IDC

ANALYZE THE FUTURE

Sponsored by: **Cisco**

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Business Value Highlights

Cisco Optimization Services

262%
five-year ROI

21%
lower cost of operations from Cisco environments

30%
more efficient IT management

74%
less unplanned downtime

$53.1 million
in lost revenue per year avoided per organization

IDC Business Value Analysis of Cisco Services

EXECUTIVE SUMMARY

Digital Transformation (DX) will require a re-think of the network's strategic importance and will need to encompass not just technology trends, such as where workloads reside, cloud, and mobility, but additional elements that will drive business to outpace the competition. Digital transformation is an enterprise-wide, board-level, strategic reality for companies that are serious about ensuring that their businesses are not only relevant but innovators in the digital economy. DX is a multiyear effort with specific goals and objectives around markets and customers, revenue, and profit growth. Organizations with advanced DX maturity as either a managed or an optimized digital business will rule the day. It's not only in terms of delighting customers with superior products, services, and quality in real-time; they will have created agile business organizations with advanced change management capabilities that can help to maintain a leading position, move with the dynamic business environment, and extend their leadership positions in the industries and markets they serve. Enterprises will need to think of how they will take advantage of the new drivers we are seeing in the market, such as Internet of Things (IoT) and edge strategies, artificial intelligence and cognitive capabilities and robotics. The architecture and use of these next-generation capabilities is what will ensure an enterprise's longevity in today's competitive landscape. This will require a cultural change in how enterprises look at the future, the important ingredients being people and process in a defined strategy. The CIO's consideration of how the network will be planned, designed, run, optimized, managed, and supported to meet future business objectives will be paramount for success.

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ANALYZE THE FUTURE

Business Value Highlights

Cisco Solution Support

213%
five-year ROI

17%
lower cost of operations in IT environments

32%
more efficient IT management

$37.0 million
in lost revenue per year avoided per organization

The requirement to do more with less—tighter Capex and Opex budgets, fewer IT resources, increased IT complexity, greater security concerns, and reduced cycle times for innovation—means that organizations need the right IT expertise to work smarter and more efficiently. Gaining the most from investments in technology, people, and processes will be ever more critical in order to be competitive. Leveraging best practices, the smartest analytics and automation tools, and the right partner that can assist with this complex ecosystem will be necessary to extract the most value from technology initiatives. Alongside, enterprises will need the expertise of these partners to ensure continuous uptime across an evolving multivendor landscape and ensure that each element of the infrastructure is fully optimized and secure to reach business objectives.

IDC spoke with organizations using professional consultative and technical services from Cisco. Specifically IDC looked at Optimization Services—professional services that help customers optimize performance, simplify complexity, and reduce OpEx while accelerating technology transitions of their networks—and Solution Support—a support service for multivendor or multiproduct solutions to ensure service reliability and uptime of networks—to understand the impact of these services on their IT costs, IT operations, and business. Interviews revealed that these Cisco services are helping these organizations navigate changing business environments while positioning them to provide cost-effective and efficient IT operations. IDC finds that study participants for both Cisco services are realizing strong value through their investment—262% ROI over five-years for Cisco Optimization Services and 213% for Cisco Solution Support—by:

- Ensuring business continuity and reducing the revenue costs of outage of workloads in IT environments

- Supporting adoption of new technologies and helping businesses embrace opportunities such as IoT, AI and machine-learning.

- Making IT infrastructure teams much more productive through best practices and strategic advice

- Optimizing IT infrastructure-related costs.

SITUATION OVERVIEW

Today's enterprise environments must handle more requirements than ever before. The network infrastructure is the foundation connecting distributed ecosystems of employees, partners, and suppliers. Today's networks need to be designed to handle increasing mission critical workloads and applications that drive business operations, productivity and, ultimately, revenue growth. The changing nature and velocity of business, the pace of technology innovation and enterprise adoption of cloud-based IT services, and the pressures of digital business transformation are converging to elevate the importance of agile, cloud-ready networks. In the digital economy era, embracing digitization isn't just the ability to keep pace, it is the ability to transform not only infrastructure, but people and processes alike and that too —quickly, efficiently and securely. IDC believes that networks will take on greater importance as the unifying, performance-enhancing element supporting today's technology-dependent business environment.

Couple market and technology dynamics with the desire to achieve new business outcomes and you get the need to:

● Increase innovation

● Gain greater business agility, visibility and increase efficiency in the use of IT assets

● Create new revenue streams

● Surpass competitors by extracting the maximum value from infrastructure investments, ensuring all feature sets, and capabilities are utilized and optimized

As a result, enterprises will need to seek the assistance of trusted partners to provide professional consulting and technical support services that will help them transform their network infrastructures, improve their operational practices, and support their increasingly complex multivendor and multiproduct environments, securely. These organizations must come with a comprehensive understanding of the industry landscape, business challenges, and objectives as well as extensive expertise across the full array of next-generation IT technologies, products, and operational models.

CISCO OPTIMIZATION SERVICES AND CISCO SOLUTION SUPPORT

Cisco Services delivers a complete lifecycle of services from advisory, implementation, optimization, technical and training to Cisco led-managed services directly and indirectly through partners to customers globally. Cisco employs 14,000 engineers and works with certified partners worldwide to provide these high-touch delivery capabilities.

