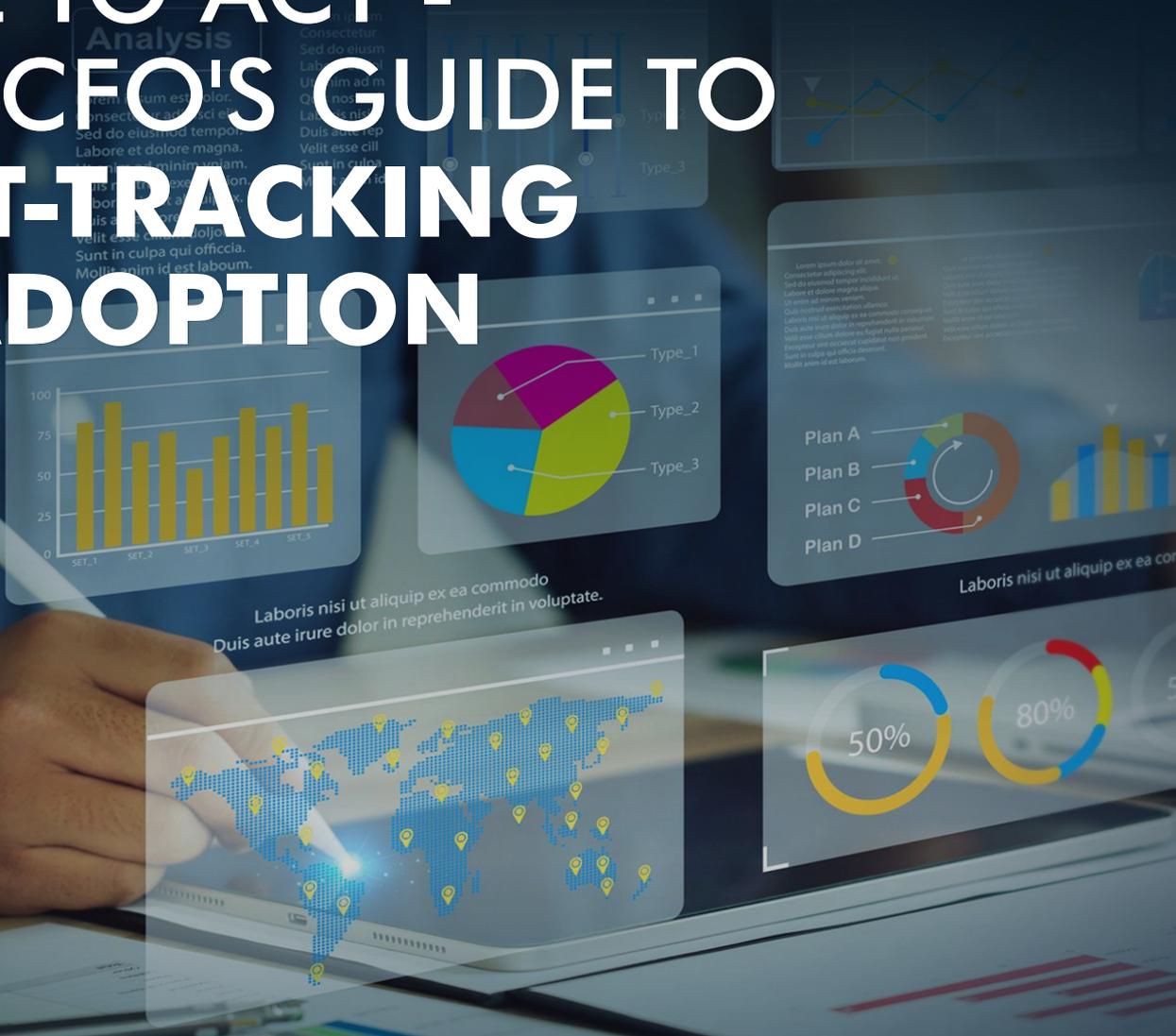


TIME TO ACT - THE CFO'S GUIDE TO FAST-TRACKING AI ADOPTION

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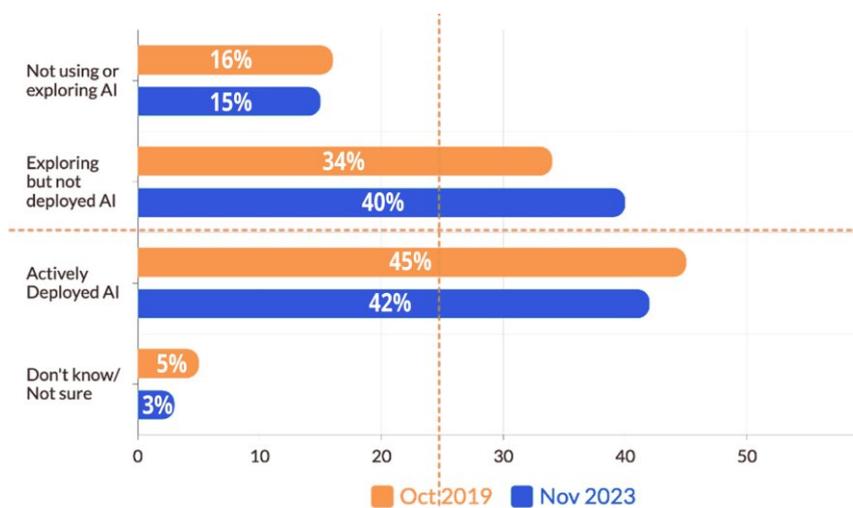
INTRODUCTION

Fellow CFOs - raise your hands if you hear this all the time from your Board, CEO or investors **“Nothing is a greater priority than investing in AI...”**

The recent IBM Global AI Adoption Index 2023 shows that about 42% of enterprise-scale companies surveyed (> 1,000 employees) have actively deployed AI in their business. An additional 40% are currently exploring or experimenting with AI but have not deployed their models.

AI adoption at enterprises

IBM global ai adoption index 2023



With studies by McKinsey and others showing AI's potential to revenue gains within the 10-15% range and/or cost savings within the 20-30% range, it's no wonder AI is the buzzword.

Benefits from AI

Potential Cost Saves

▼30%



Potential Revenue Gains

▼15%



Source: Market estimates

But AI is not about the latest algorithm or flashiest model. It is about building for the future and therefore requires a solid and sustainable foundation of investment. AI is a powerful tool that can be used to improve efficiency, productivity, and decision-making. CFOs need to be aware of the potential of AI, how it can be used to benefit their organisations and the ethical challenges and risks that need to be addressed while adopting AI. Success in AI requires a long-term financial commitment to people, education, resources, and platforms.

This article is not to showcase the latest algorithms, the flashiest models, but to talk about the often-overlooked, yet crucial elements of any successful AI journey which every CFO who is enthusiastic about AI should focus on:

A. Get the foundational technology infrastructure right

Often overlooked, establishing the right foundational infrastructure is the cornerstone of any successful AI strategy. Think of it this way: imagine building the most powerful AI model in the world, only to have it run on a rusty old PC. Not exactly a recipe for success, right? Infrastructure is the engine that powers your AI ambitions, not just hardware and software, but a carefully tuned system optimised for performance and adaptability. The right infrastructure fuels success. It empowers your team to build, deploy, and manage AI effectively, driving real results.

Building the most powerful AI infrastructure from scratch is neither necessary nor advisable, considering the capital-intensive nature of such endeavours and the breakneck speed at which technology evolves. What's cutting-edge today might be obsolete tomorrow.

Here are three mantras in building AI infrastructure - start smart, scale efficiently, and embrace flexibility.



So, how do we navigate this complex landscape? By keeping the following factors in mind:

- **Industry Alignment:** Does the infrastructure support the use cases prevalent in your sector? Imagine building a race car when you need a sturdy truck.
- **Economical Scaling:** Can it grow alongside your needs without breaking the bank? Remember, scalability shouldn't just be technical, but financially sound.
- **Deployment and Support:** Will you have the guidance and resources to get up and running, and stay running? A powerful engine abandoned on the roadside is useless.

By focusing on these building blocks, you'll create an AI infrastructure that isn't just powerful, but adaptable, future-proof, and a true springboard for success.

