LDC

AI Insights

Navigating the AI landscape

LDC Investment Director, Joseph Fison, and LDC VCP Director, Data Strategy and AI, Prashant Selvaratnam discuss current themes in artificial intelligence, and how they are shaping decisions within LDC's portfolio and across the wider market.

Since 2023, LDC has hosted a webinar series, open to all our 90-strong portfolio, to provide management teams with the opportunity to share best practice and learn about how different portfolio companies are navigating the evolving AI landscape.

It's now well known that AI has the potential to transform the way we communicate, work, and live. Many of LDC's portfolio companies are leading the charge, and feedback from technology leaders from across LDC's portfolio paints a picture of innovation, strategic vision and future potential.

Pioneering the future: AI adoption

According to IDC, worldwide spending on AI will more than double by 2028, reaching $632 billion – with a compound annual growth rate of 29%. This surge in investment reflects a growing recognition among businesses that AI is no longer a futuristic experiment but can often be a critical driver of competitive advantage and can also create entirely new markets and opportunities. There are an increasing number of tools that democratise access to enterprise grade AI, lowering barriers to entry.

Feedback from LDC's portfolio indicates that the majority of LDC-backed businesses have embedded AI across a range of diverse functions, from finance to sales to product development and customer engagement. This versatility and speed to action highlights an eagerness to harness AI's potential – from streamlining operations with automation or delighting customers with predictive insights. As generative AI and advanced analytics evolve, these innovative businesses are poised to set the benchmarks for others to aspire to.
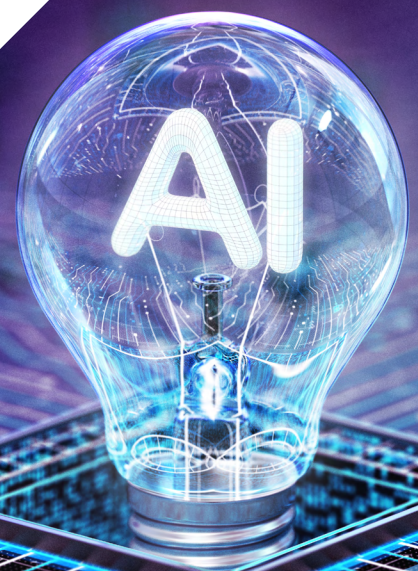
Enhancing human creativity with AI solutions

LDC portfolio company Hybrid, a global higher education-focused digital agency, brings innovation-led thinking and insightful data to strategy and marketing. Hybrid's AI approach enhances human creativity with AI solutions that enable university teams to make data-driven decisions while maintaining strategic human oversight.

Hybrid has developed Intelligence Hub, a comprehensive AI platform that transforms university marketing. Hybrid's AI solutions complement machine learning, to revolutionise marketing efficiency. Intelligence Hub has capabilities including real-time social monitoring, creative performance analysis, and personalised campaign optimisation across 40+ digital channels.

Delivering excellence: leveraging efficiency and ideation benefits of new tools

It's particularly interesting to see how the adoption of AI is spread across sectors. While tech and finance initially led early AI adoption, industries like healthcare and industrials are now accelerating. The market for AI powered diagnostics in healthcare for instance has seen a 400% increase since 2021. Within our portfolio, productivity is often cited as a primary motivator for adoption, with efficiency benefits from use of enterprise AI tools. Other motivations for adoption include supporting revenue growth (e.g., through deployment of AI in sales and marketing), innovation (including AI idea generation and rapid prototyping), and customer service enhancement.

Whilst technology implementations are often designed to deliver financial benefits, achieving them isn't always straightforward. However, AI implementations within LDC's portfolio are showing early promise of being different, with productivity gains already seen across many of our portfolio companies. With the support of LDC, management teams in our portfolio are innovating, enabling demonstrable revenue growth, cost reductions, and customer service enhancements.

Testing GenAI and copilot tools

LDC-backed Etrading Software, a global provider of technology-led solutions designed to assist financial institutions, identified that AI can play an important role in driving the growth of its business.

With a range of AI tools available, the management team have tested a variety of generative AI and copilot tools to support productivity, improve the quality of trade reports and assess market and reference data.

Given that this remains an emerging technology, the team have instigated continuous improvement processes to refine AI use cases based on available capabilities. Successful long-term adoption also required a cultural shift, including endorsement by the management team for controlled test and learn.

Revolutionising Healthcare with AI

Cheshire-based IEG4 develops innovative software solutions that enable public sector organisations to deliver better and more streamlined digital services to their customers.

IEG4 recently collaborated with Herefordshire and Worcestershire Integrated Care Board, Warwick University, and Made Purple in an innovation pilot, to showcase how digital transformation, powered by AI, can revolutionise the Continuing Healthcare (CHC) assessment process and improve the efficiency and accuracy of healthcare decision-making.

The collaboration resulted in a new software module named "AI Transcribe, Powered by Made Purple", which is now seamlessly integrated within the IEG4 Digital CHC Platform.

Investing in people: upskilling to remain at the cutting edge

A 2024 Forbes Advisor survey noted that 81% of AI users report improved productivity, with additional benefits cited including higher job satisfaction and lower stress, while PwC's AI Jobs Barometer suggests that workers in AI-exposed roles who upskill can command wage premiums of up to 25% compared to their non AI-savvy counterparts.

During LDC's webinar series, the majority of portfolio attendees agreed that they have taken proactive action to AI skills development within their teams, with a strong focus on upskilling existing team members using the support of external consultants and partners, where appropriate. There is a growing trend to further develop employees' AI skills and capabilities over the next two years.

AI initiatives to deliver insight

Idwal Marine Services (Idwal) is Cardiff-based leading provider of tech-enabled inspection services to the global commercial shipping sector. LDC backed the management team at Idwal to support the development of its proprietary technology platform, data and services, as well as expanding its network of overseas offices.

At the forefront of Idwal's AI initiatives is a production machine learning model that, having been trained on the 20% of the world's bulkers, tankers and containerships that Idwal has inspected, can estimate the likely condition of any other deep-sea commercial vessel.

Idwal is also investigating the potential benefits of GenAI, including report translation, data extraction from photos and documents, and customer chatbots to derive interpretable insights from their fleet data. Idwal won an Amazon Web Services hackathon for their work around AI agents.

Focussing on the future: from communication and content creation to agents and automation

Over the next two years, businesses are poised to shift their AI focus from broad experimentation to targeted optimisation, reflecting a maturing market where AI adoption is no longer about proving the concept but about driving measurable outcomes.

Significant early success has been found in the use of AI tools to drive productivity and content creation and the adoption of co-pilots and chatbots is expected to continue. Increasingly over the next two years, a range of leaders in our portfolio see the use cases for AI extending into data analysis and pattern recognition (e.g., for fraud detection and demand forecasting), search and retrieval of information and, increasingly, full automation of tasks.

As AI reshapes the business landscape over the next few years, companies can harness its power to optimise operations, personalise customer experiences and unlock value from data, potentially redefining their industries. The data both from the wider market and across our portfolio is clear: strategic AI adoption offers the opportunity to be a cornerstone of competitive advantage.