AI Transitioning from Ideation to Industrialization for Critical Business Operations, According to New Rackspace Technology FAIR 2024 AI Research

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Study Shows AI Investments Have Doubled in Past Year, Underscoring Accelerated Adoption

SAN ANTONIO, March 26, 2024 (GLOBE NEWSWIRE) -- New Foundry for AI by Rackspace (FAIR™) ***2024 AI Research Report*** sponsored by AWS and commissioned by Rackspace Technology® (NASDAQ: RXT), a leading end-to-end hybrid, multicloud, and AI technology services company, finds that more than 60% of participants have advanced their Artificial Intelligence (AI) strategies beyond the ideation and proof-of-concept stages and are now transitioning to the initial phases of adoption. The research report results also revealed that nearly one-third of respondents have successfully integrated AI into their business operations, highlighting AI's exceptionally rapid adoption and evolution.

When asked where they currently are in their AI journey, 29% of respondents reported that they have fully integrated AI strategy for use in employee productivity, with an additional 33% at the early stages of development. Companies are also seeing internal benefits, with 29% saying they have fully integrated AI and 31% at the early stages. The most fully developed use of AI is customer products and services, with 33% having fully integrated AI and an additional 34% in the initial stages of implementation. Nearly half of respondents reported being "operationally ready" for AI.

"Unlike previous technological disruptions that were years in the making, such as the mainframe, client servers, and cloud computing, there has been little to no, 'wait and see' period for AI. Instead, companies across the board have jumped in with both feet," said Srini Koushik, President AI, Technology, and Sustainability, Rackspace Technology. "As AI becomes increasingly commoditized with easier consumption models, it is establishing itself as a ubiquitous tool that can fit almost anywhere, with a broad-brush impact across all aspects of the organization."

In June 2023, Rackspace Technology launched FAIR, a global practice dedicated to helping organizations accelerate the responsible and sustainable adoption of AI across all industries. FAIR provides three distinct service offerings: Ideate, Incubate, and Industrialize which are designed to meet the needs of organizations as they execute their AI transformation. FAIR Ideate and FAIR Incubate are available on AWS Marketplace.

Investment in AI Continues to Rise

The survey findings reveal a continued surge in AI investment, with companies anticipating doubling their budgets in 2024 as compared to 2023. Moreover, respondents say their investments are yielding significant returns, with 86% reporting that their companies have seen tangible benefits from the implementation of AI – a notable increase of 10% over Rackspace's 2023 survey.

Among the leading use cases for AI/Machine Learning (ML) initiatives, respondents highlighted efficiency as the primary motivation and advantage, with intelligent search (62%), document processing (61%), and fraud detection (56%) emerging as the leading cases.

When asked about the driving force behind their company's AI strategy, 57% of respondents cited their IT departments as taking the lead. However, IT teams are also receiving support from various other departments across their organizations. Specifically, 46% of respondents mentioned that customer service played a role as an early adopter in driving their AI strategies, while 44% reported involvement from functional departments such as marketing, sales, and finance. In addition, approximately half of all respondents also say they are achieving their goals in executive sponsorship of AI initiatives, business unit alignment, strategic alignment, and product management.

"The doubling down on AI investment over the past year is akin to progress at the speed of light," said Nirmal Ranganathan, Vice President of Engineering and Chief AI Architect, Rackspace Technology. "But it's not merely the magnitude of investment that is worth noting. The widespread adoption of AI across various parts of businesses indicates that organizations recognize it as a profoundly impactful technology with transformative capabilities."

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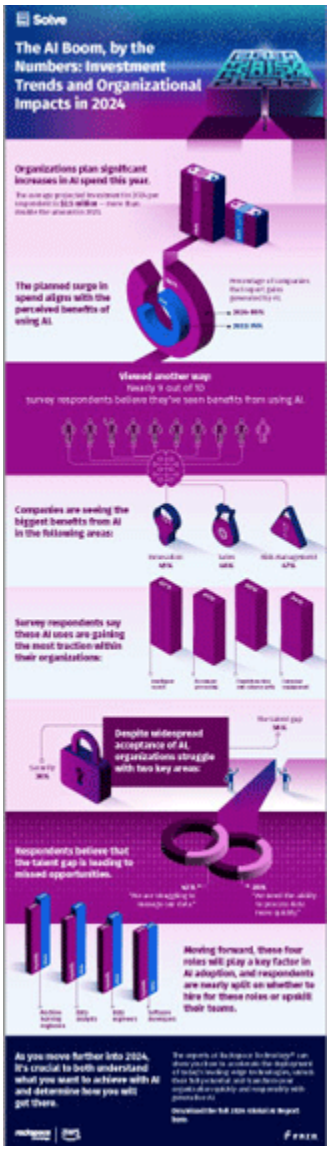

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Security & Ethics Remain a Concern

Despite the widespread and rapid adoption, organizations remain cautious of AI-associated risks, including ethical and security concerns associated with the technology. Fifty-eight percent of respondents ranked cybersecurity as the biggest risk their organization sees in AI adoption, while just 51% of

respondents report that they follow proper data management and retention policies to manage compliance.

Alongside security, ethics emerge as a key concern, with over half of respondents considering the responsible and ethical use of AI as being a part of their approach for AI governance. The key considerations for what respondents considered to be ‘Responsible AI’ were data privacy (55%), accountability (52%) and transparency (48%).

“Despite concerns regarding data breaches, the strong trust that IT leaders place in AI systems surpasses the standards of governance,” added Koushik. “This underscores the lingering gaps in the safeguards for Ethical AI, which require urgent attention.”

AI Talent and Upskilling

The survey also revealed an ongoing shortage of AI skills. Key roles that companies are looking to fill include software development (44%), machine learning (42%), and data analytics, engineering, and governance (40%). In response, 39% of companies currently offer formalized AI training/learning programs, with an additional 58% planning to develop such programs in the future.

Survey Methodology

Commissioned by Rackspace Technology, the survey was conducted by Coleman Parkes Research in January and February 2024. Findings are based on the responses of 1,420 IT decision-makers across manufacturing/logistics, retail, hospitality/travel, energy, healthcare/pharma/biomedical, government, media/entertainment, and financial service sectors in the Americas, Europe, Asia, and the Middle East. Most companies/organizations polled have from 1,000 to 10,000+ employees and annual revenue between $50m and $15b.

For additional survey findings, whitepaper, and infographic, click here.

About Foundry for AI by Rackspace (FAIR)

FAIR is a groundbreaking global practice dedicated to advancing business transformation, improving customer experience, increasing the quality of service, and accelerating value creation through the secure and responsible use of AI technologies. FAIR has identified over 500 use cases across multiple industries and is working on several industry-leading implementations for our customers across the globe.

About Rackspace Technology

Rackspace Technology is a leading end-to-end hybrid, multicloud and AI technology services company. We can design, build and operate our customers’ cloud environments across all major technology platforms, irrespective of technology stack or deployment model. We partner with our customers at every stage of their cloud journey, enabling them to modernize applications, build new products and adopt innovative technologies.

Media Contact: Natalie Silva, publicrelations@rackspace.com

A photo accompanying this announcement is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/ab576a0d-2a0a-475c-adeb-e47d5d3f56f4