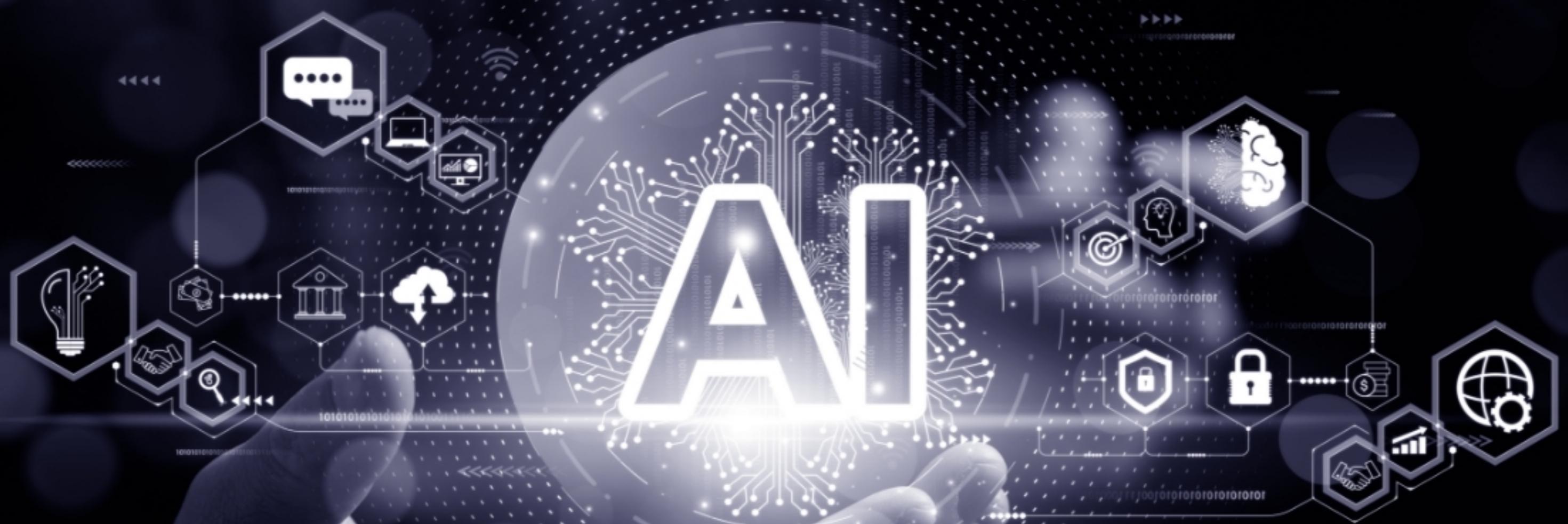


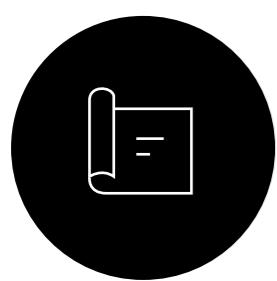
The changing landscape of business AI

The growing role of AI in business applications offers new challenges in security, leadership, and customer experience.



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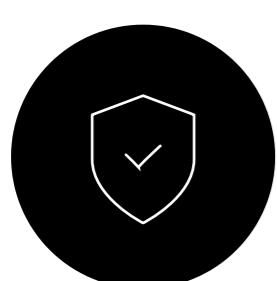
The proliferating roles for AI in internal and external business operations are challenging organizations to keep ahead of customer perceptions and IT best practices. For companies to thrive in an AI-supported world, they'll need to balance bold experiments with carefully aligned strategy, and walk a fine line between novelty and trust. See our insights about leadership, customer experience, and privacy in the era of business AI.



Mapping the AI landscape

As business AI matures and its impacts on the workplace become clearer, we take a look at the dominant strategies informing its role and implementation.

