Setting a vision for impact in your AI and tech transformation

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Agenda

1 **Introduction**

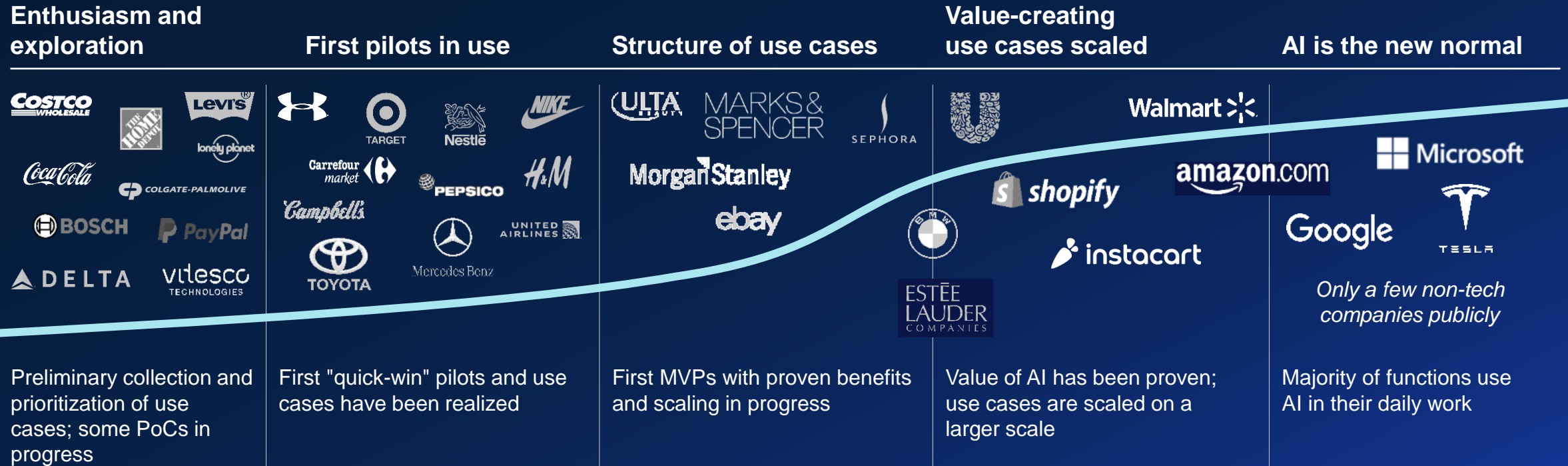**2** **How to define strategy to enable scaling impact**

# While most companies are still in the exploration phase, the first pioneers are already capturing value from gen AI adoption

