Virtual Executive Assembly on Achieving Sustainable Growth

March 18, 2019

Growth • Innovation • Leadership Council

FROST & SULLIVAN

Today's Agenda

- Member Introductions
- Presentation & Discussion:
  Achieving Sustainable Growth
  Alex Goryachev
  Managing Director, Corporate Strategy & Innovation Group
  Cisco Systems
- Q&A

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On-Demand Viewing

Kindly Consent

This call is being recorded and made available on-demand. **The recording will be uploaded to the portal to be accessed by the members, and the members only**. Recording will only be uploaded if we have authorization from all call participants.

Today's Participants

Rupinder Bhathal
Deputy General Manager, Corporate Development
Kyocera International

Bob Daigle
Senior Vice President & Chief Technology Officer
Rogers Corporation

Rodney Davenport
Vice President, Strategic Insights
Alliance Data

Svetlana Dimovski
Vice President, Transformation Lab
Pact

Angela Femmer
Director, Competitive Positioning
Brewer Science, Inc.

Mike Golebiowski
Vice President, Healthcare Strategy & Innovation
B. Braun Medical Inc.

Does your company encourage an entrepreneurial mindset, and if so, how?

Today's Participants

Lori Heino-Royer
Director, Business Development
Daimler Trucks – North America

JD Hurdle
Vice President, Global Research & Development
Halyard Health – Part of the Owens & Minor Family

Karen Leeker
Chief Innovation Officer
Wright Brothers Institute

Matt Morrison
Senior Director, Product Development
Medtronic

Mary Beth Navarra-Sirio
Program Director, Advanced Innovation
Philips

Nicole Paulk
Senior Vice President, Strategy & Innovation
Advocate Aurora Health

Does your company encourage an entrepreneurial mindset, and if so, how?

Today's Participants

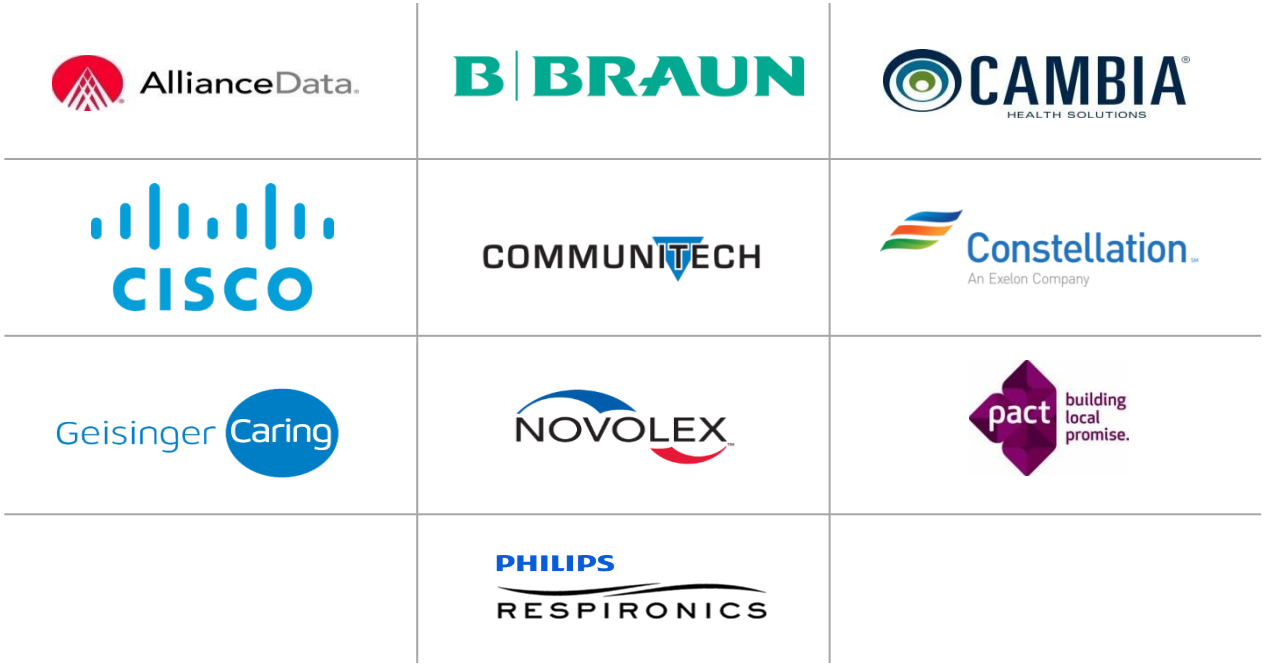
Russ Schneidewind
Vice President, Sales & Marketing
Hydraforce, Inc.

