



# ACCENTURE CLOUD FIRST – KARTHIK NARAIN

## VIDEO TRANSCRIPT

**SPEAKER:** From around the globe, it's TheCUBE, with digital coverage of AWS re:Invent Executive Summit 2020, sponsored by Accenture and AWS.

**REBECCA KNIGHT:** Welcome to CUBE 365's coverage of the Accenture Executive Summit, part of AWS re:Invent. I'm your host, Rebecca Knight. Today, we are joined by a CUBE alum, Karthik Narain. He is Accenture's Senior Managing Director and Lead Accenture Cloud First. Welcome back to the show, Karthik.

**KARTHIK NARAIN:** Thank you. Thanks for having me here.

**REBECCA KNIGHT:** Always a pleasure. So I want to talk to you, you are an industry veteran. You've been in Silicon Valley for decades. I want to hear from your perspective, what the impact of the COVID-19 pandemic has been? What are you hearing from clients? What are they struggling with? What are their challenges that they're facing day-to-day?

**KARTHIK NARAIN:** I think COVID-19 has been an eye-opener from various facets. First and foremost, it's a health situation that everybody's facing, which is not just has economic bearings to it, it has enterprise and organization bearing to it. And most importantly, it's very personal to people because themselves and their friends, family, near and dear ones are going through this challenge from various different dimension. But putting that aside, when you come to it from an organizational and price standpoint, it has changed everything. While the behavior of organizations coming together, working in their campuses, working with each other as friends, family and near and dear colleagues, all of them are operating differently. So that's one

big change to get things done in a completely different way from how they used to get things done.

Number two, a lot of things that were planned for normal scenarios like their global supply chain, how they track with their client, customers, how they co-innovate with their partners and how their employees contribute to the success of an organization have all changed and there are no data models that give them a hint of something like this for them to be prepared for this.

So we are seeing organizations that have adapted to this reasonably okay and are launching to innovate faster in this. And there are organizations that have started with struggling, but are continuing to struggle and the gap between the leaders and laggards are widening. So this is creating opportunities in a different way for the leaders with a lot of pivot in their business, but it's also creating significant challenge for the laggards as we defined in our Future Systems Research that we did a year ago. And those organizations are struggling further. So the gap was actually widening.

**REBECCA KNIGHT:** So you just talked about the widening gap, you talked about the tremendous uncertainty that so many companies, even the ones who have adapted reasonably well in this time. Talk a little bit about Accenture Cloud First and why now?

**KARTHIK NARAIN:** I think it's a great question. We believe that for many of our clients, COVID-19 has turned cloud from an experimentation aspiration to an urgent mandate. What I mean by that is everybody has been doing something or the other in cloud. There's no company that says, we don't believe in cloud or we don't want to do cloud. It was how much



they did in cloud and they were experimenting, they were doing the new things in cloud, but they were operating a lot of their core business outside the cloud or not in the cloud.

Those organizations have struggled to operate in this new normal, in a remote fashion, as well as their ability to pivot to all the changes the pandemic has brought to them. But on the other hand, the organizations that had a solid foundation in cloud, were able to pivot faster and have actually gone into the stage of innovating faster and driving new behavior in the market, new behavior within their organization. So we're seeing that part is actually fast-forwarded something that we always believed was going to happen with moving to cloud over the next decade. It has fast-forwarded to happen in the next 3 to 5 years. And it's created this moment where it's a once in an era where replatforming of businesses in the cloud that we're going to see. And we see this moment as a Cloud First moment where organizations will use cloud as the canvass and as the foundation with which they're going to reimagine their business as they were born in the cloud.

And this requires a whole new strategy and as Accenture, we are doing a lot in cloud, but thought that this is the moment where we bring all of that capabilities together because we need a strategy for addressing movement to cloud or embracing cloud in a holistic fashion. And that's what Accenture Cloud First brings together, a holistic strategy, a team that's 70,000+ people that's coming together with rich cloud skills, but investing to tie in all the latest capabilities of cloud to deliver that holistic strategy to our clients.

REBECCA KNIGHT: So I want you to delve into a little bit more about what this strategy actually entails. I mean it's clearly about embracing change and being willing to experiment and having capabilities to innovate. Can you tell us a little bit more about what this strategy entails?

KARTHIK NARAIN: Yeah, the reason why we say there is a need for strategy is like I said, cloud is not new. There's almost every customer or client is doing something with the cloud. But all of them have taken different approaches to

cloud and different boundaries to cloud. Some organizations say I just need to consolidate my multiple data centers to a small data center footprint and move the rest to cloud. Certain other organizations say that, oh, I'm going to move some workloads to cloud. Certain other organizations said, oh, I'm going to build this greenfield application or workload in cloud. Certain others said, I'm going to use the power of AI, ML, in the cloud to analyze my data and drive insights.

