



IAR Speaker Series

Cisco Strategic Alliances: New Developments and Global Outlook

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Agenda

- **Cisco's Strategic Alliances Portfolio**
- **FY 05 Results**
- **Alliances Innovation Model**
- **Market Segment Update**
 - Enterprise**
 - Service Provider**
 - Commercial**
 - Consumer**
- **Global FY 06 Outlook and Summary**
- **Q&A**

Strategic Alliance

A **multi-dimensional** relationship with the potential for **significant business impact** for both partners

Why Alliances Key to Innovation?



Customers

- Quicker access to **new technologies and solutions** from network of **proven industry leaders**.
- **Compatibility and functionality** across all components of complete **business solutions**.

- Focus resources on **core competencies** while meeting customer solution needs.
- Enhanced **customer satisfaction**.
- Broader **market reach** and **customer appeal**.



Partners



- Identification and creation of **new markets**.
- **Differentiation** vis-à-vis our competitors.

Cisco Growth Accelerator

Strategic Alliances Portfolio Snapshot



**Platform
Companies**

**HP, IBM, Intel,
Microsoft**



**Services
Companies**

**Accenture,
BearingPoint,
Capgemini, EDS, IBM**



**Hybrid
Services/
Telecom Mfg's**

**Ericsson, Fujitsu,
Italtel, Motorola,
Siemens**

Strategic Alliances Portfolio Snapshot

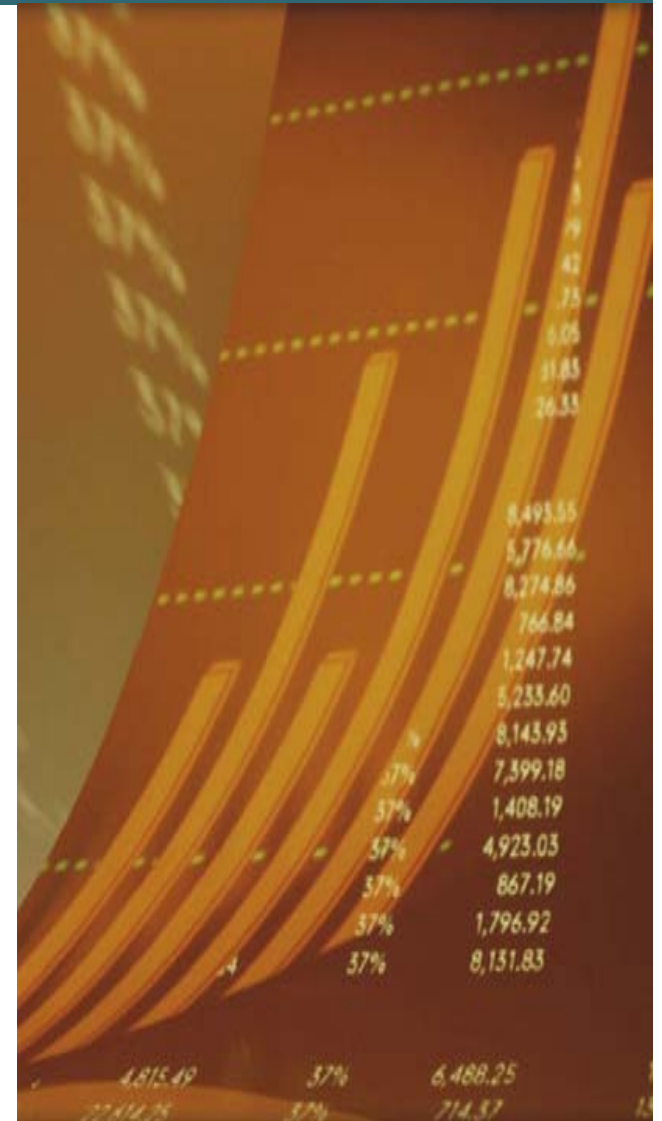
- **30+ joint solutions on market**
- **Joint engagement in 260+ development, testing or demo labs in all 5 theaters**
- **34,000+ Cisco certifications earned by alliance partners**
- **40,000+ alliance partner reps selling Cisco**



