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INNOVATION MINDSET: 4 KEYS TO BUILDING A CULTURE OF INNOVATION

You've heard it before: "innovation" is key to success. Yet, what does innovation mean? How do companies develop an innovation mindset that drives meaningful results?

In 2018, more than 1,700 technologists gathered in San Francisco for VMware's internal Research and Development Innovation Offsite (RADIO). The annual conference had a very specific goal: drive the next 20 years of innovation.

Early VMware innovations laid the foundation for enterprise technology advancements over the past 2 decades. With recent announcements like the Virtual Cloud Network and its intelligent digital workspace platform, VMware continues to bring innovative new products to market. Yet, as more and more non-tech businesses become digital companies, competition for talent, customers, and revenue grows steeper every new day.

VMware's leadership team believes it has the culture that will lead its customers and industry into the future. How? From the RADIO main stage, Ray O'Farrell, VMware Executive Vice President and Chief Technology Officer, shared four strategic elements to help you and your company build a powerful culture and innovation mindset.

1. Partnerships: Innovate Together

> Successful innovators are capable of reacting to an onslaught of challenges by turning disruption into opportunity.
>
> Ray O'Farrell, VMware

Across all industries and geographies, competition comes out of the woodwork in the most unexpected ways. Sure, you know who your customers engage in RFPs and the companies within your industry's competitive quadrant. But when you look to the future, your next competitor could be a graduate student, a stay-at-home entrepreneur, or a business that started out in a completely different industry.

The key to success, Ray said, is building innovation by embracing unexpected partnerships. For VMware, that means building an ecosystem designed to "delight" its customers by connecting all the component parts and help them achieve their innovation agenda.

A prime example of this innovation-by-partnership mindset is 2017's VMware Cloud on Amazon Web Services (AWS) announcement. For years, analysts and media pitted these two giants against each other as cloud-computing

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competitors. When the leaders jointly announced their new service offering at VMworld 2017, they transformed from competitors into joint innovators.

"Both VMware and Amazon from the beginning recognized that this would be a game changer. It was a challenge, two companies with very different mindsets. We agreed that we needed a new vision on how we solve customer problems. We did the hard work to debate, compromise, and deliver a new solution focused on our customers," said Julie Noh, VMware senior director.

2. Drive: Relentlessly Move Forward on the "Big Agenda"

Drive is about an organization or team's ability to achieve big, difficult outcomes.

Raghu Raghuram, VMware

The second key to developing an innovation mindset is drive. When viewed through the lens of a company's leadership team, this means innovating with purpose toward a larger vision.

Raghu Raghuram, chief operating officer, Products and Cloud services, VMware, joined Ray on the RADIO stage to delve into the importance of giving employees meaningful challenges that fit into a grander, more strategic big picture. For VMware, which this year celebrates its twentieth anniversary, this is vitally important as it strives for another 20 years of success.

"Unless you have enormous purpose, it's very hard to survive through the tough times. Every day, there are too many challenges. There is a temptation to say, 'this is too hard,' and do something else," Raghu said. "There has to be something grand that motivates people, something everyone can get behind. You need to focus on a big agenda that changes the world, and that's really important to help us break through."

3. Resilience: Embrace Change and Adversity to Drive Innovation

By staying focused on your purpose and goals during times of intense adversity, you can make the impossible possible.

Betsy Sutter, VMware Chief People Officer

With 20 years in one of the most competitive industries in the world, VMware is no stranger to change. VMware Chief People Officer Betsy Sutter credited the company's relentless focus on its core mission and values to not only survive these intense changes, but also come out stronger.

"Resilience resonates with me as one of VMware's core strengths. The sense of resilience, our ability to deal with and take advantage of change, is core to our culture," Betsy said at RADIO.

"To establish resiliency as part of a company's innovation mindset, leaders must encourage positive mindsets within all levels of the company," Betsy said. By using core values as guiding principles, companies can establish a culture that is open to all kinds of possibilities. This, Ray said, is the essence of nurturing innovation despite adversity and change.

4. Diversity: Actively Seek New Perspectives and Ideas

> I am proud of our culture and how we hold diversity at the center of it. But I challenge myself every day that we can and we will do better.
>
> Pat Gelsinger, VMware Chief Executive Officer

McKinsey & Company's 2017 Delivering through Diversity report cited that companies with ethic and cultural diversity are 33 percent more likely to outperform financially. VMware CEO Pat Gelsinger said that while the financial correlation is impressive, the power of diversity lies in its ability to spark innovation and build a better world.

In an industry fraught with bias and inequality, VMware is leading the charge for diversity and inclusion. Standouts among its many internal programs are the global VMinclusion "Power of Difference" diversity communities and unconscious bias training to build a more inclusive culture across all levels of its organization. Externally, the company is investing millions in empowering women in technology, STEM education, sustainability, and underserved communities and peoples, among other efforts.

"Diversity is really key to innovation. That's where the cool and interesting ideas I never considered come from, because it wasn't in my background," Ray said.

A Foundation Built on the Innovation Mindset

When successfully combined with innovation, four key elements—partnerships, drive, resilience and diversity—help create an organization capable of reacting to an onslaught of challenges and ultimately coming out even stronger. As we know, in today's world, it's not just about the product a company makes. It's about the business model, the people and how you make innovation meaningful.

"A true culture of innovation is pervasive across everything you do," Ray said. "Build upon the foundation and protect it. Stay resilient, focus on your customers, and foster diversity to create the ability to disrupt yourselves."

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