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Impact AI:
Enterprise AI
Maturity Index 2024

In partnership with

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The race to put AI to work has just begun

CONTENTS

Introduction

Companies, nonprofit organizations, and governments face one of the most significant inflection points in the history of technology. The hype surrounding artificial intelligence—a group of technologies including machine learning, natural language processing, computer vision and decision-making algorithms, as well as the large language models that power generative AI applications—echoes the promises of the internet, cloud computing, and mobile apps.

The stakes are high. Although the race to put AI to work is still in its earliest stages, some organizations have had a head start on AI adoption, integration, and modification. Those that have yet to do so must act now. AI has already shown its ability to drastically alter how business gets done in dozens of areas, from improving customer-facing applications to optimizing back-office efficiency and incorporating data-driven insights throughout the entire business ecosystem.

There's still ample time to capitalize on AI's potential. The question most organizations are grappling with is "how?" What are the early leaders in this race doing that sets them apart?

To find out how executives are plotting their next moves, Oxford Economics and ServiceNow fielded a global survey of 4,470 executives at organizations where artificial intelligence capabilities are in use. The **Enterprise AI Maturity Index** underscores that AI use is still nascent. This novel index measures performance across five key pillars of AI maturity:

01 **AI strategy and leadership**

02 **Workflow integration**

03 **Talent and workforce components**

04 **AI governance**

05 **Realizing value in AI investment**

For many of those surveyed, AI use is still at the experimental stage: More than one-third of executives (38%) say they have uncovered automation opportunities and are currently working to link AI objectives to their enterprise goals. A slightly smaller number (32%) are operationalizing AI to drive business objectives. Roughly one in six (18%) claims to be leveraging the full transformational power of AI.

An elite cohort performs strongly across all five AI Maturity Index parameters. We call this group Pacesetters, and they all achieved a score of 50 or more on the index's 100-point scale. These companies are much more likely to say they are transforming and innovating with AI (33% vs. 14% for others). Still, the top performer in our survey scored only a 71—indicating that even the most advanced organizations are still in the early stages of AI transformation. There is plenty of time for organizations that are not yet Pacesetters to close the gap.

In this report, we will show how Pacesetters approach AI management, investment, and implementation differently than others—and how this holistic approach to transformation yields significantly better results than those of their peers.

Our key findings
show the following:

01   AI-powered business transformation is in its early days.

02   Even still, some organizations—AI Pacesetters—are already pulling away from the rest of the pack.

03   Pacesetters are turning this advantage into meaningful business value.

04   There is still time for others to catch up—especially if they learn from Pacesetters' example.

About the research

The **Enterprise AI Maturity Index** is based on responses to our global survey, which we analyzed using statistical and econometric modeling techniques. The Index serves as a tool for organizations to better understand their performance in relation to others in their market or industry.

Given these objectives, ServiceNow and Oxford Economics defined five dimensions with which to measure organizations' **AI Maturity: Strategy and Leadership, Workflow Integration, Talent and Workforce, AI Governance, and AI Investments.** Specific questions in the survey were written to understand organizations' maturity based on each of these dimensions.

We then calculated scores for the five dimensions using principal component analysis (PCA). PCA is a statistical method to simplify complex data from a large number of survey responses by transforming it into a smaller set of uncorrelated variables called principal components. PCA is widely used for dimensionality reduction in data analysis and machine learning and therefore lends itself well to index creation. Using PCA to create an index has two main benefits:

- **Simplification:** PCA helps condense large amounts of information from different questions into a smaller number of key components. This helps generate an index without losing important details.

- **Objective representation:** PCA ensures that the index reflects the most important patterns in the data, without being influenced by any specific set of factors. This means the index gives a fair and accurate picture of responses, making it more reliable for decision-making.

The PCA scores are standardized on a scale ranging from zero to 100 to enable comparisons—with zero representing no enterprise AI maturity and 100 representing full enterprise AI maturity. The standardized scores for the five dimensions are then combined and equally weighted to generate a single Enterprise AI Maturity Index rating. The choice of equal weights reflects the researchers' view that all five dimensions are equally important in defining the AI maturity of an organization.
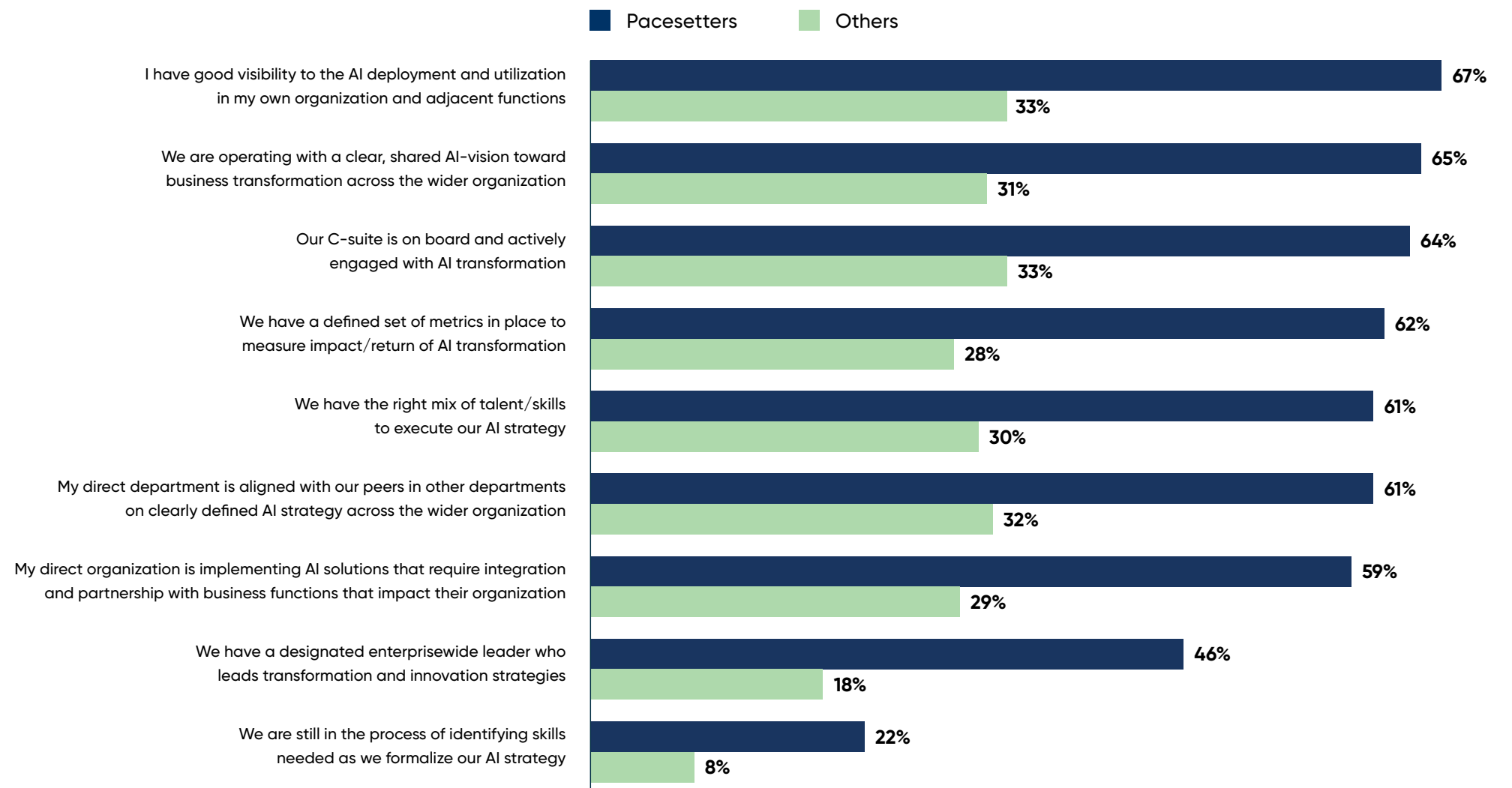
Section 1:

