Magellan – In The Know: Episode 57

Intuit's evolution from DIY software to an AI-driven expert platform.

Announcement ([00:00](#)):

The information contained in this podcast is for general information purposes and does not constitute investment advice. You should seek investment advice tailored to your circumstances before making an investment decision.

Host ([00:14](#)):

This is In The Know, a monthly investment podcast brought to you by Magellan Asset Management.

Alex Balazs ([00:20](#)):

Intuit spent the first 40 or so years of its existence saying, "We're going to create software that makes it easy for you to do it yourself." We've now spent the past two to three years saying, "We're going to do the work for you. Instead of making it easy for you to do it, we're going to create what we refer to as done-for-you experiences." So when we think about an AI-driven expert platform, all the words are important. So it's AI driven and it delivers expertise, and that expertise can be artificial intelligence or can be human intelligence. It's both of those things. The point is is that you don't have to do the work, we will do the work for you. As we release AI capabilities, especially as we're beginning now to release agentic AI capabilities, it's less about software and it's more about if a human did this work for you, what would they be doing? Let's emulate that with AI. So it's not about categorising a single transaction, it's about categorising all your transactions and closing your books for you automatically.

Host ([01:21](#)):

That's Alex Balazs, the chief technology officer for Intuit, describing how Intuit is leveraging AI to save time and deliver better outcomes for its 100 million customers. Welcome to Magellan - In The Know.

([01:38](#)):

Intuit has transformed from a DIY financial software company to an AI-driven expert platform leveraging generative AI to deliver done-for-you solutions through blending huge amounts of data, deep domain expertise, and increasingly broad platform capabilities. Alex, together with Ryan Joyce, portfolio manager and sector head of financials and technology, discuss Intuit's long-term vision for how AI will reshape the user experience. But first, here's Ryan Joyce.

Ryan Joyce ([02:10](#)):

This month's Magellan - In The Know podcast is with Alex Balazs. Alex, thank you very much for joining us today. I'm excited to talk to you and I think this will be a really interesting discussion for our audience. Alex joined Intuit over 25 years ago as a senior software engineer before working his way up to chief architect and leader of the platform acceleration group before being promoted to his current role as executive vice president and chief technologies officer nearly two years ago. In this role, he's the key driver of Intuit's strategy to be the global AI-driven expert platform.

([02:43](#)):

For those less familiar with Intuit, it's a US-based global financial technology platform. It has a market cap of US $200 billion and serves approximately 100 million customers. It primarily provides business

management software and marketing solutions to 10 million small and mid-sized businesses via its QuickBooks and MailChimp franchises, tax filing services to more than 40 million customers in the US and Canada via TurboTax, and financial advice to more than 40 million monthly active users via Credit Karma. Importantly, to Magellan as quality-focused investors and very happy shareholders, Intuit makes a lot of money. 2025 operating profit is expected to be over US $7 billion. It has a very strong balance sheet. It generates exceptional returns on capital and has a long runway for growth supported by nearly three billion in annual R&D spend that goes towards solving customer problems and evolving its AI-driven expert platform.

Alex Balazs (03:41):

Well, thank you so much, Ryan, for that amazing introduction. It's really a pleasure to talk to you as well.

Ryan Joyce (03:45):

Alex, before we dive into your current role at Intuit and how the company has positioned itself in AI, given your long history at the company, I'm very interested in what do you think have been the key to the company's success over a long period of time?

Alex Balazs (04:01):

Yeah, it's a great question. It has been an unbelievable 25-plus years. I think the easiest way for me to answer that question is there's this wonderful book, The Innovator's Dilemma, and it talks about the fact that companies tend to get disrupted because they have something to protect, and because they have something to protect, they're afraid to do that next thing that actually could put what they're currently doing at risk. I will tell you over the course of my career here at Intuit, at least four times where we basically crushed the concept of The Innovator's Dilemma.