The Cisco Services organization spans enterprise and service provider customer organizations and provides services across these six distinct solution architectures: networking, cloud, datacenter, collaboration, IoT, and security. Within each solution area, Cisco has developed a suite of services that help customers define strategies that align to their business priorities, design the right architecture, implement the solution quickly and securely, continually optimize the technology, provide managed services if required, and deliver the right ongoing support, knowledge, and training to accelerate technology adoption. Specifically, the services are known as Advisory, Implementation, Optimization, Managed, Technical, and Training. This IDC Business Value White Paper will discuss Optimization and Technical Services (specifically, one of its high-value services Solution Support) offered through Cisco Services and its global channel partners.

Cisco Optimization Services

With Optimization Services, Cisco steps into the void between high-level business consulting and close-to-the box subscription services to deliver capabilities aimed at unlocking business potential and navigating transitions. Looking at technology adoption and transformation, these Services focus on three key building blocks: (1) technology innovation, (2) predictive and pre-emptive capabilities, and (3) global expertise. By leveraging these elements, Cisco can help strategize, design, implement and optimize digital-ready infrastructure architectures, by working very closely with its own research & development organization.

With these abilities Cisco Optimization Services can resolve issues faster and efficiently by leveraging innovative methodologies, proprietary tools, and industry best practices to enable a secure, efficient, and agile technology environment. The approach which is based on near real-time analytics, automation, and compliance and remediation helps reduce downtime, increase savings, improve business continuity and security, and accelerate innovation. Additionally, because of the use of automation and analytical insight, the service allows limited IT resources to be utilized on more strategic tasks, thereby freeing costly resources and Opex. Cisco Optimization Services helps customers:

- Reduce complexity and cost: through automation, orchestration, and technical expertise

- Accelerate business agility and transformation: with advanced analytics, machine learning and strategic architecture planning to deliver critical insights on infrastructure and applications

- Reduce risk through automated compliance and remediation services

- Enhance security with proactive threat management and security embedded into the service

Cisco Solution Support

Cisco Technical Services include hardware, software, solution, and network-level support, allowing customers to choose the right level of support needed for their business goals and requirements. Representative offers under each area include Cisco Smart Net Total CareTM, Cisco Software Support, Cisco Solution Support, and at the network level, Cisco Technical Services Advantage, Service Provider Advantage, and Cisco Managed Services. This IDC White Paper will specifically discuss Cisco Solution Support.

Cisco continues to develop high-value services for customers to help keep their deployments running more efficiently and effectively. Cisco Solution Support was specifically created to support multivendor and multiproduct solution environments. Some of its major benefits are:

- A team of expert engineers with solution-level expertise, the customer's primary point of contact

- Accountability for issue management and resolution, whether the issue is with a Cisco or solution partner product

- Issue resolution that on average, according to IDC research, can resolve issues 38 percent more quickly than product support alone

Customers get access to a solution-focused team that is their primary point of contact for technical support across the products in their solution environment—a specific request they made as they sought to streamline their support experience when deploying many products, often from multiple vendors, in a single ecosystem. Cisco Solution Support accelerates issue resolution, helping customers minimize disruption and maintain solution performance and ROI. More specifically, Cisco Solution Support helps customers with some of these key challenges:

Deploying new technologies in a solution to meet changing business requirements. Deploying multiple new technologies, while maintaining legacy systems that support the business, can pose significant challenges. Having a primary point of contact that understands your entire environment is critical to being successful with a new solution deployment.

Improving IT service delivery. Business managers continue to task IT organizations with improving application and system performance and availability, especially for critical business processes. Reducing performance degradations are a key goal for most CIOs and IT managers.

Managing the complexity of hybrid IT. These technologies typically increase the complexity of IT management, making ongoing support and optimization very difficult.

STUDY FIRMOGRAPHICS AND USE OF CISCO SERVICES

Study Demographics

IDC interviewed six organizations each that are using Cisco Optimization Services and Cisco Solution Support. Interviews were in-depth in nature and covered a variety of qualitative and quantitative topics related to the impact of these Cisco services on their IT costs and operations, and business results. Samples for both services were well represented by large enterprises, with average employee sizes of over 40,000 and 50,000 employees for Cisco Optimization Services and Cisco Solution Support respectively. These organizations are supporting significant business operations with the help of Cisco Services—over $20 billion of annual revenue on average driven by hundreds or even thousands of business applications.

Table 1 summarizes this information along with other relevant demographic attributes. Most organizations were U.S.-based but organizations based in EMEA and APAC were also interviewed. The sample of companies involved in the study represented a spectrum of verticals with unique industry-specific challenges that influence how they use Cisco Services.

TABLE 1   Demographics of Interviewed Organizations

	Average, Cisco Optimization Services	Median, Cisco Optimization Services	Average, Cisco Solution Support	Median, Cisco Solution Support
Number of employees	40,417	15,000	50,600	12,550
Number of IT staff	1,983	1,500	7,423	1,100
Number of IT users	39,404	13,775	50,249	12,123
Number of business applications	3,725	350	679	288
Revenue per year	$27.4B	$12.5B	$24.4B	$5.4B
Countries	United States (5), Angola		United States (4), Australia, Malaysia	
Industries	Entertainment, Financial Services (2), Manufacturing, Transportation, Utilities		Financial Services (2), Government, Technology, Telecommunications, Utility	

n=6 (for both Cisco Optimization Services and Cisco Solution Support)   Source: IDC, 2017

Overview of Use of Cisco Optimization Services and Cisco Solution Support

Interviews revealed that Cisco Optimization Services and Cisco Solution Support offer multiple advantages to organizations in terms of the ability to support cloud, collaboration, datacenter, IoT, networking, and security environments. These companies needed services that could help lines of business maintain business continuity; develop and support in-house skill development; bring in the right partners to help with new technologies; and ensure scalability for Cisco's six solution architectures. In terms of the paramount importance of ensuring availability, one survey respondent commented: *"Uptime and speed of delivery are most important for us. Cisco Optimization Services have dramatically increased our overall uptime and network performance, and also enabled us to standardize and templatize our most common user requests. That has made us faster to deliver anything that the business consumer brings to us."*

As shown in Table 2, Cisco Optimization Services and Cisco Solution Support are supporting extensive and broad IT and business operations. Supported environments are characterized by significant numbers of network switches and routers, servers, and collaboration tools such as IP phones across a significant number of locations.

