

Elevating Customer Experience:

An IT Leader's Guide to GenAI Success

Jeanne Grunert: Hello, and welcome to our rSTAR Technologies webinar, Elevating Customer Experience: an IT Leader's Guide to Gen-AI Success. We're so glad you could be with us today.

Today, our webinar is hosted by rSTAR, and we are a full-service specialized system integrator with over 20 years of experience, helping companies with implementation, integration, automation, customer experience, AI, and GenAI. To learn more, visit www.rstartec.com. I have a few brief announcements and then I'll turn the conversation over to our panelists.

Now first, our webinar today will be about 45 minutes long. We will leave about 15 minutes for questions and answers. There is a Q&A button at the bottom of your screen. If you'd like to ask our panelists a question, please tap it and a box will appear and you can add your question there. If we don't get to questions during the webinar, we will try to follow up and answer them.

Next, we're going to have some short audience polls during the webinar. We'd love it to hear from you, so please do respond and answer them. You can respond by tapping the answers on the screen when they appear.

Now let me introduce our panelists and we'll get started. Joining us today is **Michelle Ferrara**. She is the Chief Information Officer of Arizona Public Service. Michelle is responsible for APS's information technology, infrastructure, and applications. She has over 32 years of experience leading technology initiatives. Welcome, Michelle.

Next, we have **Mark Browning**. Mark joined the rSTAR Advisory Council in 2024 upon his retirement as the Chief Information Officer of Exelon, one of the nation's largest utilities. Mark's career spans 35 years as a leader and innovator. Welcome, Mark.

Our third panelist today is Chris Moyer. You may remember Chris from our May webinar on GenAI, and it's so good to see you again, Chris. Chris is also on the rSTAR Advisory Council and prior to joining us, he served as the Chief Technology Officer for Exelon. Now let me turn the discussion over to Chris. Chris, welcome.

Chris Moyer: Hey, thanks, Jeanne, and thanks for the nice introduction. Michelle and Mark, it's kind of fantastic to get to spend time with both of you again and I know it's tricky to fit something like this into your day, so thanks for finding the time.

And then finally, the audience members that have joined. Look, it's the week before a short week, so it always makes it more challenging, but hopefully today we get a chance to just explore what we've been doing, explore what we've seen others doing. And while we'll talk a lot about CX, I don't want you to feel like you've got to limit the conversation or the questions to that. It really is a chance for us to share, so whatever time zone you happen to be joining from, whether it's your morning, your evening, your afternoon, again, thanks for joining us.

Look, AI isn't new, CX isn't new, but when we started to put this seminar together, we were trying to think, how do you bring out the fact that most of us are doing something with artificial intelligence, advanced analytics, machine learning, inference engines, and now we've got an advantage of some large language models that can really ingest an enormous amount of information.

Their expertise at taking that data and inferring some implied knowledge, trying to give us the best answer based on a set of prompts and questions, we've all seen it. It's very, very interesting, very beneficial to our customers. It's also very beneficial to our employees, including the ones that deal with customers. It's super exciting.

And for all of you that have experimented and tried it or seen it in some of your other interactions with companies you buy products or services from, when it works, hey, it's fun. The aha moment happens and you go, wow, I would have taken 10 minutes to find that exact answer, or I wouldn't have even known that that source existed, because I get that. But you've also probably experienced the other side of that, when it guesses wrong, when it hallucinates, or you get an answer that you just know isn't right, and you suddenly get frustrated and you want to step away from the technology.

And as a technologist, look, I've watched all sorts of different technologies through my career evolve through this very early stage adoption. And then getting into mainstream is tricky. And that getting into mainstream requires companies with real credibility, two of which have joined us today to talk about it.

But I think I'd really like to get a chance to get you guys' perspective around some of the early examples. This slide was really intended to just tease out why it's important to focus on CX. This is some interesting data. It shows the almost three quarters of us worrying about how our customers expect to be treated, how they want to be recognized, and they want the service to be personalized. And then I don't know who all is joining, but some of you may be private or public organizations. We've all got customers. I don't care whether you're a tax department and you're collecting money from citizens, or you're a retailer trying to fight in a very, very competitive mode. We've all got customers and we've all got things to do.

So, with that kind of backdrop, maybe just let me turn it over first, maybe, Michelle, just what are your customers asking for today? When you get that kind of customer feedback and that chance to listen in on a call or spend some time, what do they want from you as an IT leader, and more importantly, from your business leaders?

Michelle Ferrara: Yeah, Chris, thanks for asking that. And I will say, as you can imagine, this is a really big partnership between our chief customer officer and the IT organization of aligning on these strategies. I'll talk a little bit about Arizona Public Service because a lot of my career, I was in East Coast and Midwest utilities with you guys. And I will say it's been a really humbling experience to just see the difference in customer needs when you think of the geography, the heat, and just the terrain of Arizona. And then you take that heat and you think you have high bills, fire threat, and a lot of other things that you wouldn't consider.

