Share a book letter: *Competing in the age of AI*

Subject: Offering a stronger value-proposition to customers

Dear ……… ,

*Employing AI driven value creation will be the competitive weapon*

The transformation caused by AI extends well beyond born-digital firms, as more-traditional organizations, confronted by new rivals (competition), move toward AI-based models too.

Oddly enough, the AI that can drive the explosive growth of a digital firm often isn’t even all that sophisticated. To bring about dramatic change, AI doesn’t need to be the stuff of science fiction. You need only a computer system to be able to perform tasks traditionally handled by people—what is often referred to as “*weak AI*, which indistinguishable from human behavior or simulating human reasoning. The AI-driven solution is often called a “*strong AI*.”

In each case the *AI factory*, as the authors call this set-up, treats decision-making as a science. Analytics systematically convert internal and external data into *predictions, insights*, and *choices*, which in turn guide and automate operational workflows, excluding the human decision-making and action.

Four components are essential to every *AI factory*. The first is the data pipeline, the semiautomated process that *gathers, cleans, integrates*, and *safeguards* data in a *systematic, sustainable*, and *scalable* way. The second is *algorithms*, which generate *predictions* about future states or actions of the business. The third is an *experimentation platform*, on which hypotheses regarding new algorithms are tested to ensure that their suggestions are having the intended effect. The fourth is *infrastructure*, the systems that embed this process in software and connect it to internal and external users.

In traditional operating models, scale inevitably reaches a point at which it delivers diminishing returns. But we don’t necessarily see this with AI-driven models, in which the return on scale can continue to climb to previously unheard-of levels. An AI-driven firm competes with a traditional firm by serving the same customers with a similar (or better) value proposition and a much more scalable operating model. The value that scale delivers in digital operating models climb much higher than traditional operating models.

In fact, AI-driven applications rebuild the Traditional Enterprise. For leaders of traditional firms, competing with digital rivals involves more than deploying enterprise software or even building data pipelines, understanding algorithms, and experimenting. It requires *rearchitecting* the firm’s organization and operating model. For a very, very long time, companies have optimized their *scale, scope*, and *learning* through greater focus and specialization, which led to the siloed structures that the vast majority of enterprises today have.

The AI-driven organization develops a 360-degree understanding of the customer that both serves and draws from every department and function. So, when firms set up a new digital core, they should avoid creating deep organizational divisions within it.

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Here is the [link](https://globalreadingclub.com/books/competing-in-the-age-of-ai) that takes you straight to the book *Competing in the age of AI.*

Enjoy reading and listening.

(Your name)

P.S. Attached is the Newsletter, covering the book *Competing in the age of AI.*