Chapter IX

Success in Business-to-Business E-Commerce:
Cisco New Zealand's Experience

Pauline Ratnasingam
University of Vermont, USA

EXECUTIVE SUMMARY

The growth of business-to-business e-commerce has highlighted the importance of computer and communications technologies and trading partner trust for the development and maintenance of business relationships. Cisco Systems Incorporation, an international company, is now the second largest company in the world, behind Microsoft. Its solid financial performance is partly due to its early focus on the Internet as a channel to cut administrative costs, and boost customer service satisfaction. Cisco International provides end-to-end networking solutions which customers use to build a unified information infrastructure of their own, or to connect to someone else's network. The end-to-end networking solutions provide a common architecture that delivers consistent network services to all users (Cisco Fact Sheet, 2000). Cisco network solutions connect people, computing devices and computer networks, allowing trading partners to access or transfer information without regard to differences in time, place or type of computer systems. By using networked applications over the Internet on its own internal networks, Cisco globally is gaining contributions of at least NZ$825 million a year in operating cost savings and revenue enhancements (Cisco Newsroom, 2001). Cisco is today the world's largest Internet commerce site and sees financial benefits of nearly US$1.4 billion a year, while improving customer/partner satisfaction and gaining a competitive advantage in areas such as customer support, product ordering and delivery times (Cisco Fact Sheet, 2000).
Cisco International serves customers in three large markets, namely:

1. Enterprises including large organizations with complex networking needs, usually spanning multiple locations and types of computer systems. Thus enter-

prise customers include corporations, government agencies, utilities and educational institutions.

2. *Service providers include companies that provide information services, including telecommunication carriers, Internet service providers, cable companies and wireless communication providers.*

3. *Commercial companies with a need for data networks of their own, as well as connection to the Internet and/or to business partners.*

Cisco International (Cisco's headquarters) in San Jose, California, USA, has well over 225 sales and support offices in 75 countries. Cisco International wants New Zealand businesses to embrace the Internet and use it to be more efficient. The company worked with the NZ government on its e-commerce implementation plans at the summit held in late 2000. One of the aims of this forum was to encourage small and medium enterprises (SMEs in NZ) to go online.

Cisco NZ receives direction from its headquarters in San Jose, which monitors a global networked business model. A global networked business model includes an enterprise, of any size, that strategically uses information and communications to build networks of strong, interactive relationships with all its key constituencies. The global networked business model leverages the network for competitive advantage by opening up corporate information to all key-trading partners and employs a self-help model of information access, which is more efficient and responsive than the traditional model. The traditional model consists of few information gatekeepers dispensing data as they see fit.

The global networked business model is based on three core assumptions:

1. *The relationships an organization maintains with its key constituencies can be as much of a competitive differentiator as its core products or services.*

2. *The manner in which a company shares information and systems is a critical element in the strength of its relationships.*

3. *Being "connected" is no longer adequate. Business relationships and communications that support them must exist in a "networked" fabric. Hence, by simplifying network infrastructures and deploying a unifying software fabric that supports end-to-end network services, organizations are learning how to automate the fundamental ways they work together.*

Cisco NZ claims that the success of e-commerce depends on well-planned partnerships, mutual goals and trust. Cisco NZ's philosophy is to listen to their trading partners' requests, monitor all technological alternatives and provide customers with a range of options from which to choose. Thus, Cisco's experience in e-business has set the standard for e-commerce transformation and creating Internet solutions. This teaching case focuses on Cisco's experience with their trading partner, Compaq NZ, and the findings contribute to strategies on how businesses can succeed in e-commerce participation.

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