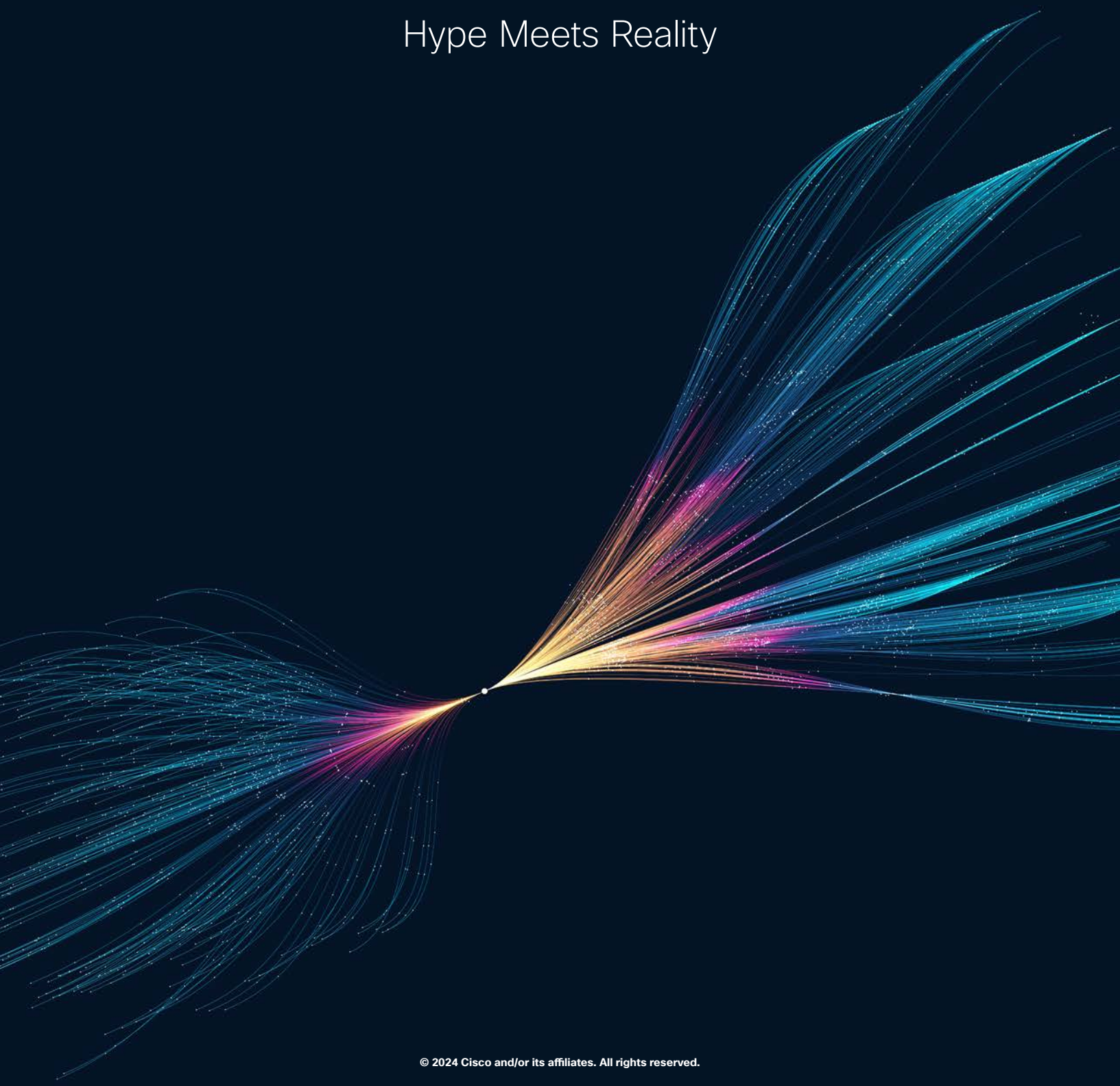
# Cisco AI Readiness Index

## Hype Meets Reality



# Contents

# Executive Summary

Artificial Intelligence (AI) has been the dominant theme of the business world over the past couple of years. It's increasingly in strategy updates, earnings statements, and in almost every stakeholder communication. At its current level of mass scale impact, AI may well overtake the cloud and even the internet in its significance as a technology disruptor.

However, as companies learn more about AI and how to adopt, deploy, and fully use its capabilities, they are beginning to realize they may not be as prepared as they thought.

The ***Cisco 2024 AI Readiness Index***, which follows the 2023 inaugural Index, measures AI readiness of companies across six key pillars: **Strategy**, **Infrastructure**, **Data**, **Governance**, **Talent**, and **Culture**. Based on their readiness score, companies are categorized into four levels: **Pacesetters** (fully prepared), **Chasers** (moderately prepared), **Followers**, (limited preparedness), and **Laggards** (unprepared). The Index highlights that organizations globally have seen a decline across multiple areas of AI Readiness. This means that despite the focus and investment, business leaders do not feel they have made enough progress towards their AI ambitions.

This is not deterring them, as leaders say they will not only continue to invest in AI, but actually increase their spend. The Index reveals that the C-suite is the biggest driver of AI adoption, with 50% of companies citing pressure from the CEO and their leadership team. However, enthusiasm around the transformative power of AI has faded at the senior level. Only 66% of respondents report that their organizations' boards are receptive and 75% say their leadership teams are receptive, down from 82% for both last year.

Less than one in seven companies globally are ranked as Pacesetters, a decline from last year's Index. We have also seen fewer companies make it to Chasers, the next category of preparedness. Individual pillars including Infrastructure, Data, Governance, Talent, and Culture, each saw declines.

Companies allocate a significant amount of money towards AI, with 50% of those surveyed saying as much as 10-30% of their current IT budget is dedicated to AI. Interestingly, a large number of respondents in our survey noted that their AI investments have not yet delivered the gains they expected. Nearly 50% of respondents reported not seeing any gains or gains below expectations in areas such as assisting, augmenting, or automating a process or operation. The results highlight that while companies are keen to adopt and deploy AI, the ability and readiness to fully leverage it remains limited. The lack of visible results may also be due to organizations not having the right processes in place to accurately measure the impact of AI, with just over a third (38%) of respondents saying they have clearly defined metrics to do so.

Encouragingly, companies recognize they need to do more to be better prepared to leverage AI. For example, 51% of those surveyed have rated improving scalability, flexibility, and manageability of their IT infrastructure as among their top three priorities as they look to improve overall AI readiness.

However, businesses face significant challenges on the road to improving their readiness. These include: lack of talent with the right skills, concerns over cybersecurity risks posed by AI workloads, long lead times to procure required technology, data silos, and data spread across multiple geographical jurisdictions.

Some of the other key findings of the Index are:

- The **Strategy** pillar has the highest number of Pacesetters of any of the pillars for the second consecutive year. The **Culture** pillar continues to have the lowest percentage of Pacesetters and even saw its share of lowest-ranking readiness tick up by four points.
- 93% of respondents predict that AI will increase **infrastructure** workloads as AI technologies are deployed.
- Less than a third (32%) of respondents report high readiness from a **data** perspective to adapt, deploy, and fully leverage AI technologies.
- **Governance** readiness fell this year, potentially due to the quickly-evolving global regulatory landscape around AI. Only one in three respondents (35%) believe there is a high level of understanding across their organization about global data privacy standards.
- The **Talent** pillar reveals that close to half (48%) of respondents say their organization is only moderately well-resourced with the right level of in-house talent to manage successful AI deployment.

The Index is based on a double-blind survey of 7,985 senior business leaders with responsibilities for AI integration and deployment at organizations with 500 or more employees. A more detailed explanation of the benchmarking methodology is contained in later sections of this report.

