IDC

What every company can learn from Frontier firms leading the AI revolution

Accelerating innovation with AI

David Schubmehl
Research Vice President,
AI and Automation, IDC

Kathy Lange
Research Director,
AI Software, IDC

Table of contents

👆 **Click any title to navigate directly to that page.**

Table of contents (continued)

In this InfoBrief

According to IDC's *Global Impact of AI* (April 2025 edition), the global economic impact of AI is projected to reach $22.3 trillion by 2030 (3.7% of global GDP in 2030), underscoring the urgency for enterprises to move beyond experimentation and realize tangible business value. **AI adoption is evolving within enterprises. While productivity gains continue to be a core benefit, organizations are increasingly leveraging AI for strategic innovation. AI is now recognized as a catalyst for competitive differentiation and long-term growth. Both generative AI (GenAI) and agentic AI are expanding rapidly within organizations. AI-powered innovation is the new frontier.**

Leading the way are Frontier firms — organizations at the forefront of AI maturity — that are realizing significantly higher returns on investment and superior business outcomes, setting new standards for the industry.

As companies advance in their AI journeys, spending is shifting toward more customized solutions and tailored approaches. At the same time, security, privacy, and governance have emerged as critical priorities, underscoring the importance of robust frameworks and responsible oversight in the deployment of AI technologies.

Microsoft commissioned survey-based research with IDC to understand the key features of leading global AI companies and the lessons other companies can learn from them.

→ IDC surveyed over 4,000 business and IT leaders across 16 countries who are responsible for decision-making on the use of GenAI at their organizations.

→ To qualify for the survey, respondents must either make or be accountable for decision-making regarding the use of GenAI at their organization and be at an organization with 1,000+ employees. Out of the sample, 57% of respondents were at organizations with 5,000–9,999 employees, and 21% were at organizations with over 10,000 employees.

→ Surveyed countries included Brazil, Canada, Mexico, the United States, Japan, Hong Kong, India, Singapore, Korea, Australia, New Zealand, the United Kingdom, France, Germany, Italy, and the Netherlands.

→ IDC also interviewed seven large enterprises about their AI strategy and use of AI within their businesses.

Source: IDC's *The Global Economic Impact of AI — April 2025 Update*, #EUR153307125

Main sections

Click any title to navigate directly to that page.

Section 1:	Section 2:	Section 3:	Section 4:	Section 5:
Who's winning with AI and why	**How are organizations scaling GenAI and agentic AI for strategic impact**	**What are the payoffs from GenAI and agentic AI investments**	**What's standing in the way of delivering GenAI and agentic AI applications**	**What's the path to strategic, scalable AI**
8	17	27	34	40

Key findings: Investing in AI, scaling, and expanding

AI investments are on the rise, with nearly **40%** of organizations planning to increase AI spending by up to **19%** over the next 24 months.

Budgets are sourced from IT and non-IT areas: **34%** are adding net new investment, **24%** are repurposing existing IT budgets, and **13%** are repurposing a portion of the non-IT budget.

Business functions have a greater influence on AI spending, with almost **44%** having complete or shared budget ownership.

40% of organizations are scaling GenAI across multiple business functions, including HR, finance, marketing, and supply chain.

Organizations are expanding from prebuilt GenAI applications (**40%** today) to customized or custom-built GenAI solutions (**70%** in the next 24 months).

AI leaders report business outcomes beyond individual productivity gains to brand differentiation, cost efficiency, top-line growth, and customer experience.

Agentic AI shows potential as a competitive differentiator.

Source: IDC's *Business Opportunity of AI Survey,* August 2025

Key findings: Usage, value, and challenges

GenAI

→ **68%** of all respondents use GenAI, with 26% not currently using but planning to use it in the next 12 months.

→ Most organizations are seeing tangible returns on their AI investments, with an average ROI of **2.8 times** for GenAI users.

→ The average ROI realization for GenAI projects is **15 months.**

→ Surveyed organizations look beyond ROI for GenAI investments — they report **51%** improved accuracy and consistency, **45%** time savings, and **40%** enhanced customer experience as top potential business outcomes.

Agentic AI

→ **37%** of all respondents currently use agentic AI, another **25%** are experimenting with it, and **24%** are planning to use in the next 24 months.

→ Agentic AI users reported an average ROI of **2.3 times,** which we expect organizations to see more value as adoption grows.

→ Average ROI realization for agentic AI projects is **13 months.**

Overall challenges

→ Nearly **30%** identify security, privacy, governance, and compliance are the top challenges to scaling AI.

→ Over **75%** of organizations rate transparency as very or extremely important, emphasizing the need for explainability and human oversight.

Source: IDC's *Business Opportunity of AI Survey,* August 2025

Section 1:

Who's winning with AI and why

②　③　④　⑤

Section 1   ② ③ ④ ⑤

The AI divide: What distinguishes AI innovators

Across industries, leaders are asking: How can AI not only boost productivity, but fundamentally transform our business? Frontier firms provide insights.

IDC categorized respondents from the survey into one of three levels of AI maturity (Frontier firms, laggards, and neutral) based on:

→ Organizations widely using GenAI

→ A greater number of organizational impact areas (product, customer engagement, etc.) from GenAI initiatives

→ Organizations currently monetizing GenAI

→ Organizations widely using agentic AI

→ A greater number of organizational impact areas (product, customer engagement, etc.) from agentic AI initiatives

→ Greater responsible AI (RAI) usage

Section 1 ② ③ ④ ⑤

Frontier firms are up-and-coming AI-first leaders

This study provides key insights into how Frontier firms are unlocking exponential productivity and innovation through:

→ Scaling AI for innovation across business functions

→ Maturing from pre-built to custom-built solutions

→ Expanding AI budgets

→ Investing in functional and industry use cases to drive significant ROI

→ Leading the way with agentic AI as a differentiator

Section 1 ② ③ ④ ⑤

What sets Frontier firms apart

Frontier firms repeatedly create business value. These organizations integrate human expertise, data, technology, and governance to drive AI-powered innovation, productivity, and long-term business leadership.

Frontier firms have adopted AI-first enterprisewide strategies and business processes that align with business goals and reimagine business models.

Frontier firms are quickly and readily adopting agentic AI within their organizations in areas such as product development, customer support, and engagement, going beyond traditional productivity use cases.

Their success is measured not just in individual productivity but in organizational growth, expansion, brand differentiation, customer experience, and leadership in the emerging agentic economy.

Frontier firms achieve superior ROI

→ Frontier firms are at the forefront of AI adoption and investments and are seeing significantly higher ROI than their peers.

→ Frontier firms are seeing a return of 2.84 times on AI investments versus a return of 0.84 times for laggards.

n = 4,471; Source: IDC's *Business Opportunity of AI Survey,* August 2025

Section 1   2 3 4 5
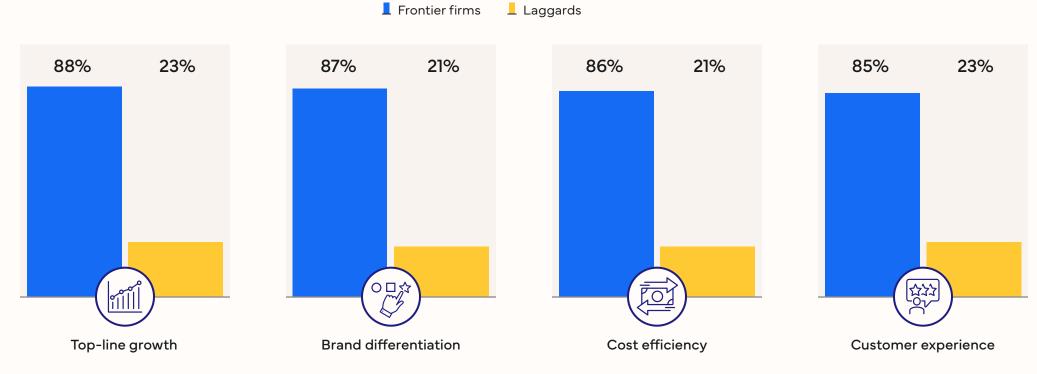
Frontier firms achieve better business outcomes

When asked what impact GenAI has had in the following areas at their organization, Frontier firms overwhelmingly report **significantly better AI-driven outcomes.** Laggards most often respond "not applicable," signaling little measurable impact.

