# AI LEADER PODCAST: CLOUD DATA TRANSFORMATION
## AUDIO TRANSCRIPT

**Josh Reese [00:00:00]** The most important part of a cloud data transformation is your talent and organization.

**Lascelles Forrester [00:00:13]** Hi, everyone. My name is Lascelles Forrester. I'm a managing director in Accenture's Applied Intelligence Practice. Today, I'm very delighted to have a conversation with Josh Reese, senior VP of Next Generation Data at Navy Federal Credit Union. We're going to talk about cloud data transformation, which is a very exciting topic, and many people are talking about it today. Josh, good afternoon, and it's my pleasure sharing the stage with you.

**Josh Reese [00:00:35]** Hey, good afternoon. It's great to be here.

**Lascelles Forrester [00:00:38]** Thanks, sir. You know, Josh, even though it should not directly influence your vision, your business and IT objectives and what they should be, it is still important to understand your current situation or the situation before you embarked on this transformation journey. What was it like at Navy Federal prior to launching your initiative?

**Josh Reese [00:00:58]** We started this journey a few years ago, about three years ago. And at the time before we really got started, we, like a lot of people in the industry or in these sorts of situations, our data was very fragmented, very siloed. It was not easy to get to the information

that ou needed to perform analysis to derive value out of the data. A lot of the systems were more operational in nature, so you'd be tapping into the operational data stores at the back end of those systems, which weren't designed for analytics, and then you'd have to pull that down and combine it and wrangle it somehow to make meaning of it and put it all together to try to build out some insights and derive some value from the information. So, it was a lot of effort on the part of the analytics teams to do that kind of data wrangling instead of focusing on the more valuable time spent on deriving those insights. So that was kind of the place we were starting from like many. We had very much a legacy mainframe architecture that we were working with which limited us in some ways. So really a lot of opportunity to move to the cloud and take advantage of all of the really amazing capabilities and innovations that are that are happening there.

**Lascelles Forrester [00:02:32]** That's fantastic. And you know, Josh, you're in line with many of the reasons and situations at our clients that we've seen before these large transformation initiatives. You mentioned siloed sources, and even some target environments so it's more difficult to gather data into one place to have the insight you need to actually drive business decisions, right? Old legacy systems which you pointed out. Other clients mentioned data quality issues at all stages from the sources to the transportation layer to target to consumption. It's

hard to actually gather information and trust the information. And one of the ones that sometimes people fail to think about is really the heavy technology focus, where everything is built from a technology perspective and business is unable to actually use it and gather value. So, you're absolutely right. It does resonate with the reasons why other people from our client groups have embarked on data transformation. So, I want to talk about objectives for cloud transformation. I've seen clients and reasons why they embark, and some of the things you mentioned definitely apply. I've heard things as to support transformation initiatives like finance transformation. There's a large financial transformation project, which means they'll need data to actually to enable. As a matter of fact, all large-scale transformation initiative should require dependable data. Some clients started out their journey to reduce operational costs, even though that's typically an additional benefit, just something as almost a fringe benefit to what they're trying to drive transformation wise. And others are using data to disrupt the industry, right, with heavy focus on business value. The question Josh, and we could talk about it back and forth, what are the major objectives or what were the major objectives that compelled NFCU to embark on this journey?

**Josh Reese [00:04:25]** Yeah. So, for us, you know, we're a credit union. We're the largest credit union in the world, and we have a very strong history and fundamental belief in serving our members and helping them with their finances, right? So, for us, it's all around leveraging the data and our capabilities that we've built out to send that value back to them in the form of actionable insights for them to help them manage their finances in their day to day lives. So, for us, there are some compelling arguments to be made on, you know, rationalizing our legacy infrastructure and some things like that and some cost savings. Those can be very compelling, but we were very focused on building out those additional capabilities to deliver that value to our members that we didn't have at the time. Being able to do

things at scale, being able to really integrate AI and machine learning all the way into our channels to deliver to our members was very important to us. Those were things that were hard for us to do before we embarked on this journey and certainly at scale. And those are things that, you know, the cloud really empowers us to do. So, for us, it was all about our members. It was all about leveraging the data that we have to build those insights and deliver that out to them as seamlessly as possible.

**Lascelles Forrester [00:05:57]** And to think that you were actually a very strong member centric company before this, and you decided to use data to enhance that capability.

