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EPISODE
02

Moonshot first, then tools: The way to AI value

Guest: Ryan Cunningham, Corporate Vice President, Power Platform, Microsoft

RYAN CUNNINGHAM: The ink is not dry on this chapter of history. There's still a lot of room for impact and a lot of room for evolution. You know, a lot of people feel like, man, we've been talking about this AI thing for years now, right? Gosh, it's still early in the shift.

VOICEOVER: Outwitting complexity starts here. Welcome to The GuideLine.

STUART BROWN: Ryan, it's great to have you here.

RYAN CUNNINGHAM: Awesome to be here, Stuart.

STUART BROWN: It's always great to talk about what's happening in this world, which is frankly, every week it seems like there's new announcements going on. Why don't you give everybody an introduction on, sort of, what your role is at Microsoft and what you do?

RYAN CUNNINGHAM: Sure. So, I am the Corporate Vice President for Power Platform at Microsoft. So, I lead the product and engineering teams that build our core, you know, you might have called a low code platform in the last generation. We think of it as really the standard set of building blocks that we create business software and business process automation on top of. That's the classic Power Apps, Power Automate, but also increasingly Copilot Studio custom agents.

We offer that independently. We also use it as the platform we build all of Dynamics 365 on top of, architecturally. And so we end up spanning just a huge gamut of sophistication from simple stuff that people tinker with on a Tuesday night, all the way up to what people run several multi-billion-dollar businesses on top of.

STUART BROWN: Great. And, I think the interesting part of that is the gamut, right? So, people could be using it for simple things and not understand the power of what they've already paid for, I think, which is really interesting, and I know you're sort of passionate about the idea of unlocking some of this value within organizations. Can you tell me a little bit more about how that journey has come? Because obviously it's morphed so much under the blanket of what is Copilot Dynamics and Power Platform, that I don't think people fully understand the breadth and depth anymore.

RYAN CUNNINGHAM: And it's moving fast. I mean, tens of millions of people use just a Power App in the last 28 days inside their company, and a lot of those were built by nontraditional technologists. A lot of those were built by technology teams, right, who just don't want to have to maintain a full stack of microservices and would much rather put the velocity into repeatability and, you know, much more high value solutions.

The key is unlocking the relationship between the two. You know, a lot of what makes software expensive and slow is not the software part. It's the "what the heck are we building in the first place" part. And is it good or not? And the more you can get, you know, practitioners and people with process expertise on the same toolkit, around the same table, on the same page as technologists, the faster you go. That is all the more true in a world where agents are writing a lot of code and doing a lot of the processes.

STUART BROWN: Yeah. That's great. You mentioned this earlier, and I thought it was great, because I talk about something similar. When you talk about what enterprise applications are and they're essentially data delivery environments, right? I mean, really it's process on top of data models. And the idea of unlocking that data across and having, being able to orchestrate an application that is unique is much faster to value, I think, is really important.

Can you talk a little bit about the conversations you're having with clients around what they can unlock now with their data?

RYAN CUNNINGHAM: Yeah. You know, I think the challenge has been we've built up all of these systems as architectural silos unto themselves. You know, your HR system is often very separate from your ITSM system, very separate from your CRM system, very separate from your ERP system.

And that's natural. I mean, this is a very fragmented market. A lot of the vendors that are strong in one of those categories are not strong in the others. The problem is, real work doesn't care about your categories, your architectural silos. All the real stuff people do inside of an organization requires a lot of hops. You know, let's onboard a new supplier.

Yes, technically, that'll be a data entry into a table in an ERP system somewhere, but that doesn't come out of thin air, right? It's, what are all the meetings we're going to. The decks we're reviewing. The spreadsheets we're comparing. The sourcing systems we're consulting. You know, an end-to-end process requires moving across a lot of those different systems.

And so, when it comes to unlocking, part of that is an insight question. How do you see across those boundaries and understand trends? But part of that is also operational. How do you automate work across those hops? Take humans out of the loop. When humans are in the loop, make much more cohesive and better experiences for them. And that's really how people are applying Power Platform.

That's how they've been applying it for the last decade. But it's certainly how we're seeing a lot of acceleration in an era of agents that do that manual work, and also agents that write a lot of new code for better experiences.

STUART BROWN: So, the agents are interesting because I think it is a natural evolution from the Power Platform. But the concept of an agent can be difficult for a normal user to sort of understand, because you hear people talk about, oh, it's a digital human. It does a digital task. Can you talk, a couple of things: One, how would you define an agent in a normal mode? And then also, scale of an agent.

