



Now decides next: Moving from potential to performance

Deloitte's State of Generative AI in the Enterprise
Quarter three report

August 2024

deloitte.com/us/state-of-generative-ai



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Introduction

Foreword

In the rapidly evolving landscape of artificial intelligence (AI), the connection between technology and value has become increasingly apparent. What is known about major technology innovations in the past holds true with Generative AI (GenAI).

Technology application on its own is not enough. Results and business outcomes matter. The real measure of success for GenAI will be how it enables enterprise strategies and drives tangible value.

As organizations are scaling, and learning from, their GenAI pilots, I have heard the discourse around GenAI shift from unbridled excitement to a more nuanced and critical evaluation of its real impact on business outcomes. I am also beginning to see organizations think more about tailored GenAI tools—evolving from large language models (LLMs) to small language models (SLMs) for more targeted needs. They are also exploring how the rise of AI agents can redefine interactions within their digital environments, offering new avenues for automation and personalization.

Amid this maturation, regulatory considerations are coming to the fore. Our past survey results indicated a strong market appetite for smart GenAI regulation and oversight. Businesses and governments alike are navigating a dynamic landscape and are struggling to keep pace with the rate of technology innovation. The challenge is to unlock the benefits of GenAI while facing regulatory uncertainty, orchestrating governance and building trust. No small task.

The complex discussions around creating value and managing risk makes it clear to me that we need to keep humans at the center of all this decision-making. It is the human stakeholders who impact how applications are conceived and developed, how they are adopted and used, and how they are managed for trust and security. In this, employee upskilling and change management remain indispensable elements of value-driving GenAI programs.

With a focus on business outcomes and human-centered change, I feel the future with GenAI grows brighter by the day, even as the journey ahead will continue to surprise and challenge us.

Learn more about the series and sign up for updates at <http://deloitte.com/us/state-of-generative-ai>.

—Jim Rowan, Applied AI SGO Leader

Introduction

Moving from potential to performance

The clock is ticking for organizations to create significant and sustained value through their Generative AI initiatives. Promising pilots have led to more investments, escalating expectations and new challenges. During this pivotal phase, C-suites and boards are beginning to look for returns on investment. There is a chance that their interest in Generative AI could wane if initiatives don't pay off as much, or as soon, as expected.

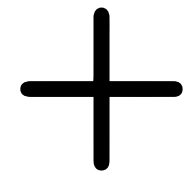
Will organizations demonstrate the patience and perseverance needed to unlock the transformational potential of Generative AI? To get there, value-led use

cases with strong return on investment (ROI) and a clear path to scale will be essential. They'll need to address challenges across the board: people, process, data and technology. Change management and organizational transformation will need to be given as much consideration as technology.

In this quarter's survey, we focused on two critical areas to scaling—data and governance, and risk and compliance—and how organizations are measuring and communicating value. Are data-related issues hindering efforts? How are organizations ensuring the right oversight of

Generative AI-powered applications? Is regulatory uncertainty holding them back? Are they developing a comprehensive set of financial and nonfinancial measures to form a complete picture of benefits achieved? These questions must be explored in-depth as organizations journey from Generative AI promise to performance.





Introduction

Moving from potential to performance (cont'd)

Building on initial success

- Improved efficiency and productivity and cost reduction are still the top benefits sought by organizations. Those are also cited by 42% of respondents as their most important benefits achieved to date.
- However, 58% reported they realized a more diverse range of most important benefits, such as increased innovation, improved products and services, or enhanced customer relationships.
- Respondents said that embedding Generative AI deeply into critical business functions and processes is the top way to drive the most value from their Generative AI initiatives.

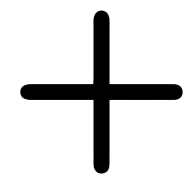
All statistics noted in this report and its graphics are derived from Deloitte's third quarterly survey, conducted May – June 2024; The State of Generative AI in the Enterprise: Now decides next, a report series. N (Total leader survey responses) = 2,770. Percentages in this report and its charts may not add up to 100, due to rounding.

Generative AI is an area of artificial intelligence and refers to AI that in response to a query can create text, images, video and other assets. Generative AI systems can interact with humans and are often built using large language models (LLMs). Also referred to as "GenAI."

Striving to scale

- Two of three surveyed organizations said they are increasing their investments in Generative AI because they have seen strong early value to date.
- However, many are still challenged to successfully scale that value—nearly 70% of respondents said their organization has moved 30% or fewer of their Generative AI experiments into production.





Introduction

Moving from potential to performance (cont'd)

Modernizing data foundations

- Three-quarters of respondents said their organizations have increased investment around data life cycle management to enable their Generative AI strategy. Top actions include enhancing data security (54%) and improving data quality (48%).
- Data issues are limiting options—55% of organizations reported avoiding certain Generative AI use cases because of data-related issues. Top data-related concerns include using sensitive data in models and managing data privacy and security.

Mitigating risks and preparing for regulation

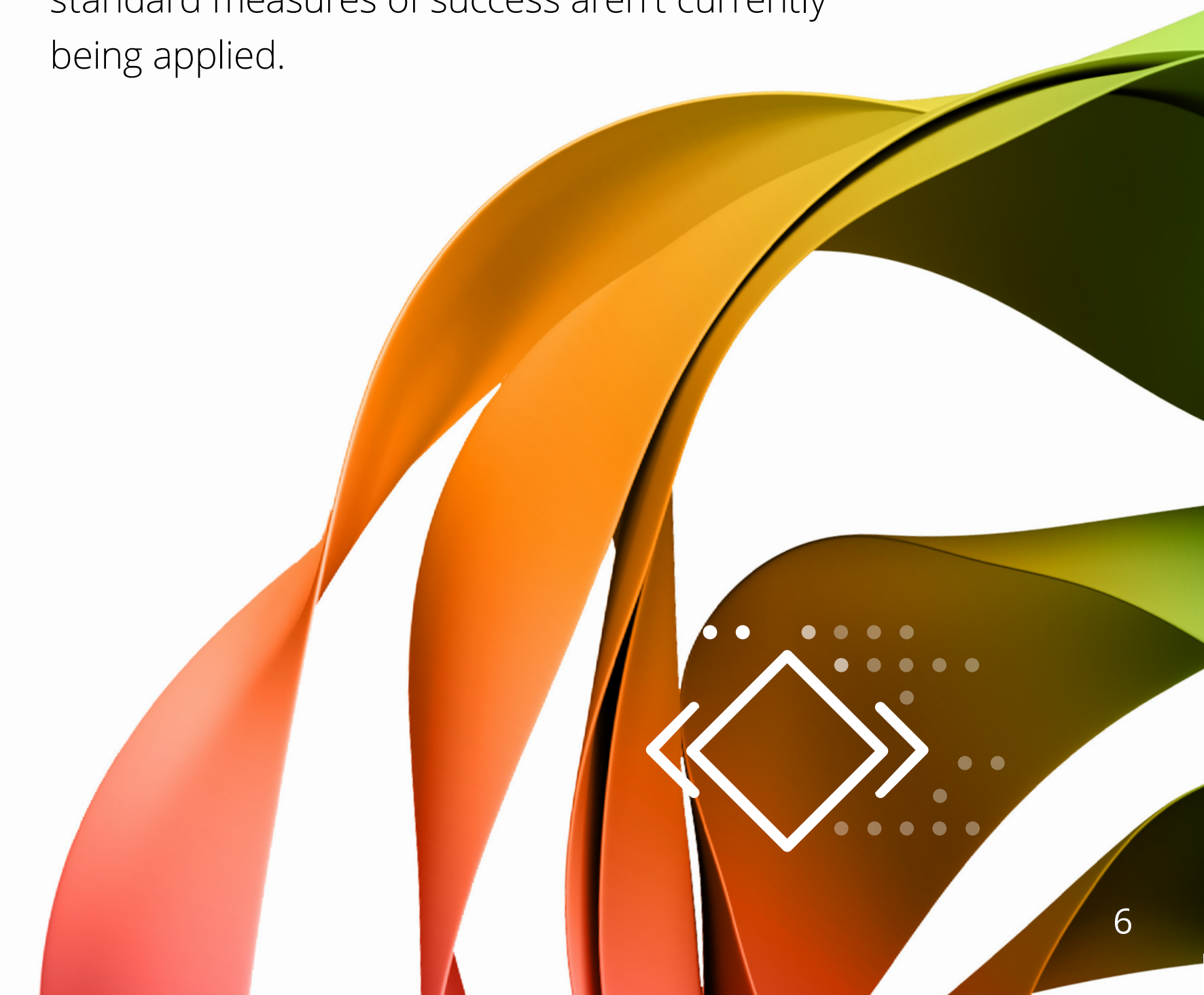
- Organizations feel far less ready for the challenges Generative AI brings to risk management and governance—only 23% rated their organization as highly prepared.
- In fact, three of the top four things holding organizations back from developing and deploying Generative AI tools and applications are risk, regulation (such as the European Union's AI Act, in effect August 1), and governance issues.
- To deal with regulatory uncertainty, about half of organizations reported they are preparing regulatory forecasts or assessments.

