

Partner Q&A

April 1, 2008

Announcement of New Service Channel Strategies and Transition of the Shared Support Program

In response to changing market dynamics, Cisco and our channel partners need to provide more comprehensive solutions that address the full services lifecycle and capitalize on the intellectual capital, network intelligence and service automation to provide more strategic and proactive service delivery.

This is propelling the next generation of services in which we will further expand our collaboration with partners to successfully deliver the depth, breadth and quality of services required for customer success.

In order to meet the changing needs of our customers and simplify the options that are available to partners, we are announcing the intention to begin the end-of-life process for the Cisco Shared Support program at this time.

As background to that announcement, this Q&A covers the following topics:

- **Cisco Services Evolution**
- **End of life of Cisco Shared Support**
- **Collaborative Services Roadmap and Framework**
- **Transition/Migration Plan**

Cisco Services Evolution

Q. What is Cisco's channel strategy?

A. Partners are critical to the future success of our Cisco Services business. Our strategy is to help partners:

- Sell and deliver profitable services to end customers
- Differentiate their services through profitable services models
- Leverage Cisco intellectual property and expertise to extend/enhance customer investments in Cisco technologies through value-added service solutions
- Operate more efficiently using Cisco tools, processes, and best practices

Our goal is to continue to strengthen our collaboration with our partners to enable customer success.

Q. What has changed?

- A. Increasingly complex network environments and changing business dynamics are leading customers to ask for greater depth and breadth of capabilities. They are also asking Cisco to play a more risk-sharing role with partners. As a result, we need to further expand the level of collaboration with partners to deliver more comprehensive service solutions.
- Cisco will share network expertise, intellectual property and best practices with partners that can be leveraged to enhance service delivery, provide higher value solutions to customers, and build their services practices.
 - Cisco has been increasing its investments in Collaborative Services in order to offer partners a broader range of capabilities based on their business model and customer needs.

Q. What is Cisco's vision for Cisco Services as it relates to Cisco partners?

- A. Together with our partners, we will provide more comprehensive solutions that address the full services lifecycle and capitalize on intellectual capital, network intelligence and service automation to provide more strategic and proactive services delivery.

To more effectively meet the changing demands of the marketplace, we will focus channel program investments on two service families: Cisco Services (Cisco Brand Resale) and Collaborative Services. Partners can continue to sell Cisco SMARTnet Service and Cisco Advanced Services through the Cisco Brand Resale program. However, there will be increased focus on developing the Collaborative Services family.

End of Life of Shared Support

Q. How does Cisco's evolution to a more collaborative approach affect Cisco Shared Support partners?

- A. At this time, Cisco is announcing the intention to begin the end-of-life process for Cisco Shared Support. The end-of-sale dates (end of orderability) for the programs are July 2011 for European markets. End-of-support dates will vary by customer contract. Cisco Shared Support partners who transition to Collaborative Services and the resale of Cisco Services will be able to preserve their investments in people, infrastructure, and processes.

Q. What is the timeline for the end-of-life of Cisco Shared Support?

- A. In April 2008, we announced the intention to begin the end-of-life process for Cisco Shared Support and programs to partners as part of the Cisco Services Evolution announcement.
- End-of-sale dates for European Markets: July 2011

Q. What are Cisco's business reasons to announce the end-of-life of Cisco Shared Support?

- A. Cisco Services approach must evolve to reflect the changing needs of customers who are demanding more Cisco assurance in the services they receive from both Cisco and their partners, especially as they move to more sophisticated, converged technologies and applications. Customers are asking for a more coordinated, risk-sharing relationship to address this need. Therefore, Cisco is focusing investments on a model that more effectively meets customer requirements and provides partners with greater opportunity for service expansion and differentiation. Cisco has made investments in collaboration applications and smart services that are imbedded in our products to facilitate an integrated, automated process that connects the customer, the partner, and Cisco.

Q. What will replace Cisco Shared Support?

- A. Cisco will offer two options for Cisco Shared Support partners: Collaborative Services and the resale of Cisco services (such as Cisco SMARTnet® Service) where available and based on eligibility.

