

EP 23

Developing future digital solutions for the construction industry, with **Annette Palinski Vallin,** CIO at Skanska.



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00:00:00 [Guest] **Annette Palinski Vallin**
There is the contradiction. Telco is super mature and the construction is underway. But maybe the interesting is we don't need to take the same steps as the telco because we can jump over one step and go indirectly on new technology.

00:00:19 [Host] **Caroline Segerstéen Runervik**

Welcome to a new episode of Keys to Intelligent Industry. And as always, I have my co-host Fredrik Gunnarsson with me. So how are you today, Fredrik?

[Host] **Fredrik Gunnarsson**

Very well, thank you. Very well, Caroline.

[Host] **Caroline Segerstéen Runervik**

You know, I like this time of the year. Autumn is here. The air is still fresh. Nature is beautiful. Indeed, it starts to get darker. But that also means that we go inside and we light the candles, right? Did you actually know that this year in Sweden and across the other Nordic countries, it's a year when you can really see the Northern Light.

[Host] **Fredrik Gunnarsson**

All right.

[Host] **Caroline Segerstéen Runervik**

So I think for you guys who haven't seen the Northern Light, it will even be possible to see it a bit south.

[Host] **Fredrik Gunnarsson**

Right. I don't think I've seen it. Well, maybe once. So I'll definitely take the opportunity then.

[Host] **Caroline Segerstéen Runervik**

It's amazingly beautiful. So you should do. So what is your autumn plans?

[Host] **Fredrik Gunnarsson**

Well, I definitely have to put the northern light into the autumn plans. I didn't have that, but thanks for the tip. No, but other than that, enjoying the autumn, but also actually travel to Marseille for a long weekend, a couple of weeks from now to escape the cold and the dark side of Sweden for a few days.

00:01:31 [Host] **Caroline Segerstéen Runervik**

That's nice. I will celebrate autumn break here in Sweden. Maybe doing some hunting. Let's see. Now, of course, we have a guest with us. And our guest, she's spent her time by leading large transformational programs, also working in the intersection between IT and business. starting off her career within telecom industry and now working for one of Sweden's largest construction companies. Today, she's currently CIO for Skanska Sweden, responsible for driving digitalization, data and AI. So welcome, Annette Palinski Vallin.

00:02:10 [Guest] **Annette Palinski Vallin**

Many thanks.

[Host] **Caroline Segerstéen Runervik**

So how are you today? Do you have some great also autumn plans?

[Guest] **Annette Palinski Vallin**

Frankly speaking, I'm staying here in Sweden for autumn break. And I mean, I love this season in Sweden, regardless if it's raining or if sun is out. So I think being here in October and November is fantastic. So I will stay here. And it's still on my bucket list to see the Northern Light or the Aurora. I've seen it once. So it's still I want to see the amazing sky view. So I'm still waiting for that moment.

[Host] **Caroline Segerstéen Runervik**

You see, both of you have some great to discover. And looking forward to having this discussion with you today, Annette. We had the pleasure to work with you specifically in connection to how to drive telco transformation programs, but you also always been very, very close to topics like data, data governance, etc. So tell us a little bit, how did you start your career in telco and what has been your key drivers?

00:03:10 [Guest] **Annette Palinski Vallin**

I started as a controller, but within an IT department. So that was the journey, how I become as a demand requester into the IT department. And I learned how to connect the bridge between business and IT. That was the starting point. I started to run the requirements on billing solutions. That was the first step. Then I started as a career as a project manager, after I continued as department manager for application, application system. And I continue to be a part of the IT department, but being the bridge between business and why I think I have been there, the bridge between the business and IT. So I think my curiosity of understanding the business demands and trying to translate them into IT, that has been the red thread during the entire career. And being the bridge, the translator between IT and business is more than ever important with the complexity we have now with the data. It's even more important now with the AI solutions by understanding what kind of data do you need to get the value out of your AI solutions, as an example. So data is more important than ever. And nowadays with the complexity between the applications, between the solutions, how do you create the value? Then you need to understand what kind of data do you need.

