

CIO PERSPECTIVE

Generative AI Checkpoint

What do IT leaders really think?

That feeling of déjà vu

It can sometimes feel as if the only thing that matters in the tech world at the moment is AI. The level of press coverage and punditry is similar to the early days of cloud computing. And just like back then, we're seeing IT vendors and service providers scramble to establish their creds and gain market traction.

Beyond the feeling of déjà vu, this begs the question of whether the transition from enthusiastic early interest to mainstream adoption will be quicker this time around. After all, it was a decade or more before cloud became considered as an accepted norm, and even then it took a pandemic to nudge things over the line.

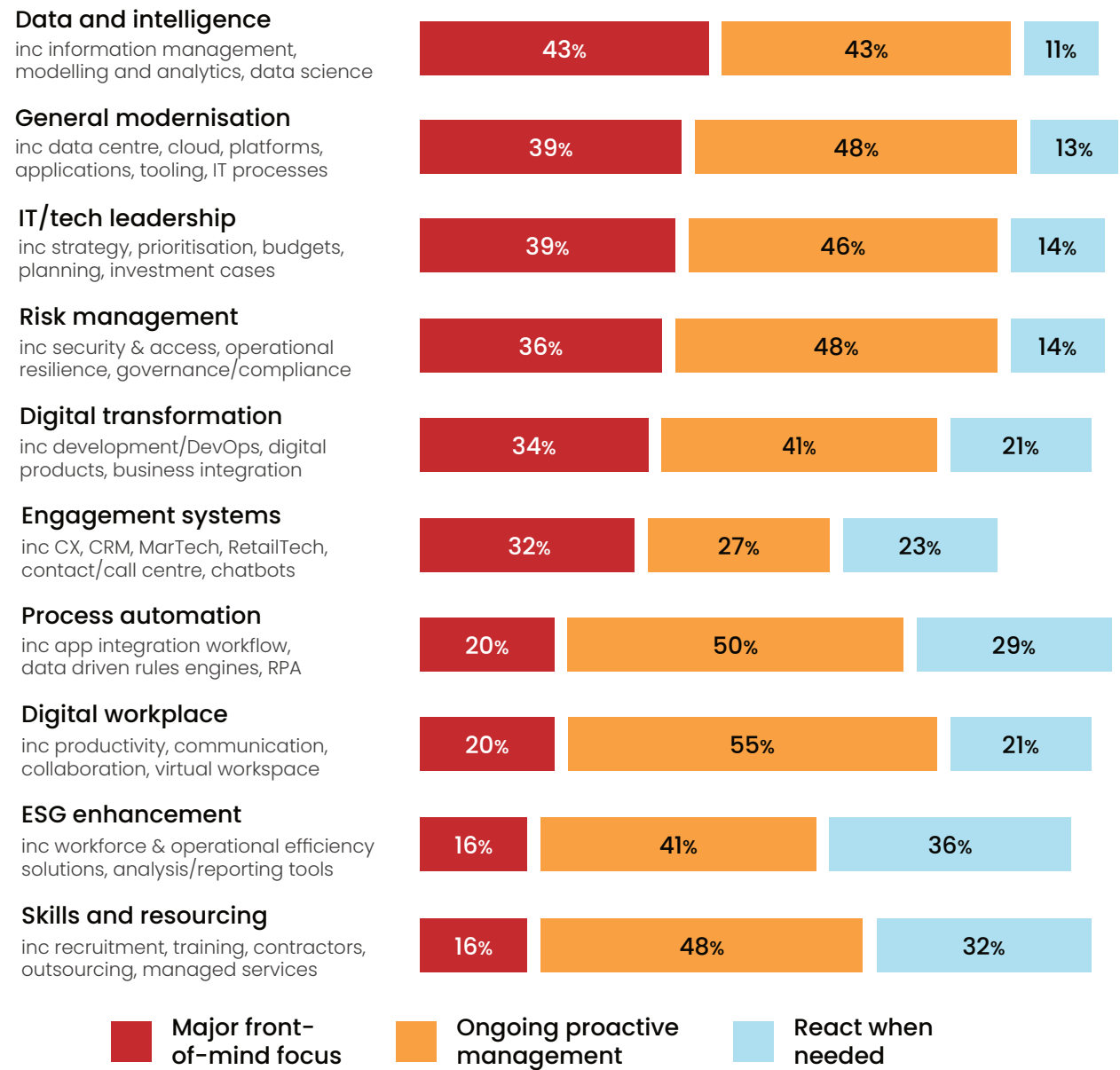
Against this background, Freeform Dynamics gathered input from members of the CIO WaterCooler community to look at where we are at the moment with AI, including the perception of IT leaders based on early experiences and their thoughts on lessons so far. As we shall see, it's still very much early days for most organisations, and while the potential of AI is acknowledged, most have yet to work out how to unlock the full value safely.

