



AI in
Action
2024

think report

IBM

Foreword

As leaders, value creation is a perpetual business imperative—and the best way to become, and just as importantly, stay successful. In today's innovation-driven market, AI is the path to value. A holistic AI strategy will lay the groundwork to take one's company from good for now to great for the future.

The AI in Action 2024 report identifies what separates AI Leaders from AI Learners. From productivity to profitability, these AI Leaders are reaping the rewards of AI today. In fact, two-thirds of Leaders report AI has driven a greater than 25% improvement in revenue growth rate. In addition, 27%–38% of Leaders highlight significant improvements across 5 key areas of value: productivity, cybersecurity, customer experience, marketing effectiveness and streamlined processes.

Great leadership is an attribute that can be sharpened. It is in this spirit of learning to lead that we're excited to share with you the qualities and skills that make an AI Leader. We encourage you to take the time to review the AI in Action 2024 report. Within, you'll hear from experts who will contextualize the findings, providing insights and correlations that can catapult you ahead in your AI journey.

The future awaits. These insights will help you deploy AI responsibly, creating more value and accelerating growth that separates you from the pack.

Mohamad Ali
Senior Vice President
IBM Consulting

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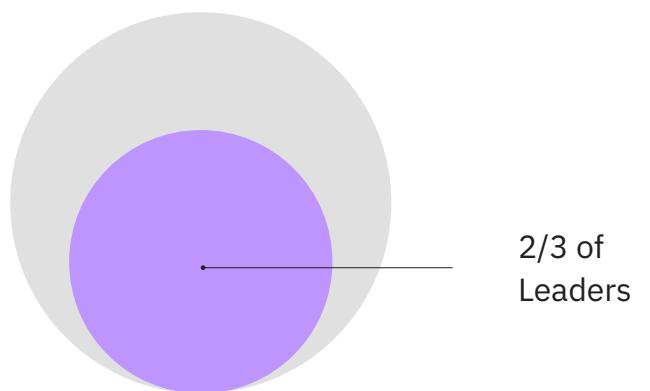
It's morning
in the age of AI

After decades of foundation building and incremental progress, AI has taken an exponential leap forward. What was once a novelty has become a business necessity.

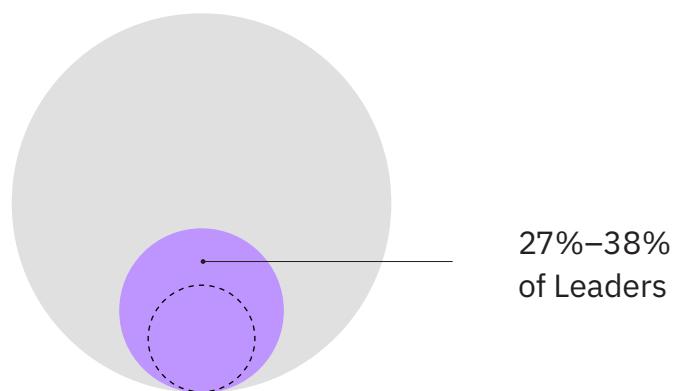
The excitement around AI has inspired an endless scroll of hype and hyperbole. There's no shortage of conjecture. AI in Action brings real-world data to the conversation to explore a simple question—during this critical period, what lessons can be learned from an AI vanguard already seeing results?

To that end, IBM partnered with The Harris Poll and surveyed 2,000 organizations from across the globe. We discovered that 15%—a group we call Leaders—rise above the buzz and achieve quantifiable results.

In fact, two-thirds of Leaders report that AI has already driven a greater than **25% improvement** in revenue growth rate. See data on page 9



27%–38% of Leaders are already seeing significant improvements across 5 key areas of value: cybersecurity and resilience; customer satisfaction, engagement and retention; marketing effectiveness; streamlined processes; and staff productivity.



AI in Action delivers a clear assessment of Leaders and offers expert commentary on how Learners—the remaining 85% of those surveyed—can join their ranks.

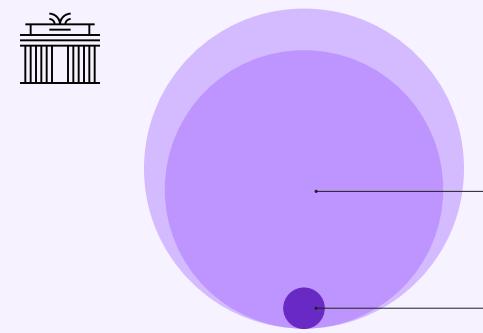
We discovered that Leaders don't mindlessly chase trends. Instead, they look for the intersection of opportunity, need and internal capabilities to develop an action-oriented roadmap. They foster organization-wide alignment through clear and authentic communication.

Leaders also understand that a strong data foundation delivers the flexibility to customize AI. They rely on a hybrid cloud strategy and a multimodel, platform-based approach. They understand the perils of “the perfection trap,” seek partners that can drive trust, and are committed to incremental improvement through continuous experimentation.

