AI, Business Leaders, and IT

The Last Step in the Democratization of Business Technology

Kevin Prouty, Group VP & GM, IDC Tech Buyer BU

February 5, 2024

Executive Summary

1. Most organizations are still learning about generative AI and are trying to determine the most applicable use cases.
2. Skills recruitment is a key consideration for IT and LOB.
3. The C suite and board are actively involved in the decision-making process of when and where to use AI.
4. Shadow AI development will be driven by IT's focus on IT use cases for AI and VERY local business development.

The long winding road to the Age of Automation.

2020s

Artificial Intelligence

The wild west with CXOs and IT mitigating risk without impeding innovation. Shadow IT transforms into Business technology

2010s

Cloud Computing

Storage and compute open to anyone with an account. IT struggles to control security and spend. Shadow IT for the masses.

1990s

Client/Server

Full distribution of computing power across IT controlled networks. Shadow IT accelerates around Y2K..

1980s

Personal Computer

Distribution of some local computing power with continuing heavy central IT control. Start of Shadow IT.

1970s

Mainframe

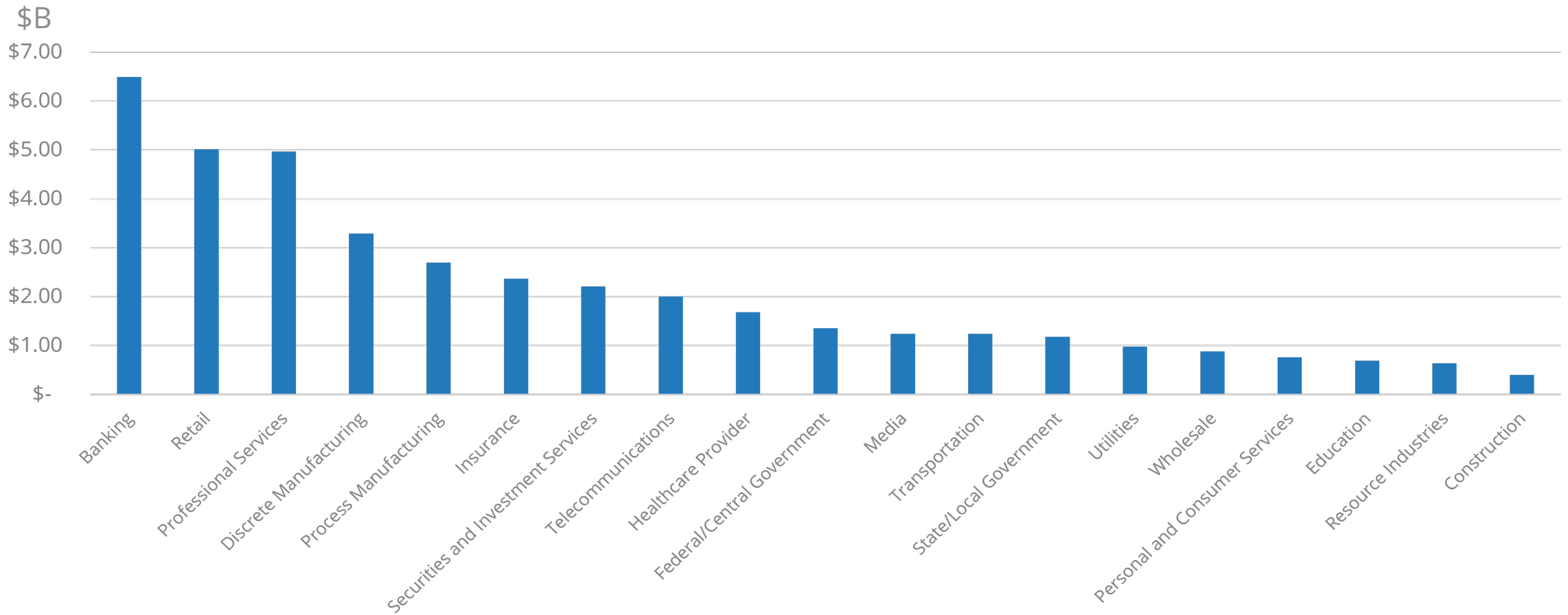
Centralized IT function with heavily restricted business flexibility

IDC Survey Spotlight

What is GenAI Spending by Industry Expected to Be in 2024?

