**Thomas:** 0:00

Tech professionals, they're trying to figure out how do I apply AI, and one of the muscles they have to build is, how do you evaluate this plethora of tools that have come out of the woodwork? And just talking to different folks, that is, again, a skill that you have to mature so you can kind of poke through and say, okay, that tool looks really cool, but it's not going to scale for us, not going to be practical. This tool over here, much more practical. So that's still early days, but it is pretty amazing how rapidly it's maturing.

**Craig:** 0:27

Hi, I'm Craig Smith, and this is Eye on AI. In this episode, I speak with Thomas Lah, the Executive Director for the Technology and Services Industry Association, TSIA. While you assume tech companies offering AI-powered products are way ahead of everybody else in using AI in their operations, it turns out they're having as much trouble as non-tech companies. Thomas delves into how AI is transforming internal processes such as content development, support services, and field services, and discusses the challenges and opportunities tech companies face in integrating AI into their workloads. I hope you find the conversation as informative as I did.

**Craig:** 1:19

AI might be the most important new computer technology ever. It's storming every industry, and literally billions of dollars are being invested. So, buckle up. The problem is that AI needs a lot of speed and processing power. So how do you compete without costs spiraling out of control? It's time to upgrade to the next generation of the cloud, Oracle Cloud Infrastructure, or OCI. OCI is a single platform for your infrastructure, database, application development, and AI needs. OCI has four to eight times the bandwidth of other clouds, offers one consistent price instead of variable regional pricing, and of course, nobody does data better than Oracle. So now you can train your AI models at twice the speed and less than half the cost of other clouds. If you want to do more and spend less, like Uber, 8x8, and Databricks Mosaic, take a free test drive of OCI at oracle.com/eyeonai. That's E-Y-E-O-N-A-I, all run together.

**Craig:** 2:31

So, Thomas, go ahead. Can you introduce yourself?

**Thomas:** 2:34

Yeah, absolutely. So, I am Thomas Lah. I serve as the executive director for the Technology and Services Industry Association. We are a for-profit research institute. We've been around almost 20 years. We focus on technology business models. We get companies basically under NDA, and we do a lot of benchmarking and research on their operating models.

**Craig:** 2:53

Yeah, and you're talking about companies that are using technology or companies that are providing tech infrastructure?

**Thomas:** 3:01

Companies that are providing basically enterprise technology. So, if you think about a Microsoft, if you think about a Cisco, a Dell, all those companies are members, Salesforce. And what's also interesting in that is more of older companies, think of somebody like a John Deere, as they start to get into AI and software, Rockwell Automation, Siemens, all those companies now are members of TSIA. And again, our lens is, if you're providing hardware or software, what is the operating model around that? How you monetize, selling product versus services, all that kind of fun stuff.

**Craig:** 3:38

Yeah. And so, do you guys operate as kind of a consulting company or just as a place to exchange information among members?

**Thomas:** 3:47

Yeah, it's a great question. So, our model is to do operational research, play that, you know, those insights back to members to help them implement the best practices, optimize their performance metrics. We do light advisory work. We very deliberately do not get into, you know, big, heavy consulting. That's not our model. We want to have a one-to-many, get people to answers as quickly as possible, and quite frankly, avoid some of the exploratory consulting you have to do to get to a right answer. We're like, hey, we already know the right answer. We've, you know, we've talked to tons of companies on this. Here's what you should be pursuing.

**Craig:** 4:21

Yeah, and what's your background? How long have you been at TSIA?

**Thomas:** 4:27

Yeah, yeah. So, I was at Silicon Valley, a company called Silicon Graphics, where I worked for about eight years within their service organization. So, I really kind of learned directly what it meant to build services when you're also providing, you know, technology and the good and the bad and the ugly of that. And that inspired me to write a book. And since then, I've written seven books on technology business models and have been doing research on it ever since.

**Craig:** 4:52

Yeah, and a lot of tech companies are both builders and service providers these days. I mean, as a matter of fact, I'm not sure if I can think of one that is not. Is that an accurate perception?

**Thomas:** 5:07

Yeah, I mean, the big transformation that has occurred with enterprise technology companies over the last decade or so, and, you know, you can pick on a Cisco, you can pick on a Microsoft. These companies, their preferred model is to create great technology, whether it's a piece of hardware, a piece of software; launch it into the world, have, you know, partners worried about implementing it and helping customers, you know, optimize it, et cetera. They want to focus on creating the core technology. What's happened over the years is, especially when you're dealing with complex enterprises, is that these customers want to make sure they're really adopting and getting the business value from the technology. So, the services component has become important in terms of really making sure that customers can adopt, get the value realization. So, all those companies have support services. They have education services. They have some level of consulting. They have work that they do to enable partners. So, it's definitely more of a blended model than it has ever been.

