

Strategic Alliances: The Value of Partners

Introduction: The Changing Nature of Work

The nature of work is evolving faster today than at any time in the past. Historically, workers resided in corporate locations and worked in tightly defined work groups with the same individuals on a daily basis. Today, the corporation has become an extended enterprise where the constituents are not only corporate employees, but also suppliers, customers, and partners in the corporate ecosystem. Competitive advantage is gained by an organization's ability to assemble collaborative teams from across the extended enterprise in real time to harness the knowledge of the collective as fast as possible.

This new work paradigm has given rise to many technology trends that enable better communications and collaboration between the various constituents of the extended enterprise. Specifically, the following trends will significantly affect companies as they reach new levels of productivity:

- **Unified communications-enabled collaboration:** Defined as the integration of all of a company's communications tools, unified communications is the foundation for a company's collaboration strategy. These tools include voice communications, video conferencing, TelePresence, chat, conferencing, presence, and other communications tools. Unified communications can help organizations streamline business processes by removing much of the "human delay" built into many business processes today. The continued rise of worker mobility will fuel the need for collaboration, because it will become critical to collaborate with workers no matter where they are or what device they use.
- **Cloud computing and virtualization:** Virtualization in its most basic sense allows an IT individual to manage a virtual resource instead of a physical one. The ultimate vision of virtualization is to break all IT infrastructures into smaller components, virtualize them, and push them into the network. This scenario will give rise to "cloud-based" computing where all IT infrastructures become available as network-based resources for application developers and IT managers.
- **Unified computing:** Unified computing allows virtual workloads to move transparently across the network while maintaining critical network parameters by effectively tying the compute layer to the network layers.
- **Application networking services (ANS):** ANS is a set of technologies that directly improve the performance of applications through a set of optimization techniques in the network layer.

All of these trends have brought two distinct technology domains together—information technology and communications. Historically these domains have been managed in independent silos, with the network having very little visibility into the applications that run on it and how they perform.

As the integration of communications and IT continues, the network will play a critical role in how corporate technology will evolve and improve productivity. Ultimately this vision will lead to organizations that can collaborate more efficiently with the entire extended enterprise.

This paper focuses on the Cisco® partnering strategy to deliver collaboration solutions to customers by offering business value and choice to organizations that choose Cisco as a solutions provider. The paper also provides case studies of specific Cisco partners, including how the companies were able to collaborate to solve specific customer problems.

Cisco Partnering Strategy Advantages

One way in which Cisco has chosen to deliver collaboration-based solutions is through partners, including strategic alliances. No single vendor can deliver a total collaboration solution—explaining why Cisco has developed partnerships. Collaboration is a natural market for Cisco to build a partner ecosystem because of the market leadership Cisco offers in collaboration:

- Cisco currently ranks number 1 in overall market share for web conferencing, with 45 percent of the overall market share.
- In a recent Yankee Group enterprise survey on unified communications, 69 percent of respondents answered “Cisco” to the question, “Who is your preferred unified communications vendor?” Only 26 percent of respondents chose the second-place vendor.
- Cisco is the market leader in enterprise voice, with 19 percent of the overall voice market and 61 percent of the IP private-branch-exchange (PBX) market.
- Cisco currently has about 50 percent of the market for TelePresence, making it the leader in high-end video conferencing.
- Cisco is the only collaboration solution provider that has on-premises, Software-as-a-Service, combined, and integrated network solutions for the desktop and mobile environments.

These statistics indicate that Cisco is at the epicenter of collaboration, creating a solid foundation on which Cisco can build a partnering strategy.

