Web 2.0 & Cisco 3.0 - The Future & Vision
Catching Market Transitions

Ziad Mortaja

Director and General Manager, North Africa Levant

The Cisco Vision… 15 years!

The Internet is Changing the Way We Work, Live, Play, and Learn SM

Work **Live** **Play** **Learn**

…and Mission Shape the future of the Internet by creating unprecedented value and opportunity for our customers, employees, investors and ecosystem partners
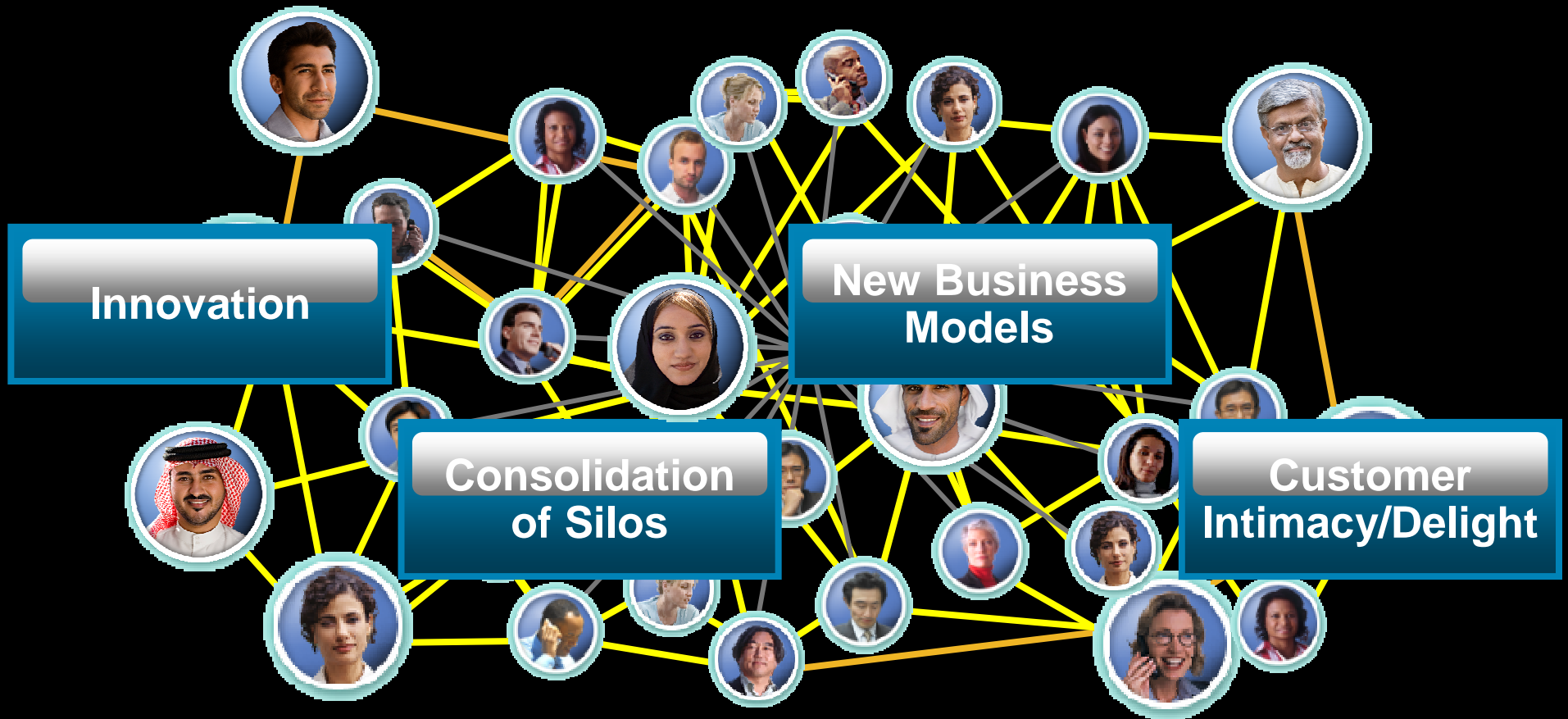
The Human Network @ Work

What Does This Mean?
The Network as the Platform

Innovation

New Business Models

Consolidation of Silos

Customer Intimacy/Delight

Welcome to the Human Network—Not a Network of Computers, but a Network of People

The Human Network—Video

Ogilvy & Mother, LA
Cisco Systems

"The Human Network Anthem Rev. 1"
Stereo Sweetened

RIOT

:90

QCIS 6119

10-06-06
1/2006 Cisco Systems

"Brace yourself.

In next decade… computer power and Net connection speeds will bring more profound changes to work than anything we've seen so far."

BusinessWeek
THE FUTURE OF WORK

"Whizzy new tools [are] going to change where we work, how we work, and even the nature of work itself. Already the changes are coming fast and furious."

What is Web 2.0?

- Web 2.0 is the business revolution in the computer industry caused by the move to *the internet as a platform*, and an attempt to understand the *rules for success* on that new platform

  --O'Reilly Media, 2004
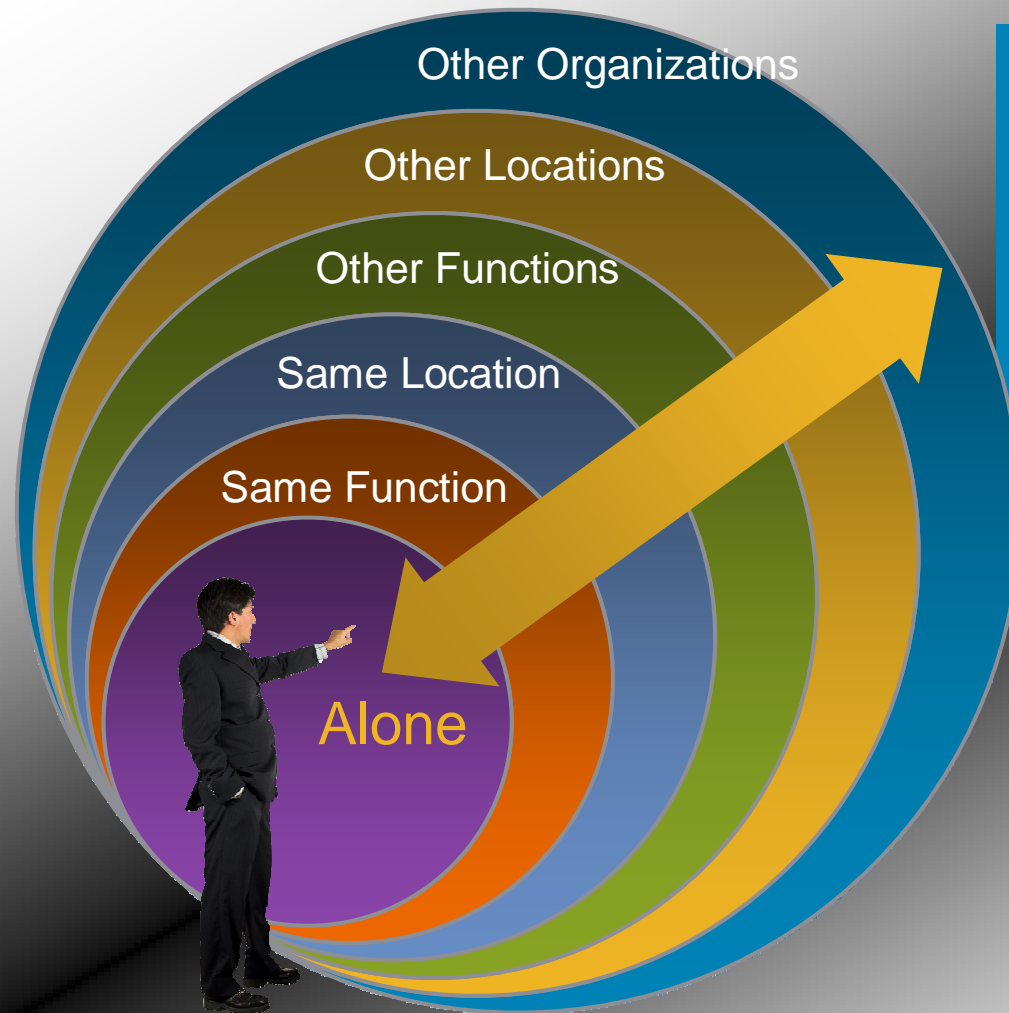
Web 2.0 is more about principles than technologies

