A&MPLIFY
BY ALVAREZ & MARSAL

DIGTIAL & TECHNOLOGY SERVICES

Harnessing the Hype: How to Best Leverage Generative AI for Your Organizational Needs

Welcome to the second part of our series on generative AI. In our first article, "How to Harness the Hype of Generative AI," we explored the transformative potential of generative AI and the crucial considerations for its successful adoption. Here's a brief recap of the key points:
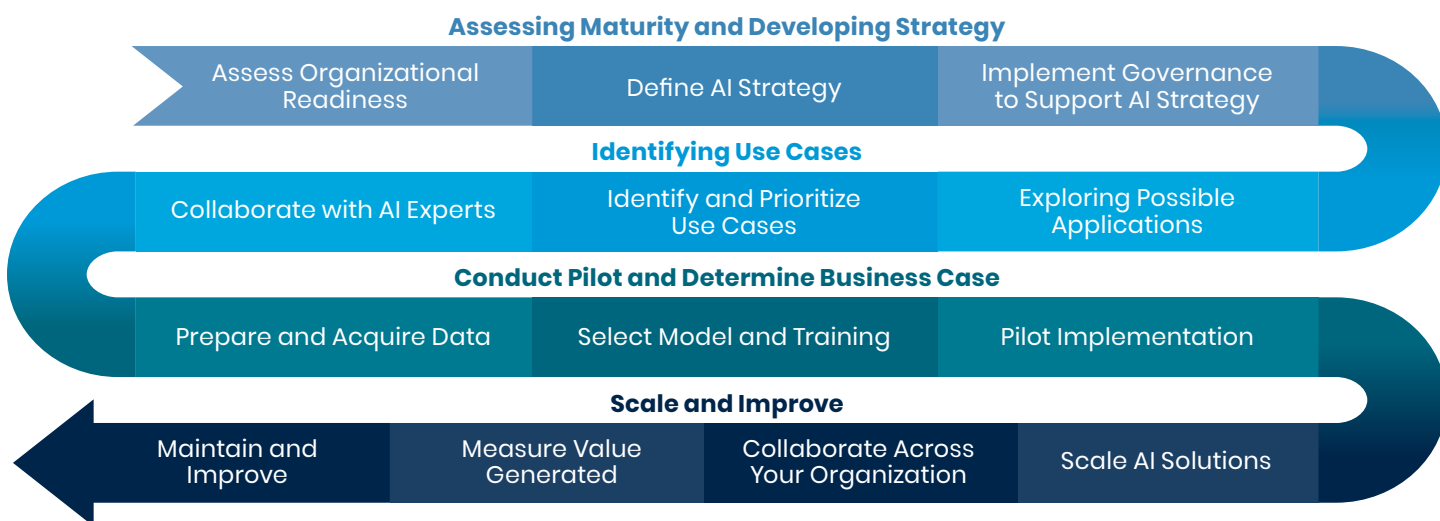
- Generative AI offers transformative opportunities for efficiency, innovation and value creation
- Success in generative AI adoption requires careful planning, a clear AI strategy and ethical considerations
- Several high-profile generative AI initiatives have failed due to a lack of planning, biased data and ethical lapses

Building upon those insights, this article delves deeper into the journey of implementing generative AI, focusing on key strategies, pitfalls to avoid and the role of effective change management.

Integrating Generative AI Into an Organization: A Strategic Guide

Embracing generative AI has become a strategic imperative for organizations aiming to maintain competitiveness in today's market. To harness the rapidly evolving capabilities of generative AI, a structured approach is essential to ensure successful adoption and value realization. The journey begins with assessing your organization's AI maturity and developing a tailored AI strategy. It then progresses to identifying specific use cases, conducting pilot programs and ultimately building a compelling business case. Each phase plays a pivotal role in aligning generative AI capabilities with your business's unique needs, with the goal of enhancing productivity, improving decision-making and driving value creation. Let's delve into this lifecycle in detail and explore key questions that business leaders should consider when embracing generative AI.