B. Approach procurement strategically

Procurement of infrastructures can be daunting because of jargon-filled pitches and technical specs. Engaging with multiple vendors can foster a competitive and informative process. Remember, they want your business, and you deserve clarity and options. To guide your procurement efforts effectively, consider focusing on several essential components of foundational infrastructure:

Sr	Foundational Infrastructure	Purpose	Examples of vendors
1	Cloud Computing Resources	Essential for hosting AI applications and data storage	AWS, Azure, Google
2	Data storage and management platforms	Effective handling of large amounts of data to be used in AI models	Snowflake, Amazon S3
3	ML Ops Platforms	Streamlining the machine learning lifecycle by aiding in model development, deployment, and monitoring.	MLflow and Kubeflow
4	Data Processing frameworks	Prepare and clean your data for optimal AI model training.	Apache Spark, Hadoop
5	Machine learning Frameworks	Build and train your AI models using powerful algorithms and libraries.	TensorFlow, PyTorch, scikit-learn

With careful consideration and informed decision-making, businesses can leverage these foundational elements to drive innovation and achieve their AI goals effectively.

C. Embrace data as an asset

Harnessing the power of data as a strategic asset is paramount in unleashing the full potential of AI. High-quality data plays a huge role in training and deploying effective AI models. Think of it like this: Imagine a sophisticated chef not equipped with the finest ingredients - their talent remains dormant. This is the parallel with AI.

There are three steps in the data journey - discovery, collection and utilisation.



But the first step, data discovery, is the most crucial, and also the most challenging. Imagine a vast library, packed with knowledge, but without a catalogue. Finding the right book becomes an impossible task. The reality for many organizations is that they drown in data, yet starve for insights. They possess untold power, yet remain blind to its potential.

This is where we must shift our mindset. **Data discovery is not a technical exercise, but a strategic imperative.** It requires us to identify, catalog, and classify every piece of data, understanding its sensitivity and its potential impact. Think of it as an archaeological dig, unearthing hidden treasures that were always there, waiting to be found. And this excavation doesn't have to be daunting. To embark on the data discovery journey, organisations can employ several key approaches:

Sr	Data Sources	Approach
1	Internal data discovery	<ul style="list-style-type: none">• Workshops & interviews: Conduct workshops and interviews with key stakeholders across departments to identify data usage and potential sources. Create feedback loops to identify missing data sources and improve data accessibility.• Technical scans: Implement automated scans of systems and databases to discover undocumented data sources• Regular Data Audits: Conduct periodic audits to identify new data sources, assess data quality, and update data inventories.• Employee Training: Train employees, especially data analysts and business users, on data discovery techniques and the importance of data sharing.

contd...

2	External data exploration	<ul style="list-style-type: none">• Third-party data providers: Explore partnerships with external vendors offering relevant financial and market data sets.• Open data sources: Investigate government agencies and public institutions for valuable financial and economic data.
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Remember, data discovery is not a one-time event, but an ongoing journey. As our data ecosystem evolves, so too must our efforts to uncover its hidden potential.

D. Forge your own super heroes:

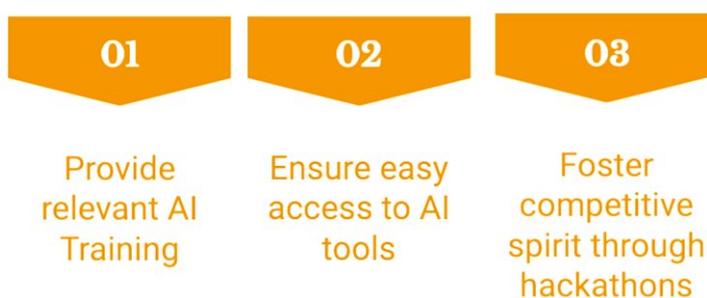
Relying solely on mass recruitment of top-tier AI talent for your AI strategy is a recipe for disaster. Seasoned AI professionals are as rare as unicorns that speak. Recruitment becomes an uphill battle, and throwing money at it only attracts mediocrity, not mastery. That's why I advocate for a people-first approach.

