



ASCDI

Achieving Profitability with Cisco Services



asc di ASSOCIATION OF SERVICE AND
COMPUTER DEALERS INTERNATIONAL™

Rick Gomez
Cisco Systems – AT&T Channel Manager

Your Business Challenge

Increase Return on Network Investment



Keep Networks Up and Running



Maintain Competitive Advantage



Maintain Business Credibility and Continuity



Manage Total Cost of Ownership



Best Matching Items

Computers & Networking > Networking & Communications > Wired Routers (2006)



2x Cisco GSR12000 40C48E/POS-S R-SC Enhanced 4Port OC48

\$32,995.00 Buy It Now or Best Offer 3m



Cisco 3GE-GBIC-SC GSR 12000 3 port GE Line Card

\$3,695.00 Buy It Now or Best Offer 3m



Cisco 2503 Router Lot of 4 Units Powered Up, Good Fans.

\$45.00 5m



Cisco C6400-NRP-1 Node Route Processor 6400

\$495.00 Buy It Now or Best Offer 6m

See all items

Computers & Networking > Networking & Communications > Network Switches (1528)



Cisco MGX-VISM-8T1 Voice Service Module MGX 8200

\$4,995.00 Buy It Now or Best Offer 3m



Cisco Catalyst WS-C2924M-XL-EN 10/100 w/ WS-X2931-XL

\$24.99 5m



Cisco BPX 8600 BCC-4V AC/DC Switch 8620 BPX-BXM-155-4

\$2,295.00 Buy It Now or Best Offer 6m



Cisco IGX-UXME-4-SMF 8400 IGX-UXME + BC-UFI-4-155-SMF

\$1,995.00 Buy It Now 6m

See all items

Computers & Networking > Networking & Communications > Router Components & Memory (1214)



Cisco Catalyst 5000 Versatile Interface WS-X5303-15

\$499.00 23m



Cisco WIC-1T Serial T1 - Genuine Cisco

\$30.00 Buy It Now or Best Offer 1h 02m



Cisco PA-A3-OC3SMI ATM OC3 Module for 7200VXR/7200VXR

\$295.00 Buy It Now 37m



New Cisco Catalyst 5500 Series Chassis

\$49.99 1h 04m

CISCO 1800 SERIES ROUTERS

Qty	Part Numbers(s)	Description
1	CISCO1841-SEC/K9	CISCO1841 SECURITY BUNDLE, ADV. SECURITY IOS, 64MB FLASH, 256MB DRAM, AC POWER

List Price \$2,495.00
Our Price: Over 40% Off Cisco List Price

Condition Fully tested/inspected. Excellent working and physical condition.

Support CCIE- and CCNA-certified technicians available to assist you.

Guarantee [Fully-guaranteed. Standard one-year warranty on all equipment.](#)

Availability 24 hours (see below)

Payment Visa, Mastercard, American Express, Pay Pal, cashier's check, money order, wire transfer. Net terms and leasing options available based on credit approval. Please call for details.

Shipping Via FedEx (worldwide) and UPS (US only). Overnight shipping available. Call for details.



**No License
No Mtce Coverage**

Product shown for illustrative purposes only and does not represent actual configuration.

• Contractor found liable for installing counterfeit switches

By Jill R. Aitoro | jaitoro@govexec.com | September 28, 2007

A Florida jury this week found a large systems integrator guilty of violating a trade law for supplying counterfeit goods to fulfill a Navy contract, but the tainted equipment will remain installed in the service's IT network.

The ruling shines a spotlight on the problem IT managers in government and contracting firms face in trying to keep fake products out of government networks.

On Wednesday, the jury found that Largo, Fla.-based computer equipment supplier Gulfcoast Workstation, a division of Relational Technology Services, broke the Florida Deceptive and Unfair Trade Practices Act by supplying foreign-made counterfeit Cisco network switches to a subcontractor for a Navy project. The jury, however, did not require Relational to pay any damages for the violation.

Meanwhile, the Navy has chosen not to shut down a portion of its network to swap out the counterfeit switches for legitimate ones manufactured by Cisco. The subcontractor, American Data, ended up having to pay Relational \$250,111 for the nonconforming equipment.

American Data had refused to make the payment after prime contractor Lockheed Martin discovered duplicate serial numbers on the Cisco switches, which indicated the switches were counterfeit. According to court documents, investigations by Cisco confirmed that the switches came from the gray and black markets, with invoices indicating that some of the products came from China.

The jury found that American Data's refusal to pay, which touched off the [legal battle](#), represented a breach of contract with Relational.

"It's contradictory for the jury to find us in breach of contract, after finding Relational liable for [deceptive and unfair trade practices] and seeing proof that the equipment was counterfeit," said Robert Castro, president of American Data. "How can we be expected to pay for counterfeit equipment?"

Regardless of the question of who should pay the penalty, federal agencies have a right to have counterfeit products replaced, said Steven Schooner, associate professor of law and co-director of the Government Procurement Law Program at George Washington University. The government is entitled "to be made whole," meaning that the contractor can be forced to replace faulty or counterfeit products and pay all accrued costs.

"It's perfectly common for government to say 'I'm not paying for what you gave me,' or 'I get my money back and you're going to pay for a new product, as well as the cost to remove what you gave me and install the replacement,'" Schooner said.

COUNTERFEIT CPE

- Navy Contract
- \$250K counterfeit Switches
- Gulfcoast Workstation
- Subcontractor not paying
- Navy still using it

Government:

'I'm not paying for what you gave me,' or 'I get my money back and you're going to pay for a new product, as well as the cost to remove what you gave me and install the replacement,'"

SALES CHANNELS

New Cisco Equipment

Available worldwide for order by end customers and resellers directly from Cisco¹ or from authorized distributors (who stock many of Cisco's products).

Cisco Authorized Refurbished Equipment

Only available for order through the distributors Comstor US, Ingram Micro US, Ingram Micro Canada, Tech Data US, and Tech Data Netherlands. Product is generally not stocked by the distributor and is drop shipped to reseller or end customer from Cisco.

Gray Market Cisco Equipment

Not available through Cisco authorized sales channels. As a result, Cisco has no way of guaranteeing to the customer the quality of gray market product, nor can we guarantee that the product is not stolen, counterfeit, etc.

