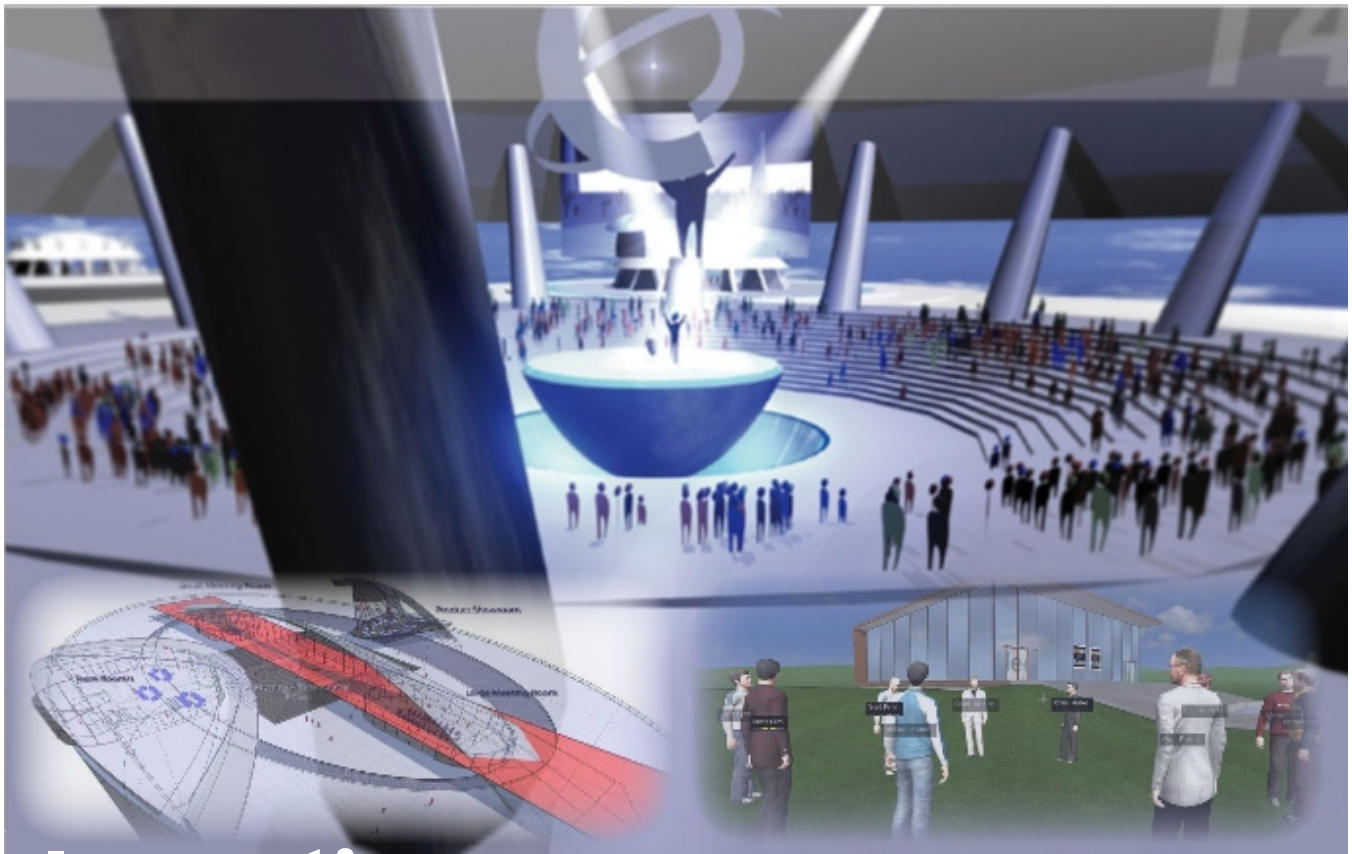


Innovation: Key to Growth and Success

by Phil Edholm

Innovation is the key to growth and success of technology companies like Nortel. It is not constrained to improvements in a single technology or product, but can affect entire companies and marketplaces. At full potential, innovation occurs not only in product, but also in process, and the process of innovating is itself subject to change and improvement over time. To deliver a continuous stream of innovation, Nortel exercises multiple sources of innovation – internal problem analysis and ideation, customer-collaborative innovation, and partnership with key industry leaders through our external research program. These sources of innovation then intersect with multiple processes for innovation: from classic incremental methods to agile development processes to a robust incubation program. These sources and methods are pursued with a relentless focus on execution, all intended to produce that next innovation characterized by sustained value and differentiation ... the "Killer Innovation".

