

## The HCLTech Trends and Insights podcast

### **Nick Ismail**

Hello everyone and welcome to the HCLTech Trends and Insights podcast. Today, we're exploring how enterprises can rethink operating models to stay competitive in an AI powered world. I'm joined by Seema Noronha, operating model transformation leader, HCLTech. We'll be discussing HCLTech's latest research report, the blueprint to AI-led operating model, and be talking about everything from spotting the signs your current model isn't working, to unlocking the full potential of customer feedback, breaking down silos and building trust amongst cross-functional teams. Before we start Seema, how are you doing today?

### **Seema Noronha**

I'm good. Thank you. Nick.

### **Nick Ismail**

Good morning to you. Excellent. Well, let's dive in. What signs should leaders look for that indicate their current operating model is no longer fit for an AI powered future?

### **Seema Noronha**

Right. I think we all understand, you know, that the way AI is to stop thing and the pace of change in the industry is really very rapid. So it's high time that every organization takes a hard look at the way their operating model is structured and whether it is delivering the results that it is designed for not to be fit for an AI future. There are three things that we typically look at, right? Whether we are able to respond with agility, whether an operating model is easily scalable and whether we are able to innovate continuously and be highly customer centric. So if an organization, you know, some of the things that we can look at is if, you know, if already an organization is, investing in AI and is not able to scale that AI box, or if we are not able to get the right cross-functional collaboration going, you know, to, work on our AI use cases, if it is taking too long to roll out changes and to drive adoption of it. I think these are very clear indicators already that, you know, you should relook at your operating model. There are a few simple questions that we can ask ourselves. You know, looking across all the six pillars of, you know, strategy, structure people, process tools, you know and governance as well. Right. Some of the questions that, you know, will make it very easy for us to, to see the indicators, right. Is AI integrated into the strategy? Or is it just another initiative within the organization? Does that organization structure enable, you know, cross-functional collaboration? Does it have, do we have teams that are still working in silos or are we working? You know, are we organized around value? Right? Or are teams able to, you know, work with fast feedback loops, you know, test and learn mainly then that manner? Do we have platforms and tools to support the rapid development and scaling of AI? Have you invested in that, or have we invested in AI solutions and tooling to enable our teams? Do our teams have access to real-time data and insights so that we can build AI-powered decisions and drive AI-powered decisions? Do we have the necessary capability

and talent to reimagine workflows using AI, build and use AI capabilities, right? Or have we invested in a centralized or a federated kind of a model to govern sheer scale AI literacy across the organization? If any of these answers are, you know, then I think it is, you know, a very quick diagnostic for us to see, you know, that we have to relook at our operating model. We need to, you know, be able to to be able to scale. You know, I quickly in our organization, I think that would be a good indication of.

### **Nick Ismail**

Yeah. And you mentioned feedback loops in the results. It found that only 17% believe that using customer feedback to its full potential. So how do you think a product-aligned operating model can help embed customer insights more effectively into the product lifecycle?

### **Seema Noronha**

Yes. So the product aligned operating model, right by design, embeds customer feedback into the ways of working because one, teams are structured around customer journeys, around customer facing products. So teams are accountable for customer outcomes. And, you know, customer experience. They work in customer discovery and delivery cycles in agile feedback loops. So what happens is customer insights are integrated into every stage of the delivery lifecycle, right? You know, let's say, for example, you have, the, the reviews, the demos. So customers feedback and are taken in at every stage of the lifecycle. And then teams work with outcome metrics like, okay. That's right which is focused on customer impact. So okay, our progress, you know, feeds back into the prioritization lifecycle. So that, you know this, we are continuously inspecting and adopting and responding to feedback. Right now our teams ought to be working like this. And going by the report, right, which says that 70% of the teams are utilizing, you know, feedback in their dev lifecycle. However, you know, 17% are using it in the in the most effective manner, which means that, you know, there is change management required, because this requires a very strong collaboration between business and IT to drive that customer engagement. And traditionally, teams were not working like this. So this requires, you know, change management to bring business and IT together to get that collaboration going to help us define, you know, the right measures and outcomes, as well as get feedback regularly from the market. Right, so this requires okay. Now the other insight that we found was also that 94% are facing challenges in collecting and analyzing customer data, which is also another channel for customer feedback. Right? So we have, you know, usage, analytics, we have sentiment analytics. We have our support tickets, right, which gives us how customers are using the data and where the friction is in the customer journeys. Now, using AI and analytics tools, we can easily, you know, look at this data and gather insights, gather very, you know, effective insights in terms of where we have friction in customer journey, where we are having, you know, issues in the product usage, etc. So this can be fed back. These insights can be fed back to the product teams, to drive that feedback and also look at observability tools to see how business, you know, processes are being, monitoring to, to drive that as well as another, you know, insight into the teams. So I think, to summarize. Right, OCM to, to get that business and it team collaboration going as well as leveraging

tools and AI to bring that analytics, you know, into, with customer feedback into the product lifecycle would be two things that we can do to increase that 17% or better than.