Karen Massey

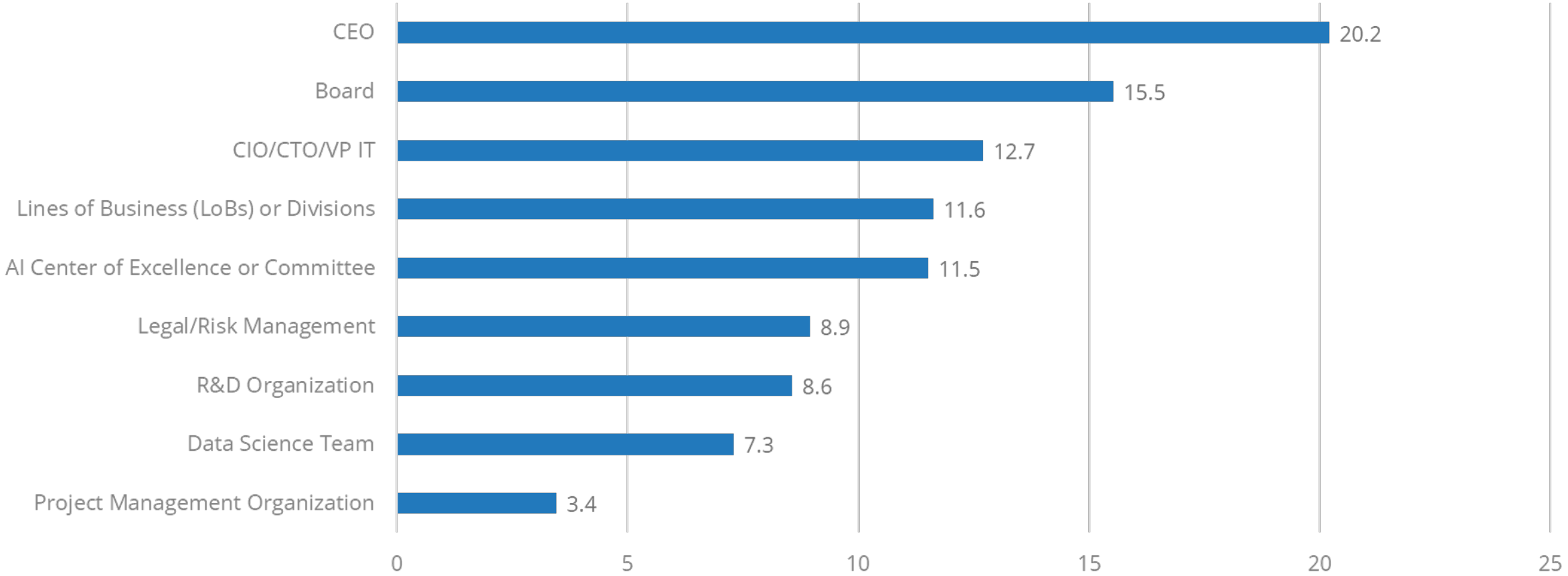
Worldwide Core IT Spending for Generative AI by Industry 2024



IDC #US51697124 (January 2024)
Source: Worldwide Core IT Spending for GenAI Forecast, 2023-2027: GenAI Is Triggering Hyper-Expansion of AI Spending, n = 150

CEOs and Boards are taking a much more direct role in generative AI initiatives and investments, meaning these investments are more strategic than other technology investments

