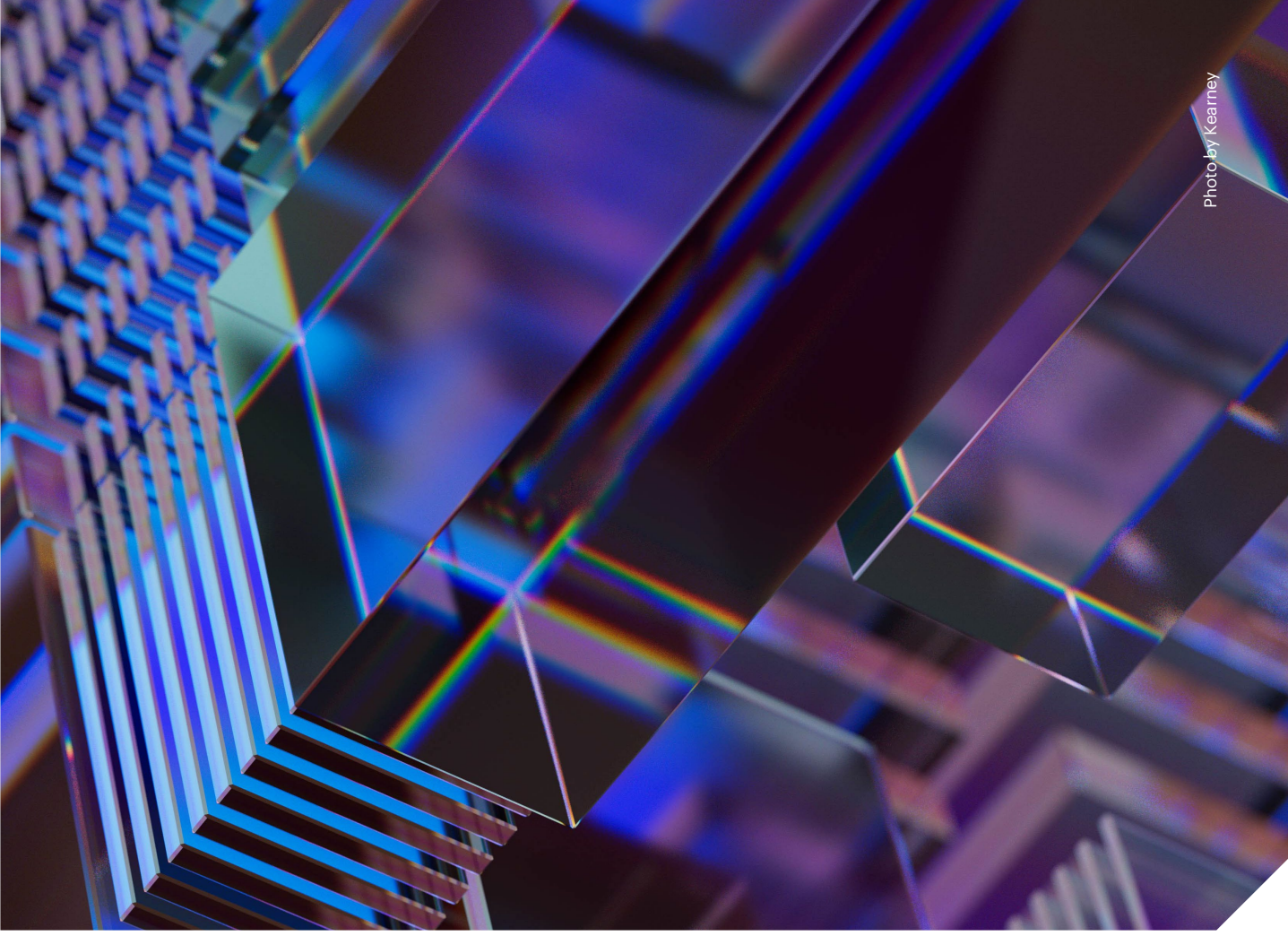
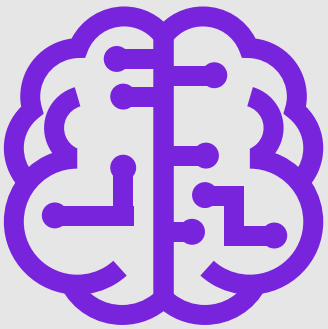


Global AI Assessment (AIA) 2024: the drive for greater maturity, scale, and impact

KEARNEY

Executive summary

In the past decade, the use of data insights has evolved from being a specialized "science" activity to becoming an integral part of nearly every business role. Today, employees are expected to generate insights in near real time and incorporate them into their daily responsibilities. As a result, it's no surprise that companies have prioritized implementing advanced analytics to help them use data to improve their operational and financial performance. Those efforts have taken on even greater urgency with the emergence of generative artificial intelligence (GenAI), with its power to transform how businesses and entire industries operate. In a world where AI increasingly serves as the gateway to insights, the quality and consistency of data must be accurate at its source. Poor-quality or inconsistent data can lead to inaccurate insights and flawed decisions. Unlike traditional analytics, where manual intervention such as data cleansing could mitigate issues, AI systems process data automatically at scale, amplifying any errors or inconsistencies present. As AI becomes more integrated into real-time decision-making processes, the need for high-quality, consistent data at the source is essential to ensure reliable and trustworthy outcomes.



Given this change, organizations often focus on the "cool" part—building AI use cases and exploring the art of possible. Some GenAI use cases are:

— Productivity-enhancing point solutions

— Strategic use cases to create vision

— Innovation through business model transformations

However, the real challenge lies in the "hard" part—driving enablers to ensure AI use cases can find a path to scale. Some common pitfalls include:

— Lack of functional alignment and expertise

— No clear understanding of AI

— Unawareness of risk and audit implications

— Absence of robust cost management frameworks

Our research provides insights on how analytically mature organizations are tackling the "hard" part and therefore are at a better position in the AI implementation curve compared to their peers.

So, after all this work, where do companies stand today? And how can organizations that are less mature catch up?

According to new Kearney research, while companies have made progress, for the most part they still have a lot of work to do to get to the point where they have the AI and analytics capabilities that can have a game-changing impact on the business. More than half (51 percent) of companies participating in our research still have what we call immature capabilities—meaning, while they may have developed strategies and identified use cases for AI and analytics, they've struggled to build and scale the necessary capabilities for execution and put in place the management practices to sustain them. One slice of this group, comprising 3 percent of our survey sample, are what we deemed Laggards, who are struggling to capitalize on the power of AI and analytics to transform their business.

Fifty-one percent of companies still have what we call immature AI and analytics capabilities.

They also risk falling further behind the other group in our survey, a nearly equal percentage of which (49 percent) have developed significantly more mature AI and analytics capabilities. A select group of companies within this group—4 percent of our survey sample—have pulled the furthest away from the pack. These Leaders exhibit the characteristics and practices that have enabled them to build and scale AI and analytics capabilities that are driving true competitive advantage and have positioned them to capitalize on the next evolution in AI.

The research also throws light on the current AI and analytics maturity levels across different industry clusters. According to the research, telecommunications, media, and technology and consumer and retail sectors have the highest number of analytically mature companies with 7 percent and 5 percent Leaders respectively. The energy and processes and financial services sectors are lagging behind with only 2 percent Leaders each, lower than the industry average of 4 percent.

In this report, we present the results of our comprehensive survey of more than 1,000 companies around the world on where they stand with respect to AI and analytics. We discuss the progress companies have made in how they think about, build, scale, and govern their AI and analytics capabilities and the challenges they face in doing so. We also take a look at how companies are allocating their budgets to AI and analytics initiatives, as well as explore the key trends and best practices that emerged from our analysis of what the Leaders in our survey have achieved on their way to AI and analytics maturity.

About the research

The ascendance of big data, AI, and analytics has fueled great expectations for extracting monetary value from information and fundamentally transforming strategy, problem-solving, decision-making, innovation, and operations. In particular, easy-to-use AI holds tremendous potential to unlock growth in virtually any industry or sector. By embracing AI's ability to analyze vast amounts of data and drive insights, organizations can foster unprecedented innovation.

Of course, the big challenge for companies remains how to get there. What are the practices, approaches, and capabilities required to use the power of AI and analytics to unlock the value in data and materially impact the trajectory of the business?

