# ACG Research Business Deep Dives

**Company:** Cisco Service

**Talking with PK Prakash, Senior Director of Cisco Services, Worldwide Service Provider Segment**

**Analyst:** Lauren Robinette

Innovation is brewing at Cisco as the company gears up with its segmented approach in dealing with service specifics for service providers, enterprises, commercial and SMB segments. Formerly known as Customer Advocacy, Cisco Services, the highly profitable organization for Cisco, is developing customized service provider solutions to migrate service providers' customers to new Internet programs and services and educate them as to what these programs offer. Cisco has successfully migrated the product-only approach to selling architectures, which has been very successful in helping the company find a place at the table in relations to strategic sales. Cisco is now moving beyond selling product to delivering architecture and business models for transformation solution. "Strategically important," states John Chambers, adding that "customers and partners demanded direct relationships with Cisco Services, which was the original purpose for this organization."

PK Prakash, senior director of Cisco Services adds, "Cisco Services is the organization behind the Cisco Services business. We are the advocates for Cisco customers, and it is our mission to accelerate customer success with Cisco's technologies and solutions through innovative services and world-class people, processes, tools, and partners."

Cisco is approaching this transformation by having its account managers emphasize differentiation to its largest customers and service providers. The Cisco Services organization mainly attributes a majority of its profitability to Technical Services or break-fix contracts on traditional switches and routers. The profit contribution is over 70 percent just for this product line; however, Advanced Services' product line has been less profitable.

Cisco Services has evolved into a fully functioning professional services organization, offering support to service providers and partners to assist them in the build-out & deployment of advanced technology. This group delivers a full suite of professional services, spanning entire network lifecycle, planning, deploying, integrating, operating and optimizing, with flexible business and engagement models such as:
- Build Operate Transfer
- Managed Capacity
- XaaS

Each of these solutions offers service providers business transformation or speed to market with minimal risk as they roll out new services. Cisco is unique in the kinds of outsourcing or out-tasking services models, which enable services providers to deliver new managed services by adopting IP NGN technology to grow their revenue. Other vendors such as Ericsson and Alcatel-Lucent fully or partially manage operators' infrastructure whether they have one or none of the manufacturer's product in their network operation centers. As Cisco Systems moved from delivering products to providing systems/solutions and to architectures, Cisco Services' offerings have evolved to provide transformational solutions that enable service providers to drive business outcomes by adopting its advance technology.

Build Operate Transfer: Offers service providers the ability to leverage Cisco to build services, operate the infrastructure or NOC; when ready or able, Cisco then transfers management to the service provider. This model is especially advantageous for technologies such as Telepresence and hosted collaboration where the expertise and lag time of technology adoption can take several years to envision, create and train a market ready solution. BT, ATT and YTL have adopted this Build, Operate and Transfer model to accelerate time to market for new services.

Managed Capacity: Addresses over-saturated market offers that have been commoditized, such as mobility in India and Asia. The build out of a network can be an up-front investment that can take years to recover. A service provider can now purchase just the capacity it requires from Cisco without the up-front investment, delaying the investment to build an offer until the volume reaches a point at which it makes fiscal sense for the partner to build an offer.

XaaS is another form of Managed Capacity offering first piloted several years ago by Cisco with Unified Communication as a Service (UCaaS0. This hosted offer can be consumed as a white label offer in the market, giving service providers risk mitigation and time-to-market benefits that, today, could be a several year cycle.

The global vertical organization of the worldwide service provider segment offers partners the opportunity to utilize the expertise of over 9000 professionals of which 2000 specialize in service providers' requirements. Supporting this service is the well-known CCIE certifications, which are being enhanced to offer service training and certification for Operations of advanced IP NGN technology and NOC capabilities related to SLA and compliance.

Touting the largest network of people, processes, tools, platforms and partners, Cisco offers customers the ability to take advantage of Cisco's investments and years of experience. Partners benefit by leveraging Cisco's intellectual property and by becoming service certified. This certification earns the right to use the following tools: management, reporting, operation and automation.

Looking at the future requirements of service providers, Cisco Services is building out the next-generation technology expertise, adding tools and platforms that embed its intellectual property as well as building IP NGN labs across the world. By using a combination of build partner and acquisition strategy Cisco has expanded its capabilities to deliver services globally to advance its customers' success with its IP NGN solutions.

Cisco is rapidly moving past break-fix reactive support to deliver proactive "smart" services that deliver a pre-emptive support model. Assurance service for IP NGN is an example of such a service targeted at service providers. This SLA backed service delivers predictive real-time monitoring and health analysis and reporting and remediation to deliver pre-emptive capabilities for network and service assurance. "These smart capabilities are the sustainable Cisco differentiation," states PK.

Using a lifecycle engagement model, Cisco has helped service providers through envision, build, operate and the market and sell phases of its network and services lifecycle.

**Lauren Robinette**

Lauren Robinette, principal analyst for ACG Research's managed service business, offers a comprehensive managed services program consisting of training modules, including takeout and strategies to support vendors' and MSPs' go-to-market processes based on the industry's best practices.

For more information about ACG Research's Managed Service practice click here www.acgresearch.net or contact Lauren Robinette at lrobinette@acgresearch.net.

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