

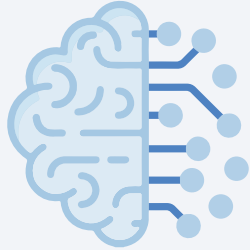
# TCS AI for Business Study

Germany and Austria Findings

May 2024



# About the TCS AI for Business Study



TCS surveyed approximately 1,300 senior executives in multiple sectors across North America, Latin America, Continental Europe, United Kingdom & Ireland, and Asia-Pacific, more than half with revenue over **\$5 billion**.

The survey results included **65 respondents from across Germany and Austria**.

What's driving AI implementations?

How are employees, skills and roles shifting?

How is AI redefining German & Austrian businesses?

What customer engagement AI trends are emerging?

Where is AI strategy headed?

Are business results aligning with aspirations?

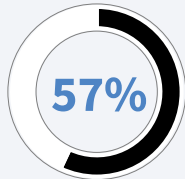
# The transformative potential of AI



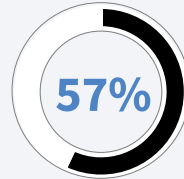
# An optimistic outlook on AI's impact



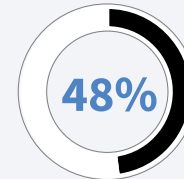
Few technology advancements have gripped the public imagination like artificial intelligence. The majority of German and Austrian respondents believe **AI's impact on their business model will be greater or equal to earlier disruptive technologies.**



More than half believe **the impact of AI will be greater than or equal to the Internet**



More than half believe the impact of AI will **be greater than or equal to the smartphone**

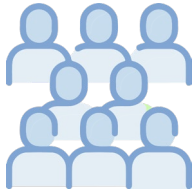


**say they are optimistic or excited about AI's potential impact** on their business

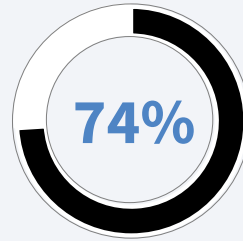
*Q. How would you compare AI's potential impact on your business model with the following technological developments: Internet; smartphone.*

*Q. Which of the following is closest to how you're feeling about AI's potential impact on your business?*

# Humans, not AI, expected to remain the competitive differentiator



Most executives surveyed in Germany and Austria believe that rather than replacing human workers, AI will augment and enhance human capabilities, enabling people to focus on higher-value activities that require creativity, empathy, and strategic thinking.



Nearly **3/4** of German and Austrian executives say human creativity or strategic thinking will remain their company's competitive advantage.



**35%**

expect AI to make more tactical decisions, freeing up workers to think more strategically



**38%**

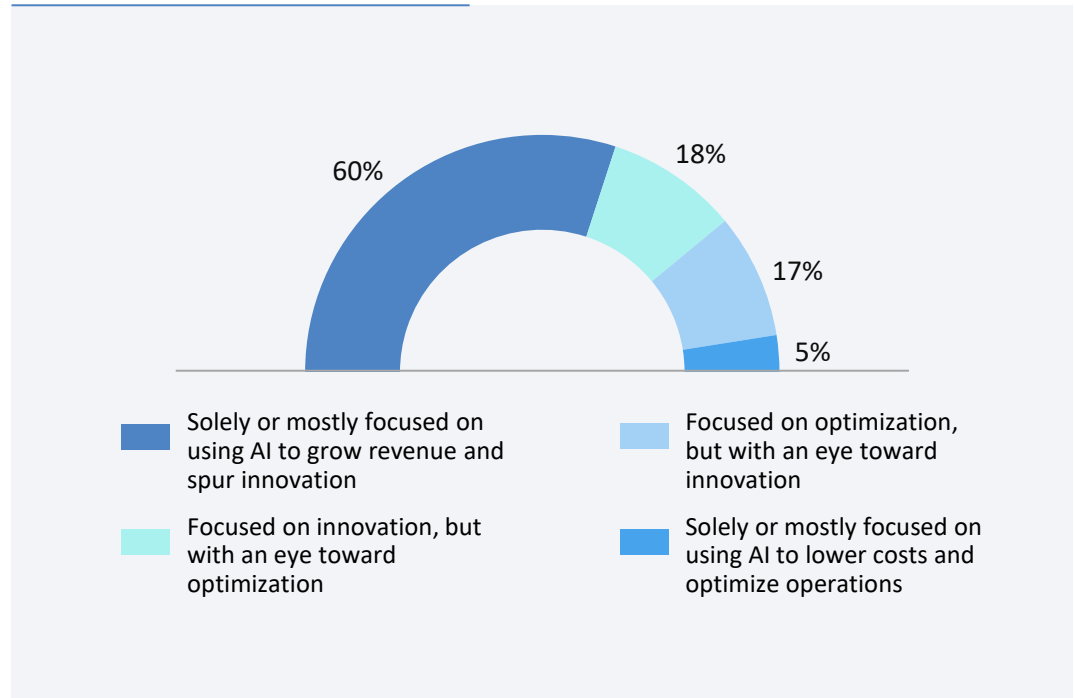
Believe human intuition and creativity will remain central to their company's competitiveness

