



Maximizing the Business Value of AI with a Digital Platform



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Executive Summary

As companies enhance their digital business capabilities, they are increasingly focused on deriving value from AI. This expected value comes in the form of optimized processes, augmented automation, and digital business model innovation, for example.

Companies are feeling disruption from generative AI (GenAI). This has led to organizations seeking out how they can augment their processes and innovation with the assistance of GenAI. C-suite executives also see AI as an area of significant growth in 2024, and that has led to AI being the top new digital technology investment.

Enabling AI through a digital platform, particularly one with built-in security and data features, provides significant competitive advantages. Most companies are still building out their platform and feel that investment is needed in their data systems. Those leading digital businesses with platforms in place have been able to capitalize on the latest AI technologies and are seeing major benefits over nascent digital organizations in their markets.



The View of AI and Digital Business from the C-Suite

In terms of business benefits, the C-suite is most focused on asking IT leaders to improve customer experience (CX) with GenAI, according to IDC's *GenAI ARC Survey*. IT leaders indicated that integrating GenAI into existing customer-facing applications is a key area for the C-suite.

The three top-of-mind technologies for the C-suite are:



GenAI



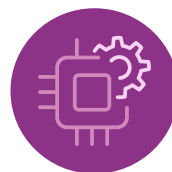
Automation



Cybersecurity



Three-quarters of CEOs feel that **AI presents a “massive” or “significant” opportunity to drive differentiation and new growth in 2024.**



CEOs say that modernizing IT to achieve better business outcomes is their number 1 priority for tech leaders (CIOs/CTOs/CDOs). For CIOs, the top business objective is modernizing core business applications.



More than any other characteristic, **CEOs seek measurable business outcomes from their tech providers.**



Gaps in digital business execution are the second most common business risk mentioned by CEOs behind economic pressures. This creates urgency to invest in the four pillars of a digital business to transform processes and deliver business outcomes.

The Digital Business Impact of AI Everywhere



Organizations are focused on business impact in this new era defined by AI: **impact on productivity, experience, and revenue.**



The market has moved from the excitement and hype of 2023 to a focus on the **practical realities of implementing AI to drive bottom-line and top-line growth.**



Success in AI begins with data and **requires an enterprise wide digital platform approach.**

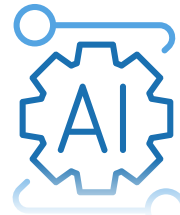


Without a platform approach, an organization **will not be able to scale its digital business.**

How Enterprises Are Developing and Driving AI-First Strategy



AI success starts with data and is built on a digital platform.



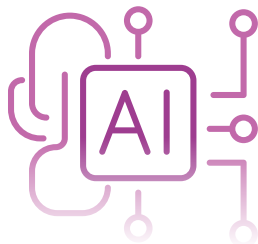
AI is a key strategic piece for optimizing internal processes, augmenting the automation of key functions, and innovating new business models.



On average, companies expect to spend 16% of new project budgets on GenAI in 2024, according to IDC.



Top factors limiting expanded or initial use of GenAI include concern that it jeopardizes control of data and intellectual property as well as excessive costs related to GenAI enhanced apps and the infrastructure associated with model training or running these apps.



Organizations feel GenAI disruption most in the areas of rebalancing decision-making roles, resetting decision-making and data leverage expectations, reorganizing financial and operational systems, and reworking customer engagement, experience, and support.

The Four Pillars of a Digital Business: Platform at the Center



Digital business models

Organizations are investing in and developing technology to innovate digital business models that drive new efficiencies and greater market share.



Operational processes

These focus on standardizing processes across the organization, improving workflows, and utilizing AI to drive automation.



