Exploring the Power of Generative AI

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NACDS Regional

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"Generative AI" over time

Google Trends: Term “Generative AI”
Feb 12, 2022 – Feb 12, 2024

Source: Google Trends; Keyword: “Generative AI”
Artificial Intelligence

Generative Artificial Intelligence
More than just AI: What was once an intelligent model is now a virtual assistant plugging in across operations and engaging with consumers

What AI was before….
Intelligent Learning models that used internal historical data and external public information such as market dynamics and consumer trends to inform future data driven decisions

What Generative AI is now…
Intelligent Learning models paired with generative new content capabilities and interactive user interfaces to create a personalized engagement experience

“Read all my email and draft responses.”
“Which procurement contracts have less than 60 days payment terms?”
“What are current risks to our supply of toilet paper in the US?”
“Please generate a campaign strategy and media content for the new launch of our make up brand.”
The technology and application landscape of Gen AI is rapidly evolving – companies who can evolve with Gen AI will see significant benefits.

Rapid Advances in GenAI

- **GPT-1** (2018) - First practical large language model
- **GPT-2** (2019) - Incremental improvement
- **GPT-3** (2020) - Leap forward
- **ChatGPT** (2022) - Human-level conversation capabilities
- **GPT-3.5 InstructGPT** (2022) - Innovative breakthrough
- **GPT-4** (2023) - Sparks of AGI
- **VoiceGPT** (2023) - Generative AI Revolution
- **VisualGPT** (2023) - 2023

Putting Gen AI into the broader context
A very fast-moving field with many new inventions

- **AI**
- **Machine Learning**
- **Deep Learning**
- **GenAI**
- **Statistics**

- **Text**
- **Speech**
- **Video**
- **Image**

- **WaveNet**
- **DALL-E**
- **Make-a-Video**
Pharmacy concepts drive personalization, efficiency, and therapeutic enhancements

<table>
<thead>
<tr>
<th>Value Chain Activities</th>
<th>Data Entry / Review</th>
<th>Third Party</th>
<th>Patient Care</th>
<th>Customer Care</th>
<th>Quality / Compliance</th>
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<tbody>
<tr>
<td>Pharmacy</td>
<td>Transcription</td>
<td>Best Path Resolution</td>
<td>Counseling Asst. Exper</td>
<td>Personalized omni-ch engagement</td>
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<td>Automation / Stdzn. / NLP</td>
<td>Generative Third Party Engagement</td>
<td>Tailored Alerts/Adherence</td>
<td>Quality Monitoring and Suggestions</td>
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<td>Enhanced Data</td>
<td>Automated Verification</td>
<td>Custom labels</td>
<td>Sentiment-based scripting</td>
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<td>Verification</td>
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<td>Personalized monitoring and engagement</td>
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<td>Visual PV2</td>
<td>Bad Debt Mgmt</td>
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<td>Enhancement</td>
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<td>EHR consultation</td>
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Non-Exhaustive
Pharma has potential in R&D innovation and supply chain efficiencies

<table>
<thead>
<tr>
<th>Value Chain Activities</th>
<th>R&amp;D</th>
<th>Source</th>
<th>Make</th>
<th>Deliver</th>
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<tbody>
<tr>
<td>Pharma</td>
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<tr>
<td>• (Accelerated) Drug Discovery</td>
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<td>• Molecular Modeling</td>
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<td>• Research DB Asst.</td>
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<tr>
<td>• RFP Generation, Evaluation</td>
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<tr>
<td>• Negotiation Support</td>
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<tr>
<td>• Contract Suggestions</td>
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<tr>
<td>• Anomaly And Root Cause Detection</td>
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<td>• Shop Floor Assistant</td>
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<tr>
<td>• Predictive Maintenance</td>
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<td>• Delivery Plan Workbench</td>
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<tr>
<td>• Inventory And Assortment Management</td>
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For Retailers and CPG Partners... marketing funnel outputs can be far more personalized.