For Collaborative Services, Cisco will offer foundational network support including access to Cisco.com online support, Level III Cisco Technical Assistance Center (TAC) access, hardware replacement, and OS updates. Based on partner input we are developing a defined roadmap for additional capabilities not available with Cisco Shared Support. These capabilities will be aligned to specific technologies, including advanced and emerging technologies, address the phases of the lifecycle, or align with partner business models, including professional services and managed services, in addition to network support.

Q. Which option is better for Cisco Shared Support: Collaborative Services or Cisco Brand Resale?

- A. Partners will need to evaluate Cisco Collaborative Services and the Cisco Brand Resale program and choose the option that best aligns to their business model, their own capabilities, investment map, and customer needs, among other variables. Eligibility requirements for each option will be clearly defined.

Q. Will Cisco Shared Support partners be required to make additional investments if they transition to Collaborative Services?

- A. Cisco Shared Support partners have made investments in people infrastructure and processes in order to be able to delivery quality Level 1 and Level 2 services. We fully expect eligible partners to be able to preserve their investments when they transition to Collaborative Services. There will be new capabilities in the Collaborative Services family that might require additional investments. Our objective is to maintain consistent cost to the partner for capabilities that are equivalent to those available in Shared Support.

Q. What is the end-of-life process for Cisco Shared Support?

- A. At this time, Cisco is announcing the intent to announce the end-of-life for Shared Support. This is a multi-step process that begins with an end of sale followed by end of support. The scheduled end-of-sale date is July 2011 in *Europe*. No new contracts will be accepted after the respective end-of-sale dates. End of support will vary by customer contract end date.

In the coming months more information will be communicated about the end of sale of Cisco Shared Support, the transition process, and service options, including Collaborative Services and Cisco Brand Resale. In the interim, we encourage partners to meet with their Cisco representative about these changes and their implications.

Cisco Collaborative Services Roadmap and Framework

Q. What is Cisco Collaborative Services?

- A. Collaborative Services brings together the complementary service strengths of Cisco and our partners into a cohesive service, customized to the needs of the customer:
- Cisco brings networking expertise to the table, as well as hard intellectual property, best practices, and other resources
 - The partner, as the primary contact for customers, offers an understanding of the customer's business needs, delivers personalized service offers their own unique intellectual property

and capabilities

This collaborative approach provides opportunities for partners to grow their business and increase profitability by leveraging capabilities and intellectual property that best aligns with their business model.

Q. How is Cisco Collaborative Services different from what Cisco Shared Support partners get today?

A. A Collaborative Service is sold by a Cisco certified channel partner and jointly delivered by the partner and Cisco. The partner is the primary point of contact for the customer. The service is co-branded and combines the complementary service advantages of Cisco and our partners into one service that best addresses customer needs. Cisco participates with partners in a more risk-sharing relationship to support customer requirements.

The Collaborative Services family will address a wide range of technologies, phases of the service lifecycle and partner business models. Over time, eligible partners will have access to a broader range of capabilities than they do with their current program and more flexibility in how they sell and deliver those capabilities. Some capabilities can be resold to customers; others can be used within partner service practices to enhance service delivery, help reduce risk and help reduce costs. Based on partner input, we are developing a defined roadmap that will identify new capabilities and timing of availability.

As Cisco Collaborative Services evolves, it will offer more value-add for partners:

- A comprehensive services platform that enables partners to build unique service solutions that are flexible enough to fit the specific needs of each customer.
- Integrated collaborative processes that will capitalize on Web. 2.0/collaboration technologies to facilitate more effective collaboration and engagement.
- A single services channel program framework across the Cisco Services portfolio that simplifies the sales and delivery process and lowers administration costs. The framework will align with the worldwide channel program, which further simplifies how partners do business with Cisco.
- Smart Services functionality that gathers intelligence at device, network, and operational levels, to provide diagnostics and alerts. This is an integral part of Collaborative Services. More intelligence is built into the technologies so both Cisco and partners can be more proactive and preemptive in meeting customer needs for improved network performance and availability and address potential problems before they affect business.
- New and differentiated intellectual property (tools, processes and best practices from Cisco).
- Opportunity to expand services portfolio with differentiated services and offer more added value.
- Access to and training on new Cisco technologies (such as Cisco TelePresence and other advanced technologies).