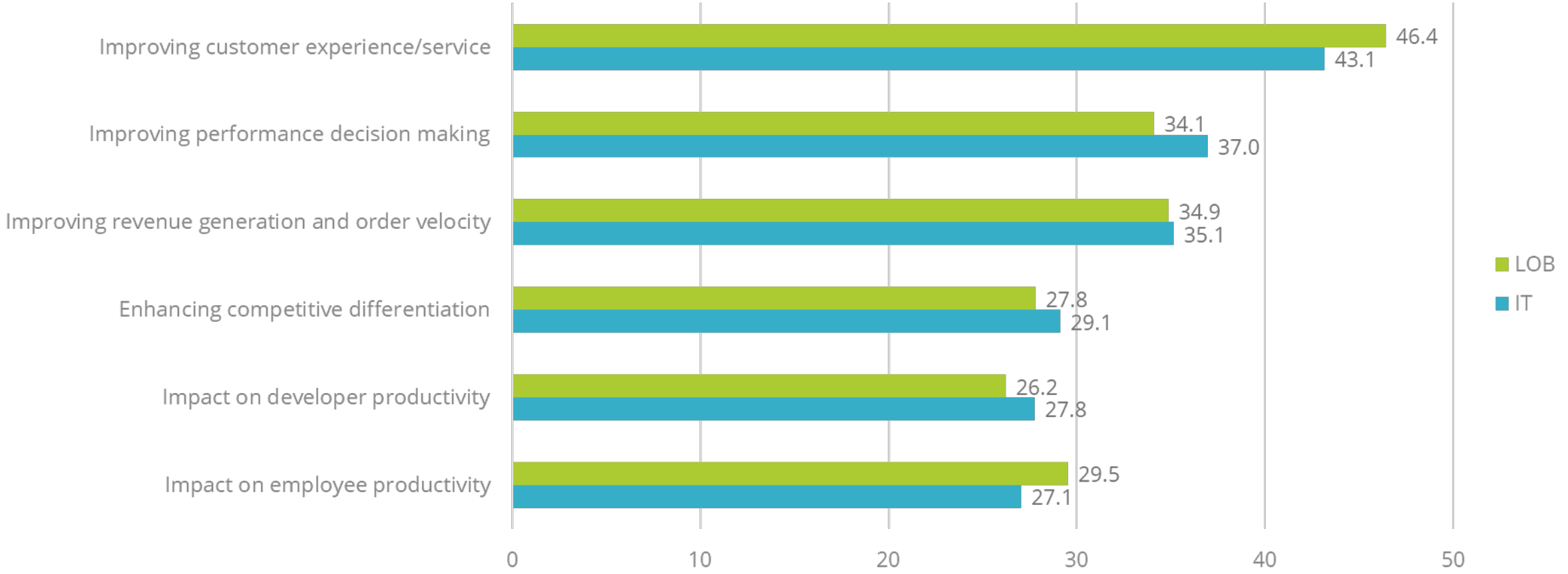
At your organization, who will hold the primary responsibility for making decisions regarding Generative AI initiatives and investments?



Source: GenAI ARC Survey, IDC, August, 2023, n= 1,363

The C-Suite is mostly seeking guidance for IT about using generative AI to improve customer experience and decision-making, both of which will require organizational data infused with Gen AI models.

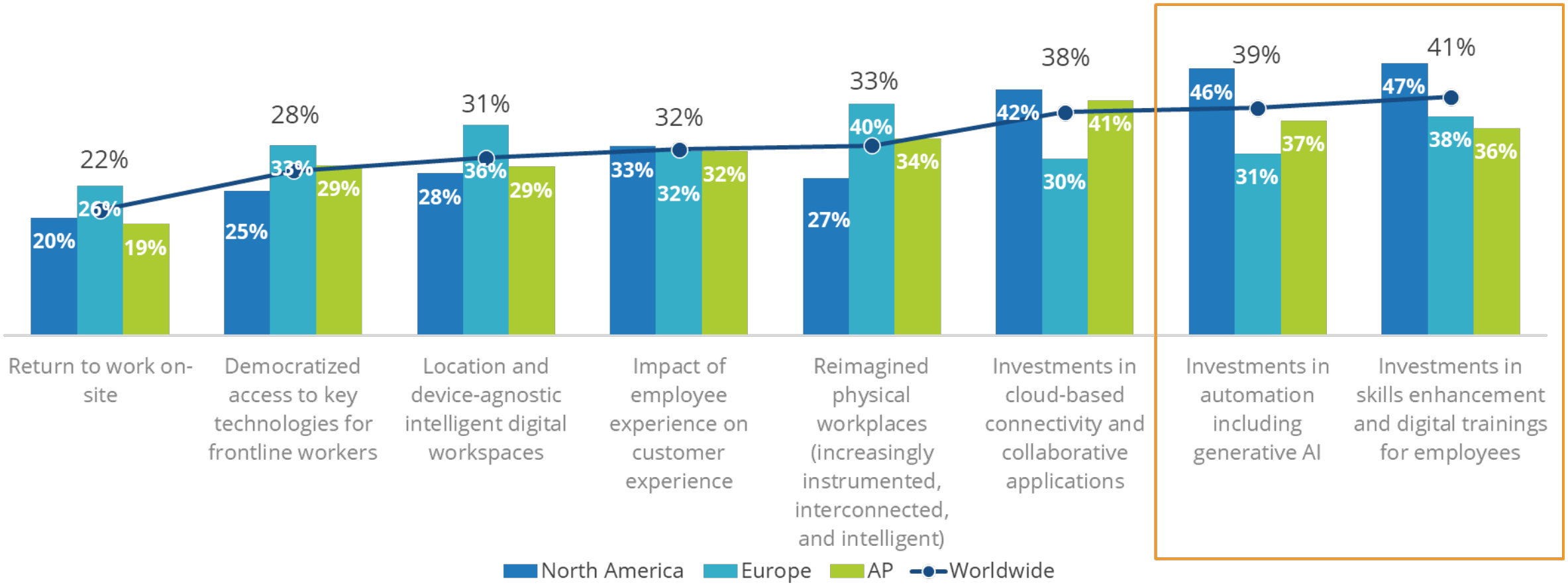
Overall - For which of the following Generative AI-related business benefits has the C-Suite most sought information or advice from IT leadership?