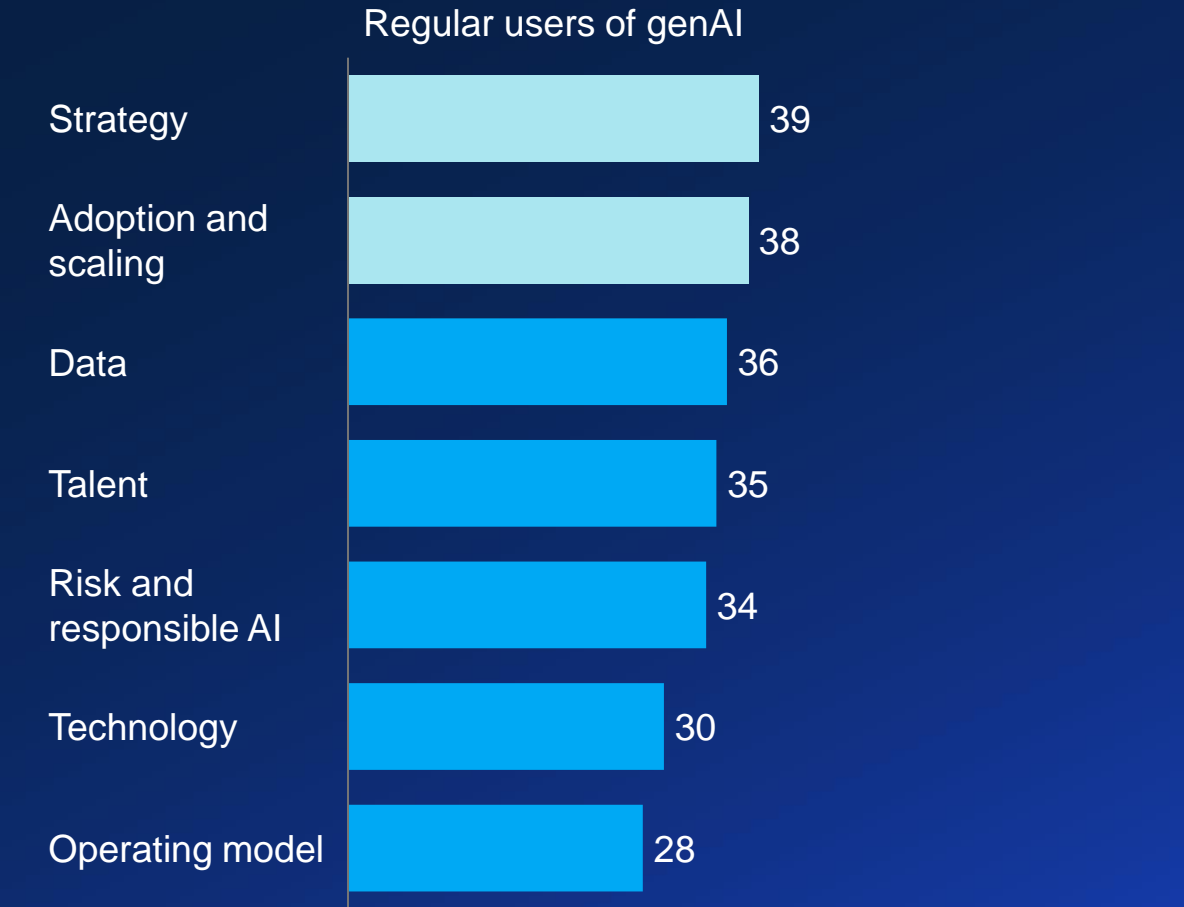| Enthusiasm and exploration	First pilots in use	Structure of use cases	Value-creating use cases scaled	AI is the new normal
Preliminary collection and prioritization of use cases; some PoCs in progress	First "quick-win" pilots and use cases have been realized	First MVPs with proven benefits and scaling in progress	Value of AI has been proven; use cases are scaled on a larger scale	Majority of functions use AI in their daily work

Only a few non-tech companies publicly

In our experience, **~80% of managers plan** to position **themselves as** "fast followers", even though speed is the key to success with AI.

77% of "regular user" organisations consider strategy and adoption & scaling as the main challenges in capturing value from gen AI
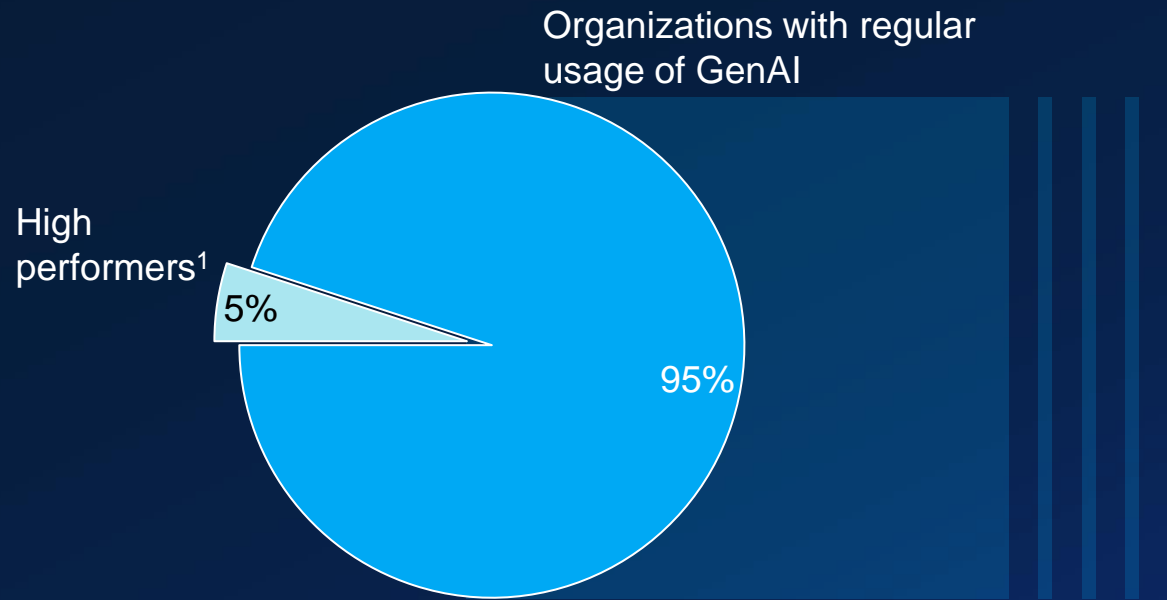
Elements that have posed challenges in capturing value from generative AI (gen AI), % of respondents

