VISION, PURPOSE, AND THE FUTURE OF LEADERSHIP

Announcer 00:00

Please welcome the panel on “Vision, Purpose and the Future of Leadership,” moderated by Gautam Kumra, Asia Chairman, McKinsey & Company.

Gautam Kumra 00:28

Good afternoon. Hope you all enjoyed the lovely meal, and are as excited as I am to [join] this afternoon's panel discussion. For those of you who don't know me, my name is Gautam Kumra. I lead Asia for McKinsey, based out of Singapore. I am really looking forward to this dialogue about Vision, Purpose and Leadership in today's times. One of the things that I've always felt is that leadership is context-specific, and I think the context we are dealing with today has never been seen before. In fact, I'm going to say a few words over the next three, four minutes to set the stage for a dialogue, and then we can open it up for the conversation. You know, one of the folks used the term "permacrisis." Permacrisis, it's not about one disruption or one change, but I think we're simultaneously witnessing massive changes in technology, in geopolitics, in energy, in global debt, and, frankly, the aging of the world. And I'm sure there are many other things that I missed. So when you put it all together, it does feel like permacrisis. It's not a question of one disruption, and many of my panelists can relate to it. Many of them are CEOs, and, you know, in the old days, if you were to deal with one of them, that in itself would have been a big challenge. Now you're dealing with all of them at the same time. I want to touch on just three of those disruptions, right, which are most talked about, and just give you a perspective. First, let's talk about geopolitics. You know, every day is a bit of a soap opera these days, but I want to take it from a lens of trade. If you look at global trade today, we do about $33 trillion of trade in the world. By the way, it's been increasing at the rate of about a trillion a year. So if you go back in the last decade, we added about $10 trillion of trade to the world. Now, what might surprise you is that our prediction, at least at McKinsey, is that despite the fragmentation and diversification that's happening in the world, we expect global trade to continue to grow to about $45 trillion in the next decade. From 33 to 45—could be 40, could be 45—it's somewhere in that zone. So, it's not going to go down, because the world is still very interdependent. That may not surprise too many of you, but what might surprise you is that one-third of that trade is going to shift corridors. One-third of that trade is going to shift corridors. What I mean by that is, if you look at the top 50 corridors in the world, our projection is that 16 of those corridors are destined to win. So, for example, emerging market to emerging market, China to emerging markets. You know, these are corridors that are destined to win. Equally, there are about 9 or 10 corridors that we think are destined to lose...destined to lose. Many of them connect China and the advanced world. And frankly, the remaining 25 are up for grabs. So 16, 9, and 25: there's going to be one third of the global trade shifting gears—massive implications on where do you put your money, your time, your energy. So that's on geopolitics. I just want to give you a trade lens. Second, I want to make a comment on AI. Everyone's talking about AI. Everyone's using AI. I think what I want to make a comment on is the—what I call the "Gen AI paradox". You know, when you go and talk to companies, as you can imagine—you talk to a lot of companies, you know, 95 percent of them tell me, "we've got several things going on with AI," right? Then you ask them, what impact are you seeing on the bottom line? And 95 percent of them tell me, "look, not a lot, yet." There are a few exceptions, clearly, that are leading by example, but for the most part, people haven't yet seen massive impact on the earnings from AI. That's what we call the Gen AI paradox. I think the challenge is clearly emerging, not so much of technology, but I think it's often the preparedness of the organizations to get value out of technology. It's often about data readiness. It's often about the digital quotient of people at the top. It's often about the inability to reimagine workflows and eventually change the operating model and drive change in the organizations, right? But the potential is massive. We all know that. In fact, we published a report saying AI, in the next decade alone, could add about Japan's GDP to the world. So how do we resolve this paradox, right? And I'm going to certainly come to the panelists with that question in a minute. The third is everything about energy. Look, it's very clear, AI is accelerating electrification massively, even as we decarbonize the world. It's interesting, if you look at just the demand for data centers, it's expected to more than double by the end of this decade. In fact, in certain markets, I'm told—in Ireland, for example—data centers alone are now driving one quarter of the demand for electricity. Even in the US, it's about to touch 10 percent. So we're seeing a massive explosion in the demand for electrification, with massive implications for not just, frankly, fossil fuel/non-fossil fuel, but also the grids. You know, I saw one of my clients that has a $50 billion backlog because they happen to compete in grid and transmission. They've never seen anything like that before. So done right, AI could even accelerate the transition. Done poorly, this could really compound the problem. So, what does all of this mean for leadership, right? Given the tectonic changes we're seeing in geopolitics, in AI, in energy, this has massive implications for leadership. In fact, I would argue that never, ever has there been more premium on leadership than we have in today's times. I wanted to read a quote from Winston Churchill that I thought very appropriate for today's times. He said, "To each, there comes in their lifetime a special moment when they are figuratively tapped on their shoulder. What a tragedy if that moment finds them unprepared or unqualified for that which could have been their finest hour." I think this is a moment of leadership. And I just want to close by saying three aspects of leadership that I think are going to become even more critical in today's times than before. First, what I say, it's not about goals, it's about missions. Last week, I was in India, so I met a bunch of very interesting people. Mukesh Ambani was the chairman of Reliance. He said what his father told him. "In the young days," he said, "I want to make a billion dollars. I should start a business." He said, "That's the most stupid thing I've heard." He said, "If you want to impact a billion lives, then you may have a chance of making a billion dollars." So that's what you got to think about. What's the mission you're on? Right? And I think that's going to be needed even more than ever. Second, it's not just defense. Given what's happening in the world, you could say it's about defending. It's not just defense. It's equally about offense. In fact, the biggest risk may not be taking enough risk at all. Many of the entrepreneurs, by the way, that have created value, particularly in this part of the world, often tell me, "Look, if I can work through my worst case, I'm shooting for the best case. But as long as I'm prepared for the worst case, I'm going to go take the risk." And the last thing I'd say is about not just agility, which we need now, but also longterm, because the world is also suffering from a long-term/short- term myopia, and the capital markets haven't helped in the past. Anyhow, enough said. I just wanted to set the stage now. I'm going to shift to my panelists. Wow! Where to start? I'd love to start by just a quick reaction or a comment from each one of you on how you see leadership in today's times, and what you think is particularly important—right?— to lead in today's times, and how that is different from what—maybe five or 10 years ago, right? Maybe we'll just go around in this order and get a quick perspective from each one of you. Eric?

