

Partnering with the World to Create Greater Value

A key part of P&G's innovation strategy is to find innovation, not just develop it.

How We Started

In 2001, P&G was in a period of declining growth. A Company where the solution is always innovation, P&G knew it needed to accelerate its innovation development and increase its rate of innovation success. And leadership predicted, with the world continually getting smaller and moving faster, sustaining solutions would be found in collaboration, not in isolation. P&G launched Connect+Develop, a systemic, company-wide open innovation program charged with bringing the outside in, and taking the inside out.

How C+D Took Root

P&G is founded on and committed to partnership. It's also a Company that's prided itself on "invented here." To open both minds and doors at the Company, P&G set a goal that 50% of its innovation would contain a significant component of external collaboration.

C+D: Both a Program and a Mindset

As a program: C+D includes a global team that searches for solutions to business needs via external networks, preferred suppliers and existing partners. They are linked via six main hubs in China, EMEA (Europe/Middle East and Africa), India, Japan, LA and NA. They also run an innovation portal (pgconnectdevelop.com) in 5 languages (English, Japanese, Chinese, Spanish, Portuguese) for idea submissions.

As a mindset: Collaborating for innovation solutions has become part of everyone's job at P&G, and part of all we do.

A New Goal

C+D achieved its original goal in 2005, with more than 50% of P&G innovation currently fueled by external partnership. To take C+D to the next level and driver greater value through C+D partnerships, P&G in Oct. 2010 set two new goals:

- Triple C+D's contribution to P&G's innovation development by delivering \$3 billion toward the Company's annual sales growth through open innovation
- Become the Partner of Choice for innovation collaboration by consistently delivering win-win relationships

Types of Innovations and Partnerships

C+D looks for innovative solutions for all areas of the business, from packaging to processes to products. C+D looks to partner with anyone with a winning idea: academia, small and medium enterprises, global companies, individuals, NGOs and government labs.

Results:

C+D enabled projects consistently delivered with greater efficiency, speed, value and market impact

- >50% of P&G innovation currently sourced externally
- 70% higher than average NPV from C+D enabled projects in 2009. (Of 112 initiatives representing 77% of NOS)
- 40% of C+D partners have multiple deals with P&G
- About \$3 billion in annual sales at partner companies driven by P&G-shared innovation

C+D partnerships have delivered innovation across all areas of the Company, including break-through product innovations:

Olay® Regenerist: world's top selling skin cream

Olay® Rengerist Eye Roller: delivered in market in months, Olay's #2 global seller

Olay® Definity Eye Illuminator: packaging innovation wowed consumers, reapplied across other P&G brands

Swiffer Dusters®: market leader sold in 15 global markets

Mr. Clean® Magic Eraser®: sold globally, expanded with Erasers for varied cleaning needs

Clairol Perfect 10™: category breakthrough. Awards include: 2010 Product of the Year, Consumer Survey of Product Innovations

Oral B Pulsonic® Toothbrush: to market in less than one year vs projected five

GLAD® Forceflex® and GLAD Press'nSeal®: P&G innovations shared with Clorox for mutual win; GLAD now a Clorox Billion\$Brand

Media Contact: Lisa Popyk // popyk.la@pg.com // 513.983.5058

