

Cisco case analysis

[Business](#), [Marketing](#)



Cisco: Company Analysis Cisco: Company Analysis Business Context and the Company Networking industry is one of the world's most rapidly growing industries. Its growth influences the scope of several other sectors like telecommunications. The emergence of networking industry has intensified the growth of information technology. The networking industry had been well established in the corporate world even before the information technology and computer based applications became popular. Networking industry plays a pivotal role in determining the level of technological developments. Cisco Systems, Inc is an American based-multinational corporation which deals with the design, manufacture, and sales of networking equipment. As per the 2010 company data, Cisco employed over 60, 000 people and earned annual revenue of US\$ 40 billion. Despite the adversities of 2009 global financial crisis, the company remains an attractive investment option for global investors.

Industry Analysis

Networking industry comprises of a number of huge players like IBM. Therefore, the degree of competitive rivalry is very high in this sector. In addition, threat of substitutes is also high in networking industry since majority of the networking equipment is substitutable. However, the industry is less affected with the threat of new entrants because entry cost is huge in the networking sector. Evidently, supplier has less bargaining power over networking companies as there are a large number of potential suppliers. Although there are numerous potential suppliers, companies rarely opt to change their suppliers because of high switching cost. At the same time, buyer power is relatively high in the networking industry since modern

customers are well informed of the prevailing market prices and increased provider options. Hence, the Porters' five forces analysis indicates that the networking industry's external environment does not offer potential opportunities to Cisco.

Background of the Company

The Cisco was founded in 1984 by two Stanford computer scientists, and the company was made public in 1990. As Nolan (2005) reports, from the beginning, the company concentrated to dominate the dramatically growing 'internetworking' market. In 1997, Cisco was included in the top five companies listed by Fortune 500 on the basis of return on revenues and return on assets. In the following year, the company's market capitalization crossed \$100 billion mark. The company overtook Microsoft in 2000. In the same year, some surveys reflected that Cisco products play a role in more than 75% of all internet traffic. Mission statement of Cisco is; " shape the future of the internet by creating unprecedented value and opportunity for our customers, employees, investors and ecosystem partners" (Changing the way we work).

Who are they?

Presently, the company is working to make Cisco a household brand.

Through this strategy, the firm intends to capture bottom-level market and thereby increase the firm's operational revenues. However, recent financial data show that the company is struggling in the market. To illustrate, Cisco was compelled to cut down its annual expenses by \$1 billion in 2011 due to lower profits (Cisco CEO comes out swinging, 2011). In addition, the company cuts a large number of job opportunities these days. Despite these

issues, the company still remains one of the leading players in the networking industry.

References

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