Zscaler's Secret to Success: Be Obsessed with Customers

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David K. Young: Welcome to C-Suite Perspectives, a signature series by The Conference Board. I'm David Young, the president of the Committee for Economic Development (CED), the public policy center of The Conference Board, and guest host of today's episode.

In today's conversation, we'll discuss Leadership in Challenging Times, where we feature the outstanding CEOs who are the recipients of CED's Distinguished Leadership Awards for corporate citizenship and business stewardship. Today, I have the distinct privilege of speaking with one of our 2025 honorees, Jay Chaudhry. Jay is the CEO, chairman, and the founder of Zscaler, the leader in cloud security. Under Jay's leadership, Zscaler is committed to teamwork, open communication, passion, innovation, and customer obsession, and just how they do all of that is what we'll be discussing today.

Jay, welcome. We are so pleased to have you joining us.

Jay Chaudhry: David, thank you. I'm excited to be here.

David K. Young: Privilege. So Jay, you have a remarkable life story. I've read up over the last few weeks about your life. And not only do you have a remarkable life story, you are an industry innovator and entrepreneur, and along the way, you've founded several security software startups.

I'd be so curious for you to share more about your journey. Tell us about your life, your career, how you ended up where you are now. Did you ever think this is where you would be at this stage in life? And what are some of the core values that are key to being a successful leader?

Jay Chaudhry: Yes, coming from where I was born and raised to where I'm today, often I

wonder if my life is real or I'm simply dreaming. I never thought of entrepreneurship till I came to the US. I probably didn't even know what entrepreneurship was, but I think I am here because of a combination of luck, hard work, great teams, and great mentors. And perhaps great timing. You bring all those things together, the magic happens. And this magic happens more in America than any other country. You can do all kinds of wonders in America. SoI'm very thankful to America.

You asked me the journey. Short version. I was born and raised in a tiny village in the foothills of the Himalayas in northern India. Small town, no roads. Elementary school was about four kilometers away. We got electricity after I finished my eighth grade, running water after I finished my 10th grade. And I recall my sister and I would fight who's going to clean the kerosene lamp that we used to study. But I was a good student, my parents encouraged me to study hard cause they never got a chance to go to school.

So as a good student, India had a great education system, almost free of charge. I got into IITs. Then I realized, wow, this world is very differentthan my little village. And with hard work, I did well and came to the US to do my master's like many other students. And then got hired by multiple companies, one after another, and that's what took me to the next level. So very fortunate about the journey, and I'm thankful to all the companies and all the mentors who helped me along the way.

David K. Young: And Jay, some of the core values that, when you reflect back on your time, that you think have been Important and central to defining you as a person and as a leader, what stands out when you reflect on that?

Jay Chaudhry:So three things I learned from my parents, who were small-scale farmers: honesty, integrity, and hard work. Those have been the core principles for me. My family and I worked hard to make sure they get imparted to my kids, as well.

David K. Young: Incredible. So Jay, Zscaler is really raising the bar for a strong defense against sophisticated cyberthreats while also delivering greater efficiency to your clients. When you look at the environment we're now working in and living in, how have cyberthreats evolved, and how are they impacting businesses today? And from your unique perspective, how do you think businesses can improve the efficiency of their cybersecurity, other than working more closely with Zscaler?

Jay Chaudhry: Sure. So first of all, when I started Zscaler, my notion was pretty simple. More and more applications will move to the cloud. More and more users will become mobile. If that's the online world we live in, the bad guys will go where the action is. They want to get rich without working hard. Soit's natural to see that more and more online threats will happen. So our goal was to make sure we can help business that's done digitally, that's done online. That's a simple premise.

And today, everything has shifted online, essentially. A recent survey of CEOs said that 74% of CEOs view cyber risk as the number one business risk, and that's why we all have to worry about it. We are seeing too many ransomware attacks, too many phishing

attacks that are bringing businesses down. So for me, Zscaler is not even just a business, it has become a mission. Cause some 45% of Fortune 500 companies, they depend upon Zscaler to keep them safe.

