Exploring the Potential of Generative AI in GBS: State of the Market and Path Ahead

September 2024: Complimentary Abstract / Table of Contents

State of the Market Report

Global Business Services

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Background and context

Generative AI has great potential to reshape working methods, offering immense opportunities across various industries. Its application spans many business and IT processes, with enterprises carrying out PoCs to take advantage of the potential.

However, despite its transformative promise, the adoption journey is likely to be fraught with challenges such as data privacy concerns, ethical considerations, and integration complexities. These challenges underscore the need for a strategic and methodical approach to generative AI implementation.

Global Business Services (GBS) organizations can play a pivotal role in helping enterprises achieve this feat as they are uniquely positioned to spearhead generative AI initiatives, driving efficiency and innovation across the enterprise. As per our report last year (Generative AI: The Disruption the GBS Model Needs, or Just Another Over-hyped Technology?), less than 20% GBS organizations were piloting generative AI use cases. However, the landscape has since evolved, with more than 50% of

these organizations now actively engaged in pilot and production stages.

In our latest report, we have analyzed 60+ leading GBS organizations globally to identify how GBS are adopting and scaling generative AI in their operations. We have also examined GBS' current adoption strategies, planned approach, use case prioritization, talent and governance models, key performance metrics, critical success factors, and future plans for generative AI adoption.

This comprehensive analysis provides valuable insights into the current state of generative AI in GBS organizations, offering a roadmap for successful adoption and scaling. Read on as we uncover the trends, best practices, and actionable steps that can help GBS organizations navigate the complexities and fully unlock the potential of generative AI.

Scope of this report

Geography: Global

Industry: Market activity of 60+ leading GBS organizations in adopting and scaling generative AI

Services: Generative AI

Executive summary

Current state

- Generative AI has emerged as one of the key priorities for GBS organizations in 2024, with significant investments aimed at leveraging its potential to improve efficiency, enhance customer experience, and increase automation

- While the adoption was limited in 2023, 2024 has seen a significant shift, with over 50% of the GBS organizations transitioning from bystanders to active experimenters. More than 55% organizations are planning to complete their first generative AI implementations within the next 12 months

- However, scaling up generative AI across the enterprise still remains a challenge due to unclear business cases, integration with legacy systems, data privacy concerns, and lack of specialized talent

Key observations

- Across industries, Retail and Consumer Packaged Goods (RCPG), technology, and Banking Financial Services and Insurance (BFSI) are leading in experimenting with generative AI use cases, whereas sectors such as manufacturing and oil and gas are lagging

- GBS organizations are prioritizing high-impact, easy to adopt use cases, particularly in IT services, data analytics, HR, supply chain, and procurement

- These initiatives are typically managed by centralized innovation/data/AI teams and funded from innovation/transformation budgets or enterprise / Chief Information Officer (CIO) budgets

- There is an increasing trend toward collaborative approaches, with GBS organizations partnering with external technology vendors to build and enhance generative AI solutions

- Additionally, there is a strong emphasis on building AI talent pipelines, with significant investments in upskilling and reskilling employees
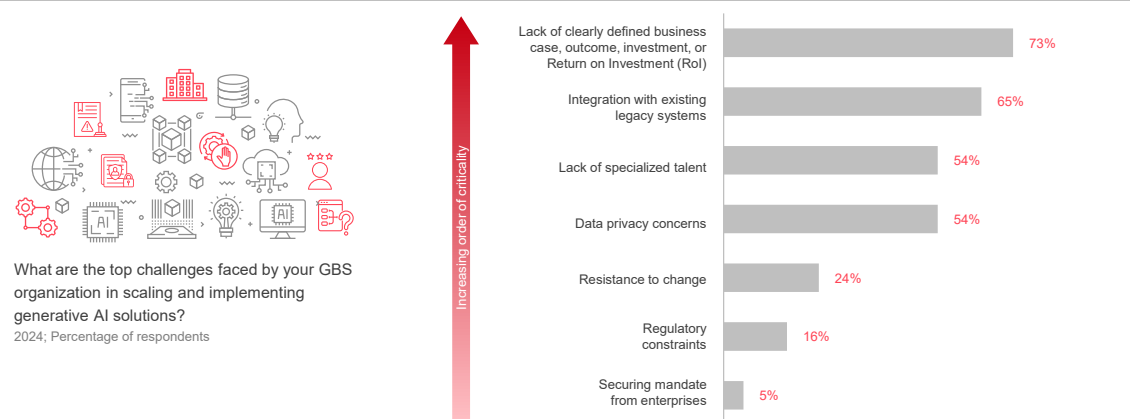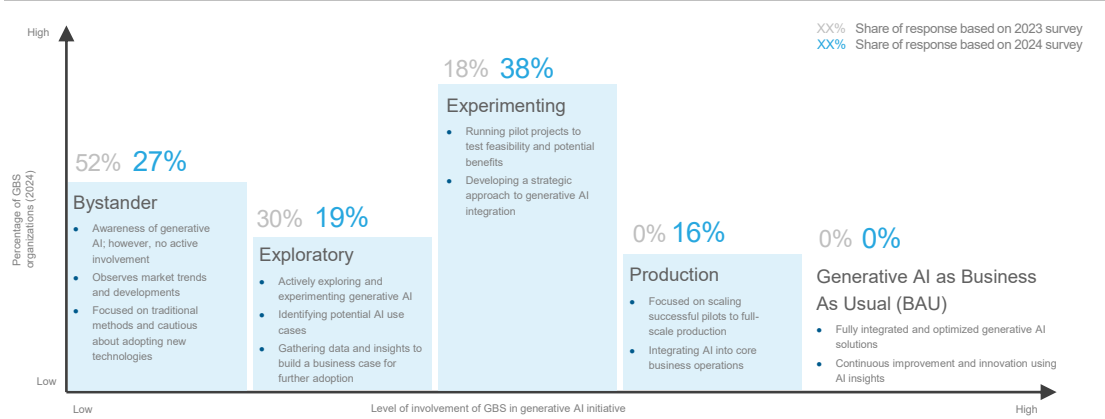
Roadmap to success

