



CONNECTED INNOVATION

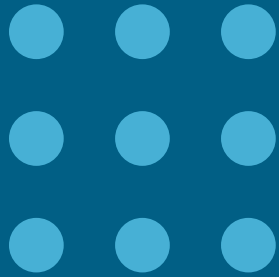
Innovation powered by
collaboration



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Cisco Internet Business Solutions Group (IBSG)

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UNECE, International Conference on Technological
Readiness for Innovation-based Competitiveness

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Innovation:
We need a
NEW
Paradigm



The Old R&D paradigm

- R&D in-house by specialists
- Ivory tower model
- Proprietary
- Sharing little
- Painstakingly slow to market
- Out of touch with reality and the customer
- Hierarchical information flow
- Weak R&D pipelines
- Rising R&D costs
- Emergence of global low-cost imitators
- Poor track record of M&A



“In the past, it seems that innovation was handled by the research folks, and it was a gigantic black box... This was a recipe for failure” McKinsey 2007 Innovation Report

Why is the Old Paradigm not Working?

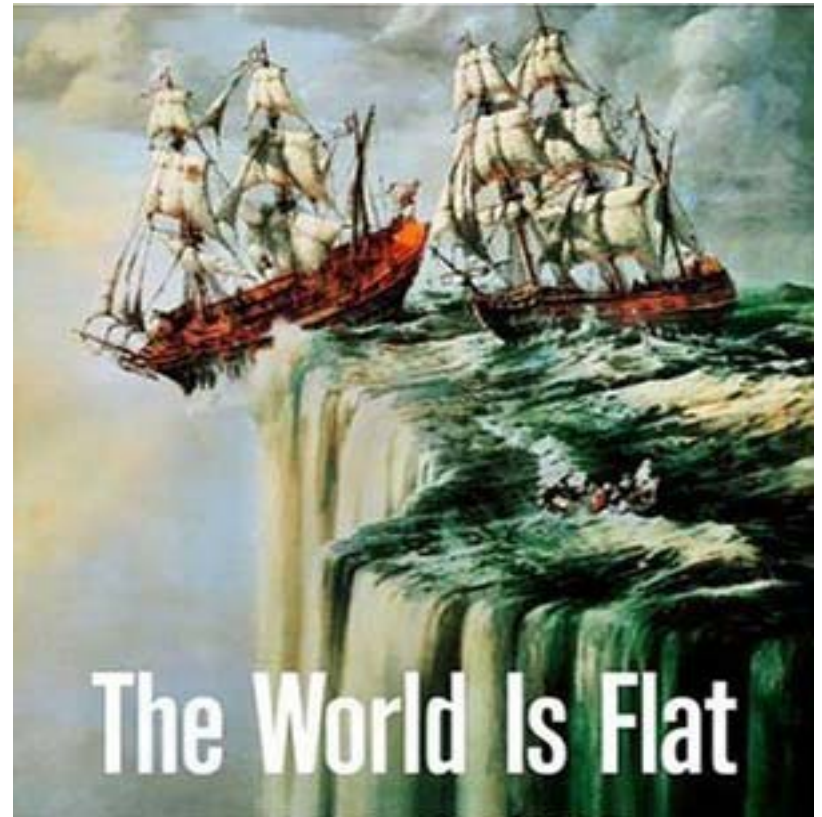
Key Factors

Global – The widespread adoptions of networked technologies and open standards have removed barriers of geography and accessibility. Ideas now circumnavigate the globe in a matter of minutes. The world is flat.

Multidisciplinary - Because the global challenges we face today are far more complex, innovation now requires a diverse mix of talent and expertise.

Collaborative and Open - Just about every study on innovation identifies the power of collaboration and communities as one of the major forces driving innovation in today's environment.

Customer Centricity is paramount – as more and more control is divested to the consumer, so the need to actively embrace the consumer increases



Source: Cisco IBSG, 2008

Innovation is Moving...

from the in-house
lab



from isolated
individuals



Most of the smart people in the world don't work for your company

Bill Joy, Former Sun Chief Scientist



to open source



**to diverse
multidisciplinary
perspectives**

There are Significant Productivity Benefits of Connected Innovation

Efficiency

- **Key Components:**
 - Process Optimization*
 - Process Distribution*
 - Geographic and Cultural Benefits*
 - Surprisingly refreshing ideas*
 - Enhanced collaboration*
- **Impact:**
 - Productivity gains (bottom line)*
 - Cost avoidance*
 - Staff effectiveness*
 - Morale improvements*

“Doing work right”