Soit's a challenge, it's a race with bad guys, and we are very competitive. We want to win that race. So Zscaler customers are actually, in my view, safer than customers who aren't embracing us. And that's because we brought a new zero trust architecture. The other vendors have this old architecture, it's called "castle and moat," built using firewalls and VPNs. That's a 30-year-old technology. I like to say, before cannons and aircraft were invented, the moats around the castles were great, but now they're useless.

That's why enterprises who are embracing zero trust architecture, where you trust no one. You basically connect a person to a specific application, period. And that's the technology, that's the architecture we pioneered, and we are proud to drive innovations, to keep not only businesses safe, to keep countries safe. The future wars will be all dependent upon cyber technologies and cyber innovations alike. And we are busy innovating.

David K. Young: Interesting. Jay, we'll come to what you've just mentioned, the zero trust architecture in a moment.

But I want to pick up on the statistic that you just gave, 74% of CEOs think and realize that cybersecurity and cyber risk is a major issue. Do you think there is realization amongst the CEOs that you're interacting with of the severity of cyber risks today? Or it's just this word and this terminology that just keeps floating around there?

Jay Chaudhry:So if you compare today versus five years ago, there's a day and night's difference in CEOs recognizing how critical cybersecurity is, and that's equally true for board of directors. What's not clear to many CEOs and many board of directors: what could be done for better cyber protection.That's the message we're trying to get out there.

I was asked by the board of directors of a very large bank out of Asia, and I was presenting the board, and this board member said, "Jay, you're sitting in Silicon Valley running one of the largest cloud security companies, and you're dealing with some of the largest companies who have all the money, all the know-how and access to the best technologies. And I still read in papers how many of these large companies are getting breached. If that's happening to them, what hope do I have?"

I never thought of a question like this. It took me about 20 seconds to think through. My answer was, what she said was true, but the issue is not access to technology or money. The issue is inertia. Hackers have no inertia. Larger the corporation, the bigger the inertia. I think we need to adapt our large enterprises more quickly to the evolving threats and technology. And that's one of the big things we are trying to do.

David K. Young: Jay, you mentioned earlier, the zero trust architecture and Zscaler's zero trust exchange, cloud security platform has, I believe, more than half a trillion daily

transactions. More than half a trillion.

Jay Chaudhry: Half a trillion.

David K. Young: I was thinking about this earlier, just trying to wrap my mind around this. And we've been talking around the role and impact of AI, and AI playing a larger and larger role in the processing of that data and more than half a trillion daily transactions.

How do you think artificial intelligence is affecting business and society at large? And can you tell us a little bit more about Zscaler's approach to AI and what are some of the important considerations around its use?

Jay Chaudhry:So AI is very powerful, but AI is very dangerous at the same time. These tools, when put in the hands of bad guys, can do some very bad stuff. For example, you can ask a simple question to ChatGPT or Gemini and say, tell me all the firewalls and VPNs with certain vulnerabilities for a given company. It would've taken weeks for someone to collect this information. Now you can get it in under a minute.

So AI makes things dangerous, but AI can be used very well for companies like Zscaler to do better protection. For example, half a trillion communication logs that we collect. This is all communication logs, good logs and bad logs, even the reconnaissance type of activity that bad guys do, they're captured in these logs. It is very hard to take that volume of data, to find meaningful information out of it. Now, using AI technology, combination of machine learning and genAI, we can parse through them, and we can do some very cool stuff.