(04:33):

I joined a desktop software company. I was part of the team that created the first version of QuickBooks online in 1999. When we first created it, there was a company sentiment that said, "Why would anyone do their finances over the internet? That's just crazy. There's no way that will be ever be a business model." But then the company's culture took over and said, "If we don't do it, somebody else is going to do it, so we have to disrupt ourselves." Then we had all these SaaS products and they were doing really well, and we said, "But these things are all siloed, and if we don't start building this as a platform where they work well together and they share data and there's a single concept of identity, someone's going to do that and someone's going to disrupt us."

(05:11):

So we did it and we disrupted our own experiences. We did it, for lack of a better word, at the cost of some maybe short-term investment in the next feature and even the next product knowing that yes, we need to deliver for the short, but we also need to think about the long. In the long, there's someone out there in a garage thinking of some idea, some startup who wants to disrupt us. In fact, I very vividly remember 2013 when I joined the TurboTax team, and it was a particular down year on TurboTax, and I sat down with the senior leadership team in TurboTax, I was the chief architect, and said, "Alex, what would you like us to do?" I said, "I don't need you to create a better version of TurboTax. I need you to create the product that kills TurboTax and then let's call it TurboTax."

(05:54):

So we have done that over and over and over again, and the last incarnation of that is data and AI. We invested in a strategy seven years ago to build an AI-driven expert platform that's all based on data and AI. When we did it, it was really difficult to justify it like, "Why would you do that? Nobody else is investing this early. What if it doesn't work out? What if that isn't the way that you're actually going to

win? You should just create more software. You're really good at creating software." We said, "No, we're going to actually manage this as a portfolio. We're going to solve for today and we're going to solve for tomorrow." And boy, that's really set us up now for this next generation of growth.

Ryan Joyce ([06:26](#)):

That's really interesting. From your perspective on the inside, we often see a lot of companies have management turnover and there's an argument for bringing in new people. Do you think what enabled the company to do that? Was it having some long-tenured people that had been through previous iterations of this innovator's dilemma and working through it and succeeding through it, as well as having new people come in with maybe a fresh set of eyes, or what was the key to actually enabling that to happen within the organisation?

Alex Balazs ([06:57](#)):

It is both of those things. Certainly, you want to bring people in from the outside who are the right kind of people who will be accretive to your strategy, accretive to your culture, who aren't afraid to break a little glass, but they're not going to tear down the entire greenhouse, but you also need to make sure that you have continuity of some of your own people. But that continuity isn't just continuity for continuity's sake. The same way the company reinvents itself, the people have to reinvent themselves.

([07:24](#)):

I'm not the same person that joined Intuit. I think back at those days, and it feels like it was a TV show that wasn't me. I wasn't that nerdy, introvert engineer who just sat in my cube, didn't talk to anybody and just wrote code. I had to reinvent myself and I specifically decided I'm going to reinvent myself. As this company grows, I'm going to grow and I'm going to be a big part of it. You could see a progression of a number of internal leaders who have basically taken up the same mantle saying, "I'm going to reinvent myself." Then of course, you absolutely want to supplement that with amazing, amazing talent from the outside.

Ryan Joyce ([07:56](#)):

Absolutely. Particularly relevant I think for everyone today in this landscape with AI taking on more roles and augmenting what we can do, that ability to use it better and reinvent yourself, as you said. One of the things that has really impressed me about Intuit is how early the company was to artificial intelligence or AI. As you said, it was I think your 2019 Investor Day just after Sasan had taken on the CEO role before most people were talking about LLMs or chat GPT or agents that Intuit revealed its strategy of being an AI-driven expert platform in the 2020s being the era of AI, which proved very prescient in the end. I'm fascinated as to what drove that early recognition of the importance of AI at Intuit. Was this something that was obvious sitting in Silicon Valley or did it require, as you talked about, maybe some new people coming in with different perspectives, or what brought that to the fore and elevated it?

Alex Balazs ([08:56](#)):

I think it's a combination of things. Some of it was what I would call organic, so things that we learned just from the businesses that were in, the progression of how we were creating experiences for our customers. Then some of it was just outside inspiration of just believing that, "Wow, there's this wave of AI that's coming." The quality of the AI is probably... I don't think it's even directly. It's exponentially related to the amount of awesome data that you have, and who has better data than Intuit across all the different industries that we're in? So if we want to win in the era of AI and it's likely to happen, we probably want to invest in it.