See the figure data in an **accessible table format**.

■ Frontier firms   ■ Laggards

	Frontier firms	Laggards
Top-line growth	88%	23%
Brand differentiation	87%	21%
Cost efficiency	86%	21%
Customer experience	85%	23%

n = 4,471; Source: IDC's *Business Opportunity of AI Survey,* August 2025
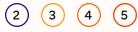
Section 1 · 2 · 3 · 4 · 5
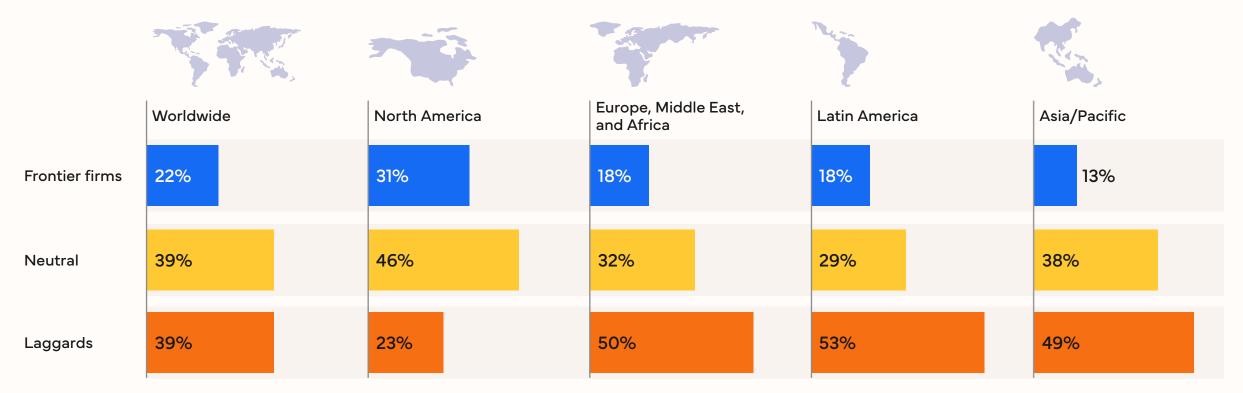
Frontier firm breakdown by geography

Only 22% of organizations worldwide are Frontier firms. There is a strategic opportunity to accelerate AI through targeted investments in technology, skills, and governance.

See the figure data in an **accessible table format** in the Appendix.

	Worldwide	North America	Europe, Middle East, and Africa	Latin America	Asia/Pacific
Frontier firms	22%	31%	18%	18%	13%
Neutral	39%	46%	32%	29%	38%
Laggards	39%	23%	50%	53%	49%

n = 4,471; Source: IDC's *Business Opportunity of AI Survey,* August 2025

Section 1 ② ③ ④ ⑤
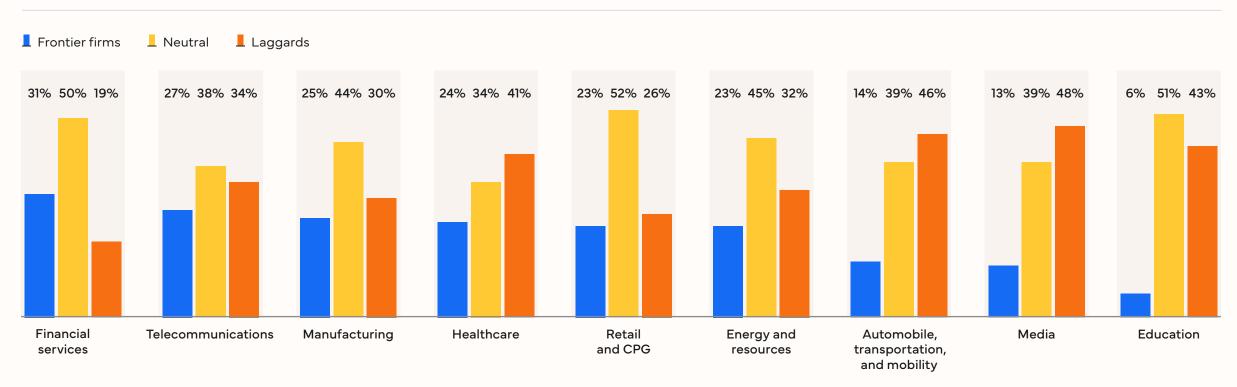
In which industries are Frontier firms prevalent

Amongst **all** surveyed organizations, financial services and telecommunications have the greatest percentage of Frontier firms.

Frontier firm breakdown by industry: All surveyed organizations

See the figure data in an **accessible table format**.

■ Frontier firms   ■ Neutral   ■ Laggards

	Financial services	Telecommunications	Manufacturing	Healthcare	Retail and CPG	Energy and resources	Automobile, transportation, and mobility	Media	Education
Frontier firms	31%	27%	25%	24%	23%	23%	14%	13%	6%
Neutral	50%	38%	44%	34%	52%	45%	39%	39%	51%
Laggards	19%	34%	30%	41%	26%	32%	46%	48%	43%

n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Section 1   ②   ③   ④   ⑤
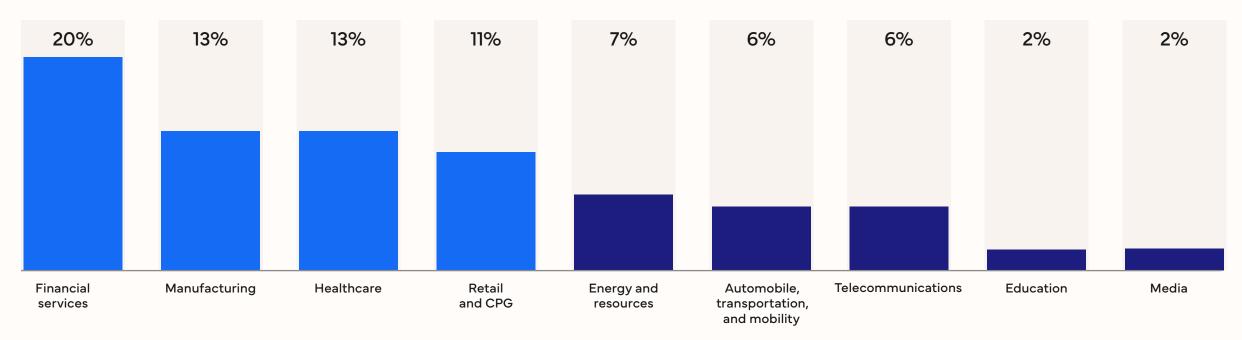
In which industries are Frontier firms prevalent (continued)

When narrowing the distribution to **only the Frontier firms,** the highest concentrations are in financial services, manufacturing, healthcare, and retail and CPG.

