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Where do AI transformations often go wrong? What are some key actions for a successful AI transformation?

As the leader of FTI Consulting's Digital & AI Transformation practice, I advise executives globally on deploying AI in way that creates lasting business value. When we've seen AI go wrong, it's often because organizations have fallen prey to "shiny object syndrome" — that is, pursuing AI because it's new and exciting without giving proper consideration to how it aligns with organizational strategy, or having a clear understanding of how it may improve operational metrics and financial performance. We don't want companies spending $5 million on a $1 million problem.

As with any transformative initiative, successfully deploying AI starts with identifying a well-defined business problem and deeply understanding it as an end-to-end process. Organizations often struggle to develop this end-to-end view, and in doing so focus on point solutions instead of a more transformative approach. Once there is a complete and common understanding of the opportunity, it becomes much easier to identify and align on where exactly the deployment of AI may create the most value and ensure that the ROI justifies the cost. Additionally, it's key that organizations ensure that the proper AI foundation is in place (e.g., data, platforms, teams and policies) and that they've truly committed to bringing employees along on the transformation journey — from communicating why the transformation is required to investing in the training necessary for successful adoption.

What practices do you perceive as key for organizations to ensure the responsible deployment of AI across functions?

Ensuring the responsible deployment of AI across an organization is an interdisciplinary undertaking involving stakeholders across legal, compliance, operational and technical teams. According to a 2023 survey of 500 business leaders, nearly two-thirds of respondents believe AI guidelines are important but only 6% have implemented them.

They establish clear guidelines and procedures for the development and deployment of AI; work to mitigate bias in AI algorithms and solutions by ensuring that the teams developing those technologies are diverse and inclusive; and implement regular audits, monitoring and testing to detect and mitigate potential biases or ethical concerns created by AI solutions.

At FTI Consulting we have had the opportunity to power compliance and forensic expertise with our AI and Data Science practices to advise organizations across industries in designing and implementing AI responsibly. As an example, we worked with a global marketing company to assess their AI products, test them against responsible AI principles and offer recommendations around explainability, bias and transparency that they could then incorporate into their guidelines and procedures. While AI has introduced immense opportunity, it also introduces significant organizational risk, and we're committed to helping clients navigate this complex environment.

With the rapid pace of development and innovation in AI, where do you think companies will see the biggest benefits from it in the next 2 years?

Generative AI represents a paradigm shift in creating business value wherever machine-to-human interaction is critical, such sales, marketing and customer service, because of its power to generate human-like insights and content modalities. However, we are cautioning executives to not let Generative AI's rapid ascent shift attention away from non-Generative AI techniques, which are not only incredibly powerful but have also been quickly evolving and maturing over the last decade.

As applications of digital technologies progress, machine-to-machine interactions will continue to constitute an increasingly significant portion of economic activity, and these interactions and their automation are often best suited for non-Generative AI approaches, where optimization, automation and efficiency take precedence over the generation of human-ready content. While it may often feel otherwise, we are still in the very early stages of truly intelligent, connected

and pervasive automation, and immense opportunities for value creation still exist around non-Generative AI in the near term. Looking ahead, we believe non-Generative and Generative AI will combine to power even more economic output and value creation, with AI agents collaborating to drive a wide range of end-to-end workflows, including those that interact with and for human beings.

What major near-term AI related regulatory challenges do you see as most important for companies to be aware of in their digital transformation?

Keeping up with the ever-evolving regulatory landscape around AI is one of the greatest challenges organizations face. There is an uneven patchwork of regulations across jurisdictions and sectors, which could change rapidly. The European Parliament adopted its landmark AI Act in March, which will likely impact legislation outside of Europe and incentivize some form of adoption worldwide (*de jure* and *de facto* instances of the Brussels Effect) in a similar fashion to the General Data Protection Regulation ("GDPR"). By contrast, in the United States, industry is currently expected to govern itself in alignment with federal and state laws and court rulings, without any overarching regulation.

In addition to navigating a mix of regulations, companies will need to adapt to the ongoing public debate around the deep philosophical questions posed by AI, which is likely to impact future legislation. For example, what does it mean to be human and understand or solve complex problems, or how should we define intellectual property rights when an increasing share of the productive output of the world is driven by AI and predicated on melding various data sources with mixed provenance? Although less often discussed, there is also the issue of energy consumption in complex AI use cases and the rapidly growing carbon footprint that it represents. We expect future regulations around this.