



Building AI-first businesses

A CIO's guide to AI adoption

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01

**Disruption Is Here,
And It's Good!**

If you look back to the last few years, one thing stands out as a stark reality – disruption is no longer an isolated event that you can put a finger on. The pace of disruption has accelerated to a point where it has become a continuous stream of momentous change. As businesses ride wave after wave of disruption, they've realized a new truth – disruption isn't a challenge to be weathered; rather, it's the driving force behind the most spectacular success stories. As we pivot into an era where change is the only constant, the narrative has shifted from merely surviving disruption to harnessing its raw, untamed power.

Since 2015, we've catapulted from incremental advances, to accelerating 30x into a supersonic era of innovation

Consider this: since 2015, there has been a 30x acceleration in innovationⁱ. We're not talking about incremental changes anymore. We are diving into a realm where the pace of innovation is not just fast—it's supersonic (see Fig). Just look at what happened recently. The explosive launch of ChatGPT in late 2022 made 2023 a year of breakneck innovation. Generative AI (GenAI) startups raised a record \$10 billion in fundingⁱⁱ, and the technology is expected to create trillions of dollars in economic valueⁱⁱⁱ.



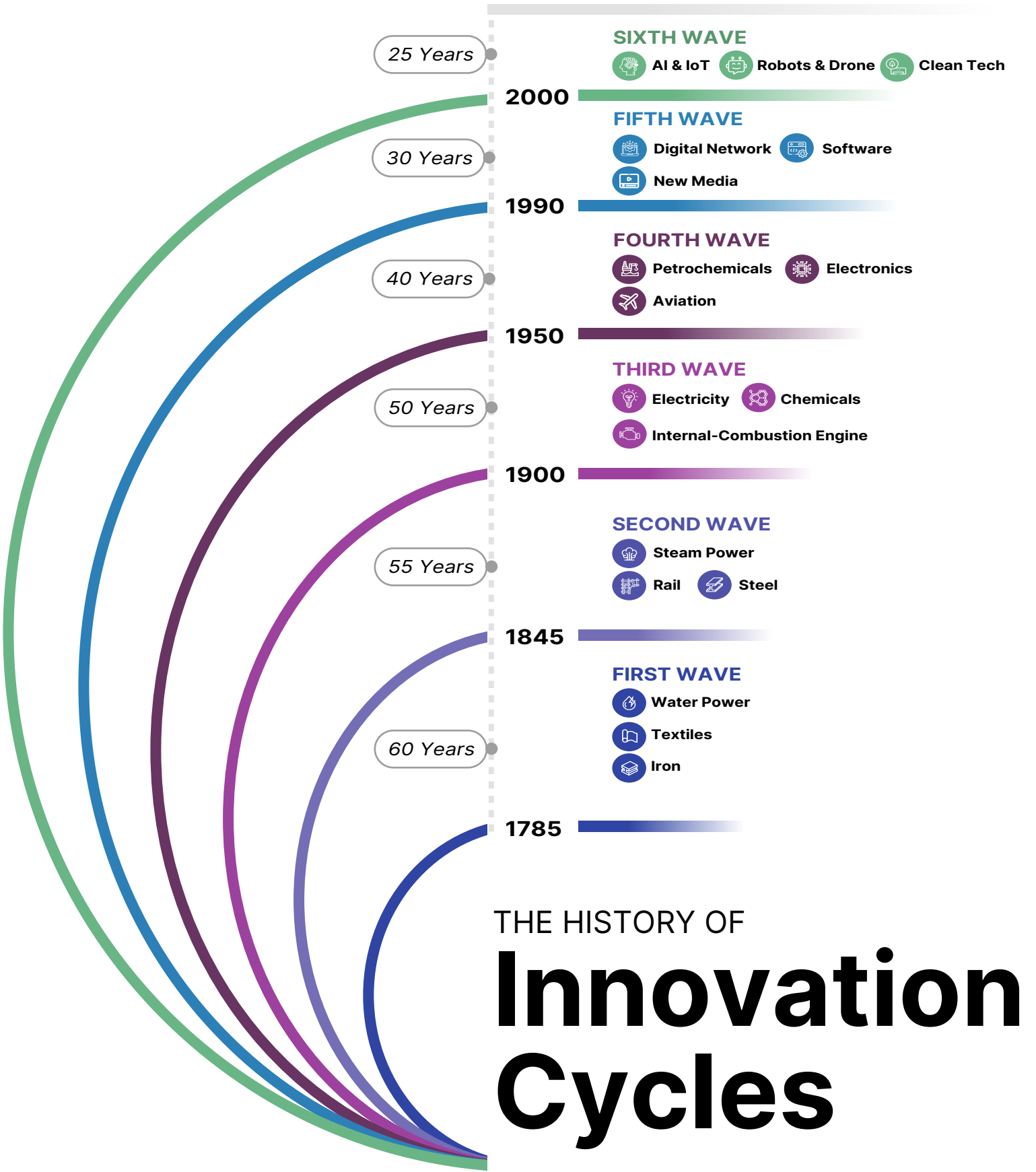
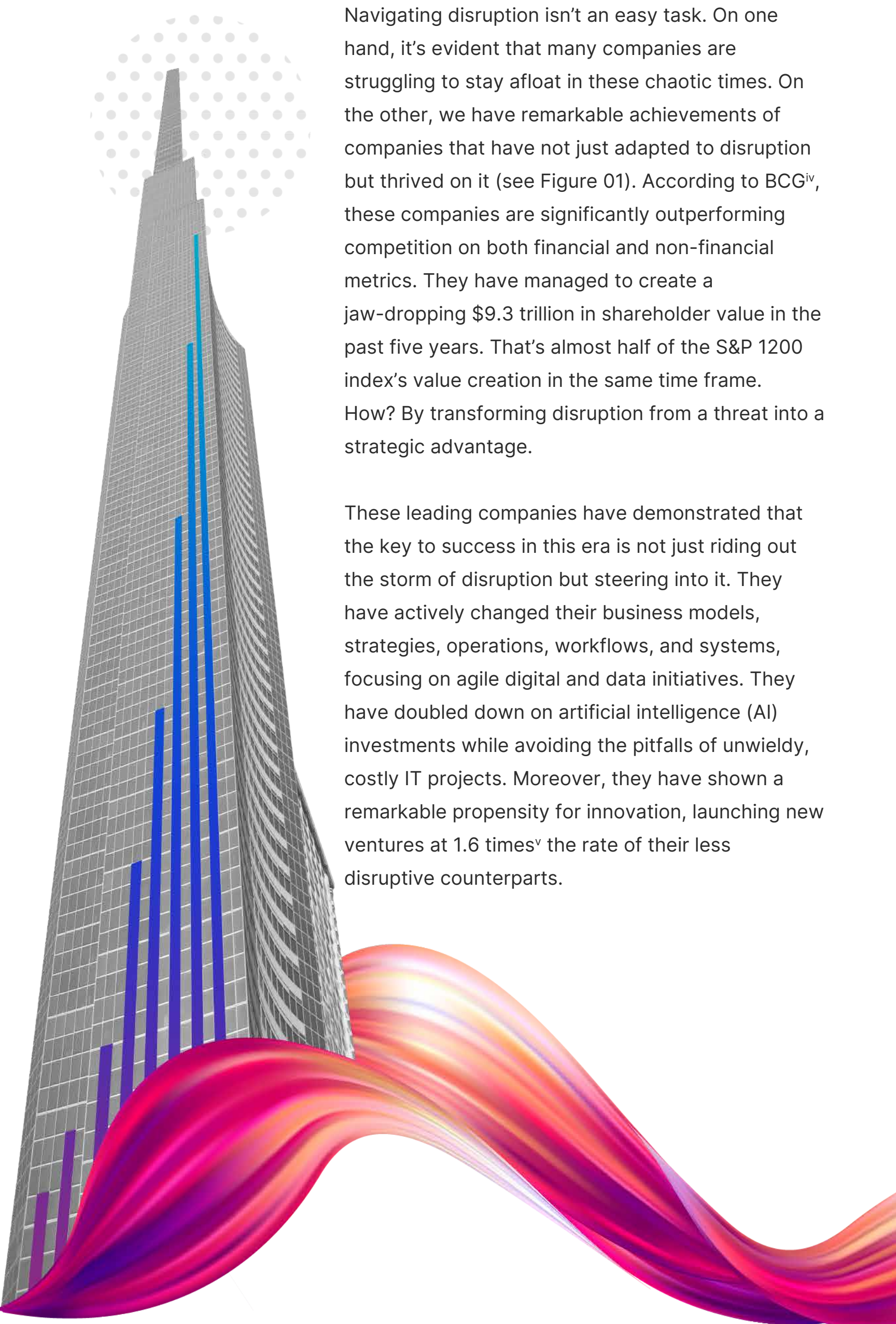


Figure 01

Source: Edelson Institute



Navigating disruption isn't an easy task. On one hand, it's evident that many companies are struggling to stay afloat in these chaotic times. On the other, we have remarkable achievements of companies that have not just adapted to disruption but thrived on it (see Figure 01). According to BCG^{iv}, these companies are significantly outperforming competition on both financial and non-financial metrics. They have managed to create a jaw-dropping \$9.3 trillion in shareholder value in the past five years. That's almost half of the S&P 1200 index's value creation in the same time frame. How? By transforming disruption from a threat into a strategic advantage.

These leading companies have demonstrated that the key to success in this era is not just riding out the storm of disruption but steering into it. They have actively changed their business models, strategies, operations, workflows, and systems, focusing on agile digital and data initiatives. They have doubled down on artificial intelligence (AI) investments while avoiding the pitfalls of unwieldy, costly IT projects. Moreover, they have shown a remarkable propensity for innovation, launching new ventures at 1.6 times^v the rate of their less disruptive counterparts.

