

## Transcript (AI generated):

**Richard Harmon:** The fundamental principle that's first is around a global community trying to innovate. So it's not a single firm, but the global community collaborating. You have people with very different backgrounds, different experiences that are heavily driving innovation overall, and much of the innovation is coming from the open source world.

**Bev Gunn:** We have strong partnerships with Intel, a lot of the hardware manufacturers as well from the IBM systems groups to NetApp and Dell and HP, and all of the main hardware firms, plus the APIs and chip organizations. So again, just in terms of how open source and our technologies can actually enhance what they're doing, aligned to what Richard has said is very key to moving forward.

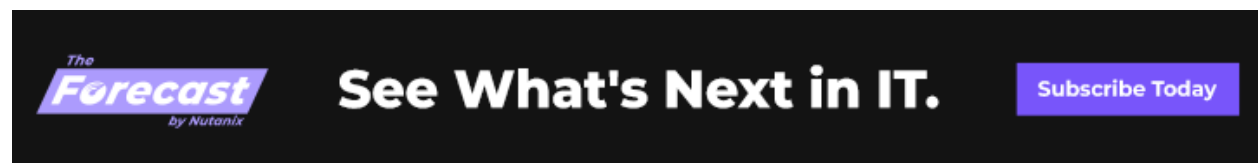
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**Jason Lopez:** This is the Tech Barometer podcast. I'm Jason Lopez on today's edition of Tech Barometer, a look at open Source. Open Source was in the headlines quite a bit during the.com boom. And rather than develop things in the seclusion of their organizations, the idea was to collaborate across company boundaries. This model has evolved over the past two decades. There's still a bit of controversy over it versus building software in proprietary ways, but open source proponents like the speakers you're about to hear from Red Hat, see open source as a crucial factor in developing AI in a responsible way In this era of virtualization, hybrid multi-cloud ai, edge quantum computing, it has a vital role to enable new capabilities and engineering business and governance.

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**Richard Harmon:** The open source community also has, in some cases, it's not always profit focused. It's about building something that's completely new or different. It's also about making it accessible to the global community.

**Jason Lopez:** Richard Harmon is the vice president for the Global Financial Services Industry at Red Hat.



**Richard Harmon:** But I think, for example, AI governance, there's a lot of effort about how to evaluate the accuracy of whatever algo that you want to utilize. It's important not to have black boxes so you can explain what the model is doing, why is it doing and what the answers are. It's also making sure that things are done in a fair way so that you can monitor that. There's no bias in other things that could come from the data, come from the algo, come from all different sources.

**Jason Lopez:** Harmon adds that the ability to audit as well as the security and privacy of applications for consumers, businesses, and governments, is paramount. This is where open source plays a role in accountability, such as in AI responsibility.

**Richard Harmon:** And I think that that's something we see with many, many of the projects, the AI based projects in the open source space. Now, I'm not saying if you go into a project that's done by a single firm, they would also require to instill those principles, but there's also in many cases, a profit motive behind it. So sometimes when it has a wider open source view, you have people in the community that really focus on these types of things that make AI responsible versus just making AI work.

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**Jason Lopez:** Companies like Red Hat provide open source tools that enable developers to innovate across various platforms while ensuring code security and privacy, including practices like confidential computing. We

**Richard Harmon:** Allow developers to build and innovate on any platform they want to run on basically. So it's that kind of enablement.

**Bev Gunn:** It allows those developers with different skill sets, with different experiences and backgrounds and what have you to help to contribute around new technologies linked into AI.

**Jason Lopez:** Bev Gunn, who works in Red Hat's global financial services, refers to what's happening with the rise of AI in terms of speed and momentum. It's a matter of how to develop and deploy technology smarter, quicker, and doing more with less.

**Bev Gunn:** In the old days, there was a certain way and methodology of working and partnering and what have you now, I said every day of the week where we have organizations who want to be part of that cultural movements of open source, of transparency, of contribution.

**Jason Lopez:** Open source tools like Python make advanced algorithms accessible through freely available libraries and development tools. As Richard points out, these are provided not just by Red Hat, but other companies in the space.

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**Richard Harmon:** And eventually we're going to have more and more of things like generative AI that will actually make learning of how to code much easier and quicker and make things much more efficient. But I think the secret, which you hit on precisely, is that this ability of democratizing access, and I think that's the most compelling part about open source, is that it's accessible to anyone. And I think that also is a lot about the culture of Red Hat and the culture of any company that's in open source. It's really a culture of sharing. It's a culture of openness and transparency, but it's also a culture of trying to strive to really build something and develop something that people can use and benefit from.

**Jason Lopez:** There's a role for open source AI and transforming enterprise operations within the hybrid cloud environment. It allows for experimentation and it benefits from improving hardware performance, especially in automation, which is foundational to AI and makes processes smarter and more efficient.

