

CUTTING THROUGH THE HYPE: THE VALUE OF AI TODAY

December 8th, 2017 • Business 2 Community • Kevin Beasley

Artificial intelligence (AI) is undoubtedly a top tech trend. With the certainty to revolutionize the way enterprises operate, AI has rightfully received a lot of attention; however, with this attention comes a lot of hype. Whether misrepresented as the first step towards a science-fiction-based future or misinterpreted as a tactic for more advanced or high-tech companies, businesses must understand the facts behind AI and the value it offers today.

According to McKinsey & Company, tech giants such as Amazon, Google and IBM are estimated to have spent between \$26 to \$39 billion on AI last year, yet adoption outside of these tech giants is at just 20 percent. Although notable tech innovators with billion-dollar budgets are exploring AI, many companies have yet to be able to invest in the technology.

AI can be extremely beneficial for businesses in all industries in

helping them reduce costs, make smarter, better informed decisions and give them a competitive edge. By cutting through the hype, businesses in different industries can take advantage of AI technology available today.

Retail Industry

When a customer purchases a product, different areas of the supply chain including inventory, picking, packing and shipping all have to function properly in order for the customer to receive that product in a timely, satisfying manner. Using AI to drive efficiencies throughout the supply chain can make a significant impact on the retail industry.

AI can analyze data collected from past purchases to identify patterns and predict future buying trends by combining outside data sources to internal data sources to get a more accurate prediction. While predictive analytics have been used for years to predict when and what customers will

buy, this technology is becoming more accessible and significantly more accurate with the ability to combine technologies such as marketing analytics with AI. This information is particularly useful for inventory management, ensuring products are available as needed but not overstocked to help businesses reduce inventory and increase sales.

AI can also be used to pick up on trends that would otherwise go unseen by just analyzing their historical data. For example, a retailer may have seen a dip in sales, which could be from a number of reasons – an unsuccessful marketing campaign unaligned with consumer behavior, not modern and current trends, weather-related impacts, or perhaps a competitor ran a more successful promotion. Instead of human guesswork, AI can analyze entire data sets internal and external and make conclusions based on the data.



Vormittag Associates, Inc.
A Leader in Enterprise Management Software
www.vai.net

Food and Beverage Industry

Many in the food and beverage industry have already seen great benefits from automating the production line. Now, AI can be used to make those machines even smarter. Specifically, the food sorting stage of the production line can be optimized to substantially reduce food waste and save businesses millions year on year.

During the food sorting stage, machines determine if the food is the correct size, weight, shape and freshness utilizing sensors and imaging that AI processes. This results in significant waste that is costly for businesses. Using AI, companies can use data detailing what regulations and the general public deem as the best standard, and adjust the manufacturing and capacity planning based on the known data rather than a predetermined guess. Another way AI can reduce waste is by sorting foods based on multiple standards. For example, if a

misshapen potato is in production line for potato wedges, instead of discarding it, AI can determine the shape is better suited for French fry products and moved to that production instead of discarded.

Shipping and Logistics Industry

Logistics is one of the most important aspects of the supply chain, responsible for transporting goods to customers. Predictive algorithms generated by AI can predict consumer demand before a customer places an order. This benefits logistics by enabling better coordination so businesses can ramp up resources before demand spikes. If AI predicts consumer demand for a product and companies then increase production, trucking companies will know in advance how much product will need to be delivered, how much product can be held in a truck and how many trucks are needed to transport the entire shipment.

Disruptions such as road closures, accidents and natural disasters are just some examples of what can affect the delivery of goods on time. AI can use data from sources such as the National Weather Service, traffic feeds, historical traffic patterns and others to predict possible delays. Using machine learning, AI can be trained to generate contingency plans so that these disruptions don't affect the delivery date.

AI has been top of mind for technology leaders for a few years, but recent advancements have enabled businesses of all sizes, not just the tech giants of the world, to benefit from AI. AI is more than a trendy buzzword, and businesses that adopt this technology early will not only benefit immediately from implementing, but also in the long run. With AI tools becoming more assessable, the time for businesses to invest in AI is now.



Vormittag Associates, Inc.
A Leader in Enterprise Management Software
www.vai.net