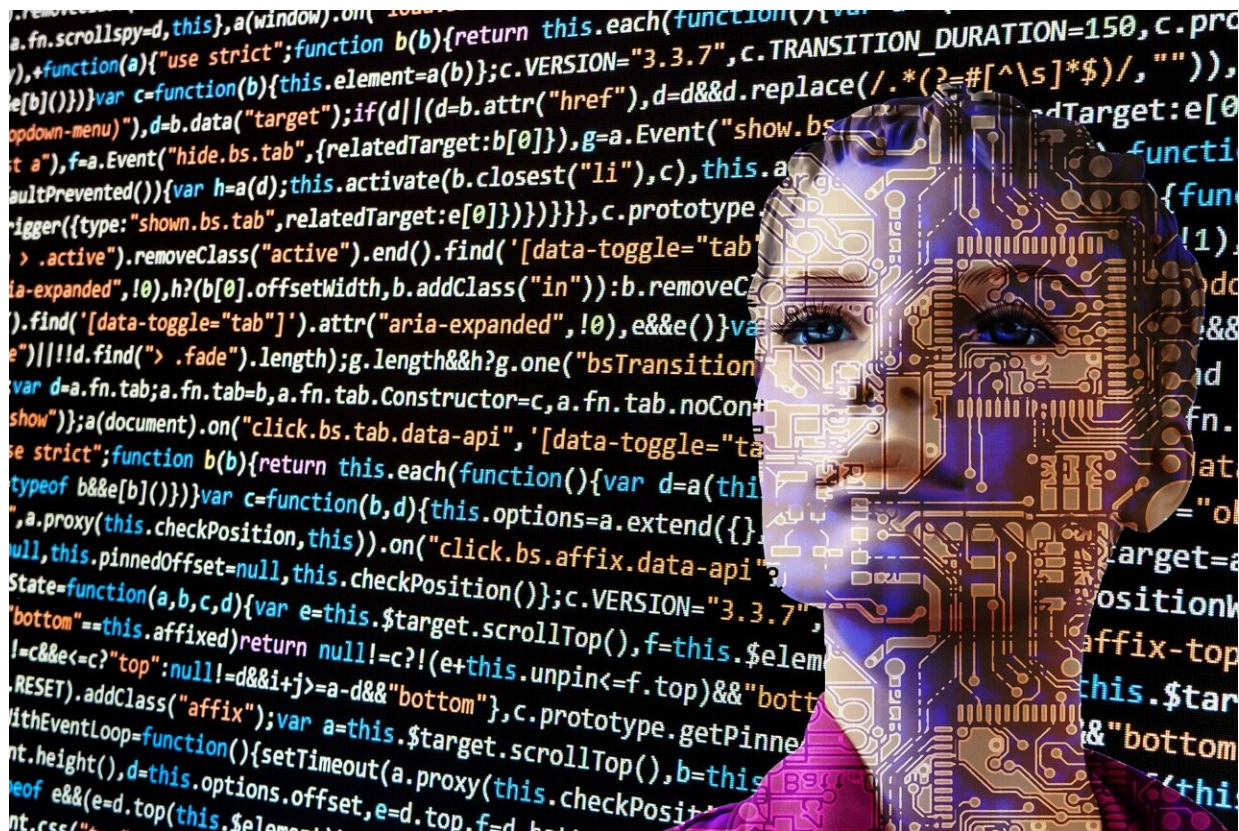


Forget chatbots, this is how corporate America is really using AI

March 2 2023, by Michael Tobin, Redd Brown, Subrat Patnaik



Datasets used to train AI algorithms may underrepresent older people. Credit: Pixabay/CC0 Public Domain

Ever since OpenAI's ChatGPT lit up the internet in November, companies can't stop talking about artificial intelligence. Take this

earnings season so far: References to AI and related terms during calls with investors are already up 77% from a year earlier.

It's no wonder. AI-hungry investors have propelled Nvidia Corp., which makes the chips needed for complex AI computing tasks, into the best-performing stock among mega-caps this year. Relatively obscure firms with AI in their names have also skyrocketed. BigBear.ai Holdings Inc. has surged more than 300%, while C3.ai Inc. and BuzzFeed Inc. have more than doubled. Guardforce AI Co. is up 51%.