([09:33](#)):

But just to go back to some of the organic things that we learned, one of my favourite stories is to recall back in I think it was 2015 or '16, I don't remember the exact date, when we actually trained the first model at Intuit. So as part of the TurboTax flow, at some point you had to make a choice. Are you going to be an itemised filer, so you're going to itemise all your deductions? Are you going to take the standard US deduction? It makes a big difference. Nothing frustrates customers more than they go through all the pain of the itemised deduction. This was before all the data import capabilities that we built now. So they used to do it all manually. So they import all this data. They spend an hour importing all the data. In the end, the standard deduction was better than the itemised one. They would drop off. They would leave, and we'd literally see in our conversion funnel, people would drop off. So we said, "There has to be a way we can predict this. Let's use AI."

([10:21](#)):

So we actually trained a model that at the time it had like 40 features. They're 40 features that you would think had nothing to do with whether or not somebody would convert, yet it predicted with over 90% accuracy, is somebody going to be an itemised filer or a standard deduction? It had a huge impact on the business. It had a big impact on the conversion funnel. So that was the beginnings of us saying, "There's something here. We have this data. AI can really fundamentally change the experience and make it much better for the customer and then make it better for us from a financial perspective because it can help conversion. It can help retention."

([10:52](#)):

We started to build models where we can predict based on the question... This is all pre-LLMs, by the way. We predict based on the questions that people asked and the help whether or not they were about to leave us, and we would proactively send them offers to say, "Hey, I'm sorry you're having this experience. I'll give you 20% off," and it improved conversion. So we learned like, "Wow, AI..." We had a bunch of organic data points that were showing us that there was something there. But then yes, when Sasan came on board and we did this broad analysis saying, "What are the big trends that are going on?" No trend, obviously, was bigger than AI. Even in the early days, you could just sense it. You could feel it. We knew we had the data. We knew we had the ability to get our acts straight in terms of cleaning the data and organising the data, and so we made the investment and said, "Listen, we're going to be an AI-driven expert platform."

Ryan Joyce ([11:39](#)):

So you had these, I guess, early proof points. It's quite interesting because the past few years there's been a big debate about is there the ROI on this spend on AI? It sounds like you saw this six, seven years ago as clearly delivering good returns and giving you that confidence to invest and go all in on that strategy.

Alex Balazs ([12:01](#)):

Yes, but I would say that if you broadly apply AI everywhere, you're not going to do well. You have to know where to apply it. As we've become much more of an AI company, we train our engineers to say, "You know what, you could have just solved that problem with code. You didn't have to train a model for that." So yes, but it's not everywhere. I just wanted to be clear.

Ryan Joyce ([12:20](#)):

Fascinating. So we talked a bit there about identifying that strategy a while ago. So I'm interested, what was your role at Intuit at the time that this was really moving up the prioritisation ladder? How did it impact what the engineering teams were prioritising and also maybe how you thought about talent at the company?

Alex Balazs ([12:41](#)):

Yeah, absolutely. At the time, I was the chief architect, and so I owned technology strategy and I was basically working with Marianna, the CTO at the time, Marianna Tessel, to help her make resourcing decisions. One of the things that we were working on from an architecture perspective was a domain decomposition of all the capabilities of our platform that we refer to as the city map. So what the heck is a domain decomposition? Basically, it just describes, "Hey, if you're going to be in the businesses that you're in, what kind of software capabilities do you need?" "Well, we need an identity management system. We need a billing and subscription system. We need marketing technology. We need series of capabilities that can do accounting and payroll and money movement and all these kinds of things."

([13:23](#)):

Prior to this, we had never organised them in one place. We've never actually had a view that said, "Well, what are all the things that Intuit knows how to do?" So we created this thing called the city map. When Marianna became CTO and she and Sasan were declaring, "Okay. We're going to be this AI-driven expert platform," she looked at the work that we were doing on the city map and she said, "We need to formalise this. We need to build around this. We need to resource around this because it's the thing that allows you to say, well, where is your investment today? And then based on where the company is going, where do you want the investment to be?"

