

AUGUST

**Generative AI as part of
strategy work**



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AI has multiple building blocks of which Generative AI is currently the most talked about – and inside GenAI ChatGPT is the most feasible solution for strategy work

BASICS OF AI AND CHATGPT

Artificial Intelligence

Any technique that enables computers to mimic human intelligence using logic, if-then rules, decision trees, machine and deep learning

Machine Learning

Subset of AI focused on algorithms that learn and improve without being explicitly programmed

Deep learning

Branch of ML based on specific set of algorithms that attempt to mimic the human brain in the form of multi-layered neural networks

Generative AI

Images

Text

Audio

Video

OpenAI ChatGPT

Description

- Generative AI tool developed by OpenAI (of which Microsoft owns 49 %)
- ChatGPT is mainly a text-based tool, but with recent updates (08/2023) it is also able to give visual outputs, analyze files (.csv, .xlsx, ...) and code
- OpenAI has released an Enterprise model which allows training and usage of internal data, but it requires a separate installation and implementation process

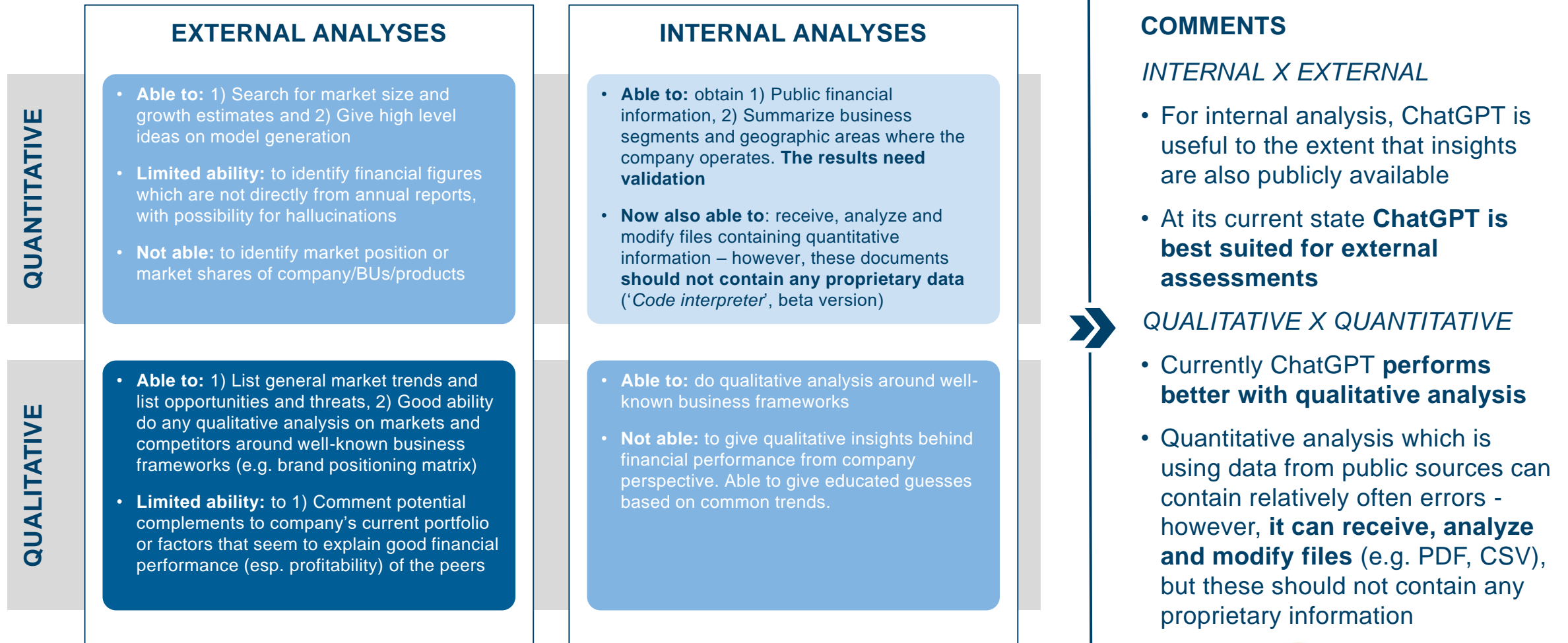
Note: Proprietary data should not be uploaded into the general ChatGPT model due to data privacy risks.

