



Gaining Competitive Advantage with Internet Solutions: *e-Learning and Cisco*

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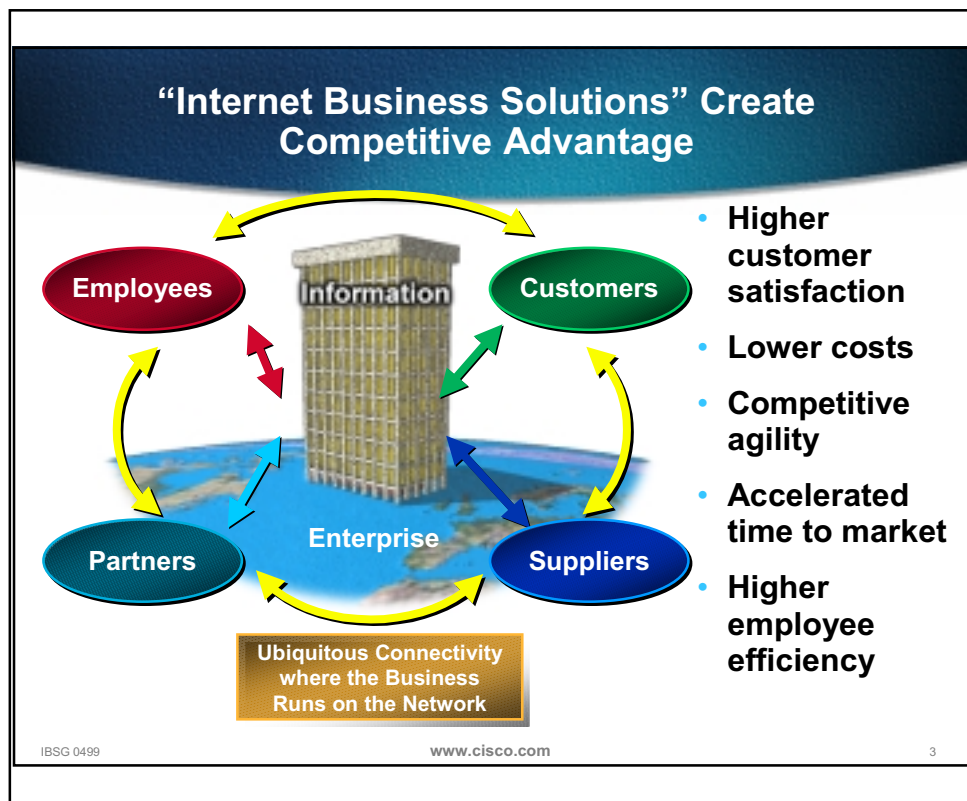
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The Cisco Story

Challenge	Internet Business Solutions	Results
<ul style="list-style-type: none">• Scale the company• Maintain high-quality customer support• Maximize return to shareholders in times of:<ul style="list-style-type: none">Rapid growthTechnology changeAcquisitionsShortage of experts		<ul style="list-style-type: none">• Dramatic competitive advantage through:<ul style="list-style-type: none">Higher customer satisfactionFaster time to market\$600M+ in savings20% improvement in productivity (\$3.7B expense base)