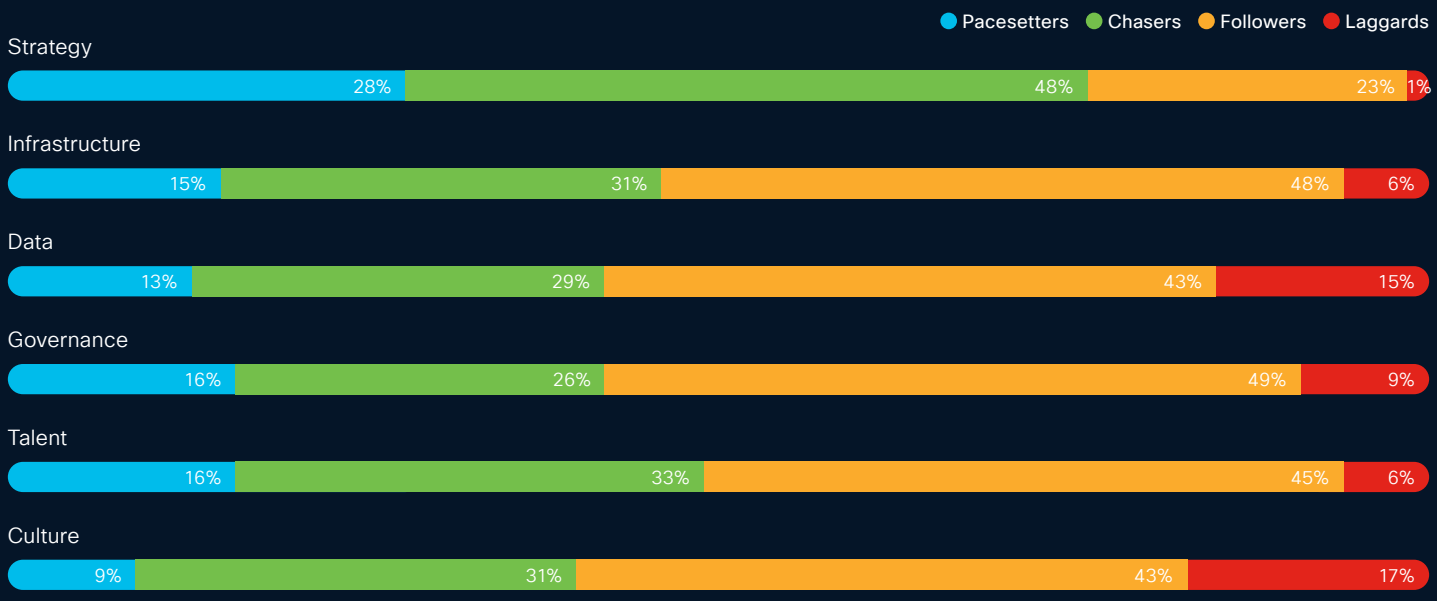
Overall, this year's research finds that organizations remain committed to adopting and deploying AI across their businesses, yet remain significantly underprepared to do so. Time is of the essence in the race to adopt AI, and businesses risk negative impacts if they move slowly. Among the respondents, 59% said they have a maximum of one year to implement their AI strategy, or they run the risk of losing competitive advantage. Business leaders must act now and improve their readiness across all six critical pillars to capture the transformative opportunities that AI offers.

# Benchmarking Readiness for AI Adoption and Integration

Consistent with last year's Index, the Cisco 2024 AI Readiness Index uses six pillars, each with an individual weightage, to benchmark AI readiness – **Strategy** (15%), **Infrastructure** (25%), **Data** (20%), **Governance** (15%), **Talent** (15%), and **Culture** (10%). Within these pillars, levels of readiness are assessed using a combined total of 49 indicators to determine a readiness score for each pillar, as well as an overall readiness score for the respondent's organization. The data was organized and categorized into a level of readiness, with respondents ranked in four groups – **Pacesetters**, **Chasers**, **Followers**, and **Laggards**. These groups and their corresponding scores are pictured right in descending order.


Based on this scoring system, in 2024 13% of respondents met the criteria for Pacesetters, with Chasers at 33%. Followers are the largest group at 51%, and Laggards the smallest group at 3%. Highlighting the vast divergence in levels of readiness, the average scores recorded for each group are: Pacesetters – 93, Chasers – 72, Followers – 48, and Laggards – 25.

As the survey measures AI readiness, we may also have expected that the groups representing those organizations that are better prepared (Pacesetters and Chasers) might grow each year as the opportunities and challenges associated with AI become better known. For 2024, that does not often seem to have been the case, and in this context, stagnant or even marginally declining readiness levels may reflect the speed at which AI adoption and deployment are evolving, making it more difficult for organizations to keep up even as they become more aware of the gaps that need to be closed to leverage AI for success.



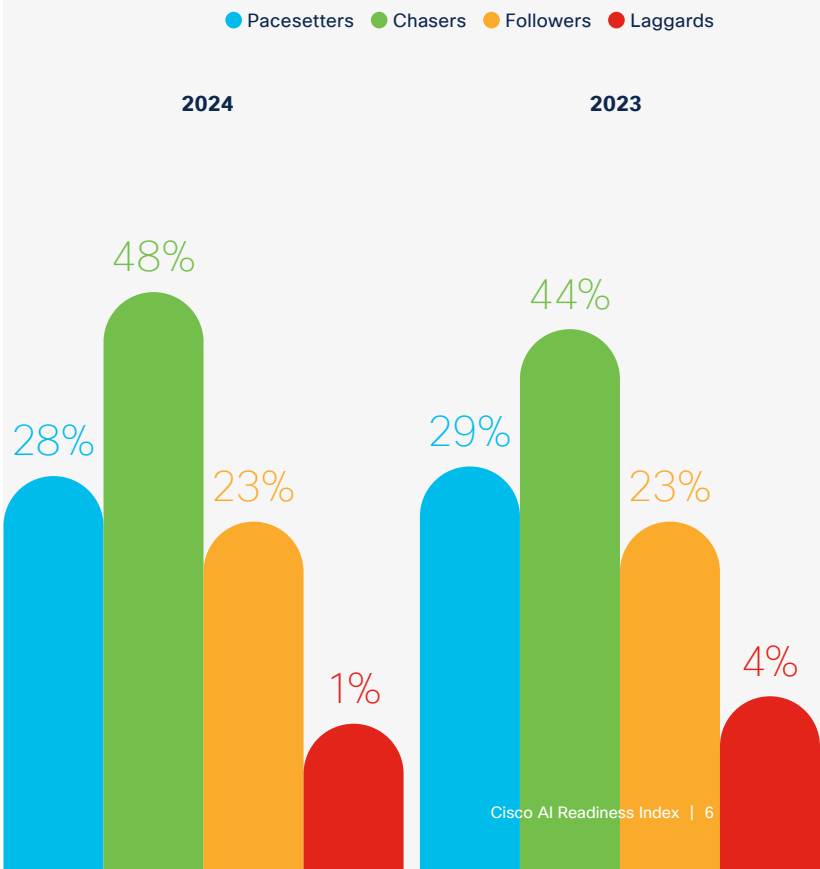
# Strategy

Nothing can be deployed effectively in an organization without a clear strategy, and AI is not an exception. Our respondents agree, with 95% stating they have a highly defined AI strategy in place or are in the process of developing one (same as 2023).

Across all assessment pillars for this Index, Strategy had the highest level of AI readiness, with 76% of organizations benchmarked as either Pacesetters or Chasers (up from 73% last year), and only 1% considered Laggards (down from 4% last year).

The results also highlight that respondents appear to have thought through their strategies both in terms of areas in which they want to adopt and deploy AI, and the impact that they want to drive. Cybersecurity is the top priority for AI deployment, with 42% achieving advanced deployment. Infrastructure follows at 40%, and data analysis and data management each at 39%.

**Strategy Readiness (YoY)**



Organizations in the natural resources industry appear particularly focused on cybersecurity, with 45% achieving advanced deployment in this area.

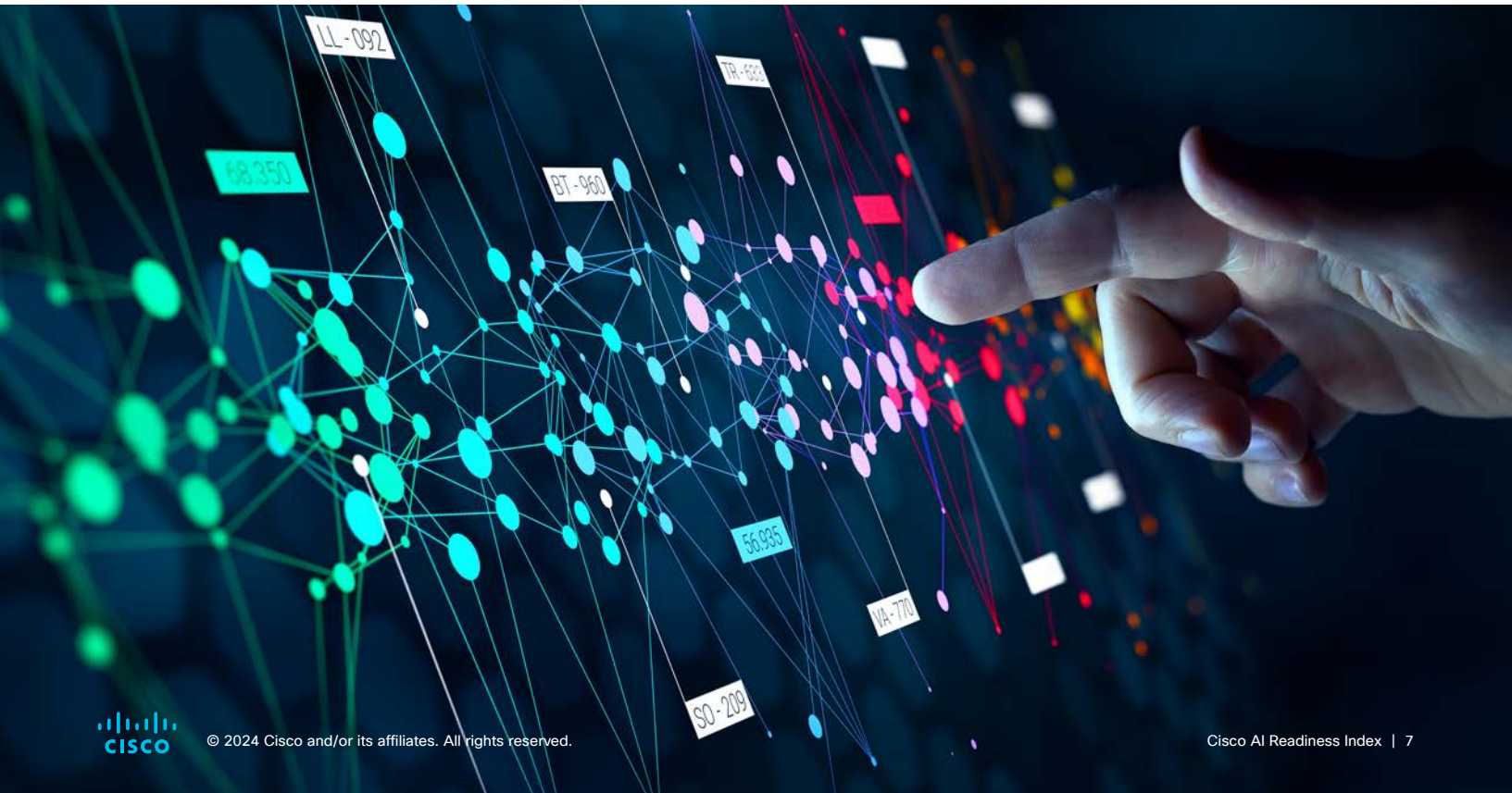
When it comes to impact, 57% of respondents report enhanced system, process, and operational efficiency as their top three reasons for adopting AI. Increasing innovation capabilities (47%) and improving customer experiences (42%) also rank high among their priorities. These are consistent with last year's findings, as they were the top three desired outcomes for companies in 2023. Interestingly, opening new revenue streams continues to rank lowest, with only 25% considering this a top priority (same as last year). This suggests that organizations have yet to fully grasp the potential of AI to open new sources of revenue.

