The 2024 Global AI Report

The Impact of Al on Business

Trends, Challenges and **Opportunities in 2024**





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Business is undergoing a monumental shift, one that is likely to redefine business operations and permanently alter the way people interact with technology.



A message from Srini Koushik



Srini Koushik President Al, Technology & Sustainability, Rackspace Technology

AI conversations have quickly gone mainstream and organizations across the world are starting to find ways to leverage this fast-evolving technology. From the way organizations interact with their customers to how the work gets done. AI is finding its way into all aspects of automation and human interaction. Today, in the early days of a new major transformation, AI adoption strategies vary greatly — with the leadership of some organizations standing hesitantly on the shore while others dive into the ocean headfirst. Regardless of your position on this spectrum, the process of unlocking the full promise and potential of AI will be a challenge.

Before integrating Al-driven technologies in your operations, it's crucial to understand what you want to achieve and determine how you will get there. It's also critical to choose technologies you need to deploy in support of AI, and discover who you can trust to help you optimize them to meet your goals.

That is why in 2023, Rackspace Technology launched Foundry for AI by Rackspace (FAIR™), a global practice dedicated to helping organizations accelerate the responsible and sustainable adoption of AI across all industries. FAIR offers three distinct service offerings designed to meet the needs of every industry and organizational requirement: Ideate, Incubate and Industrialize.

FAIR is committed to continuously monitoring the latest trends and advancements in AI, and that's why I'm excited to present our 2024 AI Research Report, "The Impact of AI on Business: Trends, Challenges and Opportunities." Our comprehensive findings reflect the voices and opinions captured in our global survey of more than 1,400 IT decisionmakers who shared their experiences with AI as it relates to investments, challenges, use cases and talent strategies.

After reading this report, please feel free to reach out to our team to talk about your AI objectives or to schedule a FAIR Ideate session. We're here to help you accelerate the responsible adoption of AI, unlock its full potential and quickly transform your organization with this powerful technology.

Get started with AI today.

Regards,

Srini

It's crucial to both understand what you want to achieve and determine how you will get there.



Key findings

Change, as always, is a constant, but never before has it manifested with such velocity and magnitude. Business is undergoing a monumental shift, one that is likely to redefine businesses operations and permanently alter the way people interact with technology. As we step into 2024, it's evident that the industry's trajectory has diverged significantly from the patterns observed in 2022 and 2023. This is largely attributable to the unprecedented impact of generative AI.

Change, as always, is a constant, but never before has it manifested with such velocity and magnitude. AI is rapidly reshaping the business landscape, much like how the cloud revolutionized IT. Since ChatGPT arrived on the scene in late 2022, generative AI has gone mainstream. Traditionally, technological evolutions, such as the transition from mainframe computing to client/server architectures and, subsequently, the massive shift to cloud-based solutions, unfolded over decades. Even the disruptions that seemed rapid by historical standards took a few years to permeate the industry.

However, the generative AI revolution is defying those temporal norms. The pace at which AI technologies are evolving and being adopted is astonishing, leading to the disruption of established business models almost overnight. Companies and industries that once seemed impervious to such swift transformations are now finding themselves at the epicenter of change, compelled to adapt or risk obsolescence.

This rapid commoditization of AI technologies — while democratizing access to information and fostering innovation — also opens organizations to inherent risks, which highlights the need for the adoption of responsible AI practices. The ease and speed with which AI can be integrated into various facets of business and society raises concerns about ethical use, data privacy and the potential for unintended consequences.

As AI becomes increasingly integrated into our daily lives and economic structures, the challenge lies in harnessing its potential responsibly and sustainably while ensuring that the benefits are widely distributed and the risks meticulously managed.

In January and February 2024, Rackspace Technology[®] polled 1,420 IT professionals worldwide and across multiple industry verticals. These survey respondents worked across a broad range of industries, including financial services, manufacturing, retail, hospitality, government and healthcare in geographic regions that include the Americas, Europe, Asia and the Middle East.

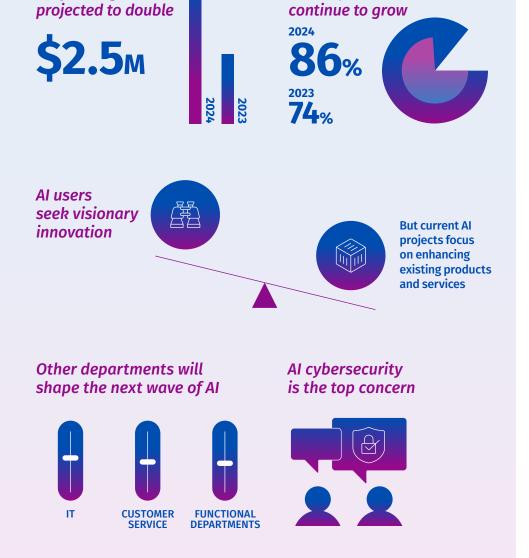
Our survey polled **1,420** IT professionals

Geographic regions that include Americas, Europe, Asia and the Middle East

Across a broad range of industries



Hospitality Government



Al benefits

AI spending is

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The survey results shows

- AI spending in 2024 is projected to more than double over 2023 to an average of \$2.5 million per company.
- The benefits of AI continue to grow with 86% of companies now reporting they're seeing at least modest AIoriented gains, up from 74% last year.
- Al users seek visionary innovation and the ability to make better decisions. However, current Al projects focus more on enhancing existing products, services and processes than creating breakthroughs. Also, we see that adoption lifecycles are uneven across business functions.
- While IT departments lead most initiatives today, other departments, such as marketing and core business functions, will shape the next wave of customer-driven AI.
- Despite widespread and rapid adoption, businesses are still wary of Alassociated risks related to security and compliance, with 58% of respondents viewing cybersecurity as the top concern and only 51% adhering to formalized data policies for compliance.