<table>
<thead>
<tr>
<th>Consumer Facing</th>
<th>Awareness</th>
<th>Consideration</th>
<th>Purchase</th>
<th>Loyalty</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>• Personal Ads</td>
<td>• Predictive Shopping Lists</td>
<td>• Personalized Pricing</td>
<td>• Personalized Rewards</td>
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<tr>
<td></td>
<td>• Customized Landing Page</td>
<td>• Tailored product descriptions</td>
<td>• Cross-selling Suggestions</td>
<td>• Gen AI Powered Customer Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Generated Offers</td>
<td>• Visual search product catalogs</td>
<td>• Post-purchase appreciation</td>
</tr>
</tbody>
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Retailers can plan and operate with greater creativity and dynamism

<table>
<thead>
<tr>
<th>Company Facing</th>
<th>Supplier Partner Engagement</th>
<th>Warehouse &amp; Distribution</th>
<th>Store Operations</th>
<th>Sales &amp; Product Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers</td>
<td>• Merch planning</td>
<td>• Warehouse layout, slotting, routing</td>
<td>• Display Plans</td>
<td>• Voice of consumer</td>
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<tr>
<td></td>
<td>• Contract intelligence</td>
<td>• Inventory and assortment mgmt.</td>
<td>• Planograms</td>
<td>• GenAI Market trend analysis</td>
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<tr>
<td></td>
<td>• Supplier management</td>
<td>• “Smart” store experience</td>
<td>• Store layout optimization</td>
<td>• GenAI Retail Media</td>
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<tr>
<td>Company Facing</td>
<td>Product Development</td>
<td>Supplier Engagement</td>
<td>Manufacturing</td>
<td>Supply Chain</td>
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<td>CPGs</td>
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<td>• R&amp;D</td>
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<td>• RFP generation,</td>
<td>• Anomaly and root cause detection</td>
<td>• Delivery plan workbench</td>
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<tr>
<td>• Product &amp; pack. design ideas</td>
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<td>negotiation, &amp; evaluation</td>
<td>• Shop floor assistant</td>
<td>• Route optimization</td>
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<td>• Scenario Planning</td>
<td>• Predictive maintenance</td>
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And back office capabilities are becoming more productive

<table>
<thead>
<tr>
<th>Shared Services</th>
<th>Enablers</th>
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<tbody>
<tr>
<td>• Knowledge Management Asst.</td>
<td>• Intelligent Coding Assistant</td>
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<tr>
<td>• Meetings And Email Assistance</td>
<td>• Synthetic Data to Train AI/ML Models</td>
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<td></td>
<td>• Gen AI Market Analysis And Reporting</td>
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<td>• Smart Recruiting</td>
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<td></td>
<td>• Training And Onboarding Programs</td>
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How do your AI views compare to other corporate executives?

Boomer? Or Doomer?
85% of executives see AI as an opportunity

Opportunity (% of participants)

- Efficiency: 78%
- Innovative Products / Services: 60%
- Competitive Advantage: 57%
- Consumer Experience: 54%
- Decision-Making: 51%
- Risk Management: 43%
- Other: 5%

Risk (% of participants)

- Workforce Displacement: 10%
- Data Privacy & Security: 10%
- Dependence & Reliability: 8%
- Bias & Fairness: 8%
- Regulatory Compliance: 6%
- Transparency & Interoperability: 6%
- Other: 2%

Source: Kearney + Egon Zehnder Report, "Leadership in the Age of AI" (2024)
CEOs offer practical advice on using Gen AI

“Go slow and pick something that works. Find technical interventions that are repeatable, scalable, easy to understand, and accurate.”
-- Richard Ashworth, CEO, Amedisys

“AI is like a new colleague. They need to be trained, you have to give them clear work assignments and take your time with them.”
-- Marianne Janik, CEO, Microsoft Germany