Source: GenAI ARC Survey, IDC, August 2023, WW N=1,187 Data weighted by IT spend

As work practices shift, organizations say skills training and investments in automation are most likely to endure.

In the face of current market disruptions (economic, skills, climate change, etc.), which of these work practices and technology investments are most likely to endure?



Source: Future Enterprise Resiliency & Spending Survey - Wave 5, IDC, June 2023
Total N= 1,014, NA=374, EMEA=220, AP= 420

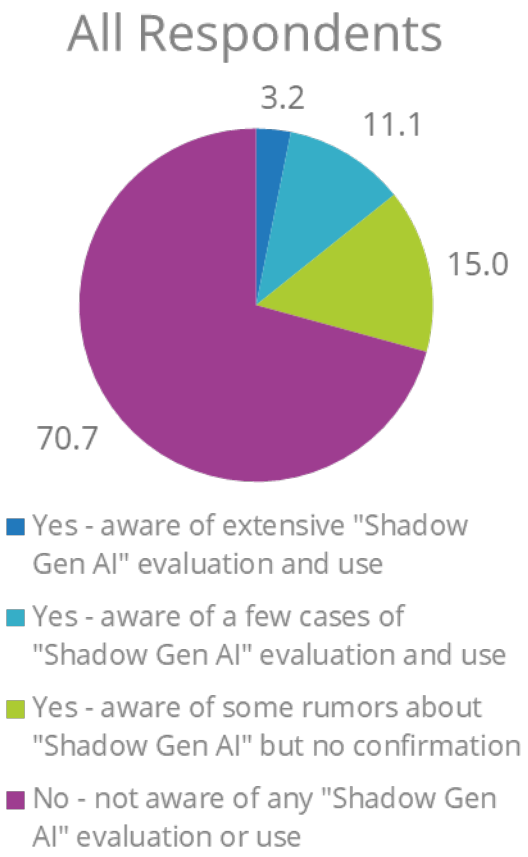
Use Cases with the highest risk of casting a shadow

