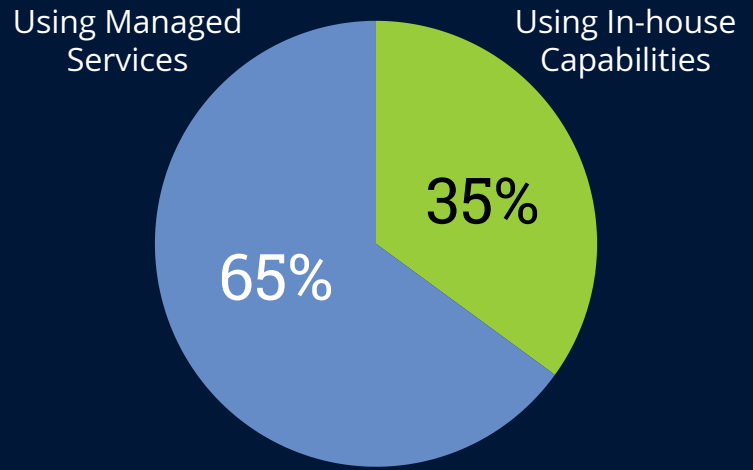


Generative AI Managed Services

- In late 2023, enterprises indicated AI projects were a top priority, but were limited by an AI skills shortage.
- The main priorities behind a decision to insource or outsource are expertise (talent) and cost.
- About 50% expect ROI on their GenAI initiatives by the end of 2025.
- On average, businesses are only spending \$2.6 million on each use case – ROI will not be at scale with this low level of investment.



65% of enterprises interviewed are using a managed services provider for their main GenAI initiative.

What was your organization's main reason(s) for choosing to partner with an MSP or not for AI?

Using a Managed Services Provider

- Expertise Acquisition
- In-House Capability Limitations
- Speed and Time Efficiency
- Tech and Innovation Leverage
- Cost Considerations
- Strategic Management and Scalability
- Service Provider Trust and Continuity



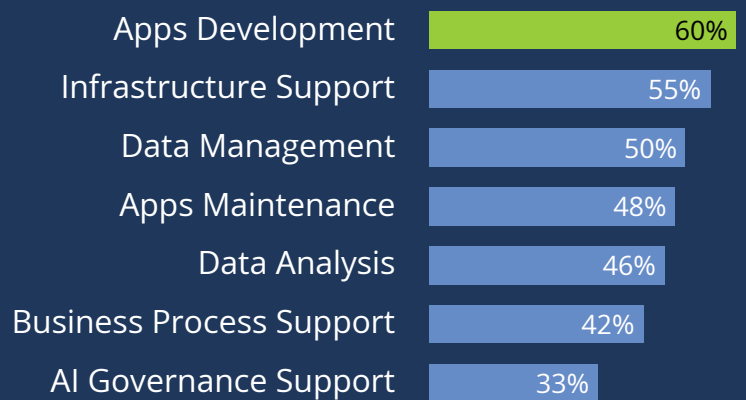
Going it Alone

- Building Internal Capabilities
- Specialized In-House Expertise
- Cost Considerations
- Data Privacy and Security
- Vendor Management/Independence
- Desire for Customization
- Regulatory Compliance

The Role of Service Providers

Applications, Infrastructure and Data

Unsurprisingly, of those using MSPs for their main GenAI initiative, over half are using providers for apps, infrastructure and data. Only 33% reported that they were leveraging an MSP for AI governance – low when compared to **60% for application development**, which includes redevelopment of existing apps.



What was your organization's main reason(s) for choosing a custom or off-the-shelf AI solution?

Custom Build AI Solution

- Customization and Flexibility
- Business Strategy and Ownership
- Learning and Development
- Technology and Innovation
- Data Management and Security
- Team and Structure
- Compliance and Legal



Off-the-shelf AI Solution

- Proven External Expertise
- Lack of Internal Resource/Expertise
- Cost Efficiency Savings
- Speed and Time to Market
- Avoid In-House Development
- Market Standard Solutions
- Exploring External Innovations



201 decision makers of G2000 companies from N. America and Europe were interviewed.



Respondents were board-level (39%), IT (30%), and business leaders (31%).

Contact us to find out more about the full study. If your organization needs help navigating the technologies, processes and culture needed to refocus your AI initiative, ISG can help.