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Dean's Executive Leadership Series - 2010-2011

Transcript of Presentation with Deborah Nelson Chief of Staff Enterprise Sales, Marketing and Strategy, Hewlett-Packard Company

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Start

Dean Linda Livingstone: Well, we're here tonight to hear from Deborah Nelson, and I know you're going to enjoy so much what she has to say. She is Chief of Staff, Enterprise Sales, Marketing and Strategy for Hewlett-Packard and, as you know, Hewlett-Packard is probably one of the most storied entrepreneurial firms in our country, and now one of the largest and most successful IT firms in the world. Deborah has been with the company for over 20 years. Really most of her professional career has been with Hewlett-Packard, and she's responsible for worldwide marketing, their services, software, server storage and networking, and leads marketing across five of their global business units, delivering technology solutions to organizations of all sizes, and they are the largest of the three units at Hewlett-Packard with, I don't know, over 50 or 60 billion dollars in sales for the company. So it's a massive undertaking that she's involved with. She's been honored with HP's Recognition Award by the Connect User Group for her dedication to and support of the user community, and she also received the Frost and Sullivan Lifetime Achievement Award for her pioneering efforts to drive marketing excellence at HP. She's also deeply committed to her community and serves on the Board of Directors of Second Harvest Food Bank of Santa Clara and San Mateo County. So we are thrilled to have Deb with us today, and I know you'll be really inspired by what she has to say. And after she completes her remarks, I'll join her up here and we'll have a conversation with her, and with you, to learn more about what she's doing, so Deborah Nelson.

Deb Nelson: Well, good evening. Very pleased to be here to talk about green and what that means to business. Green is a very large topic, and so I thought we'd spend our time talking, honing in on three areas. We'll talk about some of the global trends really affecting how we work, how we play, and what we're doing to the planet. We'll talk about why green is really good for business, and I'll warn you now I'd

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like to have that part be a little interactive, so I'm going to ask you why you think that is good for business. And then we'll end up with some things that all of us can do to really make a difference. So let's jump right in. So when you think about the overall trends, what we call megatrends, that are really affecting the world in which we live, these are the three areas that at HP we're looking at. The first one is around evolving business models. If you think about the companies that are now household names that weren't even around a dozen years ago, think about eBay, Amazon, these firms really have new business models that were enabled by technology. Technology is a great leveler of the playing field, and it's a great enabler of new business models. It can also help to provide market access, and it can also help organizations, or even countries, leapfrog other older generation business models. For example, think about Africa, or think about South America. You know, those countries are not putting in land-based telecommunications. Right? They're going immediately to mobile. And as they do that, they're actually laying the foundation for financial transactions to take place. Some of you probably heard that Starbucks now, you can buy coffee and pay for it on your phone. Well, in some countries in Africa you've been able to do financial transactions for a few years, and the same thing in Brazil. So, you know, the evolving business models are quite different, and they can help developing countries in a different way. Another example is Facebook, a relatively newcomer to the business world. They wanted to translate their Facebook site into French, so they reached out to their user base, and they got it done in one day. Another business model that's changing is auto insurers in Europe, some of them are actually pricing insurance premiums based on the data and feedback from sensors that are in the automobile. Now, for some of us, more conservative drivers, that could be a good thing. For my 20-year-old son, not so sure that's a good thing, but a different kind of a business model. Now these are enabled by technology advancement, and the two biggest trends which all of us deal with every single day are mobility and the Cloud. Think about how often you're, you know, using and pulling services down from the Cloud. I mean, who has looked at a paper map for the last however many years? Right? We're not even doing MapQuest anymore on our desktop. We're doing Google Maps on our phones. Right? In the next decade, over two billion, no, two trillion devices will actually be connected to the web. Think about that, two trillion devices, and over five billion people. This is really going to fundamentally change the kinds of services that we're demanding that we can offer to people, consumers, workers, etc. And technology is the real leveler of the playing field here. It's enabling different business models and bringing more and more people into the world economy, which is a good thing. The fact that the middle class is going to almost triple by 2040 is immense, and that's excellent, but you can be sure that the demand and the expectation of this middle class is going to continue to rise. And the last area is around—whoops. I went a little too fast there—is around—we're missing a slide. That's all right. The last thing is really around the changing population and changing workforce that we have. If you look at global population, it's just skyrocketing. Even in the next decade, we're going to increase the population by 20 percent on earth. Okay. And the changes are not equal across all the geographies. If you think about a country like India, okay, their population between ages 20 and 50 is going to increase by 60 percent. If you look at Germany, their population under 40 is going to decrease by about 30 percent. So that means you're going to have all these new, young people