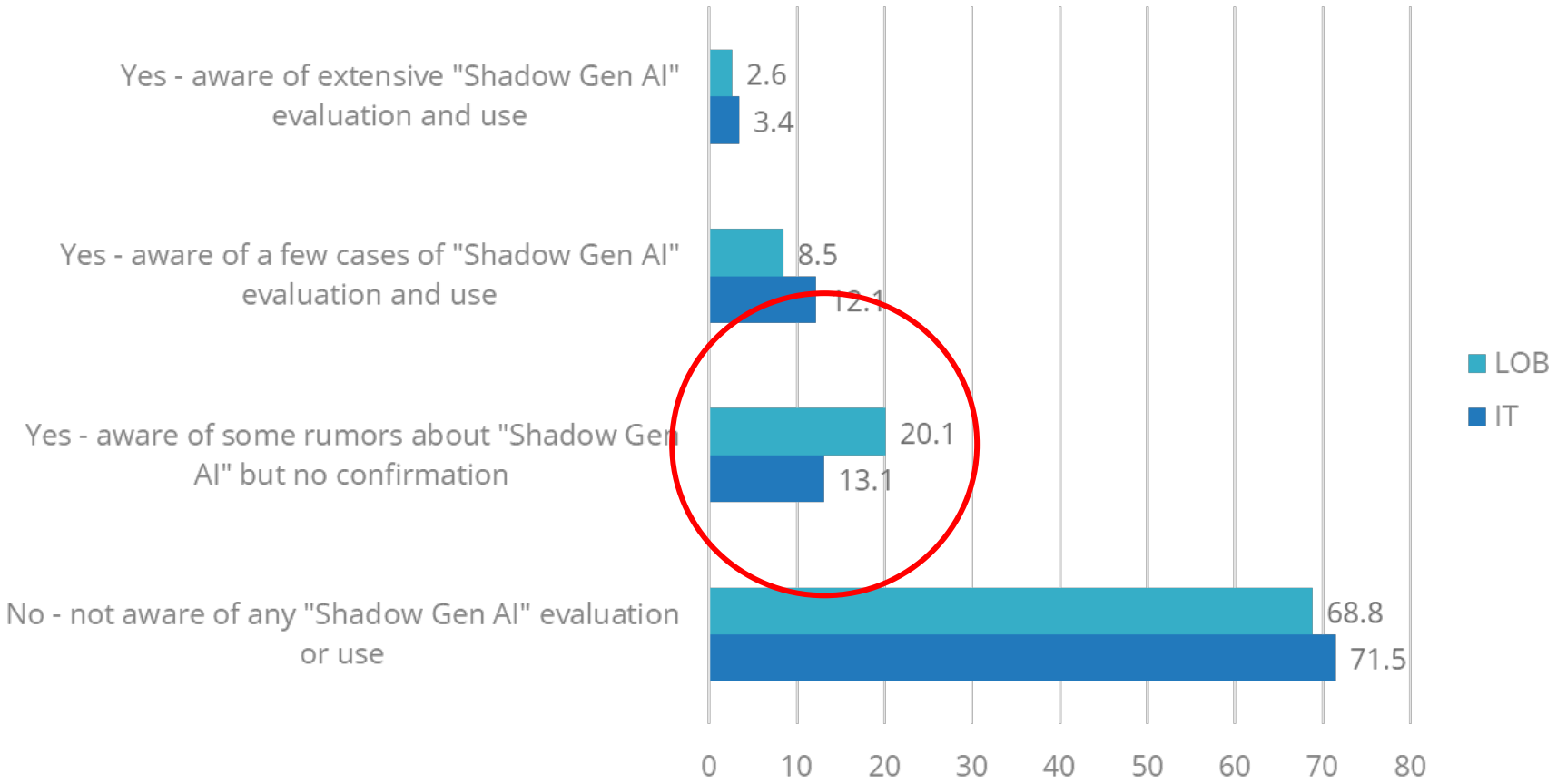
Use case categories range from productivity to product. Each category has its own risk profile for IT.

Use Cases Categories	Business Impact	Drivers	Possible Implementation Approach	Shadow AI/IT risk	Use Case Example
Efficiency-based 	• Increases task productivity • Drives operational efficiencies • Improve asset utilization	• Knowledge drain risk • Limited budget • Low risk appetite	• Operational applications with SW vendors embedding GenAI • Native GenAI standalone applications (e.g., Microsoft Copilot, Jasper AI, and so forth	**Very High** – AI work is very SME-dependent with a culture of DIY	• Automated report building • Generating technical service manuals • Augmented operator support • Asset and business process automation limiting operator involvement
Customer-focused 	• Increase customer engagement • Data collection and utilization	• Existing call center infrastructure • Available talent in-house • Budget available • Digital infrastructure	• Fine-tuning open-source models • Fine-tuning system from existing vendors and AI platforms •	**Low** – Call centers and service are technically and culturally linked to IT	• Hyper-personalized customer engagement • Hyper-personalized wealth and investments knowledge management • Fully automated call centers • Generated product and service documentation from customer reporting
Product-focused 	• Enable new digital business models, products, and services • Industry-specific competitive moats	• Stringent regulatory and privacy requirements. • Talent in-house or partner • Quality and quantity institutional data	• Fine-tuning third-party or industry models • Custom-built models (BYOM)	**High** – Traditionally manages a lot of its own tech, but has tight data links to IT.	• Generative drug discovery in life science • Generative material design for manufacturing • Generative product design and prototyping

More than two-thirds of organizations say there is no Shadow AI happening today – They are whistling past the graveyard. The shadow development is just at a very local level.

