



HP ENTERPRISE COMPUTING STRATEGY



Cisco Systems Launches Web-Based Corporate Purchasing with Ariba and HP

“ At Cisco, IT partners 50-50 with the business functions to develop Internet-based solutions that positively impact our business. When it came to automating our purchasing function, we selected Ariba ORMS, because Ariba had a very solid vision for Internet purchasing right from the beginning. We selected HP because of its price/performance and its commitment to being the lead platform for Ariba. ”

Peter Solvik
Vice President and Chief Information Officer
Cisco Systems

The Internet's leading

networking provider, Cisco Systems understands how networking solutions enable people to access or transfer information regardless of differences in time, place or type of computer systems. Yet, like most global companies, Cisco still handled corporate purchasing requisitions through an essentially paper-based process—a process whose time-consuming inefficiencies had begun to impact the company's ability to respond to phenomenally rapid growth. Although the implementation of numerous best-practice purchasing improvements was of some help, Cisco realized that only an intranet-based electronic commerce approach would offer the superior levels of purchasing efficiency it required. To gain that efficiency, Cisco turned to Ariba Technologies and Hewlett-Packard.



At a Glance

Cisco Systems

Established: 1986

Headquarters: San Jose, California

1998 revenues: U.S. \$8.5 billion

Offices: 210 sales and support offices in 54 countries

Employees: Approximately 16,700 worldwide

Web site: www.cisco.com

Every day, Cisco Systems and its customers are proving that networking and the Internet can fundamentally and profitably change the way the enterprise does business. The company describes its business model as one in which the enterprise is used strategically by giving users the information and communications necessary to build a network of strong, interactive relationships among customers, vendors, partners and employees.

Cisco is the industry leader in end-to-end networking solutions that form information networks and give people access to those networks. The company offers solutions for global enterprises to service providers and small-to-medium businesses in approximately 115 countries.



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Challenges

- Better manage operating resources by adding superior speed and efficiency to corporate purchasing functions
- Control costs—both in the processing of purchase orders and in the overall costs of purchasing from outside suppliers
- Shorten cycle time to create, approve, route and issue a purchase order
- Provide stronger management control to ensure that all requests receive proper approvals
- Improve satisfaction among internal customers of the purchasing function
- Support the business imperative of employee self service

Solution

- Automate purchasing as an enterprise-wide system accessible by all U.S. employees using Cisco's worldwide intranet
- Use Ariba Operating Resource Management System™ (Ariba ORMS™) to replace paper-based requisitioning
- Set up back-end integration between Ariba ORMS and Cisco's Oracle ERP system
- Run Ariba ORMS on 2 HP 9000 K-Class Enterprise Servers with HP MirrorDisk-UX for optimal performance and data availability
- Use the HP Enterprise Java® runtime environment for Ariba ORMS on the HP platform
- Use HP OpenView IT Operations for high-availability system management

Results/Benefits

- Browser-based intranet deployment enables purchasing system to be accessed by Cisco employees anywhere
- Eleven months after going live the system has processed over \$200 million in transactions and handles over 2,500 transactions per month
- End-user requisitioners gain real-time access to status of their requests in the purchasing approval cycle
- Buyers have improved ability to negotiate because they now have easier access to information on activity with suppliers
- 99.9% availability established for Ariba ORMS running on the HP 9000 server
- Cisco is positioned to cut costs of processing a purchase order by more than 75% and cycle time by more than 30% once rollout is complete

From Paper-Based to Browser-Based Purchasing

As its corporate purchasing requisitions spiraled to 4,000 per month, Cisco Systems faced an increasingly urgent need to control and manage the buying of “operating resources,” the non-production goods and services that any business purchases to support day-to-day operations. Carolyn DePalmo, Finance Program Manager, explains, “Our environment is very high growth. Although we had a corporate ERP system, and we had already implemented best-practices purchasing improvements such as paper-based direct orders and procurement cards, we were still finding that the paper-based processes used for requisitions and direct orders didn’t scale to meet the needs of a rapidly growing company.”

Cisco identified four business drivers—which became known as the 4 Cs—for automating the purchasing function:

- **Cost**—the need to reduce costs both in transaction processing and in the prices paid for goods and services bought.
- **Cycle time**—the need to shorten the time to create reqs, get them approved and issue purchase orders to suppliers.
- **Control**—the need to control errors including account coding, missing signatures, etc.
- **Customer satisfaction**—the need to provide better service to Cisco’s purchasing requestors.

