The HCLTech Trends and Insights podcast

Nick Ismail

Hello Everyone, and welcome to the HCLTech Trends and Insights podcast. Today, I'm joined by Srinivas Kompella, Senior Vice President of Data and AI Enterprise, HCLTech. In this episode, we're taking a closer look at the themes from HCLTech's latest research on building an AI-led operating model. As organizations look to move beyond isolated use cases and scale AI enterprise, many are rethinking how their teams, structures and strategies need to evolve. We'll be exploring how a product aligned operating model can help CEOs accelerate AI adoption, foster innovation and overcome common barriers from governance and scalability to data challenges and team dynamics. Srini brings deep expertise and firsthand insights into what's working and what's not as enterprises navigate this shift. Before we dive in Srini, how are you?

Srinivas Kompella

Fantastic. Nicholas and thanks for having me.

Nick Ismail

That's great. So to start, how do you believe shifting to a product aligned operating model can enable CEOs to scale AI more effectively across their organizations?

Srinivas Kompella

Yeah. I think you know as enterprises begin to shift from experimenting small use cases to broader adoption of AI. The realization that is coming in is that it is a truly multidisciplinary team that will enable scaling of AI. So what I mean by that is that you need to have robust infrastructure foundation because that drives both the effectiveness of AI as well as the cost and the performance. The second you need a robust data foundations. You need world class data engineering skills and data science skills to be able to power AI. The third, of course, is the AI skills right. I mean this is not just about using LLMs but truly in terms of, you know, designing AI systems. Not, you know, small projects and how do you do that? Especially with Agentic AI coming into place right. The fourth is the business process. So at the end of the day, the purpose of scaling AI is to positively impact business right. So you know, from growing top line to improving customer experience. The biggest impact AI is going to do is transforming experiences. A lot of us are seeing it in our daily lives, you know, with AI that is in our hand helps. The enterprises, you know, will be eventually shifting in the direction. So all of these capabilities need to come together to truly transform enterprises by scaling AI at that enterprise level. Now, what does it mean now if you double click a little bit right. So let's say, were talking about sales and marketing. So now these groups need to come together to drive that effectiveness of AI on sales and marketing. And this is not just about doing something one-off, but do it in a more repeatable, more standardized, more trustworthy way. And that's the reason for the word productization is that it builds that level of repeatability, standardization and consistency. Now it's about bringing these capabilities together under that umbrella of saying that AI products for Sales and Marketing as an example that will

ensure that all these disciplines are coming together to solve for a unique and common set of problems or create a common set of opportunities for the enterprise. So that's why the age of AI you for AI to really scale this product operating model is an absolute must.

Nick Ismail
And given the rapid pace of generative AI and even a Agentic AI advancement, how can CXOs ensure their operating model remains adaptable while balancing governance and innovation.

Srinivas Kompella
So the moment we bring in a multidisciplinary team then this team will bring in the specific expertise to ensure that as technology changes they're able to evaluate and assess the impact. I mean because not every technology need to be implemented right to solve for problem. So there has to be a certain level of qualification that needs to happen that evaluation needs to happen. So this you know multidisciplinary product team right can actually run this evaluation better together more cohesively, number one. Secondly, as new technologies come in the implementation, if it is, if this foundation is architected right we talked about it right for scaling AI you need to have a robust infrastructure foundation. You need to have a robust data state. Then the changes in AI technologies can actually be better evaluated and better put to purpose at pace right. Of course there needs to be governance and that's part of the evaluation. Not all technology that is coming in A is relevant or applicable or B it's safe so Responsible AI is a very critical part of these entire exercise right and even from a governance standpoint. You know at the end of the day the world will evolve towards the citizen AI development so it means that most users, most people will be building AI at the edge, on their laptops, on their devices, etc. That's going to mean again incredible levels of governance, not just from an AI technology standpoint, but also in terms of access to data and access to insights. The access to insights are actually more critical than just access to data because of the insights can become you extreme competitive disadvantage if they're leaked out. Right so this whole team then operates as a unit with the governance now at a central level. So if you take two steps higher from let us say the sales and marketing example we took a similar AI Council we need to get set up that's again multidisciplinary which will again ensure that any new technologies that are coming and are being evaluated assessed you know for safety, for applicability and quite frankly for ROI right. So this governance mechanism will ensure that you know the technologies that are coming in are deployed in the right way for better ROI. The second aspect also is that this multidisciplinary team will also ensure the right technology architectures. We call it as an integrated data under the IS state because you cannot run AI without data so it needs to be a tightly integrated state. The technology problem you know is probably a little easier to solve with this governance but the the rest of it is going to be much harder and this product operating model will enable for setting up that governance strongly. Plus taking advantage of the new technologies that are replica for business outcomes.

Nick Ismail
And it's a super important aspect actually of scaling AI the governance and Responsible AI

part of it because it's actually a form of competitive advantage for those businesses that do it right.

Srinivas Kompella

Yep, absolutely because you know I mean, it's, it's I mean, one of the biggest factors in scaling AI is building trust. So I mean we humans build trust with each other and you know individual to individual. It actually takes time for two humans to build trust, so all of a sudden we are actually asking humans to trust AI right and to take a lot of critical decisions and critical actions. So I mean it as a consumer, we actually do that day in and day out if you're using any GPS MAPS application, you're trusting that AI to you know, say that okay, you got to take a right turn here or a left turn there. Take this route versus that route. If you tie it back 15 years ago, that trust did not exist right. So I mean or it existed in a much more limited way. Now all of us are used to it, but to build a trust you got to get AI right, you know, more often than humans. Unfortunately, right because a human error mean we say it as you know to err is human. Unfortunately, that doesn't apply to AI. So what it means is that that trust in AI is extremely critical internally and to the consumers or customers of large enterprises. And that'll mean, you know, flushing out all the aspects that we talked about through a multidisciplinary team right and more critically, taking a product approach.

