



CEO

PERSPECTIVES[®]

2017 REUNION SUMMARY

**TECHNOLOGY'S IMPACT:
ON OUR BUSINESSES...
ON OUR WORLD**

SEPTEMBER 15, 2017

ABOUT THE EVENT

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On September 15th, 2017, *CEO Perspectives* held a reunion to mark 13 years of providing Fellows continued access to relevant business and leadership insights, as well as ongoing networking opportunities.

The event brought together Fellows from each program year — from 2005 to 2017 — and focused on the growing impact of technology and how corporate leaders can better anticipate and address critical technology trends.

After welcome remarks from Sheila Penrose (Co-Chair, Corporate Leadership Center), the program included three, main sections:

- 1. Presentation by James Stavridis:** Ken Porello (Executive Director, *CEO Perspectives*) introduced James Stavridis (Dean of the Fletcher School of Tufts University; U.S. Navy Admiral (Retired); and NATO Supreme Allied Commander, 2009–2013), who discussed broad challenges and opportunities related to security in the 21st century.
- 2. Panel Discussion:** A panel including William Bosway (President & CEO, Dover Refrigeration and Food Equipment, Dover Corporation; 2017 Fellow), Steven Chaouki (Executive Vice President, Financial Services, TransUnion; 2015 Fellow), and Sona Chawla (Chief Operating Officer, Kohl's Department Stores; 2010 Fellow) spoke about the impact of technology on their businesses, which represent a range of sectors. The panel was moderated by Kunal Kapoor (CEO, Morningstar, Inc.; 2013 Fellow).
- 3. Presentation by Brian Krzanich:** Cheryl Francis (Co-Chair, Corporate Leadership Center) introduced keynote speaker, Brian Krzanich (Chief Executive Officer, Intel). Brian shared thoughts on how data could be thought of as the modern-day equivalent to oil, given its applications across domains of business and broader life, and how Intel is using technology and data to create business and social value. Ken Porello interviewed Brian for further insights on the topic, followed by a question-and-answer session. Sheila Penrose offered closing remarks.

**THANK YOU TO ALL PRESENTERS AND PARTICIPANTS
FOR SHARING THEIR INSIGHTS.**



WALLS AND OCEANS WON'T PROTECT US.

Terrorism, cybercrime, and other security threats can find their way around any literal or figurative barriers we build. Accept this reality, and plan for it with smart strategies, tactics, and governance.

ASK, "WHAT IF IT'S ME?"

As the rate of technology-related crises rise, recognize that company crises are industry crises and consider scenarios where your firm is Ground Zero. Then build technology, a culture, and governance to expect and address the unexpected.

READ, LISTEN, LEARN.

Amidst growing opportunity and threats, take the time to read books that matter, and to use what you learn to reinforce values of democracy, liberty, and equality. Make it a priority to listen to a broad range of stakeholders within and outside your business.

USE HARD AND SOFT POWER.

Harness a combination of technology-enabled capability and softer, people-focused culture and practices to guard against threats and convert opportunities into value. Use all of the 21st century tools at your organization's disposal, dialing in each as needed.

CONSUMERS WANT LESS AND MORE.

Use technology and data to deliver the "less and more" consumers seek: Less hassle and waste, but also more channel options and ways of interacting with the business. Invest in ways of addressing these needs.

DATA IS THE NEW OIL.

Like oil in U.S. history, data has large-scale applications to create dramatic value across public and private sectors. Anticipate the data tsunami, recognize how the Cloud and AI can transform data into value, and build technologies and offerings to drive data-based advantage.



21ST CENTURY SECURITY: CHALLENGES AND OPPORTUNITIES

As current Dean of Tuft University's Fletcher School, retired U.S. Navy Admiral and NATO Supreme Allied Commander (2009-2013), James Stavridis offered valuable insights on the greatest, growing threats to global security and how leaders can address these.



Security is a critical component of the global context in which business enterprises operate. World War I marked the beginning of an apocalyptic century with growing global threats to security and well-being.

In this environment, consider the following insights and advice:

Walls won't protect us. The Iron Curtain, Berlin Wall, and other literal and figurative barriers can't provide adequate protection from security threats. Stavridis had an office in the Pentagon when the plane hit on 9/11, so even that location, in the defense hub of the world's richest country, was unsafe. Challenges will find their way around any walls we build.

