The State of GenAI through a Deloitte and Oracle Lens

Generative AI (GenAI) has taken the world by storm. During this time of lightning-fast advancement and adoption, business leaders are being challenged to discern between the hype surrounding GenAI and its genuine ability to disrupt and transform. At the same time, they are being tasked with figuring out how to keep up with a technology that is developing at a breakneck pace.

Feedback from those on the leading edge of GenAI adoption suggest that the path from promise to reality— and from uncertainty to stability—runs through real-world business use cases. Deloitte and Oracle are well-positioned to help functional and technical leaders walk that path. With GenAI embedded into Oracle's full stack of products and Deloitte launching its first wave of Oracle GenAI solutions, Deloitte and Oracle can help businesses across industries understand where they can apply GenAI today to generate tangible results.

As described in Deloitte's survey series, *Now Decides Next: The State of Generative AI in the Enterprise*, many business leaders realize it is time to get real about GenAI. The second quarterly research report, which is featured throughout this piece, shows that organizations are increasingly prioritizing value creation and demanding measurable results from their GenAI initiatives. Moreover, their next steps, whether scaling existing solutions or piloting new ones, may have outsized implications.

The defining time for GenAI is now. How leaders train, apply, govern and work with GenAI at this critical point in its development will determine its impact. Explore the findings from the report series, along with this document, to discover what distinguishes Deloitte and Oracle as the premier providers for those seeking to take the next steps on their AI journeys toward increased operational efficiency, reduced costs, and greater competitive advantage in their respective industries.

Now Decides Next: Oracle Perspective on Key Findings

Highlights from the State of Generative AI in the Enterprise Report: Value Creation

Proving, measuring and communicating value is crucial to an organization's GenAI journey. Survey respondents expect GenAI to deliver a broad range of benefits, with the most common objective—at least in the short term—being improved efficiency and productivity (56%). The percentage of respondents who said their organizations' GenAI initiatives were already achieving expected benefits to a "large" or "very large" extent is 18%–36%, depending on the type of benefit being pursued.

In the survey, many organizations reported they were increasingly emphasizing the need for GenAI initiatives and investments to have clear value objectives and deliver tangible results, rather than simply being viewed as experiments or learning experiences. That said, there are many ways to define and measure value—especially for a technology with the transformational potential of GenAI. Although financial return on investment (ROI) is important, value drivers such as innovation, strategic positioning and competitive differentiation can be even more important. Moreover, GenAI is so new—and advancing so quickly—that accurately estimating benefits is much harder than for an established technology with a proven track record. Therefore, many forward-thinking organizations are implementing GenAI without specific ROI targets as they realize they can't afford to get left behind in this critical and fast-moving market.

> The immediate opportunity we have with GenAI is transform business processes and to bring efficiencies that aren't possible today. GenAI can significantly reduce, not eliminate, the time humans have to spend on these tasks.

- Greg Pavlik
Senior Vice President
AI and Data Management Services
Oracle Cloud Infrastructure

Deloitte and Oracle Perspective

Many organizations are well-positioned to enhance their business operations through AI integration. With Oracle's experience in managing and protecting customer data and Deloitte's inventory of industry-specific use cases, businesses can move forward to get more value out of their data with GenAI. Some opportunities for short-term benefit realization include:

· **Customer Operations:** Automating customer service based on an organization's product suite, experience, and language can improve customer satisfaction and loyalty.

· **Marketing:** Personalizing search, outreach, and customer nurture based on buyer profiles and purchase history can lead to increased conversions and sales.

· **Sales:** Creating virtual sales representatives that guide prospects through offerings during a business transaction can streamline the sales process and improve closing rates.

· **Strategy and Finance:** Monitoring competitors and customer updates from public and private sources can provide valuable insights for business strategy and decision-making.

In the first iteration of GenAI deployment, Deloitte is focused on developing solutions that help business users to perform their jobs more effectively and give them access to data in a timely manner. For example, the procurement co-pilot leverages GenAI to give users the ability to query data from internal and external sources in real-time while they are negotiating with vendors. This in turn can enable them to make more-informed purchasing decisions. Similar solutions for HR and healthcare follow the same principle. These solutions are intended to intelligently reduce effort directed toward otherwise manual or mundane tasks, allowing talent to focus on more complex activities.

Overall, some of the key benefits of GenAI lie in its ability to transform business operations and provide a competitive edge to enterprises. With Oracle's experience in technology and data management, and Deloitte's industry-driven Advise, Implement and Operate capabilities, organizations can harness the power of GenAI to augment human performance and pull ahead of the pack.

