

July 2024

DETAILED FINDINGS

From The Benchmark Report: AI — State of Adoption 2024

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Suparna Chawla Bhasin & Mark Vigoroso

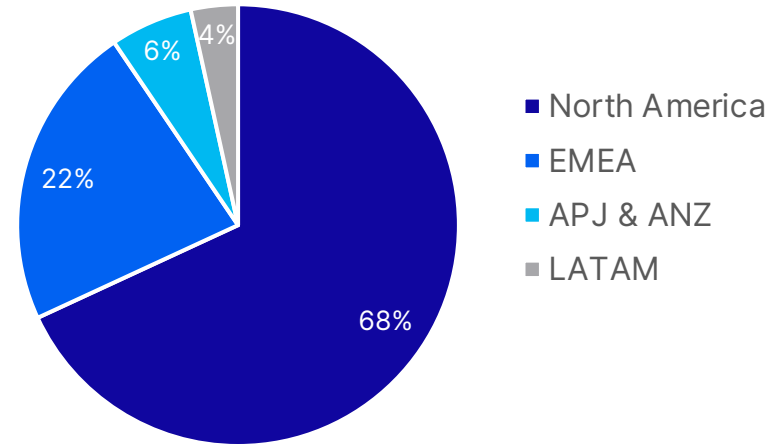
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Between April and July 2024, SAPinsider surveyed 164 members of its community on strategies, challenges and priorities around AI adoption.

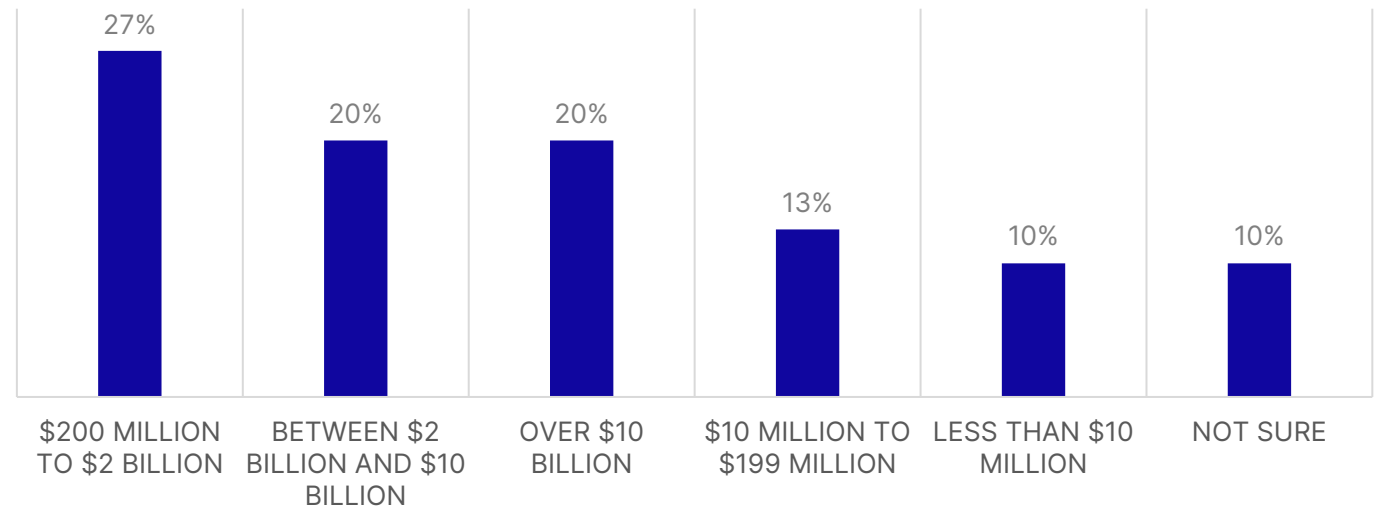
Survey participants from various geographical regions worldwide represented diverse organization sizes, contributing to a comprehensive dataset.

The primary objective of the survey was to gather insights from professionals who play a pivotal role in taking decisions pertaining to the adoption and use of AI in their organizations, including understanding the technology prerequisites for AI and exploring the decision-making process behind choosing whether to build, buy, or combine both approaches for AI solutions.

Region



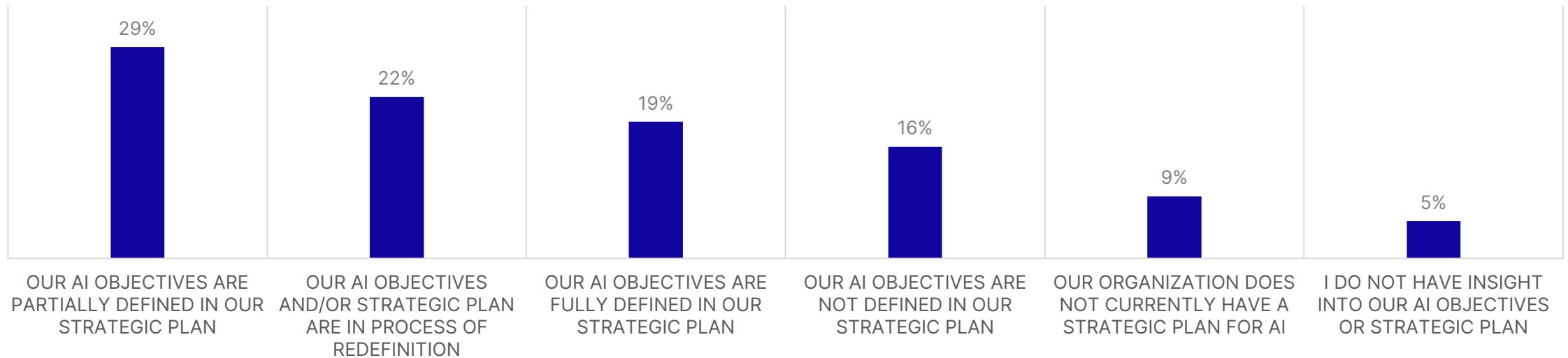
Revenue



2

The varying degrees of AI integration into strategic plans suggest a spectrum of maturity and readiness across organizations. Almost one-third of organizations have their AI objectives partially defined in their strategic plans (29%). This indicates that while AI is a consideration, these organizations are still in the process of fully integrating it into their strategic frameworks. Those with fully defined AI objectives (19%) are likely to be more advanced in their AI journey, whereas those in the process of redefining (22%) or lacking AI plans (9%) might still be exploring the potential benefits and applications of AI. This indicates that AI strategies are still evolving, which could be driven by rapid advancements in AI technology, changing market dynamics, or the need to stay competitive.

