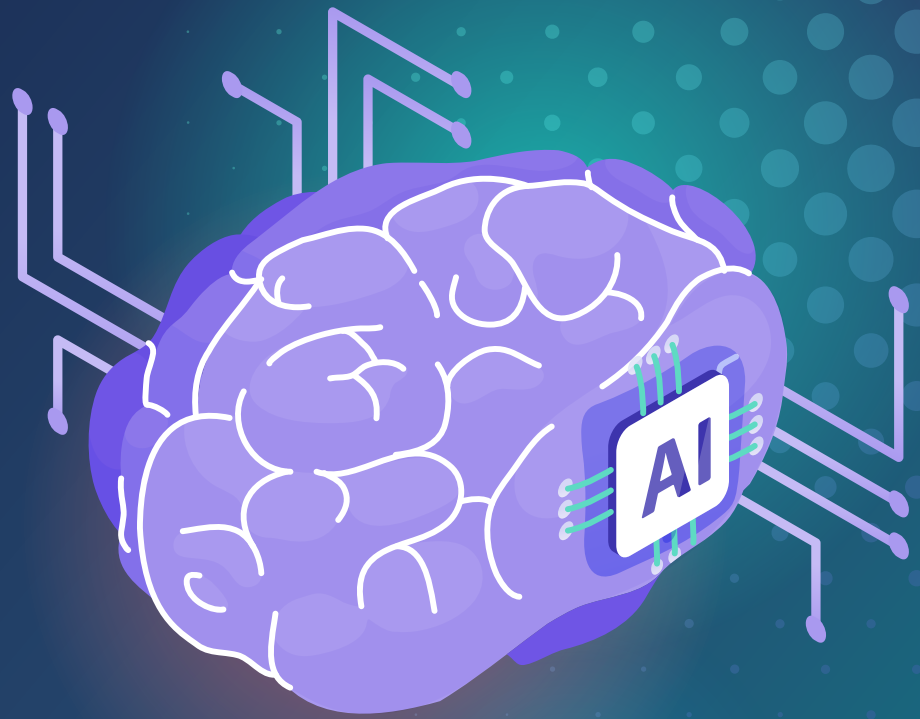
OrbusSoftware

AI as a Source of Competitive Advantage for Your Organization



Contents

3 Executive summary

4 How can AI be used for competitive advantage?

5 Leveraging AI to enhance customer value

6 Reaping the benefits of AI: The need for data

7 Reaping the benefits of AI: The need for talent

8 Strategies to bridge the talent gap

9 Reaping the benefits of AI: Adoption

10 The risks of AI

11 Conclusion: The risks of ignoring AI

Executive summary

The journey of technological acceptance has always been a blend of skepticism and wonder. Consider the barcode; initially doubted for its success and then feared to automate workers out of their jobs. Today, more than 10,000 UPC barcodes are scanned every second. Such is the potential trajectory of AI in the business realm.

The Wright Brothers first took flight in 1903 and less than 70 years later humans walked on the moon. We are currently witnessing a similar phenomenon with AI, a technology advancing at great speed, presenting businesses with an unprecedented opportunity for growth and transformation.

However, with great power comes great responsibility. Innovation can be as destructive as it is constructive. In the context of AI, this translates to an urgent need for astute governance and careful considerations in its deployment.

AI is not just another tool in the arsenal; it's the catalyst for a new era of business. It's a chance to pioneer in uncharted territories, but guiding this force responsibly is what will define its success.

Gareth Burton
CEO, Orbus Software

How Can AI be Used for Competitive Advantage?

AI can significantly impact business value by providing new and disruptive opportunities that increase revenue, reduce costs, improve productivity, manage risk, and improve your organization's sustainability outlook. As such, it can be a competitive advantage and differentiator if used effectively.

The Board Brief on Generative AI from Gartner® outlines some of the key revenue, cost, productivity, and risk opportunities for enterprises today:

Revenue:

- Product development
- New revenue channels: For example, by identifying new markets and customer bases for expansion.

