



Five to Thrive: *Five Strategies for Thriving During Dynamic Times*

During economic downturns it becomes more important than ever to find ways to increase competitive advantage. Many businesses seek to reduce their costs without compromising their competitiveness. Those with strong balance sheets often look for opportunities to acquire other companies and participate in industry consolidation. Others change their business models by moving into adjacent or new markets.

To survive in today's dynamic global economy, businesses and governments are seeking ways to maximize their existing resources and simultaneously deliver the same – or better – products and services to their customers and constituents. To thrive however, they must identify the critical investments that help them meet their goals today **and** uniquely position them to benefit from the eventual economic upturn. Cisco is no exception. Our experience during past economic cycles has taught us five essential strategies for surviving and thriving in difficult environments. Our “Five to Thrive” strategies help us technology-enable our business so that we can not only survive, but thrive during the current economic climate.

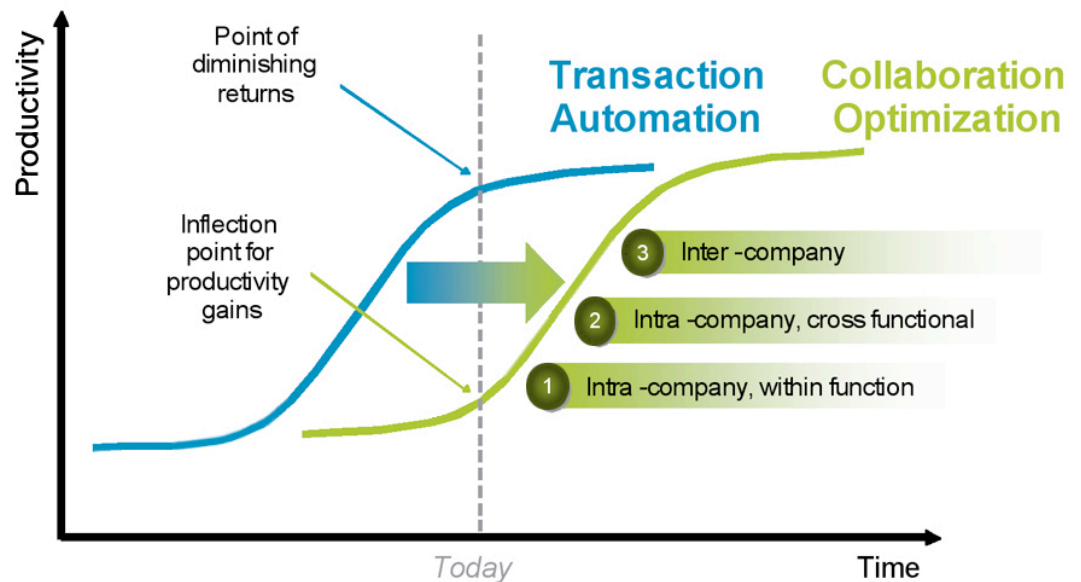
A Different Approach for a Different Environment

In past downturns, many companies automated transaction processes to improve productivity, gain efficiency, and reduce costs. For example, many companies turned to e-commerce, Internet purchasing, and supply chain automation to meet their goals. This “first phase” of the Internet resulted in unprecedented productivity gains for enterprises around the world. Today, as process automation has largely been maximized, businesses are looking elsewhere for new sources of productivity. Now they are focused on optimizing business processes that cannot be automated – those that depend on the knowledge, expertise, and availability of people and resources,

regardless of where these assets are located. Cisco sees three trends that affect organizations today, and people play integral roles in each:

- **Empowered users:** Customers, employees, and citizens are using Web 2.0 tools and applications, such as social networking, blogging, wikis, instant messaging, and video sharing, in their personal lives and at work. Today, these tools are essential for helping people communicate, find information, and share ideas across traditional time and distance barriers.
- **Real-time information:** During the first wave of the Internet, information was made available to people whenever and wherever they needed it. Organizations must be able to deliver rich, contextual, and accurate information to everyone who needs it, when they need it, and wherever they are using it.
- **Borderless enterprise:** During challenging economic times, businesses tend to focus on their core competencies and use partners or vendors for non-core processes. Increasingly, employee, customer, and supplier interactions are occurring across a “borderless enterprise” that is distributed, operates 24 hours a day, requires a global talent pool, and conducts business from venues outside of traditional office buildings.

These three trends are motivating a “second wave” of the Internet – one which enables collaboration through the use of unified communications, video, and Web 2.0 applications. For example, video-enabled processes can extend and enrich employees' workspaces. Virtualization capabilities can maximize the potential of people and information resources. And organizations that take advantage of these capabilities will be able to tap into the next sources of IT-enabled productivity gains.