For example, my favorite new project is breach prediction. Imagine being able to predict that, based on the information and communication we see, this company has 70% chances of getting breached. If we can tell our customers, and why it's likely to happen, they can take steps proactively stop it. My dream is to get to a world where there are no breaches when customers work with Zscaler. And we are making progress in the area, and AI is playing an important role in this area, and AI is only as good as the data. We had the best data in terms of volume and in terms of the quality of data, and that's why I'm so excited about helping our customers with this new AI technology,

David K. Young: A world, as you say, Jay, a world with no breaches when you work with Zscaler. We're going to be right back, after we take a short break, with more of my conversation today with Jay Chaudhry.

Welcome back to C-Suite Perspectives. I'm your guest host today, David Young, the president of the Committee for Economic Development, the public policy center of The Conference Board. I'm joined today by Jay Chaudhry, the CEO, chairman, and the founder of Zscaler.

So Jay, welcome back, already having a delightful and insightful conversation. Let's talk a little bit about technological advancement and the rapid pace of innovation, and how it's

impacting some of the organizations and their functions, and how they compete and how they deliver.

How do you ensure that Zscaler keeps up with the rapidly evolving pace of change, specifically in the area of technology? And how is Zscaler helping other businesses adapt to the rapid change and increasing risks that they are facing on a daily basis?

Jay Chaudhry:So David, first of all, we are a technology company. We are born as a technology company, so for us to keep up to speed is relatively easier because our employees actually, when they join Zscaler, they know they're dealing with the online world, they're dealing with the cyber world out there, and we attract more of those people who actually like the technology part of it. It's fairly easy for our employees to stay up to date.

The bigger challenge is the broad, big enterprises out there. Many of them aren't technology companies. How do we really get them up to speed? For example, some of the very technologically advanced solutions we built, how do we get the message out easily to senior management, to a CFO and some of the other leaders? How do we link it to the business problems they're solving? Because a large Fortune 500 company is not interested in technology. They're interested in making their business more agile, more competitive and safer, and technology is a means to get there. So when Zscaler people work with customers, we are showing them what can be done.

I'll give you an example. A very large bank in India, the CIO sent me an email, and this was about a very large congregation that takes place in India every 10, 15 years. We had about 300 million people go through this place in a matter of three weeks. And the email was, "Thank you, Zscaler. We are able to open a mobile bank branch in a day." That's business agility. If we can help business open a warehouse, a new office, in a day so they can be productive safely, securely, that's really the value we drive. We make it easier for customers not to spend a lot of time trying to understand technology, make it really, really, simple, and that's when adoption happens, and that's what we try to do.

David K. Young: Jay, one of the recent evolutions in business is the rise, and this is largely down to COVID and what's come out of the years of the pandemic, it's the rise of hybrid working. What impact is hybrid work having on business in general, and what are some of the opportunities? And also on the other side of that same coin, what are some of the risks that need to be considered in this new world of work?

Jay Chaudhry:Yeah, like anything in life, you know the pros and cons of things. I think hybrid has some positive things out there. Now we are able to hire employees in different parts of the world we couldn't hire before. And technologies like videoconferencing and access to internet with secure communication over Zscaler has made it very possible. These things can be done. That'sgoodness.

What's the downside? We are all social people. We build bonds, we build trust, we learn from each other. So being able to come together to build trust and work as a team,

physical association and meetings play a bigger role. We don't need to come together every day, but from time to time it'sa great thing.

I think the biggest challenge is for some of the new college graduates, who had never been to an office, trying to work from home. They miss out, because we lean forward, or we lean on the side, talk to our friends and say, "How do you do this? What needs to be done??So I think it's important for a newer generation or just starting, being able to build bonds and relationships that are so important in the office. So Zscaler has a hybrid environment. We expect our people to be in the office about three days a week, and then it's a little flexibility. So I think that's the best of both worlds. But bringing people together to build teamwork,it's good to physically meet.

David K. Young:That's a great kind connection, jay, into my next question for you. As you say, we're social people, we build trust, we build bonds. At Zscaler, you have an obsession with customers. And I've looked at this and read about it from Zscaler, and I am so, so in awe of this desire and realization around how important people are, building bonds, building trust.