TABLE 2 Environments Supported by Cisco Optimization Services and Cisco Solution Support

	Average, Cisco Optimization Services	Median, Cisco Optimization Services	Average, Cisco Solution Support	Median, Cisco Solution Support
Cisco Site and Application Environments				
Number of sites	307	213	1,068	70
Number of business applications	3,723	343	604	100
Cisco Network and Server Equipment Supported				
Number of network switches	2,781	613	5,280	550
Number of network routers	1,284	327	2,630	260
Number of firewalls	64	13	328	153
Number of Cisco UCS machines	37	30	71	71
Cisco Collaboration Environments Supported				
Number of Cisco UCS machines	8,750	3,500	64,333	18,000

n=6 (for both Cisco Optimization Services and Cisco Solution Support)   Source: IDC, 2017

# THE BUSINESS VALUE ANALYSIS OF CISCO OPTIMIZATION SERVICES

Business Value Analysis

Study participants reported that they have leveraged support and best practices obtained through Cisco engineers with Cisco Optimization Services to ensure the reliability, performance and resiliency of their Cisco, IT, and collaboration environments, while also making these environments more efficient and cost-effective. As seen in Figure 1, in total, IDC projects that they will realize benefits worth an average of $33,819 per 100 users per year over five years ($13.30 million per organization) in the following areas:

● **Business productivity benefits.** By reducing the frequency and duration of business-impacting outages, study participants are ensuring business continuity and avoiding the loss of significant amounts of revenue associated with system and application downtime. On average, IDC calculates that they will avoid revenue losses worth an average of $20,242 per 100 users per year ($7.96 million per organization).

- **IT staff productivity benefits.** By leveraging support from Cisco engineers and incorporating best practices, study participants have enabled IT teams responsible for their network, datacenter, and collaboration environments. With Cisco Optimization Services, these organizations must devote less staff time to day-to-day issues, and can better support digital and other business-enabling initiatives. IDC puts the value of time savings and productivity gains for these teams at an average of $8,677 per 100 users per year ($3.41 million per organization).

- **IT infrastructure cost reductions.** By optimizing their investment in network and datacenter hardware through adoption of best practices and more cost-effective design, organizations face lower capital and operating expenses. IDC projects that they will save an average of $2,835 per 100 users per year ($1.11 million per organization) on infrastructure-related costs.

- **Risk mitigation – user productivity benefits.** By minimizing the impact of unplanned outages on employees, study participants secure higher employee productivity. IDC estimates that higher employee productivity attributable to lower unplanned downtime will be worth an average of $2,065 per 100 users per year ($0.81 million per organization).

FIGURE 1 Average Annual Benefits per 100 Users, Cisco Optimization Services
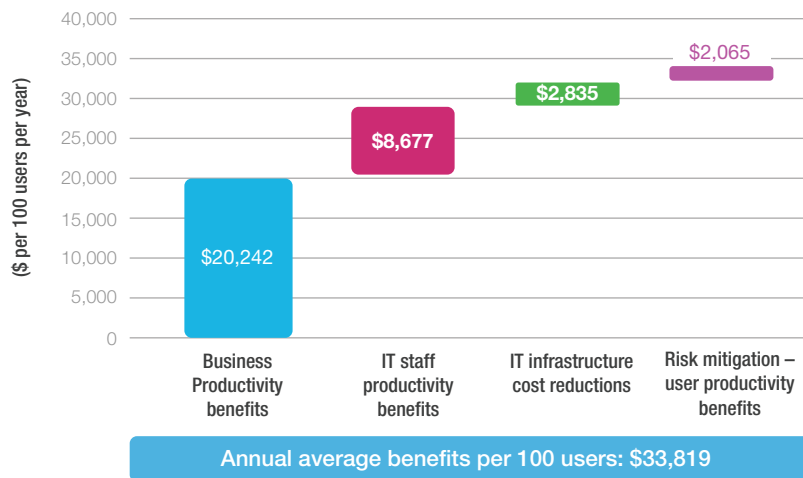
Source: IDC, 2017

Limiting Business Risk and User Impact

Surveyed organizations reported that Cisco Optimization Services helps ensure business continuity by reducing the frequency and duration of unplanned outages affecting key applications and services. The result is enhanced productivity and avoidance of the loss of significant amounts of revenue associated with system and application downtime. One survey respondent commented on how Cisco Optimization Services help minimize the issues that cause outages: *"With Cisco Optimization Services, we've eliminated configuration inconsistencies, and there were thousands of those. . . This has made our infrastructure more secure and robust. The team has also become more skilled, got access to better monitoring and troubleshooting tools, proactive reports, and recommended courses of actions for mitigating them."*

Table 3 presents specific metrics on reductions in unplanned downtime that affect user productivity, with surveyed organizations cutting the frequency of user-impacting outages by an average of 61% and the time to resolve outages by 32%, bringing the overall impact on user productivity down by 74%.

