



Network: The Future of Managed Services



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Objectives

- Network Objectives
- Managed Services Trends
- Best Practice Considerations



Network: Managed Services



Strategic information technologies delivered to end users by providers who combine an intelligent infrastructure, secure network operation centers, and highly skilled IT professionals



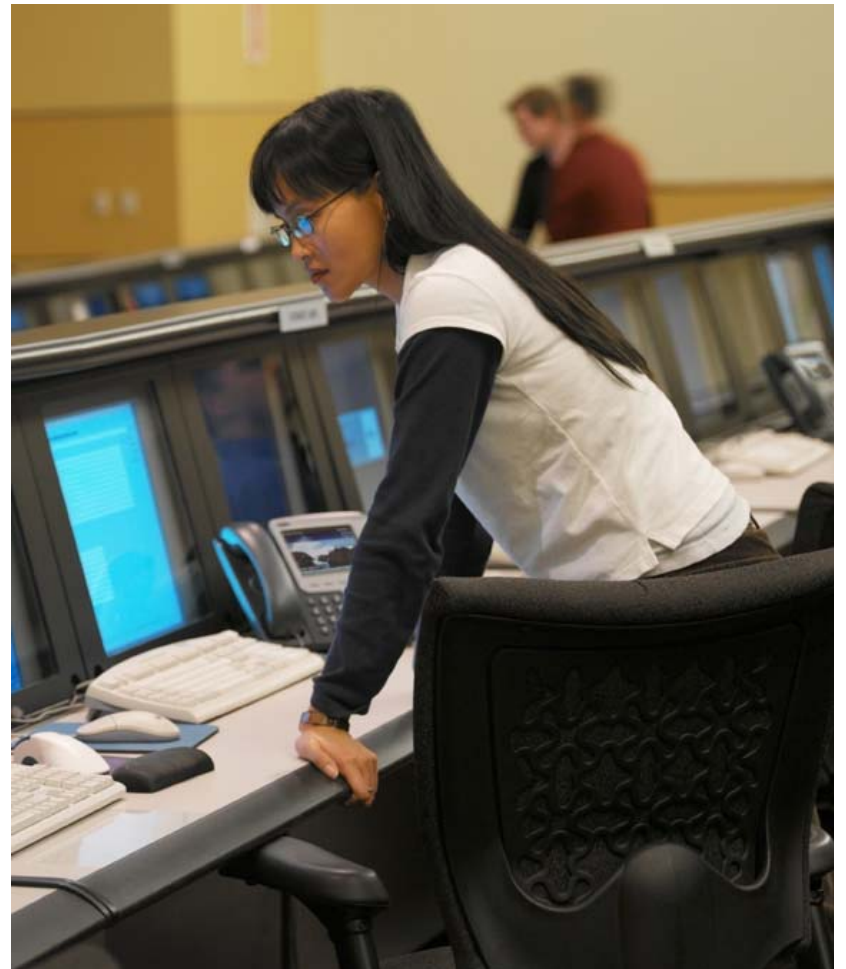
Managed services providers back their offerings with service level agreements (SLAs) that define their responsibilities and penalties for underperformance



These complex managed solutions are often offered on an operating expense basis that requires no capital outlay for the enterprise

Operational Demands

- Legislative/compliance
- Standards
- Complexity
- Workforce
- Costs



End-User Demands

Availability:

