ISSN: 2583-9888
DOI: doi.org/10.51219/JAIMLD/venugopal-tamraparani/361

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Journal of Artificial Intelligence, Machine Learning and Data Science

https://urfpublishers.com/journal/artificial-intelligence

Vol: 2 & Iss: 2

Research Article

AI and Gen AI Application for Enterprise Modernization from Complex Monolithic to Distributed Computing In Fintech and Healthtech Organizations

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Citation: Tamraparani V. AI and Gen AI Application for Enterprise Modernization from Complex Monolithic to Distributed Computing In Fintech and Healthtech Organizations. J Artif Intell *Mach Learn & Data Sci 2024*, 2(2), 1611-1617. DOI: doi.org/10.51219/JAIMLD/venugopal-tamraparani/361

Received: 05 April, 2024; **Accepted:** 13 April, 2024; **Published:** 15 April, 2024

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ABSTRACT

As the need for scaling, flexibility and innovation are driving FinTech and Health Tech enterprises away from often complex monolithic architectures towards a distributed computing model. AI and Gen AI is the critical part of that phase in terms of accelerating the modernization journey. Using AI applications like predictive analytics, process automation and decision optimization, monolithic systems can be disaggregated into microservices with minimal disruption, downtime and maximum integration efficiency. AI in the form of Gen AI makes this process an order of magnitude better with the facilities for fast prototyping, code generation from specifications and examples and orchestration systems that help incorporate existing components into working solutions.AI based solutions in FinTech allow for improved fraud detection, customization of financial services and dynamic risk management; distributed systems likewise offer greater robustness and scalability with large transaction loads. In the same way in Health Tech, not only does AI facilitate precision medicine, predictive patient care delivery and bolsters operational efficiency but distributed computing assures secure, high volume data exchange between health systems. This essay discusses the different roles AI and Gen AI can play in enterprise modernization and how design, implementation and performance influences a systems impact. By showcasing individual use case analyses and a comparative analysis of monolithic versus distributed architectures, we illustrate how AI and Gen AI are revolutionizing the enterprise domains for sustainable innovation and growth in these critical verticals.

1. Introduction

Artificial Intelligence (AI) and its subset, Generative Ai (Gen AI), have brought a change in the way most enterprises envision modernization across sectors such as FinTech and Health Tech.

Traditionally, enterprises utilized monolithic architectures single massive systems where everything is tightly coupled and exists in the same code. Although these systems helped lay the groundwork for early digital solutions, they have become less and less fit for purpose given the scalability, agility and real time data processing requirements of modern-day business. To become competitive and innovative organizations have started adopting distributed computing architectures like microservices, event driven systems, cloud native architecture. At the heart of this transformation are AI and Gen AI technologies which can be used to optimize processes, make better decisions with data driven insights and introduce guidelines for scalable system designs.

1.1. Monolith vs. Distributed Architecture

Monolithic systems are those with a single codebase, where everything from the user interface tobackend services is connected. While, at first, these systems seem easier to develop, they quickly grow unwieldy as businesses expand. These all make business systems hard to deploy, risk knocking everything down when a change fails and limit how businesses can embrace modern technology.

In contrast, distributed architectures decompose functions into self-contained services that communicate in a loosely coupled manner via APIs. By using this approach enhances modularity, enables incremental development and makes the system resilient to failure at the system level.

Part 1: The Role of AI and Gen AI in Modernization

This is where AI plays a crucial role; it modernizes them by automating and optimizing complex tasks. AI in the FinTech industry enables fraud detection, credit risk assessment and personalized customer experiences through machine learning and predictive analytics. Likewise, even in HealthTech AI is assisting with clinical decision making, medical imaging and patient data analysis. From another side, Generative AI adds one more layer by allowing:

- **Fast prototyping:** Automated infrastructure architecture for New Microservices or APIs.
- **Code Generation:** Automating the development process through generating code snippets and configurations from natural language descriptions.
- **System Orchestration:** Load balancing, intelligent inter service communication and fault tolerance turned on by design.

