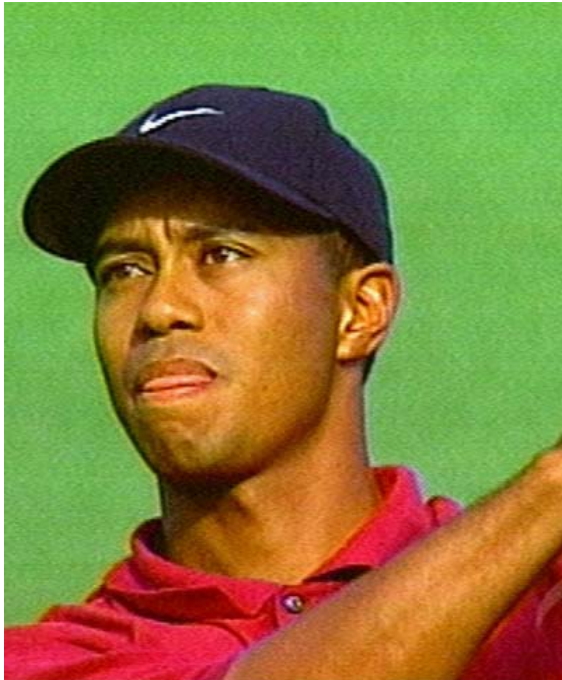
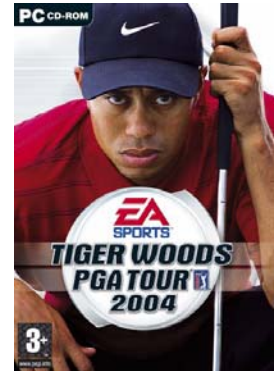


