

**CIRA Annual Conference 2023: Panel 8,
„KI und Investor Relations“**

Artificial Intelligence: Ground Zero of Tech Excitement?

Vienna, 11 October 2023

Kirkow
CONSULTING GmbH & Co KG

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CERCLE INVESTOR RELATIONS AUSTRIA

The impact of surplus capital on innovation

- Entering a „**super disrupter**“ phase of global corporate life or another bubble as in the dotcom era?
 - **Abundance of capital** and over-investment in start-ups
 - This time, the full benefits may be beyond reach **as interest rates rise** and the tide of free capital recedes
- MOONSHOT TECHNOLOGIES arrive **at speed and faster** than anticipated
 - People becoming more effective at their jobs rather than replacing
 - Generative AI can make **mistakes but responsibility** remains with user for model accuracy, acceptable use, explainability/traceability
- INVESTORS tend to **overestimate** impact of technologies over **short run**
 - Unknown challenges and **unintended consequences**
 - Picking WINNERS in genuinely transformational/investable technology

Unlocking New Opportunities

AI Is the Greatest Technology Force of Our Time

Data centers across industries will become AI factories

AI has fundamentally changed what software can make and how you make software.

Companies are processing & refining their data, making AI software—becoming intelligence manufacturers. Their data centers are AI factories.

The first wave of AI was learned perception and inference, like recognizing images, understanding speech, recommending a video, or an item to buy.

In late 2022, ChatGPT ushered in Generative AI – unlocking new opportunities for AI to generate text, images, video, code, or proteins.

The next wave of AI is robotics and industrial digitalization — robots, avatars, and digital twins – where AI interacts with the physical world.

NVIDIA's acceleration stacks and ecosystems help bring AI to the world's largest industries.

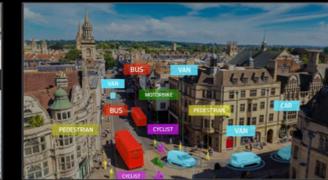
NVIDIA's world-class AI expertise and scale can help revolutionize businesses.



Contact Center AI
500M Calls / Day



Meeting Transcription
3B Meeting Minutes / Day



Public Safety
>1B Smart City Cameras Deployed



Retail Asset Protection
\$94.5B Inventory Loss / Year



Medical Imaging
10M Diagnostic Scans / Day



Industrial Inspection
\$32M Vision Sensors Installed by 2025



Transportation
10T Miles / Year



Credit Card Fraud
1.28B Credit Transactions / Day



Product Recommendations
1B E-Commerce Visitors / Day

Source: Nilson Report, IHS Markit, Similar Web, NRF, WHO, ABI and NVIDIA internal analysis



The 50 Most Promising GenAI Companies



AI development tools

Foundation models & APIs



Data curation



Model development & fine-tuning



Model observability



Vector database tech



Cross-industry applications

Workplace knowledge management



Synthetic voice



Design tools



Search



Image & video generation



Sales & customer support



Code generation



AI assistants & HMI's



Industry-specific

Education



Gaming



Healthcare



Materials & manufacturing



Legal



Construction



Media & entertainment



Note: Companies are private as of 7/25/23.



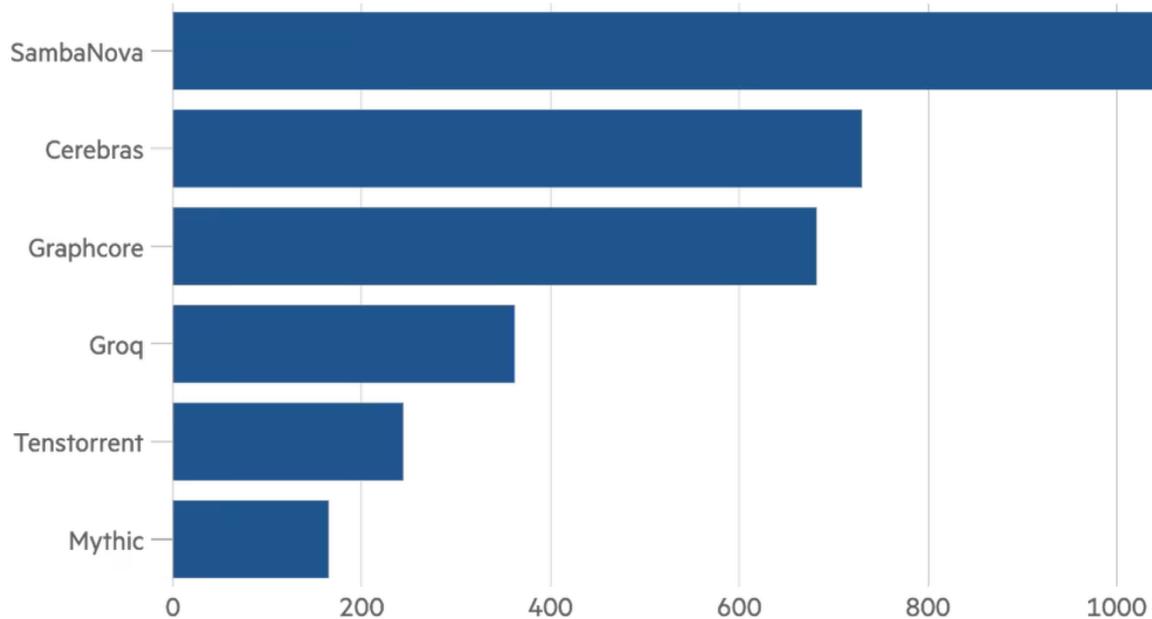
Betting on the sure things?

