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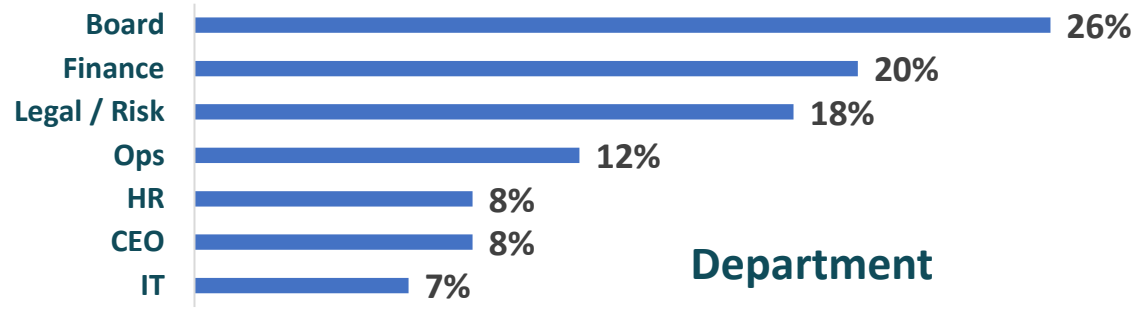
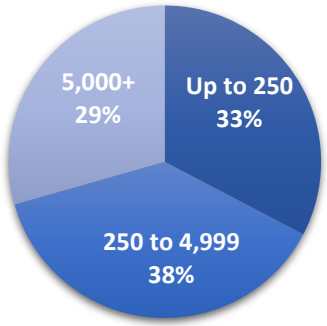
AI Applications Pulse Survey

The study examines how different departments are using Artificial Intelligence (AI) and explores barriers to AI implementation

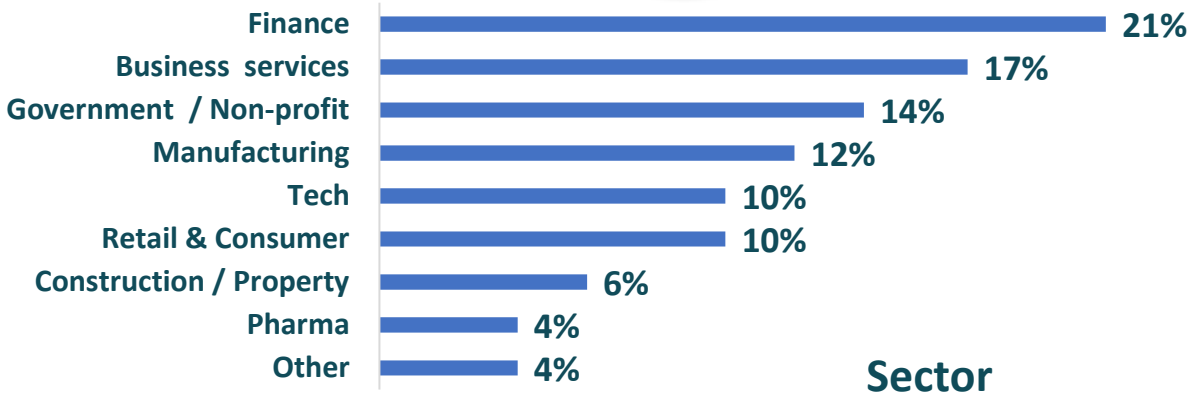
- Findings are based on 150 responses to a short (5 minute) on-line survey.
- Responses were collected in August and September 2023.
- All respondents occupy professional roles, with the majority in senior or board level positions.
- A broad range of departments, sectors and organisation sizes are represented (the sample profile is summarised on the right).



Department



Size (employees)



Sector

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Contents

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Headlines

AI usage growing rapidly…

AI usage is growing rapidly - two thirds of all departments are either using or considering AI.

More than a quarter are implementing AI already, with IT departments far ahead (80%), followed by Ops (39%) and Legal departments (29%).

Of those departments considering AI, most (81%) are planning to implement quickly – i.e., within the next two years.

…but few are at a mature stage of adoption

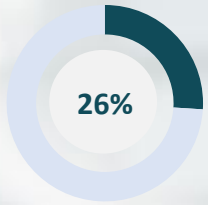
Fewer than 1 in 20 departments claim to be using AI at a ‘mature’ stage yet.

Ops (11%) and Legal departments (7%) consider themselves to be at a more mature stage than other departments.

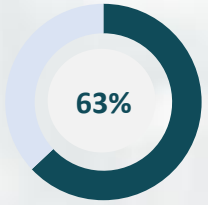
The Tech (60%) and Business services (41%) sectors have the highest uptake and most mature levels of AI adoption, but the gap will likely narrow considerably by 2024.

AI has already delivered benefits for those using it

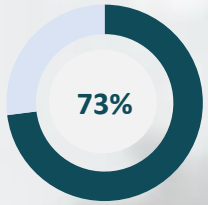
Of those that have implemented AI, three quarters have already seen improvements from their AI investments.



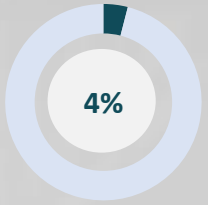
are already implementing AI



will have implemented AI within two years



who have used AI have already seen a benefit



are at a mature stage of AI implementation

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Headlines

Legal departments are more confident about adoption of AI than other departments

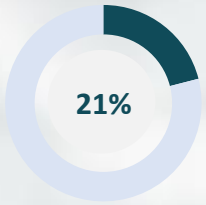
Over a fifth (21%) of Legal departments say they are ‘ahead of the curve’. HR departments are the least confident.

There is optimism that AI will be a net job creator

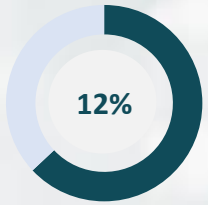
Department heads are reasonably optimistic about the impact of AI on employment. Although two thirds expect it to cause some disruption, more believe it will create jobs (12%) than destroy them (4%).

The biggest challenges to implementing AI are lack of skills and security concerns

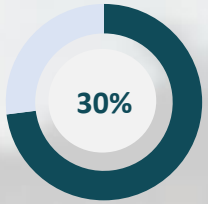
Challenges when implementing AI come under three main headings: **Lack of knowledge, Worries about efficacy** (including security concerns) and **Operational concerns**.



of Legal departments say they are ‘ahead of the curve’



believe AI will create jobs (4% say it will create unemployment)



say lack of skills/ knowledge is biggest challenge

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Headlines

Application Areas

- Applications fall under four main headings: **Content creation, Analysis, Operations and Customer interaction.**
- The most common AI application is *Document drafting* (16%), followed by *Data processing and analysis* (15%).
- Departmental implementation areas include:

- **Legal & Risk** – legal research, due diligence, e-discovery, regulatory compliance, predictive analytics document and contract creation (drafting and reviewing) and contract analysis

