

Planning Notes

- Please watch in show mode.
(Please note: This a PowerPoint 2003 file. Some animations, such as text builds with drop shadows, may not behave as intended when viewed on a system running PowerPoint 2007. Known affected slides are 19 and 21.)
- The event will be run in PowerPoint 2003
- This session is on Tue April 14, 9:15 am – 10:15 am
- Where: Bldg 10/1st Floor: San Francisco Room
- It is the kickoff session for the SCRLC meeting



S C R L C
SUPPLY CHAIN RISK LEADERSHIP COUNCIL

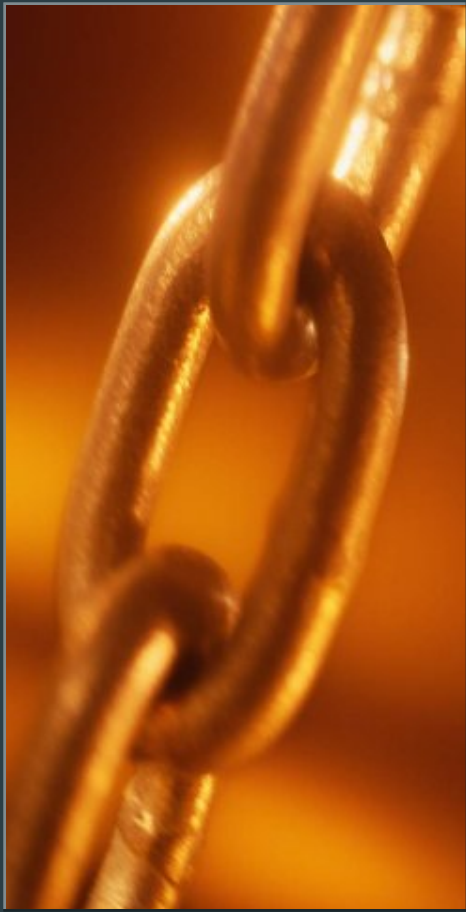
Supply Chain Risk Management: From Dogma to Leadership



Angel Mendez
Sr. Vice President
Customer Value Chain Management
Cisco Systems, Inc.

April 14, 2009

Agenda



Welcome

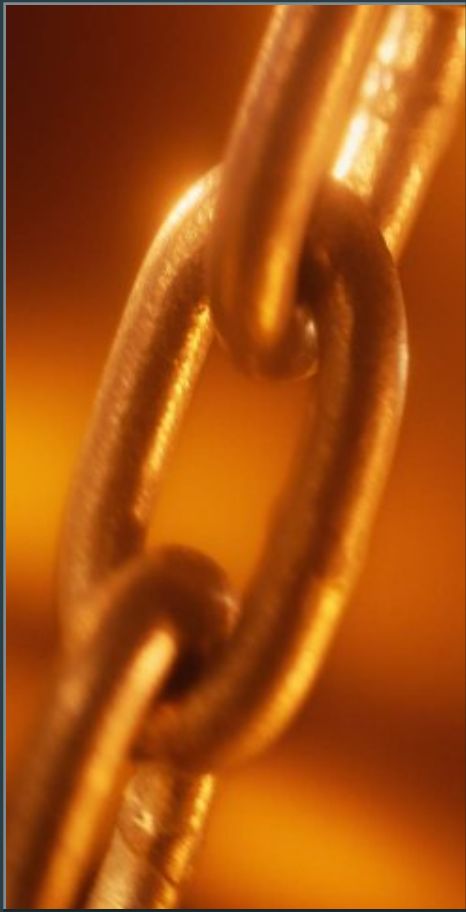
Challenges Facing Us

Cisco's Approach to Risk Management

SCRLC Evolution

The Opportunity Ahead of Us

Agenda



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Welcome to Cisco:

“Changing the Way We Work, Live, Play and Learn”



- Worldwide leader in networking for the Internet
- Headquartered in San Jose, CA
- More than 67,000 employees in 140 Countries
- \$39.5B FY'08 revenue

Broad range of products and solutions:

- Networking Systems
- Data Center
- Collaboration, Voice and Video
- Mobility/Wireless
- Security

Cisco's Complex Supply Chain



Hybrid
Production
Model
(95%
Outsourced)



Wide range
of Products



Most
Products Are
Configured
to Order



Breadth of
Customers



Acquisition
Integration
(131 to date)

Customer Value Chain Management (CVCM)

Vision

By July 2011, we will consistently provide an unrivaled end-to-end experience to our customers, and guarantee Cisco's competitive advantage, by delivering the best value chain in the world

