Productivity, AI, and the Changing Workplace

Bevington Group – Change Network

Prompt: In the foreground: people in corporate attire sit at a boardroom table, planning together. Behind them, as if on a wall, are charts and diagrams representing sustainable growth. the style should be realist and modern, with a colour palette that creates an optimistic mood.

Melbourne – Monday 25th November 2024

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Today we will cover…

1. Some financial pressures that are impacting many organisations today
2. An overview of some sustainable approaches you might consider – not all of which are AI related
3. The rapid development of the AI marketplace, and how you might productively address the changes

Financial pressures facing organisations today

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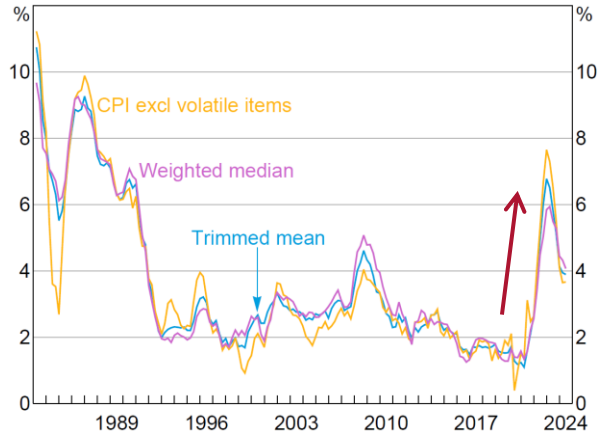
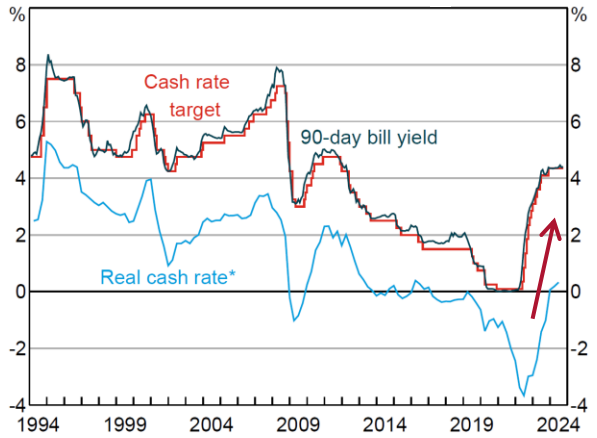
A combination of financial pressures are facing many organisations today…

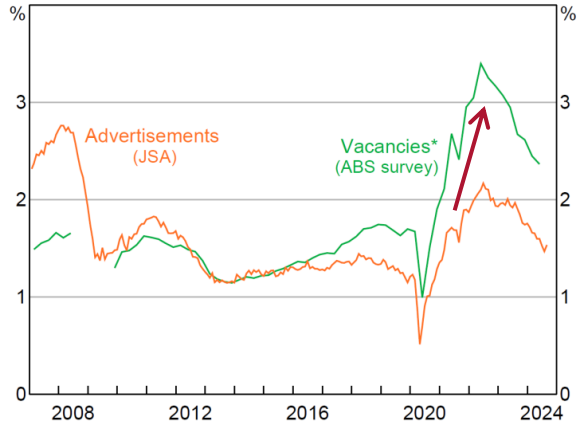
Inflation



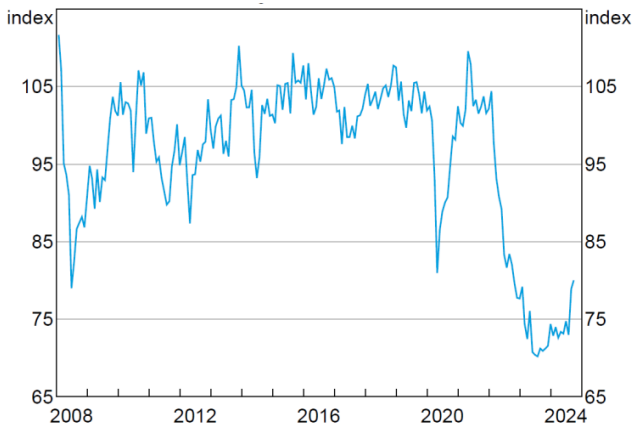
Interest rates



Labour availability



Consumer sentiment



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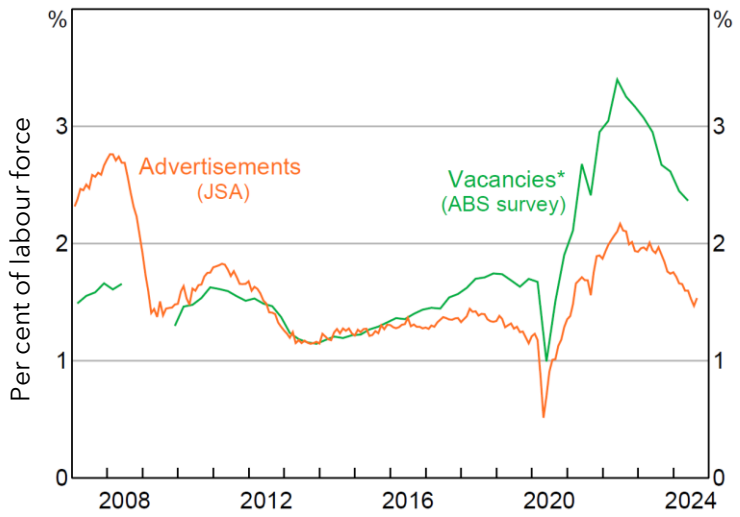
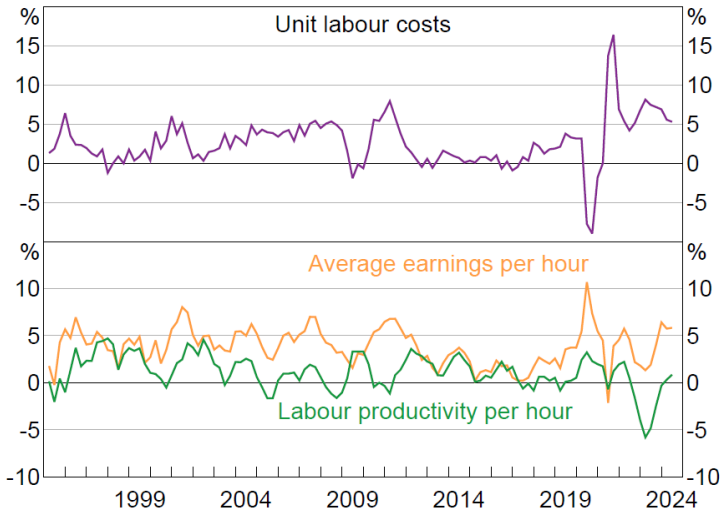
Many are feeling the impacts of labour cost pressures

Job vacancies and advertisements *



Growth in labour costs ˜



Insights

- Job shortages and vacancy rates remain high, leading to sustained under-resourcing issues for many sectors and industries
- At the same time, organisations are getting less economic value from labour, since wage costs have increased (with the Wage Price Index rising by 0.8% for the June quarter and 4.1% for the year) whilst productivity levels have fallen

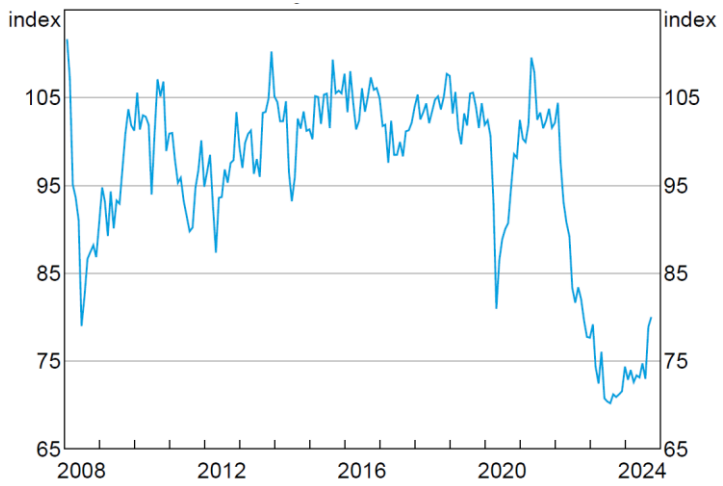
* This survey was suspended between May 2008 and November 2009.

˜ Non-farm, year-ended

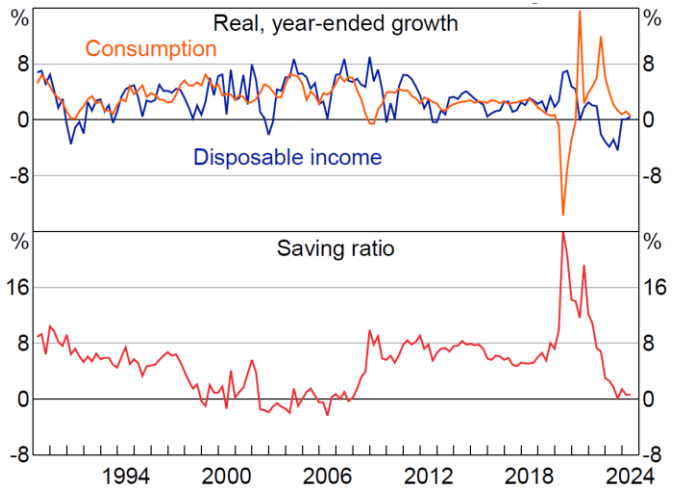
Sources: ABS; RBA; Jobs and Skills Australia.