So, the customers are really looking for a personalized experience. Because of the different communities and territories that we serve, you could have someone up in Flagstaff in the north with snow, someone down in the desert with heat, and that isn't really working for us.

So, we have something called a customer of one strategy that I will say our CX team is leading, and we're enabling with the technology. And it's really all centered around personalized alerting and communication, more proactive when those storms and those events type of hit, and interactive text experience. So it's not just one-way communication.

And then, of course, more consistency and rigor in what we call those call and event summaries, helping our CSRs to give them the information that they need in a predictable way, in an interactive way that feels very personalized to their unique experience. So that is something that, particularly in the customer space we're working on. I won't get into all the details more broadly of what we're doing from a governance and tech enablement yet to do all of that. But those are some areas that we're really focusing on now based on our community.

Chris Moyer: That's great. And Mark, I know you've been away from doing it every hour of the day for four months, but I'm sure you'll still recall what was that kind of pressure point, and maybe talk a little bit about call volumes going up or down. I mean, we're talking about the customer experience, and we want that to be online, I'm guessing. I also know that we still rely on multiple channels, right? I remember many conversations about making sure we had the right inserts into builds so that people got information that way.

Mark Browning: Well, first of all, I want to thank rSTAR for hosting this and bringing really what I would consider a collection of friends that have worked in the industry for a long time together to have a dialogue. I get on a lot of these, and they say it's going to be a dialogue. I expect this truly to be a dialogue. We all know each other very, very well.

You're right, I've been away from the day-to-day grind for a little over four months, but certainly after 35 years, you haven't forgotten any of it. I think that, first of all, I'll just touch on and build on some of what Michelle highlighted. Certainly, customers looking to be met where they are, so looking at customer choices in the channels that you highlighted. You may have customers that are getting up there in age, and they want to talk to somebody.

That's how they are used to interacting with their utility. Then you have, you know, newer generations that they prefer not to talk to somebody, and they want to use digital channels to complete their transaction. They would prefer not to talk to anyone, if at all possible.

I think it's important for utilities to have a consistent experience across all those channels, so that wherever the customer is interacting, the outcome is consistent and similar.

I think, unlike Michelle, there's not a whole lot of fires in the Midwest, but certainly, this past week, at least in the Chicagoland area, I think earlier this week, they set a record high for the date in August. So, heat and humidity, similar challenge there. But on top of that, thunderstorms, derechos, hurricanes, and those are very different situations, situations where the customers are now under stress. They may be out of power.

They may be in a situation where they have a health risk of some kind, and they need to understand how long is their power going to be out, what decisions do they need to make, and so it's important to have that communications, have accurate information, have something that they can anchor to and predict and make personal decisions against.

In terms of what I've seen over the last number of years, not only at Exelon, but I think across the utility industry, I've seen over the last decade or less, the utility industry has invested a lot of money in building out customer channels, creating a better customer experience.

And with that investment, I think the customer experience has improved. I think the choices and the personalization that Michelle highlighted has evolved and improved. But I think one of the things that has been a challenge is that most of those investments had business cases that were driven by a reduction in calls landing in the call center and maybe the elimination of staff as a result of that. And I would say that many of those business cases have not yielded the outcome that they had hoped for.

And some of that's a byproduct for a variety of reasons. We're creating more choice at the same time that we're trying to reduce call volume. We are adding different rates and different ways in which you can interact. There are green choices, there's distributed energy resources. So the landscape is becoming more complex at the same time that we're trying to reduce call volume. And I think this is an opportunity to really bring GenAI into the mix and try to help drive that call volume down.

Chris Moyer: That's great. Thanks. Can you go ahead and advance to the next slide for me, that'd be great. Look, you guys hit on a couple of the why AI really does have a great use case fit. You talked about personalization, the consistency. I think those are really important things that we've always strived for. I think there's some really interesting approaches coming with automation support and being able to put routines in that maybe get executed as someone's asked the right kinds of questions.

I think ultimately that last bullet, how do we get to complete problem resolution without having to interact? I don't want to call it nirvana because there are some people that are doing it, but they're doing it under very specific transaction journeys. They're not overly detailed yet, but you can see it coming.

Maybe it's a good time. We're 15 minutes in. I just would like to put the first survey up if I could. It'll just kind of tease us out and let us go a different way in the conversation.

What I don't know is do I get to see the poll too? I do. Look at that. I didn't get to vote for one that I like.

Mark Browning: I think you can see it.

Chris Moyer: They stopped us from voting. That was it. That's right.

Michelle Ferrara: We were blocked.

Chris Moyer: Probably a good idea. We can't skew results. While we're waiting for those survey results to come up and we will come back to that, let me ask you two a different question. We talked about what customers are asking for. Let's flip it around and talk about what your CEO expects. Or maybe the board, because they're sitting in conferences with large systems integrators and things.

