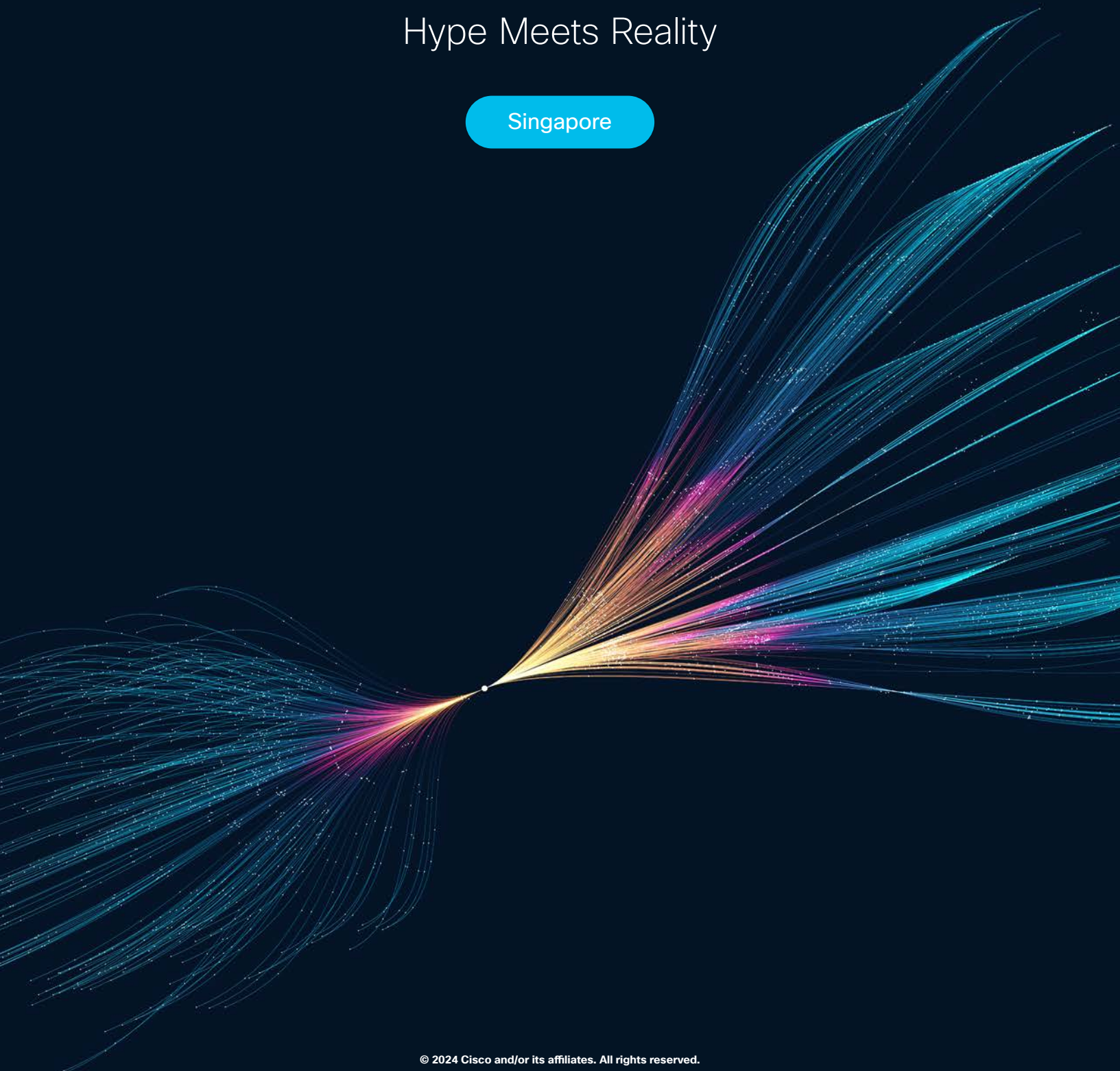# Cisco AI Readiness Index

Hype Meets Reality

Singapore

APJC Executive Summary

Artificial Intelligence (AI) has been the dominant theme of the business world over the past couple of years. It's increasingly in strategy updates, earnings statements, and in almost every stakeholder communication. At its current level of mass scale impact, AI may well overtake the cloud and even the internet in its significance as a technology disruptor.

However, as companies learn more about AI and how to adopt, deploy, and fully use its capabilities, they are beginning to realize they may not be as prepared as they thought.