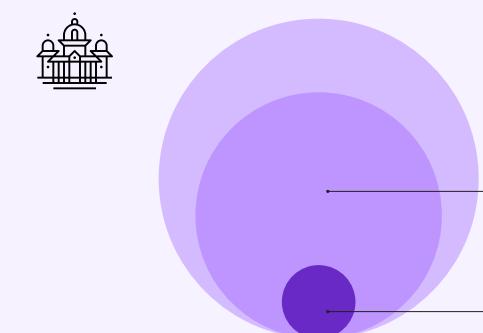
Let's explore the path they've already blazed. And if you're a Leader and want to stay that way, keep reading.

● Leaders and ● Learners by region

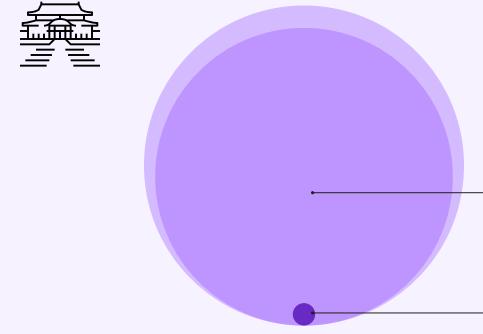
Germany



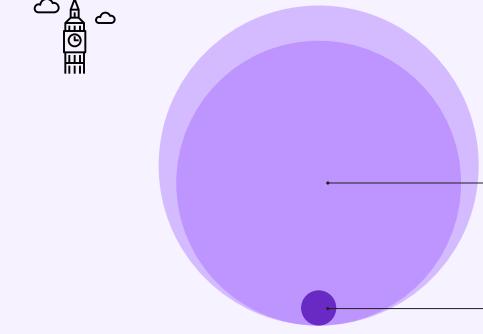
India



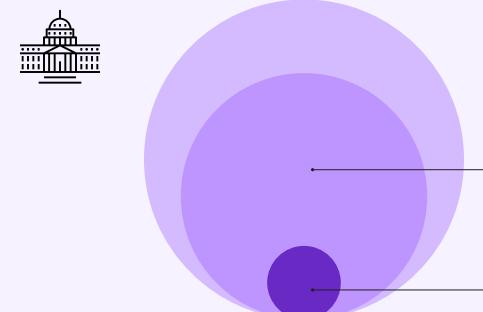
Japan



UK

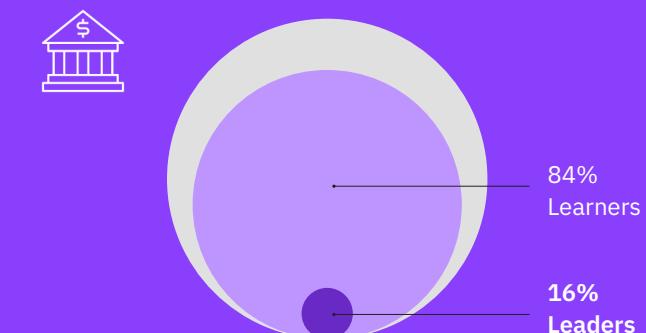


US

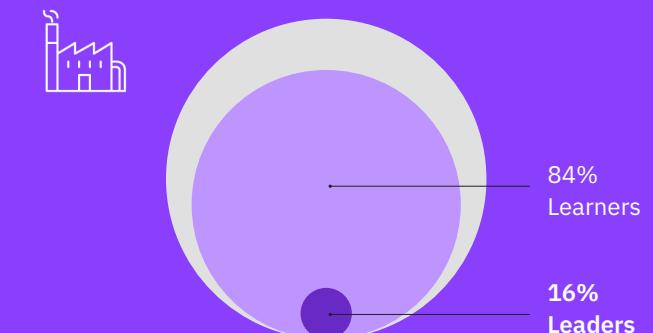


● Leaders and ● Learners by industry

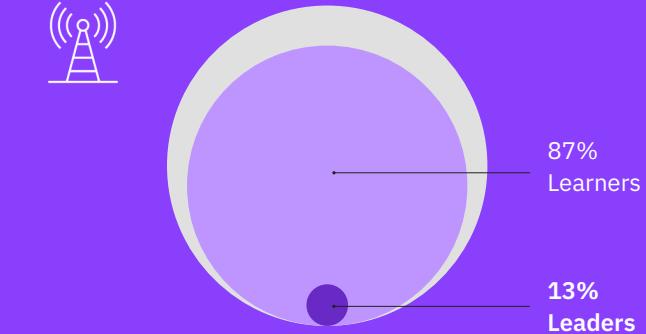
Finance



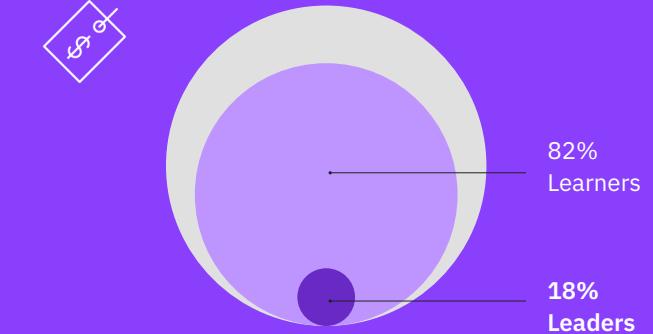
Manufacturing

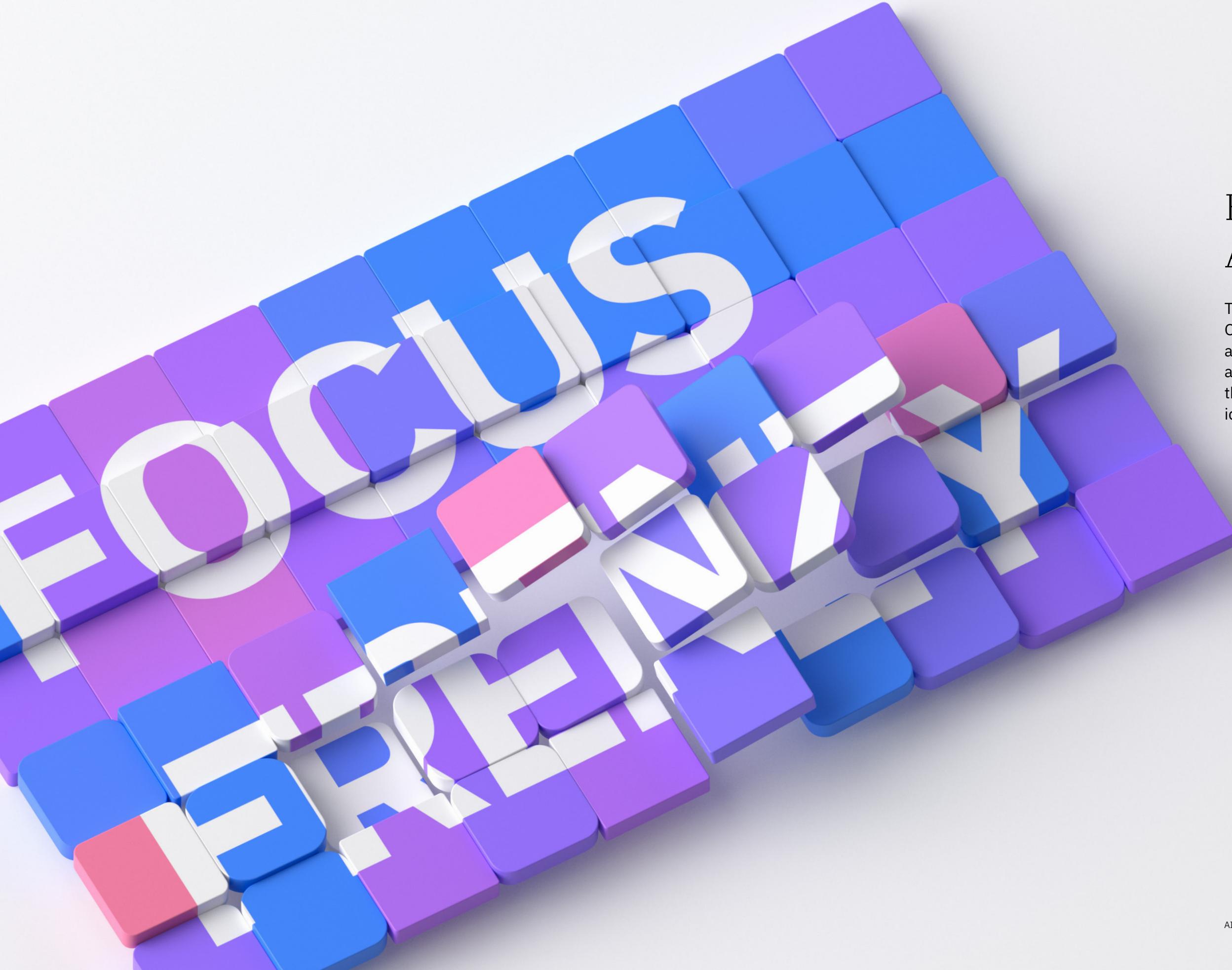


Telco



Retail





Eyes on the AI roadmap

The potential of AI is overwhelming. Organizations must find focus amid a frenzy of possibilities with an actionable roadmap that charts a path through their unique terrain, not some idealized state.

The survey data reveals that Leaders build a roadmap informed by 4 AI dimensions: strategy, toolkits, data management and applications. Strategy requires vision and investment; toolkits must be supported by a technical staff and flexible infrastructure; data management is grounded in accessibility and governance; and applications should reliably address a broad array of targeted use cases.

A high-fidelity roadmap requires feedback. Leaders listen to all stakeholders and are mindful of internal limitations.

4 AI dimensions

Strategy

Strategy requires vision and investment.

Toolkits

Toolkits must be supported by a technical staff and flexible infrastructure.

Data management

Data management is grounded in accessibility and governance.

Applications

Applications should reliably address a broad array of targeted use cases.

A clear roadmap fosters the type of C-suite alignment that separates Leaders and Learners. It plots specific goals across a timeline and defines the metrics used to measure their successful implementation.

“To get AI to scale, you have to present a really tight value case on how AI is going to achieve your organization’s mission.”

Cathy Reese
Senior Partner, Data & Technology Transformation
IBM Consulting®

When Leaders share a common vision, they avoid sowing confusion and inertia throughout their organization. “A slight hesitation at the top becomes a big roadblock at the bottom,” warns Kurup Prasad, Senior Partner, Service Line Leader, IBM Consulting.