Cost and productivity:

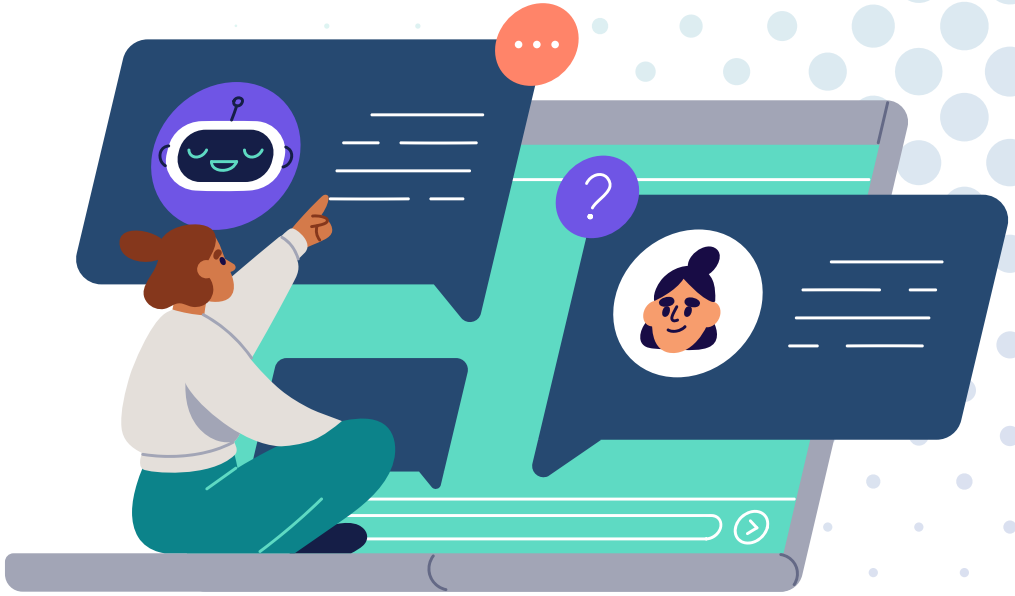
- Long-term talent optimization: Employees will be distinguished by their ability to work in partnership with AI.
- Process improvement: Gen AI can derive contextualized value from vast stores of content, such as documents and transcripts.

Risk and ESG:

- Risk mitigation: Gen AI can analyze vast amounts of data, improving data visibility and pattern recognition, and identifying potential risks more quickly.
- Regulation compliance: Gen AI can help enterprises comply with sustainability regulations, mitigate the risk of stranded assets, and embed sustainability into decision-making and product design and processes.
- Talent acquisition: With an improved approach to sustainability thanks to AI, organizations can attract more passionate individuals that may hold their positions for longer. A survey by IBM found that individuals are more likely to apply for jobs and accept positions at environmentally sustainable companies. These individuals are also willing to accept a lower salary for an organization that is proactive in its sustainability and social responsibility.

Leveraging AI to Enhance Customer Value

Incorporating AI into business operations significantly enhances customer experiences, a critical factor in today's competitive landscape. Here's how AI can be pivotal in adding value to customers:



- **Personalization:** According to a survey by Epsilon, 80% of consumers are more likely to make a purchase with brands that offer personalized experiences. AI enables this hyper-personalization by analyzing customer data and tailoring recommendations, services, and content accordingly.
- **Efficient customer service:** AI-powered chatbots and virtual assistants can be used to provide quick responses to simple customer inquiries, improving response times and customer satisfaction rates. However, this should be considered carefully, as some reports have highlighted customer disappointment when interacting with chatbots.
- **Enhanced accessibility:** As highlighted in a Forbes article by Zendesk, there are many AI-based tools such as voice recognition and language translation services which make products and services more accessible to a diverse range of customers.

By focusing on these customer-centric AI applications, businesses can significantly enhance the value they offer to their customers. Happy customers, in turn, fuel this cycle of value by becoming loyal brand advocates, ensuring continued business success in an increasingly AI-integrated world.

Reaping the Benefits of AI: The Need for Data

Only 8% of people use generative AI for work, according to a 2023 Deloitte Digital Consumer Trends Survey. This low figure highlights the discrepancy between the opportunity of AI and leaders' ability to act on it. So, how do you implement AI successfully throughout your organization to ensure you reap the benefits?