Like, I think sometimes people start to think of agents as being broader. You should think about the task orientation and then think about orchestrating those agents. Right?

RYAN CUNNINGHAM: Yeah, 100%. And so, yeah, we got a lot of weird nouns in this space. You know. Adjectives, too. I think, look, in very plainspoken terms, right. The difference between an agent and a chatbot is the agent doesn't have to wait for somebody to type a message to it, and it can do more than type a message back.

It's like delegating work to a member of your team, right? And so if you think about that, you know, that's a really powerful concept. How can I delegate work to a wider set of assets? And what does it mean for them to be good at those tasks? You know, Researcher is an agent built by Microsoft for a broad horizontal set of research work.

There are also agents that need to be created for every single organization that are much more specific to their tasks. How do I go investigate a customer case? How do I go, you know, process a grant application? How do I go onboard an employee? These are all skills that right now are distributed among a lot of software systems, and a lot of know-how. If we can encode them into agents, then we can move just a lot faster.

STUART BROWN: Yeah, the interesting point there is in the past that would have required developers around the table. We would have been talking about, even in the older days before cloud, we would have been talking about OS and DB and where we were on kernels, and now we're talking about, but still, not everybody understands the context.

I think the idea of, and you talked about this earlier, getting that development closer to the practitioner is very important. So maybe speak a little bit about that. But also the change needed to help get people across that threshold because it is not, and in the federal government it's maybe a wider threshold. Just because of the nature of some of the applications they have.

So how have you been talking to clients? So those, those that are on the leading edge, how are they doing it?

RYAN CUNNINGHAM: So, I would say everybody thinks they're behind right now. And yes, there are some organizations that are meaningfully ahead. And that gap, I fear, is actually widening between the organizations that are really moving in a modern way and those that are not.

But nobody's actually figured this out yet. And everybody's on a journey. So it's, you know, it's never too late to start. Right? Is what I'm saying. Best time to plant a tree is 40 years ago. Second best time is today. So, get started. You know, I will say, you know, some of this is technology constraints, right?

What does it mean to get to a place where there are MCP servers in the organization so that as I build an agent, it can actually work with those systems? What does it mean to have authentication figured out? What does it mean to have organizational knowledge in a place? Like, there are some real tech things to go tackle.

I would say the much bigger blocker for a lot of people, though, is cultural and organizational and knowing, what are we trying to achieve in the first place, because that actually focuses a lot of the technology questions. And I think sometimes we get confused. We think the AI use cases, you know, I need to go ship a chatbot and that's the use case, and let's go run that through. It'll have a start date and an end date and a technology provider.

All the interesting AI use cases and organizations I'm meeting don't start at technology at all. I met a customer in Australia last month who said, here's my AI use case. Today, it takes me 36 hours to generate a quote. I want it to be two hours by June. That is an AI use case, right? And that ambition of 36 hours to two hours, you don't get that just by, you know, working people a little harder.

You have to fundamentally rethink, how does a quote get generated and slash a whole bunch of stuff out of the process. Doing it by June means I don't have the luxury to overthink this thing. You know, I don't have the time to go make an 18-month Gantt chart and hire a bunch of process experts to go study. Like, I got to start tomorrow, which means I have to get capability and expertise to the place where the people understand the process the best today.

And that is as much cultural as it is technology-based. Right? How do I use that idea? 36 months to two, or 36 hours to two hours by June. Use it as a rallying cry to motivate people, and then a focusing effort to go say, what needs to be true? That also means I've front-loaded the ROI so I know what I'm willing to spend or risk to make that outcome happen.

I don't have to wait for a brainstorm and then some post-rationalization of AI value. I know the value up front. Now I need to get really curious about how to make it happen, and I think the organizations that are embracing that mindset, then they find the tools. They find the experts to help them. They find the people inside the organization to equip, and they make magic happen.

They may or may not hit the goal as they originally intended, but being on the trajectory towards it is the valuable part.

STUART BROWN: Well, I think number one is the cultural change of thinking that way unlocks value across the board, regardless of whether you hit the original goal or not.

So, your goals may be, timing may not be working, but where are you trying to get to makes sense. I think the cultural piece is really interesting. The next piece of that really gets to, once you've unlocked that, you unlock a ton within the organization. Now, there's one thing about POCs and building something out yourself which we've seen be successful and not successful because of the way people went at it.

But POCs to enterprise, and this is where I think Microsoft differentiates. I'd love to get your thoughts on this, because I think this is where the entire stack comes in. Enterprise-deployed applications being driven by citizen developers is the goal.

RYAN CUNNINGHAM: Yeah. Well, I mean, I think it is one of many tactics towards the goal, right? Like, making enterprise work more efficiently is the goal.

