# Cisco Systems, Inc. Response to Request for Proposal



## Networking Products & Services
## Criteria 3



## UK-1704-17

## August 23, 2016



Cisco Systems, Inc.

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**Cisco Systems, Inc.**
**13635 Dulles Technology Drive**
**Herndon, Virginia 20171**

**Legal Disclaimer**

Thank you for the opportunity to submit this non-binding (other than pricing for now-available products listed in our quotes) proposal for your consideration. Please note that this proposal may include proprietary, confidential, and/or trade secret information which, if included, will be clearly marked as such in the proposal. Any information that Cisco considers to be a trade secret will not be subject to disclosure under any public records act.

This proposal is valid for a period of one hundred and eighty (180) days from the date of proposal submission.

# Trademarks

Every effort has been made to identify trademark information in the accompanying text. However, this information may unintentionally have been omitted in referencing particular products. Product names that are not so noted may also be trademarks of their respective manufacturers.

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# Executive Summary

Cisco Systems, Inc. is pleased to present this response to the University of Kentucky (UK) Request for Proposal (RFP) Number UK-1704-17, Networking Products and Services. We look forward to building upon the success seen with your current Cisco equipment in the University of Kentucky network. Cisco recognizes that the University of Kentucky requires solutions that enable the University to achieve its goal as a top research institution. Cisco's proposal provides a best-value approach — maximizing technical capability while minimizing the overall Total Cost of Ownership (TCO).

Cisco is responding to RFP Section 7.1(1)a per the email communications from the University of Kentucky Purchasing Division (Patricia Cairel, 8/5/2016 and Wendy Brown, 8/8/2016).

# Cisco Response to Point-by-Point Requirements

## 4.3    Criteria 3 – Financial Proposal

**Requirement:**

The Financial Summary Form shall contain the complete financial offer made to the University using the format contained in Section 8.0. All financial information must be submitted in a sealed envelope under separate cover.

**Cisco Response:**

Cisco acknowledges.

## 8.0 FINANCIAL OFFER SUMMARY
Offerors are to provide a fixed price for the services offered.
### 8.1 Mandatory Services (Section 7.1)

Please complete and attach Section 7.1 to provide support for your firm fixed price bid.

## 7.1 Detailed Services Defined

The University of Kentucky is preparing to enhance the infrastructure environment with the on-going evolution of the University's networking environment. The new environment must be forward looking and must promote reliability, scalability, & robustness while providing a seamless & friendly user experience to ensure the university meets the requirements of all stakeholders.

In this section of the RFP, UK outlines some key networking service requirements. Offerors should submit responses to all questions and provide all information requested listed below. Answer all questions in the context of providing network services & products for the Universities networking environment.

### 1) Purchase of Network Equipment

### a) Procurement & Leasing Services

Network services providers must provide a robust networking environment to meet the needs of the University.

**Network Service Provider Questions and Information Requested:**

**Requirement:**

1. How does your company provide procurement & leasing services to its customers for, but not limited to networking products?

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**Cisco Response:**

Procurement:

Cisco's business model is to provide sales, installation services, and support through a reseller model or on a case-by-case basis, directly to the customer.

The Authorized Resellers work directly with end-user customers for sales, service ordering, and ongoing support and maintenance. In addition to Cisco resources assisting with sales efforts, the resellers that are assigned to the contract play a critical role. The Authorized Resellers work directly with the customers on technology designs, best practices for implementing and configuring the required services, and developing a solution to meet the needs and environment that is specific to each customer.

A majority of the resellers have similar attributes to those of Cisco. They have local offices, trained engineering and sales professional that are certified on products and services, and additional resources that can be leveraged to assist with a customer's needs.

Leasing:

The first step is to work with your Authorized Reseller to build a bill of materials and to negotiate the best price for your project. The second step is to develop some financing options customized to your project needs based on the bill of materials and pricing. Cisco Capital can finance hardware (Cisco and non-Cisco), software, maintenance, Cisco Advanced Services, professional services (e.g. consulting, design, installation and implementation) and some leasehold improvements (e.g. electrical upgrades, UPS). After a discussion with you, Cisco Capital will prepare a planning quote(s) for your review.

Attachment A contains further details and examples for the leasing process.

