CLARITY IN THE BLINK OF AN AI

The Boardroom brought together board-level executives for an invitation-only discussion

THE DISCUSSION TOPIC

Much has been said about organisational agility and the new, digital paradigm ahead of us.

Agile businesses are out-performing their competitors hands down. Which is why 75 percent of enterprise boards say organisational agility is one of their top-three priorities in 2019. But modern decision-making lags behind our digital expectations.

Can AI help to bring agility through speed of intelligent decision-making? The economics of rapid decisioning are changing very quickly – and are throwing up some unexpected outcomes.

The Boardroom Club gathered together some of London's most forward-thinking CEOs, CFOs, COOs and other board-level leaders to capture their thoughts on the unexpected economics of rapid decisioning.

THE DISCUSSION

This report has been compiled based on the views and opinions of leaders from some of London's leading organisations, as voiced at the Boardroom Club's latest round-table discussion.

OUR SPEAKER

Leading the discussion is Tony Mooney, Former MD of Insight & Decision Science at Sky. Tony is a leader in the deployment of advanced consumer data and insight capabilities to deliver competitive advantage and achieve growth objectives for major corporations.

He has had a number of significant executive operational roles over the past 25 years, responsible for delivering business KPI improvement from data and analytics. This includes Experian, Orange, Lloyds, Centrica and Sky. At Sky, Tony designed and built Sky's world-leading, 600-strong advanced insight and decision science division, which is arguably the only example in the world of a fully integrated, large scale data-to-decision capability – enabling better decisions across the Sky enterprise, including Acquisition, Retention, TV Products, and Broadband.

WHAT IS AI?

Popular discourse likes to position the debate about AI as a choice between it being the end of humankind and life as we know it, or just a really powerful tool that can help your organisation. Our Chair suggested that "as with most things in human history, the answer to this question is really about how AI is implemented".

"I like to define things by their purpose. For AI that is to enable smarter, timely decisions in complex interactions faster and better than human beings."

Connected, pervasive computing (aka "digital") is driving industrial and social revolution around the world. Importantly, it is also driving "winner takes all" economics and this, said our Chair, "makes AI one of the biggest issues for organisations, businesses, and educational establishments across the entire world."

"It's my view that most organisations aren't landing automated decisioning or AI. As a result, they are not seeing the value or benefits they are expecting from all the efforts and investment they are putting in. At best, that's a drag on your organisation's performance. At worst, it's an existential crisis."

DEPLOYING AI

Deploying AI successfully requires the business to focus not primarily on the technology, but on:
- Decision culture
- Operating model
- Business adoption

"If you're an executive, it is easy to solve a problem by writing a cheque. And you can write a cheque for a new piece of technology or a 300-strong data science team. But you can't write a check for changing the decision culture – that's hard."

"This problem is exacerbated by the traditional approach to decisions; what I like to call 'decision-based fact making'." "In all this rush for wizardry, it's worrying that we are downplaying the human factor. The target variable is still human. The organisation is still run by humans. Even if a machine makes a decision, isn't it helpful to have a human understand how that decision was made? And, perhaps, to control it?"

"How you connect the dots is very important. You can have an algorithm that is right one day, but not the next – because some other factor has shifted."

THE DISCUSSION TOPIC

HOW DECISION-MAKING IS CHANGING

Digital and AI have changed how the decision-making process works for consumers and citizens as well as for the organisations that provide services to them. However, our Chair stated that most organisations haven't truly understood this yet.

"Technology alone is no guarantee you will do things differently."

"Too often people buy AI and throw it at existing people and expect it to work. You've put the tech in, but you've left the users behind."

"It's important to think about how you use your human capital to use new stuff. Most organisations don't spend enough time upskilling staff with different ways of thinking and different ways of operating."

"If you do it right, you should be getting benefits, even before you've switched it on – because you're washing entropy out of your processes."

LEGACY VS. START-UP

"If you're a start-up you have a blank sheet of paper and you can see all this functionality and construct a proposition and business models based on what's available now. If you're an incumbent, your challenge is a bit more transformative – which I would argue is a much more difficult thing."

The comments of early software developer Melvin Conway about how the design of software tends to reflect the organisational structure of the business that developed it, holds equally true to the development of AI solutions.

"Most organisations model their decision-making capability on that which they have today and not on the decision-making capability they could or should have in the future."

If you are dealing with legacy, don't approach AI as an overall decision. It is important to seek to use AI to optimise multiple micro-decisions – akin to the policy of "marginal gains" of the British cycling team.

TRANSFORMATION OF THE OPERATING MODEL

AI forces the C-Suite to reconsider everything:
- Proposition development
- Management practices
- Information systems
- The nature of the relationship with customers
- The nature of the relationship with stakeholders
- A transformation of the operating model is required.

Automated decisioning should help an organisation to become more:
- Agile
- Analytic
- Adaptable

"Before any AI deployment, start by asking yourself: what decision do I want to improve? What's going to make a material difference to the business?"

SPIRALLING NUMBERS OF UNNECESSARY KPIS

What are the real KPIs required to make a decision? Be sensible about what actually makes a difference.
"You don't need to triangulate how to get there – you just need to get there. So having too many KPIs can stifle creative solutions."

"The best way to get that across is through show and tell. For example, we took charge of just one product stream. Deploy and measure. See how well it works against what we did before. Take it one step at a time."

"You need to offer access to insights to people in their own language. To do that, you need to employ people who know how to explain and sell very complicated things. If you just staff the project with data scientists, you can create a layer of obfuscation – you need people who can talk to the business in a way they understand."

"We can't let AI take decisions in a black box. In some areas you need to be able to prove at some point how you made the decision – this is not just an ethical concern, but also a commercial and diligence one as well."

HOW WE MAKE DECISIONS

Decision-making for human beings is all about probability rather than truth.

"As human beings we do not just make our decisions based on empiricism or heuristics – we use context and history, yes, but all the time we're calculating future probabilities."

AI is the automation of mathematical probabilities. As compute/ processing power and interconnectivity accelerates, so do the opportunities to use AI - through automated predictive techniques – to bear on real-world, real-time operations.

"It is the adoption of AI into an organisation's decision systems and processes that is the sine qua non of not just success, but of survival."

THE CONCLUSION

Our discussion considered how to achieve clarity in the blink of an eye through the intelligent, rapid decisioning of AI. We debated the success factors and the challenges, looked at real-world case studies and considered the organisational, cultural and ethical inputs and impacts.

CEOs, CFOs, COOs and business leaders from organisations such as HSBC, Barclays, HMRC, Virgin Care, Selfridges, the NHS and select others convened for this meeting of The Boardroom Club at the Gherkin in London.

To gain the in-depth insights that our guests benefited from, book your place for next time via our website:

www.theboardroom.club

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