Matt Wolfe
Director, Body & Exterior Systems
Honda R&D America

Mike Wajsgras
Director, Product Innovation & Channel Development
Constellation Energy

Does your company encourage an entrepreneurial mindset, and if so, how?

Today's Participants



How would you rate the maturity of product innovation capabilities in your company?
On a scale of 1-5. 1 being poor and 5 being Excellent

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The average lifespan of a company listed in the S&P 500 has decreased from 67 years in the 1920's to 15 years today.

By 2027, more than three quarters of the S&P 500 will be new companies that we have not heard of yet.

Richard Foster, Yale University

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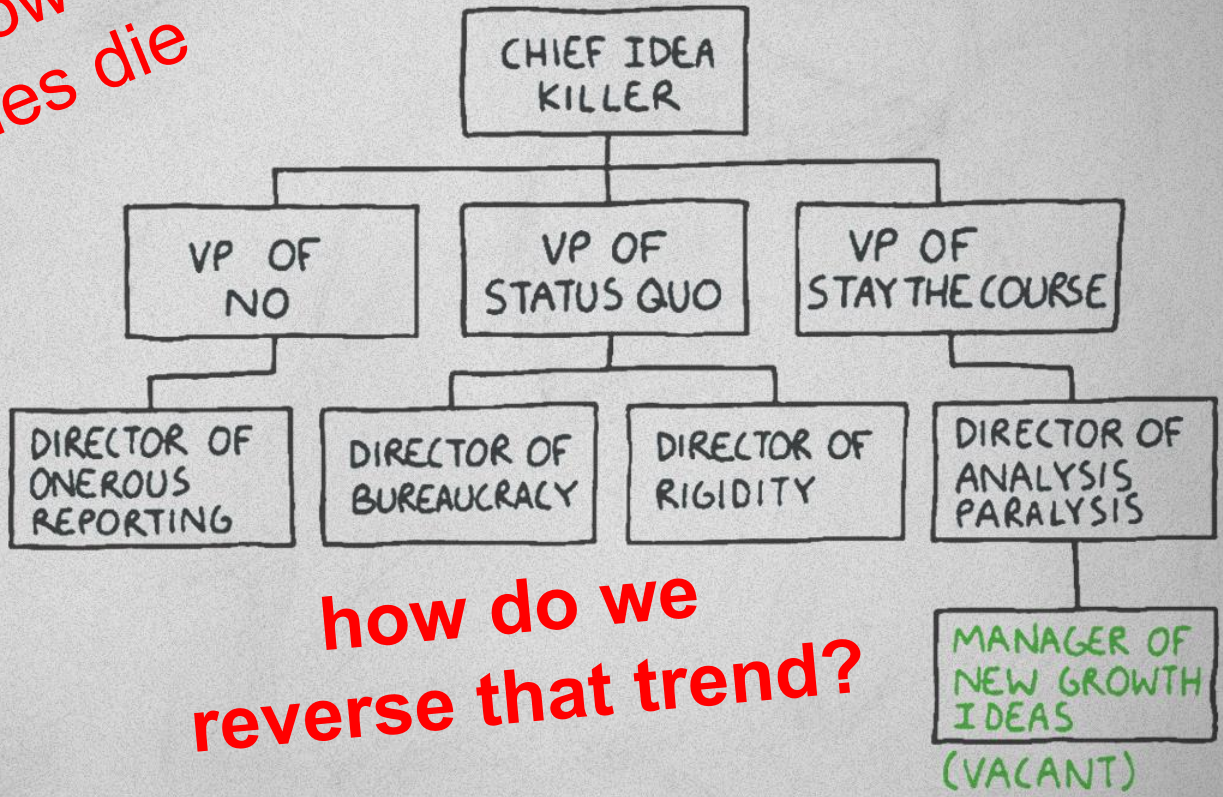
Why do large companies go out of business?

all of us know why companies die



how do we reverse that trend?

