



INTERVIEW

MEANINGFUL INNOVATION CAN UNLOCK THE POTENTIAL OF A DIGITAL ECONOMY

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1 ■ **Daniel, you spent your last 10 years in your career in various roles at Microsoft. How do you think Microsoft transformed during your tenure?**

Looking back to the last 10 years, Microsoft has radically transformed to become the innovative Cloud provider that it is today. The company went through a major cultural shift, that worked like a catalyst for this change and propelled the company forward. Microsoft's culture is encouraging a growth mindset, by taking risks with new things and learning from failures.

In addition, Microsoft shifted its strategy to put more emphasis on Cloud, Azure and enterprise-grade software and services. There were some key moments and decisions that really made a difference in the long run. From partnerships with Red Hat, Oracle, SUSE, and Canonical in 2014, that made Microsoft Azure the best place to run Linux OS, to Big Data, AI, IoT in 2018 and Intelligent Cloud / Edge in 2020, Microsoft continues to innovate and accelerate pace, while keeping true to

its mission "Empower every person and every organization on the planet to achieve more".

2 ■ **Microsoft Romania just celebrated 25 years in Romania. What do you think were the top moments for the subsidiary in Romania?**

Celebrating 25 years on the Romanian market is truly an achievement for us. It is a unique moment for us to look back at our achievements and to start building the foundation for the future ones. Our objective is to create a connected ecosystem through partnerships of support to ensure better access to technology, training, mentorship and networks, to shape a digital economy. During all these years, we have been nurturing valuable partnerships with companies of various sizes on the Romanian market, but also with the public sector, contributing to its digitization through innovative solutions - ANRE, CERT-RO or AFIR are just a few institutions that saw in us a reliable partner. I would also like to mention here the strong collaboration between us and the educational system in Romania: through schools,

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universities and NGOs that dedicate their time and efforts to mentoring Romanian children and young people, we are able to contribute to developing young talents that will lead us in the future.

A program that we are very proud of is Microsoft for Startups – that was the leverage for many Romanian companies that are now successful at a global scale. Maybe the most prominent of them is UiPath (evaluated now at \$10 billion), but I would also like to highlight FintechOS (fintech start-up of the year in Europe, in 2020) or Agricloud (a software company, present on 7 European markets, that launched a solution for smart agriculture area) and this list can keep going further.

In the past 25 years we moved from 1 employee to a team of 2.000 people and offices in 3 cities in Romania, including at Iași, where we have completed the acquisition of the software company Movial. We plan to continue our development for our office in Iași to become Microsoft’s forth technological development centre in the region.

Our hard work and devotion have also brought us, this year, the title of #no.1 Microsoft Subsidiary Worldwide, an internal outstanding distinction in our market cluster, and this can only determine us to work even harder and to continue developing projects and initiatives that drive progress for everyone, for the economy and for society at large.

3. Microsoft has a long history in enabling employees to work from anywhere. How are you driving the transformation towards the new paradigm of hybrid work inside and outside the company?

Over the past 18 months, the workplace has been revolutionized and there is no way back. In fact, our Chairman and CEO, Satya Nadella, used to say that “over the past year, no area has undergone more rapid transformation than the way we work”. Even more, Work Trend Index, a Microsoft study published this year, shows that 3 out of 4 employees want hybrid work to continue.

Looking ahead, we know that hybrid work requires leaders to meet new employee expectations, connect

a more distributed workforce, and provide tools to create, innovate and work together in order to solve business problems. From this point of view, empowering remote productivity remains a requirement that will involve new collaboration tools, robust cloud infrastructure and a new way of thinking about network security.

At the same time, I have to say that hybrid work brings to the table new challenges, for employees, but also for employers. Now we have a unique opportunity – and obligation – to utilize our own experience with cultural transformation to inspire and help our customers build their own sustainable, flexible and inclusive workstyles so they remain relevant, innovative and competitive in the future.

We are intentional about creating space for inclusive conversations and define new ways of working together. To that end, we’re supporting the hybrid work evolution through innovations within our technology tools to help people navigate both remote and hybrid work environments (e.g. Together Mode, Microsoft Whiteboard in Teams and Microsoft Teams rooms with features like intelligent capture).

4. Which is the most important challenge that you can anticipate in the next 12 months?

This past year has fundamentally changed the way businesses must evolve. Businesses no longer view digital transformation solely as a source of innovation. It has become a requirement for business continuity, enabling teams to work anywhere and organizations to rapidly adjust in the face of a crisis.

Technology alone is not enough to drive digital transformation. Innovation requires ability to develop new capabilities from existing technology (as well as to implement new tech) and this requires new skills.

A new survey -The State of Digital Skills in CEE* – conducted for Microsoft by IDC, finds that companies in CEE (Central and Eastern Europe) who have adopted cloud technologies are generating 35% more demand for digitally skilled

people vs non-adopters. As a result, many businesses are already facing a skills crunch: only 3.5% of employees in CEE today fully meet digital skills needs. Without action, the existing gap between supply and demand will only widen. And this is one of the key challenges I see for the next 12-24 months – there is not enough available talent in the market with technology and digital skills.

Our experience and research show that businesses need to create ‘tech intensity’ – a combination of technology adoption with skills and a culture of learning – to innovate at speed and scale. This is creating exponential demand for digital skills across the workforce.

With growing demand for these new skills, employers should be looking to upskill their people as the #1 approach to closing the skills gap and role-based learning (versus product/tools-focused training) is the most progressive approach to upskilling. Successful organizations prioritize skills as much as technology.