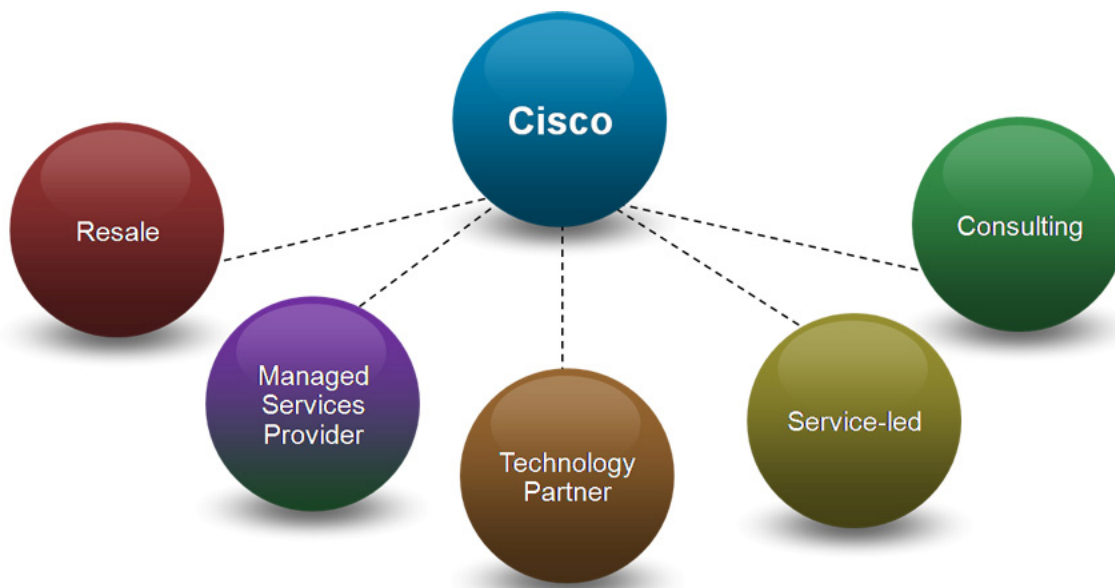
The Need for Strategic Alliances and Other Partners

The changing nature of work has accelerated the need to collaborate across departmental and corporate boundaries. This increased focus on network-based collaboration has required tight integration of the application stack with networks, communications, and mobility. As Cisco moves into the collaboration marketplace, it is developing deeper relationships with partners to offer customers complete solutions.

According to Steve Steinhilber, Cisco Vice President of Strategic Alliances, a strategic alliance is “a relationship between one or more organizations that through the combination of resources can create significant and sustainable value for everyone involved” (“Strategic Alliances: Three Ways to Make Them Work”, Harvard Business Press, 2008).

Cisco has developed a multifaceted partnering program (Figure 1) that can offer customers tangible business value. The global “ecosystem” of partners includes integration, channel, technology, and industry solution companies as well as service providers that provide a range of consulting, resale, outsourcing, services, and technology integration to offer customers a comprehensive collaboration strategy.

Figure 1. Cisco Collaboration Alliance and Partner Ecosystem



To facilitate the shift toward collaboration as a business-process enabler, Cisco has partnered with several leading IT solution providers and vendors, including the following:

- Accenture
- Apple
- AT&T
- British Telecom
- Fujitsu
- IBM
- Italtel
- Johnson Controls
- Microsoft
- Nokia
- Tata Consultancy
- Wipro

Cisco’s vision is to enable boundary-less collaboration for customers and their partners, suppliers, and customers. They are deeply committed to working with other market experts to deliver solutions around collaboration. This commitment to partnering offers customers a choice of “best-of-class” solutions.

The Cisco partner community is very broad, enabling them to serve the diverse needs of their customers. Table 1 shows the types of Cisco partners and their value to customers:

Table 1. Cisco’s Partner Landscape

Cisco Partner	Value to Customers
Resale	Market reach
Consulting	Industry-specific solutions
	Geographically dispersed solutions
	Line-of-business solutions

Service-led	Integration services
Technology	Solutions breadth
	Joint development

The Cisco collaboration architecture and approach also offers customers choice and flexibility. Combining cloud and premises-based technology gives partners a choice of technologies that are open, flexible, and customizable. Through this partnering strategy, they can deliver real solutions today—not just vision—and help customers build a robust, open roadmap to support current and future business needs.

