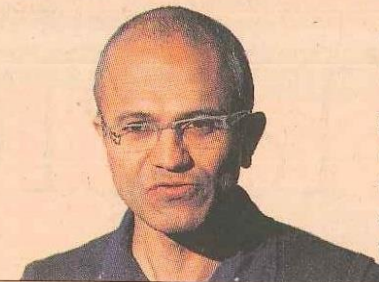


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ON ARTIFICIAL INTELLIGENCE

Satya Nadella, CEO, Microsoft

Artificial intelligence is getting built into every experience, and we need to take data and compute to where it's generated. Whether in an autonomous car, on a factory floor, or in a hospital, every one of these experience is going to be powered by AI.

● **INTERVIEW: HUBERT YOSHIDA**, VP & CTO, Hitachi Data Systems

Indian culture is full of innovation

India is going to be a very exciting market, says Hubert Yoshida, vice-president and chief technology officer, Hitachi Data Systems. "There is a lot of opportunity to improve the existing core infrastructure, hence there is growing focus on Digital India, smart cities and numerous e-governance projects," he says. Yoshida is responsible for defining the technical direction of Hitachi Data Systems. Currently, he leads the company's effort to help customers address data life cycle requirements and resolve compliance, governance and operational risk issues. On a recent visit to India, he spoke to Sudhir Chowdhary on the need for digital transformation and its impact on business outcomes. Excerpts:

Digital technologies are transforming our world. Are we ready for this digital transformation?

There has been an explosion of technology—cellular phones, smartphones and a lot of other devices. But OECD financial data shows that almost every country has declined in productivity. The explanation for that is although we have new technologies we are not really using them in new ways. Also, it is not just about technology, it is about the business processes used by people. The business processes have to change and this is what digital disruption is all about. That is why taking these technologies and applying them in new innovative ways can help produce better business outcomes.

Aren't some companies still mired in old compensation models based on key performance indicators (KPI) that don't take into

account digital transformation efforts. Do you find that successful companies have changed compensation models?

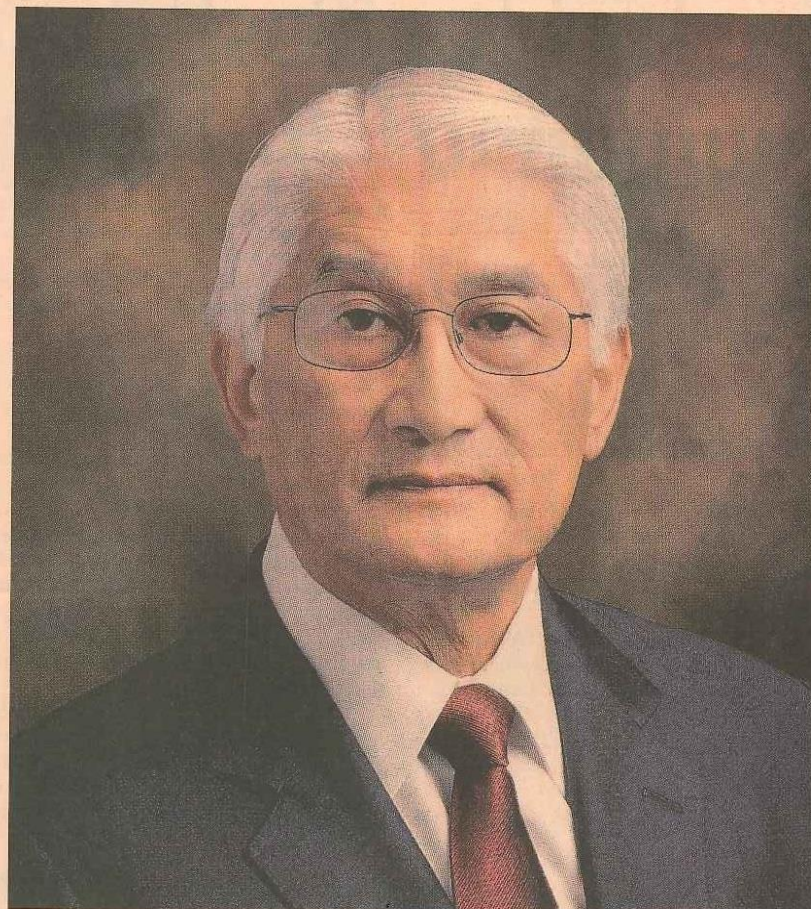
When we charge on the infrastructure side or hardware side, it is more of the CapEx OpEx pay as-you-go, on-demand capacity basis. On the licensing side, it is subscription-based and on the services side, it is outcome-based. You do not get paid unless you deliver desired outcomes. So, all those compensation models have changed and that has impacted the business because when you make those changes the cash flow takes a hit.

But those things are necessary and I see more companies doing that in order to be successful in this new environment.

What are your views on the Indian market with regard to adoption of new technologies?

The Indian market is going to be a very exciting market. With the political situation and growing focus on Digital India, smart cities and the ever-growing talent, Indian culture is full of innovation. If you look at the nationalities of data scientists in Hitachi, most of them are Indians. And they are innovators as well. There is a lot of opportunity to improve the existing core infrastructure, and I feel that is why Prime Minister Narendra Modi is pushing for Digital India.

Broadly, the technologies will be around analytics. The different types of IoT technologies that are combining operation technology (OT), information technology (IT) and automation through the infrastructure will



We have done some acquisitions in India, mostly around skill sets and people services. The Indian market is large and so is the potential. The investments are coming into R&D and business.

definitely come to play.

How has been the journey for HDS in India?

There is a lot of investment coming to India. We have signed some very large memorandum of understandings; for instance, Hitachi, Siemens and CII have got into a consortium to enable certain smart cities in India. We have done some acquisitions in India, mostly around skill sets and people services. The Indian market is large and so is the potential. The investments are coming into R&D and business. We are also acting as One Hitachi now. Earlier, one part of Hitachi did the manufacturing and the other did the IT and consulting.

How does HDS build its intellectual property

and prowess in technology markets like cloud, virtualisation and data analytics?

We have changed our R&D focus. Earlier, Hitachi was known for its central research labs. Now we have decided that it is not about the patents, but more about the business outcomes. We still have a core visionary research group that has about 100 researchers. Then we have the technology innovation research group that looks into technologies like block chain, and then we have the largest group—the social innovation centres. These centres are around the world and work on co-creation projects with our customers.

Are there any specific challenges and areas of opportunity for digital transformation?

Transformation and IoT revolve around data. The biggest problem is that companies have created silos of data. So we have to go back-end and create data lakes using Pentaho that does data indigestion and helps us extract, transform and load across the data lakes. Sometimes, we have to go back down to the infrastructure and clean that up before we can move to the upper levels.

Even smart cities depend upon information that is shared between transportation, energy and traffic. If the governments have locked that up into silos, it becomes much harder. Sometimes, there are consortiums or politics gets into it and then you still have these silos.

We see more willingness here in India for government projects to cut through all those political silos.