



Executive
Perspectives

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CEO's Guide to Maximizing Value Potential from AI in 2024

Introduction

July 2024

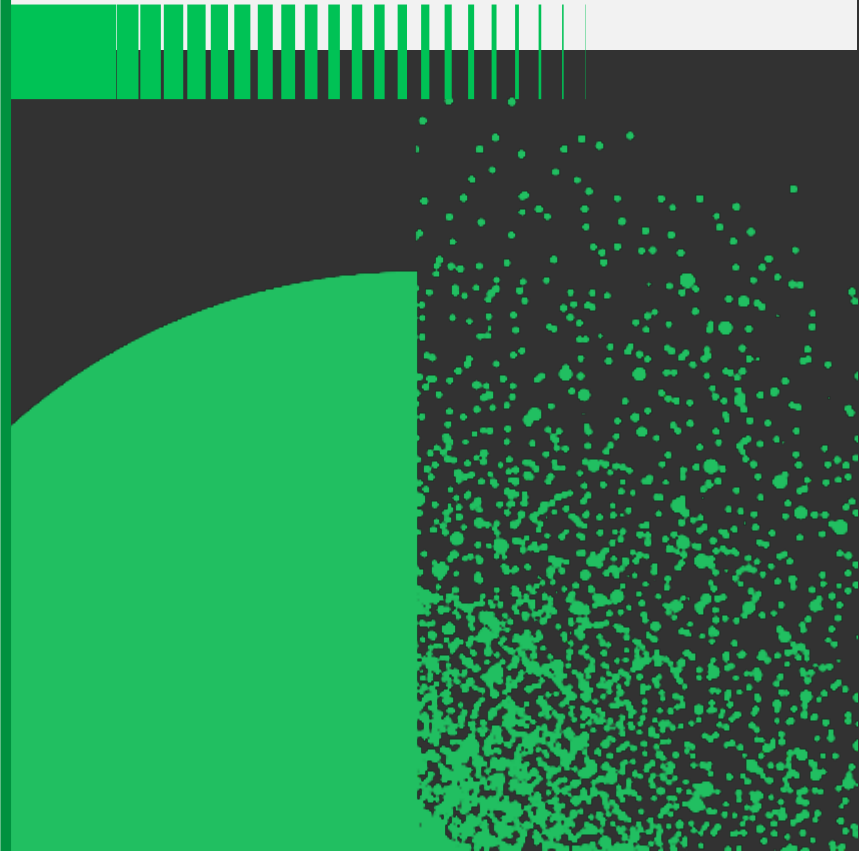
Introduction

We meet often with CEOs to discuss AI—a topic that is both captivating *and* rapidly changing. After working with over 1,000 clients in the past year, we are **sharing our most recent learnings in a new series designed to help CEOs navigate AI**. With AI at an inflection point, the focus in 2024 is on turning AI's potential into *real* profit. Here are some key questions CEOs often ask about getting value from AI:

- Where should my organization start?
- What are the highest value and opportunities where GenAI and AI can transform my business and functions?
- How can I achieve short-term performance with AI and GenAI while building the necessary capabilities in my organization?
- How can I build enthusiasm for AI across all levels of my organization and drive adoption among front-line employees?

This document is a guide for CEOs to cut through the hype around AI and understand what creates value now and in the future. It explains current AI adoption trends, the technology's capabilities, and how to use it for a complete enterprise transformation.

**In this BCG
Executive Perspective,
we will show you how
to leverage AI to create
business value**



Executive summary | CEO's guide to maximizing value potential from AI in 2024

The time to act on AI is now

The maturity of AI brought us to an exciting moment, where Generative AI is complementing Predictive AI, and **going well beyond the hype** in delivering superior value for organizations

AI mature companies (~10%) are also the first to scale GenAI, further **widening the gap** vs. peers

AI technology is also evolving rapidly, from mature value sources ready to scale at the present time to exciting innovations on the horizon

Companies are embarking on AI transformation journeys; setting **ambitious targets** both in top line and bottom line

