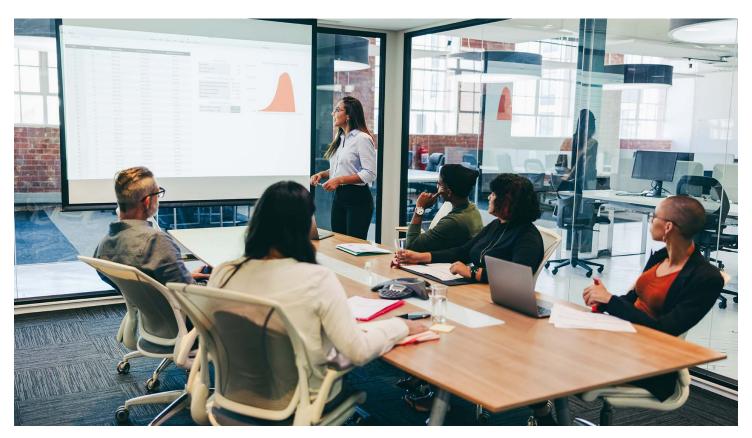# IBM Study: CEOs Embrace Generative AI as Productivity Jumps to the Top of their Agendas

Half (50%) of CEOs report they are already integrating generative AI into digital products and services

Executives are not aligned on AI readiness: 69% of CEOs see broad benefits of generative AI across their organisation, but just 29% of non-CEO senior execs agree they have the in-house expertise to adopt generative AI

LONDON, UK, June 27, 2023 – A new study by the IBM (NYSE: IBM) Institute for Business Value, "CEO decision-making in the age of AI, Act with intention" found that half of the CEOs in the United Kingdom and Ireland (UKI) identify productivity as their highest business priority—up from fourth place in 2022 and in line with their counterparts globally. They recognise customer experience remains key to achieving their productivity goals, ranking it as the second highest priority, ahead of tech modernisation. Yet, CEOs face key barriers as they race to modernise and adopt new technologies like generative AI.

The study*, which incorporates a survey of 200 U.S. CEOs from multinational corporations on their response to generative AI, found three-quarters of U.S. CEO respondents believe that competitive advantage will depend on who has the most advanced generative AI. However, these executives are also weighing potential risks or barriers of the technology such as bias, ethics and security. More than half (57%) of U.S. CEOs surveyed are concerned about data security and 48% worry about bias or data accuracy.

There is also a disconnect between CEOs and their teams when it comes to AI readiness. Half (50%) of the CEO respondents report they are already integrating generative AI into products and services, and 43% percent say

they are using generative AI to inform strategic decisions. Yet, just 29% of their executive teams agree they have the in-house expertise to adopt generative AI; only 30% of non-CEO senior executives say that their organisation is ready to adopt generative AI responsibly.

"CEOs across all industries are carefully considering how best to leverage generative AI to propel their organisations ahead of the competition by driving innovation, productivity and profitability," said Rahul Kalia, Managing Partner, IBM Consulting, UK and Ireland. "To fully harness its benefits, it is essential for CEOs to thoughtfully evaluate the strategic impact of generative AI on their workforce and business operations. They must establish a clear skills and talent strategy to enable organisational readiness for AI adoption. With a "digital-first" mindset to re-imagine workflows with AI, and by prioritising explainability, transparency and security, CEOs can confidently navigate this transformative technology to accelerate business performance."

Key study findings include:

CEOs say productivity – and the technology that will help deliver it – is a pressing priority

- In the UKI, half of CEOs identify productivity as their highest priority. Customer experience is the second highest (49%) - compared to technology modernisation (45%) at a global level.
- This year, CEOs in the UKI see cyber risk as the top external force (44%) that will impact their organisation over the next three years. In 2022, technology factors (55%) was the top concern.
- While productivity is the top priority, UKI CEOs have highlighted sustainability (41%) and cybersecurity (38%) as their top challenges.

CEOs are increasingly looking toward operational, technology and data leaders as strategic decision makers.

- When asked which C-Suite members will make the most crucial decisions over the next three years, CEOs respondents in the UKI identify COOs (65%) and CFOs (50%).
- In the UKI, the influence of technology leaders on decision-making is growing – 38% of CEOs point to CIOs, followed by Chief Technology Officers (26%) as making the most crucial decisions in their organisation.

U.S. CEOs from multinational companies are ready to adopt generative AI, but other executives have reservations

- Three out of four (75%) U.S. CEOs surveyed believe the organisation with the most advanced generative AI will have competitive advantage.
- Half (50%) of these CEOs report they are already integrating generative AI into products and services; 43% percent say they are using generative AI to inform strategic decisions, with 36% using the technology for operational decisions.
- While 69% of CEO respondents see broad benefits of generative AI across their organisation, just 29% of their executive teams agree they have the in-house expertise to adopt generative AI.
- Only 30% of non-CEO senior executives from multinational companies say that their organisation is ready

to adopt generative AI responsibly.

Generative AI is fueling workforce changes, but broader assessments of its impact on the workforce are lagging.

- About 43% of surveyed U.S. CEOs say they have reduced or redeployed their workforce due to generative AI, with an additional 28% indicating they plan to do so in the next 12 months.
- At the same time, 46% of these CEOs surveyed have hired additional workers because of generative AI, with 26% saying they have plans for more hiring ahead.
- Yet, fewer than one in three CEOs (28%) have assessed the potential impact of generative AI on their workforces, and 36% say they plan to do so in the next 12 months.To view the full study, visit: https://ibm.co/c-suite-study-ceo.

To learn more about the top trends and strategic bets business leaders are making to boost productivity, visit https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/seven-bets.

*Study Methodology

The IBM Institute for Business Value, in cooperation with Oxford Economics, interviewed 3,000 CEOs from over 30 countries and 24 industries as part of the 28th edition of the IBM C-Suite Study series. These conversations focused on executives' perspectives on leadership and business; their changing roles and responsibilities; and CEO decision making today, including key challenges and opportunities, their use of technology, data and metrics, and their visions for the future. The IBM Institute for Business Value also conducted a survey of 200 CEOs in the United States on their responses to generative AI.

The IBM Institute for Business Value, IBM's thought leadership think tank, combines global research and performance data with expertise from industry thinkers and leading academics to deliver insights that make business leaders smarter. For more world-class thought leadership, visit: www.ibm.com/ibv.

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