Organizations with regular usage of GenAI

Regular users of genAI

High performers[1]

5%

95%

Strategy	39
Adoption and scaling	38
Data	36
Talent	35
Risk and responsible AI	34
Technology	30
Operating model	28

1. Respondents who said that at least 11% of their organizations' EBIT in 2023 was attributable to their use of generative AI

Recent learnings from implementing generative AI with our clients (and ourselves)

Business

- **Start with bold business opportunities and strategy setting**
  Set a bold aspiration for the business and work backward to potential gen AI applications

- **Speed is a strategy as companies "learn how to learn"**
  Improve your learning quotient, evolve with the industry, and avoid one-way doors

Organization

- **Be ready to redesign process, and manage change**
  Process redesign and change management is key to adoption. Every $1 in tech requires another $5 in change

- **Play offense on the typical challenges to capturing value**
  Partner with HR, finance, legal, and risk to change the resourcing strategy and productivity expectations of the organization

Technology

- **The partnership landscape is complex and shifting**
  Understand that the ecosystem continues to expand with leadership shifting

- **It is both the "what" and the "how"**
  Architect a gen AI stack that is robust, cost efficient, and scalable for years to come

Most companies don't successfully transform...

88%

Attempt a DnAI transformation

24%

Successfully do not stall during their DnAI transformation

...the ones that succeed focus on six areas

1 Aspiration, prioritization, and value roadmap

Is the senior team aligned on the roadmap, and does the resourcing match the aspiration?
Are you clear on how you will create competitive advantage?

2 Talent

Do you have a skills roadmap as detailed as your technology roadmap?

Do you own the critical Digital talents?

3 Agile operating model

Are you able to repeatably launch product-centric Agile teams that deliver on pace to full scaled value?

4 Technology & tooling

Does your technology and tooling environment enable your product teams to move at Agile pace?

5 Data management

How are you using data to increase competitive advantage, with what level of reuse, and how confident are you that you are keeping it secure?

6 Adoption and scaling

Are you investing at least as much in conviction and capabilities to act as you are in technology?