Oceans won't protect us. Violent extremism can occur anywhere, including within our own borders, as the actions of domestic terrorists, such as Dylann Roof, make clear. ISIS is another major threat, due to their large financial resources, technology-enabled branding and marketing capabilities, and growing global reach. Their impact is evidenced by recent terrorism EU-wide, as well as the attacks in San Bernardino and Orland's Pulse nightclub.

Global actors represent real threat. Countries such as Iran see themselves as imperial powers, which means large, global risk. Russia has proven it is not a friend to the U.S. or broader world. But North Korea is the world's most dangerous threat, because of its leadership: Kim Jong Un is unpredictable, unstable, and untested, but not irrational. Still, diplomatic options represent our best solutions.

Mother Nature offers little comfort. From Ebola to Zika, to the ongoing melting of polar icecaps, the natural world represents a rising threat to security of life and business. Climate change alone has implications, such as increased competition for shipping routes and carbon credits, along with the fallout of major disasters, like the string of recent hurricanes including Harvey and Irma. Leaders need to anticipate and prepare for ongoing natural-world challenges.

Cybersecurity is our greatest challenge. Among all global threats, cybersecurity represents the greatest potential source of damage with the lowest level of disaster preparation. The breach of 148 million Equifax accounts is just the most recent example. Multiple countries and organizations have undergone cyberattacks from Russia and smaller, but dangerous, nations like North Korea. The public-private sector costs of cybercrime may potentially rise to \$1 trillion, with hotbeds including the U.S., China, Vietnam, Brazil, and Russia.

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21ST CENTURY SECURITY: CHALLENGES AND OPPORTUNITIES (CONTINUED)

As these threats — especially cybercrime — loom large, and the U.S. government stagnates in gridlock, building walls will exacerbate the problem. Instead, consider these actions to improve security for the U.S., enterprises, and the global community:

- **Listen better.** Leaders and their organizations will benefit from taking time to continue learning and building intellectual capital. You need to make it a priority to listen -- to your country, company, and a broad range of stakeholders, including allies and opponents.
- **Remember — and reinforce — values.** Our ideas and actions are grounded in values of democracy, liberty, and equality, as exemplified by philosophers and leaders from the ancient Greeks to George Washington to German Chancellor Angela Merkel. Remember these values. Communicate them. Act on them.
- **Read.** Read books that matter. Read real news. Read *The Economist* for high-grade, real-time intelligence on world events and trends. Read Stavridis' book, *The Leader's Bookshelf*, a book of books that help make you a better leader. (See Additional Readings section below for further recommendations.)
- **Strengthen relationships and coalitions.** The U.S. still has a positive leadership role, one reinforced by our membership in NATO and in coalitions against Islamic extremist groups. India is a particularly powerful ally, given its demographics, English skills, and democratic ideals.
- **Use hard and soft power.** A strong, cyber-heavy military remains critical, but so does humanitarian work, literacy training, and other socially-focused efforts. Both are needed for protection and positive change. Dial in the levels of each power type as needed.

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— James Stavridis



TECHNOLOGY'S IMPACT ON OUR BUSINESSES

Reunion event panelists offered valuable insights on the power, impact, and implications of technology for businesses across sectors in the Digital Age.

Technology is a competitive advantage. Technology is the backbone of so many firms today, and a cornerstone of competitive advantage. Technology empowers business and enables the nimbleness required to compete with smaller, rising firms. Invest in technology, and don't fear large-scale change. Follow the lead of TransUnion, whose leaders literally took hammers to the firm's mainframes.

Consumers want less and more. Customers want less hassle, less delivery time, less waste. They increasingly prefer services to products. But they also want more channels and ways of interacting with businesses. Use technology and data to deliver what customers want: less and more. Kohl's did this by making technology investments and unifying its culture across brick-and-mortar and digital, using stores as fulfillment centers, and attracting digital customers to the stores through apps and other means.

It's never too late. Even if a company is late to the digital game, it can still use technology and data for real advantage. Dover Corporation is using these resources to provide customers with information and instruction on how to use the company's refrigeration equipment and other offerings. This, in turn, drives operational value, benefiting customers while preventing commoditization of products offered.