- Clear **preference for the behemoths** of BIG TECH (“Magnificent Seven”)
 - Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta
 - NARRATIVE: *“If anyone wins the AI race, it will be these companies.”*
 - Presumption of **dominant players still around** in 10 years’ time
- Potential PARADIGM SHIFT for **active (good) stockpickers**
 - AI to **improve productivity**, easier to disrupt entrenched models
 - CHALLENGE FOR INVESTORS: extrapolate long-term cash flows and earnings over a **shorter duration than pre-AI**
 - The **wisdom of the crowd** beating AI in predicting future outcomes
- Detect REAL USE CASES with **financial impact on major companies?**
 - \$28bn Cisco acquisition of Splunk: AI-enabled online security
 - NORGES: improve trading and internal productivity by 10%

Challenging Big Tech?

AI chip start-ups have raised more than \$3bn over the past decade

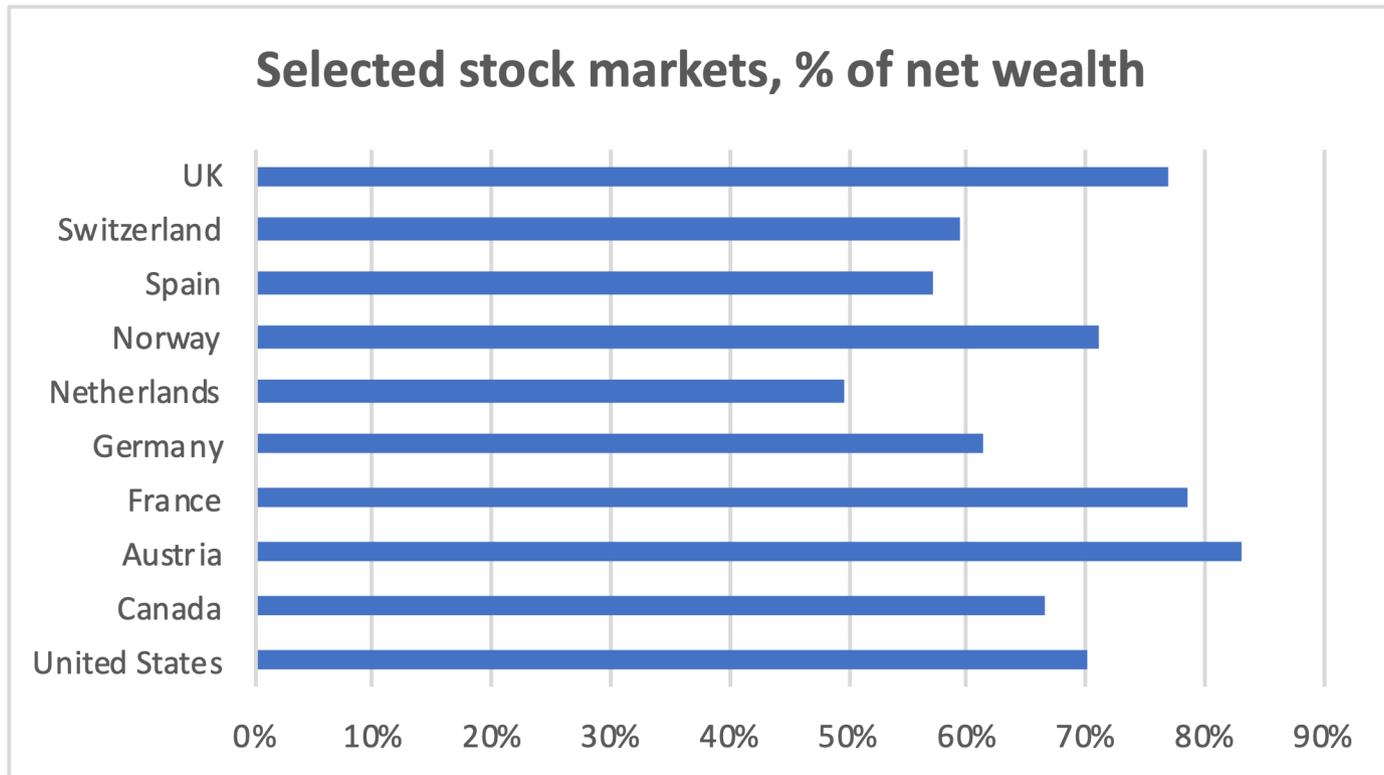
Challenging Nvidia's dominance in AI processors is proving costly for VCs



