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State of AI for

Internal Operations

2024

Annual Report

State of AI for Internal Operations 2024

This report presents the findings of a comprehensive survey of 300 executives, exploring the future of artificial intelligence (AI) in internal business operations. As AI continues to mature and become more widely adopted across industries, it is poised to revolutionize the way organizations function, driving efficiency, innovation, and competitiveness. The report examines the key benefits of AI integration, such as empowering employees, enhancing decision-making processes, and automating tasks. It also addresses the main challenges organizations face, including the lack of skilled AI talent, integration difficulties, and data security concerns.

The report provides insights into how companies measure the success of their AI initiatives and highlights the evolving role of AI over the next 12 months, with a focus on automation, new business models, and decentralized deployments. By presenting a strategic roadmap for successful AI adoption and emphasizing the importance of responsible and ethical AI use, this report serves as a valuable resource for business leaders looking to position their organizations at the forefront of the AI revolution and drive sustainable growth in an ever-evolving business landscape.

Participant Summary

> Our recent external survey encompassed
>
> **300 participants,**

representing various executive roles across different organizations. This provided a broad perspective on the primary functions that leaders occupy within their respective entities.

The survey revealed a significant prevalence of Chief Executive Officers (CEOs), who constituted 31% of the respondents.

This illustrates a strong interest and engagement from the highest level of leadership, underlining the strategic importance they place on the topics covered by our survey.

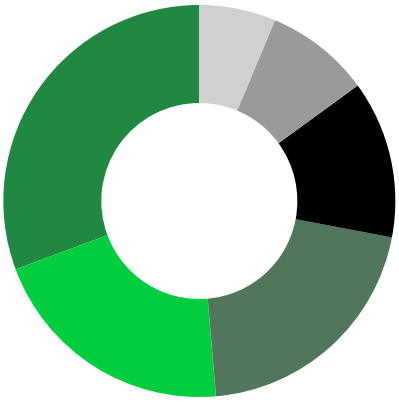
Both the Chief Human Resources Officer (CHRO) and the Chief Technology Officer (CTO) roles were equally represented, each accounting for 21% of participants. This parity underscores the critical importance that organizations place on human resource strategies and technological advancements, highlighting these areas as key focuses in current corporate priorities.

The Chief Information Officer (CIO) roles made up 13% of the survey population, pointing to a solid interest in information management and strategic IT planning at the executive level.

Meanwhile, the Chief Data Officer (CDO), with 9% representation, reflects a growing recognition of data's pivotal role in strategic decision-making and operational efficiency within organizations.

The role of Chief Experience Officer (CXO), though less represented at 6%, indicates an emerging focus on enhancing customer and employee experiences, an area that is gaining momentum as companies increasingly recognize its impact on brand reputation and overall success.

> This distribution of roles among the survey participants offers valuable insights into the prevailing executive focus areas within the wider business community, helping us understand where leaders are directing their attention and resources in today's dynamic business environment.



31%	Chief executive officer (CEO)
21%	Chief human resources officer (CHRO)
21%	Chief technology officer (CTO)
13%	Chief information officer (CIO)
9%	Chief data officer (CDO)
6%	Chief experience officer (CXO)

The sectors of Information Services and Data, Construction, Finance and Insurance, Software, Human Resources, and Manufacturing collectively account for nearly 49% of the survey responses. This indicates a significant focus on AI within these industries, showcasing their leading role in adopting and integrating AI technologies into their operations. These industries represent a broad spectrum from technology-driven services to traditional fields, reflecting the wide-reaching impact and interest in AI across diverse business landscapes.