Are you aware of any evaluation or use of Generative AI by groups or individuals within the organization outside of formal approaches or policies?

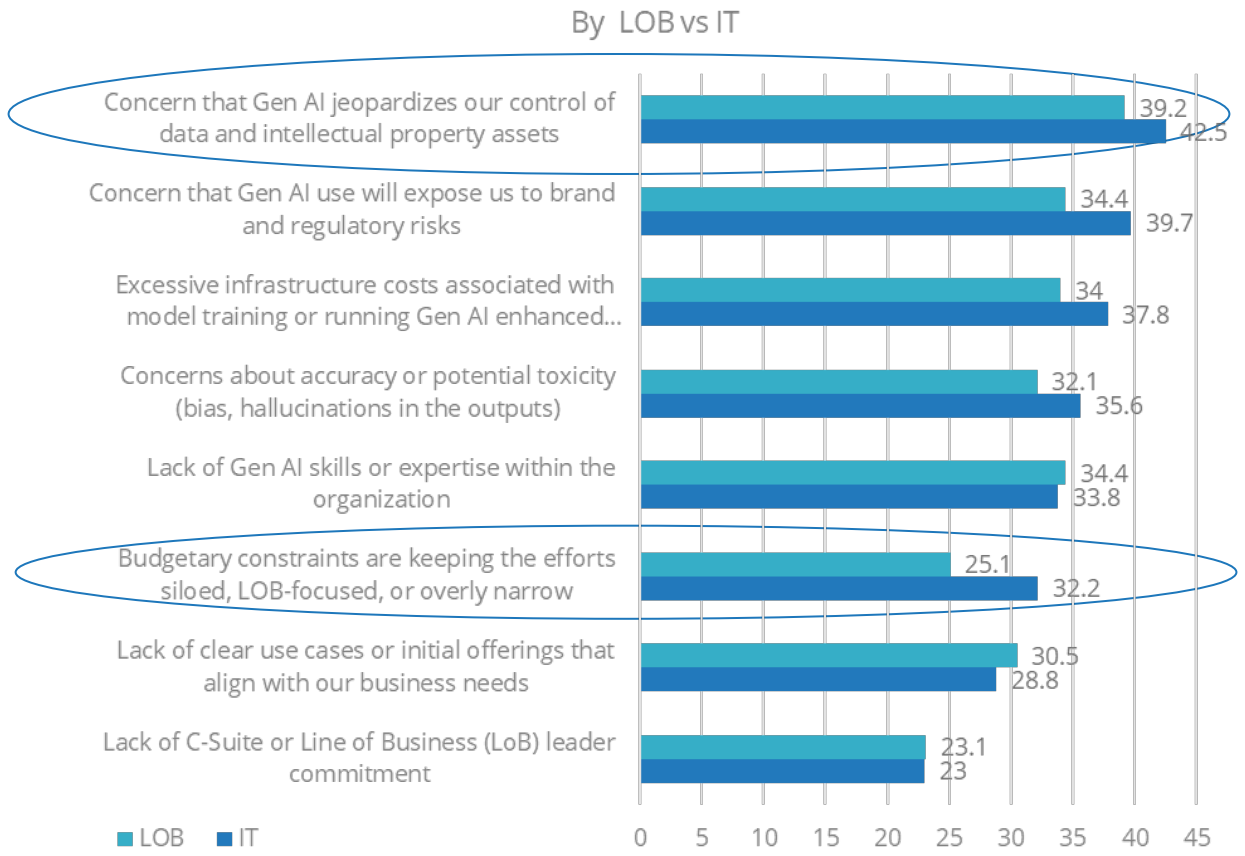




Source: GenAI ARC Survey, IDC, August 2023, N=1,363 Data weighted by IT spend

All parts of the business are concerned with data and intellectual property challenges, LOB obviously not concerned about use cases focused on the business.

