To your mind, what are the peculiarities of the US innovation system?

The US has a very long history and Silicon Valley is a really good example of what I would refer to as innovation system. So, innovation system includes universities that are bringing the right people, and they also have in the universities think tanks where people gather trying to solve some problems and great ideas. Almost every innovative technology has come from a university. As a matter of fact, Cisco was born of a project in Stanford University. So what is happening is that if you have an idea, venture capital will provide some money to you and guide. The laws are favorable in some states. They really promote incubation and entrepreneurship and a variety of other things. It is a model that really works. It is a combination of having a government that supports innovation. Secondly, having the academy and the bright people that can do it, having venture capital community and money to be able to do these things. And last, but not least, some our private and public partnerships that occur are driving along these things.

I think that is a kind of system that work, particularly, around innovation in the US. It is a model that you try to replicate over and over again. Skolkovo or Innograd is going to be a model that they try to replicate some of the things that are happening in the US Silicon Valley.

Do you think anything might be done to stimulate innovation? Or maybe the system is perfect as it is?

Speaking about other countries, what can you say about their experience?

One thing that is very important, especially in the context of what is happening in Russia, is that it is crucial for a government to understand, there is a very tight correlation between Internet and IT and the impact that you have on GDP growth. Countries that have figured that out are actually driving laws to promote deployment of Internet as making it universally available. Those are the countries that are going, I believe, lay the foundations for leveraging the technologies. For example, Finland in June 2009 passed a law that Internet is a human right for all their citizens. Another example. China is very focused on information technologies, education, and entrepreneurship. Funding is not a problem there. India has done some incredible things also. Korea is building a city – a smart connected city. Everything is going to be connected – transportation, education, healthcare.

Singapore, in Middle East Abu-Dhabi are doing great work. The common idea in all these countries is the acknowledgement of the role of Internet. The acceptance of that they have to build infrastructure of IT and knowledge for their people is very important.

What do you think about Skolkovo? I know that CISCO is very much involved in it. What initiatives will be taken?

For us it is very exciting to get to work with your government and your private industry. I think they got it right in the sense that they want to build innovation as a part of the industry of
Russia. You have got a fertile country. There is a lot of knowledge in the country. So you need to figure out how you are going to leverage it? Another smart thing is that I think they are not trying to reinvent things that have already been invented. They are trying to do models of what has happened in Silicon Valley, and learn from it. I think our biggest contribution is intellectual capital and knowledge that Cisco has in innovating, but money will be invested as well. We have a lot of experience in what works and what does not work. Communicating this knowledge and people will be really beneficial.

We brake it into five phases. At the first phase we are deciding who is the team, how do you teach more networking technology, entrepreneurship, also we are investing money. As it progresses to phase three, four, five Cisco will start putting some key resources. And ultimately once Skolkovo innovation platform is done and we have talent there, I think it will be some incredible innovation and products that will come out of there. We see the opportunity and we hope that the next few years it continues to develop the way I hope it will.

With 133 billion market cap in 2010 CISCO remains one of the largest players in the field of consumer electronics, networking and communication technologies. My question is what keeps CISCO up? In average, life spent of a company in a Fortune magazine is forty years. CISCO is twenty-five years old, so if we follow the average that means we have fifteen years left before we disappear. Think about a very large company not existing and when you analyze why a company exist only forty years, you understand two things: it is a combination of innovation, which is one of the key things, that we are doing in Russia and we really have a focus on, because innovation is what breaks you into new markets and changes the way the things are done. We have a lot of examples. For instance, TelePresence technology changes the way people get together and meet, the way we do business. This is an innovation that really is a breakthrough.

The second piece that keeps a company in a leading position is operational excellence. which means you take things that you invent and innovate and then build a process around, how to replicate it and how to put into other countries. So what has made CISCO in 25 years very successful and will make it successful in the future is the fact that we are very focused on innovations and we are also very focused on operational excellence.

Another thing that I would mention – is our culture. We have a great leader. I admire him personally and in business. I admire him personally because he is a really human being. He cares about people and he manages and leads this company with a lot of hearts. I will give you one very personal experience. My daughter was 25 when she had leukemia. She is doing very well. Do not worry, it is not a sad story, it is a happy story. My boss helped me through the whole process with her. I feel special that he did that with me, but he does that with many employees.