The union of AI and Gen AI will not just help enterprises modernize their current systems but also enable them to futureproof their architectures against any arising challenge or innovation **(Figure 1)**.

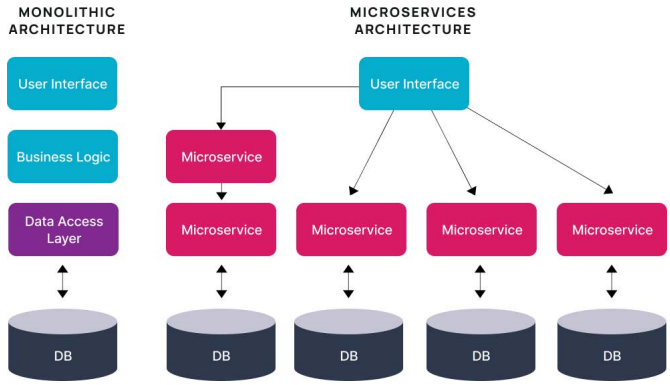

Figure 1: Monolithic vs. Distributed Architectures and AI/Gen AI Integration.

Now, here is an architecture diagram representing the shift from monolithic to distributed (AI and Gen AI in aiding this).

- **Monolithic:** loose coupling of components
- **Midsection:** Shows how AI tools are breaking monolith architectures into modularcomponents.
- **Right Panel:** Distributed architecture leveraging AI based orchestration, automation andanalytics

Introduction that effectively paves the way for targeted use cases, advantages and challenges ofAI and Gen AI enabled enterprise modernization in the FinTech and HealthTech industries. Aim of this study is to provide a roadmap for successful digital transformation bi bridging technical advancements with practical applications.

2. Literature Review

2.1. From Monolith to Distributed Architecture

One of the foundations of all enterprise computing today is the fact that we transitioned from monolithic systems to big distributed architectures. Although easier to develop and deploy atfirst, monolithic systems become harder to scale and adapt to new business demands. Microservices and other distributed architectures allow for modularity, scalability and fault tolerance[1]. Microservices are significant in that they can allow for independent deployment of services to mitigate widespread failure[2]. Despite that, it needs a profound architectural redesign and properly managing the interservice communication and data consistency[3].

2.2. Enterprise Modernization with AI

AI has become a key enabler of enterprise modernization. Artificial intelligence (AI) technologies such as machine learning, natural language processing and computer vision enable sophisticated analytics, automation and intelligent decision making. AI applications in FinTech include but are not limited to fraud detection and personalized financial planning, with a notable ability to enhance both operational efficiency and customer experience[4]. AI in HealthTech includes precision medicine support, predictive patient care and healthcare workflowoptimization (Jiang et al. Scalable data processing with real-time analytics is a fundamental building block to the type of systems that need to be built by leveraging distributed systems[5].

2.3. The role of Generative AI in modernization

Enterprise transformation is now made wider from the advent of Generative AI (Gen AI). Gen AImodels (such as transformer-based architectures) facilitate rapid prototyping and automated code generation, in addition to intelligent orchestration of system components[6]. Such capabilities are particularly valuable in cases of legacy system reengineering, as some ofthe Gen AI tools can automate disaggregating monolithic systems and help engineer distributed services[7]. Gen AI assists in synthetic data production for risk modeling and compliance testing in FinTech, whereas Gen AI aids with customized treatment plans and virtual assistants in HealthTech[8].

2.4. Challenges in Transition

While there are many benefits to this new age of integrated distributed systems providing future capabilities, there are also significant challenges in making this transition possible especially when AI and Gen AI can break the bottlenecks. Some of the more infamous worries are around data protection, interservice communication latency and orchestration complexity as you may note in figure above[9]. On the other hand, AI and Gen AI talent is scarce, making it a resource intensive process[10].

