Environmental Scanning

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**Environmental Analysis**

Cisco Systems Inc. is a networking systems developer. It operates in the telecom industry and designs and sells internet protocols and IT related products. The company has its headquarters in California and operates in America, Asia Pacific, and Europe. The environmental analysis of Cisco reveals its internal strengths and weaknesses and identifies its opportunities and threats. The SWOT analysis is one of the most important tools of strategic management (Ghazinoory, Esmail Zadeh, & Memariani, 2007).

The strengths identified in the scanning include the brand value of the company which is ranked as 52nd according to Brand Finance. The brand value of cisco is $19.162 billion. It is considered as the technology leader as it has acquired many companies which have helped the company in achieving the competitive advantage. However, acquisition of technology firms is a significant challenge (Graebner, Eisenhardt, & Roundy, 2010). The company has a strong financial position, and its revenues grow every year. In the FY2015 it has 4.3% more profits as compared to the previous year. It is considered as the market leader having a high market share of 56% in the router market, 47.4% in the LAN market and 42.6% in marketing equipment and being the market leader in the competitive edge of the company. The company also has high market growth potential because the demand for data centers is increasing. It is expected to grow in all these sectors. Cisco faces weakness in its supply chain, they have experienced delays in orders, and in addition, they have also suffered from component shortage which caused a delay in shipping orders.

Cisco has a lot of Opportunities for growth as the cloud traffic is expected to grow up to 8.6 ZB by 2019. The presence of cisco in this market will result in more profits and business growth. The software-defined market is also expected to grow by 2020. Global could security market will also grow to spread around $12 billion by 2022. Company’s presence in all these fields will result in the growth of its business and profitability. Few threats company can face the competition from Alcatel-Lucent, HP, Huawei Technologies, Motorola Solutions, Microsoft and many others. In addition, the sales in this market are volatile, and they are not fixed. This can be due to the changing market and business environment and needs — one more threat to the brand reputation of the company’s suffering with the Brazilian federal tax authorities.

**Competitive Advantage and Strategies of Cisco**

After the few years of its foundation, Cisco became the market leader in its industry. Until the dot com explosion, it was unfamiliar with its potential customer. After the arrival of internet large number of business and consumers become part of Cisco's customer base. Both lead to an increase in demand of Cisco's networking products. The ability of Wi-Fi caused many companies to upgrade their networks and increased the profits and sales of the company. The company made a lot of acquisitions of the young innovative companies in its industry, and it gave a competitive advantage to the firm. Considering the market growth, Cisco has acquired a number of small companies which has resulted in the formation of the huge roof under which its business units run.

In addition, the company has a huge range of products. It is the global market leader in its products and services as it offers a huge range of products to its customers. It can provide the broad end to end support than any of the competitors. Customer orientation is also one of the competitive advantages that the company has; it has focused on customer relationship management. The trust of Cisco’s customers in it results in high brand reputation and customer loyalty. In addition, the market penetration of Cisco has also given it an advantage over its competitors.

The strategies of Cisco are based on capturing customer-driven markets by identifying, positioning and investing, and continuous innovation by collaborating with partners, create market differentiation and prioritization of initiatives. The corporate level strategy of the company is to capitalize its market transitions, shift to more recurring revenue and provide architecture solutions. The most common strategy by Cisco is the acquisition of a small fast growing company. The global strategy of Cisco is aimed at increasing market size and economies of scales and scope and adapting the local culture to acquire new customers. Its strategy also involves maintaining customer relations. It has used the strategy of diversifying strategic alliances to promote growth and diversification. Furthermore, to reduce its cost, it has adopted the strategy of outsourcing and vertical alliance. These strategies have helped the company gain a competitive edge over its competitors and has made it a market leader.

**Measurement Guidelines and their effectiveness**

Measurement guidelines need to be set up against the previous results to determine the outcomes of newly made strategies in order to find out if they are directing towards the right outcomes or not. Cisco had clear goals for every strategy before implementing it. The company knew if its strategic goals are met or not. The merger and acquisition strategies of the company helped in achieving the position of the market leader which the company aimed of (Papadakis, 2007). The measurement includes growth metrics, sales, and revenues and the number of customers. These were the indicators of the success of the company's strategies, and the outcomes of its successful business strategies were evaluated in terms of its profit, sales and the increasing number of the satisfied customer over the years. The company is currently the market leader who proves the effectiveness of its strategies.

The indicators company has been using in measuring the effectiveness of its strategies is. Over the course of years, the company has witnessed the outcome of its strategies in the form of increased customers, sales and revenues. Sales, a number of customers and profits are the true indicators of the success of a company and its strategies. The acquisition and strategic alliances reduced the company's finances for the time being, but it resulted in the increase in the company's profits over time. Cisco remained one of the best examples of growth with consistent (Davila, Foster, & Jia, 2010). By market, Penetration Company did not allow it was and acquired the customers its competitors could target. The determining factors for the effectiveness of a business strategy are the profit and its impact on its customers.

**Conclusion**

Cisco Systems Inc. is a networking system developer, founded by the two students of Stanford University. The company has now emerged as a market leader globally in network, hardware and software services. The company had made several acquisitions and mergers and had implemented a number of successful business strategies which lead the Cisco group to the success and has helped it achieve a competitive edge over its competitors.

**References**

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