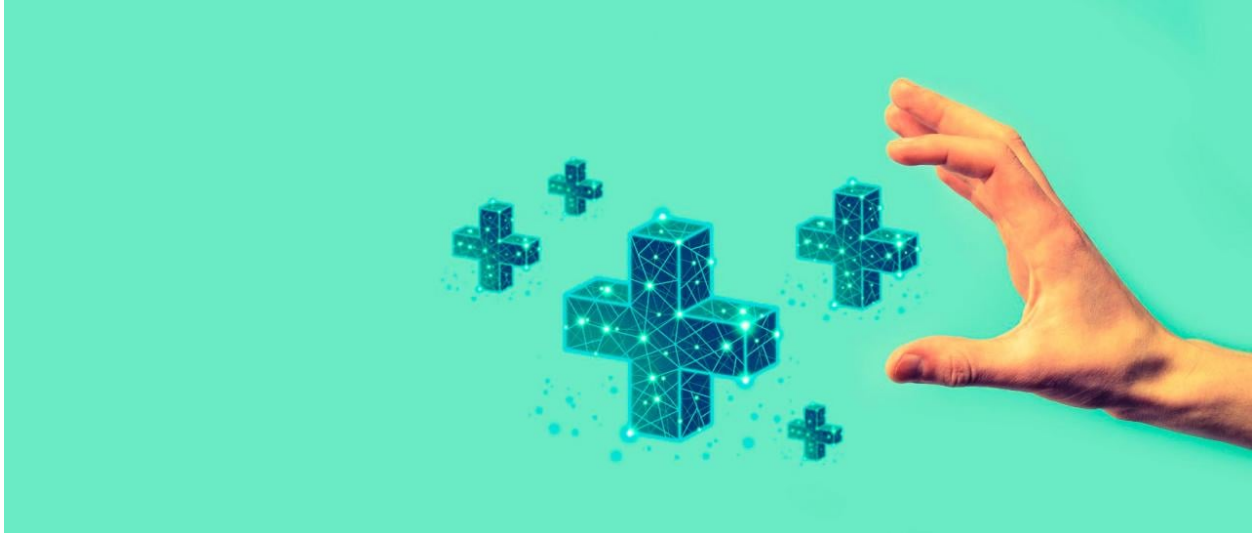


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# Generating Value from Generative AI



By Jason P. Davis , Chengyi Lin and Annet Aris , INSEAD

## **Organisations need experimentation, partnerships and the right talent and systems.**

Billed as a once-in-a-generation technology, generative AI has aroused excitement and uncertainty in equal measures. For organisations, the million-dollar question is how GenAI can add value to stakeholders, from customers and employees to shareholders.

There are several ways to milk the technology, suggest INSEAD professors in this [INSEAD Explains](#) video series. One is to carry out experiments with the aim of improving performance as well as learning GenAI technologies and applications. Another way is to collaborate with partners with complementary capabilities. Finally, organisations should ensure they have the right talent and infrastructure to harness GenAI's power.

### **1. Invest in incremental AI projects**

*[Jason Davis](#), Associate Professor of Entrepreneurship and Family Enterprise*

GenAI's impact can be likened to a black hole's **event horizon** - unpredictable and potentially extreme. My research suggests successful companies navigate this uncertainty through strategic investments in AI projects, balancing performance gains with continuous learning. Tesla's approach to autonomous driving, for example, leverages incremental advancements to build expertise.

As organisations grapple with AI's disruptive potential, the key lies in creating customer value while preparing for larger shifts. This cautious yet progressive approach allows firms to tackle disruption while maximising insights into AI's evolving landscape, positioning them for future success in an AI-driven world.

## **2. Form strategic partnerships**

**Chengyi Lin**, *Affiliate Professor of Strategy*

Unity is strength in the rapidly evolving field of GenAI. Strategic partnerships are becoming crucial for innovation and value creation. Two principles are key to successful collaboration: understanding your partner's offerings beyond technology, and recognising mutual competitive advantages.

Microsoft, for example, teams up with Caterpillar in combining AI technology with industry expertise to optimise crop management. Health tech startup Alken, in partnership with pharmaceutical companies, uses AI to streamline clinical trials while protecting proprietary data. These partnerships demonstrate how companies can drive efficiency and innovation by building on their strengths and leveraging each other's capabilities.

## **3. Be prepared to invest time and resources**

**Annet Aris**, *Senior Affiliate Professor of Strategy*

Rather than succumbing to hype, organisations should identify practical use cases, establish necessary infrastructure and cultivate in-house expertise. Many firms are currently piloting AI projects, seeing potential benefits but hesitating on large-scale implementation due to reliability concerns.

The reality is that scalability and dependability require extensive training, experimentation and process development – not unlike the careful nurturing infants need. Organisations should be prepared to invest significant time and resources. There are no instant AI solutions.

**Find article at**

<https://knowledge.insead.edu/strategy/generating-value-generative-ai>

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**About the author(s)**

**Jason P. Davis** is an Associate Professor of Entrepreneurship and Family Enterprise at INSEAD. He studies digital transformation and innovation in large enterprises, especially Big Tech companies in Asia and the US, as well as the strategies of start-ups in digital platform ecosystems, such as the iPhone and Android mobile ecosystems.

**Chengyi Lin** is an Affiliate Professor of Strategy at INSEAD. His research primarily focuses on digital transformation and innovation for global and multi-national organisations.

**Annet Aris** is Senior Affiliate Professor of Strategy at INSEAD.

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**About the series**

**AI: Disruption and Adaptation**

Delve deeper into developments in artificial intelligence, especially the disruptions across value chains. This series examines AI's impact on a range of sectors, including business consulting, education and the media. It also sizes up the regulatory and ethical questions tied to this game-changing technology.