**Requirement:**

2. Please, describe in detail the following procurement & lease options:

      a. Straight Purchase

      b. Tax Exempt Lease Purchase which allows for 0% financing over a period of 60 months with a one (1) dollar buyout option at the end of term

      c. Tax Exempt Lease Purchase arrangement including a Technology Migration Option that provides a technology refresh of the equipment. Decision to do technology refresh will be made at the end of year four (4) therefore, year five (5) would be at no cost to the University and at the end of year five (5) the University will enter into a new lease with new equipment

**Cisco Response:**

Options A, B, and C are all available to the University of Kentucky under this proposal. Full details and examples are include in Attachment A to the proposal.

**Requirement:**

3. Provide price lists (Discount off list price where applicable), product information, literature, and maintain sufficient stock to promptly supply University needs. Explain the offerors ability to provide this information.

**Cisco Response:**

Cisco.com (http://www.cisco.com/) is Cisco's industry-leading online support and information service, available 24 hours a day, 7 days a week. Cisco.com provides users with a wealth of up-to-date information, with hundreds of new documents added or updated each month. This service is the basis of Cisco's philosophy of moving beyond traditional business barriers. It is designed to:

- Make all of Cisco's information, services, and support available on demand to global customers, partners, and employees
- Deliver faster problem responses
- Improve user productivity
- Help lower the cost of doing business.

Cisco.com automates a wide variety of tools and processes, including a set of Internet commerce tools that allows customers to buy Cisco products and services online and check the availability and status of spare parts. Cisco.com also automates the troubleshooting of many common support issues. The extensive information available on the Cisco Technical Support and Documentation Web pages preempts most calls to the Cisco TAC and allows customers to resolve 79 percent of their network problems without ever having to pick up the phone.

Cisco maintains Distribution Centers, Repair Centers, and Advanced Hardware Replacement Fulfillment Depots globally.

**Requirement:**

4. Identify the offeror's ability to assign a representative who will be responsible for assisting in network design, training support, ordering, warranty exchange, expediting orders, drop shipment/JIT correcting improper shipments, resolving invoice discrepancies, and investigating all other problems that may occur in the service relationship.

**Cisco Response:**

Since Cisco's Authorized Resellers will be responsible for fulfilling purchase orders directly with the customers, such partners will work with UK to assist, as necessary and as commercially reasonable, with these issues. In addition, Cisco's local Sales team, will provide further assistance, if appropriate and as needed, on said matters that require escalation.

**Requirement:**

5. What timelines and steps does your company take to address supply chain issues for critical equipment or resource needs?

**Cisco Response:**

Cisco Customer Value Chain Management (CVCM) is the organization that takes product designs from the Cisco Development Organization (CDO) and turns them into a manufacturable

product. The organizations that support CVCM in this activity include Demand Planning, Product Operations, Global Supplier Management, Manufacturing Operations, Technology and Quality, Supply Chain Field Operations, and Global Business Operations. Each function has a specific responsibility in the manufacturing process which ensures our customers receive the right product at the right time at the right cost and that meets the highest quality standards.

Cisco also has a Supply chain risk management program. We encourage our research and development teams to continually push boundaries, ask difficult questions, and seek new ways to connect the world. This culture of innovation allows us to pursue growth opportunities for our business that connect people and improve lives. But it also makes robust risk management essential as we enter new markets and introduce new products and services. The Board of Directors, acting directly and through its committees, is responsible for overseeing risk management. Under the Board's oversight, Cisco has implemented practices and programs designed to help manage business risks and to align risk taking appropriately with our efforts to increase shareholder value. Working groups from across the business report risks and mitigation strategies directly to the Board's Audit Committee, which oversees our financial and risk management policies.

**Requirement:**

6. From your experience, what are the biggest challenges and issues faced in working with new customers?

**Cisco Response:**

At Cisco customers come first and an integral part of our DNA is creating long-lasting customer partnerships and working with them to identify their needs and provide solutions that support their success. Building these Cisco-Customer partnerships is the biggest challenge when working with new customers.  It is also the most rewarding for Cisco and the customers.

Cisco has provided direct support to the University of Kentucky since 1993 so the university is familiar with these partnership relations. If awarded a contract as a result of this response, we look forward to continuing this relationship to the mutual benefit of both the University of Kentucky and Cisco.