**Craig:** 6:09

Yeah, and I would guess that AI and generative AI in particular is sort of like a bull in the China shop of TSIA because literally every tech company, every technology services company is trying to rewrite their product from an GenAI perspective.

**Thomas:** 6:30

Well, there's sort of two lenses on this when you think about AI within the tech industry. So, one lens is if, again, if I'm at Microsoft, if I'm a ServiceNow, if I'm a Salesforce, they all want to basically have AI capabilities that they're implementing into their products and promoting out into the world, right, and placing their bets there. And so that's one thing that everybody's, you know, working to do and scrambling to do. We're actually focused on the other lens, which is, how is AI changing the way they are operating internally? Everything from how they develop the products to okay, now we're going to, you know, service the products, educate customers— all those workflows, how are they being impacted right now, by the potential of AI? Because, you know, we think there, we don't think, we know there's a massive there there already. And you use the term “bull in the China shop”, it's exactly what's going on. Everyone's like, whoa, this is really, you know, a game changer. And so that's what we are really laser focused on; is helping people understand where the most compelling use cases are, separate the hype from the reality, all that kind of fun stuff is this really, becomes something that is going to just be ubiquitous within operating models.

**Craig:** 7:48

And it's going, it's going to get even more disruptive or confusing. I've been talking to people about agents, you know, AI agents, AI models that can take actions in, even in the physical world, I would guess that all tech companies are crawling through their operations to see where that can be applied.

**Craig:** 8:14

So, your members are focused on getting their technology into the hands of enterprise and having enterprise adopt their technology. But at the same time, there's this foundational technology that's appearing and your members have to figure out how to integrate that into their own operations. And how do you go about advising on that? Or how are people thinking about that?

**Thomas:** 8:49

Yeah, so, this is the way that we've approached this for our member companies. So, you know, I'm sure you're familiar with the AI framework, talks about AI capabilities that are below the water line, you know, they've become very common at the waterline versus they're way up on the mountain still, right. And so, I think one of the first things that people are struggling with, leadership teams, is, you know, understanding that landscape, what is really mature? What are the use cases that are right here, versus stuff that really is futures. And so, we tracked that— we continue to track, we did our first cut last year. And we think about AI capabilities below the waterline all the way up to way above, across seven different areas, areas like customer success, areas like support, are people using support agents, areas like education services, etc. So, we take snapshots for the members. And it was amazing, the first snapshot we did last year, we identified, the research team identified over 70 use cases, they were already out there, right, across these areas. And then what we've been doing is just clicking into those use cases in more detail to understand, you know, what's working and what's not. And so, I'll just give you some very practical real-world examples, right, we've been identifying with the past couple of months. So, this concept of copilots, right, so Microsoft has a copilot. Well, the real there there for enterprise cases is where people, you know, enterprises make that unique to them. So, Nokia has a copilot targeted at telecom engineers. So, it's very specific to their language, helps with support. Dell has the same thing for support. Open Text is a member that's done just incredible work on leveraging AI to generate educational service content. And one of the biggest issues these tech companies have is, you know, technology can be complex, members don't adopt all the features, right? There's, there's too much. And so, if you can do a much better job of building education materials that are, you know, more persona driven, more customized, local language, all that fun stuff. So that's another example. So, we we are just finding use case after use case that there is real ROI there, real impact already and so that's, you know, what we're super focused on.

**Craig:** 11:16

Yeah, and you mentioned copilot, I would guess that there's no bias within TSIA toward one company's tech or another but there is CodeWhisperer and some others. How do you— do you do you make an effort to talk generically about these things or do some tools become so dominant that you're you're talking—

**Thomas:** 11:51

Yeah, yeah, and we are we're, because we have pretty much all the the tool providers on the platform, we're agnostic. What we do for members when we're doing these case studies is, we will ask them, you know, what tools, AI tools are you leveraging? Is it off the shelf, are you taking something open source and modifying? And then we will play that back to folks so they can start to see the pattern recognition. And it's still, it's interesting, it's still, early days. A lot of the tools are immature. I think one of the interesting things we're finding for, you know, enterprise companies, for tech professionals, they're trying to figure out how do I apply AI. And one of the muscles they have to build is, how do you evaluate this plethora of tools that have come out of the woodwork? And just talking to different folks, that is, again a skill that you have to mature so you can kind of poke through and say, okay that tool looks really cool but it's not going to scale for us, not going to be practical, this tool over here, much more practical. So that's still early, early days but it is pretty amazing how rapidly it's maturing, and I'll just pick on this area of education services. This case study, I was talking to the woman that runs education services at OpenText and then they started this journey of how they're going to leverage AI for content development. It was probably about, I don't know, a year and a half, two years ago she said they started. And they were literally, like, just beta testing a tool with their Canadian base, with a Canadian-based company and really almost like co-developing the capabilities of that tool with them. Today, she said, you know, what we were doing with them co-developing two years ago, that is now just all off-the-shelf capability that another education service, you know, organization can just onboard immediately and take off running. So, it is maturing rapidly for sure.

