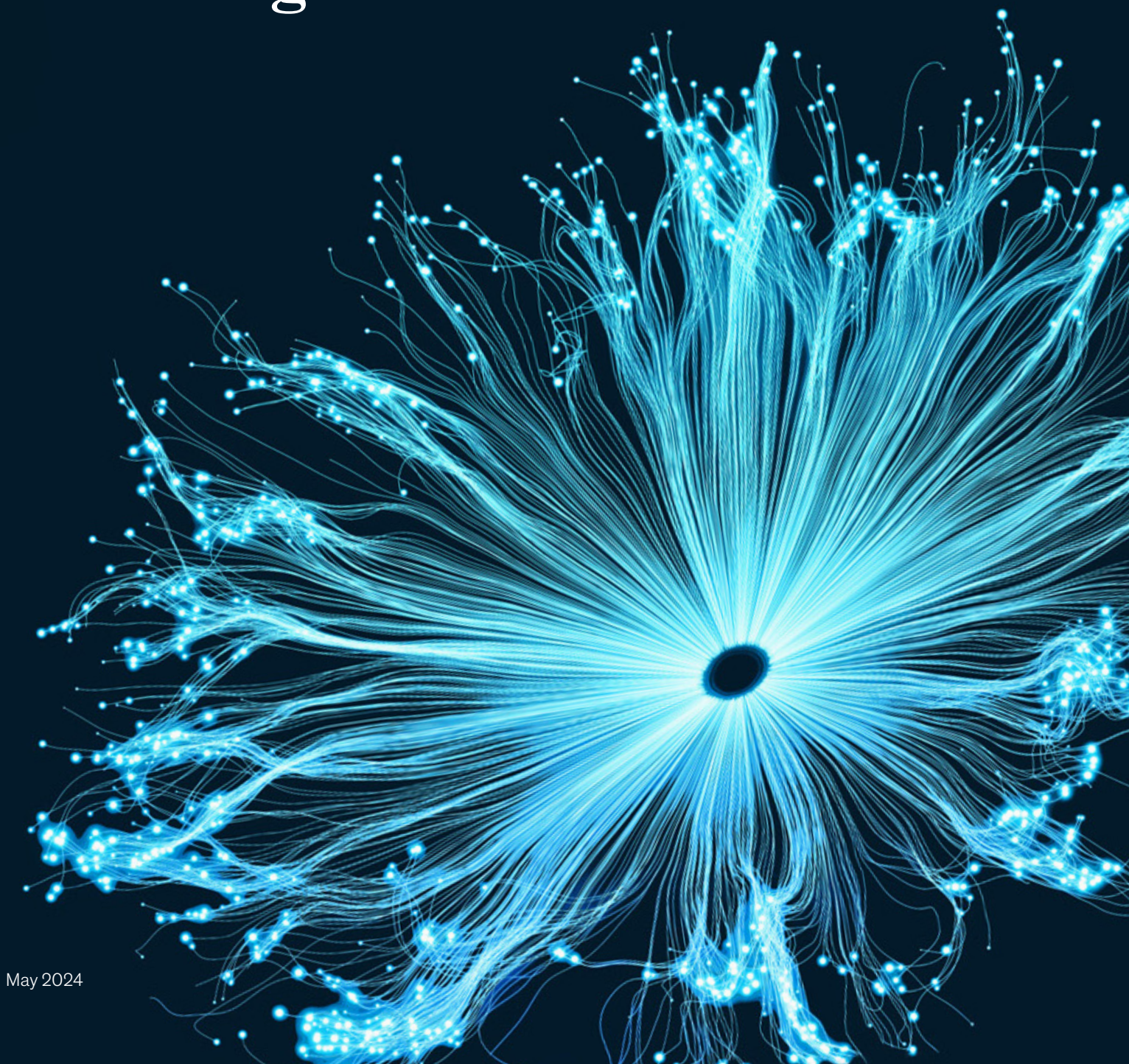


# The state of AI in early 2024: Gen AI adoption spikes and starts to generate value



As generative AI adoption accelerates, survey respondents report measurable benefits and increased mitigation of the risk of inaccuracy. A small group of high performers lead the way.

*This article is a collaborative effort by Alex Singla, Alexander Sukharevsky, Lareina Yee, and Michael Chui, with Bryce Hall, representing views from QuantumBlack, AI by McKinsey and McKinsey Digital.*

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**If 2023** was the year the world discovered generative AI (gen AI), 2024 is the year organizations truly began using—and deriving business value from—this new technology. In the latest McKinsey Global Survey on AI, 65 percent of respondents report that their organizations are regularly using gen AI, nearly double the percentage from our previous survey just ten months ago. Respondents' expectations for gen AI's impact remain as high as they were last year, with three-quarters predicting that gen AI will lead to significant or disruptive change in their industries in the years ahead.

Organizations are already seeing material benefits from gen AI use, reporting both cost decreases and revenue jumps in the business units deploying the technology. The survey also provides insights into the kinds of risks presented by gen AI—most notably, inaccuracy—as well as the emerging practices of top performers to mitigate those challenges and capture value.

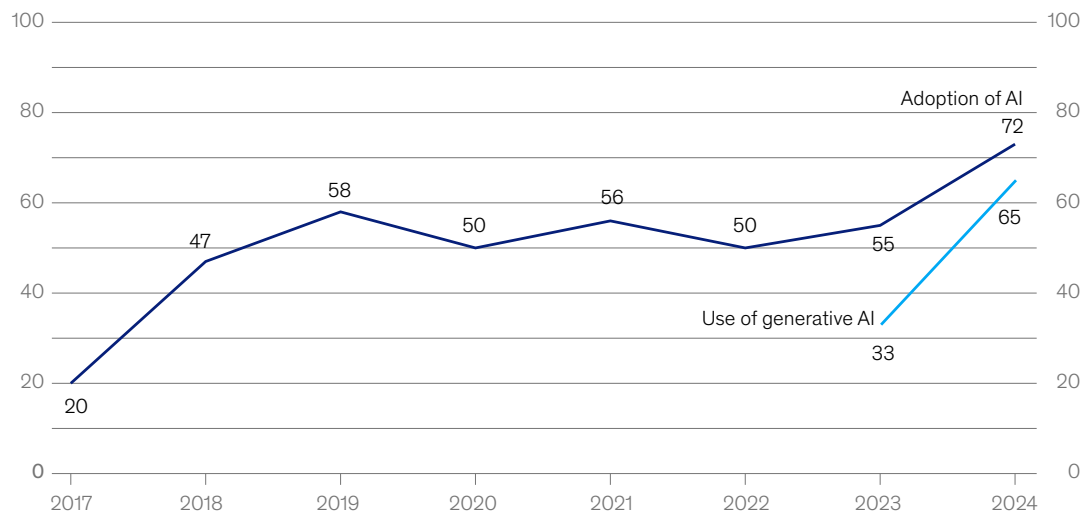
## AI adoption surges

Interest in generative AI has also brightened the spotlight on a broader set of AI capabilities. For the past six years, AI adoption by respondents' organizations has hovered at about 50 percent. This year, the survey finds that adoption has jumped to 72 percent (Exhibit 1). And the interest is truly global in scope. Our 2023 survey found that AI adoption did not reach 66 percent in *any* region; however, this year more than two-thirds of respondents in nearly *every* region say their organizations are using AI.<sup>1</sup> Looking by industry, the biggest increase in adoption can be found in professional services.<sup>2</sup>

Exhibit 1

### AI adoption worldwide has increased dramatically in the past year, after years of little meaningful change.

Organizations that have adopted AI in at least 1 business function,<sup>1</sup> % of respondents



<sup>1</sup>In 2017, the definition for AI adoption was using AI in a core part of the organization's business or at scale. In 2018 and 2019, the definition was embedding at least 1 AI capability in business processes or products. Since 2020, the definition has been that the organization has adopted AI in at least 1 function. Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

McKinsey & Company

<sup>1</sup> Organizations based in Central and South America are the exception, with 58 percent of respondents working for organizations based in Central and South America reporting AI adoption.

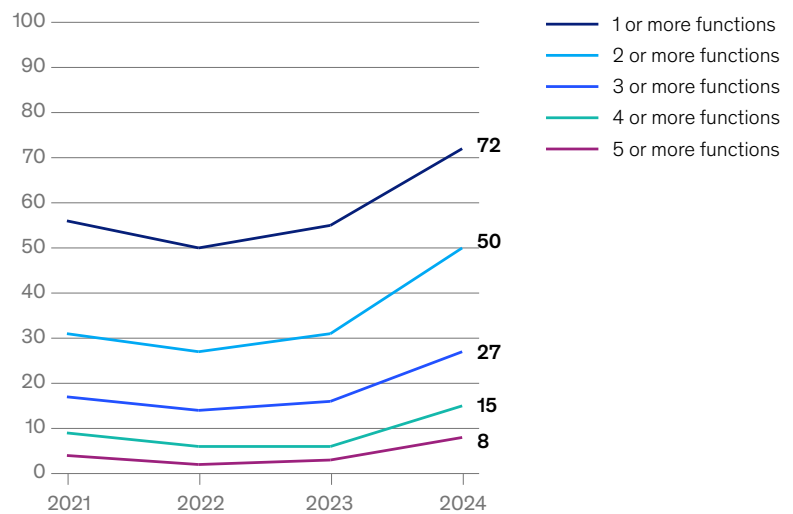
<sup>2</sup> Includes respondents working for organizations focused on human resources, legal services, management consulting, market research, R&D, tax preparation, and training.

