

## CONVERSATIONS WITH MIKE MILKEN



**Barbara Humpton**

President and CEO, Siemens USA

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**Mike Milken: Barbara, thank you for joining us.**

Barbara Humpton: Mike. It's a real pleasure to be with you.

**You lead more than 50,000 employees. Tell us about the scope of the company, its operations, what Siemens is doing in the U.S.**

Well, we have a lot going on at Siemens, and we often talk about Siemens as being a company that was built to serve society. That mission really hasn't changed because of this crisis that we're involved in. In fact, I think it's never been more clear.

Here in Siemens USA, our 50,000 employees have been working as a trusted partner to hospitals and factories, and to power, water, and transportation providers. And really, now more than ever, it's essential work that just can't stop. We've got manufacturing professionals, technicians and field service teams that are busy keeping manufacturers up and

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This interview has been lightly edited for clarity and readability.

running, bringing them technology that'll make them more efficient. And we have people who are helping maintain operations at hospitals, at utilities, at government facilities, military sites, data centers, you name it.

We're also helping to support city services such as transportation, water and wastewater management and the national security emergency response systems. We have real expertise in electrification, automation and digitalization. And that's all coming into play right now as the nation wrestles with COVID-19.

**So Barbara, I think you're involved in so many areas. Maybe give us an anecdotal example of something that happened over the last few months with the coronavirus and what divisions of Siemens were called in to deal with it.**

I think Siemens, like many companies, first began to experience the crisis as it unfolded in China. We heard from our colleagues there about needing to shut down operations, needing to assure that all employees were safe. And we learned from that.

Here in the U.S., when we began to experience an outbreak of the virus across the nation, the knee-jerk reaction was *let's make sure employees are safe* and then *let's attend to business continuity* because we know we are absolutely essential providers of critical infrastructure. So priorities one and two are actually intertwined, but we very quickly pivoted to needing to think about, wait, what is it that we do that can be a game-changer right now in the midst of the crisis?

***“What we heard from China is that even harder than shutting down is opening back up again.”***

Early on, a team of people came forward and said, we've got expertise in hospital systems. So when the state of New York needed new hospital capacity to be built, we were there, raising our hand, reaching out to the Army

Corps of Engineers who actually supported Governor Cuomo right from the start. In fact they turned to us and asked us to help.

Some people have heard about Westchester hospital. Westchester obviously was an early site of outbreak. The community has now turned an arena into a hospital, and with the help of Siemens technology. Think about the power that's needed for a hospital – they're big power users with all the electrical equipment inside. But it's also maybe less known that you need to manage air flow inside these facilities very carefully. The whole goal is to really protect people who are serving the patients and prevent the spread of infection. So negative air pressure and monitoring systems that could be installed remotely so that technicians wouldn't have to enter patient areas. We could keep things up and running without having to really put more people in danger.

**I had spoken with you about joining me in our conference for the Middle East and Africa in early February, and you were not able to join us because you were going to the Munich security conference, which occurred in the middle of February. What was the concern about the virus among leaders from around the world who came to the conference?**

You could see that there were many discussions going on there that had been carried on for years, and they continued to be major themes of the conference. But the topic of COVID-19 was present there as well. We heard from the World Health Organization the real concern about the spread as it was beginning to spread beyond China, even by that point. I would say at that stage, none of us had an appreciation for the transmissibility, and so none of us thought twice about going to the grand ballroom for plenary sessions, going to dinners where we had a chance to meet friends from all over the world and my European greetings would kiss on each cheek. All of that was quite common at the Munich security conference.

**It seems like the idea that this pandemic is going to hit so aggressively didn't really exist even though what occurred in China at that time. Now with 380,000 employees around the world, what are you hearing from Germany? What are you hearing from India and other places of the world and their leaders? And how is that affecting what you're doing to keep your own employees healthy and safe?**

This is one of the most remarkable things about being a leader in a global corporation. Our colleagues in China, India and elsewhere are tightly connected. In fact, we've been meeting twice a week for a global corporate crisis-management team. We have global processes set up for addressing risks, but this is the first time we've ever faced a pandemic. I mean, this is unlike anything we've ever seen before.

The voices of China have been important because as soon as other countries began to experience outbreaks of the infection and needed to take action at our facilities, we were able to turn to them for ideas about protocols they had used, the ways they had communicated, how they had managed to maintain some productivity and support their communities while obviously taking care of employees. But what we heard – as soon as we began to deal with this in the U.S. – what we heard from China is that even harder than shutting down is opening back up again.

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We've put a lot of energy and effort into learning even while we're going through the adjustments of making sure we've got all of our employees taken care of. Now, in India, it's a remarkable situation. They've been now a couple of weeks in a complete shutdown, handling it very differently than other countries in the world.

In Germany the protocol has been massive, massive testing and obviously a really disciplined approach to observing the physical distancing and workplace optimizations that are going to minimize the transmission of the virus. We're learning about Germany's successes. There's talk now of them becoming active again. China, of course, is quite busy. Manufacturing is just about completely back up to speed. What that's enabling is our colleagues here in the U.S. have been able to route and reroute supply chains throughout the pandemic so that we have materials ready to meet the needs of our end customers who really so desperately need our support right now.