The second thing is that he wants to build the next generation company for the future which means that we are all empowered to change and to do the things we want to do. CISCO is much stronger if everyone thinks. So, I think, these are all the things for the culture perspective that make CISCO very unique and one of the reasons why I am very happy to be here and very proud to be a part of the company.

**What is the ratio between external and internal innovations in CISCO?**

I do not have the exact number, but we have a strategy that encompasses 3 things. One of them is that we innovate internally. We normally innovate around technologies that we know a lot about. For example, the birth of our company is around technology called rauting. So we know how to do routing very well. I do not think that there are many companies out there that know routing better than Cisco.

The second area is that we are trying to enter new markets. For example, in the case of switching, when switching first came in the case of data center, or in the case of video, where we did this very well but there was another company Emberg, that had video high quality on to the PC that are smaller, cheaper units. In those cases, if we are not an expert in a technology, we will buy those companies. So, part of our innovation is also having a strategy of acquisitions. So we have a process of doing acquisitions.

And the third aspect is that we do not know all, we have not invented every single product or idea. So we seek to get input in knowledge from the world. We have programs like I-Prize. I-Prize is a contest where we have a prize of $250000, leveraging social media to give us best ideas in these categories and people submit ideas. We have done it for 2 years now. The first year a team that consisted of two Russians and a German won a prize. We wanted to develop their technology. Innovation is a top priority for CISCO and for most companies. If you are not innovationary you are going to be left behind at some point of time. There is not one way to innovate: you can innovate internally, externally (with programs like IPRIZE).
New technologies and innovations help save your company money. For instance, this system of TelePresence helped to save around $300 million per year. Can you name other examples when technologies increased efficiency and helped to save money?

I will tell you a quick story. Until five years ago I could not tell my kids what I do for a living because it was hard to explain. Because if you are doing products that are making Internet better and faster, you can only show them a box of lights, but they do not understand. So until five years ago when we got into consumers with Linksys and Flip, it was hard to show what we do. So technology itself means nothing to me. But I am proud of technologies that people use, that change the way that they live, work, learn or they way they play.

Technology like TelePresence changes the way I work. Some time ago in one year I did one million miles of flying. I was on the plane every single day. If you ask me what happened in your personal life I would not be able to tell you. I missed my children’s birthday, I missed everything because I was on the road. And now, with this technology I may wake up at two a.m. and leave for the office to have a meeting with China, India or Europe, but I finish in one hour and go back to sleep. And now I have this technology at my house, and I do not even have to come to the office.

To your mind what are the greatest technological breakthrough in your area?

I think video is one. What we have done with personal communications is that we make it very easy to use. It is changing the way people communicate. We have technology that we are just announcing that really leverage the concept of social media and innovation gathering. I will make a prediction that might be controversial. I think e-mail is dead. Wherever 4 years from now or 40 but it is dead. I will tell you why. Over 90% of the e-mails that I get are junk. I have got filters, but still I spend a lot of time trying to sort through that, and some of my e-mails I would be getting are filtered into spam. The way I communicate with my family by texting to them, or I communicate in a broader sense by leveraging social media, whether it is Facebook, Twitter or a variety of different things. The way I think things will be moving towards the future will be leveraging social media.

The power of U-Tube is very big. One of the things — the U-Tube is not private. We came up with a technology we called “Show and Share” which allows you to take a video clip and put it into a secure environment.

GLONASS – a Russian analogue of American GPS technology – will be rolled out across the globe by the end of the year. Prime Minister Vladimir Putin made the announcement during a working trip to the Ryazan Region. He also said around 1.5 billion rubles would be spent on developing GLONASS over the next 15 years. GLONASS currently covers the whole of Russia with the help of 18 satellites. By the end of 2010, six more satellites will be launched into orbit, which is enough to cover the entire globe. The Russian government has already launched a program aimed at the practical application of GLONASS technology. Putin himself has proposed equipping all cars made in Russia with a system that will alert the emergency services, via GLONASS, of any accident.

Russia submitted for registration its first carbon emission reduction project under a special United Nations procedure, a step that can signal “a substantial increase” of followers, a UN regulator said Tuesday. The joint implementation project, created under a UN Kyoto Protocol mechanism, will be located at the Shaturskaya thermal power plant near Moscow, the UN Framework Convention on Climate Change said in a statement from Bonn on Tuesday. The so-called JI projects generate tradable emission-reduction units that countries can use to meet their obligations to cut greenhouse gases under the UN climate protection treaty.