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Capabilities and Results

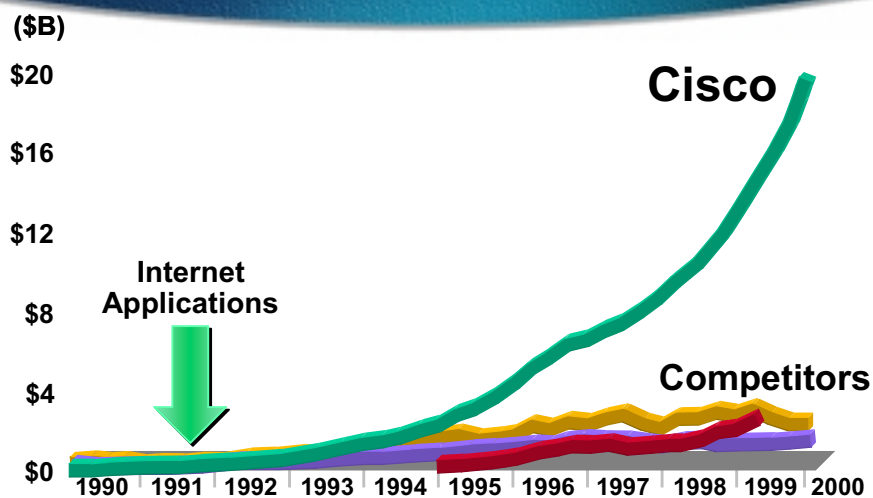
Demand Management	Supply Management	Manufacturing Management	Customer Management
Forecasting <ul style="list-style-type: none"> Single forecast for Supply Chain Procurement <ul style="list-style-type: none"> Build requirements transmitted daily Inventory Mgmt. <ul style="list-style-type: none"> Suppliers monitor and replenish 	Order, Expedite... <ul style="list-style-type: none"> Activity eliminated Planning <ul style="list-style-type: none"> Done by supplier, based on "real" demand signal Payment <ul style="list-style-type: none"> No invoices—payment on shop-floor transaction 	Quality <ul style="list-style-type: none"> Testing automated on supplier line with Cisco methodology Scheduling <ul style="list-style-type: none"> Done by supplier on actual demand signal 	Fulfillment <ul style="list-style-type: none"> 70% filled directly by supplier Ordering <ul style="list-style-type: none"> 90% handled through Web Logistics <ul style="list-style-type: none"> Decentralized shipment, coordinated delivery
New Product Introduction	<ul style="list-style-type: none"> Integrate suppliers in new product development 	<ul style="list-style-type: none"> "Push" Engineering Change Orders to all parties, regardless of Cisco and supplier 	

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Cisco's Breakaway



Source: Bloomberg

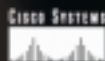
Notes: Dates are calendar years, Numbers are annualized from most recent reports

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Cisco's Demand Side



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Before and After the Customer Buys

- 90+% of all customer queries are resolved by the customer without Cisco
- 90+% of all customer software and documentation downloads
- Since 1996 call center support has grown only 15%



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\$506M savings

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When the Customer Buys ...

- US\$60++M orders received daily
- 90+% of all orders
- Customers price, configure, and order, as well as check order status online.
- Order accuracy



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\$65M Savings

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Marketing

- Event and seminar registrations
- Cisco product registration
- CCO personal update
- News release push
- Publishing
- Training registration

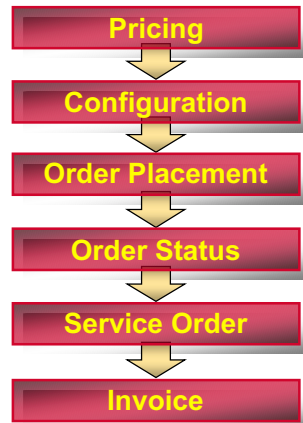


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“Full Service” Internet Commerce on CCO



Yearly Run Rate	\$22.3 Billion
Orders online	90%
Satisfaction	4.34 out of 5

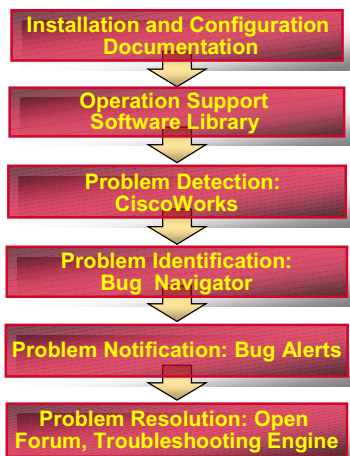
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Customer Care

Cisco Connection Online

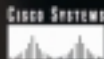


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Cisco's Supply Side



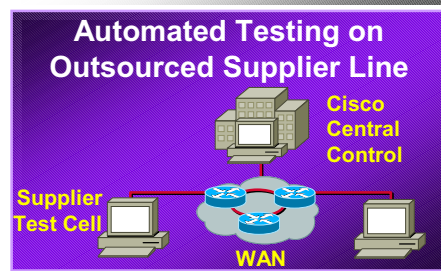
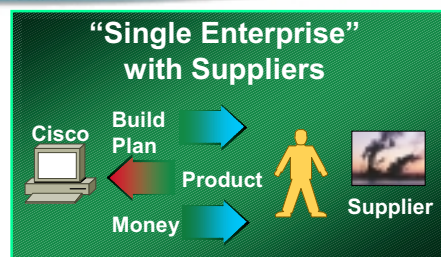
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Supply Chain Management

