

The True Economics of Networking

At-A-Glance

What is the Value of Considering TCO for Network Purchases?

Public sector organizations are facing pressure to decrease IT costs without decreasing service levels. Total cost of ownership (TCO) is an important evaluation criterion for network infrastructure, collaboration solutions, and data centers.

TCO includes the initial purchase price plus the lifetime costs of labor, maintenance services, and energy. Although a “good enough” network typically costs less upfront, the slight premium for a next-generation network infrastructure generally pays for itself through lower operational costs over the equipment lifetime.

What Problems Does A Next-Generation Network Help Solve?

Cisco Next-Generation Network architectures position public sector organizations to adopt new technologies, such as video and cloud services, that increase service levels and workforce productivity. Some of the trends spurring network upgrades include:

- Growth in video traffic, expected to quadruple total IP traffic volume by 2014.
- Increasing adoption of cloud services and virtualization: 70 percent of organizations are expected to use enterprise cloud technology by 2012.
- Increased mobility: Forrester Research projects that more than 7 billion new wireless devices will come online by 2014.
- “Bring-your-own-device” policies: Public and private sector organizations are allowing employees to use personal devices for work, which requires automated enforcement of security policies.

Lower TCO for Cisco Borderless Network Architecture

In June 2011, Cisco commissioned a third-party business-consulting firm to analyze the true TCO of the network, comparing hard costs of acquisition, support, labor, bandwidth, energy, and product lifespan, as well as soft benefits such as network uptime, user productivity, and security. The firm concluded that the Cisco Borderless Network Architecture can deliver up to 13 percent better TCO than a “good enough” network, for the following reasons:

- Longer lifespan: 6-7 years compared to 4-5 years for comparable products.



- Lower labor costs: Labor constitutes 50 percent of TCO, and Cisco delivers 5-10 percent labor savings because of unified management of wired and wireless networks and embedded security.
- Large pool of skilled engineers: Organizations can save the high costs of hiring or training engineering talent to manage non-Cisco networks.

What are the Benefits of the Cisco Borderless Network Architecture?

Unlike “good enough” networks that provide only basic connectivity, the Cisco Borderless Network Architecture lowers TCO and can help support the mission. Sources of labor savings include:

- Cisco provides a single access policy and platform for managing wired, wireless, and remote users.
- Cisco TrustSec® delivers automated, context-aware device and user policy management.
- Cisco® CleanAir™ wireless technology decreases the labor needed for wireless interference management.
- Integrated security reduces the number of security interfaces and network elements, and enables faster threat identification.
- Cisco Prime™ management solutions save labor costs associated with managing network software and deploying network services.
- Architectural reference designs can save up to 20 percent of the time of designing and deploying an enterprise network.
- Cisco adaptive WAN capabilities can provide up to 10 percent bandwidth savings.

Factors helping to increase mission efficiency and effectiveness include:

- Improved network uptime and faster response to disruptions

through a broad global network support infrastructure and network resiliency innovations

- Higher IT and end-user productivity
- Lower threat of security breach because of Cisco SenderBase® and other technologies.
- Comprehensive professional and technical services that help improve network health and stability, reduce cost, and mitigate risk

Why Cisco?

Cisco invests more in R&D than its top four competitors combined, resulting in innovations that improve the user experience, management efficiency, agility, and security. In addition, Cisco Services can provide operational support services, enabling public sector IT organizations to focus instead on strategic projects.

To use the Cisco Borderless Networks ROI Benefits Calculator, visit: www.cisco.com/assets/sol/bn/flash/benefits_roi_calc/

For more information on Cisco Borderless Network Solutions for Federal and State Government and Education, Please go to:

- http://www.cisco.com/web/strategy/government/borderless_federal.html
- http://www.cisco.com/web/strategy/government/us_state_local/borderless_statelocalgovernment.html
- http://www.cisco.com/web/strategy/education/borderless_education.html

1. Cisco Visual Networking Index
2. CIO Magazine, State of the CIO 2011 Study



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