To achieve efficiencies and productivity increases, respondents say they are primarily relying on using AI to assist with current processes, with 44% ranking this at the top, ahead of augmenting (30%) and automating (26%) current processes and operations.

When it comes to measurement, while an impressive 87% of respondents say their organization has a process in place to measure AI's impact, only 38% have clearly defined metrics. We found the same in financial preparedness, with 81% (down from 84% last year) having a financial strategy to support AI deployment in place, but only 43% (the same figure as in 2023) saying they have a long-term financial plan. One of the key criteria under the Strategy pillar that differentiates the Pacesetters from the rest is a willingness to invest in AI. Only 27% of respondents indicate that their company gave AI deployment the highest priority for budget allocation and incremental budget funding, compared to other technological deployments. This metric is unchanged from last year.

From a cybersecurity perspective, organizations are dealing with an increased volume and sophistication of threats. Given the scale of the challenge, companies realize that cybersecurity needs to be tackled at machine scale, not just a human scale. The Index showed an increased adoption of AI-powered solutions among organizations, with 73% reporting they were fully or moderately equipped to use GenAI tools to combat cybersecurity threats. The use cases for GenAI in cybersecurity are manifold, with practitioners most commonly deploying it to identify, analyze, and detect threats, according to Splunk's State of Security 2024 report.

Based on the Index data, companies across the world have made strides when it comes to having an overall strategy, a clear understanding of what type of AI they want to adopt and deploy, and what outcomes they want to drive. Yet the question remains, beyond the strategy, are they ready on other fronts that are critical to leverage the full potential of AI?



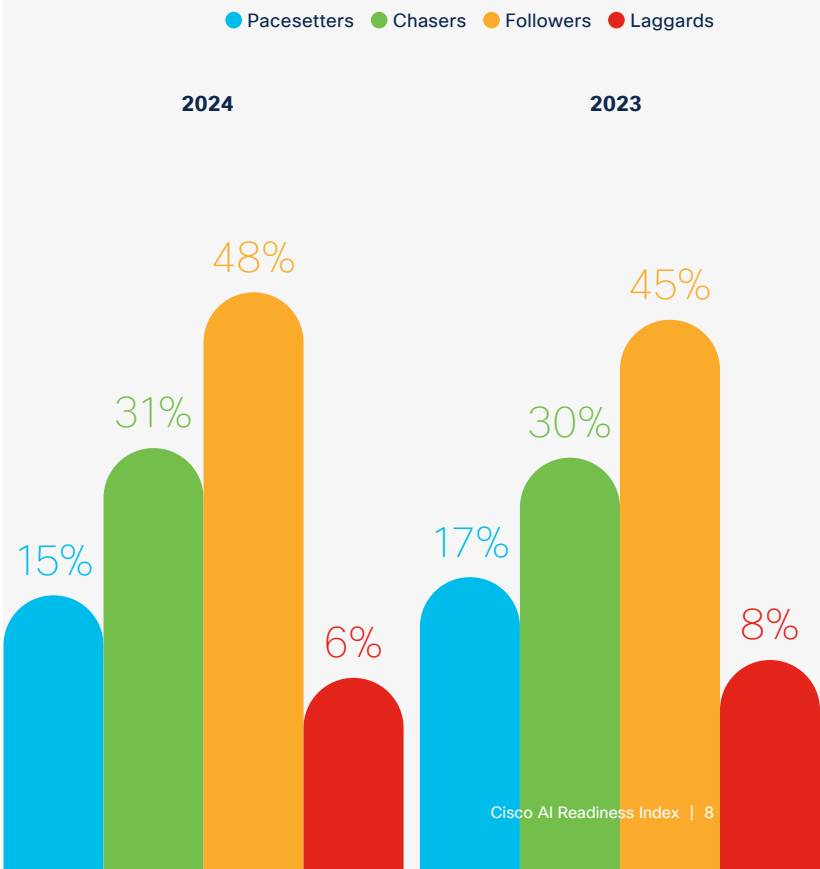
# Infrastructure

The readiness of Infrastructure to support AI initiatives has seen a decline, with the proportion of organizations categorized as Pacesetters or Chasers declining from 47% to 46% since 2023.

In fact, when asked how they would rate the overall readiness of their IT infrastructure to accommodate AI technology adoption and scaling, more than two-thirds (68%) said they feel moderately ready at best.

At the enterprise level, it requires a lot to adopt, deploy, and leverage AI. The Index shows that as companies have gone through the process of deploying AI solutions in the last year, many have discovered that their infrastructure is not fully capable of supporting these technologies. This includes capabilities such as adequate compute power to process complex AI models, optimized network performance within the organization and its data

