



Leading with Intelligence Amid Disruption and Transformation

Announcer 00:00

Please welcome the panel on "Leading with Intelligence Amid Disruption and Transformation," moderated by Gautam Kumra, senior partner and chairman, Asia, McKinsey & Company.

Gautam Kumra 00:29

Hello, good afternoon. I'm sure all of you, I certainly am, looking forward to this panel discussion with four truly leading lights who will have amazing perspectives to share on AI and how AI can be used and is transforming the world and business. So that's what we're going to explore. I'm not going to spend a lot of time introducing these people. Many of them, you would have seen their résumés, but very briefly, on my left is Jörg. He serves one of the largest development banks coming out of Germany, but he's personally responsible for their venture capital activity, investing in a range of venture funds around the world. Clara, who's now just about starting her second term as the CEO for Hong Kong Investment Corporation, which I understand loosely is the equivalent of what we would call Temasek here in Hong Kong. Then we have KP, founder, CEO, chairman now of Banyan Tree, with a very global footprint of exciting properties. Many of us have stayed there and enjoyed it. And then we have David, as I was getting to catch up, a serial tech entrepreneur out of the US, one of the first persons to have listed his company on Nasdaq more than four decades ago. But he's not sitting quiet and now on his way on the second big venture. So, I think we have between them owner-CEOs, we have investors, we have sovereign wealth fund managers. So, I think we have a pretty good range of perspectives to exchange. So, we're here to talk about the role of intelligence and AI in driving transformation in business. That's what we're going to explore. I think I'm going to try and explore that in roughly three big buckets. First is really going to be about what I call the AI paradox, and I'll get into that in a minute. We will then talk a bit about the interplay between humans and machines. And what does that feel like? What does that look like? What could that be? And then we're going to talk about really what it means for the humans, the leaders of tomorrow, right? So those are kind of the three high-level areas we're going to explore. Let's start with the first one. So, I call it the AI paradox. One of the things at McKinsey, we've been researching every year, we publish a report on the state of AI. One of the things that strikes us is that the adoption is really picking up. I think technology is advancing at an exponential pace. It's virtually impossible to find any executive, any leader, who's not doing something in AI, right? And certainly, in certain functions, use cases, there's a lot going on. Having said that, very few, and at the latest count, a low single-digit percentage of companies are seeing the impact of AI on the bottom line yet. Single-digit percentage of companies are yet seeing the impact of AI on the bottom line. So, I'm going to start with an open-ended question. What are

you seeing as you look at your companies and your portfolio companies? What is it that you're seeing in the impact of AI that is exciting you, and what is it that is giving you a reason to pause? Okay. Maybe we'll start with you, KP.

Ho Kwon Ping 03:37

Okay. Well, first of all, I think I was just at another conference, the Forbes conference, much lower conference than the Milken conference, of course, this morning. And inevitably, if you don't have AI in your broad conference topic or in your session topic, nobody's going to come. So, AI is everywhere. But I think I wanted to address, I think what I call the false dichotomy that people like to put out about AI. And this morning, part of the discussion about AI was about the typical stuff coming from the tech bros about AI as an existential threat to humanity, all the while that they're waiting for their IPOs to come about so that they can take a few billion dollars off the table before they all die when humanity's destroyed by AI. So, I think if you take away a little bit of this super hype about AI, the majority of us who have to make decisions, who are CEOs, find that, in fact, the topic is a lot more mundane. And that is, each of us, not least, maybe we don't have the vision of the tech bros, but I think most of us aren't really that worried about whether AI is going to be a superintelligence that's going to take over my job tomorrow or not. We are looking at a much more mundane level where AI, like any other technology that comes along, like the internet decades ago, is always, like any technology, a change enabler. So, I think it's a false dichotomy to talk about when do you empower AI to make decisions and when do human beings make decisions? I think the two of them come together in a holistic one. So, it's more an issue as we talk about ordinary lives, like most of us here, how do we maximize the potential of AI so that it actually helps our business rather than, in some ways, what AI is doing today is because it's actually making so many mistakes that we think it's not, but in actual fact, it does. I think an overdependence on AI's infallibility can be quite dangerous to companies. And I think that's a bigger danger for us rather than AI taking over the whole world. It's this presumed infallibility of AI I have to watch out for. I encourage everybody in our company to use agentic AI, to do all the rest. But the trouble I've seen is that too many of our colleagues who use AI, the lack of verification, and the ability of AI to do inferencing at a relatively shallow level does not end up necessarily with hallucinations. But it ends up with so many mistakes that our junior associates are not sufficiently trained to spot those mistakes. And as they go up the ladder, you can actually be so deluded by AI that you actually end up as a CEO making a decision based on knowledge that has been accumulated for you to make, which has a lot of false assumptions. So, my problem in a real way is, A, how do I get AI to be embedded within every level of the organization, not just the top-down process, but every frontline person to actually feel that AI is an enabler and not a threat? But at the same time, making sure that we don't end up with AI being so fallible that in the end, we are not utilizing it for its best impact.