Maintaining momentum by measuring

- More than 40% of respondents said their companies are struggling to define and measure the exact impacts of their Generative AI initiatives.
- Less than half said they are using specific KPIs to measure Generative AI performance, and many standard measures of success aren't currently being applied.

About the State of Generative AI in the Enterprise: Wave three survey results

The wave three survey covered in this report was fielded to 2,770 director- to C-suite-level respondents across six industries and 14 countries between May and June 2024. Industries included: Consumer; Energy, Resources & Industrials; Financial Services; Life Sciences & Health Care; Technology, Media & Telecom; and Government & Public Services. The survey data was augmented by additional insights from 25 interviews with C-suite executives and AI and data science leaders at large organizations across a range of industries. This quarterly report is part of an ongoing series by the Deloitte AI Institute™ to help leaders in business, technology and the public sector track the rapid pace of Generative AI change and adoption. The series is based on Deloitte's State of AI in the Enterprise reports, which have been released annually the past five years. Learn more at deloitte.com/us/state-of-generative-ai.



+

Now: Key findings



Now: Key findings

1 Building on initial success

Organizations say they are seeing value from their early Generative AI forays and those successes are driving more investment. Two-thirds of the organizations we surveyed (67%) said they are increasing investments in Generative AI because they have seen strong value to date. A head of AI strategy and governance in the banking industry has seen this first-hand: “Before GenAI, most senior leaders only had a vague understanding of what AI was or what it can do. Now, they have AI at their fingertips, and it has opened their eyes to the possibilities. We have applied for additional resources.”

As in our prior quarterly surveys, improved efficiency and productivity and cost reduction continue to be the most common benefits sought from Generative AI initiatives. Those benefits were cited by 42% of wave three respondents as their single, most important benefit achieved to date (figure 1).

However, for *most* wave three respondents (the other 58%), the top benefit achieved through the new technology is something other than efficiency, productivity or cost reduction. This includes increased innovation (12%), improved products and services (10%), and enhanced customer relationships (9%). The diversity of possible sources of value from Generative AI initiatives is exciting to many leaders and shows the potential and versatility of this new technology.

This distribution could mean a couple of different things. Organizations may be seeking efficiency, productivity and cost reduction, but aren’t seeing it materialize yet; they may be getting unexpected value from less tangible areas; or they may be prioritizing these other types of value. There is no one-size-fits-all approach to employing Generative AI, and there is a wide range of benefits that *could* be gained. It is important for organizations to be clear about what kind of value they are seeking before embarking on any Generative AI initiatives—start with value first.

67% of organizations we surveyed said they are increasing investments on Generative AI given strong value seen to date.

Top benefit achieved through Generative AI initiatives

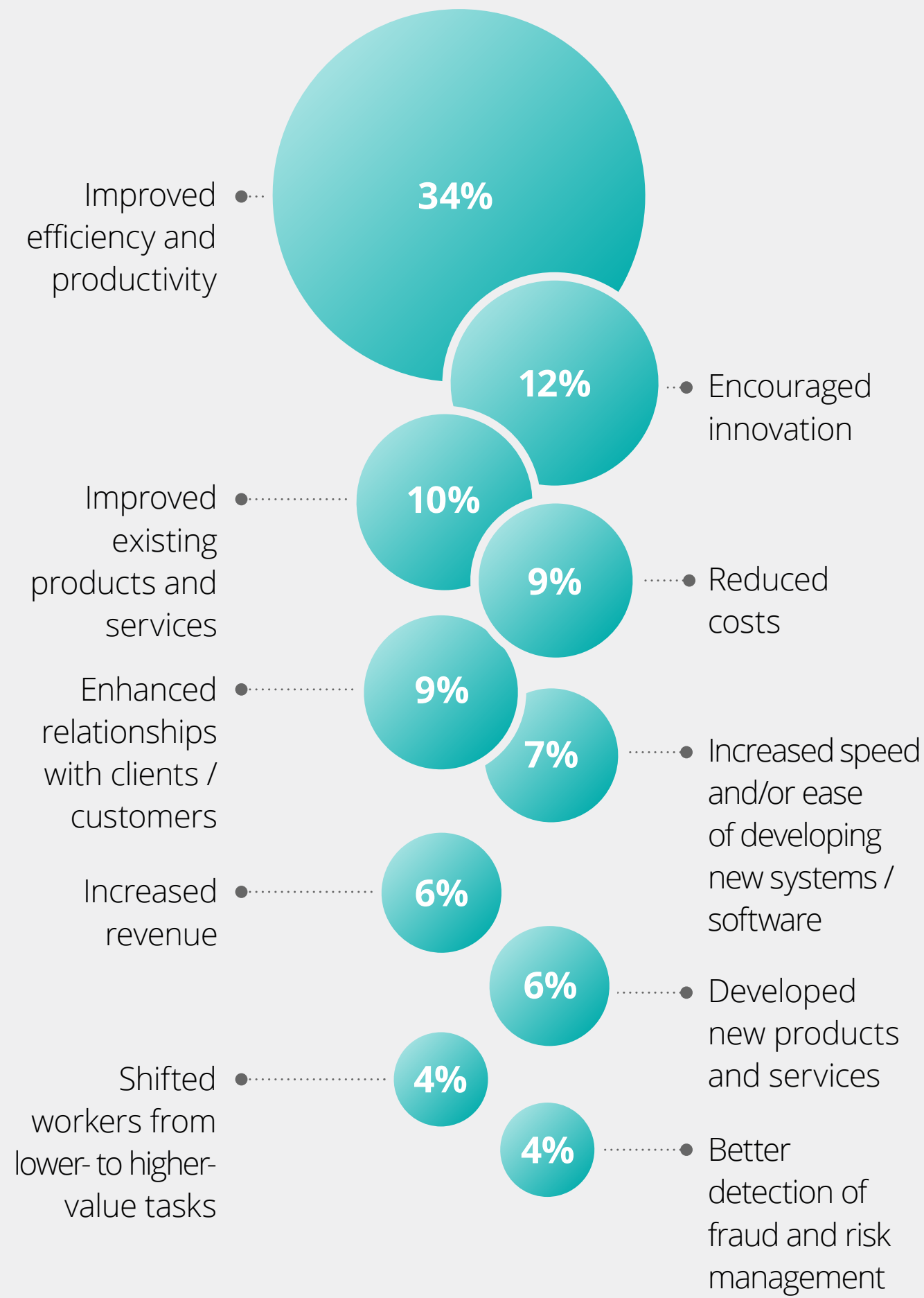


Figure 1 Q: What is the most important benefit your organization has achieved to date through your Generative AI initiatives? (May/June 2024) N (Total) = 2,770

Now: Key findings

Our executive interviews provided examples of Generative AI use cases that are already delivering real-world value across a wide range of industries. Although they are working toward things like automated decision-making, accelerated research and development,

and greater innovation and market differentiation, most projects further along in the scaling process are still focused on improving productivity (figure 2).