Keeping things grounded

You've heard the claims that AI will transform pretty much every aspect of our lives, across work, home, health and even art and entertainment. Whether you buy into this or not, it does seem as if the impact of AI will be broad, though how transformative it will be is likely dependent on the context.

Building on this, it's also important to acknowledge that in the majority of cases, AI represents a means to an end rather than an end in its own right. We therefore need to keep sight of core priorities and objectives when considering where and how it can deliver value. On this basis, we felt it appropriate to set our discussion against the backdrop of what's front of mind for CIOs right now.

? What level of priority/attention are you giving to the following areas?



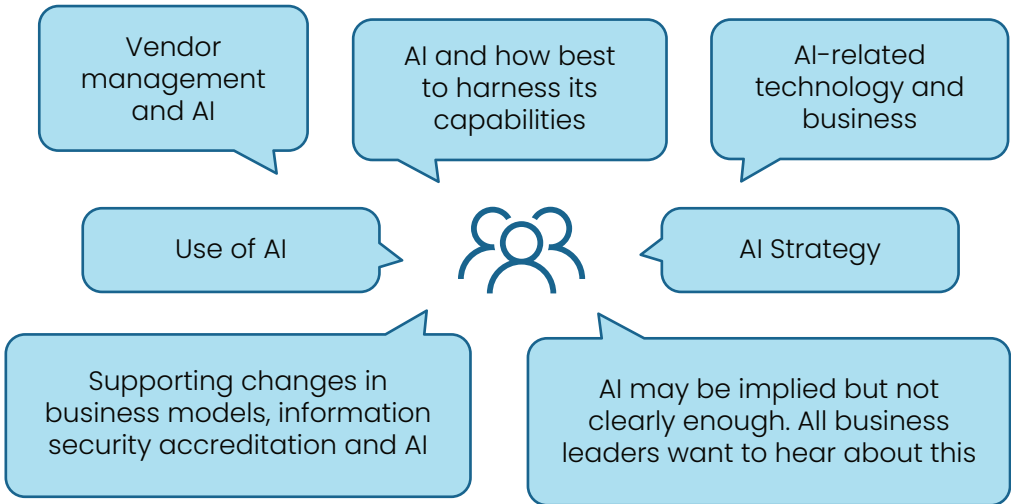
* 'Little to no attention' responses not shown

Bearing such priorities in mind is critical when considering where AI might be relevant. Grounding your thoughts in the outcomes and objectives that matter the most allows you to make decisions more objectively, whether you start with a requirement and ask how AI can help, or are looking for meaningful projects to gain initial AI experience.