The *Cisco 2024 AI Readiness Index*, which follows the 2023 inaugural Index, measures AI readiness of companies across six key pillars: **Strategy**, **Infrastructure**, **Data**, **Governance**, **Talent**, and **Culture**. Based on their readiness score, companies are categorized into four levels: **Pacesetters** (fully
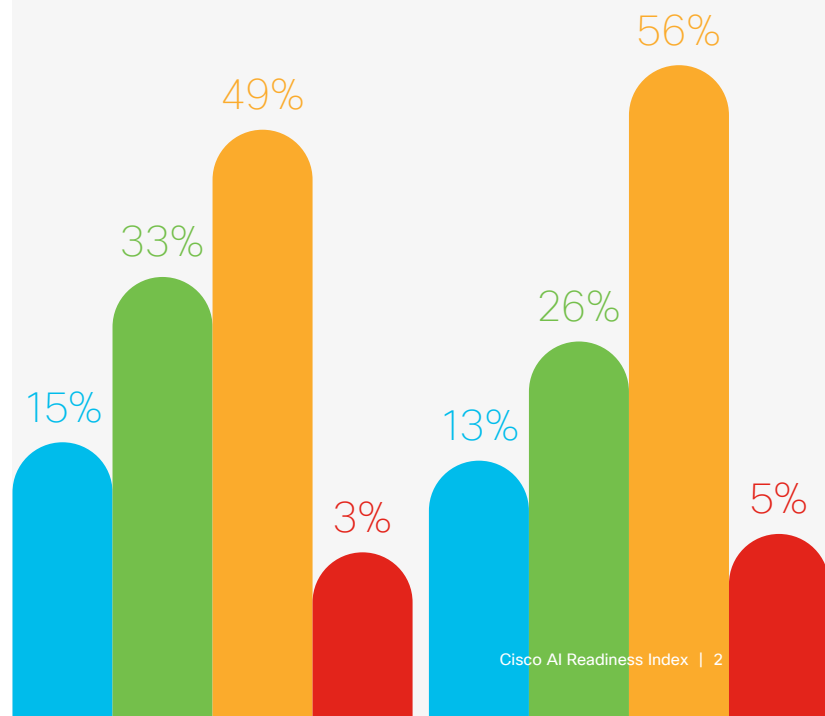
Overall Readiness

● Pacesetters ● Chasers ● Followers ● Laggards

APJC　**VS**　Singapore

APJC
- 15%
- 33%
- 49%
- 3%

Singapore
- 13%
- 26%
- 56%
- 5%

prepared), **Chasers** (moderately prepared), **Followers**, (limited preparedness), and **Laggards** (unprepared). Organizations across the Asia-Pacific, Japan, and Greater China (APJC) region have seen a decline across multiple areas of AI Readiness. This means that despite the focus and investment, business leaders do not feel they have made enough progress towards their AI ambitions.

This is not deterring them, as leaders say they will not only continue to invest in AI, but actually increase their spend. The Index reveals that the C-suite is the biggest driver of AI adoption, with 50% of companies citing pressure from the CEO and their leadership team. However, enthusiasm around the transformative power of AI has faded at the senior level. Only 65% of respondents report that their organizations' boards are receptive and 75% say their leadership teams are receptive, down from 82% for both last year.

Less than one in six companies across APJC are ranked as Pacesetters, a decline from last year's Index. We have also seen fewer companies make it to Chasers, the next category of preparedness. Individual pillars including Infrastructure, Data, Governance, Talent, and Culture, each saw declines.

Companies allocate a significant amount of money towards AI, with 50% of those surveyed saying as much as 10-30% of their current IT budget is dedicated to AI. Interestingly, a large number of respondents in our survey noted that their AI investments have not yet delivered the gains they expected. More than 40% of respondents reported not seeing any gains or gains below expectations in areas such as assisting, augmenting, or automating a process or operation. The results highlight that while companies are keen to adopt and deploy AI, the ability and readiness to fully leverage it remains limited. The lack of visible results may also be due to organizations not having the right processes in place to accurately measure the impact of AI, with less than half (41%) of respondents saying they have clearly defined metrics to do so.

Encouragingly, companies recognize they need to do more to be better prepared to leverage AI. For example, 50% of those surveyed have rated improving scalability, flexibility, and manageability of their IT infrastructure as among their top three priorities as they look to improve overall AI readiness.

However, businesses face significant challenges on the road to improving their readiness. These include: lack of talent with the right skills, concerns over cybersecurity risks posed by AI workloads, long lead times to procure required technology, data silos, and data spread across multiple geographical jurisdictions.

Some of the other key findings of the Index are:

· The **Strategy** pillar has the highest number of Pacesetters of any of the pillars for the second consecutive year. The **Culture** pillar continues to have the lowest percentage of Pacesetters and even saw its share of lowest-ranking readiness tick up by four points.
· 95% of respondents predict that AI will increase **infrastructure** workloads as AI technologies are deployed.
· Less than a third (31%) of respondents report high readiness from a **data** perspective to adapt, deploy, and fully leverage AI technologies.
· **Governance** readiness fell this year, highlighting the fast evolution of the global regulatory landscape in AI.
· The **Talent** pillar reveals that close to half (49%) of respondents say their organization is only moderately well-resourced with the right level of in-house talent to manage successful AI deployment.