Innovation is the difference between truly successful companies and those that merely exist. We all recognize that innovation can make the difference in a product, in a market, in a company. As Dr. Curtis Carlson, CEO of SRI International asserts in his book *"Innovation: The Five Disciplines for Creating What Customers Want,"* companies must "innovate or die." Certainly, this assertion has been borne out repeatedly in the marketplace.

It is critical, however, to also recognize that innovation can come in many forms and can change throughout the life cycle of a technology or product. Early in the cycle, innovation may focus on the core components, while later it may center on processes or interfaces.

The life cycle of mp3 players is a good example of how innovation can change as the life cycle progresses. Mp3 devices were a significant innovation when they first hit the market. Rather than a device requiring separate media, such as cassettes, they allowed the new mp3 audio to be loaded, first on a device with a hard drive. As this product space matured, innovation focused on improving the "device size and disk size" (smaller device/larger disk).

Then, when Apple introduced its iPod player, innovation took a significant leap, focusing instead on a simple "non-techy" user experience. The iPod was not the first small portable mp3 player, nor was its innovation about the basic concept or the components. Rather, the innovation lay in the combination of the user interface and the iTunes capability, which made populating the player with music more effective through a simple interface and drag-and-drop insertion. With the iPod, Apple focused not on the disk size of the device, but rather on the value of a player by enabling the device to deliver a range of music in an easy-to-access way. This easy-to-use interface, combined with advanced device size reduction, large disk size, and hip marketing, enabled Apple to capture more than 80 percent market share. Sony, which has been a leader in both the cassette-based portables (Walkman) and the early digital (mini-disk and disk-based), lost as the innovation changed from the way music was stored in the device to the user interface. The next step, from disk to flash, is now an evolution and Apple continues its position through this change.

Innovation can also happen in a process. A process can be many things, but generally it is the way something happens. A process – whether to enter a product order or build a car – has steps. A process may have limitations or be inefficient in the number or sequence of steps. Many of the innovations of the last 15 years in IT have come about by changing business processes with technology.

For instance, eBay is an innovation that replaced classified ads. This change meant that instead of a classified ad reaching perhaps a hundred thousand people in the newspaper, it would reach tens of millions on the net. And where maybe only 5-10 people that were reached by the newspaper might be interested in a used Mickey Mantle baseball card, thousands are on eBay. Similarly, if you want to buy a Mickey Mantle

From ideas to disruption – Nortel's Incubation program

by Paul To

Innovation is about the creation and delivery of new customer values to the marketplace. To fast track this process, Nortel initiated a comprehensive Incubation program aimed at encouraging the company's "intrapreneurs" to "think big" with their ideas – to focus beyond incremental product improvements and on the rapid creation of wholly new products, technologies, and business models that will have a disruptive and transformative impact on the market.

Within its first 10 months, the program has spawned a host of internal venture projects. Two of these – an interactive 3D virtual environment called web.alive and a new Consumer Electronic Portal – have already progressed to customer trials with an impressive revenue forecast.

The prime objective of the Incubation program is to provide the funding, processes, and nurturing environment necessary for rapid innovation. Specifically, the program is structured around three major components:

- a Venture Process model;
- a "100 Days to Disruption" Innovation program; and
- a creative "idea" environment called the Open Innovation Labs.

Venture Process model

The first component – a Venture Process model – serves as the foundation for the program and is guided by a New Venture Council (NVC) that essentially operates in a fashion similar to that of a venture capitalist (VC) firm, except with the goal of nurturing and investing in *internal* ventures.

Like the model used by many VC firms, Nortel's Venture Process model is comprised of three phases: Seed, Angel, and Venture.

