Visionael Cloud OSS

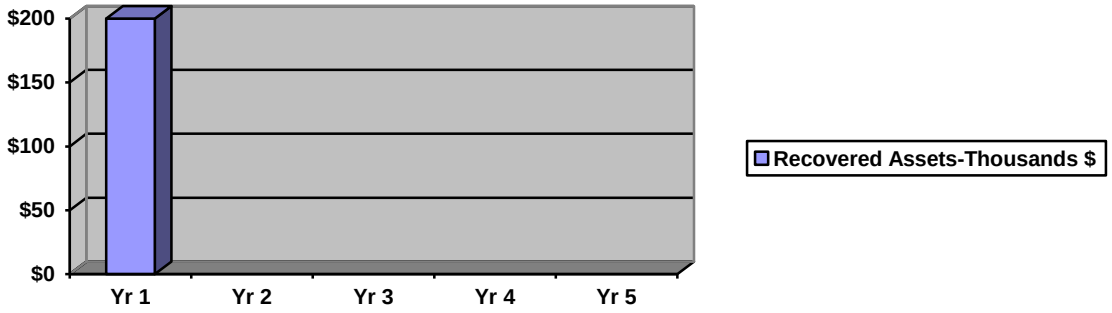
Value Proposition

Operational Support & Capacity Planning

1. Location and Recovery of Stranded Assets

Using *V-cloud* to do an accurate discovery of network devices, Visionael customers typically find that 2%-3% of their network devices can be categorized as "stranded" – that is they are installed in the network but have not been connected to carry any downstream traffic. These devices can be recovered and relocated in the network to locations where they can be utilized more effectively, which eliminates the need to buy new equipment of similar type for any new designs.

Figure 1.0



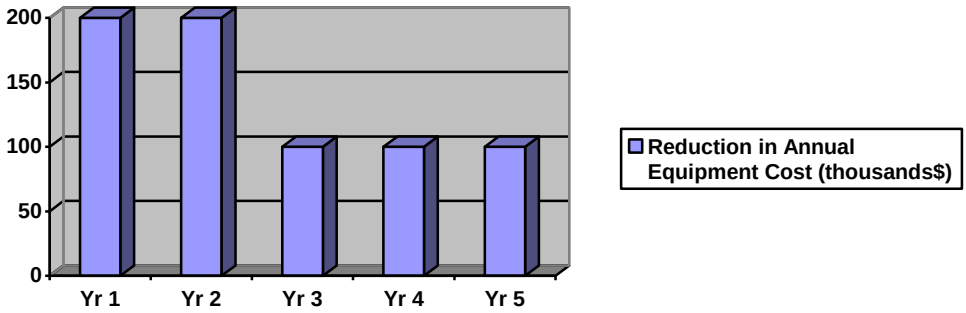
Calculations and Assumptions

- **Total number of devices in the Acme Telecom network = 1,000**
- **Average cost per device = $10,000**
- **Number of recovered devices = 0.02 (1,000) = 20**
- **Total savings from recovery of stranded assets = 20 X $10,000 = $200,000**

2. Annual Reduction in Network Equipment Purchases due to Higher Port Utilization Rates

Acme Telecom can expect to be able to reduce its annual cost for new equipment from the use of the *V-cloud* service to increase port utilization rates throughout its network. Historical data indicates that the average port utilization rate for networks being managed by manual inventory methods is 40%. Through the methodical use of *V-cloud*, Visionael customers have been able to increase their average port utilization rates on network equipment to 70%, increasing the revenue driven through their equipment investment, while reducing the annual cost for new equipment by as much as 10 % per year, especially in the early years of a Visionael implementation, when the excess network capacity discovered by Visionael is being recycled.

Figure 2.0



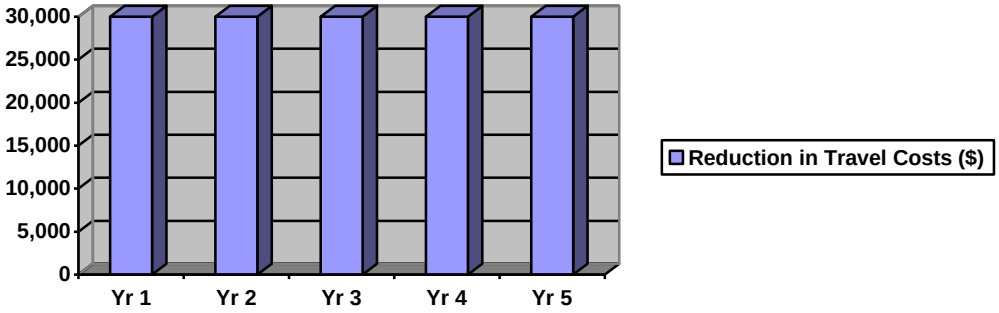
Calculations and Assumptions

- **Current Acme Telecom port utilization rate is 40%**
- **Acme Telecom annual cost for new equipment = $2 million**
- **Over the first two years, port utilization can be increased to 70%, resulting in a reduction of annual equipment purchases for years 1 & 2 of 10% per annum.**