Why ChatGPT?

- **ChatGPT** was the first highly sophisticated GenAI tool to be launched for free use by the public. Since then, **Google Bard** has also been launched and **Palm2** is expected to be released soon to compete with ChatGPT. **Llama2** by Meta has also been released for commercial and research use.
- After testing multiple GenAI software ChatGPT was chosen for this study due to the quality of its answers, the versatility of problems it can solve and widespread availability

At the moment the available GenAI tools, such as ChatGPT, are best suited for qualitative analysis regarding company's external environment

CURRENT CAPABILITIES OF GENAI TOOLS IN STRATEGY WORK



ChatGPT suitability and use cases in strategy assessment



Internal data uploads to general ChatGPT not currently recommended, but Enterprise model has been released which can be used and trained with internal data.

Next chapter describes selected use cases for using ChatGPT to support in analysis and planning work throughout the business development process

USE CASE EXAMPLES

USE CASE EXAMPLES

1. EXTERNAL ENVIRONMENT

Analysis of the external environment to find attractive business opportunities

A: Trend identification

B.1: Market analysis (e.g. segmenting, key players, value chain breakdown)

B.2: Market analysis (e.g. competitor analysis, triangulation, growth projections)

C: Brand positioning

D: Summaries from consumer reviews

2. INTERNAL CAPABILITIES

Assessment of company's performance, and its internal strengths and capabilities

E: Financial analysis (e.g. revenue, profit, CAPEX)

F: Benchmarking with competition

3. OPPORTUNITY

Assessment of company's fit and 'right to win' in the prioritized markets

G: Consumer segmentation

H: Segment strategy creation

I: Comparison of product portfolios and opportunities for expansion

J: Business case structuring (e.g. logic, drivers, figures)

4. WAY FORWARD

Plan forward to concretize the activities required to ramp up the new business

K: Implementation plan structuring

L: Prioritization of possible partners or acquisition targets

M: Pre-thought list of corrective actions (i.e. playbook)

AI USE CASE DRILL DOWNS

Qualitative use case

Quantitative use case

Deep dive on next pages

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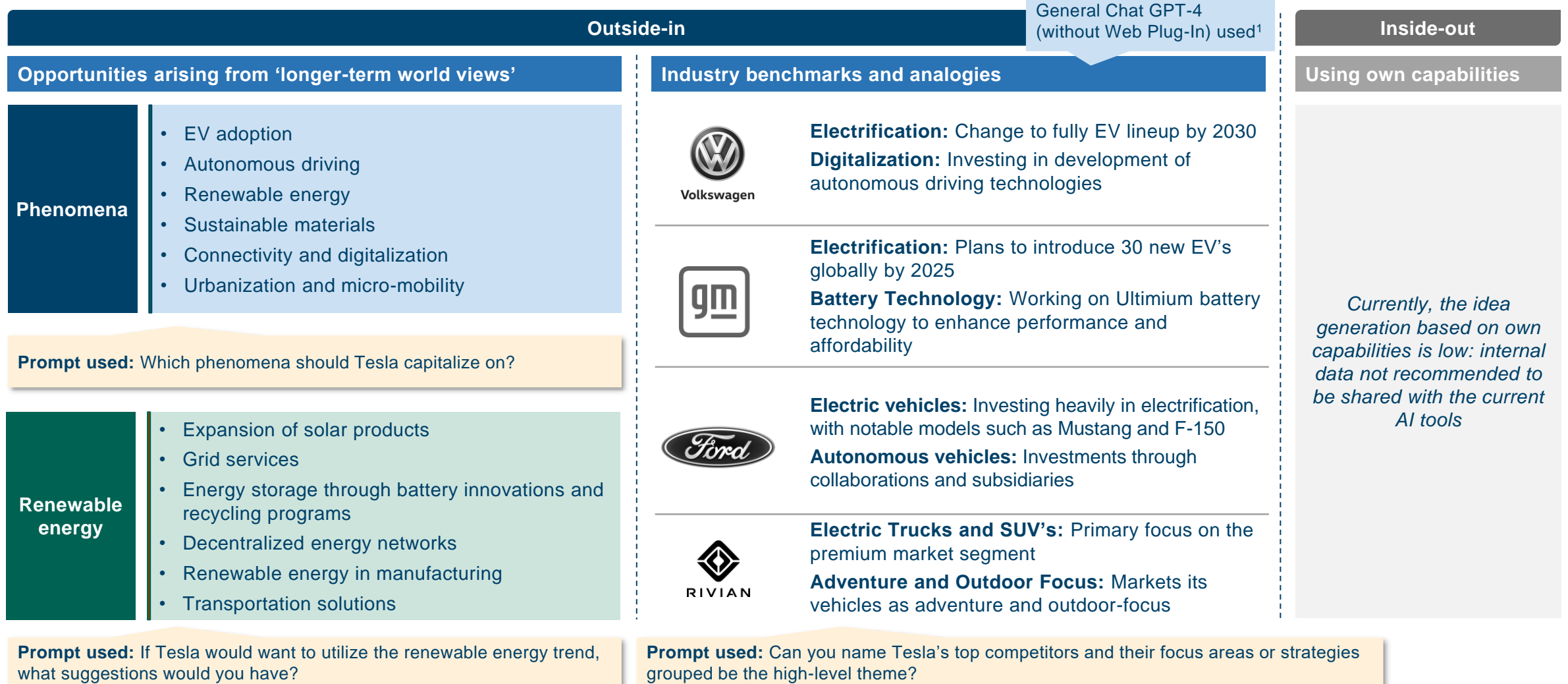
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Note! The use cases highlighted on the next pages were initially conducted in a client setting. However, for this public report, we have chosen to spotlight Tesla, a company with no ties to August. Tesla's status as a renowned and expansive brand allows us to effectively illustrate the industry and organizational adaptability of ChatGPT.

