



CUSTOMER SUCCESS STORY

SOURCE NORTH AMERICA CORPORATION COMBINES LOCAL SERVICE WITH NATIONWIDE FLEXIBILITY

EXECUTIVE SUMMARY

CUSTOMER NAME

- Source North America Corporation

INDUSTRY

- Wholesale distribution

BUSINESS CHALLENGE

- Create a more stable, robust nationwide data network
- Reduce telecommunications costs and administrative burden
- Enable a more flexible, fully connected nationwide service organization

NETWORK SOLUTION

- Cisco end-to-end voice and data solution

BUSINESS VALUE

- Enhanced connectivity and collaboration for employees nationwide
- Reduced network and telephone costs
- Virtually eliminated network outages and downtime

Source North America adopted a managed data and telephony solution over an end-to-end Cisco network to increase business stability, reduce costs, and deliver real-time, coast-to-coast service for its customers.

BUSINESS CHALLENGE

Source North America Corporation is a wholesale distributor for the petroleum industry, supplying gas station equipment and other materials to a nationwide customer base. The company employs 90 people across 16 states, and is headquartered in Arlington Heights, Illinois.

In an industry as heavily regulated as petroleum, a single late equipment order can delay the construction and certification schedule for an entire gas station, and put a customer out of operation for days. To ensure fast, local service, Source North America was one of the first suppliers in the industry to launch a just-in-time supply chain system, enabling service representatives to view all inventory across the country in real time, and serve customers anywhere with a click of a mouse.

However, Source North America's data and communications network was not keeping pace with its bold corporate vision. The network had grown organically with the company, and by 2000 it was an unwieldy collection of unmanaged hubs and switches from multiple vendors. The system was difficult to scale and manage, and suffered from occasional outages that could halt operations and result in lost revenues.

The organization's phone systems were also standing in the way of the new initiatives. Employees operated out of small branches and home offices around the country to provide a local presence for

customers. But each location had its own phone system, dial plan, and local and long distance carriers. Administration costs were high, and there was no way to create a truly unified, interconnected workforce.

"Our long distance carriers were charging us for every number we had, and we were paying all kinds of additional fees," says Glen Corkill, president and chief executive officer of Source North America. "Only portions of the company had voice mail, and we had gotten to the point where we were relying on answering machines in people's homes. That's no way to run a nationwide company."

Corkill knew that if Source North America was going to continue to lead the industry, he needed a more cost-effective, scalable, and reliable communications system. "Essentially, what customers are buying from us is our ability to respond," he says. "Our network is what ties us together and allows us to do that. If the system is down, we're in big trouble."

NETWORK SOLUTION

Source North America began working with Cisco® Premier Certified channel partner Convergence Technologies Inc. (CTI) in 2001 to completely overhaul the network. CTI recommended a single-vendor solution in order to deliver the interoperability, scalability, and stability the business required. Based on CTI's advice, the company built the entire new infrastructure using network routers, switches, and security appliances from the

worldwide networking leader, Cisco Systems®. Today, Source North America has a robust, redundant end-to-end voice and data network infrastructure, in which no single point of failure can bring down business operations.

At the company headquarters, a Cisco 3600 Series Multiservice Platform provides integrated voice and data connectivity, and incorporates built-in scalability—including more than 70 modular interface options—to support future network expansions. Three Cisco Catalyst® 3550 Series switches manage and optimize bandwidth across the network and provide the quality-of-service (QoS) functionality to support high-quality, full-featured IP telephony. Two of the Catalyst 3550 switches also support power over Ethernet (PoE) to deliver voice service and power to the company's Cisco 7940 and 7912 IP phones over a single Ethernet connection. A Cisco PIX® 515E Security Appliance helps further safeguard the network from attacks that could impact service.

The company's six branch offices are outfitted with Cisco 1750 modular access routers that connect to the headquarters via dedicated T1 lines. These platforms provide integrated voice, data, and security services in a single, manageable form factor ideal for a small branch office.

“We’ve gone a lot farther than we ever expected with the system. For me, the most impressive thing is that the brochures said we could do something, and we actually did it. The Cisco marketing and sales and product development people made us a promise, and fulfilled that promise.”

—Glen W. Corkill, President and Chief Executive Officer, Source North America

Adding Managed Voice Services

Initially, Source North America planned to replace only its data network. But Corkill soon realized that the versatile Cisco infrastructure would allow him to implement a full-featured IP telephony system for little additional cost. Tired of handling complex, resource-intensive voice services in-house, Corkill decided to adopt a hosted IP Communications solution. Of the several providers he interviewed, Appia Communications proved to have the most experience managing real-world IP telephony systems, and offered its own end-to-end Cisco network infrastructure to carry the company's business-critical voice services.

As a Cisco Powered Network designated service provider, Appia offered specialized expertise, greater efficiency, end-to-end security, cutting-edge technologies and services, and access to nationwide network resources, enabling Source North America to extend the power of its network, while still focusing on its core business. By outsourcing voice systems to a managed service provider like Appia, Source North America was able to let the IP communications experts handle the day-to-day management of the system, reducing the company's total cost of ownership of its communications infrastructure, as well as increasing the reliability of its systems.