Consumer sentiment is low, and some consumer segments will be under cost-of-living pressure

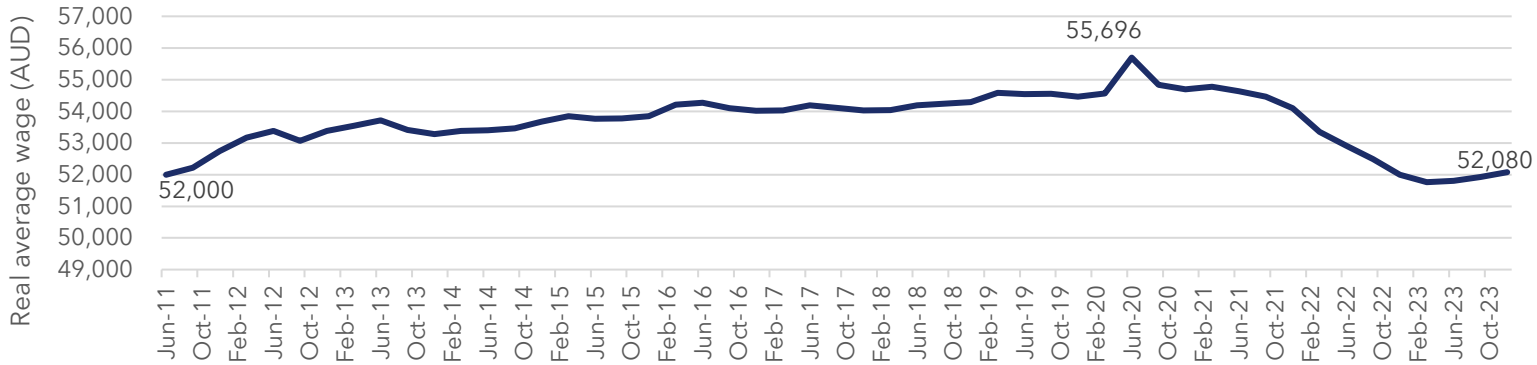
Consumer sentiment *



Household income and consumption ˜



Average wage (in June 2011 dollars)



Insights

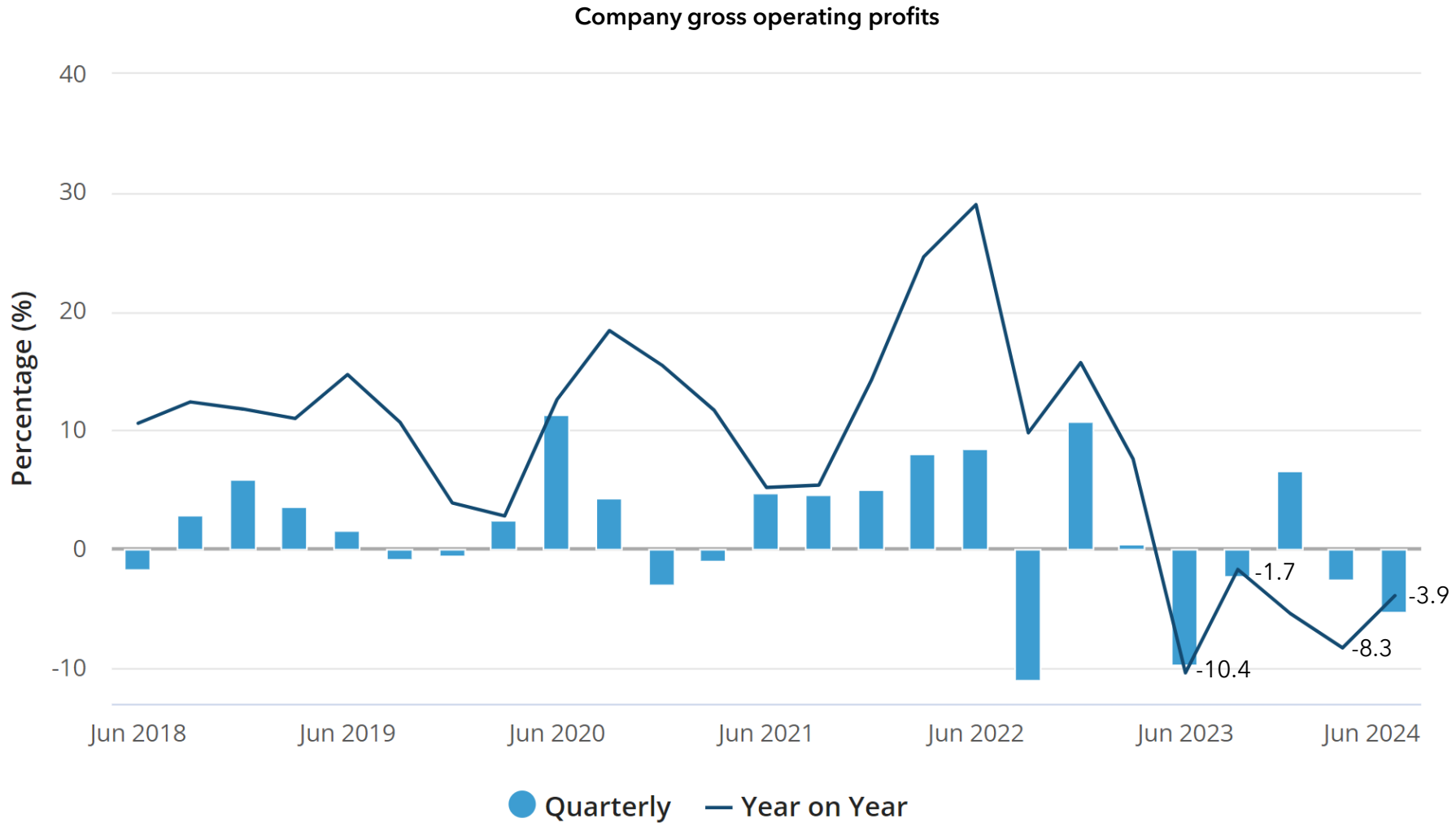
- Consumer sentiment has plummeted to levels far below GFC and COVID periods
- Falling real wages and rising interest rates have exacerbated cost of living pressures and forced consumers to spend more on necessities
- We are seeing no growth in disposable incomes and consumption, and a falling savings ratio (with households saving only 0.9% of their income over the year – the lowest rate of annual saving since 2006-07)

* Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measure of respondents' perceptions of their personal finances relative to the previous year (average since 1980 = 100); ANZ-Roy Morgan index rescaled to have the same average as the Westpac-Melbourne Institute index since 1996.

˜ Household sector includes unincorporated enterprises; disposable income is after tax and interest payments; saving ratio is net of depreciation.

Sources: ABS; ANZ-Roy Morgan; RBA; Westpac and Melbourne Institute.

These factors have been having a significant impact on the profit margins of Australian organisations



So, how can we respond?

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We want to be careful, or even suspicious, of short-term thinking in our responses – certainly, we need to test for their ongoing impacts

- In this kind of turbulent environment, organisations often look to cut costs quickly
- Some actions taken may include:

Reduction of discretionary spending	**Service level adjustments**
Aggressive inventory management	**Recruitment freezes**
Pressuring suppliers	**Rebalancing permanent / contingent workforce**
Emergency price rises	**Rapid restructures**

- **Unfortunately, some popular approaches can have undesired medium- to long-term consequences,** harming organisational resilience and soon leaving the organisation in a worse place than it was to begin with

Elements of Organisational Resilience

Diversity

To create more ideas

Adaptability

So the organisation can respond to new pressures

Efficiency

To execute in an economically sound way

Cohesion

So even loosely connected parts can support each other

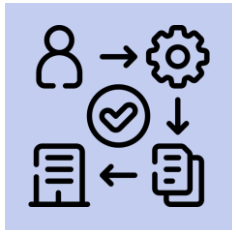
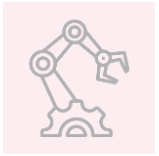
Source: *Fiksel, J. (2003). Designing Resilient, Sustainable Systems. Environmental Science and Technology, 37(23), 5330–5339. https://doi.org/10.1021/es0344819*

Bevington Group recommends adopting rational, strategic responses based on the nature of the issue

Process inefficiencies	Process re-engineering
Excessive manual effort (no automation)	Process automation
Ineffective structures	Restructuring (within operating model redesign)
Capability gaps	Role re-design (possibly with restructuring)
Flexibility challenges	New ways of working
Legacy technology challenges	Modern architecture & AI

Addressing process inefficiencies with

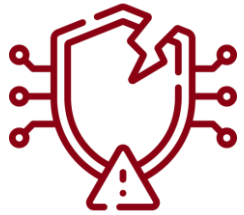
Process re-engineering


Process inefficiency is very common

Examples of inefficient processes

- Outdated approval workflows
- Manual data entry
- Redundant approval steps

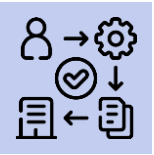


Consequences of not updating processes

- Frustrated customers
- Irritated staff
- Increased risks
- Higher costs

Opportunities in process optimisation

- Improve efficiency
- Enhance customer experience
- Reduce technology implementation risks
- Reduce technology implementation costs



