

TRAILBLAZERS TALK

Ravi Kumar S.,
President, Infosys,
in conversation with
Steve George, Global Chief
Information Officer at EY

Link to conversation: <http://bit.ly/32umLRF>

Ravi Kumar S. (RK): Hello everyone my name is Ravi Kumar, I'm president at Infosys. Welcome to the next new chapter of Trailblazers. We are making a very interesting switch to our format. We got the beautiful Hudson River at the backdrop of Jersey City. A beautiful day at New York. So I have a very distinguished guest with me, the Global CIO of Ernst & Young, Steve George. Steve has been in Ernst & Young since August of last year as E&Y made an announcement last year that they're going to spend a billion dollars more on technology in addition to everything they do on technology for new service offerings for their employees as well as for the clients and leverage disruptive technologies for the future of large enterprises. Steve has actually been at Citigroup as the global CIO for the retail mortgage and commercial division and before that he was at Accenture and prior to that he was the CIO of Huntington National Bank. Thank you so much Steve for being here and thanks for talking to us.

Let me tee up the first question to you and this comes to me every time I see the EY mission - the EY mission of making the world a better place, a better world in many ways. In many ways it is so apt because technology is playing such an important role in making the world better and bettering lives if I may. Tell us a little bit about how EY is going to get through this mission with large enterprises where you are providing otherwise advisory and consulting services and in many ways even auditing customers.

Steve George (SG): Yeah I think that's exactly why we are best situated to do something like that. I think it's that multi-discipline approach that we bring to the table. So in some cases we may be auditing, in some cases we may be advising partners across the industry and so we've got that view from both sides and I think that that ability to come in and show our customers that it's not just about the technology it's about how the technology enables the people, enables that human capital to really drive, I think that's what allows us to be best situated. A lot of our competitors are heavily slanted towards tech or maybe heavily slanted towards process. I think you see that we're heavily slanted towards people, how we engage with people first and then leverage the technology to really drive that change

RK: And you know one of the things which fascinates me about making the world a better place is also about what you say in EY, which is about better questions for a better world. And I actually know that you're from a liberal arts background which is fascinating again because the future is all about problem finding, then problem solving, what better way to do that than asking better questions? Tell us a little bit about what that means for the future of tech.

SG: Yeah I think it's another concept of coming at it at multiple angles. You know you've got the engineers out there who probably historically have been the people divining the technology right they know how to build the kit ,we leverage the kit and take it to market but the business people have ideas. I think what we've seen in the industry now over the last 10 years it's less about building and more about integrating but I think as you look forward it really becomes about understanding where the data is, what the business rules are and how you leverage that back to a new AI or machine learning. And so I think I may be kind of uniquely positioned compared to some of my peers that have come historically only out of engineering, where I did learn the business side first and I'd argue that as I came into the consulting many years ago I learned technology, spent my career in it but then got really good at the finance side of technology. I think now I may have even evolved to step away from that where I'm now in the business side. I understand the finance but I understand how to leverage the technology and I think that's where we're trying to drive our teams to do.

RK: So in many ways, does the liberal arts background also help you in applying technology better to businesses? And is that a talent pool which you are looking for in the future?

SG: Yeah and I think we have to. So as we think about how agile is change the industry, it used to be waterfall development, business came in with requirements, they hand it off to a tech team and it got built. Now we're talking about agile development where the tech team, the business team, the operation teams are all together working together. So think about that future problem now where who do I need at the table? People that are engineers, I need people that are liberal arts majors, I need everybody's diverse ideas coming together to come up with the best solution possible. So I think it's a world where you know, maybe you're right, historically it was engineers building technology, in the future I think it's gonna be a blend of all backgrounds.

RK: And how do you apply this to this whole concept of problem finding, better questions - how do you apply this to employees of yours who're kind of distributed in 150-plus countries? Do you cover it with technology to bring them together in a unified way and a commonality of purpose, if I may?

