VMworld Executive Leadership Summit

Las Vegas, NV

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Executive Summary

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Better and Faster: The Proven Path to Unstoppable Ideas
Jeremy Gutsche – CEO, Trend Hunter

Anna Dorcey welcomed the group to the 4th VMware Executive Summit, thanking everyone for their participation and encouraging open, honest feedback. After a brief overview of the day's agenda, she introduced Jeremy Gutsche, CEO of Trend Hunter, for the opening keynote.

Jeremy got the meeting off to an energetic start with an animated discussion on breaking down barriers that hinder innovation. Everyone is capable of innovation; people fail to execute due to lack of tactics, tools, and time.

The list of missed innovation opportunities in history is enormous – from Romans with the Orban Cannon to Western Union with the telephone to Blockbuster with Netflix. Market leaders often overlook innovation; opportunity starts off subtle and awkward. Actively practice awareness of the subtlety of disruption: be open to new ideas, assume you are incorrect, reset your mind, ask questions, and shock yourself into action.

Neurological wiring is an aid for survival and efficiency, but can hamper creativity and innovation. Saying "no" to a new idea is easy; saying "yes" can lead to uncertainty. Innovation is science - it is essential to train your brain to look at problems from different perspectives, creating new pathways to find different patterns.

Innovation does not solve itself; bring people together to do something new. Create optionality – select actions that open up the potential for future opportunities. Escape your typical routine. Give permission to take risks. Fuel audacity. Create collisions. Ignite passion. Spark inspiration. Be different.

Agents of Change: From Vision to Reality

Rene Lopez – Managing Director, Delta Airlines
Keith Blizzard – VP, IT End User Services, Johnson & Johnson
Sanjay Poonen – COO, VMware

Sanjay Poonen hosted the first panel discussion, inviting Rene Lopez and Keith Blizzard to the stage to share thoughts and insights on IT execution. Sanjay began the conversation with a set of questions examining business goals and strategy, then opened the floor to further areas of audience interest.

- **Mapping Business Goals to IT Execution**
  - **Rene:** Utilizing technology to deliver on customer experience; CEO understands this will be a differentiator. Making our employees happy to in turn making our customers happy. We spent many years building out complex technology; need to simplify basic IT functionality as we move toward greater automation.
  - **Keith:** Healthcare IT is acutely aware of how their jobs help peoples' lives. Everything is about getting technology problems out of the way so staff can do their work, collaborate, and find cures. There is a substantial level of responsibility as personalized medicine moves forward, ethical dilemmas surrounding technology and health data. Is the right security in place? Do we collect the right level of information and provide proper controls? How to leverage disruptive technology in a secure way?
- **Public vs. Private Cloud**
  - **Rene:** 90% private cloud today. SaaS is driving adoptions with analytics capabilities and big data. Expect a 50/50 split in a few years.
  - **Keith:** 60% on premises today, using Azure and AWS for public cloud. Have a public cloud first strategy, expect 80%-90% on the public cloud going forward. Clouds are not the same, expect to use different vendors based on their specific capabilities.
- **Application Strategy**
  - **Rene:** Currently around 900 apps. Expect to reduce volume by 20% while driving those that remain toward a cloud-native model. Evolving legacy applications (e.g., 50 year old mainframe reservation system) at the core of the business is challenging.
  - **Keith:** 16K applications, which is down 40% from the previous level. It is essential to prioritize innovation with addressing ongoing challenges. Moving forward with a 100% cloud first goal, utilizing PaaS, serverless, and Kubernetes/containers. Continue to run into challenges with out-of-the-box software (e.g., Microsoft) that does not align nicely with this approach.
- **Device Deployment**
  - **Rene:** Everyone has corporate phones, BYO policy on laptops. 98% Windows devices, but this is changing over time as millennials enter IT. Recently replaced in-flight crew Microsoft devices with IOS.
  - **Keith:** Corporate and BYO policies for both phones and devices, often dictated by national/regional regulations. Predominantly a Windows environment, but final selection is driven by work environment and financials.
- **Connecting IT Investment to Innovation**
  - **Keith:** IT has access to immense amounts of data; how can we best harness this to improve business and operations? Continuously build on the proactive vision.
- **Staff Training & Collaboration**
  - **Rene:** Empower employees to make decisions. Try to fix things at first customer contact.
  - **Keith:** Build people up the right way. People who are not collaborative will fail.
- **Security in a BYO Model**
  - **Rene:** Using VDI, Workspace ONE to manage access and control data.