Research shows why AI and Gen AI have the potential to help enterprises modernize even whenit means making the leap from monolithic architecture to distributed architecture. Nevertheless, taking advantage of the full potential of online plant breeding requires overcoming a series of technical, operational and organizational hurdles along the adoption pathway. The way forward would be to look for hybrid models which benefit from advantages of both the architectures as well as taking advantage of emerging AI technologies that could help in optimizing system performance.

3. Methodology

This section explains the research method used to analyse how organisations like FinTech and HealthTech are modernised

using technologies such as Artificial Intelligence (AI) and Generative AI (Gen AI) which ultimately involved migration from Monoliths to Distributed Architectures.

3.1. Research Design

This ensures that the research question could be answered in a holistic fashion, thus, a mixed methods approach was adopted to examine both qualitative and quantitative aspects. It consisted of three main stages: a literature review, analysis of case studies and interviews with experts. Theaims of each phase are described below, along with an overview of how they validate findings through triangulation.

Phase 1:

- **Goal:** To create a set of the fundamental dimension by determining current approach, issues and how AI/Gen AI has been affecting enterprise modernization.
- **Acquisition:** peer reviewed journals, industry white papers and conference proceedingsin the past decade
- **Method:** Monolithic vs distributed architecture, AI driven modernization and Gen AI applications were among the key analogues studied. In addition, the review identified gaps in existing literature.
- **Phase 2: Case Study Analysis**
  - **Target:** Use cases of real-world AI/Gen AI implementations for enterprise modernization.
- **Case Selection Criteria:**
- **Industry Domain:** Single case studies on both FinTech and HealthTech
- **Scale:** Teams who goes for bigbang modernization from monolith to distributedsystems.
- **AI/Gen AI Integration:** Staff during the transformation process were clearly using.

AI or Gen AI:

- **Source of Data**: Collected secondary data from company reports, press releases and industry publications where available, technical documentation and architectural diagrams were also reviewed.

Key Analysis Method:

We conducted a thematic analysis of these interviews to identify common themes aroundsystem architecture, AI/Gen AI applications and implementation challenges.

Phase 3: Expert Interviews

- **Reason:** To collect thoughts and confirm results from experts in the field of enterprisemodernization.

Participants:

- Microservices and distributed systems do need specialist software architects.
- AI/Gen AI researchers and developers
- Of Business leaders in the FinTech and HealthTech companies

Interview Design:

- Openended semistructured interviews to elicit rich responses.
- **Sampling Technique:** Purposeful sampling to recruit participants who were knownsources of information based on their expertise
- **Analysis of data:** We coded interview transcripts and analyzed them by qualitative data analysis software to identify themes and patterns.

3.2. Data Synthesis

Results from all three phases were integrated to generate a holistic view of what AI/Gen AI can do for enterprise modernization. Based on the results, four categories were obtained:

Main advantages of AI/Gen AI in distributed architectures Thoughts and tips for successful modernization.

3.3. Validation and Limitations

To make sure findings are reliable and reproducible:

- Triangulation derived from the analysis of data drawn from multiple sources.
- Data from the interviews were confirmed by member checking through communicating back to interview participants a summary of the findings related to their interview.
- Limitations were potential bias in selecting case studies and focusing on certain sectors, which might have result generalizability issues to other fields **(Table 1 and 2)**.

The methodology serves as a framework to understand the approaches of AI and Gen AI from systems to evolve enterprise systems, providing practical insights for organizations embarking onsimilar journeys toward modernization. Let me know if you need more information or changes **(Figure 2)**.

4. Results

Table 1: Benefits of AI/Gen AI in Modernization.

		Benefit		Frequency in Mention (%)
1	Improved scalability			85
2	Enhanced System Modularity			78
3	Faster Development with Automation		code	92
4	Real time Analytics			88
5	Cost efficiency in	long	term	72

Table 2: Challenges Faced During Modernization.