Generative AI use cases delivering real-world value by industry

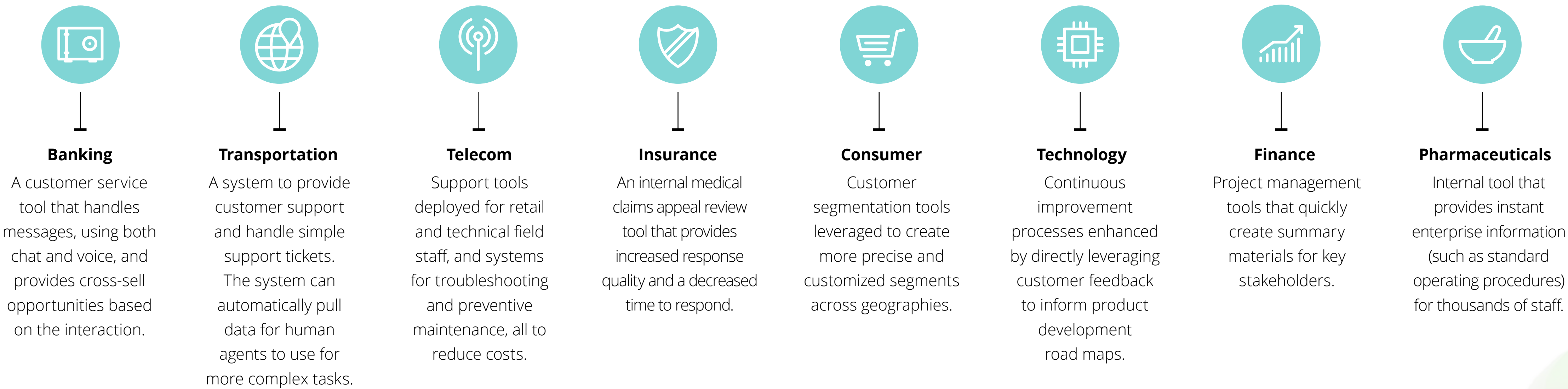


Figure 2

Now: Key findings

What do organizations think will most help drive greater value for their Generative AI initiatives? While many different factors contribute to Generative AI value creation, the action cited most often by the leaders we surveyed is embedding the technology deeply into business functions and processes (figure 3).

“An LLM is like an engine,” said a VP at a bank’s AI center of excellence. “No one just wants the engine of a car or a plane; they want a car or a plane. So, there are all these things you need to do to make it part of business processes, so the business can use it.” The value from any Generative AI initiative won’t be fully realized if it sits apart. As with other technologies, it will only reach its potential when it is embedded in everyday tasks. Many organizations are already employing enterprise tools enhanced with this emerging technology resource to try and make this happen.

Although many have seen promising results from early projects and are increasing investment in Generative AI, it is important that organizations show sustained and significant value as quickly as possible.

“CEOs and executive leadership teams are getting much more excited and interested in what’s possible and are looking for use cases to demonstrate the value and benefit,” said the global head of AI, machine learning, analytics and data at a pharmaceutical company. “There is a lot of willingness to test, experiment and scale. However, the potential danger is that people might get disappointed and lose attention if it’s not paying off fast enough.”

C-suite and board members are still intrigued, but there are some potential signs of enthusiasm beginning to wane as the “new technology shine” wears off. Survey respondents said that interest in Generative AI remains “high” or “very high” among most senior executives (63%) and boards (53%); however, those numbers have declined since the Q1 2024 survey, dropping 11 percentage points and 8 percentage points respectively. Time is of the essence as organizations look to scale their early achievements.

Behaviors driving the most value for Generative AI initiatives



Figure 3 Q: Which behavior / action do you think will drive the most value for the Generative AI initiatives in your organization?
(May/June 2024) N (Total) = 2,770

2 Striving to scale

Selecting and quickly scaling the Generative AI projects with the most potential to create value is the goal. However, many Generative AI efforts are still at the pilot or proof-of-concept stage, with a large majority of respondents (68%) saying their organization has moved 30% or fewer of their Generative AI experiments fully into production (figure 4).

This isn't necessarily surprising—despite rapid and impressive advances in Generative AI's capabilities, its applications are still relatively new and organizations are figuring out what it can (and can't) do well. Many organizations are learning through experience that large-scale Generative AI deployment can be a difficult and multifaceted challenge. As with a lot of digital transformation efforts, projects can fail or struggle for a variety of reasons.

“Most of our applications are still in the minimum-viable-product or proof-of-concept phase,” said a senior specialist for AI compliance in the automotive industry.

“Scaling across an organization where you have thousands of employees has several basic requirements, and they’re quite challenging.”

-Senior specialist for AI compliance in the automotive industry

A large majority of organizations have deployed less than a third of their GenAI experiments into production

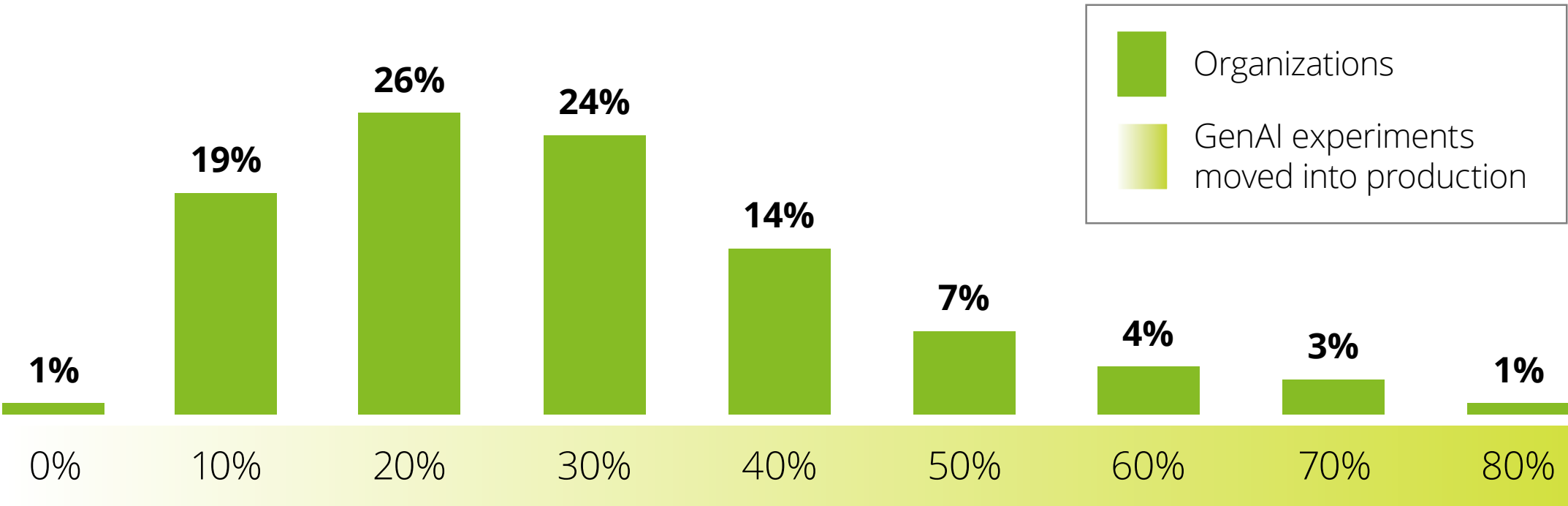


Figure 4 Q: In your estimation, what percentage of your Generative AI experiments have been deployed to date into your organization (moved into production)?
(May/June 2024) N (Total) = 2,770

