



E-Rate Basic Maintenance of Internal Connections Clarification for FY2011 Applicants

Recent changes in the E-Rate program will make Enterasys “SupportNet”(ES-SN-Sxx) contracts (and other vendor maintenance contracts) ineligible for FY2011. In an effort to assist you through this transition, Enterasys has created new part numbers, “SupportNet Technical Support Services” (ES-SN-TS-Sxx) which are E-Rate eligible for FY2011.

In the FCC’s *Sixth Report and Order* ([FCC 10-175](#)), the FCC included the following information on unbundled warranties and Basic Maintenance of Internal Connections (BMIC):

- We find that an unbundled warranty is an ineligible BMIC service because it is purchased as a type of retainer and not as an actual maintenance service. That is, BMIC contracts that require an upfront payment and that payment is required regardless of whether any service is actually performed are not eligible.
- ...if applicants are able to estimate a certain number of hours per year for maintenance, based on the current life of their equipment and a history of needed repairs and upkeep, they may seek E-rate funds for upfront costs on service contracts designed to cover this estimate of repairs and upkeep. Reimbursements will be paid on the actual work performed and hours used only. For example, if a school determines it will need 30 service hours in a given year to maintain its internal connections but uses only 20 hours, the school will be reimbursed only for 20 hours even if they were approved for E-rate funds on 30 hours.

Please review the following information as you prepare your Forms 470 and 471 for FY2011.

1. Beginning with FY2011, “SupportNet” is not eligible for E-rate discounts. Enterasys “SupportNet” contains an unbundled warranty, and the *Sixth Report and Order* deems unbundled warranties ineligible for support beginning with FY2011. Applicants **cannot** simply cost-allocate out the ineligible portion of SupportNet; the Commission’s rules do not allow applicants to receive support for services in a basic maintenance contract that contain both eligible and ineligible services. See *paragraph 24 of the Third Report and Order, CC Docket No. 02-6, FCC 03-323 (2003)*.

2. Enterasys has developed an alternate product, called Enterasys “SupportNet Technical Support Services” (ES-SN-TS-Sxx), that excludes the ineligible unbundled warranty and therefore is eligible for support.

Enterasys “SupportNet Technical Support Services” entitles customers to the following:

- 24x7 phone support
- Web Support
- Firmware updates/upgrades

All features above are eligible for FY2011.

3. Enterasys products purchased with a standard manufacturer’s lifetime warranty at no additional charge (i.e., included in the purchase price) are considered bundled warranties and can be eligible for E-rate discounts.

SupportNet Technical Support Services

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- 24x7 phone support
- Web Support
- Firmware updates/upgrades

There is nothing more important than our customers.

Clarification of Options for Enterasys Next Business Day Parts Replacement

E-Rate Eligible Option

1. Enterasys has also developed a separate time and materials process for replacing defective parts and equipment. This process is eligible for discounts if applicants use an estimate of time and materials costs on their FY2011 applications for Basic Maintenance. Please contact Enterasys if you have any questions about this process.

Advantages to the District:

- E-rate Eligible on a per incident basis

Disadvantages to the District:

- District will need to cut an order each time they need NBD parts
- Order will have to be processed through proper channels prior to replacement gear being sent to district

Non E-Rate Eligible Option

2. Enterasys has also created an upgrade SKU for districts that want to keep a "SupportNet" like level of service. This upgrade SKU entitles the districts at their own expense to upgrade and add Next Business Day (NBD) Parts Replacement feature to their "SupportNet Technical Support Service" contract for an incremental cost. Please note, this upgrade SKU is ineligible via E-rate. It may be purchased with funds outside of the E-rate program and secure the district with the NBD feature on a yearly contacted basis. For more information, please contact Enterasys about the upgrade SKU.

Advantages to the District:

- Upgrades "SupportNet Technical Support Services" contract to have NBD parts on a contractual basis
- District has contract in place so that they cut one order that will entitle them to NBD for the year. District will not have to cut orders and find budget on a per incident basis.

Disadvantages to the District:

- Not E-rate eligible. Cost is 100% owned by the district.

Additional Information

For additional information on the changes to the eligibility of basic maintenance contracts and other changes to the E-rate program for FY2011, you can refer to the following documents:

- *Sixth Report and Order* ([FCC 10-175](#))
- Order [DA 10-2355](#), clarifying the eligibility of basic maintenance and the new E-rate gift rules adopted in the Sixth Report and Order
- Public Notice [DA 10-2356](#), providing further guidance to E-rate participants, listing effective dates of the proposals adopted in the Sixth Report and Order, and answering Frequently Asked Questions (FAQs).
- *Third Report and Order* ([FCC 03-323](#))

Contact Us

For more information, call Enterasys Networks toll free at **1-877-801-7082**, or +1-978-684-1000 and visit us on the Web at enterasys.com