In summary

Generative AI is driving monumental shifts at breakneck speed. As we continue further into 2024, let's take a look at the latest survey results and analysis to gain a better understanding of the current state of AI adoption, the benefits users obtain from it and the road ahead as these technologies revolutionize the way businesses will operate going forward. We will examine how AI is influencing investment decisions and strategies, along with the obstacles organizations face in implementing it at the ground level.

Generative AI is driving monumental shifts at breakneck speed.



Al strategy

First, and most urgently, employers must focus on upskilling employees so that they are able to use AI tools effectively. Improving speed and efficiency of existing processes is cited as the number-one reason for using AI, with 34% of survey respondents saying these benefits top their list. That means that every company needs its employees to be AI-ready in order to capitalize on the productivity benefits of generative AI.

The other side of the skills-development coin represents the need to hire Al talent — the teams that will be building Al models and applications. This need is complicated by the current skills gap and difficulty in hiring, training and retaining in-house teams.

This dovetails nicely with IT's concerns related to employee upskilling. While the need for upskilling is high (46%), when it comes to overall business strategy, 39% of respondents also say that ethical AI and data privacy are crucial on the IT side of the house and must factor heavily into AI deployment decisions. The concerns related to ethical AI use and data privacy also indicate that adoption must account for the well-being of employees, the company and its customers.

Number-one reason for using AI:



Top two most important areas to focus on:





Developing employee skills 46% Ethical AI & data privacy

39%

Every company needs it employees to be AI-ready in order to capitalize on the productivity benefits of AI.



Areas important for IT strategy

Please rank the following top three areas in order of importance for your **IT strategy**

46%	Skills development and employee productivity: concentrating on developing employee skills in AI, to leverage AI to boost employee productivity
39%	Ethical AI and data privacy: emphasizing ethical AI practices and data privacy concerns in our AI strategy
38%	Implementation and integration: focusing on implementing and integrating AI technologies into existing business processes
37%	Product development and engineering : effectively integrating AI-driven solutions in product development and engineering to stay competitive
36%	Customer experience and service improvement: utilizing AI to enhance customer experience and service delivery
35%	Risk management and compliance: focusing on managing risks associated with AI and ensuring compliance with regulations
35%	Research and development: prioritizing research and development in AI to explore new technologies and innovations
33%	Business transformation: using AI as a tool for major business transformation and competitive differentiation

Areas important for overall business strategy

Please rank the following top three areas in order of importance for your overall **business strategy**

43%	Skills development and employee productivity: concentrating on developing employee skills in AI, to leverage AI to boost employee productivity
40%	Customer experience and service improvement: utilizing AI to enhance customer experience and service delivery
38%	Product development and engineering: effectively integrating AI-driven solutions in product development and engineering to stay competitive
36%	Research and development: prioritizing research and development in AI to explore new technologies and innovations
36%	Ethical AI and data privacy: emphasizing ethical AI practices and data privacy concerns in our AI strategy
36%	Business transformation: using AI as a tool for major business transformation and competitive differentiation
35%	Implementation and integration: focusing on implementing and integrating AI technologies into existing business processes
35%	Risk management and compliance: focusing on managing risks associated with AI and ensuring compliance with regulations



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Companies are not only using AI to refine customer engagement through personalized touchpoints, but also to streamline internal processes, improve efficiency and increase productivity. In fact, 28% of survey respondents say they are using AI as a tool to generate deeper understanding of customer preferences and behavior. That's second only to "improving speed and efficiency," which was cited as the number-one reason for using AI (34%).



28% Say they are using AI to understand customer preferences and behavior more deeply

Most important reasons for using AI/ML currently Please select the top three statements that best describe the most important reasons for using AI/ML currently in your organization

34%	We want to improve the speed and efficiency of existing processes, using automation and reducing manual work.
28%	We want to understand our customers better by gaining deeper insights into preferences and behaviors.
25%	We want to be able to deliver personalized content for our customers improving their overall user experience.
25%	We want to enhance decision making processes with data-driven insights.
24%	We want to improve employee productivity.
22%	We want to understand the effectiveness of our marketing strategies and content.
22%	We want to use AI/ML to better understand our employees and to improve morale and engagement.
22%	We want to enhance cybersecurity measures and protect data exfiltration.
22%	We want to increase revenue.
21%	We want to be able to offer new services.
18%	We want to predict our business performance and industry trends.
18%	We want to reduce risk.
18%	We want to gain a competitive edge.







Despite the promise of AI to revolutionize customer interactions and operational efficiency, its use for enhancing security and driving monetization remains surprisingly limited. More than half (53%) of respondents are using AI to enhance customer experiences, whereas only 23% say they are enhancing security and only 13% say they're driving monetization with it. There's certainly room for growth and exploration of how organizations can harness AI's capabilities to bolster security and create new revenue streams.

Use of AI within organization



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Use of AI/ML within organization How is AI/ML currently being used within your organization?

