

DISCOVER ALL THAT'S POSSIBLE ON THE INTERNET...

For several years we have asked our customers, "Are you ready?" for the Internet. Today, they are ready and they want to know how to get there, quickly and successfully. Organizations and governments are rethinking their business models. They are looking for a road map to chart their company's course through the Internet economy. And they are turning to Cisco to help them discover all that's possible on the Internet.

To transform a "bricks-and-mortar" organization into an Internet organization takes more than just adding an e-commerce veneer. It takes rethinking the entire business from the inside out and making investments in your Internet technology portfolio to bring home the best return. It impacts groups across the entire organization, changing the way companies work internally and how they work with their customers, partners, suppliers, and employees. In the near future, a business not on the Internet will not be in business. On the following pages, we have highlighted a few examples of how the Internet has changed the way that people work, live, play, and learn.

Cisco itself often serves as the best example of a business that has changed itself by using the Internet. We have always believed that technology could help us do things that our competitors could not. Customer service was the first application to go on line. This was quickly followed by operations in manufacturing, commerce, finance, recruiting, marketing, training, and sales. It has given us a competitive advantage in our industry. It has allowed us to remain agile and responsive, and it is based on employee and customer empowerment through the Internet. We provide this same expertise to our customers, helping them create Internet solutions for their organizations.



THE **INTERNET** IS CHANGING EVERYTHING,
INCLUDING EVERY **IDEA** OF WHAT IS **POSSIBLE**.

...FROM THE COMPANY
THAT CAN SHOW YOU HOW



FROM CUSTOMER SUPPORT TO CUSTOMER DELIGHT

CUSTOMER CARE: LANDS' END www.landsend.com

INSIDE CISCO

The Cisco Technical Assistance Center (TAC) Web site was one of the first to add real-time assistance for its customers, enhancing the company's ability to close out inquiries with one customer interaction. Approximately 80 percent of all support questions are answered on line. Customer-care solutions across the company saved Cisco \$270 million and increased customer satisfaction by 25 percent.

Building strong customer loyalty is important for organizations in today's ever-changing Internet economy. Good customer service is just as critical for online services as it is with a personal sales call or in a retail environment. An online customer-care strategy that focuses on consumer needs can ensure high customer satisfaction and retention while also reducing sales, marketing, and service costs.

Casual clothing and home retailer Lands' End knows this firsthand. Being the first direct merchant to offer a toll-free number to customers and also one of the first to establish an online presence, the company was no stranger to new technologies. While competitors were eliminating live customer service phone calls to reduce costs, Lands' End wanted to make online shopping more personal. In September 1999, it launched Lands' End Live, an interactive site where customers and service representatives can communicate in real time while shopping on line. Shoppers ask questions and get instant answers, via either text-based Internet chat or an instant telephone callback, making the experience more personal. They can also use the "Shop With A Friend" tool to browse the site with anyone, anywhere in the world, or shop along with a service representative.

To implement the solution, Lands' End put together a team with members from all areas of the organization. The team set deadlines, established procedures, and evaluated several solutions. It chose an easy-to-use, reliable system that would integrate into its existing call-center infrastructure. With the help of Cisco, Lands' End also established a customized training program for all online service representatives and conducted usability tests before launching the new site features. All of this was done in just four months.

Since the introduction of Lands' End Live, the company has received several hundred chat and callback requests each week. Today, its Web sales comprise more than 10 percent of its total business—\$138 million in fiscal 2000. Customers say they are getting better service and enjoy the human touch provided by Lands' End Live. The bottom line is that Lands' End is paying attention to the most important element of its business—the customer. And it shows.



WHEN WE **MOVED OUR CUSTOMERS** FROM
"ON HOLD" TO "ON LINE," WE MOVED FROM
CUSTOMER SUPPORT TO CUSTOMER DELIGHT.



FROM CORNER STORE TO ONLINE STORE

COMMERCE: CHAPTERS ONLINE www.chapters.ca

Moving from a successful “bricks-and-mortar” retailer to an equally successful “clicks-and-mortar” strategy can be daunting. But recent studies from the University of Texas and the U.S. Department of Commerce predict that e-commerce will comprise 4.4 percent of the U.S. gross domestic product by 2002. Canadian-based book retailer Chapters, Inc. recognized the possibilities that the Internet provides and launched Chapters Online.

Chapters, Canada’s largest book retailer, operates 70 superstores and 243 smaller stores. When the retailer expanded into the online world, the company knew that it had to stick to its original mission of providing a world-class selection emphasizing products and content of interest to Canadians. Chapters designed its site with a focus on Canadian books, music, and movies, with reviews by Canadian critics and Canadian best-seller lists. It also extended the online experience to its retail stores. Its 70 superstores house kiosks that conveniently provide online ordering when a book is out of stock. The company teamed up with established technology leaders Cisco and AT&T (a Cisco Powered Network provider) to maximize time and resources to quickly launch the best possible site. Chapters Online launched its Web site, www.chapters.ca, three months after concept, in April 1999.

INSIDE CISCO

Cisco operates the world’s largest e-commerce site, with 90 percent of its orders placed on line. Using networked applications, orders are 99-percent accurate the first time they are entered, saving time and money. Cisco gains a financial contribution of \$60 million in operating cost savings from its e-commerce applications.

While planning an e-commerce strategy, network reliability and redundancy are crucial for the best customer experience. To address reliability issues, Chapters Online deployed Cisco software to prevent any bottlenecks, giving online shoppers quick access to all areas of the site at all times. To successfully handle redundancy concerns, Chapters erred on the side of caution and added backup systems to ensure uninterrupted service. It knew even the smallest degree of visitor frustration might prompt potential customers to flee the site. To date, the site has yet to experience any downtime.