AI Objectives Defined in Strategic Plans

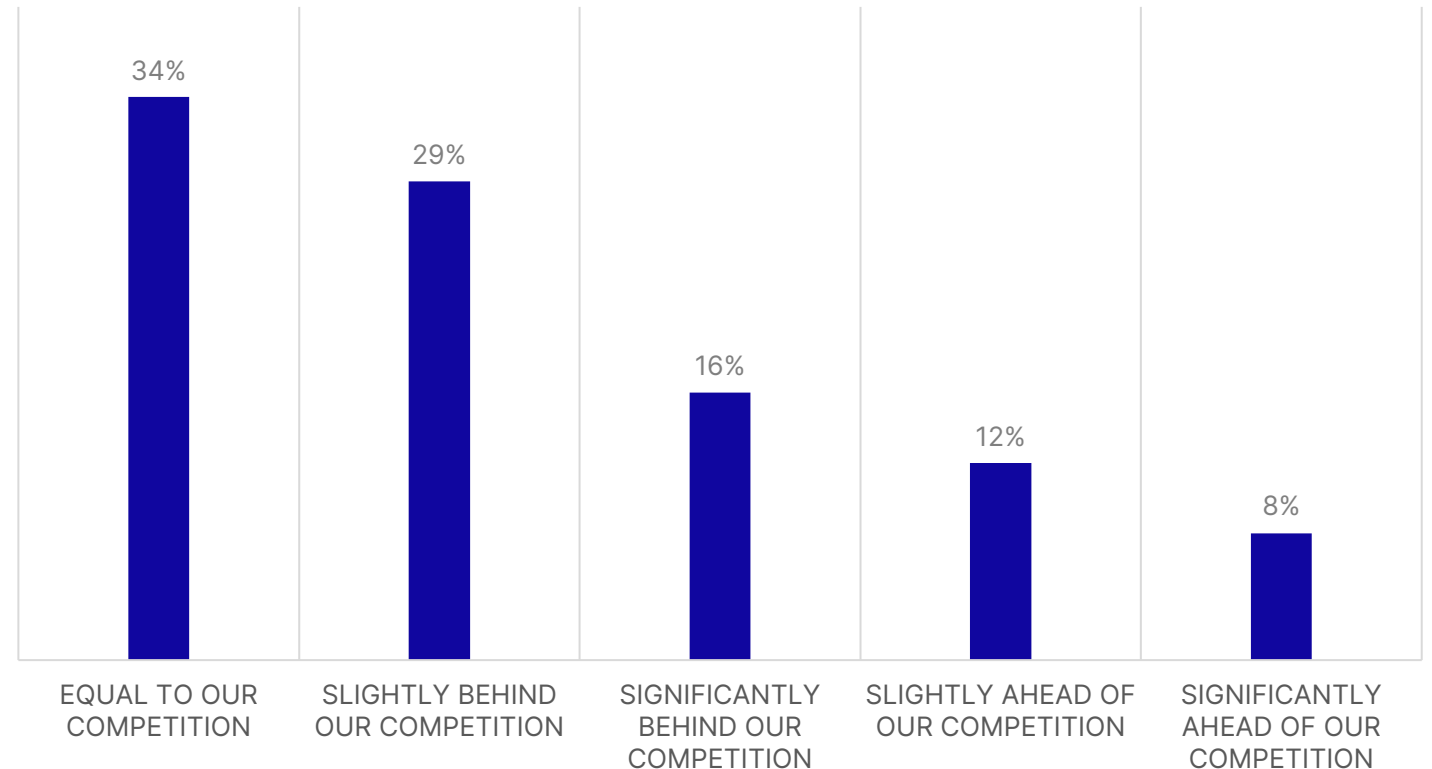


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Data reveals a varied perspective on AI capabilities maturity among organizations. The largest group of organizations (34%) reported their AI capabilities at par with their competitors, indicating a common benchmark level of AI integration across many organizations.

However, 29% still view themselves as slightly behind their competitors, indicating that while some organizations lead in AI adoption, many recognize the need for enhancement or are in the process of advancing their AI integration to keep up with the competition.

AI Maturity in Organizations



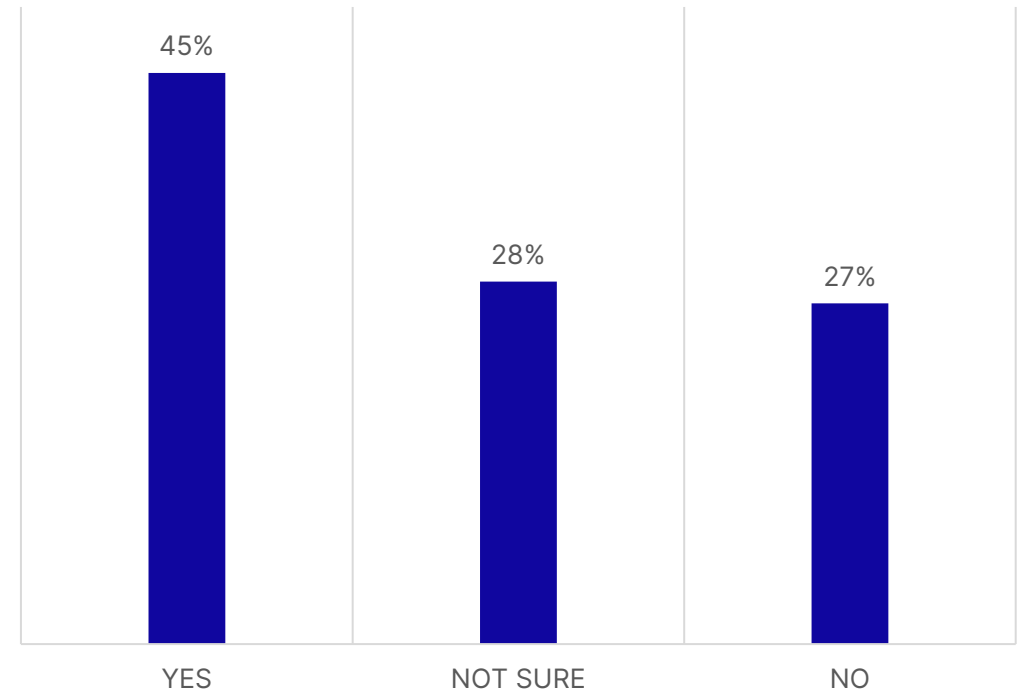
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Data underscores a mixed level of preparedness for future AI advancements, with nearly half of the organizations feeling ready, while the rest are either uncertain or unprepared.

Nearly half (45%) of the respondents believe their organizations are adequately prepared for future AI advancements. This indicates that a substantial number of organizations are confident in their preparedness for AI advancements over the next five years, showcasing strong infrastructure and capabilities to adapt to upcoming changes and innovations in AI technology.

Additionally, over a quarter of the respondents uncertain about their prepared for future AI advancements (28%) while 27% do not feel prepared. indicates a pressing need for action. This emphasizes the need for heightened attention to strategic planning, resource allocation, and continuous learning. Such measures are essential to ensure that organizations can successfully navigate and adapt to the rapidly evolving AI landscape.

AI-Readiness in Next 5 Years



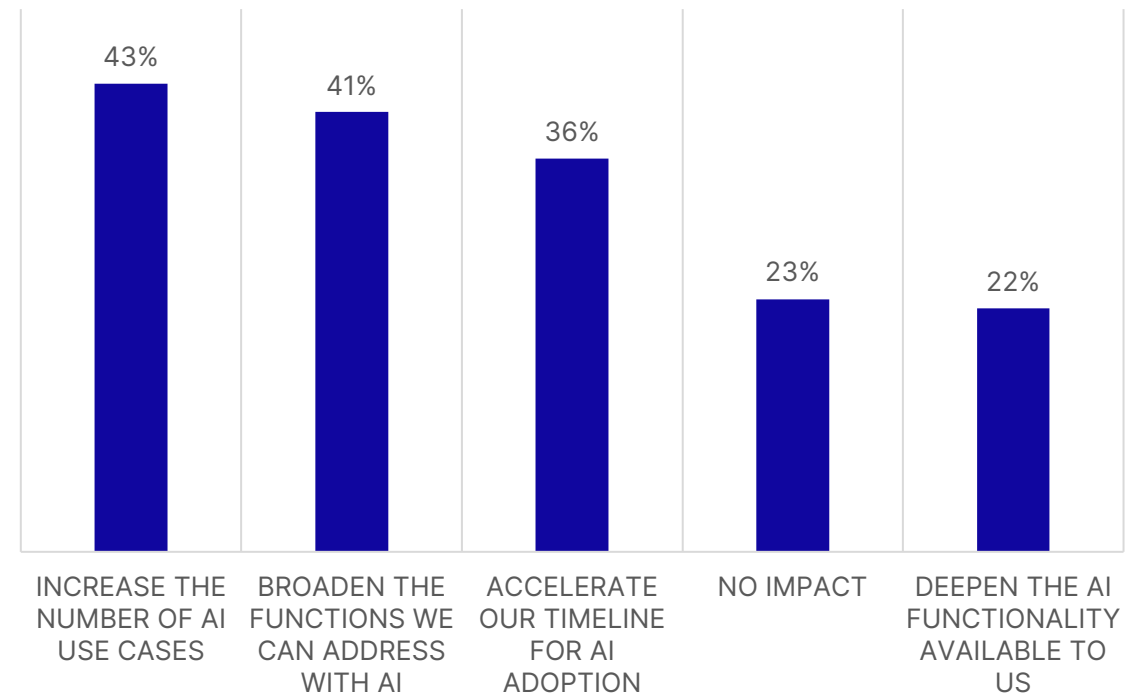
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SAP is making clear strides in integrating Business AI across its product portfolio. SAP S/4HANA is perceived as a significant driver for AI adoption, with the potential to expand use cases, broaden functional applications, and accelerate implementation timelines. Organizations that effectively leverage this platform are likely to see enhanced AI capabilities and improved business outcomes.

