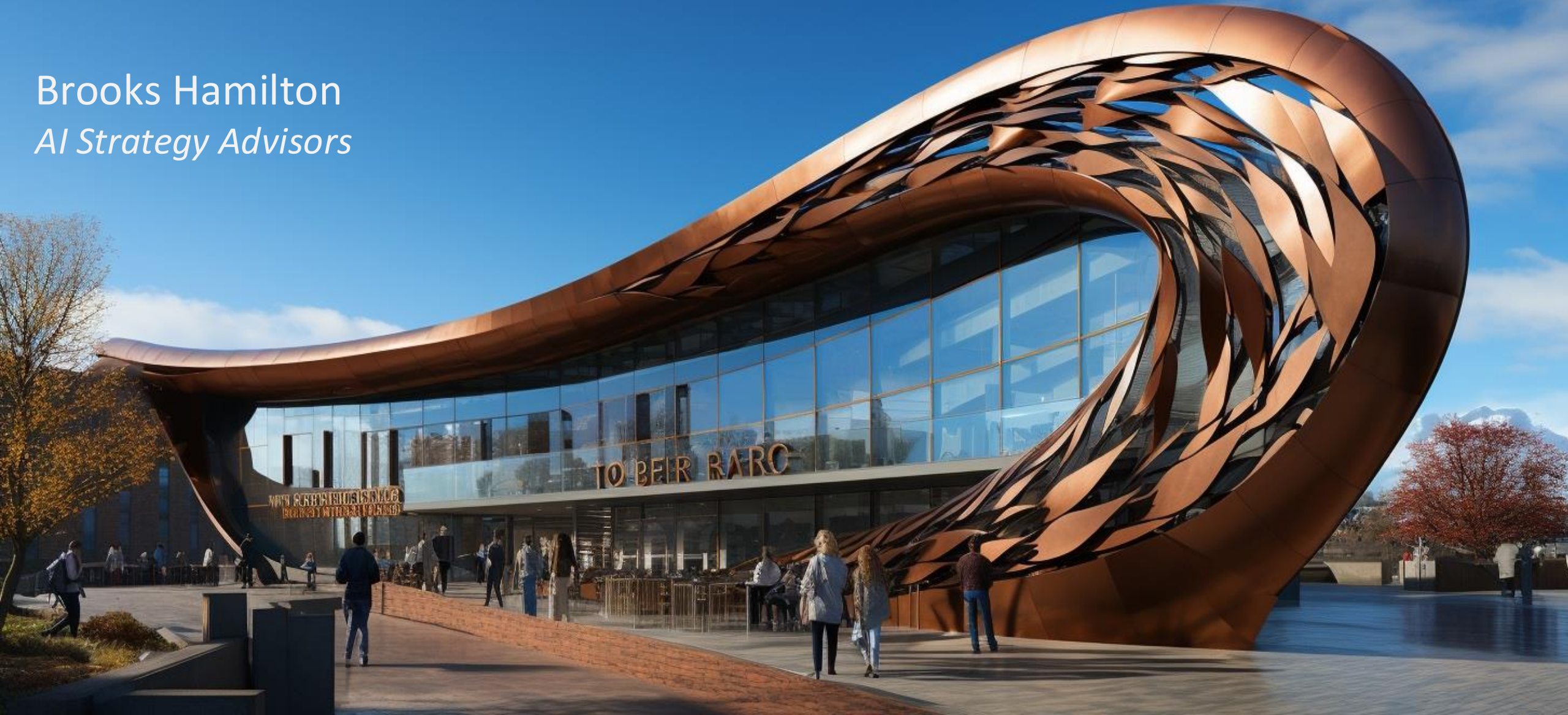


# DISTRIBUTION STRATEGY GROUP

PROFIT & PRODUCTIVITY

Brooks Hamilton

*AI Strategy Advisors*



# BROOKS HAMILTON



HAMILTON AI  
STRATEGY ADVISORS

## Today

- Founded Hamilton AI Strategy Advisors to craft AI Go-To-Market strategies for industrial economy companies.
- Writes and speaks in the US and Europe on artificial intelligence strategies and best practices for AI adoption and implementation in B2B companies.
- With a deep understanding of both AI technology and business operations, Brooks and his team enable organizations to successfully navigate the rapidly evolving AI landscape.

## Prior Work

- Former VP of Professional Services at Zilliant.
- Leadership role in Product Management.
- Spearheaded Product Management at several Austin-based startups.

# Artificial Intelligence Strategy Advisors

## Email

brooks.hamilton@strategyadvisors.ai

## Website

www.strategyadvisors.ai

## Mobile

512.784.8049

## Executive Alignment

Two hour session with executive team on AI trends and implications to identify upcoming opportunities and competitive challenges

## AI Roadmap Planning

Identify and prioritize high ROI opportunities within your organization with a focus on topline growth, reduction of low-value busywork, and smooth the generational transition

## Software Development Acceleration

Improve speed of delivery of ERP migration and software development by 30% to 50%

## A Story in Four Acts

State of  
**AI Today**

Achieving Scale

Evolving  
**Industry**

Distribution

This is  
**Now**

A New Value Curve

The Path  
**Ahead**

Opportunities





ACT ONE



# State of AI: Where are We Today?

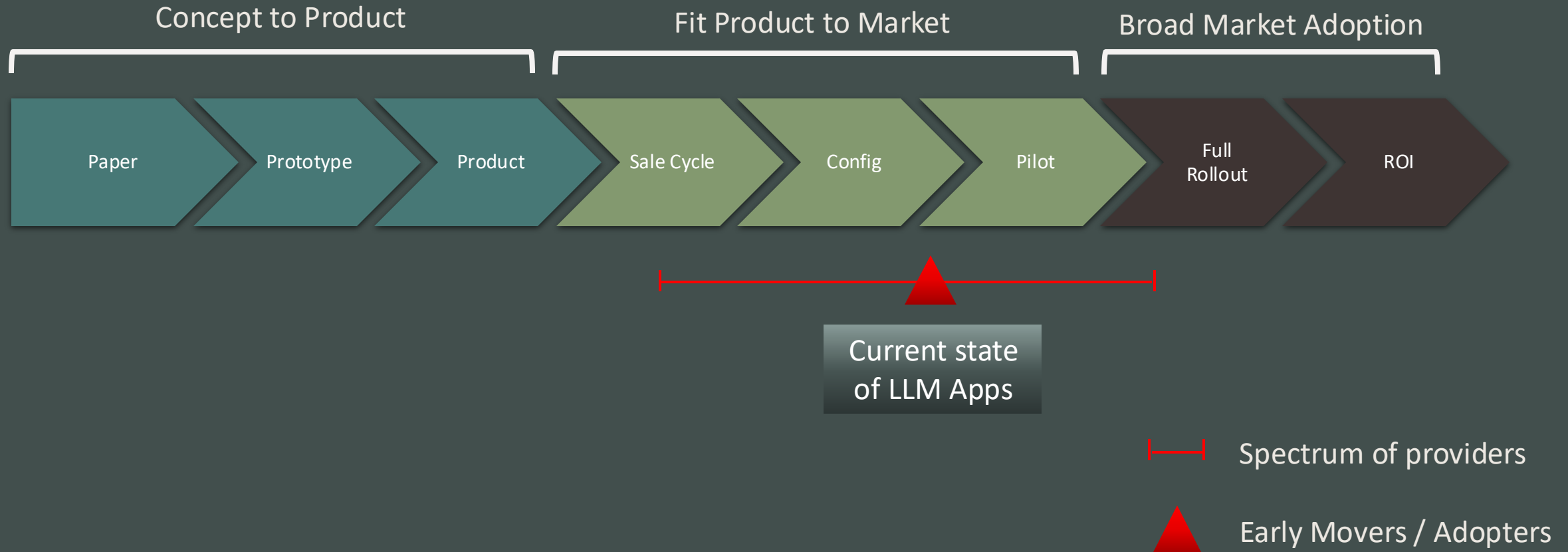
# AI is a Society Scale Investment

Investment	Peak Annual Investment (2023 USD)	Estimated GDP (2023 USD)	% of GDP
Manhattan Project (1942-1946)	\$33B	\$3T	1.10%
Apollo Program (1961-1972)	\$70B	\$5.5T	1.27%
Dot-com Era Peak (2000)	\$170B	\$16T	1.06%
Mobile Revolution (2010-2020)	\$160B	\$21T	0.76%
AI Investments (2023)*	\$332B	\$24T	1.38%

Note: All figures are approximate and adjusted to 2023 USD equivalent. GDP figures are estimates for the midpoint or relevant year of each period. The % of GDP is calculated using the estimated peak annual investment.