But Cloud First strategy is all of this tied with the corporate strategy of the organization with an industry specific cloud journey. To say, if in this current industry, if I were to be reborn in the cloud, would I do it in the exact same passion that I did it in the past, which means that the products and services that they offer need to be reimaged, how they interact with their customers and partners need to be revisited, how they build and operate their IT systems need to be reimaged, how they unearth the data from all the systems under which they are trapped, need to be liberated so that you could drive insights.

A Cloud First strategy, hence, is a corporate wide strategy and it's a C-Suite responsibility. It doesn't take the ownership away from the CIO or CTIO, but the CIOs and CTIOs felt that it was just their problem and they were to solve it and everyone else being a customer. Now, the center of gravity is elevated to it becoming a C-suite agenda and on everybody's agenda, where probably the CTIO is instrumental to execute that. That's the holistic Cloud First strategy.

REBECCA KNIGHT: And it's a strategy, but the way you're describing it, it sounds like it's also a mindset and an approach, as you were this idea of being reborn in the cloud. So now, how do I think about things? How do I communicate? How do I collaborate? How do I get done what I need to get done? Talk a little bit about how this has changed the way you support your clients and how Accenture Cloud First is changing your approach to cloud services?

KARTHIK NARAIN: Wonderful. I did not cover one very important aspect in my previous question, but that's exactly what you just asked



me now, which is to do all of this, I talked about all the variables an organization or an enterprise is going to go through. But the good part is they have one constant and what is that? That is their employees.

Because even though the employees are able to embrace this change, if they are able to change themselves, prepare themselves, retool and train themselves to be able to operate in this new Cloud First world, the ability to reimagine every function of the business would be happening at speed. And Cloud First approach is to do all of this at speed because innovation is directly proportionate to the rate of probability on experimentation. You need to experiment a lot, for any kind of experimentation, there's a probability of success.

And organizations need to have an ability and a mechanism for them to be able to innovate faster for which they need to experiment a lot. The more they experiment and the lower cost at which they experiment is going to help them experiment a lot and experiment then at speed, fail fast, succeed more and, hence, they're going to be able to operate this at speed.

So the Cloud First mindset is all about speed and helping the clients fast track their innovation journey. And this is going to happen, like I said, across the enterprise in every function, across every department and the agent of this change is going to be the employees who have to embrace this change through new skills and new tooling and new mindset that they need to adapt to.

**REBECCA KNIGHT:** So, Karthik, what you're describing, it sounds so exciting and yet, for a pandemic weary workforce that's been working remotely, that may be dealing with uncertainty for their kids' school and for so many other aspects of their life, it sounds hard. So how are you helping your clients, employees, get onboard with this because the change management is often the hardest part?

**KARTHIK NARAIN:** Yeah, I think it's again a great question. A bottle has really so much capacity. Something's got to come out for something else to go in. That's what you're saying. It's absolutely right. And that is, again,

the power of cloud. The reason why cloud is such a fundamental breakthrough technology and capability for us to succeed in this era because it helps in various forms. What we talked so far is the power of innovation that it could create. But cloud can also simplify the life of the employees in an enterprise. There's several activities and tasks that people do in managing their complex infrastructure, complex IT landscape. They used to do certain jobs and activities in a very difficult and round about way. Cloud has simplified and democratized a lot of these activities, so that things which had to be done in the past, like managing the complexity of the infrastructure, keeping them up all the time, managing the obsolescence of the capabilities and technologies and infrastructure. All of that could be offloaded to the cloud, so that the time that is available for all these employees can be used to further innovate.

Every organization is going to spend almost the same amount of money, but rather than spending activities by looking at the rearview mirror on keeping the lights on, they're going to spend more money, more time, more energy and spend their skills on things that are going to add value to their organization because every innovation that an enterprise can give to their end customer, need not come from that enterprise.

The world of platform economy is about democratizing innovation and the power of cloud is to get all of these capabilities from outside the four walls of the enterprise.

**REBECCA KNIGHT:** It will add value to the organization, but I would imagine also add value to that employee's life because that the employee will be more engaged in his or her job and, therefore, bring more excitement and energy into his or her day-to-day activities too.

**KARTHIK NARAIN:** Absolutely, absolutely. And this is a normal evolution. We would have seen, everybody would have seen in their lives that they keep moving up the value chain of what activities that gets performed by those end users and this is no more true than how the United States as an economy has operated, where this is the powerhouse of innovation, where the work that's done inside the country keeps moving up



the value chain. And U.S. leverages the global economy for a lot of things as required to power the United States. And that global economic phenomenon is very true for an enterprise as well.