**Requirement:**

7. Describe offeror's ability to configure equipment based on custom customer configuration.

**Cisco Response:**

The available hardware configurations can be selected during the equipment ordering process. Providing customized equipment configurations is not a service Cisco offers. Custom software configurations can be uploaded by the customer simply using GUI Cisco network management tools.

**8.1 Mandatory Services (Section 7.1) (continued)**

The University of Kentucky is aware of current pricing models in the market through Consortiums and other Universities. Pricing shall be in-line or better than existing contracted prices, which shall be evaluated these in place contracts as a maximum cost.

For hardware & software, pricing should reflect the negotiated percentage discounts at minimum with negotiation for higher discounts on a case-by-case basis. For services, the University may wish to have pricing structured on a consumption basis where resources are paid for only when they are utilized. Furthermore, this should be vendor agnostic with the market place determining the market set rate for the various resources. UK requests pricing in the following resource increments. The offeror can suggest alternate pricing methodologies.

a. **Hardware & Software**
   • Offerors are to submit firm discounts from OEMs current U.S. Price List for full line products, services and maintenance. Offerors shall submit, with your response to this RFP, the OEM Full Line Product U.S. Price List that the discount provided below is based on for product and services.

   • ___35*____ % Discount from **OEM Full Line Product U.S. Price List(s)** dated:

   • ____0___ % Discount for OEM Full Line Services U.S. Price List(s) dates:

   • ___10**____ % Discount for OEM Support and Maintenance Contracts

   • ___35*____ % Discount for lab & demo **Full Line Product U.S. Price List(s)** dated:

   • ____0___ % Discount for lab & demo Full Line Services U.S. Price List(s) dates:

   • ___10**____ % Discount for lab & demo Support and Maintenance Contracts

NOTE:

> *These are baseline, minimum guaranteed product discounts for the resulting contract but shall apply only to Cisco's Core and Compute Offerings. The 35% off shall not apply to our Market and Net categories. Please see chart below for definitions of Cisco's categories:

| Cisco Base Discount Category | Product Family |
|---|---|
| Compute | UCS Product Families |
| Core | Any Product Family not listed in Compute, Market or Net.  Subject to the introduction of future categories. |
| Market | Cloud and Future Software offerings |
| Net | Third party software and other products |

> Notwithstanding the foregoing, Cisco's Authorized Resellers may offer additional, incremental transactional discounts on a case-by-case basis.

> ** These are baseline, minimum guaranteed services discounts for the resulting contract. Notwithstanding the foregoing, Cisco's Authorized Resellers may offer additional, incremental transactional discounts on a case-by-case basis.

**Requirement:**

• The University of Kentucky reserves the right to negotiate additional discounts or pricing options advantageous to UK for high volume purchases.

**Cisco Response:**

Cisco acknowledges and agrees.

**Requirement:**

• All equipment covered under support and maintenance contracts will list the University of Kentucky as the owner.

**Cisco Response:**

Cisco acknowledges and agrees.

**Requirement:**

• All equipment covered under a support and maintenance contract should be included in a single support contract number. The University of Kentucky must approve exceptions.

**Cisco Response:**

Cisco acknowledges and agrees.

**Requirement:**

    **b. Services**

- • Student per Seat Cost (If applicable)
- • Costs per Event
- • Cost per FTE
- • Faculty per Seat Cost
- • Data Transfer Rates (if they apply)
- • Consultation per Hour Costs
- • Engineering per Hour Costs
- • Enterprise or University Pricing Costs

**Cisco Response:**

Cisco is not bidding Networking Services listed in 7.1(2).

**Requirement:**

    **c. Network Pricing Models**
       As listed within section 7.1, 2 d. please provide your company's or third party pricing for Network Services enumerated.
       Pricing Model–provide consortiums, state or other rates with additional discounts where applicable and include the following:
       • Pricing Plans and Models (Standard/Optional)

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- Bundled Pricing versus Itemized Pricing
- Unit type and unit of measure
- One-time costs versus Reoccurring costs Unit type and measure
- Minimum ordering quantity
- Applicable volume discounts base

**Cisco Response:**

Cisco is not bidding Networking Services listed in 7.1(2).

**8.2 Optional Services (Section 7.2)**

Offerors must provide a bid on the optional services detailed in Section 7.2. The University shall, at its sole discretion, make the determination as to whether the optional service will be undertaken.

