



IMPORTANT AI STRATEGY QUESTIONS FOR LEADERS TO ANSWER

OVERVIEW: When the technology world takes a large step forward with a category of digital tools it is very important to develop a strategy for leveraging them. On November of 2022 AI experienced its market acceptance moment when generative AI tools became available to the masses. This document outlines ten important questions that will help leaders and organizations assure they are moving with velocity to take advantage of the opportunities.

The uptake has been historic as OpenAI saw ChatGPT gain a million users in a matter of days and then escalate to over 100 million users within two months. Insurance and healthcare leaders at all levels have new tools coming on the market that can be highly impactful in creating efficiencies and improving processes. AI is a complex and recent toolbox with many implications for the human race (and economy), so leaders must be thoughtful and proactive with answering critical questions about AI's use.

GOAL: It is very important to lay a solid foundation for an AI strategy. The goal for answering these questions is to help you take a large step forward with addressing the areas that are now holding you back to moving with velocity to get an AI strategy in place.

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01 What is the working definition for AI at your organization?

Framing Thoughts: Before going any further with AI, this question must be answered at your organization. It is not that we don't have definitions for AI flying around, it is that we have too many! There is governmental legislation being written in states across the US and internally and almost all of them are using different definitions as well as language to describe the term artificial intelligence.

Outcome Desired: The definition can evolve over time, but you must start somewhere. It is impossible to govern AI if you cannot define it. If this is helpful, here is the definition from the EU AI Act and it is pretty good:

"An AI system is a machine-based system that is capable of influencing the environment by producing an output (predictions, recommendations or decisions) for a given set of objectives. It uses machine and/or human-based data and inputs to (i) perceive real and/or virtual environments; (ii) abstract these perceptions into models through analysis in an automated manner (e.g., with machine learning), or manually; and (iii) use model inference to formulate options for outcomes. AI systems are designed to operate with varying levels of autonomy."

02 Who in the organization will own the exploitation of AI as a tool?

Framing Thoughts: Because this is a new wave of digital tools, it may not fit easily into one person's job description. Too many organizations will hand it to the CIO, who is already overwhelmed with projects. Others will fail to choose an owner at all which will result in them falling woefully behind. There does not need to be a single owner. In fact, having each department head own responsibility for different aspects of AI might be the best scenario. This depends on the size of the organization and the desire to move quickly with AI implementation.

Outcome Desired: Progress will be made faster and better if someone, or a group, has the clear responsibility and mandate to find valuable uses for AI. Provide clarity on ownership and the expectations the organization has for the owners.

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03

How progressive do you want to be with AI versus your competitors?

Framing Thoughts: When a powerful new tool comes along, there is potential to use it faster and better than competitors and amplify profits by growing topline revenue and lowering operational costs through the use of AI. In some way it is an arms race for digital capabilities. An important question to answer consciously - to make the decision with deep thought - is whether you want to be a year ahead or a year behind your competitors with AI usage. There are risks and rewards tied to this decision so make it carefully.

Outcome Desired: Leaders need to put a stake in the ground as to where they want to be with AI in the market. No stake in the ground is a prescription for losing. We suggest making the statement that you want to be either two years, one year, or at least equal to the organizations you compete with when it comes to exploiting AI.

04

How will you manage AI risk?

Framing Thoughts: Most powerful tools have coinciding risks. AI is an example of this for sure. The world was slow to respond to the risk from cybersecurity and we need to learn from those lessons.

AI Risks Include:

1. Regulatory and legal risks from bias or discriminatory AI-made or influenced decisions
2. AI dependency risks. The outcome of an AI making decisions or doing work that we lose any human ability to do if we lost the AI
3. AI hallucination risks. People depending on an AI for answers then promoting a wrong answer to customers, or using a wrong answer to make a decision internally
4. Self-learning risks. When machine and deep learning are used to train and improve AIs and the data set is corrupted in a way that causes the AI to create incorrect rules for decisions

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04 *How will you manage AI risk? (continued)*

Outcome Desired: Leaders must add AI risk to their current enterprise risk management program. Someone on the team must take the responsibility to stay current on AI risks and mitigation strategies. This must be done now - before AI spreads across the organization.

05 *What new AI governance needs to be put in place now before some aspect gets out of control?*

Framing Thoughts: Part of the answer to Question Four is to put new governance in place with AI. Policies and Procedures help to assure that AI is built, implemented, and overseen in ways that will allow it to be highly valuable. Lack of governance will ensure AI will cause problems that will cost money. For example, an organization should already have an acceptable use policy for AI and an AI ethics policy in place to help set expectations with team members. Depending on how AI is implemented at your organization, other policies will be needed and, in some cases, you will not be able to just go to the internet and download one. You may need to design some of your own governance along the way.

Outcome Desired: When your team has a clear set of policies and parameters to work within there is a much higher chance they will use AI safely. By getting AI governance in place now you will speed up AI progress and avoid learning hard lessons because you allowed team members to use a powerful tool in unthoughtful ways.

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06 *What should be in your organization's AI ethics policy?*

Framing Thoughts: Technology companies like Google and Microsoft have had AI ethics policies for years. These were written for their scale and for the work they do. An AI ethics policy for a smaller organization or a specific industry like healthcare needs to be very customized. AI is not going away, and it has a unique property in that it can make decisions that human beings have traditionally made. How you people co-work with AIs will be a critical component of your operation from now on. Setting clear ethical boundaries will help team members understand the scope and guardrails for how AI is to be used. If you need a sample AI Ethics policy to start with, email info@fpov.com

Outcome Desired: We need to provide clarity to the organization as to what we trust AIs to do on our behalf. We also need to delineate between decisions that must have a human component versus a fully autonomous AI. We also need to be clear about putting boundaries around how we expect an AI to behave so it aligns with the organization's ethics in general.

