

## Cisco IBSG and Procter & Gamble: Accelerating Innovation Companies Build Unique Partnership Model

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Cisco Internet Business Solutions Group (IBSG)

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### Companies Build Unique Partnership Model

When Procter & Gamble gave Cisco just three months to set up a Cisco® TelePresence™ pilot on two continents, Matt Maddox did whatever it took to make it happen—including renting a truck and delivering equipment himself. When the consumer products giant branched into dry cleaning, Maddox, a consultant with the Cisco Internet Business Solutions Group (IBSG), got four stores up and running from scratch, even though retail isn't his usual arena. And when P&G was so convinced of Cisco IBSG's strategic value that it wanted Maddox onsite full time, he moved from Northern California to Cincinnati, Ohio, to work in P&G's headquarters, even though he's not a P&G employee.

Over the past three years, IBSG and P&G have forged a partnership that is anything but ordinary. It's a relationship founded on deep trust and willingness on both sides to redefine client-vendor roles, and to accept the risks that go along with that. Cisco IBSG and P&G work hand in hand to identify what P&G calls its "wicked problems"—the vexing challenges that directly affect business performance—and tackle them within 90 days. If an idea isn't panning out at 30- and 60-day "keep or kill" reviews, it's dropped.

For the advantages of getting tailor-made solutions, P&G has granted IBSG unprecedented access to its employees and managers. Cisco, meanwhile, invests time and resources up-front to test ideas that are scrapped more times than not, and that aren't guaranteed to result in sales.

The projects that made the cut have resulted in notable successes:

- P&G has saved millions of dollars a year and accelerated its business processes by using Cisco TelePresence as a collaboration tool. It has installed more than 80 units worldwide, more than any company other than Cisco.
- The launch of Braun's Silk-épil epilator generated considerable media buzz for very little cost when P&G conducted the event via Cisco TelePresence, bringing together a German dermatologist and top Russian beauty editors, who wrote enthusiastically about the unique experience.
- When P&G moved its Latin American headquarters to Panama, it partnered with Cisco IBSG to build "Virtual Expert" kiosks based on Cisco TelePresence to address compensation and move-related problems. The kiosks connected expatriate executives with employee services experts in Costa Rica, dramatically improving the quality of service and the time required for problem resolution.
- P&G invests heavily in consumer research—consumer insight is one of its five core competencies. When P&G wanted to enable remote consumer interviews, it partnered with Cisco IBSG to pilot virtual research stations, improving productivity and extending the global reach of its researchers.
- Cisco IBSG took the burden off P&G to set up a pilot for Tide Dry Cleaners, P&G's first foray into retail cleaning. IBSG designed the store infrastructure, featuring digital media and 24-hour RFID-enabled lockers, in just 60 days.

These initiatives helped Cisco IBSG and P&G hone a four-step process that guides their joint efforts. It starts with gathering business insight into a problem, followed by applying innovation to devise a solution, executing the plan, and finally, scaling it across the business.

“The whole process has been reinvented,” Maddox said. “We’re not a vendor—we’re a trusted business partner.”

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“I see the future of the P&G-Cisco relationship to be limitless. What *can’t* we do together?”

**Linda Clement-Holmes**  
Senior Vice President, Global Business Services, P&G

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## Growth Through Collaboration

P&G, the maker of Tide, Pampers, Crest, and 20 other billion-dollar brands, is a \$79 billion-a-year global corporation that is counting on continued innovation to push it to \$120 billion. Much of that innovation will come from its own 7,000 in-house researchers, but in 2007, then-CEO A.G. Lafley directed that more than half of its growth should come from the ideas of outside companies, customers, and individuals.

“We want P&G to be known as the company that collaborates—inside and out—better than any other company in the world,” Lafley said.

Lafley’s vision laid the foundation for P&G’s adoption of Cisco TelePresence, an effort brought to life by Filippo Passerini, president of Global Business Services and chief information officer. As a collaboration tool, TelePresence creates “in-person” experiences using life-size high-definition video, advanced audio, and a finely tuned environment. The project’s success also marked the turning point in the relationship between the two companies.