([13:52](#)):

In those days, we looked at it and we said, "Well, we have a lot of pure software people working on some of these capabilities. Look at the capabilities around our AI platform or our data capabilities or our data scientists, pretty low resourced. Okay. We need to make some resourcing decisions here. We need to flip some of the investment." As much as it's architecture tool where you can build great software, more importantly, it's a portfolio management tool. You can actually use it to manage your talent and to say, "Where is the talent? Where is my investment?" Then you can double-click on it and say, "Well, not just where are my people, but where are my best people? Are we putting our best people on the most important parts of the problem?" So those were the early days of us really thinking about how do we architect the company for success? How do we set it up for success? Boy, I'll tell you, in the age of AI, architecting the company for success has become even more important.

Ryan Joyce ([14:39](#)):

Yeah, it sounds like a really important planning tool, that city map, which I do have some questions about, but I didn't realise it was something that was also formalised or implemented formally for the first time around the same time that AI was being implemented as part of this strategy. So I want to fast forward a little bit. This strategy was formalised six or seven years ago. It's now 2025. Intuit's been executing quite well on this AI-driven expert platform for a while now. Maybe help us understand what does that actually mean? You are in charge of pushing this forward, driving this strategy. What does that mean to you? What are the key benefits for the business?

Alex Balazs ([15:17](#)):

Intuit spent the first 40 or so years of its existence saying, "We're going to create software that makes it easy for you to do it yourself." It is much easier to put numbers into the TurboTax interview than it is to do it on paper. It's much easier to do accounting in QuickBooks than it is to do it in a spreadsheet. So we made it easy for you to do it yourself. We've now spent the past two to three years saying, "We're going to do the work for you. Instead of making it easy for you to do it, we're going to create what we refer to as done-for-you experiences." So when we think about an AI-driven expert platform, all the words are important. So it's AI driven and it delivers expertise, and that expertise can be artificial intelligence or can be human intelligence. It's both of those things.

(16:00):

The point is is that you don't have to do the work, we will do the work for you. As we release AI capabilities, especially as we're beginning now to release agentic AI capabilities, it's less about software and it's more about if a human did this work for you, what would they be doing? Let's emulate that with AI. So it's not about categorising a single transaction, it's about categorising all your transactions and closing your books for you automatically. It's not about reading the bits off of an image of a form that you're importing. It's about taking all of those, making it a digital invoice and actually sending it to your customer with a payment link so they can actually pay their invoice and doing all that for you automatically because what a human would do. If that's what a human would do, that's what the AI should do.

(16:45):

It's true that the AI can't do everything. It will hit a dead end. It will reach a point where it can't get to 100% accuracy. But the good news is we know when it doesn't and we can send you onto a human expert. That human expert could be one of the experts running on our platform, on our expert platform, or it could be one of our accountant partners, but we can send you onto a human. But in the end, the work is done for you. Whether it's the AI does the work or an AI-enabled human does the work for you, we do the work for you. When we first declared the strategy around AI-driven expert platform, we were automating individual features. Really, the power, the big unlock for us in the past year and a half, two years was it's not about automating features, it's about automating the entire workflow so that you as an end customer don't have to worry about it.

(17:30):

So if you have a florist shop, you should be running your florist shop. You shouldn't be doing accounting and taxes and payroll. We'll do it for you, right? So for the customer's perspective, extremely, extremely valuable. From a company perspective, from a shareholder perspective, imagine the stickiness of that product. Imagine the ability to do that product with great, great efficiency, our ability to actually send that product at scale and to scale the business and to move the business up market, so going from selling only to small businesses to also selling to mid-market businesses now much, much bigger businesses. Instead of having one to five to 10 employees, having 25, 100, 250 employees.

