

Experience Today the
Network of Tomorrow.

Cisco Expo
2009

Countering the Economic Downturn



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Welcome to the Human Network.



- The Downturn ... What Does it Mean for Companies and IT?
- Cisco's Response ... Transforming IT and the Business
- Generating Value ... Customer Cases
- Justifying the Investment
- Summary
- Q&A



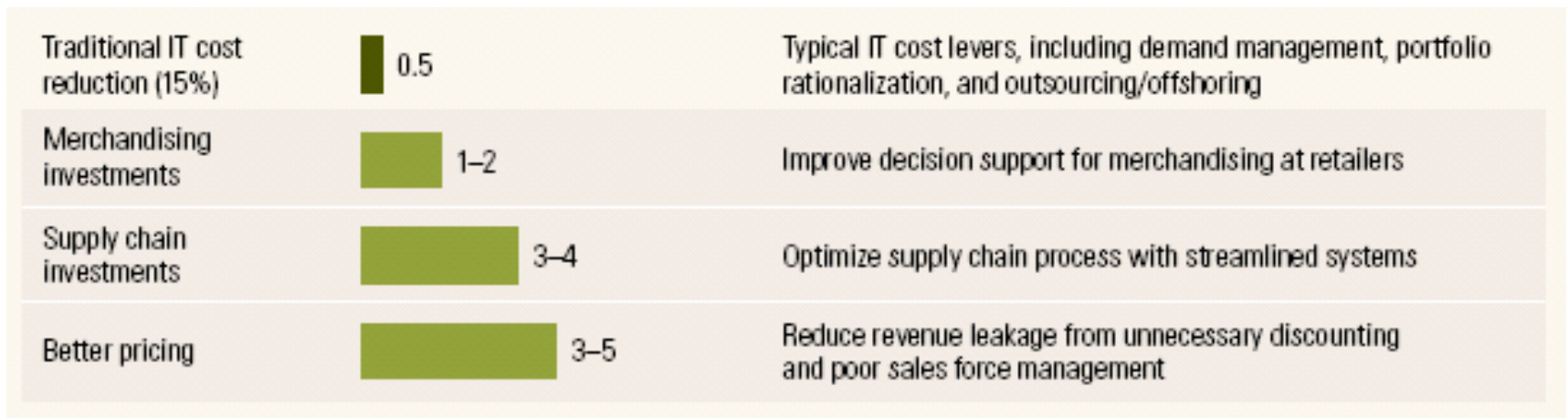
• IMF 2009 Economic Growth Forecast		<u>Nov 08</u>	<u>Jan 09</u>	<u>Change</u>
	– World	2.2%	0.5%	-1.7%
	– Emerging and Developing Economies	5.1%	3.3%	-1.8%
	– Middle East	5.3%	3.9%	-1.4%
• IMF 2010 Economic Growth Forecast		<u>2007 A</u>	<u>2010 F</u>	<u>Trend</u>
	– World	5.2%	3.0%	-2.2%
	– Emerging and Developing Economies	8.3%	5.0%	-3.3%
	– Middle East	6.4%	4.7%	-1.7%
• Commodity Prices		<u>Mid 08</u>	<u>End 08</u>	<u>Difference</u>
	– Oil (per Barrel)	\$150	\$40	-\$110
	– Naptha (per Tonne)	\$1,200	\$300	-\$900
	– Ethylene (per Tonne)	\$1,600	\$500	-\$1,100

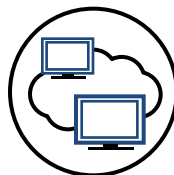
- **Economic growth expected to drop from 4.2% (2008) to around 2% (2009)**
- **SABIC 4th quarter net profit down by 95%** SABIC, 20 Jan 08
- **“Saudi Aramco to review projects”** Financial Times, 5 Nov 08
- **King Abdullah Economic City “faces delay”** Financial Times, 18 Dec 08
- **“Rio Tinto is unable to finance its 49 percent stake in an aluminium joint venture [with Ma’aden] in Saudi Arabia”** Reuters, 17 December 08

- **Protect existing revenue**
- **Reduce operational expenditure**
- **Minimise capital expenditure**
- **Focus investment on rapid payback, high Return on Investment initiatives**

