



Patrick Moorhead: Fran, it's great to see you, and thank you so much for kicking off these Six Five Summit 2022 ESG track. It's been great to get to know you and your team for ... I think we're going on seven years and us, in a way, collaborating on some of your ESG topics. It's great to see you.

Fran Katsoudas: Hey, it's great to be here. And I think we've learned so much together over the last almost seven years now.

Patrick Moorhead: I have learned a ton and it's funny, a lot of the times, industry analysts won't admit when they've learned something, but I have to tell you, I have learned so much from a lot of the things you've been pioneering at Cisco. And I see that as a win. You and I have known each other six or seven years, but would you mind telling us what you do for Cisco? You have a very long and impressive title and you have a lot of responsibilities.

Fran Katsoudas: Thank you. My title at Cisco is I'm the Chief People Policy and Purpose Officer. And when we first met, I was the Chief People Officer. And even that, Patrick, was a bit of a shift because I think so many of us went from the HR officer to people, and I think that was the first signal around the focus on experience and our people, of course. And then about a year ago now, I stepped to lead our government affairs organization.

We have a really unique organization called Country Digital Acceleration, which I know you know a little bit about. And that is where we partner with countries around the globe. We have 44 projects going to really address some of the biggest opportunities from a digital perspective. In addition to that, I now run our workplace resources, our real estate organization. And again, at this moment, that intersection of real estate and people is also really interesting in addition to our corporate social responsibility organization.

Patrick Moorhead: Wow, your title is definitely equal to the amount of things that you do there. This is excellent. I am on record as writing that Cisco's ESG work is the gold standard in the tech industry. I don't make a ton of friends by singling out certain companies, but when a company is doing great things, I have to do that. But over the course of your tenure, which is 25 years at Cisco, how have you seen this evolve over time? You talked a little bit about the evolution of HR into Chief People Officer, but how has your work evolved?

Fran Katsoudas: It's so interesting because as I look back on 25 years, I will tell you that as an employee, it was always something that we were proud of, but there's two really important shifts that I think occurred. The first was we didn't talk about it early on at Cisco. And I think the belief was if you talk about it, you're trying to get credit for something you should be doing. And so, we were quiet about it for a bit. And that started to change because, one, our employees wanted to know. They cared a lot. And when you say that we're the gold standard, to be honest with you, I feel like that lasts for five seconds because we have to keep working to understand what the gold standard will be as we move forward.

And so, you have to talk about it and be a little bit more vocal and visible to stay current with how things are changing. And so, I think that was the first really big change. I think the other changes that, 25 years ago, we talked about philanthropy and it was how you write checks or



how you spend, maybe employee time for good causes. It was something that was considered a nice to do. And what's happened in the 25 years is we then moved to this understanding of shared values. And now, we're on the next chapter, which we talk about more from a purpose perspective.

Patrick Moorhead: Yeah, and I feel like I was there for almost every step of the way. In fact, we used to call ESG CSR, and I definitely appreciate too what you did for me recently is only good for so long, because this is a constantly moving target, because all the variables in the ecosystem that make a difference are constantly changing. So each year, companies like Cisco do certain reports. You renamed your ESG report to a purpose report. And it's funny, some people might say, "Hey, Fran, is that a marketing thing, or is there something underneath that reflects something different or new?" And in fact, you do run the organization called People Policy and Purpose. So why make the changes?

Fran Katsoudas: The first thing that I would say is that, early in 2020, Cisco created a new purpose, which was to power an inclusive future for all. And so, the creation of the organization was partially too about how do you operationalize purpose throughout the company? And it's not to say that there's any one organization that owns it, but there is an operational engine that you need to have to ensure that you meet those goals around net zero for scope one and two and three, as an example. So I would say the company shifted. We realized that there was structure that was needed for us to achieve the goals and build off of all of the amazing work that the CSR team had already built.

When I look at ESG, I don't think it's as broad as purpose. And so, it wasn't about marketing. It was saying we will always meet the ESG goals, but there's a bigger play that we have. And what we've done from a Cisco perspective is we take that statement around powering and inclusive future for all, and every one of those words now means something much bigger about the accountability that we have to address the digital divide, access for everyone, social justice, inclusion, sustainability. And so, we went a little bit broader because we feel an accountability to the communities that really aligns up to purpose.

Patrick Moorhead: Thanks for that, Fran. In fact, each year companies like Cisco do an annual report. You used to call it the ESG report. I think it was CSR before that, but it's been renamed to the purpose report. And your title reflects that you lead that organization that you talked about in the beginning, People Policy and Purpose. Why are you making all these changes?

Fran Katsoudas: The biggest reason is that we really want to push ourselves to do more. Something that you know is that one of our beliefs is that our employees own culture. They own it as much as I do as the Chief People Officer. And when you feel that way, you feel a level of accountability in every discussion that you have with your team and everything that you do to really think about how can I improve the culture. And what we're driving towards, Patrick, is that we want every employee to feel like they also own purpose.