**Infrastructure Readiness (YoY)**

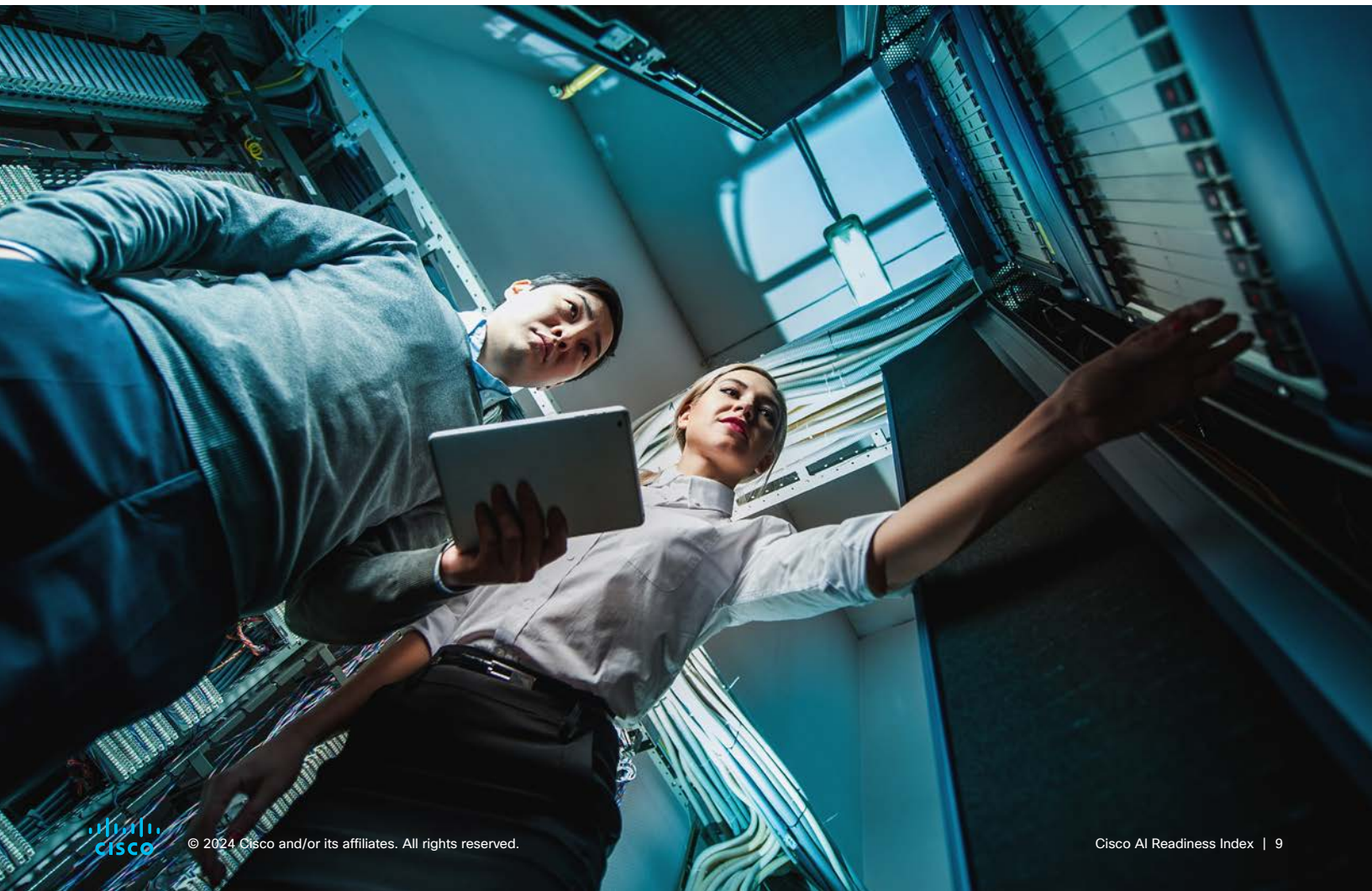


centers, and enhanced cybersecurity capabilities to detect and prevent sophisticated attacks. Additionally, the readiness to support the increased power consumption associated with AI deployment continues to remain a critical challenge.

The low readiness levels when it comes to Infrastructure are worrying, especially as 93% of respondents predict that the workload of their organizations' infrastructure will increase with the deployment of AI-powered technologies. Meanwhile, 54% acknowledge their infrastructure has limited or moderate scalability and flexibility to accommodate these increasing needs.

Systems are struggling to keep pace with accelerating AI development as 79% of respondents say they require further data center graphics processing units (GPUs) to support future AI workloads, up from 76% last year. Similarly, 78% of respondents lack confidence in the availability of computing resources for AI workloads, up from 76% in 2023.

As the volume and complexity of AI-related data flows increase, cybersecurity issues become all the more critical. Consequently, the proportion of respondents with limited understanding of threats specific to machine learning has increased from 65% in 2023 to 67% this year. Likewise, best practices in managing access control to AI systems and data sets are increasingly under strain, with nearly three-quarters (72%) falling short of a robust posture in this area, up from 68% last year.

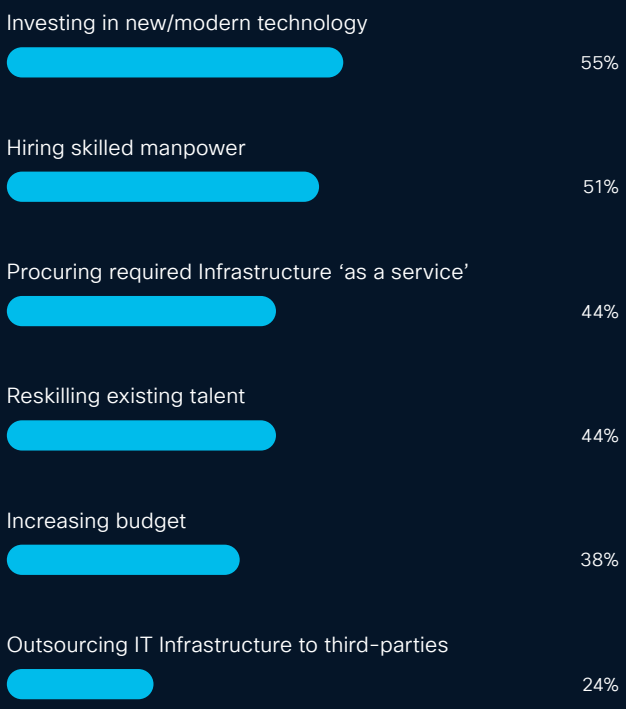


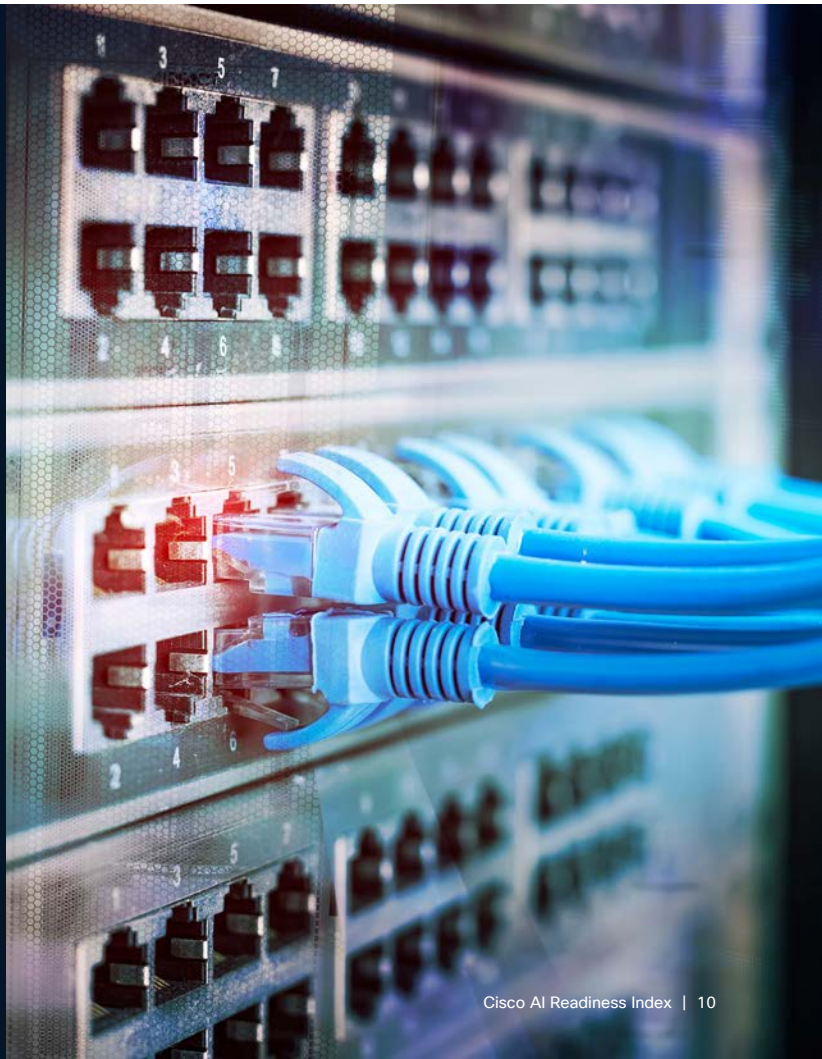
Business leaders realize that they have gaps that they need to address, with 99% acknowledging change is needed, and they are looking to technology and talent above all else in their quest to overcome infrastructure challenges.

When looking at what companies are doing to address their lack of readiness, flexibility, scalability, and manageability are key, with 51% ranking these among their top three priorities. Following priorities include improving capability to deploy AI models to edge devices (36%) and improving the way compute resources are allocated to AI tasks (35%).

However, as companies look to improve their infrastructure readiness, the lack of talent remains a critical issue, 43% of organizations flagged that a lack of human power to build, scale, and maintain the infrastructure needed for AI emerges as the top challenge in the drive to improve readiness. Concerns over cybersecurity risks posed by AI workloads (41%), procurement lead times (34%), and a lack of understanding around upscaling and maintaining new infrastructure (34%) are the other challenges which hinder the efforts of those looking to build AI-ready infrastructure.

