MARKET IMPACT REPORT

The two-year GenAI countdown

How businesses are scaling GenAI adoption and avoiding the productivity trap

Foreword

As companies step into generative AI's uncharted waters, the journey holds huge promise, but it is not without its perils.

The challenge for most enterprises is they remain anchored in what I call "POC land" — an island full of proofs of concept that can be impressive, but rarely reach operational scale. Having access to insights that can chart a course toward GenAI's full benefits — beyond productivity alone — is invaluable.

That's what this report delivers.

It condenses the experiences of 550 senior executives into six chapters. These findings will help you and your business set your GenAI investments, adopt a human-centric approach with responsible AI frameworks, and redefine the nature of work. And while there's no denying that productivity is a crucial GenAI outcome, the journey can't end there. We'll steer you toward new revenues, happier customers, and greater market share, too.

As you stand on the brink of this AI revolution, use this report to reach a future where AI is not just another tool, but a trusted copilot in your quest for innovation and excellence.

Sreekanth Menon
Global Head, AI/ML Practice, Genpact

The generative era is the first real innovation to disrupt industry since the advent of the internet in the mid-1990s, where ubiquitous data access radically changed our lives. In fact, it is really the technological evolution that takes connected businesses, employees, customers, and supply chain partners to a whole new level of value, one where new data and content can be created at rapid speed.

However, we must remember that it took the internet many years before genuine commercial models evolved, and we learned to derive immense value from these experiences. GenAI is barely more than a year in, and expectations are far outpacing adoption.

The reality is we are sitting on a smoldering platform with immense potential, which will eventually spark burning fires as the early pioneers prove they can outcompete their markets, attract the best and the brightest, and innovate products and services faster than they had ever previously envisaged.

I will go back to the main excitement behind GenAI… it is disruptive because it helps us create new data and new content. But it needs to become an extension of our humanness to do that, not merely another technology tool that can add some value in bits and pieces.

With the recent launch of GPT-4o, the multimodal capability brings speech, text, video, and content together into one neural network, which allows us to communicate with machines in real-time and immersing the tech into our day-to-day activities is the game changer we have been unwittingly waiting for. In effect, old GPT was like texting a friend, and GPT-4o is like calling a friend… GenAI innovation is happening at a breathtaking pace and we are only at the beginning of this journey.

Phil Fersht
CEO and Chief Analyst, HFS Research

Contents

Executive Summary

There is no time to waste. Enterprises have just two years to capitalize on generative AI's (GenAI) benefits. Any delay will be costly as GenAI is rapidly reshaping the competitive landscape. And even as you set off on your road to GenAI success, this report finds that obsessing over productivity gains at the expense of broader goals will prevent you from realizing the technology's full value.

Enterprise leaders are at a pivotal juncture with rapidly evolving generative AI technology. First, they must learn to harness its power. Then, they must implement it across their organizations at speed and scale. The weight of executives' decisions is palpable, as they hold the potential to shape the future of their businesses. Yet, amid the excitement surrounding the technology's immediate impacts, there is danger in overlooking its long-term implications.

> To gain deeper insights into GenAI's long-term value and the risks of overemphasizing immediate outcomes such as productivity improvements, HFS Research, in partnership with Genpact, a global professional services firm, surveyed 550 senior executives across the globe. These respondents represent organizations with revenue exceeding $1 billion across 12 countries and eight industries. For further insights, we conducted in-depth interviews with 10 enterprise leaders at the forefront of GenAI adoption and innovation.
>
> To dive deeper into the data, check out our interactive dashboard.

Key findings:

1 — Most enterprises are early in their GenAI journeys but are placing big bets.

Despite only 5% of enterprises having mature GenAI initiatives, a significant majority are gearing up for a technological transformation. Approximately 61% of executives are dedicating up to 10% of their tech budgets to explore and expand GenAI capabilities.

2 — Executives view GenAI as a catalyst for creating new value within two years but caution against overemphasizing productivity.

74% of executives anticipate GenAI will be a springboard for value creation, driving not only productivity gains, but also customer satisfaction, revenue growth, and a competitive edge — all expected to materialize within two years. However, concerns loom as 52% caution against overemphasizing productivity, citing potential negative impacts on the employee experience.

3 Quality data is the linchpin for the successful deployment of GenAI initiatives.

Organizations are challenged with several hurdles, including data quality and strategy. Notably, there's a hesitancy around data sharing, with only 16% of enterprises using their proprietary data, underscoring the urgent need for a robust data strategy.

4 Embrace GenAI's transformative power, but don't lose sight of the human element.

Bridging the talent divide is crucial, as 36% of executives report a scarcity of skilled professionals. Finding the balance between technical and business skills will be vital. However, in the short term, technical skills gain importance.

5 Enterprises need an ecosystem for GenAI success, but current time-and-material-driven engagement models will be rendered useless in the AI era.

Executives emphasize the need for a diverse ecosystem, highlighting the importance of partnerships that support talent acquisition and skill development. Additionally, 80% recognize the need to transition to performance- and purpose-driven commercial models with partners to capitalize fully on GenAI's potential.

SECTION 01

Doubling Down on GenAI

As the momentum behind GenAI adoption grows across industries, organizations recognize its transformative potential. However, the journey toward widespread adoption is in its infancy, with relatively low deployment rates. Despite this early stage status, enterprises are placing significant bets on GenAI.

Only 5% of organizations are in the mature phases of GenAI adoption

Our research delineates enterprises into four GenAI maturity levels reflecting the commitment of investments and the extent of GenAI deployment within business operations (see Exhibit 1):
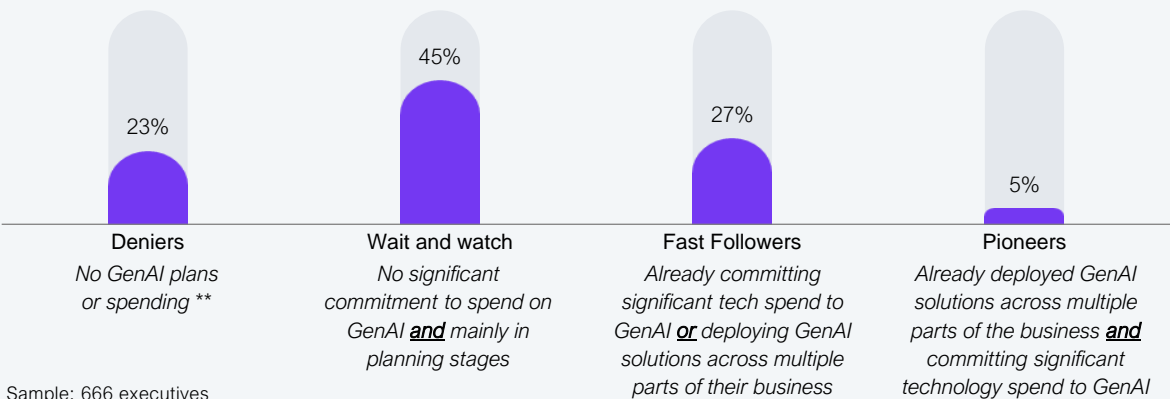
- **Deniers (23%):** These enterprises are GenAI skeptics. Without plans or investments dedicated to GenAI, they risk missing out on potential efficiencies and innovations. Since this group lacks GenAI initiatives, this study does not discuss them further.