07 *What could an ambient intelligent layer of AIs do for your organization?*

Framing Thoughts: This is a large question and requires high beam thinking. We are not going to implement one AI in an organization. There will be many of them and they will soon be talking to each other (sharing data). They will create an ambient intelligent layer that helps your organization operate. Take your altitude of thinking up 10,000 feet when thinking about machine intelligence and speculate on how a host of interconnected AIs might help your organization perform at MUCH higher levels. There is no question that most organizations will end up with this ambient intelligence layer. The only question is how fast we will start connecting AIs across areas in order to help "run" the organization.

Outcome Desired: In the best case your team will get to a whiteboard and draw up how a web of AIs could be connected to help operate the organization. Then move this blueprint off the whiteboard so you have a diagram to work towards over the coming years. This might be one of the most important new strategies you can put together.

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08

What are the AI Engine uses that can easily improve core processes?

Framing Thoughts: Every organization is made up of an inventory of core processes. These processes dictate how efficient, effective, safe, and profitable an organization operates. We have known for many years that it is possible to do process re-engineering and streamline and automate processes to create value. We are now being handed an AI toolbox with powerful new options for upgrading processes that have dependencies on humans making decisions or doing highly repeatable tasks. When given a new tool the first step is just to get access and learn to use it. The second step is to figure out the best places to use the tool. Leaders can get to AI value faster if they have already identified the most likely places where AI can help the organization. It is not necessary to know exactly how the AI will work, or which AI will be used. It is just important to gain the understanding from a design level where AI can help the most.

Outcome Desired: The leadership team must put together a well thought out list of processes in the organization where AI might make meaningful improvements. This list can then be used to drive AI priorities and strategies so that investments can be made effectively. This will also save wasted time and money with people experimenting with AI on processes that are not high value. For example, an AI driven chatbot might sound cool but if the vast majority of your customers will not use a chatbot today to self-serve the help they need then there might be a better use for AI dollars.

09

Where in your organization do you most need an AI to make better/faster decisions than your people do today?

Framing Thoughts: AIs will grow in their abilities to make decisions as well as, or better than, your team members. Every day at a mid-sized organization there are thousands of decisions that get made on behalf of the organization. Some of these have far ranging impacts, for example policy pricing decisions and claims payment decisions in an insurance organization. Every organization makes hiring and HR decisions and it normally a human making these decisions, and these are also high impact choices. We will absolutely weave AIs into the decision-making realm of organizations from now on. We will learn over time the 50% of decisions better made by people and the 50% better made by machines.

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09 *Where in your organization do you most need an AI to make better/faster decisions than your people do today? (continued)*

Outcome Desired: Much like Question Eight, the earlier leaders can create a list of use cases for AIs in decision making, the faster they will be able to choose priorities and do the ROI analysis to implement them. A great outcome of this question is to create a document that has an inventory of decisions that can be in one of three AI aided states - fully autonomous AI decisions making, semi-autonomous AI decision-making with humans assisting on out-of-scope variables, and AI decision support systems that make suggested decisions to humans who make the final decision. Then analyze what is the easiest implement and most valuable from a return standpoint so you can set priorities.

10 *Can an AI become Conscious, Sentient, or Cognitive?*

Framing Thoughts: Sure, this question is a little philosophical. The reason to have an answer is because many people are wondering how intelligent AIs can become and how closely their intelligence will resemble ours. This question will be asked many times by many people for the next decade and will be debated hotly. Our take is that there are many other forms of consciousness besides human. Dogs are conscious and so are plants, but it is a different flavor of sentience than what humans experience. This question is more than some unpractical thought exercise. The earlier you can form clear beliefs about AI's future, the faster you will be able to co-work with AI engines effectively without fearing them.

Outcome Desired: Have a vision for this question. Have a thoughtful answer that you can defend when debating with others. Be a leader to the people around you who are curious about what they have seen in too many Hollywood movies versus what might be reality.

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Next Steps

Once you and your team can answer these questions fully, you are ready to document a vibrant AI strategy for the next few years. It is important to put this in writing and share it with your whole team. This strategy will evolve as new AI tools and techniques exhibit themselves. It will also evolve as you see how your competitors are implementing AI. One fact that is hard to ignore is that having a written strategy that is well thought out is better than no strategy at all.

Once you have a strategy developed and documented, add two more pieces for AI maintenance. The first is building a River of Information on all things machine intelligence for your team so they are reading and listening to the latest information on the field. The second is to develop a way to gain intelligence on what you competitors and others in the industry are doing with AI so you know for sure you are in the innovation position you have chosen.

If you need help with any aspect of these questions or next steps, please connect with us at info@fpov.com

ABOUT US

Future Point of View is a technology-strategy firm with corporate offices in Oklahoma City, OK and resources spread across the United States. We have been helping organizations become world class at leveraging technology to create competitive advantage for more than two decades and have years beyond this in collective experience across our consultants.

We help leaders and organizations achieve success by implementing future leaning strategies and methods.

Our mission is to be world-class throughout leaders with the constantly changing digital dynamics that impact organizations and people.