



Brocade Wants to Kill Your Cloud Buzz

CMO's Cranky, Contrarian Keynote Counsels Cautious Course To Cloud Computing

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Providing a remarkable contrast to Oracle CEO Larry Ellison's exuberant "I got your big honkin' cloud right here" demonstration of his new vertically-integrated Exalogic Elastic Cloud server at OpenWorld, Brocade CMO John McHugh, speaking at the NetEvents 2010 EMEA Press Summit in Istanbul, took a different, decidedly downbeat view of cloud computing, calling it "overhyped" and predicting that it "is going to get adopted and embraced much more slowly than people believe."

In his talk, which was subtitled, *an industry visionary seeks gold amongst the chaos of change*, McHugh, rated by Network World among its "top 50 most powerful people in networking", predicted that the realization of public and hybrid cloud computing is "probably 10 years or more away" and counseled IT people to, in the meantime, "work with one provider to develop a customized private cloud [but] inside a metal cage."

Now, given Brocade's current position as a premier provider of data center networking and storage technology, that is hardly surprising advice for him to give. But, while contrarian views are to be expected in relation to any topic accorded as much adulation as is cloud computing, the thoroughness of McHugh's gainsaying is nonetheless surprising.

Making sure that nobody would mistake him for a cloud cheerleader, he went on to say, "Virtualization is driving new models for application deployment and IT in general. Unfortunately, the existing networking infrastructure is incapable of managing the associated complexity of wide-spread deployments of virtual machines."

McHugh's remarks are particularly notable, coming as they do less than a week after a brief surge of speculation on the prospect of Brocade being acquired by any of several cloud-strong companies. One was IBM, which doesn't want to get into the SAN business. Another was Juniper, whose "network operating system" strategy is highly incompatible with Brocade's world view. And, as a long shot, Oracle was also on the list in consideration of its taste for troubled companies with good technology and Sun's relative weakness in networking equipment, but its path to vertical in-cabinet integration seems askew with Brocade costly component assortment. The Brocade CMO's statements seem like a staunch defense of the very things that made all its prospective suitors bail. Or, maybe there just isn't enough lipstick in the world.

Or, maybe it was just a case of sour grapes, as McHugh's rueful comments about the trend of consolidation in the networking industry suggest. He was probably talking about HP and its recent purchase of 3Com, but he could just as easily have been making a more nuanced point about Oracle's fusion of processors and interconnects in the Exalogic cloud-in-a-box or Cisco's grafting together of servers and switches in its Unified Computing System.

In any case, all of these and many more come quickly to mind when McHugh says, "Over the past two decades in networking, the companies that have excelled are those that have focused almost exclusively on networking solutions, like Brocade does today. Companies that are trying to sell networking as an accessory to servers, or IT solutions have failed to provide customers with the flexibility and economies they need." Yow, that sounds downright *Amish*.

By now, any cloud booster left in the room was surely ready to molt like a diamondback from sheer frustration, but McHugh had one more dreary dictum to dispense. Apparently speaking for the entire industry, he declared, "We just don't [at this time] have technical, legal and security [capability] to engage fully with cloud."

Mr. McHugh and his and his Brocade colleagues should read the just-released Comp TIA survey of end-user organizations, "Cloud Computing: Pulling Back the Curtain", which presents a far more convivial near-term outlook for cloud computing, including:

- 72% of end-user organizations plan to expand the number and types of cloud computing services they use in the next 12 months
- 64% plan to increase their investment in cloud solutions in the coming year
- More than half of IT channel organizations plan to boost their investment in cloud solutions in the next 12 months
- Customers perceive the benefits of cloud computing as reduced capital expense (85%), lower operating cost (84%), and new capabilities (81%)

McHugh's views seem to accurately reflect Brocade's cautious collective consciousness, which seems to see cloud computing as a potentially perilous quest which *should* take ten years - "Evolution Without Revolution" is their phrase for what they see as the correct approach to cloud computing.

Meanwhile, competition from cloud-crazy and wildly successful Cisco crushes their margins, one cloud-focused suitor after another passes them over, even for less attractive prospects, one telecom giant after another builds out public cloud infrastructure at a feverish pace using their competitors' products, their customers beg to be told how to do cloud computing, and the only thing that moves their stock is a rumor of acquisition by one or another cloud-focused company. Brocade, lay down the hammer and let's look after that head wound, please!

If Brocade simply couldn't lay any credible claim in the cloudosphere, all of this might be understandable, but such is not the case. With their existing portfolio, and perhaps a few tactical acquisitions, Brocade could be all about the private cloud, in positioning and reality. And yet, they eschew and demur. It may be time for a few large institutional shareholders to slap the board around a little before the shorts start their slow circling descent, if they haven't already.