The Digital Value Institute

Transcript 2020 09 29 DVI Virtual Panel The COVID-19 Impact Strategies, Stories & Questions

Good morning, good afternoon & good evening to our Global audience today. It is Tuesday September 29th 2020.

My name is Thornton May. I am a futurist, an author, an educator and an anthropologist.

What this means is that the august panel you have arrayed digitally before you are not just friends, are not just exceptional executives from high performing companies – they are also lab animals. It has been my task to study their behaviors over time.

I study the behaviors of modern corporate executives.

Three years ago, Atle Skjekkeland – one of the world's leading authorities on information management and governance – and I founded the Digital Value Institute to serve as a thought leadership platform collecting and distributing knowledge about how value is created in a digital world. We recognize that there are a lot of smart people in this world and digital value creation becomes a whole lot easier when people share their knowledge.

My role in today's executive experience/ panel discussion is to moderate this virtual panel panel on "The COVID-19 Impact: Strategies, Stories & Questions".

Before we start – as you look at your GoToWebinar dashboard you will see on your right a button labelled questions. We would like you to ask questions and make comments as the panel progresses.

On the Dashboard you will also find a button "handouts". These are five Whitepapers/Roadmaps that we have created. These are available for you.

The reason we are here today is we have brought together five exceptional executives from five fascinating, ahead-of-the-curve organizations.

I will introduce them in reverse order of their appearance.

Paul Gaffney

Panelist # 5 – Paul Gaffney – is the Chief Technology Officer at Kohl's. Their stock ticker symbol is KSS. I will tell you that whenever Paul joins an organization, their stock goes up. So buy Kohl's. They have 122,000 associates; 1100 stores and ~$19 billion in annual revenue. I have known Paul for about 30 years. We first met when he was CIO at Staples. Paul is probably the leading IT and strategic executive in retail. He has been at Staples, Home Depot, K-mart, Dick's Sporting Goods.

He has been a Silicon Valley tech entrepreneur. In the 1980s Paul pioneered the digitally managed supply chain [aka ERP]. He is one of the smartest guys I know. He shares his time in the non-profit center doing interesting work for the Harvard University Library system. That is panelist #5.

Yuri Aguiar

Panelist #4 is Yuri Aguiar – who has quite literally written the book on Digital Transformation. I just happen to have a copy right here. The book is called *Digital Evolution: Strategies to Accelerate Business Transformation.* This is a great book – it is based on Yuri's real world, in-the-field experiences and it is written for senior executives – that means it is short and has big print.

Yuri works for a great organization – he is the Chief Information and Transformation Officer at the Ogilvy Group.

Benjamin Pring

Our third panelist – right in the center of our brain trust is Ben Pring. In addition to being one of the most articulate speakers of the English language, Ben was once a premier analyst at Gartner. He is now Vice President, head of Thought Leadership and Managing Director for Cognizant's award winning Center for the Future of Work. If you do nothing else, please go to https://www.cognizant.com/future-of-work . They generate some of the most relevant and practicable IP in the industry today.

Ben also writes books What to Do When Machines Do Everything? And *Code Halos: How the Digital Lives of People, Things & Organizations are Changing the Rules of Business.* Ben travels all over the world and talks to everybody.

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Vince Kellen

Our second panelist is Vince Kellen. He is an entrepreneur – doing groundbreaking work at the height of the dot.com boom. He has devoted significant energy and thinking to the higher ed sector. He is now the CIO at University of California San Diego. He is on the Chancellor's Cabinet. He is part of the senior management team for both the vice chancellor and the chief financial officer at UCSD. UCSD is one of the top eight universities in America today. Vince has won every award there is for CIOs.

Prior to being at UCSD, Vince was the CIO at the University of Kentucky where, via the pioneering use of big data and machine learning created a real time capability to materially improve student outcomes. If you want to know about what is happening in the future – Vince is the guy.

Wesley Rhodes

Our first panelist – he doesn't get out much – he is not out on the Rubber Chicken circuit. Wes Rhodes is one of the hidden heroes of the global economy. At the Kroger Company he is VP of R&D and Technology Transformation.

The Kroger Company [KR] is an amazing company. Unfortunately Wall Street doesn't seem to understand the great things that are in play at Kroger. They are a technology company. They are a health care company. They are an energy company. They are a data company.

