My Innovation

Cisco Embeds Startup Culture throughout the Company

Company evolves Innovate Everywhere Challenge into integrated network for employee innovation
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Summary

In early 2015, Cisco conducted a companywide series of focus groups to get employees’ ideas on how to improve the enterprise. One of the most striking themes from these focus groups was that employees wanted support for implementing innovations and a forum for sharing ideas that could shape the company’s future. In response, Cisco launched a companywide, cross-functional competition called the “Innovate Everywhere Challenge (IEC)” in September 2015. This competition provided a public, collaborative forum for employees to share, build, and invest in ideas for new products, services, and process improvements. By the end of the eight-month competition, 48 percent of employees across the company had participated in the Challenge. Of the 1,100 ideas submitted, seven remain active as new ventures. Moreover, the Challenge provided a space and process to discuss and build out new ideas and set the expectation that every employee can be an innovator.

The inaugural IEC became the catalyst for Cisco’s companywide support for entrepreneurship. Cisco brought all of these initiatives together under the umbrella of “My Innovation,” and made this a centerpiece of the company’s People Deal. To provide opportunities to build a startup mindset and skills beyond the Challenge, Cisco created an all-in-one portal for all of its innovation work, assembled a network of mentors for new business ideas, added incentives for “Angels” who supported new ideas, and gave all employees the opportunity to make investment decisions in the second iteration of the IEC. The My Innovation framework enabled synergies among Cisco’s many innovation supporters and led to a significant uptake in employee engagement in innovation. Now entering the third year of its sustained effort to empower every employee to act like an innovator, Cisco continues to learn more about how to embed a start-up culture in a large enterprise.
Tipping Point: The Decision to Invest in a Companywide Focus on Innovation

There is a widespread belief that large companies are unable to innovate at the speed needed to thrive in an era where startups can threaten established industries seemingly overnight. While many enterprises do struggle to adapt to new conditions, scale and innovation need not be at odds.

In fact, the diversity and sheer volume of employees at a large company can be an asset for sourcing new ideas if the company is able to harness and willing to act on them. The 2016 BCG Global Innovation Survey revealed that growth ideas most often come from internal sources and that the ability to tap into “employee ideation forums” was the greatest differentiator between strong and weak innovators. In other words, large companies who create the culture, space, structures, and incentives for their employees to innovate can be as effective at unleashing and harnessing new ideas as smaller companies.

In Spring 2015, Cisco held a series of focus groups across the company and discovered that employees were eager to innovate in their work but were unclear on the pathways for successfully nurturing new ideas to the execution phase. They asked for support, time, space, and money to foster and implement their best ideas for new ventures. In particular, employees wanted a central forum where they could bring new ideas, build them out with colleagues, and present them to executives and decision-makers.

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Reviewing employees’ responses to these focus groups, Cisco’s leadership decided to invest heavily in empowering its employees to innovate. It invited all companywide programs, groups, and teams dedicated to innovation to come together under one umbrella called “My Innovation.” This became one of the pillars of Cisco’s People Deal, championed by CEO Chuck Robbins and sponsored by Chief Strategy Officer Hilton Romanski and Chief People Officer Fran Katsoudas. Cisco’s Corporate Strategic Innovation Group, together with partners across the company, began the work of mapping out how My Innovation could engage, empower, and enable every Cisco employee to innovate.

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My Innovation Mission

“My Innovation” empowers employees to innovate everywhere and at any time.

It is our employees’ innovative ideas that will accelerate Cisco’s leadership in the digital age. “My Innovation” creates the environment and provides vehicles for innovative ideas to emerge, develop, and shape Cisco’s future.

We disrupt the industry and ourselves by fostering a culture of grass-roots cross-functional collaboration, connecting our employees with broader ecosystem of innovators inside and outside of the company, and empowering everyone to take risks.

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FY16 Innovate Everywhere Challenge 1 (IEC1): Winning the Hearts and Minds

My Innovation kicked off with the IEC, a companywide competition in which cross-functional teams of employees submitted ideas for new ventures and competed in a series of rounds to secure seed funding and support to bring their ventures to market. The competition launched in September 2015 and was designed to:

- Capture disruptive venture ideas from employees and help grow them
- Develop entrepreneurship skills and culture across Cisco
- Enhance employee experience and collaboration

The Challenge proceeded in four phases modeled after the life cycle of startups: ideate, validate, fund, and build.
Format of the IEC in Year 1

- **Ideate**: In the first phase, all employees were invited to propose a solution to a big problem or opportunity facing Cisco. They created or joined a cross-functional team to post their idea on a collaborative platform visible to all employees. The response was overwhelming: about 2,000 employees from more than 50 countries submitted more than 1,100 ideas. A panel of judges – as well as employee votes – narrowed these entries down to 15 semifinalists, who advanced to the Validate phase.

