

On Tax—Joe Bertucci of Digital Realty

Len Teti: Welcome to On Tax—A Cravath Podcast. I'm Len Teti, a partner in the Tax Department of Cravath, Swaine & Moore, a premier U.S. law firm based in New York City.

On each episode of On Tax, I talk to professionals in the Cravath network about their life and work in the world of tax. We focus on the human side of tax law, highlighting the people, connections and stories that make the space such a fascinating and dynamic area of practice. I hope you enjoy this episode.

Today our guest is Joe Bertucci. Joe is the Senior Vice President and Global Head of Tax at Digital Realty in Dallas. Joe, welcome to the podcast and thanks for joining us.

Joe Bertucci: Thanks for having me on today, Len.

Len: We're glad to have you, Joe. So, Joe, tell us—how far back do we have to go in your life to hear about how you got yourself on a pathway into the world of tax?

Joe: So, probably, we need to go back to college. I don't think we need to go back too much beyond that, as I don't think most little kids dream to be tax accountants or tax lawyers. When I entered college, I wanted to do accounting, didn't really know which area I wanted to specialize in. And really, it was my junior year of college; took my first tax class, seemed to enjoy it.

And then the spring internships are really what came up, and went on a number of interviews for internships. Some were in New Orleans. I went to LSU. There was one opportunity that came up for Houston, which was unique to me and certainly offered me an opportunity to get outside of Baton Rouge for the summer. And it happened to be in tax.

Len: Well, it seems like at least weather-wise, getting out of Baton Rouge for the summer is a good plan. Except if you're going to Houston, it's probably not such a good plan.

Joe: Traded one humidity climate for another. So, I took that opportunity to go there, and that was really what turned me on to tax in that sense. The internship was with a famous company everybody now knows probably for the wrong reasons; it was with Enron.

Unique opportunity right around 2000, kind of at the height of the tech bubble and the height of everything, pre-downfall of Enron, but was well known, well regarded in terms of recruiting and those types of things. So, that's kind of what got me into tax, and that internship started me along the path of the journey of tax.

For a kid from South Louisiana, who had never really left kind of New Orleans/Baton Rouge, going into downtown Houston, to the Enron building, that was an eye-opening experience. A lot of what we did as we joined in early summer was related to kind of federal tax compliance and state tax compliance. I quickly learned I had an aptitude for it in that sense of it just clicked. I wouldn't ever argue I'm the most technical tax person, even to today. But it made sense for me and made sense more than maybe some other parts of accounting. And so, for me, after that experience, I knew I wanted to focus my career at that point in the specialty of tax.

Len: So, did you ever start at Enron after graduation, or was Enron sort of already on its way down?

Joe: Enron was definitely on its way down, but they did honor their commitments to all the interns that they offered at the time. I did end up starting and stayed with Enron for about a year until I was able to find something different in the market.

Len: So, now, I think you're maybe two, two and a half years out of college, you've been at two different jobs, each for about a year. As you start thinking about your next job, how are you thinking about your career?

Joe: The important thing for me was to be able to go to someplace I was going to be able to stick. I didn't like job hopping. I didn't want to be labeled as that. And so, part of it was an opportunity that would allow me some runway, opportunity for growth, but kind of in an environment and a culture and a fit that made the job fun and allowed me to work on some challenging things.

And when I had an opportunity come up with a company, called Grant Prideco at the time, that kind of met. It was all a very, very close-knit company and offered a unique opportunity to learn and grow on the tax side, work on some fun and challenging things with people I really enjoyed being around.

One thing about my tax career is I've done a little bit of everything to where there's not many tasks in the tax function that one of my new team members or a team member will have to say, "Well, you never did that," or "You don't know what you're talking about." And Grant Prideco gave me a lot of that basic foundation. So, I started on the domestic side: federal tax, compliance, provision. Right at that time, there were lots of new rules that were starting to be issued as a result of Enron and the Bush tax cuts that were coming out around that time. So, it was just a number of things that offered me the ability to touch the federal side of the house that gave me a really solid foundation to branch into the international side of things in the future.

Len: It's interesting that you were able to determine then even while you're doing federal domestic work, that you wanted to gravitate towards international. So, we've talked before about how a large part of your career was spent in GE's tax group. Is that the next stop after this one?

Joe: There was one more stop in between Grant Prideco and GE. Grant Prideco was a small group, as I mentioned, and there were already people in the international roles. And there just wasn't the opportunity to expand unless somebody left or otherwise. And so, for me to get the international experience, I needed to go. An opportunity came up at a company called Vetco, which was private equity owned at the time.