Three strategic plays to create value at scale with AI

Three strategic initiatives to drive value and achieve **end-to-end enterprise transformation**:

- **'DEPLOY'** utilizes off-the-shelf tools to boost workforce productivity by 10-15%, improve employee satisfaction, and generate excitement for broader AI change in the organization
- **'RESHAPE'** allows for re-imagination of functions through workflow re-engineering, to drive 30-50% improvements in efficiency, effectiveness across affected functions
- **'INVENT'** leverages AI to expand revenue streams and "invent before getting disrupted" by introducing new offers, services, and experiences to the market

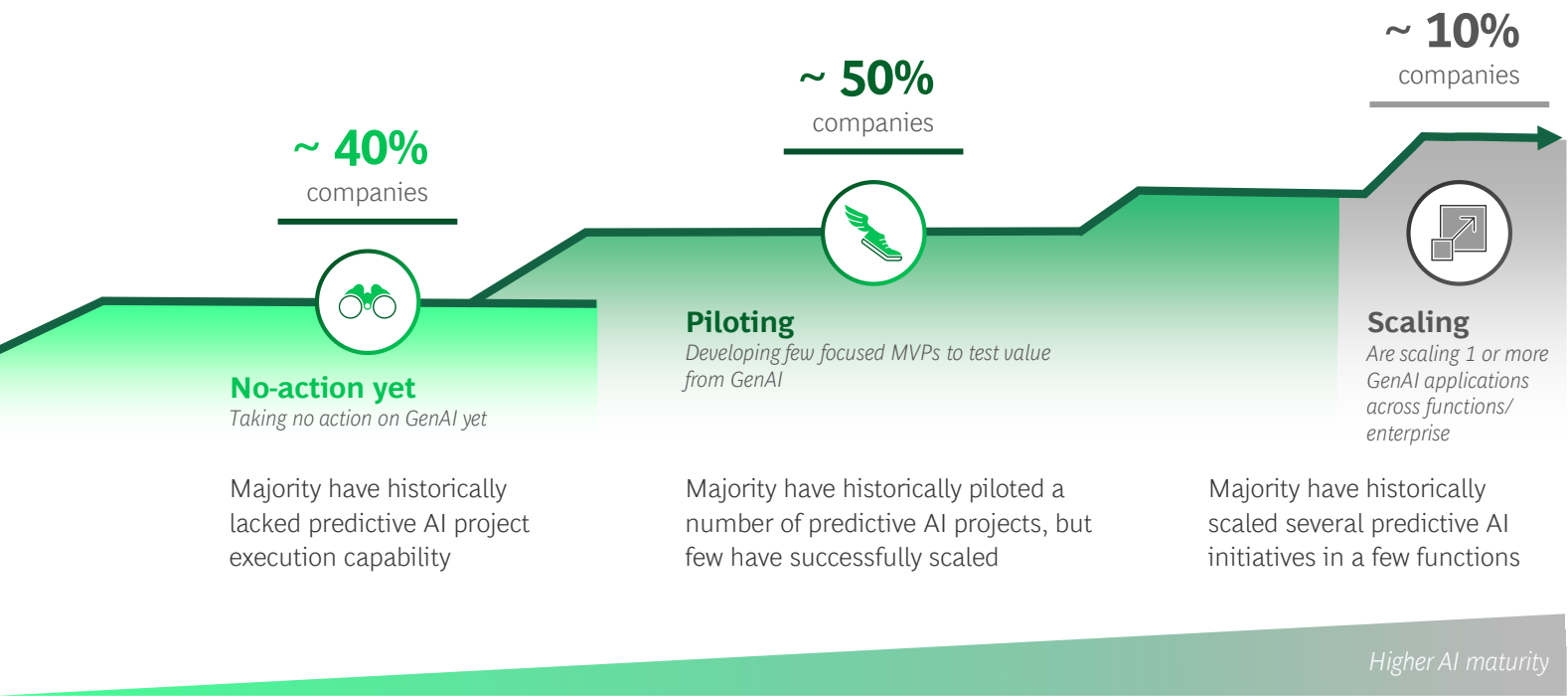
Executing successfully

To successfully deploy AI at scale and convert it into **business impact**, organizations need **strong foundational capabilities** (e.g., talent, technological infrastructure, etc.) and a **10-20-70** approach in terms of level of emphasis anchoring on algorithms (10%), tech & data (20%), and people & processes (70%)