TABLE 3 Impact of Unplanned Downtime on User Productivity, Cisco Optimization Services

	Before Cisco Optimization Services	With Cisco Optimization Services	Difference	% Benefit
Frequency per year	20.1	7.8	12.3	61%
MTTR (hours)	4.9	3.3	1.6	32%
Minutes per year per user	45.0	12.0	33.0	74%
FTE impact	15.6	4.0	11.6	74%

Source: IDC, 2017

In addition to affecting user productivity, unplanned outages can have significant business impacts. Most of the organizations surveyed rely on their networks and infrastructure to provide time-sensitive services and products to their customers. If the network or systems are offline, their business will suffer. One survey respondent made the following observation on the business impacts of higher availability: *"In 2012, we had end-to-end availability of about 99%. In the last 5 years, applications, storage and network resources have improved to 99.98% which translates to a number of additional business days annually. This means millions of dollars in revenue. . . For us it has been a really awesome success story. It has taken a lot of work and Cisco Optimization Services has supported this."* Figure 2 shows data on the positive impact Cisco Optimization Services are having on reducing the business impact of unplanned outages, with interviewed organizations saving an average of $53.1 million in lost revenue over the course of a year.
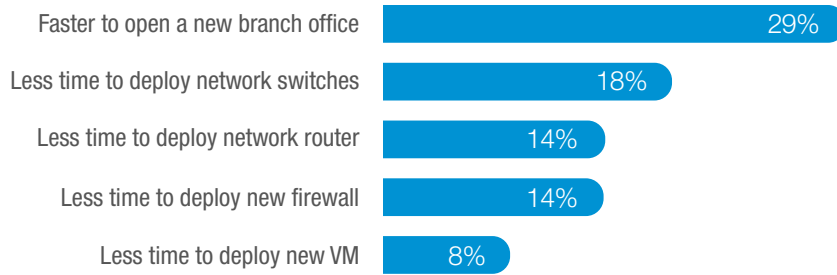
FIGURE 2 Lost Revenue Due to Unplanned Outages per Organization, Cisco Optimization Services
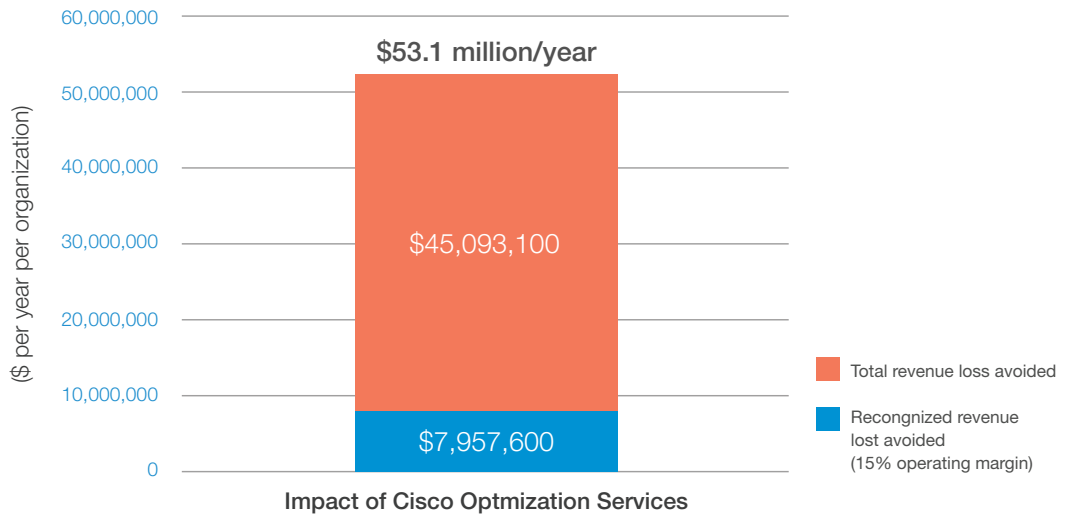
Source: IDC, 2017

