

Does **Artificial Intelligence** belong in your **digital transformation** strategy?

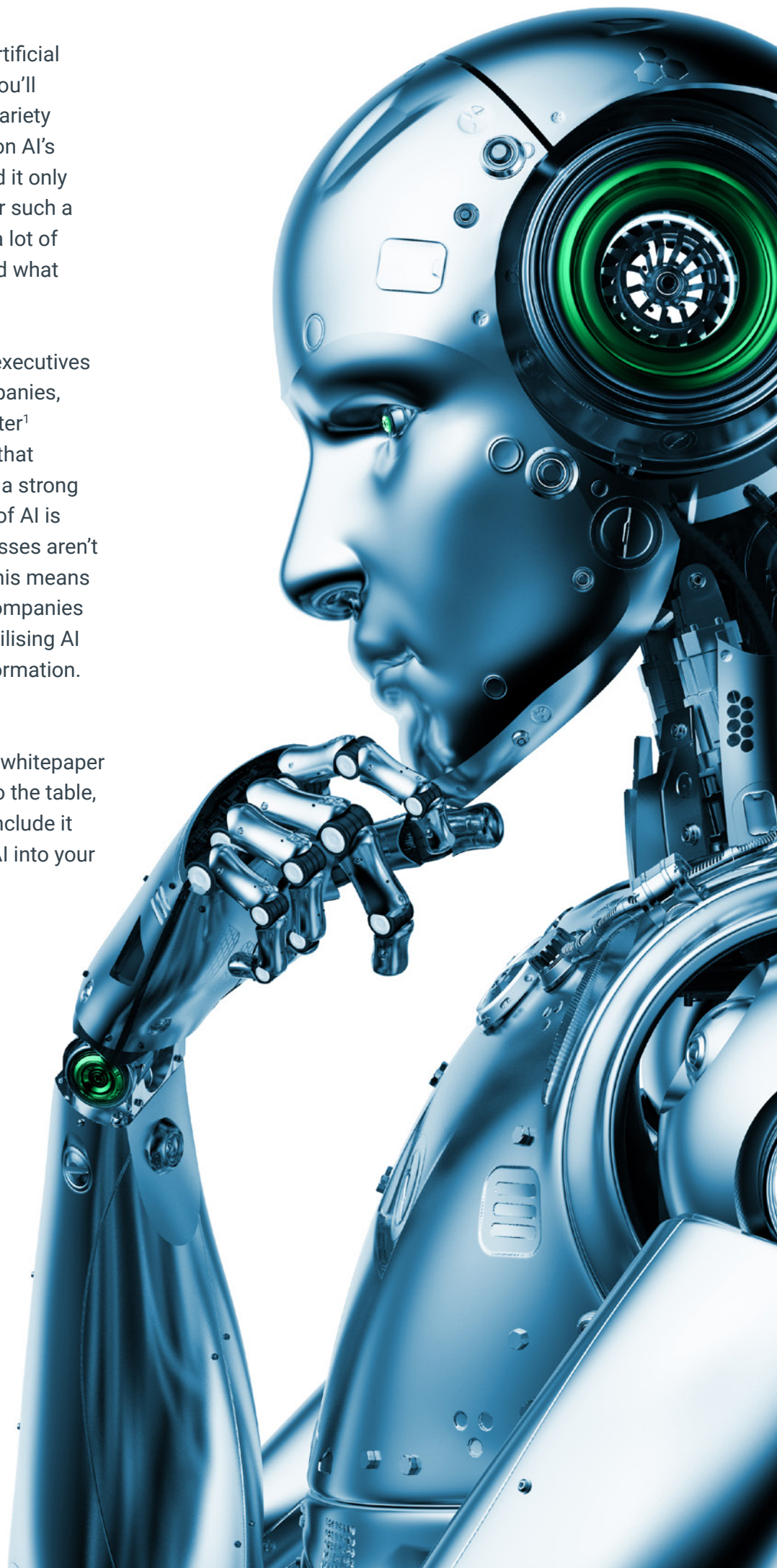


Ask anyone to define Artificial Intelligence (AI) and you'll receive a staggering variety of answers. Add into the question AI's use in digital transformation and it only becomes more complicated. For such a widely used buzzword, there is a lot of misunderstanding around AI and what it can do.