They are $122 billion big; ~435,000 associates; 2800 stores. Every day they service 11 million customers. They are legitimately ahead of the curve. And they have been ahead of the curve for over a hundred years. They learned early on that one should not be dependent on vendors for their technology needs. Rather than buying technology, they create the technology that allows them to create the on-the-ground capability of delighting their customers. Our grandchildren's grandchildren will be talking about Kroger.

With that I am going to turn it over to Wes to tell us a little about what is happening at Kroger.

9:44

2,758 grocery retail stores | 256 fine jewelry stores | 35 food production or manufacturing facilities | 1,560 fuel centers | 2,268 pharmacies

https://www.thekrogerco.com/about-kroger/our-business/

Wesley Rhodes, VP R&D and Technology Transformation at Kroger

Thornton, you are right that Wall Street sure doesn't understand us very well. So what is going on at Kroger? As you said we have got a lot of things we do for our customers. What we have been doing is preparing for the next wave of innovations we will be delivering to our customers.

When COVID came we were able to take all the innovations we had in the pipeline and do something unusual for our industry we emptied massive amounts of business model changes, technology changes and procedural changes into a very conservative grocery store and a very conservative customer base. They took to the changes very quickly. That shows that they were very ripe for all that innovation.

Now that that has been done – that basically has accelerated our customers years in advance of what we thought was possible. It is somewhat like a time tunnel if you will – a time machine – they have moved forward 3 to 5 years in adoption. These technologies have been tucked away in the stores and has made their way into the light of day via the various modalities which we have got. We are busily taking those next steps which we would have taken 5 years from now.

As you can imagine it is now all about the things you hear buzzing away – AI and the more interesting things you can do with data. Given the fact that we own an analytic company you can imagine that we are doing every unusual thing you can do with data possible.

"The whole idea for us is to take friction out of the process."

Offer new services – and the way we do that is by getting data, wringing value out of every ounce of it - so we can lower cost. We have become very efficient. We do the things that are necessary to personalize the shopping experience. We take the digital side and the physical side and make that really one trip.

Thornton:
Kroger has done some amazing things. I had the opportunity several years ago to visit Kroger's "Store of the Future". These are innovations designed to operate at scale. At Kroger it is all about customers.

"Thank you so much for your prompt delivery service. I have elderly parents living 2 hours away. During the Covid-19 "Stay-at-Home" Order I can order groceries for them and have them delivered. This keeps my parents safe and lets me take care of them from a distance."

Focus on what our customers had to say

"Thank you, thank you, for providing the Click-List service at no charge during this pandemic. **Please relay my gratitude to everyone involved**. I am over 60 and have asthma, and on a fixed income - what a wonderful service you are providing to your loyal customers. God bless you!"

"Thank you so much for your prompt delivery service. I have elderly parents living 2 hours away. During Covid - 19 Stay at Home order, **I can order groceries for them and have them delivered. This keeps my parents safe and lets me take care of them from a distance**. Thank you for being there and taking care of them too."

"I appreciate that your store will soon be able to accept EBT for payment for pickup during this pandemic time as no stores are currently accepting, that better buys me as a loyal customer. **I also appreciate as my daughter is a proud working 1yr employee of Kroger**, I appreciate the proper PPE gear for them to now have to wear, it lessens my worry. Just wanted to say thank you as a loyal customer!"

"I just want to say a huge THANK YOU to Kroger and all its associates! **I have been more than impressed with everything Kroger has done during this pandemic, from keeping shelves stocked to keeping employees happy to all the initiatives you've taken.** I'm so glad I chose Kroger as my main grocery store over Meijer. I save more money, the associates are friendlier, the products I need are available more often and the store set ups work well. So just thank you Kroger Company for being awesome and my favorite grocer. **Each and every one of you rock!!!"**

This is technology and innovation that delivers value in the most human way.

Remember we only have an hour. We are just scraping the surface. Kroger is organized to create value. While they may not be understood by Wall Street down the road they will be appreciated.

Thank you Wes, it is great to have you here.

13:44

The Digital Value Institute

Let me move to Vince Kellen. Vince is doing amazing work. Vince – what is going on in your world at the University of California San Diego?

Vince Kellen:
What is interesting for us – we have just opened up. We opened a little later than most schools. We have opened up partially at the end of the month.

What we have been doing is preparing for and adjusting to this new COVID world. One of the things we have pioneered is waste water analysis for early detection of COVID. We have done it on several buildings and are now right in the middle in installing this capability in several hundred buildings.

