

**YASED UNITED EVENT ON DIGITAL TRANSFORMATION**

**WITH THE PARTICIPATION OF MR. TOM RAFTERY,**

**THE GLOBAL VICE PRESIDENT OF SAP & FUTURIST**

**MINUTES OF MEETING**

**May 15, 2020 / Video Call**

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| **Participants:** |
| **Number of participants:** 150  **Guest Speaker:** Mr. Tom Raftery, The Global VP of SAP & Futurist  **Moderator:** Mr. Serkan Valandova, Secretary General of YASED |
| **Discussion Topics:** |
| The event began with the opening speeches of YASED President Ms. Ayşem Sargın and YASED Secretary General Mr. Serkan Valandova. Followingly, Mr. Tom Raftery started his speech and continued with his presentation on digital transformation with the following remarks.   * Illustrated air quality graphics showed the rapid improvement during the lockdown. As the air and noise pollution cuts years of the lifespan of human beings, life quality increased in many cities as the result of lockdowns. * As we look at the effects of digital transformation in **manufacturing**, we see a rise in mass customization and personalization especially in automobile industry and a rise in 3D printing even in producing aircraft components. These producers modified their production line into 3D printing of health care products during the pandemic. * Internet of things, technologies, connectivity, sensors are enabling products to be used as services as well. * The effect of digitalization is disruptive in **energy** sector. The cost of renewables is collapsing as the technology improves. For example, cost of solar dropped by a factor of 5 since 2010 and the world’s largest solar project in Abu Dhabi will also be its cheapest. Cost of wind has dropped by 55% since 2012 as well. Offshore wind has the potential to generate more than 420.000 TWh per year worldwide which is more than 18 times global electricity demand today. * Cost of **energy storage** is also coming down. It dropped by 87% since 2012. This is important because storing the excess amount of energy production out of renewables is being increasingly used such as the batteries which are becoming cheaper and storing more energy day by day. * Four big trends are transforming the **transportation** sector which are connectivity, autonomous systems, sharing and electrification. Sharing part is in trouble because of the lockdown and services of shared transportation will continue to have these troubles for a while after the pandemic as well. New regulations and increase in awareness of the environmental factors are increasing the use of electrification which aims to cut the emissions in many countries. Besides the increase in fully electric car production, electric buses, motorcycles, trucks, vans, rickshaws for Indian market, garbage collection vehicles, construction vehicles, military tanks, planes, ferries, tankers, ships are being produced nowadays as well. * Data is being shared among the devices and vehicles with the help of connectivity and autonomous vehicles and systems are being developed rapidly. * As William Gibson, the science fiction author, very famously said “the future is already here – it is just not evenly distributed”. It is technologists’ job to distribute these innovations evenly. |
| **Questions & Answers:** |
| 1. **Do you think that we will be able to transform the labor force to limit the negative effects of digitalization? How do you observe the speed of change of labor force and efforts to facilitate this change?**   One of the biggest effects of Covid-19 in manufacturing is maintaining physical distancing inside the plants. To achieve this, companies will either decrease their productivity by reducing the number of staff in production lines or increase the number of production lines if there is enough space or increase the number of shifts or increase the automation.  The easiest and cheapest option is the increase of automation. This may either effect the number of employees or change the way of productivity of the same employees. On the other hand, since the populations of many countries are getting older, automation will not put vast numbers of workers out of production, the manufacturers will get by with fewer workers who are actually available.   1. **Which habits do you acquire in terms of doing business during this pandemic period that you think are going to be the most permanent ones?**   People have realized that they have to get on the digital train and digitize their supply chains because that is the only way to become as agile and resilient as they need to be in this very dynamic environment where things are changing minute by minute. Since digitalization process is a long process, companies need to digitalize their operations step by step with a long-term vision.   1. **What will Artificial Intelligence (AI) bring to our businesses and lives? Do we need a global ethic code and update rules and regulations? Who is going to be responsible for the decisions of the machines?**   Yes, we are going to need new laws and regulations for the Artificial Intelligence technologies. The owners of the code not the writers will be held liable. In addition, whole insurance sector will massively be affected by new technologies.   1. **What will be the AI’s role in having competitive advantage in markets? How do companies leverage AI in their businesses?**   AI is a hugely important competitive advantage for companies today but this advantage won’t be long lived because as technologies continue to develop rapidly something else will probably replace the AI in the future.  What AI does is augmenting the employees and making them more efficient. Employees will be able to work in more challenging jobs that a robot could not do. This way, job satisfaction and retention will be increased by doing more useful works.   1. **In terms of digitalization, how do you foresee the investments during the transition period after the pandemic? Are there going to be a lag or a boost up in the investments?**   Both. For example, in aircraft industry, they had a crush in the number of passenger transportation while a huge increase in the amount of cargo flights during the pandemic. Same effect can be seen in many different sectors and products. There will be some digital technologies which the market will be disappeared where there will be some such as digital supply chain technologies that will boost. |