- **Protect existing revenue**
- **Reduce operational expenditure**
- **“Reduce IT cost as percentage of total revenue”**
- **Minimise capital expenditure**
- **Focus investment on rapid payback, high Return on Investment initiatives**
- **“Benefits from investment in IT are intangible and take a long time to be realised – invest only when absolutely necessary”**

- **“Investments in technology-enabled business processes can deliver up to ten times the impact of traditional IT cost reduction efforts”** McKinsey on Business Technology, Fall 2008
- **Impact on Run-Rate EBIT (%):**





business transformations

Empowered User

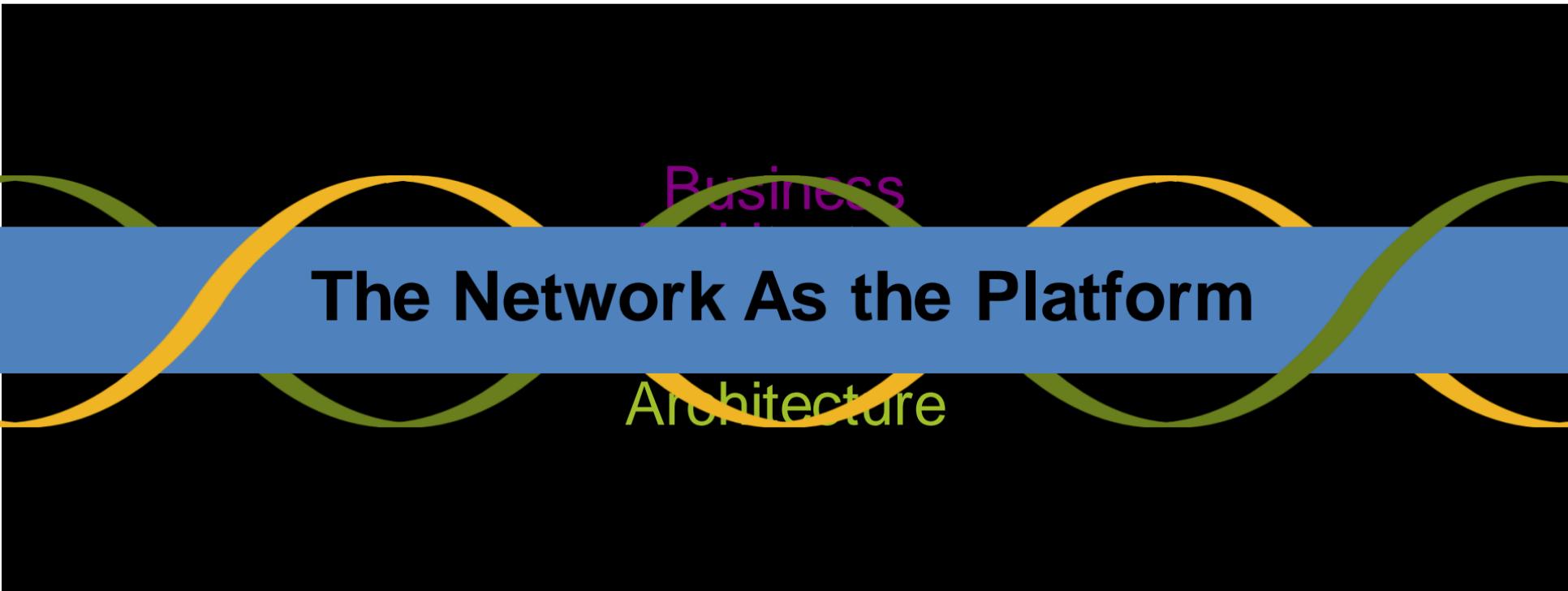
- Grassroots innovation
- Personalization
- Collaboration

Real-time Information

- Virtual, secure, integrated
- Enterprise-wide

Borderless Enterprise

- Agile business
- Anytime, anywhere
- Interconnected Business Models
- Global talent



