



BOOST YOUR AIQ

**TRANSFORMING
INTO AN
AI BUSINESS**

BUSINESS STRATEGIES FOR AI

Madhu Vazirani:

Professor Wahlster, thank you for making time to speak with us. In your view, what are likely to be the top economies in AI in the next few years?

Prof. Wolfgang Wahlster:

Definitely AI is top in the United States because this was the founding country 60 years ago. AI was founded there, they always had something going on. They had the ups and downs. It was AI winter which we didn't have in Europe and the US but on the other hand they have a lot of investments now in the private sector of course. Second one in North America is Canada. They have a long tradition in Machine Learning which is one of the topics right now. They have a so-called "super cluster" which is very much supported by the government and then the third in Europe, of course Germany is now leading because we have excellent public-private partnerships. But Korea, Japan and China are catching up. The government really pushes the topic AI. Right now, they have less public-private partnerships. It's basically government organizations.

Madhu Vazirani:

AI is more known for automation and cost-efficiencies. How can companies actually leverage AI to drive top line or business growth overall?

Prof. Wolfgang Wahlster:

I think they should go to new exciting areas like, for instance, dynamic pricing because with dynamic pricing you see it directly in your cash revenue. And this is not only in retail. We see it now at the gas station in practice. In Germany, many retail companies start this but we are discussing even for after-sales offers to do this dynamically. For instance, when the first snow is falling, of course winter times, the price goes up.

Madhu Vazirani:

I heard from you that AI has a lot of potential for overall growth, but still there are these fears of displaced jobs. Can you say how true or valid those fears are?

Prof. Wolfgang Wahlster:

At least I can speak for Europe and Germany. In Germany we have the highest density of robots and we have the least troubles that we'll say is a negative correlation and not like many laypeople say: "More robots means less jobs". This is not the case, why? First of all, you have a competitive advantage and as we mentioned before we have mass customizations which means new business models, new services and finally, if we have such a mass customization, it must be very close to the end customer. We cannot allow very long logistic chains and this means that we have a kind of "onshoring" which is a contrast to offshoring. We bring back factories which were, over the past decade, out-sourced to countries which have a very low wage like Vietnam or Malaysia and they are now coming back. We have a fantastic example with sports shoes. Everybody knows Adidas. Now you can decide on your Adidas shoe at home but you want it the next day when you have done the deciding: "Please, I want this shoe now." And this means that it has to be manufactured in Germany. So, there are actually more jobs in manufacturing today than in the past.

Madhu Vazirani:

True, that's really impressive. In terms of talent, so everyone we heard about they talk about talent gaps in data science and mathematics, engineering. I believe there are a lot of open positions in Germany today?

Prof. Wolfgang Wahlster:

Yes, especially in Germany, AI experts are really hunted after. We have 5,000 open positions in different industries especially in the automotive industry and the manufacturing industry, looking for AI talents and we don't find them. So it's very important to attract more people to Artificial Intelligence as a subfield of computer science. But we have to use a new approach to also have those talents which normally wouldn't go to computer science because they have this image of the nerds sitting round and software engineering and in AI actually you don't program a lot because this is Machine Learning.

Madhu Vazirani:

You mention that AI is a way to monetize data, but actually there are a lot of issues we hear, both from the start up world as well as from corporate world. You never see the world where access of building that interlock between AI and data is difficult. Can you throw some light on that?

Prof. Wolfgang Wahlster:

Yes, indeed. Data is seen as assets, so many companies don't want to share them. But we have a model here in Germany together, again a public partnership, we call it the Industrial Data Space, where we have a sharing option so we say "You give me data, I give you data," so it's really a trading with the data. That's one thing, the second thing we have a trusted data space. It's very important that we have, like in a trusted cloud environment, you really can prove that not a third party gets access. But then we can share this using the Industrial Data Space. I send you some data because we want to collaborate, you get my data, you can harvest them but I know that these data are in a secure environment, I think this is very important.

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