- Office
- Home
- Travel

Broadband
Ubiquity

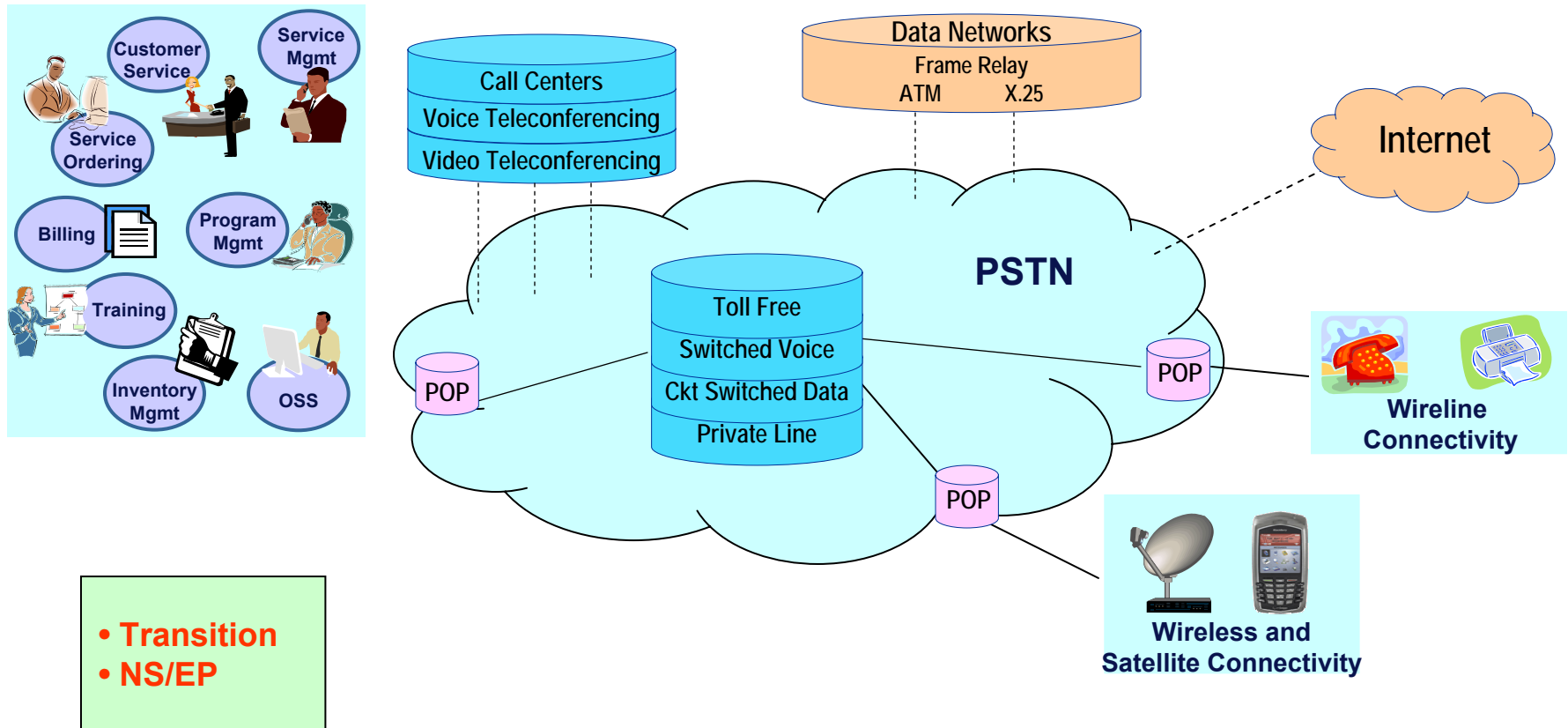
Application Independence:

- Device
- Location
- User

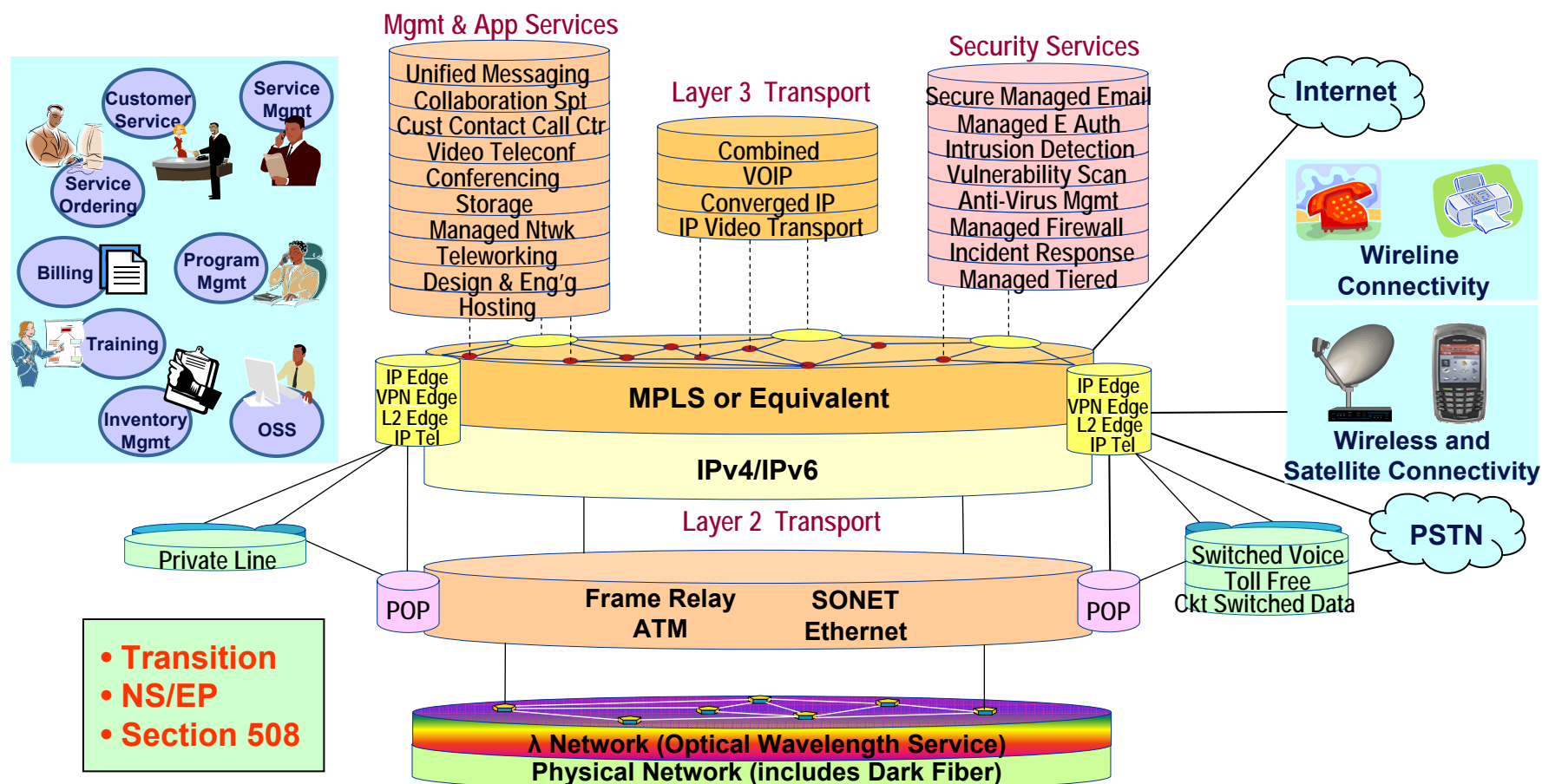
Application
Portability



Technology Demands: Yesterday's Network Service Architecture



Technology Demands: Today's Network Service Architecture



Networkx: Managed Services

“Enterprise Architecture Offers”

<p><u>Telecommunications Services</u> Communications Transport</p> <ul style="list-style-type: none">– Voice– Circuit Switched Data– Toll-Free– Combined– Private Line– Frame Relay– Asynchronous Transfer Mode <p><u>IP-Based</u></p> <ul style="list-style-type: none">– Premises-Based IP VPN– Network-Based IP VPN– Voice over IP Transport– Content Delivery Network– Converged IP– IP Telephony– Internet Protocol <p><u>Optical</u></p> <ul style="list-style-type: none">– Synchronous Optical Network– Optical Wavelength <p><u>Wireless Services</u></p> <ul style="list-style-type: none">– Cellular/PCS– Multimode Wireless	<p><u>Management & Application Services</u></p> <ul style="list-style-type: none">– Video Conferencing– Managed Network– Audio Conferencing– Teleworking Solutions– Call Center/Customer Contact Center– Web Conferencing– Dedicated Hosting– Collocated Hosting– Storage– Customer Specific Design and Engineering <p><u>Security Services</u></p> <ul style="list-style-type: none">– Managed Firewall– Intrusion Detection and Prevention– Managed E-Authentication– Vulnerability Scanning– Anti-Virus Management– Incident Response– Secure Managed Email– Managed Tiered Security	<p><u>Telecommunications Services</u> Communications Transport</p> <ul style="list-style-type: none">– Ethernet <p><u>IP-Based</u></p> <ul style="list-style-type: none">– IP Video Transport– Layer 2 VPN <p><u>Optical</u></p> <ul style="list-style-type: none">– Dark Fiber <p><u>Management & Application Services</u></p> <ul style="list-style-type: none">– Unified Messaging– Collaboration Support– Internet Facsimile <p><u>Special Services</u></p> <ul style="list-style-type: none">– Land Mobile Radio– Mobile Satellite– Fixed Satellite <p><u>Special Services</u></p> <ul style="list-style-type: none">– Cellular Digital Packet Data– Paging
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Benefits

- Risk reduction
- Cost reduction
- Resource management
- Improved quality
- Mission focus



