

# What Issues Are Blocking AI Adoption?

1871 AI Innovation Summit  
June 27, 2024

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# Topics

- What is the AI Alliance?
- The Challenges:
  - AI Is Inherently Probabilistic
  - Alignment
  - Regulations and Policy
  - Total Cost of Ownership
- Generative AI in Five Years??

thealliance.ai

# The AI Alliance

A community of technology creators, developers and adopters collaborating to advance safe, responsible AI rooted in open innovation.

Learn more



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# thealliance.ai

### **Founding Members and Collaborators\***

- Universities
  - Startups & Enterprises
  - Science Organizations & Non-profits



# Diagram as of February. >100 Now

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## Six Focus Areas:

1. Education, skills building, and research
2. Trust and safety
3. Tools for building models and applications
4. Hardware portability
5. Open models and datasets
6. Policy and regulations

Spreading knowledge

Technical developments

Maximize access, with safety

A large, medieval-style castle with multiple towers and spires, set against a dramatic sky with birds flying overhead.

# The Challenges

A landscape photograph of a mountain range at dusk or dawn. The sky is filled with numerous star trails, creating a sense of motion and time. A prominent, brightly lit meteor or comet streaks across the upper right quadrant. The foreground shows dark, silhouetted mountain peaks and a valley floor with some vegetation.

All Is Inherently  
Probabilistic

Developers are accustomed to software systems that are deterministic (more or less<sup>‡</sup>).

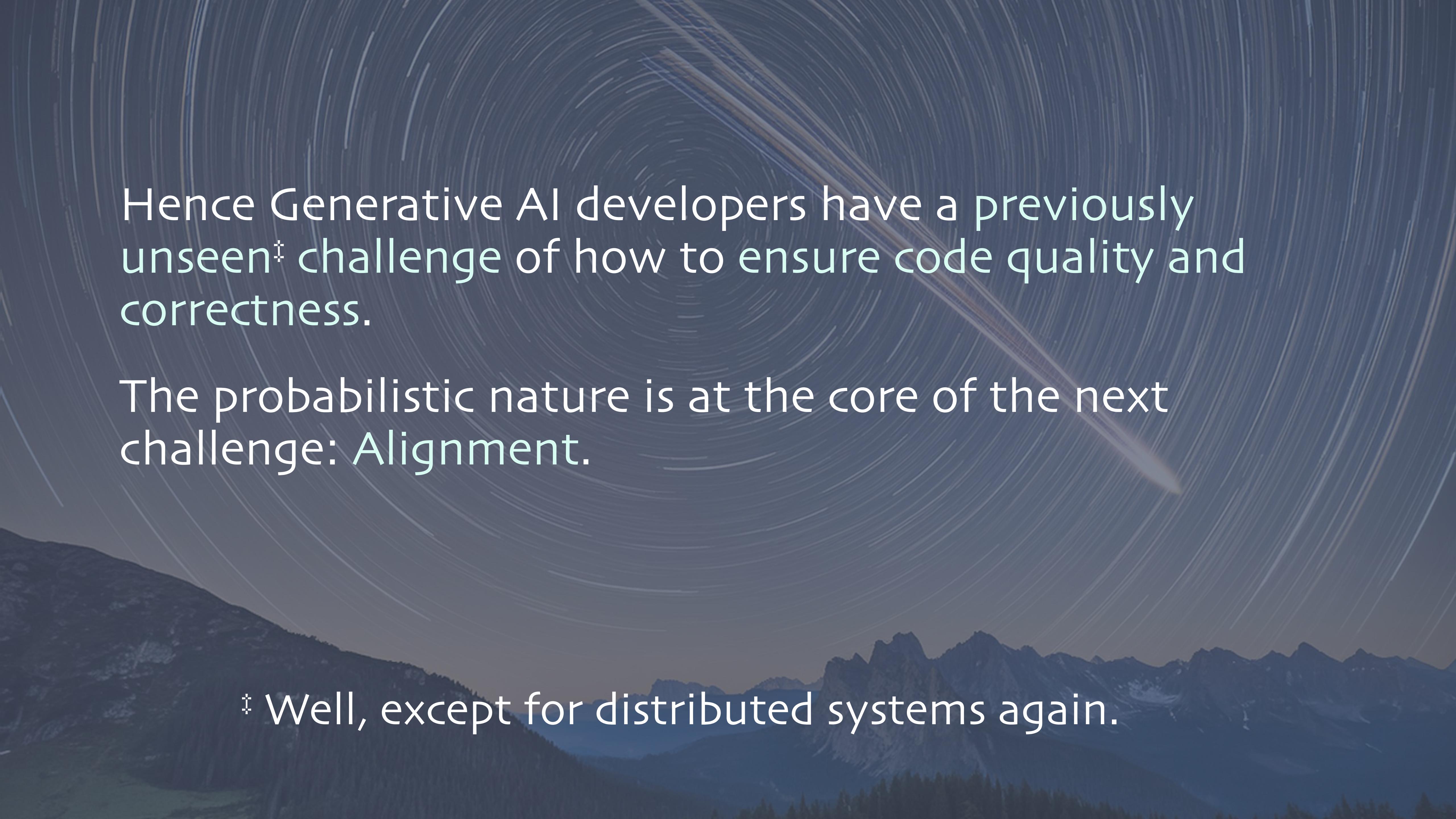
- Calling a function with the same input returns the same output.
  - e.g.,  $\sin(\pi) = -1$
- When a result is different, then something has broken (a regression)!
- We have relied on determinism to help ensure quality and correctness.