How does one replicate the success of these digital leaders? What can you do today to navigate the volatile fusion of technological advancements, economic shifts, and societal transformations that are today's business reality?

Businesses need a new playbook to embrace and leverage this disruption and the unimaginable opportunities it will unlock in the next few years. In the coming pages, we don't just talk about disruption; we show you how to wield it like a master. We dive behind the scenes, away from the glamour of disruptive tech, and show you the brass tacks of how to turn disruption into a powerful ally. But first, let's take a moment to see what 2024 possibly has in store.

Every Disruption Comes With An Opportunity

- E-commerce disrupted traditional brick-and-mortar retail and today retailers enjoy global reach and deliver hyper-personalized shopping experiences.
- Smartphones disrupted the telecom industry opening doors for the mobile revolution and the rise of unicorns like Uber that pioneered net-new business models.
- Streaming services put movie rentals out of business, but providers like Netflix moved rapidly to create new content and engage viewers in new ways.



02

AI Takes The Centre Stage



Disruptions have always spawned new ways for companies to create value. Often, technology is the reason for the disruption, and also a key enabler of success in turbulent times. AI is unquestionably the most disruptive and transformative technology in history which is poised to change everything as we know it. Now with Generative AI in the loop its impact is only going to amplify.

As most companies get their first GenAI pilots off the ground, 2024 promises to be an interesting year. In our conversations with clients and leading analysts, three key trends emerge – AI-first business models, operational transformation, and augmented workforce.



“Generative AI is the latest torchbearer in the digital revolution, not just altering the game but creating new playing fields. Its emergence is not just disruptive; it's redefining the very essence of business innovation and operation.”

Sajid Husain, AVP – AI, SLK

The Rise Of New AI-First Business Models

A Deloitte^{vi} report found that the competitive advantage of adopting AI tools shrunk over time as more and more companies deployed similar tools. That competitive advantage today has shifted to companies who are not just using AI but building their business ground up with AI at its core. It's a paradigm shift, a whole new playbook where AI isn't just a player – it's the coach, the strategist, and the game.

So, what does going AI-first really mean? It's about reimagining business processes, customer interactions, and even the products and services themselves through the lens of AI's capabilities. For instance, AI-first companies in finance are not just automating customer service; they're using AI to predict market trends, customize investment advice, and even detect fraud in nanoseconds. In healthcare, AI-first players are using algorithms to diagnose diseases earlier than ever before, making personalized medicine not just a fancy term but a reality. Retailers are leveraging AI to predict consumer trends, optimize supply chains, and provide a hyper-personalized shopping experience.

Take Lemonade^{vii}, for example. This AI-first insurer is capturing consumers' attention by asking them to “Forget everything you know about insurance.” Their value proposition? A policy issued in just 90 seconds, and claims settled in three minutes. Traditional insurers, despite their large tech investments, would be hard-pressed to match these timelines. How is that for competitive advantage?

Another example is Upstart. This AI lending marketplace is fixing what is broken in traditional lending by going beyond traditional banks' parameters to gauge creditworthiness. The result? They are approving more personal loans at lower interest rates without paperwork in most cases. A bonus is that it takes just five minutes to check interest rates, and once approved, the funds are released in less than 24 hours^{viii}.