You know, I think there's a lot of myths around citizen developers and frankly, a lot of people in IT roles have been terrified of this idea for a long time.

However, here's the reality. Very few regular people woke up this morning and said, I want to build an agentic business application. Like, that is just not a thing that happens to real people. A lot of people did wake up this morning and say, man, this part of my job sucks. And I really wish it was better.

And they know exactly what better looks like, and they're going to do something about it. Some portion of them will do something about it. Whether you have approved the technology or not, whether you like it or not, whether you manage it or not, everybody who's got a deployment of 1000 Power Apps and 100 AI agents, none of that stuff came out of thin air.

All of it was preexisting in the organization. You just couldn't see it before. You know, and so for a lot of organizations, it's how do I make the right thing, the easy thing, so that people don't do something even riskier? And how do I go create a path where I can start to contain risk? Why are major global financial services institutions all in on Power Platform?

Why are major government institutions pushing this at huge scale? It's a risk reduction tool, right? Not a risk acceleration tool if it's used the right way.

STUART BROWN: Yeah, and when I think about the application, one thing I've talked to boards and others and C-suites about, this idea, well two things:

One, sometimes they'll say, well, I'm told I can't start because my data is not good. And I'm like, great. So, you're making decisions with bad data today and you know it. Not being elevated to the right place because it's sitting in those silos we talked about. I think the idea of, when we look across the environment, I want to make sure that we're applying the intelligence of the organization at every level, whether it's an agent, my most senior or my most junior employee, customer care agent, you know, whatever, that we are applying consistency across the organization.

And so, I think it's going to be really interesting. I'd love to get your thoughts on this. Things like, you know, customer care or, you know, procure-to-pay or all those kinds of things. The process is the same, procure-to-pay is procure-to-pay, you know, but every organization will tell you their piece is unique. They do have a unique way they do it.

And so how do you see the bifurcation? And it may be more than a bifurcation, of the core process, which is procure-to-pay or whatever, supply chain, to the "how we do it" layer.

RYAN CUNNINGHAM: Yeah, I think that's a huge part of it. Look, this is why, you know, there's never really been a one-size-fits-all solution in business software.

And we've spent a decade or more trying to get to that holy grail. We customized the heck out of them. And maybe some of that is frivolous and whatever, but a lot of that is, you know, what it takes to sell running shoes is very different from what it takes to sell wind turbines. And what it means to do that at one company is very different than another.

This is why there's competitive advantage in a capital market. And that's okay. That's a good thing. The thing is, you got to be conscious about what is the real IP layer. You know, where is it repeatable? Where should I push something to a platform because it's not actually differentiated for me, versus where is it worth it for me to take on the technical debt of having something custom and unique?

What is it about this one particular procure-to-pay process that is going to make it ten times better than what you had before, and ten times better than any competitor's, you know, version of that and what is just repetitive, and you want to be able to compress as much as possible, because when you compress as much as possible to an out-of-the-box product or a platform, you're buying yourself the bandwidth to be able to iterate and have cycles on the things that are more differentiated.

STUART BROWN: I love that, that's brilliant. I think, if I'm sitting in front of a CEO and others like, what is core to your business? I mean, today you don't know what's core IP and you're spending a lot of money on stuff that isn't. And I think that, I think getting to that concentrated layer of what is core to what we need to maintain, what, you know, how many times have you been, you know, been in organizations, like, IT is key to your organization. Is ITSM key?

Is that strategically differentiated? No. I mean, it's not that you don't need it. You absolutely need it. But it's, what is the piece of how you do it? I think that's, and I think if companies haven't started to articulate the strategy in that way, they're going to have to do it going forward, especially as it all starts to move pretty fast.

RYAN CUNNINGHAM: And I think that is what leads to these concepts of ambition and constraint, right? If a leader has a good idea of what is core and what is not, then I need to start compressing what I'm spending on the things that are not. And that's not just software dollars. It's also time and attention and opportunity cost.

But if I can go start creating those constraints, you know, then I can start creating bandwidth to be able to do things in other places. And that's, this is a very different mindset than how a lot of people are approaching AI right now, which is, let me wait for all my data to be perfectly organized. Let me guess what?

It's not going to happen. And let me wait for the perfect vendor solution to come along and have all this figured out. Usually, you're waiting way too long at that point. Let me go in and say, how do I compress my ITSM by 50% but make my people happier?

Now I have a much more focused version of what data do I need to clean up. What agents do I need to put in. What software do I need. Where should I build differentiated value versus rely on platforms. I've made the world and the problem a lot smaller, and so it's actionable now. And that's the kind of shift that needs to happen in a lot of organizations.