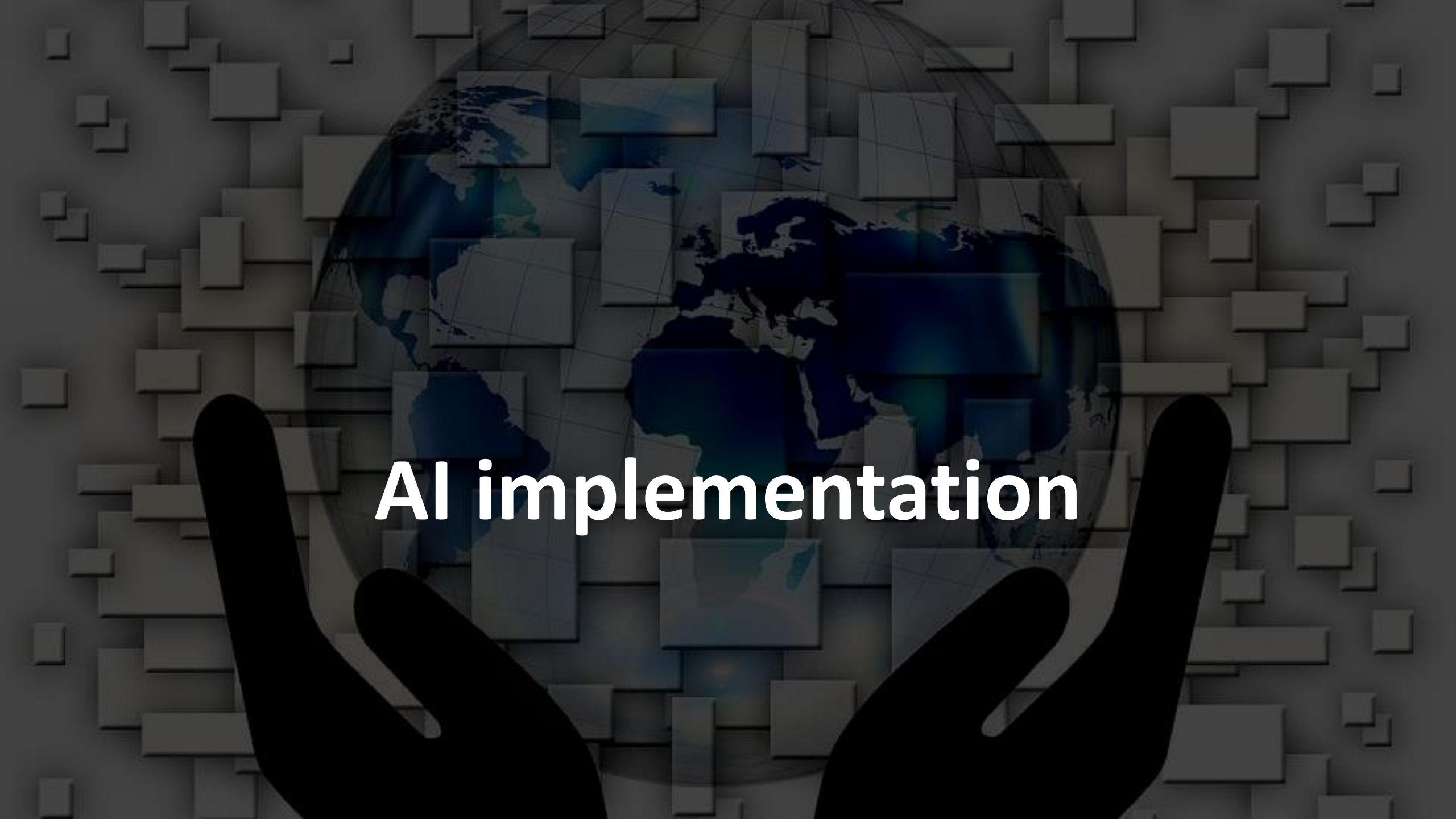
- **Board & CEO** - document reviews and processing, business efficiency and insights.

- **IT** – predictive analytics and business efficiencies across the business.

- **HR** – recruitment process improvements, better internal responses and corporate learning.

- **Finance & Tax** – reporting (including automated), data analytics and monitoring.

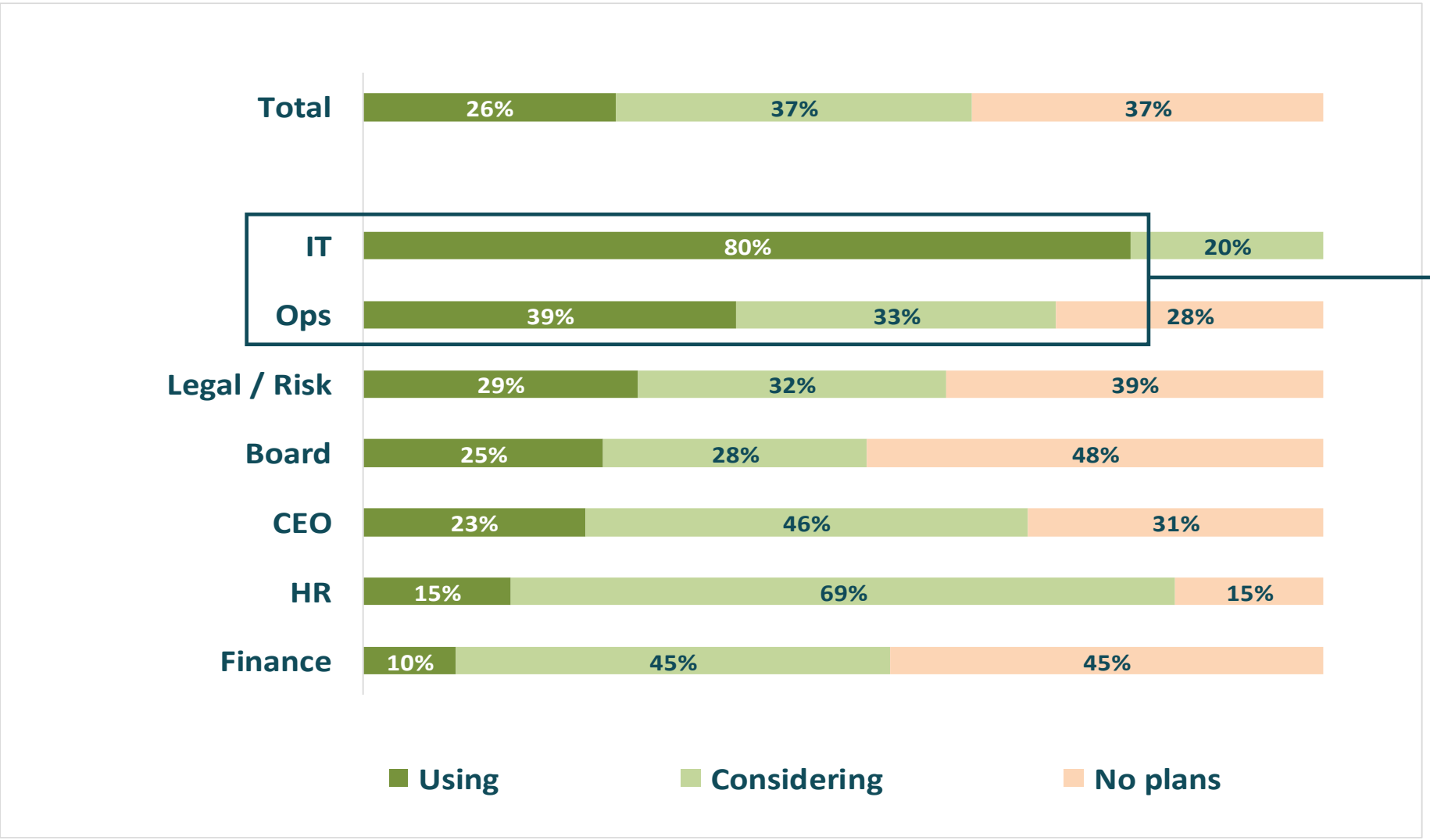
- **Ops** – self-service interactions, AI-developed call scripts for human agents, personalised customer insights, tailored follow-up messages, workload reduction and document management.



AI implementation

AI usage by department

Two thirds of all departments are using or considering AI – a quarter are implementing AI already, with IT departments far ahead, followed by Ops departments.



IT departments have the highest level of AI usage (80%), more than twice as much as the second highest users, Operations departments (39%).

Departments in larger organisations have higher levels of AI usage: 30% in organisations with 5,000+ employees compared to 18% in businesses with <250 employees.

