

Joanne Heslop / Nick Daines
Insight
01625 500800
jheslop@insightmkt.com

Angela Hesse
Cisco Systems (UK)
0208 824 4478
ahesse@cisco.com

Cisco Announces New Distribution Strategy In Emea

Cisco continues to evolve and collaborate with its channel

LONDON, UK, October 25, 2001 - Highlighting its commitment to its channel, Cisco Systems, Inc, the worldwide leader in networking for the Internet, today announced its new distribution strategy for EMEA. The new strategy will award Cisco's EMEA distributors, either Cisco Distribution Partner (CDP) or Cisco Authorised Distributor (CAD) status. CDPs will have a direct purchasing relationship with Cisco and CADs will continue to have a direct relationship with Cisco, but will now procure Cisco products from a CDP.

Paris G. Arey, Vice President, EMEA Channels & Alliances, Cisco Systems Inc. said, "We have created a framework to help our channel create a sustainable business model by evolving to value-based solutions and services with the New Channel Partner Programme. Cisco's new distribution strategy in EMEA complements the existing framework and is designed to ensure our Cisco distributors are able to focus on their core competencies, build sustainable business models and ultimately increase product availability to our customers."

The strategy will be implemented in two phases. Phase One, which will be effective from February 1, 2002, will create seven Cisco Distribution Partners (Acal, Algol, Azlan, Comstor, Ingram Micro, PC Lan and Techdata/C2000) and 10 Cisco Authorised Distributors. The first phase will target Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK. Details of the strategy for Phase Two will be provided at a later date and will complete the transition of the new distribution strategy throughout EMEA.

Benefits for the Cisco Distribution Partner include:

- Higher utilisation of fixed cost infrastructure, leading to improved return on assets
- Larger consolidated shipments
- Opportunity to generate revenue margin on value add activities such as drop shipments, own label, configuration and staging
- Expanded customer base to include Cisco Authorised Distributors

“The Cisco Distribution Partner status fits our business model extremely well. Our key competencies are our superior logistical infrastructure, inventory management capabilities and category expertise. As a CDP we can continue to apply these qualities to the solutions we sell to our customers,” said Graeme Watt, President EMEA, Tech Data Group.

Benefits for the Cisco Authorised Distributor include:

- Faster product lead times, due to more available inventory in EMEA
- Releases working capital back into the business for use in new technology areas
- Removes inventory related costs and risks
- Still have a direct relationship with Cisco (not product procurement)

"As a Cisco Authorised Distributor, Itegra will now be able to focus on the value add beneath logistics and presales, making it easier for us to sell Cisco services and solutions through the reseller channel", said Frank Wirum, VP Marketing from Itegra.

About Cisco Systems

Cisco Systems Inc. (NASDAQ: CSCO) is a worldwide leader in networking for the Internet. News and information are available at <http://www.cisco.com/>

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