1.
we must understand the urgency

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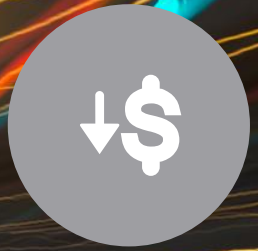
Innovation is about growth

Hyper-connectivity

Speed of innovation



Lower cost of innovation

Access to funding

2020 □$6B
IP DEVICES

2020 □$100B
MOBILE APPS

$5M □$5K

$50B
CAPITAL

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2.
we need to redefine innovation

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Q: What is innovation?

Invention
New things
New ways of doing things
State of Mind
All of the above

Its critical that we differentiate invention from innovation

To survive and grow, companies must empower every employee to innovate and make a meaningful difference

Innovation is about everything

Innovation is for everyone

Innovation is not limited to select few

Innovators are more important than innovation

Cisco example: everyone has a role to play

(Co-) Founders

- Hacker
- Hustler
- Designer
- Visionary

Angels

- Coaches
- Mentors
- Judges
- Investors

PURPOSE

Cisco: empowering every employee to innovate and make a meaningful difference

GOALS

Transformation

***Empower every Cisco employee to innovate* everywhere and at any time**

Acceleration

Improve effectiveness of innovation by reducing risks & accelerating go-to-market

OBJECTIVES

Engage	Empower	Activate	Concretize

ENABLERS

Communication	Mentor & coach network	Innovate Everywhere challenge	Incubation
Innovation hub	Innovation capabilities	Innovation spaces & time	Scaling & Innovation Portfolio Management

METRICS

# & diversity of employees engaged Employee satisfaction	# employees trained Employee satisfaction Mentor & training rating	# & diversity of employees engaged # of ventures validated Documented learnings Employee satisfaction	$ follow-up investments in ventures # of FTEs allocated to ventures # of patents / customer user traction Documented no-go decision

Talent development, retention and hiring

Productivity gain or new revenues

3.

We must establish clear business case for innovation & explain it well

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Q:

Do you believe most companies know what they should be innovating on?

Yes
No

Why We Innovate

Exceed customer needs

Drive profitable growth

Squelch the competition

Attract and retain talent

Improve world conditions

cisco

Cisco: Connect employees to strategy

and ask them to focus on business outcomes

Markets

Mf Manufacturing
Sc Smart Cities
E Energy & Minerals
Tr Transportation
Ed Education
Fi Finance
Ii Intelligent Infrastructure
Se Security
Co Collaboration
? Others

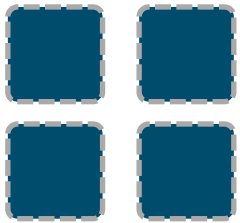
Align with all functions

Leadership provides an "ambition" per market

How can you combine these elements to create new game-changing opportunities to shape Cisco's future

Technologies

Ai AI
An Analytics
AR Augmented/ Virtual Reality
CF Cloud & Fog Computing
3D 3D Printing
Ro Robotics
W Wearables
Dr Drones
Br Blockchain
S SDN
? Others



Focus on disruption

Business models

Su Subscription
Pu Pay-per-use
Rb Rent vs. Buy
PP P2P
OS Open-source
CG Crowd funding
Ad Advertising
Li License
FR Flat Rate
F Freemium
? Others

Balance technology & business focus

How to define an innovation ambition

The innovation ambition

1. describes a disruptive transformation that would benefit the entire industry
2. scopes the discrete design challenge for participants

Crafting an innovation ambition requires to

1. focus on a single leverage point that can then be scaled across your business
2. make it measurable so that we can answer the question “are we there yet?”
3. make it SIMPLE, EASY to UNDERSTAND, and CLEAR to ALL

Some good vs. bad innovation ambitions

BAD: Frictionless Retail

GOOD: Remove queues from the payment process

BAD: Automating Supply Chain

GOOD: Eliminate risk around goods in transit, by truck, train and plane

BAD: Transform remote patient care

GOOD: Reduce hospital readmissions and associated costs through remote acute care patient monitoring.