In financial services, the need for efficiency, risk management, and personalized customer experiences drives adoption. In healthcare, GenAI delivers operational efficiency, improves patient outcomes, and enables new models of care and research.

Frontier firm breakdown by industry

Financial services	Manufacturing	Healthcare	Retail and CPG	Energy and resources	Automobile, transportation, and mobility	Telecommunications	Education	Media
20%	13%	13%	11%	7%	6%	6%	2%	2%

n = 813 (only Frontier firms); Source: IDC's *Business Opportunity of AI Survey,* August 2025

What foundations support Frontier firms

AI adoption

→ Frontier firms are **nearly universal adopters** of AI across: IT (78%), product development (75%), cybersecurity (75%), and customer service (74%).

→ Laggards report **single-digit adoption rates** in most functions.

GenAI usage

→ **98% of Frontier firms** already use GenAI, compared to just 31% of laggards.

→ **Most laggards (69%)** are still only planning to use GenAI.

Preparedness and capability

→ 84% of Frontier firms feel **well prepared for AI,** compared to only 19% of laggards.

→ This readiness extends to **data, compliance, and responsible AI practices,** where Frontier firms report far greater capability.

n = 4,471; Source: IDC's *Business Opportunity of AI Survey,* August 2025

1

Section 2:

How are organizations scaling GenAI and agentic AI for strategic impact

3 4 5

(1) **Section 2** (3) (4) (5)

GenAI matures: Beyond individual productivity to strategic use cases

Early GenAI adoption centers on automating tasks and improving efficiency, but these gains are now considered table stakes as innovation becomes the primary way in which organizations are realizing value across different lines of business.

As GenAI matures, organizations are beginning to prioritize more **strategic AI implementations.** New functional and industry-specific applications unlock differentiated value and fuel innovation, defining what it means to be truly AI-driven.

Frontier firms have already adopted functional and industry use cases almost twice as much as their peers.

Productivity use cases: Individual employee productivity and efficiency, such as reducing time spent analyzing or completing tasks

Functional use cases: Business functions, such as marketing, sales, IT, and supply logistics

Industry use cases: New business models, products, or services for specific industries, such as retail or manufacturing

1 **Section 2** 3 4 5
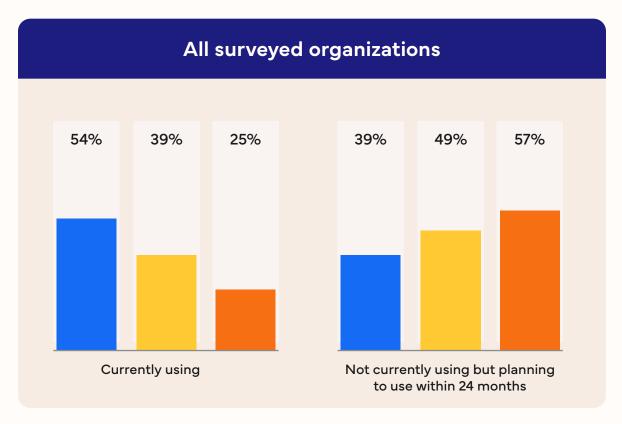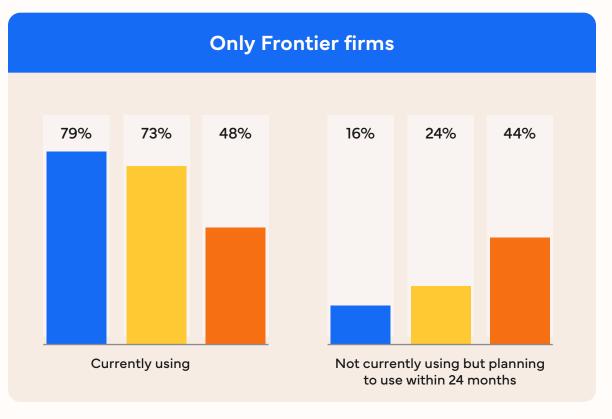
GenAI matures: Beyond individual productivity to strategic use cases (continued)

Organizations currently using or planning to use GenAI tasks/use cases within 24 months

See the figure data in an **accessible table format**.

■ Productivity use cases ■ Functional use cases ■ Industry use cases

All surveyed organizations

	Currently using			Not currently using but planning to use within 24 months		
	54%	39%	25%	39%	49%	57%

Only Frontier firms

	Currently using			Not currently using but planning to use within 24 months		
	79%	73%	48%	16%	24%	44%

n = 4,021 (all surveyed organizations), n = 813 (only Frontier firms); Source: IDC's *Business Opportunity of AI Survey,* August 2025

1 **Section 2** 3 4 5

Organizations are broadly using GenAI across business functions and that trend is expected to continue

→ Customer service, marketing, and IT lead the way in adoption and outcomes, with over 40% currently using GenAI.

→ 97% of Frontier firms are currently using GenAI in two or more business functions versus 18% of laggards.

→ On average, Frontier firms are currently using GenAI in seven business areas.

→ Among Frontier firms, over 70% are currently using GenAI in customer service, marketing, IT, product development, and cybersecurity.

Organizations currently using or planning to use GenAI technologies within 24 months

See the figure data in an **accessible table format**.

■ Currently using   ■ Planning to use within 24 months

	Currently using	Planning to use within 24 months
Marketing/public relations	41%	41%
Information technology/tech infrastructure	41%	43%
Customer service	40%	42%
Cybersecurity	38%	45%
Product development/software development	37%	44%
Sales/business development	36%	46%

n = 4,021 (all organizations); Source: IDC's *Business Opportunity of AI Survey*, August 2025

(1)   **Section 2**   (3) (4) (5)
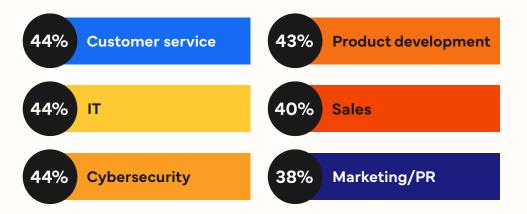
More organizations are planning to use agentic AI

Today, business functions have modest use of agentic AI technologies, but over the next two years, almost three times as many respondents plan to use agentic AI within those lines of business.

Frontier firms are currently using agentic AI at a greater rate:

44% Customer service	**43%** Product development
44% IT	**40%** Sales
44% Cybersecurity	**38%** Marketing/PR

Organizations currently using or planning to use agentic AI technologies within 24 months

See the figure data in an **accessible table format**.

■ Currently using   ■ Planning to use within 24 months

	Currently using	Planning to use within 24 months
Information technology/tech infrastructure	20%	60%
Customer service	20%	57%
Sales/business development	19%	59%
Marketing/public relations	18%	59%
Cybersecurity	17%	62%
Product development/software development	17%	60%

n = 2,321; Source: IDC's *Business Opportunity of AI Survey,* August 2025

1 | **Section 2** | 3 | 4 | 5

GenAI drives top-line growth and bottom-line costs

Organizations currently using or planning to use GenAI tasks/use cases to **boost revenue streams** within 24 months

See the figure data in an **accessible table format**.

■ Currently using   ■ Planning to use within 24 months

	Productivity use cases	Functional use cases	Industry use cases
Currently using	50%	44%	40%
Planning to use within 24 months	37%	41%	44%

44% of all surveyed organizations plan to monetize industry-specific use cases to boost revenue within the next 24 months, **signaling a pivot toward differentiated, domain-specific AI applications.** When narrowing the data to **only Frontier firms, 67%** are currently monetizing or using GenAI to boost revenue.