I'd love to be able to just tease out, are their questions different? Are they asking for something else that may be completely the opposite of the spectrum of what our employees or customers are asking for? I'll digest this and set up a couple more questions for you after that. Michelle, do you want to keep going first?

Michelle Ferrara: Yeah, I'll take a shot at that. We've had a lot of new board members join recently. Of course, our whole officer team is getting our head around where we're going in this space. A lot of key decisions like risk versus technology exploitation and value. I think the one conversation we recently had a big meeting about this and the big discussion, not as much at the board level, but at our senior executive level, is trying to fish out that time, dollar, investment, and value triangle.

We want to exploit this technology. We want to improve the customer experience. We also internally, even though this focuses on customer experience, want to use this internally to drive efficiency and cost reduction so we can focus on the customer in other areas versus back office.

I think we're at this inflection point of level setting, really where you spend our constrained time and resources to get the most value and where we have a differentiation. You know, let's acknowledge there's a little hype curve around this like there is on any new technology. There could be a tendency to like more is more and go everywhere.

I think we're at this really key point of a couple critical decisions. Where do we buy versus build? Where do we focus our investments in areas that would be a differentiator for our business and a significant impact? That's how we're prioritizing.

When Mark was talking about all the investments in the customer systems in different places we've met, and you talked a little bit about end-to-end problem resolution, and I think this is where firms like rSTAR and other places can help us, the stitching together of all of these solutions, even if it's disparate GenAI solutions, is I think where we're really trying to get a sweet spot of how do we integrate this all that actually results in a seamless experience? We're not so omni-channel that the customer is now overloaded, overwhelmed, and that regardless of what technology and systems we have on the back end, that's transparent to them.

I think that's an area that we're really trying to say, how do we exploit all this and have it still be seamless and simple? I don't know if I fully answered your question because I touched on a lot of things.

Chris Moyer: I think you did. I like the way you hit on it. I mean, look, when you get to the board, so many things are on their agenda that being able to distill down how we're going to take some of this technology and apply it to get that kind of business result becomes the primary, and then we'll talk about it in a few minutes, but I'm sure they also want to know about the risk side, right?

Michelle Ferrara: And Chris, a real anecdote is I was talking to our legal team when we were doing some of our board materials, and it's what are we actually putting in our materials that we say we're doing and what are we actually doing and making sure that we're very crisp on what we are and are not doing in this space and where we're going.

Chris Moyer: Great, great. Mark, anything else to add on where the board's pushing?

Mark Browning: Well, certainly as technology becomes more and more mainstream, and GenAI is a great example that you can download a bot and use it and experiment with it yourself. So the more exposure to technology, the more questions that are going to be asked, the more, hey, are you doing this? Are you doing that?

I think the challenge with all of it is balance and trying to strike that balance between hype and reality and managing expectations up. I think that's probably a challenge for everyone out there that's dealing with the C-suite and the board is recognizing that I think we as human beings tend to overestimate the value and impact technology is going to have in the short term, and we probably underestimate the value that technology is going to have in the long term. And so there's always this hype cycle of it's going to solve everything and how do we navigate that and manage that and manage expectations, I think is key.

I think there's also a bit of a conundrum in that there's this push to go fast, yet don't go fast in that, hey, you hear all this hype, what are we doing? How are we progressing? Yet at the same time, hey, let's not let AI make decisions that will impact our customers, impact our brand, go slow in that space. So, there's this sort of balancing act there in terms of speed and risk and security mitigation that you have to balance at all times.

Chris Moyer: That's great.

Michelle Ferrara: Yeah, Mark, and I think we're dealing with that in reality that half of our organization grounded in the governance and compliance and risk mitigation, and then the rest went into rapidly exploit the technology. And we are trying to find the intersection of the two. And the word governance can sound like no a lot, and we don't want to be perceived that we're stopping innovation, but we also want to make sure we're being thoughtful with privacy, reputational risk, employee concerns, etc.

Mark Browning: Yeah, I think that's the challenge because governance always sounds like a dirty word, somehow it's negative. I think in this space, it's probably more important than ever because there's so many moving pieces and parts to this, that a big piece of your governance structure needs to be communication, awareness, and education, and making sure that everyone understands the guardrails that you're putting in place and also understanding who's doing what So you're not duplicative in your actions, you're not replicating work in silos. So I think those are all elements of a strong governance structure.

Chris Moyer: Good. Hey, while you're on those labels that tend to get applied to everything and sometimes do come out negative, what's the security team's view? And have you got them tightly embedded in your work? Because they also get a reputation, and I'm not sure it's always fair. You can tell I used to run a security team. But they do, you know, this is not new stuff in many cases.

How's the security team engaging, approaching it? Are you drawing them closer? Are you waiting until you've got more insight before you bring them in to show them what you can do? How's that going?