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going into the market, requiring access in these emerging or developing countries—I would say India has emerged, right—and requiring access. And then in the more mature markets you have an aging population, who has a different set of requirements for services. Now, at the same time, the workforce is changing. All of the great Pepperdine students are entering in, all of our Gen-Xers and Gen-Yers, and you'll have very different expectations of what that workforce, what that working style, should be like. Right? You have consumerization of IT, social media, which has changed how we all interact on a social level. Well, we're still kind of in the, you know, stone ages in a lot of businesses as to how we interact. And so those expectations are really changing. We summarize all this to say the world is really expecting all of us to be, you know, connected to everyone all the time, and we term that "an instant on world," that there's connectivity anywhere, anyplace, anytime, the fact that innovation happens really rapidly. People demand immediate gratification. You demand instantaneous results. The speed and pace at which this change is happening, it's just faster and faster. So with that as a backdrop, there's a cost to this to planet Earth. There are some real implications that these changes have on the world. And, in fact, according to National Geographic, each one of us in America over our lifetime will discard 64 tons of garbage. I mean, that was a little bit stunning to me. And we will burn over 30,000 gallons of gasoline. We will, just reading newspapers, you know, consume 43 trees, and use about 1.8 million gallons of water. So think about the strain on our natural resources when you look at how fast our population is increasing. Now, these are all really big numbers, but it's hard to kind of wrap your head around it. Have any of you heard of the artist and photographer, Chris Jordon? Okay. Well, Chris is a photographer who also believes that this is kind of immense, and how do you get your head around it? And so he started to do what he called an American Self Portrait, and he describes it as "Running the Numbers." And so he takes a specific point of like this, the fact that, you know, there are 2.4 million pieces of plastic floating in the ocean. It's a well-known fact that 10 percent of all the plastic ends up somewhere in our oceans. Okay. But, I mean, how do you get your head around that? So he develops art that is on this topic, and then as you zoom in to it, you can see what we're really talking about. And then, the next one, I'll just show you a couple of these, he talks about—this I couldn't even get my head around—one million plastic cups every six hours on flights in the U.S. And so he depicted it through a geometric design, but as you hone in you see that it's all those plastic cups. So I really encourage you to go to his website. He has some really phenomenal, I mean, I can only really scratch the surface of the kind of art, but it kind of gets your head around, you know, what this is really meaning, and quantifies it. So with all that, you know, how can we be part of the solution, you know? How can we, as individuals, as part of a business, as part of the community, really help to drive the solution? And I think we're all ready for the clean economy to begin. HP has had a long-term partnership with the World Wildlife Fund, and we're part of Climate Savers, which is a set of businesses, world global brands that you would recognize, who have partnered with the World Wildlife Fund to really brainstorm ideas and come up with innovative solutions. Let's hear from some of them.

<video>

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Deb Nelson: So you just heard a number of companies talk about the importance of the clean economy, and talk about the fact that they really see opportunity there. So this would be the interactive part of the program where we talk about why is this good for business. So just raise your hand or shout out ideas. Yes.

Audience member 1: This has become a more, almost a challenging question to ask. We all, I think, would agree that green is good. We need to reduce the amount of carbon emissions. We need to reduce our dependency on foreign oil. But when I look at the video that you just showed, those great big wind turbines are real sustainability in action, but yet the wildlife and the environmentalists supporting bats, not wanting bats to fly into the windmills, have prevented those windmills and wind farms from being deployed throughout California. At what point in time do we say what is reasonable and when do real businesses like HP start to put their path behind making sustainability sustainable.