“Leaders will use Artificial Intelligence, laggards not. And of course: You will always need smart people.”
-- Bill Anderson, CEO, Bayer

Source: Kearney + Egon Zehnder Report, “Leadership in the Age of AI” (2024)
There are realistic barriers to enterprise investment in GenAI

- Unproven ROI: 57%
- Data Privacy Concerns: 50%
- Enterprise Data Difficult to Use in AI: 41%
- Shortage of AI Talent: 37%
- Limited Budget: 31%
- Lack of Organizational Bandwidth: 25%
- Limited Explainability: 16%
- Does Not Meet Enterprise Needs: 10%
- Limited Customizability: 6%

Source: Menlo Ventures
How will you lead in the age of AI?

Am I...

• ... tending toward excitement or fear of AI?
• ... dreaming big enough?
• ... creating a truly experimental environment?
• ... seeing the possibilities and challenges from all angles?
• ... embracing AI in a real and practical sense?

Source: Kearney + Egon Zehnder Report, "Leadership in the Age of AI" (2024)
Getting started on your AI journey...

1. Identify areas of Gen AI value capture
2. Challenge teams to get creative with AI
3. Invest in data, analytics, and AI R&D
4. Assess internal capabilities and make vs. buy options
5. Use Gen AI responsibly

Change Management
- Vision
- Communication
- Training / Support
- Pilots
- Scale and Celebrate
Responsible AI usage is vital... uphold ethical standards and societal welfare

AI is a powerful tool that can do tasks which humans cannot (both good and bad). However, AI models are trained and used by humans. Establishing strong governance around development and consumption of AI is essential to...

1. Avoid bias
   - Ensures ethical and responsible AI usage
   - Improves overall value to business
   - Compliance with local and regional Data and AI laws and policies

2. Gain trust
   - Enhances trust & transparency for stakeholders
   - Minimizes risks and do no harm

3. Adhere to ethics
   - Ensures ethical and responsible AI usage

4. Protect privacy
   - Enhances trust & transparency for stakeholders
   - Minimizes risks and do no harm

Improves overall value to business
Compliance with local and regional Data and AI laws and policies
Now... let’s experiment with practical GenAI examples
Live Examples with ChatGPT-4 Vision: Seasonal Display

Exercise:

We input two photos of a seasonal display, one labeled “Sunday,” the other “Monday.”

Prompts:

• Act as a retail store manager. Describe the image.
• Act as a 40-year old mother who is shopping. Describe the image.
• Act as a retail store manager with a new employee. Provide instructions to optimize this display.
• Act as a Store Manager. Compare Sunday and Monday. What changed?
Live Examples with ChatGPT-4 Vision: Nutrition

Exercise:

We input two photos of snacks, one labeled “Pro Bar,” the other “That’s It.”

Prompts:

• Act as a dietician. Is Pro Bar healthy? Limit response to 50 words.

• Dietician, compare Pro Bar to That's It. Which is healthier? limit to 10 words.

• How about for a quick snack. I just finished breakfast.
Live Examples with ChatGPT-4 Vision: Web Site Usability Analysis

Exercise:
We input two photos of snacks, one labeled “SDM,” the other “Rexall.”

Prompts:
• Act as a UX Designer. Critique SDM's web site in 10 bullets.
• Compare SDM to Rexall. Highlight 5 points and tell me which one wins on each point.
Live Examples with ChatGPT-4 Vision: Bread Aisle

Exercise:
We input two photos of snacks, one labeled “SDM,” the other “Rexall.”

Prompts:
• This is a bread planogram. I will ask you questions. Reply to my questions in 25 words or less.
• Is there any Bimbo White Bread in this image. It has a blue label with white text.
• Look on the bottom shelves. See if you find any.
• Split the image into 3 columns and 7 shelves (rows). Shelf 1 is on the bottom. Where is the Bimbo White Bread?
Thank you

For questions or requests, please contact:

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