**Requirement:**

Please submit your bid on optional services by completing Section 7.2.
**7.2 Optional Services**

The offeror shall provide any optional services for the University to consider.

**Cisco Response:**

Cisco Advanced Services are part of a comprehensive program that is focused on providing responsive, preventive, and consultative support of our technologies for specific networking needs. The Advanced Services program supports networking devices, applications, solutions, and complete infrastructures. Our service and support strategy is focused on capitalizing on increased globalization, and we believe this strategy, along with our architectural approach, has the potential to further differentiate us from competitors.

For more information, see: http://www.cisco.com/c/en/us/services/overview.html

**Cisco Advanced Services**

In addition to our products and maintenance services offerings, Cisco attempts to meet and exceed the expectations of our customers in terms of the maturity, professionalism, and effectiveness of our service delivery. We offer an array of service portfolios, customized to the special needs of different market segments and technologies. Our goal is to help customers of all types realize the full potential of their multi-service networks.

UK can leverage Cisco's entire portfolio of professional services or Advanced Services (AS). Regardless of the technology being deployed under the contract, Cisco's methodology for professional services provides a comprehensive approach to managing all aspects of your network and uses a three (3) phased approach – Plan, Build, and Manage.  The figure below depicts the key services available during each of the phases.

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**Cisco's Professional Service Model**

Within each of these three (3) phases, there are a variety of service offerings available to UK customers. Below you will find a brief description of the services offered within our portfolio.

*Plan: Develop an architectural strategy, transformational road map, and designs.*

**Strategy and Analysis**

Strategy and Analysis Services help you to effectively support new and future business requirements by creating architectural strategies and roadmaps for transforming your network architecture and operations management. They can help enable you to:

- Prioritize and focus architecture transformation and network operations and engineering management efforts
- Accelerate the development of a cost effective strategy with a measurable ROI
- Successfully transform your infrastructure, management, people, and processes

**Assessment**

Assessment Services help you determine your IT and network infrastructure's compliance to best practices and policies and/or readiness to support a new technology, application, architecture, or solution, to help you:

- Reduce deployment costs and adoption delays
- Improve your operations team's ability to support what is being introduced
- More effectively budget by accurately identifying incremental investment requirements

**Design**

Design Services help you create a flexible, resilient, scalable architectural foundation to support your business solutions by developing designs for your IT and network infrastructure, applications, operations processes, and network management. They can help enable you to:

- Improve your network infrastructure performance, security, and scalability

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- Accelerate adoption of new technologies and improve return on investment
- Reduce expensive and time-consuming redesign
- Strengthen the proficiency of your deployment team and operations team

*Build: Validate, implement and migrate new solutions and applications*

**Validation**

Validation Services help you confirm that your solution meets your requirements for availability, security, reliability, and performance through assessment and issue resolution in a lab environment before implementation in your production network. This helps you to:

- Mitigate risks associated with updating the production network
- Accelerate time to market and solution adoption
- Reduce costly delays, risks, and rework
- Improve availability

Deployment

Deployment Services help you successfully deploy new IT and network solutions or applications. Expert assistance helps you to:

- Reduce delays, rework, and other problems during implementation
- Decrease disruption to your production network during deployment
- Realize business and technical goals of the new solution

**Migration**

Migration Services help you to control costs, improve operational excellence, and mitigate risk during device, network, and software refreshes. With a systematic, holistic, efficient approach to upgrading the network infrastructure, these will help you:

- More effectively budget for network operations costs
- Reduce system outages and support issues with a proactive plan for replacing aging network components
- Accelerate time to revenue through faster deployment and cutover time when migrating
- Reduce operating expenses
- Introduce new capabilities with potentially lower total cost of ownership

*Manage: Optimize your infrastructure, applications, and service management.*

**Optimization**

Optimization Services help you to optimize your network and IT infrastructure, applications, and service management. They identify gaps, deliver recommendations, and provide expert support so you can:

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- Improve the performance, availability, resiliency, and visibility of your network and IT services
- Prepare the network and IT infrastructure for change and more effectively manage change
- Increase your team's self-sufficiency
- Reduce operating costs and improve return on your investments
- Mitigate risks that can compromise the privacy and security of data

**Operations Management**

Operations Management Services help you simplify network and IT operations, lower the total cost of network ownership, and accelerate adoption of advanced technologies while retaining visibility and control. By out-tasking proactive monitoring and management of your network infrastructure in alignment with industry standard processes such as ITIL® and eTOM, these can help you:

- Solve problems faster and more effectively manage risk and growth in your network
- Pre-empt incidents and reduce the effects of those that cannot be prevented
- Accelerate adoption of advanced technologies
- Enable a higher quality end-user experience

**Advanced Services Pricing Models**

For Cisco's Advanced Services, our pricing model is based on Statement of Work (SOW) fixed pricing.