Process reengineering is the thorough and detailed redesign of organisational processes to remove inefficiencies and friction points

Process Reengineering

Capture Current State ("As Is") Process

- Map process, including detailed information on
  - Roles
  - Systems
  - Documentation
  - Decision points
  - Interdependencies

Perform Structured Analysis of Current State

- Locate friction points and opportunities
- Quantify issues where possible
- Identify opportunities for automation

Conduct Scenario Modelling

- Compare different changes to the current state
- Confirm utility of metrics in quantifying process performance
- Use scenarios to support business case

Confirm & Map Future State ("To Be") Process

- Map new process

There are various sources of insight into current state processes:

Process Modelling

Manual, or semi-automated, mapping of activities, decision points, system usage, and documentation

Business Performance Analysis

Capture of key metrics / performance indicators and trends to quantify current state performance

Customer Journey Mapping

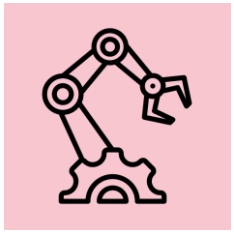
Description of customer perspective, aligned to process, providing insights into end-user needs, attitudes, and behaviours

Process Mining & Task Mining

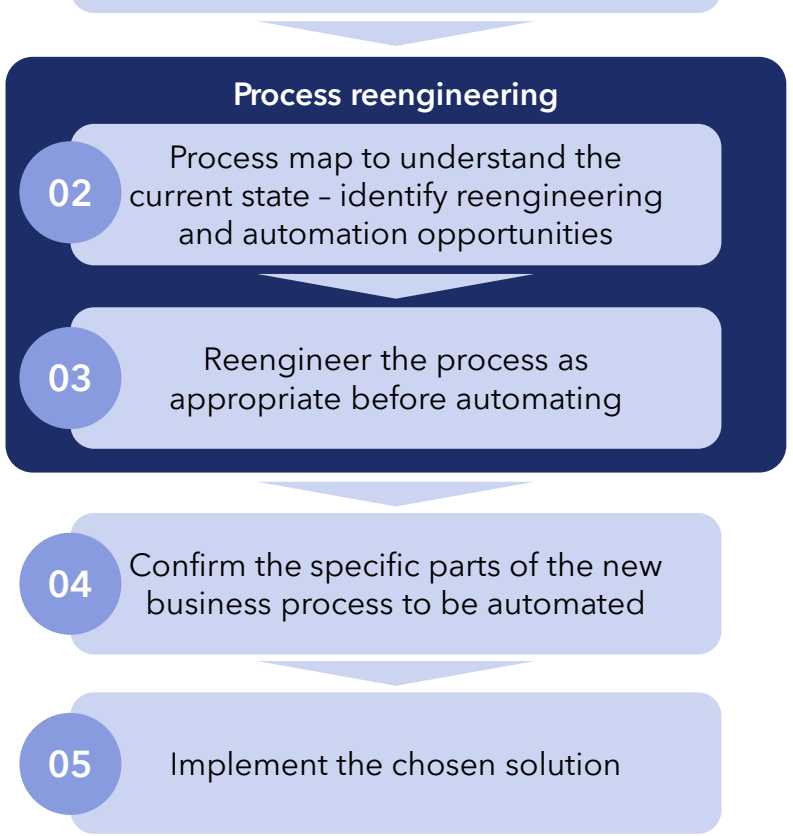
Capture of enterprise platform logs and/or detailed tracking of user interactions with systems to automate modelling of the current state, including variations

Addressing excessive manual effort with

Process automation


There is little doubt in practice (or in the literature) that automation alongside process reengineering can deliver very significant efficiencies. In this case 1+1 is greater than 2



Value Driver Trees can assist with determining the processes that matter most given the goals of the organisation (e.g., volume, cost, ROE, ROA)

If you automate without considering the 'big picture' process, you might be 'missing the forest for the trees' and leaving potential efficiencies unrealised

Automation can make a process more efficient, but it does not itself improve the fundamentals of the underlying process. For example:

- You could automate a second check in the process, but it is still duplicated effort in the new process
- You might be collecting data that is not useful, it would be a waste of resources to automate this collection

In partnership with a technology vendor that matches your key process requirements

Robotic Process Automation (RPA)

- RPA involves automating repetitive computer-based tasks by using automation software.
- The software is system agnostic and allows the automation of tasks in any environment across multiple applications including web-based software, legacy systems and ERP systems.

Why do we use it?

- Replace/Assist employees to execute mundane tasks.
- Standardize processes
- Reduce user error
- Reduce costs
- Work with existing systems to better customer experience
- Automate repetitive processes

Approach and steps

- Access, rank, and shortlist processes
- Understand the process
- Record user behaviour
- Record exception behaviour
- Build RPA workflow
- Test and deploy robot

Expertise in Tool

- UIPath
- Automation Anywhere
- Microsoft Power Automate

Business functions improved using RPA

Support functions	Operations
▸ Accounts payable	▸ Recurring order entry
▸ Payroll processing	▸ Mass marketing emails
▸ IT helpdesk	▸ Website customer service interactions
▸ Legal document management	▸ Logistics master data update
▸ HR recruitment administration	▸ Production planning
▸ Supplier master data maintenance	▸ Order acknowledgement
▸ Simple textual and vocal interactions	▸ Archiving activities
	▸ Standard reporting

Departments automated using RPA

Finance and Accounting	HR	Legal	Procurement / Production
Payroll	IT	Operations	Sales & Marketing

Project Benefits

Increased accuracy >99%

Cost reduction >50%

Improved cycle time up to 75%

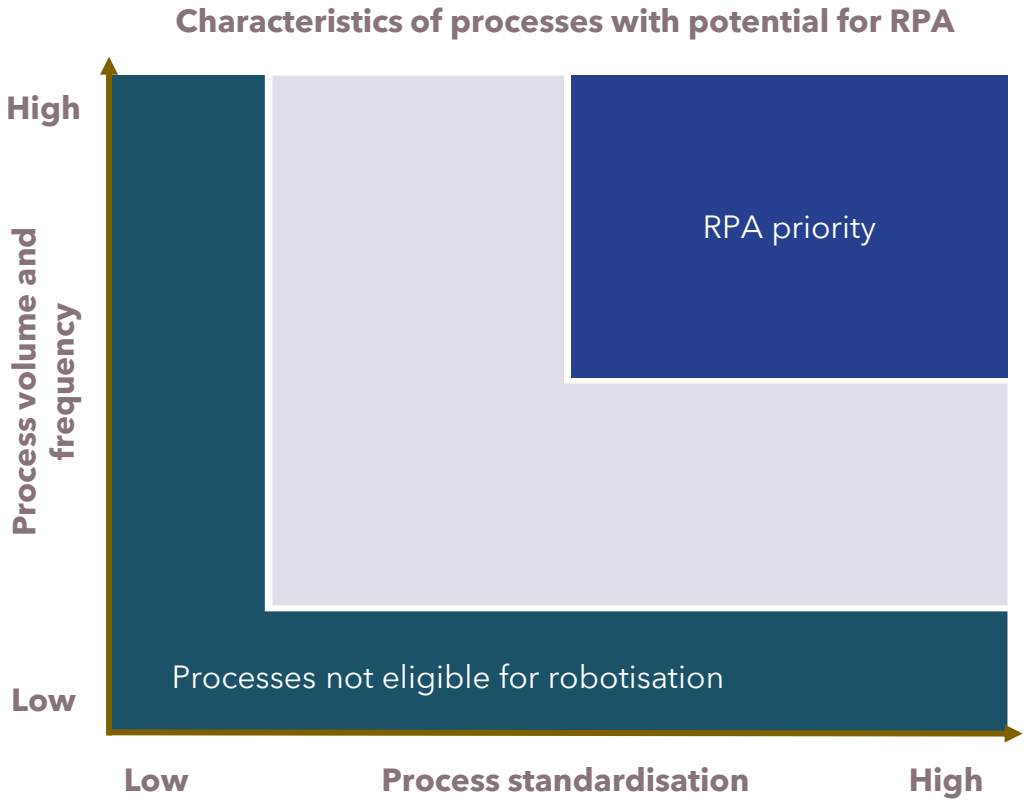
Employee engagement focused value-added tasks

Rapid ROI (few months)

24/7 support

Many processes are suitable for RPA

Not all computer-based processes are eligible for robotisation. Those that are repetitive, frequent, and standardised are the most easily automated, while others may also be candidates if they can be standardised.