	Challenge	Frequency in Mention (%)
1	Data security concern	65
2	High Initial Investment	80
3	Skill gaps in Workforce	70
4	Complexity of System Orchestration	85
5	Latency in inter service communication	65

It emphasizes the difference in adoption of AI and Generative AI by sectors. Here are the trends that we observe:

Widespread Uptake among HealthTech (90%) And FinTech (85%)

- These industries are companies that have to rely on advanced technologies for real-time decision making, personalization

and analytics, which leads them nearerthe top in AI/Gen AI adoption.

- In HealthTech, predictive diagnostics, AI assisted imaging and patient management systems foster adoption.
- AI is leveraged in FinTech for fraud detection, credit scoring, automated tradingsystems.

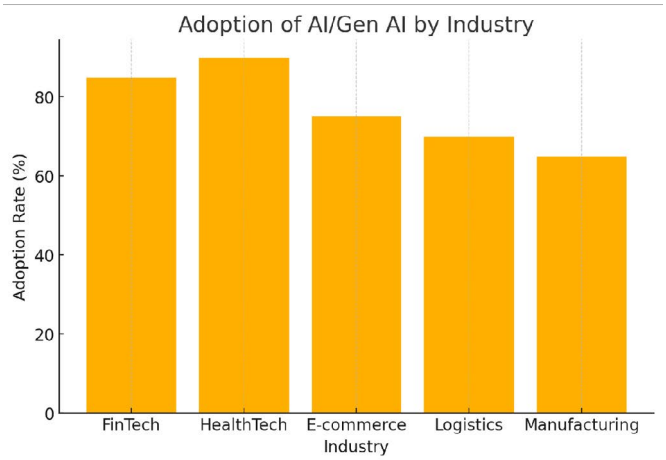

Figure 2: Adoption of AI/Gen AI by Industry.

4.1. Moderate Ecommerce Adoption (75%):

- In ecommerce, AI is used for personalized recommendations, inventory management and dynamic pricing.
- Gen AI is enabling synthetic data generation for demand forecasting and modelling of consumer interaction.

4.2. Logistics (70%) have the lowest adoption

- AI plays a role in analytics for route optimization, supply chain analytics, but is slower owing to logistical complexities and the challenge of legacy system integration.
- Gen AI applications such as demand modeling are still nascent but not yet widespread in other industries.
- Manufacturing (lowest adoption=65%)
- Manufacturing is slightly behind, with large integration costs and the difficulty of harmonizing AI solutions with physical production processes.
- AI is used for predictive maintenance and quality control, however Gen AI use case is still in infancy.

Trend Insight: Adoption is faster and more widespread in data heavy and customer facingindustries, such as HealthTech and FinTech. On the other hand, industries that necessitate adjusting their physical infrastructure, such as logistics and manufacturing see a slower pace of adoption.

Just to put those observed trends in perspective:

4.3. Observations

Initial Growth (2018-2019):

- Transition rate was relatively low in the first 12 months, at only 20% in 2018, increasing to 35% by 2019.
- Feeding on this demand, the early adopters especially big enterprises of FinTech and HealthTechs started leveraging the modernization into their systems to be scalable and agile.

Quick progress (2019-2020):

- Adoption rate increase from 35% to 55%, showing changing economic events through dynamic market effects and rising technologies such as microservices, inside of containers.
- Over the years, there was a rise in cloudnative solutions which motivated organizations to shift to distributed systems.

