A person stands on a beach at night, holding a glowing ring that reflects on the wet sand. The background features a starry sky and a bright light source on the horizon.

Execs double down on AI: explore 5 AI adoption strategies for success

AI Pulse Survey – July 2024

About the survey

The EY AI Pulse Survey, conducted in May 2024, captures the investment trends and attitudes toward artificial intelligence (AI) among 500 senior US executives as they prepare to scale AI technologies in 2024. The survey highlights a significant projected increase in AI investments, emphasizing the technology's growing importance in corporate strategy. The findings suggest that successful AI adoption requires a holistic approach, including strategic diversified AI investments, responsible AI practices and workforce upskilling. The insights offered aim to guide executives in navigating the complexities of AI integration, with strategic recommendations for those seeking to lead in the AI-driven business landscape.



Artificial intelligence is redefining the competitive business landscape, with leaders actively investing to capitalize on its transformative promise. To investigate top-tier investment trends and perceptions in AI technology adoption among corporate leaders, as well as uncover the state of AI in the US, we commissioned a survey among 500 senior executives across a spectrum of industries. Survey findings indicate a projected nearly twofold increase in AI investments, exceeding US\$10 million or more in the next year, among those who are already investing, signaling AI's shift to a central role in corporate growth strategies.

This sentiment follows a year in which AI investments had already significantly increased in pace. Just three years ago, about half of senior leaders said their organization spent less than 5% of its total budget on AI investments. In contrast, today, 88% of those same leaders spend 5% or more of their total budget on AI. It's a number that is set to grow even higher, as half of senior leaders said they would dedicate 25% or more of their total budget toward AI investments in the coming year.

At the same time, those already doubling down on investments are seeing the impact. While nearly all are investing in AI, our findings indicate a divergence between companies experimenting in small ways and those making larger investments. Senior leaders whose organizations are investing in AI and whose current budget for AI investments is 5% or more of their total budget saw higher rates of positive return across dimensions surveyed compared with those who spend less than 5%.

However, despite the forecast investment boom, our findings also indicate that many leaders are ignoring the foundational functions AI needs in order to thrive. Successful AI adoption demands more than just technological integration; it's about adapting to a new paradigm whereby AI reshapes every aspect of the enterprise. From building a scalable data infrastructure to fostering a workforce fluent in emerging technologies, the research emphasizes the need for a holistic approach to AI adoption. As we stand on the cusp of an AI-driven era, the message is clear: Those who invest wisely in AI today will be the industry trailblazers of tomorrow.

This article illuminates the essential strategies executives should deploy to navigate the complexities of AI adoption as their investments increase, including five key takeaways:

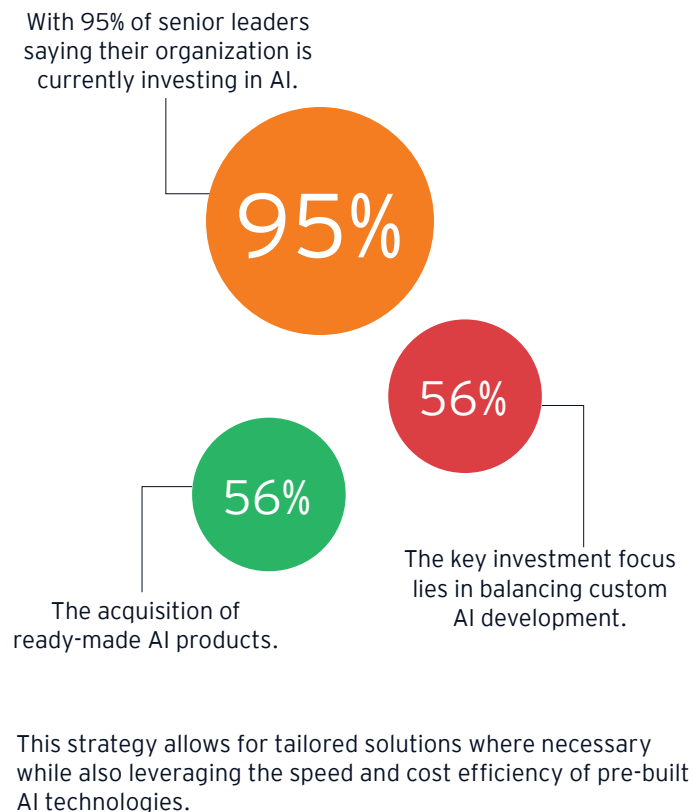
- 1 **Adopt diversified AI investment strategies.**
- 2 **Prioritize return on investment (ROI)-driven AI deployment.**
- 3 **Align your business and AI maturity roadmap.**
- 4 **Invest in responsible AI as a competitive edge.**
- 5 **Embrace talent development as a value driver.**

1

Leaders should adopt diversified AI investment strategies

In the search for operational excellency, businesses are turning to AI as a transformative technology. Custom AI development stands out for its ability to enhance an enterprise's operations, delivering peak efficiency and intelligent workflow management tailored to the intricate needs of the business. Simultaneously, the allure of pre-built AI technologies lies in their ability to offer immediate implementation and a more favorable cost structure. Discerning businesses should undertake a comprehensive analysis of their operational requirements, competitive landscape and long-term goals to determine the optimal blend of in-house developed and off-the-shelf AI solutions. By doing so, they position themselves to leverage the full spectrum of AI benefits, ensuring a strategic advantage in the rapidly evolving marketplace.