AI is only as good as the data used and the teams leveraging it. Without the right data and people, your AI initiatives will struggle to get off the ground, never mind provide a competitive advantage for your organization.

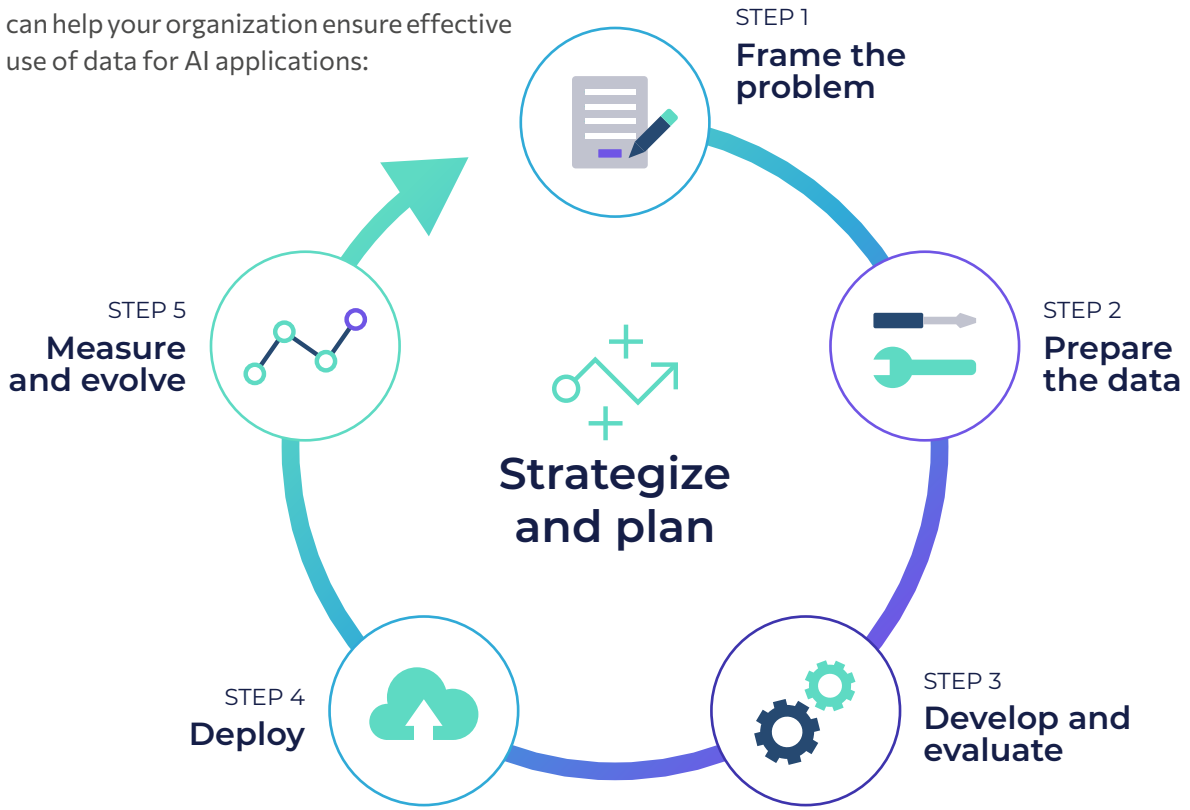
The right data

Data and analytics leaders often don't consider all the necessary tasks involved in building data pipelines and the difficulties in sourcing the right data.

Building data pipelines is a resource-intensive task which requires a strong focus on various activities:

- Data integration and optimized data structures
- Data quality and security
- Governance

The below framework provided in the AI for the Board — Presentation Materials from Gartner® can help your organization ensure effective use of data for AI applications:



Reaping the Benefits of AI: The Need for Talent

To get the most from your AI strategies, it is also essential that you have the right people involved. The landscape of AI strategies requires a blend of specialized roles, including (but not limited to):

- Product managers
- Business/domain experts
- Data engineers
- AI engineers
- AI architects
- Data scientists

Each of these roles plays a crucial part in translating AI capabilities into strategic business value, according to the AI for the Board — Presentation Materials from Gartner®. But AI will be useful and used by those without specific expertise in the area. Enterprises must take a holistic approach to AI adoption across the organization to ensure optimal productivity, encouraging those in perhaps less technological roles to use the tools at their disposal.

