Capgemini
RESEARCH INSTITUTE

NURTURING THE
future
OF WORK

HOW ORGANIZATIONS EMPOWER TALENT
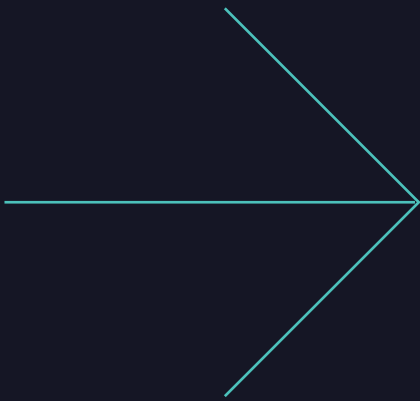
Con
ver
sa
tions
FOR TOMORROW

Quarterly review
N°6 — 2022

The CEO Corner

Jean-Pascal Tricoire
Chief Executive Officer,
Schneider Electric

Schneider Electric

in discussion with

Aiman Ezzat
Chief Executive Officer,
Capgemini

Capgemini

The CEO Corner

Jean-Pascal Tricoire
Chief Executive Officer,
Schneider Electric

Jean-Pascal Tricoire has been Chairman and CEO of Schneider Electric since 2013. Over his 35-year career at Schneider Electric, Jean-Pascal has held diverse positions in France, Italy, China, South Africa, and the US, and is currently based in Hong Kong. He is a director on the worldwide Board of the UN Global Compact, a UN #HeForShe Corporate IMPACT champion, and a Member of the International Business Council of the World Economic Forum. Jean-Pascal also sits on the Global CEO Council of China's Premier Li Keqiang and the Advisory Board of the mayors of Beijing and Shanghai.

Schneider Electric, a global leader in energy management and industry automation, develops related technologies and solutions for electricity distribution. The company also offers energy and sustainability, field and automation, cloud, and consulting and training services. With a global presence in over 100 countries, Schneider enables the digital transformation of energy management and automation in homes, buildings, data centers, infrastructure, and industries. Schneider's revenues in 2021 amounted to 28.9 billion euros, with over 128,000 employees.

Aiman Ezzat
Chief Executive Officer,
Capgemini

With more than 20 years' experience at Capgemini, **Aiman Ezzat** has a deep knowledge of the Group's main businesses. He has worked in many countries, notably the UK and the US, where he lived for more than 15 years. Aiman was appointed CEO in May 2020; prior to that, from 2018 to 2020, he served as the Group's COO and, from 2012 to 2018, as CFO. Aiman is also on the Board of Directors of Air Liquide and is a Member of the International Business Council of the World Economic Forum.

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. Capgemini is a responsible and diverse organization of over 340,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations. The Group reported in 2021 global revenues of €18 billion.

The Capgemini Research Institute spoke to Jean-Pascal and Aiman to understand their views on the future of hybrid work, and to ask them how organizations can create value through sustainability and deliver outcomes by combining servitization with digitalization.

MAKING HYBRID WORK ENGAGING

Hybrid working has been a Schneider Electric policy for around two years now. What are the lessons you have learned during this period?

— Jean-Pascal: Hybrid isn't new to us; we were in a hybrid environment even before the pandemic. Over the past three years, we've learned that you need to be very flexible in your relationship with employees. People have shown that they can work efficiently away from the office, thanks in part to the technologies that enable this. However, the preference around working location is an individual choice, although we've seen that both culture and geography impacts it. Some are very eager to go back to the office, others struggle with the concept of returning.

We also learned that our multi-hub model, with four regional hubs in North America, Europe, China, and India, is a strength of hybrid working. It allows individuals to take up global roles close to their families or, if they prefer, experience new parts of the world as they move from role to role.

The conclusion is that for any company, you need to be flexible with employees to work as it is most suitable for them.

How do you see hybrid working evolving in the next few years?

— **Jean-Pascal:** The future of hybrid work will be about mass customization, allowing every employee to customize working environments to their personal circumstances, career, or life stage. All of us have learned to work remotely, and as a result the processes of our companies have adapted to make way for it. We, however, need to have a hybrid work model which includes relevant time spent together, but is also open to those personal preferences.