Organizations currently using or planning to use GenAI tasks/use cases to **decrease costs** within 24 months

See the figure data in an **accessible table format**.

■ Currently using   ■ Planning to use within 24 months

	Productivity use cases	Functional use cases	Industry use cases
Currently using	54%	45%	43%
Planning to use within 24 months	35%	40%	40%

Frontier firms are currently using GenAI to decrease costs at a greater rate across use cases. Organizations are diversifying AI strategies over time. Projected use cases show a more even distribution across individual productivity, functional, and industry.

n = 3,776 (productivity GenAI use cases), n = 3,533 (functional GenAI use cases), n = 3,312 (industry GenAI use cases); Source: IDC's *Business Opportunity of AI Survey,* August 2025

① **Section 2** ③ ④ ⑤

Organizations plan to drive top-line growth and bottom-line costs with agentic AI

Organizations planning to use agentic AI tasks/use cases to boost revenue streams or decrease costs within 24 months

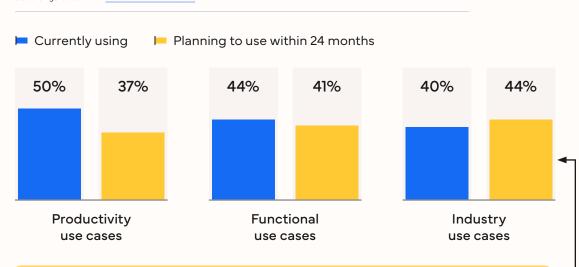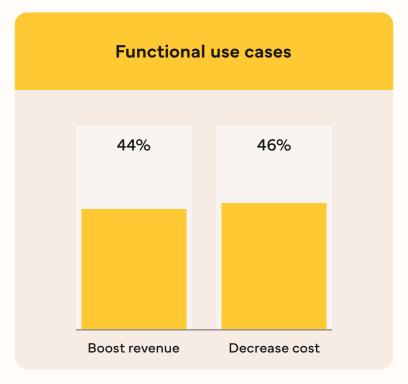n = 3,358 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025
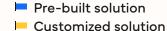
1 | **Section 2** | 3 | 4 | 5

Organizations are maturing from pre-built solutions toward customized AI solutions
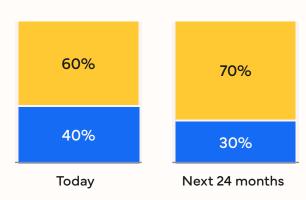
As GenAI maturity and enterprise integration accelerate, organizations are shifting from pre-built solutions (40% today) toward more customized implementations (70% in the next 24 months), reflecting the growing need for tailored capabilities.

Among **Frontier firms,** 58% are using a customized GenAI solution today, with 77% planning to use a customized version in the next 24 months.

Organization's primary approach to adopting/ implementing GenAI

(All respondents)

See the figure data in an **accessible table format**.

■ Pre-built solution
■ Customized solution

Today	Next 24 months
60%	70%
40%	30%

In the next 24 months, 30% of organizations plan to use pre-built agentic AI solutions, while 70% plan to use customized versions, signaling a strong preference for adaptability.
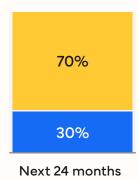
Frontier firms show similar results: 69% anticipate using customized agentic AI solutions in the next 24 months.

Organization's primary approach to adopting/implementing agentic AI

(All respondents)

See the figure data in an **accessible table format**.

■ Pre-built solution
■ Customized solution

Next 24 months
70%
30%

n = 2,688 (GenAI today), n = 4,021 (GenAI next 24 months), n = 3,359 (agentic AI next 24 months); Source: IDC's *Business Opportunity of AI Survey,* August 2025

(1) **Section 2** (3) (4) (5)
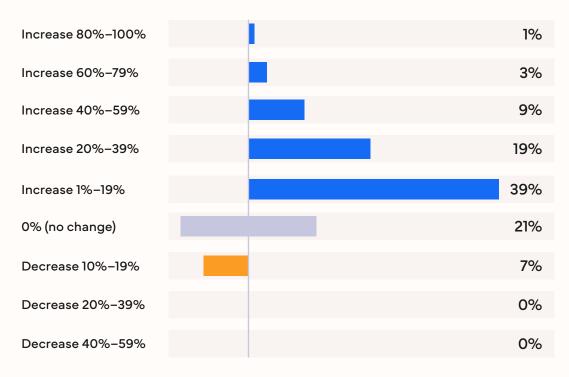
Organizations are expecting to prioritize AI spending

Organizations are prioritizing AI

→ Over 70% of all organizations are increasing their budgets for GenAI and agentic AI, either adding net new investments or repurposing investments from IT and non-IT budgets sourced across the enterprise.

→ An organization's ability to commit to the financial, technological, and leadership resources is needed to successfully adopt and scale AI.

→ Nearly 40% of organizations expect to increase AI spending by up to 19% over the next 24 months, reflecting a proactive approach to funding AI growth. This overall trend is consistent with Frontier firms.

Changes in planned AI spend over the next 24 months compared to today

Increase 80%–100%	1%
Increase 60%–79%	3%
Increase 40%–59%	9%
Increase 20%–39%	19%
Increase 1%–19%	39%
0% (no change)	21%
Decrease 10%–19%	7%
Decrease 20%–39%	0%
Decrease 40%–59%	0%

n = 3,349 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

(1) **Section 2** (3) (4) (5)

Organizations are expecting to prioritize AI spending (continued)

Budget ownership

While 45% of budget decisions remain centralized in IT/CIO leadership ...

Line-of-business influence grew from 30% in 2024 to **44%,** either solely managed by business functions or jointly managed in conjunction with IT.

Organizations' budget ownership for GenAI and agentic AI
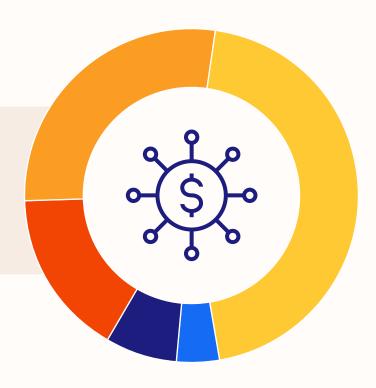
○ **45%**
Centralized under IT/CIO

○ **28%**
Part is centralized under IT and the remainder is distributed across LOB functions

○ **16%**
Distributed across line of business functions

○ **7%**
Centralized under operations

○ **4%**
Centralized under finance

n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Section 3:

What are the payoffs from GenAI and agentic AI investments

1 2 **Section 3** 4 5

As GenAI deployments mature, organizations' GenAI ROI plateaus

Estimated ROI for every $1 spent on GenAI projects or initiatives

See the figure data in an **accessible table format**.

	Worldwide	North America	Western Europe	Asia/Pacific	Latin America
2025 average ROI	2.8X	2.8X	2.7X	2.7X	2.8X
2024 average ROI	3.7X	3.7X	3.7X	3.6X	3.8X
1X ROI	11%	9%	16%	11%	16%
2X ROI	30%	30%	26%	34%	29%
3X ROI	32%	34%	31%	30%	25%
4X ROI	13%	15%	14%	13%	15%
5X ROI	7%	9%	6%	7%	11%
5X+ ROI	2%	2%	3%	2%	3%
No ROI	2%	2%	3%	2%	2%

n = 2,688 (2025), n = 3,383 (2024); Source: IDC's *Business Opportunity of AI Survey,* August 2025

① ② **Section 3** ④ ⑤

Lower ROI reflects the evolving maturity and complexity of AI deployments

The lower ROI reported in this year's survey — 2.8 times for organizations using GenAI compared to 3.7 times in the 2024 survey — most likely reflects the evolving maturity and complexity of GenAI deployments.