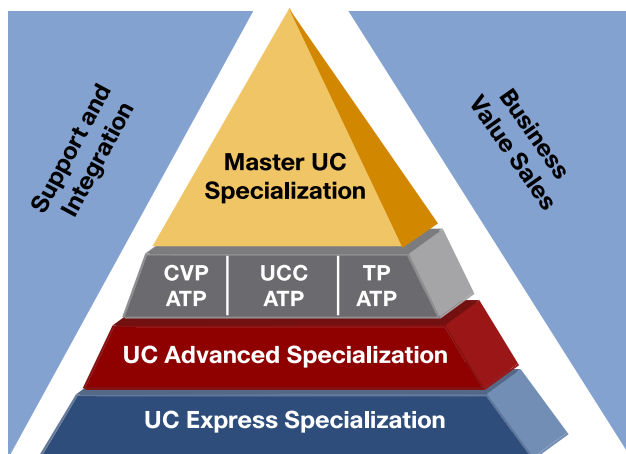
The Cisco channel strategy is one of the main differentiators in their ability to deliver high-quality collaboration solutions to customers. The channel program uses a direct, high-touch sales force for corporate customers coupled with active partnerships with multiple indirect channel partners to cover smaller businesses augmented with product partners for specific product offerings. Their high-touch sales force focuses on creating opportunities for and with partners as well as a comprehensive channel and technology specialist organization for business-development opportunities.

Cisco's partnering strategy with respect to collaboration is to build on its 1350 unified communication partners and evolve them to the full collaboration portfolio. Cisco helps its partners evolve by:

- Enabling them to transform their own business with industry practices to deliver industry-specific solutions
- Using and developing our unified communications partner software integration capabilities
- Extending partners' capabilities by using a collaborative ecosystem that can add independent software vendors (ISVs) and industry and domain expertise
- Engaging selectively with Cisco Global Strategic Alliance Partners

Cisco couples this strategy with an industry-leading certification program. They launched their IP Telephony specialization program—the industry's first—in 2001. Since then, the program has evolved into a multitier certification program. In addition to the specializations, they have developed numerous Cisco Authorized Technology Provider (ATP) programs. They also created a Master Unified Communications Specialization program (Figure 2), which is a very rigorous certification program. Master Unified Communications Specialization certification requires Cisco CCIE, PMI (Project Management Institute), and other top-level certifications.

Figure 2. Cisco Unified Communications Certification Tiers (Customer Voice Portal, Unified Communications and Collaboration, TelePresence Advanced Technology Partner)



The results of the Cisco partner strategy underscore the fact that the program is one of the most successful in the industry. The following metrics illustrate Cisco's channel success:

- Cisco's channel program has been ranked number 1 in a CRN channel survey for 5 consecutive years.
- Cisco's customer satisfaction rating through partners was 4.61 out of 5 for the most recent quarter. This rating compared to 4.42 for direct Cisco interaction.

Overall, Cisco has the deepest, most comprehensive channel program in the industry as measured by the number of participating partners. For customers, this depth helps ensure that collaboration deployments will be of high quality with minimal risk.

Cisco Collaboration Partners: Case Studies in Success

One of the biggest components of the Cisco partnering strategy is the use of strategic alliances to broaden its own solutions. This section focuses on three of Cisco's key alliance partners—Microsoft, IBM, and Accenture—and highlights how the partnerships achieve a higher level of customer value.

Case Study 1: Accenture

Much of the value proposition of collaboration derives from the ability to streamline or create communications-enabled business processes (CEBPs) and truly transform the organization. This ability requires an understanding of business process that many IT organizations do not have. To offer Cisco customers a transformational collaboration deployment versus a technology deployment, they have created an alliance with Accenture, called the Accenture Cisco Business Group (ACBG), to deliver solutions.

ACBG creates a single team that can deliver all of the underlying technology and the business-process transformational services to bring the CEBP vision to reality. Based on a "one-team" concept, the alliance involves individuals from both organizations. It is led by an Accenture global managing director and a Cisco general manager. The joint team designs, packages, sells, and delivers joint collaboration solutions that use Cisco Unified Communications, Cisco TelePresence™, Cisco WebEx®, and Cisco WebEx Connect solutions.

The alliance offers customers many benefits:

- ACBG uses the technology within the two companies first so they fully understand how it works, why it is important, how to enable new business processes, and how to measure the results.
- The group reduces customer risk in the areas of technology, deployment, and support.
- ACBG understands the customer need, creates a business case, and develops a solution accordingly.
- ACBG presents the solution under the common brand of both Cisco and Accenture, so the customer is assured that both companies endorse it.
- The group combines solutions from both providers. Cisco delivers the required technology and Accenture delivers the services wrapper around the technology, including design, implementation, testing, homologation, integration, Human Resources and talent acquisition, and management.
- ACBG takes advantage of internal methodologies and best practices from both companies.
- ACBG works closely with Cisco Customer Business Transformation and Internet Business Solutions Groups to ensure best practices are shared between Accenture and Cisco.
- The group extends past collaboration and offers data-center solutions such as Unified Computing.