Beyond ensuring business continuity, surveyed organizations also noted the positive impact of Cisco Optimization Services have on their businesses by bringing them Cisco engineer expertise that helps their IT organizations act with more agility and flexibility. As a result, they can offer faster network hardware deployment either at branch or corporate office locations. This translates into better ability to implement necessary changes to support customer requirements on the fly and in a responsive, successful manner. In this context, one manager commented: *"I would say before Cisco Optimization Services, our first-time success rate for implementing change was probably hovering at around 65-70%. Today it's well over 90%. That means if someone comes to me and asks me for something then I go and execute that change. Before Cisco Optimization, about a third of time I might have to tell the customer if they asked for it on Monday that I'll deliver it on Saturday --- then the following Monday I would have to tell him that I tried on Saturday but it didn't work."* Figure 3 shows specific improvement levels for IT agility. For example, there was an 29% improvement in the time needed to open a new branch office for surveyed organizations.
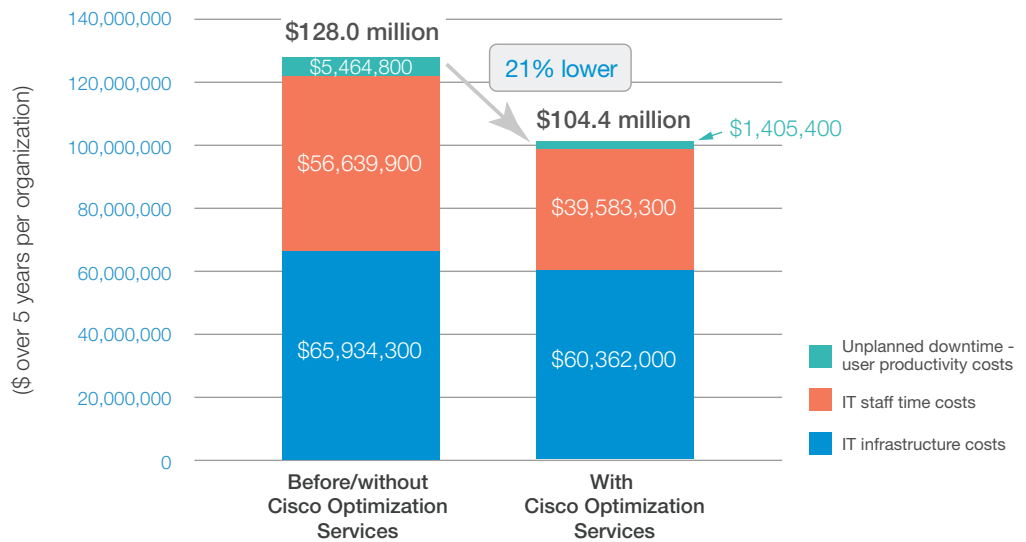
FIGURE 3 Impact of IT Modernization on IT Agility

Faster to open a new branch office	29%
Less time to deploy network switches	18%
Less time to deploy network router	14%
Less time to deploy new firewall	14%
Less time to deploy new VM	8%

Source: IDC, 2017   (% of improvement)

More Cost-Effective and Efficient IT Operations

Cisco Optimization Services have also allowed the organizations that IDC surveyed to optimize their network and datacenter environments in terms of design, operation, and support. As shown in Figure 4, IDC calculates that Cisco Optimization Services have helped surveyed companies operate their Cisco environments at a 21% lower cost than they otherwise would incur in terms of hardware, operational, and IT staff costs over five years.

FIGURE 4 Cost of Operations, Cisco Optimization Services

$128.0 million

Before/without Cisco Optimization Services:
- $5,464,800 (Unplanned downtime - user productivity costs)
- $56,639,900 (IT staff time costs)
- $65,934,300 (IT infrastructure costs)

21% lower

$104.4 million

With Cisco Optimization Services:
- $1,405,400 (Unplanned downtime - user productivity costs)
- $39,583,300 (IT staff time costs)
- $60,362,000 (IT infrastructure costs)

($ over 5 years per organization)

Legend:
- Unplanned downtime - user productivity costs
- IT staff time costs
- IT infrastructure costs

Source: IDC, 2017

Making IT Teams More Productive

Project results show that the use of Cisco Optimization Services enables more efficient and effective IT staffing. This is especially evident in terms of IT infrastructure management, for which surveyed organizations reported average efficiencies of 30% (see Table 4 below) they attributed to Cisco Optimization Services. With Cisco's support, these teams can leverage best practices, worry less about "keeping the lights on", and are freed up to drive digital innovation and other organizational initiatives. These efficiencies and improved performance are confirmed by metrics such as an average 41% faster resolution of problems, which is vital in a 24/7 world. As one survey respondent commented: "We use Cisco Optimization Services to uplift our technical capabilities. Our team is much more skilled. The network is more settled and we have fewer surprises. Our team is now able to define a standard architecture for deploying network environments that significantly reduces the time and effort spent on the commissioning of new sites. This has resulted in significant improvements on the site´s overall performance and availability – and our team is 15% more productive."

TABLE 4 IT Staff impact, Infrastructure Management, Cisco Optimization Services

	Before/Without Cisco Optimization Services	With Cisco Optimization Services	Difference	% Benefit
FTEs managing IT environment	113	79	34	30%
Hours per 100 users per year	542	379	163	30%

Source: IDC, 2017

## Cost-Effective Network and Datacenter Environments

Cisco Optimization Services can also help organizations optimize their IT spending and lev build out more cost-effective IT environments. Surveyed organizations reported needing to spend 8% less on IT hardware costs, as shown in Figure 4. An IT environment optimized from a design and management point of view is more streamlined and cuts out unnecessary duplication or upgrades. One interviewed Cisco customer commented: *"We still are on the same schedule and timetable for upgrades with Cisco Optimization Services. The change for us is that we are getting more out of the technology throughout its product life."*

THE BUSINESS VALUE ANALYSIS OF CISCO SOLUTION SUPPORT

Business Value Analysis

Study participants have generated value through using Cisco Solution Support by attaining more reliable, efficient, and cost-effective IT environment operations through a smoother support process that helps reduce IT complexities. IDC calculates that these Cisco customers will realize benefits with a value of $27,690 per 100 users per year ($13.04 million per organization) during a period of five years in the following areas:

- **Business productivity and risk mitigation benefits.** By reducing the frequency and duration of unplanned outages and better preparing their IT infrastructure to support business growth, study participants are capturing more revenue. IDC puts the value of revenue losses avoided and revenue gains through enablement at an annual average of $12,911 per 100 users ($6.08 million per organization).

- **IT staff productivity benefits.** By enabling their IT infrastructure teams to spend less time on day-to-day operational activities, study participants are creating value by freeing up time to work on other value-generating activities. IDC projects that study participants will realize IT staff productivity gains worth an average of $9,305 per 100 users per year ($4.38 million per organization).