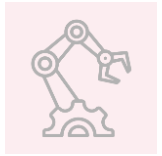
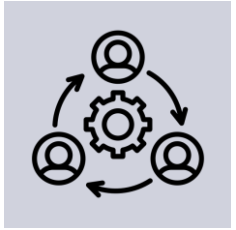


Typical RPA-eligible processes include:

- Recurring data entry
- Data retrieval and conversion
- Systematic control tasks
- Archiving activities
- Standard reporting
- Mass emailing
- Standard tasks which are particularly prone to human error
- Simple textual and vocal interactions

Addressing ineffective structures with

Restructuring

Restructures are a commonly looked to solution, but can be damaging if not done properly

Restructures have a consistently high failure rate, with most of us having seen disappointing attempts

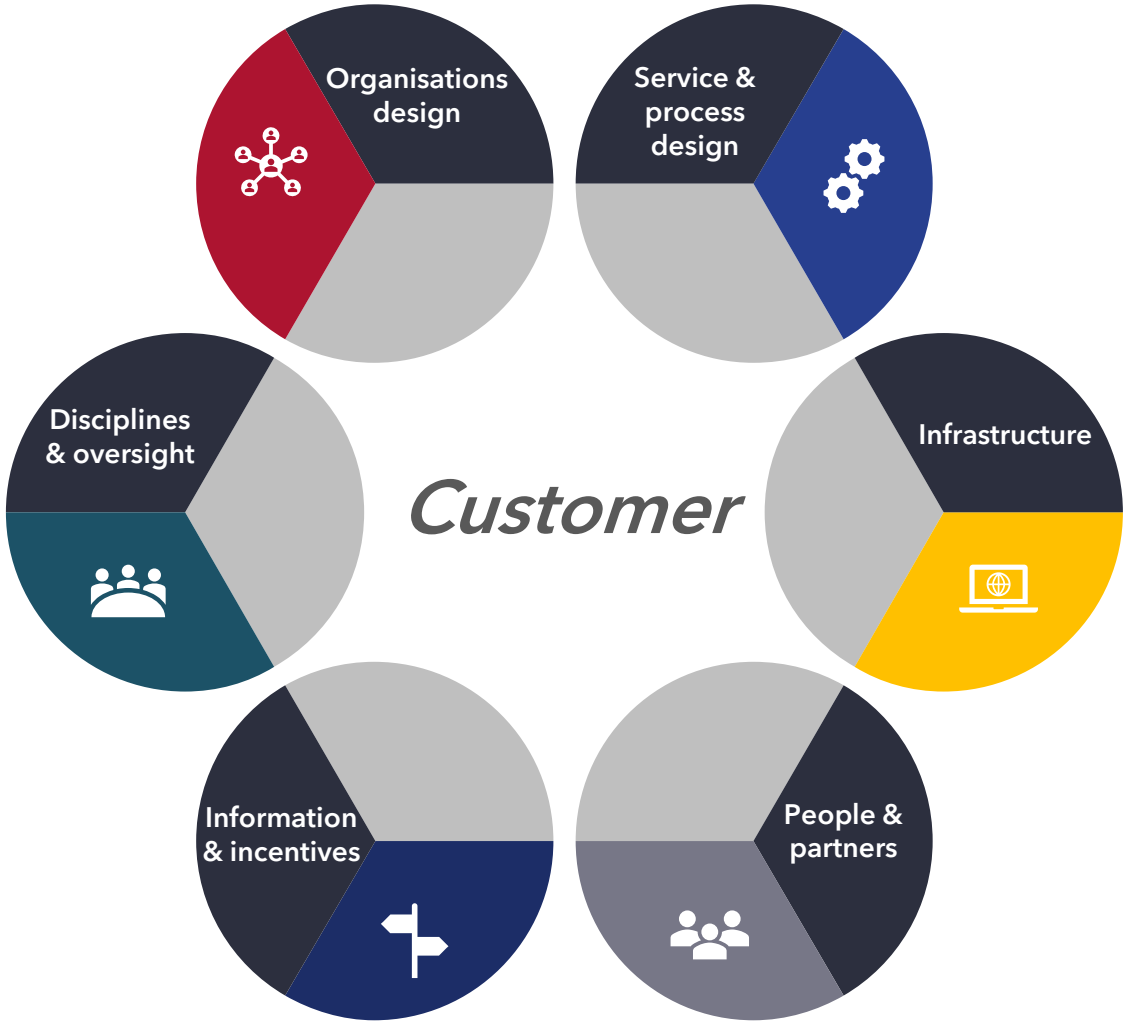
They fail for three fundamental reasons

- Poor strategic concept
- Limited consideration of broader operating model – including automation
- Poor change management

A modern approach…

- **Incorporates operating model thinking:** Integrates diverse organisational elements to enhance mission delivery effectively
- **Ensures 'value driver tree' thinking is imbued in the metrics:** Facilitates clear and consistent linkage between organisational value and performance metrics
- **Uses contemporary methods:** Ensures that the right steps are followed in the right way
- **Leverages modern technologies:** Uses effective and affordable tools to capture and analyse organisational structure efficiently

To restructure properly, consider structure in concert with other elements of the operating model



Benefits:

Holistic organisational framework

Encapsulates all essential elements for cohesive mission alignment and operational synergy

Adaptive to modern challenges

Equips organisations to navigate complexities by iteratively refining the operating model

Integration of interconnected elements

Ensures harmony between processes, technologies, skills, and policies for optimal efficiency

Organisations do not work by structure alone

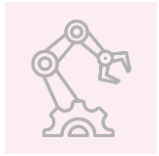
New structures require other supporting elements of the operating model to be in place, for instance

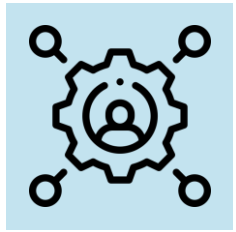
- Metrics
- Incentives
- Processes
- Authorities
- Ways of working

Use of this model helps to ensure they are accounted for

Addressing capability gaps with

Role re-design



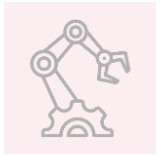

Changes to your Operating Model may necessitate new or changed roles – under these circumstances Workforce Planning makes sense

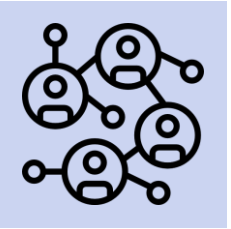
- Any changes made to your Operating Model (e.g. in response to initiatives such as increased automation, a push towards AI, structural transformation, etc.) will likely necessitate some changes in thinking on the roles found in your organisation
- This may require **new roles, modifications to current roles, or a new spread of skills**

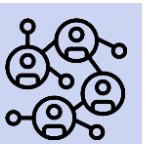
Example of Op. model change:	Increased automation	Shift towards AI	Restructuring for cost
Potential new roles	• Automation Specialists • Robotic Process Automation (RPA) developers	• Data Scientists / Data Analysts • Machine Learning Engineers	• Change Managers • Industrial Relations (IR) Specialists
Potential changes to current roles	• Reduction in manual work effort • Greater focus on process optimisation (as opposed to manual oversight)	• Less "routine" decision-making (and more focus on exceptions) • Less manual research	• Managers to handle larger teams • Increased strategic oversight from senior leaders
New skills / capabilities	• Technical understanding of automation tools • Troubleshooting/maintenance of automated systems	• Data analytics and interpretation • Critical thinking • Best practices for use of AI tools	• Cross-functional flexibility • More agile financial planning

Addressing flexibility challenges with

New ways of working



Updated ways of working can have a materially positive impact on productivity

- “Ways of working" is a descriptor that incorporates a basket of behaviours, and even rituals, which enable effective collaboration and delivery
- For instance, lean and agile practices have had a material impact on the ways that organisations work
  - Lean thinking has led to continuous improvement habits which help to tame inflation
  - Agile thinking has led to the reconstructing of teams as multi-disciplinary delivery teams which require different ways of
    - Prioritising
    - Decisioning
    - Communicating
    - Monitoring progress
    - Delivering
- No matter how good the process of restructuring or reengineering is, ways of working can still have a material impact on overall performance

What about AI?

