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Corporate Shape-Shifting and Tech-Based Transformation

Speakers:

John Donovan, AT&T, Inc.
Steve Felice, Dell
Sandra Kurtzig, Kenandy

Moderator:

Matthew Bishop, The Economist

Video:

<http://techonomy.com/2012/11/corporate-shape-shifting-and-tech-based-transformation>

Bishop: Good to see you all this morning. I think we'll have a more civilized conversation this morning than maybe we had last night but no less stimulating, I hope.

Picking up on David's point, I was talking with someone in the last day or so about the fact that the economist Ronald Coase is still alive, and we were all surprised about this because he was the original thinker of much of the theory of the modern company and why we do things in companies rather than in the marketplace.

And one of his key drivers of why companies formed the shape they did, particularly in the emergence of the big company as a phenomena, was information cost management and the ability to know stuff inside the firm that you couldn't outside.

And I think, as we've been talking the last couple of days, it's sort of reinforced this sense that all of those information economics are up for grabs at the moment and that there is this possibility that the nature of the firm really quite fundamentally shift over the next few years, as the cloud, as mobile, as big data and so forth really start to do their transformative work.

And so to discuss what that may mean for companies, what the company of the future might look like, what companies today are grappling with, and to the extent to which they are getting it right or wrong and they're asking the right questions, we have a great panel.

Immediately to my left, your right is John Donovan from AT&T. Next to him is Steve Felice, who runs international marketing and sales for Dell. And on the far end is Sandra Kurtzig of Kenandy, which is a new SaaS service providing the whole range of ERM services that's just been launched to much fanfare.

So I'm going to start with you, John. As you look at big companies, what do you see as the big two or three themes that are going to emerge over the next few years as about the structure, what you do inside a company, what a big company looks like?

Donovan: Well, I think that, first of all, we're a young company. We're only 136 years old. So we're still kind of in that teen formation kind of thing.

No, but I do think, though—I think that words are, you know, convenient and the technologies are transformational. But at the end, it has to be a cultural change.

And so I think the things we're looking at is first you have to grab the hearts of employees. And so for us that means that we have over 250,000 people that you have to engage in the business because that's your user group. And I think that everything you do has to have a foundation that really empowers and engages and captures the heart of it. So you have to have enough technology momentum internally to be able to reshape things.

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And then I think externally, as you look at adopting some of these technologies, I don't think it's going to be good enough anymore to build absent the perspective of customers. And so I think we have sort of turned our company around and said we can't look at customers through the eyes of the network. We have to look at the network through the eyes of the customer. And those are fundamentally different ways to architect and construct things.

So from an inside-out to an outside-in and capturing the hearts of employees are a couple of the big sorts of trends we're looking at.

Bishop: So when you talk about that transition from the inside out to the outside in, I mean, give us a couple of examples of how radical a change that is for a company like AT&T.

Donovan: Well, let me start. We built a crowd-sourcing site. A couple of years ago, four years ago, when we launched it, we thought if we had 20,000 employees engaged, it would be good. And I always challenge folks to say I think we have the world's biggest—it's hard to prove that. We have 133,000 employees. And we have about 35 percent of those that are active in every quarter, crowd-sourcing and crowd-storming ideas.

We fund them. We put money out there. And the contributors aren't the folks out of the labs. I mean, we have labs that have been around 136 years. And we have eight Nobel Prizes. But we have front-line employees that are giving us some of the best ideas into this idea bank and crowd sourcing. And so when you build your systems this way, you really have to be prepared to get the input from the front-line employees.

So that crowd-sourcing site we have has been an extraordinary success for us. And it's part of a foundation of how we launch services today.

Bishop: Steve, same question to you. And what do you see as the two or three biggest themes over the next few years for the corporates as they think about their structure and their engagement with technology?

Felice: Well, we're a bit younger than you.

Donovan: Everybody is.

Felice: We're still in the womb if you're—we've only been around 28 years so it's been quite a change for a company to go from zero to \$60 billion in 28 years.

