



Keio University Business School

Cisco Systems

The Strategies of the Super High-growth Corporation

5

The annual revenue of Cisco Systems, developer, manufacturer and seller of routers and switches to connect personal computers to create networks, stood at some \$9.2 billion as of January 1999. This made the company the world largest corporation in this field. The company also made it into the world's best ten list in terms of the stock market capitalization, which is more than \$150 billion. It was in the company's fifteenth year since its establishment in 1984.

10

15

The phenomenal growth of this company, however, did not happen at its early stage. In 1992, when current Chief Executive Officer (CEO) John Chambers joined the company, annual revenue hovered around the \$69 million mark and the company was no more than just another of the plethora of communications equipment manufacturers. In the ensuing seven years, the company achieved incredible growth, increasing revenue by more than 130 fold. Behind this success were two clear strategies of Acquisition and Development (A&D) and Supply Chain Management (SCM) through thorough and active use of the internet.

20

The Historical Path of Cisco Systems

25

Cisco Systems is a communications equipment manufacturing business which was established in 1984 by computer scientists from Stanford. After its first shipment of ethernet interface systems in 1985, the company announced its communications server and gateway server in the following year, steadily building up business achievements with such activities as the commencement in 1989 of OEM business, to ultimately be listed on the NASDAQ in February 1990. In 1994, headquarters was shifted to San Jose in the

30

This case is a translation of the case "Cisco Systems: The Strategies of the Super High-growth Cooperation" prepared by Hideo Kobayashi under the supervision of Professor Sachio Senmoto.
Copyright ©2001 Keio Business School

(Nov. 2000)