(18:07):

So with AI, we can actually scale our solutions much more easily, much more quickly and much more efficiently. Not to mention the fact that everything that we're turning towards our customers we're actually turning towards our workforce as well and driving huge efficiencies with our engineering, with our product management, our design, finance, HR. Every single function, we're leveraging AI to actually make them more efficient, which then also benefits shareholders as well because we as a company become much, much more efficient and we drive a lot more growth because our products are much better.

Ryan Joyce (18:37):

Excellent. Yeah, I do think that push-up market from scaling the product is something that's really interesting to us as shareholders in the business. You mentioned scale a couple of times there. One way I think about this, and maybe correct me if I'm wrong, but the scale you have really enables that deep understanding of workflows, where the customer pain points are, when you should step in, how you should use AI to create those done for you experiences that's not immediately intuitive without having the data that shows you the best way to do that. Then on the other hand, that scale also enables you to bring experts onto your platform where the AI can't solve that problem. You do need to bring in bookkeeping expert, a tax expert. You have the customer gravity to bring them there to solve that problem, to interject them at just the right time in that workflow, which I think is a really unique advantage that Intuit has in that space.

Alex Balazs ([19:34](#)):

Yeah, absolutely. When you talk about the scale of the data, so we have multiple trillion dollars worth of invoices that run through our systems every year. Now, when you look at those invoices, some of those invoices get paid on time, some of them don't get paid on time. We actually know why. We know what language that you can use that encourages customers to pay on time. We know what terms you should set on your invoices to get your customers to pay on time.

([19:57](#)):

So now instead of that being as hidden secret, we have the ability to leverage that with AI to actually pre-create the messages that are sent to our business's customers, to set the terms automatically, to say, "This is a loyal customer, send them this type of message with this type of mood or tone. This is a new customer, or actually this is a customer who historically doesn't pay their bills on time, put a late fee on it." We see that even just by putting a late fee on the invoice, they'll pay the invoice on time most of the time, right? They don't have to figure this out. We can figure this out because the scale of our data. Absolutely.

Ryan Joyce ([20:31](#)):

I think as a lot of our audience will appreciate for a lot of small businesses, that control over cashflow and managing that cashflow and whatever you can do to get some cashflow in the door a bit faster or manage your payables is really, really important to their survival and growth.

Alex Balazs ([20:46](#)):

Yeah, absolutely. Most businesses fail because of cash flow problems. It's not because it was a bad idea, not because they're necessarily executing poorly, it's simply cash flow problems. If we can help them predict their cash flow, see when they're actually going to go negative, help them solve that problem by getting their invoices paid earlier or giving them a short-term capital loan because we see all their accounting transactions, we can actually help them thrive and help them stay in business.

Ryan Joyce ([21:10](#)):

Yeah. In addition to some of those benefits you talked about to your customers and for the shareholders in your business as well, I think one of the metrics you track to your point is the success rate of small businesses on your platform. To the extent that you can increase that success rate, that's fantastic for the businesses and it's fantastic for Intuit. As they stay in business, they grow. They buy more seats, et cetera. So it's a really good point.

Alex Balazs ([21:35](#)):

Yeah.

Ryan Joyce ([21:35](#)):

In preparing for this discussion, I came across a Fortune article that said when you were promoted to CTO, the CEO said to you that the best thing about you in this role is that you've been at Intuit for 24 years, and the worst thing about you in this role is that you've been at Intuit for 24 years. You need to act like it's day one. I'm really curious how you interpreted that comment and how that's influenced your approach since becoming CTO. You might've given us a little bit of an insight earlier when you talked about reinventing yourself along the way, but really curious how you took that on board.

Alex Balazs ([22:08](#)):

Yeah, absolutely. I mean, it was great advice because when you've been at a company for a long time and you've progressed through the organisation and you've seen the organisation at all these various levels, there was this built-in bias that you think you know how things work. "Oh, I've been in that role before. I know what it's like to be a principal engineer. I know what it's like to be a director of... I know what it's like to be a VP leader of an... I know this stuff." Because of that, you make assumptions. The way I took that advice is to say, use your history as input, but then it's your job to constantly be asking questions and constantly diagnosing what's working, what's not working. Don't assume that just because you knew something at some point that it's still true today. Use it to drive where you look, use it because my organisation is vast.