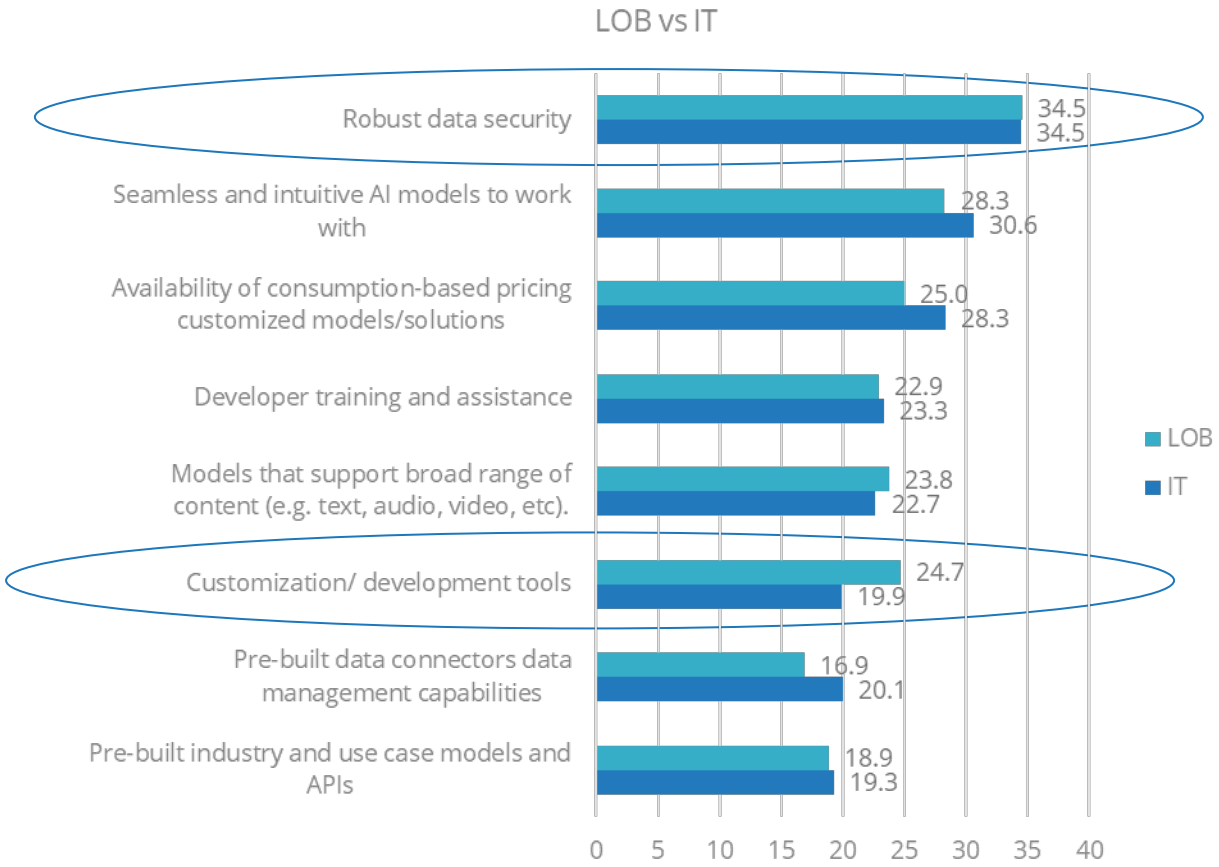
What factors are significantly limiting the evaluation and testing of GenAI in your organization?



Source: GenAI ARC Survey, IDC, August 2023, N=1,363;

In addition to data security, organizations have an expectation that prebuilt- data connectors and data management capabilities are also part of the solution, regardless of level or role.

Based on your current or near-term plans to use software platform and tool providers to develop Generative AI capabilities, what is the most important characteristic your organization will look for in a software provider in the next 18 months? What is the second most important? (Aggregated)



Source: GenAI ARC Survey, IDC, August, 2023, n= 1,363

From the Horse's Mouth…

We are finding that IT is moving too slow and is too focused on building an AI-related infrastructure for IT. I need tools for engineers to build out their own capabilities and make AI deployment like building a spreadsheet.

~ VP of Manufacturing
$3B US Chemical Manufacturer

The biggest potential for AI continues to be productivity and asset performance. IT is hung up on developer productivity and is leaving ops to its own devices.

~ SVP of Operations
$22B Global CPG Manufacturer

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Kevin Prouty

Group VP & GM

kprouty@idc.com
linkedin.com/in/kevin-prouty-3babaa7

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