Long-term competitive advantage will come from **data, talent, and culture**; the time to act is now, otherwise, organizations risk being left behind

GenAI is extending the value and excitement **around AI broadly**, with leading adopters realizing **superior outcomes**

Companies with the highest AI maturity are further extending their lead by scaling GenAI applications¹...



...and rewards are clear for those further ahead in AI journey²

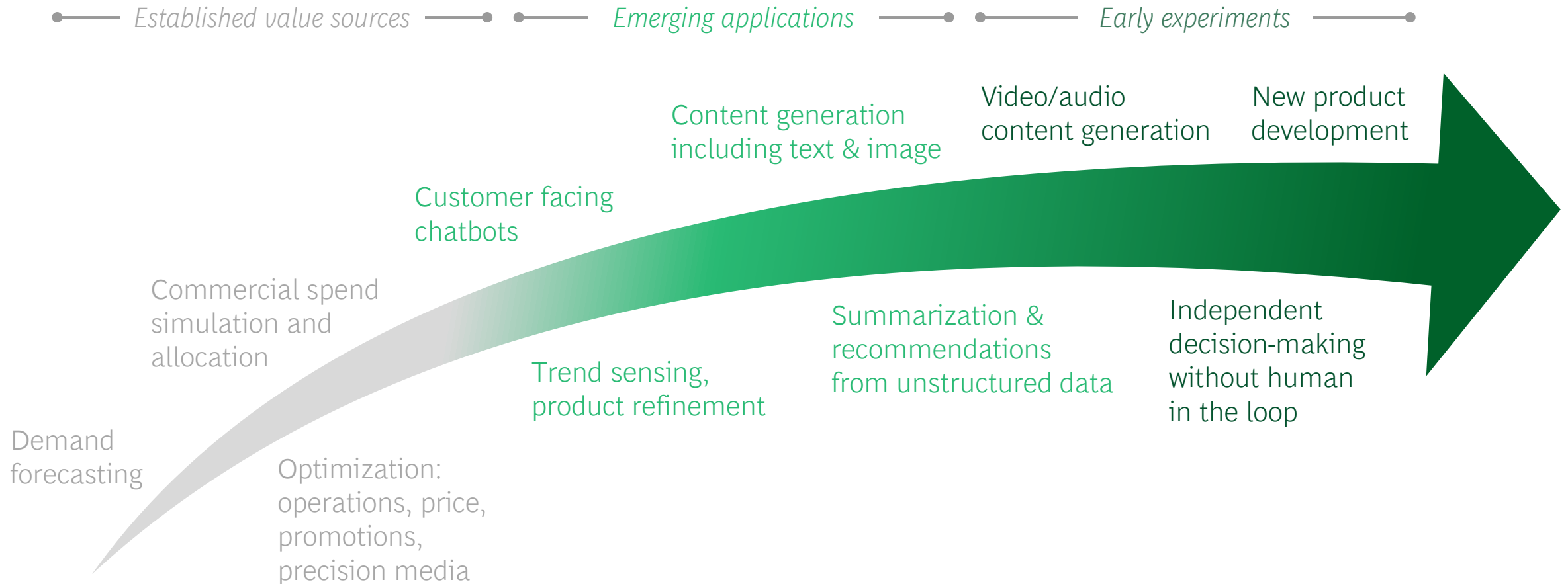
- +2.6x | 3-year revenue growth
- +38% | 3-year EBIT growth
- +50% | 3-year market share growth
- +45% | Customer satisfaction score

Read What GenAI's Top Performers do Differently

1. BCG Build for the Future C-level GenAI survey, 2023/2024, N = 159; BCG Client Experience 2. BCG Company of the Future Survey 2022; n=536; Comparison of 'Discovering' companies with none/limited AI solutions vs 'AI driven' companies with multiple at scale AI solutions

