


In conversation with

# The Industrialist

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June 2021

A close-up portrait of a middle-aged man with short, thinning brown hair, smiling slightly. He is wearing a dark blue or black collared shirt. The background is a plain, light-colored wall.

**“We have great technology. But the measure of success for us is whether we enable our customers to drive and accelerate their digital transformations.”**

**Eric Chaniot**

General Manager  
Cross Industry Solutions  
Microsoft

# How Microsoft enables the human side of digital transformations

In his 30 years founding startups, working as the Global Chief Digital Officer for tire giant Michelin, and now as General Manager Cross Industry Solutions at Microsoft, there is one key truth technology veteran Eric Chaniot has learned when it comes to digital transformations.

**Technology isn't everything.**

95%  
5%

“Transformation of a traditional company is 95% about people, mindset, and culture, and only 5% about the technology,” says Chaniot. “The biggest challenge is to put tech intensity at the heart of a traditional company.”

Today, Chaniot is working to harness the power of software to enable and accelerate client goals, whether driving sustainability agendas or a new subscription economy. We talk to Chaniot about the dawning era of Software-Defined Everything, the necessary evolution of business models, and how Microsoft is powering the human element of digital transformations.

## What one word describes you best?

If I had to use just one word, it would be disruptor. I believe I'm a disruptor. However, I need two words because I'm a pragmatic disruptor. I don't think it's that easy for traditional companies to be able to bring about internal disruption.



## Tell us about your journey from launching two startups and your previous role as CDO at Michelin, to your current role as General Manager Cross Industry Solutions at Microsoft?

There is a common thread connecting everything I do. I really love something that Thomas Edison said: "vision without execution is hallucination." I'm passionate about having a vision and understanding key trends and transformations ahead that will impact our work. But I'm even more passionate about making those transformations happen. I like to transform ideas into things that will change the lives of consumers and businesspeople.

One of the reasons I joined Microsoft is the purpose driving the company. I love to work for a company with a strong purpose, and Microsoft's is to empower others. I really believe most companies must become technology companies, more than they were. And I believe companies like Microsoft help them make that a reality.