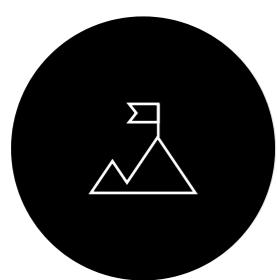
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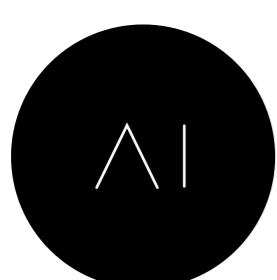
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Mapping the AI landscape

As business AI matures and its impacts on the workplace become clearer, we take a look at the dominant strategies informing its role and implementation.

AI is ascendant in terms of both technical capability and adoption, particularly among enterprise-level organizations. Following a period of initial experimentation, leading businesses are now focusing on pushing AI forward as a driver of function and value. A small group of businesses that have spearheaded innovation within the field have turned AI into a significant revenue generator, with continued growth on the horizon. With 93% of high-performing orgs surveyed either already adopting or considering adopting AI¹, we can safely say that the technology has matured past any lingering reputation as a fad, and has become a fact of life for any business moving forward.

In this overview, we'll examine the current state of AI deployment, strategy, and workplace impact on enterprise-level business.

Areas of investment

While AI tech offers the potential to augment virtually every aspect of an organization's functions, most business leaders will want to prioritize the areas that can deliver the most value for their investment. "Rather than making the choice of employing an AI strategy or not, businesses are now focusing on which strategy to use, and how to go about doing it," says Sridhar Vembu, CEO of Zoho.

“ ”

*The total contribution of AI to the global economy is expected to hit **\$15.7 trillion** by 2030.*

[Semrush, 2021]

[1] IBM, 2018



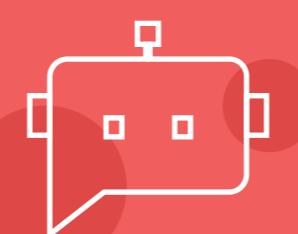
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In 2020, chatbots responded to 85% of customer service interactions.

[Semrush, 2021]

To that end, IT and customer service currently stand out as significant areas of interest, given the widespread proliferation of accessible, intelligent automation within help desk software and customer-facing chatbots. However, this trend is only reflective of the current state of the technology. As further AI advancements are made in such disparate fields as finance, logistics, and entertainment (Netflix's recommendation engine produces more than \$1 billion a year²), we can likely expect AI investments to rapidly diversify alongside continued growth.

[2] Business Insider, 2016



Zoho's AI-powered chat bots

Chatbots have been at the forefront of direct customer engagement with AI—a fact the SalesIQ team at Zoho is deeply aware of. In an effort to put AI interactions on par with the standards set by human reps, Zoho has built out the capability of its chatbot platform, Zobot, to train on articles, FAQs, industry-specific jargon, and even small talk to understand and respond like a trained professional.

Emerging strategies

In broad strokes, organizations that have made a conscious effort to continuously build their pool of AI knowledge and skills have reaped the most benefits. “For AI to increase employee productivity, workers need to have the right training and support to use it effectively,” recommends Raju Vegesna, Chief Evangelist at Zoho.

Successful AI adopters have brought on dedicated employee talent to monitor and manage implementation and optimization of their AI resources across their organization.

22%

of executives surveyed say that more than

5%

of organization-wide EBIT in 2019 was attributable to their use of AI.

[McKinsey, 2020]

Businesses hoping to get the most out of their AI investment should make sure that their talent pool extends all the way to the highest level. C-suites that are well-versed and involved with technology, that can commit to a detailed, long-term AI roadmap, tend to perform higher than most of their peers. Other strategies employed by top-performing businesses include the use of design thinking and end-user feedback during the implementation process. This

UX-centric approach is complemented by tracking KPIs to ensure consistent performance standards post-deployment.

