

Class intro:

We are Class. It's thanks to our group of thinkers, creators, and innovators that our award-winning cloud-based technologies have been powering the Australian wealth accounting industry. Our processes simplify, automate, connect. Our people are changing the sector one day at a time. Their drive and dedication ensure we can continually grow and transform your business. Visit class.com.au to learn more about how we simplify, automate, connect.

Tori:

Good morning. I'm Tori Starkey, and I head up customer engagement, analytics, and education at Class. I'd like to give everyone a really warm welcome to our very special innovation briefing session. So today we'll be discussing how to increase our capacity to adapt in a world of accelerated change. And as a pioneer fintech in the wealth accounting space, this is a topic that Class is actually really, really passionate about. We recognise that where disruptors used to have an edge now, disruption and transformation, really our baseline. It really is a digital first future reflected across every single industry.

Tori:

And especially since COVID accelerated change. So just how do we continue to get an edge when everyone's gone digital? We're all in the cloud, and everyone's customer experience approach is nearly the same, as well. So we are really lucky to have world renowned futurologist Rocky Scopelliti to deliver today's keynote to share his insights into these questions. And his pioneering research into demographic change in digital technology have absolutely influenced the way we think about our social, economic, and technological future. As a media commentator and an author as well, his thought leadership research has become internationally recognised, including the World Economic Forum's Disruptive Innovation in Financial Services program.

So we are really pleased to say, we do have some copies of his latest book, *Australia 2030!: Where The Bloody Hell Are We?* To giveaway. So if you do have questions throughout the session, please pop them in the chat window. And at the end of the event, we'll make sure we grab your details so we can send you a copy of the book as well. Post the keynote, Rocky will also be joined by our innovative panellists who bring a really great mix of expertise across technology, financial services, as well as executive leadership. So, a very warm welcome to Glen MacLarty, who's Head of Technology – NextGen at Class, Kerry Bosnich, Director Superannuation at Perks, and Dace Harris, National Head of Business Advisory at RSM. Welcome, and thanks again for joining us Rocky. I really look forward to hearing more about the mega trends that will impact us all., but especially how we can increase our capacity to adapt on an ongoing basis. So over to you.

Rocky:

Fantastic! Thank you Tori, and welcome everybody. It's such a pleasure to be able to spend this time with you. Now, I'm just going to get my slides up on screen. So hopefully they should show up, I just get into presentation mode. Just bear with me one moment. Okay. So let me just go into presentation mode. Fantastic! Here we go. Right, so sorry about that. Look, it's fantastic to spend this time with you this morning and share with you some fascinating insights. And I'm going to begin by sharing with you two amazing words that have profoundly influenced and shaped my life, as well as my research. And they've really been anchored around this question here, which will be unpacking throughout this webinar.

And the first word is youthquake. Now, a friend of mine once asked me, "What does this word mean?" And I said, "Well it's a type of headache that kids give their parents." And he thought that was the case.

But in fact, youthquake is a wonderful word. And defined as the significant cultural, social, or political shift associated with youth. Now, the reason why this word's so important is because it was first coined and termed by the editor in chief of *Vogue* magazine in the 1960s, to explain the significant and profound shift and change that was occurring throughout that period of time. Now what's fascinating is, when you think about that point in time, with every cultural, social, and political, and technological shift comes enormous opportunity.

We saw the rise of credit. We saw the rise of this unquenchable appetite for home ownership, and white goods and the like. Now, youthquake became the Oxford dictionaries 2017 word of the year, to really reflect the significant cultural, political, technological change occurring with millennials. Now, this is not by accident, millennials that after all are children of the baby boomers. And so the point here is to think about the significant opportunities that are going to emerge just like they did in the 60s, on the back of that. Now the second word I'd like to introduce you to is a beautiful 19th century Latin word called juvenescence. And I purposely sought out a word to really describe the environment that we're now living in.

Rocky:

We hear about this word transformation, setting up expectations that's somehow a once off, digital transformation. Big bang approach is going to allow our organisations to survive in perpetuity from here on. But that's not the reality now. In fact, only one in four organisations, who do these major once off transformations, actually meet the expectations of the original transformation. So, Juvenescence is defined as the constant state of youthfulness. And I'll talk a lot more about that, because it really is a leadership principle for thinking about how to adapt in a world of accelerated change.

Rocky:

Now what I'm going to cover today over the next 15 minutes or so, I'm really going to touch on these four areas. We'll talk about business model disruption. We'll talk about the impact of this on trust, and fourth industrial revolutions, and then some predictions. But I'm going to talk about this in the context of demographic change, innovation, emerging technologies. And I'll share with you some tipping points. Which are the real signposts to look out for along the way. Now, as Tori mentioned, the insights that I'll be sharing with you are available in this book. So, I'd really encourage you to ask some questions as you go and get a copy of the book.