A

For example, ChatGPT can be used for generating ideas for new opportunities in the market, based on trends and industry benchmarks

USE CASE A: TRENDS AND IDEA GENERATION



¹) Based on ChatGPT-4 data cut-off period from 2021. Real-time data availability expected to be available H2/2023.

ChatGPT can be used to find relevant competitors and create an accurate brand positioning matrix on a high-level

USE CASE C: BRAND POSITIONING MATRIX^{1,2}

Prompt used: “Give me a brand positioning matrix table which has Tesla’s top competitors globally. Have the columns as target market, competitive advantage, brand positioning, offering, innovativeness and sustainability.”

	Company	Target Market	Competitive Advantage	Brand Positioning	Offering	Innovativeness	Sustainability
US	Tesla	Mass Market & Luxury	Innovation & Brand Equity	Premium & Innovative	EVs, Solar Products, Energy Storage	High	High
	General Motors	Mass Market	Diverse Vehicle Portfolio	Reliable & Established	EVs, Gasoline Vehicles	Moderate	Increasing
	Ford	Mass Market	Heritage & Truck Leadership	Reliable & Traditional	EVs, Trucks, SUVs	Moderate	Increasing
	Lucid Motors	Luxury	Luxury & Performance	Premium & Luxurious	Luxury EVs	High	High
	Rivian	Luxury & Adventure	Off-road & Adventure Features	Premium & Adventure-focused	EV Trucks, SUVs	High	High
	Apple (Rumored)	Luxury (Expected)	Integration with Apple Ecosystem	Innovative & Premium (Expected)	Autonomous EVs (Expected)	High (Expected)	High (Expected)
China	Waymo	Mass Market (Robotaxi)	Autonomous Technology	Innovative & Tech-focused	Autonomous Vehicle Services	High	Moderate
	NIO	Luxury	Battery Swapping Technology	Premium & Innovative	Luxury EVs	High	Moderate
Germany	Porsche	Luxury & Sports	Performance & Luxury	Premium & Sporty	EVs, Sports Cars	High	Moderate
	BMW	Luxury & Sports	Luxury & Performance	Premium & Sporty	EVs, Luxury Vehicles	High	Moderate
Japan	Toyota	Mass Market	Reliability & Fuel Cell Technology	Reliable & Established	EVs, Hybrids, Fuel Cell Vehicles	Moderate	High
South Korea	Hyundai	Mass Market	Diverse Vehicle Portfolio	Reliable & Value-for-Money	EVs, Gasoline Vehicles, Fuel Cell Vehicles	Moderate	High



