Cloud Train is Leaving the Platform: The IaaS Platform

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‘The Perfect Storm’ for Managed/Cloud Services

From Adoption to Acceleration

Business

Managing

- Globalization
- CapEx vs. OpEx
- Technology risk
- User experience

Environment

Economy Forcing Alternatives

- Power needs
- X as a service culture
- Virtual vs. in-person acceptance
- Social Networking Generation

Cisco Partners

Seeking

- New, high value, recurring revenue
- Innovative service delivery models
- Integrated “on-demand” services
- Accelerated time to value

“Worldwide hosted virtual desktop (HVD) revenue will grow to $65 billion in 2013, equaling to more than 40 percent of the worldwide professional PC market.”

Gartner

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Consumption Models Evolve with Technology

New Rules. New Game

Managed & Cloud Services

Classic Resale | **Managed Services**

- Cisco Customer Premise Equipment
- CPE-based Services
- Co-location / Hosted Solutions
- IaaS
- SaaS

Delivery Platform: CPE → Next Generation Data Center

Consumption Model: Dedicated → On-Demand

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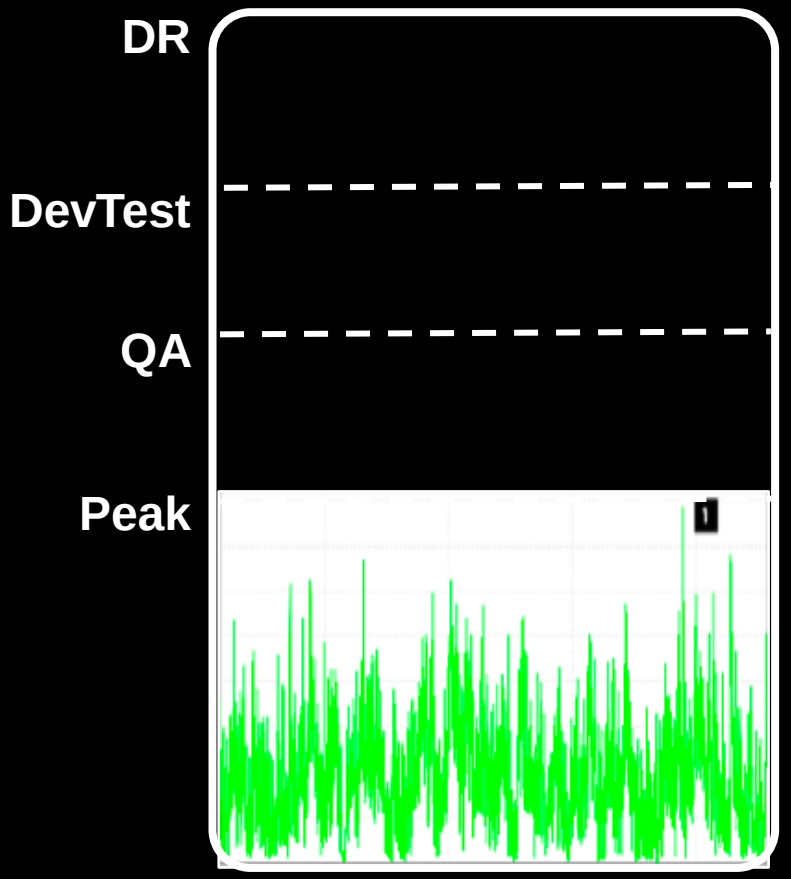
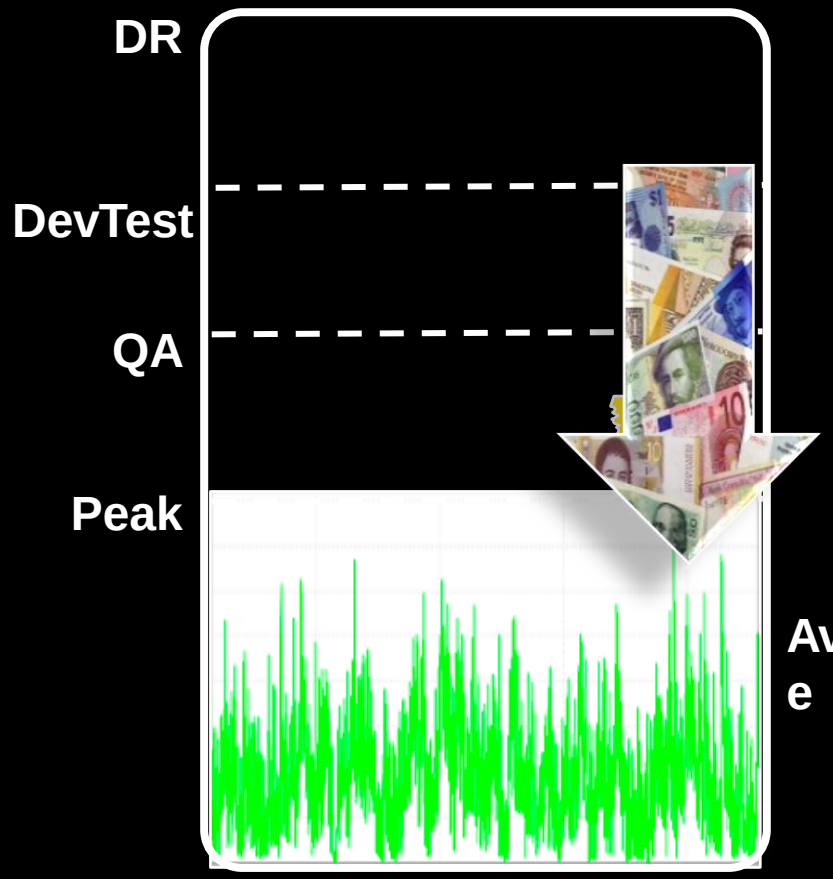
Economics of IT investments and Clouds

