

Jacob: Hello everyone. Welcome to another episode of The Future of Work podcast. And my guest today is Ragu Gurusurthy. He is the Chief Innovation and Digital Officer at Deloitte. Ragu, thank you for joining me.

Ragu: It's a pleasure to be here. Thank you for having me.

Jacob: So digital transformation, this is a big topic. Everybody is talking about it. So we're going to be unpacking all these different aspects of it. But before we jump into that, can you give us a little bit of background information about you? What do you do as the chief innovation and digital officer? And tell us a little bit about Deloitte for people not familiar with the company.

Ragu: Sure. Let me start with Deloitte and then talk about what I do. Deloitte is the world's largest professional services firm. Our businesses are audit, tax, consulting and risk and financial advisory. So for media businesses in the US and globally, the largest professional services firm. Was that helpful? I'd like to more, but I think that'd be probably a good description for the audience.

Jacob: Yeah. How many employees do you guys have actually?

Ragu: In the US, about a hundred thousand, and globally, about 240,000 professionals.

Jacob: Quite a large company.

Ragu: Indeed. Even I was surprised when I looked at these statistics. I started my career in AT&T in 1980s, and I used to think AT&T's revenue was a lot those days, larger than a several small countries' GDP. And the number of employees in AT&T was over 200,000. And here I am in Deloitte, and we close to by 240,000 employees globally.

Jacob: Yeah, that's massive. Yeah. I think that's good information about Deloitte. Tell us a little bit about you and what you do.

Ragu: Sure. So in Deloitte, I have this title of chief innovation and chief digital officer. So at the heart of it, I am a consultant. I advise technology and telecom companies and strategy operations. How do companies improve their performance? That's what I do as a craft. But then as a chief digital innovation officer, we think about, how can Deloitte be more innovative? How can we help our clients better in terms of improving their performance? And that's where I'm most focused on as a chief innovation digital officer.

Ragu: So specifically, innovation has got so many different connotations. For us, it's about very pragmatic innovation, very pragmatic way of doing things differently in different things, breaking the constraints of doing things better, faster, cheaper. If you can do two of the three better and faster, better and cheaper, faster and cheaper, that's... or simply put, I would call it innovation in our context.

Jacob: You probably talked to... well, not probably. You do talk to a lot of companies, a lot of different executives out there. What are some of the big things that your clients or

customers or prospects are asking you about? What are they worried about? What conversations keep coming up?

Ragu: Interestingly enough, these types of conversations I have with my clients changes. I've been doing this close to 25 years. But for this question... I'm going to answer this question about, what have they been asking us, not only me particularly, but the rest of my colleagues, partners in the firm, let's say with the last 12, 18 months. Is that a reasonable way to answer your question, Jacob?

Jacob: Yeah, yeah. That would be great.

Ragu: So, it's interesting. People are now... that's [inaudible] talking a lot about, what does cloud mean? How important is cloud? How do we move to cloud, and how do we move... When you talk about AI, what does AI mean and how does it impact my business in terms of how I run our business, how I deliver new services and offerings for our clients? How do I enhance my relationships with clients, leveraging technology? So think about it. Technology is 100% about pure in 1990s is about digitizing. Think about ERP and SAP, Oracle, what have you, basic digitization of backend processes and improving effectiveness. And the primary focus was efficiency and some effectiveness.

Ragu: Now, people are talking as much about top line growth, as much about enhancing the customer experience, the bond between our client, the company, and the customer. Those are the types of questions they are asking, asking us how we can help them in this journey, pivoting from, let's call it the post-internet [inaudible] to an era where we're going to be in a progressive intelligence era where there is significant amount of data available, where that is processing power available at the edge. How do you bring this and wonderful, great software algorithms that's available from the cloud? How do we bring all these things together to serve the customers better? Think about what new offerings we can bring to market. So the questions are very focused on... Let me put it, digital transformation.

Jacob: How do you explain or define digital transformation? Because it's a very hot topic. It's a phrase that gets thrown around a lot, and I've seen probably a hundred different definitions of what it is. How do you define digital transformation?

Ragu: Right. There are so many ways of defining digital transformation. It's an eye of the beholder, so to speak. Simply put, the way at least we would define digital transformation, it is about becoming a digital enterprise, holistically, by leveraging data, technology and people, data technology and people to evolve all aspects of the business; what they sell to their clients and customers, how they operate the business and how they sell to their customers. How do they relate to the... How do they reach their customers? How do they serve their customers in terms of customer experience? It is really thinking about all the aspects of business enabled by data, technology and people. That's at least our way... we would think about, or I would think about digital transformation.

Jacob: This might sound like a weird question, but let's say you were to compare two companies, one was digitally transformed and one wasn't, and they were still same old

company that we think about. What would be the difference between the two? Like, can you give an example of how each one might do something or how each one might operate differently just so we can compare the differences in what digital transformation looks like?

Ragu: Oh, absolutely. It's a great question. Wonderful way to bring some clarity to this topic. Let's take company one that is not digitally transformed, and let's take a company to that is digitally transformed. So, let's pick a specific thing. In terms of understanding what our customer's needs are and what the customer's reactions are to feedback to the company's products and offers, in the first case, so not digitally transformed case, they would be thinking about... and they'll doing market research surveys to understand what the customers' feedback is about the products. They would be doing focus group discussions to understand what customers reactions are to product. If they want to launch a new product, they will be doing a survey, they will be doing focus group research, they'll be doing ethnographic research.

