



Artificial Intelligence leads to real profits

McDonald's, Proctor & Gamble and other corporations are investing in AI to boost success

PERSONAL FINANCE

BY DANIEL COHEN

While walking my dog Max this morning, I thought of the idea for this article and decided to ask ChatGPT some questions. Immediately, I got back useful information to write the article after our walk.

Before writing this article, I had access to the free version of ChatGPT, but due to the content limitation, I am now paying \$20 per month for a premium version. I have been paying for a suite of services from Microsoft since launching my business more than a decade ago but recently agreed to pay \$30 more per month per user to add Copilot, an AI companion, to assist with various applications to improve productivity.

It's obvious how technology companies benefit from the surge in AI demand fueling the related hardware and software spending. But how are other industries utilizing AI to increase revenue or reduce costs to improve profits?

To make this research more interesting, I first asked ChatGPT for some examples of companies from the portfolios we manage. Next, I asked our two summer interns for the same research without using any AI tools.

Each time a new wave of technological advancements occurs, there's an initial hype surrounding the announcements of the products. To fund the development of their products, companies need to articulate a long-term vision for the solutions being offered. Often the benefits of their investment come years later, as the companies providing the new product can't deliver until future versions are developed.

Self-driving cars have been just "years away" from being a reality for

so many years, and now many feel it really is. Self-driving cars are being used in a small number of markets across the U.S. and are examples of AI in use today. While this may seem exciting, it is far from ready to be adopted on a massive scale across the country. The technology first received a lot of excitement that was quickly followed by skepticism and concern for safety as accidents occurred. However, these accidents occurred at a rate lower than with human-driven cars. Time will tell if self-driving cars become widely adopted and pass regulatory and ethical scrutiny.

Beyond the exciting case of self-driving cars, other companies like McDonald's and Proctor & Gamble are employing AI in more practical ways. McDonald's is using AI to serve hotter, fresher food and to simplify the process of preparing meals at its stores. Proctor and Gamble's use of AI involves seeking ways to improve their supply chain to better analyze consumer behavior to predict buying patterns. This will ultimately help P&G increase both sales and customer satisfaction. Disney is employing facial recognition to study audience emotions to improve movies, performances and TV shows. Coca-Cola and Home Depot are also spending on AI initiatives for similar reasons.

Pharmaceutical companies like Amgen and Johnson & Johnson have improved their manufacturing efficiency and safety using AI tools. Eli Lilly is committed to using AI for its own drug development process and in partnership with other companies. They are creating molecular designs never considered previously for possible cures to various diseases. In addition to the profit motive, AI has the potential to save lives.

Financial firms like Blackstone and JP Morgan use AI to assess risk in the assets they hold and develop financial models and analyze investments. They use AI to better serve their clients with virtual assistants. These assistants help clients navigate online pages, summarize statements and more. Energy companies like Exxon or Chevron and utilities like NextEra are investing in AI to optimize exploration projects, analyze data to boost the functionality of equipment, monitor machinery and enhance safety. Again, the goal is to improve revenue and reduce costs to gain profitability.

Growing businesses will use the latest tools to analyze data in the most efficient manner possible, and ours is no different. Although the research generated by our interns in several hours was very similar in quality to the research provided by ChatGPT in seconds, we are not planning on eliminating our summer internship program. These students bring unique and valuable perspectives to the office that robots will never replace.

Well-run businesses will deploy AI to improve productivity and increase revenue to become increasingly profitable which is the goal of business. Some jobs will be disrupted while others will be created. So far, the jobs lost have been mostly lower-paying ones, and new opportunities have been created in higher-paying positions.

It will always be human vision, innovation and creativity that allow certain companies to differentiate themselves from the crowd and prosper. AI will likely never replace human wisdom. It's a tool, and an impressive one! **NHBR**

Daniel Cohen, a certified financial planner, is CEO and chief investment officer at Cohen Investment Advisors, a registered investment advisory firm in Bedford.

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