



Cisco Innovation 2005 Study

Select Findings



August 2005

Objectives & Methodology

Data Collection Timeframe: July 8-18, 2005

Respondent Profile: 635 total respondents
542 business decision makers
93 IT decision makers

Company Profile: 190 small companies (10 to 99 employees worldwide)
222 medium companies (100 to 999 employees worldwide)
223 enterprises (1,000+ employees worldwide)

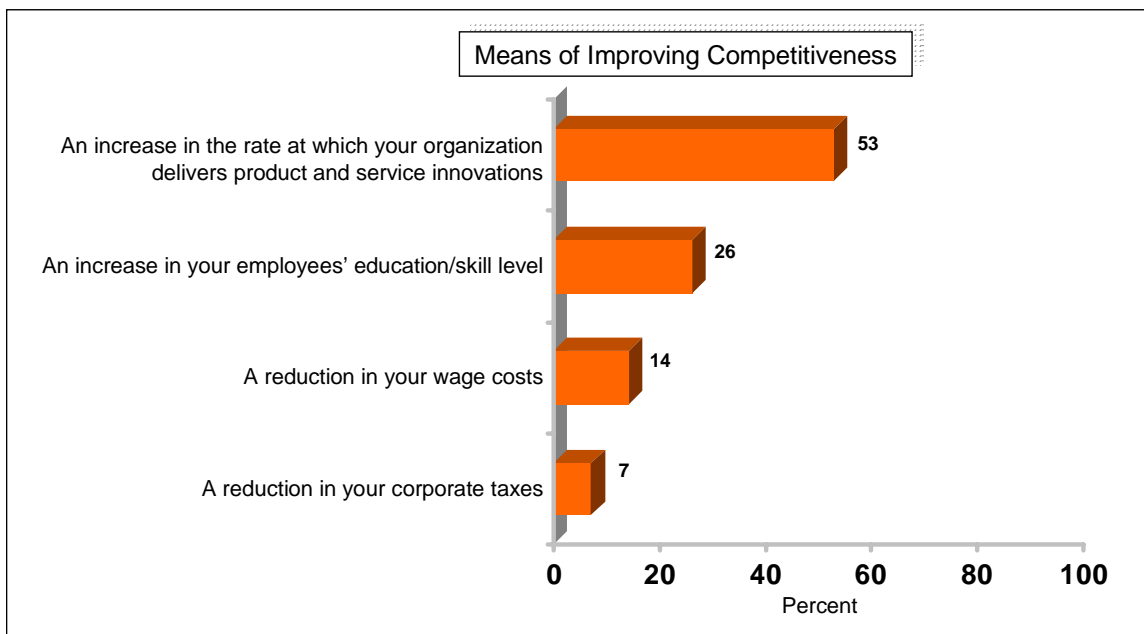
Key Geographies: U.S.

Overview of Findings

Driving Organizational Competitiveness

Innovation was the overwhelming choice for driving organizational competitiveness according to a poll of 635 U.S. business and IT decision-makers. When asked to choose between which areas would have the biggest impact on competitiveness:

- 53% cited Innovation
- 26% cited increasing employee education and skill levels
- 14% cited reducing wages
- 7% cited cutting corporate taxes



- When senior business and IT decision-makers are asked which single business outcome their organization could achieve through increased innovation
 - 26% of respondents indicate they would use innovation to drive increased revenues
 - 18% indicate they would use innovation to drive an increase in market share
 - 18% would use innovation to drive improved customer relationships
 - 16% indicated that they would use innovation to lower production costs

- Innovation-driven business outcomes also vary by industry.

