

# Sprint Nextel Partners with Cisco to Stay One Step Ahead of Developing Trends in Communications

## Executive Summary

### CUSTOMER NAME

Sprint Nextel Corporation

### INDUSTRY

Service Provider

### BUSINESS CHALLENGES

- Transform from a product-centric to a customer solutions company
- Develop high-margin, IP- and broadband-based data services; accelerate time to market, and increase market penetration
- Focus on vertical industries

### SOLUTIONS

- Form a business alliance with Cisco to capitalize on Cisco's technological and marketing expertise
- Jointly innovate new products and services linked to developing trends in network convergence, IP communications, security, and wireless
- Collaborate with the Cisco marketing team to present a single face to the customer and make "one plus one equal three"

### BUSINESS RESULTS

- Increased customer sales
- Innovation of services around L2TPv3 and MPLS
- Improved market sensing and shorter time to market
- Generated more than US\$1.7B in total contract revenue to Sprint Nextel over the first four years

Sprint Nextel is a Fortune 100 telecommunications company with corporate headquarters in Reston, Virginia, and operational headquarters in Overland Park, Kansas, that offers an extensive range of innovative communication products and solutions, including global IP services and wireless voice and data. Organizationally, it is segmented into two divisions that address the needs of businesses and consumers. In August 2005, Sprint and Nextel completed a merger that was announced just eight months prior, and in May 2006, Sprint Nextel spun off its local telephone division, which now operates as Embarq.

## BUSINESS CHALLENGES

In the face of changing technology and heightened customer demands, Sprint executives decided in 2002 that the company needed to redirect its strategy to remain competitive, initiating a program aimed at transforming Sprint from a product-centric enterprise into a business that revolves around customer solutions. A key part of that change involved a focus on industry-specific solutions that capitalized on wireless and IP communications.

Refocusing on customer solutions quickly led to the conclusion that a business partnership was in order. "Customers are looking for partners who can help convert change into a competitive advantage," says Susan Nelson, Sprint's vice president of strategic alliances. "We've got part of that equation." A comprehensive look at the telecommunications landscape demonstrated that Cisco® had the other part.



Prepared by Cisco  
Internet Business Solutions Group

Vicki Warker, vice president of marketing, says Sprint saw two big advantages in the partnership. “First, Cisco® is a clear market leader in IP capabilities,” says Warker. “Second, Cisco’s market share and significant relationships expanded our channel to market in the enterprise space. When two companies join as business partners, one of the first problems they encounter is trying to figure out how you can have one plus one equal three,” notes Warker. In other words, in the face of burgeoning network convergence, IP communications growth, and concerns about secure networks, Sprint and Cisco had to figure out which opportunities in the global marketplace were the right ones around which to align their respective strengths.

### **Alliance Board Oversight**

Rob Plamondon, manager of strategic alliances, says “Cisco’s Internet Business Solutions Group [IBSG] collaborated with Sprint to create an alliance board structure that helped with that alignment.” Based on its wealth of cross-industry expertise in business consulting, IBSG recommended an innovative organizational structure that opened the way to targeted product development based on anticipated market needs.

“We have an alliance governance board made up of senior leaders from both companies,” says Warker. “Below them are two sub-boards—our Marketing Planning Execution Board (MPEB) and another that’s called the Product Technology Board (PTB).” The MPEB looks at joint marketing activities in both companies to derive a sense of how the market may be evolving over the short and long term. The PTB then takes that information and formulates potential product solutions to meet those market requirements. “IBSG does an excellent job of understanding where customers want to go, where technology is in the market, and when the time is right to develop solution sets as customers are ready to buy,” adds Nelson.

**“When companies join as business partners, one of the first problems they encounter is trying to figure out how you can have one plus one equal three.”**

**Vicki Warker, vice president of marketing, Sprint Nextel Corporation**

### **SOLUTIONS**

“What really made us spring forward together was our ability to figure out the right recipe,” says Plamondon. As an example, he cites a Frame Relay customer that Sprint was trying to convince to move to an IP-based network. It was a particularly hard sell, because the customer had invested a lot of capital and hardware in its Frame Relay system.

“With Cisco and Sprint working together, our engineers and product folks were able to come up with a solution that allowed the customer to take the first step toward transitioning over to an IP network without a lot of cost.” That breakthrough, in fact, set the stage for the SprintLink Frame Relay family of solutions based on Layer 2 Transport Protocol version 3 (L2TPv3), which allows Sprint to spool Frame Relay services over an IP network.

“That was a collaborative code development effort between Sprint and Cisco,” adds Plamondon, “which led to the development of IP-core Multiprotocol Label Switching (MPLS) service.”

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**Rob Plamondon, manager of strategic alliances, Sprint Nextel Corporation**

## **BUSINESS RESULTS**

Nelson observes that Sprint’s revenue from the MPLS market speaks for itself. “We had three customer contracts signed before we even announced it (MPLS capability), and have driven hundreds of millions in revenue since we launched it. MPLS is a highly secure solution, and when we are able to show the entire bundle—security management, industry-leading, end-to-end SLAs, all delivered over a network powered by Cisco—it creates a competitive advantage for Sprint. We went from a market that we could not address at all to one where we captured a tremendous share in a very short time.”

“Cisco helped us understand the value and benefits from a customer perspective on both MPLS and peerless networks,” adds Plamondon, “and what we are seeing now is a tremendous amount of success with both those services.”

## **Renewing the Alliance**

“From a collaboration perspective, Cisco is clearly one of the strongest and most valued relationships we have,” says Betsy Ehrman, Sprint director of strategic alliances, noting that the relationship extends to both companies’ sales organizations, as well. Sprint and Cisco collaborate not only on sensing the market and solutions, but on development of value propositions, sales training, and marketing collateral.

A recent announcement that the two companies have renewed their alliance for another three years reflects the success of the partnership. Plans are for Cisco to assist Sprint in its new Data Product Simplification initiative, which will streamline Sprint’s product portfolio and pricing strategy to offer more comprehensive, bundled networking services. As part of the initiative, Cisco will help Sprint transition its services from its existing network to a Cisco IP next-generation network. Another major focus of the alliance is for Cisco to work with Sprint to develop and market integrated wire-line and wireless products that take advantage of Sprint’s extensive end-to-end Cisco infrastructure.

## **Promising Results**

“We’ve already been doing this for four years so we have a very well-organized system for how our two companies can most effectively line up our battle flags,” says Warker. “It’s not too often you find two companies that are so well connected and aligned at the technology level as well as at the executive level, but four years of experience with Cisco has shown us this is exactly the case. It makes the next three years very promising.”

And that promise is showing up on Sprint’s bottom line. “When we engage in front of the customer,” notes Plamondon, “we are twice as likely to close business when working with Cisco than if we were selling on our own.”

“That,” he adds, “is a pretty powerful statement.”

## MORE INFORMATION

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco Systems, helps Global Fortune 500 companies and public organizations transform the way they do business—first designing innovative business processes and then by integrating advanced technologies into visionary roadmaps that improve customer experience and revenue growth.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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