43% of survey respondents expect SAP S/4HANA to enable an increase in the number of AI use cases. This suggests that the platform provides a robust infrastructure that supports the implementation and scaling of diverse AI applications across various business functions. Additionally, 41% of respondents believe that SAP S/4HANA will broaden the range of functions they can address with AI and over a third (36%) expect SAP S/4HANA to accelerate their timeline for AI adoption.

This indicates SAP S/4HANA's advanced features and capabilities can streamline the implementation process, allowing organizations to adopt AI technologies more quickly and effectively.

SAP S/4HANA Impact on AI Adoption



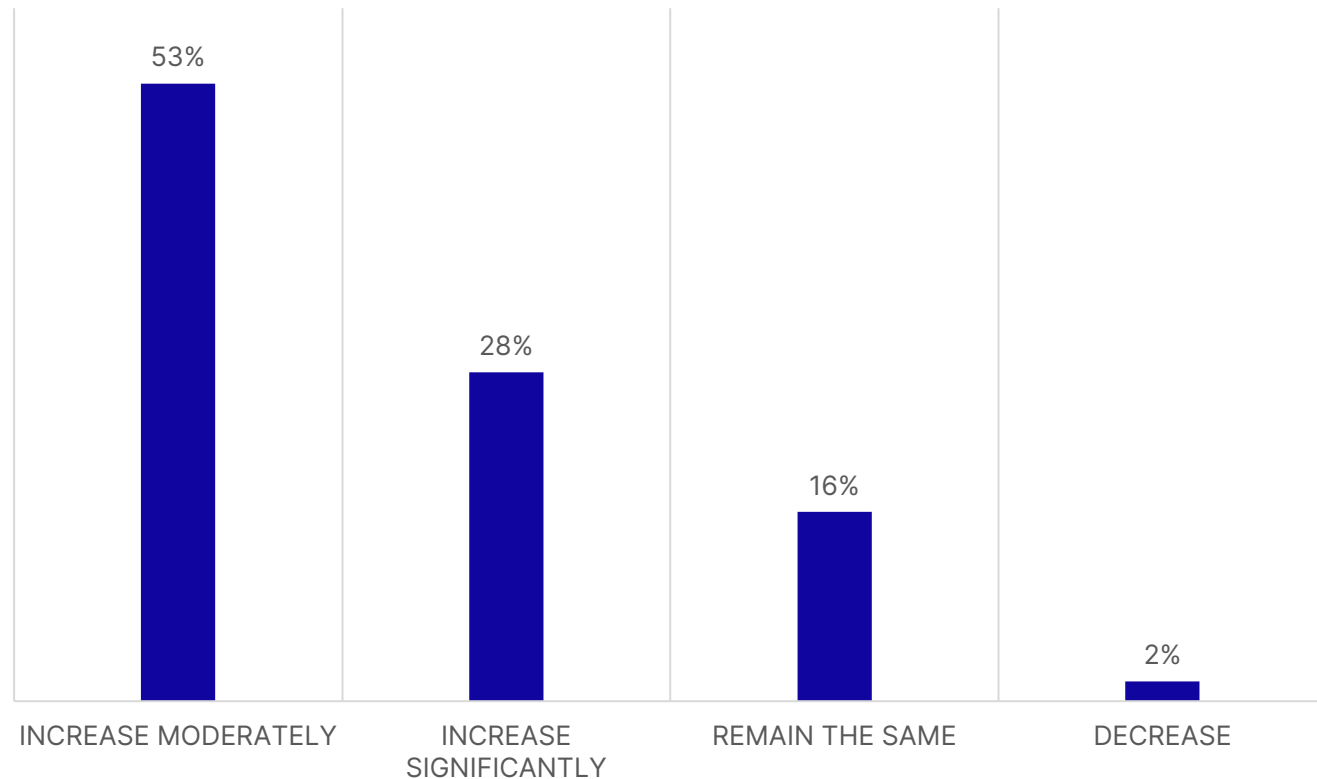
6

There is a strong trend toward increased investment in AI adoption, with the majority of organizations (53%) planning to raise their budgets either moderately or significantly.

This underscores the growing importance of AI in driving business innovation and efficiency. Only a small fraction of organizations (16%) expect no change or a decrease in their AI budgets, indicating that AI remains a strategic priority for most.

Organizations are viewing AI as crucial for driving innovation and achieving a competitive advantage, thus warranting significant investment.

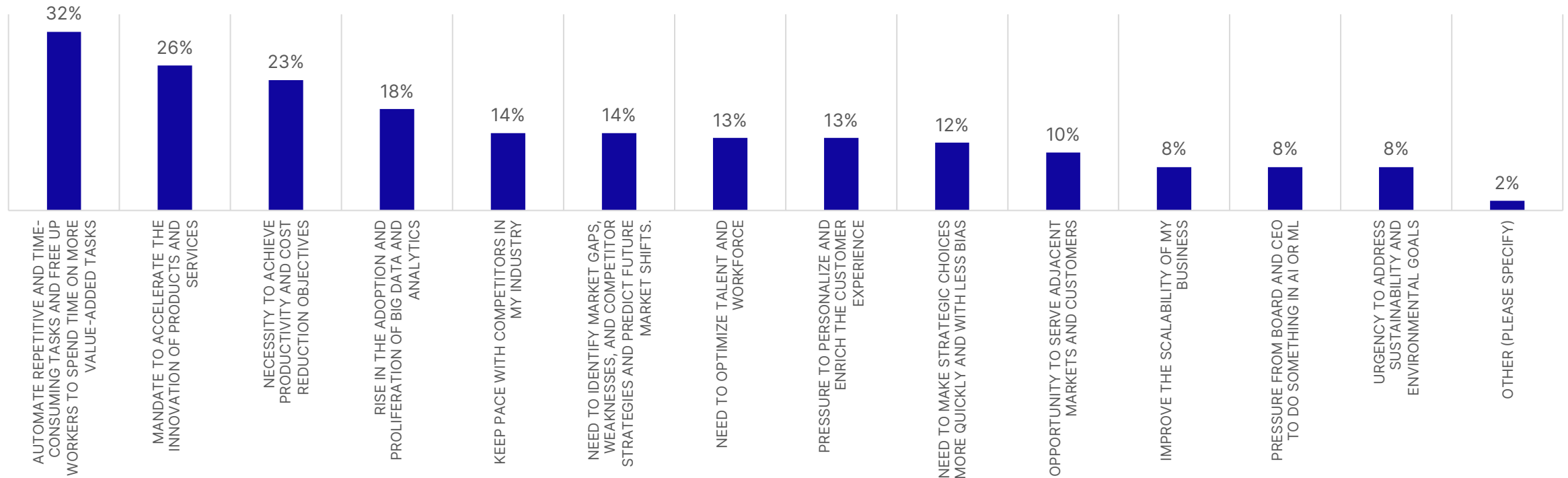
Budget Allocation for AI Adoption in Next 2 Years