- **Wait and Watch (45%):** This cautious majority observes and plans, without immediate investment. They have no significant commitment to spend on GenAI. They prefer to learn from the early adopters, which puts them at risk of lagging behind more aggressive competitors.

- **Fast Followers (27%):** These enterprises are in an intermediate maturity phase. They have begun investing a sizable part of their tech budgets in GenAI and are deploying it in one

or multiple areas of their businesses. This strategic investment suggests a desire to catch up with pioneers quickly, using learnings to implement GenAI swiftly and efficiently.

- **Pioneers (5%):** The smallest but most advanced segment has fully embraced GenAI, investing in and integrating it across various business units. They're leading the way and will influence industry trends and set GenAI benchmarks.

> Across geographic regions, China and the Nordics (Denmark, Sweden, Netherlands) exhibit the highest proportions of "Wait-and-Watch" attitudes. Australia leads the "Fast Followers" category followed by Germany, showing a significant readiness to adopt innovations after observing initial outcomes. Switzerland stands out with the highest percentage of "Pioneers," indicating a strong inclination toward leading in new initiatives.

Exhibit 1: Only 5% of enterprises have reached full GenAI maturity

Deniers	Wait and watch	Fast Followers	Pioneers
23%	45%	27%	5%
No GenAI plans or spending **	*No significant commitment to spend on GenAI **and** mainly in planning stages*	*Already committing significant tech spend to GenAI **or** deploying GenAI solutions across multiple parts of their business*	*Already deployed GenAI solutions across multiple parts of the business **and** committing significant technology spend to GenAI*

Sample: 666 executives

Source: HFS Research in collaboration with Genpact, 2024

**Deniers include respondents excluded from the study due to having no GenAI initiatives or plans.

Q. What best describes the status of GenAI solutions deployment?

Q. What percentage of your organization's technology budget is dedicated to GenAI initiatives?
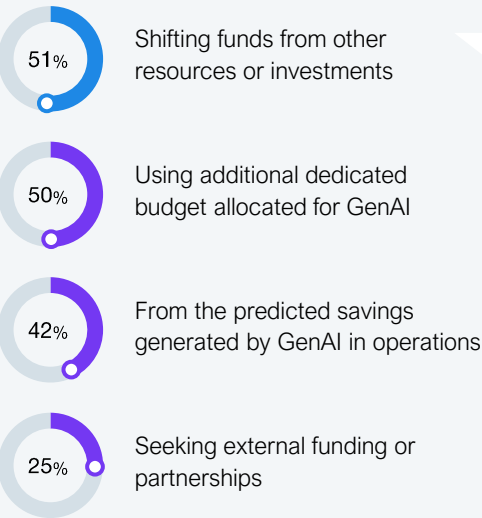
Organizations are doubling down on GenAI investments, even shifting funds from other business and technology areas

While most enterprises are in the nascent stages of GenAI adoption, their notable commitment to the technology is visible in their investments. 61% of executives have earmarked up to 10% of their technology budgets for GenAI. They also anticipate expanding these investments. On average, they expect a 30% jump in GenAI funding over the next year, with those in the wait-and-watch maturity group the most aggressive in their forecasts. This reflects a strategic pivot to catch up and position themselves prominently in the evolving market landscape.
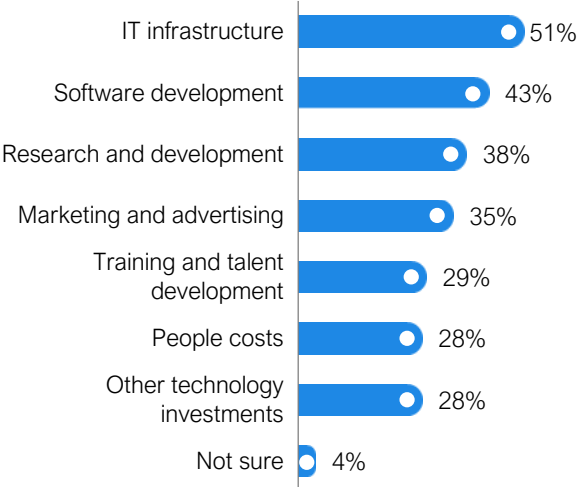
When asked about the origins of investments, most executives (51%) report shifting funds from other resources or investments, with IT infrastructure and software development being the primary areas benefiting from budget reallocation (see Exhibit 2). Additionally, 50% also report earmarking dedicated funds for GenAI initiatives, and 42% of respondents intend to use anticipated savings from GenAI efficiency gains. External funding and partnerships, while still relevant, are less favored for sourcing investments.

Exhibit 2: Most respondents are shifting funds to GenAI from other sources, including IT infrastructure, software development, and research and development

Source of GenAI investments

- 51% — Shifting funds from other resources or investments
- 50% — Using additional dedicated budget allocated for GenAI
- 42% — From the predicted savings generated by GenAI in operations
- 25% — Seeking external funding or partnerships

Shifted budget source

Category	Percentage
IT infrastructure	51%
Software development	43%
Research and development	38%
Marketing and advertising	35%
Training and talent development	29%
People costs	28%
Other technology investments	28%
Not sure	4%

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024
Q. How are you funding your GenAI investments (select all that apply)
Q. Where are you shifting funds from to invest in GenAI (select all that apply)

Among the industries surveyed, healthcare, retail, and high-tech are most inclined to redirect existing funds toward GenAI investments. In contrast, the banking and capital markets and the insurance sectors prefer to allocate additional dedicated budgets for their GenAI initiatives, indicating a strong commitment to GenAI's potential. Meanwhile, the life sciences sector adopts a dual strategy, counting on forecasted GenAI-driven savings for funding while remaining open to external funding and partnerships.

Overall, the data shows a reallocation and a reimagining of corporate budgets, signaling GenAI's transition from a peripheral interest to a central business and technology strategy. Executives increasingly acknowledge the need to pivot away from legacy systems toward more agile, future-ready technologies that enable them to remain competitive.

We're witnessing a 'rip the rearview mirror off' mentality, where the traditional focus on past spending to maintain and marginally improve legacy systems gives way to forward-looking investments in GenAI.

"

A common trend is the shift from traditional IT cost centers toward technology investments that enhance broader productivity and innovation. By reallocating funds from areas such as infrastructure and software development, companies are freeing resources to fuel innovation and revenue generation.

—**Sanjay Patel**, CIO, CDO and Transformation Executive

SECTION 02

Unleashing Value Beyond Productivity

GenAI's influence is expanding rapidly. Most executives recognize its potential to transform industries and generate new value within an ambitious two-year timeline. However, this fast-paced adoption risks prioritizing short-term productivity that could harm the employee experience.

Executives view GenAI as a catalyst for new value creation

74% of executives acknowledge how GenAI creates new and disruptive value (see Exhibit 3). This recognition highlights a shift from perceiving GenAI simply as a technological advance to leveraging it as a strategic asset that reshapes industries.

Consumer products and high-tech have been the strongest proponents of AI, believing it will bolster their focus on technology-driven growth. In contrast, manufacturing has the greatest reservations, likely due to its longer adoption cycles and the complexity of integrating GenAI into established processes.

"GenAI enables us to leverage our existing data in completely new ways and create new solutions and new value propositions to solve problems that we could never imagine otherwise."

