

# MODULE 1: RAG ARCHITECTURE OVERVIEW



## LEARNING OBJECTIVES

By the end of this module, you will be able to: - Define Retrieval Augmented Generation and explain its value - Identify the core components of a RAG system - Describe the typical RAG flow from ingestion to generation - Understand trade-offs in RAG system design - Map RAG concepts to the AI Accelerator framework

# 1. WHAT IS RAG?

## DEFINITION

**Retrieval Augmented Generation (RAG)** is a technique that enhances Large Language Models (LLMs) by providing them with relevant external knowledge retrieved from a document corpus during the generation process.

Traditional LLM:

User Query



LLM → Answer

RAG-Enhanced LLM:

User Query



Retriever → Relevant Docs



LLM + Context → Grounded Answer

## THE PROBLEM RAG SOLVES

**Challenge:** LLMs have several limitations: 1. **Knowledge Cutoff:** Training data is frozen at a point in time 2.

**Hallucinations:** Models may generate plausible but incorrect information 3. **Domain Specificity:** Lack of specialized or proprietary knowledge 4. **Attribution:** Difficulty in citing sources for generated content

**Solution:** RAG addresses these by: - Retrieving up-to-date, relevant information at query time - Grounding responses in actual source documents - Enabling domain-specific knowledge without retraining - Providing source attribution for transparency

## REAL-WORLD USE CASES

## 2. CORE COMPONENTS OF RAG

### 2.1 DOCUMENT STORE / CORPUS

**Purpose:** The knowledge base containing documents to be searched

**Characteristics:** - **Format:** PDFs, HTML, markdown, plain text, structured data - **Scale:** From hundreds to millions of documents - **Domain:** General knowledge, domain-specific, or proprietary data

**Example:**

```
# Document structure
document = {
  "id": "doc_12345",
  "title": "Employee Handbook 2024",
  "text": "Company policies and procedures...",
  "metadata": {
    "author": "HR Department",
    "date": "2024-01-15",
    "category": "policies"
  }
}
```

### 2.2 CHUNKING / PREPROCESSING

**Purpose:** Split large documents into manageable, semantic units

**Why Chunking Matters:** - Embedding models have token limits (e.g., 512 tokens) - Smaller chunks = more precise retrieval - Balanced chunk size improves relevance

# 3. TYPICAL RAG FLOW

## COMPLETE RAG PIPELINE

```
graph LR
    A[Raw Documents] -->|1. Extract| B[Text Content]
    B -->|2. Chunk| C[Document Chunks]
    C -->|3. Embed| D[Vectors]
    D -->|4. Index| E[Vector Store]

    F[User Query] -->|5. Embed| G[Query Vector]
    G -->|6. Search| E
    E -->|7. Retrieve| H[Relevant Chunks]
    H -->|8. Context| I[LLM]
    F -->|9. Question| I
    I -->|10. Generate| J[Answer]
```

## PHASE 1: INGESTION (ONE-TIME SETUP)

### Step 1: Extract

```
# Extract text from various formats
from langchain.document_loaders import (
    PyPDFLoader,
    TextLoader,
    UnstructuredHTMLLoader
)

loader = PyPDFLoader("employee_handbook.pdf")
documents = loader.load()
```

### Step 2: Chunk

# 4. TRADE-OFFS IN RAG DESIGN

## 4.1 LATENCY VS ACCURACY

**Latency Factors:** - Embedding model size - Vector store query time - Number of retrieved chunks (k) - LLM size and parameters

### Optimization Strategies:

```
# Faster (lower latency)
embeddings = HuggingFaceEmbeddings("all-MiniLM-L6-v2") # 384 dim
k = 3 # fewer chunks
llm = Ollama("llama2:7b") # smaller model

# More accurate (higher latency)
embeddings = HuggingFaceEmbeddings("all-mpnet-base-v2") # 768 dim
k = 10 # more chunks
llm = WatsonxLLM("ibm/granite-13b-chat-v2") # larger model
```

## 4.2 EMBEDDING MODEL SELECTION

**Considerations:** - **Domain:** General vs specialized (legal, medical, etc.) - **Language:** Multilingual support - **Dimensions:** Higher = more nuance, slower - **License:** Open-source vs proprietary

**Comparison:**

Criteria	Small Model	Large Model					Speed	⚡⚡⚡	⚡	
Accuracy	★ ★	★ ★ ★		Memory	💾	💾💾💾	Cost	\$	\$\$\$	

## 4.3 INDEX SIZE AND REFRESH

# 5. RAG IN THE AI ACCELERATOR

## ACCELERATOR ARCHITECTURE

The AI Accelerator provides production-ready RAG components:

```
accelerator/  
├── tools/  
│   ├── chunk.py           # Document chunking  
│   ├── extract.py         # Text extraction  
│   └── embed_index.py     # Embedding & indexing  
├── rag/  
│   ├── retriever.py       # Retrieval logic  
│   ├── pipeline.py        # End-to-end RAG  
│   └── prompt.py         # Prompt templates  
└── service/  
    └── api.py             # FastAPI endpoints
```

## COMPONENT DETAILS

### 1. INGESTION & INDEXING

**tools/chunk.py** - Document Chunking

```
def chunk_documents(  
    documents: List[Document],  
    chunk_size: int = 1000,  
    chunk_overlap: int = 200  
) -> List[Document]:  
    """Split documents into chunks"""  
    pass
```

# 6. HOW DAY 2 LABS MAP TO RAG COMPONENTS

## LAB PROGRESSION

Lab 2.1 (Local RAG)

↓

Learn: Basic RAG flow, Ollama integration, Chroma usage

Maps to: chunk.py, embed\_index.py basics

Lab 2.2 (watsonx RAG)

↓

Learn: Enterprise RAG, Elasticsearch, watsonx.ai

Maps to: retriever.py, pipeline.py

Lab 2.3 (Twin Pipelines)

↓

Learn: Multi-backend orchestration, comparison

Maps to: Service layer design, api.py

## PROGRESSIVE IMPLEMENTATION

Each lab builds toward a production RAG service:

1. **Lab 2.1:** Core concepts in notebook
2. **Lab 2.2:** Enterprise patterns
3. **Lab 2.3:** Service design
4. **Lab 2.4:** Quality assurance

By end of Day 2: -  Understand all RAG components -  Implement multiple RAG backends -  Ready to integrate into accelerator -  Evaluate and optimize RAG systems



# SUMMARY

## KEY TAKEAWAYS

### 1. RAG = Retrieval + Generation

- Grounds LLM responses in external knowledge
- Reduces hallucinations through factual context

### 2. Core Pipeline: Ingest → Index → Retrieve → Generate

### 3. Critical Components:

- Chunking strategy
- Embedding model
- Vector store
- Retrieval mechanism
- LLM integration

### 4. Trade-offs Matter:

- Latency vs accuracy
- Index size vs freshness
- Cost vs performance

# ADDITIONAL RESOURCES

## DOCUMENTATION

- [LangChain RAG Guide](#)
- [watsonx.ai RAG Patterns](#)
- [Vector Database Comparison](#)

## PAPERS

- “Retrieval-Augmented Generation for Knowledge-Intensive NLP Tasks”
- “Dense Passage Retrieval for Open-Domain Question Answering”

## TOOLS

- [LangSmith](#) - RAG debugging
- [Weights & Biases](#) - Experiment tracking

**Theory Module Complete! ✓**  
Proceed to Lab 2.1 when ready.