(22:53):

I can't look everywhere all the time. So where do I look? When I look, one of the best lessons I've learned from a number of different leaders I've reported to is if you're going to spend the time as a senior executive looking at something, you go all the way to the bottom. You never superficially look at anything. So I can't make assumptions. So day one mindset means assume you've never worked at Intuit. You're the new CTO. What would you do? Well, you would look at what the most important thing is, the most important part of the strategy, and you dive very, very deep and you'd say, "Okay. What's going on here? Do we have the right people? Do we have the right strategy? Do we have the right organisational structure? Are we architected for success?"

(23:28):

You would look at the data. You look at the dashboards and say, "Irrespective of what I think I know and the people that I think that I know, what is the data showing me? Which of these dashboards are red? Which ones are yellow? Why are they red?" Actually go deep, figure it out. So the way I took the advice, and in fact, the way I've been operating for the past two years as a CTO is don't make assumptions. Use your history to guide where you go, but don't make assumptions and do your diagnosis and set up your teams for success.

Ryan Joyce (23:56):

One of the things that excites me about Intuit and something that we look for at Magellan and as present in a lot of the companies in our portfolios is the long duration growth opportunities. In the case of Intuit, that is helping small and mid-sized businesses digitalize their operations, whether that's going from notebooks or Excel into financial management software for the first time, or automating payrolls and payments, or as we talked to earlier, pushing into the mid-market and helping some of your larger customers operate across state lines with very different rules and increasing complexity. There's always going to be that opportunity to you to add more value to your customers and benefit from that. I think that's a really nice thing about software businesses in general.

(24:41):

We talked a little bit before about the Intuit city map where you've broken down maybe five customer problems into 15 jobs to be done, those 15 jobs to be done into 100, maybe 200 software and infrastructure capabilities that you've mapped out. I'd started counting that I kind of gave up. You might know the exact number. But we talk a lot at Magellan about economic moats and competitive advantage, and Intuit has these very strong brands supported by marketing scale, strong distributions with tax agents and resellers, very sticky customer relationships. But at the same time, I think particularly in this era of AI and AI coding agents, it can be tempting for people to think that is it that difficult to write an application?

(25:27):

For me, looking at this map, I think it actually shows why it is hard. It's not just writing an application. There's a huge amount you need to build to have capability and to continue to evolve to operate at the

scale of an Intuit. At the same time, it highlights to me the risk at least of this concept of technical debt or why it can be difficult for some large software companies that have been around a while. So it's a bit of a long lead in there, but my question is how do you as CTO ensure that all those capabilities remain a contributor to your moat as opposed to something that becomes a bit dated and starts holding you back?

Alex Balazs ([26:06](#)):

Boy, what a great question. I think the most dangerous part of a moat is something that can lead to complacency, because if you're complacent, your moat will evaporate. So we have the mindset, I certainly have the mindset. We have these moats. We have great brands. We have great data, huge head start on AI, great talent. Great, what are you going to do about it? How are you going to leverage this to actually do something meaningful to, for lack of a better word, create the next moat? Because I do think in the age of AI, it's almost like you're progressively creating. You're using the existing moat to create the next moat because the speed of innovation is just so great that you have to. But I do agree with you that there are advantages.

([26:49](#)):

One of the ways I like to talk about it is that if you're building an agent, and so that agent is basically some embedded generative AI and it implements some type of workflow, if it doesn't have access to any kind of interesting data, there's nothing you can do in that agent that is any different than a public LLM. Somebody could just do that in OpenAI. But when you have access to tools, which is the city map, which is all these capabilities and all this data, suddenly that agent is a super agent. It can do things that people will say... You have those moments with AI when you're like, "Well, how did it do that? How did it figure that out?" Because when you have breadth of data, breadth of capability, and it can discover tools, it can discover data, and it will reason in ways that you couldn't even imagine before, that's a huge advantage, but that advantage will not last.