## P&G Issues a Challenge

In 2007, P&G had an end-to-end Cisco network, but it had outsourced its IT department to HP three years earlier. Spending with Cisco was lagging. Said Maddox, “We were becoming sort of a vendor to a vendor. We had good IT relationships, but we didn’t really have any significant business relationships.”

Against that backdrop, Passerini called a meeting to inform Maddox and his team that the company was drastically cutting the number of vendors it used, sticking only with those that had the vision to solve high-level business problems and lead major initiatives.

“What Filippo was really doing was challenging us—opening the door for us to change and become a true strategic partner,” Maddox said.

Maddox’s team realized it wouldn’t be easy to meet that challenge, in part because they didn’t have a strong grasp of P&G’s problems. “Cisco was selling our technology, not solving their business problems,” Maddox said. “We needed to change our focus, and P&G wanted to help us do it.”

P&G introduced Cisco to business leaders who dealt with P&G's challenges, and Cisco worked to understand and gain meaningful business insight from the inside. "The first thing we did," Maddox said, "was ask everybody who would talk to us, 'What are your problems? What are you working on? What are you trying to solve?'"

One realization was the need for effective video collaboration: P&G's video and collaboration tools were subpar. They had 380 videoconferencing units with utilization percentages in the single digits; in fact, one division's unit had been broken for six months without anyone noticing enough to complain. Meanwhile, employees were traveling all over the world for more than a week at a time to see things in-person—situations that could have been handled in much less time via video.

## A Hard Sell

The major complaints were that the videoconferencing system was difficult to use and lacked the immersive quality that made users feel as though they were in the same room as their remote associates.

Maddox thought P&G would benefit from Cisco TelePresence, then a new technology with no significant customers. With memories of the challenges created by conventional videoconferencing still fresh in employees' minds, however, many remained unconvinced of the value of TelePresence. But P&G's leaders aggressively pursue new ideas that position them for competitive advantage, and they aren't intimidated by unproven technologies. Maddox invited CIO Passerini to a demo connecting Cisco's office in Herndon, Virginia, to its headquarters in San Jose, California. Passerini was so impressed that he ordered four units—two for the United States, two for Europe—and he wanted them in 90 days. Cisco invested in the initial studios as a demonstration of its commitment to the partnership.

The Cisco team got the first two units operational within 30 days, and the remaining two 30 days after that. "We took the responsibility for building that pilot," Maddox said. "We were confident that this technology was breakthrough. P&G was a great partner with whom to co-invent; they are a leading voice in the industry. And they're also the most complex global company in the world." By proving it at P&G, Cisco could prove it anywhere. And P&G was a powerful voice in the marketplace; success at P&G was strategically important for Cisco. The pilot overdelivered on all requirements.

Passerini was impressed with the pilot results and ordered 39 more TelePresence units.

## Building a Team

To scale Cisco TelePresence from four units to 43 would require a top-notch team. P&G asked Maddox to serve as executive sponsor throughout the implementation. He was joined by Bob Payne, an experienced sales executive with a strong customer focus; Jay Harrison, a service support manager who worked previously at P&G; Jean Kresge, a whip-cracking Advanced Services program manager; and others. P&G added a demanding project manager, Kathy Priest; executive leadership from Laurie Heltsley, the company's director of employee services; strong support from their purchasing and finance organization; and a team of experts, including a global facilities lead from JLL, and network implementation leaders from HP. "We found people focused on solving P&G business problems," Maddox said. "Together we formed a single cohesive team focused on executing with excellence."

Maddox moved to Cincinnati, at Passerini's request, as the project moved forward. The CIO wanted Maddox to be a true "insider," participating in the hallway conversations, lunches, and informal gatherings that are fundamental to the way P&G works. Cisco viewed the move as another investment and relocated Maddox to the Midwest. The new group was given nine months for the Cisco TelePresence buildout, but finished in eight, another indication of Cisco's commitment.

During the buildout, Maddox developed a holistic network evaluation methodology called Process, Architecture, People, and Age (PAPA) to evaluate critical vulnerabilities in P&G's network prior to rollout of Cisco TelePresence. "PAPA has become part of the language at P&G, and we're using it with other customers, too," said Goose Catalan, Cisco's systems engineering manager.

