

Cisco Network Optimization Service for Service Providers

An Investment That Can Pay Off Fast

Measuring Value Through Research

“The Total Economic Impact™ of Cisco Network Optimization Service for Service Providers.” is a commissioned study conducted by Forrester Consulting on behalf of Cisco. Cisco® SP Network Optimization Service (NOS) and Focused Technical Support (FTS) are offered by Cisco to help service providers ensure their networks remain optimized and robust with carrier-class availability as part of its operational assurance suite of services.

SP NOS and FTS help Service Providers achieve a greater return on IT investment by improving network performance, increasing the end-user experience, and reducing churn.

To better understand how the Cisco Network Optimization Service can pay off for your organization, visit www.cisco.com/en/US/products/svcs/ps2961/serv_category_home.html

197% ROI

Based on in-depth interviews with five Cisco customers in Europe, Forrester created a representational composite company, Amberline. The composite company had \$2.5 billion in revenue, 4.5 million subscribers, and 2,000 employees.



On a 3 year investment, Amberline broke even on its investment less than 10 months after beginning to use the Cisco Network Optimization Service, with a 197% return on investment.

Improved Network Stability and Reduced Network Downtime

Amberline estimates it will reduce its financial losses caused due to downtime by 65% over the course of 3 years through cost avoidance of revenue loss and service restoration.



“We’ve found an interesting thing for SP Network Optimization Services and Focused Technical Support - we can ask Cisco the question we cannot ask ourselves. They are complementary to us. We work as one working group.” - **Senior Engineer, Cisco Customer, Major Telecommunications Carrier**

Cost Avoidance:- Service Level Agreement Penalty Risk Reduction

Amberline also estimates that by employing Cisco NOS and FTS, the service provider has reduced its exposure by 80% and saved approximately \$1.5 million in service credits over 3 years by reducing the risk of service level agreement (SLA) penalties due to standardization of the network and improved network monitoring.



“In the past [with an unstable network], we were only able to keep the quality of the network high enough because of the total availability of the Cisco engineers. Without that, I’m afraid we would have lost our availability in a very dramatic way.” – **Senior Engineer, Cisco Customer**

Labor Savings Through Improved Operational Efficiency

Amberline estimates it saves over \$1.6 million in staff costs through faster problem resolution achieved through faster troubleshooting from its network engineers, and shorter configuration time and implementation of new projects.

Amberline’s Benefits over 3 Years

Benefit	Risk - Adjusted, Present Value
Cost Avoidance - Lost Revenue Due to Unavailability of Billing Systems	\$436,443
Cost Avoidance - SLA with customers	\$1,489,724
Labor Savings	\$1,646,191
Total	\$3,572,357
Cisco Professional Fees	(\$1,203,636)
Total (NPV)	\$2,368,721

Additional benefits of using the Cisco Optimization Service were identified as part of this study:

- Access to in-depth knowledge
- Faster time to market
- Improved regulatory compliance
- Flexibility and personalized service



“The things that we plan to do are easier, faster, and more efficiently done with Cisco SP Network Optimization and Focused Technical Support Service than without.” - **Group manager for IP planning and Engineering, Cisco Customer**

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Key Highlights

Service providers had varying goals for engaging with Cisco NOS and FTS. These ranged from improving operational efficiency, to gaining in-depth technical support for issues not immediately addressed by standard support services, to augmenting in-house skills with more advanced skills from Cisco, to improving overall network quality. There were instances where some service providers interviewed faced serious critical customer outages and needed Cisco's help to manage the network and lower their soaring operational costs.

Organizations generally saw a decrease in network downtime with the use of Cisco SP NOS and FTS. The degree of this decrease was a function of the maturity of network management in place before the service provider engaged with Cisco SP NOS and FTS. As one large incumbent carrier noted, "One benefit has been an increase in uptime and improvement in network stability. Working as one group, we are able to find problems before they manifest."

The service providers interviewed continuously mentioned how valuable the partnership was that they established with Cisco through SP NOS and FTS. Cisco expertise complemented the work of the service providers' operations teams. One tier-one service provider noted, "Cisco SP NOS and FTS give us possibilities [that] we otherwise would not have had."

Working with the same set of Cisco engineers, in some cases, for well over 3 years, gave these tier-one and tier-two service providers a way to establish a "common understanding with Cisco on the network environment." This made communication with Cisco easier and helped with troubleshooting and problem resolution and in establishing a successful partnership.

Interviewed service providers with more mature networks and processes noted that one of the major benefits to them of NOS and FTS was faster time to market. Designing new hardware and rolling out new services and features with access to Cisco internal expertise made the project development and implementation phases shorter.

Organizations, from large incumbents with stable networks to midsize carriers, also reported better operational efficiency after engaging with Cisco. There were faster analysis of root cause and restoration of service. One large telecommunications service provider estimated that it saved 15% of incident resolution time due to NOS and FTS. Moreover, Cisco is able to help provide automation of its manual processes to achieve continuous operational efficiency. One customer remarked that the labor savings it achieved through Cisco SP NOS and FTS was "not just about improving speed, but more about Cisco being able to do things simpler."

Working with Cisco also enabled some of the interviewed organizations to begin establishing key performance indicators (KPIs) to measure network performance and create SLAs with their customers. Cisco service providers that are customers of SP NOS and FTS also have the option to work with Cisco to create joint SLAs where Cisco will share the financial risk and penalty of an SLA violation.

Some of the service providers worked extensively with Cisco through SP NOS and FTS to manage the install base of their network by reviewing end-of-life support status for the network elements and updating hardware and software as needed. One customer observed that this results in a "network that remains supportable. Ongoing costs tend to be lower because we are maintaining assets better. We aren't ripping out parts of the network because it becomes unusable." Another customer, a major carrier, noted that Cisco was helpful with "keeping [its] network up-to-date and evaluating what direction to take for hardware and software upgrades."

After resolving issues around network stability and standardization, organizations expanded their use of Cisco SP NOS and FTS in areas such as design reviews and implementing new services.