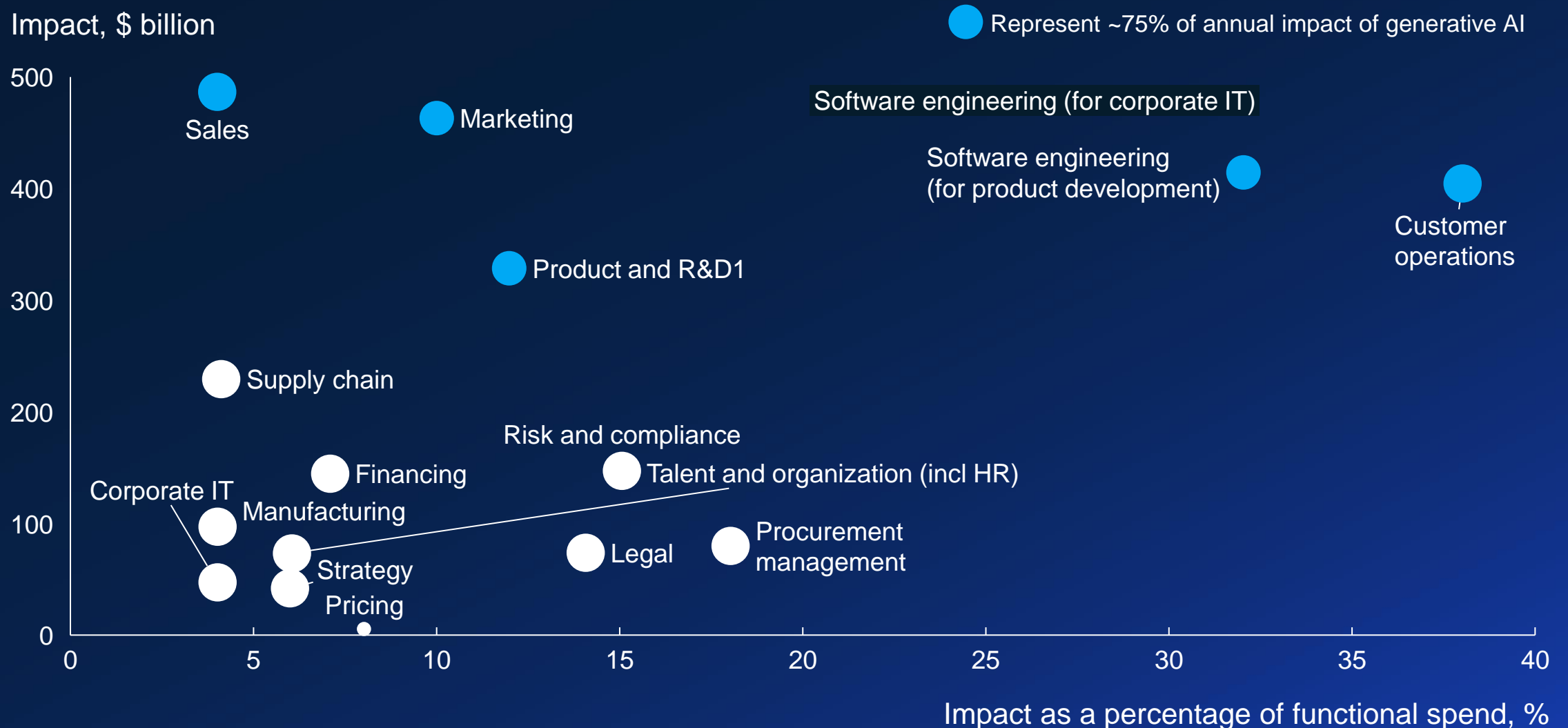Which business leaders are accountable for adoption?

Agenda

1 Introduction

2 How to define strategy to enable scaling impact

Strategy | Using generative AI in just a few functions can drive significant impact across the organization

Impact, $ billion

● Represent ~75% of annual impact of generative AI

Scatter plot showing Impact ($ billion) on the y-axis (0 to 500) versus Impact as a percentage of functional spend, % on the x-axis (0 to 40).

Data points (blue, ~75% impact):
- Sales (~4%, ~485)
- Marketing (~10%, ~460)
- Software engineering (for product development) (~32%, ~415)
- Software engineering (for corporate IT)
- Customer operations (~38%, ~405)
- Product and R&D1 (~12%, ~330)

Data points (white):
- Supply chain (~4%, ~225)
- Risk and compliance / Financing (~7%, ~145)
- Talent and organization (incl HR) (~15%, ~145)
- Corporate IT (~4%, ~100)
- Manufacturing (~6%, ~75)
- Procurement management (~18%, ~80)
- Legal (~14%, ~70)
- Strategy (~4%, ~45)
- Pricing (~6%, ~40)

