

Financial Sustainability: There Are Standouts in Uncertain Times

Despite uncertainties in the economy and telecom market Adtran, Arista, Brocade and Cisco stand out in sustainability and operational efficiency

GILBERT , AZ, USA, April 13, 2017 /EINPresswire.com/ -- ACG Research has released its 4Q 2016 Vendor [Financial Index](#) report, which delivers independent information about the sustainability of a vendor or company to help providers assess the risk of selecting the right vendor to meet their business requirements and to ascertain a risk level on the stability of the vendor regardless of technology innovations.

Low-risk vendors for the quarter are Adtran, Arista, Brocade Cisco and Juniper. Characteristics of low-risk vendors include strong revenue outlook, high operating margins because of sales, solid gross margin and expense discipline, low debt dependency, and high receivable efficiency ratio. Medium risk vendors are Adva, Ericsson, Fujitsu and Nokia.

Adtran's revenue grew 17% YoY driven by increased demand for higher bandwidth vectoring solutions. The company anticipates continued momentum with Tier 3s, nontraditional carriers and in the Tier 1 space in 1H17.

Arista's revenue increased 33.6% YoY to \$328 million. Cloud demand fueled the company's growth in 3Q16. Arista's strategic partnership with Hewlett Packard Enterprise will expand the company's portfolio in SDN infrastructure.

Brocade moved back into the low-risk category from the medium-risk category this quarter. Factors bumping the company back into the low-risk category include the acquisition and integration of Connectem and Riverbed's SteelApp product line, along with Brocade's collaboration with 14 technology partners, will boost its momentum in growth of SDN and NFV portfolio.

Cisco's, which is number one in financial sustainability, is focusing on acquisition of firms in IoT, software cloud, and collaboration will continue to strengthen momentum in coming quarters. Going forward this year the company will target areas such as security, collaboration, and next-generation [data center](#). Key growth areas for the company are software, security, cloud and data center. HyperFlex is expected to extend Cisco's leadership position in the data center. Cisco's partnerships with salesforce.com and Pure Storage, its introduction of software-based networking tools, and



security services will add to growth.

Juniper's revenue grew 7.8% QoQ. This growth was mainly driven by revenue from cloud providers which increased more than 25% YoY. Juniper anticipates strong demand for its QFX products from cloud providers, large telcos, cable providers, large enterprises and federal governments. Additionally, the company plans to leverage new growth opportunities anticipated in the data center interconnect and metro Ethernet markets.

Ciena, Infinera and ZTE are still in the high-risk category. Ciena's revenue grew 6.8% QoQ, attributable to strong APAC performance (strength in India) and in submarine applications; however, the company may be negatively impacted by its leveraged balance sheet and stiff competition from Cisco and Juniper. But the market response to its distributed NFV solution and WaveLogic AI is strong and may stabilize 1Q17 revenue. Infinera decreased its revenue 30.4% QoQ mainly because its long-haul customers have halted or decreased spend as well as the lack of new wins in Subsea. However, the company's Cloud Xpress 2 is expected to add to revenue starting in 2Q17 and it also anticipates a good market in subsea in LATAM and APAC. ZTE continues to have difficulty in establishing presence in North America markets and its constant negative cash flow from investments is an on-going concern. However, demand for Gigabit Passive [Optical](#) networks may continue to increase in America and Europe, thus generating revenue for the company. Additional growth opportunities may come from the strong performance in 4G system products, optical transmission products, cloud computing and big data services.

For more information about ACG Research's Vendor Financial Index service or other syndicated and consulting services, contact sales@acgcc.com.

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