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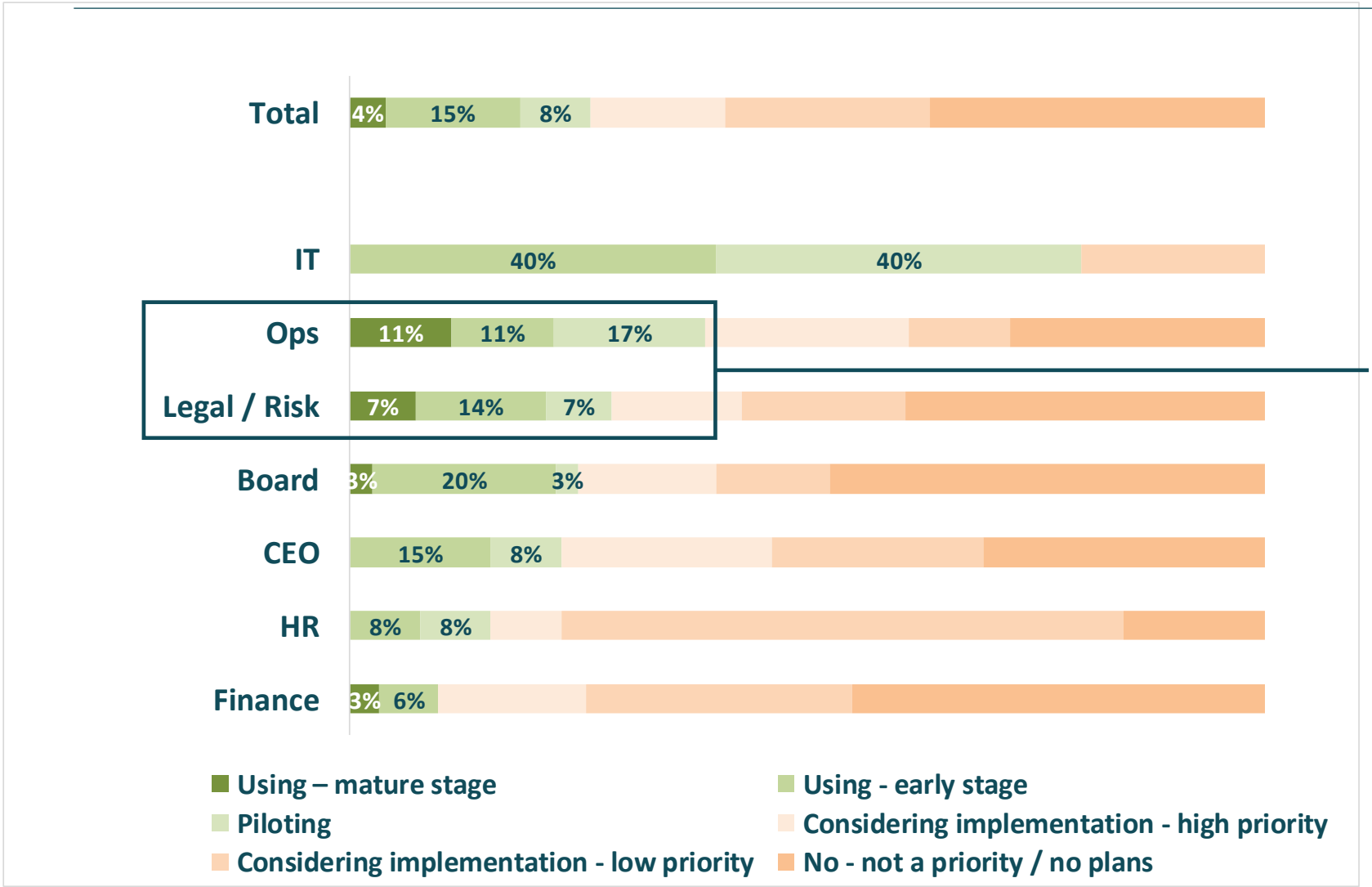
AI usage by department: detail

Fewer than 1 in 20 departments claim to be using AI at a ‘mature’ stage.



Ops (11%) and Legal/Risk (7%) departments have the most ‘mature’ adoption of AI.

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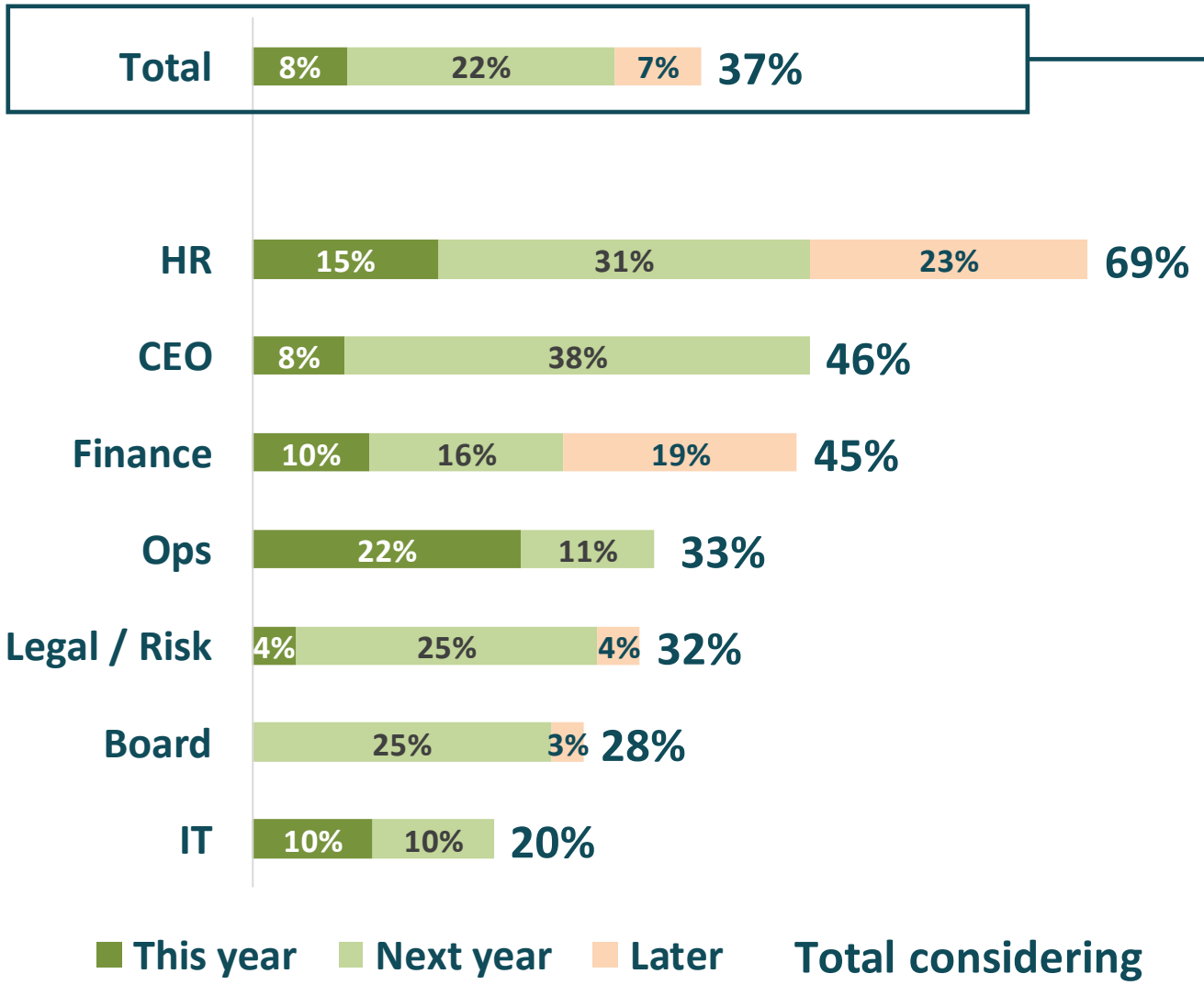
Timescale of those considering

Most departments who are considering AI plan to implement quickly – within the next two years