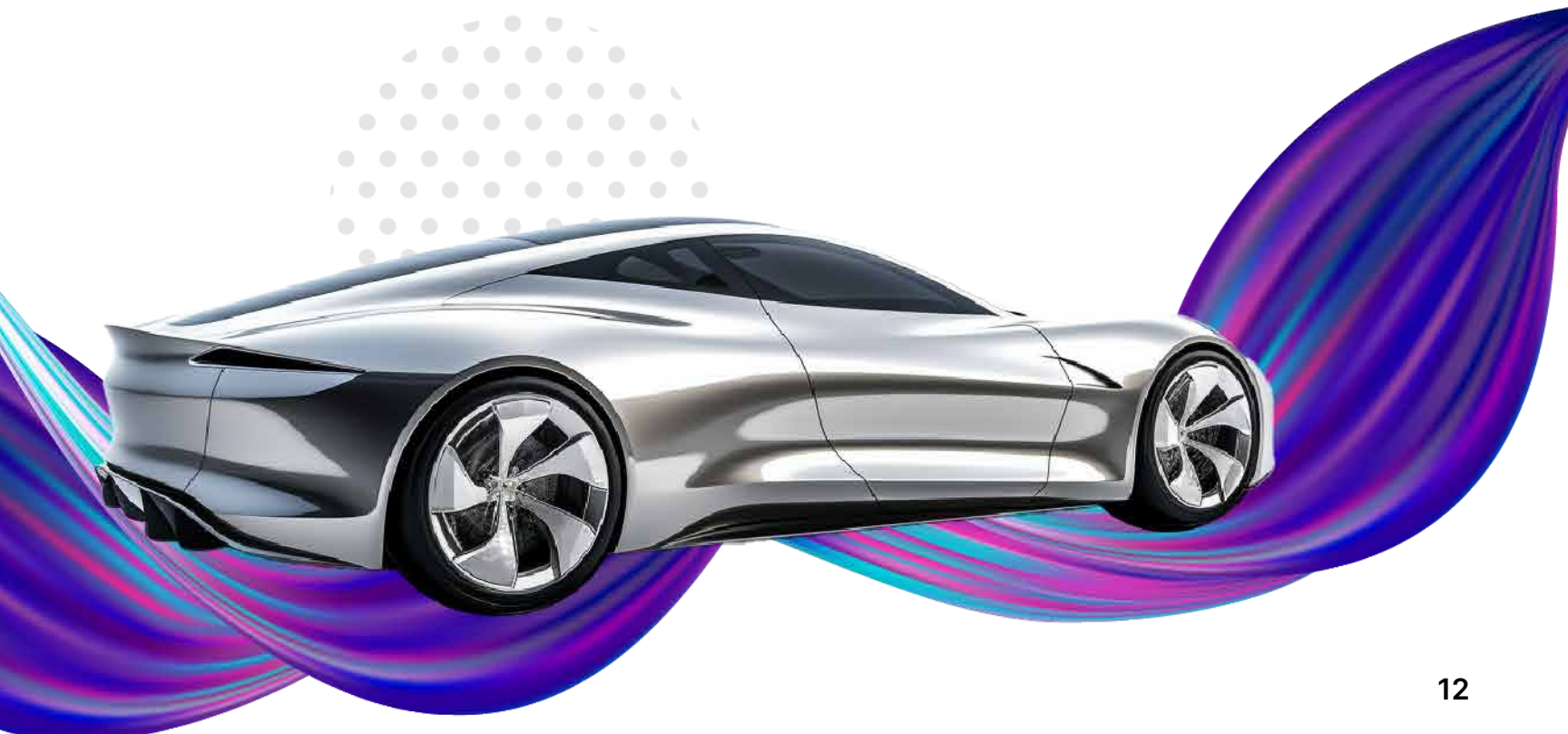
The list of these AI-first innovators is growing, and traditional businesses need to move fast to retain the competitive edge their size and scale provide.

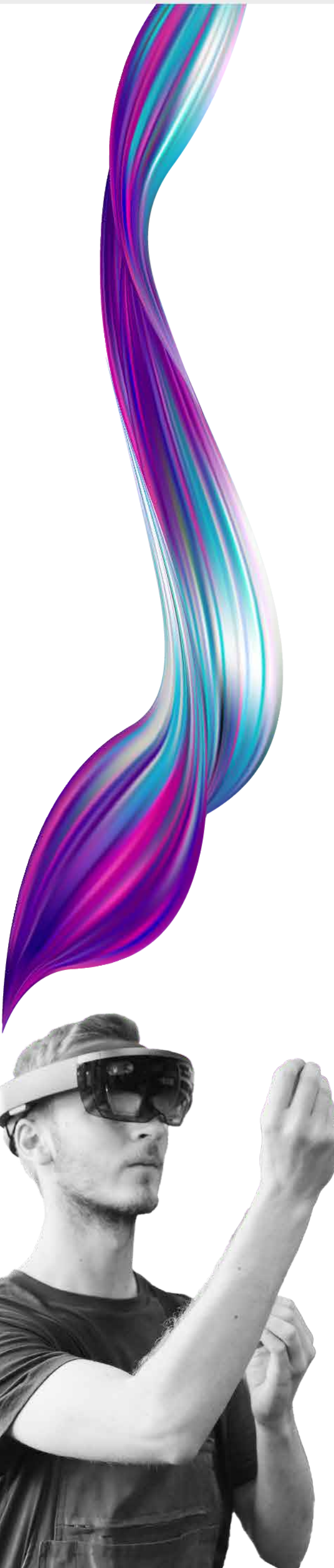
Generative AI Transforming Enterprise Operations

Generative AI in 2024 marks a paradigm shift in enterprise operations. It's not just about doing things faster or more efficiently; it's about reimagining and reinventing. While it has the potential to enable automation of up to 70%^{ix} of business activities, its impact is beyond automation. Forward-thinking companies have been redesigning operations to enable AI better^x, and now, with GenAI, they are embedding it into the very blueprint of organizational functionality and strategy. They are replacing existing workflows with more intelligent and efficient processes across the board.

