



PUREWRX

**Certified Pre-Owned Program
Business Case Study 2017**

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

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creates security risks and compliance issues for customer since resellers are not authorized» Reliability problems from out-of-date software and the risk of unreliable or counterfeit equipment» Fines, legal action, and contract disputes for the use of unauthorized product drives up costs»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

**An Effective Certified Pre-Owned Program Managed by
PureWRX Brings Benefits for OEMs and Customers**

<i>CPO Program Features</i>	<i>CPO Program Results</i>
<ul style="list-style-type: none">» PureWRX provides a Certified Pre-Owned (CPO) solution with OEM partners, focused on End Of Life equipment» All product is fully refurbished by OEM and comes with entitlements and Right to Use (RTU) license» All CPO equipment is under full warranty and is eligible for support» PureWRX operates under a global Master Service Agreement (MSA) with Customer and OEM partners» PureWRX coordinates with OEM sales team on transactions to minimize cannibalization» Point of Sale (POS) data is provided directly to OEM» OEM authorizes PureWRX to be the default vendor for certain EOL equipment within customer network» Customer shares forecast of demand allowing PureWRX to optimize price and delivery timing	<ul style="list-style-type: none">» First OEM CPO program in place for 24 months, with over \$20M in authorized product delivered» OEM created new business unit to specifically run CPO program» Customer no longer needs to buy from gray market, reducing security risks and the number of vendors they must manage» OEM has visibility and revenue on EOL products within their customers, with a much higher level of trust between the companies and the OEM» OEM now able to service customer better throughout entire product lifecycle» Customer has better delivery times and procurement predictability» Compliance Department becomes a partner with customers and PureWRX» By participating in CPO program, customer and OEMs support the circular economy while gaining financial benefits