# FedEx: Innovating with Data and AI to Deliver What's Next

Auto-transcribed by <https://aliceapp.ai> on Wednesday, 18 Sep 2024.  
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| **Words:** | 5,342 |
| **Duration:** | 00:29:43 |
| **Recorded on:** | Unknown date |
| **Uploaded on:** | 2024-09-18 22:02:41 UTC |
| **At:** | Unknown location |
| **Using:** | Uploaded to aliceapp.ai |

## Speakers:

Speaker A - 21.77%

Speaker B - 78.23%

## Notes:

- Raj: You have been at FedEx for more than 30 years. You started out as a chemical engineer. It took you six years to figure out that you didn't want to be an engineer. Now you're the second CEO at FedEx. You have 48 more years on the job.
  
- Mark: How do we use AI, ML and maybe even GPT to provide value for our customers. There's obviously a clear opportunity to improve the productivity in the organization. Having the data in the right place and engineered is a critical thing.
  
- FedEx is trying to make supply chain smarter for everyone. Technology is a key piece of it. We move 15 million packages every single day. Petabytes of data. Tomorrow's information is different than yesterday's and today. So we are very dynamic.
  
- The FedEx team and the FedEx culture is paramount. Anything that we're doing on the digital front doesn't exist without the physical. And we are very excited, ah, about where this is heading.
  
- FedEx has become a digital first company. The first part of it is to make our supply chain smarter. It took a few leaders in the organization to fully adopt. Not fully there yet, but adoption is important.
  
- Raj Subramani: It's too early to talk about legacy because you have decades ahead of you. But anything you think about the kind of company you want to build, which. For me is to get to a place where we then set the stage for the next 50 years. Not one or the other, but both.

[00:00:00](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=0.0) **Speaker A**

Hello, Raj. Nice to see you. Um, I know that you have been at FedEx for more than 30 years, but you're now, um, you're only the second CEO, which means you have about 48 more years on the job. I think if I go by your predecessor, Fred Smith. Um, let's start a little bit by just talking about your background, because I was interested when we were in the other room. You started out as a chemical engineer. So tell me a little bit about what you wanted to be when you grew up, because here you are living the dream.

[00:00:29](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=29.0) **Speaker B**

Well, when, uh, the. No, I'm aging myself here. When I was, uh, growing up in India in the eighties, uh, you literally had, uh, two choices, whether you want to become an engineer or a doctor. And my mother was a doctor, and there's no way I was capable of doing that. So that was out. So I had one choice. Um, so when, uh, I got into engineering school, there was a well worn path, um, from top schools in India.

[00:00:55](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=55.0) **Speaker A**

That you went to, iit, which I think a lot of people in the audience would wreck. Yeah, there you go.

[00:00:59](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=59.0) **Speaker B**

There's. Whoop, there we go.

[00:01:01](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=61.0) **Speaker A**

Stand up there, iit grad.

[00:01:03](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=63.0) **Speaker B**

So, uh, you know, it was a well worn path to come to the United States with a scholarship. So it's like millions of people have done that. Uh, the only thing is that the path is really narrow and straight. So it took me six years to kind of figure out that I really did not want to be an engineer. Uh, and then so I had to kind of broaden the horizon. And, uh, so I kind of got there with an MBA, you know, and then FedEx got me straight from campus.

[00:01:34](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=94.0) **Speaker A**

Well, I want to talk about FedEx, but if you don't mind. Having lived in India and being an immigrant myself, the part of India that you're from, Kerala, is so fascinating to me. It's got the highest literacy rates. It's such a rich culture. I mean, can you talk a little bit about how that shaped you? Because I think you're quite proud of that.

[00:01:51](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=111.0) **Speaker B**

Yeah, no, I am, very much so. I think, uh, Kerala is one of the smaller states, and really, uh, the southwestern coast. So it's not, uh, that broad. So one end is the ocean, other one is the hills. And, um, it's one of the prettiest. It is the prettiest state in India, I can tell you that much.

[00:02:09](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=129.0) **Speaker A**

But also exciting words. But, yes, go ahead.