Unlike traditional AI (which was the focus of the 2024 survey), GenAI often requires more upfront investment in infrastructure, data quality, and change management, and its benefits may take longer to materialize.

Organizations are also most likely experimenting with use cases, leading to less optimized implementations and more cautious ROI estimates.

Other possible factors include:

→ The initial use cases have already been resolved and are not included in current projects.

→ A wider range of use cases is now being adopted by organizations.

→ Individual productivity gain use cases that are more challenging to measure in terms of ROI are popular (54% of respondents are currently using productivity use cases).

1 2 **Section 3** 4 5
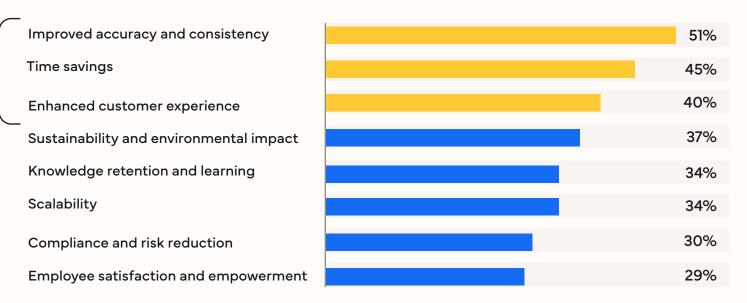
Organizations are seeing business outcomes beyond financial returns from GenAI

Broader ROI (business outcome beyond financial return) potential for GenAI

Category	Value
Improved accuracy and consistency	51%
Time savings	45%
Enhanced customer experience	40%
Sustainability and environmental impact	37%
Knowledge retention and learning	34%
Scalability	34%
Compliance and risk reduction	30%
Employee satisfaction and empowerment	29%

Surveyed organizations say improved accuracy and consistency (51%), time savings (45%), and enhanced customer experience (40%) are the top potential business outcomes beyond ROI for GenAI.

> "
> AI is transforming our business on three fronts — profitability, growth, and agility — helping us do more, expand into new markets, and deliver solutions in weeks instead of years."
>
> **Rahsaan Shears**
> **aIQ Transformation Program Leader, KPMG U.S.**

Note: The overall GenAI ROI is based on all current GenAI users (n = 2,688). n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

1 **2** **Section 3** **4** **5**

Across industries, organizations realize consistent ROI from GenAI investments

Organizations across industries have rapidly adopted a range of GenAI solutions over the past two years. As these deployments mature, they are delivering consistent and significant ROI.

Average ROI for every $1 spent on GenAI initiatives

3.1x Automobile, transportation, and mobility

2.8x Education

2.7x Retail and CPG

2.9x Financial services

2.8x Healthcare

2.7x Manufacturing

2.8x Telecommunications

2.8x Energy and resources

2.3x Media

n = 2,688 (GenAI); Source: IDC's *Business Opportunity of AI Survey,* August 2025

> "
> At ABB, we embrace Generative AI across all three dimensions — unlocking value for our customers through our Genix Industrial AI Platform applications enabling them to outperform, driving excellence across our business value chain, and enriching productivity and knowledge of our people thus driving innovation and speed. We measure ROI for each, for instance with ABB Genix Copilot, the first time-right troubleshooting increased by 40%, and predictive maintenance efficiency improved by 15%."

Rajesh Ramachandran
Global Chief Digital Officer, Process Automation, ABB

> "
> The intertwining of AI and operational processes will become increasingly strong: We will develop more and more business processes that integrate AI 'by design' in industrial, HSE, electricity, and renewable energy sectors, but also more broadly in other areas, such as R&D and support functions."

Michel Lutz
Chief Data Officer and Digital Factory Head of Data and AI, TotalEnergies
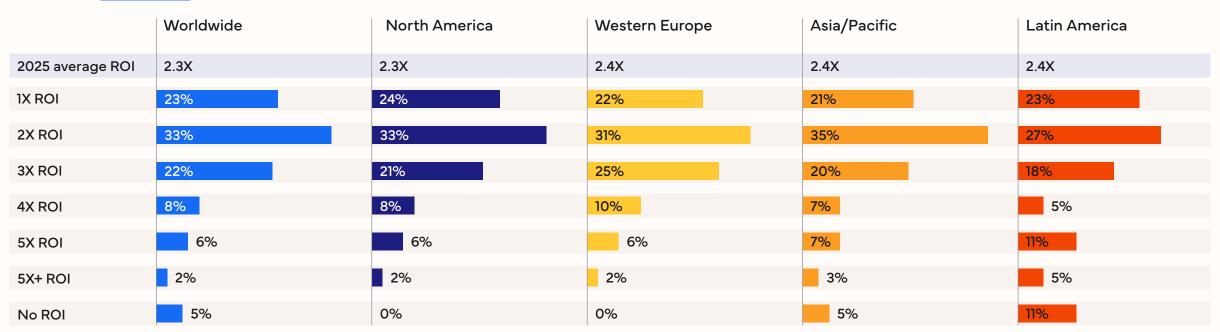
1 **2** **Section 3** **4** **5**

Organizations are beginning to realize ROI from agentic AI investments

As noted earlier, 37% of respondents currently use agentic AI, with another 25% experimenting, and 24% planning to use it in the next 24 months. IDC expects to see more value as adoption grows.

Estimated ROI for every $1 spent on agentic AI projects or initiatives

See the figure data in an **accessible table format**.

	Worldwide	North America	Western Europe	Asia/Pacific	Latin America
2025 average ROI	2.3X	2.3X	2.4X	2.4X	2.4X
1X ROI	23%	24%	22%	21%	23%
2X ROI	33%	33%	31%	35%	27%
3X ROI	22%	21%	25%	20%	18%
4X ROI	8%	8%	10%	7%	5%
5X ROI	6%	6%	6%	7%	11%
5X+ ROI	2%	2%	2%	3%	5%
No ROI	5%	0%	0%	5%	11%

n = 1,234 (2025); Source: IDC's *Business Opportunity of AI Survey*, August 2025

(1) (2) **Section 3** (4) (5)

Even in its early pilot or testing phase, agentic AI is transforming industries

Although most agentic AI solutions remain in the pilot or testing phases, early adopters, particularly in mobility and telecommunications, are already seeing strong returns, with ROI reaching up to three times.

Average ROI for every $1 spent on agentic initiatives

3.0x Automobile, transportation, and mobility

2.4x Energy and resources

2.2x Financial services

2.8x Telecommunications

2.3x Media

2.2x Healthcare

2.4x Manufacturing

2.2x Education

2.1x Retail and CPG

n = 1,234 (agentic AI); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Agentic AI is transforming industries by boosting efficiency, safety, scalability, and customer experience, while helping organizations tackle labor shortages and operational complexity.