**Nick Ismail**

And to bring the conversation back to AI for a moment. And this is a challenge that all organizations face. And it's about measuring value and, you know, determining ROI or measuring ROI from your AI investments. So how can organizations do this effectively? And what's often missed in traditional ROI calculations?

**Seema Noronha**

Right. So, traditional ROI calculations, like mostly they focus on cost savings and efficiencies gains. Right. And look at direct benefits of a project or an initiative as to how that is performing right now for a for AI investments, we need to look at, the value calculation should be aligned to us innvest via AI investment strategy. Right. And AI models also evolve over time and the benefits improve over time. So looking at a value from AI investments requires a much more nuanced approach. Can't be just a quantitative cost and efficiency, right? You need to look at multiple measures. Right? Oh, one could be your revenue and cost. Right. But then we also have customer satisfaction. Like CSAT, productivity time to market. These are some of the quantitative measures. But there are others which are much more nuanced. Like you know, hyper the customer experience through hyper personalized interactions, improvement of, you know, loyalty and lifetime value and improving satisfaction and usage, you know, for the customer. Then there are others like speed to insight and decision making. Right how quickly are we able to get to insights and decisions, increase trust in transparency, you know, in the way we work, right. Engage employee engagement also increasing because of this. Right. And then there is strategic value as well because I would unlock a lot of potential in terms of innovation. Right. And then, you know, avenues for new value streams. So there are multiple measures that you need to look at. So it is a continuous value loop rather than a direct, you know, measure like ROI. Right. So, I think, we should look at value in terms of both business outcomes, operational uplift, experience enhancement and strategic impact and or differentiation when we look at AI investment. So it's a multi-pronged approach rather than just one measure is what I would think.

**Nick Ismail**

Thank you. That all made sense. And the report also found that there are distinct challenges between regions, whether that's a APAC, Europe or US. So how should companies adapt their operating model strategies given these different challenges by region?

**Seema Noronha**

Yeah. So when we look at operating model like it is, the while the basic tenets of the operating model remain the same across every region is different in terms of, you know, culture, in terms of market demographic, in terms of the customer needs and challenges, the regulations, etc. So, the adaption, the adoption should be adapted to each region's nuance. Right? So if you look at APAC, for example, at APAC, you know, is seeing the rapid digital growth, but there is also a lot of talent fragmentation, right? There is a lot of focus on digital

transformation, AI adoption, you know, but also cost efficiencies are very paramount. So while we are looking at a product operating model with it APAC, you know, one of the strategies could be looking at, you know, scalable platforms, you know, investing in talent uplift. This could be some of the things that are prioritized for APAC. Right. But if you look at Europe, Europe is a very, mature market. Right. But they have a lot of focus on, sustainability, right, on customer and employee experience and a lot of just a very strong data privacy laws and regulatory, you know, impact. Right. So and there's a lot of cultural complexity as well. Responsible AI is also becoming very important in Europe. So when we look at Europe, what we would have to probably prioritize is, compliance. Right. And looking at green operations, looking at design-led, you know, ways of working a federated governance to, you know, cater to different, you know, regions within Europe. Customer trust and transparency would become very important in Europe. Whereas if you look at, you know, us, US is very innovation-driven, right? And there is a lot of empowerment for autonomous teams. There's also a lot of focus on fast-paced scaling. So the US operating model should, you know, accelerate product, you know, innovation should accelerate, you know, the, speed and scale, optimize for speed and scale. Right. So every market, I think there's a different, nuances to what we want to optimize for, what we want to focus on first, and how we want to structure assets. So that way we should, you know, I think we should have a very federated way, in terms of how we look at differentiating markets.

### **Nick Ismail**

Yeah. So given that 95% of organizations feel that they need a complete mindset shift to embrace a AI-led operating model, what are we doing at HCLTech to support our clients in cultural re-engineering beyond just structural change?

