



Ebook

The Ultimate Guide to AI in Proposal Management

AI, present since the 1960s, is now widely embraced, yet some organizations are naturally a little skittish about it. This guide navigates you through what you need to know when evaluating AI.

VisibleThread.com



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Summary Outline

Artificial Intelligence. Love it or loathe it, it's here! Let's face it, it has been around in some guise since the 1960s. While several facets of society are embracing it, proposal managers are understandably cautious.

There is zero point ignoring it forever, however. In this guide, we will chronicle why.

Artificial Intelligence (AI) is not just a buzzword; it's a transformative force reshaping industries, including proposal management. [McKinsey's 2023 report](#) reveals generative AI's rapid rise as a game-changer in business operations. Over a third of organizations are integrating these tools into various business functions. AI is no longer a niche but a mainstream asset. This guide delves into the heart of this evolution, exploring how AI, particularly generative AI, is revolutionizing proposal management. We have gathered insights from a range of recent resources, including our contributor blogs and webinars. This guide will demystify how you can harness AI to enhance your proposal processes.



The Rise of AI

McKinsey's survey reveals that a third of organizations are already using generative AI in at least one business function. While 40% are planning to increase their AI investment due to advances in generative AI. This surge is not just limited to tech companies; industries across the board recognize AI's potential. Also, interestingly notable 77% of consumers use AI-powered devices, often without realizing it.

In terms of market growth, the AI industry is experiencing a meteoric rise. Precedence Research estimates the artificial intelligence market to be worth over \$638 billion by 2024. The increasing accessibility of large language models (LLMs) and other AI technologies is fueling this growth to companies. Furthermore, Forbes highlights that by 2030, the AI market is projected to be worth over \$1.3 trillion. Indicating AI's integral role in future business operations.

AI's impact on the workforce is equally significant. While there are concerns about job displacement, AI is also expected to create new job opportunities. McKinsey predicts the creation of 133 million new jobs by 2030 due to AI integration. The World Economic Forum warns of AI disrupting 25% of jobs within five years. AI's impact on employment is twofold. This necessitates businesses to both adapt and prepare for a future dominated by AI in their operations.

In summary, the rise of AI is characterized by its:

- **Rapid market growth.**
- **Significant investment in AI technologies.**
- **A profound impact on the workforce.**

As AI continues to evolve, its influence across all sectors is becoming increasingly clear. It will reshape the way businesses operate and compete.

“Generative models are changing the way we think about machine intelligence and creativity. And have the potential to transform industries from media to finance to healthcare.”

Oriol Vinyals
Google



Generative AI for Enterprise – Our Predictions

In the fast-evolving world of AI, enterprise organizations must keep pace with its direction and advancements

For context, as of Jan 11, '24, Hugging Face listed 472,105 different LLMs (Large Language Models). That number increased by 27,576 over the previous three weeks. In short, the landscape is exploding with LLMs. These are the backbone of generative AI.

Here are some of our predictions for 2024.

- 1 You will see more specialized, often pocket-sized models** for extremely specific tasks. In an enterprise setting, these specialized models will reside behind the firewall, either in a private cloud or on-premises. This will ensure security and data integrity. In fact, your CISO (Chief Information Security Officer) will insist on it.
- 2 LLMs excel at some tasks but lack reliable results.** While they excel at summarizing text or completing images, hallucinations and lack of consistent results mean that not all tasks are best suited for LLMs. Products using standard algorithmic software will continue to be pervasive and will make better sense for many use cases.

Why is this the case?

Simply put, LLMs are “non-deterministic”. Deterministic software means you get the same result every time. In non-deterministic systems, asking the same question might yield different answers. Depending on the training model and its tuning, you will get “AI Hallucinations” (more insight on that phenomenon below). It's not all bad news. Technical solutions like RAG (retrieval augmented generation) are evolving to alleviate some of these issues.