The Generative AI Integration Lifecycle

Assessing Maturity and Developing Strategy

Assess Organizational Readiness	Define AI Strategy	Implement Governance to Support AI Strategy

Identifying Use Cases

Collaborate with AI Experts	Identify and Prioritize Use Cases	Exploring Possible Applications

Conduct Pilot and Determine Business Case

Prepare and Acquire Data	Select Model and Training	Pilot Implementation

Scale and Improve

Maintain and Improve	Measure Value Generated	Collaborate Across Your Organization	Scale AI Solutions

Recent advancements in computational power and data storage capacity have facilitated the emergence of deep learning (DL), where algorithms, data and outcomes are constantly refined to enhance the accuracy and performance of models. In the past few years, generative AI has taken the spotlight as the next leap forward.

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1. Assess Maturity and Develop an AI Strategy

Assess Organizational Readiness	• Is your organization's leadership and workforce prepared to embrace AI, with a clear understanding of the potential organizational changes? • Have you conducted a comprehensive evaluation of your current AI strategy, technology infrastructure, data, talent and governance framework to support AI integration?
Define Your AI Strategy	• What specific business goals or challenges do you intend to address using generative AI, and how do they align with your overall strategic objectives? • Have you defined key performance indicators (KPIs) and success metrics to measure the impact of generative AI on your organization?
Implement Governance to Support Your AI Strategy	• Do you have a steering committee comprising technology experts and business leaders to align on key decisions? • How can you establish a robust and adaptable governance framework that ensures responsible and ethical AI practices while aligning with your organization's overall strategy and goals?

2. Identify Use Cases

Explore Possible Applications	• What are the most critical business processes or areas where generative AI could make a substantial difference, and have you prioritized them? • Are the identified use cases feasible in terms of data availability, technology resources and potential return on investment (ROI)?
Identify and Prioritize Use Cases	• What methodologies and benchmarks will you use to rigorously test the selected use case's effectiveness and efficiency? • Are you prepared for a comprehensive analysis of the initial investment, ongoing operational costs and the revenue or cost savings generated as a direct result of the generative AI implementation? • How will you calculate the expected ROI, and within what timeframe are you anticipating these returns?
Collaborate with AI Experts	• Do you have the necessary generative AI expertise in-house, and if not, how will you engage with external AI experts and partners to bridge the skill gap? • Have you defined clear roles and responsibilities for AI experts and internal teams during implementation?

3. Conduct Pilot and Determine Business Case

Prepare and Acquire Data	• What data sources are essential for the chosen use case, and how will you acquire, clean and ensure the quality and privacy of the data? How will you identify and mitigate bias in the data? • Have you addressed legal and ethical considerations, such as data privacy and compliance, in your data preparation strategy?
Select Model and Training	• Which large language model(s) and orchestration tools will you select for your generative AI use cases, and why have you made these choices made? • How will you ensure the model's ongoing accuracy and relevance through continuous training and updating?
Implement a Pilot	• Have you defined clear success criteria for the pilot implementation, and what challenges or obstacles do you anticipate during this initial phase? • How will you gather user feedback and insights to fine-tune the model and ensure it meets user expectations?

4. Scale and Improve

Scale AI Solutions	• What scalability considerations have you accounted for to expand generative AI across the organization, and how will it integrate with existing systems and processes? • What measures are in place to ensure data security and compliance as you scale generative AI usage?
Collaborate Across Your Organization	• What methodologies and benchmarks will you use to rigorously test the selected use case's effectiveness and efficiency? • Are you prepared for a comprehensive analysis of the initial investment, ongoing operational costs and the revenue or cost savings generated as a direct result of the generative AI implementation? • How will you calculate the expected ROI, and within what timeframe are you anticipating these returns?
Measure Value Generated	• Which KPIs demonstrate value generated by implementation of generative AI? Have you reduced costs, improved customer service, improved accuracy and automated manual processes? • Have you conducted a thorough cost-benefit analysis to demonstrate tangible outcomes?
Maintain and Improve	• How will you establish a system for ongoing monitoring, performance evaluation and addressing potential biases or errors in the generative AI model? • What mechanisms are in place to foster a culture of continuous improvement and learning within your organization regarding AI usage?

