

## Tidal Deal Will Strengthen Cisco's Data Center Automation Plans

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The acquisition of Tidal Software will enable Cisco to dedicate a new business unit to creating and implementing its data center automation strategy, which has become a priority since the Unified Computing System launch.

## NEWS ANALYSIS

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### Event

On 9 April 2009, Cisco Systems announced that it plans to acquire Tidal Software, a Palo Alto, California- and Houston-based company that focuses on application management and automation solutions. Under the terms of the deal, which is expected to close during the fourth quarter of Cisco's fiscal year 2009, Cisco will pay approximately \$105 million in cash and other incentives. Tidal will become part of Cisco's Advanced Services organization and also part of a new business unit led by Tidal's CEO.

### Analysis

The launch of its Unified Computing System (UCS) positioned Cisco squarely within the data center server market (see "Cisco Differentiates Itself in the Server/Systems Market"). At the launch, Cisco also announced partnerships with various vendors that would provide automation and IT operations solutions within the UCS environment. But Cisco still lacked tools and solutions to manage application performance or batch automation in that environment. It also lacked a dedicated business unit to oversee its data center automation strategy.

Acquiring Tidal will enable Cisco to:

- Create a focused data center automation business unit within its Advanced Services organization that would manage Cisco's IT operations software and partnerships with other vendors. This would strengthen the connections between Cisco's data center assets and its customer environments.
- Extend its capability and market focus beyond network management (and the blame networks often receive for application performance issues) and into application management within the data center.
- Extend Tidal's application management technology into a software-as-a-service offering and use Tidal's process automation capability to implement application-specific best practices.
- Use Tidal's job-scheduling tools to implement batch automation within the data center.

The deal poses several challenges:

- Cisco must establish itself among a new customer base as a credible player in the application management market. Although Tidal employees will transition into the new business unit, Tidal had a limited installed base, experience and head count in this area.
- Cisco must assure Tidal's traditional job-scheduling/batch automation customers — which comprise the majority of its installed base — that Cisco will continue to provide scheduling capabilities for a heterogeneous environment.
- Cisco's services business unit must convince customers it understands and can manage and develop software.

## RECOMMENDATIONS

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**Tidal customers:**

- If you use Tidal's job-scheduling applications, obtain reassurance that Tidal Enterprise Scheduler's road map will not be altered to reflect Cisco's new priorities.
- If you use Tidal's application management solutions, examine Cisco's product road map beyond the next release to ensure that its development plans and release timetable remain in line with your expectations. In general, however, Gartner believes this acquisition will likely not affect you, because Cisco plans to develop further capabilities automating best practices, processes and root cause analysis.

## RECOMMENDED READING

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- "How to Modernize Your Job Scheduling Environment" — In the modern IT environment, enterprises don't need multiple job schedulers, which can lead to separate mainframe and job scheduling environments. **By Milind Govekar**
- "IT Workload Automation Broker: Job Scheduler 2.0" — IT workload automation broker technology revolutionizes job scheduling automation capabilities, enabling enterprises to avoid maintaining many islands of automation. **By Milind Govekar**

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