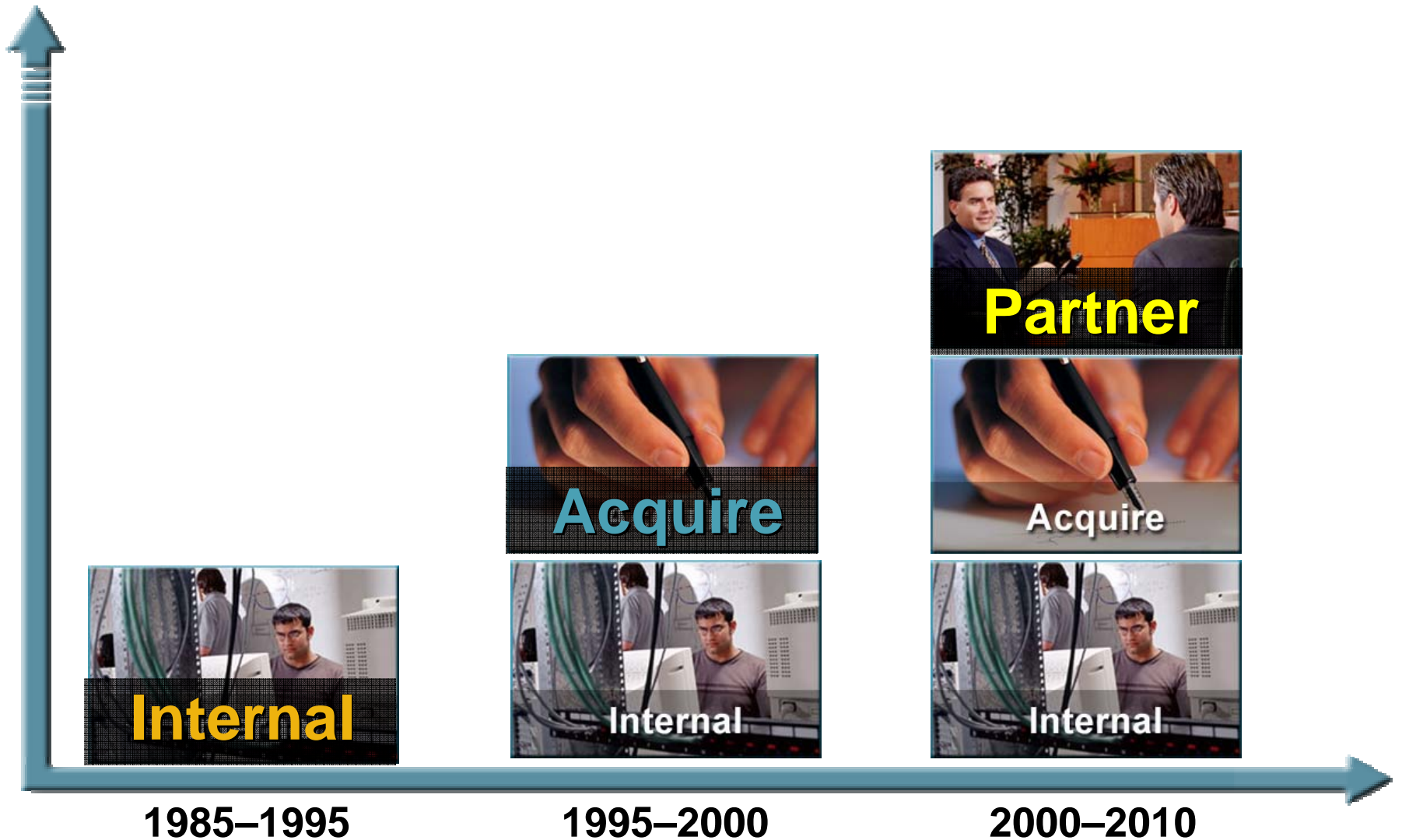
Strategic Alliances: Cisco Growth Accelerator

