

# INNOVATING FOR A WORLD IN TRANSITION

In a period of unprecedented change, CEOs share  
outlooks for the future and strategies for positioning  
their companies to thrive.



**G**EOPOLITICAL INSTABILITY, SUPPLY CHAIN disruption, cyber incidents, climate change, resource exhaustion and new ways of working are among the myriad threats pressuring today's business leaders to adapt and evolve in ways and at a pace never imagined. At the same time, opportunities to leverage scientific breakthroughs and technological innovation abound, agreed CEOs gathered for a roundtable discussion co-hosted by Tata Consultancy Services and *Chief Executive*.

To parse the many different possible future scenarios and position their companies for success, futurist Frank Diana, a managing partner at Tata Consultancy Services, suggested leaders reflect on a similar confluence of change that took place in the early 20th century. "If you think back to the '20s and '30s, so much of our current modern world was formed back then," he said. "We're on the verge of a similar period now. Clearly, science and technology are exploding and enabling innovation at a level that we haven't seen since that period. And we have generational turns, with millennials and Gen Z in places of influence, that are starting to change things as well."

From advancements in AI and healthcare to the vast potential of quantum computing and synthetic biology, game-changing innovation stories are unfolding all around us. The challenge for today's CEOs is to have the foresight to understand the different tectonic shifts taking place and what they may mean for the future.

### Constant Change

Some leaders view the prospect of disruptive change as an extension of the upheaval they experienced during the post-pandemic operating environment. Approaches to finding, developing, retaining and using talent were all upended, noted Peter Quigley, CEO of Kelly Services. "Whether it's the workforce demographically or work style—remote or hybrid—all of the things related to work changed seismically in a very short amount of time," he said, noting that his staffing company has had to adjust as clients overhauled their staffing approaches. "We had a Fortune 50 company in the Midwest that we'd been working with for 25 years completely change their approach to acquiring talent. It's very exciting, but it's a lot to navigate."

Several CEO participants speculated about what harnessing

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—Frank Diana, Managing Partner and Futurist, Tata Consultancy Services

the next round of disruptive change will look like for businesses. "My takeaway is that advancements, whether AI or down-the-road advancements in quantum computing, will actually give us more time—our most precious resource," said Zig Serafin, CEO of the customer experience management technology company Qualtrics. "And then, of course, what do we do with that time? It can be used for people to be able to take time off, or it can be applied to using our minds, judgment and creativity to be able to accomplish new levels of things."

Others questioned the extent to which advances in science and technology have the potential to inspire startups that will challenge traditional businesses. "If you go back to the Web 1.0 bubble, nobody who tried to go after an existing industry—such as grocery delivery systems like Web Van—survived," said Mario Schlosser, co-founder of Oscar Health, a relative newcomer to the health insurance industry. "This notion that software can go into any existing industry and totally blow it open is not what we've actually seen. Some people are now trying to make the same claim for the emergence of AI by saying it will level-set the playing field between startups and incumbents, but I'm not so sure that will be the case."

The extent to which technology can enable new entrants to challenge established players varies by industry, argued Serafin, who pointed to financial services as an example. "We have Fiserv now, which is an amazing agglomeration of many companies that have been in payment processing, and you had a company like Stripe that came into the marketplace, built a software-based platform and was able to take a small chunk of the market," he noted. "If Fiserv had just sat on its hands







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and done nothing, they probably would have suffered the consequences of some other industry incumbents. But Fiserv became a better company by using software... to reimagine the business model."

### Guiding Lights for Times of Uncertainty

At the same time, there are often significant barriers to overcome when using technology to introduce efficiencies or improve customer experiences in complex, highly regulated industries. Schlosser recounted starting Oscar Health as an antidote to "a ridiculous industry, with nothing digital, ugly mobile apps and websites and everything else." Yet, building a better health insurance model still proved challenging, he noted. "That was the motivation for Oscar, but once you get deeper into the industry, you realize there are a lot of things to this market, such as negotiating a hospital contract, that technology won't solve."

For many CEOs, the more pressing question is what threat technology—particularly AI—does pose. "When I talk with people about AI's impact on innovation, every question I get now is 'What will AI do to my industry? How do I deal with this?'" said Diana. "AI feels very real and tangible to people, and I think you can almost throw best practices out the window because the speed dynamics, the possibilities dynamic are endless. So, it's about [having the] vision to see what is coming and the ability to apply that vision to some prioritized set of things, to experiment rapidly and then to understand which ones to move forward with and how to do that at scale."

Amid what can feel like an overwhelming number of potential directions, it's key for leaders to understand and stay true to their company's mission when deciding which avenues to explore. "What are your fundamental beliefs and your guiding light, which hopefully stay true over periods of uncertainty?" asked Florin Rotar, chief AI officer of Avanade. "Technology will change, management may change, economic climate may change, people may change, but ultimately values stay true and fundamental. They guide you on asking the key question, which is why, not what and how."

Returning to the touchstone of 'why' helps ensure that a company deploys technological advancements in ways that make sense for its business model and mission. Kelly Services, for example, started using AI to scrub its talent database to

identify barriers individuals face in getting access to work as part of an initiative called Equity at Work. "It started with a purpose," said Quigley. "We wanted to connect people with work in ways that enrich their lives, so our teams are very excited to be employing technology to help that."

### Company Culture Supports Innovation

Achieving a level of enthusiasm among a company's workforce also factors heavily in a company's ability to not only recognize opportunities but also access them by backing up capability with effort, pointed out Christian Oberbeck, CEO of Saratoga Investment. "I believe it was Einstein who said that innovation is 1 percent genius, 1 percent innovation and 98 percent perspiration," he said.

"You have to be very proactive and very determined about having a culture where failure is okay and learning is rewarded," added Serafin. "That's a really hard thing for CEOs because we have a responsibility to deliver results and not deliver failures."

For Elizabeth Ng, CEO of Ocean Biomedical, the culture piece also entails aligning different groups within the company behind overcoming healthcare market barriers to introducing innovative treatments. Often, she pointed out, scientists excited about research and exploring what's possible come up against skepticism about commercial prospects or pricing. "You have to think, how are we going to develop this in such a way that satisfies the medical need, helps these patients, but demonstrates the value so that insurance companies will cover it?"

Soon, AI innovations may make it easier for startups to play a role in developing and deploying innovative products and services. "In theory, a single person with a small team can now build whole products and test them out, when that certainly was not the case 10 years ago," said Schlosser.

Already, the use of AI language and image generation models and programming capabilities is enabling companies of all sizes to do more with fewer employees. Ultimately, that ability to enable successful innovation outcomes will become crucial to survive and thrive in the emerging future, said Diana.

"In the world we live in today, those who accelerate their learning are going to thrive, compared to those who don't," he said. "I like to think about it in terms of return on learning as a KPI that businesses really should latch onto rather than return on investment."

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# Chief Executive

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