Idle IT $$ Deliver No Strategic or Tactical Benefits



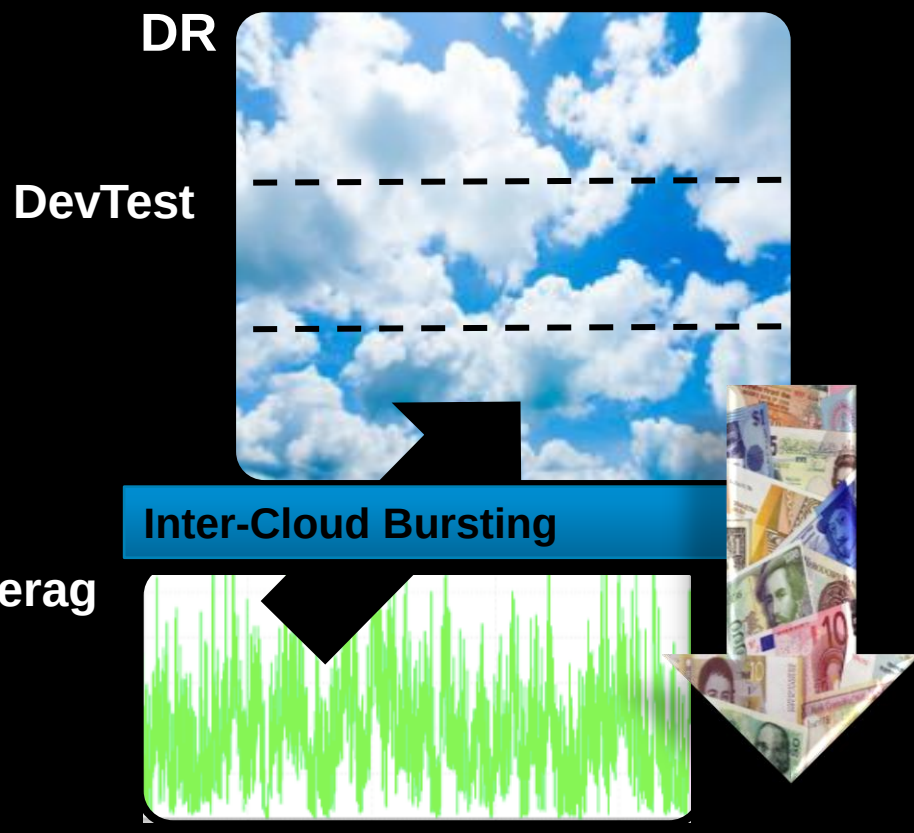
Current

60–80 % IT $ ‘Lights On’



