GenAI Survey – 2024
Key insights

August 2024

Executive Summary

- **GenAI is dramatically shifting how leaders are charting the course for their organizations:** 71% are leveraging data in decision making, 52% say it is shaping competitive positioning, and 47% say it is opening new revenue opportunities.
- **Executives say AI investment and ROI will increase in the short term.** 83% of respondents say their GenAI investments will increase over the next 3 years, and 78% are confident in the ROI of planned investments.
- **Investment and ROI coincides with near-term plans to integrate GenAI into the business.** In the next 1-3 years, 61% plan to expand the scope of current GenAI initiatives and 55% will introduce GenAI into new business functions.
- **After significant push for training and hiring, workforce readiness is increasing but significant gaps remain.** Only 16% of organizations have a workforce that is highly equipped for GenAI utilization; however, 78% say their teams are moderately equipped reflecting major increases in training (69% up from 12% in 2023) and hiring/acquiring talent (61% up from 24% in 2023).
- **Risk mitigation is a major focus with cyber and data quality top concerns:** While risk remains a top concern, regulatory uncertainty has dramatically decreased as a limiting factor.
- **Regulatory uncertainty as a key risk has decreased.** In 2023 it was 24% compared to just 13% in 2024.

Methodology

The KPMG GenAI Survey 2024 captured perspectives from 225 C-Suite and senior business leaders representing organizations with an annual revenue of $1 billion or more.
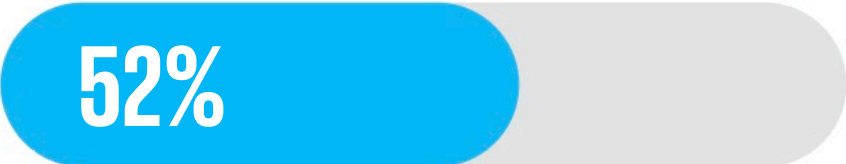
Survey was conducted June 21-July 12, 2024.

GenAI is already having significant impact on business models

IMPACT ON BUSINESS MODEL

71% Leveraging data in decision making

52% Opening new revenue opportunities
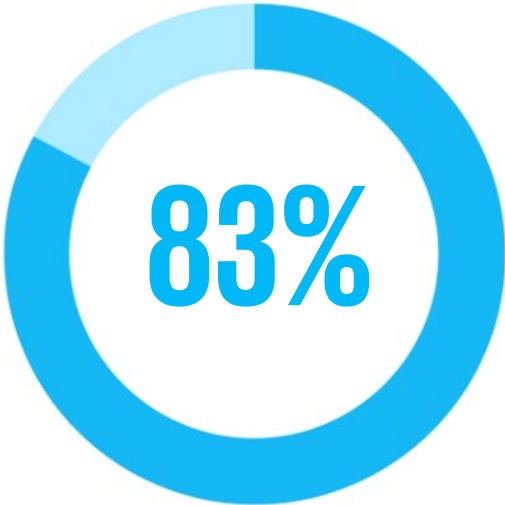
47% Shaping competitive positioning

How is GenAI impacting your organization's business model?
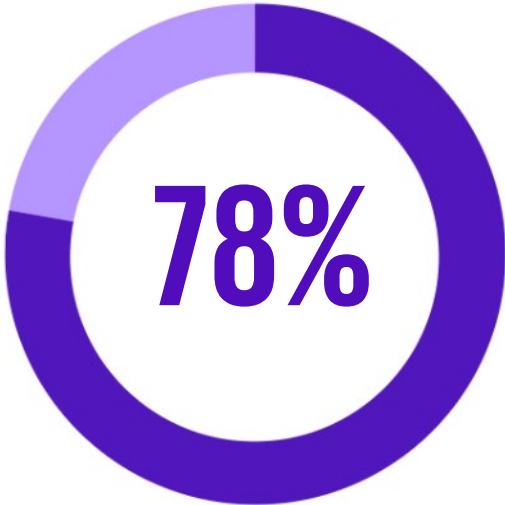
Source(s): GenAI survey, Jul'24

Vast majority expect investment to increase and are confident it will deliver ROI

FUTURE INVESTMENTS AND ROI

83%

of the respondents believe that GenAI investments are expected to increase over the next 3 years

Over the next 3 years, how do you estimate your investment in Generative AI will change?