[Host] **Caroline Segerstéen Runervik**

We will come back to data for sure because you're really passionate about this. I know. But you moved from telco to construction industry?

[Guest] **Annette Palinski Vallin**

Yes.

[Host] **Caroline Segerstéen Runervik**

What are the things that you actually can bring with you from the telco industry into construction industry?

00:04:56 [Guest] **Annette Palinski Vallin**

Telco has been in the digitalization for many, many years and automating the processes, using the data and the complex of application creating the business value. In the construction we are, it's like a mix. We are for sure digitalized. We are using super modern technology, robotics, drones, etc. But when it comes to more the processes, there are much more to be done in order to automate, to simplify the daily work in the construction, daily work on sites when we are building. So there is the contradiction. Telco is super mature and the construction is on the way. But maybe the interesting is we don't need to take the same steps as the telco because we can jump over one step and go in directly on new technology. Such the AI now.

[Transition Sound]

00:05:51 [Host] **Caroline Segerstéen Runervik**

Skanska, I think everyone knows Skanska by name, but I'm not sure everyone knows where actually Skanska operates and how global Skanska is. And actually in your role as CIO, what is sort of your key priorities in supporting the business of Skanska?

[Guest] **Annette Palinski Vallin**

We are now 140 years old now. Started at "Skånska Cementgjuteriet". Today we are a global company. We are located in countries such as the US, which is the biggest market for us. We are in UK, Norway, Finland, Central Europe and Sweden. So we have grown during the last one to four years to be in several countries and been in other areas worldwide as well. But right now this is the business where we are running. When we are looking into the different countries, we do have different business portfolios. If you look into Sweden, it's construction of apartments, building, offices, bridges, prisons, schools and manufacturing. So we are producing concrete and asphalt, for example. And that is not the case in other countries. So we have a mix of different portfolios. What is in common, we are in the building and civil when it comes to construction.

[Host] **Caroline Segerstéen Runervik**

And in your role as CIO, what do you see are the most important priorities and with your focus on the business and adding value to the business, what is it that you see is, well, your most important role?

[Guest] **Annette Palinski Vallin**

We are a construction company. We are project oriented. We are entrepreneurs. So we want to sometimes maybe fix things quickly. And then we close the project and then we go to the next project, next business. So my task and my accountability now is to create solutions that we can scale to more projects, to standardize the ways of working, meaning processes. But frankly speaking, it has been really about creating the awareness, the understanding of the IT ecosystem, of IT as a part of digitalization, the value of data, not just buying a new AI solution. You need to be in control of your data, your process, meaning the ways of working. And end of the day, it's about culture, people, how do you really bring people on this change management journey? And I can see now the awareness is there. The executives really understand this is what we need to focus on. We do have the IT ecosystem. I have great solutions, great applications, but we need to bring the people now on. We need to educate our construction field workers how to use the new technology. We need to educate our middle managers how do we become more digitalized in order to get the value out of it.

[Transition Sound]

00:08:59 [Host] **Fredrik Gunnarsson**

If we go a bit deeper into the construction sector as such, it's characterized by certain key aspects as we have in other asset intense industry. Long lead times, heavy investments, each phase lasting for several years, like you mentioned before, the projects. In that context, what do you prioritize in terms of of digitalization in that whole construction process and what you try to achieve with the transformation digitalization initiatives you have.

