



Now decides next:

Getting real about
Generative AI

Deloitte's State of Generative AI in the Enterprise
Quarter two report

April 2024

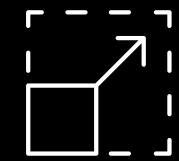
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Introduction

Foreword

We have traveled a long way since the Generative AI space race kicked off in November 2022—and yet, we know we are still at the beginning of this long and exciting transformation. Every day, we talk with clients about how much there is to focus on in the moment, how explosive the pace of change is, and how challenging it can be amid the excitement to take a longer-term view.

We see organizations starting to achieve benefits and move toward a near future where this early stage of Generative AI tools is widely dispersed and driving new value. But there are also some hard realities to deal with as business leaders look to scale and realize the potential of this powerful technology.

The *State of Generative AI in the Enterprise: Getting real about Generative AI* captures a new snapshot of this transformative time from the perspectives of nearly 2,000 business and technology leaders, all from organizations that are actively deploying and scaling Generative AI today. Echoing our many clients, from these executives we hear that while excitement persists it may be at its peak as leaders come up against cultural challenges, questions about how to manage their workforces, and issues with trust that—at least for now—stand in the way of unlocking Generative AI's full value.

All told, it is exciting that Generative AI's potential is beginning to weave its way deeper into the foundations of how organizations operate and we continue to learn more about emerging leading practices. Amid those developments, we also continue to see that achieving value with Generative AI connects hand in hand with keeping humans at the center.

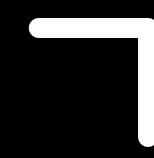
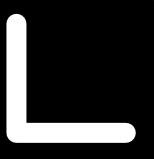
Learn more about the series and sign up for updates at <http://deloitte.com/us/state-of-generative-ai>.

Nitin Mittal, Costi Perricos, Kate Schmidt, Brenna Sniderman and David Jarvis



"We are in the first inning of a thousand-inning game and there's so much to be figured out."

-Chief analytics officer in financial services



Introduction

Getting real about Generative AI

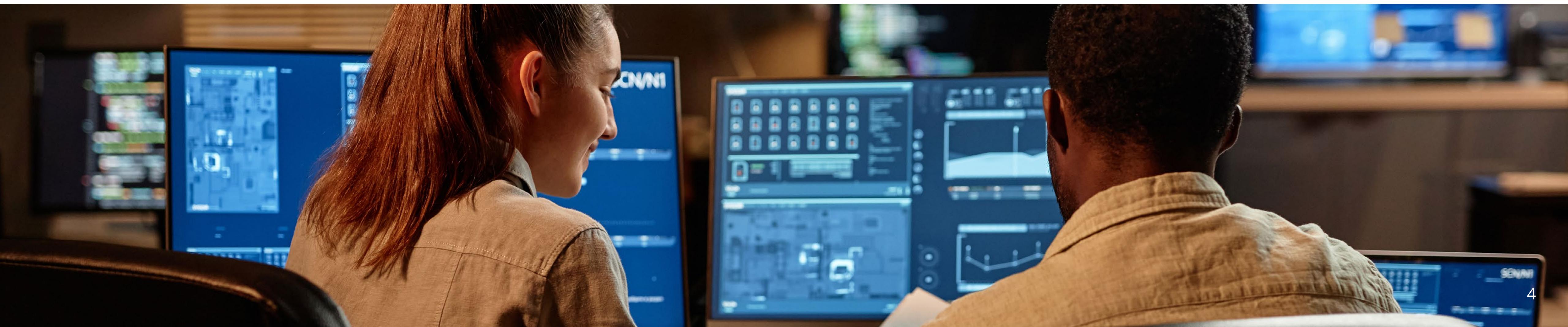
Is the infatuation phase over? Quarter two of Deloitte's global quarterly survey found many organizations beginning to get down to the serious work of making Generative AI's vast potential a reality.

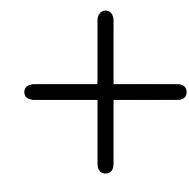
This report presents findings from the second in Deloitte's ongoing series of quarterly global surveys on Generative AI in the enterprise. To gain additional context for our wave two research, we also conducted a series of in-depth interviews with senior executives from a broad range of industries.

Our research shows that organizations are increasingly prioritizing **value creation** and demanding tangible results from their Generative AI initiatives. This requires them to **scale up** their Generative AI deployments—advancing beyond experimentation, pilots and proofs of concept. Transitioning to large-scale deployments will increase Generative AI's impact on the business and expand its reach to a much larger segment of the workforce. Successful scaling, in turn, presents a wide range of challenges, encompassing everything from strategy, processes and people to data and technology.

Two of the most critical challenges for scaling are **building trust** (in terms of making Generative AI both more trusted and trustworthy) and **evolving the workforce** (addressing Generative AI's potentially massive impact on worker skills, roles and head count).

Here we'll take an in-depth look at all four of these areas—value, scaling, trust and workforce—to help organizations move forward more effectively on their Generative AI journeys. Future survey reports will focus selectively on other key challenges to successful Generative AI scaling and value creation.





Getting real about Generative AI (cont'd)

Value creation

- The percentage of organizations reporting they were already achieving their expected benefits to a “large” or “very large” extent is 18%–36%, depending on the type of benefit being pursued.
- Organizations that reported “high” or “very high” levels of Generative AI expertise are scaling Generative AI much more aggressively—and are achieving their desired benefits to a much greater degree than others.
- Organizations primarily plan to reinvest the savings from Generative AI into innovation (45%) and improving operations (43%)—addressing the value equation from both sides.

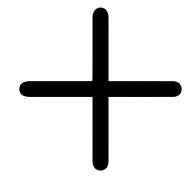


Scaling up

- Leaders see scaling as essential for creating value, increasing Generative AI’s impact on the business and expanding the technology’s user base. The scaling phase is when Generative AI’s potential benefits are converted into real-world value. It’s also, however, when an organization’s potential concerns can become real-world barriers to success.
- Common areas of concern include data security and quality, explainability of Generative AI outputs, and worker mistrust or lack of familiarity with Generative AI tools.
- Workforce access to approved Generative AI tools and applications remains quite low, with nearly half of surveyed organizations (46%) reporting they provided approved Generative AI access to just a small portion of their workforces (20% or less). However, most workers with internet access will have access to public Generative AI tools and could be using them without consent.

All statistics noted in this report and its graphics are derived from Deloitte’s second quarterly survey, conducted January – February 2024; *The State of Generative AI in the Enterprise: Now decides next*, a report series. N (Total leader survey responses) = 1,982.

Generative AI is an area of artificial intelligence and refers to AI that in response to a query can create text, images, video and other assets. Generative AI systems can interact with humans and are often built using large language models (LLMs). Also referred to as “GenAI.”



Introduction

Getting real about Generative AI (cont'd)

Building trust

- Lack of trust remains a major barrier to large-scale Generative AI adoption and deployment. Two key aspects of trust we observed are: (1) trust in the quality and reliability of Generative AI's output and (2) trust from workers that the technology will make their jobs easier without replacing them.
- Trust issues have not prevented organizations from rapidly adopting Generative AI for experiments and proofs of concept, with 60% reporting they are effectively balancing rapid implementation with risk management. Trust is likely to become a bigger issue, however, as organizations transition to large-scale deployment. Many reported they are currently investing significant time and effort into building guardrails around Generative AI.
- Organizations that reported "high" or "very high" levels of expertise recognize the importance of building trust in Generative AI across numerous dimensions (e.g., input / output quality, transparency, worker empathy) and are implementing processes to improve it to a much greater extent than are other organizations.

