



AT&T Certified Pre-Owned  
Business Case Study 2017

## Using the Gray Market to Manage Network Hardware Poses Challenges with Significant Costs and Risks

<i><b>AT&amp;T Challenges</b></i>	<i><b>Gray Market Costs and Risks</b></i>
<ul style="list-style-type: none"><li>» Support legacy networks to maintain Service Level Agreements (SLA)</li><li>» End Of Life (EOL) equipment is no longer available from the OEM</li><li>» Today procure EOL inventory from the secondary (gray) market</li><li>» Equipment is not authorized for use by OEM</li><li>» Does not qualify under customer's existing OEM contract warranty and support</li><li>» Equipment may be missing critical Engineering Change Order (ECO) updates (firmware, software)</li><li>» Gray market product may present security risks and creates issues for both parties from a compliance perspective</li><li>» Supply complexity in the secondary market hard to manage, creating reliability problems</li><li>» Equipment problems and disputes must be resolved outside of current agreements</li></ul>	<ul style="list-style-type: none"><li>» Gray market product creates security risks and compliance issues since resellers are not authorized</li><li>» Equipment purchased from the gray market does not come with a legal Right to Use (RTU) license from the OEM.</li><li>» Reliability problems from out-of-date software and the risk of unreliable or counterfeit equipment</li><li>» Fines, legal action and contract disputes for the use of unauthorized product drives up costs</li><li>» OEM reputation harmed by equipment failures or poor performance</li><li>» Tension and frustration by both parties as neither party can find a way out of the gray market situation</li><li>» OEM loses revenue opportunity because it has no visibility into EOL product needs</li></ul>



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## An Effective Certified Pre-Owned Program Managed by PureWRX Brings Benefits for OEM and Customers

<i><b>CPO Program Features</b></i>	<i><b>CPO Program Results</b></i>
<ul style="list-style-type: none"><li>» PureWRX provides a Certified Pre-Owned (CPO) solution with OEM partners, focused on End Of Life equipment</li><li>» All product is fully refurbished by OEM and comes with entitlements and Right to Use (RTU) license</li><li>» All EOL equipment is eligible for warranty and support under existing OEM contract</li><li>» PureWRX operates under a global Master Service Agreement (MSA) with AT&amp;T and OEM partners</li><li>» PureWRX coordinates with OEM sales team on transactions to ensure there is no cannibalization POS</li><li>» Point of Sale data on all sales provided to OEM</li><li>» PureWRX is default vendor for certain EOL equipment</li><li>» AT&amp;T shares forecast of demand allowing PureWRX time to procure the necessary parts</li></ul>	<ul style="list-style-type: none"><li>» AT&amp;T can get out of the gray market, reducing security risks and the number of vendors they must work with</li><li>» OEM has visibility and revenue on EOL products within AT&amp;T, with a much higher level of trust between the companies</li><li>» OEM now able to service customer better through entire product lifecycle better product planning</li><li>» AT&amp;T has better delivery times and resulting in predictability within procurement process by sharing forecast with PureWRX on EOL needs</li><li>» First OEM CPO program in place for 18 months, \$20M in authorized product procured</li><li>» OEM created new business unit to specifically run CPO program</li><li>» Compliance Department can become a partner with customers for CPO</li></ul>



## PureWRX Certified Pre-Owned Business Case Study 2017

### Certified Pre-Owned Program Overview

- » Master Service Agreement (MSA) signed and program launched in Q4 2015
- » \$20M in Certified Pre-Owned (CPO) products sourced since inception
- » All product has been certified by the OEM
- » All product eligible under existing warranty and support contract
- » Program provides core routing platforms to support critical networks globally for AT&T
- » Switching platforms include managed services to support legacy commercial networks
- » All products acquired have been End Of Life (EOL) from the OEM
- » CPO program utilized to help with capacity augmentation and sparing for legacy networks
- » CPO relationship incorporates global AT&T networks for NP&E and supply chain organizations
- » Products include:
  - › Interface cards to support existing installed systems
  - › Bundled systems with feature licenses, power supplies, routing/forward engines
  - › Switching platforms to complement existing legacy systems

#### Juniper Networks Certified Pre-Owned powered by PureWRX



### The PUREWRX Ecosystem

High  
Tech  
Risk

Low  
Tech  
Risk

