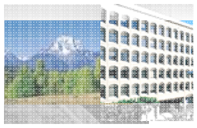
Spiritual Principles in Business Relationships
SPiBR.org LLC



Alliances … simply about Value

simplicity on the other side of complexity

2-Slide Examples

in the midst

- **Value-Impediments**
  - **HP/MS Cultural Differences**
    - divergent factors impacting strategic decisions
  - **SAP/HP – alliance effectiveness** (dealing with cultural differences)
  - **Spanning Cultural Chasms within HP – between HP/IPG and HP**
  - **HP/IPG alliance effectiveness** (internal cultural differences w/in HP)
  - **American-German Intercultural Gap**
- **Incremental Value**
  - **SAP/HP – strategic business context (HP Printing & SAP)**

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Microsoft

HP/MS Cultural Differences (1997-2002, ref: Nov 2007 HBR article)

in the midst

Cultural Differences	
HP's View of Microsoft ▪ Excessively competitive and confrontational ▪ Controlling, paranoid and greedy (unstated values) ▪ "Win / don't care" partnering mindset ▪ Focused only on wining the deal ▪ Packaged s/w mentality – commoditizes everything, including partners	**Microsoft's View of HP** ▪ A non-player in professional services ▪ Falling behind its competitors ▪ Slow, bureaucratic – a laggard ▪ Unable to execute consistently and predictably ▪ Conflicted sales strategies (UNIX vs. NT in late '90s)
HP's View of HP ▪ Collaborative mind-set – looks for common good ▪ Reinventing itself – trying to get more focused under new CEO's leadership (Carly Fiorina) ▪ Disciplined – takes a long-term, mature approach to evaluating new opportunities ▪ Win/win – actively seeks the other company's wins ▪ Flexible – looks for creative deals	**Microsoft's View of Microsoft** ▪ Competitive, fast-moving and entrepreneurial ▪ "Our products are changing the world ▪ Center of the new economy ▪ Focuses on MS' wins, assumes others do the same ▪ Unappreciated for positive things MS does for the world ▪ Brings partners into deals, they should be grateful
Recommendations ▪ Focus on **complementary strengths** – HP's: complex sol'n selling, long-term relations & perspective, risk-mitigating, collaborative; MS's: product expertise, short-term wins, rapid decision-making, risk-taking, competitive orientation. ▪ Align to **different perspectives** – MS is focused on competitive wins, HP is focused on value to customers. ▪ For HP: align into MS's perspective, assertively sell HP's strengths, under set & over-deliver on expectations.	

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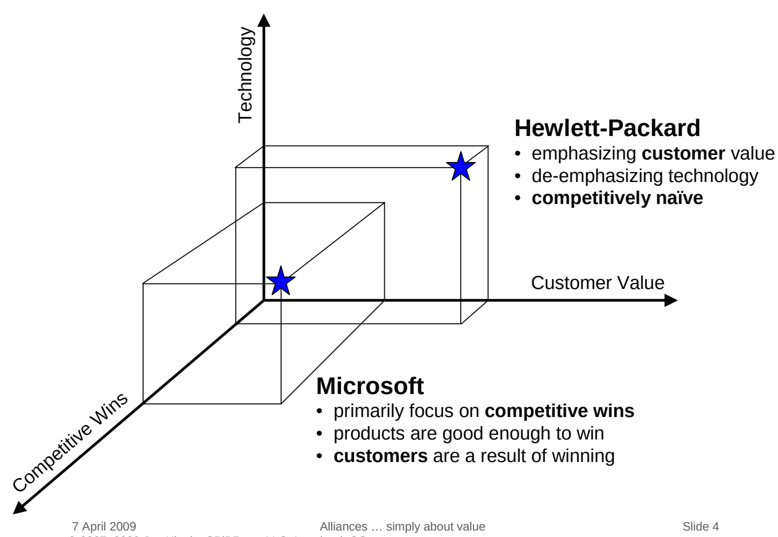
Hewlett-Packard/Microsoft Alliance

divergent factors impacting strategic decisions (1997-2002)

