The Disciplined Investor Podcast – Guest Interview Summary

Guest: Dan Faggella

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Quick recap

Andrew and Dan discussed various aspects of AI adoption in business, including challenges in enterprise implementation, potential applications for small businesses and startups, and the current capabilities and limitations of AI systems. They explored the integration of AI in specific workflows, its impact on different industries, and the potential for AI to revolutionize business operations in the near future. The conversation also touched on the concept of AI hallucinations, the importance of experimentation in AI adoption, and the growing interest in personal AI use.

AI Integration and Email Delivery Issues

Dan and Andrew discussed issues with email delivery and the integration of AI in Andrew's podcast. Andrew expressed difficulties with using Microsoft's Copilot feature, which Dan offered to assist with. They also discussed Andrew's upcoming interview with Dan, who is the founder and head researcher at Emerge Artificial Intelligence Research.

AI Adoption in Large Enterprises

Andrew and Dan discussed the current state of artificial intelligence (AI) in business, particularly its accessibility and adoption. Dan noted that while AI has become more accessible, its adoption in large enterprises is slow due to various reasons. He predicted that within the next 2 to 3 years, AI systems will become strong enough to replace departments and perform complex tasks. However, he also pointed out that enterprises are still in their infancy in adopting and embracing AI technology.

AI Systems' Capabilities and Limitations

Andrew and Dan discussed the capabilities and limitations of AI systems, particularly large language models (LLMs). They debated whether LLMs are merely regurgitating existing information or if they can generate new ideas. Dan suggested that while LLMs may struggle to create entirely new concepts, they can effectively connect existing ideas and even assist in developing new ones. He also noted that as AI systems are increasingly trained on new data, their capabilities are expanding. The conversation ended with a discussion on the potential for AI systems to help engineers build more complex features, which in turn can be incorporated into LLMs, creating a self-reinforcing cycle of improvement.

AI and Human Cognition Discussion

Andrew and Dan discussed the concept of hallucinations in the context of AI and human cognition. They agreed that humans do make mistakes and misinterpret information, but these instances should not be labeled as hallucinations. Andrew shared his experience with using AI for calculations and analysis, highlighting the potential for errors due to rounding differences. He also mentioned the benefits of using chat-based services for complex tasks, as they provide easily absorbed output. The conversation ended with Andrew emphasizing the importance of considering rounding differences when dealing with large numbers and complex calculations.

AI Adoption Challenges in Enterprises

Dan discussed the challenges in AI adoption within enterprises. He highlighted that the motives to innovate are poorly structured, leading to small incremental changes and pushback against significant changes. He also pointed out that consultants are incentivized to talk about innovation, while employees are often self-interested and may resist AI adoption due to concerns about job security. Dan emphasized that actual adoption and change in business functions will only happen when there is an existential threat from a more nimble competitor or a startup dominating the industry with raw tech and efficiency. He expressed his current supposition that AI breakthroughs will lead to systems that can spin up monster capabilities, potentially wiping out departments of enterprises and remoulding the economy.

AI Integration in Enterprise Operations

Dan and Andrew discussed the integration of AI in enterprise operations. They highlighted that AI is not about overhauling entire systems, but rather about implementing it at specific junctures in workflows. They provided examples such as automating tasks like checking signatures in mortgage agreements and routing customer queries to the appropriate personnel. They also mentioned the use of AI in fraud screening processes, where it can analyze relevant information and present it to humans for judgment. They concluded that while AI is finding a fit in various workflows, it is not as revolutionary as some might hope.

AI in Business and Healthcare

Andrew and Dan discussed the podcast AI in Business, which focuses on non-technical business leaders leveraging AI for strategic advantage. They highlighted memorable guests and the podcast's content, emphasizing its focus on AI's impact on specific industries and companies. Dan shared insights on AI adoption in healthcare, noting its challenges due to regulatory issues, data privacy concerns, and limited R&D budgets. He also mentioned the potential for AI adoption in pharmaceuticals. The conversation then shifted to AI for individuals, with Dan acknowledging the growing interest in personal AI use.

AI for Small Businesses and Startups

Andrew and Dan discussed the potential of AI for small businesses and startups. Dan suggested that these businesses should start by familiarizing themselves with the basics of large language models and their potential applications. He recommended that they screen for relevance and credibility, and then experiment with different use cases. Dan emphasized the importance of incremental experimentation and the potential for significant ROI. He also encouraged the team to pull in more brains than themselves for better decision-making. Andrew appreciated Dan's insights and promised to send him the AI-generated notes.