TEK systems.

Web 2.0 Collaboration…
The Next Market Transition

Production	Transactions	Interactions	Web 2.0 Collaboration
1980's	1990's	2000+	Today

PRODUCTIVITY

15%
10%
5%
3%
1%

5%
3%
1%

Company

Country

Collaboration
The Business Imperative

Other Organizations

Other Locations

Other Functions

Same Location

Same Function

Alone

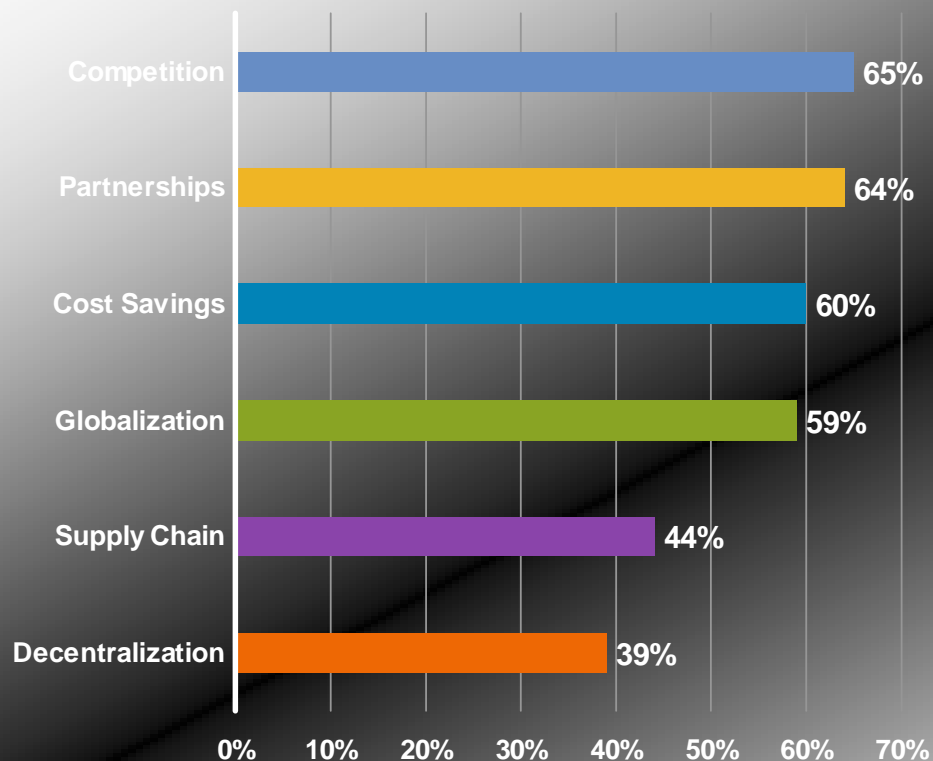- Executives currently work alone 2/3 of the time.

- 63% expect to collaborate across functions, organizations, and locations over next three years.

Collaboration
The Door to Globalization

Functions That Influence Collaboration

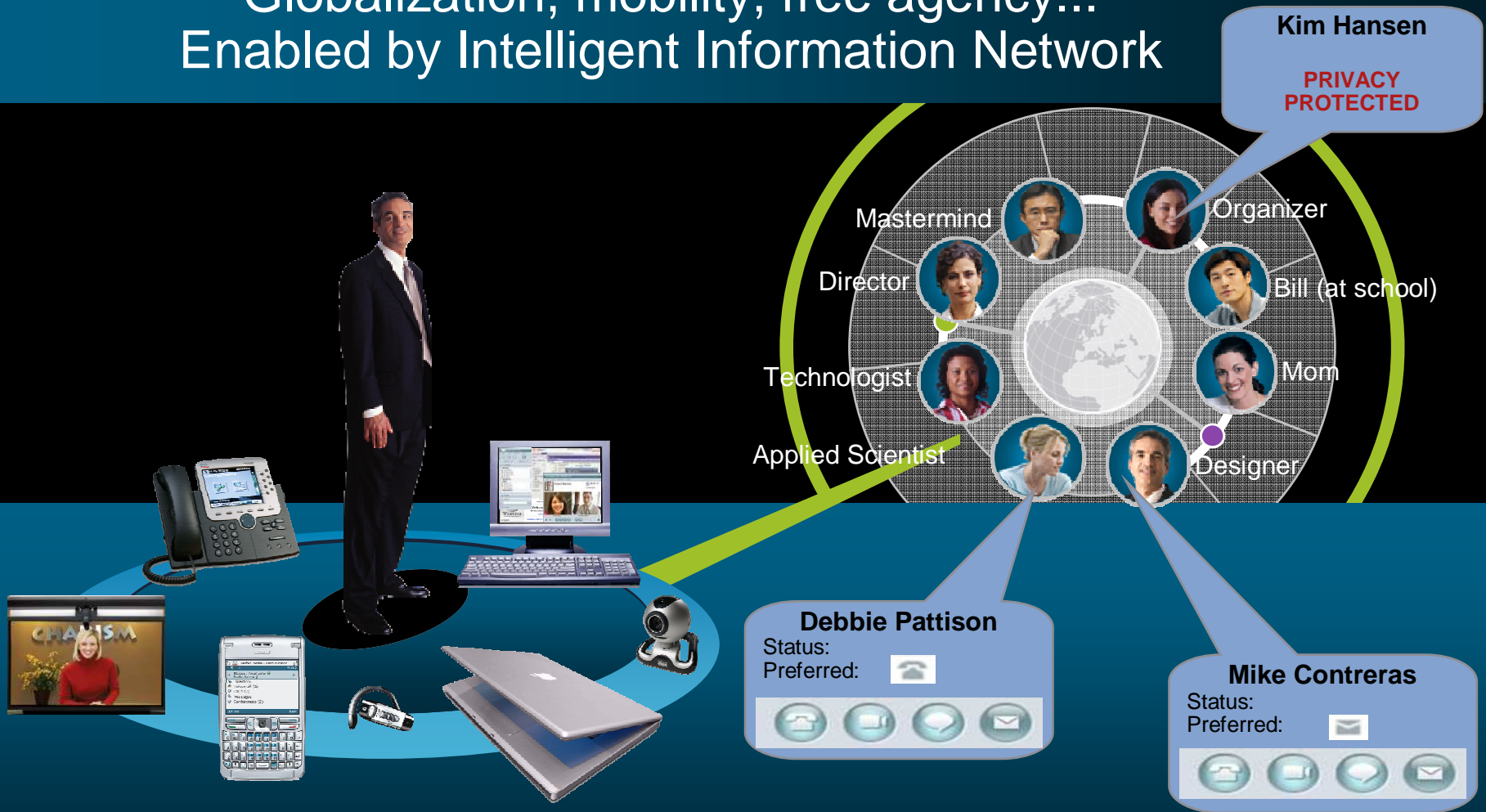| Function	Percentage
Competition	65%
Partnerships	64%
Cost Savings	60%
Globalization	59%
Supply Chain	44%
Decentralization	39%

