

# No Longer Buzzwords: AI/ML, Deep Tech & the Future for Software



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In the 2021 Year End Letter, we highlighted developments in critical technology of the future that will help virtually every industry, from transportation to healthcare, food-tech to the metaverse. Despite rapid advancements in just the last year alone – as user-generated DALL-E images viscerally attest – we still believe that we remain very much in the early days of artificial intelligence and deep-tech transformation. Ten years after Marc Andreessen declared that “software is eating the world,” it has become clear that software is less an industry in and of itself and rather a vehicle of innovation that permeates every industry and vertical today.

After years of hype, 2022 marked a key inflection point for AI adoption. IBM's [report on AI adoption](#) highlighted the sustained growth rate of global AI adoption: now 35%, representing a four-point increase YoY. While many companies have integrated AI into their products/services, 44% of organizations are actively working to embed AI into their current applications and processes.

It is important to note that businesses are not just merely adopting AI but rather investing heavily into it to gain first-mover advantages. Per LXT's report on [AI maturity within organizations](#), over 55% of organizations surveyed are spending between \$1-\$50 million a year while 15% of organizations are spending \$50+ million a year. Larger enterprises are investing even more, with ~40% of them spending \$51-\$100 million on AI.

While AI, as an umbrella term, encompasses various technologies that enable machines to mimic human intelligence, thematically we separate AI/ML into the tangible and the intangible. Ironically, the tangible might very well be less obvious day-to-day than the intangible.

Regarding the intangible, consider the advances made in resolving supply chain bottlenecks which have stymied the delivery from East to West of everything from baby food to electric vehicles. Walmart increasingly relies on an enterprise software platform built on distributed ledger technology, underneath which is a fully-AI technology impacting warehouses to truckers to invoices. [Walmart Blockchain and AI](#).

Meanwhile, Genesys, a leading provider of contact center technology, has essentially rebuilt its platform leveraging Natural Language Processing to automate our interactions with machines and people a world away. Properly designed and deployed, only the outcomes are known to us, the consumer, with the underlying deep tech so far advanced that it mimics manual processes in nanoseconds, rendering it wholly intangible to mere mortals. As stated in last year's letter, “the best technologies are those that manage to recede into the background.”

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Closer to home, users have lit up Reddit and Twitter with images conjured from imagination to text to computer-generated images – all enabled by AI. The implications for creators are simultaneously exhilarating and daunting: Will this new technology democratize creation and unlock unimaginable creativity in a few keystrokes, or disrupt an entire ecosystem of business models and careers? Probably both – but as we are ever optimists, we believe the technology will create more opportunities than it will close them.

The Metaverse offers another tangible example of the power of AI. While still a vision to be fully realized – as the market reminded Meta this year – there are experiences available today that attest to the great potential.

The Metaverse allows us to feel and literally see the power of AI through \$400 VR glasses. At the very core of deep tech is the prospect, as an example, of immersion in a non-reality world, where the experience is curated by computers taught to replicate our real world. That's tangible, AI and ML presenting themselves to us rather than just underlying the end-experience. We are IN the AI, not removed from it.

Nonetheless, the strategic opportunity and avenues to deploy investment capital in these areas is unquestionable. Artificial intelligence and machine learning permeate our everyday and have clearly moved beyond buzzwords. We expect neither the pandemic nor an impending recession ultimately to stall these enduring trends and reshape our B2B, B2C, and B2B2C experiences.

