



NetDevices, Inc.

Economics of the Enterprise Edge

Interop New York 2005



Branch Networks Changing...

Growing sophistication, applications at remote offices



CRM

ERP

SCM

email

Disruptive new appliances, management and support



...



Firewall



VPN



IDS/IDP



VoIP



Router

Increasing cost & complexity of management

Configuration?

Staff hours?



Ability to maintain uptime?

...and Growing in Business Importance

- Will become competitive advantage or liability
- Can be key business or service differentiator
 - Bank of America's live branch services vs. small bank
- Speed & accuracy of information sharing
 - E.g. retail (inventory levels, faster transactions, etc)
- Growth of applications & business processes at edge of network

Changing CIO Perspective: Technology Is Important, But Economics Are Critical

Table 29. Respondents Stating Factors Was Very or Extremely Important

Summary of factors very or extremely important to purchase decisions.	% of Total	Organization Size (# Employees)				
		#10-19	#20-99	#100-499	#500-999	#1000+
Lower operating expense	84.78%	86.41%	84.10%	85.19%	66.57%	94.12%
Fewer devices to manage	68.77%	69.90%	67.18%	68.52%	58.33%	88.24%
IT staff productivity	65.88%	55.34%	69.74%	74.07%	58.33%	64.71%

Source: In-Stat, 7/05

Top 3 factors are all OPEX related

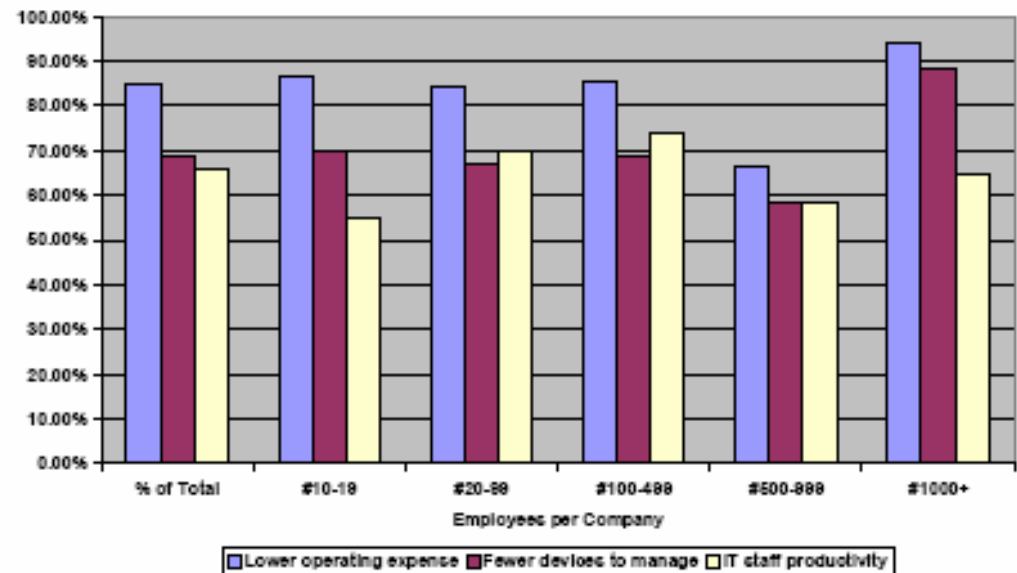
- Reduce OPEX
- Reduce # devices
- Increase productivity



Improved:

- NPV, ROI, payback

Figure 16. Graphical View of Buying Criteria Importance

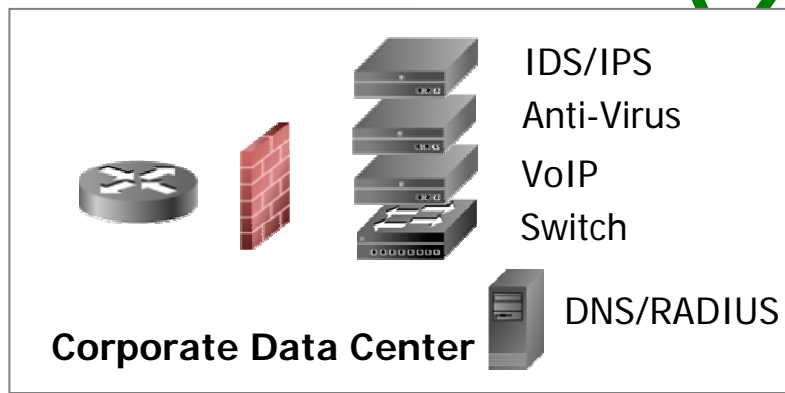
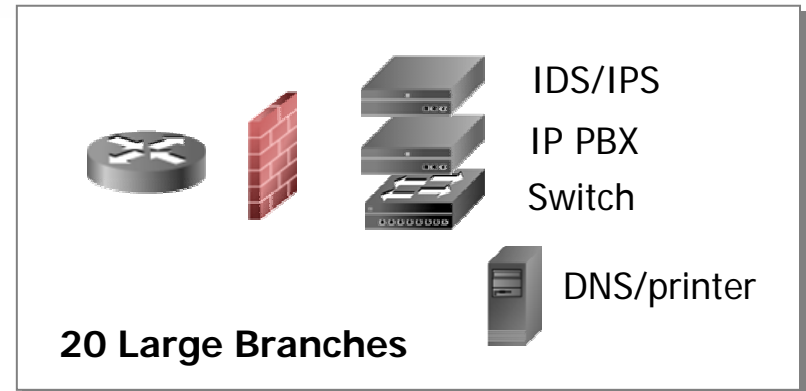
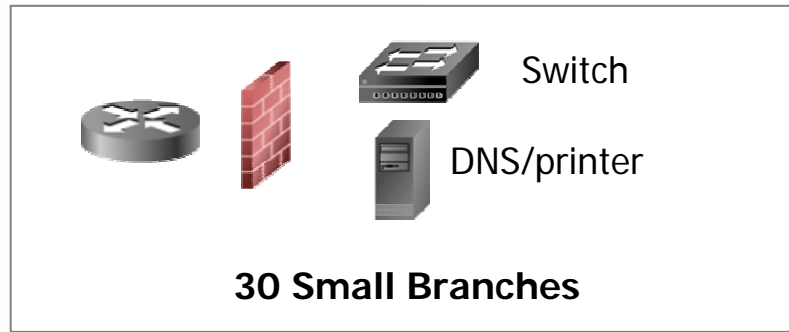


Source: In-Stat, 7/05

Source: In-Stat "Business Gateways report", Sept 2005

Economics of Today's Branch Networks

Example: 50 branch enterprise

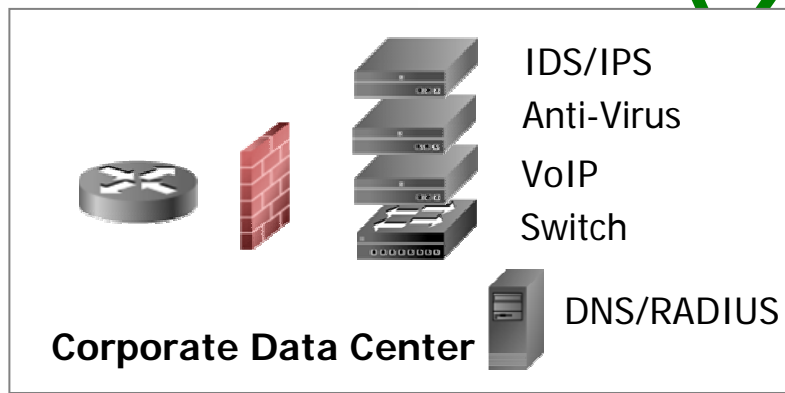
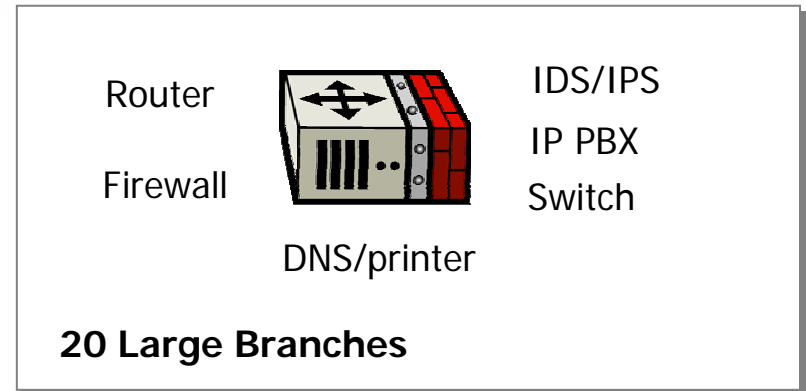
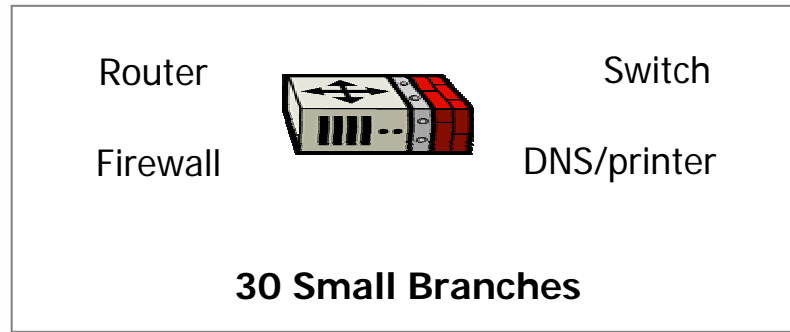