**Josh Reese [00:06:07]** Yeah, that's it. A lot of what we're trying to do is no different than what we've always done. It's just that things are changing in the industry. Like we're seeing a lot obviously in financial services. Everything's been around digital transformation for quite a while. So, whereas in the past a lot of our member service has been face to face, human to human, we're trying to figure out how to maintain that same level of service in the digital world and that same level of the ability to help and advise our members on their financial situations. And so that's really where data becomes extremely important to making that a reality.

**Lascelles Forrester [00:06:55]** Yes, I completely agree. Let's take a step back now, three years back to the start of this initiative. And, you know, there are different ideas to how you embark on these transformational initiatives. Some people will find a use case and deliver a small MVP and move forward. Some will do a discovery phase, see the impact on IT and businesses, and then some would actually embark on a larger scale data strategy or analytics strategy to understand the vision and lay out the foundation and the roadmap so you can actually embark and get quick wins still knowing where the end will be and what's impactful there. The question I have is this, because I know that you started with a strategy, so I'm not going to ask whether or not

you started a strategy, but I would like to know what benefits NFCU realized from starting with a strategy upfront rather than starting out with implementation of a small scope or MVP.

**Josh Reese [00:07:57]** So, it helped us that we knew kind of what that North star was, right? And that's what we were just talking about, the ability to deliver those insights, but we needed to refine that, we needed to make sure that everyone understood that. So, we spent a lot of time getting everyone on the same page, right? The ability to speak the same language, we called it at the time management convergence, but it's really that a lot of change management went into ensuring that everybody was on the same page to kind of break down some of those silos and some of that those pockets of resistance to change, because this really represents a significant amount of change to the organization across the board. I mean, it touches every corner of the organization from the back office to front line employees. You name it. So, we needed to have everyone on the same page first. And having that strategy laid out with that vision and the North star helped because then we kind of all knew what we were talking about. We worked with Accenture and so we got that alignment with a key partner before embarking on this large implementation. So that was really critical as well. Having the focus on the vision really helped us in that we knew where we were going, we knew what the North star was. We didn't always need to know what every step of the journey looked like, so we didn't manage it as a waterfall project. We managed it very much as an iterative learning type of exercise where we could pivot at each step. And that was crucial as well, because when we started, we had no idea what the journey was going to look like. We knew where we wanted to go, but we didn't have all the steps figured out, and I don't think anybody will ever have all the steps figured out. So, I think the approach that we took was the right one. And one of the early things that we did that was crucial, because we did do a discovery phase, is we did a lot of planning before we started. But one of the key things we did was something called learning experiments, and this was really helpful as we were forming that

strategy. We decided to do some soft launches of a couple of things, and this really helped to pressure test our understanding of the current gaps that we were facing at the time because we thought we understood what the gaps were. But when we tried to deliver and under the old sort of framework and processes, it quickly became apparent exactly what our gaps were. So, it gave us an opportunity to kind of test things out, make sure we had a solid understanding of what we were working with before we jumped in headfirst to the implementation. So that was really, really important. I think it helped us to again learn and that was a big part of the journey, learning at every step and not being afraid to pivot and change. Because with these sorts of things, it's impossible to know exactly 100% the roadmap for the next three years when you start this kind of journey. It just is impossible. So that really helped us.

**Lascelles Forrester [00:11:27]** Absolutely. And was there any pivoting, meaning revisiting your roadmap throughout the process, or did you just stick to whatever you developed three years ago and delivered that, implemented that, and there were no changes?

**Josh Reese [00:11:41]** At every step! Every step was a pivot. You know, some of the pivots were very micro. So, as we kind of approached some of the business cases, some of the MVP's, minimum viable products that we were delivering, there were obviously pivots there in terms of….you know I call those kind of micro pivots because there are things that are just related to that scope, that particular business use case. But there were also some macro pivots, too, as we set out to build certain capabilities that we had in mind. Sometimes it didn't work out. Sometimes it was like, oh, there were more limiting factors or constraints that we were dealing with than we could see at the time, and it led us to focus on something else. And I think that's really important to have the courage to turn things off, to stop doing something and pivot to something else. It's something that's hard for a lot of organizations. I think because you put a lot of time into planning, you put a lot of time into thinking about what you're going to