So I think, you know, when I look at our own company, we're probably a little more embracing of these things or a lot more embracing because it's a leader-led kind of phenomena. So Michael—Michael Dell has been a fan of social media, for example. And, of course, the use of the Internet for many, many years.

When I look at the customers we talk to in large companies, I see really big changes that are going to have to be adopted. And I think they are going to have to come from the CEO.

The use of social media, I believe over 50 percent of larger companies still do not allow access to Facebook or YouTube within their company. That's going to have to change. Not just to retain employees; it's also one of the greatest sources of training and marketing and revenue generation.

So recognizing these kinds of things.

I think organizations are going to flatten. A CEO that doesn't embrace a tool like Chatter is not going to hear from their employee base. So many companies are still very hierarchical and they're going to listen to the level below them that's listening to the level below them, and that isn't going to cut it against a mid-sized company that's rapid and moving and everyone is talking in a flatter fashion.

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And I think an embracement and embracing of different workplace behaviors by employees is going to have to change dramatically. People are not going to be working locally. They are going to be working from their home. They're going to be working all kinds of hours of the night because that's what they want to do. And they are going to be using tools other than email.

So there's quite a few changes that most companies, when I talk about large companies, still haven't really embraced yet. And it's going to be an evolution.

Bishop: And, Sandra, same to you. I mean, to launch a company like this, you must be persuaded that there are some big changes afoot that are going to play to a SaaS-type company as opposed to an existing traditional firm.

Kurtzig: Well, first of all, a little background. I'm the founder of Kenandy, and we do enterprise software, so we do it from order to cash. So all of the backbone of large corporations, medium-size to large corporations.

So we're obviously the smallest and the youngest. But this is my second rodeo or third rodeo, I guess. And I was the founder of Mass Computer Systems, which a lot of you may know if you are older than, I guess, 30 or 40. I was the author of MANMAN, and we also owned Ingres and NCA and a lot of other companies like that. And I retired a number of years ago and came back to basically do the enterprise software in the cloud.

So I've seen, you know—it's interesting to see the transition. Of course I saw what companies did, and I saw the software that we developed for the enterprise 20 years ago which was very transactional-processing-type software. And I think the gentleman from McKinsey yesterday talked about the changes and evolutions. And now we're—we started Kenandy with the idea of being totally clean sheet of paper, totally native on the cloud, global, social, multilingual, big data and so forth.

And we are now looking and talking to a lot of major companies that are looking at how to make this transition or transformation to using this cloud-based software and what does it mean to their organizations.

And I think what we see is three necessities in a corporation in doing a transformation. One is that the CEO has to be engaged and has to create and set the vision for the company. The second thing is the process. And the third is the culture.

You know, often the CEO of major companies, especially if they are doing very well and their revenues and their earnings are growing, they just keep the status quo. And they are on this train, on the tracks going down. The train is going down the track in a nice orderly way. And, you know, they don't realize that disruptive technologies can very quickly change that route.

And I think that it's been said over the last couple of days that what's happening right now in the technology availability of the cloud, this social applications, over the next five years will be greater and, you know, faster than happened in the last 15 years of the Internet.

So companies who are looking at—thinking that the cloud is going to take a while to really happen are going to be surprised. And if the CEO isn't engaged in really creating a vision for the company that's very near-term rather than a 20-year plan, I think he may be very surprised.

An example of this is that Salesforce—which I think many people think is a leader in the cloud—just had their annual user group, their Dreamforce. And this year they had 90,000 people attend. Last year they had 45,000 people. So in one year, the number of attendees went from 45,000 to 90,000. And it was held in Moscone Center in San Francisco. Two weeks later Oracle had their user group, and I think they had less than 45,000.

So you can just see the transition of people and interest from the old ways of doing things to the new ways.

So the first thing is the CEO has to have a vision for the company. And he has to be able to then look at the processes within the company. And those processes and that software that's out there needs to be agile. It needs to be social. It needs to be very,

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very easy to use because that's what people need today. It needs to be software that's collaborative. It can't be vertically integrated.