Core & Context



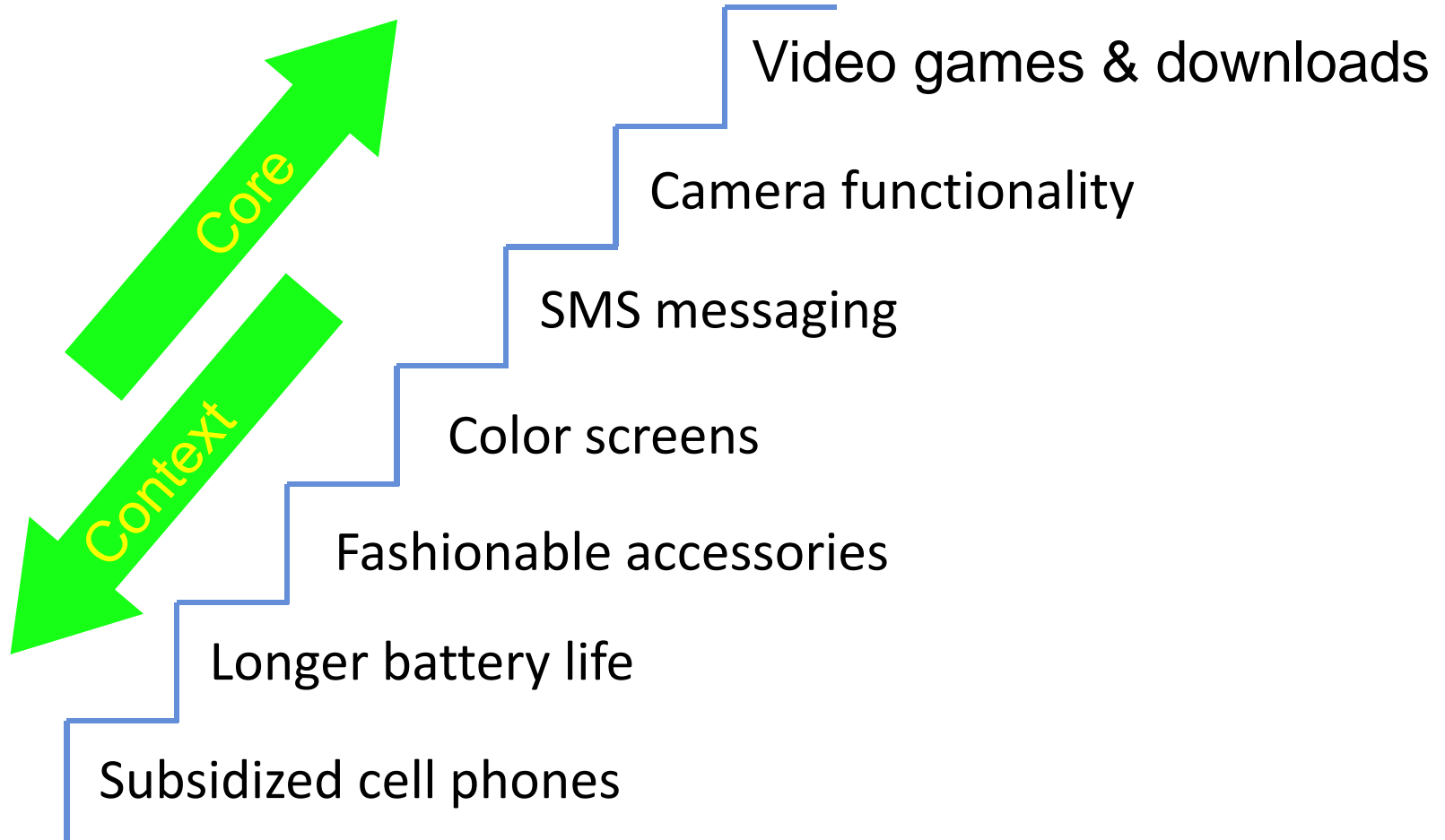
Core



Context

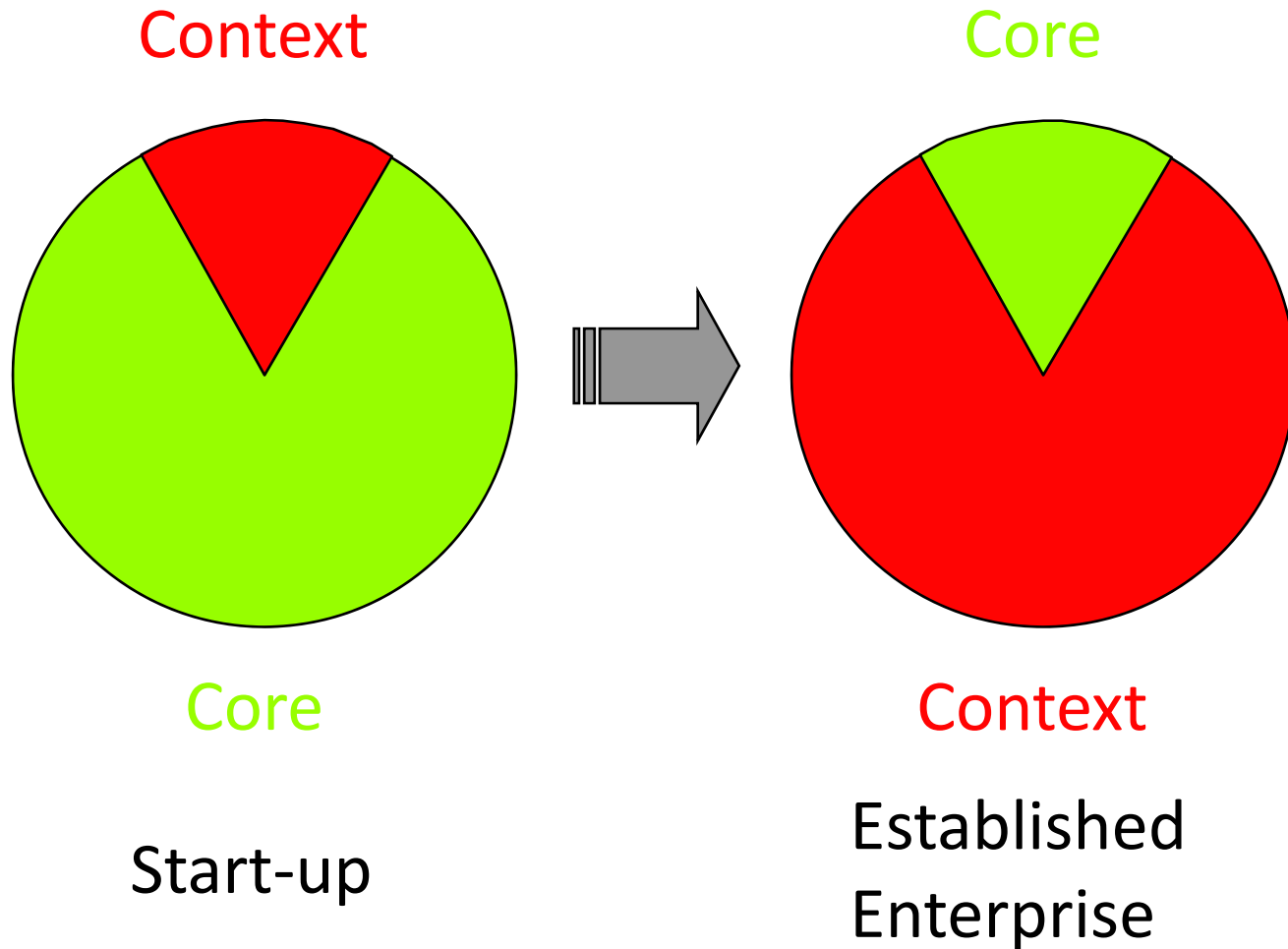
Core Becomes Context Over Time

