

Pre-owned gear gains foothold

Secondary market can provide lower costs and faster response times for replacement equipment.

Continuous, accelerated network expansions often are the bane of any IT manager's existence. To support escalating business requirements in fast-paced yet budget- and resource-constrained environments, some companies are going beyond the traditional original equipment manufacturer (OEM) route to purchase guaranteed pre-owned routers and switches from providers in the pre-owned network equipment market. As a result, the "secondary market" has reached billions of dollars in sales.

A major reason for the increasing traction: in a time when IT budgets are flat or declining,

While the lure of lower prices may be the primary attraction for most end-users, others find fast response the biggest draw. Replacements purchased from OEMs typically require six to eight weeks. As a result, enterprises often seek an alternative source for replacements to keep their mission-critical networks up and running.

Such rapid equipment delivery often includes overnight delivery of in-stock parts. This is possible in most cases, as leading secondary market players maintain extensive inventories. Most popular switches and routers, especially those from Cisco, Extreme and Juniper, are readily available in substantial numbers.

A Midwestern university, for example, requires an advanced network infrastructure in order to provide cutting-edge technology in the classroom, while giving students, faculty and school administrators the latest tools. In keeping pace with constant growth at seven main district sites with two core switches and about 350 edge switches in its Cisco-powered network, the university's IT staff must respond quickly. To do so, the school has relied on the secondary market for state-of-the-art Cisco equipment at a savings of more than 40 percent off manufacturer's pricing.

In addition, expedited delivery of "like new" equipment has led the school to forecast increased pre-owned purchases to support a move to voice over IP and multiprotocol label switching-supported network routing. Another benefit is that the school is able to purchase higher-end devices than previously thought possible under current budget constraints.

The secondary market also is helping enterprises extend the lifecycle of equipment currently in use. The secondary market enables end-users to maintain network elements for many years with readily available support, service and parts.

Before taking the plunge into the secondary market, buyers should first gain an understanding of the terminology often used to describe the equipment. Terms include pre-owned, used, refurbished, new/open box and new/in box. Some of these are used interchangeably.

In most cases, pre-owned and used are catchall

DISPELLING MISCONCEPTIONS

There are many misconceptions about the pre-owned networking equipment market, including:

The secondary market is full of counterfeit gear. Top providers of pre-owned equipment generally try to uncover black market or counterfeit gear. They look beyond the packaging to test and verify product authenticity. Additionally, many resellers work with law enforcement to thwart counterfeiters and black marketeers.

Used equipment is inferior. Reputable marketers of pre-owned equipment fully refurbish their offerings to return them to as close to original condition and performance as possible. This process involves stringent evaluation, testing and replacement of all necessary components.

Buying pre-owned or used networking equipment is illegal. Purchasing from an alternate source is perfectly legal, akin to buying used books, CDs and DVDs.

There is no technical support. Leading suppliers of pre-owned equipment usually offer both pre- and post-sale technical support from certified technicians.

end-users are finding they can lower total cost of ownership for network expansions, system upgrades, disaster recovery and testing by opting for secondary market equipment. This market offers the opportunity to obtain readily available networking devices and components at savings of as much as 90 percent off manufacturers' list prices.

In one example, one of the world's largest global transportation companies purchased switches and routers from a secondary market reseller and netted savings of almost 88 percent off manufacturers' list pricing.

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terms that may include a range of equipment. Many network managers prefer refurbished equipment, as this typically means it has undergone full inspection, testing and reconditioning to return it to as close to original condition as possible. This process can involve cleaning the chassis, replacing necessary components and installing new memory.

Used equipment sold in as-is condition is available at low prices, but with no assurances or guarantees the risks are high. Equipment that is labeled as new/open box has never been used but is no longer in sealed, original packaging and can range from brand new to two or more years old. New/in box typically denotes a product from the OEM's distribution channel that is now being resold with its original packaging unopened.

However the gear is described, purchasers should make sure equipment is in satisfactory condition and meets original performance specifications. The true condition of a switch or router described in any of the terms above can vary widely.

For that reason, pre-owned network equipment should be purchased only

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from reputable sources with standard best business practices, including inspection and testing of all equipment before purchase. Additionally, the larger, more established players in the secondary market provide standard, one-year, overnight replacement warranties on all equipment, along with complete technical support services.

For an aerospace engine overhaul and repair company based in the Northwest, the security of a one-year warranty provided the level of assurance needed for purchasing pre-owned gear. As a result, the company's network, which supports

5,000 people in 10 time zones, has grown to include 90 percent pre-owned gear.

Pre-owned gear can play several other roles in enterprise equipment procurement plans. These can include disaster recovery, spare part redundancy, testing and training.

When a telecommunications company in the Southwest decided to convert to an all-Cisco network, the secondary market not only delivered lower prices on the required upgrades, but also offered trade-in value for the displaced gear. Most secondary market companies have asset-recovery programs that include exchanges, trades or purchasing outright.

The secondary market also offers the opportunity to replace or add the exact models in use instead of upgrading to the vendor's latest release, which may involve additional costs and staff training.

Enterprises might also find pre-owned gear is an affordable way to maintain a redundant network. The immediate availability of most pre-owned equipment can also result in a reliable temporary fix while awaiting replacements from the OEM. □