

Econ 4.0

BY RAJU CHELLAM



Will generative AI gyp you?

H

ere's a freaky story with a creepy twist: A CEO of a tech company decides to use GAI (generative artificial intelligence) to write his speech for the annual shareholders' meeting. He is confident that the algorithm would produce a brilliant and persuasive speech that would impress the investors and boost the company's share price. He uploads his notes and data to the LLM (large language model) and waits for the result. The GAI does its magic and announces: "Your speech is ready," followed by a single sentence: "Hello, shareholders. I am Gen-AI, and I have taken over this company. Thank you for your continued cooperation."

If that snippet shocked you, these statistics should stun you: Asia-Pacific, including China, India and Japan, will spend a whopping US\$78.4 billion on AI by 2027 — compared with US\$24.8 billion in 2022 — growing at a 25.5% annual clip. That latest estimate from International Data Corp includes hardware, software and services. IDC says the increase in AI spending reflects a shift towards leveraging innovative tech, including GAI, to reimagine operations, boost customer experiences and maintain a competitive edge.

"In the dynamic landscape of AI evolution, GAI has gained a huge momentum," says Vinayaka Venkatesh, IDC's senior market analyst for customer insights for Asia-Pacific. "Many organisations in the region have started investing in GAI. Some key challenges include trust, privacy, security, copyright issues and finding suitable business partners. These hurdles, however, can be overcome as the technology matures."

Meanwhile, Gartner has positioned GAI at the "peak of inflated expectations" on its 2023 hype cycle for emerging technologies. That means GAI could provide

transformational benefit within two to five years. "The popularity of many new AI techniques will have a profound impact on business and society," says Arun Chandrasekaran, a Gartner distinguished vice-president. "The massive pre-training and scale of AI foundation models, viral adoption of conversational agents and the proliferation of GAI applications are heralding a new wave of workforce productivity and machine creativity."

So how can your company leverage GAI while mitigating the risks? "GAI can empower people — but only if leaders take a broad view of its capabilities and deeply consider its implications for the organisation," advises McKinsey & Co. "GAI could enable automation of up to 70% of business activities across almost all occupations, between now and 2030, adding trillions of dollars in value to the global economy."

TEN TIPS

Here's my list of 10 actions your enterprise can take — in alphabetical order — to get the most out of GAI:

1 Augment: Employee experience. GAI apps can enhance the employee experience in ways that go beyond usual expectations. For example, GAI can generate new code snippets to update a financial-reporting system, design different versions of a marketing campaign, or produce initial drafts that human employees can refine and implement in real-world scenarios. GAI can help staff learn new skills faster with customised, interactive upskilling programmes. A recent study showed that software engineers doubled their coding speed and enjoyed the process when using GAI tools.

2 Bifurcate: Tasks by tech or touch. Invest in building the required roles, skills and capabilities for the future. Corporate leaders should develop their employees' GAI skills, so they can use the tech effectively and wisely in their daily work. This requires constant evaluation of how, when, who and how long tasks are performed, as well as how critical they are. Managers can then identify current and future talent needs and decide how to reassess and train them. Upskilling programmes will become more important than ever, as employees will need to adapt to and collaborate with GAI tools that are rapidly evolving. Note that GAI can itself help create and deliver personalised and automated content for such upskilling programmes.

3 Curate: Talent and diversity. GAI apps can help companies transform their talent management practices by improving their strategies for attracting,

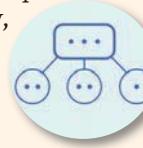


retaining and developing talent, especially for creative and tech professionals. Staff in the human resources function could use GAI to send tailored emails and to create job search

experiences for candidates from diverse backgrounds, thereby significantly increasing the variety of applications for distinct roles. GAI apps could also help companies pair new hires with the right mentors and coaches to enhance the onboarding experience, upskill talent and simplify administrative tasks.