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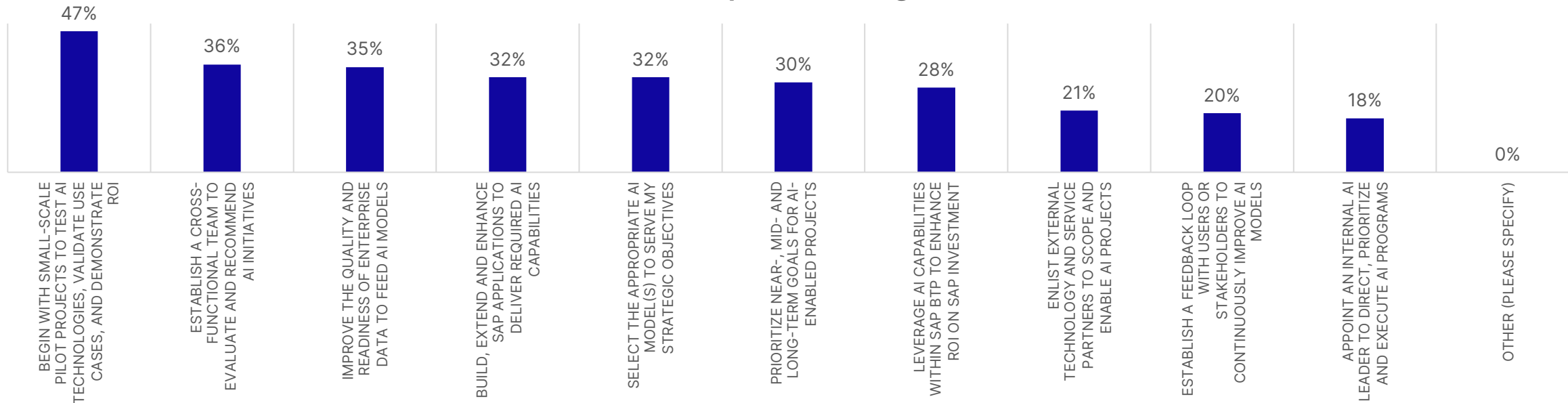
The primary driver, highlighted by 32% of respondents, is the imperative to automate repetitive and time-consuming tasks, which suggests a strategic shift towards enhancing operational efficiency and reallocating human resources to higher-value tasks, which can significantly impact overall productivity and competitiveness. The emphasis on innovation, with 26% of respondents prioritizing the acceleration of product and service development, reflects the growing need for businesses to stay ahead in a rapidly evolving market, while productivity and cost reduction objectives (23%) underscore the ongoing efforts to streamline operations and improve financial performance.

Drivers Influencing AI Adoption



Data underscores a pragmatic and strategic approach to AI adoption within organizations. Initiating small-scale pilot projects, as preferred by 47% of respondents, reflects a cautious yet progressive method to explore AI technologies. This approach allows businesses to experiment and learn in a controlled setting, ensuring that AI solutions are viable and beneficial before committing to larger investments. It also provides tangible evidence of ROI, which can be critical in securing stakeholder buy-in for broader implementation. Additionally, the emphasis on forming cross-functional teams, noted by 36% of respondents, highlights the recognition that AI initiatives require diverse skills and perspectives. Collaborative efforts from different departments can lead to more comprehensive and effective AI strategies, ensuring that the technology is aligned with the organization's goals and integrates seamlessly into existing workflows.

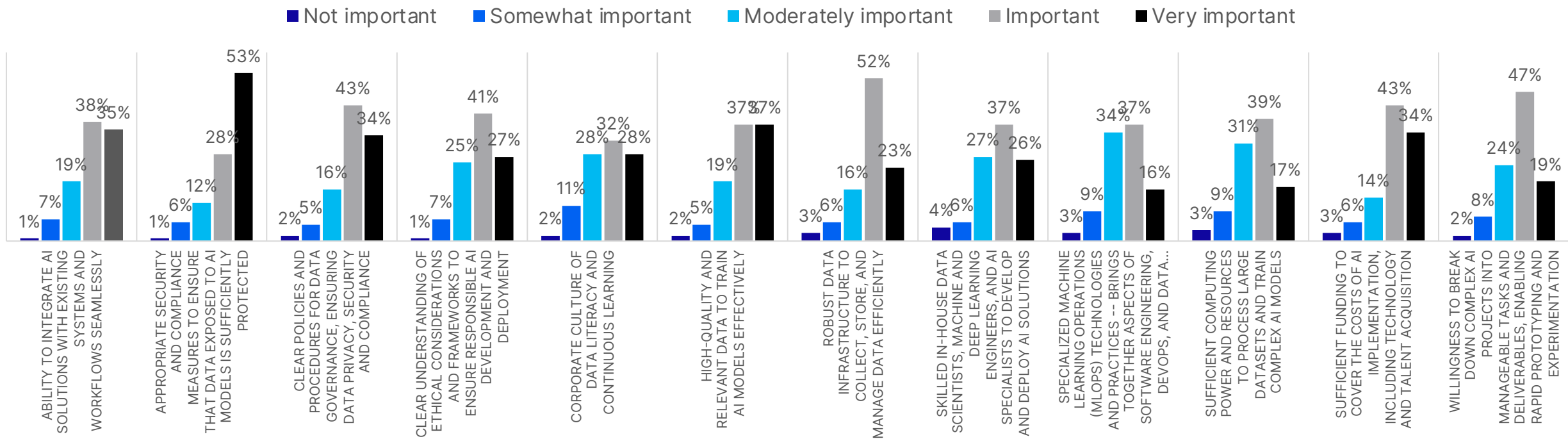
AI Adoption Strategies



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Findings indicate a strong emphasis on foundational elements such as data infrastructure, talent, funding, and clear policies, which are critical for the successful implementation and scaling of AI solutions. The high priority placed on appropriate security and compliance measures, as highlighted by 53% of respondents considering it very important, underscores the critical necessity of ensuring data protection in AI implementations. This focus reflects the increasing awareness and concern about data privacy, security breaches, and regulatory compliance. Given that AI models often handle large volumes of sensitive and personal information, safeguarding this data is crucial for maintaining user trust and adhering to legal requirements. Robust security protocols and compliance measures are essential to prevent unauthorized access, data leaks, and misuse, thereby protecting both the organization and its stakeholders.