Michelle Ferrara: I can take a little shot at that, Chris. One of the first things we did, we got a lot of questions. Is this GenAI IT-led or business-led? And my answer was, it's not an or, it's an and, it's both.

And so one of the first things that we did, we enabled a cross-functional governance and risk committee. We love our committees in the utility industry, but it was prudent in this case. And we actually have cyber seated there, cyber, HR, legal, our ESG org, as well as IT, I chair it. And we are bringing things that we might think have a security concern, especially if it's new technology introduction.

And even they helped us with some light policy work, like here's our stance on ChatGPT. We're not shutting this down. We're not being hard, but we're going to reinforce some of our data privacy policies. Here's what thou should do and should not do in this space. And so they, as well as other arms of our organization, have influence over that policy design.

Separately, we have a tech enablement committee that's all about exploiting the technology. And we've made agreements that when something comes in, that meets a certain set of criteria, big reputational risk, employee risk, security risk, before we go forth into production, it gets bounced off that governance committee where security is also represented.

Chris Moyer: I like it. I'll almost say words into something positive. It's a great way to do that, Michelle. I think that this does take a multi-dimensional analysis on some of the decisions, and nobody's going to have all of that in one set of experiences.

Michelle Ferrara: And I answered on the IT versus business led. I call my CIO job where the great connector and the aggregator. So, I don't think I'm the owner of all of this, but I do think I have an accountability to bring all the right stakeholders together, and that's how I kind of do my role.

Mark Browning: Yeah, Chris, I was going to say almost ditto to what everything Michelle said. I mean, the governance structure, you started with security, they play a critical role, but Gen AI is a team sport, and it's going to be a cross-functional group that's involved in enabling it within an organization. And all the different groups, supply, cyber, legal, risk, IT, the lines of business, all participating in it.

Chris Moyer: Fantastic. Folks, I did not forget your survey answers. I think your survey demonstrated...I'm going to revisit one of Michelle's comments, the kind of hype cycle that we're in right now with GenAI, minus growing revenue, all the other answers were almost identical and equal in responses. So we are expecting a large number of impact points to come from GenAI.

We are not content that it's going to be one thing or two things. We're actually hoping that it hits our cost. It lets us be better customer service providers. It lets us do exactly what Michelle talked about in the personalization. I'd love to hear a little bit about decision-making, because decision-making is pretty nebulous. Maybe as you guys are thinking about your questions to ask us, but maybe put using some of those or any other ideas you have, I think that when you can consume such a vast amount of information in an almost conversational way and ask and clarify questions, I don't know how much each of you use some of the tools that are out there today. I'm naturally curious, as you'd expect as an ex-technologist. I spend a lot of time... the more you learn to prompt engineer and to refine and to feed data into a question before you get it back, it is pretty amazing.

Look, I admit one of my weak areas is image creation, and Michelle and Mark have probably had to sit through more than one of my boring presentations in the past, but to have the ability as a visually image-generating challenged person to get something that's meaningful as the backdrop that I want, to be able to change it and refine it, to reflect style, it's game-changing for somebody like me who would spend way more time trying to find a picture somewhere because I wasn't clever enough to draw the image.

So, I think the survey demonstrates that we're expecting a lot out of generative AI. I think it comes back to Mark's point, too, that can we get there fast enough, or is it going to take us a little bit more time? I think that's for everybody in this call's individual organization to figure out what the speed is.

Before I go to the next survey, can we talk just a little bit about the project approach you're taking in your organizations? And I'll preface it with, I've put a lot of systems in, I've refined a lot of systems, I've changed a lot of systems. Nothing stands alone. Everything's got a myriad of connectors to it and dependencies, either feeds, inputs, things that are provided, outputs, some complex processing and transformation. What are you doing to insert GenAI into some of your projects, and how are you finding it? Easy, hard, easier than normal, harder than normal? Because I know it's not easy, but easier than your last upgrade, harder than your last upgrade?

Mark Browning: Michelle, you want me to go first? I'll give you a break.

Michelle Ferrara: Thank you, I appreciate that.

Mark Browning: I think the approach to GenAI, I think what we found at Exelon and what I think works well in general is taking an approach very similar to how you would approach delivering agile solutions. So, I'll start with that, where you're going to think big, start small, and not be afraid to have failures along the way. I think the introduction of GenAI fits well with an innovation program that most organizations have and just leverage that versus starting all over. Leverage what you have in place and the foundations that you have. So I'll start with that.

I think the other thing is there's an opportunity here to place a lot of small bets and at the same time continue to explore large bets. We're in this space where everybody's trying to create solutions and many of our products and our standards that we have in-house, those providers are actively and aggressively trying to evolve their products to have GenAI embedded within those products. And they might not be here today or tomorrow or next week, but they may be here in the next quarter or two quarters from now. And so I think we have to constantly be open to shifting, changing, and reprioritizing because we may go off and try to build something today that is just standard out of the box in one of our core solutions tomorrow.