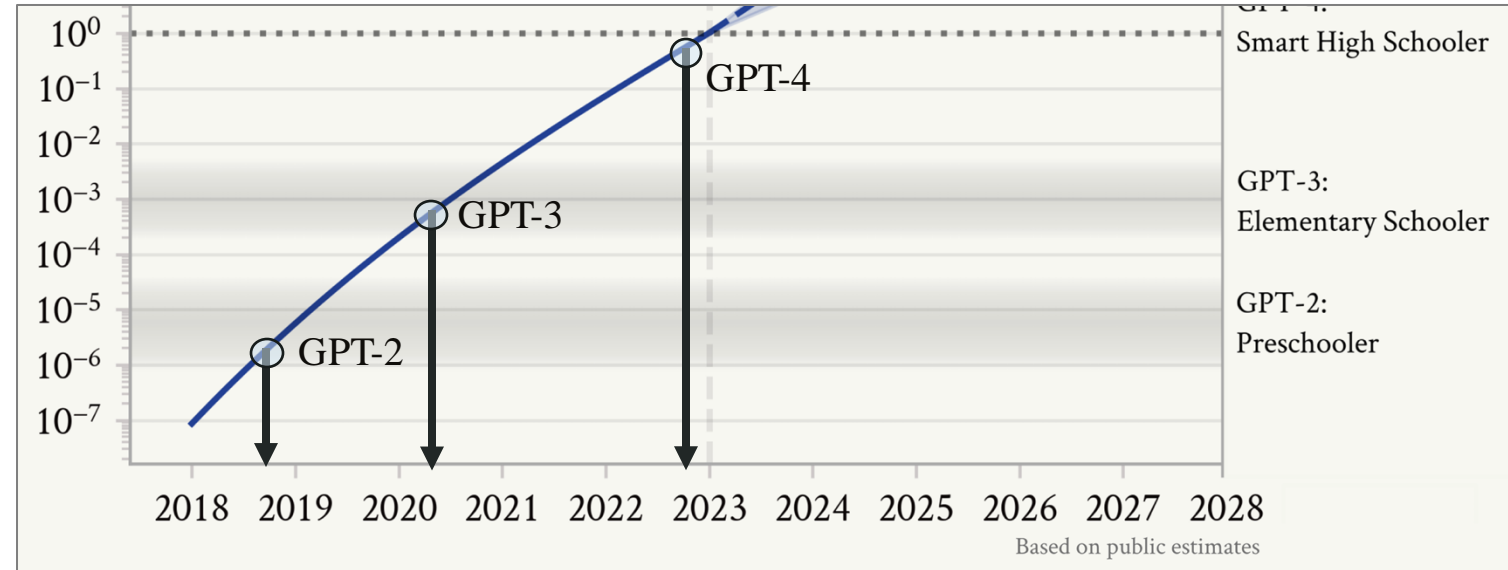
\* AI Investments figure includes \$189B in M&A and VC activity, plus \$143B in corporate investments (e.g., GPU purchases) for 2023.

# Path to Product: Concept to ROI



# CONSISTENT IMPROVEMENT

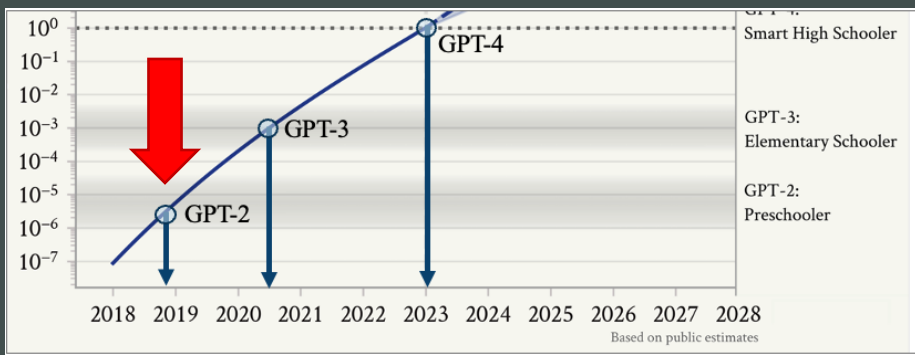
With each order-of-magnitude increase of effective compute, models improve predictably.



Prior five years of exponential growth in effective compute

Effective Compute is the # computers, processing speed of each computer, effectiveness of the algorithm used for that purpose.





# GPT-2 (2019)

Examples people  
found impressive at  
the time

Task **Reading Comprehension:** answer questions about given passages

Dataset COQA

Examples *The trophy doesn't fit into the brown suitcase because it is too large.*

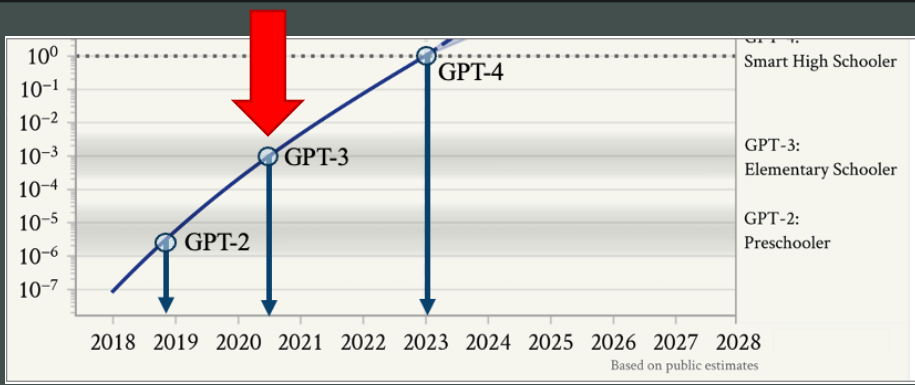
**Correct answer:** *it = trophy*

**Model answer:** it = trophy

*The trophy doesn't fit into the brown suitcase because it is too small.*

**Correct answer:** *it = suitcase*

**Model answer:** it = suitcase



# GPT-3 (2020)

Examples people  
found impressive at  
the time

## Describe a layout.

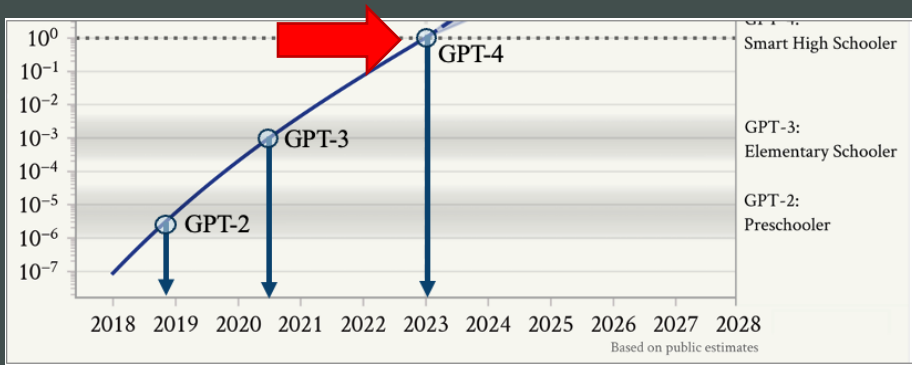
Just describe any layout you want, and it'll try to render below!

a button that looks like a watermelon

Generate

```
<button style={{backgroundColor: 'pink', border: '2px solid green', borderRadius: '50%', padding: 20, width: 100, height: 100}}>Watermelon</button>
```





# GPT-4 (2023)

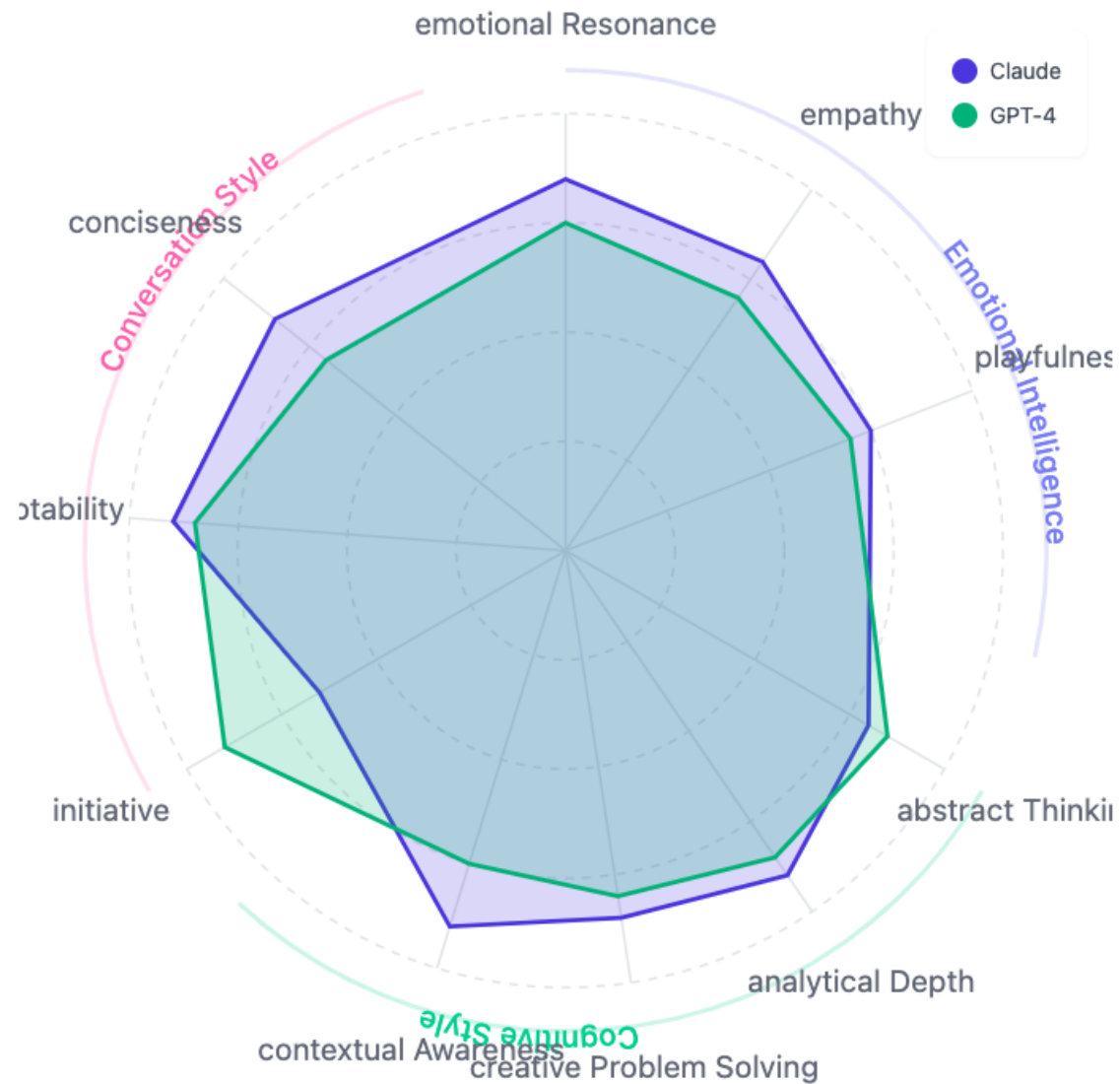
Examples people  
found impressive at  
the time

