

Pt 4: AI Cost & Strategy Conundrum

Lessons from DeepSeek &
Strategic Leaders like
Microsoft

Part 4 of 7: Prudent AI Investment

Recap: The First AI Question

Do We REALLY Need AI for This? (See Part 3)

- ⚙ Prudent innovation starts with validating the necessity of AI.
- ⚙ Assuming AI *is* appropriate, how do we approach cost and strategy?

DeepSeek AI: A Lesson in Efficiency?

Training Powerful Models at a Fraction of Typical Costs

- ⚙️ The DeepSeek AI example (training a strong model efficiently) highlights a potential **disconnect**.

- ⚙️ Between massive AI spending by some and what might be achievable with more focused, efficient approaches.

Questioning Our Investment Strategies

Is Bigger Always Better (or Necessary) in AI?

⚙️ DeepSeek forces us to ask: Is our current AI spending **prudent and targeted?**

⚙️ Are we chasing headlines or real, cost-effective value?

Microsoft's Strategic AI Play

Investment + Partnership + Focused Integration

⚙️ Leaders like Microsoft invest heavily in AI R&D; (e.g., with OpenAI).

⚙️ BUT they also make **strategic choices** about licensing (OpenAI) and integration.

⚙️ They don't necessarily build *every* foundational model from scratch.

The Pragmatism of Tech Giants

Balancing In-House Build with Strategic Alliances

- ⚙️ Microsoft's approach: Integrating partner tech across portfolio.
- ⚙️ This provides widespread AI augmentation without needing to own every underlying LLM.
- ⚙️ This **pragmatic approach** is key for enterprises.

AI Due Diligence: Scrutinizing Spending

Critical Questions for Every Organization

⚙️ This scrutiny is central to AI due diligence:

⚙️ **Is our AI spending prudent and targeted** towards clear business outcomes?

⚙️ Are we measuring ROI effectively?

Internal Capabilities: Build or Adapt?

Strategic Decisions on AI Talent & Infrastructure

- ⚙️ Should we invest heavily to **build foundational models from scratch?**

- ⚙️ Or focus on building capabilities for efficient **model adaptation**

(fine-tuning, RAG) and integration?

- ⚙️ For most, adaptation is likely more efficient.

Evaluating External AI Tools

Balancing Cost, Trust, Security, Compliance

- ⚙️ How do we evaluate the plethora of external AI tools & SaaS offerings?
- ⚙️ Need clear criteria beyond just features and cost.
- ⚙️ Trustworthiness, data security, compliance (GDPR etc.), vendor viability are critical.

The 'Shiny Object' Syndrome

Avoiding AI for AI's Sake

⚙️ The availability of powerful models doesn't mean they are the right fit for every problem.

⚙️ Strategic AI adoption prioritizes **business value and ROI** over just using novel tech.

Cost-Effective AI: A Key Goal

Learning from Efficient Innovators

⚙️ The efficiency shown by projects like DeepSeek and the strategic partnerships of leaders like Microsoft offer valuable lessons for all enterprises aiming for sustainable AI success.

From Why to How: Structured Adoption

Translating Principles into Action

⚙️ Understanding cost/strategy is vital.

But how do we act?

⚙️ **Next Up (Part 5):** A Structured
Approach to Emulate AI Leaders –
Phases 1 & 2.

⚙️ Stay tuned!

≡ Series: Beyond Hype (Part 4 of 7) ≡ **AI Cost & Strategy - Lessons from Leaders**

Part 1: The Twin Revolutions

Access Part 1 PDF

Part 2: The Agile Blind Spot for AI

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Part 3: Do You Really Need AI? Due Diligence

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Part 4: Cost & Strategy - Lessons from Leaders

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Part 5: Structured AI Adoption - Phase 1 & 2

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Part 6: Structured AI Adoption - Phase 3 & 4

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Part 7: Expected Outcomes & Conclusion

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Navigate Agile & AI Together \Rightarrow

How are these revolutions impacting YOU?

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Examples from Microsoft, Bosch, OpenAI, DeepSeek.

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