25%	Information - Services and Data
16%	Construction
8%	Finance and Insurance
8%	Software
7%	Human Resources
6%	Manufacturing
5%	Health Care and Social Assistance
5%	Retail
5%	Education
4%	Other
4%	Hotel and Food Services
4%	Information - Other
3%	Shipping/Distribution
2%	Government and Public Administration
2%	Marketing/Sales
2%	Wholesale
2%	Consulting
2%	Personal Services
2%	Real Estate, Rental, or Leasing
1%	Agriculture, Forestry, Fishing, or Hunting
1%	Scientific or Technical Services
1%	Advertising
1%	Arts, Entertainment, or Recreation
1%	Energy/Utilities/Oil and Gas
1%	Security
1%	Transportation and Warehousing
1%	Broadcasting
1%	Market Research
1%	Military
1%	Automotive
1%	Fashion/Apparel
1%	Publishing
1%	Telecommunications

What are the top priorities when it comes to implementing AI in internal operations?

As businesses increasingly turn to artificial intelligence (AI) to transform their internal operations, leaders are identifying key priorities that guide their strategic decisions. These priorities highlight how AI is not just a new technology but a foundational tool that can reshape the way companies operate.
Let's explore the top insights driving this transformative shift.

> These priorities reflect a strategic vision for AI, where it is not just a new technology but a key part of business growth and transformation. Leaders must embrace these goals and prepare for how AI will shape their companies, ensuring they not only survive but thrive in an ever-changing market.

Boosting Efficiency and Productivity:

> The main goal for
> 61%

of leaders is to use AI to make work more efficient and productive. AI helps streamline workflows, freeing up employees for higher-value tasks, and supporting long-term growth by making daily operations smoother.

Sparking Innovation:

> Over half of the leaders

believe AI can drive innovation by creating new products, services, or ways of doing business. This positions AI as a transformative force that can redefine markets and fuel competitive advantage.

Cutting Costs and Optimizing Resources:

> Nearly half of the leaders

see AI as a way to reduce costs and optimize resources. This helps keep the company profitable and sustainable by making better use of resources and cutting unnecessary expenses.

What are the biggest challenges your organization faces in adopting AI for internal operations?

As organizations explore the benefits of AI for their internal operations, they also face many challenges. These aren't just technical or budget-related issues but also involve big-picture planning and workforce skills.

> The path to adopting AI involves navigating various obstacles, from finding the right talent and technology to securing executive support and funding. For success, companies need a solid strategy, skilled staff, effective technology, and strong leadership. By addressing these challenges head-on, organizations can fully leverage AI to enhance their operations.

Skilled AI Talent:

Nearly half
of the leaders

surveyed cite a lack of qualified AI experts as a major challenge. This shortage slows down AI projects, making it difficult to get initiatives off the ground. As AI becomes increasingly important for businesses, finding and nurturing skilled talent is crucial.

Integration with Existing Systems:

Over half
of the organizations

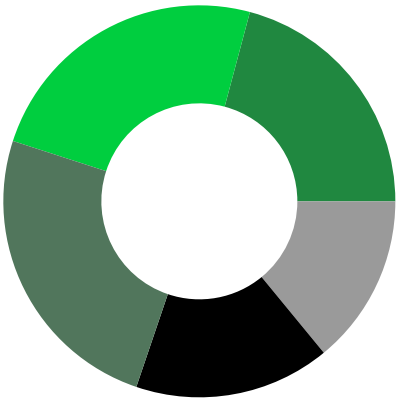
struggle to integrate AI into their current systems and processes. This isn't just a technical hurdle; it's about smoothly incorporating AI without disrupting workflows, particularly with older systems that may require significant changes or creative solutions to work effectively with new AI tools.

Data Security and Privacy:

Data security is a significant concern, with

more than half
of the leaders

worried about keeping information safe and private. Introducing AI can expose companies to more security risks, making it vital to have strong measures in place to prevent data breaches and maintain trust.



- **25%** Concerns about data privacy and security
- **24%** Difficulty integrating AI with existing systems and processes
- **21%** Lack of skilled AI talent
- **16%** Insufficient budget or resources
- **14%** Lack of executive buy-in or support

How would you rate your organization's current level of AI maturity in internal operations?

As we continue to explore how companies are adopting AI, let's look at the different stages of AI use in various organizations. Each stage shows a unique part of this exciting transformation, revealing the different ways companies are using this technology.