53%	Enhancing customer experience
49%	Innovating product design
47%	Supporting human resources
42%	Integrated into real-time decision making
39%	Predictive maintenance/predictive failure
35%	Reduce operational costs through automation
32%	Automating business operations (marketing, sales, finance, procurement etc.)
25%	Improving knowledge worker productivity
23%	Enhancing cybersecurity measures
22%	Optimizing energy use
18%	Streamlining supply chain management
15%	Product lifecycle management
13%	Drives new areas of monetization

Technologies invested in currently Which technologies is your organization currently investing in?

57%	Machine learning, deep learning and predictive analytics: focusing on machine learning techniques for predictive analysis and data-driven decision-making
50%	AI in IoT (internet of things): integrating AI with iot to enhance smart device functionality and data utilization
45%	Robotic process automation (RPA): implementing RPA for automating routine tasks and enhancing operational efficiency
41%	Natural language processing (NLP) and generative AI: concentrating on language processing capabilities for improved customer interaction and content analysis
38%	Edge computing: focusing on edge computing for real-time data processing and analysis
31%	Robotics: AI and ML are integral to modern robotics. This includes autonomous vehicles, drones and manufacturing processes.
27%	Virtual reality (VR)/augmented reality (AR): computer generated simulations that integrate the real world (AR) or are entirely self-contained (VR)
22%	Computer vision : investing in image and video analysis technologies for applications like surveillance, quality inspection or augmented reality



The 2024 Global AI Report

The journey to AI integration is well underway, with over 60% of respondents stating that they've progressed beyond the initial phases of AI adoption, and nearly one-third stating they've integrated AI into their business operations fully, highlighting the perceived advantages of early adoption by companies. This transition from ideation to full integration also reflects growing confidence in AI's role as a critical component of business strategy.

We see a broad spectrum of players outside of IT who are integral to the successful adoption of AI. Progressive CIOs might see their leadership of AI adoption initiatives as a path to becoming Chief Digital Innovation Officers (CDIOs), while others outside of IT contribute to strategy and use cases (CDOs and CTOs, respectively). This collaborative approach among leadership suggests that successful implementation of AI requires a concerted effort across multiple areas of an organization.



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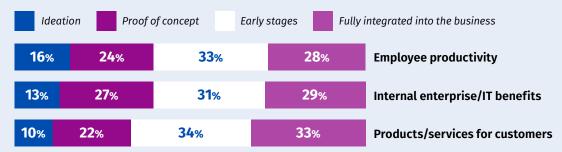
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0f respondents have fully integrated AI into the business

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Stage in Al strategy

What stage is your AI/ML strategy currently at in each of the following areas?



Functions driving AI strategy Which functions are driving the AI strategy within your organization?

57%	IT/technology
46%	Customer service
44%	Functional departments (marketing, sales, HR, finance, etc.
40%	Engineering/product development
36%	Operations
32%	Business units (revenue generating groups)
29%	Executive leadership and the board



The narrative of AI in business is one of rapid evolution and growing significance. With nearly all survey respondents acknowledging the importance of AI to their core activities, it's clear that AI is no longer a futuristic concept but is, instead, a present-day strategy and operations imperative.

Bearing this out is the fact that 81% of respondents view AI as "very important" or "critical" to their business today, whereas only 55% did last year.

Respondents viewing AI as very important/ critical to their business



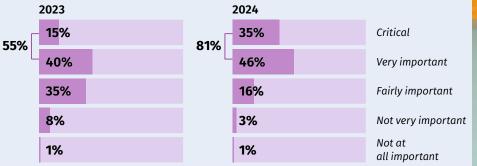
The fact that 35% of organizations prefer to work with a trusted AI partner underscores the importance of specialized knowledge and resources that external partners bring to complex AI projects.

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Change in vision for incorporating AI into core activities How has your organization's vision for incorporating AI/ML into its core activities changed over the past year?



AI/ML solutions

In terms of AI/ML solutions, does your organization typically

35%	Work with a trusted AI partner/provider
31%	Build in-house solutions
20%	Buy off-the-shelf solutions
14 <mark>%</mark>	Use a hybrid solution



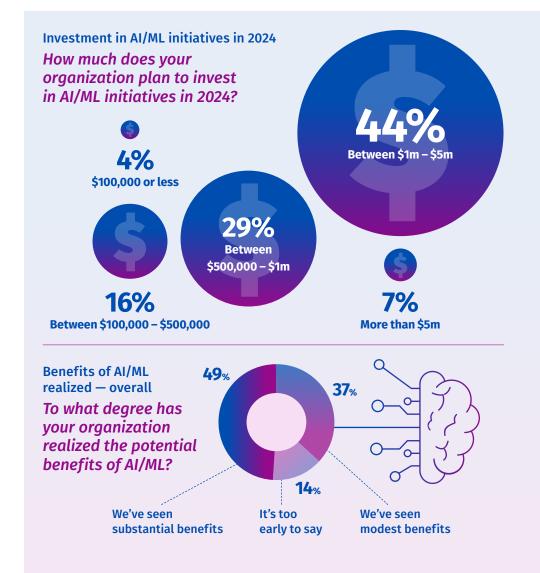


Impact on investment

Our findings indicate a strong and growing investment in AI technologies, with a projected average investment of \$2.5 million per respondent in 2024, which is more than double the amount cited in 2023. This surge of investment is consistent with the increasing recognition of the benefits of AI, as evidenced by 86% of companies reporting at least modest gains from AI in 2024, up from 74% last year.

Companies recognize that AI can help transform all areas of their business.