To fully leverage the evolving landscape of generative AI technology, GBS organizations need a well-defined, step-wise implementation strategy:

- Assess organizational readiness before you enable generative AI

- Identify and prioritize high-impact, easy to adopt use cases

- Ensure seamless integration with existing systems

- Build prototypes and PoCs to validate use cases before full-scale deployment

- Forge strategic partnerships with AI innovators, start-ups, and technology vendors

- Carefully evaluate risk and develop risk management plans

- Measure impact with advanced Key Performance Indicators (KPIs)

- Build a robust AI talent pipeline

This study analyzes the current adoption of generative AI across GBS organizations; below are four charts to illustrate the depth of the report
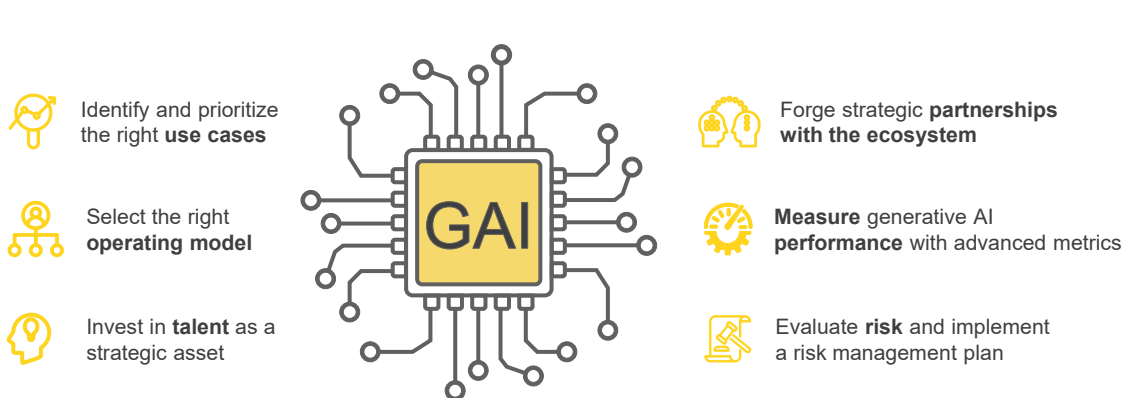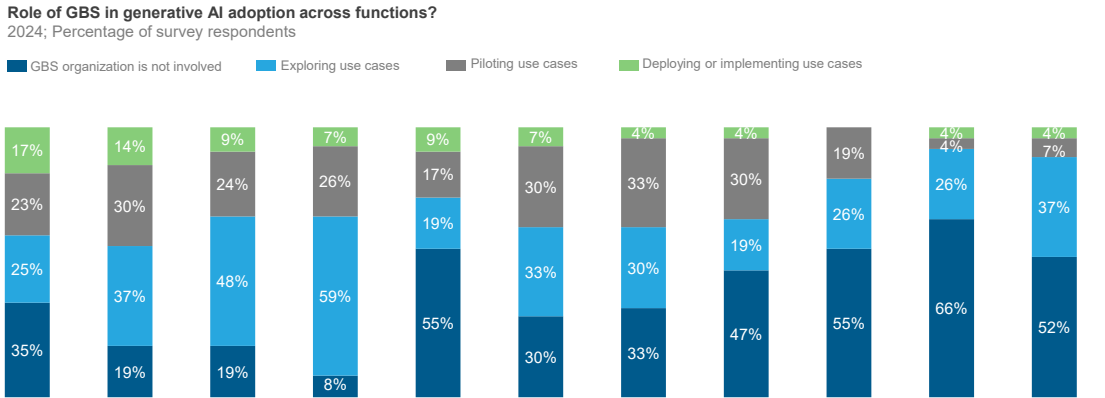
There is a visible shift in the role of GBS in generative AI efforts vis-à-vis 2023