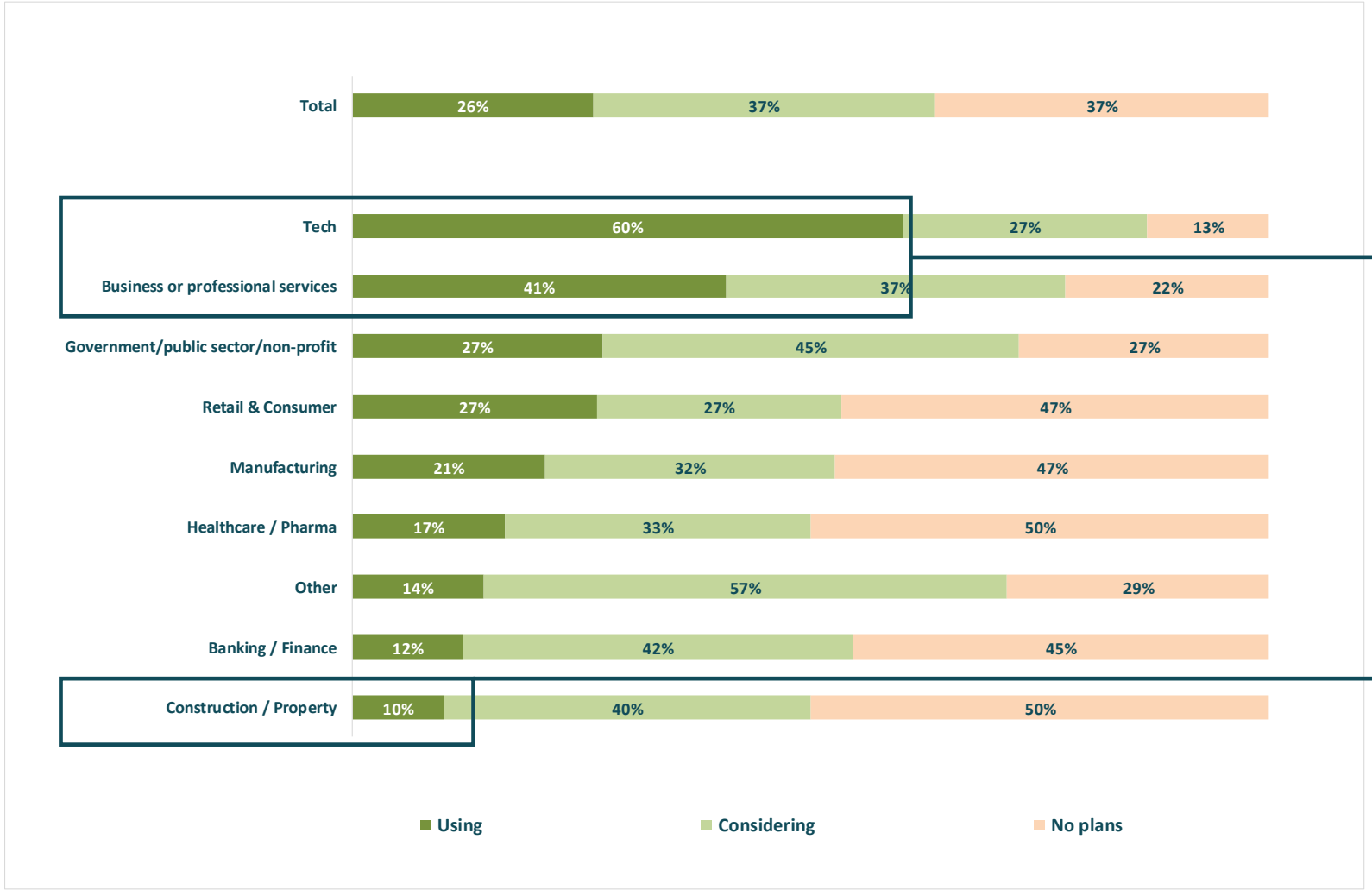


Most departments considering AI plan to do so this year or next.

All Ops and IT departments that have not yet implemented AI, but are considering it, are keen to catch up with their peers and implement AI in the next two years.

AI usage by sector

The *Tech* and *Business services* sectors have the highest rates of AI adoption, and also occupy the top two spots for 'mature' adoption.



The *Tech* sector has the highest level of AI usage (60%), followed by *Business services* (41%).
13% of *Tech* firms and 7% *of Business services* say they are at a mature stage of adoption.

The *Construction/Property* sector has the lowest rate of AI adoption(10%)

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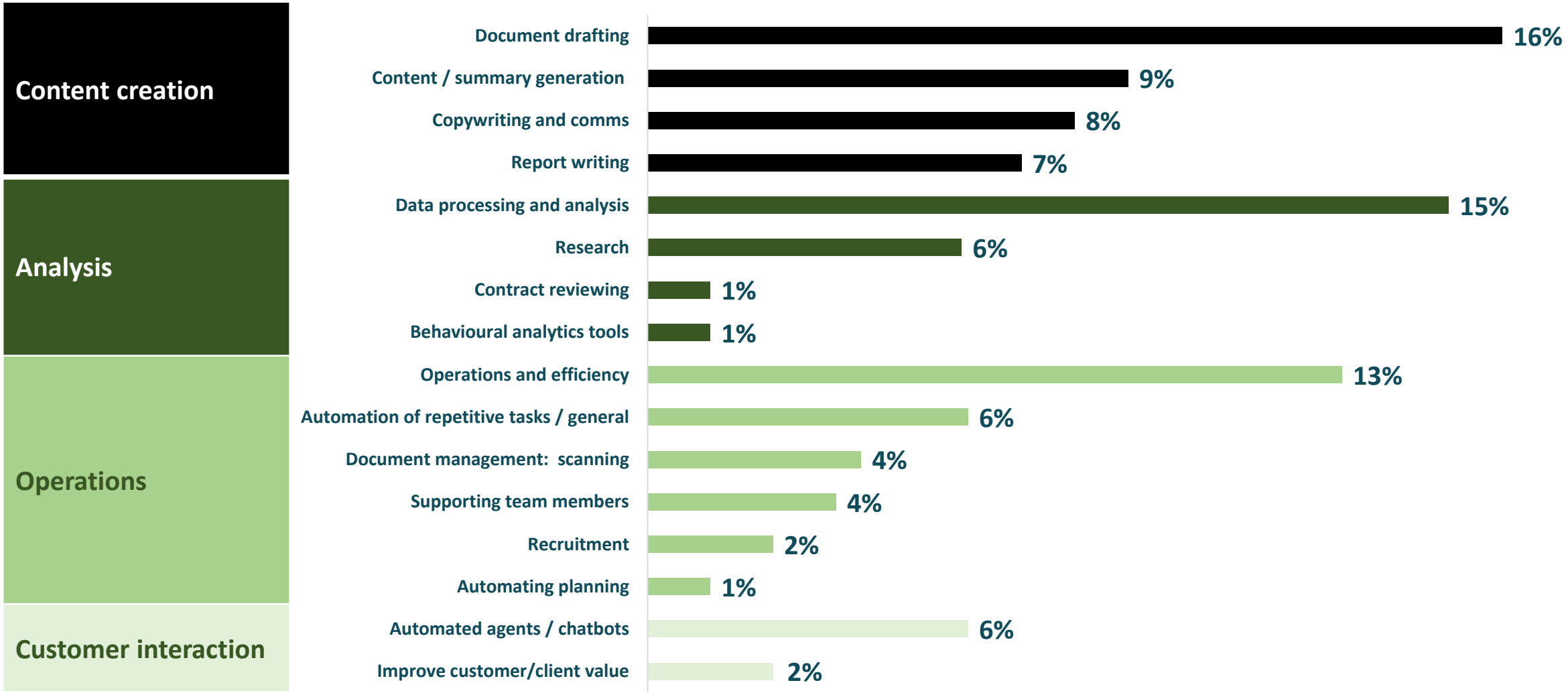
AI Applications

Applications

The most common AI application is *Document drafting* (16%)
This is followed by *Data processing and analysis* (15%) and *Operations and efficiency* (13%).



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Has AI delivered improvements?

Three quarters of those implementing AI have seen benefits, a quarter haven't yet.

Overall, 24% have seen clear improvements, 49% have seen improvements and expect to extract more value, and 27% are not sure yet if AI was a good investment.

Sample sizes are not big enough to draw conclusions by department.

