



Cisco Capital – Process for Cisco Capital Transaction

Thank you of your interest in financing your project through Cisco Capital. To assist you in your decision-making, this letter will describe the process for executing a transaction with Cisco Capital.

The first step is to work with your Cisco Business Partner to build a bill of materials and to negotiate the best price for your project. The second step is to develop some financing options customized to your project needs based on the bill of materials and pricing. Cisco Capital can finance hardware (Cisco and non-Cisco), software, maintenance, Cisco Advanced Services, professional services (e.g. consulting, design, installation and implementation) and some leasehold improvements (e.g. electrical upgrades, UPS). After a discussion with you, Cisco Capital will prepare a planning quote(s) for your review.

If the planning quote meets your needs, you will be asked to provide the bill of materials and pricing, complete a one page “essential use” statement (sample attached) and, if not on-line, provide Comprehensive Annual Financial Reports (CAFR’s) for the past three fiscal years. Until the formal contract package is reviewed, approved, signed and returned, there is no commitment on the client’s part. The “essential use” statement serves three purposes. First, information on the essential use statement is used in the preparation of formal contracts. Second, since the financial institution takes the risk for “termination for non-appropriation” which is found in each of our contracts, the financial institution wants to make sure that the project is essential to your organization. Fortunately, most Cisco projects are considered essential. Finally, there are questions on the essential use form that are needed by the credit managers for their review.

When the essential use statement and CAFR’s have been submitted, the financial institution will need four business days for the credit review and contract preparation.

A formal set of contracts will be sent to you for your review, approval, signature and return. The contract package includes an “Opinion of Counsel” letter. Your legal representative reviews the contract and offers his/her opinion that the contract meets the statutes and policies of your organization.

When the contracts have been reviewed, approved, signed and returned, the financial institution issues a purchase order to the Cisco Business Partner on your behalf and places all the project funds in an interest bearing escrow account controlled by the client. Based on the statement of work between the client and the Cisco Business Partner, milestone payments can be established for the project. Upon the satisfactory completion of a milestone, the Cisco Business Partner will invoice the client for that milestone. The client completes a one page disbursement form and submits the form and the invoices to the escrow agent. The escrow agent wires the appropriate funds to the Cisco Business Partner. The client controls vendor performance throughout the process.

The client makes payments to the financial institution based on the contract. We are happy to answer any questions you may have concerning the process.