The End of Core is Commoditization



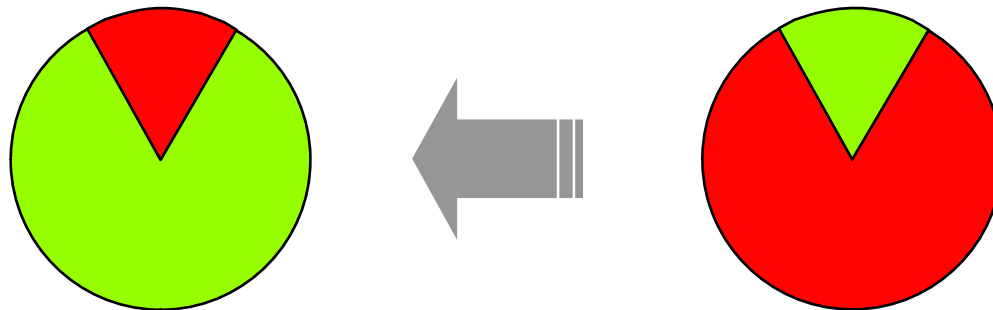
Cellular Telephony Example

Context Build-up

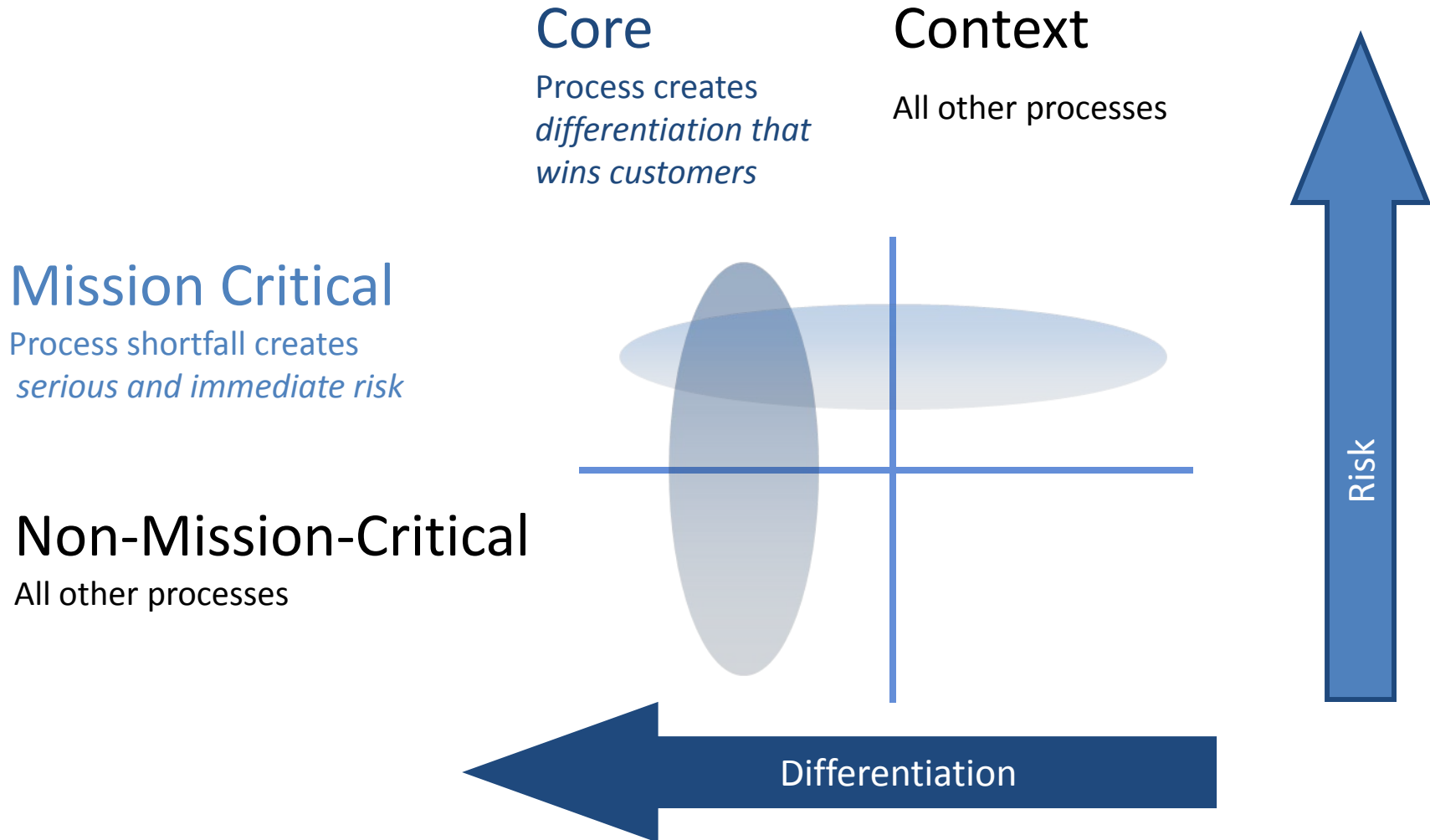


Two Birds, One Stone

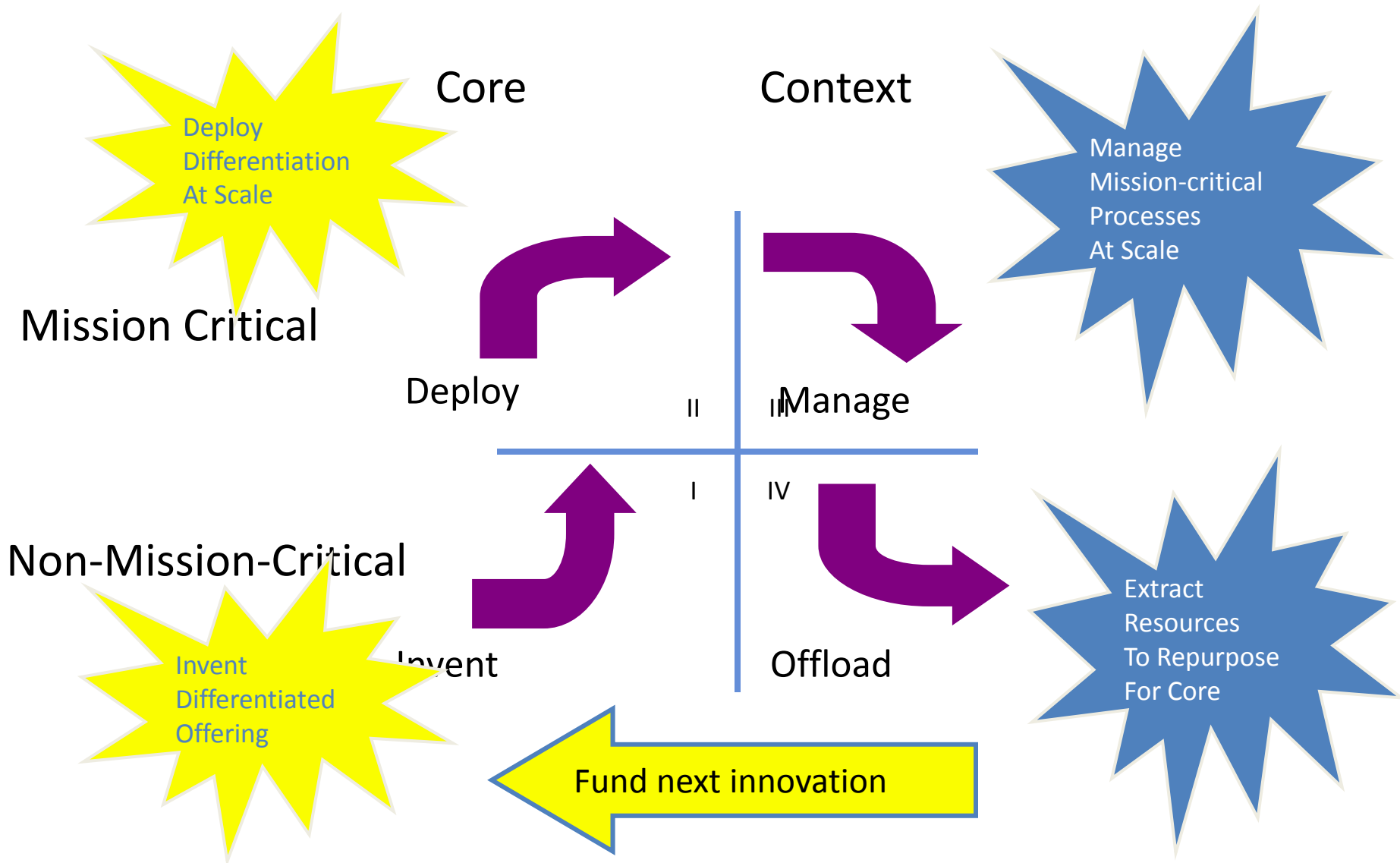
Extract resources from context to
repurpose for core



