Generative AI Pulse Survey

Key Findings: US, UK, Germany and France
September 2023
The study was conducted by independent researcher, Morning Consult, on behalf of Dell Technologies, in August to September 2023 via an online quantitative survey.

### Methodology & Scope

#### 500 IT Decision Makers
- driving or influencing generative AI* initiatives, mid- to enterprise-sized organizations

#### Locations
- US (200), UK (100), DE (100), FR (100)

#### Industries
- Private sector only: IT & Technology, Manufacturing, Financial Services, Retail & Consumer Products, Oil & Gas (Energy), Life Sciences, Automotive, Private Healthcare, Telco, Media & Entertainment, Insurance, Other

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<th>Org Unit</th>
<th>IT</th>
<th>Business unit</th>
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Generative AI* (GenAI) is the innovation accelerator of the decade. It represents exciting opportunities - however capitalizing on these opportunities can be easier said than done.

In August/September of 2023, Dell Technologies surveyed 500 IT decision makers with GenAI implementation responsibilities across the US, UK, Germany and France. The focus of this research was to better understand:

- Organizations’ readiness to embrace GenAI
- Where their organizations are on this journey
- What factors are critical to realize GenAI’s potential

We have organized these findings into three key insights:

1. The opportunity of GenAI
2. The speed paradox
3. Bring AI to your data

*Generative AI definition provided to respondents:  Generally, traditional AI, is focused on detecting patterns, making decisions, honing analytics, classifying data and detecting fraud. Generative AI (GenAI), as a subcategory of AI, can be defined as producing new content, chat responses, designs, synthetic data and new imagery.
Key Insights

The Opportunity of GenAI
Innovative companies are poised to capture the exciting opportunity of GenAI.

**Consideration:** Where do organizations start and how do they generate value?

The Speed Paradox
Go fast but do it right
Most IT leaders surveyed expect meaningful results within the next 12 months. However, hesitancy exists.

**Consideration:** While organizations are tasked with moving fast to uncover immediate outcomes, how do they ensure long-term success?

Bring AI to your Data
Learn from IT leaders who are already on their GenAI journey and are on track to deliver meaningful results.

**Consideration:** What are the right GenAI models?
The Opportunity of Generative AI
78% of ITDMs are largely excited for the potential GenAI can have on their organizations.
Expectations of GenAI impact are high

ITDMs think GenAI impact will be **significant if not transformative** for their organizations

- **76%**

**Top 3 impact areas**

1. Providing productivity gains
2. Streamlining processes
3. Achieving cost savings
44% of organizations at early to mid-stage in GenAI journey

We’ve begun the process of deploying solutions for GenAI but haven’t begun engaging our data science teams to build/retrain internal models.

We’re engaging the data science team to build or retrain our own models but haven’t yet rolled them out to the broader organization.

We’re well-established with GenAI solutions, rolling out tools to end users and onboarding with training.

Organizational policy currently banning GenAI use

No formal strategy

Piloting in some areas

Identified a central team or individual to set organization strategy but haven’t yet established our core use cases

We’ve established our core use cases but haven’t yet begun deploying solutions
The Speed Paradox
Go fast but do it right
Despite the excitement, some ITDMs report organizational hesitancy when it comes to GenAI adoption.

| 1 | Security concerns: Data and intellectual property risks are too high. |
| 2 | Technical complexity |
| 3 | Data governance – concerns about regulation or compliance |
| 4 | Cost of implementation |
| 5 | Concerns around ethical or responsible implementation |

37% of ITDMs are very or somewhat hesitant to implement GenAI.
Those who have moved beyond pilot stage expect value from their GenAI projects within a year

Between 3 months and 6 months until meaningful results realized: 16%
Between 6 months and 1 year: 49%
1 year to less than 2 years: 28%
2 years or more: 6%

65% of IT Leaders that have moved beyond pilot stages expect near-immediate value (within 12 months)
Bring GenAI to Your Data
Success indicators for GenAI

- 80% of ITDMs who have moved beyond a pilot stage use centralized decision-making and/or a COE.
- 87% of ITDMs who have moved beyond a pilot believe GenAI is on track to deliver meaningful results.
- 76% of ITDMs are increasing their budgets to pursue AI.
How organizations are approaching GenAI

We would rather build our own model from scratch

Prefer to use open-source or other models on-premises for inferencing

We will classify our data and use a hybrid approach on use case and sensitivity

Prefer to retrain existing model using our data in our own environment

Top 3 factors impacting buying and decision-making:
1. Security and the ability to protect data’s value
2. More control over models/better results
3. Cost

Sample size: Total=500; US=200; UK=100; Germany=100; France=100; does not include marginal datasets of respondents who selected “don’t know”
Generative AI is the decade’s most promising accelerator for innovation.