Part Numbers

See the global pricing list⁴ or the Distribution Products Reference Guide (DPRG) at <http://www.cisco.com/dprg>⁵ for part numbers and pricing.

All refurbished part numbers end in "RF" and are normally the equivalent new part number with "-RF" added at the end. Note that these part numbers are not viewable in the pricing tool nor are they available to order through the Networking Products MarketPlace⁶. See the DPRG (<http://www.cisco.com/dprg>, click on "Refurbished Products") for part numbers, pricing, and availability.

Cisco authorized refurbished products are priced approximately 25% lower than the equivalent new product (list price). Contact a distributor offering Cisco authorized refurbished product for exact pricing.

Part numbers are often advertised as identical to Cisco part numbers, however configuration (including software revs, amount of memory included, etc.) are not guaranteed to match those of Cisco products. Also, many times such products include third-party components (such as memory, cables and GBICs).

STANDARD WARRANTY

New Cisco Equipment	Cisco Authorized Refurbished Equipment	Gray Market Cisco Equipment
See http://www.cisco.com/go/warranty for more information.	Same as equivalent new product.	Warranties for new and Cisco authorized refurbished equipment are specific to the first end user, therefore, the Cisco warranties on gray market gear are most likely invalid.

SMARTNET Available

All products currently being sold new, plus an additional period after the product is deemed "end of sale".	Automatic eligibility (no equipment inspection by Cisco is necessary). Note that part numbers and pricing of service products are the same for refurbished products as the equivalent new product. For those refurbished products no longer being sold as new, there will usually still be at least one year of support available for the product from Cisco. ⁷	All gray market gear must have a new software license and then be inspected by Cisco (at a cost) in order to become eligible for service support. Also, the product must not be at "end of support".
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New License

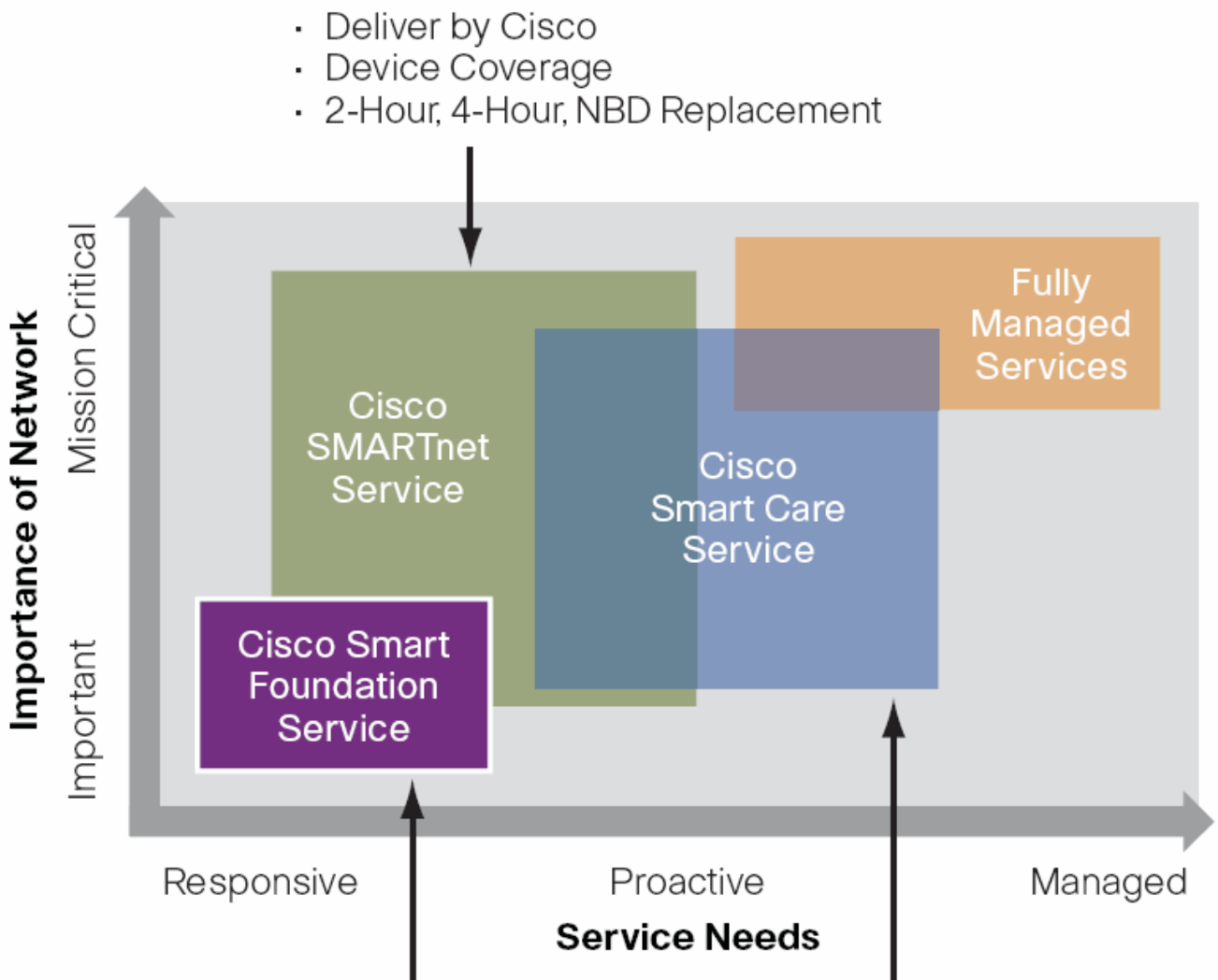
Yes	Yes (Conversely, used product sold outside of Cisco's authorized sales channel will require a new software license in order to be compliant with Cisco's software licensing policy. See http://www.cisco.com/warp/customer/765/products/usedEquipmentResources.shtml for more information.)	A new software license (part number starting with LL) needs to be purchased for gray market gear, as software licenses are personal to the first end user only.
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The Cost of Downtime

- Productivity Lost
 - # Employees x Hours Lost
x Burdened Hourly Rate = Loss
- Damaged Reputation
 - Customers
 - Suppliers
 - Business Partners
- Revenue Lost
 - Direct Revenue Loss
 - Compensatory Payments
 - Future Lost Revenue
- Impaired Financial Performance
 - Revenue Recognition
 - Cash Flow
 - Lost Discounts
- SECURITY BREACHES
 - Lawsuits



