Cisco Systems Inc

**The Company**

Cisco Systems is the world's leading supplier of data networking equipment and software. Its products include routers, switches, access equipment, and network-management software that allow data communication among dispersed computer networks. The firm has also entered newer markets, such as home networking, security devices, storage technology, and Internet-based telephony.

**Synopsis**

Cisco fiscal 3rd quarter revenue decrease by 17 percent year over year, along with management guidance down 17 – 20 percent for fiscal 2009; Cisco is working to off-set weak demands for its products due to the economic recession. Companies are cutting back on IT budgets and delaying building out their network and capacities improvements. Cisco foreign market such as Europe, Asia, and Emerging Market are also down in revenues.

**New Product**

Cisco has a new product in the pipeline called TelePresence. TelePresence creates a live, face to face communication over the network to collaborate with people from all over the world. Cisco TelePresence helps people meet, share content, create high-quality video recordings and events, consult with experts and deliver powerful personalized services, all using the power of the network for an immersive in-person experience. Cisco recently joint venture with EMC that would make a product aimed at data centers, which would combine a computer server with Cisco networking gear and storage technology provided by EMC. Cisco will be entering in the data center sector and they will be competing against their competitors such as HP and IBM.

**Check out a demo of the TelePresence:** [**http://www.cisco.com/en/US/solutions/ns669/tpml\_index.html**](http://www.cisco.com/en/US/solutions/ns669/tpml_index.html)

**Competitors**

Yahoo listed the following:

Alcatel-Lucent, HP and Juniper Networks, etc..

**SSG Summary**

Est Future Sales Growth = 6.0

Est Future Earnings per Share Growth= 7.5

**Section 2 (Quality Analysis)**

2A= Down

2B=Down

2C=Up

**Section 3 (Price, P/E Ratio and Dividend Analysis)**

Avg P/E Ratio = 20.6

Current P/E Ratio= 21.6

Relative Value= 104.9

Proj P/E Ratio = 20.1

PEG Ratio = 2.7

Proj Relative Value= 97.7

**Section 4 (Evaluating Reward and Risk)**

4A. High P/E = 20.0

4B. Avg Low P/E = 16.3

Est Low Price = 18.7

Current Price = 22.94; In the Hold Range

4D. Reward/Risk = 1.9 to 1

**Section 5 (Total Return Analysis)**

Compound Annual Total Return = 6.1

Proj Avg Total Return = 4.0

**Manifesting Investor**

Sales Growth Forecast = 6.0

EPS-Five Yr Forecast = 1.90

Avg P/E Ratio 20.0

Proj Avg Price = 37.98

Quality= Blue 75.7

Par = 10.0

**Manifesting Link for Cisco:**

<http://www.manifestinvesting.com/auth/quality_return.pl?rm=show_qer&symbol=csco&name=&Go=Go>

**Yahoo Analyst**

*Earning Est*

Current Year Jun-10 = 1.31;

Next Year June 11 = 1.53

Revenue Est

Current Year June 10 = 36.30B

Next Year June 11 = 39.85B

**Conclusion**

Although SSG shows a “Hold” range for this stock, I feel we can definitely find a better stock with a higher Return On Equity. Cisco has great product in the pipeline called TelePresence and a joint venture with EMC, but until the economic recession returns around and companies are increasing their IT budgets I do not see a quick turn from Cisco. However, I think Cisco should be on a watch list because although there are in a slump, they still are one of the leading Network & Communications companies.