To harness the potential of GenAI, IT leaders must consider its opportunities within their organization, the right models to address their data, use case needs and how to position themselves for long-term success.

Wherever you are in your AI journey, Dell Technologies is here to help you move from AI-possible to AI-proven. With the world’s broadest GenAI solutions portfolio from desktop to data center to cloud all in one place, Dell is uniquely positioned to be the partner you need for what’s next.

Learn more at www.dell.com/GenAI
ABOUT DELL TECHNOLOGIES
Dell Technologies helps organizations and individuals build their digital future and transform how they work, live and play. The company provides customers with the industry’s broadest and most innovative technology and services portfolio for the data era. www.dell.com

ABOUT MORNING CONSULT
Morning Consult is a global decision intelligence company delivering insights and custom market research on what people think in real-time. www.morningconsult.com
Appendix

Local data cuts
The Opportunity of Generative AI
ITDMs are largely excited for the potential GenAI can have on their organizations

What are your personal feelings about the potential GenAI can have on your organization? Please use the scale below to indicate.

Sample size: Total=500; US=200; UK=100; Germany=100; France=100
ITDMs think GenAI impact will be significant if not transformative for their organizations

How much potential do you think GenAI has to deliver value for your organization? GenAI will be...

- Unsure or don’t expect it to add value
- Small gains (0-10%)
- Moderate (10-30%)
- Significant (30-60%)
- Transformative (60% or more gains)

Sample size: Total=500; US=200; UK=100; Germany=100; France=100
Productivity gains, streamlining processes, and cost savings are seen as GenAI’s core areas for delivering value.

**In what ways do you think GenAI has the most potential to deliver value for your organization? Please rank by the most to least potential.**

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<thead>
<tr>
<th>Area</th>
<th>Rank 1</th>
<th>Rank 2</th>
<th>Rank 3</th>
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<th>Rank 5</th>
<th>Rank 6 - 9</th>
<th>Sample size: Total=496</th>
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<tbody>
<tr>
<td>Providing productivity gains/ability to do more</td>
<td>20%</td>
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<td>Streamlining processes</td>
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<td>Achieve cost savings</td>
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<td>Reducing employee burnout or fatigue</td>
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<tr>
<td>Uncovering organizational insights</td>
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Sample size: Total=496
Productivity and streamlining seen as GenAI’s top potential value

**US results**

*In what ways do you think GenAI has the most potential to deliver value for your organization? Please rank by the most to least potential.*

<table>
<thead>
<tr>
<th>Category</th>
<th>Rank 1</th>
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<td>Providing productivity gains/ability to do more</td>
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Sample size: US=100
Cost savings a more important value for UK organizations

UK results

In what ways do you think GenAI has the most potential to deliver value for your organization? Please rank by the most to least potential.

- Achieve cost savings
  - Rank 1: 19%
  - Rank 2: 19%
  - Rank 3: 14%
  - Rank 4: 17%
  - Rank 5: 11%
  - Rank 6-9: 19%

- Providing productivity gains/ability to do more
  - Rank 1: 15%
  - Rank 2: 17%
  - Rank 3: 18%
  - Rank 4: 17%
  - Rank 5: 8%
  - Rank 6-9: 24%

- Streamlining processes
  - Rank 1: 21%
  - Rank 2: 16%
  - Rank 3: 12%
  - Rank 4: 16%
  - Rank 5: 8%
  - Rank 6-9: 26%

- Identifying task redundancies or inefficiencies
  - Rank 1: 11%
  - Rank 2: 13%
  - Rank 3: 11%
  - Rank 4: 14%
  - Rank 5: 11%
  - Rank 6-9: 39%

- Allow us to better compete
  - Rank 1: 8%
  - Rank 2: 8%
  - Rank 3: 10%
  - Rank 4: 8%
  - Rank 5: 21%
  - Rank 6-9: 44%

- Reducing employee burnout or fatigue
  - Rank 1: 7%
  - Rank 2: 14%
  - Rank 3: 11%
  - Rank 4: 7%
  - Rank 5: 14%
  - Rank 6-9: 46%

- Uncovering organizational insights
  - Rank 1: 10%
  - Rank 2: 6%
  - Rank 3: 15%
  - Rank 4: 9%
  - Rank 5: 9%
  - Rank 6-9: 50%

- Creating new revenue streams
  - Rank 1: 7%
  - Rank 2: 6%
  - Rank 3: 8%
  - Rank 4: 11%
  - Rank 5: 17%
  - Rank 6-9: 50%

Sample size: UK=100
Cost savings and competition ranked highly in Germany

Germany results

In what ways do you think GenAI has the most potential to deliver value for your organization? Please rank by the most to least potential.