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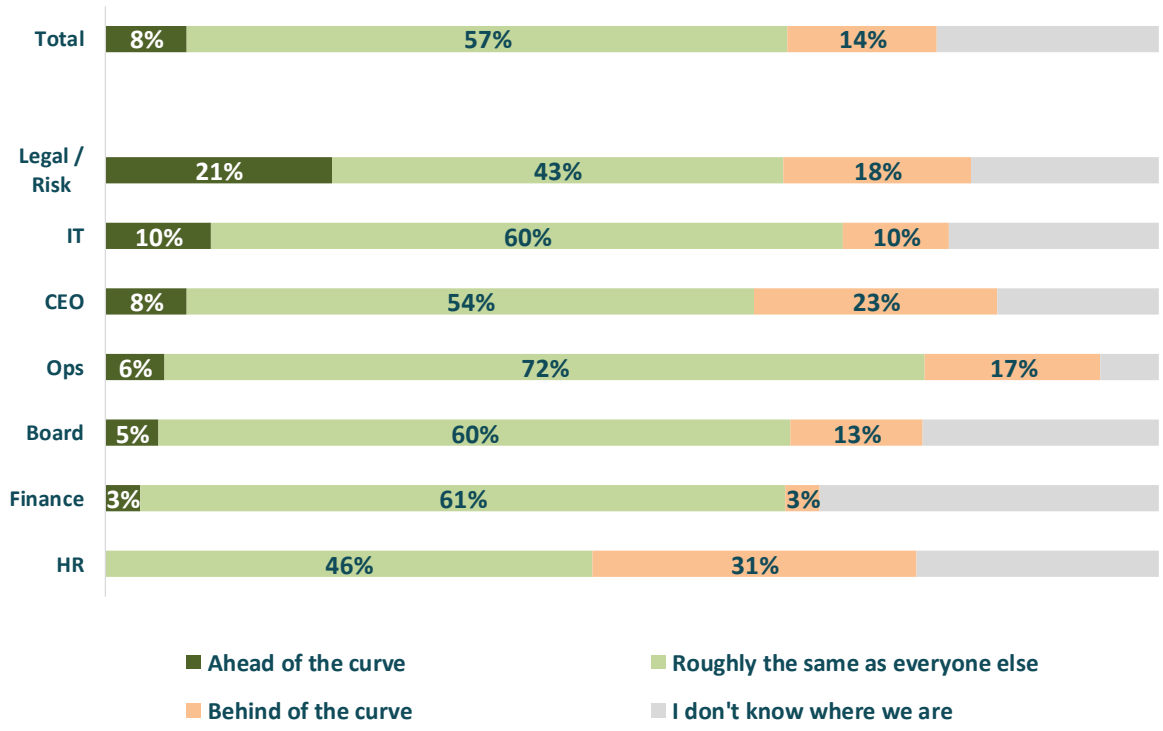
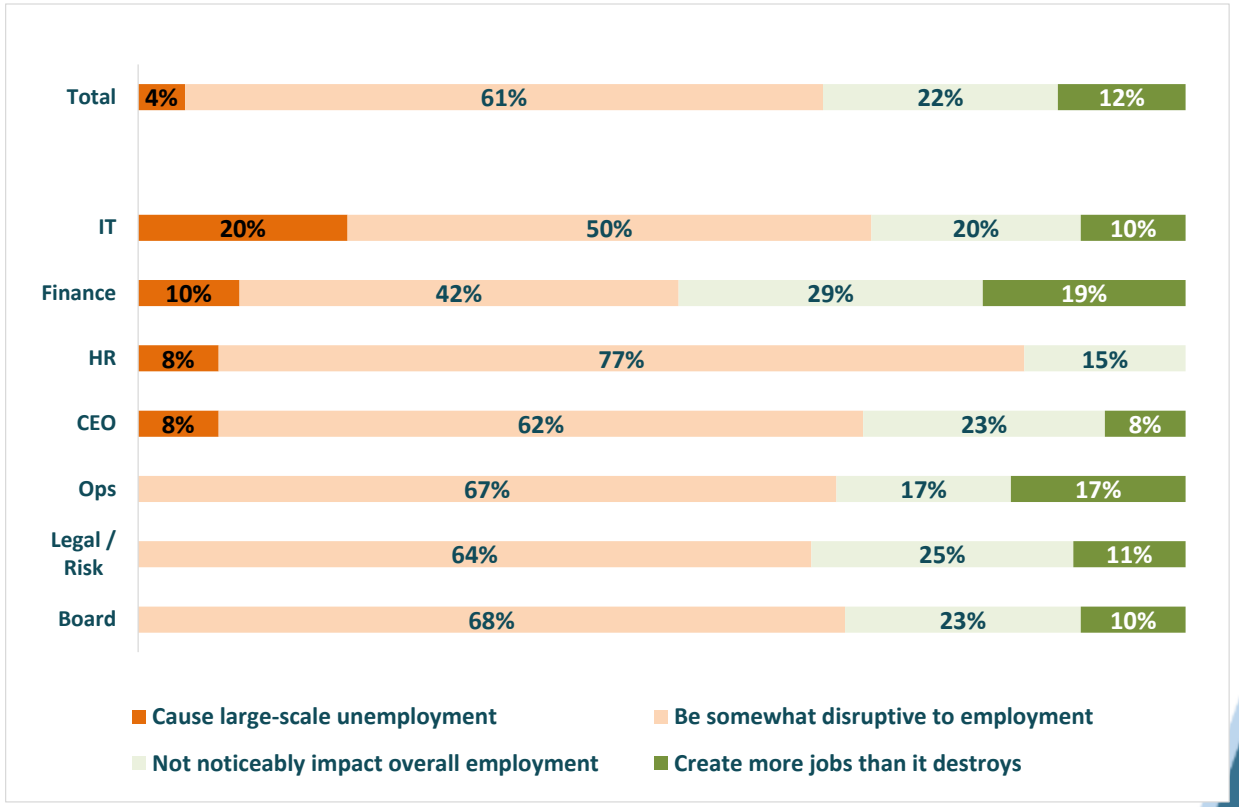
AI Perceptions

Most respondents (57%) perceive their AI adoption to be *'roughly the same as everyone else'*. Legal/Risk departments are the most confident, with over a fifth (21%) saying they are *'ahead of the curve'.*
HR departments are the least confident – almost a third (31%) feel they are *'behind the curve'.*



Respondents are reasonably optimistic about the impact of AI on employment. Although 61% expect some disruption, only 4% believe AI will cause large-scale unemployment, and 12% expect it to be a job creator. IT department executives are the least optimistic – they are the only respondent group where more expect AI to result in large-scale unemployment (20%) than be a job creator (10%).



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AI challenges

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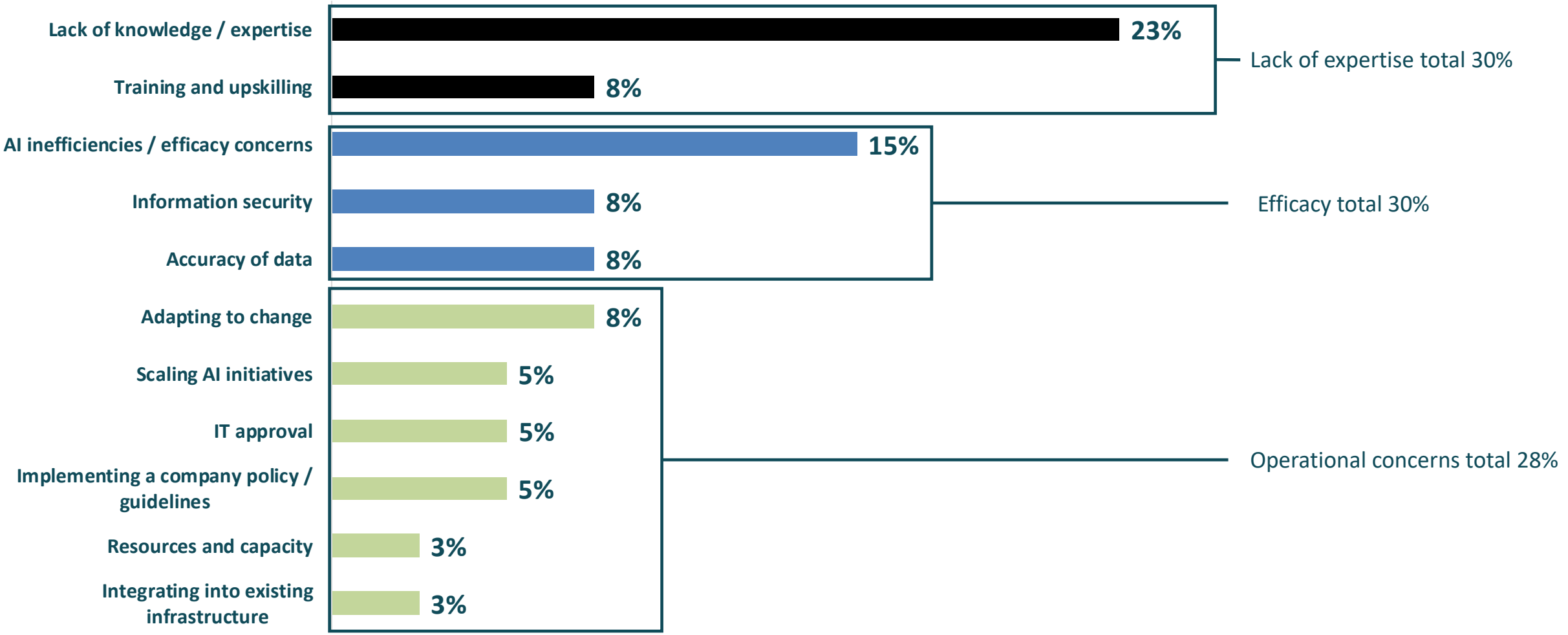
Challenges

When asked for the practical challenges of implementing AI, a lack of knowledge/expertise is the main issue (23%), followed by concerns about AI inefficiencies/efficacy (15%). A range of operational concerns were also mentioned.



Limitations

When asked which of the following concerns were a limitation to implementing AI, all department leaders chose '*Lack of relevant knowledge*' and '*Concerns about data privacy*' as the top two. Respondents with a board role put '*Not enough data*' in second place, ahead of privacy concerns.

