



Generative AI Peer Exchange

At the 2023 KPMG
Tech and Innovation
Symposium



Executive Summary



Generative artificial intelligence (AI) offers vast potential to create new business value. Executives are still working to operationalize it at scale.

OpenAI's November 2022 launch of ChatGPT¹ catapulted large language models and other generative AI capabilities to the forefront of headlines and business conversations. Leading up to and during the KPMG Tech and Innovation Symposium in June 2023, KPMG engaged with executives to understand more about their perspectives on the promise—and complexity—of generative AI.

To date, adoption has been driven largely by consumers, not enterprises. As one participant noted,

“For all CEOs, there is excitement, fear, and overwhelm. As you look to apply AI to your business, where do you start? What is possible, and what are the real benefits? Not all AI is equal. Not all large language models are equal. How do you know whom to trust and decide what to use—even within your own team?”

¹ MIT Technology Review, Karen Hao (March 3, 2023). “Inside the Story: Oral History of How ChatGPT was Built at OpenAI”

Here are highlights of what senior executives across industries and functions shared about the challenges of funding, staffing, and securing generative AI.

Managing expectations

One business leader reiterated the importance of securing CEO buy-in before proceeding with a major generative AI initiative. Another leader noted that OpenAI poured elite talent into the creation of ChatGPT, which, in many cases, has created unattainably high expectations. Not every organization has access to top-tier AI talent, so enterprise leaders need to moderate expectations.

Improving workflow

Leaders discussed opportunities to deploy generative AI as a tool for assessing and improving work flows. One asked,



How does generative AI enable you to improve your existing processes by providing feedback at an operational level? Wouldn't it be great if we could use generative AI to give everyone a 'coach'?"

Bridging large and small language models

Large language models (such as OpenAI's GPT and GPT-4, Meta's LLaMA, and Google's PaLM2) train on billions of words.² But those models alone are not well suited for many generative AI use cases within the enterprise.

Individual organizations need viable ways of leveraging their proprietary enterprise data, and leaders told us they are still seeking guidance on how to use both large (public) and small (proprietary) language models. That includes finding effective ways of finetuning them with human-led reinforcement learning and bridging them with "middle stack" models. Cost remains a key barrier to adopting third-party offerings, yet most organizations lack the skills and resources to build their own layer between large and small models.

One leader mentioned that their business has requested about 100 use cases for generative AI, but current costs—at scale—are prohibitive. As the executive explained,



Since November 2022, there has been a surge of large language models. Starting in March, 'small' language models have started to crop up. Once we unlock the evolution of these small models, the use cases will become more accessible. Companies will start to differentiate themselves."

² Stanford Institute for Human-Centered Artificial Intelligence, Alex Waldrop (April 28, 2023). "AI Spring: Four Takeaways from Major Releases of Foundation Models."



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Ownership, security, and privacy considerations

To unlock the value of generative AI, organizations need to determine how to leverage their own internal, proprietary data within appropriate models and tools. Doing so introduces staggering risks, and participants were unified in their concerns. Among them:

- 01** Safeguarding the organization's own data and intellectual property (IP) against loss, theft, corruption, and/or sabotage.
- 02** Implementing infrastructure and processes to secure AI tools/models against breaches or other compromise.
- 03** Establishing clear governance on employee use of third-party generative AI platforms, whose output could create risk by compromising other organizations' IP.
- 04** Addressing cross-border complexities, including steeper privacy regulations in some regions.

"There are ownership implications across the board," one participant said. "Anyone with a marketing and advertising department will face this, and the legal issues and test cases will be huge."

Another executive noted that no one yet knows the level of human interaction that merits IP protection. The central question: "What constitutes a 'new' piece of work?" With transformer networks modeled off biological organisms, by design they will learn and then improve. CEOs will need to parse the difference between AI-generated/derivative works and human-created works.

Most chief information security officers are not yet well versed in securing AI—from restricting access to consumer-grade tools to incorporating technologies into an organization's infrastructure. For example, as one leader noted,

“What happens if you start using generative AI to support reporting to Wall Street—and you don't fundamentally know where that information came from?”

"Maybe the data loss isn't the issue," one cautioned. "Maybe it's data poisoning." And, as another leader shared,

“If you start training a model on all your internal data, the risk surface increases significantly. It's like having your whole workforce in that model.”

