The three types of AI

From productivity to transformation

Why AI strategy requires precision

THE CHESS MASTER'S DILEMA

Picture this scenario: You're facing a complex chess problem that demands a checkmate in two moves. You feed the position into ChatGPT-4, confident that artificial intelligence will solve it instantly. Instead, you get a series of illegal moves, contradictory reasoning, and solutions that would leave your king vulnerable to attack.

Frustrated, you try a different AI, Stockfish, which was designed specifically for chess analysis. Within seconds, it delivers an elegant – and correct – solution.

A lesson in precision

This isn't a failure of AI – it's a lesson in precision: the right AI for the right purpose. This is an essential distinction for AI success.

THE AI LEADERSHIP CHALLENGE

Leaders face a flood of AI promises – efficiency, automation, smarter decisions. But beneath the buzz lies a critical truth: not all AI is created equal. And the differences matter profoundly for your business strategy.

The companies that will thrive won't be those that simply "adopt AI." They'll be the ones that recognize and understand that:

- AI's distinct forms and deploy each with surgical precision

- The same technology that can summarize a customer service interaction might completely fail at designing a loan approval process.

- AI powering their chatbot operates on fundamentally different principles than the AI optimizing their supply chain.

The 3 types of AI for the enterprise

AI isn't a monolithic technology. It takes different forms and uses different approaches, each with different strengths and risks associated.

We've identified three forms of AI that are used in Enterprise scenarios:

#1

AI Decisioning
Structured, Predictive, Proven

An established form of AI based on structured data and predictive algorithms.

#2

AI Productivity Tools
Generative, Assistive, Accelerative

Newer forms of AI, such as Generative AI and agents, applied to improve productivity and automate manual work.

#3

AI Transformation
Agentic, Strategic, Redesigning

AI agents that are used to design better ways of working, including new processes, workflows, and customer engagement strategies.
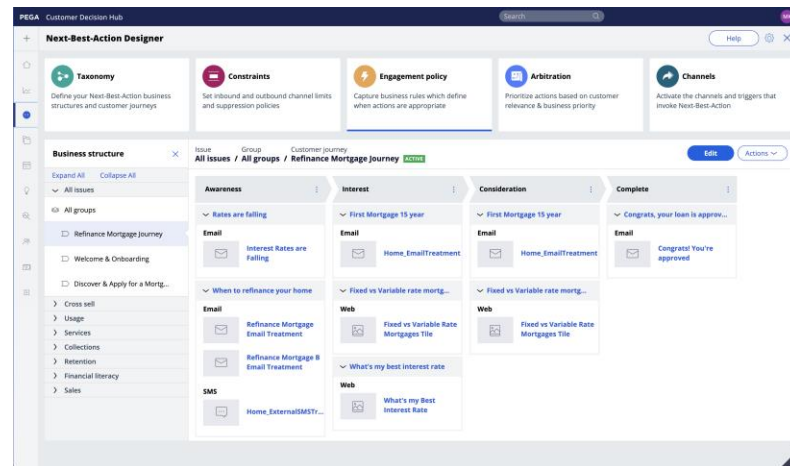
AI Decisioning

The foundation of intelligent operations and engagement

AI Decisioning is the most mature, proven, and enterprise-grade form of AI. This is AI that has been quietly powering business decisions for decades, long before ChatGPT generated headlines. It's the engine behind credit scoring systems, next-best-action recommendations, and optimization of operational processes.

AI Decisioning processes vast amounts of historical data to identify patterns, predict outcomes, and recommend actions based on data-driven precision – mathematical certainty rather than creative interpretation. When a bank needs to decide whether to approve a loan, when a retailer wants to determine the optimal product recommendation, or when a manufacturer seeks to predict equipment failure, AI Decisioning provides the reliable, auditable intelligence that enterprises demand.

Unlike generative models that might produce different outputs for identical inputs, this statistical approach to AI Decisioning delivers consistent, explainable results ready for regulators and auditors. It operates within defined parameters, following mathematical rules that business leaders can comprehend and trust.

AI Decisioning is the right solution when you need reliable, scalable decision-making based on data patterns. It's particularly powerful for customer engagement optimization, risk assessment, process optimization, and any scenario where consistent, auditable outcomes matter more than creative problem-solving.