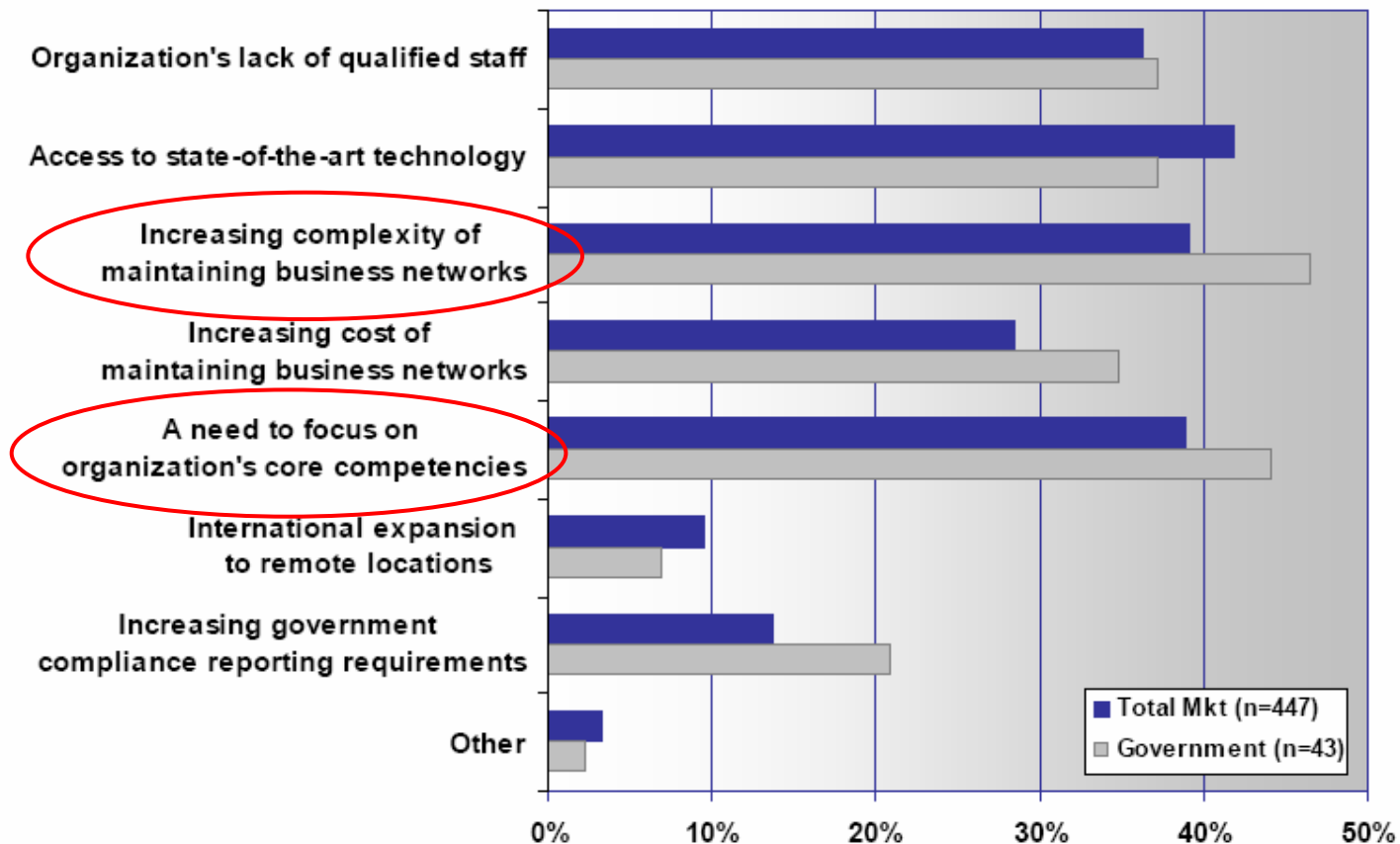
Managed Services Trends



Trends: Reasons to Out-task

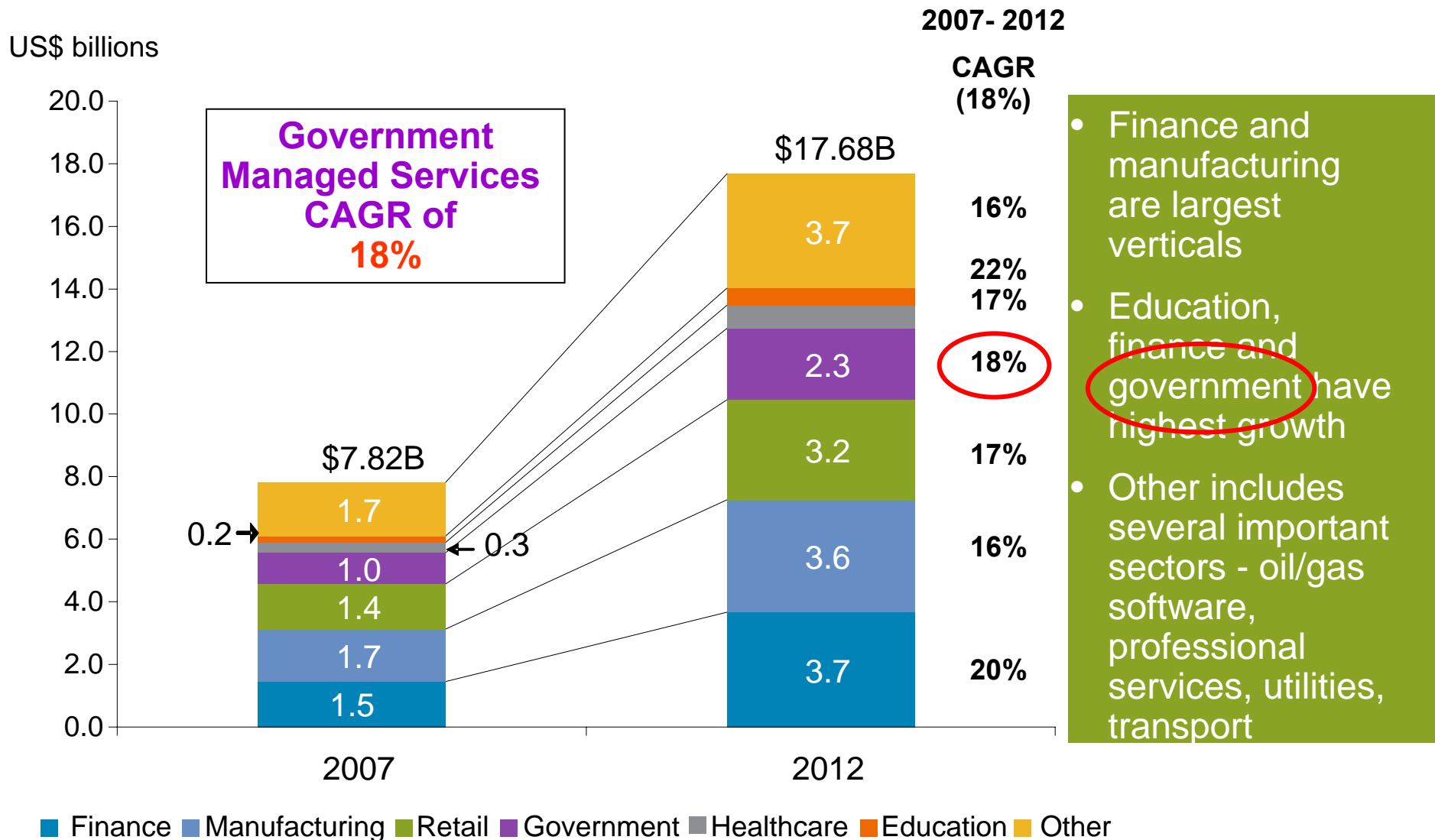
Increasing Complexity is Main Driver for MNS Adopters—Government, 9/06