New Sources of Productivity: Collaboration

With an inclusive culture that encourages collaborative decision making and extends to customers and partners, a business can more effectively harness the efforts of talented people to solve problems and create customer value. For example, Cisco transitioned from a “command and control” decision-making approach to a model in which boards and councils make decisions. As a result, the company is able to focus on 26 corporate-wide priorities instead of three to five, as in the past.

Business processes should include collaborative capabilities that allow people to immediately connect with information and expertise, regardless of time, location, or latency. The second wave of Internet technologies makes this possible, connecting people more easily and allowing them to use Web 2.0, social networking, and other collaboration tools for effectively solving business problems:

- **Unified communication solutions:** From Cisco® IP Phones and Unified Messaging, to Cisco TelePresence™ solutions, to Cisco WebEx™ solutions – rich business collaboration operates on a single, intelligent infrastructure that bridges the on-premises and on-demand worlds. A unified communications approach supports access to data on demand, effective team interaction worldwide, and real-time interactions.
- **Mobility solutions:** Mobility solutions, such as Cisco Motion, provide a practical approach to business mobility. Uniting existing networks and applications helps you provide a consistent mobility experience, allowing employees to work anywhere and enjoy a high-quality communication experience with whatever devices they are using.

Although cost savings are often the catalyst for implementing collaboration solutions, companies that succeed in improving collaboration also achieve higher customer satisfaction rates, faster cycle time, improved product quality, greater corporate agility, and an enhanced ability to manage globally dispersed teams. Concerns about energy costs and the environment have made it more important than ever to improve remote collaboration.

New Sources of Productivity: Virtualization

Virtualization enables resources – such as information, workspaces, and expertise – to be shared and dynamically delivered to applications and individuals on demand. Many businesses have already virtualized selected resources, such as in call centers and outsourced human resources services. The next wave of virtualization is occurring with:

- **Data centers:** Virtualization technologies are helping many businesses, including Cisco, dramatically improve storage utilization, service delivery, resource efficiency, and space utilization. Cisco virtualization solutions such as Cisco Nexus™, Cisco VFrame Data Center, and Cisco Data Center Manager solutions are enabling simplified, end-to-end coordinated provisioning of physical and virtualized servers, storage, and network-based resources while helping managers monitor and control energy use far more precisely than was previously possible.
- **IT-as-a-Service solutions:** Many businesses are also adopting IT as a Service (ITaaS) to simplify management of globalised resources and cost-effectively meet the needs of empowered users. Cisco WebEx applications are one example of using ITaaS to virtualize collaboration capabilities. ITaaS can help businesses achieve their goals without the high costs and infrastructure requirements associated with delivering these kinds of services themselves.
- **Resources:** Expertise and other scarce resources can be made accessible from anywhere to support, add value, and differentiate your company everywhere you touch customers, partners, or suppliers.

Because a Cisco network is pervasive, scalable, and standards-based, it is the single platform for aggregating resources, delivering applications, services, and data throughout the virtualized infrastructure, and ensuring continuous security and high availability.

New Sources of Productivity: Video

On the Internet, video has significantly enhanced people's abilities to create community, publish content, and create new business models. It has delivered the same benefits within Cisco, where it is actively used for product demonstrations, sharing expertise, and publishing. Video is also a powerful business collaboration technology. Cisco TelePresence and Cisco WebEx Connect are rich examples of how video has become an essential tool that supports collaboration inside the organization and across business boundaries to include supply chain partners and customers.

Five to Thrive: Essential Strategies

Collaboration, virtualization, and video are the technologies that will enable organizations to maximize their survival abilities into the foreseeable future. The next step is to use these technologies strategically to support five proven strategies for thriving, no matter the current business environment. These strategies include:

1. **Save to invest** so that you can free human and capital resources to...
2. **Unlock employee potential** by investing in tools and processes that improve leadership and employee effectiveness, innovation, and motivation, allowing employees to...
3. **Drive true customer intimacy** by getting closer to key customers, increasing loyalty and wallet share, and truly understanding and meeting customer needs, which will enable you to...
4. **Outpace your competition** by increasing agility and scaling faster, focusing on strategic initiatives that harness the capabilities of new, technology-enabled business models, so your business can...
5. **Transition to a borderless enterprise** where you can capitalize on the full potential of your global ecosystem, to optimize profitability for you and ecosystem partners in a cost-effective, timely manner.

If your organization has established these foundational business practices, then you are in a position to pursue new opportunities. If you do nothing however, business will pass you by.

Save to Invest

Saving money is a logical place to start, so that you can invest in areas that are most appropriate for your position in an industry, your balance sheet strength, competitive position, and business goals. Organizations that have consistently followed this strategy during good times can now pursue other strategic initiatives.

For example, Cisco invested in our own TelePresence, WebEx, and Virtual Expert solutions for conducting in-person meetings without traveling. The solutions paid for themselves within 12 months. As a result, Cisco saved more than US\$240 million with TelePresence alone, and reduced sales cycles, improved productivity, and improved employee morale by reducing the amount of travel required in the past.

