

Series: AI-Storytelling

How AI-First CEOs must align with the Right Service Providers (SPs)

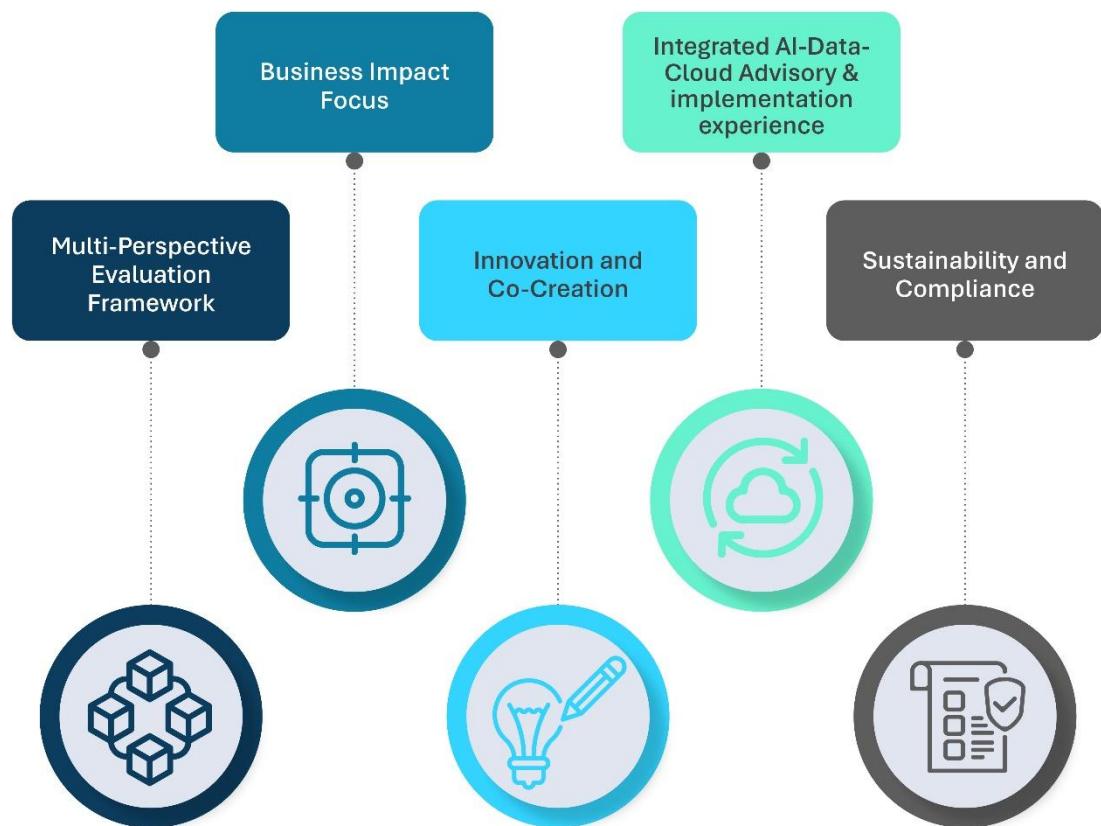
Introduction:

As AI becomes integral to business strategy, CEOs must ensure that their organizations are equipped with the right partners to navigate this transformation. Choosing the service providers to align with is not just a technical decision but a strategic enablement one that impacts the organization's ability to innovate, scale and deliver value.

A CEO's vision must cascade into SP choices that align with:

- Long-term digital innovation goals
- Risk governance and AI accountability
- Operating model flexibility
- Data sovereignty and compliance commitments

Here are some leading considerations to help guide choices.



5 Key Considerations for Selecting the Right Service Providers

1. Business Impact Focus: SPs should demonstrate a clear understanding of your industry's challenges and opportunities and offer solutions that drive measurable business outcomes. Avoid generic business cases and insist on ROI-driven engagements with SMART (Specific, Measurable, Actionable, Relevant, Timeline) outcomes.

Service providers that have strong strategy and digital consulting backgrounds along with engineering and implementation experience, should be prioritized. Availability of domain-specific consulting, benchmarking experience, engineering experience at peer environments, reference ability and visibility in research ecosystems, are key factors. In terms of costing and pricing models, look at SPs that can offer at least 30-50% outcomes-based pricing rather than only T&M type cost-plus models. These are partners that have the confidence to put skin-in-the-game, for strategic and expensive AI projects.

2. Integrated AI-Data-Cloud Advisory & implementation experience: Seek SPs that provide holistic advisory services that address and combine AI, data and cloud strategies to ensure cohesive implementation and management.

For large-scale, complex, high-impact, strategic AI projects to be successful, a robust data and cloud infrastructure is critical. One problem with small-scale SPs is that they often do not have the depth of talent and proven client references to stitch the existing legacy systems, enterprise systems on cloud, and underlying databases and data lakes of these systems, to the agentic and generative AI solutions in-prod. So, even if they are successful in delivering an impressive AI pilot or POC, when it comes to scaling it in real world in terms of integrating data pipelines to existing systems and accelerators, the projects often fail. The cost of failure of strategic AI projects is usually very high. So, it's better to choose the SP partner who showcases proven experiences and references.

3. Multi-Perspective Evaluation Framework: Evaluate providers based on their ability to address various dimensions, notably:

- Vertical expertise in your specific industry.
- Functional alignment, evidenced by the demonstrated capability to work with different organizational functions (e.g. IT, innovation and business units) within client organizations.
- Technological proficiency, with emphasis on expertise in relevant technologies and tools.
- Engineering capabilities e.g. quality and no. of IPs and platforms, accelerators, integrators, plug-and-play solutions, orchestrators etc.

4. Innovation and Co-Creation: Partner with SPs that are willing to engage in co-engineering, co-build and co-innovation, share risks and rewards and will contribute to developing new solutions and IPs in the end-user context

5. Sustainability and Compliance: CEOs must ensure that service providers are compliant with AI regulations (such as the EU AI Act, HIPAA, India's DPDP Act, et al), committed to green AI

practices and ESG reporting and have bias mitigation and audit capabilities built into their AI pipelines.

Emerging Service Provider Categories & Evolving Roles in the GenAI Era

Good service providers play a crucial role in an enterprise's AI journey by helping set a foundation for success and reducing the time to value. Some of the high-level benefits service providers can produce include:

- **Accelerating implementation** by providing the necessary expertise and resources to deploy AI solutions efficiently.
- **Enhancing capabilities** by augmenting internal teams with specialized skills and knowledge transfers, enabling users to leverage the LCNC platforms being offered by agentic and generative AI tool vendors.
- **Driving innovation** through collaboration on new product, service and business model development.
- **Ensuring scalability** by designing solutions that can grow with the organization's needs.

To maximize the value from working with service providers, AI-first CEOs must do the following.

- **Set Strategic Guardrails:** For example, by insisting on multi-model, cloud-neutral, composable solutions.
- **Fund Co-Creation:** Use the Strategic AI Innovation Fund for high-impact service provider pilots.
- **Involve CoE & Business Units with the SP:** Broad engagement helps blend innovation with domain needs.
- **Embed SP Metrics:** Measure outcomes quarterly (e.g., time-to-value, cost-to-serve, AI performance).

Conclusion:

The right SPs serve as more than vendors they become innovation enablers, capability builders and scalability partners. When aligned with the broader CEO vision, operating model, and AI-Cloud architecture, service providers can fast-track time-to-value, manage AI risks and co-create competitive advantages.

Reach out to us

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