<sup>‡</sup> Distributed systems break this clean picture.

Generative models are inherently probabilistic (more or less<sup>‡</sup>).

- Calling a model with the same prompt returns different results.
  - e.g., `chatgpt("Write a poem") -> insanity`
  - How do you write a repeatable test?
  - Is that new model actually better or worse than the previous model?

<sup>‡</sup> A tunable “temperature” controls how probabilistic.



Hence Generative AI developers have a previously unseen<sup>‡</sup> challenge of how to ensure code quality and correctness.

The probabilistic nature is at the core of the next challenge: Alignment.

<sup>‡</sup> Well, except for distributed systems again.

# Alignment



Alignment - Assuring that the model or AI application works as intended, i.e., that the results satisfy requirements for:

- Usefulness for user goals
- Free of bias
- Free of objectionable speech and concepts
- Free of copyrighted material
- Factually correct, i.e., free of hallucinations

Alignment - Assuring that application works as intended, results satisfy requirements

- Usefulness for user goal
- Free of bias
- Free of objectionable stuff
- Free of copyrighted material
- Factually correct, i.e., true

Alignment is the hardest problem blocking broader adoption of Gen AI.

# Hallucinations

Hallucinations remind us that context matters for alignment. What are your users' intentions and requirements?

# Hallucinations

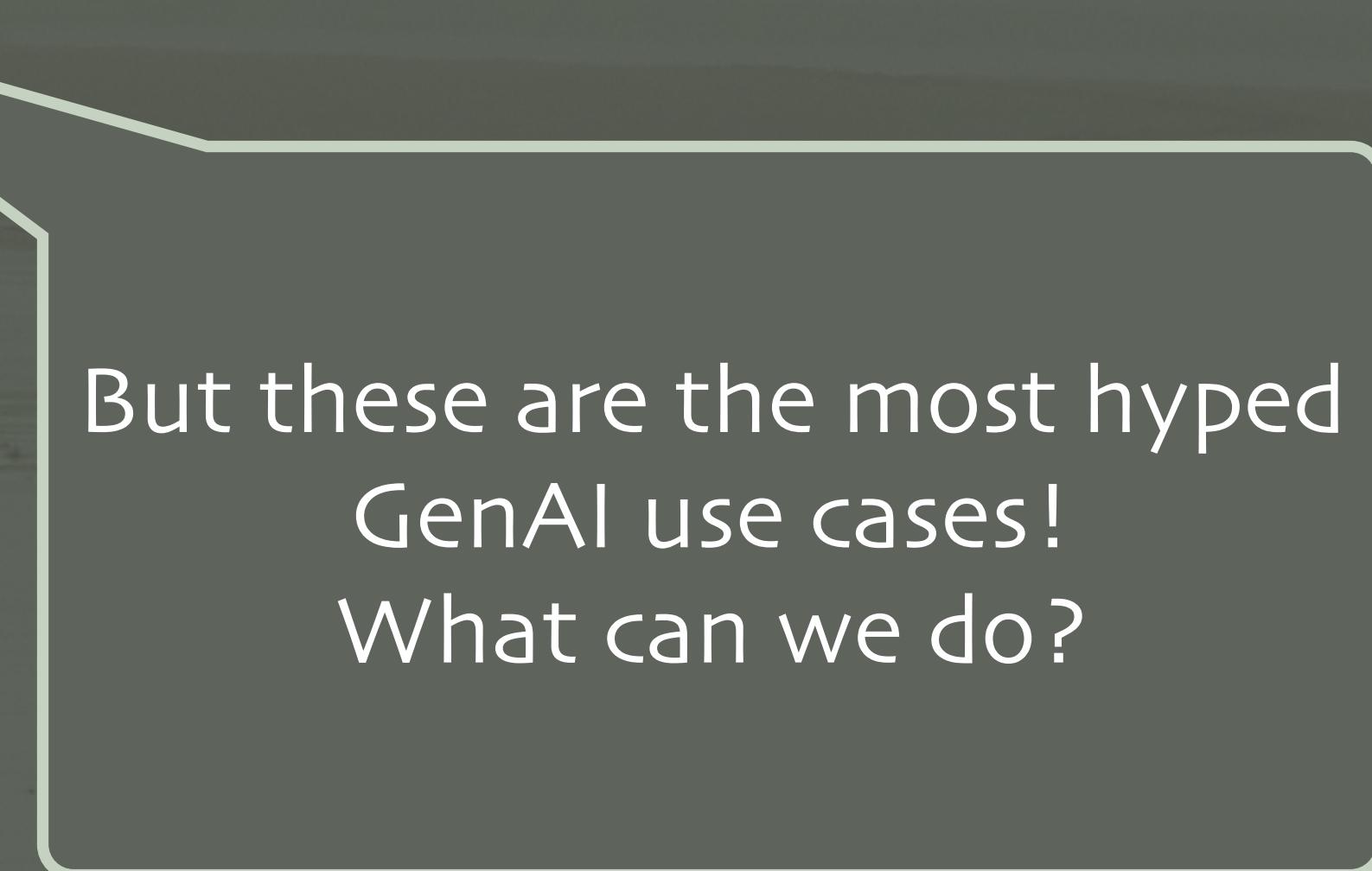
However, hallucinations **are** acceptable for:

- Tools for creative pursuits
  - Stories and scripts
  - Images and videos
- But copyright infringement is important.
- (I won't mention the impact on jobs...)

# Hallucinations

But, hallucinations **are not** acceptable for:

- Customer service chatbots
- Medical, legal, financial, ... recommenders, classifiers, etc.
- Search engines
- Resume writers
- Coding assistants



But these are the most hyped  
GenAI use cases!  
What can we do?

# Hallucinations

But,

- C There is a big difference between tech as augmentation versus automation.
