

## Cisco Solution Incentive Program (SIP) Question & Answer

### Section 1: Program Overview

**Q: What is the Cisco® Solution Incentive Program?**

A: The Cisco Solution Incentive Program (SIP) motivates the channel partner community to provide business solutions that leverage the power of an integrated network. SIP drives partner profitability by providing financial incentives, designed to reward opportunities delivering vertical and horizontal customer solutions that integrate proprietary or third-party applications and services with Cisco technology. The SIP is designed to encourage ecosystem collaboration to develop unique applications that deliver business relevant solutions to end customers.

**Q: What is the significance of this announcement?**

A: SIP completes the Cisco incentive portfolio designed to address Cisco's strategic channel objectives and increase the profitability of Cisco's highest value-add partners. SIP specifically rewards partners that invest in the development of comprehensive applications that integrate Cisco technology. Together Cisco's three incentive programs: Value Incentive Program (VIP) to drive advanced technologies, Opportunity Incentive Program (OIP) to grow incremental business, and Solution Incentive Program to encourage business solution selling – drive revenue growth for partner profitability and mutual success.

These programs further demonstrate:

- The continued commitments Cisco has made to retaining its market position
- Cisco's continued focus on the profitability of its channel partners
- Cisco's continued commitment to create programs that enable its channel partners to compete on value instead of volume or price

**Q: What are the objectives of the Cisco SIP?**

A: The objectives of the program are to:

- Grow incremental revenue in critical markets
- Boost partner profitability for resellers integrating Cisco into their solution sale
- Increase the business relevance of the network
- Expand the need for network bandwidth
- Support the channel partner value model

**Q: How does the program achieve its objectives?**

A: Selling solutions enables Cisco and its partners to gain from incremental revenue opportunities because the selling model targets the business decision maker, who creates and controls budgets. This program aims to give all Cisco Certified partners the financial incentives they need to develop solutions and help generate network demand.

**Q: What are the benefits of the Cisco SIP to the partner?**

A: The program:

- Provides a financial advantage for partners that invest in solutions that include Cisco technology
- Protects the partners' solution investment and value delivered to customers
- Allows partners to differentiate their unique value from other partners
- Grows partner revenue with additional value-added service opportunities
- Improves opportunities for partner profitability
- Encourages timely engagement with the Cisco field



**Q: How do customers benefit by using these partners?**

A: Partners offering focused solutions have a better understanding of their customer's business imperatives. This deeper relationship between partner and customer results in improved customer satisfaction. In addition, partners must meet certification and specialization requirements to participate in the Cisco SIP, which assures customers that they are working with technically competent partners who understand the relevance of the network.

The program also engages partners early in the process, making sure the partner completes a thorough and accurate assessment of the customer situation. The program encourages this behavior by requiring partners to comply with a regulated registration process and by facilitating communications between partners and Cisco account teams early in the sales cycle.

**Q: How does Cisco define a solution?**

A: Eligible solutions must include a non-Cisco business-relevant software application, a full set of support services for the Cisco and third-party pieces of the solution, and Cisco technology. The solution must also expand the need for network bandwidth to qualify for the program. See the program rules for the complete solution requirements.

**Q: Why should partners participate in the program?**

A: Cisco is committed to rewarding partners who invest in solutions that include Cisco technology. This program offers significant return on investment (ROI) for partners who foster selling solutions. In addition, partners will be better able to differentiate their offering and gain revenue through incremental value-added services. The Cisco channel programs, combined with the company's market stature and financial stability, make Cisco the partner of choice for growth markets.

**Q: What is the difference between the Cisco SIP and the Solution Technology Integrator Program?**

A: The Solution Technology Integrator (STI) Program is targeted at companies that manufacture, sell, service, and support technology solutions as part of an integrated original equipment manufacturer (OEM)-like offering sold through direct and indirect channels. The STI partners hold a contractual relationship and are typically not part of the channel partner program. In addition, the STI partners have access to a limited product set that must be sold as a complete solution.

**Q: Is this a global program?**

A: The program can be applied globally with a standard prequalification and deal registration process. Each geographic region will determine the timing of its respective program rollout this year.

**Q: How will this program help Cisco and its partners gain more business?**

A: The program should encourage new incremental business because selling solutions creates budget, rather than absorbing it. The solution-selling model targets the business decision maker, who typically controls the budget. Partner solutions that offer high value and strong ROI will result in increased revenue opportunities.

**Q: How much will the program affect partner profitability?**

A: On any single deal the partner closes, the program significantly enhances the partner's margin on the total Cisco business related to the transaction. The net benefit of the Cisco SIP depends on what percentage of the partner business qualifies for the program. The more business a partner develops, the greater the rewards.