- **Consistency and Standards**
  - o **Rene:** Made a big push toward standardization to address large volume of previous custom projects. Remapped processes to drive code quality through consistency.
  - o **Keith:** Important to provide flexibility and choice to users or they will bypass IT. Understand the levels of service expected and differing requirements by BU and region.
- **Regulatory Compliance**
  - o **Keith:** Worked extensively with Amazon to align with requirements; now able to make decisions based on technical or business risks rather than regulatory concerns.
  - o **Sanjay:** VMware is working to mirror customers' existing terms with Azure and Amazon.
- **Funding Strategies**
  - o **Rene:** We work closely with security to understand software lifecycles, then develop joint plans. Budgeting and financials remain independent.

The Talent Competition - Why Inclusion is a Strategic Business Decision
Betsy Sutter – SVP & Chief People Officer, VMware

Betsy Sutter shared research and insights into the importance of building diverse organizations to help a company be successful in the increasingly complex and connected world. Changing business realities impacting staffing include:

- Order of magnitude more data than two years ago
- Automation creating job vulnerability
- Reduction/elimination of geographic boundaries to work/labor pools
- Millennials account for 50% of the workforce
- Talent looking for more transparency, better experiences, impact beyond the job

Diverse organizations and inclusive culture are key. Diversity directly drives corporate performance:

- Gender and ethnically diverse companies outperform their peers by 15% and 35%, respectively
- Diverse leadership improves market share by 45% while boosting new market share by 70%
- Every 1% increase in gender diversity leads to a 3% increase in sales revenue. Each point in racial diversity provides a 9% boost.

Changing corporate talent practices are hard to do, and it can be challenging to know where to start. VMware has built structure into the talent cycle which allows measuring and sharing of data. While improvements have been made with senior leadership, much work remains with middle management. It is essential to keep the conversation about diversity and inclusion front and center.

The board responded well to the presentation, requesting further information on the numbers and studies referenced. They shared challenges in finding sufficiently qualified candidates to even apply for jobs, especially outside of urban areas and technology centers. Personal experiences were cited with corporate training programs that sought out top talent from non-technical programs or looking for educated individuals who have dropped out of the workforce. With the mandate to retrain staff on new technologies (e.g., cloud) there is significant opportunity for businesses to grow their own talent as they work to improve diversity.

An additional question asked about challenges involving career growth and the reticence of technical staff to move into management roles. Betsy acknowledged the challenge of grooming middle management, pointing to both the importance of providing management skills training as well as developing parallel seniority growth tracks for individual contributors.

Perspective: The New IT Leadership

Matt Aiello – Partner, Heidrick & Struggles
Tarun Iguganti – Partner, Spencer Stuart
Betsy Sutter – SVP & Chief People Officer, VMware

Betsy continued her look at corporate talent, inviting executive recruiters Matt Aiello and Tarun Iguganti to the stage. After brief introductions, she led a discussion on executive search practices and the changing nature of IT leadership.