4.
let’s combat fake innovation before it’s too late

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Our innovation dilemma

5.
embrace the ecosystem for sustainability and growth

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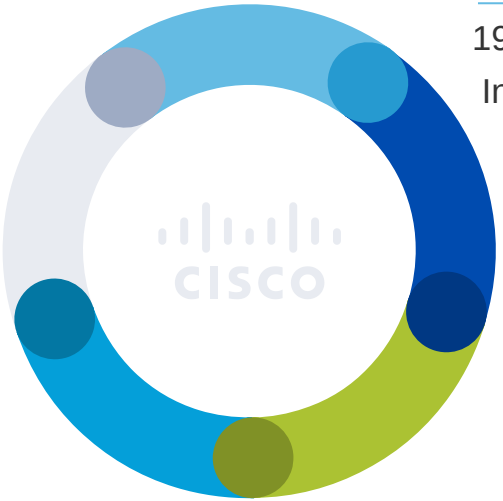
Cisco: No single Company can do this alone

Co-develop

Alliance Partners $1B+ Target Revenue
14 Co- Innovation Centers | 2,500 Customers
70+ Solutions

Build

19K Patents | $6B Annual R&D Spend
Internal Start-ups | 20K+ Engineers



Invest

$2B Fund | 120+ Companies
45 Funds in 25 countries

Buy

201 Acquisitions | 1-2% Growth

OpenDNS SOURCEfire insieme
Jasper Meraki acano
leaba semiconductor tail-f Lancope
APPDYNAMICS viptela
broadsoft

Partner

300K+ Partners
$48.6B FY17 Partner Bookings

ERICSSON inspur Google

Why work with the ecosystem?

Enables Cisco to see around corners

Accelerates innovation to business value

Enables Cisco to provide end to end solutions

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6.
ditch company politics & bring everyone together

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Q:

What is the main difference between corporation and a startup?

