

# Cisco acquires ParStream

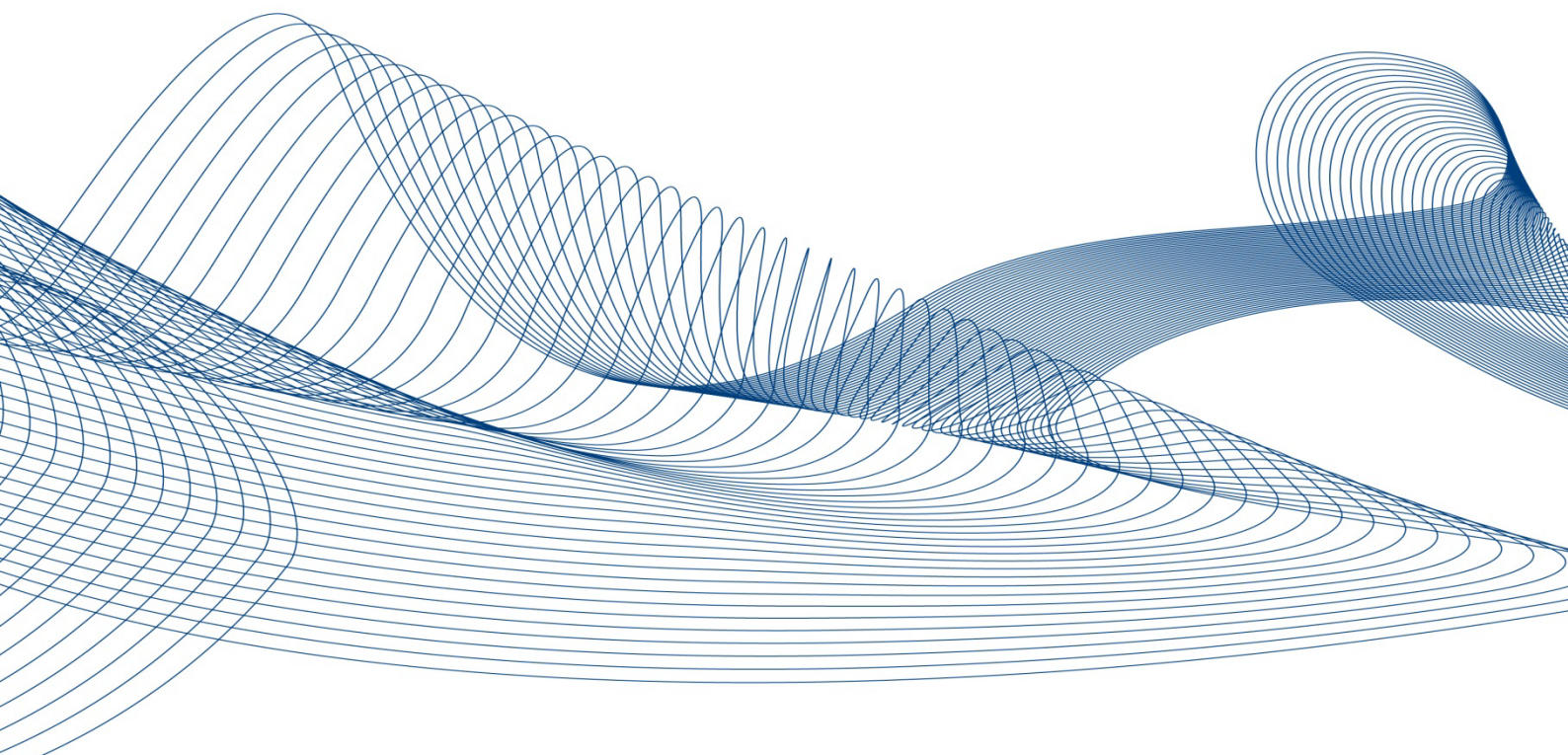
**ParStream's analytical database technology will help Cisco store and analyze data in distributed infrastructures**

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Publication: 27 October 2015

## **Abstract**

Networking giant Cisco has announced its intent to buy ParStream, a young analytical database vendor based in Germany and the US. This acquisition strengthens Cisco's ability to build networks with real-time data acquisition and storage "on the edges" of the network in distributed infrastructures.





## Event

Cisco has announced its intent to acquire ParStream, a Cologne, Germany and West coast US-based analytical database vendor founded in 2011. The ParStream team will be integrated into Cisco's Analytics and Automation portfolio, joining the Data and Analytics Group. The acquisition is expected to close in the second quarter of the 2016 fiscal year. Financial details of the transaction have not been disclosed.

## Analysis

ParStream, founded in Cologne, Germany in 2011, was a late entrant in the analytical database market. Its technology is built around innovations in data compression and the fast integration of data, a problem for many analytical databases that are optimized for query performance but are not very fast with data load operations. ParStream also uses intensive data compression to reduce the amount of data actually being stored. The two founders - Mike Hummels and Jörg Bienert - were quite successful in finding funding for their company, with two funding rounds led by Koshla ventures in mid-2012 and October 2013 totaling 13.6 million USD in investment.

An exit now could be seen as quite early. On the other hand, ParStream struggled to find many customers for its technology, probably not only due to the limitations of a new and small company in terms of marketing and sales, but also simply because the market for real-time applications is not very big yet, although it is certainly growing quickly. So coming under the wings of a large IT company like Cisco is a good move for ParStream, and also an interesting complement to the Cisco offering.

Like many other originally hardware-only IT companies such as Dell, EMC (soon also Dell), HP and Intel, Cisco is moving into the software space in general, and the analytics and data management software space in particular. For example, it bought Composite Software, a data virtualization company, in 2013. But many of these other IT vendors were probably not too interested in acquiring technology that requires less hardware resources than competing products or approaches. However Cisco, as a network-oriented hardware provider, will benefit from this and it is no surprise to see Cisco's Rob Salvagno stressing several times in his announcement that ParStream allows Cisco to store data "at the edge of the network". Cisco is clearly heading towards an architecture with distributed IoT or other Big Data stores - in line with its networking hardware offerings – rather than a centralized "data lake" approach.

Since Cisco is not really a software vendor, the ParStream technology is probably going down the same route as Composite did: never to be seen again. Not because the technology didn't work, it was just never marketed very well. Composite had little mindshare on its own and under Cisco it became even less. We are expecting ParStream technology to be integrated into the product portfolio and not to be pushed as a stand-alone product. If Cisco really wanted to play a big role in the data management market (like Dell apparently wants to), it should have bought a serious contender with market share, visibility, alliances and pipeline. ParStream is the opposite and in this regard, it is an acquisition of interesting technology but not of market share.



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