## Actions planned to improve readiness of IT infrastructure



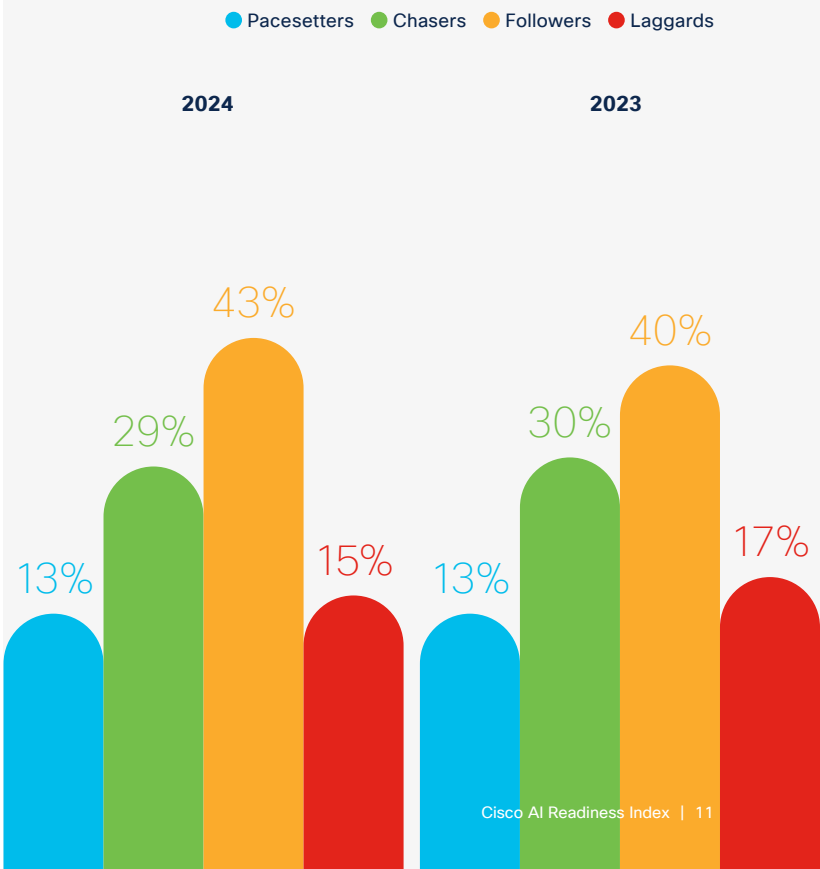



# Data

There has been plenty of discussion about the importance of data in the successful use of AI workloads. However, despite the growing knowledge about its criticality, the readiness of organizations to manage data effectively for AI initiatives has declined in the past year. Less than one third (32%) of respondents report high readiness from a data perspective to adapt, deploy, and fully leverage AI technologies.

As data creation and replication continue to grow at an exponential rate, organizations still face significant challenges in establishing a strong data foundation for AI, which includes ensuring data security and protection, organized and traceable databases, integrating AI systems, and upholding rigorous data hygiene practices. Additionally, the proficiency of current analytics tools and the skill levels of employees are areas that require continuous attention.

## Data Readiness (YoY)



As AI algorithms increase in sophistication, they require ever-greater volumes of high-quality, diverse, and accessible data to train effectively. Keeping pace with the growing volume of data provides a challenge to organizations looking to improve readiness. In fact, the proportion of respondents acknowledging inconsistencies or shortcomings in the pre-processing and cleaning of data for AI projects remains almost as high as a year ago (81%) - at 80%. Additionally, nearly two thirds (64%) report that they feel there is room for improvement in tracking the origins of data.

Even with satisfactory processing and lineage tracking measures in place, data must be easily accessible for use in AI initiatives. However, most companies (82%) report that their data is fragmented to varying degrees, indicating issues with data accessibility. This is exactly the same number as last year. Addressing this issue is a significant challenge which might take a few more years for companies, particularly for large-scale enterprises, as breaking down data silos is a complex and time-consuming task.

Integrating analytics tools with the ever-expanding number of data sources and AI platforms is also posing a challenge to leaders looking to get ahead in the AI race. Almost three-quarters (73%) of respondents highlight issues with integration, which actually represents an increase from the 74% who highlighted this last year. A surprising 29% say their tools are either not integrated (3%) or only somewhat integrated (24%).

The priorities of organizations looking to improve their AI readiness from a data perspective are a telling reflection of the issues identified above. The largest group of respondents rank better integrating analytics tools with data sources and AI platforms used within the organization as their top three priority (44%), followed by improving procedures and protocols for AI teams to access in-house data (39%), and improving proficiency of staff in leveraging analytics tools for AI projects (37%).

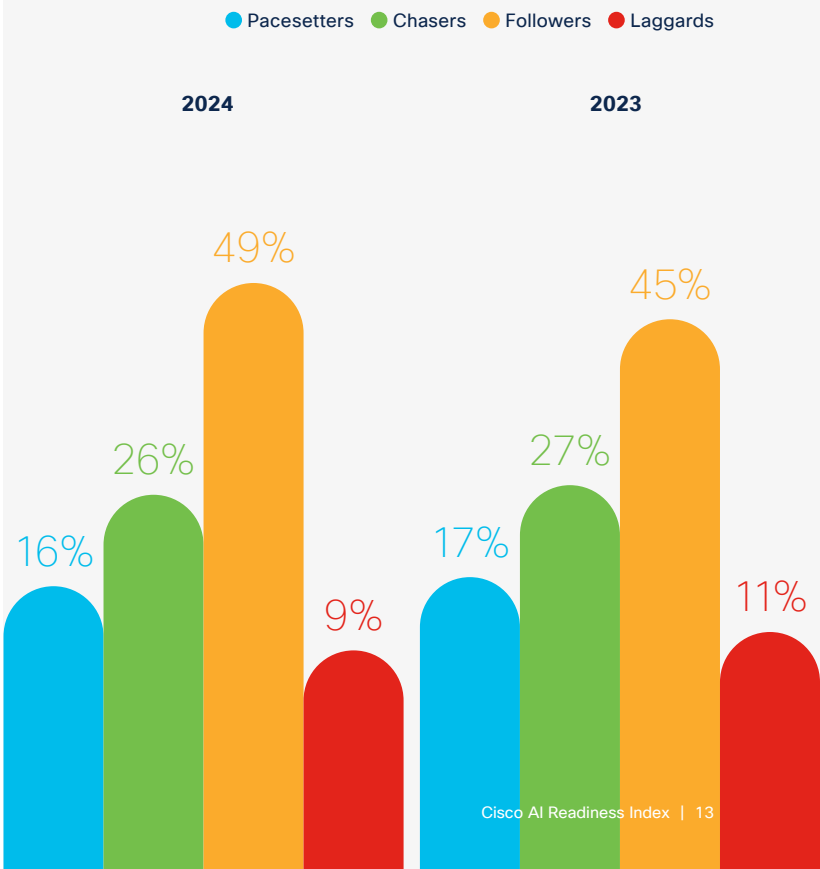
As with Infrastructure, the talent crunch rears its head as the key barrier to better data readiness. As many as 40% of respondents report a lack of talent with the right skills and knowledge in this area as a challenge in this regard, followed by 39% highlighting data access and 37% citing analytics tools access as top challenges.

# Governance

The regulation of AI has long been a focal point of policymakers and the technology community globally, with discussions often centered around the responsible and safe use of AI, compliance with AI, data protection and anti-discrimination laws, and the quality standards of AI systems.

The European Union's Artificial Intelligence Act (EU AI Act) came into force in August 2024, providing AI developers and deployers with the first of its kind risk-based legislative framework for Artificial Intelligence. Meanwhile, several countries in the APJC region developed various approaches towards AI governance, including in Japan, South Korea, Australia and Singapore, leveraging a mixture of guidelines and standards, and recognizing the need to build on existing laws and regulations to address concerns while creating opportunities for innovation with AI. In the United States, one state (Colorado) passed AI-specific regulation in

**Governance Readiness (YoY)**



2024, with other states drafting their respective versions and deciding on their respective approaches.

Many current laws attempt to cover key AI concerns, for example, with data protection, anti-discrimination and intellectual property rules, while some countries are taking more tailored regulatory steps to target specific concerns such as ethical, content and misinformation issues arising out of the use of AI. Against this rapidly evolving regulatory environment, effective AI governance has become even more crucial to the successful implementation of AI. However, it has also created greater uncertainties and feelings of unpreparedness, as is evident from the dip in governance readiness. In this year's Index, 42% of companies qualified as Pacesetters or Chasers, compared to 44% last year.

When asked about the comprehensiveness of their organizations' AI policies and protocols, less than a third (31%) of the organizations said they are highly comprehensive.

The challenge for most organizations may actually lie in the lack of knowledge and skill to ensure compliance with the policies and protocols in place, as more than half (51%) of respondents identified "the lack of talent with expertise in AI governance, law and ethics in the market" as a challenge in improving their readiness from the governance perspective.

Insufficient understanding of potential biases and fairness in data sets used for AI is another key hurdle for organizations. More than four in 10 of the respondents (44%) rate the level of awareness about potential biases and fairness in data sets across their organization as moderate, with occasional training or awareness programs in place. There is an even split (27%) between those who rate this awareness as high (with regular training sessions and active discussion around biases) and those who say it is limited (sporadic discussions but no formal understanding).

Respondents want to address this, though, as increasing their understanding is ranked top (35% ranking first) among the actions organizations are prioritizing as they look to improve their readiness from a governance perspective.

While most organizations (95%) are attempting to use diverse data sets, only 29% have regular checks for bias in place with continuous monitoring and adjustment.

Data privacy and security is another key tenet of AI governance and where organizations need to be better prepared. Only one in three respondents (35%) believe there is a high level of understanding across their organization about global data privacy standards.