ChatGPT can be used to create brand positioning matrixes to compare a certain brand to its competitors. However, there are key concepts to keep in mind:

- ChatGPT gives a **list of competitors, but it might not be exhaustive**. In Tesla’s case it has clearly chosen only more high-end competitors and excluded companies such as Kia and Volkswagen
- ChatGPT might give **different results with the same prompt**
- The results are accurate on a high-level but **require validation through industry specialists**. They are most useful when used as a basis or inspiration for further internal work

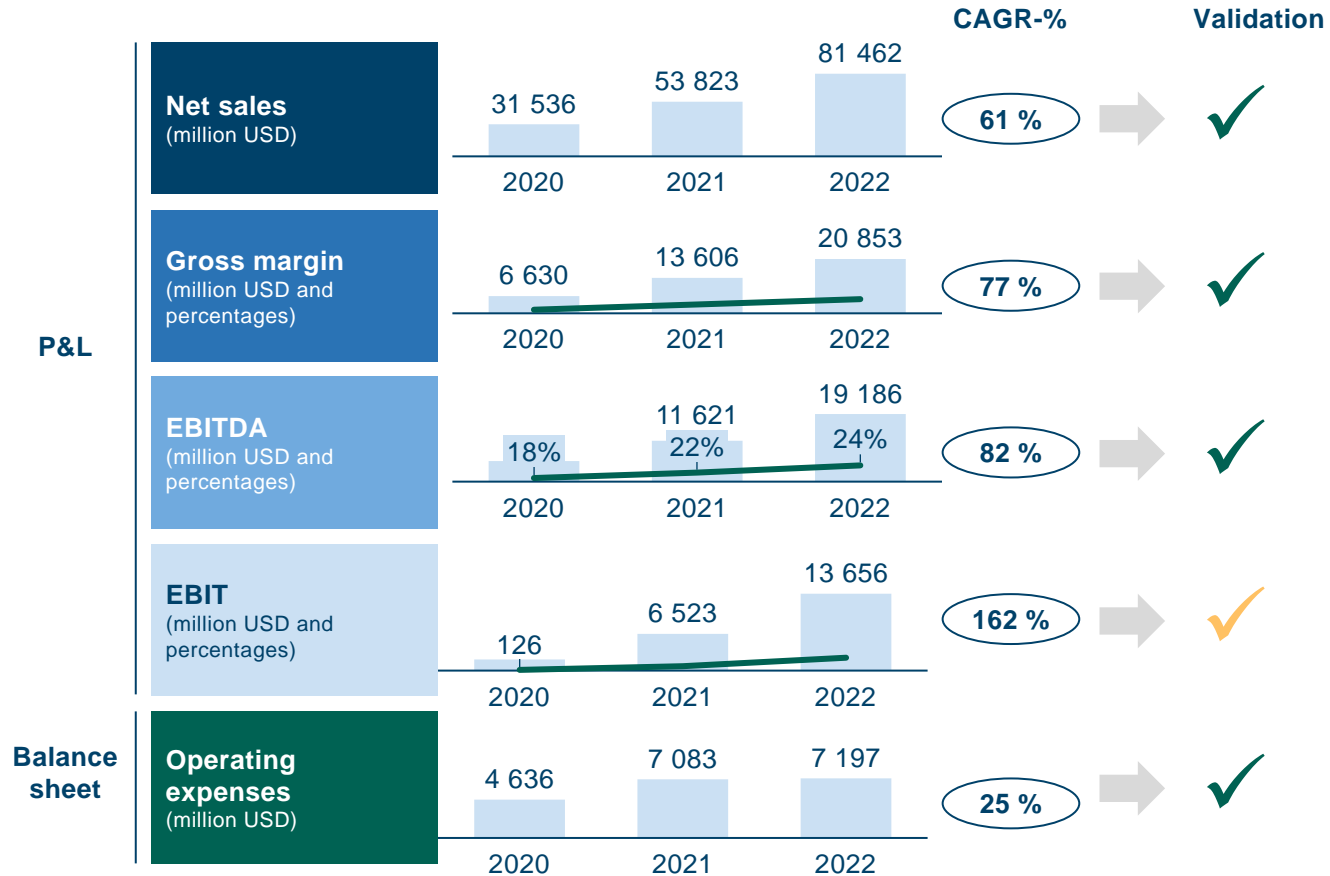
ChatGPT might also create hallucinations into the competitor list, and it needs to be validated. In this use case it didn’t create a hallucination, but included Apple which is not a current competitor to Tesla and only rumored to be creating an EV.