**Prompt:** Can you write a proof that there are infinitely many primes, with every line that rhymes?

**GPT-4:**

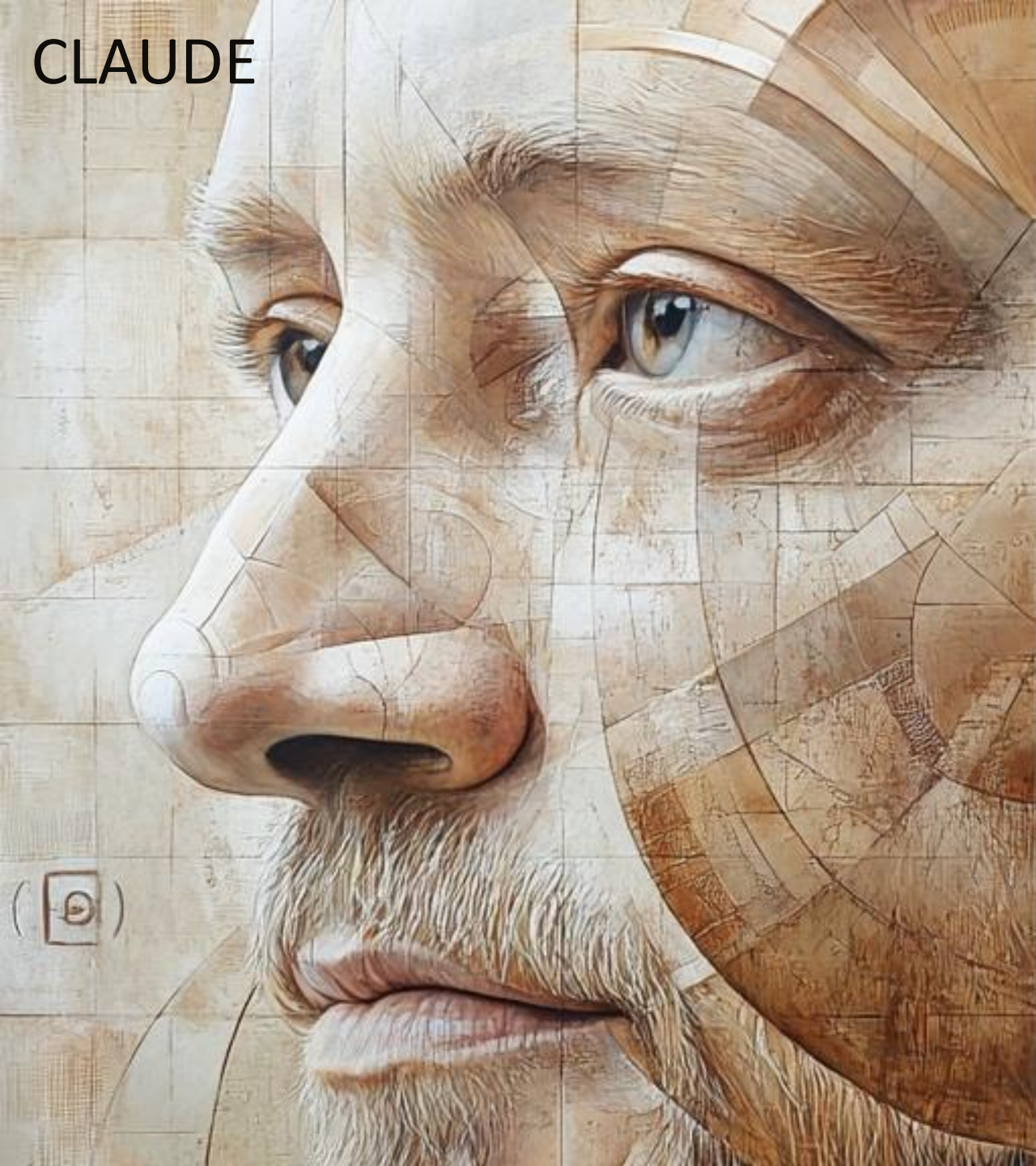
Yes, I think I can,  
Though it might take a clever plan.  
I'll start by noting Euclid's proof,  
Which shows that primes aren't just aloof.  
Assume we have a finite list,  
Of primes, and that none have been missed.  
Multiply them all together,  
And add one, just to be clever.  
The result will be a number,  
That has no prime factors, oh wonder!  
But every number has a prime,  
That divides it, it's just a matter of time.  
So we've found a contradiction,  
And our finite list needs eviction.  
There must be infinitely many primes,  
And that's the end of my rhyming lines.s

...And you will  
know us by  
the shape of  
our  
personalities

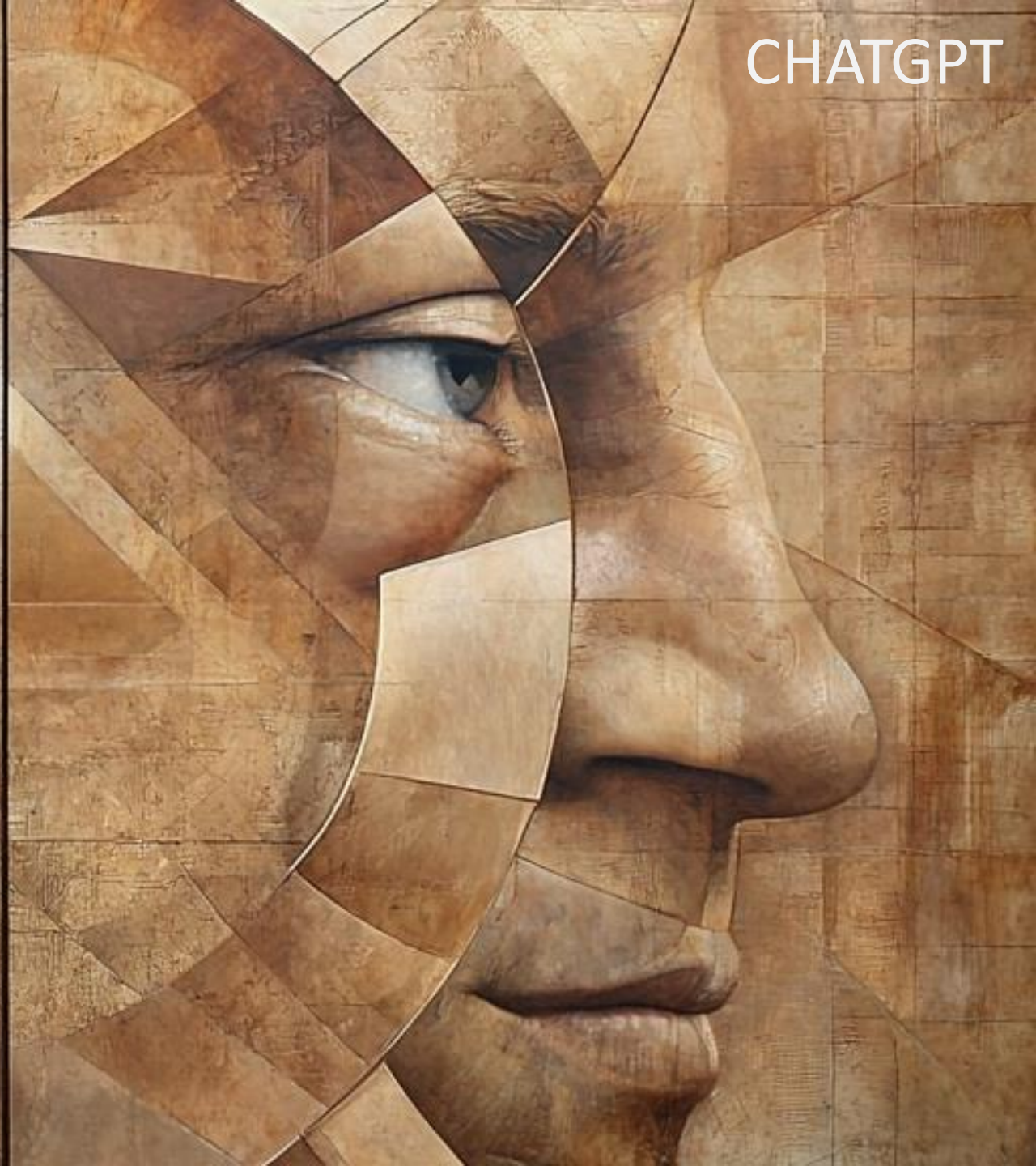




CLAUDE



CHATGPT





ACT TWO

# The Evolving Shape of Distribution Organizations

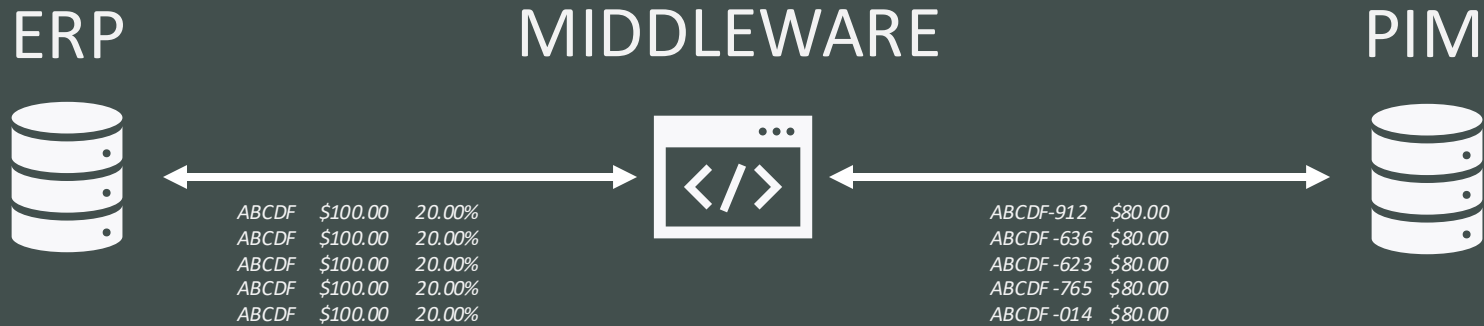


*“It isn’t that we cannot see the solution;  
it is that we cannot see the problem.”*