- **IT infrastructure cost reductions.** By having access to Cisco Solution Support, study participants build out more cost-effective environments. IDC calculates that they will save $5,474 per 100 users per year ($2.58 million per organization) on their network, IT, and collaboration environments.

FIGURE 5 Average Annual Benefits per 100 Users, Cisco Solution Support
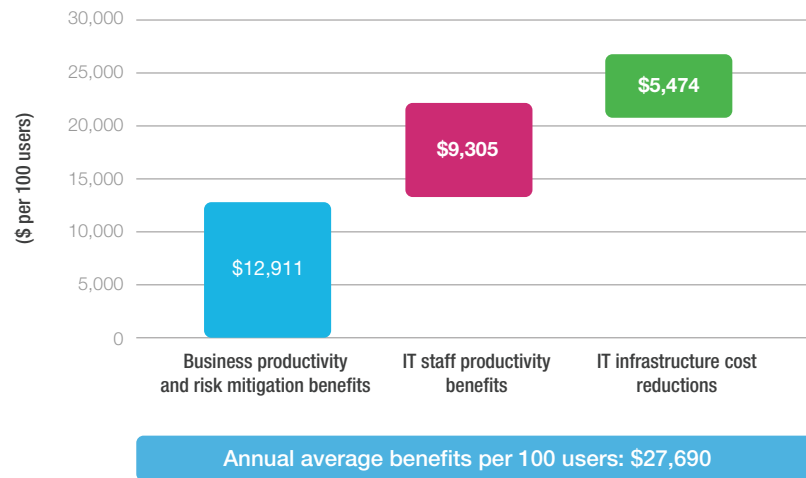
Source: IDC, 2017

Limiting Business Risk and Enabling the Business

Study participants are leveraging 24/7 access to solution-level support from Cisco with Solution Support to enable their business operations in two core ways: (1) ensure business continuity; and (2) enable the adoption of new technologies and support business expansion efforts. As shown in Figure 6 below, this results in significant revenue impact for these organizations. They are reducing the revenue impact of unplanned outages by $37.0 million per year per organization, and are generating additional revenue through winning new business worth an additional $3.5 million per year per organization.

Cisco Solution Support helps these organizations ensure business continuity by providing access to knowledge and best practices that limit the frequency of impactful outages and enable faster resolution. On average, study participants reported having 21% fewer incidents that require response by Cisco Solution Support, and resolving those that occur on average 38% more quickly. In turn, this leads to fewer outages impacting business-critical systems and applications that are driving generation of significant revenue for these organizations. Interviewees spoke of how Cisco Solution Support improves their ability to ensure business continuity:

- **Support with multiple vendors.** *"Supporting multiple vendors with Cisco Solution Support is one of the areas that we get a lot of traction and visibility. This is especially true when the technical issue involves technology across multiple vendors. Solution Support helps us and we leverage Cisco to get access to other vendors and expedite the resolution of the issue."*

- **IT improvements through expertise and best practices.** *"The benefit of Cisco Solution Support for our IT team is a combination of the knowledge gained and the extra time to apply that knowledge. Knowledge level is improved and leads to improvements. For instance, we have been able to create an escalation path."*

- **Cisco's ability to deliver support across sites.** *"I always come back to the experience of needing a product in the developing world and Cisco Solution Support's role. We have had many instances where we got a critical product within the 24-hour window that averted major outages. This has happened more than once."*

- **Fewer outages, faster resolution:** *"There is a process in place to use Cisco Solution Support to minimize outages and resolve them faster. . . The Cisco engineers understand how the systems have been deployed across the organization instead of just looking at it from a product point of view. We've seen roughly one-third fewer outages and we're resolving them about one-third faster."*

One organization described the impact of Cisco Solution Support on its business: *"Cisco Solution Support helps us maintain extremely low levels of downtime. You cannot underestimate the value of this in our industry. . . The worldwide support is critical, and the examples are evident every day. We get what we need in 24 hours to minimize the risk. We get dozens of issues and interruptions every day across the globe. Cisco Solution Support helps us respond quickly, getting us the right resources to resolve problems."*

Further, study participants are better positioning themselves for business expansion with Cisco Solution Support. In particular, they are leveraging support for best practices in implementing new technologies and enhancing their security postures that are drivers of business expansion. One organization explained: *"The primary business benefits for us of using Cisco Solution Support are getting a lot of leverage over the security solutions and having access to the latest technology. Also the ability to get the required escalation process for the technical support helps us minimize business interruptions."* For study participants, this can translate to better ability to address new business opportunities. One interviewed Cisco customer linked Solution Support to its strong growth in recent years: *"We are growing, based on our overall business model and plans going forward. Cisco and Solution Support is part of that expansion. In the last four years, we have grown more than three times. . . Cisco technology and services have helped support that growth."*

