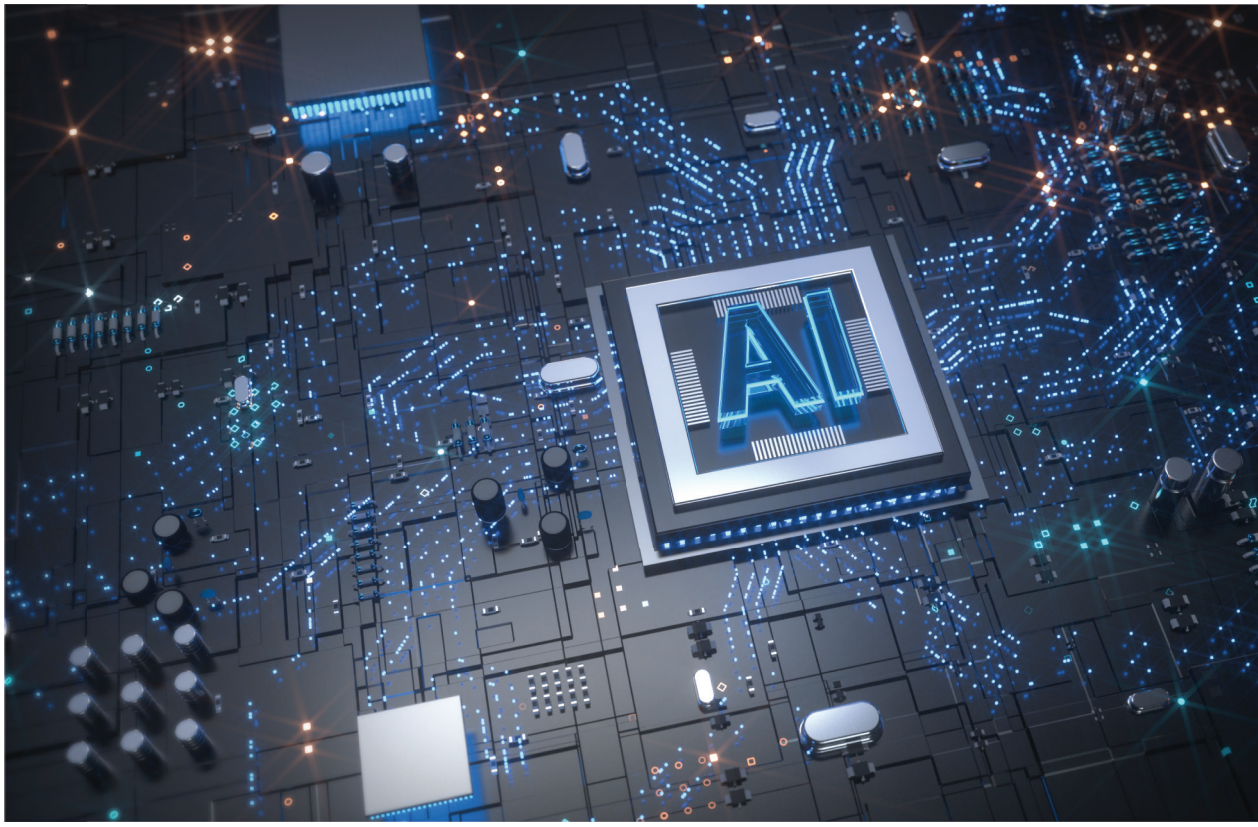
humanize

GenAI is not the answer to all your business problems, it requires more



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The emergence of generative AI (gen AI) presents both challenges and significant opportunities for leaders aiming to future-proof their organizations. McKinsey research estimates that gen AI could contribute between $2.6 trillion and $4.4 trillion annually to the global economy, boosting the overall impact of artificial intelligence by 15 to 40 percent. The Global Artificial Intelligence (AI) Chip market, valued at $14.9 billion in 2022, is projected to grow at a CAGR of 38.2% from 2023 to 2032, with companies like Nvidia leading the charge through their investments in advanced chip technologies. Meanwhile, the global AI infrastructure market, valued at $23.5 billion in 2021, is expected to grow at a CAGR of 29.8% from 2022 to 2031, with hyperscalers like GCP, AWS, and Azure dominating the space, alongside niche cloud platform providers offering specialized services. The biggest investment, however, lies in the application space of GenAI.

Companies across industries are racing to develop their own GenAI proof of concepts (POCs), exploring various use cases, with larger enterprises running multiple POCs simultaneously. According to the 'Summer 2023 Fortune/Deloitte CEO Survey,' 55% of CEOs are evaluating or experimenting with Generative AI, with 79% believing it will increase efficiencies and 52% seeing it as a growth driver. Despite this enthusiasm, only 37% are currently implementing Generative AI to some degree, and the return on investment is not yet meeting expectations.



Creating a GenAI POC involves a straightforward three-step process of selecting a cloud provider (e.g., Azure, AWS, Google), choosing a popular large language model (LLM) from the provider, and developing a POC using the retrieval-augmented generation (RAG) pattern to optimize output. However, most POCs when tried to implement as enterprise-grade solutions, fail!

Why, then, is there a gap between proof-of-concept and proof-of-value?

1. **Selecting the Right Use Cases:** Organizations often assume that new technologies can solve every problem, a misconception seen with Cloud, Robotic Process Automation, AI, and now GenAI. Enterprises must focus on using AI/GenAI in the appropriate context. They should choose business-led use cases with a clear return on investment (ROI) and align them with core business performance metrics. Fixing the business process first and then applying technology to enhance it is crucial. A long-term vision around operational efficiency, cost savings, new revenue streams, or fostering innovation should guide technology adoption.

2. **Focus on Architecture over Choice of LLMs:** Evaluating the technology stack is more important than the choice of LLM for your AI/GenAI POC. Most cloud providers offer similar LLM options, and these technologies are constantly evolving. Select a popular, reasonable LLM without overemphasizing scientific evaluation. The integration of your technology stack across enterprise applications will provide the right input to the models, yielding the desired output.

3. **Quality of Data:** The output from an AI/GenAI model is only as good as the data input. Poor data quality can be a major roadblock. Enterprises need to adopt a robust data strategy, prioritizing data quality and governance. Establishing a comprehensive and high-quality data value stream should be the first priority before implementing AI.

4. **Trust and Transparency:** Designing guardrails for ethics, bias, and regulatory compliance should not be an afterthought but a core component of the design. While creating datasets, AI models, and use cases, ethical boundaries and bias considerations need to be incorporated to ensure reliable, trusted, and transparent output.

In summary, avoiding a POC graveyard requires strategic planning, careful selection of fit-for-purpose use cases, a strong data strategy, and addressing privacy and ethical concerns. By avoiding common pitfalls, organizations can turn promising POCs into successful, enterprise-scale GenAI solutions that drive significant business value.



(1) https://www.alliedmarketresearch.com/artificial-intelligence-chip-market

(2) https://www.alliedmarketresearch.com/ai-infrastructure-market-A09353#:~:text=The%20global%20AI%20infrastructure%20market%20was%20valued%20at,a%20CAGR%20of%2029.8%25%20from%202022%20to%202031.