Initial Phases:

A small group of companies

5%

haven't started using AI yet,

while 28% are just beginning to experiment with it. These companies are learning about AI's potential and trying out new ideas in small ways, which can lead to more significant steps forward.

Targeted Projects:

Around

22%

of companies,

have moved on to specific AI projects. They are testing how AI works in different parts of their business, figuring out its value and how it can support further growth.

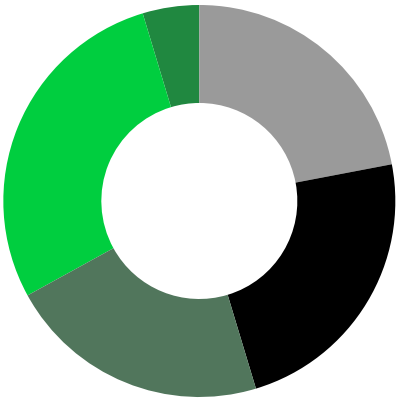
Comprehensive Integration:

23%

of companies,

have integrated AI into multiple areas, making it a regular tool for daily tasks and decision-making. Another 22% have fully integrated AI into their operations, using it to drive new opportunities and maintain a competitive edge.

The journey through these stages of AI maturity showcases how organizations evolve into AI-driven enterprises. Each stage presents unique challenges but also opportunities for growth and improvement. By understanding where they are on this spectrum, business leaders can better navigate their path forward, focusing on strategic investments in technology, talent, and infrastructure that support their specific business goals and AI readiness. This proactive approach ensures that AI not only supports existing operations but also propels the organization towards future innovation and success.



- **28%** Early stages of exploration and experimentation
- **22%** Pilot projects and limited deployments
- **23%** Widespread adoption and integration
- **22%** Advanced, AI-driven operations
- **5%** Not yet started

Which of the following corporate functions have begun the adoption of AI?

As more companies start using artificial intelligence (AI), it's clear that different parts of businesses are finding unique ways to benefit from this technology. This story is about how AI is becoming a crucial tool in various corporate functions, helping businesses work better and stay ahead in their markets.

Technology and Operations:

Leading with

25%

of adaptation, AI is primarily used in IT and Infrastructure. Here, AI helps manage complex systems, predicting problems and automating routine tasks, ensuring smooth operations that support the entire company.

Human Resources and Employee Management:

In HR and Talent Management,

16%

of companies,

are using AI to improve recruitment, create personalized development plans, and ensure employee satisfaction and productivity.

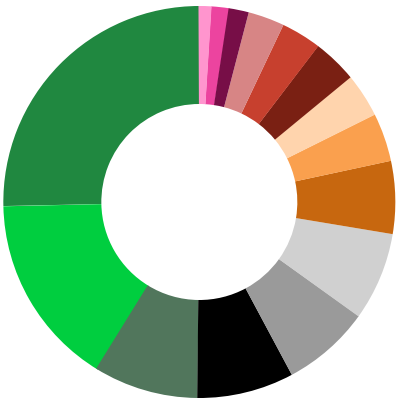
Innovation and Decision-Making:

In areas like Research & Development (R&D), Business Intelligence, Finance, and Product Design, AI adoption rates range from

6% to 8%

AI speeds up product development cycles, provides deep data insights for smarter decisions, automates financial tasks, and optimizes product design processes..

AI's integration is transforming a broad array of business functions, from technical departments to HR, Finance, and beyond. This trend highlights AI's role in automating tasks, improving decision-making, and driving innovation across the board. Moving forward, AI is set to further redefine how companies operate, offering a competitive edge and reshaping industries through improved efficiency and customer engagement.



- **25%** IT and infrastructure management
- **16%** HR and talent management
- **8%** Customer support and service
- **8%** Research & development
- **7%** Finance and accounting
- **7%** Product design and development
- **6%** Business intelligence and analytics
- **4%** Marketing
- **3%** Inventory management
- **3%** Maintenance and installation
- **3%** Legal
- **3%** Sales
- **1%** Supply chain
- **1%** Distribution/logistics
- **1%** Procurement

What are the key application areas for AI technologies in your internal employee operations?

