Artificial intelligence and the role of CEOs

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THE CEO's job was never easy, and the confluence of changes in human capital and advancement of technology is going to make it even more difficult in the near future. The leadership in the corner office must possess certain traits, such as the ability to take a bold position on emerging technologies and to assist executives within the organisation to embrace a similar vision.

At the same time, the CEO needs to be open to forming alliance with external experts on technology, as well as cautious about protecting the organisation's intellectual properties.

CEOs have an important role to play in the adoption and implementation of artificial intelligence (AI) – one of the key factors in shaping an organisation's future success. AI is no longer an emerging technology.

Organisations operating in developed nations have started considering it as one of their important assets. While companies in Bangladesh are yet to adopt AI widely, some of the leading companies have already started working on related technologies, such as machine learning (ML), to solve some of their business problems.

However, adoption of AI is not going to happen just by starting a new AI project. Many companies in Bangladesh have implemented globally reputed software for conducting their regular business. Some of those software will get embedded with AI in their future releases, and companies in Bangladesh will, by default, become users of AI when they upgrade their existing software.

A good number of cloud-based applications already have AI embedded in their functionalities.

Becoming an adopter of AI without truly understanding its applicability and potential will have its own advantages and risks. It is important that CEOs start educating themselves about the potential of AI, its impact on their organisations, and their evolving role with respect to this technology.

Worldwide, CEOs are at different phases in their journey of developing an understanding of AI. Some of them have started experimenting with it, while others are working on prototype development and large-scale adoption. At the same time, many CEOs are yet to embark on the journey.

It is important that CEOs gain working knowledge of the range of possibilities that AI offers and develop their ability to leverage these for strategy development. CEOs should cultivate a mind-set of lifelong learning and intellectual elasticity and, subsequently, encourage their executive team to do the same.

Global Digital IQ Survey of PricewaterhouseCoopers consistently shows that a CEO's digital acumen correlates with the company's financial performance. In the last survey, respondents from about 54 percent of top-performing organisations had categorised their leadership as digitally savvy. They also stated that their leadership helps the workforce think in a new way.

CEOs need to clearly define the vision of their organisations to accommodate automation and AI for driving their business strategy. It is important for a CEO to identify the business problems that AI is going to help in solving. The vision may cover goals such as boosting efficiency, improving customer satisfaction, or even creating new products and services. The CEO's ability to articulate these goals and visualise an AI-enabled future will drive the success of the organisational journey of AI adoption.

AFP/FILE

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While CEOs don't get involved in the deployment and roll-out of AI technology (which is typically led by the CTO or CIO of the organisation), they need to be involved in formulating the right set of processes. AI implementation cannot be regarded as a typical IT project. It entails the mobilisation of a diverse set of skills, many of which require external expertise.

At the same time, the function heads within the organisation will play a key role in providing the right kind of inputs to solve business problems. CEO should help in formulating the right set of processes to avoid any kind of hindrance in the successful roll-out of this technology.

Adoption of AI is going to change the way companies perform regular tasks. CEOs need to encourage their employees to learn the new way of working. While finding the right kind of personnel to implement AI technology is a challenge, the adoption of AI by employees can be an equally challenging task.

It will require a significant degree of upskilling and cross-skilling activities among employees. One of the critical roles of the CEO would be to motivate the organisational workforce towards embarking on these learning activities.

With the adoption of AI within an organisation, many organisational decisions will be taken by the combined intelligence of humans and machines. Hence, the issue of responsible AI comes into the picture. CEOs need to be aware of the potential challenges arising from biased decision making by AI-enabled functions.

CEOs will also have to brief stakeholders about the adoption of AI and the corresponding controls established to ensure responsible decision making. CEOs of AI-enabled organisations will have the dual responsibility of developing the capabilities of their people as well as the bold adoption of AI and other evolving technologies.

Successful alignment of these two critical resources will determine the success of organisations in future.

The writer is a Partner at PwC. The views expressed here are personal.

Alibaba dials up luxury push

Buys NetEase online mall for $2b

REUTERS, *Shanghai*

ALIBABA Group has agreed to buy e-commerce business Kaola from Chinese gaming company NetEase for $2 billion, adding a platform that specializes in supplying curated luxury goods from abroad to domestic consumers.