Seed/Angel phase: Early on in the ideation process, a team of coaches engages with employees to help them develop, test, and morph their ideas. Once an idea is ready to be presented as a formal business plan proposal, the New Venture Council meets to listen to the employees pitch their business plan. Winning ideas will be funded typically into Seed or Angel phases (a seed project receives up to a specified amount in funding; an angel project receives incremental increasing funds). Funded teams are then assigned specific milestones and timeframes, and they meet regularly with the coaches who help them adjust strategy based on what the teams learn along the way.

Venture phase: At the end of the seed/angel phase, and if a team has met its milestones and validated its business plan, the project then has the opportunity to graduate into a full-blown venture. In this venture phase, the team receives appropriate funding and essentially becomes an internal start-up, with the objective of executing the business plan with a typical time-to-market goal of 12 to 18 months.

"100 Days to Disruption" program

While the Venture Process model provides a structured funding and decision process for promising ideas, the "100 Days to Disruption" program aims to work at the grassroots level to generate ideas and foster a collaborative ideation process, which ultimately leads to the creation of a pipeline of innovation for the Venture Process.

Over the last nine months, the Incubation team has worked with the top minds in the Innovation field and studied the best practices of large companies, which all face the similar "Innovator's Dilemma." This best-practices research

generated three key "learnings:" (1) that most ideas fail in their initial form; (2) that most great ideas are a result of morphing a "failed" idea in an iterative process where great and passionate teams work together to develop, test, and morph their ideas to commercial success; and (3) that the more diverse the background of people involved in an ideation process, the greater the team's chance to hit upon truly disruptive ideas. And of course, the focus on creating customer values needs to be the center of any innovation process.

Nortel's "100 Days to Disruption" program embraces these learnings and industry best practices, including those from Dr. Clay Christensen and Dr. Mark Johnson and their Innosight Institute and Dr. Curtis Carlson of Stanford Research Institute. At the same time, the program is designed specifically for the context and culture of Nortel, with an ideation process that provides tools, education, and coaching as well as engagement with employees in a 100-day ideation cycle.

During this cycle, ideas are generated and vetted. Collaborative teams are formed across functional boundaries. Ideas are then transformed into concrete, specific, and disruptive business opportunity proposals, ready to be fed through the Venture Process.

The cycle aims for completion within 100 days, transitioning through the following five steps:

1. Identify opportunity areas (five to 10 days)
2. Generate idea list (14 to 35 days)
3. Hold a disruptive business-shaping workshop (two days)
4. Build business plans (42 to 56 days)
5. Decision-making workshop (one day)

At the end of Step 5 (decision-making workshop), the winning business plan(s) are funded in the Venture Process as either a Seed or Angel project. In 2009 the Nortel Enterprise team expects to run multiple cycles, with each cycle focused on a specific area within the Enterprise business.

Open Innovation Labs

The third component of the Incubation program involves the Open Innovation Labs (OIL) where Nortel partners with selected universities to create a rapid prototyping environment to quickly test and validate ideas. A true "idea" laboratory that recognizes that innovation is about "failing forward" and that no idea is perfect on its first try. The key is to rapidly engage and see, and then learn, adjust, and re-engage until an idea morphs into something of true value to the marketplace.

Figure 1: web.alive

Within this highly creative environment, idea generators have access to the university partners' development, student and faculty resources that can produce rapid prototypes. Via the innovation lab, we can also engage customers, sales engineers, and the ideation teams in an iterative design process so that they can quickly explore, understand, and identify unmet needs of the customers and validate possible solutions. In this way, the innovation teams are able to tangibly demonstrate the value of incubation ideas and opportunities, as well as keep the sales teams involved in strategic dialogs with current and future customers.

web.alive: An early success example

One of the first key projects to emerge from the Incubation Program is a 3D virtual-world communications and collaboration platform, developed internally under the codename "Project Chainsaw." Now under development as web.alive, this virtual-world software application provides an immersive, interactive, and web-integrated experience with 3D voice and graphics that help facilitate on-line collaboration (see photo). For example, businesses can hold virtual web-based meetings and allow employee avatars to interact in real-time. This new collaboration platform leverages several technologies, including voice, HD audio, presence, identity, and corporate security technologies, and combines them to create new web-based communications experiences, such as for ecommerce, business meetings, and training. (For more on web.alive, see *nortel.com* as well as *projectchainsaw.com*.)

The web.alive platform is currently being trialed with several lead customers across different markets, including solutions that will transform e-commerce. It has also received many positive reviews from customers, analysts, and the press.