78%

of the respondents are confident they will see returns on their investments in GenAI over the next 1 to 3 years

This includes 11% respondents that indicate high confidence

How confident are you in the ROI of your planned investments in Generative AI over the next 1-3 years?
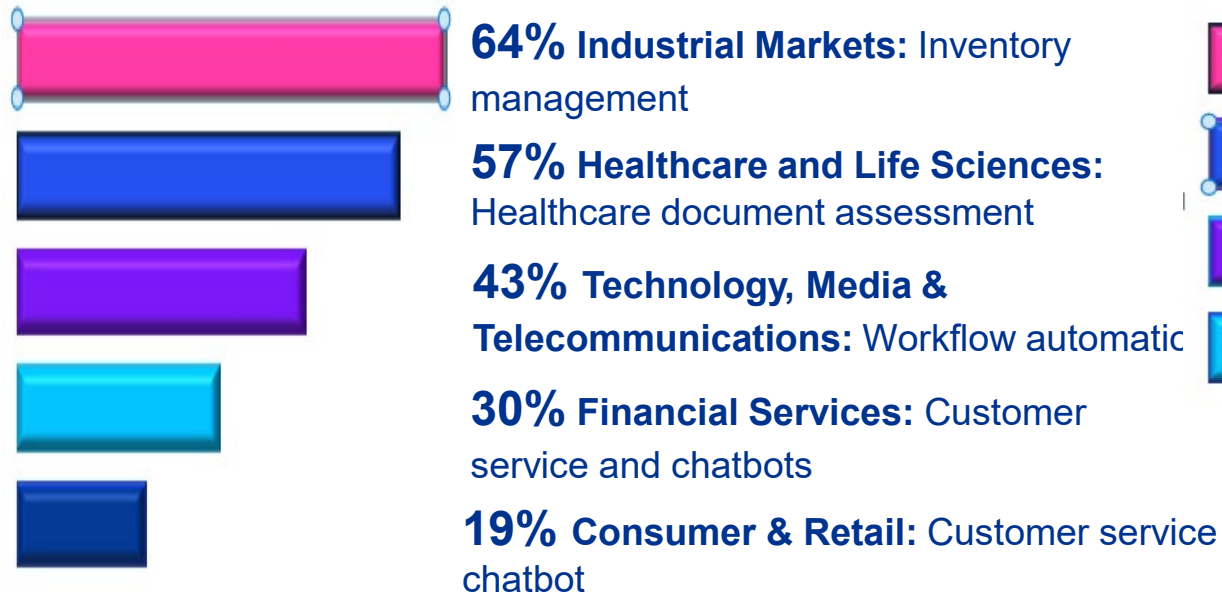
Source(s):   GenAI survey, Jul'24

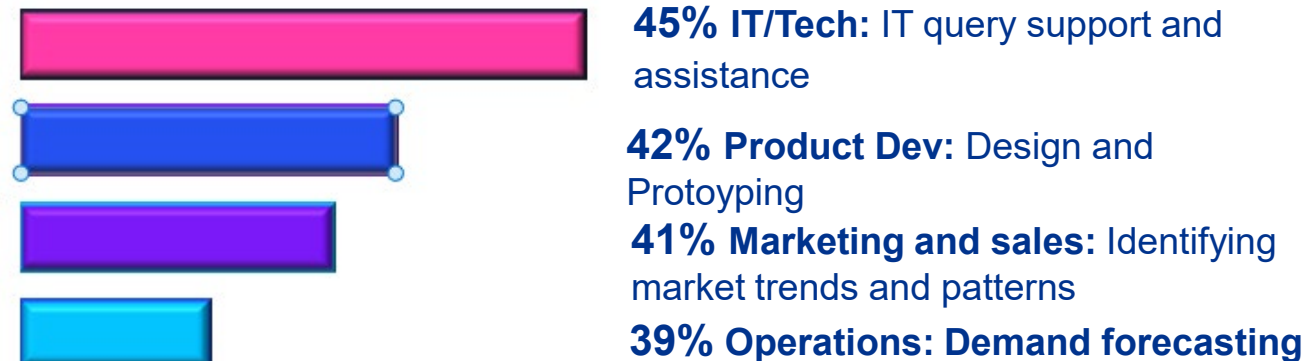# GenAI is Currently Being Embedded into Sectors and Functions