AI strategy and leadership

Nothing is more important than strong, effective leadership when it comes to building enterprise AI maturity. Indeed, strong results on the strategy and leadership pillar of our index were more predictive of a high overall AI index score than any other factor.

FIGURE 1

Leadership makes all the difference

AI Pacesetters benefit from a strong executive leadership and a shared vision of success.

■ Pacesetters ■ Others

Statement	Pacesetters	Others
I have good visibility to the AI deployment and utilization in my own organization and adjacent functions	67%	33%
We are operating with a clear, shared AI-vision toward business transformation across the wider organization	65%	31%
Our C-suite is on board and actively engaged with AI transformation	64%	33%
We have a defined set of metrics in place to measure impact/return of AI transformation	62%	28%
We have the right mix of talent/skills to execute our AI strategy	61%	30%
My direct department is aligned with our peers in other departments on clearly defined AI strategy across the wider organization	61%	32%
My direct organization is implementing AI solutions that require integration and partnership with business functions that impact their organization	59%	29%
We have a designated enterprisewide leader who leads transformation and innovation strategies	46%	18%
We are still in the process of identifying skills needed as we formalize our AI strategy	22%	8%

Q. To what extent do you agree with the following statements about AI strategies at your organization? "Strongly agree" responses only

Senior executives must take the lead in integrating AI's capabilities. Our data indicates that most senior leaders are doing just that: 81% of respondents say the C-suite is actively engaged in AI efforts. Its involvement has helped create highly transparent and well-communicated processes, with four out of five citing healthy cross-functional communication during AI implementation (81%) and a clear, organizationwide vision for AI aspirations (82%). Most also say they collaborate effectively with their peers across the business—and 80% cite this level of collaboration as essential for effective AI implementation.

While many executives project confidence in their senior leadership's management of AI, that conviction is far stronger among our cohort of AI Pacesetters. These respondents are roughly twice as likely to strongly agree that their organization is taking critical steps in AI strategy (see Figure 1). Perhaps their confidence stems from the wide variety of perspectives gleaned from AI procurement conversations. They are more likely than others to say the IT (83% vs. 67% others) and security/cybersecurity functions are very involved in the AI procurement process (79% vs. 56%). Pacesetters are also more likely to say board members (55% vs. 34% others), the CEO's office (52% vs. 40%), operations (43% vs. 30%), and legal teams (42% vs. 28%) are very involved in the process.

“

Not only is there visibility across the organization, but there's clear visibility to our chief executive, whom we all report to, as well as to the board of trustees, which is overseeing the implementation and monitoring the implications of AI to our future.

Dr. Cedric Sims,
Senior Vice President of Enterprise Innovation and Integration, MITRE

By and large, executives are sold on the promise of AI and expect it to have a broad range of business impacts. At the top of the list are increased efficiency and productivity (41% "extremely important" responses), better customer experiences (39%), and improved competitive positioning (33%). Achieving those results will not come easy; building AI capabilities in-house requires significant resources and technical acumen. Many use cases depend on large language models (LLMs) to process information. While executives agree LLMs are an essential component of their AI strategy, there is no consensus for how to build them. There is a roughly even distribution between those that are using hybrid, prebuilt, and internal solutions to develop LLMs today.

Pacesetters are much less likely to rely solely on prebuilt/off-the-shelf solutions compared to others (21% vs. 39% others). They more often take a hybrid approach that includes both purchased tools and AI models they have built themselves (47% vs. 31% others). Pacesetters are also more likely to be building not just LLM AI capabilities in-house, but also chatbots and other tools (49% vs. 27% others).

Yet even Pacesetters rely on outside vendors to some extent in their AI transformation. As enterprise AI matures, leaders must ensure these valuable relationships evolve with the times. Rather than replacing existing partnerships, many are strengthening and expanding existing relationships with current AI vendors. And new partners are entering the fold: Nearly two-thirds of those surveyed (64%) have added AI capabilities from new vendors into the mix, while about half (49%) are implementing completely new AI capabilities offered by existing providers. That approach makes sense: Without strong strategic partnerships in place, executives risk implementing AI incorrectly or inaccurately—and ultimately letting their competitors overtake them as AI innovators.

"

AI is driving a global innovation renaissance. Every business workflow in every enterprise in every industry will be reinvented with GenAI at its core. The leaders I meet with are incredibly upbeat about the opportunity.
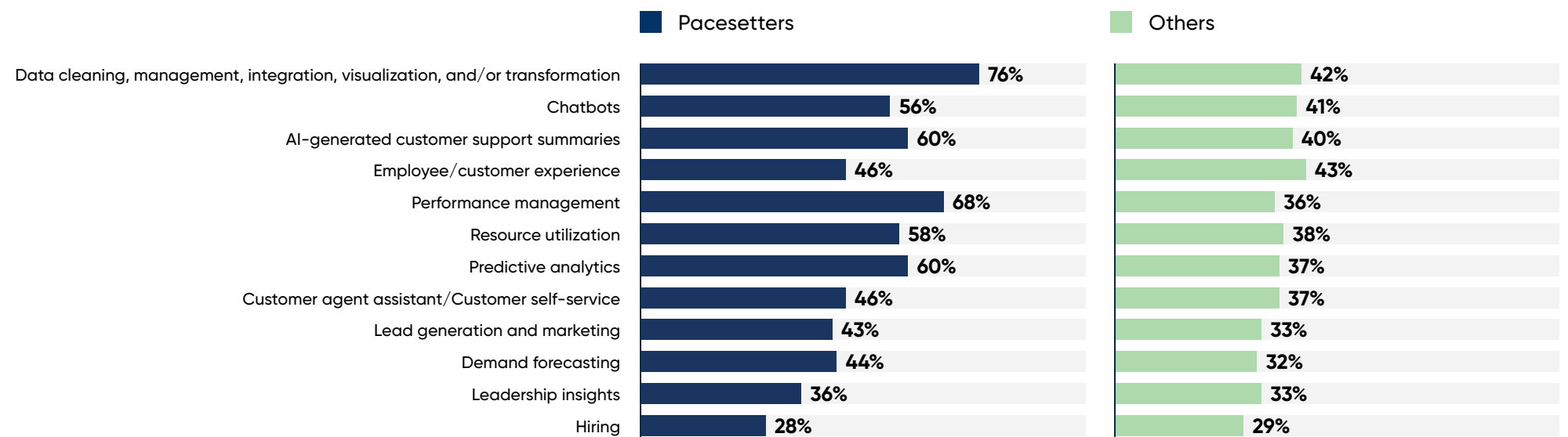
Bill McDermott
CEO, ServiceNow

