



Cisco New World Commercial Model

Innovative commercial approach enables Extrinsica Global to rapidly deploy SMB cloud business model

Customer Name: **Extrinsica Global**

Industry: **Cloud provider**

Location: **United Kingdom**

Business Challenge

- Develop new business model delivering cloud services for small businesses
- Find alternative funding for cloud platform and rapid execution

Solution

- FlexPod, powering EV3 cloud fabric for anything-as-a-service delivery
- Financed using innovative Cisco Capital commercial model

Business Results

- Fast-to-provision, easy-to-manage bespoke cloud platform solutions
- High growth potential, offering white label services to partners and resellers
- Financing model avoided risk and delay of attracting private investment

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Simon Smith, Chief Executive, Extrinsica Global

Challenge

Created in 2005, Extrinsica Global was one of the earliest pioneers in integrating and delivering applications from the cloud for customers around the globe to meet their increasingly sophisticated IT needs. Several years later, taking this vast experience in software-as-a-service, the company had a new major business opportunity in its sights.

“There was a gap in the market to develop a wide range of cloud services, built specifically for and around the needs of mid-market business customers,” says founder and CEO Simon Smith. **“To stand out from competitors pitching commodity-based offerings, we wanted to provide services based on an enterprise-grade approach.”**

That superior customer experience had to deliver on three fronts: high reliability, excellent performance and outstanding security. While the vision was clear, realising it was not. Smith and his management team knew that they needed to develop a world-class cloud fabric, a multi-million pound investment that could not be easily covered from cash or private equity.

“The prospect of going out to the investor market to attract funding was not great,” says Smith. **“At best, it would have delayed the project by at least six months, which risked losing early mover advantage and time-to-revenue. At worst, we might not have got the required funding.”**

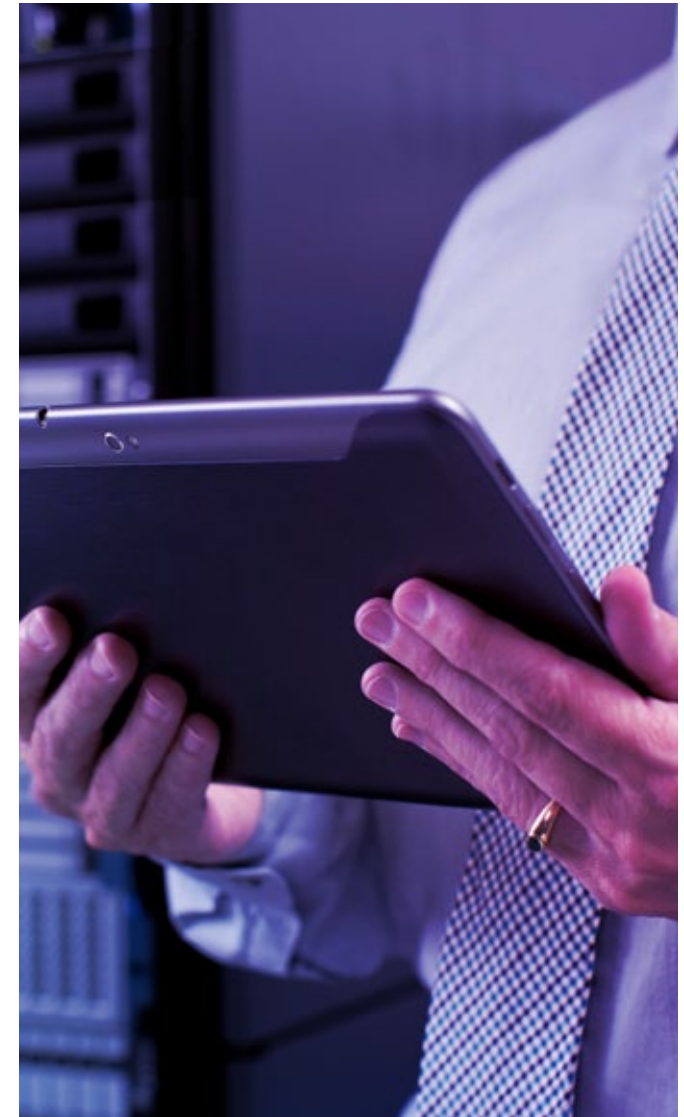
Solution

Extrinsica Global decided to partner with Cisco® for several reasons, the most obvious being choice of technology.

“FlexPod offered the best converged compute, networking and storage solution to power EV3, the new cloud fabric for our two new data centres in London and Manchester,” Smith says.

Another decisive factor was the strength and depth of the Cisco partner community. Advanced Cloud and Managed Service Provider certification programmes provided the chance to build Cisco competency and capability. Cisco was also able to accelerate the company’s go-to-market strategy, connecting Extrinsica with other partners, in the process developing a network of potential channel partners and resellers for its cloud services.

Yet, Smith is in no doubt that the real deal maker was financing. He says: **“None of this would have been possible without Cisco Capital®. They bridged the funding gap with an innovative commercial model, which allowed concept to be turned into reality.”**



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Results

The Cisco Capital solution, believed to be the first of its kind globally, is based on a unique risk-sharing arrangement. And, Smith is keen to highlight the great strategic fit that helped seal the deal: **“We saw the opportunity to better serve the SMB market. Cisco was prepared to accept risk on the upfront sale. And Cisco Capital underwrote the credit transaction end-to-end. It’s a new world example of risk-sharing.”**

Under the agreement, Extrinsic makes a lower financial contribution but receives all the benefits of enterprise-grade FlexPod infrastructure and Nexus switching from day one. This part of the contract is enabled by Cisco Capital, providing an initial three-month repayment holiday followed by stepped payments that gradually increase over the four-year term, to ease cash flow as Extrinsic moves customers to the new infrastructure.

The second part, Extrinsic’s variable repayment on the risk-share element, is based on a per user/per month charging mechanism. There is nothing to pay for the first 12 months, giving Extrinsic headroom to launch services and on-board new customers. Every time it adds a new user, the addition is recorded on a monthly report, validated and invoiced. To help ensure Extrinsic does not overpay for its new FlexPod platform, the model is capped at 250,000 user months, at which point the risk-share arrangement ceases.

Simon Smith sums up: **“It’s like someone taking a stake and adding real value to the business. Cisco and Cisco Capital really stepped up to the mark.”**

For more information please visit:

Cisco borderless network architecture:

www.cisco.com/go/borderless

Cisco SMARTnet:

www.cisco.com/go/smartnet

Cisco Capital financing:

www.ciscocapital.com/emea

Product List

Data Center

- FlexPod Solution
 - Cisco UCS 5100 Series Blade Server Chassis
 - Cisco UCS B200 and B230 M2 Blade Servers
 - Cisco UCS 6248UP Series Fabric Interconnects
 - NetApp storage

Routing and Switching

- Cisco Nexus 5000 Series Switches
- Cisco ASR 1000 Series Aggregation Services Routers
- Cisco Catalyst 3560, 4500, and 4900 Series Switches

Security

- Cisco ASA 5500 Series Adaptive Security Appliances