A lot of the companies tossing around the phrase AI are just taking advantage of the hype. Some are speaking aspirationally about how they see AI transforming their businesses—one day, some day. And then there are the real, practical use cases for AI and machine learning that companies have been actively investing in, developing and using—in some cases, long before AI became a buzzword—proving that the power of these algorithms is already reaching far beyond chatbots to change everything from the way companies manage their parts inventories to how they're recruiting for job candidates.

"It is impossible to quantify what the impact of AI could be and equally possible that a wave of enthusiasm carries stocks with expertise in or exposure to AI, no matter how tenuous, higher and higher," said Russ Mould, investment director at AJ Bell Plc. "All investors can do is stick to their disciplines and focus on competitive position, management, and valuation, while making sure that they truly understand the business, before they put any capital at risk."

Below is a look at how various companies and industries are using AI—largely based on commentary from this quarter's earnings calls but also some key announcements made in recent weeks:

Advertising

Alphabet Inc.'s Google is using large language models to strengthen its search engine, specifically by helping anticipate the intent of users' queries, Philipp Schindler, Google's chief business officer, said on the company's fourth-quarter earnings call Feb. 2. AI is also used to increase consumer interactions with ads. "AI has been foundational to our ads business for the last decade," he said.

During Meta Platforms Inc.'s own earnings call, Chief Executive Officer Mark Zuckerberg said AI is "the foundation of our discovery engine and ads business." The company is investing more heavily in AI to develop privacy tools as well as help advertisers serve more "relevant and engaging" ads, he said. Some of those efforts are already paying off, with conversions, or an advertiser's desired outcome from ads, increasing 20% in the last quarter compared with the prior year. Meta also uses AI for their content algorithms.

AI has already become "fundamental" to WPP Plc, the world's largest advertising group by revenue, said CEO Mark Read, adding that it can help find relevant audiences and measure the impact of the company's work.

Search

Microsoft Corp. CEO Satya Nadella said there's a "sea change" happening in search. The company's AI model, Prometheus, will allow it to make the biggest leap ever in the relevance of results, he said. Its new Bing [search engine](#) adds the ability to chat and can help users compose emails and other content. Google will integrate the underlying technology in its Bard chatbot into its own engine. CEO Sundar Pichai has said this will produce results that "distill complex information and multiple perspectives into easy-to-digest formats."

Translation

Zoom Video Communications Inc. CEO Eric Yuan pledged to "layer more AI technologies into our products," and touted new features like translation, video captioning and analysis for sales.

Medical devices, research and testing

In its own call, GE HealthCare Technologies Inc. highlighted that it hired Taha Kass-Hout, former vice president of machine learning and chief medical officer at Amazon.com Inc. The General Electric Co. spinoff is counting on Kass-Hout to lead its push for growth through improved machine-learning capabilities while it raises investment in digital services and software.

One AI application the company specifically mentioned during its call with investors is an algorithm it offers to radiologists to help produce sharper images quicker. CEO Peter Arduini said the product has already reduced scan times for about 5.5 million patients globally. Another is a cardiac ultrasound product that uses AI to help assess heart muscle function.

Medtronic Plc found its AI-assisted spinal surgery planning makes workflows "faster and more efficient," CEO Geoffrey Martha said. The company's adoption of AI to help physicians detect polyps in colonoscopies led to its gastrointestinal business growing in the "high single-digits."

Charles River Laboratories International Inc. sees AI helping drug discovery, potentially by indicating whether a new drug will be as effective as an old one, said CEO James Foster.

Medical testing center operator Quest Diagnostics Inc. said that it has begun using a highly automated microbiology lab system that leverages AI to analyze samples. CEO Jim Davis mentioned the platform in the company's earnings call when he was talking about ways in which it's trying to counter "significant inflation and wage pressures."

Cybersecurity

Palo Alto Networks Inc. CEO Nikesh Arora said the company has been using AI in its security services to prevent cyberattacks, and has done about \$30 million in sales of its product that uses machine learning to detect threats.