This is the overarching question we sought to answer through our research, which we organized around Kearney's think–build–scale–govern framework (see figure 1).

We used this framework as the foundation of a comprehensive survey, which we administered to a representative sample of executives at more than 1,000 organizations across six industry clusters and 25+ countries globally (see figure 2 on page 4). The survey was designed to establish a market-leading AI and analytics benchmark, enabling companies to understand the state of AI and analytics practices in their organization, how they compare with their peers, and what they can do to move forward.

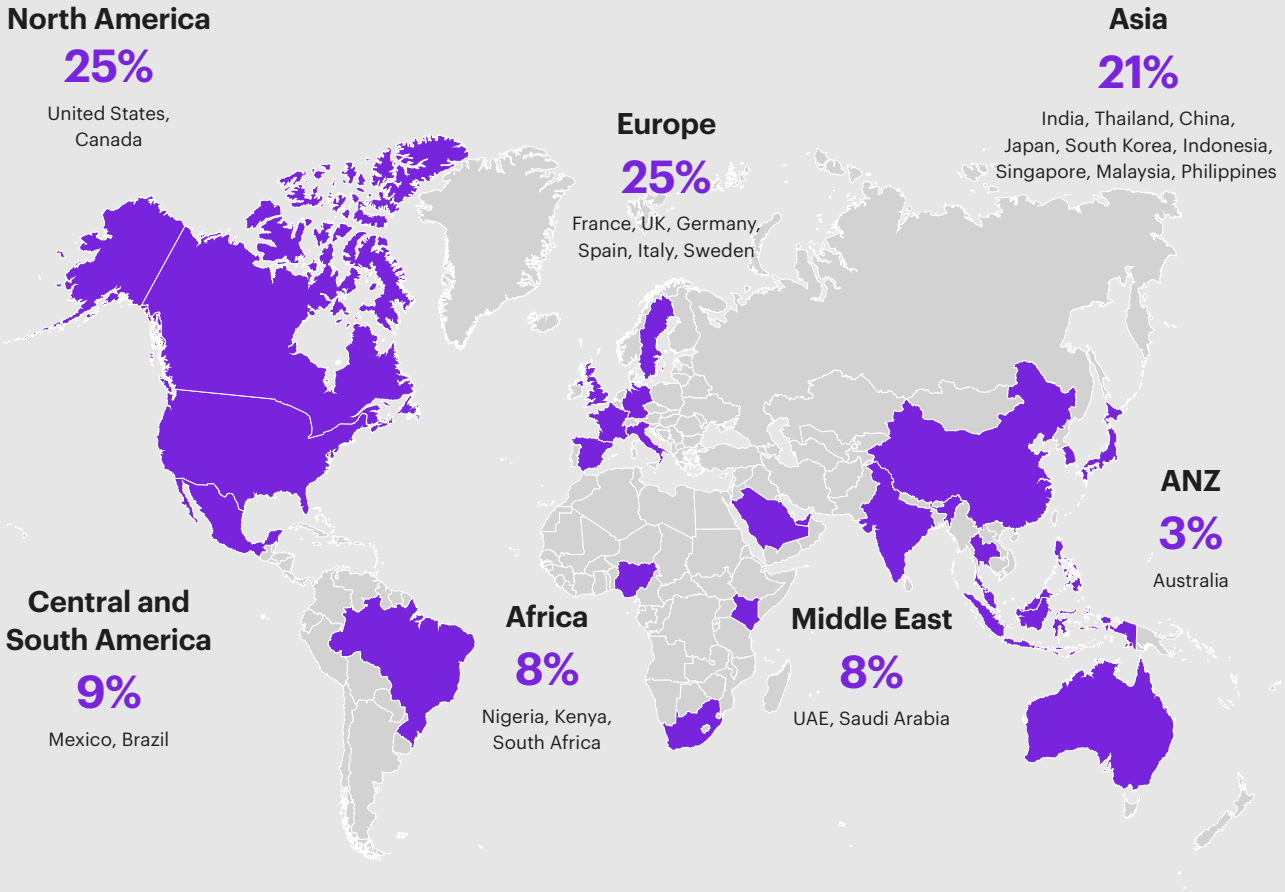
By embracing AI's ability to analyze vast amounts of data and drive insights, organizations can foster unprecedented innovation.

Figure 1
Kearney's think–build–scale–govern framework offers a practical approach to start your AI journey

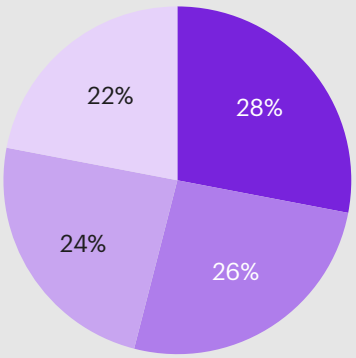
Source: Kearney analysis

Figure 2

AIA 2024 saw participation from 1,000+ organizations across six industry clusters and 25+ countries globally

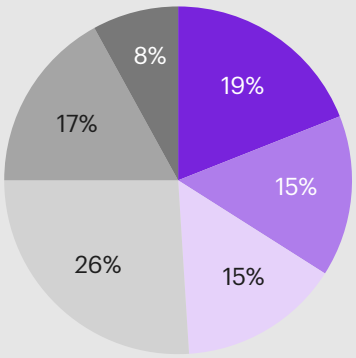


Level of respondents



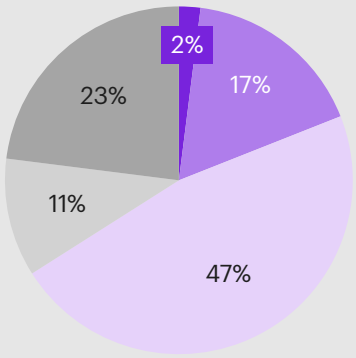
- C-suite (CXOs)
- C-suite 1 (e.g., president/head of function)
- C-suite 2 (e.g., SVP, VP, AVP)
- C-suite 3 (e.g., director)

Industrial coverage



- Consumer and retail
- Telecommunications, media, and technology
- Mobility, defense, and advanced industrials
- Energy and processes
- Financial services
- Health

Size of company (# FTEs)



- 0 to 1,000
- 1,000 to 2,500
- 2,500 to 5,000
- 5,000 to 7,500
- >7,500

Note: FTE is full-time employee. Numbers may not resolve due to rounding.
Source: Kearney analysis

Learning from the leaders: best practices

Responses to our survey enabled us to score each company's AI and analytics maturity across our organizing framework's four dimensions of think–build–scale–govern, which we then aggregated into four distinct categories of progress (see figure 3). The figure also shows the AI and analytics maturity across the six industry clusters.

Collectively, we designated Leaders and Explorers as "analytically mature" companies, compared with the less-mature Followers and Laggards. The former—especially the Leaders—owe their progress to a number of key practices identified by our research and analysis. Serving as guideposts for others striving to boost their AI and analytics maturity, such companies exhibit these best practices for AI and analytics maturity:

— **Strategic alignment.** Ninety-four percent of Leaders have well-defined AI and analytics goals and objectives, while 71 percent of Leaders have their AI and analytics goals aligned with business strategy.

— **Performance tracking.** Leaders are 5 times more likely to track value generation and monitor costs to estimate ROI.

— **Data, analytics, and AI budget.** Leaders allocate about 6 percent of annual revenue to data, analytics, and AI budget, and plan to increase it at 22 percent CAGR over the next three years to reach about 7.2 percent of annual revenue by 2027.

— **GenAI budget.** Leaders are investing 27 percent of annual data, analytics, and AI budget in GenAI, and plan to increase it to 31 percent of data, analytics, and AI budget by 2027.

— **Value generation.** Leaders generate about $0.65 million revenue per data and analytics FTE, 20 percent higher than Followers/Laggards due to defined strategy, right talent, strict governance, and enabling tech infrastructure.

Figure 3
Kearney analyzed the AI and analytics maturity across participating organizations

	Laggards	Followers	Explorers	Leaders
Overall	**3%**	**48%**	**45%**	**4%**
Energy and processes	4%	57%	38%	2%
Consumer and retail	2%	42%	52%	5%
Financial services	3%	43%	53%	2%
Mobility, defense, and advanced industrials	2%	44%	51%	3%
Telecommunications, media, and technology	2%	45%	46%	7%
Health	3%	48%	45%	3%

Source: Kearney analysis

— **Analytics use cases.** Leaders spend about 25 percent of time each on prescriptive, predictive, descriptive, and diagnostic analytics. They implement each use case in about 11 months with 70 percent time spent on solution design and implementation.