Gautam Kumra 06:55

Thank you, KP, and I think the word you used about dichotomy and enabler, it's interesting. I was telling you before this, we've been researching some of the biggest value creators in Asia, and when you go and ask them about their mindset of technology, one of the first things they told me was, "For me, technology is always about an enabler of business impact, so it's not tech for its own sake." So, thanks for reinforcing that. David, overall, what are you seeing in your company and your ecosystem, and what's exciting you and what's giving you a reason to pause?

David K. Lam 07:26

Okay. One of the main themes that we talked about before, that is the leadership issue, whether or not with AI at this time, with the advent of AI, the leaders would not be needed because you have all the information you need with all the recommendations or the decision proposals coming from AI. I thought that would be wrong. I think AI

may make a very sophisticated analysis, may even produce some multiple options, but I think, in the end, the decision will have to be fundamentally human. I think no leader would be able to get away with the responsibility for making the right choices as well as taking responsibility and being held accountable. So, I just thought that would be a misunderstanding of the usefulness of AI.

Gautam Kumra 08:35

Thank you. Clara, if I go to you next.

Clara Chan 08:38

Right. On artificial intelligence, I believe the development and the application is multidimensional and never linear. So, I guess the role of CEOs or leaders like those in the room definitely should think and start from the core of your own company and your business. So, take HKIC as an example, because we are an institutional investor. We invest not only for financial return, but also the long-term benefit for Hong Kong. So, I think the starting point for me, AI, number one, is a great investment theme because it's very broad. And in addition to individual companies on AI, large language models, robotics, and many other things, basically, you can see the beauty of it in terms of enabling and empowering the traditional companies and the traditional industries to grow, like manufacturing. Now you have AI, you can analyze the data better, faster, and translate that into how you upgrade your machines, how you upgrade your business plan. I think that's very valuable in terms of making those traditional industries upgrade to the next level. From the application level, I think for my company, institutionally, like how we operate and also how we would share with our portfolio companies, investee companies, of course, we encourage them to use AI, but the extent of use and I think the pacing could be very different. So, like for a retail company, F&B company, you need to make your data, your customer information, all ready to be AI-readable before you can weave in the AI for you. So, we know that there are new jobs like the FDE, the forward-deployed engineer, but at the same time, I think it's not a binary outcome, like, well, AI is so great that it's going to displace humans. But we all know there are governance issues, ethical issues we all as CEOs and leaders need to tackle. So, for me, for my company, and also how I communicate with our investee companies, I think having that ethical guardrail and also governance structure will also be very important.

Gautam Kumra 10:51

So, the data quality, data governance, these are going to be critical areas to address.

Clara Chan 10:52

Indeed.

Gautam Kumra 10:52

Jörg.