Also, responses suggest that companies are now using AI in more parts of the business. Half of respondents say their organizations have adopted AI in two or more business functions, up from less than a third of respondents in 2023 (Exhibit 2).

Exhibit 2

## Survey findings suggest that organizations are using AI in more business functions now than in previous years.

Business functions at respondents' organizations that have adopted AI,<sup>1</sup> % of respondents



<sup>1</sup>In 2021, n = 1,843; in 2022, n = 1,492; in 2023, n = 1,684; in early 2024, n = 1,363.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

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### Gen AI adoption is most common in the functions where it can create the most value

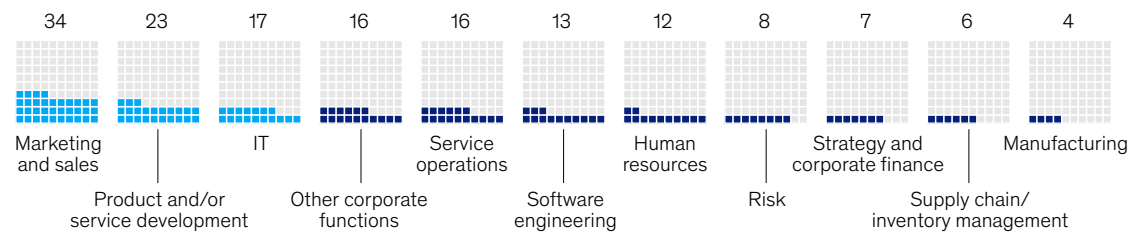
Most respondents now report that their organizations—and they as individuals—are using gen AI. Sixty-five percent of respondents say their organizations are regularly using gen AI in at least one business function, up from one-third last year. The average organization using gen AI is doing so in two functions, most often in marketing and sales and in product and service development—two functions in which previous research determined that gen AI adoption could generate the most value<sup>3</sup>—as well as in IT (Exhibit 3). The biggest increase from 2023 is found in marketing and sales, where reported adoption has more than doubled. Yet across functions, only two use cases, both within marketing and sales, are reported by 15 percent or more of respondents.

<sup>3</sup>"The economic potential of generative AI: The next productivity frontier," McKinsey, June 14, 2023.

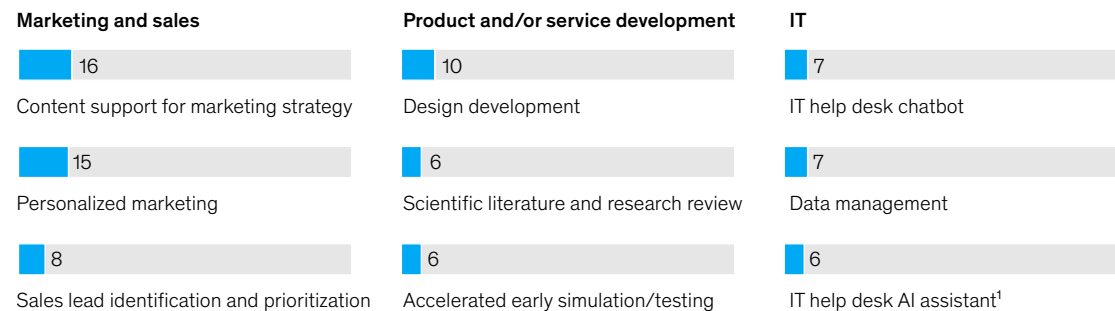
Exhibit 3

### Respondents most often report generative AI adoption in their marketing-and-sales, product- and service-development, and IT functions.

Respondents' organizations regularly using generative AI (gen AI), by function, % of respondents



Most commonly reported gen AI use cases within function, % of respondents



<sup>1</sup>Eg, providing real-time assistance and script suggestions to help desk employees during human-to-human conversations.  
Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

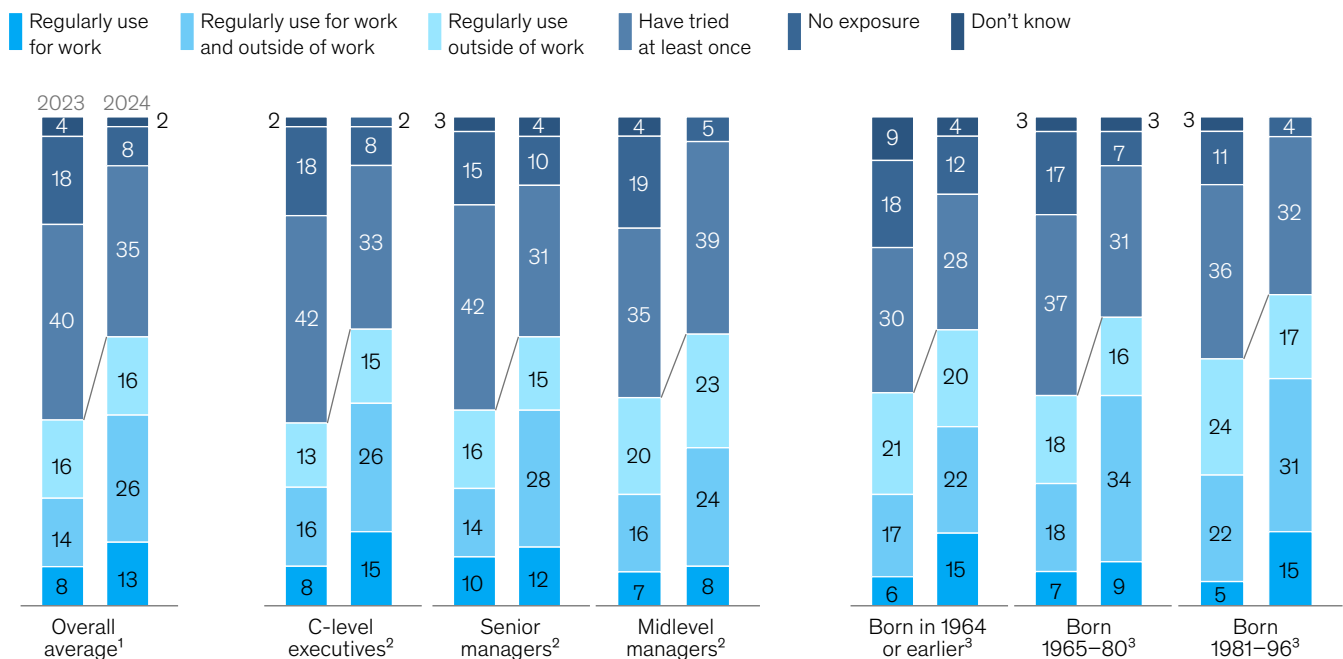
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Gen AI also is weaving its way into respondents' personal lives. Compared with 2023, respondents are much more likely to be using gen AI at work and even more likely to be using gen AI both at work and in their personal lives (Exhibit 4). The survey finds upticks in gen AI use across all regions, with the largest increases in Asia–Pacific and Greater China. Respondents at the highest seniority levels, meanwhile, show larger jumps in the use of gen AI tools for work and outside of work compared with their midlevel-management peers. Looking at specific industries, respondents working in energy and materials and in professional services report the largest increase in gen AI use.

Exhibit 4

## Respondents are much more likely now than in 2023 to say they are using generative AI.

Personal experience with generative AI tools, by job title, and age, 2023–24,<sup>1</sup> % of respondents



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>In 2023, n = 1,684; in 2024, n = 1,363.

<sup>2</sup>In 2023, C-suite respondents, n = 541; senior managers, n = 437; and middle managers, n = 339. In 2024, C-suite respondents, n = 474; senior managers, n = 406; and middle managers, n = 206.