Next Step

Consolidation & Virtualization



Cloud

Focus on using SP Cloud

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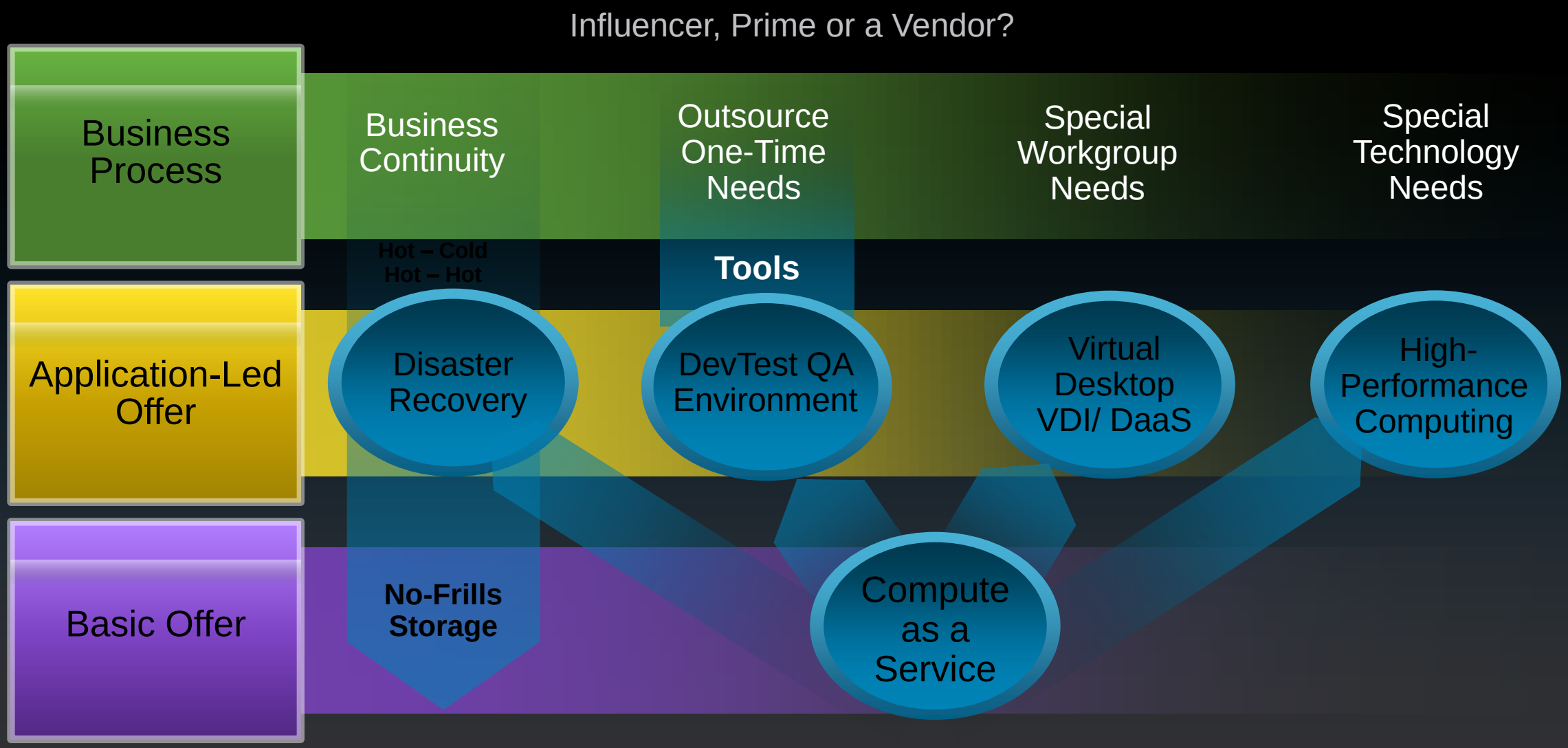
Top 5 Use Cases for IaaS Delivery

Services That Land Squarely for IaaS Delivery



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Two Distinct Buyer Personas
Notice Very Different Needs

Informal IT Buyers

Majority are outside of IT Operations and often outside any IT organization
Make up the bulk of early adopters and today's revenue and will grow.

