Strategic Audit of Cisco Systems Inc.

Based off Cisco Systems Inc. 2011 Annual Report

James Martin

Strategic Management 436

Dr. Vadas

February 28, 2012

Overview

Cisco has worked effectively and diligently in expansion into new markets as well as ensuring growth throughout the company, but still has areas to improve its global dominance. A continue growth, backed by annual reports makes Cisco one of the leaders in the technological industry with innovative design and profit margin above their competitors. Permeating the research and development division within the company has proved to be profitable and will continue to do so into the future as Cisco supplies new products and service to the markets. As the analysis will show, Cisco has outperformed their competing company, Netgear in many areas and continues to improve in areas they are not at an advantage. Strong leadership is present in every aspect of the company and is comprised of a wide variety of background knowledge to lead Cisco into the future.

I. Current Situation

A. Current Performance

1. Return on Investment. Cisco's return on investment increased from previous years and will continue to have that same trend as new technology enters the marketplace and is implemented into their products and services.

2. Market Share. Cisco current has a majority of the market share, but this can be reduced when risks in product planning or timing, technical hurdles that are not overcome in a timely fashion, or a lack of appropriate resources. This could result in competitors providing those solutions before Cisco and loss of market share, net sales, and earnings.

3 Profitability. Throughout transformation, Cisco continues to execute as they grow their fiscal year revenue to over $43 billion. More importantly, Cisco laid the groundwork needed to position themselves for the next stage of growth and profitability.

B. Strategic Posture

1. Mission: "Cisco enables people to make powerful connections-whether in business, education, philanthropy, or creativity. Cisco hardware, software, and service offerings are used to create the Internet solutions that make networks possible-providing easy access to information anywhere, at any time."

2. Objectives: Cisco plans to broaden the range of products and services they deliver to customers in target markets through acquisitions, investments, and alliances.

- Acquisitions. Cisco has acquired many companies, and expect to make future acquisitions. With the mergers and acquisitions of high-technology companies there is inherent risks, especially if the acquired company has yet to ship a product. The company makes no assurances that any previous or future acquisitions will be successful or will affect the financial condition of the company or change the operating results. Prior acquisitions have netted a wide range of outcomes, from successful introduction of new products and technologies to the inability to perform at all.

- Investments in Privately Held Companies. Cisco makes investments in privately held companies that develop technology or provide services that are complementary to their own products or that provide a strategic value.
- Strategic Alliances. Cisco pursues strategic alliances with other companies in areas where collaboration can produce industry advancement and acceleration of new markets. The objectives and goals of a strategic alliance can include technology exchange, product development, joint sales and marketing, or new-market creation. Cisco currently has alliances with Accenture Ltd; AT&TInc.; Cap Gemini S.A.; Citrix Systems, Inc.; EMC Corporation; Fujitsu Limited; Intel Corporation; International Business Machines Corporation; Italtel SpA; Johnson Controls Inc.; Microsoft Corporation; NetApp, Inc.; Nokia Corporation; Nokia Siemens Networks; Oracle Corporation; SAP AG; Sprint Nextel Corporation; Tata Consultancy Services Ltd.; VMware, Inc.; Wipro Limited; Xerox Corporation; and others. Some of the strategic alliances are also competitors in other areas.

3. Strategies: to realign our sales, services and engineering organizations in order to simplify our operating model and focus on our five foundational priorities:

- Leadership in our core business (routing, switching, and associated services) which includes comprehensive security and mobility solutions
- Collaboration
- Data center virtualization and cloud
- Video
- Architectures for business transformation

Cisco believes that focusing on these priorities will position them best to continue to expand their share of customers' information technology spending.

II. Strategic Managers

A. Board of Directors (See Exhibit 1, Board of Directors)

1. The Cisco Board of Directors consists of 12 members, all with varied backgrounds, culminating in dynamic group of leaders. The Board is comprised of the following influential leaders:

- Carol A. Bartz

  Former Chief Executive Officer Yahoo! Inc.
- M. Michele Burns

  Former Chairman and Chief Executive Officer Mercer LLC
- Michael D. Capellas

  Chairman VCE Company, LLC
- Larry R. Carter

  Former SVP, Office of the Chairman and CEO Cisco Systems, Inc.
- John T. Chambers

  Chairman and Chief Executive Officer Cisco Systems, Inc.

- Brian L. Halla

  Former Chairman and Chief Executive Officer, National Semiconductor Corporation

- John L. Hennessy, Ph.D.

  President Stanford University

- Richard M. Kovacevich

  Retired Chairman and Chief Executive Officer Wells Fargo & Company

- Roderick C. McGeary

  Chairman Tegile Systems, Inc.

- Arun Sarin, KBE

  Former Chief Executive Officer, Vodafone Group Plc Senior Advisor, Kohlberg Kravis Roberts & Co

- Steven M. West

  Founder and Partner Emerging Company Partners LLC

- Jerry Yang

  Co-Founder, Chief Yahoo and Director Yahoo! Inc.

2. The Board of Directors brings an enormous amount of knowledge and experiences from technology markets and competitors such as Yahoo, NetApp, Sun Microsystems Inc., Intel Corporation, and other technology companies. The Board also has backgrounds from Marketing fields, Customer Service, Banking, Global Networking Industry and Government relations.

3. As of July 30, 2011, the Board of Directors authorized an aggregate repurchase of up to $82 billion of common stock under the Stock Repurchase Program, and the remaining

authorized repurchase amount was $10.2 billion with no termination date. During fiscal 2011, cash dividends of $0.12 per share, or $658 million, were declared and paid on the Company's outstanding common stock. Any future dividends will be subject to the approval of the Company's Board of Directors. Under the terms of the Company's Articles of Incorporation, the Board of Directors may determine the rights, preferences, and terms of the Company's authorized but unissued shares of preferred stock.

B. Top Management (See Exhibit 2, Top Management – Executive Officers)

1. Top Management consists of 8 Executives managing different aspects throughout Cisco, all reporting to the Chairman and CEO John Chambers.

2. The 8 Executive positions held within Cisco consist of:

- Frank A. Calderoni

  Executive Vice President and Chief Financial Officer

- John T. Chambers

  Chairman and Chief Executive Officer

- Mark Chandler

  Senior Vice President, Legal Services, General Counsel and Secretary

- Blair Christie

  Senior Vice President, Chief Marketing and Communications Officer, Worldwide Government Affairs

- Wim Elfrink

  Executive Vice President, Emerging Solutions and Chief Globalization Officer

- Robert W. Lloyd

  Executive Vice President, Worldwide Operations

- Gary B. Moore

  Executive Vice President, Chief Operating Officer

- Randy Pond

  Executive Vice President, Operations, Processes and Systems

3. The newest member of the Top management is Blair Christie, Cisco's Senior Vice President, Chief Marketing and Worldwide Government Affairs. Ms. Christie was appointed to her position in January 2011 after relinquishing her position within the company as Vice President, Global Corporate Communications. Frank A. Caldreroni, who joined Cisco in 2004 and promoted to Senior Vice President, Customer Solutions Finance. He was appointed to his current of Vice President and Chief Financial Officer in February 2008.