A similar proportion of organizations have in place regular audits and reviews and a proactive strategy to stay ahead of global privacy regulations. When it comes to handling data breaches or privacy violations, 38% say their organization has advanced protocols that are regularly reviewed with mock drills and updates, continuous monitoring, and rapid response teams.

As organizations increasingly operate across multiple jurisdictions, understanding and implementing data governance protocols is essential for compliance. Nearly half (47%) of organizations report a fair understanding of data sovereignty, while 29% have a high level of expertise, with detailed knowledge of jurisdictional requirements and subject matter experts on board. In terms of protocols, almost half (49%) of organizations have advanced measures to align data storage and processing with local data sovereignty laws, and an additional 24% have strict protocols that ensure data is mapped and stored according to specific sovereignty requirements. This high level of protocol implementation reflects the impact of long-standing regulations like GDPR, while data governance for AI remains a newer frontier for many organizations.

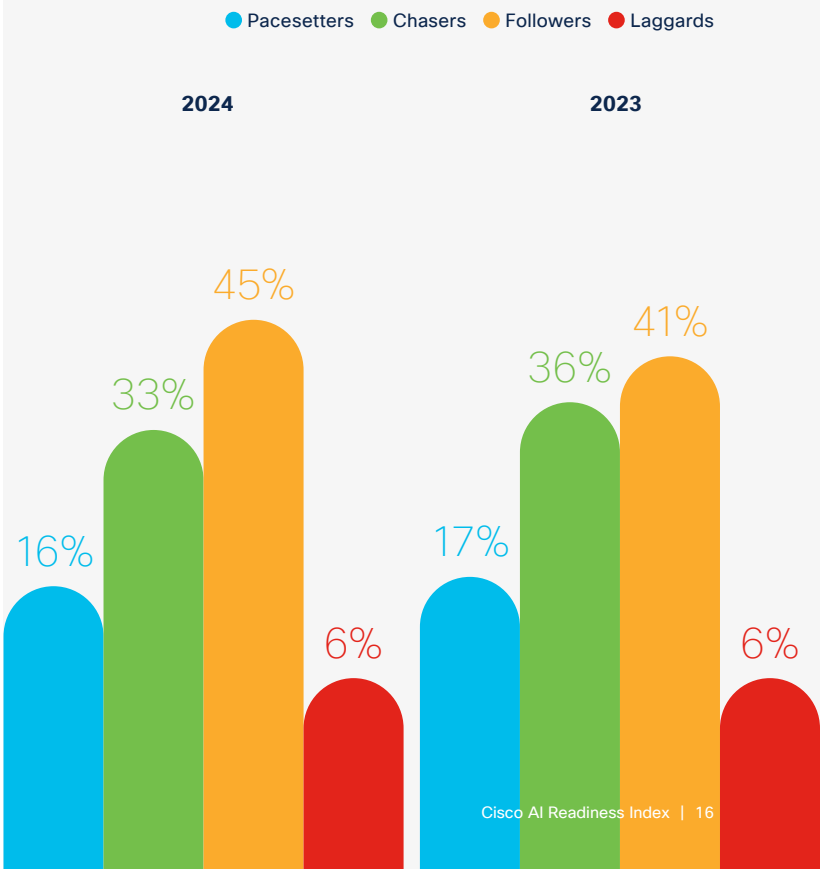
# Talent

The race to adopt and deploy AI has triggered a widespread discussion on the lack of skilled talent in the field due in part to the pace at which the technology is evolving, with only 31% of organizations claiming their talent is at a high state of readiness to fully leverage AI.

A lack of qualified candidates and rising costs amid competition present major hurdles to overcoming AI talent shortages. In this year's Index, nearly a quarter (24%) of our respondents say that their organizations are under-resourced in terms of in-house talent necessary for successful AI deployment.

Organizations are actively addressing this issue either by leaning on third-party assistance or bolstering internal capability. One of the most common solutions, used by 56% of organizations that are not currently at a high state of talent readiness, is onboarding

**Talent Readiness (YoY)**



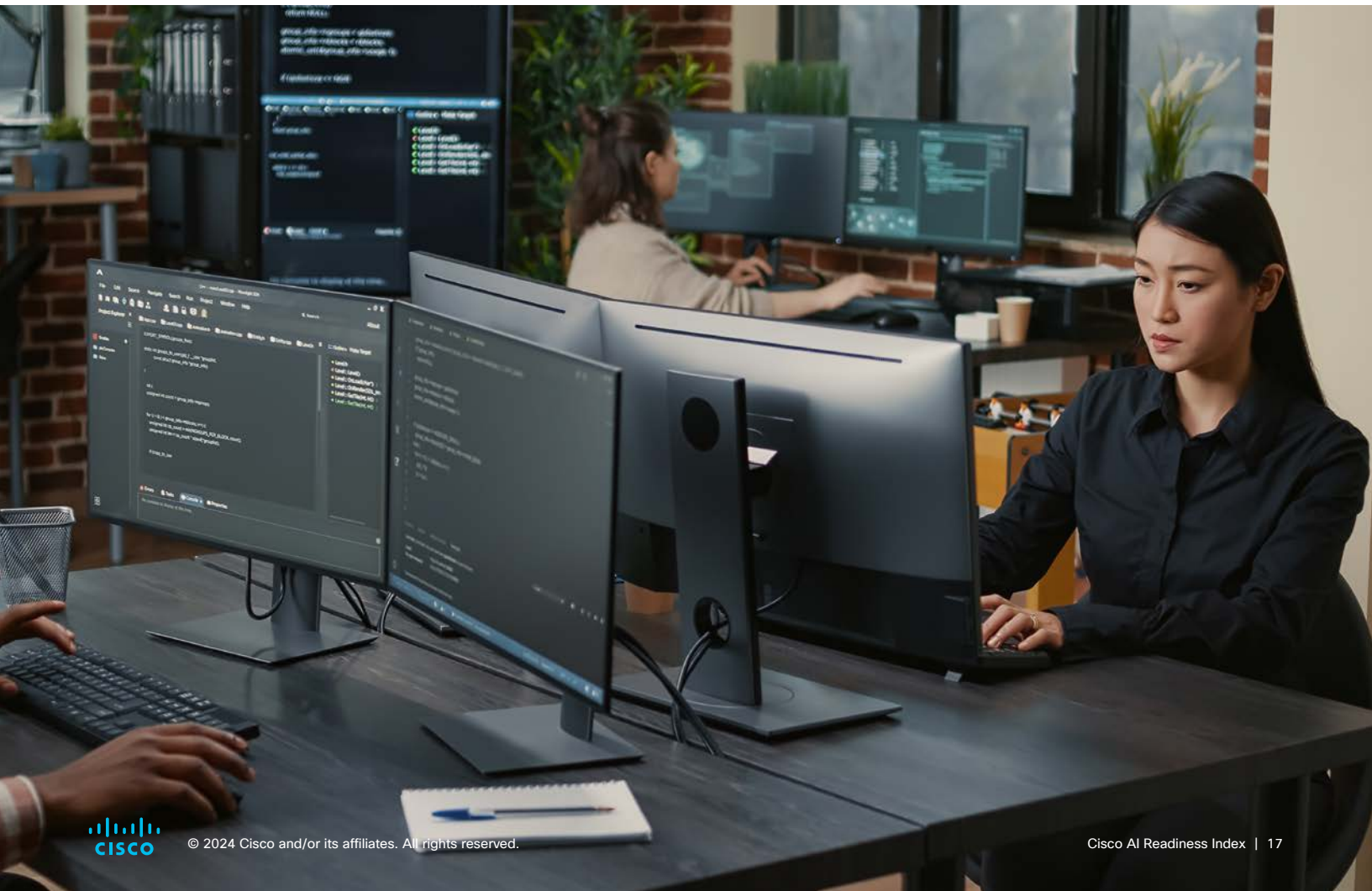
contractors to plug AI talent gaps. Working with external parties can offer a quick fix without the need for long-term investment.

A similar proportion of such organizations (54%) are also taking a longer-term approach by allocating more budget to hire new talent. However, as many as 45% highlight the shortage of talent in the market as a challenge they face as they look to improve their readiness to adopt AI from a talent perspective.

One quarter (24%) of all respondents also reported their impression that there is not enough talent available with the right skill sets to address the growing demand for AI in their sector. This shortage has had another unintended consequence as intensified competition for skilled talent drives up costs, cited by 48% of respondents as a major challenge.

The above factors may explain why talent readiness has seen a significant lag, with 45% of organizations falling into the Followers category, a significant jump from 41% last year.

Faced with a competitive talent market, training and upskilling existing talent could be a more sustainable solution for organizations. Among our respondents, 40% say their organization is investing in upskilling and reskilling existing talent. Further, with over half (51%) of respondents saying they hire external vendors to train their staff, compared to 39% who say they have internal training programs, there is an opportunity for such vendors as well as public-private partnerships to offer more training and development programs for organizations to bridge their talent gap, which will in turn help build up a pipeline of AI talent in the market.