<table>
<thead>
<tr>
<th>In what ways do you think GenAI has the most potential to deliver value for your organization? Please rank by the most to least potential.</th>
<th>Rank 1</th>
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<tr>
<td>Providing productivity gains/ability to do more</td>
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Sample size: Germany=100
GenAI’s competitive edge stood out in France

France results

*In what ways do you think GenAI has the most potential to deliver value for your organization? Please rank by the most to least potential.*

<table>
<thead>
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<th>Category</th>
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<td>6%</td>
<td>55%</td>
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44% of organizations at early to mid-stage in GenAI journey

Very few organizations have banned GenAI usage

Which of the following best approximates where your organization is at in its GenAI journey?

- We’re well-established with GenAI solutions, rolling out tools to end users and onboarding with training
- We’re engaging the data science team to build or retrain our own models but haven’t yet rolled them out to the broader organization
- We’ve begun the process of deploying solutions for GenAI but haven’t begun engaging our data science teams to build/retrain internal models
- We’ve established our core use cases but haven’t yet begun deploying solutions
- Identified a central team or individual to set organization strategy but haven’t yet established our core use cases
- Piloting in some areas
- No formal strategy
- Organizational policy currently banning GenAI use
The speed paradox
Go fast but do it right
For those who have moved beyond pilot stages, there are expectations for near-immediate value

What is the closest approximate time horizon where GenAI must be providing meaningful results by?

- 2 years or more: 16% (Total), 19% (US), 8% (UK), 23% (Germany), 13% (France)
- 1 year to less than 2 years: 28% (Total), 25% (US), 32% (UK), 29% (Germany), 32% (France)
- 6 months to 1 year: 49% (Total), 52% (US), 53% (UK), 44% (Germany), 6% (France)
- Between 3 months and 6 months: 43% (Total), 19% (US), 8% (UK), 23% (Germany), 13% (France)

Sample size: Total=441; US=178; UK=85; Germany=86; France=92
Yet ITDMs report some organizational hesitancy when it comes to GenAI adoption.

How hesitant would you say your organization is as it discusses or approaches the adoption of GenAI?

- Very hesitant
- Somewhat hesitant
- Not too hesitant
- Not hesitant at all

Sample size: Total=500; US=200; UK=100; Germany=100; France=100
Security concerns, complexity and data governance are core drivers for that hesitation

Total results

You previously indicated your organization is hesitant about GenAI or does not expect it to add value. To what extent do the following align to those reasons? Please select all that apply.

- Security concerns. Data and intellectual property risks are too high: 45%
- Technical complexity: 39%
- Data governance – concerns about regulation or compliance: 38%
- Cost of implementation: 35%
- Concerns around ethical or responsible implementation: 34%
- Concerns about employee morale: 32%
- Concerns about legal or copyright implications: 31%
- Users hesitant to adopt: 26%
- Lack of centralized approach/strategy: 25%
- Potential negative impact to organization’s reputation: 17%
- Don’t know how to build a business case with a clear ROI: 16%
- Not sure where to start / need a partner: 15%
- No immediate need: 12%
- Other: 1%

Sample size: Total=186, across all countries

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Security, data governance and complexity drive hesitation in the US