But for some, AI has become a priority in its own right

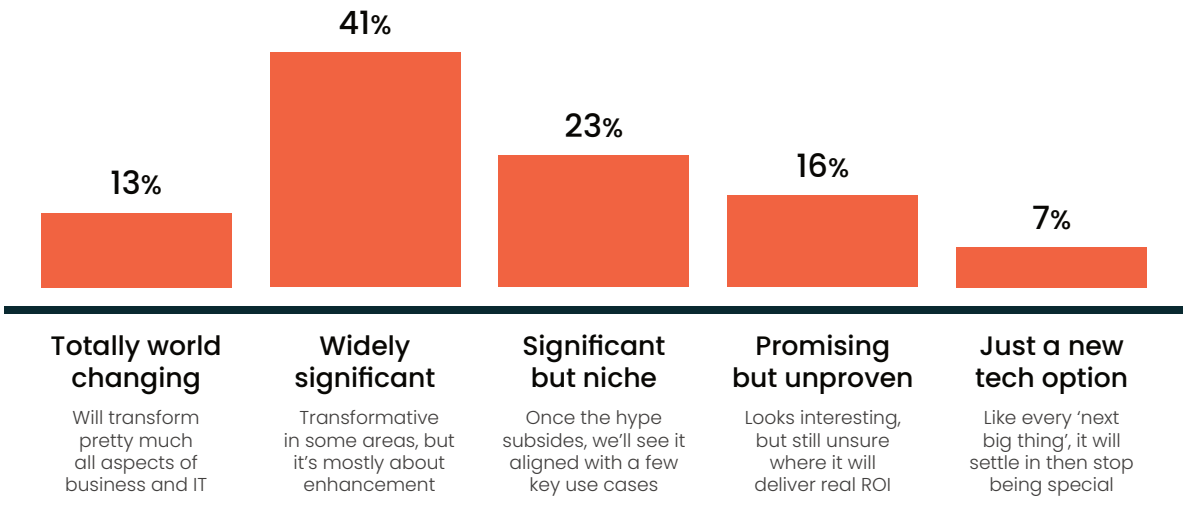
While we deliberately excluded AI from the list of priorities we've just been looking at, so we could capture some overall context, when asked what we had missed, some clearly felt that AI really should have been in there. Here is a sample the comments we received.

? What did we miss from the priority list that's front-of-mind for you right now?



This tells us that figuring out how to embrace AI is actually seen as an objective in its own right, at least by some, which is again similar to the early days of cloud. Does this mean that we can look forward to the AI equivalent of 'cloud first' emerging as a concept? It's an interesting thought, but also highlights the importance of making decisions based on genuine priorities and requirements rather than idealism or dogma. Similar to public cloud adoption, if you are not careful, you could easily end up introducing AI - or the wrong form of it (think trendy generative AI vs more traditional machine learning) - where it's really not the best fit. That said, while most CIOs see the relatively recent emergence of generative AI as significant, views are generally quite grounded, which is encouraging.

? We're currently hearing a lot of claims about generative AI, but how would you personally sum it up in a business or IT context?



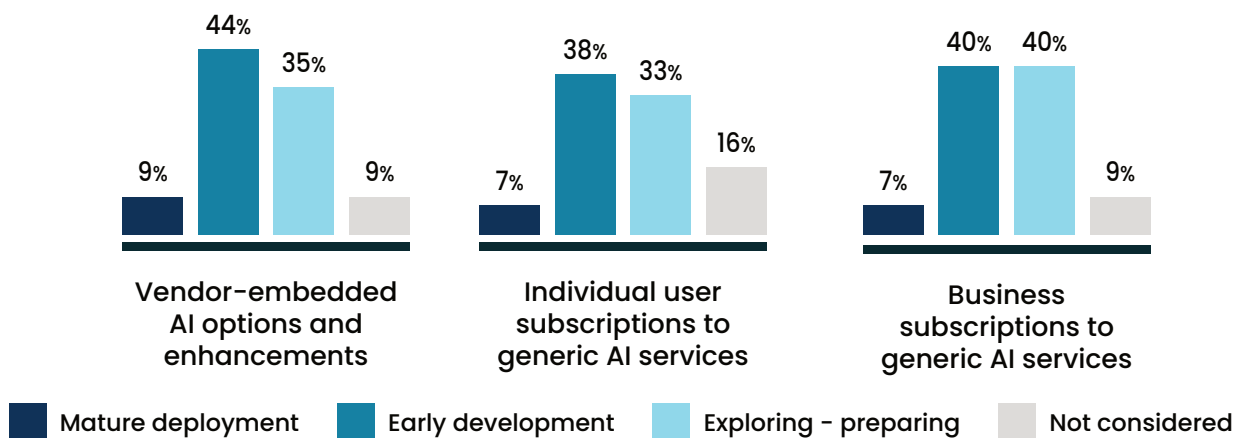
Generative AI adoption

When exploring levels of activity, our survey focused on generative AI in particular. This was partially because generative AI, underpinned by large language models (LLMs), is receiving the most attention at the moment. Also, however, other forms of AI, e.g. machine learning, are already well-established, so the question of adoption here is less relevant.

The first observation from the research is that we currently see little in terms of mature deployment, with early adopter and exploratory activity varying by solution type. Simply switching on the AI features that have popped up in existing applications, tools and SaaS services is arguably the first rung on the ladder, so it's not surprising to see the highest levels of activity here. Together with generic cloud-based chat services, acquired via both user and business level subscriptions, this accounts for the bulk of current deployments.

