

# The Future of Business: Preparing to Meet its Challenges

## The Trends, the Network's Role, and the IT Investments That Will Be Needed Most

As we talk with our customers and look into our own future, it is clear that there are significant opportunities for global growth—across industries and regardless of an enterprise's size—even in these turbulent times. To capitalize on these opportunities, Cisco is addressing today's dominant trends and their implications for transforming IT architectures and critical business processes. This paper will examine these trends, describe why the network is the logical starting point for transforming business, and offer insight into the most strategic IT investments that businesses should consider today. Cisco believes that by using the network as a platform for transformation, businesses can achieve the agility they need for success, as well as encourage powerful, creative new thinking that has the potential to transform all business.

### Trends Shaping Today's Business Environment

The current economic downturn has caused many IT leaders to shift their strategies to focus more on cost efficiency. However, as markets eventually stabilize, organizations that have adhered to fundamental business imperatives will be in a better position to capitalize on opportunities than those organizations that retreated. Numerous trends affect today's business strategies and decisions; some affect specific functional areas of a business, while others represent broader social, technological, or competitive areas. Examined as a whole, they align around three main areas: the empowered user, a demand for real-time information, and the borderless enterprise.

#### The Empowered User

Whether a customer, citizen, patient, student, voter, or employee—individuals are using new technologies to innovate within their workplaces and communities. They are rapidly adopting Web 2.0 technologies, such as social networking, peer-to-peer collaboration, blogs, wikis, and multimedia content for mobile devices. They are growing accustomed to having a personalized experience. And they are asking, "Why can't I use these same tools at work?" Enterprises are challenged to deliver new tools and capabilities that meet the expectations of their empowered users, while simultaneously coping with the growing technology complexity, support, security, and compliance issues associated with them.

#### Real-Time Information

All businesses recognize the importance of using real-time information to increase their companies' agility and competitiveness. However, "increasing business velocity" requires more than simply speeding up existing data processing systems—it demands a different kind of IT and business architecture than has traditionally been required. Today, a virtual, secure IT architecture must enable users to participate. It must deliver data with its surrounding context and with other tools that may be required to accurately interpret and use the data. And increasing velocity requires automating execution wherever possible. Being able to use real-time information, such as customer transaction data, to shape a marketing campaign on the fly or to combat competition can enable the enterprise to adapt its tactics and capture better market advantages, earlier.

### **The Borderless Enterprise**

Employee, customer, and supplier interaction increasingly occurs across an enterprise that is distributed, operates 24 hours a day, seven days a week; requires a global talent pool; and conducts business from venues outside of traditional office buildings. Because work can now be performed almost any time and in any location, new business models are emerging that benefit from global, mobile capabilities. For example, virtual companies and partner ecosystems are increasingly built on Web 2.0 technologies to accelerate business processes and streamline product development and delivery. Enterprises that can openly and securely enable collaboration beyond borders will improve their creativity and velocity.

### **The Implications for Businesses**

Cisco and many other businesses are addressing these three trends in ways that result in fundamental business transformations:

- Empowered users expect to be able to collaborate easily and with a highly personalized experience. Businesses are unlocking employee potential and driving true customer intimacy by enabling collaboration among—and between—employees, partners, and customers.
- A primary reason for many companies' virtualization initiatives is the need to provide applications and individuals with shared real-time, contextual information, workspaces, and expertise. Virtualized applications can play an integral role in driving true customer intimacy and distancing the business from its competitors by improving the frequency, timeliness, and quality of interactions and by enabling greater speed and scale.
- Finally, businesses are striving to globalize and become truly borderless enterprises by using their networks to link locations, people, and information in ways that maximize agility and promote new opportunities.

### **The Business. IT. Inseparable.**

Business and IT are inseparable. Business relies on IT and IT relies on the network. Therefore, because these major trends affect business, they also drive fundamental changes in IT. In addition to maintaining effective systems operation, IT is also expected to implement the capabilities needed to support new business initiatives while simultaneously helping ensure compliance, security, scalability, and adherence to “green” mandates. Supporting collaboration, virtualization, and globalisation strategies efficiently and cost-effectively can only be achieved by using a common platform. And the only platform that can support all of these goals...is the network.

### **The Network as a Transformation Platform**

Cisco first transformed critical business processes by using Internet-based transaction services—such as customer self-service portals, employee intranets, and virtual manufacturing models—to accelerate enterprise back-office processes and to free talented employees for other challenges.

Just as this network-based approach successfully fueled business productivity in the past 10 years, Cisco believes that the network will also empower businesses to meet the challenges of the next decade. Why? There are three primary areas where business transformation efforts are already relying on the network as a platform. They include collaboration, virtualization, and globalisation.