1) ChatGPT disclaimer: Please note that the information is somewhat generalized, and the actual strategies and positions of the brands might vary.
 2) Warning: ChatGPT might occasionally give different answers for the same prompt, so identical results can’t be expected every time.

E

ChatGPT is able to do quantitative tasks, but outcomes require guidance and validation – however, the output quality is expected to increase in the near future

USE CASE E: FINANCIAL METRICS OF AN EXAMPLE COMPANY (M\$)



Tesla’s annual review was uploaded to ChatGPT’s code interpreter from which it extracted the requested data with a high accuracy. CAGR-% and EBIT it calculated on its own as they were not reported in the Financial summary segment.

In general, ChatGPT can search for financial data for companies, but with varying success. The following factors affect its usability:

- If the Annual Review’s and/or Financial is published in an encrypted pdf it blocks the use of ChatGPT’s code interpreter.
- When using the web plugin in ChatGPT it has a hard time finding relevant sources, but also extracting information from them

ChatGPT cannot reliably on its own be asked to acquire financial information as it needs guidance, additional prompting to get results and validation of the outcomes. This results in it generally being faster to manually collect the information for now, but if correct data is ensured ChatGPT is very good in calculating new figures based on the existing data.

Simplified prompt: “Can you make a table for Tesla’s financial performance between 2020 - 2022? Include net sales, gross margin, EBITDA, EBIT and Operating expenses. Also include a column for CAGR-%.”

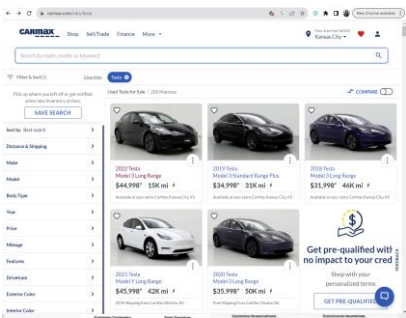
F

ChatGPT is capable of gathering and categorizing data and pricing information from open sources and creating analysis based on it

USE CASE F: COMPETITOR BENCHMARKING

Benchmarking process

Gathering



- Code Interpreter can extract data from online stores such as Carmax, a used vehicle selling platform, using downloaded html files
- Guided, it filters out excess and retrieves desired details like model, price, year, etc.

Prompt used: Extract product names, prices and segments from this html file*

Analyzing

```
<div class="smooth-carousel_container">
<div class="smooth-carousel_content">
<label key="label" class="recommended-refinements--1">
<a href="/cars/tesla/model-s" class="recommended">
<a href="/cars/tesla/model-s" class="recommended">
<a href="/cars/tesla/model-s" class="recommended">
<a href="/cars/tesla/electric" class="recommended">
<a href="/cars/tesla/2021" class="recommended-re">
<a href="/cars/tesla/automated-parking" class="ri">
<a href="/cars/tesla/third-row-seat" class="recon">
<a href="/cars/tesla/black" class="recommended-ri">
<a href="/cars/tesla/automated-cruise-control" c">
<a href="/cars/tesla/apple-carplay" class="recom
</div>
</div>
<button class="smooth-carousel_button smooth-carousel_butti
<svg viewBox="0 0 24 24" xmlns="http://www.w3.org/2000/s
<path d="M0-.25h24v24h0z" fill="none"></path>
</svg>
</button>
</div>
</div>
```

- Code Interpreter lets you combine different datasets together and compare them
- It also be asked to perform calculations, combine different data tables, find possible outliers in the data, hypothesis testing, feature engineering