Ragu: Now let's think about a digitally transformed company. In an era of big data, they understand they ought to have social media data ingestion to understand customer's feedback on their service and offering, they will have 360 degree views of customers in terms of when the customers reach their call centers, customers blog. They will ingest their data and do analysis on that to understand truly what are the customers saying about the offerings, saying about the interface between the company and the customer. And when they think about launching new products, they're not asking a question about, what are your needs? They can glean the needs, looking at the social media chatter, looking at, what are the core questions that customers are calling about or emailing about?

Ragu: There're different touch points with the customers that happens continuously in a very contextually different environment. Therefore, you'd have to do less of ethnographic research because you are truly getting an MRI of a customer's thinking. And customers thinking over time and cross-sectional data as well across different customers, now, that ingestion of data and understanding therefore what new offerings one could bring to market, deducing that from the data is the digitally transformed company. Does that help?

Jacob: Yeah, no, no. That's a great example. But does it always have to be just for customers, or does digital transformation also look inward on anything dealing with employees and how work gets done as well?

Ragu: Lovely, lovely question. Now, I just took an example of customers because it's just easier to walk through the thought process there. As I explained, digital transformation is about what we sell to our customers, how we deliver our offerings to our customers and how we operate our business. So it is absolutely... We talk about... interesting word. We have an offering called Deloitte Digital, helping our customers digitize and go through their digital transformation journey.

Ragu: So we asked ourselves, what does Digital Deloitte look like? Not Deloitte Digital offering, but if you think about the fourth industrial revolution, how do we transform ourselves in

terms of us understanding our client's needs, us running our operations better, understanding and sensing trends and figuring out what offers we should take to market and providing a digital interface to our customers, so that they don't have to call us all the time with a question saying, "Hey Deloitte, we have this situation. Can you come and give us some advice?" Imagine a different way for them to interface with us.

Ragu: So we think about those aspect of it. At the heart of it, if Deloitte is going to get ready for the fourth industrial revolution as we become digital Deloitte, the biggest challenge is not just technology in terms of cloud or in terms of AI enablement of our infrastructure. The biggest challenge is the transformation of our people, is getting our average talent to become technology savvy, it is getting our people to naturally adopt and use technology. That transformation, not only for Deloitte...

Ragu: From our survey that we did most recently, that is one of the biggest hurdles that our clients face in digital transformation So answering your question is absolutely inward focused as well. The companies operate... In fact, I would say about 60% of the time when we work with our clients, it is about how does the client digitally transform themselves? How do they digitally transform themselves in terms of, how do they sense their customer's needs, how they... It is about internal transformation of the company. How do they go through workforce transformation? We are working with a large technology company and helping them transform their workforce for the fourth industrial... for the digital era, so to speak.

Jacob: That makes a lot of sense. I appreciate all the context on that. You mentioned a couple different things there, and one of them was the fourth industrial revolution, which has also come up quite a bit on the podcast. So it's a good tie into the next question I was going to ask you, which is, what are some of the trends that you, or even Deloitte in general, are paying attention to as far as changes in the world of work? What are the big things that are out there that you think everybody else needs to be paying attention to?

Ragu: The biggest thing we see in Deloitte is the digital transformation. The digital era is upon us, we like it or not, number one. Number two, it does not... When you think about digital era, people talk about data, technology and AI, all wonderful. But people are very important. I see them as the quarterback in this transformation. We will also hear the concept of... When you talk about AI, human in the loop. That is wonderful. We absolutely believe in that. I think about it slightly differently. I think about technology in the loop, slightly... It's this nuance statement. But when you think about technology, intelligence plus people, intelligence gets us to a new frontier, a performance frontier. Both are equally important. At least that's how we think about it.

Jacob: So technology seems like is the biggest trend you're paying attention to, AI, all that sort of stuff that's coming our way. Fourth Industrial revolution, blockchain, all technology stuff.

Ragu: Indeed. So we talked to the specific trends... I lost track as I was talking. The specific trends is about... In technology, it would be about... It is cloud. It is about AI, AI moving from spot intelligent automation to pervasive intelligence embedding in our offers and every company's offers and products. So it's cloud, it is AI, it is democratization of

software development. How does one develop software is fundamentally changing because of cloud, because of the services that cloud providers like an Azure, like an AWS or GCP offer. Therefore, one, what took a company, let's say six months and 10 people to develop a particular application now probably takes two months and three people. And that's being conservative. Sometimes it can be faster.

Ragu: So [inaudible] if you look at those trends, because that is a significant implication for our clients and for Deloitte. So it's about that. Then we think about trends like blockchain, how it impacts... When we think about blockchain, we are not carried away by the hyper blockchain, very focused on, what are the classes of problems that blockchain can solve and what kind of communities and groups we need to bring together to solve those classes of problems. So we are very... We're doing experiments and focused on specific problems in blockchain.

Ragu: So we're looking at trends in terms of technology. We are looking at what does it take for an organization... We're tracking that as well. We are talking to our clients, what does it take to transform... In terms of people's skills, what kinds of skills are needed to go to the transformation? In addition to technology trends, we look at that as well. And the third aspect we are looking at what are, what the business models? How do people who have different kinds of relationship with ecosystem partners, how do they create and capture value with you? So we're looking at how that is shifting as well. It's technology, people and business model.