Successfully scaling may mean different things to different organizations—based on their goals, what approach they are taking with Generative AI, and to what extent scaling is actually necessary. They could be expanding from one market to multiple markets, from a small group within a function to the entire function, or from a portion of a process to multiple, integrated processes. It also depends on what Generative AI-powered tools and applications are being used: scaling a code generator across an IT department is going to be different than scaling a customized LLM for the finance function, or a new enterprise customer relationship management application with Generative AI features.

Now: Key findings

Despite these differences, some fundamentals are consistent.

“Foremost, you need a strategy,” the senior specialist for AI compliance continued. “Strategy means you can’t start by purchasing separate solutions ... if you really want to scale, first you need to base your strategy on platforms.”

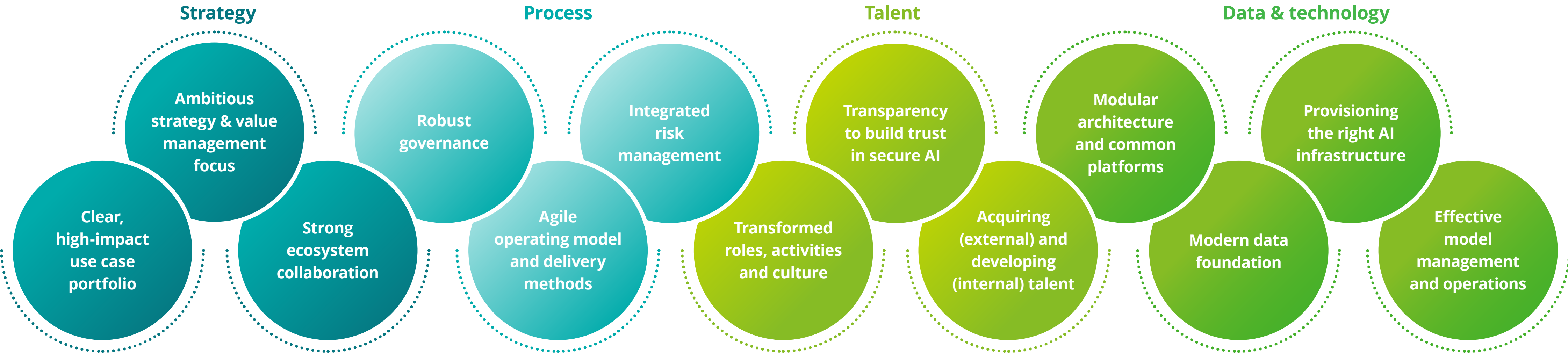
This platform-centric approach could include establishing centers of excellence, technology platforms to enable multiple use cases, and centralized teams of experts. In our Q2 report we advocated for centralized resources that can accelerate deployment of similar use cases and enable organizations to make the most of scarce Generative AI expertise.

More broadly, organizations should invest in the foundations of Generative AI and concurrently assess and advance their strategy, processes, people, data and technology (figure 5).

Many of the fundamentals may look similar to prior digital transformation efforts, but due to the unique nature of Generative AI, things like robust governance, transparency for building trust, transforming talent, and mature data life cycle management take on increased importance.

Essential elements for scaling Generative AI initiatives from pilot to production

Figure 5



Now: Key findings

How do organizations feel like they are doing across these areas—are they prepared to scale? We asked how highly prepared respondents thought their organizations were across some of the essential scaling elements (figure 6). Technology infrastructure (45%) and data management (41%) fared the best, followed by strategy (37%), risk and governance (23%), and talent (20%).

This indicates that there are still some fundamental challenges holding organizations back from successfully scaling their Generative AI initiatives. A senior director and head of a Generative AI accelerator in the pharmaceutical industry identified a number of pressing issues: “The heritage of our processes and approaches, that is what’s really holding us back right now. Number two is that the performance of

the LLMs still needs to be improved ... Data readiness; data is going to be problem forever ... Deep Generative AI understanding as well. There’s not enough people who understand and can drive transformation.”

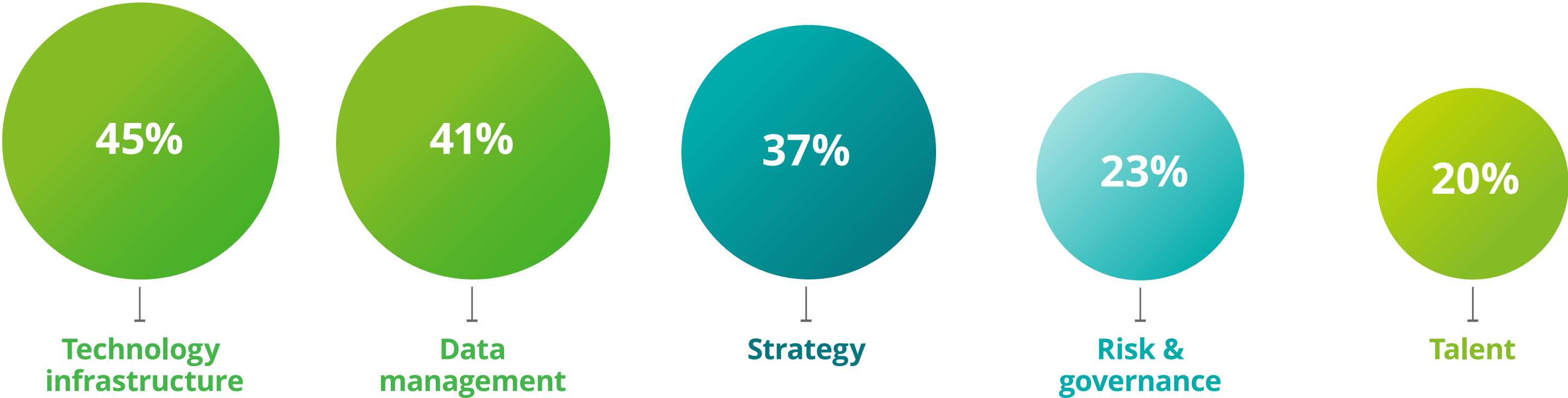
To help start a conversation on how to overcome some of these barriers, in this quarter’s survey we focused on two areas critical to scaling—exploring how organizations are approaching data and governance, and risk and compliance.

With respect to data, more organizations’ leaders reported they are initially prepared. For risk and governance, they know they are not. Both need attention.

Do organizations think they are ready?

Percentage of organizations that are highly prepared for GenAI across the following areas

Figure 6 Q: For each area, rate your organization’s level of preparedness with respect to broadly adopting generative AI tools / applications?
(May/June 2024) N (Total) = 2,770



Now: Key findings

3 Modernizing data foundations

75% of organizations have increased their technology investments around data life cycle management due to Generative AI.