Now let's get specific on its productivity and organisational implications

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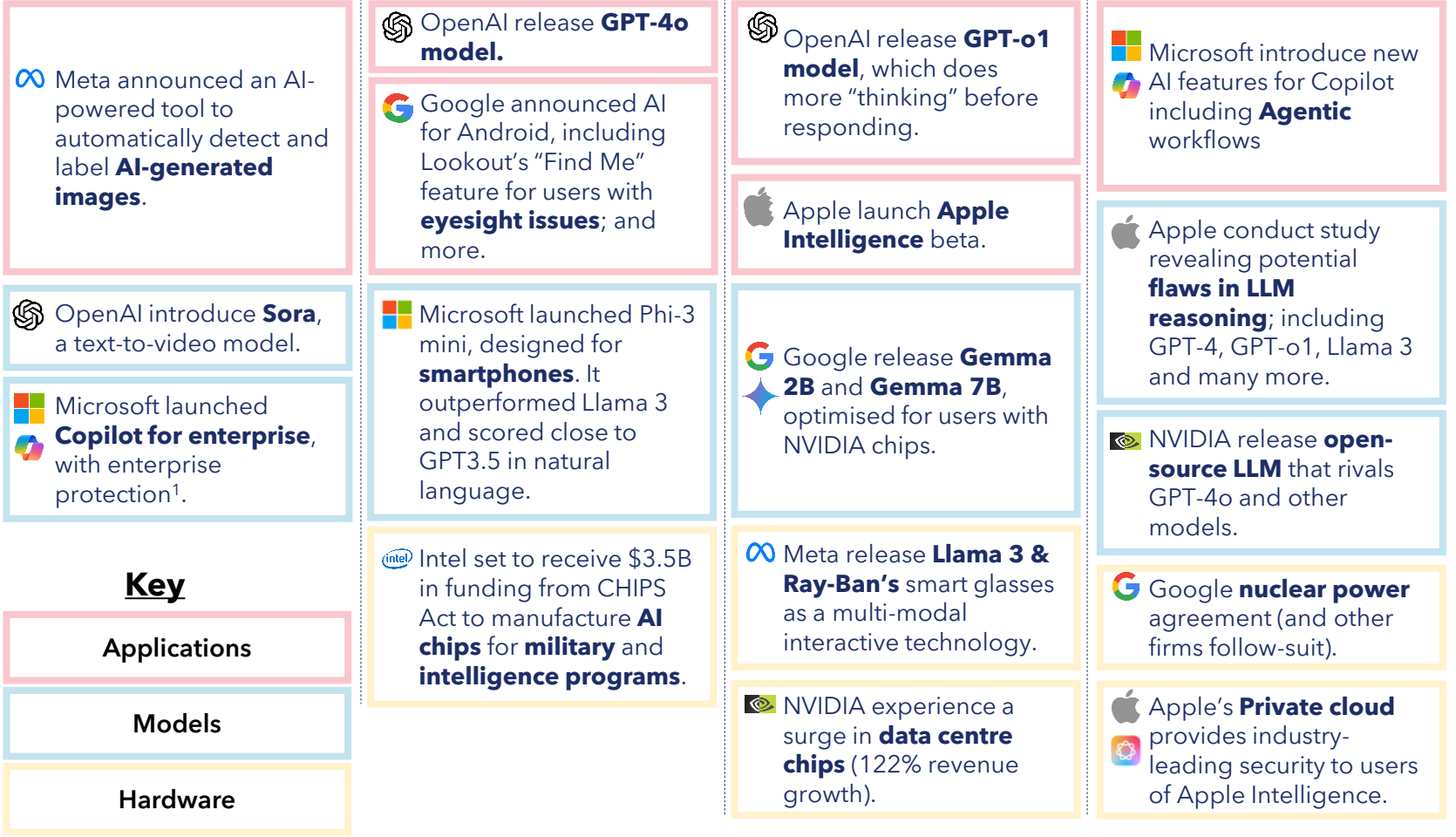
2024 has seen continued rapid development across the AI landscape



Most recent highlights

- Meta uses facial recognition to prevent **scammers creating fake endorsements**.
- Meta's Llama being explored for use in **US public sector**
- OpenAI release **"SimpleQA" to benchmark factual accuracy** of LLMs. GPT-4o & o1 performed poorly (<50%)
- NewsCorp sues OpenAI & PerplexityAI for copyright infringement
- EU publish a framework testing alignment to EU Law:
  - Anthropic's Claude scores well.
  - Google's Gemini scores low.
- Anthropic
  - Released **Claude computer control**
  - Published research on AI model sabotage: 'How models could deceive or manipulate users'

There are hundreds of different tools that leverage AI in some form…

OpenAI

Claude +Computer Control

Notion

zapier

Lindy

Technology development

Use case:

- Automates coding tasks and provides live coding suggestions

Key features:

- AI-driven code generation / debugging and multi-language support

Best for:

- Industries requiring efficient coding

Key task support

Use case:

- Streamlines administration

Key features:

- Structuring ideas and notes into actions
- Natively generate content

Best for:

- Creating efficiency and optimisation from minimal context, between small teams or individuals

Functionally driven AI

Use case:

- Automates integrations and workflows

Key features:

- Web scraping
- Integrations across third party services

Best for:

- Coordinating tools across multiple platforms and providers

Experience transforming AI

Use case:

- Provides customer support and simple email drafting

Key features:

- Generating leads and streaming prospects internally
- Auto drafting replies to inbound leads
- Customer support agents

Best for:

- Sales, Marketing, and Medical (scribe)

It is critical to recognise which AI tools you ***need*** (and which you don't)

To get value from AI, you must overcome the tyranny of choice, guided by your specific needs…

perplexity

Research

Use case:

- Researching and citing references

Key features:

- Always creates citations and references
- Based on 'memory', allows deeper research with follow-up questions

Best for:

- Institutions that put a high valuation on quality research

Meta AI

Translation

Use case:

- Provides accurate translation

Key features:

- AI-driven content generation and customisation across multiple formats

Best for:

- Global businesses operating in multiple languages

It is critical to recognise which AI tools you ***need*** (and which you don't)

While there are thousands of AI developers, the market is dominated by a few significant forces

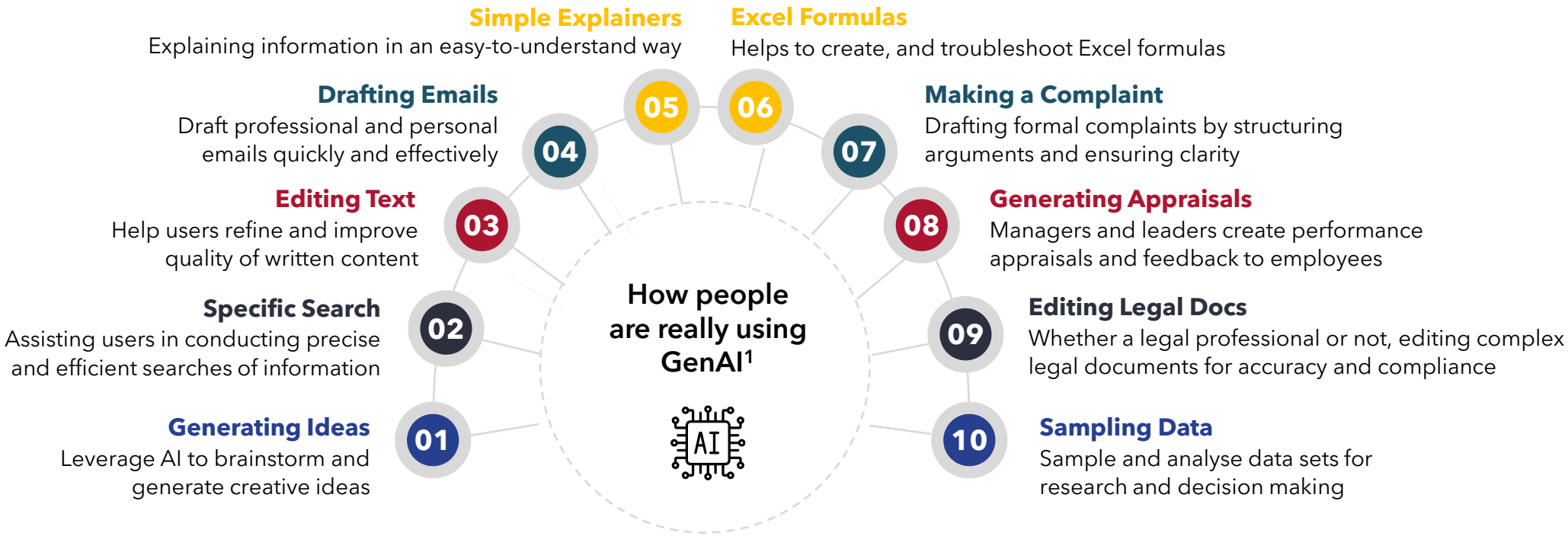
OpenAI[1]	• GPT-4o model, the highest performing traditional GPT model created by OpenAI. • GPT-o1-preview model, with a critical thinking and problem-solving specialism, **out-performs almost all models on almost all text-based benchmarks.**
Databricks	• Mosaic AI enables unified tooling to build, deploy, evaluate and govern AI / ML solutions; including compound AI systems. • Mosaic AI gateway combined with the Databricks data platform and AI model marketplace enables multiple models.
Google	• Gemini 1.5 Pro, **highest performing model for mathematical problems.** • Gemini is being deployed across the Google workspace ecosystem, in competition with Microsoft's Copilot.
Anthropic	• Claude 3.5 Sonnet, the highest performance model to-date created by Anthropic. • Claude 3 Haiku, a smaller model.
Meta	• Llama 3.2, the highest performance model to-date created by Meta • Llama 3.1, is higher performing than ChatGPT-4o, with **translation specialism**
MistralAI	• Mistral 7B, the highest performance model to-date created by Mistral AI, outperforms Llama 3.2 on various benchmarks. • Mistral 3B, a smaller (3 billion) parameter model.
NVIDIA	• NeMo, NVIDIA's end-to-end platform for developing and deploying custom generative AI models (including LLMs, multimodal, vision, and speech AI). • NVLM 1.0, NVIDIA's frontier-class multimodal LLM excels in both vision-language and text-only tasks, it is open-source.

[1]Microsoft Copilot, runs off OpenAI's models. Otherwise, Microsoft have developed "Phi", a small and high performing model, designed for phones and mobile devices.

Many organisations are deriving benefit from 'Everyday AI' use cases

The Australian government has published results from a **Whole-of-Government trial of Microsoft's Copilot**[2]

- Senior executives used meeting summarisation features more than other classes.
- Microsoft Teams and Word were used most for editing text and generating ideas.
- Due to poor Excel functionality, and access issues in Outlook, there was minimal usage.
- Content summarisation and re-writing were the most used Copilot functions.
- It was noted that other generative AI tools may be more effective at meeting users' needs in reviewing or writing code, generating images and/or searching research databases.



