

# TECHONOMY 2017

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## A conversation with Beth Comstock and Penny Pritzker

### Speakers:

Beth Comstock, Vice Chair, GE

Penny Pritzker, Founder, PSP Capital Partners

### Moderator:

David Kirkpatrick, Chief Technomist, Techonomy

(Transcription by [RA Fisher Ink](#))

**Kirkpatrick:** Next, we have two of the great leaders of American business, one of them with very recent government experience as well. We're going to have a conversation about what's happening with a lot of different things, employment, education, management, and the intersection between business and society.

[APPLAUSE]

Penny Pritzker was until quite recently the secretary of commerce. She actually appeared at Techonomy two years ago, so we're happy to have you back.

**Pritzker:** Thanks for having me.

**Kirkpatrick:** Now she's running PSP Capital, which is an investment operation with a lot of different activities of different kinds of investing, and also very involved in work around the future of jobs with the Markle Foundation, which Beth Comstock and I actually have also both worked with in their previous task force, trying to figure out what was happening with automation and jobs.

Beth Comstock is currently the vice chair of GE, also runs the lighting division there, oversees all communications and marketing, and previously worked at NBC and has had a wonderful career. She's announced that she's leaving GE as of the end of the year, so we'll want to hear a little bit about what you're doing.

There's so many things that we could talk about, but one thing I know that both of you are extremely interested in, as I mentioned, is this issue of automation and the future of work.

Now, we didn't get to that in the discussion about the intersection of people and machines before, but it's a subtext even of that discussion that this is going to change the nature of work.

Were there any things that you heard already on this stage that make you think that's going to be an even more either challenging or exciting opportunity, or anything about what we've talked about so far and what it might mean for the future of work?

**Pritzker:** Well, there were many different technologies being talked about in your first panel that create great opportunity but very much might displace individuals in what their job is, or change the nature of the job. If room service, instead of coming by an individual, comes with a robot, if the robot has a Taser, that might make me a little nervous, that part of the conversation. But no, there's definitely work implications in much of what was discussed, and I think that that's something that we as a society and we as business leaders need to think through and make sure that the folks whose jobs are changing or being displaced, we're helping them.

**Kirkpatrick:** So Beth, in the bottom line—forget about what's been said on stage, although feel free to address it, but are you worried or excited at a macro level about what technology's going to do for the way people work?

**Comstock:** Both. I mean, I think there's huge reason to be optimistic in the things we're going to be able to do. But I worry about the unintended consequences and I think companies, business maybe isn't set up for some of the unintended consequences of what technology is going to do. I think looking at your earlier panel, I mean, it's so exciting—every time I hear Mary Lou, I get really excited. I also am nervous, I mean we're already dealing with data issues, privacy issues. Now I've got to think about that my boss can read my mind? I mean, sometimes I wish he could do that anyway. It'd make it a lot easier. But we haven't even dealt with the issues that we have in front of us now, because things are moving so fast. So I worry about the pace of change and our ability to be contextually relevant in the world with that.

**Kirkpatrick:** Which goes beyond the issue of jobs, obviously. But you know, this is something that we talked about on the phone. Having just had a couple years of government experience, my feeling was that you didn't come out of there super confident that government has a great grip on technological change.

**Pritzker:** Well, I think the challenge for government is—you know, there's been too long a divide between technologists and government. And I think post-Snowden, there was definitely a bigger divide. And I think in fact we need to create opportunities for people who are really knowledgeable in technology to be serving in government, even for a year or two. You know, we had presidential innovation fellows. It was fabulous because the amount of knowledge transfer that went on to people who are policymakers was extraordinary. Imagine if that was more normal as part of your career in a company like GE or any other technology company in this room if you said, okay, it's going to be part of your development as an executive, spend a

year in government, helping the government be more knowledgeable. Imagine then the regulations or rules or things that are being considered to address some of the things you raised in the very first video that you showed. They'll probably be less analog and more digital in terms of solutions to deal with these challenges.