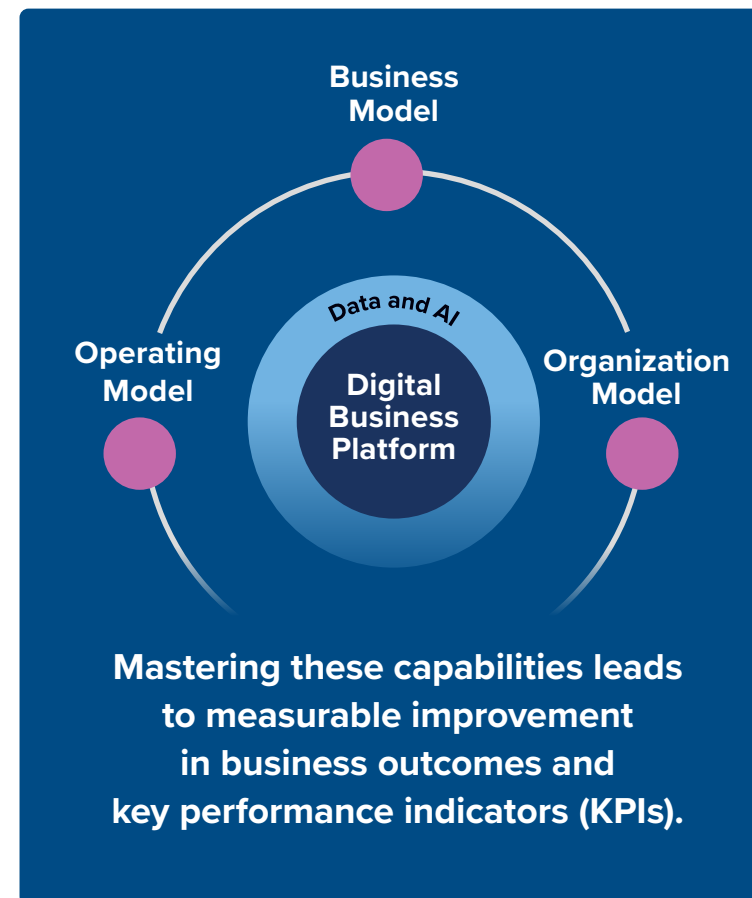
Data and AI

Data architectures enable the analysis, AI, and accessible visualizations and insights supporting data-driven decision-making.



Organization

Integrating IT and digital strategy to support digital business platforms can help with recruiting, retaining, and upskilling top talent.



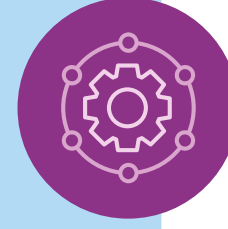
Understanding Characteristics of Digital Business Leaders

Digital Business Models



- ✓ Leaders provide world-class support for business model innovation through digital tech investment.
- ✓ A diversity of digital business models are developed and deployed.
- ✓ There is an overall digital-first approach to processes and revenue.

Operational Processes



- ✓ Processes are standardized across the organization and integrated into a single system accessible across all departments.
- ✓ The use of AI is expanded in automating processes, tasks, and workflows.
- ✓ Improving efficiency through workflows creates a more attractive place to work.

Data & AI



- ✓ Data is a strategic asset and essential to corporate strategy.
- ✓ There is a willingness to utilize a variety of data architectures and data sources (both internal and external).
- ✓ Supporting AI is a top data priority.