Top Reasons For Out-tasking To MNS Provider
(Up to 3 Responses)

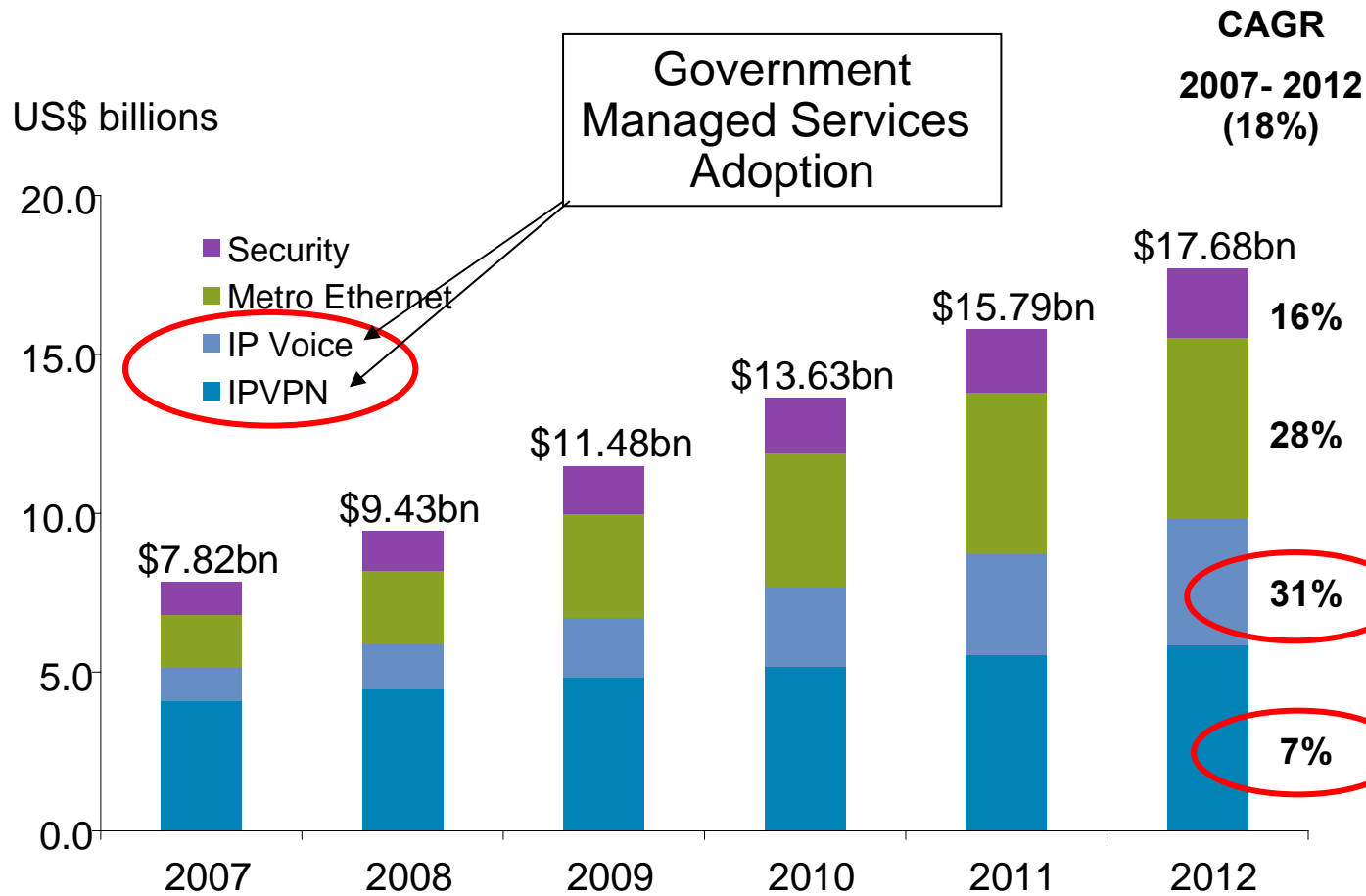


Source: In-Stat, 9/06

Managed Services Growth: Verticals (North America)