Jacob: What are those skills? So you mentioned that's one of the things that you're looking at, the skills for digital transformation. Can you share any of what those are?

Ragu: Right. [inaudible] one can become tech savvy. And in fact, I give this advice to my own kids, our daughter, who is just graduating from high school. I say if you just think about it... and I was thinking about the other day I was talking to her. I was like, In 1995 or a little bit late 1990s, one could put saying, "I know Excel, I know word processing and PowerPoint." The skills. Now you don't see that in the resume because every professional was expected to know how to use word processing or PowerPoint or Excel. So-

Jacob: I had that on my resume. I remember that many years ago.

Ragu: Exactly. Exactly.

Jacob: Word, Excel, PowerPoint. I think I even had some email stuff on there. I might've even had a web browser. I can't even remember the different technologies. But yeah, I agree. You don't see that on a resume anymore, ever.

Ragu: And just imagine, fast forward, Jacob, that what, 10 years from now, pick a number, perhaps even sooner, that we expect people to pick up python coding to solve a problem. I'm not going to ask this professional who has just joined my firm, "Hey, do you know python? Hey, go solve this AI problem." By the way, this... There is is some python libraries that use some machine learning algorithms to go analyze this data, go figure it

out. And I would expect a professional to figure it out, and they may not even have a computer science degree.

Ragu: So when we talk about being... Transformation is about really... I'm just using one particular example. It's about being tech savvy, it's being understanding, how to use technology to solve business problems. And what is going to be in highest demand is logic and first principle thinking, it's not, I know programming languages. Because anybody should be able to learn a programming language. If you have a logic straight, it probably takes you a week to figure this out. That's what we mean by transformation. I would expect 30, 40... I would expect 60, 70% of my workforce significantly computer literate and don't have to know how a computer works, don't have to know how the cloud engineers creates this performance in the cloud, but need to know what kind of micro services they can leverage from AWS or Azure to create a very quick software.

Ragu: Just like the way today one creates an Excel macro, imagine five years from now, creating a quick software to solve a supply chain problem. I'll give you a real interesting example. Son is 14 years old. About three years ago, he downloaded Scratch from the MIT's open source gaming, and he made a duck jump sitting in the kitchen table. He said, "Dad, see the duck is jumping," and "hey dad, see the duck is moving backwards now." Imagine in 1980s to make a duck jump or make the duck go backwards, we probably had to write a thousand lines of code. All that this kid had to do...

Ragu: He didn't know anything about computers. No genius. All that he had to do is just download a package and pull a few objects and made the duck jump. That is the future I envisage for our companies, our professionals. I am very, very optimistic for the next generation as long as they're willing to learn and continuously learn, and they need to go to university to learn how to learn and just not learn certain topics and hope that it'll sustain them for the next 30 years.

Jacob: Couldn't agree more. I've mentioned this a couple of times on the podcast, I have a new book that's coming out in January of next year, Looking At The Future Leader and basically what it's going to take to be a leader in the next 10 years. And one of the things that I talk about in there is being tech savvy and digitally fluent. It's not the same thing as being a technology master. It doesn't mean that leaders need to know how to code everything, how everything is designed and built. You don't need to be a professional coder or developer as a leader, but as a leader, you do need to understand what the technologies are, how they might work, the potential implications they have on your business, how you might be able to get benefit from them.

Jacob: So from a high level, it's very, very important, I think, for all leaders, like you said, to be tech savvy and digitally fluent. Because right now, we're definitely not there-

Ragu: Jacob, I couldn't agree with you more. I can't wait to read that book, because that is exactly... It'll help us buy a few copies and get you clients because that is... Everybody would agree with us, but then they need to... The key thing is from agreeing to internalizing and then doing something about it. And my biggest concern for corporate America, corporate world is that from agreeing to internalizing to doing, that is the velocity is not fast enough. It's not as fast as the world is changing.

Ragu: And the competition for companies or for traditional companies are the new emerging digital native companies. So the traditional companies don't transform as you are suggesting in your book, becoming tech savvy, because they can figure out adoption of technology. We have done it multiple times. We've done it in 1980s with computers, we ha done it in 1990s with ERP software, we have done it late nineties, early [inaudible] with internet and data and mobile.

Ragu: So we have gone through this technology adoption, some good, some not so good, some slow, not so slow, but what we have not gone through a massive change management, a massive transformation of talent, mass transformation of talent. That is the difference between now and yesterday. 10 years ago, we need to get some computer scientists. We need to get our IT department in order. We need to... Now, it is not about getting a technology savvy team, it is about making everybody tech savvy. Sounds like a nuance? It is almost an impossible nuance to do.

Jacob: I could not agree more. One of the reasons why, at least, I was interested in looking at the future is because, I think you mentioned this, things are changing so quickly that we need to sometimes look not to the present, but a couple of years out, five years, 10 years out. So I'm glad we're at least aligned on the tech savviness, because I found that when I was interviewing a lot of CEOs, for example, some of them didn't know how to use Skype, some of them didn't even have computers, and they had assistants who did all the work for them. And I'm sitting here thinking like, "You're leading a billion company, you have tens of thousands of employees, and you have a very hard time, yourself, using technology."