—**Sandeep Sacheti,**
EVP of customer insights & operational excellence at Wolters Kluwer

---

Exhibit 3: 74% of executives believe GenAI is inspiring new and disruptive ways of value creation

To what extent do you agree or disagree with the following statements: **GenAI is inspiring our organization to adopt new and disruptive ways of value creation**

- Agree
- Disagree
- Neutral

Most likely to agree

High-tech
Consumer products
Insurance
Healthcare
Banking and capital markets
Life sciences
Retail
Manufacturing

Least likely to agree

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024

The case for GenAI: Doing more with less

Executives pinpoint several benefits that underscore GenAI's impact, including improved productivity and efficiency (35%), competitive advantage (31%), enhanced customer engagement and satisfaction, faster revenue growth, and increased market share (30%) (see Exhibit 4).

However, across maturity levels, the perceived top benefits of GenAI differ. "Pioneers," the most advanced group, seek direct growth outcomes such as increased market share and competitive advantage while the "Fast Followers" are focused on better customer experience. However, the "Wait and Watch" are focused primarily on operational efficiency and productivity. This shows that as organizations advance in their GenAI journeys they realize it will drive operational improvements, but the real benefit is in aligning their AI strategy to growth and market-oriented gains.

Exhibit 4: Top business benefits from GenAI overall and across maturity level

Top business benefits from GenAI

Benefit	%
Improved productivity and efficiency	35%
Competitive advantage	31%
Improved customer engagement and satisfaction	30%
Faster revenue growth and increased market share	30%
Better decision-making and insights	29%
Enhanced creativity and innovation	28%
Accelerated product development and time to market	26%
Improved agility in aligning operations with market strategy	26%
New revenue streams and business models	25%
Enhanced security and risk mitigation	21%
Enhanced employee engagement and satisfaction	19%

Pioneers	Fast Followers	Wait and Watch
36% Faster revenue growth and increased market share	36% Improved customer engagement and satisfaction	38% Improved productivity and efficiency

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024
Q. Select the top 3 business benefits of using GenAI in your enterprise

Across these benefits, executives are capitalizing on GenAI's versatility for multiple use cases — from streamlining data analysis, forecasting trends, crafting bespoke content, and orchestrating highly personalized marketing campaigns to refining lead qualification (see Exhibit 5).

Exhibit 5: Illustration of GenAI use cases across top benefits

Productivity & Efficiency	Competitive Advantage	Improved Customer Engagement and Satisfaction	Faster Revenue Growth and Increased Market Share
Streamlining data entry tasks, freeing up time for other activities.	Accelerating prototyping and testing new product ideas, reducing time to market and staying ahead of competitors.	Providing personalized shopping recommendations.	Leveraging trend analysis to identify untapped markets and align product offerings with emerging demands.
Automatically generating reports, presentations, and technical documentation, saving time and ensuring consistency.	Utilizing market intelligence to anticipate competitor moves and strategically position products.	Customizing marketing content for specific audiences.	Implementing hyper-personalized marketing to drive revenue growth.
Boost manufacturing efficiency with GenAI-powered virtual collaboration tools.	Optimizing supply chain processes to improve product availability and delivery speed.	Analyzing customer feedback to improve products and services for higher satisfaction.	Streamlining the process of identifying and qualifying leads to accelerate sales cycles and expand market reach.
Automating customer queries with chatbots to increase efficiency in banking customer support.	Developing unique value propositions based on deep customer insights and market research.	Offering tailored product suggestions to enhance the shopping experience and drive customer satisfaction.	Innovating product development to bring new products to market faster.

Source: HFS Research in collaboration with Genpact, 2024
Q. Can you describe a GenAI use case your organization is investigating to drive the benefits selected?

Pursue productivity not as just an end goal, but as a critical step in a broader, more strategic GenAI journey

Pioneers recognize that mastering productivity through GenAI is foundational, setting the groundwork for more ambitious applications. This initial focus on productivity builds trust and internally verifies the technology's reliability before implementing it in broader, more impactful ways. This approach enables companies to refine GenAI capabilities internally, ensuring robustness and effectiveness before scaling up to include customer-facing operations and deliver strategic advantage.

> "
>
> *We are initially focused on leveraging GenAI for internal improvements and productivity because this will give us the confidence to expose it to our customers, knowing our internal experts have thoroughly tested it.*
>
> —**Sandeep Sacheti,**
> EVP of customer insights & operational excellence at Wolters Kluwer

# A singular focus on GenAI–driven productivity is potentially dangerous

While productivity remains a key initial focus, it's important to recognize the potential pitfalls if this focus persists for too long. More than half of respondents express concern that framing GenAI solely as a productivity tool is shortsighted and potentially hazardous (see Exhibit 6).

A significant issue, highlighted by 44% of respondents, is the potential negative impact of GenAI on the employee experience. They cite that overemphasizing productivity can cause employee dissatisfaction, burnout, and declining morale. This suggests that the human elements of work are at risk of being sidelined in the sole pursuit of operational efficiency. Moreover, a narrow focus on productivity may overlook the wider benefits of GenAI, potentially stifling innovation and fueling employee discontent.

Exhibit 6: 52% of respondents view an obsession with productivity when adopting GenAI as problematic

Q: To what extent do you agree or disagree with the following statements: A singular focus on productivity when adopting GenAI is potentially misleading

- Agree — 52%
- Disagree — 25%
- Neutral — 22%
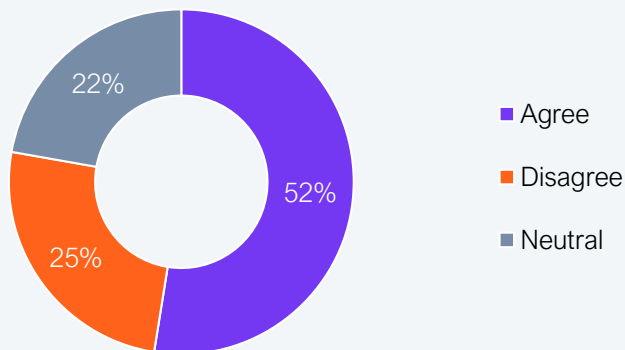
Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024

Speed is of the essence

Respondents expect to realize all GenAI benefits on average within two years, with some taking longer than others (see Exhibit 7). Benefits including enhanced productivity and efficiency, customer satisfaction and faster decision-making are top-rated quick wins. Increasing revenue streams and expanding market share are valued although they will take the longest to realize.

It is surprising to see GenAI's relatively low rating for impacting the employee experience. Ignoring this benefit might be a missed opportunity to foster a supportive work environment conducive to innovation and growth.