Rocky:

So, let's begin by looking at demographic change. Now, the issue here for Australia is really at both ends of the demographic spectrum. We've got to think about the impact of our aging population, as well as the rise of the millennial generation as well. Now, why should financial institutions be really interested in millennials? Well, here's three reasons why; firstly, they've become the largest producer of income in the world. And that production capability is only going to increase through the course of time. The second is their investment capacity. By 2030, they'll have five times more the wealth in the world than what they do today. But we've got to think very differently about this demographic, because it's the first demographic that we've really stuffed with student debt.

Rocky:

And so, the way with which life stages perhaps have played out for generations before in the past, will be quite different for this demographic. Now to help bring this into perspective, I built an economic model to show the average economic value of the millennial demographic, versus the average across

the total population. And looked at this across a whole variety of different countries. Now, what's fascinating about Australia, is that millennials are now on the cusp of overtaking the average economic value. Which is the sum of everything that you've got on in savings, and your borrowing capacity. Millennials are about to overtake the average of the rest of the population, to become the most significant economic demographic for financial institutions to focus on.

Rocky:

Now, at the other end of the spectrum, we've really got to think about our aging population. Now, if you look at the green line on this chart, that green line is Australia. Relative to other countries in other parts of the world, we have one of the highest old age dependency ratios. Which means that the proportion of people in the population, those age between 25 to 64 to support our aging population, 65 plus, is declining significantly. Particularly over this coming decade, where we'll see that decline to about 3.2, or from 3.2 to about 2.6.

Rocky:

Why does that matter? Well, it matters because that means that the government will have less tax income to disperse across a demographic, that is only going to cost more money through the course of time than less... now the other important element here as well, is that we can't just rely on labour as our primary way of resolving the productivity issues that we have before us. And there's never been a more important decades specifically for Australia to think about productivity in a market where the ratio of labour to support our aging population is declining. And what role can technology play in shaping and influencing that?

Rocky:

On the question of millennials, how do we feel about them in terms of being transformational leaders? Well, what the Australia 2030 research clearly highlighted, is we feel really good about that. And now you might be thinking, well, millennials would say that. And they do, of course. Other than 8%, for some reason, 8% of millennials don't think their demographic are going to be better leaders than those at the past. But what's important is that the older demographics, the baby boomers, and the gen X absolutely agree and embrace that. So, millennials will increasingly permeate all aspects of society. Whether that be as business leaders, spiritual leaders, consumers, and employees. There's really two significant tipping points that I'll summarise by in this section. And that is that youth voice matters.

Rocky:

And not only have we got up millennials to now think about, but we've got the gen Zs now to think about. And the upper end of the gen Zs are now in around 20 years of age. And again, we've got the aging population, and we've got to think about the impact that that's going to have across all of our systems, such as healthcare. Okay, let's now look at trust. Now I want to talk about the point here about what I refer to as interconnected trust. And I call it a renewable energy, because although it's taken a battering in particularly here in Australia in the last five years. It is renewable, but it can't be renewed according to our traditional notions of trust, as it was before in the past. Very hierarchal, assigned to intermediaries who really controlled the way with which we applied trust.

Rocky:

It's now moving into what I refer to as a very, very different model. Which is decentralised, dispersed. And so, the question that we've really got to think about is, we're shifting from a world where the

question was, who do we trust? Into a world now of, what do we trust? And when I put that question in the Australia 2030 research, you can see clearly here that people's opinions, in terms of trusting technology, more so than governments, banks, retailers, and others over the coming decade. Most people agree with that and strongly agree with that. And in fact, a third of people put their trust in automated robots, and intelligence to make decisions on their behalf. And so, there's two really important tipping points to think about here. Again, think about the interconnection of trust between the data, the technology, and other forms. And that identity privacy and security will be returned back into the control of citizens, and people as we move into this new distributed trust world model.

Rocky:

Okay, let's talk about the fourth industrial revolution, which is coming, whether we are ready or not. Now, what is an industrial revolution? Industrial revolution is essentially when we see the convergence of three systems, energy, logistics, and communications. When we see those things converging the way with which we make and create economic value, profoundly changes. In the first industrial revolution, we saw the rise of steam and coal, and we applied that to locomotion. Allowing us to move goods, and services, and people across hinterlands. And of course, we saw the printing press. Which for the first time allowed us to communicate en masse. Second industrial revolution, the rise of oil and electricity. We applied that to mechanisation, and we saw telecommunications. And so, the fourth industrial revolution won't be any different, only that it has a range of technologies that are going to be applied to these three areas of energy, logistics, and communications.

Rocky:

And so, these technologies that are coming together this decade, are really what characterised the fourth industrial revolution. Now the impact of this is what I referred to as having and creating the effect of a new economic physics. Now, what do we mean by that? Well, in other industrial revolutions, there was a direct relationship between the access of goods or resources and the demand for them, the way with which we produce things. So typically, organisations grew by saying, "Next year we want to grow 5%, in order for us to grow 5%, we need this much labour, we need this much capital". What we are now seeing is, we're now seeing the disassociation of growth or demand, from the supply of scarce resources. And so, where you see this exponential curve in an industry crossing the linear curve, that's the inflection point.