- A Augmentation (think Excel and accountants) benefits workers while automation (think traffic lights versus traffic wardens) benefits capital.

LLMs are controversial because the tech is best at augmentation but is being sold by lots of vendors as automation.

- S

Jun 10, 2024 at 10:31 · 🌎 · Ivory for iOS · 112 · ★ 181

- R



- Coding assistants

t hyped

GenAI use cases!  
What can we do?

# Emphasize Augmentation

- Use design patterns like RAG and Agents.
  - Combine tools with complementary strengths
  - Use models for “universal translation” between human and “other languages” (e.g., SQL).
  - Leverage relational, graph, or other data stores.
  - Use deterministic systems (templates, planning and reasoning engines) for accuracy and logic.
  - Keep humans in the loop.

# Emphasize Augmentation

- Use design patterns like RAG and Agents.
  - Combine tools with complementary strengths
  - Use models for “universal translation” between humans and “other languages” (e.g., code)
  - Leverage relational, graph, and probabilistic reasoning engines) for a more robust system.
  - Keep humans in the loop.

An example from this year's cohort:

The screenshot shows the homepage of the Levee AI website. At the top, there is a navigation bar with the logo 'Levee' (featuring a water drop icon), 'How It Works', 'Solutions', and 'Company'. A 'Book demo' button is located in the top right corner. The main headline reads 'Transform your hotel operations' in large, bold, white font. Below it, a sub-headline says 'Streamline workflows and unlock valuable insights to deliver more personalized, elevated guest experiences – all in one AI platform.' Two call-to-action buttons are visible: 'How it works' and 'Request A Demo'. In the background, there is a photograph of two hotel staff members in a room. One staff member is smiling and looking down at something, while the other is partially visible on the right. At the bottom of the page, there is a section titled 'Some of our partners...' featuring logos for M-HUB, Microsoft for Startups, and AWS Startups. The number '1871' is also present in the bottom right corner.

