



CLOUD REALITIES

CRLIVE 11 Google Cloud Next23

Future of Financial Services with
Zac Maufe. Head of Financial
Services Industry Solutions,
Google Cloud

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[00:00:00] Yeah, that's a sad mistake if you get to the end and realize, can you imagine, can you, I just, I just walk out. It wouldn't be good. Never see me again. That's it.

Welcome to Cloud Realities Live from Google Next in 2023, we're a conversation show, exploring the practical and exciting alternate realities unleashed through cloud driven transformation. I'm Dave Chapman. And I'm Rob Kernahan.

And Rob, we're a couple of days in now. No neck deep in this situation. How are you finding it so far? It's alright. It's still [00:01:00] intense. These conferences always are, it's, they still fun. The, the good thing about this one, which is different to some of the others, is not, it's not all, you know, hotel and conference center all in one place.

It's spread. Yeah. You get a bit of break across the city. Absolutely. You get to see a bit of the city as you're out and about. That's right. And. In exploring the city. We've been, we've been looking for bars that are just slightly off the beaten track or slightly more interesting. Do know what was surprising?

The amount of British and Irish pubs that are in this area. I was quite taken aback. There must be seven or eight of them. We haven't been to them, by the way. Not very good British and Irish pubs. No, no. But they do sell Boddingtons, which I was, in the past. Yeah, that's right. That's right, that's right.

Well, I, I remember your lecture on how Guinness doesn't travel the other day as well. That was a fascinating one. Yeah. Right. So we have been exploring, a little bit of nightlife in San Francisco. So we thought we'd start today with three of the bars that stood out for us. So Rob, what I'm gonna ask you to do, alright.

Summarize 'em a little bit. Say why each one's good. And then you've gotta rank these [00:02:00] in your preferred order. How's that sound? Yeah. All right. Okay. We'll try it with go. So happens. Cool. Alright, let's start. And we're gonna, I'm gonna go in the order at which we went. Okay. All right. The lark. Lark Sports Bar, traditional in nature?

, I don't think it was a sports bar, was it? It was. There was TVs everywhere. There were, but when we went in there last night when it was full of conference, you know, attendees, there was the TVs weren't on. Oh, okay. There you go. It was all right. Not too bad. Yeah. All right. Not too bad, especially, it's not too acceptable.

Okay. I guess why that's coming in the list. Yeah, absolutely. Alright, next one, Zac. Guys. I quite like zeitgeist with the sort of jazzy feel to it out in the back garden when the sun was out. Zeitgeist for those who haven't been, is up in the, I think it's in the Haight Ashbury area, is that right? Just, just adjacent to Hayes Valley.

Yeah. Hayes Valley. Yeah. Yeah. The outside feature is the killer part of that part. Absolutely. Great beer garden. good beers. Pretty good, actually. Enjoyed it. Excellent, excellent. Hot wings. yeah. And , nice atmosphere. So we're good there. Yeah, yeah. Yeah. We're good. It was, it was good. That one. [00:03:00] And then tunnel top, which is where we went last night, which actually very good.

I didn't expect it to be as good as it was. Open windows out onto the street. Drinking beer. That's a deep cut. That's a hard one to find. A lot of people don't get there. Yeah, it is. There's a whole weird bridge thing going on to find it, but Well, yeah, you walk up to the bridge and then I was like literally looking around as to how you actually get onto the thing.

Yeah. Is that a hidden staircase? Yeah, exactly. Yeah. Yeah. But the, the reason I love that bar, Dave, is , we were sat at the window and every time you went outside, you kept appearing at the window, like a traveling salesman. That's nice. Which had, which had some good comedy



value as your head would just pop around the corner going, hello, right.

Quick ranking. Quick ranking. for me, tunnel top was best 'cause the atmosphere quite like that. It was good. it was a sunny day Ze guy second, and then unfortunately coming in third place is the lark. There we go. Right? Look at that. Alright. Conser information, everybody. There you go. There we go.

Right. Well, I'm gonna introduce our guest for today and I am delighted to say we have, Zac Maufe, who's the head of financial services, industry solutions [00:04:00] at Google Cloud. Zac, it's wonderful to be here. Yeah, thank you so much for having me. It's great to see you. Thanks for making the time.