Éric Martel 08:06

I can get started. Thank you everybody for being here. I think the first word that comes to mind is "agility." But I think in leadership, you know, let's not make it more complex than it is, because it's always been a very important skill set for a leader: to be agile and to be flexible and to be able to adapt, because change—If there's one thing that is sure, it's that there's always going to be change. You know, you were quoting Winston Churchill. He had a very changing environment when he took the lead. I think we're just facing different challenges today. But I think your ability as a leader to understand and to be agile and support your team—I always tell my team leadership is about providing direction, but it's also about enabling your people. And enabling your people means bringing the right talent around the table, means to be aware of what will make a difference for your company, and how you can, you know, enable them to do that, or you can, you know, be part of the whole world that is transforming. So for me, it's been...you know, we're in the aerospace industry. Of course, we build planes, and it's how we adapt to, you know, the changing environment that we've been saying, you know: new regulations. The geopolitical aspect is very significant for us, and it's changing like almost every day, as you can—as you know right now, and you have to be agile. You have to be able to adapt. And I think that this is a core skill for leaders, but also for an organization.

Gautam Kumra 09:36

Thank you. Tulsi?

Tulsi Naidu 09:38

So I think I define leadership as having a teachable point of view and being able to deliver it, right? That has three parts to it. It's first and foremost, I think the starting point: What's your sense of the opportunity? Where do you see the problem? What's the change in status quo you're trying to bring about. I think having that as a first sort of entrepreneurial sort of instinct is the first piece of the jigsaw. The second is: How do you get the ecosystem? What's the ecosystem? Who are your investors? What do your customers think? Who are the people, employees? Who are the people who can help you make this work? And that ecosystem work has two parts. One is for you to get your opportunity right and to sort of reinforce and recalibrate. And second is mobilization. And then the third piece of the jigsaw, I think, is about energy. It's about personal energy, and I wouldn't underestimate the level of personal energy that leadership, resilience, grit, keep-going relentlessness. So for me, leadership has these three components. It's always to have them, have them now. If I think about what's changed, Gautam, those factors are consistent. The two things—I think the need for energy, resilience, grit, the willingness to keep going, that, I think, is amped in the world we're in. And the second piece, which is—you touched on this permacrisis. This change every day, and I think the judgment on what to react to, what not to react to, how much to react: calibrating that judgment is a big deal, and, in doing so, really having a gift for separating the signal from the noise.

Gautam Kumra 11:37

Thank you. Thank you. Amanda?