# Regulations and Policy



# Safety Concerns

**THE WHITE HOUSE**

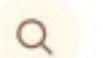


OCTOBER 30, 2023

## Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence

 BRIEFING ROOM  PRESIDENTIAL ACTIONS

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

MENU 

Topics > Digital > Artificial intelligence > EU AI Act: first regulation on artificial intelligence

## EU AI Act: first regulation on artificial intelligence

The use of artificial intelligence in the EU will be regulated by the AI Act, the world's first comprehensive AI law. Find out how it will protect you.

Published: 08-06-2023  
Last updated: 18-06-2024 - 16:29  
6 min read

- [whitehouse.gov/briefing-room/presidential-actions/2023/10/30/executive-order-on-the-safe-secure-and-trustworthy-development-and-use-of-artificial-intelligence/](https://whitehouse.gov/briefing-room/presidential-actions/2023/10/30/executive-order-on-the-safe-secure-and-trustworthy-development-and-use-of-artificial-intelligence/)
- [europarl.europa.eu/topics/en/article/20230601STO93804/eu-ai-act-first-regulation-on-artificial-intelligence](https://europarl.europa.eu/topics/en/article/20230601STO93804/eu-ai-act-first-regulation-on-artificial-intelligence)

# Legal

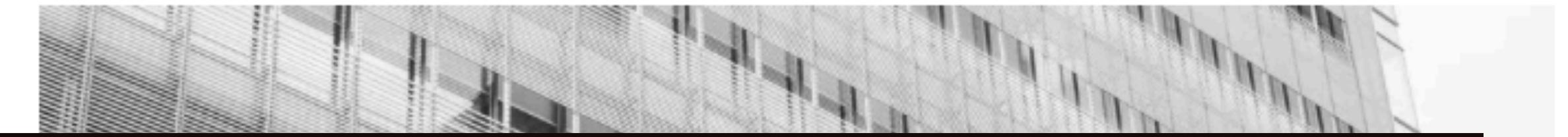
Is it fair use to train  
with copyrighted  
data?

- Some legal experts say, it IS fair use, like you reading the NY Times, WSJ, a book, etc.
- What matters is how:
  - you acquire the information and
  - quote it with appropriate attribution!

## ***The Times Sues OpenAI and Microsoft Over A.I. Use of Copyrighted Work***

Millions of articles from The New York Times were used to train chatbots that now compete with it, the lawsuit said.

 Share full article    1.3K



# Question:

Can AI-generated content be copyrighted?

- "..., in the United States, copyright laws do not protect works created solely by a machine. But if an individual can demonstrate substantial human involvement in its creation, then it is plausible they may receive copyright protection."
- BUT, if training (prev. slide) is treated like a human activity, shouldn't creating content also be treated this way?

# Total Cost of Ownership



# Generative AI IS Expensive

- TOC for Gen AI inference much higher than other services.

McKinsey: <https://ceros.mckinsey.com/genai-cost-interactive-desktop/p/1>

**Estimated total cost of ownership for different archetypes**

**Taker**

**Shaper**

**Maker**

**Example use case**

Customer service chatbot fine-tuned with sector-specific knowledge and chat history

**Estimated total cost of ownership**

**~\$2.0 million to \$10.0 million, one-time unless model is fine-tuned further**

- Data and model pipeline building: ~\$0.5 million. Costs include 5 to 6 machine learning engineers and data engineers working for 16 to 20 weeks to collect and label data and perform data ETL.<sup>1</sup>
- Model fine-tuning<sup>2</sup>: ~\$0.1 million to \$6.0 million per training run<sup>3</sup>
  - Lower end: costs include compute and 2 data scientists working for 2 months
  - Upper end: compute based on public closed-source model fine-tuning cost
- Plug-in-layer building: ~\$1.0 million to \$3.0 million. Costs include a team of 6 to 8 working for 6 to 12 months.

**~\$0.5 million to \$1.0 million, recurring annually**

- Model inference: up to ~\$0.5 million recurring annually. Assume 1,000 chats daily with both audio and texts.
- Model maintenance: ~\$0.5 million. Assume \$100,000 to \$250,000 annually for ML Ops.