Some industries saw a larger concentration around certain use cases, while others were more widespread

64% **Industrial Markets:** Inventory management

57% **Healthcare and Life Sciences:** Healthcare document assessment

43% **Technology, Media & Telecommunications:** Workflow automatic

30% **Financial Services:** Customer service and chatbots

19% **Consumer & Retail:** Customer service chatbot

Which of the following use-cases of Generative AI deliver the most value to your organization?

45% IT/Tech: IT query support and assistance

42% Product Dev: Design and Protoyping

41% Marketing and sales: Identifying market trends and patterns

39% Operations: Demand forecasting

For which of the following purposes is Generative AI being utilized within function?

Source(s): GenAI survey, Jul'24

Leaders plan to deeply integrate GenAI into business processes in next 1–3 years

FUTURE AMBITION AND NEXT STEPS

61% — Expand the application scope of current GenAI initiatives

55% — Introduce GenAI into new business functions

What are the next steps in your organization's Generative AI journey in the next 1 to 3 years?

Executive management ranks revenue growth #1 among GenAI investment goals today; respondents as a whole rank increased productivity #1
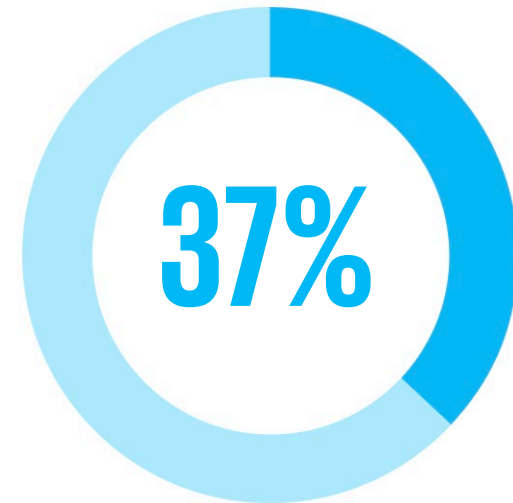
#1

Revenue Growth

Main goal for C-suite

What were the initial objectives for getting started with Generative AI?

#1

Increasing productivity

Main goal for all respondents

37%

of those that have not yet assigned a dedicated CAIO position, plan to do so within the next 12 months

Do you plan to assign a dedicated Chief Artificial Intelligence Officer (CAIO) position?

Source(s):   GenAI survey, Jul'24

While a small minority are building GenAI in-house, most seek outside help

BUILD VS BUY

50%
Buy/lease from vendors

29%
Mix of building, buying, and partnering

12%
Build in-house
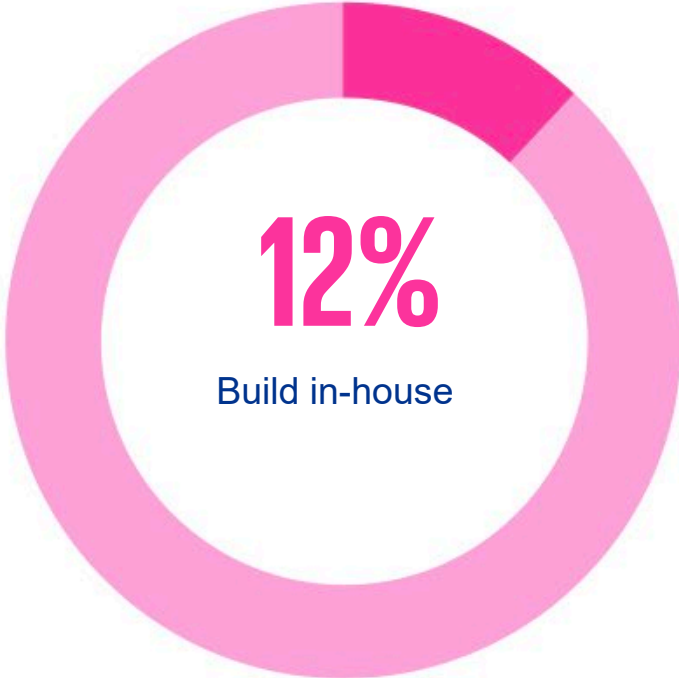
How organization primarily manage various Gen AI initiatives in terms of build, buy, or partner?