Rocky:

That is the point upon which a player with a traditional model that is capital intensive, labour intensive and data light cannot compete against an exponential moment. Where that intersection occurs, that's your Kodak moment. Now I'll give you an example: TransferWise, a wonderful organisation who has become a disruptor in the international payments and remittance market. Now I was advising a bank, one of the major global top 10 banks in London at the time, that TransferWise in 2016, announced that it had achieved its third consecutive quarter of profitable gross. Now at the time this bank reacted by saying, "We'll just pull the price lever, get to parity. Who in their right mind's going to give their money to a startup to remit to another country?" Well, that strategy imploded, because the bank did not have an exponential model, and couldn't scale like TransferWise did.

Rocky:

And, within three short years after first becoming profitable, they became Europe's most valuable fintech with six million customers. And that's what we mean about exponential. And so, there's seven

business models that are interrelated, that we need to observe are going to play out this coming decade. And here's some examples of organisations that really are exponential. Now what's common in all of these organisations that are often referred to as tech companies. I'll get you to think about them as data companies. They began life absolutely understanding how to master and create value from data. And when we look at Australian professionals, and what they think are going to be the most disruptive technologies over the next few years. Here's what they voted for. Now, what's common in all of these technologies, it's data. And so, we've really got to think about data very, very differently to what we've done before in the past. Because we've really got to think about how to compete analytically against these organisations who are analytical competitors.

Rocky:

A stage five analytical competitor; that's an Amazon, Google, Capital One in the US, Progressive Insurance. Those are the kinds of organisations that are at stage five. Most organisations, traditional organisations are in stage one or two. So, we've got a long way to go in our data transformation. But this is going to rely on us thinking about our skills in a completely different way. And I often remind a lot of executives in leadership teams, that we've got to shift the narrative away from thinking about literacy as something we've got to do for digital. We've really got to get going in motion along, thinking about literacy from a data perspective. Because every role irrespective of what it is, is going to require some form of proficiency with data this coming decade.

Rocky:

Now, when it comes to looking at Australia's scientific, and technological, and skills investments, most Australians are very, very concerned that we're not investing adequately in this area. And that was accentuated for those respondents to the study during the month of March last year. Which was really when we began the eye of the COVID storm. And so, we had already got to think of about this in terms of leadership. At least in a leadership issue, and there's significant gaps between the perceptions of CEOs and board members, versus the C-suite, right? When it comes to thinking about how agile organisations are. From a cultural perspective, you can see here that CEOs and boards think that their organisations are far more innovative than what the C-suite does.

Rocky:

And when it comes to the use of data algorithms and those kinds of things, you can just see the difference there. We've really got to reconcile between the perceptions of leaders of organisations in Australia, versus the reality of what the C-suite have got to deliver against. And it's really sort of, I think, anchored around this cultural discord. Where one in two executives believes that failure in innovation is a career limiting move. Now who sets strategy in an organisation? Who's responsible for the organisation's culture? It's the board. And so, we've really got to change the way we embrace failure as an integral part of the learning process. And so, I would say that those are going to be the most important tipping points for us to think about, to improve our innovation performance. And really prepare ourselves for the fourth industrial revolution.

Rocky:

Okay, let's now finish up on some predictions, the exciting stuff many of you would be thinking. Now, what I would say here is this decade is complete about, what I refer to as the programmatic decade. Where we'll see our lifestyle processes becoming programmatic in terms of our digital, physical, and biological worlds. And here's a range of predictions that we will be experiencing this year. Where

technology, virtual reality becoming distinguishable from reality, and computers will have human level intelligence. But to bring this into perspective, this means that the outside-in environment for organisations is profoundly changing. You're going to have much more data. That's going to come at your organisations from customer experiences, from machine to machine, through wearable technologies and sensors. Through cities and autonomous vehicles becoming smarter, and autonomous.

Rocky:

And so, at the heart of what will make an organisation successful in the fourth industrial revolution, will be what I refer to as this central cognitive intelligence. And that data and intelligence will then be applied to this range of new platforms that will allow organisations to scale, and to live in the customer's time zone, which is real time. And that will be deployed through next generation networks, which are software-defined fifth generation mobile networks. But we've got to think differently about the threat surface of organisations in this world where, you're going to have an exponential increase in data. And so, this was what will really fuse the digital, physical, and biological worlds. And this is a blueprint for what I believe a successful organisation will look like in the fourth industrial revolution.

Rocky:

So, let me summarise. The fourth industrial revolution is coming, whether we are ready or not. It will be terrestrial. It will be global. And we can't just isolate ourselves from it. We've got to prepare for a new economic physics characterised by the rise of exponential models. These models are powered by data that is their fuel. And we've left data right until the last moments of our transformations. And we've got to become ready to compete analytical. Look for youthquake, right? There is just as sure as there's going to be sunshine, we need to look for the social changes and the opportunities that that's going to arise as a result of the youthquake associated with millennials.

