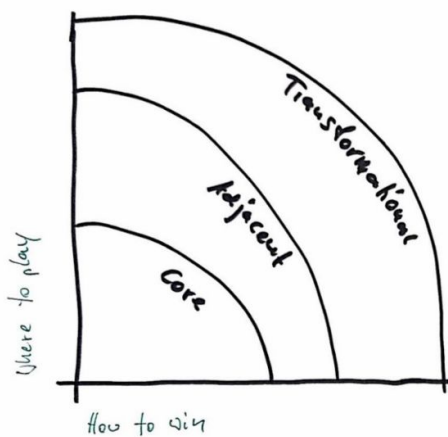


Digital & Deep Tech Jul 1, 2019

Artificial Intelligence will do my job? Great!

It is our mission as Porsche Innovation Management to make ourselves entirely replaceable. Why?



Horizon 3 - Transformational

Develop products for markets that do not even exist yet

High uncertainty - ROI cannot be known

Horizon 2 - Adjacent

Expand into "how to the company" business

Lower uncertainty but increasing complexity. ROI can (probably) be predicted

Horizon 1 - Core

Optimize existing products

Almost no uncertainty but high complexity. ROI can be calculated

CS Scanned with CamScanner

Artificial Intelligence by Felix Hagemeyer, 2019, Porsche AG

Horizon 1: Know your products and your clients

In core innovation projects, Porsche is very successful due to operational efficiency and incremental improvements. We know our products, our clients and we know how to assess if a project is worth being followed — probably using simple Return on Investment (ROI) metrics. However, since products and services developed here are deeply connected with our core business, their complexity is higher than in other horizons.

Horizon 2: Old shoes in new markets

Broaching the adjacent innovations, we take something we are already good at and use this to target something new. In this case, we can keep uncertainty low and predict ROI. The Taycan is a good example for that approach — we developed it following our long experience in sports car manufacturing, but it will be the first fully electric Porsche coming to market this fall. Therefore, it might sell to an entirely new customer group we currently do not serve with our established product portfolio.

Horizon 3: Transformational innovation

Transformational innovation initiatives are the king of business development. They include developing a product for a market that does not yet exist — no certainty or prediction possible. Transformational innovations probably take capabilities we haven't even developed yet. The only way to get these capabilities: test and experiment fast and often, understand the relevant questions you need to answer for the product to excel. Only by gaining feedback directly from our customers we can understand and continuously improve our work, products, and services. The good thing within this horizon is that it does not interfere with the running business, thus — despite the uncertainty — the complexity is not that high.

How to balance total innovation

Porsche, like other corporates, has to be able to pursue different tracks of innovation — all at the same time. Rather than bringing forward stand-alone innovation initiatives which compete for funds, time, and attention with one another, Porsche has to implement a holistic innovation approach to be successful in the future. For Porsche, that means establishing a balance between our core, adjacent, and transformational innovation initiatives.

Now, this is the tricky part. To produce cars quickly, in high quality and with a high margin, Porsche has to work like clockwork. What does that mean? Not only a rather linear mindset, but also little time to educate ourselves in new work methods and to take part in innovative projects — apart from the daily business.

So, how can we buy us more time in order to meet the requirements of the different horizons?

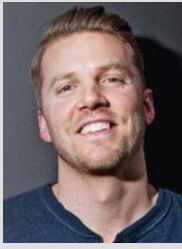
AI: Transforming Finance & IT

That's where AI comes into play. When most people think about Artificial Intelligence (AI), they probably think about self-driving cars, robots from Boston Dynamics or similar things. When we at the Porsche Finance & IT department think about AI, we fiddle about how to improve standard processes in order to preserve our precious human resources.

Wouldn't it be nice if a machine could take over those repetitive tasks? If we could win time to work on the exciting stuff? Intelligent technology will give us the so badly needed free time. Time that we can invest in the preparation for the future, interesting experiments, and great new products — reaching out from horizon 1 to 3.

As a McKinsey study about the effects of AI in Finance states, the technology can fully automate 42 percent of finance activities and mostly automate a further 19 percent — this includes robotic process automation (RPA), even though that is not a very intelligent technology. If we could really enhance our processes to such an extent, we would free up our most valuable resources — our employees — in order to teach and train them to tackle the challenges to come.

Learning what AI can and cannot do



Felix Hagemeyer

Innovation Manager Finance & IT at Porsche.

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