**Kirkpatrick:** Yes, and that exact issue is going to come up in the next panel. But it worries me, to be frank, when somebody says, "What we've got to do..." I mean, there are so many things, particularly around education and the future of work—I mean, in many arenas, but just in that area, where I think rational people can really almost universally agree on what is needed, more educational capability in the American workforce. And yet, we don't really see much movement at the macro level. So how are we going to get the change we need?

I'd like both of you to address this, because I know it's something you've both spent a lot of time thinking about. You know, we need better education, both vocational and liberal arts, in order to have supple thinkers who can adapt, and we also need specific skills. But we are not evolving our system to achieve either of those goals right now as far as I can tell. So what is actually going to happen?

**Pritzker:** Well, I actually think there's a lot of change going on. You mentioned the Markle Foundation. Let's take the work they're doing in Colorado. I think fundamentally in order to get the kind of supple, more evolving education, you ultimately have to bring local government—this is not a federal solution. It's going to be local. You're going to have to have local business leaders and you have to have the educational institutions locally, and by that I mean K-12, community college, universities, local colleges that are agreeing here's what are the kinds of trainings that need to be going on to create that worker for the twenty-first century, that educated employee that we want. And we need to then work together to achieve that. That's not something that can be done by business leaders alone, nor can it be done by government alone, and for sure can't be done by educational institutions alone. And oftentimes educational institutions, particularly state and local, they can't even change their curriculum without often some kind of either legislative or bureaucratic challenge. You saw that with the Markle work, and ultimately what Governor Hickenlooper did in Colorado. He had to change 15 laws in order to be able to create a more supple system, a more flexible system that allowed someone to get the training and the credentialing that allowed them to access work more quickly.

And so I think we need a rethink of our systems, but the work has got to go on locally, so that's why I've been very focused on governors and mayors and business leadership. Because the educational institutions want to be a part of this, for the most part. Sometimes the unions are not as flexible, but for the most part they want to be a part of the solution too. So bringing all those groups together and saying, "Here's what we're going to do in service of our local communities," I think there's a lot of motivation, and you're seeing it happening. You're seeing green shoots, you're seeing this kind of innovation happening in Colorado, Rhode Island, South

Carolina. I see it in Chicago happening to a certain extent. The question is how do we make it systemic?

**Comstock:** So, I've seen this in business, certainly at GE. We spent about 18 months mapping out a vision of the future of work. Over the next ten years, largely ten-plus years—

**Kirkpatrick:** At GE? For your own purposes?

**Comstock:** For our own purposes. Basically, to start to look around the world, where are the jobs going to be, how do we get there, what skills, what capability—it goes way beyond workforce planning. A couple of interesting things, I mean, one thing I'd say is that everybody who came out of it, they got really excited about the future of their jobs. It made me sort of wonder that maybe they weren't maybe as excited about their current job, so we've got some work to do there.

[LAUGHTER]

But I think you could imagine that if every business is doing this, it makes it quite easy to get together with education and with business, but there has to be that kind of action to do it. I just wrapped up—actually, it's just wrapping up. I've been on this advisory council for the government of Australia. It's called Innovation and Science Australia and they're looking at Australia 2030. And they brought global people in, they brought business, local, and it was with that kind of idea in mind, what's it going to take to get Australia to what we need to be—mind you, this is an economy that's had 26 years of interrupted growth, so things are pretty good there, but realizing they may not always be. So I think—you know, Australia is a small country, but I think that can happen.

**Kirkpatrick:** Twenty-six years of uninterrupted growth? That's amazing.

**Comstock:** Yes.

**Pritzker:** But I think Beth said something really important. You need a plan. It can't be just ad hoc, and I think what we don't have is a competitiveness plan.

**Kirkpatrick:** You mean at a macro national level?

**Pritzker:** At a national level and at an inspirational level. And I think that different states and different mayors are adopting things but we need to have more macro plan, and we need to make it easier for different local leaders to replicate things that work so you don't have to start from scratch yourself.