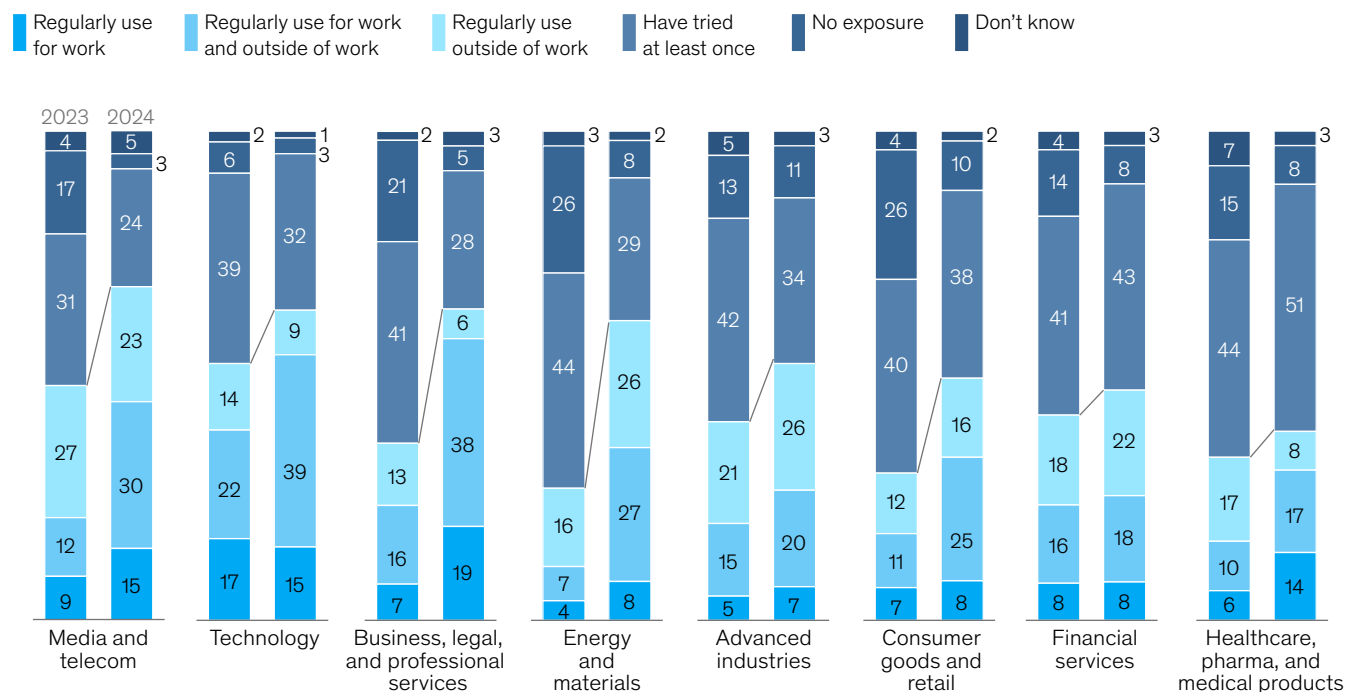
<sup>3</sup>In 2023, for respondents born in 1964 or earlier, n = 143; for respondents born between 1965 and 1980, n = 268; and for respondents born between 1981 and 1996, n = 80. In 2024, for respondents born in 1964 or earlier, n = 158; for respondents born between 1965 and 1980, n = 331; and for respondents born between 1981 and 1996, n = 184. Age details were not available for all respondents.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

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## Respondents are much more likely now than in 2023 to say they are using generative AI.

### Personal experience with generative AI tools, by industry, 2023–24,<sup>1</sup> % of respondents

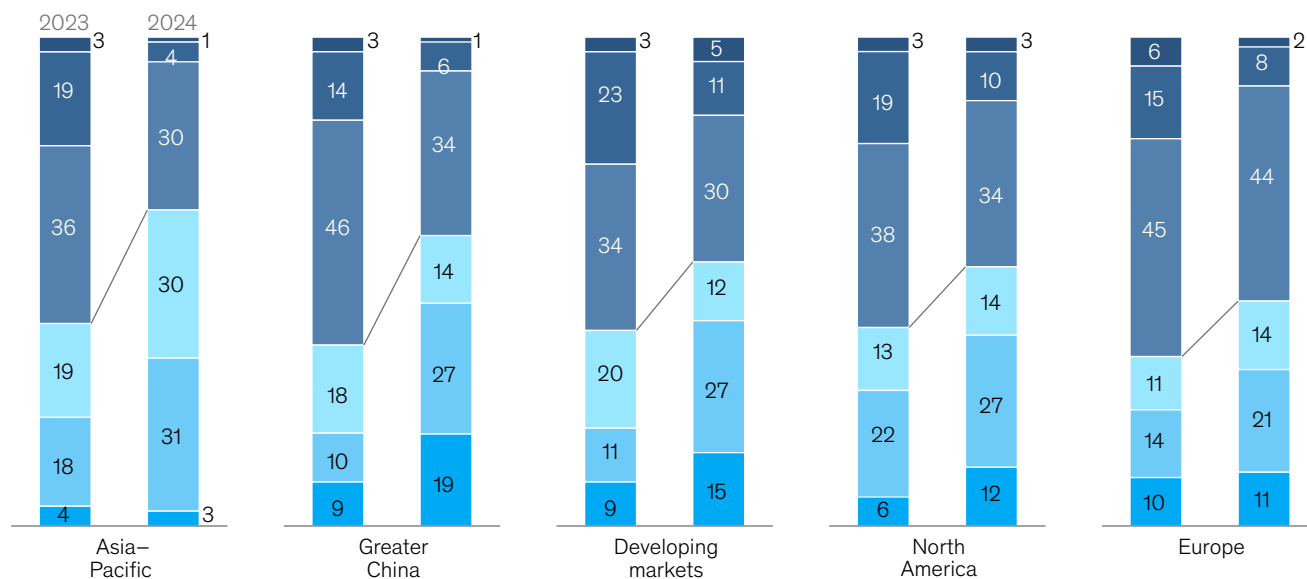


Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>In 2023, media, entertainment, and telecommunications, n = 69; technology, n = 175; business, legal, and professional services, n = 215; energy and materials, n = 152; advanced industries (includes automotive and assembly, aerospace and defense, advanced electronics, and semiconductors), n = 112; consumer goods and retail, n = 128; financial services, n = 248; healthcare, pharmaceuticals, and medical products, n = 130. In 2024, media, entertainment, and telecommunications, n = 70; technology, n = 184; business, legal, and professional services, n = 166; energy and materials, n = 113; advanced industries, n = 86; consumer goods and retail, n = 100; financial services, n = 201; healthcare, pharmaceuticals, and medical products, n = 109. Analyses for 2023 were updated to include additional industries within advanced industries and energy and materials.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

### Personal experience with generative AI tools, by location, 2023–24,<sup>1</sup> % of respondents



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>In 2023, Asia-Pacific, n = 164; Europe, n = 515; North America, n = 392; Greater China (includes Hong Kong and Taiwan), n = 337; and developing markets (includes India, Latin America, and Middle East and North Africa), n = 276. In 2024, Asia-Pacific, n = 116; Europe, n = 457; North America, n = 401; Greater China (includes Hong Kong and Taiwan), n = 153; and developing markets (includes India, Latin America, and Middle East and North Africa), n = 234.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

### **Investments in gen AI and analytical AI are beginning to create value**

The latest survey also shows how different industries are budgeting for gen AI. Responses suggest that, in many industries, organizations are about equally as likely to be investing more than 5 percent of their digital budgets in gen AI as they are in nongenerative, analytical-AI solutions (Exhibit 5). Yet in most industries, larger shares of respondents report that their organizations spend more than 20 percent on analytical AI than on gen AI. Looking ahead, most respondents—67 percent—expect their organizations to invest more in AI over the next three years.

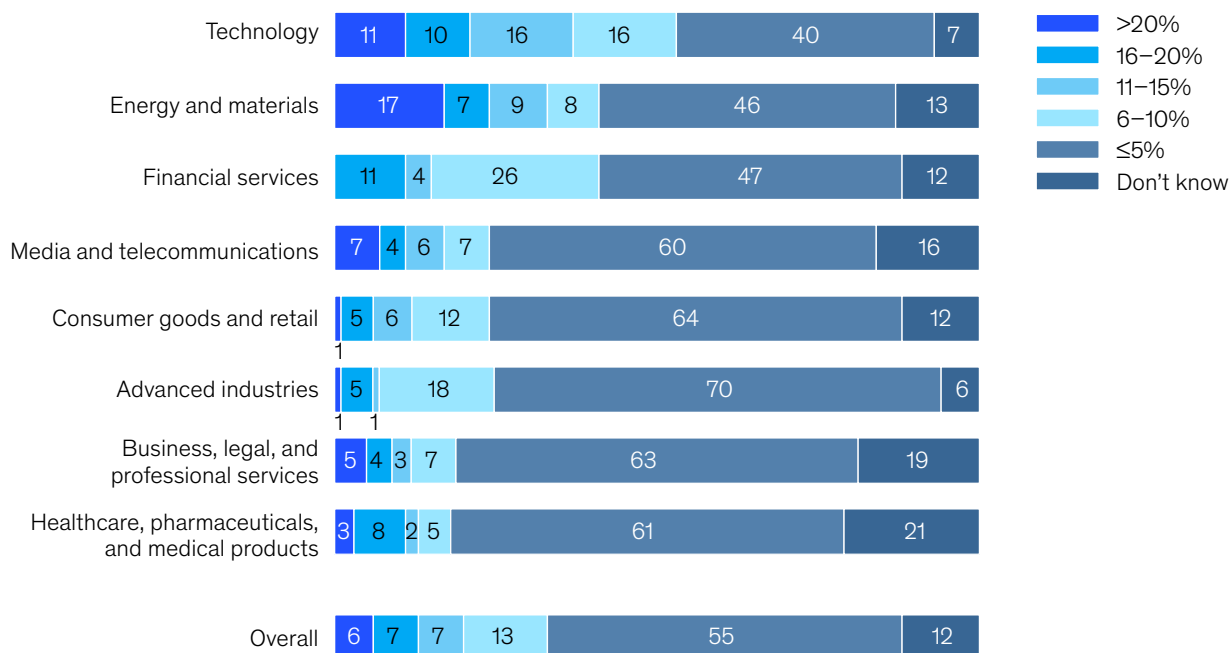
Where are those investments paying off? For the first time, our latest survey explored the value created by gen AI use by business function. The function in which the largest share of respondents report seeing cost decreases is human resources. Respondents most commonly report meaningful revenue increases (of more than 5 percent) in supply chain and inventory management (Exhibit 6). For analytical AI, respondents most often report seeing cost benefits in service operations—in line with what we found last year—as well as meaningful revenue increases from AI use in marketing and sales.

