

# ‘For me, AI is nothing but a **simple statistical function**’

In developing countries, driving societal change is as important if not more than business change, emphasises **Dr Arif Dowla**, Group Managing Director, ACI Group in Bangladesh, in an insightful conversation with **Arnab Basu**, PwC India Advisory Leader.



Arnab Basu (left), Dr Arif Dowla (right)



## Excerpts from the interview

**Arnab Basu:** Welcome to this edition of Immersive Outlook. Today, we are really privileged to have with us Dr Arif Dowla, a man who wears many hats. A PhD in mathematics from the University of California, San Diego, Dr Dowla took over as the Managing Director of ACI Limited in July 2005. He is the functional head of ACI Group. He is also the former Chairman of Mutual Trust Bank Limited. Currently, he serves as the director of the bank. Prior to that, he was the Director of Pioneer Insurance Company Ltd for seven years. Dr Dowla has diversified the ACI business, and today, ACI is the largest turnover-based conglomerate in Bangladesh. In 2008, he started a retail chain business under the name Shwapno. With more than 350 outlets, Shwapno has spurred the people of his country to dream about improving the quality of their lives. Welcome to this session, Dr Dowla.

**Dr Arif Dowla:** Thank you, Arnab. I am really happy to be here.

**Arnab Basu:** You have had a successful career, spanning diverse industries. Walk us through the key milestones and defining moments of your journey.

**Dr Arif Dowla:** First of all, it was a big jump for me, moving and changing gears from a very research-oriented environment in the US to coming back to Bangladesh and being a part of ACI as an executive consultant, a position I held for three years before becoming the managing director of the group.

I think the biggest jump happened when I felt that I had the responsibility to grow this company. I also felt that there was a lot of economic development that needed to happen in Bangladesh.

This was the first big challenge. I looked at many other South Asian countries whose economic development was much faster or that were already developed. I tried to understand what happens in those countries. What are the must-haves? What's the sequencing of the development of an organisation inside a country?


It was for me mostly about the country, Bangladesh. How would Bangladesh evolve and how could I align the organisation with that evolution? So, we launched a lot

of new businesses, and that was the first growth milestone across fundamental areas.

I always wanted to make sure that we were in the must-have segments and that should happen in the next five years. I wasn't thinking about where we will be 25 years from now. I thought that the landscape of the world is changing too rapidly for me to worry about, but to get a strong foothold in the next five years was important.

Diversification was also important, because there are a lot of things in Bangladesh that needed to be done but were not being done. I thought since we have some level of credibility, good support from banks and a good image, it would be nice to get into important and fundamental areas where there should be rapid growth and where there is a necessity. I thought that would align organisational growth with the country's growth. That was very critical for me. It was also challenging in the sense that at that time I didn't have a clear idea. We had to do a lot of brainstorming, getting people together and asking those big questions.

Another challenge was that people found it very odd to discuss such big picture questions. They thought we should busy ourselves with the day-to-day operational aspects of the business. For me, finding the big picture so that all pieces fit in was the critical part.



**Arnab Basu:** Thank you, Dr Dowla. Given the rapidly changing industry dynamics amid global economic upheavals, how do you plan to secure the business, increase resilience and maintain a focus on process optimisation?



**Arnab Basu (left), Dr Arif Dowla (right)**

**Dr Arif Dowla:** I think it's important to make sure that there is clarity around what we want to do in the next few years. One year is, of course, too short a time, I usually look at three to five years. What are the things that we need to achieve and what are the major processes that can bring about the achievement? Once these processes are clearly understood – there's of course a lot of debate that goes on before we achieve some level of clarity – then the issue is, how do we make sure these processes are completed in a cost-effective way? So, I think as much time has to be spent on finding out what is important as on the business of optimising things.

Here, I found that even within our own team there was a little bit of an issue. It's not about how much we work, it's about how we decide to work, and what is fundamental and what is accidental. It's very important to identify those few things that you need to get right. You can't get everything right, but

few of the core things should really get 80% of your attention, those must-ensure things that need to be refined and optimised. That's how I tried to link long-term goals with short-term operations which need to be managed by people who are very good at those specific opportunities. Does that make sense?

**Arnab Basu:** Absolutely. That makes a lot of sense, Dr Dowla. And I think, going deep into some of those aspects makes all the difference. Technology integration comes into play here. Tell us a bit about how your company is leveraging technology and automation in operations management, and about your take on the power of AI and its use in the manufacturing space.

