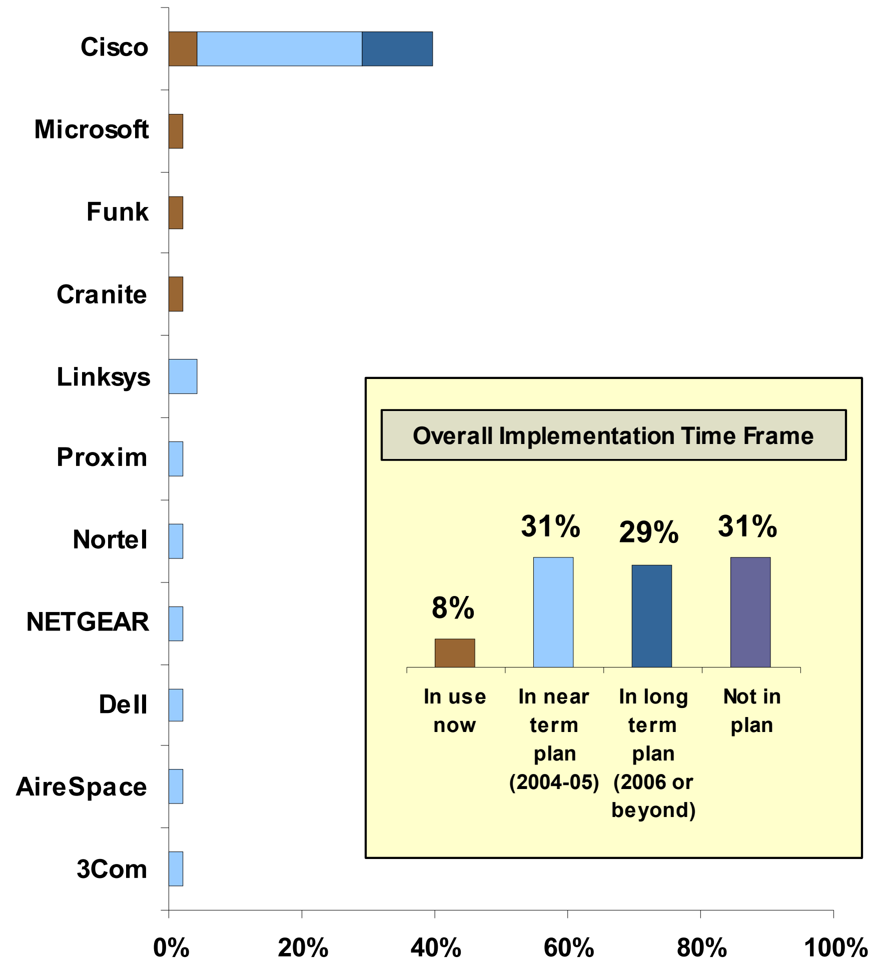
802.11b Wireless Networks (Wi-Fi)



802.11g Wireless Networks



802.11i Secure Wireless



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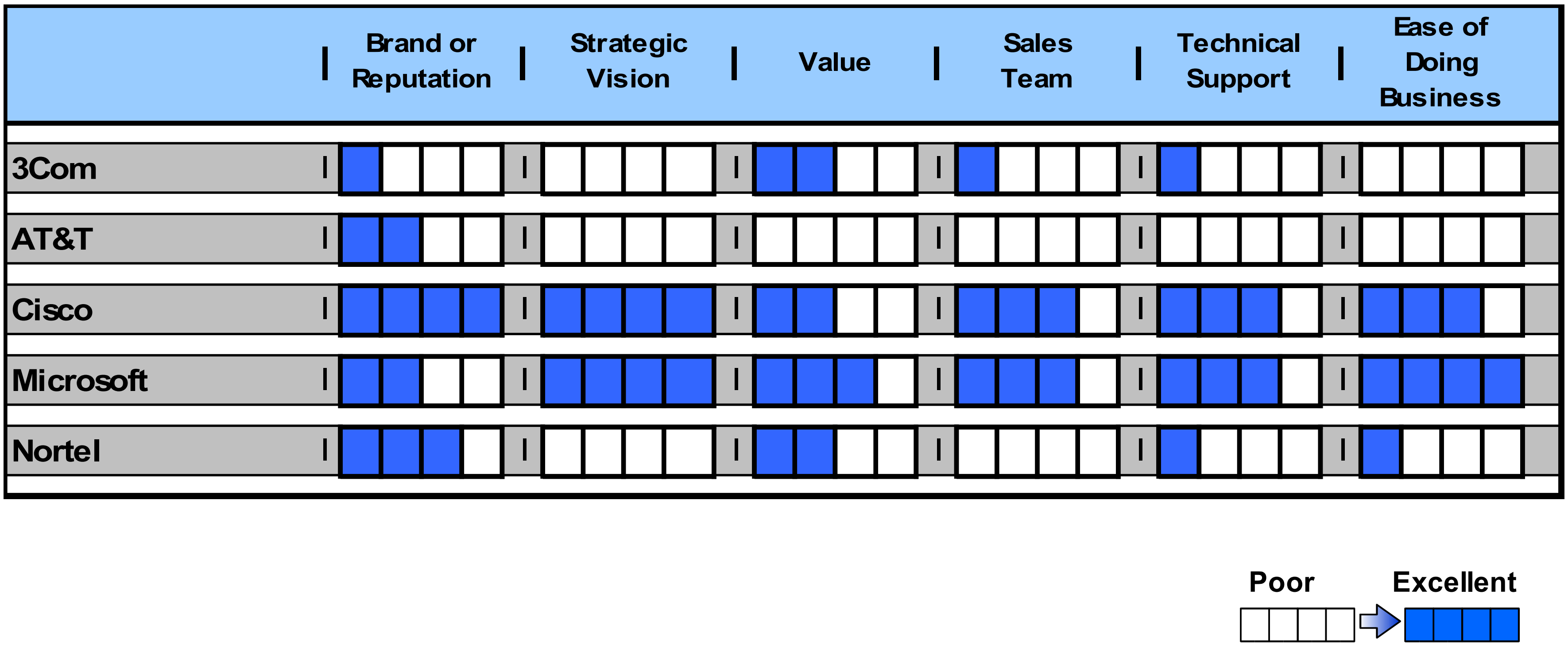
Customers Rate Their Networking Vendors on 12 Criteria



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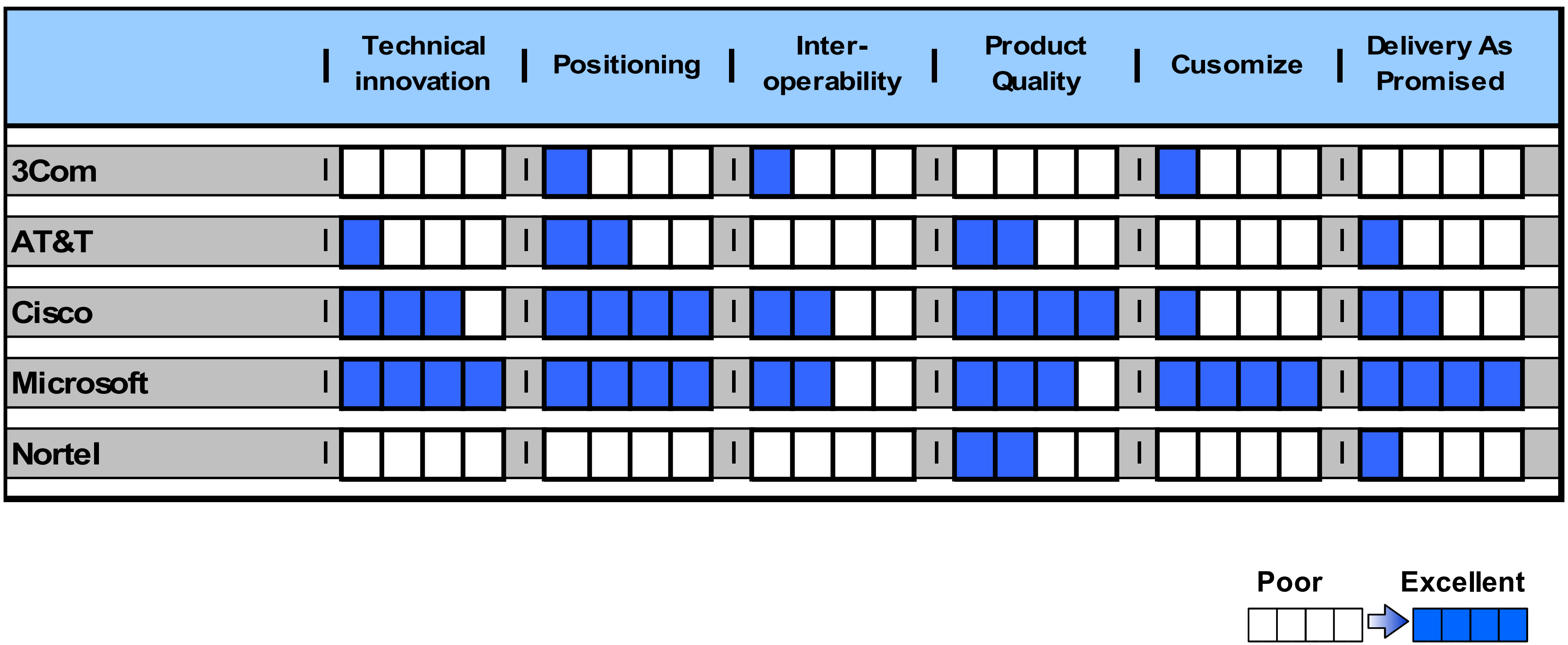