Respondents are not merely experimenting with AI; they are seeing tangible advantages, particularly in improving employee efficiency and talent acquisition, although the focus on innovation (49%) and sales (48%) remains significant. What's more, companies are adopting AI across a broad range of organizational functions, rapidly and enthusiastically. The impacts are widespread, suggesting companies recognize that AI can help to transform all areas of their business.



Realized "substantial benefit" from AI/ML To what degree has your organization realized each of the following benefits of AI/ML?

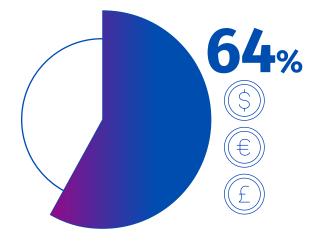
49%	Increased level of innovation
48%	Increased sales
47%	Managing/reducing risk
46%	Improved speed and efficiency of existing processes
46%	Personalised marketing campaigns
45%	Increased understanding of your business and customers
44%	Increased revenue streams
44%	Acceleration of new product creation
44%	Enhanced performance/functionality of products
44%	Improved customer satisfaction
43%	Improved decision making
43%	Re-imagining your business model
43%	Reduced costs of new product development
40%	Cost reduction in operations
37%	Ability to hire/recruit new talent
37%	Increased employee productivity

Realized "modest benefit" from AI/ML To what degree has your organization realized each of the following benefits of AI/ML?

49%	Increased employee productivity
48%	Ability to hire/recruit new talent
44%	Increased revenue streams
44%	Acceleration of new product creation
44%	Cost reduction in operations
43%	Increased understanding of your business and customers
41%	Improved decision making
41%	Improved customer satisfaction
41%	Reduced costs of new product development
41%	Reimagining your business model
40%	Enhanced performance/functionality of products
40%	Personalized marketing campaigns
39%	Managing/reducing risk
38%	Improved speed and efficiency of existing processes
37%	Increased level of innovation
36%	Increased sales

When it comes to establishing whether or not AI is being used successfully within an organization, we see that the vast majority of respondents (64%) cite revenue growth and cost reductions as leading indicators of success. By contrast, new product development (46%) ranks about mid-pack. This data spotlights a strategic orientation toward AI adoption as a means to improve financial metrics, operational efficiencies and customer satisfaction. This also showcases AI's role in creating competitive advantages for companies by accelerating efficiency, trimming costs and amplifying customer experiences.

Respondents citing revenue growth and cost reductions as leading indicators of success



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KPIs used to measure the success of AI/ML initiatives Which of the following KPIs does your organization use to measure the success of AI/ML initiatives?

67%	Revenue growth
64%	Cost savings
52%	Customer satisfaction/net promoter scores
48%	Profit margins
46%	New product launches
43%	Process enhancement/automation
38%	Employee productivity
37%	Time to profit
32%	Time to market
23%	Time to insight

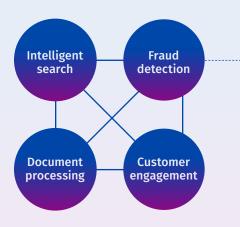
Key influences driving AI/ML adoption within organization What are the key influences driving AI/ML adoption within your organization?

63%	Cost reductions
61%	Greater employee efficiency
59%	The need to improve customer experience
56%	The need for increased innovation
44%	Monetization — creating new ways to drive revenue
41%	Reducing manual activity
37%	Competitive advantage
35%	Senior leadership/board level strategy
35%	Increasing reliance on automation
32%	The desire for greater insight

Use cases and generative Al

Out of a pool of 15 use cases, over half of our survey respondents say that these four are gaining the most traction: 1) intelligent search, 2) document processing, 3) fraud detection and 4) customer engagement. This indicates that there's currently a focus on automation and improving efficiency among critical operations. In particular, intelligent search (62%) and document processing (61%) indicate that organizations are interested in making information retrieval and handling more efficient, which is essential to digital transformation efforts. Organizations are interested in making information retrieval & handling more efficient.

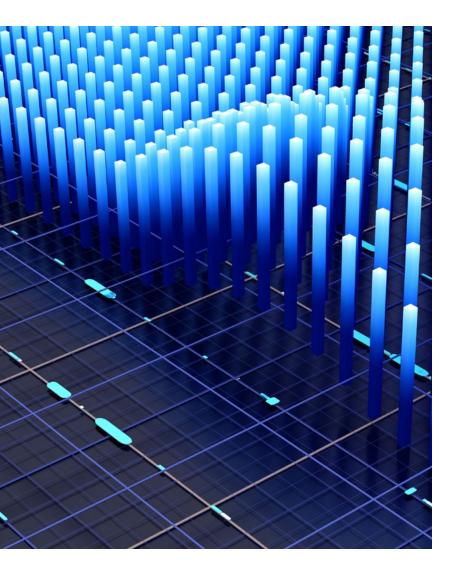
Al use cases gaining the most traction



Use cases gaining most traction in terms of AI/ML initiatives Which of the below use cases are gaining the most traction in terms of AI/ML initiatives within your organization?

62%	Intelligent search	29%	Knowledge management
61%	Document processing (OCR, document classification, extraction, digitization)	26%	Autonomous systems & automation
56%	Fraud detection and cybersecurity	23%	Predictive analytics
54%	Customer engagement (CRM, chatbots, call centers, customer affinity)	21%	Speech recognition
46%	Sales and marketing analytics	19%	Recommender systems
43%	Content generation	14 <mark>%</mark>	юТ
40%	Image and video recognition and classification	11%	Copilots and assistants
34%	Predictive maintenance		





The data indicates a strong and growing interest in generative AI among organizations, with a clear trend toward moving from ideation and prototyping to practical, production-level applications.