We have rapidly scaled student and employee testing in a big way. We are a pilot test location for the Google Apple Digital Exposure Notification App. We are giving members of our community the option of using that. So, we have done a very aggressive use of both technology and testing in order to get us to be very safe for COVID.

So far in the first week of heavy move-ins, our students are coming onto campus with a lower incidence rate of COVID by 1/5th of the general community. So it has been working well – unlike the other headlines you are seeing elsewhere.

UC-San Diego is a $6 billion entity that does about $2 billion in the healthcare space – a billion and a half of research and the rest education, housing and dining services.

For us probably the biggest COVID impact that we are starting to adjust to is the tremendous shift in employee preference for working remotely. Universities are not known as a working remote environment because we have a beautiful campus with lots of students around.

From our own employee surveys we have discovered a ginormous shift. That is going to change our facilities plan. That is going to change our technology affordances for a lot of our employees.

> Moderator After Session Insert: "Technology affordance" term is used to refer to new technologies and what tasks users can possibly perform with technologies at their disposal. The term technology affordance was coined by Ian Hutchby to describe the material constraints of a technology and their specific applications. For example, we perceive staircase in terms of what it facilitates – climbing floors – which constitutes its affordance(s). Similarly, Google Plus or Kindle has its own **affordances**; Kindle is used for reading books and cannot be used the way we use an iPad. Thus, **affordances** are linked to material-constraints of technologies in question.

Right now we are busy trying to understand what the post-COVID world looks like. Like many universities we have shifted to mostly online instruction. That is how we are operating now. We are operating at less than 10% of our classes being face-to-face.

We still need face-to-face. It will come back.

There is a hidden story that has not been talked about. Those university professors which everybody hates across the country have shifted online in no time flat. They have done technology adoption probably faster, cleaner and sharper than most non-professors in the workforce.

Thornton:
Vince we have a question from the audience – Martin Luffy – regarding using waste water as an analytic input. How does this work?

Vince:
First you wear gloves. [Laughter]. It is interesting – the presence of the disease is very easily detected. What happens then is that we know there is an infection in the building. That leads to contact tracing immediately. So our public health experts do contact tracing. We have systems that keep better records regarding who is in what building. And then we start running it down from there. Just recently we were able to quickly snuff out a case through that detection technique.
https://www.nbcsandiego.com/news/local/wastewater-testing-helps-uc-san-diego-flush-possible-covid-19-outbreak-on-campus/2407298/

This is going to be fascinating on a go-forward basis as we believe we will be living with this COVID - new COVID world for at least a year.

Thornton:
It seems that at the center of all this is data and data management. You have always been a leader in this space. Could you share briefly the strategy you have for using data at UCSD?

Vince:
The strategy we have – we are taking advantage of what I call the "Extinction Event" of our ancient old school enterprise systems. They are all moving to the cloud. We are about 7/8th of the way through now.

Underneath it is a new data warehouse architecture that is using high speed analytics. It is synoptically pulling all data together into a single ontologically congruent architecture that enables very rapid access. We are using it like crazy now. For example – students who look like employees; employees that look like students; students that look like researchers; researchers that look like students and being able to tease apart who you have to communicate with in these environments.

This is based upon their role and their data. This is a little bit more subtle and requires access to more than one system. Right now our data warehousing system is super for it.

Thornton:
A question for the other panelists?

Vince:
The question going through my brain is – one year from now, what is it going to look like? The one question – is this COVID event just a pause or is it represent/stimulate a deep and permanent change in human behavior?

Wes:
It is a permanent change in human behavior. Think of it like this – people that have never tried technology before have now tried it; they liked it; they have mastered it. They have got the convenience. They have gotten over the hump. They are going to stay.

You have technology that was not quite ready for prime time now gone through the gauntlet. It is now ready for prime time. It is convenient, it is robust. So out of necessity has come a wonderful, robust ready market of people who are trained in capabilities and who are ready to go.

For the Kroger workforce – my group is not going to go back if we don't have to. We are used to working remotely now and we are productive – perhaps more productive at home as we were at the office. I do not see this as an elastic thing at all. As we move forward – I see this as the way we will go.

Paul Gaffney:
I generally agree with Wes. I think one other thing is more durably true – standard deviation of behavior has increased.

21:09

Vince I think your question is perhaps easier to answer in the average but much harder to answer in total. Wes – I suspect you see this in your business as well – the changes in consumer behavior – entropy [moderator assist – "the degree of disorder or uncertainty in a system"] was already high. This has made entropy higher because people's reaction are more variable rather than less variable.