Jacob: Like how can you be a leader in this kind of a world where you can't figure out some very basic technologies? Of course, there are exceptions to the rule, but I think going forward, this kind of a leader will not exist. If you don't understand the implications of technology, how can you lead a company in a technology driven world? It doesn't make any sense.

Ragu: Exactly. As Jamie Dimon said, every company is a tech company, it just depends what you're doing with the technology.

Jacob: Yeah. Yep.

Ragu: So I quote him a lot because it's intuitively clear, and that's... He said it crisply and clearly, and I think it's time for us to just internalize it and move on.

Jacob: Are there any technologies today that you think are maybe over hyped that are getting perhaps too much attention yet they're not ready or just kind of the shiny new toy?

Ragu: Right, right, right, right. There's always [inaudible] hype cycle. I study technology. I think architectural shifts are the biggest reasons why companies go... If you study the history of companies and companies that have done well and companies that have gone south, it's fundamentally... there could be a million reasons, and you can do all kinds of

analysis, but the heart of it is companies that don't survive because of an architectural shift, and they made a bet on the wrong side of the architectural shift.

Ragu: In terms of the hype, I would say for example, quantum computing... I am not saying... Technically, it's impossible or it's a... It's a hype because what it takes to have the quantum computer at scale and what it can do in terms of the classes of problems we're solving, it is a bit of a hype on quantum computing. Another technology I would say is a bit of a hype, and this may be a bit controversial statement for me to make, is blockchain. Are there users for blockchain? Yes. Is there democratization of those users? Are those users millions of users? Probably not as the hype would suggest.

Ragu: There're specific classes or problems where you need blockchain. Is it private blockchain, public blockchain, closed group? How is it going to evolve? So I think that is a significant hype there, and people are, I think... I think people are realizing the hype and trying to be more pragmatic now in terms of the use cases for blockchain. So quantum computing and blockchain would be two examples I would suggest.

Jacob: So I'm curious now that you mentioned the blockchain. So Facebook announced that they want to have their own currency, which is kind of crazy. What were your thoughts on that?

Ragu: On blockchain in general or Facebook's currency in particular?

Jacob: Yeah, Facebook's currency, because obviously, that would rely very heavily on blockchain. It's crazy that a social network, a company like Facebook can actually build its own currency. Like, you would have never thought, even a couple years ago, that a new currency would be able to come into existence. It's crazy to about.

Ragu: Right, right, right. Listen, I think it's a fine idea. As in Facebook as an innovative company, it is a fine idea to experiment and explore for Facebook. Now, in terms of what is right, who does what, it's very hard for me to comment with crispness and clarity. I think if I was Facebook, I would do those kinds of experiments because that's what they are in the business for, digital native company and blockchain and this currency is a digital native currency. So right thing for them to explore. Now in terms of regulatory, in terms of political, in terms of monetary angles, what is right is a bit hard for me to judge and comment, Jacob.

Jacob: Yeah, yeah. No, no, that's fair. That's fair. That's fair. You guys put out a report fairly recently, and one of the things that you talked about in there, you had these seven, I think you called them digital pivots.

Ragu: Indeed.

Jacob: And I thought it would be interesting to just maybe super high level, just briefly go through those seven so that listeners can get a sense of maybe where they are in their respective companies. So can we quickly go through what those seven are?

Ragu: Absolutely, Jacob. There's no magical number to seven. We really studied, what does it take for a digital... your question earlier, what do you mean by digital transformation, than we went on a [inaudible] to say, How do you transform yourself digitally? So if you were to answer that question... We thought about it hard, we studied, we interviewed companies and executives. At the heart, we came up with these seven, and they are, one is to have flexible and secure infrastructure, having the IT infrastructure, network infrastructure, having cloud architecture in place, having automated provisioning in place, having all that goes with how do you engineer for performance? How do you have this application? How do you have the next generation cloud infrastructure in place? That's what. And secure. Security is extremely important. And not providing lip service. How do you secure data? How do you secure application? How do you secure the infrastructure? So it is hugely important. That's one.

Ragu: The second is data mastery. We call it data mastery because in the digital era... not to use a cliché, data is a fuel in the digital era. Data is very important. The volume, velocity, variety of data that one collects and one interprets and analyzes and with high degree of velocity, democratization of insights at the edge of company. If every employee has insights coming from the data that they have and then that enables them to make every decision that they do, then that is called Nirvana. So that is important, data mastery.

Ragu: The third one is a very important one. We talked about it quite a bit, just already in the podcast, is having an open talent and digitally savvy workforce. Digitally savvy workforce, we talked about it. Open talent is a different model that not every professional that is helping the company develop, deliver and support needs to be an employee. You can have an open talent network where we leverage the right kind of skills for the right duration, for the right tasks. And one should be able to do that in a seamless fashion, in a secure fashion as well. That's a third one.

Ragu: Fourth one is we live in an era of getting things done by collaborating with others. Another cliché is ecosystems. Call it ecosystem, call it strategic alliances, call it partnership, whatever you call it. The bottom line is the interaction and collaboration with multiple players to deliver offerings and creating value for customers, that is the new state of being, and doing that... Now, it is not very different today than what it was 40 years ago. The car manufacturing companies are ecosystem partners or strategic alliance partners. So what is so different today?

