Arista won the bidding for Big Switch Networks. Cisco met with Big Switch "numerous times" while a possible deal with Dell reached the level of having CEO and founder Michael Dell involved in talks at one point. Additional companies that kicked the tires on Big Switch Networks include Juniper Networks and Gigamon, according to the source.

Arista Networks declined to comment on the deal to buy Big Switch Networks. Arista reports its next earnings on Feb. 13, at which time it may mention Big Switch if the company's lawyers deem the deal "material" to its finances. Big Switch Networks' media contact didn't reply to an email inquiry about the sale. A Cisco spokesperson said the company does not respond to rumors. Dell, Juniper and Gigamon didn't respond to email requests for comments by Monday afternoon.

Dell seemed like a likely candidate to buy Big Switch, given that the two companies' relationship dates back at least six years. And then there was last year's original equipment manufacturing (OEM) agreement that they signed in April.

Big Switch employees started getting wind of the deal two weeks ago. According to the source, a large number of Big Switch employees outside of the engineering department will be losing their jobs when the deal is completed. "A lot of this stuff isn't looking good for them," the source said.

In regard to the amount that Arista is paying for Big Switch Networks, $70 million has been making the rounds, which seems low for a company that has raised a total of $119.5 million in investments, according to Crunchbase.

"Seventy million is one bucket and not the full picture of the deal," the source said. "Only a handful of people know the full picture. Last year Big Switch Networks did around $60 million in sales; 14 months ago the company was valued at $350 million, so the $70 million doesn't add up."

Rumors swirled that original stockholders and employee stocks were "underwater" with the Arista deal, but also that Arista put together compelling packages to retain key engineering staff. These rumors said things were very contentious between the investors because only the last ones in got something back out and earlier investors didn't want to sign off on the deal. The rumors have also said that Big Switch founder Kyle Forster did not make money on the deal and lost his own investment.

The source said it didn't seem possible that Forster lost out on his investment in Big Switch Networks given that he owns a lot of stock and is on the company's board.

"It's weird saying Kyle lost his investment," the source said to FierceTelecom. "It doesn't seem as though it would end up that way."

After being founded 10 years ago by Forster and members of a Stanford research team, Big Switch Networks was among the leaders in the early days of software-defined networking (SDN). The Santa Clara, Calif.-based company's software-defined networking solutions grew at a compound annual growth rate (CAGR) of nearly 80% from 2015 to 2018.

"Their controller-based architecture started to fall out of favor to a certain extent, so they had to pivot the product. Their recent pivot to a multi-cloud focus shows promise and is much more compelling with a deep-pocketed partner such as Arista."

Big Switch's Cloud-First Networking portfolio has three solutions that are part of the Dell EMC

open networking portfolio. Big Cloud Fabric is a VPC-based logical networking fabric while Big Monitoring Fabric is a network visibility fabric. Big Switch's newest product, Multi-Cloud Director, provides federated management of multi-site BCF and BMF deployments, across public, private or multi-cloud environments.

There are still a few players in Big Switch Networks' space, including Pica 8 and Cumulus Networks, both of which have extended into campus networking in hopes of finding new growth opportunities.

"It's not clear what outcomes they will see," he said of Pica 8 and Cumulus. "And of course, there's a raft of new players in this space pushing new software stacks and approaches, including Arrcus, Volta, and DriveNets, but with a strong routing focus than a pure switching play and in many cases, targeting carriers and cloud more than enterprises."