**Craig:** 13:44

Yeah, and that's kind of a cautionary tale. I mean, I talk to not necessarily tech enterprises, but enterprises about developing, about adopting AI and you know it's C-suite executives are kind of a deer in the headlights because there's, in any category there are a dozen offerings and you don't want to invest in training up people and buying the tech and everything and find out that you bet on the losing horse. So, a lot of people are waiting. Is the same thing happening in the tech services industry?

**Thomas:** 14:22

Well, I think there's a couple different flavors of this, right? So, if you're a company that has your own AI capability that you're already investing in heavily, if you pick a Microsoft, you pick a ServiceNow, then those organizations are aggressively applying that for internal use cases. Right, they don't have to blink. They know that they're committed to that and they're getting the benefits that they can. So, I think that's one use case. I think the other use cases are some of the tools that are already proving to be mature. They're out there and so I think people can jump on those. And there's a third use case, which is you're right, there's still, maybe that particular area of AI is still maturing.

**Thomas:** 15:02

My cautionary tale, though, to these executive teams, because I agree with what you're saying. I think when you go in and you speak to, you know, the more senior, the bigger this gap is. I mean, these people have really zero experience with AI because it is new, right. So, think about being an executive your whole life. You know, you're building a business, you know it works, and this whole new thing comes along and you're trying to figure out okay, what does that really mean to my company? And I have no experience and I’m looking left and right and no of us have any experience. So, the common reaction I’m seeing is this sort of mañana strategy- let me just take a deep breath, you know, let’s wait until everybody else figures out the tools and then we'll kind of jump on it. And I understand and appreciate the caution.

**Thomas:** 15:52

But my greater concern is I don't think that these executive teams are internalizing how massively disruptive this is going to be to their operating models. And my concern is if they're not starting to lean in now and saying, hey, we got to start understanding some of the use cases, we've got to start piloting some of the more proven use cases, we've got to start getting basically experience with what it means to use AI and change. If we're not doing any of that right now, every month, every quarter that goes by, there's a bigger gap between your operating costs and somebody who's figured this out. And again, I think it's going to move fast. And so, pick a horizon. In two, three years you could wake up and say my cost structure is 20, 30, 40% higher than my competitors because I had this wait and see mentality and I think there's a real risk there.

**Craig:** 16:48

Yeah, although there's also kind of an art to timing. I mean that example you gave of the education company spending—

**Thomas:** 16:57

A year and a half, two years, yeah, working on it, yeah.

**Craig:** 16:59

There's a big cost associated with that and if by the time you're through those two years, you've committed to this technology, suddenly there are all these other off-the-shelf solutions. Your competitors can pick up and be right where you are without having invested that time and money.

**Thomas:** 17:16

Well, and I think, but if you think about, so, let's think about the components of implementing an AI solution, right? So, one of them is clearly just, what am I going to spend on a core piece of software or technology? The other components are understanding, you know, how my professionals, how my employees are going to work differently, and there's a curve on that, right? So, let's keep just stay on this education thread.

**Thomas:** 17:42

So, one of the big advantages of AI and education is around content development and how you can use AI. So if you're, let's say, you, have a team of content developers who are professionals, have been doing this for a while, they're very good at it, but they have a certain way of developing content that they've been doing for years and years and years, and you don't just snap your fingers and say, well, here's this new tool and voila, you've changed your workflow and you're proficient- there's a curve there, right? So, again, my nervousness is if you're not building any experience with what it means to integrate AI into your workflows and you're waiting, waiting, waiting to place the safest bet possible on the technology; there's still a gap there which I think is a little concerning.

**Craig:** 18:30

Yeah, you would assume that technology services companies are quicker on the uptake than not.

**Thomas:** 18:39

I spent a lot of time briefing these executive teams on the state of technology business models, right. What's driving profitability, where we see headwinds, what are-. And in every one of these briefings for the past 12 months, I put this topic of AI on the table. Right, and we do a lot of survey work in this. So, you ask questions like, do you have a senior executive assigned to AI, your AI strategy? Do you have a clear budget? Do you have processes to share best practices of implementing AI across departments? So, you can test on these types of practices.

**Thomas:** 19:11

And you know tech, I think, has the same challenges that almost any industry does on this right now. Again, it's such a new thing. They're not sure how to organize around it, they have data problems like everybody has internally. Just because they’re tech doesn't mean that their data is clean, and so there's sort of this paradox. When you read something in the business press, if you look at the industries that are always shown to be the most aggressive with AI, it's technology companies and, I think, financial services comes up pretty high there and then you go from there, right. So, they're probably doing a better job than a lot of industries. But I think there's this misnomer that just because they're, you know, you’re tech company, that you're just you're totally on this thing and you got it. I am not seeing that. I think that there's a lot of executive teams that are still just as flat-footed as any retail executive or other industry.