Requirements for AI Implementation

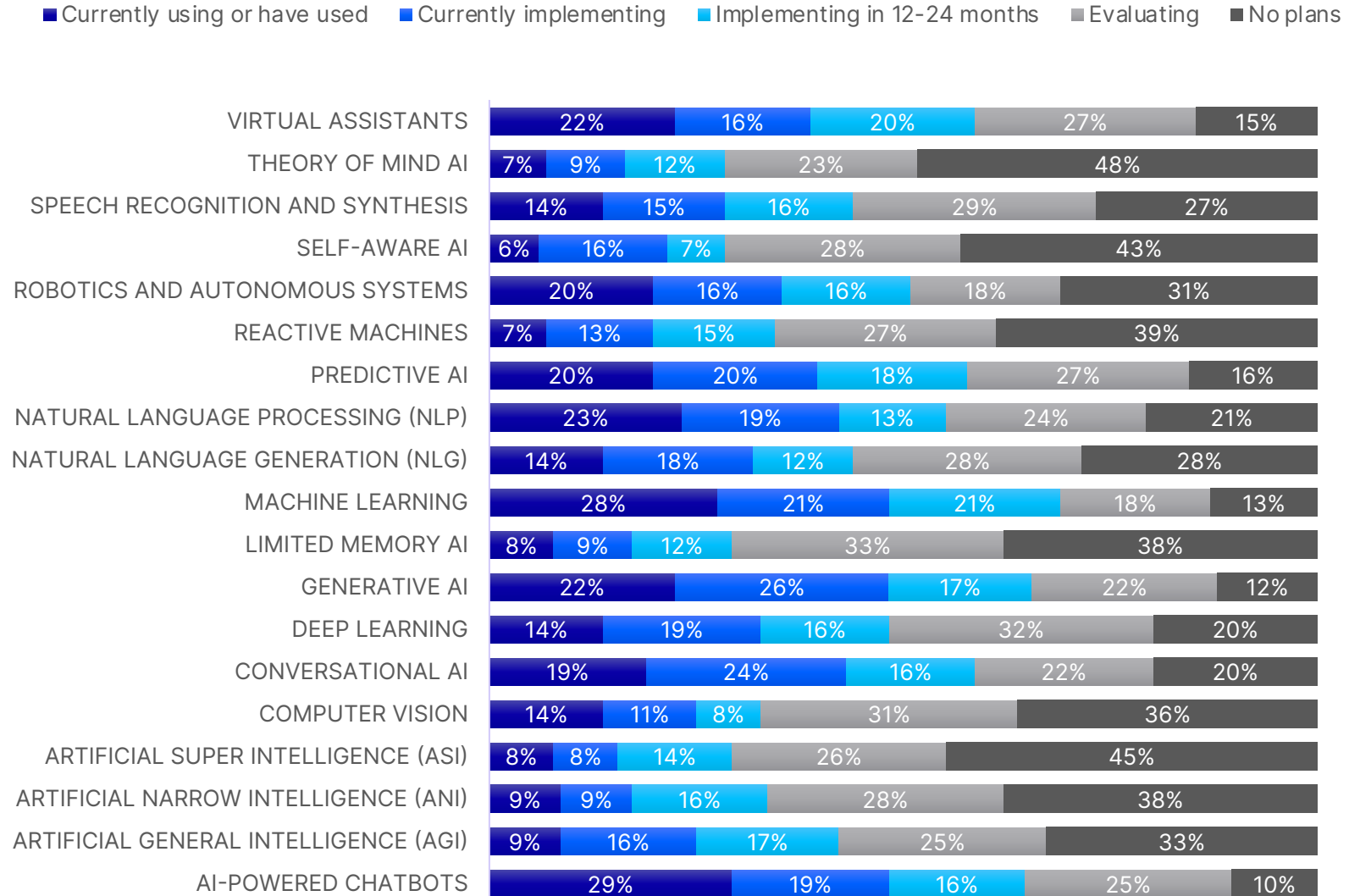


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The data indicates a notable trend in the adoption and exploration of advanced AI technologies within organizations. While 29% of organizations are actively using AI-powered chatbots, which suggests a significant level of maturity in leveraging conversational AI for customer service and operational efficiency, a larger segment, 32%, are evaluating deep learning and its benefits.

This highlights the growing interest in more sophisticated AI technologies that have the potential to drive deeper insights and more complex problem-solving capabilities.

Technologies for AI



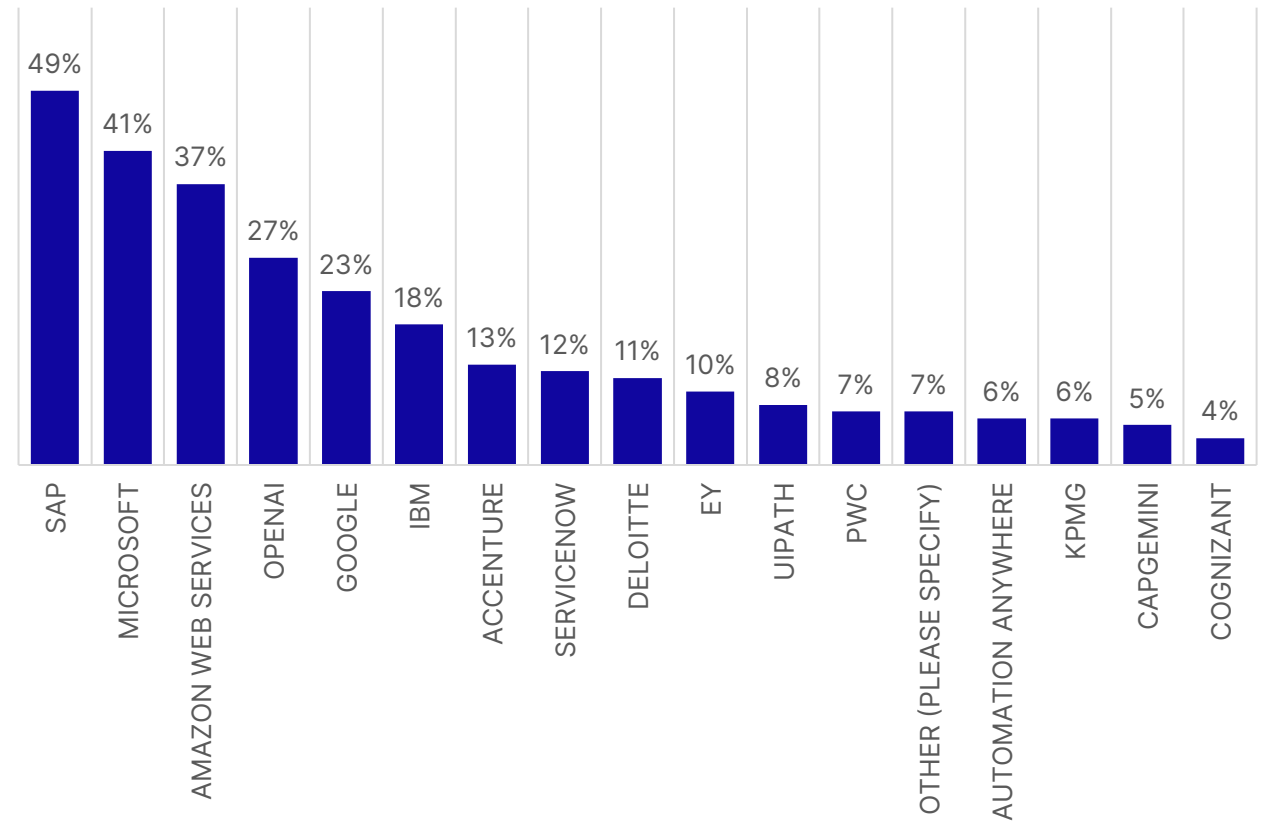
11

SAP leads the market when it comes to companies choosing partners for their AI initiatives. Being chosen by 49% of respondents highlights its strong market presence and perceived reliability in delivering AI solutions. Microsoft follows with 41%, showcasing its extensive ecosystem and robust AI capabilities through platforms like Azure.

Amazon Web Services (AWS) is selected by 37% of respondents, reflecting its dominance in cloud services and scalable AI infrastructure. OpenAI, with 27%, underscores the growing interest in cutting-edge AI research and advanced models like GPT.

Google at 23% and IBM at 18% demonstrate the importance of consultancy services and technological innovation in AI adoption. Accenture (13%) and ServiceNow (16%) indicate a preference for specialized enterprise solutions and AI expertise.