The Network As the Platform



priorities

Deliver World Class
Customer Experience



Innovation, Business
Transformation



Top Line,
Bottom Line Growth



New Business
Models



Process Change...
Operational Efficiency



Partnerships...Strategy,
Business Development



priorities

IT as a Competitive Differentiator



Escalating User Expectations



IT Speed, Flexibility, Responsiveness



Compliance and Security



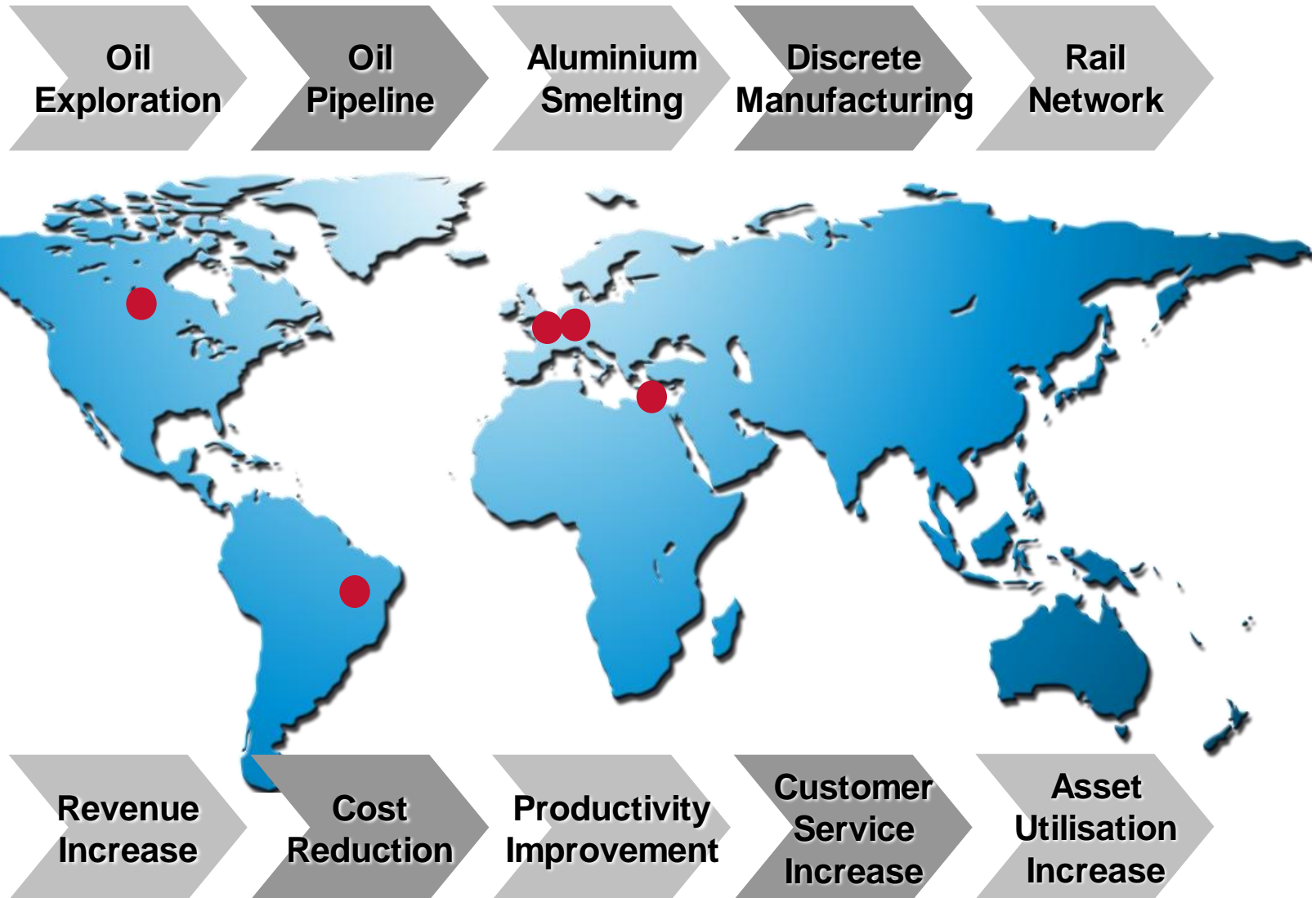
Geographic Scalability
Regional, Global



Expense Reduction



Generating Value: Customer Cases





Challenges

- Reduce downtime by improving the quality and speed of decision making
- Make maximum use of scarce and valuable expertise
- Create an intelligent rig enjoying converged communications even on the hazardous drill floor