FY 05 Results

- **> 17% Y/Y Growth
(Cisco 12.5%)**
- **56% Y/Y AT Growth
(Cisco 27%)**
- **34% Services Growth
(Cisco 15%)**
- **Majority Revenues non-US**



Cisco Innovation Model: Partnerships Take on New Significance



Alliances Innovation Model: Deciding When to Partner



Build Criteria

- Technology or expertise exists in-house
- Technology is in development with sufficient time to complete
- Cisco's next version represents best technical standard



Buy Criteria

- Technology is an essential component of the complete solution
- Technology is leverageable across other Cisco platforms
- Cisco has high familiarity with the technology (reduces integration costs)
- Small to mid-sized company has low barriers to acquisition
- Target company needs capital or market access
- High likelihood of key talent retention



Partner Criteria

- Technology or functional expertise complementary to Cisco's
- Need to access technology viewed as "one-time" event
- Little in-house Cisco knowledge of the technology or service
- High barriers to acquisition (strong, expensive target company)
- Opportunity to create/boost "pull demand" for existing or future Cisco products

Alliances Innovation Model: Identifying the Right Partner

- **Significant top-line growth**
- **Market acceleration capabilities**
- **Breadth and depth of relationship**
- **Organizational and financial commitment**
- **Alignment with Cisco strategic direction**



Alliances Innovation Model: External Recognition



Association of Strategic Alliance Professionals, Inc.



Market Segment Update



Commercial



Service Provider



Enterprise



Consumer

**Strategic
Alliances**

Strategic Alliances: Enterprise Segment Update

Accelerating Growth

- **Insert Cisco into partner architectures**
- **Expand data center partnerships**
- **Leverage partners' vertical expertise and footprint to create demand**



Enterprise

Accelerating Growth: Insert Cisco into Partner Architectures

EDS Agility Alliance

HP Adaptive Network Architecture

IBM On Demand Business

Now also:

**Capgemini's
Services Oriented Enabled Enterprise**

**Four New Joint Industry Programs
Planned in Europe and US**

**Embedding Cisco's Application
Oriented Networking, Server
Virtualization and IP
Communications technologies**

Energy, Fin Svcs, Gov't, Retail



Accelerating Growth: Expand Data Center Partnerships

- **Joint technology development**

 - EDS, IBM and others to offer products, services compatible with Cisco AON (June 2005)

 - Cisco GigE switch modules developed for HP and IBM blade servers (January 2005 and April 2004)

- **Solutions architecture development**

 - Cisco incorporated into HP Network Consolidation solution (September 12)

 - EDS, Cisco developing highly flexible hosting fabric via Cisco VFrame, SFS and EDS' Virtual Services Suite for utility compute services (September 2005)






- **Go-to-market, channel engagement**

 - OSM partners (EMC, HP, IBM) key channel for MDS 9000 family

 - HP offers data management services based on Cisco Optical and SAN technologies (February 2005)

 - IBM provides network integration services for Cisco's Business Ready Data Center solution to be deployed at China's Agricultural Bank (July 2005)

Accelerating Growth: Leverage Partners' Vertical Expertise and Footprint

Industry	Partner	Solution	Recent Win
Financial Services	 Formerly KPMG Consulting	IP Telephony	US insurance company
		On Demand Data Center	Agricultural Bank of China
Healthcare		Medical Records	Several in Japan
		IP Communications and Wireless Mobility	St. Olavs (Norway)
State/Local Government		IP Communications	State of AZ

Strategic Alliances: Service Provider Segment Update

Enabling Transition to IP NGNs

- **Grow Cisco preference among SIs and telecom mfg's**
- **Enable Video over Internet rollout through video technology partnerships**
- **Establish regionally focused alliances delivering regionally customized solutions**