Ragu: It is about the number of partners. It is about the velocity of the relationships that we have, the types of relationships we have. All those things, doing that in a very agile fashion is an important talent to have. I think that's probably fourth. Fifth is one is, intelligence and pervasive intelligence and bringing intelligence and how you operate or run your company and bringing, embedding intelligence in the office is an advancement in use and development of intelligent processes and software and products in office.

Ragu: And a sixth one will be customer unified... You asked me the question about a digitally transformed company versus not digitally transformed company, and I walked audience through an example. And it's about having that capability of understanding a customer's need, figuring out a customer's need even before interviewing them and understanding

how the performance of our current offerings are resonating with our customers and providing an interface between the company and the customer in the most frictionless matter.

Ragu: And I'm going to use an example, not that there are so many companies that [inaudible 00:32:26]. The classic example. Everybody is about Amazon, and you don't have to call anybody. Their digital interfaces superb. So that's the sixth one. Last but not the least is the business model. How do we create and capture value in the digital era where we are... Everybody doesn't need to have a Facebook model or a Google model or an advertisement or... You still can figure out business model where we create value and capture value differently. So those, I would say, are the seven pivots. If you ask, contextually, what does that mean for my company in each of these pillars? What am I doing today? If Jeff Bezos gets into business, what he would do, that may be a good place to start.

Jacob: When you look, just in general, at the business landscape of maturity in the digital transformation world, where would you say most companies are? Are we digitally transformed? Are we just getting started? Are we somewhere in the middle?

Ragu: We are just getting started. I'm trying to think through from the [inaudible 00:33:37]. There's only about 25% of the companies where it is increasing at a rapid pace. But only 25% of the companies were investing about 11 million. And that percentage is increasing, but we are still at very early stages of this digital transformation. What I am optimistic about, what I am seeing, this is not... I use the word survive and thrive. Digital transformation is as much about survival as is it about thriving. Therefore, the rate of change and adoption of this whole seven pivot model I'm talking about is likely to increase at an increasing rate for the next three to five years.

Jacob: Got it. Okay. So still very early stages, still have a long way to go in the digital transformation scheme of things, so to speak.

Ragu: Indeed.

Jacob: Where do you think... Well, not where do you think Deloitte is, but what is Deloitte doing internally? So obviously, you guys are helping lead the way in this area for a lot of your customers and prospects. Can you share anything that Deloitte is doing internally to digitally transform, whether it's with your customers, your employees, just any initiatives or programs that you guys have going on that listeners might find interesting?

Ragu: Absolutely. There's several initiatives going on. And the dog eating the dog food, first thing we did was... if we believe we, these are the seven important pivots for digital transformation. We asked ourselves, what are we doing about it? For example, what are we doing about secure infrastructure? We have a chief security officer who has given us guidelines in terms of increasing the velocity of development of solutions and applications in a most secure manner. And we have put in place cloud islands. We have created secure guardrails. You're in AWS or a GCP, GCP meaning Google or Azure and Microsoft Cloud.

Ragu: So we have created an infrastructure process, policy and capability for ourselves in the firm. We have created a special program, a special effort on data mastery. What data do we capture? And with our client's permission, what do we store? When we work with our clients, how do we ensure our clients get the most secure? And as we deliver engagements and projects for our clients, we want... And as we leverage our intellectual property and assets to deliver those solutions for our clients, we work with our customers' data, our clients data, and we are creating the capability within... to certified, [inaudible] certified. We are creating all those processes in place so that we can move with speed and precision.

Ragu: We are investing humongously in tech savvy and training. We are taking our professionals through bootcamps. We are agnostic if they have an English literature background or philosophy background. They go through Deloitte University, they go through bootcamps to become digital savvy. Now we have different levels of digital savviness. [inaudible 00:36:56]. One is people can understand technology. There are people who can deeply understand technology and develop solutions. So we have different levels of certifications, and we are taking our professionals through that.

Ragu: Just to give you an... We are doing all of this with high.... We are mobilizing the firm, which is not... We are doing a few experiments and especially on the digital side transformation. We are mobilizing every part of the business and created curriculum for this. An important thing about it is we are not only creating our own curriculum, we are actually leveraging a lot of curriculum that's available in the open source and available out there in the marketplace, of course with all the digital rights managed very well.

Ragu: And that is the path I will recommend to our listeners, don't have to go out and create a new curriculum. If you want to understand blockchain, there's plenty of material available out there. If you want to understand about basics of cloud, that's plenty of material available out there. So, aggregate, develop a core set of material that is relevant, contextually relevant for you for the company, and then offer it to the employees. That's what we are doing, and we are going through it in a very systematic manner.

Ragu: Now, Jacob, I don't want you and the audience to believe that we are a perfect 10. We are in this journey ourselves, and we have every day... that's why I have this title of chief digital officer as well. Every day we think about what is that we need to do. And by the way, from thinking to doing, even we've... even we, not that we're any special unique brand. But being in a professional services advising others, we face our own challenges. Change management is our biggest challenge.

Jacob: How do you deal with that? Because I hear that coming up a lot. So first, when you say change management, what do you mean? And maybe you can talk about some of the biggest challenges that come across during change management, and if you have any tips or suggestions on how to overcome them.

