



Persistent Podcast | Episode 01

R Ray Wang

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Gurvinder Sahni: Hello, welcome to Persistent Podcast, where we explore the conversations that are driving transformation and shaping the future. I'm your host, uh, co-host, Gurvinder Sahni. I'm the Chief Marketing Officer at Persistent. I'm being joined by our head of thought leadership, John Madden. Uh, in a world where change is the only constant, we are on a mission to uncover the ideas, insights and innovations that are redefining industries and societies from technology and business to culture and beyond. We will be diving into most pressing topics and trends of our time. Join us as we engage with thought leaders, industry disruptors, change makers who come from diverse backgrounds and industries.

Gurvinder Sahni: Together, we will explore the conversations that are the core of change and shaping the world that we live in. Let's get started on this journey of discovery and exploration.

John Madden: Hello, everyone, and welcome to The Persistent Podcast. I'm John Madden, Global Thought Leadership Marketing Director here at Persistent.

Gurvinder Sahni: So, John, why don't you take it over and we have a very special guest with us today. You want to do the honors of introducing Ray. And by the way, this is only a 25 to 30 minutes talk and Ray's profile can be much lengthier than that. So, you'll have to shorten it a little bit.

John Madden: Right. I'll keep it short and sweet.

John Madden: And we're very honored to welcome here today, Ray Wang, the CEO of Silicon Valley based Constellation Research. He co-hosts Disrupt TV, a weekly enterprise tech and leadership webcast that averages 50,000 views per episode. His groundbreaking best-selling book on digital transformation, *Disrupting Digital Business*, was published by Harvard Business Review Press in 2015.

John Madden: Ray's new book about digital giants and the future of business, titled *Everybody Wants to Rule the World*, was released in July 2021. Ray is well coded and frequently interviewed in media outlets such as Wall Street Journal, Fox Business, CNBC, Yahoo Finance, Bloomberg, and many more. Ray, we want to thank you for joining us today on The Persistent Podcast.

'R' Ray Wang: Thank you for having me.

Gurvinder Sahni: Ray, first of all, it was amazing that we found you on ground, you know, because, you know, it is fascinating. Normally I see your recording from, from a car or an airport lounge. So, it was great. We were lucky to catch you, you know, on ground.

Gurvinder Sahni: You know, I'm a big fan of Disrupt TV. I love that show. And you've been doing that show multiple years, week after week. I don't even, I've stopped counting. I think you've managed to get thousands of guests on your show, and these are authors who are coming on and talking about books that they're yet to release. And I also feel that Disrupt TV is kind of that platform where if anybody's releasing a book, if anybody's doing a big event, they have to be on Disrupt TV. So, what's the secret of your energy?

'R' Ray Wang: You know what? It's just curiosity. You got to love what you're doing. I got to ask lots of questions. And when you're surrounded by people that are doing innovative things, it's so easy. Because they're just excited to share what they're about to do. And you can hear their passion. You can sense their excitement. You know, they really want to tell the story and they want to do the reveal. And that's what makes it fun, right? You get people to do things they normally wouldn't do. It's not scripted. People don't come on with like, you know, a pitch, their whole point is about sharing something that they love and have a lot of passion.

Gurvinder Sahni: Absolutely. And I think I love the word curiosity because, what I feel is that episode after episode, guest after guest, I see that curiosity on both sides.

'R' Ray Wang: I'm going to tell you some secrets. We have a really good producer and sources some great questions. We work out questions with whoever we're interviewing. And so, so we kind of use the questions as a framework, but the more we get to know, I guess, the more we don't use the framework and we start veering to other conversations and it's really a comfort level with those. [My producer] does all his homework, Friday morning, he probably puts in like a couple hours of research, scanning bios, finding that one nugget of stuff. And I try to study the broader picture of what's going on in that market. And so, between the two of us, we kind of create an interesting mesh of conversation and dialogue. And you can tell sometimes [my producer] is a 10X more excited about that topic than I am. And he'll jump in, get on and on it. And other times, like I'm more excited about it, now I'll jump in and it's fun. It's that dialogue. It's the chemistry, but make sure you have your own persona, and you guys, you know, ask the questions that are authentic to you.

John Madden: Yeah, let me jump in. Let's turn to the industry a little bit. Talk about stepping back and taking a look at the bigger picture. And Ray, I've seen you talk a lot and say a lot of things around AI. So, we're going to get to the AI question, particularly Generative AI. Now, for those of us, like the three of us here, we've been around for a while, right? We've seen plenty of trends, you know, and they kind of fall into two buckets, right?

