



BCS: GEN AI – NEGOTIATING DEALS

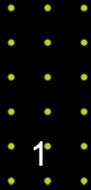
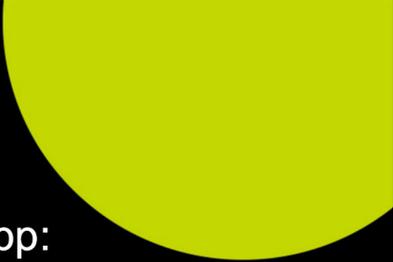
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October 2023

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Generative AI Commercial Perspective

Agenda

- ❖ Perspective from my experiences
- ❖ What is Generative AI – trip down memory lane!
- ❖ What is the impact
- ❖ Commercial contracts, IT, Processes – Buying, Negotiating, Risks

Gen AI – What is it?

Gen AI is Generative Artificial Intelligence

- ❖ Artificial intelligence (ML) machine learning capable of generating images, text, what if models, probability & predictions, decisions
- ❖ Expert Systems - Rapid extraction of information presented to the processing device which can ingest and build assumptions and possibilities from the data
- ❖ Natural language Processing (NLP) – computers being able to understand human language - huge steps forward from ML and software languages
- ❖ Robotics – automation of repetitive tasks – Computers interacting with physical world
- ❖ Computer Vision (CV) – interpreting visual info – facial recognition – Car driving
- ❖ These are the 4 sub fields of Generative AI– ML, NLP, CV, Robotics

AI – The Beginning 1950's

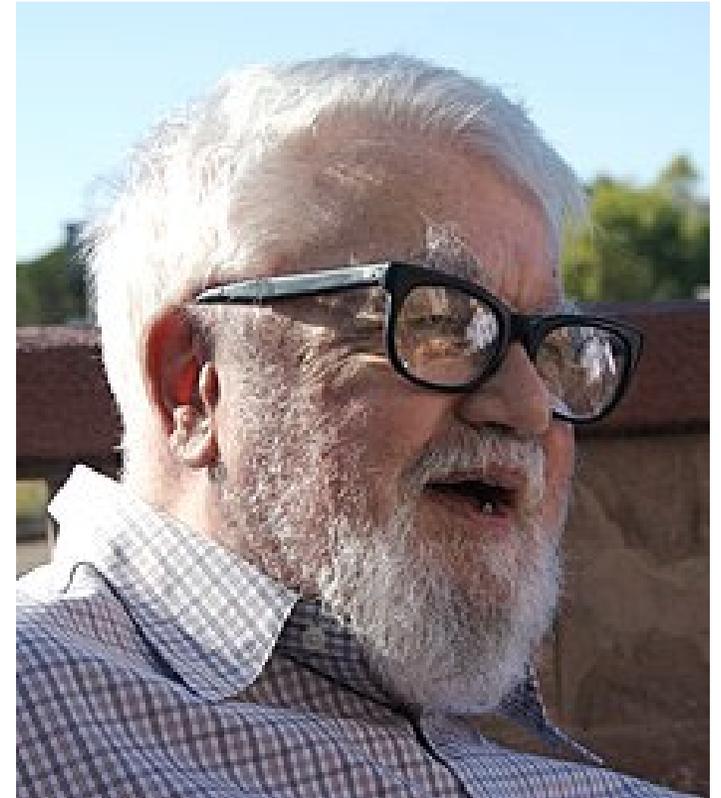
- The 1950's attributed AI to 5 founding fathers John McCarthy, Alan Turing, Marvin Minsky, Alan Newell and Herbert A. Simon.
- *Souce quildgest.com*



- Alan Turing (1912-1954) The earliest significant work in the field of AI was done by Alan Turing... Turing Machine
- Allen Newell (1927-1992) & Herbert A. Simon (1916-2001) - founded worlds first hub for studying AI at Carnegie University received Turing award in 1975
- John McCarthy (1927-2011)- Turing award for contributing to worlds transformative technologies such as Robots and programming languages eg LISP List processing language ...
- Marvin Minsky (1927-2016) created the first electronic learning system called SNARC (Stochastic Neural-Analog Reinforcement computer

AI – The Beginning 1950's

- **John McCarthy** (September 4, 1927 – October 24, 2011) was an American computer scientist and cognitive scientist. He was one of the founders of the discipline of artificial intelligence.^[1] He co-authored the document that coined the term "artificial intelligence" (AI), developed the programming language family Lisp, significantly influenced the design of the language ALGOL, popularized time-sharing, and invented garbage collection.
- McCarthy spent most of his career at Stanford University.^[2] He received many accolades and honors, such as the 1971 Turing Award for his contributions to the topic of AI,^[3] the United States National Medal of Science, and the Kyoto Prize.
- *Source wikipedia*