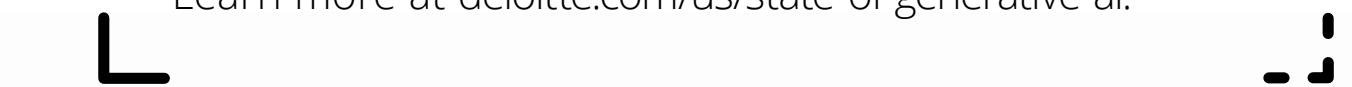
Evolving the workforce

- Most organizations (75%) expect the technology to affect their talent strategies within two years; 32% of organizations that reported "very high" levels of Generative AI expertise are already making changes.
- The most expected talent strategy impacts are process redesign (48%) and upskilling or reskilling (47%).
- Generative AI is expected to increase the value of some *technology-centered skills* (such as data analysis) as well as *human-centered skills* (such as critical thinking, creativity and flexibility), while decreasing the value of other skills.
- In the short term, more organizations said they expect the technology to increase head count (39%) than to decrease head count (22%)—perhaps due to increased needs for Generative AI and data expertise.



About the State of Generative AI in the Enterprise: Wave two survey results

The wave two survey covered in this report was fielded to 1,982 director- to C-suite-level respondents across six industries and six countries between January and February 2024. Industries included: Consumer; Energy, Resources & Industrials; Financial Services; Life Sciences & Health Care; Technology, Media & Telecom; and Government & Public Services. Our Q2 survey findings are augmented with over 20 executive interviews. This second report is part of a yearlong series by the Deloitte AI Institute to help leaders in business, technology and the public sector track the rapid pace of Generative AI change and adoption. The series is based on Deloitte's State of AI in the Enterprise reports, which have been released annually the past five years. Learn more at deloitte.com/us/state-of-generative-ai.



+

Now: Key findings

1 Value creation

Proving, measuring and communicating value is crucial to an organization's Generative AI journey. In our survey and interviews, many organizations reported they were increasingly emphasizing the need for Generative AI initiatives and investments to have clear value objectives and deliver tangible results, rather than simply being viewed as experiments or learning experiences.

As one executive at a Fortune 500 manufacturing company noted: "We have a very strict internal rule that if we don't see value from our Generative AI solutions, we won't do it or we won't scale it."

That said, there are many ways to define and measure value—especially for a technology with the transformational potential of Generative AI. Although financial return on investment (ROI) is important, value drivers such as innovation, strategic positioning and competitive differentiation can be even more important.

Value objectives and priorities for Generative AI can—and should—vary by organization, industry and use case. Where the technology's potential impact is strategic and truly game-changing, the need and latitude for experimentation, learning and innovation are much greater (with less emphasis on immediate payback) than in situations where productivity and cost savings are the primary expected benefits.

Moreover, Generative AI is so new—and advancing so quickly—that accurately estimating benefits is much harder than for an established technology with a proven track record.

"Any technology that's a little over a year old, nobody's going to have a year's worth of data to do a backward-looking ROI," said one tech company executive we interviewed. "And with the fundamental and foundational changes Generative AI offers, it's very hard to even offer a forward-looking [total cost of operating] or ROI because there's so many possibilities of impact and varied ways to integrate it into your business."

Therefore, many forward-thinking organizations are implementing Generative AI without specific ROI targets as they realize they can't afford to get left behind in this critical and fast-moving market.



Now: Key findings

Organizations are starting to demand tangible business value from Generative AI, and some are beginning to achieve real-world benefits.

The organizations we surveyed expect Generative AI to deliver a broad range of benefits, with the most common objective—at least in the short term—being improved efficiency and productivity (56%), which is consistent with the results from last quarter's survey. The percentage of respondents who said their organizations' Generative AI initiatives were already achieving expected benefits to a

"large" or "very large" extent is 18%–36%, depending on the type of benefit being pursued.

As one public sector executive told us, "The big selling point is if I make an investment and do something like this, what's the tangible return and what are some easy returns? And then what are more complicated longer-term returns that take more investment money? If I can do some of the easier ones and build on them, it can translate into 'I think this would be worth it to invest a lot more money.' I believe a lot of entities in our sector are at that point."

Generative AI "experts" are achieving their desired benefits to a much greater degree.

In every category, organizations that rated themselves as having "high" or "very high" levels of Generative AI expertise reported much greater success at achieving their desired benefits. Their advantage was greatest in strategic and growth-related areas such as *improving products and services* and *encouraging innovation and growth*.

Achieving benefits

Of those seeking the benefit, the percentage of respondents achieving the benefit to a large extent or more

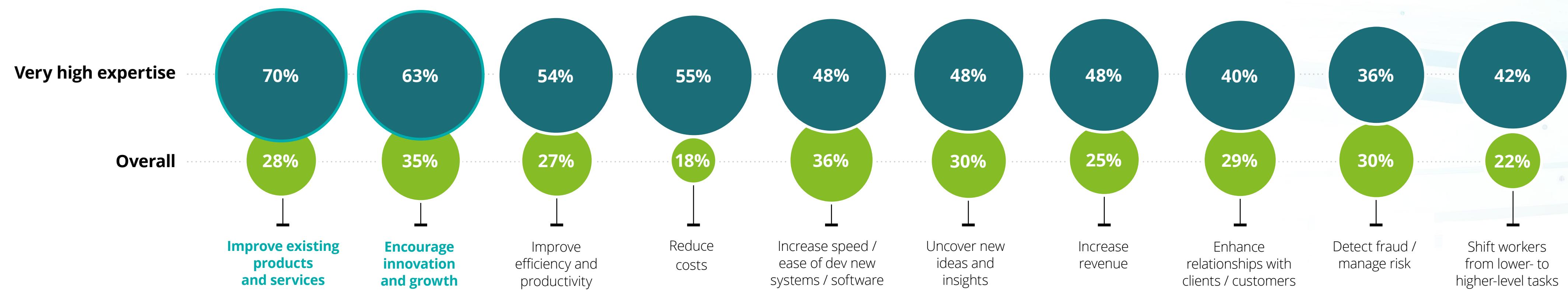


Figure 1

Q: What are your anticipated benefits and to what extent are you achieving those benefits to date?

(Jan./Feb. 2024); N (Total) = 1,982; N (very high) = 96

Now: Key findings

"Expert" organizations are scaling Generative AI much more aggressively.

Generative AI expert organizations are likely having more success at capturing benefits because they are scaling up much more aggressively, compared to the other categories, which provides a larger base for generating benefits.

According to our survey, organizations reporting "very high" levels of Generative AI expertise are deploying AI much more rapidly and extensively than others. In fact, 73% said they are adopting the technology at a "fast" or "very fast" pace (versus only 40% of organizations with "some" level of expertise). They are also scaling Generative AI at higher rates across functions and using it more within functions. For example, those with "very

high" expertise reported, on average, implementing at scale in 1.4 functions, out of eight total functions, while those with "some" expertise are doing so in only 0.3 functions. Further, 38% of those with "very high" expertise reported implementing Generative AI at scale in marketing, sales and customer service—versus only 10% of organizations with "some" level of expertise.

Companies that report expertise are moving quickly.