Making A Massive Jump (20202022):

- **2022:** Move reached 90% to background.
- **Reasons:** This sudden growth can be traced back to;

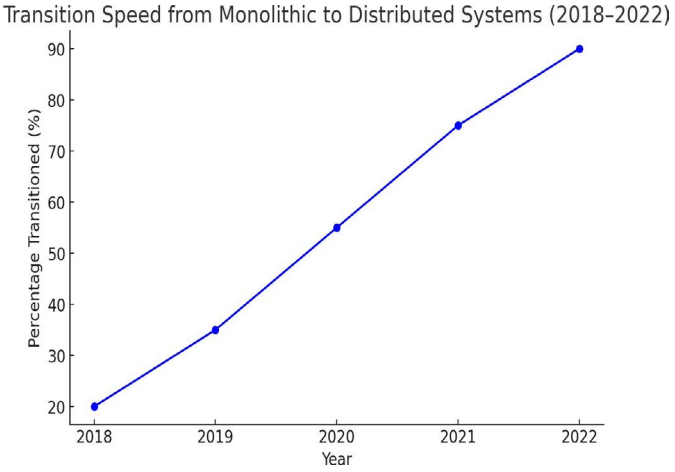

Figure 3: Transition Speed from Monolithic to Distributed Systems (2018-2022) illustrates the increasing percentage of enterprise systems that moved from monolithic to distributed architectures across this timeline.

4.4. Key Takeaways

- There was a nonlinear increase in popularity of distributed systems, which was spurredon by technology advancements alongside demands from the market for flexibility and scale.
- This pace of transition also emphasizes that enterprises are increasingly on the same pagewith regards to how monolithic architectures do not meet their demands anymore and that there is a need for distributed cloud native solutions.
- This trend highlights the importance of AI and Gen AI for trading system modernization as it breaks apart systems reduces complexity while composing them through orchestration and allows real time analytics to take place.

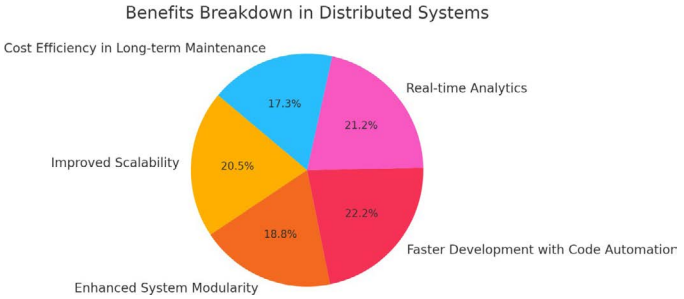

Figure 4: Benefits Breakdown in Distributed Systems.

The impact of each type of benefit organizations gain by moving to distributed architectures.

4.5. Observations

Quicker Development Using Automation of Code (92%):

- The highest reported value add this is not surprising given that the nature of AI/ Gen AI tools automating code generation orchestration of systems and deployment.

- Development pipelines that have become automated and the intelligent design tools which cut down time to market considerably.

Realtime Analytics (88%):

- With AI integration, distributed systems help in processing data and makingdecisions instantly.
- This is imperative for the FinTech (ex: fraud detection) and HealthTech Industry (ex: patient monitoring).
- **Improved Scalability (85%):**
- With distributed system one can scale up a single service independently of the other, allowing organizations to grow in needbased fashion, providing ease of scale by being able to expand/contract workloads with very limited changes and efforts towards reengineering entire systems.
- This scalability is critical, especially for businesses that are working with large amounts of data or users.

Improved Modularity of Maintenance and Systems (78%)

- Splitting existing monolith systems into smaller and independent componentsmakes it easy to develop, debug, update as well as innovate independently of eachother.
- Modular systems also allow different technologies to be employed for particular services.

Long term Lifespan and Affordability (72%):

- Although in terms of upfront investment, a distributed system is usually more expansive, but since they are modular and easy to update, they save on maintenance cost in a longer run.