[Guest] **Annette Palinski Vallin**

And it's a very good question. Just to give you the magnitude of everyday work, we are like 7,000 employees office and blue collars. But on a daily basis, we have like close to 30,000 people on sites in our construction projects. So you can imagine the amount of people coming, being a part of the construction

daily work. So yes, so it's about, I mean, there are several areas that we focus on right now. Of course, to become more efficient. So it's about your processes, logistics, how we design, how do we do the construction, how do we produce, whatever it is. Then how do we connect with the partners, the vendors as a part of the construction daily project work? That's one area. For us, safety is super important. Unfortunately still, we are in an industry where we have accidents. And what we are trying with new technology, meaning digitalization and data, how can we avoid certain accidents? So this is just an example of you can use new technology and the climate. We are a heavy producer of CO2. So how can we, with the digital solution, with the data about material, logistics, how can we decrease the value of CO2 in the daily construction project site?

[Host] **Caroline Segerstéen Runervik**

It's very exciting to hear this because it's about making a long-term good impact on the society, right? Can you give some just some example, concrete example of what could that kind of digital service look like?

00:11:18 [Guest] **Annette Palinski Vallin**

When we are doing the construction, the first design phases, we are together with the customer using digital tools, models. How can we become more efficient when doing the layout? Let's say of an apartment. Just one way, because then we can reduce the amount of material, concrete for example. Logistics, I mean we are transporting a lot of both material between the project, within the projects by using data. We are using drones on our sites, providing data how we can become more efficient. How do we transport the material on a site by using the data from the drones. We are not fully automated in the entire process end to end, but just by taking these steps, step by step, we can see facts and figures that we are decreasing or improving or becoming more efficient.

[Host] **Fredrik Gunnarsson**

You mentioned the digital models and how you work with that. And I believe there's been a common area, transformation area in the industry for quite a while. We have talked quite a bit in this podcast with other companies about the digital thread or the digital modeling following through from engineering into construction to operations and everything in your case from architects from drawings and working with the BIM models to make them come alive along the whole process. Can you elaborate on where the industry is in that journey and what do you focus on to really make it happen?

[Guest] **Annette Palinski Vallin**

Yeah, and as you're saying, the whole industry is such and the entire ecosystem. And what we can see, and I can see during the last three years now, we are moving more and more that by using from start, when we start in the, from an architecture point of view, which is the architecture company where we start, remember using the architecture, the three model, and by using that in the next phase when you do the design of whatever it is and using the, and we're coming back to the data, right?

[Host] **Fredrik Gunnarsson**

Exactly.

[Guest] **Annette Palinski Vallin**

We're coming back to the data, using the data about wherever you're constructing, then you know, okay, so what kind of material do I need? We're looking into the quality, the services. How can I use the data from the first step in the construction phase when we are building and then when we have services, a quality to follow up end of the project? So yes, the entire chain by using the information for start. But once again, the whole industry is in transformation in order to implement and apply this end to end. And here comes the question, how much of the data should we share?

[Host] **Fredrik Gunnarsson**

Yeah, sure. What's the most difficult part? Is it moving too slowly?

[Guest] **Annette Palinski Vallin**

I think it's the interaction model. There are so many parts in this context. So using different tools. So how do you move the data from A to B to C? That's one of the main questions when doing the construction. Other process, we don't have the same terminology. If you compare with the telco, in the telco industry, we have for like 30 years been working with the terminology. What is the network? What is the service element? What is the business offering? Meaning the language. We are speaking the same language. In the construction, we are just moving into that phase. So we are creating the common, what is the material? What is concrete? And by saying that now, then we can start to become more efficient because we speak the same language, we have the same data, and that has been one of the key issues in the whole construction business, but we are moving. I can see just during the last three years now that we are as an industry now moving here in Sweden and starting to speak the same language. Because then you can start to see, okay, so what kind of data, what kind of integration, what kind of applications should we then use and keep in order to become more efficient in our processes?

[Transition Sound]

00:15:30 [Host] **Caroline Segerstéen Runervik**

We hear you coming back to data all the time. If we go a little bit deeper into the data and AI topic for construction industry. So what is your view on the maturity level? Have the industry per definition at least right now, you say you are actually establishing sort of a data model, you could say, a data foundation. Maybe elaborate a bit about the journey you've seen through these three years and also about how are you driving that change?

