

CIOs get AI reality check

Forrester's recent predictions for CIOs working on data and analytics initiatives warn that the capabilities of new technologies, like artificial intelligence (AI), require the redesign of operating models.



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In 2017, Forrester's predictions for data and analytics indicated that AI was going to be the spark that ignited the insights revolution. Surveys showed that firms investing in AI rose from 40% in 2016 to 51% in 2017. However, 55% of firms have not yet achieved any tangible business outcomes from AI, and 43% say it's too soon to tell.

In its new report, [Prediction 2018: The honeymoon for AI is over](#), the organisation's principal analyst serving application development and delivery professionals, Boris Evelson, discusses the disconnect between expectation and reality, writing: "AI is not a plug-and-play proposition. Unless firms plan, deploy, and govern it correctly, new AI tech will provide meagre benefits at best or, at worst, result in unexpected and undesired outcomes.

"If CIOs and chief data officers (CDOs) are serious about becoming insights-driven, 2018 is the year they must realise that simplistic lift-and-shift approaches will only scratch the surface of possibilities that new tech offers."

AI will shift analytics and business innovation

Investment into analytics capabilities and getting more out of big data continues unabated.

Technology decision makers are fueling the perception that AI is the pinnacle of analytics. Evelson points out that the result of this will be that better human-to-machine interactions will influence the pursuit of AI in 2018.

Machines will work alongside executives and employees to make decisions, creating better customer experience and engagement. Forrester predictions include:

1. Around 25% of organisations will supplement point-and-click analytics with conversational user interfaces

Business intelligence (BI) vendors are recognising the need to simply ask a question and immediately get an answer. The use of natural language processing (NLP) and natural language generation (NLG) for data querying in real time will continue to grow and organisations will add more natural conversations interfaces.

2. AI will be responsible for decision making and real-time instructions at 20% of organisations

In 2018, one in five firms will trust AI to make business decisions and recommendations for both employees and customers. Systems will even suggest what to offer customers, what terms to offer suppliers, and issue instructions to staff. Data-driven decision making will grow considerably over the next year.

3. Unstructured data will become useful

The number of companies with more than 100 terabytes of unstructured data [has doubled](#) since 2016. However, only 32% of companies have successfully analysed text data, and even fewer are analysing other unstructured sources. Deep learning will make data analysis more accurate and scalable.

Big data environments evolve

Many organisations are struggling to show the results of using big data.

Evelson believes 2018 will be the year that big data begins to mature.

1. More than 30% of enterprises will pull funding for their data lakes

Forrester says its client enquiries emphasise the disconnect between expensive big data projects and tangible business outcomes. The company says that 2018 will be the year when these projects either demonstrate their benefits, or face the chop.

2. Cloud-first for data analytics

Forrester says we can expect around 50% of companies to shift to a public-cloud-first policy in 2018 for data, big data, and analytics. This is being driven by firms looking to control costs and have more flexibility than their on-premises software can deliver.

Traditional roles re-invented

1. CDOs shift to offence mode

Forrester believes that companies will push CDOs to move further up the data value chain in order to fast-track innovation.

According to the report, business-focussed CDOs will look to innovate with data, either through analytics embedded in internal business processes or through data-enabled products and services. Moreover, Forrester predicts that in 2018, more than 50% of CDOs will report to the CEO.

The insight market will become more complex

Evelson points out that as the insight market becomes more complex, data and analytics decision makers should re-assess strategies and begin partnering with vendors and other partners.

“Up to 80% of organisations will rely on insights service providers for at least some portion of their capabilities in 2018, driving business for insights service providers, management consultants, and systems integrators,” Evelson writes. “What’s more, academia will become a key insight partner for enterprises.”

In addition to the predictions, the report includes high-level recommendations for business and IT leaders. However, the key takeout is the need for new roles and processes to take full advantage of new technologies, along with an explicit effort to change organisational culture to reap the potential rewards.

Source: *“[Prediction 2018: The honeymoon for AI is over](#)”, released on 9 November 2017. Authors: Boris Evelson, Michele Goetz and Brian Hopkins.*

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