Recently, web.alive has even been awarded 2009 Unified Communications Product of the Year by the Unified Communications magazine.

Paul To *is Leader of the Revolutionary User Experience Team in Nortel's Enterprise CT/SO.*

baseball card, there may or may not be one listed in the local paper, but there were, in a recent check, some 4,000 listed on eBay. So the eBay "process" expanded the participant footprint by three to four orders of magnitude and revolutionized the industry of buying and selling items. This expansion then led to the creation of "storefronts" that sell virtually anything, often without having any physical space to meet with customers.

Along with its many forms and permutations during a life cycle, innovation also has varying degrees of value. Some innovations may have incremental value or a relatively short life (witness the continuous cycles in consumer electronics), because the relative difference can be easily overcome by competitors. To succeed with this level of innovation, a company must deliver continuous innovation in small steps. Often, incremental value is best achieved through processes, such as Lean Six Sigma, where continuous innovation yields incremental improvement. The Japanese manufacturing industry achieved great success through this process of continuous improvement.

At the other end of the value spectrum is the "Killer Innovation" – an innovation that is characterized by sustained value and differentiation. It is not easily replicated and is protected by patent or an eco-system that hinders the ability of competitors to respond. Killer Innovations can change market positions, but are much more challenging to implement.

Killer Innovations have always been the driving force of Nortel. The times we have surged forward in our businesses at Nortel have been driven by innovation. While we have had all types of innovation – incremental and killer, product/technology and process – the Killer Innovations have led to sustained value. For example, in the enterprise data business, Split Multi-link Trunking (S-MLT) enabled simple core redundancy with active-active operation. This innovation – using a standard in a new way – led to many years of differentiated value that continues today across our Ethernet

switching portfolio. Similarly, applying modulation and other techniques from the wireless domain to create the 40- and 100-Gbit/s optical systems has led to a significant advantage. How long that advantage will be sustained will determine whether it is indeed a Killer Innovation.

Nortel has also leveraged process innovation to achieve leadership, such as with the Norstar solution and carried forward to the Business Communications Manager. An excellent key system, the real differentiation of Norstar was the process by which units were delivered to the channel, resulting in superior value and market leadership. While not a technology or product, this was a Killer Innovation due to the sustained market leadership produced.

Execution: The difference between innovation and ideas

The key difference between an innovation and an idea is the ability to execute. Without an execution strategy and plan, the idea that is the seed of the innovation will fail. The road is littered with innovations that have failed due to poor execution, and often those innovations are taken up by companies that can execute better.

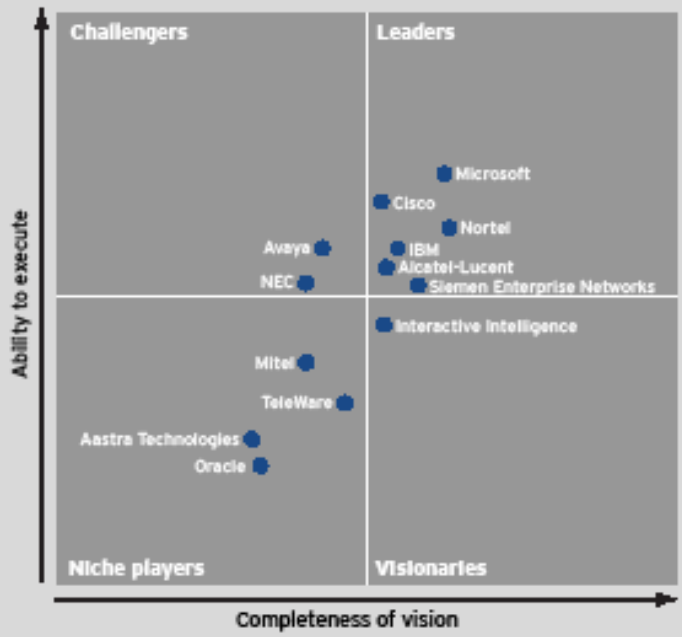
Nortel believes that a good example of the evaluation of the ability to innovate in a market is shown by the Gartner Magic Quadrant* analysis. Gartner analysts evaluate UC product producers based on the quality, efficacy and overall maturity of the products, systems, tools and procedures that enhance individual, group and enterprise communications. Figure 1 shows the September 2008 Magic Quadrant for Unified Communications. *Used with permission.