Size
Profitability
Sustainability
Culture

7.
execute in clear measurable milestones

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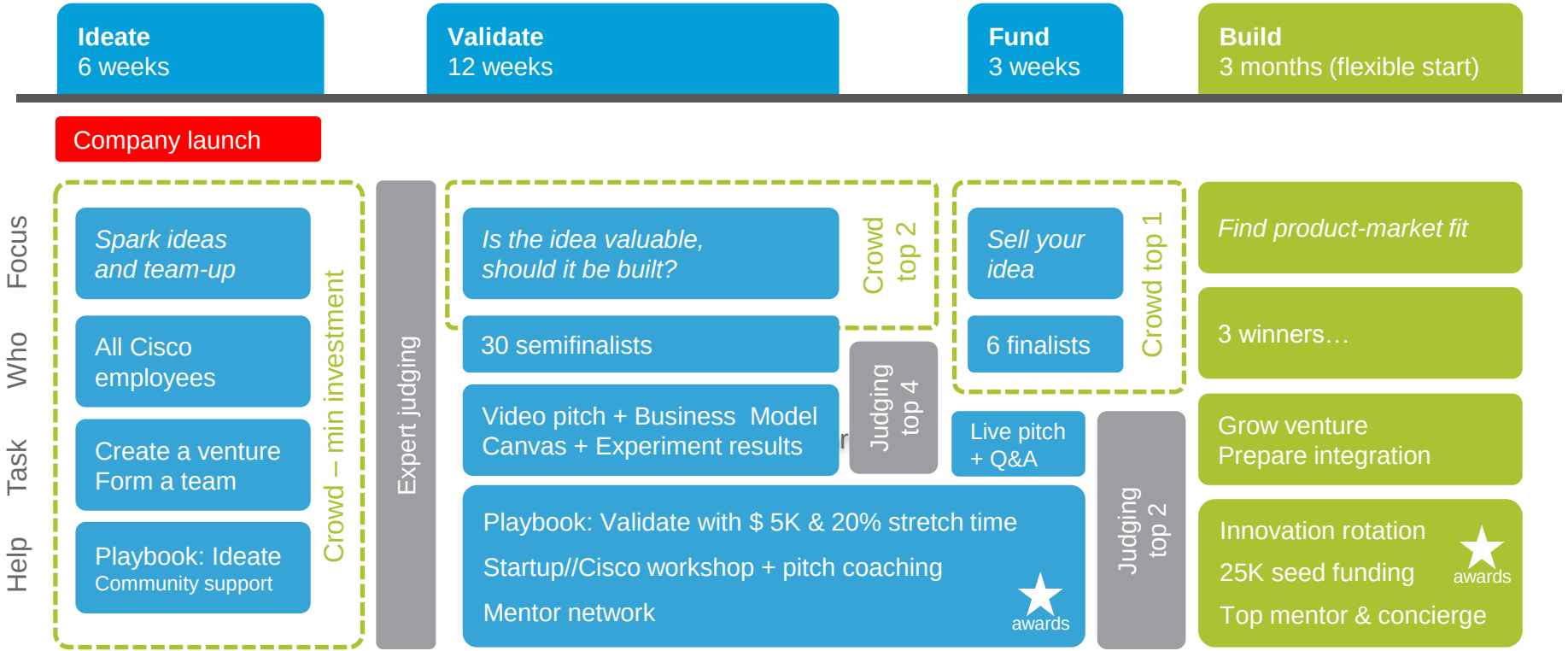
Cisco example: clear & transparent process



8.
bring it all together

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Execute with discipline

METRICS

9.
be ready to tackle bigger challenges ahead

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Compensation
Retention
Protecting Innovators
Communications and PR
Budget & ROI
Legal frameworks
?

Key takeaways

1. Define what innovation is and isn't for your company
2. Innovate for a reason: survival and growth
3. Innovation is about culture, not an outcome
4. Fake innovation is poisonous
5. Innovation is a team sport

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THANK YOU

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Reach out to Brittney Gasca for a Council Portal tour at Brittney.Gasca@frost.com

Upcoming Virtual Events

Virtual Deep Dive Call on Top Trends for 2019
with Lauren Martin-Taylor, Frost & Sullivan
April 17, 2019 | 2:00pm EST*

Virtual Executive Coaching Clinic
with Michael "Coop" Cooper, Founder, Innovators + Influencers
May 1, 2019 | 12:00pm EST*

Virtual Deep Dive on Top 50 Technologies
with Rajiv Kumar, Frost & Sullivan
May 22, 2019 | 2:00pm EST*

Call for Moderators!
Growth Innovation Leadership Council Virtual Executive Assembly

Upcoming Live Events

13th Annual New Product Innovation & Development: A Frost & Sullivan Executive MindXchange

March 25 – 28, 2019 **|** Hyatt Regency La Jolla, La Jolla, California

www.pdsxchange.com

20th Anniversary Marketing Impact 2025: A Frost & Sullivan Executive MindXchange

July 15-17, 2019 **|** San Diego Marriott La Jolla, La Jolla, California

www.marketingmindxchange.com

Growth, Innovation and Leadership: A Frost & Sullivan Executive Summit

September 15-18, 2019 **|** Hyatt Regency Lost Pines Resort & Spa, Austin, Texas
www.growthinnovationleadership.com/austin/2019

- **Growth Innovation Leadership Council – Annual Meeting** | September 15, 2019

- **Dell EMC HPC and AI Innovation Lab Tour & Executive Roundtable**
  September 18, 2019 **|** Round Rock, Texas