Section 2:

Workflow integration

AI can transform how organizations function—if they let it. Pacesetters understand this and are more likely to use AI to break down functional silos that impede innovation and growth.
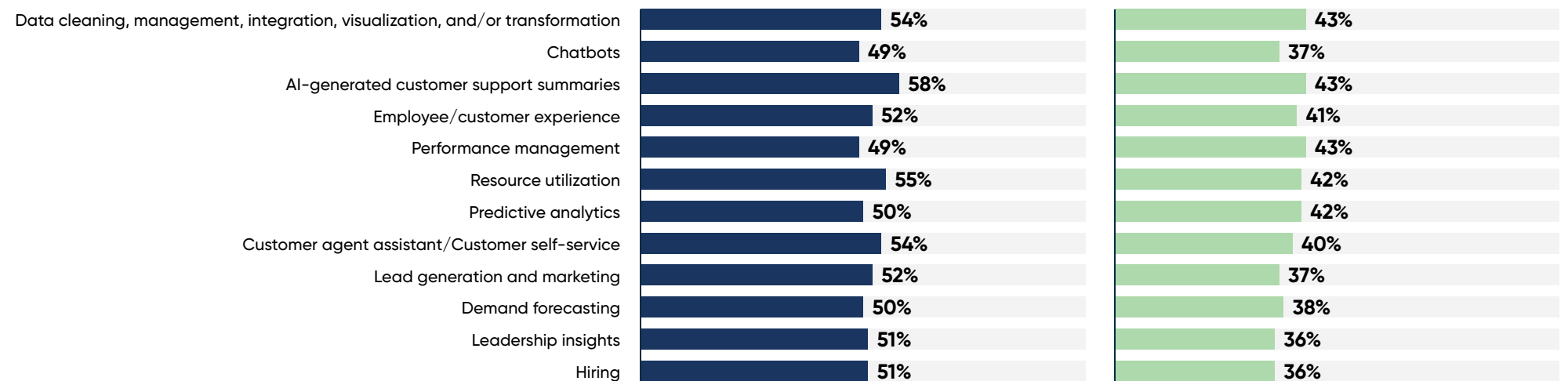
FIGURE 2

Organizations are supercharging operations with AI

AI is already being applied to critical jobs across the enterprise. It's a trend that will only accelerate in the coming years.

■ Pacesetters   ■ Others

	Pacesetters	Others
Data cleaning, management, integration, visualization, and/or transformation	76%	42%
Chatbots	56%	41%
AI-generated customer support summaries	60%	40%
Employee/customer experience	46%	43%
Performance management	68%	36%
Resource utilization	58%	38%
Predictive analytics	60%	37%
Customer agent assistant/Customer self-service	46%	37%
Lead generation and marketing	43%	33%
Demand forecasting	44%	32%
Leadership insights	36%	33%
Hiring	28%	29%

Q. In what ways is your organization using AI in its internal operations today?

	Pacesetters	Others
Data cleaning, management, integration, visualization, and/or transformation	54%	43%
Chatbots	49%	37%
AI-generated customer support summaries	58%	43%
Employee/customer experience	52%	41%
Performance management	49%	43%
Resource utilization	55%	42%
Predictive analytics	50%	42%
Customer agent assistant/Customer self-service	54%	40%
Lead generation and marketing	52%	37%
Demand forecasting	50%	38%
Leadership insights	51%	36%
Hiring	51%	36%

Q. In what ways is your organization using AI in its internal operations in the next three years?

Without carefully researched and planned use cases for AI, organizations risk wasting their investments. Some respondents say efforts are appropriately focused today, but many organizations plan to expand AI use cases going forward. Data cleaning, management, integration, visualization, and transformation are the lowest-hanging fruit for now—nearly half are using it in this way today (48%)—while chatbots (44%), improved experiences (43%), and performance management (42%) follow close behind. Unsurprisingly, Pacesetters are significantly more likely to use AI in each of these areas and more (see Figure 2). Yet even Pacesetters have room to mature: They have yet to expand AI use into employee/customer experience (46% vs. 43% others), leadership insights (36% vs. 33%), or hiring (28% vs. 29%).

While many organizations are using AI to automate day-to-day tasks, the hallmark of AI maturity is deep integration of AI capabilities into workflows. The survey results are promising on this front: A majority of executives surveyed have deployed stand-alone AI applications that span multiple business areas (51%). Slightly fewer have deployed an enterprisewide platform with AI capabilities built in (49%). Pacesetters are far more likely to have taken the latter approach, as 61% are currently using platforms with built-in AI capabilities across the enterprise (vs. 46% of others).

> ❝
> **You have to figure out where generative AI can provide a materially and measurably positive impact on how your employees work. It's really [about] getting them out of work that they don't enjoy or that is incredibly repetitive and predictable, and helping them to be more strategic.**
>
> Amy Lokey,
> Chief Experience Officer, ServiceNow

This may indicate a critical difference between Pacesetters and others, allowing them to achieve greater impact from their AI investments than those at an earlier stage of maturity. Overall, just over half (51%) of respondents are still researching or just beginning AI implementation in their business processes; only 29% are integrating workflows between business functions and streamlining with AI, and just 19% have invented new workflows that leverage human and AI collaboration to make work more efficient.

Furthermore, many respondents are still tearing down organizational walls that slow workflows and hamper innovation. More than half (55%) have not yet made meaningful progress connecting data across operational silos. This makes it far more difficult to translate AI insights into concrete business outcomes. With nearly as many stuck at the experimentation stage of AI maturity (51%), few have been able to integrate AI across work responsibilities—a key step in realizing economies of scale. This lack of maturity implies that companies may not be putting AI to work in a way that creates business value and helps them achieve outcomes such as increased productivity and revenue growth.

Pacesetters demonstrate the path forward. They are much more likely to have invented workflows across business functions where human and AI collaboration make work more efficient (54% vs. 12% others). They have made significant progress toward connecting data and removing operational silos (60% vs. 41%)—a key step toward their stated goal of accelerating innovation (55% vs. 31% others). Unlocking the predictive power of AI puts Pacesetters on a path to realizing business value.

