SHORT TAKE

Future in the balance? How countries are pursuing an AI advantage

Insights from Deloitte’s State of AI in the Enterprise, 2nd Edition survey
With leaders increasingly seeing artificial intelligence (AI) as helping to drive the next great economic expansion, a fear of missing out is spreading around the globe. Numerous nations have developed AI strategies to advance their capabilities, through investment, incentives, talent development, and risk management. As AI’s importance to the next generation of technology grows, many leaders are worried that they will be left behind and not share in the gains.

We aimed to measure the global pulse of AI through our State of AI in the Enterprise, 2nd Edition survey, which you can explore in more detail in the full-length article Future in the balance?

In analyzing this year’s survey results, we uncovered four key insights from companies that are early adopters of AI (prototyping or implementing AI solutions) in seven countries:

There is a growing realization of AI’s importance, including its ability to provide competitive advantage and change work for the better. A majority of global early adopters say that AI technologies are especially important to their business success today—a belief that is increasing. A majority also say they are using AI technologies to move ahead of their competition, and that AI empowers their workforce.

AI success depends on getting execution right. Organizations often must excel at a wide range of practices to ensure AI success, including developing a strategy, pursuing the right use cases, building a data foundation, and cultivating a strong ability to experiment. These capabilities are critical now because, as AI becomes even easier to consume, the window for competitive differentiation will likely shrink.

Early adopters from different countries display varying levels of AI maturity. Enthusiasm and experience vary among early adopters from different countries. Some are pursuing AI vigorously, while others are taking a more cautious approach. In some cases, adopters are employing AI to improve specific processes and products; others are harnessing AI to transform their entire organization.

Regardless of countries’ AI maturity level, we can learn from their approaches. By examining countries’ challenges and how companies are addressing them, we can glean some essential leading practices. For example, leaders in some countries are more concerned about addressing skill gaps. Others are focusing on how AI can improve decision-making or cybersecurity capabilities.

There are many paths to AI excellence, and success is not a winner-takes-all proposition. Examining early AI adopters through a global lens can enable a broader perspective. By doing so, leaders can take a more balanced approach on their AI-powered journey.

AI advantage is not a zero-sum game

In the coming years, AI technology will exert an enormous impact on economic development and the nature of work. It will also radically reshape the competitive dynamics of many industries. Because of this, many leaders believe that their countries’ futures hang in the balance. It is no wonder that governments are rushing to foster AI investment,
establish education programs, and pursue research and development to support businesses within their borders.

In fact, many governments have developed formal AI frameworks to help spur economic and technological growth. These range from the US executive order on AI leadership and China’s “Next Generation Artificial Intelligence Development Plan” to “AI Made in Germany” and the “Pan-Canadian Artificial Intelligence Strategy.” These strategies focus on talent and education, government investment, research, and collaborative partnerships. But governments face more than technological and economic challenges. Many are assessing how they can ensure privacy, safety, transparency, accountability, and control of AI-enabled systems without curtailing innovation and the potential economic benefits.

Notwithstanding intense competition among countries and companies, AI shouldn’t be considered a zero-sum game. All adopters can learn from one another, and early success will likely depend on getting execution right—from choosing the right use cases, to preparing the workforce, to managing risks and challenges.

To better understand how early-adopter companies are navigating their AI journey and how they are beginning to transform, we surveyed 1,900 executives from around the world. We also wanted to explore how AI is affecting their businesses—and whether there are distinct differences in how various countries are advancing their AI efforts.

### Comparing AI adopters around the world

Do AI adopters from different countries vary in their practices? Are they just experimenting with AI, or using it to drive broader transformation and competitive advantage? What urgency do they feel amid their competitors’ actions? To answer these questions, we should first check the pulse of the global AI landscape.

Almost two-thirds of early adopters say that AI technologies are “very” or “critically” important to their business success today, increasing
to 81 percent in just two years. In fact, four in 10 believe that AI will be critically important within two years. Much like the governments of the countries in which they operate, a growing number of organizations have strong feelings that AI will be essential to leading in the future. These adopters are using a variety of AI technologies, including machine learning, deep learning, natural language processing, and computer vision.

And there are indications that the window for competitive differentiation with AI is rapidly closing. As AI technologies become easier to consume and get embedded in an increasing number of products and services, early-mover advantage will rapidly diminish. A majority (57 percent) believe that AI technology will substantially transform their company within the next three years (figure 1). However, only 38 percent think AI will transform their industry in the same time frame. The perceived slower industry shift may represent a small window of opportunity. Early adopters may be wise not to underestimate their competition.

Much hangs in the balance—including the future competitiveness of companies and even whole countries. By combining enthusiasm with a balanced approach to AI goals and execution, companies (and countries) may find success.

Endnotes

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