0% 10% 20% 30% 40% 50% 60% 70%

- **Driven by**
  - **Globalization**
  - **Functional atomization**
  - **Competitive advantage**
  - **Moving fast**
  - **Operating efficiently**
  - **Growing**

Changing Nature of Work:
Business Going Virtual

Globalization, mobility, free agency...
Enabled by Intelligent Information Network

Kim Hansen

PRIVACY
PROTECTED

Mastermind

Organizer

Director

Bill (at school)

Technologist

Mom

Applied Scientist

Designer

Debbie Pattison
Status:
Preferred:

Mike Contreras
Status:
Preferred:

Transformation Is Driven By Market Transitions

"Cisco's strategy is a story based on change—the **market transitions** that affect our customers.

Through multiple transitions in the last decade and over the next 3–5 years, the network will evolve from the plumbing of the Internet—providing connectivity—to the **platform** that enables people to experience life."

John Chambers, CEO and Chairman, Cisco

Catching Waves of Market Transitions

Network as the Platform

Personalization of Experience

Collaboration → UC → TelePresence

All Communications and IT into the Network

Moore's Law into the Network

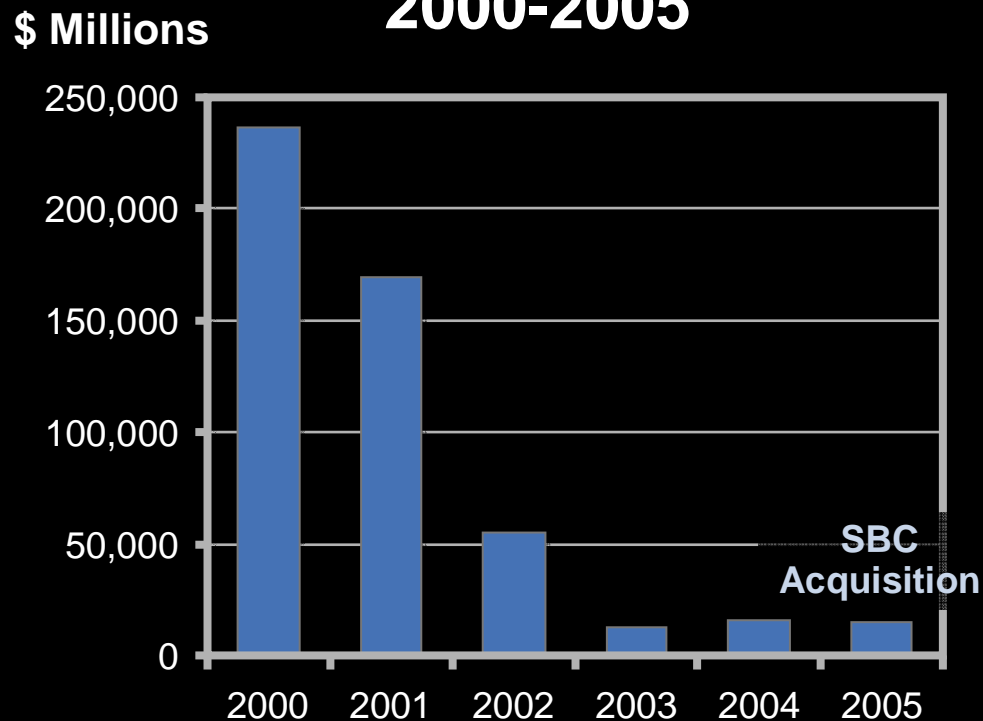**Next Wave of Productivity... Collaboration / Web 2.0**