FUJITSU



Service Provider

Service Provider Portfolio Solution Sample

Wireline Operators

Driving IP Next Generation Networks

Access

Ericsson BBA

Core

Italtel PSTN Migration
Ericsson MMS & Core
Routing

Mobile Operators

IP Transformation for Next-Generation Mobile Services

Access

Motorola IP RAN /
Gateways
Siemens Gateways

Core

Siemens IPS & Core
Accenture SDP
Fujitsu Core Routing
Motorola ITP

Strategic Alliances: Commercial Segment Update



Commercial

Completing the Whole Offer

- Partner channel collaboration to **deliver whole solutions**
- Networking **pre-integrated with applications** that matter
- Networking **pre-integrated with partner branded solutions** SMBs trust

Announcing Today: HP-Cisco Tools for SMBs, Channel Partners

Simplifying network implementation, enhancing customer productivity and growing partner opportunities with:

- **Solutions Designer Tool:** Customized network designs, including consultations with Cisco certified partners
- **HP Smart Chat:** Online pre-sales support for HP and Cisco products
- **HP Reseller Locator Tool:** Assistance finding joint certified HP and Cisco partners



Microsoft and Cisco: Building Channel Collaboration Across US

Common, Virtual Channel to Deliver Complete Solutions to Customers

- Phase I solution: IP Contact Center by Cisco/MS
- Now in West Coast pilot
- Campaign targets include 30+ cities across US
- Exploring expansion into other theaters
- MS CRM partners matched with Cisco IPC partners
- Joint partner demos on Microsoft Across America Bus



Strategic Alliances: Consumer Segment Update

Accelerating Home Networking

- Provide consumers with seamless Home Networking experience
- Integrate Cisco/Linksys technologies and partners' solutions