Q. What are the value proposition and benefits of Collaborative Services to partners and customers?

A. Business proposition for partners:

- Enables the evolution to more profitable business models
- Creates the opportunity to offer value-added services across the lifecycle in addition to existing partner services.

- Provides access to and training on new technologies
- Helps to reduce costs:

A common services channel program framework across the portfolio reduces partner administration costs

Streamlined processes and smart services architecture automate information flow and make Cisco products and services more effective and “smarter”

Partners can capitalize on Cisco investments in enabling technologies, intellectual property and people expertise to deliver more value to customers

Business proposition for customers:

- Provide assurance that Cisco is backing partners with Cisco networking expertise
- Give customers the unique value both Cisco and partners can bring to the customer solution which translates to faster problem resolution, increased network uptime, and greater productivity
- Allow faster success with new technologies
- Help to ensure return on their technology investments
- Provide more capable partners

Q. Why is the sharing of Cisco intellectual property important?

- A. Collaborative Services are based on the idea of sharing Cisco’s exclusive hard intellectual through systems, tool or processes, with our partners. This allows partners to scale the delivery of services (based on that intellectual property) to end customers

An example of Cisco hard intellectual capital found in a Collaborative Service are the proprietary tools we provide to Cisco Smart Care partners which allow them to deliver proactive remote monitoring and assessments, network maintenance, and comprehensive technical support across their customers’ networks. These tools are accessible to partners in the controlled environment of the Smart Care portal.

Our strategy will be to use Cisco hard intellectual capital and further develop advanced tools to help partners differentiate and grow their services practices and create the best possible service experience for our mutual customers.

Q. What is included in the Collaborative Services family?

- A. The Collaborative Services family will include groups of capabilities that will continue to evolve as part of a single integrated roadmap.
- Cisco is developing the next generation of Collaborative Services, featuring a comprehensive services platform that offers partners greater flexibility and choice in service options. This includes a common channel program framework and contractual structure that is designed to reduce partner administration costs and simplify the process of selling and delivering Cisco Services.
 - A set of foundational network support capabilities that will evolve over time to address a broad range of Cisco technologies, including advanced technologies.
 - We will also provide a defined roadmap for the development and introduction of additional network support capabilities, as well as capabilities across the services lifecycle.

Capabilities in the roadmap will be grouped in a logical manner that aligns with partner business models such as network support, professional services, and managed services. Eligibility will define how capabilities and groupings relate to each other and how they will be

priced and marketed.

- We are in the market trial or pilot phase of other Collaborative Services capabilities that will provide partners with access to specific Cisco Advanced Services capabilities, Managed Security capabilities, and Remote Management Services capabilities, as part of our integrated roadmap.
- Smart Care, a collaborative service for the small, medium and mid-sized business market, is currently available in several European countries and will move into general availability in the United States and Canada in March 2008. Select countries in Asia Pacific, Latin America, Middle East and Africa are currently offering Smart Care in a limited availability model but will be moving to general availability in the 2008-2009 timeframe. More details on geographic availability are posted on the Smart Care Webpage:
http://www.cisco.com/web/partners/services/programs/smartcare/theater_availability.htm
- The success of the Smart Care pilots across the globe has provided substantial validation for the tremendous potential the Collaborative Services family holds for both Cisco and our partners.
- The portfolio will evolve over time to encompass additional areas of technology focus and additional phases in the network lifecycle in order to continually address partner requirements.

Q. What has been the response to Cisco's Smart Care pilot?

A. Cisco partners and their customers are embracing the collaborative go-to-market model of Smart Care. Partners see the value of using Cisco hard intellectual property, industry-leading best practices and proven methodologies to create their own unique version of network services customized to their customers' needs. Customers have acknowledged the value of having a local service provider who can provide personalized service that is backed by Cisco.