**Craig:** 20:09

Yeah, and what percentage of just off the cuff, not a hard data point, but what percentage would you say of your membership are, if not AI native, have been in the AI space for 10 years or so.

**Thomas:** 20:29

Yeah, that's a fantastic question. Here's the lens we use on that, so, we think of a spectrum of tech companies right now that goes from being what we call AI advantaged, and so, what are the attributes there? They probably have AI products they're monetizing, they're using AI internally, so they're pretty savvy. And the opposite end of that spectrum is what we call severe AI laggers. They have no AI offerings, they're not using AI internally, they're not well positioned to leverage it because they don't have good data, et cetera, et cetera.

**Thomas:** 21:03

So, here's this spectrum and right now it's sort of almost like this classic bell curve of life. You have about 10 to 14% of the tech companies we look at that really, I would say are AI advantaged, but on the opposite end you have 10, 15% that are severely disadvantaged, and then you have the folks in the middle. So, it is almost like this classic bell curve of life. But again, I think my observation, looking at these companies operate, these AI-advantaged companies, to me this is like the internet on steroids. When the internet came out, and companies that were able to jump on that fast created some real advantage. This AI thing is going to move faster than that and the advantages that get created are even going to be more massive. So, if you're down here and you again are severely disadvantaged, not well positioned to really even leverage AI in your operating model, that is going to be a problem.

**Craig:** 21:59

You were talking about the different, looking at the different places in the operations where AI could be applied to immediate ROI, do you have a distribution there that, you should start with-?

**Thomas:** 22:16

I'll give you two responses to that and what we see in the data. So, one response is if we just think about different activities within a tech company, where are the folks that are leaning in? Where we see the use cases that are mature and you could, definitely should be leveraging right now, the classic is support services. Everything from, you're talking about agents, but just helping with self-support all the way to more predictive support. I mean, basically they're using AI to prevent things from even happening, right, outages, et cetera. So that is becoming very mature. I would say that field services, using AI so you don't have to deploy hardware and equipment onsite, that's a big use case, education services, as I mentioned, for content development. That's a big use case. And then you start to see a fall off. So, if you look at the area of customer success, which is very popular, how to help customers adopt, customer success organizations are kind of lagging on applying AI. There's good use cases, they're just lagging. And then, when you come to the revenue generation side, so if you think about any technology company, you have to sell and market your products and there are absolutely use cases for AI to help you do that more effectively and what we're seeing is sales and marketing organizations are severe laggers right now in using AI. And again, there are some that are. But I'm just saying in general, right, you say, hey, how are you using AI to do renewal management, or your forecasting, or to better understand opportunities? Still, sales organizations are typically not technology forward organizations.

**Thomas:** 23:55

But I will tell you, the other view on this, like, where are the use cases? I think that the companies that get an ROI, proven ROI, you focus on workflows, actually, that you understand really well that you have really solid performance metrics on, again, content development. An education service organization can tell you, hey, to generate an hour of training materials, it takes make up a number, 10 hours of labor. If I apply AI to that, I can see exactly where I'm reducing. Same with, how much time does a support engineer spend on a call? How many times do I deploy equipment, replacement hardware that I didn't need to? Those are all clear performance KPIs where you can put AI to it, and you can see the benefits.

**Thomas:** 24:42

That's a winning attribute as opposed to, and it's interesting there's just an article in the Wall Street Journal. It was about Microsoft's co-pilot, and they were saying, well, we're paying whatever, $30 a month, we're not sure if there's benefit and we've got to— but I read that and I'm like, well, but what's the use case? I mean just giving employees co-pilot and throwing it out there and paying for it and then going, well, I don't know if there's an ROI— because you haven't defined what you expect to get out of that. So, that's where you really do see ROI is when people are crystal clear on what they're trying to optimize.

**Craig:** 25:14

Yeah, you mentioned a few times now the education content generation. Are you talking about companies that are creating training programs for other companies, or are you talking about?

**Thomas:** 25:31

Their own, yea, their internal. So if you think about this challenge, there's something we wrote about years ago and we called it the Consumption Gap, and it was a book called Complexity Avalanche and our argument was that enterprise tech companies just keep throwing out all of this feature functionality, wave after wave, and the gap between what enterprise customers, enterprise customers can actually consume and apply, it just gets bigger and bigger. So that's always a challenge for the education, internal education folks, is getting the materials. What's effective education? Again, is it targeted toward different user types and personas? And so, using AI to create personalized content at scale is amazing, and I know you had the Khan Academy founder on talking—

**Thomas:** 26:21

It’s that thought right, is, how does AI really change and make it easier for people to consume? And I'll give you just simple examples. The biggest challenge with these education service departments is keeping their content up to date with new releases. So, if it takes me all these man hours to do this every time, I'm always falling behind. If I can use AI to compress that and get fresh releases out there in a super timely manner, it's a game changer for them. So, its just one example, it speaks to not only saving real cost but creating a better customer experience as well.

