

## Veteran CTO Shares Real World Experiences Leveraging Enterprise AI



Do you ever wonder what would happen if you could get 45% to 60% more work done without adding a single person or hours to your team?

And, what if that made the work more fulfilling for everyone?

Frank Casale, IRPA AI Founder, sat down with Mike Brady, Former CTO at AIG and SVP at Kaiser Permanente, Fidelity

Investments and Merrill Lynch to discuss how to achieve a whole new level of productivity, the integration and benefits of CoBots, the widening digital talent gap, why you should think about moving beyond RPA and so much more in this exclusive interview.

**Frank:** I have been quoted as referring to RPA as a digital gateway drug, meaning most of our members start there, but within 12-18 months they look to enhance their automation efforts with intelligent automation, AI, ML, etc. Do you agree with that concept?

**Mike:** I absolutely do. RPA is an important stepping stone across a divide. On one side you have your original automation, as simple as OCR (optical character recognition), or, if you could truly do it, you could build a brand-new end-to-end system. We see them on the web today - companies that were born in the cloud. Or, you have what so many of us face today, multiple systems across our companies. RPA serves as that digital connector building those roadways between our systems.

**Frank:** So, you dabbled with RPA to see what it can and cannot do?

**Mike:** I supported a large-scale RPA implementation processing over \$100+ million dollars of payments every single day. It worked wonders, until the weekly system software changes went in. Those changes invariably broke some RPA routines.

**Frank:** How did you overcome those challenges?

**Mike:** By building on the learnings of RPA, I realized you can't have humans stay on top of the speed and pace of change anymore, from transactions to simple

system changes. Machine Learning (a component of AI) on the other hand, learns through experience and observation. Implemented properly, it has the ability to adjust itself to the myriad adjustments our companies face daily.

What we learned with 90-day pilots was the freedom of having the machine learning (ML) algorithms adapt and adjust as the environment changed. The systems would detect changes, and then automatically build corrections for them. To effectively manage this, we created a protocol that requires a human manager in the loop. Each manager reviews and approves the recommended ML adjustments and has responsibility for curating the training of the ML system in much the same way as managers guide and train employees today.

**Frank:** People always ask us about what kind of internal resources they need. I'm sure you started somewhere and then you learned and evolved. If you had to design the ideal team, who is involved? I know it may depend on the process, but what did you learn as far as what the ideal team looked like?

**Mike:** With multiple successful implementations now, what I have learned is to approach each of these as a lean startup with small teams using agile approaches. I find the best teams are optimistic, cross-functional and encompass business knowledge, process skills and technical acumen. They aren't building milestones and charts, instead they are moving very, very quickly and iterating. They would take a process from concept to production pilot in 90 days.

By doing that with 12-person teams, we are able to quickly learn, test and implement. Many people say it's about failing fast – instead, I call it winning fast. We are able to immediately validate the ideas and see incremental results. There is a philosophical underpinning to this - do you buy and implement, or do you build? My philosophy was to buy trained ML algorithms and implement them. That enabled us to move quickly, get real results and solve for speed.

There are many other great companies that are building bespoke machine learning systems and effectively training their own algorithms from the ground up. This approach would also work with that, just be prepared for longer timelines and less certainty of success. My philosophy is to buy trained algorithms, tune them, train them for a specific environment and implement. There's so much to learn, that the time to those first automated transactions are key.

**Frank:** That makes total sense. And create a time to market, right? You touched on this, but I wanted to ask how you handled the talent gap within your organization. Part of what we learned this past year is within our membership,

Mike, the biggest challenge recently, or certainly the top two or three, is not limited to the tech – it is really talent. So, software scales and people don't.

There is no sign of that getting better - it is going to clearly get worse. Both starters and scalers are getting anxious about where we find the people to do this. How have you tackled that?

**Mike:** It goes back to when you and I first met 20 years ago with the Outsourcing Institute and we were facing the exact same challenges. Entirely new business models were being created with the initial waves of transformational outsourcings. At the same time, we faced many of the same questions back then – how do we adjust our management approaches, teach scale and train people, design effective governance and management practices and build partnerships? In much the way we created new management models then, digital labor is an exciting and completely new productivity capability that needs a comprehensive management model, which is yet to be created.