[Guest] **Annette Palinski Vallin**

So what we did internally in Skanska Sweden, we started to have some kind of fora just bringing in business people, started to talk about the need of data and being in control of your data. We started with the mature areas. In our case, finance and HR, and started to discuss just what are the pain points, what are the needs? And then we started to expand. We brought in then more, the core business, meaning product, customer data. And still, we are looking into who is the data owner, because it's easy to find many data owner when it comes to finance and HR. But in the construction area, we need really to understand now - so who's the real data owner? So by taking steps by steps, by trying really to ask not the data model more, what is your pain point? You want to be in control of your product when you are building a daycare. So what kind of data do you need in order to become more efficient when you're producing a daycare or a hospital? And by that we started really to look into the details and then understanding, okay, this is the core of data you need for a purpose. So right now we are in the middle of the work to create our Skanska Sweden information model, and then connect to the technology, meaning the data models.

[Host] **Caroline Segerstéen Runervik**

And now with AI, it gives a different dimension and a different speed in acceleration. So can you elaborate a bit on how you see that actually becomes a key benefit for you right now?

[Guest] **Annette Palinski Vallin**

We are in the process right now where we need to understand where should we use the AI tools, whatever kind of tools we would like to bring in. But for sure, we are now in the face of building the foundation. I'm trying to describe, we are building the foundation of the house right now. And then we

can apply AI, but we still have some homework too, but we are exploring in some areas for sure right now. But we want to do it in a controlled manner before we really go big bang.

[Host] **Caroline Segerstéen Runervik**

And do you see also within the Skanska group that you're actually sharing some good examples? Because I would assume that across different markets you are learning and the maturity level is different.

[Guest] **Annette Palinski Vallin**

Absolutely. And of course we are a decentralized company, a decentralized group. But we are sharing experience between the different countries. How can we use both AI, other applications as well? It's not only about AI. And we can see, for example, our colleagues in US are a little bit further ahead on the path right now. So that we are looking together what kind of solutions AI data can we learn from each other. Each construction is unique for sure, but the processes are the same, the data.

[Music]

00:19:16 [Host] **Caroline Segerstéen Runervik**

Today we see in the construction industry, of course, the use of digital twins. Maybe elaborate a bit on how you see digital twins and these things really adding value to Skanska and also how are you in your role as CIO able to sort of accelerate this usage?

[Guest] **Annette Palinski Vallin**

When it comes to digital twins and using that kind of models and technology, here we are pretty mature, I would say, and in the interaction with other in the first step. So here I feel that here we have more, the demand is coming from the construction people themselves. But the more the question now is more how do we bring the information data from the digital twins in the entire process and chain from start to the end, meaning when we do have the construct, meaning the building in place, how do we use the information from the digital twin let's say in the aftermarket, in the service, in the quality review when we are doing for the build. So that is more of bringing the data, information and knowledge further in into the process of the construction.

[Host] **Caroline Segerstéen Runervik**

And of course, see how you can then leverage that data to give a benefit.

[Guest] **Annette Palinski Vallin**

Exactly, and what we as a company, since you can hear we are so project oriented, we start the project and then we're done, then we're moving to the next project. So there's more a question of, how do we reuse, how do we recycle the knowledge, the competence and keeping the data? So there is what we're exploring and looking into right now.

00:21:06 [Host] **Caroline Segerstéen Runervik**

And to make it your intelligence.

[Guest] **Annette Palinski Vallin**

In making our intelligence, absolutely.

[Host] **Caroline Segerstéen Runervik**

I've also learned in the construction industry that you are so many different companies working in the projects.

[Guest] **Annette Palinski Vallin**

Yeah.

[Host] **Caroline Segerstéen Runervik**

So competitors work side by side and it's very natural. Then of course Skanska by its size actually normally drive a lot of these projects end to end. But then this question about the data flow in the process is also super important. So how do you engage in these topics with other construction industry companies? And is there a discussion about this?