Partner Selection for AI Initiatives

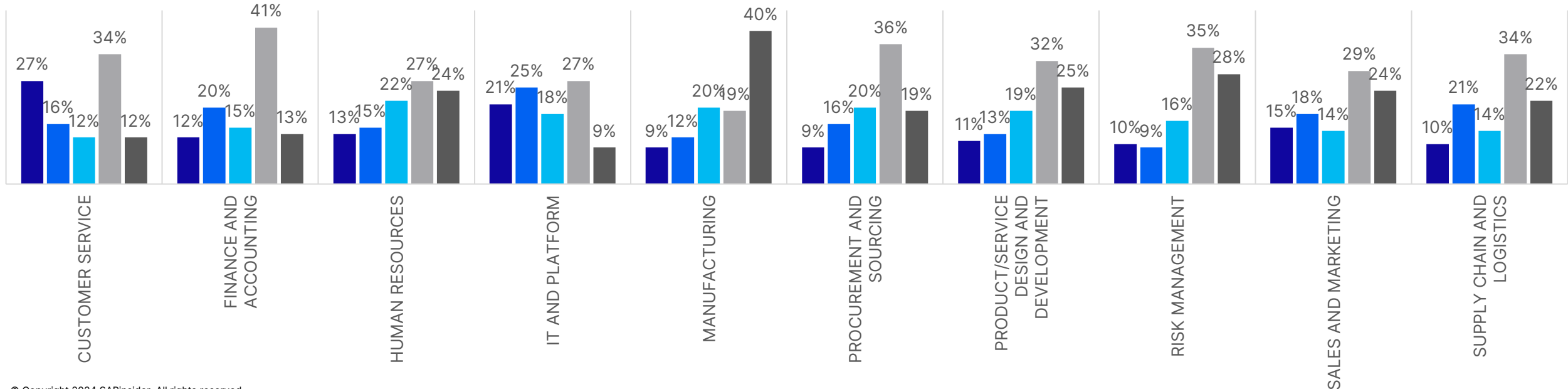


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Data suggests that while AI adoption is progressing, organizations are cautious toward its application in core operational areas, emphasizing the need for continued development and validation of AI technologies to meet these specialized demands. While 27% of organizations are currently using or have used AI for customer service, its adoption is extremely low for other business functions. Surprisingly, a significant number of organizations are still in the evaluation phase for integrating AI into core business functions such as Finance & Accounting, Procurement & Sourcing, Product Service Design and Development, Risk Management, and Supply Chain and Logistics. This hesitancy could be attributed to the complexity and critical nature of these functions, where the integration of AI requires robust data management, high accuracy, and compliance with stringent regulatory standards.

AI Implementation for Business Functions

■ Currently using or have used AI ■ Currently implementing AI ■ Implementing AI in 12-24 months ■ Evaluating AI ■ No plans for AI

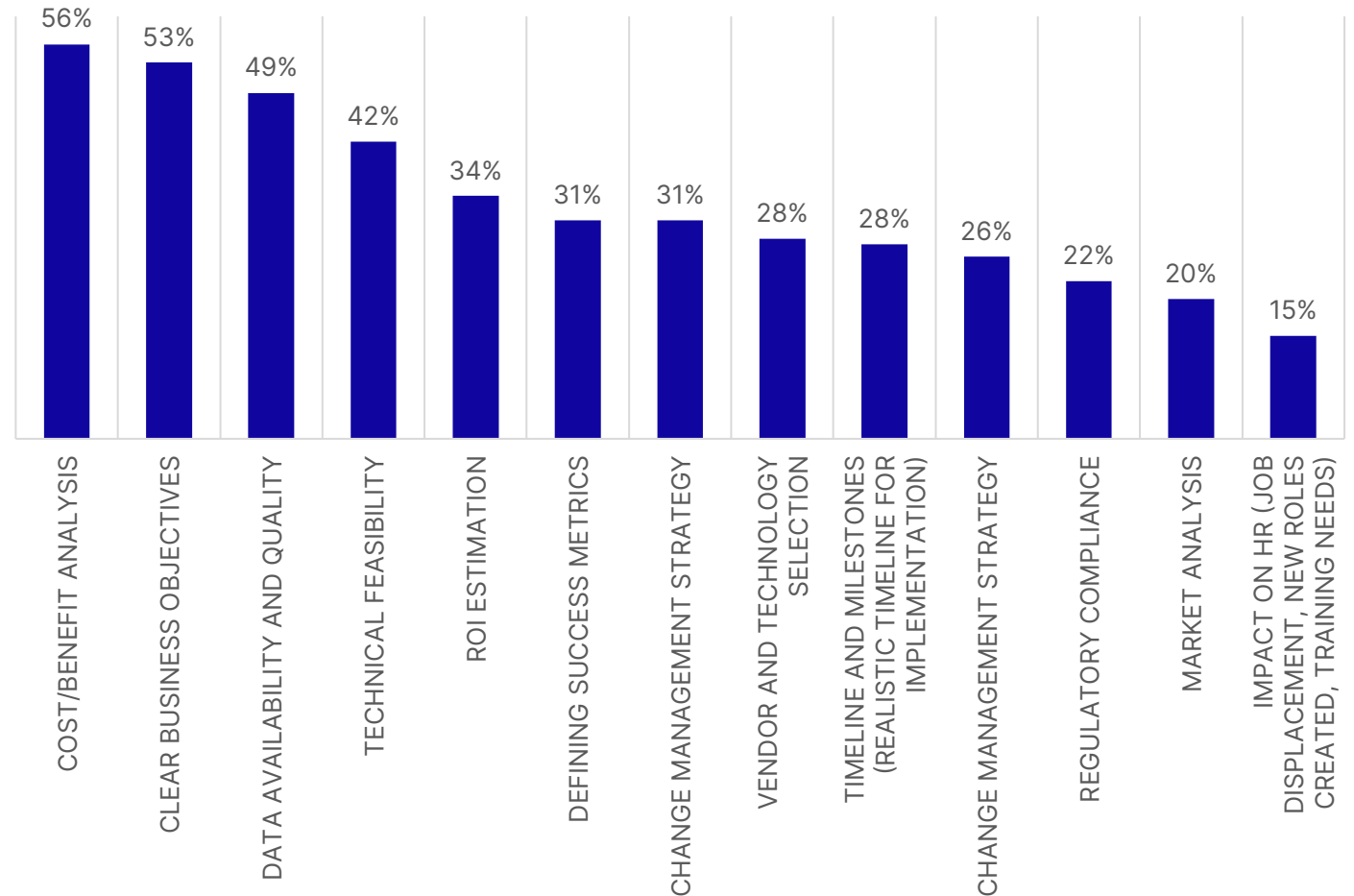


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Cost/Benefit Analysis emerges as the most critical factor, according to 56% of respondents followed by **Identifying clear business objectives** as important by 53% of respondents. This suggests that while organizations prioritize understanding the financial implications and potential returns on investment when considering AI projects, it is also necessary to align AI initiatives with the strategic goals and needs of the organization to ensure relevance and focus.

Additionally, almost half of the respondents (49%) emphasize the importance of data availability and quality while 42% stress the importance of technical feasibility — all essential for training effective AI models and achieving accurate, reliable results.