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Selective Customer Commentary on Cisco, Enterasys & Proxim

“Cisco has a bunch of tough business folks. They have a very traditional American style model to capitalism. Not good with creative arrangements. They are very traditional on intellectual property, they wouldn't enter into any dialogue on Cisco IP. They are not well-perceived in the carrier space, where they want to enter. They run at 4 ""9""s. In terms of contracts, they are very traditional, so have to be ready to negotiate for a long time on a contract. "

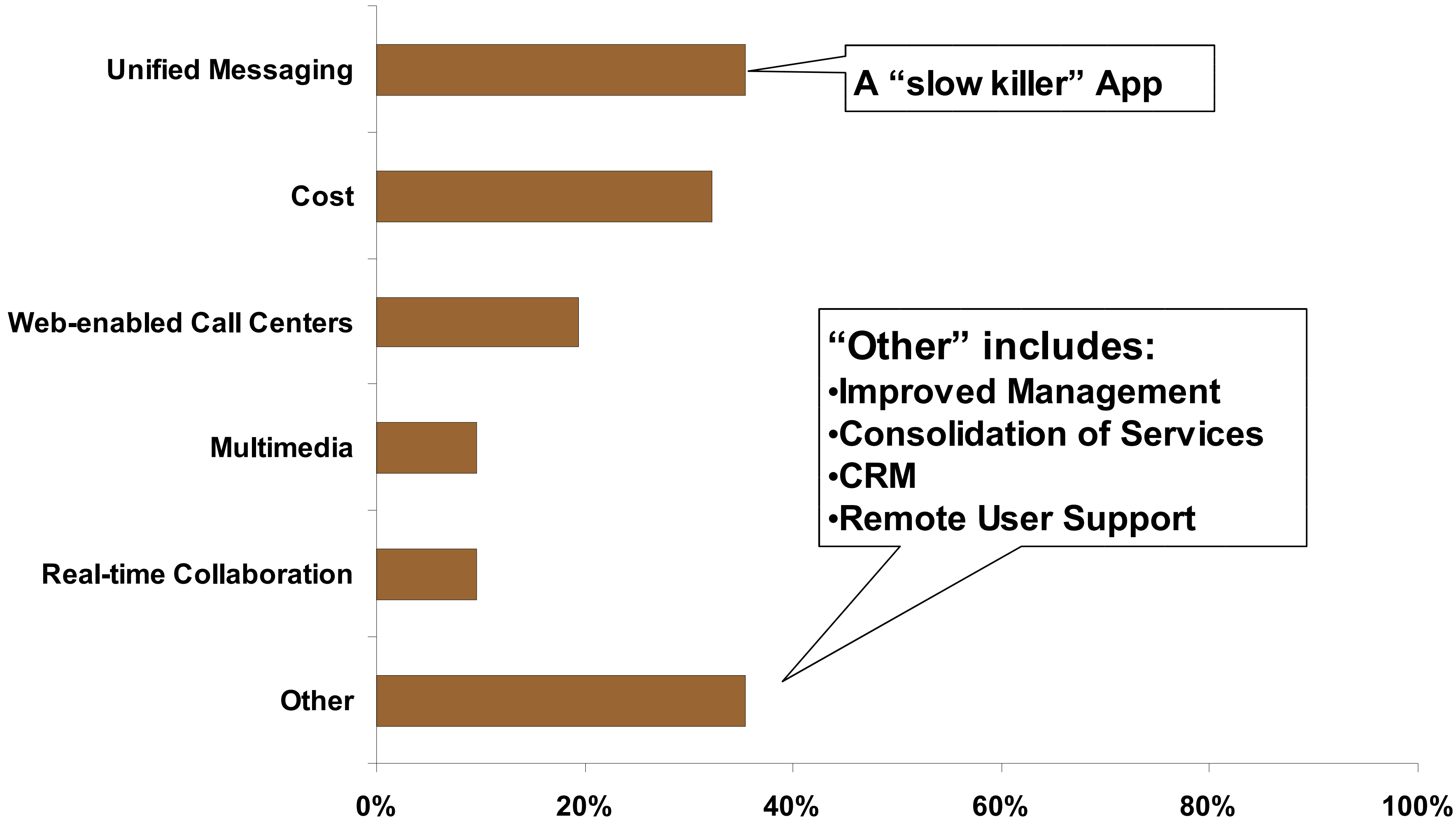
Proxim is loosing ground to competitors. We've had a lot of situations with poor software that they have delivered. We've had to do full tests when receiving an upgrade. We're not treated as a full customer. They haven't come out with a lot of the next generation stuff like they promised.

Enterasys is not fiscally sound, and I dread the prospect of having to switch because I am thoroughly pleased with their products.

I have concerns about scalability of some of Nortel’s solutions. Obviously some concerns about financial viability of the company itself.

Voice Over IP

Drivers of VoIP Deployment in 2005 - 2006



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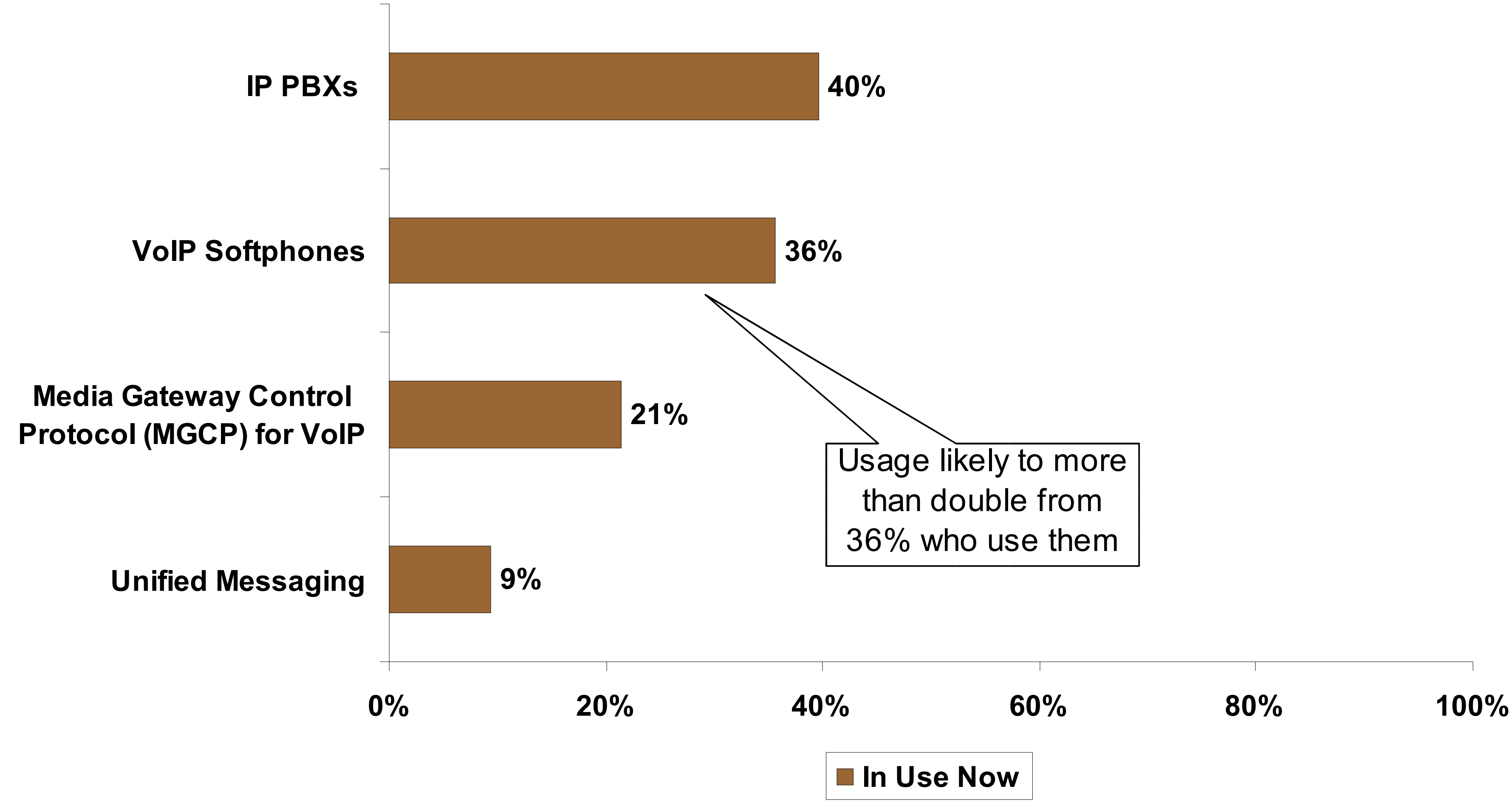
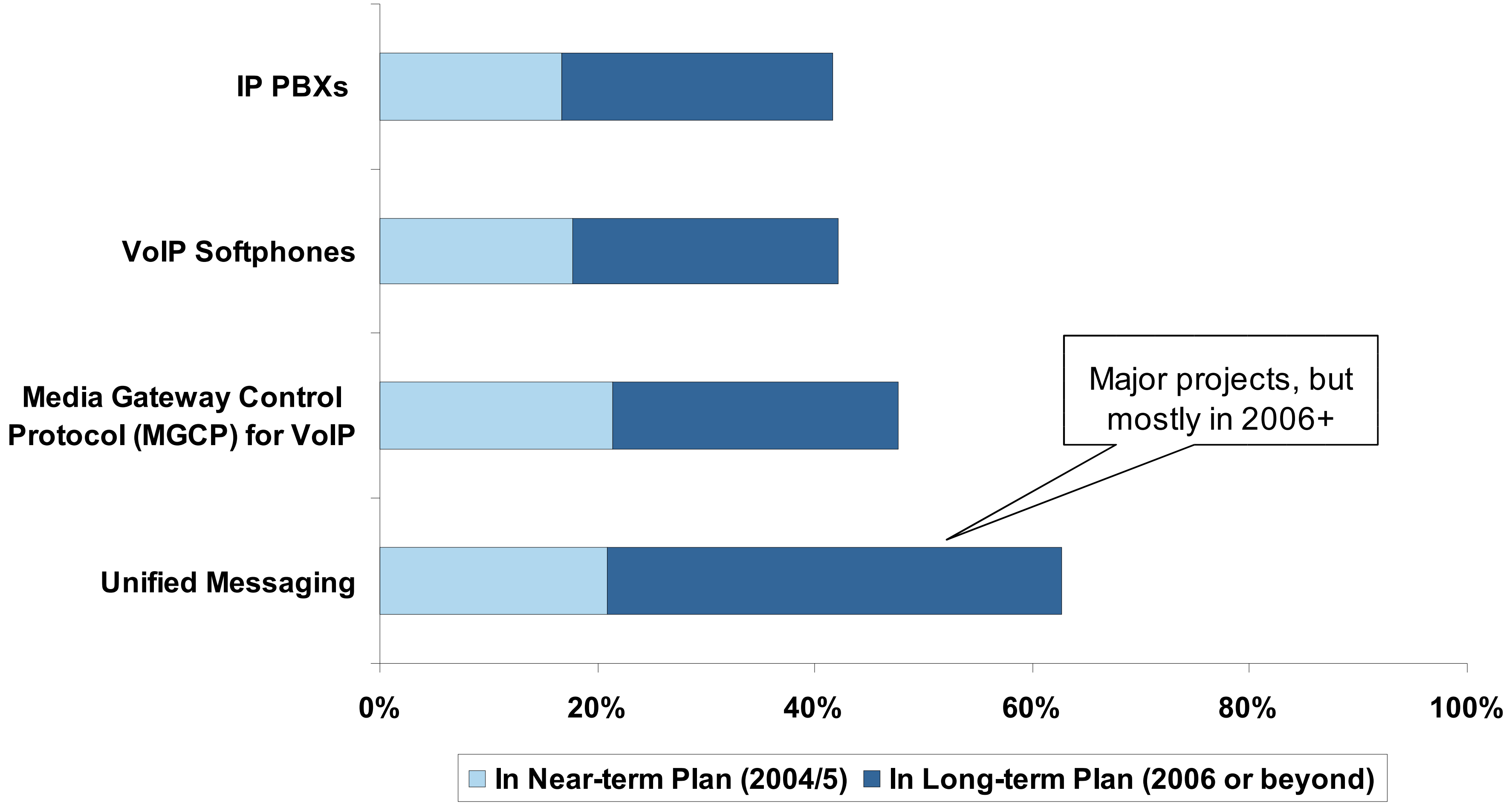
VOIP Technologies Currently In Use