[00:02:12](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=132.0) **Speaker B**

Uh, I know there'll be some protests here, but, uh, the, um. But it was very different from other states in the sense that the income distribution is much more even, and the literacy is 100%. And the other thing is the women are educated. And that's the key to everything, is if you, the women are educated, and the whole thing takes care of itself. So that's, uh. And so my mom was a doctor. Uh, her sister was an engineer. So it's like, it was a very natural thing. Yeah. And, uh, so, you know, so how.

[00:02:47](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=167.0) **Speaker A**

Did you end up then going to Tennessee? How did that happen?

[00:02:51](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=171.0) **Speaker B**

Well, that. That's the story by itself, because, uh, when I graduated, uh, from Austin, Texas, with an MBA, it was 1991. It was.

[00:03:00](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=180.0) **Speaker A**

We have a 902 groups for Austin, too. Good.

[00:03:03](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=183.0) **Speaker B**

Yeah.

[00:03:03](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=183.0) **Speaker A**

There you go, playing to the crowd.

[00:03:04](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=184.0) **Speaker B**

So there you go. Hookem, Hans. You know, so the, uh, you know, the. It was in the depths of recession at that time. And ironically, uh, when you get out of MBA and you don't have a green card, you know, I always got past the first interview, the second interview, when they figured out that I don't have a green card. I was out, and I'd gone through so many interviews and so many applications, always got to the second one and then gone. So here I was, graduated two months in, and I was out of options and out of money. And FedEx, uh, comes to campus in August, 3 months after the graduation. Who comes to campus in August? So, uh, anyway, it was, uh, a funny story because I was actually coming to my apartment. Maid was on the phone. He was talking about, no, he's decided to go back to India. And he said, I can't do that. I've gone back to India. Put the phone down. I said, who are you talking to? He said, that's FedEx. They're coming to campus, and they wanted to interview me. I said, give me the phone number.

[00:04:04](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=244.0) **Speaker A**

Wow.

[00:04:05](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=245.0) **Speaker B**

So I got the phone number and called him. And I said, you just talked to my roommate. You know, he's going, I'm still here, kind of faxing my resume, which I did.

[00:04:13](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=253.0) **Speaker A**

That's serendipity, right?

[00:04:14](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=254.0) **Speaker B**

There it is. Yeah. And then when I walked into the interview itself, by the time my euphoria had come back down again, you know, I think, oh, here we go again. And I didn't say good morning. I didn't say hello. I said, I don't have a green card.

[00:04:26](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=266.0) **Speaker A**

Oh, really? So you said.

[00:04:28](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=268.0) **Speaker B**

So they said, uh, something like, son, let's first figure out whether you have what it takes to do a job at FedEx, and then we'll worry about that later.

[00:04:34](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=274.0) **Speaker A**

I love that.

[00:04:36](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=276.0) **Speaker B**

The rest is history, you know?

[00:04:37](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=277.0) **Speaker A**

Well, let's talk. Yes, I love that story. And it's, um, lead with the good news. What was the state? Give us a sense of what FedEx was like. Because we know we're talking about the company today. And we'll talk about the future. But how would you describe the nature of the company when you came in?

[00:04:58](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=298.0) **Speaker B**

Well, I think, uh, highly, uh, entrepreneurial and growth oriented. If anybody knows, our founder and chairman, Fred Smith, is always pushing on.

[00:05:08](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=308.0) **Speaker A**

See, 50 years on the job.

[00:05:09](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=309.0) **Speaker B**

Yeah. And building network. So what was happening then was we were roughly about a $8 billion company. Uh, most of our business was in the United States. But had aspirations to grow internationally. And we had bought this company called Flying Tigers. And in 1989.

[00:05:28](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=328.0) **Speaker A**

Sounds like an acrobatic troop.

[00:05:30](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=330.0) **Speaker B**

Well, uh, it's a company that's been in existence for since the second world war almost. But, uh, it had, you know, it's about expanding in Asia was the main theme. And so when I when I joined the company, I just, um, signed on into the international mission, so to speak, at the lowest level in the company. But had the good fortune to hear, uh, our chairman talk about that. And then the ideas of what you wanted to do. And that kind of hooked me. And, uh, so that was what was it like when I when I started the company? Me started the company.

