



UK Press contacts

Perveen Akhtar
Cisco Systems
+44 208 824 4478
pakhtar@cisco.com

Antonia Gormley/Sam Kane
Brands2Life
+44 20 7592 1200
cisco@brands2life.com

New Research Suggests the Public Sector in Europe Can Improve its Operating Performance by up to Seven Times when Combining Technology with People and Processes

The study by Momentum Research shows that working faster and improving citizen satisfaction are higher up the productivity agenda than controlling costs

CeBIT, HANNOVER, Germany, March 18, 2004 - As the focus in Europe continues on modernising public services whilst keeping costs down, Cisco Systems is today releasing a study it has sponsored of best practices, suggesting how governments and healthcare organisations can get the best from their technology investments.

The study, called Net Impact 2004: From Connectivity to Productivity, looks at the effects of integrating Internet applications, networking technologies and business processes in the Public Sector. Researchers from the Momentum Research Group asked nearly 1400 IT and business decision makers in eight countries what technologies, applications and processes they had implemented to accelerate e-Government or e-Health and what the outcome was. All those questioned came from organisations deploying at least one enterprise-wide business application.

It found that organisations were between three and seven times more productive than their peers if they:

- Invested in their network functionality beyond the minimum necessary to support their applications – for example deploying Storage Area Networking (SAN), layered security and sophisticated traffic management tools
- Changed (or re-engineered) their business processes prior to deploying a new application aimed at increasing efficiency
- Automated businesses processes with Internet applications and integrated those processes with other service functions

- Ensured the organisational culture was focused on improving process and delivery of citizen services
- Implemented measurement systems to track operational performance

Interestingly, cutting costs was not the top goal for the respondents to improve productivity. A desire to accelerate the speed of operations and increase citizen satisfaction leads the list (80%), followed by improving citizen satisfaction (78%). Cost control came in sixth (71%). But those who focused too much on cost control experienced an average 6-8% drop in citizen satisfaction with their services.

The study also suggests that the timing of business process re-engineering is significant. Organisations which re-engineered the process prior to introducing an application realised cost savings of 20-30% over 12 months. Those that re-engineered the process after application deployment were likely to achieve only half that result.

“There’s no denying that controlling cost is important. Taxpayers want to see their money spent wisely,” said Yvon Le Roux, Vice-President of the Public Sector for Cisco in Europe, the Middle East and Africa. “However, it is how many services public sector organisations put online and how quickly and efficiently they can respond to and resolve queries which really impacts citizen satisfaction rates. That not only counts for votes, it can help make the jobs of government and health employees more rewarding, too.”

The study found that a 100% increase in citizens using online services in a year could result in up to a 45% increase in citizen satisfaction as well as a 10% reduction in operating costs. Another leading indicator of cost reduction was the number of cases resolved through self-service; a 100% increase in that metric could lead to a 15% reduction in operating costs.

The biggest barrier to improving productivity through networking, processes and applications was organisational obstacles such as internal resistance to change, lack of worker training and lack of support from the leadership.

The networking technologies which were found to contribute most to improving efficiency and overall productivity were Storage Area Networking and Security respectively. In fact 30% of respondents said security was their primary network budget focus for the coming year.

About Net Impact

More than 1400 IT and business decision makers from local, regional and national government offices and multiple types of public healthcare providers were interviewed for Net Impact 2004. They came from eight countries: France, Germany, , Italy, the Netherlands, Poland, Spain, Sweden, , and the United Kingdom. To qualify for the study, the organisation had to be a “Connected Organisation”, defined as having one or more active enterprise business applications distributed through their network. *Net Impact 2004* is the fourth in a series of research projects evaluating the impact of Internet technologies on organisations and productivity. For a more detailed breakdown of methodologies and best practices, please visit www.netimpactstudy.com

About Momentum

Momentum Research Group www.momentumresearchgroup.com is a specialty practice area of Incepta Marketing Intelligence, a United Kingdom-headquartered research consultancy. Incepta Marketing Intelligence employs more than 120 researchers and has offices in London, New York, San Francisco, Hong Kong, and Austin, TX. Incepta Marketing Intelligence was recently named research agency of the year by Marketing Magazine. Over the last six years, Momentum Research has examined the macro and micro-economic impact Internet communications technologies are having in the United States, United Kingdom, Germany, France, Italy and Canada. In the course of these studies, Momentum Research has partnered with researchers from notable organisations including the University of Texas, University of California - Berkeley, and The Brookings Institution.

About Cisco Systems

Cisco Systems (NASDAQ: CSCO) is the worldwide leader in networking for the Internet. Cisco news and information are available at <http://www.cisco.com>. Cisco equipment in Europe is supplied by Cisco Systems International BV, a wholly owned subsidiary of Cisco Systems, Inc.