**There's an area that many CEOs have been very focused on, and Barbara I know you've given some thought to it, and that is the mental health of your employees, the isolation that often occurs when you're not coming to work or meeting or interacting with your fellow employees. How have you addressed that issue?**

We're learning a lot from the communities. I think a lot of people are talking about the measures they've taken to accommodate their employees, so I won't articulate all of that, but I'll share with you what's unique about Siemens.

First of all, we are a global company, so we had already been on a path of learning to interact virtually. The IT department had a real challenge on their hands when suddenly 60% of the workforce in the United States was moving to online access for everything. We got through that adjustment and in those early days we quickly engaged. We got focused on our mission and I felt really good that we can keep people working on problems – we're a company of engineers and makers, if you will.

The big thing that we've had to do as a leadership team is continually articulate what our purpose is, what problems are we trying to solve. It's been fun to see what employees have come up with on their own.

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But Mike, I think we're just at the beginning of this transition that's going on. Until there's a vaccine, we are actually going to be operating differently as a society and by the way, after this infection sweeps through, what's next?

I think this may be something we need to simply embrace and adapt to, and I think it's going to be a while before we understand the mental toll on

employees. I really feel for employees who have young children at home, maybe elderly parents that they can't visit with people like you say, who feel isolation. I do think that we're going to find ways to accommodate, ways to adapt, but the really critical thing is to connect and care because I think the empathy we show one another right now is going to be the most important medicine we can offer.

**Everyone wants to know, and you've mentioned it: How do you reopen? You commented it's going to be more difficult to reopen than what you've had to do to get people to work remotely. What are some of the keys that you've seen that you've taken from other parts of the world on how to reopen?**

I would say first and foremost we need to understand that employees aren't going to feel comfortable coming back to work without a great deal of trust in us that we've implemented the methods, the protocols that we need in order to assure that a workplace is clean and safe for them to return to. We're having to adjust our workspaces themselves so that we can really practice the physical distancing that we're going to need over the coming months and maybe years. We're going to have to get used to that.

So the question I keep asking to my leadership team is how can we rest more lightly on the planet? How can we be less of a burden to the healthcare systems and community security systems so we don't provide more strain than necessary as we go about our business? What I'm hearing back from a lot of our leaders is: for sure, we need people in factories making things, but in cases

where we have teams that are typically on long teleconferences, why do they have to be in an office setting? Why can't they be doing that from home if they're able to work from home? I think what we're going to see is a greater portion of our workforce will be virtual and I feel good about that because I'd rather put fewer people in harm's way and make way for the people who need to be out in public interacting, just in case there are other outbreaks and we turn and stress that healthcare system again.

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**You have some businesses, however, that cannot operate remotely, that have to be out in the field, have to be interacting. What has happened with that group?**

I'm so glad you asked about that because as this all began what we were hearing from a lot of government leaders, community activists, et cetera, was, *Hey, everybody, go home and stay home*. And our answer was, *Yikes!* If our power technicians chose to go home

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***“As this all began what we were hearing from a lot of government leaders, community activists, et cetera, was, Hey, everybody, go home and stay home. And our answer was, Yikes! If our power technicians chose to go home and stay home, pretty soon the rest of us wouldn't have electricity.”***

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and stay home, pretty soon the rest of us wouldn't have electricity. So we knew that we needed to send our maintenance teams, our service technicians out onto the front lines. Now what that meant was in some cases we needed to change the way they travel, so they weren't traveling in public transportation or with large groups. In other cases, it meant that some people chose to go to their customer's location and simply stay there and shelter-in-place. So we've had people who've been separated from their families for quite a long time.

One of the really cool things I've seen happen is the idea of using the minimum of number of people on site, but using new technology to connect those onsite talents to people maybe back at the ranch, available through virtual reality. An expert in Chicago or Orlando could actually be virtually looking over the shoulder of a technician at one of the power plants and giving advice, answering questions, really helping to diagnose problems. I think that combination of virtual and onsite presence is going to become more of the norm.

We actually started a social media campaign just to let these employees on the front line know how much we appreciate them that the hashtag we used was #KeepTheLightsOn. Something everybody can relate to and if you just look for #KeepTheLightsOn, you'll see the outpouring of support for those colleagues who have been helping us throughout the crisis.

**One of the things we want to also think about is, in this crisis, what is working? As you've said, you and others have kept the power working, kept the lights on. We've had a reasonably strong distribution of food so that people can eat in this country. The internet has been working. So many things have been working, and we want to thank you and your employees for keeping them running. They have been tested today. Is there any area that you've been especially concerned about in keeping running?**

Indeed, I would say one of my top concerns is our nation's transportation system. You can see it in the news, right? What's going on in the airline industry. What a lot of people aren't talking about yet, but I think is going to continue to be a real problem is what about rail transportation? We have people – beyond Siemens employees – employees for all kinds of businesses, especially in major urban areas who depend on public transportation. We're going to need to build trust that those systems are safe for use. Thinking through things like how rail cars are disinfected so that riders can enter stations

confidently and get from point A to point B, especially if that's their only affordable option for doing so.