So, I think agility, the ability to constantly be willing to reprioritize, place small bets, learn from them, and be willing to stop something versus just constantly plowing forward, I think are all, I think, key pieces of being successful and delivering in this space.

Chris Moyer: I like that. I like that. Think big, but bite off things you can really get done. Michelle, what are you guys doing?

Michelle Ferrara: Yeah, and I agree with Mark on the agile approach, and I'll talk a little bit about where some exceptions fall out related to that. But let me start with saying when you get a bunch of passionate technologists and business people together all around this hype curve of new technology, it was getting very conflated and complicated.

So, we had to kind of get real simple and say, whether it's a project, a new enhancement, a request, whatever you want to call it, let's just say we're going to have three principles. We're either going to consume something that's already been built by someone else that we have. We're either going to extend our existing platforms by embedding some new AI technologies into them where we think there's opportunity to make that better or take advantage, or we're going to build because there's nothing there, something specifically a differentiator.

So, I had to do this with my architects and my digital team and say, let's put this in just simple buckets right now and not overanalyze every edge scenario. We're going to consume, extend, or build. Now let's identify criteria that says when we're going to consume, when we're going to extend, when we're going to build.

And we can modify it, but just to try to get our thoughts organized, if that makes sense. And I will say, very much like Mark, we're doing a lot of the same things that a lot of other companies, whether it's traditional data and machine learning, or even gen AI, prioritizing use cases, funnelling them based on the biggest business priority. We're very fortunate at APS.

We have a very crisp strategy and set of enterprise pillars. We call it today forward and future back. So, we ground those use cases to our enterprise strategy. Those are very much done, Mark, like you mentioned, in an agile iterative approach. Is it going to stick? Can we get it done?

Where we tend to have to get a little more traditional water folly is when what I call the no regrets work of the backend data platform or using a cloud provider's platform, maybe not as mature as some other companies, if you haven't stood all that up yet. Some of that work, it tends to fall into that very traditional model, what I call the no regrets foundational work. And then the use case development starts to become in that very quick agile formation.

So I hate the waddle, but that's really just me being real about the foundation, the platform, the ingestion of data. We try to iterate and piece that out and not boil the ocean, but has waterfall-esque attributes. And then the use case and business outcomes, very agile and overlapping.

Chris Moyer: I like that, Michelle. I think that you hit on that, the sheer volume of data that you both keep in your organizations, because we expect it, right? As all of us are energy users, right? I want that bill. I want to know what peaked. I want to know what, I want to know how I compare to my neighbors. I want to know what I did this month versus last month. And I'm starting to expect more and more. And again, I want to generate my own power now, so I completely get it.

I'm going to ask that we put the second survey up, not to take us too far away.

I still want to talk about a couple of organization things, but I want to make sure we think about, and the second survey question was really about which of our business constituents will we help most, right? And I'd like to see what you guys think.

Michelle Ferrara: Forgetting we can't vote.

Chris Moyer: It's also, it's the polling time of the year. So, goodness gracious, for those of you that have joined from the US. While you're all filling out the last few responses and we get the summary up, I will remind you in the Q&A, we do have some time planned for it. At the same time, I have enough questions for these two that I can easily use up the time, but I'll keep an eye on the Q&A chat and make sure that I get to the questions that are there. But if you do have any more, I'd say with the three of us, there's not a whole lot of hard questions we won't try and answer.

If it's way too hard, we're smart enough to say we don't know. But between the three of us, we've probably seen a few pieces of just about everything. So, do we have the results of poll two? All right.

So, a little more spread this time than last time. Last time, it was like within a point of everything. It looks like our pick of customer service was a good pick based on your feedback. Very interesting that your second position was operations. I expected it to be marketing. I'm the one who put this question together, so I'll take the blame or the responsibility.

Operations is a really, really interesting area that I've spent a lot of time talking to some others outside the industry about operational impact and what GenAI can do in finding, because a lot of times in operations, you are looking for some of the same things, the consistency, but the ability to dive at a data set not knowing what you're looking for and getting some insight from it is really, really powerful. Operations has a lot of that from every machine we run, every piece of the network.

And then the one that I think I keep coming to and I've watched a few companies start to evolve is on the security side of IT operations, at least. The needle in the haystack is what you're always looking for. You're looking for the abnormal operation to go attack and find out why that's different than everything else.

But for you guys in the utility side, you spend a lot more money on operations, keeping our lights on. Are the operations teams excited about AI in general, GenAI in specific? What are they looking for you to do to better enable the field or predict what's going to go wrong in the field? Do you want me to start with Mark, Michelle, or do you want to go first again?

Michelle Ferrara: Whoever you pick, I'm fine either way.

Chris Moyer: All right, I'm going to go ahead and go with you.

Michelle Ferrara: Yeah, I'll keep it simple. And I'll talk a little bit about like core T&D operations and then maybe hit on even some corporate operations a little bit. But on the T&D side, I mentioned some of our weather, fire analytics, things of that nature, looking at partners and areas that can improve us. If you watch the news and look at a lot of utilities in our industry, that's just a hot topic and one of our biggest enterprise risks.