Compared with the other aspects of Generative AI readiness, survey respondents judged that their organizations are fairly mature with respect to data life cycle management (as a reminder, *survey respondents are from more AI-savvy organizations*). This could be because they had a good foundation to start with or that, according to our survey, 75% of organizations have increased their technology investments around data life cycle management due to Generative AI.

This increased focus was evident in our executive interviews. “There’s a whole series of questions GenAI is triggering about data strategy, that in the past were far less important,” said the chief technology officer at a manufacturing company. “I think we’re probably spending as much time on data strategy and management as on pure GenAI questions, because data is the foundation for GenAI work.”

However, even those executives who consider themselves highly prepared will likely need to do more as they progress in their journeys. Some we interviewed said that as they moved from proof of concept to scale, unforeseen data issues were exposed—highlighting a need to be agile.

These issues could be because of the Generative AI-specific demands to data architecture and management. More robust governance—quality, privacy, security, transparency—is needed overall, especially around using data that doesn’t already exist inside the organization (e.g., public domain, synthetic and licensed third-party data). Documenting data sources and labeling has an increased importance. With more people potentially leveraging data, data access frameworks and literacy require more attention. It may change approaches toward cloud or on-premises data services. For more advanced LLM users, working with synthetic data may eventually come into play.



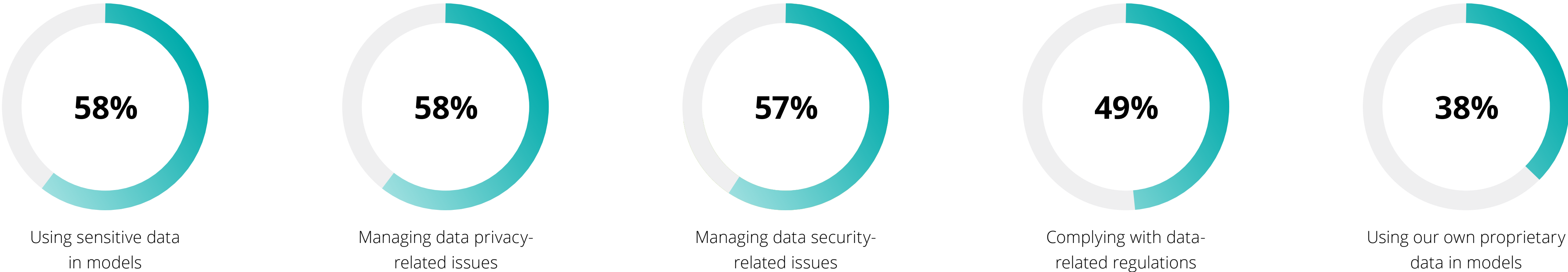
Now: Key findings

Levels of concern around data management

(high + very high)

Figure 7

Q: For the following, how much concern does your organization have with respect to its data management for Generative AI implementations?
(May/June 2024) N (Total) = 2,770



One of these challenges was highlighted by a former vice president of data and intelligence for a media and entertainment company: “The biggest scaling challenge was really the amount of data that we had access to and the lack of proper data management maturity. There was no formal data catalog. There was no formal metadata and labeling of data points across the enterprise. We could go only as fast as we could label the data.”

Data-related issues could be hindering organizations in their quests for getting the levels of value that they are seeking. Data-related issues have caused 55% of the organizations we surveyed to avoid certain Generative AI use cases.

That could be because of data-quality issues, intellectual property concerns, not having the right data, or worries about using certain kinds of data (e.g., public domain, synthetic or licensed third-party data). The concerns that organizations were worried about the most in our survey included using sensitive data in models (58% had at least a high level of concern), data privacy issues (58%), and data security issues (57%) (figure 7). Organizations were much more worried about using sensitive data (e.g., customer or client data) than they were using their own proprietary data (e.g., sales, operational, financial).

Now: Key findings

Consistent with those concerns, the top actions organizations are taking to improve their data-related capabilities are enhancing data security (54%), improving data quality practices (48%), and updating data governance frameworks and/or developing new data policies (45%) (figure 8).

The value from Generative AI initiatives will increasingly come from organizations leveraging their differentiated data in new ways (whether for fine-tuning LLMs, building an LLM from scratch or utilizing enterprise solutions).¹ For Generative AI to deliver the kind of impact executives expect, companies will likely need to increase their comfort with using their proprietary data, which may be subject to existing and emerging regulations.

“Data quality is key. Understanding what data is good data. Where is that data held? How is it secured? How is it permissable? All those things are key to making [Generative AI] scalable.”

-Chief operations officer & chief of strategy for a financial services firm

Improving data-related capabilities

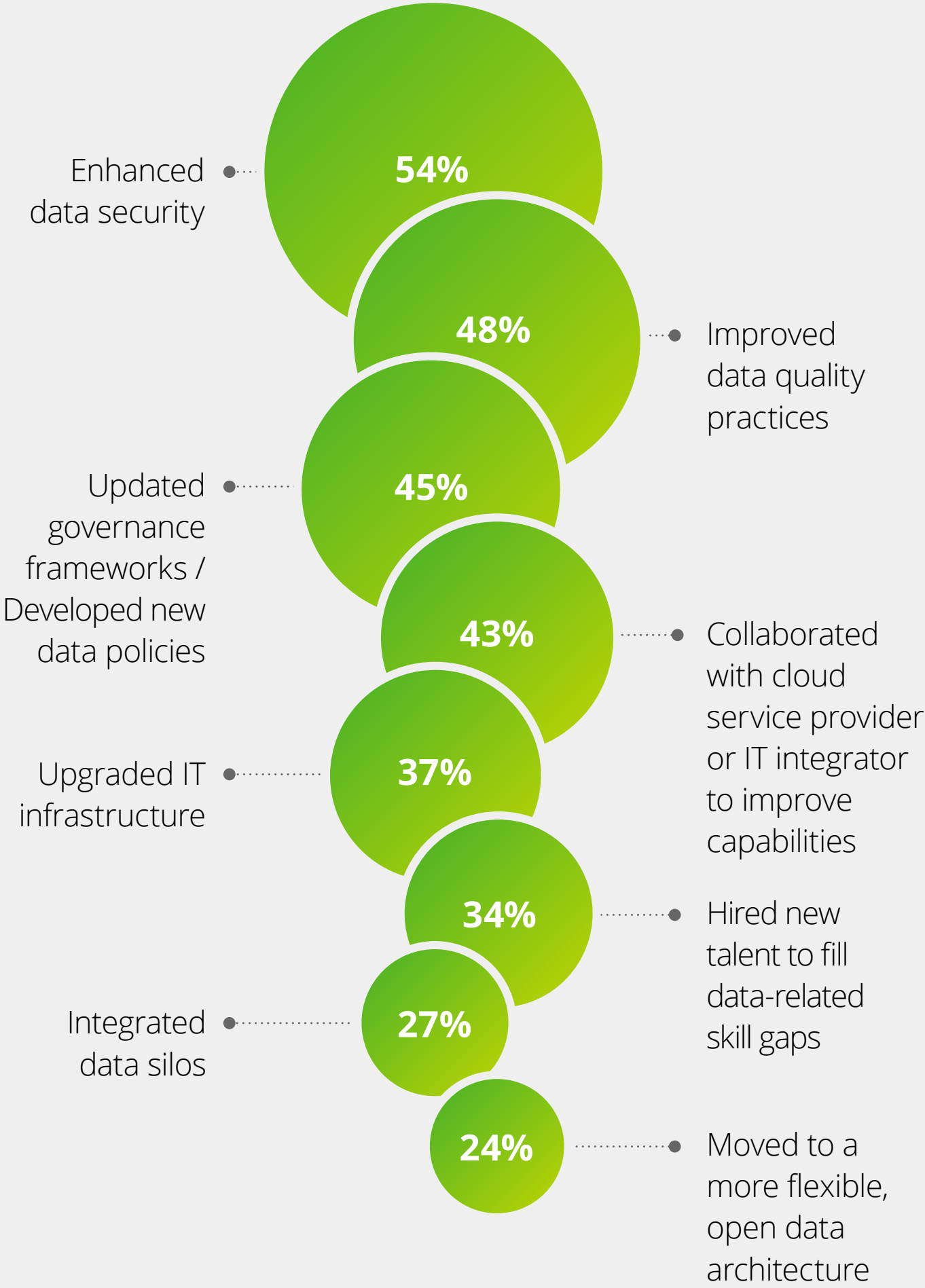


Figure 8 Q: What specific actions has your organization taken to improve its data-related capabilities to support its Generative AI initiatives?
(May/June 2024) N (Total) = 2,770

