

## How Cisco Expedites IT Integration of an Acquisition

Streamlined, cross-functional processes accelerate how new employees work productively and minimize the transition impact on customers

**Cisco IT Case Study/Business of IT/Corporate Acquisition Integration:** This case study describes how Cisco IT has streamlined the activity for integrating a corporate acquisition into the Cisco network. By defining integration tasks in cross-functional work streams, Cisco is able to accelerate its return on investment (ROI) from the acquisition and reduce impacts on the new employees and customers. Cisco IT's role in multiple work streams helps to deliver the resources for employee productivity from Day 1. Cisco customers can draw on Cisco IT's real-world experience in this area to help support similar enterprise needs.

### BACKGROUND

Throughout its history, Cisco Systems has acquired other companies as a way to obtain new products, technologies, and engineering expertise. Yet for the acquisition to be successful, the acquired company must be integrated quickly and smoothly into the Cisco network and IT infrastructure.

Integrating an acquisition into a company with a robust operating model such as Cisco requires extensive planning and coordination of many activities, involving many departments. Learning from years of acquisitions experience, Cisco has developed a "work stream"-based integration methodology. The work streams focus on all the preparation activities necessary for selling the new products, merging the acquired assets, and supporting the transition of the acquired company's employees to Cisco. (Figure 1)

"From the start of the first day, we had everything we needed to begin working as Cisco employees."

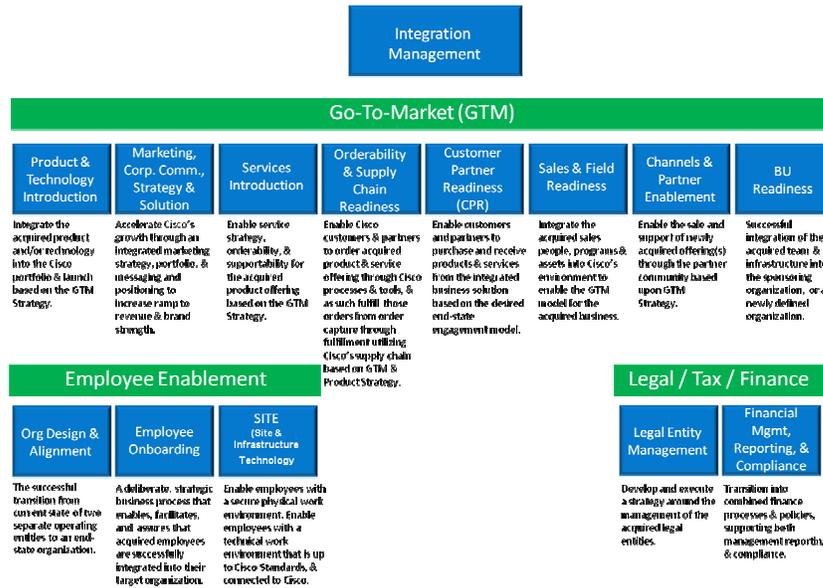
– Kishore Kumar, Director of Engineering, Cisco and former CEO, Pari Networks

These work streams are developed and managed by an internal Corporate Development Integration (CDI) team. The CDI team, in turn, forms virtual teams, each with representatives from multiple Cisco departments, that are focused on specific

integration work streams. This structure helps all of the involved teams organize, collaborate, resolve issues, and provide reports about integration milestones, decisions, status, and progress.