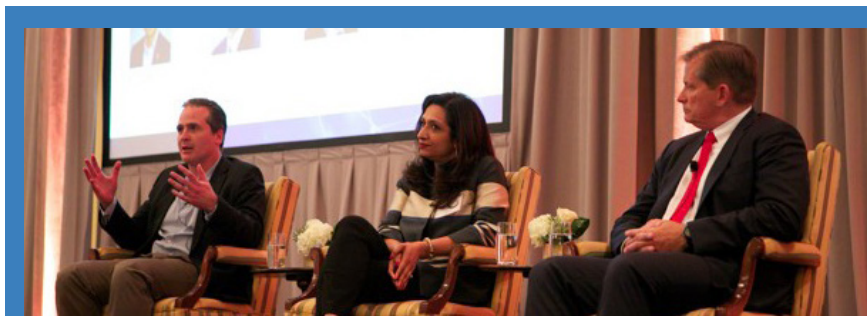
Use smart recruiting and organizational strategies. Kohl's started a 400-person digital innovation office in Milpitas, California, to attract/retain technology talent, including engineers and data scientists, along with integrating the firm's IT and digital technology groups. Be smart about your company's recruiting, training, and other strategies, to maintain technology as an advantage.

Ask, "What if it's me?" Technology-related crises like the Equifax breach will likely become more frequent. Company crises are industry crises. Anticipate and prepare for such challenges by asking "What if it's me?" and "What if we're the ones in the news?" Then build technology, a culture, and governance to expect and address the unexpected.

Make the most of mobile. As mobile-device uses rise, most companies need to be relevant on people's devices, and mobile can bridge brick-and-mortar with digital. But recognize that mobile is a different customer journey, with its own conversion and interaction patterns. Maximize your app-based and mobile-web offerings, and think about fast-coming trends, such as voice-enabled commerce and everything supported by AI.



Panel Moderator, Kunal Kapoor, CEO, Morningstar, Inc.



Panelists, left to right: Steven Chaouki, Executive Vice President, Financial Services, TransUnion; Sona Chawla, Chief Operating Officer, Kohl's Department Stores; William Bosway, President & CEO, Dover Refrigeration & Food Equipment, Dover Corporation

DATA IS THE NEW OIL

Intel CEO Brian Krzanich shared thoughts and advice on the deep value of data to business and society today, which he likened to the expansion of oil's value to the world beginning in the 1800s.

Oil was originally seen as limited in use and high in risk.

Even after development of the combustion engine, society remained nervous about oil's application, with some cities outlawing cars to protect horse-drawn transportation modes.

In the same way, data was seen early on as a potential threat or burden. But those who recognized its value went on to create companies like Google and Amazon. Today, AI is the "combustion engine" that enables extraction of value from data across sectors and social applications.

Twenty-five years ago, legendary Intel CEO Andy Grove said, "If you're not an internet business in five years, you probably won't be in business." Substitute "data" for "internet," and the statement still holds.

The following insights and advice can help companies think about the value of data in the context of their enterprise and customer needs:

The data flood is a tsunami.

By 2020, the average internet user will generate 1.5GB traffic/day; autonomous vehicles will stream 4TB data/day; streaming video services like Netflix will transmit 750 petabytes/day (750 million GB). Machines, from tractors to airplane engines, will drive most data, not humans.

The Cloud and AI are critical.

The Cloud serves as data's refinery, where data is aggregated and analyzed with AI, yielding predictions, insights, and recommendations. AI and machine learning are driving incredible growth of machine abilities, reducing the need for training, and outpacing human learning and performance in all quarters.

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— Brian Krzanich



DATA IS THE NEW OIL (CONTINUED)

Applications are infinite.

Intel and other firms are applying new technology and data in unprecedented ways across sectors. Intel offers technology based on networked HD cameras to provide a view of major sporting events (e.g., NFL, MLB, NBA, and others) from any angle, providing fans never-before-seen views, predicting injuries, and protecting against human error in refereeing. Data-focused technology is also improving efficiency in detecting semiconductor-wafer defects, enhancing retail inventory accuracy, and creating smart cities with streetlight-cameras and other innovations.

The car is the next data battle.

As autonomous vehicles gain popularity, tomorrow's car will be a data center on wheels, including camera/radar information and onboard AI. Car-generated data can be used for everything from smart Amber Alerts (using video data to immediately identify a kidnapper's car) to targeting the most problematic urban potholes (saving cities millions of dollars). Car-based data represents an untold fortune in the making -- and players will fight for control of it.

Bad governance is the Achilles' heel of data risk.

