

AI at WWCD

Apple Intelligence – AI for the rest of us

Updated: June 14th 2024

Better decisions, faster.



Apple Intelligence

WWDC is Apple's annual <u>developer-focused</u> event. Where updates are announced across the growing family of Apple operating systems: <u>iOS18</u>, <u>tvOS18</u>, <u>iPadOS18</u>, <u>Watch OS11</u>, <u>Mac OS Sequoia</u>, and <u>Vision OS2</u>, as well as many <u>audio and home</u> devices.

Meaningful updates to <u>app stores and marketing</u> technologies were also announced this year, such as <u>AdAttributionKit</u>, which <u>extends capabilities</u> such as measurement to alternative app stores while preserving privacy.

This year marked a major push into consumer AI with the launch of <u>Apple Intelligence</u>, a 'personal intelligence system' built for Apple devices.



Apple's approach to consumer AI differs from other platforms, focusing on early adopters relying on complex interactions such as structured text prompts. Instead creating a <u>family of models</u>, <u>integrated and orchestrated</u> to address specific user needs.

At launch, <u>Apple intelligence</u> will include four core capabilities

- <u>Writing Tools</u> to rewrite, proofread, and transform text.
- <u>Image Playground</u> enables simple, intuitive, and expressive AI image creation.
- <u>Genmoji</u> to create novel emojis to brighten any moment.
- A <u>new Siri</u> with App Intents so that secure and personalized conversational capabilities can be embedded in any app.

Apple is demonstrating how AI technologies can meaningfully impact everyday life, making the complex simple and the new trusted.

Privacy and personal context

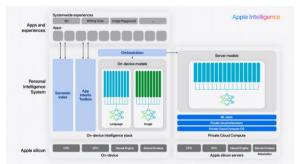
Apple has a long history of leading in consumer privacy, which also sits at <u>the heart of this Al</u> <u>inflection</u> point.

Generative AI services have typically relied on data being uploaded to servers where <u>inference</u> <u>compute</u> takes place to generate outputs. To deliver genuinely personalized results, complex prompts or large amounts of potentially sensitive data are uploaded, so user control of data is lost.

Apple solves this conundrum through <u>on-device</u> processing. Apple's foundational models are small enough, at <u>3bn parameters</u>, to fit on recent devices such as the iPhone15 Pro and <u>M-Series Macs</u>.

However, the small models that fit on consumer devices can only do so much; more complex queries will still need to do inference compute in the cloud.

The solution here is <u>Private Cloud Compute</u>, which uses personal data to complete only the task and then deletes it. This is all verifiable by third-party security experts.



This is designed to increase confidence in using AI services to process ever more sensitive information, which is especially important in areas such as health and finance.

Brands must think along similar lines and understand where specific information points can help interactions such as research, purchase, returns, and rewards. They will also need to differentiate between interactions that only need temporary information and services that require permission to use personal data in more structured, persistent ways.

A key point of difference is <u>personal context</u> in Al queries. Private data can make interactions such as <u>'play the podcast my wife sent me last week'</u> far more intuitive.



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App Intent

Unlike other AI approaches, Apple Intelligence is built around standalone services such as Chat GPT. It is <u>deeply integrated into the device operating</u> <u>system</u> and constructed from many <u>smaller</u> <u>specialized models</u>; it can deliver much more in ways that marketers should notice.

Personal context is enabled by a <u>personal semantic</u> <u>index</u> of all the user's data, <u>understanding</u> <u>relationships</u> between people, content, apps, and more. This will power more extensive automation and proactive services, such as warning of and managing the <u>implications of a delayed flight</u> on future appointments.

Apple is applying these <u>principles to its own</u> <u>product set</u>. Brands <u>must follow suit</u> as consumer expectations for automation and integration of services and apps will likely rise.

At WWDC, Apple upgraded <u>App Intents</u>, a technical framework initially used to connect app functionality with other system capabilities such as messages or notifications. This is now upgraded to connect app functionality with Siri.

It now connects the <u>new generative AI capabilities</u> <u>of Apple intelligence</u>, meaning that test text written in a brand's app, such as reviews, can be proofed and stylized, or images from the Image Playground can be added to help users express themselves.



App Intent provides the technical framework for brands to <u>offer richer</u>, <u>more relevant</u>, <u>and intuitive</u> <u>experiences</u>, including semantic entities and natural language interactions.

App intent indicates an increasing AI capability to deliver against a broader range of consumer intentions. Consumer journeys are becoming more diverse and complex. Brand <u>interactions can be</u> <u>atomized and distributed</u> to be embedded in other services such as chat, AI assistants, search, or calendars.

AI for the rest of us

The monthly <u>reach of ChatGPT</u> has remained relatively constant since its initial period of explosive growth. For most, AI is not the end but the means. It needs to impact everyday life, meeting people where they already are. We see this trend <u>as AI overviews</u> appearing in Google searches or powering a wave of <u>utility in social</u> channels.

Apple's partnership with Open AI to <u>integrate</u> <u>ChatGPT with Siri</u> extends the assistant's capabilities and drives the reach of Open AI's flagship models. In the future, models from other AI labs will be added, meaning that the device will become the place we go to for AI utility, and models will blend into the background.

Apple Intelligence is not just a technology story but also a step forward in marketing. <u>AI is simplified for</u> <u>a mass audience</u> around intuitive interfaces, trusted data policy, and simple everyday use cases upon which future innovation can be built.



The <u>Image Playground</u> provides a clear example of this principle, taking the early adopter behavior of prompt-driven gAI image creation to a simple visual interface focused on personal expression.

For some years, we have been marketing with AI tools. WWDC announcements are arguably the most significant example yet of AI marketing. The final phase, which we are yet to see at scale, is marketing to AI, which will happen once consumers trust AIs to make meaningful decisions.



Jean-Paul Edwards OMD Worldwide Managing Director,

OMD Worldwide Managing Director, Product jean-paul.edwards@omd.com



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