

*ISG Market Lens™ State of AI Study

State of AI: Spending, Use Cases, Go Live

Spending on AI Continues at Pace

We studied 1,200 priority AI use cases representing \$2.6 billion in spending. We found spending is being driven by new AI programs rather than increased spending per initiative. 42% of priority use cases studied were started on or after January 2024. Spend varies, from averages of \$0.5 million for HR use cases to \$20 million for predictive maintenance in manufacturing.

AI by the Numbers

11.6

use cases per enterprise

\$2.2 million

total investment to reach production

2,600

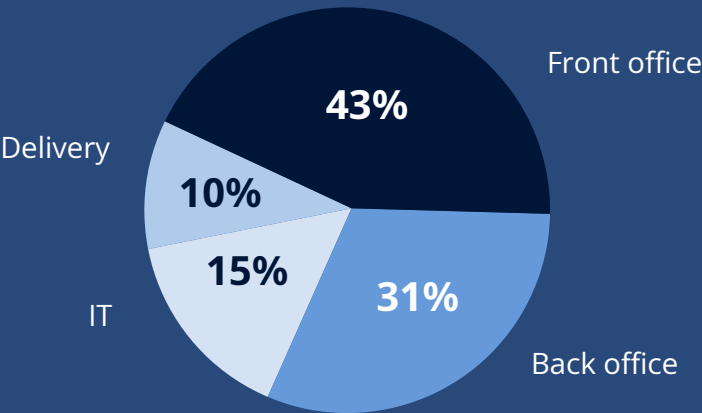
employees impacted per use case

AI Use Cases in All Areas of the Business

74% of Use Cases in Front and Back Office

Front and back office functions have led the way including sales, product management, marketing, finance and customer service. Leading use cases are based on chatbots, copilots, forecasting and content generation in order to drive operational efficiency. A half of cases are expected to remain “human in the loop.” Only 16% of use cases studied were industry specific.

Priority Use Cases in Functional Areas

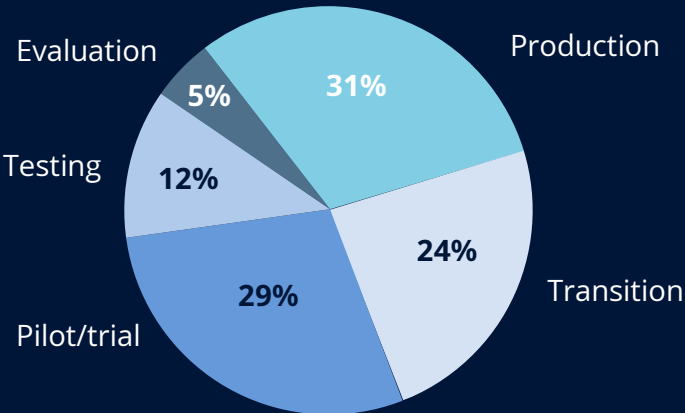


31% Live, But Timelines Have Stretched

Live Use Cases Doubled in Last 12 Months

Over 30% of the highest funded use cases have now reached production – around half of those in the past 12 months. However, in our 2024 study, the expectation was that 2025 was the year most would move to production. That expectation has now moved to 2026.

Current AI Status for Priority Use Cases



AI Not Yet Impacting Profit & Loss Metrics

Best and Worst Performing Metrics (Chart)

Profit and loss (P&L) metrics such as revenue growth and profit are the ones by which AI programs are most commonly measured. Enterprises typically seek improvements of 12% for both revenue and profit. The reason these targets are not being met is often delays in programs reaching production.

Best Performing Metrics

R&D Value
Risk Management
Compliance
Product/Service Quality

Worst Performing Metrics

Staff Reduction
Revenue Growth
Profit Growth
Direct Cost Savings

● Most important metrics



400 executives in G2000 firms interviewed about their most funded AI initiatives.



52% board-level roles, 19% senior IT decision makers, 29% AI programs leaders.

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