Effectiveness

- **Key Components**
 - Growth*
 - Customer satisfaction and enhanced customer experience*
 - Business Reinvention*
- **Impact:**
 - Revenue gains (top line)*
 - Profitability gains (bottom line)*
 - Capturing market transitions*
 - Capturing new market segments*

“Doing the right work”

There are Several Innovation Myths

Myth

Innovation just happens

Reality

Innovation requires an idea-to-execution process

Myth

Innovation is about good ideas

Reality

Innovation is about ideas, process, culture and execution

Myth

Innovation emanates from a lone genius

Reality

Innovation is very often the result of collective intelligence

Myth

You need more new ideas

Reality

You need more homes for new ideas

Source: Cisco IBSG, 2008

.. and There are Different Types of Innovation



New Business Model
Low-Cost Airline Models



New Market
Internet:
Government ->
Business ->
Consumers



New Product or Service
IP Telephone



New Customer Experience
Web-Based
Self-Service



New Process
Build-to-Order

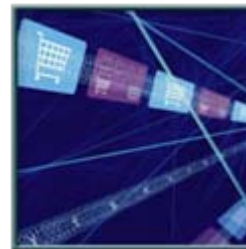


New Technology
Wireless



New Organization
eBay

Source: Cisco IBSG, 2008



New Channel
E-Commerce

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Connected
Innovation

Cisco IBSG
Solution



Connected Innovation

Innovation today requires a cultural change to a collaborative sharing of information, skills and perspectives within organisations and between them, their customers and their partners.

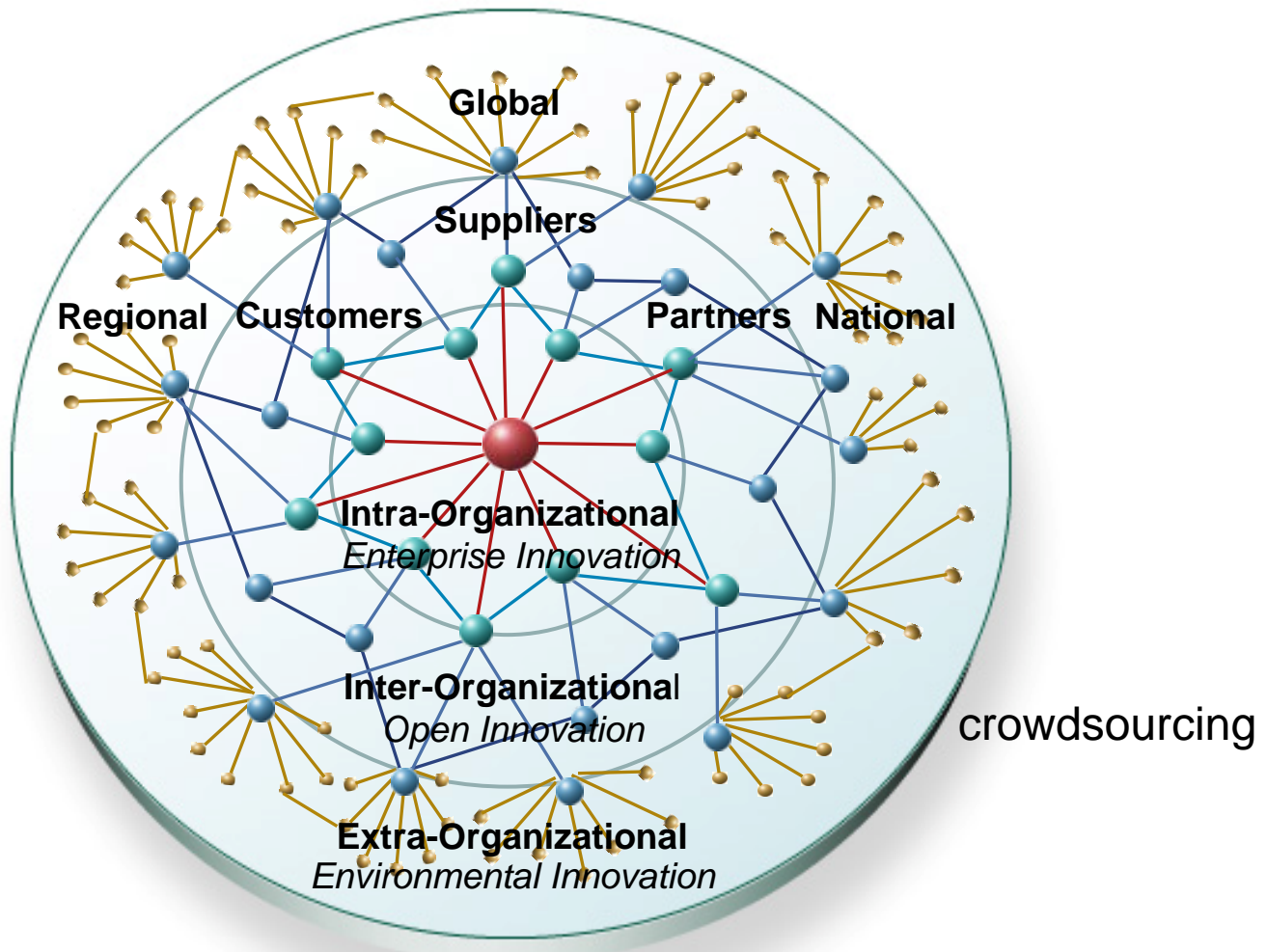
Innovation that is powered by connectedness and collaboration will deliver enhanced customer experience, sustainable growth, productivity gains, balance sheet strength and rising stakeholder value.