And I know busy schedules on these events, right? Yeah. There's a lot of, context shifting, but it's, you know what you were saying, it's wonderful to be in person. kind of three D's. Always better, isn't it? Three D's Great. but yeah, it's been kind of a blur, but it's been a really happy blur. It's been amazing, amazing customer conversations, learn so much from all these different interactions.

But it's also really fun to see how people are taking all the new announcements and all the new technology and reacting. 'cause, you know, it's, it's great to see like the in-person. You know, feedback. I do think in particular the, some of the messaging in, in this conference has been very strong. Yeah. you know, it, it does feel like the, the structuring of the Google message, particularly around ai, which has been just the central plank, I think of the, of, of, of what we've been talking about over the course of the last couple of days.

I dunno, it just feels really focused. [00:05:00] , what's your perspective on that, just generalistic before we get in a bit further? Yeah, no, I think that, that's, it's wonderful to hear. It was definitely the intention, right? , I think that there's been this, you know, explosion, you know, the last six, nine months, generative AI.

And, I think a lot of what we are trying to do is trying to bring it to context of how do you make it enterprise ready, right? And, and so much of that gets into the regulated industry. You know, how it's beyond just, does it work? It's like, is it safe? Can I use it? How do I use the right tool for the right problem?

'cause there's lots of different tools out there. how do I, you know, bring all of the rest of my infrastructure into this, you know, into this new reality, right? And how do I use that? So that the intention was really to kind of try and give people the context and, and, and viewpoint of. This is a great new, everybody.

The, you know, the buzz is out there. Mm-hmm. But like, how does it actually come to life? Right. That was, and a lot of the features and functionality are really [00:06:00] around how do we round out a lot of that technology so that it, it's really usable. Mm-hmm. and enterprise ready. Cool. Well, we'll return to that, after we've talked a little bit about financial services because, I, I actually wanna dig in a little bit on some of that stuff and, but let's come back to that at the end.

Perfect. Maybe say a little bit about your, your day job for those who, for those who have, you know, just wanna understand a little bit more about how it functions. So, first, I, I, you know, coming to, before coming to Google, I spent almost 25 years in banking. So, Right, right. Being on the other side for a long time, my job at Google, I basically, the easiest way to describe it is I sit between the product and engineering teams and the customer go-to-market teams, right?

And my job is to kind of think about all of the cool technology Google has. And how do we



apply it to solving problems in, you know, banking, capital markets, payments, insurance, industries. So a translator in a, in essence, taking the two messages and bringing them together. All the [00:07:00] requirement and the capability.

Yeah, exactly. Yeah. And then feeding that back into the product teams, like, you know, should, what should we be, what should we be augmenting or changing on those product roadmaps to kind of better fit some of the customer needs. But then also learning from the product teams, like what they're, where they're going around innovation, what are their.

Things that they're trying to do, and then try and tie that back to what I'm hearing from customers. So the translator piece is a great analogy. Mm. And, and financial services, of course, a, a complex industry by its very nature data. The, the data is complex and it, it is, it is full of regulation quite correctly and as a result of that, got going a little bit slower than a lot of the other verticals, I think, in terms of the journey to cloud. So c just characterize that a little bit, Zac. Like how you, where do you think financial services? Yeah. No, I sector up to these days. I think that financial services, your read is exactly right.

It's been very late to cloud compared to some other industries that are out there there's kind of three primary reasons. The first is [00:08:00] definitely the regulatory piece. It's taken a while to kind of make sure that all of the regulatory compliance concerns and all of the kind of. You know, sort of internal risk teams, all of, there's a lot of work that has been needed to make it ready and people understand what the risks are.

Right. So there's sort of the compliance regulatory side, there's tech debt. So this is a, this is an industry that adopted technology very early on. and so you have a lot of legacy technology, which makes it hard to be, to move quickly. Right, right. I'm often conflicted by, The legacy point, 'cause those systems were architected and have been running for decades and have done their job extremely well.

