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How Generative AI Makes Sustainability Data More Valuable

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It has been nearly a year since ChatGPT burst on the scene, and while generative AI is experiencing [explosive growth](#), its business future is still under debate. Generative AI is incredibly powerful

with an easy-to-use interface, but business leaders know that their corporate "gold" is the unique data they have in their enterprise systems.

It is not clear how large generative AI models fit within the corporate firewalls nor how these intensely data-hungry models can exploit the data in enterprise systems to a competitive advantage. Surprisingly, one path forward comes from sustainability data.

Data and algorithms go hand in hand in the world of AI. While the valuation pendulum is currently focused on algorithms, value swings back to data over time. Computer scientist Peter Norvig is commonly attributed with saying: "More data beats clever algorithms, but better data beats more data."

Sustainability data, when prepared to meet reporting standards, can be far more accurate than the data currently in enterprise systems. Better data from sustainability can make AI algorithms more valuable to the enterprise.

Access To Data Determines AI Value

Consider four types of data created by businesses today—third-party data, first-party data, zero-party data and enterprise data.

Third-party data is used by ChatGPT and other large language models (LLMs) and is bought from brokers or screen-scraped from the internet. The value of this data is its quantity, as LLMs need billions of data points. In this first wave of innovation, the economic advantage swings to the companies that have amassed the computing power and large databases to advance their large models.

First-party data is what search engines and marketing platforms collect by watching the online activity of users and consumers. Google and Salesforce—with their dominant positions in search and marketing/sales operations, respectively—have huge data advantages. These companies are using their unique data to build LLMs that deliver proprietary value back to customers. Access to data enables the advances in LLMs and secures even more customers.

Zero-party data is consumer-permissioned data such as data provided by the completion of online surveys or contact forms. Marketing platforms will exploit consumer engagement to amass large datasets. Microsoft also has a competitive advantage in zero-party data through its ownership of GitHub, the widely used software code repository. Developers have essentially

permissioned the use of the code data for AI training, and Microsoft has developed LLM algorithms that speed coding.

The winning combination for first-party and zero-party data platforms is unique data, access to computing power and deep financial pockets. With this trifecta, platform valuations will soar as the algorithms deliver business benefits to customers.

Two Challenges For Enterprise-Level Generative AI

Two challenges have slowed the adoption of LLM for enterprise data: algorithms and data quality. LLMs are large and expensive. Technology leaders from [Snowflake](#) to [Intel](#) are mapping out a new trajectory that brings the power of LLMs to the enterprise but at a much lower cost. A constellation of new models is on its way that keeps data within the enterprise firewalls and requires much less computing power.

However, data-hungry models will face a data quality problem. According to a [2017 study](#) published by *Harvard Business Review*, 47% of newly created data records had at least one critical error, and only 3% of data quality scores were rated as "acceptable." Meanwhile, a 2021 TealBook [study](#) found that 57% of procurement leaders relied on manual entry for supplier data.

Without high-quality data, the power of within-enterprise AI will never be unleashed.

Sustainability Data That Is Accurate, Actual And Complete

In the past year, in an entirely separate trajectory, there has been a global harmonization of sustainability reporting standards,

including a new requirement: an external third-party [assurance](#) or audit review. By penalizing the use of estimated data and including an audit, global standards are forcing the preparation of accurate and reliable sustainability data.

The AI trajectory and the sustainability trajectory are converging. Sustainability is rich with operational details such as energy and water use at the site and asset level, data on the amount and nature of waste generated, and product-level costing and emissions. Sustainability data is a lens on business operations. When integrated with data from enterprise systems, it can be used to identify data gaps and anomalies in business data—which can lead to cost savings in procurement, accounts payable and supply chain management.

The advances in generative AI make sustainability data incredibly valuable. Within-enterprise AI will need every scrap of actual, accurate data it can get, as bad data will lead to mistrained AI. As a new workstream, sustainability data can be prepared using the best in modern technology, avoiding the errors and issues of legacy data preparation systems.

AI algorithm development is moving quickly, and with sustainability reporting [starting in 2025](#) in many countries, it is easy to imagine a new reality in which within-enterprise AI is based on LLMs that use highly accurate sustainability data to train and improve models, delivering unique value back to the enterprise.

While many businesses consider sustainability reporting a regulatory burden, the arrival of generative AI has flipped the equation. Accurate, actual sustainability data can be uniquely positioned to power within-enterprise AI, leading to operational

savings, revenue growth and an increase in valuation. This is an unexpected but great outcome not only for businesses everywhere but also for the planet.

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