



Gaining Advantage with Internet Business **Solutions**



Every fourth

person on the Internet
is **buying** something
right **now**



Cisco Systems is perhaps the best example of a new world company that has successfully implemented applications for the Internet Economy. In the early 1990s, Cisco was a young technology company experiencing high growth and global expansion. Operations and support groups were stretched to their limits. Today, Cisco's business is based on a networked fabric of communications and collaboration that uses Internet applications to improve productivity, reduce time to market, increase revenue, and build relationships.

Cisco's business is global. Markets are international, manufacturing is dispersed, and sales offices exist on virtually every continent. Access to relevant information is essential for competing on a worldwide scale. Recognizing the need to streamline its business processes while improving access to critical information and services, Cisco has developed a networked business model to build relationships with its prospects, customers, business partners, suppliers, and employees. The business model has allowed the company to quadruple in size since 1994 without increasing operating expenses proportionately; it is estimated that approximately \$500 million in annual operating expenses have been avoided by using this model. Cisco serves as an example of a new world company using Internet Business Solutions to stay competitive.

Internet Commerce

Internet Commerce is one of the most visible business solutions of the Internet Economy. Early in 1997, customers first began placing orders on the Cisco Web site and checking order status. Since then, Cisco has created a comprehensive suite of tools to enable its customers to configure, price, route, and submit orders electronically over its Web site. With network commerce sales at a current run rate of more than \$5 billion a year, Cisco has quickly emerged as a leading electronic merchant.

Highly secure but easy-to-use commerce applications facilitate all stages of sales transactions. In creation and approval of sales purchase orders, the software proactively advises users when information is missing from a configuration, streamlining an often time-consuming and error-prone task. Purchasing agents can quickly access vital information about the status of their orders, retrieving data such as purchase order numbers, order dates, ship dates, and shipping carrier information. Furthermore, online sales have dramatically improved



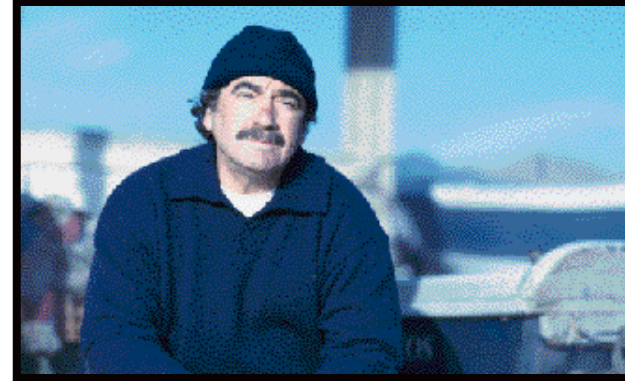
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sales force productivity. Freed from urgent inquiries and routine orders, Cisco's sales organization can now focus on building stronger customer relationships and providing better service. Productivity for account executives and sales engineers has increased approximately 15 percent as a direct result of Internet Commerce. It is anticipated that orders received over the Web will constitute more than 80 percent of revenue by the end of fiscal year 1999.

Employee Self-Service

Employees are hired to do jobs that maximize their capabilities, not to spend valuable time processing paperwork or searching endlessly for information. Cisco's internal Web site is now an integral part of all employee services and communications, resulting in greater employee satisfaction and productivity. Whether the need is to view a company meeting, locate a new employee, or download a form, a wide selection of networked applications makes the search quick and easy.

Need to submit an expense report? METRO is a Web-based travel/expense application that employees use for creating and submitting all expense reports. Employees get reimbursements directly deposited into their checking accounts within two days of submission over the Web. Looking for one of the more than 14,500 Cisco employees across the world? Employees can find an e-mail address, name, location, or organization chart almost instantaneously on the Cisco Web. Trying to process a purchase order for a new project? By automating internal purchasing processes and virtually eliminating all paperwork, Cisco avoided more than \$2 million in expenses in its first year of implementation of a new resource management system. Need to hire an additional employee for your department? More than 70 percent of all resumes that Cisco receives are submitted through the Web, which has led to an \$8 million reduction in recruiting costs. Looking for benefits information for you or your family? The entire range of medical, dental, financial, educational, and stock purchase plans and forms are easily found by any Cisco employee using the internal Web.