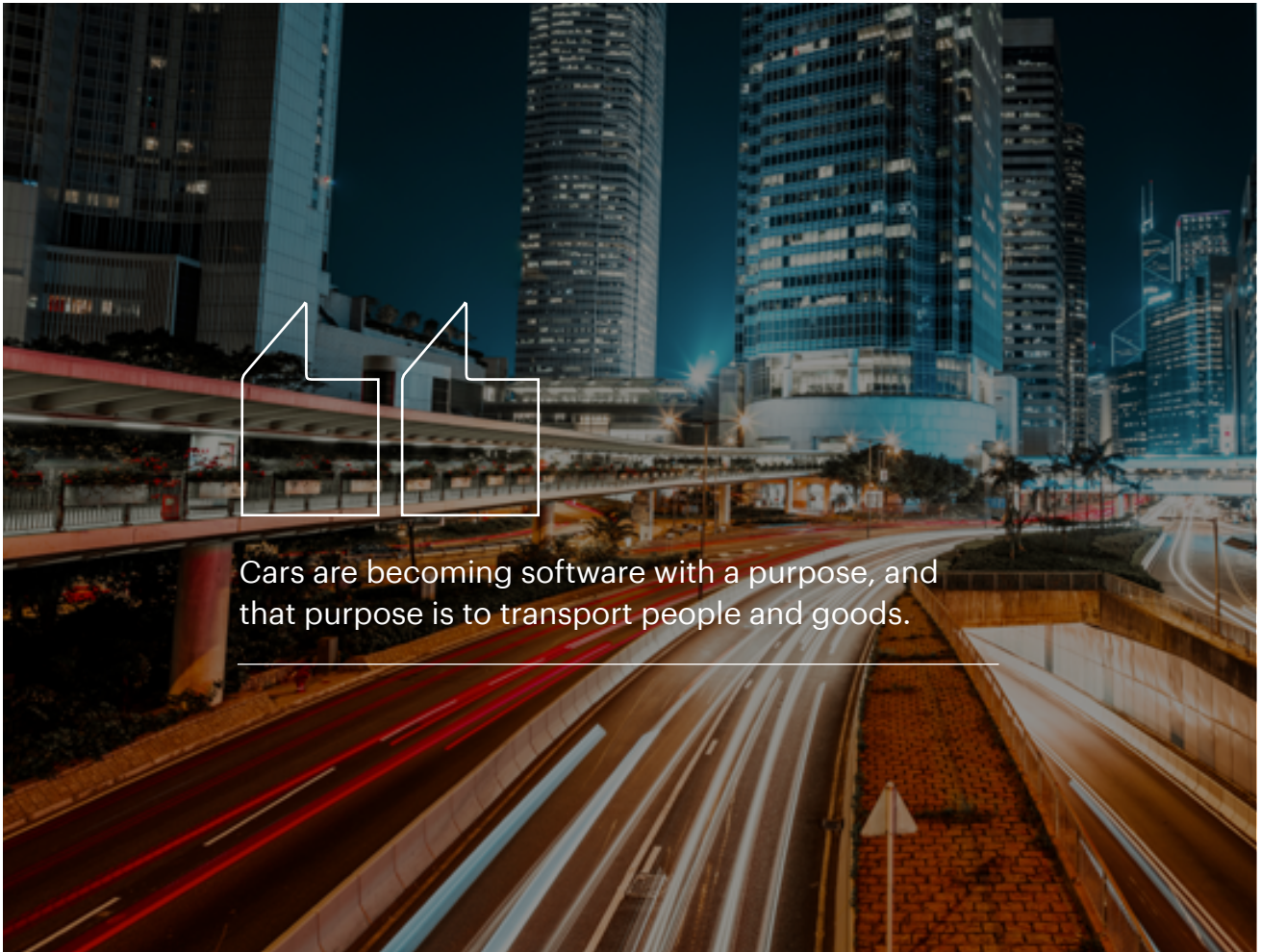


**We're moving into an era of Software-Defined Everything (SDE), where the value shifts from hardware to software.**

**Can you explain in more detail what SDE is and the transformation opportunities it presents for traditional companies?**

SDE indicates that at the end of the day, everything is becoming software and software should be at the heart of everything we are doing. I'll use three simple examples to illustrate what that means.

The first is Microsoft's work with building owners in big cities. We are helping them to connect everything. We connected elevators, safety suspension, doors, air conditioning, heating, everything. It means that we now have a complete [digital twin](#) and representation of what's going on in the physical world, which enables us to know more about the building than we ever did before. As a result, the building owners discovered that on Tuesdays at 5:30 p.m., there are far less people at a particular level inside the building. It means they can reduce the heating, lighting, and air conditioning accordingly. I really believe that the connection between the digital and physical world will become more and more critical.



Cars are becoming software with a purpose, and that purpose is to transport people and goods.

Another example is companies telling us the new healthcare is self-care. If we could connect all the actions we take every day relating to our health, we would be able to make much better decisions around what we should and should not do. Sooner rather than later, we're going to have digital twins of ourselves and we will see the connection between the drugs we take, the exercise we do, the food we eat, the medical test we are doing, and what the impact is on our health.

The last example is how cars are becoming like cell phones: everything in cars is software driven. Just think of the autonomous driving vehicle and the customer experience that is continually improving. Cars are becoming software with a purpose, and that purpose is to transport people and goods. I really believe that software defines the next-gen vehicle and the customer and employee experience.

We're going to increasingly see this connection between the physical and digital world, and then the feedback loop from digital impact to physical.