Rocky:

We do have a productivity imperative that last decade was our most unproductive in Australia. But with the dependency ratio not favouring our labour market, we've got to look to technology to improve that in another way. And when it comes to technology, we need to think about augmenting that as a renewable energy in the way with which we think about trust. Think about these technologies, not onto their own, but how they might impact your organisation, or your industry from a clustering perspective. And then lastly, it's your capacity to adapt and rejuvenate, which will be your competitive advantage in being an enterprise.

Rocky:

And so, I'll leave you with this wonderful statement. Which is that the capacity for organisations to adapt is not something mutual. It's in fact, Darwinian theory of survival. It's just now returning as a result of everything that I've spoken for, to become the key ingredient, to explain why organisations will survive this decade and those that won't. So, I hope that's been insightful. Everything that I've spoken about again, is available in the books that I've published. I'm just going to take a breath, and now be joined by Kerry, Glen and Dace in a discussion. So, let's kick off. Okay. So, let's talk about some key questions. I might put to the panel, the first question of what really drove your organisations to change?

Dace:

I think you hit the nail on the head, what drove us to change. We're an accounting practice, and we're obviously considered old school in some respect. But we knew we had to change, and the use of data,

collecting that data, and how we used the data was the most important thing to us. And we were inefficient in collecting that data. We were inefficient in maintaining that data. So, we had to make sure that we used appropriate systems, processes, and so forth in using that data. Now what's that data good for? It's able to benchmark and provide information to clients. But more importantly, to be able to find customer service, client centricity, and so forth. Understanding what the client wants and be able to service that. Address their pain points and being able to use the data that we've got, to fix those pain points up. So, the use of data is the overall need for change in our organisation.

Kerry:

We are much the same these days. Clients have access to a lot more information. They don't always understand the information. So, we needed to adapt to be on the front foot in building these new set of advisers to clients. The only way we're going to do that was to have the knowledge ourselves and be able to analyse it a bit like you were saying before. Analysing that data to be able to really service the client's needs and expectations. And we wanted to be the forefront in what we do. That's what our clients have always expected from us. And the only way we continue to do that was to get on board with the change.

Glen:

Yeah. And certainly, we support that as well, Kerry. From Class' perspective, our business is very much about supporting the wealth of accounting practice. And through automation and data, it's very much the fundamental basis of that. So, the systems that we have in place are very much there to take the TDM away from the accounting individuals, and being able to support. We saw their higher value is able to be leveraged. So very much out of that innovative viewpoint of being able to leverage data, and very much to the tools that we can put in the hands of our customers.

Rocky:

So, let's just jump straight to the question about skills, right? Because your organisation's now competing quite differently, creating services and value quite differently. I'd be interested in your perspective around how your organisations are staring into the area of skills?

Dace:

Yeah. Look, human capital is the most important thing for us, because we've got two things. We've got clients, and we've got staff. And human capital is important, and it's hard to obviously get. The people that do a good job are engaged and so forth. Especially around times like we've got at the moment. But traditionally we wanted people that were good at math, good at commerce, understanding that. Being able to put information into systems and so forth. Where now we even look at non-accountant terms of being able to analyse data, use that data. Communication is the key to success. We sell relationships as accountants. So being able to relate to your client and communicate to your client is probably the most important thing. As well as analysing data, and being able to identify what you can do with that data, and how it impacts your client.

Rocky:

Great! Kerry, any perspectives on that?

Kerry:

Dace is right. I think for us too, it's that cultural, not looking at change as something that's coming once or twice. We want people who are adaptable, and open to sharing, and looking for ways to bring other things to the firm than just the number crunching. We can do all of that. Technology does all that for us. We want people who are going to go, "Hey, listen, what we did last year, doesn't really work this year. We need to be doing something different. What is it? And I'm going to run with it along the way." Not be frightened to speak up in fear of failure, like you mentioned before. And really be able to run with things in a confident way. That whole analysing data, and speaking to clients is a totally different aspect that it was more the pinnacle of your career rather than now it's the start of your career. It is a very different mindset of what we're looking for in an accountant.

Rocky:

So just on that, Glen, I'd be interested in your perspectives around how to embed innovation in the mindset of the company. Because your organisation thrives and survives. So, that's capacity to innovate.

Glen:

Yeah, definitely. And I think that from your talk as well, the idea here is that very much the data and the information you're receiving from the customer really helps to drive that innovation. But as you say, embedding it within the organisation is key because there are so many great people across all organisations that have some amazing insights on a day-to-day basis on what works and what doesn't work. And being able to tap into those ideas is critical. And being able to make them available to be nurtured within the organisation is sort of one of the key things I'm very much focused on.