As companies keep adding AI into their operations, we're seeing big changes in how work gets done. AI is not just making jobs easier but is also improving how employees learn and communicate.

Empowering Knowledge Sharing and Learning:

More than half of companies

use AI for knowledge management and learning, helping employees quickly find information and access personalized training through platforms like VR. This enhances employee development, making them more informed and capable.

Enhancing Decision-Making and Efficiency:

Around

42%
of companies,

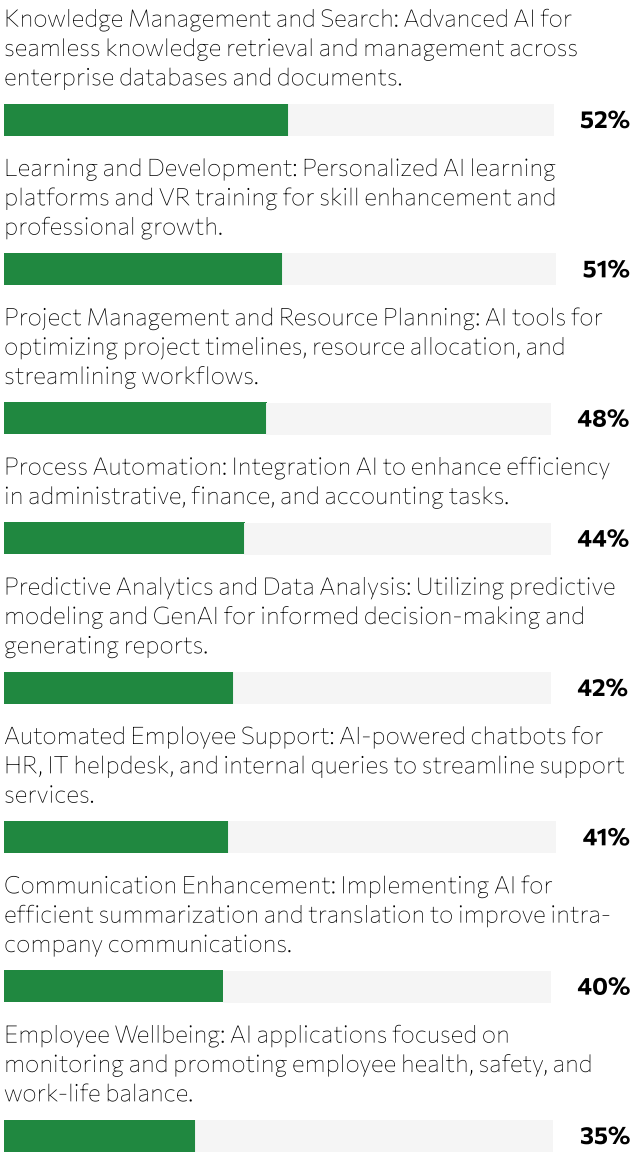
use AI for predictive analytics and data analysis, providing insights to guide better decision-making and strategic planning. Additionally, 40% use AI to automate routine tasks in HR, IT support, and finance, increasing operational efficiency and freeing up human resources for more strategic work.

Supporting Employee Well-Being:

AI is also starting to focus on employee health and balance.

It's helping monitor well-being,ensure safety, and manage workloads, contributing to healthier, more engaged workplaces.

The integration of AI across various corporate functions is revolutionizing business operations. By enhancing knowledge sharing, automating tasks, and supporting well-being, AI is not only improving efficiency but also fostering innovation, cultural transformation, and more dynamic workplaces. Looking ahead, AI is poised to continue reshaping how companies operate, making them more competitive and resilient.



How do you measure the success and ROI of AI initiatives in your internal employee operations?

When companies use AI in their operations, they look at several key factors to decide if it's successful and worth the investment.

Accuracy and Quality:

Over two-thirds
of companies

measure how AI improves precision and reduces mistakes, reflecting its ability to enhance the quality of their work.

Efficiency and Productivity:

About

63%
of companies

gauge AI's success by its impact on making tasks faster and more productive, reducing wasted time and streamlining operations.