do and you want to kind of push through and see it to the end, but sometimes some of the challenges that you face lead you in a different direction, and that's okay. That should be, I think, the case to allow room for those pivots. So, we've been very successful because of our ability to navigate that and pivot where we needed to. Lascelles Forrester [00:13:17] Yes, and you've done a great job in that. You know, as we take a different step here, Josh, I personally believe having been involved with many of these transformation data cloud, data transformation initiatives, that one of the key success factors is the collaboration between business and IT. We've seen many programs such as this derail because it was either IT led with minimal business engagement or was led by the business without IT engagement and in both cases, they crash and burn. So, I feel that regardless of the objectives that started the initiatives, the cloud data transformation, the collaboration level for business and IT is really, really important. The business provides the objectives and the use cases required to drive the transformation and all the value, and then IT works hand in hand to implement the business solutions, so they can actually receive that value. Business involvement does not stop at providing objectives or business requirements. To be successful, collaboration continues throughout the implementation, it continues throughout post implementation adoption, at scale and all those things. I'm sure you would agree. So, what I would ask or ask you to comment or just describe the importance of business and IT collaboration on this cloud transformation journey and any lessons learned from you.

**Josh Reese [00:14:51]** I would agree with you that it's critical, and for us, we were lucky to have sort of that co-sponsorship from the very beginning where we made it business led in terms of what the priorities are, but we had that strong collaboration with I and we worked very hard to build that and maintain that through the program. I would say that anyone looking to start out on a journey like this, you really need to take a step back and evaluate if you're ready on both sides of the equation, both business and IT. It's

going to take both and it's going to take both fully committed to this. I think often times the temptation is to see it as simply an IT exercise, but you should not underestimate the level of effort and commitment needed from the business on these sorts of things. Even if you're doing a lift and shift, there's a significant amount of effort that's needed from the business in these types of activities, and I think that could be a danger if you kind of view it singularly as a technology exercise because nothing's in a vacuum. What we found was it's not even just business and IT, it's also people and mindset, right? I mean, we really invested heavily in, like I said, change management communications to try to build the awareness of what we're doing, but we were really trying to change the organization and transform, and that goes, like I said, to every corner of the organization. In our case, we had in the business areas a lot of change that needed to happen to make this a reality and take full advantage of these capabilities, right? So, making sure that they're on board with that and embracing that from the very beginning is really, really important. That they see the value of that, and they understand that they're going to be working in a new paradigm because cloud data is very different in a lot of ways from...it's similar to things in the past, but it is very different. It's a whole different paradigm. It requires different skills and different thought processes, and that goes on both the business side and IT side. So, it's a significant amount of change for both sides, a significant amount of change across the organization. And I think going in with that knowledge is very important. Having the eyes wide open approach as to the magnitude of what this means for all players at the table, I think is very important.

**Lascelles Forrester [00:17:43]** I completely agree. I couldn't agree more, and if we underestimate in especially the business, their involvement in their engagement, they'll definitely be challenges in getting their time because they have day jobs, right? Challenges in getting the right requirements, the right objectives, challenges knowing that you actually achieve those objectives. So, I think it's very, very important. I completely agree with you

100% Josh. Great points. And you mentioned about reorganization, but I won't touch that one yet. We're definitely going to come up at that point. We will have a quick discussion on that probably in about 5 minutes. Now leading practice is, as we see across our client groups when we execute cloud data transformation initiatives, is because organizations run a business, it's not the shiny new tool that we have. You can boast that you have you have your data in the cloud and you're in the new. We always talk about value and benefits. So, leading practice is to define expected benefits and then maybe update them as you go along because things do change. Another leading practice is to track how they are being realized during the execution, because sometimes what people do is they define these benefits upfront and never actually revisit them and or track if they're being realized. I think one thing is very, very important in these data initiative, this transformation initiative is to keep the business wanting more, so early business benefits realized during initial phases are extremely important to continue the momentum on a program like this. Could you elaborate on how and if and when NFCU defined benefits, and also how you tracked them and created momentum as you go along, as you went along?