**Looking ahead, most respondents—  
67 percent—expect their  
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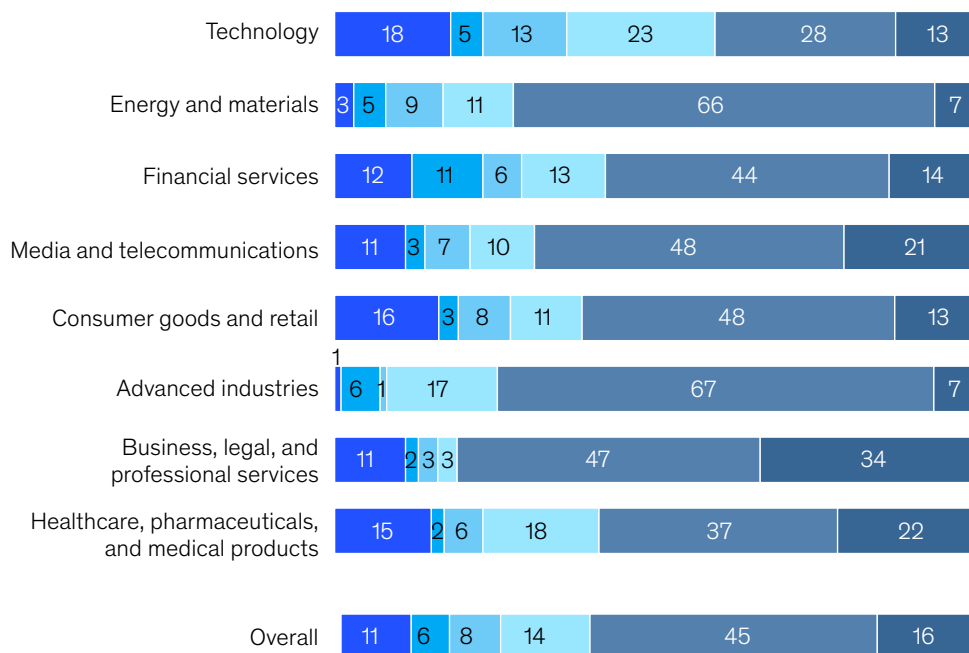


## In most industries, organizations are about equally likely to invest more than 5 percent of their digital budgets in generative AI and analytical AI.

Share of organization's digital budget spent on generative AI,<sup>1</sup> % of respondents



Share of organization's digital budget spent on analytical AI technology,<sup>1</sup> % of respondents



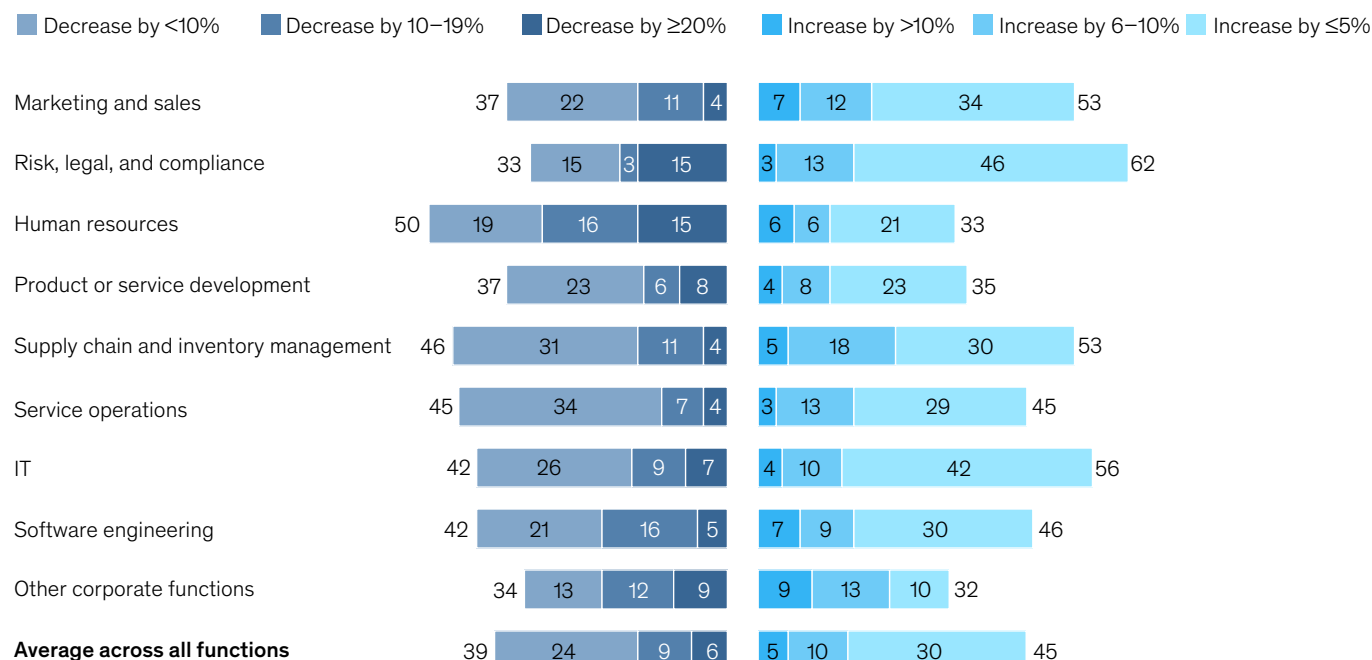
Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question was asked only of respondents who said their organizations have adopted AI in at least 1 business function. For technology, n = 128; for energy and materials, n = 63; for financial services, n = 107; for media, entertainment, and telecommunications, n = 50; for consumer goods and retail, n = 67; for advanced industries, n = 50; for business, legal, and professional services, n = 101; and for healthcare, pharmaceuticals, and medical products, n = 58.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

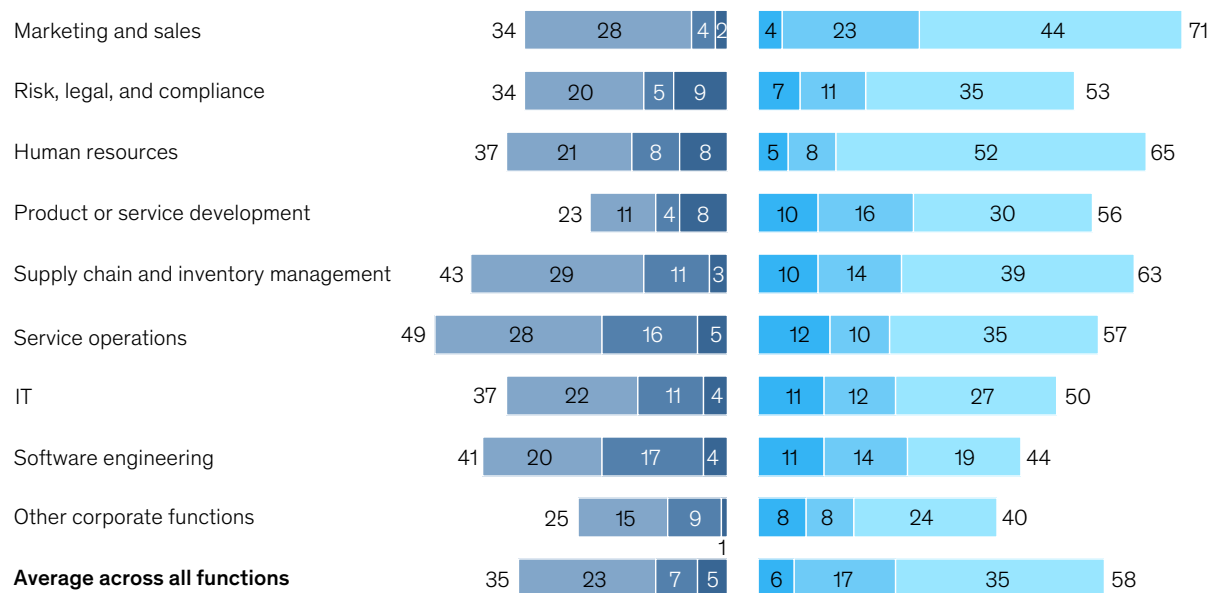
## Organizations most often see meaningful cost reductions from generative AI use in HR and revenue increases in supply chain management.