AI to Gen AI Journey

From the 1950's artists created art with AI

- eg 1970's Harold Cohen created computer AARON to generate paintings (*image right source Wikipedia*)

Machine learning using statistical modeling to predict data eg what if modeling

The late 2000's saw deep learning research producing improved technology in speech* recognition and natural language processing development

**Earliest speech recognition system built by Bell Lab 1952 named "Audrey"*



Some relevant commercial context

- IBM Watson – data analytics processing
- Salesforce Einstein – insights and capabilities for sales, marketing and customer service inc predictive lead scoring, intelligent email's
- Microsoft & OpenAI ChatGPT – human chat composed written content such as: articles, posts and emails
- Microsoft Azure AI – Ai services for developers and Data scientists
- Amazon Web Services (AWS) – application and workflow intelligence
- Google Cloud Ai Bard – conversational chat, book appointments
- Pactum – automate bid to contract processing including signature
- Open AI DALL-E – text to image generated models from natural speach

Some relevant commercial context - features

Who	Product	Natural Language processing	Speech recognition	Computer vision	Machine Learning	Analytics sales & Marketing	Cognitive svc
Salesforce	Einstein						

Chat Bots

Who	Product	Natural Language processing	Speech recognition
Salesforce	Einstein		

WHAT IS THE IMPACT OF GEN AI

Gen AI impact's everyone

Corporation

- C-Level
- Departments – IT & business – Use cases
- Cyber Security - IT systems
- Legal – T&C approval
- Risk & Compliance and Ethics
- Procurement Contracts – \$\$ and T&C's
- Strategy & Architecture
- Communication – how to get, use, keep organization and data safe
- Funding, Budgeting – Business cases, pay invoice



What is Impacted?



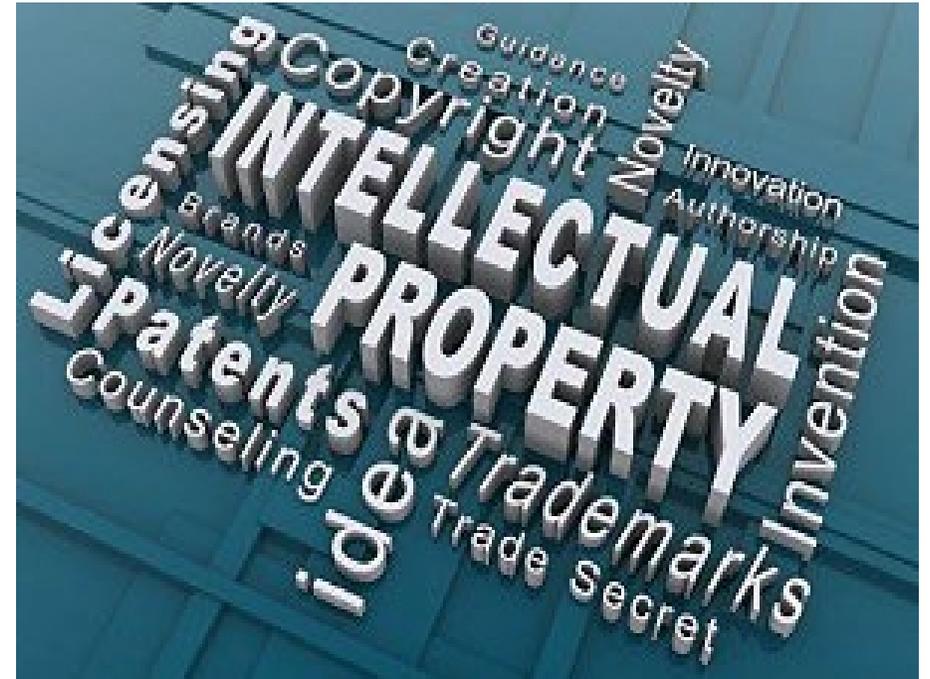
IP, Branding, Trademarks, Marketing:

- IP – who owns what? Be explicit.
- Trademarks of the source and Citation - can you use, is it yours, have you done gen ai citation?
- Marketing – Limitation of rights to generate revenue from generated output – supplier will want to ensure you do not generate something on their AI to compete with their product
- How can you use the output? – Accuracy, Bias
- Contract to ensure supplier does not own the output generated on customer IP for both your own internal AI model or where you input to open platform model
- New designs? – What if you merge / fuse multiple AI – how do you ensure no copyright is breached – customer is responsible

What is Impacted?