- **Validate**: The 15 semifinalist teams had three months to work with mentors and coaches to validate the user desirability, technical feasibility, and business viability of their entry. They distilled these into an investor pitch and business model canvas. Executives chose five of the six finalist teams; employees selected the other finalist through online voting.

- **Fund**: The six finalists had three weeks to find internal sponsors and harness support for their venture. At the end of this phase, they gave a five-minute live pitch to a panel of internal and external industry leaders and responded to questions from the panel. The three winners of the Challenge were announced at an all-company meeting.

- **Build**: Each winning team received $25,000 in seed funding, $25,000 as recognition, and the option to enter a three-month innovation rotation program to give them the space to develop their venture. Each team also received a corporate concierge for help with practical affairs as well as assistance from Cisco leaders in determining the most appropriate next step for its venture. (**See Appendix for descriptions of the three winners.**)
While the original plan for IEC1 was to support only the three winning teams in building out their ventures, all 15 semifinalist teams had such promising ideas that the Challenge made them a special offer: if they could secure an executive sponsor, the Challenge would match the sponsor’s funds up to $10,000. In all, seven ventures from the first challenge are still continuing their innovation journey.

In the post-IEC survey, an overwhelming 95 percent of employees recommended participating in the Challenge. Employees expressed particular appreciation for the:

- Companywide, cross-functional nature
- Leadership endorsement
- Possibility to voice their ideas strongly
- Process and support to develop ideas
- Opportunity to think big and bold
- Chance to connect with passionate innovators

The other primary goal of the IEC was to build a culture of entrepreneurship and provide every employee with the skills to innovate. The high level of engagement, visibility, and energy that accompanied the Challenge helped ignite a growing movement for rapid innovation throughout the company.

Lessons from IEC1

The first year of the Challenge yielded many lessons for how the broader My Innovation effort could empower and support every employee to innovate:

- An integrated entrepreneurship platform: The IEC team initially believed that the teams with the best ideas would go farthest in the Challenge. However, they quickly discovered that the successful teams were those that found the right mix of contributors and received relevant guidance and feedback. There was a clear need for a more robust and comprehensive platform for entrepreneurs to find each other, develop their innovation skills, and access support.

- More feedback on ideas: One of the unanticipated keys to venture success was the quality and frequency of feedback teams received. Since the goal of the IEC was to stimulate an innovation culture and mindset, teams were encouraged to keep working on their ventures even if they did not advance to the semifinalist stage. My Innovation looked for more ways to provide feedback to these teams and to connect them to relevant coaches and mentors. It was also clear that with some guidance, any employee could provide mentorship in an area where they had expertise.
• **Promoting “Angel” behaviors:** The chance for teams to advance to the semifinalist and finalist rounds through “People’s Choice” voting led to an emphasis on marketing at these junctures. The leaders of My Innovation saw an opportunity to use these gateways to encourage employees to practice the mindset of an “Angel”—someone who, like an angel investor, provides crucial expertise or financial support to ventures.

• **Make innovation part of everyday work and culture:** The energy and enthusiasm that employees brought to the Challenge validated that employees were ready and willing to take a new look at how they and their teams worked. The My Innovation team started to look for ways to encourage and support attitudes of innovation outside the Challenge.

*For more detail on the first Challenge, please read the [IEC1 white paper](#).*

### Year Two: My Innovation as an Integrated Unit

With these lessons in mind, My Innovation continued to expand and integrate more programs in the Summer of 2016. The portfolio was reframed to support employees in their innovation journey throughout the year and constantly reinforce an innovation culture companywide. One of the biggest changes was identifying two personas central to creating a startup culture—Founders and Angels—and developing separate supports and incentives for each:

• **Cisco Founders** create innovative ventures or join them at an early stage

• **Cisco Angels** support innovative ventures financially or with expertise

My Innovation integrated several existing initiatives including the IEC and Startup//Cisco, a grassroots program to apply the latest innovation methodologies to accelerate Cisco’s projects. Additionally, several new programs were launched: targeted supports for Cisco Angels, an easily-accessible network of innovation mentors, and quarterly awards to recognize entrepreneurs across the enterprise. All of these supports came together into a dedicated intranet site called The Hub that connects employees to other innovators and new ventures, but also to resources and news related to all of Cisco’s innovation programs.
Startup//Cisco

Using a workshop format, Startup//Cisco equips employees with the skills and mindset of a startup founder. Employees learn and then apply innovation methodologies to accelerate new projects so they can get to stronger business outcomes faster and with fewer resources. Participants use design thinking and lean startup innovation principles and techniques to validate ideas directly with customers. The program takes employees through designing a Minimum Viable Service (MVS), gathering feedback from customers, analyzing lessons, revising the MVS, and repeating until Cisco and the customers agree that the MVS has been perfected.