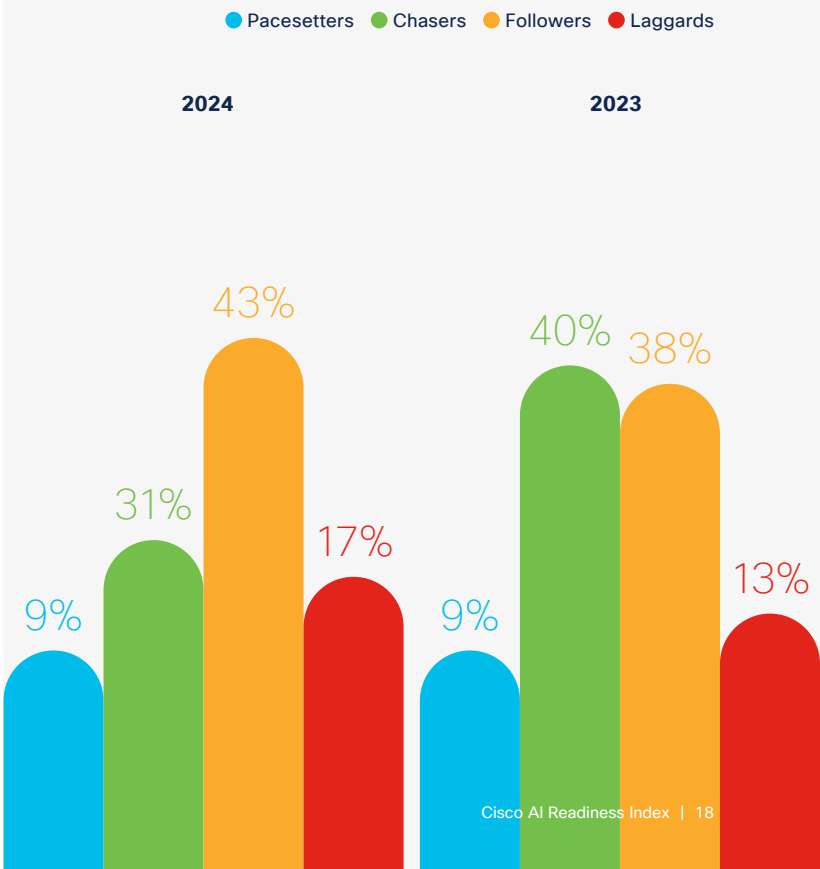
# Culture

The growing adoption of AI is poised to bring about large and fundamental culture changes requiring stakeholder support and receptivity for success. Yet, there has been a noticeable reduction in cultural readiness to embrace AI. Within the Culture pillar, just 9% of respondents qualify as Pacesetters against the determined criteria, the same proportion as last year.

However, organizations that made it to the Chaser category has declined from 40% in 2023 to only 31% this year, and the Laggard category increased to 17% from 13%, representing a significant reduction in cultural readiness.

The drive for meaningful change is often initiated from the top. However, respondents report that over the past year, Boards have become much less receptive to embracing the transformative power of AI, with 66%

**Culture Readiness (YoY)**



of Boards being highly or moderately receptive, down from 82% last year. Receptivity also seems to have declined among leadership teams, albeit not as much, with 75% (down from 82%) being highly or moderately receptive.

More work can also be done to engage middle management, where 23% have either limited or no receptiveness to AI. The adoption challenge is reportedly greater amongst employees, where close to a third (30%) of organizations report employees are limited in their willingness to adopt AI or are outright resistant.

Differing industries reported varied responses when it comes to a culture of readiness to adopt AI. Over four in five (82%) respondents in Technology Services say their organization is embracing AI with a moderate to high level of urgency. Conversely, respondents from the Education sector indicated a lesser urgency with 68% of respondents in the sector claiming their organizations are exhibiting urgency in embracing AI. The Restaurant Services sector is reportedly less eager, with only 58% expressing urgency in embracing AI.

Change management is essential for navigating the complexity of AI integration, especially in the face of differing stakeholder views. The Index highlighted that while 76% (down from 79% last year) of organizations have a change management plan in place, only 28% of these said their plan is a comprehensive one, while 62% said they have one in progress and 10% highlighted that it is in draft form. The limited number of companies with a change management plan in place could indicate that companies still lack a full understanding of the importance of cultural change when it comes to successful adoption of AI.

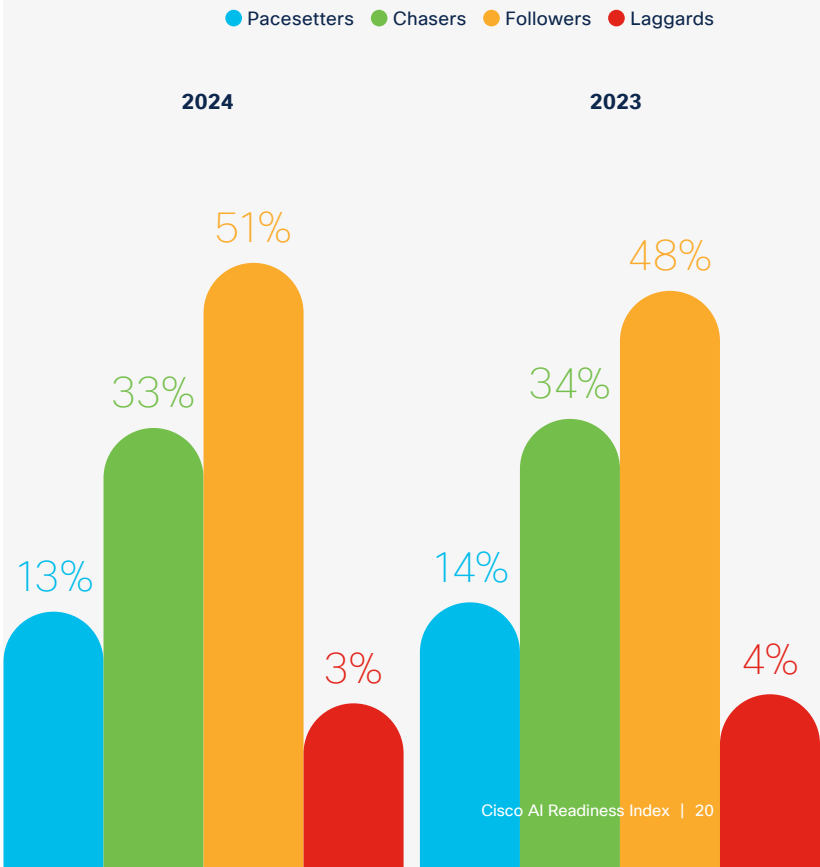
# Size and Industry Related Insights

Although there is a strong push to adopt AI, the Index reveals that the type of sector and the size of the organization play crucial roles in determining which entities are most prepared to leverage AI opportunities.

Among the 20 sectors analyzed, Technology Services, Financial Services, Retail, and Business Services consistently excel in AI Readiness across all six pillars. It is important to note that these sectors are highly dependent on technology and companies in these sectors are perhaps more comfortable dealing with the complexity of its deployment in the early stages. Conversely, industries with public service orientation and funding, as well as significant regulatory oversight, such as Education, Transportation, and Public Services, tend to lag in AI readiness across-the-board.

When it comes to overall AI readiness, Technology Services stands out as the frontrunner, with 20% of

**Overall Readiness (YoY)**



respondents in this industry identified as Pacesetters. This is notably higher than the 13% average for all respondents combined. Additionally, this sector has 38% in the Chaser category.

Financial Services organizations are not far behind with one in six being Pacesetters (16%) and more than one third (35%) being Chasers. Retail with 13% Pacesetters and 33% Chasers and Business Services (12% and 35%) round out the list of leading sectors in terms of AI adoption.

At the other end of the spectrum, several sectors are clearly continuing to struggle with preparing for AI, as they were last year. The Education sector comprises 5% Laggards and 64% Followers. Transportation has 6% Laggards and 62% Followers and Public Services has (worryingly) almost one in five (17%) organizations that are Laggards and 59% that are Followers. For each of these three industries, AI readiness has slipped even further compared with last year, highlighting a potentially concerning trend that needs to be addressed.

In terms of the influence of organizational size over AI readiness, as with last year's results, there appears to be a minimum organizational threshold size required to properly support AI adoption. However, once that organizational threshold is reached, further size does not appear to correlate with greater readiness. This pattern seems to hold true across industries, with many smaller businesses (between 500 and 1,000 employees) lacking the necessary resources to achieve AI Pacesetter status.

Only 11% of these smaller organizations were classified as Pacesetters, compared with 16% of midsized organizations (between 1,000 and 1,500 employees). However, as we saw in last year's survey, beyond a certain point, greater size and resources are not correlated with increasing AI readiness – the largest employers in our study had a lower proportion of Pacesetters (13%) than the mid-sized organizations. Indeed, when further disaggregating the large employer group, AI readiness peaks in organizations with annual revenues between USD 500 million and USD 1 billion, in which nearly one quarter (24%) of this group are considered Pacesetters. These organizations appear to exist in the sweet spot, having sufficient scale and resources to execute their AI strategy while avoiding the potential challenges that come with size, including slowed AI deployment or negative impacts on agile decision making. Beyond this size range, AI readiness actually declines with only one in six (16%) organizations with revenue over USD 1 billion considered Pacesetters.