### **Enabling Collaboration**

In the past, a company's products and services were measured primarily by the amount of functionality they delivered. Today however, customers expect a personalized experience with a product or with the brand itself, and that experience often informs purchase decisions. For example, flourishing online communities wield tremendous influence over perceptions of products and the companies that offer them, and these communities transcend geographies and social backgrounds. Customers—whether purchasing for their own use or business use—want to deal with companies who actively listen, openly change, and respond to customer feedback. Businesses must be able to identify those attributes that create a unique experience with their products or services, deliver the experience consistently, and evolve their customers' experiences to continuously differentiate themselves from competitors.

IT can play a critical role in shaping the experiences of customers, employees, and partners by using collaborative technologies to connect the business with its varied communities and to connect communities to each other. Only through the network can the business enable connection between all devices, all operating systems, and applications that support easy, personalized collaboration.

### **Virtualization**

The IT architectures used for the past 20 to 30 years were primarily based on mainframes and delivered business capabilities through shared resources. Today however, business capabilities are delivered through a dedicated client-server model based on personal computers. Increasingly, information and technology tools are broadly available and an organization's applications and data no longer reside strictly within the enterprise walls.

"Cloud computing", or Software as a Service (SaaS), is radically changing how businesses own, use, secure, and distribute entire applications and data. Although SaaS offerings eliminate having to host massive, complex applications that demand costly, specialized expertise to support and optimize, they also place new requirements on businesses for connecting to mission-critical applications and securing their use. Information, applications, and services are also increasingly shared with external partners, suppliers, and customers, many of whom have their own requirements for secure access and information sharing. Only the network can securely connect the IT infrastructure with all of the business' virtual resources—whatever and wherever they are.

### **Globalisation**

Globalisation represents a fundamental shift in how individuals, businesses, geographic regions, and countries perceive their abilities to create jobs, stimulate investment, enhance citizens' wellbeing, and participate in the global economy. Adaptability becomes a required asset, and the network is the only platform that enables businesses to accelerate connectivity to new customers, new locations, and new opportunities—without having to establish a large number of physical points of presence. 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.

## Managing IT and Serving the Needs of the Business

Today, CIOs often find themselves caught between the demands of the company's Board of Directors, which seeks innovative business models and methods of increasing customer personalization, and requirements of the CEO to help ensure compliance, security, scalability, and adherence to "green" mandates. And at the same time, operate current systems effectively while minimizing IT costs.

Traditionally, businesses relied on premises-based software applications. With SaaS alternatives, they can begin to gain new levels of agility and efficiency. The network plays an integral role in bringing together the benefits of both models: the security, reliability, and availability of premises-based solutions combined with the agility and efficiency of on-demand models.

The network is the common element that supports both of these models, because only the network can deliver:

- A single element that enables enterprises to empower users and deliver real-time information around the world and beyond traditional enterprise borders
- Rich collaboration capabilities that increase productivity and create a personalized user experience—anytime, anywhere, and on any device
- Virtualized resources that meet sustainability goals without compromising performance, richness, reliability, or reach

For example, core network services, such as routing and quality of service, call control, location, presence, and policy management can be on-premises, integrated elements of the network that function like dial tone. The IT team can deploy these and let them operate. Core business applications can be enhanced or adapted to deliver new capabilities using these services. Less-critical applications or those demanding high scalability can be deployed as an on-demand service. For example, web conferencing can be delivered by a service provider, who manages the application and can connect to customers with the correct policies they require for sharing applications and data. In this way, IT is free to focus on strategies that are central to the business model, yet still meet the requirement for agility that the business demands. Only the network can deliver this freedom and flexibility, and only Cisco can deliver networks that facilitate this transformation.

## Strategies for Transformation

Today Cisco is delivering innovative applications that help us create an outstanding experience for our own employees and partners. As we move forward, we are using our unusually broad and deep perspective on how businesses use networks to help our customers transform their businesses. It is clear that not only do IT organizations have the responsibility for helping their businesses achieve their collaboration, virtualization, globalisation, and other goals, they also need to find ways to achieve them while maintaining compliance, security, and scalability within their budgets.

To help, Cisco has identified five infrastructure strategies that will help IT achieve its goals. They include mobility, unified communications, IT as a service (ITaaS), data center solutions, and video.

### Investing in Collaboration

#### Mobility

Mobility solutions enable employees to work from almost anywhere and enjoy a high-quality communication experience using their devices of choice. Mobility solutions such as Cisco<sup>®</sup> Enterprise Class Teleworker and Unified Wireless Network are helping companies improve

collaboration, employee productivity, and satisfaction—by reducing the time and fuel use associated with daily commuting. For example, Cisco Unified Wireless Network solutions allow employees to easily move between their desks, conference rooms, outdoor environments, or remote locations while staying connected to their applications, data, and tools. Mobility solutions better meet the needs of empowered users by enabling them to instantly connect with global resources, collaborate from wherever they are working, and use the devices that they find most productive.