Top two limitations highlighted in green

	Total	Board	CEO	Legal / Risk	IT	Finance	HR	Ops
Lack of relevant knowledge or skills	**60%**	48%	69%	54%	80%	68%	62%	61%
Concerns about data privacy and data regulation	**48%**	33%	62%	57%	50%	48%	31%	61%
Difficulty demonstrating ROI	**27%**	28%	23%	39%	40%	23%	23%	17%
Lack of time	**27%**	13%	23%	39%	30%	42%	31%	11%
Hard to decide in which projects to invest	**27%**	23%	38%	39%	30%	26%	15%	11%
Not enough data	**26%**	35%	31%	29%	20%	6%	31%	33%
Difficulty getting budget	**17%**	5%	0%	43%	30%	19%	8%	11%

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Department focus

The following section summarises feedback from research respondents on the AI initiatives they have already implemented or are planning to implement, and some of the challenges encountered in the process.


Legal/Risk AI

Legal/Risk AI applications

	Already implemented	Planning to implement
Content	• Contract drafting and producing template responses to illegal (anticompetitive) requests • Use AI to generate ideas for presentations, meeting summaries, email responses and are about to pilot using it for contract review; part of our existing contract management solution Ironclad and our eDiscovery tool Disco	• Document generation and report drafting • Adopt AI tools for contract life-cycle management and contract repository reviews (e.g. summarising key contract information like dates)
Analysis	• We developed a contract reviewing tool with a firm call Lexical Labs • Implemented AI for contract reviews, data extraction and analysis • AI for producing tax calculations • Use AI individually to help with implementing policies, conducting legal research	• Use AI to help stay up to date with parts of the Civil Service as well as the legal profession
Operations		• AI tools for document scanning, management • AI for action tracking and audit trails • Automate more repetitive and low value tasks such as NDAs
Customer interaction	• An AI chat bot to respond to legal questions	• Bots for basic Q&A disclosure exercises

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Legal/Risk AI challenges

Expertise	• Lack of technical knowledge • Choosing a tech development partner
Efficacy	• Language barriers i.e. inadequate translations from generative AI tools • Insufficient - we found other workarounds that were great, for example, we joined the oneNDA program and were able to reduce the number of NDAs significantly • Getting approval from the IT/tech function • Getting people onboard to change their approach and methods
Operational	• Costs and organisational processes • Integrating and adapting AI into existing complex business, then adapting it for a wider geographic usage

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Governance challenges

Managing the regulatory aspects of internal and external AI operations will be a major challenge for business leaders, and particularly for legal departments. A suggested first step for setting up an effective AI Governance process is to **choose a governance framework of orientation**.

Although standards for AI are mostly non-binding, several governance frameworks have been published to guide the development and use of AI. Some of the most prominent frameworks include:

- The IEEE Global Initiative on Ethics of Autonomous and Intelligent Systems
- The European Union's Ethics Guidelines for Trustworthy AI as base for the EU AI Act
- The Montreal Declaration for Responsible AI
- The AIGA AI Governance Framework
- NIST Artificial Intelligence Risk Management Framework

The AIGA gives a good orientation for actionable tasks, with EU AI Act compliance already integrated.

The framework should address the following key considerations:

- **Accountability:** clear lines of responsibility for AI , with an AI governance lead (this doesn't need to be a full-time role but can be taken on as an additional responsibility). This lead is in charge of overseeing the implementation, as well as the maintenance of the AI governance process.
- **Fairness:** ensure that AI systems treat all individuals and groups fairly and avoid algorithmic bias due to imperfect training data or decisions made when developing the models.
- **Intellectual property (IP):** avoid infringing on copyrighted, trademarked or patented materials.
- **Privacy:** safeguard sensitive data and respect user privacy throughout AI applications – e.g. input information could end up in model outputs in a form that makes individuals identifiable.
- **Security**: generative AI is being used to accelerate the sophistication and speed of cyberattacks. It also can be manipulated to provide malicious outputs by a third party giving a model new instructions that trick the model into delivering an output unintended by the model producer and end user.
- **Transparency:** ensure that AI systems are understandable, and their decision-making processes are explainable - the complexity of the processes involved can make it very challenging to explain how any given answer is produced.
- **Reliability:** AI models can produce different answers to the same prompts, impeding the user's ability to assess the accuracy and reliability of outputs.

Finance AI

Finance AI applications

	Already implemented	Planning to implement
Content	• AI mainly for replacing spreadsheet leg work	• AI tools for report writing and data analysis • Looking at AI options to summarise large amounts of text, write reports and analyse large data sets
Analysis	• AI for Ad hoc research • AI is used for the validation of tax decisions prior to invoice issuance • Gathering market trends information from unstructured data sources (for example, social media, news, research, product information, and customer feedback).	• Compliance processes e.g. UK CT and determining tax treatment of certain transactions • Adopt AI tools for machine learning in identifying non-deductible expenditure in tax returns
Operations		• Automate VAT determination • AI to support colleague productivity and improve task efficiency
Customer interaction		• Using AI to interact with members of pension schemes and produce communication tools

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Finance AI challenges

Expertise	• The learning process and training staff members
Efficacy	• Issues with security • AI lacks accuracy and consistency
Operational	• Interface with our trading system and maintaining/re-training algorithm

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IT AI

IT AI applications

	Already implemented	Planning to implement
Content	• Microsoft Copilot • For literature searches and pdf summaries • We have entered Google Workspace's Duet beta, are using LLMs, and adopting a host of solutions to help with everything from image creation to interview recording	• Document drafting
Analysis	• For predictive analytics to help predict outcomes of litigation, identify high, medium and low risks for proactive targeting on resources	• Decision making
Operations	• AI for customer care Friday afternoon project	• Automate operations to increase business efficiency and shorten delivery timelines • Use AI to differentiate our company and show our clients that we are a better partner in the use of AI than our competitors

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IT AI challenges

Expertise	• Teams lack the knowledge and expertise • Getting everyone on board with the move towards AI adoption
Efficacy	• AI lacks data quality
Operational	• Implementing guidelines around how to use and acknowledge the use of AI tools

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Ops AI

Ops AI applications

	Already implemented	Planning to implement
Content	• AI tools for content creation and summaries • Generate voice-overs for videos and animations • Using AI to generate sustainability reports	• AI for bid responses and legal directory submissions • Creating thought papers, standard presentations, standard coding
Analysis	• Contract data extraction • AI for document reviews and processing	
Operations	• Workload reduction in customer support services and internal activities (HR, IT help desk, Internal Training, Quality Control)	• Automation of repetitive tasks
Customer interaction		• Chatbots to respond to common customer queries through chat • Live prompts to agents when dealing with customer calls based on trigger words spoken by customers

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Ops AI challenges

Expertise

- Education and upskilling
- Understanding of the holistic nature of AI from RPA/ML/GenAI
- Lack of understanding and expertise

Efficacy

- Compliance and getting risk sign off
- AI is flawed and still needs manual input
- The level of priority, execution skills and bandwidth
- Reliability and scaling
- Ownership of content
- Understanding issues associated with sharing information to AI LLM

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HR AI

HR AI applications

	Already implemented	Planning to implement
Content	• AI for basic work around job descriptions and LinkedIn profile analysis	
Analysis	• AI for learning catalogue maintenance and curation and skills inferencing	• AI for market intelligence
Operations		• Automate and enhance our responses to provide support to our teams where appropriate, and on a real time basis • Using AI for recruitment and candidate sifting
Customer interaction	• We have a conversational intelligent chatbot	• Implement a Virtual HR response for out of hours working using AI • We plan to use a high quality chatbot

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HR AI challenges

Efficacy	• Challenging to sell the benefits of AI to the wider team • Issues associated with data access and quality
Operational	• Identifying the breadth of digital adoption

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CEO & Board AI

CEO & Board AI applications

	Already implemented	Planning to implement
Content	• Content generation tools • AI to help with drafting and generating social media and visual content • AI tools for copywriting • Generating and revising draft papers	
Analysis	• AI for contract reviews, data extraction, drafting and analysis • AI for general research, consumer research, Big Data and writing reports • AI for fee scoping and legal due diligence • We are an AI software company providing an online platform for the measurement of human behaviour	• Help with market intelligence, implementing policies, compliance and data capturing • Help with investment decisions • AI software to analyse data
Operations	• AI tools for document scanning, management and processing e.g. for invoices and bills • AI tools to assist with training • Automation of some operations	• Help with operations e.g., automating data processing to aid with accuracy, reduce workload and costs to the consumer • We would like to find AI tools to help with call centre support and scripts for employees
Customer interaction		• To help with customer use data of tennis practice equipment • Support member communications