— **C-suite sponsorship.** Seventy-two percent of AI and analytics initiatives at Leaders are backed by the C-suite, while 68 percent of the C-suite team themselves have a background in data and analytics; 83 percent of data and analytics heads at mature companies are C-suite/C-suite-1 level to drive action.

Our research sets a baseline for where companies collectively see themselves in terms of AI and analytics capabilities and practices. The highlights of responses across our think–build–scale–govern framework clearly demonstrate the gap—and in some instances, the chasm—that separates analytically mature companies from less mature ones. The best practices stated above serve as a guide for explorers, followers, and laggards to monitor their progress and determine if they are moving toward the Leaders or are moving further away from them. Each year the survey is conducted, a year-over-year (YoY) comparison of the maturity distribution will be analyzed, providing insights into how this changes and the factors influencing these changes.

On the following pages, we explore the survey results, and best practices, in more detail.

Think: set a bold AI vision and strategy and identify high-impact use cases

Leading organizations set bold visions for AI and think about the disruptive impact the technology could have on their business model. However, there needs to be a strong focus on a well-defined AI and analytics implementation road map, including setting milestones, tracking business impact, and monitoring the cost of solutions. Identification of high-impact use cases should focus on creating value since many use cases can become white elephants that don't offer much of a return on the investment. Value creation should include internal efficiency and productivity improvement as well as value addition for your customers.

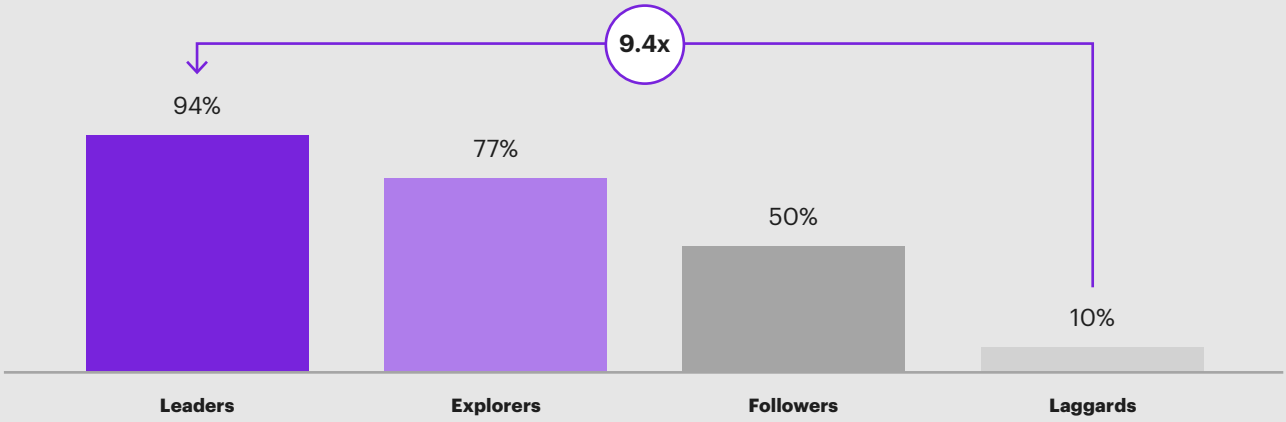
Define North Star AI vision and strategy with a well-defined implementation road map. The right strategies and plans are the foundation of robust AI and analytics capabilities. Seventy-eight percent of Leaders/Explorers have well-defined AI and analytics goals versus just 48 percent of Followers/Laggards. Followers/Laggards are behind the curve because they lack clarity on what they actually want to achieve.

Seventy-eight percent of Leaders/Explorers, versus just 48 percent of Followers/Laggards, have well-defined AI and analytics goals.

When isolating Leaders and Laggards, we find Leaders are 9 times more likely than Laggards to have well-defined AI and analytics goals and objectives, and 2.6 times more likely to align these goals with their overall business strategy (see figures 4 and 5). Additionally, Leaders are 8 times more likely than Laggards to clearly communicate their mission statement—why they're embracing AI and analytics, and what it means to the business—to help drive the adoption of AI and analytics across the enterprise.

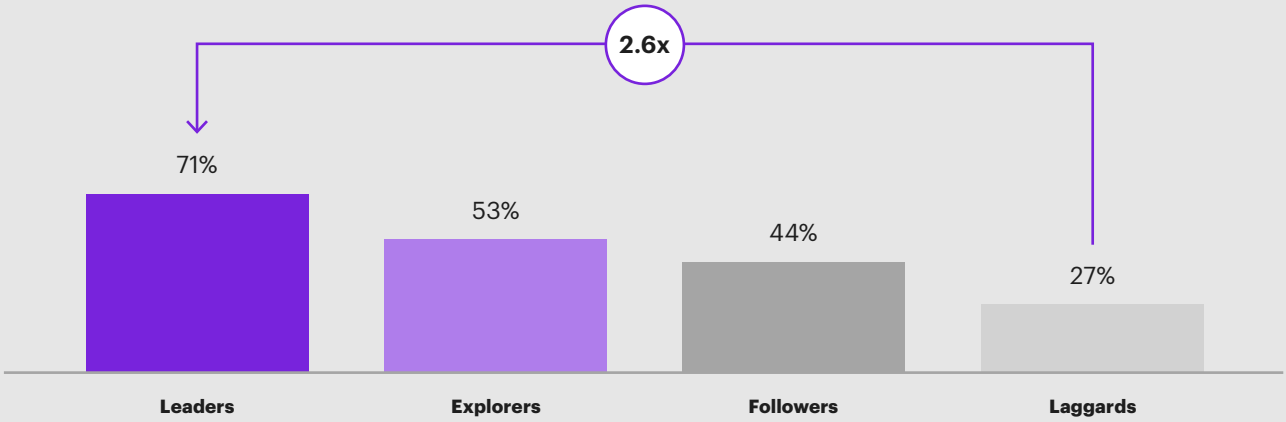
Ensure AI and analytics goals are well-funded to drive success. AI and analytics goals require a budget to succeed, which Leaders recognize. Sixty-eight percent of Leaders, compared with just 17 percent of Laggards, said their goals are well-funded (see figure 6 on page 8). In fact, Leaders invest 43 percent more than Laggards in AI and analytics (as a percent of annual revenue), and plan to grow their budget at a greater rate in the next three years—22 percent per year for Leaders versus 16 percent per year for Laggards—to ensure their goals continue to get the financial support they need (see figure 7 on page 8).

Figure 4
Leaders have defined their analytics goals and objectives over 9 times more than laggards



Source: Kearney analysis

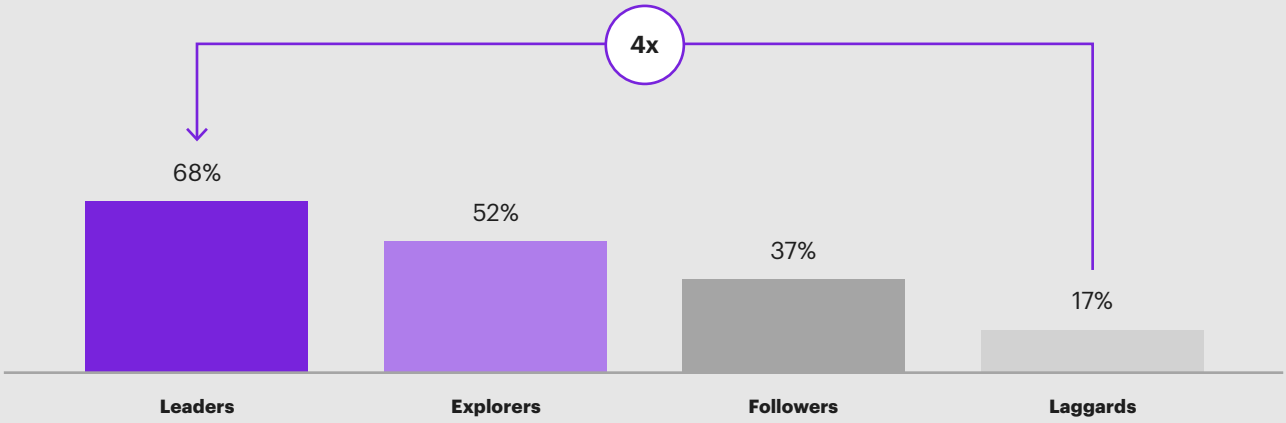
Figure 5
Leaders have almost 3 times more alignment of analytics goals and objectives in their business strategy compared to laggards