Core/Context Analysis Framework

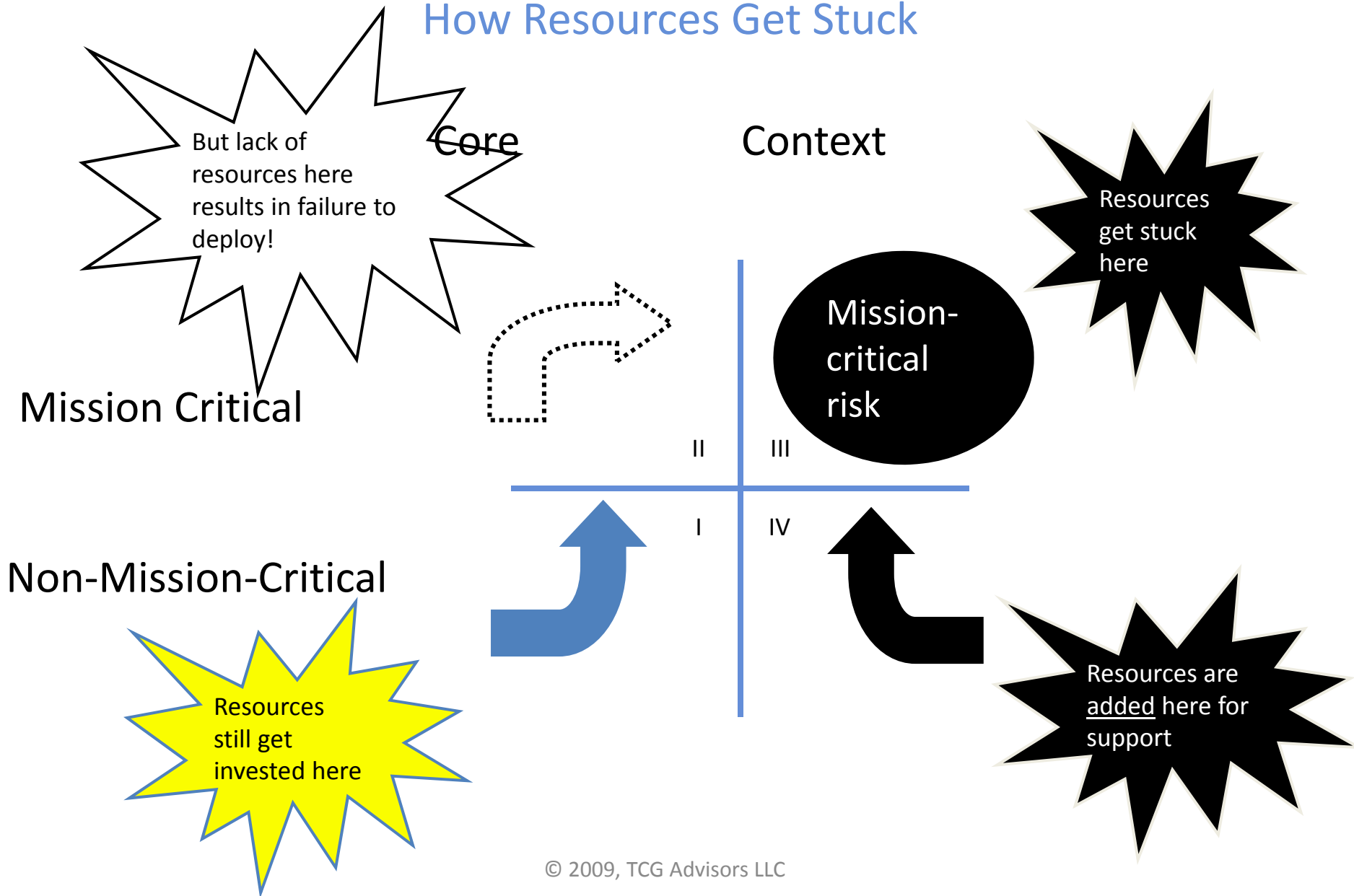


The Cycle of Innovation



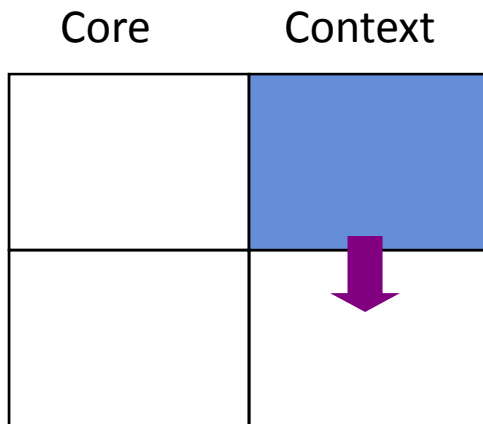
Clinging to Context

How Resources Get Stuck



The Five Levers Model

Extracting Resources from Mission-Critical Context

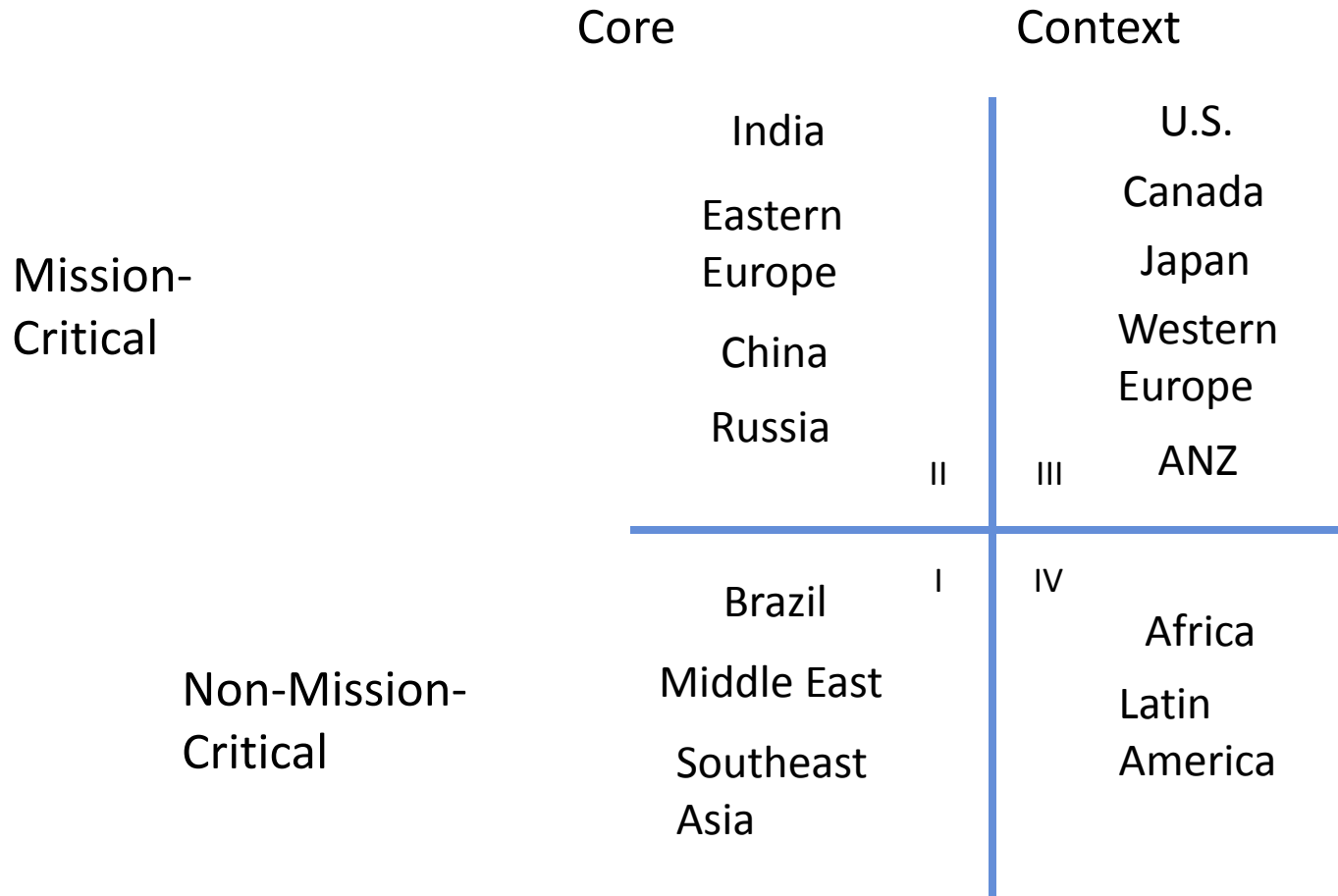


1. **Centralize.** Bring operations under a single authority to reduce overhead costs and create a single decision-making authority to manage risk
2. **Standardize.** Reduce the variety and variability of processes delivering similar outputs to further reduce costs and minimize risks.
3. **Modularize.** Deconstruct the system into its component subsystems and standardize interfaces for future cost reductions. ★
4. **Optimize.** Eliminate redundant steps, automate standard sequences, streamline remaining operations, substitute lower-cost resources, and instrument the process for monitoring and control.
5. **Outsource.** Drive processes out of the enterprise entirely to further reduce overhead, variabilize costs, and minimize future investment. Incorporate monitoring systems into Service Level Agreement