Without carefully researched and planned out use cases for AI capabilities, executives may be wasting their AI opportunity.
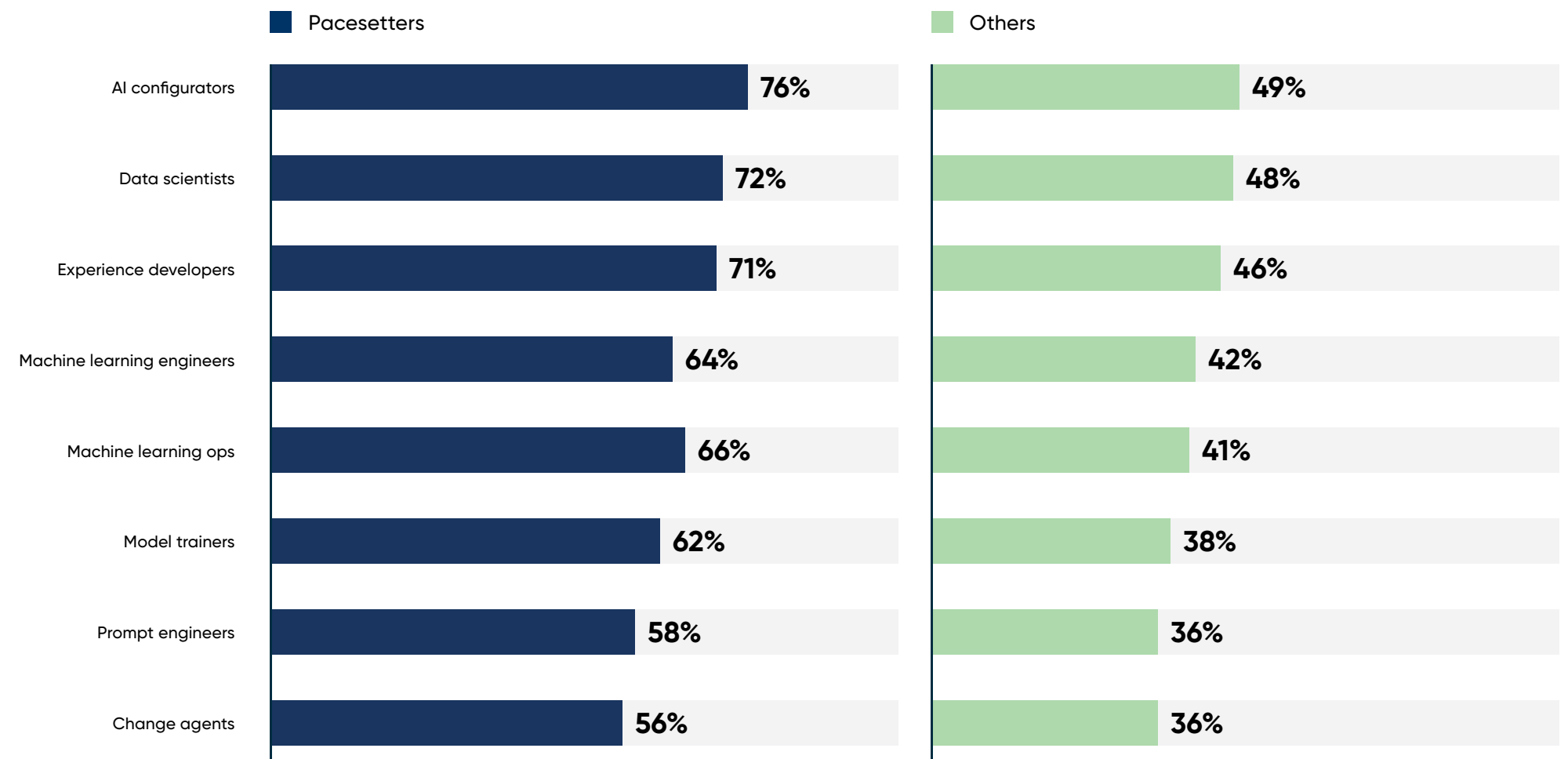
Section 3:

Talent and workforce

Integrating AI into daily work will be effort wasted without the right human talent to guide its deployment. In order to build an AI-literate workforce, specialized skills and continuous development are critical. Organizations are aggressively pursuing a dual strategy for skills improvements—external hiring and internal training—to fill essential roles needed to create business value from AI investments.

FIGURE 3

AI is transforming the tech talent landscape

The companies with the biggest advantage in AI maturity are looking to add workers in a range of key roles.

Legend: ■ Pacesetters ■ Others

Role	Pacesetters	Others
AI configurators	76%	49%
Data scientists	72%	48%
Experience developers	71%	46%
Machine learning engineers	64%	42%
Machine learning ops	66%	41%
Model trainers	62%	38%
Prompt engineers	58%	36%
Change agents	56%	36%

Q. Select the statement that best describes your organization's external hiring expectations for each of the following roles for the next fiscal year? – *"We plan to hire more workers of this type"* only.

01 **AI configurators** are a primary focus, with respondents saying this is the position they plan on hiring (53%) and upskilling or reskilling the most to fill these needs (49% "to a significant extent" responses).

02 **Data scientists** are also a focus of executives, with over half (51%) expecting to hire outside the company and nearly as many (48%) addressing these skills through internal training.

03 **Experience developers** are the third most critical position, with half (49%) pursuing external hiring and 45% using upskilling to fill staffing needs.

04 **Machine learning engineers** are slightly less important, but nearly half of respondents say they will hire more of these workers in the next fiscal year (44%) or train employees to do this work (42%).

66

We are focusing on augmentation, not replacement. So, we tend to emphasize that artificial intelligence is meant to augment human capacities, not to replace them. We are continuously highlighting that AI can allow employees to focus on more strategic and more creative work.

Isabel Baqué,
Chief Business Digital Officer and Procurement Director, Stellantis

Pacesetters are even more likely to say they plan to expand hiring in AI-related roles—across every role in our survey (see Figure 3).

Amid a global scramble for AI talent, Pacesetters are not abandoning their existing workforces. They are significantly more likely than others to have identified AI champions (60% vs. 51%), created training and support programs to reskill employees (79% vs. 53% others), and hosted AI learning events (61% vs. 54%).

Having the right people on board and helping them build the right AI skills are critical components of a strong culture of innovation that will thrive when employees feel free to experiment. To that end, three out of five respondents (60%) are working toward building trust by enabling autonomous decision-making among teams. This culture of exploration is somewhat common; 58% say they empower teams to make decisions about AI to solve business needs, and 51% encourage experimentation with AI use cases.

Nonprofit organizations face a unique opportunity

Pacesetters show that strong performance across all AI Index components is more likely to yield positive results. Organizations in the nonprofit sector are at a slight disadvantage due to their relatively limited resources. But while nonprofits overall received low marks on the "spending and investment" dimension of our AI Index, this does not disqualify them from becoming Pacesetters, as even the most mature AI organizations can improve how they invest AI funds. In fact, 16% of all nonprofit respondents in our survey met the Pacesetter criteria—which indicates that many in the sector are making promising AI decisions.