So that's an area definitely that GenAI and just even traditional AI machine learning that they're expecting a lot from us. I will say to connect operations, and I touched on it earlier, ETR, Estimated Time of Restoration in events and having that be more personalized, interactive, thoughtful, maybe sending pictures and video along with that ETR, showing that our crews are there, things of that nature are things that we're talking a lot. So really a lot of that connection between the operations all the way down to the customer is what we hear a lot about there.

I will also say that outside of the core operations of a utility, which is first and foremost what matters, our internal operations is really, we have some of our most passionate business advocates for GenAI in finance and other areas, just how can we have improved efficiencies of our internal operations because then that helps us enable the business and other things.

And I've got to put a plug in here because a lot of times we get forgotten about in IT. We are also an officer of a department that's running an operation. And so instead of just providing this technology to others, we should also be consuming it and exploiting it to be an efficient and proactive provider to the rest of the company. So, we've actually exploited the integration of chatbots in our service now to Teams integration. And so you can talk to a chatbot, ask for help, have it directly routed to service now and have it integrated through Teams without the traditional end user having to know how to open a ticket to us.

So just thought I would put a plug in there for core IT operations as well, because the more that we can become efficient, then we can do that more proactive work in this space that the business is looking for us to deliver.

Chris Moyer: Great. Mark, other things that you saw?

Mark Browning: Well, are they excited about it? Absolutely. But I put the operations side in that bucket of, you know, it's going to take longer, but I think the impact is going to be bigger and things that we haven't really fully thought of and thought through yet. I think on the customer side, the CX side, it's more of a finite set of data sets and intersections. On the operations side, there's not the customer is not complex, but the operations side gets to be far more complex.

Many of the use cases that come to mind, I think, on the surface that are probably in the nearer term around wildfire mitigation, huge risk for companies out in the West. And if you can, you know, look at the intersection of maintenance activities, vegetation, weather patterns. I think there's a lot that can be done in those large data sets to predict and make investments in the right places to help.

I think for most utilities, though, really trying to intersect weather patterns, how the grid has stood up during those weather patterns, what supplies we have, where those supplies are, where the crews are, what jobs they have, their location, intersecting all of those things in real time or near real time, historically has not been possible. But with GenAI and these large language models, stitching these things together to use a phrase that Michelle used earlier, I think that's going to be the key. But that's not a simple task is going to take time to do. But I think the long-term payoff, I think, could be huge.

Chris Moyer: Thanks. Yeah. I also can't help but think and I know we've watched the whole industry struggle with distributed energy resources and how are we going to optimize them? And what are the rules? There's a lot more to do there. But if you suddenly can build a model that's more complex than we probably thought we could ever build and manage by using AI, I think you get some very interesting opportunities to avoid having too much power generated in one place and not enough in another so that you end up having to go to all of our backup and peaking capabilities we have to. It feels like there's a really interesting operational opportunity there and somebody will solve for that with using some of these tools and these models.

Michelle Ferrara: And Chris, I was going to say the one thing I didn't touch on because we talk so much about it internally at APS, I can't believe I didn't bring it up, but just the proliferation of all this AI and the data center load coming at utilities. We talk a lot about energy load forecasting and how can we use these technologies to kind of get better at that because that's a real challenge for us in Arizona. We still have a lot of residential and commercial customer growth and then you add the data center, the Taiwan semiconductor, all the other things coming at us that want power.

Using these tools for energy and load forecasting, when we actually talk, we actually think that one there would be a very big differentiator, but it's one of those more complex, in the complex end of the spectrum, where some of the customer things, to your point, not that they're not complex, Mark, but a more finite use case that can feel a little more manageable than some of these bigger ones.

Yeah, I just read an article about the sheer volume of energy that's going to be required to just support the AI, especially the gen AI needs of the companies that want to embed their products. So kind of using Mark's comment of there's lots of our partners that are trying to insert more capabilities to do that.

They need the compute to do that and that compute is going to come from a data center, most likely not their own, most likely one of the hyperscalers, because they just, A, they'd be getting in a long line just to get the products that they need, and then B, I don't think that the skill sets are generally available in all of the companies to take a large language model and heavily modify it, right, even if you pick one of them.

So, I think that's good news and bad news, right, Michelle? The good news is we're going to want more power. The bad news is we're going to want it yesterday, and we know how long it takes to bring new generation resources online.

The other piece that I thought was going to be important was this marketing approach. I think that our industries, again, there's a wide variety of people on the call. To be able to get to a similar scenario, you talked about a customer of one, Michelle. What about a potential customer of one? For some of these retailers, automotive companies, they suddenly can be so precise based on the large amounts of data that are out there about the people they're aiming at. I think that we're going to see some really interesting marketing approaches start hitting our phones, our web activity. They're going to be location sensitive.