When we look at the definition of purpose, and early in 2020, we define our purpose as powering and inclusive future for all. We felt there was such an amazing opportunity for us to drive towards an inclusive future together with our products. And we felt that this was bigger



than ESG. And we will always of course meet those ESG commitments, but our belief is that purpose is a bit bigger and we're really unleashing all of our employees to really meet this opportunity.

Patrick Moorhead: Yeah, I really love that purpose is about people and it's about the company, but you also have room for your corporate mission, and they are different. And while they interrelate with each other and they support each other, I do like the idea, and employees have to like the idea that they feel part about building a culture, because so many times, this is a tops-down thing and that's the way it's going to be. I think we're in different times though, where employees need to feel part of building that culture.

Fran Katsoudas: Yeah, that's right. It's so interesting because I think before the pandemic, the belief around culture being bottoms-up I think was a little bit foreign. I think as we went through the pandemic, I think there was this realization that it could be no other way. And so, we're just constantly learning and I think adjusting.

Patrick Moorhead: Yeah. And it is a balance too, because bottoms-up cultures do need to be supported by the top down. So it's a real symbiotic relationship. I'd love to dial in on the environment and sustainability. It's a hot topic for a lot of reasons. And whether it's boards, leadership of companies, employees, customers, suppliers, everybody's interested in it. And one common bond I found that everybody, regardless of where you are on your belief system, is we need to find better ways to get more efficient, use less resources and pollute less.

I haven't met a person who says, "No, that's not what we should be doing." I think what we've learned over the past couple years though, is it really takes this interconnected village to do this. And on one side, I love that companies are, in a way, competing for innovation on sustainability, which always tries to raise the bar. But in the end, it takes those companies working together. And I think what our listeners and our viewers would love to hear is what is unique about Cisco's place and ecosystem and where it can make its biggest impact on the environment and sustainability?

Fran Katsoudas: There's a couple of things that I would say. The first is, from a Cisco perspective, what we do is we power the internet. We secure the internet. We know that over I think it's 90% of traffic runs on Cisco technology. And so, when we are able to deliver technology now that has a huge impact on the energy usage for our customers, it is sizeable. One of our best examples of Silicon One, and the chip set is so powerful that our customers get that performance, but what they also get now is much smaller products. And so, the product size has gone from a refrigerator to a pizza box and the energy efficiency is 70% better. And so, it saves them so much and it helps the world.

And I think the amazing thing about that is that our engineers are so passionate and so excited to figure out how, with every product we build, we can do something to really impact the environment in a meaningful way. I think the other thing that I would say is that, from a Cisco perspective, because we anchor on this purpose, we are looking for wins that sometimes will not benefit us. And so, the Cisco foundation allocated a hundred million for startups and technology



that can really help the environment. And one of the things that we're looking at is a really cool carbon capture company that will have tremendous impact on semi trucks.

Some of the investments that we're making may not directly impact us, but they're good for the world. I think that makes us unique. And in doing so, we are creating these ecosystems with partners to really invest in some of these technologies. And to your earlier point, you can't have competition in this space, meaning we're going to have to solve it together, but you can have competition around how aggressive you want to be in getting there.

Patrick Moorhead: Yeah, absolutely. And I think that's a great way to put it. I definitely can appreciate Silicon One. In fact, the way you've architected it is it is the most efficient way to do a piece of Silicon on that, which is an ASIC. So a lot of work went into that and that is the highest performance, lowest power way. Now, it takes a long time. It adds about an extra year and a half to the design versus other ways of doing it, but it's nice to see you do that.

Fran Katsoudas: Thank you.

Patrick Moorhead: This is this next topic I want hit, it's something that you and I have talked with, talked about closed doors, and that's the idea that private sector and Cisco has become a lot more involved in social issues in the past five years. And it seems like it'd be really tough, like this slippery slope, going too far in a certain direction and this challenge to find maybe areas and positions of mutually agreeable things to not alienate certain groups. And I'm curious, how do you approach your involvement, the company in societal issues?

Fran Katsoudas: It is really hard. It will always be hard and there'll be times that you question like, "Okay, what are the principles that are guiding us to get engaged in these issues?" Just as a backdrop, something that's fascinating is that you have, in broader society, a level of distrust that is growing. And then concurrent with that, you have this motion right now where employees are asking their companies and their CEOs for help on issues that would've never been in scope. And the two come together in a really interesting way. And so, what we've done, Patrick, is we've worked hard to create criteria that guides Cisco around when do we get engaged.

I think the other thing that we do is we tell our employees what that criteria is, and then we let them know that we're not always going to get it right. We're going to do our best. And I will tell you, there have been times over the last year that I've worried a lot about the polarization within the company on issues that we're dealing with. And what we try to do is just keep that open channel. We still do our Cisco check-ins on a monthly basis. And the chat in those meetings, sometimes it can be really, really tough, but my view on this is if people trust enough to share with us, and sometimes, not in the coolest of ways, that they're not happy about something, that's still discussion and we will be better for it. I think it keeps us open and hopefully keeps us in a way that we continue to think about how we engage.

