



Sean Perry-Evans was interviewed by Boni Sones during the Cambridge Service Week Industry Conference, '**Bridging to New Service Technology**' on 11 October 2017

SEAN: My name is Sean Perry-Evans, and I'm the Director of Services Development for Thales UK.

BONI: Sean, thank you very much indeed for talking to the Cambridge Service Alliance Industry Conference podcast series today. We're here at the conference entitled Bridging to New Service Technology. Your presentation was called 'Digital Transformation Strategy within Thales'. Can you tell us a little bit about how you're going about digital transformation, and about your business structure as well.

SEAN: We recognise that digital transformation is something that if not grasped by Thales, we will become victim of it, simply because there are more advanced digital players in the market who are able to penetrate some of the areas where we should have value, and perhaps we can talk more about that later. The challenge really in any sort of transformation within Thales is the structure of the business and the culture of the business. We are an engineering-based culture which doesn't particularly like change.

The business structure, we've addressed five markets globally, we have six global business units that do that. And within those business units are 28 business lines. We overlay on that job family, our role and job capabilities, and we end up three dimensional matrix with many agendas which make transformation a challenge.

BONI: And you employ?

SEAN: Globally, in Thales group 64,000 people, here in the UK 6,500 people.

BONI: People think of you as being defence, but you're not, you told that lonely story of how you on all but one of the Underground run the signalling in London.

SEAN: Yes, so in the group overall, globally, we are about 50/50 between defence and civil. In the UK we are about 65 per cent defence and 35 per cent civil. The majority of that civil business in the UK is around ground transportation, and typically signalling on London Underground, where yes we are currently bidding for the remainder of the lines that we don't already do the signalling on. But if you're Tube doesn't turn up in less than two minutes, then it's probably London Underground's fault, not ours.

BONI: I think the Victoria line is the only one you don't do.

SEAN: Yes, that's right, the Siemens have that. Our good friends at Siemens to the Victoria line, yes absolutely.

BONI: You just laid a ready-made question for me to yourself, which is you've said that engineers don't like change, but you're talking about digital transformation here today. How do you



scratch your head and solve those internal problems of bringing your employees with you? Particularly when their jobs may change, their job specifications may go too.

SEAN: I think it's very important that we maintain our DNA. Our DNA is around, we spent about 5 per cent of our revenue a year, our revenue from last year for example, 15 billion Euros, and we've spent something like 750 million Euros on research and development. That identifies our culture, is that the design of very good products, very well engineered products, very good technology, which our customers really appreciate.

I think it's important that in any transformation we maintain that DNA, that core DNA of what we want to do. What we need to do is make people understand our very good engineers, we need to make them understand that it's not about the products, it's about the services that can go with the products and the commercial ramp that goes around that product. The product itself can remain the same up to a point, but it's really the service element that is important to us now. We, in addition to digital transformation, we also have service transformation. And to enable digital transformation we must have service transformation. That's the movement in that direction that our products are offered with services, rather than just as products in their own right.

BONI: And do see a time when you might be just offering services, because the nature of production is changing? And you've said you've just got to know your customer, that's something that's been emphasized here today a lot.

SEAN: That's absolutely key, and I would say that because as a sales and business development guy really, what customers want and what customers are trying to achieve is how we should align ourselves and align our strategies to them, so we need to listen to our customers, they are core to everything that we do.

Interestingly as we try to change, of course we talk about trying to comfort our employees, but it's equally important that we comfort our customers as well, who very much like Thales products and will be spooked, if that's a professional term, by us announcing that we are changing, that we are investing in digital transformation, and that we are changing path. Because they will say, "Well, I like Thales, I like what Thales does, why are you changing? Please don't change what you are doing." We have to give them some comfort as well, but actually we are enhancing our offer to them, we are not trying to change it fundamentally.

BONI: You are evolving it rather than having a revolution. But you've talked of having a digital culture manifesto away from control to empowerment. Can you tell us a little more about that? It's fascinating.

SEAN: Yes, we are process led organization, that comes out of having been led by product policy. The product, if you like, is the king, the policy around the product is king, and that particular culture is quite difficult to shift. We have processes, centralized business management process, a system which drives that whole control culture. You follow the process, you follow the process, and you know how to do it and that's what you do.

What we want to be able to do is allow people to have more agility, more ability to think and to respond to what the customers want. If we are going to respond to what customers want, we



can't necessarily do it by applying our processes, we need to be more agile. We need to flex the boundaries of the process a bit, make it a little bit more able to respond to the customer need. That's going to be a challenge for us.

Engineers needed the process to ensure that engineering design follows particular lines and follows particular criteria. But we need to be able to maybe, overall capability that would generate from our design work is something that the customer actually wants.

BONI: It is a real digital transformation, and you will be operating digitally in the future.

SEAN: In the future we will. How long transformation will take? That's an interesting one, it's not going to happen overnight, it's not going to happen in 12 months. Our strategic view is that digital transformation will permeate across the business over the next one to two years, and start to permeate across the business, but won't be across the entire business for some significant period of time.

BONI: Just finally, we set here today, we've already listened to various other keynote speakers Emirates Airline, Alibaba, IBM. Do you see common themes emerging, they seem to me to be very similar in what they say. Big beasts of industry plotting the future, but really doing it very strategically.

SEAN: Yes, there was huge commonality. The difference really was between the business structures of the different businesses, and the offering that they have into this particular environment. IBM clearly have a real interest in where digital transformation goes as a supplier of a lot of the capability to enable digital transformation. Emirates Airline are a single tier type of organization who obviously have a different type of approach, we are massively more complex in the way that we approach because we have so many moving parts, and we come from a long way back.

But the commonality is there, the purpose, the direction of travel is exactly the same. We are all looking to end up almost in the same place. What I can see in the future, what today made me think about really, I suppose, is the collaborative nature of industry moving forwards. Perhaps we will be partnering with people we never thought we would partner with in the past. It's simply because the nature what we are trying to achieve will change.

BONI: It's more power to the Cambridge Service Alliance.

SEAN: More power to the Cambridge Service Alliance. Yes, and I look forward to coming back next year.

BONI: And its collaborators. Sean, thank you very much indeed for talking to the Cambridge Service Alliance Industry Conference podcast series, Bridging to New Service Technology. I have enjoyed it very much, congratulations.

SEAN: Thank you very much indeed.