VOIP Technologies In Plan for 2005-2006



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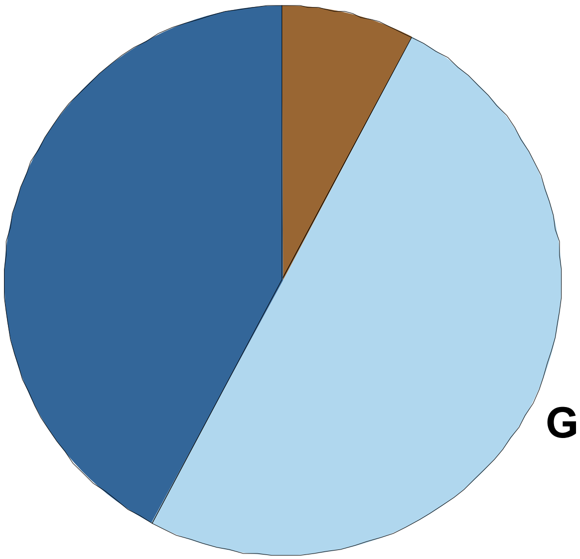
VOIP Migration Plans



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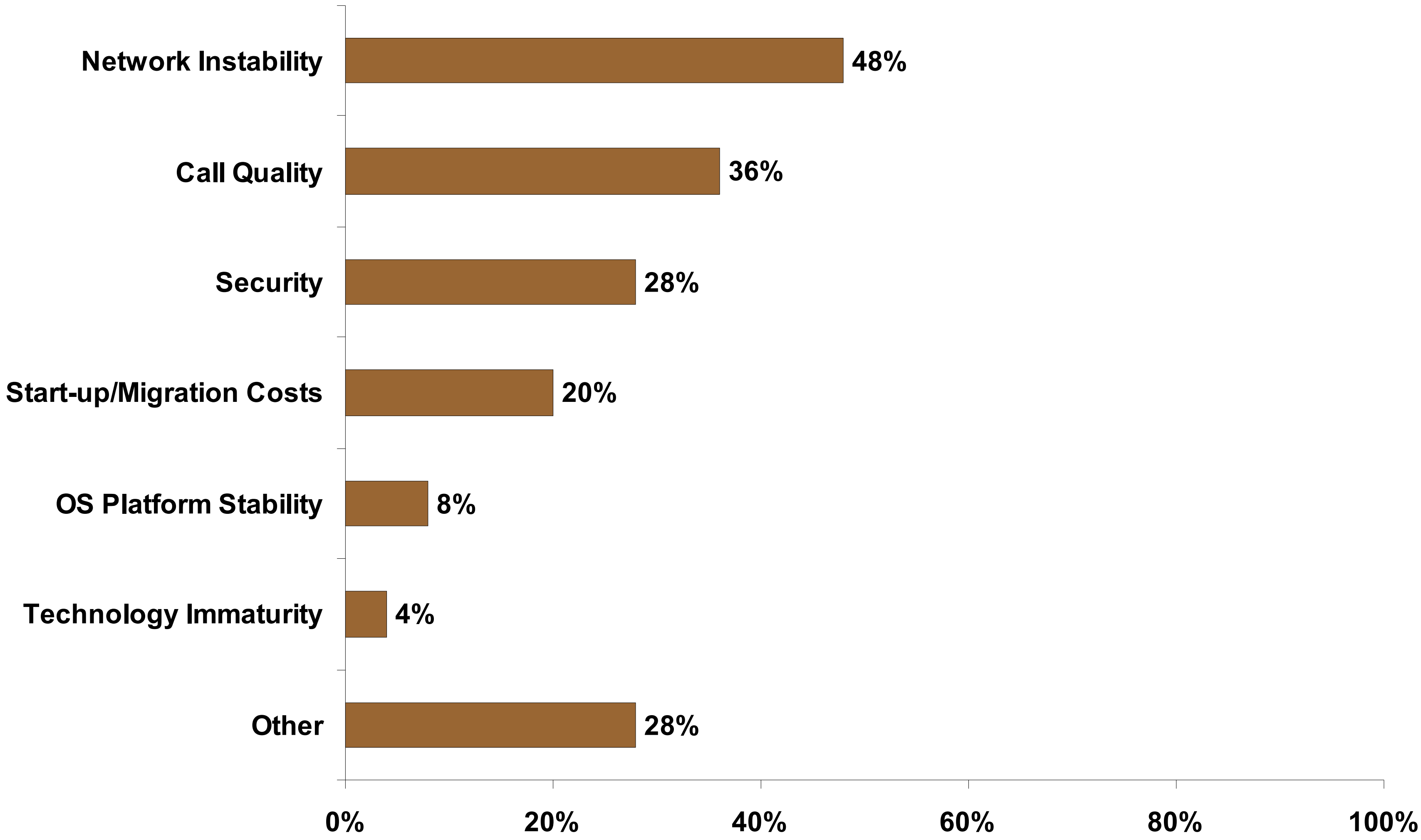
Top Concerns About Implementing Enterprise VoIP