Q. Only Cisco SMARTnet Service is offered for newer technology product lines. Does this mean Cisco is taking a more direct approach?

A. No. Collaborative Services partners will have access to and training on Cisco's latest technologies and over time, will have access to a range of service capabilities to support those technologies as they are available.

Q. What will be the primary differentiators between Collaborative Services and Cisco Brand Resale (focusing on network support and Cisco SMARTnet Service)?

A. The primary differentiator will be the delivery model. In the Cisco services resale model, Cisco branded services are sold by the partner and delivered by Cisco. In Collaborative Services, the customer can take advantage of the best of what both the partner and Cisco can offer in a co-branded service offering that is jointly delivered by the partner and Cisco, yet sold and managed by the partner.

Q. What guarantee do partners have that Cisco will not be changing the program again in a year or two?

A. Collaborative Services are the foundation for our future partner program investments. We will continue to evolve and deliver new service capabilities as part of our integrated roadmap.

Q. What is the services channel program framework?

A. The services channel program framework will be the structure that defines the overall service relationship between Cisco Services and our partners. This framework, which is currently under development, elevates eligibility (both entry and on going requirements),

rewards, and contractual terms and conditions, into an umbrella architecture across our portfolio of services. The framework, which aligns with the existing WW Channels programs, recognizes the varied service business models of our partners and allows partners to optimize the investments they may have made to build both services infrastructure and capabilities. The challenge today is that eligibility, rewards and contract terms and conditions are defined differently within each services offering. The new services channel program is designed to provide:

- A more simplified approach to selling and delivering services and capabilities
- A consistent investment path across product and service channel programs
- Reduced complexity in managing our services offerings

Q. How will the performance of partners be measured? Is it easier to understand than current metrics?

A. Details will be available in communications prior to August availability.

Q. Would performance reward come in the form of discount or rebate or combination?

A. Details will be available in communications prior to the August availability.

Q. For Cisco Shared Support partners, would their metrics be applied to the new Collaborative Services program?

A. Details will be available in communications prior to August availability.

Q. Will the metrics for Collaborative Services be simpler than those for Cisco Shared Support?

A. Details will be available in communications prior to August availability..

Q. When will more information about Cisco Collaborative Services be available?

A. More information will be available in August 2008. At this time, Cisco will make available a set of foundational network support capabilities, as well as a defined roadmap for future capabilities across different technologies and the services lifecycle. We will also introduce a services channel program framework that will make it easier to sell and deliver these capabilities. In the meantime, your Cisco representative will keep you updated on developments, as they are available.

Transition-Migration Plan

Q. What is Cisco's transition plan for partners?

A. We are currently developing a transition plan to address the end of life process for the Shared Support program. It will be provided to you in advance of the availability of the services channel program framework and enhanced Collaborative Services family which is targeted for early next year.

Q. What is available to partners who want to migrate to Collaborative Services today?

A. Bridge programs that provide access to current Collaborative Services capabilities are available to eligible partners. For more information, please contact your Cisco representative.

Q. What does this mean for partners currently on bridge programs or promotions?

A. There are several Bridge programs that were developed by Cisco to support new channel partners since the Cisco Shared Support program was closed. When Collaborative Services is generally available, Bridge partners will have six months to transition to Collaborative Services or the Cisco Brand Resale program. For more information, please contact your

Cisco representative.

Q. What training will be provided?

A. A complete training plan is being prepared.

Q. What is the incentive for partners to migrate in the near term?

A. For partners who migrate in the near term will receive early migration incentives. Details will be provided in the coming months.

Q. Can a Cisco Shared Support partner sell Collaborative Services?

A. Yes, today they can offer Smart Care to their small, medium, and mid-sized business customers. To access other services or capabilities in the Collaborative Services family, partners will need to migrate from Shared Support to Collaborative Services.

