



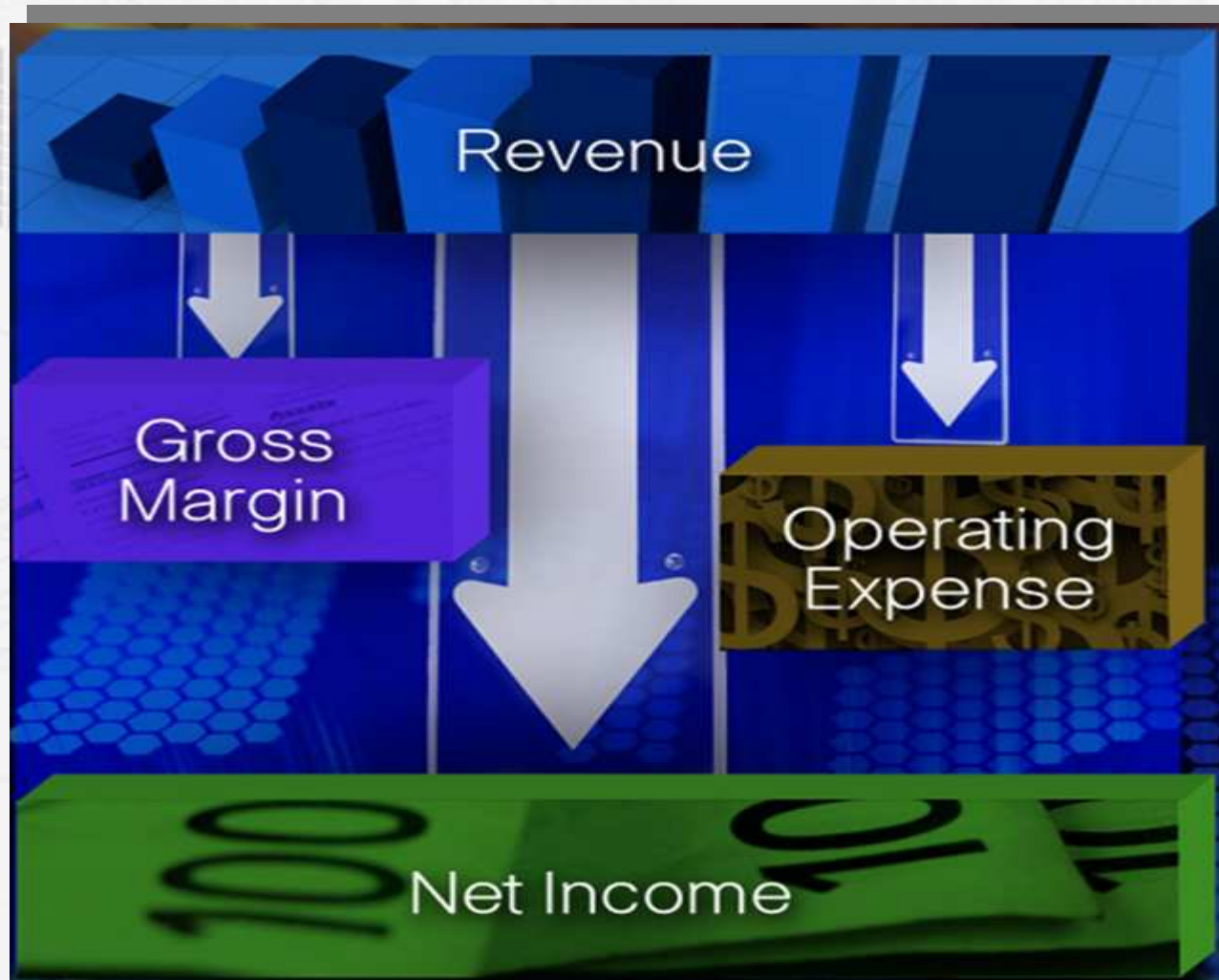
ROI & TCO

Return on Investment

Total cost of ownership



Financial Principles



Finance is a metrics driven organization

ROI?