Alibaba, which is looking for new revenue drivers as the e-commerce market at home matures, will also invest $700 million for a minority stake in Netease's music streaming arm as it takes on Chinese market leader Tencent Music.

The long-rumoured Kaola deal and the music investment highlight at once a defensive move to keep niche growth players out of the hands of e-commerce rivals such as Pinduoduo and Alibaba's flexibility in adopting new strategies.

Kaola, launched by NetEase in 2015, aggressively targets shoppers in China by offering products from top brands such as Gucci, Shisheido and Burberry, primarily sourcing goods directly from suppliers to resell to consumers.

Its more curated product line up based on popularity ensures it a loyal consumer base of shoppers, whereas Alibaba's Tmall allows a larger range of overseas brands to launch and manage virtual storefronts on its platform, said Ker Zheng, who tracks China's online retail sector at consultancy Azoya.

Zheng said Kaola does not have to share user time or basket space with cheaper, non-imported products.

Chinese consumers make up for more than 45 percent of the luxury sector's sales across the globe, according to Jane Hali & Associates, and largely contributed to a 4 percent to 6 percent growth in this year's sales of high-end accessories, apparel and beauty.

Retail experts see the deal as a positive for US luxury companies including Tiffany & Co, Coach owner Tapestry Inc and Ralph Lauren Corp, as they will have another platform to reach out to shoppers in small cities in China.

"There are many cities in China that lack exposure to luxury brands... (the deal) will give the rising middle class in China access to brands they didn't have before... In all, its a win for the American luxury brands," said retail analyst Janet Kloppenburg, president at JJK Research Associates.

REUTERS/FILE

People are seen at the check-out counter of a physical store of NetEase's e-commerce platform Kaola, in Zhengzhou, China.

Qualcomm-Samsung axis brings 5G to the masses as Huawei struggles

REUTERS, *San Francisco/Berlin*

QUALCOMM Inc promised on Friday to bring 5G mobile phones to the masses with a high-end modem and said its chips would also power mid-price devices hitting the market next year.

Fifth-generation chipsets from Qualcomm, the world's biggest supplier of mobile phone chips, now run on five devices from Samsung Electronics, including the $1,299 Galaxy S10 5G model and the new $2,000 Galaxy Fold.

Samsung, the world's top smartphone seller, has also put Qualcomm chips in its lower-priced A90 5G model, which had used Samsung chips in an earlier version.

Qualcomm President Cristiano Amon predicted such devices would achieve volume and scale.

"The transition to 5G is going to be faster than earlier transitions," Amon told Reuters on the sidelines of the IFA consumer electronics fair in Berlin. "Now we have to bring it to everyone."

More than 20 network operators and a similar number of smartphone makers - from the United States to Europe to China - are launching 5G services and handsets. Amon estimated there were 2.2 billion mobile users that could upgrade.

Such bullishness contrasts with the challenges faced by China's Huawei Technologies, the No.2 smartphone seller behind Samsung that also unveiled its 5G chipset at IFA.

Huawei's consumer business chief Richard Yu touted the Kirin 990 chipset at IFA as the "most powerful" and superior to Qualcomm's Snapdragon 8 series.