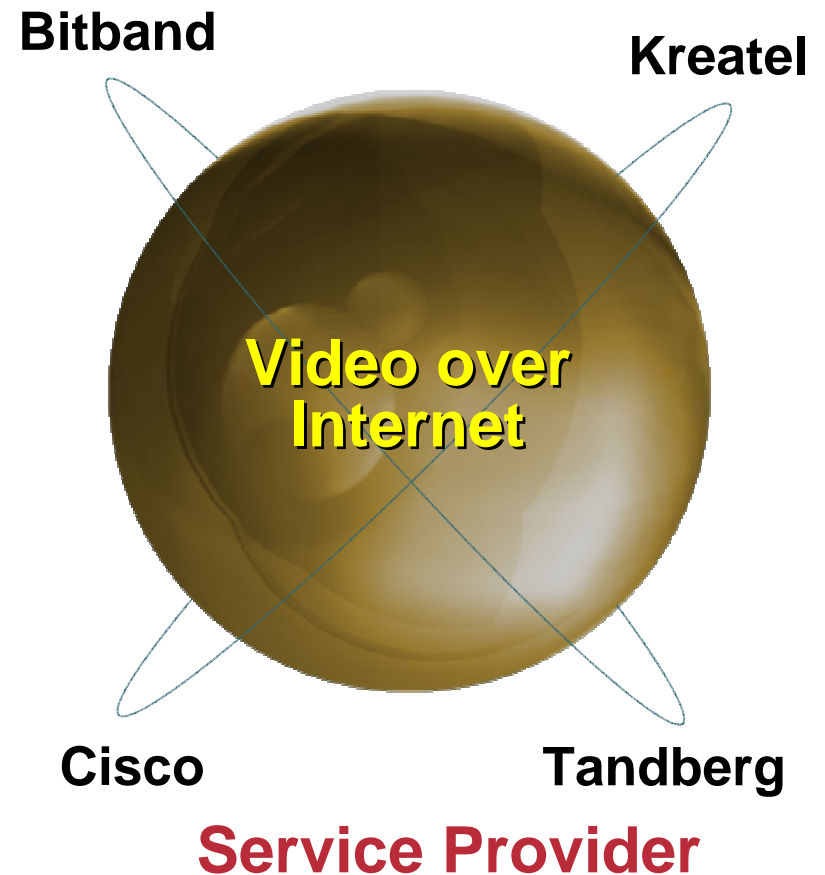
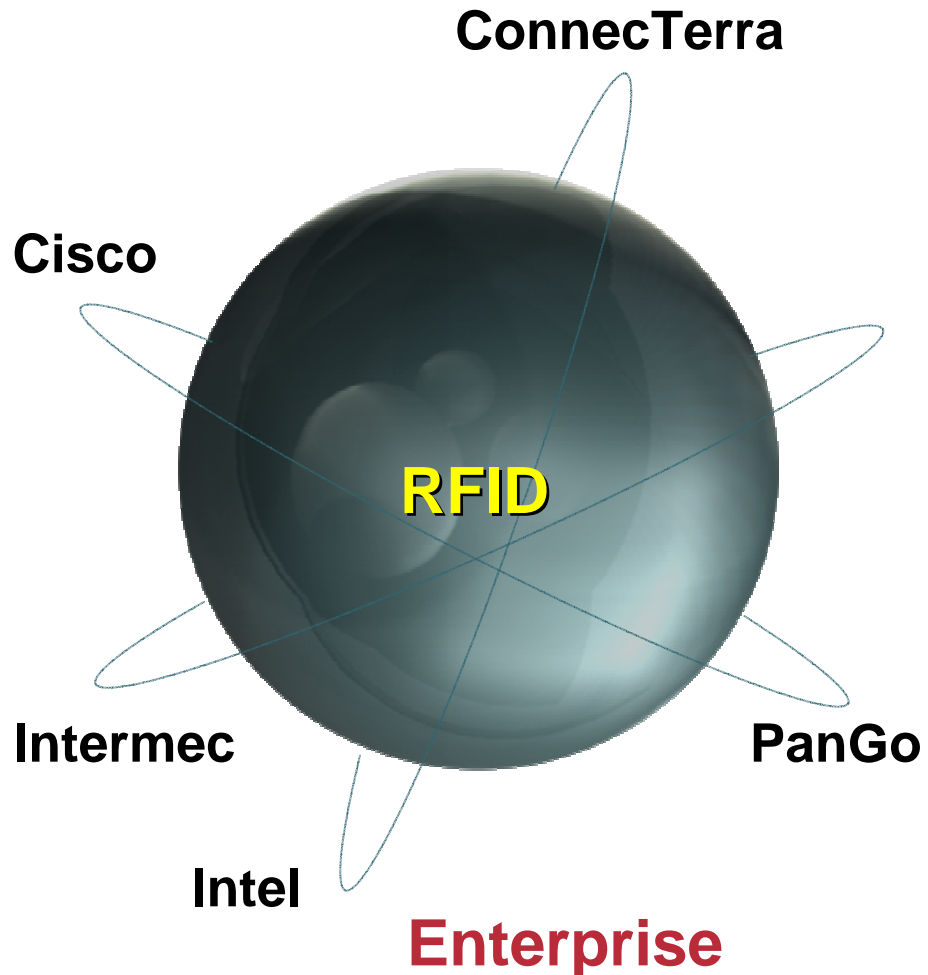
**HP-Linksys-Broadcom
SecureEasySetup
incorporated into
HP notebooks, networked
printers (Jan 2005)**

**Intel, Linksys collaborate
on media adapter to promote
on-demand video (Jan 2005)**



Consumer

Accelerating Growth in Various Segments: Creating Ecosystems to Drive New Applications



FY 06 Alliances Portfolio Outlook

- **Continued Investment in Alliances as Differentiator**
- **Major Alliance Globalization**
- **Focused Market Acceleration Efforts Using Solutions**
- **Form Partnerships in Selected Areas to Accelerate Networking (Geography/Vertical/Technology)**

Summary

- **Alliances Are a Key Part of Cisco's Build/Buy/Partner Strategy**
- **Alliance Ecosystem Creates Competitive Advantage**
- **Key Part of Cisco's "Total Solution" for Our Customers**
- **Focused on Creating Business Growth and Accelerating Market Entry**
- **Touch All Cisco Market Sectors**

Thank you for your attendance today

- **Please note a short survey will be sent shortly, thank you in advance for your candid feedback**
- **If you have follow-up questions, please contact Kristina Scott, kriscott@cisco.com**

CISCO SYSTEMS