4. With the current Top Management in place, a vast array of experience and talent spans many decades. Combined, these Executives are a team of managers that will ensure that Cisco strives into the future, continuing to gain customer and grow through sales worldwide. Cisco's Top Management are assets to the company in general. The foresight and latitude given to their division has allowed the company to have continual growth over the past years.

III. External Environment (See Exhibit 3 for EFAS Table)

A. Societal Environment

1. Economic

- Stability of the company allows Cisco to gain competitive advantage by improving current systems and adapting to other markets (O).
- The lower cost of products from foreign countries contributes to lower foreign sales (T).
- Foreign currency exchange rates affect profit (T).

- Economic instability, weakness, or natural disasters in a specific country or region may stop the flow of Cisco products to the area (T).

2. Technological

- The rapid market changes undermine the profit of the company and increases the stress of keeping up with technology (T).
- Focusing the development of research pools to advance the company in the next generation of technology (O).

3. Political-Legal

- Emerging security risks must be addressed by applying a layered approach to product development (T).
- Political or social unrest in developing countries poses a hazard to sales in foreign countries (O).
- Adverse import and export taxes will pay a role in buying and selling in a specific region (T).

4. Sociocultural

- Improved communications with foreign markets will increase sales and develop long-term growth for Cisco (O).
- Foreign and domestic competitors developing “cloud-based” products (T).

B. Task Environment

1. Threat of New Entrants.

- The barriers to entry for Cisco Systems are relatively low, and new ventures to create products that do or could compete with Cisco Systems products are regularly formed.

- Cisco Systems provide products and services that allow customers to transition their various networks to a single multi-service data, voice, and video network, thereby enabling economies of scale.
- There is no assurance that Cisco Systems will successfully identify new product opportunities, develop and bring new products to market in a timely manner, or achieve market acceptance of their products or that products and technologies developed by others will not render their products or technologies obsolete or noncompetitive.
- Cisco Systems employs an outsourced manufacturing strategy and operates manufacturing facilities in Juarez, Mexico. Cisco Systems has entered into an agreement to sell manufacturing operations to a contract manufacturer, consistent with the strategic objective of simplifying their operating model.
- There are many competitors with Cisco Systems, making the switching costs relatively low.
- Cisco Systems is a Worldwide company with easy access to distribution channels. Distributors and retail partners increase orders during periods of product shortages, cancel orders if inventory is too high, or delay orders in anticipation of new products.

2. Rivalry among Existing Firms.

- Cisco Systems competitors include Alcatel-Lucent; Arista Networks, Inc.; ARRIS Group, Inc.; Aruba Networks, Inc.; Avaya Inc.; Brocade Communications Systems, Inc.; Check Point Software Technologies Ltd.; Citrix Systems, Inc.; Dell Inc.; D-Link Corporation; LM Ericsson

Telephone Company; Extreme Networks, Inc.; F5 Networks, Inc.; Fortinet, Inc.; Hewlett-Packard Company; Huawei technologies Co., Ltd.; International Business Machines Corporation; Juniper Networks, Inc.; LogMeIn, Inc.; Meru Networks, Inc.; Microsoft Corporation; Motorola Mobility Holdings, Inc.; Motorola Solutions, Inc.; NETGEAR, Inc.; Polycom, Inc.; Riverbed Technology, Inc.; and Symantec Corporation; among others.

- Cisco Systems product offerings fall into the following four categories: Two core technology categories, Routing and Switching; New Products; and Other Products. In addition to product offerings, Cisco Systems provides a broad range of service offerings, including technical support services and advanced services.
- Exit barriers for Cisco Systems are very limited, if any. They produce a product that their competition can produce as well, whether they leave the industry or not.
- There is diversity in the rivals of Cisco Systems. Some of the competition sells complete computer systems while others sell just the components include in Cisco Systems products. There is a great diversity within this industry.

3. Threat of Substitute Products or Services.

- There are many substitute products for what Cisco Systems markets to the World.
- Routers can be replaced by other types of switches, easily found with an internet search through Google or other search engine.

- With product substitutes, Cisco Systems ensures they manufacture quality products to meet the customer needs as well as compete with the market rates.

4. Bargaining Power of Buyers.

- Consumer products, which constitute a small portion of the Company's overall business, are sold in standalone arrangements directly to distributors and retailers without support, as customers generally only require repair or replacement of defective products or parts under warranty.
- Some individuals may possess the ability to produce products similar to that which Cisco Systems offer that complete the same tasks. This requires specialized skills in the technological field, but it is possible to integrate backward.
- Cisco Systems faces competition from customers to which they license or supply technology and suppliers from which they transfer technology. The inherent nature of networking requires interoperability. As such, they must cooperate and at the same time compete with many companies.
- With the number of component competitors in the market, changing suppliers may be very easy and at times financially sound as fluctuations in prices occur. As long as the components are quality components, there should not be a factor of switching suppliers or employing more than one supplier.

5. Bargaining Power of Suppliers.

- Some of suppliers demand that Cisco Systems absorb a greater share of the risks during the consumer market turns, creating Cisco System to buy higher priced components or search for other suppliers of the same quality component.
- The products supplied to Cisco Systems are unique to Cisco Systems. Although their competitors manufacture equivalent equipment that contains the same components, Cisco Systems orders their components to meet the needs in which they are for, making them a custom and unique, thus making the supplier a unique source for Cisco Systems.
- Cisco Systems does integrate forward on some of their products, but relies heavily on contracted components for their products.
- The suppliers of components to Cisco Systems does have alternative businesses they may sell too, making it easy for them to offset any shortage in sales to Cisco Systems.

D. EFAS Summary. Cisco Systems has many competitors and must sustain a quality product while researching and developing the new technology as it filters into the market. Any lack of future improvements may lead to dissatisfaction by current and potential customers, hurting the profitability of Cisco Systems. This company stays apprised of the new technology and continually incorporates it into new designs and gets that technology to the market relatively quick. This is a sound company that continues to expand and grow each year, based on the Annual report, comparing 2011 against both 2009 and 2010.

IV. Internal Environment (See Exhibit 4 for EFAS Table)

A. Corporate Structure

1. The Company and its sales force are not organized by product divisions and the Company's products and services can be sold standalone or together in various combinations across the Company's geographic segments or customer markets (S).

2. The Company's enterprise and commercial arrangements are typically unique for each customer and smaller in scale and may include network infrastructure products such as routers and switches or collaboration technologies such as unified communications and Cisco TelePresence systems products along with technical support services (S).

3. Cisco and Netgear are very similar in their structure and the key difference is the size of the company. Cisco is a much larger and greater international reaching company than Netgear.