Innovation Is Occurring Everywhere

Communities of creation

Innovation networks

open market innovation



Connecting for Innovation

Source: Cisco IBSG, 2008

Change Required for Innovation



Empowered employees

enabling

Innovation to emerge from anywhere in the organisation



Customer Focus

based on

A deep respect for the customers' experience and ideas



Culture of Collaboration

facilitating

Sharing of information, skills and perspectives within the organisation and with external partners

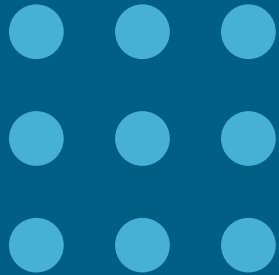


Process for Implementing

allowing

Innovations to be taken to market

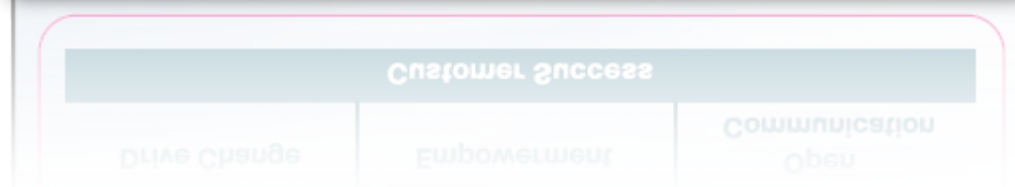
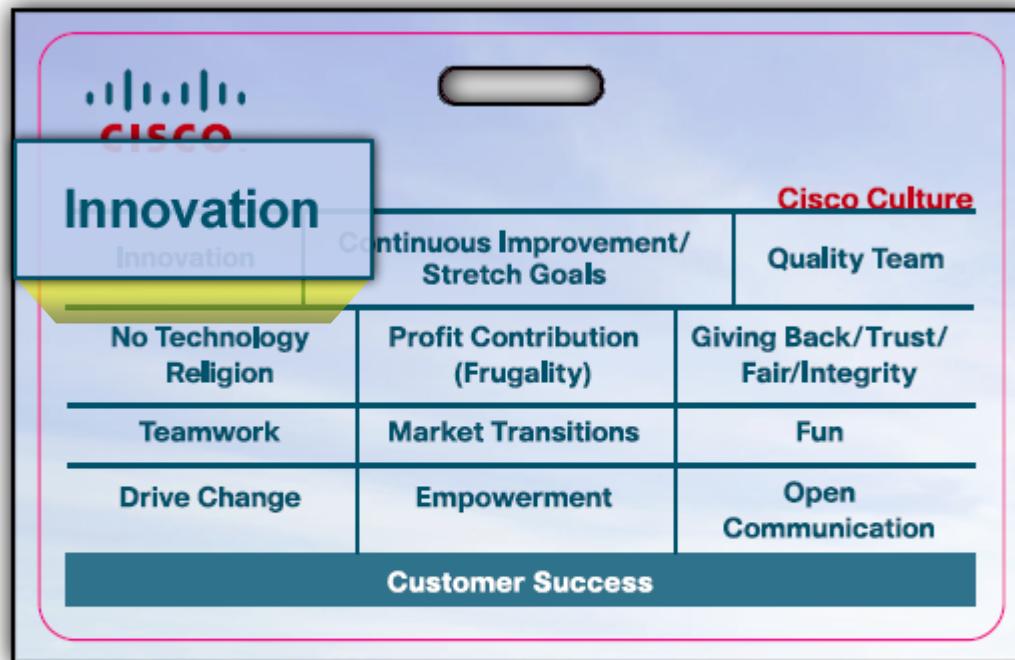
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Strategy:
How Cisco
meets the
innovation
challenge



Innovation: Cornerstone of Cisco's Culture



Cisco's Innovation Model...

