All-Party Parliamentary Group on Artificial Intelligence

Evidence Meeting 3 – Enterprise Adoption of AI - Implementation

Monday, 13 May 2019 | 5:30-7:00 PM - Committee Room, House of Lords

Shamus Rae, Partner – Head of Innovation and Investment, KPMG

Biography: Shamus has over 23 years’ experience in Back Office transformation cross-industry and a broad in-field knowledge of undertaking Operational Strategy work for various global clients, from Investment Banks through to major Leisure companies. In 1993 he disrupted the BPO industry by building the first multi-function, multi-client BPO business. Shamus later joined PWC Consulting as a Financial Services Partner before that was acquired by IBM. He then went on to build IBM's first BPO operation in India and followed that by building dozens of Shared Service Centres around the world and in 2004/5 was managing a series of centres with 17,000 staff in Asia, Europe and the Americas, delivering Banking Operations, Insurance Claims, Finance, HR, Procurement and Call Centre services to clients globally. With the emergence of advanced automation Shamus is now leading the Automation Proposition covering everything from advanced robotics all the way through to Cognitive Computing. And all this in addition to his 120 km a week cycling addiction.

SUMMARY OF EVIDENCE

We have surveyed Internal Auditor from across nearly 300 clients and it is clear that over half of them have started to see AI systems being investigated with a view to systems becoming operational within the next year. Whilst this may look like excellent news there are some serious stumbling blocks for the UK companies going forward.

We may have been at the forefront of AI horizontal development and further investment is required to maintain that position but we need now to fold this in to the vertical industries. Different industries are deploying at different speeds built nearly all legacy companies go through 3 phases:

1. Play or shiny toy syndrome. To some extent this is a required phase where organisations can start to understand the potential of AI, what is real and what is not.

2. Operational Efficiency. Organisations move to further optimise current processes - removing frictions/tasks
3. Business Model change

There are key problems with getting through these steps.

1. Active Inertia (Prof. Donald Sull MIT) - companies get stuck at the play stage. Happy to investigate but not deploy.

2. Data - actually a large amount of the cost for AI development is cleaning up data. This creates large upfront costs and a barrier to entry for new entrants.

3. Finally the danger is our industries get stuck on stage 2 and aren’t brave enough to get to stage 3.

Government can and should help:

1. Clearly its essential we look at future skills - we need more data scientists but we also need more bridges/shapers people who can take industry understanding and bridge it back to AI capability.

2. We need to educate leadership - too many of our leaders are technology laggards.

3. We need to find data sets, cleaning them up and make them available to ecosystems of start ups. I fundamentally believe that we should have government and industry invest in data exchange platforms to allow data to be shared more widely but in a controlled and value exchange way.

4. We have the opportunity to create the equivalent of fintech for various industries - proftech for accounting and legal for example. Proactive government support/engagement on data sets like health, corporate back office data etc along with academia could open up industries, create flourishing new ecosystems and drive business focused research. This should be done with a focus to expand away from simply the Cambridge/Oxford/London triangle.