Source: Kearney analysis

Figure 6

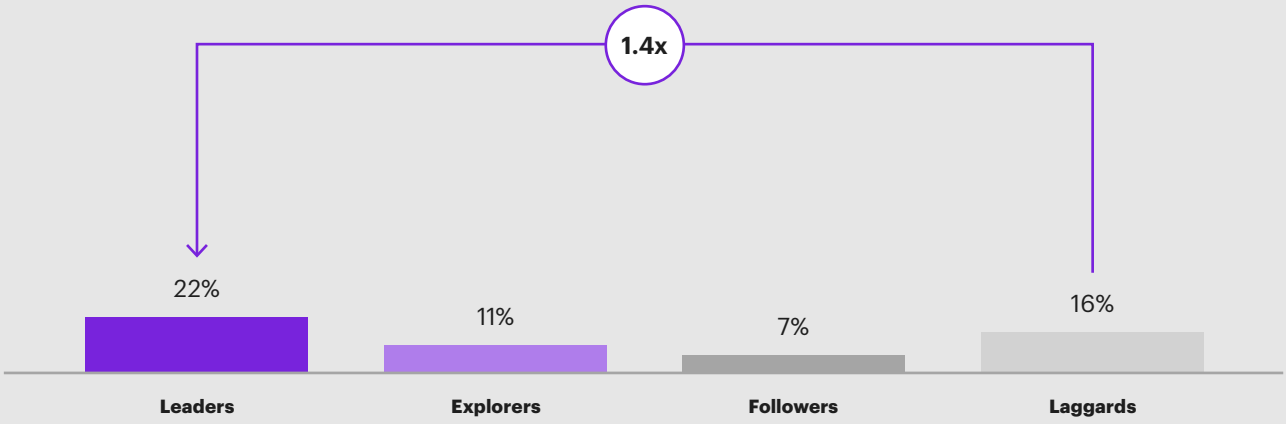
Leaders have almost 3 times more well-funded AI and analytics goals compared to laggards



Source: Kearney analysis

Figure 7

Leaders are increasing their analytics budgets at a higher growth rate compared to laggards



Note: Growth is calculated as % increment in FY24-27 budget vs. FY21-24 as % of revenue.

Source: Kearney analysis

Drive strong execution by establishing a project implementation framework. Bold AI vision and strategy require strong execution to translate into business impact. Sixty-eight percent of Leaders, compared with 7 percent of Laggards, set milestones and timelines at project kickoff, while 58 percent of Leaders compared with 8 percent of Laggards regularly monitored them to drive on-time implementation. Sixty-two percent of Leaders track the cost of implemented solutions to monitor finances and estimate ROI versus only 13 percent of Laggards.

Acceptance of GenAI's future importance will drive higher adoption. This is another point of departure between the two groups. Leaders/Explorers are 2.4 times more likely to view GenAI as a core business component, while Followers/Laggards are 2 times more likely to view the technology as restricted to specific use cases—which, by extension, limits GenAI's scalability and impact. This helps explain the disparity in GenAI progress thus far, as 66 percent of Leaders/Explorers have begun implementing GenAI in their enterprise, compared with 42 percent of Followers/Laggards. Leaders, in particular, are investing 69 percent more in GenAI initiatives than laggards (as a percent of data, analytics, and AI budget), and over the next three years, that gap is projected to rise to 120 percent.

Focus on internal productivity improvement and customer value addition. This is one area where both groups of Leaders/Explorers and Followers/Laggards are focusing on sales and marketing, enabling functions (for example, HR, IT, and so on) to drive internal productivity and customer service to drive value addition for customers.

Key takeaways for executives

— Like any technology, AI for AI's sake is a losing proposition. Anchor the technology on clear business objectives, goals, and vision to clearly articulate why you're pursuing it.

— A successful AI and analytics strategy must be tied to business outcomes. Identify desired outcomes and metrics needed to track progress continually to deliver tangible returns.

— There are significant costs associated with AI and analytics, so it's crucial to apply a mindset of total cost of ownership to ensure you're not making huge investments at the outset that won't deliver returns later on.

— Ai isn't just about driving automation and efficiency. A much greater opportunity comes when AI is harnessed as an instrument for innovation, growth, and creativity.

Build: get the technology foundations right

After establishing AI and analytics goals and road map, leading organizations build the relevant infrastructure and capabilities. This involves designing and standing up the IT foundation as well as the architecture, platforms, and partnerships needed to capture value.

In designing and establishing the technology foundations and capabilities, it is crucial to consider not just point solutions but a comprehensive, long-term, cross-functional suite that drives end-to-end value. This approach ensures that the technology stack is not only robust and scalable but also aligned with the company's existing infrastructural and application choices. By rooting build considerations in the current technological landscape, we can better capture and sustain value across the organization.

A strong data foundation is essential for driving the development and scaling of AI use cases. Data and technology architectures continue to evolve, requiring new components to enable secure and responsible AI at scale. Simply adding AI to existing processes often falls short of expectations. Organizations must redesign workflows to fully leverage AI, ensuring seamless integration and maximizing benefits.

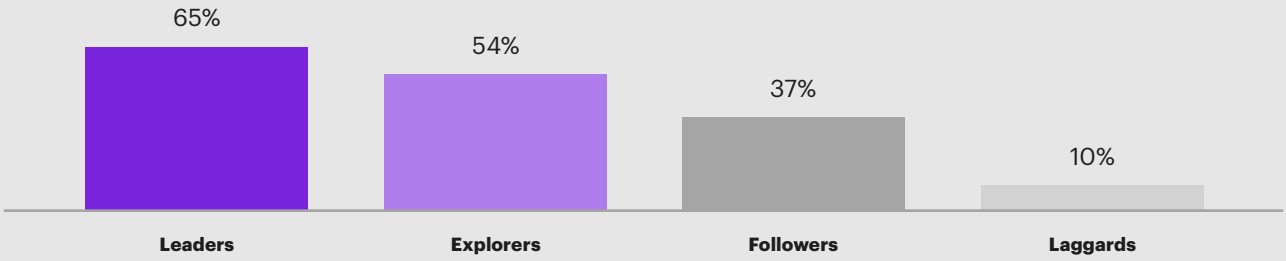
Interoperability, forming tech partnerships, along with maintaining focus on improving data quality and access are essential for the long-term success. When partnering with technology providers for AI-embedded software, compliance with regulations such as the AI Act is crucial. Both the tech partner and the organization must share accountability for adhering to these regulations. This joint accountability fosters trust and ensures the responsible use of AI technologies.

The organization should also focus on the impact of AI on people and process, while managing adoption and organizational change. They should understand it requires upskilling and training of employees on AI, as well as implementation of new processes to support new ways of working.

Establish strong AI and analytics capabilities to generate value from data. As shown in figures 8–10 on page 10, Leaders and Explorers are far more likely than Followers and Laggards to have strong capabilities across the data management value chain—data acquisition, analytics, data quality, governance and security, and forward-looking capabilities (for example, AI/ML in data analytics, and real-time analytics).