John Madden: One is like something like cloud. Or automation where it's really hyped up, and then it tends to normalize, right? And it becomes part and parcel for everyone in the industry or for B2B companies. Many of others, say the metaverse or RPA, it's a little more rocky. They kind of fade away for a while, and they don't really have that kind of widespread adoption. So I guess I'm asking on that hype cycle. Why is GenAI any different? Why? Which path is it going to take? Is it going to take that kind of normalized path? Or is it just kind of kind of fade away in the background in lieu of something else. Where are you sitting on that right now?

'R' Ray Wang: I think it's a compressed cycle of the normalized path. But what I mean is it's as big as the internet. And so we have to start by

saying, yes, AI has been around 40, 50 years. It's finally made its debut. Debut in the sense that commercially it's in the minds of everybody. And we know it's going to have different iterations, one of the things I'm writing is in the middle of a book and I'm talking about, you know, I set the stage by talking about the artificial refrigeration market, right? It was hot in the 1920s. People were like, oh my God, it's going to change the way people work. It's going to change how food is. And people are getting excited and the big players are getting excited. Kelvinator, Frigidaire, GE. And we're like, okay, great. Kind of interesting. But the real winner was not the tools manufacturers. I want to take a guess who it was.

Gurvinder Sahni: No, no. Tell us more.

'R' Ray Wang: It was Coca-Cola. They figured out how to build a business model on artificial refrigeration. And that's what we're going to see. Just like on the internet, it was like, Oh, cool. What's on the internet. And people really built businesses on the internet. And so it's going to be like that more than a Metaverse trend or more than the cloud because it's something we have to do, it's going to be that level. And so it's a different level.

John Madden: So does that mean that you see the potential for players we don't even know about yet? Kind of coming out of nowhere and really as part of that compressed cycle and coming up with something or some news that we haven't necessarily even thought of yet. I would say the hyperscalers or some of the variety of different AI tool vendors that are cropping up everywhere. You're saying it could be something entirely different.

'R' Ray Wang: Someone figures out how to use AI to do some ridiculous scheduling thing. We never thought about, right. Or the way to use AI to actually plan your bucket list vacations on the fly for you. With the right pricing and the right, you know, timing and, you know, all the logistics happen in the background, something like that is going to happen. And it will just blow our minds.

Gurvinder Sahni: The interesting thing Ray is that, you know, we've opened our three GenAI studios, one in New Jersey, one in the city of London and one in Pune. And I can tell you that... to your point, as we are, we are hosting about four to five customers a week, and I can tell you that when we walk into the room, yes, we have a set agenda, but

the kind of innovative ideas that are coming to the front as we start getting our hands dirty with synthetic or real data, and as we play around with multiple LLMs, I can tell you there is clear magic that we see.

Gurvinder Sahni: In terms of the opportunities that we may not even think exist today. So right from our, our customers on healthcare, pharma, BFSI, insurance. I mean, some of the use cases that are coming across are mind blowing.

'R' Ray Wang: We're going to be making mind blowing magic. I mean, that's, that's really what we're, what this is going to be like.

John Madden: Following up on that, that magic takes talent, right? As far as AI skills and, this competition between companies, providers, countries. To get the right skills and whatever those skills may be. They could be programming algorithms. They could be AI with coding. They could be AI for conversational AI for customer service.

John Madden: I guess I'm curious from what you've seen in the market, where's the biggest talent war happening and what are people doing to try to find that talent? More importantly, hold on to it.

'R' Ray Wang: Yeah, I think there's going to be three ways we can look at talent. There's the talent that's needed for the development, the hardcore math, engineering, science, right. And the things that you need to do to get like the algorithms out there to refine the algorithms. So we have no issues in terms of, hallucinations, getting the data sources integrated and correct. So there's the technical skills, but there's a whole other set of skills that people tend to forget, which is really — I've got business credit. I got business expertise. What can I imagine? How do I teach those systems to imagine beyond what we're capable of doing today? And I think those are going to be a very different set of individuals that are working on that. And then we've got a lot of training ahead of us and that training's a little bit different.

'R' Ray Wang: There's the training of the models that we get, but there's also trying to actually refine what the human machine interaction is going to be like. So how do you actually train a model? Find something wrong, bring it back, get the confidence level that the system's going to get it right. And so there's going to be that level of users as well. So I think it's going to be a wide spectrum. It's not just the technical, you know, geeks

and math folks, that are going to be able to do this. I think we're going to need a lot of creative individuals to think about how to re-imagine things.

Gurvinder Sahni: You know, for our guests, I want you to know that Ray is one of the top futurists and I've been following Ray's work for more than 15 plus years now.