US results

You previously indicated your organization is hesitant about GenAI or does not expect it to add value. To what extent do the following align to those reasons? Please select all that apply.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Security concerns. Data and intellectual property risks are too high.</td>
<td>48%</td>
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<tr>
<td>Data governance – concerns about regulation or compliance</td>
<td>42%</td>
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<tr>
<td>Technical complexity</td>
<td>39%</td>
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<tr>
<td>Cost of implementation</td>
<td>31%</td>
</tr>
<tr>
<td>Lack of centralized approach/strategy</td>
<td>30%</td>
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<tr>
<td>Concerns around ethical or responsible implementation</td>
<td>30%</td>
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<tr>
<td>Users hesitant to adopt</td>
<td>29%</td>
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<tr>
<td>Concerns about employee morale</td>
<td>27%</td>
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<tr>
<td>Concerns about legal or copyright implications</td>
<td>27%</td>
</tr>
<tr>
<td>Potential negative impact to organization's reputation</td>
<td>23%</td>
</tr>
<tr>
<td>Not sure where to start / need a partner</td>
<td>17%</td>
</tr>
<tr>
<td>Don't know how to build a business case with a clear ROI</td>
<td>17%</td>
</tr>
<tr>
<td>No immediate need</td>
<td>17%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
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Sample size: US=77
In UK, impact to employee morale the top reason for hesitation

UK results, should be considered directional

You previously indicated your organization is hesitant about GenAI or does not expect it to add value. To what extent do the following align to those reasons? Please select all that apply.

- Concerns about employee morale: 49%
- Security concerns. Data and intellectual property risks are too high: 39%
- Technical complexity: 35%
- Cost of implementation: 31%
- Users hesitant to adopt: 31%
- Data governance – concerns about regulation or compliance: 27%
- Concerns about legal or copyright implications: 27%
- Concerns around ethical or responsible implementation: 18%
- Lack of centralized approach/strategy: 18%
- No immediate need: 12%
- Not sure where to start / need a partner: 10%
- Potential negative impact to organization’s reputation: 10%
- Don’t know how to build a business case with a clear ROI: 6%
- Other: 0%

Sample size: UK=49
In DE, complexity, among other concerns, raise organizational hesitation

Germany results, should be considered directional

You previously indicated your organization is hesitant about GenAI or does not expect it to add value. To what extent do the following align to those reasons? Please select all that apply.

- Technical complexity: 49%
- Concerns about legal or copyright implications: 43%
- Security concerns. Data and intellectual property risks are too high: 43%
- Concerns around ethical or responsible implementation: 41%
- Cost of implementation: 38%
- Data governance – concerns about regulation or compliance: 35%
- Lack of centralized approach/strategy: 24%
- Don't know how to build a business case with a clear ROI: 19%
- Concerns about employee morale: 16%
- Potential negative impact to organization's reputation: 16%
- Users hesitant to adopt: 14%
- Not sure where to start / need a partner: 11%
- No immediate need: 8%
- Other: 0%

Sample size: DE=37
Ethical concerns top of mind in France

France results, should be considered directional

You previously indicated your organization is hesitant about GenAI or does not expect it to add value. To what extent do the following align to those reasons? Please select all that apply.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Concerns around ethical or responsible implementation</td>
<td>57%</td>
</tr>
<tr>
<td>Data governance – concerns about regulation or compliance</td>
<td>48%</td>
</tr>
<tr>
<td>Cost of implementation</td>
<td>43%</td>
</tr>
<tr>
<td>Security concerns. Data and intellectual property risks are too high.</td>
<td>43%</td>
</tr>
<tr>
<td>Concerns about employee morale</td>
<td>35%</td>
</tr>
<tr>
<td>Users hesitant to adopt</td>
<td>30%</td>
</tr>
<tr>
<td>Concerns about legal or copyright implications</td>
<td>30%</td>
</tr>
<tr>
<td>No immediate need</td>
<td>30%</td>
</tr>
<tr>
<td>Lack of centralized approach/strategy</td>
<td>26%</td>
</tr>
<tr>
<td>Technical complexity</td>
<td>26%</td>
</tr>
<tr>
<td>Not sure where to start / need a partner</td>
<td>26%</td>
</tr>
<tr>
<td>Don't know how to build a business case with a clear ROI</td>
<td>26%</td>
</tr>
<tr>
<td>Potential negative impact to organization's reputation</td>
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</tr>
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</tr>
<tr>
<td>Potential negative impact to organization's reputation</td>
<td>26%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
</tr>
</tbody>
</table>

Sample size: FR=23
Bring GenAI to Your Data
Of those who have moved beyond piloting, centralized decision-making and COEs are already widespread.

Has your organization centralized decision-making and / or created a center of excellence (COE) for GenAI?

Asked of respondents whose organization has moved beyond piloting.

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>US</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>UK</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Germany</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>France</td>
<td>71%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Sample size: Total=371; US=161; UK=64; Germany=67; France=79
And they report GenAI is on track for impact

Based on your journey, do you think GenAI is on-track to delivering meaningful results for your organization?

