



AI not hitting mark for Aussies

Northern Territory News (Australia)

January 1, 2025 Wednesday

NTNews Edition

Copyright 2025 Nationwide News Pty Limited All Rights Reserved

Length: 488 words

Byline: Joseph Lam

Body

Australian companies have been given an artificial intelligence reality check, with 58 per cent that have invested in artificial programs and applications saying the technology has fallen short of expectations.

And about 70 per cent of investors have pulled out of active deals because of AI con-sideration.

Cisco's AI readiness index, undertaken for the second time this year, found 38 per cent of companies had allocated between 10 to 30 per cent of their IT budget to AI, despite many not seeing a return on the investment. The company's Australian chief technology officer, Carl Solder, said Cisco's index found about half of the companies surveyed found help from AI with processes and operations did not hit the mark.

About 44 per cent saw either no or not enough improvement in the technology automating their business.

"I think the reality is that they started to appreciate the work and effort involved in getting all those building blocks squared away, and the strategy, infrastructure data governance, talent and culture," Mr Solder said. "The reality is that maybe there is a little bit more work that we have to do to be fully prepared." Cisco's Index measured the responses of 3660 senior business leaders from companies with 500 or more staff across 14 countries in the Asia Pacific.

The index found just 4 per cent of the country was in a position to leverage AI, a figure that dropped from 5 per cent the previous year. Mr Solder said 92 per cent of companies were facing increasing pressure to adopt AI, despite much of it not showing a return on investment over the past year.

Most of that pressure came from company chief executives and boards and it was found to have risen again over the past six months. "Fifty-six per cent of those organisations said that the pressure has increased significantly on that number," Mr Solder said.

That pressure has led to more than one-fifth - 21 per cent - of companies planning to allocate 40 per cent of their IT budget to AI over the next four to five years.

Meanwhile, some Bain data found investors believed generative AI would not add much value in 2025, instead believing it would take up to three years to see the full benefit. That view is influenced by a number of investors

AI not hitting mark for Aussies

confirming just 20 per cent of their portfolio companies having Gen AI uses that are "delivering value". About 30 per cent of portfolio companies are still testing or developing AI use cases.

Similarly to Cisco, Bain found AI investments were four times more likely to disappoint investors than they were to exceed expectations. Over the past 12 months, AI agents - chatbots that leverage large language models to undertake tasks such as reading and responding to emails - have been framed as one of the first major use cases of the technology. But Australian workers disagree, with an EY report finding just 37 per cent of employees were comfortable with their companies introducing AI assistants.

Load-Date: December 31, 2024

End of Document