Q. Are Collaborative Services going to cost more for partners?

A. Our intention is that the cost to partners for similar base network support capabilities will remain the same as under Cisco Shared Support and will be subject to a partner's performance under the new services channels program framework.

Q. How many resources will be required by each partner to migrate from Cisco Shared Support to Collaborative Services?

A. We do not expect that the transition in itself will require an additional investment by the partner for the Collaborative Services foundational network support capabilities. As well, Cisco will work closely with partners who migrate to Collaborative Services and assist with training so they are prepared to take advantage of all capabilities.

Q. What happens if partners want to renew products under their Cisco Shared Support contract prior to the end of service?

A. Partners can renew contracts under Shared Support before the end-of-sale dates. We will have business rules surrounding terms and conditions of such renewals. After the end-of-sale date, partners will need to renew those contracts under Collaborative Services or Cisco Brand Resale.

Call to Action

Q. What actions should partners take?

A. Partners should meet with their Cisco representative to understand:

- The timeline for the Cisco Shared Support end-of-life three stage process: end-of-life intention, end of sale, and end of support
- Learn more about the Cisco Brand Resale program

Partners will receive more information on the services channel program framework and Collaborative Services in the coming months.

Q. What will be communicated at Partner Summit April 8-11, 2008?

A. Partners attending Partner Summit will learn more about Cisco's services channel strategy and plans for Collaborative Services. (More information will be provided to all partners after

the Summit):

- The plans for Collaborative Services and what this service family offers for partners
- Collaborative Services strategy and roadmap
- The services channel program framework (includes eligibility, contract structure, terms and conditions) that will align with the worldwide channel program
- Intention to begin the end-of-life process for Cisco Shared Support

Q. Where can I get more information?

- A. The partner announcement and this Q&A will be posted on Cisco.com (Partner Central) These documents and the respective web pages will be updated as new information is available:

Cisco Shared Support:

http://www.cisco.com/en/US/partner/products/svcs/ps3844/ps3849/ps3850/serv_home.html

Partner Services Website:

<http://www.cisco.com/web/partners/services/resources/renewals/index.html>

Glossary of Terms

- **Collaborative Services:** A joint go to market between Cisco® and our Cisco certified channel partners, based on three-way collaboration between the customer, Cisco and our partner. The approach combines Cisco networking expertise, hard intellectual capital, and industry-leading best practices with our partners' own value add which might include their own services, intellectual capital, people, and relationships.
- **Cisco Smart Care Service:** A powerful new services platform for Cisco eligible partners enables them to offer their small, medium and mid-market sized business customers network-wide support as well as proactive monitoring, assessments and remote repairs.
- **Cisco Brand Resale:** A service program through which partners can resell Cisco brand services. Cisco Brand Resale is for partners that prefer to use Cisco technical support teams and support logistics infrastructure to enrich their portfolios. With Cisco Brand Resale, partners have access to Cisco technology experts, award-winning Web-based support tools, software support and updates, Cisco industry leadership, and more.
- **Shared Support:** A partner-branded technical support service based on SMARTnet service deliverables for qualified Gold or Silver certified Cisco partners. Under Shared Support, partners provide Level1 and Level 2 support (including local language), but Cisco provides the partner with all other deliverables, including advanced TAC, all hardware replacement and Cisco OS upgrades. On March 31, 2008 Cisco is announcing the intention to begin the end-of-life process for Cisco Shared Support. Cisco Shared Support partners are encouraged to transition to Collaborative Services.
- **Services channel program framework:** A common, simplified partner program that will provide access to elements of our services portfolio. Eligibility, partner segmentation, metrics, value exchange and simplified terms and conditions are elements included in a common governance program rather than as part of each individual service offer. The benefits are reduced administrative costs and easier understanding of and access to the capabilities and offers in the Cisco Services (Cisco Brand Resale) and Collaborative Services families.

- **Smart Services:** Built-in machine intelligence (at device, network, and operational levels) that provides diagnostics and alerts to enable Cisco and partners to more proactively address performance and availability requirements and identify problems before they affect business.



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