Returning to offices will be largely determined by function and geography; however, there are some instances where we need to be together. Being in the office is particularly important for new recruits and employees near the beginning of their careers as it provides a place for them to learn about organizational culture, which can be challenging to understand remotely. By extension, experienced colleagues need to be present to train and mentor younger employees. Such interaction is crucial to fostering loyalty to the company and coaching future leaders.

— **Aiman:** Hybrid working is here to stay. At Capgemini, we have introduced team rituals and adapted leadership and management practices to the new work environment. Encouraging the development of attributes such as authenticity, emotional intelligence, openness to change, and the ability to create a culture of trust in which employees feel empowered will be key to a functioning hybrid workplace. Technological advancements and organizational efforts to improve employee experience will make hybrid work more engaging.

> **"The ability to create a culture of trust in which employees feel empowered will be key."**
>
> Aiman Ezzat

"

Hybrid work will be about mass customization, allowing every employee to customize working environments for their personal circumstance, career or life stage."

Jean-Pascal Tricoire

"

The Great Resignation is an opportunity to bring in new talent."

Aiman Ezzat

What do you think are the root causes of the "Great Resignation," and what can organizations do to combat high quitting rates?

— Jean-Pascal: During the pandemic, a backlog of resignations built up, so this might have distorted the rates a little. Moreover, the pandemic brought a whole slew of environmental factors to bear on work-related decisions. People began to question whether they needed or wanted to live in an urban environment or whether they should be nearer family. They've also been questioning whether they are on the career path that is right for them. So, it's not all down to what organizations are doing or not doing; in part, it's down to the fact that people have had more time and space to reflect.

The barriers to Gen-Z's quitting, in particular, are low, as they haven't had time to build a strong relationship with their organizations or colleagues. They are generally more flexible in terms of office-based work, usually being free from family constraints. Nonetheless, the workplace experience can be challenging for younger people as they leave university and cohorts of people in their age range join organizations and have to work with people from different generations. Organizations must ensure they offer inclusiveness and a welcoming workplace by assigning the right mentors. The younger generation also expects to work in companies that prioritize sustainability and digitization, as well as flexibility and inclusion.

— **Aiman:** The "Great Resignation" is not a crisis but a new reality and an opportunity to bring in new talent. In spite of a very challenging environment and increased attrition, we increased our workforce by 50,000 people in the past 12 months (as of 3Q22). We developed a state-of-the-art talent-management system, incorporating global hybrid-working policies, diversity and inclusion programs, world-class digital training, accelerated promotions, and employee mobility, all of which enables us to reinforce our positioning as an employer of choice.

ACCESSING UNTAPPED TALENT POOLS

SINCE 2021, SCHNEIDER HAS HAD 42% AND 44% REPRESENTATION OF WOMEN, RESPECTIVELY, AT BOARD AND EXECUTIVE COMMITTEE LEVELS.

Jean-Pascal Tricoire

How are you addressing the skills shortages in your respective sectors?

— **Jean-Pascal:** We are living and working with technologies that didn't exist 10 years ago. It means we need to train people. It starts with investing and upskilling your own people, particularly around digital technologies. We also have a long-term engagement supporting internships and vocational training to train people in both academic theory as well as real-life applications.

We are also further developing our multi-hub model, which places our

decision makers in different places around the world. This allows us the opportunity to tap into a large pool of talent. Within this model, every individual has the opportunity to access the highest level of the company without leaving their home time zone (if this is their preference), which is a major attraction.

Lastly, we embrace diversity in all aspects; for example, accessing a previously untapped talent pool by hiring women who are looking to re-enter the workforce following a career break. Since 2021, Schneider has had a 42% and 44% representation of women, respectively, at board and executive committee levels.

— Aiman: We continue to reinforce our industry-focused skills in areas such as intelligent industry and 5G. Through NEXT, a digital learning experience platform, we are making learning programs from providers such as Coursera and Pluralsight accessible to all our employees. This enables our people to continually grow their business, professional, and technical skills and knowledge to be fully empowered in driving their careers.