Document Classification: KPMG Confidential

Data and privacy considered chief risks with engaging third parties

RISK ASSOCIATED WITH PARTNERS

76% Data privacy and security risk

58% Dependence on partner's expertise and resources

52% Risk of non-compliance with regulations

What risks do you associate with engaging partners?

Source(s):   GenAI survey, Jul'24

Workforce Preparedness: Steps leaders are taking to bridge GenAI skills gap

only **16%** of organizations have a workforce that is highly **equipped and capable** across all areas necessary for GenAI utilization, while **78%** are **moderately equipped**

To what extent is your organization equipped with the appropriate workforce skills and solution capabilities?
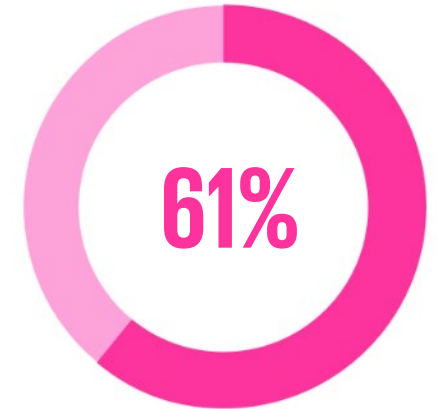
55%
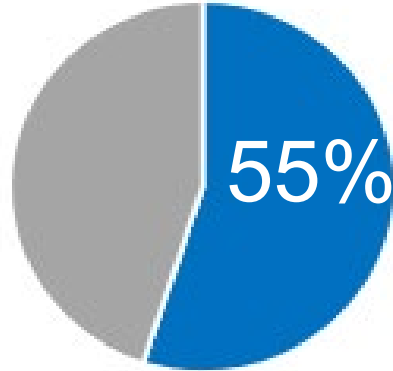
Invest in upskilling employees for GenAI

What are the next steps in your organization's Generative AI journey in the next 1 to 3 years?

69%
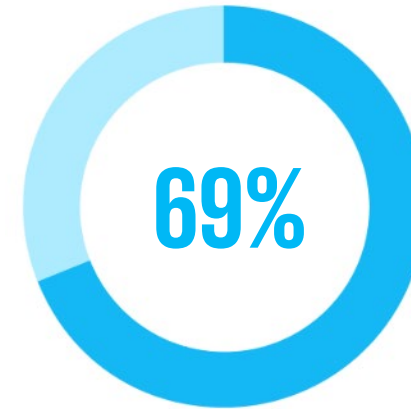
Training current workforce

What steps has your organization already taken to close the gaps in skills and capabilities?
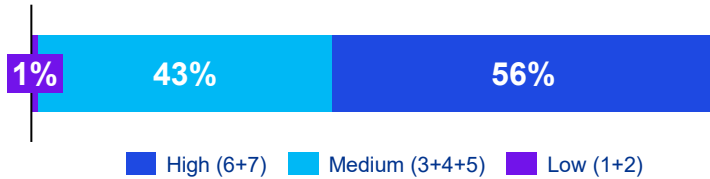
61%

Hiring new talent

This is a significant increase from 2023 when Training and Hiring were at 12% and 24% respectively.
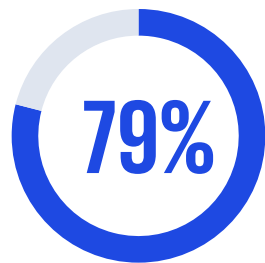
Source(s): GenAI survey, Jul'24

Cybersecurity and Data Quality are key focuses for risk mitigation when implementing GenAI
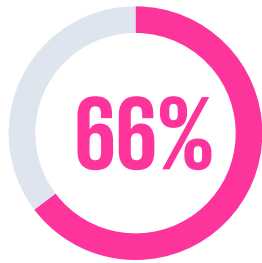
GENAI RISK

| 1% | 43% | 56% |

■ High (6+7)　■ Medium (3+4+5)　■ Low (1+2)

