AI regulations and governance are in everyone's best interest: Tredence CEO

Synopsis

Generative AI models are poised to transform businesses at a pace and scale the world has never seen before, says Shub Bhowmick, co-founder and CEO of data science and analytics firm Tredence. Bhowmick talked to ET Prime on a range of issues including AI regulation, what Fortune 500 companies look for when they use outsourced AI, and more. Edited excerpts.

*With demand for artificial intelligence (AI) solutions rising across industries, there's a lot of opportunity for startups. Bengaluru- and San Jose-based data science and analytics venture **Tredence** works with a host of Fortune 500 and other companies to accelerate their analytics and AI-led transformation journeys. Tredence has raised around USD200 million so far from Chicago Pacific Founders, Advent International, a private equity firm, and others.*

*The data-science platform employs more than 2,000 people (mostly in **India**) and has clients including Pepsico; Coca-Cola; **Signet Jewelers**, world's largest retailer of diamond jewellery; Casey's, a chain of convenience stores; and others across retail, consumer goods, hospitality, and banking segments. In an interview with ET Prime, **Shub Bhowmick**, co-founder and CEO, Tredence,talked about the opportunity, challenges and disruption caused by AI. Bhowmick, an engineer from IIT-BHU, worked at **Britannia Industries**, **Infosys**, and **Mu Sigma** before co-founding Tredence in 2014. Edited excerpts:*

AI has created a lot of buzz. What stage are we at? How different is enterprise use of AI from individual use?

The transition from predictive to generative AI represents a paradigm shift, moving beyond mere pattern recognition and forecasting to creating original ideas.

Generative AI models are poised to transform business at a pace and scale the world has never seen before. From setting strategy and fuelling product innovation to optimising operations, workers will gain fresh ideas and tools they need to uncover and maximise new opportunities and work productively.

We've witnessed a surge in generative AI adoption, with market milestones like ChatGPT amassing 100 million users and 13 companies reaching valuations exceeding USD1 billion. Most enterprises began exploring generative AI in 2023 and are now integrating it into their businesses.

For consumer-packaged goods firms and retailers, AI improves the reach of their marketing campaigns — enabling advanced consumer segmentation and personalisation, automating campaign development, creating target media mixes, and optimising pricing in real time. **Healthcare** companies use AI to transform diagnostics and personalised medicine, while financial-services firms leverage it to improve fraud detection and risk management.

Tredence was a fast adopter of generative AI, setting strategy and developing frameworks and solutions for our client base. Our knowledge-management tools streamline information access by 30%-40%, while our productivity tools increase staff efficiency by 50%-60%.

The raw material for AI and ML is data. How do privacy concerns and governments' control overflow of citizen data impact AI?
AI regulations and governance are in everyone's best interest. Government agencies and regulators should encourage organisations to create responsible AI functions, policies, and trust and safety practices; implement guardrails that enable safer development practices and use; and protect society and individuals from unintended consequences. Both market and moral arguments exist for developing responsible AI. At the same time, it is important to avoid over-regulation, which may hinder innovation, curb competition, and potentially delay progress.

Currently, AI standards are still being developed in most regions. By incorporating these standards, providing clarity around data use and processes, and proactively managing AI outcomes, enterprises can serve as good corporate citizens and maintain the societal goodwill to evolve and deploy AI capabilities globally for decades to come.

Most of your business comes from the US. You are looking at 20% from non-US markets in West Asia and elsewhere, while more than 80% of the workforce is in India. It's like a typical IT services model — delivering low-cost data analytics solutions. Most IT services companies also do this and much more. What's your USP?
We are leveraging India's diverse, high-quality talent base. India is known for its ability to drive speed and scale in large-scale digital initiatives. The country ranks number 1 worldwide for AI skill penetration and talent concentration and number 4 globally for AI scholarly research. The robust technology ecosystem we've cultivated encompasses technical talent, funding, research, tools, incubators, and partnerships.

The overall ecosystem facilitates rapid scaling up for startups and collaboration with enterprises seeking to develop their AI solutions.

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> *— Shub Bhowmick, co-founder and CEO, Tredence*

What are your expansion plans? Do you plan to offer services in India as well? If not, why?

We have grown 5x between 2020 and 2024, from a global workforce of 500 to 2,500. Building on our North American presence, we are expanding in India, Europe, and West Asia. We are also entering banking-financial services, insurance and healthcare verticals and have made strategic hires to support this growth. For the near term, we expect to earn double-digit revenues from non-US markets.

In India, we work with healthcare, manufacturing, and retail companies whose vision for solving last-mile AI challenges aligns with ours.

Our data models power the strategic decision making and operations of India's largest business conglomerate, while our domain-specific models enable a leading healthcare provider to accelerate clinical-research processes. In addition, we are partnering with retail and CPG global capability centres to deploy domain-specific data models to accelerate their data analytics journey.

What do Fortune 500 companies look for when they use outsourced AI, data analytics services? What impact does AI and analytics have on their bottom lines and margins?

Enterprises struggle with siloed data that's locked in legacy solutions, dated analytics approaches that produce lagging insights, and black-box solutions that don't scale. In addition, leaders want to harness data holdings to increase their visibility into customers and business processes but understand they need AI and machine-learning capabilities to tame operational complexity.

Companies succeed with AI when they take an end-to-end approach, committing to ongoing business transformation. We help company teams set strategy and prioritise high-value use cases to achieve their business goals. Then, we develop domain-specific solutions on large-language models that leverage frameworks, accelerators, security, governance, and machine learning/large-language model operations (MLOps)/(LLMOps) to create repeatable **processes** that scale.

For example, Tredence developed a generative AI query bot for a marine-classification company using Hugging Face and ChatGPT4 models. The bot automatically responds to routine questions but forwards them to subject-matter experts when answers have a low confidence score. The solution automated 80% of all internal regulatory answers, increased surveyor productivity by 40%, and improved classification accuracy by 15%-20% increase.

We also developed an AI-based forecasting model for one of the largest retailers to provide product category and stock-keeping unit (SKU)-level forecasts. Our solution significantly improved the forecast accuracy for 95% of SKUs, decreasing operational costs by 300% and enhancing financial performance.

Many of our clients begin by addressing an area of significant business pain, scale new AI capabilities across the enterprise, and then extend AI and ML to adjacent areas.

What are the biggest challenges and opportunities in data analytics?
I can't overemphasise the significance of speed and the need for enterprises to change quickly to evolve their businesses to meet changing customer demands. Enterprises can thrive by rapidly experimenting and developing iterative solutions, using AI-driven optimisation technologies to minimise waste.