Attempting to predict what things are going to look like a year from now – once you start trying to make that actionable – where you need to be talking about individual behavior – I think that problem has actually become dramatically harder.

Wes:
We offer individual choice. So I can handle group behavior like it was. I can handle individual behavior like it is. We just have all those choices now. I just think those wide ranges of options are shifting to the things they would enjoy the most. I just see a larger percentage of the population than we had before that are using the online and more convenient options. It will not be in the same numbers that we have today but it will mostly be so.

Ben Pring:

If I could weight into that question…we thinking a lot about this – the question *du jour* is: "Is the office dead?" "Is the city dead?" "Is in-person dead?" I think reports of the death of the office and the city are greatly exaggerated. I do think that what has died is the suburban commute.

23:04

I think what we have seen is that "heads down work" can be done from anywhere. Most of us have been doing it from anywhere for 25 years working at home, in hotels, on the road. We KNOW this was [part of] the future of work for a long time. Where we can be just as productive as if we were sitting in a cubicle in an office. Lots of people have now experienced that.

What we are also experiencing is that "heads up work" is still better when done in-person, in-the-room. I think we are going to want to go back to the office – to shared physical spaces for that heads-up work. Where we are looking at people in the eyes – the kind of *mano-a-mano* combat – the energy created by being together.

The end result is going to be that the office is going to be reconstituted in a way – we are going to see that this short term reduction in physical space which we are seeing currently – probably 20/25% in most big cities around the world.

That is going to be a problem if you are heavily invested in REITs. Or if you are in long-term leases. But that is going to be soaked up by reconfiguring the offices such that they are socially distant appropriate. When we go back into that [adjusted] space it is going to be more like – some people will laugh at this because they had shot themselves in their face- it is going to be more like a We Work space. It is not going to be cubicles. It is a social/collaborative space. And that is where we are going to want to go back.

But we are not going to go back on Monday at 9 o'clock and stay till 6 o'clock on a Friday afternoon regularly. We are going to – as Wes was saying – have much more choice in where and when and where it is appropriate for the type of work we are doing.

25:07
Thornton:
Ben – what you are saying is that we are going to be much more mindful about those moments when we are physically together.

Ben Pring:
I think we are going to break the custom of regular commutes. What I think we will see is that the traditional kind of end-of-year office shindig where we get together and celebrate the year and plan for the next year – at Cognizant we call that GPS – where 2,000 people come together at the end of the year.

I think you move to regional monthly versions of that where we go into a physical space, have the team building, culture development /extension, the creative work – the rest of the time we can just do it from home.

Thornton:

I think one of the by-products of all this might be – be still my heart – is that we get rid of one of the giant time wasters/productivity destroyers in the modern economy – which is people showing up for meetings unprepared.

Ben Pring:
I have spoken to so many senior folks – CEOs at big insurance companies – who were kind of operating in that business-as-usual mode – who have now experienced this way of working – they love it.

They can speak to ten of their direct reports and ten clients around the world and all that travel/plane time is returned to them. I think the fact that those people – I think they will be more mindful. I think it was the head of Schlumberger – the CEO of Schlumberger put it very well, "This is the death of the single-meeting trip." We know – the reality is Thornton – that we all do single meeting trips. We know the inefficiency of that has been exposed.

Wes:
I want to reserve San Diego. La Jolla is a wonderful place near a golf center. I will go to UC-San Diego anytime they invite me.

Vince Kellen:
I remember when the Internet happened in the 90s. I called a friend of mine and was waxing about how the Internet would connect everyone across the globe and we would become ONE consciousness – this was going to be wonderful. He stopped me dead in my tracks saying, "Vince, we are descendants of primates. We band together in pyramidical units to go to war with one another. We pick bugs off each others' backs." We are not bees. We do not want to be all connected.

Yuri:
I just want to add one thing – everything I have heard from Wes, Paul and Ben – it is tied together for me in one word – convenience. I am looking at behavioral change that is occurring from this.

Yesterday I had a conversation with one of my teammates. He ordered a car over the Internet. Think about that. Six months ago to today. Yesterday I ordered a six foot tree over the Internet for my yard. What I am trying to get to is that ecommerce has a whole new lease on life.

I think the Amazon's of the world – if you are looking one or two years down the line – are slightly threatened by this. If you look at the ways that the Krogers of the world are all using data and making deliveries – they are leveraging ecommerce and convenience. I will leave it at that. That is one of my observations regarding this new world.