*Q. In your business, which of these statements most closely matches your own expectations for how AI will impact decision making in the next 3-5 years?*

# Greater innovation, productivity lead AI business imperatives



Like their global counterparts, respondents in Germany and Austria are more interested in using AI for spurring innovation and growing revenue than for optimization and cutting costs. In fact, **89%** say they have AI projects aimed at growing revenue.

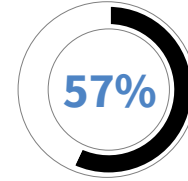


*Q. On a scale of 1 to 10 — where 1 is solely interested in using AI to lower costs and optimize operations and 10 is solely focused on spurring innovation and revenue growth — where would your company's current approach toward AI fall?*

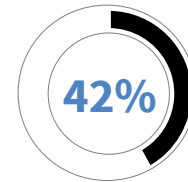
# The role of humans in the workplace is likely to evolve



One of the most hotly debated topics among AI is the impact on workforce roles. While there is an onus on businesses to support their staff in reskilling and upskilling, increased human and AI collaboration can lead to new symbiotic relationships. **Far from displacing jobs, German and Austrian executives surveyed expect the number of roles impacted by AI to be a net gain.**



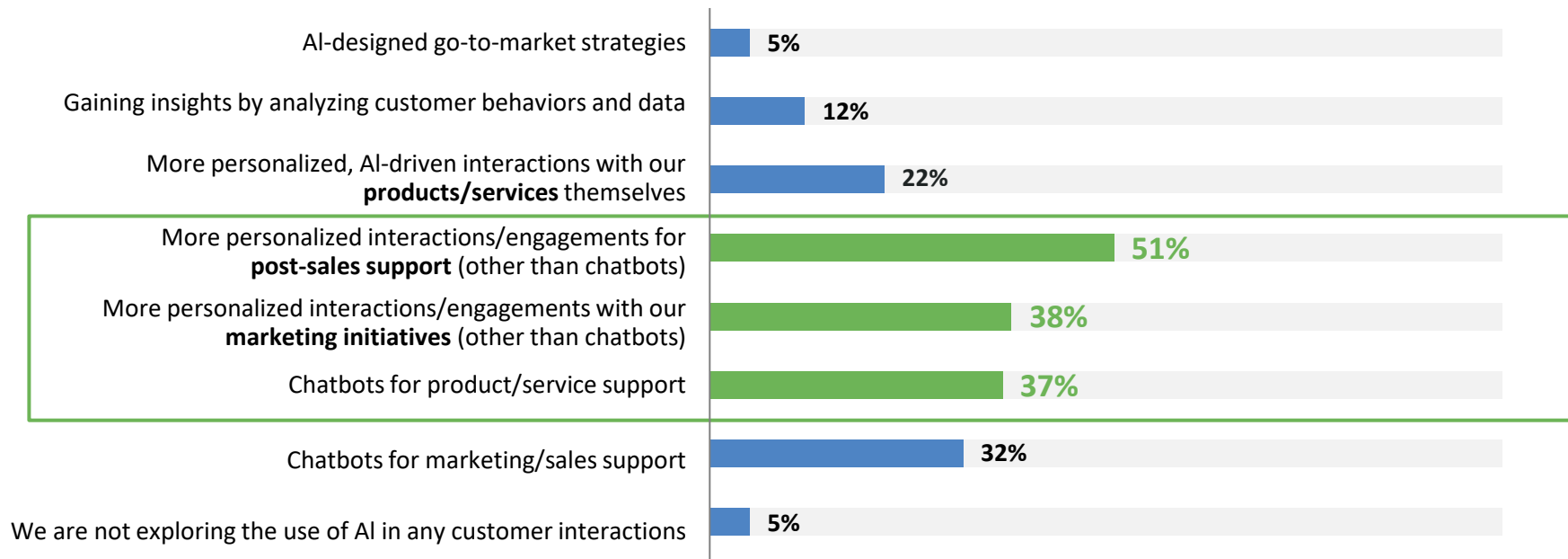
think AI will increase or have no impact on the number of job roles created



