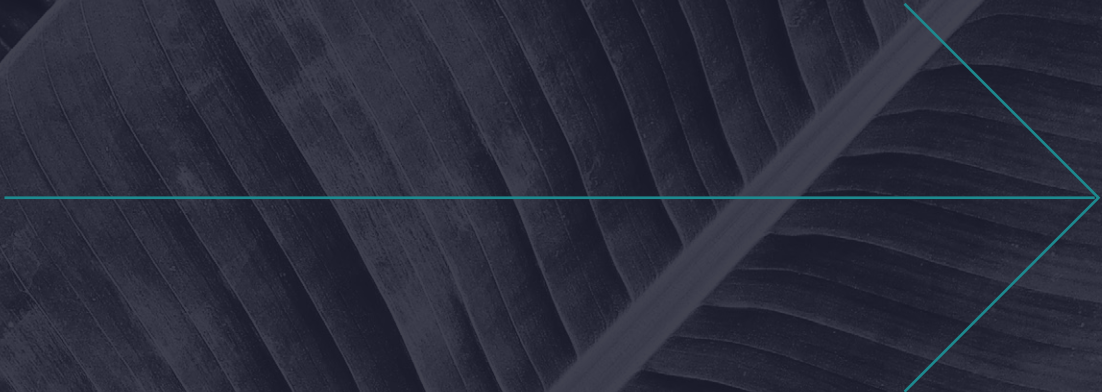


The *dual transition*

The path to a digital and sustainable economy



Executive conversations with...



JIM O'NEILL

Member of the UK House
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UK House of Lords



AN ERA OF PROFIT WITH BETTER PURPOSE

Lord Jim O'Neill is an economist, policy adviser, author, and keynote speaker on the global economy. Between 1995 and 2013, he held various roles at Goldman Sachs, including that of Chief Economist and Head of Economics, Commodities and Strategy Research (ECS). He is known for his work on developing economies, in the course of which he coined the acronym 'BRICs' (to refer to the developing economic bloc including Brazil, Russia, India, China and [since 2010, as BRICS] South Africa). He recently completed a documentary for the BBC entitled MINT: The Next Economic Giants. The Capgemini Research Institute spoke to Jim about organizational focus on strong economic growth coupled with sustainable purpose.

PARADIGM SHIFT

How do you see investment patterns developing in digital infrastructure and sustainable technologies?

The role of technology, including AI, is just so front-and-center that it seems like tech will always be the source of the 'next big thing' for business. The interplay between digitalization and sustainability is important because these technologies may have harmful consequences and you don't want evil actors to cause environmental problems.

How do you think this balance can be maintained?

The onus is on policymakers to draw up the right regulatory policies.

On sustainability, many economists would say we need a set carbon price that is applicable to the whole world. But achieving consensus on that remains a challenge for policymakers. Are they bold enough to do the right thing?

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Are there any unique advantages or challenges that the BRICS nations possess or face in transitioning to a green economy?

The answer is yes! If you look at the two big powerhouses of the BRICS, China and India, these two countries together have almost 3 billion people, which is over one-third of the world's population. They are becoming bigger users of energy and, with this, ever more influential in the world economy. What India and China do on alternative energy and sustainability policy is probably more important than anywhere else. The other three nations, Russia, Brazil, and South Africa, are big commodity producers. It is vital that all BRICS nations, together, develop a proper and serious strategy about greening the world.

But, of course, each country wants what they think is best for themselves. BRICS countries have the potential to play a significant role in transitioning towards a green economy through their policy initiatives and cooperation.

Alongside political or economic drivers, what are the other drivers for organizations to move towards a sustainable digital model?

Over the past decade, I have become quite a strong believer that there is something not quite right about the international capitalist economic model. In theory, when you get very strong profit growth, it leads to high investment, which is supposed to boost productivity and wages. We had the profits, but we didn't receive the investment, productivity, or a rise in real wages.

One of the consequences of that is that more people, particularly in older Western economies, want something better. This is leading to what I call an era of 'profit with better purpose,' where we cannot afford to avoid sustainability.

ROLE OF GENERATIVE AI

What are your thoughts on generative AI?

I have been looking at economic issues for over 40 years and, every five years or so, we go through an era where people say that automation of a process is going to destroy jobs – and it has never happened. It just helps us create other additional jobs.

I will give you a really powerful example of the positive side. There was a very interesting article published recently describing how some health scientists in the US had used generative AI to find a new antibiotic, a field in which I have been heavily involved for the past seven years. At the core of the problem is that nobody wants to spend money on finding new antibiotics. But, if you can teach a computer to do it with data alone, that is one of the most powerful positives about AI I can think of.

For many countries' healthcare systems, the cost of building a workforce continues to rise, and they can afford it only by increasing tax. AI could make a big difference here in keeping costs down.

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PEOPLE PERSPECTIVE: PREPAREDNESS

Which skillsets do you think will be required by organizations to balance digital and sustainability?

The best companies have a really good culture and shared purpose, giving workers the feeling that they are delivering what society needs, instead of just focusing on profit. More and more, we will see politicians attacking companies that just make profit.

Therefore, I guess the vital ingredients for organizations are a really educated workforce and open minds among the leadership. Of course, it is good to have more people trained in technologies and digital things, but if you haven't got the right mindset, it won't work. It is more important to invest in nurturing the right culture than to invest in other, non-technological skills.

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LOOKING FORWARD

Ten years from now, what framework do you see emerging for large, tech-powered, sustainable organizations?

There is quite a lot of evidence that the most successful large, sustainable companies are the ones that can adapt, not only in terms of where they focus but also in how they are organized.

There are many examples of companies with a very rigid framework, which ends up controlling their ability to think and they end up no longer being so good.

Organizations have to be agile, with a good culture and open-mindedness. Because, the one thing we know from the last five years, never mind a decade, is we don't know what is around the corner!

What would be your advice to organizations in terms of how to navigate this twin transition?

I would say three things:

- **Agility:** First of all, recognize that you can't predict the future. If you have got too rigid a policy and you are too committed to a certain path, you are not going to be able to adapt if the path falls away or takes an unexpected turn.
- **Shared purpose:** Secondly, have a really good, clear culture in your organization, where everybody feels they share this purpose, even if it means you have to be adaptable.
- **Sustainability:** Thirdly, achieving sustainability of the planet is definitely one of the several challenges companies face. They must develop agility while being mindful of their responsibility to manage the climate.

We can't be too narrow-minded, since that could mean missing out on some amazing technological breakthroughs. The sustainability challenge needs to be approached with an open attitude so that we can benefit from and preserve our planet in the future.



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