Amanda Staveley 11:42

Well, further to your combined comments, because I concur with everything you both said, so in addition to that, I mean we know that, you know, resilience, grit, integrity, all the things are key. But I think a lot of the role of leadership today has changed dramatically, and it's not—I remember a lot of the current leaders started possibly entrepreneurial. They were entrepreneurs that had grown businesses. And in the role of growing a business into a global business, you change. You know, your leaders will change, will grow up, will age. You've got a lot of young leaders that are now running, you know, mature businesses, and it requires—to run a global organization—requires a very different skill set from the, you know, hard graft of an entrepreneur. So I think that, be aware., I think for—I think one of the things that I find most exciting about my role, especially in private equity, is that I see a lot of great entrepreneurs becoming leaders, and you find that the people who are responsible, that [they are] actually—people who take responsibility for their own messes and mistakes. So be integral. Be accountable. Be resilient. The other—one of the other difficulties is the pace of change. The globalization, the pressure on leaders today, is immense, and the skill sets, the tool sets we need to navigate those multiple stakeholders, whether you're navigating, you know, one day capital markets, one day employees, it's very complex. So building a really resilient team around you and also making sure that that team has a pathway for success, that you inspire your leaders around you, your team around you to drive better leaders.

Gautam Kumra 13:43

Thank you. Igor, I finally come to you as a founder and chairman of your company. What's your perspective on leadership?

Igor Tulchinsky 13:52

I think several things come to mind. So the circumstances, the technologies, and geopolitics are such that I think any company that does not become 100 times more efficient in the next five years is a bad company, and a leader who can't achieve that is a bad leader. So a good leader has to be able to achieve a 100-times increase in productivity. That's No. 1. And No. 2, a leader without followers is not a leader. And the new generation of workers are different. They're educated in AI, in ChatGPT. They're much more likely to put themselves in front and to push their ideas, so this leader has to be managed—has to be able to manage people like that: number one and number two see a path toward how to make this company 100 times more efficient.

Gautam Kumra 15:01

There's a lot you guys packed in there. I think, Eric, your point about agility; Tulsi, judgment, ownership. And I think your point about 100x productivity, not talking about 10 percent, 20 percent, but 100x productivity.

Éric Martel 15:14

Can I just react to one thing that's important? Maybe it's simplistic, but you touch on this a little bit. I always see leaders, you can put them into categories. There's some leaders that have, you know, no ability to—you know, they don't simplify: they just make things more complex. And there are leaders that have that gift—okay?—of being able, despite all the noise and everything around, have that ability to simplify and show which way to go. There's a lot of noise. Sometimes there are things that are important, there are things that are less important. And I think that the leaders that have that ability to say, "this is important, this is not important, here's where we're going,"—it's a gift. And I think, you know, some leaders have it and some don't.

Éric Martel 15:14

So that's a perfect segue, Eric, to what I'm going to ask you next. As CEO of Bombardier, you run a global company that is, I'm sure, facing some headwinds—hopefully, more tailwinds at this time. But I'd love to hear your perspective on geopolitics overall. You've talked in the press about common sense should prevail. Do you still feel that? How are you navigating it?

Éric Martel 16:23

You know, that's one example of noise right now. There's a lot of noise around, you know, the relationship—as an example—between Canada and the US. This is the biggest trade relationship that exists between two countries: close to a billion a year. Not exactly, but close to. And to be honest, you know, we're selling, you know, the market is, for the Canadians, it's super-important, the US market. You know, we have a lot of resources so at the end of the day, despite everything going on right now, we still need each other. Is it going to change and influence a little bit? Yes, it is. But, you know, I'm not going to go away and say, you know, I'm forgetting about the US market, and I'm going to work on the rest of the world. The US market will remain a key market for us. And I think, you know, you have to differentiate, you know, the noise and what's needed. You know, the reality is, when I look at the airplanes we build, you know, we have a lot of—we have 2,800 Bombardier suppliers in the US. Bombardier: 2,800 suppliers. 2,800 suppliers in the US, out of 5,000 global. So it is a significant partner for us, not just for the market, because we sell, you know, the majority of our airplanes in the US still, but also we're creating jobs and everything. So I think it's important to dissociate, you know, what is the reality and what's going to happen. So I think, you know, we're pushed right now into a negotiation, into discussion, but at the same time, you need to be agile, you know, like I was giving the example, we are growing, like, quite significantly, our defense business. You know, people use our planes today to install equipment: surveillance, you know, radar, you know, and different other things. We have a partnership with an American company, you know, and we have partnership also with a European company. So I think it's important to be agile. We just—you know, there was an RFP, and we—we just got the result two days ago. In South Korea, you know, they purchased a surveillance plane, which we're doing in partnership with an American company. But we won a similar bid with France a few weeks ago, which we do in partnership with a Swedish company. So I think it's important as a business person to be, you know, able to be flexible and say, you know, we can offer two solutions. If you prefer to work with the Europeans, or if you prefer to work with the Americans, we can do both. So when I said being flexible and agile, that's one example. So we can offer two solutions. They're very similar, in some sense, but at the same time, you know, they address some of the geopolitical concerns that people may have. So that's one example of being agile and being adaptive. But I think the reality is to be able to capitalize on that solution. So right now, there's a lot of spending on the military side as an example. So we're growing our business like at the speed of light, you know. So this is like booming, and that's a challenge, but we're coping with that. But again, you know, it creates opportunities for a Canadian company like ours, you know, to work even more with the Americans, but also probably more with Europe, which we never did before, and, of course, with Asia, which is important, you know, a very significant market,

Gautam Kumra 19:27

Just building on the question, I think, given certainly a big opportunity, you've got to be agile and flexible. How are you thinking about some of the supply chain changes, given that things seem still uncertain and things keep moving around? How are you thinking about making decisions?