[1]*https://hbr.org/2024/03/how-people-are-really-using-genai*

[2]*https://www.digital.gov.au/sites/default/files/documents/2024-10/Copilot%20Microsoft%20365%20summary%20of%20evaluation%20findings.pdf*

Whilst at an industry level, trending use-cases have emerged as organisations follow their peers.

This can create significant opportunity for disruptors

Industries and their common AI uses

	Primary Use-case	Secondary Use-case	Tertiary Use-case
Healthcare	Medical imaging analysis	Predictive diagnostics	Personalised treatment plans
Finance	Fraud detection	Algorithmic trading	Customer service chatbots
Retail	Inventory management	Personalised recommendation	Dynamic pricing
Manufacturing	Predictive maintenance	Quality control	Supply chain optimisation
Education	Personalised learning	Automated grading	Virtual tutors
Transportation	Autonomous vehicles	Route optimisation	Traffic management
Marketing	Customer segmentation	Targeted advertising	Sentiment analysis
Cybersecurity	Threat detection	Incident response	Risk assessment
Energy	Smart grid management	Energy consumption optimisation	Predictive maintenance
Entertainment	Content creation	Recommendation systems	Interactive gaming

Given the breadth of potential deployments, it is clear an AI strategy is needed to guide your approach

Multiple Types of AI

'AI' is not a single deployable tool, but rather a broad collection that can be segmented in a variety of ways

- Different capabilities
  - e.g., computer vision, pattern finding, etc.
- Categorisation by use-case
  - e.g., content generation, optimisation, etc.
- Categorisation by application
  - e.g., virtual assistants, chatbots, key task support, etc.

Where AI Can Be Deployed

- All areas of an Operating Model can impact and be impacted by AI deployment
- Deployment can:
  - Affect both staff and customers
  - Be operationally driven, enabling complete automation
  - Create a heightened need for risk management and safety

Deployment Needs

AI deployment can be costly, from a tool perspective, and requires a range of technical and non-technical resources to succeed

- Resourcing for AI
  - AI / Machine Learning (ML) Operations team i.e.
    - Data Science
    - AI Engineers
    - Cloud Engineers
  - Operational teams
    - Training and adoption
  - Change management / adoption
- Model and technology stack costs

The "many flowers bloom" approach is probably not a longer-term option

The risks and issues being introduced could have wider-reaching impacts

"I've found something that saves 25% of my time"	*"AI tools can help me find the data I need more easily…"*	*"If we can automate this task ourselves, let's just do it"*	*"Using Generative AI for content saves me 3 hours"*	*"We should automate resume screening just within the team"*

Benefits

- Some improvement in (local) productivity
- Increased staff familiarity and comfort with AI tools
- May identify pathways of merit

Drawbacks

- ***Increased risk***, with lack of oversight and no management of usage disciplines
- ***Increased tech debt*** due to proliferation of systems and tools without integration
- ***Increased process debt*** due to diverging new ways of doing things
- ***Higer long-term costs*** follow from technology and process proliferation
- Undirected experimentation leaves ***resources spread too thin***
- Lack of frameworks and oversight tend to lead to ***poor realisation of benefits***
- Lack of focus carries an ***opportunity cost***

Risks to consider

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PERFORMANCE OUTCOMES DELIVERED

AI deployments present risks on multiple fronts

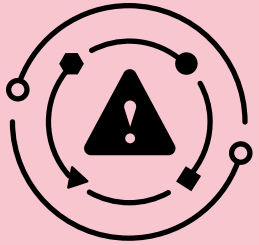
P1

Strategic Risks

P2

Data Risks

P3



Model Risks

P4

Financial Risks

Setting a clear AI strategy aligned to your corporate vision is a key first step to managing risk

Strategic Risks	Mitigating AI Strategic Risk
• **Misalignment between AI capabilities and business objectives** • Insufficient return on AI investments	• Diversification of tech – balance of AI and non-AI solutions to avoid over-reliance
• Long-term overdependence on AI (leading to vulnerabilities if the systems fail or become obsolete)	• Contingency planning / disaster planning (Business Continuity Planning - BCP)
• Competitive disadvantage associated with **picking the WRONG AI product or simply a WORSE AI product** than a competitor	• Continuous learning and development – invest in training and capability development • Strategic partnerships – alliances with tech providers and research institutions
• **Ethical and Social implications** – misalignment with societal values and ethical standards can damage reputation	• Establish ethics committees • Stakeholder engagement – customers, community, understand and discuss ethical concerns

Data related risks are nothing new, but the importance of adequate mitigation rises in an AI powered context

Data Risks

- Data privacy and security
- Adversarial and brute force attacks both on AI models and with the use of AI
- Data quality and integrity
- Data poisoning
- AI system manipulation
- Vulnerability to cyber attacks driven by greater need to share data across systems

Mitigating AI Data Risk

- Encryption and access controls
- Regular audits
- Deployment of counter measure models
- Increased focus on base cybersecurity hygiene practices (your people are your greatest risk)
- Regulatory monitoring and compliance training
- Stringent cleansing and quality controls
- AI-specific security awareness training to staff
- Rigorous vendor security assessments
- AI-specific cybersecurity checks and measures (e.g. adversarial testing, vulnerability assessments, access control frameworks, incident response plans, etc.)

The potential for hallucinations and variations in answers presents amongst the greatest risk associated with deployment – particularly where stringent regulation is concerned

Model Risks	Mitigating AI Model Risk
• Bias and fairness (can perpetuate or exacerbate biases present in the training data, leading to unfair outcomes)	• Bias audits and diverse training data • Comprehensive test cases that cover a wide range of scenarios and metrics • Training programs for stakeholders (incl. users) covering the intended use cases and limitations of the model
• Model interpretability (lack of transparency)	• Explainable AI techniques to improve the transparency and explainability of AI models (e.g., saliency maps) • User training
• Robustness and reliability (AI models may perform unpredictably when exposed to data that differs from the training data)	• Confidence scoring and stress testing model outputs • Continuous monitoring to detect and address performance issues in real-time
• Accuracy errors, such as hallucinations (false but plausible responses) or incorrect reasoning	• Prioritising simpler models where high interpretability is crucial, even if it sacrifices some performance • Human-in-the-loop process design • Establishing clear accountability frameworks for staff and users of AI models and applications

Apple recently released a whitepaper[1] found up to 65% drops in performance are observable when irrelevant clauses were added to questions or when question complexity increased.

[1] *https://arxiv.org/pdf/2410.05229 – Apple Whitepaper*

Financial risks, though easiest to manage, can be harder to quantify in the AI sphere

Financial Risks	Mitigation of Financial Risks
• Operational costs to maintain, update, or scale AI solutions	• Cost-benefit analysis • Phased implementation
• High costs of AI implementation	• Efficiency optimisation • Budget allocation
• Long time to cost-out / slow ROI realisation	• AI investment evaluation frameworks and stage-gating • Proof of Value to support benefits estimation • Performance metrics to measure and track ROI of AI investments supported by cost-benefit analysis
• Financial losses or remediation costs from AI errors	• Insurance coverage
• Investment in unsuccessful AI projects	• Stage gated implementation and good governance
• Legal costs	• Regular financial reviews
• Use-based charging models; and variability of user actions (e.g. users asking an internal LLM for a weather prediction)	• Security protocols and prompt-engineering to restrict users

What we recommend

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PERFORMANCE OUTCOMES DELIVERED

Bevington recommends starting with a considered AI strategy

When we talk of "AI strategy" we are referring to three big rocks:

AI Architecture

The components required to deploy AI safely

Focus Areas

Key "use cases" you will deploy to derive benefit (financial or otherwise) from AI

Operating Model

The components you put in place to deploy AI and the changes you must make because of it

We base our play safe assessments on the components that comprise your AI Architecture

Rules

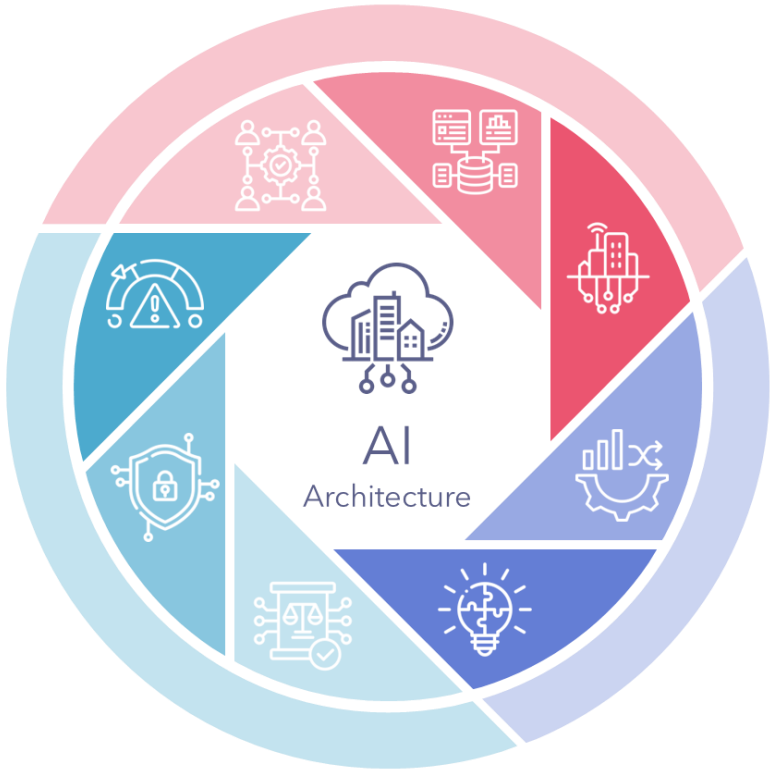
Policy & Risk Appetite
- Innovation framework
- Ability to engage with risk effectively
- Rules / guidelines for use by staff and customers