STUART BROWN: How do you see organizations changing their structure from an organizational perspective to take advantage of where things are going? Because it's moving rapidly.

RYAN CUNNINGHAM: It is moving really rapidly. And I will share some things that we're doing too, because I think this is, you know, look, we're all on this journey, and Microsoft is experimenting as well.

I would say, you know, it's maybe ironic, but one of the least productive things you can have right now is an AI team.

STUART BROWN: That's a provocative statement.

RYAN CUNNINGHAM: Well, I know because, look, when there's an AI team, then everybody else assumes that their job is not to be the AI team.

And then this AI team becomes the bottleneck for everything across the company. And like, we are past that, boy. Every team is an AI team right now whether they realize it or not. And like, really practically, you know, we used to concentrate all of our data scientists and applied scientists into one organization. We have made sure every engineering team has that capability within it right now, and it has raised the bar for engineers at Microsoft.

It has raised the bar for applied scientists at Microsoft because they're working in a truly applied context, and everybody is responsible for the outcome. So, some of this is, you have to really mainstream capabilities that previously were set completely apart or separately if you actually want to go fast and do it at scale. This is also why platforms are important, right?

Because you're not going to instantly turn everybody into a PhD AI researcher overnight, right? And you shouldn't have to. Nor do you want to. You want to build on the shoulders of platforms that have already implemented those pieces. You know, I would also say along with that, it's like, how do we change layers of decision making and, and sort of process cruft? You know, there's a lot of that in our organizations still.

STUART BROWN: Yeah, yeah. I agree. And that's where I, you know, some of the narratives that have been out there on AI, obviously there's a lot of misinformation, and we've seen the percentages of people that think it's positive. And I think part of that is because of how it gets measured both in the marketplace and then how it's been applied.

I think people, ahh cost takeout. People takeout. People's jobs. And the reality is, where you were going is exactly right. We need to encourage people to take, make their lives easier by driving, does that lead to more efficiency? It does, but hopefully it also leads to more business, which leads to more value, which leads to more people. Right? I mean, I think that's incumbent on organizational leadership.

I've had these conversations many times with executives. I'm like, yeah, you'll be more efficient. But hopefully we're doing more of what we do, whether it's, whether you're a CPG company or you're serving Veterans or you're serving taxpayers. Like, you know, I went to the DMV last week and I'm telling you, in Florida, it was a joyous experience.

I was in and out in 15 minutes to get a license because the process was well done and the notification was good. Things can be done.

RYAN CUNNINGHAM: Things can be better. This is so important. Like, this is a really touchy subject. There's very few technology executives that want to go be the doom and gloom person talking about...

Jobs will change. Things will change.

But the least interesting question we can ask of this technology is how do we do everything exactly like we did before, with just a couple fewer FTEs? That is just the fundamentally most uninspired question you could possibly ask. Like, what does it mean to be ten times better at customer service? What does it mean to have ten times better citizen engagement?

What does it mean to have a ten times better DMV experience? Those are the interesting questions. And those will create a lot more value under the curve than any kind of cutting will do. So yes, it will require change and reskilling and a lot of cultural shifting. But gosh, I hope, I hope we have something better to show for that on the other side than a one-time balance sheet adjustment, you know, and I believe that that's possible.

I believe we can build far better, more impactful things. You got to come at it from a perspective of that future abundance though, and not just the short-term scarcity.

STUART BROWN: I always say the generative part of generative AI is the human. I mean, the AI is, we've had AI. It's obviously more accessible now and, again, we can drive it. But the idea of building applications, and this is where Power Platform to me unlocks so much value. I mean, what percentage of companies do you think are actually taking advantage of it in a way that you would say is leading?

RYAN CUNNINGHAM: Yeah, I mean, I think, look, something like 97% of the Fortune 500 are actively using Power Platform at big scale. So a lot of percentage of companies are, hundreds of thousands across the world. But in terms of a "leading," you know, who's doing more than checking the box and saying they did a thing or perpetuating the last generation.

You know, I would say that's still very small. And that's where, you know, the ink is not dry on this chapter of history. There's still a lot of room for impact and a lot of room for evolution. You know, a lot of people feel like, man, we've been talking about this AI thing for years now, right? Gosh, it's still early in the shift.

STUART BROWN: Yeah. So maybe talk a little bit about, you know, the private sector moved faster. They do move faster in general. I think there's been obviously a shift especially in the U.S. federal business, but also state and local and others, of driving, you know, really trying to get more commercialized and drive faster. What lessons can the agencies learn, you know, in both modernizing their processes and driving this kind of cultural change?