Figure 8

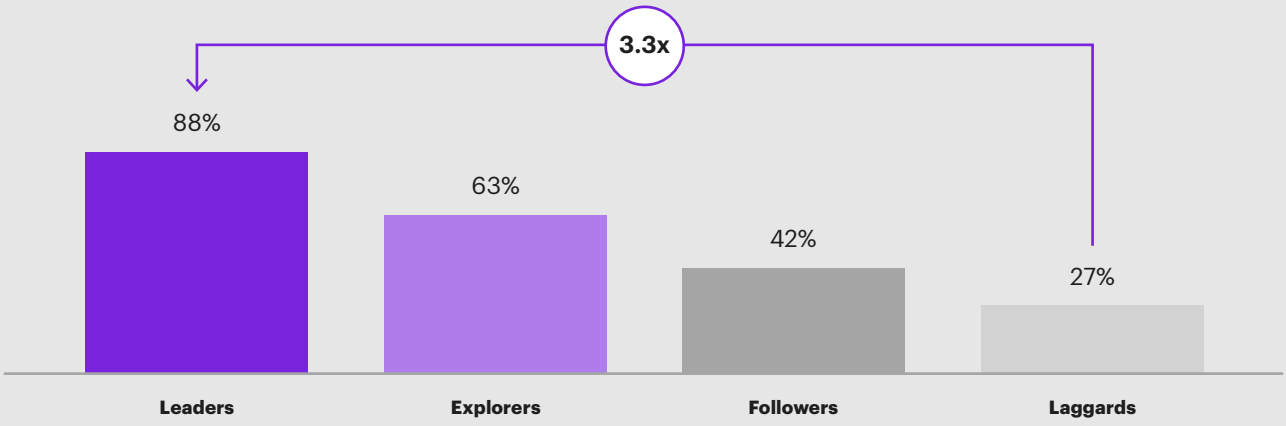
Leaders have better data management and data quality capabilities than laggards



Source: Kearney analysis

Figure 9

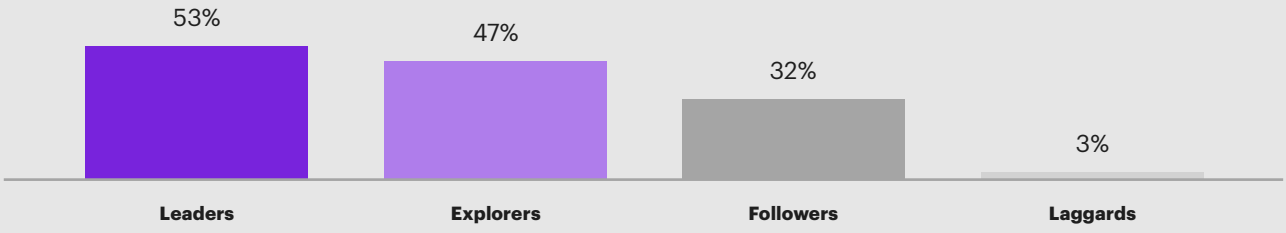
Leaders have better data governance and security capabilities than laggards



Source: Kearney analysis

Figure 10

Leaders are investing more into forward-looking capabilities compared to laggards



Source: Kearney analysis

Drive collaboration between business functions and IT. Another key to effectively building AI and analytics capabilities is getting active input from the areas of the business it will support—in other words, the business functions outside of IT that will leverage data-backed insights for informed decision-making. A greater percentage of Leaders and Explorers involve business development, sales and marketing, operations, and finance functions in AI and analytics implementation (see figure 11 on page 12).

The differences between Leaders and Laggards are even more striking:

— Ninety-four percent of Leaders involve business development teams (1.9 times more than Laggards).

— Seventy-six percent involve sales and marketing teams (2.8 times more than Laggards).

— Seventy-four percent involve operations teams (1.5 times more than Laggards).

— Fifty-three percent involve finance teams (2.3 times more than Laggards).

Actively involving the teams that benefit from AI and analytics in building associated capabilities is crucial to generating enthusiasm and facilitating widespread adoption and use of AI and analytics.

Key takeaways for executives

— Building the AI systems and platforms requires the right skills. It's important to ensure you have the necessary talent in place—and go outside for it if you don't.

— Collaboration with business functions can provide significant value in the early stages of identifying and building the desired solutions. Tap into their expertise early and often to strengthen your AI game.

Scale: implement operating model shifts to drive AI and analytics

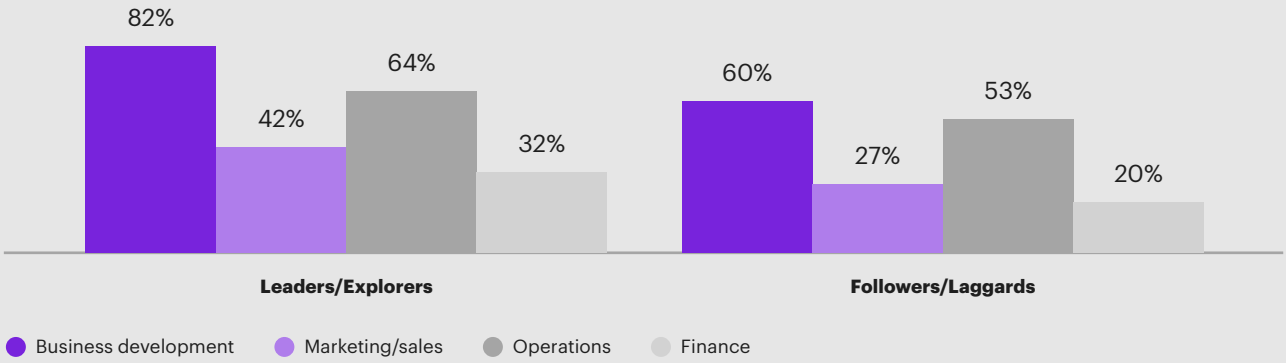
While many companies have succeeded in building AI and analytics capabilities at a business level, the true measure of success comes in scaling these across the entire organization to maximize their impact and return on investment. Scaling involves operationalizing an AI- and analytics-enabled business and operating model with the right skills, mindset, and technology infrastructure—which, by virtue of their analytically mature status, is something Leaders and Explorers have been able to do.

Build a strong and capable workforce to drive AI and analytics. Your employees are vital for successful AI and analytics-led transformations. People working in sync with technology—rather than technology itself—is what enables organizations to effectively harness the power of data. Leaders have data and analytics teams with an average tenure of 9.1 years, compared to 4.3 years for Laggards—which leads to more effective teams that have the ability to execute AI and analytics initiatives (see figure 12 on page 12). Seventy-one percent of Leaders/Explorers believe their data and analytics teams have the capability to execute AI and analytics initiatives versus only 40 percent of Followers/Laggards. Leaders' data and analytics teams also are much more likely than Laggards' teams (86 percent versus 51 percent) to have variable pay that's dependent on the KPIs of AI and analytics initiatives, which puts more "skin in the game" for those executing them and offers more potential financial upside for team members who drive successful initiatives. Leaders are more likely than Laggards (47 percent versus 24 percent) to **invest in role-based AI and analytics learning and development programs for all roles in the enterprise, which further helps spur adoption.**

Strong support for AI and analytics from leadership drives success. Seventy-two percent of AI and analytics initiatives at Leaders are supported by C-suite leadership, who believe it can drive sustainable financial impact versus about 44 percent at Laggards (see figure 13 on page 12). In fact, 57 percent of Leaders have CXOs heading their data and analytics function, while 68 percent of CXOs at Leaders have a strong background in data and analytics (see figure 14 on page 13). The C-suite's advocacy for AI and analytics among Leaders includes not only strongly believing **the right AI and analytics initiative can drive sustainable financial performance, but also** publicly championing the work of the data and analytics team in front of other functions.

Figure 11

Analytically mature companies see a higher degree of involvement from non-IT functions in analytics implementation

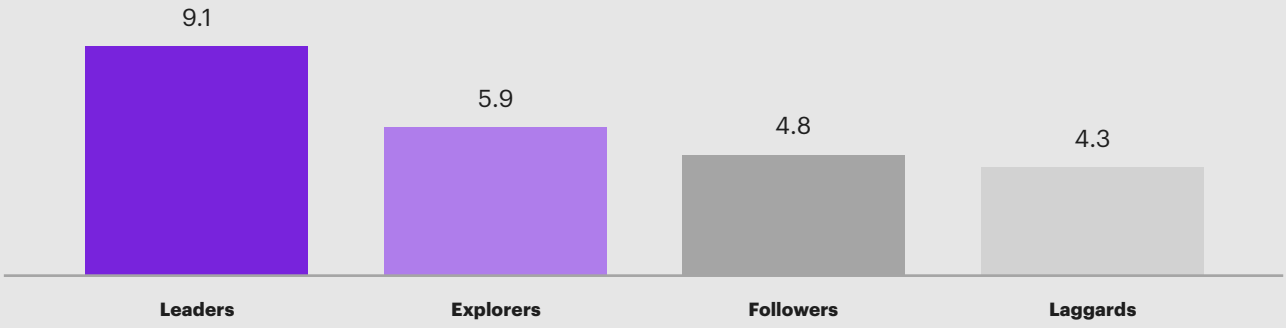


Source: Kearney analysis

Figure 12

Leaders have a longer average tenure of their data and analytics teams compared to laggards