For instance, in automotive industry GenAI is streamlining the design process, creating new, more efficient, and safer design options at mind bending speed. Audi, for example, uses its FeiGAN software to inspire new rim designs^{xi}. In the marketing functions too, this ability of GenAI to create unique visual elements, fonts, layouts and content is optimizing the creative process helping take hyper-personalized campaigns to market faster. Adobe, for example, is adding GenAI to creative teams' workflows with Firefly^{xii}.

Generative AI has the potential to automate up to 70% of business tasks and revolutionize the entire business ecosystem.





In financial services, GenAI is really cranking up performance across multiple use cases. For instance, an AI co-pilot^{xiii} can help underwriters make informed decisions, minimizing variations in risk evaluations, pricing, and policy issuance, leading to fairer underwriting practices. Similarly it can transform claims experience for consumers with personalized guidance and real-time clarity^{xiv}. And it can create tailored product and service recommendations and experiences for a more contextual customer journey.

To derive true value from the predictive and creative prowess of GenAI, organizations will need to embrace fluidity^{xv} in their operations and tap into their data assets. The main challenge will be to ensure that operational models are flexible enough to enable efficiency in day-to-day tasks and agility in times of disruption.

Augmented Workforce For Increased Productivity

Generative AI has added fuel to the fire of employee productivity. While traditional AI was limited by preset rules to complete a set of specific tasks, GenAI has no such limitations. Which means it is equipped to help your workforce in new and innovative ways. We've already seen some examples of how it's doing that in design and underwriting etc. and that's only the tip of the iceberg.

Today GenAI is helping lawyers save precious time by summarizing voluminous legal documents and finding information with natural language prompts. It's helping contact center agents find the right information quickly and respond to customer queries faster and more accurately. It is helping



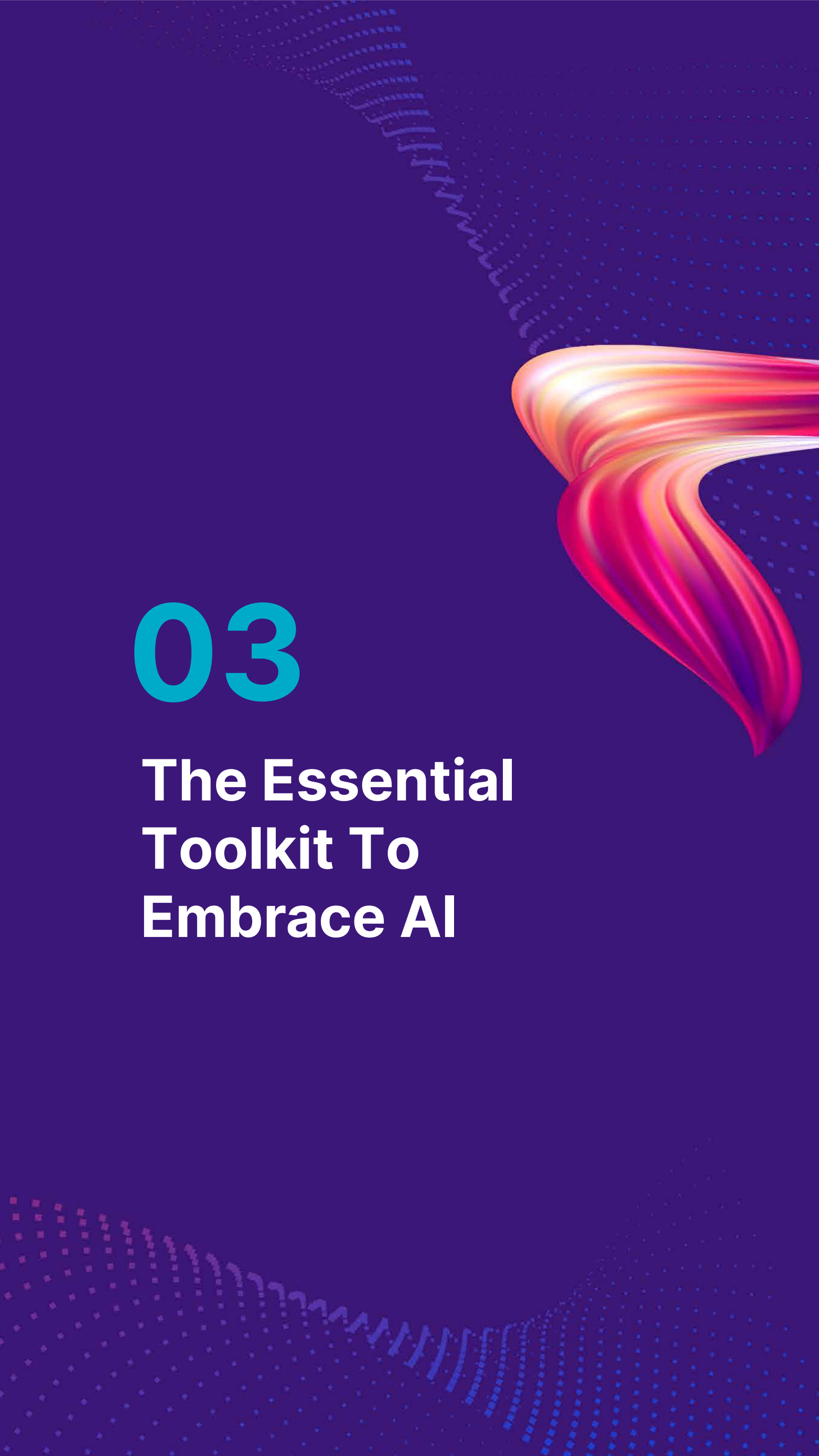
software developers be more efficient^{xvi} by suggesting new lines of code. A McKinsey^{xvii} study found that “software engineers completed their coding tasks up to twice as fast when using gen AI and reported more satisfaction with the process.” It's also helping train people faster and more effectively, reducing time to competency. Gartner predicts that by 2027, “25% of CIOs will use augmented connected workforce initiatives to reduce time to competency by 50% for key roles^{xviii}.”

