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The CIO's AI Dilemma

Insights from Global IT Leaders

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A Letter from Salesforce's CIO

Companies have rarely experienced a technology revolution as significant and fast-moving as artificial intelligence (AI). Since exploding onto the scene, AI capabilities have already moved from predictive to generative to autonomous. **Agents** are the latest AI innovation that bring unprecedented opportunity. **One study** estimates that AI will have an economic impact of over $15T in this decade alone – and yet, most businesses are still in the early phases of experimenting with AI.

CIOs are at the helm of this new era of digital transformation. They are tasked with working with stakeholders across the business to define the right outcomes and opportunities for AI, laying the technical and organizational groundwork for trusted implementation, and continually adjusting and adapting strategies as the technology advances. This is a tall order, especially considering the relative novelty of generative AI. Indeed, CIOs are developing their AI expertise in real time.

In this report, we showcase insights from fellow enterprise CIOs on how they're navigating this AI journey. We dive into the challenges they're finding along the way and how they're moving forward cautiously but decisively to bring their organizations the power of trusted AI.

We hope you find these perspectives insightful and helpful as you lead your company's AI roadmap.
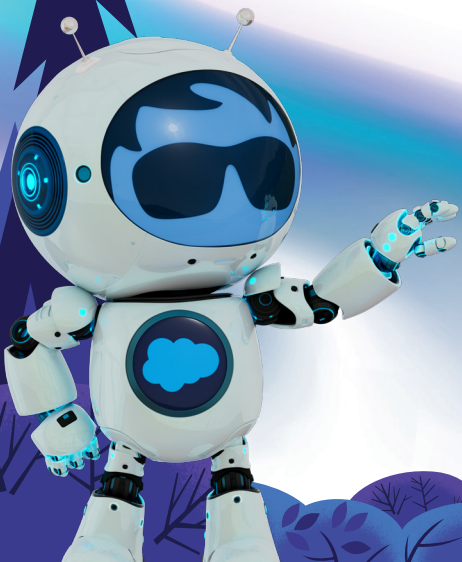
Introduction and Background

ABOUT THIS REPORT

Salesforce surveyed 150 enterprise CIOs worldwide to discover:

- How CIOs are implementing AI at their organizations
- The technical and organizational challenges CIOs encounter as they plan their AI roadmaps
- How budgets for AI and associated initiatives are allocated
- Where and how CIOs develop AI expertise

RESEARCH BACKGROUND

Unless cited otherwise, data and quotes in this document are from a double-anonymous survey conducted by Salesforce and NewtonX between July 23 and July 30, 2024. Respondents are verified CIOs of enterprises, defined as companies with 1,000 or more employees, across 18 countries and 17 industries.

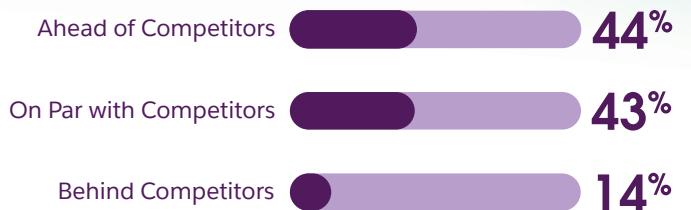Due to rounding, not all percentage totals equal 100%.