Rocky:

I'd be interested to just note that the research shows that one in two senior executives in Australia see innovation failure as a career limiting move, I'd be fascinated to hear how you've approached your respective boards and leadership teams over the long run when it comes to innovation. That'd be, I think, quite fascinating to listen to.

Glen:

Yeah, sure. Look one of the things that accountants are, is they are risk averse generally, not all, but most, and especially in a bigger organisation, they're not as agile. We're not as able to make decisions as quickly as some of the smaller practices that are in the profession as well. But mindset shift is very, very important and change management and getting that. So we've got innovation hubs, we've got hackathons, we've got all sorts of stuff that we involve all levels of staff in. People that are in the trenches have probably the most important ideas and so forth that can be employed.

Glen:

Not all of them are going to work and some of them are fancy, but at the end of the day, what we've got to do is try them and we've got to take risks. To succeed, you do have to take risks. There's no doubt about it. And what we've done in the past is we haven't taken enough risk, especially in a larger organisation. So, it's the ability to make sure that that the board does have the ability to make decisions and identify the failures or the experiences that we've got, quick enough to move on and say that didn't work, but let's try and try again. And that's one thing that our organisation is learning pretty quickly in that it's not hard or sorry. It's not a bad thing to get something wrong. Like in life, we've all got to learn from our mistakes and that's what we're doing currently.

Rocky:

And was that a journey for the board?

Glen:

Look, absolutely. And some of the things we change and doing and taking risks in a partnership environment too, you've got younger people coming through that are just in their journey and people on their way out. And they've all got different mindsets and different ideals in terms of where they want to be as part of their business cycles. So, our chairman's been there for the last seven or eight years. And that's one thing that he has instilled in us as leaders of the organisation and as owners of the business effectively, is how important that change is. So, if it's driven from the top, it's a lot easier. People still have different opinions, and we understand that. And you've just got to portray the positives, but not only that is, you've got to actually realise there are going to be concerns and you need to deal with those upfront as well.

Rocky:

And so Kerry, thank you for that. Kerry, how did Perks, what was their journey to innovation and change?

Kerry:

I think part of our firm goals and values are all around innovation, collaboration, and looking to be innovative all the time. I've been here six years and that whole time it's been, I wouldn't call change management, but it's been new management that includes change as part of your day to day. I think we've gone down the path of, you used to want to have everything perfect before you rolled it out, it's going to be user experiences, going to be awesome, everyone's going to be happy with it, and we're going to be good to go. But that just doesn't work. We need to engage people along the way. Nothing really works unless you get buy-in from everybody, you need to be able to adapt along the way to make sure that it's fit for purpose for all the things that you're trying to do.

Kerry:

And then by having that sort of mindset, that everyone has a bit of an information share along the way, we adapt it, we take on board feedback. And I think as they said, accountants are risk averse, we're also not so good at feedback and taking it on board, but we need to listen to it because that's how we get the best of what we want. What might suit me may not suit somebody else and we need to find that that best of breed. And that's how we get everybody else engaged in it, by really seeking out that feedback. No one's going to embrace change, embrace innovation, embrace forward thinking if we don't give them the opportunity to actually share about it.

Rocky:

Yeah. So Glen, in your role in Class, you're probably at the pointy end of being the team advocate for innovation. What's the journey been like for your organisation in terms of leadership and getting the board on the journey with you?

Glen:

Yeah, definitely. And it very much resonates from the comments that Dace and Kerry have shared. Our board are very much behind, C-level is very much behind innovation. We are participating today in a

companywide innovation day. The interesting thing is it's about giving everyone that license to innovate and giving them, very much, time away from being in the weeds and at the coal face, so they can open up their minds to things, so it is something that, there are some organisations I feel that have innovative manpower, others that have a viewpoint that's innovative. It does have to be across a whole organisation, and it is something that does take time being from a research background. You can't force innovation to happen, but very much it's about something that you need to nurture and support across the organisation. And over time it does become part of that fabric of the company. And through that, you can then very much elicit those new ideas, support them, and allow them to grow within the company.

Rocky:

And so, it'd be fascinating for you to just build on that in terms of, about the pace of change. So, this coming decade, Glen, do you see that the pace of change? How do you see that unfolding, firstly, and then secondly, what's going to be the impact of that pace of change in terms of Australia's competitiveness?

Glen:

Yeah, definitely. I think that in terms of, we were talking previously around that the rate of change is always going to be continuing and it's always going to be accelerating. And a lot of the time, our own personal sense of accepting of that change and embracing it is really important. We won't be able to slow down that rate of change. And if we miss being part of this change, we will be left behind. So, being adaptive to the change and being part of that change curve, I think is incredibly important for ourselves as individuals, as well as, as companies to ensure that we are part of the change and not being left behind.

Rocky:

Thanks, Glen. Kerry, when on the same question, how does Perks benchmark itself on change? Does it very much look at the Australian environment or does it look more global? How does your organisation approach thinking about change, the pace of it, and your organisation's competitiveness?

