



Daniel Newman: Sheila, it's so great to be back here in Charlotte.

Sheila Jordan: Yes. Welcome back to Honeywell's headquarters.

Daniel Newman: I know sitting down it's a little more vibrant this time. I came right before the holiday last year and the building was beautiful, but it was empty, obviously different situation with the pandemic and it was around Christmas time so maybe it had something to do holiday time, something to do with the nice bosses letting people not work at that time. But it's great to be back, it's great to sit down with you again.

Sheila Jordan: It is great to have people back in the office, it is, the building here is just humming and it's fun to see all the collaboration and diverse celebrations. It's very fun to have everyone back.

Daniel Newman: Yeah. And this time I get to have you as part of our Six Five 2022 Summit. So we're really glad. One of the reasons I've always enjoyed our conversations is oftentimes as analysts we spend a lot of time thinking about how the technology reaches out to the vendors, customers, and you think about that a little bit in your role leading the digital transformation of Honeywell, but you also think about it from an internal standpoint. So we get that real world hands on view when we talk, because you're not maybe know spinning up the workloads but you're close to it and you're thinking about the technology, you're thinking about which partners, vendors, the ecosystem. I think so many of our audience out there is curious about kind of people in your role and what you're doing. So I want to start there because now you're about two years in leading this digital transformation of Honeywell, which is doing it internally and externally. Just talk a little bit about where you're at in your journey.

Sheila Jordan: Yes. So one of the things that I joined Honeywell is because Darius, our CEO on the management team had a really aggressive and very inspirational agenda on digital transformation. And yet when I joined, I realized how aggressive that really was. So every single function and every single strategic business unit has a digital agenda. So right now we're in the process of deploying, I'll start first, with the foundations of the technology. So we have 21 platforms that we've modernized and put into place. That's everything from Salesforce to ALM, PLM to ConnectUs for our planning and supply chain, to Adobe, to the whole gamut of like 21 strategic platforms. I'm happy to report that by the end of this year, we'll have most of that completed with a couple that'll strike out until Q1 or Q2 of next year.

But then you step back and think, okay, the applications are exciting and interesting, but the real value, I believe, the value extraction comes from data. So, we entered in a year or so ago on having an enterprise data warehouse and you think, okay, great. Why and how come? And the reality is that each of these applications spin off a bunch of transactional data. So bookings, billings, revenue, backlog, inventory, and yet when you put it all into the enterprise data warehouse you see insights and things that you couldn't see in a transactional system. So we've been on this road for a while, by the end of this year we'll have about 85, 89% of our relevant data that we've identified today. And I will say that I think the use of data and the extract extraction of value from data is an ongoing journey. So you're never really done, done. But we'll have about 89% completed in our enterprise data warehouse.



So what does that mean? So that means for the first time ever Honeywell has an inventory console, we can see and manage the supply chain in our inventory across the globe, across every single strategic business unit, across every single pieces and parts of what we're purchasing and buying and as we all know, the supply chain is a challenge right now. So the ability to see inventory and the management of inventory across the whole Honeywell corporation is quite interesting.

The other thing is we all know is inflation's been a challenge and it continues to increase. And so how we think about and see inflation, we matched inflation to certain areas that we could actually take some impacts on pricing. So beginning to really match inflation with pricing. So that's of course what we've done in the last six months or so, which has really helped us manage that inflation challenge that we all are facing as well.

So for me, it's super interesting because we have every single function, every single strategic business unit. And so my vision, because I know we like to talk vision here, is that we really do become a data driven enterprise. I know that sounds cliché, but it really means that every aspect of what we do is really being run by the data. In fact, my long term vision is wouldn't it be interesting to have a company that we have no more Excel and no more PowerPoint, that we're literally running our business through the enterprise data warehouse and the data that is near real term and available at your fingertips. That's a very different way to run a company than historically.

Daniel Newman: I don't know, I love a good spreadsheet. A good macro and a good spreadsheet, especially when I can just put the date in I want.

Sheila Jordan: Yes, exactly. That's the problem.

Daniel Newman: Oh my gosh. Look at this growth.

Sheila Jordan: That's the problem.

Daniel Newman: And then you can have 20 or 30 versions of it floating around the organization. Not even ISO can really fix that. I like where you're going with that.