Companies like Morgan Stanley are already using the power of Generative AI to improve employee productivity. Morgan Stanley's chatbot is trawling through thousands of documents to generate research insights for investment advisors freeing up valuable time for client relationships^{xix}.



“Companies have just started exploring the ways in which GenAI can be embedded in their everyday tools and workflows – safely and responsibly – to support human decision-making and action. As we move into 2024, we will see GenAI making employees lives easier in some unexpected ways.”

Nagesh K P, AVP – Software, SLK



03

The Essential Toolkit To Embrace AI



For CIOs getting the organization ready for continuous disruption is going to be a tall order – one that they cannot fulfill alone. The CIO-CXO partnership will be key in building organizational readiness to embrace disruption. Gartner^{xx} found that CIOs who partnered with CxOs in the delivery of digital technologies saw the highest success in their digital initiatives. As we head into a new year of possibilities, CIOs and CXOs need to work together to reimagine business and operating models, set the right foundations for an AI-first business, and find the right partnership models that create maximum value.



01

Reimagine Business And Operating Models

- Adopt an AI-first mindset to transform user journeys and business models.
- Rethink entire workflows to enhance user experience with AI.
- Leverage AI to create new businesses and revenue streams.

Reimagine Business and Operating Models

01

Case In Point: Disrupting Policy Intake Process With AI-Driven Automation For Insurance Carriers

Unlocked unprecedented policy delivery speeds by reducing intake processing time from days to minutes

- Quick turnaround times by streamlining, standardizing, and automating resulted in reduced client wait times
- End-to-end automation translated to operational efficiencies and improved conversion ratio and net promoter score
- A high-end AI-driven solution reduced the need for human intervention and rationalized the new business request intake



Reimagine Business and Operating Models

02

Case In Point: Disrupting Lockbox Check processing using AI, ML & NLP for Banks

Lockbox banking made 30X faster with zero
upfront automation costs

- Next-gen technologies that seamlessly integrate with the existing workflow without impacting the functioning of the current application.
- Delivered 80% automation with over 90% accuracy and 50% in cost saving
- The unique outcome-based model assures zero cost for automation, and higher savings than any other business model.



Reimagine Business and Operating Models

03

Case In Point: Disrupting Claims Assessment Process with AI-Enabled Damage Detection for Property & Casualty Insurance

Fast-track claims assessment with AI-modeling and NLP to increase business efficiency and reduce fraud losses

- Computer vision and AI models work in tandem to detect the area of damage vs natural wear and tear
- NLP models extract relevant textual information from uploaded documents
- Recommendation on damage assessment based on extent of damage detected by AI models



02

Set the Right IT Foundation for an AI-First Business

- Build a solid data foundation for real-time, harmonized information flow.
- Upgrade technology and data architecture to support diverse data sources.
- Ensure seamless integration of GenAI through strategic, collaborative leadership.