#### Unified Communications

Cisco Unified Communications solutions enable businesses to efficiently access data on demand, support effective team interaction around the world, and manage interactions in real time. From Cisco IP Phones and Unified Messaging, to Cisco TelePresence™ solutions, to Cisco WebEx® web conferencing solutions—rich business collaboration tools operate on a single, intelligent infrastructure that bridges the on-premises and on-demand worlds. Enterprises will increasingly require a unified communications approach to cost-effectively improve collaboration within their companies and extend collaboration tools globally to customers and partners with high quality and reliability.

#### **Expert Collaboration Transforms Financial Services**

A large bank used a Cisco Virtual Expert Management solution to connect loan customers across hundreds of branches with subject matter experts in the bank's headquarters. Results included:

- 20-percent increase in subject matter expert productivity, by reducing travel
- Projected revenue increase of US\$3.5 million in first year
- Retain .25-1 percent in loan rates that would otherwise be lost to competitors
- Significantly reduced missed leads

#### **Investing in Virtualization**

##### IT as a Service

Software-as-a-service solutions have become widely accepted by companies of all sizes because they are highly cost-effective, can be rapidly implemented and adopted, and do not require a high initial investment. Extending the concept even further to include IT operations, many large enterprises are adopting ITaaS to more easily manage the issues associated with globalisation and cost-effectively meet the needs of empowered users. For example, Cisco WebEx has successfully met the demands of many of the world's largest enterprises, while using its own service platform to cost-effectively reach hundreds of new customers in new locations without having to establish physical locations. ITaaS offers much potential to help businesses achieve business goals more cost-effectively and without the high commitment typically associated with delivering these kinds of services themselves.

##### Data Center Solutions

Virtualization technologies are helping many businesses, including Cisco, to dramatically improve storage utilization, service delivery, resource efficiency, and space utilization. Cisco virtualization solutions such as Cisco Nexus™, VFrame Data Center, and Data Center Network Manager are enabling simplified, end-to-end coordinated provisioning of physical and virtualized server, storage, and network-based resources while helping data center managers monitor and control energy use

far more precisely than was previously possible. Similar virtualization approaches will help businesses meet future computing and storage demands as well as budget and “green” demands. Other data center technologies, such as quality of service (QoS), WAN optimization, performance routing, integrated security capabilities, and extensible application architectures enable IT to more easily deploy and manage global business services while actually enhancing their performance and reliability.

#### **Virtualization Accelerates Service Deployment**

A leading provider of business information had acquired numerous companies over time, resulting in a collection of disparate systems, networks, and data centers. By implementing Cisco data center solutions, such as Cisco VFrame Data Center and Cisco Catalyst® 6500 Virtual Switching System, the company was able to accelerate IT provisioning by 65 percent and reduce deployment times from weeks to days.

#### **Investing in Globalisation**

The enterprise data center also plays a central role in any globalisation strategy, with the capabilities described earlier. The other primary strategy for supporting globalisation is to support rich, real-time collaboration using video.

##### **Video**

Video delivers unmatched immediacy and richness to collaboration, enabling people to meet, discuss, and make decisions in real time. Businesses can deliver video applications from the same intelligent network infrastructure that connects all of their locations and simultaneously personalize application delivery to meet their specific objectives. For example, Cisco TelePresence supports a borderless approach to business by creating lifelike, in-person experiences between people, businesses, and events—over the network. From Cisco Unified Videoconferencing solutions to TelePresence meetings, businesses gain visual context and the richness of a face-to-face meeting, enabling them to reduce travel demands, improve employee productivity, and enhance job satisfaction while eliminating the delay and difficulty associated with traveling long distances to gain consensus and reach decisions.

#### **Connecting a Global Supply Chain**

A leading provider of agricultural equipment was in the midst of bringing a new low-cost tractor to an Asian market. The company’s Chinese manufacturing facility shut down, forcing the company to quickly find another manufacturing plant and keep its schedule. With a Cisco Connected Supply Chain solution, the company quickly reconfigured a manufacturing plant in Germany, enabled collaboration between its R&D, manufacturing, and German plant teams—and met its delivery deadlines.

#### **We’ll Get There Together**

Cisco is transforming its business by taking an architectural approach to implementing its collaboration, virtualization, and globalisation strategies and by using the network as a platform to do it.

Does your business want to react more quickly to new opportunities? Benefit from the insight of employees, customers, and partners to improve products and services? Or attract the best talent from a shrinking pool of people, who demand to work on their device of choice, in their environment, and on their terms? If so, Cisco can help and we welcome the conversation. To begin, you can contact your Cisco account executive or visit: <http://www.cisco.com/go/enterprise> for more ideas. We look forward to the future with you.



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