Organization

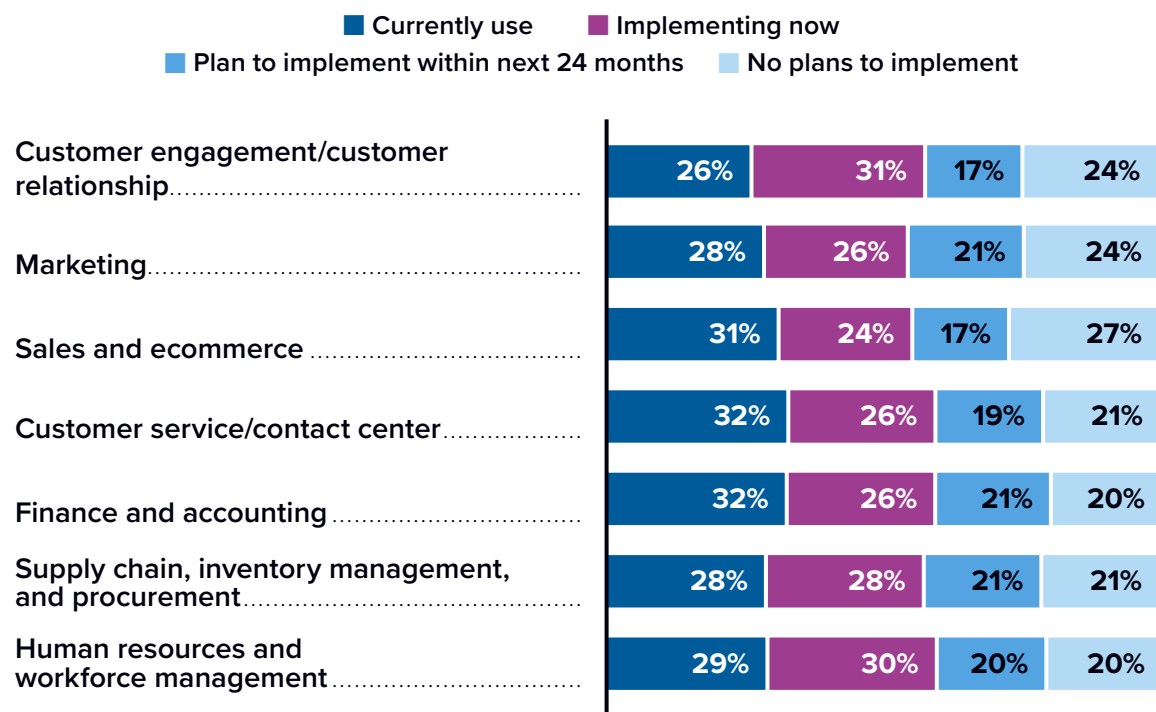


- ✓ Digital business platforms are built while IT and digital business architectures are integrated.
- ✓ Agility at scale is created to support innovation across the organization.
- ✓ The ability to recruit, retain, and train employees is improved while identifying the next generation of digital business leadership.

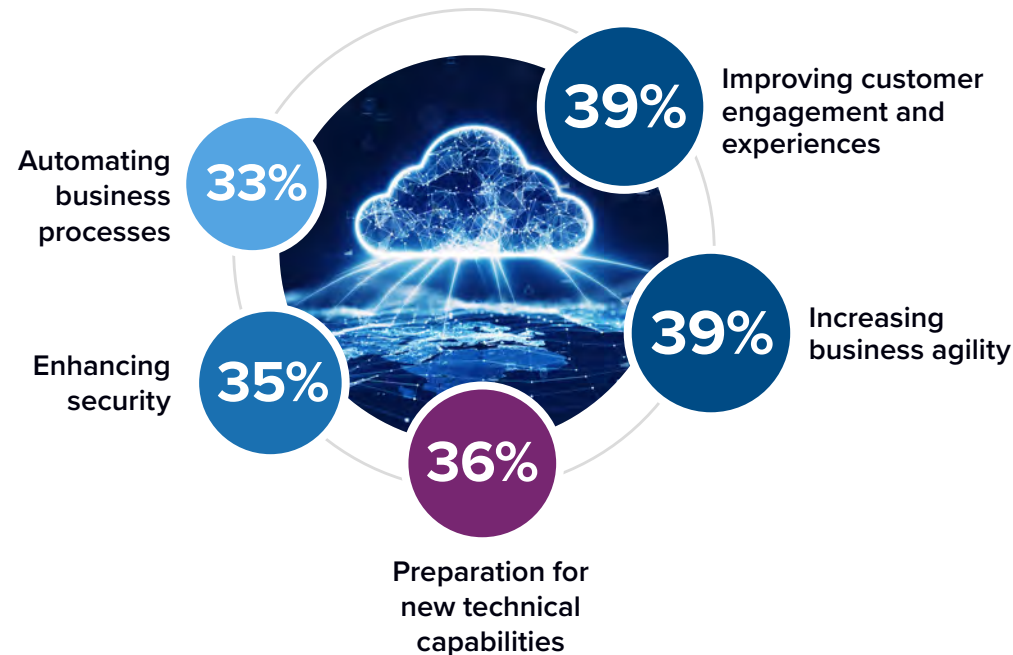
Trends in Digital Platform Adoption

Customer-focused functions such as customer service and customer engagement are the most implemented digital platform functions worldwide. The top factor driving adoption of digital platforms is improving the customer experience, with the other top benefits being improved security and reduced operational costs.

