



4's

4A's Perspective on GenAI



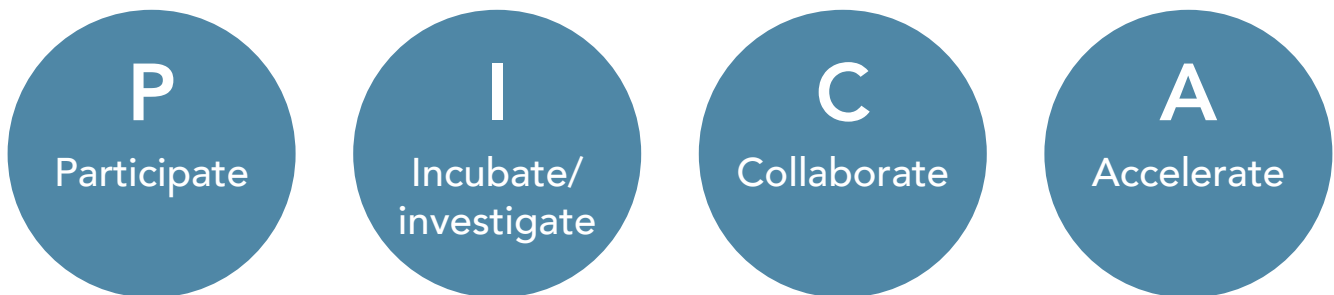
Introduction

Artificial Intelligence is a major technology disruption that presents agencies with both challenges and opportunities. Used appropriately, it can help accelerate work and improve performance across a wide range of use cases.

For most agencies, AI is not new – our industry has been at the forefront of cutting-edge AI deployments for more than a decade. Digital tools we interact with every day - both as consumers and professionals – are powered by various types of AI. Examples include search, social media feeds, programmatic decisioning, dynamic creative optimization, probabilistic audience targeting and more.

Generative AI (GenAI), on the other hand, is a relatively new beast that our industry must tame - and the questions and challenges the technology presents are profound. As such, member agencies have been asking – what is the 4A's philosophy on GenAI? The technology is moving so quickly that it is difficult to put forth concrete tactical advice without having to update it every day. But, we have a strong strategic point of view and some high level guidance to share.

First, let us draw an important distinction - whereas AI overall has historically been mostly about automation, GenAI should be viewed more through a lens of augmentation. With that in mind, our philosophy for the agency community can be summarized by this simple acronym: PICA



It is important to note that these pillars are not meant to be a sequential guide but rather an overview of the critical components around which agencies can shape their approach. The pillars were intentionally developed to cover typical external client projects and internal agency use cases, which may have varying degrees of impact and risk.



Participate: Get involved. Now.

Agencies cannot afford to sit on the sidelines when it comes to GenAI. Used responsibly, it can be an incredibly powerful tool. We encourage agencies to actively experiment with the technology and to get deeply involved in the important industry discussions and debates that will determine the future utility of the technology.

While agencies need to be aware of ethical concerns and legal risks surrounding AI usage, these concerns should not cause GenAI avoidance. Agencies will ultimately need to develop a comprehensive strategy and policy - but early experimentation is key especially since GenAI remains immature and is evolving at lightning pace. Experiment, test, learn and document findings. Identify use cases that are relevant to your business and build proof of concepts and/or pilot programs to test those that are a good balance of low effort and high impact. The results of these early tests will help your team:



learn how AI will react to your specific scenario



evaluate the state of your data (and your clients' data) as input into AI
(this is an area that requires extra caution to ensure proper handling of confidential data - see below)



clarify opportunities and risks for both internal and external use cases



shape the early stages of your strategy and policy

Investigate/Incubate: Scrutinize tools, formalize staff training and lay foundations for operationalization.

Most agency teams don't need to know the details of how a particular GenAI system works at a technical level, but it is important to conduct thorough due diligence on any tools being used. In addition to a functional review to ensure a platform meets the needs of your business, this analysis should include a review of the terms of service for the platform, an understanding of data security / privacy protections, a detailed look at the training data set used, platform efforts to minimize bias and inaccuracies, and a deep dive into pricing models.



This investigation is often best completed by a cross-disciplinary team that may include technology, strategy, creative, UX, DEIB, operational and legal resources. Many GenAI platforms have terms of service that heavily favor the platform itself and these terms often dictate that (under default configurations) the tool can use any data that is input for future model training. This is obviously a risk to confidential data and should be managed accordingly. Some platforms offer the ability to opt-out of data sharing, and most platforms also offer enterprise-level paid versions, API-based access and/or the ability to create a custom large language model with a proprietary data set. Usage of these more advanced features can help reduce data exposure risk, but platform terms of service and other contractual obligations must still be evaluated - and the results of this analysis should inform your agency's policy and governance approach.



Consider what types of training may be appropriate for your agency's incubation team - the leading GenAI tech platforms all have robust documentation and many of them also have varying levels of self-paced learning initiatives. Many third party resources have also developed basic coursework, and it may make sense to think about your own agency-specific training program.

The environmental impact of GenAI systems is also a growing concern. Training large language models (LLMs) that power these platforms consumes a tremendous amount of energy. As with most computing systems, GenAI tech gets increasingly energy efficient as compute power advances and the leading platforms focus more on sustainable energy. Still, agencies should be aware of the carbon footprint of such systems as part of their overall sustainability strategy.