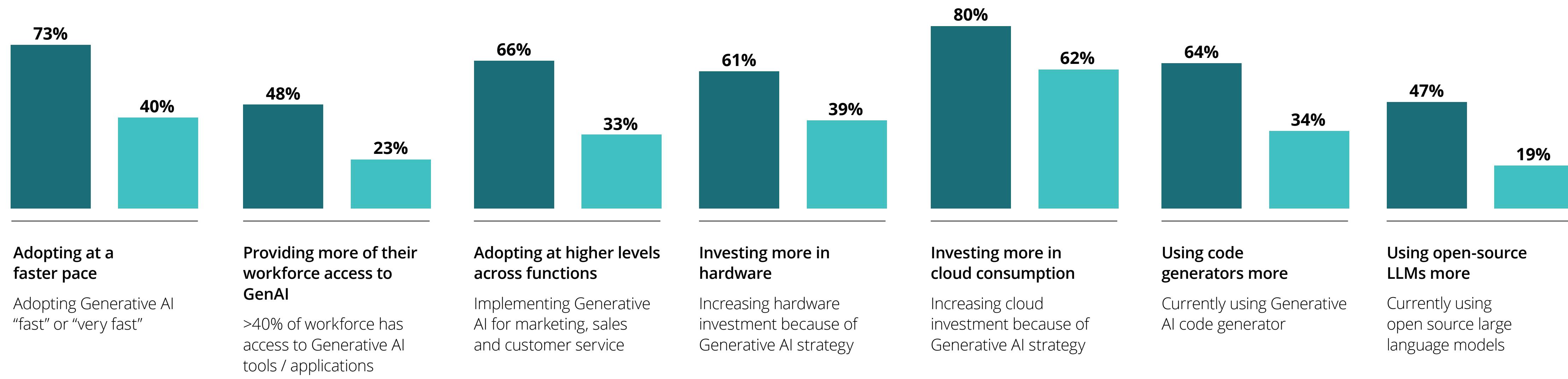


Figure 2

(Jan./Feb. 2024) N (Total) = 1,982; N (Very high) = 96; N (Some) = 1,021

Very high expertise Some expertise

Now: Key findings

Insights from our executive interviews align closely with survey findings, showing that leading organizations are aggressively scaling up their Generative AI efforts both *horizontally* (across multiple functions or domains) and *vertically* (within a single function or domain). This combination of horizontal and vertical scaling may help achieve value creation more effectively.

As one chief transformation officer in manufacturing noted, “[We have] an application that is being incredibly successful

and has saved us significant amounts of money ... and that we have scaled very broadly across many of our sites and continue to scale further across more equipment across more sites.”

Similarly, from a broad market perspective we are seeing an increasingly sharp distinction between *horizontal* use cases that cut across industries (e.g., office productivity suites and enterprise resource planning systems with integrated Generative AI) and *vertical* use cases that

are industry-specific and narrowly focused but more strategically impactful (e.g., Generative AI tools for semiconductor design that are used only by a small subset of workers but have a very large impact on the business).

Now: Key findings

Organizations primarily plan to reinvest the savings from Generative AI into innovation and additional operations improvements.

Among the overall respondent pool, organizations said they primarily planned to reinvest cost and timesavings from Generative AI into *driving innovation* (45%) and *improving operations* (43%), addressing the value equation from both sides. It's interesting to note that a significant percentage of organizations (27%) also planned to reinvest in scaling Generative AI adoption, creating a cycle of Generative AI reinvestment and growth.

Organizations with "very high" Generative AI expertise are even more focused than others on *driving innovation* (51%). They are also less inclined than others to reinvest savings from Generative AI into *improving operations* and more inclined to prioritize *developing new products and services*.

The right reinvestment approach depends on an organization's specific needs. Organizations currently facing strategic disruption or transformation from Generative AI have a greater imperative to focus on

strategic objectives such as innovation and growth, and are likely already working more aggressively to develop strong Generative AI capabilities.

By contrast, organizations in industries that are currently not being disrupted by Generative AI are more likely to focus on benefits such as individual worker productivity and operations improvement, areas with less of a sense of urgency and less tolerance for risk. Such organizations can still benefit greatly from Generative AI—just in a different way. They also have a valuable opportunity to watch and learn from the experiences of other industries that are currently being disrupted—lessons that could serve them well if and when Generative AI disruption reaches their own industry.

"To enable GenAI value in our business, we need to change our mindset and develop R&D capabilities to realize a long-term vision enabled by GenAI," said the CEO of a digital media company. "Right now, [our mindset] is short-term and just about tangible cash value for one-off use cases."

Areas to reinvest time and cost savings

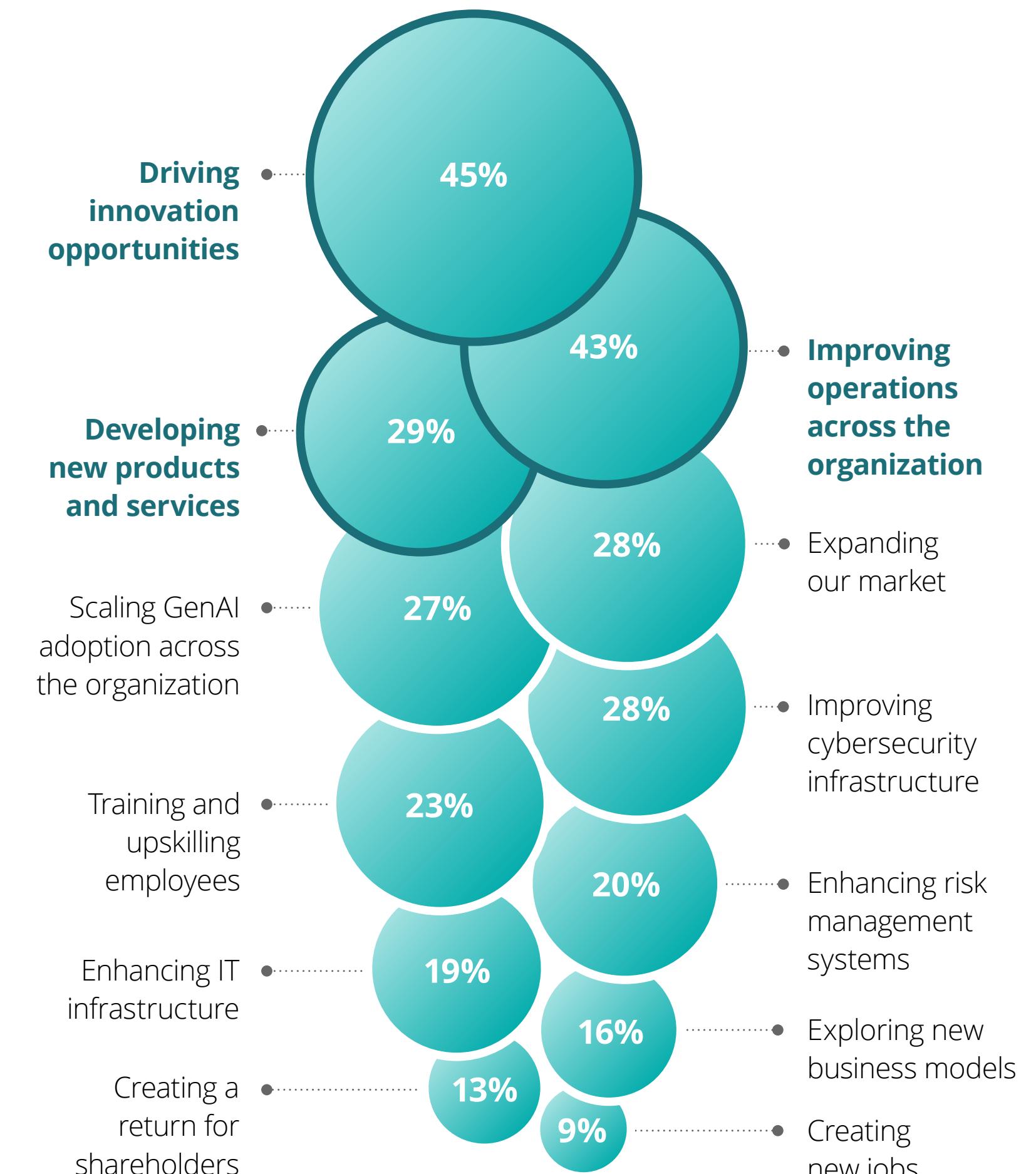
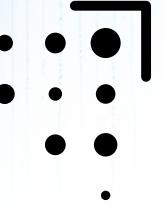


Figure 3

Q: Where does your company plan to reinvest cost or timesavings generated through implementation of GenAI capabilities (select top 3)?