Breadth of vision is also a distinguishing factor between Leaders and Learners; Leaders cover more ground with their roadmaps. Instead of a piecemeal approach, they prefer holistic strategies.

Respondents who follow an AI roadmap instead of taking a more opportunistic approach

Leaders



Learners



Respondents who say their C-suite is fully aligned with IT leadership about what needs to be done to achieve AI maturity

Leaders



Learners



Percentage of those who say their leadership clearly understands the business value of AI investments

Leaders



Learners



For Leaders, broad doesn't mean vague. According to the survey data, they prioritize 4 use cases: improving **customer experience**, **IT operations and automation**, **virtual assistants** for external applications, and **cybersecurity**.

Top use cases by industry

Industry	Top use case
Finance	Virtual assistant for external applications and AI-enabled search engines
Telco	IT operations and automation, and virtual assistants for internal applications
Retail	Improved customer experience
Manufacturing	IT operations and automation



Leaders are approximately 80% more likely than Learners to invest in the top 4 use cases.

Shobhit Varshney, Vice President and Senior Partner, Americas Gen AI IoT Leader, IBM Consulting, urges organizations to identify use cases by emphasizing impact instead of convenience. “It’s tempting to start an AI journey with what’s quickest to implement,” he notes, “but Leaders uncover big meaty opportunities that are going to move the needle.”

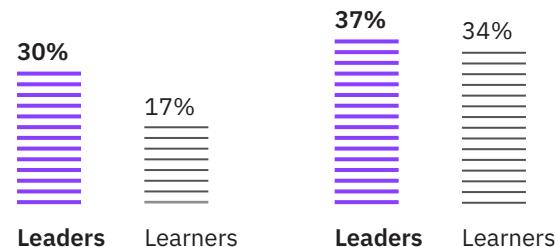
Varshney recommends focusing on end-to-end workflows. “AI and automation can make a messy flow smart,” he says.

No one feels internal pain points more acutely than frontline employees. Workers are increasingly eager to offload rote and repetitive tasks, such as paperwork and manual data entry, so they can focus on higher-value activities. Involving them in an AI strategy allows them to feel aware and engaged, and sparks excitement around a technology they might otherwise find intimidating.

Revenue growth

Respondents who report a significant—greater than 50%—improvement in revenue growth rate attributable to their AI initiatives

Respondents who report a moderate—greater than 25% but less than 50%—improvement in revenue growth rate attributable to their AI initiatives



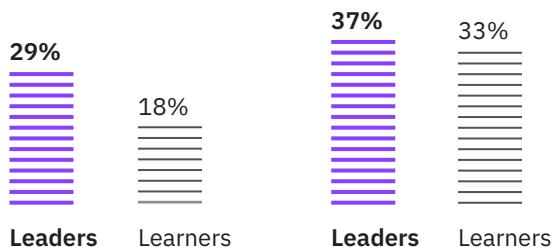
“No matter how stellar your technical skills, platforms and capabilities, you’ll never achieve success if you don’t exhibit strong leadership and change management,” explains Reese. “You must keep the user front of mind.”

Reese urges organizations to avoid well-worn jargon and overly optimistic talking points. In the language of business, there’s nothing more compelling than success, so Reese believes it’s important to herald AI wins. The survey data reveals that Leaders have a lot to celebrate.

Profitability

Respondents who report a significant—greater than 50%—improvement in profit margins since the start of their AI initiatives

Respondents who report a moderate—greater than 25% but less than 50%—improvement in profit margins since the start of their AI initiatives



Key takeaways

1

It doesn’t matter if an AI roadmap works on paper; it must work in practice. Crafting a roadmap requires a clear-eyed evaluation of business objectives, internal technical capabilities and an organization’s change management.

2

Leaders pursue a holistic AI strategy and engage stakeholders across their organization so they can prioritize infusing AI where it’s most impactful. They give employees an opportunity to redesign their jobs toward higher-value work.

3

Leaders must have strong storytelling skills to generate excitement and buy-in. Success is contagious. Celebrate wins and communicate authentically.



NEVER

STAND

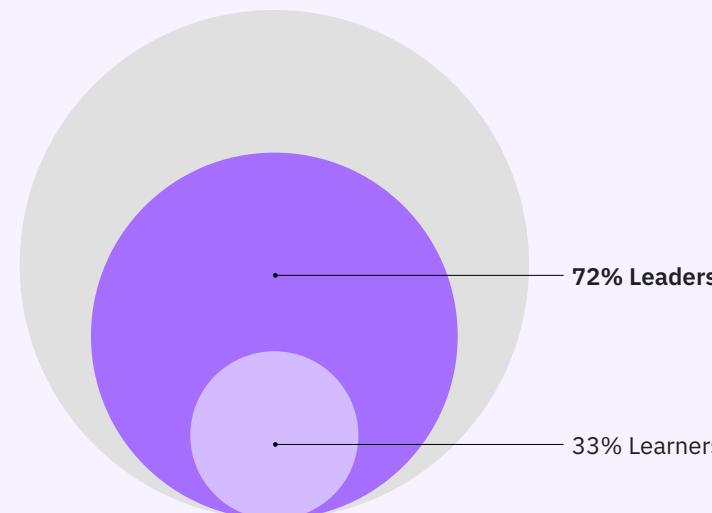
STILL

Data drives innovation

When a new technology becomes prevalent, innovation can become monotone. What once sharpened a competitive edge, dulls it. Leaders recognize that they must customize their AI tools to stand out from the crowd. Data is the difference maker and committing to a strong technical foundation—including a hybrid cloud strategy and a multimodel, platform-based approach—fuels agility.