Exhibit 7: Anticipated timelines to realize the full benefits of GenAI across a two-year period
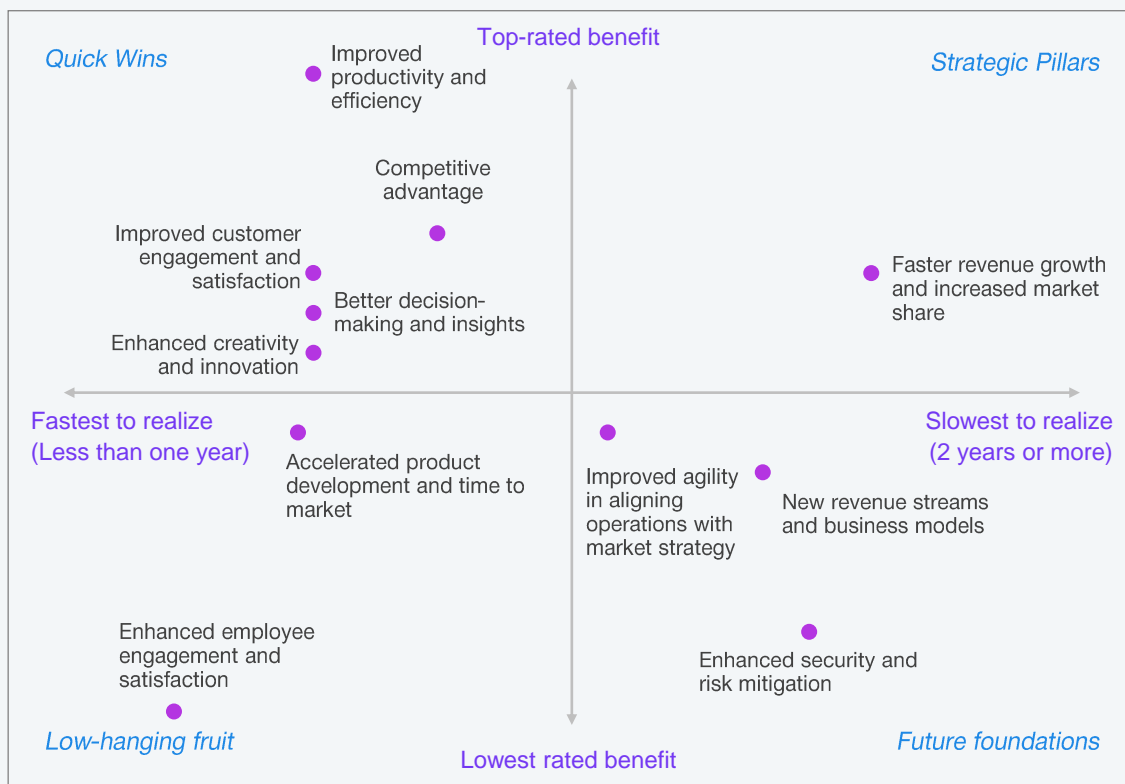
Sample: 550 executives

Source: HFS Research in collaboration with Genpact, 2024

Q. Select the top 3 business benefits of using GenAI in your enterprise

Q. For the chosen business benefits of GenAI, by when do you anticipate realizing the full benefits?

See Appendix A for GenAI use cases across each quadrant

Our data also shows that internal- and external-facing GenAI solutions will be implemented within two years, with varying adoption speeds across industries. For instance, life sciences will take the longest to deploy partner- or vendor-facing GenAI solutions, likely due to stringent regulatory environments and operational complexities. With customer-facing solutions, respondents from high-tech companies deploy solutions fastest, likely as they prioritize enhanced user experiences. Lastly, respondents from retail deploy employee-facing solutions quickest, focusing on efficiency to maintain competitiveness.

The speed of technology innovation is breathtaking, and enterprises need to keep pace with it.

"Last year's learnings from the experiments with GenAI are now converted into frameworks and in-house platforms that serve the AI pipelines,"

says Sreekanth Menon, global head, AI/ML practice, Genpact. "This is how companies are successfully operationalizing GenAI at scale." He offers the following advice:

- **Identify use case viability:** Focus on projects that significantly impact core business functions, aligning AI initiatives with overall strategic objectives.

- **Invest in reusability:** Design reusable technology assets that seamlessly integrate across departments, accelerating deployment and maximizing ROI.

- **Devise responsible AI frameworks:** Establish clear data ownership, access, and security protocols throughout the AI lifecycle to maintain compliance and ethical data usage.

- **Implement a robust deployment process:** It should include model monitoring and version control processes to ensure continuous improvement and operational efficiency.

Navigating Rollout Challenges

With a strong push to deliver GenAI outcomes within two years, leaders must not only know where to place their bets but recognize that data quality profoundly impacts GenAI's success. It's the linchpin determining whether GenAI initiatives flourish or flounder. As the saying goes, "Garbage in, garbage out." This rings especially true for GenAI, as its effectiveness is directly tied to the data quality it processes (see Exhibit 8).

Implementing GenAI is not a slam dunk for organizations. They face several potential rollout challenges

Interviewees often emphasized the criticality of data foundations in their efforts. For IT leaders, the stakes are exceptionally high, as data not only fuels AI but also must be safeguarded against inaccuracies and breaches, which are crucial for training effective AI models. Organizations must ensure their data is voluminous, clean, relevant, and governed by a robust strategy that aligns with broader organizational goals.

While data is the biggest headache for IT leaders, business leaders are worried about a lack of a structured GenAI plan or roadmap. This underscores the need for a balanced approach that addresses both strategic and operational imperatives to realize GenAI's full potential.

> "There is always an element of risk involved, particularly with AI. For instance, using GPT to underwrite a policy could be risky due to the potential for data inaccuracies, hallucination, and the omission of crucial data."
>
> ——Head of architecture and advanced engineering at a large US insurance provider

> "The real challenge is not merely adopting AI technologies but integrating them in ways that significantly enhance our processes and outcomes."
>
> ——Global revenue operations leader at a major social media and technology platform

Exhibit 8: Organizations face several challenges as they employ GenAI

Top 3 challenges hindering adoption of GenAI between IT and business

IT	Business
42% Lack of data quality or strategy	**46%** Lack of structured plan
37% Lack of structured plan	**40%** Difficulty in finding, training, and retaining AI talent
33% Difficulty in finding, training, and retaining AI talent	**33%** Lack of data quality or strategy

Sample: 550 executives (IT = 198n, Business =302n)
Source: HFS Research in collaboration with Genpact, 2024
Q. What are the top 3 barriers that hinder the adoption of GenAI in your organization?
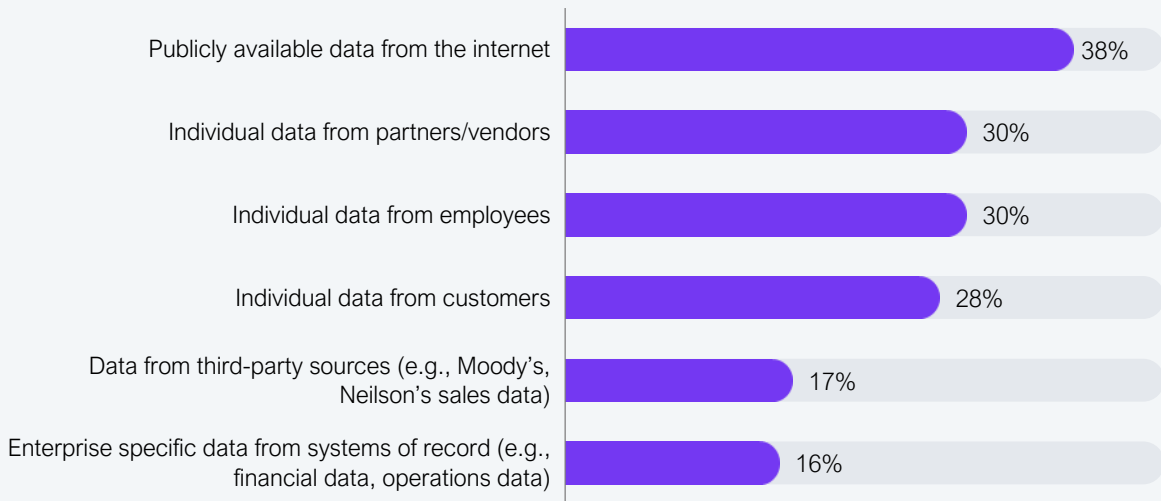
Establishing responsible AI frameworks is critical to becoming comfortable with sharing proprietary enterprise data with AI