**Comstock:** I mean, to be able to say to local parents—they have questions, "What should I be steering my kids toward? They have an aptitude to this or that." And if there were some kind of blueprint people could look at that said, "Hey, in our case, additive manufacturing 3-D printing of metals, in the next ten years, we're going to be looking for these kinds of jobs right here in

Cincinnati, Ohio. We need this." I mean, that's starting to happen, we're starting to create programs in even primary schools, but you can't just do—it's grassroots, but you need everybody to participate.

**Kirkpatrick:** But you know, I hope it happens at the state and local level, because we have a president who says, "I got the stock market up." I mean, that is not a planning-oriented mentality, let's face it.

[LAUGHTER]

But he said that today. "It was my doing, I got the stock market up, \$5.5 trillion in value, I did that."

Anyway, another thing I want to ask you two about is related to that, and this thing of Australia is still resonating with me. You know, we have had a pretty damn good run in the United States economy for the last extremely long time, happily, ever since Techonomy was formed. And it makes me nervous as the CEO here, what happens if and when. And yet, at the same time, we're in this weird moment where so many are so pessimistic about our systems and the kind of thing we're discussing here about future planning. And we have a lot of fears about international conflict, we have political decay happening in many, many countries, not just our own. And yet, the markets are still acting like it's 1999 or whatever. You know, they're partying. You two are business leaders with great experience. I just would be curious to understand how you look at that and whether it makes sense to you that the markets are so optimistic about where we're headed, given what you actually know about what the challenges are.

**Pritzker:** Well, first of all, you have hundreds of millions of people around the world that are coming into the middle class. And so as that's happening—and that will continue to occur over the next 15-plus years, particularly in Asia—that creates a lot of opportunity to create services and goods and things that can be sold into the marketplace. And it's one of the reasons why in the Obama administration, we worked so hard on the Trans Pacific Partnership. We wanted to make sure American companies and American workers were going to benefit from that growth that's happening, not only in the United States, because we had a good quarter of growth, but also around the world. I mean, we have a growing middle class globally and they're going to want things. The flipside is we have, as you said, a lot of political concerns about certain leaders and then we have—

**Kirkpatrick:** And the geopolitical discourse.

**Pritzker:** And the geopolitical, whether it's North Korea or Spain or Brexit or—

**Kirkpatrick:** Syria, Iran—

**Pritzker:** Syria, Iran, what's going on in the Middle East.

And honestly, I also don't think we've focused enough on the disruption that's going to go on with NAFTA. I mean, NAFTA is in a crisis state right now.

**Kirkpatrick:** Good point.

**Pritzker:** And that's our own hemisphere and that could disrupt our own supply chains and our own economy. And so there's reason—your point that we're merrily going forward because we're creating jobs and we're continuing to meet the needs of the growing middle class globally through—you know, many American companies are capable of doing that. A big part of the stock market is also technology. I mean, the growth in the value in the stock market of our leading tech companies is extraordinary, the wealth that's being created year over year, if you will. So it's a mix of things going on.

**Kirkpatrick:** Well, no company has a more global view than GE, so does that argument resonate, that there really good market reason for optimism?

**Comstock:** I think there is good market reason for optimism, but I also think there's a battle—certainly there's the global dynamics that Penny spoke about, but I think there's still this battle of short-termism and long-termism. I'm unabashedly a long-term thinker, viewer, lover—

**Kirkpatrick:** We like that.

**Comstock:** That's what I live for. And I don't know if that's factored into the market or factored into the way people are looking at the tech companies. I don't know. I hear a lot of talk in business corners of people reevaluating should they go private, "When should I go public?" So I don't know. I worry, and I'm not sure we're seeing enough—we aren't seeing enough metrics in the system to gauge is this going to continue, how long term are we looking out?