**Craig:** 27:02

Yeah, and do you guys, as an organization provide training, any kind of training? I mean, it seems like that would be a perfect use case where you say, look, you have this tool, Copilot, you have a, depending on your, but these are tech companies, you have all these developers. How do you get it applied?

**Thomas:** 27:24

So, our use case on this and it's a great question. So, if you think about a company that creates research, right, so we go out, we study things and what you typically do you create papers on that; research artifacts that people can consume, and then we will also, we will workshop around that. So, if somebody goes well, hey, I read the paper, but I want my team to really get this framework or really understand these lessons learned, can you have somebody deliver? It's like a stand and deliver. So those are our two traditional ways to basically impart our insights on the audience. There's no doubt that AI is going to allow us to just take that content engine and again put it on steroids and create way more nuanced versions of it. So you come in, Craig, and understanding your background and what your role is at the company, et cetera, we can now put our content in formats to spoon feed you meet you where you're at, instead of saying here's the one paper we wrote for a bunch of people on this topic. So that's the journey we're on right now.

**Thomas:** 28:23

The other really cool thing about this in terms of imparting knowledge is still, even for us, we write papers which are, you know, in a sense, very structured content, but we have tons of unstructured content from from webinars, from, you know, powerpoint presentations, from you know, notes from our research researchers. We, you know, from interactions with our members, which you can start to bring in and feed to create structured experiences.

**Thomas:** 28:53

We actually just released a new digital platform for our members which starts with what we call AI-enabled search so much more than traditional search being able to serve up the right content, again for where you are. And then we're on the journey of now, how do we take it, how do we ingest all this unstructured content and start to put it out in different ways? So, if you do research and advisory or consulting and you think you're going to do a traditional brain on a stick model five years from now, you're kidding yourself. And it's amazing because again, this thing is moving so fast. Look at what's happening to the traditional consulting firms, like the McKinsey's of the world. They're already reshaping their workforce. They're already downsizing because this brain on a stick; I just get a bunch of smart people to come out and just brute force you through these learnings or whatever. That's not going to be the winning model.

**Craig:** 29:47

Well, let me ask the obvious question. How much AI do you guys use in your operation? Do you struggle with the same thing?

**Thomas:** 29:55

Yeah, well, I always say we are a mirror or reflection of our members. We look, you know, like the challenges they have with AI, the challenges we have. You got to pick the right tools. You're comment about maturity, we've been working with a lot of, we do writing, so one of the first applications that we've leaned into is how you can leverage AI to make your researchers more productive, and those tools have been fluid and we've settled on some tools right now, literally within the past month. So, we're on the same journey everybody else is, but I'll give you some examples here.

**Thomas:** 30:31

Again, we are very committed and internalized the fact that AI is going to change our operating model and every employee in the company whether you're a customer success manager, we have those, whether you're a researcher, whether you're a salesperson, whether you're a marketing person, that you just have got to lean into that reality and we're going to figure out as fast as we can

**Thomas:** 30:52

what that means. And so, we have, you know, in general we call it an AI task force, and it's made up of people from different departments and they are meeting constantly to be checking this landscape out. What are the tools out there? What do we think the top use cases are for the company? Prioritize that and then just keep chipping at those, and that doesn't sound overly complex, but I can tell you that is several steps ahead of many tech companies out there, right? They haven't had that internalization that this is gonna change everybody's workflow. So, what does that mean to how we operate? They're still, again, not sure. Let's wait for the tools, and so I think again, our guidance to the members is you just, you have to get serious about this now and get experience and insights now and it will mature. But as it matures, you're going to be ready to go, as opposed to, you know, trying to just jump on down the road.

**Craig:** 31:51

Yeah, and this task force this is something that, as a journalist, you know, I don’t quite know how to handle. Do you have some researchers on the staff of that task force that are literally, that trial every model or every product in a category and write an assessment of it, or?

**Thomas:** 32:17

Yeah, you know, it is a team sport, and this is what I'm observing. Again, we're we're learning like everybody else. It's not like we, you know, two years ago, can say that, okay, you know, we're really adapted AI and we know all the tools and we know all the use cases. We are learning every week. But if you look at the way we're approaching it and I think this is a good practice for companies, is cross-functional. You got to get people who are practitioners in your different areas to come and say gosh, what do I, I need to understand what again, what AI could mean to me, to my customer success peers, what it could mean to my sales peers, what it could mean to our researchers. So, you need representation, number one; from different departments that would actually be users.