Big data pools mean big risks. To manage the risk data represents, think about what's inside and outside your company -- including suppliers' systems -- and build in simple, but comprehensive, safeguards. Bad governance can negate any technology solution; proactively identify and address governance issues.

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**BAD GOVERNANCE
CAN NEGATE ANY
TECHNOLOGY SOLUTION;
PROACTIVELY IDENTIFY
AND ADDRESS
GOVERNANCE ISSUES.**”

— Brian Krzanich



ADDITIONAL READINGS

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Asia's Cauldron: The South China Sea and the End of a Stable Pacific,
Robert D. Kaplan, Random House, 2015.

Black Flags: The Rise of ISIS,
Joby Warrick, Knopf Doubleday, 2015.

A Connecticut Yankee in King Arthur's Court,
Mark Twain, CreateSpace Independent Publishing Platform, 2017.

Dereliction of Duty,
H.R. McMaster, Harper Collins, 2011.

Ender's Game,
Orson Scott Card, Tor Science Fiction, 1994.

Essentialism: The Disciplined Pursuit of Less,
Greg McKeown, Crown Business, 2014.

Gates of Fire,
Steven Pressfield, Random House, 1998.

George Washington's Rules of Civility & Decent Behavior in Company and Conversation,
George Washington, Applewood Books, 1989.

The Grid: The Fraying Wires Between Americans and Our Energy Future,
Gretchen Bakke, Bloomsbury, 2017.

The Inevitable: Understanding the 12 Technological Forces That Will Shape Our Future,
Kevin Kelly, Penguin Books, 2017.

The Killer Angels,
Michael Shaara, Ballantine Books, 2001.

The Landmark Thucydides,
Robert B. Strassler, Simon and Schuster, 1998.

The Leader's Bookshelf,
James Stavridis, Naval Institute Press, 2017.

World Order,
Henry Kissinger, Penguin Books, 2015.



A SPECIAL THANK YOU TO OUR REUNION CO-CHAIRS:

Samuel Allen
Chairman & CEO
Deere & Company

Sally Blount
Dean, Kellogg School
of Management
Northwestern University

John Edwardson
Retired Chairman & CEO
CDW Corporation

Cheryl Francis
Co-Founder
CEO Perspectives

Hubert Joly
Chairman & CEO
Best Buy Company

Kunal Kapoor
CEO
Morningstar, Inc.

Beth Mooney
Chairman & CEO
KeyCorp

Sheila Penrose
Co-Founder
CEO Perspectives

Madhav Rajan
Dean, Booth School
of Business University of Chicago

Scott Santi
Chairman & CEO
Illinois Tool Works

Jennifer Scanlon
President & CEO
USG Corporation

Paula Steiner
President & CEO
Health Care Service Corporation

Frederick Waddell
Chairman & CEO
Northern Trust

ADDED THANKS TO OUR CLASS REPRESENTATIVES:

2005: **Ken Porrello**, Executive Director, *CEO Perspectives*

2006: **Gregory Wasson**, Co-Founder & President, Wasson Enterprises

2007: **Diane Aigotti**, Managing Director & CFO, Ryan Specialty Group

2008: **Scott Cooley**, Former CFO, Morningstar, Inc.

2009: **James Metcalf**, Retired Chairman, President & CEO, USG Corporation

2010: **Sona Chawla**, COO, Kohl's Department Stores

2011: **Jan Fields**, Former President, McDonald's USA, LLC

2012: **Kathryn Sullivan**, CEO, Employer/Individual Local Markets, United Healthcare

2014: **Mark Hacker**, EVP, General Counsel and CAO, Motorola Solutions, Inc.

2016: **Michael O'Grady**, President, Northern Trust Corporation

2017: **Francesca DeBiase**, Chief Supply Chain & Sustainability Officer, McDonald's

For more information about *CEO Perspectives*, please contact:
Executive Director Ken Porrello at k.porrello@ceoperspectives.net or
Program Manager Rita Armiras at r.armiras@ceoperspectives.net.

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Cheryl Francis

Co-Founder, *CEO Perspectives*
Co-Chairman, Corporate Leadership Center

Sheila Penrose

Co-Founder, *CEO Perspectives*
Co-Chairman, Corporate Leadership Center

Ken Porrello

Executive Director, *CEO Perspectives*

10 S. Riverside Plaza, Suite 875 | Chicago, Illinois 60606
www.ceoperspectives.net

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