

# Financing Multi-Year Services

**Audience:** This piece is intended for Cisco® Channel Partners processing services transactions with blind discounts, and financing them through Cisco Capital<sup>SM</sup>:

This process is to be followed for the sales positioning, quoting, and processing of all multi-year services transactions financed via Cisco Capital. Cisco Capital offers a standard below-market financing rate of 4.25% on SMARTnet multi-year services contracts. Partners have the option of contributing blind discounts to further reduce customer financing rate, should it be deemed appropriate.

In the cases where the Cisco Capital Lease Manager and Partner agree that an even lower rate (below 4.25%, possibly down to 0%) should be positioned using a portion or all of the 7% multi-year prepay discount, the following process must be followed.

In such cases, the Channel Partner must provide a written "Rate Buy Down Approval" to the Cisco Capital Lease Manager prior to the Lease Manager offering and providing quote to the customer. The "Rate Buy Down Approval" form (or email with equivalent required information) is a required document and must be provided to the Cisco Capital Lease Manager prior to customer financing quote generation. The following process augments Cisco Capital normal lease process as outlined in the Cisco Capital Partner Reference Guide (which can be found on our Partner Portal: [www.cisco.com/go/growit](http://www.cisco.com/go/growit)).

1. **Channel Partner generates service quote:** The Cisco team works with the customer and Partner to structure a multi-year service (such as Cisco SMARTnet™ maintenance) solution. The Channel Partner generates

a service quote and provides to customer and Lease Manager. The Channel Partner should take available multi-year prepay discount in pricing from Distributor or Cisco but not pass through to customer in service contract price.

2. **Lease manager generates financing rate and subsidy calculation:** The Lease Manager calculates the dollar amount of discount subsidy (blind discount) required to achieve the financing % rate, fills out the "Exception Rate Approval Form" (or email) and provides the form back to the Channel Partner for approval.
3. **Channel Partner provides written approval:** The Channel Partner provides written approval via the emailed "Exception Rate Form" (or email) to Lease Manager. The form includes: customer name, service financing amount to be financed, financing rate to be offered, multi-year pre-pay discount to be used as blind discount, Partner name, Partner contact and acknowledgement of approval.
4. **Lease Manager generates financing quote:** The Lease Manager provides a finance quote at agreed upon rate to the Partner and/or customer.
5. **Cisco Capital operations issues purchase order:** Once the customer has been credit approved and lease documentation completed, Cisco Capital issues a Purchase Order to Partner net of blind discount amount. If invoiced for full amount, they will adjust Partner invoice by discount amount and include a copy of Channel Partner Approval to provide calculation context and a reminder to Partner of Partner's agreement to provide subsidy for exception financing rate.



## For More Information

For more information about Cisco Capital financing programs, contact your local Cisco Capital representative:

### United States

Enterprise Accounts 800-730-4090

Commercial Accounts 866-CISCO-80

Government and Education Accounts 800-730-4090

[www.cisco.com/go/ciscocapitalpartners/us](http://www.cisco.com/go/ciscocapitalpartners/us)

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## Side-By-Side Discount Comparison

NOTE: numbers below used for the sake of the example and do not reflect actual SMARTnet pricing.

- 3 Year SMARTnet at List Price = \$1000
- After a 20% Partner Discount = \$800
- Multi Year Pre-Pay Discount = 7% of Partner Price = \$56

Partner Passes Multi-Year discount to customer Offered standard rate of 4.25%		Partner Passes Multi-Year discount to Cisco Capital Offered subsidized rate of 0.0%	
<b>Example:</b>		<b>Example:</b>	
3- year Maintenance cost (Cisco Price to Partner)	\$800	3- year Maintenance cost (Cisco Price to Partner)	\$800
Multi Year Pre-Pay Discount	\$56	Multi Year Pre-Pay Discount	\$56
Customer Price from Partner	\$744	Customer Price from Partner	\$800
Cisco Capital PO to Partner/ Invoice	\$744	Cisco Capital PO to Partner/ Invoice	\$744
Customer repays Capital	\$744 plus interest or \$22 per month	Customer repays Capital	\$800 (no interest) or \$22 per month
<b>Customer SMARTnet Price:</b>	<b>\$744</b>	<b>Customer SMARTnet Price:</b>	<b>\$800</b>