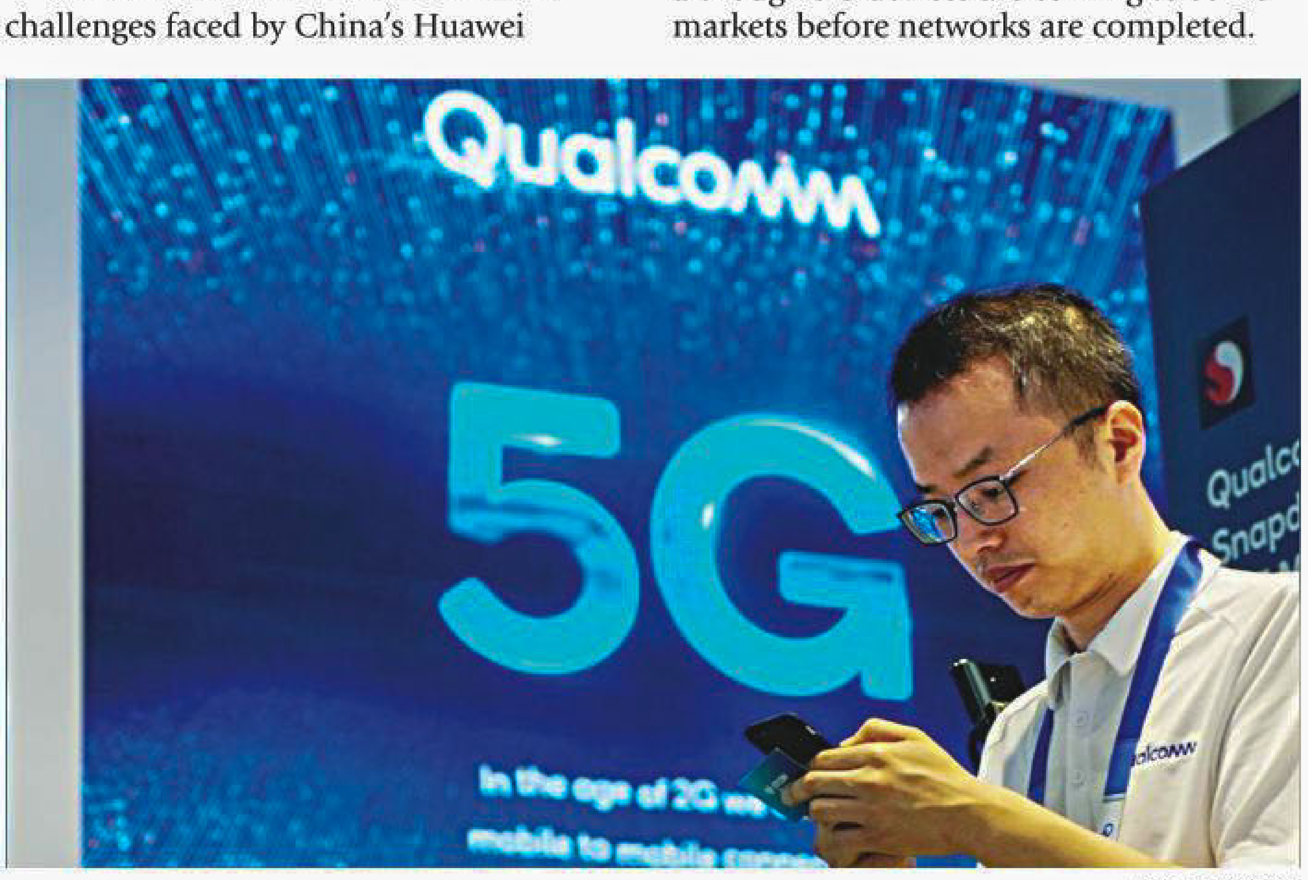
Due to US trade sanctions, Huawei's 5G-ready Mate 30 smartphone range to be launched on Sept. 19 could be hobbled because it won't be able to run the official version of Google's Android operating system and app services.

Until now, Qualcomm typically supplied 5G chips from its most expensive line, Snapdragon 8, which on Friday was showcased with a more powerful X55 5G modem delivering speeds of up to 7 gigabits per second.

It now plans to add 5G capabilities to lower-cost Snapdragon 6 and 7 series devices, which could make 5G phones available more cheaply than the current mostly premium models.

Qualcomm's 6 and 7 series Snapdragon chips are found in devices from Lenovo Group Ltd's Motorola, Xiaomi Corp, Oppo and Vivo that retail in the $300 range.

Analysts say faster 5G networks will spur many consumers to upgrade their phones after years of market stagnation, although 5G devices are coming to some markets before networks are completed.



REUTERS/FILE

Signs of Qualcomm and 5G are pictured at Mobile World Congress in Shanghai.

US hiring cools

Wages, hours offer silver lining

REUTERS, *Washington*

US job growth slowed more than expected in August, with retail hiring declining for a seventh straight month, but strong wage gains should support consumer spending and keep the economy expanding moderately amid rising threats from trade tensions.