Éric Martel 19:46

There was a lot of risk a few years ago, you know, especially after COVID, but also with the current environment, we actually, probably integrated more vertically than we did before. And in aerospace it's not easy to move suppliers around, you know, because it takes certification and time and money to do that. But we've been evaluating the risk of working more with different countries. And in some cases, we decided to bring work back home. And in other cases, you know, we decided to put more into other countries. So I think overall, you need to be well balanced, but you need also to understand the risk you have in front of you and adjust to it.

Gautam Kumra 20:26

Thank you, thank you. In general, by the way, what we're seeing is that countries are reducing, as you can expect, the geopolitical distance between nations. So obviously, there's more friend shoring, more of that is happening. It's taking time. Tulsi, I wanted to talk to you a bit about your bold move. You know, Tulsi, by the way, runs Zurich Insurance in Asia. They have recently made a very bold investment into India, one of the largest in their industry. Could you talk a bit about how you thought about the opportunity, how you and the board got convinced about making a bold move?

Tulsi Naidu 20:56

Thanks, Gautam. So to talk about India, we have to go back to who we are. As you said, I run Zurich Insurance in APAC. We're one of the world's largest insurers. We're a 153-year- old Swiss business that started out in Switzerland, is rooted in Europe, but we get the majority of our earnings out of the US. And we get the majority of our earnings out of the US because we followed the growth of the world in the last century, and we followed the growth of the United States, right? So when we think about businesses and investments, we think about the long term. We think about the path of how we expect the world to develop. We've spent roughly 5 billion in Asia Pacific over the last 10 years, investing in Australia, investing in Indonesia, and now, most latterly, in India. So there's a sort of rhythm to that, as we think about how the world moves and progresses and where we see growth coming. On India, specifically: India is one of the great economies of the world. India will be the third-largest economy in the world by some accounts over the next— whatever the period is—three to five years. Insurance penetration is a quarter of where it is in most of our markets. There's real opportunity to be had in India. We've looked at India for nigh on 20 years. So the thing that moved us, and moved us in recent times, was twofold. One, the government made a very helpful change to foreign investment rules, allowing us to own—allowing foreign investors to hold—more than 51 percent in insurance. That, for us, was a defining moment. We believe in India as a strategic, long- term market, and we wanted to own our business there, rather than hold a minority interest. And second, we saw the opportunity with a great anchor partner, in the form of the Kotak group, to be a joint-venture partner. And when we think about long-term fundamentals, we want to own our business, and we want partners in markets that we think are really great long-term partners. So that's our, you know, that was our defining, long-term sort of thinking about it. Specifically, India has network effects for us. Our clients expect us to be in India, expect us to serve them in India. We see Indian companies growing and having multinational needs. We see the ability to serve globally. We see retail in retail. We have digital propositions that we think we can bring to India, and we think our expertise in serving through financial institutions is very helpful. So there's a sort of—we have differentiators that we think bring us to the market, and then we bring our sort of insurance expertise. India, for us, is a long-term bet. We don't think of it, you know—we're not a short-term capital provider. We think of this as a long term node. And one of, you know—we'll be sitting here, hopefully, 40, 50, years from now, and looking back and thinking about the profile of our earnings and India will be a significant part of that.

Gautam Kumra 24:03

Thank you. You're thinking about India. One of my clients said, you know, "India is full of mouthwatering opportunities and eye-watering challenges." So I think, as somebody who's lived there for a while, I know, I think the next journey will be certainly very interesting. Amanda, You're on this panel. I think you're the one representing the private-equity world. And I'd love to hear from you just more broadly: in the world today, what do you think of the world of private equity and private capital, and how do you think this category is performing? What role might it play to deal with and how is it getting impacted by geopolitics, by AI, by energy transition?