Kerry:

I think we look at multiple different areas. So obviously we look at our own market, which are majority South Australian owned and operated out of, but we have national clients, we're also very much part of a leading edge Alliance group, of which then we are getting that global ability to be able to benchmark ourselves against what others are doing in that environment. And I think that actually keeps us at pace. It allows us to, we can see where we are doing so much better than others and where we are probably lagging a little bit behind. And those shared experiences, giving us the opportunity to have a bit of insight into information we wouldn't have before. I think then we go back to going well, when we do innovate and do all these things and implement them, are they actually doing what we want them to do?

Kerry:

And if they're not, are we going to continue to change it? It's that stalemate that we don't want to get to. And we want to be able to see our clients, I suppose, their businesses grow. That comes out of what we do. So ultimately, we're here to service clients, we're here to give them what they need. And that's part of the benchmark as well. We can talk about all of these things, but we still need to be able to

deliver the service that the clients are looking for from us. So there's multi different ways we benchmark against, but I think it's a combination of all of them.

Rocky:

And is that the same Dace in RSM?

Dace:

Yeah, look, absolutely. We're part of a big global network and we look internationally as well as in Australia, we've got 30 offices throughout Australia. So we understand what the markets are and different industry types and so forth. But, just on that, I think that the understanding is that we've always had data. Absolutely. I think what the difference is now is that we've got real time data. In the past, it's been lagging, and it's been a lot harder to get, where you can actually get it now. And it's about the ability to collect passive data as well as active at the same time.

Dace:

But the important thing to me is change is always going to happen, and it's going to happen at a fast pace. It's understanding what the client wants versus what we think they want. And that's the old presumption, is you've actually got to understand the client and ask them the question. You can invent whatever you like, you can create this change, you can do whatever, but if the client doesn't want it, it's going to be irrelevant, right? And a lot of these data companies have actually done that and failed in that regard. So, it's understanding the client, understanding their needs to be able to innovate for them. And as we know, everyone's got their slight nuances and everything else, so you've got to be able to adapt to what you do and make that change just slightly differently for everyone.

Rocky:

Yeah. So, a quick yes or no answer, do you think Australia or the Australian business environment is moving at the right pace for the level of change that's occurring around the world?

Dace:

Look, I can compare it a bit like COVID and vaccination. We've been behind the curve. I think we are a little bit behind the curve, but we are trying to get there a lot more quickly, now. We started lagging, but I've visited many countries in the RSM network and it was amazing for me to see, and it might be just our network, but we are ahead of a lot of the other bigger Western societies as well. So I was glad to see that, but I think as a nation, we are a little bit behind.

Rocky:

Yeah. Kerry, do you think, where's your position on this?

Kerry:

Look, I think we do well in some areas, we do really, really well, and others, we take a little bit longer to get on board. But I think, if we even it out, I think we're up there in competing with the best of them.

Rocky:

Glen, would you agree with that as well?

Glen:

Yeah, definitely. I think that it is very much a political answer of it depends, and depends on which industries we look at here, but certainly I think we are heading the right direction. But getting there fast will be good.

Rocky:

So, what do you think are going to be the biggest challenges on our horizon, in our industry over the coming two, three years and beyond?

Glen:

I mean, for me at the moment, very much, the thing that I see is that the COVID restrictions certainly cause a workforce shortage, but very much we do need to look within Australia for the options that we have and the potential that we have with people within the country. And I think that that's sort of the key thing that we need to be doubling down on, but really building on those ideas is the key thing.

Rocky:

Yeah, yeah, yeah. So, let's look at, let's get your futurist hats on, and perhaps give us some advice, some practical advice on your technology roadmaps. What can we expect over the next year or so, and beyond, what are the things that you expect your organisation to be showcasing?

Dace:

Yeah, it's a good question. So, automation is key, in parts of our business, compliance is still going to be there as our bread and butter, and it needs to be done as much as automation is going to, or they believe take it away. It's still going to be there. So, we need for that to be efficient as possible, and using vendors like Class helps us with that. So, then it moves on to, what do you do with your time that you've actually got back? Whether you do things for yourself or whether, more importantly, advising your clients in terms of growth, profitability, different potential mergers, acquisitions, all that sort of stuff. So, the advisory piece is important. We do that obviously, but we've got a lot more time, hopefully in the past, through robotic process automation, efficiency gains and so forth. So, over the next two years, and who knows after that, because it changes so quickly.

Rocky:

So, you mentioned automation there. What about simplification, complexity, how do you see the role of data in making those experiences and processes a lot more palatable, I guess, or frictionless, for your customers and trust is probably a good example of that?