If you look at the systems, especially in enterprise that are out there now, they are all written 20, 30 years ago, or at least 20, 25 years ago. And they were designed for companies. They were totally vertically integrated, where companies kept everything inside. They manufactured inside and that's how the companies worked.

Today companies are horizontal. They outsource all their manufacturing. I mean, Steve and I were talking last night. Dell is an example. They used to make all their own hardware. Now they manufacture most of it outside. I would suspect that AT&T is in a similar situation.

So how do you collaborate with your suppliers, with your customers and do this in a very, very speedy, efficient decision-making way? Because if you don't, your competitors will. And with so much hardware and so much capability becoming, you know, very easy to get and you have to really be able to be quick.

And the third thing is the culture. It is a real transition from those people of the 20 years ago and those new kids and new adults that are coming into the market now. And the people coming into the market now and into the jobs now are all born with a computer. And they expect the software to be easy. And so it's very possible that you need a real total cultural change. And some of the leaders and the people who are the most productive, you know, in the last generation may not be your leaders of tomorrow.

Bishop: That's very helpful. It's a way to set this conversation up. It does seem to me we have these, in a way, three generations of corporate structure being reflected on the stage.

Donovan: Is that on purpose?

Bishop: Maybe it was. David is a genius at these things.

Obviously, AT&T was the classic top-down bureaucratic management structure 30 or 40 years ago. And has then gradually, over time, you know, gone through various evolutions. I remember talking to Michael Armstrong at one point when he was running it and shaking the company up. And then Dell for a while was the epitome of the "just in time" sort of delivery system, and the Dell model was very exciting. And then you obviously had to go through significant transitions. And now we have this SaaS model and so forth.

What do you feel we are learning now about what has to be done inside the company and what—you know, actually what stuff can be outside of the barriers? I mean, do we need to have 230,000 employees in any company going forward in this world? Or can you really shrink it down to the core elements and more or less put everything else outside the business nowadays?

Donovan: Well, I think that naturally there are going to be things that are going to move quicker than others, and I don't think you ever solve any problem by a student-body right or left kind of pivot. I do think what you have to do is look for the opportunities, build your wins, build the things.

I mean, internally, I tell people, look, the only relevant architecture is cloud and mobile broadband, you know. We have tens of billions of dollars of revenue in other areas. Companies aren't going to pivot overnight. So a future relevance is a shining star for folks to say how do I integrate into mobile? How do I make this, you know, cloud-based? And then we have a bunch of folks that are architecting massive shifts of, you know, mainframe applications that are decades old into a cloud environment. And that's not easy. That takes years to do. And it's not startup kind of work.

And so you blend these things together. And I think it's going to be—the trick is that it's interesting to talk about the technology pivots, but they're more about evolution than they are revolution. And I think revolution in a big company is evolution that hits

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a tipping point. And all it takes is a match in the right area at the right time to build the right success story. And then everybody wants to move faster to that thing.

And I think one of the things that I'm really delighted about that doesn't project as much externally as internally within AT&T, at our scale, we have hit that tipping point. People want to do things differently. They want to take small teams. They want to go to our foundry in Palo Alto. They want to go to our foundry in Israel. They want to go to our foundry in Plano, Texas, and they want to build a startup environment. They want to solve the whole problem end to end. They want to take the customer input. And so what we start to see as sparks here and there start to collectively become fires; and then you start to learn how to move faster, you learn how to get things done more effectively, and then all of a sudden what seemed like a really slow evolution becomes more than that.

And I think, to Sandy's point earlier, you know, part of the tipping point is the CEO. I'm really proud of the fact that right now we're a Fortune 10 company where our CEO knows what HTML5 is and knows how to describe an API. And that manifests itself into a lot less friction inside the company when you say we want to open up our network and make it easier for developers to come in and transform us. So now we have not only the internal forces there, we have now embraced the external forces.

And so we really are trying to become a platform for innovation, so that the internal innovators, the external, and the normal forces of nature all work together.