AI technology continues to evolve rapidly; while value proofs exist already, even more exciting opportunities are on the horizon

Non-Exhaustive



Three complementary strategic plays to maximize value potential of AI



DEPLOY

Enhance efficiency with GenAI tools that streamline everyday business processes reducing the need for additional hires & daily operating friction

Examples of 'Deploy'

- Meeting summary
- Code development
- Calendar management
- Invoice reconciliation



RESHAPE

Elevate business impact by transforming workflows with AI, enabling multi-functional reshaping and end-to-end organizational transformation

Examples of 'Reshape'

- Design and Engineering
- Marketing
- Customer Service
- Technology



INVENT

Develop AI-native offerings that elevate customer value proposition and unlock new business models & revenue opportunities

Examples of 'Invent'

- Hyper-personalized customer experience
- AI-powered services/products
- Data monetization across value chain
- Insights and innovation platform

End-to-end transformation across all 3 plays



Combine multiple AI initiatives for an end-to-end transformation



Scale from functional transformation to company-wide transformation



Read [Turning GenAI Magic into Business Impact](#)

Key principles and CEO imperatives for scaling strategic plays

	 DEPLOY GenAI in everyday tasks	 RESHAPE Critical functions	 INVENT New business models
AI outcomes	10-15% productivity	30-50% efficiency, speed, and effectiveness/ROI improvement	New revenue play
Tech	Off the shelf software (e.g., Copilot, ChatGPT Enterprise)	Assembly of predictive & generative AI systems; function-specific	Dedicated platform
People	Upskilling & adoption	Process redesign, workforce planning	Advanced design + AI
Risk/ Responsible AI	Technical risks	Operational risks	Client facing risks
Operating model	IT/HR-led	Function-led	Incubation-led
CEO imperatives	- Engage CFOs and CHROs (beyond CIOs), as champions - Embed tools in existing workstreams with role-specific features - Communicate capabilities & goals to avoid unrealistic expectations	Shift dialogue from uses case/point solutions to function transformations Upskill leaders & use persona-based communication to facilitate change - Build a baseline, select priority workflows, & run pilots	- Be prepared to continuously test & adapt operational plans - Maintain focus on providing customer value vs technology capabilities - Align (Gen)AI initiatives with overall strategy & inspire C-level to lead/invest

'DEPLOY' Overview | 'DEPLOY' unlocks 10-15% productivity improvement and prepares organization for broader AI change

What is 'DEPLOY'?

Deploy efforts take the “toil” out of work; investments in early wins that prepare organizations for an AI-powered future

60% of companies employing GenAI solutions have 'DEPLOY' plays in motion¹

'DEPLOY' tools in the market

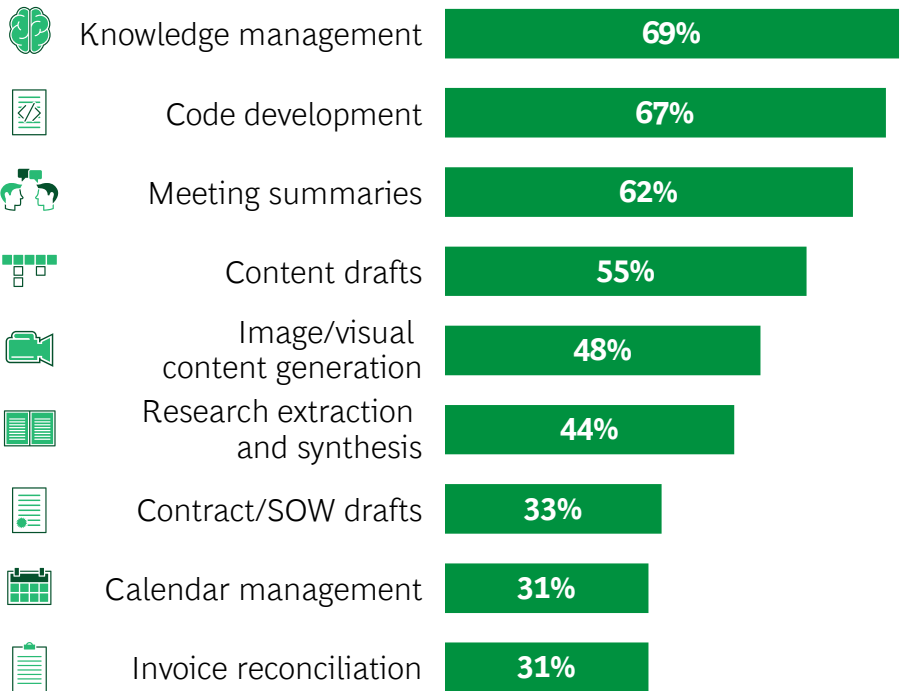
ChatGPT Enterprise		Microsoft Copilot	
GitHub Copilot		Adobe Firefly	