[Guest] **Annette Palinski Vallin**

There are organizations when we are sitting together with our competitors. For example, discussing now the information models. That's a very good example of how we are sitting together, discussing how do we create this common language. Same goes for safety. We are in the same room discussing how can we improve and reduce the number of accidents on the sites. That is something common that we are sharing together. So yes, construction is really sharing is caring. And maybe for me as a CEO, here comes later the opposite flip on the coin, that sharing the data, well, what kind of data should we share and what kind of data should we keep? So here comes like a conflicting between how we are used to share information, share knowledge, and now with the data, should we share everything or should we keep something?

[Transition Sound]

00:22:42 [Host] **Fredrik Gunnarsson**

So looking back, you have experienced several major technology shifts over your years as a CIO in other roles in IT digitalization, the cloud, the mobility, the analytics, and now AI. Looking across those technology shifts, what do you think has fundamentally changed or surprisingly remained the same across those shifts?

[Guest] **Annette Palinski Vallin**

I think the speed. The speed of the change when AI and the last three years is both amazing and scary, I would say. And still we are human beings. So how do we adopt? How do we learn? Because we are still the same. But otherwise, I would say it's the same challenges, opportunities, looking back 15 years at that period, how new technology came in, how we adopted, how we could see startups and then companies that survived. I can see the same trends now, right now ongoing with the AI. And on top of that as a CIO, the compliance, resilience, so being creating business value and taking care of resilience and compliance is really tricky right now.

[Host] **Fredrik Gunnarsson**

Do you then become the one holding it back a bit because of those or are you the one pushing or?

[Guest] **Annette Palinski Vallin**

I think the perception is among some business people that yes, we are just saying no from IT, but that is in order to protect the company. And not everyone understands that. I don't think it's by purpose. It's once again back to education, communication, training, why we need to protect the company, why we need to protect the data, why we can't just go maybe with some of our startups that are really approaching us as a company. But yes, it's very, very challenging I think for most of us as CIOs right now.

[Host] **Fredrik Gunnarsson**

In this context, what do you think characterize a good leader in the transformation or a business leader or an IT leader? What do you, how do you, any advice you can put on leaders in this situation?

[Guest] **Annette Palinski Vallin**

Really being the listener. I think that's the important. Trying to really understand what is the main goal, target, for sure. I mean, that's maybe the basics. But try to then break it down to milestones and being able of slicing the big elephant, I would say, in pieces and really the communication, explaining what are we going to achieve as a company? What does it mean from a business perspective? Don't get into tech, techie. Because sometimes I think we as an IT, we are too techie sometimes. We are talking to both about technology, we need to speak the same language as our business people, at least finding the bridge in between. I think that is the key, regardless if we had defined clear goals and milestones, that needs to be there, but being the bridge between, and maybe the last thing is to be patient. Change takes time. And reflecting on my own journey for the last maybe 20 years right now, from when you start, it can take 9 to 18 months before maybe you have that executive or person with you. And then you can start the change management and the implementation of whatever it is. And I think we are sometimes too eager to start implementing without having everyone that needs to be onboarded. And most important, of everything. Never start before you have the executives with you.

[Host] **Caroline Segerstéen Runervik**

So how do you do this today then? Because you mentioned today everything goes so fast and speed is of essence. At the same time, as you said, you need patience. Just a bit curious about how you, Annette, is driving this change to balance this, you know. What's your sort of... Key success factors.

[Guest] **Annette Palinski Vallin**

Getting older.

[Host] **Caroline Segerstéen Runervik**

Not so often we hear that, so that's good.