Right-sizing Service Response



- Deliver by Cisco
- Device Coverage
- NBD Replacement

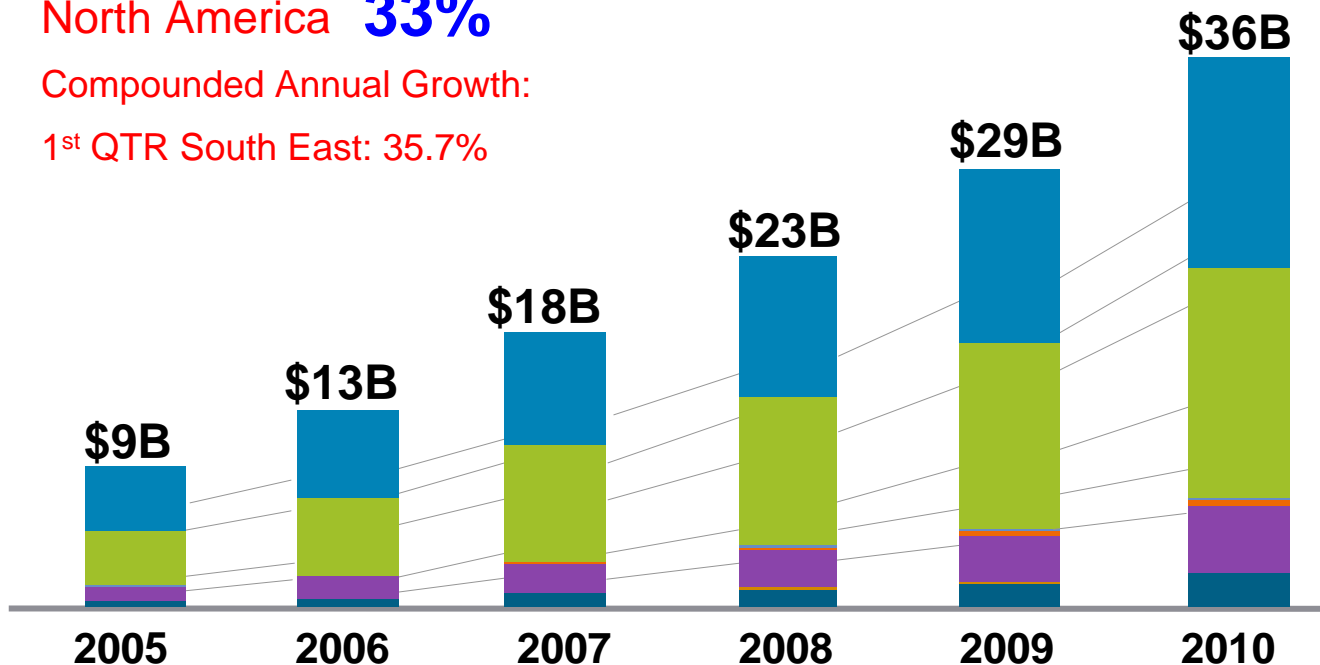
- Deliver by Partner
- Network-Level Coverage
- NBD Replacement

Managed Services Drive Growth

North America **33%**

Compounded Annual Growth:

1st QTR South East: 35.7%



Technology

IP Voice 64%

Security 28%

Metro E 27%

IP VPN 12%

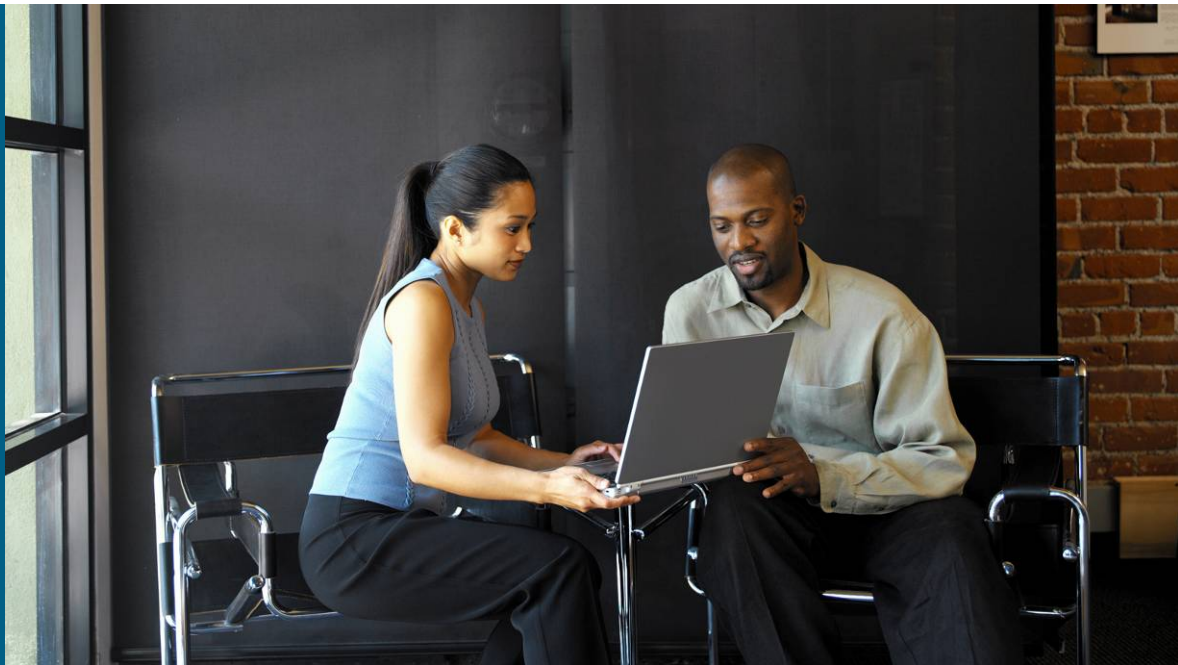
Storage 12%

Managed Services Trends

- Managed services **growth** is **2X** rate of overall technology growth
- Mission critical technologies more likely to be consumed as managed services
- IT departments shrinking due to economy
- Partner with AT&T to sell Managed Services to customers. Save Capex costs