expect a decline in the number of roles

# Personalized interactions are top AI customer focus areas

When it comes to customer engagement, German and Austrian executives are focused on AI's ability to help deliver deeply contextual, personalized interactions at critical moments of truth, as well as greater product and service support using chatbots.



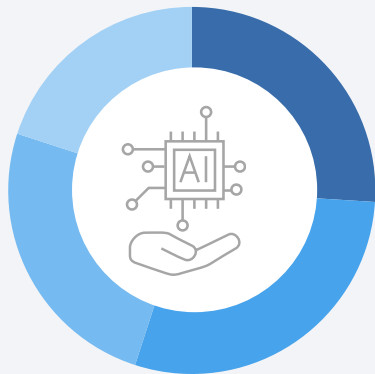
*Q. In what ways are you exploring AI's impact on your relationships with customers?*

# The journey to AI



# One size fits one? AI adoption strategies vary

AI is not plug-and-play technology with a one-size-fits-all strategy, and the findings from German and Austrian executives reflect the varied approaches to AI across individual organizations. More than a quarter prefer an enterprise-wide AI strategy, but nearly that many prefer bold experimentation and fail-fast methods.



**26%**

want to establish an enterprise-wide AI strategy to maximize its benefits to the company

**29%**

say they want to stay true to their purpose and success model in exploring how they might leverage AI

**25%**

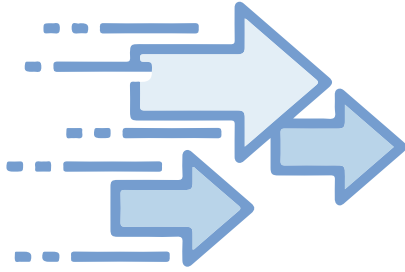
want to experiment and take risks with AI to maximize its benefits

**20%**

want to wait and see how AI gets used in their industry and follow the lead of others

*Q. Rank three areas in order of importance to your company's leadership regarding the use of AI in the enterprise.*

# Fast or slow, most German and Austrian organizations are adopting AI



While the pace of AI adoption differs, the ultimate objective is overwhelmingly consistent. **The vast majority of German and Austrian executives surveyed (91%) have AI implementations planned, in process or already completed.**



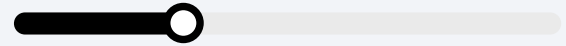
56%



of corporate functions have AI implementations in-process or completed



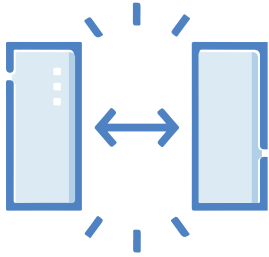
35%



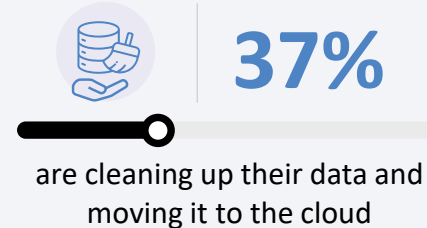
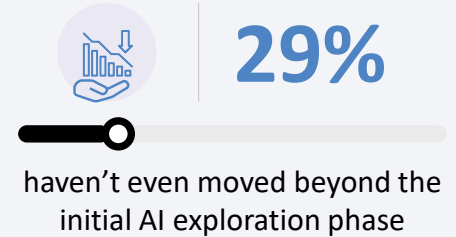
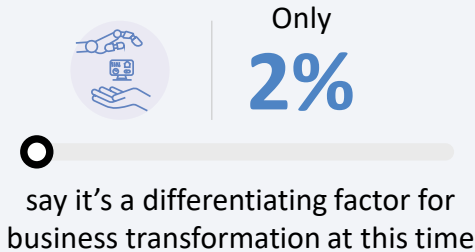
of departments are planning AI implementations