Supporting Angel Skills and Mindset

One of the key lessons from IEC1 was that supporting innovation means more than encouraging and enabling a group of founders to submit and develop new ideas; innovation is a collaborative process that requires a network of supporters. Another take-away was the need to find ways to encourage and reward those who play a key role in advising and mentoring teams.

While the role of Founder had been well-defined and celebrated in the first IEC, Cisco decided to build and support a larger network of supporters called Angels. Cisco Angels support innovation at three levels:

• **Mentors** volunteer their expertise, experience, and connections to early stage ventures. They provide an external perspective and act as a sounding board for venture teams.

• **Judges** evaluate ventures across a range of innovation programs. They are responsible for identifying the ideas that will transform Cisco’s business.

• **Sponsors** are the ultimate Angels, and are generally management level or more senior. Sponsors provide funding, resources, and even a home for new ventures to reach their full potential.

To incent employees to serve as Angels, the My Innovation team introduced Angel Workshops, where real-world angel investors share with Cisco employees (especially managers and leaders) their insights on how to evaluate startups, perform due-diligence and valuation, and build a balanced investment portfolio. The workshops emphasize the critical role of Angels in the success of startups and provide participants practice employing an Angel mindset when evaluating new ventures and deciding which innovation projects are the most viable.
Innovator Award

To reinforce Cisco’s commitment to innovation and celebrate risk-takers and internal entrepreneurs year-round, My Innovation introduced the Innovator Award. Each quarter, a story is published about an innovation journey that highlights one of the “attitudes of innovation” that Cisco is promoting. The team behind the story receives an award of $5,000.

The Hub

Everything related to employee innovation lives on an intranet site called The Hub, Cisco’s go-to portal for innovation. This is where employees engage in the Innovate Everywhere Challenge, contribute to new ventures, identify mentors for their nascent venture, and find out about events and spaces where they can learn and practice the skills and mindset related to innovation. The Hub helps employees efficiently and quickly find the right people to move their innovative ventures forward and to reach decision makers.

A good example is the Mentor Network. Cisco asked employees to volunteer to serve as innovation mentors, and over 3,000 employees answered the call. Through The Hub, employees can search by expertise, market, location, etc. to find a dream team of mentors for their venture. Eric Ries mentioned the Mentor Network as an example of an internal coaching program that can scale up innovation in his 2017 book The Startup Way.

Search Result in Mentor Network
Changes in IEC2: Angels Rise to the Top

Many of these changes impacted the second edition of the Innovate Everywhere Challenge (IEC2), which launched in October 2016. One of the biggest ongoing modifications was the messaging: the My Innovation team emphasized that the true goal of the Challenge was to build and practice an innovation mindset – not simply to win the competition. Other major changes involved the Cisco Angel persona:

Opportunities to practice “Angel” behavior

A virtual investing component was added to the selection process for IEC2. Expert judging was combined with “token investing” from all employees. Rather than simply clicking on their favorite venture as they had in IEC1, employees now invested free tokens in the ideas they thought held the most promise for Cisco. This allowed employees the opportunity to practice their Angel skillset and decide which ideas were most worthy of investment, moving voting beyond a marketing exercise. Token investing came into play at three stages:

• Each employee was given ten tokens to invest during the Ideate phase. Only ventures that had accumulated more than 200 tokens by the end of this phase were brought to the first judging panel for consideration. The panel—comprised of technology and business experts representing organizations across the company—selected 30 semifinalists from the ventures that reached the minimum investment level.

• Employees were given two tokens to invest for the Validate phase of the challenge. The two ventures that garnered the most tokens in this phase were automatically advanced to the finalist stage.

• Finally, one of the three winning teams was selected by employee token investment, giving employees a say in selecting the ultimate winners.

Overall, more than 20,000 employees participated in the new token investment process, allocating a total of 166,778 tokens. These “backers” left 23,837 ratings and 5,906 comments, which provided invaluable feedback to Challenge participants.

