



Cisco to unveil news that will 'forever change the Internet'
Speculation that tech giant to roll out more robust gear for video Web traffic

By Benjamin Pimentel, MarketWatch

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SAN FRANCISCO (MarketWatch) -- Cisco Systems Inc. says it will make a major announcement on Tuesday, news that the technology giant says "will forever change the Internet."

Shares of Cisco (NASDAQ:CSCO) were up more than 3% Monday as some analysts speculated that the tech giant is rolling out new gear to help wireless phone companies cope with rising video Web traffic.

The San Jose, Calif.-based Cisco had sent out invitations to analysts and the media for a "significant announcement" that it says "will forever change the Internet and its impact on consumers, businesses and governments."

The invitation followed Google Inc.'s (NASDAQ:GOOG) February announcement that the Internet giant was working on building a high-speed broadband network that would be 100 times faster than today's connections.

This triggered some speculation that Cisco may be planning a similar initiative. But spokesman David McCulloch reiterated in an e-mail, "Our strategy remains to partner very closely with service providers to enable advanced new telecommunications services versus building out public networks ourselves."

In fact, other analysts believe Cisco will unveil new technology related to growing challenge for wireless phone companies, the rising tide of video traffic on the Internet.

Cisco dominates the market for information technology gear -- commonly referred to as the plumbing, used to connect computer systems in a network or with the Internet.

Ticonderoga Securities analyst Brian White said in a note that the announcement will likely "will focus on Cisco's core technology platforms."

Analysts cite Cisco's recent acquisition of Starent Networks, which makes gear that helps mobile carriers connect wireless phone users to the Internet.

"The single largest opportunity in networking today on the carrier side is in mobile networking," Yankee Group analyst Zeus Kerravala said. "Starent was a key acquisition for them."

Steve Allen of Sierra Tech Research said high-definition video content on the Web is "starting to dominate" leading to the need for "a much more robust system."

"This is something that has been brewing for a couple of years," he said. "Video is not just more data. It's a different type of data."

Allen also speculated that, while Cisco may not be following Google's lead in developing in its own network, the timing and dramatic tone of the announcement may, in fact, have something to do with the Internet powerhouse.

"One thing that may be leading them to be more dramatic is the Google announcement," Allen said. "They might need to remind the world that Google is not the leader in Internet infrastructure. It's Cisco. ... It's all about letting the world know, 'All this is being brought to you by Cisco.'"

Rajan Varadarajan, an analyst with Primary Global Research, speculated that Cisco's announcement also may involve the big phone companies such as AT&T (NYSE:T) and Verizon (NYSE:VZ).

"The carriers may be threatened by what Google is up," he said, and the announcement may be way of affirming that, "Cisco is standing by them," and saying, "Hey, don't worry about this Google threat."

Ticonderoga's White also noted that the Federal Communications Commission is set to deliver the National Broadband Plan to Congress. "Growing broadband initiatives are positive for the networking industry at large and Cisco should be an important beneficiary through its deep product portfolio," White wrote.