

# Why AI presents a unique technological opportunity for boards

## Transcript

**SPEAKER:**

**Anna Catalano, Member of multiple boards and governance consultant**

**ANNA CATALANO:** I think AI is really different than other technologies that boards have dealt with over the years, and mainly because AI has a way of changing strategy.

AI is not just a technology that can help you do things better incrementally — make things faster, get you better information. AI is actually something that can change an entire business model and as a result of that, I think boards need to really explore not only how AI can help do our current business better, but how it might be a disruptor for the business model that we have, and therefore what kind of investment needs to be made in understanding it better. Boards of well-established companies have a real challenge when it comes to AI because there's a cadence that boards have. We meet with investors every quarter and we need to report how well the business has incrementally improved, and are we meeting the guidance that we've been given.

What boards need to do when it comes to AI, however, is to help management understand that AI might actually disrupt the business model and therefore they need to lean into what might happen here, and how do we need to bring our investors and the rest of the organization along on how the business might change in total as a result of the AI.

When it comes to capital allocation plans with respect to AI, I think it's important for boards to divide it up into two buckets. One is capital allocation that is used for helping to make the current business model better. And on that note, they need to take a look at, how does this compare to other capital allocation opportunities that we have, and how do we measure the results.

When it comes to potential allocation that is meant to disrupt or really change the business model, I think it needs to be looked at a little bit like boards look at R&D, and how do we invest toward innovation and how might we measure the success of that capital allocation.