While executives recognize that establishing robust data strategies is a cornerstone for unlocking GenAI's full potential, they must also become open to making their data accessible to GenAI. While publicly available data is the most accessible resource for 38% of organizations, only 16% are already tapping into enterprise-specific data such as financial records. The journey to incorporate various data sources into GenAI systems is lengthy, averaging a year for customer data and slightly longer for third-party sources, reflecting underlying complexities in data integration (see Exhibit 9).

This cautious approach to enterprise-specific data is understandable, given concerns about system modifications, risk of hallucinations, governance issues, and data quality assurance. In contrast, the shorter time required to integrate partner or vendor data indicates established trust and protocols. Achieving readiness with enterprise-specific data may pose challenges, but it is vital to realizing strategic ambitions tied to GenAI.

Exhibit 9: Data sources already accessible to GenAI

Data sources already accessible to GenAI

Data source	%
Publicly available data from the internet	38%
Individual data from partners/vendors	30%
Individual data from employees	30%
Individual data from customers	28%
Data from third-party sources (e.g., Moody's, Neilson's sales data)	17%
Enterprise specific data from systems of record (e.g., financial data, operations data)	16%

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024
Q. When will the following data sources be accessible to GenAI within your enterprise? (chart only showing 'already accessible')

This cautious stance toward integrating enterprise-specific data underscores the need for a robust Responsible AI framework. By enhancing governance structures, improving system resilience against errors, including hallucinations, and ensuring high standards of data quality assurance, companies can align their internal data practices with Responsible AI principles. Establishing these rigorous protocols mitigates risks and fortifies trust in AI systems, making it feasible to leverage sensitive and strategic data assets effectively. Developing a Responsible AI strategy that prioritizes ethical considerations, transparency, and accountability is vital for enterprises aiming to leverage their own data in GenAI systems. Enterprises should also look to design or implement responsible AI benchmark tools to systematically evaluate and compare their responsible AI policies.

Bridging the GenAI Talent Gap

When considering the transformative potential of technology, organizations often overlook the humans affected by these changes. This is especially true with GenAI. As GenAI continues to evolve, there will be a fundamental shift in how workers need to reskill to adapt to these changes.

Combining business and technical skills will be critical for success

Bridging the skills gap is essential, given that talent shortages are a top concern for executives and GenAI can transform jobs. The interplay between business acumen and technical expertise is the top skill to drive successful GenAI initiatives (see Exhibit 10). Business skills enable strategic integration of GenAI initiatives, ensuring they serve core business goals and deliver value, while technical expertise is necessary to develop, deploy, and maintain sophisticated AI systems. Combining these skill sets ensures that GenAI solutions are technically sound, commercially viable, and responsive to market needs.

"The gap between the digital acumen of the incoming workforce and that of existing executives is widening. The future workforce will possess innate digital skills, making it essential for current executives to elevate their digital understanding. Reskilling is vital for adapting to new technologies and ensuring relevance in a rapidly evolving digital landscape."
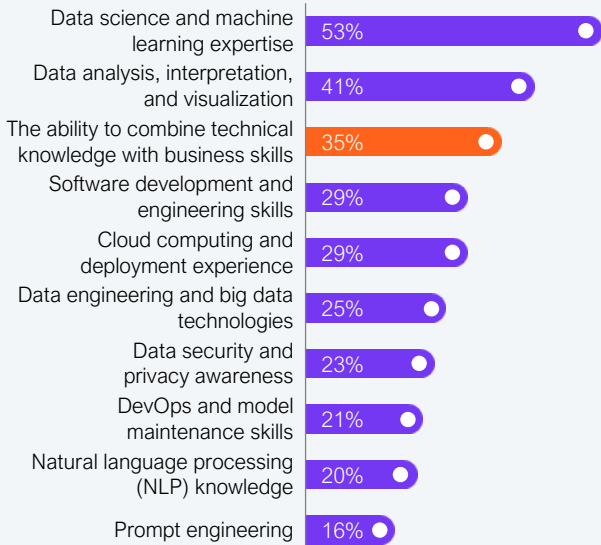
—CFO at a multinational technology company

Exhibit 10: Business and Technical skills needed to drive successful GenAI initiatives

Business skills needed to drive the success of your GenAI initiatives

Skill	%
The ability to combine business skills with technical knowledge	44%
Understanding of ethical AI practices	41%
Critical thinking and analytical problem-solving	39%
Effective project management and execution	39%
Adaptability and agility	36%
Strategic planning and business acumen	36%
Industry-specific knowledge (e.g., healthcare, finance, etc.)	30%
Communication and collaboration skills	28%

Technical skills needed to drive successful GenAI initiatives

Skill	%
Data science and machine learning expertise	53%
Data analysis, interpretation, and visualization	41%
The ability to combine technical knowledge with business skills	35%
Software development and engineering skills	29%
Cloud computing and deployment experience	29%
Data engineering and big data technologies	25%
Data security and privacy awareness	23%
DevOps and model maintenance skills	21%
Natural language processing (NLP) knowledge	20%
Prompt engineering	16%

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024
Q: What are the top three business skills crucial for the success of your GenAI initiatives?
Q: What are the top three technical skills crucial for the success of your GenAI initiatives?
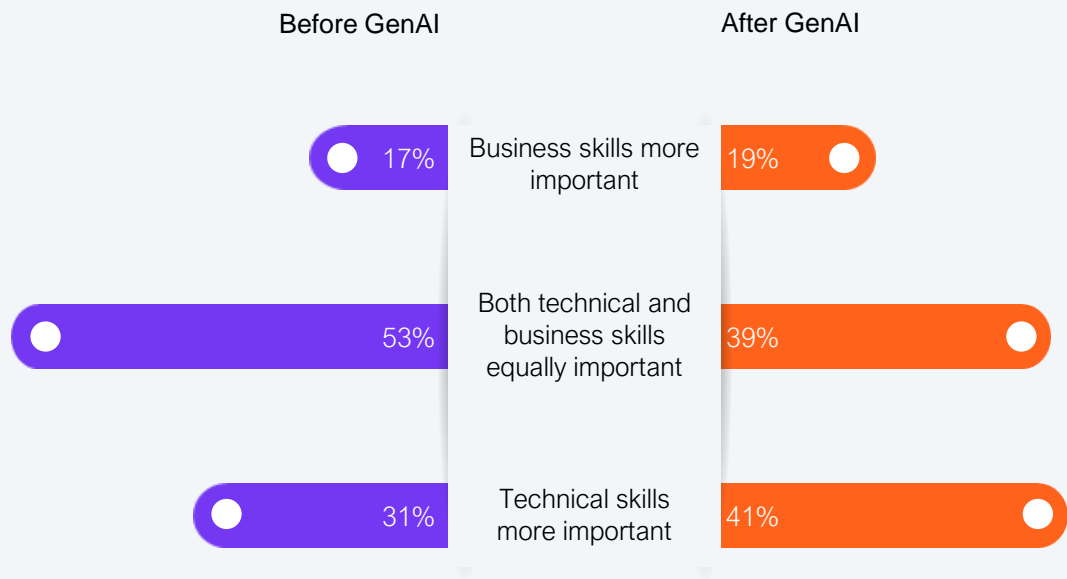
While the combination of skills remains crucial, pioneers increasingly acknowledge the significance of technical expertise