Len: Probably worth pausing here to just identify something. You had mentioned that you had learned at your previous job that you were gravitating towards international, that you wanted to work on that stuff. You had also identified at that place that you were unlikely to sort of get the exposure that you really wanted at that point in your career. And so, it sounds like you made a relatively active choice to search out a new position, and you found it.

So, I mean, to me, the lesson there is once you've identified what you are interested in, in your career, you need to go find it. If you can find it in your current position, you can find it in your current organization. But if your current organization doesn't have it, you might as well try and figure out an organization that does.

Joe: I couldn't agree more. Look, nobody's going to manage your career for you. If you're waiting for somebody to sit down and just come pluck you and say, "You're going to be the next great tax person and work on all these fun things," that doesn't happen.

Understanding what you want and then actively seeking it out is great. And I think taking yourself outside your comfort zone—and you'll see that kind of as I went through my career, is never afraid to take a stretch assignment. I think you need to balance the risk/reward, but the biggest growth opportunities in your career are going to come from situations you're not quite ready for and putting yourself in a position and believing in yourself to go be successful and take the risk.

Len: That's really great advice. I really like that, "Nobody is going to manage your career for you." That's true. At the same time you're doing your day job, you need to be managing your career actively. So, finally, we make it to the GE tax group, and I'm definitely curious to hear about how you found your way to GE. But I think I should just note for our listeners, the GE in-house tax function is one of the most preeminent and prominent private company tax functions in the U.S.

It's a well-renowned group of really tip-top professionals. I've never represented GE, so I can say this and in a sort of an unbiased way from a distance, and it's big. It's sort of like its own law firm serving the corporation. I assume that that's a fair characterization from your perspective, Joe, but I'd be really eager to hear about how you thought about this job as you were thinking about taking it, and what your experience was when you went.

Joe: My experience at GE was just that. I mean, it was, at its peak, 1,200 tax professionals in the function globally and covering so many businesses and all aspects of tax. The way I ended up there was really after Vetco said they didn't need the tax group. I went to Deloitte, their international tax group, and ended up working a lot on the GE account.

Len: I see.

Joe: After a little while of working on it, the head of the Oil & Gas tax group at the time, who was a terrific mentor and friend throughout my life, said, "Well, Joe, we need somebody to come kind of be our international tax person in Italy with the Oil & Gas group," which is where it was headquartered.

Joe: And so, at the time, I was not married and had the opportunity to kind of explore international tax for kind of a U.S. multinational in Italy.

Len: Sold.

Joe: And so, packed my bags and off to Florence I went, for what was supposed to be a two-year assignment. So, just a unique opportunity presented to me and a way to join GE, and really takes the international tax side of things to a whole other level of my career, and what we were going to do next.

Len: Wow. So, in your own words from earlier, here's a guy from Southern Louisiana, who worked on a bunch of jobs out of college, and is now waking up in Florence, Italy, working with one of the major multinational conglomerates, GE, doing this work. Now, you said before that it was supposed to be a two-year job, and you said that in a loaded way. So, what's the backstory there?

Joe: It started as a two-year assignment, and you know they said, "Well, we'll see how it goes." And after about 10 or 11 months, it was great. Work was going well. It was going well with my boss, CFO, and other things.

I also met my wife in Florence, who also worked for GE at the time. And we started dating and ended up getting married a few years later. But the two-year assignment, because of how things worked out both professionally in terms of the work we were doing and personally, ended up turning into a five-year assignment while I was there.

And the amount of M&A we were doing, the teams we were building, the opportunities we were creating in terms of the value for GE, in the Oil & Gas business particularly, just kept ever expanding the role and the need for the role to kind of continue to grow and be based there with the tax leader.

And so, five years in Florence—\$14 billion of acquisitions and numerous tax strategies implemented—and built out an entire international team of folks around the globe over that time. Just the rocket explosion for my career. The things I was exposed to, the people I got to work with, how much I got to learn from others was just amazing.

And then on the personal side, I met my wife; I got married; my oldest daughter was born in Florence. And so, just a very, very humbling, unique, wonderful experience that was afforded to me.

Len: Were you married in Italy?

Joe: I was.

Len: All the Louisianians came over.

Joe: They did. We invaded Florence, and we had the wedding reception and everybody's doing the second line through Italy, playing music. It was a whole lot of fun. Took my whole family to the Vatican; that was an event, trying to usher 60 South Louisianians around the Vatican.

Len: Amazing. And you said you went with no Italian, but I gather that over five years at work and meeting your wife and her family that you've picked up some Italian along the way.

Joe: I get by now. I always tell people when I moved, I knew “pizza,” “pasta,” and “spaghetti.” That’s about the three words I knew.

Len: And “Bertucci.”