Patrick Moorhead: Yeah, by the way, I appreciate it and it just seems monumentally hard and you're a better person than I for being able to ... I can imagine you being in a basically opened mic for employees to talk about these things, because I worked at big tech for over 20 years and they were asking



questions. It's funny, while companies taking a big role in society has gotten vogue in the last five years. I'm a student of history and Hershey Company used to actually ... they created not only places for people to work, but also to live in an amusement park and all of this social interaction.

So it's interesting what you can learn from history on what happened to that, but it's almost this disaggregation and aggregation of companies and their involvement in this. Trust is a huge thing, where if you look at the areas that were trusted 10 years ago, or maybe 20 years ago, and then see who people trust now, it's very different.

Fran Katsoudas: That's right. I think trust is such a huge issue. And whether you're talking about hybrid work, even on that topic of sustainability, we were having a conversation yesterday that, in order for our people to take risks, they have to feel the trust that if they trip and it doesn't go well, that there's trust there that we've got them. And I think that is so critical in how we work in both what we do.

Patrick Moorhead: Yeah, and I see varying levels of it, Fran. I'm probably personally deeply engaged with maybe 25 companies, but my company is across 150 companies and they're all tech companies and they vary widely. I think in my first article I wrote about what I used to call Cisco CSR. I said Cisco's one of these companies that was doing CSR before it was cool. I mean, you were flying choppers into areas where people's homes have been wiped out and setting up networking equipment, just doing so many things, educating those at NetAcad Network Academy for people who would never have had a tech job without the resources.

In fact, my co-op was from a small town in Oklahoma, and his first view of the world of tech was through Cisco. So you've had a lot of history here. Are there any the words of wisdom you can provide to an organization that might be beginning its ESG work, or maybe getting more serious about it?

Fran Katsoudas: Yeah, I'll share a couple of things that come to mind. The first is I think the magic is how your product, whatever that may be, intersects with your purpose, your mission, your intent. When it can feel like something you do every day versus something that sits on the side, it's going to become sustainable because it's going to become good for your business. I think that's the other thing, Patrick, is I think a lot of people believe that when you do these things, it's a sacrifice of sorts. And if it is, it probably won't be lasting. And so, what you have to figure out is really that motion that allows you to do good things that also then have a good business impact as well.

I remember the first time that I traveled to Puerto Rico after Hurricane Maria. I remember being really moved by how Cisco technology was allowing people to get connected to their family members. And just this recognition that the sooner that we could get in there and rebuild infrastructure, the sooner that people would know that their children were okay. And when you tell stories, that's the second thing. When you use storytelling to show how the company is impacting individuals, there's such momentum.



The number of people that are volunteering right now at Cisco to help in Poland and to help Ukrainians coming over the border, it's difficult to control and contain. Our people have the most amazing of intentions. And so, I would say make it real by intersecting what you do as a company with your intention, leverage stories, and then really just unlock your people, unlock your employee base. And again, I think they surprise us daily with what can be done.

Patrick Moorhead: No, I love those great words of wisdom, and I think what I've seen more than not at Cisco is this is your culture. It's ingrained into the culture of what you do and your employees really get behind a lot of the stuff more than I've seen others in trying to help people, in donating money, things like that. And from a storytelling, you've actually put a lot of these stories into your corporate advertising. And I know that's, I'm sure, a conversation like, "Hey, do we want to tell people what we're doing?" But I think they're deep, they're emotional and they make a connection. And by the way, your employees see these ads too. And the reinforcement that they see every day in the virtual hallways, soon to be the real hallways, and the parking lot.

Fran Katsoudas: Yeah, it's interesting. What I'm hearing right now is when candidates come to interview at Cisco, they say, "Hey, we read your purpose report." And you go, "Wait, all 96 pages of it?" But I think that's amazing. And so, this is part of how candidates are assessing where they want to be. And for our employees, there is a pride that comes from this understanding that we can have broader impact. I think we all work so hard. And to feel like as you're working hard, you're actually leaving the world in a better place can be powerful.

Patrick Moorhead: That's great. Fran, unfortunately, our time is coming to an end here. First off, thank you so much for coming on this Six Five and kicking off the ESG track for us. I literally cannot imagine who I would rather be doing this. And yeah, I'm a little bit biased because we have chatted for so many years about these issues. You've been open to potential divergent thoughts, and you've really been very open and honest.

I mean, heck, I was at one of your leadership ... I've attended your events to maybe do the double click on. Okay, Fran, is this real? And again, I didn't doubt it, but it helped my learning. I'm more of a tactile learner than reading something like that. But thank you so much for coming on, and Cisco is lucky and blessed to have a person like you at the leadership table.

Fran Katsoudas: Ah, that means a lot, Patrick. Thanks so much for having me. I really appreciate it.

Patrick Moorhead: Thanks again.

Fran Katsoudas: Take care.