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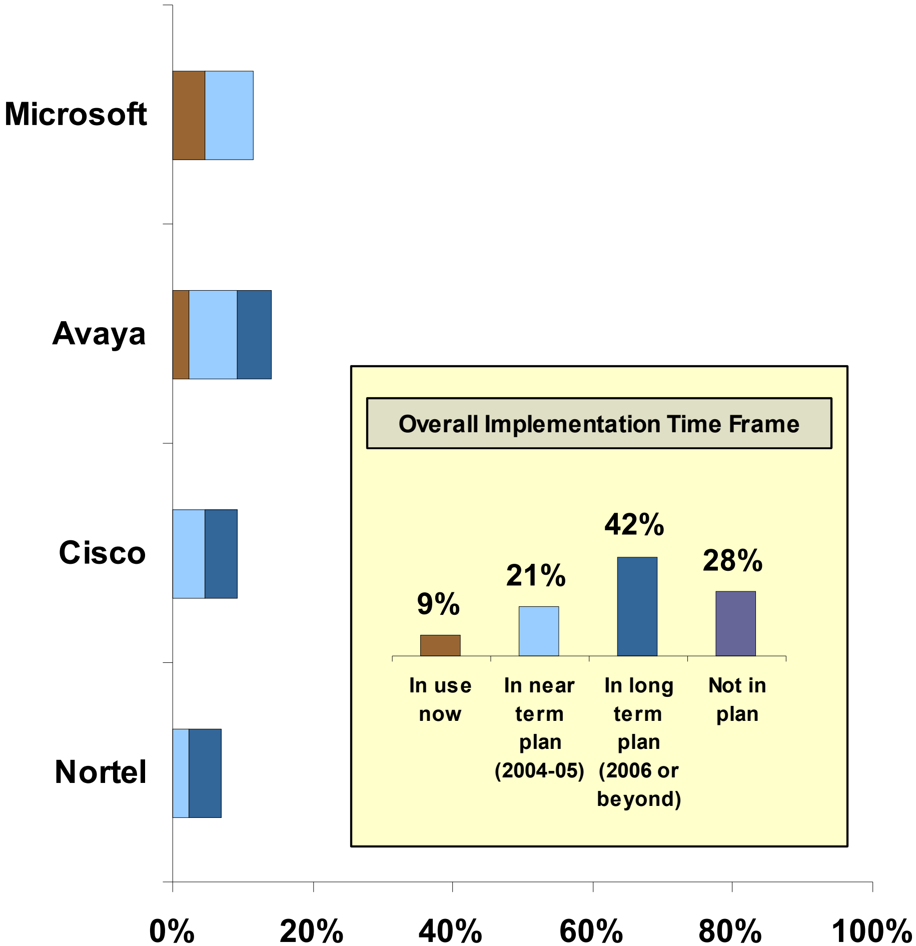
Examples of Growth Plans by Leading VOIP Users in 2005

Industry	Revenue	# VoIP Lines 3Q 2004	# VoIP Lines 3Q 2005
Consulting	Less than $1 Billion	750	850
Industrial/Manufacturing	$1 Billion to less than $20 Billion	0	150
Industrial/Manufacturing	Less than $1 Billion	80	240
Healthcare/Pharmaceuticals	$1 Billion to less than $20 Billion	0	200
Government & Other Services	Unknown	0	250
Industrial/Manufacturing	$1 Billion to less than $20 Billion	100	400
Energy/Utilities	$1 Billion to less than $20 Billion	150	500
Energy/Utilities	$1 Billion to less than $20 Billion	20	500
Industrial/Manufacturing	$1 Billion to less than $20 Billion	900	1500
Healthcare/Pharmaceuticals	$1 Billion to less than $20 Billion	850	1500
Industrial/Manufacturing	$1 Billion to less than $20 Billion	0	800
Industrial/Manufacturing	$20 Billion or More	200	1000
Financial Services	$20 Billion or More	0	800
Government & Other Services	Unknown	300	1200
Government & Other Services	Less than $1 Billion	3500	7000
Financial Services	$1 Billion to less than $20 Billion	3000	10000
Telecom & Technology	$20 Billion or More	10000	20000
Financial Services	$20 Billion or More	2000	20000
Industrial/Manufacturing	$20 Billion or More	6000	30000
Consumer Goods/Retail	$20 Billion or More	500	50000

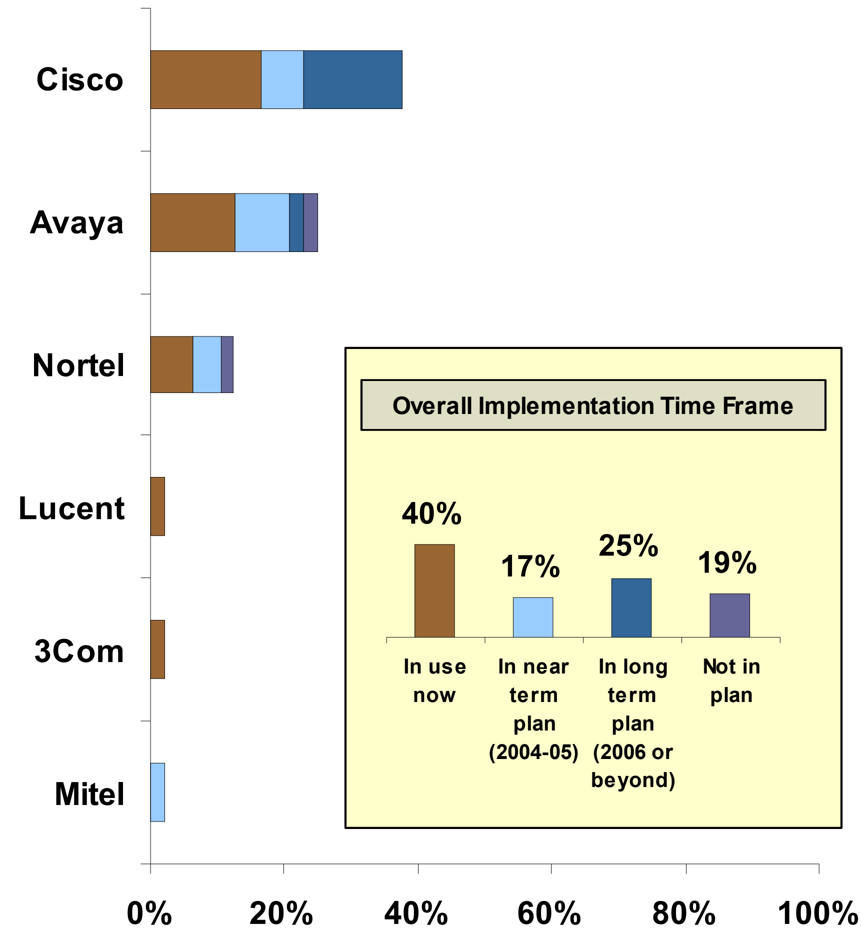
Large firms, across industries planning big Wireless growth

Growth rates of 300% - 500% or more for 2005 are common

Unified Messaging



IP PBXs



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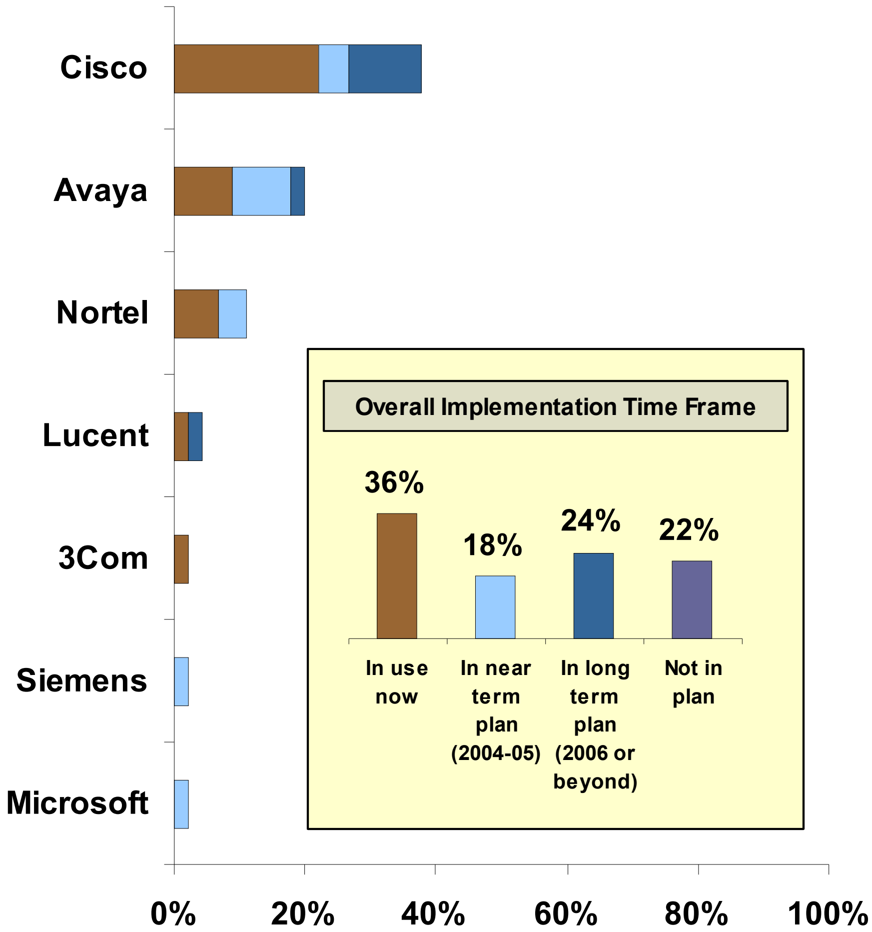
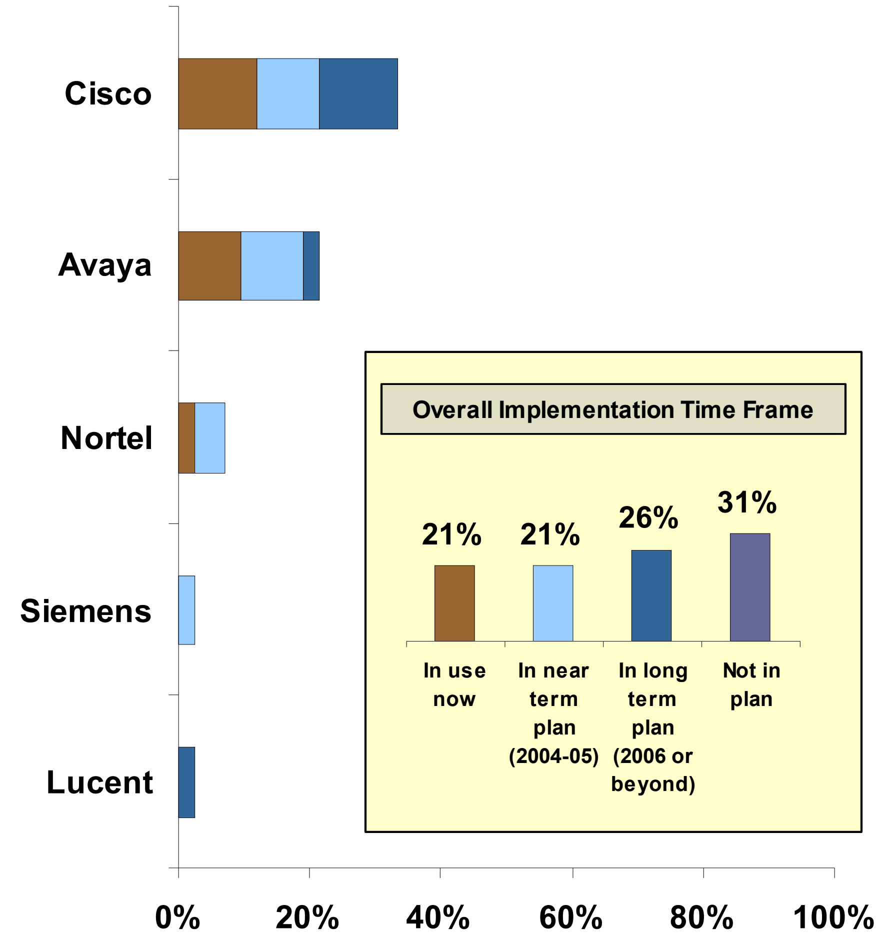
VoIP Soft phones