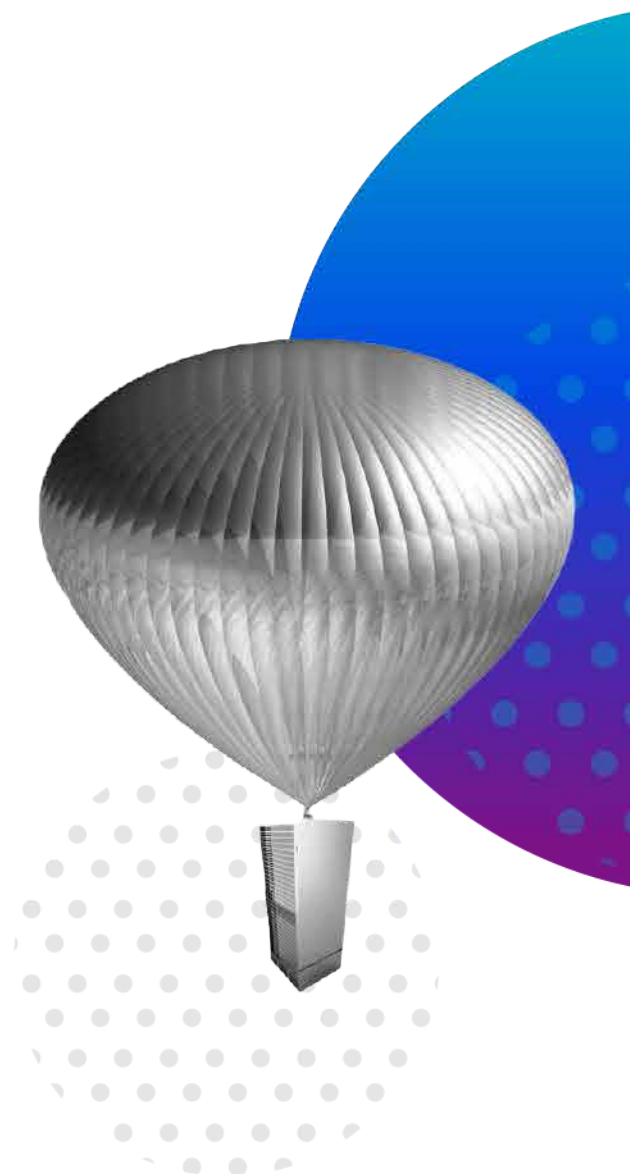
Set the Right IT Foundation for an AI-First Business

01

Case In Point: Modernized Core Mainframe Application for an Insurer and Migrated it to the Cloud to Improve Integration and Customer Experience

Proven methodology, frameworks, and accelerators delivered a faster and more successful legacy transformation journey.

- Successful M&A integration of systems between the insurer and its acquired entity
- Talent risk reduction and freed-up talent pool for business-critical engagements
- Reduced total cost of ownership by 35% and enabled 30% faster go-to-market



Set the Right IT Foundation for an AI-First Business

02

Case In Point: Infra Automation Transforms Banking Web Infrastructure with Proven Methodology, Frameworks, and Accelerators

Delivered a faster, cost-effective, and more successful legacy transformation journey while reducing downtime and time-to-deploy applications.

- Automated platform builds
- Self-healing to reduce system down and tickets volumes
- Zero downtime even while handling critical upgrades and migrations
- Automated maintenance processes such as patching by removing manual interventions and dependencies

03

Explore New Partnership Models

- Maximize business gains through innovative partnerships.
- Experiment and co-create with partners.
- Explore collaborative models where partners share risks and rewards.



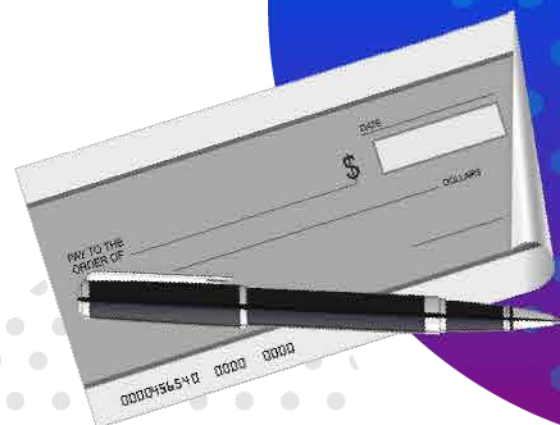
Explore New Partnership Models

01

Case In Point: Disrupting the way Fraud is Detected in Cheques Using AI and Intelligent Automation for Financial Services

Took over the deposit and check fraud detection process and deployed intelligent automation to improve process efficiency and customer experience while cutting down losses.

- Overhaul of the deposit and check fraud process, reconfiguration and training of the team, and cutting-edge automation Improved profitability and customer experience.
- Leveraged artificial intelligence to minimize check and deposit fraud and saved USD 35 million in operational losses.
- Ensured consistent processing, assured adherence to SLAs, and a 60% reduction in the manual effort



Explore New Partnership Models

02

Case In Point: Disrupting Smart Cold Chain Monitoring Using Predictive Analytics and Real-Time Reporting for The Logistics Industry



SLK co-innovated with a Fortune 100 manufacturer to create a smart cold chain monitoring solution that led to an 8% improvement in profitability.

- Smart monitoring of 60% of the world's existing reefer containers, delivering 99.9% guaranteed equipment uptime for manufacturing enterprises.
- Algorithms that predict faults before a breakdown happens by processing device data from 600,000+ and increasing containers globally.
- Together, SLK and the client have solved a major pain point for the entire industry and helped create more resilient cold supply chains.