Prompt used: Combine the Tesla and Hyundai datasets together for analysis*

Benchmarking



- ChatGPT can analyze the data set and create visualizations or calculations based on it
- ‘Model year’ vs. ‘Listing price’ for Tesla’s and electric Hyundai’s shows the different price points they are competing in used vehicles

Prompt used: Visualize the effect of the model year on listing price between Tesla’s and Hyundai’s*

The Code Interpreter excels at swiftly parsing, gathering, restructuring, and analyzing data from various sources. However, it demands precise instructions:

- Complex files (such as html pages) **require more guidance** for wished result
- Code Interpreter tends to “think like a robot” unless told otherwise. **Qualitative thinking is not on by default** when looking at “large” datasets
- Initial categories often based on first five data entries, thorough categorization **requires multiple iterations**
- Comparative **analysis is not very in-depth**, comparable dimensions need to be well defined
- Overall, **can be a valuable and time-saving tool** especially when gathering and combining different data sets. **However, results require validation** as ChatGPT might imply that it has calculated something but done it with unspecified assumptions affecting the result

*Prompts are simplifications

G

ChatGPT can provide ideas for segmenting consumers based on their preferences and for making segment specific improvement suggestions

USE CASE G: CONSUMER SEGMENTATION AND ACTIONS PER SEGMENT

Consumer segment	Visualization*	Description	Actions to be taken
Eco-conscious Commuters		Daily commuters aiming to reduce their carbon footprint with EV's	<ul style="list-style-type: none"> • Launch compact, affordable electric vehicles. • Initiate environmental awareness campaigns. • Introduce trade-in programs for gas vehicles.
Luxury Aficionados		Individuals seeking high-end EV's with superior technology and comfort.	<ul style="list-style-type: none"> • Innovate in Tesla's premium range. • Offer customizable luxury features. • Develop exclusive partnerships with luxury brands.
Fleet operators		Corporate fleet operators aiming to modernize with EV's	<ul style="list-style-type: none"> • Offer bulk purchase programs with discounts. • Provide fleet management solutions. • Collaborate with ride-sharing platforms to promote Teslas.
Tech-savvy Youth		Youth attracted to Tesla's innovative technology and futuristic appeal.	<ul style="list-style-type: none"> • Collaborate with popular influencers and YouTubers. • Develop a mobile app ecosystem for a connected driving. • Engage the community through tech-focused events.
Sustainable Businesses		Businesses transitioning to sustainable practices,	<ul style="list-style-type: none"> • Develop business leasing programs. • Assist in setting up charging infrastructure at corporate sites.









- ChatGPT is useful for both initial consumer segmentation and 'action' generation per consumer segment
- Further enrichment or finetuning of the 1) segments and 2) required actions can be carried out for example with internal experts
- Other AI tools such as Midjourney can create quick visualizations based on prompts to illustrate segments

Prompt used: "Can you create 5 user segments for Tesla: give out names, descriptions and potential actions that the company could take to cater to those specific segments."

*Visualisations done with Midjourney

In addition to the presented use cases, there are several ways to benefit from a variety of GenAI tools

ADDITIONAL USE CASES AND GENAI TOOLS

	<i>Analytics</i>	<i>Information search</i>	<i>Visuals</i>	<i>Writing</i>	<i>Summarizing</i>	<i>Translations</i>
<i>Use cases</i>	 <ul style="list-style-type: none"> • Formula generation for Excel analysis • Code generation • Validating code errors, e.g. formula errors in Excel 	 <ul style="list-style-type: none"> • Direct searches • Summarized searches combining ChatGPT or other relevant search engines • Source listing 	 <ul style="list-style-type: none"> • Creating icons and graphics to improve visualization of presentations • Better visualization improves perception of conducted analysis 	 <ul style="list-style-type: none"> • Sanity checking texts • Finding right tone for the texts • Writing content, emails or blog posts • Slide generation 	 <ul style="list-style-type: none"> • Summarizing webpages, PDFs and even videos for faster information processing • Summarizing meetings based on video or written notes 	 <ul style="list-style-type: none"> • Translating languages and enabling utilization of country specific reports/insights
<i>Example tools</i>	<ul style="list-style-type: none"> • ChatGPT • Bard • MS Co-pilot • Google Workspace 	<ul style="list-style-type: none"> • ChatGPT • Bard • Google search (with chatbot features) 	<ul style="list-style-type: none"> • DALL-E2 • Midjourney • Stable Diffusion 	<ul style="list-style-type: none"> • ChatGPT • Bard • Copy.ai • Rytr 	<ul style="list-style-type: none"> • ChatGPT • Bard • Frase.io 	<ul style="list-style-type: none"> • ChatGPT • Bard • DeepL