Thornton:
We will move the discussion over to Ben who heads up Cognizant's Center for the Future of Work. They are doing amazing stuff. They have some of the best whitepapers around. Ben – coming from your unique perspective of seeing everything and being everywhere what is your take on what is going on?

29:05

Cognizant

Center for The Future of Work

Ben Pring:
I am going to make five brief points Thornton. I have already made one and that is the question of the city and whether that is dead or not.

I will touch on the others quickly.

[Point Two] I think we should give ourselves a little bit more permission to realize that this is a huge deal. We are not going to work this through as quickly as we would like to.

I have been an analyst for my whole professional career. I think this is the biggest thing – the biggest existential threat any of us have seen, any of us have dealt with during our working lives – certainly my working life. So I think we should recognize that – ACKNOWLEDGE THAT – and give ourselves permission to think about and ask the question that Vince posed very well – what is going to endure? Where is the elastic going to snap back? I think it is going to take a while to figure that out. We shouldn't rush to judgment on that.

[Third point] And folks have already touched on this – I think the pre-existing condition of a lot of big corporation – have been exposed by the pandemic – is that they didn't have a very strong digital footprint. They had not achieved much material digital transformation. You can clearly see this is the K-shaped recovery which is going on – that those that had made progress are doing very well and those that hadn't are struggling.

I think that is going to flip into – as folks have been saying – giving a huge additional added material emphasis to the need to REALLY transform. I think – going forward – just as a little advertorial – in the context of your question Vince – we wrote a report – "After the Virus"
https://www.cognizant.com/futureofwork/whitepaper/after-the-virus

We transported ourselves to 2025 and we wrote as if we were in 2025. We called this a "History of the Next Five Years". The underlying proposition really is that everything that can go online is going to go online.

We are all kind of techie people. We are invested in this digital transformation. I think if we are honest – if we are objective and stand back from this – WE KNOW – in lots of major elements of our society digital/technology is still on the periphery of how a process works.

You can see this is healthcare. It is really on the edge of what the healthcare experience is. Going forward I think tech is going to be embedded in the middle of that. We are going to see a fundamental transformation as a result of that.

Those are just a few thoughts. I think this is a very, very big deal. It is going to take a while for us to figure this out. I think the people who are orientated toward building – in a material way – this digital

platform that we have all been talking about for a really long time are going to do well and the people who think we will return to pre-digital business-as-usual – I think they are going to be further and further exposed and discovered to be – quite frankly not fit-for-purpose for the world we are building.

Thornton:
You have access to some of the best business minds in the world today, what question would you like to pose to this august panel?

Ben Pring:
The question we have been trying to research — why big companies – run by very smart people with serious budgets – executives who have seen the digital memo/have gotten the digital memo 10 years ago/15 years ago – why have they struggled to make much transformational progress. The rhetorical answer I throw out – maybe as a prompt – just as a controversial talking point – is I think there has been a lot of emphasis on changing the tech – we have put cloud in; we have put data in. But we have not put as much time in changing the people. Changing the skills – particularly changing the culture.

Thornton we have talked about this – and Thornton here I use your lovely phrase "The IT Tribe" – it strikes me that the IT Tribe has bifurcated in the last few years. There is a kind of old school tech tribe and there is a newer native tech tribe. They are very different. We have been trying to get the old folks to use the new tech without really embedded enough of the new folks and the new culture that they bring – agile, etc., etc., etc, - into positions of power inside big organizations. That is my supposition.

Thornton:
So your question – given the fact that everyone has got the memo that "digital is important" and the unambiguous empirical evidence that many organizations HAVE NOT laid the appropriate digital foundations – why is that? Any comments from the panel? Paul – you are looking like an eastern European nihilist with the new facial hair….

34:47

Paul Gaffney:
Ben I think your insight is part of the way there. I don't think it is the tech tribes though. I think there is a form of corporate creature. I have been spending the last decade or so trying to bring about the extinction of this corporate creature.

The COVID crisis has actually helped. It is the corporate creature who believes they know what the firm should do. That corporate creature is firmly entrenched. The new corporate creature is humble enough to say, "I don't have any idea. I actually have to go and spend time with the customer."

What the COVID crisis did and in particular was a great gift to me here at Kohl's - I was able to simply say "Well, we have to preserve cash so I am going to cancel all of the projects which were based on the wishes and hopes of the corporate creatures who believed they knew." I immediately turned all the resources toward things the customers actually needed.