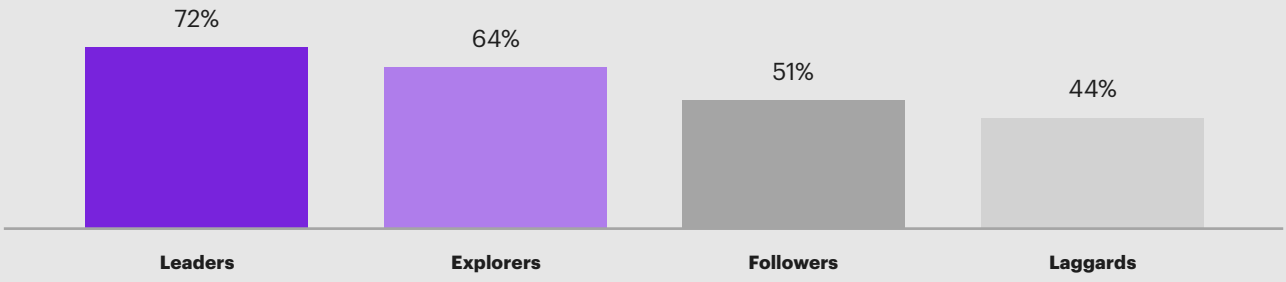
(Figures are in years)



Source: Kearney analysis

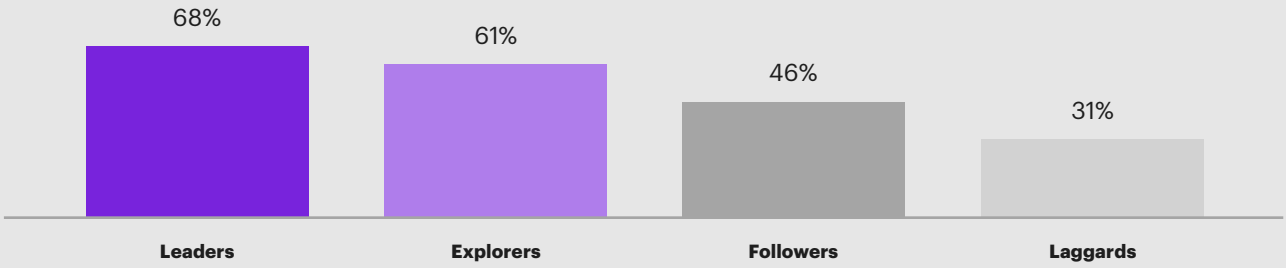
Figure 13

Leaders have more AI and analytics initiatives supported by the C-suite compared to laggards



Source: Kearney analysis

Figure 14
Leaders have a higher number of C-suite members with background in data and analytics



Source: Kearney analysis

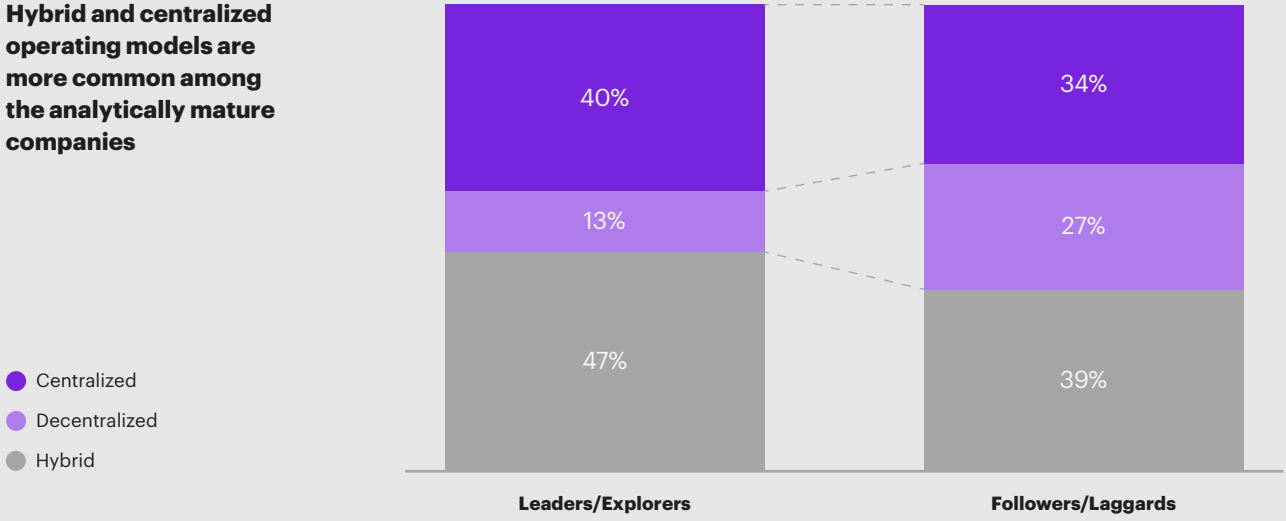
Leaders have data and analytics teams with an average tenure of 9.1 years, compared to 4.3 years for Laggards.

Implement an operating model that facilitates scaling AI and analytics across the organization. It is crucial to break out of traditional organizational silos, which is why Leaders and Explorers are more likely to use either a centralized model, in which a central team is fully responsible for all AI and analytics capabilities and delivers it as-a-service to business functions; or a hybrid one, where a central team sets AI and analytics strategy and facilitates collaboration across business functions (see figure 15 on page 14). Followers and Laggards use both of those models to a lesser degree and are twice as likely to opt for a completely decentralized model in which business functions develop their own AI and analytics capabilities, which can perpetuate organizational silos and create redundant functional capabilities.

Understand your AI and analytics challenges and create mitigation strategies. All companies in our study—in roughly equal percentages—cited numerous challenges that hinder their organization's value realization from AI and analytics investments. These include existing legacy systems, lack of ownership or incentive to prioritize such investments, lack of priority placed on innovation, a complicated approval process, and a weak or non-existent business case. However, Leaders and Explorers develop comprehensive change management plans and mitigation strategies to surmount these challenges.

Figure 15

Hybrid and centralized operating models are more common among the analytically mature companies



Source: Kearney analysis

Key takeaways for executives

— A corporate culture shift is required to move forward, as AI and GenAI experimentation must give space for failure—fail fast, fail cheap, and fail forward. It's not essential to be a leader in AI and analytics, but a culture of continued learning and delivering business value is.

— Data is a crucial business asset underpinning AI and analytics efforts and shaping success. To unlock data's full value and dividends, data must be clean and accessible for all to use.

— An AI-powered world requires a totally different operating model—it's a game of AI plus human intelligence, working together. Thus, it's crucial to provide the proper training and learning resources to give people what they need to use data to drive insights, make better decisions, create new products and services, and develop new businesses.

— People help organizations leverage the power of AI and analytics. Hire strong talent, incentivize them with performance-linked bonuses, and manage their career growth to minimize attrition.

— AI will not replace humans, but it will fundamentally change the way we work. The greater risk is humans who embrace AI replacing those who don't.

Govern: implement the right practices to sustain and enhance maturity

Once AI and analytics capabilities are implemented across the enterprise, Leaders focus on ongoing maintenance and management to sustain success. This means ensuring the maturity of organization-wide data management practices, conducting continuous training on responsible and ethical use of AI and analytics, and introducing AI-specific governance and management.

Organizations need to enable lean governance where it matters most, articulating principles and guardrails to ensure value creation while being ethical, responsible, and legally compliant. They should regularly evaluate and revise the established principles to ensure effective governance. A few key focus areas include:

— Provide rules and boundaries for all employees to ensure adherence to legally binding duties and frameworks.

— Identify, monitor, and manage AI and AI-related risks.

— Enable decision-making transparency and align AI behavior with ethical and regulatory standards for responsible AI governance through technological support.

