



Stanford eCorner

Incentivizing Breakthroughs

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Cisco has always measured success by how quickly the company moves out of their traditional footprint into new areas, according to Padmasree Warrior, Cisco's chief technology and strategy officer. Here Warrior explains how Cisco deploys targeted teams and massive engineering investments to advance innovation at enterprise scale.



Transcript

The way we do innovation, there is a lot of innovation that happens in our engineering organization. We invest roughly \$6 billion in engineering worldwide. We have about 26,000 engineers distributed across the globe and they are working on everything from access points to security technologies, to data center, to collaboration video, networking, all of that. So there is a big group of innovation that occurs in that group. In addition, we have groups that work with customers that focus really on understanding the customer issues and customer problems and translate that technology into value, business value. So there is innovation. We call that a services organization. So they are actually delivering business services. So they guarantee outcomes to our customers. So they will go into a manufacturing customer of ours and say we can help you transition to the internet of everything.

And so there is a lot of innovation in that group that does that. In addition, in my group, in the corporate group, in the center group, we have a group of people - actually Maciek who leads that group is here. We have about 50 to 60 people in that group that are very focused on the future and they work with the universities, they work with labs, they work with incubators, they work with startups, they scan everything and there are people distributed all over the world to do that. So that's another way we think about what is happening. We keep in touch with what's happening and we make investments. We make investments in startups and we make investments in incubators and in funds that invest in other companies. So there is a huge pool that we pull from and that's kind of how it's structured. The incentives vary. I think each group is measured on a different incentive. And we have different metrics on how we measure that, how many new products did we release, what part of our revenue is coming from new refresh products versus traditional products.

How much of our profit is coming from new products. We also talk about moving into different adjacencies as we call it. So we've kind of expanded from being a switching and routing company to becoming more of a data center company, security company, a collaboration company, video company. So through our years we measure ourselves on how quickly are we moving out of our traditional footprint into new areas.