Jörg Goschin 10:55

Yeah. For us, being also a large investor in funds, we see the impact of AI on various levels. First of all, I would allude to what KP said at the start. We really see AI as a value driver, whether it's justified or not. But every fund or every company which has AI on it, the valuations are much higher than they were before. So just by putting AI as a label on it. So, this is certainly something that we see across the whole portfolio and, yeah, across all the

investments. At the corporate level, at KfW Capital, we use AI a lot, but there's not one solution which fits everything. Every team of KfW Capital is looking at what AI tools are most suitable to fulfill their needs. So, for example, on the investment side, AI is pretty useful when you do the due diligence to quickly assess the historical data. So, we are really saving a lot of time, also checking the completeness of data rooms and so on. So that's wonderful if you have AI tools for that. But when it comes to the decision-making, I think we also clearly see the limitations of AI because AI can only assess historical data and do statistical regressions and so on. But making a decision requires much more, and you also have to see where the limitation, where the data analysis ends. So, a black swan, for example, is something that AI will never be able to detect. But I think with the pattern recognition ability of the leadership team, that would be really important to kind of have an oversight of what AI suggests to you. So, this is really important. And another thing where we also see a big use of AI is in the long tail, in the fund administration. Investing in funds, it's 10, 15 years' exposure to a single fund, every fund. You get quarterly reports, and so the fund portfolio builds up quickly, and it's a lot of data which you need to analyze, completely unstructured data, and there AI is a great tool to do this. So, I think there are many use cases within AI, but I think the responsibility of the management team, be it the CEO or be it the management teams in the various functions, is really not to completely rely on what AI tells you, just to use it as a tool to have a better assessment of the data, but then come up with decisions which are sensed by a human.

Ho Kwon Ping 13:57

Can I please build upon that? Because one of the things I think we all have to deal with if we're decision-makers, and I try to talk to my younger associates who are growing up in a world of AI. And the sort of temptation is to let AI actually make a lot of decisions for you. So how do you embed with younger people who are going to grow up in a world of AI what sort of decisions should be quite legitimately left to AI to decide so that you can lighten up your own workload, and what do you not have? And one of the things I try to basically put as a framework of analysis is that all decision-making involves trade-offs. So, where the trade-off is actually very technical, like a procurement policy, like evaluating via AI highly complex supply chain solutions, but where the framework of trade-offs is relatively little, AI can actually almost make a decision. But where the trade-off is the greatest, and the greatest trade-offs are where you involve, as Clara mentioned, ethical issues, values-based issues, then that's the area where you cannot leave it to AI. So, I think it's very important for us to educate our younger managers, not about how to use AI. They're going to be using it. My grandchildren are probably better with AI than I am already. But if I don't teach my grandchildren the framework of analysis by which they should make decisions themselves, then they are going to be a lost generation of people not knowing when do you trust AI and when do you trust your own gut. So, I think it's where the greatest trade-offs are. And just to give you one example, let's say during COVID. My company, as many other companies may have had the same issue, we had to deal with a real trade-off. Do we respect our banks and continue to make our interest payments to the banks, knowing that if COVID doesn't end, your burn rate is going to be such that you'll probably end up having to fire all your associates? Now, AI, I suspect, will probably tell me it's more critical for my business to keep paying the banks so that they would trust me and so on, and what's the problem about letting associates go? We made a different decision, and that was to basically stop all payments to the banks so that with the continuing burn rate, we would be able to last three to four times more than if we were going to pay the banks.

Ho Kwon Ping 16:07

Now, at a global macro national level, this was the same problem that two different countries had. Indonesia, in the financial crisis, and those of us who are old enough to remember that remember that President Suharto followed what AI would have told him to do, followed the IMF. We all know what happened to Indonesia. We saw what Mahathir did, which was to do something at that time totally so-called irrational, which was to have capital flight

controls and so on, and Malaysia came out of it better. So, my point as a framework of analysis, those issues that require the maximum trade-offs, leave it to the human being to do, because you cannot give that job to any AI, even if it has the greatest powers of inference. These are human decisions because they involve trade-offs which involve the lives of human beings, and that is a decision that should never be relegated to anything other than a human being who has a moral conscience and has to suffer and take accountability for those decisions.

