

# How will artificial intelligence reshape the practice of strategic management?

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**Strategy Summit 2024**

Deer Valley, Utah

# Definitions

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- My definition:
  - AI is computer software that relies on sophisticated, algorithmic techniques to identify and predict patterns in data.
- “Generative AI”
  - Generative AI generates content (text, pictures, sound) rather than categorizing data
- U.S. Census Bureau, Business Trends and Outlook Survey (BTOS):
  - “Computer systems and software that are able to perform tasks normally requiring human intelligence, such as decision making, visual perception, speech recognition, and language processing.”

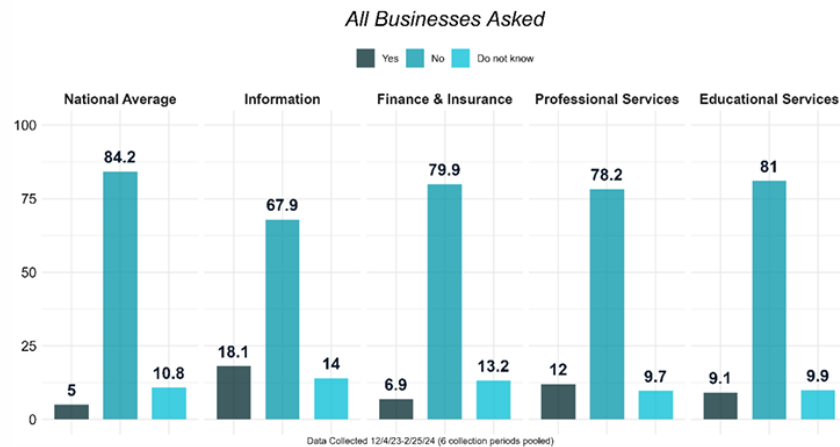


# Point 1: Most firms don't currently use AI

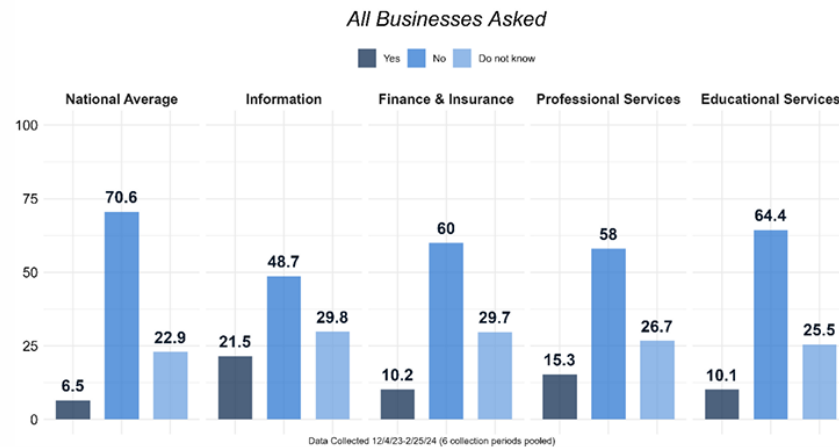
## AI use is low but expected to increase

The Information Sector leads all sectors in businesses indicating using AI and plans to use it in the future.

### Percent of Businesses Currently Using AI



### Percent of Businesses Planning to Use AI



Bonney, Kathryn, Cory Breau, Cathy Buffington, Emin Dinlersoz, Lucia S. Foster, Nathan Goldschlag, John C. Haltiwanger, Zachary Kroff, and Keith Savage. *Tracking firm use of AI in real time: A snapshot from the Business Trends and Outlook Survey*. No. w32319. National Bureau of Economic Research, 2024.



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# Point 2: AI-producing vs AI-using firms

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- Focus of discussion today is on AI-using firms
  - How does AI affect firms' ... decision making, organization, processes, employment, customer and supplier relationships, competition, etc
- Important to also consider role of AI-producing firms (big tech, startups)
  - What incentivizes these producers to develop new products/ services?
  - What problems are these products/ services designed to solve?
  - How are these new products/ services created?
  - How are these producers regulated (competition concerns, product safety, bias, etc)?



# Point 3: Similarity to prior tech

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- There's a lot that's new about how AI will affect firms, workers, society and the economy, but also a lot that's the same as with prior technologies
- It is easier to get published when your research highlights the “new”
- But, focusing on “what's new vs. what's the same” will help managers build a better understanding of AI
- Case in point: we know from Paul David (1989) that it takes many years for investment in new technologies to pay off because firms need to also invest in complementary assets (and may not know what they are ex ante)



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