*Q. What is the state of implementation for AI-enabled operations in the following areas of your company?*

# A gap between aspiration and reality



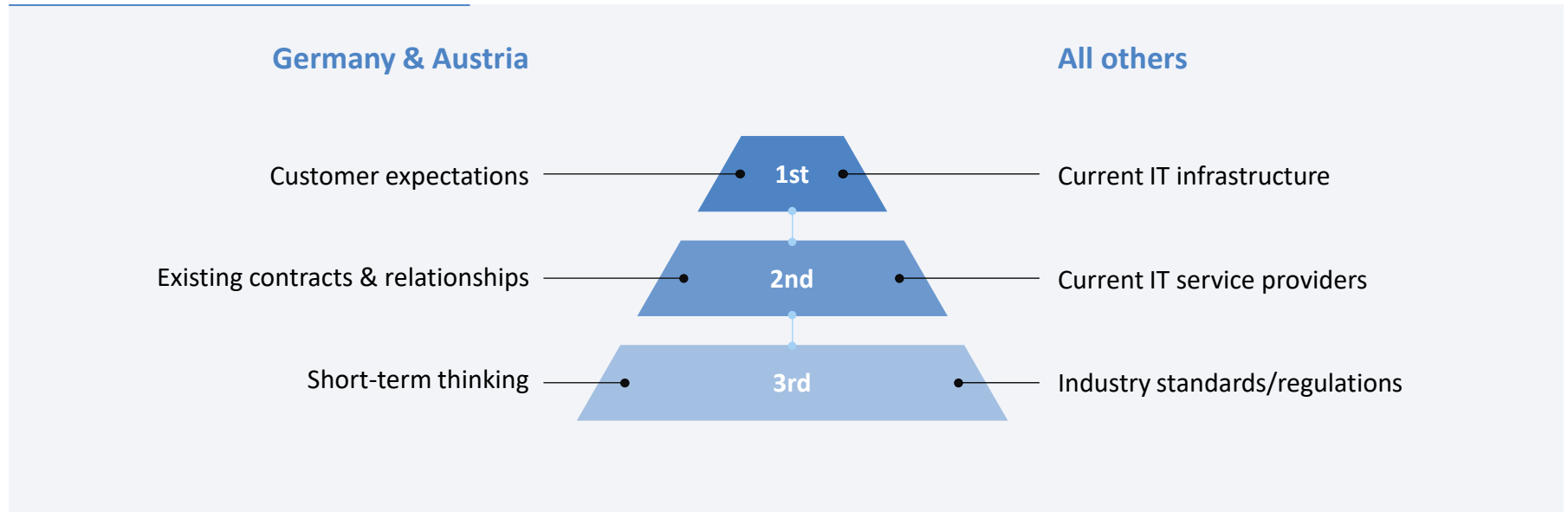
The merging of reasoning and recognition intelligence into generative models offers tremendous potential to help companies reimagine entire value chains and transform the way they do business. **But the majority of German and Austrian respondents say they have a long way to go to realize these outcomes.**



*Q. Looking at your organization overall, which most closely describes your company's current relationship to AI?*