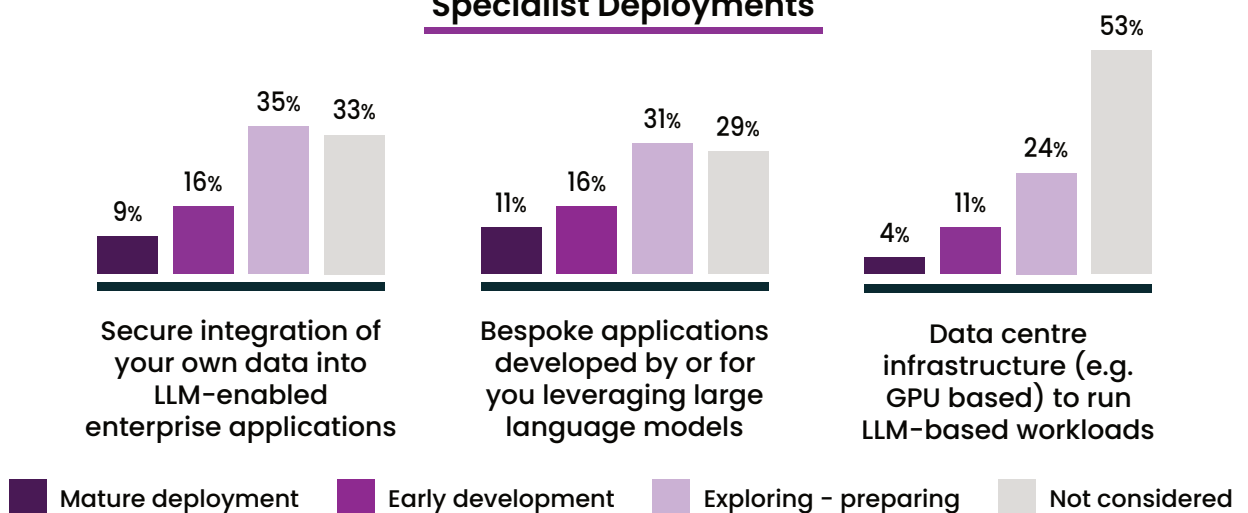
? How would you sum up your activities and plans in relation to the following types of Generative AI deployment?

Generic Deployments



Turning to the more specialist deployments, few CIOs report either integrating their own enterprise data into LLM-enabled applications, or developing custom applications to exploit generative AI, with even fewer building out on-premises AI infrastructure.

Specialist Deployments

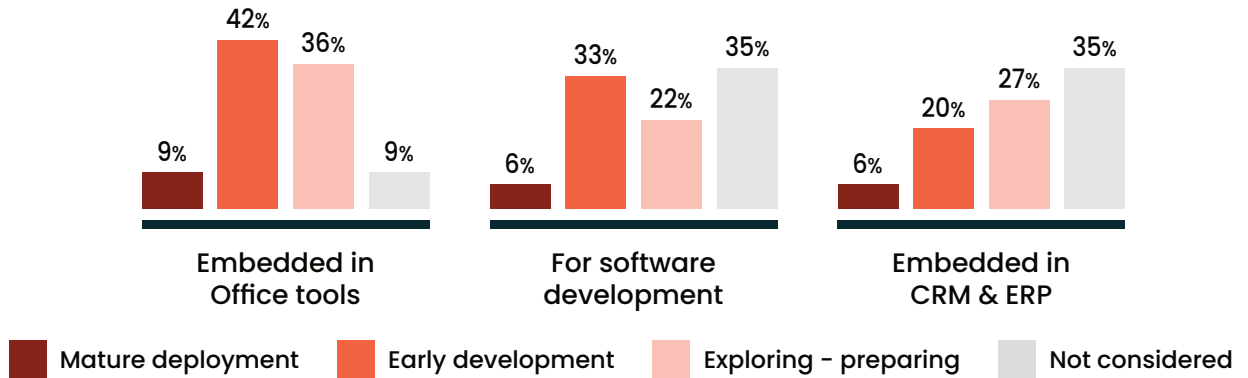


From these adoption patterns, the majority of our survey sample seem to be currently focused on exploring generative AI through solutions that have a relatively low barrier to entry, which brings us onto possibly the most visible business offering in this space.