*G.K. Chesterson*

*British Writer*

# Middleware Integrates Software Modules and Processes



## Characteristics

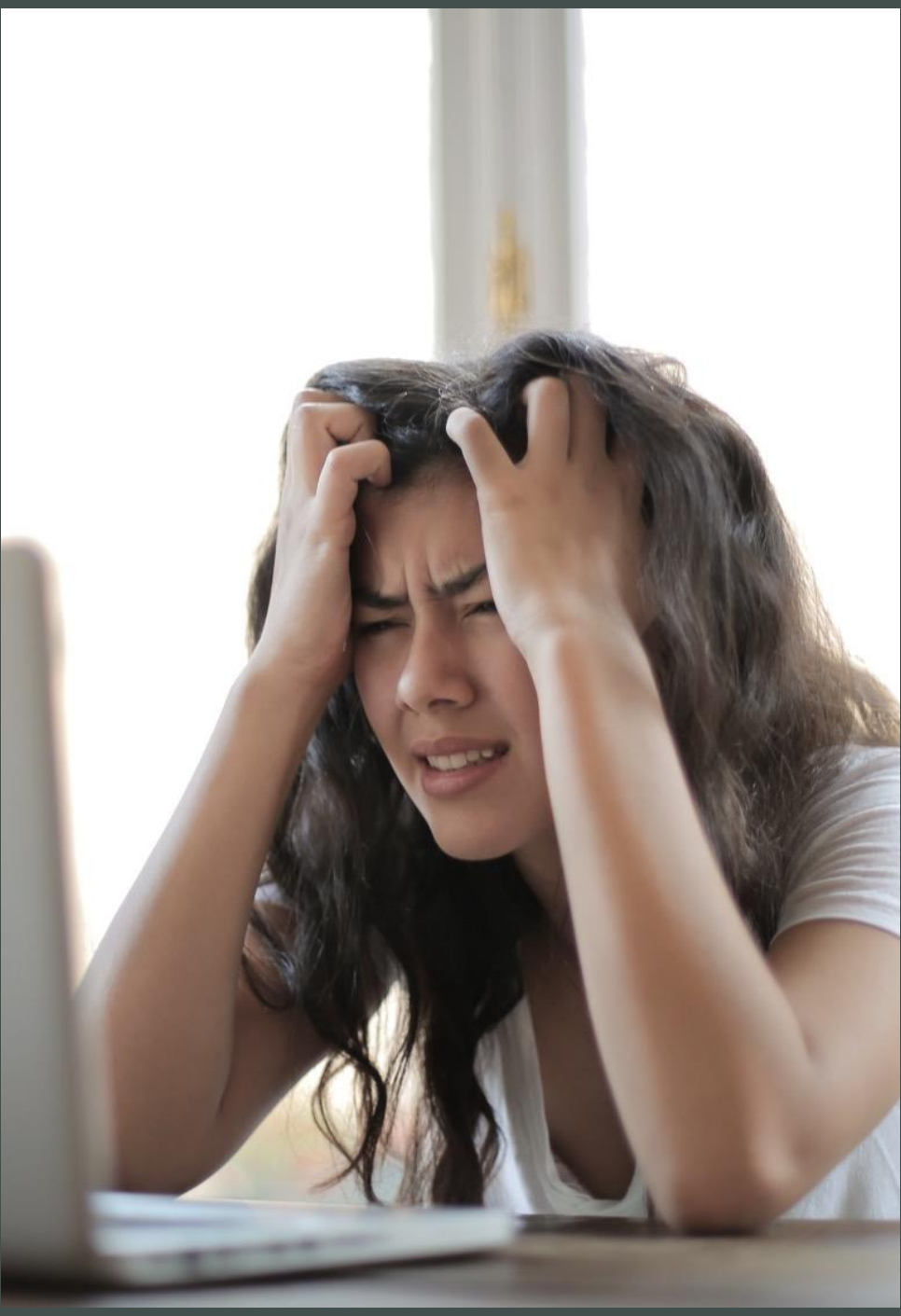
- Rigidly defined process
- Consistent data structure
- Consistent contents

## Primary Actions

- Input
- Transform
- Apply business logic
- Output / Distribute

## Key Tools

- TIBCO, IBM Websphere
- SFDC Mulesoft
- SAP Process Integration



If it is all automated, then why  
does everyone look like this?