Gurvinder Sahni: You gave some very clear examples in terms of things that we are experiencing today, and you've always spoken about this point of human in the loop. And I know that there's a famous model that you speak about. Can you talk a little bit to our audience about from *Everybody Wants to Rule the World*? And if you can give us some kind of a sneak preview into what we can expect from the next book.

'R' Ray Wang: So we actually believe that post-AI, there's going to be a world where data becomes very important. The business is built on data and a business graph and your ability to continue to update that business graph is where your competitive advantage is in.

'R' Ray Wang: Everybody wants to rule the world. These data-driven digital networks are ends are basically one of the foundations because what they're bringing together are value chains. So imagine retail manufacturing distribution are connected with these signals around data. It changes demand. It changes pricing. It changes preferences. It helps you identify changes. New market opportunities. And that's really what we're trying to do in the post-AI world, because in a post-AI world, it's just business. Again, it's not like an internet business or a cloud business. It's just business. And it's going to be incorporated that same way.

'R' Ray Wang: We also have five models that we've identified that are going to drive those future types of organizations that are going to be in that post AI-world. And that's kind of the secret sauce. Like, what will those companies look like? How are they going to take advantage of those models to use data to actually build their business? Companies are going to be valued by the data sets they have just as much as their revenue and that's going to drive market cap,

John Madden: Just following up on something you said in terms of data and the value of data to different companies and companies being evaluated on their data. You know, there was a lot of talk at Google [Cloud] Next. They introduced their first chip. There's a lot going on right

now as far as AI chip manufacturing, and a lot of data centers being built. Microsoft just announced a new one. My thought is with all this data and with all this cloud and all the scaling necessary to make AI really, really fly, it takes power, it takes space, and it takes other considerations we haven't even thought of yet. So I'm sort of curious about your viewpoints in terms of not only the AI chip race, but everything that comes along with that, in terms of being able to harness the data for whatever it is, whether it's algorithms, whether it's business value, and the implications as far as data center locations, power, security, it seems like we're getting a little over our skis on that as an industry. So I'm kind of curious your views on that.

'R' Ray Wang: So if we had to plan out how much power we needed and how much space we needed for data centers and all the other — a number of labor we need for X and how much rare earth materials we needed [for chips] — we'd probably not do this. That's really what the challenge is. I think what we're doing is we're doing it on the fly and everybody's in a race to get there. And I think it's a natural extension of how humanity normally works. But if we were to go back and say, what will happen is we will hit some constraints, which will mean we're going to be more efficient with our power. We're going to get more efficient with the usage of our chips. We're going to get more efficient with the rare earths that we've put into place and I think that's really the benefit. Because as we get to some level of scarcity, we're going to have to get better in terms of using those resources. That also means that we don't put everything into a GPU either.

'R' Ray Wang: Not everything needs to be trained on a GPU, and inference works differently. And the way tensors process on a TPU is going to work differently. So we're going to get really good at mixing and matching loads. And so that will also change, but for the foreseeable future, yeah, [NVIDIA] GPUs have a lock and NVIDIA's got a great value proposition and nobody's going to catch up for at least 24 to 36 months. But in that period of time, there are a lot of organizations can do without having to actually spend a lot of money. They can start by getting their data strategy in place. They can start by making sure they understand the value of their data and how they want to build other data ops.

'R' Ray Wang: The good news, it's going to get cheaper. It's going to get easier and it's going to get faster. Like, what were the solutions? You can choose faster, better, cheaper, but you can't choose two out of three. I think you might get three out of three on this one.

Gurvinder Sahni: You know, I have a follow up question, right? Is there a vertical or industry that you think is taking the lead or that is really going to be a leader in this effect.

'R' Ray Wang: Manufacturing can definitely have a lead because the operational data that's being stored at the edges, when you can finally bring it back, they're going to find some amazing things. We already see that in warehouse and logistics, but the one that I think has the biggest opportunity that's untapped is really the public sector. They're sitting on a ton of data and they don't know how to unleash it or use it. You know, apply it properly, and I think if they can free up that data sets, without the privacy concerns, but free up data sets that people can use and build in their models, that's probably the best contribution your tax dollars will have.

'R' Ray Wang: The second area is really BFSI and insurance. We think BFSI and insurance has a ton of information there that they can actually start using to improve their operations, get to level efficiency that they couldn't see before. And of course, healthcare has a ton of data, hopefully, and if you could just get scheduling done so that doctors are more productive by 20, 30% [of the time], they're going to be happy, right? If they don't have to take down notes, right? You can actually get to the next best action. You get your journey. The prescriptions are all set. All those workflows are done, right? That's like time saved. So anything you can do to have more patient time and less administrative time, you're going to see some advantages there as well.