The scarcity of AI talent

However, acquiring such talent is a challenge. A 2021 policy paper by the UK government titled '*Quantifying the UK Data Skills Gap*' estimated that the supply of data scientists from UK universities was unlikely to exceed 10,000 per year, yet there were potentially at least 178,000 data specialist roles to be filled.

Strategies to Bridge the Talent Gap

Identify essential skills

Begin by delineating the specific skills and expertise needed for your AI initiatives. This includes not only technical abilities but also the capacity to integrate AI into business processes.

Upskill current team members

Before looking externally, consider the potential within your current workforce. Upskilling existing employees can be a more cost-effective and loyalty-enhancing strategy. This involves assessing the current skill sets of your employees and determining who could be trained to fulfill these emerging roles.

Develop upskilling programs

Implement comprehensive training programs focusing on AI and data science competencies. Partnerships with educational institutions or online learning platforms can be a part of this initiative.

Attract external talent

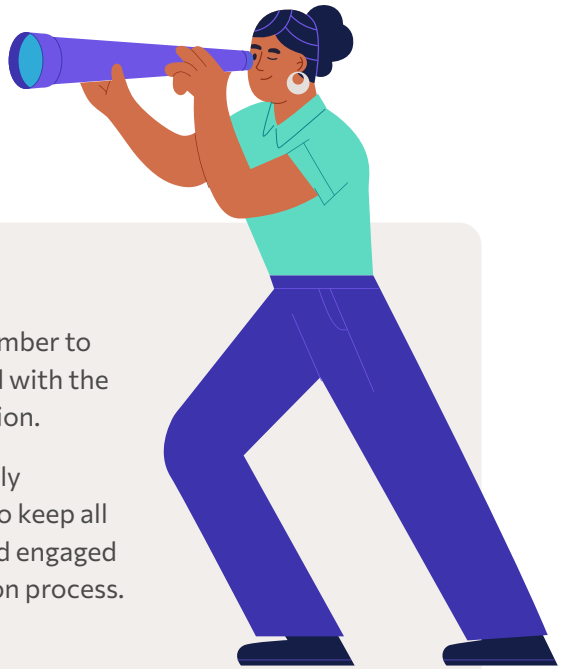
Despite best efforts in upskilling, some roles may require hiring externally. This necessitates offering competitive benefits and creating an attractive work environment that appeals to the scarce AI talent pool. Highlighting opportunities for growth and involvement in cutting-edge projects can make your organization stand out.

AI and the aging workforce

Another dimension to consider is the aging workforce. According to McKinsey, up to 375 million people may need to change jobs or learn new skills by 2030 due to AI and automation. This presents businesses with an invaluable opportunity to invest in employee development to not only bridge the talent gap but also to enhance the adaptability and longevity of their workforce.

Reaping the Benefits of AI: Adoption

To maximize the benefits of AI in a corporate setting, effective adoption and integration are paramount. This involves not just the implementation of technology but also fostering an organizational culture that embraces AI-driven changes.



Embracing continuous transformation for AI success

Capability-based planning

- Identify the core capabilities that drive your business value. Understanding these will help to align AI initiatives with your strategic goals.
- Where applicable, focus on solving real customer pain points, including using AI to better understand customer needs and behaviors, and tailor services accordingly.
- Develop a clear roadmap that outlines how AI will enhance or transform these capabilities over time.

Vision and leadership

- Crucial for every team member to understand and be aligned with the shared vision for AI adoption.
- Leadership must effectively communicate this vision to keep all stakeholders informed and engaged throughout the AI adoption process.

Scalable AI deployment

- Begin with pilot projects to demonstrate value, then scale up based on learnings.
- Employ an agile methodology, allowing for flexible adaptation as new insights emerge.

Culture of learning and adaptability

- Promote a continuous learning culture to keep teams equipped for new AI-related challenges and technologies.
- Encourage an environment where learning new AI tools and techniques is part of the job.

The Risks of AI

As with anything, there are risks associated with the use of AI in an organization. Gartner® outlines these risks in its Board Brief on Generative AI:

Security and privacy: Enterprises must prepare for malicious actors' use of Gen AI systems for cyberattacks and fraud.