1 **2** **3**

Section 4:

What's standing in the way of delivering GenAI and agentic AI applications
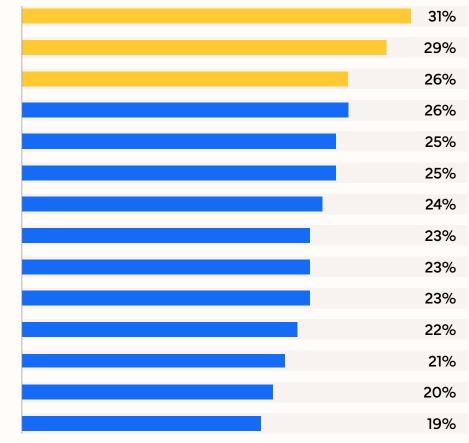
5

(1) (2) (3) **Section 4** (5)

Top challenges for GenAI and agentic AI

Security, governance, and cost concerns, ROI uncertainty, or budget constraints top the list of challenges that hold organizations back. But they also grapple with a host of technical, organizational, ethical, and sustainability inhibitors.

Organizations currently using or planning to use GenAI technologies within 24 months

Challenge	%
Security and privacy risks	31%
Quality, governance, security, and sovereignty	29%
Cost, ROI uncertainty, or budget constraints	26%
Compliance and regulatory concerns	26%
Lack of AI skills or talent	25%
Integration with legacy systems and workflows	25%
Ethical concerns (e.g., bias, fairness)	24%
Agent governance, shadow AI, hallucinations	23%
Identifying high-impact and feasible use cases	23%
Change management and user adoption	23%
Difficulty in scaling from pilot to production	22%
Lack of trust in autonomous decision-making	21%
Resource usage (energy and water)	20%
Emissions and energy use	19%

n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

(1) (2) (3) **Section 4** (5)

Top challenges for GenAI and agentic AI (continued)

→ **Compliance and regulation uncertainty:**
Organizations cite difficulty aligning AI use with evolving regulations and compliance frameworks.

→ **Lack of skilled talent:**
Shortages in AI and data science expertise remain a significant barrier to successful implementation.

→ **Integration:**
Many organizations struggle to integrate AI into legacy workflows and IT environments, slowing down deployment.

Among Frontier firms, security and privacy risks (36%), quality, governance, security, and sovereignty (35%), and lack of AI skills or talent (32%) are the top challenges.

Frontier firms recognize the AI risks more profoundly than most, and they are proactively investing in responsible safeguards and governance frameworks that enable them to continue innovating with confidence and accountability.

n = 970 (only Frontier firms); Source: IDC's *Business Opportunity of AI Survey,* August 2025

① ② ③ **Section 4** ⑤

Bridging the gap in responsible AI governance

From principles to practice: There is a gap between responsible AI vision and execution.

While most organizations have clear principles and policies, fewer have governance bodies and technical tools for enforcement. Overall trends are in line with Frontier firms, but more Frontier firms have RAI principles and policies in place.
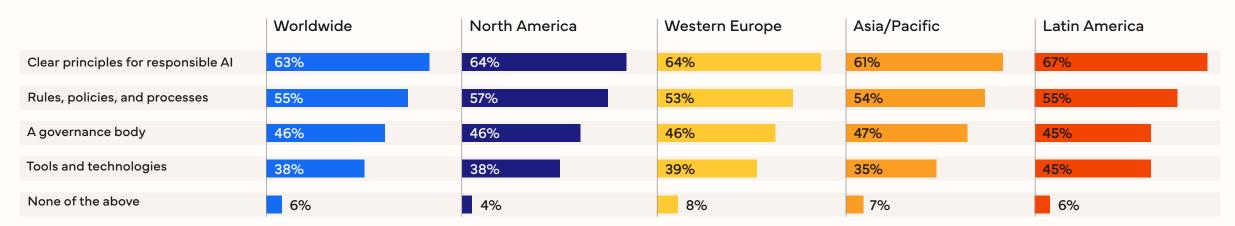
> " Our goal at Macquarie University is to leverage responsible AI to enhance service quality and augment productivity while providing essential AI literacy skills to all students and staff."
>
> **Phil Laufenberg**
> **Head of Artificial Intelligence at Macquarie University**

Responsible AI: Principles, policies, oversight, and tools

See the figure data in an **accessible table format**.

	Worldwide	North America	Western Europe	Asia/Pacific	Latin America
Clear principles for responsible AI	63%	64%	64%	61%	67%
Rules, policies, and processes	55%	57%	53%	54%	55%
A governance body	46%	46%	46%	47%	45%
Tools and technologies	38%	38%	39%	35%	45%
None of the above	6%	4%	8%	7%	6%

Data label details: Clear principles for responsible AI development and use. Rules, policies, and processes to enforce responsible AI principles. A governance body that oversees responsible AI. Tools and technologies that support policy enforcement, risk monitoring, access control, and regulatory compliance across the AI lifecycle.

n = 4,021 (worldwide), n = 1,053 (North America), n = 1,155 (Western Europe), n = 1,310 (Asia/Pacific), n = 503 (Latin America); Source: IDC's *Business Opportunity of AI Survey,* August 2025
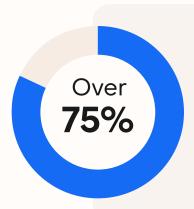
(1) (2) (3) **Section 4** (5)

Transparency and control are foundational for agentic AI deployment

Transparency provides visibility into the data, models, and decision-making processes underlying AI applications. It enables organizations to build trust and confidence among stakeholders.

Control and human-in-the-loop oversight are vital for agentic AI to prevent unintended actions and ensure alignment with organizational and regulatory standards.

Over 75%

of surveyed organizations rate transparency as very or extremely important.

This figure jumps to **88%** for Frontier firms.

Manual override mechanisms are the dominant approach for managing agentic AI.

Overall results are consistent among Frontier firms.

n = 3,569 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

1 2 3 **Section 4** 5
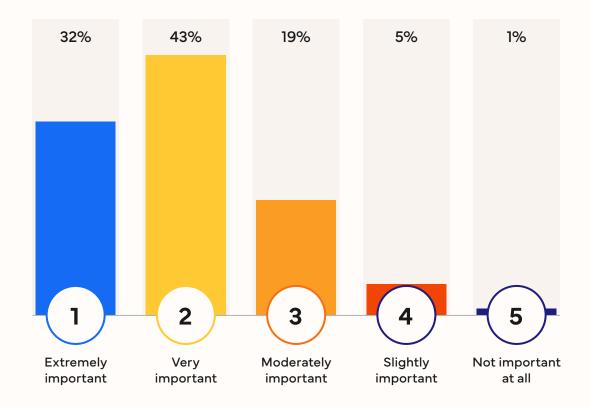
Transparency and control are foundational for agentic AI deployment (continued)
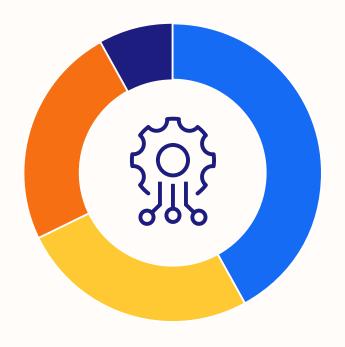
Importance of transparency in the functioning of agentic AI

(On a scale of 1 to 5)