So thank you very much. In a round of applause. But they do need to go into the night now, don't they? Yeah, they need to transform, but they're expensive things to change. Yeah, and I mean honestly for 25 years since I've been in banking, we've been talking about, you know, digital transformation and really that progression has been, you know, first it was kind of middleware services and then it was microservices [00:09:00] and data and.

But we've never gone back to the actual core systems. Right? Right. So if you think about like 44 of the top 50 banks in the, in the world are still on mainframes. Right, right. And, you know, it's 2023. So, and, and, and so cloud is now on the, on the scene, regulat regulation is caught up with what cloud's, cloud can bring to the, to the sector.

What do you see that legacy transformation looking like in the next five years and are you seeing the beginning of. Some of those top 50 banks starting to hack into the, into those monolithic systems a bit more. Oh yeah, absolutely. I mean the, the race is on, right? Right. And I would say that, no one is questioning cloud now.

It's like how fast can they move? Yeah. What are the use cases that they should be doing first? And there's kind of really two tiers of that. There's the sort of core infrastructure piece. Where I see a lot of banks now that conversation around how do I modernize my core? Do I thin out my core? Do I do kind of lift and [00:10:00] shift, you know, mainframe modernization type stuff?

Do I go with a cloud native core? Like there's that whole conversation that's happening all over the world. The other is the data transformation. So data kind of grew up in silos in every financial institution, and part of that was a technology constraint 'cause you just couldn't



build. Data marts databases that were scale could scale infinitely.

Yeah. but part of that was also a cultural thing. So, you know, people kind of wanted their, their data. So if I'm the credit card group or I'm the, you know, trading group, like this is, you know, my, my data and that's driven. it's made the data environment's really complex. Right. Right. And , so the transformation there is, is, is both on the risk and reg side because the reg regulators, the risk managers inside these companies are trying to figure out, how do I use all roads, lead back to data and risk management.

How do I use this data more efficiently? How do I get better insights? All of the rest of it, how do I govern it, manage it better? But then on the [00:11:00] customer experience and growth side, It's also, how do I start monetizing this data differently? How do I start building different products using this data?

Mm-hmm. And none of that can happen when the data is in pieces, in lots of different silos. At least it can't happen very easily. Right, right. So coming back to the conference, then, within that context, What's, what's been going on in the financial services track and, and, and what particularly stands out to you as being useful given the scale of the transformation required?

Yeah, I mean, I think the conversation that is going on is ai, ai, ai. Yeah. And then that leads to data. Yeah. So tho those, that's really the conversation on the, on the AI conversation. It's really about, lots of people experimenting with, LLMs, right? And trying to figure out and compare notes on. What are the use cases that people are using?

How is it working? There's a lot of early results that people have been sharing, which is kind of exciting, but there's also a lot of pitfalls that people are sharing saying, we tried this didn't work. [00:12:00] , you know, how, how do you get around these kinds of problems? And a lot of that tends to be around, security compliance concerns.

How do you go through risk model governance stuff? But then also it's around, You know, things like, how do I fine tune my model to do better in like very specific f you know, financial services vernacular, right? Like, you know, I'm, I'm dealing with Trade A traders and I want to be able to like, take that and be able to query that unstructured data trading communication.

And that's not like normal English. So how do I, how do I, you know, up the game there. Are there any, are there any case studies that you've worked with in the, in live that, are standing out for you at the moment? Yeah, I mean, I think there's, there's generally two big buckets of, opportunity, that I'm seeing.

Almost all of it is han in the loop. So people aren't wanting to put this stuff directly in front of consers right now, or the end user, you know, it's, it's back to the employee. So the two are, [00:13:00] there's a lot around sort of expensive resources that are really hard to scale. So think about like coders, or think about like analysts, right?

Or, you know, Those kinds of roles and how can you use an L I M and other techniques to basically make them 10 times more productive. Right. And then the other set of things is really around resources that are really hard to, retain and hire for. So call center is a, is at the top of the list of that, you know, oftentimes 20, 30% to annual turnover.