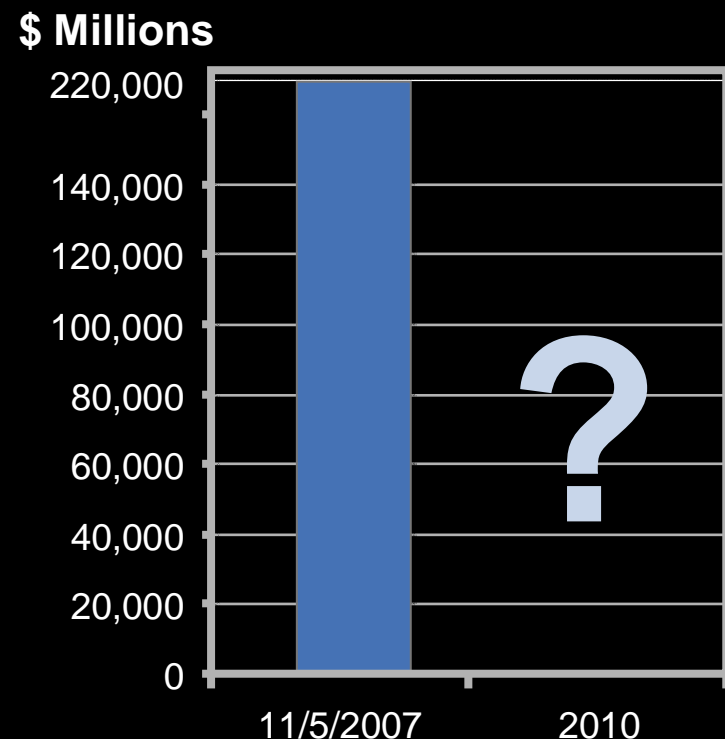**Networking Industry Consolidation**

Quad Play Everywhere

AT&T Failed to Catch Market Transitions. How Will Google Fare?
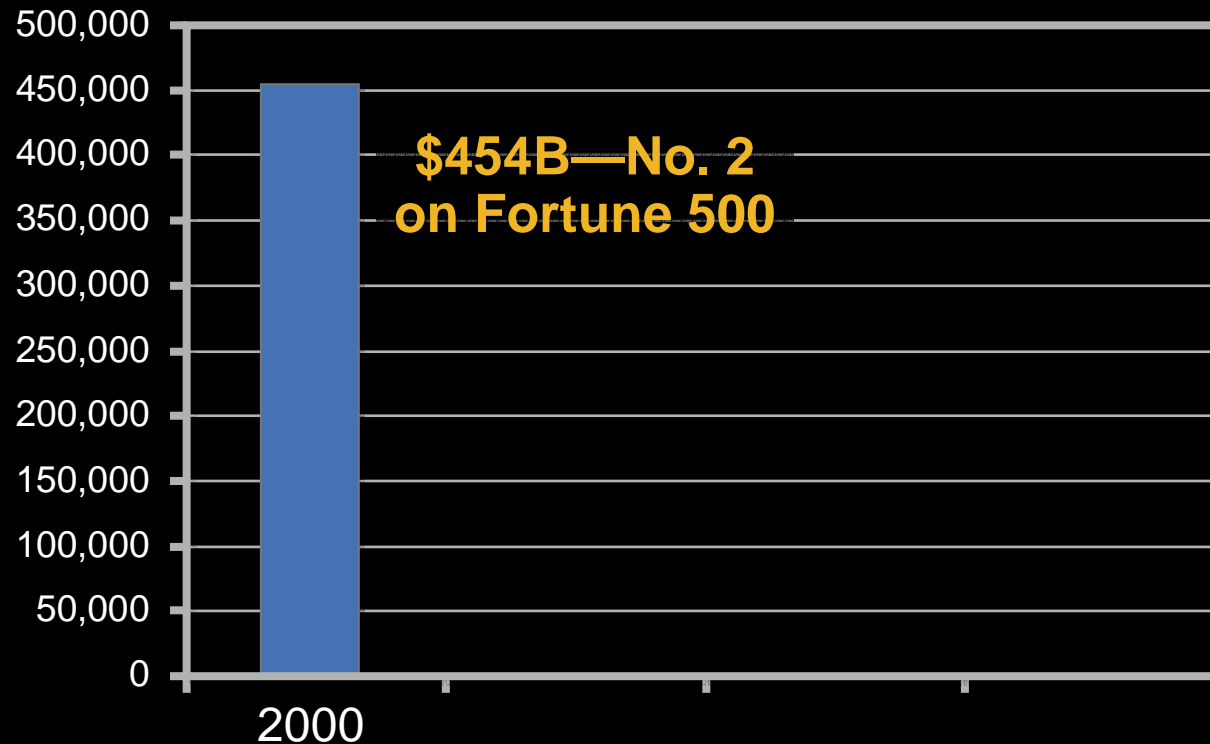
AT&T (*old*) Market Value, 2000-2005

$ Millions

Year	Value
2000	~235,000
2001	~170,000
2002	~55,000
2003	~13,000
2004	~15,000
2005	~15,000

SBC Acquisition

Google Market Cap, November 2007

$ Millions

Date	Value
11/5/2007	~220,000
2010	**?**

Source: Fortune 500 data, CNNMoney.com

Cisco:
From the Bubble . . .

Cisco Market Value, March 2000

$ Millions

$454B—No. 2 on Fortune 500

500,000	
450,000	
400,000	
350,000	
300,000	
250,000	
200,000	
150,000	
100,000	
50,000	
0	2000

Source: Fortune 500 data, CNNMoney.com

…to Industry Dominance.
Market Transitions. Market Capitalization.

January 1995

November 2005 **March 2006**

Cisco — $10B
Top Twelve Competitors — $71B

Cisco — $110B
Top Eleven Competitors — $60B
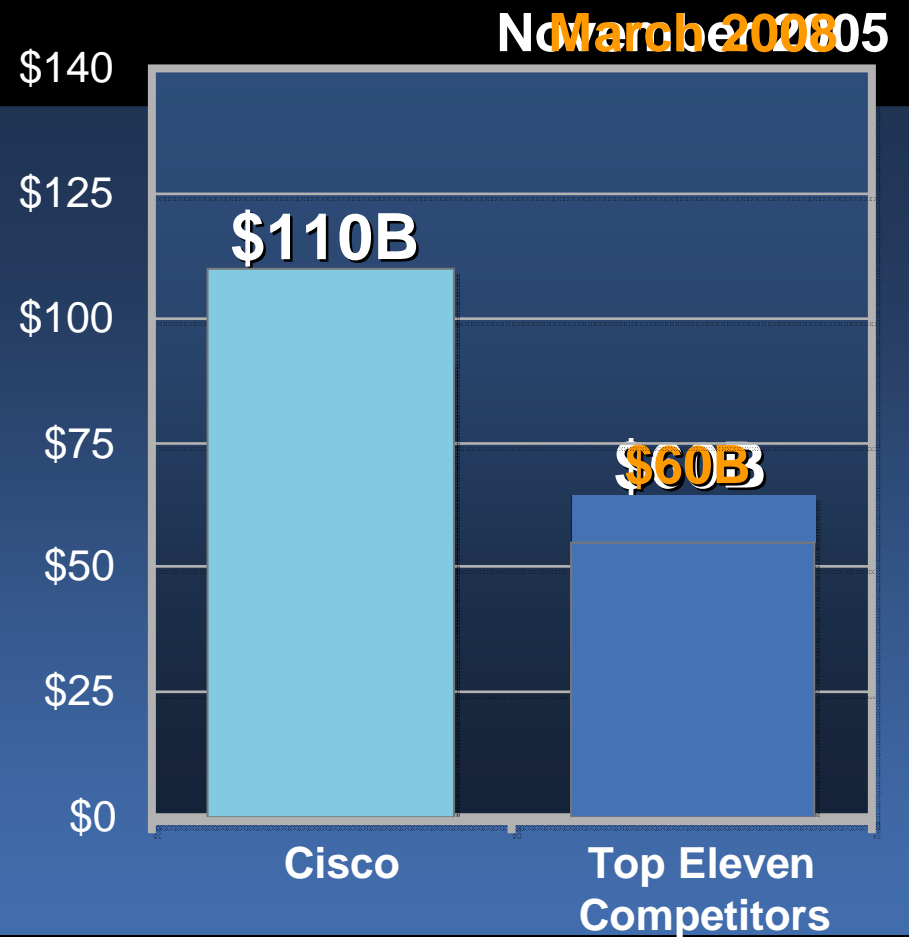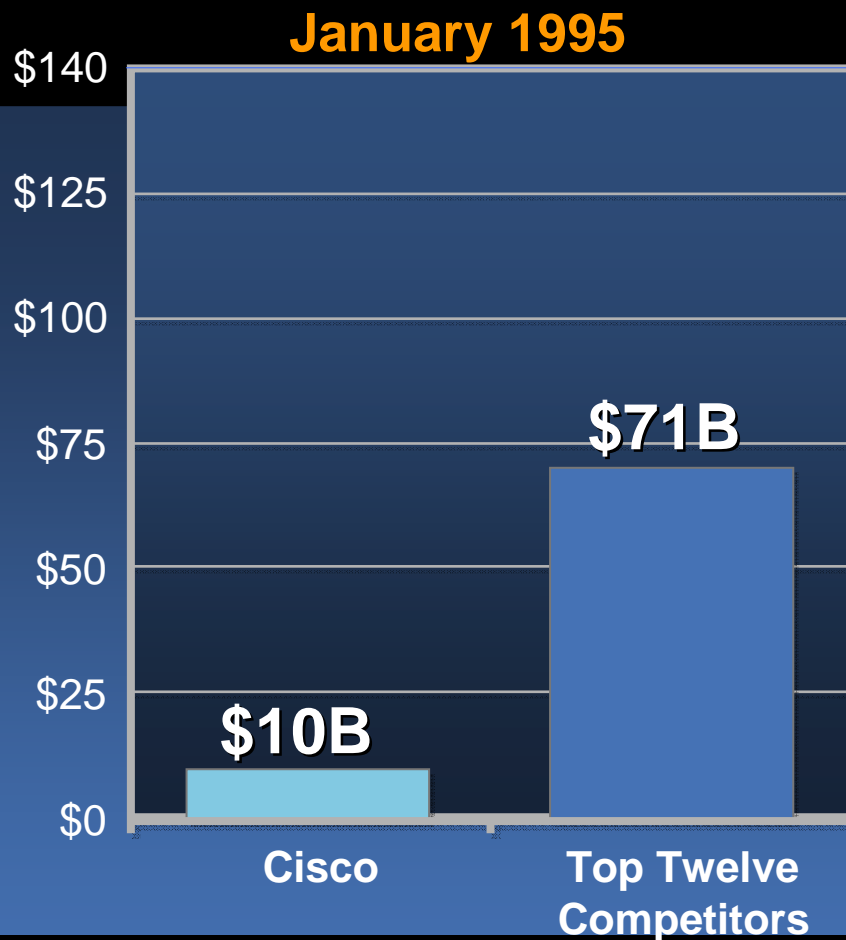
1995: Alcatel, Lucent, Nortel, Ascend, 3Com, Bay, Cabletron, Fore, Madge, Shiva, Newbridge, Xylan