Rewarding “Angel” behaviors

To highlight the importance of Angels in enabling innovation, Cisco selected and rewarded 30 Top Angels. These were Angels who mentored, invested smartly (i.e., in semifinalist, finalist, and winning ventures), or more generally provided great value to ventures during IEC2. Top Angels received:

• An invitation to attend an Angel Workshop to learn from experienced angel investors (described previously in this paper)

• $1,000 to invest in their favorite crowdfunding project

• Recognition across Cisco
Throughout the Challenge, 209 mentors from the Mentor Network supported ventures. Several venture leads highlighted the critical role that mentors played in moving their idea toward a viable venture:

- Mentors helped us open the door to customer conversations and validate our ideas within the larger Cisco context. Both customer validation and mentors are essential to success.
- Honest feedback and valuable suggestions for product improvement...every time!
- “Leslie has a great grasp of broad risk management principles. Her background and knowledge of risk management was critical to helping us articulate our value proposition.”

Format of the Innovate Everywhere Challenge in Year 2

<table>
<thead>
<tr>
<th>All Cisco Employees</th>
<th>30 semifinalists</th>
<th>6 finalists</th>
<th>3 winners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spark ideas and team up</td>
<td>Establish value of the idea</td>
<td>Sell your idea</td>
<td>Find product-market fit</td>
</tr>
<tr>
<td>Tasks: ✓ Submit an idea ✓ Form a team Resources: • Playbook: Ideate ✓ Community support ✓ Resources on The Hub</td>
<td>Tasks: ✓ Video pitch ✓ Business Model Canvas ✓ Experiment and refine Resources (for Validate and Fund phases): • Playbook: Validate • Startup/Cisco workshop • Pitch coaching • $5,000 • Mentor Network ✓ 20% stretch time</td>
<td>Tasks: ✓ “Investor” live pitch + Q&amp;A</td>
<td>Tasks: ✓ Grow venture ✓ Prepare Integration Resources: • 3-month Innovation Rotation • $25k seed funding ✓ Top mentor and concierge</td>
</tr>
</tbody>
</table>

Results of IEC2

The second Innovate Everywhere Challenge engaged 36,644 regular Cisco employees. In all, 768 ventures were submitted by 1,576 employees, with nearly 65 percent of submissions from teams.

Similarly to IEC1, seven of the semifinalist ventures from IEC2 remain in active development. (See Appendix for descriptions of the three winners.)
The Next Frontier: My Innovation and IEC in Year Three

In Summer 2017, the Cisco team took stock of what had been achieved since the integrated My Innovation supporters came together under The Hub a year earlier. During fiscal year 2017, 53 percent of Cisco’s employees (more than 39,000 people) engaged in My Innovation; 23,000 of these participated actively. They came from 89 countries and all Cisco organizations. This reach suggests that Cisco’s innovation efforts have achieved the scale necessary for true cultural change.

Rather than resting on its laurels, Cisco has already identified two ways to strengthen My Innovation as it enters its third year. The first is supporting business owners in more clearly articulating the discrete design challenges that innovation should address. This will lead to better solutions both in the third iteration of the Innovate Everywhere Challenge as well as in Cisco’s day-to-day business.

Cisco is also expanding its network of makerspaces through its thingQbator initiative. These physical spaces are dedicated to supporting hands-on learning, exploration, and prototyping and are themselves examples of how deeply the entrepreneurial mindset has permeated Cisco: the initiative started with a group of employees in Cisco’s Bangalore office, and My Innovation is now helping scale it in the United States.
Conclusion

In 2015, Cisco committed to ensuring that it thinks and acts like a lean startup but scales as an enterprise. The My Innovation journey has already directly yielded tangible innovations, including seven ventures with a successful proof of concept, two beta products, and eight patents in progress. Over time, these numbers will only grow.

Accomplishments of IEC1 and IEC2 Winners (as of November 2017)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of the 15 IEC1</td>
<td>7</td>
</tr>
<tr>
<td>semifinalists still</td>
<td></td>
</tr>
<tr>
<td>active</td>
<td></td>
</tr>
<tr>
<td>7 Proofs of Concept</td>
<td>7</td>
</tr>
<tr>
<td>Patents</td>
<td>8</td>
</tr>
<tr>
<td>Adopted by the business</td>
<td>3</td>
</tr>
<tr>
<td>Beta products</td>
<td>2</td>
</tr>
<tr>
<td>Annual Opex savings</td>
<td>$1M</td>
</tr>
<tr>
<td>Of the 30 IEC2</td>
<td>7</td>
</tr>
<tr>
<td>semifinalists still</td>
<td></td>
</tr>
<tr>
<td>active</td>
<td></td>
</tr>
</tbody>
</table>

Just as important for Cisco’s future success has been the change in the company’s culture: employees now have the opportunity and support to propose new products, services, and process improvements and see themselves as innovators and entrepreneurs. As this expectation takes root among all employees, My Innovation will continue to evolve to ensure that everyone has the skill sets, attitudes, and opportunities to innovate.