00:27:05 [Guest] **Annette Palinski Vallin**

With the wisdom when you're getting older. No, but I learned that during my career. You can't start a transformation without having the people with you, let's say the executives, the business. Same goes with the IT department. So being patient and just if they don't really understand you, then you need just to continue the communication, explaining. I've been explaining IT and putting the context of construction. Like, I need an architecture landscape as well. You need it when you do construction for building. I need the architecture landscape to be described when I have the IT and looking into new solutions. We can't jump over the architecture topic into building something, which means an application, before we have decided what is the architecture implications. Are you running into building construction project without having your demands defined with your customer? No. But when it comes to IT, we are running into solutions. So you're just trying to explain, it's the same process for me as building a house, but I'm not building a house, I'm building IT applications and solutions.

[Host] **Caroline Segerstéen Runervik**

So starting with the basics of understand your customer, but also being able to put it into the context of your customer and also being able to find the right business sponsor.

[Transition Sound]

00:28:33 [Host] **Caroline Segerstéen Runervik**

There is this positive change of bringing the AI into your digitalization work and as an accelerator. Do you have good then change agents who really drive this change together with you?

[Guest] **Annette Palinski Vallin**

I would say yes now. We have jointly decided with the business how we would like to drive now the implementation of AI. We're talking about safe zones, meaning here is approved applications, AI applications, just go ahead. It's in a controlled manner, in a controlled safe environment. And then we have decided and provided sandboxes. Meaning here, if you want to test a new AI application, it's still in a safe zone, but we are in control, so we know what kind of applications and data are used. And if you want to scale it, then we go to the green zone. Then we start really to implement it, service introduction and so forth. So that's in the kind of way of giving them the opportunity to explore, to be curious, but still in a controlled way. So we are in the phase right now when we have provided to them like sandboxes. Go ahead, test. Let's see what the business benefits are when you have tried out.

[Host] **Caroline Segerstéen Runervik**

Time to come to some conclusions. So I would like to just start or end by asking, where does your passion from data come from?

[Guest] **Annette Palinski Vallin**

It started like maybe 17 years back. I was running a project and people started and managers talking about applications. So I came back to asking them, but just tell me your requirement. What kind of, what are we going to do in this project? And then I realized at that point in time that, okay, it's about some kind of information. It's about your offering. It's about price. It's about your customer. I think the journey started there, how data is so important as a part of your business model. And by translating the information in the business perspective into data, then you can create a solution. And I think the data topic has been like a roller coaster the last years. Maybe it went down a little bit, maybe not so important, but now the data is more than ever important to be in control. It's a little like data governance, data management discipline has like a revival right now.

[Host] **Caroline Segerstéen Runervik**

I agree. With AI, a revival for data. Gold, we know we need to create value.

[Guest] **Annette Palinski Vallin**

Yeah, it's a data asset today.

[Host] **Caroline Segerstéen Runervik**

Absolutely. I could not agree more. If we look ahead five years, eight years, what's your vision or what then AI and data have been able to enable to really have intelligent construction industry?

[Guest] **Annette Palinski Vallin**

I have a vision or a view of that at the same time, real time, executives and the construction project can see what is ongoing on a site at the same time. Where the project manager, construction manager, are using different applications and data on the construction side, we have reduced the number of accidents by using digital solutions and data by monitoring and avoiding these accidents. We have reduced the amount of unnecessary construction material. I'm convinced that in eight years we can see robotics there because we do have a generation that we need to now in a couple of years replace. And I'm not sure if we have the possibility to bring in the amount of people, so we need to find some way. So robotics, for example, will be one of the solutions in the future.

[Host] **Caroline Segerstéen Runervik**

Thank you, Annette, for telling us what is the intelligent construction industry for the future. But also, as where you started, that Skanska and the construction industry has a role to play for a more sustainable

society. And AI being really one of the vehicles. So thanks for sharing with us your perspectives, but also some of your key learnings from your previous industry and really how today data has become the key topic of everyone.

[Guest] **Annette Palinski Vallin**

Thank you for me being here.

[Host] **Caroline Segerstéen Runervik**

Thank you, Annette.

[Host] **Fredrik Gunnarsson**

Thank you. Thanks.

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