Solution

- Cisco Aironet 1500 Wireless Access Points “light up” the entire rig with Cisco Unified Communications
- Explosion-proof enclosures enable coverage to be provided across the hazardous zone 1 drill floor
- Handheld mobile devices enable real-time voice, data and video anywhere on the rig



Benefits

- Avoiding just 10 hours of downtime per month saves \$125k
- Real-time consultation with highly skilled and specialised experts based anywhere in the world
- Better and faster decisions that can make the difference between losing and keeping a well

“Our vision is to create a digital oilfield where all of our assets and people could be linked using the network as a platform to create a secure, converged IP infrastructure”

Massimo Insula, Drilling and Work Over Deputy General Manager



Enbridge Pipelines Inc.



“With Cisco TelePresence we have the opportunity to significantly improve our project communications. Our teams work on very complex and time-critical projects, so we need to enable them to communicate as clearly and effectively as possible. The energy industry is a capital-intensive business, so reducing time to decisions and improving the quality of those decisions is a key to success.”

Brent Poohkay, Enbridge CIO

Benefits

Lifelike images and interactions
Reduced travel

Result

Innovative project management practice
Increased productivity



Challenge

- Significant loss of operator productivity (3-4 hours per shift per operator) due to time wasted walking to control rooms because of lack of access to production information and high quality voice

Solution

1



- Smelter operator needs to check process data to make adjustments

2



- Pulls up critical production data on PDA
- Calls operator in another location to discuss change using soft-phone on PDA

3



- Makes process change accurately and rapidly via PDA

Benefits

- Eliminated 3-4 wasted hours walking to control room per shift per operator
- >80% faster operator decision making
- 50% reduction of physical control rooms



Challenges

- Separate networks across 250 locations supporting 23,000 different products
- Production environment in need of optimization

Solution

- Cisco Ethernet to the Factory Solution
- Cisco Service-Oriented Network Architecture (SONA)

Benefits

- 100% uptime over last 12 months
- Effective management of security threats
- 360 degree view of operations
- Enhanced manufacturing, sales, customer service and IT processes



“The next stage of our strategy was to drive productivity and create new efficiencies—not just in manufacturing but also in sales, customer service and IT—by connecting our global network with real-time information from the factory floor.”

Albrecht Salm,
Network and Telecom Manager



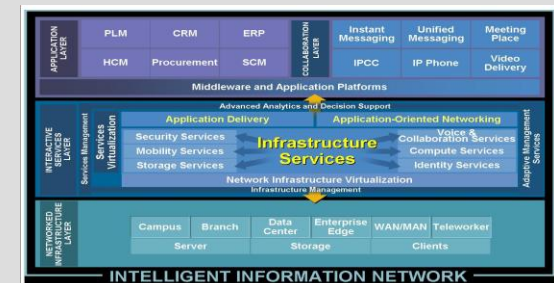
Challenge

- Respond to competition from cars and planes by countering consumers' perception of rail travel as unpunctual, unsafe, and unpleasant
- Increase staff productivity, reduce internal costs, and improve revenue



Solution

- A secure Unified Wireless Network based on the Cisco Service-Oriented Network Architecture (SONA), in conjunction with context-aware intelligence. This delivers mission-critical information and innovative services in stations and on trains



Benefits

- Saved €8 million in operational costs
- Improved on-time performance and station security
- Opened door to new revenue-generating service opportunities through on-board delivery of information, news, and advertising content



- **Quantifiable and demonstrable business benefits**
- **Strong Return on Investment**
- **Rapid payback**