3. Reduced Travel & Expense Costs

Along with the cost savings attributed to efficiency increases in Network Designers, Acme Telecom can realize additional cost savings in other areas of the network design process, primarily in the area of the travel costs associated with site visits. Prior to using Visionael's automated discovery and design tools, Acme Telecom would have to send engineering staff out to the field to do manual site audits to be able to have the most recent view of the network to complete the design process. In many instances, multiple site visits will be required to totally complete the design process and install the equipment. Through the use of *V-Cloud*, Acme Telecom will be able to have an accurate, real-time view of its entire network, which would eliminate some, if not all, site visits required to accurately create and implement new designs.

Figure 3.0



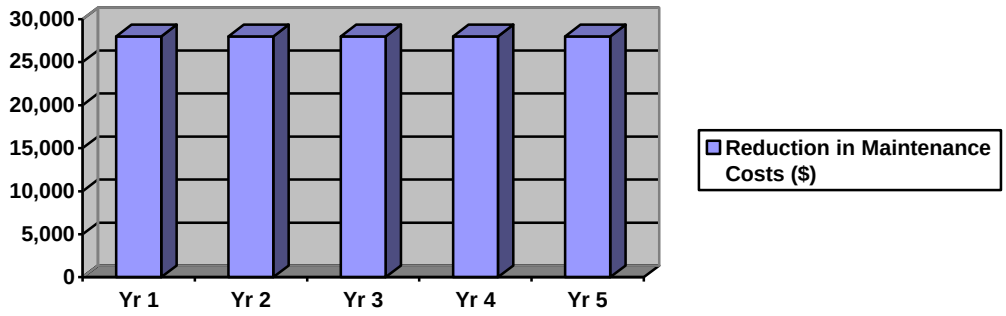
Calculations and Assumptions

- **Number of new designs per year = 150**
- **Number of site visits required without Visionael = 3 per design**
- **Number of site visits eliminated per design by using Visionael = 1**
- **Total number of trips eliminated per year = 150**
- **Average travel cost per site visit = $200**

4. Equipment Maintenance Cost Reduction

By paying maintenance on surplus or stranded network equipment, Acme Telecom's annual maintenance fees from its vendors may be higher than they should be. These costs would be incurred annually and could grow as Acme Telecom expands their purchases of new equipment. Projected maintenance costs savings are shown graphically in Figure 4.0

Figure 4.0



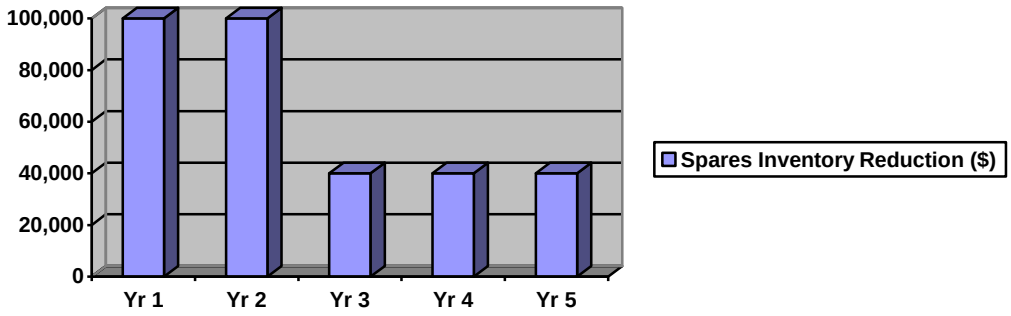
Calculations and Assumptions

- **Total estimated value of network equipment before Visionael = $20 million**
- **Percentage of assets recovered as stranded assets with Visionael = 2%**
- **Total actual value of equipment in production network = $19.6 million**
- **Annual maintenance cost = 7% of equipment value**
- **Annual reduction of maintenance costs (on 2005 equipment alone) = $28,000 per year**