Pega's Customer Decision Hub applies AI Decisioning to predict the next best action and personalize customer engagement to increase revenue, customer satisfaction, and retention.
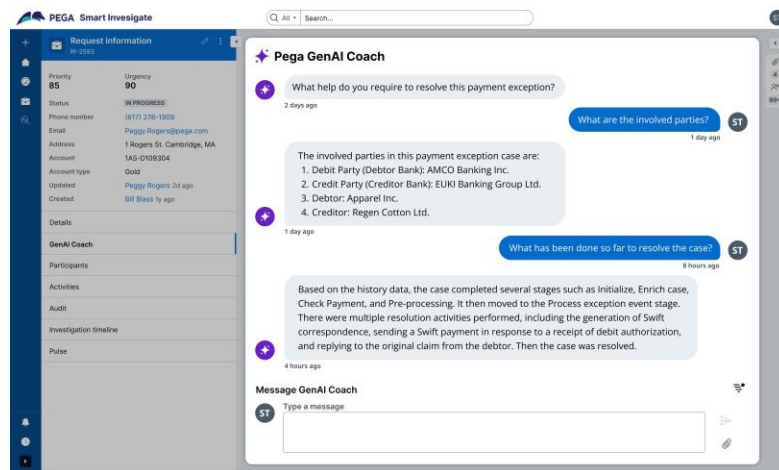
AI Productivity Tools

New forms of automation, but not differentiating

AI Productivity Tools are the most visible face of the current AI hype cycle. These tools generate content, summarize documents, answer questions, and automate routine cognitive tasks.

The appeal of these tools is immediate and tangible. Knowledge workers can use AI to draft a proposal, summarize a lengthy contract, or research market trends. These tools can compress hours of work into minutes, freeing your team to focus on higher-value activities that require human creativity and judgment.

However, the productivity enabled by these tools is rapidly becoming commoditized – they're increasingly ubiquitous and undifferentiated. The same generative models powering your internal tools are available to your competitors, your suppliers, and your customers. While Productivity AI tools can deliver operational improvements, they won't, on their own, create sustainable competitive advantage.

Smart enterprises approach AI Productivity tools as an operational accelerator rather than a strategic differentiator. They deploy these tools broadly to improve efficiency, reduce costs, and enhance employee satisfaction, but don't mistake productivity gains with strategic advantage.

Pega GenAI Coach is an AI Productivity Tool that uses case context to offer dynamic guidance and relevant knowledge to users in real-time, improving productivity and employee effectiveness.

AI Transformation

Reimagine how business should run from the ground up

Transformational AI operates at design time rather than runtime. It harnesses the power of agentic reasoning to rethink legacy systems, redesign customer engagement strategies, and architect new business processes.

Today's enterprises face decades of accumulated technical debt, outdated systems, and processes that reflect historical constraints rather than current possibilities. Traditional modernization involved a "lift-and-shift" approach – COBOL to Java, on-premise to cloud without fundamentally questioning whether the underlying business logic still makes sense.

Transformational AI analyzes your existing systems, understands your business requirements, incorporates industry best practices, and generates **entirely new approaches that weren't previously conceivable – challenging legacy constraints and unlocking new value.** It's AI that can consume your legacy documentation, understand your regulatory requirements, and propose business processes that are simultaneously more efficient, more compliant, and more adaptable to future change.

Start your AI Transformation with Pega Blueprint™

Design agents that transform your legacy systems and operational workflows

Pega Blueprint™ harnesses the power of AI agents and Pega's unique architecture to accelerate business transformation timelines from years to months.

Instead of lengthy discovery and scoping to redesign business processes, Blueprint can design new workflow applications in minutes, allowing business and IT leaders to focus on strategic decisions rather than tactical implementation details.

Pega Blueprint empowers enterprise leaders to reimagine what's possible, rapidly transforming legacy systems and operational processes.
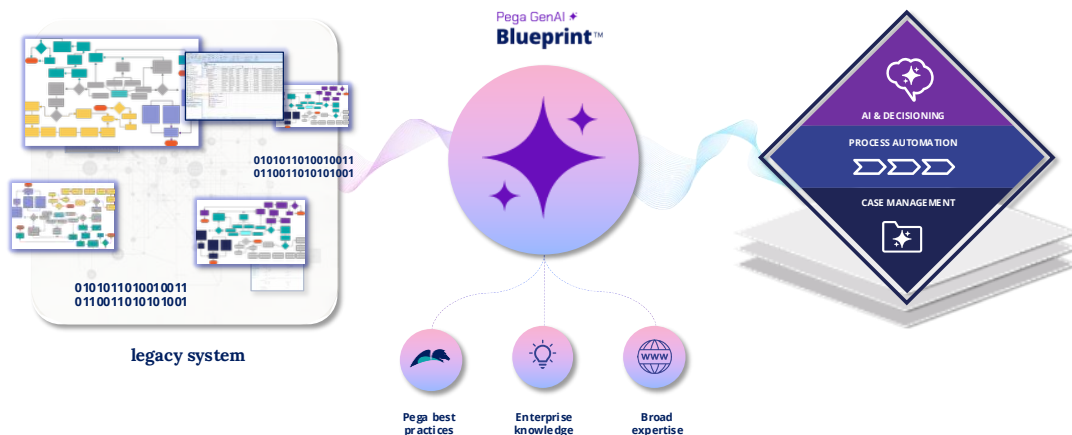
Pega Blueprint brings together AI agents, Pega best practices, and documentation from existing requirements and legacy systems to reimagine and transform operational and service workflows and customer engagement strategies.

