Thanks so much for that generous introduction. And thanks to all of you for your warm reception.

It’s a pleasure to with you and a rare opportunity to visit with so many customers and partners. So at the outset, let me thank those of you who are our customers for your business. It’s something we deeply appreciate … never take for granted … and work hard to continue to earn.
A special thanks to Forrester for bringing this forum to life. Judging by the attendance and the buzz, the theme has hit a nerve. I know it has with the Xerox contingent here today. We’re thrilled to be here to learn more about the Business Technology Transformation: Making It Real. That theme has real resonance for us.

For some years at Xerox we’ve been talking about what we call “big I, little t.” For too long, the emphasis in information technology has been on the technology - - the latest and the greatest - - with all too little attention on the information our businesses need to run more efficiently and effectively. We’ve been working diligently with our customers to put the emphasis where it belongs - - on the information. That’s what we mean by big “I”, little “t”.
Forrester has taken the notion one huge step forward - - putting the emphasis not on information but on business. As I understand it, that’s based on the premise that technology is more pervasive and more ubiquitous than ever before. Its core to just about everything we do in business - - how we design and manufacture our products, how we sell and distribute them, how we communicate with our customers and on and on.

So kudos to Forrester for continuing to focus us on the right stack of mail and for giving us the language to do it. More and more we’re in the IT space and we’re finding that customers rarely want to talk about technology. They want to learn how technology can be used to help them run their business better.
You call it “BT” and we call it getting “Ready For Real Business.” That’s much more than a new tag line for Xerox, it’s a new way of thinking about how we create value for our customers so let me take just a minute to explain what we mean by “Ready For Real Business.”

As the old Chinese proverb says, “We live in interesting times!” About the only thing that’s predictable about business today is that it’s fundamentally unpredictable.

One thing successful businesses of all sizes do to navigate through this unpredictability is make sure the technology, software and work processes that form the backbone of their organization are operating as productively and seamlessly as possible. And more and more companies are realizing that they need help to do that so that they can focus on what they do best - - whether it’s making the greenest car on the planet or the tastiest hamburger in the world.
No one understands this better than Xerox. Documents and information are at the core of every business, no matter how large or small. So we provide the technologies and services our clients need to manage documents and data more efficiently and effectively, whatever the situation. And that lets our customers concentrate on their core competences.

That’s what we mean when we say “Ready For Real Business.” There’s an inherent belief in that statement that if technology isn’t part of the solution to a real problem, then it’s a problem itself. This strikes me as a very practical, results-oriented approach to the business environment of the 21st century.

So what I would like to do with our time together is:

- Share a few thoughts on the current business climate as it relates to those of us charged with better harnessing the possibilities of business technology.
- Tell you what we are hearing from your counterparts in other companies - and why it’s more important than ever to really listen to what our customers are telling us.

- Give you my views on the attributes a CIO needs to be successful in this brave new world we are all trying to navigate.

- And leave plenty of time for discussion with all of you.

So with that as a roadmap, let me plunge right into sharing a few thoughts on the business environment. You don’t have to look farther than the confines of this room to realize how consumed we all are with the demands of our businesses. In the hour or so that I’m up here, I may very well be the only person in the room that doesn’t check their e-mail, send a text message, add something to a “to do” list or check out a twitter.
So that’s one big challenge that information technology itself has created to change our work-lives. We’re all 24/7. We all have much of the world’s information at our finger-tips. And we all live in a fiercely demanding world that wants simple answers to complex problems immediately.

We’re also in a fiercely competitive world the likes of which we have never seen before. Our competitive threats can come from anywhere - - the skunk-works across the street or the sophisticated lab halfway around the world.

There’s an old story that’s become part of the Xerox mythology. Our first copiers - - the only ones on the market at the time - - only reproduced black marks. If you wrote something on a document with a blue pen, it didn’t reproduce. Customers would complain about it. Our attitude was: Don’t use blue pens!
Along came competition. They created a fix so that their copiers reproduced whatever was on the page. That woke us up and we got with the program. The point is that we learned a valuable lesson. Pay attention to what your customers are telling you - - or someone else will. Well today there are a lot of someones and many of them are in places like South Korea, India and China - - to name the most obvious.