The **Internet** had more

users

*in its first **five** years*

*than the **telephone***

*did in its first **thirty***



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This month

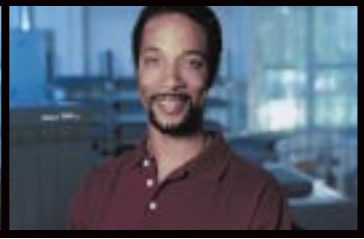
*another **18 million***

***people** will go*

on line



image downloading >



Supply Chain Management

As companies grow, the increasing demand for products puts pressure on their organizations to build manufacturing systems capable of very high volume that still meet exacting quality standards and maintain profitable margins. By the mid-1990s, as the networking market began to mature and more competition set in, Cisco's manufacturing team knew that to remain competitive, it had to network together its suppliers, resellers, and customers. If Cisco was to achieve its growth and quality targets, it had to enable key business partners to manage and operate major portions of its supply chain.

To accomplish these goals, Cisco completed four primary tasks: it outsourced manufacturing to key suppliers, it created a "single enterprise" with suppliers through information sharing, it involved strategic suppliers in new product introductions, and it ensured that the entire supply chain worked off one central demand forecast. Using networked applications, the results have been substantial. Product lead times have been reduced by weeks, sometimes months, because suppliers have direct access to information. Now a significant percentage of orders are shipped directly to the customers. New product designs take fewer iterations and less time per iteration, with fewer engineering change notices, allowing for quicker and more cost-effective product introductions. Cisco has avoided nearly \$75 million in annual operating costs because of its networked supply chain management.

Customer Care

Dedicated to the highest possible level of customer satisfaction, Cisco turned to the Internet to assist with the technical support of its customers. Even as far back as 1991, the company realized that it could not possibly hire enough qualified engineers to meet the support needs of its vast installed base. Work began years ago to build a Web site for exchange of technical information and software upgrades. Today, Cisco maintains high levels of customer satisfaction with the availability of its Web-based support services for customer care.

Using the Internet to deliver customer support has had significant financial and strategic benefits. This open sharing of information across the network allows customers to get the right product information



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when they need it or to easily download a new software release within hours of its announcement. Cisco benefits from not having to maintain additional engineers to service routine technical inquiries or to answer software release questions. Today, almost 70 percent of all support questions are answered by a quick visit to the Web, eliminating the need for additional technical staffing, thereby avoiding expenses of nearly \$75 million a year. Also, more than 90 percent of its software is downloaded from the network, minimizing the need to ship compact disks and avoiding another \$250 million or more in costs. An open forum on the Web site allows information exchange among customers and engineers for more difficult problems, but still connects users directly to Cisco if further consultation is required.

Communications and Collaboration

In today's world, companies conduct business on a global scale. Cisco Systems is no exception to this, with thousands of employees around the world. Success in the Internet Economy requires networked tools to allow easy communication and collaboration across many geographies and time zones.

The evolution of video collaboration tools has enabled sales and technical training on demand and helps Cisco communicate with many more people in less time and at reduced expense. Like a real classroom, the distance-learning applications include the essential element of interactivity, using a browser interface to ask live questions. New "virtual classroom" technologies enable full, multimedia tools for complete collaboration. When Cisco must reach all its employees quickly, company-wide meetings and broadcasts are easily conducted across the network to most locations. Communication over the Internet with external suppliers, customers, and consultants reduces the need for travel while offering a range of media to maximize the effectiveness of the presentation.





***E-mail** already outnumbers
regular mail by nearly
ten to one*