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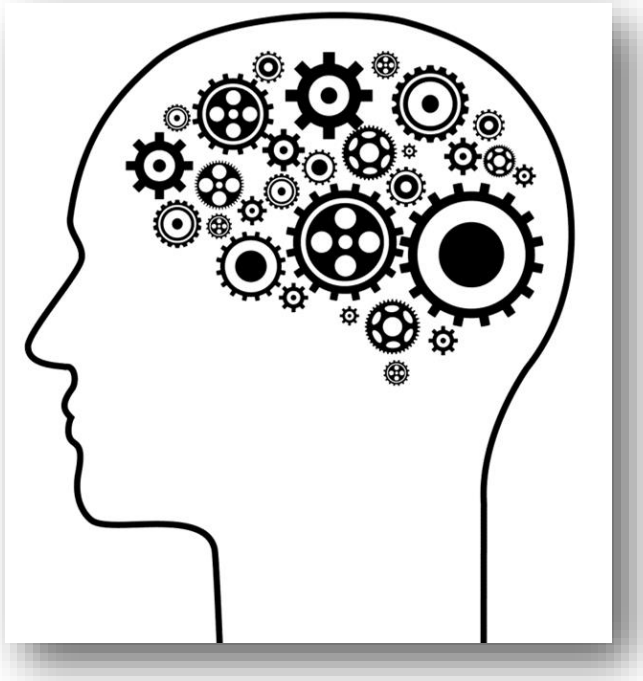
CEO & Board AI challenges

Expertise	• Lack of expertise and experience with AI means we need to train all our employees and encourage them to get involved
Efficacy	• It is difficult to monitor its effectiveness • AI is still more an experiment than a business necessity • AI lacks accuracy and consistency • Developing an approach to transparent usage • Applications such as ChatGPT are not up to date with recent developments and news
Operational	• Before exploring the possibilities of AI, it is important to know what you want to get out of it first • Many competing priorities for the implementing team • Understanding how it fits in our processes



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FinTech Legal Department Case Study

FinTech Legal Department Case Study

Drivers

- Lack of legal resource within a rapidly upscaling business
- Need for consistent and accurate decision making
- Need to help more junior lawyers deliver more value to the business
- Ambition to make the jump to ‘self-service’

“Once you have made the jump to self-service, you never go back”

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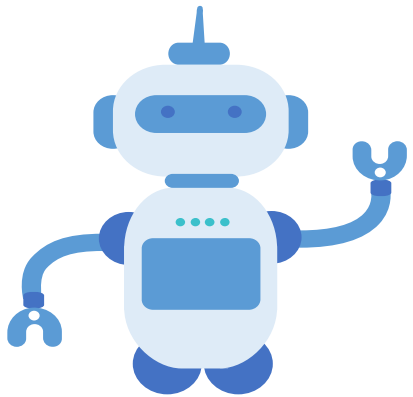
Legal AI Applications

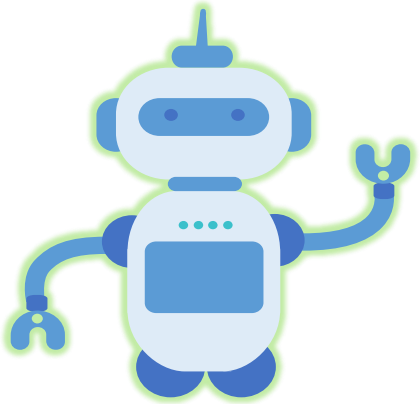
Regulated Environment

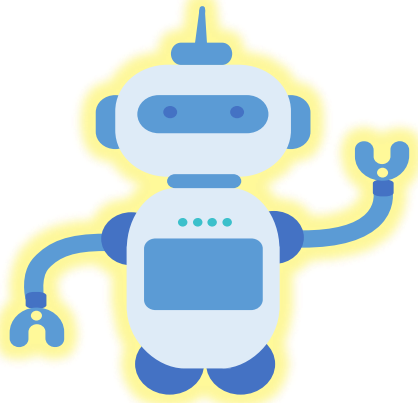
Legal Contracts Bot

NDA Bot

Legal Marketing Bot







"Each platform created makes the business better and requires its own product team"

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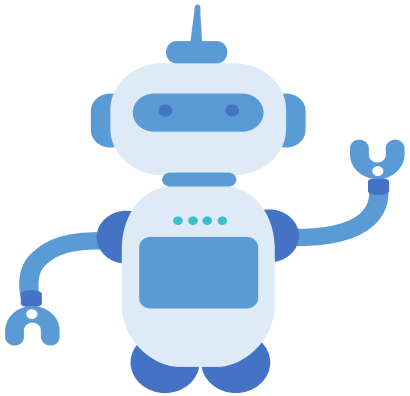
**NDA – Non-Disclosure Agreement*

Legal Contracts Bot



What it does

- Triages all inbound contracts
- Is linked to a historical database to allow for comparisons
- Asks six terms questions of each contract, including
    - Value – usual line around £30k-£40k
- Contracts are then routed automatically

Benefits

- Saves time and allows legal teams to focus on more complex tasks
- Reduces legal team contract work by 40%

"Its like moving your check list to a Bot that does it faster and better"

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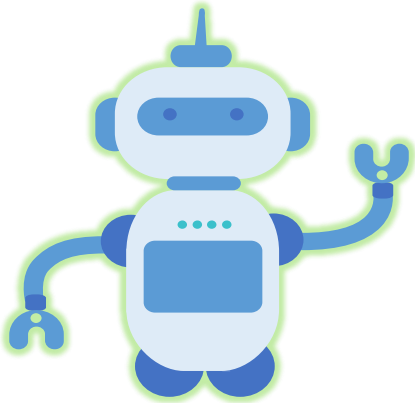
NDA Bot

What it does

- Is built on a playbook that could be created in two weeks
- Includes your position and fall backs
- Creates and reviews templates, and is an MS Word add in



Benefits

- Legal professionals can save time by not having to deal with NDAs
- CEOs dealing high volumes can efficiently handle NDAs on their own

"The questions and agreed response criteria come down to your risk appetite"

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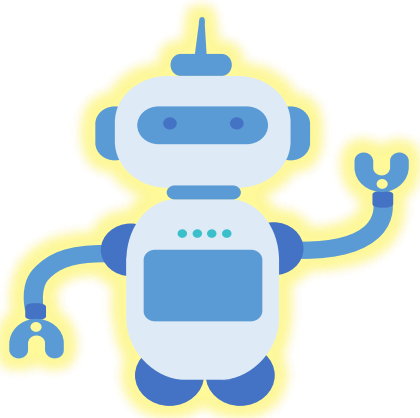
Legal Marketing Bot

What it does

- Digests the document (tele-sales script, brochure etc.)
- Reviews against regulation
- Pulls out and replaces words and phrases

Benefits

- Ensures marketing is compliant and is fast
- Avoids unnecessary risk



"AI can scan for image copyright, but image creation still needs work"

"AI can create dynamic user experiences"

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Top Tips

- You need a great legal ops person who understands how it works and is plugged into the rest of the business.
- Bots work well internally and for B2C but currently less well for high value or B2B relationships.
- All legal AI applications are business applications, making them all multi-department projects.
- AI requires new capabilities, such as prompting*, decision tree creation, and being able to ask the right questions.
- All law firms should have a section on AI in their RFPs (request for proposal).

“AI in legal is transformative and akin to the arrival of the World Wide Web.

Generative AI is revolutionary.”

Prompt Engineering Guide | Learn Prompting: Your Guide to Communicating with AI

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AI Constant Governance

- To build trust, close attention to risks and security is key
- AI governance must be cross functional
- AI systems age, suffer from data drift, and must remain current
- Decision trees need to be owned and reviewed regularly

"You need to audit your decision trees every quarter to make sure they are still current"

AI Capabilities & Augmented Workforce

- AI can be used to assist a lawyer, adding five years of PQE (post qualified experience) to their capabilities
- AI can fully replace mundane legal and process work, such as triaging and NDAs
- Lawyers need a new learning and development pathway that includes AI

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AI Implementation Framework

Put in place an AI Governance Framework

- What you are trying to achieve (why bother?).
- Have key pillars such as ethics, growth, efficiency, risk reduction.
- Create governance with funding and decision-making allocated.
- Report quarterly or appropriately.
- Evolve your approach over time as you learn.