Navigating the Risks of Your AI Journey – Lesson Learned

Embarking on the journey of generative AI adoption holds immense promise for organizations across various industries. However, this transformative path is not without its pitfalls and challenges. Stories of well-intentioned generative AI projects gone awry due to oversights in strategy and implementation abound. To avoid these pitfalls, organizations must navigate this terrain with a discerning eye, leveraging valuable lessons from past failures. They should prioritize careful planning, possess a deep understanding of AI's capabilities and limitations and commit to ethical and responsible AI practices.

You don't need to look very far to find high-profile examples of AI implementations that failed due to a lack of planning, strategy and infrastructure safety measures. Here are a few cases to learn from:

- Meta's Galactica AI initiative faced criticism and was shut down three days after release:

  - Three days after its release, Meta had to shut down the online demo of Galactica due to criticism from scientists and tech media about the model's incorrect and biased output.

  - Organizations can learn from Galactica's case that it's crucial to carefully present AI models, avoiding vague or exaggerated claims and acknowledging their limitations to prevent backlash. While benchmarks are useful for comparison, they may not fully reflect the complexities of human intelligence, and models may excel in benchmarks but still lack human-like reasoning.

- Amazon's recruitment AI terminated because it inadvertently displayed gender bias, favoring male candidates:

  - This failure occurred due to biased training data and benchmarking against a predominantly male workforce. It serves as a stark reminder of the importance of diverse and unbiased training data to prevent AI-driven systems from perpetuating discrimination.

  - Organizations can use this example to emphasize the need for comprehensive data screening and fairness assessments in AI projects to avoid perpetuating biases.

Learning from Lenovo's Success Story

Lenovo, a global technology leader, provides a compelling success story of effective AI implementation to enhance their business operations. Their approach centers on simplifying AI adoption by making it accessible wherever data resides. Through the Lenovo AI Innovators program, they have collaborated with 45 leading ISV partners to deliver over 150 ready-to-deploy AI solutions across various industries. This strategic partnership approach enables end-to-end AI operations, covering areas such as computer vision, audio recognition, prediction, security and virtual assistants.

What distinguishes Lenovo's approach is their substantial commitment of $100 million to nurture program growth. They have also expanded their portfolio to include purpose-built AI-ready smart devices and edge-to-cloud infrastructure, recognizing the growing need for processing power at the edge. Lenovo's early recognition of AI's importance has paid off, with their AI infrastructure generating over $2 billion in annual revenue. Their sustained investments in AI innovation and readiness, totaling $2 billion over six years, have allowed them to build AI innovation centers worldwide and effectively integrate AI into their products.

While Lenovo's story predates generative AI, it serves as a valuable blueprint for any analytics scale-out. Organizations can draw essential lessons from Lenovo's experience, emphasizing strategic partnerships, substantial investments in AI and a forward-thinking approach to meet evolving industry demands. Lenovo's success underscores the transformative potential of generative AI when integrated into a business's core strategies and operations.

Critical Considerations for Your AI Journey

Now, let's explore some of the key considerations that organizations must prioritize to avoid known and unknown hazards of embarking on this journey. These include establishing a steering committee, robust data governance, ethics and bias standards and effective change management.
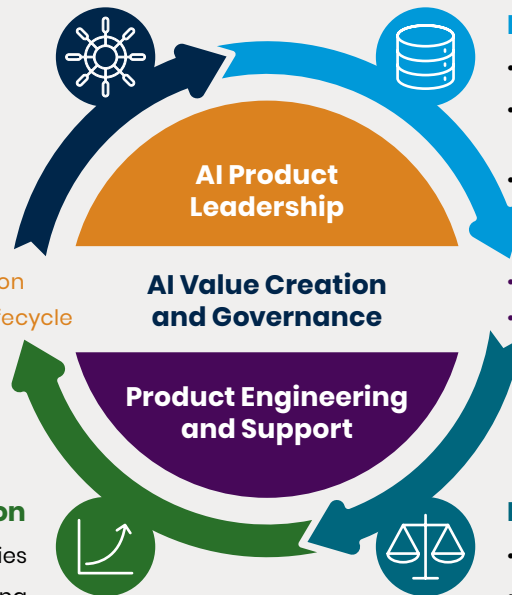
Generative AI Governance Framework