That is a somewhat glib way of describing a belief that you could actually plan the future and then win by executing your plan versus get wired into a "Sense and Respond" loop.

So Ben my response to why many organizations didn't get there quickly enough were still talking amongst themselves and not talking to their customers. I do not think this is a "tech thing." I think this is a corporate DNA thing.

I think the COVID crisis brought about a shift – it is kind of like the extinction of the dinosaurs – but I think they are fighting back. Corporate creatures are starting to come back. They are the denizens of conference rooms and powerpoint decks.

The crisis purged those for a period of time. But the ash cloud was not big enough.

Thornton:
Paul you are right. It did not take them out. It sent them to the Hamptons and to Aspen. But now they are creeping back.

Vince:
Here at UC San Diego there is a phrase we use, "We break things better." I agree with everybody here. To deal with the digital world it is actually far better to fail fast and break things better than having elaborate planning. You learn faster and have more fidelity to the market.

36:54

We have "corporate creatures" here in higher education as well. It is a conturbation around what made the organization or somebody successful. Versus the destruction of what made the organization successful – the creation of a new capability of what is essential to future success and survival.

Most people on the planet are very conservative about their success.

37:25

They do not have the paranoid desire to break things. Organizations have got to get de-constructive at their such that they can break things better. And be agile about this. I agree completely with Paul. It is a very human problem.

Wes:
I love Paul's "corporate creature." I really like that. The additional thing I would like to throw out there – given the hypothesis that Ben presented – is that if you look at this from a technology perspective – if you make it a "tech thing" – it becomes a project thing. It is something you can execute. It can be bounded. You sort of understand it.

We tech people are kind of weird – it's in one camp or the other – I think the thing that puts us in the position you were describing is that it is a people thing and it is a transformation thing that has to happen to achieve what you are talking about.
Few people who call for the change really want to be transformed. They would like to call for it but not really be part of the change that is happening. They like to lead and say, "there you go." But I have some other things to do.

What you just talked about requires leadership of change in the transformation. That is where I think part of that falls down.
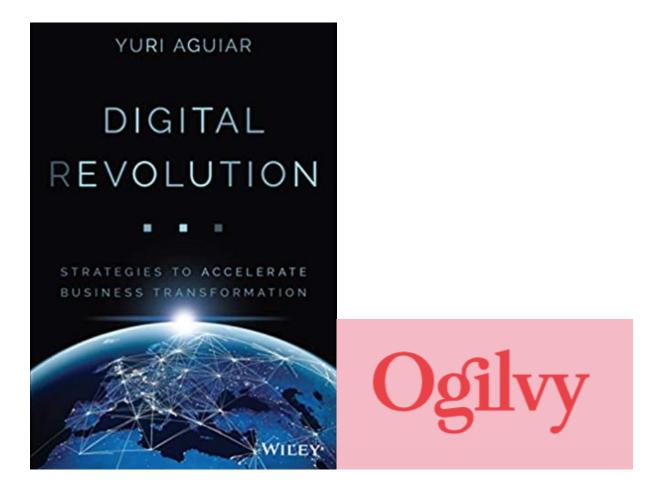
Yuri:
There is a term for that – "Change is good but you go first." They like to run it from far away. There are four philosophies – there is the "Reactive Organization". They are typically populated in large numbers by what Paul defined as "corporate creatures".

Then you have the "Adaptive Organization"; then the "Dynamic Organization" and the "Visionary Organization". The Dynamic and the Visionary really set the pace. They are building out for the future. They are thinking far ahead. They are listening to their customers. Adaptive tend to be more relaxed. Reactive are the worst kind. That is the one we want to avoid.

39:37

Thornton: Your organization has been materially impacted. The Ogilvy is one of the most global organizations and creativity is in essence what you do. What are you seeing during the COVID das Unglück [German for Disaster]?

Yuri:
Thanks Thornton. For us it is fortunate to have a broad portfolio of clients. The hospitality and the retail sector has been hit quite hard. There are other sectors and clients that can pick up the slack to some degree.

I would like to pick up on something that Ben mentioned earlier – there is that "heads-down" type of work and there is "heads-up" type of work. Those are great terms.

The "heads up" work is the creative work that we do. We create moving images and a lot of great thought for our clients every day for our clients. You have seen the Unilever Dove ads that is done by a group of very creative people.

That has been a big challenge – bringing all these "creatives" together with everybody having to be remote.