Media Gateway Control (MGCP)



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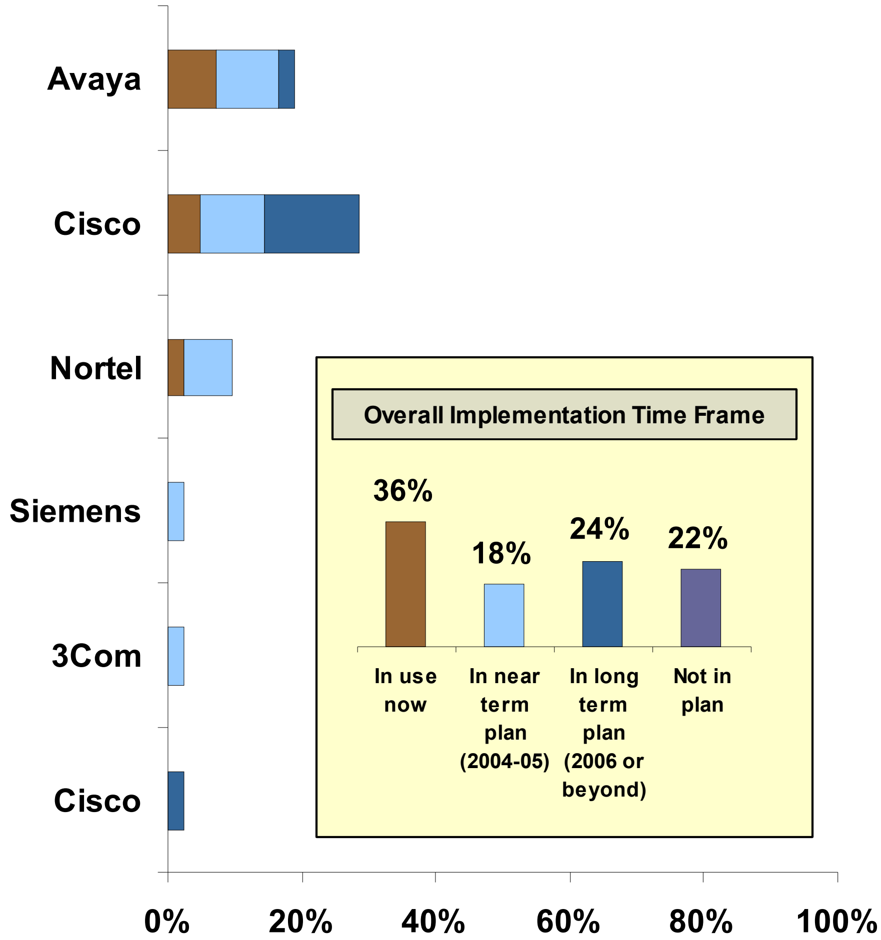
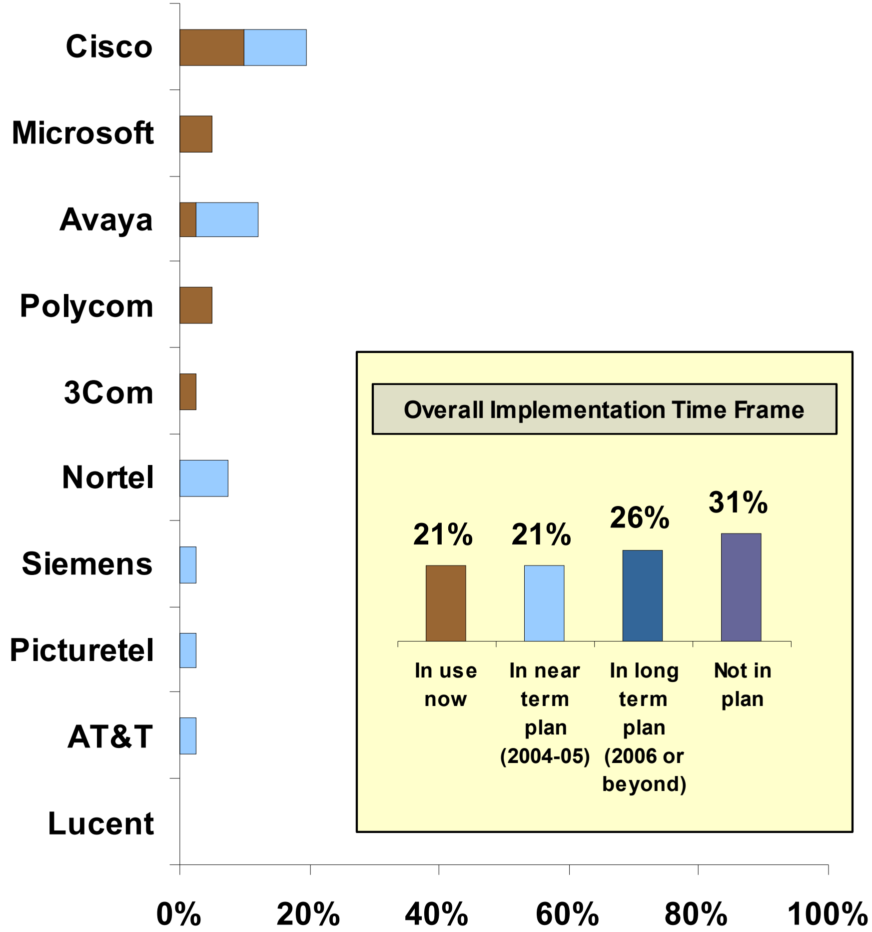
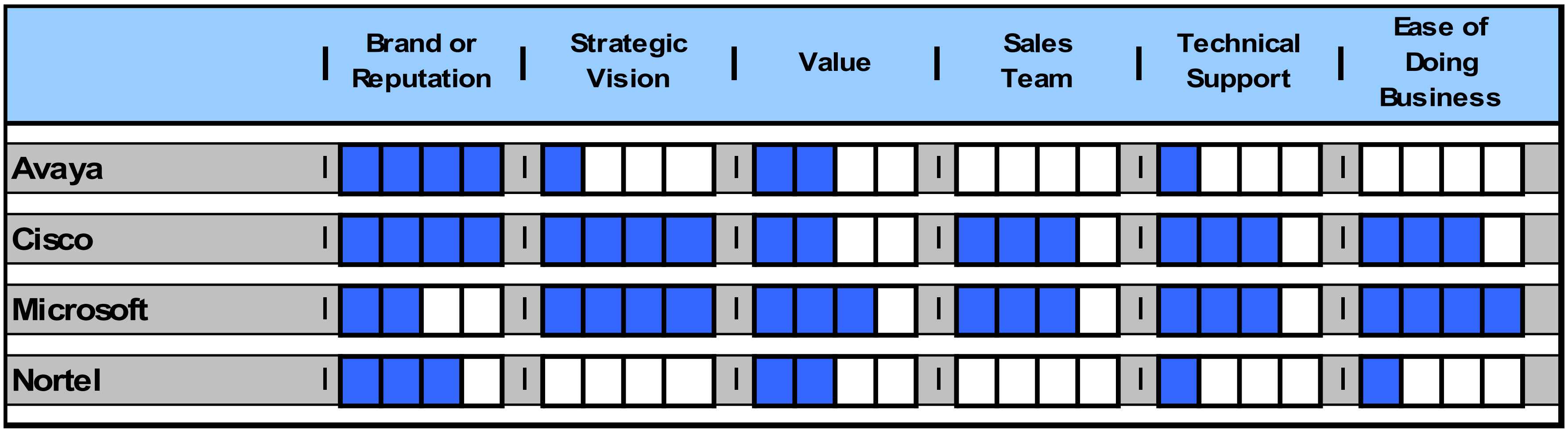
Session Initiation Protocol (SIP)