This might be why only 17% of executives are investing in AI for their companies, according to research by Forrester¹, despite 75% of them believing that emerging technology is vital for a strong digital transformation. The rise of AI is everywhere you look, yet businesses aren't fully engaging in the process. This means there's still an opportunity for companies to gain a competitive edge by utilising AI effectively in their digital transformation.

Does AI belong in your digital transformation strategy? In this whitepaper we'll discuss what it can bring to the table, whether every strategy should include it and the best ways to integrate AI into your digital transformation.

¹<https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/the-executives-ai-playbook?page=industries/>





What is AI?

Forget AI taking over the world, or computers that out think their human counterparts. The current state of AI isn't nearly as intelligent as the name suggests.

However, as a tool, the processes behind AI have much to offer us in the digital age. AI is an evolving and adaptable system that works by employing a variety of the following processes:

Achieving true digital transformation can be complicated but, armed with the right knowledge, it doesn't have to be. By following these steps, you can simplify your transformation and achieve productive change.

➤ **Machine learning** - Progressive learning and improvement of a computer system by processing data using a base of algorithms and statistical models.

➤ **Artificial Neural Networks (ANN)** - Interconnected units that relay and process information between them based on how neurons within a human brain operate. The structure grows and adapts with the information that flows through it.

➤ **Deep learning** - A subset of machine learning that uses large and hierarchical neural networks to learn from Big Data in a nonlinear approach.

➤ **Computer vision** - Pattern recognition and deep learning are used together to allow a computer system to identify what's in an image or video, which in turn can let them interpret their surroundings.

➤ **Natural Language Processing (NLP)** - Analysing, understanding, and generating human language.

➤ **Cognitive computing** - Computer systems that are designed to simulate human thought processes and interact naturally with users.

AI doesn't necessarily use all of the above processes within one system, and some are more heavily relied upon than others depending on the AI's specialisation. However, these processes are common traits of AI.

What AI can bring to a digital transformation strategy

The potential total annual value of AI is \$9.5 - 15.4 trillion across all industries, according to research by McKinsey Analytics². AI can help you improve your customer relationships, create more seamless interactions, automate tasks, and build better marketing campaigns.

Here are some examples of how organisations from different industries might apply AI within their digital transformation strategy.



> In a call centre, AI could use real-time voice-recognition to redirect distressed customers to experienced staff.

> Companies could improve lead generation by using AI for social-media listening, allowing them to more accurately target the demographics who are interested in their products.

> AI is capable of improving store layout by analysing how people have moved through it, focusing on space and speed.

> Intelligent document recognition might help businesses that need to process, sort, and extract necessary data from large volumes of paperwork.

> Within the banking industry, AI can detect and prevent money-laundering schemes, or use high-level analytics to identify fraud.

> Chatbots can provide a low-level service on a large scale 24/7, managing multiple simple customer queries at once or directing potential customers on to the right employee for support.

Does AI belong in every digital transformation strategy?

AI, despite the hype surrounding it, is not the fairy godmother of effective transformation. There are limits to what it can achieve and, as the technology involved is still developing, it's not always straightforward to integrate it into your digital transformation.

²<https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/the-executives-ai-playbook?page=industries/>

Not all AI solutions are plug and play, or within the budget range of companies.

Nor should AI be introduced at the start of your digital transformation strategy. McKinsey Analytics has found that organisations with strong digital capabilities behind them are 50% more likely to generate a profit from engaging AI in their transformation strategy than those who have leaped straight in³.

However, AI has something to offer everyone if you have the motivation to make use of it. If your company doesn't have the resources to fully commit to your own AI, on a smaller scale it's still possible to leverage off of other organisations' resources. For example, by engaging Facebook and Google's advertising platforms you are using their AI to optimise your ad campaigns.

