**Reading:**

Please read the following McKinsey Global Institute [report](https://www.mckinsey.com/~/media/McKinsey/Industries/Advanced%20Electronics/Our%20Insights/How%20artificial%20intelligence%20can%20deliver%20real%20value%20to%20companies/MGI-Artificial-Intelligence-Discussion-paper.ashx) on how AI is affecting business and software.

**Case Study: Intro to AI**

You are the CEO of “esuitcases.com,” a small but growing niche e-commerce business selling luggage online. After you founded the company three years ago, it has enjoyed impressive growth of 25% per year. Your implementation of direct-email campaigns has particularly impelled those strong results.

Your team includes a number of young marketers talented at quantitative analysis, and others with a strong command of creative messaging. While your BI analysts consult your data and generate reports, esuitcases.com could not be described as a “tech-first company.”

Now, your chief marketer, Tim, proposes turning esuitcases.com into an AI-first company. She has learned that your competitors are all powered by AI, and a third party provider has represented to her that it can deliver a 70% increase in your sales by optimizing your emails and send times. However, this initiative will require moving your data and all emails into their pipeline, a course of action about which you have doubts.

Your CTO, Molly, has some different ideas. She has had initial talks with another vendor, more or less a startup, which is recommending an implementation of AI which will require esuitcases.com’s customers to change their behavior significantly. This vendor confidently promises “great ROI,” but Molly concedes that their track record is thinner than one would hope to back up their claims.

Alternatively, Molly is attracted to the notion of building esuitcases.com its own AI platform. The first step will be to implement a testing framework in order to find out which elements are working. That testing would take up at least a full quarter’s worth of activity. Then, developing esuitcase.com’s own in-house expertise would take at least another two quarters. That length of time is comparable to the time that would be required to integrate with Tim’s vendor. You are aware that Molly can be overly optimistic when it comes to planning and deadlines.

**Questions:**

Taking into account the reading and the class material, please respond to the following questions. Try to limit the response to each question to 300 words or thereabouts.

1. What is your “gut preference” among the three alternatives: Tim’s outside vendor; Molly’s outside vendor; and Molly’s in-house proposal? What factors are driving that preference?
2. What do you see as the advantages and risks of each alternative? Identify the one alternative you believe is riskiest, and the one you think is safest, and why.
3. In order to evaluate the alternatives further, what questions should you pose to Molly about her in-house proposal? What questions should you pose to each of the two vendors?