56% consider risk mitigation of high significance in Gen AI implementation

KEY AREAS OF RISK MITIGATION

79% Cybersecurity

66% Data quality
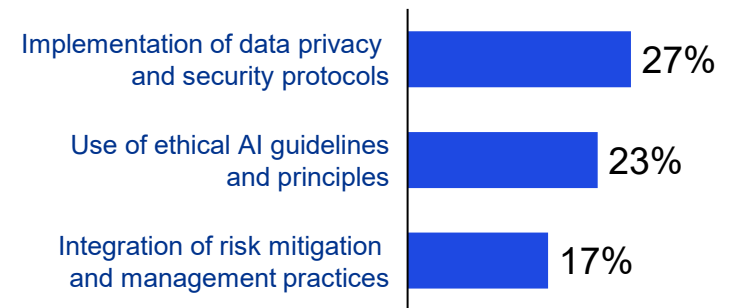
KEY RISK AND LEGAL CHALLENGES

29% Data privacy compliance

13% Regulatory uncertainty

11% Lack of security and safety

MANAGING THE RISKS

17% Deploying ethical AI frameworks

17% Implementing stringent data privacy measures
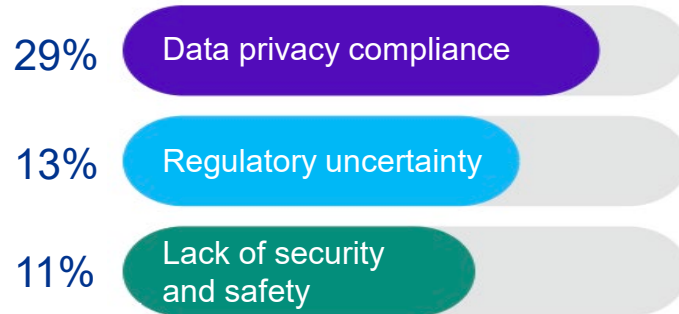
15% Regular internal compliance audits
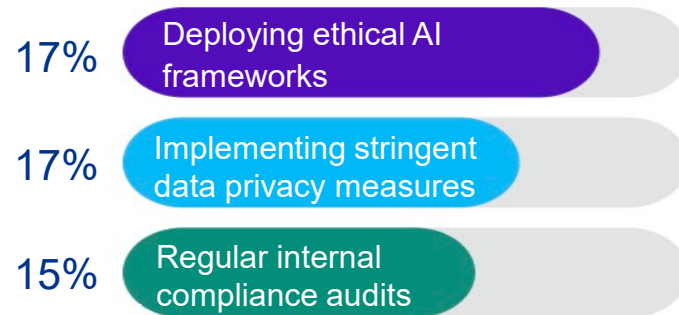
SAFEGUARDS EXPECTED FROM PARTNERS

Implementation of data privacy and security protocols — 27%

Use of ethical AI guidelines and principles — 23%

Integration of risk mitigation and management practices — 17%

MANAGING THE PARTNER RELATED RISKS
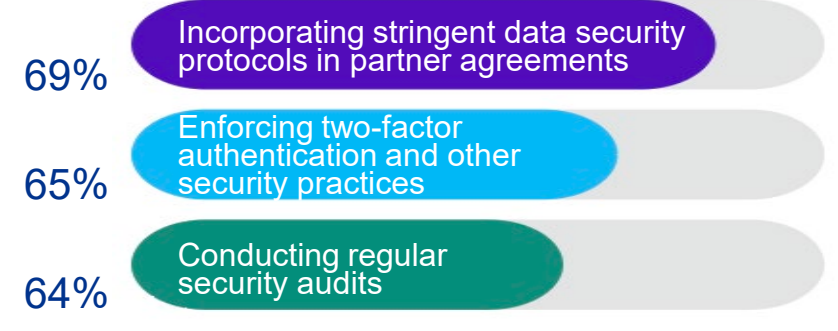
69% Incorporating stringent data security protocols in partner agreements

65% Enforcing two-factor authentication and other security practices

64% Conducting regular security audits

AI regulation may lead to more stringent data privacy & security measures, and increased cost