2006: Alcatel, Lucent, Nortel, Ciena, Enterasys, Extreme, Foundry, Juniper, Redback, Riverstone, Sycamore

Catching the Next Wave

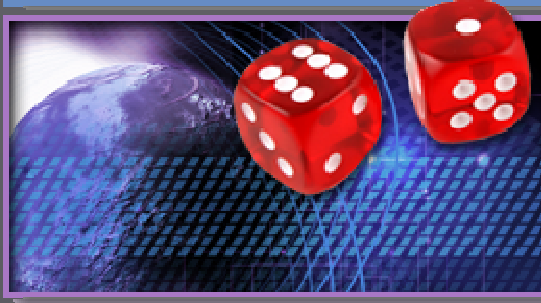# Cisco 3.0

Imperative for Transformation at Cisco

Growing Business Volume

Increasing Complexity

Escalating Risk

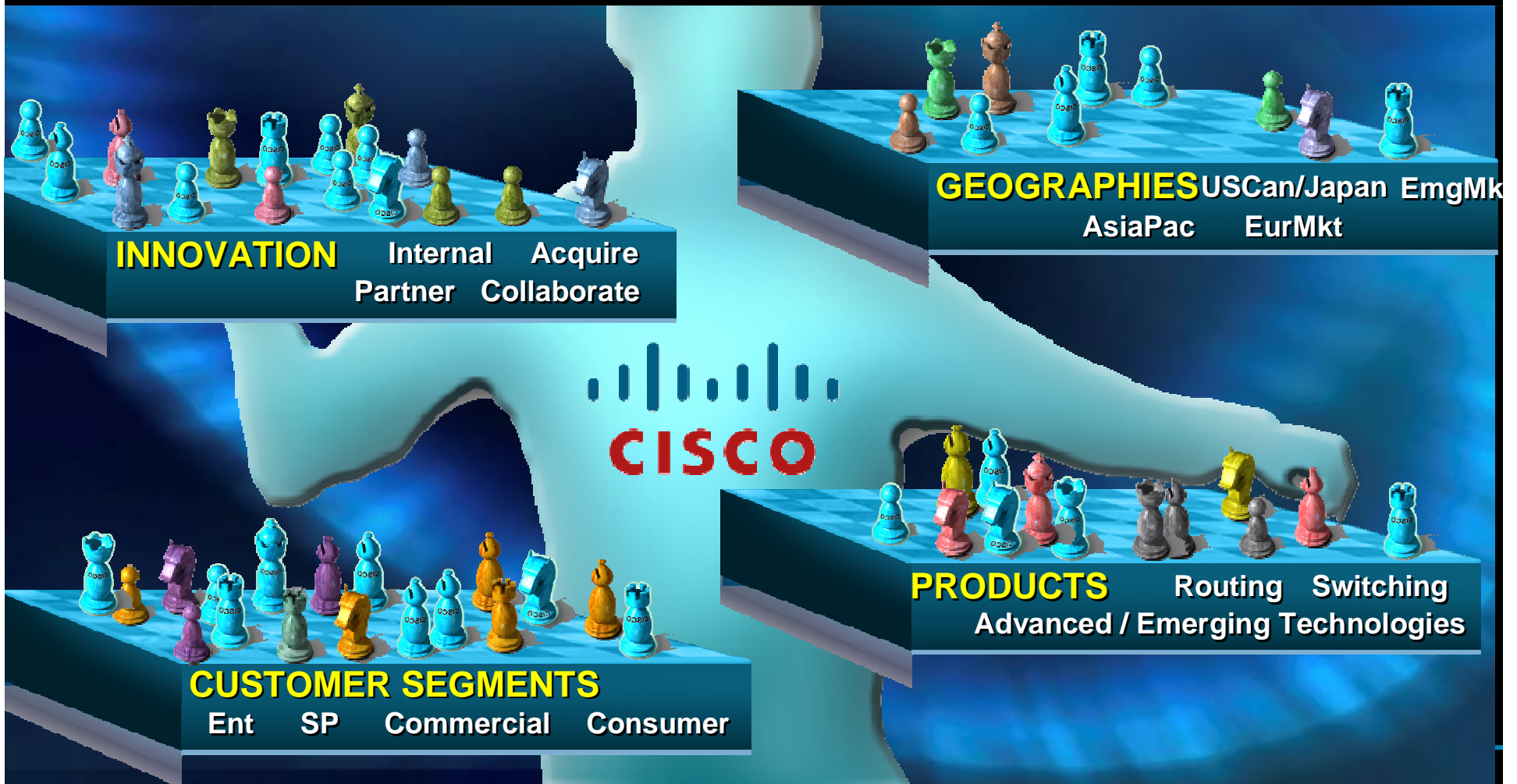**Fundamental Shift in Mindset and Behavior of Leaders Needed**

Fundamental Shift in Mindset and Behavior of Leaders

Customer-Centric

- Determine customers' real needs
- Invest for customer returns
- Optimize for Cisco
- Collaborate to accelerate
- Cumulative portfolio approach
- Empower and hold accountable
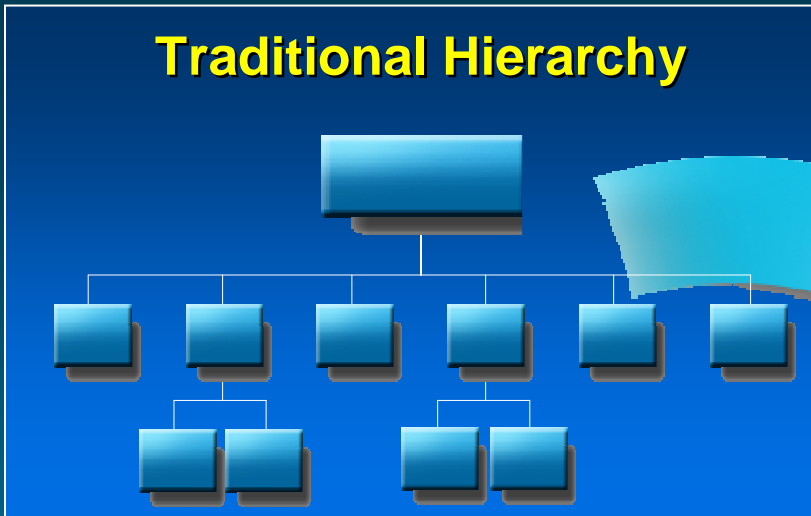- Maintain a global mandate