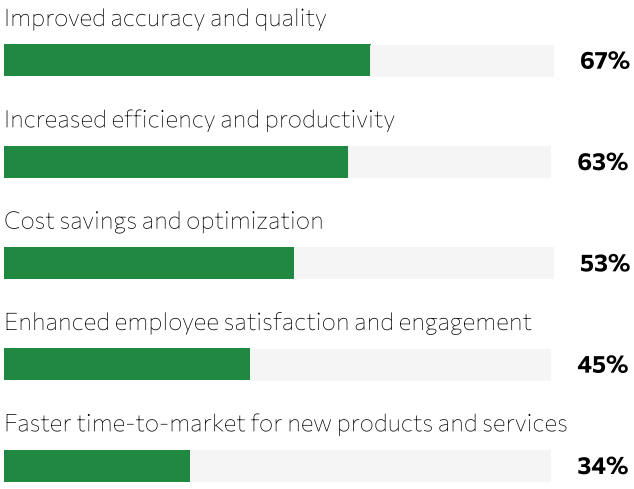
Cost Savings:

More than half
of companies

consider cost savings a major benefit, showing how AI can make operations cheaper and more efficient.

Summary:

These metrics guide leaders in their strategic planning and AI investments. By focusing on these key areas, leaders can ensure that their AI initiatives improve operational efficiencies and contribute to broader objectives like cost management and innovation. This thoughtful integration helps make operations smarter, workplaces more dynamic, and businesses more resilient. As AI continues to evolve, leaders must consistently assess these metrics to align AI strategies with changing business needs, ensuring sustained growth and competitive advantage.



What role does knowledge management play in your AI strategy for internal operations?

In the world of business, using AI to manage knowledge better is becoming really important for improving how companies work. As businesses explore what AI can do, they find that managing knowledge well is key to making their operations smoother and more effective.

Central to Strategy 58%:

Over half
of the leaders

see knowledge management as a key part of their AI strategy, using it to collect, analyze, and share information across departments. This helps make decisions faster, reduces response times, and supports ongoing improvements.

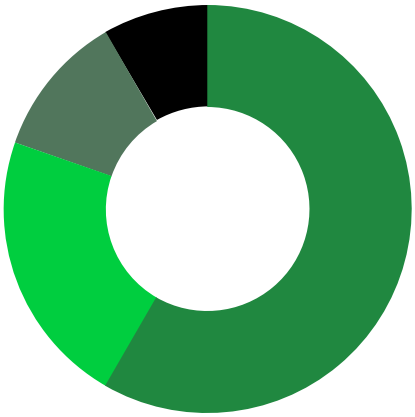
Balanced Approach 22%:

For some companies, knowledge management with AI is important but not a top priority. These companies use AI in a balanced way, supporting multiple areas simultaneously, such as improving customer service or automating processes.

Future Focus 11%:

Some businesses plan to address knowledge management with AI in the future, recognizing its potential to help employees and streamline workflows as they develop their AI capabilities.

> This analysis shows how businesses are integrating AI into knowledge management to meet their operational needs. Effectively managed knowledge via AI can significantly increase agility and efficiency, making companies more competitive in a data-driven world. Leaders should prioritize AI in knowledge management to make quicker, smarter decisions, unlocking insights that improve business outcomes. This strategic focus ensures companies keep pace with trends and continue to innovate and succeed.



58% Central to our AI strategy and initiatives

22% Important but not a top priority

11% Not currently a focus but planning to address

8% Not relevant to our AI strategy

What are the most critical factors for successful AI implementation in internal operations?

Integrating AI into a company's internal operations is more than just a technological upgrade; it's a comprehensive strategy that requires careful planning and execution. Here are the key factors that contribute to successful AI implementation, ensuring that businesses can harness its full potential to drive operational efficiency and growth.

Strategic Planning:

A clear plan and goals are crucial for aligning AI projects with broader company objectives,

> which
> 22%
> of leaders identify

as very important. This ensures that AI initiatives support business goals and yield real results.