Team

- ~9,000 employees*
- 50+ locations / 17 countries
- 12 functional groups

Main Locations

San Jose, CA; Amsterdam, NE; Atlanta, GA; Austin, TX; Boxborough, MA; Hong Kong, PRC; Irvine, CA; Juarez, Mexico; Penang, Malaysia; RTP, NC

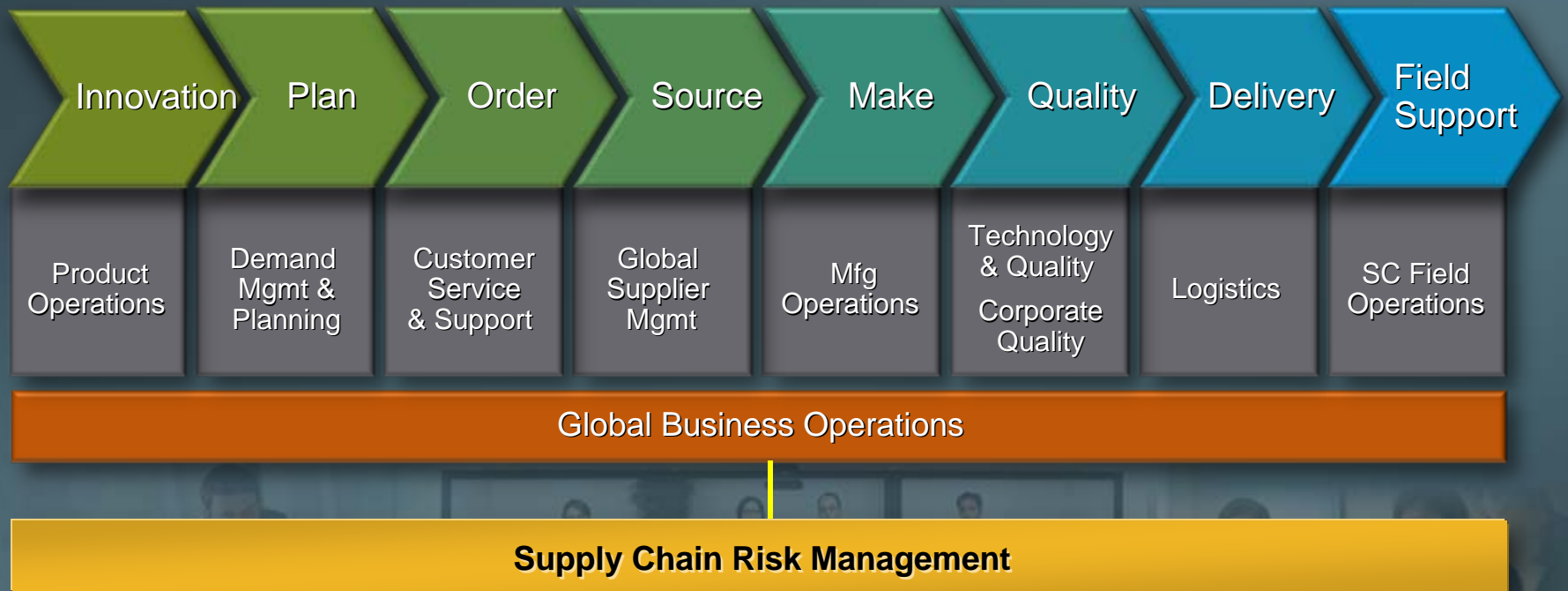
By the Numbers

- >1,000 suppliers
- 95% of manufacturing is outsourced



*includes Scientific Atlanta and Linksys

CVCM Teams Collaborate Across the Customer Value Chain



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Supply Chain Risks

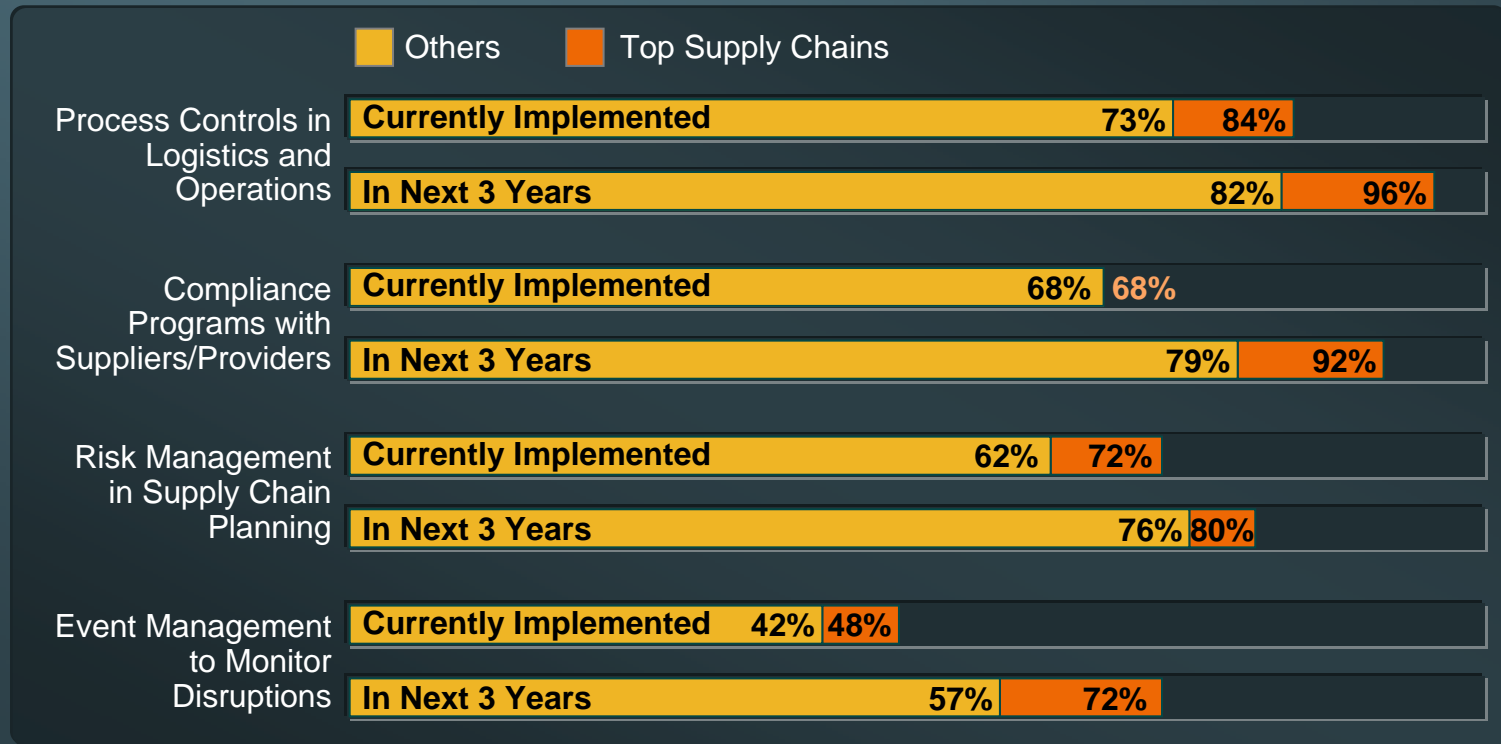
Main Risks Faced Today Are:

- Strategic Risks:
 - Customer demand fluctuations
 - Market conditions
 - Financial stability