Bishop: But have you sat down as a leadership and really said what is going to need to stay inside AT&T as a core function of the firm and how much can we actually liberate to the cloud or whatever?

Donovan: Yeah, and I think it's so far past the traditional line of our industry and our company that it's hard to describe in a format like this.

But, really, essentially we grew up for 134 or 133 years, something in that range, where we built the services. We actually dug the ditches and we buried the cables and we lit the—so on this OSI stack, we did layer zero, layer 1, layer 2 construction stuff. And then you work your way up to the faster-moving pace.

And so if you look today, four years ago we started to architect ourselves to openness and we really were learning what an API is. But last month, we had over 6 billion API calls on our network. And on a monthly basis, that puts us up in web territory.

And so, you know, we're really making some fast changes. But, you know, it's always fits and starts.

Bishop: Likewise, Steve, I mean, what's the evolution now? What do you sense with the Dell model that needs to be in the company and what doesn't?

Felice: Well, I think the big lesson for all big companies is the speed is so much greater now that you're always going to have to be looking at the next breakthrough and how to transform. And I think our company was fortunate that we had a strategy that actually worked for about 20 years, which is kind of unusual when you think about it. But the whole "just in time" sort of model and the advance supply chain had a pretty long life.

But even we took a long time to recognize that it was starting to wane. And we had to get on our own transformational journey, which we started a few years ago. And now we have a \$20 billion portion of our business that has nothing to do with the PC. It's all about servers and storage and networking and services and putting up private clouds for companies and delivering secure environments.

So, you know, you have to be agile now. And I think this is what big companies really struggle with because you have to have an infrastructure that allows you to be agile. You know, one of the big things we sell as a company is the fact that you don't need large proprietary environments anymore. Between the cloud and standards-based computing, you can create infrastructures that are much more agile. And you need that.

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But I would match that from a business standpoint with a need to know what your brand is and to make sure that you preserve your brand. So this whole concept about how many employees you need and whether you crowd source and whether you outsource things, it really doesn't matter if you're able to preserve your brand. But if you're not able to preserve your brand and people forget what you really stand for because you have mishmashed this whole thing together, it's not going to work.

So it's not just go grab the cheapest thing here. You have to orchestrate this. And that's why it does have to be leader-led.

Bishop: Sandra, as you look at potential customers out there, to what extent is there a type of company that has certain characteristics that you think, "This is my actual absolute perfect client"? I mean, what are those characteristics?

Kurtzig: Clearly they are innovative and early adopters. But, you know, even the early adopters are becoming sort of, you know, passe. I mean, there are so many adopting now. I think it's a really tough situation.

Bishop: Actually, you are more comfortable with a firm that's lean, innovative and dynamic than the one that's just saying, "Oh, my God the world is changing and I haven't got a clue what to do and I'm going to hand it over to you sort of sound."

Kurtzig: Well, it's interesting. I guess, first of all, I am amazed by the number of Fortune 100 CIOs who are asking the question, "What do I do to transform?" I think it's very impressive. I mean, we're probably dealing with 15 of the top Fortune 100 right now. And the question is always coming from the CEO, "I know I have to transform. How do I do it? Help me with the roadmap."

And it's a very difficult roadmap because, you know, they're not going to replace their heart and lungs overnight. You know, they have systems that are coming from, you know, large vendors, the SAPs, the Oracles. They probably have, you know, in a major company like that they probably have a hundred different ERP systems and everything is tied together very loosely, but it's breaking. And a lot of the people who are supporting these old systems are either dying or retiring. And so they have a really serious issue.

So it definitely, as John said, is not going to happen overnight. But it's also, you know, on the flip side, it's a very serious paradigm shift. The last time we had a paradigm shift that was this dramatic was when companies went from mainframes to mini computers. And then I think that mini computers just sort of morphed into client server and so forth.