Leadership and Talent:

Strong leadership, with a mean score of

> 3.47
> is essential

for providing resources and backing for AI projects. Additionally, having skilled AI professionals, with a mean score of 3.37, is critical to handle the complexities of AI technology and customize solutions for the company's needs.

Training and Data Quality:

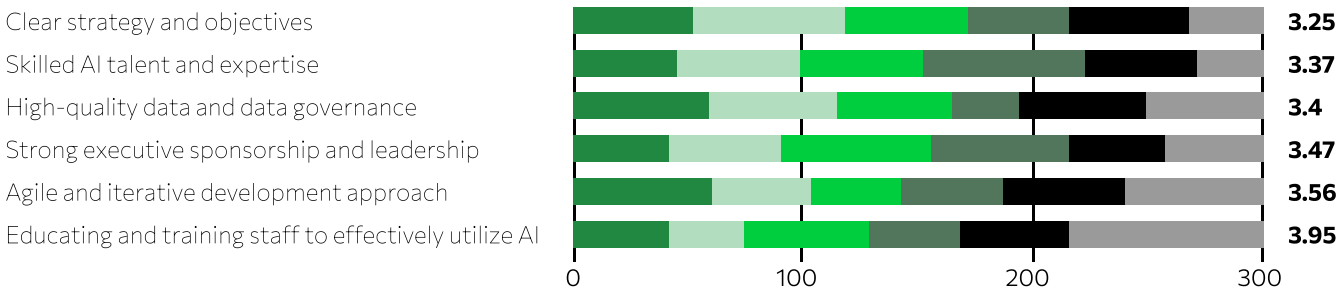
Comprehensive training, with the

> highest mean score of
> 3.95

is necessary to equip teams to use AI effectively. This helps integrate AI into daily operations, enhancing productivity and decision-making. Furthermore, strong data management, with a mean score of 3.4, ensures AI systems work with accurate data, enhancing their performance and reliability.

Summary:

> Successful AI integration hinges on strategic planning, leadership, talent, training, and data management. Business leaders need to align AI initiatives with company goals, nurture skilled professionals, train teams to use AI effectively, and maintain high standards of data accuracy. This holistic approach ensures that AI not only improves operations but also positions companies for sustainable success and innovation.



When selecting an AI solution for internal operations, what features and qualities are most important to your organization?

In choosing AI solutions, companies are not merely selecting tools; they are making strategic investments that will significantly influence their operational dynamics and future capabilities. This decision-making process is critical because it determines how well the AI will integrate with existing systems, adapt to evolving business needs, and drive long-term innovation.

Here's what leaders should prioritize:

Security and Privacy:

With a mean score of

> 4.78
> data security and privacy are essential.

AI solutions must adhere to high standards to protect against breaches and maintain trust with customers and stakeholders.

Integration Capabilities:

With a mean score of

> 5.01

emphasizes the need for AI solutions to seamlessly integrate with existing systems, enhancing technologies without disruptive changes and improving operational efficiency.