Cost decrease and revenue increase from generative AI adoption in 2023, by function,<sup>1</sup> % of respondents



## Use of analytical AI most often yields cost reductions in service operations and revenue increases in marketing and sales.

Cost decrease and revenue increase from analytical AI adoption in 2023, by function,<sup>1</sup> % of respondents



<sup>1</sup>Questions were asked only of respondents who said their organizations have adopted AI in a given function. Respondents who said "cost increase," "no change," "not applicable," or "don't know" for the effects of analytical AI on costs are not shown, and respondents who said "revenue decrease," "no change," "not applicable," or "don't know" for the effects of analytical AI on revenues are not shown. Data for manufacturing and strategy and corporate finance are not shown, because the base sizes were too small to meet the reporting threshold.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–March 5, 2024



*McKinsey commentary*

## **Alex Singla**

Senior partner and global coleader of QuantumBlack, AI by McKinsey

**In 2024**, generative AI (gen AI) is no longer a novelty. Nearly two-thirds of respondents to our survey report that their organizations are regularly using gen AI, nearly double what our previous survey found just ten months ago, and four in ten are using gen AI in more than two business functions. The technology's potential is no longer in question. And while most organizations are still in the early stages of their journeys with gen AI, we are beginning to get a picture of what works and what doesn't in implementing—and generating actual value with—the technology.

One thing we've learned: the business goal must be paramount. In our work with clients, we ask them to identify their most promising business opportunities and strategies and then work backward to potential gen AI applications. Leaders must avoid the trap of pursuing tech for tech's sake. The greatest rewards also will go to those who are not afraid to think big. As we've observed, the leading companies are the ones that are focusing on reimagining entire workflows with gen AI and analytical AI rather than simply seeking to embed these tools into their current ways of working.

For that to be effective, leaders must be ready to manage change at every step along the way. And they should expect that change to be constant: enterprises will need to design a gen AI stack that is robust, cost-efficient, and scalable for years to come. They'll also need to draw on leaders from throughout the organization. Realizing profit-and-loss impact from gen AI requires close partnership with HR, finance, legal, and risk to constantly readjust the resourcing strategies and productivity expectations.

## **Inaccuracy: The most recognized and experienced risk of gen AI use**

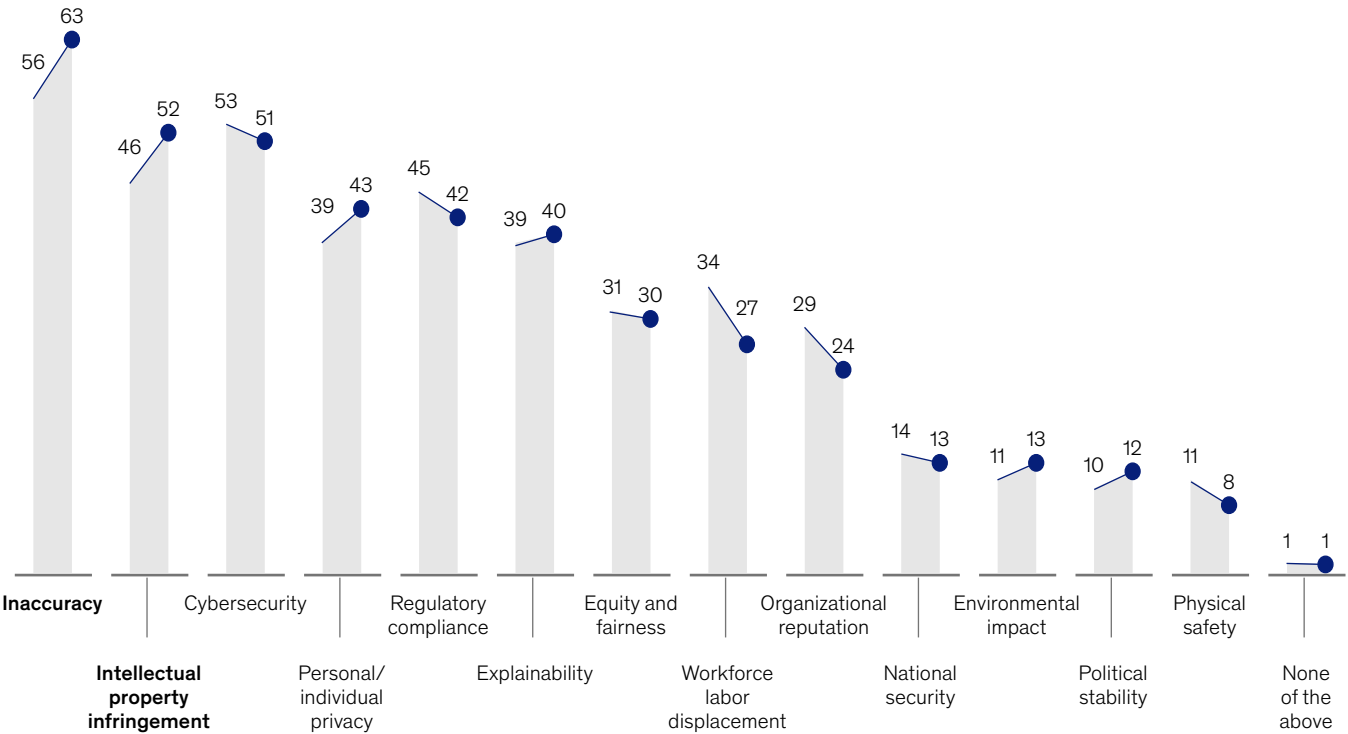
As businesses begin to see the benefits of gen AI, they're also recognizing the diverse risks associated with the technology. These can range from data management risks such as data privacy, bias, or intellectual property (IP) infringement to model management risks, which tend to focus on inaccurate output or lack of explainability. A third big risk category is security and incorrect use. Respondents to the latest survey are more likely than they were last year to say their organizations consider inaccuracy and IP infringement to be relevant to their use of gen AI, and about half continue to view cybersecurity as a risk (Exhibit 7).

Conversely, respondents are less likely than they were last year to say their organizations consider workforce and labor displacement to be relevant risks and are not increasing efforts to mitigate them. In fact, inaccuracy—which can affect use cases across the gen AI value chain, ranging from customer journeys and summarization to coding and creative content—is the only risk that respondents are significantly more likely than last year to say their organizations are actively working to mitigate.

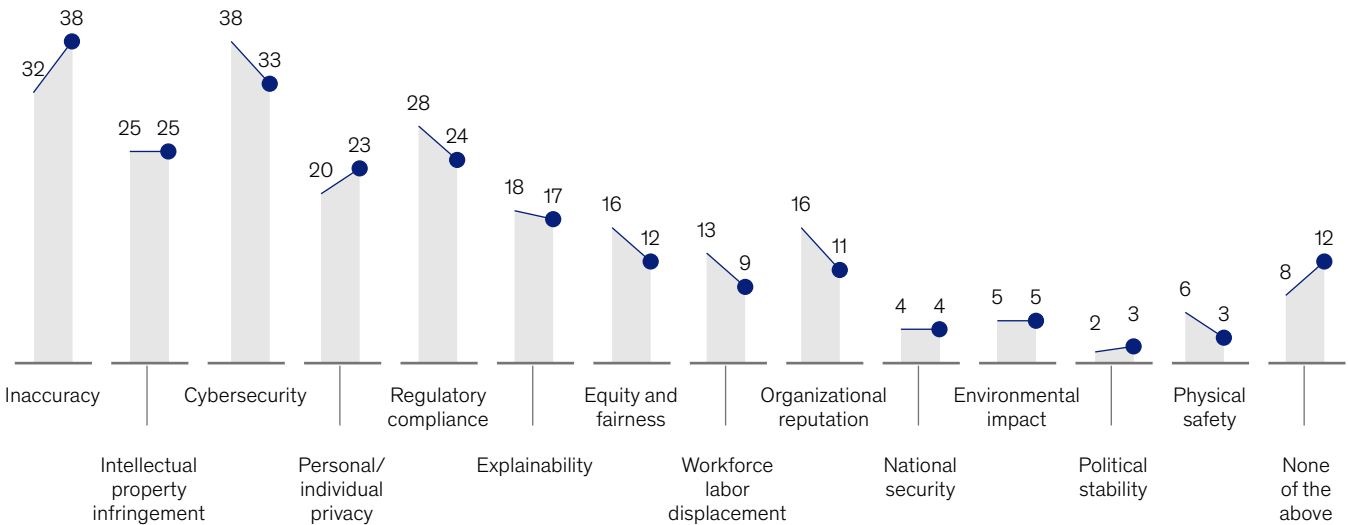
**Inaccuracy and intellectual property infringement are increasingly considered relevant risks to organizations' generative AI use.**

Gen AI risks that organizations consider relevant,<sup>1</sup> % of respondents

2023 — 2024



Gen AI risks that organizations are working to mitigate,<sup>1</sup> % of respondents



<sup>1</sup>Question was asked only of respondents whose organizations have adopted AI in at least 1 function. Respondents who said "don't know/not applicable" are not shown. In 2023, n = 913; in 2024, n = 1,052.  
Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

In fact, some organizations have already experienced negative consequences from the use of gen AI, with 44 percent of respondents saying their organizations have experienced at least one consequence (Exhibit 8). Respondents most often report inaccuracy as a risk that has affected their organizations, followed by cybersecurity and explainability.