★ Requires specialized support

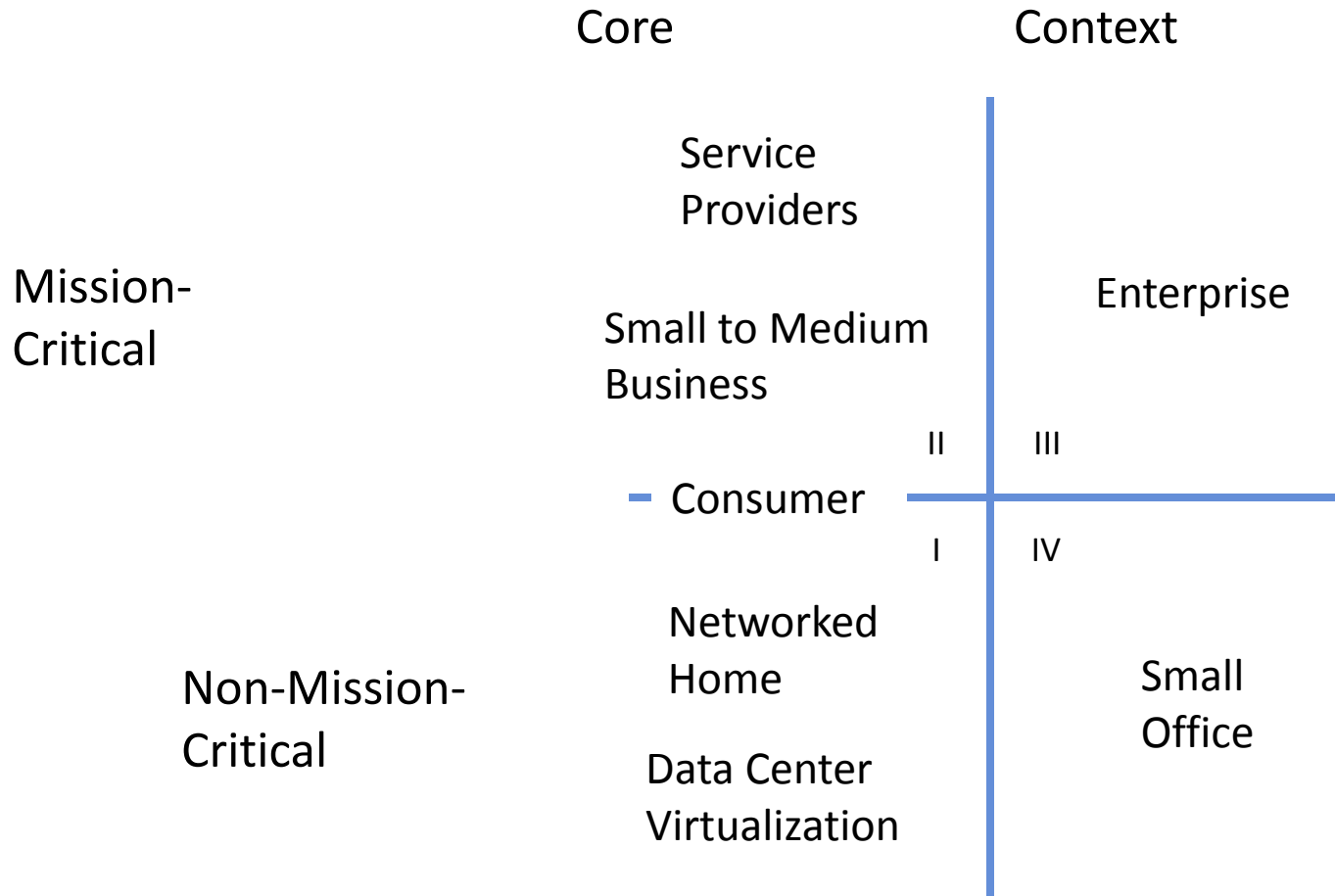
Cisco's Markets

Geographic Focus



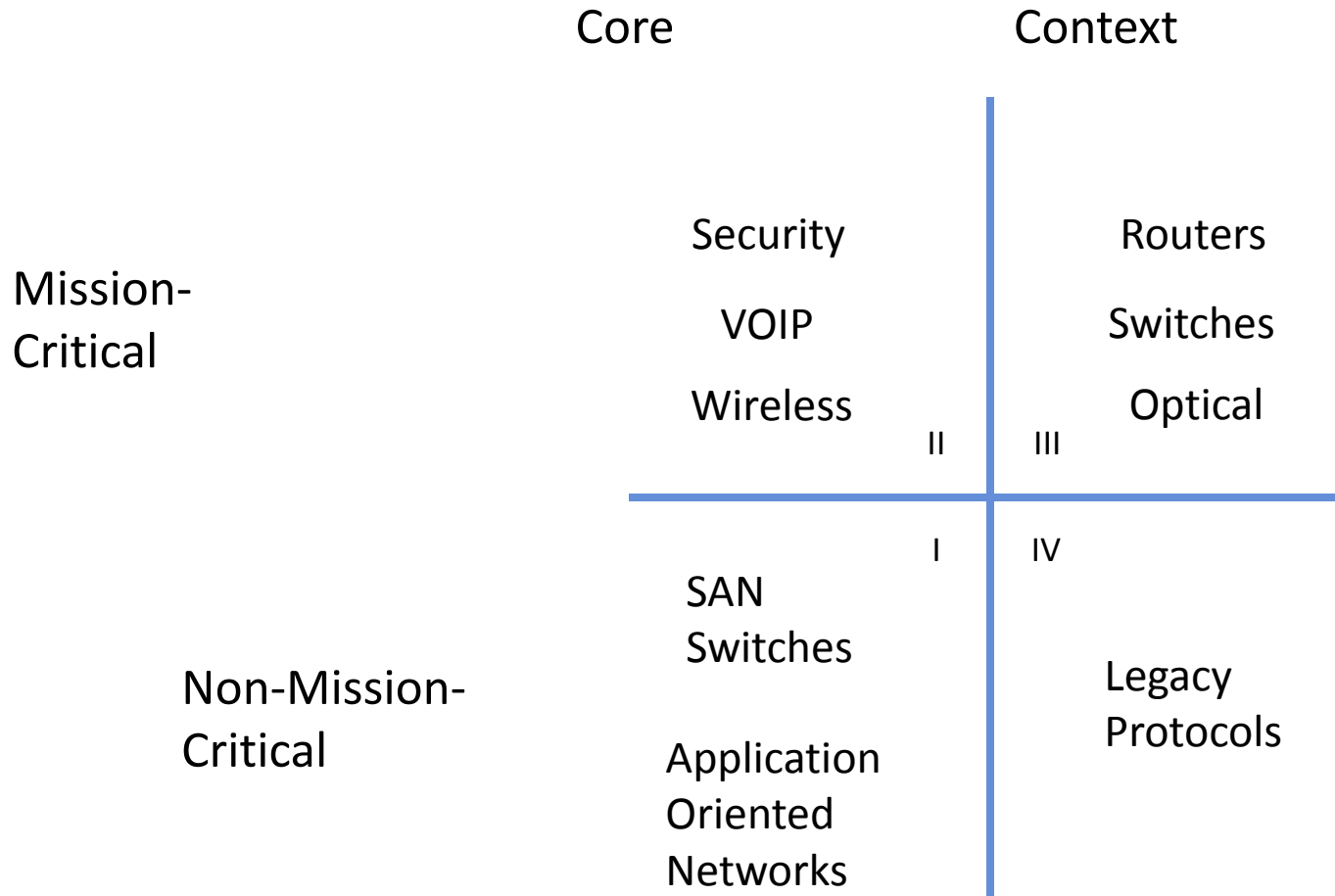
Cisco's Markets

Customer Segment Focus