- Extended ERP systems to suppliers
- Automated routing data transfer through EDI
- Eliminated need for purchase orders and invoices
- Developed partnership with suppliers and created test cells on supplier line
- Test procedures automatically downloaded on order configuration
- Suppliers test using Cisco methodology



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Networked Supply Chain



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Supply Chain Management Results

- 55% of unit volume directly shipped without Cisco touch
- New product introduction time to volume accelerated by a quarter (annual contribution margins enhanced by \$150 million)
- Lead times reduced from six to eight weeks to one to three weeks
- Engineering change notice time down from 25 days to 10 days
- Annual operating costs reduced by \$112 million

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What a Networked Supply Chain has meant to Cisco ...

- Order cycle time reduced from 6-8 weeks to 1-3 weeks
- 45% inventory reduction for Cisco supplier partners
- Time-to-production volume cut by 25% - \$270M annual revenue contribution
- 55% Direct shipment



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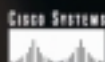
\$695M savings in annual costs

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Cisco's Workforce Optimisation



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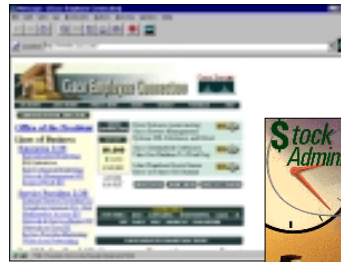
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Employee Services

Cisco Employee Connection

- **Employee services**
 - Travel/expense
 - Benefits enrollment
 - Training registration
 - Stock information
 - Internal IT help desk
 - Directory and organization chart



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Employee Services (Cont.)

- **Workflow**
 - Purchasing/ORM
 - Recruiting online
- **Decision support**
 - EIS



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Communication/Collaboration

- IP/TV for sales/product training
- Company-wide employee meetings and broadcasts
- Collaboration with suppliers for new product design
- Stanford Engineering courses online



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Employees look after themselves . . .

- Self-service for all employees



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\$86M increase in productivity

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Workforce Optimization



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Cisco E-Learning Portfolio

- **Challenge:**
 Hundreds of products
 38,000+ employees
 60+ acquisitions
 \$60M in product sales each day
- **Solution:**
 E-Learning Suite

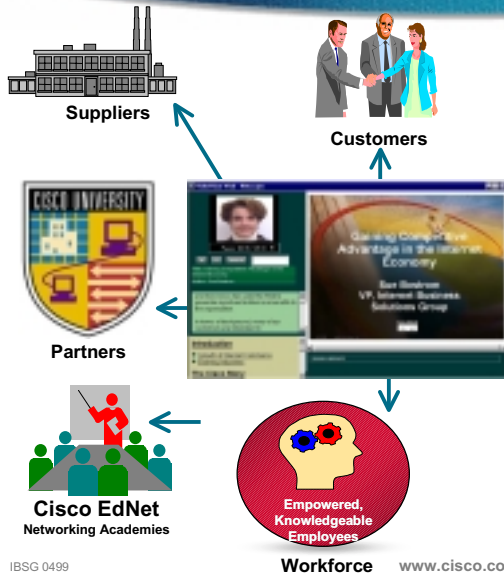


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Cisco E-Learning Portfolio



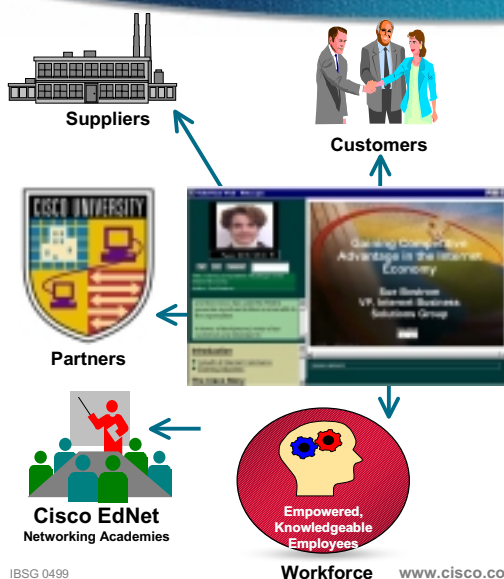
Results:

- 40--60% cost savings (\$500K-\$4M)
- 80% training is on line
- Reduce training time up to 80%
- Decreased product development cycle
- Improved customer / employee satisfaction
- Anytime, Anywhere Access

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eLearning



E-learning enables you to:

- Empower through Self-Service & Video On Demand
- Learn at your convenience 24 hours a day, 7 days a week, from anywhere in the world
- Save time and money
- Optimize learning capabilities quickly and effectively
- Gain a competitive advantage in global marketplace

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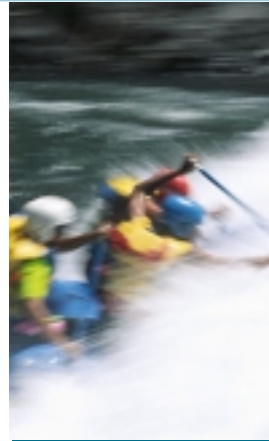
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Productive Employees . . .

FY 2000 Impact: **\$1.352M**

Productivity Per Employee:

- Automotive: \$160,000
- Financial: \$180,000
- Internet Co's: \$250,000
- Cisco: **\$702,000**



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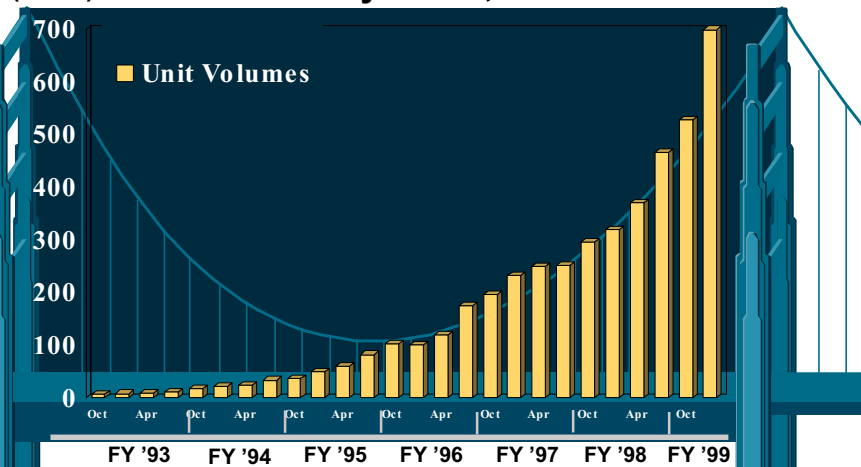
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Quarterly Unit Volumes

(000's)

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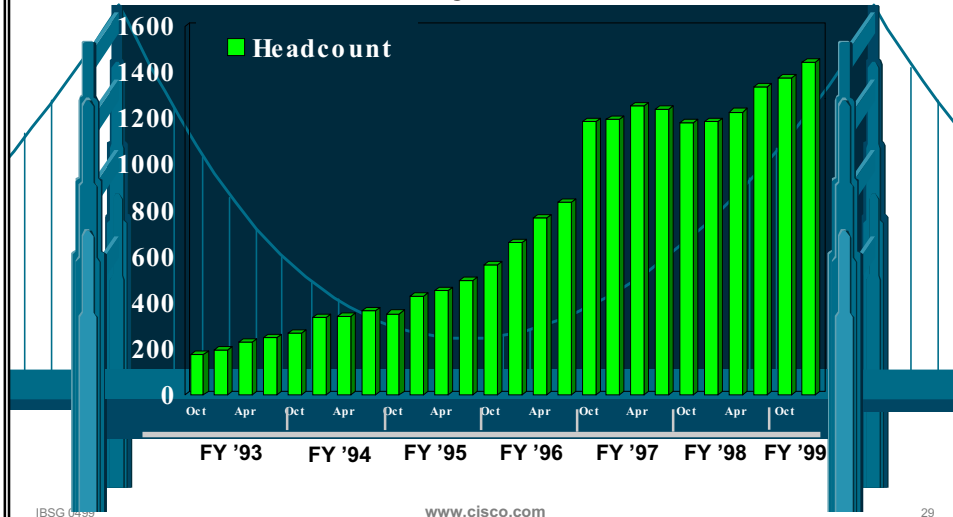
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Quarterly Headcount