Source: Companies, Dealroom.co
© FT

Strategic Asset Allocation

Percentage of wealth creation accounted for by the best-performing 1% of firms, January 1990 to December 2020 (stock performance above US Treasury bills in \$ terms)



AI frenzy – separating hype from real potential

- MAKING SENSE out of the **AI buzz in latest Q2'2023 earnings season**
 - **40% of S&P 500** mentioned AI or related terms (Alphasense)
 - However, only 16% mentioned it in regulatory filings, highlighting how AI **has yet to make a material impact**
- NORGES: blueprint of how companies should **responsibly use AI**
 - **Boards are accountable** for responsible AI development and usage
 - Companies being transparent on how they use AI (design & tested)
 - RISK MANAGEMENT: ensure **outside verification and auditing**
- INCREASED AWARENESS about AI dangers and the **need for rules**
 - AI founders: “mitigating the **risk of extinction** from AI“, May 2023
 - OECD: 27% of highly-skilled, white-collar **jobs under risk**, July 2023

Experimenting with AI solutions

Progressing on our strategy execution



Customer experience

A personal bank in the digital age, for the resourceful and ambitious



Sustainability

Distinctive expertise in supporting clients' transition to sustainability



Future proof bank

Enhance client service, compliance and efficiency

Personal & Business Banking

- Piloting with private ChatGPT, summarising client calls and helps advisor with right product pages
- Florius best Dutch mortgage provider, best innovative service for intermediaries and best innovative service (Gouden Lotus)
- Social point programme, supporting local social initiatives, scaled up

Wealth Management

- Branchification Neufelize finalised, simplifying our organization
- Low threshold Impact fund mandate brings impact investment to broad client group
- ESG + impact investments now 45% of our clients asset volume

Corporate Banking

- Investment in ThreatFabric, an Online Fraud Detection solution
- Innovation Industries investment as 1st climate related fund investment
- Winddown CB non-core largely completed



Launching their own AI start-ups



Albert Heijn pushing boundaries in innovation and sustainability



Highlights

- Launched its own AI start-up – **Gen AI Labs** – and own AH GPT platform
- Continued focus on organic with more than **75 new organic products** added in the first half of the year
- Reached **agreement on CLAs** for various business units for colleagues working at AH, Etos, and Gall & Gall



Ahold Delhaize – Q2 2023 Results

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List of Literature

- Stuart Russell: „*Human Compatible. Artificial Intelligence and the Problem of Control*“, Penguin Random House, 2019
- Gary Marcus and Ernest Davis: „*Rebooting AI. Building Artificial Intelligence We Can Trust*“, Pantheon Books, 2019
- Martin Ford: „*Architects of Intelligence. The Truth About AI from People Building It*“, Packt Publishing, 2018
- Daniel Susskind: „*A World Without Work. Technology, Automation and How We Should Respond*“, Penguin Random House, 2020
- Daron Acemoglu and Simon Johnson: „*Power and Progress. Our Thousand-Year Struggle over Technology and Prosperity*“, Basic Books UK, 2023

Strategic Advisory. Capital Markets. Investor Relations

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