in the midst



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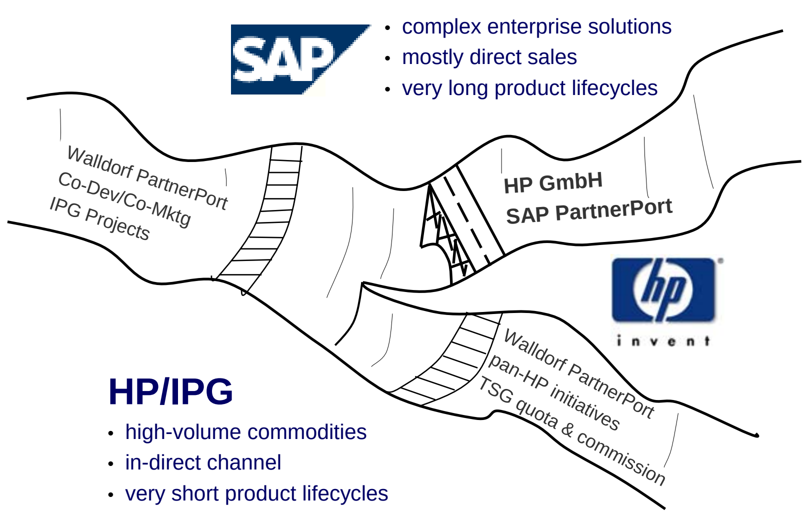
SAP/HP – alliance effectiveness: dealing with our cultural differences – July 2005

Cultural Differences	
SAP's view of HP • 1992 (R/3 dev & launch) HP helped "re-make" SAP; strong IBM history, too (esp. at CxO level) • in field, viewed as a hardware vendor – a "boxen schieber" (just selling boxes, after the s/w, no sol'ns) • HP's incremental bus value to SAP is unclear • skeptical of IPG's enterprise strategy – staying power, consistency, patience; IPG has sometimes over-set & under-delivered on expectations	**HP's view of SAP** • weak formal co-R&D value-creation processes, ad hoc • top-down decision-making – process-oriented • 1:1 interpersonal "working" relations are critical • lack of perceived urgency – needs to think, discuss • strategic partner – $3.4B/year in leveraged bus
SAP's view of SAP • #1 enterprise application company • engineering-driven / becoming more market-driven • a cautious & conservative company • German ... and proud of it ... yet, "the most globally-oriented company I've ever seen", Shai Agassi	**HP's view of HP** • strong in SAP ecosystem - >50% h/w share • somewhat on par or better than IBM (not IGS) • unique breadth of products & services

Recommendations

- SAP culture is very similar to the "old HP" (pre-merger) – comfortable interpersonal relations
- start small – think big – under-set & over-deliver on expectations – earn trust & confidence
- stay focused – achieve strong success, build confidence – then expand
- continue building cross-IPG coordinated strategy & linkages
- strive for consistency – strategy, programs, commitment, management linkages

Spanning Cultural Chasms – from HP/IPG to the rest of HP and SAP



HP/IPG – alliance effectiveness: dealing with HP-internal cultural differences (SAP-focused; "HP" in this case means the rest of HP, excluding IPG) – July 2005

Cultural Differences

HP's view of IPG	IPG's view of HP
• unknown – a separate company from HP – support mechanism/path differences • strong in the consumer market • HP's profit engine via ink (a tiresome message) • high-volume box mfg with indirect channels • no enterprise strategy/offerings, except printers • strong CSG interests – to build pan-HP story	• struggling to be profitable • #2 or #3 in their businesses – no clear leadership • overly complex & slow – how can IPG tap in? • not aggressive enough
HP's view of HP	**IPG's view of IPG**
• main competitor = IBM – we can beat them (IGS is a major threat – apps & bus process) • #1 hardware platform for SAP - >50% share • recovering from the merger – possibly stronger • struggling with consistent & focused strategy & messaging – need differentiators	• we bring in 120% of HP's profit • market leader – dominant – very successful • the "old HP" – with leadership & profit – the "HP Way" is alive & well, here

Recommendations

- leverage off of our strengths & success – "better together" – we have much to teach each other
- help the rest of HP understand IPG's enterprise value-proposition and why/how they can carry our message to SAP & their customers – absolutely unique & differentiate pan-HP story (e.g., DP&P)

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American-German Intercultural Gap

ref: *Kiss, Bow, or Shake Hands: how to do business in sixty countries* by Terri Morrison, et al.