[00:06:05](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=365.0) **Speaker A**

You know, I remember I lived in Asia covering FedEx. People forget, um, how far you have grown in terms of the gap between you and your competitors.

[00:06:16](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=376.0) **Speaker B**

So I actually moved to Asia, Hong Kong in 96. And, um, honestly, it was an interesting time because, uh, people did not know FedEx. I was in Asia walking around Hong Kong, there's a FedEx bank. Then you know what happened was castaway, the movie castaway came and said, oh, really?

[00:06:36](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=396.0) **Speaker A**

The volleyball.

[00:06:37](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=397.0) **Speaker B**

I could not give away tickets fast enough to anybody who wanted to watch the movie. Um, but no, uh uh, it was a period of time between 96 and 99. Where we really because we changed the business model. That was what it's always about is differentiation and finding a completely different way. And so versus our competition, who were at that point moving on, really only commercial airlines. We put our own line haul. And really changed the nature, um, of the network. And we doubled our business and went from number two to clear number one in three years. So that was an exciting period of time. It's also a period of time when really the globalization was completely going gangbusters.

[00:07:21](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=441.0) **Speaker A**

And China it was a good thing at that point.

[00:07:24](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=444.0) **Speaker B**

It is. China was really growing at that time too. So you know, to see that energy all across, all the way from Japan to New Zealand and everything in between the asian tigers. And, um, to be part of that was, uh, just a phenomenal experience.

[00:07:38](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=458.0) **Speaker A**

So when we talk about transformation today, you know, obviously this is a conference about digital transformation, and, um, talk about that with FedEx, I think of FedEx now. You've got the digital twin, et cetera. But what does transformation look like? Because you've been on the front lines of that, and it's one of the reasons you're in the role that you're in now.

[00:07:58](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=478.0) **Speaker B**

I, um, think, uh, one of the things that, um, we have discovered prior to the, um, pandemic almost was the value and the centrality of the data that we have. Think about it this way, we move about $2 trillion worth of goods through our system every year. We connect about 3 million shippers and about 225 million, um, recipients every single day. And we are in the center of that ecosystem. We have done the real, real hard work over 50 years of building those physical networks. And those are hard. A lot of people take it for granted. You can pick up a big moat.

[00:08:42](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=522.0) **Speaker A**

A very big moat.

[00:08:43](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=523.0) **Speaker B**

It's a big moat. You can pick it up from any one part of the world and get it to any other part of the world. When you talk about telephone networks, everyone gets that. You can pick up the phone and call anybody. Same thing. On the physical, there are only two players, really, who can actually do that, and we do it the best.

[00:08:58](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=538.0) **Speaker A**

Mhm.

[00:08:59](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=539.0) **Speaker B**

So now that we have that asset, how do we now take that forward? And I think the idea that when you realize the centrality of the data that we have, we went really helpful putting in place the infrastructure. In fact, I formed a small company called FedEx Dataworks and, uh, we built that infrastructure. And then every so many use cases started coming out of it, and we built it case by case. And suddenly we realized that now we have a digital twin of FedEx.

[00:09:28](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=568.0) **Speaker A**

Well, let's talk about some of those use cases, because I've read a little bit about how it has changed. For example, the very real threat of climate, which of course we know, you know, flights get cancelled. Big part of your job. How is, how is having that digital twin made a difference?

[00:09:44](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=584.0) **Speaker B**

Yeah, I mean, we are a very kinetic organization. We have, you know, 700 planes, 200,000 vehicles, 5000 facilities, and most importantly, our 550,000 team members around the world. And we are in motion every single day, every single minute. And, uh, so things could happen. But a concrete example, you know, 2022 I believe we had, uh, in Memphis, it's not equipped to deal with snow. And, uh, so we had two snowstorms back to back hit within a period of, um, one week. And, um, it was, I remember sitting in the control tower in the airport. It is snow banks and there's no snow clearing equipment or anything.

[00:10:24](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=624.0) **Speaker A**

Yeah, you can't call them down from Buffalo.

[00:10:26](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=626.0) **Speaker B**

Yes, too far. Our snow clearing equipment is temperature. Ah. So, uh, you know, there's planes and trucks and packages and it was unbelievable. I was like, what is in here? So, in fact, that data works was already on. So I called the folks over there by that evening, they created something they called RSVP Raj Subramanian visibility platform.