Amanda Staveley 24:37

Private equity at the moment—I mean, I think there is huge opportunity, but, equally, there are inherent, you know, risks with—I think a lot of people feel that there's a lot of funds were raised, and there's been a kind of constant—this commentary in the marketplace that a lot of funds are finding it hard to find exits, and how companies are actually raising new—funny, new capital, and where those exits might come from. So we take, you know, private equity very much back to basics. It's very much "you will raise good money if you can find good companies." Good companies are always developed by good management teams and good people. 80 percent we see is, you know, the technology, but the key driver is backing good management teams. So I think there is, you know—it's a shame at the moment that a lot of the, you know, exits for the capital markets are, you know, the markets are not as liquid. And I think there is the capital allocation of private equity to private capital. There's a lot more private equity funds that are now redeploying capital into more debt-like instruments, and I see a lot more private equity where it's more of a hybrid structure. So, before, we used to have, you know, long, only pure equity funds. I see a lot of people going out into the market with new products that actually do a combination of both. So that you can when you're investing in companies. We tend to look at opportunities where we can take an equity stake, but we'll, you know, we'll be somewhere else in the capital structure. For us very much on a, you know—when we've been investing in businesses, we've, you know, we've done very well on our exits, but we've backed—we've gone into businesses where we feel we can make a fundamental change. So and a change of both on—operationally, we've looked for assets that are real brands, that have real intrinsic value, that we can go in and deliver fundamental growth to your—I would not say we get your fantastic 100x—but we go in and say, we'll take a business that isn't performing well, we will come in, we will get into the weeds, not just do the due diligence, but provide operational expertise alongside the management companies. And that's how we feel we can really drive change at individual investments. And you know, that's hard work, because you've got, you know, you have, maybe, you know, for every fund, you may have 20—you know, let's say somewhere you've got 20 to 30 investments, per se—you know, billion pound fund, that's a lot of hard work. So you need really good managers. You need a really good infrastructure in place. Obviously, the bigger funds, the, you know, the CVCs of the world, they've built all of that they have—it's like a university. But I think we see a lot more opportunity now. We were talking about this earlier in—you know, there's maybe an opportunity to invest in private equity funds, own GPs. So I think there's going to be a new asset class emerging where you're actually taking stakes in general partners, and that you know, can maybe offer a different insight into how private equity works. The biggest risk to private equity, I think is, you know, is at the moment, obviously, we go through another COVID or another. That's something that we, you know, we always look to. I think we learned a lot of lessons in the last few years, but equally, that period of change allowed us to see just how capable we were working remotely, and we adopted so much, so many good habits through that period, like AI and being able to, you know, have multiple meetings all over the world that, I think, really, for me, showed our team that we could probably, you know, look up businesses all over the world that we wouldn't ordinarily have looked at pre the pandemic.

Gautam Kumra 24:42

Thank you. Not short of activity and excitement here, certainly. I want to shift gears a little bit to technology, and I'm going to start with Igor. I think, if you wouldn't mind, Igor, if you could also share a little bit with the audience what WorldQuant actually does, because my impression from the outside is that you are certainly using a lot of AI for a long time, and I don't know what—how you're thinking about the role of AI and your organization and the companies you're investing into, or maybe what you're trading in. Could you share a little bit about what you do, and how you see the application of AI, both at WorldQuant and beyond?

Igor Tulchinsky 29:39

Yeah, sure. WorldQuant is a quantitative money manager. We trade mostly equities, but not only using formulas and programs, which predict equity prices, and we predict, really, the ripples, not so much the waves. We trade on small movements and try to stay neutral to the big movements. We have been using AI for very long time and AI at different times meant different things. At one point it meant deep learning. Now it means LLMs, but we always make sure that we are long AI, because AI is rising exponentially. And right now, for example, we are embedding AI and language models and agents, agentic systems into everything we do. And our goal is to have 1 million agents in three or four years. And the result of that will be the 100-fold increase that I was talking about, because agents, combined with LLMs, really do smart things, and they're relentless. They don't sleep, they keep learning and they keep getting better. So that's kind of where we are.

Gautam Kumra 31:32

Did you say, by the way, did I hear it right? You said a million agents to support how many people?

Igor Tulchinsky 31:38

1,000.

Gautam Kumra 31:40

Okay well, you know, I thought we were making progress at McKinsey. We have 40,000 people and about 15,000 agents, so we have a lot of catch up to do. I wanted to talk about this 100x productivity idea, and I'm going to expand that to the panelists, right? Because I think everyone's—to me, this is a moment where this also requires some reimagination, right? It's not just about transformation. Could you bring it to life? You have an example in mind, something you've seen, something you're trying to do, which would meet that 100x bar?