Command and Control…
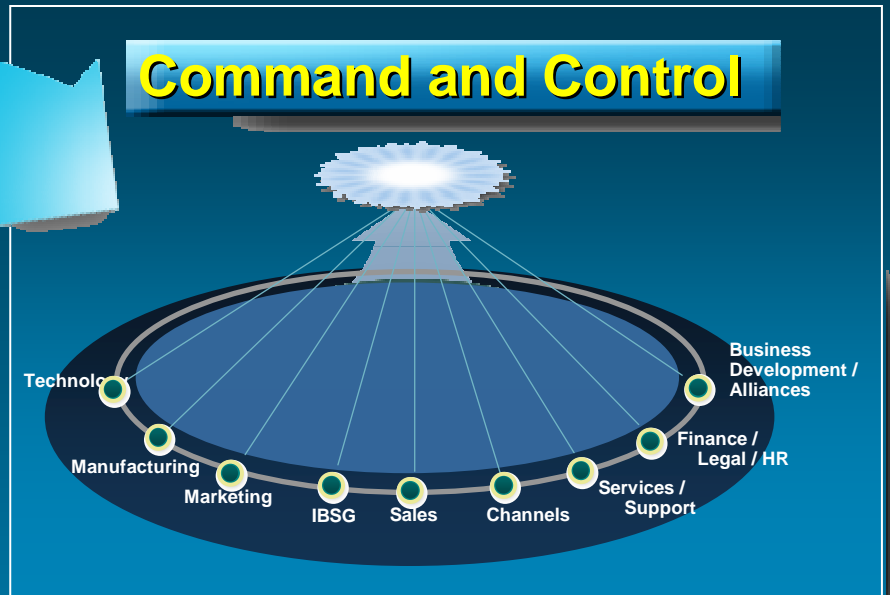## Example: SP, Data Center, Home, Security, Mobility, Managed Svcs

INNOVATION Internal Acquire Partner Collaborate

GEOGRAPHIES USCan/Japan EmgMk AsiaPac EurMkt

CISCO

CUSTOMER SEGMENTS Ent SP Commercial Consumer

PRODUCTS Routing Switching Advanced / Emerging Technologies

VISION… Cisco Business Model Evolution
Command / Control → Collaboration / Teamwork

Traditional Hierarchy

Command and Control

Technolo...

Manufacturing

Marketing

IBSG

Sales

Channels

Services / Support

Finance / Legal / HR

Business Development / Alliances

Collaboration and Teamwork

Manufacturing

Technology

Business Development / Alliances

Finance / Legal / HR

Services/ Support

Marketing

IBSG

Sales

COLLABORATION and TEAMWORK
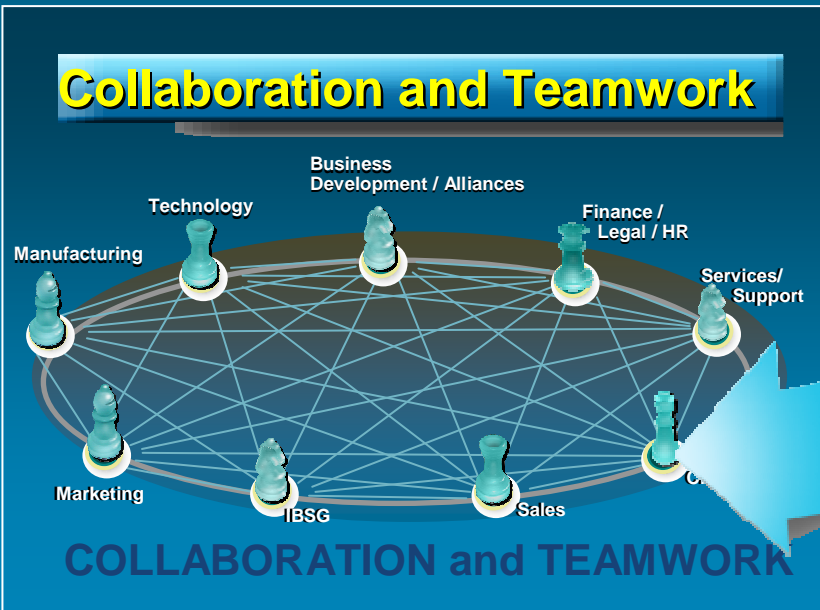
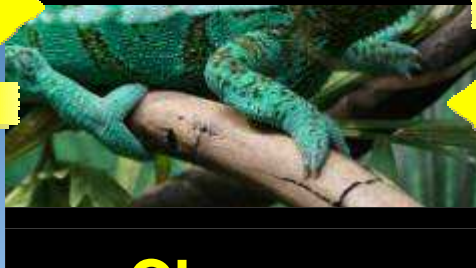# Transformation vs. Change