Now: Key findings

4 Mitigating risks and preparing for regulation

According to our survey respondents, three of the top four barriers to successful development and deployment of Generative AI tools and applications are:

worries about regulatory compliance 36%

difficulty managing risks 30%

lack of a governance model 29%

Currently, these are considered even more significant than other critical barriers such as implementation challenges, a lack of an adoption strategy, and difficulty identifying use cases.

Likely driving these concerns are new and emerging risks specific to the new tools and capabilities—like model bias, hallucinations, novel privacy concerns, trust and protecting new attack surfaces. This environment may be why organizations feel far less ready for the challenges Generative AI brings to risk management and governance—since only 23% rated their organization

as highly prepared. These issues will be increasingly important as activities shift from small-scale pilots to large-scale deployments and Generative AI becomes more deeply embedded into the fabric of organizations. Highlighting the importance, respondents selected effectively managing risks as the second-most reported way to drive the most value for Generative AI initiatives.



Now: Key findings

The chief operations officer and chief of strategy in a financial services company summed up the challenge: “How do you democratize Generative AI across your business while having all of the right controls in place? We have an AI board, we have an ethics framework, we have an accountability model. We want to know who’s using it for what, and that it’s being used in the right way.”

To help build trust and ensure the responsible use of Generative AI-powered tools and applications, organizations are generally working to establish new guardrails, educate their workforces, conduct assessments, and build oversight capabilities.

Specific actions surveyed organizations are currently taking include establishing a governance framework

for using Generative AI tools and applications (51%), monitoring regulatory requirements and ensuring compliance (49%), and conducting internal audits / testing on Generative AI tools and applications (43%) (figure 9). Despite their importance for effective scaling, each of these actions is only being taken by less than roughly half of the organizations we surveyed.

Actions to manage risk

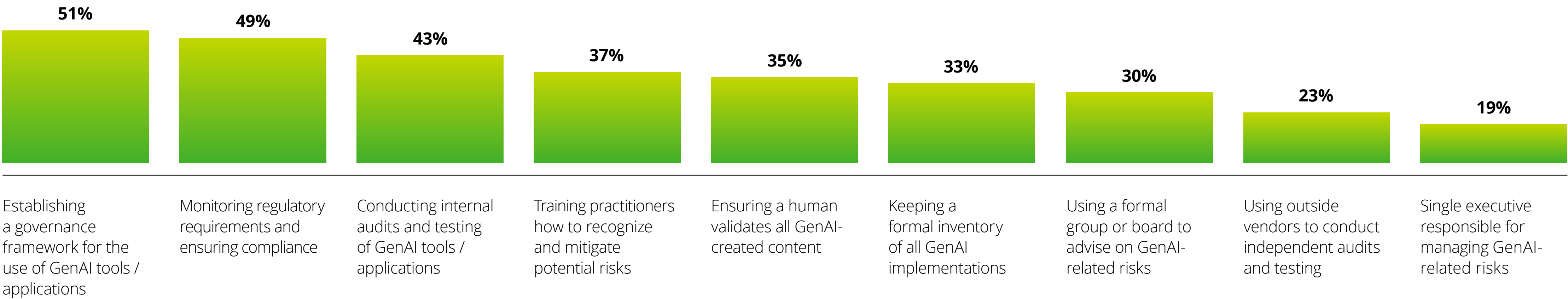


Figure 9

Q: What is your organization currently doing to actively manage the risks around your Generative AI implementations?
(May/June 2024) N (Total) = 2,770

Now: Key findings

78% of leaders surveyed in Q1 agreed that more governmental regulation of AI was needed.

Implementing new processes and controls is rarely easy and will likely require active change management to build support within the organization. “Before launching anything, we have strict AI governance,” said the chief analytics officer at a professional services firm. “In the past we had a bit of a siloed approach, but today, at a minimum, everything has to go through privacy and compliance because we have a methodical way of managing risk. This is new and challenging to some.”

On top of risk and governance issues, Q3 surveyed organizations were exceedingly uncertain about the regulatory environment that may exist in the future (depending on the countries they operate in). In our first quarterly report, 78% of leaders agreed that more governmental regulation of AI was needed. However, there is a difference between theory and practice. Organizations are struggling with regulatory uncertainty, and worries about interpretation and enforcement may be preventing them from pursuing certain use cases in specific geographies.

The uncertainty around AI regulation may make it feel like there could be many varied outcomes, but our research suggests most countries are following a similar path concerning AI policies.² Governments are working to balance protection, innovation and economic benefit, so future actions will likely be in line with the regulatory traditions of each country and region.



Now: Key findings

Some organizations reported taking action to prepare for potential regulatory changes. Top areas include preparing regulatory forecasts or assessments (50%), monitoring by the general counsel (48%), and working with external partners (46%) (figure 10). However, some organizations aren't doing anything to prepare; 14% said they aren't making any specific plans.