Gautam Kumra 17:33

Now, thanks for raising that, because I think one of the whole ideas of this panel, it's not about getting smarter, it's about the ability to combine, as you said, computational intelligence with human intelligence and ethics and trust and everything that goes with it. I want to spend a minute on this AI paradox issue that I framed. You all talked about what is exciting you and what you're seeing. Why is it, based on the research you find, why is it that less than 10 percent of the companies are seeing substantial impact on the bottom line yet from AI? What do you think is the challenge? What is holding companies back? They're trying, but they're not yet getting. Only less than 10 percent is getting the impact. Jörg, any—

Jörg Goschin 18:11

I would say it's probably because it's relatively new, and everyone is experimenting with it. And what we're just discussing is finding the right application for the AI to solve the problems, to make things more efficient and not thinking that AI is the one solution which fits every problem. I think that's—

Gautam Kumra 18:36

—so, it's relatively new, and you have to know where to focus it. Let's just get a quick pulse check. Clara, what do you think in your portfolio as you see it? Why are we not yet seeing?

Clara Chan 18:44

We are actually a very active adopter of AI because we see the great momentum and the great boost to productivity it's going to bring. And among other things, because we invest a lot in start-ups, one of the very interesting observations is AI is actually lowering the threshold of starting a company. Because for the younger generations, there are a lot of the hard skills. In the past, maybe 30 years ago, if you wanted to be an analyst, you needed to run Excel and this and that. But nowadays, basically AI helps you. So that helps you to narrow the gap between or among different languages, among geographies, et cetera. So, I think that's a very interesting part of the equation that we are putting a lot of emphasis on, meaning that a lot of new companies, new ideas, and new things are possible from the investment perspective. And I do share Jörg's view in terms of this relatively new idea, so people tend to kind of go in with fear and more concern. But I'm sure with time, and particularly on the ethical and governance issues that we were talking about, sometimes it's not only the individual company's issue. We do see different governments around the world, they are putting their heads together to think of how to use AI in a responsible, long-term way. And I definitely think that's a trend and a momentum that's worthy of support.

Gautam Kumra 20:10

David, if I can ask you, wearing your technology hat, as I see it, you are producing stuff that is powering the AI technology. Where do you think we are perhaps underestimating what this technology can do, and where do you think we are perhaps overestimating?

David K. Lam 20:26

We are already using it every day. Our chief of staff is using that to support the executive team very efficiently, more efficiently than if she didn't have the help of AI. Our software team reported that a lot of the programming now can be done with AI. They save a lot of time. Humanly, it is impossible to be able to be so fast. I think AI is actually more—as an entrepreneur, I always look at if there's any inflection point in our industry. We believe that our opportunity always hides in the inflection point. But I think this time, it is many times more exciting because AI gets involved. AI is not an inflection point. It is an industrial revolution. That's how we are seeing it in front of us. I, of course, missed the last three. I missed the first one, steam, mentioned, and when Edison discovered electricity, I wasn't there. So, I think this is very exciting. When these two combine, the semiconductor industry has experienced an inflection point when the so-called Moore's law is coming to an end, and advanced packaging will take its place as the primary manufacturing method. But it's brand new. No rules and no laws, and like the Wild West, a lot of good innovative energy, a lot of innovative companies have come into existence. Then on top of that, AI is driving a tremendous demand for semiconductors. The two combined became extremely exciting for me, and I have been in the industry since 1974, I think maybe 52 years, continuously. I went to TI for the first job and just fell in love with the industry and never left. But I think I've never seen such an exciting time. I'm so glad that I didn't miss it.

Gautam Kumra 22:46

Excellent. I can sense the enthusiasm on the panel. KP, if I can go back to, I think, and I'm going to come back to your decision-making framework in a little bit, but as an owner-CEO, you built this company, right? You've now got a lot of leaders involved in running it globally. You said technology is an enabler for impact. What is the challenge as you look at your company? What is the challenge you see in converting this into real impact on the bottom line?

Ho Kwon Ping 23:12

What is the challenge besides the impact on the bottom line?