- All transformations involve change, but not vice versa

- Dynamics of the two processes vary greatly

- Transformations rely on leadership and map-making

- Changes rely more on management and map-reading

Differentiating Transformation from Change

Transformation

VS

Change

Cisco's Goal for Transformation

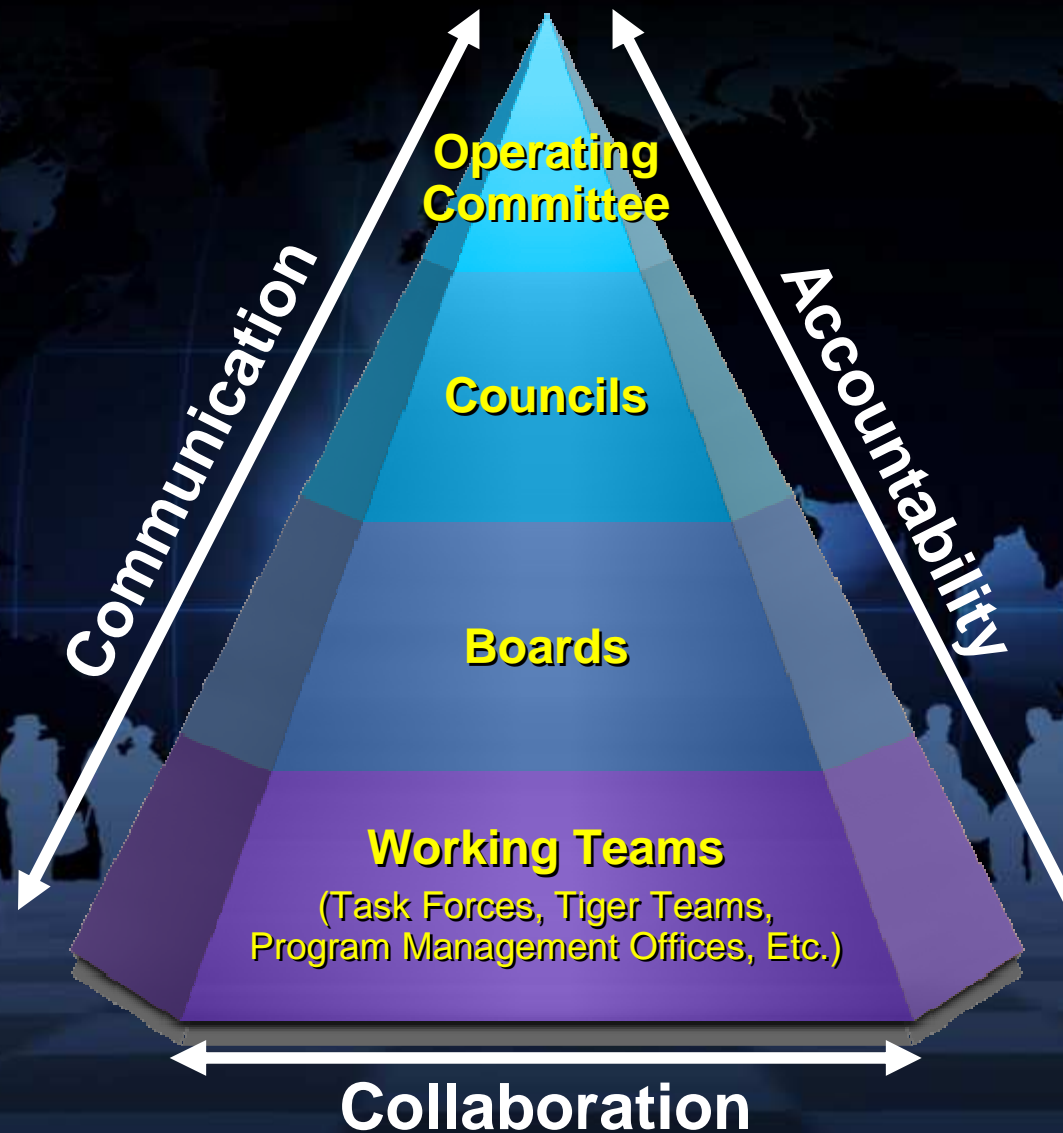**Profitability**

Productivity

Scalability

Globalization

Customer Experience

Agility

Innovation
(Business Model, Technology, Markets)

Network as the Platform

Driving Business Results through Councils and Boards

New Paradigm of Leadership

- Build up general management skills

- Cultivate broader and deeper relationships in the business and with customers

- Acquire deeper understanding of our interdependencies

- Measure success by the benefit to Cisco and our customers

Innovation:
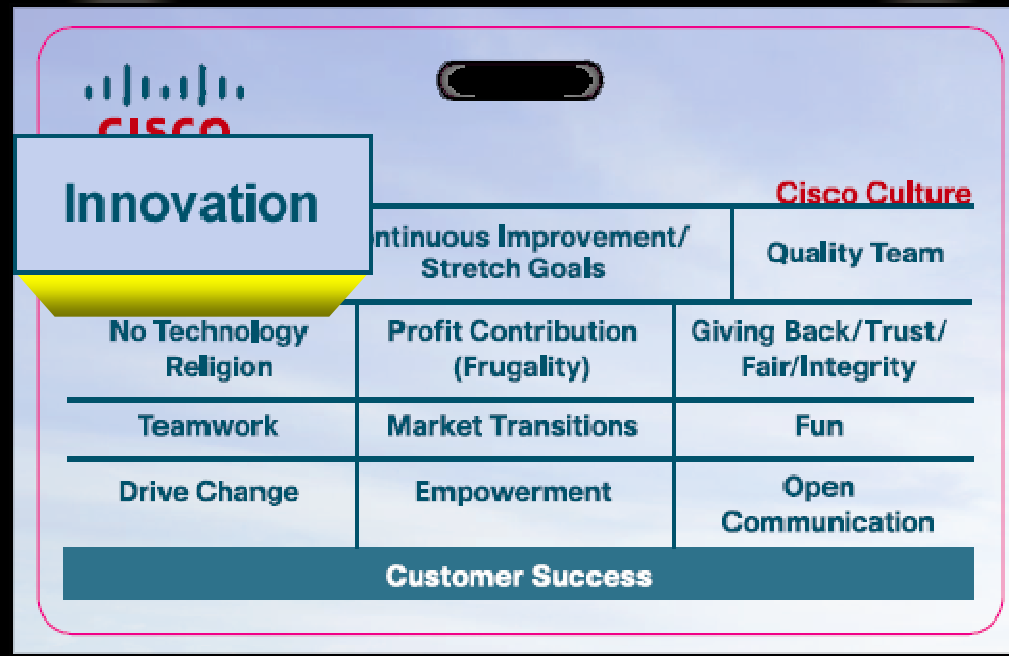# Cornerstone of Cisco's Culture