Igor Tulchinsky 32:09

Yes, well, for example, in the old days, a researcher would think of an idea. Then they would backtest the idea—look at the backtest result. If it passes the back test, then it goes through some other sample tests. If it passes those, then the alpha is good. Then it's sent into production. That's kind of the old way. The new way, you can actually take the code that was written by somebody maybe six years ago. You can reverse code from the code to the alpha idea in English, or, if you prefer, in German, Chinese, whatever language you want. Then you say, "Okay, from this idea, LLMs generate me 100 ideas that are different from each other," and it'll do it. So where you had one alpha before, now you will have 100 and that's kind of the simple-minded way of doing it. And the nuances are there, of course, but the point is that you can go back and forth within the different information you can think where you can only think forwards, now you can think backwards, and you could do this all the time. So the efficiency just goes through the roof if it's done right.

Gautam Kumra 33:58

Thank you. I want to explore this a little bit with the other three panelists for a minute, because everyone's searching for, "how do I make it work?" And Eric, your experience with AI, what are you doing? What are you learning?

Éric Martel 34:10

Yeah, we do. We do a few things, and I'll come to the example. But you know there's been a huge evolution on what an airplane was 20 years ago and what it is today. I always give the example that an airplane 20 years ago—the last one we developed 20 years ago—had probably 300,000 lines of code. You know, our Global 8000 today, which is the flagship, in our mind, of the industry, the airplane that flies further, faster than anything else, has probably 100 million lines of code. So there's been a huge evolution, which makes our testing capability quite complex, you know: the number of rigs, the number of things we have to do. So there's a huge and significant opportunity for us that we can simulate a lot more than what we've been doing in the past, and accelerate—quite a bit—that simulation and reduce and shorten the time of development of a plane. So this is something we're looking at. But we have, you know, an example today in our organization. We have, you know, complexity. We have probably 50 models of airplane that we still need to sustain in service. You know, we have 5,300 planes divided into models that went into service 30 years ago. So all managing spare parts is a huge, complex question. You need to have the part—the right parts at the right place, you know, in the world. And we've put a lot of ideas behind this. We've developed, you know, the necessary capability. We had a lot of machine learning, because it was all done manually, basically with people, with spreadsheet, before. So we've transferred that, and today, we're probably the leader in the industry of having a better forecasting tool for spare parts, you know. So we've been able to increase by a few percentage points, actually, our ability to get the parts within 24 hours anywhere in the world to the customer and give better service with that. So there's multiple examples. There's probably 30 projects, you know; some are small, but some are large scale. Larger scale is probably the one that I mentioned about developing and accelerating the development of a plane. And the testing is definitely a key one. But eventually we can think of, you know, having the algorithm that can calculate, you know, stress and structures, and develop, you know, even—you know—the hardware even faster. So there's things we're working on that are very interesting right now.

Gautam Kumra 36:25

When you look at that experience thus far, what do you find the most difficult in getting value out of AI so far? What is your organization struggling with?

Éric Martel 36:32

Okay, the transition. So our engineers, and, you know, they used to work in a traditional way, and I would say, probably the authorities. So I was talking about the software which we went through over the last 20 years. You know, you used to go see the authorities and say, I have a wire with a pulley that moves a flap. Here today it's going to be all software related. So the authorities were very uncomfortable at the beginning, and they were not just ready for that. So the whole change management that needs to take place, to bring our own people first, but the authorities is the biggest challenge we have.

Gautam Kumra 37:04

Tulsi, Zurich Insurance. How are you using AI? What's been the experience?

Tulsi Naidu 37:08

So, three buckets, I'd say. One is just, you know, standard sort of enabling, you know Copilot, enabling knowledge transfer and enabling agent. That's a sort of well established, well trodden path that we're sort of...the second is productivity and auto-decisioning in areas like claims and underwriting, which, again, I think we're seeing good progress on. We're seeing good progress on tools that work what might have been fragmented knowledge across geographies or across local markets: being able to sweep that up and be much more centralized in our ability to understand our risk and so on in policy terms and conditions. So a lot of that is—is where I think the area—and just to come back to [inaudible] talking about, I think the more getting good traction and operational productivity, almost the more time you spend there, the less time you spend on rewiring your business. And actually, so we're doing a few really small pilots on how do you reimagine the company if you didn't have these functions and this structure of interaction work, because otherwise you go down the interactions and apply AI into the functions, and that's not necessarily where the power is. The power isn't thinking about you're starting today. How would you use your data and get the data to flow to create outcomes without going through your structures in the way that we've laid them out over the last 50, 70 years? And I think—[inaudible]—almost the two ideas you have to hold in your mind are making the present better, but actually creating enough time for the creativity of reimagining the enterprise.

Gautam Kumra 39:00

Thank you. Amanda, from your vantage point, both in the fund and how you run the fund and your portfolio companies, anything you'd like to share on AI?