Gurvinder Sahni: Absolutely. And when I was mentioning about the visits that we are having to our innovation studio and GenAI studio and the discussions that are happening absolutely echo that sentiment, Ray. You know, one thing that I wanted to check was, you know, the whole event season is back and I'm sure I saw pictures of you on social. You were at ServiceNow. And, you know, travel is back. I also recall you had shared this *Wall Street Journal* article on corporate travel being back. In the post pandemic world, what stands out for you, in terms of what people are showcasing. We've seen all kinds of things, we have people putting dogs in booths, some very creative ways, but what stands out for you?

'R' Ray Wang: I think the thing that every executive wants is that dinner to have the conversation with peers and to share ideas. If there's anything that seems to be very popular, it's these. Intimate gatherings.

And when I mean intimate, not like 20 is intimate for a conference that might have 20,000 people. I just came back from ServiceNow this morning. And I could say that those small dinners are very, very powerful. People will get a chance to share ideas, connect, commiserate, depending on what they're trying to do. And I think people want that. I think people want to learn. They want to be inspired. I don't think you need like, you know, the celebrity keynote to "rah rah" you. I think people just want to know what other people have done. And I think being able to participate in a conversation is just as important as attending an event.

'R' Ray Wang: So, so we see a lot of that. We think these executive events are getting better over time. And then I think people want to learn. Like I was surprised at how many people were sitting at demo stands trying to figure out how to do things. They really wanted to get hands-on. They wanted someone to show them how to do it that wasn't in their company, so they wouldn't be embarrassed, so they'd have a chance to actually come back [to work] with something to show and really get that feeling. So, I think that's the big thing event-wise. I was pretty surprised this year. I, I was really impressed with what Google Cloud was able to do with their event.

'R' Ray Wang: I think ServiceNow did a very, very good job as well. I would say that some of the smaller vendors have done a better job with creating a more intimate feel. And I think with those, that all helps. Nobody wants to go to these big events with large booths that don't have a plan that, that have no flow. It's pretty bad when you're in one of those scenarios.

John Madden: So in your travels, was there any one technology or use case you've seen recently that just really wowed you? I know you get really passionate about a lot of different things, but has there been anything you've seen lately that you saw at either a show, you are ever like, wow, I hadn't thought of that. Or that's really unique, or that's really cool.

'R' Ray Wang: I go to too many shows. And I would say like the, I think it's the shows actually where you actually have people holding conversations outside. It's not like a demo or the show or the conversation there. It's the people that can bring you in to actually have a conversation about what do you do. And it's very rare. I mean, if you have really good folks that are bringing in people, I mean, I don't know

how to call them, but they're basically hosts. They're hosting you through your booth. And I think I've seen some, I've seen some booths where like, they really walk you through an experience. It's not like you're just standing there, like they walk you from demo to demo to pod to a journey, it's basically a guided tour. Like a personalized guided tour, like a docent, you know what? It's more like a docent in a museum.

Gurvinder Sahni: Love that. Love that. And then, you know, Ray, I want to also acknowledge and thank you, I know Persistent was called out as the enterprise service provider of the year for last year. We take that acknowledgement very seriously and thank you to your team for calling us out. Anything that you want to tell our employees and our team members, because we're very proud of this achievement. Persistent was also called the Most Promising Company of the Year by CNBC [India], we just declared our 16th straight quarter of growth in our results. Any message for our team members here from your side?

'R' Ray Wang: Yeah, I think the most important thing is to keep your creativity and keep your spirit of innovation. Customers need your help in terms of identifying problems and solutions that they would never thought of. And organizations often don't have the courage to do that. And so they're relying on you to help them think differently or find solutions they wouldn't normally have thought about or try a different approach. So don't be shy. Please share those with your clients because it will only benefit them more.

Gurvinder Sahni: What I can say is that we are very persistent on that point, Ray, so you will we will keep going that path alright.

John Madden: Thanks to Ray Wang, Chairman, Founder and Principal Analyst at Constellation Research. Ray, thank you very much for your time. We know how busy you are and thanks for all your insights and the conversation today. We really appreciate it. And we look forward to having you back soon, Ray.

'R' Ray Wang: Thanks for being such a great host.

John Madden: Thank you to our listeners and viewers for joining us today for the Persistent Podcast. Remember, we want to hear from you. We want you to join the conversation. To learn more, email us at podcasts@persistent.com. I'm John Madden, Global Thought

Leadership Marketing Director of Persistent. On behalf of me and my cohost, we'll see you next time.