- Money makes money
- Investments in capital assets and operations have to pay back to secure company's financial success.
- ROI is
 - Tangible: revenue increase, profitability, growth, margin
 - Non tangible: improved processes, improved communication





Investment: Unified Communication

Example:

Strategic & Financial Justification for Unified Communication (integrating data, video & voice)

**68% of global enterprises believe that network
is a source of competitive advantage**

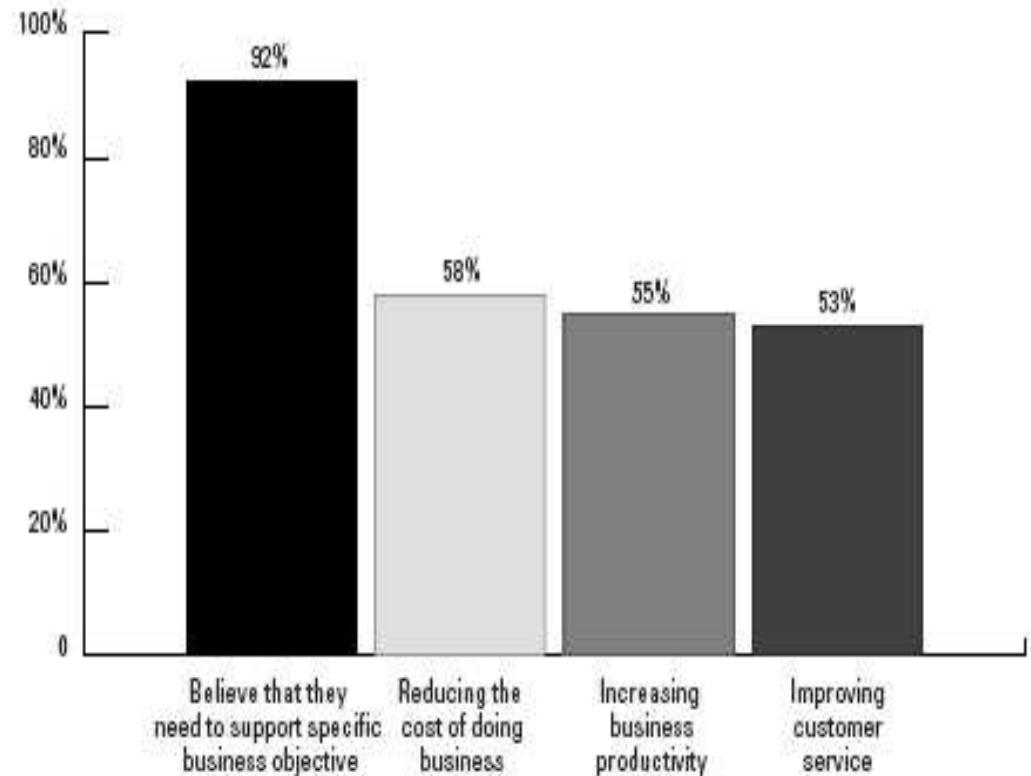
(Forrester research)



IT need to support business goals

92% of IT professionals believe that future IT initiatives need to support specific business goals:

Figure 3. Objectives of IT Investment

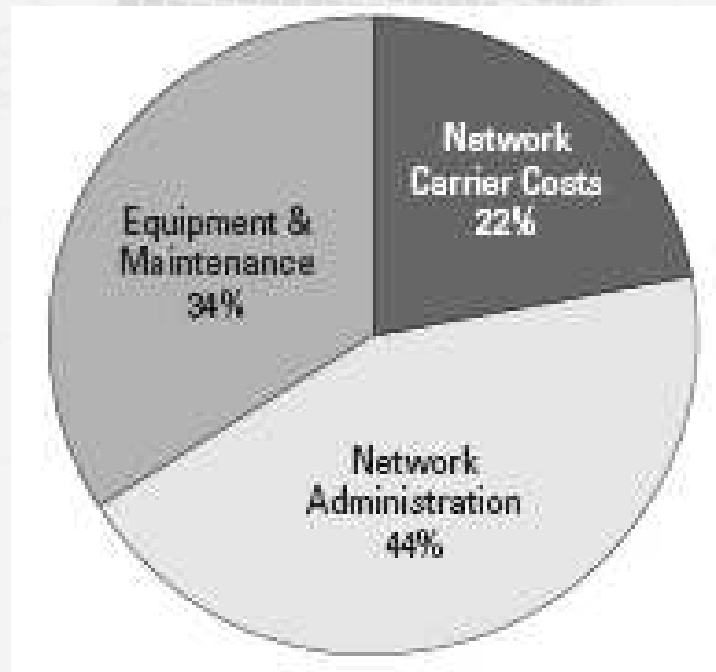


Source: yankee group, 2006

Areas of cost savings:

Area of cost savings in an IT environment:

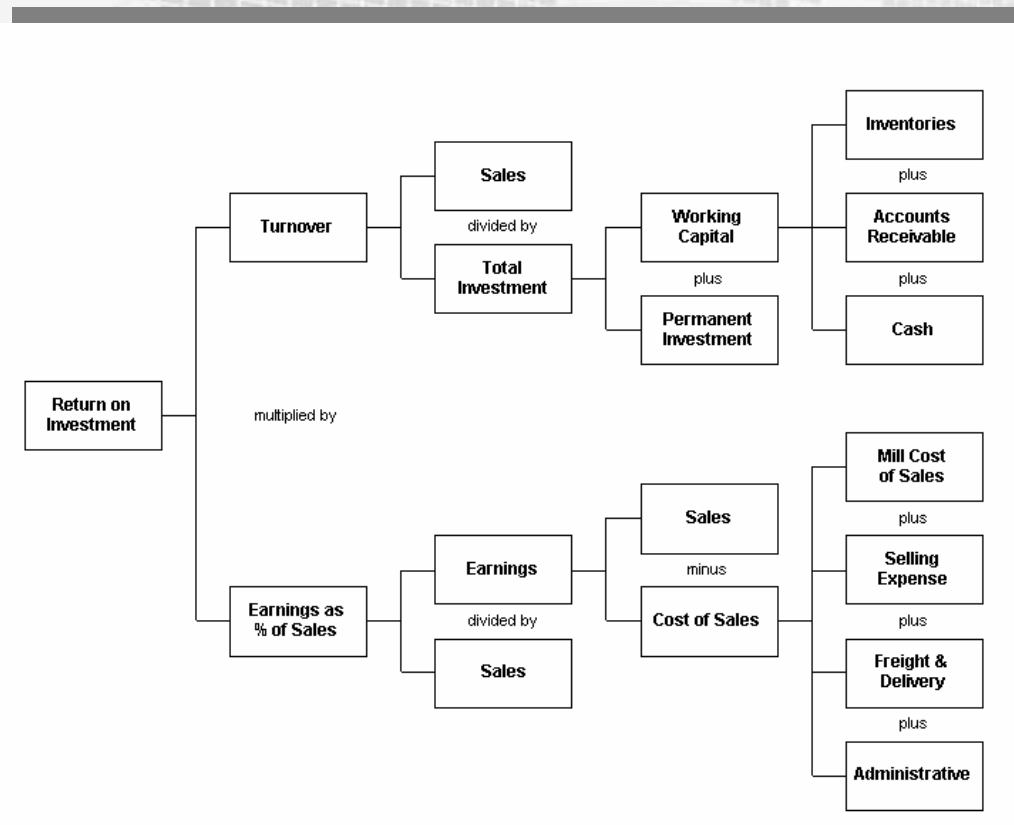
1. Equipment and Maintenance Costs
2. Network Carrier Costs
3. Network Administration



Source: yankee group, 2006

Is cheapest the best?

There is more than just the price!



Source: DuPont

Vendor selection criteria

Exhibit 2.
Technology Vendor Selection Criteria

Selection Criteria	Weighted Average
Value for the money	4.01
Quality/reliability of products	3.99
Strength of service and support	3.97
Initial price of product	3.83
Financial stability	3.59
Technology vision/Innovation	3.41
Market leadership	3.23
Product ease of use	3.10
Reference from VAR	2.91
Adherence to open standards	2.77
Relationship with salesperson	2.54
Reference from other customer	2.49

Note: Weighted average on a scale of 1-5 with 5 being the most extremely important and 1 being extremely unimportant

Source: Yankee Group, 2006



Most important criteria to decision-makers:

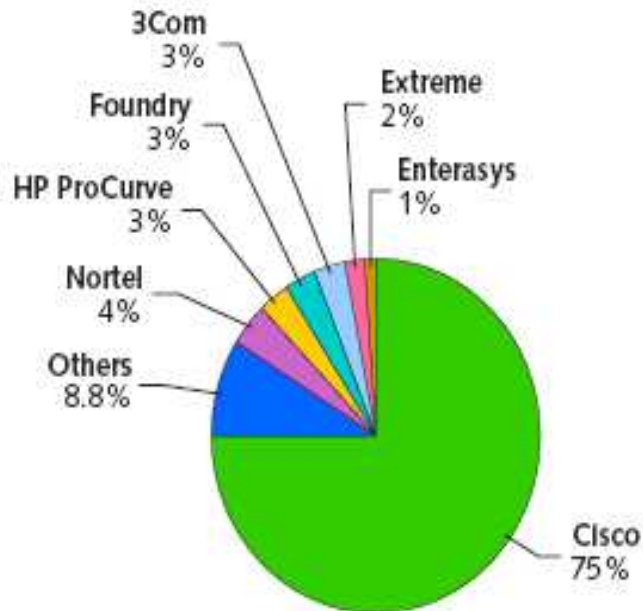
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Corporate Stability:

Supplier continues to invest in its products and drive innovative solutions

Market Share by Revenue



Survey result:

With Cisco's market share and enormous resources, there's no question it will continue to invest in LAN switching.

