



THE SCIENCE BEHIND AI-FIRST TRANSFORMATIONS

Is Your Conversational
AI Delivering Value?

The Science behind AI-first Transformations: Is your Conversational AI Delivering Real Value?

2023 is the year of conversational artificial intelligence (AI). Even traditionalists are waiting to see how the competition between Microsoft-backed OpenAI's ChatGPT, Google's BARD, and Baidu's Ernie will unfold. This could determine the leader amongst these and others in providing an interface that can converse with users like a human. All conversational AI/generative models/large language models (LLMs) use machine learning (ML) algorithms to process and generate natural language. The launch of LLMs can benefit individuals and organizations alike. The trend of monetizing these models is bringing AI closer to humanity by moving from artificial narrow intelligence (ANI) to artificial general intelligence (AGI).

To make this vision a reality, enterprises must reconsider how they organize themselves to integrate this most-trending technology into their operations.

This paper explores how a conversational AI center of excellence (CoE) can help organizations scale faster and deliver value by driving business outcomes.

The Current State of Conversational AI

Conversational AI has been a part of the technology landscape for some time now, and many organizations have invested in it to improve customer service, streamline operations, and offer the convenience of virtual assistance.

This has led to an increase in computational power, improvements in intelligent infrastructure, and an expansion of the API economy, enabling real-time data-driven decisions. And yet, a truly evolved form of conversational AI is missing in most organizations.



Using our maturity assessment frameworks, we analyzed clients and categorized them into watchers, explorers, performers, or visionaries based on their conversational AI maturity. Most organizations are watchers and explorers, indicating that they have not been able to scale conversational AI at the enterprise level and are still experimenting at a rudimentary level to provide basic customer service.

Why do enterprises struggle to adopt conversational AI at an enterprise level? We will explore this in the sections that follow.

What Separates Visionaries from the Rest?

To scale conversational AI at the enterprise level, we recommend that organizations establish a dedicated conversational AI CoE to manage and execute such projects. We have observed that visionaries and top performers have implemented this approach.

There are multiple benefits of setting up a conversational AI CoE



Benefits

Creates a common repository of conversational AI backlogs that aligns with the strategic business imperatives and reduces stress on shared resources

Reduces cost from resource duplication

Formulates a set of standardized practices and processes around the design, development, deployment, and rollout of conversational AI use cases across the organization

Creates effective demand management and timely rollout of use cases

Provides an efficient and unified approach to channel the organization's investment in conversational AI

Facilitates adoption of the same tools and accelerators, and frameworks across all conversational AI projects

Curates a better way to measure the success or ROI of conversational AI use cases

Creates a dedicated team to manage relationships with external parties, such as start-ups and universities on conversational AI

Attempts a centralized approach to acquire, develop, and retain AI talent in the organization for long-term success

While most organizations understand the need for a conversational AI CoE, three out of five struggle with the adoption. Based on our extensive experience working with clients across

geographies, we have identified a set of 11 guiding principles that can help organizations succeed in their efforts. In this paper, we will focus on the top six principles.



Shared vision

Successful organizations are transforming their business with conversational AI. It is essential that an organization's CEO sets high aspirations for the positive impact of conversational AI on the business. The CEO and all operational leaders must share a unified vision of a successful conversational AI program.

Inspirational leadership

Organizations must identify leaders proficient in technology and business problem-solving, with a track record of driving large-scale business transformations. Such leaders must be proactive, familiar with the organization, and have excellent communication skills to manage internal and external stakeholders. Appointing individuals with a background in business operations or corporate strategy to drive the CoE may not ensure success as the transformation is technology-driven.

“ I think chatbots are the future of engagement between a fan and a brand or a celebrity. ”

Christina Milian

Apposite operating model

Generally, organizations should start with a centralized operating model for conversational AI, but exceptions may apply based on the organization's current state. As organizations scale, they may pivot to a hybrid or decentralized model. However, conversational AI architecture and data governance must remain centralized for business units to identify and deploy use cases. Regardless of the operating model, the CoE must establish strong governance for the following :

- a) Conversational AI committee – Form a conversational AI committee comprising the Program Management Office, the C-Suite, as well as the heads of the conversational AI

CoE, enterprise architecture, infrastructure, and various other departments. Define a weekly or fortnightly cadence to discuss risks, issues, and dependencies

- b) Demand management – Develop a comprehensive approach to prepare business cases as well as identify and prioritize use cases based on business impact, implementation timelines, and associated risks
- c) Involvement of business stakeholders – Engage multi-disciplinary stakeholders in creating an experiential and aspirational North Star vision for business processes
- d) Partner ecosystem – Establish appropriate cadence and metrics to drive outcomes for technology and implementation partners who may be part of critical dependencies

Operational plan





The CoE leader must define a 30-60-90-day plan to establish the CoE and achieve early success. The plan must include activities such as creating the conversational AI CoE playbook, preparing implementation policies and procedures, developing conversational design guidelines, finalizing the technology stack, preparing a deployment checklist, devising a rollout plan, and creating a go-to-market (GTM) strategy.

A collaborative 'A-team'

Onboard a multi-disciplinary, high-performing, agile team comprising product owners, business analysts, conversational AI designers, UX strategists and designers, bot developers, copywriters, and functional testers. The CoE lead must decide whether the talent will be outsourced, sourced in-house, or in combination while maintaining a coherent unit with a unified vision. The CoE leader must also prioritize the organization's AI objectives over departmental or individual interests, while navigating through team dynamics in the cross-functional team.

Measure success

Although the CoE would function like a cost center, it is imperative to measure the value that conversational AI generates. Organizations can follow a three-phased approach to deliver conversational AI use cases. The three phases are identify, design and implement, and realize. During the identification phase, the organization should baseline the current performance of its business processes and set an aspirational target. On deploying the use cases, the organization must measure the performance improvement across four key value levers:

-  Increased revenue
-  Reduced cost
-  Improved cashflow
-  Enhanced customer experience

In a Nutshell

Transforming front-office and back-office processes with hyper-personalized, intelligent conversational AI will be the driving force behind evolving an organization into becoming AI-first. As the demand for use cases increases manifold, generative AI will further enable automation of product descriptions, personalized sales pitches, draft policies, and procedures for business, among others. Organizations must move quickly to reimagine their business processes and gain a competitive edge. For a strategic business advantage, it is vital to establish a robust conversational AI CoE foundation, similar to the role of a transformation office in business transformations. Initial results show that the success of the CoE has a direct correlation with improving profitability in the organization leading to enhanced total shareholder returns (TSR).

References

[Christina Milian - I think chatbots are the future of... \(brainyquote.com\)](#)

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About the Authors



Saibal Samaddar

Senior Principal, Lead AI Transformation Consulting, AI and Automation – Infosys Consulting

Saibal is a visionary – a strategic and results-driven thought leader. He currently leads the AI Transformation Consulting (ATC) unit of Infosys. He is a seasoned business consulting leader with over 15 years of experience partnering with clients to transform their businesses and operating models to digital/AI-first.



Tanushree Halder

Principal, AI Transformation Consulting, AI and Automation – Infosys Consulting

Tanushree has over nine years of experience spanning multiple disciplines including business, financial services, and insurance (BFSI), retail, shared services, hospitality, life sciences, and healthcare. As a veteran data scientist with extensive experience building intelligent products and solutions, she has a strong inclination toward leveraging AI to strategize process transformation.

For more information, contact askus@infosys.com

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