AI: Do You Have A Map for Your Journey?


We are all familiar with Artificial Intelligence (AI), even if most of us might not be able to explain it. In simple terms, AI is computer-generated technology that simulates human intelligence. It is the basis for two perennially cheerful characters that many of us speak to every day: Apple’s intelligent assistant Siri and Amazon’s virtual helper Alexa. AI is also the brain behind millions of recommendations on Netflix and Amazon. It powers self-driving cars and makes impressively accurate Fantasy Football predictions.

Given the sheer utility and ubiquity of AI, it’s no surprise that companies across all industries are willing to spend to get in on the game. Global spending on AI-related technologies is set to grow from $1.5 billion in 2017 to $2.8 billion in 2021.

With these innovative technologies in mind, is your board ready to work with management to lay the best roadmap to success for your company? Let’s turn first to some examples of how companies are putting AI to work now.

HOW AI IS BEING USED TODAY

In financial services, AI is already being used to speed up the process of opening a bank account by extracting information from images and documents that the customer can submit through a mobile app. This reduces the on-boarding process to minutes instead of hours and helps grow the bank’s customer base since, according to a recent study, 38 percent of customers will abandon the account opening process if it takes too long.

AI is also being used to help nudge customers to improve their financial lives and save more money. Consider the fact that 40 percent of American households don’t have enough savings to cover $400 in emergency expenses. Similar to how your Nest thermostat learns your preferences of temperature control, personal wealth planning applications learn your spending patterns, risk profile, and investment preferences, and suggest ways to change your behavior to increase savings.

In addition to improving the customer experience, banks are looking to AI to help improve the bottom line. More than 60 percent of participants in a recent NACD webinar said they would invest in AI for increased efficiency and productivity in their operations. AI’s ability to eliminate errors, improve customer service, and automate processes can exceed 80 percent in specific scenarios, so it is not surprising that AI is becoming a central strategic theme in many organizations.

It’s likely we’ve only seen the tip of the iceberg in terms of AI applications within the financial services industry, let alone many others. There is already talk of using AI in the loans space to review documents in place of lawyers, and to make better decisions about borrowers when market data is scarce.

STARTING THE AI CONVERSATION

But I know there are lingering worries about AI emerging in conversations in boardrooms worldwide. Every quarter there seems to be a new technology that promises to address all of yesterday’s problems. While there are certainly many success stories and examples of improvements from AI, there are also implications to a company’s strategy, operations, and culture. For example, the concerns about the potential impact on the company culture and employees is a real risk.
But so are the risks of not embracing AI, since there’s little doubt your competitors will. To move forward with a smart AI strategy, here are some questions that can help your board define the company’s AI goals:

- What problems are we trying to solve with AI?
- What metrics and milestones are we using to define success?
- Is our existing technology ready to support AI initiatives?
- Does our AI budget match our strategic goals?
- What are our competitors doing that we can replicate and improve?

And the central theme of all of these questions should be: How is this ultimately helping our customers? AI technology can facilitate quantum jumps in the ease of doing business, the accuracy and timeliness of services, and data delivered, but the focus should be on the customer’s needs first.

BUILDING YOUR AI STRATEGY

Best practices in this space have deep roots in other management theories but have evolved to reflect recent successes at enterprises across industries as companies explore the possibilities of AI. A winning strategy boils down to customer-focused design, data preparation, a prototyping plan, and buy-in from your employees.

- **Design.** When management works to design the strategy, they should avoid asking clients about features and functions. Instead, the board should direct the strategy team to focus on clients’ problems. New technologies allow product design to reimagine a customer’s experience across the end-to-end lifecycle. With this comes the question of how the company is capturing client feedback on their experiences with your products and services and how that feedback is taken.

- **Preparedness.** Any move to incorporate AI into your business strategy should start with an assessment of the current situation. Much of technology modernization comes down to the state of the company’s data. Not all processes will benefit from AI. But where there is potential for AI solutions, features such as real-time processing, high-availability, scalability, and cost efficiency matter. Being able to provide data visualization, analytics, predictive analytics, and machine learning will all be dependent on the state of the company’s applications and their associated data. Directors should ask for benchmarks on data quality when assessing AI’s role in strategy.

- **Experiments.** The phrase “fail fast” is frequently used in today’s agile design and programming methodology. Another way to consider this approach is “learn quickly.” Boards should encourage management to engender a culture that prototypes, observes, gets client feedback, and adjusts accordingly. At Broadridge, we frequently use pilot programs to quickly assess the viability of new ideas. Determining how to implement ideas quickly and inexpensively with the understanding that some will not work is essential to building an organization and culture aligned with the reorientation to new technologies.

- **Personnel.** Perhaps the most important reason to have a clear AI roadmap is to communicate it to the company’s existing personnel. Employees want to be inspired by the firms they work for. They want to understand the vision. And they don’t enjoy repetitive jobs. What many firms lose sight of is that in any transformation, when there are new tools for the job, training the existing experts to use them is often the best solution. The board should ask management what their plan is for rolling out the new technology and how it will navigate questions and concerns from personnel.

Directors shouldn’t doubt the utility of AI and that it has a role to play. The technology of today has the potential to transform our clients’ experiences, leveraging our subject matter experts as we increasingly connect the dots to consider the end-to-end client lifecycle. But these opportunities are not without risk, and nirvana is rarely reached without discussions about the roads to take along the journey. It’s worth having these conversations today if we wish to harness the power of AI tomorrow.

ABOUT THE AUTHOR

Michael joined Broadridge in 2017, and leads Broadridge’s corporate strategy function. He began his career at McKinsey & Company, consulting clients in the financial services industry before moving to Merrill Lynch where he was investment banking Vice President of their Financial Institutions Group. Michael later served as Director of Investments for the Troubled Asset Relief Program at the U.S. Department of Treasury. Most recently, Michael was the Senior Executive Vice President of Worldwide Services for Microstrategy.

---

Broadridge, a global Fintech leader with over $4 billion in revenues and part of the S&P 500® Index, provides communications, technology, data and analytics. We help drive business transformation for our clients with solutions for enriching client engagement, navigating risk, optimizing efficiency and generating revenue growth.

broadridge.com

© 2019 Broadridge Financial Solutions, Inc., Broadridge and the Broadridge logo are registered trademarks of Broadridge Financial Solutions, Inc.

CP_00050_AR_19