Joe: And “Bertucci.” I don’t think people realized I was not Italian with the last name. So, I’d be getting all these messages in Italian, and I needed a translator quickly. But no, over five years and countless lessons and probably, being yelled at, I’m sure, by my wife a number of times, I picked up on all the appropriate language skills I needed to be successful.

Len: How did you think about the end of this five-year period? You know, what opportunities were available to you there versus in the U.S., and how did you think about moving back?

Joe: I was very clear on the long-term; like, it’s not going to last forever here in Italy. The opportunities for me are back in the States for what I do in my career, and we had that conversation early on. I think it was really about finding the right opportunity when it was up. So, five years kind of came and went very fast in Italy. But, at that time, they were moving the headquarters for Oil & Gas from Florence to London with the new CEO of the Oil & Gas business, at the time.

And I had done kind of international tax, and we had done it well. And we had exhausted a lot, but to kind of get to the next level in GE, where I wanted to get to, was they wanted me to have kind of division experience. Not just the tax planning or tax structuring side of things but running a platform and that. So, an opportunity came up in Boston, and that was something that I think made a lot of sense. Boston’s one of those cities that is close to Europe. And I think just from a personal perspective, it made a lot of sense, an easy transition for my wife and family—Eastern Seaboard.

And so, we took the opportunity to go move to Boston, and still within Oil & Gas, but lead up one of the divisions that were there. And so, all good things must come to an end. I left Florence, Italy, for Boston, Massachusetts, at the time.

Len: That’s kind of a neat adventure. So, how did that go?

Joe: It went great. GE was also moving its corporate headquarters from Connecticut to Boston. So, in just another unique way, it offered me an opportunity to get in front of and meet and see more of the leadership of the GE tax team than I otherwise would’ve gotten to see without being there. So, look, a lot of times in career, skill will take you so far, but luck matters too in terms of some of those things.

We continued doing M&A, worked with the good division and good business there, and really learned kind of more of the aspects inside of really managing a CFO on a day-to-day basis. What are their expectations? How do they view tax?

And it’s a little different when it’s a division, because tax isn’t always a metric that divisional CFOs care about. But the good ones do, because they get the value. And we had a good one at the time, and really afforded me the opportunity to do some fun things and really grow there.

And then on the personal side, I had never been near snow in my life. So, we had a first big winter snow. I went to the local Home Depot or Lowe’s and bought a little snowblower thing that was electric, because I didn’t know any better. And so, I got home. And after about 10 feet of my 300-foot driveway it seemed like, my neighbor comes over and goes, “Joe, this is what you need to get.” And he’s got this massive machine, and he’s helping me plow the snow. Things you’ll learn, life skills as you go through life in the Northeast.

Len: That’s really funny stuff. So, I want to pause on something you mentioned and that is kind of talking to a CFO, a divisional CFO, about tax, and why they should care about tax, and some care about it better than others.

More generally, how do you think you have developed the skill of talking to non-tax people about tax in a way that gets them to understand—importance might be too strong—but the place that tax has in their organization, and how they can use the tax function in a way that helps them, is productive to them?

Joe: I think in the industry, for those out there, it is the most important skillset to have, period. And there's not even, to me, a close second. We can all do tax technical work, or we should be able to, or we can hire folks to help us in those types of things. But being able to relay a message to non-tax people, complex tax issues with big benefits or big risk in a way that CFOs, CEOs, other members of the leadership team can understand, assess and make a decision on, is critically important. It's the only way to be successful. At least for me in my career, it has been one of my biggest strengths: The ability to sit down with non-tax folks and have them understand what we're trying to achieve in layman's terms and understanding your audience. But when you got to go mess with people or operations or different countries, and you're talking to manufacturing or operational folks about why you need to do something, or what's important, you can't start rattling off your code sections or foreign tax credits, or, "We're going to step up this, and we're going to get some cash tax benefit."

You need to be able to very succinctly put in a one-pager or in three bullets: here's why we're doing it; here's the benefit; and here's what we need from you to be successful. And that's just incredibly important for any level of tax person, but especially as you're reporting to the CFO or leading a tax function.

Len: That's well said. OK, so you're pushing an electric snowblower around Massachusetts, and I know now that you're in Texas, so we have to figure out how you made that both personal and professional jump.

Joe: Yes. So, GE never leaves you alone for a minute in terms of relocation. And so, the journey of Oil & Gas, I guess, was coming to an end for GE in that, at this point, they decided to exit oil and gas; and we were going to form a partnership with what was Baker Hughes, at the time, a publicly traded company.

And so, my current boss at the time had left GE, and we had a new kind of VP of Tax for the Oil & Gas side of the house. But, at that point, that really left me as probably one with the most history of everything we've done on the Oil & Gas side.