The Copilot factor

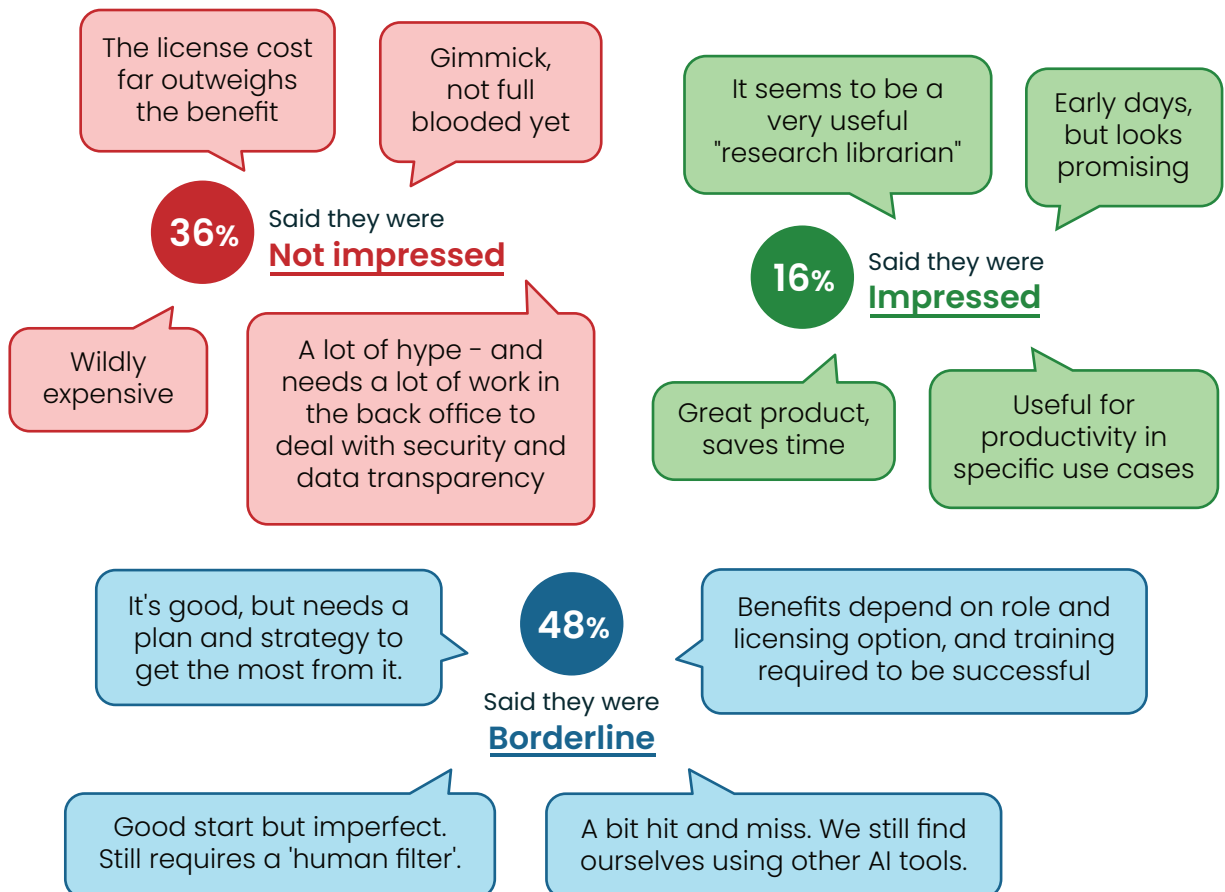
Following the public launch of ChatGPT in late 2023, Microsoft was quick to leap on the generative AI opportunity. This ultimately led to what we now know as Microsoft Copilot, which as we see from the data has early take up in a number of different contexts.

Adoption of Microsoft Copilot



On the surface, this level of uptake looks very positive, but feedback from early customers has been quite mixed (net negative in our survey). Comments suggest that the solution may have been accelerated to market a little too quickly, before it was really ready for broad mainstream deployment.