**Richard Harmon:** I'll give one example Swift right? It's the global payment system. It's owned by more than 11,000 banks globally, and it is really largely the global international payment rails

for almost all countries. And what Swift has done is they've taken an open source approach, and they're focused on building out sort of the next generation of AI platform with particular focus on trying to build out what they call financial transaction intelligence at scale. And their initial focus has been in financial crime. They're building out a high performance AI environment, leveraging the unique data set they have, which is pretty much a very, very large percentage of all transactions around the world. That's unique. No individual institution, or bank commercial provider has that kind of data set. They're in a unique position to potentially build tools that the 11,000 plus members can utilize to help address financial crime aspects.

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**Jason Lopez:** This is where AI is being enabled to allow Swift to securely innovate and information and insights can be shared with other institutions, which can build whatever models they want.

**Bev Gunn:** And so banks had to become very innovative in terms of the service offerings they had and have today because a lot of the new and neo banks or digital banks are spinning up with a lot of innovation. A lot of our banks are now offering almost concierge services with different capabilities and innovations. And so how do you differentiate yourself in the market, but stay ahead of the competition by still being profitable? Coming up with the example that Richard gave in one of the big banks, saving costs is going to be imperative because those costs can then be diverted and redistributed to create more innovation and more differentiated services to your customers and to the public.

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**Jason Lopez:** When we began this story, one of the facets of open source was about its effect on creating responsible ai. Open source is an enabler of transparency. It helps to maintain flexibility, allowing organizations to switch platforms. The approach enhances resiliency by mitigating risks associated with over-reliance on a single provider.

**Richard Harmon:** Yeah, I mean, in Europe we have the DORA, the Digital Operation Resiliency Act, and it's around mission-critical applications, but it's around third-party dependencies for, it's mostly in financial service for banks. In this case DORA was the first time that the cloud providers are included in this because they are a critical third-party platform. And so the regulators are concerned that there is a concentration risk about that, and at the same time, they want to ensure that firms are doing the right things to ensure that they have an exit strategy. At Red Hat, we like to talk about portability, about moving across, basically running your application anywhere on a hybrid multi-cloud environment. But it doesn't mean that you have to run on many clouds. It means if you're running in one cloud and you need to demonstrate that you can run an application like core banking or payments or something in another cloud, you can demonstrate that, but it doesn't mean you have to be running in many, many clouds. It's the ability that allows you to avoid that lock-in effect,

**Jason Lopez:** Regulators aren't just concerned about one bank, but about the entire system of banks. It's one thing for one bank to go down, but the platform issue it's entirely another. When you're talking about five or six major banks,

**Richard Harmon:** The analogy I always make is if you look at Lehman Brothers, Lehman Brothers went down, the problem is no one knew who else was impacted, and there's spillover

effects. And so we had the commercial paper market crash. We had financial a disaster that many, many governments had to bail out the financial system to put it back into a stable environment. And it's that kind of systemic risk that regulators are really, really worried about. So obviously they don't want any individual bank to get into trouble or have big issues, but their big picture is the overall financial system.

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**Jason Lopez:** Today, there are millions of open source projects which reflect contributions from a diverse global community, including government, corporate sectors, academia, and students. In the last decade, global adoption of open source has significantly increased, and Red Hat has played a major role as a leading open source company.

**Richard Harmon:** It's a global community from government entities, corporate, academics, and students of all walks of life that in some cases contribute to these projects. So it's typically projects people are passionate about. Obviously at Red Hat, we have a lot of very passionate engineers, but it's also very focused on addressing challenges that various industries have, society has. So it's not just about building a piece of software, it's typically about trying to make something. And even when you get into, for example, climate, there's a project called OS Climate. I'm on the governing board of it, and Red Hat is a major participant with many other institutions, but that's an example of a good number of institutions getting together to try to help the wider industry efforts and make things like data and analytics available to anyone who wants to access it.

**Bev Gunn:** And just on that collaborative piece, when we think about what we're doing with Microsoft and AWS around managed OpenShift that's taken place over the last five years because they've understood as well from an open source perspective, the strength of open source capabilities, even though they're contributors to community as well, but actually building out managed service offerings within their own organizations with our technologies is kudos to the value that they see that this brings to the markets and to their own customers and prospects. So feeding of what Richard said and then looping in some of that activity definitely showcases that collaboration piece in the market with some of the big cloud providers, which there's a lot.

**Jason Lopez:** Bev Gunn is an executive in Red Hat's Global Financial Services. Richard Harmon is the Vice President for Global Financial Services Industry at Red Hat. This is the Tech Barometer podcast. I'm Jason Lopez. Thanks for listening. For more stories and more insights into technology and the people in tech, check out the forecast which produces this podcast. You can find the forecast at the forecast by nutanix.com.