- Technically proficient and self-reliant, not rule bound
- Have authority to make purchases, entrepreneurial
- Want to bypass IT Operations
- New kinds of apps – Web, content, data, compute

Formal IT Buyers

Minority are Formal buyers in IT Operations
Follow the formal procurement/sourcing process. With little presence in the market today, they will grow over time, as they chose to put new workloads on cloud services.

- Treat cloud like outsourcing, not a casual thing
- Hierarchical focus, process oriented, by the book approach
- Want full menu of managed services
- Traditional/existing IT back office workloads

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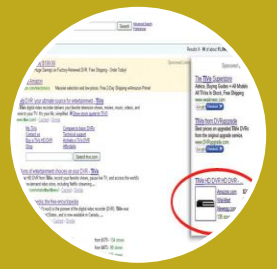
Service Pricing Options



Free /Ad based

Pay-per-use

Contract/
Subscription

Project Symphony VPDC

Essential

Balanced

Enterprise

Informal IT Buyers

	Essential	Balanced
VPDC Fee	$0	$550
VPDC Portal	Included	Included
IP addresses	Included	Included
Firewalls	N/A	Included
Load Balancers	N/A	Included

Formal IT Buyers

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Cloud Leader Board Overview

Cisco Customers in the Leader Board

SAVVIS

Savvis Q2 2010 Earnings - $158.2M

Vendor	2008	2009	2010	2011	2012	% of 2010
Amazon AWS	$130.3	$200.7	$339.7	$484.2	$771.5	42.3%
Salesforce.com	$16.5	$37.4	$72.4	$131.9	$214.5	9.0%
IBM	$13.1	$33.2	$62.4	$102.9	$158.1	7.8%
Rackspace	$4.6	$20.3	$45.7	$88.0	$140.4	5.7%
Verizon Business	$0.0	$1.0	$27.5	$52.4	$75.2	3.4%
Google AppEngine	$0.0	$10.1	$26.0	$52.2	$84.9	3.2%
Joyent	$12.1	$15.7	$23.5	$38.8	$58.2	2.9%
Intuit	$4.2	$14.8	$22.4	$31.4	$45.2	2.8%
EMC (Atmos Online)	$0.0	$5.1	$22.1	$52.8	$91.8	2.7%
Terremark	$0.2	$8.6	$20.7	$27.8	$36.3	2.6%
Other	$161.3	$280.7	$552.7	$918.6	$1,507.7	68.8%
Total	**$195.4**	**$389.3**	**$803.0**	**$1,364.9**	**$2,197.7**	**151.3%**

Source: The 451 Group, Market Monitor: Cloud Computing. Includes IaaS, Paas and Cloud Storage revenue.

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Savvis Q2 2010 Earnings - $158.2M

- **Revenue Categories** — Co-location, managed hosting, network services
- **Cloud Revenue** — $73.9M Total – Estimated Cloud Revenue $3.5M 24.1 % Growth 129.1% Y/Y Revenue Growth
- **M & A and Facilities** — Fusepoint - Geo expansion 40k sq-ft 75% space and 60% power utilized - $41.7M in 09 NJ2X with 40k sq-ft, 11 months, 175 w /sq-ft
- **Savvis Success** — 08/10 UK-based Retail Bank, MRR 165k -> 345k, Buy managed hosting AND cloud services Project Symphony Entire Infra – DevTest, Pre and Full Production and DR

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Conclusions

Cloud is Here and Now

Target Idle IT Service $$ to Show Benefits

DR, DevTest

Understand YOUR Persona

Informal and Formal IT Buyers

Network-based Cloud Offer Portfolio with Hosted/Co-lo - Savvis

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