And so, when GE decided to exit, we did so in a way that was forming a partnership. We were going to contribute our side of the house, the GE Oil & Gas business, and Baker Hughes's publicly traded company would do their side. But the amount of work and effort to carve out GE Oil & Gas from the broader GE brought me in touch with a number of our corporate tax folks and consultants and everybody else. And that single transaction was probably the most fun I've had on any transaction in my career.

Len: Interesting.

Joe: The size, the depth, the breadth, the people I got to work with, the importance of what I was doing. And maybe for the first real time in my career, it was where I was really the point person on my side. And once we closed that deal, the center of Oil & Gas was now going to Houston.

And they strongly suggested I move to Houston to take a new role within Oil & Gas. They brought in Baker Hughes and started off as oil field services, its own division, and kind of be the tax person for that. And so, I moved to Houston and took that role, and helped with the integration of Baker Hughes into this newly formed Baker Hughes GE company in 2017.

And so, GE was a terrific opportunity for me. My 12 years there, the growth it afforded me from a career perspective, you can't even put into words. And from a personal perspective, it completely changed my life. And I am forever thankful and grateful for the opportunities all the great people at GE gave me and saw and took a chance on kind of a young kid from South Louisiana at the time to take the leap.

Len: You're in Dallas, and you're the head of tax at Flowserve. Tell me about in that role how you've designed building out a team based on, I think, your experiences being a member of a team serving a lot of different teams, a lot of different companies, a lot of different roles, a lot of different physical locations, geographical locations.

Joe: I think the higher up you go, it seems like the less tax work you actually do. But from an org perspective, I stepped into what was a well-built team. I was fortunate to walk into a lot of highly experienced, highly professional, just genuinely very good people at Flowserve, which isn't always the case when you take over somewhere new. What we did need to have, though, was just a change of how the tax team operated, of how the external part of the finance team or the operations team viewed the tax function.

And so, part of when I stepped into the role at Flowserve was resetting expectations of how we're going to operate, what's expected of us, how we're going to serve the business, and we're going to be able to do some of the things you haven't been able to historically do.

But another piece of it was really creating an organization that allowed for career growth, succession planning. And I think, over time, you have to have an organization that allows for junior members of the team to kind of accelerate and grow. Your more senior members of the team to take on new opportunities, whether that's inside your own company or out.

I believe part of our job and responsibility is to make sure the next generation of leaders are ready for their next roles, period. My job is to make sure my number two is ready to take my job, and if I can't offer that opportunity here and she gets it or he gets it somewhere else, I'll be the first one to congratulate them.

Len: And then, Joe, the most recent development in your career is that, in the last few months, you had the opportunity to take this new position as the Senior Vice President and Global Head of Tax at Digital Realty in the same town, in Dallas, as Flowserve. Tell me a little bit about how that came about and how the first couple of months have been.

Joe: It really was an opportunity that came out of the blue. Digital Realty is a publicly traded REIT, so a very different industry and different space than historically what I've been involved in. But the more I heard about the opportunity and what they were looking for in their new head of tax, the role became more and more appealing. I think the opportunity to take on a different challenge in a different area of tax, and in a very different industry was appealing and offered something, for me at this stage of my career, a little different.

Len: I see. Well, that sounds really exciting. Congrats on that, and good luck as the new role develops.

In the few minutes we have left, we like to talk to all of our guests about what they like to do outside of tax. So, what do you like to do in your spare time at home?

Joe: When I get the opportunity, I love to golf. My older two girls are now into it, so I get to play with them, and that's a lot of fun. Being from Louisiana, going to LSU, I am a diehard unapologetic LSU fan.

Len: OK, go Tigers.

Joe: Go Tigers, absolutely, any and all things LSU are fun for me to experience and do with the family or friends and things of that nature. And then really just time with the family. Our opportunities to do things and spend a lot of family-focused time is important to my balance in life and what makes me happy.

We also love to travel. We do get around. We traveled a lot around my time before kids in Europe, with my wife. And since then, we've taken them a number of places and really enjoyed getting to see a little bit more of the world and showing a little bit more of the world to our kids.

Len: That's great. We've been joined today by Joe Bertucci, the Senior Vice President and Global Head of Tax at Digital Realty in Dallas. Joe, it's been great to have you on the podcast. Thanks so much for joining us.

Joe: It's been a pleasure, Len. Thank you.

Len: That's all for this episode of On Tax—A Cravath Podcast. You can find us online at [cravath.com/podcast](https://www.cravath.com/podcast), and don't forget to subscribe on Apple Podcasts, Google Podcasts or Spotify.

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