

FORTUNE'S ALAN MURRAY INTERVIEWS PAUL DAUGHERTY ABOUT RADICALLY HUMAN

VIDEO TRANSCRIPT

Alan Murray: Hi, I'm Alan Murray. I'm the CEO of Fortune Media, and I'm here with Paul Daugherty, who runs technology at Accenture and has a new book out called Radically Human. I've read the book, Paul. It's fascinating. Can't wait to talk about it. Thanks for taking some time.

Paul Daugherty: It's great to be with you, Alan, and good to spend some time together.

Alan Murray: You wrote a book four years ago called Human Machine that if I can summarize, basically at a time when people were afraid that automation, AI, would take away jobs, you said, no, that's not it. Technology will augment humans, not replace humans. Fascinating book. Now, four years later, Radically Human seems to go even further than that. You said that on the kind of human technology vector, humans are ascendant. Explain what's happened in the last four years that's led you to that conclusion.

Paul Daugherty: Yeah, thanks, Alan. And I think you summarized Human Machine well, which it was controversial at the time because we took

the position that as you said, that AI rather than threatening jobs would actually create more jobs, but it would require us to skill people in different ways to prepare them for those jobs. And so it was a lot of debate about it at the time, but we saw it really play out to be true that, yes, we have to work on reskilling people and creating the right skills for AI so people can use it properly. But it really was creating a lot of new opportunity for companies, a lot of new opportunity for people. So we saw that play out. And then we started doing some new research as that was happening, COVID happened. Some other things happened around the world. And we re-did the research and we found some interesting things and that led to Radically Human and the perspective that Human Machine was a step on the way to a different future where more humanlike technology, AI being one of the prominent forms, but more humanlike technology is actually not a threat, but it's a good thing and it's leading to really unlocking human potential. And that's the premise of Radically Human. And I'd say the other message in the book is that one of the reasons we're not seeing some of the promise of AI and some of these



technologies is that companies haven't been radical enough in how they've taken advantage of the technology, being more radical in the use of technology we believe will unlock even more benefits.

Alan Murray: And what are the big takeaways from the book?

Paul Daugherty: I think the big takeaway is that, again, this more radical, this more humanlike technology enables radical leaps in human potential. That's the big takeaway. But to get there, leaders need a different mindset. And we talk in the book about flipping your mindset on five issues, five key issues, and the working title of the book, just to share a secret with you was "The Big Flip." It was flipping these assumptions around intelligence, going from more--making it more human and less artificial. With flipping your assumptions on data. Rather than everybody focusing on big data, thinking about minimum data and small data, not just maximum, which there's some really exciting opportunities. On expertise, rather than just thinking about machine learning, about machine teaching and leveraging the human capability to inform the technology. On architecture, how do you move from legacy systems to living systems that are agile, flexible and adapt for the future? And then this new thinking we've done on strategy, which is "S" and if you put that together, I.D.E.A.S. spells "ideas" which was our clever way to remember them all.

Alan Murray: How did the pandemic affect this approach to business?

Paul Daugherty: We launched--we did some research just before COVID and the research just before COVID showed that the digital leaders, the top 10% of companies that really had the cloud and AI foundations in place at that time before the pandemic, they were outperforming other companies, the laggards, by about a factor of 2x. So 2x before COVID. Then we re-did the research, as we were preparing for the new book, we re-did the research, and it was in the middle of the of the pandemic, middle to end of the pandemic, and we were really surprised by the results from

thousands of companies which showed that that gap widened from 2X to 5X, that those that had the technology foundation in place to leverage cloud, data, and AI, it accelerated their lead. They had the foundation. It makes sense what you think about it. If you had automated call handling in place before the pandemic, you could deal with the surges that were happening. If you had some good data foundation in your supply chain, you could better understand and react to supply and demand shocks and things like that. You could, if you had the digital workplace in mature capability, you could get your employees connected. So it makes sense in retrospect, but the degree of that was really surprising to us.

Alan Murray: Paul, there's a lot of talk these days, as you know, about the metaverse. How does the metaverse play into this "radically human" future that you're describing?

Paul Daugherty: I do believe that the metaverse is a real foundational thing that's going to cause a huge transformation in the way we create experiences and solutions going forward. And it's about creating more human experiences. My belief is that the metaverse will really be a way to create more real, to supplement the way we interact, and create more real experiences together, complementing, complemented with the virtual experiences that you can get in the metaverse. But we believe the foundation of the metaverse, driven by new technologies and what's called "Web3", is really a question of when, not if. And it is something that every business should have on the agenda now, because it will impact every part of every business. Accenture, we have what we think is the largest enterprise metaverse, and we'll onboard 150,000 new employees using the metaverse in a 3D immersive experience and it's having a real, it's not just that fun or kind of a gadget. It's because it's having a real positive impact on our people and the way that they're onboarded.



Alan Murray: You know, Paul, it's such an interesting time for businesses. There's this whole purpose revolution, rethinking the fundamental purpose of the corporation. And then on top of all of that, rethinking how we work. What's your advice to business leaders who are trying to wrestle with all this and build a successful business in the process?