Illustrative, non-exhaustive

How are companies using it?

Tech is being deployed across various workflows and everyday tasks, with a few standing out as the most common

Q: How is your company deploying GenAI in everyday tasks today? (N=188)¹



10-15%
productivity
gains

"Personalized recommendations are now at the fingertips of all our developers. [With GitHub Copilot], they are coding faster, collaborating more effectively, & building better outcomes."

– Engineering Manager at a leading technology company

'RESHAPE' Overview | Companies are reshaping support functions with AI, then quickly moving on to transform core functions crucial to their industry

Non-Exhaustive

What is 'RESHAPE'?

Companies are elevating business impact by **transforming functional workflows** with AI

68% of companies employing GenAI solutions have **'RESHAPE' plays in motion¹**

'RESHAPE' is ...

- ✓ Functional transformation leveraging AI and GenAI
- ✓ Holistic and centrally coordinated effort
- ✓ Complete re-imagination of how work gets done and who does it
- ✓ Building underlying capabilities via strategic investments in core tech, people and RAI²

Companies across industries are reshaping beyond their support functions, expanding towards core functions

Support functions	HR	- Streamline talent sourcing & hit-rate of best candidates - Increase employee satisfaction with augmented HR services
	IT & Development	- Drive efficiency in tech ops & vendor spend model - Accelerate software development timelines
	Supply Chain	- Drive efficiency in quality, customer service, and logistics - Reduce lead times in production and logistics
	...	
Core functions (varies by industry)	Underwriting in Insurance	- Improve overall response time by extracting information more quickly and accelerating summary & review processes - Enhance assessment accuracy
	Marketing in CPG	- Deliver superior productivity, creativity, insights in less time - Enhance customer-centric delivery with hyper-personalized content and campaigns at scale
	R&D in BioPharma	Improve product development (e.g., drug discovery, scientific research), quality, testing, and design generation
	...	

'INVENT' Overview | Select companies are inventing with AI, ushering in a new era of innovation & taking the lead in shaping the future of their industries

What is 'INVENT'?

'INVENT' develops AI-native offerings that elevate customer value proposition and unlock new business models & revenue opportunities

46%

of companies employing GenAI solutions have
'INVENT' plays in motion

How are enterprises reinventing themselves?¹

New customer value proposition
for existing products or services

88%

New products or services

64%

New target customers

52%

New pricing/cost structure
for existing products or services

46%

What does 'INVENT' look like?



New customer experiences

AI enhances businesses' ability to craft **engaging, personalized customer experiences**, driving greater loyalty, engagement, and brand advocacy



New line of products

AI empowers businesses to create **data-driven, dynamic products, leveraging insights** to enhance profitability and competitiveness



New business models

AI drives business model innovation by **evolving & learning from existing operations**, enhancing competitive advantage and enabling novel models

“

[Our company] has always lived at the intersection of tech and creativity. Recent developments in AI represent an opportunity to take this convergence to the next level. We view AI [and GenAI] as an exciting new creativity tool to open avenues for imagination and explore premium product offerings that allow us to innovate with our clients and partners on a new frontier in media.