Forbes

FORBES > INNOVATION > AI

## Generative AI Breaks The Data Center: Data Center Infrastructure And Operating Costs Projected To Increase To Over \$76 Billion By 2028

Jim McGregor Contributor  
Tirias Research Contributor Group ⓘ

Follow

May 12, 2023, 04:33pm EDT

Forbes: [link](#)

Harvard Business Review - What CEOs Need to Know About the Costs of Adopting GenAI:  
<https://hbr.org/2023/11/what-ceos-need-to-know-about-the-costs-of-adopting-genai>

# One Solution: Smaller Models

- In 2023 we learned useful model size tradeoffs:
  - Big models:
    - ✓ More generalizable
    - ✓ Highest benchmark scores
    - ✗ Much higher costs, carbon footprint
  - Small models:
    - ✗ Less generalizable
    - ✓ Easy to tune to be very good for specific applications
    - ✓ Much lower costs, carbon footprint

# One Solution: Smaller Models

- Mixture of Experts
  - Several smaller, cheaper models combine to match performance of one large model
- Better, easier ways to “tune” models
  - and combine them application patterns like “RAG”, etc.

Few organizations need to train models from scratch. Instead, they should start with good, “open” models and tune them for their needs.

A black and white photograph of a dense forest. The scene is shrouded in thick fog, obscuring the sky and creating a somber atmosphere. Bare tree trunks stand tall, their intricate branching patterns visible through the mist. In the distance, a small, dark silhouette of a person walks along a path, adding a sense of scale and mystery to the vast, quiet landscape.

Generative AI  
in Five Years?

# What Problems Are Temporary?

Hardware and energy costs will plummet

- New, more efficient accelerator architectures ("Post GPU")
- New, more efficient model architectures ("Post Transformer")
- New accelerator and model architectures
- Much more efficient training, tuning, and inference

We will know what really does and doesn't work

- Probabilistic models will *always* hallucinate...
- ... so we'll combine tools

# What Will Life Be Like?

The Matrix? Or will AI be a normal, ubiquitous part of daily life, like the Internet is today

- Enhanced productivity in work and life
- ... but lingering concerns about safety, jobs, ...

A revival of writing, painting, photography, ...

- We'll be sick of AI-generated content

# Thank You!



- Visit [thealliance.ai](https://thealliance.ai)
- Let me know what you think!
  - [dean.wampler@ibm.com](mailto:dean.wampler@ibm.com)
  - Mastodon and Bluesky: @deanwampler
  - Other talks: [deanwampler.com/talks](https://deanwampler.com/talks)



# Extra Slides



# Notes

1. © 2004-2024, Dean Wampler, except where noted. The photos are based on my photographs ([flickr.com/photos/deanwampler/](https://flickr.com/photos/deanwampler/)), but all are manipulated by AI in some way. Where noted, the image was generated by Adobe Firefly with one of my pictures as a “reference image” for the style. For the other images, I used Firefly to add elements to my image.
2. Cover and end slide images were both generated by Firefly using the following sunset image as a reference image, which taken from Clingmans Dome, Great Smoky Mountains NP: [flickr.com/photos/deanwampler/51664228468/in/album-72157720120215384/](https://flickr.com/photos/deanwampler/51664228468/in/album-72157720120215384/)
3. “AI Is Inherently Probabilistic”, image generated by Firefly using this Wind River Range astro image as a reference image: [flickr.com/photos/deanwampler/53004539434/in/album-72177720302185576/](https://flickr.com/photos/deanwampler/53004539434/in/album-72177720302185576/)
4. “Alignment”, an Oregon coast image enhanced with Firefly: [flickr.com/photos/deanwampler/4850305877/in/album-72157624506732831/](https://flickr.com/photos/deanwampler/4850305877/in/album-72157624506732831/)
5. “Regulation and Policy”, a fake city hall or parliament building where I used a night-time image of the Brussels City Hall as the reference image (not on Flickr).
6. “Total Cost of Ownership”, a Chicago Park image enhanced with Firefly: [flickr.com/photos/deanwampler/53419199087/in/dateposted-public/](https://flickr.com/photos/deanwampler/53419199087/in/dateposted-public/)
7. “Developer and End User Education”, image was generated by Firefly using the Chicago Park image as a reference image shown in the “Total Cost of Ownership” section. [flickr.com/photos/deanwampler/53419199087/in/dateposted-public/](https://flickr.com/photos/deanwampler/53419199087/in/dateposted-public/)