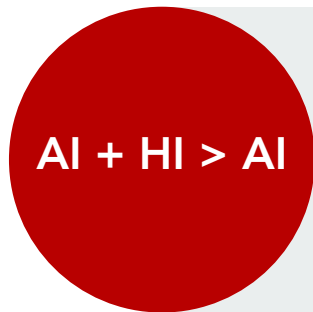
These first two pillars of *participate* and *investigate / incubate* should provide enough information to begin sketching out initial budgets and investment planning for AI tools and implementation. Use the results of early testing and research to scope more detailed usage scenarios, determine the right level of investment for your business and begin to frame implications for your pricing and business models. It is likely that AI will disrupt certain lines of business. Carefully evaluate which LOBs or tasks are most at risk and focus on those that will continue to deliver high value to clients when augmented with AI.



Collaborate:

Augment human skills with GenAI & ensure holistic, cross-functional thinking.

We recognize that AI tools can automate routine tasks, creating the perception that the tools are primarily time savers. But we believe this is a dangerous misconception - or, at the very least - an incomplete view of the impact these tools have. GenAI is not exclusively about efficiency or effectiveness - it is about both, though perhaps not in equal measure. Importantly, usage of GenAI does not lessen the value that an agency provides to its clients. Rather, GenAI is a new suite of tools that still requires human guidance. GenAI used without expert human creativity is likely to create a sea of uninspired and ineffective sameness. The people that think outside the box in the way that a machine cannot will deliver the most impactful and differentiated work, whether they are using "traditional" tools or GenAI. We believe that the essential agency equation for GenAI is something like this:



Artificial Intelligence + Human Intelligence is better than Artificial Intelligence alone

...and that artificial intelligence will not replace humans, but augment humans while eliminating the need to do repetitive, routine, low-value tasks.

AI use cases at agencies can also run the gamut across different functional areas, suggesting that even more powerful solutions can be unlocked via cross-functional collaboration. For example, consider how your analytics team's usage of AI can help them extract more powerful performance insights and how those insights can influence both in-campaign optimization for media and creative teams and lay the groundwork for strategic planning inputs into the next AI-enhanced program.



The 4A's firmly believes that GenAI should be viewed as a tool to improve effectiveness more so than a tool to improve efficiency.



Accelerate:

Plan, operationalize and scale.

When the time is right and your agency has established a baseline level of comfort and experience, build a plan to accelerate agency adoption. Key components of your plan will likely include:

- Operationalizing GenAI services and capabilities
 - Staffing plans - are new roles required to deliver GenAI-enhanced services?
 - Pricing models and guidelines
- Additional training programs to build on any training of your initial R&D team
- Frameworks and plans to celebrate both success and failure, encouraging responsible experimentation and documenting learnings from all tests
- Contractual templates and guidelines for both client and vendor agreements, which should carefully consider legal liability, intellectual property and focus on risk mitigation to ensure exposure in line with typical agency risk management.
- A formalized agency policy on AI and GenAI, which may cover:
 - Governance – ownership, accountability, documentation, and decision-making process
 - Approved use cases (internal and external)
 - Preferred/Approved tools
 - Identifying and navigating bias
 - Data privacy & security
 - Human oversight and quality control - spotting “hallucinations” and routinely validating any AI output
 - Legal / copyright / IP / indemnification
 - Note: the 4A's has released an [AI policy template](#) to provide agencies with a starting point in developing their own policies

Conclusion

Artificial Intelligence is one of the most disruptive technologies that the world has ever seen and yet, it is incredibly immature, especially when looking at GenAI. The impact on the advertising industry will be profound but it is likely to evolve across different dimensions at different rates. For example, the advancement of technological capabilities is likely to continue to outpace regulations, creating challenges for the entire advertising ecosystem.



The 4A's will continue to monitor the evolution of AI, publish new content on issues of importance to our members and the industry, and work across the ecosystem to provide guidance and advocacy.

Our team recently released a “crash course” on AI called “[Navigating the Nuances of Artificial Intelligence](#).” It includes a wealth of resources, webinars, and points of view that serve as a complement to this document. There will be much more to come as this space evolves, but please do not hesitate to reach out with feedback or questions via the form on the crash course.

Figure 1
HYPE VS. REALITY

Hype	Likely Reality
AI will replace human workers	AI will augment human workers (AI will take over certain routine, repetitive tasks, but is likely to create more opportunity for growth)
AI is easy to use	AI requires domain expertise to be effective
AI is infallible	AI is prone to hallucinations and incorrect responses; human users should always verify
AI is inexpensive	Free and low-cost tools abound but fail to account for the full cost in terms of hardware, human capital and proprietary data sets
AI can do anything	Artificial general intelligence is likely years from reality. Today's AI models do a limited set of tasks well and must be trained on any new tasks
AI is unregulated	Regulation is coming soon, and agencies should play an active role (in partnership with the 4A's) in helping to shape; meantime AI should not be feared but approached with caution given uncertain legal environment
AI is unbiased	Training models can create substantial bias; it is important to vet the data, process, and team used to train models and monitor output
AI understands context	AI makes educated guesses based on predictive algorithms
Setting up AI is a one-time task	Most marketing use cases for AI require continuous training, monitoring and optimization