Exhibit 8

**Nearly one-quarter of respondents say their organizations have experienced negative consequences from generative AI’s inaccuracy.**

**Generative-AI-related risks that caused negative consequences for organizations,<sup>1</sup> % of respondents**



<sup>1</sup>Question was asked only of respondents whose organizations have adopted generative AI in at least 1 function, n = 876. The 17 percent of respondents who said “don’t know/not applicable” are not shown.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

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Our previous research has found that there are several elements of governance that can help in scaling gen AI use responsibly, yet few respondents report having these risk-related practices in place.<sup>4</sup> For example, just 18 percent say their organizations have an enterprise-wide council or board with the authority to make decisions involving responsible AI governance, and only one-third say gen AI risk awareness and risk mitigation controls are required skill sets for technical talent.

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<sup>4</sup>"Implementing generative AI with speed and safety," *McKinsey Quarterly*, March 13, 2024.



*McKinsey commentary*

### **Lareina Yee**

Senior partner, McKinsey; chair, McKinsey Technology Council

**Responsible AI** needs to start on day one, and there is still much work to be done in terms of education and action. It begins with a company's values—organizations must establish clear principles for how they apply generative AI (gen AI) and set up guardrails to ensure its safe implementation. For example, recognizing the importance of data security means that company-level data and prompts remain within the enterprise walls. For that to happen, the enterprise must have secure contracts with large language model and application providers, as well as robust training, to make sure employees understand the difference between enterprise tools and public tools so that code or proprietary data are not inadvertently shared in public models.

Responsible AI also starts upstream of compliance and monitoring. Leading companies in deploying gen AI incorporate risk practices in the development of their AI applications. This includes ensuring that technical teams understand risk and mitigation practices. Gen AI solutions are probabilistic models that can make mistakes or inadvertently amplify biases in training data, so testing models before they are deployed is essential. Without a robust testing approach, it is hard to deliver on responsible AI.

Finally, companies must develop a clear governance model to help ensure that gen AI applications conform to governing principles. What we see in the survey results and in our conversations with clients is a growing awareness of responsible AI and an urgency to get it right. Still, even with increasing understanding, a little less than one-quarter of the respondents in our survey report having a clear process to embed risk mitigation in their solutions. Moving from awareness to action will be critical.



## Bringing gen AI capabilities to bear

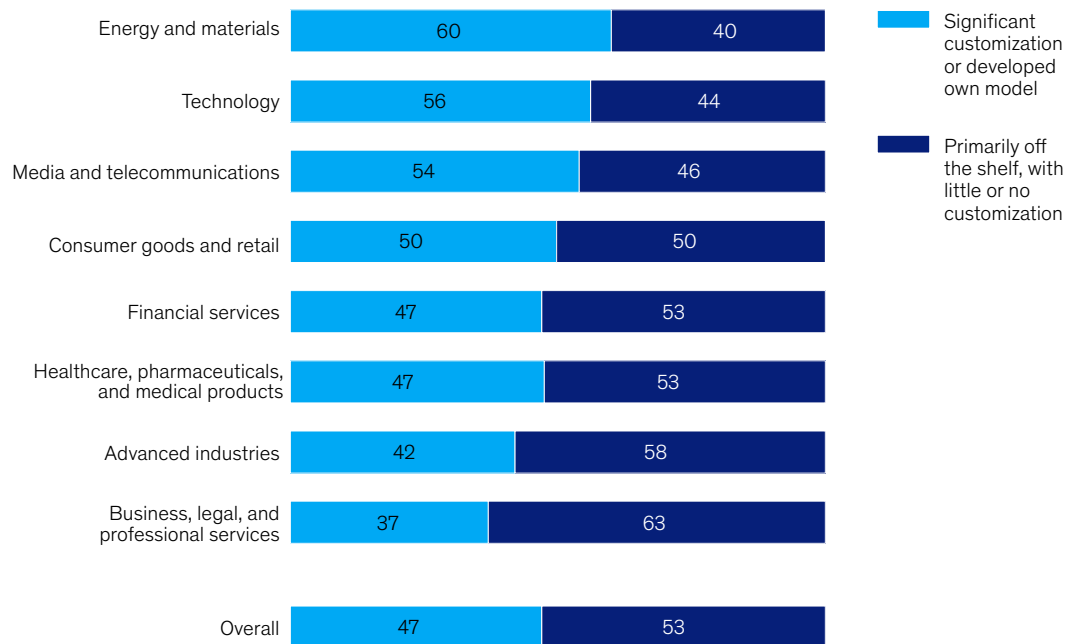
The latest survey also sought to understand how, and how quickly, organizations are deploying these new gen AI tools. We have found three archetypes for implementing gen AI solutions: *takers* use off-the-shelf, publicly available solutions; *shapers* customize those tools with proprietary data and systems; and *makers* develop their own foundation models from scratch.<sup>5</sup> Across most industries, the survey results suggest that organizations are finding off-the-shelf offerings applicable to their business needs—though many are pursuing opportunities to customize models or even develop their own (Exhibit 9). About half of reported gen AI uses within respondents' business functions are utilizing off-the-shelf, publicly available models or tools, with little or no customization. Respondents in energy and materials, technology, and media and telecommunications are more likely to report significant customization or tuning of publicly available models or developing their own proprietary models to address specific business needs.

<sup>5</sup>"Technology's generational moment with generative AI: A CIO and CTO guide," McKinsey, July 11, 2023.

Exhibit 9

### Organizations are pursuing a mix of off-the-shelf generative AI capabilities and also significantly customizing models or developing their own.

Strategy for developing generative AI (gen AI) capabilities, % of reported instances of gen AI use<sup>1</sup>



<sup>1</sup>Question was asked only of respondents who said their organizations regularly use generative AI in at least 1 business function. Figures were calculated after removing respondents who said "don't know."

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024



*McKinsey commentary*

**Alexander Sukharevsky**

Senior partner and global coleader of QuantumBlack, AI by McKinsey

**Despite the spike** in adoption of generative AI (gen AI), we are still in the experimentation phase, with many organizations seeking relatively simple, one-step solutions. Although it varies by industry, roughly half of our survey respondents say they are using readily available, off-the-shelf gen AI models rather than custom-designed solutions. This is a very natural tendency in the early days of a new technology—but it's not a sound approach as gen AI becomes more widely adopted. If you have it, your competitor probably has it as well. Organizations need to ask themselves: What is our moat? The answer, in many cases, likely will be customization.

But even there, the answer is not so simple. The spine and brain of the enterprise of the future will rely on a well-orchestrated mix of multiple foundational models—both off-the-shelf solutions and tools that have been finely tuned to the enterprise's specific needs. In fact, with gen AI we are moving from a binary world of “build versus buy” to one that might be better characterized as “buy, build, and partner,” in which the most successful organizations are those that construct ecosystems that blend proprietary, off-the-shelf, and open-source models. Finally, leaders must understand that gen AI models generally comprise just 15 percent of any given solution. In other words: it's not just tech. To create value, organizations must have all the elements in place—domain reimagining abilities; relevant skill sets (including the upskilling of nontechnical colleagues); a robust operating model; proprietary data. It's only when those factors are in place that organizations will be able to unlock impact and move from experimentation to scale.