Gautam Kumra 23:16

No, in converting AI into impact on the bottom line for someone like you, what is the challenge?

Ho Kwon Ping 23:22

I can perhaps answer that by going back to something I was going to refer to there. Probably David and I are the oldest people in this room. At least I am. You're a lot younger. And when you talk about you were not there for the advent of the age of electricity, sure, I hope we were both not there at that time. But we might be the only people in this room who were there at the birth of the internet, which is, I think if I had a raise of hands, all of you, the rest of you, when you came of age, the internet was really part of your life. But some of us were old enough to remember a real *déjà vu*, conferences like this, when people—real *déjà vu*, people would be talking about the internet, the internet, the internet, as if they're talking about AI today. And no doubt, I think we have to measure each technology in terms of its impact. And AI is going to be far more impactful, like electricity and the internet were. But to that extent, there are signs of *déjà vu*. There are signs of where a technology, before it comes, there's always overinvestment, always overhyped by investors who want to make the faster money off of it. Then the technology actually comes, and it actually does elevate, it does far more things than usually expected on the positive side. And then afterwards, it does far more negative things, as we're seeing with the internet now, with the impact on social media, which did not occur in the first 10 years after the rise of the internet. It was only

positive things. So, I think we have to bear in mind and have a perspective as we look at AI, that although the emergence of the internet as a phenomenon was less so than AI today, there are similarities. So, in terms of the impact of AI on our own company, and I think most other companies, it's hard to try to immediately measure it. And I don't want to measure it because that's what Wall Street is doing. And I think it is part of our foundational values of our company that we're not going to go and say out to the public, the investing public, that, well, with AI, I can cut 50,000 jobs. I'm going to save X amount of dollars, and my share price could go up. That is, in fact, what is frightening so many people who are at the frontline of AI to see it as a danger to them.

Gautam Kumra 25:33

Yes.

Ho Kwon Ping 25:33

But what we are doing right now in our company is using AI at two levels. At the highest corporate level, we're trying to identify broad areas where AI will have the biggest impact, whether it's revenue management or this or that. And at the other level, we're trying to, at every level of the frontline, even down to the restaurant waiter, the housecleaning person, so many apps are available. We're trying to make them feel that AI actually is an enabler for you. So, to me, the danger of AI on job displacement is not on people who are actually employed. The real danger is young people coming into the job force are going to face a harder time. But I want to make sure that I do not allow my associates to feel that if they're currently working in the company, AI may displace them because I can save some money, and my share price will go up. Because I think the minute you do that, you're pandering to Wall Street, and that's the beginning of a vicious cycle where you do not develop a culture of welcoming AI into the company. AI becomes disruptive and a threat to your company. And if you're people-centered, then you have to make sure that AI is a friend to everyone down the line. So that's what we're doing. We're not trying to measure the benefits. Of course, we do it at each departmental level, but not at an aggregate level, and then make a big noise about how much the impact is going to be, because I think that's dangerous.

Gautam Kumra 27:06

It's fascinating. What you just laid out, I'd love to get the other panelists to talk about it. You just laid out your change management philosophy, right? How you want to drive change around AI. And I think there are many choices here. For example, should I worry about token cost or not? Token cost in many organizations is now quadrupling, growing at an exponential pace. Do I pay attention to it or not? Do I set a top-down aspiration for AI, or do I let thousands of flowers bloom and let the bottom-up experimentation keep going? Do I pick one or two big domains where I see most of the value and put a lot of energy into it, or do I get everyone involved? Do I tell my people that no one will lose a job, or do I tell my people, "You're going to have to retrain, reskill. Some of you may not have a job, most of you will"? There are many aspects to it. I think you alluded—I'd love to hear from the other panelists. What is your change—how are you seeing change management being driven around AI? What is working? What is not working? Any thoughts? Jörg?