- **Average = 5 devices/branch**
- **Configuration**
 - 4 hours/device*
 - 240 x 4 hours @ \$46/hour*
 - \$44,160 one time cost
- **Support**
 - \$3,400/year per branch*
 - \$170,000/year total
- **OPEX**
 - \$351,000*

* Cost benchmarks from Nemertes Research, Fall 2005

Economics of Today's Branch Networks

Example: 50 branch enterprise
(with services gateway devices)



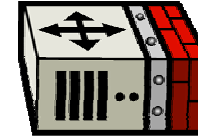
- **Average = 1 device/branch**
- **Configuration**
 - 6 hours/device*
 - 50 x 6 hours @ \$46/hour*
 - \$13,800 one time cost
- **Support**
 - \$2,600/year per branch*
 - \$130,000/year total
- **OPEX**
 - \$245,700*

* Cost benchmarks from Nemertes Research, Fall 2005

Economics of Today's Branch Networks

***Significant
potential
savings***

Router



IDS/IPS

Firewall

IP PBX

Switch


DNS/printer


...adding services gateways

	<u>Point Products</u>	<u>Services Gateways</u>	<u>3 Year Cumulative</u>
Configuration	\$44,160	\$13,800	\$91,080
Annual Support	\$170,000	\$130,000	\$120,000
Annual OPEX	\$351,000	\$245,700	\$315,900
			\$526,980
			3 year savings

What *Is* A Services Gateway?

1. Delivers all required branch IT services:
 - Security (firewall, IDS/IPS, VPN, AV)
 - Voice (VoIP)
 - Network (switching, routing, QoS)
 - Infrastructure (DNS, RADIUS, caching etc)
2. Purpose-built to solve branch challenges:
 - Reduced TCO
 - Single device to manage
 - Live upgrades/fixes
 - Future-proof
 - Modular operating system
 - Always-accessible remotely

 "The Gateway will be a modular, standards-based device offering high-availability, a wide variety of service modules, and integrated system management."

 "Services Gateways go far beyond both legacy branch equipment and standard multi-service equipment."

How Services Gateways Improve the Branch

Equipment Purchases

- Fewer devices / support contracts
- Faster installations

Improved Uptime / Revenue

- Less planned/unplanned downtime
- Faster problem resolution

Support

- 100% remotely accessible
- Faster upgrades & fixes
- Fewer truck rolls

Future Proof

- Support all branch services
- Easily add new services

Summary

- Branch network costs & reqt's are changing
- Next generation solutions are emerging
- Services gateways can visibly improve economics
 - IT productivity
 - Cost savings – OPEX & CAPEX
 - Business continuity

Thank You!

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