# What's hampering AI progress?

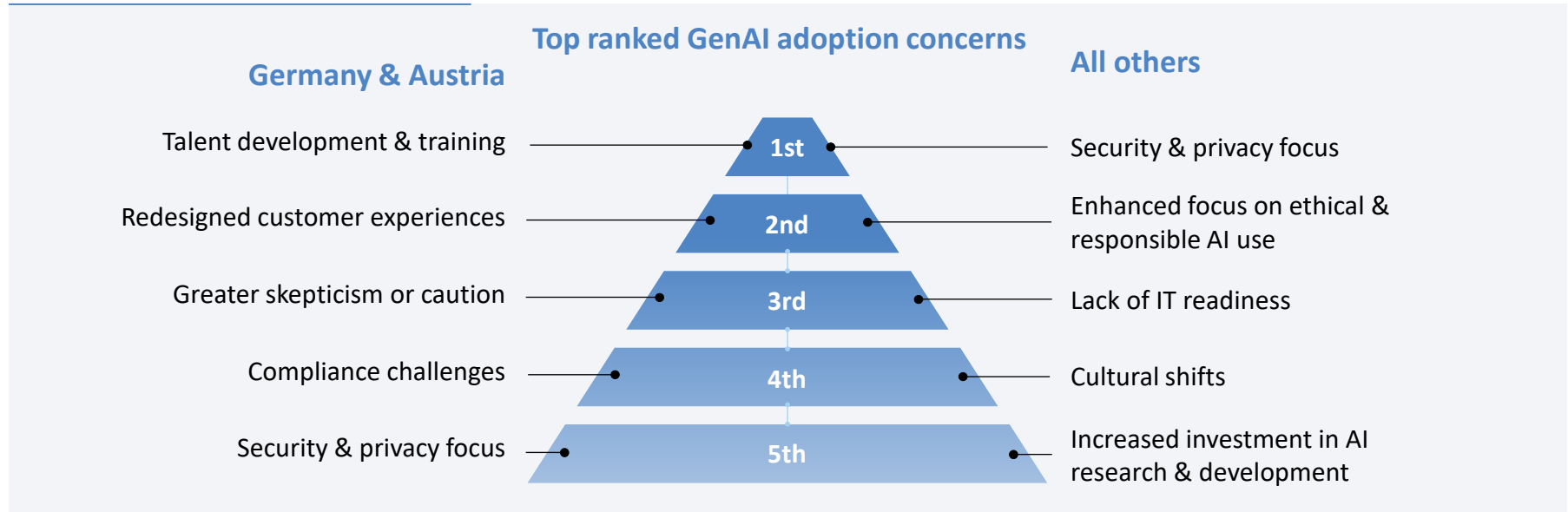
German and Austrian executives say **customer expectations, existing contracts and relationships, and short-term thinking** are hampering overall AI efforts.



*Q. What are the top 3 challenges to making effective use of AI in your company?*

# Generative AI brings its own set of challenges

**Nearly half (49%)** of German & Austrian executives surveyed expect up to half of their employees to be using GenAI on a daily basis within the next **3 years**. Another **32%** expect up to three-fourths to be using GenAI on a daily basis. German and Austrian executives say talent development concerns them the most, even above security and privacy.



*Q. Rank the top 3 statements, which most closely reflect how recent attention to Generative AI (specifically) has changed your company's assessment of AI's benefits and risks more generally; Q. In three years, what percentage of your employees do you believe will be using/interacting with Generative AI capabilities on a daily basis?*

**Balancing risk with  
opportunity**

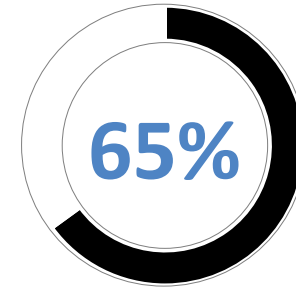


# Making way for AI



Introducing such powerful technology into organizations comes with a great weight of responsibility. Extensive preparation and stringent governance that foster trust in outcomes and investment values must go hand in hand with AI adoption.

**German and Austrian businesses surveyed say they are not only aware of the changes involved, but actively planning for them.**



of German and Austrian companies are currently reworking or are planning to rework how they operate across the enterprise in light of AI's benefits and risks

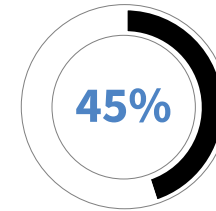
*Q. Have you given any thought to how your company's strategic direction needs to be revised due to AI's potential benefits or risks for your organization or your industry? n=65*

# Homegrown implementation prevails for now

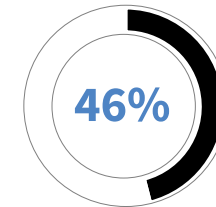


As AI preparation turns to implementation, organizations face numerous decisions to achieve the right mix of artificial intelligence and investment.