Ragu: Fine. Let's start with, what do you mean by change management? That too, like digital transformation, or innovation, is fairly loosely used or used in different ways by different

people in different contexts. So change management, the way I'm describing it for this context, this purpose is getting people to do things differently in different things because technology and data enables us to do that. And by doing things differently in different things, we can create value for our clients and ourselves.

Ragu: Now, doing that things differently in different things, is called change management. That is humongously difficult. Why? Humongously difficult, because to doing things differently in different things, we have to educate our clients that it is good, we have to educate our regulators by doing this, the quality improves, not decreases, and we have to educate our own professionals that it is good for them, in the medium to long term, even though it is challenging. It's going back to changing human behavior.

Ragu: I always use this example, Jacob, about if you're regular to the gym and if you run five miles a day, and if you have to go on elliptical, your body rejects it. And so lasting one hour, you want to be done in 30 minutes because that's not your body. You're using different muscles. To me, at the most elemental level, changing human behavior, trying to get people to do different things is challenging. And it becomes even more challenging because somehow, and rightly so... not somehow [inaudible] is they're risking something. They know how to generate.

Ragu: For example, in the Deloitte context, if you're a partner or a principal, you ought to generate some amount of revenue. So that's how your performance is... one of the dimensions of a measuring performance, not the only dimension. Now, you know how to generate that revenue by working with the clients, doing certain things. If you are to do things differently and offer different things to your clients because it's the right thing to do for the client, you'll always figure out, can I eek out one more year and one more year continuing to do today what I did yesterday? And getting people to pivot is a very hard thing.

Ragu: Now, in terms of your third part of question is, what tricks have we used? Well, not much of tricks. But what we find is... and this I mean most sincerely appealing to the core... If you're not smooth without professionals and cute without professionals or any professional for that matter, laying out the industrial and the business logic, laying out why it is good for them... I tell my folks, become tech savvy not only because you're going to be very useful for Deloitte and our clients, if you become tech savvy your market value increases by 40%. Why would you not do this? If you are a young professional, why would you not do this in the most selfish, in your interest? Forget Deloitte, forget our clients, in your own personal interest. Six times out of ten, seven times out of 10, that absolutely appears.

Ragu: Now, the second thing one needs to do and we are doing fairly successfully, make it easy for them to learn. Don't tell somebody that you are to become tech savvy then ask them to figure it out. Okay. This is what it means to become tech savvy, here is where you can get the information. Here are the courses, readily available for you. Make it easy for them, accessible for them and then that's the... Offer a little bit of a stick, which is if you do... or an incentive. If you do these things, you'll get a small incentive.

Ragu: Incentive is not only about a bonus or an increase in pay, incentive about... You will get staff on interesting client engagements, you will get staffed with cool clients. And you will get staff, for example, as some nonprofit initiative. People need to be motivated beyond salary as you... You have written books on this, Jacob, who am I to discuss that? Those are the things that we try to do in terms of, not tricks, but motivating our professionals.

Jacob: I love the messaging. So you basically focus on the value that all of these things have to the employees as individuals, not on the value that it has to the company or the business. So it basically makes it more real for them.

Ragu: Indeed. And I'm a huge believer that ripples create waves, huge believer if individuals are satisfied with the right set of incentives, when you bring them together with the right motivation incentives, they will collectively over perform and the business would benefit. And I'm not trying to be neither [inaudible] nor Gandhian here trying to say, I genuinely believe if you focus on the right skills that are needed and the right incentives for professionals and appeal in logical fashion, and improve their cause, and give them the right kind of motivations... I have seen that work within my own team, I have seen that work in larger teams and that... And we've got to be patient as leaders. We have to be patient. Work, work, work, be persistent, communicate, communicate, communicate, make the tools easily accessible and available, and then provide incentives on top of it.

Jacob: Perfect night. I think that's great advice. So let's say I'm a manager at a company, and... I don't know. Maybe I'm running a team of like 50 people or a hundred people and I'm in the process of changing some behavior; digital transformation initiative, or maybe it's just a new behavior around how I want them to lead. So you recommend the first step is just really understanding what the employees care about and what they value, how they work, so that in turn, you can make a lot of these things real to them. Because it seems like the way that you make it real to your employees is you have to understand your employees, right? If you just treat them as workers and as cogs, it's very hard to make anything that's really relatable to them.

Ragu: Hundred percent right. People are not unit of capacity, even though it may sound like that. That's one of the reasons I have found this fourth industrial revolution. A little interesting verbiage and coordinate. People are people, they're not a unit of capacity. They happen to be having set of capabilities that create interesting, high quality capacity for doing different kinds of things. So if you are a manager of, let's say 50 or 100 employees, fairly simple, number one, you need to understand what is the strategy for your company? What is it you want to do? What do you want to sell to your customers? How do you want to serve your customers? So you need to know that. That clarity you need to know, number one.

Ragu: Number two, if that's what you need to do to be... What would a digitally native do? If a new company starts from first principle... Again going back, what would Steve jobs or what would a Jeff Bezos do? If you think about it that way, you put that list together. So you have the [inaudible 00:46:31]. You know what you want to do, you know what are

the capabilities and assets and activities you'll need to do those things. Now, one of the assets you have is people. Now, that asset needs these capabilities to get that done.

