

## **BCG AI RADAR**

# From Potential to Profit: Closing the AI Impact Gap

JANUARY 2025



### SURVEY METHODOLOGY

# Global research of 1,803 C-level executives on AI in 2025



### **Source:** BCG AI Radar 2025 Survey

Note: Revenue thresholds for survey inclusion: \$500+ million USD (US, Europe, Japan, Australia); \$100+ million USD (rest of APAC, Middle East, Africa). Survey conducted September to December 2024. <sup>1</sup>CxO represents other executives who directly report to the CEO (e.g., CMO, CFO, COO, etc.). <sup>2</sup>Includes CDO and CAIO. <sup>3</sup>C-suite includes EVP, SVP, VP, Chairman, President.

# Where is the value in AI?

# **Al ambitions are** growing alongside investments

GenAl investments are projected to increase by 60% in the next 3 years



Source: BCG IT Spend Survey 2024.



2027

# One in three companies across all markets are planning to spend **\$25 million+ on AI in 2025**

## How much are you planning to invest in AI in 2025?

Japan	53%	26%		10%	1	1%
US	59%		23%	9%		9%
Singapore	63%		25%		6%	6%
UK	65%		18%	1	0%	7%
France	<b>69</b> %		17%		6%	8%
Germany	69%		18%		9%	4%
India	71%		15%	, D	8%	6%
UAE	78%			15%		6%
Spain	81%			6%	5%	8%
Italy	83%				12%	3%
Brazil	86%				12%	, D
Global	69%		18%		7%	6%





2%

1%

2%





of executives rank AI/GenAI as a top three strategic priority ...

Source: BCG Radar 2025 Survery (n=1,803).

# ... but, only 25%

# of executives are seeing significant value from AI

# What are leading companies doing differently?

# Three value plays to maximize AI potential







Source: BCG analysis.

# **Deploy AI in everyday tasks** to realize 10% to 20% productivity potential

# **Reshape** critical functions for 30% to 50% enhancement in efficiency and effectiveness

# **Invent** new products and services to build long-term competitive advantage

# Leading companies go well beyond deploy ...

They focus +80% of their AI investments in reshaping critical functions and inventing new products and services



Source: BCG Build for the Future 2024 Global Study (merged with Digital Acceleration Index), (n=1,000).

**Deploy** Individual-productivity focused

## Reshape

Process-level productivity aimed at reshaping critical functions

## Invent

Company-level innovation core to the business

... but most companies aren't yet prioritizing investments in higher-impact plays

# Share of AI investments in Deploy, Reshape, and Invent initiatives



**Deploy** Individual-productivity focused

## Reshape

Process-level productivity aimed at reshaping critical functions

### Invent

Company-level innovation core to the business

# Leading companies extract greater value by focusing their AI investments



**Source:** BCG Build for the Future 2024 Global Study (merged with Digital Acceleration Index), (n=1,000).

In reality, most companies go broad and dilute efforts across multiple pilots, seeing lower ROI as a result

Leading companies set clear goals and track top- and bottom-line impact

Yet 60% of companies are failing to define and monitor any financial KPIs related to AI value creation

How is your organization tracking value creation from AI?



# Leaders follow the 10-20-70 principle to create value



2 in 3 companies struggle to:

... but

**70%** People and processes

• Hire AI talent and upskill workforce



# • Reimagine workflows and drive incentives, culture, and change

# **Data privacy and security**

Lack of control or understanding

# Al risks that companies must navigate

**Regulatory challenges** and compliance

of AI decisions

44%

Source: BCG AI Radar 2025 Survey (n=1,803). Note: Percentages correspond to share of executives ranking risk in their top 3.







# Cybersecurity remains critical



**Recognize that their AI cybersecurity** measures need further improvements

Source: BCG AI Radar 2025 Survey (n=1,803).

# 2025: The year of AI agents?

What is an agent? Simply put, it's an AI that has learned to use tools

## What an agent is



## Memory

Remembering across tasks and changing states



## Reasoning

Decomposing a problem and planning actions

# What an agent does



**Observes** Collect and process data from environment



**Plans** Evaluate possible actions and prioritize toward a goal



## **Systems** Accessing external systems on your behalf



## Acts

Execute by leveraging internal or external tools/systems



are considering autonomous agents as part of their AI transformation

However, agents require deep reimagination of **bullet for impact** 

Source: BCG AI Radar 2025 Survey (n=1,803).

# work and are not a silver

# **Optimism around AI agents is consistent across geographies**

## Role that companies see for AI agents moving into 2025



Source: BCG AI Radar 2025 Survey (n=1,803).



Unlocking new potential to reshape processes and services Agents deliver up to 3x more productivity and speed benefits compared to traditional assistants

## **Breaking down silos**

The biggest opportunity is seamless enterprise collaboration through zero-touch services, advanced planning, and automated customer 360 activation

# Al agents: **Key leadership** priorities



## Managing the risks of more complexity

AI agents are more complex than assistants, requiring robust testing and optimization to manage operational and cyber risks effectively



## **Cutting through the hype**

Mislabeling and overhype of "agents" will dilute trust and lead to unmet expectations; leaders must clarify capabilities and set realistic goals



## **Moving forward**

Success lies in targeted, high-impact applications, focused on practical design, seamless integration, and data quality over hype

# With AI agents on the rise, who will hold the power: humans or AI?

# **Executives see talent and AI as complementary**





# AI taking the lead, but humans retaining

Less than 10% of executives expect a decrease in headcount due to Al automation

## How do you expect the workforce in your organization to change?





Increase headcount, adding new skills



More productivity and upskilling of existing talent to meet AI needs



Restructure workforce with new roles to replace redundant ones

 $(\downarrow)$ 

Decrease headcount due to AI automation

# AI upskilling is accelerating, but the work is not over

~70% of the companies have trained less than 1 in 4 of their workforce



Companies with more than 25% of their workforce trained on AI/GenAI tools

Singapore and Japan lead in Al/GenAl upskilling; Brazil and Italy are falling behind

## Companies with more than one-quarter of their workforce trained on AI/GenAI tools



# Strategic playbook for CEOs

# Leading companies maximize value creation by...



**Breaking through AI's imagination gap** Rethink what is possible with AI and business transformation



**Targeting and prioritizing AI efforts** Focus on a few transformative opportunities in core functions



Putting AI at the service of enterprise ambition Define and track clear KPIs



Leading the cultural and organizational change Lean in personally and drive the change



**Preparing for what's next** Anticipate AI's next value play and accompanying risks

Source: BCG analysis