- 3 How we interact with Gen AI will evolve hugely in 2024.** For instance, generalized question-answer interfaces are popping up like weeds. Effectively, these are Chatbot-type interfaces wrapping the LLM. While innovative – they're not without limitations. Users need to adopt “prompt engineering” skills. This is akin to being able to code with words. So, you need to train your people to get consistent results in Enterprise settings. Otherwise, this will become a concern. While the Chatbot interface will continue to be useful, we see more specialized interfaces evolving in parallel. These will augment existing products.

Example: Adobe Photoshop has excelled in terms of this product extension. Users click a button to get the benefit of Gen AI, without any prompting. These types of solutions are more focused on a specific outcome and are much easier to use for non-tech businesspeople.



To summarize, the future of AI is poised to make significant advancements in various sectors. We can expect to see a rise in model specialization, particularly in regulated sectors such as healthcare and defense. These specialized models will operate within secure environments, either on private clouds or on-premises, fully behind firewalls. Additionally, AI results are set to improve in accuracy. Technologies like Retrieval-Augmented Generation (RAG) will become mainstream. These will enhance results with specialized knowledge and reduce instances of AI-generated inaccuracies or 'hallucinations'. We will also see a shift towards hybrid systems. A blend of traditional software with Generative AI, becoming a standard approach in technology development.

Furthermore, the arrival of specialized interfaces for Large Language Models (LLMs) is on the horizon. These interfaces will cater to specific tasks, integrating into existing enterprise products like VisibleThread. This integration will simplify processes for business users, allowing them to interact with AI without needing to 'code in words'. Meanwhile, Chatbot interfaces, like ChatGPT, will continue to evolve, becoming more sophisticated in handling general 'Ask me anything' type queries. These developments indicate a future where AI is more tailored, secure, and user-friendly, fitting seamlessly into various business and sector-specific applications.

Buyer's Guide for AI in 2024

In today's rapidly evolving business landscape, integrating AI into your operations can be a game-changer. However, to harness its full potential, a strategic approach is essential. We designed this checklist to guide you through the critical steps of implementing AI in your business. From defining your specific needs to ensuring future scalability. Each point below will help you navigate the complexities of AI integration. These objectives ensure that the technology aligns seamlessly with your business objectives and enhances your operational efficiency.

1 Define Your Business Needs:

- Identify specific areas where AI can add value to your business.
- Understand the tasks for which AI is suitable and those for which it is not.

2 Evaluate AI's Role and Limitations:

- Assess if the AI solution aligns with your business objectives.
- Understand the limitations of AI, particularly in tasks requiring high accuracy or deterministic outcomes.

3 Security and Compliance:

- Ensure the AI solution adheres to industry-specific regulations and standards.
- Verify the vendor's data security measures and policies.



4 Vendor Evaluation:

- Research the vendor's track record and reputation in the AI field.
- Seek out case studies or testimonials from other clients, especially those in your industry.

5 Mitigating Risks of Inaccuracy:

- Understand how the AI solution handles inaccuracies and its approach to error correction.
- Plan for regular checks and balances to verify the AI-generated outputs.

6 Internal Champion Identification:

- Identify or appoint an internal champion who understands both the technology and its potential impact.
- Ensure this person or team has the authority and resources to lead the AI integration.

7 Training and Education:

- Plan for comprehensive training for employees who will use the AI solution.
- Consider ongoing education to keep up with AI advancements and changes.

8 Implementation Strategy:

- Start with a small-scale implementation to gauge the AI solution's effectiveness.
- Gradually expand the use of AI as confidence and familiarity grow.

9 Feedback and Continuous Improvement:

- Establish a feedback loop to gather insights on the AI solution's performance.
- Use feedback for continuous improvement and adjustment of strategies.

10 Future Scalability and Support:

- Assess the AI solution's scalability to grow with your business needs.
- Check the level of customer support and technical assistance provided by the vendor.

Successfully integrating AI into your business is not just about adopting new technology. It is about transforming your operational approach to harness the power of AI effectively. By following this comprehensive checklist, you can address every aspect of AI implementation. Remember, the journey of AI integration is ongoing, and staying adaptable to advancements is key to leveraging AI's full potential. Strategically used, AI can propel businesses into a future of enhanced efficiency, informed decision-making, and innovation.