Impact as a percentage of functional spend, %
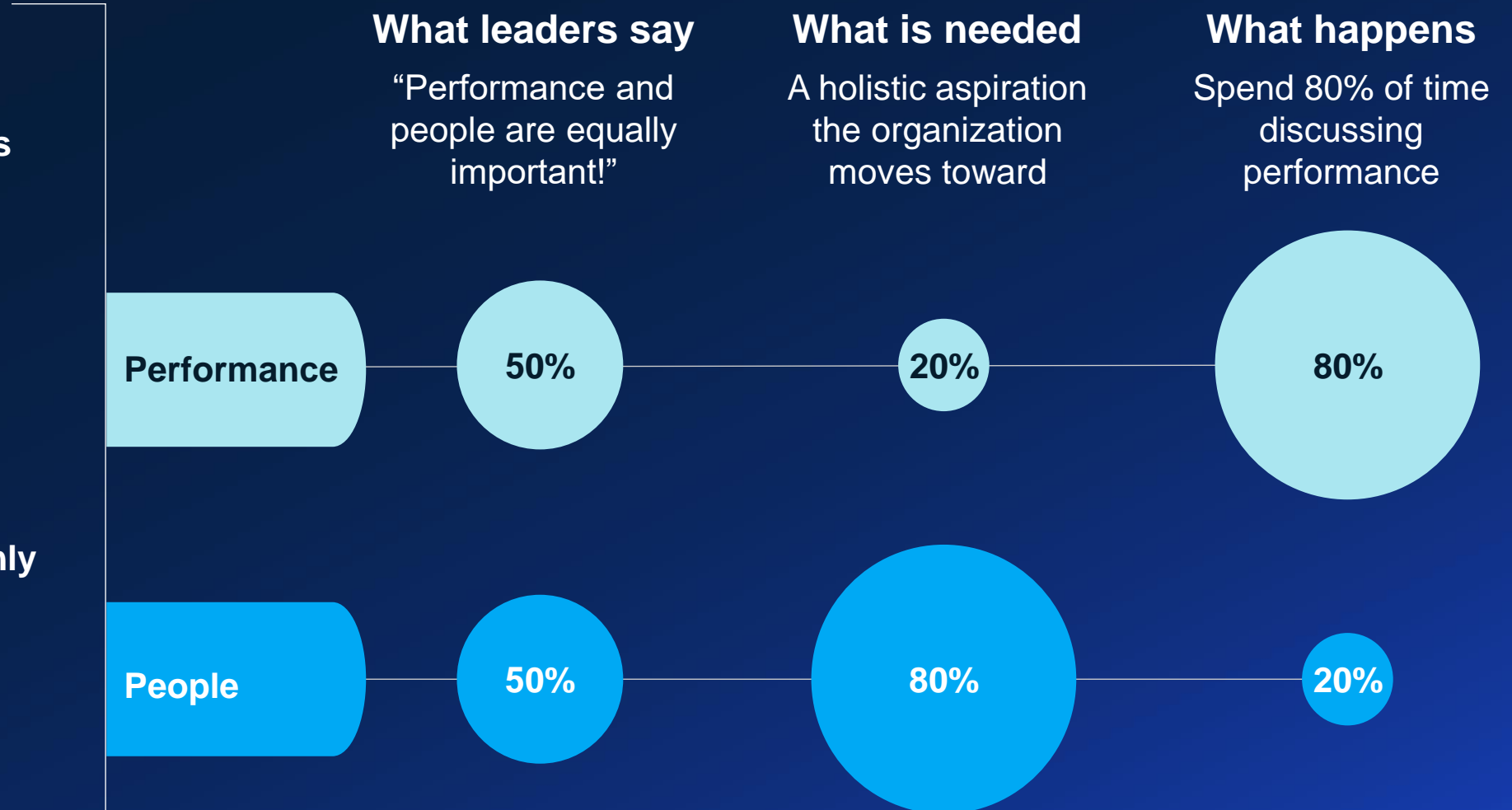
1. Excluding software engineering
Note: Impact is averaged.

Talent | The transformation journey requires a dual focus on performance and people

Organizations that focus on both performance + people were

1.6X

more likely to outperform on ROIC

than those that focus only on performance[1]

	What leaders say	**What is needed**	**What happens**
	"Performance and people are equally important!"	A holistic aspiration the organization moves toward	Spend 80% of time discussing performance
Performance	50%	20%	80%
People	50%	80%	20%