I do want to take just a quick step back because we've done research over, gosh, a number of years and we do a digital transformation index every year. And one of the areas that always rises to the top because I hear your tech roadmap, I'm on board, totally get it, but one of the things that always rises even more than budget, more than tech and constraints, always culture. And so how are you sort of approaching that? Because Honeywell's a company and we sat down with Darius, he did one of the keynotes here as well, he's talking about all the initiatives, the breakthrough initiatives. But Honeywell is a company that's got a lot of legacy, it's got a lot of provenance, it's also in some older industries. People that have been here aren't necessarily all techies, you got people from industries and by the way, everything's becoming techie. How do you create kind of a culture that embraces your vision?



Sheila Jordan: Well, first of all, I totally agree with you. I think the culture and bringing along the organization, so I've done this before in many companies and to be a change agent and to drive transformation you have to really show and demonstrate the value of what you're doing. And I know again, that may sound a little cliché, but you've got to really bring the people and the employees along the path to show if we did this new way using the technology or these new data insights, that it's going to be different, it's going to be a change play. But the reality is here's the value that you're getting from it.

You know the toy when our kids were little, that whackamole toy that you all the clowns pop up and then you put them all back down again. So I think sometimes in an organization when you're driving transformation, you get everyone aligned and all of a sudden they're not, and then they're aligned and then they're not. So one of the things I think that translates quite well is to, again, show the value, define the value and the benefits that you're going to get from this. And then the other part is making sure that people all understand that and people buy into the strategy and the vision when they understand it and they understand what's in for me.

The final component is when you've got enough adopters and you've got enough people using that technology and it's delivering what you want and people are seeing the value, you have to decommission the old stuff. You have to take it out of the organization. And I think sometimes people leave that lingering for too long because that will get your last adopters on board is when you just stop, with enough communication, you just take out the old stuff as well.

Daniel Newman: Yeah. So sometimes it's little bit of the ripping off the bandaid. By the way I call that business whackamole.

Sheila Jordan: Business whackamole.

Daniel Newman: Business whackamole.

Sheila Jordan: Good. I'll steal that.

Daniel Newman: Yeah, because it's literally like when you're running a business or a company it's whatever pops up that day and you're like, so here's my big dream board and here's all the stuff that pops up today. By the way, it's like this and you're like looking over here, do I have a minute? You look like a drummer, you're trying to keep at it. But it is a continuous and, like I said, year after year you we ask questions about what's the technology you're going to invest in. By the way, data continuously, one of the biggest. But it's just always kind of funny with culture.

I remember a CIO study that came out a few years back that said something along the lines of like 50% of IT projects fail inside of an enterprise. If you think about how absurd that is because the companies that people are buying technology from are very rooted, very established, proven companies. I mean, occasionally maybe you buy a product that doesn't work. But more times than not Sheila, you're buying a product that's proven to work quite well and you cannot get your teams on board. And I love what you said about kind of ripping off the bandaid and taking out the old, because you let people do it the old way.



Sheila Jordan: It's going to stick around a lot longer than you want.

Daniel Newman: Human condition. Absolutely, the human condition. So you're driving the culture forward. You're making the big bet on data warehousing. How does this sort of propel the company forward? Like as you now get this implemented, you said 85 to 89%, which means you're very close and by the way you'll probably always be around that. It's infinite.

Sheila Jordan: I was going to say, exactly right. You'll find the next series of data that you need. Yes.

Daniel Newman: So if you every get to 100% it means you kind of stop.

Sheila Jordan: Right, right, right.

Daniel Newman: But what are you going to do to drive the next wave of innovation once you sort of got all this sort of debt out of the enterprise and you've got your 21 priorities largely in place with whatever's new in the slate?

Sheila Jordan: So I'd say a couple things. I think the industry talks a lot about AI and I would say that we're just scratching the surface on AI. So one thing is AI works and automation works when you've got this plethora of data that you can actually start understanding what those insights are and what those findings are that any human body can't see, and/or you just need to make sure that you're looking for those insights that not each transactional system gives you. Let me give you an example. So we actually digitize 200,000 contracts, we have over 200,000 contracts for our suppliers and partners and vendors, and we digitize those. So we now have them all of different templates in each section. So when we actually looked at what the potential is for any kind of SLA or any of the agreements we looked at where in these contracts was a pricing opportunity, did we have built in the contract is terms and conditions.

So we used automation technology, we wrote a script to go scan the 200,000 contracts. We then pumped out the areas that we had some opportunities to take some pricing increases and implemented that in like eight days. Now that would be absolutely impossible for human beings to go look at 200,000 contracts and to look at that specific template because we had digitized the work. So one of the things that we're going to do is continue doing is as we digitize the processes and as we simplify things, we're now have another layer of just this AI and analytics and machine learning. That, again, I think was just scratching the surface on which is going to give us these additional insights.

