Enterprises Have Just Two Years to Harness the Full Potential of Generative AI, New Report from Genpact and HFS Research Finds

- *Research shows only 5% of enterprises have achieved mature gen AI initiatives, signaling room for growth*
- *61% of enterprises allocate up to 10% of tech budgets to gen AI, recognizing its role in value creation*
- *74% anticipate productivity gains, while 52% caution against overemphasis on productivity, citing broader business goals*

NEW YORK, May 22, 2024 /PRNewswire/ -- Genpact (NYSE: G), a global professional services and solutions firm delivering outcomes that shape the future, and HFS Research, a leading global research and analysis firm, issued a new joint research report titled *"The Two-year Gen AI Countdown: How businesses are scaling GenAI adoption and avoiding the productivity trap,"* which reveals a pressing insight: there's a mere two-year window to capitalize on the advantages of generative AI before competitive disadvantages emerge. Amidst the dynamic evolution of the digital realm, businesses stand at a critical juncture as they embrace the revolutionary potential of generative AI (gen AI).

The report, which was based on a survey of 550 senior executives from organizations with revenues of $1 billion or more across 12 countries and 8 industries, sheds light on the urgency and challenges of gen AI adoption. Key findings show that while most enterprises are in the early stages of their gen AI journeys, a significant majority are heavily investing in exploring and expanding gen AI capabilities.

"Our research indicates the majority of executives view generative AI as a catalyst for value creation, fostering not only productivity, but also customer satisfaction, revenue growth, and competitive advantage," **said Balkrishan "BK" Kalra, President and CEO, Genpact.** "The fundamental shift will be in how enterprises think about data and technology; this will shape the future competitiveness and success of organizations globally. At Genpact, we believe the opportunity to drive exponential outcomes is now, by leveraging domain expertise alongside data, tech, and AI to unlock value and innovation for our clients."

Organizations are Doubling Down on Investment

The research reveals that only 5% of enterprises have mature gen AI initiatives, yet 61% of executives allocate up to 10% of their tech budgets to hasten adoption, highlighting gen AI's pivotal role in value creation. Investment data shows 51% of executives reallocating funds, primarily from IT infrastructure and software development, while 50% set aside dedicated funds for gen AI, with 42% planning to reinvest anticipated efficiency gains.

Among the industries surveyed, health care, retail, and high-tech are most inclined to redirect existing funds toward gen AI investments. In contrast, the banking and capital markets and the insurance sectors prefer to allocate additional dedicated budgets for their gen AI initiatives, indicating a strong commitment to gen AI's potential. Meanwhile, the life sciences sector adopts a dual strategy, counting on forecasted gen AI-driven savings for funding while remaining open to external funding and partnerships.

"As companies step into generative AI's uncharted waters, the journey holds huge promise, but it is not without its perils," **said Sreekanth Menon, Global Lead for AI, Genpact.** "The challenge for most enterprises is they remain anchored in proofs of concept that can be impressive, but rarely reach operational scale. Having access to insights that can chart a course toward gen AI's full benefits — beyond productivity alone — is invaluable."

Beyond Productivity Gains

The report also highlights that while 74% of executives anticipate gen AI driving productivity gains, concerns are raised about overemphasizing productivity at the expense of broader business goals. 52% of respondents caution against this approach, citing potential negative impacts on employee experience.

"The considerable investment in gen AI showcased in this research underscores its pivotal role as a primary catalyst for future value generation," **said Phil Fersht, CEO and Chief Analyst, HFS Research.** "The dawn of the generative AI era signifies not just efficiency gains, but also the creation of tangible business value. Enterprises ought to gauge the influence of gen AI by its capacity to forecast and tailor experiences before solely focusing on productivity gains."

The Data Quality Imperative

The success of gen AI initiatives hinges on the quality of data. Organizations targeting gen AI outcomes within two years are grappling with challenges such as data quality and strategy, underscoring the urgent need for a robust data strategy.

Shifting Engagement Models for Success

Executives emphasize the need for a shift in engagement models to accommodate the AI era. Current time and material driven models will be rendered ineffective, with 80% recognizing the necessity of transitioning to performance- and purpose-driven commercial models with partners to fully capitalize on gen AI's potential.

Maturity Levels

The research divides enterprises into four gen AI maturity levels reflecting the commitment of investments and the extent of gen AI deployment within their businesses. Across these maturity levels, the perceived top benefits of gen AI differ.

- **Pioneers (5%):** Leading integration and setting benchmarks, Pioneer organizations are seeking direct growth outcomes from gen AI, such as increased market share and competitive advantage.
- **Fast Followers (27%):** Strategically deploying gen AI for efficiency gains, Fast Followers are focused on using gen AI to enhance customer experience.
- **Wait and Watch (45%):** Delaying investment, Wait and Watch enterprises aim to leverage gen AI primarily for operational efficiency and productivity.
- **Deniers (23%):** Skeptical of gen AI, Deniers are missing out on potential innovations (not included in report).

As organizations advance in their gen AI journeys and drive operational improvements, they recognize that the true advantage lies in aligning their AI strategies with growth and market-oriented gains. But time is short. The report urges organizations to act swiftly and decisively, using gen AI to spur innovation, create value, and maintain competitiveness in an increasingly AI-driven world.

To access the report and data dashboard**, visit:** Genpact HFS GenAI Study Findings

About Genpact

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create lasting value for clients. Powered by our purpose – the relentless pursuit of a world that works better for people – we serve and transform leading enterprises, including the Fortune Global 500, with our deep business and industry knowledge, digital operations services, and expertise in data, technology, and AI.

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