There are also AI based websites to search AI tools for your specific use case, e.g. "[Theres AI for that](#)"

Best way to build internal capabilities for using AI in the strategy work, is on-the-job learning in concrete projects

Getting hands-on AI experience from concrete projects would be the most impactful way for most companies to jump start their AI learning journey.

August has the strategy work experience, industry knowledge and AI expertise to provide content and training support for the on-the-job learning experience.

Feel free to reach out to us if you have any questions:



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Optimised prompting is a skill that can be practised and learnt through trial and error

Basics of prompt engineering (SPARK)

1 Specific

Formulate a specific question to get the exact answer you're looking for

"Give me revenue for company X" vs *"Give me the 2021 revenue based on their annual reports balance sheet section"*

2 Precise

Ask for a precise form of output which is the most useful in your case (Example 1)

"Describe these segments" vs. *"Give me 1 sentence precise academic descriptions of these environmental technology segments without adjectives"*

3 Actionable

Make the prompt actionable, ask for a list, description etc.

"Where is AI development going" vs. *"Name 5 of the most important drivers currently affecting AI development"*

4 Refine

Start from a general fast prompt and refine with further ones in order to save time

"Give me the key words in this text", if needed follow up with *"Give me the key words in this text. For example, in the first sentence they would be: student, environment."*

5 Knowledgeable

Write in the prompt knowledge which you might have on the subject

"Describe environmental technology" vs. *"Environmental technology has three segments: X, Y and Z. Describe the key components of each of them"*

Examples

JO Give me a short one sentence descriptions of these envi tech segments so that anyone can understand the technology: solar power, CAES, carbon capture



- Solar power: Generating electricity using sunlight as an abundant and renewable energy source.
- CAES (Compressed Air Energy Storage): Storing compressed air to produce on-demand electricity, enhancing grid reliability and energy efficiency.
- Carbon capture: Collecting and storing carbon dioxide emissions to reduce their impact on the environment and mitigate climate change.



JO Don't name the segments in front, give me only the descriptions in a list



Certainly! Here are the descriptions in a concise list format:

- Generating electricity from sunlight.
- Storing compressed air for efficient energy storage.
- Collecting and storing carbon dioxide emissions to combat climate change.

Ready form to copy paste to PP table

Tips and Tricks

Ask for options

Gamify/role play, e.g. ask from ChatGPT for the best prompt

With Google Chrome extensions ChatGPT user can improve the general interaction with the tool and output quality

Category	Product name	Typical use cases
Information search	ChatGPT for Google ●	Showcases ChatGPT answer next to search engine results (Google, Bing, DuckDuckGo)
	ChatGPT For Chrome	
	ChatGenie	
Web access for GPT	WebChatGPT ●	Adds relevant web results to your prompts to ChatGPT for more up-to-date conversations
Summarizer tool	Summary with ChatGPT ●	Summarizes web content while browsing. Depending on extensions you can summarize text, video, PDFs
	ReaderGPT	
	Wiseone	
File upload	ChatGPT File Uploader Extended ¹ ●	Draws out text content from PDF, Word, Excel, and Image files and enables prompting with your files
Writing tool	ChatGPT writer	Write emails & messages, fix grammar mistakes, rephrase text, change writing tone, summarize text
	ChatSonic	
	OpenAI GPT-3 For Gmail	
Sharing	ChatGPT Prompt Genius	Enables easy sharing of ChatGPT answers instead of highlighting the text and copy pasting
	Copy For Chat GPT	
	ShareGPT	
Other	Engage AI	Helps in engaging in Social media, e.g. writing tweets
	Promptheus	Enables speech to text feature with ChatGPT

● *Plug-in recommendation*

¹ Upload speed (text parsing) slow, e.g. with PDF upload speed seems to be approximately ~5 – 10 pages per minute depending on content and language