5. Reduction in Spares Inventory Carrying Costs

By accurately matching Acme Telecom's Spares Inventory with the devices shown to be in production, Visionael would expect to be able to reduce the overall value of the spare parts carried as inventory by a significant amount. In years 1 & 2, the primary cost reductions will come from eliminating spares inventory for equipment that is no longer used in the production network, and by making reductions in other types of spare parts for equipment that is being phased out over time or is found not to be as prevalent as once thought. In years 3-5, the primary source of cost reductions will come by accurately matching the spares levels in each depot with the actual deployment of equipment in the production network

Figure 5.0



Calculations and Assumptions

- **Acme Telecom will carry approximately 10% of its total value of production equipment (estimated to be $20 million) in spares inventory.**

TOTAL SAVINGS OPPORTUNITIES

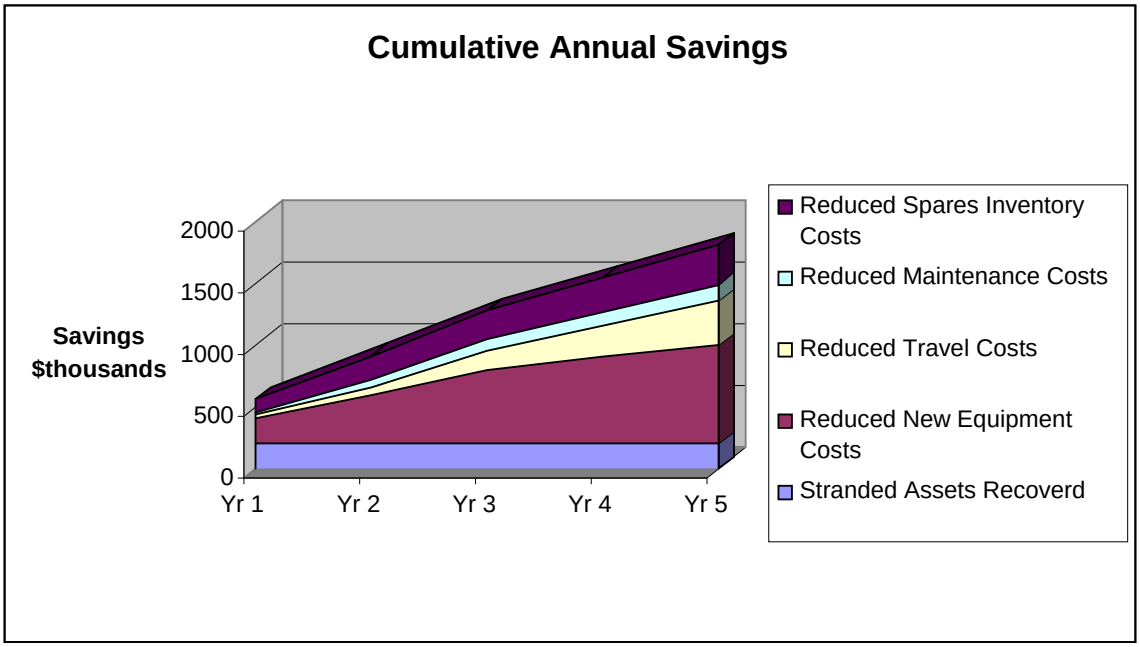
The potential cost savings available to Acme Telecom is substantial. Based on this we would expect a beak-even timeframe of well within 18 months for Acme Telecom. This assessment does not quantify the potential for increased revenue due to improved response time in diagnosing network down situations or in freeing people up to take on more strategic tasks.

The five main areas of savings opportunities that we have identified are:

1. Location and Recovery of Stranded Assets
2. Reduction of Annual New Equipment costs
3. Reduction in Travel & Expense Costs associated with site visits needed for new designs
4. Equipment Maintenance Cost Savings
5. Reduction in Spare Parts Inventory

The graph in Figure 5.0 shows the estimated cash flow savings of all five of these areas for Acme Telecom over the next 5 years.

Figure 5.0



Forecasted Value

Our conservative estimates show that Acme Telecom can expect to realize over $500,000 in savings in Year 1 using the *V-cloud* solution. Our five-year cash flow impact analysis shows Acme Telecom's five-year savings to be over $1.5 million. By spending less than $400K over this time on *V-cloud* the customer could realize almost 4X in hard savings, while consistently improving the efficiency of network operations. The customer will also be able to demonstrate improved responsiveness and visibility to their customers.