SG: Spot on. I think it's a lot about collaboration. So we're making a lot of investment and how we collaborate as a team now. You have to have that diverse team spread out across the globe, you have to understand how different cultures operate, you have to understand how the economy is working in one part of the world versus another and you can learn from both sides, where it's successful and where it fails. And so I think our ability to collaborate and team and pull together, it's really made us stronger as a company.

RK: Steve you know you and I discussed this before and I wanted to pick your brains on this. It's very fascinating that you run this corporation which is spanning across 150 countries. How do you federate what the local countries need and how do you centralize what the corporate wants them to do? Kind of how do you bring the right balance between the two and every large institution is kind of always intrigued by getting the right mix.

SG: Yeah it's a struggle and I think we do a good job of it but I'd certainly like to do a better job of it. And I think you know as you look across our peer groups in the industry as well as even internal to EY, I think that's a pretty common problem. So we do spend a lot of time to make sure that we've got people that represent technology in each of the countries that are talking you know to our business facing folks and understanding what their problems are and so it's not about trying to thwart when the localities want to do something different, we want to understand why they think they need to. In some cases, it's valid it could be about data privacy, it could be about affordability, it could be legal reasons.

RK: What will be your role as a corporate global CIO for a local country which wants to do things on their own?

SG: One, we need to seek to understand why that gap exists. Because if the gap is valid and we can bring that back maybe not to a global view but to a regional view, we have an opportunity to scale it. But if we don't, we want to understand why, so that when the next one comes along we can quickly reuse it right. So I think there's gonna be cases where you know... I'll say it differently; one size never fits all. I think that's a pretty common knowledge but I think for 80% of the things we do, one size does work well. There's another group of maybe 15 not 20 that has a legitimate reason to do something different, we want to understand what drives that need and work back to help them. And there's that last 5% which are the tough ones, the true exceptions but again we want to make sure we're fostering that communication, so that that 5% are vetted decisions, we understand why we did it, we understand how we'll do it next time and if we can incorporate it back to regional or global, we will, but if it needs to stand alone as local, so be it.

RK: You know one other thing is Steve, every time I meet CIOs, one of the things which comes up is technology. It is so strategic now, it's worthwhile to revisit what is insourced and what is outsourced and more and more CIOs across the world are realizing that they probably have to insource more than outsource it. So tell us a little bit about what your view on that is.

SG: Yeah so two problem statements there right. So the first one is for things that are truly commoditized I think you do have to outsource those. Someone has figured out a better way to do it, it's cheaper, it's faster, they're probably investing more in it. And so we want to leverage outsourcing miles and probably maybe less saying outsourcing and maybe more managed service. When I think about managed service in that space. But you're right, there are some things that are differentiators there are things that we know we're gonna leverage internally that are going to be hard to do.

RK: What has changed in the last few years that the outsourcing and insourcing mixes changes? Is it just because of the nature of technology?

SG: No I think it's twofold. I think one, technology is changing so quickly it's hard to keep up right so it's hard to figure out how do I go out and procure the next tool, what's the right tool to buy, who's the right person to work with. So I think we're a little bit hesitant to go too quickly now and so maybe we're moving more slowly in terms of a sourcing side when the technology is moving quickly. But I think the flip side is you know we need to understand what that technology means to us. If it's something that truly is differentiating maybe we don't want to get that sourced away from us, maybe we want to pull that a little closer, leverage it, exploit it and do some things to productize it or sell it as a service on our own. And so I think there's a balance in there that says true commodity, yeah that will go the way of outsourcing and managed services but this new technology and some of the things that could be differentiated we want to look at those more closely and understand them.

RK: And do you also take a view of the strategic nature of technology to your business and take a view whether it is outsourced or insourced?

SG: Absolutely yeah and I think both, when I look at technology inward how do we run EY that's one view. But I also have to understand with my peer Nicola how we could look at that technology in an external view right in terms of how we would go to market with them.