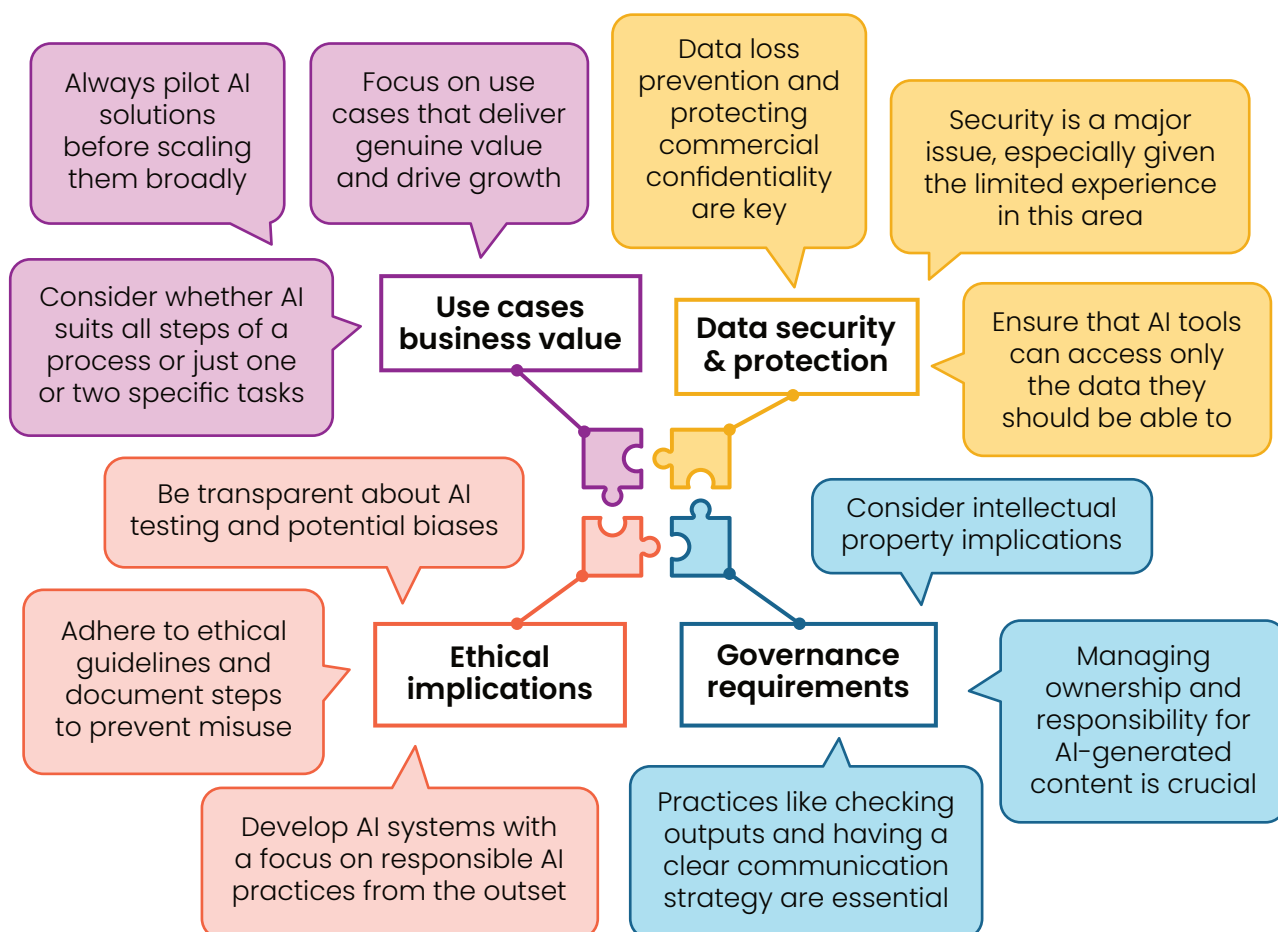
? If you have been active with Microsoft Copilot or have looked into it, what are your impressions?



Tips for successful adoption

Building on the Microsoft Copilot feedback, it's interesting to look at the considerations for broader rollouts identified by respondents. Here are some representative examples of issues and imperatives highlighted.

? What are the main things to consider when deploying Generative AI broadly within the workforce?



One of the first takeaways from a scan of these comments is that AI projects are no different to any other type of initiative in terms of the need to deal with fundamentals such as data security and governance. Indeed, the very nature of generative AI, especially when using third party models and cloud services, potentially aggravates some of the challenges in these areas. At the very minimum, the specific threats and exposures will be new and different to many IT teams. Add in the ethics dimension, which is likely to be even less familiar, and it's clear that care and caution are two important watchwords.