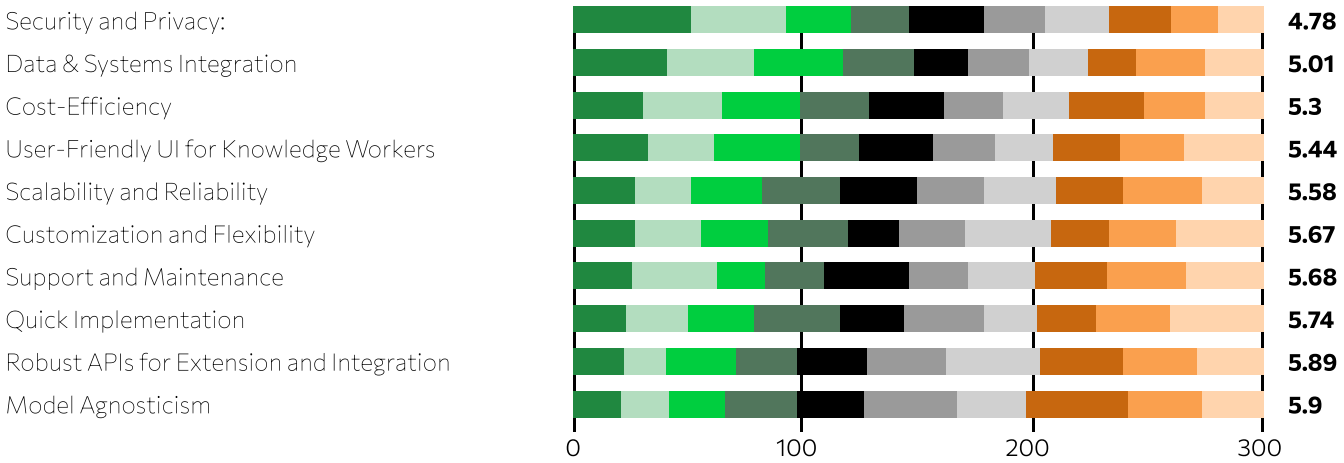
Cost-Efficiency and Scalability:

Cost-efficiency, with a mean score of

> 5.30

and scalability, with the highest mean score of 5.58, ensure AI solutions offer tangible returns and can grow with the organization, providing long-term benefits.

> By focusing on these key factors, business leaders can make informed decisions that align AI investments with strategic objectives, ensuring that the chosen AI solutions not only address immediate operational challenges but also position the company for future growth and competitive advantage.



How do you ensure responsible and ethical AI use in your internal operations?

Organizations are not just using AI for its benefits; they are also making sure it's used responsibly and ethically. This process involves careful planning and a strong commitment to high ethical standards.

Here's how they're achieving this:

Governance Frameworks and Policies:

Over half

57%

of organizations,

have established rules and policies for AI use, ensuring that it meets ethical and legal standards. This helps prevent misuse and guarantees fairness and honesty in all AI-related activities.

Transparency and Explainability:

About

60%

of organizations,

focus on making AI decisions clear and understandable, building trust and enabling checks for mistakes or biases. This transparency helps ensure AI's ethical use.

Regular Audits and Employee Training:

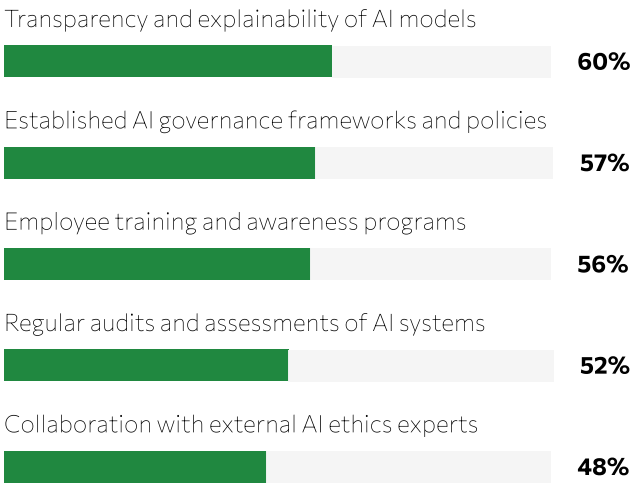
Supporting these measures,

52%

of organizations,

regularly audit their AI systems to maintain ethical standards, while 56% provide training programs to educate employees about AI ethics, fostering a workplace that values ethical practices.

> These efforts demonstrate how seriously organizations take the integration of AI, balancing innovation with an ethical approach. This ensures that AI is not only effective but also aligns with the organization's values, making it reliable and trustworthy for all stakeholders.



How do you see the role of AI in internal operations evolving over the next 12 months?

Over the next year, AI's role in internal operations is set to expand significantly, as highlighted by recent survey data. The mean scores reveal specific trends and priorities:

Automation and Human Augmentation Mean: 2.89:

Companies are focusing on automating and enhancing human tasks with AI, boosting productivity and allowing employees to engage in more complex activities. This integration is seen as complementing human efforts, leading to a cautious optimism about its potential.