Despite the complexity, around half of German and Austrian companies **are likely to rely on internal teams** to develop and implement AI, or to create their own enterprise-specific LLMs.



say they plan to rely on in-house talent to implement AI



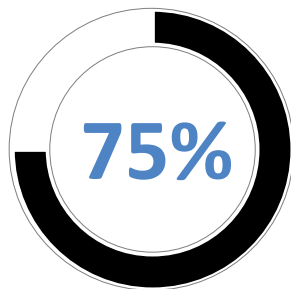
plan to create their own enterprise-specific LLMs for use in GenAI implementations

*Q. On a scale of 1 to 5, how much are you relying on external vendor and partnerships (including academic or government partners) for your AI implementations and how much are you doing in-house? n=65; Are you planning to create your own enterprise-specific LLMs for use in Generative AI implementations?*

# Implementation metrics fall short

German and Austrian executives say they need better KPIs to measure the success of their AI implementations. Without KPIs, organizations will struggle to demonstrate AI's value and gain internal traction for its adoption.

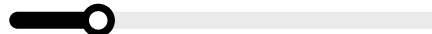
Only **18%** say they have “good enough” metrics and KPIs for their current stage of AI deployment.



say they need better metrics to measure the success of their AI implementations



25%



need better financial KPIs for AI-enabled operations



29%



need better non-financial KPIs for AI-enabled operations



22%



Need both

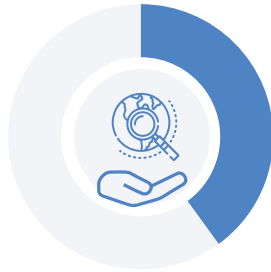
*Q. Which statement most closely matches how you feel about measuring the success of and financial return on AI implementations? n=65*

# Navigating ethical, security, and privacy dimensions

The debut of sophisticated AI applications has intensified the focus on security and privacy concerns, and the ethical dimensions of AI use have also garnered significant attention. Many senior executives in Germany and Austria prefer global and regional regulations in this fast-changing landscape.



**48%** prefer global AI standards regulating specific use cases and outcomes



**40%** prefer global AI standards, plus specific regional controls



**12%** prefer a heterogeneous environment of local regulations



**0%** think it's too early or unnecessary to regulate AI

*Q. Which regulatory landscape is most appropriate for your business's use of AI?*

# Government leaders are preferred regulatory champions

Many industry leaders are already advocating for regulations around AI, particularly in sectors that have an outside impact, such as finance and healthcare. German and Austrian leaders surveyed concur, but somewhat prefer government regulatory champions.



**62%**

Government



**58%**

Industry



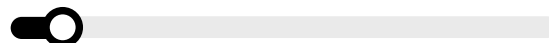
**38%**

Academia



**12%**

NGOs



*Q. Which organizations should be involved in establishing regulations about AI?*

# TCS recommendations

Based on this research, here are our recommended next steps.



## Focus on the business value, not the technology

Embrace an AI strategy based on prioritized initiatives and use cases that have the potential to drive tangible business outcomes.



## Make your business & culture AI-ready

Invest not only in the necessary technology and infrastructure but in a culture that embraces change, experimentation, and continuous learning.



## Adopt a more strategic approach

Consider the broader strategic value of AI initiatives and how they can be used to improve operational efficiency, reduce risk, and enhance decision-making — all of which can contribute to overall business performance.



## Don't go it alone

Let business and IT staffs focus on core competencies and strategic objectives, seeking partnerships and external expertise where appropriate, rather than shouldering the entire burden of AI implementation internally.



## Plan for success, not scarcity

Implement AI with the goals of expanding revenue, opportunity, and innovation, which offers the potential to create new jobs and enhance human capabilities.