We're going to start seeing, I think, the next iteration of really, really precise marketing.

Michelle Ferrara: It is a little scary, a little too much, like, okay, now you know me a little well. I don't know how much I like that, but it's great.

Chris Moyer: It's great. I know. That's right. I know too much, and I'm going to ask you what you were thinking you might need. Look, I'm going to let us take a couple of questions, maybe in a more, I don't know, fun's a relative word. Look, how do you two keep up? I mean, this is a domain that changes, look, let's call it every quarter, but we both know it's probably, all three know it's probably more often.

What are you doing? Are you just using your traditional sources for information? Are you leaning on some advisors? Are you spreading the need out to the team? Maybe even change some of your organizational thinking to try and collect some of the knowledge. Again, Michelle, I'll let you go first on that, and that gives Mark a chance to think, but how do you keep up? I mean, there's a lot going on.

Michelle Ferrara: Yeah, it is hard, and if I didn't have all the, like, 85 other duties of the CIO, it would be a lot easier. This is a passion area of mine, though, and I will tell you, first of all, I think the key is surrounding ourselves with really great people. I've had to learn to let go over time that I need to know enough in this space to be able to help drive my company forward, be a credible partner to my business, but gone are the days where I need to know it all and understand it all.

So first is really trying to...One of the roadblocks in this space, I think, is talent and skill, and so really trying to make sure I'm sourcing talent for employees as well as partners and partnerships that can supplement everything that I don't know, and I think I would call myself, I'm in the sweet spot in the middle, like, obviously, kind of like every other CIO, I have a Gartner, you know, peer advisor. I kind of do a lot of that.

I'm part of the Inspire CIO network and also Unite Utility Forums that we've participated in, but I've also been broadening out to be in some networking in communities that aren't IT-specific, and I have a wonderful leader who's enabled that for me, so spending more time with other C-levels that aren't IT professionals to really hear their perspective of really what matters to them because it's easy to get in our world and lose that, but I also think, and part of the reason I even agreed to do this is, you know, we tend to gravitate to a lot of these really big firms because they can scale, and I think that's wonderful, and I still use them, and I use them very purposely on a lot of large, big programs, but in these places where I want quick wins, I want to fail fast, I don't want to spend a gazillion dollars right out of the gate. I am looking for, you know, boutique partners and other firms that can help us, like, have accelerators. I've already done this somewhere else at another utility.

I do not want to reinvent from the beginning, and so really staying connected with our peers and partners that have done other things, I think the best form of flattery is copying, and there's no shame in that. I think there used to be a pride at times that we would have, especially technologists in IT, where we have to build it all and know it all ourselves, and I've been really working on my team to let go of that so we can get the best of everybody and put it together.

Chris Moyer: That's great. No, I appreciate that. Mark?

Mark Browning: So, Chris, six months ago my answer would have been almost identical to Michelle's, but now I say retirement. It's such a weird word that I'm getting. I'm trying to figure out how. I don't know if I'm really retired, but I'm in a different space now, so I used to have a large team that I was surrounded by that I would lean on and a large network of partners that would bring me insights and information, and I'm sure any and all CIOs, CTOs, many business leaders on this call have somebody knocking on their door almost daily trying to sell them on GenAI, pedal their GenAI wares, and I don't blame them for that, but that's just how much hype there is around this right now. For me, I've had to start to shift into maybe new ways of learning, not necessarily new in terms of new tactics, but maybe things that are new because I have time on my hands, I have more time, so I'm spending a lot more time reading.

Michelle Ferrara: I'm jealous.

Mark Browning: I'm spending a lot more time leveraging my network and doing things like this that keep you connected, keep you involved, keep you current, so it's been a shift, a shift in a good way, but certainly leveraging both anything and everything I can get my hands on to consume and then my network as well.

Chris Moyer: That's great. Now, I think you guys hit on the, I'd say the traditional service areas that we all went to, the consultants, the analysts, the gardeners, the foresters, the IDCs of the world, but also the big players, Deloitte, KPMG, Infosys, Accenture, IBM, pick your poison, but I am also finding I'm reading a lot more content now from the providers, OpenAI, Meta, Google, Microsoft, Apple, Samsung, Amazon. If you're not touching their stuff, I think you've at least got to read what they're saying, and it does give you some really good insights to what's next, and then I've found a few new sources.

I think, Mark, I've shared some with you as you change from having people bring things to you to you going and finding it. I do a couple of newsletters a day. I'm not plugging newsletters.

I'm just sharing. If you don't like them, just delete them, but The Neuron, Pete Wang, and Noel Edelman do a great job of making it fun, digestible, daily. Zane Kahn does Superhuman, a little more sponsorship in there, so watch what you read, and then I still do podcasts.

I still get to travel, and I'm listening to Hard Fork, A16Z a little bit more than I used to because they're touching on these kinds of topics.