RK: One of the hottest topics for most global CXOs is about refactoring human capital and actually some have gone to the extent of saying the only reason why they have not been able to scale digital is they've not been able to figure out how to refactor on human capital. How are you going about this mission of refactoring human capital, I'm sure that's a part of your charter as well.

SG: Yeah it's near and dear, I think first of all you step back to the last question on what how you want to manage sourcing. It becomes pretty important in the company that's all about people, it's what do they do next. So if I say that a certain technology's become a commodity and we're going to buy it as a service, I need then to understand what will my people do next and so we've worked pretty hard to build out some curriculums and continue to build those. But I think you've even seen in the industry, look at what Amazon just said they're going to do right they're going to take a percentage of their workforce and retrain them in time (**RK:** They said they will spend like \$700 million just in reskilling) so I think all the companies are going to start taking a look at what's coming down the pipe, you know where do you need the right skills, how do you retrain your existing workforce, how do you look to the new workforce that's coming in the gig economy and how does that fit in in play, how does outsourcing play into that as well. So all three of those. So I think there's a piece of it that the enterprise needs to do but I also would say there's a piece that the person needs to, the individual right, you have to manage your own destiny and so I think it's really important to understand what's coming next and skill yourself and make sure that while you're doing your day job you're understanding how that evolves into and we used to say every 18 months I'm not sure it takes that long anymore right, it might be 8 right or less and so what's coming next I think it's equally important for the individual to think about.

RK: Sure. I'm going to squeeze in one last question for you. With the advent of AI, automation, machine learning - hyper productivity is the next big thing which is gonna hit large institutions, large enterprises and every CIO I meet is talking about how do they embrace hyper productivity in their enterprises. What's the call for action, what's the advice you have for your peers in this space?

SG: Yeah so we think about it you know automation, machine learning, AI, all the things that's bringing in...a lot of people have been maybe more focused on the efficiency side of that right (**RK:** And the technology's a part of it.) and so how do I automate something, do it faster, do it cheaper and I think that's important. But I really think it's taking it from the reactive you know side of that to the proactive side of that, how do I actually take this to the next level and offer a better experience on top of it? And so we're really trying to step back and say one, should it be automated? Maybe the things should be rewritten completely and rethought right but if it can be automated, then how do you really take that and provide not just a faster cheaper experience but a better experience? I think that's the important thing and every meeting that I've been in of late right across the industry is all about you know this concept of experience is the new ROI and I think they're right. I think that's got to be the focus area.

RK: You know the one other thing which CIOs are grappling with is there's this myth that it is people versus the machine but the reality is it is people amplified by machine (**SG:** There's no doubt) and how do you rescale and refactor people to this new reality? Is everybody kind of you know trying to shift the focus to amplifying people with machines?

SG: But you know I think it goes back to what we said a little bit earlier, which is that liberal arts view versus the engineer view. So engineers are gonna be building the AI engines and that's important, but I think that the rest of the workforce still understands the as is view of the world right. So how does the business work today, where is the data, what are the rules that sit behind that and if you understand that piece of it, even if you don't understand where the technology's headed, you're gonna be part of that future state right in the agile work team. There's a role for everyone there and so again it depends which people which role that you want to play in that space. So I think there's an opportunity for everyone if they're ready for it, if they get out ahead of it right, school themselves and the enterprise helps them, I think we can get our arms around it.

RK: Absolutely and who takes the accountability for this? Is that the people themselves or is it the institutions or is it like a joint responsibility?

SG: I think it's ...I mean it's that age-old thing you know, control your destiny or someone else will control it for you. And so I think there's that bit that the individual has to take on but obviously the enterprise right you've got a workforce, they understand how you do things today. Upskill them, help them help you do tomorrow.

RK: Awesome thank you so much Steve, thanks for talking to us (**SG:** My pleasure) and look forward to working with you on some of the strategic technology transformations you yourself are pursuing but I'm sure EY is going to set an example for others to follow. Thanks so much.

SG: Thank you, cheers.

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