# **On Point:** Insight Paper

## Human + Machine: exploring AI's impact on business

> What we have now is the worst AI we will ever see in our lives.
>
> ***Catriona Campbell MBE, Chief Technology and Information Officer, UK & Ireland, EY and Chair of Scottish AI Alliance***

> Everybody is talking about AI but there is a degree of nervousness and reluctance about it. We're just starting to see the power of AI and use cases emerging; businesses know what they want, but most are not there yet.
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> ***Alan Nelson, Glasgow Managing Partner, CMS***

The biggest business threat from Artificial Intelligence is to ignore it completely, a leading expert told a roundtable* discussion hosted by CMS.

Catriona Campbell MBE, EY's Chief Technology and Information Officer for UK & Ireland, said: "My advice to businesses is don't ignore AI, don't wait. Do lots of AI projects; small, specific projects are the way forward."

The roundtable, *Human + Machine: exploring AI's impact on business*, heard the 'small and often' approach could help firms find the right AI model for the right task. Campbell said EY had invested $1.4 billion over three years in AI and carried out 4000 different projects so far.

This approach helps to gather data needed to build specific use cases for AI, which then creates the basis to build effective business cases.

Large organisations see a wide range of use cases for AI, but need to consider how to balance good governance of rapidly-developing AI with operational risk.

As well as understanding the inherent risk of constantly-changing technology, it is crucial to use high-quality data in AI models. Poor-quality data could lead to ethical violations, bias and reputational risk.

**Humans in the loop**

There could be "horror stories" around AI causing harm because some individuals and businesses don't know how to use it responsibly - which always needs to involve managing reputation and risk.

Catriona Campbell stressed the need to "always have a human in the loop" and said the biggest skill needed to use AI effectively was critical thinking.

Learning how to prompt AI Large Language Models (LLMs) like ChatGPT effectively is crucial - and some smaller businesses might turn away from using LLMs because they are putting poor information in and getting poor results out.

Businesses were urged to focus on refining their inputs to ensure they were high-quality, and not become obsessed with AI models 'hallucinating' (creating false answers in an effort to answer a question).

**Better inputs, better outputs**

Using RAG (Retrieval Augmented Generation) enhances the accuracy and reliability of generative AI models.

"When the prompt [to generative AI models] is good and it describes the context well, you should get a good response," Campbell said. "You need to tell it how to behave, using very specific inputs - so it knows what it needs to do."

Staff at large consultancies are typically spending 20-40% of their time using GPT models, and effective business analysis increasingly involves the joint embedding of AI models - a mixture of predictive bots orchestrated by a human.

The role of senior managers will increasingly become about managing people who manage bots. Building bots is relatively straightforward; managing them is much harder. The key is fine-tuning systems by testing, and by having a strong regulatory framework surrounding the use of AI.

The UK approach to regulation is that it wants citizens to be safe, but also to allow AI innovation, similar to Singapore, Canada and Australia.

The European Union has taken a different approach, focusing on companies using AI models (rather than companies making AI models) and asking them to prove they are managing the risk of AI with third parties.

**The jobs impact of AI**

AI could pose a risk to jobs in some circumstances, and must be managed well when it comes to people. Professional services businesses - including law, accountancy and PR - will need to reassess their culture and pricing as AI takes hold. If a client knows AI can perform certain roles more quickly than people, providers must look at reshaping their services and costs to reflect the enhanced role of AI, and explain the precise value of the humans in the loop.

However, as well as being a job threat, AI could create more work, and more interesting work, with greater job satisfaction and even the potential for people to work for fewer days because of enhanced efficiencies. It's not yet clear what all the new AI-related jobs will look like, so there is a transition process ahead.

Some businesses are limiting, or shutting down, employees' access to AI, which has led to an estimated 20% of staff using 'shadow AI' - accessing AI models without being authorised to do so, using work or personal devices.

Businesses who choose to limit the use of AI should be aware that this could make it harder to retain staff, especially younger employees more receptive to AI, while there are also increasing cyber security risks posed by shadow AI.

A new recruitment mindset is also needed. Developing AI in an effective, safe way will not just need technology experts, but graduates from philosophy, and other humanities backgrounds, to look at the ethics of how AI is used. More mega-businesses like Amazon are now employing chief ethics officers.

**Educating business leaders in AI**

The education of business leaders in AI is crucial. If leaders get it, they can mandate training for all staff in effective and responsible use of AI - and upskill and educate their entire workforce.

One approach is to create a centre of excellence within a business - including experts in law, risk, AI and 'creatives' - to test proof of value, and proof of concept for use cases.

This approach is still in its early stages in many businesses - although there is widespread stealth in developing AI models, with many firms keeping quiet about what they are doing.

Third party risk management is a major issue, as lots of emerging AI utilises rapidly-evolving 'black box' technology (which produces useful information without revealing its internal workings) - and cybersecurity will become a bigger issue with 'unknown unknowns' ahead. Businesses must take all possible steps to keep client data safe, and AI models should never be trained using client data without very specific permission being granted.

So where is Scotland in the fast-moving AI field? It is well-placed as the University of Edinburgh has one of the highest-rated AI courses in the world and there is a rich start-up tech scene. However, Scotland would benefit from more inward investment by larger tech companies alongside start-ups, something Dublin has achieved effectively.

**Practical steps**

It is easy for small businesses to be overwhelmed by AI - but this can be avoided by taking simple, practical steps. Products like Microsoft Copilot bring AI into a business in a cost-effective way and can teach the basics. There are also many useful free online courses and tools available.

Firms should also put a specific person in charge of AI and get staff engaged. One practical idea is to hold 'promptathons', where staff develop their skills in what to put into generative AI models to get useful answers.

Above all, businesses need to be focused; what are their challenges and what outcomes are they looking for? How can AI technology help?

Catriona Campbell concluded the roundtable session with this summary: "The biggest mistake is ignoring AI completely. We're in a period of rapid change; remember that the AI we have now is the worst we will ever see in our lives."

## Contact

**Alan Nelson**
Partner
**T** +44 141 304 6006
**E** alan.nelson@cms-cmno.com

**cms.law/scotland**

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