Jörg Goschin 28:03

Well, on the investment side, I encourage the whole team, every team, every single team, to really look out for the tools which are there. Because the AI world is not a stable world. It's also a very dynamic world. New tools are being developed. And so, as I said before, there is no one solution which fits all the problems. And also, there is not one data warehouse you can build and where you can plug into AI. I think it really has to be very task-specific in order to be efficient and effective. And I think this is really also something which is motivating. If you tell the

people, use AI as a tool to really achieve better quality, better results of your work, and become more efficient and more effective. So, really understand where AI can be a benefit, but also understand the risks of AI. This is far more important on the investment side. And also, being a sovereign investor, we are also very cautious where we send our data to when it comes to analyzing, for example, investment opportunities.

Gautam Kumra 29:10

So, do you have clear guardrails, like in the way you run AI? Do you have clear guardrails on what you would allow and what you would not allow today?

Jörg Goschin 29:17

Yeah, we do. And so—

Gautam Kumra 29:20

Give me an example. What kind of things you would not allow AI to get into?

Jörg Goschin 29:24

—yeah. We really have to understand where the data is being processed when we send it to an AI tool. And so, for us, very important that it's within Europe or within Germany. Processing is an important thing. So, this really also sets a frame or sets boundaries to where you can use AI. But AI really cannot replace—it's good for analyzing historical data and enhancing decisions and creating clarity on historical data, but AI cannot replace experience, cannot replace human pattern recognition, and also cannot replace the gut feeling you have as an investment manager. And especially investing in innovation and technology, AI is good in analyzing historical data, but innovation is, per definition, looking into the future. And so, using AI for predicting the future with historical data, you will fail.

Gautam Kumra 30:25

Thank you. Clara, on change management, again, any comments?

Clara Chan 30:28

Yeah. Well, I think for me as a leader and a CEO, the first thing with the existence and constant development of AI is reflecting on our role. I think the core, the basics of what a leader does and what we have to be focused on, hasn't changed. We set the direction, and we mobilize the resources to head towards that direction with the right pace and the right rhythm and the right way. I think that doesn't change. But the change, not only with AI, but basically with change of time, is always that what types of input and information you weave into your decision-making. So now with AI, that information, the velocity, the volume is huge. So, our job is really more like we want to make sure we distinguish between noises and also the facts, the rumors, and many other things. So that part is very important, having that critical mind. And the other part of how to mobilize resources. In the past, a lot of those resources could be human beings, manpower. But now, how do we weave in AI and human beings and make sure that that synergy works well? So, I think when we say investment is always an art and a science, I guess AI could help you a lot in doing the baseline part, the science part, but the art, you still have to put in a lot of effort. So, I always say that AI—people always say that it means artificial intelligence. But for my team, I think another interpretation of AI, called authentic intelligence, is even more important nowadays. If you do investment, you

don't only look at the numbers, the PowerPoints, the very nice Excel sheets, but you look at the people. Are they those types of people you believe will really bring change and boost productivity and do great cutting-edge technologies? Are they the entrepreneurs who could build and attract smart minds among them to follow them and then take the company to the next level, to scale? And are they the team, the type of people that could really be resilient? And that could be AI today, but that could mean many, many other new trends in the future. So, are they the people and the teams that you want to work with? I think those things, to Jörg's point, AI has been trained on historical data, but the predictive power, basically, they don't have the day-to-day touch interface with a human being and the trends and the different dynamics. So, I think that part is the part that my team and I have been placing a lot of emphasis on. But with that, I do see a very positive trend because all those things, I think the parameters, the potential is clear. But how do we do it in a prudent way? How do we do it in a way that all of us as human beings, we feel the benefit, we have the benefit of it, but that it's not really displacing us? I think that's the key part. So, I was joking to my friends and colleagues: In the past, CEO means chief executive officer. So, with AI, you have much less to do the execution. But I would say that the more that we need to do with AI, it's about engagement. Engage with people, talk to people, have that human touch to decide what the future needs. And also, as I said, the ethical part, set the guardrails to make sure that that development works.

Gautam Kumra 33:37

Well, I'm going to come back to the role of the CEO. You raised that. But David, going back, you said you missed the electricity revolution, but you are now in this one, and you mentioned the first company you have set up is now valued at some \$200 to 300 billion, some big number like that. You have seen the Valley. You live in the Valley.