Intellectual property (IP) and copyright: Enterprises should put controls in place to avoid inadvertently exposing enterprise IP or choose to invest in cloud-based approaches where the data is not retained and can be encrypted and remain under enterprise control.

Accuracy: Gen AI systems consistently produce inaccurate and fabricated answers. Outputs generated should be assessed for accuracy and appropriateness before being accepted.

Bias: Enterprises must have policies or controls in place to detect biased outputs and deal with them in a manner consistent with company policy and any relevant legal requirements.

Compliance: Gen AI models are unpredictable and not explainable. For boards whose auditors and regulators require attestations regarding the data used by the enterprise, this will limit enterprise use or create risks.

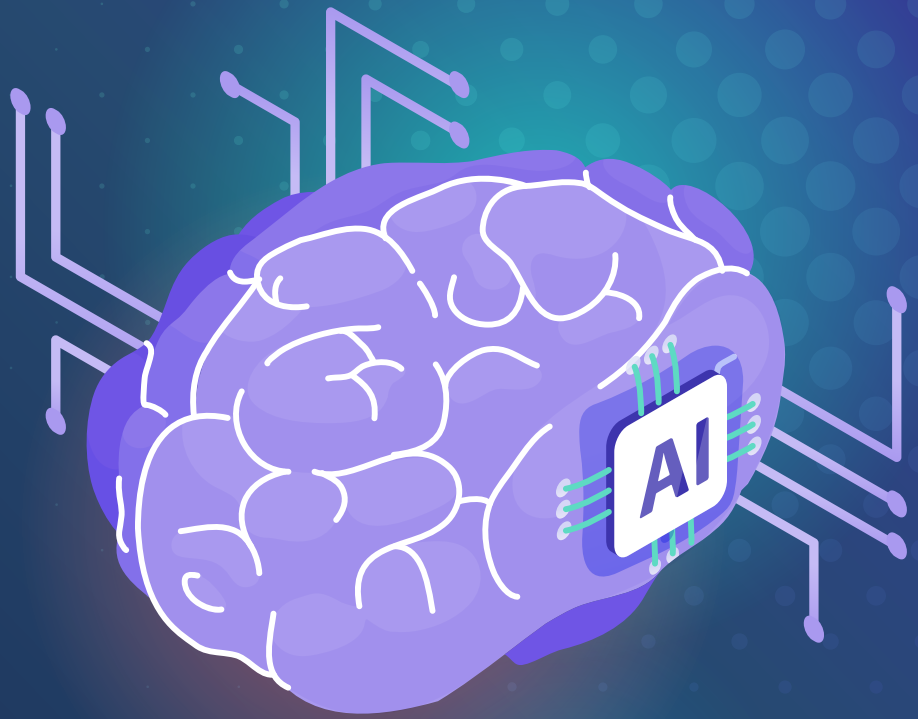
Sustainability: Gen AI uses significant amounts of electricity. Enterprises that invest in it should choose vendors that reduce power consumption and leverage high-quality renewable energy to mitigate the impact on sustainability goals.

Conclusion: The Risks of Ignoring AI

Overlooking the integration of AI can have significant repercussions for any organization. The risks of ignoring AI are manifold and can place a business at a considerable disadvantage:

- **Competitive setback:** By not leveraging AI, companies risk falling behind competitors that do.
- **Persistent inefficiencies:** Without the analytical capabilities of AI, hidden inefficiencies and costs often remain undiscovered and unaddressed, leading to operational drag.
- **Unchecked systemic bias:** Failing to use AI in understanding and mitigating systemic biases can result in perpetuating existing prejudices within organizational processes.
- **Talent acquisition and retention:** An AI-averse stance might deter top talent, as professionals seek dynamic workplaces that embrace technological advancements.
- **Incomplete digital transformation:** AI is a cornerstone of digital transformation. Without it, organizations might not fully realize the potential of their digital strategies.

In conclusion, while it's crucial to be mindful of the risks associated with AI, such as security concerns and inherent biases, the risks of not embracing AI are significant. Balancing caution with the proactive and measured adoption of AI is key to ensuring sustainable growth and competitive edge in an increasingly AI-driven world.



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