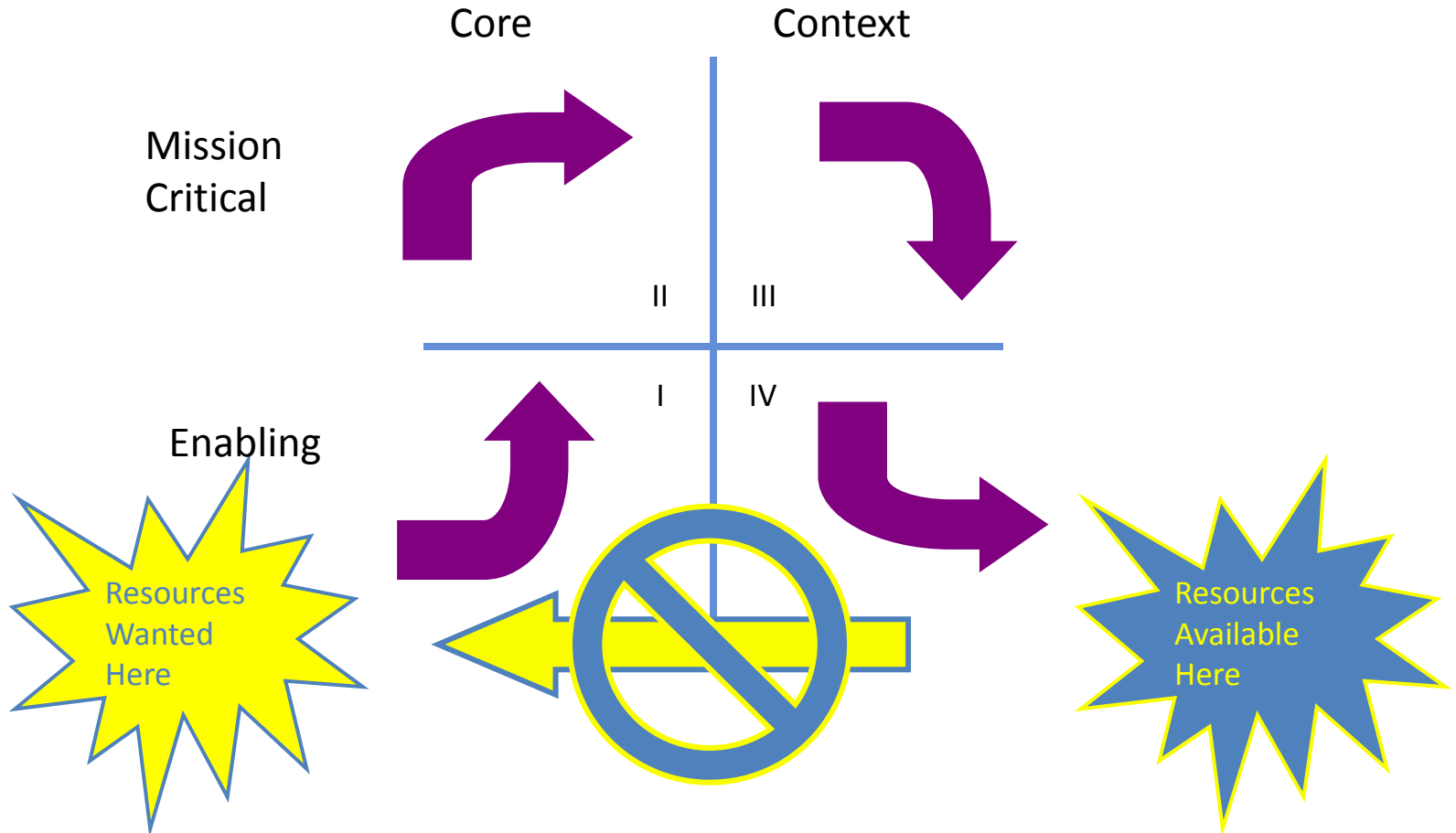
Cisco's Markets

Product Category Focus



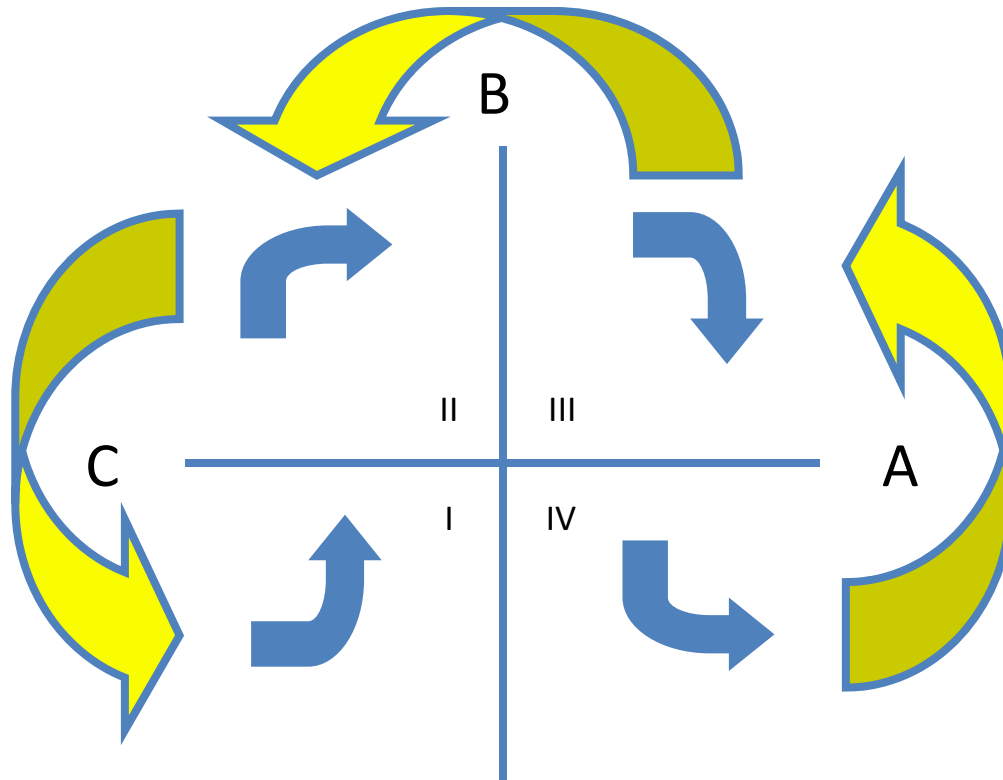
The Problem with Outsourcing

What Happens to the Work Force?