B. Corporate Culture and Competencies

1. Cisco has employed a new Chief Operations Officer to help guide and manage the company in the future (S).

2. The strong company leadership, from the Board of Directors to the Top Management, fosters valuable customer relations and partnerships (S).

3. We are committed to enhancing shareholder value and fully understand and embrace our fiduciary oversight responsibilities. We are dedicated to ensuring that our high standards of financial accounting and reporting, as well as our underlying system of internal controls, are maintained. Our culture demands integrity and we have the highest confidence in our processes, our internal controls and our people, who are objective in their responsibilities and who operate under the highest level of ethical standards.

C. Finance

1. Ratio Analysis (Exhibit 5 Cisco/Netgear Ratio Analysis). Although these two companies are competitors, the size of the company differs greatly. As the ratios were calculated,

conversion of all Netgear numbers from Thousands to Millions was made to be able to adequately compare the two companies. On paper and through this analysis, each company has strong and weak areas.

- Cisco has Strong Advantages in Debt to Asset ratio because their debt is lower than Netgear. Although Netgear's debt is higher.
- Both companies have the ability to cover their debt with the liquidity of their assets. Cisco also has a Strong Advantage in Price Earnings ratio.
- Cisco is offering a great deal more shares than Netgear and both companies seem to bring in a valuable number of earnings.
- In the areas of Current and Quick ratios, there is a slight advantage on Cisco's part because of their increase assets and size of the company.
- The interest from earnings that Cisco generates far exceeds Netgear, therefore Cisco will continually seem to do better when it comes to assets.
- Cisco had some weak areas in Debt to Equity, Average Collection, Earnings per Share, and Return on Equity.

2. Income Statement (See Exhibit 6 Cisco Income Statement)

- R&D expenses and Marketing expenses increased.
- Cisco also underwent a restructuring in 2011, causing the Net Income to reduce.
- The company actually grew as sales increased more than the cost of goods increased, creating more profit.

3. Common Statement (See Exhibits 7 Cisco percentage of Revenue and Sales and Exhibit 8 Cisco Percentage of Assets and Liabilities)

- Both Cisco and Netgear have different allocations of their resources, but are still very competitive within this market.
- Both Companies have highly advanced R&D divisions figuring out how to make our "need for speed" obtainable.

4. Balance Statement (See Exhibit 9 Cisco Balance Statement)

- Cisco has gained in assets and increased their liabilities. With both years being compared the Net income decreased slightly from 2010.
- Cisco's Cash on hand has almost doubled from the previous year, giving them the leeway to augment many of their divisions to reinforce ingenuity and innovation.
- Cisco's liabilities significantly decreased in the short-term debt area, but long-term increased proportionately to the increase in short-term debt.
- Shareholder's equity increased in the company by 3 Billion.

5. Cisco’s performance and financial stewardship allows them to grow exponentially and expand their product lines, adding new technology as they develop it or it emerges onto the current market.

D. IFAS Summary. Cisco has some strong internal strengths in the area of innovation and applying new architectures for lowering costs. This shows a true concern for customer and partnership relations. The company grew by 3.4% from 2010 and 2011, proving that new technology integrated into their already state-of-the-art computer equipment and parts places them ahead of their competition. The increase in revenue is going towards making their weakness become strengths. They are venturing into the Asian markets, competing with companies such as Belkin, D-Link, Hawking Technologies, IOGear, KTI Networks, Netgear, SMC Networks, TrenDnet, and Zonet for the overseas market. Entry into the market is reasonably easy because of the similarities in devices. Cisco will have to prove their product quality can match or beat the overseas competitors to maintain a presence in that market. Economic stability is always at the forefront of the Board of Directors. Without constant upgrades, Cisco may slip from being the premier provider of routing equipment to competition for the leader. Without differentiation with this market, it is hard for Cisco to develop sales orders from the industry. Marketing and sales will have to become more creative to increase sales.

V. Strategic Factors

A. Situational Awareness (SWOT) (See Exhibit 10 for SWOT Table and Exhibit 11 for the SFAS Table)

1. Strengths

- Innovation through new technologies in routing.
- Customer and partnership relationship with the assistance of a strong company leadership team.
- Increased revenue by 2.4% from 2010.
- Instituted architectures to reduce risk, complexity, and costs in producing goods and services.
- Restructured management and appointed new Chief Operations Officer.

2. Weaknesses

- Gross profit margins affected due to reduced product sales.

- Sales orders from the industry down due to a volatile marketplace.
- A slow economy creates instability with the quick changes in technology.
- Product failures due to poor quality.
- Low presence in Asian market, creating a low products sales return.

3. Opportunities

- Improving company productivity to gain advantage in a competitive market.
- Improve long-term growth by innovation and implementation of new products.
- Improve relationship with foreign countries to adapt to other markets.
- Develop the “Next Generation” of internet products or services.
- Development of research pool using virtualization.

4. Threats

- Awareness of security issues and use a layered approach to reduce hacking.
- Competitive products from well financed competition.
- Lower cost from foreign competition.
- Competitors using “cloud” technology.
- Rapid market changes are creating a convergence of developing technologies.

B. Review of Current Mission and Objectives

1. The current mission is on target with review of the annual statement and direction the company wants to take, moving into the next generation of technological products.

2. With the fast moving marketplace and emerging technologies, Cisco is keeping stride with their competitors and driving forward to ensure dominance in the industry.

C. SWOT/SFAS Summary. Overall, Cisco is doing well worldwide, but must keep up with the competition to keep the markets they are currently in. Overlooking new technologies and not improving how the company projects itself worldwide may hurt the sales to foreign markets and eliminate them from the Asian market.

VI. Strategic Alternatives and Recommended Strategy

A. Strategy Alternatives (See Exhibit 12 TOWS Table)

1. The SO strategy to incorporate the markets new technologies into their own products, not only making a better product, but may allow them to move into other market areas, such as the Asian market.

2. The Asian market has many competitors, so the company will also have to review their productivity lines and supply chains to ensure they are taking full advantage of cost saving steps to perforate the Asian market. That can be done with the WO strategy. Also within this strategy is where the products developed for delivery for the Asian market must stand out and be different from that currently being sold there by competitors.

3. Under the ST strategy, custom relationships are strong and building on those relationships may enable the company to increase its' sales through the world and move more sales into the markets not currently being dominated. Cisco underwent a management change which will allow fresh thinking in different areas to develop cloud-based products and market them to foreign countries. The new management may have additional ideas to keep up with the ever-changing market change and worldwide wants and needs. A change in thinking may mean a growth of the company overall, producing profit for the stakeholders and creating more jobs through company expansion.

4. The hardest area of the TOWS evaluation is the WT strategy. Cisco should concentrate on the Asian sales to ensure the company is continuing to make money or at least break even. If this is not occurring, the company must seriously evaluate whether or not to remain in the Asian market or discontinue sales completely. Innovative thinking and improved product research will help the company remain and grow within the Asian market. Cisco should also focus on product sales to all foreign countries, as that is their competition. Moving into cloud-based designed products will make them more competitive and give them the ability to gain a foot-hold in the overseas markets.