Highlights from the State of Generative AI in the Enterprise Report: Scaling Up

Leaders see scaling as essential for creating value, increasing GenAI's impact on the business and expanding the technology's user base. The scaling phase is when GenAI's potential benefits are converted into real-world value. It's also, however, when an organization's potential concerns can become real-world barriers to success. Workforce access to approved GenAI tools and applications remains quite low, with nearly half of surveyed organizations (46%) reporting they provided approved GenAI access to just a small portion of their workforces (20% or less).

Executive interviews pointed to a number of reasons for this overall low penetration rate, mostly revolving around risk versus reward—especially data-related risks. Do the potential rewards of GenAI justify the risks, and can the risks be mitigated? In particular, the survey found widespread concern that allowing workers to use public large language models (LLMs) and GenAI tools might lead to problems with protection of intellectual property and customer privacy. Other areas of concern include data security and quality, explainability of GenAI outputs, and worker mistrust or lack of familiarity with GenAI tools.

Off-the-shelf GenAI solutions for common use cases such as office productivity are arguably the easiest to deploy at scale, but they still require substantial investment, effort and training. For unique and/or more strategic GenAI solutions and use cases, the complexity and challenges increase by leaps and bounds, along with the potential for greater returns.

Deloitte and Oracle Perspective

Data is the fuel of AI. Accordingly, data-related risks are a natural concern for senior leadership and without the right approach and planning can prove to be a formidable barrier to scaling GenAI solutions. With decades of experience managing and protecting customer data, Deloitte and Oracle have the time-tested knowledge needed to help organizations securely leverage relevant data sets (i.e., financial, inventory, sales, etc.) within their GenAI solutions, whether custom-built or off-the-shelf. Moreover, Oracle's database technology helps enable customers to act upon their existing data, wherever it may reside; and its cloud infrastructure and apps can deliver that data wherever it's needed, with all the privacy and protection one would expect.

However, data-related risks aren't the only barrier to deploying GenAI solutions at scale. At times, leaders may not fully understand what a high-performance GenAI solution looks like and why investing in one would make sense. The lack of awareness around the capabilities and benefits of GenAI can lead to misdirected resources and funding, and could directly impact the influence to drive adoption. One way to overcome this hurdle is to demonstrate realistic, value-driven use cases in a hands-on way. Another way is communicating the long-term nature of the journey to key stakeholders so that AI and GenAI discussions and investments are included in the planning and budgeting cycle to complement the organization's business goals. Through workshops, vision labs, or one-on-one consultations, Deloitte and Oracle can help senior leaders understand how GenAI can be used to improve efficiencies and achieve strategic goals over time—all without disrupting the business, creating any insurmountable security risks, or causing an organization to lose control over its enterprise architecture.

Highlights from the State of Generative AI in the Enterprise Report: Building Trust

Lack of trust continues to be one of the biggest barriers to large-scale adoption and deployment of GenAI. In this context, two key aspects of trust are: (1) trust in the quality and reliability of GenAI's output (supported by improved transparency and explainability); and (2) trust from workers that GenAI will make their jobs easier and won't replace them.

Trust issues have not prevented organizations from rapidly adopting GenAI for experiments and proofs of concept, with 60% reporting they are effectively balancing rapid implementation with risk management. Trust is likely to become a bigger issue, however, as organizations transition to largescale deployment. Accordingly, many reported they are currently investing significant time and effort into building guardrails around GenAI. Nonetheless, the survey findings pointed to opportunities for improvement. Thirty-three percent of respondents cited lack of confidence in results as one of GenAI's top risks (third in the list of top 10 risks). And, only 36% of the organizations surveyed reported measuring worker trust and engagement as part of adapting their talent strategies to GenAI.

Deloitte and Oracle Perspective

Through their commitment to delivering high-performance GenAI, Deloitte and Oracle can help organizations build their employees' trust in part through guardrails already embedded into Oracle's GenAI services and products, as well as through implementing governance frameworks that can allow for more transparency and accountability when developing solutions involving customized LLMs or enterprise models.

The primary ways in which GenAI can transform organizations in the near- to mid-term include:
· **Enhanced productivity:** GenAI can automate tasks and improve workflow efficiency, enabling businesses to streamline their operations and boost productivity.
· **Improved decision-making:** GenAI can analyze large amounts of data quickly and accurately, providing valuable insights for making informed business decisions.
· **Innovation:** GenAI can accelerate the development of new products and services, giving businesses a competitive edge in the market.
· **Talent development:** GenAI can augment the capabilities of human workers, allowing them to focus on higher-value tasks and facilitating skill development. Overall, GenAI has the potential to drive significant transformations in various industries, leading to improved efficiency, customer satisfaction, decision-making, and more.