[00:10:48](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=648.0) **Speaker A**

Oh, really? I love that.

[00:10:50](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=650.0) **Speaker B**

I had it by that evening, but it cost us, uh, $300 million, that storm. Um, well, that repeated, uh, this year. And in fact, it was a longer storm. But because of the way that we were able to now predict, we incorporate weather, traffic patterns, all those things in our data. We were able to divert more than 2 million packages out of the hub and about 600,000 pounds of freight before it even got to Memphis and moved it through other operations.

[00:11:18](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=678.0) **Speaker A**

How much did it cost you this time? Can you tell us?

[00:11:20](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=680.0) **Speaker B**

A fraction.

[00:11:21](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=681.0) **Speaker A**

Really?

[00:11:21](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=681.0) **Speaker B**

It's a fraction. So having, that's a real life example.

[00:11:25](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=685.0) **Speaker A**

I think that's interesting. Well, let's move now to the AI realm. How does that change things? Did you use, by way, have you used chat GPT when it first came out?

[00:11:33](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=693.0) **Speaker B**

Oh, yeah. So, uh, in fact, I talked to Satya and he said something big is coming. And, uh, so, and then of course it was, I think, end of December, I think this is 2022, something like that. When it came and, you know, here it was, I wanted to experiment with that. So right off the bat, I got in there and I said, you know what? Because I knew it had trained on GitHub. So I asked, uh, I just write me a program in, uh, Python in Fortran and C to put eight queens on a chessboard.

[00:12:06](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=726.0) **Speaker A**

Ah, why eight queens on a chessboard?

[00:12:08](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=728.0) **Speaker B**

Because that was the problem that I got in my first semester at IAT and I had the most darndest, difficult time solving it, okay? So, boom, you know, 91 different combinations. Everything was right there. So I sent it to our CIo. It took about five minutes to do my work and send it. He was in my office in 1 minute. What the heck are you doing to me?

[00:12:29](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=749.0) **Speaker A**

Yeah. How many raised your hand? If you love your boss experimenting with chat GPT and then saying, do I really need you people. But yes, you do. Yes, you do.

[00:12:39](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=759.0) **Speaker B**

No, we do. So that was my. So there's obviously a clear opportunity to improve the productivity in the organization is, there's clearly, and we can see that. We saw it in the keynote yesterday from Mark and it was really impressive to see what Salesforce is doing here. Um, but the more important thing for me at the end of the day is how do we use AI, ML and maybe even GPT to provide value for our customers, not only internal productivity tools. And so that's, uh, to do that again, having the data in the right place and engineered is a critical thing. And, uh, the fact that we have moved on that way back in 2020, not knowing at all that there's going to be an AI revolution coming. So, but the fact that we already had it engineered, suddenly we were able to use. So this, the predictive models that we now have are deep learning models that have been, that we are deploying. So this is nothing new for us. So that was there. Now, if you think about GPT itself, there are some very interesting problems that can be solved in real life. For example, try to ship the shirt from here to France or UK tomorrow and see what happens. It's a very complicated process because of the, um, customs clearance, classification codes and so on and so forth. GPT is perfect for that. It can learn these things and you can have a human english conversation and identify.

[00:14:10](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=850.0) **Speaker A**

I did actually want to shop at Saks after yesterday's presentation. I was just saying, I think, um, you're right. Just having that level of engagement and also having that ability to make decisions and understand what's coming, etcetera. Let me ask about supply chain, because there was a time when that was like boring.

[00:14:30](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=870.0) **Speaker B**

Yes.

[00:14:30](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=870.0) **Speaker A**

And the pandemic came and all of a sudden supply chain's really interesting. And it's also something that when we talk about speed being a metric for success, supply chains have to be so resilient and so, um, adaptable right now. I mean, can you talk a little bit about how that, like how you mentioned with the climate, but when you think about the potential now with the technology of where this takes FedEx, can you give us a little more of the front line?