To learn more about Cisco’s My Innovation work, please contact:
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“I think Cisco is focused now more on innovation than ever before. It’s impressive to see every employee and team is inspired to build their own idea and make it happen with support from the corporate level.”
- Samuel Liu, IEC1 Semifinalist
Appendix: Descriptions of IEC Winners

Winning Ventures from IEC1

Enterprise Virtual and Augmented Reality (EVAR)

Team EVAR’s idea consisted of a suite of augmented reality / virtual reality services to enable Cisco collaboration inside the next generation of immersive apps. EVAR built a successful prototype, demoed to some of the largest industry players, including at Cisco Live Las Vegas, and started proofs of concept with some of them. The EVAR concept has now been transitioned to the Collaboration Business Unit under Cisco’s Emerge Group, with sponsorship by Jens Meggers. Two of the original EVAR team members are now part of this group and continue to develop some aspects of their original idea as part of SparkVR. The latest version of Cisco SparkVR was unveiled in March 2017 at the Enterprise Connect show in Orlando.

LifeChanger

Team LifeChanger is helping employers leverage Cisco collaboration solutions to empower people with disabilities. More than 70 people with disabilities have been directly hired across Cisco under this program, and the team estimates that double this number has been hired as a result of the internal awareness the project created. Detailed case studies at Cisco document that “LifeChanger employees” have been 120 percent more productive than their non-disabled peers. The program is currently being scaled across Cisco and external proofs of concept are also in progress. Pat Romzek was part of the original team and retired but returned to lead this venture as a consultant. It is currently sponsored by Shari Slate, Gregory Neal Ackers, and Fran Katsoudas.

Rainmaker

Team Rainmaker’s idea consisted of a deadline-driven digital media logistics platform. Customers loved the idea but the industry wasn’t quite ready for it. The team took the hard—but ultimately fruitful—decision to pivot the concept. They co-developed it with a large Cisco customer and code is now being rolled out at the customer site. Two of the current team members for the project were part of the original Rainmaker team. The project has now been picked up by product development in the Cloud Platform & Services Group under Kip Compton and rebranded as Vaquero – a bare metal data center management system with a DevOps-friendly programmatic interface. Vaquero (formerly known as Rainmaker) is now successfully in use by multiple Cisco Service Provider customers.
Winning Ventures from IEC2

These summaries come from the teams’ own promotional materials.

Cyber Insurance Risk Analytics

Last year, cybercrime cost the global economy $450 billion. Two billion personal records were stolen, including 100 million medical records. Companies aren’t doing enough to keep people safe from cybercrime, even with the help of insurance markets and technology vendors. Without a good overview of current risks, companies can’t make sensible investment decisions. Introducing Cyber Insurance Risk Analytics, or CIRA. They’re building a cyber-insurance risk analytics platform leveraging Cisco’s unique threat intelligence. With access to Cisco network analytics and security intelligence, their goal is to bring accurate, automated, and actionable insights to the industry. The result: better decisions, less financial loss. And safer people.

Network Early Warning

Many of Cisco’s customers are beginning to aim at a goal that used to be considered impossible: zero percentage unplanned outages. They want to eventually strip all unplanned network-related costs completely out of their businesses. That’s a tall order. To get there, Cisco is beginning to be asked to do several things at scale that it’s never done before. That includes predicting and pre-empting infrastructure issues. The automation of a full solution that not only points to potential faults, but also triggers a series of actions that are on auto-pilot to completely remediate issues before they occur. Enter Network Early Warning. The team is working to predict problems in the network, then pre-empt those problems before they occur, leveraging machine learning.

PTO to Give

If given a chance to give millions to charity, pay less in taxes, and improve Cisco’s balance sheet—would you do it? PTO to Give’s idea is about the right to choose. The right to choose to turn time off into dollars—dollars for donation to charity. Dollars that can make a difference, on our doorsteps and around the globe. The world is calling. It needs our help. Time to make a difference. And PTO to Give is ready to step up to the challenge.