Importantly, these benefits have a large and indispensable human component. While employees may worry that AI will replace them, the applications of AI thus far have been designed to do just the opposite: to reduce human effort in specific tasks, while assisting in problem-solving for more complex work.

Highlights from the State of Generative AI in the Enterprise Report: Evolving the Workforce

Workforce challenges affect GenAI scaling on both the front and back ends. On the front end, organizations need valuable and scarce talent with expertise in GenAI (and data management) to develop and refine their solutions. They also need the overall workforce to be comfortable enough with the technology to use it for improving efficiency and effectiveness. On the back end, organizations need to understand how the workforce could be affected by large-scale GenAI deployment and then develop talent strategies, programs and policies that make sense for the business and workers alike.

Three-quarters of survey respondents expect to change their talent strategies within two years in response to GenAI. The most expected talent strategy impacts are process redesign (48%) and upskilling or reskilling (47%). GenAI is expected to increase the value of some technology-centered skills (such as data analysis) as well as human-centered skills (such as critical thinking, creativity and flexibility), while decreasing the value of other skills.

A key challenge for today's organizations is understanding how to help workers harness the power of GenAI to do their jobs more efficiently and effectively and create more value for the business. In the near term, AI education and fluency will be especially important to fostering adoption and overcoming initial resistance to change. In the longer term, upskilling or reskilling and redesigning work processes and career paths will likely be essential for capturing GenAI's full value and positioning workers for future success.

Deloitte and Oracle Perspective

For many businesses today, a gap exists between their aspirations to deploy GenAI and their ability to do so. While many organizations are still navigating how they approach fine-tuning their workforce to meet the needs of an AI-enabled business environment, the question persists: How do they move forward with GenAI in the meantime, especially when waiting could mean being left behind?

To obtain the specialized knowledge they need, companies often take a multi-pronged approach. Some are investing in building up their own AI capabilities through reskilling and talent development as well as by hiring architects and data scientists to augment their teams. Others are engaging in those activities to some degree but are turning to service providers to quickly expand their capabilities and to access specialized skillsets around AI strategies, data management, model deployment, and more.

In addition to providing AI and GenAI services through the tech stack, Oracle's experience in data privacy, security and management can help customers get the most out of their business data. Additionally, Deloitte, with its significant investment in AI and cloud technologies over the last few years, can offer clients value-driven business transformation services leveraging GenAI.

Together, Oracle and Deloitte can help enterprises bridge their talent gaps so they can successfully navigate the complexities of implementing GenAI and begin unlocking its vast potential for tangible business impact.
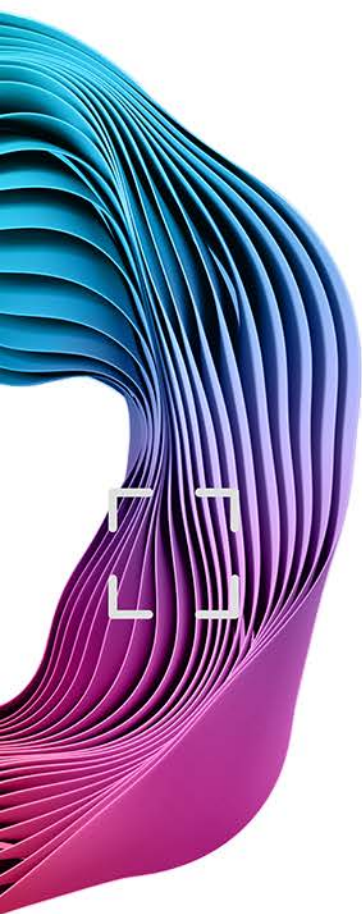
> It's an exciting time to be investing in GenAI, and with the right framework in place, our clients have massive potential to see great benefit from GenAI. The future can be limitless.

- D'Arcy Mathias
Global Oracle Offering and GenAI Leader
Deloitte Inc.

GenAI: The Time is Now

The Deloitte and Oracle alliance leverages innovative technologies to create value for businesses and society alike. Together, they strive to address complex challenges and create opportunities for clients to tap into the vast potential of GenAI to enhance operations, foster innovation, achieve new goals—and ultimately, to stay ahead in today's rapidly evolving landscape.

However, there is still much to discover with GenAI. As it matures and is deployed at scale for various applications, new questions and challenges will become clearer. However, it is imperative not to sit on the sidelines. If you're ready to get in the game—or if you're already in it—Deloitte and Oracle can help you make sense of this fast-moving space, consider practical guidance based on lessons learned, and peer into your business's future with GenAI.

Learn more about GenAI and sign up for updates at *https://www.deloitte.com/global/en/alliances/oracle.html*