**Josh Reese [00:19:47]** Yeah. So, I really like the approach that that we took with this because a lot of what we're building is those capabilities that have a ton of potential value and a ton of potential uses. So, your value that you're going to realize from that over time can be quite substantial, but it will take time to realize that that value. So, I agree with you, right? The last thing we wanted to do was work for three years and say, okay, now we're ready to start using this thing. Let's see what value we can provide or obtain from it.  What we what we did instead was really take that MVP approach where every quarter there's something tangible that we are delivering to our members and to the business. That's has value, that's meaningful that we can point to and say, look at the value of these data management capabilities. So, every quarter, we're still building those capabilities, but we're doing that in a way that also yields tangible

results every single quarter by solving specific business use cases that were actually proposed by the business, so we're getting there by and at every step of the way as well. I think it was a very unique way of approaching it, and because of that, there's no question as to the value that we've already been able to achieve. We're seeing it. We're watching it unfold as we go. And we're building that rapport with the business and the adoption at the same time, because they're seeing the benefits, they're seeing the things that are tangible in terms of real-world examples, had a couple of examples of things we actually delivered. You know, I mentioned we're very passionate about helping our members better manage their finances. One of the things that we were able to achieve was delivering personalized balance notifications to our members to help them prevent overdrafts. This is really helping them avoid fees, avoid situations where their balance is getting too low, and we were able to personalize that with some really cool AI machine learning that we were able to deliver. And what we found was, as we personalized, it's one thing to target individuals who are susceptible to these types of things, but then to communicate that to them in an even more personalized manner is really critical. So, we were actually able to identify that each individual has a different threshold that makes sense to them in terms of when their balance is getting to a place where they need to take action to keep it above a certain level, so that was really cool. We were able to demonstrate the power of the platform and the power of personalization to do that, and we saw tremendous benefits. Our members loved it. They took action. They actually corrected, changed their behavior in many cases where they were spending less. They were increasing transfers from other accounts elsewhere to offset that, and we saw an incredible ability for us to help them manage that cash flow. So that was just one example. We've also been delivering some personalized savings recommendations to our members to help them build up more savings to offset against any future needs. So just some really, really cool real world use cases that we've seen have been yielding tangible results, and the more of those things that you that you

generate, the more goodwill and the organization, it gains you, right? People can start to say, oh, yeah, you know, this is this isn't just, you know, a bunch of servers that we're installing or a bunch of technology that we're building up. There's real world value that we're getting from it. And that's important because a lot of this is new for folks, right? Not only is cloud data new, but AI and machine learning is certainly new for a lot of people. And so, it's helpful to demonstrate the value that you obtained from some of these modern analytics capabilities, because people can be skeptical, and people think it's all just buzzwords, and is it really any different? And so, it's important to kind of gain meaning, build up that credibility with folks as well.

**Lascelles Forrester [00:24:59]** That's fantastic. And you're definitely speaking from experience. But did I hear you're right? Did you say quarterly MVPs and seeing values quarterly? When I'm hearing that and doing data transformation on premise, you're thinking 12 to 18 months to get your foundational component ready and up to speed, and then after that, six months to get your first MVP through. I'm sure the folks who are listening are going to be asking, how long did it take for you to actually get to you initiating benefits, to start receiving the benefits that you were getting now on a quarterly basis?

**Josh Reese [00:25:41]** Yeah. Yeah. So, you know, I can answer that in a number of different ways. We did some foundational work. We had a quarter or so, quarter or two of some foundational work with some tangible value. But really, I mean, we now have a world class AI engine that we've built and in a matter of weeks we can go from the build of the insight, the build of the model to deploying it to pushing it all the way into our channels and to delivery literally in a matter of weeks, which is just so remarkable for us, given that, you know, before all of this, I mean, a lot of this wasn't even feasible, to be honest with you. We just didn't have those the capabilities to deploy these kind of model outputs into channels in any sort of industrialized fashion. It would have been an ad hoc one-off project to do that. We weren't able to do these

kinds of things at scale, but now it's all industrialized. So now that you've established kind of that repeatable pattern of building the model, doing all the model validation steps and all of the governance around that, deploying that into production and getting it ready, kind of hardening it for operationalization, it's just amazing. We've got a repeatable pattern. Once you kind of get that foundational layer stood up, you can in a matter of weeks spin up these new things, and that's really, I think, power of, in a lot of ways, the cloud, but it's just the power of the modern way of doing the stuff, too. You know, in the old days it was you'd have some data scientist somewhere in some corner of the organization on their PC building a model, and then it was like, okay, what do we do next with this? We don't know. There was no way to actually make it actionable, and we now have that that capability. And I think a lot of these cloud capabilities have really made that a reality.

