TRAILBLAZERS TALK

Ravi Kumar S.,
President, Infosys,
in conversation with
Mike Koehler, CIO & CDO,
Exelon Corporation

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Ravi Kumar S. (RK): Hello, everyone. My name is Ravi Kumar, President at Infosys. Welcome to the new edition of Trailblazers. The Trailblazers talk, as some of you know, is about individuals who are making a significant impact to the organizations they work in, the societies and the communities they live in, and the industries they really represent.

So, today I have a distinguished guest, the group CIO and the Chief Digital Officer of Exelon Corporation, Mike Koehler. Mike has been with Exelon for the last three years, since 2016. He's been in a diverse set of roles before this; He was at HP, as Senior Vice President running the North America markets, prior to that he worked for EMC as President of Professional Services globally and before that he had a stint at EDS and a variety of roles, and was responsible for the global outsourcing market for EDS. Exelon, as some of you know, is a Fortune 100 company, 35 billion dollars plus in revenue annually and leader in energy utilities. Thank you Mike, for joining us today. Wonderful to have you in the Bangalore campus. Thanks for spending some time with us, talking about the energy sector and what Exelon is doing. So, Mike begin with my first question about the trends in the energy sector. My friends tell me that it's "five Ds", that's what they call it, in the energy space. Deregulation, Democratization because flexible contracts between consumers and generators, a lot of digital, so Digitization. There is a fair bit of Decentralization with the generators and the consumers coming closer and finally, Decarbonization with the green energy. Tell us a little bit about the trends in the energy sector and what you feel this industry is going towards?

Mike Koehler (MK): Yeah, Thank You, Ravi, for hosting me here. I'm thrilled to be here in Bangalore today, but to your question, it's an exciting time in the utilities in the energy sector overall, you know, from my chair you know I couldn't be in a better spot, right, as you talked about the 5 Ds all of that has to come together, and the trends we've seen is all about the digital fabric that sits underneath it, so, whether it's distributed energy, the alignment of customers and producers, the connectivity between what a consumer is to the utility, has never been one case more transformational than it needs to than it is right now. But, it also and we start to think about these concepts of connected communities or smart cities has everything to do with the integration of all of the facilities and all of the capabilities that you actually need in your city, so historically we saw, you know, utilities really being a single transaction. I went to buy my energy and I didn't think much about anything else other than the rate, in a lot of cases, that was this notion of you didn't even call him a customer, you called him a ratepayer because they were captive, whatever the rates became that you ended up paying and your only choice was to use less energy. That market has materially moved on as you talk about whether it be distributed energy, this notion of micro-grids and the consumer, the flexibility of what the consumer has in the utilities segment has never been stronger and, you know, especially when you start to then think about not just a single transaction with your utility provider but how all of your city services come into play, that's really where we're seeing the market and where we're building the platforms and capability to really begin to play in that, in a much different way than just being a single utility in a single transaction with a customer.

RK: Thank you, Mike. Just to go back to the micro-grids, you spoke of; there's so much talk on the smart grids. What does that do to the industry and the consumer?

MK: Yeah, I think it does a couple of things, because, you know, for a while there was this view of smart grids or micro-grids that, you know, in users we're gonna be really a part of and I think the markets starting to really move to, like anything, the hype of what it could be with a single consumer is changing and, so, you're starting to really see community grids being the way that we think that's going to come to market. So, whether it be small solar farms for community or wind farms, you know, renewables really at the community level is where we're starting to see that and it'll be a part of the ecosystem, you know, it is the technology changes whether it's in wind or solar, it's a part of actually the generation. It's not the whole answer but it's a huge answer, especially when you start to think about de-carbonization, and getting to the green energy that has to be a part of the future and so, for us we're also a very big producer. We're the largest nuclear producer in the US, that is good for baseload but where people want to need to go is, you know, getting away from coal and getting away from some of the historical energy production methods and getting much more to the micro-grid and community solar and community wind.

RK: And, Mike, I keep hearing about the role of the consumer moving from a consumer to a producer. I hear the term used is the "prosumer" in the utility space. How much of this do you think this is going to be mainstream? A consumer really moving to a producer of energy and having a flexible contract with the supplier. Is that real now or do you think it's going to take a couple of years to get there?

MK: I think it's gonna take a couple of years to get there. I think, there's lots of people that have passion about being this producer of energy and so whether they put solar rooftop on, or they do something at their house to be more of a producer. But, I think the other technologies that have got to come along is really storage, because, I think you know the way when you think about the way solar is produced, just use that as an example, it's only during sunlight hours and the reality of it is on any given day, that you either can be a producer of that and it actually can be used on the grid. In a lot of cases, sometimes, you actually can't put it back on the grid and so, this notion of storage has to be a key element for that to allow people to actually solar and generate power, store it, and then use it at some later date in either a peak time or you know when it's not sunny outside. So, I think that's part of the equation but we're really starting to see, again, this trend back to a community solar and community wind, where people will put their money and apply it into these community, but, the notion of how that's connected together and a community aspect is really where we probably see the major trend coming.

RK: Alright, that was fascinating. On the role of digital technologies in industries, a lot is said on the topic when it comes to financial services and retail consumer goods, but not as much in energy utilities. So, do you think the adoption of digital is slow or is it not known to other industries or what's your view on this, what's the role of digital and what is Exelon doing in this area?