Nonprofit respondents in our survey report annual revenue or budgets three times smaller than the survey average, which may influence investment prospects. The 7.8% of their revenue invested in technology, while not significantly lower than in other sectors, does represent the lowest technology spend across all industries. Possibly due to resource constraints, the nonprofit industry also recorded the smallest AI investment over the same period (12.9%).

Outliers exist in any industry—and among nonprofit organizations, MITRE—a not-for-profit corporation committed to the public interest that operates federally funded R&D centers on behalf of U.S. government sponsors—is just that. "We've had a six-decade set of practices and research around AI," says Dr. Cedric Sims, senior vice president of enterprise innovation and integration at MITRE. "I feel that MITRE is in a uniquely strong position. I can't speak to where other not-for-profits might be, but I think we're in a unique position."

Perhaps nonprofits are spending less on AI because investments must be carefully planned. Nonprofit respondents are among the least likely to develop their own propriety AI models (24% vs. 31% survey average). On the other hand, 42% say they rely on prebuilt AI solutions—slightly more than other industries (vs. 34% all others). Given their smaller tech budgets, nonprofits may see external AI expertise as a cheaper and more efficient way to develop powerful AI capabilities.

This lack of internal technical prowess explains why nonprofits are more than five times more likely to report their AI capabilities as not at all mature, the assessment of roughly one-fifth (17%) of executives in the space, compared to only 3% in all industries. None in this industry describes their AI capabilities as completely mature.

Even those that lead their peers find areas where AI maturity can grow. For MITRE, the additional requirements to do business bring challenges. "We have an organization that would likely embrace AI very deeply, but [stakeholders] haven't caught up with regulations, policies, and practices to take advantage of some of that value," says Dr. Sims. "We have a tremendous space in front of us to make some really great impact, but it's irregular right now."

For other nonprofit organizations, plans for strategic AI initiatives are lagging behind their peers across industries. They are more than twice as likely than organizations in all other industries to say that they are in the assessing-imagining stage of their AI implementations (26% say this vs. 12% all others), and nearly half (47%) are in the experimenting-scaling stage.

But these areas for improvement have not held back nonprofit organizations from applying AI in innovative ways. For example, MITRE has found a way to incorporate AI into employee navigation, skills tracking, and resource allocation—transforming how the 10,000-employee organization gets work done. "We call it 6DOS [six degrees of separation]. How it works is I enter in the name of an employee or a project that's within our organization," says Dr. Sims. "And with the data that we have in the background in terms of who's sharing information with others—you know, emails that are sent, Teams messages, Teams meetings that are set up, things on that order—6DOS will provide a series of connections by which I might be able to get to that person or someone in their network." Artificial intelligence is continuously finding new applications as the technology matures. "We're excited about the level of adoption," continues Dr. Sims, "I would love to see AI integrated across all of our functions and all of our domains within MITRE."

Having the right people onboard and providing them with AI skills are critical components of a strong culture of innovation that will thrive when employees feel free to experiment.
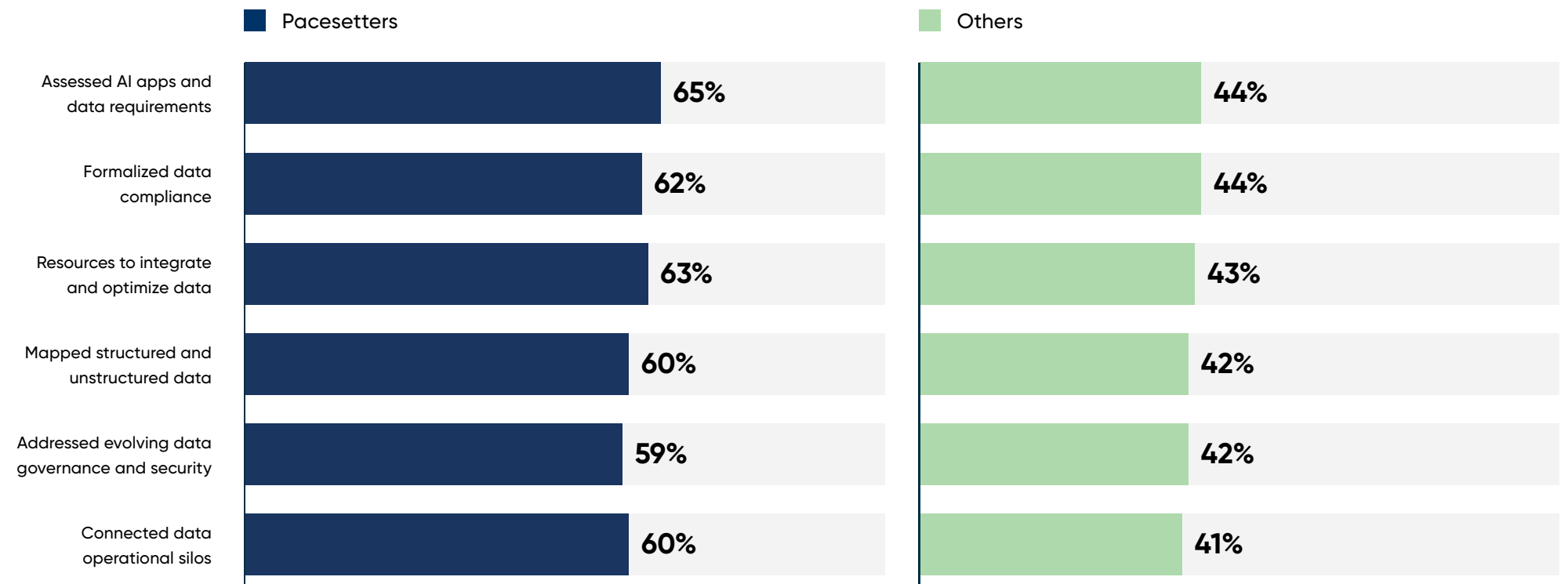
Section 4:

AI governance

Even with ample funding, the best laid plans for AI transformation can fall short without thorough, robust governance to mitigate potentially crushing risks.

FIGURE 4

Pacesetters are keenly focused on critical aspects of data governance

There's no AI exception to garbage in, garbage out. Companies that want to lead will need to think differently about their data and its value.

■ Pacesetters   ■ Others

	Pacesetters	Others
Assessed AI apps and data requirements	65%	44%
Formalized data compliance	62%	44%
Resources to integrate and optimize data	63%	43%
Mapped structured and unstructured data	60%	42%
Addressed evolving data governance and security	59%	42%
Connected data operational silos	60%	41%

Q: How much progress has your organization made in establishing a data governance framework for AI applications? "Significant progress" only

Even as AI matures, well over half of our survey respondents cite cybersecurity issues to explain their hesitation in adopting AI (54%). The strongest performers in our AI Index amplify this concern: Nearly two-thirds of Pacesetters call cybersecurity the top risk or challenge related to AI (63% vs. 52% others).