Source: Gartner Dataquest, August 2006; Ovum, July 2006

Warranty vs. SMARTnet



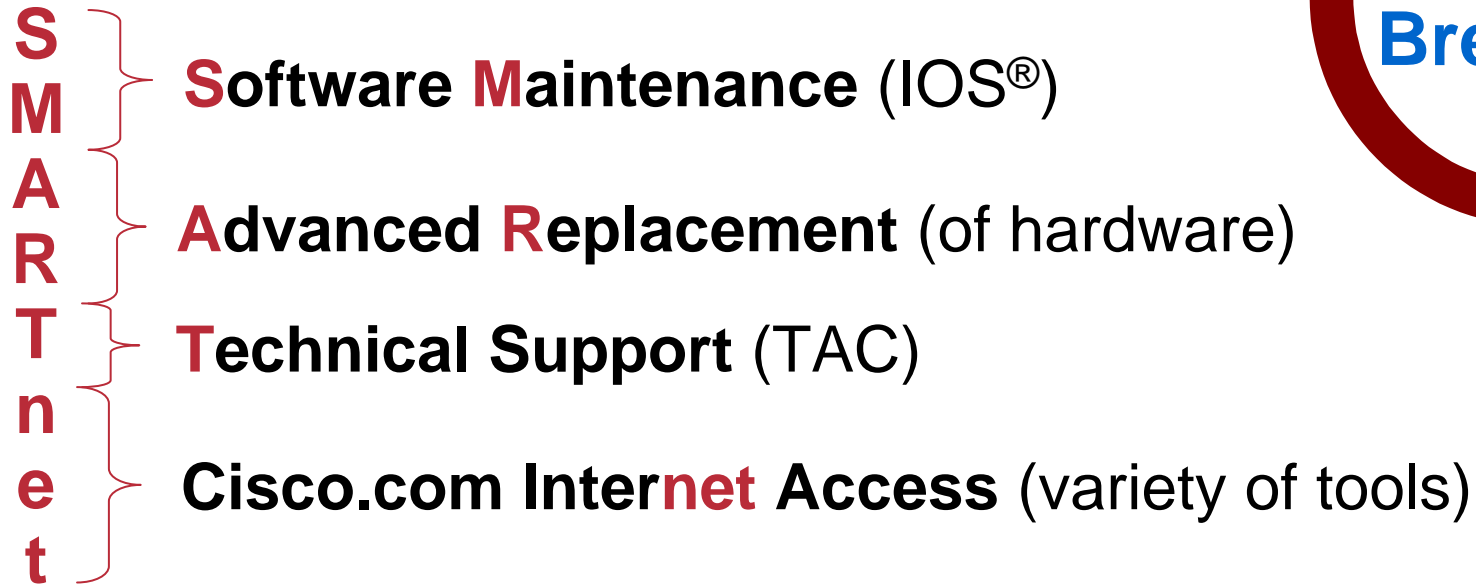
Service Options

- Warranty
- Smartnet
- Smart Foundation for SMB
- Refurbish
- None

Cisco Warranty vs. SMARTnet Service

Service Features	SMARTnet	Warranty
Expert Technical Support	24 Hour configuration, diagnostic & troubleshooting	x
Priority Service	✓	x
Online tools and resources to improve your productivity	Full cisco.com access	x
Software minor & major releases	✓	x
Advance Replacement on Parts	8x5xNBD 8x5x4 24x7x4	10 days
Onsite field engineer to swap advance replacement parts	Option	x

What is SMARTnet?

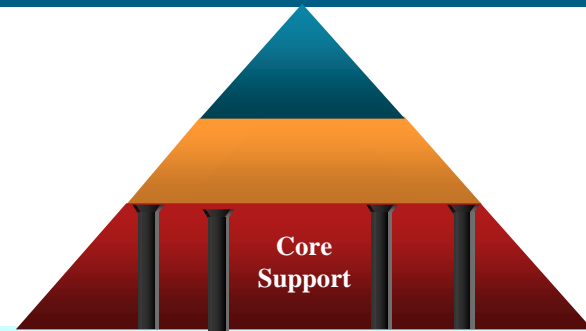


Hardware support designed to meet a variety of customer needs and budgets, such as the following:

- 8x5 with next business day parts replacement
- 24x7 with parts replacement in as few as 2 hours
- Onsite support

For more SMARTnet offerings, please consult the services offerings site:
http://www.cisco.com/en/US/partner/products/svcs/ps3034/serv_category_home.html