There have been some exposures. One is - We were a cloud-based environment – 70% of what we did was cloud-based six years ago. This really came to the front line evolving from an IT project to really LIVING online and having to work in this collaborative fashion.

The areas we didn't focus on that got a lot of attention during the crisis was how to collaborate on the creative side. That is VERY different from dialing into MSFT Teams or logging on to Zoom. That becomes very different because there is a Whiteboarding exercise; there is a workshopping aspect to it; there is a legal aspect to using assets. That became a very big challenge.

The second challenge we had to adapt to very quickly was the shared talent we needed to tap into. We would benefit from pulling from regional teams in 400 locations around the world.

We would start to draw talent from different places. The development of the Talent Exchange was one of the best things to come out of the crisis for us. We can now tap into talent from any part of the world because they are on an online collaborative platform.

The whole trend upward has taken on a new meaning for us and I am sure we will go back and still periodically partake in the in-the-office collaboration when we can physically get together. But we have gotten used to doing things very differently.

We ourselves – and we have discussed this with the new CEO who is now coming on. We discussed three critical provocations. We said traditional forecasting for our business is dead.

42:47

Because we have got one challenge after another. If it is not COVID, it is some kind of political unrest somewhere in the world – how our clients react. So we are saying traditional forecasting is dead.

Predictive analytics is the future. We are saying here is the provocation. Here is something that can help us.

What we also found is that we often measure the symptom and not the cause in our data analytics practice. We are changing our whole method of doing that.

What really came to the forefront of this – we have always had data innovation that was focused on our client's work. Now we are starting to bring/focus the application of analytics internally. If there is time I would like to elaborate a little bit more on that.

We used some data statistics. From IDC there was a great study that said that only 46% of companies have a cohesive transformation strategy – talking to their customers/talking to their clients and bringing it all together.

There is a great paper "Are You Digitally Determined or Are You Digitally Distraught"?
Which camp do you sit in?

The second was a McKinsey study which said the more you improve your data as a strategic asset you can improve your internal operational efficiency by 30 to 50%. And then there was the great MIT study you can grow your businesses by 19-24% if you use data as a strategic asset.

We have shifted our complete model to using data focusing on the cause and not the symptom. Move from forecasting to pipeline management, etc. That in a nutshell Thornton is the way we are addressing it. So while we have had some early hits during the crisis, the outcomes associated with making data a resource has taken a completely front seat.

Thornton:
Your question for the other panelists….

Yuri:
I have heard what Kroger and the other panelists are doing – what we found from looking at data as a strategic asset – pulling us forward and making things very accessible in terms of decision making I am wondering how others are using it in the same form.

45:27
Wes:
Let me give you a little bit more of our story. Today for us – we are using data for everything you would think – us having a data company. Let me just share something that may not be as obvious.

"Contextual referencing" for us is one of the key elements for doing two things – one, getting a higher more accurate prediction as far as data as well as get resolution of an answer much, much more quickly.

It is not only the data and the analytics and all the things that you normally get using all the mathematics that we have – it is also for answering that customer in a very timely window. That window is very, very small. You are trying to get "Your next best action" – you are trying to get really small micro time windows of opportunity. That is where we have really gotten into the contextual computing so we can do all of those things on the fly. So for us – it is all the things you can thing and then – it is all the streaming analytics so we can extend – using that data using our contact with the customer so it is an ongoing conversation with the customer as they are moving through the environments we have in all the different touch points.

That is where all the new architectures and the new ways of doing thing with cloud an on-premise with devices comes into play for us. It is extending the conversation we have never had before.

47:11
Pau:

Something else has happened with data in addition to paying attention to the stuff that you [as a company] own which Wes has described in new architectures. The corporate create is also interesting in that it rarely travels outside of its own domain unless it is forced.

The interesting thing that has happened over the past ten to fifteen years – it has been a huge eye opener for me – the proliferation of syndicated third party data sets – largely built on publicly available information – but with just enough value add to make it interesting. You combine that with the "Surveillance Economy" and it has really been astonishing to me – and I would encourage everyone who is on this call who has not already climbed this learning curve – go find a hedge fund firm that you have some friendliness to and ask them to show you how they analyze your business.

All of you find that the investment community has better insights into the performance of your organization than you do. It all comes from their analysis and command of live third party data sets. They know what license plates are in what parking lots. They know how many people get out of the car. They know what shipments are on what vessels. They know where those vessels are. They know when those vessels get loaded at a port. They know what tractor trailer they get loaded onto.