David K. Lam 33:56

Seen the value of what? I'm sorry, the last sentence.

Gautam Kumra 33:59

Sorry?

David K. Lam 34:00

The last couple sentences, I didn't catch.

Gautam Kumra 34:02

Yes. No, my question is, and you've seen a couple of these revolutions, right? To exploit the power of this technology, I go back to the change management and how do you get the full value of this technology? What have you learned, and what do you think will work in AI?

David K. Lam 34:17

Yeah. Well, as I said, I missed witnessing the steam engine when the first Industrial Revolution came about.

But I think I often—I'd like to pick up on KP's point, comparing the internet bubble, the internet time when arriving in 1999 and 2000, versus AI as we see today. Both have a significant amount of overhype, but both would be very

useful. In tech internet, the hype was so enormous that 80 percent of the start-ups that went public during the internet time never had any revenue. Some of them didn't even have a product to sell.

Ho Kwon Ping 35:16

Sounds like today.

David K. Lam 35:17

Huh?

Ho Kwon Ping 35:18

Sounds like today.

David K. Lam 35:25

Because of that, they just want eyeballs at that time. They're not making money yet. So as a result, any small steps would cause the house of cards to fall, and almost all of those newly minted IPO young companies were unable to survive. None of them would survive. And then, of course, the stock market also wiped out a huge amount of value. The difference, however, today, the people who are involved, or the key people involved in AI, they do have revenue. They may not have profits. They are also involved—not the young start-ups. These are very resourceful companies. You talk about NVIDIA and all the big, the Magnificent Seven. So that is one of the big differences. However, doesn't mean that there will be disappointments coming. The curve that KP mentioned about is very typical of any new inventions. But at the end, I think a lot of good things would still remain for us to enjoy. The only thing that I worry a little bit is listening to some of the key people who are in the AI space, key companies, and their managers, their CEOs were speaking with almost a defeated mind, and I worried about that. I think that humans should be able to and should take responsibility for controlling how AI develops. Someone was talking about we will all die in six months. I still have a lot of work to do. I'm not ready to die yet. So, I think I was not impressed by that kind of leadership and that kind of management.

Gautam Kumra 37:50

Yeah. Thank you. I want to shift gears a little bit and move into, let's try and look into the future a bit more. What does it do to the role of the CEO, and how do organizations look like in the future? I was in Silicon Valley and talking to the Sequoia guys, and they said, "Look, we're looking at now whether leverage ratios—I should have 30 direct reports. I can manage 30. I don't have to have 10." Somebody said, "Productivity expectations should be \$10 million per person." Just talking about an example. It should be 10 times more than what it is today. Somebody talked about this is the best thing you can use to bust your middle management. Do we really need so many layers? So, I want you to give your perspective. As you look into the next five, seven years, how do you think organization structures will change? How does the role of the CEO change? Jörg, you want to start?

Jörg Goschin 38:41

Well, I think the role of the CEO will change fundamentally. It's really about setting a vision, drawing out a vision. AI cannot do that. And also, yeah, setting a clear path to come to that vision, I think setting the direction—

Gautam Kumra 39:02

That doesn't change, right? That remains the same.

Jörg Goschin 39:02

—that remains the same. But how it's being done, the decision-taking will be much more delegated further down to teams because it's much more broken down on historical data and analysis of AI. But really creating the vision and setting the direction and also ethical questions which need to be—

Gautam Kumra 39:32

How does the future organization look? What do you think is a big change you see?

Jörg Goschin 39:37

—the future organization, I think it will be much more dynamic in terms of also teams, and it very much depends. I think there's also not one-size-fits-all, I'm very much talking from an investment company perspective.

Gautam Kumra 39:51

Okay.

Jörg Goschin 39:51

So, we still will be very much focused on teams, yeah, investing into certain asset classes.

Gautam Kumra 39:59

Okay. In the interest of time, please, if you want to add to it, and then I have one or two things. Yeah, KP?