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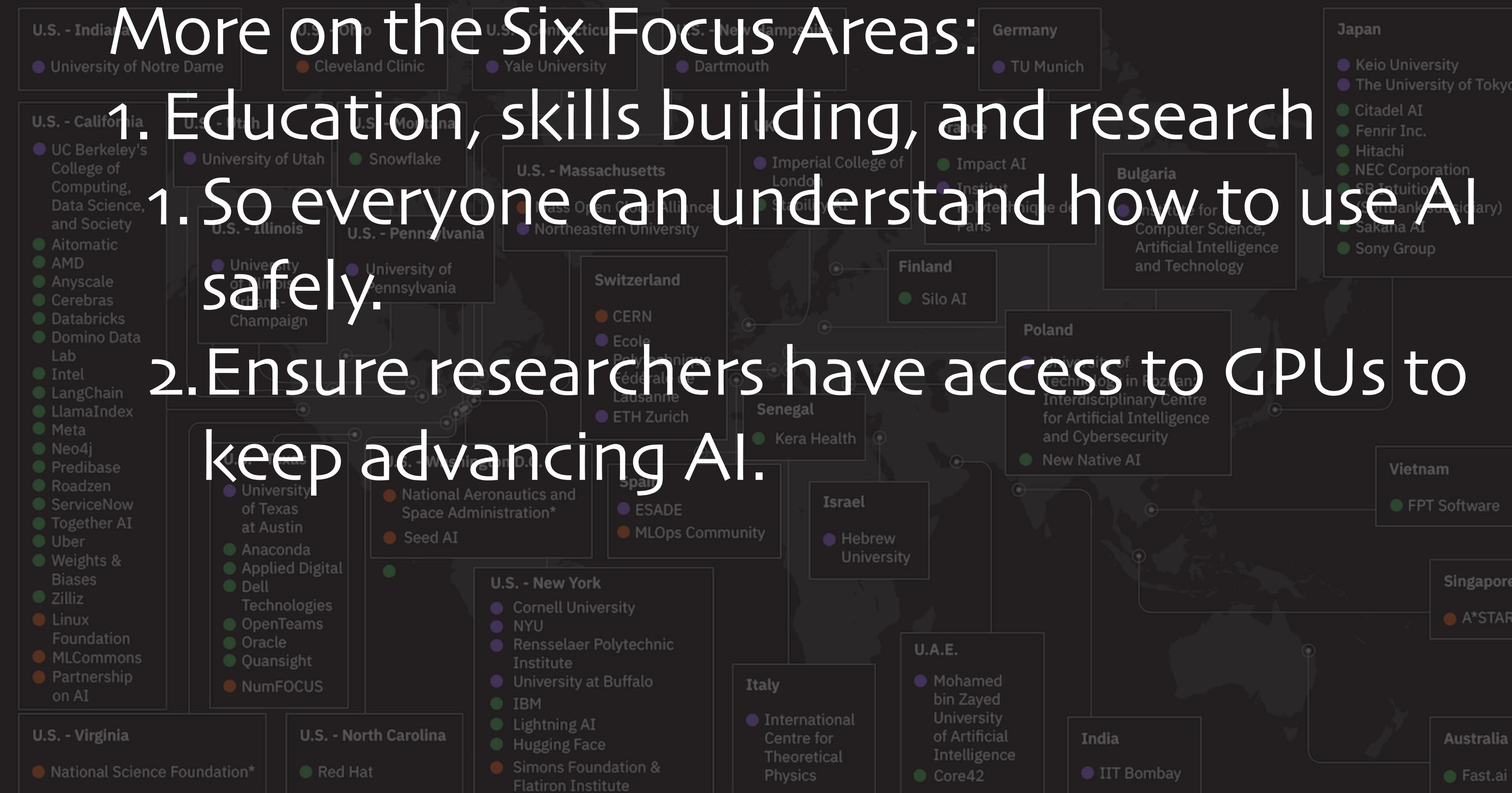
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## More on the Six Focus Areas:

1. Education, skills building, and research

1. So everyone can understand how to use AI safely.

2. Ensure researchers have access to GPUs to keep advancing AI.

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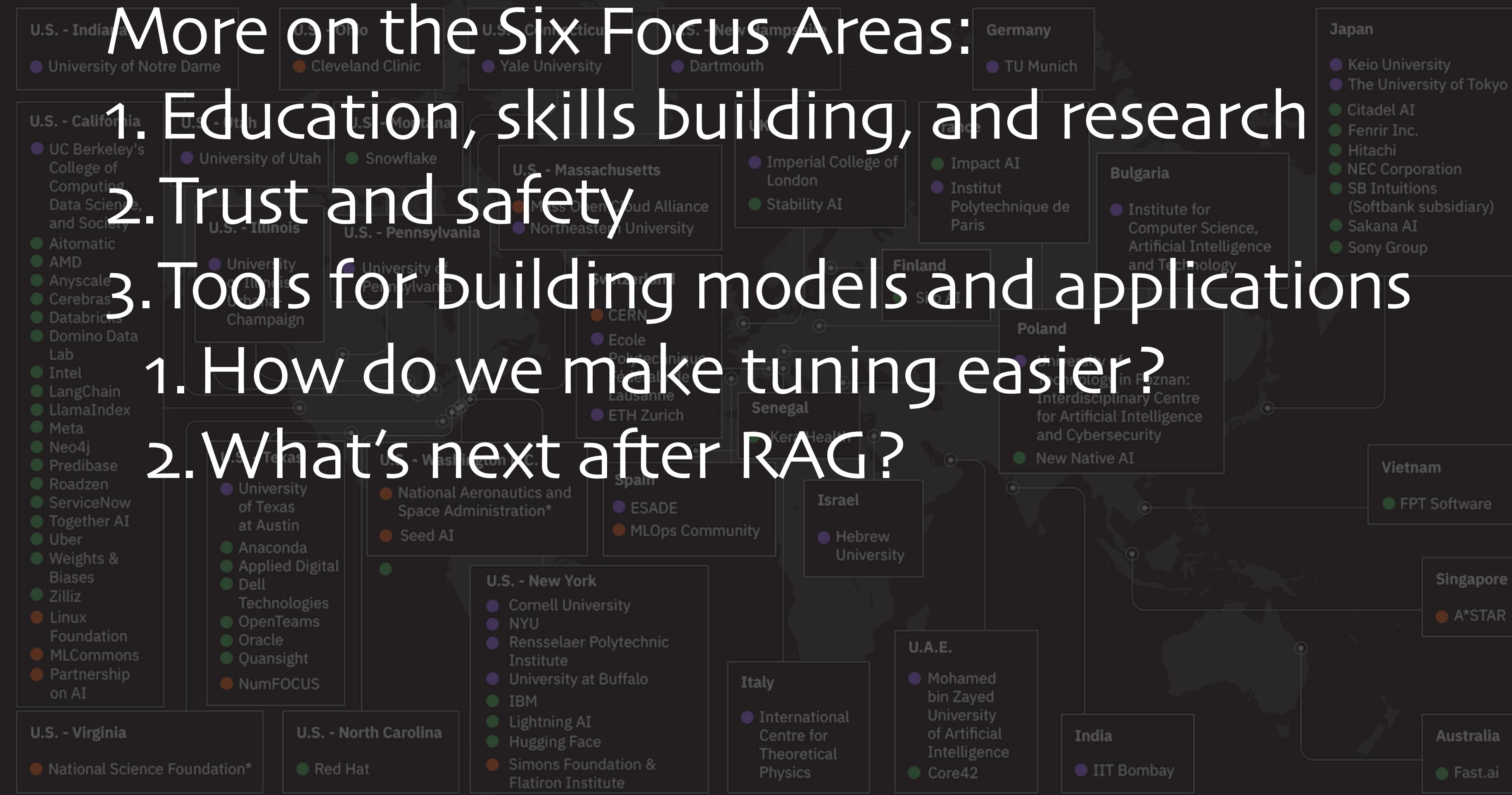
1. Education, skills building, and research
2. Trust and safety
  1. What are all the potential risks?
  2. How do we mitigate them?
  3. How do users choose models that meet their safety requirements?

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1. Education, skills building, and research
  2. Trust and safety
  3. Tools for building models and applications
  4. Hardware portability  
  1. NVIDIA GPUs are expensive and hard to get. What about alternatives?

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5. Open models and datasets
1. Models and datasets for every scenario

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  5. Open models and datasets
  6. Policy and regulations
  1. Discussed later... .