RISKS and Benefits of Artificial Intelligence (AI)

Entrepreneur Giorgos Karlaftis analyses the not-so-bright side of AI applications, offering a realistic view of the risks of wasting resources.

A lot has been written about Artificial Intelligence (AI) in a short time. AI can bring significant benefits to businesses, but also risks. It has invaded the technological field of enterprises through a set of promising algorithms, giving rise to different applications and systems aimed at increasing automation in many areas.

However, as noted by Giorgos Karlaftis, Founder/Entrepreneur, in addition to specialized and sophisticated research laboratories (robotics, artificial limbs, automation of critical systems, virtual and augmented reality, etc.), a milder – in terms of broader understanding – spectrum from applications, with ease of access to the corresponding tools, has been more widely diffused in the markets.

“However, the fundamental risk of their proper use must be considered, in other words the lack of deep understanding, proper training and implementation of AI application implementation methodologies. In case of inappropriate use, such a venture will evolve into an additional technological layer, which will consume energy, manpower, additional resources and money without an appreciable and sustainable return (ROI),” he emphasizes.

BENEFITS AND RISKS

As Mr Karlaftis explains, the benefits first refer to increased efficiency, with AI automating repetitive tasks, allowing for flexible, accurate operations while reducing human error. In addition, in terms of process optimization, companies can use AI to improve business processes and thus increase productivity.

Furthermore, it is possible to analyze behaviors for the provision of personalized services and experiences, enhancing the satisfaction of the customer base, while further empowering businesses in data analysis, such as in predictions (predictive analytics) on this data for appropriate decision-making. Another automation project is using virtual assistants to replace physical interactions with customers, consuming a lot of energy, thereby achieving economies of scale. Companies can also use AI to foster a culture of innovation and creativity and broaden their horizons, for example by accelerating research processes in competitive industries.

"The above outlines the bright side of the use of AI, aimed at direct exits in a company's development path. However, companies have a certain current structure and the main body of their activities cannot easily integrate interventions, innovations and new initiatives, as well as functional upgrading through new digital channels of interaction with the market, based on the existing structure and culture. Every transformation starts from within and requires a new operating model, and every company attempting change needs to understand the effort required, the transition mechanisms, and the risks that all of this entails. We will briefly list below the less bright aspects of AI adoption, giving a realistic dimension to the risks that cause the consumption of resources without effect", emphasizes Mr. Karlaftis.

THE OBSTACLES

The objective obstacles that strengthen the risks are inherent in the business model and refer to the status of each company. The inevitable skills gap in the AI integration process prevents the company's employees from understanding and implementing all dimensions towards a transition of AI applications to achieve comparative advantage and expand the business in the market with new services. Knowledge transfer requires planning and investment of time and training so that managers acquire the required skills and operational readiness in a timely manner.

Established corporate culture may raise different concerns within each company. For example, automating processes and reallocating responsibilities is not a pleasant experience and can threaten job security. The widespread use of AI could lead to job losses in some parts of companies, which could bring about economic and social challenges.

Furthermore, the resulting concerns combined with the biases and ethical beliefs about the quality of the algorithms, which instead of serving the new specifications and directions can have negative effects if they produce unfair and biased results, further discourage employees and the customers. At the same time, the issue of AI systems collecting and using massive amounts of data must ensure privacy to protect the company's reputation in the market.

"Globally balancing the risks and benefits of AI adoption requires a careful strategic approach," notes George Karlaftis, Founder/ Entrepreneur.

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THE TECHNICAL CHALLENGES

In addition to the risks mentioned above, there are also specific technical challenges that make it easy for a business to fail if the necessary knowledge is not acquired on a proper basis:

- The Reliability of artificial intelligence systems, which may not always be reliable or accurate (see the quality of algorithms), leading to possible errors that can affect decision-making.
- Complex implementation, implementation, and maintenance of artificial intelligence systems are technically demanding and require, in addition to know-how, significant resources.
- Regulatory Compliance, which includes careful legal and regulatory compliance.
- Data Protection, where the handling of large amounts of sensitive data requires strict adherence to data protection regulations.
- The "uncritical" Dependence on AI carries risks that lead to a dead end, since it is not possible to return to the previous corporate state, but it also does not have evidence of smooth operation in the new data of the corporate model. If the system fails or is compromised, there is a serious risk that human resource cohesion will break down.

Mr Karlaftis believes that balancing the risks and benefits of AI applications on a global scale requires a careful and strategic approach. Businesses should invest in ethical AI practices. Businesses, however, can become overly dependent on AI systems, which can pose serious risks if those systems fail.