**Q: Can partners combine multiple profitability program benefits?**

A: Cisco allows a partner to combine discounts or rebates from the Cisco Solution Incentive Program with those from the Cisco Value Incentive Program (VIP). The Cisco SIP provides a premium financial incentive, which accounts for the "hunting" component typically required in a solution deal. Partners that have identified new business opportunities with their solution sale only need to register once under the Cisco SIP. Besides VIP, SIP discounts cannot be combined with any other program or promotion in the Asia Pacific.

**Q: Who can partners contact with further questions about the program?**

A: Partners should contact their Cisco channel account manager (CAM) or send e-mail to [apac\\_sip@cisco.com](mailto:apac_sip@cisco.com)



## Section 2: Requirements and Details

### **Q: How does the Cisco Solution Incentive Program work?**

A: Partners must complete a one-time prequalification process for each solution to gain access to this program. Once partners are prequalified for the program, they are eligible to register opportunities that meet program requirements, and then receive incremental benefits and compensation for closing these solution-based deals.

### **Q: What are the prequalification requirements for a solution?**

A: Partners must prequalify for the Cisco SIP by submitting a business case before they can begin registering deals. To prequalify, a partner must meet all of the following criteria:

- Cisco Gold, Silver, or Premier Certification
- Cisco Specialized status in relevant advanced technologies, depending on the solution
- Unique business value to customer
- Existing installed customer base for the solution in the target market
- Focused sales staff selling solution (minimum of two for small and medium-sized business (SMB) markets and five for enterprise markets)
- Reference architecture that includes Cisco
- Business plan for implementing the solution
- Approved forecast for Cisco hardware, software, and services by account team
- Solution is repeatable (requires references for two installed base examples)
- Solution sale targeted at business decision maker
- Solution includes one or more non-Cisco business-relevant applications
- Solution expands the need for network bandwidth
- Solution fosters advanced technology business
- Solution includes all required customer planning, design, implementation and operation support services
- Cisco products and services are no more than 70% of overall solution based on net value of the total solution.
- Solution generates at least US\$200,000 per year net revenue in Cisco networking products for the SMB/commercial market or at least \$1 million net revenue per year in Cisco networking products for the enterprise market

### **Q: What are the requirements to receive the discount or rebate? Is it guaranteed?**

A: To receive the discount or rebate, the partner solution must be prequalified and each deal must be registered and approved on the Cisco Deal Registration Approval Tool at [www.cisco.com/go/deals](http://www.cisco.com/go/deals). All registered deals expire in six months; however, partners may request a renewal at expiration, with Cisco approval. The discount is guaranteed during the approved timeframe.

Each deal must meet the all the following deal registration criteria:

- Partner must be prequalified for the Cisco SIP
- Registration must be for partner-approved solutions only
- Partner must be a Cisco Gold, Silver, or Premier Certified Partner in Asia Pacific



- Incremental business to Cisco
- Minimum deal amount must be \$20,000 at list price for Cisco products or services for SMB/commercial market deals and \$100,000 at list price for Cisco products and services for enterprise market deals
- Partner must complete and document the following presales milestones:
  - o Identify key decision makers, available budget, and expected timing of opportunity
  - o Determine customer business issues and requirements
  - o Perform customer phone and face-to-face sales calls
  - o Provide high-level design to customer
- Registration must be pre-request for proposal (RFP) to be eligible

**Q: What is the duration of the approved registration?**

A: Approved registrations are valid for six months from deal approval. Partners may request a renewal if the deal has not been transacted or if the solution has multiple phases that stretch beyond the original time period. A renewal is subject to approval from Cisco.

**Q: Can multiple partners register for a single opportunity?**

A: No. A single opportunity may only be approved for one partner.

**Q: Which products are covered by the offering?**

A: The incentive discount covers all Cisco products sold with the partner prequalified solution that the partner is eligible to resell.

**Q: Which services are covered by the offering?**

A: No incremental discount will be provided for services purchased.

**Q: Is the approved discount applied to more than one purchase order?**

A: Yes. The discount is provided on multiple purchase orders during the approved registration timeframe. For 2-tier orders, a Deviation Authorization Request Tool (DART) special pricing deviation approval is required per purchase order.

## Section 3: Prequalification and Deal Registration Process

**Q: How do I apply for the program?**

A: Go to the Solution Incentive Program Website at <http://www.cisco.com/asiapac/channels/promotions/sip.shtml> and download the program rules and business case template. Review the documents and submit your business case to your CAM and the Cisco SIP e-mail address: [apac\\_sip@cisco.com](mailto:apac_sip@cisco.com). A business case must be submitted for each solution. Allow 10 business days from the date of submission for review and notification of the application's status.