([27:36](#)):

So what we need to do is to say, "Well, how do we use this to create the next moat, to create the next set of data, to create the next set of capabilities so that we continue to progress the competitive advantage that we have?" So that is definitely a mindset that we have. At the same time, the rules have changed as it relates to technology debt. So many times in my career I've been involved in these replatforming projects. It has an official name, right? A replatforming project, when you take some old stack and you make it a new stack. Those things were generally judged as you start at 0% and you finish it 100%. In the age of AI, you can't do that anymore. You basically say, "What's the most critical thing I need to replatform? I'm going to put a wrapper around the rest of it." Because a year from now, that code may die based on the pace of change that an innovation that's being driven by AI.

([28:25](#)):

I have this mindset with my team where every time they bring me a technology project or a replatforming project, I say, "How is this durable? Is this actually going to create a competitive mode for us, or could this actually be disrupted by AI in a year? If it's going to be disrupted by AI in a year, put a beautiful interface around it and just let it run. Just make sure it stays up, make sure it's highly available, make sure it's secure, but don't worry about it. Don't worry about refreshing the technology stack." You have to think that way in this age because otherwise you're pouring investment into things that may disappear very, very quickly. So durable, like 5, 10, 15-year platform investments, they still exist, but you have to be very choiceful as to where you put them. So we're investing in our AI platform. We're investing in our data platform. We're investing in our framework for generative AI, GenOS. We know these things are durable. Some of the other technology debt we have, I would say we're managing it, and what we don't want to do is to over-invest in it.

Ryan Joyce ([29:20](#)):

Yeah, that's really interesting. The pace of change is accelerated, so it's made it a bit of a fool's errand chasing down everything almost, and you just need to really prioritise what can deliver durable outcomes, durable advantage, and manage the rest, as you said.

Alex Balazs ([29:35](#)):

I know it's a ridiculous analogy, but if you're transitioning from a horse to a car, are you going to worried about upgrading your horse when the car is coming? No. Why would you, right? So you really need to manage that. This is part of the job of a technology executive is to work with the business team and say, "When do you make investments? Where in the portfolio?"

Ryan Joyce ([29:56](#)):

As investors, we're often trying to read the tea leaves when it comes to moves in the executive teams of companies we look at. One that I've found pretty interesting at Intuit is that your predecessor as CTO, Marianna, became head of one of the larger businesses at Intuit in terms of that QuickBooks and MailChimp business, which is a bit unusual. We don't see it all that often. Maybe I'm reading a little bit too much into it, but for me, this showed how interlinked Intuit's tech stack or that city map and product strategy are, which I don't think is always the case, and I thought it was really quite bullish in terms of having somebody responsible for QuickBooks that really understands how will those bits and pieces work together, how important they are to making sure that product is still a best-in-class, most modern product in five or 10 years. Interested in your perspective on that.

Alex Balazs ([30:45](#)):

First off, working for Marianna was amazing. When she was CTO and I was working for her, what a great boss and coach and mentor she was. She was a fabulous CTO and I'm privileged to take over the role from her. So if you look at the two big businesses for Intuit on the consumer side with Mark Notarainni and with Marianna on the business side, they're both platform leaders. So irrespective of technology background, so Mark doesn't have as much of a technology background and Marianna does have a very deep technology background, but they're both platform leaders. So that, if you were to read the tea leaves, is indicative of Intuit's strategy to be a platform company, right?

([31:19](#)):

We're not an AI-driven expert product company, we're an AI-driven expert platform company. So consumer is becoming more of a platform as Credit Karma and TurboTax come together and add other capabilities. The business side is becoming a platform where you can start with accounting and then move to payments and payroll and marketing and all the things with MailChimp. So having platform leaders as the GMs I think is a powerful statement of the future of Intuit and the future growth possibilities of Intuit because we have a great opportunity in front of us as a product company, we have an amazing opportunity in front of us as a platform company.