The Labor Department's closely watched monthly employment report on Friday also showed a rebound in the workweek after it shrunk to its shortest in nearly two years in July, suggesting that companies were not yet laying off workers.

Economists said the report was consistent with an economy that was slowing, but probably not flirting with a recession as has been signaled by financial markets, especially an inversion of the US Treasury yield curve. The economy's waning fortunes have been blamed on the Trump administration's year-long trade war with China, which has eroded business sentiment and plunged US and global manufacturing into recession.

"The softening in job growth should surprise no one but it doesn't mean the economy is headed toward a recession right away," said Joel Naroff, chief economist at Naroff Economic Advisors in Holland, Pennsylvania. "Households still have the income to keep spending."

Nonfarm payrolls increased by 130,000 jobs last month, flattered by temporary hiring of 25,000 workers for the 2020 census. The economy created 20,000 fewer jobs in June and July than previously reported. Economists polled by Reuters had forecast payrolls rising by 158,000 jobs in August.

President Donald Trump shrugged off the slowdown in job growth, tweeting "Good Jobs Numbers," and claiming that "China is eating the Tariffs."

US House of Representatives Speaker Nancy Pelosi, a Democrat, said the employment report offered "little comfort in an economy faltering under the Trump administration's reckless agenda to undermine the health, financial security and well-being of the American people."

Washington and Beijing slapped fresh tariffs on each other on Sunday. The duties are paid by US companies importing the goods. While the two economic giants on Thursday agreed to hold high-level talks in early October in Washington, uncertainty over trade lingers.

Federal Reserve Chair Jerome Powell said in Zurich, Switzerland, on Friday he was not forecasting or expecting a recession, but reiterated the US central bank would continue to act "as appropriate" to keep the longest expansion in history on track. The Fed is expected to cut interest rates again this month after lowering borrowing costs in July for the first time since 2008.

A seasonal quirk could account for last month's less-than-expected increase in employment. Over the past several years, the initial August job count has tended to exhibit a weak bias, with revisions subsequently showing strength.

But slower job growth is also in line with sharp declines in both the Institute for Supply Management's manufacturing and services industries employment measures in August.

REUTERS/FILE

Jobseekers speak to recruiters at a job fair sponsored by the New York Department of Labour in New York.

Job gains have averaged 156,000 over the last three months, still above the roughly 100,000 per month needed to keep up with growth in the working age population. The unemployment rate was unchanged at 3.7 percent for a third straight month in August as 571,000 people, the most in 10 months, entered the labor force.

The dollar slipped against a basket of currencies. US Treasury yields fell. Stocks on Wall Street were trading higher.

Job growth slowed since mid-2018. Economists say it is unclear whether the loss of momentum in hiring was due to ebbing demand for labor or a shortage of qualified workers.

The government last month estimated that the economy created 501,000 fewer jobs in the 12 months through March 2019 than previously reported, the biggest downward revision in the level of employment in a decade. That suggests job growth over that period averaged around 170,000 per month instead of 210,000.

The revised payrolls data will be published next February.

Average hourly earnings gained 0.4 percent last month, the largest increase since February, after rising 0.3 percent in July. The annual increase in wages dipped to 3.2 percent from 3.3 percent in July as last year's surge dropped out of the calculation.

Wage growth has held at or above 3.0 percent for 13 straight month, helping to drive consumer spending and the economy. The average workweek rose to 34.4 hours in August from 34.3 hours in July. A measure of hours worked, which is a proxy for gross domestic product, increased 0.4 percent after falling 0.2 percent in July.

"This is indicating that firms aren't yet reducing labor input at the intensive margin," said Michael Feroli, an economist at JPMorgan in New York.

The labor force participation rate, or the proportion of working-age Americans who have a job or are looking for one, increased to 63.2 percent last month from 63.0 percent in July. The employment-to-population rate increased two-tenths of a percentage point to 60.9 percent, the highest since December 2008.

But a broader measure of unemployment, which includes people who want to work but have given up searching and those working part-time because they cannot find full-time employment, rose to 7.2 percent from a more than 18-year low of 7.0 percent in July.