Technology Evolution

Core Routing

Switching

Access

WAN

Optical

Storage

Wireless

IP Telephony

Security

Data Center

Software as a Service (SaaS)
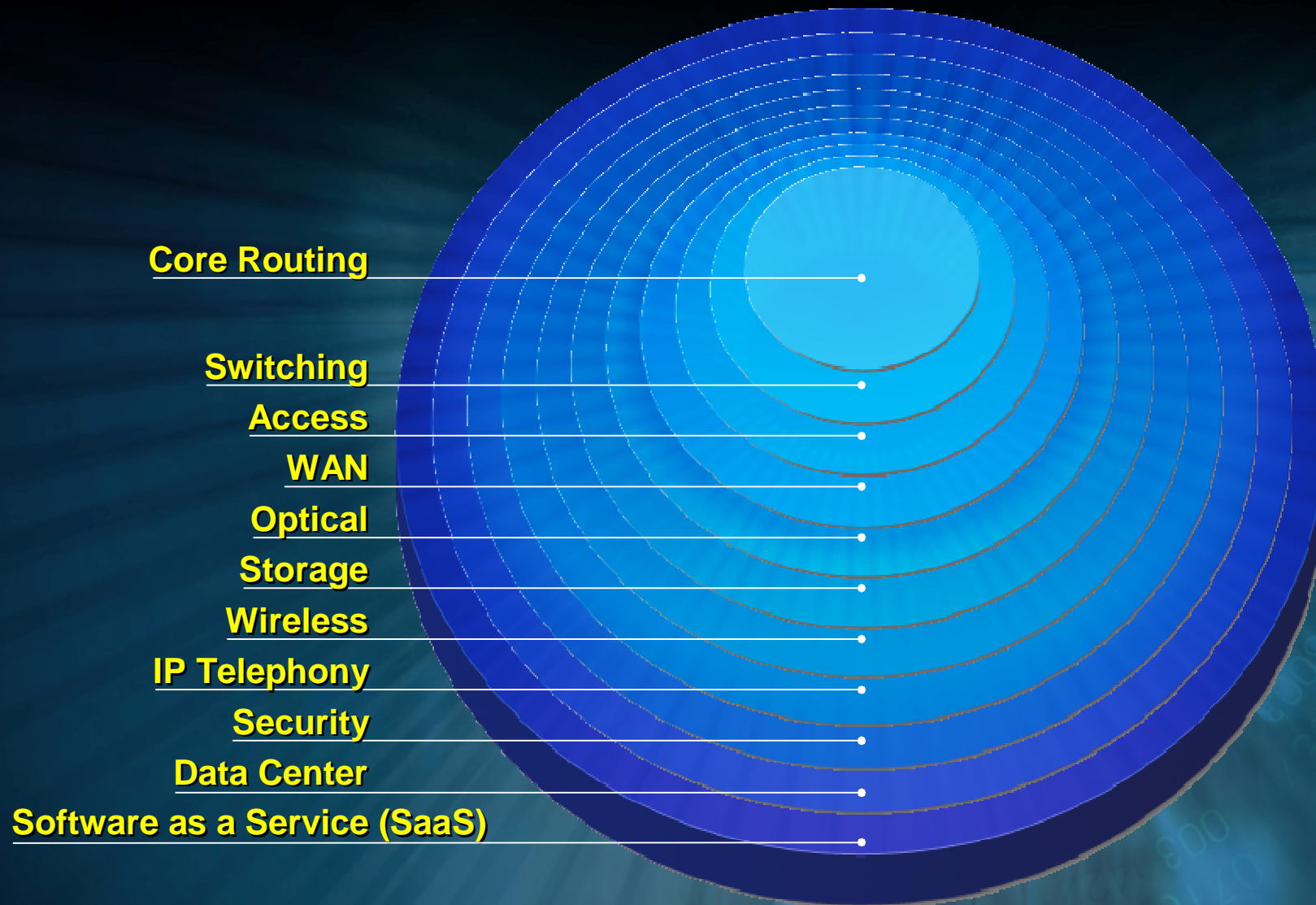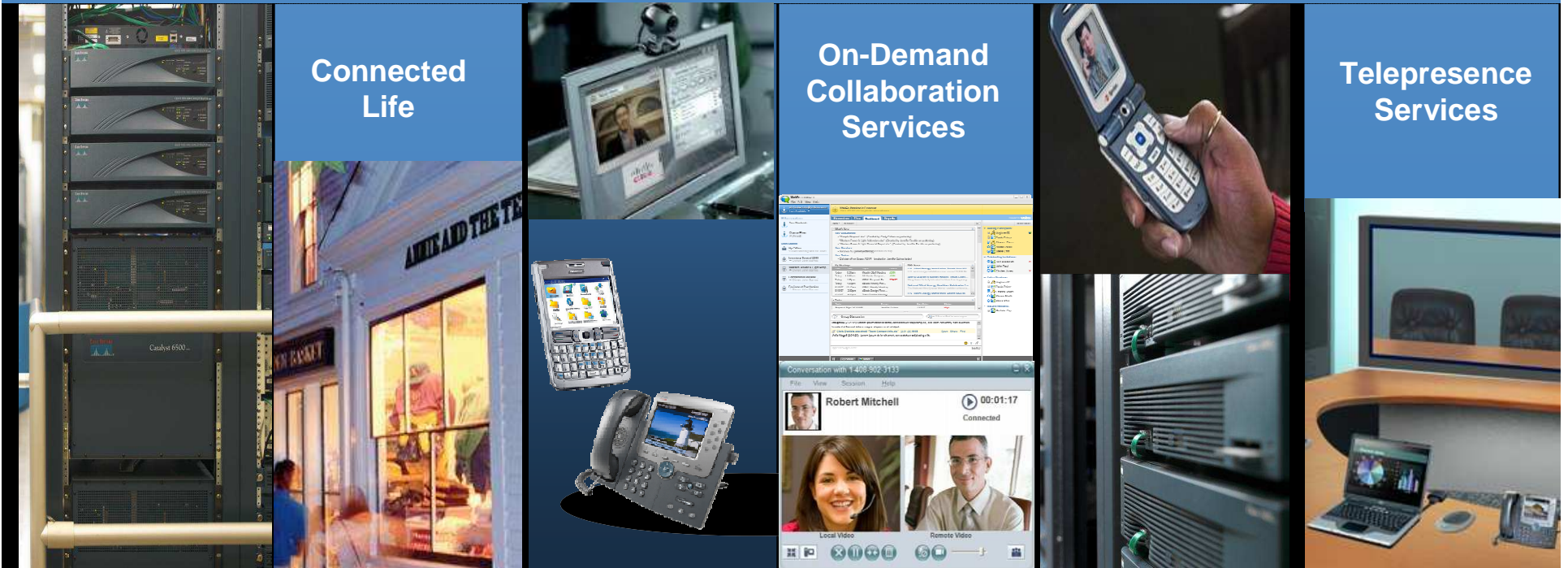
Where Cisco Is Investing

Connected Life

On-Demand Collaboration Services

Telepresence Services

Next Gen Datacenter and Computing	Commercial (SMB) Markets	Unified Communications and Collaboration	Video Systems	Next Gen Service Provider Infrastructure	Next Gen Enterprise Infrastructure

Cisco 3.0: What Does it Mean?

Next Major Phase in Cisco's Customer-driven Strategy

Partnership with Customers to Develop Next Generation Customer Relationships

CISCO 3.0

Much Deeper and More Frequent Collaboration with Customers

Enabled by Cisco Collaboration and Web 2.0 Technologies

Initially Piloted with Top Customers, will Scale in FY08

Cisco's CSR Principles

- Corporate sustainability dependent on our financial performance AND the impact we have on our Employees, Society and the Environment

- Thinking globally, acting locally for today and future generations…

Cisco and the Global Education Initiative

Partnering with the World Economic Forum and UNESCO …Pioneered in Jordan

- **Partnerships for Education:**

  Methodologies, best practices, and actionable frameworks for multi-stakeholder partnerships in education

- **Country Initiatives:**

  Education transformation partnerships in Jordan, Rajasthan and Egypt

Partnership for Lebanon

Palestinian Fund for Development

Cisco's Commitment

- $10M fund

- Skills development in the territories

- Funds for SMBs

- Working with the PA and NGOs

Egypt iExec Business Essentials
— Enabling SMB Competitiveness

EEI

EGYPT EDUCATION INITIATIVE

In collaboration with Egyptian MCIT, Cisco has helped shaped and co-managed an initiative aimed at introducing ICT in the national education agenda

- The Issue: SMB is the most vibrant sector of Egyptian economy but not growing fast enough to provide necessary GDP growth. Besides that the only resource that Egypt has in abundance is human capital. Enabling them to use ICT should drive growth and consequentially increase employment and contribution to GDP.

- Addressing the Issue: Working with Egyptian government Cisco helped built the ELCC (E-Learning Competency Center) that drives pre-university, university and life-long learning ICT training and works on building industry capacity to support this initiative (e-learning development).

- Outcome: End-to-end pilot with localized (in Arabic language) iExec Business Essentials course launched on Nov 11, 2007 with goal to train 10,000 SMBs. ELCC as replicable model for other countries.

New Partingship for Africa's Development

- Putting information and communications technologies in Africa's Schools

- In FY '07, Cisco provided networking technology in 37 schools, impacting about 30,000 students who had computers and Internet access for the first time

- Cisco leading implementation in 6 of 16 countries:

  Algeria, Burkina Faso, Cameroon, Egypt, Gabon, Ghana, Kenya, Lesotho, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Uganda

In Summary:

We aspire not only to be
The Best Company in the World,
but also
The Best Company for the World

Market Transitions

Web 2.0 and Collaboration are the Next Wave

The Human Network

The Network as the Platform for Economic Development

NextGen Cisco is Committed to Enable This

CISCO