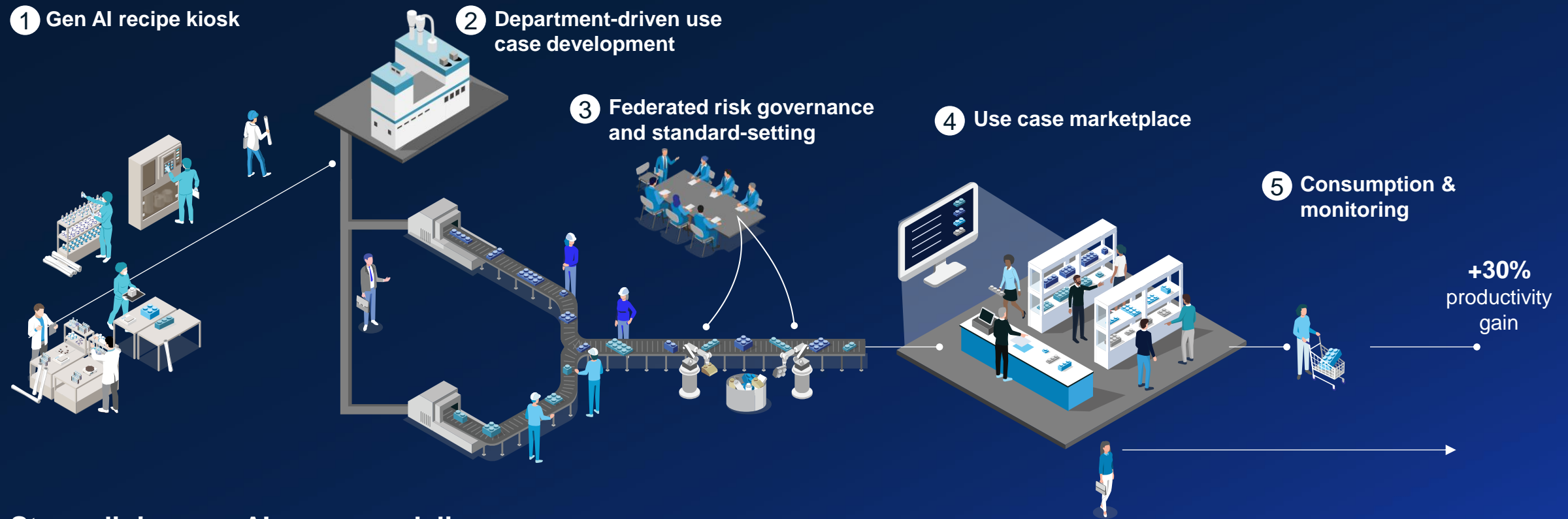1.   Performance through People, 2023

Talent | Organizations will require reinforced capabilities, roles, and skillsets to drive execution and sustain impact

Roles and skillsets needed for transformation – acquired through upskilling, hiring, or outsourcing

Analytical Skills

- Mathematics & algorithms, Data Mining, Statistics, Machine Learning, Physics

- Software developers, testers and devOps engineers

- Introduce new technology and upgrade skills

Data Scientist

Analytics Engineer

Analytics Translator

Solution Owner(s)

UX designer Solution Architect,

IT Engineers, DevOps engineers

Maintenance engineer, Operator

- Upskill to latest technology to enable use cases

- Improve and expand use of technology to more use cases within business/technical site

Technology Skills

Business and functional Skills

Operating model | The Gen AI Factory is a key enabler to centrally design, development and effectively scale gen AI use cases

1 Gen AI recipe kiosk

2 Department-driven use case development

3 Federated risk governance and standard-setting

4 Use case marketplace

5 Consumption & monitoring

+30% productivity gain

Streamlining gen AI use case delivery

Kiosk provides reusable assets to accelerate gen AI use case development from tech blueprints to business case guidelines

Cross-functional product teams within departments closely collaborate to deliver gen AI products

Federated governance team within D/P/M departments enforces guardrails & standards to mitigate risks

Products have documentation and can be accessed via a central catalog; upskilling & community building initiatives are established

Defined business KPIs are being closely monitored for impact analysis; continuous tech app monitoring & maintenance

