>> Ladies and gentlemen, welcome back. We do hope you're enjoying your lunch. And we ask now that you please take a moment, turn your attention to the screens for a message from Senator Lisa Murkowski.

>> Well, hello to all of you gathered for EXIMs annual conference. And thank you to Chair Lewis for the opportunity to say a few words. Like many of my congressional colleagues, I'm proud to support the work of EXIM and I thank those of you at the agency As as the agency marks 90 years of service to our nation. Of course, it hasn't just been service, it's also been success by supporting our businesses abroad. EXIM helps them grow here at home, despite the risks of lending, EXIM has maintained a low default rate and become a bit of a federal unicorn providing positive returns for taxpayers. Now, 90 years is a good long time, but the reality is EXIM is more essential today than ever. The stakes aren't corporate welfare, but America's continued competitiveness. We recognize it's a, it's a tough world out there. The playing field is uneven at best and at worst, it's actively and unfairly manipulated by nations seeking to advantage their industries while undercutting hours. As we look to the future, I'm glad to see EXIM taking on new frontiers like critical minerals. Critical minerals are the building blocks of just about every advanced technology and their rapidly, rapidly becoming pillars of our economic and national security. So the more EXIM can do to help facilitate US projects, the stronger our manufacturers will be and the less we'll have to worry about China's dominance. Now I know you've got a full agenda, so I'm gonna stop here, but I wanna wish you the best in your discussions and I wanna thank everyone at EXIM for making the world a better place for American business. Here's to 90 more good years. Thank you. And take care.

>> Ladies and gentlemen, please welcome to the stage Megan Cassella, Washington correspondent for CNBC, and she's joined by Barbara Humpton, CEO of Siemens.

>> All right, thank you all for having us up here. We're looking forward to this. And Barbara, thank you for doing this. It also sound, it sounds like the White House corresponds center, doesn't it? It's basically the same thing. You and I are Joe Biden and Kamala Harris, I guess. Okay, here we go. Up here. Well thank you for this. And so, you know, I know there's been a day and a half already of jam packed sessions and when I was preparing for this one, one of the things I was coming back to was that I was finding myself looking for a way to describe Siemens. Was it a technology company? Was it an industrial company manufacturing? And your team tells me I might not be alone in that. So I wanted to start with just what I think will be the simplest question. What can you tell us, how do you see the Siemens of today after 175 years? How do you see it positioned in this economy of 2024?

>> I am so glad we're starting with this question because many people don't recognize that there is actually a new tech sector emerging. A lot of people think of those of us who've worked in the real world as industrialists, right? You've heard people talk about the people who build trains, the people who work in buildings or on the grid or work in manufacturing. And you think of the old fashioned industrial conglomerates. But if you look carefully, there's a thread running through everything we do, digitalization, automation, and electrification. There's a place where the real world meets the digital world and all of the technologies of the last 20 years that have really transformed our private lives, our entertainment, our retail, that's all coming into the world of really big things. So I like to call it a tech company focused on the internet of really big things.

>> We're, we're past the internet of things, now we're on the internet of really big things, really big things. I like that we're at a conference focused in no small part on exporting abroad and and getting us products out to global markets. Your focus at Siemens, it seems to me has been a little bit more local as of late or glocal as I think you would like to call it. What, what has been sort of your view on that? What prompted the shift and what does it look like in practice?

>> Well, Megan, first of all, Siemens has been in the United States for well over 160 years, and we've been addressing just about every capability that exists in Siemens somewhere in the world is also offered here in the United States. And so you might have thought of us as a local, for local kind of company anyway, well, listen, the last few years have showed us that supply chain disruptions can transform and disrupt everything. And everybody around the world is waking up and saying, maybe the work we've done over the last 20 years to globalize following the low cost labor, wherever it might be, looking for labor arbitrage to squeeze the next penny out of our operations, maybe that's not the right equation for success. So indeed, we are a glocal company now. Take advantage of the global innovation that's happening everywhere, but then implement more locally. And why I am so excited about what the EXIM bank is doing. I've just had a chance to talk to Chair Lewis about this idea of make more in America the idea that manufacturers here in America can make things for this local market, but can also expand their capacity enough to help others in our region, or surely in the far reaches of the world, this is gonna be great for everybody. When you

>> All were deciding to make that shift and to focus more on localizing or regionalizing supply chains, did you have to think about trade offs at all? Were there higher costs involved? Was there investment upfront? How did that decision making go?