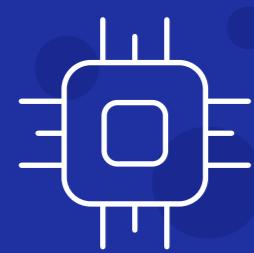


In the workplace

The impact of continued AI innovation on the workplace is predicted to be complex, albeit with a net positive outlook overall for job growth. While automation will likely make many roles obsolete (with a significant impact on data entry and rudimentary accounting work), it will simultaneously result in a much greater wave of expansion and innovation within a variety of other job sectors.³

Both information-sector and people-facing jobs are expected to grow rapidly in response to increases in automation. New roles (and entire industries) committed to

optimizing emerging AI technology, as well as retraining existing staff on new tools, will likely become standard within most organizations. In fact, the hiring process itself has already been augmented by AI, with 75% of resumes currently filtered out by applicant tracking systems before they even come into human hands.⁴



AI at Zoho

Zoho has focused its artificial intelligence product initiatives on providing a diverse array of solutions with an eye on the expanding AI market. Its flagship AI offering, Zia, provides enhanced decision-making for forward-facing teams, including sentiment analysis functionality that rates and prioritizes urgent customer interactions. Zoho has since expanded the scope of Zia to include sophisticated operations such as generating complex macros that can automate and streamline a wide variety of processes across teams and departments.

AI as a fact of life

As AI technology further cements itself into the day-to-day operations of work and consumer life, one thing is certain—the world is becoming a lot more interesting, and very quickly. Any remaining Luddites and AI holdouts may soon find themselves left behind, as the next industrial revolution quietly moves on without them.



Data privacy in the world of AI

AI's strength comes from exposure to a vast sea of data, but keeping users safe means building boundaries around how their data is used.

AI is bringing new and enchanting capabilities to businesses that are ready to embrace it, and experts are rightfully excited about the possibilities. However, there's a lot of ambiguity about what happens to the data an AI system processes.

AI isn't just for one-off projects or special use cases anymore. AI capabilities have become a part of everyday operations, handling data in nearly every business function. With that level of involvement, businesses should be asking how much control they still have over their data.



In particular, AI models trained on user data are vulnerable to model inference attacks, in which an attacker uses the output of an AI to

find out things about the data entered into it. Businesses offering AI software need to take responsibility for protecting users' data in these models as well as in all their products.

“ ”

While the onus has always been on individuals to carry the burden of understanding the lengthy legalese and consenting to data practices that included opaque data sharing and selling, a new market is emerging that lays accountability squarely on the shoulders of businesses.

[Forbes, 2021]

At Zoho, we believe our customers should have complete control over their own data. Zoho avoids the model inference problem by training AI models on controlled datasets,

not user data. Our customers' data is used to improve the AI's performance for their own organization, not to run ads or train our AI models. Every bit of customer data Zoho's AI processes is protected under our industry-leading privacy policy, so the customer stays in control.

With this strategy, we've created scalable, customizable software equipped with cutting-edge AI capabilities that adapt to the unique needs of the business using them, while maintaining our high standards for privacy.



What's more, we own all the core aspects of our technology stack, and we block all adjunct surveillance from our properties. We don't run on public clouds, and we don't run ads. Our security team reports directly to the CEO, to ensure that the infrastructure maintaining our privacy standards is always working at its best, and reports never get bogged down in the chain of command. Zoho maintains the highest level of data

privacy at every level, and our AI is built with those values at its core.

The much-needed change to the usual privacy dynamic is for businesses to make cautious choices about their customers' data and to communicate clearly about what happens to that data. At the core of this change is the values of prioritizing privacy and security from the very beginning of AI development, and communicating clearly about how all user data is used by the AI. Leaders who follow these values are creating more resilient systems to protect users while offering a cutting-edge range of AI features.

The challenges that AI presents for the C-suite

As AI moves from a novelty to a necessity in business, cooperation among leadership is crucial for success.

AI is fundamentally different from other disruptive tech. Many business leaders look at AI with blinders on, focusing on the massive upsides, but failing to properly anticipate the unique organizational challenges that come along with it. While AI can be and has been transformative to a wide variety of companies, it requires a well-coordinated, collaborative effort for its potential to be fully realized. And with 71% of organizations reporting C-suite involvement with AI initiatives this year (up from 39% the previous year)⁵, this fact is clearly becoming common knowledge.