Digital Platform Adoption



Top 5 Factors Driving Digital Platform Adoption Worldwide

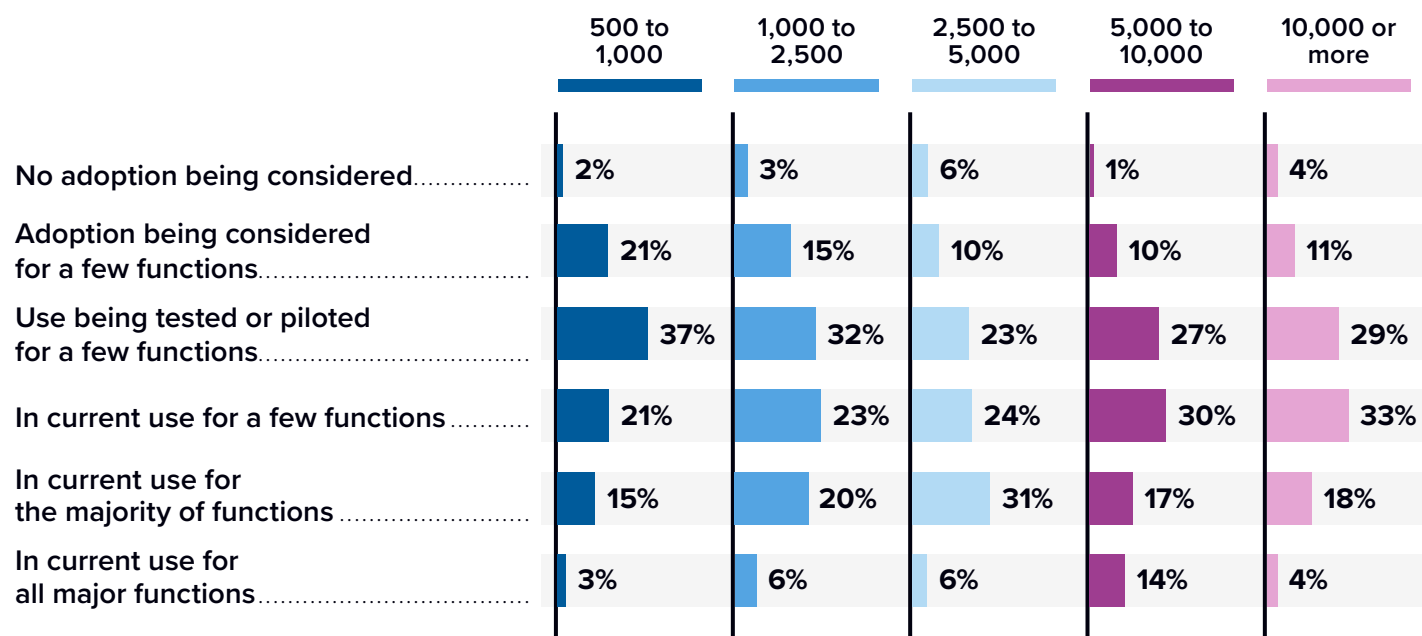


n = 863; NA: 360, WE: 208, AP: 295; Source: IDC's Future Enterprise Resiliency & Spending Survey, Wave 4, May 2023

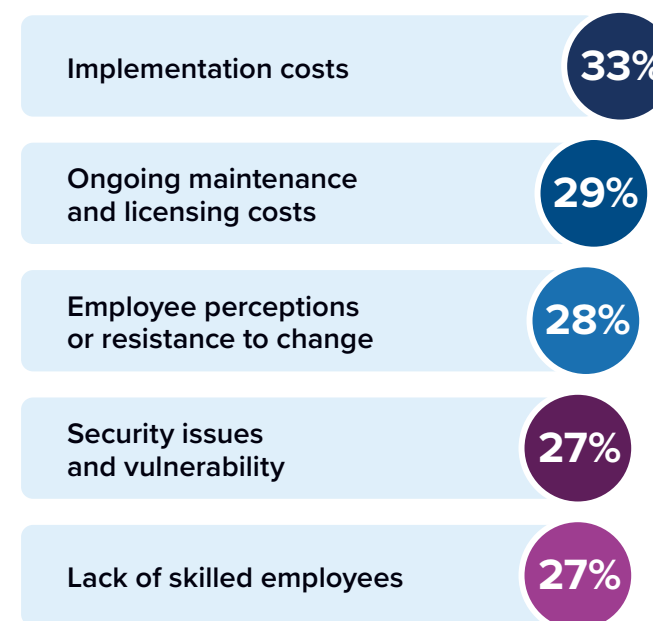
Digital Platform Usage and Barriers to Adoption