B. Recommended Strategy. Utilizing the Corporate strategy and concentrating on growth and stability has been the foundation of Cisco and it is recommended the same strategy be followed. Cisco also uses some of the Business strategy as differentiated products emerge from the lines and are introduced to the marketplace.

VII. Implementations

A. Implementing the recommended strategy will require Cisco to continue to fund their Research and Development area of the company, ensuring they have the scarce resources necessary to be innovative and forward thinking. The Income Statement clearly shows an increase in funding from previous years, demonstrating this strategy is being augment and driven by the Top Management and key leaders throughout the company.

B. With a larger surplus of cash, Cisco can either use this for the funding of R&D or continue to increase the liabilities it currently has. This company does not disperse dividends, therefore, a mixture of using surplus cash and adding backing from investors may be the best route for this company to grow into other markets and develop the next generation of internet products.

C. Cisco is a stable company that has good ethics and standard operation procedures. The procedures can be altered as necessary during growth to meet the needs of the company at the time. Currently there is no need for a change in operations.

VIII. Evaluation and Control

A. Cisco is a constant company, leading and industry with diverse competition and will continue to do so with the teamwork created throughout the company as a whole. Innovation of newly designed technological components and products will keep Cisco growing and expanding worldwide and into new markets. The strategic factors within the analysis conducted on Cisco shows there are places to continue to work in, but an overall measurement of the company shows they are a well balance company that stands out among competition.

B. Programs are in place designed to monitor and mitigate any associated risk, including monitoring of particular risks in certain geographic areas, but there can be no assurance that such programs will be effective in reducing risks.

IX. Conclusion. In evaluation of Cisco versus Netgear, there are very close similarities in competitive products and as outlined in Exhibit 5, Ratio Analysis, there are areas that Cisco's competitor is outperforming them. Continues diligence in innovated and implementing new products and continuous updating strategies as advancement of markets occur will keep Cisco ahead of the competition and lead the way into the future of new products and services throughout the world. The company has grown each year and liabilities reduce faster than gaining assets and revenue. This trend makes the company more apt to take bigger risks in developing new technologies to implement into the market and current technology industry. Expansion into the Asian marketplace will increase revenue in worldwide markets and stabilize the low cost competition in that region. Cisco should be a viable company in this industry for years to come as they have proven themselves for over 10 years.

Exhibit 1 (Board of Directors)

Carol A. Bartz
Former Chief Executive Officer
Yahoo! Inc.

Ms. Bartz, 63, has been a member of the Board of Directors since November 1996. Since November 2005, she has served as Lead Independent Director. Ms. Bartz served as Chief Executive Officer and as a member of the board of directors of Yahoo! Inc. from January 2009 to September 2011 and as President of Yahoo! from April 2009 to September 2011. From May 2006 to February 2009, she was Executive Chairman of the Board of Autodesk, Inc. From April 1992 to April 2006, she served as Chairman of the Board and Chief Executive Officer of Autodesk. Prior to that, Ms. Bartz was employed by Sun Microsystems, Inc. from 1983 to April 1992. Ms. Bartz previously served as a director of Intel Corporation and NetApp, Inc., each ending in 2009, and as a director of Yahoo! ending in 2011.

Ms. Bartz brings to the Board of Directors leadership experience, including service as the chief executive of two public technology companies. These roles have required technology industry expertise combined with operational and global management expertise. Ms. Bartz also has experience as a public company outside director.

M. Michele Burns
Former Chairman and Chief Executive Officer
Mercer LLC

Ms. Burns, 53, has been a member of the Board of Directors since November 2003. She is currently responsible for the planning and design of a new Retirement Policy Center which Marsh & McLennan Companies, Inc. intends to sponsor. Once established, Ms. Burns will serve as full time Executive Director of the Center. The mission of the Center will be to become a catalyst for new ideas and perspectives on retirement and to educate the public and key constituents on retirement public policy issues. From September 2006 to October 2011, Ms.

Burns served as Chairman and Chief Executive Officer of Mercer LLC, a global leader for human resources and related financial advice and services. She assumed that role after joining Marsh & McLennan Companies, Inc. in March 2006 as Executive Vice President and Chief Financial Officer. From May 2004 to January 2006, Ms. Burns served as Executive Vice President, Chief Financial Officer and Chief Restructuring Officer of Mirant Corporation, where she successfully helped restructure and emerge Mirant from bankruptcy. In 1999, Ms. Burns joined Delta Air Lines, Inc. assuming the role of Executive Vice President and Chief Financial Officer in 2000 and holding that position through April 2004. Delta filed for protection under Chapter 11 of the U.S. Bankruptcy Code in September 2005. She began her career in 1981 at Arthur Andersen LLP and became a partner in 1991. Ms. Burns also serves on the board of directors of Wal-Mart Stores, Inc.

Ms. Burns provides to the Board of Directors expertise in corporate finance, accounting and strategy, including experience gained as the chief financial officer of three public companies and as the chief executive officer of Mercer. Ms. Burns also brings a background in organizational leadership and management, and experience serving as a public company outside director.

Michael D. Capellas
Chairman
VCE Company, LLC

Mr. Capellas, 57, has been a member of the Board of Directors since January 2006. He has served as the Chairman of the Board of VCE Company, LLC (formerly known as Acadia Enterprises, LLC) ("VCE") since January 2011 and as a member of the board of directors of VCE since May 2010. Mr. Capellas served as Chief Executive Officer of VCE from May 2010 to September 2011. He served as the Chairman of the Board of the Virtual Computing Environment Coalition from May 2010 until January 2011, at which time the activities of the Virtual

Computing Environment Coalition was transferred into VCE. VCE is a joint venture between EMC Corporation and Cisco with investments from VMware, Inc. and Intel Corporation. Mr. Capellas has also served as a Senior Advisor at Kohlberg Kravis Roberts & Co. since March 2010. Mr. Capellas was the Chairman and Chief Executive Officer of First Data Corporation from September 2007 to March 2010. From October 2006 to July 2007, Mr. Capellas served as a Senior Advisor at Silver Lake Partners. From November 2002 to January 2006, he served as Chief Executive Officer of MCI, Inc. ("MCI"), which had filed for bankruptcy in July 2002 which was known as WorldCom, Inc. prior to its emergence from bankruptcy in April 2004. From March 2004 to January 2006, he also served as that company's President. From November 2002 to March 2004, he was also Chairman of the Board of WorldCom, and he continued to serve as a member of the board of directors of MCI until January 2006. Mr. Capellas left MCI as planned in early January 2006 upon its acquisition by Verizon Communications Inc. Previously, Mr. Capellas was President of Hewlett-Packard Company from May 2002 to November 2002. Before the merger of Hewlett-Packard and Compaq Computer Corporation in May 2002, Mr. Capellas was President and Chief Executive Officer of Compaq, a position he had held since July 1999, and Chairman of the Board of Compaq, a position he had held since September 2000. Mr. Capellas held earlier positions as Chief Information Officer and Chief Operating Officer of Compaq.

