



The Netformx Index Report – Insights on VIP program trending

Do you know which Subtrack in VIP38 scored 50% less than in VIP37 on the NVI? This Netformx VIP Index Report will share the key changes partners need to know.



It's a new Cisco Year, a new VIP Period, and a realigned focus for rewarding partners with VIP rebates. Cisco continues to be a leader in transforming their business and how Cisco products are sold and consumed. Many partners are asking how these changes may impact their rebate earning potential and how this may affect their overall profitability.

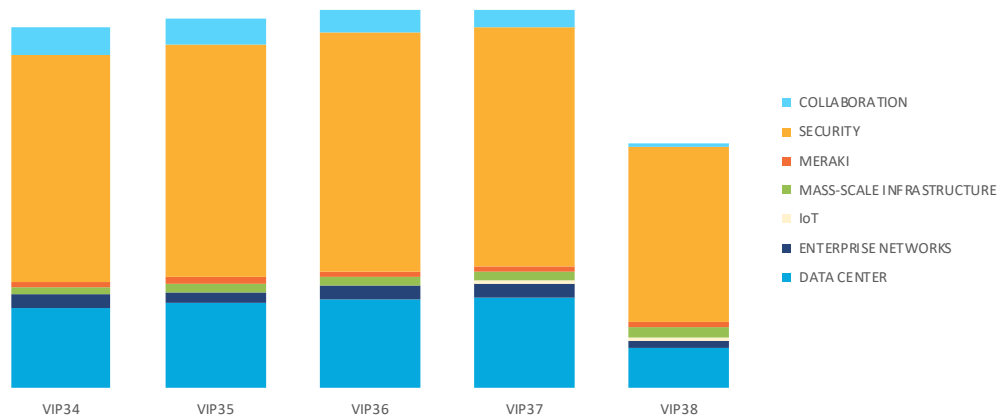
In VIP38 Cisco appears to have evolved the program to align with their continued strategy to move from traditional on-premise IT focus (hardware) to digital products and services (software driven), or in Cisco's terminology from Architecture to Annuity selling. How impactful is this change?

Leveraging our deep understanding of Cisco programs, we created the "Netformx VIP Index" or as we refer to it as "NVI" to look at how Cisco rewarded partners over the last 4 VIP periods and compared it to the new VIP38. We broke down the data by Annuity and Architecture, and then by subtracks. We took into consideration the number of eligible SKUs and percentage of payout. This has provided clear insight as to where Cisco is targeting their rebate payouts. While the program is SKU driven, the NVI is by subtrack and the higher the index the better potential for a higher rebate payout.

Architecture Trends

Architecture rebates have seen a significant shift when we look at the Netformx VIP Index (NVI) numbers.

NETFORMX VIP INDEX FOR ARCHITECTURE



This visual alone shows that from VIP37 to VIP38 there has been a significant reduction in the NVI, highlighting the impact of the reduction in number of eligible SKU's and payout percentages.

Data Center Architecture rebates index increased from VIP34 – VIP37 consistently. However, for VIP38 the index is at 76.12NVI or less than half of VIP37 which was 172.56NVI.

Enterprise Networking Architecture slightly fluctuated up and down over the periods, we now see a nearly 45% decrease with an index of 14.4NVI.

IoT Architecture is a new subtrack introduced in VIP37 and has been a very small percentage of the NVI. There was a slight decrease in the index of 6.66NVI, but not nearly as significant as for other subtracks.

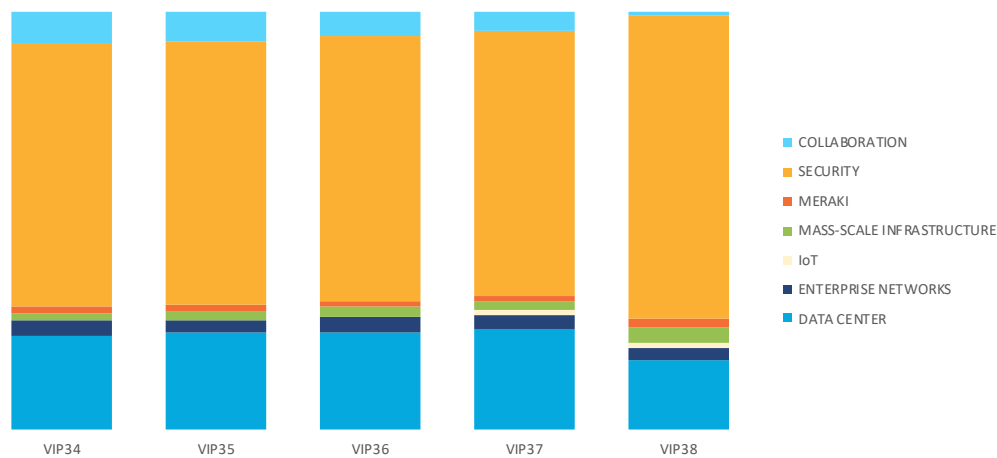
Mass-Scale Infrastructure Architecture was introduced in VIP36 replacing Service Provider Technology Architecture. There is a slight increase over VIP37 at 17.66NVI for VIP38.

Meraki Architecture has been fairly consistent over recent VIP periods with a negligible adjustment down in the index of 9.7NVI for VIP38.

Security Architecture index is still very high considering other subtracks, though at 339.1NVI, it is down by 26%.