Larger companies have begun to adopt platforms while smaller ones are still considering or piloting digital platforms in a few functions. For those companies that have not adopted, costs are the major barrier. Security issues are also a top concern.

Digital Platform Adoption by Company Size



Top 5 Barriers to Digital Platform Adoption Worldwide

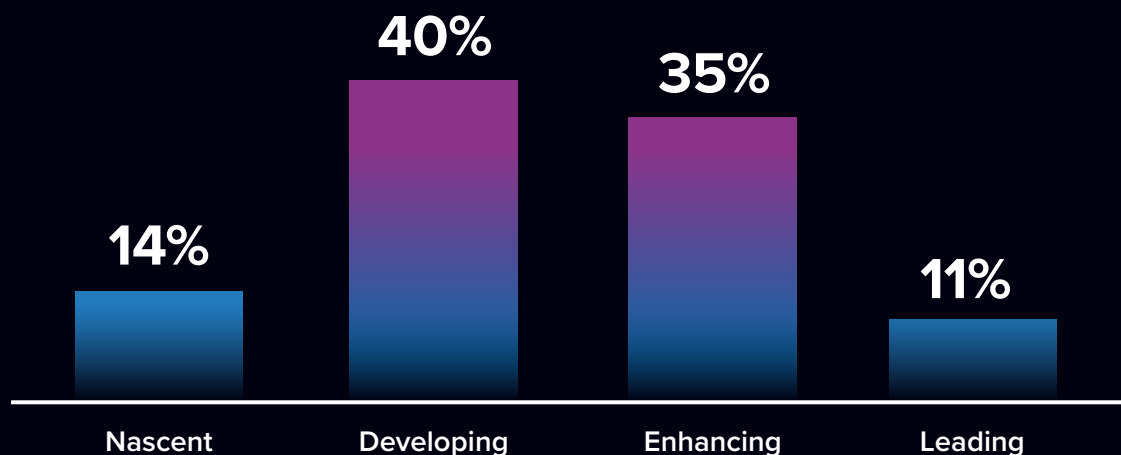


n = 890 (total); n = 239 (500 to 999); n = 307 (1,000 to 2,499); n = 129 (2,500 to 4,999); n = 108 (5,000 to 9,999); n = 107 (10,000 or more); Source: IDC's Future Enterprise Resiliency & Spending Survey, Wave 4, May 2023

Business Outcomes: Leading Digital Businesses Outperform the Market

IDC's Digital Business Scorecard compares what differentiates leading enterprises from their peers, including areas such as building digital business models, data strategies and capabilities, operational processes, and organization.

Only 11% of organizations worldwide are scored as a "leading" digital business with a score of 65 or better.