Asked of respondents whose organization has moved beyond piloting

Sample size: Total=441; US=178; UK=85; Germany=86; France=92
3/4ths of organizations are increasing budgets to pursue AI

How will your AI investments impact your overall IT spend over the next quarter/year?

- 25% prioritize projects within existing budget
- 25% prioritize projects within existing budget
- 29% increase budgets
total
- 23% increase budgets
- 21% increase budgets

Sample size: Total=500; US=200; UK=100; Germany=100; France=100
ITDMs are largely approaching GenAI with hybrid or on-prem options in mind

When thinking about buying for GenAI, which of the following do you prefer?

- We would rather build our own model from scratch
- Prefer to retrain an existing model using our data in our own environment
- Prefer to purchase public models in the cloud
- Prefer to use open-source or other models on-premises for inferencing
- We will classify our data and use a hybrid approach based on use case and sensitivity

Sample size: Total=500; US=200; UK=100; Germany=100; France=100; does not include marginal datasets of respondents who selected “don’t know”
With security, cost and control leading factors for their strategic approach to GenAI

What factors led you to determine the strategy you decided on? Please select the top 3 reasons.

Security and ability to protect data's value: 34%
More control over models / better results: 27%
Cost: 27%
Ease of access to manage data: 25%
Increasing agility: 23%
Regulatory compliance: 21%
Complexity of deployment: 19%
Integration with application portfolio: 18%
Existing data footprint: 18%
Faster time to market: 18%
Need for real-time results: 18%
Perceived value of the strategy: 17%
Support sustainability objectives: 13%
Lack of skillset: 13%
Eliminating model lock-in: 10%

Sample size: Total=500, across all countries
Security and ease of access top reasons for hybrid appeal

US data

What factors led you to determine the strategy you decided in the previous question? Please select the top 3 reasons.

- Security and ability to protect data's value: 37%
- Ease of access to manage data: 30%
- More control over models / better results: 27%
- Cost: 26%
- Perceived value of the strategy: 24%
- Increasing agility: 22%
- Faster time to market: 19%
- Integration with application portfolio: 18%
- Support sustainability objectives: 17%
- Complexity of deployment: 17%
- Need for real-time results: 16%
- Regulatory compliance: 16%
- Existing data footprint: 14%
- Lack of skillset: 12%
- Eliminating model lock-in: 6%

Sample size: US=200
Cost and security the dominant reasons for hybrid in UK

UK data

What factors led you to determine the strategy you decided in the previous question? Please select the top 3 reasons.

- Cost (42%)
- Security and ability to protect data's value (29%)
- Regulatory compliance (24%)
- Ease of access to manage data (22%)
- More control over models / better results (22%)
- Integration with application portfolio (20%)
- Complexity of deployment (20%)
- Existing data footprint (19%)
- Faster time to market (19%)
- Need for real-time results (17%)
- Increasing agility (16%)
- Perceived value of the strategy (15%)
- Lack of skillset (14%)
- Support sustainability objectives (11%)
- Eliminating model lock-in (10%)

Sample size: UK=100
Control, agility and other issues top of mind for hybrid benefits

Germany data

**What factors led you to determine the strategy you decided in the previous question? Please select the top 3 reasons.**

- Security and ability to protect data's value: 32%
- Increasing agility: 29%
- Existing data footprint: 29%
- More control over models / better results: 29%
- Complexity of deployment: 26%
- Integration with application portfolio: 19%
- Cost: 19%
- Faster time to market: 18%
- Need for real-time results: 18%
- Regulatory compliance: 17%
- Ease of access to manage data: 16%
- Eliminating model lock-in: 14%
- Lack of skillset: 14%
- Perceived value of the strategy: 11%
- Support sustainability objectives: 9%

Sample size: Germany=100
What factors led you to determine the strategy you decided in the previous question? Please select the top 3 reasons.

- Security and ability to protect data’s value: 37%
- Regulatory compliance: 31%
- More control over models / better results: 28%
- Ease of access to manage data: 26%
- Increasing agility: 25%
- Need for real-time results: 25%
- Cost: 25%
- Complexity of deployment: 17%
- Integration with application portfolio: 16%
- Faster time to market: 14%
- Eliminating model lock-in: 12%
- Lack of skillset: 12%
- Existing data footprint: 11%
- Support sustainability objectives: 11%
- Perceived value of the strategy: 10%

Sample size: France=100