CIOs Balance AI Enthusiasm and Caution

Despite pressure to move quickly, CIOs are approaching AI carefully. Enterprise CIOs view AI as a transformative technology whose influence on their businesses will rival the internet. But AI's anticipated effects and its pace of development are prompting CIOs to move cautiously. With their business partners eager to harness AI's potential, CIOs are feeling the pressure of unreasonable expectations of short-term ROI.
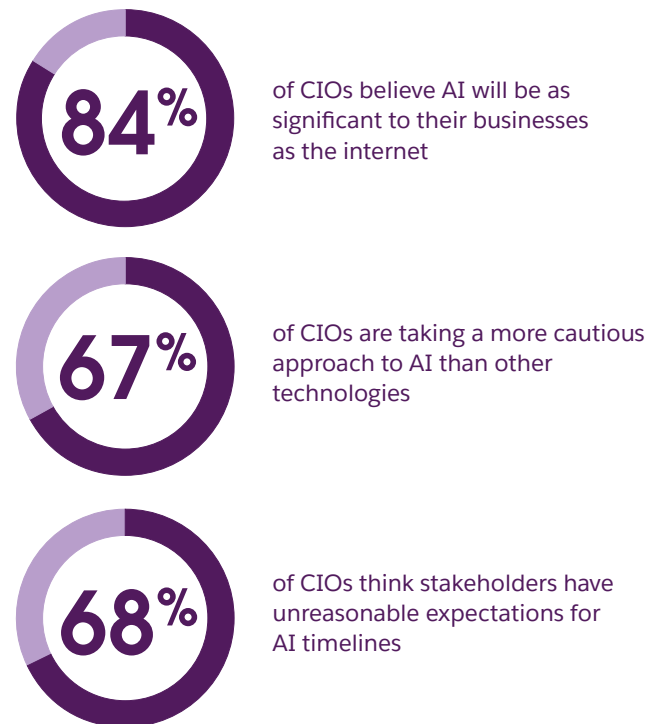
> *Expectations towards short-term ROI conflict with the time and costs necessary to invest and grow on our AI-driven capabilities.*

-CIO, FINANCIAL SERVICES, FRANCE

CIOs FEEL COMFORTABLE WITH THEIR AI PROGRESS

Ahead of Competitors **44%**

On Par with Competitors **43%**

Behind Competitors **14%**

CIOs HAIL AI'S POTENTIAL, BUT PROCEED WITH CAUTION

84% of CIOs believe AI will be as significant to their businesses as the internet

67% of CIOs are taking a more cautious approach to AI than other technologies

68% of CIOs think stakeholders have unreasonable expectations for AI timelines

Employees Pursue Shadow AI

Employees are turning to unsanctioned tools as their organizations and cautious CIOs leave their AI strategy undefined. While CIOs recognize that the AI revolution is just beginning, their line of business partners view themselves as further down the adoption path. Evidence points to a trend of "shadow AI" adoption of consumer-grade tools – unsanctioned or ad-hoc generative AI use that may introduce security threats or adverse business impacts. Some CIOs are struggling to control the governance of AI adoption across all departments and training workers on proper AI use.

> " *We don't yet know how to use AI amongst the larger employee base and how to control its governance.* "
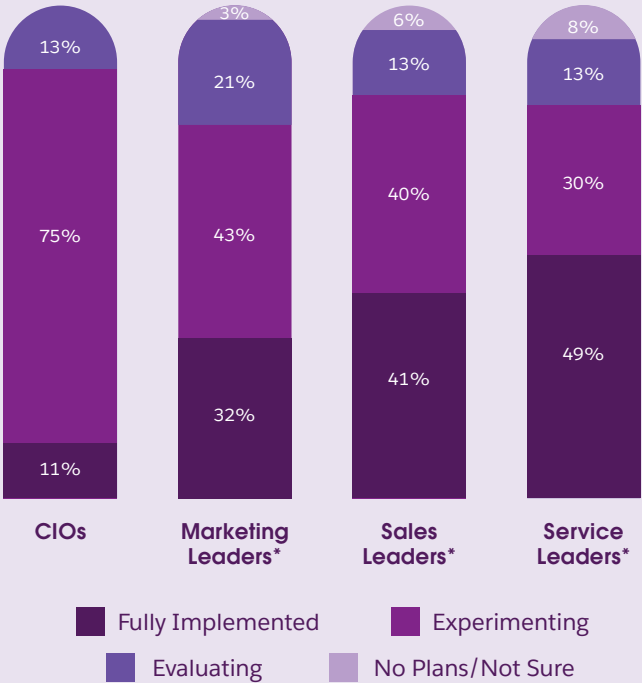>
> **-CIO, PROFESSIONAL SERVICES INDUSTRY, US**