And so one of the core values at Zscaler is customer obsession. Can you elaborate? I've never heard any other organization describe it this way, but what exactly is customer obsession? And how do you embody that at Zscaler, and how do you drive value to your customers through the emphasis of customer obsession?

Jay Chaudhry:So first of all, we are a mission-critical service. We are like a switchboard. When you need to access any application out there, we are almost like an international airport. We are connecting the right party to right party safely. So the more mission critical you are, the more you want to make sure the service always works. And we have a role to play, customers have a role to play in making sure it's set up right.

And that's why, whether it's a CIO of the company, a chief security officer of the company, they trust us. And we need to make sure we deliver on their trust. And to do that, customer obsession to us means you drop everything to take care of the customer. That's the number one priority for us.

And it starts with me. I have had a couple of situations where they were prescheduled board meetings for Zscaler, and a CIO of a large corporation gave me a meeting which happened to overlap that board meeting. What did I do? I left the board meeting to take a customer call, to talk to the customers and come back to the board meeting. The message I was sending was, customers are even more important than your board meeting. That's why customers love Zscaler.

The biggest proof of that is our Net Promoter Score, which is probably the best way to measure customer happiness. Sits somewhere around 80. An average SaaS company sits between 35 to 40 or so. We are proud of it, but also we have this notion at Zscaler, you're never happy and say, this is good enough. How do we get better? How do we get better? Incremental improvement is one of the key things we drive for. That's something I

personally drive for, too. I think that's what helps us get better every day, and we are so proud of it.

One of the things I get asked from time to time is the following: I'm flying to Europe on a Saturday. I get there on Sunday. Monday through Friday, five days, I have about five or six meetings every day. And I'm back on Saturday, and somebody said, you must be dead tired after that. I said, man, I'm on cloud nine after meeting so many happy customers. When they tell the stories, saywith Zscaler, "We are able to simplify this, we are able to secure this. My users are very happy," that's contagious. That makes us happy and proud, and that's what we are building upon.

David K. Young: Jay, you've spoken a little bit and elaborated just now on customer happiness, and we'll continue the conversation around people, but also your employees, your colleagues, the people that are very committed to Zscaler. You've said that empowering your people is at the core of how you deliver and ensuring enduring quality.

Why do you think a strong company culture and values are so important for business? And what are some of the keys here to nurturing a culture of innovation that can respond rapidly to the fast-changing environment that we're living and working in?

Jay Chaudhry:So first of all, human beings, we all want to feel a sense of accomplishment. We all want to feel good about what we do. We want to feel proud of it. It's many times more important than money. So creating an environment where people can try to figure new things, try to deliver value, and make things happen is a very positive thing. Our success depends upon people who build some of the very, very innovative stuff because they dreamed about it.

If you ask me, our engineering team built this Zscaler platform, zero trust exchange platform, that is scaling and scaling like nothing has scaled, and all that really comes from our engineers innovating, figuring out the new stuff. So giving them freedom and time to do some of the stuff is very important. Once they are happy, the platform is great. Our services work well. Customers become happy. Soit's a cycle of its own. And I have had many customers present to our Zscaler team about what they're excited about Zscaler. It makes us so happy and proud when the customer says, "I'll able to reduce my risk by a large percentage. I was able to increase the user experience significantly, and I reduce my cost by millions of dollars." those are very, good thing for all of us to be proud of. This makes our customer happy, and this makes our employeevery proud and happy. As well.

David K. Young: I am sorry to say that is all the time we have today with Jay Chaudhry, who is the CEO, chairman, and founder of Zscaler. Jay, thank you for one of the most enlightening and insightful conversations I've ever had. It's been a real privilege.

Jay Chaudhry: David, thank you. I very much enjoyed it.

David K. Young: And thanks to all of you for listening to C-Suite Perspectives. I'm David Young, and this series has been brought to you by The Conference Board.

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