Kerry:

I very much agree, most of our clients look to us as the trusted advisor. So, they're relying on us on having the data corrected and whatnot. The easiest way to get that is the simplest, quickest, most efficient way. Then we have the time to take on board that analytical side of it and provide them that. Clients are getting a data overload. We can have all the different types of information that we want to provide them, but they're getting information from all over the place. And in some cases, they're not educated enough to understand it. And so, they get a little bit lost.

Kerry:

Part of our roadmap is making sure that the different business units that we have here at Perks, 13 of them, is that each business unit has the right stack for what they deliver on. And that doesn't mean that we're all using the same, all of the time. We want to have some centralised pieces of software, and some centralised processes, but ultimately each business unit has a different requirement. And we need to ensure that we are doing the best of breed, best of product to do that along our way. And then that way, then our clients can see that we are moving with the times and working with them on what they're wanting to hear from us.

Rocky:

Yeah, fantastic. And Glen, Class had this approach, its technology roadmap. And again, thinking about that in terms of simplicity, in terms of automating, and reducing complexity, and the link between data and customers.

Glen:

Yeah, definitely. And I mean, Class is very much around a data centric company where we manage a lot of data on behalf of our customers. And I think that the future is very much to Dace and Kerry's point around automation supporting our customers, but then providing those insights and being able to make sense of the wealth of data that is being managed, and the wealth of data that the accountants need to manage, to very much provide those key pieces of data insights. And being able to extract that from the noise, that is the amount of data that is running across the system on a day-to-day basis.

Rocky:

Fantastic. Well, look, we're coming to the end of our panel session, but I want to ask a question of each of you to share with the audiences. Can you share a time where you did fail, and what were the key learnings and what would you do differently or do again?

Dace:

Look, I raised the point before. I think where you fail is thinking you know what the client wants without asking for it. And the fact is that you've got to have a conversation with people. You've got to understand their pain points, what they're going through and understand them. So, if you assume, it's the old adage that you need to understand what the client wants and you make that mistake once, you don't do it again. And you actually ask why they want to deliver what they require versus what you think they require.

Rocky:

Yeah. Very good counsel. Kerry?

Kerry:

I think I'll take it from a little bit of a different tact. A few years ago, I took over a new business unit, which was going to integrate it into mine. I had these great ideas of where I wanted it to go. And the path I took was a little bit too quick for everybody else to come on board. So, we had to adapt that timeline and really pull it back a little bit and allow that team buy-in and the team to catch up with what we were trying to do and for them to see the vision rather than feel that it was a threat to them. And I think that was a really big learning, on having everybody on board with something called most people on board with something on one way, shape or form, and at a pace that is fair and reasonable for everyone to keep up with. I think that was a key learning for me.

Rocky:

Yeah. It's interesting, isn't it? That I think that the cultural challenge for change is not textbook stuff and it's not homogenous. It is unique to every organisation because every organisation's culture is quite different.

Kerry:

We're all human. We all have different ways we deal with things. And that's what we have to remember along this, we can automate and use all of this, but there's a human element in there that we need to adapt to and make sure that we consider, I think probably above all.

Rocky:

And Glen, for you? Your area of failure and, what were the key learnings? What would you do and not do again?

Glen:

Yeah, I mean very much around, rolling out something new, and this previous time where you've not understood that at that interface between the human and the system, and managing that change and trying to be too altruistic, maybe with rolling something out. I think that's really where we've got to look, I've seen, I've had experiences with some of the projects I've worked on where you do have to make sure that you are carrying the people, you're bringing people along the journey with you. And that also comes back to getting insight from the customer, but also giving them small pieces of value as you move forward. Because I think that's the other thing that I've experienced in my past. That is where we've had failure and to Dace's point, giving them something that you thought was what they wanted, but it's not exactly what they've wanted, or taking too long to get that, to that point as well.

Rocky:

Yeah, that's fantastic perspectives. Look, I just want to thank you for this wonderful discussion. I'm just going to now hand back to Tori, who'll then just hopefully fill some questions and take us through to the close.

Tori:

Yeah, thanks Rocky. We've actually had lots of questions from the attendees, so we won't have time probably to get through all of them, unfortunately. So, the first question we actually received, before the event that was so keen, was Karon from ditno, a really exciting Australian startup in the security space. She asks, with business transforming at a rapid rate, how do we encourage them to change their IT security roadmap at the same pace, to reflect the transformation and also protect their data as well as their customer's data?

Tori:

So Rocky, did you want to maybe lean into that first and then maybe Glen from a technology perspective?

Rocky:

Yeah. So, the enterprise 4.0 blueprint that I showed you, if you take an outside in perspective, I find that's very helpful, because what that highlights is that your organisation's data, and the velocity, the

volume and the value of that data, is on an exponential curve. And so the points of presence of data, which have mostly been human to enterprise so far, are about to be accelerated through sensors, wearable technology and a whole range of different things. And so, the threats that are going to come at the organisation are going to be equal to the volume, value and velocity of data that's going to come at the organisation.