How organizations are preparing for regulatory changes

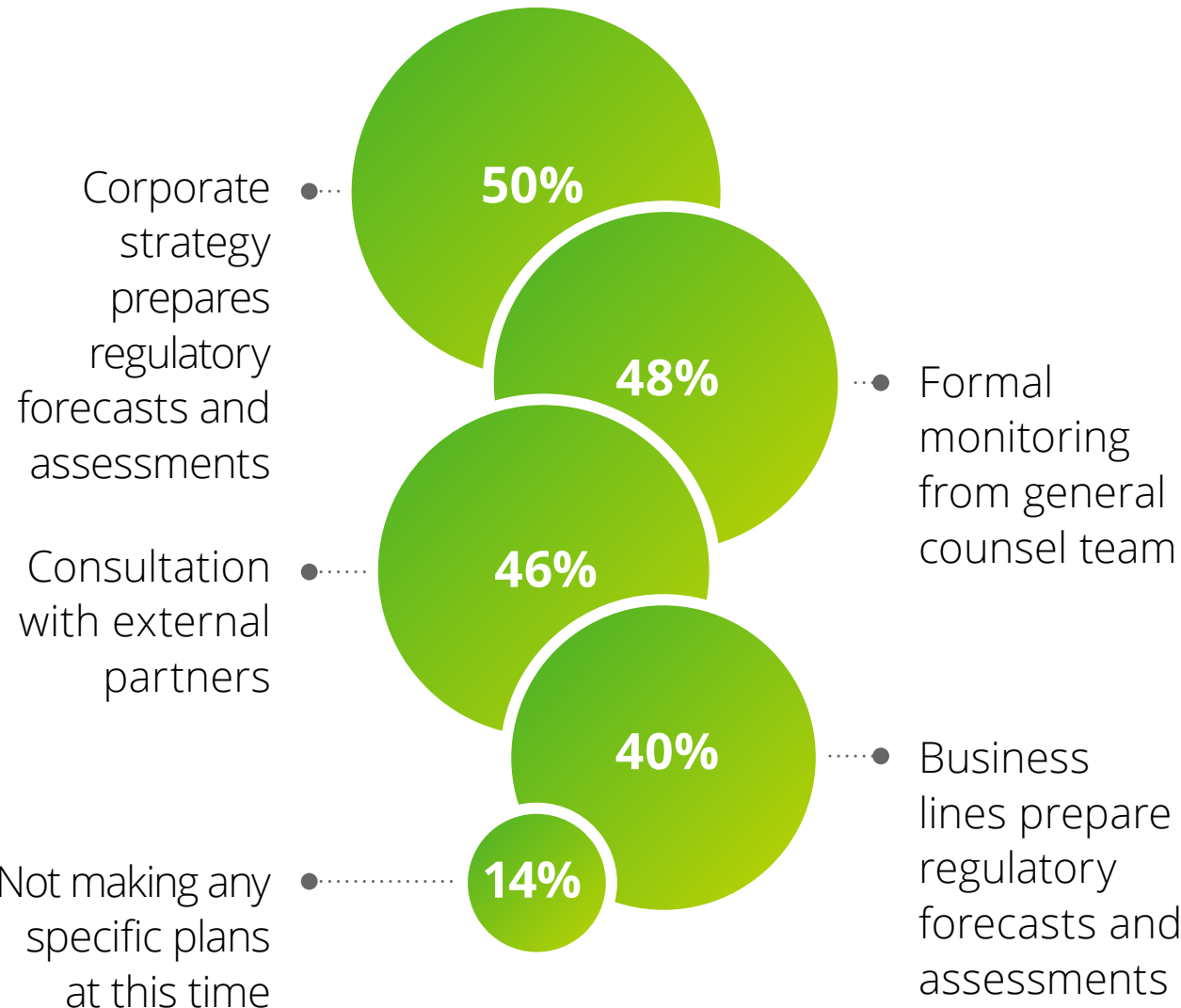


Figure 10

Q: How is your organization preparing for potential regulatory changes with respect to Generative AI?

(May/June 2024) N (Total) = 2,770

Insights from our executive interviews

How some real-world organizations are dealing with compliance, risk management and governance issues

An increasing number of organizations are making risk a central factor when selecting Generative AI use cases and investments. However, many are walking a tightrope—trying to minimize risk without being too risk averse, which could lead to missed opportunities and open the door to competitors.

Here are some risk-related actions revealed through our in-depth executive interviews:

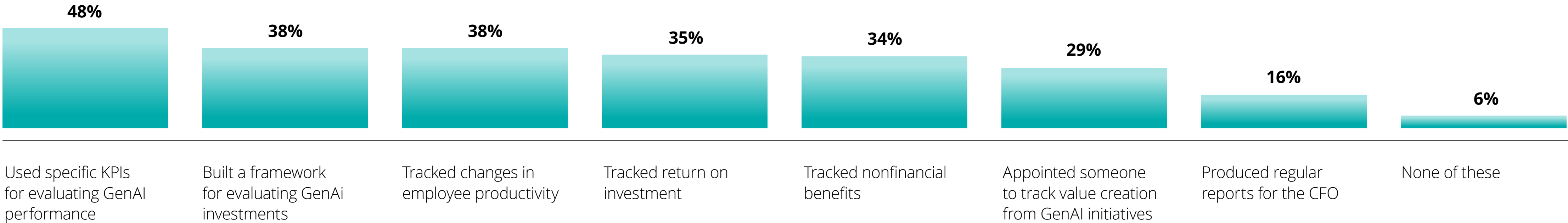
Avoiding specific tools and use cases	> Avoid use cases that could require additional regulatory scrutiny > Shut off access to specific Generative AI tools for staff
Limiting data exposure	> For organizations that rely heavily on owned intellectual property, be extremely cautious when exposing data to Generative AI models > Put in place guidelines to prevent staff from entering organizational data into public LLMs
Employing technology	> Invest in custom solutions throughout the firm's technology stack to enable more control > Build walled gardens in private clouds with safeguards to prevent data leakage into the public cloud
Building frameworks	> Develop strong frameworks with compliance, risk and privacy teams to actively manage risks
Managing regulatory uncertainty	> Work with partners to develop ecosystem solutions for regulatory compliance > Determine how to concurrently address multiple regulations

5 Maintaining momentum by measuring value

Many organizations are still figuring out how to best measure and communicate the value of their Generative AI initiatives. According to this quarter’s survey results, 41% of organizations have struggled to define and measure the exact impacts of their Generative AI efforts. With the high level of experimentation and everything moving so quickly, it may be hard to pause and assess progress in a comprehensive way. (And, we note, the bar on measuring and communicating Generative AI’s impact could soon rise.)

“When it comes to Generative AI, for now, we are doing qualitative assessments,” said the director of AI business development and strategy at a technology company. “However, once you scale past proof of concept, you must have a more quantitative assessment that becomes part of a whole portfolio prioritization process within the organization.”

Actions taken to measure & communicate value



41% of organizations have struggled to define and measure the exact impacts of their GenAI efforts.

A more subjective approach to early Generative AI investment is reasonable when there are few fully scaled examples to rely on as proof points. However, there is growing need to demonstrate value to ensure continued support and funding. Already some enterprises reported they are employing formal approaches to measure and communicate Generative AI value creation, including using specific KPIs for evaluating Generative AI performance (48%) and building a framework for evaluating Generative AI investments (38%) (figure 11). It is worth noting that although a majority (54%) of organizations are seeking efficiency and productivity improvements, only 38% reported they are tracking changes in employee productivity.

Figure 11 Q: What actions has your organization taken to measure and communicate value creation from your Generative AI initiatives? (May/June 2024) N (Total) = 2,770

Now: Key findings

Additionally, only 16% of organizations reported they produce regular reports for the CFO about the value being created with Generative AI. As Generative AI becomes an integral part of how business gets done, we expect increasing focus on traditional financial metrics as organizations start to demand more tangible and measurable results from their Generative AI investments.

In our executive interviews we heard that cost will increasingly become a key factor in decision-making about Generative AI.

Looking ahead, a comprehensive set of financial and nonfinancial measures will be needed to present a

complete picture of the value created from investments in Generative AI initiatives.³ In the future, we may see new metrics emerge that reflect its unique characteristics and capabilities. For example, there could be a metric that quantifies the performance of human workers and Generative AI systems (together vs. separately) on creative and innovation-related tasks.

Figuring out how to effectively measure and communicate the technology's value will be critical for setting expectations and maintaining interest, support and investment from the C-suite and boardroom.

“Just like in any ideation phase, there’s lots of excitement. But streamlining will come when cost becomes a constraint. Then teams that have stronger use cases will be able to spend and create the ROI.”

-Director of data science and AI in the tech industry



Now: Key findings

How are different industries approaching Generative AI?