Mr. Capellas brings to the Board of Directors experience in executive roles and a background of leading global organizations in the technology industry. Through this experience, he has developed expertise in several valued areas including strategic product development, business development, and finance.

Larry R. Carter
Former SVP, Office of the Chairman and CEO
Cisco Systems, Inc.

Mr. Carter, 68, has been a member of the Board of Directors since July 2000. He served as an executive officer of Cisco from January 1995 to November 2008. He joined Cisco in January 1995 as Vice President of Finance and Administration, Chief Financial Officer and Secretary. In July 1997, he was promoted to Senior Vice President of Finance and Administration, Chief Financial Officer and Secretary. In May 2003, upon his retirement as Chief Financial Officer and Secretary, he was appointed Senior Vice President, Office of the Chairman and CEO. He retired from that position and from his employment with Cisco in November 2008. Before joining Cisco, he was employed by Advanced Micro Devices, Inc. as Vice President and Corporate Controller. Mr. Carter previously served as a director of QLogic Corporation, ending in 2008.

Mr. Carter's background in finance, accounting and strategic planning is complemented by his knowledge of Cisco, its financial position and its industry, which he developed in part through his service as Cisco's Chief Financial Officer and as an executive officer of Cisco. Mr. Carter's contributions are augmented by his experience serving as an outside director of multiple public companies.

John T. Chambers
Chairman and Chief Executive Officer
Cisco Systems, Inc.

Mr. Chambers, 62, has served as a member of the Board of Directors since November 1993 and as Chairman of the Board since November 2006. He joined Cisco as Senior Vice President in January 1991, was promoted to Executive Vice President in June 1994 and to Chief Executive Officer as of January 31, 1995. He also served as President from January 31, 1995 until November 2006. Before joining Cisco, he was employed by Wang Laboratories, Inc. for eight years, where, in his last role, he was the Senior Vice President of U.S. Operations.

Mr. Chambers has led Cisco for more than 15 years. Since his appointment as Chief Executive Officer, Cisco's annual revenue has grown from $2.0 billion in fiscal 1995 to $43.2 billion in fiscal 2011. As Chairman and Chief Executive Officer, Mr. Chambers brings to the Board of Directors his thorough knowledge of Cisco's business, strategy, people, operations, competition and financial position. Mr. Chambers provides recognized executive leadership and vision. In addition, he brings with him a global network of customer, industry and government relationships.

Brian L. Halla
Former Chairman and Chief Executive Officer
National Semiconductor Corporation

Mr. Halla, 65, has been a member of the Board of Directors since January 2007. He served as Chairman of the Board and Chief Executive Officer of National Semiconductor Corporation from May 1996 to November 2009, and continued to serve as Chairman of the Board of that company until May 2010. Additionally, he served as President of National Semiconductor Corporation from May 1996 to May 2005. Prior to May 1996, Mr. Halla served in several executive capacities at LSI Logic Corporation, where, in his last role, he was the Executive Vice President of LSI Logic Products. Prior to that, he held a variety of management positions at Intel Corporation.

Mr. Halla has leadership experience as the chief executive officer of a global technology company. His management and operational expertise is accompanied by a semiconductor industry background and technology acumen.

John L. Hennessy, Ph.D.
President
Stanford University

Dr. Hennessy, 59, has been a member of the Board of Directors since January 2002. He has been President of Stanford University since September 2000. He served as Provost of Stanford from June 1999 to August 2000, Dean of the Stanford University School of Engineering from June 1996 to June 1999, and Chair of the Stanford University Department of Computer Science from September 1994 to March 1996. Dr. Hennessy also currently serves on the board of directors of Google Inc. He previously served as a director of Atheros Communications, Inc., ending in 2010.

Dr. Hennessy brings to the Board of Directors an engineering background as well as skill in the development of information technology businesses. In addition, he has leadership and management experience, both in an academic context at Stanford University and in a corporate context as a board member of public and private technology companies.

Richard M. Kovacevich
Retire Chairman and Chief Executive Officer
Wells Fargo & Company

Mr. Kovacevich, 67, has been a member of the Board of Directors since January 2005. He served as Chairman of the Board of Wells Fargo & Company from April 2001 to November 2009. He also served as Chief Executive Officer of that company from November 1998 to June 2007, and as its President from November 1998 to July 2005. From January 1993 to November 1998, he served as Chief Executive Officer of Norwest Corporation, which merged with Wells Fargo & Company in November 1998. He also served as President of Norwest Corporation from January 1993 through January 1997 and as Chairman of the Board of Norwest Corporation from May 1995 to November 1998. He became a member of the board of directors of Norwest Corporation in 1986. He previously served as a director of Target Corporation, ending in 2010.

With his many years of experience leading banking and financial services companies,

Mr. Kovacevich contributes financial management and strategy expertise. In addition, Mr. Kovacevich brings to the Board of Directors consumer market insights, including from his experience as an outside public company board member and the Board of Directors benefits from his corporate governance knowledge.

Roderick C. McGeary
Chairman
Tegile Systems, Inc.

Mr. McGeary, 61, has been a member of the Board of Directors since July 2003. Mr. McGeary is the Chairman of Tegile Systems, Inc., a stand-alone open source software data management solutions company formed in June 2010. Mr. McGeary served as Chairman of the Board of BearingPoint, Inc. from November 2004 to December 2009. From November 2004 to March 2005, he also served as interim Chief Executive Officer of BearingPoint. BearingPoint filed for protection under Chapter 11 of the U.S. Bankruptcy Code in February 2009 and its plan under Chapter 11 was declared effective as of December 30, 2009. Mr. McGeary served as Chief Executive Officer of Brience, Inc. from July 2000 to July 2002. From April 2000 to June 2000, he served as a Managing Director of KPMG Consulting LLC, a wholly owned subsidiary of BearingPoint, Inc. (formerly KPMG Consulting, Inc.). From August 1999 to April 2000, he served as Co-President and Co-Chief Executive Officer of BearingPoint, Inc. From January 1997 to August 1999, he was employed by KPMG LLP as its Co-Vice Chairman of Consulting. Prior to 1997 he served in several capacities with KPMG LLP, including audit partner for technology clients. Mr. McGeary is a Certified Public Accountant and holds a B.S. degree in Accounting from Lehigh University. He previously served as a director of Dionex Corporation and National Semiconductor Corporation, each ending in 2011, and BroadVision, Inc., ending in 2006.

Mr. McGeary brings to the Board of Directors a combination of executive experience in management and technology consulting. He also has expertise in leading talented teams, and skills in finance, accounting and auditing with technology industry experience.