So in any strategy for innovation, it is important to focus equally on the creation and the execution of ideas. Furthermore, the execution strategy must include a complete plan – from technology/product development through to operations, marketing, sales, distribution, and partnerships.

Sources of innovation

Ideas for innovation can spring from many areas, including customer interactions, research, general observation, etc. Most innovations, however, come from identifying a problem that limits the value or use of something. The challenge is being able to clearly see the problem and understand the parameters so that ideas to solve the problem can be applied. Often the problem is seen only when the idea for the solution is

Figure 1. Gartner Magic Quadrant for Unified Communications, 2008*



Magic Quadrant for Unified Communications, 2008; Bern Elliot, September 12, 2008

"This Magic Quadrant graphic was published by Gartner, Inc. as part of a larger research note and should be evaluated in the context of the entire report. The Gartner report can be viewed at: http://www.nortel.com/promotions/gartner/magic_quadrant/uc_2008_report/index.html"

As of September 2008

*The Magic Quadrant is copyrighted 2008 by Gartner, Inc. and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for the marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

also apparent. For instance, eBay was conceived when an on-line bulletin board had someone do an auction and a bid came from the UK to a seller in the US. It was then that the innovation light bulb came on: the web could extend the distance of selling and an innovation was born.

Innovation can also come from studying a problem and proposing many possible solutions. Edison's light bulb came after thousands of tries. Innovation can also be generated by combining the thoughts and strategies from one area to another area, as Nortel's 40/100 Gbit/s optical solution demonstrated.

Indeed, the opportunities for innovation are all around us. We need to find them and turn innovation from an art into a discipline. The critical questions are: How to innovate? Can innovation be programmed? Is it random or can programs be implemented to foster innovation? Can innovation be planned?

Companies that are known for their innovative position believe that innovation is not a random thunderbolt, but rather a process and culture that can be developed, fostered, and grown. HP has *Invent* as the tag-line to its logo and believes fundamentally that innovation is critical to the success and growth of the business. HP put innovation at the forefront of its culture and has built continued growth as a result.

At Nortel, innovation is critical to our success, and certainly is the case in our enterprise business. A culture of seeing problems not as liabilities but rather as opportunities for innovation is critical for long-term success. For Nortel Enterprise, the market is looking for innovation, from how communications and applications are brought together to how the wireless campus is enabled. Innovation is a focus, but also a passion.

Innovation – Out of the closet, Into our lives

Early in the life cycle of a technology, innovation often occurs far from the eyes and senses of the user community. Early innovations in telephony, for instance, were as simple as using relays instead of operators. Over time, innovation moves closer to the user and eventually becomes focused on the user and the user experience. While core network innovation may continue, often Killer Innovation moves towards the user — witness the iPhone. While 3G applies to all mobile phones, the user interface and other characteristics of the iPhone have made it a market winner … a Killer Innovation.

Eventually, innovation moves to the end customer itself. For example, the Patient Discharge solution that Nortel developed for Orlando Regional Health was based on understanding a problem (long discharge times) in the process of managing patients in the hospital. By bringing practitioners together, the resulting innovation was in integrating communications into the process to dramatically reduce the time for discharge.

As the communications and networking industries mature, the innovations of the past become the commodities of the future. To innovate, we must look to new areas, and accelerating business processes through communications integration is a critical area for discovering future innovation ideas. As we focus on understanding customers' problems, the ideas that will solve them through our technology will deliver the killer innovation. Nortel's rapid development process, introduced by our ACE (Agile Communication Environment) team, is designed to move the innovation focus to the customer, find the customer problems, ideate and innovate in days, and then validate the result. With this level of local innovation, transformation moves from months and years to days and weeks. With this customer interface innovation model, creating the right innovations for the right problems is inherent in the process…another innovation in itself.

Delivering innovation

The process of innovation starts with ideas, and those can come from many places. There are some critical considerations, however, beyond just gathering ideas. In the book *"The Innovator's Dilemma,"* author Clayton Christensen suggests that existing players in a space will often miss and be compromised by innovation that comes from a new area. He suggests that we need to understand how new technologies can change our spaces and also how to ensure that our offers can change with the market. We need to ask the question: What if? What if the basic rules change?