To encourage staff acceptance of Cisco TelePresence, P&G launched an internal marketing campaign to communicate the benefits, and built "video collaboration studios" with custom furniture and lighting to ensure that the experience was completely new and different. The studios are designed with the same carpet, paint, and wall coverings globally for a consistent look and feel. P&G understood that the technical advantages of TelePresence—ease of use and immersiveness—needed scale, brand-building, an eye-popping end-user experience, and executive support to translate into business success.

"Once it was in the door and people saw how it affected their business process, the technology sold itself," said Heltsley. "We had early successes, and from that point on, it's been like rolling a stainless steel ball down a marble surface." Today, P&G CEO Robert McDonald conducts his reviews with his global direct reports via Cisco TelePresence. P&G measures results in sustainability, cost savings, productivity, and team collaboration that are far beyond expectations. "We yield about \$4 in benefits for every dollar we invest in Cisco TelePresence," said Heltsley.

The successes are even expanding beyond P&G's own offices around the world. P&G executives meet regularly with one of their major business partners via Cisco TelePresence, and many of the company's advertising-agency partners have approached P&G about getting their own units.

## Continued Innovation

Maddox and Heltsley now maintain an "innovation portfolio" of potential initiatives. "We throw in a wicked problem, and we then manage and track the solutions with 30-day keep-or-kill gates," Maddox said. "We want to manage about a 40 percent yield rate, meaning 60 percent of the stuff is going to fail. But we want to work on big initiatives and take some risks."

According to Heltsley, "Cisco invests in our success with both visionary ideas and on-the-ground technical expertise. They dream up some groundbreaking technical solutions, and then Cisco's engineers deliver. This is exactly how we want our business partners to perform: collaborating closely and executing flawlessly for our mutual success."

Traditional initiatives might have taken up to 18 months to develop under a traditional business model, "but we're now doing them in 30, 60, or 90 days," Maddox said. "It allows us to fail faster, but for the successes, it also allows us to start scaling much, much faster. We're helping accelerate the pace of innovation at P&G."

## Boardroom Relevance

Since 2007, Cisco has gone from barely relevant to *boardroom relevant* at P&G. And Cisco sales have grown 50 percent year-over-year for the past two years.

“We had to develop deeper, broader business and technical relationships in order to better understand the business needs so we can develop relevant solutions,” Maddox said. “Today, they’re throwing opportunities at us.”

In February 2010, P&G hosted an “Insider’s Day” aimed at sharing P&G best practices with executives from companies such as Boeing, Best Buy, Whirlpool, and others. All of the presenters—the “insiders”—were P&G leaders, except one: Cisco IBSG’s Maddox was invited to speak on P&G’s behalf. He was introduced as, “Works for P&G, paid by Cisco.”

Maddox attributes Cisco’s success at P&G to strong support and commitment across both companies. Cisco IBSG’s Mohsen Moazami, executive sponsor; the Emerging Technology, Advanced Services, and field leadership groups; and numerous other executives “have taken this relationship in new directions,” Maddox said. P&G’s Passerini, McDonald, and other company leaders “have been very generous with their time, providing us with insight and direction along the way.”

And although the relationship has “worked phenomenally,” Maddox is first to admit that getting to this point was challenging at times. “Change is always difficult, and radical change is always especially difficult,” he said. Cisco had to change almost every member of its team, for starters, and also had to persuade its top management to invest in solutions before they had an order on the table.

Says Passerini, “[Maddox’s] job is to challenge, provoke, and inspire P&G with Cisco’s biggest and best ideas. We introduce him to our business problems and we work together to build specific solutions that are great for P&G and great for Cisco.”

Today, Maddox is working on problems that come straight from CEO McDonald’s vision statement: adding a billion new consumers to P&G’s customer base, for example. Maddox has been asked to find a way to connect small village stores and their distributors in emerging markets with P&G. “Those tiny stores serve billions of consumers around the world—in many cases, it’s the only store they frequent,” Maddox said. “It’s key to P&G’s growth strategy. And Cisco is a contributing partner.”

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### More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.

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