Arun Sarin, KBEFormer
Chief Executive Officer
Vodanfone Group Plc
Senior Advisor
Kohlberg Kravis Roberts & Company

Mr. Sarin, 56, has been a member of the Board of Directors since September 2009 and previously served on the Board of Directors from September 1998 to July 2003. Mr. Sarin has served as a Senior Advisor at Kohlberg Kravis Roberts & Co. since October 2009. In April 2003, he became CEO designate of Vodafone Group Plc and served as its Chief Executive Officer from July 2003 to July 2008. He also served as a member of the board of directors of that company from 1999 to 2008. From July 2001 to January 2003 he was Chief Executive Officer of Accel-KKR Telecom. He was the Chief Executive Officer of InfoSpace, Inc., and a member of its board of directors from April 2000 to January 2001. He was the Chief Executive Officer of the USA/Asia Pacific Region for Vodafone AirTouch Plc from July 1999 to April 2000. From February 1997 to July 1999 he was the President of AirTouch Communications, Inc. Prior to that, he served as President and Chief Executive Officer of AirTouch International from April 1994 to February 1997. Mr. Sarin joined AirTouch Communications, Inc. in 1994 as Senior Vice President Corporate Strategy and Development upon its demerger from Pacific Telesis Group which he joined in 1984. Mr. Sarin also currently serves on the boards of directors of Safeway Inc. and The Charles Schwab Corporation. He previously served as a member of the Court of Directors of the Bank of England, ending in 2009. In 2010, Mr, Sarin was named a Knight of the British Empire for services to the communications industry.

In addition to his telecommunications industry and technology background, Mr. Sarin has leadership experience, including service as an outside board member of companies in the information technology, banking, financial services, and retail industries. He provides an international perspective as well as expertise in finance, marketing and operations.

Steven M. West
Founder and Partner
Emerging Company Partners LLC

Mr. West, 56, has been a member of the Board of Directors since April 1996. He is a founder and partner of Emerging Company Partners LLC, which was formed in January 2004 and provides executive management advisory and consulting services for early to mid-stage technology companies. He served as Chief Operating Officer of nCUBE Corporation, a provider of on-demand media systems, from December 2001 to July 2003. Prior to joining nCUBE, he was the President and Chief Executive Officer of Entera, Inc. from September 1999 until it was acquired by Blue Coat Systems, Inc. (formerly CacheFlow Inc.) in January 2001. From June 1996 to September 1999, he was President and Chief Executive Officer of Hitachi Data Systems, a joint venture computer hardware services company owned by Hitachi, Ltd. and Electronic Data Systems Corporation. Prior to that, Mr. West was at Electronic Data Systems Corporation from November 1984 to June 1996. Mr. West also currently serves on the board of directors of Autodesk, Inc.

Mr. West's experience in the information technology industry includes a variety of leadership and strategic positions, which have provided him with accumulated expertise in operational management, strategy, finance, and experience as an outside board member and audit committee member. In addition, Mr. West has knowledge of Cisco acquired through nearly 15 years of service on the Board of Directors.

Jerry Yang
Co-Founder, Chief Yahoo and Director
Yahoo! Inc.

Mr. Yang, 42, has been a member of the Board of Directors since July 2000. He is a co-founder and Chief Yahoo! of Yahoo! Inc. and has served as a member of the board of directors and an officer of Yahoo! since March 1995. He served as Chief Executive Officer of Yahoo! from June

2007 to January 2009. As a founder of a global technology company, Mr. Yang contributes an information technology and technology development background. In addition, Mr. Yang brings to the Board of Directors strategy and leadership skills from his experience as a public company executive.

Exhibit 2 (Top Management – Executive Officers)

Frank Calderoni
Executive Vice President, Chief Financial Officer

Frank Calderoni is Executive Vice President and Chief Financial Officer CFO at Cisco, managing the financial strategy and operations of a company with more than 64,000 employees and total revenue for fiscal year 2007 of $34.9 billion. Calderoni is committed to maximizing long-term shareholder value, ensuring a balanced portfolio of growth initiatives, and maintaining the high level of integrity and transparency that Cisco is known for.

John T. Chambers
Chairman and Chief Executive Officer

John Chambers is Chairman and CEO of Cisco. He has helped grow the company from $70 million when he joined Cisco in January 1991, to $1.2 billion when he assumed the role of CEO, to its current run rate of $40 billion. In 2006, Chambers was named Chairman of the Board, in addition to his CEO role.

Mark Chandler
Senior Vice President, General Counsel, and Secretary

Mark Chandler is Senior Vice President, General Counsel and Secretary of Cisco, where he manages a team of 250 professionals. Previously, he was Managing Attorney for the Europe, Middle East and Africa region, based in Paris.

Blair Christie
Chief Marketing and Communications Officer Worldwide Government Affairs Cisco

Blair Christie is Chief Marketing Officer for Cisco, with responsibility for the company's Global Marketing, Corporate Communications, and Government Affairs groups. Previous to this appointment, she was Senior Vice President of Global Corporate Communications, focused on shaping the company's reputation and perception. Her responsibilities included leadership of

Cisco's global investor relations, public and media relations, industry analyst relations, and employee and executive communications. She also managed Cisco's global studios and Web 2.0/collaboration technology strategy teams, rounding out an organization designed to integrate the message and the medium in communications. She is an executive sponsor for Cisco's Communication and Collaboration Board, the cross-functional team responsible for guiding the deployment of Web 2.0 and social networking technologies throughout Cisco.

Wim Elfrink
Executive Vice President, Emerging Solutions & Chief Globalization Officer

Wim Elfrink is Cisco's Chief Globalization Officer and Executive Vice President for the Emerging Solutions Group. In this role, he heads three global functions: Cisco's Emerging Solutions and Emerging Countries initiatives and the company's globalization strategy. Elfrink reports directly to Cisco Chairman and CEO John Chambers and is an officer of the company.

Robert Lloyd
Executive Vice President, Worldwide Operations

As Executive Vice President, Worldwide Operations for Cisco, Robert Lloyd leads Worldwide Sales, the Worldwide Partner Organization, and the Internet Business Solutions Group. He is also a member of the Cisco Executive Committee, which sets strategic direction for each of Cisco's market segments.

Gary Moore
Executive Vice President, Chief Operating Officer

Gary Moore is the Executive Vice President and Chief Operating Officer (COO) of Cisco, responsible for enabling operational excellence across the company. Moore leads the engineering, marketing, operations, and services groups with a focus on process and speed of execution. He is responsible for driving operational excellence across Cisco, aligning Cisco's resources effectively, and ensuring tight coordination across multiple products, services, solutions, and architectures.