When looking for innovations, a wide net needs to be cast, not just to customers and employees, but also to external groups – consultants, analysts, academics, think tanks. The accompanying sidebar to this article (see page 44) details how Nortel's External Research efforts are fostering idea generation and innovation by engaging with technology thought leaders and provocateurs.

Regardless of where the ideas originate, the challenge lies in the execution of the innovation. Product innovations that deliver innovation either to existing products or to new products into existing markets are generally delivered by developing the innovation through internal advanced research and development, partnerships in external research, or by acquisition and rapid integration into the existing product/delivery organizations. Moving to new markets for existing products may be accomplished through innovations in channels or go-to-market. The primary challenge is how to move to the new-new quadrant. Generally, the best option is to make such a move in two steps, first by innovating in either the product or market area and then, after establishing that position, moving again. The most dramatic shifts, however, often occur when the two are combined at least to some level. This has traditionally been the space of start-ups. By having small teams focused on product innovation and finding a set of

The increasing importance of external research collaborations: Broadening and deepening the ecosystem to create new value

by Deborah Stokes

Recognizing that the convergence of the IT and telecom worlds is opening more opportunities than any one company can pursue alone, Nortel and its network of external research partners are working to bring into their collaborations a more expansive innovation focus – one that involves greater active engagement from all parties, the creation of new ways to blend ideas and perspectives, and a shared commitment to identify ways to rapidly commercialize their joint research.

Certainly, companies that build strong ecosystems with external research communities become more adept at "seeing around corners" and better able to orient their research and development efforts in times when industry directions are unclear and fast-changing, and when the stable and predictable product development cycles of the past are increasingly out of step with the pace of change in the industry.

To this end, Nortel is working to more deeply tap into the ideas and forward research taking place outside of its labs, with the mission of transferring the knowledge gained from these relationships into new opportunities for innovation. Key to this effort is intensifying the level of collaboration with leading thinkers in academia and research institutions, as well with those in government organizations and start-ups.

Academic collaboration

Companies have long forged ties to universities and funded research projects in order to gain access to potential employees. Nortel is now redefining that notion of collaboration, understanding that universities represent a vital component of the industry ecosystem and can play a key role in identifying, creating, and delivering new innovations that lead to commercialization opportunities.

For instance, Nortel has invested in approximately 50 technology innovation initiatives with more than 20 major universities and research institutions around the world. This investment provides the company with access to fundamental research and patents in emerging technologies and solutions as well as access to roughly 750 leading technology futurists, senior researchers, and post graduates.

The benefits of strengthening university ties to industry include the ability of universities to maintain relevance in a fast-changing environment, and to better formulate and adjust their research goals in the right directions. Closer relationships also help universities pursue intriguing new problem domains and gain access to the brainpower of subject matter experts and technology leaders. Greater collaboration also ensures that their academic contributions are meaningful and affect change, by being more exposed to the trends of the industry. These collaborations also help ensure that students continue to be well prepared to work in their field of choice, as well as take advantage of the potential for funding from multiple sources.

For industry, tighter relationships mean greater access to intellectual capital, as well as exposure to fresh perspectives and alternate futures that have not been steeped in established process – a great plan to breed the next "killer innovation". Companies also benefit from access to social technical networks, the ability to achieve a better balance between their short-term deliverables and long-term directions, and the chance to pursue new avenues of research in a way that is far more cost-effective than mounting large internal programs by utilizing existing expertise and labs.

Nortel has stepped up its interactions with external researchers in several ways. Among many initiatives, the company established new joint projects that continue past the advanced research stage and through to commercialization. It brought in external research experts to work hand-in-hand with its own researchers in our research labs, while also establishing on campus "open innovation labs". And, it has encouraged both the academics and its own R&D personnel to participate in events and conferences, share their directions and efforts, and publish their research results in both academic and industry circles.

An ongoing collaboration with the University of Waterloo (Ontario, Canada) serves as a strong example of the importance of universities in the ecosystem. A decade ago, the two parties established the Nortel Networks Institute for Advanced Information Technology at the University of Waterloo. To date, this Institute has created a world-class wireless research infrastructure and formed of some of the strongest research teams in academia worldwide, working closely with Nortel R&D personnel. The Institute has also established strong linkages with other industry players and universities, as well as with Canadian government centers and international research entities.