Ho Kwon Ping 40:04

I think if you're going to answer that question, then we must first look at what is the role of a CEO. And I think in order to understand that—I think we have to make a fundamental differentiation between management and leadership. I think the bulk of an organization consists of managers and management. And management is the science of how to utilize limited resources to maximize the output. It is a science. And to that extent, I think the organization of management will change dramatically because of AI, because it is, after all, a management science. Leadership, however, to me, is fundamentally different. And the job of a CEO, unlike that of a BU manager or departmental manager, the role of a CEO is to also lead. Now, what is leadership as a differentiation from management? I think there is a transcendental aspect to leadership, and that is leadership is the ability to inspire people to aspire beyond themselves. That is fundamentally what makes a good CEO a leader also, to inspire people, to give more of themselves than they would normally do by creating a vision that everyone believes in, by having a corporate culture which embraces them. And if we don't understand that, and we don't understand that often, as it's said, a CEO is paid 50 percent of the time to manage, the other 50 percent is to encourage people, to mentor people, and to do nothing but think about the future. So, in that sense, I don't think the role of the CEO will change. The transcendental role of a leader will never change because it's a human role. It is not related to managerial science. But the organization of a company will radically change, just as we've seen with the internet. All our organizations have changed dramatically because of the internet. But fundamentally, leadership remains the ability to inspire people, and that I don't think any amount of AI can do.

Gautam Kumra 42:12

Thank you. Well said. Since we have a minute left, I want a rapid-fire closing round, 30 seconds each. I'll start with you, Clara. As you think about the next generation of leaders, one thing you think, one trait we should double down on building, and one thing we should just give to the machine. Okay, I'm going to ask the same question to all of you so you can think. Keep it to 30 seconds. One trait to build, one trait to give to the machine. Clara?

Clara Chan 42:39

For me, well, for the younger generation to keep and to grow, as I said, authentic intelligence.

Gautam Kumra 42:43

Authentic intelligence.

Clara Chan 42:44

Things even like curiosity, diversity, and empathy. For others, just leave it to the machines.

Gautam Kumra 42:50

Okay. Jörg?

Jörg Goschin 42:52

Building the team, inspiring the team, and analyzing the data will go to the machine.

Gautam Kumra 43:00

Go to the machine. Okay, David?

David K. Lam 43:03

I think I'd like to see the leading countries that are in AI, particularly the US and China, should work together to set up some safety guardrails. I recall that during the nuclear era, when the nuclear bombs scared a lot of people in the world, particularly during the Cold War, when Russia and the US were competing, trying to see who has more bombs. But nonetheless, in that very challenging environment, the two countries did sit down and set up all the rules that they agreed not to exceed in order to avoid killing everybody, including themselves. I think we can do similar things with AI, and I hope it would happen.

Gautam Kumra 44:03

Thank you. KP, you will close.

Ho Kwon Ping 44:05

Your question was what?

Gautam Kumra 44:06

One trait that you would like to double down to the next gen and one thing you would outsource to the machine.

Ho Kwon Ping 44:12

My criteria is that any decision that has a maximum impact—positive or negative—on people's lives, I would make it a human decision. Those decisions that involve pure efficiency and have the least impact on human lives, I could easily outsource to AI to decide.

Gautam Kumra 44:32

Thank you. Well, I want to thank the panel. I think this is not an easy topic and easy space given so much is happening, but I think there are a couple of thoughts that I take away, I think—in no particular order, I think one is, it's interesting to hear the change management philosophy. I think you all touched on things of it. How to think about aspiration, how to think about narrative for your people, where do you put governance, where do you put guardrails, where do you allow experimentation, what decisions do you allow AI to make versus not to. There's a whole topic I think you talked about on change management. I think the thing you talked about on leadership and the role of the CEO, what is transversal and timeless, and what can and should change. And third, I think just outlook perspective. I think all of you talked about this has to be put in the context of previous such technical revolutions, and what can we learn from it, and what we must keep in mind as we think about exploiting the value of this technology. Well, with that, thank you all. Have a good afternoon.

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