**FIGURE 6** Revenue Benefit, Cisco Solution Support
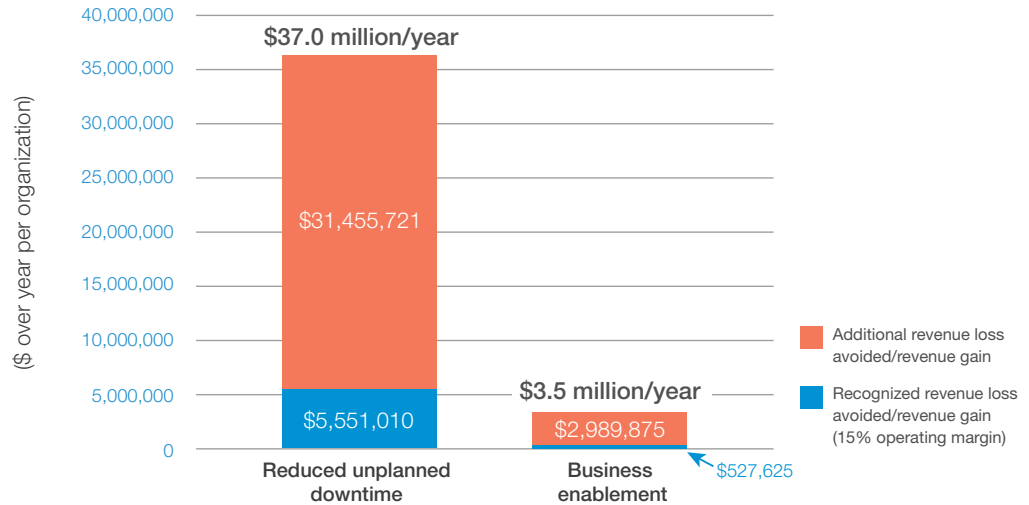
Source: IDC, 2017

More Cost-Effective and Efficient IT Operations

In addition to improving business outcomes with Cisco Solution Support, study participants have also made their IT environments more efficient and cost-effective. On average, as shown in Figure 7, IDC calculates that they will be able to leverage Cisco Solution Support to run these environments at a 17% lower cost on average in terms of hardware and related operational costs, and IT staff time costs

FIGURE 7 5-Year Cost of Operations, Cisco Solution Support
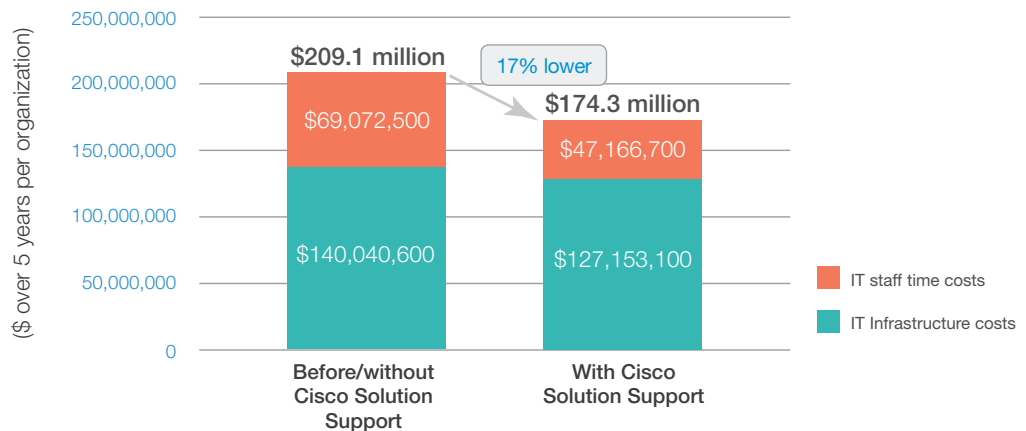
Source: IDC, 2017

Making IT Teams More Productive

With access to Cisco expertise and knowledge through Cisco Solution Support, surveyed organizations reported that their IT teams are significantly more efficient: 32% on average (see Table 5). As a result, these organizations can support these environments with more streamlined teams, can meet business expansion needs without staffing up, and have the opportunity to reallocate talented staff time to more valuable activities. Surveyed organizations offered various examples of how Cisco Solution Support has benefited their IT staffs:

● **Minimize day-to-day time requirements.** *"We are able to leverage expertise through Cisco Solution Support so that we do not have to maintain it internally. There is a cost benefit to reducing support staff and having those key services delivered. Nearly the whole application environment is covered with Cisco Solution Support."*

● **Enhanced security and lifecycle support.** *"Senior management would say the security space is where Cisco Solution Support has supplied software and appliances to make us more secure in keeping intruders out and monitoring for them. Secondly, providing high order engineering to validate datacenter designs which keep the life cycle of datacenter platforms viable."*

● **Cisco support for problems or outages.** *"Cisco Solution Support helps us maintain our infrastructure by us having the ability to quickly call in and open up cases on any abnormal or outage situation. . . There have been situations where we've been working on something and we'll almost turn that issue over to Cisco, which then frees up my staff to continue to do additional work outside of that specific issue and increases productivity."*

TABLE 5 IT Staff Impact, Infrastructure Management, Cisco Solution Support

	Before/Without Cisco Solution Support	With Cisco Solution Support	Difference	Change (%)
FTEs managing IT environment	138	94	44	32%
Hours per 100 users per year	552	377	175	32%

Source: IDC, 2017

Cost-Effective IT Environments

Study participants have also been able to translate benefits from Cisco Solution Support into more cost-effective IT environments. With best practices and advice in hand, they can design datacenters and branch environments more efficiently and maximize their investment in hardware. Further, these operational efficiencies can lead to further cost efficiencies, especially in the context of business growth. One study participant commented: *"Cisco's expertise has improved our network and security designs and this translates into improved operations. . . We have a lifecycle program that Cisco supports with Solution Support. "*

ROI ANALYSIS OF CISCO OPTIMIZATION SERVICES AND CISCO SOLUTION SUPPORT

IDC based its ROI analysis on interviews with organizations using Cisco Optimization Services and Cisco Solution Support to enhance their IT environments. Based on these interviews, IDC has calculated the benefits and costs to these organizations of using Cisco Optimization Services and Cisco Solution Support. IDC used the following three-step method for conducting the ROI analysis:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of Cisco Optimization Services and Cisco Solution Support.** In this study, the benefits included staff time savings and productivity benefits, reducing revenue losses associated with outages, and IT-related cost reductions.