“A Learner will typically copy predefined scenarios using out-of-the-box technologies. But a Leader develops custom innovations.”

Dr. Stephan Bloedorn
Executive Partner and Practice Leader
AI, Analytics and Automation
IBM Consulting DACH

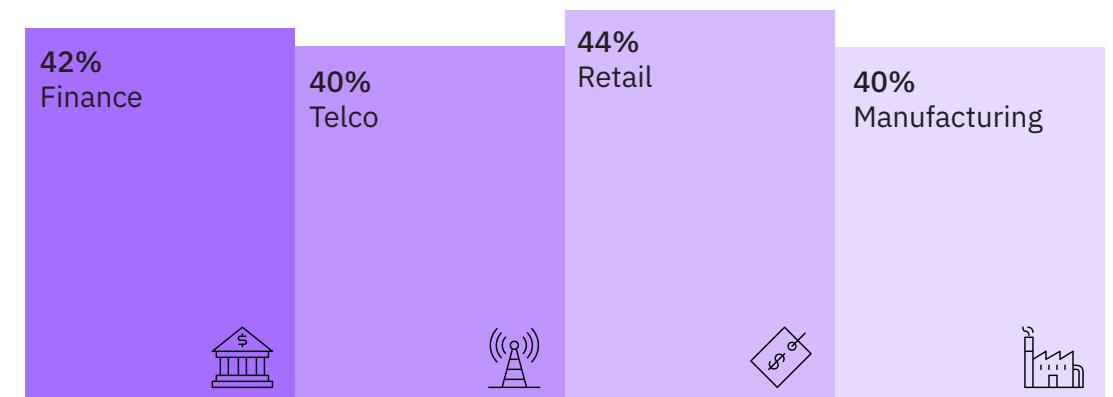


Respondents who believe in their ability to customize their AI efforts to achieve optimal value

Customization is particularly important for use cases that benefit from personalization, such as marketing and customer experience. No surprise, then, that retail organizations are most likely to report they customize AI solutions for optimal value.

“AI can provide really meaningful answers to questions when it has the right data,” Varshney explains. “Right now, there’s frictionless access to external knowledge. The next frontier is getting AI to cross the chasm and get inside an enterprise so it can absorb, learn and become your competitive advantage.”

Respondents who agree the statement “We customize AI solutions for optimal value” describes them very well



Confidence in data management is one of the starkest differences between Leaders and Learners, according to the survey.

Many Leaders use data fabrics to knock down silos, ensure interoperability and orchestrate fluid data movement across platforms. Similarly, data lakehouses help organizations track where data originates, how it flows through systems and how it gets transformed along the way. This type of visual data lineage boosts governance and confidence.

Strong data labeling is also an important part of data management. Likewise, synthetic data generation and data acquisition can bridge data gaps.

Respondents who believe in their ability to access and effectively manage their organization's data to support AI initiatives

Leaders



Learners

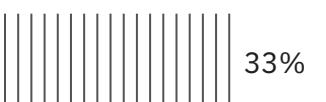


Respondents investing in a data fabric to enable access to high-quality data

Leaders



Learners



Building a unique data corpus can power custom AI. Leaders recognize experimenting with multiple models—or creating unique ones—also drives differentiation.

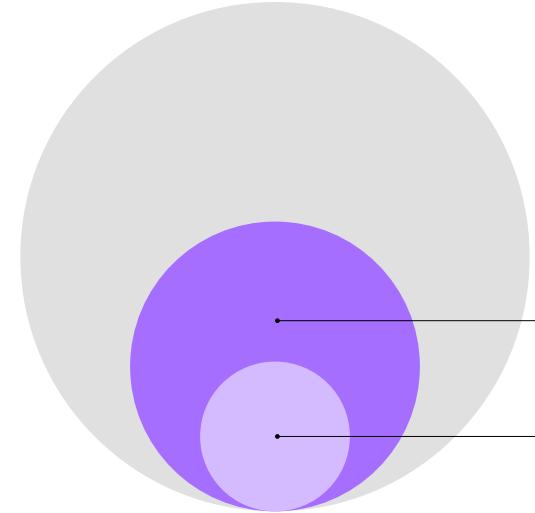
Choosing the right model is an exercise in balancing trade-offs, such as size, cost, speed, security and the importance of unique outputs. Off-the-shelf models are often powerful but opaque and inflexible. When Leaders tune open models or build niche models with their proprietary data, they seize control. They can reduce risk, right-size for the use case and get contextually relevant outputs.

Centralizing AI assets on a platform also facilitates flexibility and scale, explains Varshney. Built-in tools and libraries drive productivity, enhance security and streamline data management.