Note: D: Development, P: Procurement, M: Manufacturing

Technology |
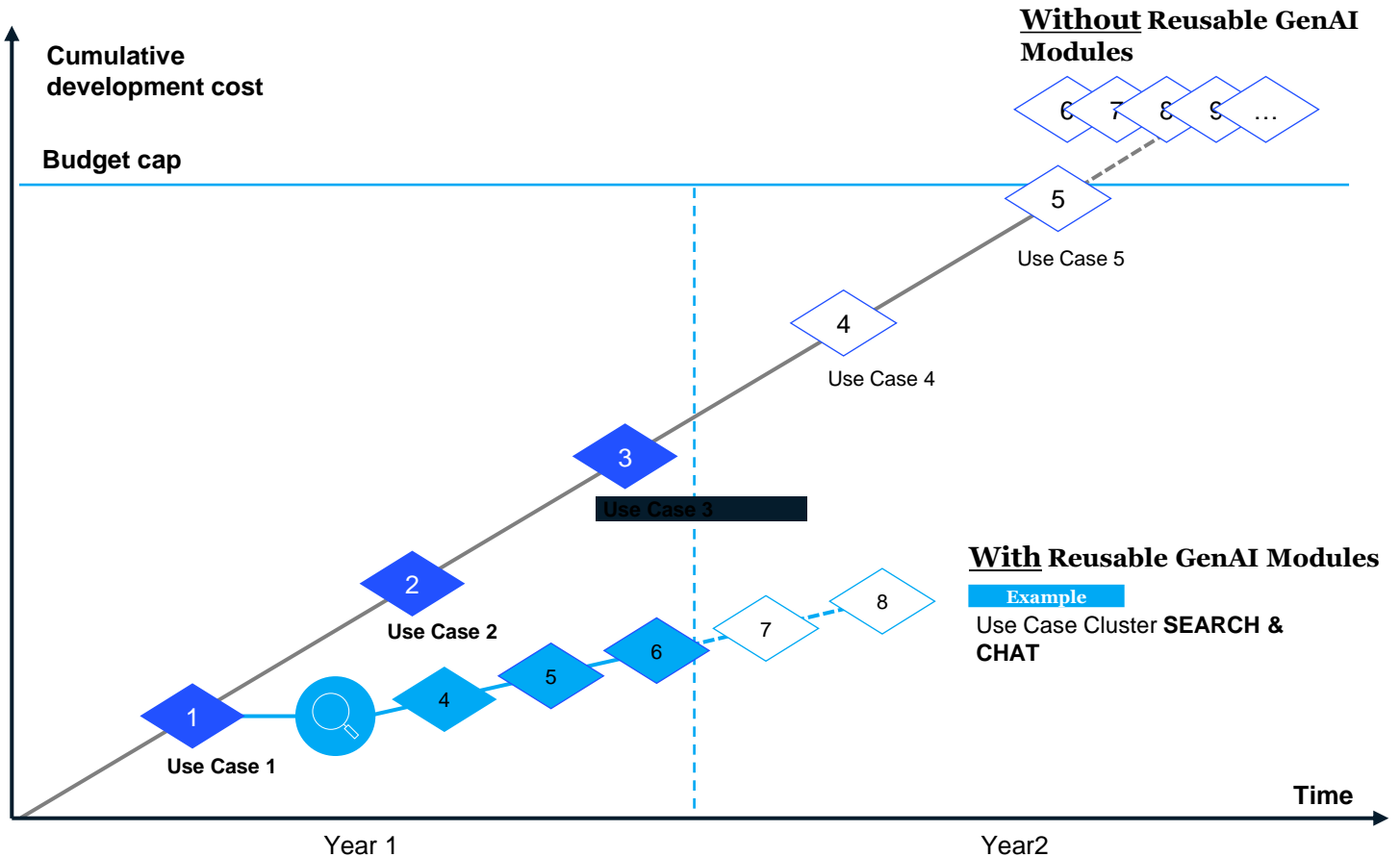## Tech includes reusable modules…

Reusable GenAI Modules

- SEARCH & CHAT
- CODE GENERATION
- TEXT/ DOCUMENT GENERATION
- TEXT/ DOCUMENT COMPARISON
- DATA ANALYSES & AGGREGATION
- NATURAL CONVER- SATION
- PICUTRE GENERATION
- VIDEO GENERATION
- VISUAL SEARCH

● Example for illustration of concept

…to scale GenAI more economically by fostering synergies

ILLUSTRATIVE

◆◇ **Use Case** (implementation within budget & time possible / not possible)

Scaling GenAI: from "use case centric" to "module centric"

Cumulative development cost

Budget cap

Without Reusable GenAI Modules

6 7 8 9 …

5 Use Case 5

4 Use Case 4

3

Use Case 3

2 Use Case 2

1 Use Case 1

4 5 6 7 8

With Reusable GenAI Modules

Example

Use Case Cluster **SEARCH & CHAT**

Time

Year 1   Year2

Adoption | Change Management is a core lever to accelerate GenAI adoption

Role modeling
"… I see my leaders, colleagues and staff behaving differently"

Understanding conviction
"… I know what is expected of me – I agree with it and it is meaningful"

Capabilities required for change
"… I have the skills and opportunities to behave in the new way"

Formal mechanisms
"… barriers are re-moved and I am being rewarded for making the changes I am being asked to make"

"I will change my mindset and behavior if…"