Beyond concerns that AI will multiply the risk that sensitive information will be leaked or stolen, executives fear AI use cases may be found to violate laws or regulations in various jurisdictions, resulting in hefty penalties. Roughly one-third are concerned about regulatory compliance (34%), personal and individual privacy (33%), and intellectual property infringement (30%). Clear governance guidelines for AI use will be critical to keeping those risks in check.

Executives would be wise not to give short shrift to employees' understandable concerns over the impact of AI on the business—and their own futures. Roughly half of executives say employees are raising concerns about potential generative AI issues, from data security (56%) and

> "AI governance is a team sport because you can't afford a bottleneck at the speed innovation requires. You want folks on the ground who understand exactly what the technology is, and you want folks a little bit higher up who understand the bigger picture."

John Castelly,
Chief Ethics and Compliance Officer, ServiceNow

compliance (49%) to job insecurity (48%) and IP violations (45%). Pacesetters are more likely than others to acknowledge workforce AI governance concerns. More members of this cohort are likely to say employees worry over potential generative AI harms, including data security (66% vs. 53% others), compliance (61% vs. 47%), IP violations (58% vs. 42%), and job insecurity (57% vs. 46%). To avoid alienating employees, executives must address these workforce concerns—and offer reassurance that AI will be used to augment their abilities not replace them.
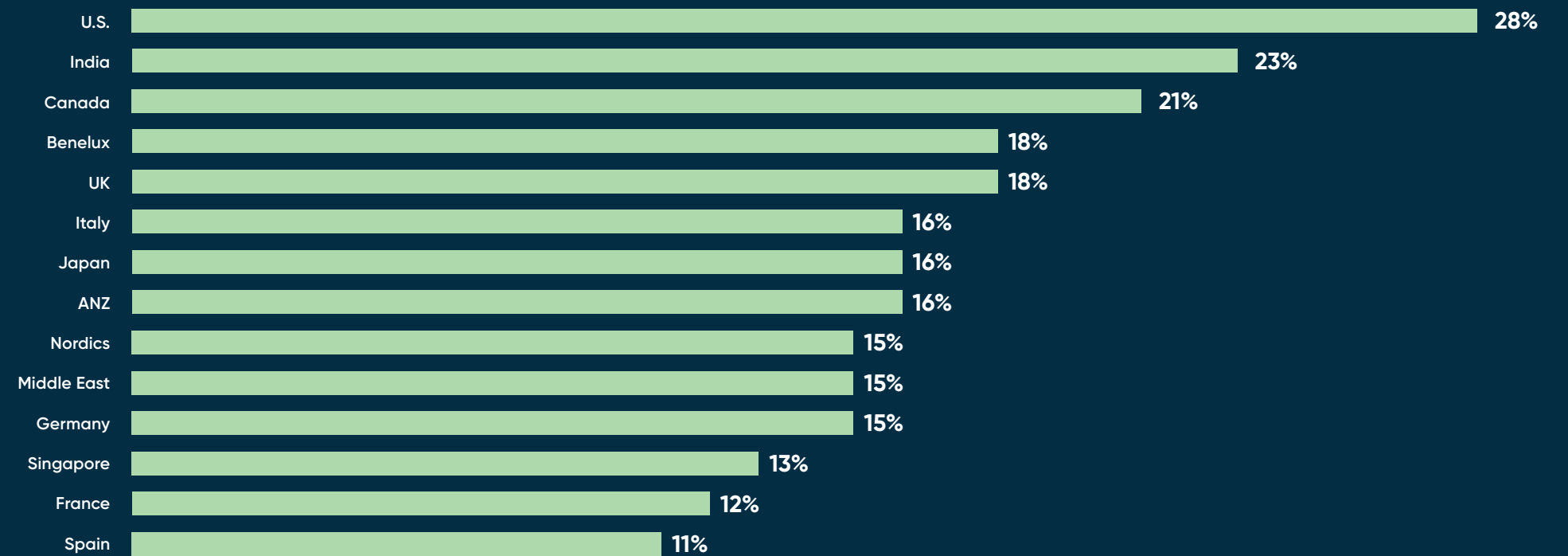
AI prompts concerns around the world

Business leaders always agonize over the potential risks of investing time and resources into new technologies. AI is no exception—but depending on where an organization is based, its concerns can vary widely.

FIGURE 5

Percentage of Pacesetters by region

Region	Percentage
U.S.	28%
India	23%
Canada	21%
Benelux	18%
UK	18%
Italy	16%
Japan	16%
ANZ	16%
Nordics	15%
Middle East	15%
Germany	15%
Singapore	13%
France	12%
Spain	11%

Cybersecurity, the most frequently identified AI concern, is less of a worry for organizations in Singapore, where only 40% list it as a primary concern—14 percentage points below the survey average (54%). Proportionally, the Singapore region has greater concern regarding more nuanced effects, **such as the anticipated environmental impact of AI** (31% vs. 24% survey average). Australia and New Zealand (30%) and the Benelux region (29%) also flag this worry at higher rates than average.

While Nordics (33%) and Benelux (31%) respondents list **organizational reputation** as a concern more often than others (24% survey average), this proves an exception. In general, Northern European organizations flag fewer AI concerns across the board.

Potential inaccuracy looms as a primary AI concern more often in Japan (38%) and the UK (35%) than in other regions (27% survey average), while in Canada, **workforce and labor displacement** emerges as a comparatively high concern (42% vs. 29% average).

Some of these differences in concern are highly specific: In France, for instance, 44% of organizations highlighted **regulatory compliance** as a chief concern—10 percentage points more than the average (34%). Conversely, nearby Benelux was the least likely region to call out regulation as a top challenge (28%).

In Japan, the most cited AI risks are those involving personal risk: Of all regions surveyed, Japanese organizations were the most likely to identify **individual privacy** and the **danger of intellectual property infringement** as top concerns. Italy and Spain also ranked these as high concerns more often than others.

Pacesetters come from all geographies, but respondents from some countries are further along in their AI journeys than others. Respondents from North America (both the U.S. and Canada) score higher on our index compared to those in other regions, while European Pacesetters are disproportionately headquartered in Benelux and the UK. India has the second-highest population of AI Pacesetters, trailing the U.S. (see Figure 5).

Many have implemented data governance frameworks to avoid potential pitfalls. Roughly one-half of respondents claim to have made significant progress toward each governance framework—including formalizing data governance and privacy compliance, acquiring technologies to integrate and optimize data, and addressing evolving data governance and creating AI-specific policies to protect sensitive data and maintain regulatory compliance.

Pacesetters are more likely than others to have made headway on AI governance efforts. A greater number of Pacesetters have made significant progress on acquiring technologies to integrate and optimize data (63% vs. 43% others), formalizing data governance and privacy compliance (62% vs. 44%), and addressing evolving data governance and creating AI-specific policies to protect sensitive data and maintain regulatory compliance (59% vs. 42%).

