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The benefits of AI to B2B agencies



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Introduction

Unconvinced by the benefits AI can bring to your agency? You might have some catching up to do.

Organisations already on the AI journey are outperforming others on factors like productivity, performance and business outcomes, according to research by Microsoft. Moreover, those underpinning their AI with processes around values and ethics outperform those that are not by 9%. This represents a huge boon for both agencies and their clients.

In the first Industrial Revolution, machines replicated human muscle power – but now machines are replicating human intelligence. Driven by big data, computing power and powerful algorithms, AI is fast becoming a central driver for the economy far beyond manufacturing. It's precipitating a new kind of revolution in business.

What does AI mean for B2B marketing?

AI – including machine learning and predictive analytics – hasn't been stymied by philosophical dilemmas over what makes us human or fears of entering a horror story akin to movies like *Blade Runner.* Marketers who want to remain competitive now see it as essential.

Just in a B2B context, the applications are already complex and diverse. Although the industry traditionally lacks the same amount of customer data as B2C, AI is here to help fill the gaps. The technology can improve customer churn, employee retention, administrative processes and scaling up your business.

However, there is still a gap between attitude and action. While 67% of business leaders are open to experimenting with AI at work, more than half are still not using AI technologies.

How this report can help

It's crucial for agencies to embrace new technology as being one step ahead of your clients' requirements will keep you competitive. Yet many agencies don't have a strategy in place to reap AI's benefits.

In this report, written in conjunction with Microsoft, we'll show you why it's time to get to grips with AI. We'll also discuss the benefits it can bring, and the first steps of successful implementation – and how to keep your ethics straight.

Section 1

The impetus for change

1.1 Embracing AI's potential will put you ahead of the game

'Amara's Law', named after the computer scientist prominent in the 1960s, reflects that we often overestimate the impact of a new technology in the short run, but underestimate it in the long run.

While research suggests companies using AI are already outperforming those who aren't by 5%, this figure could suddenly rise. As Michael Wignall, CTO, Microsoft UK, says: "We're just at the beginning of the AI journey. That 5% performance boost will start to accelerate, quickly." This means for agencies that want to stay ahead, the time to act is now.

> ***We often overestimate the impact of a new technology in the short run, but underestimate it in the long run***

1.2 AI breakthroughs: A timeline

The pace at which we're collecting data is increasing exponentially. With 1 million devices coming online every hour, the amount of data being collected per person per day is currently 1.5GB. As you read this, the number is getting bigger.

So what is being done with this overload of information? Here's how technology has emerged to make the most of this insight.

1950s
AI originates as an all-encompassing term for technology that tries to imbue machines with human qualities, such as speech and vision.

1985
Machine learning develops, a subset of AI, which attempts to mimic the way the human brain works. The technology uses information latent in data and content combined with algorithms to bring new insights.

2010s
The amount of data businesses collect increases. AI helps get value out of this with cognitive skills, such as sentiment analysis and natural language processing.

2016
Development in vision technology means object recognition reaches human parity.

2017
Speech recognition reaches human parity.

2018
Machine translation reaches human parity.

2018
Language technology develops, as such machine reading comprehension reaches human parity.

2018 and beyond
Quantum computing is in development, a technology that hopes to solve problems at lightning speed, such as climate change and diseases. Watch this space.

1.3 Case study: How Omobono uses AI to power business

Creative and technology agency Omobono relies on tools with machine learning capabilities to help it do business. Its team embed machine learning and applied AI in projects for its clients, but also uses it to understand its own customers better.

Marcus Lambert, chief technology officer, says the drive to adopt AI has come from clients who want to be at the cutting edge. "Ultimately," he says, "They've got to sell whatever our output is and have a business case for it, so they've got to be on top of current trends in the tech industry and beyond."

AI in-house

While client companies are using AI to improve their products and services, Marcus explains that machine learning is not just for them. Omobono uses AI to create customer predictions – deciphering whether clients are thinking of leaving, where they are on the customer journey and how they can convert them.

"Machines are much better at analysing broad sector data and spotting nuances and anomalies," says Marcus. "They don't get bored, which is something humans have a problem with." This enables the agency to predict customer behaviour they might otherwise miss. But it's not about to replace years of experience – it only builds on it.

"We might have a gut feel about something, but machine learning proves it with data," he says. "It can prompt someone who's much more junior and doesn't have that kind of gut feel on the next action. That allows your business to scale," explains Marcus. For Omobono, this can help save money on talent, and amplify salespeople's skills.

Employee engagement

AI can also help with internal engagement, and Omobono regularly works on tools that provide continuous performance appraisals. These apps work by checking in with employees' goals once a month, based on the idea that "little things you and I do affect the bigger organisation". This holistic way of using AI is also the thinking behind collecting happiness data – something the agency is familiar with.