5. You lead Microsoft Romania’s marketing effort in the past three years. What do you think is the biggest challenge for businesses in building coherent marketing strategies?

We see how the pandemic changed forever the way we work, learn, do business and in general live our lives. And we see these changes all around us.

The number of people in Romania who have accessed at least one online service has increased by 4 million in the past year, and 70 percent them said that they would be willing to continue using digital services at the same or an even higher level after the pandemic.

Hybrid work is the new normal. According with a recent survey 73% of workers say they want flexible remote work options, while 67% of employees want more in-person collaboration with their team’s post-pandemic. This creates a paradox that can be addressed only by a hybrid work model.

9 out of 10 business change or will change their go-to-market model to address all these new trends. In 2020 and beyond, companies can expand their reach due to the blurring of these lines. Restaurants have switched to meal prep delivery services. Retail companies are becoming banks. Telecommunications companies are becoming media giants. Grocery stores are offering more health- and wellness-related services. Manufacturers are leveraging their infrastructure to produce personal protective equipment.

When building a marketing strategy, it is important

to understand and embrace these changes, create the strategy around them, leverage them and technology to uncover new areas of opportunity and future growth.

6. The current evolution of the pandemic clearly shows that we won’t return to normal in the next months or even years. How does Microsoft see the “new normal” and what is it doing to address the challenges brought by this “new normal”?

Though we don’t know how far off a new normal is, we see hybrid model as an opportunity to attract and retain diverse talent by giving people flexibility. For us, flexibility is key to maintaining a work-life balance. Moreover, we believe that frequent and transparent communication with the employees has become more critical than ever, establishing a meaningful feedback loop that allows us all to learn and iterate. To achieve true hybrid working, leaders need to place the employee wellbeing at the heart of a hybrid work strategy. It is critical for them to do that because employees should still feel like they have access to development opportunities, that they can continuously learn and feel empowered to regularly enhance their skills during their working time. Also, we have to make sure that everyone feels included given the fact that people are re-evaluating life priorities. Our ongoing research shows employees crave more in-person time with their team but still wish to keep the flexibility of remote work, as I mentioned before.

On the other hand, we understand that some jobs require employees to be on-site, such as roles that support critical infrastructure, while other jobs are performed just as well remotely. Once we reach a point where COVID-19 no longer presents a significant burden on our communities, and as our sites move to the open stage of the dial, we view working from home part of the time (less than 50%) as standard for most roles. What we want, with our hybrid workplace model, is to provide employees an exceptional place to work, create greater collaboration and community for over 160,000 people who work at Microsoft, and showcase an example of the modern workplace that is both flexible and hybrid.

7. How do you think the IT market will be impacted in 2022 by the evolution of the pandemic? What new services will emerge and how ready is the Romanian IT market for these services?

In the past years there has been an incredible, seemingly sudden embrace of digitization, primarily out of need, with markets around the world adjusting at their different pace. As a result, the IT&C market in Romania registered a 23.4% growth in 2020 compared with the previous year – one of the few industries that continued to grow during the pandemic.

More than 80% of business leaders intend to accelerate digital transformation. We are seeing digital transformation projects that were supposed to happen over the next 10 years, are happening today. As computing becomes embedded in every aspect of our lives there will no longer be such a thing as a tech sector. The world will be transformed through tech intensity at scale. Every organization will not only need to adopt the latest technology but more importantly build their own unique digital technology or be left behind.

The applications and digital solutions of the future will be cloud native. And with the amount of information increasing exponentially already, the true business opportunity lies in harnessing the power of data by building intelligent applications. Leveraging the power of AI and Cloud to create the next generation of Intelligent Application is the key for business to unlock their digital potential.

Romania in particular, has many advantages in this area. One of them is more than 200,000 IT specialists - the 2nd largest number in CEE. Approximately 20,000 companies operating within the IT&C services domain, with over 100 large IT players. Romania has also a vibrant start-ups ecosystem that attracted investments of 82.2 million EUR in the first six months this year – four times versus the same period of 2019.

I'm confident in our ability as a country to leverage the IT industry as a potential area of growth and increase its GDP contribution to 16% by 2025.

8 ■ How do you think the Romanian economy will evolve in 2022?

All economic trends, from World Bank and EU Commission point to an economic growth in 2022 around 5%. I believe that Romania has a huge opportunity for advancement through digitalization and become a digital hotspot for innovation in the region and beyond. Despite its tech talent, Romania still lags behind many markets in Europe – esp. in terms of digital intensity of businesses. Romania also ranked lowest, 27 out of 27 EU members in 2021 when it comes to Digital Economic and Society Index. Digitalization in Public Sector saw some progress in the last two years but clearly there is a lot more to improve.

Digital transformation can impact the economy both directly, through new products, and indirectly, through reshaping all economic activities. A recent study by Deloitte using the EU's DESI and data from 27 EU countries across 2014-2019, estimated that a 10% increase in the DESI score is associated with a 0.65% higher GDP per capita.

The relative impact is greater for countries starting from a lower digital development base, and that digital growth may play a role in driving convergence. So, if we accelerate digital transformation projects, especially in the Public Sector, our economic growth can be even higher - and this is our real potential. EU Recovery and Resilience Funds also provide the necessary investments to drive digitalization in Public Sector. Designed as an instrument to boost economic recovery, National Recovery and Resilience Plan has a dedicated budget on each pillar for digital transformation projects. We have the technology, know-how and investments, it is up to us to make it happen.