# Recommendations

## Invest in Scalable, Adaptive, and Secure Infrastructure

As AI workloads increase, the IT infrastructure will need to keep up. There is a lot to be done to achieve that, as is evident from the result of the Index. As organizations look to improve their readiness on this front, they should think of investing in solutions and technologies that are scalable so they can handle current and future computational demands. This will ensure agility and help them scale AI initiatives as needed.

Additionally, organizations should ensure that security is foundational to their AI initiatives. This includes building capability to protect data used in AI workloads both during transit and at rest. They also need to be fully equipped to be able to detect and prevent unauthorized access and tampering of data. Finally, as generative AI tools become more accessible, companies should have technology and policies in place to ensure they safeguard themselves from unauthorized data sharing and loss, and are able to defend against prompt injection, data and model poisoning, and other AI-specific attacks.

## Enhance Data Management, Integration, and Governance

Data is widely seen as a critical driver of success of any AI initiative. There are two key aspects that organizations need to look at. First is the quality of data. Implement robust data frameworks to ensure data quality, consistency, and accessibility. This includes setting up data stewardship roles and responsibilities.

The second is data governance. Organizations should implement comprehensive governance frameworks to ensure that data flows across the organization, as needed, are in compliance with relevant regulations. Additionally, organization should ensure that internal policies and protocols are regularly reviewed and updated to keep pace with the rapidly evolving AI landscape.

## Focus on Talent Development and Retention

The hype around AI is having a knock-on effect on the race to hire the best talent in the sector. This is already creating a shortage of talent with the right skill sets, and increasing the cost to hire. To address this, organizations can invest in their existing talent pool to meet the growing demand. This includes creating continuous learning opportunities for staff, encouraging cross-functional teams to collaborate and share knowledge on AI projects, and most importantly, looking for skills that can be transferred from an existing role to one focused on AI, to expand the available talent pool.

## Foster a Pro-AI Organizational Culture

Organizations should cultivate a pro-AI culture to ensure they can fully harness its potential. To achieve this, organizations should ensure that as they adopt and deploy AI across areas of their business, they not only highlight its potential benefits, but also acknowledge any concerns employees might have on the impact on their jobs and roles. Additionally, organizations should proactively provide necessary support and resources to help employees upskill and reskill, so they are not only able to use and leverage these technologies, but also remain optimistic about its impact as well as their own jobs.

Another approach organizations can consider is to establish incentive programs that encourage responsible experimentation with AI. By doing so, organizations can motivate employees to explore creative solutions and new

applications of AI technologies. These incentives can take various forms, such as financial rewards or opportunities for professional development. By valuing and celebrating achievements in AI, organizations create an environment where employees feel encouraged to push boundaries and contribute to the company's AI-driven goals, ensuring sustained growth and competitive advantage.

## Reinforce Long-term Vision and Strategic Alignment

To ensure the successful integration of AI into the organizational framework, it is crucial to reinforce a long-term vision and strategic alignment. This begins with periodically revisiting and reassessing the AI strategy to ensure it aligns with the company's overarching business goals. By setting clear and achievable objectives, businesses can maintain a focused approach while remaining flexible to adapt to the rapid changes in the AI landscape. This adaptability is essential for seizing new opportunities and overcoming challenges as they arise, ensuring that AI initiatives contribute meaningfully to the company's sustained growth and success.

Equally important is the role of executive leadership on the AI journey. Executive leaders looking to increase AI readiness should demonstrate a strong commitment to AI initiatives by actively engaging in the steering and support of AI projects. Their involvement is vital for providing direction, resources, and fostering an organizational culture that embraces AI. By championing AI efforts, leaders can inspire confidence and drive momentum across all levels of the organization. Their commitment ensures that AI projects are not only aligned with strategic objectives but also receive the necessary support to thrive, ultimately reinforcing the company's competitive edge in a rapidly evolving technological landscape.

# About the Research

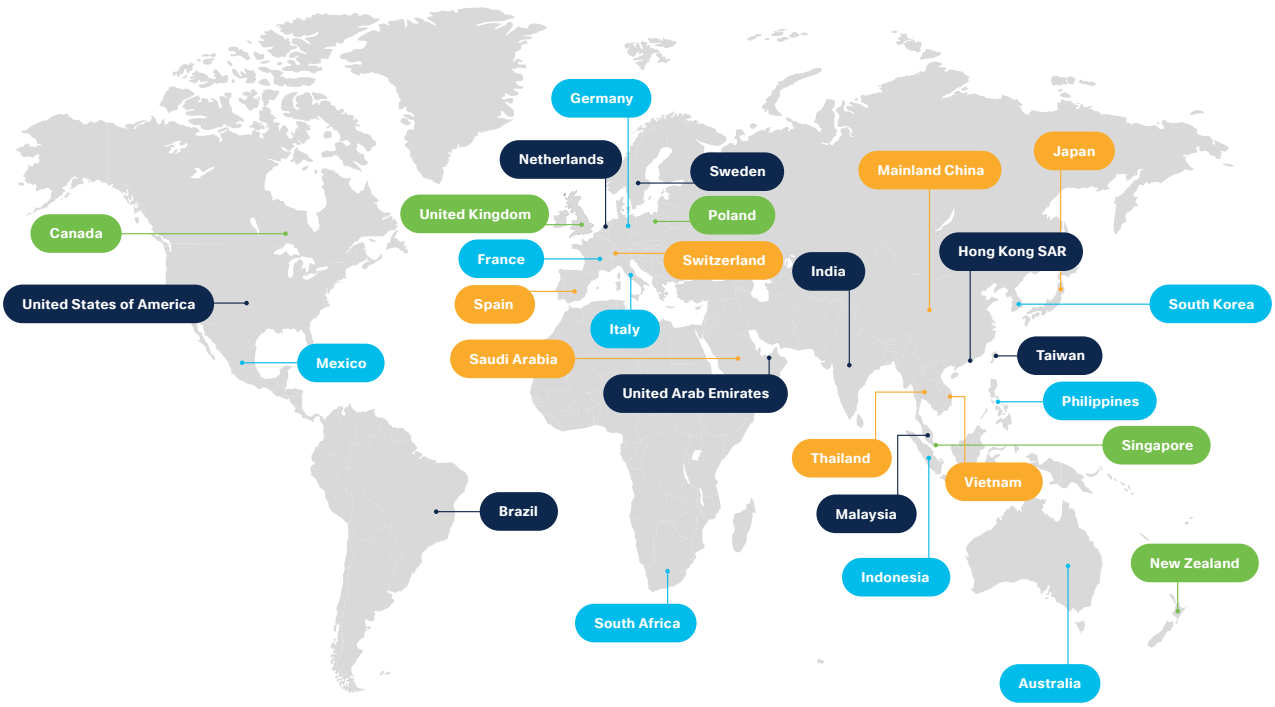
For this study, Cisco interviewed 7,985 senior business leaders with responsibility for AI integration and deployment at organizations with 500 or more employees. The organizations cover 30 markets in **Asia-Pacific, Japan, and Greater China**, **North America**, **Latin America**, and **Europe**, **Middle East and Africa**, namely Australia, Brazil, Canada, Mainland China, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, Saudi Arabia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, United Arab Emirates, United Kingdom, United States, and Vietnam.

The Index is based on six pillars of AI readiness: Strategy, Infrastructure, Data, Governance, Talent, and Culture. Across these pillars, Cisco examined 49 different corresponding indicators to determine an overall readiness score, as well as scores specific to each pillar. We assigned individual weightages to each indicator based on its relative importance to achieving readiness, and then calculated organizations' scores under each pillar. For organizations with partial deployment, we assigned scores of 25-50% under the relevant indicator, with those achieving full deployment granted a 100% score. We combined and weighted the scores for each pillar to arrive at an overall AI readiness score for each respondent's organization. The importance of each pillar to the overall readiness score was weighted as follows: Strategy (15%); Infrastructure (25%); Data (20%); Governance (15%); Talent (15%) and Culture (10%).

The respondents were drawn from 18 industries: Business Services; Construction; Education; Engineering, Design, Architecture; Financial Services; Healthcare; Manufacturing; Media & Communications; Natural Resources; Personal Care & Services; Real Estate; Restaurant Services; Retail; Technology Services; Transportation; Travel Services; Wholesale; and 'Others'.

Due to the large, global sample size, measurement accuracy is statistically significant (approximately +1% at the 95% confidence level). As such, we can say with 95% confidence that any difference of 2% or more between this and last year's figures represents a true change.

We conducted the research between August and September 2024 using double-blind online interviews.



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