**Thomas:** 32:57

You can't just go off in an ivory tower and have people technically say this is really cool and throw it over, but you have to have the right technical talent in play. So, we obviously have IT people that are on that, and we are blessed. We have a killer, what we call our A team, which is an analytics, data and software team, and they are the technical experts on, you're talking about, what are some of the tools? What do we see as strengths and weaknesses? Because if you don't have that technical muscle and you just have practitioners who use, they don't know the right questions to ask on that side. So, you got to bring them together and so I think one of the struggles out there for sure for companies is they don't yet have that technical muscle when it comes to AI.

**Thomas:** 33:43

You have strong IT people, you can have strong product people, but they may not have real expertise yet in AI, and that's what companies have got to ramp up. I think it's one of those things where, because obviously there's a lot of consulting firms that can help with that and they can augment your internal staff but I would not outsource that completely in sense to say look, I'll just let consulting firm A come in and tell me what the answers are technically. I think, just like with your IT departments, no matter if you have a lot of partners involved with your IT, you still have to have some level of internal expertise to help guide you there.

**Craig:** 34:19

Yeah, do you have a sense, as you're going through this or watching other people go through this and I know that the answer will be variable depending on what part of the operations or what thing you're trying to automate but how long does that process take? Because the market is moving so fast. So, you have a task force. On that task force is a head of sales and you know, it surprised me what you said about sales being laggards, because two or three years ago now, I had on the podcast a company called Akkio. And they have a no-code platform, and their biggest use case is ranking leads because the sales team can't call every lead. So, they have this predictive model.

**Craig:** 35:13

It's a pretty standard model, frankly, but you drop in all your sales lead data from you know before and the outcomes that you got off of those, and then the model figures out whatever patterns there are in the data that makes somebody a lead worthy spending time on. And then when you get a batch of leads in, you run them through the model. It ranks them and you know who to focus on. So, the sales guy is there and says, yeah, we need to automate this. There are a dozen probably much more than that tools out there or companies that offer that kind of a product. Someone's got to go through all of those tools and figure out features and cost and whatnot. On something like that, is that assuming you have buy-in, you're not fighting political battles? Is that a six-month process? Is that a three-week process?

**Thomas:** 36:14

Yeah, this is a great question and I want to click into the sales conversation directly to kind of put some light on that, so you understand why we're seeing that. But let's just talk first of all the general case. So, your department, whether you're in sales, or your education, support, whatever and you're going to go through this journey where you say, hey, we want to leverage AI more effectively and in these case studies where I am interviewing companies around successful deployment, right, they went through this journey.

**Thomas:** 36:47

One of the things we ask is how long did this take, when you started to explore tools to get to the place? And right now, the common answer is two to three years. Two to three years, okay, but that is going to start doing this [shorten], okay. Now, when you click into that and you start saying, oh, wow, gosh, two to three years, yeah, we had to start chipping on this a while ago. What creates that type of timeline? Well, first of all, when you were on this earlier, the tools were more immature two, three years ago. So, the lot around just, can I get the tools in beta? Can I get them to work? That's going to compress, okay, so that one's definitely going to get shorter. My next problem, my data. My data is a mess. AI is a data-driven engine here, and so a lot of time you have to get through getting your data in order. Okay, so that, I think, is also going to get easier. I think there's going to be tools there that will help people, so that will compress over time. The next click over, though and again this is one where people underestimate is, maybe now I have a great tool, I've got my data in order, I now can apply this to the workflow; but I am underestimating the change management with my employees, and that can end up creating oh gosh, this was not like two weeks and they were adept. I had to get some early adopters. I had to learn what was working, what wasn't working. I had to go back. So, again, and I think what companies need to do is learn what are the best practices to change my workflows with AI, and again, the sooner you get battle scars on that, the better. So, you put all that together, and that's why you end up with two or three years. Now let's take that and apply it to sales.

**Thomas:** 38:35

The challenge with sales, the last book we wrote it was called Digital Hesitation. We had a chapter called Data-Driven Sales, and our argument was that sales organizations need to wake up every morning and do exactly what you just said, which is I'm a salesperson, I look at my screen and the data should be my guide in terms of who I call and what I sell to them. The data analytics should be my guide, and that data should be getting better and better. The analytics is getting better and better.

**Thomas:** 39:03

The problem that we see in the industry is that's not how sales organizations want to operate. That's just not their DNA. They're not data driven historically. They get up and they say, well, look, I'm going to call, you know, to call Craig, because I was talking to him last week and I really think he's ready to buy this, and so that's my gut and he was giving me all the right signals, right? Well, the data says Craig is like way early in the sales cycle and you should be talking to Susie over here because she is really ready. Well, I'll get to Susie next week, and so that is a huge shift in mentality. But it's going to come because the tools, you know, like the tool you were describing, I'm not familiar with that one, but I'm familiar with other ones. There's, there there, right, they're getting really good. We just had to get the change management piece of it, that last leg, that last mile, to get workers to be adept with these tools.