And then finally, I try things. You two know me. I won't let technology go long without having it. If you're a Google person, you're not letting the advanced Gemini do your weekly summary or your email, pulling out action items or using Copilot, you're just missing the chance to learn yourselves.

Michelle Ferrara: Chris, one thing I was going to tell you I didn't say, and I'm not really kissing up to our CIO. I might make a lot of CIOs envious when I say this. We have a CEO who loves technology, absolutely loves it, is very interested in it, and he actually brokers a lot of introductions for me. We're doing one in October, like small startup companies, people that are exploiting other technologies, and I just find it because I've been here almost three years. It's really refreshing. It's just a CEO who really heavily advocates for technology, and my president as well, so it's just an amazing construct to be in, and that helps connect me to others that I might not even normally be.

Chris Moyer: That's why you're having so much fun.

Michelle Ferrara: Yeah.

Chris Moyer: Hey, there are a couple questions in the chat, so I'm going to pick the first one up, and I think it kind of hits on that part of the worry that we all have. Can Gen AI be biased? What's the impact of biased Gen AI on decision making in an organization? Mark, if you want to go first, I have an opinion, I'll throw it in. I think this is one where we don't have to all three answer it.

Mark Browning: Look, I think, can it be biased or can it produce answers and draw conclusions that aren't accurate or aren't correct? Of course, it can, and I think that's why—especially in the customer space, I think you're going to do a lot of assist.

You're going to see a lot of Gen AI used to make recommendations, but it's still going to involve a human to act on those, to interpret on those, and I think that will be in this mode as sort of a test driving.

And I think the term co-pilot was a brilliant branding because that's sort of what it is. Gen AI is in the passenger seat telling me, hey, turn left, turn right. I can choose to do that or not right now, and over time, as we find out that it tells us to turn in the right direction 99 point something percent of the time, then we say, okay, maybe now we're comfortable setting it loose and letting it directly respond in some closed loop.

Chris Moyer: That's great. I am going to join you in the it's easy to get biased. I think the more you train with your own data as the extension of any common language model, you can actually tune some of that, both good and bad. If some of your old content is carrying some bias, it'll show, and it may show faster. It'll amplify it, so yeah, I think that's a great answer. Michelle, you want to add anything to that?

Michelle Ferrara: I would just say you kind of touched on it, Chris. I was going to say, you know, it's working at times with the data set given, is it mature and intelligent enough to seek out alternate data sets that may have opposing point of view? And so that's kind of, I'm just talking generically, not technically, the kind of things that would concern me, right? You know, given our data here, decision B, but there could be alternate views that haven't been incorporated into that data set and those types of discussions we have internally about some of this.

Chris Moyer: Another question that we kind of have talked about in advance, how can we make sure that if we go down this GenAI approach and we really amplify straight to resolution, like how do we not lose the human side, right? At the end of the day, Mark, you brought it up. We all know each other really well. We're friends. We've done a lot of things together. If I'm suddenly only dealing with, you know, your companies through what I know and I recognize is a generated instance, like how do we make sure we keep the human touch? Because I think it's what humans expect.

Michelle Ferrara: Wow, you're getting philosophical.

Mark Browning: You saved the hard question for last.

Michelle Ferrara: I'll give you an answer from our—one of the things that I love about APS is its culture, their presence in the community, the support programs we offer, our volunteerism. So even if say we use technical channels to help answer customers more seamlessly and with an experience, I still think you kind of can double down in those other areas where you're still being thought of as a human centered company, even if some answers might be coming out of a chat, whatever.

And so just keeping that other part of your culture and presence intact and not going too heavy on the reduction of human side because of efficiency and cost, what tends to happen when you do these things is probably just something to watch. But you went deep on that one. That was good.

Chris Moyer: You can't just think about what GenAI can do. We have to think about how GenAI can make our people more effective in whatever they do, especially in the places they touch customers and get to interact with them and get to interact with the community. I think that's a great call. Look, I'm conscious we're at wrap time. I'm not going to hold everybody over.

Jeanne, let me turn it back over to you. I know you've got a thank you slide and probably some logistics on how people can get a hold of the recording. And I saw one person did ask for the slides.

Jeanne Grunert: All right. Great. Thank you, Chris. And Michelle and Mark, thank you so much for joining us today. Chris, thanks for leading us in the conversation. We really appreciate it. And to our guests, it was great to have you here with us. We will send out a recording of this webinar to everybody, so look for that in your inbox. If you have any questions about customer experience or Gen AI, or you would like some more assistance with that, visit www.rstartec.com. The URL is up on the screen. We would love to speak with you and help you out with your questions or concerns. So, thank you so much on behalf of rSTAR and our panelists. Thanks for joining today. We appreciate you and have a wonderful day. Take care. Bye-bye.

Michelle Ferrara: Good seeing you guys. See you soon.

Chris Moyer: Take care, you guys.