Factors Influencing AI Business Case Development

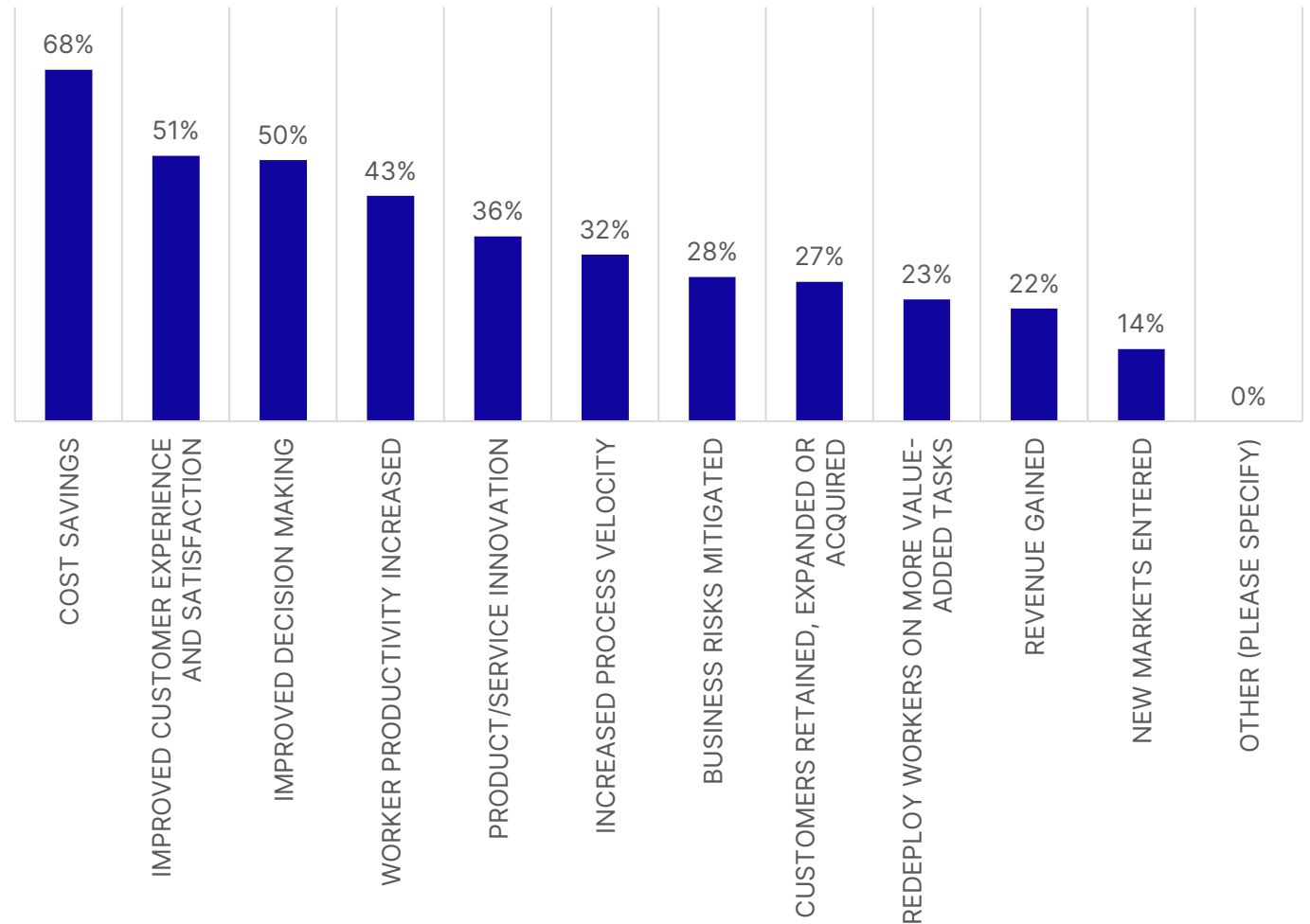


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The most significant benefit, cited by 69% of respondents, is cost savings, highlighting a strong emphasis on financial efficiency and AI's potential to reduce operational expenses. Improved customer experience and satisfaction, noted by 51% of respondents, underscores the importance of leveraging AI to enhance customer interactions and service quality.

Improved decision-making cited by 50% of respondents, highlight the value placed on AI's ability to provide actionable insights, while 43% report increased worker productivity and optimize workforce efficiency. Additionally, product and service innovation, cited by 36% of respondents, reflects the role of AI in driving creativity and developing new offerings.

AI Implementation Benefits

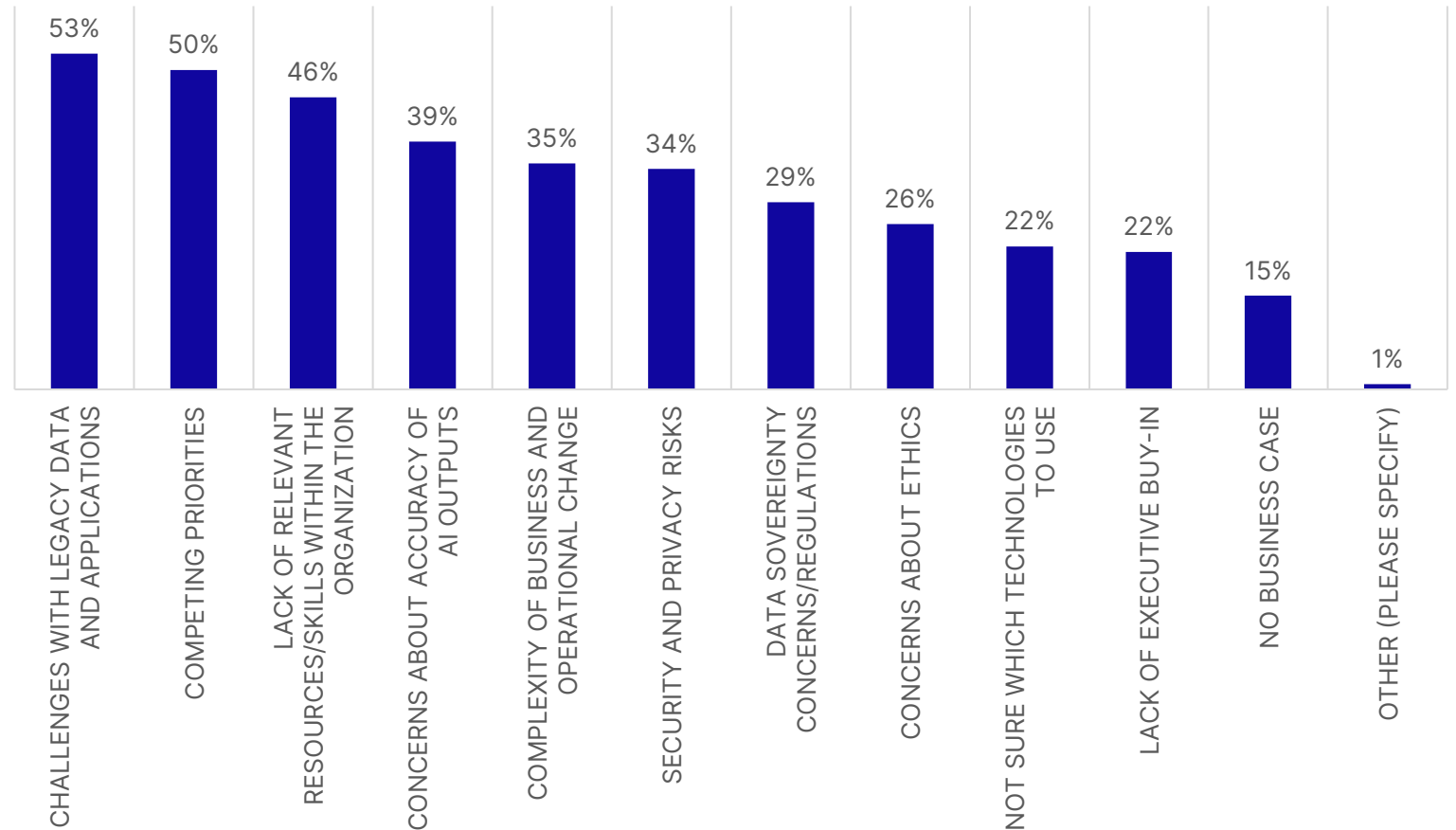


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The findings reveal a multifaceted set of challenges, ranging from technical and infrastructural issues to organizational, regulatory, and ethical concerns, all of which must be addressed to successfully implement AI solutions.

The most significant challenge, cited by 53% of respondents, is dealing with legacy data and applications, competing priorities are identified as a challenge by 50% of respondents, while the lack of relevant resources and skills within the organization is a concern for 46% of respondents.