Using data from employees who have left a company, AI tools can look for patterns to tell when people are unhappy or likely to leave. If someone is at risk and one of your high performers, it can help you retain them. "Ironically," Marcus says, "the more people who leave, the better the model gets at predicting dissatisfaction."

Marcus Lambert's advice for agencies wary of AI:

"You can operate without it, but it's not going away. The insights from it can give us a quantum change in how we do business."

Section 2

Practical applications for AI in agencies

2.1 Start with the problem, not the tech

If you're unsure where to begin implementing AI into your agency, the best thing to do is identify a problem you or your client needs a solution for. This might mean starting small with time-saving techniques, or looking at broader patterns via machine learning.

Here's some examples of problems the right technology can solve.

- **Customer service.** Chatbots and virtual assistants rely on intent recognition – deciphering what someone is typing without a real person behind the screen. It can help your clients scale and improve customer service, and add the ability to engage their audience in different languages.
- **Employee engagement.** Use pattern analysis for employee engagement apps to gain insight into whether an employee is happy, sad or struggling within your organisation. This can help to improve retention rates and ensure a happy, engaged workforce.
- **Personalisation.** If you're looking to build predictive marketing campaigns and improve personalisation, the possibilities are endless with machine learning, which works better and learns quicker the more data you put into it. This might mean sending automatic reminders to customers to renew a service, or targeting them by predicting buying behaviour.
- **Competitor analysis.** Predict the next big industry trend to keep ahead of competitors with tools such as social listening. It allows you to understand your clients' brands by gaining insight into their industry and competitors. Social content is a massive resource of publically available information, and AI can help you make sense of it.
- **Customer retention.** Using predictive analytics, you can better understand a customer's next likely action, and therefore target them more effectively and drive up their lifetime value. This capability allows your clients to interpret customer behaviour and reduce churn.
- **Customer experience.** Sentiment analysis is an AI tool that gives you the ability to quickly determine the emotion behind social content. This can help with clients responding to complaints and queries, but it can also be used to underpin market research by extracting insights and attitudes in the chosen field.
- **Brand reputation.** Use image recognition to spot real social posts of a client's product or service to help boost brand reputation. Image recognition allows you to sift through social, providing you with peer-to-peer testimonials that can authenticate a glossy campaign.
- **Efficiency.** Image tagging is the easiest way to enrich an image library with minimal effort. Once integrated with a CMS, you can save a lot of time categorising and searching for images.

If you're looking to build predictive marketing campaigns and improve personalisation, the possibilities are endless with machine learning

2.2 Case study: How Glug is empowering creative agencies with tech trials

Creative 'notworking' events company, Glug, is removing the barriers facing agencies as they struggle to implement new technology. Partnering with Microsoft Surface, the 45,000 member-strong community provides opportunities for marketers to try out and implement new software through sampling sessions, on-stage 'tech-offs' and tech support dinners.

Agency procurement is typically difficult to navigate, with a lack of information around new tech. Ian Hambleton, founder of Glug, says the effect of trying out new software before buying has made a huge difference to agencies' perception of adopting new systems.

"Something's changing in our industry that's not happened before – a shifting feeling and sentiment," says Ian. "People want more customisation, better screens and more intuitive ways of working."

Try before you buy

According to Glug, 43% of creatives are open to switching to new technologies, but typically find it difficult to make the leap. After sampling, this shifted to 81%. Through 65 events a year, Glug hopes to open the discussion around switching to more flexible platforms through events. Its start-up club, for example, helps smaller companies by mentoring them for a full year, helping them seek new opportunities and insights to scale up their business.

AI as a catalyst for creativity

Agencies rely heavily on the quality of their work to keep clients happy, which means staying up to date with new tech has never been more important. "The creative industry is most likely to benefit from technology and AI because they're going to be some of the last to get automated," says Ian.

Part of Glug's role at the sampling events is to dispel the myth that new technology means a steep learning curve. "Mobile working, having a laptop and tablet in one, benefits both account managers and creatives," says Ian. "Intuitive and mobile platforms are a gateway to AI and to making the work better. No one wants to be a dinosaur in the agency world."



2.3 Case study: How B2B agencies can find their AI niche

Positioning your agency as AI-focused can be tricky if you don't know what to offer. Peter Barker, CTO at creative agency Rufus Leonard, one of Microsoft's AI partners, explains how B2B is catching up in terms of AI offerings, and how it can go beyond customer experience.

For about a year, Rufus Leonard has been focused on going deeper into its AI stack to enhance its B2B offering. It's familiar with offering B2C clients AI as solutions for their customer experience (such as adding personality to chatbots) but the B2B side of things has taken longer to develop.