MK: So, one I think it's been slow to come to the energy market for a whole host of reasons, but,

RK: Is it regulation?

MK: It is regulation. It's this traditional again when you only thought about the transaction between the customer and the and the provider being just purely your rate base and a bill… there wasn't a lot of need for innovation and that there wasn't a lot of need in the consumers' mind. They just thought about their electric company and they thought about I get a bill for the amount of energy I use. The customers, now, moving away from that and, so, when you think about digitization and customers have you know the expectation on their mobile phone of what was the best website and the best engagement they had with a consumer company. They think about that and they have those expectations.

RK: They think about that and they have similar expectations.

MK: They'll think "Oh, let me go backwards and go back to an old technology or maybe no technology" and my utility, they have the same exact expectation if they were shopping on Amazon and, then, they flip around and want to do something to change their bill or modify their services. They expect that same level of capability and that's part of what's really changed and has changed, you know, a lot of the energy and utilities segment and really to go think much more about a consumer, you know, back to the deregulation side of it. As customers make choices, right? We all make choices on, you know, our shopping experiences we like and our shopping experiences we don't like, we're gonna have that same context in the energy and utilities sector.

RK: And, which part of that value chain you think digital will have a bigger impact?

MK: For the consumer and the customer, I think, it's all-around analytics. So, this being able to get me more predictive around how customers are using energy, what they can choose to do to change the amount of energy they're using is all harnessed and bodied in analytics.

RK: What about customer care?

MK: Customer care, I was kind of coming out on the next one, because historically we have the massive call centers and you'd have to pick up a phone and want to talk to a customer call center agent to actually get anything done. And, so that's another major trend is the channels where there'll be a chat or the channels where there will be the mobile are exponentially growing and you're starting to see our call volumes come down of the traditional. Now, age plays a factor too, so our, you know, our consumers that are up in age, you kind of go to what you always have gone to and that's the phone. But, when you start to see the next generation kids coming out of school and actually you know getting their own service and getting their own home, they don't ever think about a call center. So, the notion of taking that whole customer care ribbon and digitizing that in a way that is frictionless for the consumer but also touchless as it relates to agents is something we're driving pretty hard.

RK: I have one last question for you, it's related to digital. In many ways scaling the digital agenda for energy utility firms is also going to be dependent on how well you could repurpose your human capital, and human capital in the utilities industry has not adopted digital tech capabilities and technologies. How is that going to really come in the way for embracing digital technologies and what do you think the industry is doing in this space?

MK: Yeah, it's a great question, because, we think about it and workforce transformation the jobs that are here today, however you see the digital roadmap playing out, will not be the jobs or the ones in the future… and so, being able to want to articulate that for our employee base of where do we see a five-year journey going and more importantly what roles do we see in our, you know, future. The one thing and that's always scary for folks because they think "I've done this job all my career, what does it mean my job is not gonna be here? Does that mean I'm leaving?" and the answer to that's simply put is, no. But, what we can't tell is, what is that new job? I mean, I was using an example, the other day five years ago, you know, first of all, nobody knows what Angry Birds were. But, you never knew that there needed to be an engineer for Angry Birds. Well, that same, you know, the concept is here that says not we not sure if we can articulate all the rules of the future, we just know they're gonna morph and transform as we morph and then transform the technology base of the energy and utility segment.

RK: And, you think repurposing that human capital is going to be harder because a lot of the workforce is very traditional and a lot of them are skill-based versus hiring in the utility sector which has happened in higher education. Do you think that's gonna be much harder to do it?

MK: Well, I mean we've got an interesting dynamic -- we've got an ageing workforce and so we've got a lot of folks that are coming onto that next chapter in life for them of retirement. So, we're seeing, you know, it's a scary thing because we're seeing a lot of folks that are of retirement age. But, at the same time, that it has a natural place for as those skill-based workers retire themselves out, the types of skills that we start to hire to bring in to feed that, will be much, much different and we think it's much more around the knowledge worker. I mean words we've used in the industry for a while, but more about the knowledge worker, more about a, not a generalist per se, but, somebody that's very tech-savvy that aligns to understanding the business in a very deep way, but also has elements of a technologist embedded in them.

RK: And, it would help to attract a lot of talent as well because traditionally this industry has not attracted talent, it didn't have the cool quotient.

MK: That's a big change too, right. So, when we go out and market recruit, it's you know, it's a very tough market just period. But the heritage in history, people don't wake up and say "Yay, I want to go to an innovation. Let me go to an energy and utility company". So, for us it's really branding what are we doing with technology has got to be in the front of every conversation because people's heritage mind thinks there's nothing exciting there, that's a sleepy, you know. And it couldn't be anything further from the truth from all the things we talked about of the transformation of the industry. But, that element of technology is something we've spent a lot of time speaking about within the technology world, but, when you talk to our business leaders, it's as much about how they recruit people and how they have got to talk about technology and where the industry is going and where we're going as a company. It is part of changing that dynamic of the skills that we have in the company.

RK: Thank you, Mike. Thanks so much for talking to us. It was wonderful talking to you and I know this is an exciting time for your industry and look forward to more conversations. Thank you again.

MK: Thank you, thank you.

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