Open Line Shares Investment Risk with Cisco

Customer Name: **Open Line** Industry: **IT**

Financing

- Cisco Capital® Open Pay consumption model based on a 36-month term

Data Centre

- Cisco® Unified Computing System
- Cisco HyperFlex Systems™

Services

- Cisco Smart Services

openline
Smart cloud solutions.

> "Open Line initially financed everything through a different financing company. Now, Cisco Capital is providing all our financing. We did look at other sources of finance first, but Cisco Capital offered us the best overall solution at an excellent price."
>
> Michiel Lamoen, chief financial officer Open Line

Introduction

Open Line, based in the Netherlands in the province of Limburg, designs, builds, and manages cloud infrastructures for its customers. Its innovative application delivery, business continuity, data centre virtualisation, and various cloud models solutions are supplemented with project management and consultancy. Open Line sees strategic collaboration with its partners and customers as the key to its innovation and success. One of its strategic partners is Cisco, whose financing subsidiary Cisco Capital provided a highly competitive consumption model that help enable Open Line to innovate and offer new services while limiting its financial risk.

Business Challenge

Open Line and Cisco have collaborated closely for a number of years. The company was awarded Cloud & Managed Services Partner of the Year by Cisco Netherlands in 2016. And at the Cisco Partner Summit 2016 in San Diego, California, they were crowned the Cisco North Theatre Cloud & Managed Services Partner of the Year. This close business relationship means that Open Line has early visibility to new trends and developments and access to new Cisco technology to ensure it continues to develop innovative cloud and new solutions more quickly.

Important Role of New Technology

To stay successful, Open Line is continuously working on improving its business model and processes. The IT service provider has to do this in order to maintain and, where possible, expand on its lead in the market. Open Line is therefore constantly looking for ways to work more efficiently and to increase their productivity.

Michiel van Lamoen, chief financial officer (CFO) of Open Line, says, **"New technology plays an important role as we support a large part of our business with our own data centre and our own hardware. We have to deal with substantial yet unpredictable peak loads. If we had to carry the costs for the installed hardware to process those peaks in a fixed pricing model, there would be a risk that equipment would remain unused after the peak. That would be over-investment for the non-peak periods."**

Minimising Risk

Open Line needed to build a data centre platform for the future to enable it to continue to raise the quality of its products and services. As part of this, the company investigated using Cisco HyperFlex nodes as the platform for running its business applications in its data centres. Cisco HyperFlex nodes help enable a setup to be completed in minutes rather than days, offering flexible and independent scalability of computing power, network capacity, and storage capacity. This scalability makes Cisco HyperFlex solutions ideal for absorbing peak loads. Open Line also wanted to maintain good control over its cash flow and keep the risk of an unutilised platform, that is, costs but no income, to a minimum.

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Cisco Capital can help you acquire the technology you need to achieve your objectives and stay competitive. We can help you reduce capital expenditures (CapEx), accelerate your growth, and optimise your investment dollars and ROI. Financing through Cisco Capital gives you flexibility in acquiring hardware, software, services, and complementary third-party equipment. And there's just one predictable payment. Cisco Capital is available in more than 100 countries. Learn more.

Shared Risk with Open Pay

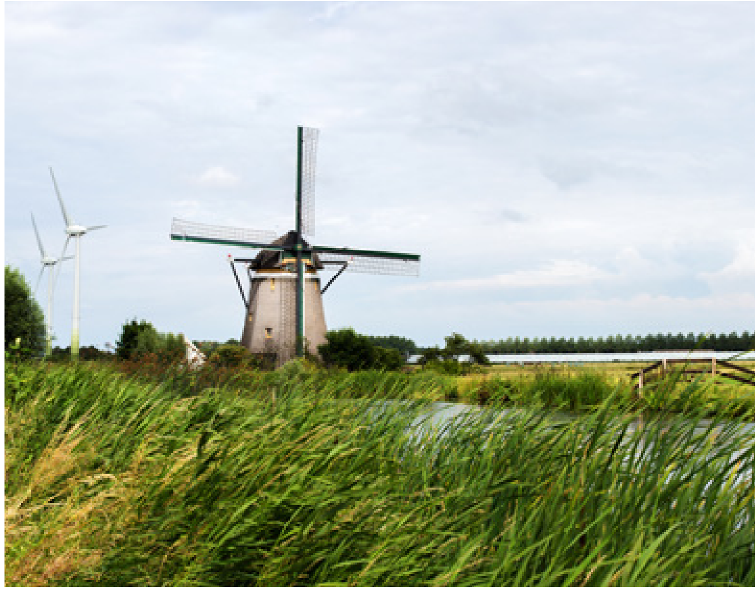
In discussions with Cisco about the possible purchase of Cisco Unified Computing System (Cisco UCS®), Cisco HyperFlex nodes, and Cisco Smart Services, the Cisco Capital team proposed a highly competitive consumption-based model: Open Pay. This is a new fixed-plus-variable payment structure based on the metered usage of a data centre's assets. With this model companies can pay for computing and storage capacity as it is needed based on fixed 70 percent and 30 percent variable payments only when that part of the solution is actually used. Open Pay is resonating in the marketplace with a number of customers and partners choosing this way to make their IT investment.

Chantal Voncken, North Theatre Manager, Cisco Capital says, **"With Open Pay we are helping customers and partners who want to invest in our data centre technology but are cautious about doing so, because of uncertainties about its usage and uptake. By using Open Pay, we can help the customer navigate this uncertainty and work together to understand the trends over time as their deployments mature."**

Technical and Financial Flexibility

Initially Open Line was not yet ready to commit to a full-scale data centre investment and, although the Open Pay metering was on the x86 platform, the overall solution needed to include Cisco HyperFlex technology. Cisco Capital provided a highly competitive consumption model that helped enable Open Line to innovate and offer new services while limiting its financial risk. The support from Cisco Capital actually goes much further than just the provision of a financing solution, however. Van Lamoen explains, **"Open Line initially financed everything through a different financing company. Now, Cisco Capital is providing all our financing for our Cisco investments. We did look at other sources of finance first, but Cisco Capital offered us the best overall solution at an excellent price."**

Van Lamoen says, "Previously, Open Line had everything under an operating lease, so those costs were included in our running costs. A finance lease has turned out to be a more attractive option for us due to its impact on our capital structure, and that's the solution Open Line has with Cisco Capital. This type of arrangement fits in perfectly with our partnership approach."



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