AI 'Hallucinations': Insights from VisibleThread's CEO Fergal McGovern



We learned a lot at the VisibleThread Summit 2023 in Washington. One of the most notable nuggets is that people want to be more informed about IP ownership and protection. This is a work in progress. The second most notable insight was the matter of AI Hallucinations.

What is an AI Hallucination? Simply put, it occurs when an **LLM** (that being a Large Language Model) confidently spouts plausible yet false information. These deviations are a result of pulling information from unreliable sources. For instance; released in November 2022, ChatGPT (which effectively uses LLMs as an engine) includes Reddit in its [training data](#)...

"It's 'trust but verify' time with AI. If you're using any 'chatbot' type interface; whatever it comes back with, make sure you check that result... Read what it comes back with, make your human judgement, and only then go forward."

Fergal McGovern

Such Chatbots use **Generative AI**. Gen AI is a predictive technology. Simply put, Gen AI predicts the next word/step based on the massive learning set it has been fed. It does not "think" – no matter how informed it sounds. You should only view anything it gives as a first draft.

"It's human nature for us to get all hyped or start catastrophizing about these developments. We should be somewhere in between. In the next two, five, ten years, we will be amazed by the efficiency it gives for humanity. But just use your head! Make a judgement.."

Additionally, we can build **proprietary AI** systems (tailored and more secure LLMs unique to your business) around your corporate information. Therefore, it's more secure and there's less chance of hallucinations. How? Because it's pulling from a specific data set that is pre-populated, determined, and owned by you.



VisibleThread & AI

At this juncture, you might be wondering how VisibleThread uses AI. Our CEO, Fergal McGovern, wrote a [very informative blog on this very matter](#).

In short, we use it across VT Docs to scan and analyze documents for compliance. This helps to ensure you address all requirements in the proposal. It also helps you to pinpoint any risky content that needs mitigating.

In VT Writer, it aids with the writing process itself. It helps to drive single tone-of-voice across your proposal content while heightening content clarity in real time.

For the differences between VT and open LLMs like ChatGPT, Fergal has broken down all the details [here](#). The main one to consider is the level of accuracy. This is especially true in terms of word count and Flesch – Kincaid grade levels. More importantly, open LLMs pose potential [data breaches](#) and sharing of confidential or proprietary data.

“Every week there are new LLMs appearing. And they have comparable quality to GPT. This means that vendors like us, who support customer-hosted deployment options may soon be able to package and deploy their own LLM. We won’t need to rely on cloud-based models like GPT or PaLM2. That’s something that really excites us at VisibleThread. A huge part of why 11 of the top 15 US Government contractors use us is because of our ability to deploy fully secure, and 100% isolated.”

Fergal McGovern

We are thrilled about how AI can advance our roadmap with its transformative potential. The capabilities of this technology open a multitude of opportunities for growth and innovation. We are actively listening to our customers and dedicatedly devising AI-driven solutions to effectively address their needs. At the same time, we place utmost importance on security and compliance. We ensure that our innovative strides never compromise these critical aspects. As a pioneering force in this industry, we take pride in our commitment to continuous growth. Our unwavering dedication to further supporting our customers with innovative, reliable solutions is our priority.