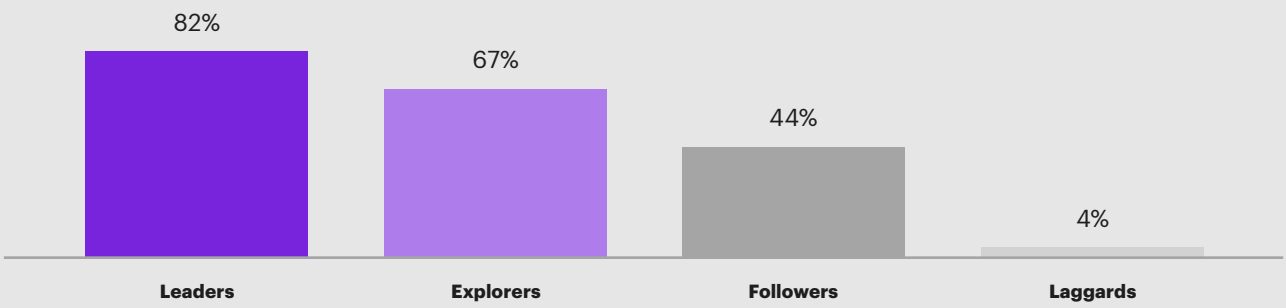
— Use AI to continuously monitor other AI systems to ensure their adherence to predefined ethical guidelines and legal standards as well as their evolution in the organization.

Establish strong data governance mechanisms that are communicated to the entire organization. In terms of data management, Leaders far outperform Laggards—with Laggards barely registering on three out of the four key factors. As illustrated in figures 16–18 on page 16, and figure 19 on page 17, a large percentage of Leaders (and to a lesser extent, Explorers) reported having well-defined ownership of data quality, access, and compliance, as well as reliable data management processes. Just 4 percent of Laggards said they have the same. Additionally, just over half of Leaders regularly assess their data quality dashboards (only 8 percent of Laggards do) and have well-defined governance policies that are communicated to the entire organization (versus 21 percent of Laggards). Seventy-nine percent of Leaders and Explorers use a combination of existing data governance and management tools for AI initiatives and AI-specific governance and management tools versus 42 percent of Followers and Laggards.

Only 21 percent of Laggards have well-defined governance policies that are communicated to the entire organization.

Figure 16

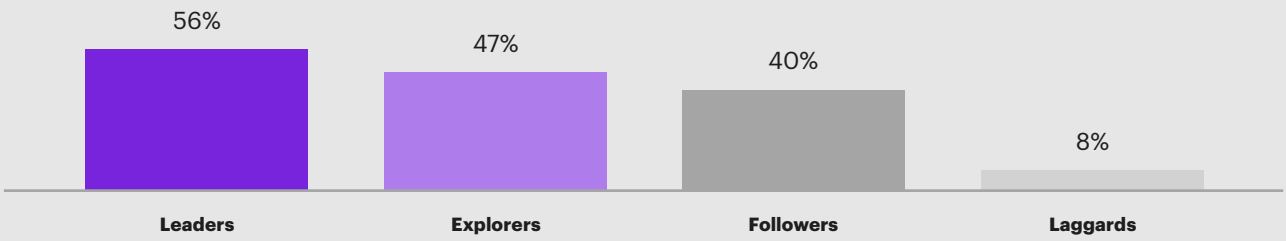
Leaders have substantially more well-defined ownership of data quality, access, and compliance compared to laggards



Source: Kearney analysis

Figure 17

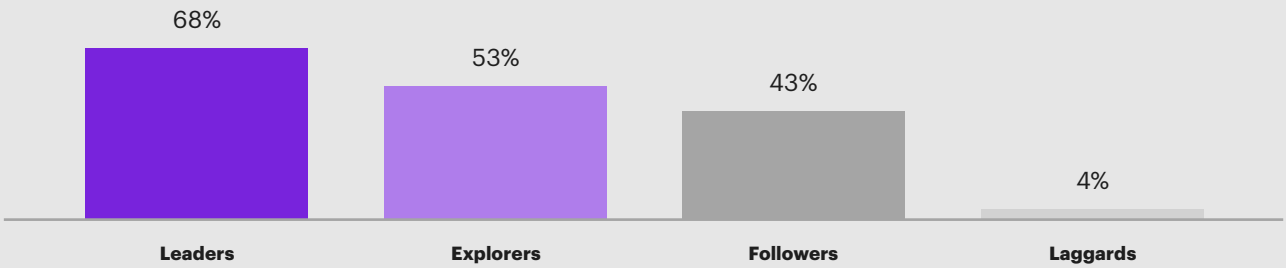
Leaders ensure that their data quality dashboards are regularly assessed



Source: Kearney analysis

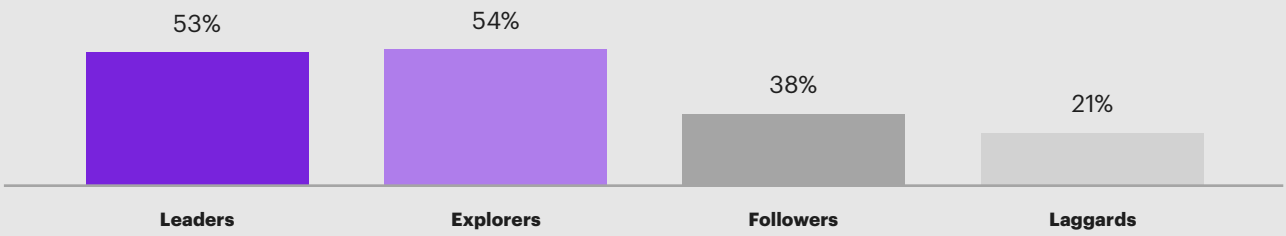
Figure 18

Leaders have more reliable data management processes compared to laggards



Source: Kearney analysis

Figure 19
Leaders have more well-defined data governance policies compared to laggards



Source: Kearney analysis

Drive regular compliance training and improve data management practices to improve trust in data. Ongoing compliance training and accreditation are much more likely to be tailored in Leaders and Explorers—in this case, for different functions (51 percent)—as opposed to being generic for all role types or a simple introduction to AI for team members, the latter of which is common practice among Followers and Laggards (41 percent) (see figure 20 on page 18).

The maturity of these data management practices is a big reason why three-quarters (74 percent) of Leaders, compared with just 3 percent of Laggards, said data is trusted organization-wide, leading to trust in analytics outcomes (and, by extension, even greater use of AI and analytics and more value generation for the organization) (see figure 21 on page 18).

Key takeaways for executives

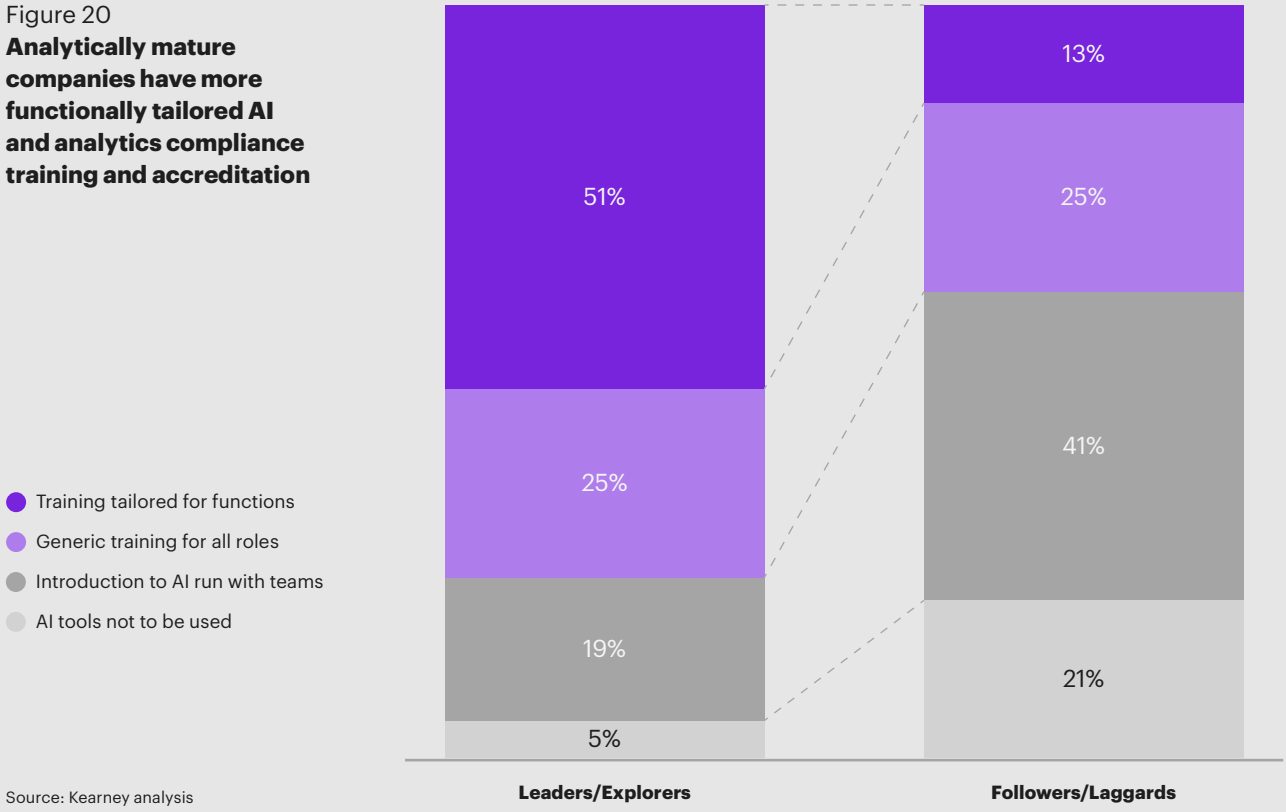
— Digital safety and risk mitigation are foundational. Establishing the right governance, policies, and risk frameworks is paramount, as is applying the principles of safe and responsible AI.