What sets AI apart from the disruptive technologies of the past is also its main benefit: the machine learning processes that allow it to learn and adapt based on new information. However, this means that a high standard of quality for input data is essential for it to work properly and consistently, while bad or incomplete data can lead to big dips in performance and accuracy. For

leadership, this means that a typical new tech rollout is insufficient, even reckless. Regular maintenance, and the organizational buy-in to manage it, is essential, meaning that leadership and coordination at the highest levels are crucial to any AI initiative's success. To ensure success with an AI-forward strategy, it's important that each element of company leadership is fully prepared for the unique task they're taking on. This is a brief overview of the major challenges and opportunities facing some of the major leadership roles in an organization:

CEO

The CEO will act as the face of any large-scale AI initiative both to the public and internally within their organization. Their advocacy will be crucial for incorporating AI into big-picture company strategy. For one, this means that they need to personally surmount the AI knowledge gap if they want

their workforce to do the same. They will need to educate themselves on the principles of AI, and stay educated on the realities and risks that AI poses within their organization and their industry.

Developing and encouraging AI literacy will empower CEOs and other executives to remain vigilant so they aren't outflanked by their competitors' AI maneuvering.

“

It was crucial for the work on our internal AI service, Zia, that I undergo a period of self-education about the current state of AI. It was the only way we could approach the project with full confidence that we were moving in the right direction—for both our customers, and our own work.

- Sridhar Vembu, CEO of Zoho

Conversely, CEOs will also need to ensure that they aren't missing out on any transformative opportunities that AI can create for their organization. We can see the potential for massive disruption in examples such as Netflix's billion-dollar recommendation engine, or Tesla's market-leading autopilot technology, which have required knowledge and decisiveness from leadership to identify and execute. While this is true of any new initiative, AI projects are especially vulnerable to excessive delegation, and they run the risk of dying on the vine without the committed oversight that comes from a knowledgeable CEO.

CFO

Budgeting and forecasting for AI projects can be difficult, based on the inherent complexity of the tech. There can be unforeseen challenges in procuring accurate data, and following that, it can take time to train AI models before they can replace legacy systems. Then, of course, there's the training and expense of integrating the technology into existing processes, which may require contracting with AI solution providers. In their role of evaluating these risks, the CFO generally acts as a

counterbalance to more eager AI proponents, such as the CIO.

On the other hand, AI can be useful for performing key financial functions, such as risk analysis and fraud detection. Out of the growing list of its capabilities, finance is an area where AI can show clear results and deliver unambiguous value. Fintech AI software has the advantage of working with a much cleaner dataset than many other use-cases, like marketing or customer support. Given the opportunity to spearhead AI implementation on behalf of their organization, the CFO can get first-hand experience as an AI user, and act as an advocate among leadership.

CIO

The Chief Information Officer will be a crucial player in directing AI efforts within the org. CIOs will need to manage the balance between pushing disruptive AI initiatives forward and maintaining legacy IT infrastructure. As part of this process, they will need to collect frequent and detailed feedback from internal users of any new AI tools to accurately measure their success, and improve their performance in future iterations.

“

One of the biggest challenges we faced when scaling up our AI initiatives was the same one that a lot of companies face—maintaining a high standard of data quality. To solve for this, we had to collect and curate feedback from end-users across the company, which was a whole other challenge in itself. Our effort was worth it though, because the insights that we found ended up snowballing into its own product in DataPrep, which we now rely on to keep all of our data clean and catalogued.

- Saravanan Muthian, Chief Information Officer at Zoho

This will require the CIO to test and develop new processes for closer and more consistent two-way engagement and feedback between users and IT. On top of that, these processes will need to be able to scale as the scope of the AI implementation increases throughout the organization. Since the CIO is responsible for putting forward ambitious proposals for comprehensive AI programs, they will have to overcome the objections of the more conservative forces among leadership, such as the CFO, by highlighting the potential value the technology can provide that will offset its potential expense.