[00:14:57](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=897.0) **Speaker B**

Yeah, very much so. So prior to the pandemic, uh, in 2020, if we had, if I had mentioned the word supply chain right here, you'd have probably escorted me out of the room. I mean, like, nobody cares. And, um, then to see those exact words become conversations that even talk show hosts are talking about, I mean, that was the swing through the pandemic, it became from the realm of the procurement manager, or perhaps maybe the CFO, to now a boardroom conversation. So we have real. I mean, you know, everyone keeps talking about resilient supply chains, just in case, but it's more expensive, you know. So how do we get it to be efficient and resilient? The only way is technology. And, uh, so that because of the work that we were doing, we evolved our mission to make supply chain smarter for everyone. And technology is a key piece of it. Of course, the physical network is the necessary condition.

[00:16:01](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=961.0) **Speaker A**

Mhm.

[00:16:01](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=961.0) **Speaker B**

To make that happen. Without that, nothing exists. You know, and there are a lot of companies who are quote unquote asset light. But they are just scraping the information of the Internet. And, you know, their intelligence is not so deep. We move 15 million packages every single day. Petabytes of data. So tomorrow's information is different than yesterday's and today. So we are very dynamic. So we are now able to uniquely offer, uh, supply chain solutions, technology solutions, integrating with our customers. And so that's, uh, that mission of making supply chain smarter for everyone is now where we are about.

[00:16:37](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=997.0) **Speaker A**

You know, one of the things I think about as you're talking is you must hire differently now. I mean, when you think about especially that sort of the digital twins. I mean, talk about talent. I mean, when you look at the talent mix, obviously, we know, you know, the FedEx drivers, et cetera. And, you know, a lot. 450,000 people. It's a lot.

[00:16:55](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1015.0) **Speaker B**

Well, I think the first and foremost, um, I have to say that anything that we're doing on the digital front. Doesn't exist without the physical. So I have to. That is the most important thing. The FedEx team and the FedEx culture is paramount. And we have the best team in the business from that perspective. We have had, you know, um, we have hired our FedEx team members. Who move your shipments every single day. You know, they just do an outstanding job. They go above and beyond the call of duty every single day to deliver on that. And that's the basic. Without that, everything else is, um, not even possible. But to your point, as we now evolve our mission. To find out how we can further differentiate. And make supply chain smarter for everyone, we have to get people in play that are much more in the latest and greatest in technology. And that's exactly what's happening. Uh, and it's amazing to me in the last, uh, two years. The level of interest that is, uh, now coming to FedEx. And we have recruited from so many different folks in the west coast, in other parts of the country. And, um, uh, to come in with some terrific new talent. And we are very excited, ah, about where this is heading.

[00:18:10](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1090.0) **Speaker A**

Which gets to the point of culture. I often think this. Every CEO I talk to does talk about the importance of culture. We do understand that. I always think, how do you create culture when you have, you know, almost, uh, 500, almost half a million people? That's hard in many parts of the world. What exactly any tactics?

[00:18:30](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1110.0) **Speaker B**

It's a great question. So one of the things that we pride ourselves is our iconoclastic culture. I mean, Fred Smith gets a lot of credit for inventing a whole industry and putting these networks in place, but he doesn't get nearly enough credit for the culture at FedEx. And from the very get go, it was a pretty simple statement that you talked about. And that's going to carry on for the future of FedEx is we take care of our people. They deliver outstanding experience for our customers. It delivers profit for the company, which we reinvest back in our people. That unending circle that we call PSP has been with us from the get go. And in my job, in my career over the last 33 years, I have the opportunity to live in different parts of the world, travel the world constantly. And people ask me the same question. I said, how difficult is it in different parts of the world? The reality is, the language of the country may be different. The language of FedEx is the same wherever I go. And it's just, uh, unbelievable. And ultimately, it's because humanity is the same wherever you are. You respect the individual. You make sure they know when they've done a good job. And make sure that the expectations are clear and they're rewarded and recognized. It cuts through everywhere. Once I was in Africa, in Kenya, and we went to the station over there, and the station made 60 or 70 folks in the station. And the station manager gets up on the table and he said something like, uh, I know there are 27 tribes represented in the room today, but today there's only one tribe, and I'm your chief. It's called FedEx, you know, nice. It's the FedEx culture is, uh, really it just permeates across the world.