>> Yeah, and listen, I business people are making this decision every single day. Where am I gonna get the best competitive advantage for my product? And again, past history was you look for low cost labor, wherever that exists until the supply chains get, get disrupted. And then you realize that you know what really matters now is reliable energy, a workforce with access to healthcare, a workforce with access to education. When you start looking at those factors, you realize, wow, the US offers all of the critical success factors for a healthy manufacturing sector, for a healthy maker sector. And that makes the US a fantastic place to invest and then serves a very, very large customer base. But indeed also puts us in a position to, to actually serve others around the world.

>> So even if there might be a slightly higher labor cost or investment cost, the trade offs are worth it.

>> That labor arbitrage has become a smaller and smaller factor. Now, one key tool that's making all of that true now are the very tools of digitalization. I mentioned we're a tech company, so think about the tools available to us today where we can use more automation in our facilities. You know that in manufacturing we're short about 800,000 employees right now. What are we gonna do? We are bringing in tools to make all of our manufacturers more productive. And in doing that, yes, the labor component becomes an ever smaller amount of overall productivity. Now we make our business cases on other factors, as I say. Yeah.

>> Speaking of productivity, Siemens is doing a ton of work with AI as many companies are. Yeah. I think it was just this week that it was announced that you have a partnership with NVIDIA on industrial robots. Can you tell us what that will look like in practice? What does that mean for factory floors, for example?

>> Yeah, I, you know, I like to tell people that who haven't spent much time in factories that one of the critical tools in a factory used to be the bicycle. Why? Because people had to, you know, go through very large operations doing programming of industrial controls where they actually had to physically put hands on the hardware, use a strange programming language. The number of people who were capable of doing that, they were very rare. And so you'd get those people a bicycle, they could run up and down the line and, and, and make programming changes. Now, think about we have the ability to do today that automation that's managing the production line is now software enabled. Now we can put all the controls in different places, but it gets even better than that today with the use of ai and particularly general ai, but operating on a very

small data set, the, the, the data of the manufacturing operation, we can now empower people who aren't programmers to interact with their technology through natural language. It's the AI then that writes the programs that indeed command the automation. This is a transformation that's taking place as we speak and we've been working it, it's, this has been one of the key indicators to me that we are arriving as a tech player. All of the major tech players in our industry are now coming to Siemens to ask how can we deploy our technologies in the domains that you are expert in,

>> Really? Can you tell us which companies?

>> All of 'em. Microsoft, Amazon, Nvidia that we announced with Sony, a headset that is specifically designed to meet the needs of an engineer, the ability to go into a virtual space where we can share 3D models of the products we're planning, or 3D models of the actual production that we're planning. And people in this virtual world that you might call the industrial metaverse now are able to interact together. It's gonna change the game and it actually gives our tech companies in the IT world access to a whole set of things they've never been able to reach before. Now think about it, the internet of people is huge. And what it's led us to is a number of tech companies who represent the largest companies in the world. The magnificent seven or Fantastic Five or whatever you wanna call now, think about this, the internet of things is orders of magnitude bigger. This is the tech sector where Siemens lives. And as the, as the world wakes up to this, I'm so excited to see what's gonna be happening as, as people start to apply these tools in their missions.

>> Ai, we talk about it so much on CNBC, and from where I sit in Washington, we're looking at it a lot from the regulatory side and the legislative side. And I'm curious how you think about AI policy and regulation. When I talk with companies, most often I hear two things. I either hear, we don't want any regulation or legislation. We hope that they continue to not make progress the way they have been because that would stifle innovation. Or I hear we wish there were some guardrails in place, we need them for safety, but also it would just be helpful to have some agreed upon standards. Where does Siemens fall in that spectrum?

>> Yeah, Siemens believes that there is a critical role for business to play in concert with government. And if everybody's read the coming wave, by the way, if you haven't read it, please do. I mean, what's clear to us is government isn't gonna solve all the problems. Business isn't gonna solve all the problems. We've got to work on this together. And that's, that's, we are firmly in that realm. I, I wanna share with you that as, as leader Schumer had gathered AI experts on the hill, we've applauded just the, the outcome of that. There are many who were saying, we don't see regulation moving fast enough. We don't see policy, we don't see legislation coming out fast enough. I don't even think we need to see those things yet. If what we begin to see is change in the business community because frankly bus business leaders don't get access to what our legislators know about the threats we're facing. And then likewise, likewise, legislators don't get access to the technological know-how that is evolving right now. So I actually think that sharing our situational awareness, our know-how is key and, and we're gonna see changes happening in law and in technology almost happening together. We've seen recently in the news, there are some innovators on the leading edge of what's happening who are warning us, this is dangerous. We know that. And at Siemens, what we're doing is acting responsibly in the realms that we know that we can manage the data sets, we can keep data sets contained, we can keep applications contained. We're gonna continue to innovate there so that we tap into the promise and minimize the peril of the work we're doing.