The way we are approaching scale now is, I found, by putting more process thinkers in, design thinking people. I like hiring ex-G.E. folks and some coders putting them together in the same room and allowing them to not get caught in the existing corporate “immune system”. You can then watch them move quickly, which builds early wins – it's that success that attracts internal talent and created a positive reinforcing cycle.

Those 90-day pilots, some successes, getting them into production, starts attracting talent. You can train them. But the approach I use is a center of excellence internally. The big need is coming up with the codified outsourcing boot camp equivalence and today the codified training materials. The curriculum hasn't been written yet. It is being discovered independently as all our companies and colleagues implement and scale ML together.

**Frank:** I agree. We are also seeing people kind of crafting ratios of how many people they want to hire, versus how many people they want to contract, versus what they want to do through a service provider. And, we are going to come back to the service provider in a moment. But I am curious, staying with talent and knowing the new world order is different than when you and I first met 20 years ago as far as the people who are successful, versus the people who struggle based on this pace of change - what do you look for when you hire people?

**Mike:** There are a couple of key things. I would like to say it is just one, but it does take a few attributes. I find that people who can learn quickly and are optimistic create phenomenal teams. With that, it is amazing what can be accomplished together.

**Frank:** Interesting. So, a theme that came up in a session we had several years ago, was that it's not just about toolsets, but mindsets. Your point is mindset, right?

**Mike:** Yes, mindset is an excellent way to look at this. It is that, combined with optimism and the innate continuous learning that keeps humans in the loop and leading. That's important. Let me tell you how we were able to brand and introduce our first machine learning systems into the organization; we called them collaborative robots – Co-Bots. They really helped the entire technicians' workday, by complementing them side-by-side and addressing some of the overwhelming number of tasks, our teams were able to stay ahead of the noise and work on more challenging items. It changed their day in a positive way.

**Frank:** Super. You start and then you need to scale. What has been your experience in getting this to scale? And, what is your sense of what works and what breaks?

**Mike:** I see two ways to scale. One, is you put together very large-scale business cases with enormous upfront investment and milestone based programmatic delivery. And, that can be successful, but boy, it is challenging and fraught with risk. I go back to Eric Ries, the author of Lean Startup, and my six years in San Francisco / Silicon Valley. In that environment you learn about how new companies are born and built very differently than existing companies, which is why this is an almost magical time for so many of us.

As a startup, Eric would be the first to tell you that companies put together a multitude of business cases. With so much uncertainty in predictions those cases invariably end up full of MSU (Make Stuff Up). It's not to say those aren't ultimately very successful, but it's hard to tell at the outset which ones will be.

An alternate path is to start small with pilots or proof of concepts. You then use a lean startup approach, or an innovative pipeline approach, which gets the pilot your early successes quickly. From there, expanding and continual wins are just a matter of iterating. When I look back at our first implementations, it started with one set of Co-Bots and in 90 days we were up and running. Within a few weeks, they achieved a 15% automation rate. And, over the next three months, because it is machine learning, they were hitting 45% automation rate, without needing code changes. Their curated training from their managers in the loop was the key.

Right after that first deployment, we found needs for it here and there and is so many places. The next thing we know we've spun up many Co-Bots and one morning even found ourselves in Singapore applying the same approach to business processes.

## ABOUT MIKE BRADY



Mike Brady serves as a Co-Chair and Executive Committee member of the AI Pioneers, as well as a Board of Directors member of the Technology Business Council and an Advisory Board member of DocuSign. He's a globally recognized transformative IT leader focused on enabling business strategy, enhancing the customer-service experience and driving performance improvements through highly engaged and globally mobilized organizations...[Learn More and connect on LinkedIn](#).

## ABOUT FRANK CASALE



Frank J. Casale is Founder and CEO of the Outsourcing Institute (OI) as well as the Institute for Robotic Process Automation & AI (IRPA AI). Established in 1993, OI is a global marketplace and community of 70,000+ executive members including leading practitioners, service providers, advisors, thought leaders, industry observers and analysts...[Learn More and connect on LinkedIn](#).

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The Institute for Robotic Process Automation and Artificial Intelligence (IRPA AI) is dedicated to providing its members with leading-edge market intelligence, industry research, sourcing assistance, events as well as offer opportunities to learn and network with stakeholders across service industry functions. To learn more, visit [www.irpaai.com](http://www.irpaai.com).