Deb Nelson: Yeah. And I'm going to talk about some of the things that HP's done, and I think that it's always about, you know, a balance, and, you know, there are always different stakeholders, and, you know, that's the great thing about democracy. Everybody has a voice, but we do have to—and I also think we're reaching the point where the fact that, you know, I could show you a video with all of those companies talking about that this is the right thing to do and good business, means that we're at much more of a turning point than we've been historically. So, yes, so why is it good for business?

Audience member 2: In my experience, government grants have helped our bottom line significantly.

Deb Nelson: Yes. And it makes a big impact. Customers really care about this area. That's for sure, too. Yes.

Audience member 3: You know, I think from a financial standpoint the CFOs listen a little bit more in terms of energy, utilities, and ROI. And it makes a lot of sense for space, because there's server space. There's, you know, a shortage of space, and there's cooling costs. So it's gotten really in vogue this last year, and that change is the biggest tree huggers in the world, but what they understand is that it makes a lot of dollar sense.

Deb Nelson: Well, that's right. Yeah. There are real concrete reasons, and lower cost, it's very, very real when you get to energy. Any other ideas about why it's good for business? Yes.

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Audience member 4: For younger, you're talking about generational employees. You have potential employees who are looking for that, and businesses are going to be more attractive to some of these talented individuals if they have an emphasis on sustainability.

Deb Nelson: That's right. It's not just customers. Employees are also very, very interested in this, and it means a lot to them. So you're right. There are just lots of reasons why this makes good business. Another couple would be, for example, risk mitigation, because of compliance areas, to really get ahead of where you see legislation coming down. The other thing is innovation, the fact that we have to solve problems in new ways can really spur innovation that, you know, wouldn't have happened without the fact that we're all trying to solve this set of problems. Well, now let me get down into what HP's doing, and I'll try to provide some really concrete examples of where we're driving sustainability. And to frame this, we think about this very holistically. We think about it from the standpoint of what do we do as a company with our internal operations? How do we help customers? What do we do with our partners and suppliers, as well. And to frame the problem, we think about, you know, if you look at carbon emissions globally, two percent are due to computers and telecommunications. Okay. So there's ninety-eight percent that are outside of that. So when we look at this—yes.

Audience member 5: What's ICT?

Deb Nelson: It's information. It's basic. It's like information, and computers, and telephony. So it's computers and telecommunications predominately. So we look at this, and we say, "Guess what? We need to care about the 2 percent. We need to drive that down, but we really want to also think about how do we attack that 98 percent?" Right? How can technology help solve some of the waste and issues that are on that other 98 percent? An example would be publishing. You think about books. A new book that is, you know, on the market, probably 30 percent of the copies that are made are never going to be sold. Publishing and magazines consistently have overruns. So one of the things we have is a Cloud service where you can personalize and print just the number of copies that you want of any particular item, no overruns. You print it when you want it, and you print it from a customized perspective. That's an example of applying technology to an industry to help solve some of the challenges. So we think about it both of those ways. Now, I like to say that HP cared about green before green was cool. In 1957 our founders, that's Dave Packard and Bill Hewlett, actually got their senior leaders together and they said, you know, "We want to have a corporate objective around social responsibility and global citizenship." And they defined that to mean giving back to the communities where we live and where we work, and environmental sustainability. And I bring this up because I think it speaks to why we think about sustainability kind of holistically, and why it's in everything that we do, and I'll talk about some of the programs that have been going on for over 20 years. For example, our recycling program, which we