The CIO will also need to make important decisions on whether they source their AI technology and support from an outside vendor or develop software and training in-house. With 85% of large businesses with AI

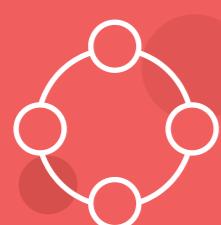
initiatives using external providers for AI training¹, it's a decision many organizations will have to make, and consider carefully. However, this isn't necessarily an "either/or" proposition, and the balance will likely change over time depending on the growth of their internal talent pool, and the expanding purview of the AI initiatives themselves.

CTO

Since the role of the CTO is typically focused on externally facing projects and R&D, their level of potential involvement with AI often depends heavily on the industry that they're working in. For more tech-centric businesses, the CTO is faced with a substantial task when incorporating AI into their product or service offerings.

They will need to rise to the challenge of getting AI-powered products to function reliably to meet the expectations of their customers, and the market. This means developing protocols and benchmarks to control the unpredictability of forward-facing AI. For the CTO and their teams, this requires deep and specific knowledge of different AI models in order to best match them to the tasks they need to perform.

Whether they're looking to use the technology in navigational systems, or in real-time language translation, they will need to make sure that they have the best shot at delivering consistent outcomes, and that their teams have the skills required to make that happen.