Randy Pond
Executive Vice President, Operations, Processes, and Systems

As Executive Vice President of Operations, Processes, and Systems at Cisco, Randy Pond oversees the functions of connected business operations, corporate affairs, supply chain operations, go-to-market operations, go-to-market shared services, human resources, information technology, and legal services. He also co-chairs the Quality Experience Steering Committee. To help fuel growth, promote innovation, and increase Cisco's productivity, Pond is currently leading a comprehensive business transformation across Cisco operations by reengineering business processes, re-architecting IT systems, and redefining the role of Cisco leadership.

Exhibit 3 (EFAS Table)

Cisco Systems				
	Weight	Rating	Weighted Score	Comments
Opportunities				
(O1) Improving Productivity	0.20	4.50	0.90	Gain competitive advantage
(O2) Long-term Growth	0.10	3.50	0.35	Ability to innovate and execute
(O3) Adapt to other Markets	0.10	2.00	0.20	Improved communications and IT
(O4) Next Generation Internet	0.04	4.00	0.16	New experiences for customers
(O5) Virtualization	0.06	2.00	0.12	Develop research pools
Threats				
(T1) Emerging Security	0.05	1.50	0.08	Use layered approach to reduce hacks
(T2) Competitive Products	0.15	3.50	0.53	Well-financed competition
(T3) Foreign Sales	0.08	3.00	0.24	Lower costs from foreign countries
(T4) Cloud-based designs	0.07	1.50	0.11	Many competitors emerging
(T5) Rapid Market Change	0.15	4.00	0.60	Converging technologies developing
Total Score	1		3.28	

Exhibit 4 (IFAS Table)

Cisco Systems				
	Weight	Rating	Weighted Score	Comments
Strengths				
(S1) Innovation	0.20	3.50	0.70	Developed new technologies in routing
(S2) Customer & Partnership Relations	0.10	3.00	0.30	Strong company leadership
(S3) Increased Revenue	0.05	4.00	0.20	Increased revenue by 2.4% from 2010
(S4) Reduce Risk, Complexity, & Costs	0.15	2.50	0.38	Architectures to solve business problems
(S5) Management Restructure	0.03	1.50	0.05	New Chief Operating Officer
Weaknesses				
(W1) Product Sales	0.14	3.00	0.42	Reduced sales and affected gross margins
(W2) Sales Orders from Industry	0.08	2.00	0.16	Volatile markets
(W3) Economic Instability	0.05	2.50	0.13	Slow economy and fast changes
(W4) Product Quality	0.15	3.00	0.45	Failed products
(W5) Asian Market	0.05	2.00	0.10	Decreased product sales
Total Score	1		2.88	

Exhibit 5 (Cisco/Netgear Ratio Analysis)

Cisco (7/30/11)		Netgear (12/31/10)		Cisco (7/31/10) *	
2011 Current Ratio =	**3.27**	2010 Current Ratio =	**2.63**	**2.67**	= 2011 Current Ratio
2011 Quick Ratio =	**3.18**	2010 Quick Ratio =	**2.13**	**2.60**	= 2011 Quick Ratio
2011 Debt to Asset Ratio =	**46%**	2010 Debt to Asset Ratio =	**36%**	**45%**	= 2011 Debt to Asset Ratio
2011 Debt to Equity Ratio =	**84%**	2010 Debt to Equity Ratio =	**56%**	**83%**	= 2011 Debt to Equity Ratio
2011 Avg Collect Ratio =	**118**	2010 Avg Collect Ratio =	**92**	**110**	= 2011 Avg Collect Ratio
2011 EPS Ratio =	**$1.17**	2010 EPS Ratio =	**$1.86**	**$1.33**	= 2011 EPS Ratio
2011 PM on Sales Ratio =	**15%**	2010 PM on Sales Ratio =	**20%**	**19%**	= 2011 PM on Sales Ratio
2011 Ret of Equity Ratio =	**14%**	2010 Ret of Equity Ratio =	**35%**	**18%**	= 2011 Ret of Equity Ratio
2011 Price Earnings Ratio =	**19.24**	2010 Price Earnings Ratio =	**12.05**	**19.58**	= 2011 Price Earnings Ratio

* 2010 Cisco comparison number reflect a better perspective compared to Netgear than 2011.

Exhibit 6 (Cisco Income Statement)

Cisco Systems Income Statement		
Net Sales (In Millions)	**7/30/2011**	**7/31/2010**
Product	$34,526	$32,420
Service	$8,692	$7,620
Total Net Sales	$43,218	$40,040
Cost of Sales		
Product	$13,647	$11,620
Service	$3,035	$2,777
Total Cost of Sales	$16,682	$14,397
Gross Margin	$26,536	$25,643
Operating Expenses		
Research and Development	$5,823	$5,273
Sales and Marketing	$9,812	$8,782
General and Administrative	$1,908	$1,933
Amortization of Intangible Assets	$520	$491
Restructuring and Other Charges	$799	$0
Total Operating Expenses	$18,862	$16,479
Operating Income	$7,674	$9,164
Interest Income	$641	$635
Interest Expense	($628)	($623)
Other Income (loss), Net	$138	$239
Interest and Other Income, Net	$151	$251
Earnings Before Interest and Taxes	$7,674	$9,415
Interest Expense	($628)	($623)
Income Taxes	$1,335	$1,648
Net Income	**$6,490**	**$7,767**

Exhibit 7 (Cisco Percentage of Revenue and Sales)

Cisco Systems Common Statement		
Net Sales (In Millions)	**7/30/2011**	
Product	$34,526	
Service	$8,692	
Total Net Sales	$43,218	
Cost of Sales		
Product	$13,647	31.58%
Service	$3,035	7.02%
Total Cost of Sales	$16,682	38.60%
Gross Margin	$26,536	
Operating Expenses		
Research and Development	$5,823	13.47%
Sales and Marketing	$9,812	22.70%
General and Administrative	$1,908	4.41%
Amortization of Intangible Assets	$520	1.20%
Restructuring and Other Charges	$799	1.85%
Total Operating Expenses	$18,862	43.64%
Operating Income	$7,674	17.76%
Interest Income	$641	1.48%
Interest Expense	($628)	-1.45%
Other Income (loss), Net	$138	0.32%
Interest and Other Income, Net	$151	18.11%
Earnings Before Interest and Taxes	$7,674	18.11%
Interest Expense	($628)	-1.45%
Income Taxes	$1,335	3.09%
Net Income	**$6,490**	1.00

Exhibit 8 (Cisco Percentage of Assets and Liabilities)