EMPLOYEES GO ROGUE IN THE ABSENCE OF AI STRATEGY

21%
of workers say their companies have articulated AI use policies*

69%
of workers haven't received training on AI use*

55%
of workers have used unapproved AI tools*

CIOs HAVE A MORE MEASURED VIEW OF AI ADOPTION

	CIOs	Marketing Leaders*	Sales Leaders*	Service Leaders*
No Plans/Not Sure	13%	3%	6%	8%
Evaluating		21%	13%	13%
Experimenting	75%	43%	40%	30%
Fully Implemented	11%	32%	41%	49%

Legend:
- Fully Implemented
- Experimenting
- Evaluating
- No Plans/Not Sure

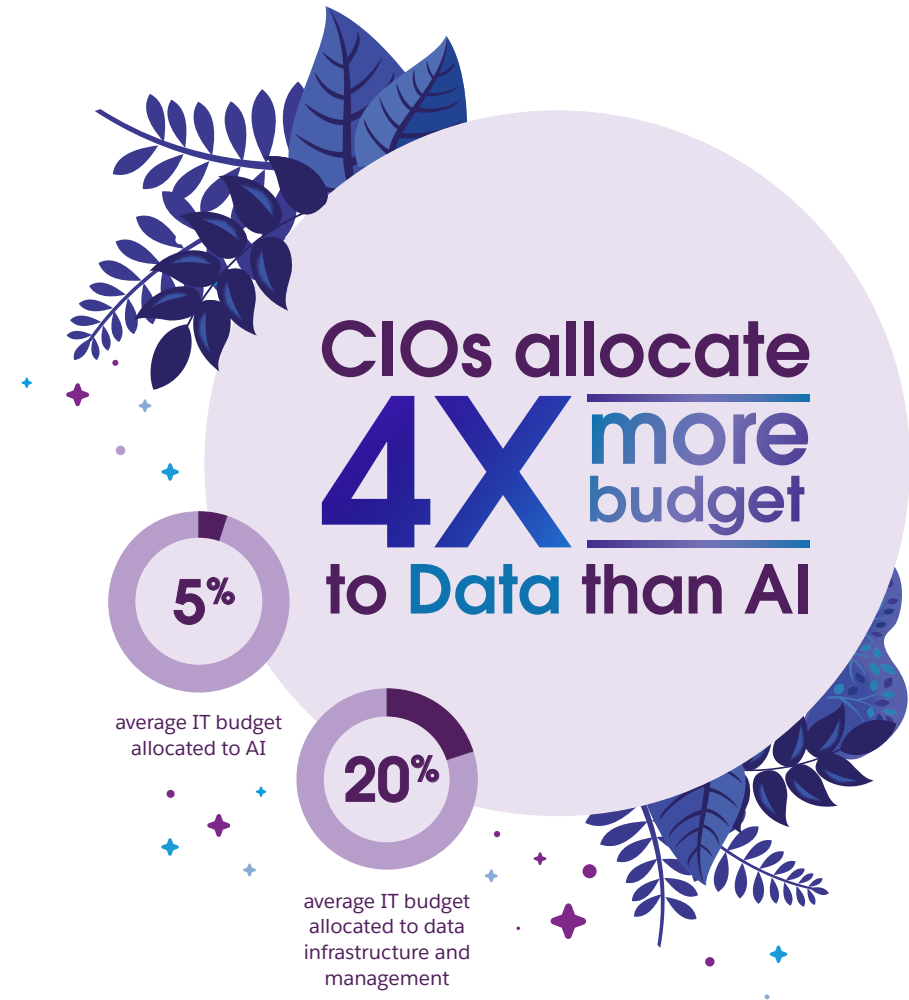*Source: Salesforce Trends in AI Report, July 2024*

Security and Data Come First

Security and data are CIOs' top fears about AI implementation and expansion – overshadowing job displacement, customer backlash, or cost overruns. Data accessibility and lack of trusted data are key barriers to progress. One U.S.-based CIO in the manufacturing industry states, **"The biggest barrier to AI implementation is data accessibility. Additionally, legacy systems and outdated infrastructure can hinder the effectiveness of AI."**

CIOs are allocating four times more budget to data infrastructure and management than to AI. From Italy, one CIO in the financial services industry says, **"We have lots of old data centers and legacy applications that don't natively support data exchange."** The uneven budget distribution to shoring up data foundations shows a clear need to resolve these data-focused fears before feeling confident investing in AI.

