



## **UNEDA ANNOUNCES RESULTS OF SECOND MEMBERSHIP SURVEY HIGHLIGHTING STRONG GROWTH IN MARKET FOR PRE-OWNED NETWORKING GEAR**

*Aggressive Business Growth Driven by Increased Supply of & Demand for Quality, Pre-Owned Equipment, Immediate Product Availability, Savings over OEM Prices and Customer Responsiveness*

[United Network Equipment Dealer Association](#), April 21, 2009

### **News Facts**

- United Network Equipment Dealer Association (UNEDA), an alliance of more than 300 of the top pre-owned network equipment dealers worldwide, has released its annual survey results, revealing continued growth in this market as companies of all sizes seek more affordable equipment procurement and maintenance alternatives. Nearly two-thirds of UNEDA members responding to the survey reported an uptick in their business in 2008 while 76 percent revealed they expected an increase in business in 2009, despite an overall downturn in IT spending.
- More than half of those polled cited an increased supply of, and demand for, pre-owned network equipment as the top trends driving business expansion over the past year. An increased need for alternative maintenance and a growing demand for spares due to delayed product upgrades and network migrations rounded out the top-four factors driving continued market growth.
- More than 40 percent of the respondents reported an increase in business from larger enterprises over the past year, including financial services companies and first-time equipment buyers/sellers.
- According to the survey, the No. 1 reason companies buy from UNEDA members is responsiveness, followed by product availability, rapid delivery and savings over OEM pricing, which is up to 90 percent off list prices.
- Together, UNEDA members sell more than \$2 billion in pre-owned gear annually with the membership retaining up to \$1 billion in accessible inventory ready for overnight delivery.

### **2009 Secondary Market Trends**

- More than 42 percent of the members surveyed cited a high percentage of repeat business, with customers buying gear and/or accessories more than 20 times throughout the year.
- The vertical markets with the most activity in the secondary market last year are the following in ranked order: telecommunications, banking/financial services, high tech, municipalities/government and education.
- Network expansions topped the list of primary uses for pre-owned network gear, followed by production network, network sparing, testing and disaster recovery implementations.
- Of those polled, 98 percent offer overnight delivery of equipment while more than 90 percent ship worldwide. In addition to expedited procurement and delivery, 67 percent of UNEDA members surveyed provide asset recovery services, 58 percent have trade-in programs, 56 percent offer pre- and post-sales technical support while 46 percent include 90-day warranties on all gear sold.
- More than 97 percent of those surveyed buy and sell network routers and switches from Cisco, with Juniper in second place, followed by Nortel, Extreme, Foundry and Avaya. The most popular Cisco equipment bought and sold on the secondary market include the 2800 Series Routers, Catalyst 6500 Series Switches, Catalyst 3750 Series Switches and 7200 Series Routers.

### UNEDA Members Rank Top Priorities

- More than 86 percent of UNEDA members polled plan to add staff in 2009 in keeping up with projected business expansion.
- While 93 percent of those surveyed cited the ability to operate in a secure, safe trading environment as the major impetus for joining UNEDA, 61 percent named the ability to adopt business best practices as their main reason for becoming a member.
- Over the past year, 60 percent of the members surveyed reported a decrease in the amount of counterfeit equipment they've identified and intercepted despite the fact the members still think identifying counterfeit gear is one of the top three toughest issues they face as a secondary market provider.
- Fighting OEM fear, uncertainty and doubt (FUD) while also addressing Cisco SMARTnet issues were ranked as the top two toughest challenges facing providers of secondary gear. Of those polled, other top-of-mind issues included ensuring product integrity and quality; keeping up with demand for popular, previous-gen gear and dealing with exorbitant OEM fees for inspecting and re-registering maintenance of secondary equipment.
- In identifying top priorities for the association, nearly 60 percent of those polled cited the need to increase public awareness about the secondary market to combat negative OEM propaganda. Others hoped UNEDA could seek a cooperative working relationship with Cisco while others want clearer explanations about the legality issues surrounding software licensing. Rounding out the top five is the idea to create a UNEDA "Good Housekeeping" seal of approval for all equipment bought and sold through the alternate channel as well as the creation of an independent counterfeit task force.

### Supporting Quotes

- *Mike Sheldon, president of the board of UNEDA; president and CEO of Network Hardware Resale:*  
 "This landmark survey offers an important snapshot of a thriving market segment that is continuing to grow despite the downturn in the economy. Now more than ever, companies are turning to the secondary market and UNEDA member companies to stretch their IT dollars farther. The high percentage of repeat business underscores the fact that UNEDA members have become trusted, alternate sources for the most economical, top-quality networking equipment."
- *John Stafford, vice president of the board of UNEDA; COO at Network Liquidators:*  
 "Our membership, which comprises large, global leaders as well as emerging entrepreneurial companies, all share a commitment to making the secondary market a safe and reliable avenue for pre-owned networking equipment. We work together to establish and uphold strict industry best practices, which gives our customers complete peace of mind when they buy from, or sell to, UNEDA members."
- *Corey Donovan, UNEDA member, vice president of operations of Vibrant Technologies:*  
 "The results of the UNEDA membership survey indicate a bright spot in an otherwise down economy as well as an awaiting marketplace solution for budget-challenged network managers and cost-conscious CIOs. Concerns about counterfeit equipment, mostly throttled by OEM FUD, are clearly drowned out by UNEDA members' focus on highly ethical business practices, which has led to \$2 billion in combined annual sales."

### Resources

- In 2008, the used network equipment market was sized at approximately \$2.5 billion in size, equivalent to six to seven percent of the networking equipment OEM market (excluding wireless infrastructure). Larger enterprises than ever before are buying used equipment; in particular, orders from large banks and insurance companies have increased. Source: Bernstein Research compiled by Sanford C. Bernstein & Co. LLC

- **UNEDA Frequently Asked Questions**  
<http://www.uneda.com/faq.html>
- **Representative UNEDA member companies**
  - Network Hardware Resale  
<http://www.networkhardware.com/>
  - Network Liquidators  
<http://www.networkliquidators.com/>
  - Vibrant Technologies  
<http://www.vibrant.com/>

#### **About UNEDA**

The United Network Equipment Dealer Association (UNEDA) is a worldwide alliance of more than 300 of the leading marketers of pre-owned networking equipment. Members represent the entire spectrum of the secondary market, from companies with hundreds of employees and millions of dollars in inventory to small, entrepreneurial organizations. Together UNEDA members sell more than \$2 billion in pre-owned gear annually to over 10,000 customers. UNEDA members must adhere to a strict code of ethics that includes a firm policy against selling any equipment that is not legitimate. For more information, visit [www.uneda.com](http://www.uneda.com).

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