Top university finances future success

Cisco Capital

Customer: University of Warwick **Industry:** Education **Location:** UK **Company Size:** 5,000 employees and 25,000 students

Challenge:

- Support ambitious plans to raise international profile
- Manage increasing user demand and traffic volumes
- Match funding to project type
- Minimise future disruption from IT projects

Solution:

- End-to-end Cisco network based on Cisco Enterprise Networks architecture
- Five-year lease purchase from Cisco Capital
- Preliminary network design by Cisco Advanced Services

Results:

- No technology constraints on future success
- Ability to respond appropriately to user demand
- Ability to allocate cash to other, longer-term projects
- Savings of £15 million over 11 years on IT

THE UNIVERSITY OF WARWICK

The University of Warwick uses Cisco Capital flexible financing to transform its network and promote continued growth

Challenge

When replacing its entire data network, the University of Warwick decided that financing an IT project was a better strategy than funding it from cash, even though the necessary capital was available.

Set up in 1965, the University of Warwick has developed a reputation for excellence in research and teaching amongst the top 10 UK higher education institutions. The organisation's strategy is to build on this success and increase its international profile to become one of the world's top 50 universities by 2015.

The university's network and IT systems provide services to over 5,000 members of staff and 25,000 students, about 6,000 of whom live in purpose-built accommodation on campus. The existing network was two years past its renewal date, with limited capacity and a growing tendency to experience operational difficulties.

However, a 'like for like' upgrade would have been insufficient to match the university's future vision or to support the growing demand for IT services from staff and students alike. Online collaboration was intensifying between academics at Warwick and colleagues at other institutions, and this, combined with the ability to generate ever larger data sets or images, was driving a growing need for additional bandwidth that would support more effective collaborative tools. Academics also needed to be able to work while travelling just as if they were still on campus, with access to the same information and service quality. At the same time, a surge in the use of video and other rich media reflected the growing importance of online communication in social and leisure interactions as well as academic activities.

"Financing enabled us to consider bigger and better solutions, which will result in a projected saving of £15 million over 11 years."

Mike Roberts
IT Director, University of Warwick

"The world has changed, and the enormous increase in user demand, traffic volumes, and activity around video and rich media that we've seen in recent years is not going away," says Mike Roberts, IT Director. "We needed a step change in our IT capability that would take us far beyond our previous capabilities."

To achieve this, the University of Warwick decided to establish a long-term partnership with a well resourced, research-based technology company. In addition to network expertise and high-quality products and services, that partner needed to demonstrate a track record of offering value-added services such as providing access to ideas and experts or developing collaborative opportunities.

The university first issued a prequalification questionnaire, to which more than 70 companies responded, and then asked nine of those companies to tender for the role of technology partner. One of the nine contenders, and the eventual winner, was Cisco® and its financing subsidiary, Cisco Capital®.

"We chose Cisco as our technology partner because it had the combination of capabilities, products and services that we were looking for," says Roberts. "In fact, Cisco was the only company that could satisfy all our requirements."

Although the university had enough cash in the bank to purchase a new network outright, the challenge was to determine if this was the best possible use of the funds. "The issue for us was how we use our capital, and how we match the type of funding to each individual project," says Jenny Greenway, Head of Corporate Finance. For example, one of the IT goals was to minimise the disruption caused by technology replacement for as long as possible after this project, an approach that would require more expenditure up front. "In order to minimise future disruption, our up-front investment would have to be double that previously set budget, and that's why the financing option became a serious consideration," says Roberts.

Solution

Engineers from Cisco Advanced Services produced a provisional network design that reflected the university's strategic direction and ambitions, by incorporating technologies that would most effectively further those ambitions. With a projected lifespan of more than 10 years, the platform proposed by Cisco was a dynamic environment capable of supporting many different functions and adapting to changing requirements.

The platform embodies the Cisco Enterprise Network architecture to provide secure access from any device, anytime and anywhere, and to support multiple services, including technologies and applications that incorporate video and other rich media. High-performance Cisco Nexus 7000 Switches in the network core provide essential reliability and scalability, with built-in virtualisation helping to reduce costs, improve fault management, increase usage rates of valuable IT resources, and make IT service delivery much faster and more flexible.

The financing solution proposed by Cisco Capital was a five-year lease purchase with quarterly payments at an extremely competitive interest rate and an option to purchase the equipment for a nominal fee at the end of the term. As part of the agreement, Cisco Capital also disposed of the outgoing legacy network according to UK environmental legislation.

Having selected a Cisco channel partner to install the network, one of the university's top priorities was to ensure that the schedule of payments during the rollout was aligned with the deployment. Instead of creating one rigid set of terms and conditions, Cisco Capital took a much more flexible approach, producing a Master Lease at the start of the project, followed by four separate schedules that coincided with each phase of equipment purchase over a four-month period.

Results

The overriding benefit of using financing was that it enabled the University of Warwick to choose the most appropriate type of funding for the IT project and to use its other capital resources for longer-term programmes such as building works. "We will repay the total funding for the equipment within five years, which matches the University's policy to repay capital used to fund IT projects over a shorter period of time and so the term offered was a good match to this policy," says Greenway.

The Cisco Capital solution proved so attractive because of the interest rate, which was significantly cheaper than alternative forms of finance, and the flexible approach that Cisco Capital people brought to the negotiations. It was particularly helpful to be able to negotiate a payments schedule that corresponded to each stage of the rollout, giving the university complete control over the whole process.

"We're a young university with an entrepreneurial approach," says Greenway. "We do things in a proactive and non-traditional way. What Cisco Capital did very well was to understand why we had put a certain contract in place and how the financing had to fit into that contract. For example, the four schedules we agreed with Cisco Capital meant that we were only drawing down the funds when we had to, and when we knew the equipment was in and working."

In addition, because the full amount of value added tax is paid up front on a lease purchase, the University of Warwick saved money by avoiding any tax increases that came into effect over the five-year term.

From an IT perspective, financing enabled the university to commit to one very large project supported by regular organic maintenance and growth, instead of undertaking three or four major projects over a period of 10-12 years. This not only made it easier for internal stakeholders to envision and approve the project, but also led to significant savings during the lifecycle of the new network. "Financing enabled us to consider bigger and better solutions, which will result in a projected saving of £15 million over 11 years," says Roberts.

Such substantial savings are particularly important to the university's future as it continues to compete for research funding and students in an increasingly discerning marketplace.

The IT team at Warwick is still getting to know, and learning to exploit, the wealth of possibilities offered by the new infrastructure, but it is already clear that there are no longer any technology constraints. At the same time, the university and Cisco are developing their partnership and working on various potential projects together.

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For more information

Details of Cisco Capital financing solutions are available at: **www.ciscocapital.com/emea**

More information about Cisco Nexus Series Switches is available at: **www.cisco.com/go/nexus**

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