"The question in B2B isn't how to use AI to communicate with customers," Peter says. "It's how we can use machine learning to augment human decisions." Working with a law firm, for example, meant solving a challenge around finding the right global team to work on specific cases. This involved operational efficiency solutions – finding the right people with the right skills, and looking at data to understand the team's propensity to win those suits.

The trick to remaining competitive when using AI, is to understand a customer's problem and solve it, explains Peter. "Our opportunity is deeper than other agencies that are just experience-focused," he says, "because we run big platforms and know a lot about data and infrastructure. This helps insight-led decision making." For B2B clients, this is how agencies can get ahead.

Know how to compete

However, Peter stresses that knowing your place is paramount to getting AI right. There's no need to feel you have to compete with Fortune 500 tech companies that have in-house data scientists. An agency's niche is taking a consulting and guiding role. "Agencies should coordinate and show clients the opportunity to implement AI solutions in-house. It's about directing them on the process and supplementing their skillset, not running things on a day-to-day basis," he underlines.

Agencies are also in a unique position, because they have relationships at the c-suite level, which means they can act as a bridge between the CMO and CTO. Because AI is no longer just a tech discipline, but company-wide, agencies can develop a strategy that unites a business. "It's just a case of turning up or down the different resources for each client," says Peter.

Where to start

Clients won't necessarily come to you and ask for an AI solution. The trick to remaining competitive is to understand their challenge and then solve it with machine learning. Peter suggests agencies that are completely new to this way of working start with something simple, such as analysing client data and layering insights on top. From those conclusions, you can start to develop machine-learning models to automate decisions and prevent customer churn. Starting with an out-of-the-box service from a large provider means you'll slowly get exposure deeper into the AI stack and develop your understanding.

Part of using this new tech, Peter explains, is just making your clients aware it's out there. "Client envisioning sessions are a great way to make them understand the opportunity. It's about getting them to see AI can resolve business problems."

Section 3

AI and ethics

3.1 The business case for responsible AI

Customers look for brands that are making a positive social impact, which they can trust. Being responsible with AI and having an ethical outlook can therefore be a powerful reputational tool. Moreover, those wary of the ethical implications of AI outperform those who don't by 9% on average, showing vigilance pays off.

The UK has recently established three new AI related-bodies, including the Centre for Data and Ethics Innovation, a world-first advisory body. Businesses in turn have a responsibility to implement AI ethically. For agencies, this may mean setting up an ethics committee for each area of the company, clarifying your values before applying AI technologies, and stating a clear purpose that employees can get on board with.

Those wary of the ethical implications of AI outperform those who don't by 9% on average

3.2 Using AI for ethical content

Peter Barker at Rufus Leonard says ethics is always raised with clients when implementing AI solutions. It's about more than just GDPR compliance, he explains. "It's a specific point of discussion that needs establishing."

The agency uses AI ethics in several ways, most recently in looking at imagery for marketing campaigns and communications. "We use visual AI to process images and ensure they reflect the diversity of modern Britain. Cultural bias can represent a one-sided view of society." Using cognitive services proactively will identify these prejudices for the agency's clients who want a fair, accurate portrayal of a community.

If you're looking for a set of principles to benchmark your agency against, you no longer have to rely on Isaac Asimov's Three Laws of Robotics. In 2018, a House of Lords Select Committee chaired by Lord Clement-Jones published a report with five key principles. Many companies also have their own code of conduct. "It's always on the agenda," says Peter.

3.3 The 3 forms of bias: what we can learn from Shakespeare about diversity and inclusion

How can we be sure the AI machines are not flawed in their 'thinking'? The bias that can exist in AI-generated outputs is concerning. Such bias – which can negatively affect diversity, inclusion and fairness – comes from the information we feed AI and reflects our human interpretations, which are fraught with ignorance, preconception and corruption.

In seeking to understand machine bias and its impact on diversity and inclusion, Richard Potter, CTO at Microsoft Enterprise Services and Tim Difford, global technology strategist, Microsoft, turned to William Shakespeare. Doing so, they drew back the curtain on three different forms of AI bias and how to resolve them.

1. Pre-existing bias and Twelfth Night

The problem: The unconscious bias of historical data can have a huge influence on algorithms and their output, with AI falling foul to its prejudice. For example, recruitment algorithms have favoured male interview candidates over female, based purely on historical data that had a gender bias.

Examples in Shakespeare: How is this reflected in Shakespeare's work? In Twelfth Night, Viola must dress as a man to find work on an island while she waits for her brother to be rescued. Confusion reins among the characters as Viola hides her true identity and falls victim to gender stereotyping. At the end of the play, all the characters gain the confidence to reveal their true nature, showing that a transparent, inclusive perspective can turn a tragedy into a comedy.