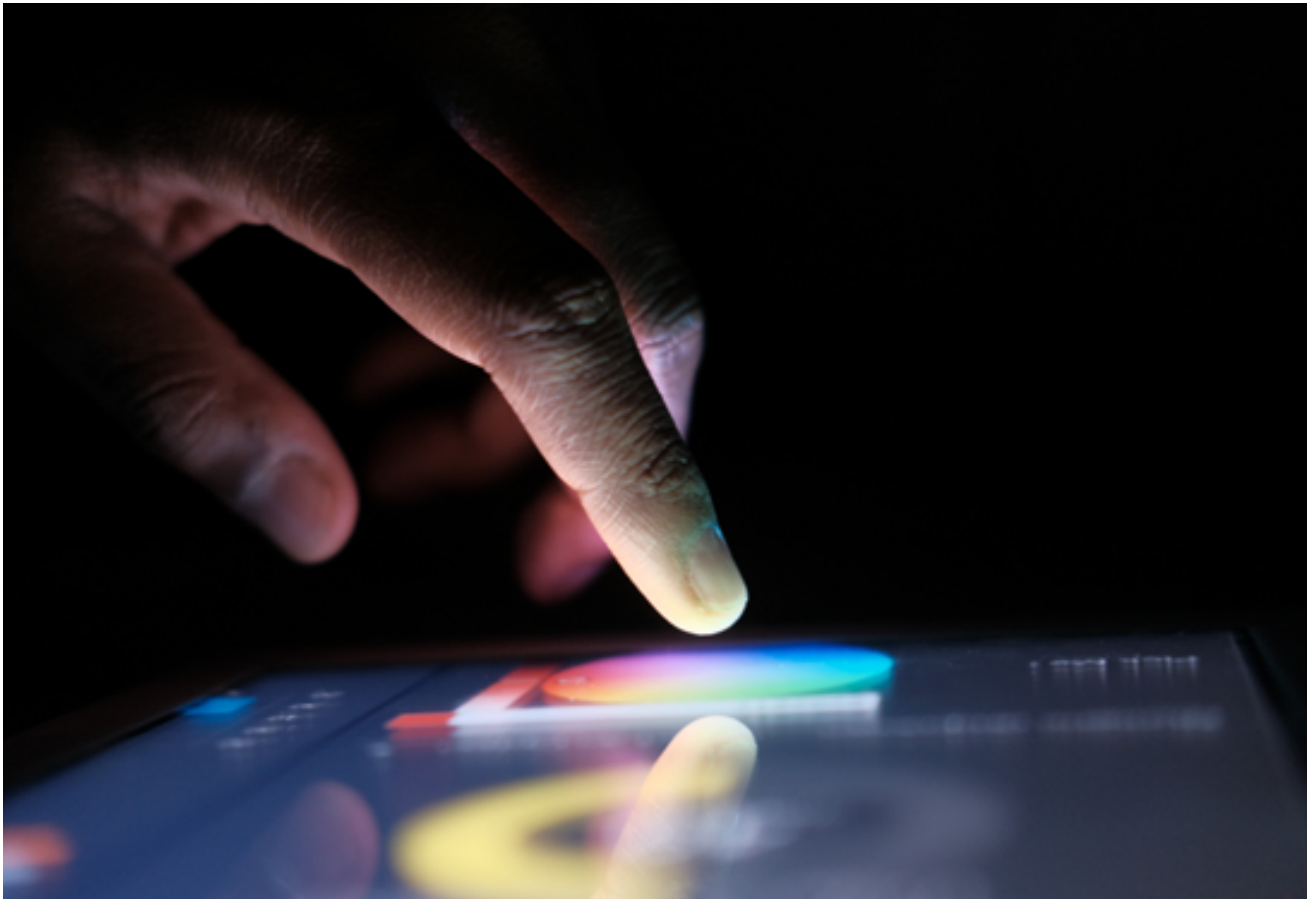
## How is the shift to SDE affecting business models across various industries?

There are three areas where I see the business model evolving. One is around the **subscription economy**. Hardware enables you to have connectivity and access data and all kinds of other things. With SDE vendors, businesses will be able to propose new services. So, the hardware stays the same, but you can enable people to consume more of your services through an app store.

We are seeing this happen in B2B and B2C with the subscription economy. People can pay for monthly subscriptions that enable them to access new services they may not have been thinking about the day before.

The other evolution I'm very interested in is the **circular economy**. For example, while cars today may last 10-15 years, some car manufacturers are developing cars that could last much longer. What's interesting in terms of a business model is, what do you do with the hardware? Now that everything is embedded in the software, you will be able to upgrade the hardware to add new functionality.

The last evolution is around **data sharing**, and how we monetize data beyond the services that we run ourselves between ecosystems. I think software reviews will enable the emergence of these new business models.



