Beyond the Hype: Maximizing Knowledge Discovery with Today's Generative AI

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Introduction

On the heels of a breakthrough year in 2023, generative artificial intelligence (genAI) delivered interesting, innovative, and even mainstream applications. It is expected that genAI will grow more than 20% annually from 2023–2030, burgeoning to $207 billion in market volume by 2030. With digital transformation here to stay, firms are increasingly exploring and implementing initiatives to best mainstream genAI, factoring in a growing list of logistical, strategic, governance, and competitive factors.

Across the investment industry, everyday genAI use cases are evolving to create efficiencies, innovate workflows, and streamline internal and external knowledge sharing within organizations. Identifying the right tools and methodologies to capture these benefits is critical for firms to gain the most value and remain competitive.

While its capabilities are powerful and vast, understanding how to successfully harness genAI's many use cases can often be complex and potentially obscure. Identifying solutions to focus on prioritizing can be a challenge in and of itself.

Increasingly, executives are prioritizing how to solve for knowledge sharing & knowledge discovery. With the amount of content and data produced by firms only increasing, it

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is more critical than ever to identify a solution to bridge the knowledge gap. However, poor search and discovery capabilities are limiting the potential of these lucrative assets.

In this report we'll explore the trends and themes driving knowledge discovery, how firms can navigate the genAI 'hype cycle,' and best practices to overcome knowledge discovery challenges and maximize the value of proprietary content.

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The Breakthrough of GenAI

According to a McKinsey report, one-third of firms indicated that their organizations are using genAI on a regular basis in at least one business function. Since its breakthrough year in 2023, firms have mobilized to evaluate and explore the business cases that are most beneficial and align with their governance protocols.

Research from J.P. Morgan estimates that generative AI could increase global GDP by $7–10 trillion, or by as much as 10%. The realized efficiencies from a human capital and time expenditure perspective are indeed considerable, and worthy of technology infrastructure re-positioning.

Knowledge management, inclusive of sharing and search & discovery, is not a new problem for firms. The amount of content & data that firms are producing or procuring is only increasing. Yet, crucial data within meeting notes, CIMs, and investment memos gets lost within antiquated file storage systems and research is duplicated.

The challenges of information sharing can carry substantial financial impacts as a result of wasted time and suboptimal operations. Studies show that major US firms suffer annual losses exceeding $40 million as a result of everyday operational inefficiencies due to inadequate knowledge sharing.

Time is squandered searching multiple sources of information, and even then data is siloed across several platforms, and it is difficult to extract market intelligence. As resources become increasingly scarce and scrutinized, it is more critical than ever to accelerate information sharing, prevent duplication of work, and avoid making poorly informed decisions that can be costly in the long run.

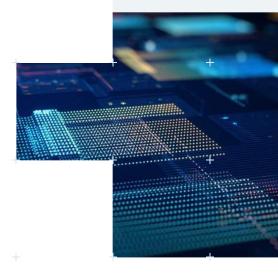**Alpha**Sense

The GenAI 'Hype Cycle'

The Gartner 'Hype Cycle' framework was developed to reflect the maturity of emerging technologies through five phases, and is particularly useful in evaluating the current state of generativeAI:

- **Innovation Trigger:** The technology arrives to the market, however no solutions exist to streamline it

- **Peak of Inflated Expectations:** Some success stories emerge, outshadowed by many failures

- **Trough of Disillusionment:** Interest wanes as experiments and implementations fail to deliver

- **Slope of Enlightenment:** More instances of how the technology can benefit the enterprise start to crystallize and become more widely understood

- **Plateau of Productivity:** Mainstream adoption starts to take off, with broad market applicability and relevance evident

It is estimated that companies are at the peak of the hype cycle, and are identifying more instances of how the technology can benefit their enterprises and be implemented holistically.

Accordingly, the C-suite is realizing that leveraging generative AI is key to staying competitive and solving for internal knowledge deficiencies.

As part of this discovery process, firms are exploring different tools and approaches, ranging from search and summarization to chat and content generation. Often,

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the chat and content generative tools are proving to be unreliable and have limitations. Despite this, firms can implement search and summarization AI capabilities today to leverage value for their organizations and create solutions for everyday use cases.

CTOs, COOs and executive leadership have earmarked data organization (specifically discoverability and accessibility) as integral to emerging as a leader in generating alpha. Beyond the initial hype of the genAI boom, firms are intent on investing in building their own IP in order to remain competitive.

In a recent survey, large US companies identified that employees waste more than 5 hours a week searching for information. Cumulatively, new hires spend more than 200+ hours as a result of inefficient onboarding. More than ever, deploying GenAI is closely tied to generating ROI and developing tangible business process improvements. There is a rising sense of urgency with the realization that not being proactive is costly in more ways than one.

Financial firms are in a unique position to pinpoint and adopt generative AI technology for these types of compelling business cases. By doing so, they position themselves ahead of the curve, ready to capitalize on the true potential of generative AI as the hype inevitably subsides and its tangible impact on day-to-day business is realized.

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Purpose–Built Foundations for GenAI

At the current stage in the hype cycle, it is likely that many firms are experimenting with different tools and approaches, ranging from search, summarization, chat, and content generation. But in many instances, the chat and content generation are not delivering on expectations—there are hallucinations, bugs, lackluster responses, or even security challenges.