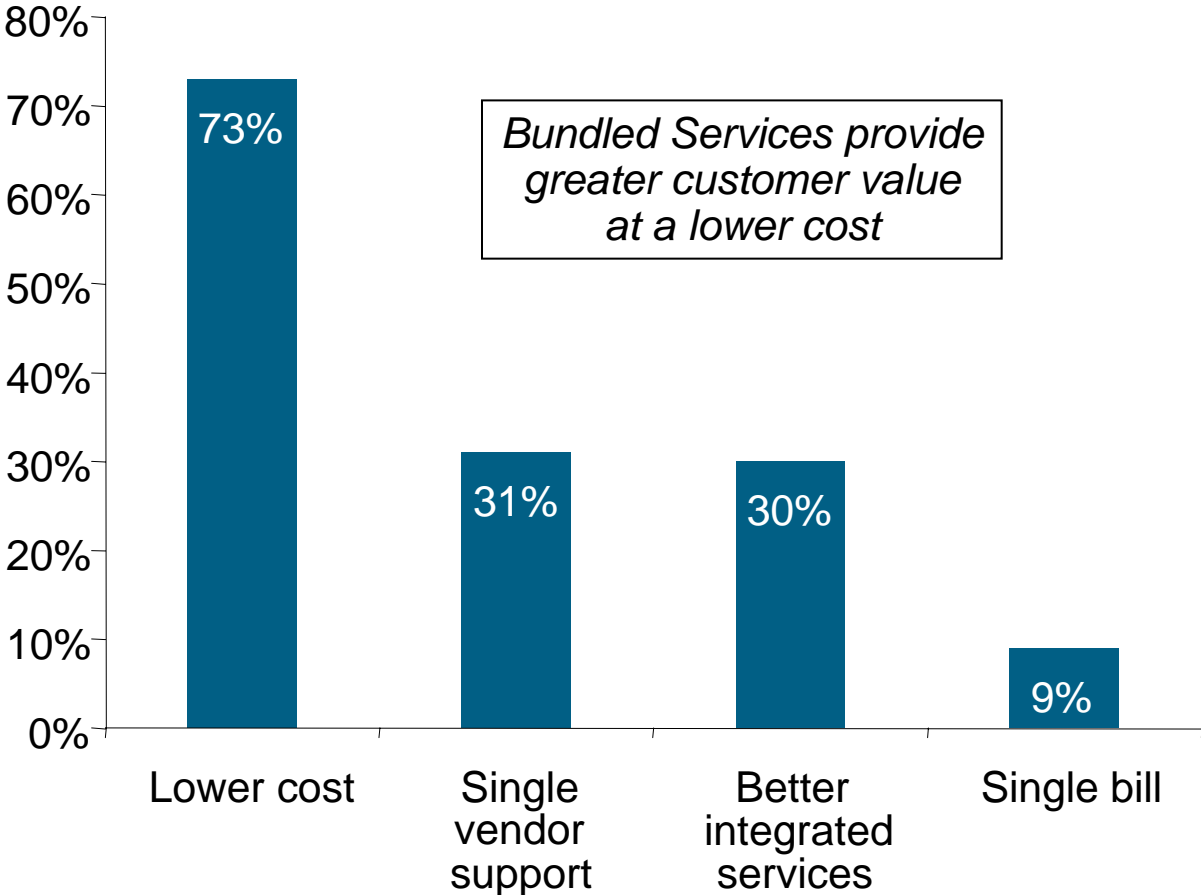
Managed Services Growth: Solution Type (North America)



- Managed IP VPNs have seen considerable growth over last 5 years and future revenue growth is more modest
- Key opportunity for IP voice services with very high growth from a small base
- Metro E and security both see strong growth

Bundled Service Benefits – North America

QC17. What factors would influence your decision to purchase service bundles i.e. multiple services?