Nortel continues to work with many

other external experts around the world to explore a broad range of topics, including identity management, M2M, understanding business systems and processes (in various verticals such as healthcare and finance), collaboration, business application integration, data mining, open source enterprise, content management, communications intelligence and automation integration, cloud computing, societal networking, and many other emerging and potentially disruptive technologies. Additionally, Nortel is exploring new open source technologies and communications-enabled applications that are critical to Nortel's future business directions.

Collaboration across the global research community

For an ecosystem to become truly effective, it must reach beyond the university front to embrace the research being pursued in government labs, external centers of excellence, new ventures, and institutions around the world. This broader focus enables companies to bridge the gap between pure research undertaken in academia and the more business-focused perspectives of various industry players – a linkage that more effectively allows research results to be translated into a form that can be adopted and commercialized more rapidly in an innovative corporate environment.

Here, Nortel has long created opportunities to bring together various players in new and innovative ways. For instance, for the past 16 years, Nortel has hosted an annual Wireless Forum, which brings together academics, customers, industry partners, and Nortel teams in a comprehensive discussion of upcoming and potential wireless technologies, with all parties engaging in candid and highly productive discussions, which help shape strategic directions for wireless technologies. The Forum serves as the heart of Nortel's wireless ecosystem for research and exploration.

The company is also working with many different government organizations and government-sponsored labs around the world on a host of projects.

In parallel, Nortel brings into its labs prominent researchers from other external labs as well as external "provocateurs" to share their work with the internal R&D teams – an interaction that is sparking new technology topics and business ideas, and new models for collaboration.

Nortel implemented a new Nortel Visiting Fellow program in 2008, with the aim of introducing new perspectives from outside, and mentoring and challenging Nortel's R&D teams to find new ways to use technology to improve communications. The first Visiting Fellow, Dr. Andrew Lippman of the MIT Media Lab in Cambridge (Massachusetts), met regularly with Nortel researchers to discuss research directions and brainstorm new ways to create value for customers. This Visiting Fellow program brings an entirely new dimension into the ecosystem by enabling Nortel to take advantage of the perspectives of someone who is at once an insider and an academic, able to help channel university research toward corporate goals.

These are just a few of the external research collaboration initiatives under way as Nortel continues its commitment to building the broad, productive, and relevant ecosystem required to capitalize on the scale of opportunity in front of us. By harnessing the combined power and ideas from the many different ecosystem players, we can work with our innovation team to realize the shared goal of creating new value, addressing new markets, and rapidly commercializing new solutions that will fundamentally advance the ways in which people communicate.

Deborah Stokes *is Leader, General Operations and External Research, in Nortel's Enterprise CT/SO Office.*

customers, the start-up can create a position. While sometimes this can lead to an IPO and a separate company, often it leads to an acquisition. This is a way for established companies to "innovate," by buying innovation.

The incubation model

An internal option is to create a process to allow "in-house" start-ups. This process, often called incubation, enables innovation that is dramatic within the company. The Nortel Incubation process is described in the accompanying sidebar (see page 39), but the critical concept is enabling transitions that would not be possible within the constructs of our operating Line of Business teams. While incubation can be used to develop new products for existing markets, Figure 2 (below) shows how incubation can enable movement in both the product and market axis simultaneously. This is accomplished by isolating the team and operating as a start-up with benefits. By combining the agility and speed of a small team working in a focused area with the total resources of Nortel, creating Killer Innovation is the goal.