> *Our data lacks a single sources of truth, and it's not timely.*

-CIO, RETAIL INDUSTRY, INDIA

CIOs allocate 4X more budget to Data than AI

5%
average IT budget allocated to AI

20%
average IT budget allocated to data infrastructure and management

SECURITY AND DATA ARE TOP AI FEARS

1 — Security or Privacy Threats

2 — Lack of Trusted Data

3 — Inability to Identify the Best Use Cases

AI Enthusiasm Doesn't Always Equal Readiness

Executives and employees share CIOs' interest in AI – most CIOs view executive and employee buy-in for AI as good or excellent. However, factors such as change management, use cases, enthusiasm, and readiness are inconsistent across the enterprise. Fewer than half of CIOs view change management for AI favorably.

CIOs note a mismatch between AI business value, enthusiasm, and readiness across departments. For example, they view customer service as having the most use cases but also being the least enthusiastic. Meanwhile, marketing is the most eager but the least prepared. Additionally, the departments most eager to use AI often don't have the best applications – or vice versa.

"Skills and change management are our biggest AI barriers," says a CIO based in Spain within the media and entertainment industry. Fewer than one in four CIOs feel their employees have good or excellent AI skills.

ONLY 23% of CIOs feel their employees have good or excellent AI skills

CIOs WHO VIEW THE FOLLOWING AS GOOD OR EXCELLENT

Executive buy-in **77%**

Employee buy-in **63%**

Change Management buy-in **42%**

CIOS RANKING OF DEPARTMENTS ACROSS AI CRITERIA

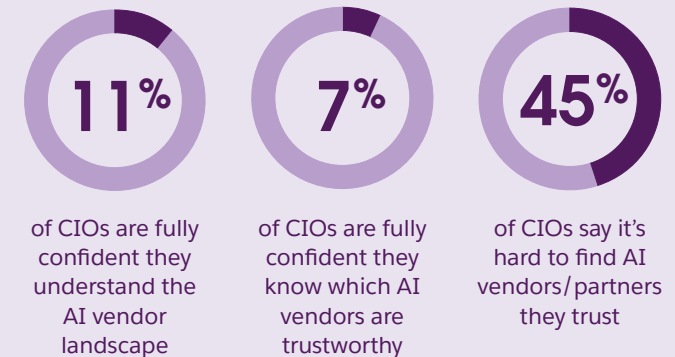|	USE CASES	ENTHUSIASM	READINESS
1	Customer Service	Marketing	Human Resources
2	Marketing	Sales	Finance
3	Sales	Finance	Sales
4	Finance	Human Resources	Customer Service
5	Human Resources	Customer Service	Marketing

CIOs Navigate a New Frontier in AI

AI vendors are changing just as fast as AI itself, and many CIOs struggle to understand vendor solutions in front of them. While security and compliance are top of mind in evaluating potential options, feeling confident in their options and knowing who to trust is proving difficult.

> " I feel there are too many AI vendors doing too many things. "
>
> -CIO, TECHNOLOGY INDUSTRY, US

TRUSTED VENDORS ARE HARD TO FIND

11%
of CIOs are fully confident they understand the AI vendor landscape

7%
of CIOs are fully confident they know which AI vendors are trustworthy

45%
of CIOs say it's hard to find AI vendors/partners they trust

CIO's AI VENDOR SELECTION CRITERIA

Criteria	Percentage
Security & Compliance	65%
Cost & Value	63%
Experience & Expertise	62%
Customization & Flexibility	33%
Reputation & References	27%
Scalability	14%
Service Level Agreements	7%

CIOs Race to Build Their AI Expertise

CIOs are feeling an AI knowledge deficit, with 61% saying they're expected to know more about AI than they do. Generally, CIOs aren't fully convinced they will spend AI budget wisely, allocate the right amount to AI, and measure ROI of their investments. With such a new, advanced, and rapidly evolving technology at play, CIOs are turning first and foremost to each other for education, with peer networks leading their sources for AI information.

