

Too many businesses failing to properly embrace AI into processes, not reaping benefits

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Businesses actively embracing artificial intelligence and striving to bring technological advancements into their operations are reaping dividends not seen by companies who fail to properly adapt and adopt.

While most business and technology leaders are optimistic about the value-creating potential of AI in their enterprise—Enterprise Cognitive Computing (ECC) - the actual rate of adoption is low, and benefits have proved elusive for a majority of organisations.

A study involving Lancaster University Management School's Centre for Technological Futures and MIT Sloan School's Center for Information Systems Research, published in *MIT Sloan Management Review*, examined adoption of ECC in 150 organisations from various industries across Europe, North America, Asia and Australia, to understand why.

Companies who are able to generate value from ECC do so having built a number of organisational capabilities. They develop skills for [data science](#) and algorithmic expertise, shape their business and the roles of staff to accommodate and integrate ECC initiatives, and account for the need to include human judgement and digital inquisitiveness in order to see benefits. Such businesses have strong domain expertise and a good operating IT infrastructure.

They apply these capabilities to a number of practices across the

organisation, including co-creation involving people from across the business through the lifecycle of ECC applications, and developing use cases around pressing and meaningful business problems. They have strategies for managing and training AI algorithms within the ECC applications, and—importantly—they both create a positive buzz about ECC and at the same time have realistic and clear-eyed expectations of the benefits they can expect.

Professor Monideepa Tarafdar, Professor of Information Systems and Co-Director of the Centre for Technological Futures at Lancaster University, who co-authored the study, said: "Bringing AI successfully into a business has many positive effects. It can free employees to perform tasks that require adaptability and creativity found in human input, enhance operations, and augment employees' skills.

"But one of our studies showed half of companies have no ECC in place, and only half of those who have believe it to have produced measurable value. This suggests that generating value from such AI is not easy if organizations do not develop the needed capabilities and practices.

"Companies that are serious about AI applications spend the money to hire the right staff and develop the business practices that ensure ECC can improve their [business](#) operations, rather than spending money and harnessing massive amounts of data with no obvious benefits."

She added: "Having the proper capabilities in place enables employees to execute the new practices, and the practices in turn strengthen the capabilities of the ECC programmes. Such a virtuous cycle can lead to dramatic improvements in operational and financial performance, and customer satisfaction."

The full paper, *Using AI to Enhance Business Operations*, by Professor Monideepa Tarafdar, of Lancaster University, Professor Cynthia Beath,

of the University of Texas at Austin, and Jeanne Ross, of the MIT Sloan Center for Information Systems research, is published by MIT Sloan Management Review.

Provided by Lancaster University

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