- **Executive Market Environment**
    - **Matt:** It is an amazing time to be in these roles. Clients are creating new organizational structures, leading to an active and dynamic market. The CIO is critical to corporate success, as even non-technology companies look to leverage data.
    - **Tarun:** 2018 was the best year in the executive search business. The demand for talent is huge. Companies and boards are challenged to stay ahead of disruption. IT is sexy again.
- **Growth and Change**
    - **Matt:** Looking for skillsets including business transformation and operational engagement rather than fundamental business model changes. Robotics, AI, and ML are more in demand than ERP or SAP.
    - **Tarun:** Security, data, and engineering are the fastest growing areas. Executives from software areas are seen as having the proper mindset.
- **Technical vs. Soft Skills**
    - **Matt:** Important to understand what stakeholders the role will interact with. Who outside of IT will they work with and how will they influence them? Soft skills are always required; will not present candidates who cannot tell stories.
    - **Tarun:** Technical skills are table stakes, more important now than ever before. If a business cannot understand technology and make proper investments, they risk being completely disrupted. Be grounded in technology and know how to deliver it.
- **Career Management**
    - **Matt:** Much hiring is about risk management; the best way to get a CIO job is to be a CIO at your current company. Work on your network; build up a community of people who believe in you. Understand the supply of jobs in your area.
    - **Tarun:** Make time for your career. Find mentors, ponder your accomplishments, identify your gaps. Do this continually; do not wait until you are considering a new job.
- **Candidate Diversity**
    - **Matt:** The situation is still not where it needs to be with the middle management talent pool. Remain aware of personal biases in recruiting and look at as broad a talent pool as possible.
    - **Tarun:** Look creatively at the educational system and pipeline. We do not create the talent pool, but are aware we can look at it creatively to bring different candidates with different benefits to client.
- **Career Trajectory, CIO to COO to CEO**
    - **Matt:** Beware of additional challenges that may come with moving into the role; you will be competing for the next job against COOs who are much more experienced.
    - **Tarun:** COO is a much different role that CIO, but the overlap in skillsets is increasing as CIOs become more critical to the business and digital savviness grows in importance.
- **Innovation**
    - **Matt:** Most firms do not hire idea people; they want someone who gets work done.
    - **Tarun:** Innovation is central to technical leadership; find ways to help people innovate where they desire to.

Executive Branding
Anna Dorcey – Americas VP of Marketing, VMware
Claire Dixon – Chief Communication Officer & SVP, VMware

Anna Dorcey sat down with Claire Dixon for a brief discussion on the importance and practice of executive branding.

What is executive branding? Personal branding is similar to branding of a product or corporation. Think about how you act, speak, and appear. Be authentic. Seek input from your personal network, those who know you well. Your personal brand is on display every day – the issues you engage with, your interpersonal relationships, your response in a crisis.

How do you extend your brand? Look for opportunities to actively engage in social media to further promote your brand. A LinkedIn profile is important far beyond a job search. It is the first thing many people will look at; a social platform to help your voice be heard. Connect regularly and review the data on what gets traction. Reach out to corporate comms team for further information on policies and standards.

Where can you find mentors? Find mentors in different business areas to help address your gaps and areas for growth. See out people at conferences or through social networks, setting up recurring discussions on issues large and small. Most people are eager to help; the key is simply asking.

How is VMware helping executives promote its investments? Bringing together a diverse portfolio of products and technologies is challenging. VMware is promoting a high level message of digital transformation, a ubiquitous infrastructure on which to build business. Reach out to your account teams for marketing resources and further collaboration.

Critical Transitions: The Transformation Journey
Pat Gelsinger – CEO, VMware

Pat Gelsinger returned to address the executive summit, sharing business insights along with his personal story of career growth. Pat reflected on his path from a farming family to eager college student to entry job at Intel. He highlighted an active mentorship from Andy Grove, citing its importance of driving self-reflection and professional maturation. In closing, he addressed questions from the board on career challenges and inflection points, his most sought-after aspects in leaders, and the next step in his personal journey.

On managing your career: Find something you are good at and love to do, then pursue it with passion. Do a great job with where you are while preparing yourself for what is next. Continuously aspire to more significant roles and leadership opportunities in your business.

On dealing with failure: When you are successful you do not grow; you grow in times of change, challenge, and failure. Do not hide your failures – you need to do the opposite, as those are the things that drive you to change.

On success: The more successful you are, the more humble you need to become. Successes are your organization's; failures are due to your lack of leadership. This practice does not come easily.