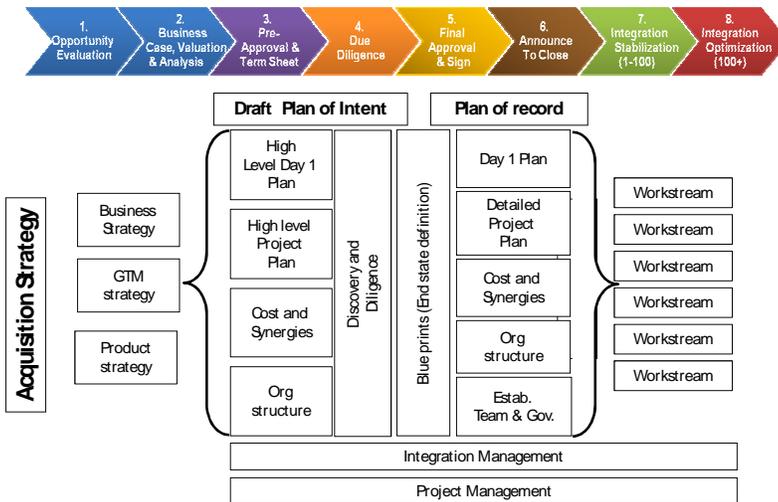
"Integrations require a lot of collaboration and work streams help teams from the individual functional areas collaborate on a common goal instead of focusing on their own checklists," says Jenny Collins, CDI process design manager in the Cisco Development Integration Office. "At the end of the process, the collaboration that occurs as part of a work stream effort gives us higher quality integration plans, activities, and outcomes."

Figure 1. Cisco Work Stream Structure for Integrating Acquired Companies



The integration teams use Cisco® collaboration technologies, including Cisco TelePresence® and Cisco WebEx®, in various ways to support the work stream activity. These tools not only assist in integration activities, they begin to assimilate newly acquired employees into the Cisco culture of collaboration. (Figure 2)

Figure 2. Cisco Acquisition Integration Process Flow and Timeline



EXECUTIVE SUMMARY
<p><b>BACKGROUND</b></p> <ul style="list-style-type: none"> <li>Cisco has developed a work stream methodology for integrating newly acquired companies.</li> </ul>
<p><b>CHALLENGE</b></p> <ul style="list-style-type: none"> <li>Integrate a new acquisition's connectivity, with employees in the US and India, in just 30 days.</li> </ul>
<p><b>SOLUTION</b></p> <ul style="list-style-type: none"> <li>Apply work streams to rapidly deliver needed equipment, network connectivity, and orientation sessions.</li> </ul>
<p><b>RESULTS</b></p> <ul style="list-style-type: none"> <li>Cisco IT met its integration goals within the 30 day timeframe.</li> </ul>
<p><b>LESSONS LEARNED</b></p> <ul style="list-style-type: none"> <li>Value reinforced for the work stream integration model.</li> <li>Cisco IT identified keys to the model's success for use in future integrations.</li> </ul>
<p><b>NEXT STEPS</b></p> <ul style="list-style-type: none"> <li>Continue to apply the work stream model.</li> <li>Use a Cisco TelePresence® system or desktop video endpoint to enhance communications for all acquisitions.</li> </ul>

Cisco IT has a role in multiple work streams. The most significant is the site migration work stream that covers establishing or migrating needed technology for acquired sites and any changes to the Cisco network and computing infrastructure.

The Cisco acquisition in 2011 of Pari Networks illustrates the processes used by Cisco IT for its role in integrating a new acquisition.

Pari solutions accelerate the processes for collecting and analyzing network data to predictably manage the health and stability of customer networks. Pari solutions are used in the Cisco Smart Services offering and, after the acquisition, Pari employees joined the Cisco Services business unit.

## CHALLENGE

Although the work streams are intended to be consistently repeatable, they also have the flexibility to adapt to the unique challenges of each acquisition. In the case of Pari, Cisco IT faced several challenges.

**Location Logistics.** In addition to its employees in California, Pari Networks had engineering employees based in Hyderabad, India. For the employees in California, logistics included a move of their people, equipment, and development labs from a nearby office to the Cisco San Jose campus.

For the Pari employees in India, the Cisco office in Hyderabad had no available space. Plans were created to move those employees to the Cisco Bangalore office instead. However, because the distance meant that the Pari employees would need to move their families and find new homes, the office move would not happen until two months after the deal closed.

In the meantime, Pari employees in India would continue to work out of their original office, —a converted residential apartment complex, —which did not initially meet Cisco standards for physical or network security. This issue was a challenge, because all Cisco sites require the same standard level of cyber security and physical security around the globe.

