Artificial Intelligence: Next “bold play”

Artificial intelligence is defined as “the theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.”

Evolution of Artificial Intelligence

- **Turing Test**: Tests machine’s ability to show intelligent behavior
- **Unimate**: First industrial robot working on GM’s assembly line
- **ELIZA**: First NLP simulating a psychotherapist
- **Deep Blue**: IBM’s computer beats world chess champion Kasparov
- **Darpa Challenge**: Stanford vehicle wins autonomous driving challenge
- **Siri**: Introduction of iPhone personal assistant
- **Watson**: IBM’s AI beats Jeopardy champions
- **“AlphaGo”**: Google’s AlphaGo beats Go professional
- **“M”**: Facebook introduces its virtual assistant
- **“NUGU”**: SKT presents AI-based home assistant

Drivers

- Slow research, irrelevant to companies, funding cuts
- Overselling and overhyping of simple advances
- Compute power too limited for relevant advances

Sources: Deloitte Analysis; Secondary sources

Creating business value with Artificial Intelligence and cognitive technologies

Three main applications are: product, process and insight

- **Product**
  - Discover patterns or make predictions
  - Enhance products or services

- **Process**
  - Automate internal processes

- **Insight**
  - Organizations need to thoroughly evaluate costs / benefits of these technologies to clearly articulate the expectations and the impact on the business.
Strong growth projected for “AI systems” spending

A new update to the Worldwide Semiannual Cognitive Artificial Intelligence Systems Spending Guide from International Data Corporation (IDC) forecasts worldwide revenues for cognitive and artificial intelligence (AI) systems will reach $12.5 billion in 2017, an increase of 59.3% over 2016. Global spending on cognitive and AI solutions will continue to see significant corporate investment over the next several years, achieving a compound annual growth rate (CAGR) of 54.4% through 2020 when revenues will be more than $46 billion.

Key Technologies and Methodologies

Below are some of the most important cognitive technologies—those that are seeing wide adoption, making rapid progress, or receiving significant investment.

- **Machine learning** refers to the ability of computer systems to improve their performance by exposure to data without the need to follow explicitly programmed instructions. At its core, machine learning is the process of automatically discovering patterns in data. Once discovered, the pattern can be used to make predictions.

- **Natural language processing** refers to the ability of computers to work with text the way humans do, for instance, extracting meaning from text or even generating text that is readable, stylistically natural, and grammatically correct.

- **Speech recognition** focuses on automatically and accurately transcribing human speech. The technology has to contend with some of the same challenges as natural language processing, in addition to the difficulties of coping with diverse accents, background noise, distinguishing between homophones, and the need to work at the speed of natural speech.

- **Computer vision** refers to the ability of computers to identify objects, scenes, and activities in images. Machine vision, a related discipline, usually refers to vision applications in industrial automation, where computers recognize objects such as manufactured parts in a highly constrained factory environment.

- **Robotics** integrating cognitive technologies such as computer vision and automated planning with tiny, high performance sensors, actuators, and cleverly designed hardware, has given rise to a new generation of robots that can work alongside people and flexibly perform many different tasks in unpredictable environments.

Organizations across industries of the economy are already using cognitive technologies in diverse business functions. A few use cases are illustrated below, where we try to portray both by technology and sector-wise implications.

Applications of **machine learning** are very broad, with the potential to improve performance in nearly any activity that generates large amounts of data which needs to be analysed and used for predictive models. While a significant effort is being spent in financial services around Fraud, Risk and areas such as KYC and AML, we are also seeing applications in sales forecasting, inventory management, oil and gas exploration, and public health.

Applications of **natural language processing** often address relative narrow domains such as analysing customer feedback about a particular product or service, automating discovery in civil litigation or government investigations (e-discovery), and automating writing of formulaic stories on topics such as corporate earnings or sports.
**Computer vision** has diverse applications, including analysing medical images to improve diagnosis, and treatment of diseases; face recognition, used by Facebook to automatically identify people in photographs; in security and surveillance to spot suspects; and in shopping - consumers can now use smartphones to photograph products and be presented with options for purchasing them.

### Brief snapshot of some of these cognitive use cases across industries

<table>
<thead>
<tr>
<th>Machine Learning</th>
<th>Speech / Voice Recognition</th>
<th>Natural Language Processing</th>
<th>Computer Vision</th>
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<tbody>
<tr>
<td><strong>Financial Services</strong></td>
<td>Automated fraud detection systems - Reduce AML false positives and thereby reduce cost to fast track regulatory processes</td>
<td>To automate customer service telephone interactions</td>
<td>Erie Insurance uses drone fitted cameras and machine vision to assess property damage.</td>
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<td><strong>Life Sciences Healthcare</strong></td>
<td>To predict cause-and effect relationships from biological data and the activities of compounds, helping pharmaceuticals companies identify promising drugs</td>
<td>For transcribing notes dictated by physicians is used in around many US hospitals</td>
<td>To automate the analysis of mammograms and other medical images</td>
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<td><strong>Telecom Media Technology</strong></td>
<td>To enhance products or create entirely new product categories, such as the Roomba robotic vacuum cleaner or the Nest intelligent thermostat</td>
<td>To automate customer service telephone interactions</td>
<td>Companies are using data analytics and natural language generation technology to automatically draft articles about data focused topics such as corporate earnings or sports game summaries</td>
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<td><strong>Oil &amp; Gas / Natural Resources</strong></td>
<td>Wide range of applications, from locating mineral deposits to diagnosing mechanical problems with drilling equipment</td>
<td>Could use ambient analytics (information gathering in the background via tone of voice) to pick up on stress levels or fatigue of its workforce and respond with interventions to prevent costly mistakes.</td>
<td>Recent advances in search, machine learning, and natural language processing have made it possible to extract structured information from free text, providing a new and largely untapped source of insights for well and reservoir planning</td>
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<tr>
<td><strong>Retail</strong></td>
<td>To automatically discover attractive cross-sell offers and effective promotions</td>
<td>To enhance productivity in-store or through business operations, voice recognition technology can drive sales and make a big impact on a retailer’s bottom line.</td>
<td>Contextual intelligence from unstructured text and image understanding technologies can analyse huge amounts of crawled data cycles from fashion blogs, articles, and images, and provide tools to detect, track, and forecast fashion fads and also give insights into how the industry is moving</td>
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Source: DU Press; Secondary sources
Key Benefits of Artificial Intelligence

- Decreased cycle times
  - Faster execution, 24/7 availability

- Improved accuracy
  - No human error

- Detailed data capture
  - Tasks monitored and recorded, audit trail

- Flexibility and scalability
  - Flexible virtual workforce, scalable

- Improved Productivity
  - Focus on higher value

- Reduced operational costs
  - Capacity/FTEs release

Source: Deloitte Analysis; Secondary sources

Conclusive Remarks

Understanding how to obtain the maximum benefit from Artificial Intelligence and cognitive technologies requires careful analysis of an organization’s processes, its data, its talent model, and its market. Use of cognitive technologies is not viable everywhere, nor is it valuable everywhere. In some areas, it will become vital. We think the greatest advantage of cognitive technologies is its potential to create value, going beyond cost optimization. And we believe that for most organizations and most applications, cognitive technologies will restructure work and make it more efficient, perhaps restraining the growth of jobs in certain areas, but creating jobs in newer areas.
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