**Q: How do I register a deal?**

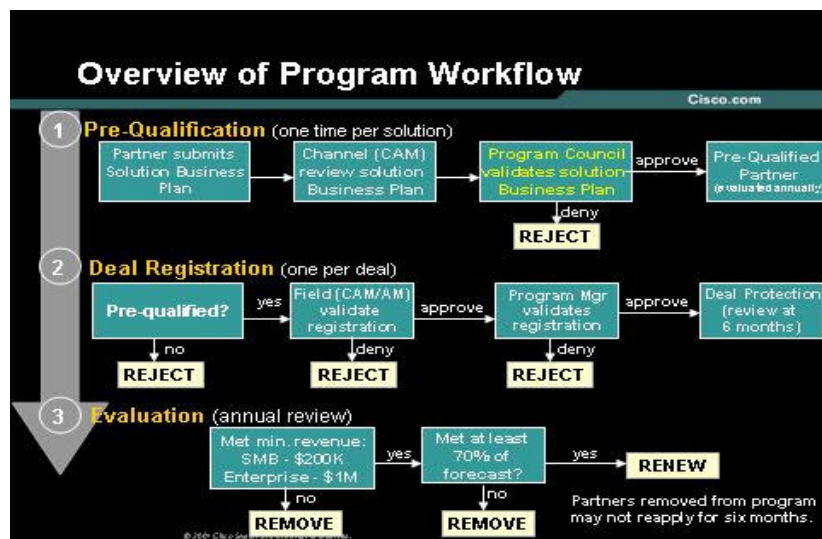
A: Once your solution has been approved, you may register your deal on the Cisco Deal Registration Approval Tool at <http://www.cisco.com/go/deals>. Select the Solution Incentive Registration form, complete all required fields, and submit your form. Download the Sales Visit Report template from <http://www.cisco.com/asiapac/channels/promotions/sip.shtml>. Complete the Sales Visit Report and high-level network design diagram and return the documents to the Cisco SIP program documents e-mail address: [apac\\_sip@cisco.com](mailto:apac_sip@cisco.com).

**Q: What does the prequalification and deal registration approval process entail?**



A: See the workflow in Figure 1.

Figure 1: Cisco SIP Workflow



### Prequalification

- Partner goes to the Cisco SIP Website to review program details and download the business case template.
- Partner submits completed business case template to Cisco.
- CAM and program team review the solution and respond to partner within 10 business days.

### Deal Registration

- Partner completes presales milestones for specific opportunity.
- Partner completes and submits the Solution Incentive Program registration form, sales visit report, and high-level design diagram to Cisco with the relevant form number.
- Cisco channel team provides approval or denial on the form by ensuring that the solution is prequalified and the deal meets the program requirements: if approved, route to Cisco sales account team.
- Cisco sales account team approves or denies opportunity based on whether the partner is creating new demand for Cisco: if approved, route to SIP program manager.
- Program manager validates whether the proper documentation has been provided by partner. If approved, the opportunity is registered and approval form number is sent to the partner for use at time of placing order.
- Opportunity is date-stamped as of approval date; valid for a maximum of six months.

### Q: What if my sales cycle is longer than anticipated?

A: The original registration expires after six months. If the registration expires and partners have not completed a business transaction, they have the opportunity to reregister the same account. Cisco has the right to approve or deny the re-registration.

### Q: Is there a minimum deal size requirement?

A: Program offerings have a minimum deal size requirement based on market segment. Minimum deal amount must be \$20,000 at list price for Cisco products or services for the SMB/commercial market (less than 500 employees) and \$100,000 at list price for Cisco products and services for the enterprise market (more than 500 employees).

### Q: When the program provides the incentive in the form of a rebate, how is the rebate applied?

A: It is given at the end of each period of program to the partner.



## Section 4: Financial Impact

**Q: Is Cisco making a large investment in this program?**

A: Specific investment costs for this program will not be disclosed. This investment does not materially affect Cisco's financial results and represents Cisco's commitment to advanced technologies, its market segments, and the mutual success of Cisco and its partners.

**Q: Will offering partners additional discounts affect revenue or margins for Cisco?**

A: No. The Cisco SIP focuses on rewarding channel partners with rebates and discounts on *new* incremental business. This is a revenue opportunity that is fully partner-driven and thus significantly reduces the cost of sales for Cisco, which in turn allows for the larger discount or rebate. This program is a mutually beneficial proposition for both Cisco and its partners.



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