*Action shot of a vendor cost update*

*part matching exercise*

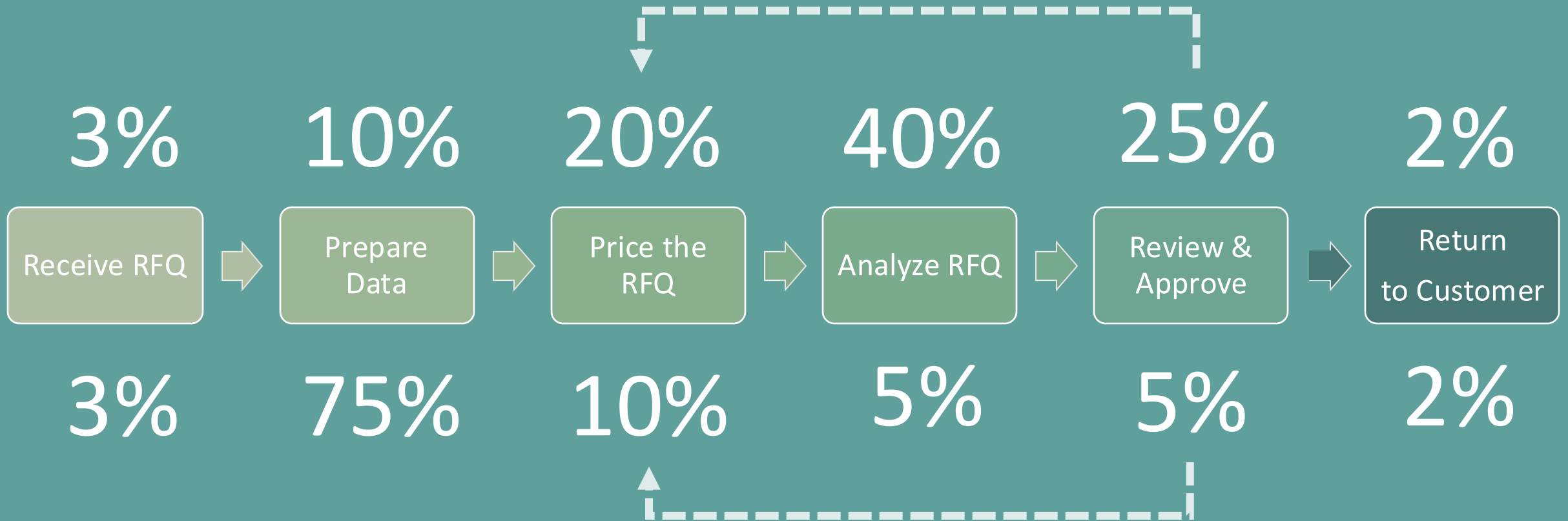
*eCommerce load*

*new vendor onboarding*

*RFQ response preparation*

# RFQ Task Areas by Time

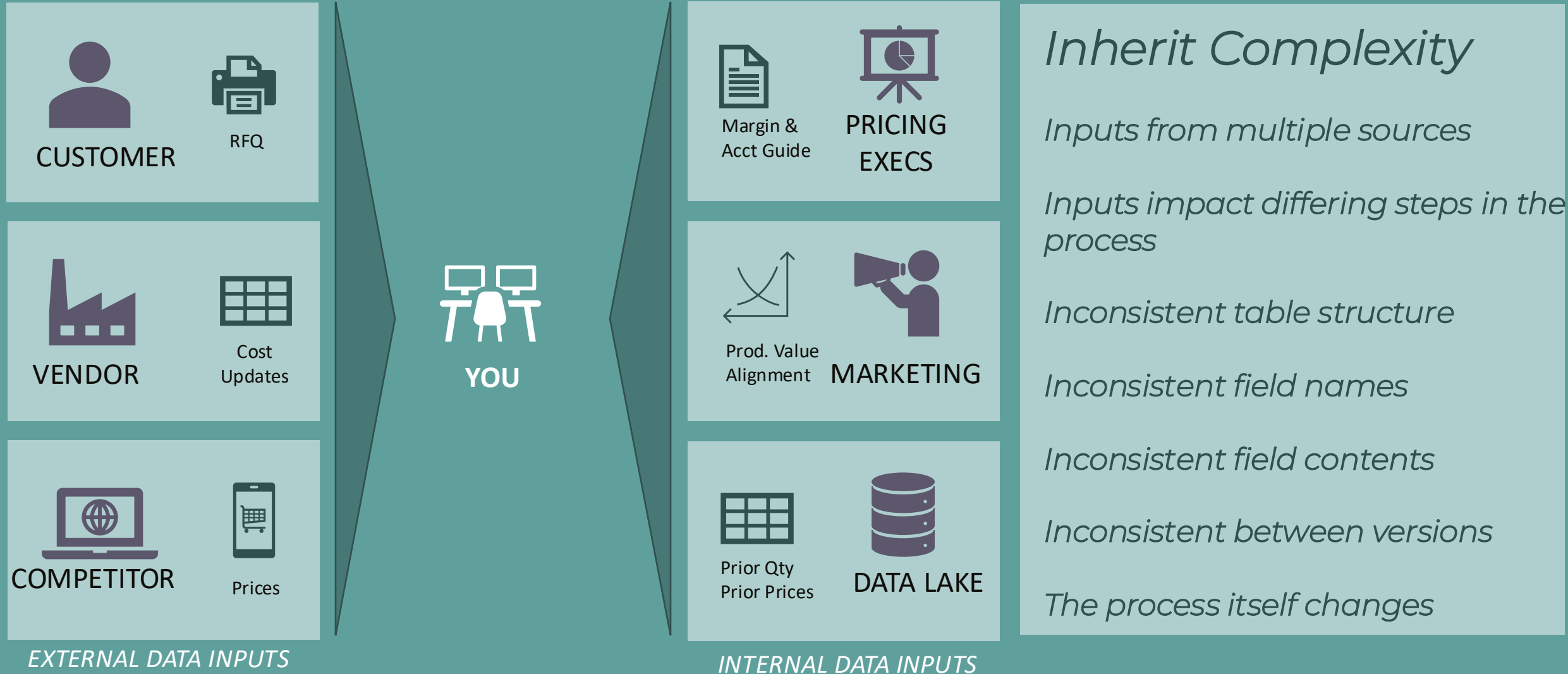
WHAT I THOUGHT



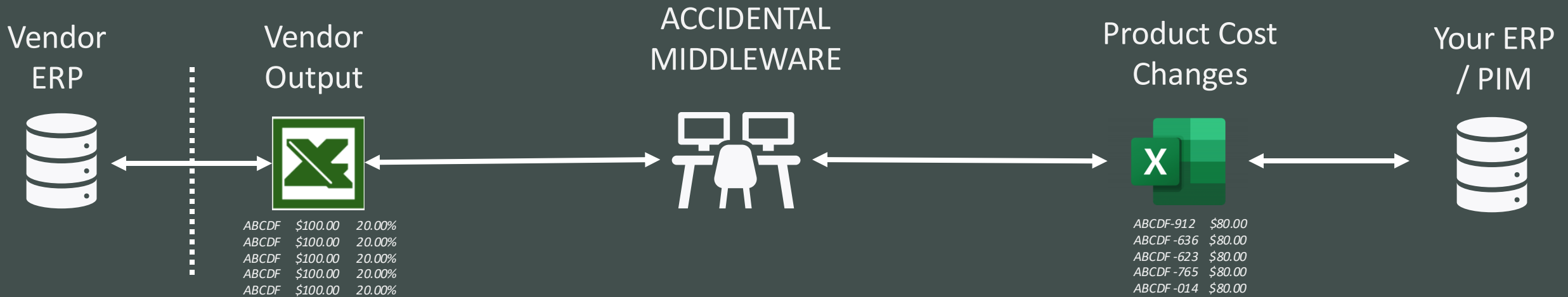
WHAT I GOT

# Why does Data Prep take so long?

INPUTS FROM MULTIPLE SOURCES IN VARYING FORMATS ON DIFFERENT TIMETABLES



# People as Accidental Middleware



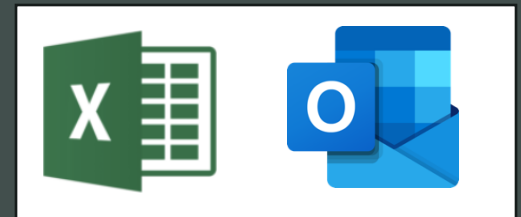
## Characteristics

- Variable process steps
- Variable structural consistency
- Variable consistency of contents

## Primary Actions

- Input
- Transform
- Apply business logic
- Output / Distribute

## Key Tools





# Accidental Middleware: Example Processes

- Inventory checks
  - Expediting
  - Delivery updates
  - Price checks
- 
- RFQ Responses
  - Vendor cost updates
  - Rebate program volume checks
  - Contract review
- 
- Credit checks

# Autonomous Agents

*“What would you do with a company of 10,000 workers toiling day-and-night yet who you only need to pay \$1M per year?”*

*You should start considering it because that day is not so far off.”*  
*- Sam Altman, CEO of OpenAI*

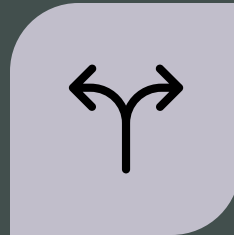
# Autonomous Agents (The Essentials)



PERCEIVE THEIR  
ENVIRONMENT



MAKE DECISIONS &  
TAKE ACTIONS



DEVELOP WORK-  
AROUND SOLUTIONS

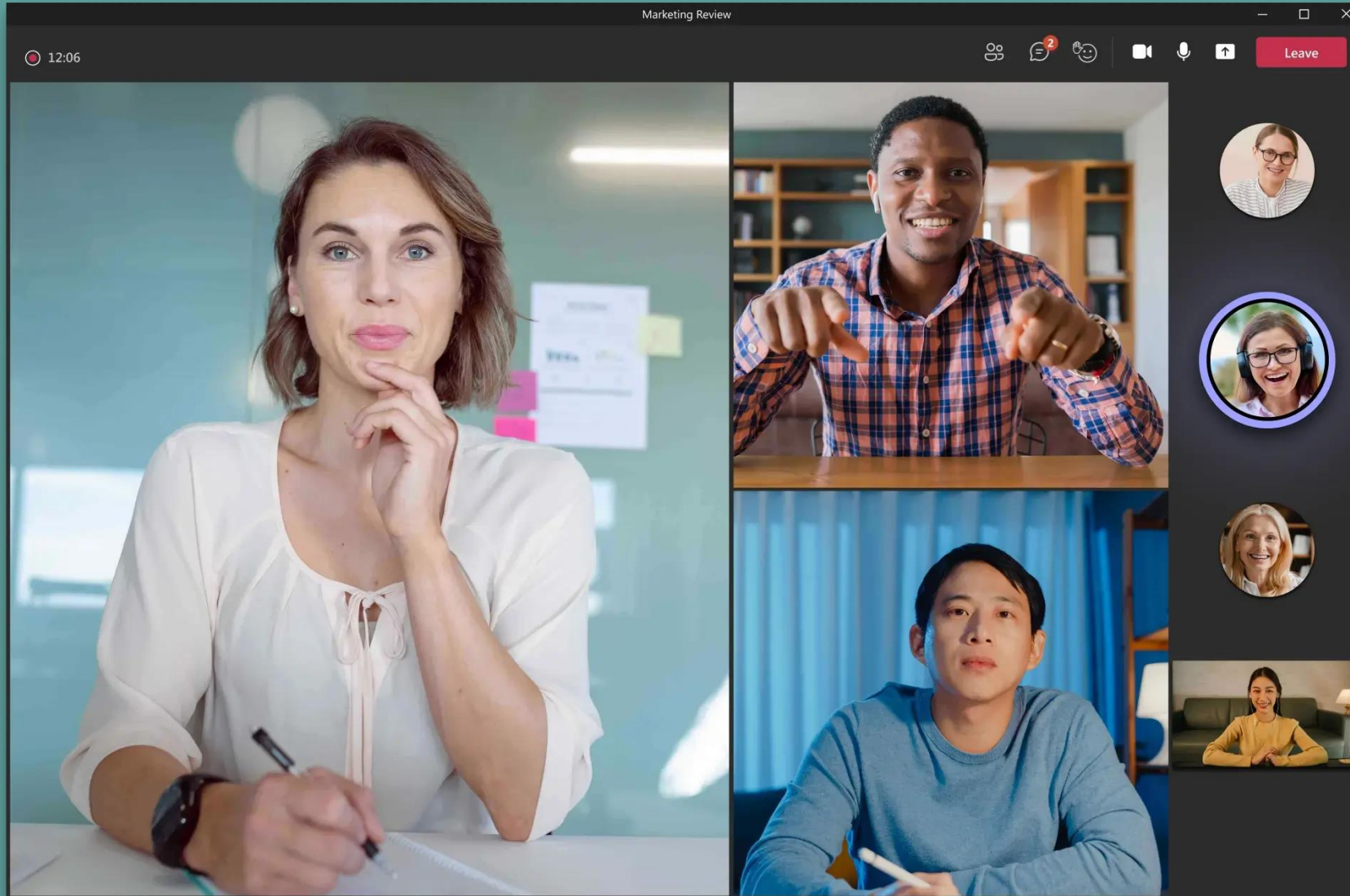


SHORT TERM & LONG  
TERM MEMORY



CREATE & MANAGE  
DYNAMIC TASK LISTS

# Agents will be Hired, not Licensed



# Microsoft's "Middleware" Agents

## **Sales**

- Sales Qualification Agent: designed to help prioritize leads
- Sales Order Agent: Automate order intake