Amanda Staveley 39:08

I mean, we really embrace AI, but as a smaller business, we don't see the marginal increase that you know my colleagues here have. However, I mean, obviously for a small business, it means you can—you need probably a few less analysts, and that is transformational at a fund level, but on a broader focus, if I look it up through the sports lens, and then I'll take it to sort of education. On the Sports lens, we use AI, really, to help us build our data models. And when we're looking for, you know, we're buying football teams, we're looking for football players, you know, AIs transform the way that we search and assemble that model and be able to run models over, you know, in very careful detail on things that we'd never, ever be able to track, and find players that would never, ever be in our normal, you know, sphere of knowledge. Still, that doesn't mean you need a lot of boots on the ground to identify the right players. But, you know, we use those and there is one particular model that takes a lot of data from betting and gambling and then combines that with sport intelligence, and that's extraordinary. On the education side, we've just been—I've just been made chairperson of a new school called The Determined Genius. And that's a GEMS school initiative based in the UAE. And that's an AI driven school where AI will be at the heart of education for kids from 4 to 18. And you know, the idea is that it will be a school that will teach AI and then combine entrepreneurial activities alongside that. So that's been an interesting opportunity.

Gautam Kumra 41:07

Thank you. Well, what I'm going to do is shift gears a bit. I know we have about 10 minutes left. I want to examine two things. One is briefly on energy transition a few minutes. And I'm going to start with you, Tulsi. From an insurance standpoint, you see a lot of what's happening in the world of adaptation, and what the business case for adaptation looks like, and what's the movie now, with lot of back and forth, anything you'd like to share?

Tulsi Naidu 41:30

So, great question.

Gautam Kumra 41:31

And then after, Tulsi, you're done, I just want to give everybody—I'm going to ask all of you a personal question about your leadership. So you may want to start thinking, go ahead Tulsi.

Tulsi Naidu 41:41

On climate, I think probably the point I'd make is, if I look at our business, we've historically been risk-transfer providers, so we've taken the financial risk over you know—that's what insurance has been about. Increasingly, we see the value much more in the data we hold—the data we hold and how we expect peril to move, as well as the interaction with loss. And so we have hugely granular data. And resilience is utterly local. You could have a flood in one direction. You could end up in heat in a completely—just in Singapore, even within a city state as small as this, the resilience topics are completely different, whether you're in central Singapore or coastal Singapore. And so the thing I think we're super- focused on is making the case for clients, for corporates, to really think about adaptation and resilience. We're working with a range of clients, and you'd be amazed at how the changes go from really small things, sorting out drainage, elevating machinery, to building movable flood barriers or building flood perimeters. But actually, our experience is even a 2 percent increase in Capex budget is a 50 percent reduction in loss and a significant competitive advantage in being able to stay trading through a climate event. And so I think that's probably, you know, beyond all the discussion we have on climate, I'd say there's a really practical thing everybody could be getting on and doing, and that's adaptation, adaptation, adaptation.

Gautam Kumra 43:21

Thank you. I'm not going to go and ask everybody but if anyone, if you want to make a comment on—as you see the movie, or the journey, on energy transition?

Éric Martel 43:28

Yeah, but clearly, the energy transition is important. You know, we spent about 80 to 90 percent of our R&D budget, you know, on reducing fuel consumption, as an example. So in our industry, we're developing right now, a jet, you know, which is a blended wing and body, which reduce the—actually the drag, but, of course, the fuel burned by about 20 percent so we are testing drones right now. We're flying that airplane at a smaller scale, but we believe there'll be a transition towards different shape and the engines. Guys are working also on less burning—on burning less fuel. There's different technology. Also we're looking at, you know, as an industry, you know, we talk about hydrogen, we talk about batteries, but we are still very far from being able to have an airplane that won't fly completely without fuel. You know, I think there'll be a hybrid generation of airplane, you know, which is going to be a compromise between fuel and maybe other sources like hydrogen or others, but that's what we're focusing on right now.

Gautam Kumra 44:28

Thank you. You know, in the last five minutes, I wanted to shift gears. I know our panel was about vision, purpose and leadership in today's times. I wanted to make it a bit personal as we close, and maybe we'll start in the other order. Igor, starting with you. So we always have this belief we are all limited by our habits. We are all creatures of habits. We are limited as leaders by our habits. I'd love for each one of you to talk about a micro-habit you have, something you do that you are very proud of, that you think really works for you, and one thing that you think you are really struggling with.

Igor Tulchinsky 45:02

So two things, one thing...

Gautam Kumra 45:04

One thing you really are proud of that really works well for you, that you think everybody could benefit maybe, and one thing you're struggling with.

Igor Tulchinsky 45:13

One thing I struggle with, okay.

Gautam Kumra 45:14

Yes, so let's go around. We'll close with that.

