AI terms Decoded

10 Foundational AI terms Explained

TERM 01 / 10

Artificial Intelligence

AI

Machines doing human-like work using data.

AI doesn't think. It learns from enormous amounts of data and **predicts what comes next.** It's great at summaries, repetitive tasks and pattern recognition.

ANALOGY

Think of AI like a ***very well-trained intern****. They've absorbed huge amounts of information and can complete specific tasks impressively. But they're following patterns, not truly thinking.*

That's how Netflix suggests your next show and Spotify builds playlists you love.

TERM 02 / 10

Generative AI

AI that creates new things, not just predicts outcomes.

Traditional AI classifies and analyses. Generative AI **produces entirely new content:** text, images, music and video. It learns patterns from data and understands what belongs together.

ANALOGY

Traditional AI is like a **music critic**. *It tells you if a song is good.*

Generative AI is the **musician**. *It composes a brand new song for you on demand.*

Example: it knows zebras are black and white. Not neon green. It's seen enough of the world to understand what fits.

TERM 03 / 10

Large Language Model

LLM

A massive library of language: books, articles and conversations.

When you ask a question, it predicts the most helpful response based on patterns. Not true "understanding." Think of it as someone who has **read the entire internet.**

ANALOGY

They haven't memorised it word for word. But they've absorbed enough to speak confidently about almost anything, in almost **any style you ask for***.*

It's predicting language, not thinking. That distinction matters more than most people realise.

TERM 04 / 10

Graphics Processing Unit

GPU

The engines that power AI.

Originally built for video games, GPUs process enormous amounts of data simultaneously. AI depends on this completely. It's why NVIDIA became so dominant and why companies like Meta are now building their own chips.

ANALOGY

A CPU is like one **brilliant professor** *solving problems one by one. A GPU is like* **10,000 students** *solving different parts of the same problem all at once.*

No GPUs = no modern AI. The hardware race is just as important as the software race.

TERM 05 / 10

AI Hallucination

When AI confidently states something that is completely false.

It doesn't know it's wrong. It pattern-matches its way to a plausible-sounding but **fabricated answer.** Especially risky in law, consulting, academia and finance.

ANALOGY

*Like a colleague who gives you a **very confident answer**, but has quietly made the whole thing up rather than admitting they don't know.*

AI can sound certain even when it's inventing the facts. Human judgment is still essential.

TERM 06 / 10

AI Agents & Agentic AI

Chatbots answer questions. Agentic AI gets things done.

An AI Agent takes actions: browsing the web, running code, sending emails. Agentic AI goes further. It **decides what needs doing, plans the steps, and acts across multiple tools** with minimal hand-holding.

EXAMPLE IN ACTION

It reads an email, **books a trip**, *adds calendar events and reserves a hotel. All without being asked each step.*

Big efficiency gains. Big security considerations.

TERM 07 / 10

AI Prompt

The instructions or question you give to an AI to generate a specific output.

AI responds based on what you ask, how clearly you ask it, and the context you provide. Small changes in wording can produce **very different results.**

ANALOGY

*A prompt is like a **brief to a creative agency**. A vague brief gets generic work. A sharp, specific brief with context and examples gets something genuinely useful.*

Better prompts = better outputs. Garbage in, garbage out.

TERM 08 / 10

Vibecoding

Building software by describing it in plain language.

You explain what you want, how it should work, and how it should feel. AI writes the code. **No coding background required.**

ANALOGY

*Like being an **architect who can't lay bricks**. You describe the building you want. The AI builds it. You review, refine and redirect, but never touch the raw materials.*

A huge shift for founders and business teams. The barrier to building software just dropped dramatically.

TERM 09 / 10

Retrieval Augmented Generation

RAG

Connecting your private data to AI, securely.

RAG lets businesses plug their own proprietary knowledge into AI models without exposing it publicly. The AI answers from your actual documents, not just its general training.

ANALOGY

Without RAG, the AI answers from memory alone. With RAG, it's like **opening the right file before responding**. *Grounded in your data, not guesswork.*

More accurate responses. Better data security. **This is how enterprises use AI responsibly.**

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AI Slop

Low-quality AI-generated content, published without human judgment.

Images with extra fingers. Fake citations. Text that looks polished but says nothing. As AI spreads, slop spreads too.

ANALOGY

AI Slop is the **microwave ready-meal** *of content. It technically satisfies the brief and looks like food. But anyone who's had a proper meal can tell the difference immediately.*

AI is powerful. But it **still needs humans in the loop** to be genuinely useful.

Now you speak AI.

Save this and share it with someone who's been nodding along in meetings without really knowing what any of this means.

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