**Equipment.** Cisco IT has a goal of providing company laptops and corporate network connectivity to the new employees on the first day after the deal closes. In many cases, Cisco IT has only a weekend from the closing date to the Day 1 connectivity date.

During the planning phase, a Cisco IT team analyzes the acquired company's current network equipment and computers to determine what will be needed to achieve that Day 1 connectivity. Equipment for the Pari acquisition consisted of laptops that would provide secure computing for Pari employees, especially until the India move was complete.

In general, Cisco IT orders equipment only after the acquisition is announced, with consideration of several factors:

Likelihood of deal close and potential risk of financial loss if the deal is not completed and the equipment was ordered unnecessarily. In certain geographic areas, equipment may not be leased, which means Cisco could incur the loss of equipment purchase costs.

When a Cisco location is not the initial destination for the equipment, local Cisco personnel must be assigned to

receive and store equipment until it can be installed or given to the new employees.

Delivery lead times for laptop computers vary greatly from one country to another, from 7-10 days in the United States to 4-6 weeks in India and China.

For Pari, the acquisition schedule allowed only one month between the announcement and the deal close. Knowing this schedule, Cisco IT worked in cooperation with the Cisco Services business unit and the Cisco corporate development team to complete a risk assessment. This assessment became the basis for the decision to order the laptops before the deal announcement. Instead of the standard selection process, a workforce assessment determined the types of computers that would meet the needs of the Pari employees.

**Employee orientation and integration.** *Announce-to-close* is defined as the time between the public Cisco announcement of the acquisition and the time when the deal closes. At announcement, all appropriate Cisco teams can begin full work on their integration activity. At close, all employees at the target company are officially and legally part of Cisco.

The Cisco integration teams strive to deliver New Employee Orientation (NEO) sessions on the next business day after close. As part of that orientation, Cisco IT strives to deliver laptops, mobile solutions, and Cisco network connectivity at the new site. The goal is always to help the new employees maintain productivity and to minimize any customer impact from the transition to Cisco.

In the case of Pari, the announce-to-close schedule was only 30 days. With such a tight schedule, the Cisco IT team had to communicate with Pari employees, set expectations for travel, and deliver all equipment to the proper locations. Cisco IT needed to execute the integration tasks flawlessly and with a good framework for decisions and processes. And because of time-zone differences, the integration teams had to manage a NEO session in Hyderabad and one in San Jose on back-to-back days.

## SOLUTION

The Cisco CDI team created the concept of work streams to standardize activities for integrating an acquisition. Because most work streams involve multiple departments, Cisco has replaced the previously isolated efforts of individual groups.

### Acquisition Integration Work Streams

For the work streams that heavily leverage Cisco IT, the information security, corporate safety and security (physical security), and network/datacenter departments are part of the virtual team. Cisco IT also creates an operating committee of IT groups that are affected by an acquisition, such as the help desk, human resources IT team, and

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– Armando Morales, Project Manager, Cisco IT

manufacturing IT team. These virtual teams, committees, and work streams all work together to form the integration project team under the purview of the Corporate Development Integration Office.

Table 1 shows an example of a work stream's deliverables implemented by Cisco IT, in whole

or in part, for integrating each company acquired by Cisco.

**Table 1.** Cisco IT Work Streams for Integrating an Acquired Company

Work Stream	Description
Conduct site assessments	Evaluate the physical and network infrastructure and security at the site.

<b>Plan and design IT connectivity</b>	Design and implement network connectivity and order laptops and network equipment.
<b>Align policies and service offerings</b>	Resolve any differences in IT services delivered to the company e.g., for security and mobility. Transfer IT contracts.
<b>Integrate sites</b>	Migrate voice and data circuits, computers, telephony, and mobility solutions.
<b>Implement IT solutions</b>	Create user accounts, transfer email service, implement domain changes, and integrate security systems.
<b>Integrate business systems</b>	Transition applications and data; decommission legacy infrastructure.