“We’re really too small to have all the technology people on staff to do IP telephony, yet we want to have a nationwide, best-in-class phone system,” says Corkill. “With Appia, we get the best of both worlds, and I have complete peace of mind. It’s the perfect solution for a company that wants to focus on its customers and not its phone systems.”

Since Source North America's WAN was already based on a robust, multiservice Cisco infrastructure, adding voice services was a relatively easy, inexpensive enhancement. The Cisco routers at the headquarters and remote offices required only a new line card to fully support IP Communications. And, since the company had deployed Cisco PoE switches, they didn't even need power supplies for the Cisco IP Phones, saving as much as US\$50 per handset.

Today, Source North America also uses its Cisco voice and data infrastructure to fully connect home-based employees. The company simply outfits these workers with Cisco PIX® 501 Series security appliances and Cisco IP phones. The employees arrange their own broadband Internet service. Using a secure virtual private network (VPN) connection to the company's network, home-based employees now have full access to the company phone system and dial plan, as well as the same e-mail and supply chain applications as office-based employees.

BUSINESS VALUE

Since Source North America's new network infrastructure has been in place, the company has realized all the benefits it hoped to achieve, and more. By consolidating T1 lines, eliminating private branch exchange (PBX) phone system service contracts, and reducing toll costs, Source North America now saves as much as US\$6,000 per month—a savings of 50 percent annually in communications costs. Site-to-site calls between employees, which formerly made up 20 percent of telecommunications costs, are now carried at no additional cost over the company's IP network. Overall, the company has reduced long-distance costs from an average of more than 7.5 cents per minute down to 2 cents per minute.

The managed services data network and hosted IP Communications solution also provides substantial soft-cost savings by dramatically reducing Source North America's total cost of ownership of its IT systems, as well as minimizing the administrative effort required to maintain the solution. Today, if there is a problem or question with the phone service, the company doesn't have to deal with dozens of PBX system vendors and local and long-distance voice carriers; they just call Appia. "We used to get 40 phone bills a month, and it would take us an entire day to process all of them," says Corkill. "Now it takes a few hours."

The solution has also proven to be extremely scalable, enabling Source North America to expand rapidly without incurring additional telecommunications costs.

"When we first started working with Source North America, it was a relatively small company, with five full-time IT people," says Marc Kruer, president of CTI. "Since then, it has grown three to four times as large, and now employs two IT people. When we started the voice deployment, the company was able to save thousands of dollars per month on phone system costs with 35 handsets across the company. Now it has twice as many handsets, and still gets the same cost savings."

Creating a More Closely Connected Workforce

Most importantly for Source North America's customers, the company now has a truly unified, interconnected workforce, with every employee just four digits away from every other employee. Phone representatives can route requests and questions across the country, and ensure that customers are rapidly connected with the specialists and services they need.

"If we have one specialist who's very good at something, we can staff that person in one location to serve five different markets," says Corkill. "It allows us to maintain our presence as a local business, but also have all the power and advantages of a national operation."

Ensuring Stability

For Source North America, ensuring that employees have a reliable voice system was critical. Since the changeover, the company has not had a single network outage. "I don't think I've ever seen the phones in my office go down for more than 30 seconds," says Corkill. "Something hits us, a bad storm or a power outage, and we are right back up and running."

The distributed IP Communications system also provides built-in business continuance in the event of a natural disaster at any location. If a remote office goes out or employees can't get into work, calls can be easily and transparently rerouted to other parts of the country. "No matter what happens, we can continue to respond to our customers in any situation," says Corkill.

Overall, Corkill is extremely pleased with how the new system has transformed his business. "We've gone a lot farther than we ever expected with the system," he says. "For me, the most impressive thing is that the brochures said we could do something, and we actually did it. The Cisco marketing and sales and product development people made us a promise, and fulfilled that promise."

NEXT STEPS

Source North America plans to continue enhancing and expanding its infrastructure, and deploying new technologies to better serve its customers. In the coming months, CTI plans to deploy Cisco Unity™ Unified Messaging. When fully deployed, the company's nationwide employees will be able to receive voice mail, e-mail, and faxes in a single, manageable inbox, further enhancing employee productivity and customer service. The company also plans to further exploit its versatile phone system by routing calls across time zones to give customers a longer day than anyone else in the industry.

"We're always adding and tweaking here and there, but the great benefit of the solution is that you can change it," says Corkill. "We're not done perfecting the path we're going to take with this system in the future, because our business is changing and we're changing with it."

FOR MORE INFORMATION

Cisco Systems has helped wholesale distribution companies around the world become more connected, streamlined, and cost-effective businesses. To find out how Cisco can help your organization, contact your local account representative. Or, for more information on small- and medium-size business-class solutions from Cisco Systems, visit: www.cisco.com/go/smbclass.



Corporate Headquarters

Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-4000
800 553-NETS (6387)
Fax: 408 526-4100

European Headquarters

Cisco Systems International
BV
Haarlerbergpark
Haarlerbergweg 13-19
1101 CH Amsterdam
The Netherlands
www-europe.cisco.com
Tel: 31 0 20 357 1000
Fax: 31 0 20 357 1100

Americas Headquarters

Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-7660
Fax: 408 527-0883

Asia Pacific Headquarters

Cisco Systems, Inc.
168 Robinson Road
#28-01 Capital Tower
Singapore 068912
www.cisco.com
Tel: +65 6317 7777
Fax: +65 6317 7799

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