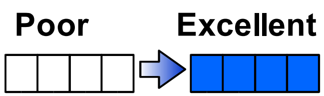


H.323 - VOIP Terminals



Customers Rate Their Networking Vendors on 12 Criteria





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Customers Rate Their Networking Vendors on 12 Criteria

	Technical innovation	Positioning	Inter-operability	Product Quality	Cusomize	Delivery As Promised
Avaya	■■□□	■□□□	□□□□	■■■■	■□□□	■■□□
Cisco	■■■□	■■■■	■■□□	■■■■	■□□□	■■□□
Microsoft	■■■■	■■■■	■■□□	■■■□	■■■■	■■■■
Nortel	□□□□	□□□□	□□□□	■■□□	□□□□	■□□□

Poor □□□□ → ■■■■ Excellent

Selective Customer Commentary on Cisco, Nortel and Avaya

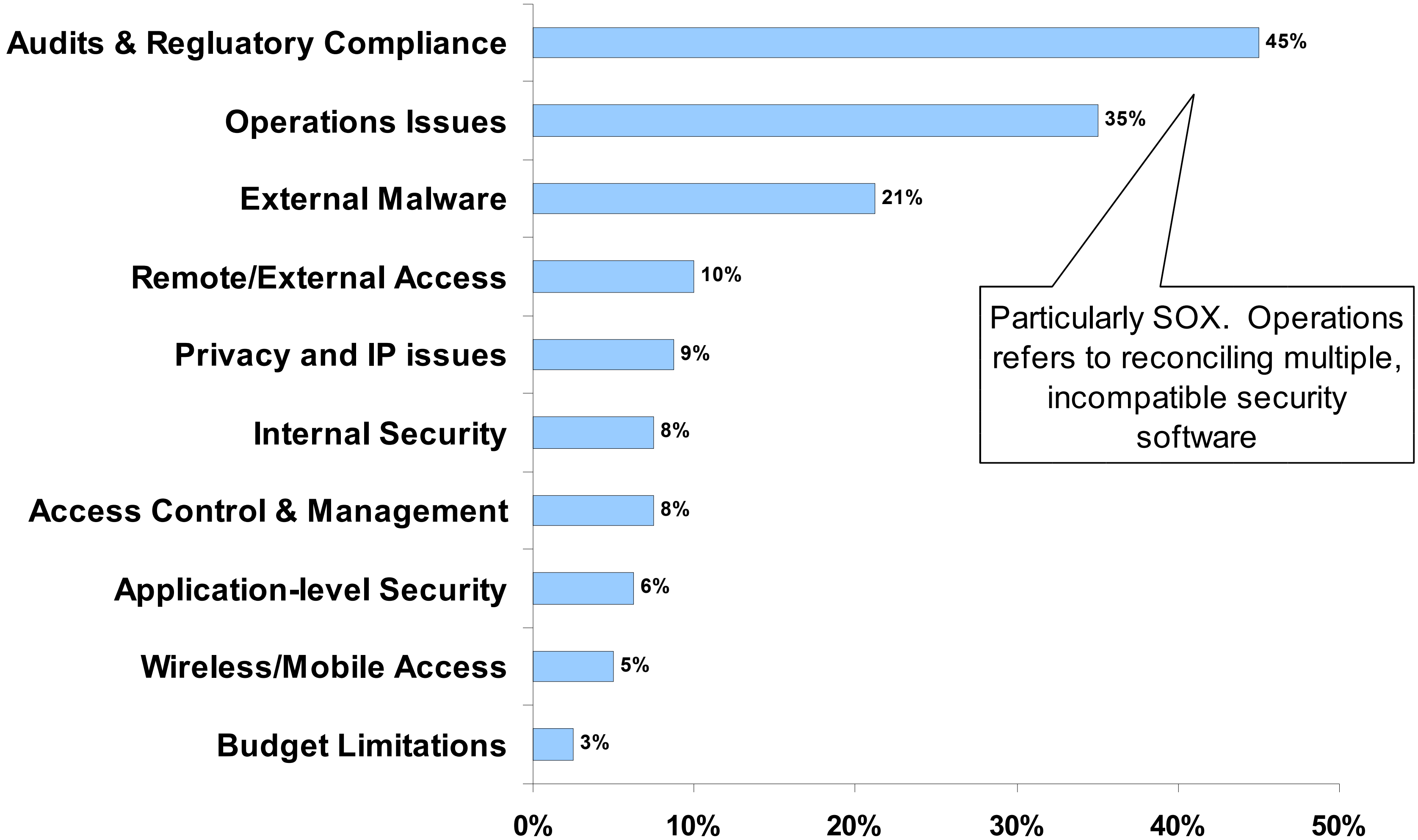
Cisco is pretty high-priced. Also, the sales experience was miserable. We got into an RFP process for an upgrade. Their arrogance was terrible: "we are the best on the planet and thus you must buy from us." We made our decision on Nortel and Cisco just would not stop. They escalated up through management and wouldn't take no for an answer. In the end we went with Nortel.

Nortel's upgrade strategy and statistics are poor; plus it's very expensive. Older generation hardware means poorer quality product and service. They won't do a lot for you because they're so large.

Avaya has been in the industry longest and know what they are doing. Their products are reliable. But our biggest problem is the fact that we deal with them from a lot of different angles -- VoIP, wireless, and because of their size their account teams vary by service. Wireless people may not know anything about what we're doing with VoIP. It's one company but you have to deal with them as several small ones.

Security

Network Security Drivers



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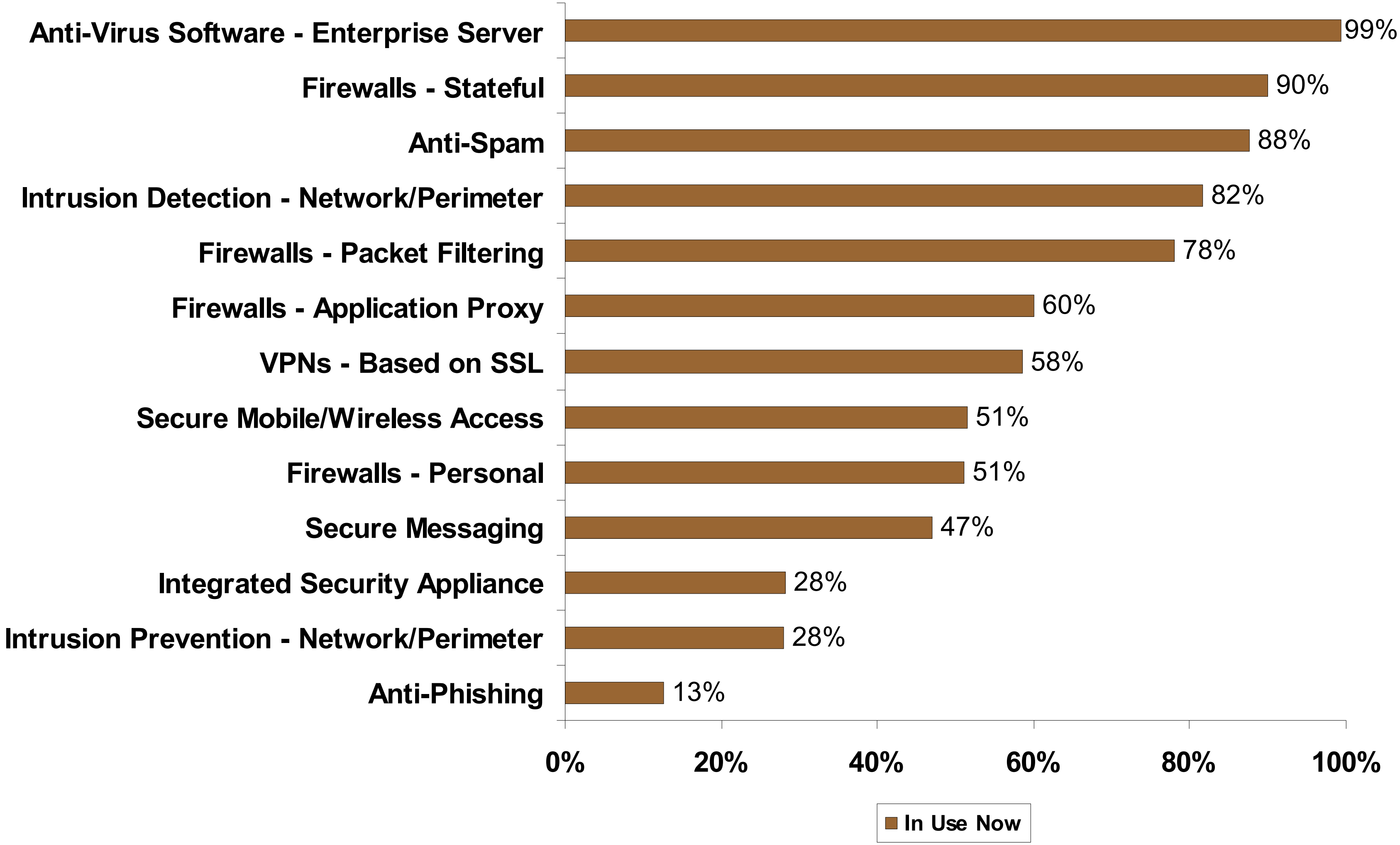
Network Security Technologies In use