Source: yankee group, 2006

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Source: Yankee Group, 2006

The value of support

All support isn't created equal and not all agreements are the same.

Survey result:

Cisco's TAC center is a big Component of the decision makers



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Source: Yankee Group, 2006

Cost of acquiring and retaining personnel

- difficult to quantify
- important to have qualified IT staff

Survey result:

This is an area that any market leader has a distinct advantage.

*One CIO felt that using products from non-de-facto standard vendors created An aspect of employee lock-in cost of locating, hiring and training Is high, demanding salary negotiations Up to **15% above** market value.*



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Source: Yankee Group, 2006

End-to-end value and feature integration:

- correctly deployed network delivers fully converged services
- proper network foundation to ensure scalability
- Adoption to changing business climate, upgrade possibilities without business interruption

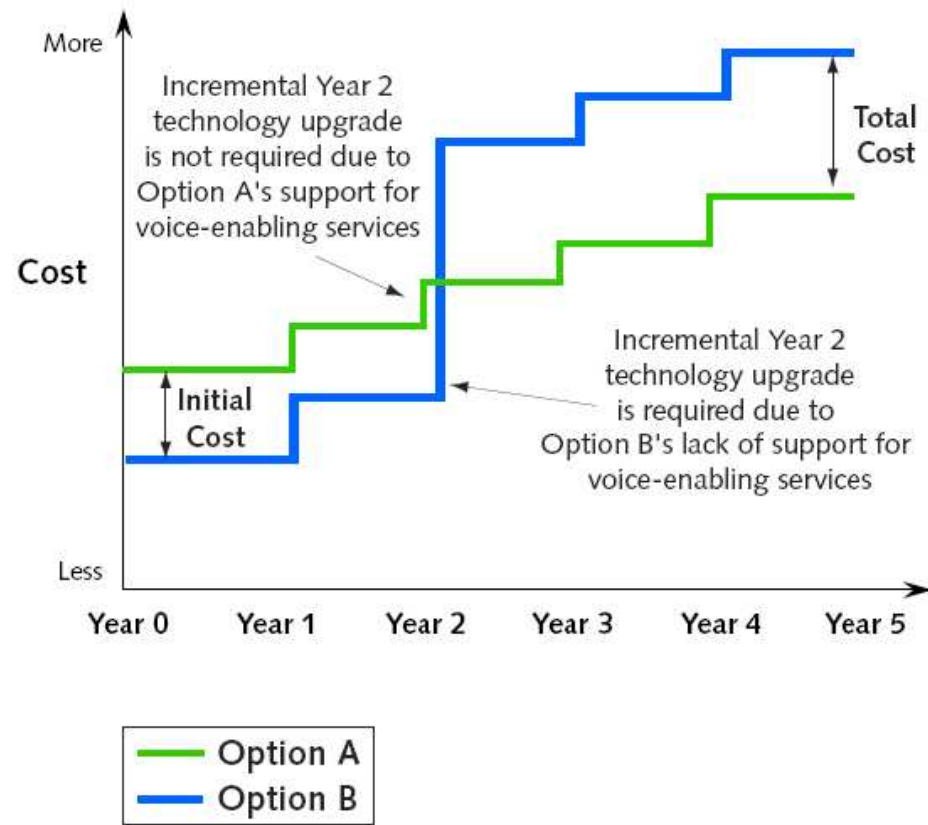
Survey result:

To evaluate ROI and TCO look out **5 years or more**



Most important criteria to decision-makers:

Exhibit 3.
Future Cost Implications of Today's Decisions



Source: Yankee Group, 2006

One CTO described Cisco switches as a Swiss Army Knife:

He wasn't sure when he'd need the additional features, but he knew they'd be there when he needed them.

In short

- CFO's care about short and long term impact on P&L and balance sheet
- Show your CFO the impact on short-term and long-term costs





CISCO