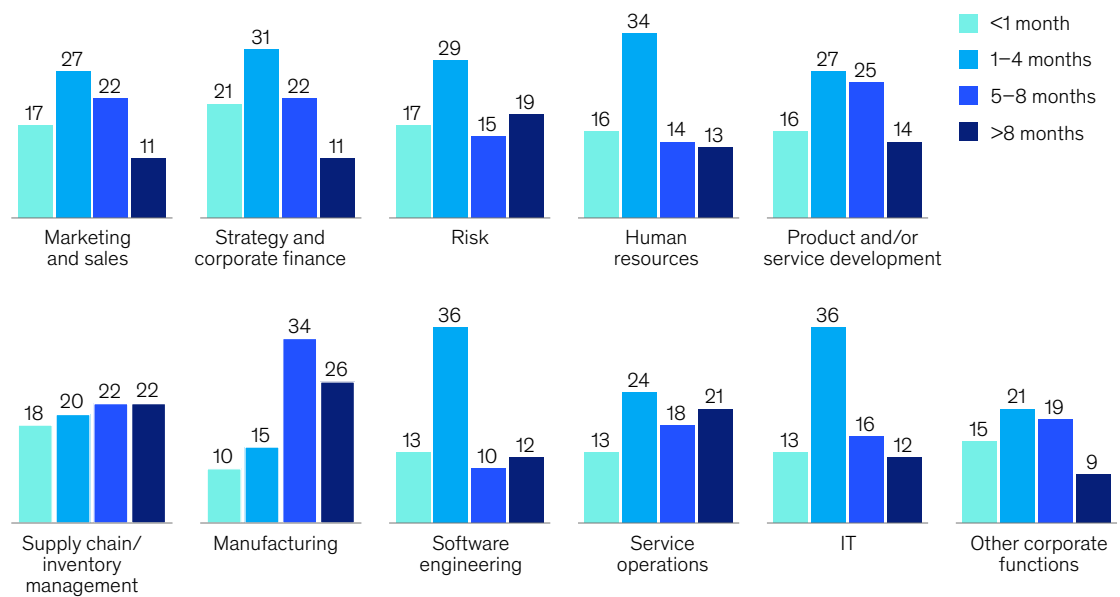
**Across most industries, the survey results suggest that organizations are finding off-the-shelf offerings applicable to their business needs—though many are pursuing opportunities to customize models or even develop their own.**

Respondents most often report that their organizations required one to four months from the start of a project to put gen AI into production, though the time it takes varies by business function (Exhibit 10). It also depends upon the approach for acquiring those capabilities. Not surprisingly, reported uses of highly customized or proprietary models are 1.5 times more likely than off-the-shelf, publicly available models to take five months or more to implement.

Exhibit 10

## Business functions are most often able to put their generative AI capabilities to use within one to four months.

Time for organization to put generative AI capabilities to use, from project launch,<sup>1</sup> % of respondents



<sup>1</sup>Question was asked only of respondents who said their organizations regularly use generative AI in the given business function. Respondents who said "don't know/not applicable" are not shown.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

McKinsey & Company



*McKinsey commentary*

## **Michael Chui**

Partner, McKinsey Global Institute

**The rapid pace** of adoption of generative AI (gen AI) is reflected in the investments that companies are making in these technologies, with similar percentages of respondents to our survey stating that they are spending at least 5 percent of their digital budgets on gen AI and analytical AI. That said, given the longer track record in analytical AI, larger shares of respondents are spending more than 20 percent of their budgets on analytical AI than on gen AI.

Organizations are also finding themselves able to deploy gen AI quickly, with the most common project length being less than four months, reflecting the ease of using natural language as an interface. Organizations that are doing more customization or building their own models take longer to bring these systems online.

## **Gen AI high performers are excelling despite facing challenges**

Gen AI is a new technology, and organizations are still early in the journey of pursuing its opportunities and scaling it across functions. So it's little surprise that only a small subset of respondents (46 out of 876) report that a meaningful share of their organizations' EBIT can be attributed to their deployment of gen AI. Still, these gen AI leaders are worth examining closely. These, after all, are the early movers, who already attribute more than 10 percent of their organizations' EBIT to their use of gen AI. Forty-two percent of these high performers say more than 20 percent of their EBIT is attributable to their use of nongenerative, analytical AI, and they span industries and regions—though most are at organizations with less than \$1 billion in annual revenue. The AI-related practices at these organizations can offer guidance to those looking to create value from gen AI adoption at their own organizations.

To start, gen AI high performers are using gen AI in more business functions—an average of three functions, while others average two. They, like other organizations, are most likely to use gen AI in marketing and sales and product or service development, but they're much more likely than others to use gen AI solutions in risk, legal, and compliance; in strategy and corporate finance; and in supply chain and inventory management. They're more than three times as likely as others to be using gen AI in activities ranging from processing of accounting documents and risk assessment to R&D testing and pricing and promotions. While, overall, about half of reported gen AI applications within business functions are utilizing publicly available models or tools, gen AI high performers are less likely to use those off-the-shelf options than to either implement significantly customized versions of those tools or to develop their own proprietary foundation models.

## **Gen AI high performers are much more likely than others to use gen AI solutions in risk, legal, and compliance; in strategy and corporate finance; and in supply chain and inventory management.**

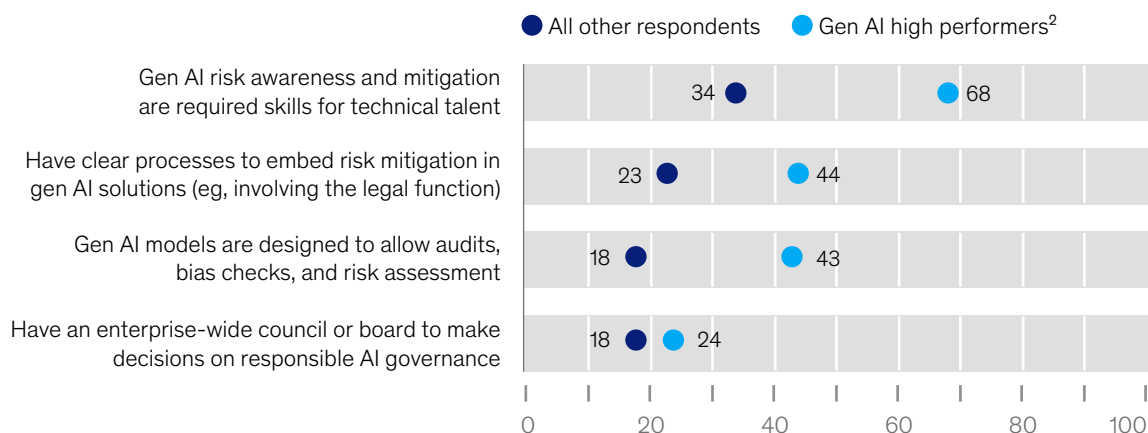
What else are these high performers doing differently? For one thing, they are paying more attention to gen-AI-related risks. Perhaps because they are further along on their journeys, they are more likely than others to say their organizations have experienced every negative consequence from gen AI we asked about, from cybersecurity and personal privacy to explainability and IP infringement. Given that, they are more likely than others to report that their organizations consider those risks, as well as regulatory compliance, environmental impacts, and political stability, to be relevant to their gen AI use, and they say they take steps to mitigate more risks than others do.

Gen AI high performers are also much more likely to say their organizations follow a set of risk-related best practices (Exhibit 11). For example, they are nearly twice as likely as others to involve the legal function and embed risk reviews early on in the development of gen AI solutions—that is, to “shift left.” They’re also much more likely than others to employ a wide range of other best practices, from strategy-related practices to those related to scaling.

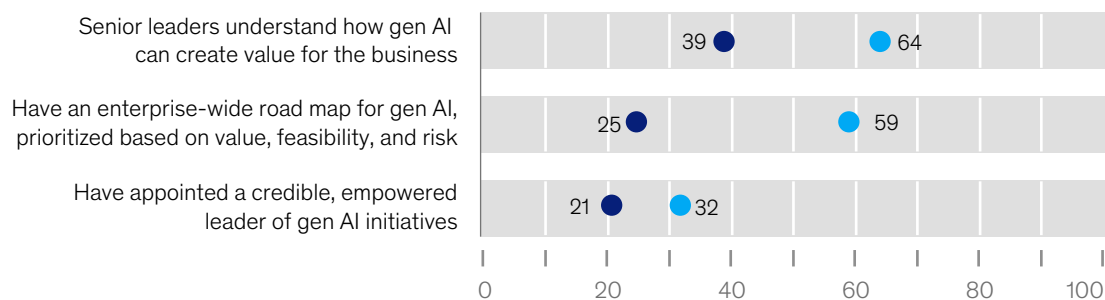
## Organizations seeing the largest returns from generative AI are more likely than others to follow a range of best practices.

Organizations engaging in each practice,<sup>1</sup> % of respondents

### Risk



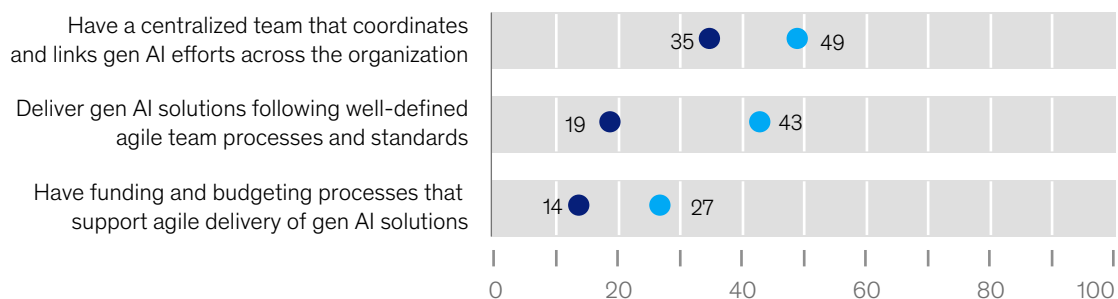
### Strategy



### Talent



### Operating model



<sup>1</sup>Asked only of respondents who said their organizations are regularly using generative AI in at least 1 business function.