While respondents recognize the criticality of combining business and technical skills, surprisingly, after the introduction of GenAI, there's a notable tilt toward the importance of technical expertise, with 41% of respondents now emphasizing its significance (see Exhibit 11). The emphasis on technical skills, as reflected by interviewees, is believed to be a short-term focus essential for effectively integrating, managing, and innovating with these advanced technologies within existing business frameworks.

Exhibit 11: Technical skills gain importance with GenAI

Importance of skills before and after the introduction of GenAI

Before GenAI		After GenAI
17%	Business skills more important	19%
53%	Both technical and business skills equally important	39%
31%	Technical skills more important	41%

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024
Q. Please rate your perception of the importance of technical skills vs. business skills before and after the introduction of GenAI.

GenAI isn't just a lever for faster outputs; it heralds an opportunity to redefine job roles

Of the respondents, 61% acknowledge GenAI's impact on automating routine and repetitive tasks such as data entry, scheduling, and report generation. More notable, however, is that 49% of respondents foresee significant job transformations, suggesting a pivot to more complex, strategic work that relies on human creativity and decision-making skills.

> "
>
> *As GenAI becomes more prevalent, we'll see significant job transformations. Humans must adapt to new roles and tasks as AI technology integrates into various industries.*
>
> —**Claus Rose,** senior executive and EHS SMO leader at GE Vernova

The Ecosystem Effect

As we navigate the complex terrain of GenAI, it's increasingly evident that no enterprise is an island. Success in this disruptive tech landscape requires more than just the most advanced tools. It requires a commitment to sustaining and amplifying these innovations.

Enterprises need an ecosystem to succeed with GenAI

Executives understand that GenAI success hinges on collaborative ecosystems. The primary areas for investment are talent acquisition, specialized GenAI technology providers, and IT consulting services, all of which are essential for building robust GenAI capabilities. Interestingly, despite the importance of security, cybersecurity partnerships tend to be undervalued, indicating they might become a focus only after the core capabilities are established (see Exhibit 12).
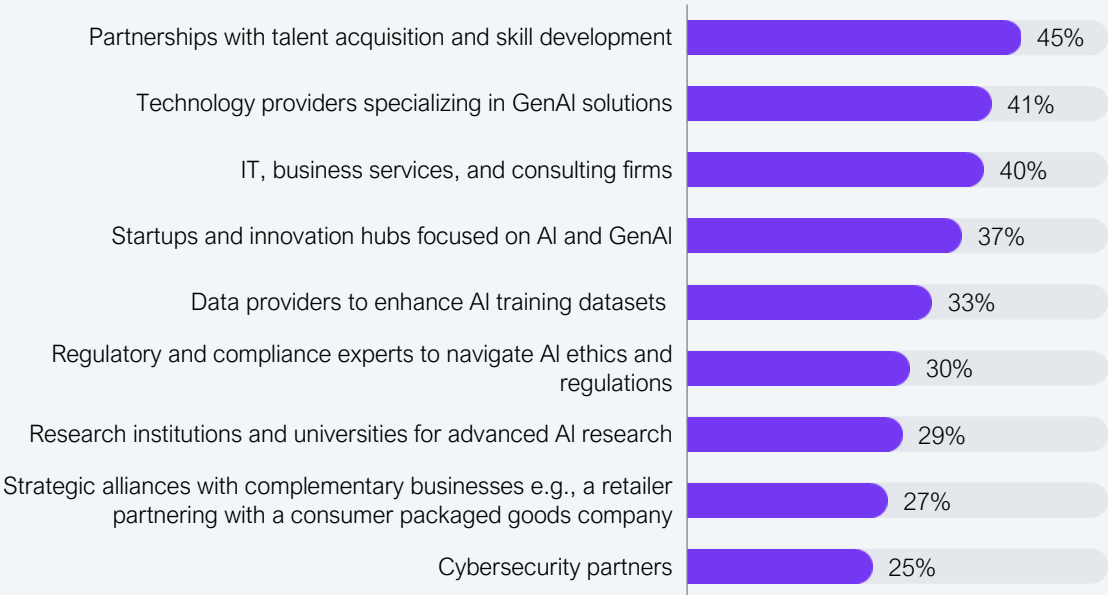
The data suggests a strategic organizational approach that favors adopting vendor solutions for GenAI over direct investments.

"Our approach to GenAI is to leverage the investments our vendors and partners are making in their solutions rather than direct investments, given the marketplace is still evolving. This strategy allows us to benefit from GenAI advancements through existing partnerships and maintain market parity."

—**Vijay Venkatesan**, chief analytics officer, Horizon Blue Cross Blue Shield of New Jersey

Exhibit 12: Partnership investments to support AI capabilities

Partners investing in to build and enhance GenAI capabilities

Partner	%
Partnerships with talent acquisition and skill development	45%
Technology providers specializing in GenAI solutions	41%
IT, business services, and consulting firms	40%
Startups and innovation hubs focused on AI and GenAI	37%
Data providers to enhance AI training datasets	33%
Regulatory and compliance experts to navigate AI ethics and regulations	30%
Research institutions and universities for advanced AI research	29%
Strategic alliances with complementary businesses e.g., a retailer partnering with a consumer packaged goods company	27%
Cybersecurity partners	25%

Sample: 550 executives
Source: HFS Research in collaboration with Genpact, 2024
Q. Which partners are you strategically prioritizing investments in to build and enhance your GenAI capabilities? (select all that apply)

80% of respondents want AI–led commercial partnerships to be performance–focused and purpose–driven

With enterprise executives recognizing the need for partnerships, the approach to AI-focused collaborations is fundamentally shifting. Only 15% of those surveyed still see traditional effort-based models working for the future of AI engagements, indicating a move away from these once-dominant frameworks. Instead, 34% now champion a hybrid model that merges aspects of effort, transaction, and outcome, suggesting a growing demand for flexible, nuanced commercial strategies that can adapt to the complexities of AI initiatives (see Exhibit 13).
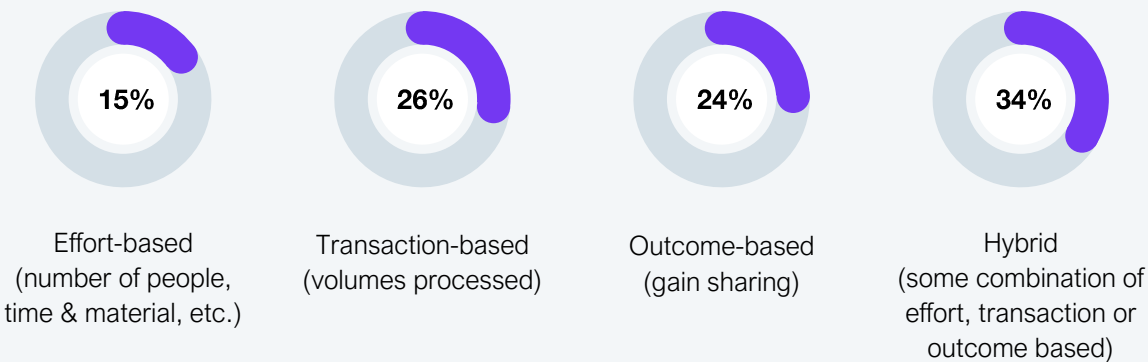
Enterprise leaders are moving toward these hybrid models that offer greater flexibility and

effectiveness in dealing with the multifaceted challenges of AI initiatives. Hybrid models enable organizations to adapt to the evolving technological landscape, align payments with results (not just effort), and foster innovative solutions by combining the strengths of various partnership approaches. This adaptability is essential in a field where technological advancements and market demands constantly change.