**Craig:** 40:01

Yeah, and the other question was— so two years, two, three years, and that's getting shorter. But it's an ongoing process because in each of these categories there are new products coming out or new features to products that may be you passed over because the one you settled on had features, but maybe that product now surpasses the one you settled on because its features are better. I mean, do you have, do you advise people to have someone who's sort of on this continuous learning treadmill?

**Thomas:** 40:42

Yeah, I mean, you know, the concept of agile, right with development and just the fact that you are constantly, it's not the old waterfall days where it's like, we have a project, boom, boom, boom, bam, we're done. We're probably, don't have to go look at that for however many you know quarters or years or whatever, because we did that. It's going to be this never-ending opportunity for optimization.

**Thomas:** 41:06

I think that that is going to be the reality, my hope and I don't know if this is going to be true and I test in these case studies as people are rolling out technologies but I would assert that historically, enterprise software has been very complex and very onerous to implement and to get your business value from. That's just a reality and we've had in play for decades now. But if you're a company, and B2C, it's a lot easier, but B2B is still oh my God, I got to buy this tool, I got to build this configuration, and so it's expensive, time consuming to get the business value. I am hoping, with this next generation of AI enabled capabilities, that they're going to be actually easier to implement and adopt, and that's TBD. We don't know yet, but I think it's going to make a faster life cycle there. I can get tools. I can get a new feature. Once I get good at this and leveraging these kinds of capabilities, I can do it faster than I used to in the old world. But we'll see.

**Craig:** 42:13

I'm interested in what's happening with AI agents, both virtual and embodied because there's just, even in the last month, a ton of new research coming out of DeepMind or Amazon, different people. Is that something that because again, that's going to change the game altogether from just simply GenAI tools? Are you guys trying to stay on top of that, or how do you advise your members?

**Thomas:** 42:53

Yeah so, what's interesting with agents and you know, the two use cases there well, there's multiple, but I mean two classic for a tech company would be the support I've got a technical issue, I have an agent there to help me or customer success, I'm trying to do something I haven't done before with your technology, can I have an intelligent agent there to help? It's interesting because, again, these case studies that I'm looking at right now and I have not done a deep dive on agents and how they're changing; the earlier generation of this was sort of these classic chatbots and stuff which helped in certain scenarios but in general were probably not very satisfactory for the end user, right? So, this is definitely changing that game and saying, look, this is going to be way more intelligent.

**Thomas:** 43:38

What I'm seeing is sort of the middle ground, is this co-pilot approach, where companies are again building co-pilots that are specific to their products, their world, tuned to that language, and building these co-pilots initially internally to help their own technical engineers solve things much faster, and then they're saying, well, wait a minute, let's let our end customers have access to that and basically augment their ability to completely self-serve. So that is already a winning play for sure, and I've done several case studies on that. And then the agents, I think, is the next version of that.

**Thomas:** 44:19

So, it's really interesting that that term has sort of been you know, people have grabbed onto that term to describe the experience of saying I've got a co-pilot that is going to ride alongside you and help you do whatever it is. And so, again, Nokia has put a lot into this for telecom engineers, specifically tuned to those use cases and starting with their internal engineers, and now it's out there for their customers to leverage as well and you know, again, it can be a game changer for the productivity of both sides of that right, for their own engineers and for their customers. So, there's definitely, that's already, you know a proven use case for sure.

**Craig:** 45:00

Yeah, well, agents I'm really really excited about, because some of the stuff that's coming out of OpenAI and—

**Thomas:** 45:08

Well, it's mind-boggling, mind-boggling what it could potentially be doing for us, I mean, it really is.

**Craig:** 45:12

You know you mentioned when I was saying what's the sort of timeframe for implementing, that companies, when they first address automating with AI some part of their business, that they've got to centralize the data, they've got to rationalize the data. Does that have to be done for every separate use case or is that something that companies need to be doing right now, understanding that data is going to drive their business regardless of the business they're in? So they need to centralize the data, rationalize the data, clean the data, regardless of how it's going to be used at this point?

**Thomas:** 45:57

Yeah, no, this is a great topic and the one thing I'll tell your listeners, because I'm sure you have people from a lot of different backgrounds, industries, and you think of technology companies that sell technology to help people manage their data and you say, gosh, those folks have to have the best, their data house has got to be in order, and it's just, it's not true. They’re as messed up as everybody else is on this topic and you know, it's just, it's the reality. So, everybody has this problem and what drives it is sort of these organizational fiefdoms, right. So, sales wants their data, marketing wants their data, service people want their data, and so everyone's got their version of the truth, et cetera, and it has created all these silos. And now these AI tools come along, and you say, well, look, to really get the bang for the buck, I need a holistic view of what the heck my customer's doing. I can't just be like; I only have the sales view of it.