When humans collaborate with their digital counterparts, extraordinary breakthroughs happen. **The real innovation in AI can come from those who deeply understand the processes AI seeks to disrupt.** Everyday practitioners often hold profound insights into streamlining or even revolutionising processes, yet they may lack awareness of the latest AI technologies. They're eager to embrace AI but feel lost in the maze of options. As leaders, it's our responsibility to provide our teams with an opportunity to become AI ninjas.

Comprehensive AI training programs for all staff are essential, ranging from accessible self-help tutorials to immersive classroom sessions tailored to specific functions. Investing in 'return to school' initiatives or AI certification programs for high-potential employees can further enhance the organization's AI capabilities.

Make AI tools easily accessible. Widely available tools like Language Model Models (LLMs) will boost adoption rates and usage across the organization.

Lastly, fostering a competitive spirit through hackathons, both internally and across the industry, can ignite enthusiasm among staff to learn and spearhead AI initiatives.



Remember, AI isn't about replacing people, it's about empowering them.

E. Learn from the entrepreneurs:

Today, startups are leading the charge in AI - they're tackling problems we haven't even dreamt of yet, and revolutionizing the way we work in ways we can only imagine. Every established company wants to be nimble and disruptive like a startup but very often the lack the innovative ideas and talent required to see it through.

Strategic alliances with startups present an avenue to propel experimental and specialized AI initiatives forward. These collaborations may involve piloting new AI applications internally or engaging in sand-boxed experimentation for mutual advancement. Think of it like this: partnering with a startup is like piloting a brand new AI application. It's experimental, it's niche, and it pushes the boundaries of what's possible. We get valuable insights, measurable results, and a real-world testing ground for these bright ideas.

But the benefits go far beyond immediate projects. By showcasing our commitment to cutting-edge innovation through these partnerships, we become a magnet for top talent – the data scientists, machine learning experts, and AI developers who are the lifeblood of this revolution.

Concerns about intellectual property can be mitigated through robust legal contracts, limited data access, and confidentiality agreements.

And for those who truly want to dive deep, consider strategic capital investments. Imagine the possibilities: deeper collaboration, shared ownership of future breakthroughs, and the chance to be at the absolute cutting edge of AI innovation..

“ Strategic alliances with startups present an avenue to propel experimental and specialized AI initiatives forward ”



Some industry examples of strategic alliances are:

- **Goldman Sachs & Kensho:** Enhanced data analytics and ML for better client service and streamlined processes.
- **JPMorgan Chase & Databricks:** Boosted risk management, fraud detection, and customer insights through big data expertise.

WHERE TO NEXT?

- **Morgan Stanley & Feedzai:** Leveraged AI algorithms for real-time fraud detection and client asset protection.
- **Bank of America & Ayasdi:** Automated complex tasks and improved regulatory compliance with AI-powered solutions.
- **Citigroup & Kabbage:** Expanded services for SMEs with faster loan processing, accurate credit risk assessment, and tailored financing.

Call to action

The age of AI is upon us, and the role of the CFO has never been more crucial. While delving into the technical intricacies of prompt engineering or LLM development might not be within the purview of CFOs, we are nonetheless tasked with steering our organizations through the dynamic terrain of AI-driven evolution. Embark on the AI journey today! Begin by laying a solid foundation with the right infrastructure and data strategy. Invest in your people by providing comprehensive AI training and empowering them to become "AI ninjas." Explore strategic partnerships with startups to stay ahead of the curve. Stay informed about the evolving role of AI in business, in your industry and on your career path. **Let's make judicious investments, craft strategic blueprints, and with the right mindset and determination emerge as CFOs who authentically propel the AI revolution forward!**

As a CFO, navigating AI isn't a sprint—it's a marathon packed with challenges and triumphs. From crafting effective AI strategies to measuring success with the right KPIs and understanding the costs involved, there's a lot to unpack. In the upcoming articles, we'll dive deeper into these crucial topics, providing practical insights and guidance. So, stay tuned for an exciting exploration ahead!



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The views expressed here are her own and do not necessarily reflect the views of GXS Bank or its staff.