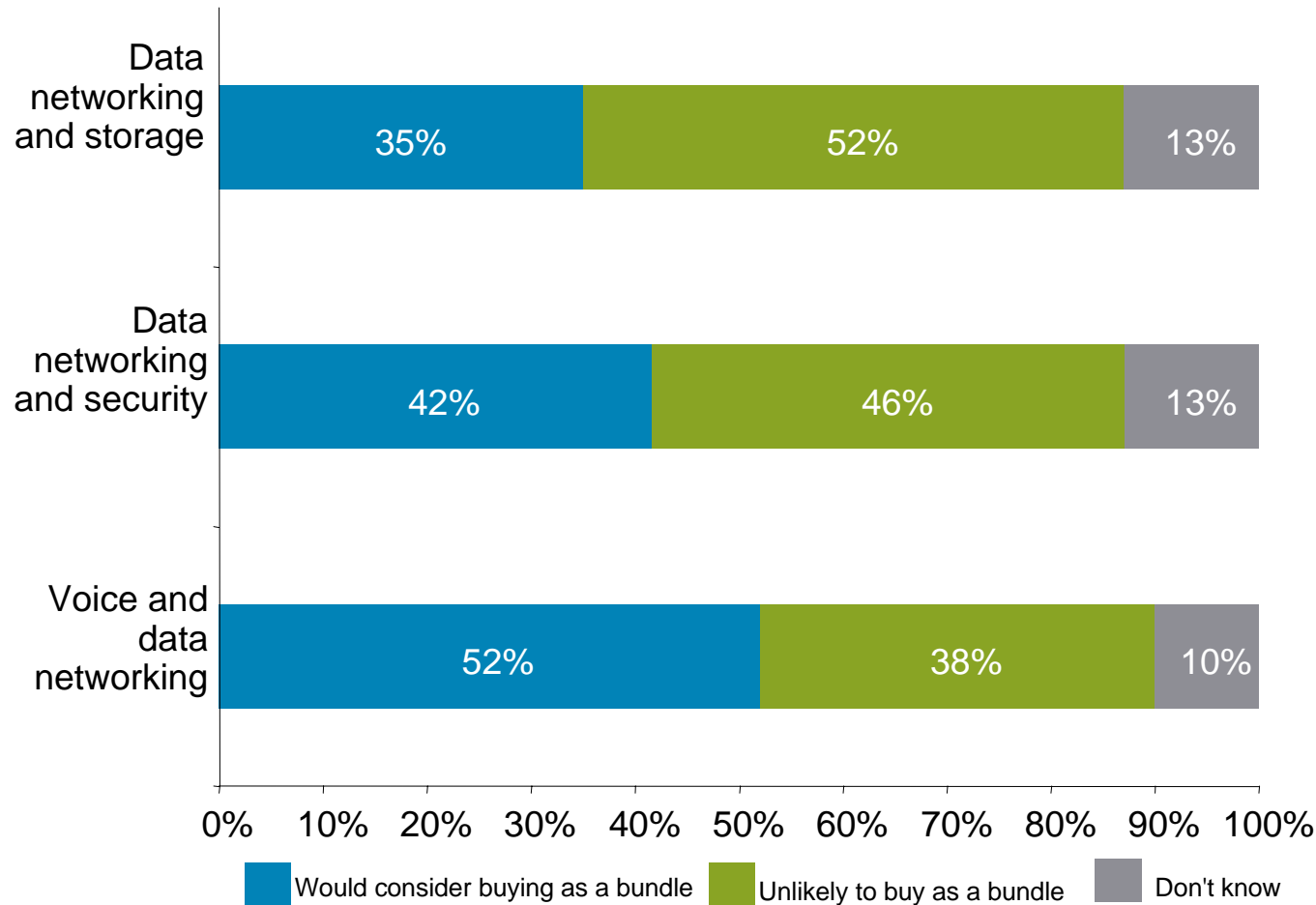


- Cisco’s Bundled Integrated Services Router (ISR) Strategy:
 - Security
 - Voice
 - Application Acceleration

BASE : ALL WHO HAVE DATA NETWORK (US)

Voice and Data Networking- North America

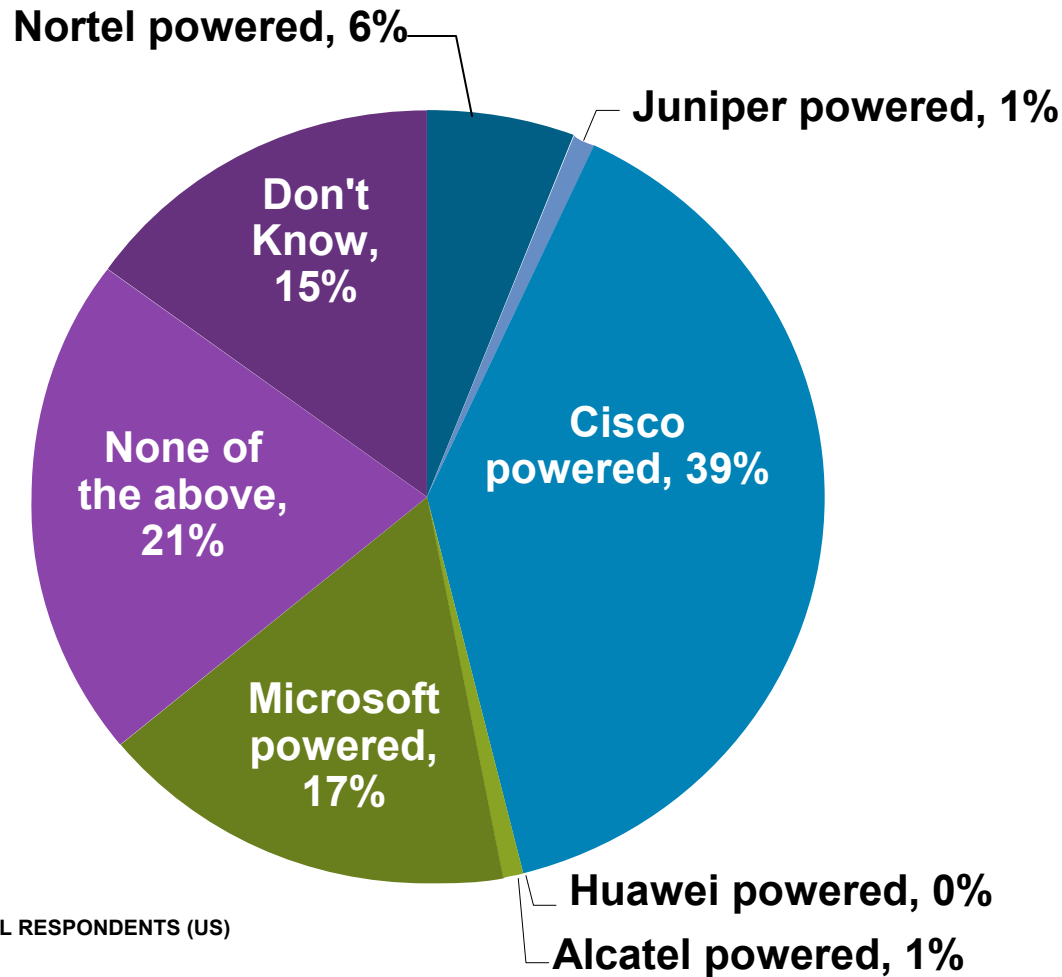
QC18. Which of the following services would you be most interested to purchase as a service bundle?



