

CISCO CASE STUDY: IMPROVING PRODUCTIVITY WITH ADVANCED TECHNOLOGY

Presentation at "Internetdagarna"

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- Cisco in brief
- Productivity as the guiding principle
- Cisco's Productivity Framework
- Cisco Productivity Approach and Results

Cisco Systems in Brief





PRODUCTIVITY AS THE GUIDING PRINCIPLE

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Productivity to secure focus on both revenue and cost



Why is productivity important?-The Labor Crunch of the Future



What Drives Productivity?

Contribution to Long-term Productivity Growth of 2.2%



Cisco Internet Business Solutions FY2005 Benefits





THE CISCO PRODUCTIVITY FRAMEWORK

The Cisco Productivity Framework



The Productivity Plane



The Productivity Plane



Business needs must drive technology investments



Source: Momentum Research Group—Net Impact 2003

Measuring Productivity



*Financial results are pro forma.



THE CISCO PRODUCTIVITY APPROACH AND RESULTS

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Service & Support Productivity



*Benefit numbers reflect total benefits for the final year of the time period.

Customer Interaction Network (CIN)

CURRENT

- Integrated Web and phone interactions
- Global IP contact center deployment
- High Web adoption—80%+ of cases solved online
- \$500M+ cost avoidance from Web self-service

FUTURE

- Single, simple customer interaction to ALL business functions
- Immediate customer connection to right resources
- Global, consistent customer experience
- 20%+ expected call center cost reduction



Manufacturing Productivity

| Benefits | Boom | | Recovery | Buildout |
|----------|--|--|---|--------------------------------|
| | | | \$280M | Manufacturing Interaction |
| | \$225M | | Virtual supply chain Eng/Mfg | • Lean production |
| | \$85M | Manufacturing Connection | Connection Online (EMCO) | |
| | Auto-testSingle ERP | Online (MCO) Integrated logistics | | |
| | Supplier portals | | | |
| | Extend System Ac | cess to Suppliers | Enhance Visibility | Integrate Partner Processes |
| | FY95 FY96 FY97 | FY98 FY99 FY00 F | | 04 FY05 |

*Benefit numbers reflect total benefits for the final year of the time period.

HR & Finance Productivity

| | Boom | | Recovery | Buildout | |
|----------|---|---|----------|--|--|
| Benefits | | | | \$800M | E-Management E-Compliance |
| | \$55M | | • E | -Collaboration -Communications -Treasury | |
| | \$15M | Employee self- service | | | |
| | Intranet portalStock | E-Procurement Virtual Close | | | |
| | administration E-Expense reporting | | | | |
| | Automate Back-offic | ce Tasks | | Promote Teamwork | Provide Real-time Visibility |
| | FY95 FY96 FY97 | FY98 FY99 FY00 | FY | 01 FY02 FY03 FY | 04 FY05 |

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E-Management

- Offer integrated dashboards for managers
- Deliver business and human capital metrics to managers' desktops
- Provide dynamic, real-time analytics
- Projected annual productivity gains of over \$15M

INNOVATIONS

- Forecasting and predictive functionality
- Aligning workforce and business metrics
- Distributed intelligence for global decision-making



Cisco Internet Business Solutions FY2005 Benefits



Cisco Buildout: Growth and Profitability



Cisco Business Architecture at Work

| Bo | om | Recovery | Buildout |
|---|-------------------|---|------------------------------|
| | | \$2.2B | Eliminate "Productivity |
| \$960M \$250M Online ordering Online service Online service Integrated logistics Employee self- service | | E-Sales E-Collaboration Virtual supply chain ERP Upgrade | "Productivity Dead Zones" |
| Standardized Office | Home Connectivity | Convergence IPT, Wireless | |
| FY95 FY96 FY97 | FY98 FY99 FY00 | FY01 FY02 FY03 | FY04 FY05 |

*Benefit numbers reflect total benefits for the final year of the time period.



- Higher Productivity through coordinated focus on all three dimensions:
 - Processes
 - Applications/ Services
 - Network Infrastructure
- Sometimes you need to go back to go forward
- Correct implementation of new IT solutions will lead to:
 - Cost reductions and
 - Agile organisation
- Boldness matters: big-bet transformations

CISCO SYSTEMS