32%	43%	19%	5%	1%

1 Extremely important

2 Very important

3 Moderately important

4 Slightly important

5 Not important at all

Primary approach (current or planned) to managing control and oversight over the actions that agentic AI systems take
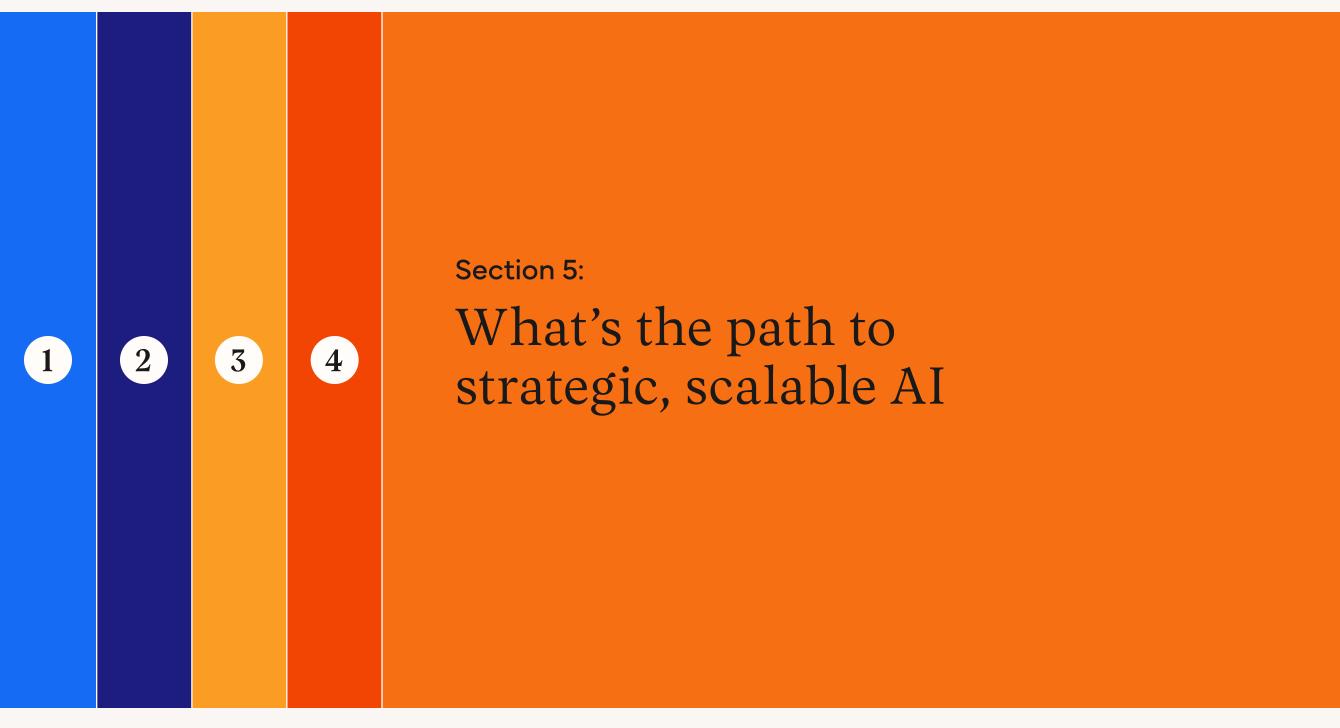
(On a scale of 1 to 5)

42% Manual override mechanisms (by keeping human-in-the-loop)

26% Logging of all AI actions and decisions

24% Automatic reporting/ alerts for decision conflicts

8% AI action verification through external validation systems

n = 3,569 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

1

2

3

4

Section 5:

What's the path to strategic, scalable AI

(1) (2) (3) (4) **Section 5**

Frontier firms lead with strategic AI innovations

The rapid advancement of AI is creating a significant divide between Frontier firms and laggards.

76% of Frontier firms describe their organizations' overall adoption of GenAI as scaling (delivering both incremental and new value across the organization) or realizing (achieving consistent GenAI value across the organization and in multiple business units) compared to 21% of laggards.

Frontier firms are scaling AI rapidly and implementing strategic innovations across business functions that benefit organizations beyond individual productivity gains. Frontier firms are at the forefront of these transformational efforts.

Those organizations that remain in the planning or exploring phase, which comprises 65% laggards, risk falling behind and losing competitive advantage. Frontier firms are using GenAI and agentic AI to realize business impact, be competitive, and become more resilient.

The results from this study are clear: Organizations must invest in AI adoption, build organizational readiness, and implement effective change management to close the gap, innovate and grow, deliver brand differentiation, enhance customer experience and cost efficiency, and achieve top-line growth.

This imperative extends from large enterprises to mid-market organizations, which must adopt inclusive strategies and accessible examples to ensure broad-based progress. The stakes are high — organizations in the bottom 40% risk erosion of efficiency, customer experience, and innovation capabilities.

1 2 3 4 **Section 5**

How to accelerate and scale AI to increase business value

To achieve sustainable growth and innovation, organizations must develop an AI-fueled operational plan that encompasses strategy, governance, and technology.

Consider lessons learned from Frontier firms.

→ Infuse AI-driven approaches throughout diverse business operations to unlock new sources of value.

→ Consider adaptable AI applications tailored to your unique business context over standard, off-the-shelf solutions.

→ Proactively allocate resources to support a robust and evolving AI agenda, ensuring ongoing strategic impact.

→ Pursue AI initiatives that deliver high-impact outcomes in areas beyond mere efficiency, focusing on strategic advancement and competitive positioning.

→ Champion next-generation agentic AI capabilities to establish a distinct edge in your market.

> "We started bottom-up with grassroots ideas and experiments. Now we're pairing that with a top-down strategy so we can see the bigger picture and prioritize high-value opportunities."
>
> **Annette Franke**
> **VP, Information Technology, The Gorilla Glue Company**

> "We don't want AI replacing teachers. We actually want them powering great teachers. That's really where the sweet spot is."
>
> **Alan Murray**
> **Chief Data and Technology Officer, Teach For America**

① ② ③ ④ **Section 5**

Conclusion

1 **AI is no longer experimental. It's essential.** Organizations must move decisively from planning to execution to stay competitive.

2 **Frontier firms are setting the pace.** They are demonstrating that strategic investment, scaling across business functions, governance, and customized deployment drive superior ROI and innovation.

3 **The AI divide is real and significant.** Laggards risk falling behind in brand differentiation, customer experience, cost efficiency, and growth.

4 **Success requires more than technology** — it demands organizational readiness, responsible oversight, and a clear road map that aligns with business goals.

5 **The time to act is now.** Accelerate generative and agentic AI adoption within redesigned workflows and business operations to unlock differentiated value across your enterprise.

Definitions

Generative AI (GenAI)

GenAI is defined as artificial intelligence systems that can create new content — such as text, images, code, or audio — based on patterns learned from existing data.

AI agents and agentic AI

AI agents are the building blocks of an agentic AI system, where one or more agents and humans collaborate to accomplish a goal (e.g., a fully autonomous software engineer). Agentic AI refers to AI systems that can reason, plan, and act to complete tasks or entire workflows autonomously with human oversight at key moments.

Frontier firms

Frontier firms are organizations that integrate human expertise, data, technology, and governance to drive AI-powered innovation, productivity, and long-term business leadership. Frontier firms have adopted AI-first, enterprisewide strategies and business processes that align with business goals and whose reimagined business models repeatedly create business value.

Appendix: Accessible data tables

This appendix provides accessible versions of the data for complex figures in this document. Click "Return to figure" to get back to the data figure.