SMARTnet's Four Pillars



Pillar #1 - IOS Upgrade Protection

Pillar #2 - Cisco.com (aka CCO)..... Enhance Internal Staff Skills

IOS Planner

Bug Toolkit

Order Status

Software Download

Pillar #3 - Technical Assistance Center..... Augment Your Internal Staff

Access 24x7x365

Cisco Experts

Test Labs

Support in over 140 Languages

Pillar #4 - Hardware Break/Fix..... Ensure Global Availability

Global Logistics

Field Service Experts

24x7xAnywhere

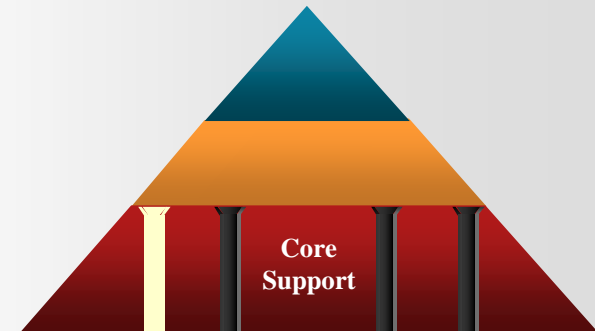
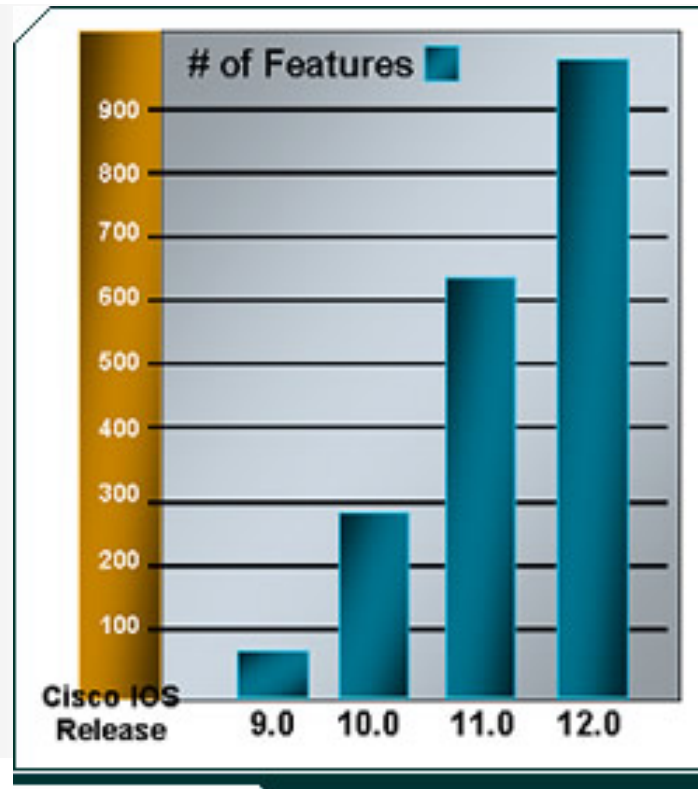
98% On-Time Rate

“Without SMARTnet services, there is no solution”

SMARTnet Core Support Pillar #1

Cisco IOS[®] Upgrade Protection

- Respond to:
 - User requirements
 - Enhance security, performance
 - New protocol support
 - Interoperability, trial (lab test)
- \$100's million in feature updates



- 75% of customers update annually
- 274,000 updates per month

80% of Value is in Cisco IOS Software Refresh!
SECURITY is the #1 reason for IOS upgrades

SMARTnet Core Support Pillar #2

Cisco.com

- 1,380,000 uses per month
- “Instant” solutions (80%)
- 4.2 customer satisfaction rating

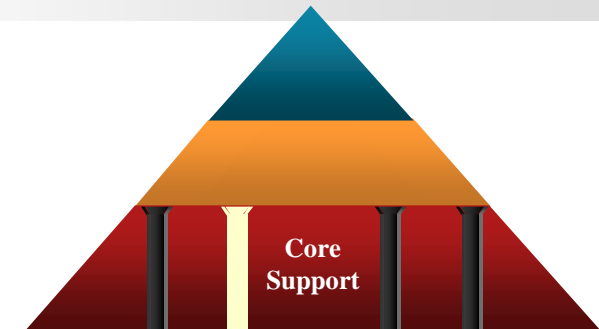


The screenshot shows the Cisco IOS 11.3 Software Upgrade Planner page. The navigation bar includes links for SOLUTIONS, CORPORATE, PRODUCTS, SUPPORT, SEMINARS, and PARTNERS. Below the navigation bar, there is a section for 'Software & Support' with the Cisco IOS logo and the title 'Cisco IOS 11.3 Software Upgrade Planner'. A secondary navigation bar contains links for HOME, WHAT'S NEW, LOGIN, PROFILE, FEEDBACK, SITE MAP, SEARCH, and HELP. The main content area lists several key features and resources:

- [What's Hot for Cisco IOS Software Release 11.3](#) **NEW**
- [Comparing Cisco IOS Software Releases](#)
[[Release Process](#)] [[Feature Matrices: Releases 10.3 through 11.3](#)]
- [Release Information for 11.3](#)
[[Software Solutions](#)] [[New Features for 11.3 - Product Bulletin](#)] [[New Features for 11.3T - Product Bulletin](#)] [[New Features Documentation](#)] [[RFC's](#)] [[Ordering Procedures and Hardware Platform Support](#)] [[11.3 Upgrade Paths and Packaging Simplification](#)]
- [Documentation for 11.3](#)
[[General Documentation](#)] [[11.3 Release Notes](#)] [[Platform-Specific Release Notes](#)] [[11.3 Feature Set Matrix and Tables](#)]
- [Bug Information](#)
[[Cisco IOS Bug Toolkit](#)] [[Bug Navigator Matrix for 11.3](#)]
- [Download Cisco IOS 11.3 Software](#)
- [Apply for Cisco Cryptographic Software under export licensing controls.](#)
[[Export Controlled](#)]

- Cisco IOS planner
- Order status
- Electronic ordering
- Configuration assistance
- Case open/query
- Bug Toolkit
- Software download
- Troubleshooting engine

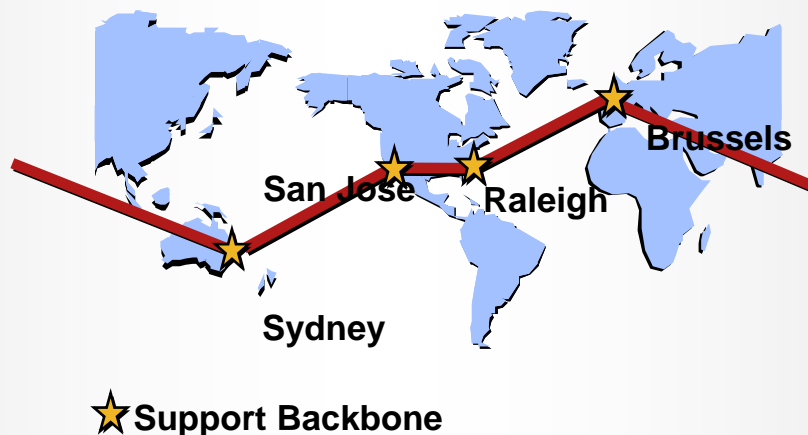
Enhance Internal Staff Skills



SMARTnet Core Support Pillar #3

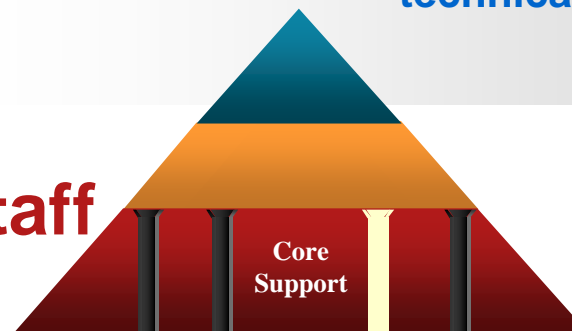
Technical Assistance Center

- 24x7 global access to the industry's largest and most experienced support team
- 1500+ Customer engineers (500+ CCIEs)
- 4.6 customer satisfaction rating



- Test labs at each TAC
- 2000 development engineers as backup
- Comprehensive knowledge base
- Support in more than 140 languages
- Industry's leading and award winning technical support.