Often, the challenge stems from the fact that the technology is lacking a relevancy algorithm, which is foundational to summarization, chat, and content generation. The critical underlying components of search and summarization capabilities include: NLP, sentiment, company recognition, topic & theme recognition, and financial language understanding. These components are essential for foundational knowledge building.

One of those key elements—Retrieval Augmented Generation (RAG)—enables LLMs to improve accuracy and transparency in terms of how a model is sourcing answers. RAG brings in contextualized data beyond what it was originally trained on, so it can proactively retrieve a more recent earnings transcript instead of an outdated one, or find snippets in a newly published equity research report.

AlphaSense's task-based approach RAG is leveraged specifically for day-to-day tasks and ensures the LLM understands the context of the answers it gives. Centralizing critical content sets sophisticated AI processing, a better search experience, and access to contextualized answers.

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Solving for Everyday Challenges

Investment teams can vastly increase the lifetime value of their market research by streamlining internal knowledge with the external market research they rely on, making it easier to search and share. Critical components of a firm's market intelligence—internal research, investment memos, CIMs, expert calls, and meeting notes—are often fragmented and inaccessible, resulting in lost opportunities and doubled work.

In addition to overcoming inefficiencies, genAI can help firms reduce reputational risk and loss of credibility with these information accessibility gaps. Disconnected sources result in duplication of work, potentially inaccurate output, and lost opportunities.
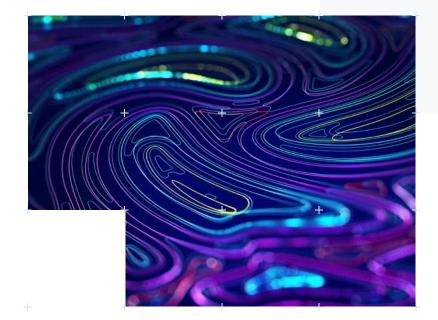
AlphaSense's Enterprise Intelligence serves as a secure market intelligence solution that layers AI search and summarization technology onto a consolidated library of both proprietary internal research and premium market intelligence content. With Enterprise Intelligence, firms can:

- Upload and index 1TB of documents per day with APIs and third-party connectors

- Automatically integrate and tag PDFs, SharePoint docs, CIMs, Excel sheets, and more

- Get quick context using genAI summaries with in-line citations—verifiable with one click

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- Keep IP secure with enterprise-grade data protection, ISO 27001 certification and SOC 2 compliance

- Easily control content access with simple user management and permissioning

Enterprise Intelligence allows investment teams to enhance the value of their institutional knowledge using AI to search, summarize, and interrogate proprietary internal data alongside a vast repository of 300M+ premium external documents. By centralizing siloed research workflows, teams can make investment decisions faster and with more confidence that they will generate alpha.

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Bridging the Knowledge Discovery Gap

When it comes to knowledge discovery, the focus remains largely around how firms can apply AI to their ingested content to discover insights faster and remove blind spots.

For more than a decade, AlphaSense has pioneered end-to-end solutions to solve the knowledge sharing challenges plaguing many investment organizations. As part of our Enterprise Intelligence solution, clients can leverage the full power of AlphaSense technology across their internal content. The end result is a truly centralized knowledge platform, facilitating answers to investment questions with data points that come from either the AlphaSense content set, or bespoke insights from within the organization.

AlphaSense's ingestion API allows clients to bring in their internal content from any source, index at scale, as well as port over relevant metadata along with their content. In addition to expanding our out-of-the-box connectors, firms have the ability to surface insights across messaging apps and CRM platforms.

With AI search tech, teams can search across internal content.

More recently, Smart Summaries are also available for internal content. This allows you to run any keyword search and surface fully-cited summaries across internal content, as well as transcripts, broker research, and expert calls all found on the Search Summary page.

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Conclusion

As part of navigating the genAI hype cycle, firms and their leadership are discovering that knowledge sharing and discovery are key to a well-informed and high performing organization.

With the amount of content and data produced by firms only increasing, it is more critical than ever to identify a solution that not only bridges the knowledge gap, but features search and discovery capabilities to realize the value of these lucrative assets.

In experimenting with different tools and approaches to solve these challenges, solutions often may not deliver on expectations due to lacking a relevancy algorithm, which is foundational to summarization, chat, and content generation. With AlphaSense's task-based approach to GenAI, RAG is leveraged specifically for day-to-day investment research tasks and ensures the LLM understands the context of the answers it gives.

As part of our Enterprise Intelligence solution, firms leverage the full power of the AlphaSense technology across their internal content. The end result is a truly centralized knowledge platform, enabling firms to surface relevant insights from a consolidated library of both proprietary internal research and premium market intelligence content.

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Check out our checklist: <u>4 Best Practices to Unlock Value from your Firm's Internal Knowledge</u>

Harness the power of genAI and competitively position your team—<u>start your free trial today</u>.

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About AlphaSense

The world's most sophisticated companies rely on AlphaSense to remove uncertainty from decision-making. With market intelligence and search built on proven AI, AlphaSense delivers insights that matter from content you can trust. Our universe of public and private content includes equity research, company filings, event transcripts, expert calls, news, trade journals, and clients' own research content. Our platform is trusted by over 4,000 enterprise customers, including a majority of the S&P 500.

Founded in 2011, AlphaSense is headquartered in New York City with over 1,300 people across the globe and offices in the U.S., U.K., Finland, India, and Singapore.

Learn More at Alpha-Sense.com