To calculate the total fixed price of the SOW, Cisco will evaluate, after consultation with the customer, which required equipment resources, grade-level engineering skill set(s), and levels of effort are necessary to complete the required deliverables for the customer. Once all the cost elements have been built up against the specific deliverables, a total cost of the SOW will be determined.

Because the SOW is offered at a fixed price and not billed as Time and Materials, Cisco does not keep time cards.

**Authorized Resellers' Professional Services**

Subject to Cisco and UK's approval and holding active and applicable certifications, the Authorized Resellers (as selected pursuant to the process as outlined in our response above) will permitted to do the following:

Resell Cisco's services that are awarded under this contract and as set forth in Cisco's U.S. Global Pricelists;

Provide Basic Installation and Configuration Services as follows:

- Certified and Technical Project Management • Global Implementation Capability
- Staging &Implementation Engineering (Installation) • Configuration Development

- Site Survey • Knowledge Transfer • High Level Design Review • Acceptance Testing

Cisco's professional services, Advanced Services, as offered under this bid, are based on Statement of Work (SOW) fixed pricing. Therefore, Cisco respectfully takes exception to Section 6.1A.

To calculate the total fixed price of the SOW, Cisco will evaluate, after consultation with the customer, which required grade-level engineering skill set(s) and levels of effort are necessary to complete the required deliverables for the customer. Once all the cost elements have been built up against the specific deliverables, a total cost of the SOW will be determined. Because the SOW is offered at a fixed price and not billed as Time and Materials, Cisco does not keep time cards.

## Cisco Refresh

In addition to new products, Cisco wishes to offer UK under this RFP the option to also purchase Cisco Refresh – Cisco's certified refurbished equipment (subject to inventory availability) with no compromises and with the same Cisco quality, value, performance and support as if they were new products:

a. **Low Risk; Same Warranty as New**. Backed by the same Cisco warranty and support options as new products through Cisco Technical Assistance (TAC).

b. **Peace of Mind; Certified Protection**. Fully remanufactured to like-new condition using ISO 9001/14001 certified processes and reconditioned to Cisco specifications. Certified to meet all regulatory and safety compliance requirements such as FCC, CE, and UL.

c. **Award-winning Technical Support Service**: Eligible for the same maintenance and service support (SMARTnet) as new products, which provides direct access to Cisco's TAC, 24 hour/365 day access to www.Cisco.comsupport resources, access to minor and major OS releases, rapid hardware replacement, and options for onsite engineer support.

d. **Optimum Performance**. Latest proprietary hardware and software upgrades help ensure maximum in-network performance, reliability, compatibility and future scalability. Fully licensed and shipped with valid Cisco IOS Software license.

e. **Extensive Inventory**. Over 3500+ different new and end-of-sale products; across all technologies on Cisco's price list.

f. **Increase Budget Flexibility**. Value priced with no hidden costs—up to 80 percent off list price of equivalent new product. Such competitive pricing and financing will enable UK customers to get the most network solution with their limited technology budgets.

g. **Fast Shipping**. In-stock inventory typically ships within 24-48 hours from multiple warehouse locations.

h. **Available only through Authorized Resellers**. Only partners who have been vetted by Cisco (and approved by UK) to participate under the resulting contract can sell Cisco

Refresh. This is an additional assurance that UK customers are buying from verified and approved sources.

More information about Cisco Refresh is available at:
http://www.cisco.com/web/ordering/ciscocapital/refurbished/index.html

Pricing under the Cisco Refresh program is only on a quote basis due to equipment availability variations.

**8.3 Alternate Pricing**

## Requirement:

In addition to the above financial offer, the offeror may submit alternative financial proposals, however the information requested above must be supplied and will be used for proposal evaluation purposes.

## Cisco Response:

Cisco is not submitting an alternative financial proposal.