Glen:

Yeah, definitely. I think that the interesting area here is around how we manage, and also segment the data for our customers as well. So, and I think those two things go hand in hand. Data is key. It is a commodity. And I think that it needs to be protected very much like that. But also, we made this comment around what works for one customer, doesn't always work for another customer. So, as we start to build and draw on the insights that are driven from that data, the key area here is understanding what are the patterns across a data set that is common to multiple customers, but also what is unique to an individual? And I think that when we look at it, in that sense, we can bring in aspects of how we control the data and how we manage it, that helps to ensure that data is protected, data is isolated and we're ensuring that individuals data concerns, are being kept at top of mind.

Tori:

Fantastic. This one might be one more for Kerry and Dace. So, Jane Nola asks, how much will the inherited wealth impact millennials? And then, in addition to that, Mark actually called out the question, do they actually have the experience in education to utilise the power and wealth that they're given, particularly given they haven't had to really go through any hard times?

Kerry:

Interesting comment. Look, I think we probably don't give millennials enough credit, a lot of the time. They probably are more worldly than we think they are. And I think they still strive. And I think depending on their thought process, most of them still strive to be successful in their own right. They just want to do it in a different way. Their measure of success is probably different to what mine would've been when I come through and probably what it is now. But I think, still inherently, they're going to want to succeed at something. And I think they'll use that wealth to help that. And that's where we'll start to see that really, I suppose, change in the way that businesses work, what people are looking for and what they're going to do with those magnificent minds that they've created.

Dace:

Yeah. Look, I'm sure the same question came up between Baby Boomers, Gen Xs, Gen Ys, Gen Zs, millennials and so forth. The same question was always going to be there. I've got a little bit of a different perspective. I think it's how they've been brought up and what they've been through throughout their life. Not all millennials get it easy, put it that way, and a lot work hard and a lot don't. So, I think it's a bit of a generalisation to say all millennials are the same. I get the point though.

Dace:

The fact is that they haven't been through hard times. I started working in 1990 and we were going through a depression then, and it was a lot harder to get a job, where a lot of the people post that haven't been through that apart from perhaps the GFC, but it rebounded pretty quickly and so forth. I'm on the same point. They'll get there. They will want things done differently. They're going to use data a

lot differently than what we use it, but I'm sure that there will be a time when they're still going to do or make the same decisions as what we have, but just do it in a different way.

Rocky:

So, in Tori's absence, perhaps if I can just step in and just sort of, maybe just build on this sort of theme around intergenerational change and pace of change. Do you think that our workforce has been primarily made up of millennials, and increasingly so over the coming five years? Is that going to be good for organisations in terms of thinking about change, embracing change, more openness in terms of innovation and all of the things that we sort of talked about here?

Dace:

Yeah, look, I think the millennials provide a lot of ideas and a lot of input and a lot of feedback. And I think if you look in the past, it was basically a hierarchy where the boss said, you do this. And that was it. You did it, right? Where I think it's sort of about faced at the moment in terms of taking that feedback on, being agile enough and flexible enough to listen to them and change the way you do things. And the pandemic's been a classic case in point for that. And I think some of the younger people have actually realised how good it is working in an office as well. And they wanted the flexibility in the past to work from home. So, they get an understanding of what we went through and vice versa, but it's the ability to take that feedback on versus being told what to do. That's the major difference now. Yeah.

Glen:

And I think that's sort of feeds on a comment that Rocky made earlier about the trust aspect. And I think that part of the history is the experience that the C-level and the board had that experience was naturally trusted. And I think that the millennials of today very much have a much more focused trust radar, let's say. And that is something that will move and bear, I think a little bit more hesitant to give their trust, but also they're much easier to shift their trust as well. But part of this is very much trusting in what they observe. And I think that this is one of the interesting things about pulling the data, trusting what the data is telling you and using that to build those insights and drive the decisions that we make.

Glen:

So, with the future of innovation and being able to trust in that data and give that data to the board and being able to say, this is what we're observing, this is what we're seeing on a day-to-day basis. That's really where we're able to drive that and sort of marry those two pieces of the experience that we all have as well as the insights we get from the data that we're seeing.

Rocky:

Yeah. We've just come up to 12 noon. Thank you, Glen. And hopefully we've got Tori back. I can see you from the screen.

Tori:

It wouldn't be an event if someone didn't have a network issue in this day and age. But I guess once again, thank you, Rocky, Glen, Carrie, and Dace, for all of your insights. I personally really appreciated you being so honest with some of your failures as well, and sharing those stories of what you learned from that. Thanks to everyone for joining us today. We hope you enjoyed the session and walk away with useful insights. We did get a lot of questions. We'll actually answer those offline and pop it on the landing page post of the event and share all of the assets on that site afterwards as well. If you do have

any questions, please feel free to reach out to us using the details on the screen now, and we'll make the recording available post the session as well. So thanks to everyone, have a great day, and we'll see you next time.

Glen:

Thank you.

Dace:

Thank you.