2. **Created a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Cisco Optimization Services and Cisco Solution Support, and can include additional costs related to planning, consulting, and staff or user training.

3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Cisco Optimization Services and Cisco Solution Support over a five-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

Table 6 presents IDC's analysis of the benefits and costs of using Cisco Optimization Services and Cisco Solution Support. As shown, both Cisco services are delivering strong value for study participants, with IDC calculating five-year ROIs of 262% for Cisco Optimization Services and 213% for Cisco Solution Support, respectively.

TABLE 6 Five-Year ROI Analysis

	Cisco Optimization Services, Per Organization	Cisco Optimization Services, Per 100 Users	Cisco Solution Support, Per Organization	Cisco Solution Support, Per 100 Users
Benefit (discounted)	$47.9 million	$121,911	$47.0 million	$99,818
Investment (discounted)	$13.2 million	$33,706	$15.0 million	$31,852
Net present value (NPV)	$34.7 million	$882,505	$32.0 million	$67,966
Return on investment (ROI)	262%	262%	262%	262%
Payback period	<1 year	<1 year	<1 year	<1 year
Discount rate	12%	12%	12%	12%

Source: IDC, 2017

CHALLENGES AND OPPORTUNITIES

Challenges

Digital transformation is the lens through which business and technologies are viewed today. This means that technology leaders face a range of "solutions" that all vie to be digital transformation enablers, leading to a lot of noise in the market. IDC believes that Services play a key role in driving transformation, because they can be crucial in enabling a change in business culture. At the same time, we witness Services players finding it difficult to get this message across. It is important the Cisco executes well on the messaging around its new Services capabilities. The Services success stories are vital in this process: in fact, services is one of the largest revenue contributors to the organization; thousands of services experts with broad technical experience, proven tools and methodologies based on intellectual capital and decades of expertise and best practices, and backed up by machine learning and analytic capabilities. These credentials will go a long way to ensure a place at the C-level table, where the most strategic business and IT decisions are determined.

IDC believes it is important for enterprise customers to fully understand the value derived from services – either professional consulting or advanced support initiatives aside from the financial value discussed in this study. While many of the metrics are quantifiable such as profitability, resource utilization, and uptime, it is important to recognize the human side of these services such as process and collaboration gains, best practice adoption and new skill adoption. These improvements drive

value to the business bottom line and are key components of successful digital transformation. Enterprises must take these "softer" gains into consideration when completing their analysis of engaging with Cisco Services.

Opportunities

The stakes are huge: Services can help customers define strategies that align to their business priorities, design the right architecture, implement the solution quickly and securely, continually optimize the technology, provide managed services if required, and deliver the right ongoing support, knowledge and training to accelerate technology adoption. Not only is the scope extremely wide, but a company that executes well can do so across a range of domains or architectures. In the case of Cisco, it is aiming its Services offerings (Advisory, Implementation, Optimization, Managed, Technical, and Training) across cloud, collaboration, datacenter, IoT, networking, and security. There are very few Services companies that can cover such a broad scope, which means that Cisco is very well positioned to succeed as it continues to execute well.

CONCLUSION

Digital transformation creates an environment in which organizations re-evaluate all aspects of their business, operational and technology strategies, including workload location, the role of technology partners, and relationships with Services partners, amongst others. In this, everything is up for grabs. Services players that can point to their proven track record, investments, and capabilities to demonstrate a clear impact on the business top and bottom line are well positioned to succeed.

Taking a holistic approach to encompass, people, process, tools, and technology across the digital journey will ensure success. For many enterprises, this is unwieldy and therefore can be set up to fail. Leveraging the right professional consulting and support service capabilities ensure that the infrastructure is aligned to the business strategy, people and process are utilizing best practices and proven methodologies, and technology is best optimized and supported to address the requirements of the business to capitalize on digitization and remain competitive.

APPENDIX

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from organizations currently using Cisco Optimization Services and Cisco Solution Support as the foundation for the model. Based on interviews with these study participants, IDC performs a three-step process to calculate the ROI and payback period:

● Measure the savings associated with using Cisco Optimization Services and Cisco Solution Support in terms of: reduced IT costs (staff, hardware, software, maintenance, and IT support), and business impact measured by revenue over the term of the use of Cisco Optimization Services and Cisco Solution Support.

● Ascertain the investment made in using Cisco Optimization Services and Cisco Solution Support.

● Project the costs and savings over a five-year period and calculate the ROI and payback for use of the Cisco services.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

● Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully-loaded $100,000 per year salary for IT staff members, and an average fully-loaded salary of $70,000 for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

● Downtime values are a product of the number of hours of downtime multiplied by the number of users affected.

● The impact of unplanned downtime is quantified in terms of impaired end-user productivity and lost revenue.

● Lost productivity is a product of downtime multiplied by burdened salary.

● The net present value of the five-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

Because every hour of downtime does not equate to a lost hour of productivity or revenue generation, IDC attributes only a fraction of the result to savings. As part of our assessment, we asked each company what fraction of downtime hours to use in calculating productivity savings and the reduction in lost revenue. IDC then taxes the revenue at that rate.

Further, because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

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