The rise of copilots and assistants as a category hints that new and innovative uses of generative AI are likely to emerge soon. The fact that 0% of respondents indicated they would not be engaging with AI till next year reinforces AI's importance as well as its promise across various industries. The rise of copilots and assistants as a category hints that new and innovative uses of generative AI are likely to emerge soon.

Stage of generative AI currently and expected in a year's time Which of the following statements best describes the stage your organization is currently at with regards to generative AI, and where you anticipate this being in a year's time?

Currently	Next year	
1%	0%	No plans to use generative Al
28%	20%	We are interested and will begin ideation for use of generative AI
41%	42%	We are ideating on use cases and will have prototypes for use of generative AI
20%	25%	We have completed prototypes for use of generative AI and plan on taking a few use cases to production
9%	12%	We have put generative AI use cases in production and plan on expanding usage



Challenges

Security concerns (38%) are the most commonly cited challenge related to AI adoption, indicating that many organizations are concerned about the potential vulnerabilities posed by AI solutions. The complexity of AI models and the vast amounts of data they process can create significant security challenges, necessitating advanced security protocols and threat detection.

Unfortunately, this challenge is compounded by a lack of skilled personnel needed to effectively implement and manage AI technologies. This talent gap in the AI space, where demand for skilled professionals outstrips supply, highlights the importance of upskilling staff to bridge the knowledge gap.

The complexity of AI models and the vast amounts of data can create significant security challenges. Accuracy challenges (30%) are a significant concern for nearly one third of respondents, highlighting the difficulties in ensuring that AI models perform reliably and generate accurate outputs. The consequences of inaccurate AI outputs can range from minor inconveniences to serious errors with far-reaching implications, emphasizing the need for rigorous testing and validation processes.

Finally, 28% of respondents cite legacy technology barriers, indicating that outdated infrastructure and systems can hinder the integration and effective use of modern AI solutions. This can manifest as compatibility issues, data silos and the inability of legacy systems to handle the processing demands of AI applications. Overcoming these barriers often requires significant investments in technology upgrades and migration efforts, a formidable task for many businesses.

AI adoption top challenges







Biggest pitfalls in leveraging AI/ML for organization Which of the following are the biggest pitfalls in leveraging AI/ML for your organization?

38%	Security
37%	Lack of skills/staff
30%	Challenges with accuracy
28%	Legacy technology barriers
27%	Lack of analytical tools
26%	Lack of explainability and transparency
26%	Ethical and bias issues
25%	Difficulty in identifying ROI
24%	Compliance
22%	Governance
17%	Inability to effectively use or draw actionable insights from data

Biggest barriers to drawing actionable insights from data What are the biggest barriers to your company's ability to draw actionable insights from data and act on these?

42%	Lacking the capabilities or talent to effectively manage our data
38%	Inability to process data quickly enough to act on it in time
36%	Inability to find leading indicators of problems
35%	Inability to collate, structure and integrate data in a meaningful way
33%	Too much data from too many sources
31%	Data is stored in too many different systems
31%	There is no single owner or oversight of the data
30%	Data quality issues
24%	Government/legal regulations

Biggest risks regarding AI adoption Which of the following are the biggest risks you see regarding AI adoption?

58%	Cybersecurity
53%	Safety
50%	Explainability and transparency
44%	Regulatory compliance
37%	IP infringement
33%	Equity
26%	Inaccuracy





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Responsible AI

Responsible AI refers to the development, deployment and use of AI in a way that is ethical, trustworthy, fair and unbiased, transparent, and beneficial to individuals and society as a whole. The focus should span across innovation, improved productivity and using the technology as a tool to eliminate inherent social biases. The goal should be to use AI as a decision-support system, and not as a decision-maker.

As companies increasingly integrate AI across functions, they are doing a good job of prioritizing ethical governance focused on explainability and fairness (54%), data security (51%) and oversight (47%).

Ethical AI appears to be a valued principle globally. Ethical AI appears to be a valued principle globally, and foundational to ethics is the element of explainability, which means that companies must be able to explain how AI systems make decisions that are fair, accountable and transparent while accounting for data privacy.

This underscores that point that AI must be used responsibly, and that failing to adhere to responsible practices can lead to vulnerabilities, legal issues and reputational damage. The urgency highlights the need for robust governance to sidestep pitfalls and tap into AI's full potential.

Companies are prioritizing ethical governance focused on:



Al governance

Which of the following has your organization implemented as part of its approach to AI governance?

54%	Responsible and ethical use
51%	Data retention, privacy and security
47%	Governance and oversight
41%	Confidential and sensitive information
37%	Authorized use of software
32%	Reporting

Importance of "responsible AI" to organization To what extent is "responsible AI" important to your organization?

28%	Extremely important
40%	Very important
17%	Moderately important
14%	Somewhat important
1%	Not at all important

Key considerations for "responsible AI"

What are your organization's key considerations for "responsible AI?"

55%	Data privacy
52%	Accountability
48%	Transparency and explainability
44%	Robustness, security and safety
39%	Human-centred values, fairness and bias mitigation
35%	Trustworthy AI
32%	Building human capacity & preparing for labour market transition
27%	Inclusive growth, sustainable development and well-being
24%	Accessible, fairly sourced and fully representative datasets
20%	Providing an enabling policy environment for AI
17%	Long-term societal impact
14 <mark>%</mark>	Regulation and governance
1 <mark>2</mark> %	Fostering a digital ecosystem for AI
11%	Clearly defined purpose and values
6%	Robustness and reliability

Potential consequences of not delivering "responsible AI"

What would be the potential negative consequences for organizations that fail to deliver "responsible AI?"