<sup>2</sup>Respondents who said that at least 11% of their organizations' EBIT in 2023 was attributable to their use of gen AI. For gen AI high performers, n = 46; for all other respondents, n = 830.

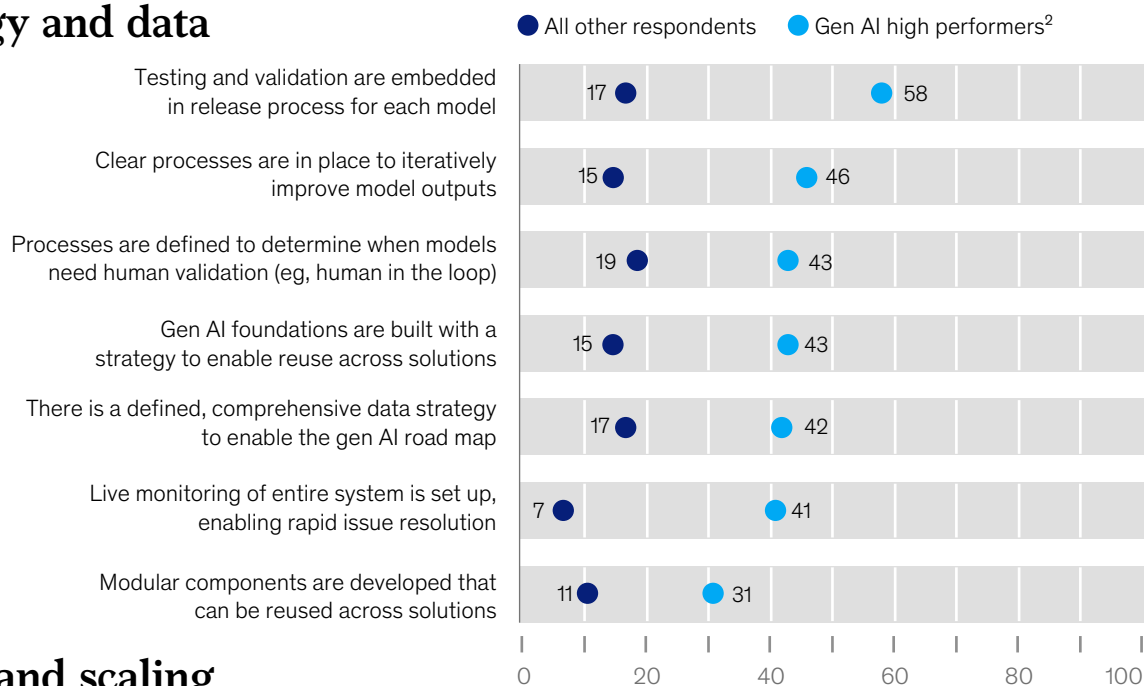
Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024



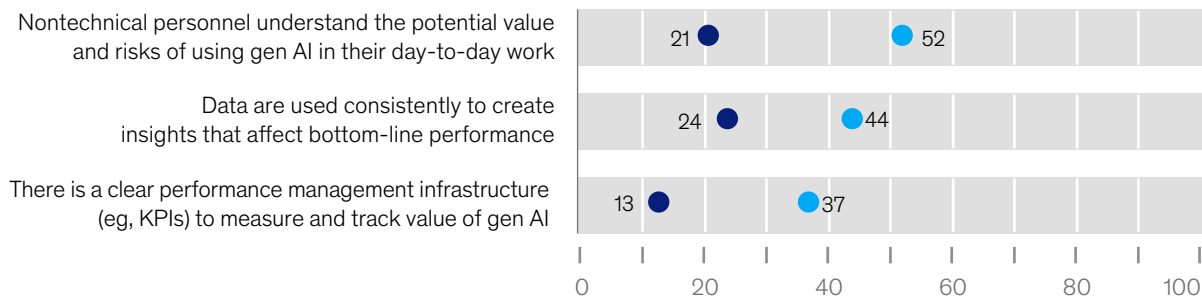
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Organizations engaging in each practice,<sup>1</sup> % of respondents

### Technology and data



### Adoption and scaling



<sup>1</sup>Asked only of respondents who said their organizations are regularly using generative AI in at least 1 business function.

<sup>2</sup>Respondents who said that at least 11% of their organizations' EBIT in 2023 was attributable to their use of gen AI. For gen AI high performers, n = 46; for all other respondents, n = 830.

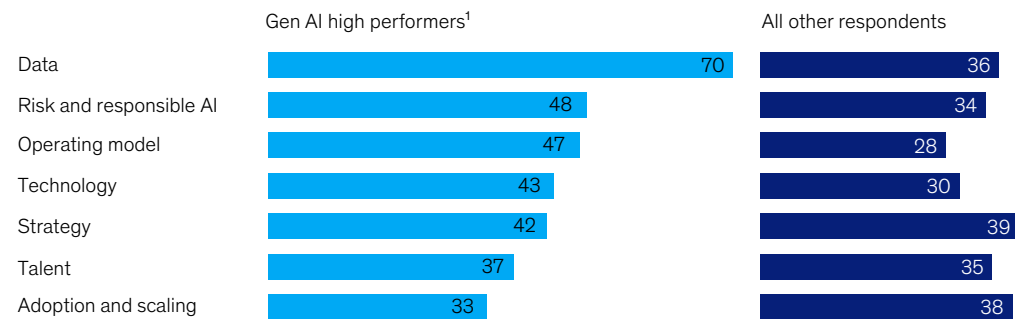
Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

In addition to experiencing the risks of gen AI adoption, high performers have encountered other challenges that can serve as warnings to others (Exhibit 12). Seventy percent say they have experienced difficulties with data, including defining processes for data governance, developing the ability to quickly integrate data into AI models, and an insufficient amount of training data, highlighting the essential role that data play in capturing value. High performers are also more likely than others to report experiencing challenges with their operating models, such as implementing agile ways of working and effective sprint performance management.

Exhibit 12

## Generative AI high performers report experiencing a range of challenges in capturing value from the technology.

Elements that have posed challenges in capturing value from generative AI (gen AI), % of respondents



Note: Figures do not sum to 100%, because respondents could choose multiple answer options.

<sup>1</sup>Respondents who said that at least 11% of their organizations' EBIT in 2023 was attributable to their use of generative AI. For respondents at AI high performers, n = 46; for all other respondents, n = 830. Respondents who said "don't know/not applicable" are not shown.

Source: McKinsey Global Survey on AI, 1,363 participants at all levels of the organization, Feb 22–Mar 5, 2024

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## **Bryce Hall**

Associate partner

**We've been conducting research on AI** for seven years now, and the pace of innovation, the evolution of new companies and capabilities, and the wave of investment have been remarkable. And now we're seeing how leading companies are capturing business value from these often-dazzling AI and generative AI (gen AI) capabilities.

One of the most interesting findings in this year's survey is that among the high performers capturing the most value from gen AI, most solutions are highly customized or bespoke (what we refer to as “shaper” or “maker” archetypes of gen AI solutions). While many companies are finding value from off-the-shelf gen AI solutions (or the “taker” archetype), capturing the full value of this technology often requires significant customization—for example, training models on proprietary company and customer data or tuning models to improve performance within a specific industry or business context.

The survey also sheds new light on high performers' practices. High performers, for example, are significantly more likely than others to embed testing and validation in the release process for models, as well as to develop clear processes to iteratively improve model outputs. Over time, these kinds of practices will become even more important, as highly customized and bespoke solutions are the ones that will truly be differentiating for companies. Off-the-shelf solutions, by contrast, are likely to become table stakes. Collectively, these data on practices are consistent with our ongoing work and research on digital and AI transformations, which shows that competitive advantage comes from building organizational and technological capabilities to broadly innovate, deploy, and improve solutions at scale—in effect, rewiring the business for distributed digital and AI innovation.

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## **About the research**

The online survey was in the field from February 22 to March 5, 2024, and garnered responses from 1,363 participants representing the full range of regions, industries, company sizes, functional specialties, and tenures. Of those respondents, 981 said their organizations had adopted AI in at least one business function, and 878 said their organizations were regularly using gen AI in at least one function. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP.

**Alex Singla** and **Alexander Sukharevsky** are global coleaders of QuantumBlack, AI by McKinsey, and senior partners in McKinsey's Chicago and London offices, respectively; **Lareina Yee** is a senior partner in the Bay Area office, where **Michael Chui**, a McKinsey Global Institute partner, is a partner; and **Bryce Hall** is an associate partner in the Washington, DC, office.

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