**Thomas:** 46:53

So, it's forcing this issue where people have to say there's really one source of truth, one gold standard. And so that pressure is there now and there is going to be a lot of work that has to be done to break these silos down. The winning move that we see when we test on practices, and this is about 47% of the companies that we survey now, they have a centralized data analytics team. That is the first step. So before you even crush, get everything together in one lake or whatever you're doing there is, you basically say, look, we're going to have a team. They own the source of truth and in the short term they're going to be having to deal with a lot of different silos to bring in what is going on with the customer or whatever's going on with the product but that we all agree that we go to them and that if the data is not right there, we keep pushing on that until they've got the right view of the of the world. And then, behind the scenes, we're cleaning up the data. We're starting to break down the physical silos, if you will, between organizations or applications or whatever.

**Thomas:** 47:56

So, I think that's the journey. But to get a team that owns again the source of truth for the company on the data, I think is a winning move to start that journey. But what you're pushing on, it's got to happen because you can't get these tools to really sing, to get the full potential from the AI if your data is the classic garbage in, garbage out. That's more true than ever.

**Craig:** 48:20

Right, but that's a process that can start long before you decide what tool you're going to settle on?

**Thomas:** 48:27

Yeah, absolutely.

**Craig:** 48:28

So that would be kind of a first step in everything.

**Thomas:** 48:31

Yeah, absolutely. And just think about that culturally. So that this really lands with the audience, right? What are we saying here? Oh, yeah, well, we have an analytics team. We have an analytics team. Okay, that's fine, but what I'm saying is okay, I'm in sales and what I am now agreeing to is that that team, that central team, owns the source of truth of what's going on with sales, that my data feeds into there and they say look, this is what's going on with forecast, or pipeline, or whatever, close rates. And I am seeding that ground. I'm not holding my data and source of truth and everything here. That, culturally, you can start to force that issue before you solve all the technical issues.

**Craig:** 49:12

And on that point, but across the board, and you know, to the point of evaluating and adopting tools on something like data management, that's a specialization like the Wealth of Nations. Shouldn’t a company be just an orchestrator and all of the stuff you want to centralize, clean your data? You bring in a specialized company to do that. Not that you don't have somebody on your team writing herd and understanding what's going on, if it's optimizing sales. Rather than have your team trying to figure out, you bring in an expert who can say you know, I see the problem, this is what you should be doing.

**Thomas:** 50:05

Yeah, I mean, it's a great question. You know the classic, am I going to try to build this myself or buy the expertise? I mean I don't have strong data or point of view on that. I will say that, you know, in general, I think there's tons of awesome expertise that's out there that can help you on that journey. I don't think there's any doubt about that and there's, technology is going to help you on that journey. And I think that, again, what I'll just emphasize is two things on that and what you started with, you know the concept that you need more centralized data, et cetera. It is another one of these internalizations that companies and executive teams have to have the wherewithal to execute. So, they're saying gosh, if we're going to leverage this AI in our workflows, we got to get our data house in order. So that means that we have to be committed, probably ultimately, to centralizing, which means we may need expertise. We got to invest in this and culturally, we are all going to have to agree that we don't have our own sources of truth.

**Thomas:** 51:06

And that second one, I'm telling you, is harder, probably, than the first one, even though everyone's focused on the first one. It's a technical problem. It's both, cultural and technical. You know, is there a lot of hype on AI? Absolutely, but it is already impacting business models. This is not a mañana wait, and I'll just give you a data point. I was doing some research on headcount analysis. There was an article in the Wall Street Journal around the fact that AI is already starting to eat through headcount. And there's no doubt, and I'll give you an example, if you look at Microsoft, Amazon, Salesforce, these are all companies that have more revenue under management than they did two years ago and they all have less employees, and that is not an anomaly.

**Craig:** 51:57

AI might be the most important new computer technology ever. It's storming every industry and literally billions of dollars are being invested, so buckle up. The problem is that AI needs a lot of speed and processing power. So how do you compete without costs spiraling out of control? It's time to upgrade to the next generation of the cloud Oracle Cloud Infrastructure, or OCI. OCI is a single platform for your infrastructure, database, application development, and AI needs. OCI has four to eight times the bandwidth of other clouds, offers one consistent price instead of variable regional pricing. And, of course, nobody does data better than Oracle. So now you can train your AI models at twice the speed and less than half the cost of other clouds. If you want to do more and spend less, like Uber, 8x8, and Databricks Mosaic, take a free test drive of OCI at oraclecom/eyeonat that's E-Y-E-O-N-A-I all run together.

That's it for today's episode. I want to thank Thomas for his time. If you want to read a transcript of today's conversation, you can find one on our website at eye-on.ai. Remember the singularity may not be near, but AI is fast changing our worlds, so pay attention.