## **Operations**

- Supplier Communications Agent

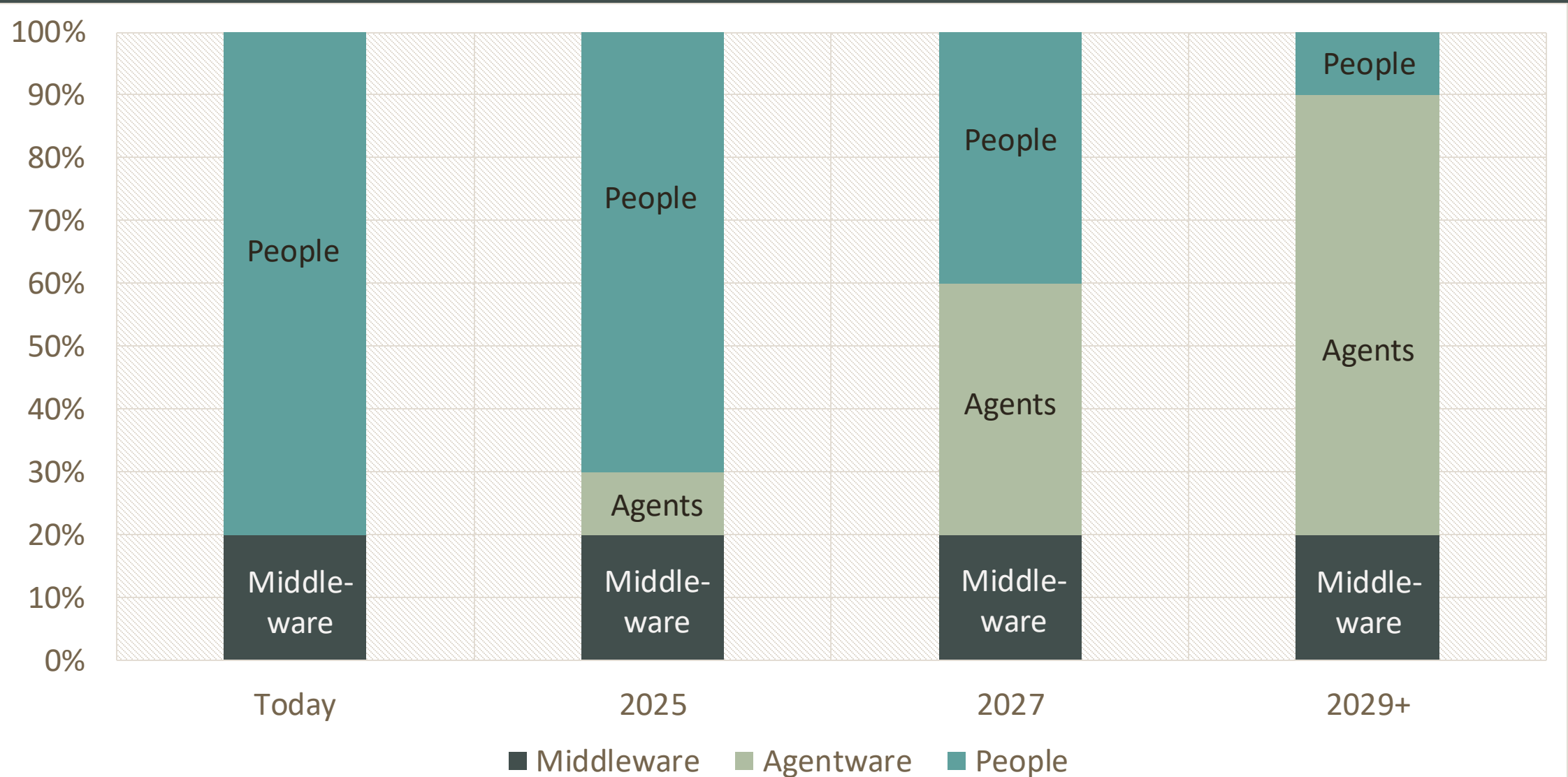
## **Service**

- Customer Intent Agent
- Customer Knowledge Management Agent: automates case management and updating knowledge bases.

## **Finance**

- Financial Reconciliation Agent: prepares and cleanses data for financial reporting
- Account Reconciliation Agent: automates matching and clearing transactions
- Time and Expense Agent: time entry, expense tracking, and approval workflows

# % of Corporate Function Middleware Work





# Structural Change in Distribution Organizations

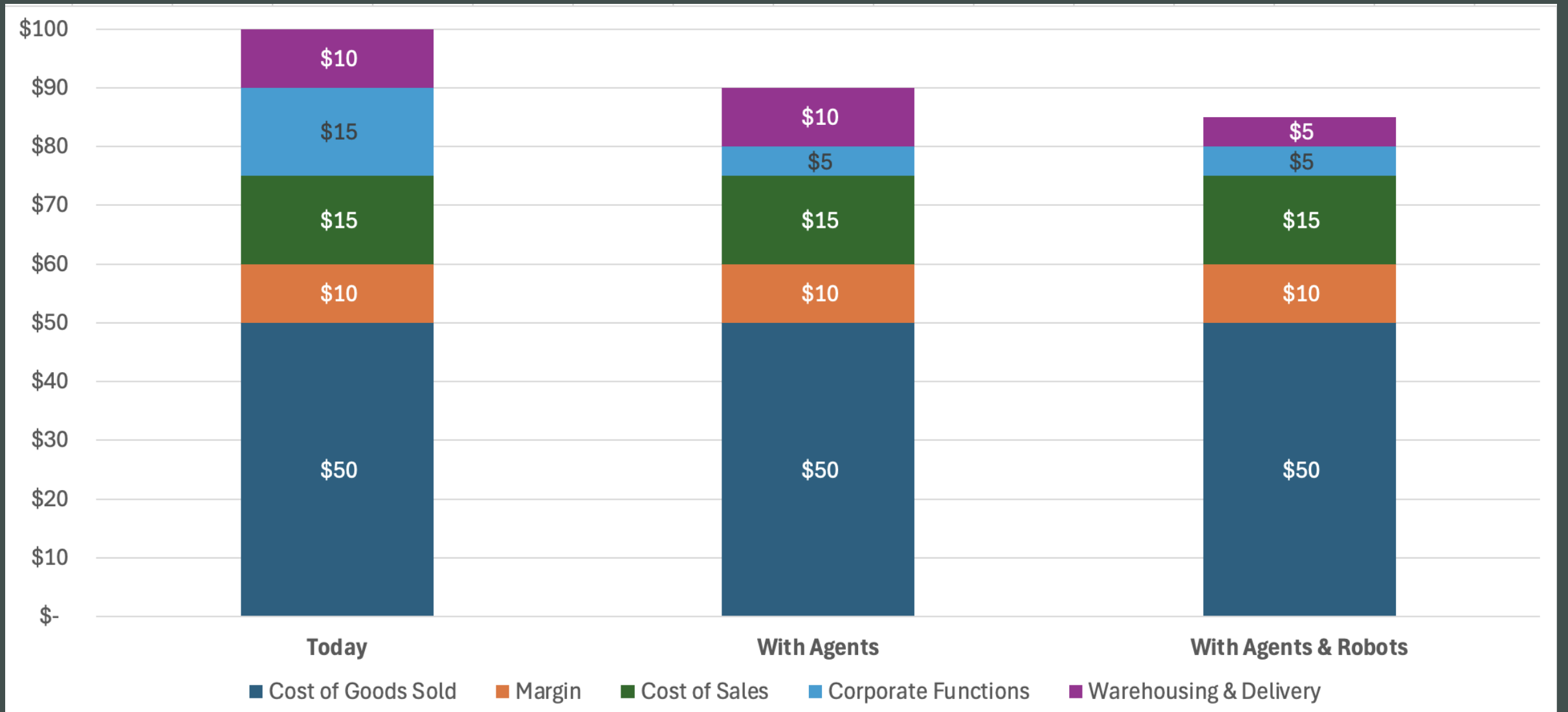
*Hypothetical Wholesale Distribution Organization*

## Assumptions for Each \$100 Sold

- Cost of Goods Sold – \$50
- Cost of Sales – \$15
- Corporate Functions – \$15
- Warehousing & Delivery – \$10
- Margin – \$10

# Structural Change in Distribution Organizations

*Hypothetical Wholesale Distribution Organization*





ACT THREE

# This is Now: The New Value Curve

# Areas of Opportunity

01

## Use Within Your Organization

- Grow sales
- Increase margins
- Improve customer experience
- Improve employee satisfaction

02

## Sell into Increased Demand

- Sell shovels to miners

# 01

# Internal Areas of Opportunity

# Assess Your AI Opportunities

## Overall Assessment

85

Top 10%

Priority Score

High strategic value, strong  
ROI potential

Strategic Alignment

90%

Strongly aligned with digital  
transformation goals

Implementation Feasibility

75%

Technical requirements well understood

Financial Impact

85%

Strong ROI with clear benefits

Risk Profile

80%

Key risks identified and manageable



02

# Sell into the AI Trend

Opportunities outside of your organization

Microsoft and Amazon alone have pledged \$260 Billion in data warehouse build outs over the next decade



# Time to Sell Shovels

## Go-To Supplier for Data Center infrastructure projects

- Water infrastructure: advanced cooling systems, treatment and recycling systems, piping for water distribution
- Other: Telecommunications, emergency power systems, physical security, waste management, transportation

## Supplier for Renewable Energy Infrastructure Projects

## Strategic Partnerships

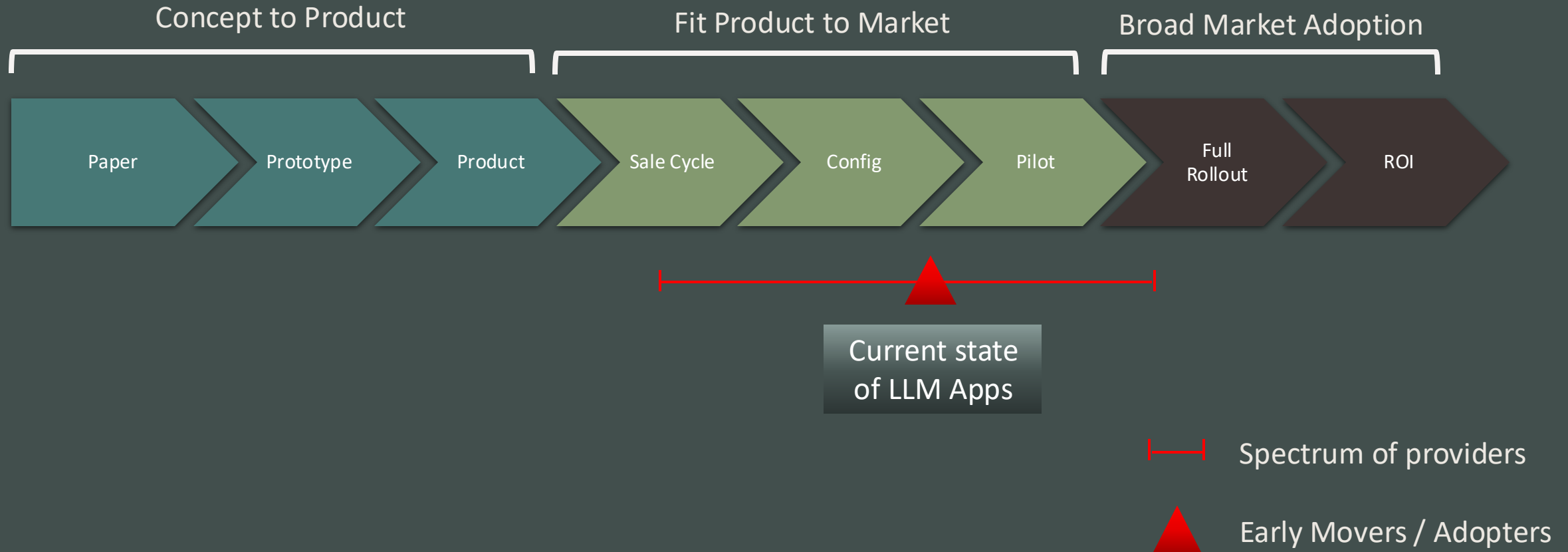
- Partner with Data Center specialists
- Canadian operations
- Brands that supply Data Center specific products