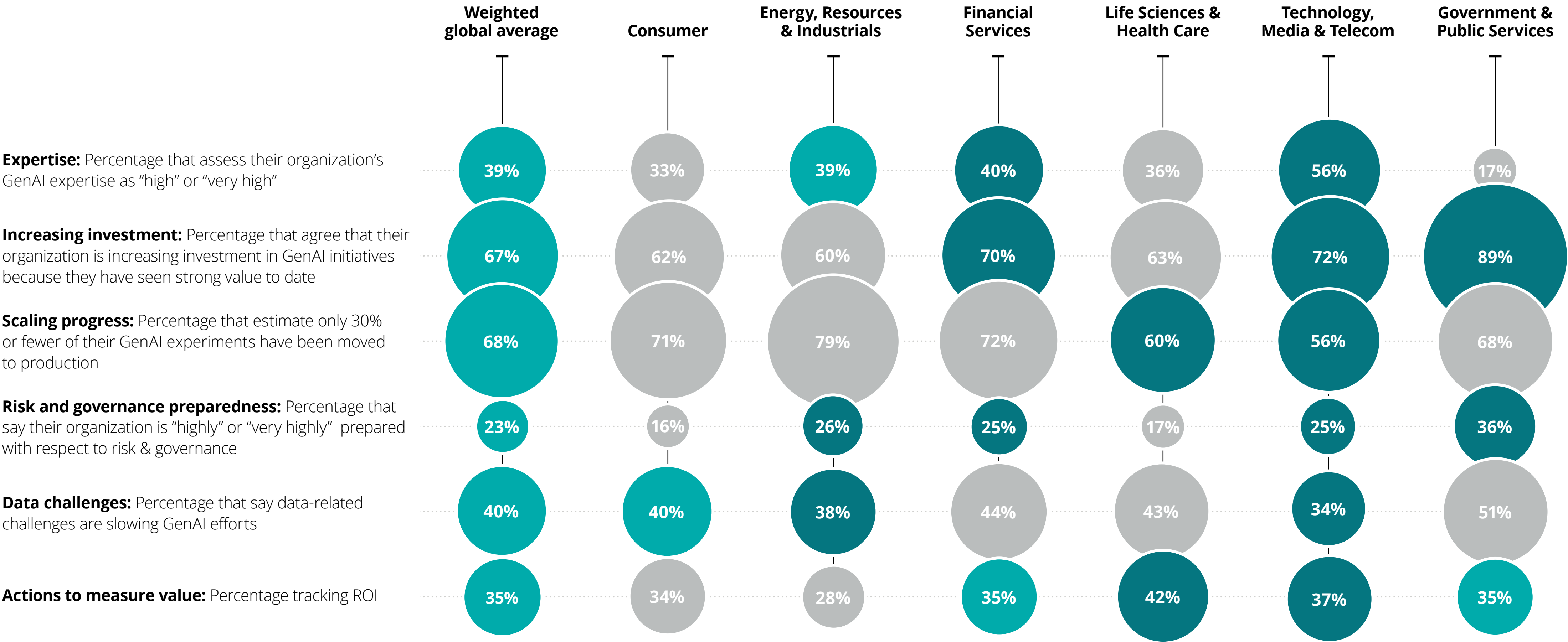


Figure 12

(May/June 2024) N (Total) = 2,770

■ Better than average ■ Average ■ Worse than average



Next: Looking ahead

Next: Looking ahead

+ Build toward transformation with enduring value.

Use Generative AI where appropriate to drive efficiency, productivity and cost reduction through large-scale deployment—but don't stop there.

Consider actively reinvesting the resulting cost savings (and freed-up capacity) to pursue Generative AI's many other potential benefits—including increased innovation, improved products and services, enhanced customer relationships, and revenue growth. Many organizations are already seeing tangible value from Generative AI in these other areas, and such benefits will only become more important in the future. Imagine how Generative AI could combine with your organization's other technologies and strategic initiatives to transform every aspect of your business, not just for improving productivity (doing the same things better), but for innovation (doing new things). Ultimately, the biggest value could likely come from using Generative AI to fundamentally reinvent your business processes.





Next: Looking ahead

+ Focus on fundamentals and adaptability.

Using publicly available large language models (LLMs) and nonconfidential data for efficiency and productivity improvements are likely to become less differentiating over time.

Value will increasingly be driven by more innovative applications of Generative AI and strong enabling processes—like technology governance, data life cycle management, workforce development, and process integration expertise. Additionally, improved organizational flexibility and stronger change management capabilities could also accelerate scaling and drive value. Those capabilities will aid in the quick integration of new models for new uses cases as industries move beyond LLMs to custom domain and industry-specific models and small language models (SLMs).

+ Make data an accelerator, not a barrier.

Many organizations are learning that they can't even get started with Generative AI until they address their data deficiencies. Activities such as LLM tuning and training require high-quality data that is free of issues related to privacy, confidentiality and intellectual property.

In addition, many organizations likely haven't paid as much attention to external data as to existing internal data. As such, data life cycle management should be at the top of every organization's Generative AI priority list. Focus on improving your data foundations (e.g., quality, security, privacy, extraction, labeling). Also, bolster strategic relationships with members of your data ecosystem (e.g., B2B partners, data end users, third-party data providers), just like you have with your key technology vendors.

Next: Looking ahead

+ Democratize responsibly and with accountability.

Leaders grasp how essential governance, risk and compliance are for responsible Generative AI adoption. However, there still seems to be a “knowing” versus “doing” gap for most organizations.

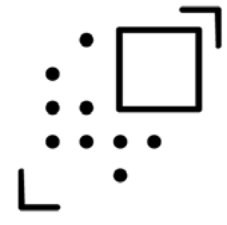
To help ensure your organization isn’t held back by these issues, it’s critical to do three key things. First, boards and C-suites should stay regularly engaged in comprehensive conversations about Generative AI. Second, cross-functional teams should lead the identification and mitigation of risks. Finally, a single executive should be charged with and responsible for managing Generative AI-related risks. This third piece is something very few organizations currently have. This executive should be prepared to manage the unforeseen risks that emerge as experiments scale. This executive should also carefully consider pursuing Generative AI applications using more sensitive data—and not altogether avoiding those use cases. Finally, with regulatory development still in early stages, this executive should ensure that regulatory monitoring and assessments are completed frequently.

+ Measure performance more rigorously.

As Generative AI technologies and use cases mature, organizations will be less inclined to invest based solely on lofty visions, big promises and/or wishful thinking (or fear of missing out).

Establishing more rigorous mechanisms for measuring and communicating the value from Generative AI initiatives can help organizations secure and maintain the funding required for effective large-scale deployment. In the proof-of-concept stage, organizations can often get by with qualitative metrics; and thus far, Generative AI’s results and performance against those metrics have been promising enough to invest more. However, once you get past the initial stage and try to scale, you also need quantitative metrics to measure and communicate value in a more tangible way. And, you need to prepare for oversight and cost pressures to increase over time.





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Methodology

To obtain a global view of how Generative AI is being adopted by organizations on the leading edge of AI, Deloitte surveyed 2,770 leaders between May and June 2024. Respondents were senior leaders in their organization and included board and C-suite members, and those at the president, vice president and director levels. The survey sample was split equally between IT and line of business leaders. Fourteen countries were represented: Australia (100 respondents), Brazil (115 respondents), Canada (175 respondents), France (130 respondents), Germany (150 respondents), India (200 respondents), Italy (75 respondents), Japan (100 respondents), Mexico (100 respondents), the Netherlands (50 respondents), Singapore (75 respondents), Spain (100 respondents), the United Kingdom (200 respondents), and the United States (1,200 respondents).

All participating organizations have one or more working implementations of AI being used daily. Plus, they have pilots in place to explore Generative AI or have one or more working implementations of Generative AI being used daily. Respondents were required to meet one of the following criteria with respect to their organization's AI and data science strategy, investments, implementation approach and value measurement: influence decision-making, are part of a team that makes decisions, are the final decision-maker, or manage or oversee AI technology implementations.

All statistics noted in this report and its graphics are derived from Deloitte's third quarterly survey, conducted May – June 2024; *The State of Generative AI in the Enterprise: Now decides next*, a report series. N (Total leader survey responses) = 2,770

Endnotes

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