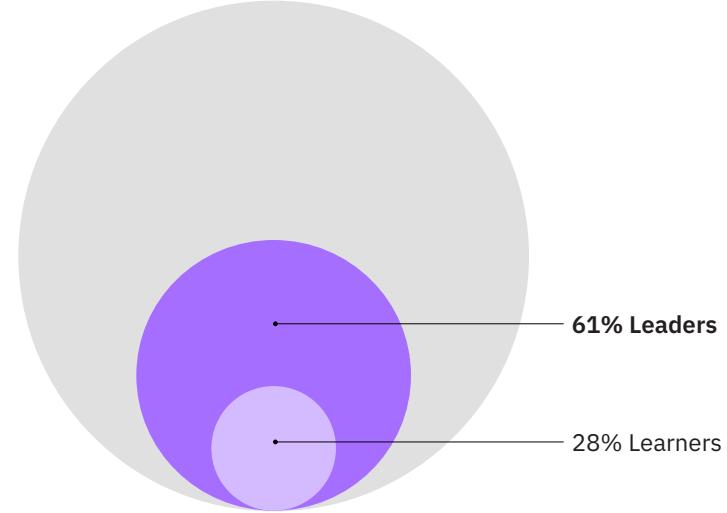
“When you’re building on top of a platform,” he explains “you can get into production faster and with more confidence.”

In addition, a hybrid cloud strategy fosters the type of cost-efficient flexibility needed to scale AI projects across a custom infrastructure.

Respondents who use multiple models



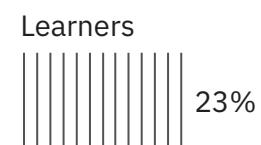
Respondents who use APIs to create their own solutions



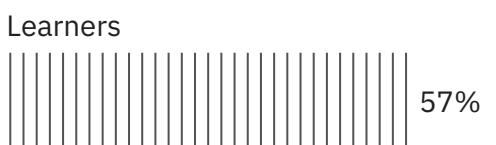
“If you have a hybrid cloud strategy, you can shift to different deployment scenarios and quickly adapt to technological changes and shifting marketing demands. For example, you can spin up more GPUs and more compute resources.”

Dr. Stephan Bloehdorn
Executive Partner and Practice Leader
AI, Analytics and Automation
IBM Consulting DACH

Respondents who **strongly agree** without a hybrid cloud strategy, it will be difficult to achieve the full potential of their AI strategy



Respondents who **somewhat agree** it will be difficult to achieve the full potential of their AI strategy.



Key takeaways

1

Infusing high-quality, proprietary data into AI helps Leaders cultivate a competitive advantage. Investing in tools and processes that facilitate AI-ready data is an important part of reaching AI maturity.

2

A multimodel, platform-based approach drives flexibility and helps mitigate risk. Fine-tuning models with proprietary data improves accuracy and efficiency.

3

A hybrid-cloud strategy helps Leaders meet their AI goals.



Perfection is the enemy of progress

AI isn't a mere lever for short-term impact; it's a discipline that can generate dividends in perpetuity. Leaders understand that they must establish an open culture committed to deliberate, incremental progress.

"Learners often get snared in the 'perfection trap'" observes Prasad. "They lose so much time trying to get things picture-perfect."

Reese has encountered Learners who get bogged down in 1 proof of concept after another: "It's a vicious cycle. Learners wind up thinking they've fallen victim to hype, but really, it's a matter of discipline."

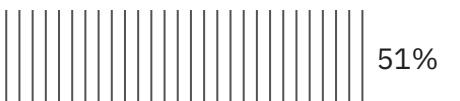
"Just start. Death by iteration and reiteration can stymie progress at the starting gate," avers Dylan Titherley, Global Alliance Manager, Adobe. "To succeed here, you need bold ideas—sure—but more than that, you need the appetite to experiment, to get things wrong, to make them right and to always keep moving forward."

Respondents who disagree with the statement "There is a lot of hype in AI and the value is unclear"

Leaders



Learners



Percentage of those who describe their organization as being very aggressive with respect to making investments in AI

Leaders



Learners

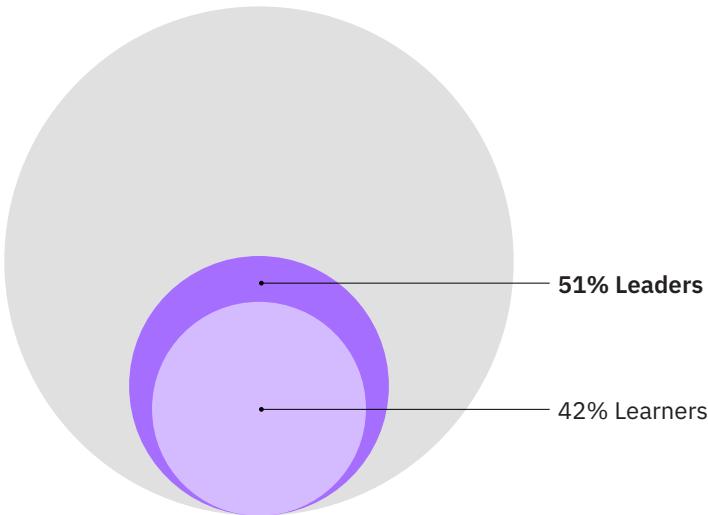


Leaders have 40% more AI applications in production today than Learners and plan to double the number of their AI apps in the next 12 months.