Challenges with Implementing AI



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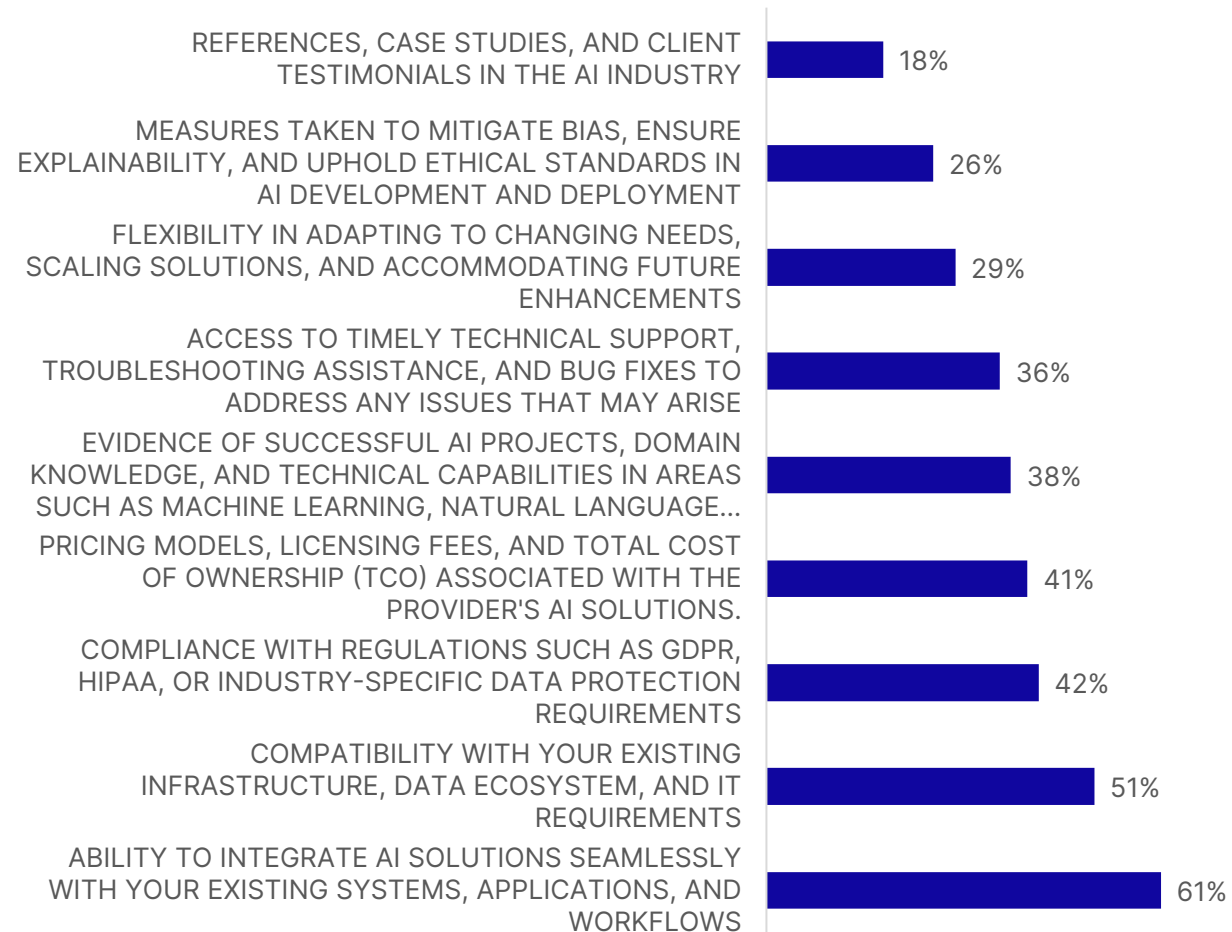
It is evident that organizations are highly discerning when selecting AI technology or service providers, prioritizing several key factors to ensure successful integration and long-term value. The leading criterion, highlighted by 61% of respondents, is the seamless integration of AI solutions with existing systems, applications, and workflows. This underscores the necessity for AI technologies to be compatible with SAP's robust ecosystem, ensuring minimal disruption and maximum efficiency.

Compatibility with existing infrastructure, data ecosystems, and IT requirements, important to 51% of organizations, further emphasizes the need for AI solutions that can easily align with SAP's integrated environment. Compliance with regulations such as GDPR, HIPAA, or other industry-specific data protection requirements, crucial for 42%, highlights the importance of adhering to stringent data governance standards, a cornerstone of SAP's commitment to security and compliance.

Cost-related considerations, including pricing models, licensing fees, and total cost of ownership (TCO), are significant for 41% of respondents. This indicates that organizations are looking for transparent and sustainable financial models, an area where SAP's flexible pricing and value-driven approach can provide a competitive edge.

Overall, data reflects a comprehensive set of criteria that organizations use to evaluate AI providers, aligning closely with SAP's strengths in integration, compliance, cost-efficiency, technical expertise, scalability, and ethical standards. This alignment positions SAP favorably in meeting the diverse and evolving needs of organizations embarking on their AI journey.

Key Criteria for Selecting AI Tech or Service Providers





AI — State of Adoption 2024



DRIVERS

- Automate repetitive and time-consuming tasks and free up workers to spend time on more value-added tasks (32%)
- Mandate to accelerate the innovation of products and services (26%)
- Necessity to achieve productivity and cost reduction objectives (23%)
- Rise in the adoption and proliferation of big data and analytics (18%)
- Keep pace with competitors in my industry (14%)
- Need to identify market gaps, weaknesses, and competitor strategies and predict future market shifts (14%)
- Need to optimize talent and workforce (13%)
- Pressure to personalize and enrich the customer experience (13%)
- Need to make strategic choices more quickly and with less bias (12%)



ACTIONS

- Begin with small-scale pilot projects to test AI technologies, validate use cases, and demonstrate ROI (47%)
- Establish a cross-functional team to evaluate and recommend AI initiatives (36%)
- Improve the quality and readiness of enterprise data to feed AI models (35%)
- Build, extend and enhance SAP applications to deliver required AI capabilities (32%)
- Select the appropriate AI model(s) to serve my strategic objectives (32%)
- Prioritize near-, mid- and long-term goals for AI-enabled projects (30%)
- Leverage AI capabilities within SAP BTP to enhance ROI on SAP investment (28%)
- Enlist external technology and service partners to scope and enable AI projects (21%)



REQUIREMENTS

- Appropriate security and compliance measures to ensure that data exposed to AI models is sufficiently protected (53%)
- High-quality and relevant data to train AI models effectively (37%)
- Ability to integrate AI solutions with existing systems and workflows seamlessly (35%)
- Sufficient funding to cover the costs of AI implementation, including technology and talent acquisition (34%)
- Clear policies and procedures for data governance, ensuring data privacy, security and compliance (34%)
- Corporate culture of data literacy and continuous learning (28%)
- Clear understanding of ethical considerations and frameworks to ensure responsible AI development and deployment (27%)



TECHNOLOGIES

- AI-powered chatbots (29%)
- Machine learning (28%)
- Natural language processing (NLP) (23%)
- Generative AI (22%)
- Virtual assistants (22%)
- Predictive AI (20%)
- Robotics and Autonomous Systems (20%)
- Conversational AI (19%)
- Computer Vision (14%)
- Deep learning (14%)
- Natural language generation (NLG) (14%)
- Speech Recognition and Synthesis (14%)
- Artificial General Intelligence (AGI) (9%)
- Artificial Narrow Intelligence (ANI) (9%)
- Artificial Super Intelligence (ASI) (8%)
- Limited memory AI (8%)
- Reactive machines (7%)
- Theory of mind AI (7%)
- Self-aware AI (6%)

THANK YOU

Mark Vigoroso

Chief Content Officer

Mark.Vigoroso@sapinsider.org



SAPinsider.org

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