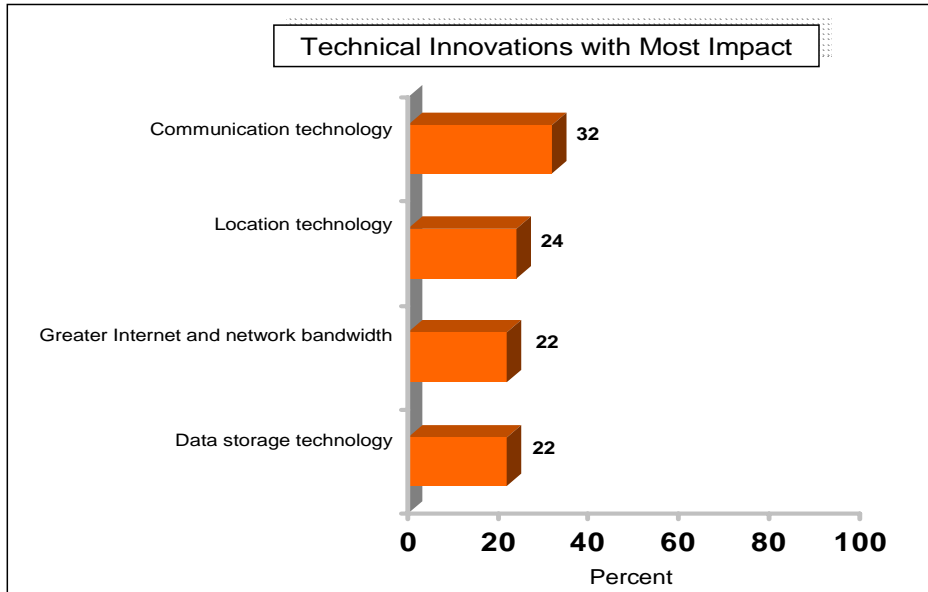
	Construction	Finance	Manufacturing	Professional Scientific & Services	Wholesale/Retail Trade
Most Desired Outcome	Reduce Production Costs/ Interactions (26% each)	Interactions (27%)	Increase Market Share (27%)	Increase Revenue (42%)	Increase Revenue (32%)
2nd Desired Outcome		Increase Revenue/Market Share (24% each)	Increase Revenue/Reduce Production Costs (26% each)	Interactions (33%)	Reduce Production Costs (31%)

	Education	Government/ Social Services	Healthcare/ Pharmaceuticals
Most Desired Outcome	Interactions (44%)	Interactions (45%)	Interactions (30%)
2nd Desired Outcome	Increase Market Share (21%)	Reduce Production Costs (34%)	Increase Revenue (26%)

Technology Focus for Innovation

When asked which of these four technology areas would have the most significant organizational impact if incorporated into a product or service at a low marginal cost:

- 32% cited communication technology
- 24% cited location technology
- 22% cited greater Internet and network bandwidth and data storage technology

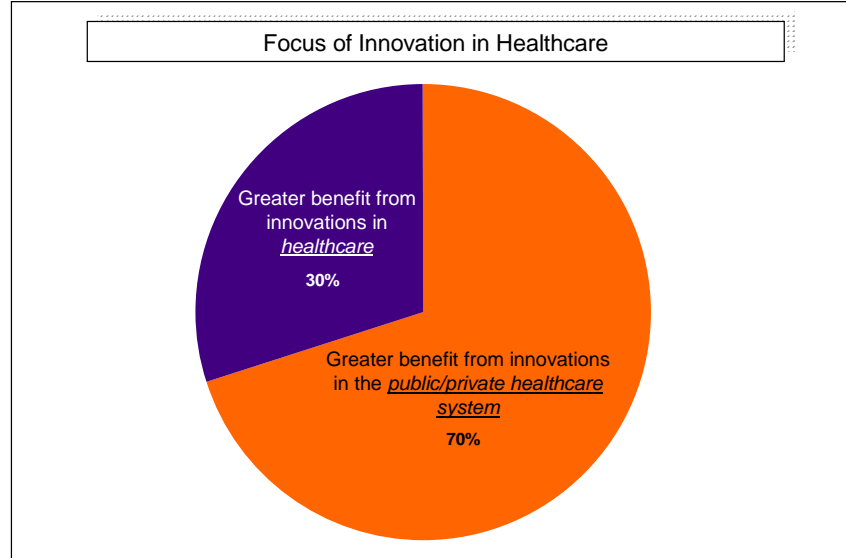


- 41% of wholesale/retail respondents indicate that location technology would have the biggest impact on their organization.
- Of respondents focused on transaction cost reduction:
 - 32% indicate that data storage technology will be the most effective to them
 - 27% focused on communications technology
- Increased bandwidth is more beneficial to small companies than to larger companies.
 - 26% of respondents at small companies indicate that increased bandwidth technology is most likely to help them achieve their goals for innovation vs. 15% at larger enterprise organizations

Industries In Need of Innovation

Executives were asked to choose which among several industries would benefit most from embracing technical innovation.