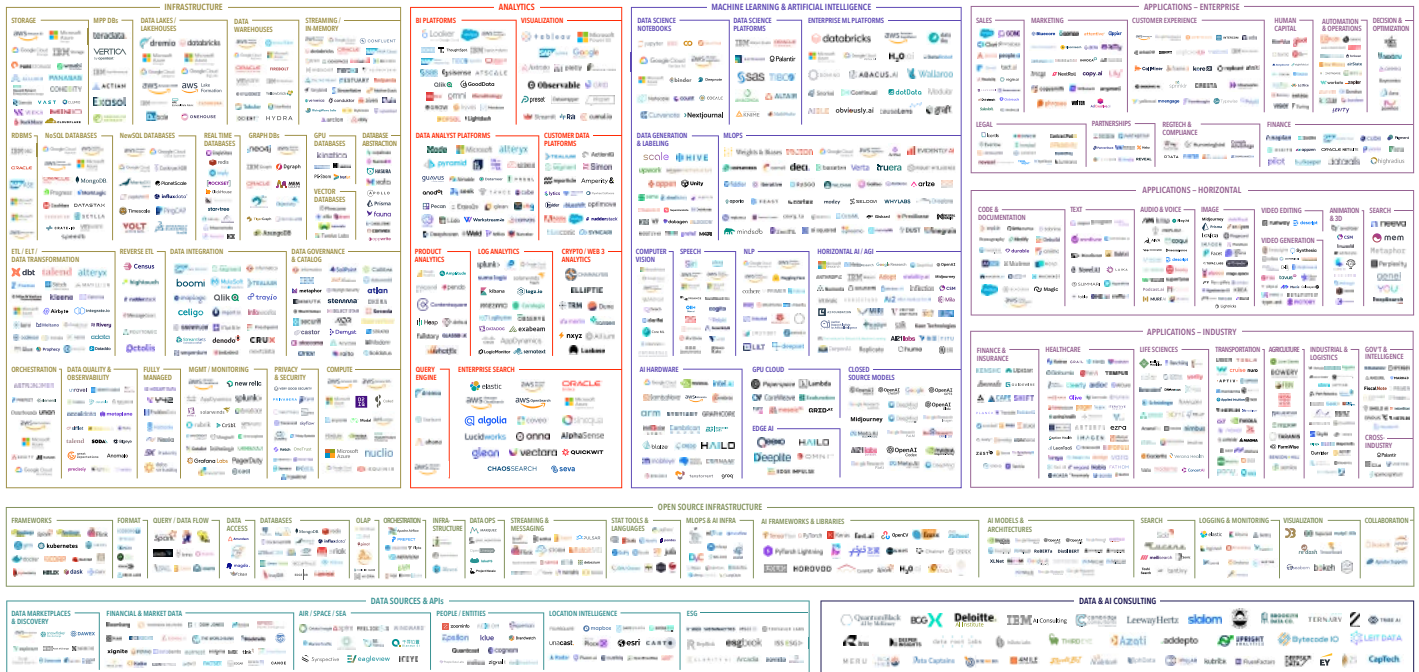
“VisibleThread has done things the right way; they are an expert in their field and what they do.”

Rick Harris, CEO [APMP US](#)



Demystifying the Conversation:

A mere look at AI's applications is enough to leave you utterly overwhelmed by its vast potential and scope.



Source of image - <https://www.lxahub.com/stories/key-takeaways-from-the-2023-ml-ai-data-landscape-report>

While the vast landscape of AI applications may seem daunting, it's important to stay focused and not feel overwhelmed. Success lies in having a clear purpose.

Start by defining your business needs:

- Pinpoint specific areas where AI can bring value to your business.
- Discern which tasks are suitable for AI application and which are not.

Next, rally a team of enthusiastic individuals who are ready to propel this initiative forward:

- Choose an internal champion knowledgeable in technology to understand its impact on your business.
- Empower this individual or team with the necessary authority and resources to spearhead the AI integration process.

Finally, choosing the right vendor is crucial:

- Investigate the vendor's history and reputation in the AI sector.
- Look for case studies or testimonials from their clients. Particularly those in your industry, to gauge their reliability and effectiveness.



Maximizing AI in Proposal Writing: Strategies and Ethical Considerations

We can explore the effective application of AI in proposal writing by embracing it with curiosity and optimism. ChatGPT, a prominent AI tool, offers substantial assistance in drafting compliant federal proposal content, particularly in response to solicitations. You can utilize it in five key ways:

1 Formatting Guidance:

It offers advice on fonts, bullet points, margins, and other formatting elements.

2 Content Generation for Standard Sections.

ChatGPT can generate content for key sections like executive summaries, technical approaches, management plans, and quality control. Drawing from successful proposals and established best practices achieves this.

3 Language Suggestions for Specific Requirements:

The tool can suggest appropriate language to address solicitation requirements, ensuring compliance and relevance.