Relentless drive for innovation

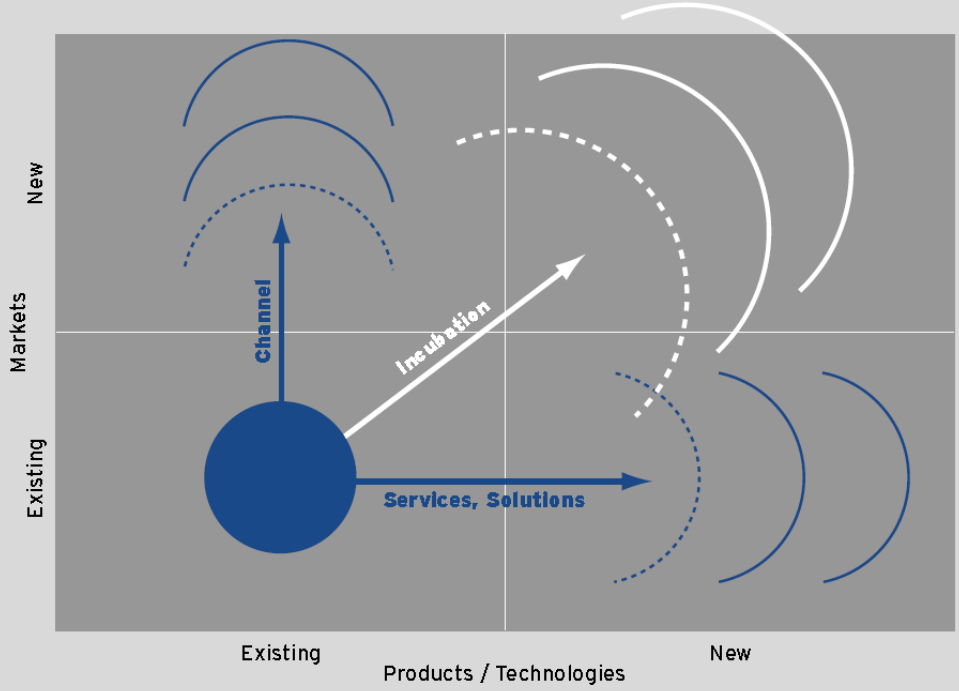
This issue of the *Nortel Technical Journal* (NTJ) shows Nortel innovation in three distinct ways:

- how Nortel, as the official converged network equipment supplier for the Vancouver 2010 Olympic and Paralympic Winter Games, is playing an important role in developing innovative solutions for what will be the most technologically advanced network in Olympic history.
- how Nortel is expanding its ability to innovate through a new model of collaborative customer innovation; and
- how advanced research is innovating the future of the wireless campus.

The first article takes a look at how Nortel is working together with Bell Canada and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) to deliver a secure, reliable, end-to-end communications experience – and the first-ever all-IP Games – for the Olympic family of athletes, media, officials, and spectators at the Vancouver 2010 Winter Games.

Our second article highlights several examples of collaborative customer innovation, including our innovations in Provider Backbone Transport (PBT) as well as in the Metro Ethernet space. With respect to PBT, there is no doubt that this technology has changed the market and introduced a new vision of how to build the next-generation network. PBT dramatically simplifies and enhances the capabilities to build an Ethernet-based network, whether for a service provider access environment or for an enterprise data center. PBT is an example of how questioning the staus

Figure 2: Incubation: Finding the next sustainable business



Incubation is intended to allow more movement than can be achieved from an existing position.

It helps solve the "innovator's dilemma."

quo can lead to an innovation that changes the rules…and could be a Killer Innovation. Another customer-centric innovation focuses on enabling the integration of the mobile environment into the enterprise and is a critical part of delivering on the Nortel vision of the Unwired Enterprise. It truly opens up the walls of the enterprise without the restriction of other solutions.

The third article focuses on the other half of the Unwired Enterprise, and specifically on how wires inside the enterprise can be eliminated. It is the story of innovation as it is happening. By taking the knowledge and skill gained in the crucible of carrier wireless and applying it to create a WiFi system that can meet customer requirements for reliability, capability, and scalability (currently only met by wired solutions), Nortel is on the path to innovating enterprises out of wires. As this article shows, creating these differentiated values will make the Nortel wireless campus systems another Killer Innovation.

The articles in this issue are just a few examples of Nortel's relentless drive to create innovation on all fronts – in technology, in products, and with our customers. The continued convergence of the IT and telecommunications worlds is bringing about a sweeping transformation in how businesses and users communicate and with it, more opportunities than ever before to discover, create, and bring to market highly innovative and disruptive solutions. Without question, innovation continues to be the mainstay for growth and success, and key to capturing the exciting opportunities before us.

Phil Edholm *is Chief Technology and Strategy Officer for Nortel's Enterprise business.*

NORTEL