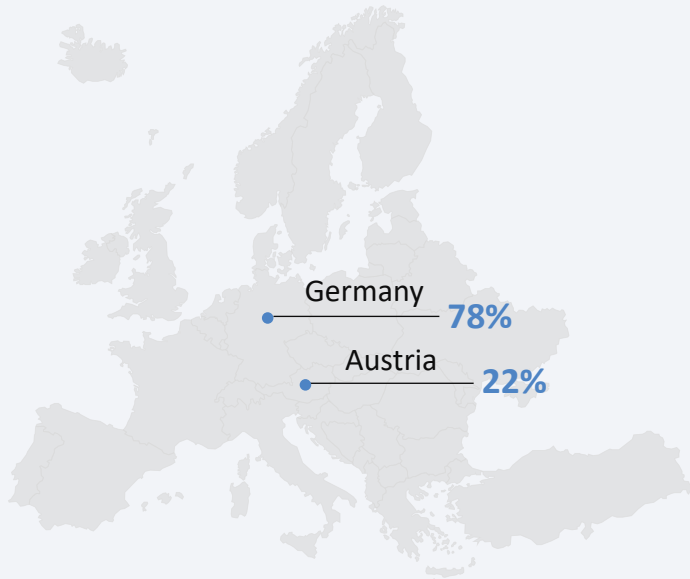


## Create higher-level relationships with customers

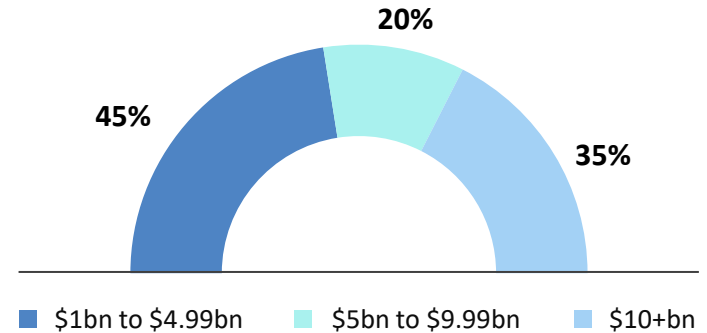
Leverage modern AI to deliver highly personalized, proactive and more value-added experiences across the customer journey for competitive differentiation and to build long-term loyalty.