AI REGULATION

ANTICIPATED IMMPACT OF AI REGULATIONS
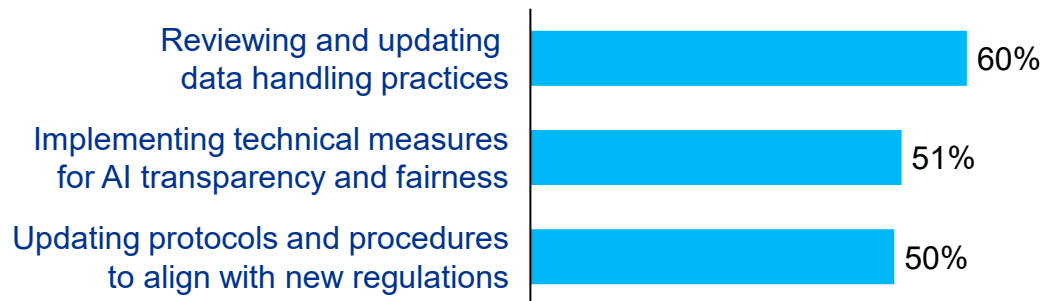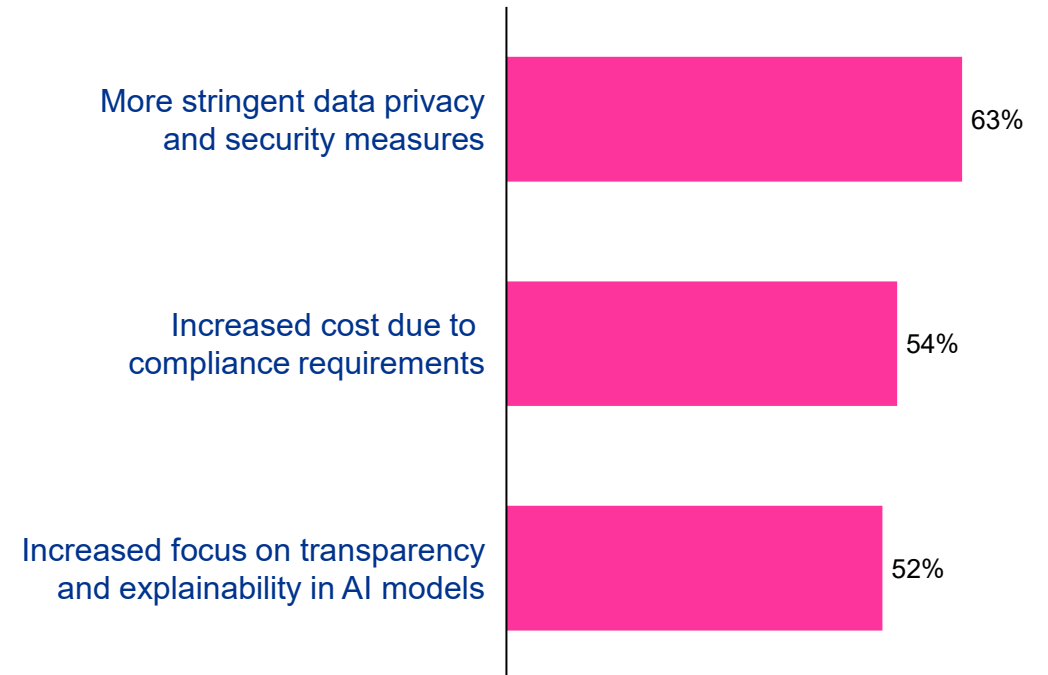
| 2% | 60% | 39% |

Legend: High (6+7) ■ | Medium (3+4+5) ■ | Low (1+2) ■

39% anticipate AI regulations to have a high impact on Gen AI implementation

KEY STEPS TO PREPARE FOR AI REGULATIONS

Reviewing and updating data handling practices	60%
Implementing technical measures for AI transparency and fairness	51%
Updating protocols and procedures to align with new regulations	50%

POTENTIAL IMPLICATIONS OF AI REGULATIONS

More stringent data privacy and security measures	63%
Increased cost due to compliance requirements	54%
Increased focus on transparency and explainability in AI models	52%

Source(s): GenAI survey, Jul'24