XX% Share of response based on 2023 survey
XX% Share of response based on 2024 survey

High

Percentage of GBS organizations (2024)

18% 38%

Experimenting
- Running pilot projects to test feasibility and potential benefits
- Developing a strategic approach to generative AI integration

52% 27%

Bystander
- Awareness of generative AI; however, no active involvement
- Observes market trends and developments
- Focused on traditional methods and cautious about adopting new technologies

30% 19%

Exploratory
- Actively exploring and experimenting generative AI
- Identifying potential AI use cases
- Gathering data and insights to build a business case for further adoption

0% 16%

Production
- Focused on scaling successful pilots to full-scale production
- Integrating AI into core business operations

0% 0%

Generative AI as Business As Usual (BAU)
- Fully integrated and optimized generative AI solutions
- Continuous improvement and innovation using AI insights

Low

Low — Level of involvement of GBS in generative AI initiative — High

Top challenges faced by GBS in adopting and scaling gen AI

What are the top challenges faced by your GBS organization in scaling and implementing generative AI solutions?
2024; Percentage of respondents

Increasing order of criticality

Challenge	%
Lack of clearly defined business case, outcome, investment, or Return on Investment (RoI)	73%
Integration with existing legacy systems	65%
Lack of specialized talent	54%
Data privacy concerns	54%
Resistance to change	24%
Regulatory constraints	16%
Securing mandate from enterprises	5%

GBS adoption of generative AI use cases across functions and industries

Role of GBS in generative AI adoption across functions?
2024; Percentage of survey respondents

- GBS organization is not involved
- Exploring use cases
- Piloting use cases
- Deploying or implementing use cases

17%	14%	9%	7%	9%	7%	4%	4%		4%	4%
23%	30%	24%	26%	17%	30%	33%	30%	19%	4%	7%
25%	37%	48%	59%	19%	33%	30%	19%	26%	26%	37%
35%	19%	19%	8%	55%	30%	33%	47%	55%	66%	52%

Framework for successful generative AI implementation

- Identify and prioritize the right **use cases**
- Select the right **operating model**
- Invest in **talent** as a strategic asset

GAI

- Forge strategic **partnerships with the ecosystem**
- **Measure** generative AI **performance** with advanced metrics
- Evaluate **risk** and implement a risk management plan

Research calendar
Global Business Services

Published **Current release** Planned

Reports title	Release date
GBS Cost Benchmarks Book	June 2023
Top GBS Employers™ 2023	June 2023
Generative AI: Is This the Disruption GBS Model Needs or Just Another Over-hyped Technology	August 2023
Learnings from Top GBS Employers™ – a Case Study Compendium	August 2023
Global Business Services (GBS) State of the Market 2023: Onward and Upward	September 2023
Global Business Services (GBS) Data Book 2023	November 2023
The Global Business Services (GBS) Landscape in the Consumer Packaged Goods (CPG) / Retail Industry	November 2023
The Role of Global Business Services (GBS) in the Enterprise Sustainability Agenda: Current Adoption and the Path Ahead	November 2023
GBS Executive Insights: Key Issues for 2024	February 2024
Top GBS Employers™ 2024	August 2024
Global Business Services Rewards 2024: How Does Your Organization Stack Up?	September 2024
Exploring the Potential of Generative AI in GBS: State of the Market and Path Ahead	September 2024
Managing the Hybrid Resourcing Model in Global Business Services (GBS) Organizations	Q3 2024
Delivering Superior Value Through Centralized Actuarial Capabilities in Insurance GBS	Q3 2024
Global Business Services (GBS) Architectures	Q4 2024
"How-to" Guide to Quantify Value Delivered by GBS Organizations	Q4 2024

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