04

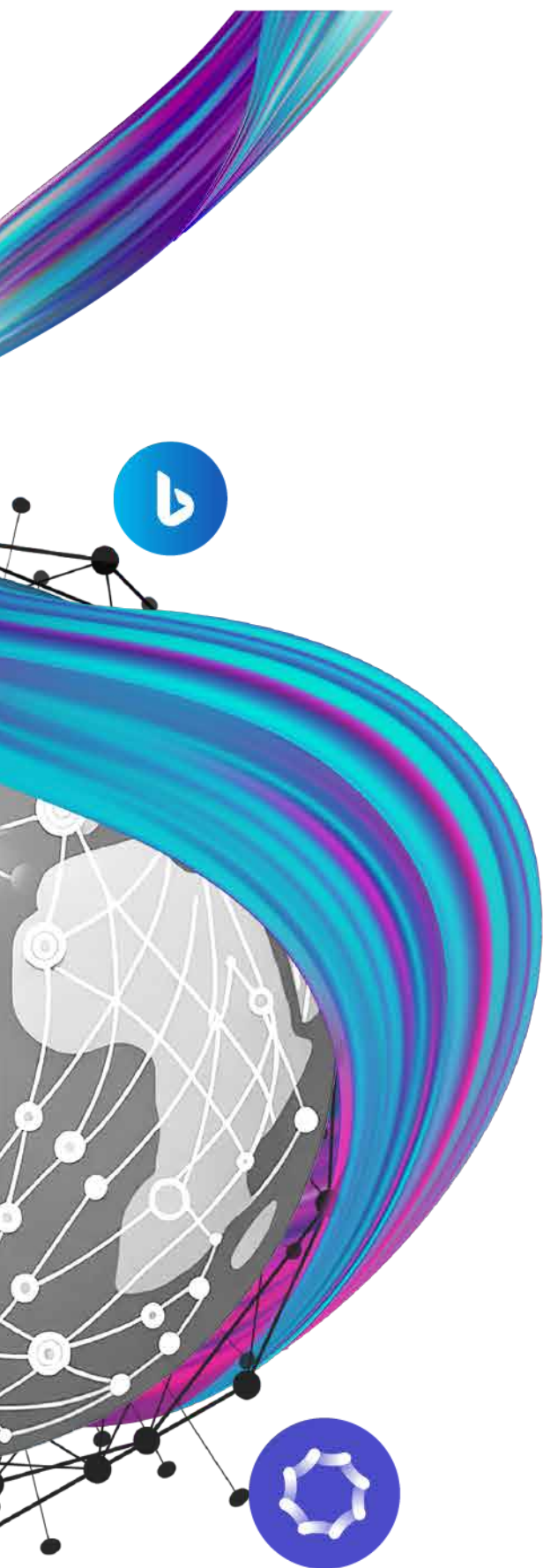
**A New Age Needs
A New Mindset For
Success**

Much has changed in just over a year. While GPT engines were in use since 2017, ChatGPT did something phenomenal – it demystified the power of AI and put it right in the hands of everyday users. Today whether an organization is using ChatGPT or not, its employees are. This is a throwback to the smartphone era where companies lost the battle against personal devices and had to implement BYOD (bring your own device) policies. With GenAI use on the rise companies are already figuring out the security and privacy concerns from unintentional data breaches.

But that only means that people have now tasted the ease and convenience AI can bring to their lives. And they want that convenience in the workplace. To securely meet this growing ask from the workforce, and of course to get the competitive advantage, organizations must move fast and embrace AI into their everyday operations and workflows. However, this shift is not possible without an AI-first mindset.

The old paradigms of tech adoption no longer apply in an AI-first era and companies need to start viewing technology through a fresh lens. It's not about adopting new technology anymore, but rather figuring out the best possible way to serve your customers and stakeholders and see how you can use technology to make that optimal journey a reality.





This transition isn't just about enhancing efficiency; it's about redefining the very essence of how businesses operate and deliver value.

McKinsey^{xxiii} predicts that ***“The emergence of GenAI could lead to about half of today’s business activities being automated a decade earlier than previously estimated.”*** This rapid integration of AI will bring with it ethical considerations and businesses must think now about how they will balance between innovative leaps and ethical responsibility. Companies must ensure their AI initiatives respect privacy, uphold data security, and adhere to ethical standards.

Moreover, this new age demands a renewed focus on talent development. As AI transforms job roles and creates new opportunities, upskilling and reskilling become vital. It's about fostering a culture where continuous learning and adaptability are at the forefront, preparing a workforce that is not only tech-savvy but also versatile and innovative.

As we look ahead, the role of CIOs becomes increasingly pivotal. They must lead the charge in embracing this AI-driven transformation, steering their organizations towards a future where AI is not just an enabler but a fundamental driver of innovation and growth. This shift requires bold leadership and a radical rethink of operational models to unlock the full spectrum of AI's capabilities. The AI wave isn't just coming; it's already here, and how companies adapt to this tide will define their success in this new, transformative era.

Are You Ready To Reimagine Your Business With AI?

Write To Us At: hello@slkgroup.com

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