- Supplier Reliability
- Raw material shortage or price fluctuations

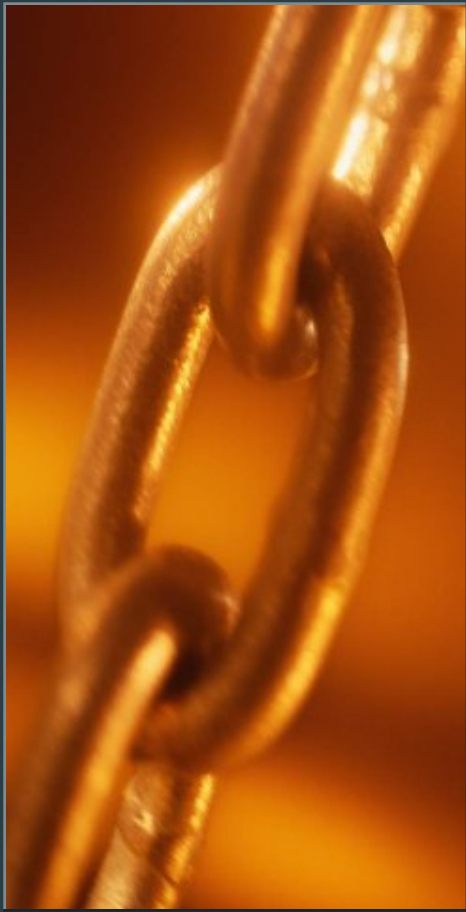
Effective Risk Management Contributes to Value Chain Excellence

In All Areas of Risk Management, Leading Supply Chains Are Pulling Away from the Pack

Gap between top supply chains and the rest of our sample in terms of current and planned implementations



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Cisco Risk Framework Priorities

- Protect our Employees
- Recover our Business Capabilities
- Support our Customers and Partners
- Assist our Community
- Protect Shareholder Value



Enterprise Risk Management

PROTECT

"How Do I Reduce Business Risk?"