“Generative AI is the most powerful tool for creativity that has ever been created. It has the potential to unleash a new era of human innovation.”

Elon Musk, Tesla

To effectively collaborate with ChatGPT or similar AI tools, it's crucial to understand the art of crafting precise prompts. A well-structured prompt acts as a cue, guiding the AI to generate relevant and accurate responses. This process involves refining the information provided by the AI. Training AI for desired responses and specifying output formats enhances proposal writing significantly.

However, it's important to approach the outputs of these models with a critical eye. AI-generated content, while often useful, can sometimes include inaccuracies or 'hallucinations', so it's essential to verify the information.



“76% of consumers are concerned about misinformation generated by AI-powered technology”

Forbes Advisor

Incorporating personas and rules can be a powerful strategy.

AI can embody various professional roles, offering specialized feedback to enhance proposal content's depth and quality.

When it comes to editing and presentation, AI can go beyond basic content generation. It can assist in complex tasks like pricing, replacing cumbersome processes with more streamlined AI-driven methods.

“Trust but verify AI. If you're using chat interfaces, chatbot type interfaces, whatever it comes back with, make sure that you check that result.”

Fergal McGovern, CEO of [VisibleThread](#)

Finally, ethical considerations are paramount. It's vital to use AI responsibly, avoiding the input of inappropriate or sensitive information. As AI evolves, staying updated on regulations and best practices in data handling and privacy becomes crucial. This is particularly important given the context of open models and federal regulations.





Conclusion: Embracing the Future of AI in Proposal Management

As we navigate the evolving landscape of AI in proposal management. It is clear that this technology is not just a fleeting trend. It is a pivotal element in shaping the future of business operations.

“Generative models are a key enabler of machine creativity, allowing machines to go beyond what they’ve seen before and create something new..”

Ian Goodfellow, [Apple](#)

AI tools like ChatGPT can help but enterprises need to be mindful of the security implications, hallucinations, and the location of the LLM itself.

It's also crucial to approach AI with a strategic mindset, focusing on ethical considerations, accuracy, and the right integration strategies. By leveraging AI to its fullest, businesses can ensure a technologically advanced future. This future aligns with human expertise and adheres to ethical standards.



10 Key Takeaways:

- 1 **AI's Transformative Role.** AI is reshaping industries, including proposal management. The ability to enhance processes and offer innovative solutions is truly exciting.
- 2 **Rapid Market Growth.** The AI market is experiencing significant growth, with its value projected to reach over \$1.3 trillion by 2030.
- 3 **Job Creation and Disruption.** AI is expected to create new job opportunities while also disrupting existing roles. It will challenge workforces to be adaptable.
- 4 **Generative AI's Rise.** Generative AI's growing business use is leading to more specialized, secure applications in the industry.
- 5 **Specialized AI Models.** Future AI developments will include more specialized models for specific tasks, particularly in regulated sectors.
- 6 **Ethical and Security Considerations.** Ethical use and data security remain paramount. Especially with the integration of AI in sensitive areas.
- 7 **Strategic AI Implementation.** A strategic approach to AI integration is essential. It's key to focus on defining business needs, evaluating AI's role, and ensuring compliance.
- 8 **Vendor Evaluation and Selection.** Choosing the right AI vendor is crucial. It requires thorough research and consideration of their track record and client testimonials.
- 9 **Continuous Learning and Adaptation.** Ongoing education and adaptation to AI advancements are key to leveraging its full potential.
- 10 **Balancing AI and Human Expertise.** While AI offers numerous advantages, it's important to balance. It is useless without human judgment and expertise, especially as it is prone to have inaccuracies or 'hallucinations'.

In summary, the future of AI in proposal management depends on responsibly and strategically harnessing its capabilities. While we understand it complements rather than replaces human expertise.



Are you interested in learning more about VT Docs?

Register for our no-obligation
live demonstration.

Live demo

**Need help or
have a question?**



Talk to us by mailing info@VisibleThread.com
to find out more about the core capabilities
of VT Docs