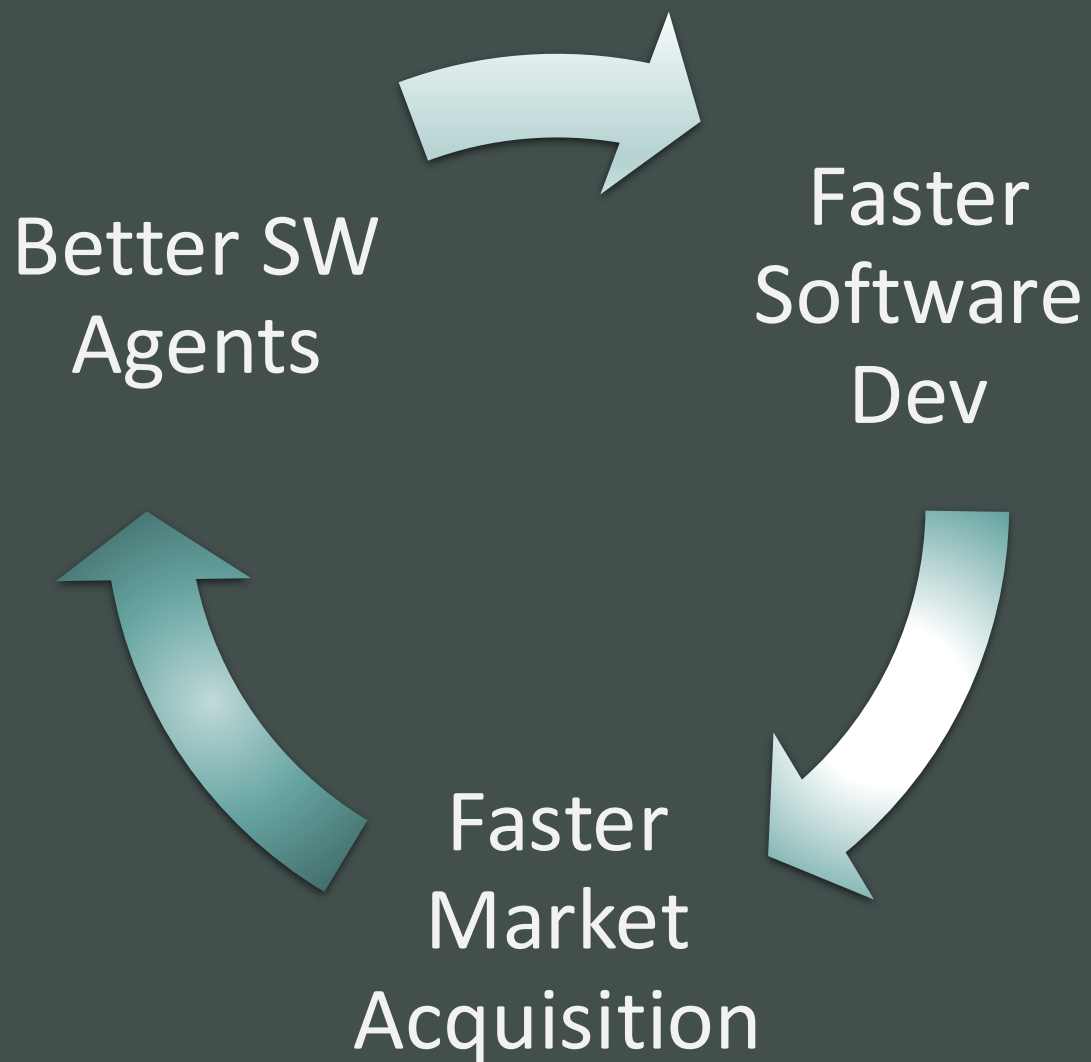


ACT FOUR

# The Path Ahead

# Path to Product: Concept to ROI





*Market opportunity: \$290B (IDC)*

*Margin opportunity (10% current costs)*

### **Strategic Motivation**

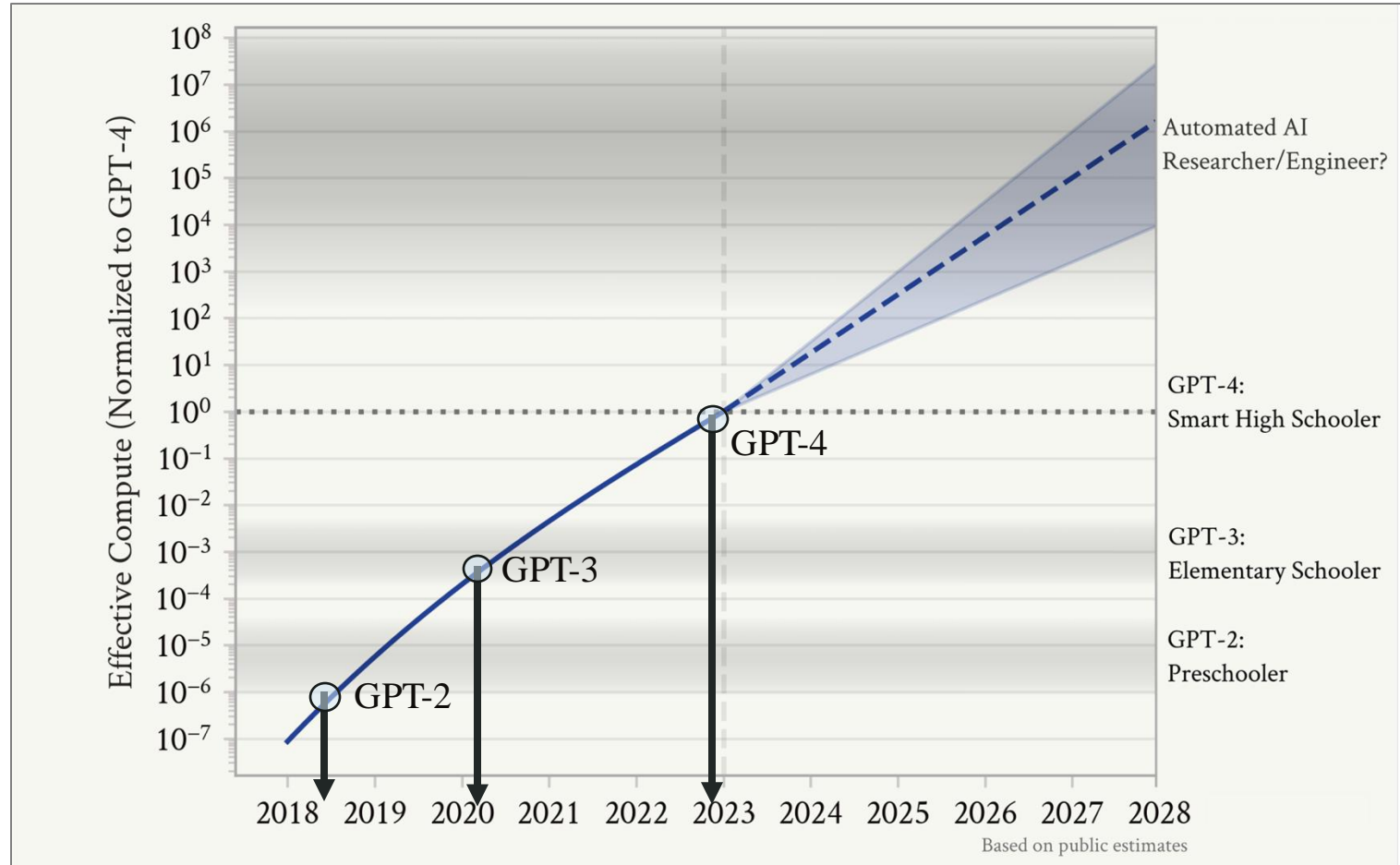
- Current: Used to accelerate bringing software products to market
- Future: Create agents for other industries
- Objective: Build foundries to churn out new agents.



By 2027, models may be able to do the work of an AI researcher/engineer.