Regardless of their AI maturity, many organizations have yet to extend governance across the entire business ecosystem, an issue that must be rectified given that AI threats often come from outside the four walls of an organization. Effective governance must consider the many vendors, partners, and suppliers an organization interacts with over the course of a product or service's life cycle. In our survey, three-fifths of all executives claim to have a centralized approach to selecting solutions and vendors governed by an AI committee or governance function. That leaves two out of five respondents in critical business partnerships that remain ungoverned—exposing those organizations to potentially catastrophic risks.
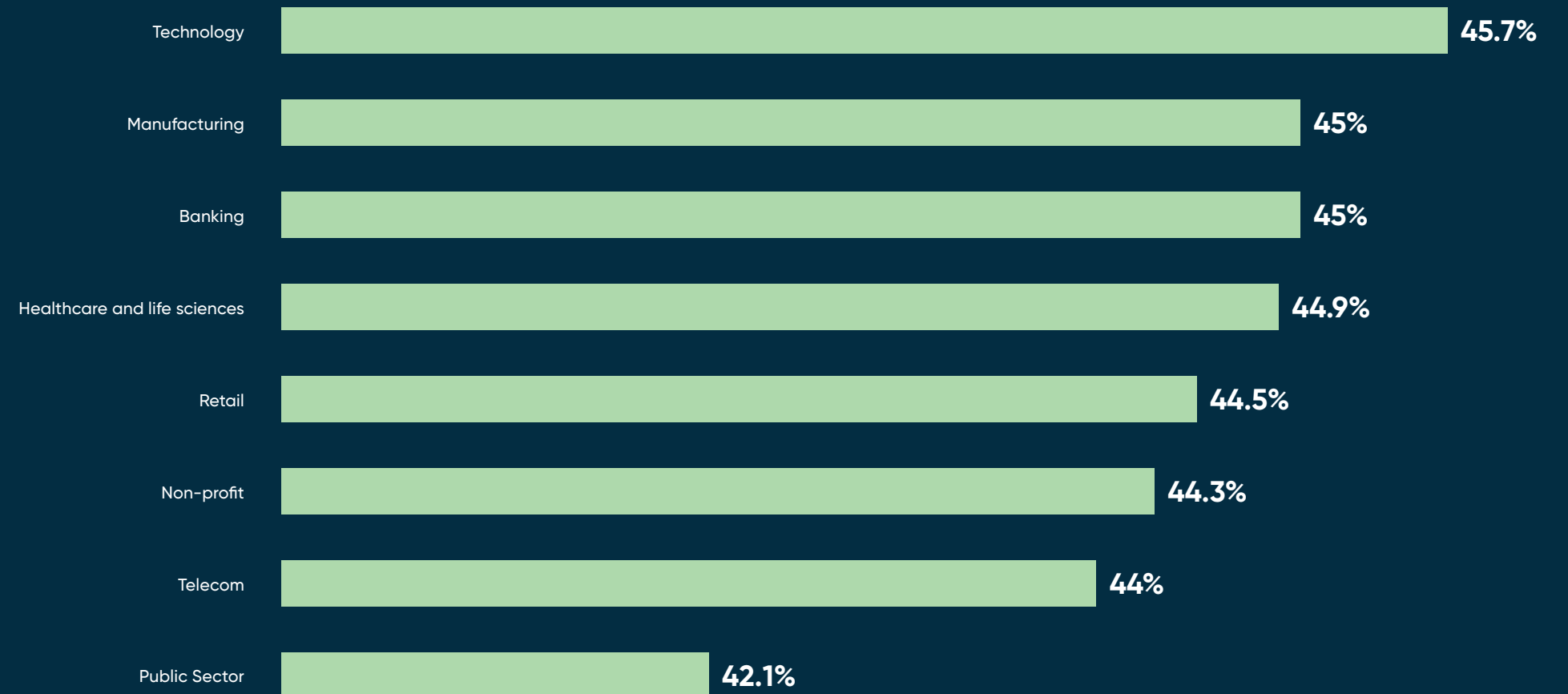
AI trailblazers by industry

The most interesting variations in Enterprise AI Maturity Index scores aren't between geographies or even industries, but between individual organizations. However, there are some small but notable differences among industries that are correlated by average levels in investment. The technology sector has the highest average overall index score, while the public sector, telecoms, and the nonprofit sector have the lowest average overall scores, which is attributable to their low spend on AI (see Figure 6).

Taking a multifaceted approach to investing in AI is key to rapid maturation. Organizations with high index scores report significant AI investment and integration across various functions. However, those with strong leadership and clear AI strategies tend to score highest on the index. Statistical analysis reveals that clear leadership and strategy are strongly correlated with more integrated workflows, better governance, and a more skilled workforce, thereby enhancing overall AI integration.

FIGURE 6

Enterprise AI Maturity Index, average by sector

Sector	Score
Technology	45.7%
Manufacturing	45%
Banking	45%
Healthcare and life sciences	44.9%
Retail	44.5%
Non-profit	44.3%
Telecom	44%
Public Sector	42.1%

Even with ample funding, the best laid plans for AI transformation can fall short without thorough, robust governance to mitigate potentially crushing risks.
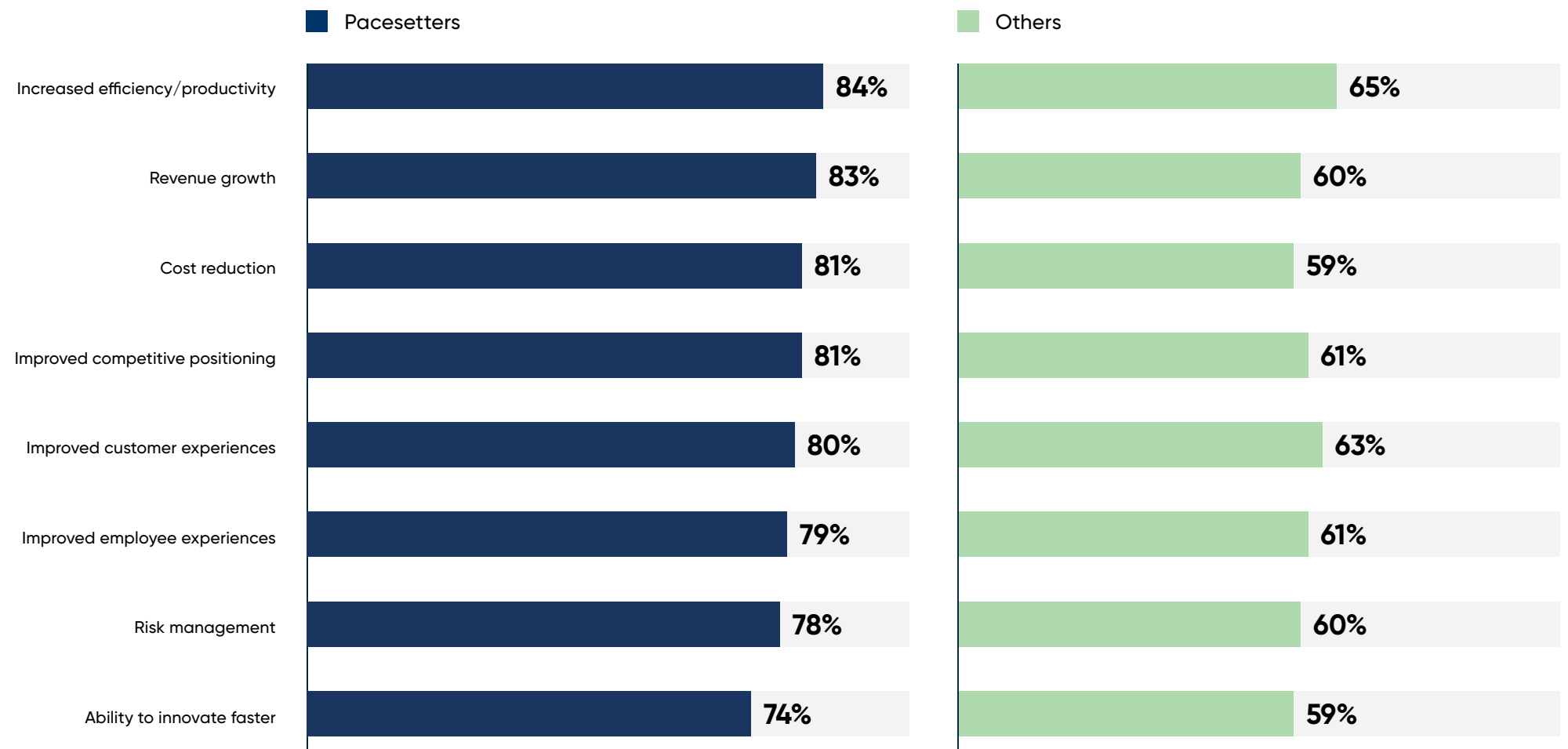
Section 5:

Realizing value in AI investment

Ultimately, the success of any AI-powered business transformation will be judged by how much value it creates for the enterprise. Pacesetters are realizing greater returns on their AI investments as well as upping their AI investments to push even further ahead.

FIGURE 7

Getting ROI from AI

Innovation isn't an end unto itself. Organizations with high AI maturity keep business value in focus.

Pacesetters — Others

	Pacesetters	Others
Increased efficiency/productivity	84%	65%
Revenue growth	83%	60%
Cost reduction	81%	59%
Improved competitive positioning	81%	61%
Improved customer experiences	80%	63%
Improved employee experiences	79%	61%
Risk management	78%	60%
Ability to innovate faster	74%	59%

Q. What impact have your AI investments had on each of the following business outcomes? – "Our AI investment has yielded between 1 and 15% ROI" and "Our AI investment has yielded greater than 15% ROI" responses only.

Navigating the many dimensions of AI adoption can thwart even the savviest of companies. Making sure strategy and leadership, workflow integration, skills, and governance are all addressed requires both careful management and adequate funding.

Fortunately, organizations appear to be setting aside large budgets for technology—and AI receives a healthy portion of that budget, according to our survey. On average, 9% of their overall revenue are dedicated to technology efforts. Over the past year, 15% of that budget was allocated to AI capabilities. Our survey respondents have an average revenue of $645 million, with about $58 million of that spent on technology and $8.7 million on AI. This allocation is highest in the banking and technology industries (17% each) and lowest in the public and nonprofit sectors (14% and 13%, respectively).

Respondents have been steadily allocating funds to AI efforts over the past few years—and this is not expected to slow down. Nearly four out of five (79%) increased their AI investment since 2023, with the average increase being 8.7%. Just as many (81%) plan on increasing this spend over the next year at a similar rate (9%). Almost one-fourth (22%) expect the percentage of tech budget allocated to AI to increase by over 15% in the next fiscal year.

While executives have aggressive spending plans, the ROI today may not be keeping pace with expenditures. Execs have identified important business outcomes they want to achieve: increased efficiency and productivity (81% "very important" and "extremely important" responses

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Unlike other technologies we've employed in the past, AI is a learning algorithm. When it runs, it gets better and better. So, the question is, how do you think about return on investment when you know that?

Michael Park,
Head of AI Go-to-Market, ServiceNow

combined), improved customer experience (79%), revenue growth (78%), risk management (75%), and cost reduction (75%).

Most are not yet seeing significant ROI on their investments to help them achieve these outcomes. Across business areas, roughly two-thirds of survey respondents (65%) say they are achieving positive ROI—but only 23% say this ROI has been significant (over 15%). And while most are experiencing at least some type of return so far, over one-fourth (27%) say they are breaking even. A small percentage (7%) are actually losing money so far.

These responses may seem relatively optimistic, but the reality for most could be quite different because KPIs are measured inconsistently. And this is where Pacesetters are starkly different from others. Nearly two-thirds of Pacesetters (62%) strongly agree they have a defined set of metrics in place to measure the impact of and return on AI transformation, while a

meager 28% of others share this conviction. Takeaway: Sooner or later, organizations that lack clear KPIs for their AI investments will struggle to get them funded.

While Pacesetters are likely to experience greater ROI, even the most mature AI businesses have yet to realize transformative benefits. Although more Pacesetters have realized significant ROI than other organizations, only about one-third have seen returns of 15% or more in any business area (see Figure 7).

Even though most organizations are seeing moderate returns on their AI investments, they are building a strong foundation on which to scale AI capabilities across the enterprise over time. New use cases will emerge, and employees will continue to find innovative ways to implement AI models into their workflows.

Takeaway:
Sooner or later, organizations that lack clear KPIs for their AI investments will struggle to get them funded.

Conclusion

The hype around artificial intelligence has reached a boiling point. As organizations of all types scramble for position, AI Pacesetters exhibit a promising blueprint for meaningful results. Pacesetters are poised to capitalize on value opportunities as they arise. Under the watchful eye of involved leadership, they have woven AI capabilities into workflows and set clear guidelines for what is expected of employees to achieve AI excellence. As more and more business use cases emerge, skills programs will need to be updated and governance policies must evolve to account for all risks.

Here are four key lessons that all enterprises can learn from AI Pacesetters:

01 **Use AI to connect people, data, and processes.** Creating pathways for end-to-end data flows will allow AI assistants to better support and expedite routine tasks. From payroll and procurement to employee requests, customer queries, and content creation, AI will reshape work throughout the enterprise.

02 **Leverage AI to scale process improvements.** Using an enterprise AI platform approach, teams and ecosystems can work together to scale efficiently. For example, connecting customer service, technical support, and customers can speed up interactions and free up employees for higher-value work.

03 **Be thoughtful about governance.** As AI matures and use cases proliferate, the potential for costly errors also increases. Creating guardrails can prevent AI from gaining access to restricted data sources, granting access where access should be denied, or acting on AI insights without checks and balances that protect the business from potentially harmful consequences.

04 **Leaders must lean in.** A clear strategy driven from the top predicts high AI maturity more than any other factor. Senior executives must drive implementation and take responsibility for integrating AI in ways that advance strategic goals. Individual employees can contribute to innovation, but only top executives can drive transformation. Now is a great time to get started.

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