Ragu: Again, when I talked about it instead of... I said people in the loop are technology in the loop, with technology plus people is equal to going to a new performance zone. And so you need to... This these people, what capabilities they need, you need to have a sense for that. Then, to your point, you need to know your people. So you need these people to have different capabilities. You have to figure it out, who can transform themselves to what types of capabilities? And with what kind of incentives and motivations do you need? If you get somebody to go from step one to step eight, it's hard. If you want them to go from step one to step three, with the right incentives, it's possible. What saying is too logical, too simple, you're like... Pardon my language, no shit. Hard things are not that hard if you break it down to first principle of thinking, that I genuinely believe that's what it is. People make it more complicated than it needs to be.

Jacob: I couldn't agree more. I sometimes we do make things a little bit too complicated. One of the things that I found interesting in your report... I think you guys, and correct me if I'm wrong, you found that while we're spending more on digital transformation, a lot of companies are not actually... either they're not getting the ROI, or they're having a hard time trying to figure out what the impact of it is. Can you talk a little bit about why that's the case, and is there anything that organizations can do to fix that? And I think we saw the same conversation in social media, right? People would say, why do social media... What's the ROI of social media? And we do this all the time with different technologies, we always obsess with the dollar and cents amount. So I suppose digital transformation is no different, but maybe can you share any insights on that?

Ragu: Right, right. It is, I think... more than think. Its is a fact that when it happened, the so-called technology conundrum, if you recall, Lester Thoreau talked about it and Bob Solo talked about it in early 1990s, mid 1990s. A lot of investment went in computers in mid to late 1980s if you recall, then enterprise software in early 1990s. And we were looking at productivity in mid 1990s saying, "Hmm, what's with this? So much investment in technology. We are in a productivity funk." Then comes late 1990s. The rest is history. The productivity growth is phenomenal. It took some time.

Ragu: The theory of the case... I'm no economist. Theory of the case there was that it took the society, the companies time to absorb technology and convert that into productivity. Now, coming back to now, we're in the digital transformation. I see the challenge. Yes, people not realizing as much about it as they perhaps should. I think that it is a system. When we talk about this seven pivots, you need the cloud, you need the infrastructure secure, you need the mastery of the data. If you say, "I am going to invest \$500 million in creating the biggest data..." whatever you want to call it, leak using the latest technology, what do we want to use... Or if you say, I'm going to create this cloud infrastructure and not invest in people becoming tech savvy, not invest in developing a new business models, what are you going to do with this?

Ragu: It's like it's like saying, I'm going to build a fantastic car and invest all the money in developing an engine. You have nothing left to develop the rest of the car. That's is-

Jacob: Just a nice engine that's sitting there.

Ragu: Exactly. That's not moving anywhere. What I'm saying is so and so trivial. Trust me, this is happening all the time in corporate world. People pick one or two of these pivots and go all in and forget the fact it is... By the way, in addition to all the seven things we talked about, including tech savviness is... One thing that we didn't talk, it is surround effect around the seven pivots is we call it the digital mindset.

Ragu: When you look at a problem, a digital native company thinks about... it starts with saying, "Oh, I could do it this way." Think about it. If you are a strategist going to a company, you listen to an executive and saying, "Ah, this is a strategy problem." If you are a supply chain specialist, you listen to the same problem and say, "I got it. It's a supply chain problem." We all process information with our own experience, and that is our prism, our lens. Therefore, it's important to create a digital mindset where people begin processing problems with a digital mindset. Therefore, they automatically use technology, they automatically use different capabilities as humans to solve the problem. And once you do that, then you hit Nirvana, then you hit escape velocity as a company.

Jacob: Got it. I think that's great advice. And I love the analogy of spending time focusing on the engine and nothing else. Because that tends to be the case. We put so much money on that technology that we forget that technology is just the tool and people actually need to use the tool, and simply somebody just giving technology to people is not actually going to solve any of your problems. So-

Ragu: Exactly. Exactly.

Jacob: ... I really do like that analogy. Well, what would be your best piece of advice for people listening? We probably have a mix of different people. I'd say some of the listeners would be senior level leaders inside of companies or mid level managers that can actually make decisions and drive change, and other people listening are maybe individual contributors inside of organizations. They don't have any of that leadership or management authority, but they also want to try to convince their teams or their leaders to change. Any advice for these two groups around what they should be doing or thinking about?

Ragu: Sure. Well, not to sound... Not to be pontificating, I am a steadier and the thinker of organizations, and I, everyday, learn from every interaction that I have with our executives. With that, as a humongous caveat, the advice that I would give for individuals and leaders is one, truly, truly, ripples create waves, number one. Number two, which is do your part from first principle thinking, channel, ask yourself what would Jeff Bezos do? And I'm not going to continue to use one word, but just see what would the digital native company do? So ask yourself and do thought experiments.

Ragu: The biggest advice I have is do a thought experiment. Think about, how would I use technology, data and available AI software, voice recognition, it could be semantic language processing. You don't need to be a technologist. Read basic at the highest

level, what do these things do and see how can I use it to solve the problem differently? That's my advice, think about doing things differently in different things as a supporter would say, what exactly you can do and go do it. Experiment and learn.