On what to look for in leaders: Depth combined with horizontal capacity; people rise up because they are good at something, then demonstrate the ability to broaden their reach. Leaders must have opinions backed by data which they are willing to defend. They should be people who will challenge you and make you better.

On what to look for in partners: You cannot choose all your partners, but you can be selective in who you partner with in depth. Ensure a cultural fit; it is important to not make a bad investment.

On his future: Three central tasks are still on the table at VMware: taking the company to $20B; restructuring the entire security industry; and building successorship.

Operationalizing for your Digital Business

Bask Iyer – CIO & EVP, Dell & VMware
Jaynene Hapanowicz – SVP, IT Infrastructure, Dell
Raghu Raguhuram – COO, Products & Cloud Services, VMware
Rajiv Ramaswami – COO, Products & Cloud Services, VMware
Ray O'Farrell – EVP & CTO, VMware

Bask Iyer hosted a question and answer session with VMware executives that explored operational realities of digital transformation. Panel members shared personal experiences from leading their teams through these shifts in technology and process, addressing topics raised both by Bask and summit attendees.

- **Dell's Transformation**
    - o **Jaynene:** Dual challenges of integrating EMC while building out the private cloud. People and processes are equally as challenging as technology. Tried many models, made mistakes; it is important to discover the specific model that works best for each organization and sell people on how their actions are helping change the company. Be ready for the journey, and learn from it.
- **Day 2 Operations**
    - o **Rajiv:** Focused on automating, adding intelligence, and simplifying. Putting an HCI foundation in place simplifies many disparate tasks, allowing greater focus on application and business issues. Product Dimension will enable delivery of services to the infrastructure, further reducing the burdens of management and monitoring.
- **Cloud Reality**
    - o **Raghu:** Stop thinking about data centers; start thinking about centers of data. Customers want a consistent infrastructure and operational model to streamline application mobility. Cost equations will change as models shift from moving data up to the cloud into moving compute down and out to the edge.
- **Management Consistency**
    - o **Ray:** Operational consistency is key as workloads move from data centers to the cloud to the edge. VMware delivers on this well, but acknowledges gaps and breakdowns exist. Product Dimension will be key to maintaining consistency.
- **Managed Service Providers**
    - o **Ray:** The VMware management model does preclude active outsourcing and managed services; it aims to provide flexibility in moving workloads in a cohesive, unified manner.
- **Governance**
    - o **Rajiv:** Governance is a core factor, with cloud automation services monitoring deviations from best practices or compliance standards. VMware will continue to actively expand in this space.
- **IT Development**
    - o **Rajiv:** VMware has done a mediocre job at simplifying APIs and is working to dramatically improve in the space. Want to create an accessible, inviting space for developers and product partners.
    - o **Ray:** Customers automatically see Amazon at a single, high level; this is not how the traditional data center evolved and not how they think of VMware products.
- **Offering Maturity**
    - o **Rajiv:** Actively working on delivering consistency between cloud offerings. Acknowledge the fact that some service offerings (e.g., Amazon, IBM) are more mature than others (e.g., Google, Microsoft).

An Interview with Pepper - When AI Meets IT
Don Boulia – GM, Development Services, IBM

Don Boulia concluded the presentation sessions with thoughts on the IBM relationship with VMware – highlighting the strong alignment of technologies to best leverage the power of AI for IT. He noted the importance of maximizing value from the cloud to unlock the power of generation 4.0 technologies (e.g., IoT, blockchain, AI).

To demonstrate the potential for workplace transformation, Don invited VMware executives to speak with Pepper, a robot powered by Watson AI in the cloud. Using interactive voice dialogue, Ray and Raghu were able to provision a custom VM workload at a remote IBM data center, free of GUI interfaces and management tools.

In closing, Anna Dorcey returned to thank the group for its engagement and reinforce the message of ideation, innovation, and transformation. She encouraged further dialogue at the executive reception and wished everyone an enjoyable VMworld.