Today, Chapters Online is Canada’s most popular online retailer. In its holiday quarter, revenue was 2,000 percent higher over the same quarter just one year earlier. In 1999, Chapters sold Canadian-focused merchandise to more than 400,000 online customers. Industry experts say that the company is at least one year ahead of the country’s other online retailers. This example shows that with careful planning and the right alliances, a bricks-and-mortar company can transform itself into an e-commerce powerhouse.



REAL ESTATE WAS LIMITING OUR GROWTH.
SO WE WENT FROM BUILDING NEW STORES ON EVERY CORNER,
TO OPENING ONLINE **STORES IN EVERY HOME.**



FROM JUST IN TIME TO REAL TIME

SUPPLY-CHAIN MANAGEMENT: HONEYWELL INTERNATIONAL www.honeywell.com

In today's economy, implementing a "virtual" supply-chain system is a vital element of success. From aerospace and automotive to construction and manufacturing organizations, companies worldwide are taking advantage of the Internet to create electronic marketplaces where customers, suppliers, and business partners collaborate with real-time results.

Honeywell International, one of the world's most successful and established manufacturing companies, is reshaping itself in the Internet economy. Honeywell's management vowed to increase its use of the Internet to expand its business. In July 1999, it launched MyPlant.com, a business-to-business Web site that connects customers and suppliers in the manufacturing industry. At the site, large and small companies from around the world share procurement and manufacturing strategies, download software, and participate in valuable industry discussions. The site has huge potential for Honeywell since it caters to virtually any industry that manufactures goods in a factory.

When MyPlant.com was first launched, the site offered only Honeywell software products. Now 400 software suppliers provide 650 manufacturing applications on the site for a small transaction fee. In the past, solving a recurring manufacturing problem could take days or weeks. With MyPlant.com, users take matters into their own hands in real time. The practice is revolutionary, saving companies time, money, and risk. Recently, MyPlant.com hosted 60,000 user sessions, and the company estimates that one-third of the site's users are new Honeywell customers.

The advantage of creating a single electronic marketplace is that everyone emerges a winner. For example, two rival companies that both build engines, but don't make the same replacement parts, can ultimately share resources. Collaborating over the Internet also results in economies of scale. In the next year, Honeywell plans to implement MyAircraft.com, a joint venture with United Technologies and I2, to focus on supply-chain management for the aerospace industry, and MyFacilities.com for the facilities management industry. Both sites will match customers and suppliers, providing instant results with improved inventory turns, corrected purchasing inefficiencies, and reduced overhead. It is exactly what customers and companies need in today's fast-paced economy.

INSIDE CISCO

By implementing its own virtual supply chain, Cisco reduced inventory levels by 45 percent over the past six years and decreased the time to market for its products by as much as 12 weeks. "Virtual manufacturing" saves Cisco upward of \$175 million in annual operating costs. Cisco will also provide networking products in a quick-start kit for suppliers to give component makers immediate and secure access to the site.



THE MOST EXPENSIVE **BOX** OF ANYTHING IS
THE ONE SITTING STILL, FORGET JUST IN TIME.
WE'RE MANAGING **INVENTORY IN REAL TIME.**



FROM TRAINING DOWNTIME TO LEARNING ANYTIME

WORKFORCE OPTIMIZATION: GENUITY www.genuity.com

Streamlining business practices translates to all areas of the organization, not just those that touch customers. From human resources to training, companies can use the Internet to optimize their workforce and make themselves more agile in response to rapidly changing market conditions. Electronic-based learning, or e-learning, is one critical Internet application that yields significant results for Genuity Inc., a newly independent Internet service provider (ISP), formerly a division of the GTE Corporation.

Genuity faced a training challenge in April 1998 due to the sweeping changes brought on by the GTE acquisition. The company's sales force was expected to grow from 200 to 1,000 and was now responsible for selling a new product set and a full spectrum of Internet services. Not only was the sales team rapidly expanding, but it was also moving into new worldwide territories. Genuity had to quickly find an efficient, scalable solution that would reduce time spent in a classroom and increase effectiveness with customers.

INSIDE CISCO

By the end of 2000, 100 percent of Cisco sales and technical staff will participate in online training. The e-learning program has reduced the company's training expenses by 60 percent. Cisco can train up to 3,000 people worldwide in a single online session for \$250,000. It also means more time spent with customers and less time in a classroom—perhaps the biggest benefit of all.

Genuity leveraged the power of the Internet and created an e-learning solution with the assistance of the GTE Learning Systems group's 30 years of experience in training government agencies and corporations. In July 1998, Genuity launched Virtual University, which allowed salespeople to obtain real-time virtual instruction along with the latest product information on their highly secure Web site. Genuity had an end-to-end Cisco network that was immediately deployed to support the multimedia-rich applications based on integrated data, voice, and video networking technologies.

To measure the effectiveness of Virtual University, Genuity trained a pilot sales group on the new e-learning system and another group using traditional instruction. The benefits were immediately evident. Those trained using the e-learning system made their first sale 25 percent faster than those who didn't, and their revenue numbers were twice the dollar amount of the "traditional" group. Virtual University was so effective that the company is planning more Internet-optimized learning programs to increase productivity. As far as Genuity is concerned, empowering employees through e-learning allows them to do the best job possible. It has had a clear effect on sales, productivity, and customer satisfaction.



TRAINING WASN'T DELIVERING HUGE LEAPS IN PRODUCTIVITY,
SO WE MADE THE LEAP FROM TRAINING DOWNTIME TO
LEARNING ON LINE ANYTIME, ANYWHERE.