> " *Today's CIOs haven't experienced a technology shift this consequential in their careers until now. We're all navigating this revolution in real time, and it's critical that we share our learnings with each other so we build not just successful AI enterprises, but a successful AI economy.* "
>
> **-JUAN PEREZ, CIO, SALESFORCE**

CIOs WEIGH THEIR AI INVESTMENTS

17%
of CIOs are fully confident they'll spend their AI budget wisely

11%
of CIOs are fully confident they'll allocate the right amount of budget

11%
of CIOs are fully confident they can measure ROI of AI investments
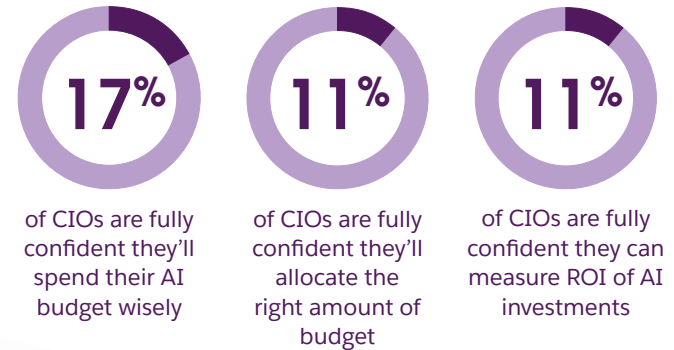
CIOs TOP SOURCES OF AI INNOVATION

1. Peer Networks/Other CIOs
2. Analyst Reports
3. Technology Vendors
4. Conferences & Events
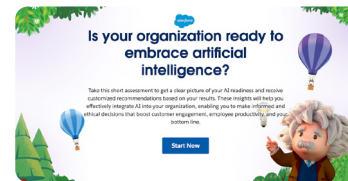5. Technology Media

Additional Resources

GET THE GUIDE

Trust is the cornerstone of every successful business. Learn how to build a strong governance framework for AI Innovation.

DISCOVER MORE

DISCOVER AGENTFORCE

Humans with agents drive customer success together. Build your own Agents to support your employees and customers 24/7.
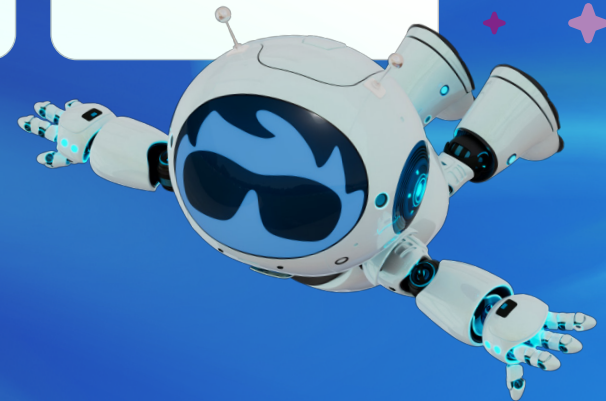
LEARN MORE

GET TAILORED TIPS

Take a short assessment on your AI readiness and discover customized recommendations based on your results.
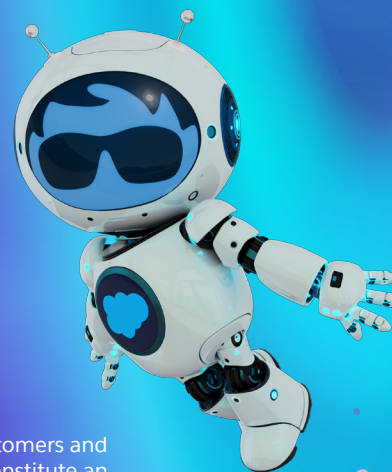
START NOW

HEAR FROM EXPERTS

Tune into Salesforce+ and hear from CIOs and thought leaders on how to make your enterprise AI ready.

WATCH NOW