So how can you basically train those folks faster, bring them up to speed much faster, and then how can you make the job easier? Right? And so we had examples where customers have done, basically think of it as like phone a friend. So for the, for the call center agent, right? So when they get stped, rather than like being in that horrible moment of, I either I have to escalate the call to someone else, or I'm gonna like, struggle looking through all of



these resource help [00:14:00] resources, I can just literally ask, you know, what, you know, what's the airline lounge in London that my credit card allows me to like access?

You know, the customer's telling me he's going to Heathrow and he's got this American Express card and he doesn't know which lounge you should go to. I have no idea how to answer that. Right. Boom. Now I'm And, and, and that's the duet theme we're seeing right through the conference, isn't it? Yeah, exactly.

Thing, which is the, it's helping the individual get what they need faster. That's exactly right. It's very powerful, productivity paradigm, isn't it? Yeah, exactly. I mean, one of the things that we demonstrated here that, that I've seen customers start to use is, you know, the old kind of analyst model was you would kind of write the business requirements, say like I, I'm researching.

Oil futures and you know how that looks over compared to kind of, you know, news events or whatever you want to, you know, correlate it to, you would kind of write the requirements, you'd hand it over to A D B A who would like basically write the sequel and query the databases [00:15:00] and throw the, the raw results back to you normally in a spreadsheet that you would then kind of analyze being able to just actually ask those questions, have the tool write the sequel fire off the.

The query and then bring the results back. It was horribly fixed in the past. If you got something wrong at the beginning, yeah, it just could fail miserably and be so frustrating and now you can just go, I'll just change that sentence. Off you go again. Isn't, it's the power of being able to adapt on the fly.

Yeah. Really powerful. And I think we've all been there. I remember, you know, earlier in my career, you, the DBA was like your, your best friend, and so you would just. Like, I've, I've left something off. Can you please just do one more query for me? I swear that that's the last one. Well, let's, let's bring our conversation to a little bit of a conclusion, for today just by returning to security and regulation and compliance.

So in a world where, we are, you know, we're still learning about AI a lot, aren't we? And one thing's for sure that in the next. [00:16:00] Six months to five years, the, the level of innovation is gonna be through the roof. In financial services specifically, how are we dealing with that from a compliance perspective?

So what, what, what are, what are you guys doing in terms of leaning into ensuring that you can have a free and innovator conversation with financial services organizations, but at the same time ensure it's safe? There's a lot that goes into that. I mean, I would break it down just in a high level way. I would say the first thing is, Is really making it clear that the da, their data is their data.

So there's no leakage of data into our models or into other people's, you know, so it doesn't leave their environment. Right. Right. That's really, really important. so there's sort of like the data ownership question. the second is, is we've, we've ensured that all of the tooling that you use to do all of these language, like different techniques, you know, The large language models, but also all the other stuff that we have in Vertex.[00:17:00]

It's part of your core GCP tenant. And so all of the same control security controls that you have for that are gonna apply. It's not a third party entity. Right? Right. So it's, it's built in with the same security, the same level of controls that you would have for all of the rest of your technology estate on GCP and then the, the, the last piece is we're really spending a lot of time on model governance. And how do you start to make these models? And this is



a journey, right? Right. This isn't like an overnight thing, but how do you start making these models? What are the methods that we're gonna have to do explain ability to bring together, tooling so that you can have better explain ability and, and go through kind of the model governance, roadmap that, you know, we've kind of built now for.

We can call it, you know, heritage, AI, whatever we want to call it. Right. Heritage. It's already heritage. That's the, that's frightening. That's fast moving, isn't it? Yeah. So AI Exactly. And, and do you see like [00:18:00] regulation itself and like regulations around AI developing out in the cost of the next Absolutely.

Years, two years. Absolutely. And I think, you know, we're very big proponents of that happening. Yeah. I, I, I think it's one of those things that. I think there's gonna be, it's gonna be an iterative thing. Yeah. I think there will be, we'll start to see regulations come, but until people fully understand how it's being used and what are the use cases, regulation normally is kind of a little reactive.

Right? Right. but yes, absolutely will, it will evolve. And I think there will be regulation, which is a good thing. No, it, it does feel like an area that, that, I mean not just in financial services actually, but like how, how we're gonna deal with this. You know, crazy intelligence that we're, that we're inviting into our society over the course of the next five years.