48%	Increased data security risks
44%	Legal repercussions from breeching copyright and compliance
40%	Damage to trust and brand reputation
35%	Financial losses
30%	Biased or discriminatory decision making
24%	Damage to customer or user loyalty
21%	Increased business risk from IP exposure



While confidence in AI systems is high among IT leaders at 75%, this level of trust also raises questions about the possibility of over-reliance on AI, overlooking the importance of human oversight and the limitations of these technologies.

Underscoring the possibility that we have too much confidence in AI, only 20% of respondents agree that AI outputs should always require human interpretation or verification.

Views on statements

75%

of IT leaders have confidence in AI systems

75%

73%

69%

66%

61%

20%

17%

To what extent do you agree with the following statements?

	I would always trust the answers given by AI/ML
	Decisions about AI/ML in our organization are usually made by the right people
	We have sufficient guardrails (checks and balances) in place to generally avoid negative consequences from use of AI/ML
	I would agree with implementing AI that can be autonomous
	There is sufficient governance in place to safeguard against any misuse of AI/ML
	Answers given by AI/ML always need human interpretation — Human in the loop and AI as an assistant
	Accuracy of AI/ML answers need much improvement before I will trust them

Yet only 20% agree that AI outputs should always require human interpretation or verification





Talent strategy



We see that there's a strong commitment among companies to improve their AI capabilities, and for most, that means either upskilling their existing talent or hiring new talent.

AI/ML skill recruitment Have you attempted to recruit people who have AI/ML skills?

(In the past 12 months)

Yes No 85% 15% Most respondents have attempted to recruit talent that has existing AI skills.

Al learning or training programs Do you have a formalized Al learning program in place?

Similarly, the vast majority of respondents (84%, cumulatively) have formalized AI training in place (39%) or plan to have (45%) training in place by the end of this year in order to upskill their teams.

39% Yes Currently in place

45% No But planning for 2024

13% NO But planning for the future (beyond 2024)

3% No No plans



There's a clear need to cultivate a workforce that is technically proficient, adaptable, creative and capable of critical thinking.



When it comes to making a decision between hiring new talent or upskilling in-house talent, we are seeing companies strategically identifying skills they need to cultivate within their current workforce and those they need to acquire through new hires. This approach is driven by the need to balance the technical prowess in AI/ML with the innovative and adaptive capabilities of the general workforce.

For AI-specific skills, companies are focusing on upskilling their current employees in roles that are foundational to AI development and deployment, such as software developers with AI expertise (44%), machine learning engineers (42%), data analysts (41%), data engineers (41%), and data governance and security specialists (40%). This indicates a preference for building a strong internal foundation of AI knowledge and capabilities, likely due to the specialized nature of these roles and the importance of integrating AI into existing systems and processes.

Conversely, when it comes to hiring, there is a slight shift in priorities. Proficiency in programming languages like R and Python tops the list at 49%, followed closely by the need for data scientists, data governance and security specialists, and data engineers all at 46%. This suggests that companies are looking to bring in fresh talent with up-to-date knowledge and possibly a new perspective on data management, security and analysis, which are critical for innovative AI solutions. On the general skills front, companies are keen on upskilling their workforce in creativity (50%) and critical thinking (49%), reflecting an understanding that the successful adoption of AI requires not just technical skills but also the ability to think innovatively and solve complex problems. Skills like content cocreation (47%) and utilizing copilots (and assistants) for daily productivity (45%) suggest a focus on collaboration between humans and AI, optimizing workflows and enhancing productivity through AI tools.

For new hires, there is a notable emphasis on utilizing generative AI as research agents and prompt engineering, both at 49%, which points to the growing importance of understanding and leveraging generative AI capabilities in research and development. Data quality experts (48%) are also in high demand, highlighting the critical role of high-quality data in AI projects.

Overall, these responses suggests a dual approach where companies are reinforcing their technical AI capabilities internally while seeking fresh talent for more innovative and specialized AI roles. At the same time, there is a clear recognition of the need to cultivate a workforce that is not only technically proficient but also adaptable, creative, and capable of critical thinking, ensuring the successful integration and utilization of AI technologies in their operations.

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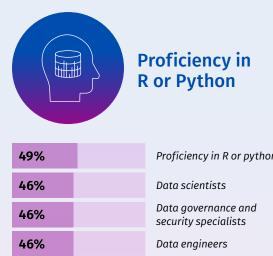
Job titles and skills planned for 2024 Please indicate for each of the following job titles/skills, your plans for 2024

Upskilling our current workforce



Software developers with AI/ML expertise

44%	Software developers with AI/ML expertise
42%	Machine learning engineers
41%	Data analysts
41%	Data engineers
40%	Data governance and security specialists
40%	Data scientists
39%	Automation engineers
36%	Proficiency in R or python



45%

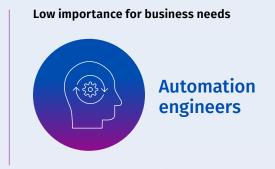
45%

45%

43%

Hiring specialist talent

Proficiency in R or python
Data scientists
Data governance and security specialists
Data engineers
Data analysts
Automation engineers
Machine learning engineers
Software developers with AI/ML expertise



