Scalability and Culture

An Interview with Andrew M. Miller, President and Chief Executive Officer, Polycom, Inc.

Andrew M. Miller

EDITORS' NOTE *Andy Miller was appointed Polycom's President and Chief Executive Officer in May of 2010 and became a member of the board shortly thereafter. He joined the company in July 2009 as Executive Vice President of Global Field Operations. Earlier, he held several leadership roles in sales and marketing at Cisco from 1990 to 2001, and Tandberg, where he was CEO from 2001 to 2006. Prior to joining Polycom, Miller was Global President of IPC Information Systems. He holds a B.S. in Business Administration from the University of South Carolina. He was recognized as one of* CRN Magazine's *Top 100 Most Influential Executives for 2010.*

COMPANY BRIEF *Polycom, Inc. (www.polycom.com) is a global leader in unified communications solutions with industry-leading telepresence, video, voice, and infrastructure solutions built on open standards, and powers smarter conversations, transforming lives and businesses worldwide. Polycom recently entered into a definitive agreement under which Polycom will acquire the assets of HP's Visual Collaboration business, including the Halo Products and Managed Services business.*

How do you define what makes Polycom unique?

We share 70 percent of the market with one other competitor, which is Cisco Systems.

So we have to find a way to distinguish ourselves on the technology side and the services side, which means not only how you deliver and implement the technology, but also how you provide all the post-service customer satisfaction.

From a technology perspective, there are four key attributes that differentiate us: we are open standard versus our competitor, which is close to a proprietary standard; in terms of how we interoperate with technologies like Microsoft or IBM, be it Outlook or Sametime or Lync, is very different than how our major competitor interoperates with existing enterprise platforms; how the network is used – we require 38 to 50 percent less bandwidth than that of our largest competitor; and we provide a very open approach to mobility in a consumer market – very different than that of our largest competitor.

On the service side, we fulfill all of our technology through a partner, be it HP, Microsoft, or service providers. So we have to make sure we're hand-in-hand with those partners as the technology is delivered, and that there is a close partnership between those partners and the customer to provide a higher level of service than that of our largest competitor.

How do you define your target customer?

If you divided our technology, roughly, it would be about 70 percent enterprise, which we look at as the Global 1,000, and 30 percent small- to medium-business customers.

The largest vertical markets for this technology are health care, education, the public sector, financial services, and retail.

Does the U.S. market still offer growth potential or is it coming mainly from the emerging markets?

Fifty-two percent of our business today is the Americas; the remainder is APAC and EMEA. Clearly, APAC is the fastest growing entity, specifically China. And we have put an additional investment plan in that area because we think it will be the stimulus for further growth.

The U.S. market is holding its own. We grew 26 percent as a company in 2010 over 2009 stimulated by the Americas, but the hypergrowth is taking place in Asia-Pacific now.

How challenging is it to stay up on the technology and when you launch product, how long is its life cycle?

Over the past year, you've had the pad development around mobility with video and you've got the cloud development in this space – those are probably the two most game-changing innovations.

So it requires a lot of agility, but most importantly, it requires a common set of software platforms so as you move to cloud or mobility, you don't reinvent yourself in new vertical markets – you can continue to use that same software stream.

The best example is our telepresence technology. We took that same technology and embedded it in a pad, so you can have video technology now on a pad that will go through a firewall to an enterprise application.

We have positioned our company as agile with the same stream of software code, which makes the transformation to technology change that much easier.

When this opportunity presented itself, how did you know it was the right fit for you?

Now that I have almost a year under my belt in the CEO role, I can say that it has been both more challenging and more rewarding than I expected.

The turnaround in all areas of the company has been overwhelming in terms of workload in the past year. But there are rewards – two points of market share gain against Cisco; share price coming onboard was at 23, and today, it's at 60; and a new executive team that is working very well together and is very innovative.

People are often adverse to change. Did your people get your vision right away?

People have a healthy paranoia but an instilled confidence that we can win against the 100-pound gorilla. Every day, from every employee, I am beginning to see a bit of a swagger and it feels good.

With primarily Polycom and Cisco, there is no room for consolidation. Is this how the landscape will continue to look?

Another player, Logitech, and other vendors have a 15 percent market share, and there are a few new over-the-top players like Skype and Google that are potentially coming into the marketplace. There are also some disruptive venture capital or late-stage companies that have next generation technology.

Today, it's Cisco; tomorrow, the Skypes of the world will come in and bypass a service provider, offering an interesting alternative.

How does Polycom engage itself with the communities in which you operate?

We consider that to be critical. We're involved in Medical Missions for Children; Global Nomads Group; and the Intrepid Brain Center, using our technology to connect to injured veterans or via telehealth or disaster relief.

I chair our foundation and it's cool to have this technology that you can donate toward making it a better world.

Looking two to three years out, what are you most focused on to make sure you don't lose the momentum?

One is scalability. We're at a$1.4 billion run rate; as we approach $2 billion easily in the next year, a lot of things change, like your investment thesis in terms of how you scale the company.

As you go from 4,000 to 6,000 employees, you are going to lose some of that smaller company feel from a cultural perspective.

So scalability and culture are two areas of focus to figure out how we continue to make it a great place to work but not get too far ahead of ourselves from a scaling perspective. ●