>> The other concern about AI, and this ties into industrial policy and Siemens history as well, is the power grid. Do you think that our power grid will be able to handle it? What needs to be done if not, and what work is Siemens doing to try to help get everybody there?

>> You know, we're living in an era when our economy can only grow as fast as

the electric grid, right? Demands are just booming everywhere. AI data centers consume 10 times the power of a traditional data center. We're bringing manufacturing back. And by the way, with our sustainability goals, we know we need to electrify everything possible. We're switching over transportation. All of these sectors are undergoing change and that's driving huge demand. So the question is, can the grid keep up with it? Not the way we're working today. Now where we are at Siemens, we have colleagues at Siemens Energy who are working on power production and high voltage transmission and distribution that's in their company. We, we are relying on them to help raise the amount of power generated in our economy. Where we can add superpowers at Siemens in, in my part of the company is to be able to work at the grid edge. Think about where a building connects to the grid, where manufacturing draws on the power grid. Think about where electric vehicles plug in, the ability to use distributed energy resources, storage capacity, all kinds of two-way tools on the grid edge. We are in the business of making sure we use every electron wisely. So customers who are implementing microgrids, customers who are putting on more onsite power generation, we're bringing in the software tools that are enabling them to get the most out of the new capability that we're putting in. And Megan, I'll just say, given the dilemma we have in permitting, I really think that we need to focus on the grid edge. And I was just talking to Chair Lewis about the idea of using make more in America, focused on the components that are needed in our distribution grid, that low and voltage, helping founders, helping entrepreneurs get a leg up building that sector of the economy. Because that's a sector that's gonna be growing in a very healthy way over the next decade. And it's a great way to get more diverse businesses launched in the us. Right.

>> Sticking with industrial policy, I know you've been supportive of the White House's industrial policy stimulus packages on infrastructure and specifically on clean energy as well. How have you seen those change? Not only Siemens business but the industry? We've seen the industry booming over the past few years and there's something of a debate of to how much these programs have helped. Curious your view.

>> The way I've been seeing and experiencing the work of the federal government is first of all declaring this is something that matters to us. Energy security is national security, energy security is global security and new forms of power production, like clean energy are gonna play a key role in this. When the federal government says this is a priority, businesses sit up and pay attention. Second, then when we put some money behind those initiatives, it actually helps us get to the tipping point faster. So if you think about things like battery power or new forms of power production, these are the things that are gonna allow us to break through what, it can typically be a pretty long cycle in an economy. No, we'll get there faster, but I don't know if you all have noticed. Yeah, those federal dollars that have come in, yes, they are beginning to work their way through, but what's moved far faster than that now is the private sector investment. Right. And, and so this is, you know, it's a down payment, if you will, right. Toward what's really gonna matter.

>> And the private money is coming in many multiples of the public money,

>> Many multiples

>> As well. What then former President Trump has called the IRAA scam tax credit's a scam. If they were to go away after November and the next presidential term, how do you think that would impact things?

>> I actually think that what we've seen is that the new economy that's being built, that new economy that's more electric and more connected, the momentum is there. And look across the country, red states, blue states, what you see is that businesses everywhere are investing and recognizing that this is where our future is. So I think that momentum is there and I'm looking forward to the future under whatever administration is actually leading federal policy.

>> Right. We've got just about a minute left and I wanna ask how you're thinking

about the economic outlook right now at CNBC. You know, we talk a lot about the consumer where there there concerns, there could be slowdowns with consumers, but given who Siemens customer base is, I'm curious if you've seen any signs of slowdown or really what you think the outlook is on the economy at this point?

>> Yeah, for a company like ours in the tech sector we're serving, we have a very bullish view. I mean, businesses everywhere need to be more competitive. And so they're, they're taking digitalization seriously. We are sitting in that space where all of these companies will need our capabilities. So I'm looking forward to a very bright future.

>> Thank you so much, Barbara. Thank

>> You for doing this. I appreciate it. Thank you all. Thank you all.

>> Look at that.