– CEO at leading internet media company

Across the 3 plays, leading companies are setting **ambitious targets** when embarking on AI transformation journeys

Non-exhaustive

Productivity improvement

Boost productivity with 'deploy' & 'reshape' plays to level up the company, especially across heavily people-driven organizations

 | **Energy**

4 hrs

Productivity boost (per week)
to support growth strategy

 | **Professional Services**

6 hrs

Productivity benefits (per week)
through broad deployment across 30k users

Cost transformation

'Reshape' functions and leverage predictive AI to maximize productivity of assets and reduce costs

 | **Financial Institution**

\$1B+ *500+ basis points

Productivity program (cost, revenues, balance sheet optimization); Includes Engineering, Research, Investment Banking, Wealth Management, Risk Management

 | **Biopharma**

\$1B *250 basis points

Value potential by 2027; 'Reshaped' multiple core functions, starting with Marketing, R&D, Manufacturing

Top-line growth

Speed up time-to-market & drive revenue by 'reshaping' core processes, 'inventing' new offerings and full end-to-end transformations

 | **Insurance**

50%

Reduction in time required for underwriting,
driving top line growth

 | **Consumer Goods**

3pts+

Incremental sales
through digital services

More detail on following pages

Example 1/2 | How a Biopharma company is reducing cost through AI transformation with a focus on reshaping multiple functions

Vision

Company-wide program under **CEO and ExCo sponsorship**

Mandate to **unlock value fast**, by reshaping multiple functions, engaging all employees; position as **pioneer in AI within sector**

Vision to **transform** via:

1. **Productivity improvement** (e.g. content summarization)
2. **Work reduction** via automating end-to-end processes
3. **Improving employee engagement** via reducing repetitive tasks
4. **Competitive advantage** via business model reinvention, cost advantage, capability building

Execution

- 1 Adopted iterative approach and started with several pilots
- 2 Setup rigorous measurement with GenAI mirror processes
- 3 Developed lighthouse in Commercial function and then expanded to Research & Development and Marketing & Sales
- 4 Each wave focused on outcomes and operating model redesign (e.g., as-is content development → insight-powered & always-on content development → augmented/assisted sales)
- 5 Assessed portfolio of investments, projected ROI based on first impact; adjust accordingly



Fill % represents level of emphasis for each strategic play

Value capture

Non-Exhaustive



Commercial

20-30% agency cost reduction and improved engagement & campaign ROI



Research & Development

20-40% medical writer efficiency gain – **3-6 months** saving in time-to-market



Marketing & Sales

80% of reports approved with no edits – from **20 to 1-3 days**

Example 2/2 | How a CPG company is driving **topline growth** by inventing **new business model** and reshaping functions with AI

Vision

Global CPG seeking to reinforce its core **competitive advantages through AI**

1. **Product superiority** and speed to market
2. **Marketing creativity** and effectiveness
3. Direct and meaningful **consumer connections**

Execution

- 1 **Invested in AI capabilities** over the last 7 years, through a mix of organic and inorganic moves
- 2 **Transformed its R&D and Marketing capabilities** through Predictive and increasingly Generative AI, for formula success prediction, cycle time reduction, Marketing ROI optimization, content production automation at large scale
- 3 **Launched AI-powered digital services** and virtual assistants to augment consumer experience, build direct connections, influence the consumer journey
- 4 In parallel, **set up an Enterprise-wide productivity lift** effort with internal GPT



Fill % represents level of emphasis for each strategic play

Value capture



15-25% improvement in marketing spend ROI



Time to Market acceleration by **3-6 months**



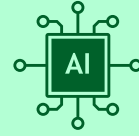
\$200M+ of incremental sales through digital services

Three pillars for successful (Gen)AI transformation

The 10-20-70 Rule:

Focus 10% of your AI efforts on algorithms, 20% on the underlying technology and data, and 70% on people and processes