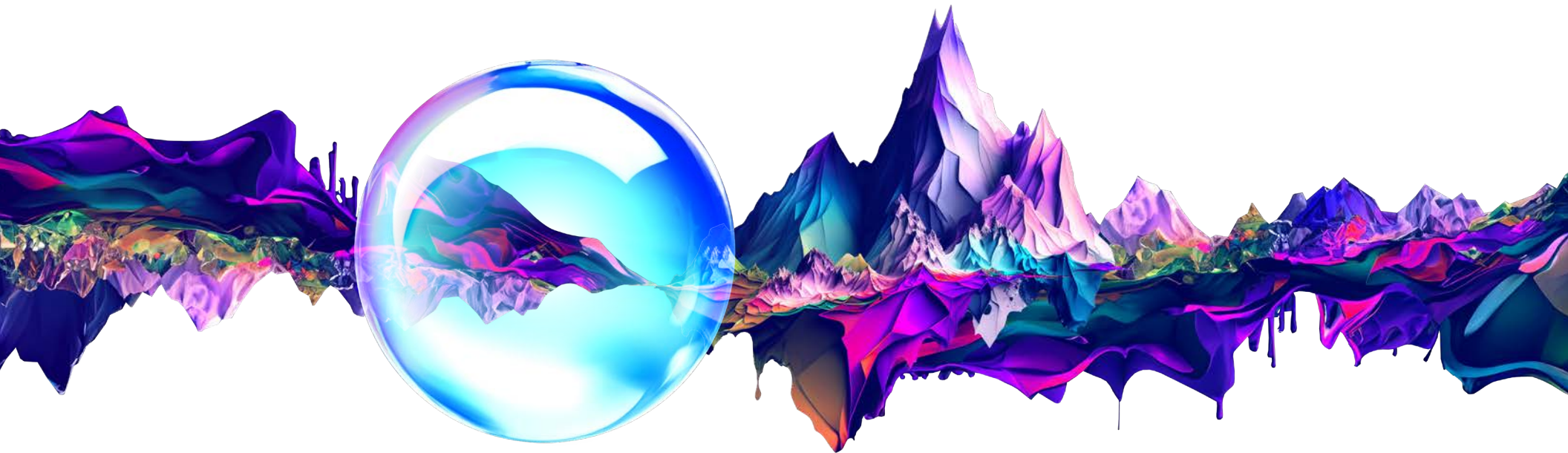
Exploring partner potential

There was also discussion about how SaaS vendors could enable innovative integrations and new capabilities by applying large language models to client data. That prompted questions about what capabilities would be possible, whether partners or the business would “own” them, and what it all might cost. Another participant suggested that it may be wise to focus generative AI investments in core areas of the business—leaving more commoditized functions and processes, such as customer service, for the market “to take care of.”

Where to focus now

Participants acknowledged that generative AI technologies and opportunities are changing quickly, requiring what one CEO called “a continual pivot.” Some also noted that the “hype cycle” for generative AI could be reaching its peak. Even so, there was consensus that one of the best ways to start leveraging generative AI is to begin preparing their organizations—addressing people, workflow, and cultural impacts.

As one participant aptly noted, “We are just scratching the surface of this revolution.”



Explore our latest thinking about the implications of generative AI and the opportunities they are creating:

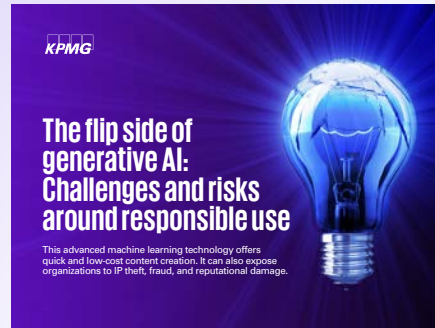


Generative AI: From buzz to business value

An exclusive KPMG survey provides additional insights into how top leaders are approaching this transformative technology.

Explore the why, where, when, and how of generative AI adoption, as well as practical insights for responsibly integrating generative AI solutions into individual organizations.

[Read the 2023 KPMG Generative AI Survey](#)



The flip side of generative AI: Challenges and risks around responsible use

Businesses are taking a close look at generative artificial intelligence (AI), since it allows for the quick production of high-quality content—text, images, video, code—with minimal human effort. However, this technology also exposes the company to the risk of fraud or theft of proprietary or private information.

[Learn more](#)



Game changer: The startling power generative AI is bringing to software development

For many developers, generative AI will become the most valuable coding partner they will ever know. This new insight discusses how generative AI can help supercharge developer productivity and speed the time to deployment for new software.

[Learn more](#)



Responsible AI and the challenge of AI risk

With generative AI rapidly gaining momentum, responsible AI—the ethical use of artificial intelligence—becomes even more important. Learn about the risk management challenges raised by generative AI and steps your organization can take now to build a responsible AI governance framework.

[Insights from the 2023 KPMG US AI Risk Survey Report](#)

Save the date! The KPMG Tech and Innovation Symposium returns in August 2024. Stay tuned for more details.

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