Paul Daugherty: I think you need to have a bit of humility to understand that we don't know how all this is going to play out just yet. Our view that we're taking and what we write about in the book is you have to meet people where they are and recognize that people have different preferences, workers have different preferences. The ability to meet people's needs is going to be important. I don't think it's about everybody in the office, everybody out of the office. I think it's about rethinking the way that work is constructed so that anything that you want to do can be done virtually. And when you do it in person, you're complementing then augmenting it with the additional value that you get by being together in person in terms of building relationships and culture and other things. So it's about this kind of flexibility, being able to do it virtually but then complementing it with the ability to be together.

Alan Murray: I was struck in the book, you said there are kind of four key skills or key areas where companies are going to have to excel in this radically human world. So let's talk about each of those, because that seemed right on target to what I'm hearing from CEOs these days. Start with talent. What is it that has made talent so central to business value?

Paul Daugherty: We wrote the book and we're doing the research just before we had this explosion of the great resignation or great reshuffling, whatever you want to call it, with talent we're right in the midst of now. But we kind of were anticipating that this would happen, that the talent, the way you dealt with talent would really become a differentiator to companies in this radically human era. We think there's three factors at play. One of which is in this era where

talent is scarce and specialized talent scarce, you need to be a talent creator. You're not going to be able to find the perfect person to do the job that you need done, especially when jobs are changing so rapidly because of this radically human use of technology. So you got to be a talent creator and create your own sources of talent. That's one key thing we talk about. We use ourselves, Accenture, as an example where in the U.S. we're targeting 20% of our new joiners to be apprentices in talent, apprenticeships in talent that we create and bring into the workforce. The second thing you need to do around talent is have a learning foundation in place because you need to take accountability for shaping the way your own people move into the future and adapt to the new technologies, new skills they need. And then the third is democratizing the use of technology, because there aren't enough technologists around to do all the technology works. So it's about democratizing--citizen data scientists and democratizing access to technologies, more of your workforce are driving the use of technology that you need to be successful as every company becomes a technology company.

Alan Murray: I thought that last one was fascinating because in your book four years ago, you talked a lot about the need for the kind of the hard skills. But what's happened in the meantime is democratization. That more and more you don't need a multi-year technical degree to understand how to make use of the technology.

Paul Daugherty: Absolutely. And I think if you're locked into only hiring people with multiyear college degrees, I think you're going to be left out as a company because you need to access all the talent that's available. And a lot of the soft skills, as you said perfectly a lot of the soft skills are really important. We talk in the book about a move from machine learning to machine



teaching, which is that the people who have the soft skills and business knowledge and other skills being the ones that can inform and teach the technology what it needs to do. Which is a whole new way of looking at it.

Alan Murray: The second vector here is trust. You correctly point out that capitalism has always depended on trust. But what makes trust more important now than in the past?

Paul Daugherty: Yeah, I think as you think about this technology that's more humanlike, it has more powerful capability in terms of how you can use it and how you can apply it. Think about technology we're using to create new consumer experiences where more personalized experiences powered by AI that could provide you better advice in terms of, using devices in your home or making investment decisions and such. So the ability for a company to instill trust in the way it's using AI so that consumers or employees are more comfortable using the technology is really going to be a differentiator. If the workers don't trust the way you're using technology or your consumers don't trust the way you're using their data, you're going to be at a disadvantage. And we talk in the book about the idea that trust becomes the ultimate currency in this radically human age. The more trust you have, the more people are going to use the services you have, the more data you have to then create this virtuous circle of advantage for yourself.

Alan Murray: At number three was experiences, which is, you know, is obviously symptomatic of a change from a world 30, 40, 50 years ago when the focus was more on products.

Paul Daugherty: So we have this idea of ambient computing all around us and the way that we--so it gives us the opportunity to create more profound experiences for consumers and really shape the way that they experience the technology in different ways. So companies need to think about this and we talk about the idea of having experience design and experience creation as a core part of what you

do as a company. Because the way you define that experience is going to set you apart from the others.

Alan Murray: And then the fourth one is sustainability. So we all know the importance of preserving the planet, but why has that become a business imperative?

Paul Daugherty: There's two angles to this. One is the use of technology to solve sustainability challenges. For example, we talk a little bit in the book about some work going on around things like using technology to identify methane emissions in pipelines or plants, things like that. So it's technology as a solution, at the core, information technology at the core of solving some of these climate problems we have. And increasingly, technology will be the answer to the problems to some of these sustainability problems in many ways. That's one aspect of it. The other issue, though, is something that technologists need to think about, is technology consumes a lot of resources. From a climate perspective, technology can have a big carbon impact. 15 years ago, technology, all devices, all data centers, you add it all up, 15 years ago, technology was 1.5% of global emissions. 15 years ago. Today, it's about 4%. So tripled. Left, unchecked, it'll be 14% in another 15 years, which is catastrophic if that were to happen. So we talk in the book about green software development, green IT and the exciting opportunities that we have to make technology more sustainable. And I think that's a call to action to leaders to be more thoughtful and build sustainability by design into the way we build these radically human solutions.

Alan Murray: Well, Paul, it's a great book. Every business leader should read it. Fascinating conversation. Congratulations. And thank you for taking the time to talk about it.



Paul Daugherty: Great conversation, Alan.
Thank you very much.

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