Jacob: And I get the sense that I know what you're going to say about this, but when you think about the future of technology, are you optimistic? So whether we look at AI or just technology in general, there's a lot of debate all the time around the future of jobs and skills and what's going to happen to humans and people. I get the sense that you are more on the optimistic side that everything will be okay, new jobs will be created, but there might be some disruption here and there. Is that right, or are you more on the skeptic side?

Ragu: No, I'm on the optimistic side. You read it right. From the conversation we're having, I'm the optimistic side. That said, Jacob, I see at the end a long... I am in the optimistic in medium to longer term. But getting to that optimistic, the upside abundance, so to speak, for society, we would go through any changes, not pleasant and not painless. So we would experience some change, some disruption. There'll be winners and losers in the short to medium term. But in the medium to long term, we as a society collectively would be farther ahead.

Ragu: So, one shouldn't look at the short to medium term pain and discount the fact the north star, we as a society advancing forward. We need to really be prepared for that pain. We should plan for it. As companies, as leaders and as a society, we need to bring people along, invest... That's why investing in tech savviness, because we cannot create the digital haves and have nots. It's simply not good for the larger society. I'm not trying to be a socialist, I'm not trying... To be the best capitalist perhaps you need to be the best socialist. Bring people along because we'll collectively benefit.

Jacob: Wonderful Advice. Well, before we wrap up, I just have a couple of fun questions for you, just so that people can get to know you a little bit better. And the very first question for you is, what has been your most embarrassing moment at work?

Ragu: Embarrassing moment at work. Boy, I was not prepared for any of these questions, my friend.

Jacob: Nobody ever is, that's what makes them fun.

Ragu: And I'm never stumped with any questions. But these certainly... Well, I'll tell you the most embarrassing moment is I thought I was sending an email internally to one of the leaders in the firm saying, why we were not able complete or close the deal, and I drafted that email and sent it to the client with whom I was supposed to close the deal. How about that. This is true. This is 100% true.

Jacob: Oh man, that must've been a fun conversation afterwards.

Ragu: I used that defect as a feature and I said, "You're not buying the service from me, causing so much heartburn for me. See what you did? I had to do this." So I turned that situation over, but it was very embarrassing, I must admit.

Jacob: Yeah. Yeah. I'm sure. Okay. Next question for you, what has been your greatest failure?

Ragu: Greatest failure. Not to sound corny... So I need to come up with absolutely greatest failure at work, because I'm assuming that's your question, right?

Jacob: Yeah. Yeah. Usually more work-

Ragu: So the greatest failure is... Well, there's lots of failures. I don't want the audience to think I can't think of one. It's a long list. I'm trying to figure out what is the biggest one. I would say the biggest would be... I know what is right for the client, the client knows what is right for them, and not being able to close that... closed from understanding in to internalizing and acting, which landed up resulting in the client not exploiting humongous opportunity in front of them.

Ragu: Now, while I'm saying this, I'm not suggesting the client didn't take my advice. That is not what I'm saying. I'm really genuinely saying how both felt it is the right thing to do, but left the hanging shirt there, and that I feel is the greatest failure. If I persisted a bit more, collectively, we'd have even gotten to outcome. It's not about dollars and cents, but Deloitte is genuinely bringing... I'm not trying not sound corny, again, capitalism and... If the client succeed we succeed we succeed. And making that pivot, getting that client to make that pivot, it's our job. Not to say I said and they didn't adopt is not a good answer. That's my greatest failure.

Jacob: Okay. A what is either a business book or non-business book that you recommend everybody check out?

Ragu: Business book, Good Strategy, Bad Strategy. I enjoyed reading the book. Habits is another good book. It's a non business, but... Forming good habits... If you're going to form habits, you might as well form good habits. I love the book. It's useful in a personal context or a business context. In an organizational context, how do you create good habits for an organization? It's simple, pragmatic. I enjoyed reading that as well.

Jacob: All right. And the last two quick ones for you. If you were doing a different career, what do you think you would've ended up doing?

Ragu: Being a professor.

Jacob: Okay. Professor. And last question for you, what was the hardest business decision you ever had to make?

Ragu: Personally or for the business?

Jacob: Either. You can share either.

Ragu: The hardest business decision I had to make. To walk away from a client project as humongous opportunity for the firm in my past life because I knew the outcome was obvious, didn't need a study.

Jacob: Okay. So walking away from a big deal. That's a good one. Well, where can people go to learn more about you? I know you're on LinkedIn, you have this new report that you put out there. So anything that you want to mention for people to check out, please feel free to do so.

Ragu: Well, I think LinkedIn is good, and the report. And happy for people. If you have questions, thoughts... I enjoy reading and reflecting on every aspect of life. I'm a political junky, I'm a news junkie. I enjoy reading philosophy, so happy to interact with the audience if they think they would find it interesting. And feel free to email me.

Jacob: Well, thank you so much for joining me, Ragu. It was a lot of fun.

Ragu: My pleasure. Thank you for having me, Jake. It was a pleasure. Look forward to having a cup of coffee soon.

Jacob: Yes, yes, hopefully. And thank you everyone for tuning in. My guest, again, has been Ragu Gurumurthy, he's the chief innovation and digital officer at Deloitte. You can find him on LinkedIn. You can also find a lot of the cool reports that Deloitte is working on on their website as well. And I will see all of you next week.