"Your first use case may not fly or may not have significant ROI," Bloehdorn posits. "But as you explore more use cases, synergies emerge. People are more engaged, more trained, more adept at implementing meaningful change. That success can become a lighthouse for other areas of your business."

Leaders turn AI initiatives into a core competency—as opposed to a niche activity—by building and empowering teams of specialists.

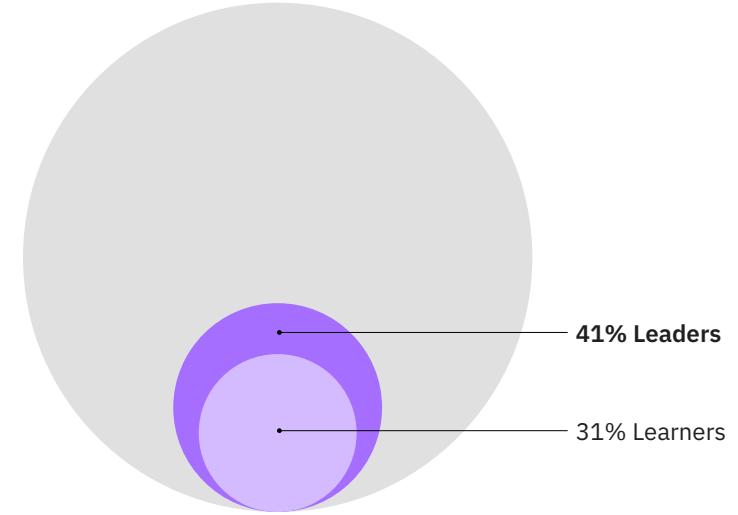
Respondents who created a Chief AI Officer position



"There's no such thing as a one-size-fits-all model. Each one has unique strengths and shortcomings and they're constantly evolving. You want to build an inventory of options with flexibility to change when needed. That inventory should include domain-specific models that are fine-tuned for the tasks that matter most to your organization."

Dr. Walter Sun
SVP and Global Head of AI
SAP

Respondents who established an AI center of excellence



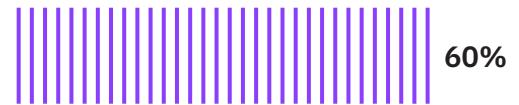
AI strategy shouldn't be siloed, but centralizing accountability for guidelines helps organizations ensure that they don't drift from their values or mindlessly chase trends.

"Guardrails helps you know when to pause or pivot," explains Prasad, particularly when they establish performance metrics.

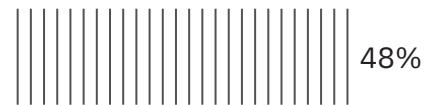
Reese urges organizations to have candid discussions on AI ethics and governance. "Putting those teams and policies in place and having them communicate with the rest of the organization is an important part of building trust," she emphasizes. It also helps foster risk management and regulatory compliance.

Respondents who are already investing in technology

Leaders



Learners



Respondents who are investing in staff to ensure compliance with data regulations

Leaders



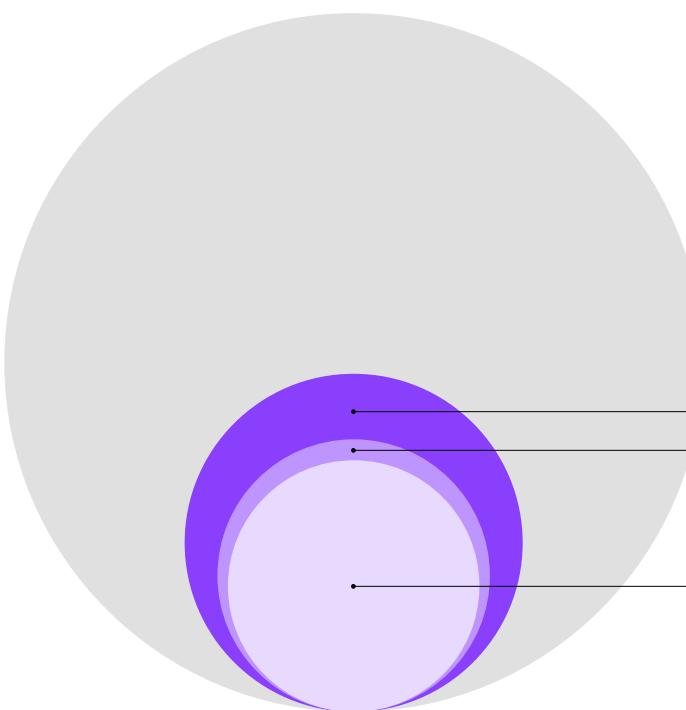
Learners



Most Leaders augment their internal talent with help from third parties who have the expertise to deploy and accelerate AI at scale. 84% of Leaders use service providers and 57% indicate that external partners have a great deal of influence on their AI decision-making. When choosing partners, Leaders also look for the ability to foster compliance, data security and end-to-end governance.