Collaboration Architecture has seen the most significant shift of adjustment with an 86% index drop from VIP37 to a current index of 4.67NVI in VIP38.

NETFORMX VIP INDEX FOR ARCHITECTURE – NORMALIZED



After seeing the significant reduction in the NVI introduced in VIP38 for the Architecture track, we normalized the VIP Index for Architecture to provide a better visual understanding of mix by subtrack. The normalized NVI highlights how an overall stable mix between the subtracks over VIP34 to VIP37, drastically changed in VIP38. In the normalized NVI, the proportion of security has grown while there is a sharp decrease in Data Center and Collaboration.

Annuity Trends

Analyzing the Annuity trends, the index shows that they have been fairly consistent over the last four VIP periods, with a slight overall upwards trend. This strategy appears to continue, and we see very little change in how Cisco will reward partners for VIP38. The slight increase in potential rewards is mostly due to increased eligible SKU's in the program.

Security Annuity has consistently grown from 12.22NVI in VIP34 to a 14.84NVI in VIP38.

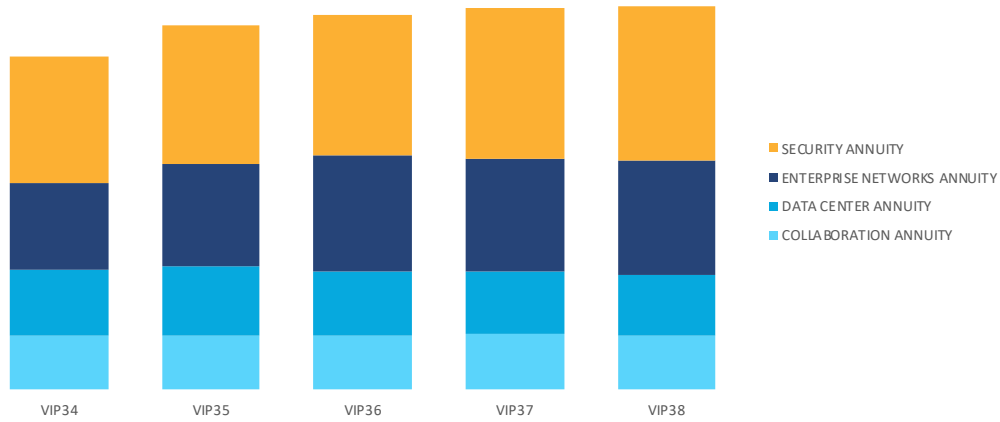
Enterprise Networks Annuity for VIP38 is consistent with VIP37's index, showing a slight increase at 10.96NVI

Data Center Annuity while still somewhat consistent, the index went down slightly in VIP37 and VIP38 to the current 5.9NVI

Collaboration Annuity has gone up and down minutely with each period, landing at 5.2NVI for VIP38

Based on these observations, the NVI indicates a stable and consistent program for Annuity without significant changes going into VIP38.

NETFORMX VIP INDEX FOR ANNUITY



In Summary

As Steve White, Program Vice President at IDC, says “Cisco has been adapting to digital transformation market trends and preparing partners to transform and succeed through life-cycle services and more ways to capture recurring revenue.” In his Cisco blog [“Helping Partners Through Magnified IT Market Change”](#), he provides four key areas for partners to focus on.

1. Move from a traditional on-premise IT focus to digital products and services
2. Shift from selling to IT to selling to business and IT, and ultimately to the C-Suite
3. Pivot from short-term deals to iterative, use case-based outcomes and a road map of continuous transformation
4. Shift from a resale-centric approach to one that focuses on services and IP-centric solutions

Steve talks about how Cisco’s partner strategy aligns with what IDC has been suggesting over the past few years as they move towards becoming a “partner of the future.”

Cisco’s changes to the VIP program appear to align with Steve White’s point to move to selling digital products and services versus on-premise hardware, and to selling to the Business and C-Suite instead of the IT Group.

Partners who are developing their Customer Experience (CX) practices are in line with Steve White’s additional points to focus on business outcomes and continuous transformation throughout the ongoing lifecycle with ongoing services and taking an IP centric approach. With Cisco’s growing CX program and formalizing of Lifecycle Incentives we see a lot of opportunity for partners to continue to achieve profitability by earning both rewards (LCI) and rebates (VIP & CSPP).

Netformx has years of experience in becoming experts in Cisco’s VIP program, and we are now also focused on Cisco’s more recent Lifecycle Incentive program. We leverage our program expertise and apply logic to all the data we automatically capture from Cisco and Distributors. What this provides is insights to the partners business, how they are investing their energies in Cisco’s programs, and how successful they were at earning rebates and rewards, or did they leave money on the table.

The Netformx VIP Index is meant to provide insights on the VIP program trending as seen by Netformx and is provided as an informative observation. Having this insight can arm partners with the information they need to consider where it may make sense to adjust their selling motions.

If you want to see how you benchmark against the industry we track and look at specific detailed data for capturing VIP rebates, contact your account manager or sales@netformx.com.

About Netformx

Netformx expertise in Cisco programs is built into our applications supplying insights to increase partner profitability throughout the customer lifecycle, provide automated partner reward and rebate management, and to deliver a better customer experience.

Consolidated and digestible distributor and vendor data is combined with applied logic and automation to ensure users have the right data at the right time to deliver value to customers throughout their digital transformation journey.

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