People still are at that early moment of understanding what's safe. What's safe? Is it safe to get into a small space with other people? How many other people? I think we still need some more input from the healthcare community to understand all of that.

But I believe there are some trends already underway that we ought to think about building-in as we go. One is this idea that this is a brilliant opportunity since we're going to be investing anyway. If we know that governments are going to reach in and help us assure continuity, then let's devote some of those funds to building the future state. I'm talking about electric transportation, the electrification of all forms of transportation so that we truly end up with cleaner cities in the future. I think we've all enjoyed seeing pictures of the Himalayas as seen from major cities in India. Clean air is a beautiful asset, and I think people aren't going to want to give that up.

I'd love to see the electrification of transportation, but as we move beyond transportation, there's another major shift I believe is going to come out of this and that is the shift of manufacturing. We truly do need to have the ability to produce goods close to the point of demand. Yes, we have global supply chains, and that's fantastic. We've benefited from that for years, but think about a moment like this when we found ourselves maybe beholden to one provider and one part of the world who now is shut down. What does that do to us? What are we doing here in the U.S. as we try to provide enough PPE and healthcare technology to that frontline healthcare worker?

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The idea of building the manufacturing capability of the future as an outcome of this, I'm actually really excited about it, and let me give you an example of something Siemens was involved in just within the last month. You've heard a lot about ventilators and you may know that there are a handful of ventilator producers. We really need, as a nation, to produce ventilators at scale. And you know what? There is no business case for a single manufacturer to do that. But Medtronic, as one of those ventilator producers, actually asked Siemens to help capture what's called the digital twin of their ventilator design. It captured the full design in a digital set of plans, specifications, instructions such that other manufacturers would be able to license that intellectual property and produce. So that now as a nation we could produce at scale. Wouldn't it be awesome if we could find ways to actually create what I have been referring to as a strategic digital twin reserve?



We don't know what kind of equipment we're going to need in the future, but what if we could capture the digital twins of medical devices or pharmaceutical offerings and find ways then to secure that and then be able to license it to others in the future when we need to actually produce at scale? It's something we're talking about at Siemens because we really think this is the promise of what everybody has been talking about as "Industry 4.0" – the ability to actually bring in digital tools that enhance our human productivity. We can help manufacturers scale up and we can help ensure we're prepared for the future.

**So Barbara, you mentioned an important point here, and that is the global supply chain. Coming out of this, countries – whether it's the United States, whether it's Germany – more countries are going to be very focused on creating manufacturing capacity within their own borders. How are you preparing for that?**

Indeed, we're reaching out to manufacturers across the U.S. and bringing our digital enterprise as well as the automation controls that we know will be needed to help manufacturers ramp up a new kind of manufacturing production at a different scale and speed. So we're there, ready to help.

But it's interesting: I've heard a lot of people worry that this might be a time when we draw inward, that we close borders, that we become nationalistic. What's been exciting to see, and I'll say inspiring to see, within the Siemens corporation, is that we're actually collaborating across borders in order to make this possible. The idea is the intellectual property can exist globally and support all of us. The idea is that best practices can be shared, and what we're really talking about is the ability to ensure that communities everywhere are capable of producing and accessing what's needed.

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**Tell me about your own family. What has happened to you and your own movement? I know you have so many divisions around this country. What has happened with you over the past couple months?**

You know, Mike, I feel very fortunate. My own life has been quite easy through all of this. We are in the Washington area. I live right across the river from Washington DC. I



have easy access through my technology to deal with everyone on my team and what we've been discovering is that we can use those same tools to interact with family.

Mike, I've got great news. You may know me as the grandmother of two adorable little grandboys, and it's been fun to be able to see them. They've even been known to come onto the street outside of our window and wave up at our balcony and send us messages with sidewalk chalk on the sidewalk. It's been so cute. But what really just floored me was during a family Friday evening happy hour, getting together on FaceTime, our son and daughter-in-law announced to the family they're expecting a baby and they're due on the 1st of October. So, you know, in the midst of all this craziness, life goes on, and we found ways to stay connected. It's been good.

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**My wife, Lori had her birthday on April 18th and we had a Zoom birthday with all of our grandchildren and children, and it has provided – for those that have access to technology – an opportunity to stay in touch. I use it to, to say hello to my 96-year-old mother who we got her an iPad. But unfortunately, as you know, not everyone has access to the same technology today, and it's for those that we continue to be concerned.**

I'm totally with you on that. You know, it's interesting, the Siemens Foundation does work to ignite interest in STEM for young people because we think that preparing the workforce of the future is one of those really vital things we need to be focused on. My heart breaks for kids who may be home without either the bandwidth or the equipment they need to really pursue their education. So what I'm hoping is that businesses and individuals can join together to help bridge that digital divide. We're going to need to find a way to engage everyone in the new future that we're building together.

**Well, Barbara, I want to thank you for joining us today. We want you to give the best to your entire family and all your teammates at Siemens. We wish you good health, and we look forward to your leadership as we figure out how to reopen our economy.**

Mike, thank you for giving me the chance to share these stories, and it's been so much fun to connect with you.