**Dr Arif Dowla:** I divide technology into different categories. One category is the digital and AI revolution that's occurring. That actually can penetrate almost every system and process. Initially that may be through a collection of data and getting your data to be more visible. This allows for more clarity and different technologies coming into the system – not necessarily AI technologies because I find that in many cases, we don't have enough data to run an AI engine. But we have enough data to run a business insights engine where you can actually do more traditional types of information analysis. In some cases, of course, it is AI susceptible. There is this other type of technology that is the business-specific technology that customers need, relevant technologies that will allow your business to move to the next level. And that's very important. In fact, that allows your business to reach out to the customer with the technologies of that particular business.

Since we are diversified, digital technologies are a must-have across all our businesses in terms of creating an overall platform, but it also requires a lot of articulation of data.

To your point about manufacturing, I think it brings us a huge opportunity. But before that happens, we need a lot of data collection in the appropriate sectors. We need sensor-based data, we need automated data to come in because AI cannot really work unless there is speedy data that's flowing in through the different machines of the factories.

Right now, we are at a stage of establishing those data centres, making sure we have a sensor in that machine. We are not yet at that stage where we can put all that information into an AI engine with recommendations.

We have many people working on that, they are trying to manage the hiccups or the opportunities that present themselves. But it's still done by people and data. To make it move to the next level, we need more sensors.

But we need to get more frequent, rapid streams of data, and then the AI engine has to be optimised. AI can give a lot of unfeasible answers, so you have to optimise the AI answers so that they fit into the practical business constraints. So, the human constraints and the contextual constraints have to be embedded in the data-enriched capabilities of AI. We still have a long way to go. Companies that can do this will enjoy a huge competitive advantage.

**Arnab Basu:** Absolutely. The pace of data can make such

**a big change. It is the way of the future. Coming to the next question, ACI has long been exporting medicines to various countries, including the US. Are you looking at expanding beyond borders and also at more joint ventures with India like you have done in the past?**

**Dr Arif Dowla:** Collaborative partnerships are important, and we also believe in transparent, long-term relationships. We have quite a few technological partnerships and joint venture (JV) partnerships. ACI, as a company, is very open and transparent with clear objectives. I think we make a good partner. We can't do everything on our own. It's important to solve problems quickly, and that will come through collaborative partnerships.

We have started exporting to the US directly from our manufacturing facilities. We also export medicines to many other countries.

But as we move into other areas and try to globalise, we need to become more competitive in terms of our ability and our right to win. It's work in progress, that's the frank answer. ACI exports only a small fraction. We are primarily a domestic conglomerate with export opportunities now opening in pharma.

**Arnab Basu:** Thank you, and it's really heartening to know about those plans. One of the other things I wanted to ask you about is Shwapno, the huge supermarket chain your company owns in Bangladesh. Did the disruptions in the supply chain in the recent past impact

**Shwapno? And what are some of the lessons learned from that disruption?**

**Dr Arif Dowla:** There were disruptions. There were a lot of products that we could not make available in the shops on time. But that was a disruption for others too. So, we tried to make sure that we had a competitive advantage over others. We tried to make sure we did more than what others could do. As a result, we have actually gained more trust, earned more customers.

**Arnab Basu:** ACI is known to be the first company in Bangladesh to have obtained ISO 14001 Certification for Environmental Management Systems. What are some of the specific measures being taken by your company to promote sustainable practices across its operations?

**Dr Arif Dowla:** I think that in this space, we have a lot more to do. But we have been able to at least ensure that all our factories have proper effluent treatment plants. We make sure that we don't waste energy and whatever we discharge from all our factories is discharged at an environmentally friendly level. These are the specific measures. We installed those treatment plants across our factories, and we have more than 20 factories.

**Arnab Basu:** Your company has recently launched two digital education apps, 'Medhabir Supernova' and 'Kids Brain Builder', to make learning easier

**for children. What measures do you think the EdTech industry must take to cater to the diverse learning needs across different regions without deepening the digital divide?**

**Dr Arif Dowla:** I think we went with these two with a particular view in mind. There's a lot of factual knowledge in our educational curriculum, but factual knowledge is not what's really needed, right? What is needed is conceptual understanding and the ability to synthesise different types of information into something meaningful.