# Demographics – Role and revenue

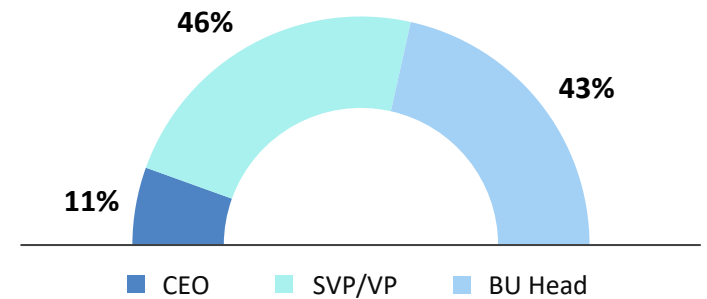
Representation by %



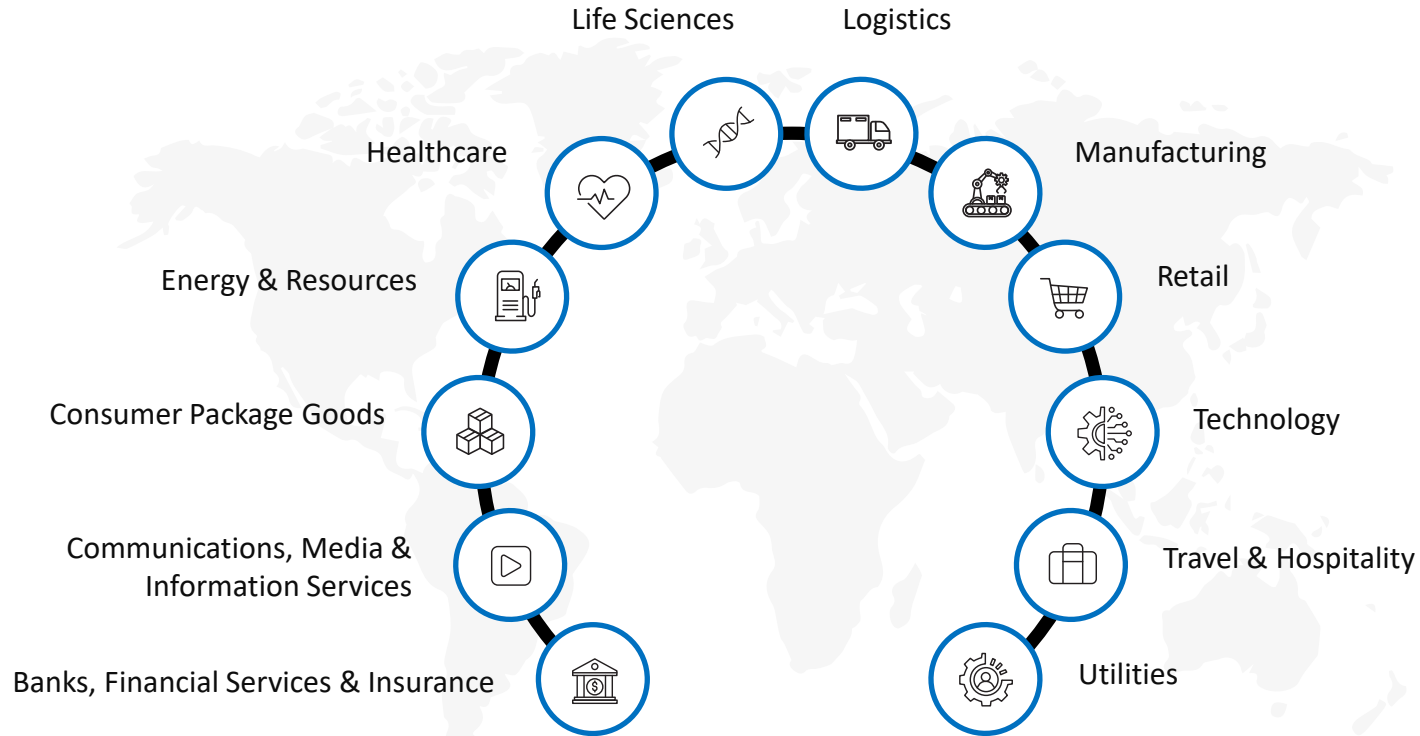
Revenue representation (in USD)



Role representation



# Demographics – Industry



# About the study

## TCS executive champions

**Dr. Harrick Vin**  
Chief Technology Officer

**Abhinav Kumar**  
Chief Marketing Officer

**Siva Ganesan**  
Senior Vice President and Head, AI.Cloud

**Krishna Mohan C M**  
Vice President and Deputy Head, AI.Cloud

**Sankaranarayanan “Shanky” Viswanathan**  
Vice President and Head of Business Innovation Chief  
Technology Office

**Nidhi Srivastava**  
Vice President and Head of Offerings AI.Cloud

**Suranjan Chatterjee**  
Global Head, AI.Cloud Engineering

**Ashok Krish**  
Head, Advisory and Consulting, AI.Cloud

**Serge Vatin-Perignon**  
Global Head, TCS Thought Leadership Institute

## Get more insights

If you would like to get additional research based on the TCS AI for Business Study, visit [on.tcs.com/2024-global-AI-study](https://on.tcs.com/2024-global-AI-study)

For more information or any feedback, email the TCS Thought Leadership Institute at [TL.Institute@tcs.com](mailto:TL.Institute@tcs.com)

The TCS AI for Business Study explores how companies around the world are looking at the strategic implications of AI technologies and how they are responding to its transformative potential. A survey of 1,272 senior executives with profit-and-loss responsibility at their companies was conducted November 28, 2023, through January 17, 2024, with responses from 24 countries across 12 industries, exploring the strategic implications of artificial intelligence and their expected impact on large, for-profit enterprises.

Some data presented will not add up to one hundred percent due to rounding, and not every answer is included in the findings reported.

## About the Thought Leadership Institute

Since 2009, the TCS Thought Leadership Institute has initiated conversations by and for executives to advance the purpose-driven enterprise. Through primary research, we deliver forward-looking and practical insights around key business issues to help organizations achieve long-term, sustainable growth. For more information, visit [tcs.com/insights/global-studies](https://tcs.com/insights/global-studies)

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## About Tata Consultancy Services

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 56 years. Its consulting-led, cognitive powered, portfolio of business, technology and engineering services and solutions is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 601,000 of the world's best-trained consultants in 55 countries. The company generated consolidated revenues of US \$29 billion in the fiscal year ended March 31, 2024, and is listed on the BSE and the NSE in India. TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit [www.tcs.com](https://www.tcs.com)