Additionally, Accenture offers a business-process-outsourcing (BPO) solution with Cisco call-center technology. Accenture is migrating its call center in India away from incumbent vendors to Cisco's call-center solution in India. The call center has 10,000 live agents with customer-based service-level agreements (SLAs) and reporting statistics.

Finally, the strategic alliance works with Avanade (www.avanade.com), the Microsoft–Accenture joint venture, to address complexity and heterogeneity in customer environments.

This proven methodology mitigates risk for the customer—at both the technology and integration levels. Overall ACBG brings together a best-of-class network and collaboration vendor—Cisco—with one of the world’s leading business transformation companies—Accenture—to deliver collaboration solutions that can radically transform companies’ business processes to enable a higher level of productivity and efficiency.

Case Study 2: IBM

The collaboration needs of companies vary by industry. Cisco has developed a strategic alliance with IBM, which has comprehensive expertise in several industry sectors to deliver industry-oriented collaboration solutions. IBM and Cisco have developed many sector-specific solutions in collaboration, including the areas of unified communications, TelePresence, and conferencing.

Table 2 highlights some sample industries with joint collaboration solutions.

Table 2. Joint Cisco and IBM Industry Solutions

Industry	Solution
Financial services	Self-service banking kiosks
Healthcare	Telemedicine
Higher education	Mass notification

The structure of the strategic alliance is based on the fact that the primary businesses for both Cisco and IBM are aligned. The strategic alliance helps ensure that resources from both Cisco and IBM are in place within the following areas:

- Services
- Peering between businesses (software, security, etc.)
- Industry specialists focused on specific industries
- Global consulting
- Executive alignment

Structured around important original-equipment-manufacturer (OEM) relationships, the alliance also provides a 360-degree, end-to-end view that is unique to IBM. Additionally, the alliance has very close alignment with regard to strategy and distribution, and offers customers excellent team enablement and education.

The strategic alliance between Cisco and IBM benefits customers by delivering the following value:

- IBM is the industry’s largest systems integrator, with reach into every continent and nation. IBM’s reach is extremely broad and deep in many geographic areas where other systems integrators do not have a presence.
- IBM has the most depth and breadth of any technology integrator, with expertise in every area of corporate IT.
- Both Cisco and IBM offer customer financing through in-house organizations.
- IBM can introduce Cisco solutions into new markets through initiatives such as the U.S. stimulus package, the Smart Grid initiative, and investments in emerging markets such as India and China.
- IBM has connections with senior IT decision makers and corporate executives.
- IBM has initiatives that are synergistic with Cisco initiatives such as Smart Grid and Connected Health.
- IBM offers significant R&D investment in the strategic partnership.
- IBM can link the Cisco technology portfolio across the entire technology stack.

The alliance between IBM and Cisco can deliver industry-specific, collaboration-based solutions and help customers accelerate adoption of new technologies. This scenario offers customers business value faster than with a non-partner-based approach.

Case Study 3: Microsoft

Both Cisco and Microsoft offer a set of communication and collaboration applications. The product sets from both companies are both complementary and competitive. However, experience shows that customers often want to use both companies for collaboration to take advantage of Cisco's 10 years of experience in IP telephony and Microsoft's emerging office communications capabilities.

As such, Cisco provides solutions that are interoperable with Microsoft's Office Communications Server (OCS), Microsoft Office Communicator (MOC), Exchange, and Outlook. Customers may want Microsoft products on the desktop, Microsoft OCS, a Cisco Powered Network, Cisco Unified Communications Manager (UCM), Cisco TelePresence, Cisco Unified Contact Center, and Cisco WebEx solutions for conferencing—and all of these applications must interoperate.