**Kirkpatrick:** Okay. Another thing I think both of you are interested in that I'd love to hear you talk about, and I do want to hear audience also, is this issue of the transformation and the transition that established companies are having to go through to adapt to the digital world, which is clearly painful. And you've experienced it at GE for a long time, a company that's probably done it better than most at its scale. You're currently investing in Insurgence—I think you're investing on both sides of that equation, so you're thinking about that very actively. But I know, Beth, you are worried about the nature of corporate leadership we have in general, so talk about that and how it ties into this.

**Comstock:** Well, I think some of it is we just talked on the short term versus long term, but I think every business that exists, every traditional company that wasn't born a digital native is coming to their moment of digital reckoning. And it really is, the future is digital and physical together, it's figuring out the interface of those two things. But what we learned in our journey—I mean, we've been trying to digitize GE for the better part of the last eight years and I think first we went to digitizing our things and second to digitizing ourselves and I think we'd

do it differently. And I think you're seeing companies just have that awakening of, "Oh my gosh, yeah, I've got to digitize my things, my processes, but this is a huge transformation." So this idea of a transformation officer, of a wholesale transformation is starting to—I see it. I see the CEOs that are panicked about that and not knowing where do they go to get expertise. I mean, this isn't something that necessarily you can go and say, "Hey, every company's gone through this." People are going through it together in real time.

**Kirkpatrick:** Does it worry you?

**Pritzker:** It's both worrying and exciting. But yes, you have to really—it means at the end of the day, you have to invest in your companies in order to make these transitions, and it means that you have to explain to your shareholder, "Here's what I'm trying to accomplish with the company in order for you to be able to go through that transformation." If you're under the pressure—I think this short term versus long term is a really significant issue because we've had companies that have existed for 100 years or 150 years, they've always gone through periods where they've had to transform themselves into something else. But that means you have to have owners that understand and are supportive of that process. And it's not always something that you can always say, "Well, two quarters from now I'll have that all done and we'll be over that hump and don't worry then, everything"—it's much more complex, and certainly more complex at the size of a company like GE, an extraordinarily important company for America.

**Comstock:** And I worry that too we're used to transformation kind of like, "We're done, okay." Now it's continual, it's rapid, it's fast, and you're constantly leveling up the capabilities of your team. Where do I go to get some of these people? We're all fighting in many cases for the same kind of digital brains, so it's really challenging for leaders right now.

**Pritzker:** And I think that, building on what Beth said, also is we have to be training and transforming the leadership so that we're all learning at this pace that is extraordinary.

**Kirkpatrick:** Including government, by the way.

**Pritzker:** Including government, which is—you know, when I arrived at the Department of Commerce, we couldn't even get our email to work. So the distance that we had to go has been massive.

**Comstock:** Imagine if you'll have to read someone's brain while you're waiting to read their email. It's too much to read. Way too much.

**Pritzker:** And whether you like it or not, at some point government is—their job is to create the policy and the conditions within which we are navigating as private sector, right? So if government isn't keeping up with this change and understanding possibility—and the Department of Defense is definitely legions ahead of let's say some portions of—I'll pick on the Department of Commerce where I was. I mean, we tried to move the needle as far as we could, but you're limited because there your budget depends upon Congress, who says, "Do I

want to invest in you making that leapfrog change or not?" And so that's a challenge. But government, yes, it's a real problem, and the other problem is governments exist in geographies. The digital world doesn't exist in a geography. So this idea of the geopolitical stack is a really interesting concept.

**Kirkpatrick:** That is. That was the first time I'd ever heard anybody say that.

**Pritzker:** And I like that, I think that is absolutely, not just for AI, because one of the things that I know I fought for very hard with the Europeans is, as they're moving towards a digital single market, don't make that a digital single market and then you pull up, you build a wall around it and say this is only for Europe. You know, which is very much politically popular in Europe.

**Comstock:** But you also have security issues that are also going to keep certain data within countries and the issue of national security for some of these infrastructures.

**Pritzker:** Exactly, data localization.

**Kirkpatrick:** You know, as usual we're running short on time. But I meant to ask you both about something earlier, when we were talking jobs. This issue of universal basic income, which is a very popular thing out here—whatever direction Silicon Valley is from here. And I badmouthed it when I came out earlier. Zuckerberg though, in his commencement address at Harvard, was saying this is how we have to go, and this is widely said. What do you guys both think about that? Is that the direction we need to go?