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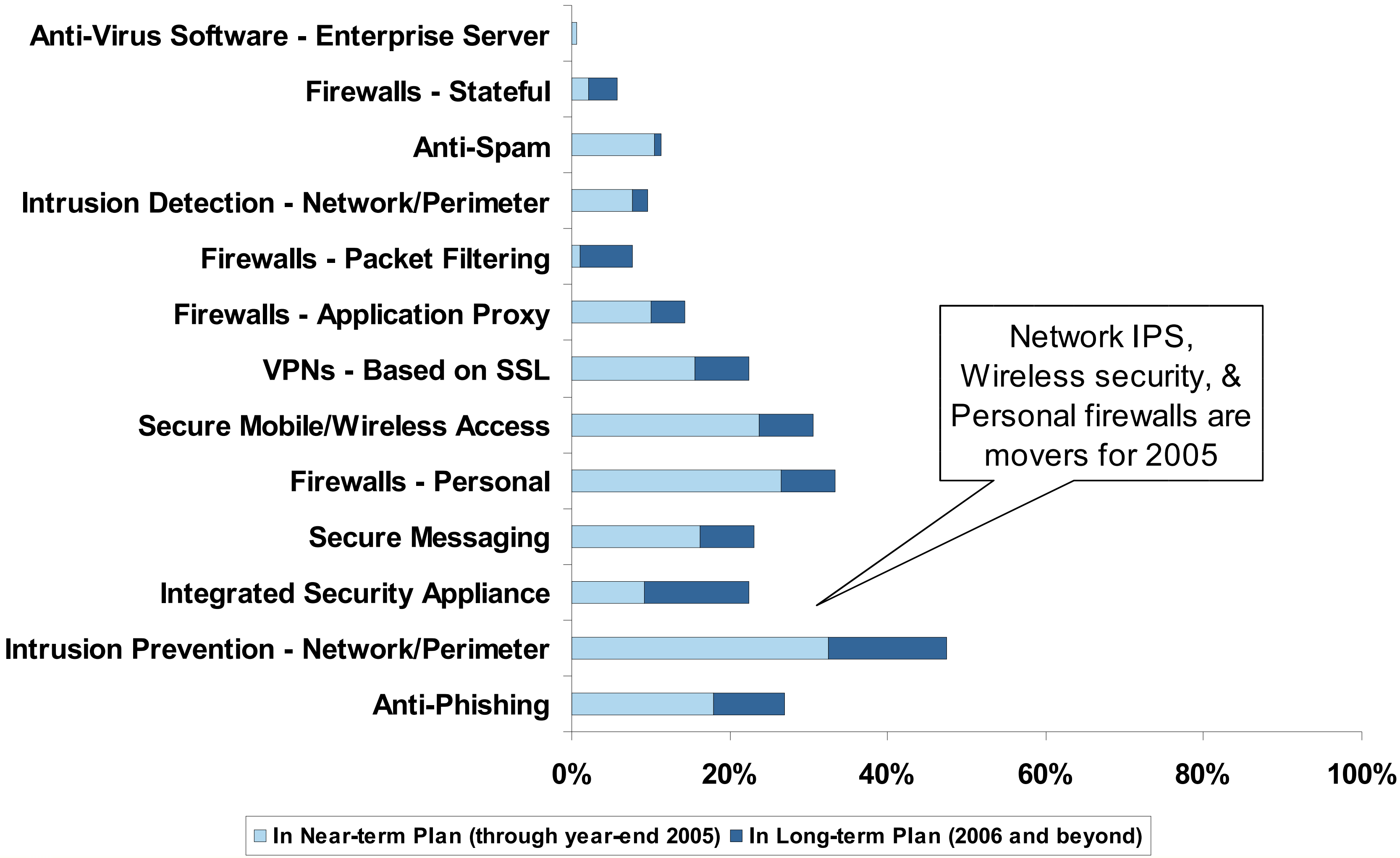
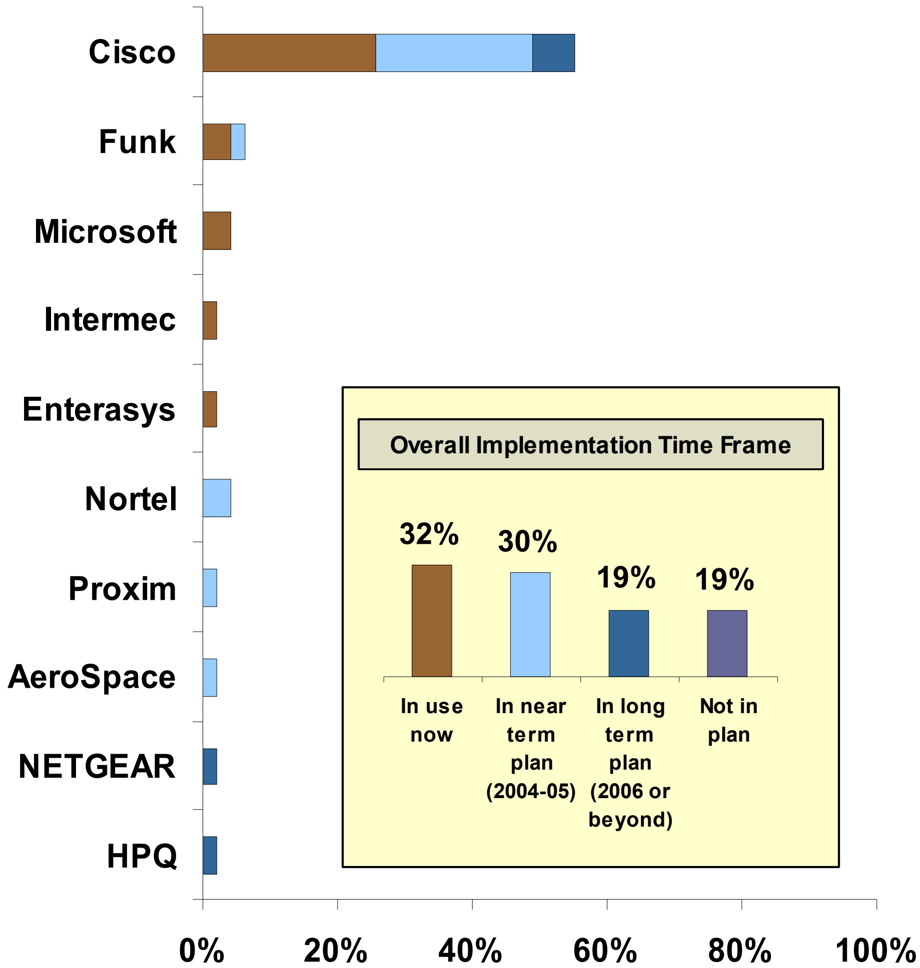
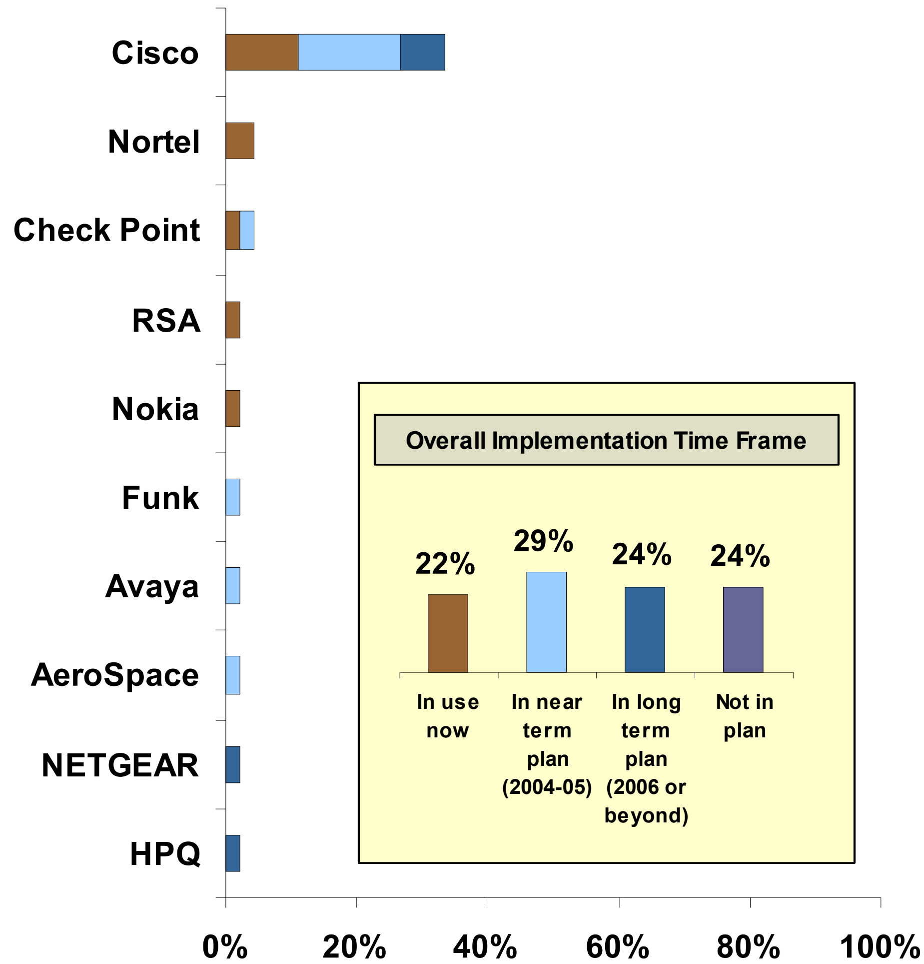
Network Security Technologies In Near-Term & Long-Term Plan



802.1x Extensible Authentication



Advanced Encryption Std. (AES)