At the height of the COVID-19 pandemic, we launched a program to help women in rural India develop their IT skills, ultimately, to establish careers in the technology sector. In the current labor market, organizations need to be on the lookout for talent, even in non-typical environments. In Brazil, we are upskilling Uber drivers to join Capgemini as junior associates.

> "
> **Organizations need to be on the lookout for talent, even in non-typical environments. In Brazil, we are upskilling Uber drivers to join Capgemini as junior associates."**
>
> Aiman Ezzat

WHY SUSTAINABILITY IS GOOD FOR BUSINESS

Schneider Electric is aiming to have in place a net zero supply chain by 2050, with precise steps for 2025, 2030, and 2040. How will you ensure that all suppliers/stakeholders contribute to these goals?

— Jean-Pascal: It is teamwork, but the good news is that today this journey is becoming a common goal for many companies. Everyone is realizing that a business built for sustainability is built to last. Companies are also facing increasing pressures with ESG participation, not just from investors, but from countries and from other companies too.

"

There's an old perception that sustainability conflicts with performance. In reality, sustainability forces you to streamline your organizational business strategy."

Jean-Pascal Tricoire

At Schneider, scope 3 emissions account for more than 99% of our group carbon footprint, so working with our suppliers and integrators is essential if we are to meet our carbon commitments.

To make sure we meet our goals we've, over the past 20 years, realigned our entire corporate strategy around sustainability. First, with what we do in business, refocusing our portfolio to harness technology for efficiency and sustainability. Secondly, we consistently measure our efforts with programs and KPIs to monitor our own performance. In the past 20 years, we've reduced our energy use by 10% every three years. Third, we make sure that our entire ecosystem is engaged on this journey. It means embedding sustainability in our company culture and helping all stakeholders advance on this journey. And finally, we have put in place the proper governance at every level to oversee this.

Our research indicates that many organizations still view sustainability as a cost driver. How do you convince your clients to invest in sustainability?

— **Jean-Pascal:** There's an old perception that sustainability conflicts with performance. In reality, sustainability forces you to streamline your organizational business strategy. Being more sustainable is actually good for a company's P&L. In today's world, sustainability is a license to operate but it is also necessary to attract the best talent, which is the ultimate foundation of the wealth of any company. Our customers are starting to understand that sustainability is an investment, rather than a drag on organizational growth.

Lastly, if you want to work with any flagship companies, you're going to have to show your commitment to being sustainable because you are a part of their scope 3. A company's sustainability efforts are becoming a qualifier to sell to someone else.

— **Aiman:** Capgemini has a longstanding commitment to environmental sustainability, with the strategic aim of mitigating our own environmental impact but also helping our clients deliver their ambition. We are supporting the Swiss luxury brand Breitling on its journey to net zero, driving their global carbon accounting by combining ourexpertise in sustainability measurement with Salesforce Net Zero Cloud. Overall, we are contributing to the digital backbone of Breitling's transformation to a fully sustainable company. And there's ever-increasing client interest in sustainability. We currently have 14 offerings in our sustainability portfolio. We bring sector-specific solutions to drive positive, tangible business outcomes across the whole value chain of our clients' organizations.

"We've built a complete enterprise metaverse capable of digitizing processes, power and energy supply into one 3D model, which is collecting and adapting to real-time data, processed at the edge or in the cloud. "

Jean-Pascal Tricoire

Con
ver
sa
tions
FOR TOMORROW

Could you highlight a couple of sustainability innovations that Schneider Electric is working on?

— Jean-Pascal: In our sector there are two disrupters to the equation of sustainability: digitization, the way to address waste, and clean electrification, the way to eliminate carbon. The big thing is efficiency everywhere and in every direction.

We've built a complete enterprise metaverse capable of digitizing processes, power, and energy supply into one 3D model which is collecting and adapting to real-time data, processed at the edge or in the cloud.