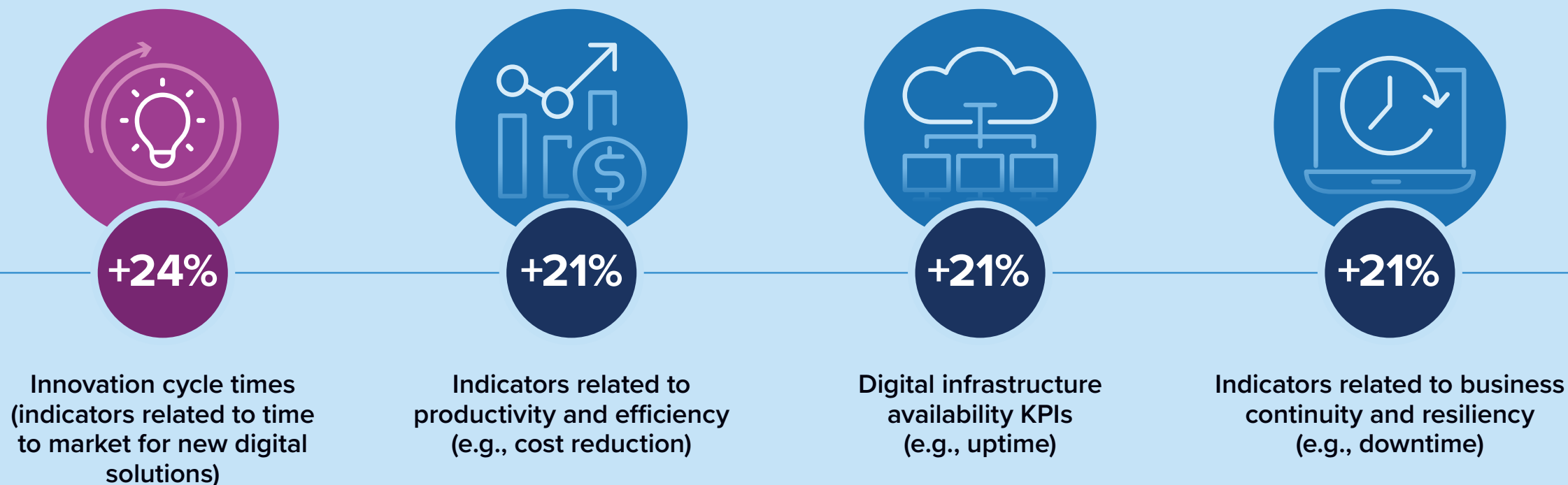
On average, leading organizations achieve the following in comparison with nascent firms:



Source: IDC Digital Business Scorecard, Dec 2023

Digital Business: Scorecard KPIs Among Leading Enterprises

Year-Over-Year Percentage Improvement in KPIs



n = 1,975 (leading enterprises); Source: IDC's *Digital Executive Sentiment Survey*, October 2023

AI-First Platform Adoption for the Next Generation Technology Modernization



According to IDC's *Future Enterprise and Resiliency Survey, Wave 1, 2024*, 10% of companies say that GenAI has disrupted their business, with nearly 25% starting to see disruptions.

Most organizations that have yet to feel GenAI's effect expect moderate to significant disruption in the next 18 months. Overall, AI is the top priority for new digital technology investments, especially for leading digital businesses, according to IDC's Digital Business Scorecard.

Aware of its disruptive tendencies, executives are turning to IT leadership for information on GenAI's ability to improve customer experience. Those investing in GenAI also seek information about how it improves revenue generation, order velocity, and decision-making. While security concerns may slow adoption, many digital platforms have built-in security features to address those challenges.

With that in mind, the top applications that companies expected to integrate with GenAI are **customer-facing applications, employee applications, financial and operational applications, and app developer tools.**

To fund these GenAI projects, companies expect to primarily shift budget from elsewhere, including application modernization and digital transformation.

Key Factors in Strategy Development and Applications Across the Enterprise



Top-down strategies at leading organizations in our Digital Business Scorecard are driving new AI investment. These companies are focusing their data strategies on supporting AI, and their operational process strategies include optimization with AI. Overall, the top data and analytics priorities worldwide are data quality and building AI capabilities, according to IDC's *2024 Digital Executive Sentiment Survey*.

