5 Key Takeaways | SI's Downtown 'Cats Discuss Artificial Intelligence (AI)

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Recently, we brought together over 100 alumni and parents of the St. Ignatius College Preparatory community, aka the Downtown (Wild)Cats, to **discuss the impact of Artificial Intelligence (AI) on the Bay Area business community**.

On a blustery evening in San Francisco, I was joined on a panel by fellow SI alumni **Eurie Kim** of Forerunner Ventures and **Eric Valle** of Foundry1 and by my Mintz colleague **Terri Shieh-Newton**. Thank you to my firm **Mintz** for hosting us.

There are a few great takeaways from the event:

1. **What makes a company an "AI Company"?**

   The panel confirmed that you cannot just put ".ai" at the end of your web domain to be considered an AI company.

   Eurie Kim shared that there are two buckets of AI companies (i) AI-boosted and (ii) AI-enabled.

   Most tech companies in the Bay Area are AI-boosted in some way - it has become table stakes, like a website 25 years ago. **The AI-enabled companies are doing things you could not do before, from AI personal assistants (Duckbill) to autonomous driving (Waymo).**

2. **What is the value of AI to our businesses?**

   In the future, companies will be infinitely more interesting using AI to accelerate growth and reduce costs.

   Forerunner, who has successfully invested in direct-to-consumer darlings like Bonobos, Warby Parker, Oura, Away and Chime, is investing in companies using AI to win on quality.

   Eurie explained that we do not need more information from companies on the internet, we

need the answer. **Eurie believes that AI can deliver on the era of personalization in consumer purchasing that we have been talking about for the last decade.**

3. **What are the limitations of AI?**

   The panel discussed that there is a difference between how AI can handle complex human problems and simple human problems. Right now, AI can replace humans for simple problems, like gathering all of the data you need to make a decision. But, AI has struggled to solve for the more complex human problems, like driving an 18-wheeler from New York to California.

   This means that, we will need humans using AI to effectively solve complex human problems. Or, as **NVIDIA CEO Jensen Huang says, "AI won't take your job, it's somebody using AI that will take your job."**

4. **What is one of the most unique uses of AI today?**

   Terri Shieh-Newton shared a fascinating use of AI in life sciences called "Digital Twinning". This is the use of a digital twin for the placebo group in a clinical trial. Terri explained that we would be able to see the effect of a drug being tested without testing it on humans. This reduces the cost and the number of people required to enroll in a clinical trial. **It would also have a profound human effects because patients would not be disappointed at the end of the trial to learn that they were taking the placebo and not receiving the treatment.**

5. **Why is so much money being invested in AI companies?**

   Despite the still nascent AI market, a lot of investors are pouring money into building large language models (LLMs) and investing in AI startups.

   Eric Valle noted that early in his career the tech market generally delivered outsized returns to investors, but the maturing market and competition among investors has moderated those returns. **AI could be the kind of investment that could generate those returns 20x+ returns.**

   Eric also talked about the rise of venture studios like his Foundry1 in AI. Venture studios are a combination of accelerator, incubator and traditional funds, where the fund partners play a direct role in formulating the idea and navigating the fragile early stages. **This venture studio model is great for AI because the studio can take small ideas and expand them exponentially - and then raise the substantial amount of money it takes to operationalize an AI company.**

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