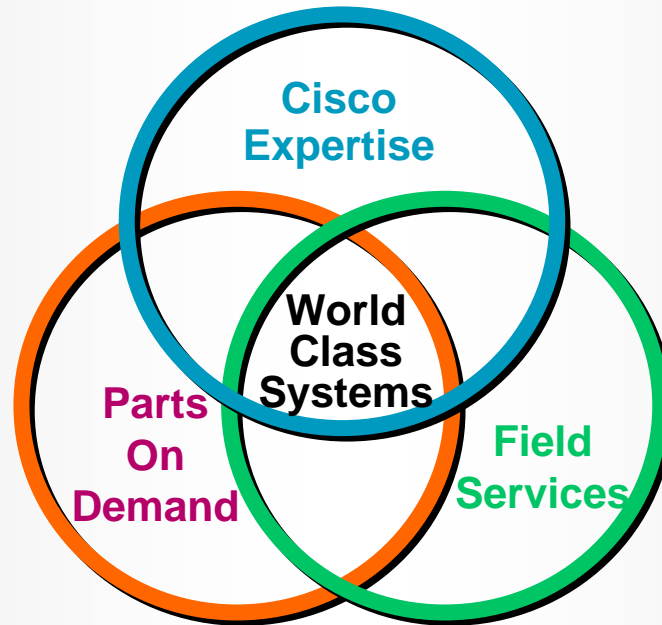
Augment Your Internal Staff



SMARTnet Core Support Pillar #4

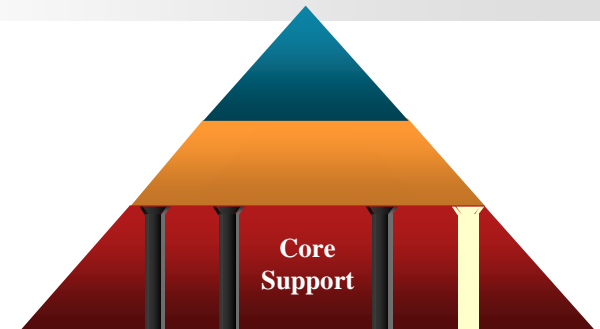
Global Hardware Replacement

- 24x7 anywhere
- Highest satisfaction rating: 4.8
- 98+% on-time rate



- Global logistics coordination and backup
- 10,000+ Field Engineers in 120+ countries
- 355 stock locations with \$155 Million in inventory

Ensure Global Availability





OPTIONS for Service



Specialized Support for the SMB

You Are	An organization with 250 or fewer network users, and 50 or fewer network devices	
You Need	Essential, easy-to-use and affordable support	
On	Routers, switches, wireless, and VPN/security	
Running	Basic applications	
Investment Protection	Three and five year contracts for new and renewals	

Cisco Smart Services for Small and Medium Business Comparison

Service	Cisco SMARTnet Service	Cisco Smart Foundation Service
Type of Service	<ul style="list-style-type: none"> Responsive device coverage 	<ul style="list-style-type: none"> Responsive device coverage
Advanced Hardware Replacement	<ul style="list-style-type: none"> 8 x 5 x NBD 8 x 5 x 4 24 x 7 x 4 and/or 24 x 7 x 2 (onsite parts replacement and installation) 	<ul style="list-style-type: none"> 8 x 5 x NBD
Onsite Engineer	<ul style="list-style-type: none"> Only with onsite option 	
Cisco Technical Assistance Center (TAC) Hotline	<ul style="list-style-type: none"> 24 x 7 access 	<ul style="list-style-type: none"> Business hours (8 a.m.–5 p.m.) access to special small and medium-sized business (SMB) TAC (access levels vary by region)
Cisco.com Knowledge Base and Tools	<ul style="list-style-type: none"> Full access 	<ul style="list-style-type: none"> Cisco.com SMB knowledge base
Operating System and Application Software	<ul style="list-style-type: none"> Ongoing updates and upgrades 	<ul style="list-style-type: none"> Operating system software updates for bug fixes
Eligible Devices	<ul style="list-style-type: none"> All 	<ul style="list-style-type: none"> Select SMB-class data products
Integrated Platform-Specific	<ul style="list-style-type: none"> Cisco Services for integrated services routers (ISRs) Cisco SMARTnet Service for Smart Business Communications System 	
Delivered By:	<ul style="list-style-type: none"> Cisco 	<ul style="list-style-type: none"> Cisco

Cisco Smart Foundation Service vs. Warranty

Service Features	Cisco Smart Foundation	Warranty
Expert Technical Support	8 a.m. – 5 p.m business day	No
Online Tools and Resources	Cisco Smart Foundation Portal	No
OS Software Updates	Operating system software updates for bug fixes	No
Advanced Hardware Replacement	8 x 5 x NBD	10 days
Hardware Coverage and Duration	All hardware yearly or multiyear contracts	Replaces defective hardware only

Cisco Smart Foundation Service

Easy,
cost-effective
network support
for the SMB

Ensures
operational
reliability

Protects
customer
network
investment

Global Support in Local Languages

Local Language Support in:

English

Spanish

Portuguese

French

Italian

German

Chinese

Japanese

SMART Foundation vs. SMARTnet



**SMART
Foundation**

SMARTnet

Tailored to SMBs

- TAC 8x5
- Same Day Ship Advanced Replacement
- Operating system bug fixes
- SMB management assistance tools

Ultimate Coverage

- TAC support 24x7x365
- Multiple Adv. Replacement options
- Major/Minor Software Releases
- Cisco.com – Online Tools and resources

