

Connect + DevelopSM

P&G's Open Innovation Business Model



Dr Michael Duncan
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Connect and Develop
P&G's
Open Innovation Program

Procter & Gamble

The Opportunity Open Innovation Offers

And how to get a piece of the action

What I plan to cover

- An Intro to P&G
- What is Open Innovation
- Why large companies are embracing it.
- What it offers smaller organisations.
- Why smaller organisations are well placed to take advantage of the opportunities.
- How smaller organisations can engage with bigger organisations.



- **Three billion times a day, P&G brands touch the lives of people around the world**
- **The Company markets more than 300 branded products in more than 180 countries**
- **We have on the ground operations in more than 80 countries**
- **P&G employs nearly 140,000 people**
- **2008 Net Sales \$84 Billion**



Growth Goals

4–6% Sustainable Organic Growth

40 \$100 Million initiatives/YR

or

\$75 Million additional sales every WEEK!

What is Connect + Develop?

Connect + Develop is P&G's proven approach to open innovation.

C+D is about **collaborating for value creation** with anyone, anywhere to accelerate innovation and deliver growth goals.

Open Innovation Mindset



Bruce Brown, CTO

“Connect + Develop starts with a mindset. If I need an idea, or a new business opportunity or have a technical problem to solve, someone, somewhere has what I need. I just need to find them.”

“Open for Business”

‘Not Just a Slogan’



Must welcome unsolicited ideas

- ‘No thank you’ better than no response
- Must have legal protection



Must be smartly proactive

- Networking is key
- “Know who” replaces “know how”
- Don’t be afraid of uncharted waters



Must have a “robust” vetting/rapid response” internal system

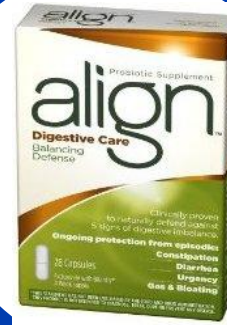
- Too long to review is a negative
- Must be integrated into P&G businesses
- “No thank you, please call again” is powerful

What we are looking for

New touch points with consumers



Disruptive Technology



**More Choice
Better Choice
Superior Value**

New Products



New Business Domains



Adjacent Categories



New Channels



C+D Success Examples



Visia Beauty Imaging



PuR Furnace Filters



Pringles Stix



Crest Scratch N Sniff Pkg.



Mr. Clean Autodry



SK-II Facial Mask



Mr. Clean Magic Eraser



OTC Drug Registrations



SK-II Airtouch Foundation



Metamucil Capsules



Olay Vitamins



Pantene Sonic Comb



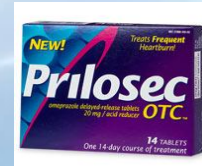
Tide Stainbrush



Crest New Tubes



Kandoo Wipes



Prilosec OTC



Charmin Fresh Mates



Glad Press N Seal



Swiffer Duster



PuR / Whirlpool Refrigerator Filters



Old Spice Shave Gel



Clairol In-Store Shade Selector



Olay Daily Facial Pillows



Pantene Hair Styling Products



Crest Liquid Dentifrice



Olay Regenerist



Olay White Radiance Facial Mask

What's the opportunity for the smaller organisations

Much faster, less risky means to profit from innovation



- **18 months**
- **35 countries**
- **~\$200MM in annual sales**

P&G In Licensed External IP, Leveraging P&G's Global Scale

Olay Regenerist



Pentapeptide technology from Sederma, a small company in France.



See P&G's Needs and Assets on Our Connect + Develop Website



In 2008, we received + 4000 leads

P&G's Needs & Assets

www.pgconnectdevelop.com

Recently launched:

China C+D site: www.pgconnectdevelop.cn

Japanese C+D site: www.pgconnectdevelop.jp

Proactive Participation

Characteristics

- **Industry doesn't know what we don't know.**
- **Partner drives the process.**
- **Partner understands what we can bring to their proposition.**
- **Partner has convincing data on the value of their innovation**

How to Play

- **Get Entrepreneurial**
 - **Think needs and insights.**
 - **Think disruption.**
 - **Think adjacencies**
 - **Think business models**
 - **Partner with Designers**
 - **Build Prototypes**
 - **Sell a little learn a lot.**

Directed Participation

Characteristics

- **Industry knows and can express what we want.**
- **Industry drives the process.**
- **Industry is capable of rapid evaluation of candidate solutions**

How to Play

- **Get Networked**
 - Yet2.com
 - NineSigma
 - Innocentive
 - IRC (SME base)
 - Tell us/others your success stories

Thank You