. . . . Cisco Capital

Cisco Capital Makes It Easier to Purchase and Manage Cisco Technology

Remove technology assets
from the balance sheet

Eliminate the risk of obsolescence

Lower total cost of ownership

Flexibility in managing
technology changes



Increase Overall Business Benefits with an Alternative Acquisition Strategy

Financing Technology Can Alleviate Many CxO Concerns

Align IT priorities with business initiatives

Maximize constrained budgets

Assure the success of IT projects

Allow for operating flexibility
and technology refresh



The Decision Is Not Only **'What'** to Buy,
but **'How'** to Buy

Customer Benefits

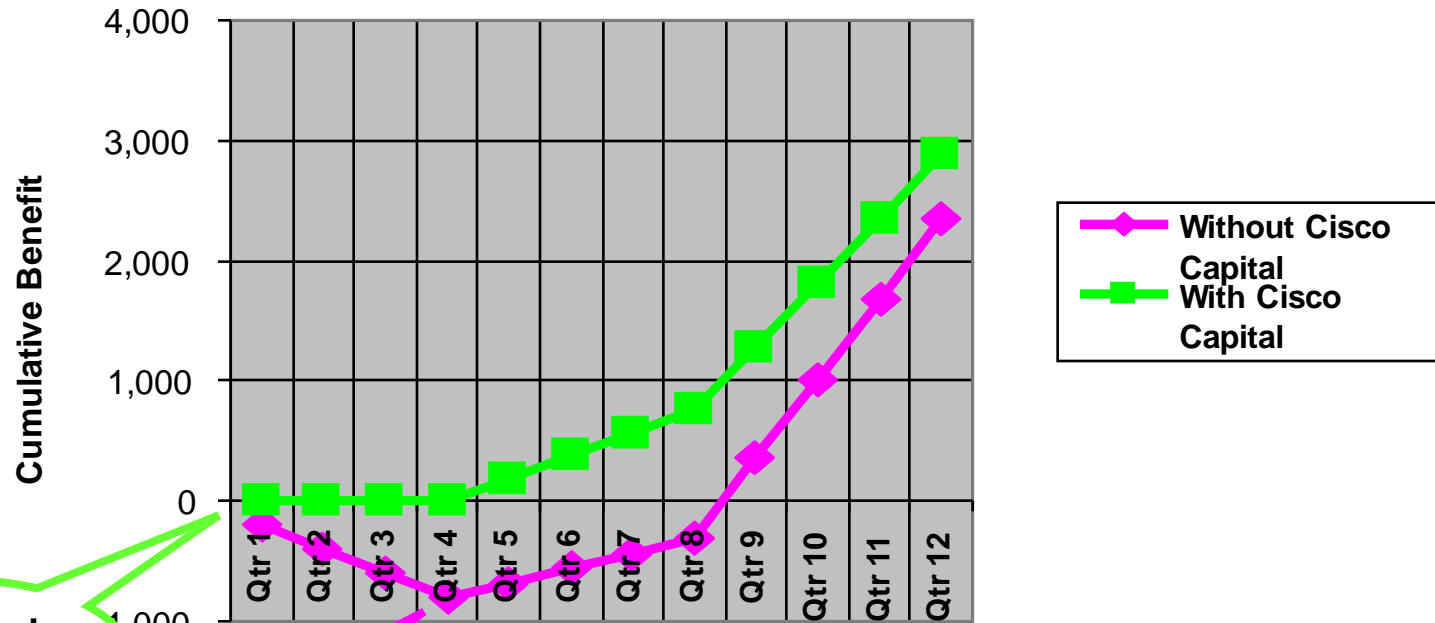
- Flexible and aggressive terms (i.e. match revenue to payments)
- Very aggressive rates. Much lower than local and international banks.
- Islamic or conventional financing
- Off balance sheet financing
- Utilize operating budgets
- Use your capital to support other business priorities



- Keep present value of payments below original cost
- Disposal control
- Minimize technology risk
- Proactive technology lifecycle management
- Increase net discount
- Implement a complete solution
- Bundle equipment and services into one payment
- Lower TCO with standardization of assets

The Cisco Capital Advantage

Illustrative Example



Zero Cash Outlay

Initial Cash Outlay

Immediate Payback!

- In an economic downturn investment in technology-based solutions drives significant business savings
- Cisco's network-based solutions align IT with the needs of the business
- Our customers in many different industries around the world are transforming their businesses and generating major returns on investment
- Cisco Capital supports companies to invest, even in a challenging economic climate

Q & A



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