Identify business areas to focus on AI on

- Find the problem with design thinking.
- Use this AI Report and Case Study report to identify areas.
- Solve the problem using data, AI and next generation technology.
- Deliver by taking an agile approach.
- Automate the solution to free up resources.

Pilot AI, Evaluate and Improve

- Begin by reaching out to find ‘low hanging fruit’.
- Identify smaller projects to show quick wins which attracts attention and creates momentum.
- Then become more strategic and take on board strategic projects.
- Look at core innovation areas, such as: Customer Service / Product Delivery, Supply Chain and Fulfilment, and Financial and Pricing.

Develop Internal AI Capabilities

- Ensure you have people involved who can help with other areas as well.
- Develop and utilise internal AI capabilities.
- Ensure they know the business model well, so can identify common solutions.
- Attend the Winmark AI & Machine Learning masterclass.

Understand Core AI Technology

- Understand how it works and where it can be best deployed.
- Identify what should and what should not be outsourced.

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Legal AI Adoption Considerations

Legal departments are well-positioned to build/customise AI tools in-house, accessing multi-function talent and creating tools which can be an asset for the entire business. It is an opportunity for the tech GCs to shine.

A review of the AI technology available is a good exercise to assign one of your teams with. It fosters their development and guarantees that you are evaluating the top solutions to align with your specific needs and opportunities.

Think carefully about the criteria for AI interventions, then which areas are most appropriate, balancing high volume low risk against low volume high risk workloads.

Be ready for AI ethics reporting. Forward thinking and mapping AI logic in a way that is easy to report on has two benefits:

- Helps ensure that governance and fairness are built in
- Enables easier potential reporting to regulators, asset managers and Government

"A role of leadership is to make average people perform at an excellent level and AI can enable this."

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How to Evaluate AI Suppliers – A Gartner Approach

1/ Put the right technology buying team in place before evaluating any vendors

Include IT and other departments, ensuring detailed requirements of each user group and their reasoning. Only start evaluating specific vendors once the business case for the solution is established.

2/ Set the criteria (requirements) to evaluate your vendors

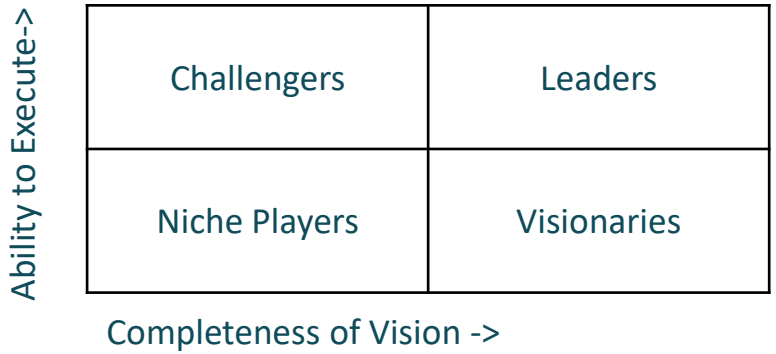
Use the following five categories, assess what is essential, desirable and optional:

1. **Functional** —specific to the technology category your team will evaluate.
2. **Technical** — such as technology setup, delivery and integration, how that will happen and how easy or difficult the inherent tasks may be.
3. **Support and services** — such as training, implementation and ongoing support pre- and post purchase, ownership life cycle support.
4. **Vendor health** — such as vendor stability, references and cultural alignment, as well as product or vendor roadmap.
5. **Pricing and commercial terms** — such as one-time versus ongoing costs, and contract terms, licensing terms, renewals and more.

3/ Score how well each vendor solution meets your criteria

Schedule product demonstrations, request supporting documentation, including training materials and implementation guides.

Reference your requirements throughout, use a simple scoring scale and look to third parties for reviews. Plot them on the below 'Magic Quadrant'.



4/ Finalise your shortlist of vendors and re-score them before making your final selection

Remember the goal is to eventually end up with your team's final shortlist of one or two strong vendor products that you will test and evaluate more stringently.

5/ Negotiate final Terms

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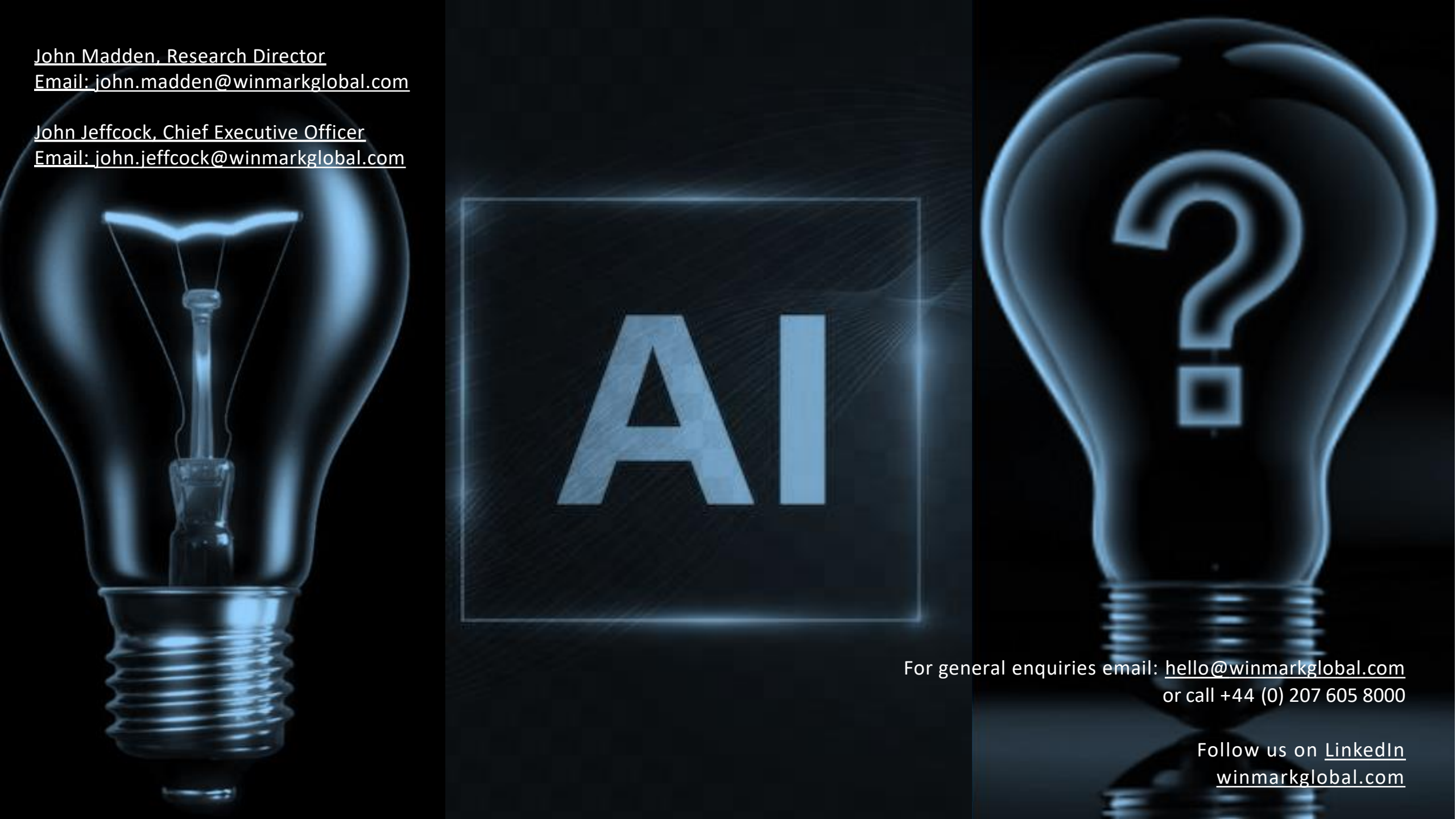
The above is a precis of [How to Evaluate Technology Vendors in 4 Rigorous Steps (gartner.com)]

John Madden, Research Director
Email: john.madden@winmarkglobal.com

John Jeffcock, Chief Executive Officer
Email: john.jeffcock@winmarkglobal.com



For general enquiries email: hello@winmarkglobal.com
or call +44 (0) 207 605 8000

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