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IT TAKES TWO TO TANGLE

Juniper challenges Cisco and turns network router market into a horse race

BY BRAD GRIMES

Juniper Networks Inc. had just won the biggest government contract in its eight-year history, but Dubhe Beinhorn, head of the company's federal systems division, had no one to celebrate with.

On Dec. 30, the Defense Information Systems Agency, through prime contractor Science Applications International Corp., announced that Juniper would be the sole provider of Internet protocol routers for the agency's \$877 million Global Information Grid Bandwidth Expansion project.

GIG-BE, as it's known, will connect up to 100 defense and intelligence sites worldwide to a high-speed IP network by the end of 2005. It comprises four major network equipment components, including routers.

When the contracts were announced, Beinhorn recalled, "All my people were gone for the holiday." So she phoned Juniper Chief Executive Officer Scott Kriens, and the two shared congratulations over the new contract, valued at up to \$150 million during the life of the project.

Despite the fact that Sunnyvale, Calif.-based Juniper has been selling routers to government agencies, particularly in defense and intelligence, for more than three years, the GIG-BE win came as something of a surprise to experts. IDC senior research analyst Sterling Perrin called it "an upset victory."

That's because the company that Juniper beat out was networking giant Cisco Systems Inc., which even Beinhorn admitted has owned the government router market for years.

As analysts reflected on Juniper's stunning victory, they said it shows a growing trend toward increased competition among equipment vendors. This includes not only the competition for routers, but also for switches, optical devices and other network equipment.

NETWORKING



Juniper's Dubhe Beinhorn leads the charge against Cisco Systems.

J Adam Fenster

Experts see more business for net equipment firms

"It was like the government went to sleep one night and woke to find there were two players in the market." | Dubhe Beinhorn, Juniper Networks Inc., federal systems division

According to Reston, Va.-based research firm Input Inc., the government market for network equipment will hit \$1.1 billion in fiscal 2008, up from \$800 million in fiscal 2003. The burgeoning competition across various product lines, experts said, promises lower prices and more innovative solutions for integrators and their government customers.

"Having choices for networking solutions is in everyone's best interest," said Tony Montemarano, DISA's program director for GIG-BE.

SPREADING THE WEALTH

If Cisco was disappointed in the GIG-BE outcome, the San Jose, Calif.-based company didn't let on. Just weeks before DISA's announcement, Scott Spehar, Cisco's vice president of federal operations, said he was confident his company would be involved in the giant project.

And it is. DISA chose Cisco and Denver-based Qwest Communications International Inc. to provide the network's multiservice provisioning platform (MSPP). By IDC's estimate, the MSPP business is worth up to \$150 million over the life of the GIG-BE project.

Still, DISA's decision to award Juniper the entire router business raised eyebrows.

"Frankly, I think the government needed a chance to diversify," Beinhorn said.

Spehar was unavailable to comment on the GIG-BE contracts and why Cisco was shut out of the router portion. The company released a statement that said: "The federal government is an important Cisco customer, and our routing equipment is deployed across many of the largest federal civilian, DOD and intelligence networks in operation today."

When asked if Juniper represented an unconventional choice in light of the prevalence of Cisco routers in government, Montemarano said: "Like Cisco, Juniper is a world-class equipment provider with numerous deployments in commercial networks. There was nothing nonconventional [about the award]. While Cisco provided a great solution for the GIG-BE functional requirement,

Juniper proved to be the best value."

Experts said the GIG-BE awards show a conscious government effort to spread the wealth among network equipment providers. GIG-BE consists of four major equipment categories, and DISA chose four different providers: Juniper; Cisco; Linthicum, Md.-based Ciena Corp. for optical transport equipment; and Chelmsford, Mass.-based Sycamore Networks Inc. for optical digital cross-connect equipment.

In addition, observers said security concerns may have factored into DISA's decision. As network security becomes more important, agencies don't want to give too much control to one vendor.

Plus, having multiple sources ensures a supply of equipment that includes the latest technology.

Agencies "don't like to have all their eggs in one basket," Beinhorn said.

PLAYING TO STRENGTHS

The challenge for integrators is partnering with the right vendors in the right situations.

David Fraley, principal communications analyst for Stamford, Conn.-based Gartner Inc., said he wasn't entirely surprised that Juniper won the GIG-BE routing contract. According to Fraley, the network is right up Juniper's alley.

"If you stop and look at GIG-BE, it has many attributes in common with a carrier network. DISA is a service provider to the DOD," he said.

Juniper's core routers have long been popular with commercial telecommunications service providers. In fact, some of Juniper's other government wins fit the service provider model. The company recently sold router equipment to the Defense Research and Engineering Network, which provides connectivity to more than 100 sites.

"They'd call me a liar," Fraley said, "but Cisco doesn't really have a great carrier business."

Perrin said the fact that Juniper had a high-speed, 640-gigabits-per-second core router and Cisco didn't may have affected the outcome of the GIG-BE decision.

But for every carrier network, there are numerous networks that connect to it.

"DISA has multiple networks, and all those networks are going to interoperate with the GIG-BE core," said Kim Gibbons, a Cisco spokesperson. "If you look at where Cisco routing equipment already is, we're in all of those other networks."

That fact is not lost on Beinhorn. She said Juniper will compete aggressively to win that business as agencies upgrade their networks. The company has rolled out several new routers in the last few months that are targeted more toward the enterprise network but still maintain many of the features included in Juniper's high-end products.

In addition, Juniper announced in February that it would acquire Sunnyvale, Calif.-based NetScreen Technologies Inc. for roughly \$4 billion. NetScreen develops network security and access solutions, and analysts said the move showed Juniper was strengthening its portfolio for a run at more enterprise network business.

For its part, Cisco already offers a diverse portfolio of products, including wireless networking, voice over IP and optical networking.

"We bring more to the table than just routing," Gibbons said. "But we continue to see positive momentum for our routing products in government networks."

The company has aligned its sizable government division to address different sectors, including space, defense, homeland security and state and local governments. Cisco, which employs more than 300 people in its government division, has a massive size advantage over Juniper, which has roughly 35 government employees.

But most observers agree the game is getting interesting.

"It's too early to identify trends, although the GIG-BE contract is a good indication that Juniper is making a move," Fraley said. "I wouldn't be surprised to see Juniper get more wins." Beinhorn agreed. "It was like the government went to sleep one night and woke to find there were two players in the market." ■

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