- 53% selected healthcare
- 50% selected federal; 48% cited state and 46% cited local government
- 39% selected K-12 education; 38% selected higher education.



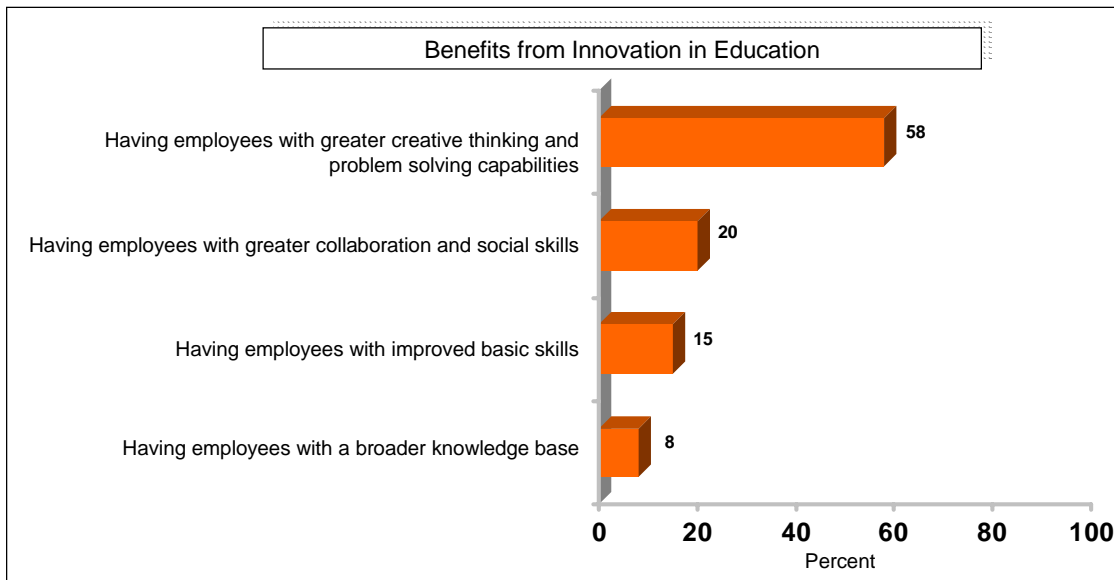
When asked where improvements in employee healthcare will benefit their organization the most, more than two-thirds of executives indicated that innovations must come in the public/private healthcare system (reduced costs, better record keeping, better insurance coverage) while the other third believes that innovations in healthcare (better doctor training, better medications, more health education, healthier employees) will benefit their organization the most.

When asked where and how the improvements should take place:

- 49% chose improvements in family medicine
- 21% chose improvements in medical specialist/ specialty care
- 21% chose long-term care
- 9% emergency care

When respondents were asked where innovations in the education system benefit will benefit their organization,

- 58% cite greater creative thinking and problem solving skills
- 20% cite collaboration and social skills



Other areas that would benefit the educational system include:

- 21% cited broader access to global subject matter and improved communications
- 13% cited stricter teacher requirements
- 10% cited a greater choice of schools

About Momentum Research Group

The Momentum Research Group is a research consultancy that uses quantitative and qualitative research methodologies to not only inform its clients, but also enhance their market profile. MRG has been recognized for their development of thought provoking research on topics, such as the macroeconomic impact of Internet technology on the United States' and other economies (e.g. Internet Economy Indicators www.interneteconomyindicators.com and Net Impact www.netimpactstudy.com).

Since its inception, MRG has had the pleasure of conducting such innovative research for a number of clients including AMD, Autodesk, Cadence, Cisco Systems, Hewlett-Packard, PeopleSoft, Siebel Systems, Sun Microsystems and Sybase.

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