

## Cisco rolls out new router as 'foundation' of next Internet

*Reaction muted as analyst says product 'not an iPhone type of game-changer'*

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SAN FRANCISCO (MarketWatch) -- Cisco Systems Inc. on Tuesday rolled out a new router that the technology behemoth says will "serve as the foundation of the next generation Internet."

Shares of the networking gear maker traded flat Tuesday to close at \$26.13, as Cisco unveiled news that it had said "will forever change the Internet."

The announcement centered on the growing demands of video traffic on the Web and the need for more robust networking gear.

"The role of the Internet is changing forever," Cisco Chief Executive John Chambers said in a Webcast. "It's going to be around multimedia experiences ... We think as you do this, you have to build an architecture that is very flexible."

Dubbed CRS-3 Carrier Routing System, Cisco said its new product has "more than 12 times the traffic capacity of the nearest competing system."

Cisco said AT&T Inc. has successfully tested the new product, in the "world's first field trial of 100-gigabit backbone network technology."

The company also said the new router "triples the capacity of its predecessor, the Cisco CRS-1" and "enables the entire printed collection of the Library of Congress to be downloaded in just over one second; every man, woman and child in China to make a video call, simultaneously; and every motion picture ever created to be streamed in less than four minutes."

Chambers also said the product rollout is geared to the major trend of cloud computing, in which companies access computing power through a network, instead of in-house data centers.

Initial reactions to the product rollout were mixed.

**Rajan Varadarajan, an analyst with Primary Global Research**, said the new router is significant for service providers such as AT&T. "But, perhaps the investors were looking to see an Apple iPhone phone type of game-changer announcement from Cisco, which it is not," he added.

Gartner analyst Juan Ignacio Fernandez said the announcement represented "a nice upgrade for their core router product line."

But he added in an e-mail interview, "This announcement affects primarily their installed base. It makes Cisco more competitive, but it isn't likely to trigger a replacement for existing competitor products."

But Ticonderoga analyst Brian White called the new router "a major innovation that takes the performance of the network to the next level and prepares for this data tsunami driven by video that we will see over the next few years."

During the Cisco Webcast, Keith Cambron, AT&T Labs president and CEO said. "We are seeing routes where 40G is not enough. We are going to need 100G technology."

In fact, Cisco is not the only networker pushing 100 gigabyte routers. On Monday, Verizon announced that it successfully tested 100G technology developed by Cisco rival Juniper Networks and other vendors -- a reflection of intense competition that exists in the networking sector.

Reacting to Cisco's announcement, Federal Communications Commission Chairman Julius Genachowski said in a statement, "Fast networks will speed our digital economy. ...Ultra high-speed networks will ensure that the jobs and businesses of the future are created in America."

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