This shift reflects a maturing market perspective where success is measured by input and the tangible value and outcomes delivered.

Exhibit 13: Prevalent commercial structures for GenAI engagements with third-party services

Commercial structures for GenAI engagements with third-party services

15%	26%	24%	34%
Effort-based (number of people, time & material, etc.)	Transaction-based (volumes processed)	Outcome-based (gain sharing)	Hybrid (some combination of effort, transaction or outcome based)

Sample: 550 executives

Source: HFS Research in collaboration with Genpact, 2024

**1% of respondents indicated they "don't know"

Q. What do you believe will be the most prevalent commercial structures for GenAI engagements with 3rd-party service partners going forward?

Recommendations to realize the promise of GenAI

Adopting a balanced and strategic approach is crucial as enterprises navigate the next two years of GenAI integration.

Here are recommendations to help firms not just survive but thrive:

- **Strategic deployment over quick fixes:** Resist the temptation of short-term productivity gains. Instead, focus on the strategic deployment of GenAI that aligns with long-term business objectives and fosters sustainable growth. Focus on projects impacting core business functions, aligning AI initiatives with overall strategic objectives.

- **Pivot to system-wide optimization:** Move beyond piecemeal improvements; aim for holistic enhancements across your systems to fully leverage GenAI and prepare for the future of autonomous agents. Design reusable assets that seamlessly integrate across departments, accelerating deployment and maximizing ROI.

- **Prioritize quality data and robust AI frameworks:** Quality data is the foundation of successful GenAI initiatives. Enterprises must prioritize data quality and strategy, recognizing that poor data can derail AI efforts. Implementing robust data governance and management practices is crucial. Additionally, crafting responsible AI frameworks will safeguard against data inaccuracies and ensure ethical usage, thereby enhancing trust in AI systems.

- **Develop a skilled workforce ready for AI:** The transformation brought about by GenAI will shift job roles significantly, necessitating a workforce that is adept in both the technical and business aspects of AI. Investing in continuous learning and development to bridge the skills gap is essential.

- **Human-centric approach:** Value the human element to maintain a balanced perspective. Ensure that the rush to integrate GenAI doesn't overshadow the importance of employee engagement and morale.

- **Evolve partnership models:** Move away from traditional, effort-based models and toward performance- and purpose-driven partnerships. This shift will better align with the complex nature of AI projects and focus on delivering tangible outcomes.

By adopting these key recommendations, enterprise leaders can ensure they keep up with GenAI's rapid pace while using the technology to its full potential and redefining their industry and operational models.

The Bottom Line: You have just two years to succeed with GenAI, so it's crucial not to lose focus by overemphasizing productivity. Instead, focus on strategic outcomes that bring long-term benefits to your organization.

We're racing into the GenAI era, and it's a pivotal moment for executives to either get it right or get left behind. The key? Look past the allure of quick fixes and short-term gains. It's about thinking strategically, unravelling talent and data problems, and not losing the human factor in the quest for efficiency. Precision will determine the future.

In the GenAI era, hesitation leads to loss. But remember, don't rush down the productivity rabbit hole.

SECTION 07

Appendix

Additional use cases across four quadrants of GenAI benefits (see Exhibit 6)

Quick wins

These benefits can be realized fast and have a high impact. Quick wins improve aspects such as productivity, customer satisfaction, and decision-making efficiency.

- **Enhanced productivity and efficiency:** Automate routine tasks to free employees for more complex challenges and enable predictive maintenance to prevent equipment failures.

- **Advanced analytics and decision-making:** Employ predictive analytics for proactive business adjustments, dynamic risk assessments, and efficient resource management.

- **Improved customer engagement:** Power responsive chatbots for instant, personalized customer interactions and generate tailored product recommendations to enhance satisfaction.

- **Operational optimization:** Enhance supply chain and inventory management through demand forecasting and production scheduling, while minimizing downtime in manufacturing.

- **Creative and content generation:** Aid in developing engaging marketing and creative content and facilitate innovative product design and advertising.

Low-hanging fruit

This quadrant covers relatively easily achievable benefits that can provide quick but moderate impacts.

- **Product development acceleration:** Reduce the time from concept to prototype by quickly generating and iterating design prototypes, automating design prototyping, and streamlining risk assessments.

- **Design optimization automation:** Automate the optimization of product designs according to specific criteria including weight, cost, and performance enables rapid iterations and enhances efficiency in the development process.

- **Employee engagement and satisfaction:** Power platforms that support employee well-being and provide personalized training and development.

- **Learning and development:** Customize training programs to individual employee needs, fostering professional growth and adapting learning materials to enhance engagement.

Strategic pillars

These represent long-term goals that are crucial for sustained revenue growth and are highly valued, although they take longer to achieve.

- **Market analysis and opportunity identification:** Analyze market trends, consumer behavior, and competitive dynamics to identify opportunities, optimize pricing strategies, and predict market gaps, enhancing market share and revenue.

- **Sales and marketing optimization:** Drive targeted advertising, generate personalized marketing campaigns, and enable predictive inventory management to meet customer demand more effectively, thereby increasing sales and market penetration.

- **Product design and customization:** Create tailored products and prototypes rapidly, reducing development cycles and enabling customization at scale to meet individual customer preferences.

- **Risk management and compliance:** Enhance fraud detection and automate compliance in real time, safeguarding operations and maintaining market leadership through trust and regulatory adherence.

Future Foundations

These benefits are transformative and seen as foundational for the future but are realized gradually.

- **Dynamic supply-chain adjustments:** Adjust supply chain operations based on real-time data, ensuring an efficient response to market fluctuations.

- **Adaptive production planning:** Implement dynamic pricing strategies and adjust production planning in real time to meet current market demands.

- **Anti-counterfeiting measures:** Detect and prevent counterfeit products in the consumer goods market, protecting brand integrity and consumer trust.