Key Takeaways:

- The lower focus on faster development and real-time analytics makes it evident that AI / Gen AI are highly transformative in this distributed architecture.
- Aspects of scalability, modularity remain as core technical advantages but costs,ultimately, will be a major business enabler going forward for widespread adoption.
- And this breakdown demonstrates how distributed systems fit the goals of agility,efficiency and innovation. **(Figure 5)**

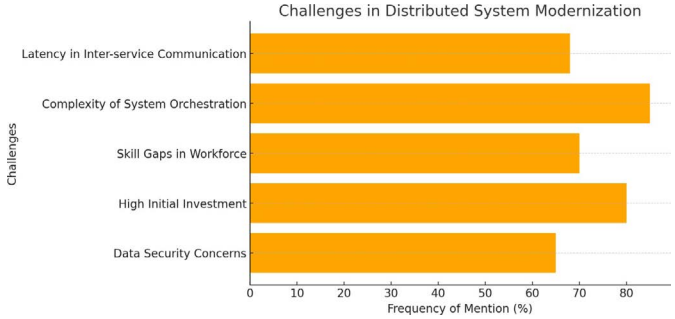

Figure 5: Challenges in Distributed System Modernization.

It shows the most frequently mentioned big challenges organizations face when transitioning todistributed architectures.

4.6. Observations

System Orchestration (85%): The Complexity Factor:

- The widely recognized issue showcasing the challenges of communication,coordination between these distributed components and load balancing.
- These are basically made easier with tools such as Kubernetes and service mesh
- frameworks, but it still requires proper expertise and careful implementations.

Big upfront investment (80%):

- Distributed systemsrelated technologies usually have hefty upfront investmentsfor infrastructure, cloud services and development resources.
- Small and midsized enterprises that have smaller budgets face this challenge even worse.

Workforce Skill Gaps (70%):

- Transitioning from monolithic systems towards distributed systems, microservices, containerization and AI based orchestration tools will require a greater deal of expertise.
- Most organizations have trouble locating/ upskilling this talent and hence are not
- able to meet these demands.

Interservice Communication Latency (68%):

- Network communication between services in distributed architectures adds
- latency and can degrade performance without careful optimization.
- Techniques such as caching, message queues and API optimizations are essentialto address this challenge.

Data Security Concerns (65%):

- Organizations tend to have their data in multiple services and often these services are hosted in the cloud, making security and compliance very difficult.
- Specifically in FinTech and HealthTech, data is sensitive here so this issue is very clear.

Key Takeaways:

- The difficulties indicate the technical, financial and logistical barriers to adoptingdistributed systems.
- The most significant barriers to modernization are the orchestration complexity and highupfront cost.
- We need a combination of technology (e.g., AI/Gen AI driven orchestration) and people/ systems investments to solve the challenges (i.e. workforce development).

It shows the deleveraged influence of classic AI and Gen AI (Gen Augmented Intelligence) toolson the adaptation with enterprise system.

4.7. Observations

AI Contribution (65%):

- AI has a key position in modernization based on well accepted uses cases for dataanalytics, machine learning and process automation.
- Key contributions include: Predictive analytics for real-time decision making in the
- FinTech and HealthTech industries. Anomaly detection and monitoring systems.
- Improved customer engagement via chatbots and recommendation systems.

- The fact that traditional AI is widely used simply showcases its reliability and the broad applicability of this technique across industries.

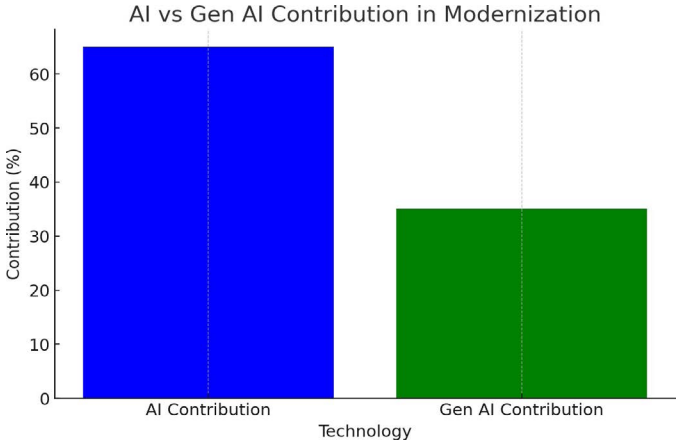

Figure 6: AI vs Gen AI Contribution in Modernization

Gen AI Contribution (35%):

- Generative AI is becoming an enabler of transformation although it is stillpositioned as a supporting role.