Key takeaways

When choosing partners, percentage of Leaders who look for help with:



1

Perfection is the enemy of progress. Leaders move AI projects into production as soon as possible and have the discipline to iterate and pursue incremental improvement.

2

Moving fast doesn't require Leaders to be reckless. AI centers of excellence help ensure that organizations innovate without running afoul of internal principles or external regulations.

3

Leaders seek help from trustworthy third parties, such as service providers and consultancies.

CULTURE CHANGE

Get ready for
the road ahead

As the age of AI progresses, thinking like a Leader is imperative to keep pace with emerging opportunities—and the competition.

“It’s hard not to get excited about what can be done with generative AI. Industries will change. Customer expectations will change. How we work will change. New AI-native companies that start without tech debt will have a speed advantage.”

Cathy Reese
Senior Partner
Data & Technology Transformation
IBM Consulting

Reese believes that legacy organizations must shed burdensome inefficiencies to compete with upstarts. She suggests 7 strategic areas for reflection:

- 1. Vision**
Does your organization have shared AI goals across all business lines? How will you measure value generation?
- 2. AI operating model**
What are your top AI use cases? Can a center of excellence help drive results?
- 3. Data and technology**
Is your data ready for AI? Is it high quality, secured and governed?
- 4. AI engineering and operations**
What tools are you using to deploy and maintain models?
- 5. Change management**
How complex is your organization? How adaptable is it to change?
- 6. People**
Are your people ready for AI? What skills do they need? How can you enable a growth mindset?
- 7. Ethics**
Are you drifting from your organization’s values? Are you thoughtfully deploying AI or using it just because it’s easy?

Leaders are optimistic about the future, but they’re not blind to potential risks. All organizations should be mindful of what Leaders consider the top AI challenges:

- 1. Data security**
- 2. AI model hacking**
- 3. Inaccurate data and bias**
- 4. Irresponsible use**
- 5. Regulatory changes, particularly around data privacy and confidentiality**

AI IN ACTION

Taken as a whole, the survey data that underpins this report—and the experts that bring it to life—reveal that AI success is surprisingly human. Yes, great technology is imperative, but so is visionary, decisive leadership that inspires experimentation, agility and persistence. Organizations must take stock of themselves while keeping a vigilant eye on an ever-changing AI landscape. AI is constantly in action; you should be too.

Explore how IBM can help you put AI into action today at ibm.com/artificial-intelligence.

Appendix 1: AI around the world

India stands out across several categories. They're more likely than their global peers to craft holistic strategies, pursue multiple use cases, understand the value of a strong data foundation and exhibit confidence in their AI infrastructure. In addition, they tend to tailor the AI solutions and experiment with multiple models.

Prasad posits that India's relatively young talent and growing economy is an AI advantage. It forces organizations to constantly innovate, experiment and take calculated risks.

Worldwide	US	India	UK	Germany	Japan
15% of respondents identify as AI Leaders.	23%	23%	11%	13%	7%
41% have a holistic strategy for using AI broadly across the company.	46%	50%	38%	38%	32%
28% of companies are very aggressively investing in AI.	24%	29%	14%	32%	40%
45% strongly agree their company leadership understand the business value of AI.	54%	56%	41%	42%	34%
54% have seen moderate (25%–50%) to significant (>50%) improvement in revenue growth resulting from AI; 54% have seen moderate to significant improvement in profitability.	60% (revenue) 63% (profitability)	67% (revenue) 65% (profitability)	52% (revenue) 53% (profitability)	34% (revenue) 34% (profitability)	53% (revenue) 53% (profitability)
45% strongly agree their company's AI journey will require significant skills.	51%	52%	41%	46%	33%
39% say "customizing AI solutions for optimal value" describes their company very well today; 54% in 12 months.	50% (today) 64% (in 12 months)	51% (today) 64% (in 12 months)	32% (today) 46% (in 12 months)	34% (today) 51% (in 12 months)	29% (today) 46% (in 12 months)
80% strongly or somewhat agree without a hybrid cloud strategy it will be difficult to realize the full potential of AI.	78%	89%	78%	78%	79%
19% completely agree in the state of their company's data readiness for AI today; 38% in 12 months.	24% (today) 44% (in 12 months)	30% (today) 57% (in 12 months)	13% (today) 34% (in 12 months)	11% (today) 26% (in 12 months)	15% (today) 28% (in 12 months)

Appendix 2: About the research

The research for this report was conducted online by The Harris Poll on behalf of IBM from 20 February through 24 April 2024. The survey was conducted among IT and business decision-makers in the US, Japan, Germany, the UK and India. Interviews in each country were conducted as follows: a pan-industry sample where n equals at least 400 interviews plus oversamples of up to 100 in each of the following industries: finance, retail, manufacturing and telecommunications.

The decision-makers had to possess a deep knowledge of their company's AI-based tools or processes in all their forms and work for large companies with either an annual revenue of more than USD 500 million or a company size of more than 1,000 employees.

The Harris Poll

The Harris Poll is one of the longest-running market research firms in the US, tracking public opinion, motivations and social sentiment since 1963.

It's now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. It works with clients in 3 primary areas: building a 21st-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Its mission is to provide insights and advisory to help leaders make the best decisions possible.

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