- **Real-time anomaly detection:** Employ GenAI for swift identification of irregular patterns, enhancing security by preventing potentially fraudulent activities.
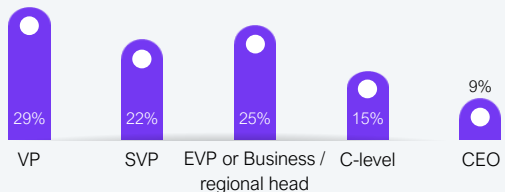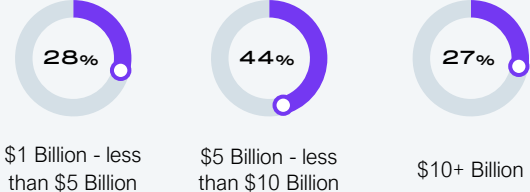
About this Study

We surveyed 550 senior executives worldwide and conducted detailed interviews with 10 enterprise leaders who are setting the pace in GenAI adoption and innovation. Below are the demographic details of the survey participants.
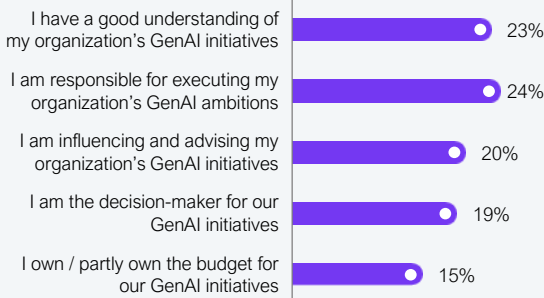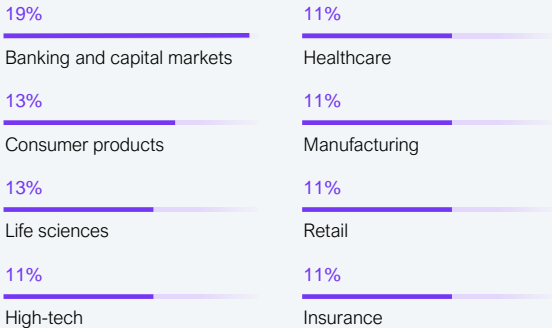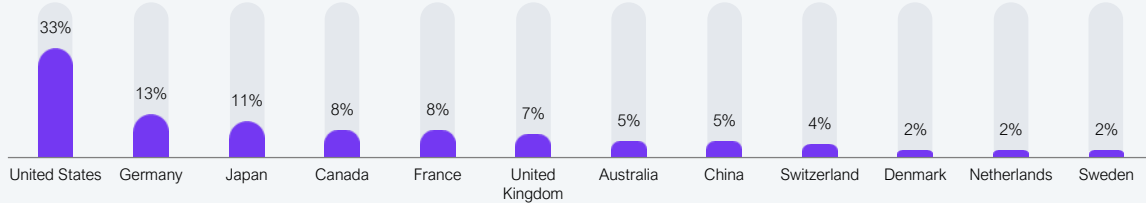
Survey demographics

Role in organization

VP	SVP	EVP or Business / regional head	C-level	CEO
29%	22%	25%	15%	9%

Revenue

- 28% — $1 Billion - less than $5 Billion
- 44% — $5 Billion - less than $10 Billion
- 27% — $10+ Billion

Role in investments and initiatives around GenAI

- I have a good understanding of my organization's GenAI initiatives — 23%
- I am responsible for executing my organization's GenAI ambitions — 24%
- I am influencing and advising my organization's GenAI initiatives — 20%
- I am the decision-maker for our GenAI initiatives — 19%
- I own / partly own the budget for our GenAI initiatives — 15%

Industry

19% Banking and capital markets	11% Healthcare
13% Consumer products	11% Manufacturing
13% Life sciences	11% Retail
11% High-tech	11% Insurance

Country

United States	Germany	Japan	Canada	France	United Kingdom	Australia	China	Switzerland	Denmark	Netherlands	Sweden
33%	13%	11%	8%	8%	7%	5%	5%	4%	2%	2%	2%

Primary function

- IT — 21%
- Data & Analytics — 18%
- Industry-specific operations (please specify) — 13%
- Sales & Marketing — 8%
- Customer Services — 8%
- Finance & Accounting — 8%
- Financial Crime — 6%
- ESG or Regulatory Compliance — 6%
- Supply Chain and Procurement — 6%
- Human Resources — 4%

Department within IT

- Infrastructure and networking — 33%
- Application development and maintenance (software engineering) — 27%
- Project & IT management — 25%
- Cybersecurity — 14%

HFS Research authors

Dana Daher
Associate Practice Leader

At HFS, Dana leads research in generative AI, employee experience, emerging technologies, and the energy and utilities sector. She spearheads research projects that explore the adoption and implications of AI technologies and plays a key role in the HFS Hot Tech program.

Before joining HFS, Dana worked at Info-tech Research Group, where she developed IT strategies and technology roadmaps, led digital transformations, established governance programs, and guided the selection of CRM and ERP applications.

Saurabh Gupta
President, Research and Advisory Services

Saurabh sets the strategic research focus and agenda for HFS Research, understanding and predicting the industry's needs and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. He oversees the firm's global research function, managing a team of analysts and operations across the US, Europe, and Asia.

Genpact contributing authors

Sreekanth Menon
Global Head, AI/ML Practice

Sreekanth Menon leads Genpact's global AI/ML practice, collaborating with Fortune 100 clients worldwide steering strategy, business transformation, product development, and delivering top-tier analytical solutions. He has spearheaded the company's data science practice, making Genpact a Top 50 Data Science firm for four consecutive years. Sreekanth has incubated and launched over 100 advanced analytics solutions across various industries. Recognized as one of India's most influential AI and analytics leaders, he advocates for responsible AI systems.

Meg Van Winkle
Chief of Staff to the CEO

Meg leads the office of the CEO at Genpact. She drives key strategic initiatives pivotal to the company's goals, working with major internal and external stakeholders to foster strategic, growth-focused engagement. Previously, as Genpact's growth excellence and commercial transformation leader, Meg formulated the company's growth strategies. She joined Genpact from Accenture in 2018 as part of the corporate strategy team, focused on growth areas such as data, analytics, technology, and experience.

About Genpact

Genpact (NYSE: G) is a global professional services and solutions firm delivering outcomes that shape the future. Our 125,000+ people across 30+ countries are driven by our innate curiosity, entrepreneurial agility, and desire to create lasting value for clients. Powered by our purpose – the relentless pursuit of a world that works better for people – we serve and transform leading enterprises, including the Fortune Global 500, with our deep business and industry knowledge, digital operations services, and expertise in data, technology, and AI.

Powered by our purpose – the relentless pursuit of a world that works better for people – we serve and transform leading enterprises, including the Fortune Global 500, with our deep business and industry knowledge, digital operations services, and expertise in data, technology, and AI.

Get to know us at genpact.com and on LinkedIn, X, YouTube, and Facebook.

About HFS

- **INNOVATIVE**
- **INTREPID**
- **BOLD**

HFS is a leading global research and analysis firm trusted at the highest levels of executive leadership. Our mission is to help our clients clients—major enterprises, tech firms, and service providers—tackle challenges, make bold moves, and bring big ideas to life by arming them with accurate, visionary, and thought-provoking insight into issues that impact their business.

Our analysts and strategists have deep, real-world experience in the subjects they cover. They're respected for their independent, no-nonsense perspectives based on thorough research, demand-side data, and personal engagements with industry leaders.

We have one goal above all others: to propel you to success.

🌐 www.hfsresearch.com

in hfsresearch

💬 www.horsesforsources.com