We thought that if we launch education apps, where we use animation to explain to children more challenging and difficult concepts, things that are hard for teachers to teach in the normal blackboard setting, it will help. If you have a concept like Archimedes' principle, it's much better explained in terms of animation. Or something in physics, for example, Pascal's law of pressure, or you want to show Boyle's law or the gas laws, or some more complex stuff, this requires animation, and a lot of students don't really get to ever understand these deeper scientific concepts. They learn facts but they don't learn ideas, but animation and visual technology, especially with the ability to repeat it in case you miss the idea, is extremely powerful for a country like Bangladesh.

There are so many people who see literacy as the ability to read and write. But that's not really what education should be. Education should be about opening and unlocking the

conceptual potential of the human brain. So, these apps are about solving problems and more oriented toward developing creative thinking. I think there should be more apps, especially in developing countries, so that the ability of children to become a technology-oriented, future-fit population will be much higher. Our countries will be greatly benefited by that. School teaching and learning is very expensive and long term. And it also involves a lot of memorisations, learning by rote. But it would be nice to see scientific ideas reaching the young population in a visually simplified way. They can start thinking early so that they can grow into individuals with a powerful mindset as they're moving into the future of an AI-driven world, a world where technology will often overwhelm humans. If we can do this meta thinking and start early, we can at least control AI.

**Arnab Basu:** That's a very innovative and probably revolutionary way of thinking about children's education. Thanks for that. Shifting gears a bit – ACI is also engaged in the marine business. It has recently launched marine engines that can be used in vessels, industrial machinery and dredgers. What prompted this move? Are there other projects in the pipeline to contribute to the country's blue economy?

**Dr Arif Dowla:** ACI has started an agricultural machinery business from which we developed a very large team of service engineers. A natural consequence of that is to service

marine engines. We are a country of rivers, and our marine system is very weak and very unscientific. There are a lot of things we can get through the rivers. There's a lot of information that the river water carries, we need to get sensors in the rivers. We need to also understand how we can turn it into a source of competitive advantage. We have not been able to capture any of this. There are a lot of things to be done. And since we have this agricultural service team of over 800 engineers that we have developed, we need to focus and start somewhere. So we decided to start with servicing of marine engines.

But through this, we need to open up a gateway of information. And then we will be able to go deeper into understanding what's happening in this sector.

**Arnab Basu:** Thank you, that's really great. You have mastered mathematics. Tell us a little bit about your area of research and how that has played a role in your career graph and what keeps you motivated as a person?

**Dr Arif Dowla:** What excites me about the future is that we are a country that's developing. A lot of human needs are being satisfied through the work that organisations do, so I want to see that we are able to drive change and be impactful in terms of the development of human life. That's why if you look at our businesses – we are into agriculture, even these education apps, all of these are connected to what is fundamentally required in our country.

We can't do everything, we can't develop rockets, but within the spectrum of what we can do, we are trying to mobilise a lot of technology around that space. Now that we are almost a 1.5-billion-dollar company – that is large from the perspective of Bangladesh – we can mobilise many of these resources to be able to capture that.

The mathematics that I have learned is very conceptual. I think that maths helps only in terms of understanding the rate of growth of different key performance indicators (KPIs). And that tells a story, actually. If your organisation has different KPIs, different growth rates, most people will look at growth rates. For someone like me, we have to look at growth rate, rate of rate of growth, rate of rate of rate of growth. So, I look at higher derivatives. I use some of my understanding of calculus to give me early indicators of what's happening.

And another thing that happens is that you recognise patterns. And you understand what AI actually does. For me, AI is nothing but

a simple statistical function that is a little more elaborate than the normal ones. So, AI is not a mystery to me when you look at it from a mathematician's point of view, a lot of this is nothing but statistics and computers and numbers which are algorithms. A lot of the mysteries are taken out.

It's something that has helped me. Directly on a day-to-day basis, I think business is a lot about understanding technologies, but more about making sure that people are excited when they come to office.

So, I am actually trying to look at the psychological aspect more because I understand the technical aspect. For me, it's more important to make sure that people are motivated. I don't want math to hinder my empathy with people. I think leadership is about that empathy.

**Arnab Basu:** You have touched upon so many key points, and I think our viewers would appreciate that here is a man who's driving not just

**business change but, more importantly, driving societal change. So, Dr Dowla, thanks a lot for spending time from your busy schedule with us.**

**Dr Arif Dowla:** Thank you, Arnab, for asking such wonderful questions. I really appreciate it.



**Arnab Basu (left), Dr Arif Dowla (right)**