So I think this is the first time there's been a total paradigm shift in the last 20 years, where every single piece of software has to be rewritten that's out there. Every piece of enterprise software that was written in the client server mode has to be rewritten because the cloud SaaS model is very different. And if you don't start with a clean sheet of paper and write it natively and incorporate, I mean, I think there was a session this morning that said, "Well, there's not going to be software in the new"—well, there is still software underneath everything, you know, but it's different. You don't think of it as software. You think about enabling the power user. You think about giving the tools to the users to be able to very quickly and easily get the information out.

So it's a difficult situation. And I'm very impressed with the number of CEOs in major companies that are asking the question how do—give me a roadmap.

Bishop: It's interesting because I was struck by David's conversation yesterday with Joe Tucci and the extent to which David was obviously very skeptical when he said, "I think most CEOs get it." I mean, so do you think they do?

Kurtzig: Well, the ones that are calling us do. Okay.

Bishop: I guess you've got a slightly biased --

Kurtzig: So, obviously, as I said, we're going after the ones that get it because it's such a big market right now and we are sort of the only player in the cloud market that's to this extent.

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Bishop: What about you, Steve?

Felice: Well, I think you just have to judge it by behavior, and so I'd have to say no. But I don't think it's an intellectual argument. I think there are some practicalities that many CEOs are struggling to deal with. There are a lot of industries, for example, that have heavy regulations that make it very difficult to implement things like cloud computing.

So when you talk about the financial industry, when you talk about healthcare, it's not a simple decision to just say, "I'm going to put everything on the cloud."

There are also security issues which I don't think get really enough discussion. And they're getting worse, not better. And so there's a lot of reasons why people worry about—that have compliance boards and they have regulatory requirements about privacy and, you know, not letting data leak that I think they are a bit cautious.

And then I think there's the group of CEOs that really are still hierarchal and not accepting some of the newer methods.

So in my—when you talk about big companies, I think most of them are still not quite getting to the point they need to get to. On the other hand, the mid-sized businesses, the entrepreneurial firms, in any industry, not just tech, get this fully.

And that's why I think big companies really need to worry, because—because of the cloud, because of the ability to access a supply chain, a customer set, a procurement arm anywhere in the world, at any point in time, without the need for physical presence, most large companies are vulnerable to small emerging businesses. And so even though you may have these constraints at the large size, you're going to have to deal with it or you're going to find yourself looking at a whole new set of competitors that you never even thought about before.

Donovan: I look at it very differently. I guess I don't think the question, all due respect, is that relevant because I don't think that at the end of the day it matters. What's really powerful about this technology wave of mobile broadband and cloud in combination is that the force of it is greater than a buying unit or a decision process.

So if you look at a traditional model where the CIO has certain processes and a certain way technology gets bought, when it comes to security and business intelligence and, you know, getting productivity, business units are starting to step up and become technology purchasers.

So I think the hierarchy around this technology wave is operating differently. There's more covert operations. There's more pirated activities that will get sorted out and organized later into big initiatives.

But this one to me feels like a different kind of storm, if you will, that is really shifting how people are buying technology, whether it's ours or Steve's or Sandra's. I think it's just going to end up being something that we're going to look back on and say that certain companies got it faster than others, but I don't think there's any company out there that doesn't have pockets of this stuff going on.

Bishop: By "covert operation," you mean just someone down the line—

Donovan: Unsanctioned, I have an expense line item, I need to get an app done; I'm just going to stand it up in the cloud. I'm going to buy it as a finished service; it's going to fall on my expense item. I'm not going to call IT. I'm not going to get, you know, the authorizations and go through the schedule of authorization and get this stuff done.

And there's a whole bunch of stuff that's sitting up in clouds in all kinds of places that companies don't know because it's sitting in an experimental group here, new product development there, research over here.

And when they collectively look at it all, it's going to be like cell phones 20 years ago. It's getting expensed in all kinds of places, and then people say, "I need to pull all this together and manage it." I think that's what's going to happen.

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Felice: And that's when it's going to get real ugly.

Bishop: That's a pretty suboptimal path, isn't it?

Felice: It's very suboptimal.

Donovan: A few out there are going like this to me, don't give their secret away.