— Good quality data must be statistically representative, not just relevant and trustable. Robust data management practices are vital to ensuring that high-quality data is being used by AI and analytics tools and systems.

Three-quarters (74 percent) of Leaders said data is trusted organization-wide, leading to trust in analytics outcomes.

Figure 20

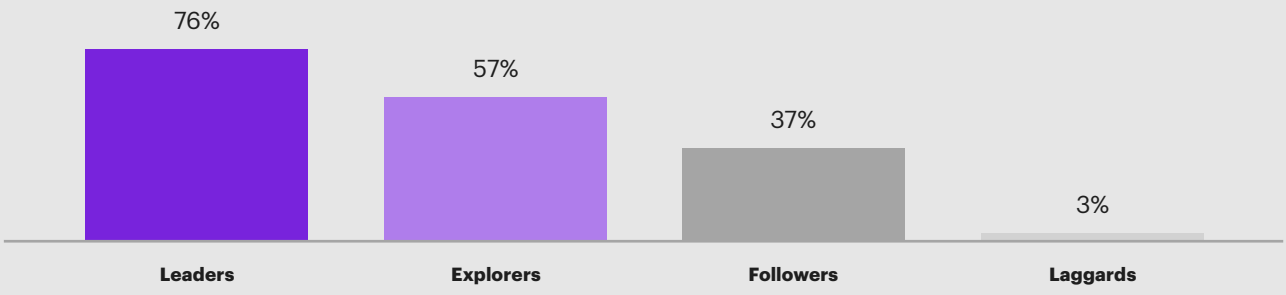
Analytically mature companies have more functionally tailored AI and analytics compliance training and accreditation



Source: Kearney analysis

Figure 21

Trust in data across the organization is much higher for leaders compared to laggards



Source: Kearney analysis

Industry breakdown

Telecommunications, media, and technology

The telecommunications, media, and technology sector is emerging as a highly mature industry, setting a benchmark with 7 percent recognized as Leaders. This sector demonstrates strong maturity across all three dimensions—"think," "build," and "scale"—from developing an AI vision, strategy, and use cases to setting up data and tech enablers while excelling in ensuring ethical AI practices and sound data governance. With 57 percent of its C-suite executives having a background in data and analytics, another industry-leading figure, this expertise translates into support for 62 percent of the sector's AI and analytics initiatives. While only 5.5 percent of annual revenue was allocated to data and analytics in FY21–24—the lowest among industries—this is expected to rise to 6.4 percent for FY24–27.

What's next? Looking ahead, the sector is heavily focusing on GenAI, dedicating 34 percent of data and analytics budgets for FY24–27 from 29 percent in FY21–24, the highest allocation across industries.

Consumer and retail

The consumer and retail sector shows strong AI and analytics maturity, with 5 percent of companies recognized as Leaders and the highest maturity in the "think" dimension, which includes AI vision, strategy, and use cases. A significant 55 percent of organizations believe GenAI will become a core part of their business, and 38 percent have already implemented AI-specific governance and management tools. The sector has also set the highest allocation of budget to data and analytics, dedicating 6.5 percent of annual revenue to these efforts for FY21–24.

What's next? The consumer and retail sector plans to increase the data and analytics budget to 7.7 percent of revenue, with 32 percent of the budget specifically focused on GenAI initiatives in FY24–27.

Energy and processes

The energy and processes sector has the lowest AI and analytics maturity, with just 2 percent of companies recognized as Leaders. While 67 percent of organizations believe they have well-defined AI and analytics goals, only a third see GenAI becoming a core part of their business.

What's next? Despite the uncertainty around GenAI's central role, the sector plans to allocate approximately 33 percent of its data and analytics budget to GenAI for FY24–27, one of the highest allocations among industries.

Financial services

The financial services sector currently has a low level of AI and analytics maturity, with only 2 percent of organizations identified as Leaders in this area. It also lags in the "build" dimension, which covers data and technology infrastructure. Despite the fact that around half of the sector's C-suite executives have a background in data and analytics, the industry allocated one of the smallest portions of its budget to this area, dedicating only 5.7 percent of annual revenue to data and analytics from FY21–24.

What's next? There are plans to increase data and analytics budgets by 26 percent over FY24–27, marking the largest increase among all industries. Additionally, the sector's planned allocation for GenAI, at 33 percent, is also one of the highest.

Health

The health sector has a low level of AI and analytics maturity, particularly in the areas of scaling its operating model and governing ethical AI and data. Although 65 percent of organizations have already adopted GenAI, making them leaders in its implementation, the industry is planning to reduce its data and analytics budget by 5 percent for FY24–27.

What's next? The overall budget allocation for data and analytics in the health sector is planned at 5.8 percent of annual revenue for FY24–27, with 30 percent of that budget dedicated to GenAI. Both figures are among the lowest across all industries.

Mobility, defense, and advanced industrials

The mobility, defense, and advanced industrials sectors have a medium level of AI and analytics maturity, with only 3 percent of companies recognized as Leaders. These sectors also show low maturity in the "build" dimension, which covers data and technology infrastructure. Notably, 61 percent of AI and analytics initiatives in this industry are supported by the C-suite, a leading statistic compared to other sectors. During FY21–24, these sectors allocated one of the highest portions of their revenue to data and analytics, at 6.3 percent.

What's next? There is no planned increase in the data and analytics budget for FY24–27, which is in sharp contrast to other industries. The planned GenAI budget for FY24–27 stands at 31 percent of the data and analytics budget, aligning with the global average.

Conclusion

Around the world, becoming a data-driven business has risen to the top of the executive agenda. More than ever, companies are looking to use data, paired with AI and analytics, to equip their business, employees, and leaders to make faster, more accurate, and more relevant decisions, and improve decision outcomes, in complex and fast-changing business contexts. And now with GenAI taking AI to the next level, the opportunities for companies to use data to drive innovation, growth, and competitive advantage are virtually endless. The key question companies need to answer is: How do we do it?

To be sure, despite the progress companies have made in the past 10 years in advancing AI and analytics in their enterprise, our survey shows much work remains to be done. With a little more than half of participating companies reporting only, at best, moderate maturity across our think–build–scale–govern framework, this much is obvious.

On the other hand, the other half of companies, the analytically mature, have built truly robust AI and analytics capabilities. These companies—in particular, the small group of Leaders in our study—have the right strategies, infrastructure, leadership, talent, and operating model necessary to maximize their use of data. This foundation is becoming even more important as they begin broadly implementing GenAI. With mature AI and analytics capabilities, the Leaders and Explorers in our study are in a position to transform their business and rewrite the rules of competition—and others must use these companies' experiences and approaches to help accelerate their progress to avoid being left behind.

Authors

Ramyani Basu
Partner, London
ramyani.basu@kearney.com

Anshuman Sengar
Partner, Sydney
anshuman.sengar@kearney.com

Bharath Thota
Partner, Chicago
bharath.thota@kearney.com

Nathan Bell
Partner, Amsterdam
nathan.bell@kearney.com

Susheel Sethumadhavan
Partner, Dubai
susheel.sethumadhavan@kearney.com

Manish Bindal
Principal, Gurugram
manish.bindal@kearney.com

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