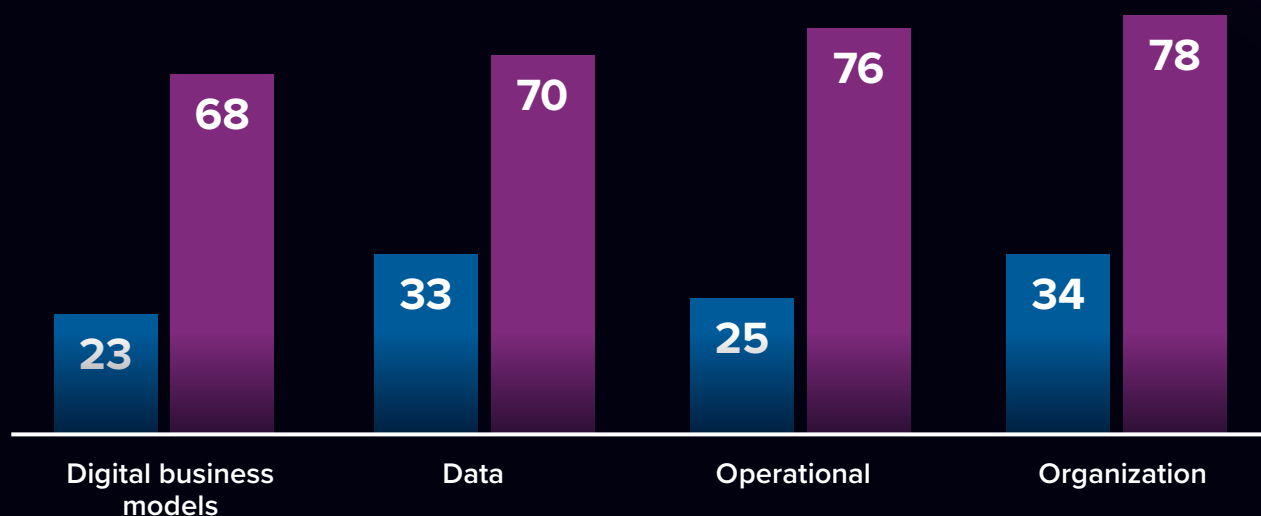
AI is the top area for new digital technology investment for all organizations except those that are “nascent” digitally. These organizations are most focused on making new investments in security but are prioritizing fewer investments overall. Other technologies where investments are most likely across all organizations in 2024 are multicloud and operational technology and automation.

Many companies are taking a standardized, enterprise wide approach to delivering digital experiences. Among leading companies, nearly 80% have a strategy for delivering digital experiences that reaches across all departments. Those companies are focused on new investments in many different digital technologies and applications to improve experiences.

Business Outcomes: Learning from Leading Digital Businesses

Capability Score (Max 100 Score)

■ Nascent ■ Leading



The data pillar is critical in establishing an AI-first business.

- ✓ IDC's Digital Business Scorecard shows that most organizations have much room to improve on their data capabilities.
- ✓ AI is a focus across digital business capabilities. Companies are prioritizing supporting AI with their data strategies and looking to expand the use of AI.
- ✓ Most have centralized their data capabilities in some way, but there is room for enterprise-wide consistency by taking a platform approach.
- ✓ Over half see the need for investment in their data systems, making it an area for a potential competitive advantage.

Source: IDC Digital Business Scorecard, Dec 2023

Important Actions in Deciding Which Digital Platform to Adopt

Establish the organization's most important factor in deciding which platform to invest in today. The right platform setup can reduce cost and complexity as well as shorten time to business outcomes by reducing implementation efforts.

So, which platform can help the organization deploy AI throughout its business? Assuming the platform has AI, here are **the five actions to take in determining the best platform:**



n = 1,975 (leading enterprises); Source: IDC's *Digital Executive Sentiment Survey*, October 2023

Guidance for Leaders Seeking a Competitive Edge

IT leaders need to focus on technology for scaling and to help them become more operationally efficient. A platform approach to digital will assist with both.

For many, the largest barrier to adoption is the cost of change, which means that businesses are looking short term at the initial costs and maintenance and don't understand the long-term benefits of adopting a digital platform strategy.

Both groups should work to:



n = 1,975; Source: IDC's *Digital Executive Sentiment Survey*, October 2023, Leading enterprises

About the IDC Analysts



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Tony Olvet is Group Vice President, Worldwide C-Suite and Digital Business Research at IDC. His team's global research focuses on the connection between business transformation and digital investments across enterprises. Tony's analysis and insights help vendors, IT professionals, and business executives make fact-based decisions on technology strategy and digital business.

[More about Tony Olvet](#)



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Craig Powers is the Research Director responsible for Worldwide Digital Business Strategies. His core research coverage includes the evolution of digital strategy as companies move from transforming to maturing as digital organizations. As part of this emphasis, Craig focuses on digital spend and investments, maturity assessments, executive priorities, business platforms, and road maps.

[More about Craig Powers](#)

Message from the Sponsor



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