**Pritzker:** I don't buy that as a solution. I think that instead what the federal government needs to do is wake up and realize we need benefits that are portable, we need to support training other than trade adjustment assistance, that we need to help—that with work comes dignity, comes a place in your community, comes roles. And so I don't subscribe to that as the—you know, it's an easy solution, let's just give people money. I think a much more significant issue is at stake here, which is people's positions in our society and in their own communities.

**Kirkpatrick:** Beth?

**Comstock:** No, I think people want to work. They live to feel like they have an impact. I think there's some vision that UBI is just we're going to sit around and woodwork all day or something. I don't know. But I do think we need to take care of people who are going through difficult times, who don't have the right skills. There needs to be some sort of safety net, if you will, in society that looks after these kinds of disruption and change and business needs to play a role in that. And I think, again, back to this blueprint for the future, I think you could start to look at all kinds of things where business—we've been toying with this a little bit, but not even enough to be significant, where you start to badge people in different capabilities and projects, different things that business needs to start opening themselves up to say, again, "Here's the



job that we might have. Here's how you can get qualified on it, here's how we're going to certify you on it." So those things aren't happening right now either.

**Pritzker:** To give you an idea in terms of spending, we spend less money than every other OECD country except Chile and Mexico on training in our country. We spend one-seventh of what they spend in Europe. And so it's time for us to wake up and realize that both the private and public sector need to come together to address this challenge.

**Kirkpatrick:** Okay, quick question or two from the audience.

**Audience:** Beth, obviously GE spent the last eight years doing a transformation. In the end, it appears that Wall Street didn't value that as much as you had hoped it would. What do you think you could've done differently to have gotten more value out of that?

**Comstock:** Well, I would say a couple of things. The transformation is still ongoing, so I think in particular what you were talking about in the digital transformation, it's just early days in that. We've been at it for about eight years and we were out here last week with our Minds + Machines conference with our customers, 4,000 customers, airlines, railroads, utilities, and it's still early in that sector. There's just a lot of change that's happened at GE, and in the past couple of years, the performance could have been better. I don't know what else to tell you. It's not all related to transformation, but at the same time a lot of things were transforming.

**Pritzker:** Can I jump in here? So I had a personal experience with the whole disruption of the West Coast ports, and one of the biggest problems with the West Coast port challenge, and our ports in general, is communication between all the various players. We did a hackathon. GE came in and ultimately won a huge contract to develop a solution for the L.A. ports and Long Beach ports because the truck drivers, the terminal operators, the shipping owners, etcetera, they were just not communicating with each other and everybody was pointing—everyone was angry and pissed off because they didn't know what was coming or going and therefore they couldn't—the whole thing was sclerotic. And so I've seen GE come in—and it was a completely digital set of solutions.

**Comstock:** Yes, we just highlighted it last week. It's a really good story.

**Pritzker:** It's really awesome what they're doing, and that came out of their creativity and understanding that whole world.

**Kirkpatrick:** Okay, we've got to end, but I want to end with another GE-related question. What happens next with you, Beth?

**Comstock:** The future of work is very personal for me right now, so I get to go figure out what's next. I'm excited to figure it out.

**Kirkpatrick:** Book?

**Comstock:** I'm working on a book, yes, so that should be out next—

**Kirkpatrick:** Will you talk at all about it?

**Comstock:** It's about, I'm targeting it to early to midcareer people and it's about navigating change at work, so it should be very appropriately timed with the pace of change that's happening. And I'm going to go discover and figure out what I'm going to do next.

**Kirkpatrick:** Well, thanks so much for being here. You know how long we've been trying to get you here.

**Comstock:** I know. Thanks for having me.

**Kirkpatrick:** And thank you so much, Penny, for coming again and having such a great discussion.

[APPLAUSE]