Figure page 12

Area	Frontier firms	Laggards
Brand differentiation	87%	21%
Customer experience	85%	23%
Cost efficiency	86%	21%
Top-line growth	88%	23%

n = 4,471; Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Figure page 13

Region	Frontier firms	Neutral	Laggards
Worldwide	22%	39%	39%
North America	31%	46%	23%
Europe, Middle East, and Africa	18%	32%	50%
Latin America	18%	29%	53%
Asia/Pacific	13%	38%	49%

n = 4,471; Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Appendix: Accessible data tables (continued)

Figure page 14

Frontier firm breakdown by industry: All surveyed organizations

Industry	Frontier firms	Neutral	Laggards
Financial services	31%	50%	19%
Telecommunications	27%	38%	34%
Manufacturing	25%	44%	30%
Healthcare	24%	34%	41%
Retail and CPG	23%	52%	26%
Energy and resources	23%	45%	32%
Automobile, transportation, and mobility	14%	39%	46%
Education	13%	39%	48%
Media	6%	51%	43%

n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Figure page 19

Organizations currently using or planning to use GenAI tasks/use cases within 24 months

All surveyed organizations	Productivity use cases	Functional use cases	Industry use cases
Currently using	54%	39%	25%
Not currently using but planning to use within 24 months	39%	49%	57%
Only Frontier firms			
Currently using	79%	73%	48%
Not currently using but planning to use within 24 months	16%	24%	44%

n = 4,021 (all surveyed organizations), n = 813 (only Frontier firms); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Appendix: Accessible data tables (continued)

Figure page 20

Organizations currently using or planning to use GenAI technologies within 24 months

Department	Currently using	Not currently using but planning to use within 24 months
Marketing/public relations	41%	41%
Information technology/ tech infrastructure	41%	43%
Customer service	40%	42%
Cybersecurity	38%	45%
Product development/ software development	37%	44%
Sales/business development	36%	46%

n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Figure page 21

Organizations currently using or planning to use agentic AI technologies within 24 months

Department	Currently using	Not currently using but planning to use within 24 months
Information technology/ tech infrastructure	20%	60%
Customer service	20%	57%
Sales/business development	19%	59%
Marketing/public relations	18%	59%
Cybersecurity	17%	62%
Product development/ software development	17%	60%

n = 4,021 (all surveyed organizations); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Appendix: Accessible data tables (continued)

Figure page 22 (left side)

Organizations currently using or planning to use GenAI tasks/use cases to boost revenue streams within 24 months

Time frame	Productivity use cases	Functional use cases	Industry use cases
Currently using	50%	44%	40%
Not currently using but planning to use within 24 months	37%	41%	44%

n = 3,776 (productivity GenAI use cases), n = 3,533 functional GenAI use cases), n = 3,312 (industry GenAI use cases); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Figure page 22 (right side)

Organizations currently using or planning to use GenAI tasks/use cases to decrease costs within 24 months

Time frame	Productivity use cases	Functional use cases	Industry use cases
Currently using	54%	45%	43%
Not currently using but planning to use within 24 months	35%	40%	40%

n = 3,776 (productivity GenAI use cases), n = 3,533 (functional GenAI use cases), n = 3,312 (industry GenAI use cases); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Appendix: Accessible data tables (continued)

Figure page 24 (top)

Organization's primary approach to adopting/implementing GenAI

Time frame	Today	Next 24 months
Pre-built solution	40%	30%
Customized solution	60%	70%

n = 2,688 (GenAI today), n = 4,021 (GenAI next 24 months), n = 3,359 (agentic AI next 24 months); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Figure page 24 (bottom)

Organization's primary approach to adopting/implementing agentic AI

Time frame	Next 24 months
Pre-built solution	30%
Customized solution	70%

n = 2,688 (GenAI today), n = 4,021 (GenAI next 24 months), n = 3,359 (agentic AI next 24 months); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Figure page 28

Estimated ROI for every $1 spent on GenAI projects or initiatives

Region	2025 average ROI	2024 average ROI	1X ROI	2X ROI	3X ROI	4X ROI	5X ROI	5X+ ROI	No ROI
Worldwide	2.8X	3.7X	11%	30%	32%	14%	8%	2%	2%
North America	2.8X	3.7X	9%	30%	34%	15%	9%	2%	2%
Western Europe	2.7X	3.7X	16%	26%	31%	14%	6%	3%	3%
Asia/Pacific	2.7X	3.6X	11%	34%	30%	13%	7%	2%	2%
Latin America	2.8X	3.8X	16%	29%	25%	15%	11%	3%	2%

n = 2,688 (2025), n = 3,383 (2024); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Appendix: Accessible data tables (continued)

Figure page 32

Estimated ROI for every $1 spent on agentic AI projects or initiatives

Region	2025 average ROI	1X ROI	2X ROI	3X ROI	4X ROI	5X ROI	5X+ ROI	No ROI
Worldwide	2.3X	23%	33%	22%	8%	6%	2%	5%
North America	2.3X	24%	33%	21%	8%	6%	2%	0%
Western Europe	2.4X	22%	31%	25%	10%	6%	2%	0%
Asia/Pacific	2.4X	21%	35%	20%	7%	7%	3%	5%
Latin America	2.4X	23%	27%	18%	5%	11%	5%	11%

n = 1,234 (2025); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

Appendix: Accessible data tables (continued)

Figure page 37

Responsible AI: Principles, policies, oversight, and tools

	Worldwide	North America	Western Europe	Asia/Pacific	Latin America
Clear principles for responsible AI development and use	63%	64%	64%	61%	67%
Rules, policies, and processes to enforce responsible AI principles	55%	57%	53%	54%	55%
A governance body that oversees responsible AI	46%	46%	46%	47%	45%
Tools and technologies that support policy enforcement, risk monitoring, access control, and regulatory compliance across the AI lifecycle	38%	38%	39%	35%	45%
None of the above	6%	4%	8%	7%	6%

n = 4,021 (worldwide), n = 1,053 (North America), n = 1,155 (Western Europe), n = 1,310 (Asia/Pacific), n = 503 (Latin America); Source: IDC's *Business Opportunity of AI Survey,* August 2025

Return to figure

About the IDC analysts

David Schubmehl
Research Vice President, AI and Automation, IDC

Dave Schubmehl is research vice president for IDC's AI and automation research. His research covers artificial intelligence technologies, such as predictive and prescriptive AI, generative AI, and agentic AI, including large language models; unstructured information representation; knowledge representation; deep learning; machine learning; unified access to structured and unstructured information; chatbots and digital assistants; and SaaS, cloud and installed software environments. This research analyzes the trends and dynamics of the various AI software markets and the costs, benefits, and workflow impact of solutions that use these technologies.

More about David Schubmehl →

Kathy Lange
Research Director, AI Software, IDC

Kathy Lange is a research director for IDC's AI and Automation practice, focused on Machine Learning Life-Cycle Tools and Technologies. Her core research coverage includes machine learning life-cycle technologies and platforms, trends, end-user requirements, business models, use cases, associated regulations, and market sizing for this critical, fast-growing segment. Additionally, her research covers AI life-cycle automation, model pipelines, trustworthy AI, and data annotation and labeling services.

More about Kathy Lange →

Message from the sponsor

At Microsoft, we believe AI is not just a technology — it's a catalyst for transformation.

This IDC research confirms what we see across industries: organizations that scale AI strategically are unlocking differentiated value in productivity, innovation, and customer experience.
As GenAI and agentic AI mature, the path forward requires more than tools — it demands readiness, governance, and a clear roadmap.

We're committed to helping every organization become AI-first — whether you're just starting or scaling across business functions.

Explore how Microsoft AI solutions can help you accelerate adoption and realize meaningful impact.

Learn more

IDC Custom Solutions

IDC Custom Solutions produced this publication.
The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis that IDC independently conducted and published, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies.

This IDC material is licensed for external use and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.

idc.com   in @idc   X @idc