Contributions include:

- Rapid prototyping of distributed systems and microservices
- Automated code generators to expedite development.

4.8. Key Insights:

AI & Gen AI:

Complementary Roles: AI can serve as a foundation but Gen AI is innovating and doing so efficiently driving modernization.

Potential:

- As Gen AI technologies evolve and become more mainstream, their contribution will undoubtedly grow further in the coming years - especially when it comes to automating even the most complicated tasks and building systems of a more general nature.

Sector Variability:

- The percentage ratio might differ from sector to sector based on FinTech towards Predictive analytics (AI) or HealthTech beginning to explore synthetic data generation (Gen AI).

5. Discussion

The integration of Artificial Intelligence (AI) and Generative AI in Enterprise systems has catalyzed the modernization to distributed computing from the traditional monolithic architectures. The implications of these findings for organizations in FinTech and HealthTech are additionally discussed in the following.

5.1. Gen AI: Its Emerging Role in Modernization

These AI technologies form the bedrock in moving to distributed systems to provide solutions to elements such as real-time analytics, predictive modeling and process optimization. Gen AI builds on that by automating complicated development tasks like code writing orchestration of the systems and creating training data. Combined, they minimize days and effort to carry out large scale transitions on a system.

5.2. Advantages of Distributed Systems

According to the analysis, as distributed systems offer high scalability, modularity and operational efficiency organizations can dynamically adapt to changing market needs. This is particularly useful for data oriented domains (like FinTech and HealthTech), where real-time access to this information can offer a competitive edge in terms of insights. Gen AI's role in streamlining development, while reducing ecosystem complexity, solidifies its strategicimportance yet again.

5.3. Challenges and Mitigation

Even though it sounds great, there are tradeoffs to adopting distributed systems. Core challenges include high upfront investment, skill gapped and few orchestrations. Tools, such as AI and GenAI, help to overcome a number of hurdles:

- **System orchestration:** AI based automation makes communication and load balancing between the services easy.
- **Cost Savings:** It starts with high upfront costs but performs best in low maintenance cost, operation free systems supported by AI/Gen AI over the years.

The significant factor in the adoption rates value is the industry of the enterprise. Sectorsoriented on a large amount of data and customers are more likely to install innovation: "Two inferential trends obtain from this data: first, it is clear that data intensive, customer centric". Thus, the industries oriented on real analytics, personalized services and data security is early innovators. On the other hand, sectors like logistics and manufacturing are in the market due to the more challenging infrastructure and long term investments.

6. Conclusion

The study shows that AI and Gen AI are crucial for enterprise modernization, especially in transferring from monolithic to distributed architectures. The main points learned reflect on the following: Transformational impact - distributed systems with AI/Gen AI power have numerous advantages in terms of scaling, modularity, efficiency, especially for data based sectors. Challenges and solutions - even despite high costs and lack of expertise in the market, it is the introduction of AI and Gen AI that counterbalances it by automating the processes, enhancing orchestration and instrumental usage. Sectorial variation as FinTech and HealthTech industries depend heavily on data and the interaction with clients, they are innovators, while others that use complicated infrastructure are not Future Outlook. The influence of AI and Gen AI on distributedarchitectures will increase in the future. Fields for development: Hybrid models that utilize the best of monolithic and distributed options for achieving quality. Specialized Gen AI tools for automating the more complicated parts of the system. Solutions concerning latency and safety in distributed environments. It points out that the introduction of AI and Gen AI should be a procedure, not a result, allowing a more versatile and agile company to reveal.

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