To address customer demand, Cisco and Microsoft have created a strong alliance and strategic partnership. The alliance offers customers real business value through joint solutions including virtualization, management, unified communications, security, video, consumer, wireless, and mobility. The alliance has been built with openness and interoperability in mind. The following are examples of that operating principle:

- For customers seeking to augment Microsoft's personal productivity applications with Cisco Unified Communications Solutions, Cisco offers a comprehensive portfolio of Cisco Unified Communications with Microsoft integrations to help maximize investments in both technologies.
- For most customers seeking to extend a broad set of Cisco Unified Communications services—IP softphone, rich calling features, conferencing, messaging, and desk phone control—to the Microsoft desktop, Cisco UC Integration™ for Microsoft Office Communicator provides a compelling solution. Using a unified client services framework, this solution delivers investment protection without the cost and complexity of a dual call-control solution.
- Cisco's approach is to be open and use published Microsoft application programming interfaces (APIs) to develop interoperable solutions. Table 3 shows how the two companies have handled voice interoperability. Cisco and Microsoft adhere to a formal interoperability agreement that provides the choice that customers demand.

Table 3. Voice Interoperability

Multiple Customer Options		
Cisco UC Integration™ for Microsoft Office Communicator	Remote Call Control (RCC)	SIP Trunking (Direct SIP)

Ultimately the alliance between Cisco and Microsoft offers customers flexibility and choice between the two solution providers to deploy a complete collaboration solution.

Conclusions

Cisco's architectural approach to collaboration for the past 10 years has been to position the network as the platform for secure and transparent communications. Cisco can deliver fully integrated solutions that offer a high level of business value. The breadth of partners affords customers choices based on geography and size. Cisco's vision is for secure and boundary-less communications between a company and its entire extended enterprise. The Cisco partnership and alliance ecosystem is intended to help customers increase return on investment (ROI), accelerate

time to market, improve productivity, and transform business process. The partnership and alliance structure that Cisco has developed can facilitate evolution of the very nature of work.

Organizations looking to use collaboration strategically, accelerate time to market, and mitigate risk should consider a partnered solution with the following characteristics:

- **Breadth and depth:** Seek a solution where the partners have broad technical and industrial expertise but also boast a long list of customers to highlight depth of experience.
- **Access to capital:** Ensure that the solution providers you choose can provide access to capital to help with different financing and purchasing options.
- **Depth of technology integration:** Make sure you choose companies that offer joint technology integration, because it can help ensure interoperability and more capabilities. Many technology vendors boast about “partnerships”, but many of them do not offer customers any material benefit.

Authored by Zeus Kerravala, Industry Analyst



Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV
Amsterdam, The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.

CCDE, CCENT, CCSI, Cisco Eos, Cisco HealthPresence, Cisco IronPort, the Cisco logo, Cisco Nurse Connect, Cisco Pulse, Cisco SensorBase, Cisco StackPower, Cisco StadiumVision, Cisco TelePresence, Cisco Unified Computing System, Cisco WebEx, DCE, Flip Channels, Flip for Good, Flip Mino, Flipshare (Design), Flip Ultra, Flip Video, Flip Video (Design), Instant Broadband, and Welcome to the Human Network are trademarks; Changing the Way We Work, Live, Play, and Learn, Cisco Capital, Cisco Capital (Design), Cisco:Financed (Stylized), Cisco Store, Flip Gift Card, and One Million Acts of Green are service marks; and Access Registrar, Aironet, AllTouch, AsyncOS, Bringing the Meeting To You, Catalyst, CCDA, CCDP, CCIE, CCIP, CCNA, CCNP, CCSP, CCVP, Cisco, the Cisco Certified Internetwork Expert logo, Cisco IOS, Cisco Lumin, Cisco Nexus, Cisco Press, Cisco Systems, Cisco Systems Capital, the Cisco Systems logo, Cisco Unity, Collaboration Without Limitation, Continuum, EtherFast, EtherSwitch, Event Center, Explorer, Follow Me Browsing, GainMaker, iLYNX, IOS, iPhone, IronPort, the IronPort logo, Laser Link, LightStream, Linksys, MeetingPlace, MeetingPlace Chime Sound, MGX, Networkers, Networking Academy, PCNow, PIX, PowerKEY, PowerPanels, PowerTV, PowerTV (Design), PowerVu, Prisma, ProConnect, ROSA, SenderBase, SMARTnet, Spectrum Expert, StackWise, WebEx, and the WebEx logo are registered trademarks of Cisco Systems, Inc. and/or its affiliates in the United States and certain other countries.

All other trademarks mentioned in this document or website are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (0910R)