The solution: Ensure you have a diverse team programming AI from the get-go and be conscious of the affects of human bias. AI could even be used to create an algorithm that weeds out bias if specifically programmed to do so.

2. Technical bias and Hamlet

The problem: Technical bias is a sign of 'madness' in the machine – a weakness in AI computing that renders it incapable of dealing with complexity, therefore skewing its outcome and compounding its mistakes with disastrous consequences.

An example of this is a US algorithm, called Compass, which was used to determine whether offenders were ready for parole. Technical anomalies made it disproportionately biased against African American men rendering the programme unfit for use.

Examples in Shakespeare: Shakespeare's anti-hero Hamlet is fueled by madness. Complexity and confusion escalate throughout the play, with Hamlet's unwillingness to fit in with the system and do the right thing.

The solution: While the fate of Hamlet's players is less than favourable, it doesn't have to be so for AI. Test your AI outputs for technical bias for each use case and before you start deploying it.

3. Emergent bias and The Tempest

The problem: Some AI outputs start well but corrupt over time as a result of outside input. There have been several accounts of chatbots initially attuned to establish emotional connections with people online, which became distorted by those interactions, and ended up posting offensive messages. This can often cause companies using this form of AI to shut down its service.

Examples in Shakespeare: Prospero is set adrift on an island where he discovers a magical sprite, Ariel. Like AI, Ariel is incredibly powerful but easy to manipulate. Thankfully, by the end of the play, Ariel is released from Prospero's enchantment, setting things back on track again.

The solution: Testing it once and forgetting thereafter is not enough. Your efforts to stop technical bias will mean you test before deployment, but you must also establish a framework for ongoing measurement and accountability.

Section 4

How agencies can prepare for the adoption of AI

4.1 AI and the workplace

Many employees are worried AI will take their jobs, although the reality is more likely that their administrative burden will be lifted. Despite this, it's worth setting out an AI strategy that not only encompasses ethics, but also reassures your employees that their jobs are safe.

When implementing AI, create a framework or talent map to understand:

- Existing strengths and weakness: How do your employees' skills sit next to AI, and how could it feed into their professional development?
- Skills development: How can you build new skills, including in-house training, external courses, and agency partnerships?
- Your recruitment process: Are you filling a gap AI could replace? Do you have inclusive policies for a diverse workforce?



Many employees are worried AI will take their jobs, although the reality is more likely that their administrative burden will be lifted

4.2 If you want your employees to get to grips with AI, start small

Marcus Lambert at Omobono explains the best way to use AI is by baking it into your tools. This reduces the amount of upskilling you'll need, and is a great place to start if you're new to the technology.

"Find something small," Marcus suggests, "for example in the applied AI area. Image recognition and tagging is a great service to implement. You can immediately see how it's useful because it saves so much time." He describes these small applications, which you can sync directly to your CRM system, as a quantum leap for businesses.

"The good stuff feels convenient and doesn't require special training," says Marcus, "which is especially useful for scaling up employees' skills."

4.3 The first 5 steps your agency can take on its AI journey

1. **Start with the problem,** not the AI. Identify the business problems you or your client wants to solve.
2. **Develop a framework** for ethical AI and its responsible use, along with how it can solve the problems you've identified.
3. **Determine a strategy** and budget for your organisation to build, manage and support AI applications.
4. **Collaborate with your employees.** Involve them in the AI journey, encourage them to experiment and listen to feedback – you won't get everything right first time.
5. **Go back to basics.** Responsible, effective AI needs clean data. Is yours and your clients' up-to-date and bias-free? Undertake a data health check and resolve any issues before adding applications on top of it.



Section 5

Key takeaways

AI is having a moment thanks to big data and new tech, and it pays for agencies to ride the machine learning wave. Here's what you need to do to stay competitive and ahead of the game.

1. **Start small.** Bring AI in-house with applied AI for your business, and then look to scale. Predictive analytics can help with customer churn, while employee engagement apps can help retention problems.

2. **Be trend-driven.** Easy to implement services for your clients such as social listening and image recognition can help you stay competitive and amplify your agency's skills.

3. **Try before you buy.** Getting involved in testing out new technology before investing heavily or overhauling systems can bring you confidence when undergoing change.

4. **Collaborate.** Network with other agencies and learn from their AI efforts to help with your own.

5. **Stay ethical.** When implementing AI, think about how you can do so responsibly. Make sure you have a set of values and a brand purpose your employees can unite around.

6. **Be aware of bias.** When programming any kind of AI model, take note of the three kinds of bias that exist in machine learning. Take accountability and put in place structures to mitigate risk of the computer adopting your own preconceptions.



About

B2B Marketing

B2B Marketing is the comprehensive information resource for B2B marketers. Its mission is to provide practitioners with the information they need to perform better and achieve more, whatever sector of the B2B space they are operating in.

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