Collaborate



Partner



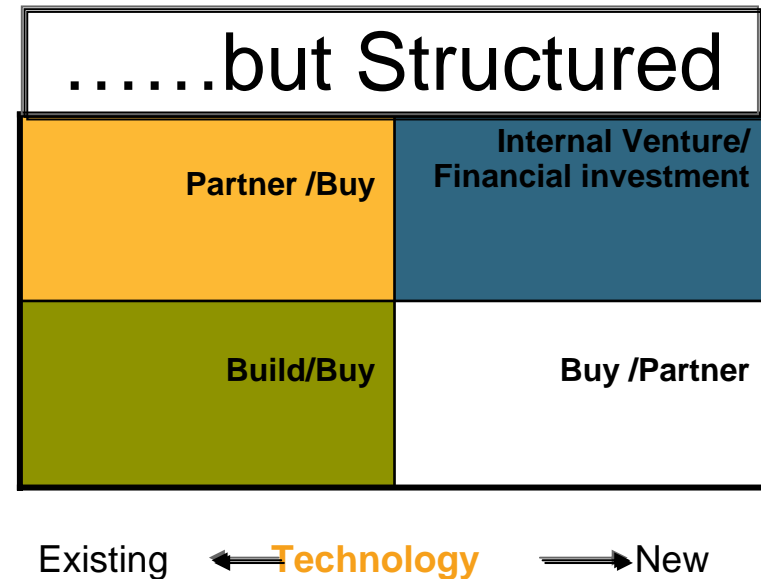
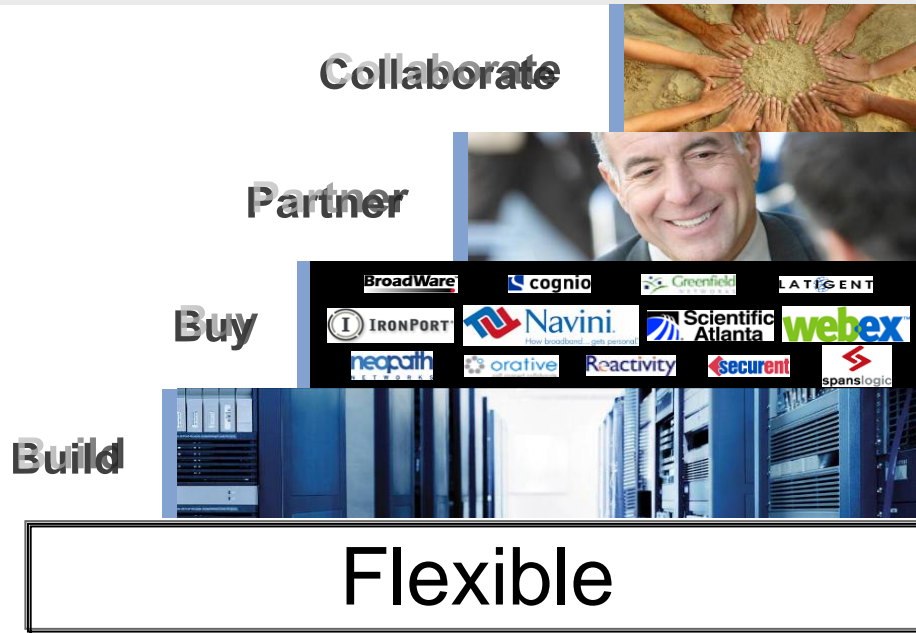
Buy



Build



Cisco's Innovation Model...



Innovating to Collaborate



Collaborating to Innovate



- Technology
- Process and organisation
- People and Culture

How Cisco meets the innovation challenge

Cisco - Collaboration in Action



Cisco Collaboration/ Web 2.0 technologies drive...



C-Vision:
Cisco's "You Tube" video wiki



Directory Expertise:
Instant expert location and contact



Webex Collaboration:
65,000+ meetings monthly
250,000 attendees per month



Wikis, Forums and Blogs:
Internal & external collaboration spaces and discussion forums



Digital Media, 120 screens deployed
87,000 videos streamed per month
800 new studio produced, 350 user generated videos uploaded monthly

... productivity enabling us to e.g. pursue 24 Company Priorities in parallel

"Next wave of corporate productivity gains will be paced by web 2.0 technologies" - J. Chambers



- **335** TelePresence Systems installed globally
- **219,536** meetings
- **\$169M** saved in travel expenses
- **\$232M** saved with combined productivity and travel gains