- Risk Analysis
- Risk Assessment
- Business Continuity Planning
- Business Resilience

OPTIMIZE

"Is my current Risk level in control?"

- Business Risk Monitoring
- Risk Responsiveness
- Tolerance
 - Controllable Risks
 - Non-Controllable Risks

GROW

"How Do I take more Intelligent Risks ?"

- Disciplined Decision Making
- Risk Timing
- Business & Technology Innovation
- Increased Shareholder Value
- Industry Leadership

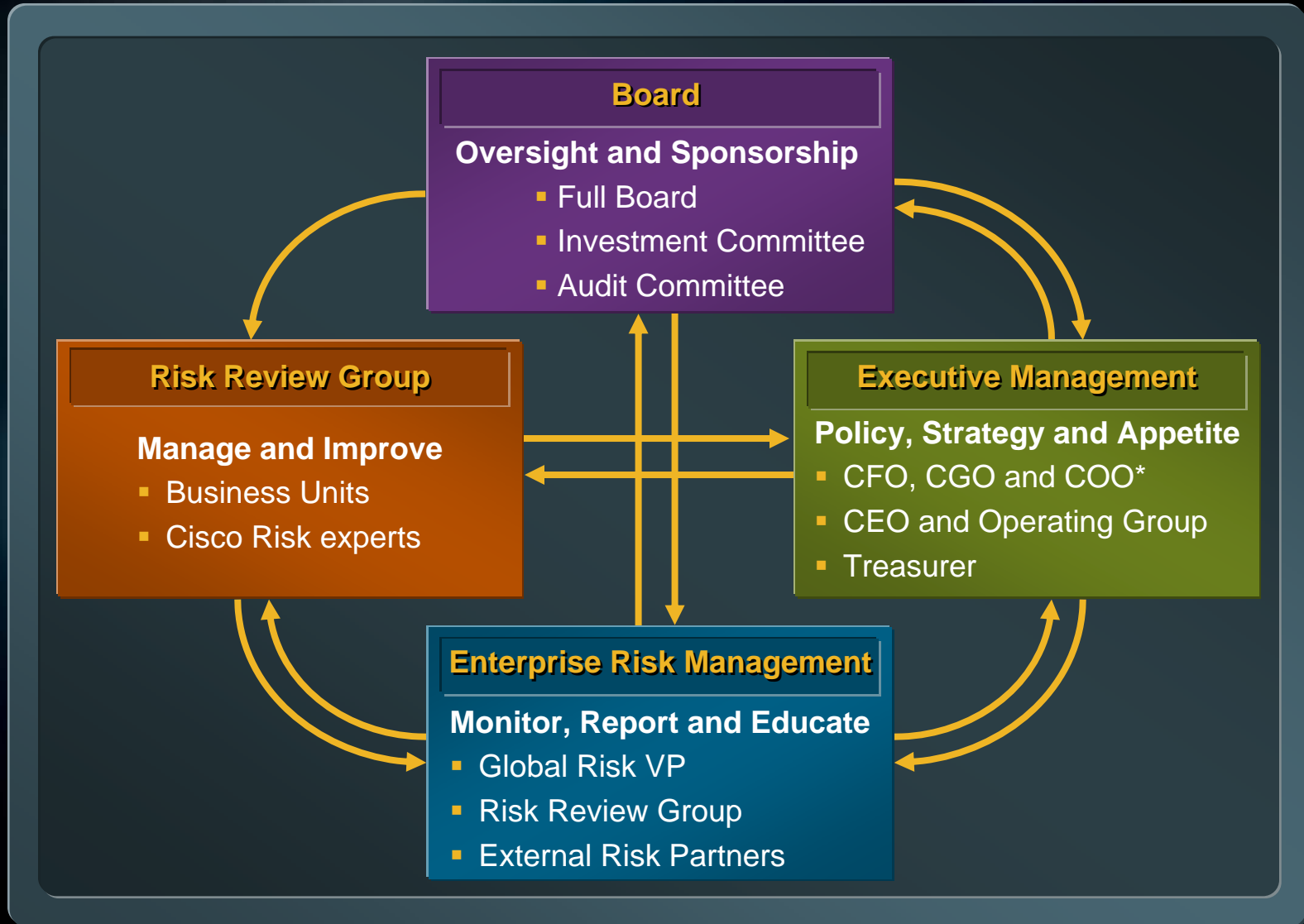


Corporate Strategy



ERM

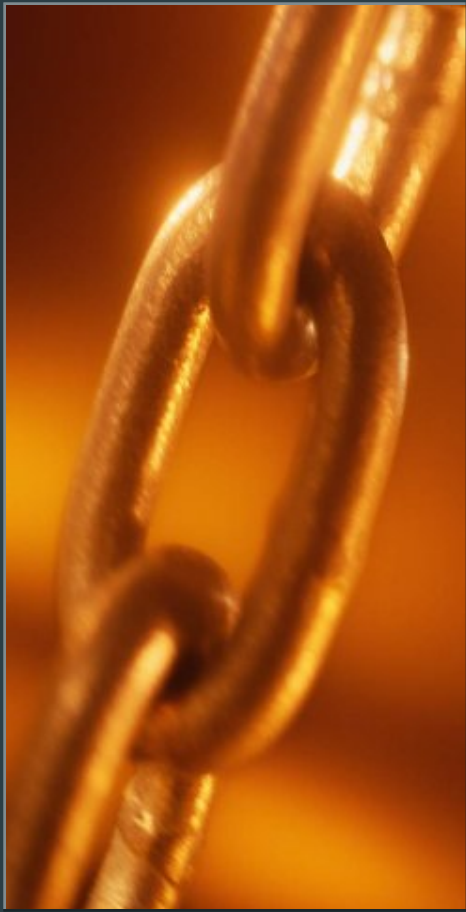
Enterprise Risk Governance Structure



CVCM Supply Chain Risk Management Program Overview



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Supply Chain Risk Leadership Council

A Thoughtful Evolution

Foundation

Growth

Thought Leadership

“AMR Research is extremely impressed with the effort and dedication members of the SCRLC have demonstrated to embrace risk management in their supply chains.

But building critical mass in understanding the concepts of supply chain risk management and defining a structured framework for it are daunting challenges for the council”