Figure 1: Leaders should adopt diversified AI investment strategies



2

Prioritize ROI-driven AI deployment

Forward-thinking enterprises are looking to AI as a catalyst for business transformation. Strategic deployment of AI is crucial for firms aiming to strengthen their performance and realize cost efficiencies. By focusing on AI solutions that improve operational workflows and enhance employee productivity, organizations can convert traditional business models into intelligent, AI-powered operations. This advancement goes beyond simple task improvement – it calls for a radical redesign of business processes to be AI-centric. By doing so, companies are not just automating; they are innovating, ensuring that their investments in AI yield measurable financial returns and solidify their standing for the future.

Figure 2: Prioritize ROI-driven AI deployment

About a third (34%) of senior leaders say their organization is tracking the impact of AI initiatives fully and at scale.

34%

74%

Employee productivity (74%).

77%

The survey shows that among organizations investing in AI, those investments are delivering positive returns, especially in areas like operational efficiencies (77%).

3

Align your business and AI maturity roadmap

Capturing the full potential of AI requires more than just technological investment; it demands a strategic alignment that integrates AI initiatives with the core objectives of the business. A robust and well-structured data infrastructure is critical as it underpins intelligent operations and aligns with the company's strategic pursuits. This alignment paves the way for enhanced decision-making capabilities and a fertile environment for innovation. By achieving strategic AI maturity, organizations can transition into "superfluid" entities, characterized by their seamless decision-making processes and a relentless drive for innovation. In this way, a strong data foundation not only supports AI but also propels businesses toward their goals with unprecedented efficiency and insight.

A superfluid enterprise is a highly agile and adaptable organization, leveraging digital innovation to swiftly respond to market shifts, optimize processes and drive continuous growth, ensuring sustained competitive advantage.

Figure 3: Align your business and AI maturity roadmap

About 1/3 (34%) of senior executives report that their organization is aligning AI strategy with business objectives fully and at scale.

34%

36%

A third (36%) of senior leaders report that their organization is investing in data infrastructure (i.e., quality, accessibility and governance of data) fully and at scale,

and 35% report that their organization is creating a roadmap for AI implementation fully and at scale.

35%

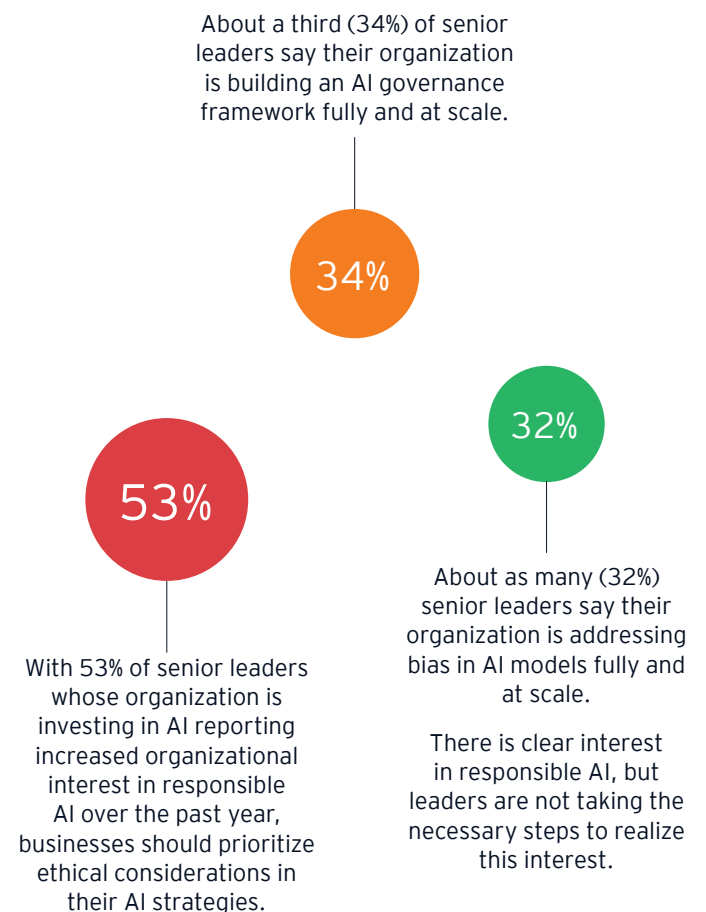
4



Champion responsible AI as a competitive edge

The surge in executive interest toward responsible AI marks a pivotal shift in business strategy, placing ethical considerations at the forefront of AI adoption. To navigate this new terrain, companies should invest in comprehensive AI governance frameworks and strategies for mitigating bias, thereby ensuring that their AI systems uphold fairness and transparency. Firms that excel in responsible AI not only distinguish themselves in a competitive marketplace but also fortify themselves against future regulatory issues. In addition, ethical AI practices are a linchpin in the creation of a “superfluid” enterprise, where stakeholder trust is strengthened, compliance is effortlessly maintained and operational friction is reduced, all of which propels innovation. Pioneers in this are setting a new industry standard, providing services that are both transparent and equitable and charting the course for the future of AI-powered businesses.