Pega is enabling enterprises to drive AI transformation

Pega's approach to agentic AI builds on decades of experience in workflow automation and AI.

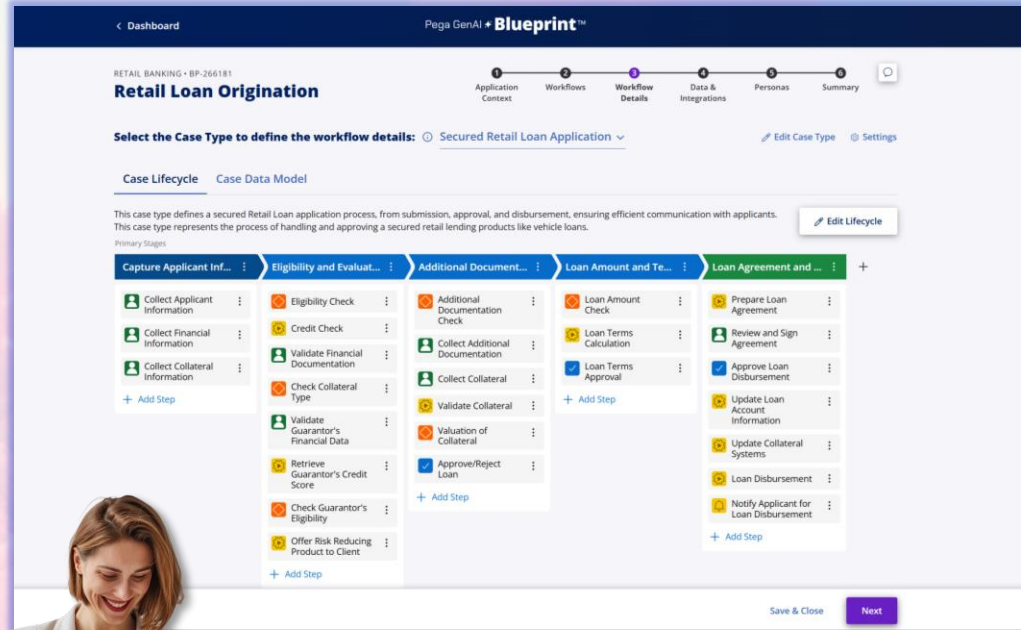**Deutsche Telekom** presented their success in transforming over 500 workflows at PegaWorld 2024.

By leveraging the design agents of Pega Blueprint to facilitate conversations between IT and business leaders, the team was able to ensure that business needs are captured completely, and the new process maximizes the transformational possibilities offered by AI and automation.
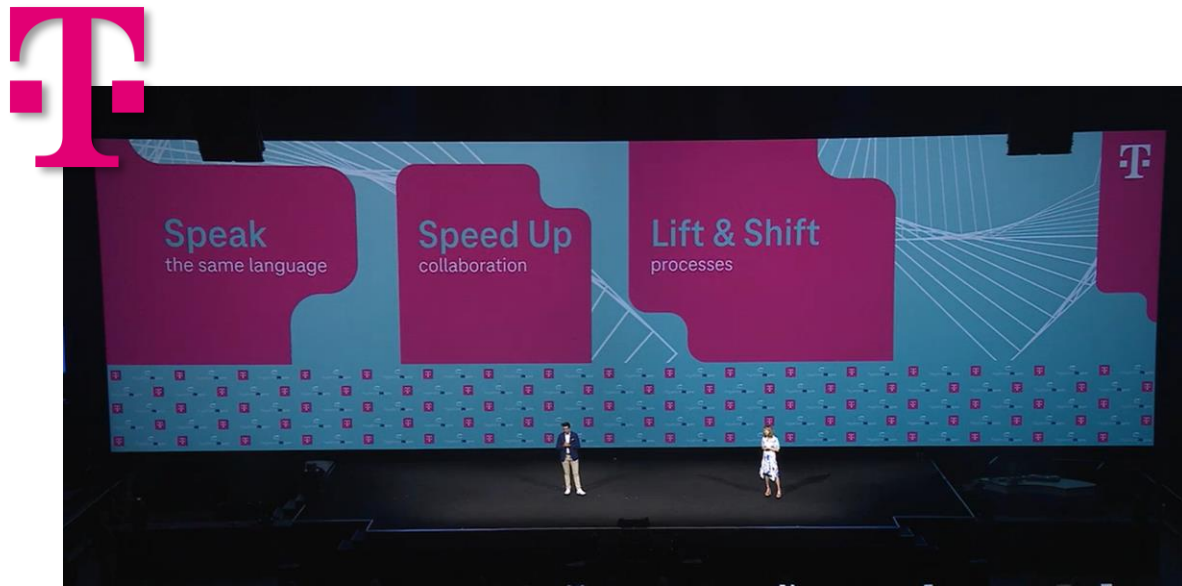
Start designing your future today

Accelerate your autonomous enterprise transformation with AI design agents at: **www.pega.com/blueprint**

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