The COVID crisis was sufficient to shock the corporate creature out of never leaving the confines of its traditional habitat because all of the historical internal data was useless. Customer behavior next week had nothing to do with "Next Week Last Year". It had to do with what was happening currently – and the only way to find that was to start to tap into some of these third party data sets. I think we are just scratching the surface of being able to capitalize on that because it is a huge re-wiring of the way most organizations attempt to forecast the future.

Thornton:
That is a brilliant take-away. Action Item One is that everyone who is in a publicly traded company should reach out to a hedge fund and ask "how are you looking at my business"? And now I am going to quote Ben Pring who in a brilliant talk in Santa Domingo explained that 8 of the top 10 hedge funds make their portfolio decisions "algorithmically". So that is one action item.

Another action item – coming back to Kroger is to actually know how your customer uses data. Kroger is such a rich source of information. They have discovered that the average American – remember they have 11 million customers in their stores every day – the average American makes 122 food-related decisions every day.

Just understanding that.

Ben Pring:
People probably know the *Showtime* series "Billions". Axe Capital – Andrew Ross Sorkin from the *New York Times* is feeding them story arcs.

Thornton:
Paul, what is going on in your World?

KOHL'S

50:56

Paul:
I don't know about all of you but most people's relationship with apparel has fundamentally changed. I think – we have touched on a number of themes. I am going to tell one little story about Kohl's. And again my attempt to extinguish the corporate creature who is determined to be right.

I think that is rooted in a deep fear of being wrong. I think this goes back to a comment Vince made. Most real progress comes from a general willingness to be wrong a lot. This goes back to the Thomas Edison days of getting a thousand things wrong before he got one right. Most corporate creatures are deathly afraid of that. They are deathly afraid of being described as the one who made a mistake- you end up with elaborate plans and projects that are determined to do what is on the plan despite signals from the universe that you might be going down the wrong avenue.

The Kohl story that brings that into sharp focus – we actually have quite a bit of combined omni-channel capability. We are reasonably good at that. But we have resisted offering curbside pickup.

The reason we had resisted this is that the corporate creatures who were the sponsor of this initiative had convinced themselves that we needed about 75 features before we could expose this service to another important creature – the customer.

The nice thing about the COVID crisis is I could say, "I think we actually have all they need to launch curbside. We just have to tell all these other people that a launch cannot wait for these 65 other features."

The hand-wringing and gnashing of teeth and the fear that we needed all of those things was amazing. There is an acronym known to many of us who work with engineers – YAGNI – "You ain't going to need it". I started to imprint that on cards and gave them out to people.

The proof was that after deciding to do it – we had closed our stores and three days later we launched curbside pick-up nationwide. And the customer feedback was Fantastic. They were ecstatic about what we could provide. The internal folks – who up until that moment of truth had been able to traffic in some currency – they trafficked in some currency of Powerpoint slides of all the features that were needed because there was no competing currency.

As soon as we were able to introduce the currency "this is what the customer needs" we are going to throw away the backlog of 65 features and are actually going to build the thing that most customers are asking for. And we are going to build that one thing quickly and ship it.

It is such – there is very little that is refreshing about the COVID crisis but it does allow you to listen to your REAL customers and your real frontline associates. And devalue the currency of the corporate intramural athletic league.

Thornton:
So the crisis lets you do the right thing. It is sad that we need a global tragedy to help us migrate away from the corporate creature.

Wes:
I would like a picture of the corporate creature.

Paul:
You all have met the corporate creature. At one point you probably were them.

Thornton:
We are just about out of time. I would like to thank our sponsors – Cognizant and Infotechtion.

Yuri:
One thing that we have done– for folks who are new to/ not fully down the path of transformation – We have applied a strategy called SPARQ to our transformational program.

S is for strategy. Don't start without a strategy. P is for partnerships. There is no need to build if you can buy and integrate with your ecosystem. This is much faster to market. Third is A for accountability. That goes to Paul's point, where doe sthe accountability lie? If it is not with your customer and for their benefit then it is pointless. Resources – this requires a lot of work, a lot of people coming together and Quality. We are happy to share.

Paul:
No one has ready Pikety's Capital.

Thornton:
So in closing – I would like to thank our sponsors. I would like to thank our audience. I would like to thank our panelists. I would like to thank Atle Skjekkeland who has done a magnificent job setting this whole thing up technically. Thank you everyone and be safe.