Confidentiality, Privacy, IP
- Confidentiality and privacy safeguards
- Mitigation of copyright and intellectual property risks

AI Implementation Governance
- Alignment to strategy
- Use case selection and evaluation
- Solution selection, delivery and maintenance

People

Capability & Education
- Technical capability
- Change delivery capability
- Availability of information and guidance
- Awareness of context



Systems

Infrastructure
- Scalability
- Security & resilience

Data
- Data platform
- Data architecture
- Integration & data quality
- Analytics & reporting
- Data governance

Partners, Products, APIs
- Use of externally provided / internally developed AI tools
- Productisation of AI solutions
- Mitigation of 3rd party service provider risks

Culture & Change Management
- Change leadership
- Change management processes
- Change adoption

Strategy makes your capability requirements obvious, but note, they will likely evolve over time

Typical capabilities to consider include…

Technical roles / skills

Data Scientist / Data Analyst:

- Prompt engineering
- In-context learning
- Bias detection
- Pattern identification
- Reinforcement learning from human feedback
- Hyperparameter / large language model fine-tuning; transfer learning

Data engineers:

- Data wrangling and data warehousing
- Data pipeline construction
- Multimodal processing
- Vector database management

Platform engineers:

- Enabling access to data
- Supporting integration with existing applications

AI Trainers:

- Train AI agents how to respond as desired
- Help course correct responses as required

DevX:

- Documentation and explainability
- Centralised tooling and reusability of IP

Security and compliance:

- Cyber security
- Access controls

ML Ops:

- Deployment
- Operationalisation

Cloud and infrastructure:

- Environmental enablement

Other business roles / skills

FinOps:

- Financial management and understanding of AI costing
- Project management

Organisation change and comms experts:

- Change management
- Comms for change
- Training and education

Other key support:

- Agile coaches
- Business analysts
- Product owners

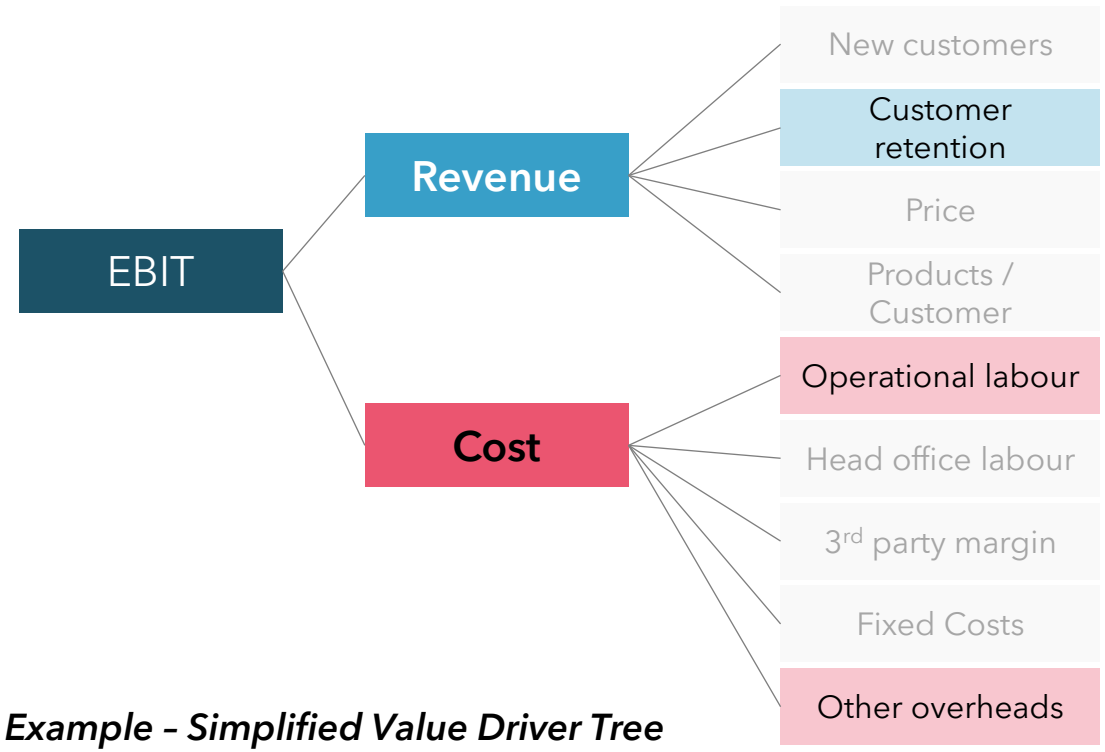
Source: MarketPulse Research by Foundry Research Services

Value Driver Trees (VDT) are a useful tool to help you choose where to play

Overlaying opportunity costs will ensure your decisions are strategic

We recommend that you start with what you want for your organisation, rather than what AI can do (because AI can help with such a broad range of activities)

One useful way to start is with a Value Driver Tree:



Example – Simplified Value Driver Tree

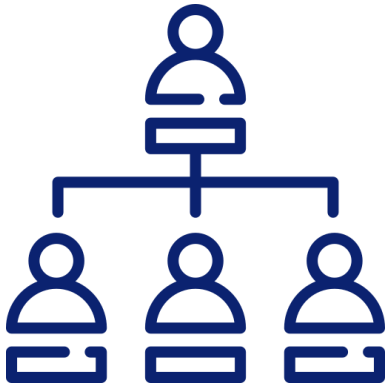
AI Strategic Planning

Organisational need	AI capability
Improve customer service	Natural Language Processing can **analyse customer sentiment,** which was previously too labour intensive
Reduce operational costs	Process automation can **automate repetitive tasks**, reducing the need for manual labour and freeing up employees for higher-value activities
Enhance risk management	Data-driven insights can **analyse overhead costs to identify trends** and areas for potential savings

Your operating model is all the organisational components that you deploy to realise your strategy

AI can impact (and be impacted by) many different elements of your operating model

In particular, we see the need to carefully prepare for:



Structural Impacts

- Organisational Shape
- Roles & Responsibilities
- Capabilities
- Services

People Impacts

- Adaptability
- Balance of Skills
- Cognitive Load
- Job Satisfaction

There are several potential drivers for structural impacts…

Key change drivers to consider include:

Capabilities

- New capability requirements will emerge in the organisation in response to deployment of new tools and processes
- In some cases, new roles will be required to realise these capability needs
- Key skills likely to increase in demand are
  - Specialist skills in techniques and platforms for ML, GenAI, cloud, etc.
  - AI literacy
  - Cognitive flexibility
  - Creativity
  - Critical thinking

Services

- New AI-driven processes represent the practical application of new organisational capabilities including:
  - Hyper-personalisation
  - Predictive services
  - Automated interactions (internally and externally)
  - New AI-enabled offerings
  - Operational efficiency