10%



Algorithms

Build new algorithms and the science behind them

20%



Technology & Data

Deploy the tech stack and ensure the right data feeds into the right systems

70%



People & Processes

Drive change management and other processes related to people

Algorithms (the '10')/Tech & Data (the '20') | Key AI trends for executives to keep in mind across algorithms, technology, and data

10%



Algorithms

AI models will continue to grow in size & capability in the next 3-5 years, offering an increasingly wide set of options to choose from when balancing performance needs & costs

Recent trends:

Non-exhaustive

- Tech companies building **AI factories** (e.g., Microsoft \$100bn data center investment¹)
- **Autonomous agents** performing tasks & making decisions without human oversight
- AI being deployed on **mobile devices**

20%



Technology

New tech stacks are required to support AI needs, driving companies to simplify legacy systems and adopt new AI platforms

Recent trends:

- Enterprise system solutions launching **GenAI features** (e.g., Salesforce, Einstein)
- **New applications** (e.g., Jasper, Writer) & **platforms** (e.g., Scale AI, Groq) emerging
- Companies using GenAI to support **system migration** (via software automation)



Data

The value of Data increasing with AI, requiring companies to develop new capabilities to **deal with unstructured data (i.e., knowledge)**

Non-exhaustive

- Unstructured data becoming more valuable; increasing need to break **"data silos"**
- External data becoming more valuable; need to develop data **partnerships & ecosystems**
- Need for CDOs² to help functions create & rank **unstructured data** across enterprise

People & Processes (the '70') | New roles, evolved operating models, & rigorous change management required for successful AI transformation

Organization & operating model

Emergence of new roles/departments

New roles will be created to unlock the potential of AI (e.g., Chief AI Officer)

New operating models

Changes in roles, responsibilities, and decision rights would bring about significant changes in operating models

Greater productivity & redesigned work

GenAI will automate many types of creative work (e.g., coding, writing) and enhance employee support (e.g., next best action)

Purpose, culture, & change management

Extensive change management needs

New talent needs, ways of working, and job responsibilities must be managed thoughtfully

70%

Talent & skills

Changing skillset requirements

GenAI will automate some tasks, recommend next actions & improve knowledge management

Revamped talent acquisition

Greater access to candidate pool web scraping, auto-scheduling, and AI-based interviewing would greatly increase hiring efficiency

AI-enabled performance management

New observational data (e.g., conversation summaries) will make performance management more objective

Personalized training

Employee Learning & Development will be tailored to individual needs & questions, and new training content around AI will emerge

However, change is hard, and executives face challenges across the '10-20-70' during their AI transformation

Over 2/3

Of transformations fall short of expectations (in terms of time, budget, meeting ambition)¹

\$1T

With backdrop of \$1T of wasted IT spend collectively²

Top challenges with AI transformations¹

 % of executives who reported as top challenge within each category

Algorithms 10%

- Trouble reaching sufficient accuracy and reliability of models
- Difficulty ensuring security and compliance of the technology

Tech & data 20%

- Difficulty integrating new AI technology with existing IT systems
- Lack of access to high-quality data for model training
- IT cost constraints limiting sufficient investments into (Gen)AI
- Difficulty realizing cost takeout/savings

People & processes 70%

- Challenges prioritizing AI opportunities when compared to other company-wide concerns (e.g., cost reduction initiatives)
- Issues with assigning a target ROI for identified opportunities
- Insufficient (Gen)AI literacy throughout the organization
- Lack of specialized (Gen)AI engineers in the market
- Resistance, opposition, and fear about AI impacting jobs
- Lack of accountability & measurement of set KPIs (e.g., adoption, value realized)
- Challenges with implementing new processes and reimagining workflows

Sources: BCG Experience; 1. 2023-24 BCG Build for the Future C-level (Gen)AI Survey(s), N = 735; 2. Across S&P 1200; Harvey ball fill represents the % of executives who ranked the challenge in the top 3 challenges when presented with a set of challenges for each of the categories.