Increased competition has raised the bar in every industry I can think of.

Take the automotive industry. Satisfaction scores average around 90 percent. In today’s world, that’s a danger sign. Guess how many satisfied people repurchase cars from the same manufacturer? Only 40 percent. This should set off alarm bells. In today’s world of increasing competition and escalating expectations, standards like “good” and “satisfied” just don’t cut it.
Another form of competition we don’t talk enough about is the race for talent. Technology has a big role to play in this one too. Job skills are escalating. Computer skills have morphed from an asset to a pre-requisite. And - - as Tom Friedman put it - - the world has flattened. IT has made it possible for increasing numbers of people to work from anywhere.

It wasn’t so long ago that Xerox could attract the best and the brightest scientists in the world to our research labs here in the United States. That’s a whole lot tougher in today’s world. Young scientists now have opportunities in their homelands - - so much so that we started a research center in India to capture the talent that lives there and is no longer willing to come here.
The mess on Wall Street which apparently knows no end is also changing the business environment. If you think Sarbanes-Oxley put big demands on your businesses, think again. With the regulatory fever getting hotter in Washington, I guarantee you we will soon all be yearning for the good old SARBOX days. Don’t get me wrong. We need reform and I’m all for it, but we will struggle mightily to master it.

You get my point here. Add in the demands of sustainability, globalization, security and a whole lot more and you can throw up your hands and head for the hills. And the trains keep coming down the track at us with alarming force and speed.

In a sense, information technology is both the problem and the solution. Or, as one customer recently told me, “if IT doesn’t cure my business, it will kill it.” I think we all know what that customer means.
And that brings me to the second thing I want to briefly discuss — what I’m hearing from CIOs and CEOs and what we do to pay attention. As I indicated earlier, you and your colleagues don’t talk to me about hardware — ever. The discussion these days is always about a problem you need fixed or an opportunity you want seized. In fact, it occurred to me recently that customer profiles that are provided to me in advance of a visit have changed in a way that reflects this new reality.

These profiles used to tell me that we had X machines in place and that we had an opportunity to place some high-end equipment in their print-shop — things like that. They don’t do that anymore. Now they tell me how we are helping the customer put marketing messages in their monthly statements to drive revenue or how we are digitizing a document process to save money. Now that’s what I call “real business” and you call “business technology.”
Whatever you call it, customers want and demand technology investments that cut costs, drive revenue, improve productivity, simplify work processes and help their customers be more successful. That’s not as easy as it sounds.

People on both sides of the equation - - IT providers and IT consumers - - need to develop new vocabularies and new expectations of what is possible. We work very hard at this - - in fact, we call it “listening hard.” And we do it in both “human” and “techie” ways. I’ll give you an example of each.

On the human side, we have the entire leadership team engaged in really understanding what our customers need from us. Our 500 major accounts around the world are assigned to our top executives. All our executives are involved - - including our Chief Accountant, our General Counsel and our head of H.R.
Each executive is responsible for communicating with at least one of our customers … understanding their concerns and requirements … and making sure the appropriate Xerox resources are marshaled to fix problems, address issues and capture opportunities.

People who didn’t understand our customer’s problems became their biggest advocates. Bean-counters have been known to push for investments in R&D. Lawyers have been known to pound the table insisting that we make our contracts more user friendly. Product development managers have been known to change product specs in mid-stream to respond to changing customer needs.
That’s the human face of listening to our customer. But we can’t touch all our customers that way so several years ago we created a tool called Sentinel. It monitors real customer experiences on a day-to-day basis and allows us to respond in real-time to bubbling problems before they become serious problems.

It starts with a single e-mail we send to our customers when we finish a job for them. The customer has one of three options. If they were pleased with the services provided, they simply delete the e-mail. If they were very pleased, they click on a “happy face.” If things were less than they wanted - - if there was any problem - - they click on the “unhappy face.” That sets in motion an entire customer feedback and customer resolution process.
First, it takes the customer to a website where they can describe the problem in their own words. Then it assigns the issue to an appropriate Xerox person and mandates a telephone call to the customer within minutes. And Sentinel never forgets. It issues a series of reminders and follow-ups that keeps the problem on the front burner until the customer says it’s fixed.

