

## **NAVIGATING THE AI REVOLUTION LEADERSHIP ROUNDTABLE Q & A | NOVEMBER 14, 2023**

### **Question for Geoff: how do you attract software talent to a construction industry?**

Geoffrey Smith: I wouldn't suggest it's anything other than a constant struggle. I think it helps us that we have a reputation for entrepreneurialism and innovative approaches. Then you have to convince people that there is the opportunity to change an industry, and that this is where they will get the best opportunity to really participate. Then you have to do your best to keep your promises (in the face of a fair amount of institutional and industry resistance).

### **Do you have an example of a decision that you made with AI that would have been counter to the decision you would have made without it?**

Geoffrey Smith: In truth, we are only just beginning to apply real AI to decision making, but I can give lots of examples where our data efforts have improved decision making by real people - the main one being subcontractor prequalification on all sizes of tenders.

### **What was the name of the book Geoffrey mentioned?**

Geoffrey Smith: Power And Prediction by AJ Agrawal

### **Public infrastructure projects are notoriously late and more expensive than estimated at the outset. Is AI being used yet to prepare more realistic estimates and/or to identify and mitigate potential causes of the problems before they occur?**

Geoffrey Smith: Let's get our facts straight: Only Public *Transit* Infrastructure projects deservedly have this reputation. Both industry and government can point to an impressive record with both budget and schedule on Public *Social* Infrastructure projects (hospitals, courthouses, even bridges). And no, I'm not aware of real AI yet being used on estimating any major projects anywhere. Improved data, yes. Real AI, no.

### **How to you assess the cost of implementation of AI?**

Geoffrey Smith: We just add up how much we're spending at the end of the year. But obviously it's a more complicated question, and very difficult to answer. How much are we spending developing our own software vs buying off the shelf vs. the benefit of



controlling our own software vs. the risk of having someone else control what is delivered, when and how it evolves over time? We think the cost is about equal, so the benefits fall in your favour when the process is core to your business, and against developing your own when it isn't or when the process (inventory control) is simple and non-unique. Your resources will always be limited, so you have to decide. Not sure if that answers your question, but it's the best I can do.

**You mentioned being paranoid about partnerships, yet partnerships are needed to succeed in this space. Can you share the top 3 or 4 issues we should watch out for to protect ourselves during the partnership process?**

Geoffrey Smith: Paranoia:

- i) They come in cheap, then once deeply embedded and nearly impossible to get rid of, they start jacking the prices. It's their business model, trust me. So, make them promise that annual fee increases will be no more than inflation (good luck).
- ii) If they are using your business knowledge to help build out the app, who owns the IP (I got completely screwed on this, but just once.)
- iii) Who owns the data, and how do you know it will be there, for all time, under your control, in the format promised, when you need it.
- iv) They promise you the moon and the stars, and then once you're signed up, they don't keep up their development with their promises or with your needs, though they said they always would.
- v) If you want to make custom changes to their product for your business, what will it cost - get it in writing.

**Geoff - do you see the biggest opportunity at ED to save money - or to bid better - or to create new revenue streams?**

Geoffrey Smith: I apologize for being glib, but yes, yes, and yes. Meaning I don't know yet, but I'm expecting all three. Which will be the biggest in ten years? New revenue streams. But before that it will be the other two.

**Until now, technology has been seen as an enabler but not necessarily a longer-term strategic differentiator. Is AI similar or is it more "secret sauce" proprietary?**

Geoffrey Smith: I am anxious to see the other panelists reply to this, but I believe AI will turn our industry upside down and inside out. When I combine that with the changes that will be caused by Sustainability, well, I'm glad that I'm just Exec Chair now and not CEO.