**Lascelles Forrester [00:27:59]** That's fantastic. Again, great insight, Josh, and I'm even more thrilled to be having this conversation. You did mention a while ago about organization and hardening the solution and making it ready for production. It leads us into the next topic I would like to discuss, and it's around your talent, your organization, how to get prepared for a cloud data transformation, and you lived it so definitely would love some of your insight there. As I think through many of my client engagements, some of our clients have been focused on technology, you know? What's the IT required to implement the solution? Others were focused on the business and the benefits and making sure that business was involved. But some have done both but overlook the need for both business and IT, because it's not just IT or business. Both need to understand it requires skills that's needed to execute, to extend and to run a solution. I've seen for my experience that our clients need to think about required skills even from the strategy phase and at every single step of this data transformation journey, because it's very, very important, because if you wait until the end, you're going to have to catch up and you're not able to maintain a solution. And some examples of the skills and how they organize,

and, how they're executing are one of them. An easy one to identify is required skills to implement, right? Are they the skills gap that you need early on not just to implement, but also you want to think about skills to transition from a development perspective into production perspective, skills to maintain from a technology perspective, the skills required to keep the lights on, for lack of a better word and also the skills to enhance, to actually continue the momentum, as you actually go into production. And a key one that I see clients completely forget about is the skills required to use the solution, right? Business users out there require some kind of change management for them to become data literate, for them to become analytics literate, to understand how to use this really good and powerful solution, because if it's not utilized by the business and by every single person in your organization, it could be seen as a failure. And I would think that you would agree with that, Josh So what was your approach to talent and overall adoption of the solution and overall thinking through making sure that the organization is ready for the solution?

**Josh Reese [00:30:48]** Yeah. So, I'm glad you brought this up because it's probably one of the biggest learnings for me in this journey was really just the importance of skill sets and the mindset and the people capabilities aspect of all of this. We invested very heavily in the technological capabilities, right? The data management, the AI/ML all of that stuff. But one of the things we did right in this initiative was really focus from day one on talent and organization. We knew that there is skill set gaps and challenges across the board. Basically, what you just laid out.  There are gaps in terms of the build phase, the actual transformation phase, the stuff that you needed to stand up and the foundations to get things going, and then there's obviously in the maintenance phase and the ongoing management, their skill sets, different skill sets, to your point, that are involved in that. And then the usage of the platform is a whole other ballgame there. We knew that we had skills gaps across the board on all three of those categories going into this, and we needed to have a strategy for how to address those. a lot for that insight, Josh.  Very, very

Otherwise, the danger was we'd build all this fancy technology using a third-party integrator, but we wouldn't have any of the knowledge or skill in-house to maintain it ongoing and manage that. Let alone that, we wouldn't be driving the value from it that we really wanted to get. So, we knew we had to make talent and organization crucial to the strategy on an equal playing field with all the things we needed to do from a technology perspective and obviously the business side as well. So, I think we've done a lot there. We've really focused on our talent acquisition. We've did a lot of skills assessments early on. We've run the gamut of it. We've done a lot of upskilling programs and training that are really having a big impact, and what we're seeing now is because we invested early on that it's paying us benefits now. So now as we're looking to fill roles to maintain these platforms going forward or to use them, given that the talent market is pretty challenging right now, we've built up a lot of internal talent who are actually filling those roles. And if we hadn't invested there early on, we'd be really in a tough spot in trying to source some of this talent. But we essentially invested in our own internal talent pool from day one. That's really been a benefit to us, I think. We really laid the groundwork for, as the technology matured, we also had our talent and our organization maturing in a parallel path so that when the time came for when we wanted to tap into that and really leverage those people capabilities, we were already there as well. So that was crucial. And I honestly would say probably the most important part of a cloud native transformation is your talent and organization.

**Lascelles Forrester [00:34:35]** I agree. I agree 100%. I'm glad to say that at the end it's the most important because I do believe that even if you build a Rolls Royce of a data repository in the cloud, if you don't have the right skills and organization and talents around it, the benefits will not come. So thanks a lot for that insight, Josh.  Very, very insightful. Josh, this has been a fantastic conversation. I thoroughly enjoyed it and I really appreciate the time you took from your very busy schedule to share some of your lessons learned your expertise in cloud transformation. And to all those listening to the

podcast, really, we want to thank you for listening, and I hope this was helpful to everyone involved. Thanks, Josh. Really appreciate it.

**Josh Reese [00:35:21]** Thank you so much.