People being released lack the skills to fill the positions being opened

Resource Recycling



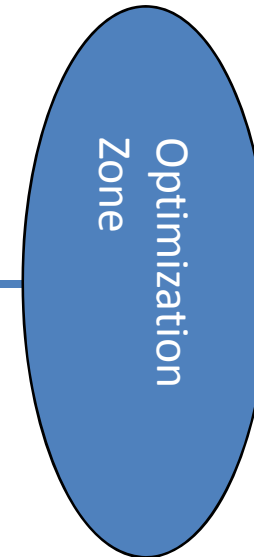
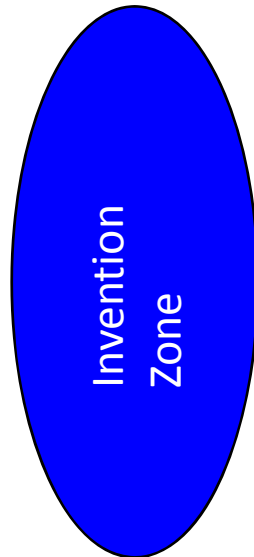
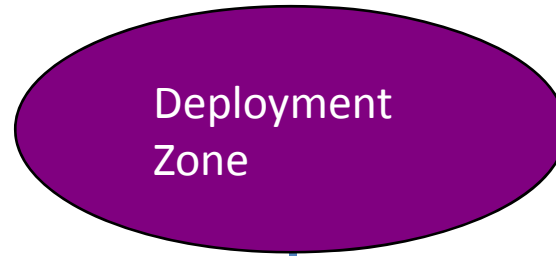
Work circulates clockwise

People recycle counter-clockwise

Resource-Recycling Zones

Program managers

Think inside the box to deploy processes at scale



II

III

I

IV

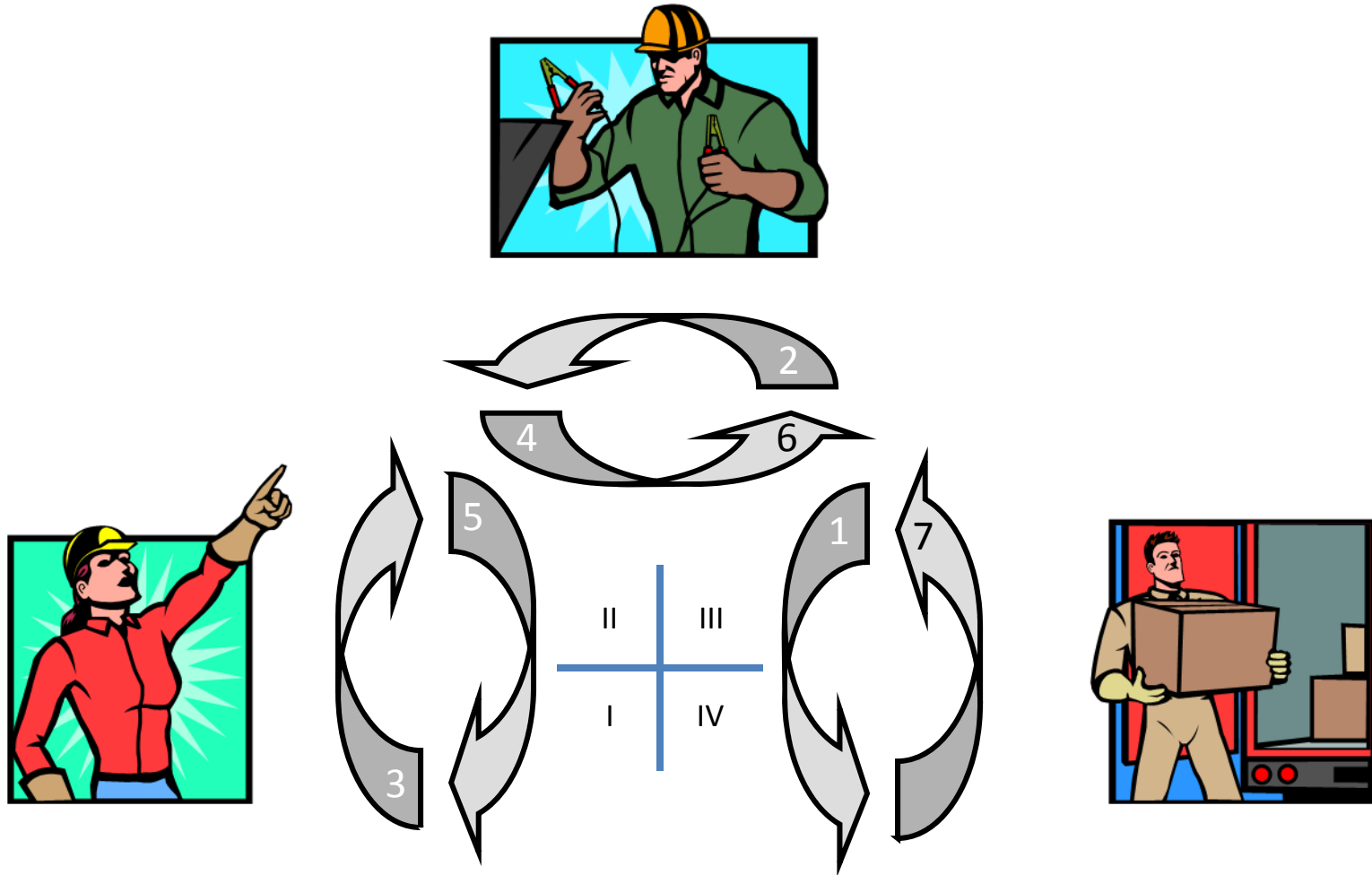
Entrepreneurs

Think outside the box to create new core

Process optimizers

Think inside and outside the box to extract resources

Resource Recycling Meets Outsourcing



Zone rotations drive perpetual innovation