[00:20:19](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1219.0) **Speaker A**

When you think about this next, um, era for FedEx, we talk a lot about upskilling and having people embrace technology. Has that been is there anything you've done there to really, you know, as especially as you've become a digital first company, how has it been bringing people along?

[00:20:34](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1234.0) **Speaker B**

Yeah, I think, um, so the, you know, when we talk about making supply chain smarter for everyone, there were three components to it. The first component was what we call b to e, meaning make our own supply chain smarter.

[00:20:46](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1246.0) **Speaker A**

B to e. Enterprise.

[00:20:49](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1249.0) **Speaker B**

B to e. B two. B to c. That's an internal lingo that we use. But, uh, the first part of it is to make our supply chain smarter. And that means when we are now starting to build these new tools and technology of a common data, of a platform, the adoption is key. So it took a lot, uh, of effort, I won't lie on that one. It was a lot of push to say, this is indeed better. It may not be exactly what you want right now, but it can get, once you get better, because everyone understands here the value of platform economics. Uh, it took a little while, but now that that, um, flywheel is spinning. And, uh, it took, um, a few leaders in the organization, operational leaders, to fully adopt. And for me, there was a customer service manager in, uh, Hong Kong. She adopted some of these tools and made it a great success. I called her personally and to just talk about the story. So this kind of words get around and things started to happen. So now we are a completely different place than we were two years ago. Not fully there yet, but, uh, you know, adoption is important.

[00:21:59](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1319.0) **Speaker A**

Let's talk about two years ago, because I joked at the beginning that you have 48 more years, but you replaced one of the most iconic leaders, I think, in us history. You built the company from scratch.

[00:22:10](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1330.0) **Speaker B**

I agree.

[00:22:10](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1330.0) **Speaker A**

I know. Founder mindset. We're all talking about that, right? Uh, now, when did you know, first of all, that you were being pegged to replace Fred?

[00:22:21](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1341.0) **Speaker B**

Well, I think it's public information, really. When? At, uh, 2019, when I took over as the president and CEO of the company, and then I joined the board. So it was a pretty much, uh, known at that point that, uh, um, I'm going to be most likely the anointed successor to Fred. So there was no surprise when the announcement was timing. Maybe there, uh, was.

[00:22:47](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1367.0) **Speaker A**

But everybody must say, what's your vision? Day two on the job?

[00:22:51](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1371.0) **Speaker B**

Yeah. Well, there are a couple of things. One is that, uh, and I say this a lot, and I quote Galileo, because I can see far, because I'm standing on the shoulder of a giant and there's no other way. I mean, you know, building something from scratch, from nothing, to build this enormous physical network, that is very, very hard. Think about day one of the company when we have 20 odd airplanes coming into. You can't start with one airplane. We have to have a network, need.

[00:23:21](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1401.0) **Speaker A**

Some scale to be.

[00:23:22](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1402.0) **Speaker B**

And we had about 183 packages. I suspect Fred shipped half of them. Uh, that's where it started to now, 15 million packages. So that build out is, uh, something that we simply can't take for granted. And I'm very grateful and appreciative of the fact that we are building off of that. So I've never forgotten that and never will. And uh, it's core and foundational to what we do.

[00:23:49](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1429.0) **Speaker A**

Um, how do you keep yourself innovative? I think, you know, in this period where we talk about the speed of change and of course, you know, the beginner's mind, etcetera, do you have any tactics yourself? I think it's always interesting as a leader to hear about how you hone your own leadership.

[00:24:05](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1445.0) **Speaker B**

Well, one of the things that, ah, because of being led by a founder for 50 years, the culture of innovation is kind of permeated through the organization over time. It's always, what's next, what's next, what's next? And uh, always pushing those boundaries. I mean, you know, we talk about, uh, you know, when we said the information about the package is as important as the package itself, Fred said that in 1978. And so it's been always there. So what I try to do is to make sure that we are constantly thinking about how do we differentiate in the marketplace and how do we drive growth through differentiation. And, um, we need to be constantly pushing the boundaries of that. And when you ask a few questions and then you have the team, it's a phenomenal team. I'm really proud of my team. And we are, as a jealousy unit, there's a lot of debate, discussion, but then we have several ideas that come out of it, and then we have to make some bets and move on and, you know, use judgment to make is right. But it is a, uh, it's, it's a constant thing. There's no finish line here.