Product procurement, inventory and analysis

Fast food chain owner Yum! Brands Inc. uses AI to predict and recommend how much product restaurant managers should order each week for 3,000 of its U.S. Taco Bell and KFC locations. The aim is to reduce waste and transfers of inventory between stores. The company is working on a process to predict the quantity and time food should be cooked primarily in KFC restaurants, planning to pilot it in an international market.

Home-improvement retailer Home Depot Inc. has given staff phones to compress dozens of systems into a simplified workflow and improve [customer service](#), and the devices now include "Sidekick," an app that uses machine learning to help employees prioritize tasks and know when inventory on shelves is running low.

Tapestry Inc., owner of luxury brands like Coach and Kate Spade, highlighted new capabilities to use AI to forecast customer demand and curate its inventory. The analysis "helped to ensure our product was in

the right place at the right time," said CEO Joanne Crevoiserat.

Caterpillar Inc., one the world's largest manufacturers of construction and mining equipment, is "investing heavily in AI," CEO Jim Umpleby said. The company has for years been digitizing everything from bulldozers to diggers to get early alerts of problems and keep them from breaking down. Its system uses AI to better anticipate when a machine may break, and in some cases may automatically alert a dealer to provide a new part.

Matching services

Airbnb Inc. CEO Brian Chesky said AI can help the home-sharing company deal with the challenge of matching travelers to hosts when, unlike rooms in a hotel, every listing is unique. "If there's like 50,000 homes in a city, what's the right one for you?" he said. "That's less of a search problem than a matching problem, and I think that AI is going to be a really great opportunity for us."

Match Group Inc. CEO Bernard Kim said one way the company's Tinder dating app "can really change the game is by leveraging machine learning to enhance recommendations." The group already uses machine learning for safety and moderation, and its plan this year to expand its proficiency in the area will get a boost from its purchase of South Korea's Hyperconnect, which brought with it a team with expertise in the area, he said.

Hiring and talent acquisition

At human resources consultant Robert Half International Inc., which has more than 30 million candidates in its database, Chief Financial Officer Michael Buckley said spending on AI will be "flattish" this year

compared to 2022. AI has "transformed how we identify and select candidates," and the company is working on how AI can identify leads for its sales professionals.

Customer service

Wells Fargo & Co. will start rolling out to customers an AI-powered virtual assistant called "Fargo" to personalize and simplify people's banking experience, said CEO Charlie Scharf.

CME Group Inc. agreed to a 10-year partnership with Google Cloud in 2021, using its data analytics and machine learning solutions to help CME provide clients with information and toolkits for developing models, algorithms and risk management, it said at the time. CEO Terrence Duffy said in early February the derivatives exchange operator doesn't necessarily have to shell out to deliver AI for customers, as "we're able to get that through Google without having to make the investment ourselves."

VeriSign Inc., which provides domain registry services, said ChatGPT may enhance its NameStudio tool, which suggests alternatives if the name a consumer tries to register is already taken, said CEO Jim Bidzos.

It's clear that not every company has embraced the AI hype with the same enthusiasm as the ones above. For every major [company](#) that mentioned AI in an earnings call this quarter, there were scores more that didn't utter the phrase at all.

Some companies, namely financial ones, have gone as far as to ban or restrict their employees' use of ChatGPT in particular. Citigroup Inc., Deutsche Bank AG and Goldman Sachs Group Inc. are among those that have recently banned employees from using the chatbot.

The clamor for everything AI bears hallmarks of the cryptocurrency frenzy that took Wall Street by storm a few years back, and more recently the metaverse. Only time will tell if investor interest will last longer than it did for those similarly untested concepts.

For his part Matthew Kanterman, director of research at Roundhill Investments, sees some big differences between AI and other more short-lived bets.

The returns from AI are "more tangible, more real," he said. It's "happening right now."

2023 Bloomberg L.P.

Distributed by Tribune Content Agency, LLC.

Citation: Forget chatbots, this is how corporate America is really using AI (2023, March 2) retrieved 9 April 2024 from

<https://techxplore.com/news/2023-03-chatbots-corporate-america-ai.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--