If cost-cutting is required, the savings can be used to make calculated investments that drive employee productivity.

Unlock Employee Potential

Tough times require communicating clearly and helping employees unlock their potential for creativity and innovation. Optimizing employee potential directly affects an organization's ability to retain top talent, as well as improves time to market for new products, revenue growth, and

competitive differentiation. Businesses can improve leadership and employee effectiveness, innovation, and motivation by investing in collaborative solutions. For example:

- A leading consumer packaged goods company invested in a Cisco TelePresence solution to help employees and supply chain partners improve collaboration and innovation. The solution enabled the company to avoid 5000 trips, save US\$29 million, and decrease time to market. Users hold at least 600 video meetings per month.
- Collaborative leadership supported by boards and councils enables Cisco to focus on far more strategic initiatives than was possible in the past. Promoting employee communication and participation drives innovation and helps maintain morale.

Drive True Customer Intimacy to Grow Revenue

Unlocking employee potential also frees employees to become more available to customers. Increasing the frequency, timeliness, and quality of customer interactions helps ensure that you are delivering what they need, in the way they need it. Including customers in decision-making processes also improves the customer experience and helps increase revenues. For example, using a Cisco Virtual Expert management solution, a large Asian bank enables customers across hundreds of branches to meet “in person” with headquarters-based subject-matter experts. Since its deployment, the solution has improved customer satisfaction, enabled the bank to reduce missed leads to only 10 percent of inquiries, and gained projected revenue growth of US\$3.5 million in the first year alone. Bank employees gained 30–60 extra minutes per day for prospecting, and subject-matter experts improved productivity by 20 percent with less travel.

Outpace Your Competition

A technology-enabled business model enables businesses to act more quickly and scale faster than their competitors. Once you have invested in a technology-enabled business process, you can then use it to further invest in new opportunities for differentiation, increasing market share, or accelerating innovation. For example, a leading provider of business and consumer imaging equipment was able to accelerate its channel's ability to sell new software products. Using Cisco WebEx solutions, the company trained 1200

Cisco's Collaboration Governance Model

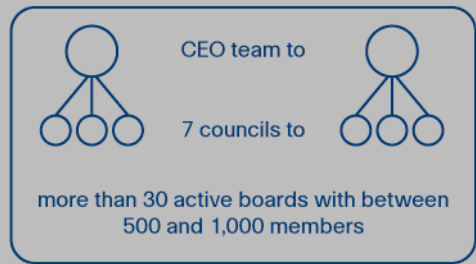
Councils and boards are essential elements of the Cisco collaboration model

Councils are formed around \$10 billion opportunities and boards around \$1 billion opportunities

“ Take social networking, apply the right business processes and networked Web 2.0 technologies to it, and form councils, boards, and task forces to give us the ability to move with a tremendous amount of speed and agility. ”
 John Chambers, Cisco CEO

26 priorities – strategic focus areas for Cisco

“ The boards' and councils' structure provide the governance and process that are boosting Cisco's ability to execute. ”
 Ron Ricci, VP of Corporate Positioning



salespeople in 30 days, and saved \$1 million in training costs. At the same time, the company accelerated time to market at a rate that its competitors could not match.

Transition to a Borderless Enterprise

Collaboration and virtualization strategies can be extended to enable global locations, as well as to enable partners and supply chains. Partners play more integral roles in the ways businesses develop their products and services, and go to market with them. Through the network, businesses can respond more rapidly with in-context collaboration; establish and maintain strong relationships; support active participation of team members and executives anywhere in the world; accelerate decision making and complex project execution; and facilitate innovation.

For example, Cisco and a large Japanese IT company partnered to co-brand and co-develop a solution that would help the Japanese company win bids from a large customer. The co-branded solution enabled the company to win 60 percent of the customer's core network business, worth ¥30 billion in the first two years. With the ability to collaborate across borders and enterprise boundaries, Cisco and its Japanese partner achieved important objectives that neither would have reached as easily alone.

A Partner for the Upturn

Five to Thrive strategies represent proven, sound approaches for building success, regardless of the current economic cycle. Although times are challenging, businesses cannot stand by and do nothing. By saving to invest, unlocking employee potential, improving customer intimacy, and distancing yourself from competitors so that you can harness the full potential of a borderless enterprise, you can approach challenges in a way that will help you survive tough times. In Cisco's experience, and as seen during past downturns, companies that invest during downturns often position themselves for significantly greater advantage when good times return.

Need more insight into these five strategies and how they can help your business? Cisco can help. Contact your account representative and ask for assistance on identifying strategic areas for improvement. You can also visit www.cisco.com/go/enterprise for ideas. We're here to help and together, we can all strengthen our businesses.



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