Igor Tulchinsky 45:18

So one thing that always works for me, is once I start thinking about the problem, I think about it all the time. Because there are lots of smart people, but very few people can think about the problem all the time. So it's just statistics: Who is going to think of a solution? The one that thinks about it all the time! That's where I am today. And what did I start with? Well, beginning was kind of chaotic in a way, right? I was by myself, trying to do everything, making alphas, making strategies, making—doing everything. So I didn't really have time to think about principles. I was just in a survival mode.

Gautam Kumra 46:15

Thank you, and thank you for sharing that. Amanda.

Amanda Staveley 46:22

The positive, I'm very resilient, and I never, never, never give up. But the tough—I'm also—my husband's here, so he probably can tell you, you know. But I also, in that resilience—sometimes you have to know, you know, not to say yes to everything and to understand and to be a little bit more focused on where my actual—all of my energies need to focus. Sometimes I'll spread myself too thin, and I start and I struggle to say no to people, and I find that that can be quite, you know, that can be quite difficult.

Gautam Kumra 47:13

You know, it's interesting. The second comment you made reminds me of a story. I remember once interviewing our global Managing Partner, Ian Davis, in London. I said, "Look, you know, I was just appointed to a regional role and I had, like, 17 markets." I said, "Look, any advice you have for me on how to think about spending time?" So he said that when he became the global Managing Partner, a lot of people would call on him and wanted to go and see this see that. So he put something outside his office, and it said, "Why me? Why me?" Question mark. So he said, "Just whenever you're going to commit to something, going to commit to something, think about it. Why me?" Tulsi.

Tulsi Naidu 47:49

So I'll do micro habit. I think the thing that I've done over the last 10, 15, years, that's actually, I think, and it's been a steady rhythm, is I use my Fridays. I use them deliberately, particularly Friday mornings, to reflect and connect. So it could be talking to colleagues in the organization. Doesn't matter who. Could be talking, having breakfast with client. It could be, but it's just an opportunity to make sure that you're not in the—you know, you can get back to back, you can get really tunnel visioned. And Friday mornings is a way for me to stand back and think about—

actually, in some ways, without an agenda—It's just to stand back and let things flow. And I usually learn something, and I usually also use Fridays, or at least every couple of Fridays to talk about what I'm thinking about with most of our organization. So people know at all points, I think, you know, we talked about this is a very atomized world in which, actually, you're reliant, particularly if you run—if you're in a business like ours, which is a large business, which makes decisions for people on the margins, you're reliant on your frontline making the right call, and that connectivity and judgment, I think. So I use—I found it's really helpful for me to talk about what I think is important, not because, you know—because it just helps people connect and do the right thing. So that in terms of things that are awful, I could make a laundry list. So I think it's very challenging to ask for one thing, I could go on and on. I suspect probably the thing I'd reflect on is I'm a dreamer and a builder and I'm a perfectionist. So when something doesn't look like that, because I can see it here and it doesn't look like that, I get—I don't know when to back off. So that's probably all.

Gautam Kumra 49:41

Well, thank you. Éric, close with you.

Éric Martel 49:44

I would say probably the one thing I still, I will always, probably have to learn, is patience. You know, I like when things are going fast and—but I think with time, you learn that going fast is not always the right thing, and I think I manage it much better today than I used to 30 years ago, in a sense that sometimes you need to understand the root cause, get to the bottom of the problem, take a step back. Sometimes you think you go fast, but very often you have to get back and sort it out properly, and then at the end, you've lost time. So that's probably something I've learned over the years. I think the things that I'm proud of, that I'm doing today much more than I used to is, you know, get the service of my people. You know, instead of saying, "telling the team," you're, you know, have the attitude you're working for me. I'm—I feel like I'm my people—I work for them. So I like sitting with them and say, asking the question. You know, after 30, 35, years being in the business, you have experience, but, you know, asking a question, not giving the answer, and saying, "Have you thought of that?" It's much more powerful if they come back with the solution than if you're telling them what to do.

Gautam Kumra 50:56

That's very powerful. I think we use this phrase, "servant leadership." Yeah, it's funny you say that. Yesterday, I was interviewing somebody, and he was telling me about his secret recipe for recruiting, and he said I hired this guy, and this guy said, "Look, you realize that if you hire me, I'm not working for you." So what do you mean? He said, "I'm going to be working for my people." So anyhow, look, I wanted to thank you. I think we've covered, tried to cover—we tried to cover the whole gamut from geopolitics to AI to energy transition. And I want to thank you also for sharing your personal reflections. Because I think leadership is real, and I can sense that you're all amazing leaders. And thank you for also being a bit vulnerable, sharing with the group. And thank you all.

Éric Martel 51:38

All right, thank you.

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