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started in 1987. You know, HP recognized that we needed to be able to think about the whole lifecycle of electronics, not just creating them and pumping them out the door, but what do you do with them at the end of their life? And since we've had these programs for so long, many of you, hopefully, know our consumer printers, and you know the little ink cartridges, and that little envelope that you get with your ink cartridge that you can send your empty cartridge back to HP. Well, we have kept over a 160 million ink cartridges out of landfills. And if lay those end to end, it would stretch all the way from the southern tip of Africa all the way to the northern tip of Arica. And we had some goals in addition to obviously recycling electronics. So we met our goal in 2007 of a billion pounds, and our latest goal was two billion pounds by the end of 2010, and we're still calculating. We know we're pretty close. We don't know if we actually met that goal. But one of the things that you'll hear as a theme, as I go through this, is, you know, HP's a big, and probably our engineering roots on measuring, right? So we like to state a goal, make it really transparent, publish it, and then measure it. And that is a, you know, big way, a very important way to help move the organization in the right direction. Now, when you think about recycling, you have to actually think about recycling back when you're designing the product. So one of the things we did in 1992 was a program called, "Design for the Environment." So this has been an ongoing program where we actually train our engineers. How do you think about sustainability when you're building products? How do you build them to be energy efficient, so you really think about how you reduce that energy usage? How do you really think through the materials you're going to use, so that you minimize the adverse environmental impact? And then how do you design for recycling, because you want to do it in what we call a tool-less design, so you don't have a lot of nails and things like that. You can just snap things together, so you're actually thinking about the design for the end of the life at the beginning of the life of a product. Now, as a result of this, you know, we sell a lot of PCs. One product line in our consumer desktops over 18 months was able to save enough steel that they could have rebuilt the Eiffel Tower. If you look at our servers, our storage, our networking, the energy efficiency that we're now building into those products are the equivalent of taking over a million cars off the road for a year. Now, I talked about products. What's also very important is how we work with our suppliers. Okay. We have one of the largest, if not the largest, supply chain in high tech. We build a product, 3.5 products every second. Okay. We have over 700 different production suppliers, and over 300,000 workers around the world actually build our products. So one of the things we did, and we're the first major IT vendor to do this, is we actually published a Supplier Code of Conduct in 2003. And this was about, you know, making sure that our suppliers were protecting human rights and dignity. They had the right safety and social standards that obviously minimize environmental impact, and then standards of business conduct. Then in 2008, we went one step further, and we actually published the list of our suppliers, and we calculated the aggregate greenhouse gases and published that across our whole supply chain, so we really looked at it from an end-to-end perspective. We also, from an internal operations perspective, consolidated all of our data centers. So there are our internal data centers. These are the ones that, like, run our supply chain, and run our financials. And we were able to, from that consolidation, save enough energy that it would power Palo Alto, which is where our headquarters is, for a year. And we also extend that to our customers. We

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have a very large services business, where we actually run customers data centers. And we just built one of the greenest data centers in Wynyrd, UK. Now, this data center just opened in February, 2010, and to build it we really worked with a lot of leaders around the globe, like Rocky Mountain Institute, which is a research organization focused on reducing carbon emissions. And part of when you make a sustainable data center, you want to use the environment in which you place it to help you run it. And so we actually—Wynyrd is in the northeast corner of England, right on the North Sea. It's cold, and we don't have to air condition this data center most of the year, because we use the ambient air from the North Sea in order to cool it, and we can mix it with the internal air in order to get it to be the right temperature. We've also done a lot of things like reclaiming all the water, a lot of things with lighting, you know, painting everything white so that there's a lot of reflection. You don't need as much energy. This data center, which, again, this is where we run our customers out of, has about half of the carbon emissions of any standard data center. Now, if we could do that, and replicate that, that would make a huge impact on that two percent that I showed you. This actually won the prestigious Green Enterprise IT Award from the Uptime Institute this past year. So as I said, we're really big on publishing our goals and measuring ourselves, and so we have lots of goals. They're on the web, published for the world to see. We will hopefully, in the next couple of months, be publishing how we did in 2010 against our goals. But this is actually a resource. You know, if you're interested in looking at this for how you can do it for your company, it's all on the web, available for you to look at, and it really keeps us honest, as well. And it's one of the reasons that we actually became the technology supplier for the Climate Change Conference. It just happened in Cancun in November and December. We actually provided over \$8 million of technology and services for them, and the reason that the Mexican government chose us was because of our corporate commitment and our track record to environmental sustainability. Now, I've talked about us. Let's talk about how we help our customers, as well. I have a few examples of that. Disney, just down the road here, is a very long term HP customer, and they're not obviously only about animation and magical theme parks. They have a very long and deep corporate culture in the environmental sustainability. So they actually came to HP and said, "Look, you know, we do printing," and most organizations have this, where printing is a part of a lot of different work processes that you do. And a lot of times people have, you know, some printers over here that are kind of broken down, and printers over here that are never used, and they feel like they're wasting a lot. Well, what we can do is we went in, like at Disney, and really looked at and assessed how they're using imaging and printing with their workflow. We were able to take out 60 percent of their devices, and give them better uptime on all their printers, and save about 1.5 million pages per month that they're printing. And this is what we call "low-hanging fruit," because these are relatively painless ways of going in and helping customers really reduce their environmental footprint. And then with Citigroup, we went in with Citigroup and helped them work their data centers to reduce the greenhouse gas emissions. They had a goal in 2007 to reduce by 10 percent over the next five years, and so we went in and helped design and retrofit data centers for them in order to make that happen, including their new LEED Gold certified data center in Texas, which I believe is the only one, or one of the only ones, in the U.S. Oh, okay. Sorry. It won't let me go back. There we go. So next I'm going to show