According to DePalmo, “We realized that adding electronic commerce to our purchasing function was the way to improve our efficiency.” After evaluating 10 software systems for

e-commerce purchasing, and considering the feasibility of internally developing its own purchasing solution, Cisco selected Ariba ORMS from Ariba Technologies. “Ariba was the one solution that was an extremely close fit to our requirements in that their product development strategy was a close match to ours,” says DePalmo. “They were willing to consult with us and add us to their Customer Advisory Council—they really wanted our input.”

From Ariba’s point of view, working with Cisco was the ideal opportunity. Dave Rome, Vice President of Marketing at Ariba, comments, “Any application that runs on the corporate intranet has maximum visibility within the company. Cisco had a wide range of requirements for functionality, performance and reliability—their implementation would be an example of a best-in-class intranet solution.”

Cisco and Ariba formed an implementation partnership that worked through testing, piloting and deployment. Says DePalmo, “Ariba has a great reputation because they listen to their customers. They don’t just assume they know what’s needed.”

At a Glance

Ariba Technologies

Founded: 1996

Headquarters: Sunnyvale, California

Employees: 200

Web site: www.ariba.com

Winner of Cisco Systems Best Virtual Supplier Award of 1998

Ariba is a pioneer in Operating Resource Management (ORM) and provides solutions that streamline and automate the enterprise procurement process of Global 2000 organizations. The company’s solutions provide high return on investment by reducing operating resource costs, decreasing cycle time and improving management control of the procurement process.

Ariba and HP work together to optimize the performance of Ariba ORMS application on the HP 9000 platform. A development and test lab at HP is staffed by Ariba and HP engineers who have tuned Ariba ORMS to provide its fastest performance on HP 9000 systems and to scale to over 100,000 users on a single server.

HIGHLIGHTS OF THE ARIBA ORMS IMPLEMENTATION AT CISCO SYSTEMS

- Ariba Operating Resource Management System, including Ariba Services, Ariba Capital Equipment, and Ariba MRO
- 2 HP 9000 K-Class Enterprise Servers—one for production and one for test/development
- HP Enterprise Java runtime environment for Ariba ORMS on the HP platform
- 1.5 Gbytes of memory on the HP 9000 systems
- HP MirrorDisk-UX for root and swap disks
- EMC Symmetrix storage systems for high data availability
- HP OpenView IT Operations for maximum system availability
- Accessible by 10,000 users today and growing to 15,000
- Scalability to support more than 1,000 concurrent users

Phased Implementation

Although Cisco's Ariba implementation is being deployed across the U.S. to approximately 15,000 employees, the phase one implementation was with the company's IS organization of 1,100 users. During phase one, Ariba engineers worked onsite at Cisco, and extensive feedback from users was incorporated into the software. For example, when Cisco Vice President and CIO, Peter Solvik, requested a faster way to handle large numbers of approvals, Ariba added functionality that accelerated the approval process by streamlining downloads.

Fast, Scalable, High-Availability Server

To accommodate planned growth in users, Cisco needed to consider server performance, scalability and availability. Ariba had a close partnership with Hewlett-Packard, including a benchmark and test center for the Ariba ORMS at HP's Development Alliances Lab in Cupertino, California. Comments Solvik, "HP came into the process when it was time for us to move from the pilot phase to full companywide deployment. At that point, we did a comparative platform analysis." Benchmarks on the HP 9000 platform demonstrated industry-leading performance of Ariba ORMS on HP servers, and Cisco decided to bring in an HP 9000 K-Class Enterprise Server.

According to Rob Parrott, manager of core technology systems at Cisco, the HP 9000 performance has more than met expectations. "With over 50 concurrent users, the load on our HP 9000 K-class server is negligible, even though the server handles all Web user traffic for Ariba as well as the backend

Oracle ERP database. We initially plan to scale our current configuration to over 200 concurrent users. Over time, we have the capability to add CPU and memory to support more than 1,000 concurrent users, maintaining the same great performance."

In addition, system availability of the HP 9000 server for Ariba ORMS has been 100 percent since going live. "We have not had a single outage." Parrott credits uptime to the reliability of the HP platform, the robust Ariba software, HP OpenView IT Operations and "the support that we got from HP. They teamed with us, providing a dedicated engineer during testing and implementation. They also loaned us equipment, including Windows NT systems, and made their lab available so we could perform client load testing." Cisco expects to continue meeting its goal of 99.9% availability on the HP platform.

Scalability was as important to Cisco as performance and availability. "The HP 9000 K-class gives us a very scalable server," says Parrott. "We can grow to 1,000 concurrent users—from 50 to 100 today—on our existing HP system. It was a very successful implementation. HP and Ariba made it happen."



For more information, please contact your Hewlett-Packard or Ariba sales representative.

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