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**CISCO LAUNCHES CHANNEL PROGRAM TO DRIVE INCREMENTAL NEW
BUSINESS AND CHANNEL PARTNER PROFITABILITY**

*Opportunity Incentive Program Rewards Channel Partners for Securing New Business in the
Commercial Market Segment*

LONDON, England, September 6, 2004, As part of its continuing commitment to developing new programs that help increase channel partner profitability, Cisco Systems Ltd., today announced the launch of the Opportunity Incentive Program (OIP) in Europe, Middle East and Africa (EMEA). OIP provides financial incentives to reward channel partners for the pre-sales investment associated with securing sales opportunities in targeted market segments. The current focus of OIP in EMEA is the commercial market, which encompasses medium enterprise, mid-market and small & medium businesses. This program incorporates deal registration, which is designed to focus on value delivery to win the opportunity. The incentive rebate is available to the channel partner who is first to register and close a new business opportunity.

“With more than 90 percent of Cisco business going through our channel partners, it is imperative to our future growth that we create programs that improve partner profitability and drive mutual success,” said Edzard Overbeek, vice president, Commercial, Channels and Distribution, EMEA, Cisco Systems Inc. “The Opportunity Incentive Program is designed to help enable Cisco and its channel partners to increase market share in selected market segments. At this time, we’re focusing primarily on the commercial space as it is a key focus for Cisco in our FY ’05, which started August 1, 2004.”

Opportunity Incentive Program in EMEA

On 24th May, a pilot of OIP was launched in EMEA, focusing on five countries: Germany, United Kingdom, the Netherlands, France and Poland. The pilot was designed to evaluate the program and tools including: the registration of new opportunities; approval and payment process; as well as partner interest and participation levels. The results from the pilot include:

- 458 Cisco channel partners registered for OIP
- Participants submitted 439 new business opportunities
- Cisco approved 267 opportunities
- Internet Protocol (IP) Communications, network security and wireless technologies had the highest sell-in rate
- Majority of submissions were approved in 24 hours using effective online tools

OIP is planned to be available in two phases during September and October 2004 to all participating countries across EMEA.

“Cisco has formulated a program to protect and reward partners that are seeking new business, something vendors have only achieved in the past in an ad-hoc manner,” said Keith Humphreys, managing consultant, EuroLAN Research. “The success of the OIP pilot in the commercial space indicates that, with the correct systems in place, there is no reason why the program can’t be extended to new business opportunities where companies have more than a thousand staff.”

Deal Registration Protects Presales Investment and Value

The sales cycle includes, identifying, developing and securing a new customer. The longer the sales cycle, the higher the cost of sales, resulting in a significant impact on channel partner profitability especially if the opportunity is not converted to a sale. OIP allows channel partners who actively identify new opportunities to benefit financially because of the presales value they provide in creating these new opportunities. In EMEA, Cisco channel partners can use the incentive rebate to showcase their value proposition, cover their presales investment and improve their profitability.

Registration and Approval Process

In order to ensure success and high-quality program governance, Cisco Systems has created an online deal registration approval process for OIP. This process is available to eligible partners and uses a proven deal registration methodology equipped with multiple checks and balances. In order to register new opportunities, channel partners must provide specific details including information about the decision maker, the budget and project specifications. Cisco will then approve the registration based on whether or not it truly is new incremental business. It should be neither in the Cisco sales forecast nor registered by another channel partner. Opportunities approved by Cisco will be valid for 90 days. A partner must close the approved opportunity within the 90 days period to gain the OIP incentive discount or rebate.

Program Requirements

To qualify for participation in OIP, prospective partners must meet all program criteria in EMEA, which includes having a registered or certified status (including members of the Service Provider Solutions Ecosystem and partners registered for SMB Select). The minimum size new business opportunity that can be registered for the program is US\$5,000.

About Cisco Systems

Cisco Systems, Inc. (NASDAQ: CSCO), the worldwide leader in networking for the Internet, this year celebrates 20 years of commitment to technology innovation, industry leadership and corporate social responsibility. Information on Cisco can be found at <http://www.cisco.com>. For ongoing news, please go to <http://newsroom.cisco.com>.

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