SMART Foundation vs. SMARTnet

8x5xNBD

SMART
Foundation

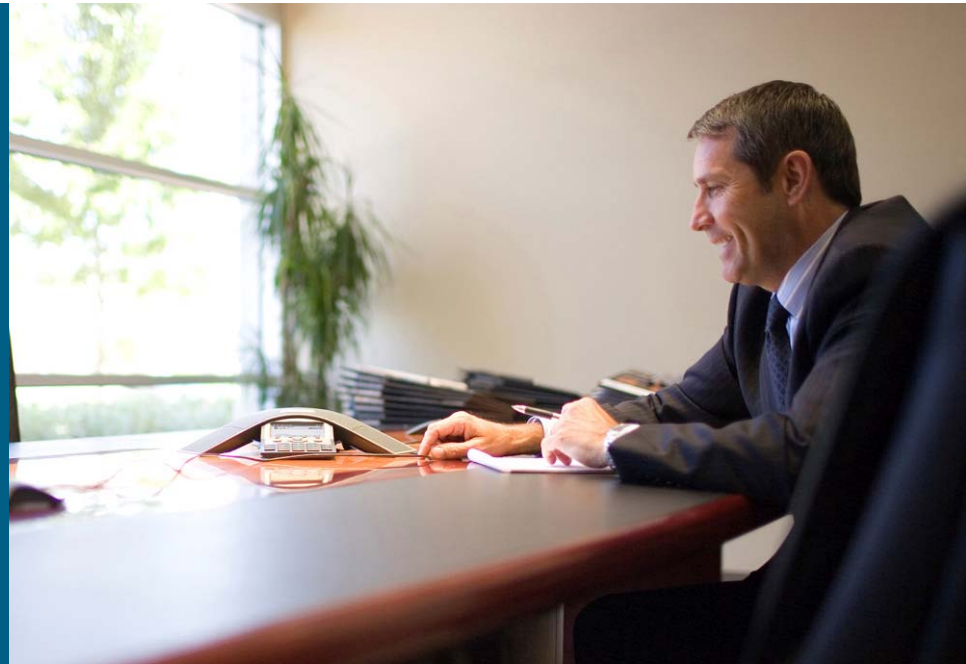
SMARTnet

Router	List Cost	8x5xNBD SMARTNET List \$/yr	8x5xNBD SMART Foundation List \$/yr
877 DSL	\$649	\$51	\$24
1841 w T1	\$2,395	\$121	\$67

Discounts 31%
3 yr

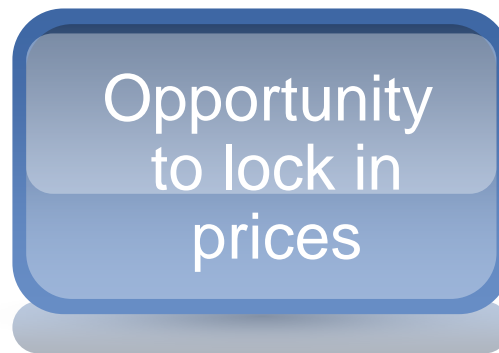
Discounts 40%
5 yr

Multiyear Support Contracts



Multiyear Contract Benefits

Multiyear service options mean more affordable support



Smart Foundation Multiyear Cost Savings

**3 year
multiyear contract**

25% prepaid discount

**5 year
multiyear contract**

40% prepaid discount

How do I do it ?



Right-sizing Response

Questions to Consider:

- Is the network mission critical?
- Is it redundant?
- Can the business survive an extended network failure?
- How technical is the end user?
- What are the end users support capabilities?
- Does end-user have support in remote areas?
- Can the end user configure the network?

Reference Guide

8 x 5 x NBD / SMBSA	=	Edge Devices
8 x 5 x 4	=	Core equipment, No Weekends
24 x 7 x 4	=	Core equipment, 7 Days a Week
*24 x 7 x 2	=	Mission Critical
On-Site Service	=	Remote or No Techs

Multi Year Contracts

What is Cisco Doing
to Help Partners Sell
Multi-Year Contracts?



Leading Questions...for the Customer

- **Do you think you will be running a Cisco network for at least the next three years?**
- **Would monthly payments for your service contracts be valuable to you?**
- **Would you be interested in learning how you could lock in today's prices and improve cash flow?**
- **What is your internal rate of return (IRR)?**
- **How much time do you spend renewing your contracts every year?**

Benefits of Multi-Year SMARTnet Contracts

Partner Benefits

- Increased Revenue Recognition
- Provides Additional Discount:
 - 2 years = 4%
 - 3 years = 7%
- Increased Margin Opportunity
- Lower Administrative Costs
- Lock out Competition
- Improve Customer Satisfaction

Customer Benefits

- Price Protection – Lock in Today's Prices
- Greater Discount
- Lower Administrative Cost
- Avoid Lapse of Coverage due to Late Renewal
- Improve End User Satisfaction
- Option for Monthly Payments when leased
- 0% Cisco Capital Services Only Leases

Justifying the Services Investment

- Introduce services early
- Take a solutions selling approach
- Explain the value of all the features
- Use testimonials or success stories whenever possible
- Illustrate the cost of downtime
- Break down the cost of downtime vs. cost of services

Handling Customer Objections

- **I do not have budget for a three year contract**
- **I only have one year of money budgeted for the SMARTnet contract**
- **What if I take some of the equipment out of the network before the end of the three year contract?**

Financing and Leasing Solutions

Financing is one of the most important tools you have to manage a customer's budget concerns and promote multiyear contracts



- **Faster Deployment**
- **Improved cash flow**
- **Budget management**



What's in it for you?