16 <mark>%</mark>	Automation engineers
15 <mark>%</mark>	Proficiency in R or python
14 <mark>%</mark>	Data scientists
14 <mark>%</mark>	Data governance and security specialists
14 <mark>%</mark>	Machine learning engineers
14 <mark>%</mark>	Data analysts
13%	Data engineers
13%	Software developers with AI/ML expertise



The 2024 Global AI Report 24



Skills considered critical for the successful adoption of AI Please indicate which of these skills you see as critical in your general workforce for the successful adoption of AI





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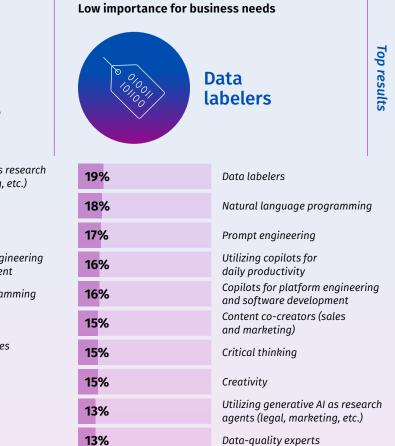
Creativity

50%	Creativity
49%	Critical thinking
47%	Content co-creators (sales and marketing)
45%	Utilizing copilots for daily productivity
45%	Data labellers
39%	Data quality experts
38%	Copilots for platform engineering and software development
38%	Natural language programming
38%	Utilizing generative AI as research agents (legal, marketing, etc.)
34%	Prompt engineering

aws



Utilizing generative AI as agents (legal, marketing,
Prompt engineering
Data quality experts
Copilots for platform eng and software developme
Natural language program
Utilizing copilots for daily productivity
Content co-creators (sale and marketing)
Data labellers
Critical thinking
Creativity



Data-quality experts



Looking forward

As we have seen, the transformative journey of AI in the business landscape is not just about technological adoption, but a comprehensive redesign of operational, strategic and ethical dimensions.

As we navigate this exciting era of rapid change, we believe organizations will need to concentrate on two areas in particular: leveraging AI for operational excellence, and ensuring its ethical use. The significant investments in AI, the broadening scope of its application across different business functions and the concerted efforts to close the talent gap underscore the critical role of AI in driving business transformation. But alongside these advances, the emphasis on responsible AI signifies a shared recognition of the need to balance innovation with integrity. The road ahead will bring challenges that range from security concerns and the complexity of AI integration to the pressing need for skilled personnel. However, the potential rewards improved customer engagement, greater operational efficiency and fast adoption of new business models — present compelling opportunities for those who persevere.

As businesses continue to harness the power of AI, the key to sustainable success lies in embracing a holistic approach to adoption that prioritizes ethical considerations, invests in talent development and fosters a culture of innovation. In doing so, we can ensure that the AI revolution moves us all forward in a manner that is responsible, inclusive and aligned with the broader societal good.

The key to sustainable success lies in embracing a holistic approach to adoption that prioritizes ethical considerations, invests in talent development and fosters a culture of innovation.







Go further with FAIR for AWS

FAIR.

Foundry for AI by Rackspace (FAIR) drives the rapid adoption of generative AI solutions and services on Amazon Web Services (AWS) and across all industries. Capitalize on the power of generative AI quickly and responsibly through three service offerings: Ideate. Incubate. Industrialize.

FAIR for AWS offerings

FAIR for AWS delivers the following generative AI services:



aws

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FAIR Generative AI Ideate

Start your generative AI journey on AWS with our Generative AI Ideation offer. Gain new insights on leveraging data, employing machine learning and enhancing digital experiences with native AWS services and a cloud-first approach to AI adoption. Overcome the complexities of transitioning to a new data infrastructure, managing custom machine learning requirements, meeting analytics demands, enabling real-time data streaming and embracing the emerging field of generative AI.

FAIR Generative AI Ideate (available in AWS marketplace) leads you on your first steps to:

- Exploring what generative AI can do for you
- Evaluating the intended and unintended consequences of adding generative AI to your operations
- Reviewing the quality and integrity of your data as a key ingredient of generative AI
- Planning how to embed your company values, fairness and governance into your generative AI operations

FAIR Incubate Accelerator

Justify the ability of generative AI to deliver on knowledge management, semantic search, content generation, code generation and synthetic data integration by rapidly launching an MVP solution on AWS.

Rackspace will add Amazon Titan, native AWS frameworks such as Amazon Bedrock, opensource frameworks, agile delivery methodologies and powerful tools to build your use case.

FAIR Incubate Accelerator (available in AWS marketplace) helps you go from concept to solution in four weeks to:

- Deliver a secure generative AI landing zone
- Help you select, adopt, align and optimize a foundation model
- Run an LLM-powered application with enough features to validate the architecture and business benefits

Generative Al Incubate for Amazon Q

Building an AI-powered assistant on AWS has never been easier. Establish the feasibility of AI and your first use case with Amazon Q. This service builds your MVP on AWS and creates the requirements, develops data pipelines, builds the AI platform and helps you define key success metrics.

<u>Generative AI Incubate for</u> <u>Amazon Q</u> (available in AWS marketplace) helps you:

- Establish and test key hypotheses that will enable AI
- Prove the feasibility of the AI solution in your environment
- Easily access all of the latest generative AI tools from AWS, including Amazon Q

FAIR Industrialize

Assure the success of your solution by transforming AI into a functional product that aligns with established metrics and governance guardrails. This helps ensure efficiency, dependability and greater explainability of your AI models, leading to widespread adoption AI as part of your digital transformation initiatives.