(Jan./Feb. 2024) N (Total) = 1,982



2 Scaling up

A key to value creation, scaling increases Generative AI's impact on the business and expands its user base—both of which have a strong multiplier effect on Generative AI's benefits. Yet, many organizations find it challenging to make the leap from pilots and proofs of concept to large-scale deployment.

Scaling is complex and requires effort across a variety of interrelated elements spanning strategy, process, people, data and technology. Although the challenges associated with scaling Generative AI are common to many digital transformation initiatives, issues such as risk management and governance, workforce transformation, trust and data management take on even greater importance. What worked well in the past might not work the same way with this new technology.

The scaling phase is when potential benefits are converted into real-world value. It is also, however, when

potential issues become real-world barriers. And with Generative AI, many of those barriers are still being identified and understood.

"There are always issues that emerge through the adoption and scaling transition that aren't expected—the question we have to consider is how hard are they to overcome," said a chief technology officer we interviewed. "For example, [one of our] use cases had some technical, policy and cybersecurity issues, but they were relatively easy to overcome, so we scaled. Conversely, for [two other] use cases more issues emerged linked to the skill level to work with the outputs of the AI solution. These have been harder to address, so scaling has been slower."

A public sector chief information officer outlined another approach: "[For us, successful scaling is] building on previous successes and then taking those initiatives to another level. Expanding to other areas of the

organization, incorporating more datasets, expanding the user base (internal and external) to improve upon existing results, and refining the current solution for more value.

This phased approach gives us a sense of assurance the investment is worthwhile before we commit significantly more resources."

Off-the-shelf Generative AI solutions for common use cases such as office productivity are arguably the easiest to deploy at scale, but they still require substantial investment, effort and training. For unique and/or more strategic Generative AI solutions and use cases, the complexity and challenges increase by leaps and bounds, along with the potential for greater returns.

Now: Key findings

Workforce access to approved GenAI tools and applications remains low.

Nearly half of our respondents (46%) reported they provided approved Generative AI access to just a small portion of their workforces (20% or less). Organizations reporting “very high” levels of Generative AI expertise are further along, with nearly half (48%) providing approved Generative AI access to at least 40% of their workforces. Even for these “expert” organizations, worker access to approved tools remains the exception, not the rule.

Our executive interviews pointed to a number of reasons for this overall low penetration rate, mostly revolving around risk versus reward—especially data-related risks. Do the potential rewards of Generative AI justify the risks, and can the risks be mitigated? In particular, we found widespread concern that allowing workers to use public large language models (LLMs) and Generative AI tools might lead to problems with protection of intellectual property and customer privacy.

Percentage of workforce with access to Generative AI

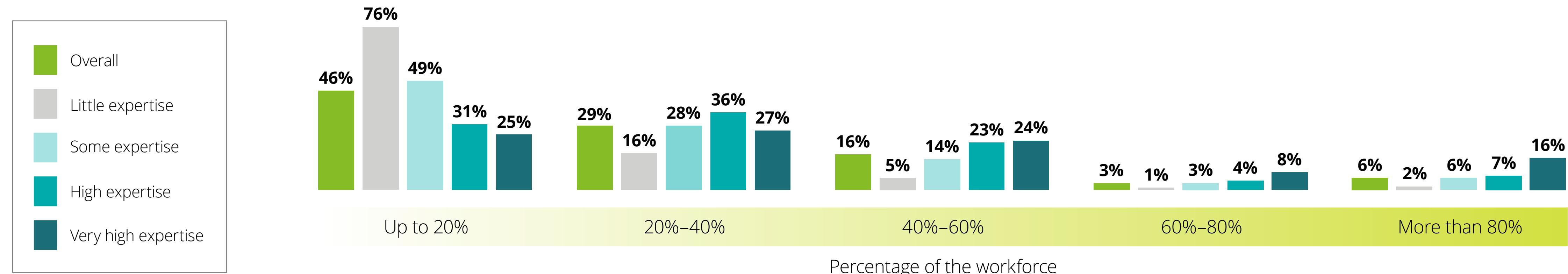


Figure 4

Q: How much of your overall workforce, do you estimate, have access to your organization's sanctioned (approved) Generative AI tools/applications?

(Jan./Feb. 2024) N (Total) = 1,982, N (Very high) = 96, N (High) = 606, N (Some) = 1,021, N (Little) = 257

Now: Key findings

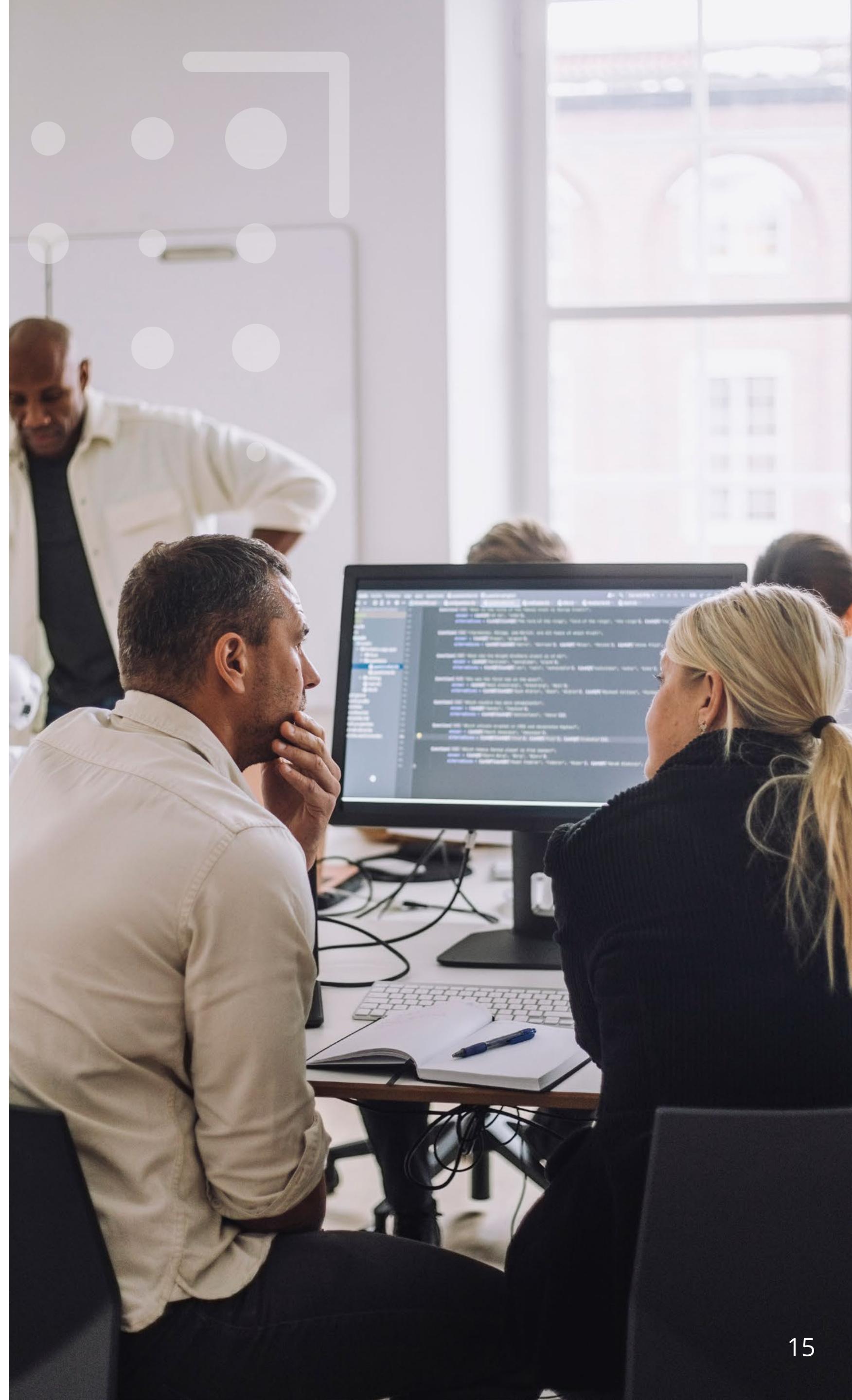
Other concerns that came up in our executive interviews include:

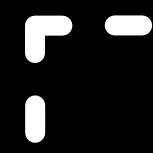
- Generative AI outputs that can be unpredictable and subject to inaccuracies (i.e., “hallucinations”)—which undermine trust, particularly when combined with lack of transparency and explainability
- Potential loss of control over what Generative AI apps are being used within the organization and who is using them
- Worker resistance to using Generative AI due to lack of familiarity or concerns about being replaced

Given the potential challenges and risks, a cautious approach to allowing workers to use Generative AI tools arguably makes sense. However, tight restrictions on Generative AI are best viewed as a temporary stopgap measure—not a viable long-term solution. Logically, any worker with internet access will have access to public Generative AI tools and could be using them without their employer’s consent—potentially leaking

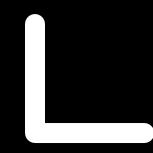
sensitive data and intellectual property into public LLMs in an entirely uncontrolled way. This status is likely to continue in the absence of practical policies for allowing and managing widespread Generative AI access.

Organizations should be actively developing sustainable processes and policies for enabling ubiquitous but responsible Generative AI use and managing the associated risks at scale. Widespread but controlled access to Generative AI will help people get more comfortable with the technology and enable them to understand what it can and cannot do—giving them a more realistic and informed perspective while opening the door to new opportunities for Generative AI value creation across the enterprise.





“It has been surprising to see how low the bar is to do something quick and dirty—this is both exciting and scary, but the big challenge is to scale—this is a whole new ball game ... but scaling is hard without centralization.”



-Director of data science and AI in the technology industry



Now: Key findings

3 Building trust

Lack of trust continues to be one of the biggest barriers to large-scale adoption and deployment of Generative AI. In this context, two key aspects of trust are: (1) trust in the quality and reliability of Generative AI's output (supported by improved transparency and explainability), and (2) trust from workers that Generative AI will make their jobs easier and won't replace them.

Regarding worker trust, one executive we interviewed noted that "once people start seeing efficiencies and the benefits the tools have to their work, that will drive adoption and sustained success." In other words, greater exposure to Generative AI tools will help people become more comfortable with the technology and understand how it can help them do their jobs.

As for trusting Generative AI's outputs, the technology's fallibility in the form of "hallucinations" is well known and is actively being addressed through improved training and guardrails. For many organizations, transparency and explainability are even bigger issues. In its current form, Generative AI still operates largely as a black box—taking an input and producing an output with no real way for humans to understand how that output was reached.

According to a chief technology officer we interviewed, "The explainability piece is really holding us back right now ... once we get a better handle on that, I think we will really be able to accelerate our adoption."

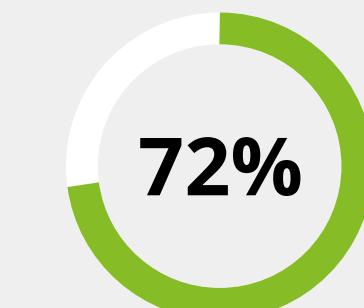
Ultimately, most organizations will likely each end up using LLMs customized and fine-tuned for their specific domain, industry and use case, rather than just scaling up a general-purpose LLM. This specificity will help Generative AI produce outputs that are more precise, transparent and explainable.

Lack of trust and related risks have thus far not prevented organizations from rapidly adopting Generative AI for experiments and proofs of concept; however, this will likely change as organizations transition to large-scale deployment.

According to our wave two survey, 60% of respondents believed their organization is effectively balancing rapid integration of Generative AI while implementing processes that mitigate potential risks. Also, 72% said their organization's trust in Generative AI has increased since the technology emerged in late 2022.

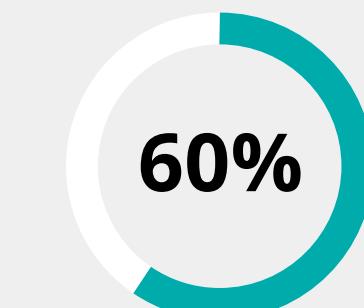
Areas of strength

Growing trust



said their organization's **trust in all forms of AI** has increased since Generative AI emerged in late 2022

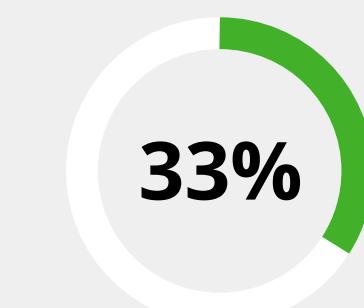
Balancing speed and risk



reported their organization is effectively balancing integrating Generative AI rapidly while **implementing processes that mitigate potential risks**

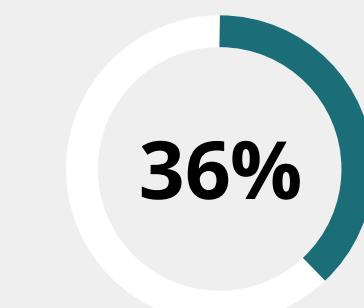
Opportunities for improvement

Lacking confidence



selected "**lack of confidence in results**" as **one of their top risks** related to Generative AI tools / applications (#3 of 10 overall)

Measuring trust



of organizations said they are **measuring worker trust and engagement** as part of altering their talent strategies because of the adoption of Generative AI

Figure 5

(Jan./Feb. 2024) N (Total) = 1,982

Now: Key findings

Our executive interviews suggest, however, that addressing trust issues is likely to become critically important as organizations transition from experimentation to large-scale deployment—especially for organizations where the imperative to deploy Generative AI is more tactical than strategic, and thus less time sensitive.

Generative AI when deployed at scale becomes far more important to the business and affects a much larger pool of human users, making trust a much bigger issue. Trust related to data quality, LLM training and output reliability becomes particularly important.

"If you don't have the right dataset or data quality, it is very hard for the application to be helpful," said a chief technology officer we interviewed. "GenAI solutions are very sensitive to good quality and well-structured data. If the data is not correct, it is very hard to know that the output is wrong."

In our survey, 33% of respondents cited *lack of confidence in results* as one of Generative AI's top risks (third in the list of top 10 risks). Only 36% of the organizations surveyed were measuring worker trust and engagement as part of adapting their talent strategies to Generative AI.

"Expert" organizations recognize the importance of building trust in Generative AI and are putting effort into it.

Despite the importance of trust for successful Generative AI deployment and scaling, 40%–45% of our overall respondents said they are, to a "large" or "very large" extent, implementing processes to improve trust in their Generative AI initiatives through various aspects (such as data quality, output reliability and organizational empathy). However, among organizations that reported "very high" Generative AI expertise, the focus on trust is much higher across every aspect (59%–73%). This likely reflects both their greater appreciation for the importance of trust and their greater reliance on Generative AI as an integral and crucial part of the business.

Companies implementing processes to generate trust in GenAI

To a "large" or "very large" extent

	Overall	Very high expertise
Transparency with employees	45%	60%
Demonstration of consideration, empathy and kindness in use of GenAI	40%	59%
Quality Generative AI input data	43%	73%
Reliable Generative AI output	41%	67%

Figure 6

(Jan./Feb. 2024) N (Total) = 1,982; N (Very high) = 96

4 Evolving the workforce

Workforce challenges affect Generative AI scaling on both the front and back ends. On the front end, organizations need valuable and scarce talent with expertise in Generative AI (and data management) to develop and refine their solutions. They also need the overall workforce to be comfortable enough with the technology to be willing to use it for improving efficiency and effectiveness. On the back end, organizations need to understand how the workforce could be affected by large-scale Generative AI deployment and then develop talent strategies, programs and policies that make sense for the business and workers alike.