Apparent Similarities – the 'veneer'

- Problems are worked "one thing at a time" – monochronical problem-solving.
- Punctuality, directness & honesty are highly valued.
- Both are future-oriented, competitive & practical.

Cultural Differences

Americans	Germans
▪ In business, being liked & accepted is important; acquaintances are referred to as 'friends'; being outgoing is the way to make friends. ▪ Not shy about expressing pleasure or revealing personal details. ▪ Compliments are given freely & expected – impatient with criticism, insatiable for praise. ▪ Perpetually optimistic – let's "make a bad situation positive". ▪ More individualistic rather than collective. ▪ Uncertainty & risk-taking are valued, viewed as courageous. ▪ Ambiguity, flexibility, on-going brainstorming is status quo. ▪ American leaders & managers define goals, makes decisions, distributes tasks & makes sure things get done – motivates & coaches. ▪ American culture considered masculine, proactive, optimistic, ambitious, hardworking, innovative & energetic. ▪ Tend to see Germans as opinionated, argumentative know-it-alls, who tend to over-analyze, excessive information needs & lots of group discussion.	▪ In business, emphasis is on content, fact-oriented – the unconscious objective is to appear credible & make objective decisions. ▪ Willing to explore all sides of an issue – even it means being unpleasant & confrontational. ▪ Compliments are redundant – job well done is simply expected. ▪ Making a "bad situation positive" is mathematically impossible. ▪ More collective rather than individualistic. ▪ Strives for uncertainty avoidance, minimize risks. ▪ German leaders & managers are both experts & mediators – convinces, doesn't order. ▪ German culture considered masculine with feminine undertones, prefer to work collectively with a well-established plan, quality of life & office atmosphere can be more important than salary. ▪ Tend to see Americans as naive & superficial.

Recommendations

- Have a sense humor – laugh at discovered differences.
- Be a bit less task-driven – don't over-drive individuals or the relationship.
- Be tolerant of failures – setbacks are part of the adaptation process, don't get frustrated.

SAP/HP – strategic business context

SAP/NetWeaver / HPDS – 12 Nov 2003; Walldorf, DE

(R. Wedel, C. Wachter, A. Cooke and J. Kittel)

Fundamental Business Objectives

SAP's	HP's
• Spring '04 public **endorsement of SAP Web AS** • significantly reduce **TCO** & increase customer satisfaction – new SAP strategic imperative • remove "(printing &) output" **pain** for SAP & SAP's customers • influence license **sales** – up-/cross-selling to installed base & sales to new customers • help SAP reduce investments – **focus on core** business objectives vs. spooling	• **broad deployment** of HP OMS solutions • deliver on "**printing in the enterprise**" Corp Obj • increase license & services **sales** for HP's OMS solutions (HPOS & HPDS) • leverage off all of **HP's enterprise strengths** – output management, systems management, enterprise systems & services • raise "output" considerations **earlier** w/customers

Key Underlying Interests

SAP's	HP's
• accelerate adoption of **Adobe forms**, return on SAP investments • reduce SAP customer **support**, re: output	• **differentiate** HP on-/off-ramp devices • accelerate growth in "printing in the enterprise" **services**

Possible Teaming Scenarios

- engineering-level relationship to port **HPDS to Web AS 6.30/6.40**
- TCO-driven, **tightly-integrated HPDS/WAS packaged solutions** (e.g., CRM, Fin, Sales & Dist'n – maybe w/ DP&P or DPS for more strategic solution) – e.g., unified install, mgmt, etc.
- **OEM core output management module** in NetWeaver (tee-up in exec-level briefing – vision)
- **SAP/Adobe/HP forms+output triad solutions**
- explore **mid-market/SMB** plays