Within a work stream process, all tasks that must be accomplished for a particular acquisition are listed in a "plan of record" document and managed with a single, centralized "project tracking" tool.

## Logistical Solutions

The Cisco IT integration team identified solutions for the specific challenges of supporting Pari's India office.

**Physical security.** To provide physical security for the apartment-based office in Hyderabad, Cisco needed to hire around-the-clock security guards because there was no electronic security system in the building.

**Network connectivity.** For accessing the Cisco network, the Pari engineers in India used the Cisco AnyConnect VPN client and password soft tokens on their Cisco laptops. For voice calls, the engineers were able to use the Cisco WebEx Connect soft phones on their Cisco-issued laptops, avoiding the need to transfer telephone services.

PRODUCT LIST
<p><b>Collaboration</b></p> <ul style="list-style-type: none"> <li>• Cisco TelePresence</li> <li>• Cisco WebEx online meetings</li> <li>• Cisco WebEx Connect</li> <li>• Cisco AnyConnect VPN client</li> </ul>

**New Employee Orientation.** A single NEO team, located in San Jose, used Cisco TelePresence and WebEx meetings to conduct separate orientation sessions for the Pari employees in California and India, accommodating the time-zone differences.

## RESULTS

The use of established work streams and the cross-functional teams allowed Cisco to make a successful integration of Pari within the 30-day timeframe. "Without these well-defined work streams, we couldn't have met all of the integration goals in such a short timeframe," says Armando Morales, a Cisco IT project manager who was involved in the Pari acquisition.

Specifically, the Cisco IT integration team achieved the following goals:

- Employee orientation sessions were held on the first day after the deal closed.
- All equipment and network connectivity was delivered on time.
- The move to the Cisco Bangalore office was completed on time.
- The Pari employees joined Cisco Services and were productive immediately.

"From the start of the first day, we had everything we needed to begin working as Cisco employees," says Kishore Kumar, director of engineering, Cisco and former CEO, Pari Networks. "I was concerned that because our engineers in India would need to move, we might lose some employees. However, the work done by the Cisco integration team to help our employees with the move really eased their concerns and so all of them stayed and joined Cisco."

Collins says, "The work streams also improve the engagement of the IT infrastructure teams in assessing and

planning the overall IT needs of an acquisition, which has a positive impact on the employee transition because the network and computing resources they need are in place."

## LESSONS LEARNED

The Cisco integration teams learn new lessons from every acquisition, which are then applied in new and refined work streams. The speed of the Pari acquisition reinforced the value of using a work stream model instead of a functional silo model for integration activity. With work streams, the Cisco IT teams were able to minimize meetings and work cross-functionally on integration activities instead of working separately, which might lead to misaligned or duplicate efforts.

Cisco also learned that keys to success within the work stream model include:

- Setting correct expectations and joint success criteria at all levels.
- Dedicating team members to integration activity, allowing Cisco to leverage the experience that these employees have gained from multiple acquisitions.
- Focusing on speed and communication in executing integration activities.
- Identifying and fostering key employees within the acquired company to help with transition of existing sales, engineering, and support capabilities, which allows for uninterrupted customer support.
- Continually learning from each acquisition and adapting the work streams as appropriate.

## NEXT STEPS

Cisco IT will continue to apply these work stream processes in the future to integrate other acquired companies.

The acquisitions team uses Cisco TelePresence or desktop video endpoints for video planning meetings, if those systems are already installed in the acquired company. Because of the value of these video meetings, the team will keep a Cisco TelePresence system available to ship to an acquired company if it does not already have that technology in place.

## FOR MORE INFORMATION

For information on Cisco Services, visit: <http://www.cisco.com/go/services>

The Cisco on Cisco blog contains posts on IT business topics: <http://blogs.cisco.com/category/ciscoit/>

For additional Cisco IT case studies on a variety of business solutions, visit Cisco on Cisco: Inside Cisco IT: <http://www.cisco.com/go/ciscoit>

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