Addressing these critical and complex workforce issues is an urgent enabler for Generative AI adoption and scaling, even as organizations work to figure out the technology side of the problem.

Most organizations expect Generative AI to affect their talent strategies.

Three-quarters of survey respondents (75%) expect to change their talent strategies within two years in response to Generative AI. Organizations reporting “very high” Generative AI expertise expect to change their talent strategies even faster, with 32% already making changes. This is consistent with our broader finding that such organizations are scaling up their initiatives much more aggressively than are others, leading to greater and more immediate talent impacts.

Timeline for change in talent strategies



Figure 7

Q: When do you expect to make changes in talent strategies because of generative AI?

(Jan./Feb. 2024) N (Total) = 1,982

Now: Key findings

The most common talent strategy responses are process redesign and upskilling or reskilling.

In response to Generative AI adoption, the most common changes to talent strategy among the overall respondent pool involve redesigning work processes (48%) and upskilling or reskilling (47%).

Relative to the overall respondent pool, organizations

with “very high” expertise were much more focused on developing AI fluency (47%) and redesigning career paths (38%), and much less focused on assessing changes to the anticipated supply and demand of skills (25%).

These survey results suggest a strong need for more attention paid to Generative AI’s talent impacts. In the near term, AI education and fluency will be especially important to fostering adoption and overcoming initial

resistance to change. In the longer term, upskilling or reskilling and redesigning work processes and career paths will likely be essential for capturing Generative AI’s full value and positioning workers for future success.

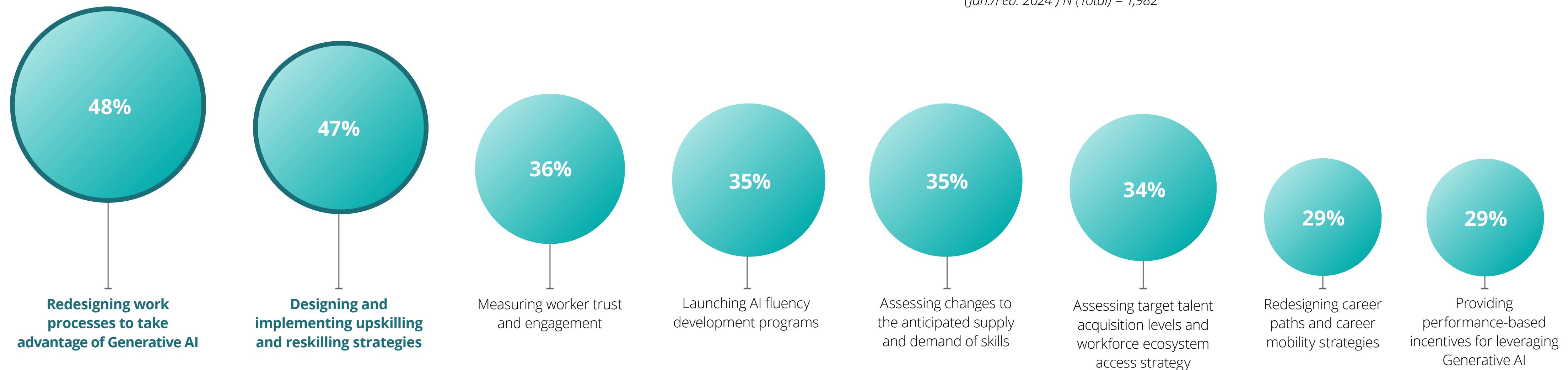
As one executive noted, “In general, I think it’s more about upskilling the people you have, because what’s really valuable is the domain knowledge and the relationships and all that.”

How companies are adjusting talent strategies

Figure 8

Q: How is your organization adjusting its talent strategies because of the adoption of generative AI?

(Jan./Feb. 2024) N (Total) = 1,982



Now: Key findings

Generative AI is expected to increase the value of certain technology-centered and human-centered skills, while decreasing the value of others.

In the Generative AI era, the competencies that organizations require from their workforces will evolve. An emphasis on new technical skills will combine with a renewed focus on the skills that make people uniquely human and valuable. According to the survey results:

- *Technology-centered* skills that respondents most expect to increase in value include: data analysis (70%), prompt engineering (60%), information research (59%), and software engineering / coding (57%).
- *Human-centered* skills that respondents most expect to increase in value include: critical thinking and problem-solving (62%), creativity (59%), flexibility / resilience (58%), and the ability to work in teams (54%).

The value of specific skills will likely vary depending on timing and organizational level.

A key challenge for today's organizations is figuring out how to help workers harness the power of Generative AI to do their jobs more efficiently and effectively and create more value for the business.

Skills rising in value

More or much more valuable

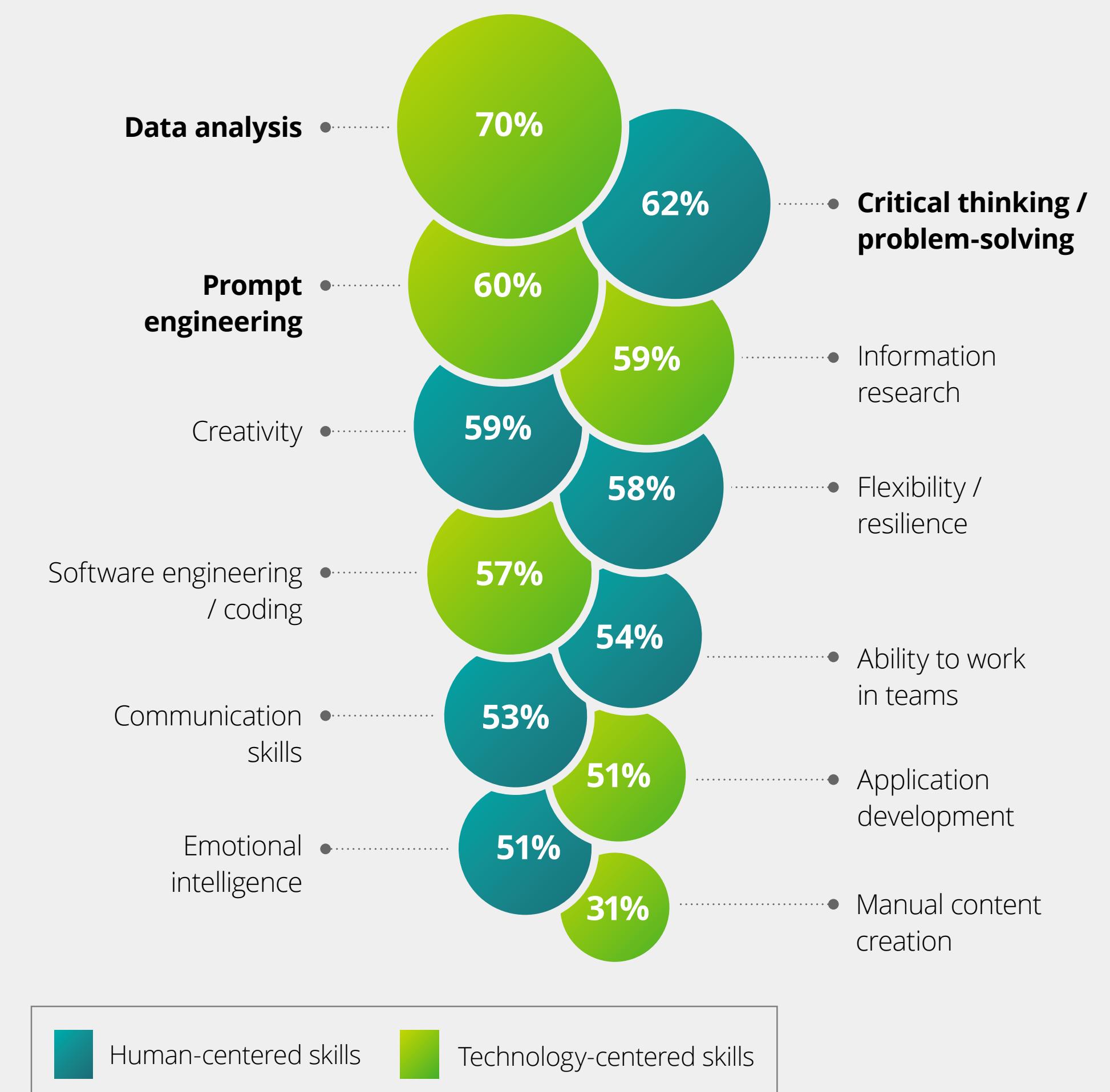


Figure 9

Q: To what extent are the following workforce skills going to be more or less valuable across your organization because of the adoption of generative AI tools/capabilities?