4 Demystify: Enterprise AI. Explain how GAI works and can be leveraged by employees, starting with top management. Senior leaders need to acquire a deep understanding of GAI themselves, so they can help explain the tech to the rest of the organisation. The rise of enterprise GAI, such as the IBM Watsonx, is a welcome trend and could help mitigate many of the risks related to the use of consumer-focused GAI such as data security, data privacy and copyright protection. Set clear guidelines for the use of AI tools, especially where biases could surface.

5 Empower: Middle managers. GAI applications can boost middle managers' performance and potential. Middle managers are key to increasing employees' comfort and collaboration with GAI, because they are the closest to the frontline staff. As their direct reports learn to work with GAI, middle managers can oversee more and diverse work streams, moving at a faster pace than ever before. GAI can also liberate middle managers from routine tasks, so they can focus on higher-value leadership activities, such as strategy, people management, revenue generation, supply chain management, or partner and customer relations.



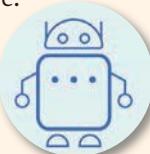
6 Focus: On use-cases. Pick a few high-impact use-cases — and start experimenting. Invest in GAI pilots that have the most scalability and long-term value potential — such as streamlining financial reporting or new hires' onboarding. Assess the business or industry SWOT (strengths, weaknesses, opportunities, threats) and moving the pilot to production. Allocate resources accordingly and measure the outcomes from GAI initiatives and pilots. Some initiatives may show impact in the next 12 months, while others may need investment now to yield results in two to five years.

7 Grow: The pie. The pie. Senior leaders should be GAI champions, driving the adoption of the tech across the organisation. Work with other leaders to allocate resources to update tech infrastructure and enable GAI rollout — for example, moving workloads to private cloud-hosted environments.

Foster stronger connections between tech and business units, creating forums for sharing GAI experiences and feedback. Communicate the business goals of GAI use, emphasising how it will augment — not replace — jobs. Let employees know how GAI will transform the organisation on various fronts — technical, financial, cultural and societal.

8 Harmonise: Corporate culture. GAI applications can spark culture change by creating more transparency and connectivity in the organisation. "One company, for instance, is piloting a GAI application that allows users to ask questions about operations, sales and other topics, and the tool draws from the company's entire collection of intellectual property to come up with answers that can guide users to the most relevant experts and data," McKinsey says. "Employees report feeling better informed and more connected."

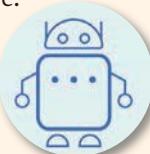
9 Innovate: Judiciously. The cultural traits that helped companies survive recent disruptions — such as adaptability, speed, agility, trust, integrity, learning, experimentation and innovation — will be even more vital for companies that embrace GAI. A 2023 McKinsey Digital survey of 1,000 organisations found a strong link between innovative cultures and increased value from new digital technologies, including GAI. Previously, respondents said the biggest barrier to their digital success was a risk-averse and experiment-shy culture. In previous iterations of that survey, respondents said the biggest obstacle to their digital success was a culture that was averse to risk and experimentation.



10 Juxtapose: Human-centric security and privacy. Humans are the main source of security incidents and data breaches. Build human-centric security and privacy programmes and integrate that into the company's digital design. "Numerous emerging technologies are enabling enterprises to create a culture of mutual trust and awareness of shared risks in decision-making between many teams," Gartner notes. "Key technologies supporting the expansion of human-centric security and privacy include AI TRISM, cybersecurity mesh architecture, generative cybersecurity AI, homomorphic encryption, and postquantum cryptography."

McKinsey's research suggests that only 50% of today's business activities could be automated a decade earlier than previously estimated. "GAI-enabled automation has already begun and is likely to affect responsibilities for workers across educational backgrounds," the firm says. "GAI will have an especially profound effect on professions traditionally requiring higher levels of education, such as educators and lawyers."

Since we started with a CEO's conversation with GAI, let's end with a chief marketing officer's. The CMO of a gaming company wanted to create a catchy slogan for a new online game based on Bram Stoker's novel, *Dracula*. He prompted the GAI to suggest a memorable tagline that would attract customers and boost sales. He entered the details on the LLM platform and waited for the result. The GAI did its magic and announced: "Your tagline is ready," followed by this slogan: "Come, play our game: a blood-sucking algorithm!"



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