Nick Ismail

And just to go back to that team element. The report or research found that many businesses report challenges with team structure, causing delays and frustrations. How does a product aligned operating model address these inefficiencies, especially in data and AI environments?

Srinivas Kompella

So I mean, if we take the organizational structures, I mean there are a few patterns that have been in existence for the last 50 60 years. So there's been enough research on this right you know matrix organization, functional organization, so and so forth. But if you look at the digital native companies, you know they have evolved so much that it, you know, they're almost like, you know, teams that come together, do something, create a success and go away. It's a lot of the big tech companies and you digital native companies are doing that. The product operating model ensures that this team is coming together with, I mean, there's going to be a product owner. That product owner may be, you know, organizationally reporting anywhere in the organization, but that that individual is the owner for the product and this team that is coming together. They may be organizationally reporting into different parts, but they are functionally accountable into the product owner. This will ensure that success of that AI products that this team is building now. What that means is that you know, so the accountability is driven via the product team as opposed to the functional AI alignment. Now the functional alignment will ensure support coming in from those organizations. Let us say the infrastructure team or you know, the data engineering team or the data science team so on and so forth. But this group is accountable. Now shifting to this model for some of the organizations will need some change management for sure right. Because people are used to functioning by the reporting lines. Here they may be reporting

somewhere but functionally accountable somewhere else. Call it as a hard matrix or a strong matrix right. So shifting this model will require change management. It'll require leadership alignment. It'll require you working with the people because it also opens up career opportunities for individuals internally and hopefully internally more than externally right because the individuals become more broad base. So, but that change management is going to be critical for most enterprises. One of the critical elements is also a talent. So a challenge that a lot of enterprises are dealing with especially in the world of data AI is that the thinking for a lot of people thinking hasn't shifted from the world of. Let me spend the next one year, two years to build a central repository and then we'll do something to saying that there is a problem. We're going to get together to figure out how to build pipelines or what have you go to that? There is both a mindset shift and a technical skillset shift that needs to happen as part of the change management absolutely.

Nick Ismail
Absolutely. And that change management probably also applies to addressing challenges in growth and scalability as well. The report found that 35 percent of businesses do face challenges in those areas, so how can a product aligned operating model help address those challenges specifically, especially when it comes to managing data effectively and driving successful AI adoption.

Srinivas Kompella
Yeah. I mean, look, if we look back at the evolution of the world of data analytics and AI, the whole revolution started with this entire approach towards, you know, centralizing you know the data stores or to speak at an enterprise level so people used to call them enterprise data warehouses and then it started evolving it to data models. There's a lot of terminology here but the whole thinking was to bring all the enterprise data together and then start building insights and over time data science and analytics and then machine learning and AI, right. So there's merit in that for certain situations let us see you want to do enterprise reporting or financial reporting, so on and so forth. But in the age of AI, what's becoming more important is to say that okay, there is a particular problem, an opportunity you want to solve for and then you want to solve for it in a more agile way. So which means that you can't take months or years to build a central data repository. So you're going to start with the problem and work backwards from there saying that let's say we're talking about you improving campaign effectiveness with AI. You know, we're doing it for some, some of our customers, right. So if that is a problem statement, you work backwards from there and figuring out what are all the elements of data or infrastructure or applications that need to come together to solve for it. That's again part of that product team. So the product operating model actually increases agility right and the more results in the success people see here now, the more it'll shift from more the horizontal focused organization to more product focused organization.

Nick Ismail
And finally Srini, what would your advice be to CXOs looking to foster a culture that encourages experimentation and continuous learning within that product aligned operating model framework?

Srinivas Kompella

I think I mean, you know with the age of AI there I mean it is the art of the possible right. I mean you know. I almost look at it as that the technology is there and it is becoming more a function of the imagination on how to apply the technology to solve for various problems or creating new opportunities. Now we're seeing a lot of companies in a startup mode with sky high valuations doing this right. So it's again, you know, a similar talent at the end of the day. So I mean that becomes a data point that you know technology is there. It is in terms of how do we get people to embrace the technologies to drive that innovation number one. Secondly, though in large enterprises there is a need to govern, we talked about governance, so the balance between governance and innovation needs to be established via these A the AIC or council we talked about at an organizational level and B at this product level right because, you know, we don't mean if you look at it, you know, in the last couple of years have shown that less than five percent, maybe it's a single digit percent experiments have made it into production right. So what it means is that you know the innovation needs to be tapped into but it needs going to be channeled towards solving the business problems or creating new business opportunities. So these learnings will help drive in that direction. So the job of the governance is less to control but more to kind of channel that energy into the right direction. Right, at least that's how I see it because the technical talent is there, technology is there. So the moment the channeling starts happening and there's a tighter alignment into the products with let's say I mean keep taking the sales and marketing could apply into manufacturing, could apply to supply chain in so many of the areas right. So the moment that starts happening then the innovation will actually start converting into you know returns on the innovation or returns on investment.

Nick Ismail

That's great, Srini. Thank you so much for your time and insight into the report. For those interested in taking a deeper dive into the research, you can click the link in the description below.

Srinivas Kompella

Thank you, Nicholas. Wonderful chatting to you.