(Jan./Feb. 2024) N (Total) = 1,982

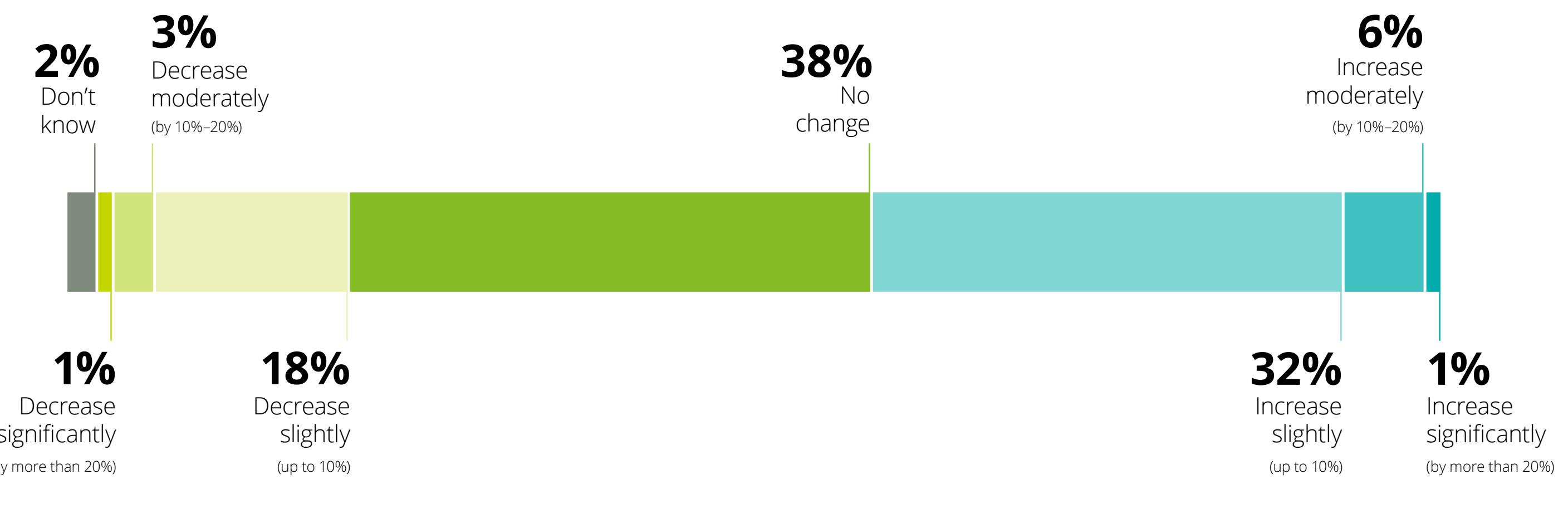
Now: Key findings

Head count is expected to increase slightly (at least in the short term).

The survey results show that more organizations expect to increase head count (39%) than to decrease head count (22%) over the next 12 months due to implementation of their Generative AI strategy. This is especially true for organizations with "very high" Generative AI expertise (45% increase in head count vs. 23% decrease in head count) or high expertise (46% increase vs. 25% decrease).

Our executive interviews present a cloudier picture on long-term head count. A widespread focus on value creation through efficiency and productivity improvement implies that organizations are striving to do more with less, which could lead to head count reduction or reduced hiring.

Overall enterprise head count change



Head count change by enterprise expertise level

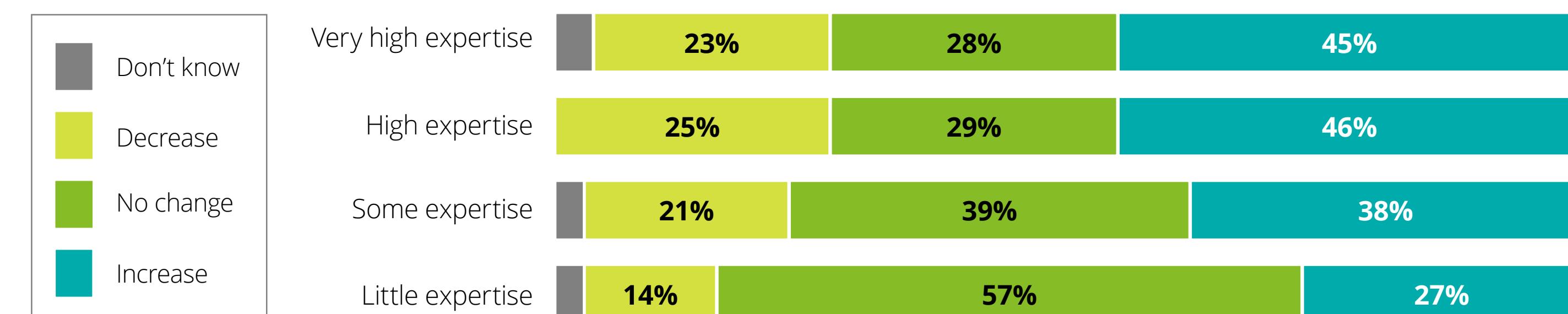


Figure 10

Q: Which of the following best describes the full-time head count change you anticipate will result over the next 12 months due to implementation of your organization's generative AI strategy?

(Jan./Feb. 2024) N (Total) = 1,982; N (Very high) = 96; (High) = 606; N (Some) = 1,021; N (Little) = 257

Now: Key findings

On the other hand, many breakthrough technologies in human history have raised the specter of widespread job displacement—yet society has always found new and valuable ways to employ its human capital. Will the impact of AI be fundamentally different? Maybe. Maybe not. One thing that seems certain, however, is that some roles and skills will be more affected than others. Although Generative AI's net impact on employment at the societal level might be neutral or even positive, the impact for affected individuals at the personal level could be profoundly challenging.

"GenAI is already having a significant impact on our talent requirement perspective—it has already had an impact on our head count and we are now looking for different talent than we did in the past," said a Fortune 500 executive in the manufacturing industry we interviewed. "The tipping point is coming and we are not far away from this: Once we can truly scale process improvement and plug GenAI into the product life cycle, this would be a major shift."

Most organizations acknowledge they are still in the early stages of adapting their talent and HR strategies to Generative AI's impacts—and they recognize the need to focus on them sooner rather than later.

"Best-case GenAI scenario for us is that we have high-quality jobs that create a differentiating place to work relative to our competitors [that helps us] attract and retain talent," said a chief analytics officer we interviewed. "The worst case is we are so behind that we can't hire, our products are inferior, and we took a risk on something that created a significant legal issue that is impacting our business."