Cisco Systems Common Statement		
Assets (In Millions)	**7/30/2011**	
Current Assets		
Cash (Millions)	$7,662	8.80%
Accounts Receivable	$4,698	5.39%
Investments	$36,923	42.39%
Inventories	$1,486	1.71%
Deferred Tax Assets	$2,410	2.77%
Financing Receivables, Net	$3,111	3.57%
Other Current Assets	$941	1.08%
Total Current Assets	$57,231	
Property and Equipment	$3,916	4.50%
Financing Receivables, Net	$3,488	4.00%
Goodwill	$16,818	19.31%
Purchased Intangible Assets, Net	$2,541	2.92%
Other Assets	$3,101	3.56%
Total Assets	**$87,095**	1.00
Liabilities and Equity		
Current Liabilities		
Short-term debt	$588	1.48%
Accounts Payable	$876	2.20%
Income Taxes Payable	$120	0.30%
Accrued Compensation	$3,163	7.94%
Deferred Revenue	$8,025	20.15%
Other Current Liabilities	$4,734	11.88%
Total Current Liabilities	*$17,506*	
Long-term Debt	$16,234	40.75%
Income Taxes Payable	$1,191	2.99%
Deferred Revenue	$4,182	10.50%
Other Long-term Liabilities	$723	1.81%
Total Liabilities	**$39,836**	1.00

Exhibit 9 (Cisco Balance Statement)

2011 Cisco Systems Balance Sheet		
Assets (In Millions)	**7/30/2011**	**7/31/2010**
Current Assets		
Cash (Millions)	$7,662	$4,581
Accounts Receivable	$4,698	$4,929
Investments	$36,923	$35,280
Inventories	$1,486	$1,327
Deferred Tax Assets	$2,410	$2,126
Financing Receivables, Net	$3,111	$2,303
Other Current Assets	$941	$875
Total Current Assets	$57,231	$51,421
Property and Equipment	$3,916	$3,941
Financing Receivables, Net	$3,488	$2,614
Goodwill	$16,818	$16,674
Purchased Intangible Assets, Net	$2,541	$3,274
Other Assets	$3,101	$3,206
Total Assets	**$87,095**	**$81,130**
Liabilities and Equity		
Current Liabilities		
Short-term debt	$588	$3,096
Accounts Payable	$876	$895
Income Taxes Payable	$120	$90
Accrued Compensation	$3,163	$3,129
Deferred Revenue	$8,025	$7,664
Other Current Liabilities	$4,734	$4,359
Total Current Liabilities	*$17,506*	*$19,233*
Long-term Debt	$16,234	$12,188
Income Taxes Payable	$1,191	$1,353
Deferred Revenue	$4,182	$3,419
Other Long-term Liabilities	$723	$652
Total Liabilities	*$39,836*	*$36,845*
Equity		
Common Stock	$38,648	$37,793
Retained Earnings	$7,284	$5,851
Accumulated Other Income	$1,294	$623
Total Shareholder Equity	*$47,226*	*$44,267*
Non-controlling Interests	$33	$18
Total Equity	*$47,259*	*$44,285*
Total Liabilities and Equity	**$87,095**	**$81,130**

Exhibit 10 (SWOT Table)

Cisco Systems				
	Weight	Rating	Weighted Score	Comments
Strengths				
(S1) Innovation	0.20	3.50	0.70	Developed new technologies in routing
(S2) Customer & Partnership Relations	0.10	3.00	0.30	Strong company leadership
(S3) Increased Revenue	0.05	4.00	0.20	Increased revenue by 2.4% from 2010
(S4) Reduce Risk, Complexity, & Costs	0.15	2.50	0.375	Architectures to solve business problems
(S5) Management Restructure	0.03	1.50	0.045	New Chief Operating Officer
Weaknesses				
(W1) Product Sales	0.14	3.00	0.42	Reduced sales and affected gross margins
(W2) Sales Orders from Industry	0.08	2.00	0.16	Volatile markets
(W3) Economic Instability	0.05	2.50	0.125	Slow economy and fast changes
(W4) Product Quality	0.15	3.00	0.45	Failed products
(W5) Asian Market	0.05	2.00	0.10	Decreased product sales
Total Score	1		2.88	
Opportunities				
(O1) Improving Productivity	0.20	4.50	0.90	Gain competitive advantage
(O2) Long-term Growth	0.10	3.50	0.35	Ability to innovate and execute
(O3) Adapt to other Markets	0.10	2.00	0.20	Improved communications and IT
(O4) Next Generation Internet	0.04	4.00	0.16	New experiences for customers
(O5) Virtualization	0.06	2.00	0.12	Develop research pools
Threats				
(T1) Emerging Security	0.05	1.50	0.08	Use layered approach to reduce hacks
(T2) Competitive Products	0.15	3.50	0.53	Well-financed competition
(T3) Foreign Sales	0.08	3.00	0.24	Lower costs from foreign countries
(T4) Cloud-based designs	0.07	1.50	0.11	Many competitors emerging
(T5) Rapid Market Change	0.15	4.00	0.60	Converging technologies developing
Total Score	1		3.28	

Exhibit 11 (SFAS Table)

Cisco Systems							
				Duration			
Strategic Factors	Weight	Rating	Weighted Score	Short	Intermediate	Long	Comments
(S1) Innovation	0.15	4.00	0.60		X	X	Product lines using new technologies
(S4) Reduce Risk, Complexity, & Costs	0.10	2.50	0.25	X	X		Added technology improve design and lowers cost
(W1) Product Sales	0.10	2.50	0.25	X			Higher quality products produces more sales
(W4) Product Quality	0.20	3.00	0.60		X		Poor Quality of product reduces sales
(O1) Improving Productivity	0.15	4.00	0.60	X	X		Develop techniques for assembly
(O2) Long-term Growth	0.15	2.50	0.38			X	Expanding into other markets
(T2) Competitive Products	0.10	4.00	0.40	X	X		Netgear Systems similar
(T5) Rapid Market Change	0.05	1.50	0.08	X	X		Technology changes customer wants and needs
Total Score	1		3.15				

Exhibit 12 (TOWS Table)

Cisco Systems		
Internal Factors (IFAS)	**Strengths (S)**	**Weaknesses (W)**
	(S1) Innovation	(W1) Product Sales
	(S2) Customer & Partnership Relations	(W2) Sales Orders from Industry
	(S3) Increased Revenue	(W3) Economic Instability
	(S4) Reduce Risk, Complexity, & Costs	(W4) Product Quality
External Factors (EFAS)	(S5) Management Restructure	(W5) Asian Market
Opportunities (O)	**SO Strategies**	**WO Strategies**
(O1) Improving Productivity (O2) Long-term Growth (O3) Adapt to other Markets (O4) Next Generation Internet (O5) Virtualization	* Use new technologies to improve products and moving into new market areas. * Find ways to implement virtualization into development to reduce costs.	* Streamline supply chain to enable products orders and requests to increase. * Continue long-term growth through the economic times. * Differentiate products for Asian market.
Threats (T)	**ST Strategies**	**WT Strategies**
(T1) Emerging Security (T2) Competitive Products (T3) Foreign Sales (T4) Cloud-based designs (T5) Rapid Market Change	* Capitalize on customer relationships to increase foreign sales against competitive products. * Change management to keep up with the rapid changing market and security risks.	* Concentrate on Asian sales to ensure breakeven point is maintained. * Focus on product sales and improve research areas within the cloud-based designs.