

How Cisco Applies Companywide Expertise for Integrating Acquired Companies

Faster, smoother integrations help to realize acquisition value.

BUSINESS BENEFITS

- Ability to realize acquisition value and pursue diverse acquisition types
- Faster, smoother integration of acquired companies
- High levels of employee retention
- Continuous development of integration expertise
- Efficient integration activity throughout the company

“We centralize acquisition integration for several good reasons. It is efficient and it allows us to capture best practices, use our skills and resources most effectively, and apply discipline and oversight to the entire acquisition process.”

– Graeme Wood, Director, Acquisition Integration, Cisco Business Development Group

Acquiring companies that offer attractive technologies, products, or market opportunities has been a major growth strategy for Cisco®. Since 1993, Cisco has acquired more than 120 companies, from small startups to large, well-established firms such as Linksys, Scientific Atlanta, and WebEx.

With multiple acquisitions occurring each year, it became clear that Cisco could not approach the integration effort in an improvised manner, with different personnel and activities engaged each time. Instead, Cisco needed an integration approach that would be consistent across the company, repeatable for each new acquisition, and adaptable as Cisco began to acquire large companies with different operational parameters.

Cisco has developed a formal, repeatable approach to acquisition integration that encompasses cross-function teams, common principles, and standard processes. Individual Cisco departments extend these principles into their own integration activities. Several

Cisco technologies support this effort, including Cisco MeetingPlace® conference calls, WebEx online meetings, and Cisco TelePresence virtual meetings.

With this standard approach, Cisco can realize the value expected from each acquisition. Transition of a company to Cisco ownership creates less disruption in sales and productivity levels. Employees in the Cisco business units and operational departments can focus on bringing new products to market.

High levels of employee retention keep expertise within the company. In the first two years after an acquisition closes, Cisco retains nearly 100 percent of employees who transition from the acquired company. Long-term employee retention levels are also high.

Cisco also gains a significantly optimized operational infrastructure. The integration effort can identify opportunities for optimizing Cisco’s operational infrastructure, with specific improvements for each department involved.

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