OPEN INNOVATION @ P&G
FROM R&D TO C&D

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Agenda
- Procter & Gamble’s historical approach
- Stage-gate model of innovation
- P&G’s Connect + Develop model
- Examples of success
- Next Steps: C+D 2.0

Historical Reality: Internal Innovation
- Innovation is the “Life Blood” of P&G
- Secretive: P&G invented “Not Invented Here”
- Culture focused on internal capabilities
- Very successful for 172 years

Over $80 billion in sales
Over 300 brands in over 160 countries
#1 or #2 in 80% of our categories
24 billion-dollar brands
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Traditional Stage Gate Model

Discover Design Qualify Launch

So What’s Changed?

Pace of Innovation

Accelerating

Cost

Increasing

Fast Followers

Following Faster

Resources

Constrained

Consumers

More Demanding

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The Opportunity

$5 Billion/yr New Sales Generation

P&G R&D= 9,000 People

2 Million

P&G’s Open Innovation Strategy

“We will acquire 50% of our innovations from outside P&G”

A.G. Lafley
President and Chief Executive
The Procter & Gamble Company

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Connect + Develop

- VISION
- RESULTS
- WHERE TO PLAY
- HOW TO WIN

Connect + Develop Vision

Turbocharge P&G Innovation Productivity
By In-Sourcing
50% of Innovations

Results!

March 2006 to April 2006
52% of pipeline +133

Where to Play: Ready to Go

Ready to Go Products
Ready to Go Devices
Ready to Go Packages
Game Changing Technology
Where to Play: Identify What’s Needed

“We believe there is a ready to go solution for all our top needs.”

“We also believe that a problem well defined is a problem half solved.”

What are the “Top 10” consumer, technology and commercial opportunities?

How to Win

• Build external innovation networks
• Create fast, effective screening methods
• Share risks + reward
• Partner for commercialization

Our C+D Network

>70 C+D Leaders Worldwide
6 Regional C+D Hubs (NA, LA, EMEA, India, China, Japan) and Global Bioscience Hub
C+D joins with External Business Development

e-R&D Networks

Welcome to Evaluate
Accelerating Innovation
Through proven experience

- 4000 High Caliber Retirees Network
- 750 Companies

In 2008, we received + 4000 leads

Publish P&G’s Needs and Assets!

C&D:
PROUDLY FOUND ELSEWHERE!