SaaS options are also available, like Darktrace, who use AI to create an evolving cybersecurity solution based on your business' digital 'pattern of life'.

AI belongs in your digital strategy if you can identify clearly where it can add value to your company, and are willing to invest the resources needed to gain the results on offer.

Best practice for incorporating AI into a digital transformation strategy

If not incorporated correctly, AI is little more than a gimmick that drains resources. When implemented correctly however, you can make it into a powerful tool for your organisation.

Here are some best practices you need when bringing AI into your digital transformation:

➤ Alignment of strategy - Your company needs to agree on why AI is being included in your transformation, the goals you're aiming for, and how you are going to achieve them.

➤ Clear measurable objectives - Do your research. Figure out what's possible and decide on measurable objectives for creating value within the first few years.

➤ Complete investment in the process - AI requires time and resources for great returns. Make sure your company is fully invested in the process and in bringing the right people in to manage the project, as a half-hearted approach can cause the strategy to fail. However, by doing it right, the business can gain a lot of value.

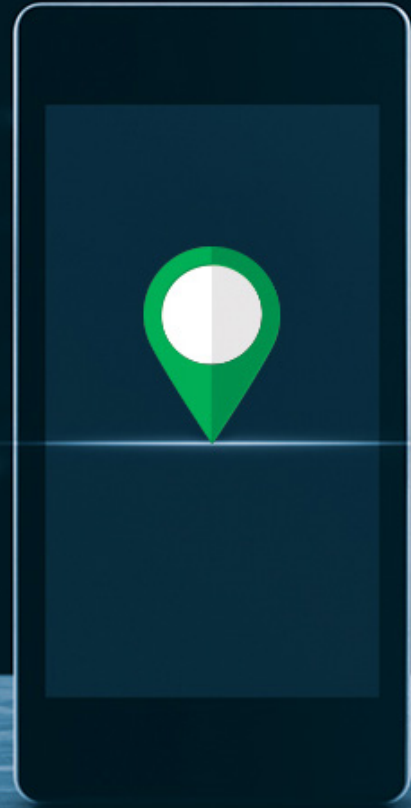
➤ Result monitoring - Understanding if your strategy is working is essential to a successful digital transformation. Develop metrics to measure how AI is impacting your business and review results regularly. This allows you to improve how it's used and consider new opportunities that it presents as your company becomes more familiar and confident in its growing capabilities.

Just like how a true digital transformation never ends, AI will continue to change and adapt. As the hype grows along with the potential benefits AI can bring to your organisation, will you be ready to employ it efficiently?

Reach out to XLdigital today to discuss how and where AI could bring value into your digital transformation strategy.

³<https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/how-to-make-ai-work-for-your-business>

ANY QUESTIONS?



Sydney

Level 23, Angel Place
123 Pitt Street
Sydney, NSW 2000
T +61 2 8243 686
E sydney@finxl.com.au

Brisbane

Level 4, Waterfront Place
1 Eagle Street
Brisbane, QLD 4000
T +61 7 3232 2300
E brisbane@finxl.com.au

Auckland

Level 16, AIG Building
41 Shortland Street,
Auckland, 1010
T +64 9 300 3095
E auckland@finxl.co.nz

Melbourne

Level 33
140 William Street
Melbourne, VIC 3000
T +61 3 9617 3900
E melbourne@finxl.com.au

Adelaide

Level 5,
26 Flinders Street,
Adelaide, SA 5000
T +61 8 8224 3800
E adelaide@finxl.com.au

Wellington

Level 14, ASB Tower
2 Hunter Street,
Wellington, 6011
T +64 4 978 8000
E wellington@finxl.co.nz

Canberra

Level 2,
14 Moore Street,
Canberra, ACT 2601
T +61 2 6243 6400
E canberra@finxl.com.au

Perth

Mezzanine,
28 The Esplanade,
Perth, WA 6000
T +61 8 9219 3500
E perth@finxl.com.au

XLdigital

FINXL
IT PROFESSIONAL SERVICES

www.finxl.com.au