Ryan Joyce ([31:57](#)):

Yeah, that's a really interesting way of putting it. I think I'd done a pretty poor job of articulating it, but to your point, it's this evolution from packaged software, if you like, to the platform company. When you are running these platforms, you need to understand all those capabilities, how you can bring it in, how you can evolve it. So it's really a reflection of how the business has evolved over the past five or 10 years to be that, as we've talked about, that AI-driven expert platform and really a change that's consistent with that.

(32:25):

So we're coming towards the end of the discussion, but before we do wrap up, I wanted to have you share your vision for how AI in the context of Intuit evolves over the next five or 10 years. We talked a little bit about agent-to-agent protocols and other protocols, so maybe we've covered a little bit of ground there, but what does it look like in five or 10 years? What still excites you about Intuit after the 25 years or so that you've spent there, and what are the things that you think maybe can deliver the most growth for Intuit going forward?

Alex Balazs (32:54):

Yeah, let me start with the last part of what you were saying. I am in love with solving problems for our customers. That's what I'm passionate about. I love our mission to power prosperity around the world. We have huge opportunity in terms of our total addressable market in the US and a gargantuan opportunity globally. We still have this unbelievable opportunity to really drive prosperity of our customers, whether they're consumers or businesses. We've got a huge leg up in terms of our investment in our platform, our services, our data, and our AI. I truly believe that we're going to be one of the few key players out there that can deliver, for lack of a better word, the AI killer app that actually uses AI to do very, very meaningful things for our customers. I'm completely convinced of that, and that's what keeps me passionate about it. That's what at night I'm just thinking about. Literally, I'm thinking about the next workday. I can't wait to get to work and actually deliver this stuff for our customers. The opportunity is huge.

(33:47):

For investors, what company is better positioned than us to deliver on that promise? When we have less than 5% of our total addressable market that we've actually serving today, huge growth potential, and then we could actually even open up that TAM even more. So it's a great opportunity for me as a technology leader. No better time to be the CTO of Intuit than today in the age of AI and the age of data, and our customers need it. I spend about 25% of my time on the road talking to customers, talking to businesses, talking to accounting firms, and they need it. They desperately need it, and so we get to be there and deliver it for them, and we get to build an amazing, powerful, high growth company. So that to me is the excitement. That's the reason I come in every morning with a big smile on my face.

(34:29):

In terms of the future, boy, who's to say what the pace of evolution will be and the pace of change. There's definitely things that we're working on that I think could be the next evolution. We have a futures team and an R&D team that's working on some pretty amazing things in terms of video avatars. So the entire interface to the product can be a video avatar, and you just talk to it and it will handle everything for you. There are capabilities around how do you do the new forms of digital trust in the future? How does one person trust another person? How do you know it is who they say that they are? How do you do the future of fraud detection and money movement?

(35:05):

How do you take pretty old systems in terms of money movement, and instead of thinking about them moving money in days or maybe even weeks, but in seconds, and how do you use AI to create that world where you're basically moving money around with high trust using AI and your entire interface to it could be your voice? So, really, really exciting stuff. I think all these things are going to come much faster than we can even imagine. We're definitely investing in them to make sure that we're ready for it. We're actually even testing some of these things early on with customers.

Ryan Joyce (35:36):

Excellent. Well, yeah, I really look forward to seeing some of those products and features on top of the platform that we've talked about come to market. I think you touched on something really important there when you said that customers need it, and I second that. I think there's a lot of focus on delivering solutions for enterprises. I think it's really important that there's someone out there also delivering solutions for small businesses, helping them compete with the capabilities of those larger businesses and contribute to a diverse economy and helping them succeed. Thank you a lot for your time today, Alex. I know I've thoroughly enjoyed the discussion and learned a lot about Intuit, and I'm sure our audience has as well.

Alex Balazs ([36:15](#)):

Fantastic. Ryan, it was really nice to chat with you and thank you for the opportunity.

Host ([36:19](#)):

That was Alex Balazs, the chief technology officer for Intuit in conversation with Magellan's Ryan Joyce. We trust you've enjoyed this episode. For more information on previous episodes, visit magellangroup.com.au/podcast where you can also sign up to receive our regular investment insights programme. Thanks for listening.