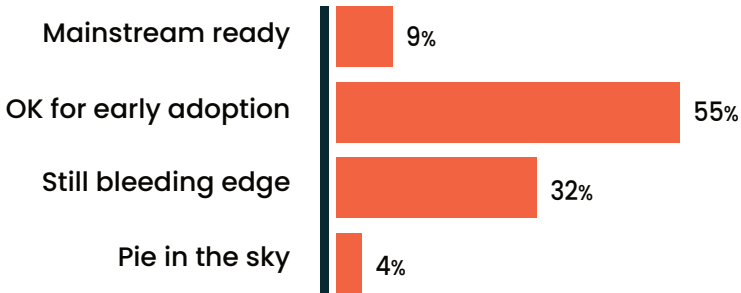
Another set of comments we received focused on the need for a business focus and to ground initiatives around specific use cases - piloting, learning and assessing before scaling up. As some of the Microsoft Copilot misfires illustrate, just putting generative AI out there on a speculative basis will likely lead to underwhelming results.

Picking up on this, an overarching lesson is to be purposeful with deployments and to avoid the trap of assuming that users will figure out for themselves how to work safely and effectively with AI tools. Some may do well, but others will struggle or get distracted from their core activities. Either way, you will almost certainly end up with inconsistencies in how AI is used, leading to risk and compliance exposures that are difficult to track. A general lack of efficiency and effectiveness could then undermine ROI. So what's the answer?

Tips for success

The first tip - though you probably don't need telling this - is to make sure you are not unduly influenced by all of the marketing and commentary that suggests an immediate generative AI imperative. The truth is that we are still dealing with an immature set of emerging technology solutions and a landscape in flux that's changing on an almost daily basis. Right now very few regard generative AI as fully mainstream ready, which is not just about technology and service maturity, but also proven use cases, stabilised levels of market pricing, and the availability of skills, experience and best practices.

? How would you characterise the crop of solutions in the Generative AI space at the moment?



Regardless of the caveats, however, we shouldn't downplay the significant potential, so it does make sense to start exploring where and how generative AI might fit into your business and systems environment. And by all means take the leap into a strategic deployment if there's a clear and immediate business advantage - just do it with your eyes open. The last thing you want is to commit too much, too early, then have to revisit decisions and investments because the state-of-the-art has moved on so quickly.

Striking a balance

In practical terms, the key to success for most organisations will be to establish a flexible framework that provides guidance and guardrails without stifling innovation. Start with a high-level roadmap that outlines your initial objectives, identifies early use cases, and sets some achievable short-to-medium term milestones. Then be prepared to adapt your overall plan as you learn from pilot projects and user feedback.

As part of this, you can shape user training and literacy programs, while also defining policies and measures to lay the groundwork for ongoing governance processes and compliance with data privacy, security, and ethical standards. Along the way, it helps if you can foster a culture of experimentation and collaboration, encouraging users to share successes and lessons learned, while ensuring that clear channels exist for escalating issues and concerns. Comparing experiences with industry peers can also be invaluable.

By striking this balance between empowerment and control, it should be possible to harness the optimisation and transformative potential of generative AI while minimising risks and maximising ROI.

And as a final thought, as commented by some of our research participants, keep your people in mind throughout. With so much media scaremongering, some employees may see AI as a threat, while others might fear being left behind as their roles and workplaces become shaken up. So whether it's awareness, training or communication programmes, take an inclusive approach, paying as much attention, if not more, to those that may not naturally be the quickest to adapt and embrace technology-driven change. One of the biggest myths is that AI will soon be running the whole show - it really won't, and without humans in the mix, the impact will be limited. It's therefore important to show everyone the way forward and bring them along with you enthusiastically.

About this research

The data in this report is based on a survey of 52 IT leaders conducted by Freeform Dynamics in collaboration with the CIO WaterCooler. Respondents were primarily UK-based and drawn from mid-to-large size organisations across a range of industries. Due to limited space, it was not possible to report all of the freeform feedback we received from research participants. When selecting comments for inclusion in this report, we therefore did our best to pull out a rounded and representative range of views.

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