Are your suppliers using Gen AI

- How do you determine if Gen AI has produced output – First is always ask supplier directly where they are using Gen AI Solutions
- Ask - What models / Gen AI are you using or planning to use to provide the services?
- Clearly articulate
- What exposure to cloud service providers does your supplier have?
- Include in RFx and conversation



What is Impacted?



Services – where will you use?

- Internal intranet chat services
- External customers - queries
- Billing – process, queries
- Disputes – over generated material
- How will you manage customers and employee experiences?
- Fear of Job losses or reskilling for people where processes can be automated

What is Impacted?



Understand your Risks – responsible AI

- Bias - source data ingested
- Privacy
- False information - Accuracy
- Overly trusting information
- IP – internal doc may be supplier contracts, licence terms depending on your data lake sources
- Economic and environmental cost
- Explainability

What is Impacted?

Systems & Integration – depending on use cases

- Reliability, Capability, Compatibility (JV)
- Interoperability, Scalability, data labelling
- Sandbox, Dev, data from outside model
- IT, DataCentre, Telecoms, Networks
- Physical hardware Capacity, Storage
- Software, Apps Licences – integration (co-pilots eg GitHub)
- Support contract (Vol, SLA, Discount)
- Cloud services, hosted, gateway acc
- HR, Payroll, Finance sys (segregation)
- Asset management (CMDB) & monitoring tools
- Service desk solution - Augmented



GEN AI purchasing models

- First party Co-pilots (Assistants) – part of licenced software
 - Subscription based
 - per user per month
 - Customised pricing
- Usage – based - PAYG based on ingestion and output
- Token based pricing – access volume discount by purchasing upfront bundle of tokens to be deducted from monthly consumption eg text document character ingestion and output.
 - Tokens can be based on a volume of characters or word per token

GEN AI Commercial's & Assessment

- What is the contract you are engaging in
- Approval / steering committee who will have to sign off / approve
- Use cases – what will AI be used for – How will it augment your business?
- Will you build internal or participate in Open AI?
- Pilots, testing, cost of these
- Business case and ROI
- Which vendors or products are you considering and what is the reputation of the vendor and product
- What is the performance and quality for the AI tech you are interested in
- What support and maintenance services are avail from vendor

Commercial Contracts, Procurement, Legal

- New contract or existing depending on above
- Approval / steering committee who will have to sign off / approve
- Security assessment
- Ethics for your organization to operate within
- Responsible AI policy, guidelines, DP, Who is using the AI output - How

What do you need to know

- Where are your assets _ CMDB?
- What monitoring tool's can give you a report to validate compliance?
- What contracts do you have? What usage rights? Are you compliant?
- What are the volumes on the contracts? Do you need to purchase more or reduce?
- What is the product owner's strategy aligning with renewal?
- Where has the budget been allocated
- Who is the product/ service owner in other entity – what is their future state strategy for this solution?

Summary

- Keeping BAU, employee & customer experience, service running
- IT will be impacted
- Contracts, services, suppliers, processes, systems are all changing
- CMDB, contract management tools, customer management, ITAM tools are all going to be heavily depended upon under these conditions so the importance of maintaining accurate data is essential

Discussion & Questions

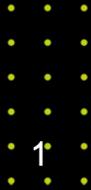
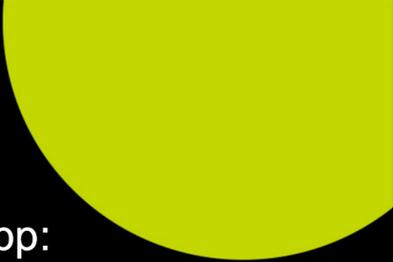


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TAKEAWAYS

Gen Ai negotiation takeaway



- Who owns what? Internal Gen Ai model vs Open source generated output
- Data protection and breaches – kicked off – limitation of liability
- Which cloud Gen Ai is best for each use case
- What if you merge / fuse multiple products – how do you ensure you do not infringe any copyright



- Voice data audio files – do you have consent to use a voice?
- Tokens, Consumption of Gen AI vs licenced products (Co-Pilots)
- What guardrails does your user base need, policies
- What approval boards and gates do you need to set up for managing Gen AI
- How will you do responsible AI



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THANK YOU