Figure 4: Champion responsible AI as a competitive edge

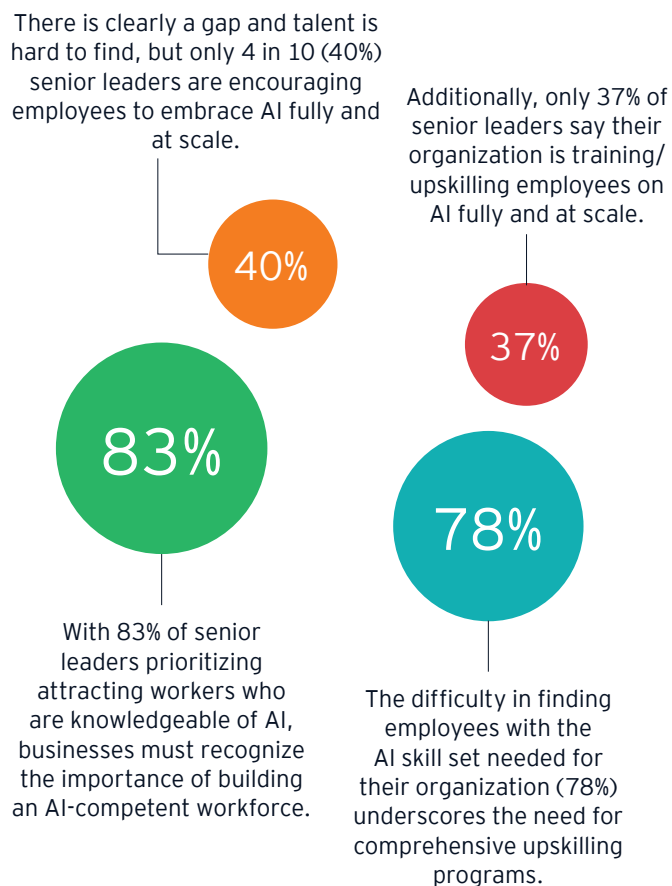


5

Embrace talent development as a value driver

The scarcity of AI skills in the job market is a clarion call for businesses to invest in extensive employee upskilling programs. By cultivating AI skills within their existing workforce, companies can not only expedite the adoption of AI technologies but also secure a vital competitive advantage. Developing an internal pipeline of AI talent is essential for fostering a workforce that is not just proficient but superfluid – adaptable, innovative and fully equipped to leverage AI for maximum impact. Moreover, by placing a premium on attracting and nurturing AI-savvy employees, organizations can establish that their operations are driven by professionals that can unlock the full spectrum of AI's capabilities, positioning the business at the forefront of technological advancement.

Figure 5: Embrace talent development as a value driver



Conclusion

The burgeoning influence of AI on the business landscape is undeniable, with our survey of 500 senior executives revealing a significant uptick in AI investments. This is not merely a trend but a strategic imperative; companies that do not actively engage with AI risk being left behind in a market that increasingly rewards innovation and agility. As we have seen, the future belongs to those who recognize AI's potential to redefine every facet of their operations – from process improvement to decision-making – and invest accordingly.

A diversified AI investment strategy is paramount. Companies must balance the allure of ready-made AI technology solutions with the bespoke advantages of custom development to create a hybrid model that aligns with their unique business needs. This approach enables organizations to harness AI's full potential while maintaining flexibility in a dynamic market. In addition, the focus must be on ROI-driven AI deployment. Investments in AI should not be made for the sake of technology alone; they must be tied to clear, measurable business outcomes. Organizations that prioritize AI applications with direct impact on operational efficiency and productivity will not only see immediate benefits but also set the stage for long-term financial success.

It's important to note that championing responsible AI is not just an ethical mandate but a competitive differentiator. As AI becomes more widespread, companies that lead with transparency, fairness and governance will build trust and resilience, positioning themselves favorably in the eyes of consumers and regulators alike.

And aligning business and AI maturity roadmaps is crucial. Organizations must verify that their data infrastructure and AI initiatives are in lockstep with their strategic goals. This synergy will enable them to make smarter decisions faster and foster an environment ripe for continuous innovation.

Finally, talent development is a critical value driver in the AI equation. The scarcity of AI competencies necessitates a proactive approach to upskilling and attracting top talent. Companies that build a robust internal pipeline of AI skills will not only accelerate technology integration but also secure a lasting competitive edge.

Methodology

Ernst & Young LLP commissioned a third party to conduct the 2024 EY AI Pulse Survey. The online survey was conducted among n=500 US-employed decision-makers (SVP+) in the health; life sciences, energy, technology, media and telecommunications (TMT); government and public sector; consumer products and retail; advanced manufacturing and mobility (AMM); financial services; private equity; and real estate, hospitality and construction (RHC) industries (i.e., n=50 per industry). The survey was fielded between April 29 and May 6, 2024. The margin of error for the total sample is +/- 4 percentage points.

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