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Financial Impact of Internet Business Solutions (FY'00)

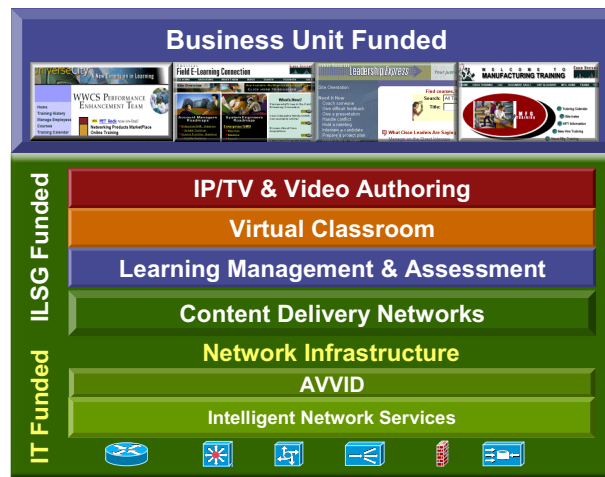
Internet Business Solutions	Financial Impact
Supply Chain Management	\$695 million
- Cost benefits	\$307 million
- Income: Faster time to market	\$388 million
Customer Care	\$506 million
Workforce Optimization	\$86 million
Internet Commerce	\$65 million
Total Financial Impact	\$1,352 million

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E-Learning Funding Model



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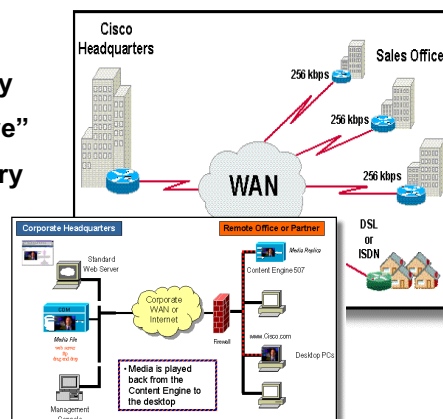
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Foundation is your Enabler

• Infrastructure for Success:

- Campus, home office connectivity
- Access requirements 24x7 or "live"
- Intelligent distribution and delivery
- Solution architecture standards

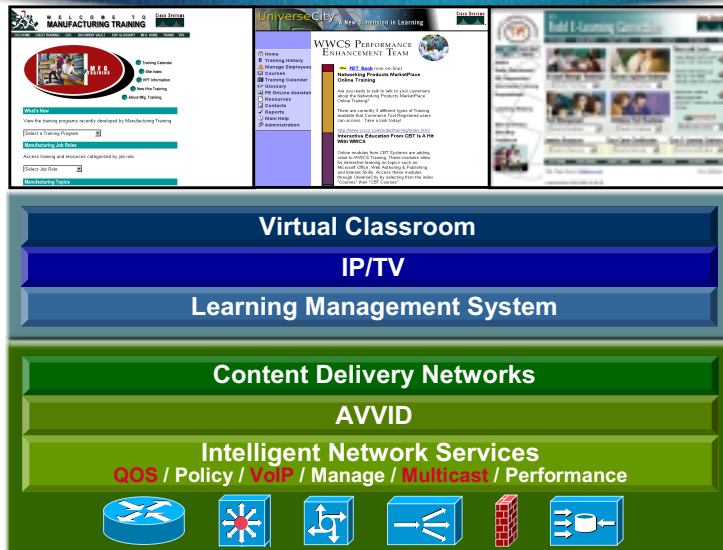


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Common Enterprise Wide Foundation



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Discover all
that's possible
on the Internet

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