



## Module 6: Assignment

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## Introduction

In this assignment, I'll look at the case study "Red Bull: Sandcastle—Log Cabin—Castle" from Operationalizing AI. This study shows how Red Bull, a top food and beverage company, has used artificial intelligence (AI) in their organization. Even though Red Bull isn't a tech company, they've developed an advanced AI practice. They use a special, nonbinary approach to AI implementation. This approach involves a smooth transition of ownership between data science and IT teams. It also involves carefully looking at each part of an AI solution to find the best balance of business impact, speed, and cost.

I'll explore the main parts of Red Bull's AI strategy. I'll look at how their nonbinary approach, smooth team ownership, and part-based evaluation have helped them succeed. To give context for Red Bull's practices, I'll use relevant literature on AI implementation in organizations. By closely examining the case study and connecting it to course content and industry best practices, this assignment aims to provide useful insights into how to effectively use AI in a business setting. It will highlight the importance of being adaptable, working together, and making strategic decisions when facing technological change.

## Needs & Barriers

The case study highlights several needs and barriers related to AI deployment within their organizational environment. As an established leader in the food and beverage industry, Red Bull faces the challenge of integrating AI solutions into its existing legacy systems and processes . This is a common barrier for non-digital-native organizations, as they must navigate the complexities of adapting their IT infrastructure to accommodate AI technologies (Hashfi & Raharjo, 2023).

To address this challenge, Red Bull has adopted a nonbinary approach to AI deployment, which allows for a fluid transition of ownership between data science and IT teams. This approach helps to mitigate potential culture clashes between these teams, as they work together to evaluate and prioritize AI solutions based on their business impact, speed of implementation, and cost. By fostering collaboration and joint decision-making, Red Bull can more effectively balance the exploration and development of new AI use cases with the efficient delivery of value to the organization (Papagiannidis et al., 2023).

Another need highlighted in the case study is the importance of having a leader who understands both the business and the technical aspects of AI. This enables the organization to translate AI technology capabilities into tangible business opportunities and elevate the case for establishing a strong AI practice to the corporate executive level.

## **Risks & Upsides**

Red Bull's case provides valuable insights into the risks and upsides of deploying AI within a non-digital-native organization. As a leader in the food and beverage industry, Red Bull faces unique challenges in integrating AI solutions into its existing legacy systems and processes (Hashfi & Raharjo, 2023). However, the company's innovative approach to AI deployment, which involves a fluid transition of ownership between data science and IT teams, helps to mitigate these risks while maximizing the potential benefits .

One of the key risks highlighted in the case study is the potential for a culture clash between the data science and IT teams, particularly when there is a strict division of responsibilities (Pavelka et al., 2023). Red Bull addresses this risk by adopting a nonbinary approach that encourages collaboration and joint decision-making between the teams. This approach allows Red Bull to evaluate the components of each AI solution separately, finding the optimal balance among business impact, speed, and cost (Papagiannidis et al., 2023).

On the upside, Red Bull's AI deployment strategy positions the company to realize significant benefits from AI technologies. By leveraging AI to extract relevant information from data, optimize processes, and inform decision-making, Red Bull can drive business growth and innovation (Papagiannidis et al., 2023). The case study also emphasizes the importance of having a leader who understands both the business and technical aspects of AI, enabling the organization

to translate AI capabilities into tangible business opportunities. This leadership, combined with the collaborative approach between data science and IT teams, sets Red Bull up for success in its AI journey.

## **AI Solutions**

Red Bull's AI strategy offers a smart solution to the challenges of adding AI to its current systems. The company uses a flexible approach that lets data science and IT teams work together smoothly.

One key part of Red Bull's solution is moving AI parts slowly from a simple "sandcastle" stage to a more solid "log cabin," and finally to a fully integrated "castle" . This lets Red Bull look at each part separately, thinking about how it will impact the business, how fast it can be implemented, and how much it will cost. By doing this, the company can focus on AI projects that give the most value while keeping risks low when adding new technologies to old systems (Hashfi & Raharjo, 2023).

Another important aspect of Red Bull's AI solution is the focus on collaboration between data science and IT teams. By encouraging teamwork and a smooth handoff of ownership, Red Bull has built a culture that values both technical skills and business knowledge (Papagiannidis et al., 2023). This collaborative approach makes sure that AI projects line up with the company's goals and that the solutions created are practical, scalable, and provide real benefits to the business.

In summary, Red Bull's AI deployment strategy offers a thorough solution to the challenges the company faces in adding AI technologies. By using a flexible approach, gradually moving AI components, and promoting collaboration between data science and IT teams, Red Bull is well-positioned to fully leverage AI to drive business growth and innovation.

## **Alternatives**

A different way for Red Bull to handle the challenges of using AI could be to use a more centralized, top-down approach. Instead of having data science and IT teams work together fluidly, the company could create an AI governance committee to oversee all AI projects.

This committee would have people from different departments, like data science, IT, business operations, and legal. The committee's main jobs would be to set AI strategy, choose which

projects to work on, decide how to use resources, and make sure the company follows ethical and legal rules (Hashfi & Raharjo, 2023).

With this new approach, the AI governance committee would work closely with data science and IT teams to find possible ways to use AI and figure out if they are doable, risky, and helpful. When a project gets the green light, the committee would put together a team with people from different areas to develop and implement the solution. Each team member would have clear roles and responsibilities (Bodea et al., 2020).

This centralized approach is not the same as Red Bull's current strategy, which is more organic and collaborative between data science and IT teams. Red Bull's approach is good for innovation and flexibility, but it might also lead to a lack of coordination and inconsistent priorities for AI projects across the company .

By creating an AI governance committee, Red Bull could make sure all AI projects fit with the company's overall strategy and that resources go to the most promising ideas. This approach could also help reduce risks that come with using AI, like ethical concerns and regulatory compliance issues, by providing a clear framework for making decisions and overseeing projects (Bodea et al., 2020).

However, it's important to know that a centralized approach might also have some downsides, like being less agile and making decisions more slowly. To work well, the AI governance committee would need to find a balance between providing strategic direction and allowing flexibility and experimentation within the data science and IT teams.

## **Conclusion**

In summary, the Red Bull case study shows the challenges and opportunities of using AI in a company that is not originally digital. Red Bull's approach, which lets data science and IT teams work together smoothly, shows how important collaboration and flexibility are when implementing AI. By evaluating AI solutions based on their impact on the business, speed, and cost, Red Bull can focus on projects that give the most value while managing the risks of adding new technologies to old systems.

The case study also highlights how important good leadership is in AI projects. Red Bull's head of data and analytics is a great example of someone who connects the business and technical sides of AI. The other approach of creating a centralized AI governance committee further

emphasizes the need for strategic direction and oversight in AI deployment. In the end, the success of AI projects in the real world depends on a company's ability to encourage collaboration, adapt to change, and match AI projects with overall business goals.

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