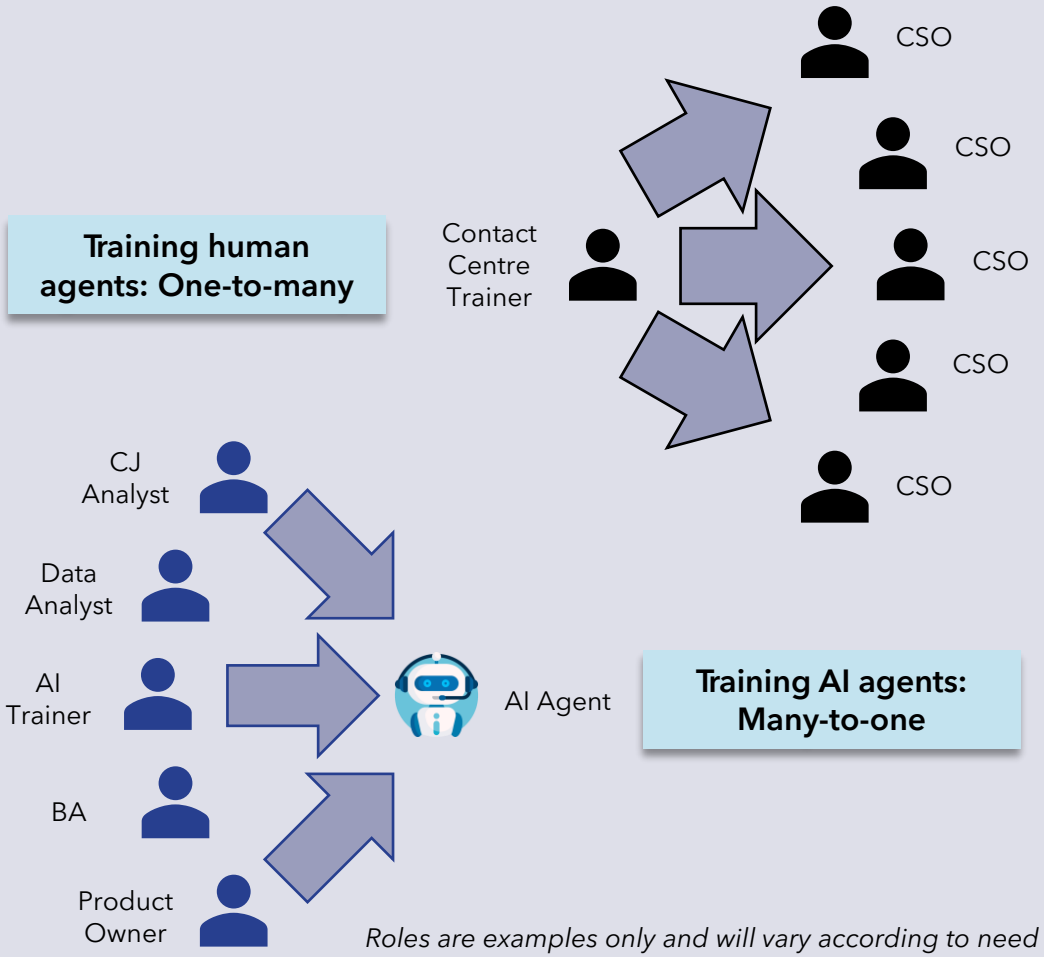
Organisational Shape

- As new AI capabilities emerge, organisations will need to reshape to fully leverage them
- Creation of new roles and the transformation of existing ones directly impact the structure and hierarchy of an organisation
- Potential change themes for structure include:
  - Altered hierarchies
  - Decentralisation
  - Cross-functional teams
  - Dedicated AI / ML teams

…Given that Artificial Intelligence touches every part of the Operating Model, changes in one area can also instigate feedback loops requiring holistic review of interactions and influences…

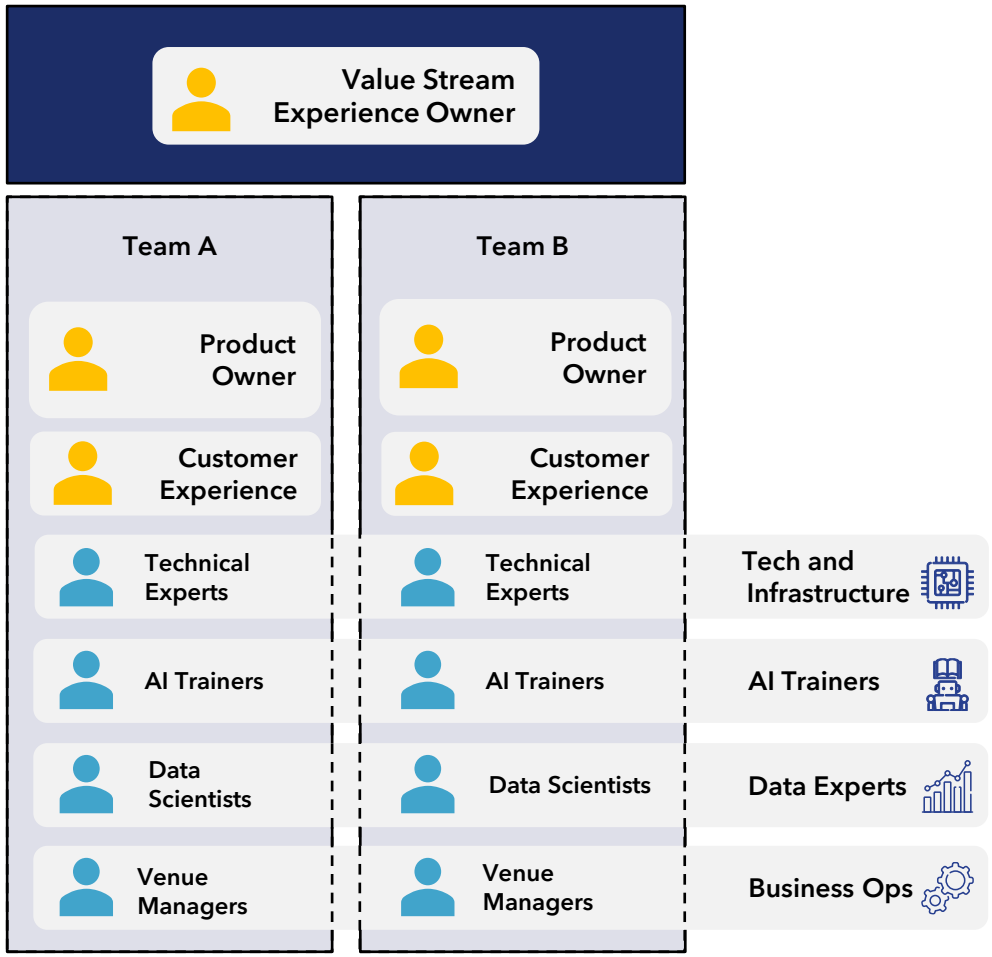
AI will likely drive an increased requirement for cross-disciplinary collaboration and the use of Agile teams…

e.g., the increased requirement for collaboration in training approaches for customer service centres…



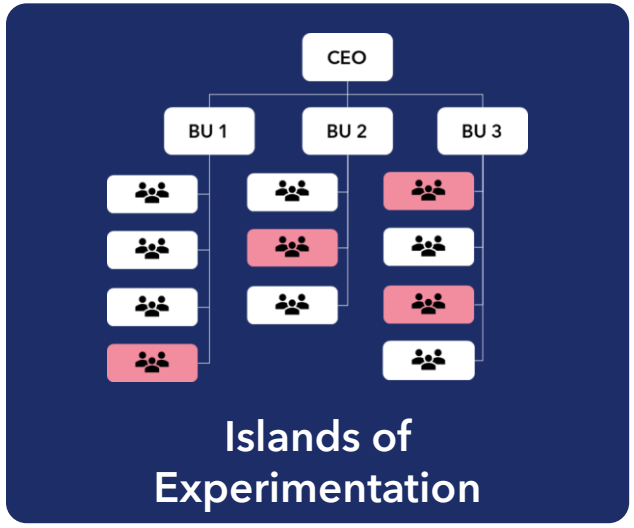
Roles are examples only and will vary according to need

e.g., more Agile structures are likely to be helpful in deploying AI implementations…



…however, these ways of working can be challenging for some people and the change must be managed carefully…

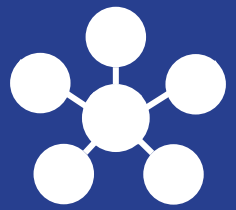
As your organisation moves up the AI maturity curve, your structure will likely evolve, promoting continuous change



Islands of Experimentation

Point application of AI is utilised haphazardly across the enterprise

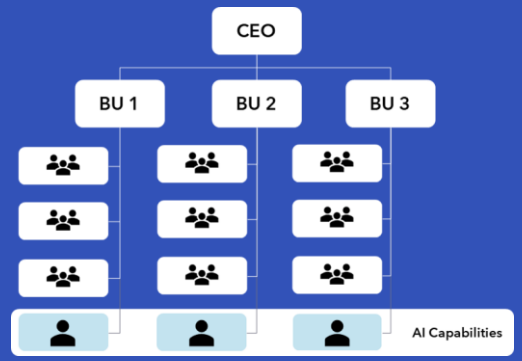
Low overall levels of AI expertise. Significant missed opportunities



Corporate Centres of Excellence (CoE)

Centralised AI expertise that business units can access as needed

Enables ease of capital uplift and drives a higher baseline competence for AI



Federation of Excellence (FoE)

Capabilities are decentralised and embedded across business units

and

Centralised base of knowledge, systems, processes, and tools driven by a single AI strategy

This looks a lot like practices in a strong digital organisation

Source: MIT Sloan Management Review

A commonly touted line is that “humans will do more interesting work” as we adopt AI…

What does this mean?

- AI is used to enable automation of processes
- Repeatable tasks are transferred to AI capability to complete
- Humans then focus on more creative, strategic, and interpersonal aspects of their roles as they exist today

Organisational level impacts

- Increased productivity expectations
- Business operates closer to 24/7 as AI doesn’t need time off; but this still needs to be balanced with human driven tasks
- Increased demand by employees for
  - Job satisfaction (engaging and fulfilling work)
  - Upskilling – continuous learning and development
  - Work-life balance – for some, this means less time at work overall (e.g. 4-day work week)

Individual level impacts

- Menial tasks reduce, as individuals focus on the more ‘interesting’ work. This means there is…
  - A higher cognitive load
  - Less ‘down-time’ tasks
  - A greater need to balance workload and manage burnout
- Individual roles will continue to evolve, driving the need to:
  - Learn to use new methods and tools to complete their tasks
  - Continuously upskill and improve their personal capability
- Longer term, those who are newer to the work force or yet to enter will need to pivot their development focus. This means focusing on:
  - Adopting the right mindset to thrive in the AI-driven workplace
  - Learning how and when to leverage AI capabilities
  - Learning how to think critically and laterally to solve problems

Contact details and disclaimer

Bevington Group is a specialist consultancy with six core practices:

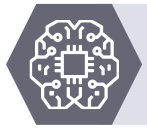

Operating Model Design and Restructuring


Lean Process Reengineering


Process Automation, Digitisation and AI


Accelerated Implementation


Change Management


Risk Intelligence

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