### **Seema Noronha**

Yeah. So I think the number says a lot, right. Greater than 95%. You know, about the importance of cultural mindset shift. Right. Because this is a challenge that we see in every transformation. What we've been doing, basically, I think the only thing that we can do is a focused change management to drive, you know, alongside everything else that we implement to drive the culture and mindset shift in the organization. And what helps most is to have the leadership, sponsorship and support, leaders role modeling the change that we want to see in a from a top down perspective and also having cultural ambassadors within the organization, you know, to drive it across, you know, so both top down, bottom up and across is what we should look at. And few thinks that has worked is basically anchoring, you know, people in the wide. Right. Starting with establishing the why and, you know, anchoring them to the purpose and mission as to why we are doing this change. What is it that we're trying to achieve here and what is our role in it? You know, what is it? And then breaking it down into you know, step into shifts that will help them to see where are we going now? What are the limiting beliefs and behaviors that we are leaving behind? The what are the enabling beliefs and behaviors that we are moving towards now? For example, what does it mean when I say that we need to focus on outcomes rather than just completing my own task? Right. What does it mean to be curious rather than just doing what what I've been told to do? So if we kind of anchor people into the from into narratives,

storytelling workshops, you know, training and what we've seen is organizations focus on these trainings first, even before any upskilling, because this is the most important shift that has to happen in terms of going from something to towards something which will help them achieve their vision. Right. And then this has to be embedded into the ways of working, right. For example, it has to be designed in how we do things every day. You know, having cross-functional teams, you know, working with, you know, okay, okay, hours working and, having joint planning and co-creating the outcomes with people understand what outcomes mean. So these are some of the things that we do to, you know, drive that and reinforce that in the day to day ways of working. So and we also need to continuously recognize the reward and amplify whenever we see these behaviors. Right, and continuously reinforce this. And one most important thing, apart from leadership, role modeling and ambassadors, etc., is also, you know, the psychological safety, providing that psychological safety to the team so that they can learn and experiment and, you know, bring that continuous learning culture in the organization.

### **Nick Ismail**

And during this transition phase, how do you encourage trust and shared accountability for teams moving from a project-centric to a product-centric mindset?

### **Seema Noronha**

I think, trust and transparency, you know, to add shared accountability, these are some of the things that are, I think, most important in any high-performing team. Right. And what is what has worked best, to drive this is incentivizing, you know, that collaboration, incentivizing the cross-functional collaboration across teams. So how do we do that? Right. One is first which to drive this shared accountability for outcomes. Right. We have to link the success of the teams, you know, to the outcome achievement and how, to be able to to drive that shared accountability. First, teams have to co-create the outcomes. Right? So there has to be joint co-creation sessions that teams come together and co-create. What does success mean to us? And then the the rewards and their success will be tied to achieving those outcomes. Now, what we can do as an organization is also to make it easier for teams to come together and collaborate and achieve those outcomes. What can and what few things that we can do is having the right communication channels and collaboration tools. And so that is transparency. They can transparently access relevant data information. Now what we've also seen in the report is 40% of the teams wanted improved communication channels at collaboration platforms. So this is one thing that that can go a long way in easing that ways of working and driving that shared account shared the you know, collaboration then. We also in the ways of working we have cross collect collaboration ceremonies, we have joint planning. You'll be a scrum of scrums now making dependencies visible, you know, to the team through, you know, and, and the other thing we can do is have a joint retrospectives because teams need to empathize with each other, to understand each other's screen points so they will be able to collaborate better, right. And then joint celebrations when they achieve so that when they can, at every progress and milestones and achievements so that they can then know, have that shared sense of successes.

**Nick Ismail**

And based on everything that we've discussed during this podcast, if a CEO asked you, where do I start, what would be your top three recommendations for beginning the transition to a product-aligned operating model to become AI-led?

**Seema Noronha**

Okay. I think, in the report, right. One of the most critical components, to product aligned operating model success was, the role of a strong and committed leadership, right. So if a CEO asked me what would be the kind of what the top three, I think the first would be to, you know, get, your leadership together, right aligned on a compelling vision and purpose as to why we are doing this. What for we're doing this. Right. So, that is the first step, right? You know, creating a compelling vision that teams can teams can rally towards and getting your leadership team, you know, aligned to that vision and committed to that vision that, yes, this is what we want to achieve together. That would be the first thing to do, right? The second is, you know, the report also highlighted that, you know, a lot of the leadership of 64% of the decision makers and leadership do not, fully understand what it means, right? To measure value, to measure feedback to a to, you know, to be, working in this product-aligned operating model. So teams, the the leadership needs to understand what are we getting ourselves into, what is it that we are trying to do here. So training and maybe even, you know, learning from peers, going and seeing other other organizations who have done this, you know and getting a, you know, anchored into what this product aligned operating model needs because it is a large change. It is a multi-year change. And it is it's not easy. So we need to understand first what we're getting ourselves into. I think that could be the second step. Right? And only then is when you can get to the drawing board and start putting down. Right what this means for us. Right? Or what is it that for our organization, how does this product align operating model translate to right. What capabilities do we have, what we need, you know, and what does this journey mean for our organization. Right. And then probably, you know, you'll see how the your partners can help you accelerate this journey. What capabilities they can bring and help you accelerate this journey. That would be the third step.

**Nick Ismail**

Seema, that's great. Thank you so much for all your advice, recommendations and insights. And for those of you who'd like to take a deeper dive into the research, you can click the link in the description below.