

Rural School District Upgrades Phone System

Internal Case Study

FASTER AND FOR LESS, THANKS TO CISCO AND CISCO CAPITAL



Customer Profile

Orange County Virginia Public School System

- Student enrollment: 5,280
- Six elementary schools, two middle schools, one high school
- Operating budget: \$46.6M
- July 1 - June 30 fiscal year

Impact

- Immediate start on \$1 million deal rather than spreading installation over five years. Included were 1,000 handsets, call manager, voicemail, emergency response software and implementation.
- Project became politically acceptable for school board and taxpayers thanks to zero percent financing and payments spread over five years.
- Start accelerated by six months, with no impact to the current fiscal year budget, since costs were rolled into the following budget.
- Cisco Business Partner's professional services included in financing.
- Lower first-year cost was in range with district's other capital projects.
- Deal is now five times bigger than district originally proposed.

Challenge

Like thousands of small school districts across the United States, the Orange County, Virginia, Public School System faces extremely tight annual budgets. This has created a politically challenging spending environment. Yet the district's phone system clearly needed replacing. When its legacy system equipment failed, users had to wait without dial tone until parts were sourced on eBay, shipped and installed. The only service the legacy system offered was dial tone – no systemwide voice mail, no ability to broadcast calls during an emergency and no other features considered essential by most districts.

The school system staff and board felt the only politically acceptable option was to replace the system piecemeal, over five years. That's the deal it proposed to Cisco and its partner.

"How can you go to your taxpayers and say, 'We need a \$1 million phone system' when you need to buy buses and replace heating and air conditioning?" said Regis Dean, Account Manager, U.S. Sales, Cisco. "Our goal was to get in front of their financial people and show them how we could get the phone system they needed all at once, in a way that was acceptable to taxpayers, the school board and their staff."

Solution and Results

The solution, from Cisco Capital, was simple and persuasive.

"We told them, 'Instead of spreading the installation over five years, why not do it all now and spread the payments over five years,'" said Tom Keane, Financial Solutions Manager, Cisco Capital. "They would save time and money."

Cisco Capital offered to delay the first payment six months, so the first payment was due after the start of the school system's fiscal year. The incentive to accelerate the project start date was the zero percent financing. Rolling the cost of consulting, design,

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Regis Dean
Account Manager, U.S. Sales,
Cisco

installation and implementation into the financing benefited Cisco’s partner. “It’s huge the Cisco Business Partner’s profitability,” said Dean, “and that’s important because our business partners drive business with the accounts.”

“It’s key to accelerate this kind of business because a million-dollar opportunity in an area like this brings competitors out of the woodwork,” added Dean “If Cisco Capital didn’t make this deal happen all at once, we might have had to lower our margins, fight competition for the next five years or lose the deal.”

Dean and Keane said the fiscal and political realities are important. “It wasn’t just about our deal,” said Keane. “Teachers aren’t getting pay raises, taxpayers are concerned, the school district’s healthcare costs are rising, schools need maintenance ... We have to help them solve their challenges within the confines of their budget.”

Now that the school system is getting its new phone system, the county government, which was tasked with reviewing the transaction, is looking at the possibility of outsourcing its phone system to the Orange County Public Schools. This will create an additional opportunity for Cisco and the Cisco Business Partner.

“There are thousands of school districts across the country in the same situation,” said Keane. “This is a small town America solution from Cisco and Cisco Capital. Now when a school district says, ‘We have technology needs but we can’t afford it,’ we can tell them, ‘Let me show you how we helped a district in Virginia that couldn’t afford it either.’”

Key Team Members

- Regis Dean, Account Manager, U.S. Sales, Cisco
- Tom Keane, Financial Solutions Manager, Cisco Capital