

## Cisco Profits Fuel Secondary Market Growth

March 2007

*By Mike Sheldon, President and CEO, Network Hardware Resale*

Cisco's recent reporting of record revenues is a good indicator that the demand for networking equipment remains robust. More interesting perhaps is their quarterly profit surge of 40 percent rode mainly on the strength of upgrades.

Isn't it more than coincidental that this increase goes hand-in-hand with accelerated timetables for product upgrades? Nowadays IT pros have learned to expect a wave of new or improved products to occur every 18 months. Does keeping pace with technology require keeping up with the frenzy of shortened lifecycles?

Not necessarily, as the price for the latest technology isn't always worth it, especially once costs for training, implementation and standardization are tallied. While OEMs often make older products seem suddenly obsolete, many network managers prefer gear that has been tested over time and proven in the field. As a result, more and more companies are expanding networks or upgrading recovery plans by purchasing familiar pre-owned equipment that may be only a generation old.

Instead of buying the latest models with all the new bells and whistles, cost-conscious and risk-averse organizations can purchase fully-refurbished equipment that comes with a one-year warranty. Whether looking to extend capacity, configure next-generation services, plan for disaster recovery or acquire network spares, the secondary market has emerged as an option for exceptional savings and response time. Both current and previous-generation gear is readily available and providers ensure it has been inspected, tested, reconditioned and as close to original condition as possible.

Ironically, OEM propensity for cranking out upgrades is one of the prime movers behind rapid growth in sales of pre-owned equipment. The continuous onslaught has flooded the secondary market with ample inventories at highly-discounted prices.

As Cisco's latest financials confirm, product upgrades are good business for OEMs, but they also need to make sense for end users, especially when buying pre-owned gear is an increasingly-viable choice. The fact that previous-generation equipment is in such high demand means that more organizations are embracing alternate channels for network expansion and upgrades.

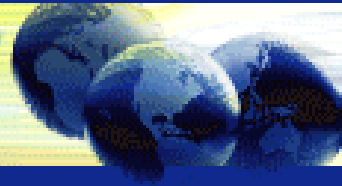


**Mike Sheldon**  
*President and CEO,  
Network Hardware Resale*

*Reprinted with the permission of Telecom Reseller, [www.telecomreseller.com](http://www.telecomreseller.com).*

IP-PBX/PBX • VOIP • SIP • SOFTWARE • SERVICE • MAINTENANCE • SPEECH • MOBILITY

# Telecom Reseller VoIP Networks™



**On  
Line**

THE NEWSPAPER for TELECOM NETWORKS