Core questions for CEOs to consider **looking ahead**

Non-exhaustive

10% **Algorithms**

- How do I empower my C-suite to stay up to date with the **rapidly evolving AI landscape**?
- How do I think about whether to **Build, Buy or Partner** for the model(s) needed? Which model and model platform partnership(s) do I need to make to stay ahead?

20% **Tech & Data**

- What kind of (new) data capabilities do I need to **leapfrog my competition**?
- How do I simplify my legacy systems to adopt **new AI tech stacks and platforms**?
- I've invested significantly already. How do I **control my costs** & ensure a return going forward?

70% **People & Processes**

- How do I mobilize senior leaders to **embrace & actively champion** our (Gen)AI ambition?
- How must our **roles, departments, & operating model** adapt to capture value from AI?
- What are the best ways to **fill the AI talent gap** within my organization (e.g., upskill, reskill)?
- How do I effectively **manage change** across my enterprise? How do I communicate our ambition and set the right expectations, while promoting trust and preventing misconceptions?

AI Transformation Overview | End-to-end transformation integrates strategy & multiple functional transformations while building requisite foundations

(Gen)AI SETUP

Define **value pools**

- BCG (Gen)AI Maturity Assessment
- BCG Workforce Diagnostic

Articulate **vision** based on **strategy**

Select **priority opportunities** across Deploy, Reshape, Invent PLAYS

Build the **business case**

DEPLOY *(Gen)AI in everyday tasks across the enterprise*

RESHAPE *critical functions*

In every business function:

Build MVPs, re-design workflows and pilot to prove value...

...while designing **future state** operating model

Cascade changes and **scale E2E**

Transformation of function 1

Transformation of function 2

Transformation of function 3...

INVENT *new business models and products*

E2E CHANGE MANAGEMENT & DELIVERY

Enable **leaders and upskill**

Drive adoption, engagement & culture change, leveraging **behavioral science**

Steer through central **governance** and measure impact **via AI delivery office**

ENTERPRISE FOUNDATIONS

Make coordinated investments in core **tech & data, people, and responsible AI**



Read about BCG's perspective on Responsible AI

Getting started | Practical next steps for your AI journey

- 1 Understand your starting point**
 - ☐ Identify the largest opportunities for action & benchmark AI maturity against peers
 - ☐ Assess the potential for total productivity impact across your workforce
- 2 Prioritize few high value initiatives**
 - ☐ Select 3-5 functions/processes for 'DEPLOY', 'RESHAPE', & 'INVENT' plays
 - ☐ Setup transformative efforts & resource adequately; target ~2-3x return on investment
- 3 Upskill & scale broadly**
 - ☐ Embrace AI tools in daily work, upskill the workforce, & scale initiatives broadly
 - ☐ Remember that this is a people transformation not a tech transformation
- 4 Fund the journey**
 - ☐ Optimize tech/digital costs in the first 6-12 months by centralizing resources, rationalizing legacy applications, and reducing third-party spend
 - ☐ Prioritize & refocus portfolio on value creating initiatives
- 5 Invest in foundational capabilities**
 - ☐ Build capabilities that will drive & sustain transformation (e.g., tech, people, RAI)
 - ☐ Improve the quantity/quality of data – it will be a competitive advantage long-term
- 6 Launch an AI governance structure**
 - ☐ Develop a structure that allows for broad but controlled experimentation
 - ☐ Operate according to RAI framework while maintaining focus on prioritized initiatives

BCG Experts | Key contacts for AI transformation

NAMR



Dylan
Bolden



Vladimir
Lukic



David
Martin



Amanda
Luther



Matthew
Kropp



Sesh
Iyer



Julie
Bedard



Beth
Viner



Djon
Kleine



Steve
Mills



Dan
Martines



Renee
Laverdiere



Tauseef
Charanya

EMESA



Nicolas
De Bellefonds



Jessica
Apotheker



Marc
Schuurin



Dan
Sack



Andrej
Levin



Marcus
Wittig



Robert
Xu

APAC



Jeff
Walters



Romain de
Laubier



Julian
King



Aparna
Kapoor



Akira
Abe



Nipun
Kalra

BCG