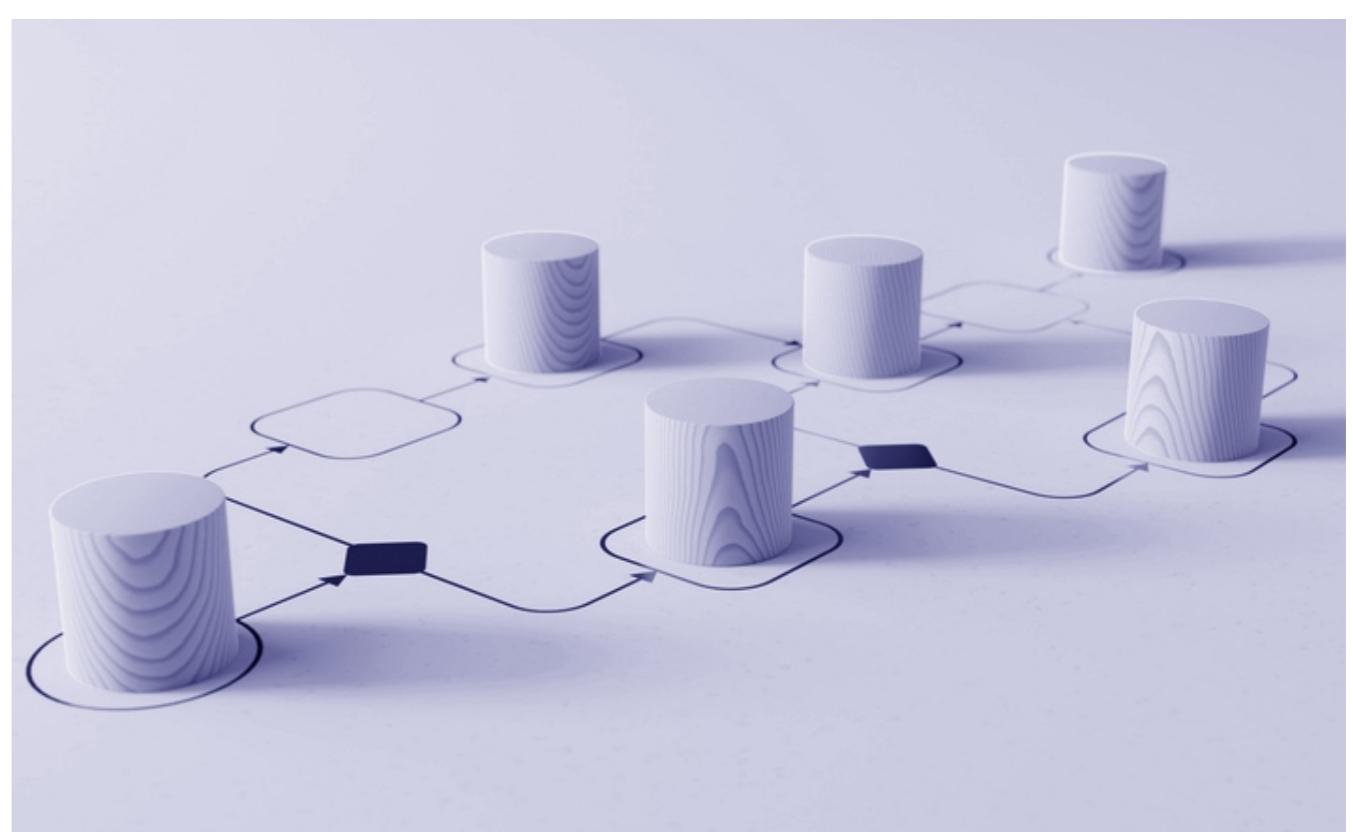


Culture of collaboration

Not only has Zoho worked hard to pioneer out-of-the-box AI capabilities for our users, we implement AI in our own work. While other organizations have suffered from overly-siloed AI rollouts, the C-suite at Zoho has made an intentional decision to maintain a “permanent beta” that sees Zoho using all of its own products on a day-to-day basis. By welcoming input from all sides—employees, users, and implementation partners—Zoho has made a commitment to foster a culture of collaboration and iteration across the board, starting at the board level.

Creating a template for success

When it comes to AI, everyone has their own role to play. From leadership, to risk assessment, to deployment and management, the individuals at the highest levels of an organization each make key contributions towards harnessing the technology to its full potential. However, beyond any individual contribution, one of the most crucial potential. However, beyond any individual contribution, one of the most crucial components for success is a policy of maintaining open communication among the board membership. By sharing their insights and discoveries, they not only help each other succeed, but set a model of collaboration for the entire organization.



Artificial Intelligence: the new frontier for CX

Innovation in AI has evolved both the opportunities and the challenges of delivering a great customer experience.

AI has the potential to revolutionize what it means to provide premium-quality CX. Along virtually every dimension—speed, accuracy, continuity, and availability of service—investments in AI technology promise to deliver strong returns for customer experience. It's more important than ever for tech-forward CX teams to think strategically about how these developments can be harnessed at the organization level. Likewise, tech-forward businesses will need to address how new AI technology will be perceived by their customers, so that it can achieve its full potential as a CX game-changer.

Revolutionizing CX: The impact of AI

The steady pace of AI progress has made it possible for many businesses to entirely reevaluate their strategies for interacting with customers. Among the most visible changes has been the introduction of customer service chatbots. The newfound ability to offer consumers unprecedented access to adaptive, always-on support at minimal cost has made

a strong case early on for the revolutionary potential of AI within the CX domain.



74% of executives say AI will fundamentally change their approach to CX.

[IBM, 2018]

Less outwardly visible (but equally impressive), machine learning algorithms have empowered high-volume businesses to offer unique, personalized experiences to their customers and clients. Tracking and analyzing dozens, even hundreds, of cross-platform interactions with individual contacts would be an impossible task for even the most talented human-led CX outfit. And yet, AI-powered analytics have made it possible to autonomously sift through data across any number of touchpoints, identifying gaps in service quality and suggesting organizational improvements on the fly.

Investing in AI preparedness

With 87% of businesses currently evaluating AI for use in their CX initiatives⁶, it's clear that an AI arms race is already well underway across a multitude of industries. However, success in this field likely won't be determined by ambition alone.



3 out of 5 businesses say that their teams lack necessary AI skills.

[IBM, 2018]

As AI continues to influence all aspects of CX thinking, a new set of strategies will need to be brought forward for organizations to utilize these tools to their full advantage. Over the next few years, organizations that fail to invest in AI readiness will run the risk of falling behind their AI-ready peers.

