



PAETEC: A Portfolio of Managed Services on an End-to-End Cisco Network



PAETEC AND CISCO DELIVER UNIQUELY COMPETITIVE SOLUTIONS FOR MID TO LARGE ENTERPRISES

PAETEC

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Cisco Partner:	PAETEC
Industry:	Telecommunications
Location:	HQ in Rochester, New York
Employees:	4,500+
Revenue:	\$2B



Case Study

About PAETEC

PAETEC is one of the world's largest communications companies with established networks across the United States and in more than seventy other countries. PAETEC provides a portfolio of managed services along an end-to-end Cisco IP network for thousands of customer touch points running voice, TelePresence, data center, collaboration, energy, and other mission critical applications.

Since the company was founded in 1998, PAETEC has partnered with Cisco to deliver uniquely competitive, customized solutions to medium and large enterprise customers. Cisco supplies customer premise equipment and routers to PAETEC and assists the company with its next generation networks to enable PAETEC's solutions. In addition, Cisco helps PAETEC build its strategic alliance program through its VAR program.

Uniquely Personal

PAETEC's personalized service sets it apart from its competition. Teams work to fully understand customer issues, their priorities and what it takes to make their business more successful. Then if needed, PAETEC delivers a customized solution and service to meet its customers' needs.

"The more time that you get to spend with your client, the more you understand what their needs are, and the better chance you have to create a great solution that's win/win for both parties," says Arunas Chesonis, chairman and CEO of PAETEC.

Cisco is a large part of the differentiated, personalized service that PAETEC offers. "When we ask for a subject-matter expert or any kind of technical expertise from Cisco, they're always there either in person or on the phone to try and help us create a solution for the customer," says Chesonis.

Innovative by Design

Creativity plays a large part in the company's success. One of PAETEC's most successful marketing programs is their Equipment for Services campaign. PAETEC and Cisco have been working for years to finance equipment for end customers. The company takes a portion of the proceeds from the PAETEC network revenue stream and applies it directly to the principal and interest payment of the equipment or the professional service offering that Cisco and its value-added reseller (VAR) community provide. This arrangement allows a client to focus its capital on its core business without affecting the balance sheet.

The Equipment for Services model is an innovative delivery model that benefits PAETEC, Cisco VARs, and its customers. It provides a path to offer new services to customers such as video services. The customer subsidizes the purchase of video services as well as network services without incurring a capital expense. The Cisco VAR provides the video services, and PAETEC secures the agreement.

Highly Adaptable

PAETEC's approach to establishing a final end price for its services is unique in the industry. PAETEC's sales force works with each customer to establish an individual profit model. This flexibility allows customers to build a business case for packaging the PAETEC offer, based on Cisco technology, at a price point favorable to all parties. In these tough economic times, it is a very compelling offer for CIOs and their teams.

PAETEC also works closely with Cisco to identify and understand new market opportunities. Cisco and PAETEC collaborate to create new services in new markets, based on validated financial models, and joint go-to-market plans. "It's so important that we go to market on a sustainable, repeatable behavior once we launch a service," says John Chapman, CMO for PAETEC. "The synergy with Cisco enables PAETEC to build and test business models to approach new opportunities, including the move to cloud-based services."

Cloud Ready

Customers are investing a great deal of their internal IT budget to move their infrastructure to the cloud to reduce costs and provide greater flexibility. PAETEC's network-centric approach to managed services is perfectly positioned to meet this challenge because the company grows its cloud-based services to meet customer demand.

The company has been making investments in what are today being called cloud-based services. It has always been PAETEC's view that intelligence and new services

would be based on the network. "We have a number of offerings that unify computing, network, applications, security, and we want to drive a transition from a telephony and WAN company, a data and voice company, to an application company that is based in the cloud," says Sanjay Hiranandani, CTO and president of cloud services for PAETEC.

PAETEC believes that it is in a perfect position to provide reliable, secure cloud services to enterprise customers. That confidence stems from the reliability of the infrastructure that the company established with Cisco over the past 10 years. Building services to enable CIOs to quickly move to the cloud will create tremendous shareholder value for PAETEC and its customers moving forward.

Network Enables Success

Building on a solid technology foundation has been a key enabler of PAETEC's success. The Cisco® Next-Generation Network (NGN) and Unified Service Delivery (USD) platforms are the basis for the services infrastructure that delivers positive customer outcomes. PAETEC believes that having best-in-class equipment and network infrastructure is key to long-term customer satisfaction. The company reinforces with its clients that long-term value comes from a lower total cost of ownership derived from a common and reliable platform.

An end-to-end Cisco solution means that PAETEC is using Cisco in its core network, as integrated access devices on the edge, and across the network with its routers. "Cisco products are repeatable, scalable, predictable, and they're truly resilient for us," says Chapman. "That's what our customers are looking for.

The whole strategic partnership enables success for our customers."

Relationship Driven

Cisco knows how to create value for PAETEC and its customers. Some of this value is driven by a smart commission structure and financial incentives, but the willingness of Cisco to help PAETEC develop new end user relationships really matters. Cisco helps by recommending PAETEC to its customers and by bringing together other value-added partners. "We've gone on road shows together with our Cisco colleagues around the country, teaching people what PAETEC's doing and what the opportunity is for them to create value for their business," says Chesonis.

"When we put PAETEC's sales channel, Cisco Direct, and Cisco VARs together, we can build great solutions," says Chapman. "We can leverage our next-generation platforms with Cisco to give our customers personalized solutions, ranging from data center collaboration, to video and borderless networks that cannot be matched anywhere else. It's just been a fantastic partnership."



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