- Increased revenue and profit
- Enhance customer satisfaction & repeat business
- Customer satisfaction rating
 - with service **4.8%**
 - without **3.2%**
- Reduce competitive threats



Service Tools:

- Services Best Practices Checklist
- **Sample SMARTnet Waiver**
- Sample Renewal Quotations
- Multiyear Benefits
- Value of a Services Practice
- **Letter of Authorization**
- Best Practices Template
- **Cisco Reference Sheet**

***** SMARTNET WAIVER FORM *****

I, the undersigned, hereby acknowledge that I have voluntarily declined Cisco Systems SMARTnet maintenance coverage for the Cisco Systems hardware to be installed at the company which I represent,

(company name)

I AM AWARE THAT BY DECLINING SMARTNET COVERAGE FOR THE CISCO SYSTEMS' HARDWARE I AM PURCHASING, I AM FORGOING THE FOLLOWING SUPPORT:

- SOFTWARE UPDATES VIA CISCO CONNECTION ONLINE (CCO) INCLUDING IOS AND BUG FIXES.
- TELEPHONE ASSISTANCE FROM THE CISCO TECHNICAL ASSISTANCE CENTER (TAC) FOR ALL CALLS REGARDING HARDWARE, CONFIGURATION, AND SOFTWARE DIFFICULTIES.
- 24-HOUR A DAY, 7-DAYS A WEEK, PRIORITY 1 AND 2 TELEPHONE SUPPORT
- CRITICAL PROBLEM ESCALATION
- ELECTRONIC MAIL INQUIRIES AND RESPONSES
- REGISTERED ACCESS TO CISCO CONNECTION ONLINE (CCO)
- SERVICE AND DELIVERY OF REPLACEMENT HARDWARE

Procuring Cisco Product/Services

Establish relationship with a Cisco Authorized Distributor:

- Comstor
- Ingram Micro
- Tech Data
- ScanSource
- D&H Distribution

Re-Certification Required Before Service Can Be Entitled on Equipment bought elsewhere ie:

Used Equipment

Equipment that has not been under a SMARTnet contract

Key Take-Away's

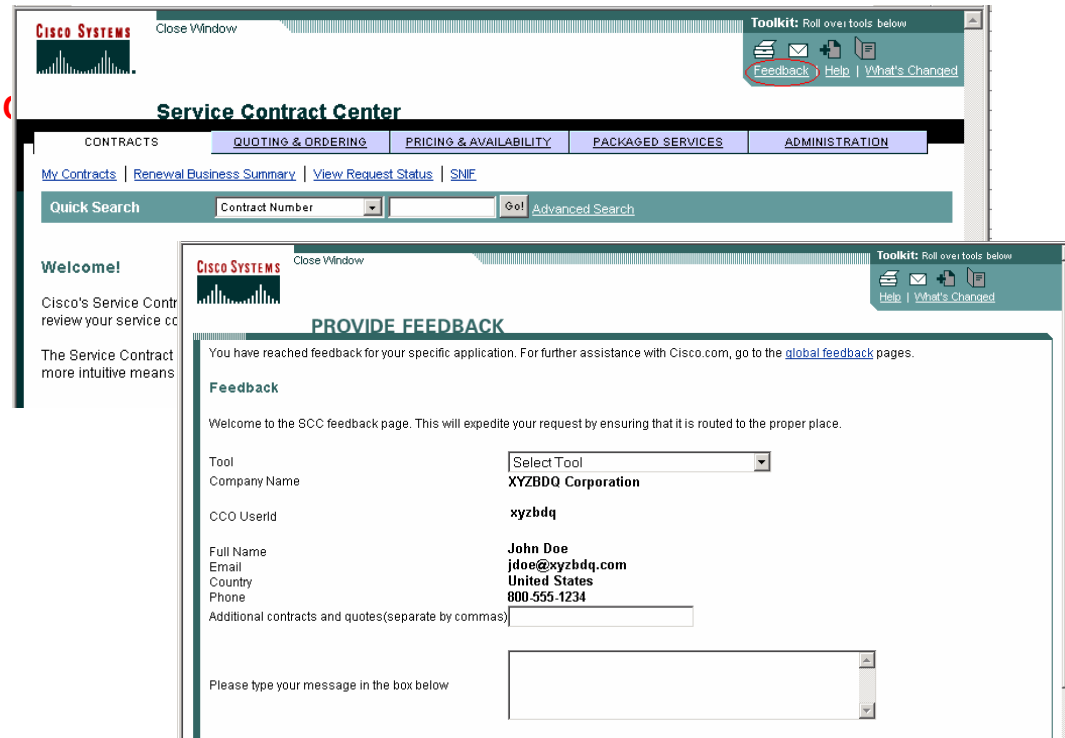
- Services is Not Just Break Fix – Lead with IOS!
- Multi-Year Benefits and 0% Cisco Financing
- SMARTnet Programs and promotions

Services = Profitability!

Where to Get Help?

Partner Service Center (PSC):

- SCC Navigation
- Contract Management
- Renewal Quoting Navigation
- Virtual Token Registration
- CCO Login & Contract Access
- Contract to Contract Move Errors
- Serial Number Validations



Telephone Support: (800) GO-CISCO

For More Information



For More Information

- Cisco Smart Foundation Service:
www.cisco.com/go/smartfoundation
- Cisco Smart Foundation Portal:
www.cisco.com/go/sfsportal
- Cisco Smart Services for Small and Medium Business:
http://www.cisco.com/en/US/products/ps6888/serv_category_home.html
- Cisco Services:
www.cisco.com/go/services





Table 1 Cisco SMARTnet and SP Base Features vs. Warranty

Service Features	Cisco SMARTnet Support	Cisco SP Base Support	90-day Limited Hardware Warranty ¹	1-year Limited Hardware Warranty ¹	5-year Hardware and 1-Year Software Warranty ¹	Limited Lifetime Hardware Warranty	Limited Warranty and Software License ¹
Product examples			Cisco 2600, 3X00, 5XXX	Cisco 1600, 1700, 6900	Cisco ONS 15xxx	Cisco 29xx, 35xx	Cisco ONS 15600, 6XXX
Hardware coverage duration	Renewable contracts	Renewable contracts	90 days ¹	1 year ¹	5 years ¹	Lifetime ^{2, 6} (fan and power supplies limited to 5 years)	90 days
Software coverage duration	Renewable contracts	Renewable contracts	90 days ³	90 days ³	1 year ³	90 days ³	90 days ³
Cisco TAC Support	Yes	Yes	No	No	No	No	No
Cisco IOS Software updates Maintenance Bug fixes Minor and major releases	Yes	Yes	No	No	No	No	No
Application software updates	No	No	No	No	No	No	No
Registered access to Cisco.com	Yes	Yes	No	No	No	No	No
Advance replacement of parts	Standard: NBD delivery Options: 2-hr, 4-hr, or onsite	Options: RP4 (10 days), NBD, 2-hr, 4-hr, or onsite	ARS ⁵ (10 days)	ARS ⁵ (10 days)	RR ⁴ (15 days)	ARS ⁵ (10 days)	ARS ⁵ (10 days)