There are things that an enterprise needs to do themselves, there are things an employee needs to do themselves, but there are things that they could leverage from the external innovation and the power of innovation that is coming from technologies like cloud.

**REBECCA KNIGHT:** So at Accenture, you have deep and longstanding relationships with many cloud service providers, including AWS. How does the Accenture Cloud First strategy - how does it affect your relationships with those providers?

**KARTHIK NARAIN:** Yeah, we have great relationships with cloud providers like AWS. And, in fact, in the cloud world, it was one of the first capability that we started about 13 years ago, when we started developing these capabilities. But five years ago, we hit a very important milestone where the two organizations came together and said that we are forging a formal partnership with joint investments to build this partnership and we named that as Accenture AWS Business Group, AABG, where we co-invested, brought skills together and developed solutions. And we will continue to do that and through that investment, we also made several acquisitions that you will have seen in the recent times like Enimbos and Gekko that we made acquisitions in Europe. But now, we are taking this to the next level.

What we are saying is through Cloud First and the \$3 billion investment that we are bringing in through Cloud First, we are going to make specific investment to create unique joint solution and landing zones, foundation cloud packs with which clients can accelerate their innovation or their journey to Cloud First.

And one great example is what we are doing with Takeda, a global pharmaceutical giant with whom we've signed a 5-year partnership and it's out in the media just a month ago or so, where the two organizations are coming together. We have created a partnership as the power of three

partnership, where the three organizations are jointly holding hands and taking responsibility for the innovation and the leadership position that Takeda wants to get to. With this, we are going to simply define their operating model and organization by providing flexibility. We're going to provide a lot more insights. Takeda is a 230-year-old organization. Imagine the amount of trapped data and intelligence that is there. How about bringing all of that together with the power of AWS and Accenture and Takeda to drive more customer insights, come up with breakthrough R&D, accelerate clinical trials and improve the patient experience using AI, ML and Edge technologies.

So all of these things that we would do through this partnership, with joint investment from Accenture Cloud First, as well as partner like AWS, so that Takeda can realize their gain. And their CEO actually made a statement that five years from now, every Takeda employee will have an AI assistant that's going to make that Takeda employee move up the value chain in how they contribute and add value to the future of Takeda with the AI assistant making them even more acute, than smarter than what they could be otherwise.

**REBECCA KNIGHT:** So one last question to close us out here. What is your future vision for Accenture Cloud First? What are we going to be talking about at next year's Accenture Executive Summit?

**KARTHIK NARAIN:** Yeah, the future is going to be evolving, but the part that is exciting to me and this is a fundamental belief that we are entering a new era of industrial revolution from industry first, second and third industrial. The third happened probably 20 years ago, with the advent of Silicon and computers and all of that stuff that happened here in Silicon Valley. I think the Fourth Industrial Revolution is going to be in the cross-section of physical, digital and biological boundaries. And there's a great article in World Economic Forum that your audience can Google and read about it.

But the reason why this is very, very important is we are seeing a disturbing phenomenon that over the last 10 years, we are seeing



a plateauing of the labor productivity and innovation which has dropped over 2.1%. And when you see that kind of phenomenon over that long period of time, there has to be breakthrough innovation that needs to happen to come out of this bad year and get to the next base camp, as I would call it, to further this productivity plan that we are seeing. And that is going to happen in the intersection of the physical, digital and biological boundaries.

And I think cloud is going to be the connective tissue between all of these three to be able to provide that, where it's the Edge, especially is going to come closer to the human lives, it's going to come from cloud - pictorially in your mind you can think about cloud as central, either in a private cloud in a data center or in a public cloud everywhere. But when you think about Edge, it's going to be far-reaching and coming close to where we live and where we work and where we get entertained and so on and so forth.

And there's going to be intervention in a positive way in the field of medicine, in the field of entertainment, in the field of manufacturing, in the field of mobility – when I say, mobility, human mobility, people, transportation and so on and so forth. With all of this stuff, cloud is going to be the connective tissue and the vision of Cloud First is going to be plowing through this big change that is going to happen and the evolution that is going to happen where the human praise of mankind or personkind, being very gender neutral in today's world, Cloud First needs to be that beacon of creating the next generation vision for enterprises to take advantage of that kind of an exciting future. And that's why in Accenture, we say, let there be change as our purpose. And I genuinely believe that Cloud First is going to be in the forefront of that change agenda, both for Accenture, as well as the rest of the world.

REBECCA KNIGHT: Excellent. Let there be change, indeed. Thank you so much for joining us, Karthik. A pleasure talking to you.

KARTHIK NARAIN: Thank you so much, Rebecca.

REBECCA KNIGHT: I'm Rebecca Knight. Stay tuned for more of CUBE 365's coverage of the

Accenture Executive Summit.

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