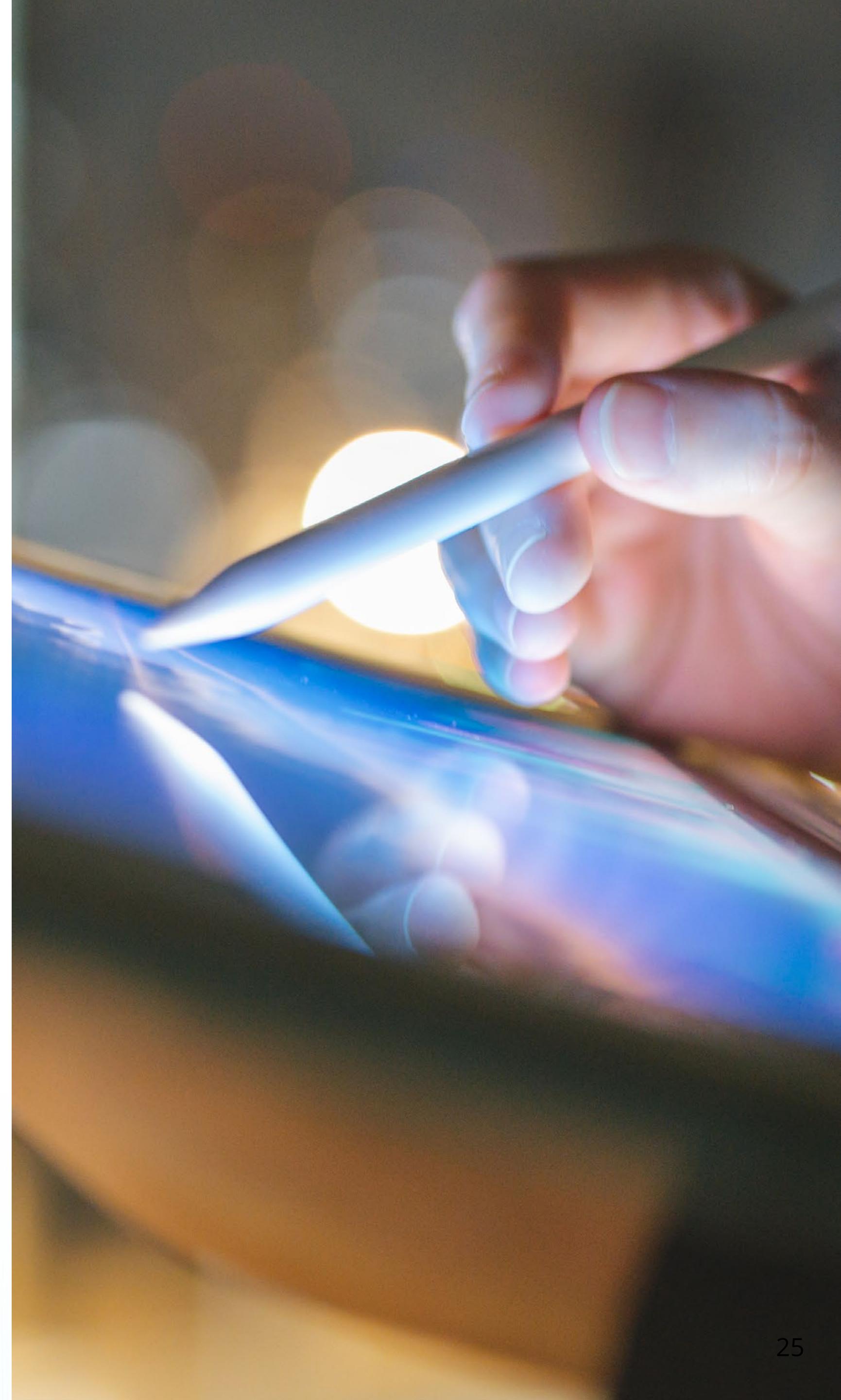


Next: Looking ahead

Next: Looking ahead

+ Efficiency is good—innovation and growth are better.

In the short term, most organizations primarily view Generative AI as a tool to improve productivity at the individual level and efficiency at the functional level. And while some organizations are starting to see tangible results in those areas, our survey findings show that organizations reporting higher levels of Generative AI expertise tend to be more focused than others on innovation and developing new products and services. Don't let the uncertainty of this moment stop you from imagining a fundamentally different future for your organization. In the long term, we believe the big winners will use the technology to differentiate themselves, enable broad enterprise transformation and create value in new ways.



Next: Looking ahead

- + Proving, measuring and communicating ALL types of value is critical.

As Generative AI moves from possibilities to practicalities, choosing the right use cases, selecting appropriate tools, getting to scale, and accurately measuring progress will all be important steps. A holistic approach to value realization—both financial and nonfinancial—is vital. Having the right processes in place to measure *all* value created by Generative AI will help you determine if you are achieving value in unexpected ways. Communicating the value created by Generative AI will also be critical to helping build momentum and support for continued progress.



- + Tackle barriers to scaling.

To succeed at scaling, you will likely need to concurrently evolve your strategy, processes, people, data and technology. Also, your organization will probably need to develop strong capabilities for both *horizontal* and *vertical* scaling—meaning bringing Generative AI capabilities to as many workers as possible while at the same time deeply embedding other capabilities in specific functions or processes. Establishing a center of excellence for Generative AI can help. It should provide centralized resources (teams, tools, processes, policies, knowledge and experience) that can accelerate deployment of similar use cases and enable you to make the most of scarce expertise. More broadly, organizations need to invest in the foundations of Generative AI: data modernization, talent, and technology and infrastructure. These foundational investments will likely deliver value across multiple projects—and across the entire enterprise. Most important: don't wait for rock-solid proof of financial benefits before starting on scaling. Although it might require an organizational leap of faith, the way to maximize the value of Generative AI is to advance from proofs of concept to full implementations.



Next: Looking ahead

- + Build trust through transparency, familiarity, technology and guardrails.

Trust is the foundation for increased adoption. Without it, widespread use of Generative AI won't happen. Improving AI fluency and providing broader access to Generative AI tools can help people get more comfortable with the technology and gain a more realistic perspective on what it can and cannot do. Having the right data management, technology infrastructure and governance in place to help ensure high-quality inputs as well as verified and explainable outputs will also help build trust. As a leader, you can also actively instill trust in Generative AI throughout your organization by (1) clearly and regularly communicating your strategic objectives for Generative AI, (2) fostering a culture of curiosity that encourages employees to experiment with the new tools, and (3) frequently measuring worker trust to uncover potential frustrations and barriers to adoption.

- + To scale up, you need to skill up.

In today's extremely competitive market for AI talent, organizations are not only aggressively pursuing new talent, but also training their broader workforces on Generative AI. When Generative AI is deployed at scale, different technical and human-focused skills will become more important. To succeed, organizations will likely need to move beyond simple fluency and create new roles, new work processes, and a new organizational culture—with an active focus on developing junior talent into senior talent that can use Generative AI to its full advantage. Organizations might also need to realign their existing internal resources around projects, which could include centralizing Generative AI talent to simultaneously support multiple initiatives across the enterprise.

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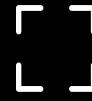
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Methodology

To obtain a global view of how Generative AI is being adopted by organizations on the leading edge of AI, Deloitte surveyed 1,982 leaders between January and February 2024. Respondents were senior leaders in their organization and included board and C-suite members, and those at the president, vice president and director level. The survey sample was split equally between IT and line of business leaders. Six countries were represented: Australia (99 respondents), France (131 respondents), Germany (150 respondents), India (200 respondents), the United Kingdom (200 respondents), and the United States (1,202 respondents).

All participating organizations have one or more working implementations of AI being used daily. Plus, they have pilots in place to explore Generative AI or have one or more working implementations of Generative AI being used daily. Respondents were required to meet one of the following criteria with respect to their organization's AI and data science strategy, investments, implementation approach and value measurement. They: influence decision-making, are part of a team that makes decisions, are the final decision-maker, or manage or oversee AI technology implementations.

All statistics noted in this report and its graphics are derived from Deloitte's second quarterly survey, conducted January – February 2024; *The State of Generative AI in the Enterprise: Now decides next*, a report series. N (Total leader survey responses) = 1,982



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