Keynote Address

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Agenda

• The (over)promise of Artificial intelligence (AI)
• The era of platforms
• The challenges of (technological) decoupling
The (over)promise of Artificial Intelligence
We wanted flying cars, instead we got 140 characters.

— Peter Thiel —
What is AI?
\[
ss_{xy} = \sum_{i=1}^{n} (x_i - \bar{x})(y_i - \bar{y})
\]

\[
ss_{xx} = \sum_{i=1}^{n} (x_i - \bar{x})^2
\]

\[
ss_{yy} = \sum_{i=1}^{n} (y_i - \bar{y})^2
\]

\[
r = \frac{n(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{[n\Sigma x^2 - (\Sigma x)^2][n\Sigma y^2 - (\Sigma y)^2]}}
\]

\[H_a: \mu < 3.5\]

\[s^2 = \frac{\Sigma (x - \bar{x})^2}{n-1}\]

\[z = \frac{\bar{x} - \mu}{\sigma}\]

\[\mu = \text{mean}\]

\[\sigma = \text{standard deviation}\]

\[-z_\alpha = -1.645\]

\[-z = -1.886\]
What AI can do

- Recognize patterns
- Perform some human tasks much faster (those that can be automated)
- Can help humans increase productivity
- Advances in translation
- Advances based on
  - increasing amounts of data and
  - Computer processing power
What AI can not do

• Think like 8-year old
• Common-sense reasoning
• Exercise judgement
• Make decisions in unpredictable circumstances
Is AI winter coming?
The era of digital platforms
## Platform providers

<table>
<thead>
<tr>
<th>Side 1 (Customers/ Users)</th>
<th>Platform provider</th>
<th>Side 2 (Complementors)</th>
</tr>
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<tbody>
<tr>
<td>Guests</td>
<td>Accommodation rentals (e.g. Airbnb)</td>
<td>Hosts</td>
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<tr>
<td>Passengers</td>
<td>Personal transportation (e.g. Uber)</td>
<td>Drivers</td>
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<tr>
<td>Searchers</td>
<td>Search engines (e.g. Google)</td>
<td>Advertisers</td>
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<tr>
<td>Shoppers</td>
<td>Shopping malls</td>
<td>Merchants</td>
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<tr>
<td>Readers</td>
<td>Newspapers</td>
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<td>Gamers</td>
<td>Game consoles (e.g. Nintendo)</td>
<td>Game developers</td>
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<tr>
<td>Buyers</td>
<td>On-line marketplaces (e.g. Amazon)</td>
<td>Merchants</td>
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<tr>
<td>Users</td>
<td>Smartphone operating systems (e.g. Apple)</td>
<td>App developers</td>
</tr>
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</table>
Global game market revenues ($bn, real terms)

Mobile phones dominate consumer devices. By investing in cloud gaming infrastructure, gamers makers hope to capture some of this audience.

Market saturation, poor quality content and an increasing interest in PC gaming contributed to a crash in the console game industry which lasted several years, mostly affecting the US. The popularity of the Nintendo Entertainment System helped revive sales in the late 1980s.

2020 is an estimate
Source: Pelham Smithers
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SHOWROOMING

THIS PAIR IS SO PERFECT, I CAN'T WAIT TO BUY THEM CHEAPER ONLINE SOMEWHERE. WHAT'S YOUR WIFI PASSWORD?
All this technology is making us antisocial.
The challenges of (technological) decoupling
Left the Russian market

FULLY OR PARTIALLY, AS OF 2 MARCH 2022
BlackRock chief Larry Fink says Ukraine war marks end of globalisation

Boss of $10tn asset manager warns about inflation as companies reconfigure supply chains
Implications

- Re-shoring & Deglobalization
- Disruption for global trade and supply chains
- Inflation
- Reserve currency
Thank you!

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