Executive Steering Committee

- Set direction, priorities and goals for AI initiatives.
- Approve AI strategies and projects
- Monitor progress

- Define product vision
- Manage product lifecycle

Data Governance and Compliance

- Develop data governance policies
- Ensure data quality, security and compliance
- Oversee development and deployment of AI solutions

- Build & train AI models
- Provide technical support

AI Product Leadership

AI Value Creation and Governance

Product Engineering and Support

Change Management and Adoption

- Develop change management strategies
- Create awareness and provide AI training
- Foster culture of innovation

Ethics and Bias Oversight

- Establish ethical guidelines for AI
- Conduct bias assessments of AI models and mitigate biases
- Provide bias training

Executive Steering Committee

What Role Does the Executive Steering Committee Play in AI Strategy and Implementation?

The Executive Steering Committee plays a pivotal role in driving the successful integration of generative AI into your organization's strategy. This committee brings together key leaders from various departments to ensure that generative AI initiatives align seamlessly with overarching business objectives. By fostering collaboration among these leaders, you can tap into a wealth of diverse expertise, resulting in more comprehensive and effective AI solutions. Moreover, an executive steering committee oversees the implementation of robust change management strategies. These strategies encompass crucial elements such as training programs, transparent communication and unwavering leadership support. With these strategies in place, your organization can guide its teams through the transformative journey of generative AI adoption, equipping them with the essential skills and resources they need to thrive in an AI-driven environment. Just as in other AI implementations, the Executive Steering Committee is vital in minimizing disruption and ensuring a seamless transition to AI-powered processes in the realm of generative AI.

Data Governance and Compliance

How Can Organizations Maintain Data Privacy While Integrating Generative AI?

Effective data governance and privacy measures are at the core of successful AI projects. The critical role of data governance in AI projects encompasses several key aspects. First, it involves maintaining data quality to ensure that the data used for training AI models is accurate and dependable. Second, data governance addresses security concerns by implementing robust safeguards to protect sensitive data from breaches or unauthorized access. Additionally, compliance with regulations, such as data protection and privacy laws, is essential to avoid legal issues and reputational damage. These considerations are of utmost importance in the context of AI, as the quality and security of data directly impact the performance and trustworthiness of AI systems. Organizations should prioritize data governance and privacy to not only meet regulatory requirements but also to ensure that their AI initiatives are built on a foundation of trustworthy and well-protected data, which is especially critical when dealing with generative AI to maintain data integrity and privacy. Furthermore, traditional data governance teams' scope will expand due to AI, given the increasing volume of unstructured data inputs into AI programs, necessitating a more comprehensive approach to data management in the coming years.

Ethics and Bias Oversight

How Can Organizations Ensure Their AI Solutions Are Fair and Equitable?

Establishing an ethical and responsible AI framework is paramount in the era of AI adoption. This framework encompasses multiple dimensions, starting with addressing biases, ensuring fairness and enhancing transparency in AI systems. Detecting and mitigating biases in AI algorithms is essential to prevent discriminatory outcomes and ensure that AI-driven decisions are fair and equitable. Moreover, transparency is vital to building trust, as it enables users to understand how AI systems arrive at conclusions. Compliance with ethical standards and regulations further strengthens this framework, ensuring that AI initiatives align with legal and ethical guidelines. It is worth noting that these considerations are particularly critical in the context of generative AI, where AI systems create content, as responsible content generation is pivotal to avoiding misinformation and promoting ethical use of this technology. By proactively addressing these ethical and responsible AI considerations, organizations can not only improve the reliability of their AI solutions but also build trust with stakeholders and uphold their commitment to ethical AI practices, especially in the realm of generative AI.

Change Management and Adoption

How Can Organizations Ensure the Success of Generative AI Initiatives?