BASE : ALL WHO HAVE DATA NETWORK (US)

Businesses in North America Prefer a Managed Service to be 'Cisco Powered'

QB7. Would you be most likely to buy a service provider managed solution that was branded as:



BASE : ALL RESPONDENTS (US)

- End-Users see importance of the value provided by these market leaders:
 - Cisco
 - MSFT
- Cisco Powered Managed Services have the strongest preference among respondents

Considerations




Selection
Management
Control

Considerations: Selection

Phase 1

Strategy D



CIO's Want Quality ... When Selecting Services

Criteria	Percentage
Quality of services	~95%
Technical expertise	~92%
Meeting our objectives with time frame	~88%
Post-implementation support	~85%
Track record	~82%
Flexibility	~78%
Accessibility of personnel	~75%
Price competitiveness	~68%
Reputation	~65%
Ability to assimilate	~58%
Business consulting	~55%
Robust methodology	~52%
Expertise in industry	~50%
Full spectrum of services	~48%
Thought leadership	~42%
Strategic partnerships	~38%

- Service quality & technical expertise
 - Top 2 criteria
 - Selected nearly universally
- “Full suite” of services way down
- More concerned with “best services” than “most services”


 Source: IDC's Positioned to Win Multiclient Study

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Considerations: Management

- Best value vs. lowest cost
- Management & governance
- Detailed & measurable metrics

Source:
In-Stat: Managed Services Adoption
Trends and Spending: Government
December 2006



Considerations: Control

- Technology refresh/upgrades
- Solution innovation
- Strategic Items
- Partnership



Benefits: Cisco Powered Network

- Experience/Past Performance
 - 20 Years Federal Experience
 - 80%+ of Federal Infrastructure
- Dedicated Agency Support
 - 600 Dedicated Federal Professionals
 - Supporting all 5 Network Primes
 - Awarded 2007 JD Powers Certificate of Excellence – Technology Support
- Innovation & Thought Leadership
 - \$4B Annual R&D
 - Enterprise Architecture Partners



Think Managed Services: Network Strengthens Transition to Managed Services

The need to share information across government agencies has never been greater, yet overcoming the complexity of technological environments, achieving regulatory compliance, incorporating industry standards, and both hiring and retaining workers has made the transition to IP-enabled communications problematic at best.

These challenges have encouraged government agencies to shift from providing services directly to citizens to managing a group of providers who must deliver services on each agency's behalf. This transformation is driven by the need to improve agency performance and lower costs.

In the next few years, it's expected the Networkx contract vehicle will accelerate this trend. "Our Networkx vision is to provide ubiquitous, secure and reliable communications while focusing on customer outcomes and mission accomplishment," said John C. Johnson, Assistant Commissioner for Integrated Technology Services, GSA-Federal Acquisition Service.

More than the largest telecommunications contract in federal government history, agencies should view this contract as an opportunity to transform their Enterprise Architecture, rather than as a transition from the old FTS2001 contract. Networkx's vision for common infrastructure provides information-sharing across agencies. This allows public sector entities to take advantage of managed services benefits including reduced operational/IT complexity, enhanced workforce mobility and virtualization. This will extend the federal enterprise to ensure the office is where employees are, anytime, anywhere—in support of key initiatives such as COOP, Telework and agency mobility requirements.

Resources

- Cisco Networx

<http://www.cisco.com/web/strategy/government/us-federal-contracts-networx.html>

- Cisco Federal

http://www.cisco.com/web/strategy/government/us_federal.html

- GSA

<http://www.gsa.gov/networx/>

Q and A