The other thing I would say that we're really bullish on is really digitizing our customer experience. And as I say, customer, you can imagine the variation we have with customers at Honeywell, everything between our aerospace customers to our oil and gas customers to people buying masks to our Honeywell connected enterprise. So when you think about the variation of doing customer segmentation, we're going to start really ramping that up and making sure that the digital experience for our customers is frictionless and seamless and intuitive, and they can get their information and find out where their products are and look for their renewals



opportunities, super seamless. So we're going to really start looking at the customer and supplier interaction in a much more sophisticated way.

Daniel Newman: Yeah. That's a really interesting one and maybe a quick follow up there to sort of wrap up this conversation. The word CX, customer experience, it's been democratized and then to some extent it's been marketized or I like to call market architecture of CX. And so when you're talking to the world, every company, by the way there was like a study about this, it was a few years back, called it the 80-8 rule. 80-8. And it was that 80% of companies believed that they were able to differentiate themselves using customer experience. But yet when customers were asked question only 8% of them actually said that the companies that were saying this interesting were actually differentiated.

So in your mind, as you're taking all this data, you're doing this end to end, very prescriptive, very thoughtful AI enhance what is going to be sort of the sets you apart of the future? What are the things that you can do in your role to help Honeywell truly differentiate itself and drive next generation customers experiences?

Sheila Jordan: Well, to me, when I think about digital it's really a horizontal experience. So most companies are organized functionally, and we've spent years, most companies spend years improving and optimizing the function. Engineering, finance, marketing sales, we optimize the function. But when you look at a digital experience and I'll just use an airline example. I can book my family a four on my airline app in six minutes or less for an international trip without pulling out a credit card, a loyalty number, nothing. Why? Because it knows me. It knows the profile of my people. The people I'm traveling with. It knows click, click, click, and you're done. In fact, the only thing that takes two minutes of the six is they still haven't figured out to automate the seat assignment, because I like the window versus the aisle. But I'm sure they'll figure that out.

But the reality is that experience spans across six to seven different functions in an organization. Marketing, branding, pricing, packaging, finance, because I'm processing the credit card. So digital is really a horizontal experience. And what most companies really need to improve and this is our next thing we're working through as we move up the architecture is the end to end process. Because again, we've managed the processes in each of the functions, but when you put it all together it may not make sense. So as we think about this new differentiated experience, it is about, I want to know you, I want to have a 24/7 relationship with you. The relationship is always on, it's 24/7. I want to recommend things to you. I want to make sure your renewal and your support is effective. So it really spans across not only the initial purchase, but throughout the entire relationship, that's 24/7 and always on.

Daniel Newman: Yeah. And it's really interesting you say that because I think in the B2C space, we do it pretty well.

Sheila Jordan: Really well.

Daniel Newman: I think in the B2B space it's always been a little bit like how is it that we've worked together for 10 years but you have no idea when my birthday is like because like we just don't prioritize those



things and we do these cross functions. Even in this particular business and industry like as analysts, everyone's like, well, what do you cover? What do you mean what do I cover? I cover tech. Oh, but are you storage? You know what I'm saying? Enterprises aren't transforming by technology set, they're transforming horizontally to deliver the next generation of experience. So that's how we think about it too.

But, it's complicated because you're basically, you talked about taking out the technology and just ripping it out, it's a little bit like ripping out the old behavior, starting people over and saying maybe if we think about the interactions in a new way. All the tech you're deploying could do this Sheila, but it is going to take time and if you are able to successfully do it, you could really be a bit of a pioneer in terms of how B2B, traditional, big iron companies deliver the future of customer experiences.

Sheila Jordan: Yeah. And I love how you said that because to me it's, when I say customer, I really do mean customer, partner, supplier, all that we deal with. You're absolutely right it's going to require us to deliver a new, not even an interaction, but an experience. So we have to think about that experience. Yes. It's quite exciting.

Daniel Newman: Well, that's great. Well, Sheila, I want to thank you so much for joining me for the 2022 Six Five Summit. It's great to get your internal insights and also to see how what you're doing inside the company is going to help change the way the company's seen on the outside.

Sheila Jordan: Excellent.

Daniel Newman: Best wishes to you.

Sheila Jordan: Thank you. Thank you. Thanks for visiting.

Daniel Newman: See you soon.