Cross-functional collaboration and effective change management strategies are integral to the successful implementation of generative AI initiatives within an organization. Foster collaboration between departments to ensure that AI projects align with overall business objectives and benefit from diverse expertise. This interdepartmental synergy can lead to more holistic AI solutions that address complex business challenges. Moreover, robust change management strategies, including training programs, transparent communication and leadership support, are essential to guide the organization through the transformative journey that AI adoption represents. Ensuring that teams are equipped with the necessary skills and resources and that there is alignment from leadership helps to navigate the shifts in processes and workflows that AI implementation may necessitate. Additionally, addressing misconceptions such as the notion that AI will replace jobs (when the consensus in the AI community is that AI is going to aid humans by automating certain tasks, but not replace entire categories of workers) is crucial for fostering a positive and informed approach to AI adoption, especially in the context of generative AI.

The A&M Difference:
Our Custom-Fitted Approach to Enabling Your AI Journey

Is Your Organization Ready to Leverage Generative AI?

Alvarez and Marsal stands as a valuable partner in your organization's generative AI journey. With proven history in guiding businesses through complex technology solutions, ranging from enterprise resource planning (ERP) systems to cloud computing, A&M extends our proficiency to the world of generative AI. We offer strategic insights and a structured approach to harness the full potential of generative AI while minimizing associated risks. A&M's commitment to responsible AI governance ensures that ethical considerations remain at the forefront of your AI transformation. With our support, your organization can confidently navigate the evolving landscape of generative AI, driving innovation and sustainable value creation.

At A&M, we are at the forefront of driving AI adoption among our clients in the hospitality and education sectors, leveraging innovative solutions to enhance their operations and customer experiences. Additionally, internally, we are harnessing the power of generative AI to expedite our delivery of value to clients, with our proprietary generative AI tool currently streamlining over 80 due diligence processes, demonstrating our commitment to cutting-edge technology and efficient service delivery.

As you consider the impact of generative AI on your organization, we invite you to engage with us at A&M. Our team of experts stands ready to help you assess the opportunities and challenges of generative AI, build a tailored AI strategy and implement AI solutions that align with your business goals and drive sustainable value.
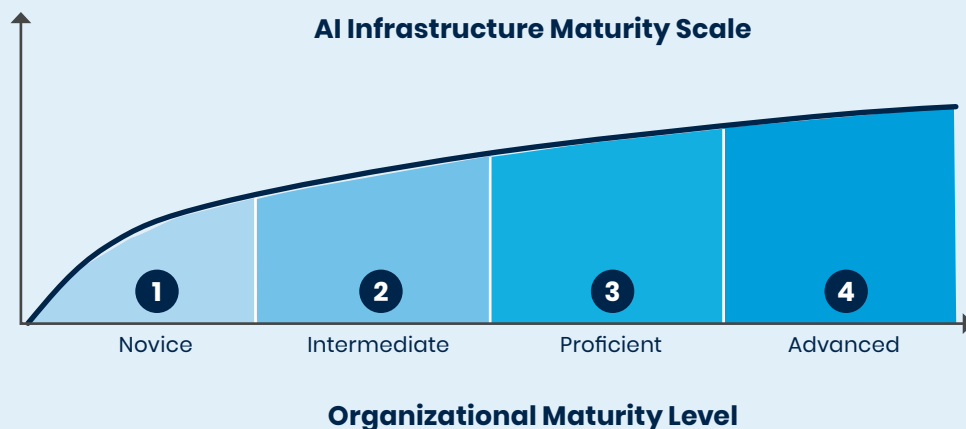
Take action today:

The initial step on this transformative path involves evaluating your organization's readiness and pinpointing the ideal entry point. At A&M, we've crafted a simple survey tailored to assist business leaders in discerning their current AI maturity level.

To assess your current position in the AI landscape, **take our 5-minute survey** and receive a snapshot of your progress.

Identifying Your Organization's Maturity Level and Steps Forward

Levers
- ↑ Strategy
- ↑ Data
- ↑ Technology
- ↑ Talent
- ↑ Governance

AI Infrastructure Maturity Scale

1 Novice
2 Intermediate
3 Proficient
4 Advanced

Organizational Maturity Level

Whether you are just beginning your AI journey or seeking to accelerate your existing efforts, now is the time to harness the power of generative AI. We invite you to reach out to our team for personalized guidance and a comprehensive AI assessment. Let us help you navigate this transformative technology landscape and position your organization for success in the era of generative AI.

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ABOUT ALVAREZ & MARSAL

Companies, investors, and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 8,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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