[00:25:15](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1515.0) **Speaker A**

And let's get a sense of what's around the corner, because you have, you've amassed more data, as you mentioned, than almost any company. And you've got this digital twin. Where do you take it next? I mean, give us some sense, almost like the essence of what business you're in. We know you're in logistics, but.

[00:25:31](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1531.0) **Speaker B**

Yeah, well, I think, uh, uh, we are in the supply chain business, obviously, but we also now in the supply chain technology business. And as of, uh, the Sunday, we just launched a new platform, FDX. And um, you know, is, uh, you know, the press release is going out as we speak. Here is that the digital twin of FedEx that basically all the way from demand generation to conversion to, you know, fulfillment returns sustainability across the whole spectrum. Now we're launching a platform that customers can integrate and then it's very uh, low code, no code environment to be able to configure their business. We're trying to enable brands, retailers to succeed in the omnichannel experience. I fundamentally believe that if we, especially for retailers, connect their assets strategically with our assets, it's a much different experience because then we have the end to end experience. That only happens through technology.

[00:26:32](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1592.0) **Speaker A**

And we talk a lot about AI, but blockchain, what are some of the other technologies on your radar that are transforming?

[00:26:38](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1598.0) **Speaker B**

Well, I think, uh, fundamentally having a, um, data first mentality is really critical. And then if you can integrate data platforms with your partners, so to speak, and then we have then something to work with. So the AI and ML m works great. RFID is from a physical point of view, um, having RFID on packages when you pick up provides early visibility, so even more information.

[00:27:05](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1625.0) **Speaker A**

I love tracking packages. It's in Ohio.

[00:27:08](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1628.0) **Speaker B**

I'm like, ooh, but this is predictive. That's the difference. It's predictive. And so we know hours or days before, uh, package is supposed to arrive at your house that it might be off and we can do something about it. So that's the difference. It's not reactive looking back, it's actually looking ahead. It takes into account the latest weather, um, and um, um, traffic patterns and so on and so forth. So you can see, imagine some number of variables that affect that one package that's coming to Ohio. Um, but um, the other thing is of course robotics. And uh, so we're looking at several options there as well from an industrial automation perspective. And if you come to some of our new hubs, it's fully automated from the point of package, comes on one side of the belt and comes out the other side, gets loaded, gets unload in the truck. Everything in the middle is highly automated. So there's so many things on technology that drives internal efficiencies, drives our customer value.

[00:28:06](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1686.0) **Speaker A**

And it's too early to talk about legacy because you have decades ahead of you, as we know. But anything you think about the kind of company you want to build, which.

[00:28:16](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1696.0) **Speaker B**

Yeah, I think, yeah, we're too early to talk about. Like I said, I'm concerned aspirations.

[00:28:22](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1702.0) **Speaker A**

How about that?

[00:28:23](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1703.0) **Speaker B**

Well, that's better. Yeah, I think, um, first and foremost, I think the culture that I talked about for FedEx that we have the people first culture, the servant leadership culture that the leaders exist to remove barriers for people to do their jobs. That I want to hold sacrosanct. I don't want that we might acquire companies, we might get people, we may get new talent, technology. But that culture is sacrosanct. I think it's very, very important. That's why I came to work at FedEx. That's why I go to work every single day. And that's very important. But I think the notion that now that we have this incredible asset that FedEx has got over built around the world and that the fact that the supply chains is now top of mind for a lot of companies, that we can add value and differentiate and grow. So for me is to get to a place where we then set the stage for the next 50 years, uh, using not only as a supply chain company, but as a supply chain technology company. So both. Not one or the other, but both. And so that's where we're going. Uh, and I think I have the right team to do it with.

[00:29:35](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1775.0) **Speaker A**

Live long and prosper. And please join me in thanking Raj Subramani. Thank you.

[00:29:40](https://aliceapp.ai/recordings/hHToJPtLMpNmkz7K0dUlsQ4Fq_GivOfu?seek=1780.0) **Speaker B**

Thank you very much.