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you a video on UPS. So far I've talked a lot about how we reduce the footprint, you know, of technology. Well, it's also about how do you automate business processes to really make a difference, and so let's hear from UPS.

<video>

Deb Nelson: So that was a good example of joint innovation with a customer, where they came to us with this problem, because what they used to do is they have little trolleys with the printer and a PC on it, and they would run around the floor of their distribution center. When you're moving, you know, 15 million packages every day in 200 countries, you know, you've got to figure out ways to really be efficient. So this was an innovation where you basically have a barcode reader, a paperless inkjet printer, a wireless communication, and a lithium battery, and you're able to do that in a very efficient way. Now, we also, being a technology company, are thinking about the future, and what in the future can we do to help drive environmental sustainability? In fact, in 2008 we have implemented a sustainability lab, and they're working on a whole host of things, like how do you take all the copper out of a data center and use light to move data around? So things that, you know, are not going to be here tomorrow, but really for the future could be huge in providing environmental sustainability. But here's an example of one in the sensor area that we're doing.

<video>

Deb Nelson: But this is, you know, the guy who runs this lab talks about what if the earth could twitter you, right? Because really, if you're going to help the earth, you've got to be able to monitor it and really understand what's happening with it. And so this R&D is all about how do you make really inexpensive, tough, but very sensitive, sensors that can be placed everywhere, by the side of the road to understand traffic, on different structures to be able to feed data to really understand and monitor the health of the overall environment. And this can really do things, like, you know, will help make life better for today, but certainly will provide the foundation for awareness of what's really happening in the environment over time. So some examples, there's lots more that we're doing, but those are some examples of some of the things that HP's involved in. Now, when we talk about what each of us can do, there are three things that we can, in general, take action around. One is to volunteer and really get involved, understand what the issues are, and, you know, start an e-waste recycling center in your neighborhood. You know, start a recycling program at your office, if they haven't done it. And we have some tools, because a lot of our customers want to know and understand more about, you know, how do I, you know, what are some tools to help me? How can I do this? Well, one thing that we have on our website is a carbon footprint counter,

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calculator, so you can put in what your environment looks like and actually calculate what your carbon footprint is. We also have some case studies. The Gartner one, Gartner Analyst firm, did one for us on environmental sustainability, and they used our San Diego site, where we put solar panels in, as a case study. And then Accenture did a case study on HP talking about how do you build a sustainability program? What are all the elements of how you think about it? How do you measure it? Even how does it affect all the way through to pricing of product. So a couple of interesting case studies that you can use as resources. And then, of course, vote, and I don't mean just making your voice heard in Washington and Sacramento, although that's very important. But I mean voting everyday with your dollars. That is a big way to tell companies what you care about, and, you know, making it a criterion for purchasing, and where you're going to put your personal dollars is a big deal. And then making a personal commitment to make a change, to really, you know, rethink what you're doing, reduce, you know—I certainly knew some of these stats, but, you know, this was good for me to come here and put this pitch together, because now, boy, am I really even more personally committed to reducing my footprint. I don't want to have 64 tons of garbage in my lifetime. So, you know, just really making that commitment for what each of us is going to do, and that makes the huge difference. So with that, I want to thank you for your attention. You've been a great audience.