Proactive organizational strategies for maximizing CX success include:

- ▶ Training CX teams on AI-related skills like database hygiene

- ▶ Identifying the right metrics to measure success and track growth
- ▶ Establishing open channels of communication between IT and customer-facing teams
- ▶ Establishing organization-wide AI protocols that prevent siloing



Enterprise CX through artificial intelligence

Zoho has placed AI at the center of its CX-forward approach to SaaS products. All throughout the process of improving its closely integrated sales, support, and marketing solutions, Zoho has prioritized the use of AI to mediate the complex web of data and communication from team to team, and from agent to customer. AI-powered predictions, recommendations, and automation enable Zoho's clients to remain competitive in the crowded online marketplace.

Looking forward: Evaluating the customer voice

As AI gains further ground within the CX space, businesses will have to be proactive to address the gap in understanding between how consumers feel about the abstract concept of “Artificial Intelligence” and the material benefits already brought forth by AI in their lives. Currently, only 35% of consumers say that they would be comfortable interacting with a business AI.⁷ At the same time, 43% of consumers say they don’t know what AI even is.⁸



Taken together, these facts present a massive opportunity for organizations looking to overhaul their CX operations with the latest AI technology. Businesses that master the ability to move AI from an unknown to a value-add in the mind of their customers have the potential to run away with a massive share of the market.

[7] Pega Systems, 2019 | [8] Blue Fountain Media, 2020

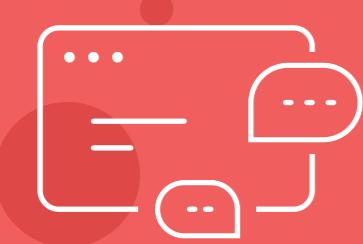
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When we think about the big-picture effects of technology on CX, it's important not to lose sight of the customers themselves. If we truly want to push tech forward, then we need to make an appeal that goes beyond "this is newer and faster."

Businesses need to make it their goal to have customers feel cared for as individuals, with unique wants and needs. And they need to show them how technology actually empowers that level of care and respect.

- Vijay Sundaram, Chief Strategy Officer at Zoho

The fact that such a sizable portion of the population isn't familiar with AI explains the relative lack of support for the technology—a very natural fear of the unknown—with over 70% of consumers claiming to have some level of fear of AI. Foregrounding the benefits of AI, while working to build familiarity with it



Making AI approachable with digital assistants

A few AI-forward businesses have made popular entries into the consumer market with friendly, anthropomorphic AI assistants, featuring human-sounding voices and human-sounding names—like Siri or Cortana. Zoho's AI assistant, Zia, was designed to apply this type of approachable interface to their enterprise software users. Zia has been a success, and Zoho has since expanded its scope beyond a simple voice interface, to a sophisticated AI platform, providing assistance to its entire CX suite and beyond.

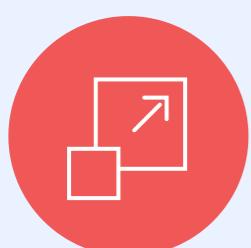
among the general public, will likely be key to transforming the consumer-AI dynamic.

A new future for CX

The arrival of AI marks a tidal shift in the way businesses are able to engage with their customers. What remains to be seen is how organizations that are able to successfully adapt will balance the future and present, providing a groundbreaking quality of experience without moving too quickly for customers' trust. Preparedness and a customer-first approach will be crucial for anyone looking to ride the new wave, rather than being left behind.

Why Zoho for Enterprise?

Proven software, customer commitment, tremendous value.



Scalability & Reliability

Zoho for Enterprise reduces the cost of infrastructure, unifies existing apps, and solves complex business problems for increased enterprise fitness, resilience, and scalability.



Customization & Extensibility

Through granular customizations and powerful in-house developer platforms, Zoho lets you orchestrate workflows, streamline data management, and deploy world-class solutions at scale.



Security & Privacy

From owning our own data centers to GDPR compliance features, Zoho enables enterprise organizations to focus on core business priorities, rather than data management.



Enterprise Services

From data migration to consultation and implementation, our team is armed with the in-depth product knowledge and industry expertise to meet your unique technical requirements.

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We're here to help. Have a 15-minute, no-obligation call with one of our **Business Architects** to get all your questions answered.

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