FAIR Industrialize involves:

- Integrating AI into your business processes with automated feedback functions for monitoring performance and drift
- Establishing DataOps, MLOps and LLMOps frameworks
- Implementing AI governance policies and help to set up the organizational structure for enforcing AI supervision and governance protocols
- Establishing processes for sustainable cost management
- Devising strategies for incident management

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 Committing to ongoing enhancement and training initiatives

aws

- All of our AI solutions are purposebuilt on AWS and designed to help you accelerate business outcomes to:
 - Enhance creativity with new content
 - Reduce errors to improve quality
 - Increase productivity for knowledge workers
 - Optimize costs using intentdriven automation

Contact us

Explore how generative AI, combined with your own company's relational data, can unlock new possibilities, drive innovation and spur your organization's growth and success.

Visit:

fair.rackspace.com/ partners/aws/

Or call: 1-800-961-2888

FAIR

About Amazon Web Services (AWS)

Amazon Web Services (AWS) has more than 200 fully featured services for compute, storage, databases, networking, analytics, machine learning, artificial intelligence (AI), Internet of Things (IoT), mobile, security, hybrid, virtual and augmented reality and media. Rackspace Technology is an AWS Premier Services Partner with over 3,800 accreditations, 17 AWS competencies and 16 AWS service delivery designations. Rackspace Technology helps to asses, modernize and manage your modernization projects, leveraging the industry's most reliable infrastructure with the deepest set of services. Together, we help accelerate your migration and modernization initiatives, resulting in faster innovation, improved efficiencies, revenue growth, and reduced costs.

Learn more at aws.amazon.com.

About Rackspace Technology

Rackspace Technology is a hybrid, multicloud solutions expert. We combine our expertise with the world's leading technologies — across AI, applications, data and security — to deliver end-to-end solutions. We have a proven record of advising customers based on their business challenges, designing solutions that scale, building and managing those solutions, and optimizing returns into the future.

As a global hybrid, multicloud technology services pioneer, we deliver innovative capabilities to help customers build new revenue streams, increase efficiency and create incredible experiences. Named a best place to work, year after year according to Fortune, Forbes and Glassdoor, we attract and develop world-class talent to deliver the best expertise to our customers. Everything we do is wrapped in Fanatical Experience^{*} — our obsession with customer success that drives us to help each customer work faster, smarter and stay ahead of what's next.

Learn more at www.rackspace.com or call 1-800-961-2888.

About Foundry for AI by Rackspace (FAIR)

FAIR[™] is at the forefront of global AI innovation, paving the way for businesses to accelerate the responsible adoption of AI solutions. FAIR aligns with hundreds of AI use cases across a wide range of industries while allowing for customization through the creation of a tailor-made AI strategy that's applicable to your specific business needs. Capable of deployment on any private, hybrid or hyperscale public cloud platform, FAIR solutions empower businesses worldwide by going beyond digital transformation to unlock creativity, unleash productivity and open the door to new areas of growth for our customers.

Learn more at: fair.rackspace.com

FAIR

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Appendix: methodology & audience profile

Sector

Our partner Coleman Parkes Research conducted the global survey of 1,420 IT decision-makers at companies and organizations in nine sectors and ten countries during January and February 2024. Total respondents: (1,420).

Country

15 <mark>%</mark>	USA
1 <mark>1</mark> %	India
11%	Germany
10%	UK
10%	Australia
10%	Colombia
10%	Mexico
8%	Netherlands
8%	Singapore
7%	Middle East (UAE)

4%	Bio-tech/life sciences			
4%	Pharma			
8%	Healthcare (payer/provider)			
<mark>9</mark> %	Energy sector (oil & gas)			
<mark>9</mark> %	Media & entertainment			
12%	Government/public sector			
12%	Hospitality and travel			
13%	Manufacturing	47%	Banking	
13%	Retail	30%	Asset management	Total: 220
15 <mark>%</mark>	Financial services	23%	Insurance	220

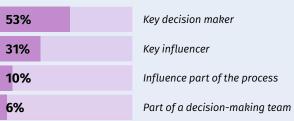


Appendix: Methodology and audience profile (continued)

Job title

9%	Chief Data Scientist
9%	Chief Engineer
8%	VP/Director/Head of IT
8%	CIO – Chief Information Officer
8%	CFO – Chief Financial Officer
8%	CTO – Chief Technology Officer
8%	COO – Chief Operating Officer
8%	Head of Infrastructure VP/Director/ Head of Product
7%	VP/Director/Head of AI Analytics
7%	VP/Director/Head of Business Intelligence
7%	VP/Director/Head of AI
7%	CDO – Chief Data Officer
6%	Head of IT VP/Director/Head of Engineering
1%	LOB (Line of Business)

Responsibility



Number of employees

14%	Less than 1,000
25%	1,000 – 4,999
39%	5,000 - 9,999
22%	10,000+

Annual revenue for the last financial year

2%	Less than \$5 million
3%	Between \$5 million – \$24 million
5%	Between \$25 million – \$49 million
9%	Between \$50 million – \$99 million
1 <mark>1</mark> %	Between \$100 million – \$249 million
20%	Between \$250 million – \$499 million
20%	Between \$500 million – \$999 million
20%	\$1 billion – \$3 billion
10%	\$4 billion – \$15 billion

Average IT budget: 8% of annual revenue