What have you seen, because you've been part of this environment for a while?

RYAN CUNNINGHAM: Yeah. I mean, look, one of the other organizational challenges that I think we see a lot in both the public sector and the private sector is, today, you have this very organizational separation in a lot of places where you have one team that owns all the benefit of going faster, and another team that owns all the risk of ending up in the news for the wrong reasons.

And that creates loggerheads, right? Because if somebody who owns all the upside doesn't own any of the downside, then they have no incentive to be safe and go slow. If somebody owns all the downside and none of the upside, then they have all the incentive to put up blockers and make it hard to do anything.

And so, you get these logjams, you know, where it gets really tough to make progress. And so I think one of the things to really look at is, first you got to understand, like the world is moving really fast. It is risky to go too fast. It is also very risky to go too slow. You know, from a pure infosec perspective, threat actors are not sitting on their heels here.

They are not throwing up the, you know, internal AI review board that's going to sit on something for six months. Like, they are moving super fast. But also just from a pure operational perspective, expectations are accelerating in the industry, in the market, from citizen perspective, much faster than a lot of organizations are moving. And so, there's real operational risk to not moving fast.

STUART BROWN: And I would say speed of being uncomfortable, but not risky. You don't want to push it past the idea of what the company can absorb, but you want to push past the comfort zone, because if you're not, your competitors are in the commercial space. And, you know, and actually even in the regulated space, there's still scrutiny.

The scrutiny comes from either regulators or, whatever, your utility commissions. And when you get asked the question of, what are you doing to serve the customer better or the taxpayer better, is do you have an answer?

RYAN CUNNINGHAM: Well, and this is where, in particular, in highly regulated spaces, there's huge opportunity for massive de-risking to happen with AI.

STUART BROWN: Oh yeah. Even more than deregulated spaces.

RYAN CUNNINGHAM: Absolutely. An agent, unlike a rotating cast of humans, will document what it does every single time. It will take instructions and process them every single time. It will use a system in the exact same way every single time. Like, there are parts of these things that we can make far more deterministically automated, because we've been able to add agent capabilities and tools around traditional automation tools in a way that actually increases consistency, increases auditability, increases throughput, and actually lowers our risk quotient.

You know, similarly, there's a lot of things humans are doing today under their desks. And it's not only inefficient, it's very distributed. And this is why a lot of financial services institutions and other regulated industries are moving on to Power Platform. It's all those apps and tables. Again, they didn't come out of thin air.

They already existed in the organization. They just weren't very easy to track. And they certainly weren't easy to be consistent. So how do I move that end user compute and that actual shadow IT onto a platform that is visible and is governable, and then use agents and AI to make it far more repeatable and, you know, auditable.

There is a massive amount of risk benefit that we can gain if we do this right. If we get stopped at the sort of AI moral panic headline fear, then we actually miss a massive opportunity to go improve our regulatory stance in a lot of these places.

STUART BROWN: I think that's a great comment. I mean, I remember the early days of cloud, the last ones to go were the most regulated, whether it was utilities or financial services or healthcare, but they were the first ones to drive, I think, and adopt AI because the promise, because of the regulated, and the process orientation in the data.

It actually allowed them to move much faster, which I think was great. So, I think that's a key lesson.

So, Ryan, we call this GuideLine. The whole idea is really thinking about giving some insight and information to our clients, our customers, into the business. So, if there's one guideline we think about, sort of, your mission and the statement of what Microsoft's doing, what would you, what would be the guideline you give to executives or others out there who are now going on this journey? What would you give them?

RYAN CUNNINGHAM: Yeah, I mean, we've been talking about it this whole session, but I think to sum it up in a nutshell, it's know your moonshot, you know, front-load and ambition and constraint. Then give the right tools to the right people and then create that culture of iterating to climb the hill. That is the recipe, that is the combination that's providing a lot of value.

And that will guide you to far better technology decisions and partnerships and product implementations. Without that, it's all just shiny objects and science projects.

STUART BROWN: Great. Thank you. Thanks again for coming and thanks for spending time with us. And I look forward to playing with some of the tools.

RYAN CUNNINGHAM: Likewise. Thank you very much. Cheers.

STUART BROWN: Thanks, Ryan.

About Guidehouse

Guidehouse is a global AI-led professional services firm delivering advisory, technology, and managed services to the commercial and government sectors. With an integrated business technology approach, Guidehouse drives efficiency and resilience in the healthcare, financial services, energy, infrastructure, and national security markets.