We've empowered customers to digitize their resource consumption and tackle scope 3 emissions. Our agnostic software and smart-grid architectures contribute to electrification and decarbonization. We've deployed cloud-based platforms to increase the effectiveness of power usage, improve efficiency, optimize value chains, and supply customers with information.

Also, I'm proud that Schneider is the first company to eliminate SF6 greenhouse gas from the power grid, instead using only air.

THE 'SERVITIZATION' REVOLUTION

How is the move from product-led to services-led business models affecting your industry?

— Jean-Pascal: We welcome digitization, which makes the transition from product- to services-led business much more accessible. At Schneider, around 10% of turnover comes from recurring services that were previously transactional. It's a revolution for us, and is by far the fastest-growing aspect of the business. By building our subscription revenue, we are establishing an ongoing relationship with that customer base, making the model doubly valuable to us. The number of connected assets has increased by at least 50% a year over the past five years. Most of our value propositions develop around the circularity of our systems, recycling and upgrading to bring more appetite for subscription.

— Aiman: Fueled by the rapid development of technologies, including cloud, artificial intelligence, the Internet of Things, edge computing, and 5G, servitization is the next growth market. These disruptive technologies, coupled with access to real-time data, enable organizations to offer consumption-based, value-added services. This shift from "product" to

"product + services" will improve efficiency, reduce costs, and create new revenue streams for organizations. However, by elevating customer experiences, service-led models also raise customer expectations. For instance, if an organization is using robotics-as-a-service for its warehouse operations, it will expect the service to deliver higher productivity by proactively addressing potential maintenance and performance issues.

We will deliver Alstom's first software-as-a-service platform to enable digital rail services for its customers. The platform is cloud-based, cyber-secure, data-driven, and delivered in partnership with Microsoft. The project will support Alstom's transformation towards being a smart and sustainable mobility leader, accelerating the move from product to digital services in alignment with the company's 2025 strategic positioning. Many organizations are driving towards digital services and looking to accelerate their ROI from digital investments.

Which changes do organizations need to make to succeed in the move from product- to services-led operating models?

—**Jean-Pascal:** Organizations need the courage to abandon legacy models and accelerate new ones. Organizations must be stubborn strategically and agile tactically in order to survive in a volatile environment. They need to have a long-term vision, but also the ability to pivot as they encounter all the obstacles along the way. Every decision or action should be a two-way door, which allows you to go back if the strategy misfires.

> ## Servitization is the next growth market."

Aiman Ezzat

> ## "At Schneider, around 10% of turnover comes from recurring services that were previously transactional. It's a revolution for us."

Jean-Pascal Tricoire

Which new technology are you most excited about and why?

—Jean-Pascal: Our industry is addressing the biggest challenge of our generation, which is climate change. Going digital is the first step in the clean-energy transition. Digitization improves efficiency and connects every step of the value chain. It allows consumers to make better-informed decisions. Energy decentralization through electrification and digitization fascinates me. I'm excited to be leading one of the companies enabling people to take control of their energy use.

— Aiman: Digital, cloud, and data, combined with AI, offer a compelling opportunity across our clients' entire business value chain – from customer experience to the design of new products and services, to the digitalization and transformation of manufacturing and supply chains and the radical redesign of business-management systems.

From a future-of-work perspective, increased automation, advances in the metaverse, virtual reality, augmented reality, and Web3 are scaling up human capabilities and accelerating development.

What would be your advice to your CEO peers about managing in an uncertain environment?

—Jean-Pascal: : Helping each other, and importantly exchanging points of view with people who are different to you, those that live in different places, or have different educational or environmental backgrounds. Perhaps you'll have disagreements, but we can learn much more through understanding our differences than trying to go it alone.

— Aiman: Talent, innovation, and sustainability are the top priorities we must act upon collectively to build the future of work – and the future of society as a whole.

Con
ver
sa
tions
FOR TOMORROW

Jean-Pascal Tricoire
Chief Executive Officer,
Schneider Electric

Aiman Ezzat
Chief Executive Officer,
Capgemini

"Going digital is the first step in the clean-energy transition."

"Digital, cloud, and data, combined with AI, offer a compelling opportunity across our clients' entire business value chain."