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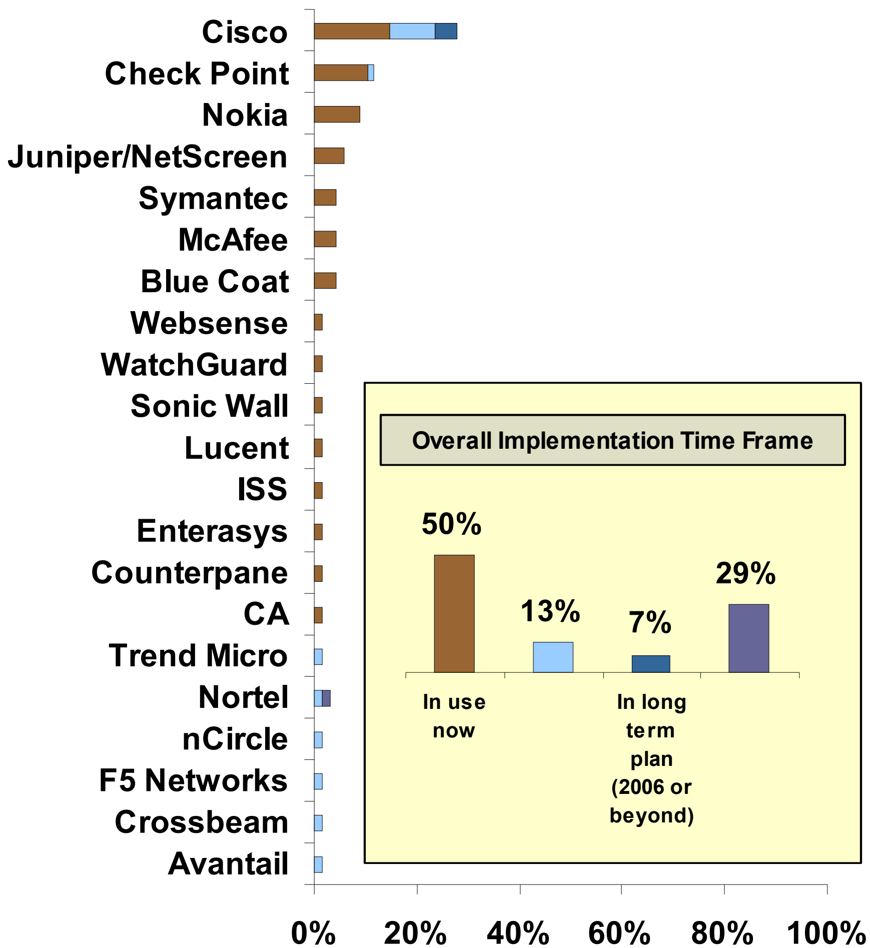
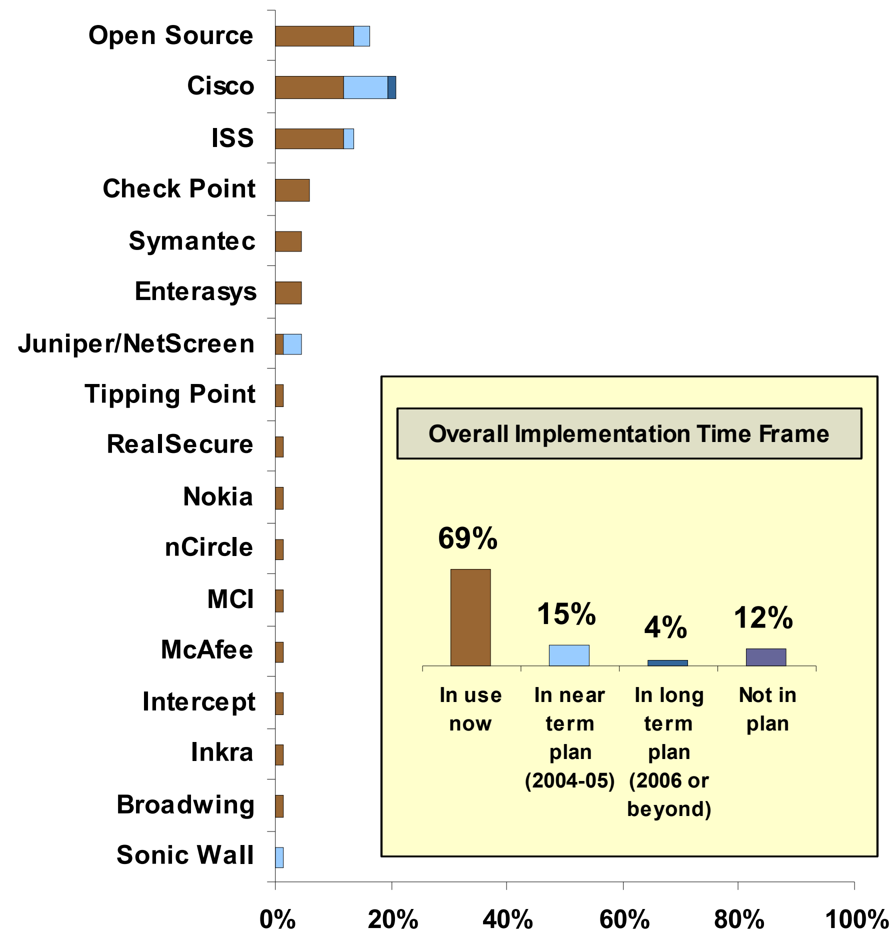
Integrated Security Appliance



Intrusion Detection - Perimeter



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Customers Rate Their Networking Vendors on 12 Criteria

	Brand or Reputation	Strategic Vision	Value	Sales Team	Technical Support	Ease of Doing Business
Check Point	■■■■	■■■■	■■□□	■□□□	□□□□	■□□□
Cisco	■■■■	■■■■	■■□□	■■■□	■■■□	■■■□
HPQ	■■■■	■□□□	■■■■	□□□□	■■■□	■□□□
IBM	■■□□	■□□□	■■□□	□□□□	■■□□	■■□□
Juniper/NetScreen	■■■■	■■■□	■■■■	■■□□	■■■■	■■■■
Microsoft	■■□□	■■■■	■■■□	■■■□	■■■□	■■■■
Nortel	■■■□	□□□□	■■□□	□□□□	■□□□	■□□□

Poor □□□□ → Excellent ■■■■

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Customers Rate Their Networking Vendors on 12 Criteria

	Technical innovation	Positioning	Inter-operability	Product Quality	Cusomize	Delivery As Promised
Check Point	■■■□	■■■□	■■□□	■■■■	■□□□	■■■□
Cisco	■■■□	■■■■	■■□□	■■■■	■□□□	■■□□
HPQ	■■□□	■■■□	■■■■	■■■■	■□□□	■■■■
IBM	■■□□	■■□□	■■□□	■■□□	■■□□	■■□□
Juniper/NetScreen	■■■□	■■□□	■■■■	■■■■	■■□□	■■■■
Microsoft	■■■■	■■■■	■■□□	■■■□	■■■■	■■■■
Nortel	□□□□	□□□□	□□□□	■■□□	□□□□	■□□□

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Selective Customer Commentary on Cisco, Check Point & SonicWALL

What annoys us is that some of the promising security enhancements are far out; we'd like to see them sooner. All the cool new security features come out on their latest devices. We're an installed customer; we don't have the latest gear, so we have to wait even longer because we first have to upgrade our infrastructure. We're trying to talk them into retrofitting their older models with the new security features.

The ease of doing business with Check Point has improved sooooo much. Two years ago when you'd order a license from them it took maybe a week to get the response back from them -- ungodly. Now they've streamlined the process and I can do it myself; I can get an answer in 15-20 minutes.

"SonicWALL has a nice management interface, a good price point and they have good support. They offer the features we needed and work for us. They are a good match for us and our needs. Also, the price versus Cisco is hard to beat!."

Conclusions

1. Larger firms spend more on management services; but 2005 services spending flat
2. Multimedia and VoIP are the top 2 demand drivers & security is also a priority for 2005
3. Nearly ¾ of the users have 802.11b Wireless deployed in at least a pilot project
4. Next year, wireless users will be buying more 802.11g, as well as EAP and 802.11i
5. Cisco is the dominant wireless vendor, and gets strong customer ratings, except pricing
6. Cost savings and unified messaging are driving VoIP projects, and will in 2005 – 2006
7. 35-40% of users have deployed IP PBXs and Soft phones
8. VoIP growth will be strong in other vendors, due to the broad scope of these projects
9. 42% of users have no plans for VoIP, due to network instability & call quality concerns
10. MGCP and Unified messaging projects will grow in 2005, but more growth will be in 2006
11. Cisco & Avaya are the leading vendors, but Cisco gets stronger ratings on most criteria
12. SOX, other regulations and operational problems are the top 2 security spending drivers
13. Network IPS, personal firewalls and secure wireless are the growth sectors for 2005 – 06
14. Cisco is the leading vendor, but others such as Juniper/NetScreen are rated better
15. The final reports are complimentary to users we interview. Leave your business card!

Thank You!

To receive a complimentary copy of the research, we need to interview you.
Just leave your business card.

For a copy of the presentation, leave your business card, or send me an email:

David@TheInfoPro.net
212-642-8371

THEINFOPRO

What you need to know.

645 Madison Avenue, 22nd Floor, New York, NY 10022

P > 212-672-0010   F > 212-688-6598

Email: Info@theinfopro.net

URL: www.TheInfoPro.net