- Noha Tohamy



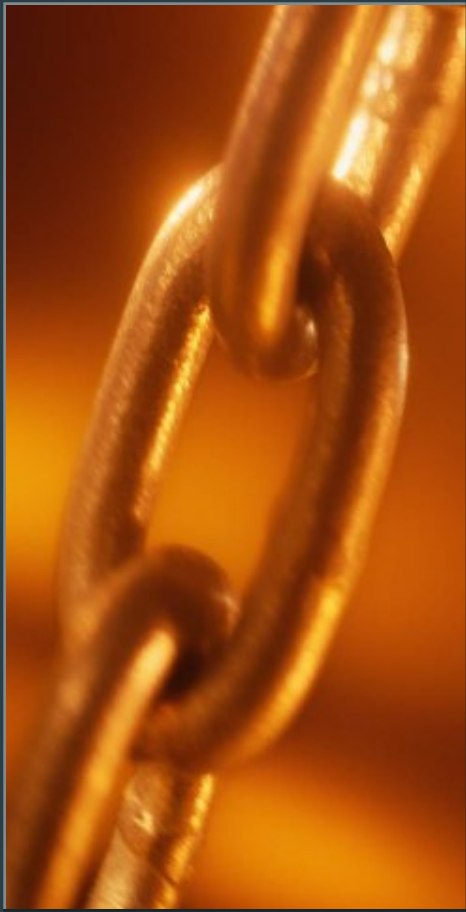
SCRLC Evolution

SCRLC
SUPPLY CHAIN RISK LEADERSHIP COUNCIL

- Established a solid foundational platform
- Best practice sharing & learning
- Gained Industry Recognition
- Defined Business Tracks
- Raised Awareness
 - Press/Analysts
 - Newsletter
 - Website



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Opportunity in Front of Us

Next Phase of Council Evolution

- Drive Industry standards
- Elevate Council to another level
- Expand membership – initial focus on manufacturing supply chains
- Guide Tracks: Crisper, Focused
- Continue Awareness
- Build influence with agencies that affect our supply chains



2009: A Time to Mitigate Global Risk

The Global risk landscape is a crowded one..2008 has proven the extent of to which the world is subject to global risks....Let 2009 be the year where the world finds a common agenda to begin mitigating their impact



*Klaus Schwab
Founder and Executive Chairman
World Economic Forum
January 2009*



CISCO