It, it almost feels like regulation has got a real job of work to keep pace with some of that innovation, particularly as a lot of the innovation is happening in the, in the commercial world these days. Yeah. And it's, and [00:19:00] it's, and it's, it's a race, isn't it? Because the competitive advantage is so high if you're doing something unique with it.

Yeah, and I think, I think for those that aren't in the financial services industry, I don't think that people quite, quite understand how high the bar is. Right. Right. And I think back to my school days when, you know, you sort of, you would do your math homework and you'd turn and get the answer and the teacher would say, yeah, but you didn't show your work, so the answer's wrong.

And you're like, no, it's, I've got the answer. Right. You know, and that doesn't matter. You didn't show your work. How did, how did you get there? That's the important part. Yeah. And that's the same thing in, in this industry, you know, just because you've got a cool model, just 'cause you've got a great outcome.

If you can't explain how you got there, we're gonna, you know, You're not gonna pass the bar. Yeah. Right, right, right, right. Really good point. And, and particularly, in a world where, you know, when AI results are presented back to you, truth and untruth is actually very difficult to tell the difference between, isn't it?

Yeah. Because it's all, it's all presented back to you. So compellingly, so grounding is a very [00:20:00] key control for us in financial services. So, Being able to, in that customer service example, being able to, you know, tell you where the airline lounge is at Heathrow, that your card gets you into. Yeah. not just telling you, but then being able to ground it to the actual F A Q or the part of the training docent that actually has that piece of knowledge so that you don't have to just take the smarization, you can actually go to the source material right away.

That traceability is key though, isn't that traceability? 'cause you can trust the source, which is, you know, where it came from. Yeah. Yeah. Great. Thank you Zac. Thanks for the insight. stick around for a second because Ro roving reporter Rob Han has been out with his little notebook and rushing round the conference center to bring us some news.

Rob, this panicked reporter with a notebook. a lot of what's happening, we've just, discussed,



but it's absolutely that big theme emerging, businesses are ready to use ai, so the toolbox is there. The, the compliance, the security models all baked in at the ground, [00:21:00] right? Go off and. Build your new business.

Mm-hmm. Off you go. Which, a big thing. So are you ready to disrupt? It's a big AI bonanza, basically, right? Everything's got AI built into workspaces now. Well, that was the other thing that came out now in workspaces and launch. So, you can actually send the AI to the meeting on your behalf and not bother attending anymore, which I thought was quite cool.

I think that's the single best inversion that has come out yet. You mean I don't have to go to that meeting, which is really db. Yeah, there you go. The AI will summarize it for you and tell you what happens. Can they do podcasts? Yeah. It won't be long day. It really won't be long. I'd like to think we're not replaceable, but you know, the way its going.

We are. I don't think the bar reviews will be the same. No. Certainly won't. Our first son experience. Right. It's good testing we did there. Yeah, exactly. It's very good testing. It's, it's, it's conser advice, right? It is. It is. This is, this is, this is. High value stuff. AI in general, the Vertex thing, the capability exploded.

The new large language model, Palm two importantly came out and we just discussed the [00:22:00] ability to train your models on private data sets so you can keep security around them and you can see what's happening. So that's a big change. And of course there's lots of load of stuff cut coming out in the tech around a three instances that give you loads of horsepower to run it all.

That was there. I did pick up on one quite interesting one, which is, Google Maps got an AI boost on sustainability with three new APIs. That'll allow you to look at air quality, solar and, pollen information so you can see how the environment's changing and it's really easy to integrate so you can sort of check the data yourself.

So again Oh, amazing, interesting. The built load of AI into that, to , to help you do the analysis. That is amazing. Yeah. So that was a good one. I thought it sort of went under the radar a little bit, but , yeah, it's quite glad to see that. But yeah. Zac, have you got any personal, personal announcements that have, no.