Bishop: But, I mean, the whole—

Felice: we actually had an amnesty period in our company where we said we'd call them customer-supported applications and we said, all right, for the next 90 days, admit what they are, nobody gets in trouble and we're going to start getting rid of them.

Bishop: Now do you think—I mean, just thinking of my own company, which is pretty small, but our IT department is a political nightmare to deal with. I mean, what are the politics of a manager that has a vision for this change with the IT department? Would the IT department presumably see this as a threat?

Donovan: Here's the challenge. I don't think it's a threat. I think that IT departments the last several years have become more efficient. Whether you are a company that's done mergers or whether it's a company that did a technology refresh and went to the cloud, they've been riding a curve of productivity that's about 4.5, 5 percent year-over-year productivity improvement. And they sit here with the big risky one that can jump that curve to 10. Why would you do that? Why would you take that kind of risk when you keep bringing home the bacon at 4.5 and 5 and everybody is kind of reasonably and consistently unhappy, right? It's not like a firestorm, we need to throw the IT department away.

You know, so you have this nice sort of trajectory and trend. And the upheaval is really hard to comprehend that I'm going to go do something transformational and take risk on to jump that to another level. And I think that's what causes them a little resistance, because there's risk in this one, just like every one.

Felice: The dilemma that a large company CIO faces is that they have a heavy portion of their cost that is somewhat fixed and they have to attack that. Most large companies spend anywhere from 60 to 75 percent of their budget on keeping the lights on. And they only spend 25 to 40 percent on strategic movement in the business. And yet everyone's asking them for new things.

So there's a couple of steps here. One is they have to get off the old proprietary platforms to free up more dollars. But then it's really a prioritization question that the business side needs to help on. And this is where you see the biggest dilemma.

And I don't really think of it as political. It's more of how do I get from point A to point B. So I have this process right now that I use to run my business. And I want to end up with this different process. Well, there's a lot of projects that the IT organization is getting asked to do to maintain that process that somebody on the business side has to say stop doing that so we can divert dollars to the future.

And so it's becoming much more collaborative now to figure this out.

Kurtzig: Yeah, I agree. I think it has been coming. It's not going to happen overnight. But there is a tipping point. And I think that it's that crack where all of a sudden your competitors are using technology and, you know, doing a better job of running their business than you are, that you say, wait a second now, you know, what am I missing here, what do I have to do to get there.

And I think that—I think it's really encouraging to me, from what I see, is the number of CEOs who are asking the question show me a roadmap. They may not be doing it quite yet, but they are certainly asking the question and they are certainly watching. And, you know, I think that is encouraging.

But I think there is going to be a break. There is a break and it's happening right now.

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Felice: The thing I do think has to happen on the IT side is there has to be a little more risk taking. So you're not going to be able to introduce new applications in the environment in the same traditional way that people are comfortable doing it. There's got to be a little more risk taking. There's got to be a little more rapid app development and trial. And that really, again, takes a strong leader on the IT side.

Kurtzig: I think the other—

Bishop: We have a couple of questions in the audience before we run out of time. Anyone want to jump into the conversation? Yeah, right at the front there.

Leitersdorf: Yoav Leitersdorf, YL Ventures. I was just wondering if you guys could comment maybe on the use of mobile devices, in terms of your employees using mobile, things like BY, bring your own device, etc.

Bishop: Yeah, I mean, the whole general point you're making.

Felice: Well, it's—you know, it's an area that has to have rapid adoption. I know for our company, you know, we have been pretty quick to put Dell.com on a phone so people could order computers. It's amazing that they'll buy computers just hitting one button on the phone.

So from a commerce standpoint, you have to be there. Inside the company, there's clearly a need to accept the fact that there's going to be multiple OS environments. iOS and Android and Windows Phone and Symbian. And you're going to have to—I think most large companies are coming to terms with the fact that they're going to have to accept that.

Our view on this is that it creates a lot of vulnerabilities in data management, in security, in device management. And so I know for us, for Dell, we're working on a platform for customers to use so they can utilize multiple devices but have it be secure.