Here’s one more example of the lengths we go to in listening to our customers. We call it “dreaming with customers” and it’s based on a little bit of heresy that holds that the customer doesn’t always know what he or she wants.

Henry Ford probably said it best - - and I quote:

“If I’d asked my customers what they wanted, they’d have said a faster horse.”
So we bring customers into our research and development labs. We open up their eyes and their minds to what is possible. We ask them to identify their “pain points” and to dream along with us on how we can make them disappear. Freed from the restraints of what they believe is practical, they start to imagine what is possible.

Here’s one example. P&G is a great Xerox customer, but they never thought we could help them with their sustainability goals. In fact, they thought we were part of the problem until we started “dreaming” with them. They let us know that they wanted to print at less cost, distribute documents globally with ease and, by the way, they wanted to be greener in every part of their operations.
Enter a Managed Print Services solution specifically designed for P&G’s needs. They’ve reduced energy consumption by 40 percent by reducing the number of devices from 50 thousand to 10 thousand - - a reduction of 80 percent. By making it easier for them to do two-sided printing, we’ve reduced their paper usage by 34 million pages. By deploying solid ink technology, we’ve reduced landfill waste by several tons a year.

Results like that rarely come from pushing technology, but they are often possible by listening to customers and collaborating with them.

I’m an engineer by training and I spent a good part of my career in product development and engineering. I love technology and I love hardware and I’m in awe of their capabilities today and their possibilities tomorrow.
And I’ve spent the second half of my career in general management where I’ve brought an engineer’s perspective. I love balance sheets and business models and data analysis and Six Sigma.

Both of those things — technology and business — are very orderly. You can figure them out and make them work. It’s when you put them together into “real business” or “business technology” that all hell breaks loose. They get much messier and more complicated. I suggest that’s why the long talked about arrival of business transformation and business technology have taken so long to take root.

But I believe that day has arrived. I believe that we have passed the tipping point and there is no going back. I believe that because the business world has become too complex and the needs of our customers too great. They require technology as part of the solution.
It’s that belief that led us to acquire ACS a few months ago. It’s a perfect marriage. Neither our expertise in technology nor ACS’s expertise in business process is sufficient to provide optimum solutions for our customers. We need one another. You could say that we’re a metaphor for what is happening in business more broadly he marriage of business process and information technology.

I’d be hard pressed to think of a contemporary business problem that can’t be addressed through BT. Yet the challenges are enormous and the solutions rest heavily on your shoulders and the shoulders of CIOs everywhere. So what do people like me need from people like you? What are the attributes of today’s CIO? Let me take a stab at that.
First, we need strong leaders - - people who are visionary thinkers, persuasive communicators, people who can think three or four steps ahead, develop a consistent roadmap and encourage people to come along on the journey.

Second, a business person - - someone who is more comfortable discussing gross margins, ROI, market trends and R&D investments.

Third, a seasoned executive - - someone who has earned the right to sit at the head table and is comfortable in that role - - someone who can go toe-to-toe with the CEO and CFO.

Fourth, a tough-minded team player - - someone who is both hard-nosed and results-oriented, but who also knows that collaboration and teamwork are essential to success.
And **fifth**, an innovator -- someone who hates the status quo, readily embraces change and looks for new and better ways of doing things.

Notice I didn’t say anything about the bits and bytes. The new CIO can hire that talent, but he or she doesn’t need to have it themselves. That may sound like heresy, but I’m convinced of its merit.

Our own CIO is a leader, and executive and a strategist. He’s never been in the bowels of IT. In fact, his previous assignment was Chief Strategy Officer. That position was a perfect stepping stone to his current role. He saw the complete array of our businesses and where we wanted to take them. And now he is playing a pivotal role in getting us there.
That’s a tall order, but from my vantage point a non-negotiable one. The morphing of IT with BT requires it. Like it or not, you are no longer a function, a discipline or a profession. You have become - or need to become - leaders, executives and agents of change.

My hunch is that some of the next crop of CEOs will come disproportionately from the ranks of 21st Century CIOs. Forums like this do much to make that a reality. That’s why I’m thrilled to be here and why I look forward to our dialogue.

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