## **How are you and your team helping customers succeed in a changing SDE world and realize greater value?**

This goes back to my first answer and pragmatic disruption. I'm convinced that digital and becoming more of a software company is a disruption for traditional companies. It's already a disruption for tech companies, but it's even harder for traditional companies. People must acknowledge that this is a disruption, then figure out how to manage that. Then there is my second word, pragmatic. How do you bring a new mindset, operating model and way of working to a business? Building software is very different to building hardware. How do you bring an agile, software mindset to a traditional organization? I think that's where a company like Microsoft can help, and bring disruption at scale inside a traditional company.

In this context, two things are top of mind at Microsoft. One is tech intensity. How can we bring [tech intensity](#) to our customers and increase it for them. The second is around how people work in the new hybrid workplace. The world is changing, and we try to help our customers increase their tech intensity and ensure they can master this new world they're plunging into.

## **In the tech- and software-defined world, you can put new things into production every minute. Meanwhile, it might take, for example, a traditional OEM three or four years to put a new car into production. Is SDE's role to bridge that gap?**

When I started working for Michelin as the Chief Digital Officer, coming from the tech world I assumed my main role would be to bring new platforms and software to the table, and then as if by magic everything would be great. Around nine months into the job, when people asked what the transformation of a traditional company like Michelin entails, I would say it's 95% about our people, mindset and culture, and only 5% about the technology. The biggest challenge is to put tech intensity at the heart of a traditional company. It is not a technology concern. It is about change management and the operating model.

## **How do you manage the human side of digital transformations, with regards to culture, mindset and change management?**

CEO involvement is key. If the CEO of a company is not involved in the digital transformation, it's going to be hard. For me, it comes down to two big things. First, is understanding that it's challenging for traditional companies to have this kind of technology disruption. That's critical, and I see more and more CEOs who see that and are becoming more involved.

Second, is around how you operationalize this disruption. What is the setup of the organization? How do you build teams with a mix of people from the startup world and traditional companies? How do you finance this disruption? How do you maintain the financing of this disruption? What is the governance model that you put in place between digital, regions and the business?

At the end of the day, we must find a way for two different types of operating model—the digital and the traditional—to come together and live under the same roof. If that does not happen, it becomes very challenging, and traditional companies will not be able to bring disruption at scale.





**As a leading cloud provider, how do you push yourself to meet changing customer needs? And how can IT infrastructure consumers get the most out of SDE solutions?**

There are two sides to this. At Microsoft, we're focused on bringing out the best in people, driving a philosophy of learning as a tool. And I can tell you, after many months inside Microsoft, that's a reality. Everybody at Microsoft is obsessed with learning, relearning, listening to customers and partners and really putting ourselves in their shoes to understand their business. Then, we can understand what we need to do in terms of applying technology.

Our purpose is to empower others and ensure they can be successful. That includes technology applications. But at the same time, we don't want to compete with our customers—we're here to make them successful. I think that's what makes us special; our culture of learning and the fact that we have a very strong purpose. We have great technology, but the measure of success for us is whether we enable our customers to drive and accelerate their digital transformations.



## Which tech trends will impact the future of your company and the industries you serve in the next two years?

I read a book some time ago called [Human + Machine: Reimagining Work in the Age of AI](#) that I encourage everybody to read, because it shows the complementary relationship between AI, artificial intelligence, and humans. Before I read the book, I had a personal view of what will happen. The book helped me understand that companies will be successful if they are able to combine the two and augment humans by using artificial intelligence.

Microsoft is strong on artificial intelligence. But beyond the technology, how do we help our customers achieve this transformation? How do we help our customers upskill and reskill their workforce to be able to take advantage of AI in their day-to-day jobs? That's something we need to work on with our customers and partners.





## What inspires you the most?

The thing that has inspired and fascinated me the most by far is transformation. If I'm honest, until I was deep inside the transformation of Michelin, a traditional company, I was not as fascinated by the human aspect of transformation. After that experience I now feel passionate about it and believe that's where we should put most of our attention. I love transformation and realize that it's not just about the software, hardware and all the other things that can change the world. It's people that really change the world. And I'm passionate about ensuring that I can enable them to do that.



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