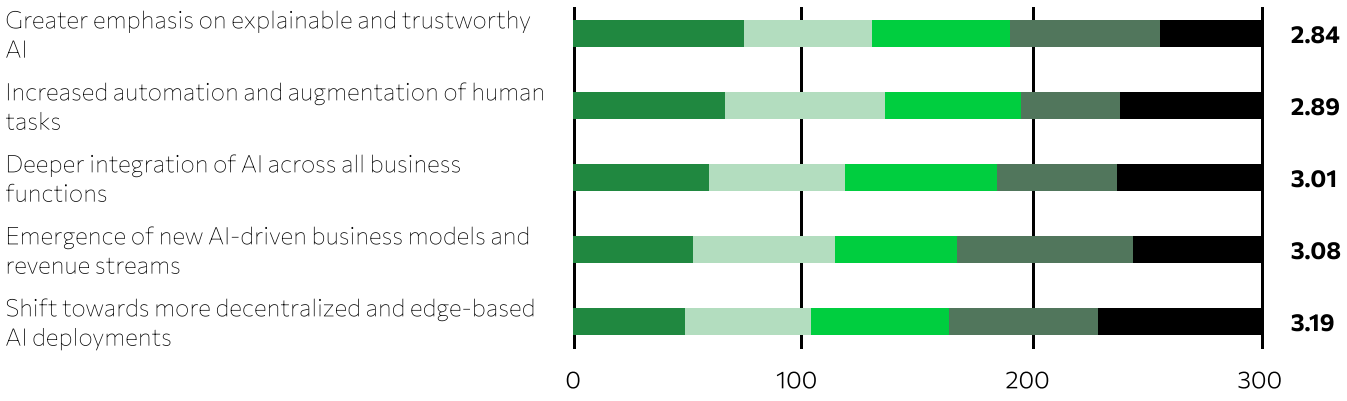
New Business Models and Revenue Streams Mean: 3.08:

The highest mean score indicates a strong anticipation for AI to drive new business models and revenue opportunities. This points to AI's potential to create new value propositions and market opportunities, beyond just improving existing operations.

Decentralized and Edge-Based AI Deployments Mean: 3.19:

The trend towards moving AI applications closer to data sources suggests an interest in real-time processing and decision-making capabilities. This is likely driven by the need for faster, more responsive AI systems.

> The data shows a clear shift towards integrating AI in ways that enhance operational efficiency, transparency, and innovation. Business leaders should focus on comprehensive AI training, explainable AI development, exploring new business models, integrating AI across all areas, and planning for decentralized deployments to ensure that AI initiatives contribute to both current performance and future growth.



Conclusion

This report, based on a survey of 300 executives, explores the future of AI in internal business operations, examining the benefits, challenges, and strategies that will shape the corporate landscape.

The AI-Driven Enterprise:

AI adoption is widespread across key industries, and as it matures, it will become ubiquitous across all business functions. The AI-driven enterprise will be characterized by seamless workflows, data-driven insights, and continuous learning, leading to increased efficiency, innovation, and competitiveness.

Empowering Employees and Decision-Making:

AI will empower employees through knowledge management, personalized training, and predictive analytics, streamlining workflows, automating tasks, and supporting well-being.

Overcoming Challenges:

Key challenges include the lack of skilled AI talent, integration difficulties, and data security concerns. Organizations must invest in upskilling, governance frameworks, and prioritize responsible and ethical AI use.

Measuring Success:

Companies will focus on metrics such as accuracy, efficiency, and cost savings. Aligning AI strategies with these indicators will ensure AI investments deliver tangible business value.

The Evolving Role of AI:

Over the next 12 months, AI's role will expand, focusing on automation, new business models, and decentralized deployments. Organizations must prioritize comprehensive training, explore new opportunities, and plan for decentralized AI.

> The future of AI in internal operations promises immense potential. Success will require careful planning, strategic alignment, and a commitment to responsible AI use. By embracing these insights, leaders can position their organizations at the forefront of the AI revolution, driving sustainable growth in an ever-evolving business landscape.