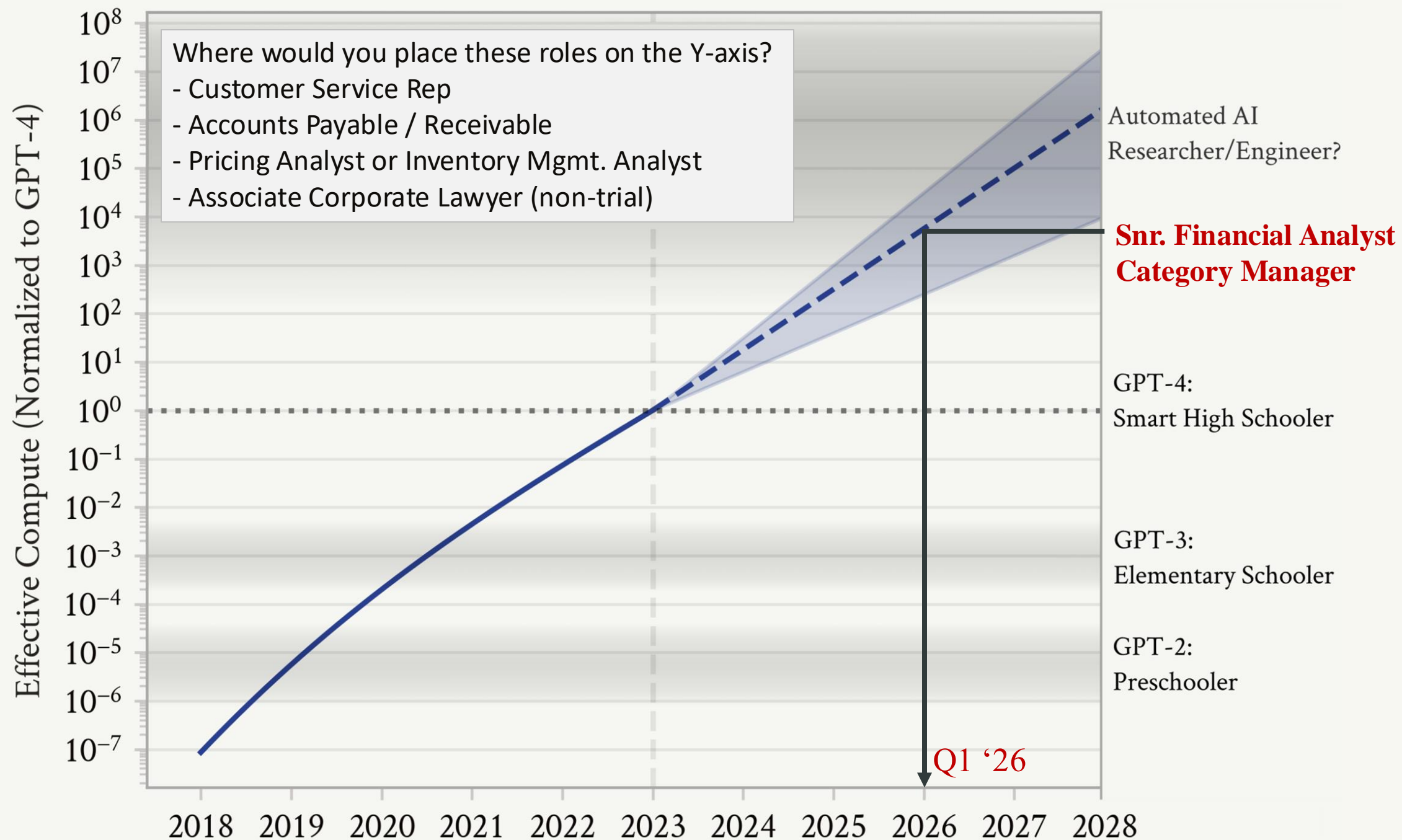
That doesn't require believing in sci-fi.

It just requires believing in straight lines on a graph.



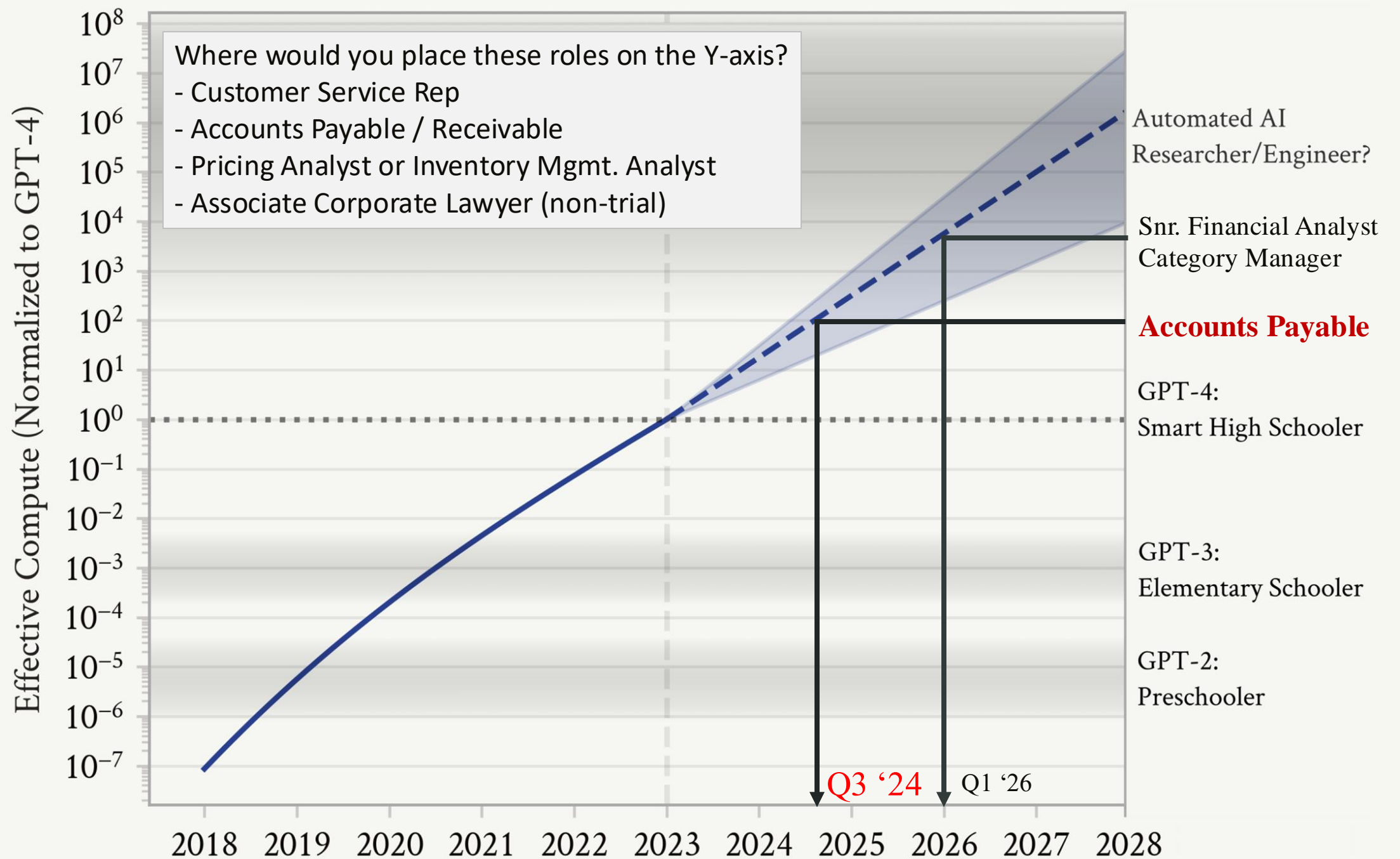
*The trendlines look innocent, but their implications are intense.*

*With each order-of-magnitude of effective compute, models predictably, reliably get better. If we can count the order-of-magnitude, we can extrapolate capability improvements.*



Based on public estimates





Based on public estimates

# Questions for Leadership

## **Company Values**

- How will you choose to use it within your organization?
- Will you decrease your team size to take advantage of its efficiency?

## **Company Value Proposition**

- How will your customers perceive its usage by your company?
- Will its use increase or diminish your core value propositions?
- How do you see your competitors using it?

## **Resource Budgeting**

- Which part of your organization do you need to make smarter?

# Actions for Next Week

## Action 1: Become an AI practitioner

- Fire up a language model
- Explore the capabilities by exercising it

## Action 2: Determine whether your company has AI Trend sales opportunities

- Does it sell into data center construction, data center operation, semi-conductor supply chain, power generation, or power transmission sectors?

## Action 3: How will your leadership team address the approaching organizational changes in distribution companies?

- Learn about the state of agent capabilities via conferences and product announcements from the major vendors.
- Intelligence will soon become an area of corporate investment. Which department needs additional intelligence?

# AI Reference Materials

## Newsletters

- Ethan Mollick, Wharton Professor, [One Useful Thing](#)
- Azeem Azhar, Tech Communicator, [Exponential View](#)
- [Benedict Evans](#), Tech Analyst formerly from A16Z

## YouTube: News on Product Releases

- [Wes Roth](#): Product & industry analysis
- [The AI Advantage](#): Product releases & tutorials
- [Matt Wolfe](#): Product releases
- [Matthew Berman](#): Product releases & tutorials
- [David Shapiro](#): Societal analysis, product releases

## YouTube: Educational & Research Releases

- [Two Minute Papers](#): Quick review of recent papers.
- [Yannic Kilcher](#): Paper summary & analysis
- [Andrej Karpathy](#): Former Tesla & OpenAI scientist.

## My Top Recommendations

1. **Newsletter.** Ethan Mollick's [One Useful Thing](#)
2. **Newsletter.** Azeem Azhar's, [Exponential View](#)
3. **Book.** Ethan Mollick's [Co-Intelligence](#)

## Interviews & Podcasts

- [Lex Fridman](#): Excellent guests
- [Dwarkanish Patel](#): Excellent tech guests

## Corporate Research Blogs

- [DeepMind](#): Google's London AI team
- [Google AI Blog](#): The Mothership
- [OpenAI](#): Research
- Anthropic: Excellent understandability research

## Books

- Ethan Mollick, [Co-Intelligence](#)
- Mustafa Suleyman, [The Coming Wave](#)
- Max Tegmark, [Life 3.0](#)

# Artificial Intelligence Strategy Consulting

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