No, not Have you got any personal announcements? That's a wholly different show. We'll save that for later. Yeah, let's say, let's save that for when we're not recording. But I was, what I was mean by that is, is there anything that's really standing out for you, like a favorite announcement of the week that, that you guys have?[00:23:00]

I mean, for me, just the whole Vertex coming together, there was a lot, a lot of excitement when we first launched, the L I M capabilities, the model garden and all of that earlier this year. But there were a lot of key, particularly for regulated industries, there were a lot of key features and functionality that weren't fully there yet.

And I feel like we now have this kind of, to your point, this really complete enterprise platform. Now it's, it's a mature, it has been the, the maturity cycle feels like we've reached it with the tech. Now it's ready to rock and roll. I think it, it does. And this, the, the, the buzz phrase that you, it's on the lanyards and it's kind of on all the windows.

This, the, the phrase, the new way to cloud. Which is an interesting phrase, actually. I've actually been thinking about it quite a lot over the course of the last, couple of days. What's sitting underneath that for you? Like, so I think if you think about cloud, there's sort of been three progressions over time.

So first it was really a c i o conversation about you have technology, you have [00:24:00]



apps running here, and can you, can, can you, you know, can you run them in a, in someone else's data center? And that was the first one. The second one was, data conversation, which became more interesting because it wasn't just a technology conversation.

Yeah, yeah. Data starts to influence the business user who's touching that data, and they're gonna wanna have a point of view on that. Yeah. This generative AI piece to me has just opened up the business conversation entirely. So now we've kind of got to a place where a Pew business user, you know, you know, customer in a, in a, in a bank can now relate to that.

That's AI. This is how I can use ai. And it's, it's not really a technology conversation, even though it's incredible technology powering at all. Yeah. It's much more of a, like, now I understand these business processes, these things that I do, how can this be used as a tool to change that? And I feel like that's the third iteration and that's kind of the, the next, you know, The new way.

Right. And, and, and the big thing on that, we had that conversation yesterday with Jose, which was the platform has abstracted away [00:25:00] the plbing and now the business are interested. 'cause they don't need to know about the, the, the tech. Exactly. So they can get all excited about it. And it's, you can talk to them in their language, and they can get enthusiastic about it.

A hundred percent. Love it. What a good note to end on. so Zac, thank you very much for your insight today and the time. we end every episode of this show by asking our guests what they're excited about doing next. And that can be anything from. You know, I've got a great restaurant book this evening, or it could be something you're excited about at work in your professional life.

So Zac, what you're excited about doing next? So we, I am gonna be, we have a three day weekend coming up in the US this weekend. Oh, excellent. So I'm, I'm headed down to Carmel for a couple days. It's one of my favorite spots in the world. Isn't think Clint Eastwood on that town? Ah, he used to be the man many years ago.

Yeah. Right, right, right, right. but it's, it's just like a beautiful escape. It's beautiful on the ocean. with redwood trees and going up to this beginning of kind of the 1 0 1, the highway one down the coast. Oh, wow. Beautiful. So that's what I'm up to. Well, we wish you stare at the ocean. We, we wish you a beautiful [00:26:00] weekend.

It sounds, it sounds gorgeous. Now I've got a, an additional question to ask you, which is, of these three bars, what order would you put them in? The zeitgeist, the tunnel top, and the lark? I actually would come out where you are. I think tunnel top is top. and zeitgeist is pun intended. Yeah, yeah. No pun intended. but I took me a lot longer of being here before I discovered it. Right. Zeitgeist is great 'cause it's, I love the outdoor, but the weather here is, you know, today it's boiling, but this is an anomaly. Right. right. Yeah. And I can't even remember, what's the third one? , the, the lark. The lark. I would definitely, which is actually much closer to the conference.

Yeah. I would put that down at the bottom too. Yeah. Cool, man. Thanks again, Zac Thank you. Great talking to you today.

So a huge thanks to our guest, Zac, and thank you so much for being on the show, our sound and editing wizard, Ben, our producer, Marcel, and of course to all our listeners.

We're on LinkedIn and X, Dave Chapman, Rob Kernahan, and Sjoukje Zaal. Feel free to follow or connect with us and please get in touch if you have any comments or ideas for the show. And of course, if you haven't already done that, rate and subscribe to our podcast.



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