CONFIDENTIAL — Board Strategy Memo: AI Product Roadmap FY2024–2025

Prepared by: Office of the CTO | Date: January 15, 2024 | Classification: Board Only

Executive Summary

This memo outlines NovaTech's AI product strategy for the next 24 months. Our core thesis is that supply chain AI will commoditise at the feature layer within 18 months — the defensible moat will shift to proprietary training data, model accuracy benchmarks, and switching cost created by deep ERP integrations.

Strategic Priorities

Priority 1 — NovaTech Predict 3.0 (Q1 FY2024 launch). The new forecasting engine uses a transformer-based architecture fine-tuned on 4.2 billion supply chain events from our client base. Internal benchmarks show 23% improvement in forecast accuracy over the previous LSTM model. The model runs inference in under 200ms, enabling real-time decision support.

Priority 2 — Data Network Effect. We will launch a voluntary data consortium in Q2 FY2024 allowing clients to contribute anonymised transaction data in exchange for consortium-trained model access. Target: 40 founding consortium members by Q4 FY2024. Legal has completed data sharing agreement templates for GDPR and CCPA compliance.

Priority 3 — NovaTech Copilot (Q3 FY2024). An LLM-powered assistant embedded in the dashboard allowing users to ask natural language questions like 'Which suppliers are at risk of disruption next quarter?' Target users: supply chain analysts without SQL or BI tool expertise. Built on GPT-4 class models with RAG over client-specific data.

Compute & Infrastructure Budget

Item	FY2024 Budget	FY2025 Budget
GPU Compute (cloud)	$2.1M	$3.8M
Model Training (external)	$0.6M	$0.9M
AI Engineering Headcount (12 FTE)	$3.4M	$4.1M
Data Acquisition & Labelling	$0.8M	$1.2M
Total AI Investment	$6.9M	$10.0M

Competitive Risk

Three risks require board attention: (1) SAP and Oracle are investing heavily in native AI features which could reduce greenfield opportunity in large enterprise; (2) a well-funded startup, ChainMind AI (Series B, $47M raised), is targeting our mid-market segment with a lower-cost offering; (3) OpenAI's enterprise tier could allow clients to build DIY supply chain copilots, commoditising our NL interface.

Mitigation: Our proprietary training data (4.2B events) and deep ERP connectors (SAP, Oracle NetSuite, Microsoft Dynamics) represent a 2–3 year replication barrier for new entrants.

Board Decision Required

The board is asked to approve the $6.9M AI investment budget for FY2024 and ratify the data consortium programme. A decision is required by February 1, 2024 to ensure Q1 hiring targets are met for the Predict 3.0 launch.