The biggest nightmare for a CIO right now with iPads and iPhones is they can't secure the data the way they're comfortable. They can't manage the data the way they're comfortable. They can't service the devices the way they're comfortable. But there's demand for this.

So, you know, this is one reason why we're glad to see Windows 8 come up because it has an alternative that's going to be a lot more compatible with the corporate environment.

Donovan: We're seeing BYOD get huge, and I think that as a company, we're rolling it out for both tablets, laptops and mobile phones. We see it as an enormous tectonic shift for our industry away from corporate-responsible purchasing to individual-responsible purchasing.

And as our marketing team likes to say, it's raining tablets. So I think that's going to really be the cornerstone. And I think most CIOs are looking right now to say I can get three devices down to two, and I can shift some of the capital spend to the individual here. And that's just all goodness. It's just a question of getting those technical hurdles that Steve talked about overcome.

But I think the solutions are out there, so I think it's going to be a really big trend.

Bishop: So, unfortunately, we're pretty much out of time. So I just want to ask each of the panelists to wrap up with one piece of advice for any CEO, the number one piece of advice for the next 12 months as they are thinking about what question or what change should be front of mind for their company.

And secondly, do you think the Fortune 100 companies in 10 years' time are going to be employing more people or less in-house than they do today because of these technological shifts.

Start with you, Sandra.

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Kurtzig: Well, I think, starting with the second question, I think that what's happening is that the technologies are empowering people. So I'm not sure that we're necessarily replacing people, but we're empowering them to make better decisions. And I think it also allows the cream to rise to the top because those people who really take the tools that are being presented to them in corporations are going to be the leaders of tomorrow. They're not being held down if they use their tools well.

I think one of the things that's happening, interestingly enough, is that this economy, the fact that the economy was so bad for five years is actually helping the transition, because five years ago when the economy was really bad and people were trying to—and companies were worried about their financial resources and they looked at upgrading some of the legacy systems they have currently in-house, they said, "Wait a second, we can wait, you know. This is not the most important thing. It's not quite broken, let's not break it, and do an upgrade which is like installing a new system."

And so now that we're five years, you know, forward and the economy appears to be getting better, a lot of companies who should have replaced their systems five years ago are now looking at it and saying, "Wait a second now. I don't want to just replace the old systems, even though I really need to, because these are going to take five, 10 years to install. I don't have that kind of time."

And so they are really aggressively looking at the new technology. Maybe that's why the CIOs that I'm seeing are so aggressively looking at it because they sort of missed a whole upgrade period.

And so I think that's why the technologies are going to be implemented a lot faster in the next five years than they have been the last five years.

Bishop: Steve.

Felice: My biggest advice would be get social, you know. Get on chatter. Get on LinkedIn, whatever method you want, and hear your customers and your employees. And I think it will change the way the CEO approaches the business.

As far as employment goes, I would answer this a little different way. I think the Fortune 100 have big chunks of employees that don't touch customers. I think those employee headcounts will continue to go down because we will continue to find more efficient ways to run the back office of a business.

I would hope that it would spar increased employment on people that touch customers, people that are involved in R&D, people that are involved in designing solutions for customers, spending time with customers.

And if that all is done right, hopefully, we'd see employment rise because that would be good for our economy. But I think it'll be a shift in the kinds of people that's are at a company.

Bishop: And last word to you, John.

Donovan: Yeah, one word would be openness because I think an open tide is going to float all boats. And I think ultimately a question about more or less employees doesn't matter for a company. I think it matters for an ecosystem. And if you're in a shrinking ecosystem, you need to go redefine your ecosystem. I just think you need to think about the health of the ecosystem. And as companies or employees float in and out based on where value is or where innovation is, I think that's less of a worry than making sure that the entire ecosystem you're in is healthy, vibrant and growing.

Bishop: Great. Well, I'd like to thank the panel for a very stimulating discussion. We'll see if they are right. Thank you very much.