

Generative AI: How to divert attention to what matters

MDRx's CEO, Tom Grogan, reflects on AI's advances in business operations and the best approach for its adoption.

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Artificial Intelligence (AI) is no longer a sci-fi concept. Today, the success of companies such as OpenAI has opened up its exciting potential and made it a top priority for businesses to seize a competitive advantage.

The real benefit comes when business leaders look beyond the hype and meaningfully consider the AI strategies best suited to their organisation. As has been the case for time immemorial, executives can be tempted to divert time and money into flashy transformation projects that promise and fail to capture lightning in a bottle. The AI revolution is no different. This is when a high-performing executive team needs to take a strategic lead and consider the realistic opportunities for a well-considered AI strategy to impact their organisation's brand, top-line or bottom-line performance.

Brand considerations when implementing AI

The impact of AI on your brand depends on your company's offering and sector. For instance, cheap and cheerful AI-driven chat support for order inquiries or returns requests makes sense for an online-only retail business targeting speed-focused consumers, in a way that it might not for a high-end luxury retailer with a more experience-focussed consumer.

Customer experience is critical, though no two customer bases are the

same and any transformation project must have regard to the particular red-lines, pain-points and fault tolerances of its organisation. Top fashion brands like Burberry, Tommy Hilfiger, Sephora, Victoria's Secret, and Estée Lauder all use virtual concierges to recreate the high-touch, personalised boutique experience that their customers come to expect and associate with an in-person shopping experience with the brand. This is in contrast with higher volume, lower margin so-called "fast fashion" retailers who optimise their customer experience for convenience and ease of purchase in all things. Other retailers, such as Stitch Fix and True Fit, advertise their use of analytics and online fit engines as part of their core identity, underpinning their ability to deliver tailored clothing recommendations.

AI inevitably impacts employees' lives too. While companies like BT announce job losses owing to the impact of AI, I am fundamentally bullish on the innate creativity, intellect and adaptability of the human species. In time, I have no doubt that AI will be an additive influence on the workforce, creating better job fulfilment and productivity. There will, no doubt, be difficult times along the way, and as responsible employers it is our job to think of and care about the impact our technology choices have on our brands, our people, and our role in society.

How AI is transforming the balance sheet

AI is also revolutionising different sectors' ability to generate revenue in several ways. For example, almost half of the financial service providers in the banking sector say AI can boost their annual revenues.

Seizing on the capabilities unlocked by the more powerful generative version of AI, it was recently reported that Amazon has launched a dedicated team to work with AI tools to create advertising campaigns. This would allow Amazon to create AI generated photos and videos to support their merchants to boost their sales, in adverts that could reach

their customers on their website, or potentially across their wider businesses. So, in the near future, the adverts you see while watching Amazon Prime, listening to Amazon Music or even visiting an Amazon Fresh grocery store could be entirely AI generated.

We are also seeing, behind the scenes and grabbing fewer headlines, the impact of AI on the manufacturing process. Increasingly we are advising clients using generative AI products to accelerate the creative process, data analytics to assess and understand structural weak points in physical goods, and sophisticated metrics to measure the success of a new product launch. Each of these have an impact on bottom-line performance, by eliminating waste, reducing time-to-market, and empowering an Agile and iterative approach.

Considerations and communication

To harness AI's full potential, business leaders must think of it as more than just a productivity booster or smart intern. Before embarking in any direction, they must address potential adverse impacts on the business, as well as consider the technical abilities of their team and digital leaders in bringing their colleagues along with them.

Recklessly executing AI without proper testing or integration can lead to a host of issues. We talk about compliance by design underpinning all good innovation, and this extends to reputational, ethical and commercial compliance as well as the letter of the law and regulation. Getting this wrong is immeasurably more expensive, and slow, than spending the time and effort to do it right from Day 1.

Boards also need to think about how prepared and equipped they are to harness and benefit from these new technologies. This doesn't necessarily mean hiring a small army of data scientists, but does mean investing in data literacy within stakeholder groups at all levels,

understanding the fundamental (often non-technical) principles of good software engineering, and the risks and opportunities afforded by complex business change.

The ability of executive teams to effectively communicate the strategy and purpose behind any project is key, and the quality of execution and attention paid to mitigate risks will usually be as impactful on the success or failure of a project as the idea itself.

The pace of AI innovation continues

Conversations around the need to establish proper use and regulation of generative AI are welcomed and much needed. However, this technology is out of the bag and here to stay. ChatGPT's astonishing rapid acquisition of 100 million monthly users is a testament to the excitement it has generated globally.

The argument that we should “stop” or “regulate more” because of the present risks is a seductive but, I would argue, fruitless position. Rather, and when advising private sector organisations today, I would advocate for a grown-up, risk-based approach that treats AI like a powerful tool that should be respected and understood. Risk is always present - it's how we understand it, mitigate it and manage it that sets world-class organisations apart from their competitors.

Tom Grogan is CEO of MDRx.