The Index is based on a double-blind survey of 7,985 senior business leaders, including 3,660 in APJC, with responsibilities for AI integration and deployment at organizations with 500 or more employees. A more detailed explanation of the benchmarking methodology is contained in later sections of this report.

Overall, this year's research finds that organizations remain committed to adopting and deploying AI across their businesses, yet remain significantly underprepared to do so. Time is of the essence in the race to adopt AI, and businesses risk negative impacts if they move slowly. Among the respondents, 64% said they have a maximum of one year to implement their AI strategy, or they run the risk of losing competitive advantage. Business leaders must act now and improve their readiness across all six critical pillars to capture the transformative opportunities that AI offers.
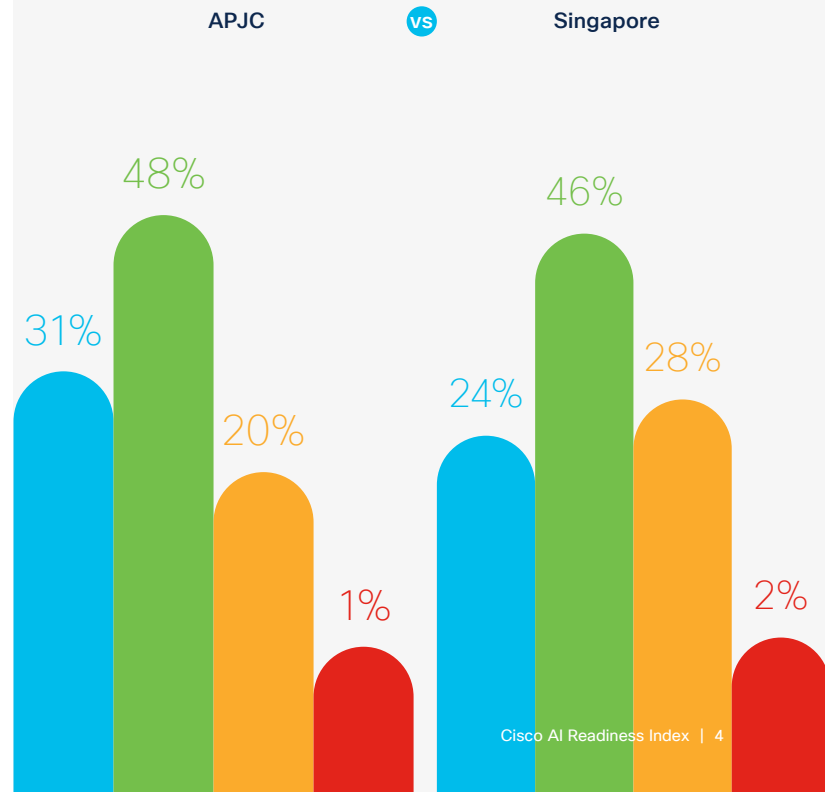
to the impact, companies are looking to enhance system, process, and operational efficiency, which was cited by 60% of respondents as one of their top three reasons for adopting AI.

The kinds of AI being deployed are reflective of the evolution of the tools available and the most prominent trends in the industry. Currently, Generative AI has the highest rates of deployment and in-progress deployment in Singapore, at 42% and 41% respectively.

One of the key criteria under the Strategy pillar that differentiates the Pacesetters from the rest is a willingness to invest in AI. Only 23% of respondents in Singapore say AI deployment has been given the highest priority for budget allocation and incremental budget funding, compared to other technological deployments.

Strategy

Nothing can be deployed effectively in an organization without a clear strategy, and the same is true for AI. Our respondents agree, with 96% of organizations in Singapore stating they already have a highly defined AI strategy in place or are in the process of developing one (down from 97% last year).

Across all assessment pillars for this Index, Strategy had the highest level of AI readiness, with 70% (up from 64% last year) of organizations benchmarked as either Pacesetters or Chasers, and only 2% (down from 6% last year) considered Laggards.

As we look at the areas that organizations are prioritizing for AI deployment, cybersecurity is leading, with 48% in Singapore saying they have achieved advanced deployment of AI in this area, followed by infrastructure, and data management. When it comes

Strategy Readiness

● Pacesetters ● Chasers ● Followers ● Laggards

APJC   VS   Singapore

APJC:
- Pacesetters: 31%
- Chasers: 48%
- Followers: 20%
- Laggards: 1%

Singapore:
- Pacesetters: 24%
- Chasers: 46%
- Followers: 28%
- Laggards: 2%

development as 78% of respondents say they require further data center graphics processing units (GPUs) to support future AI workloads. Similarly, 79% of respondents lack confidence in the availability of computing resources for AI workloads.

As the volume and complexity of AI-related data flows increase, cybersecurity issues become all the more daunting. As a result, best practices in managing access control to AI systems and datasets are increasingly under strain, with over three-quarters (76%) falling short of a robust posture in this area.
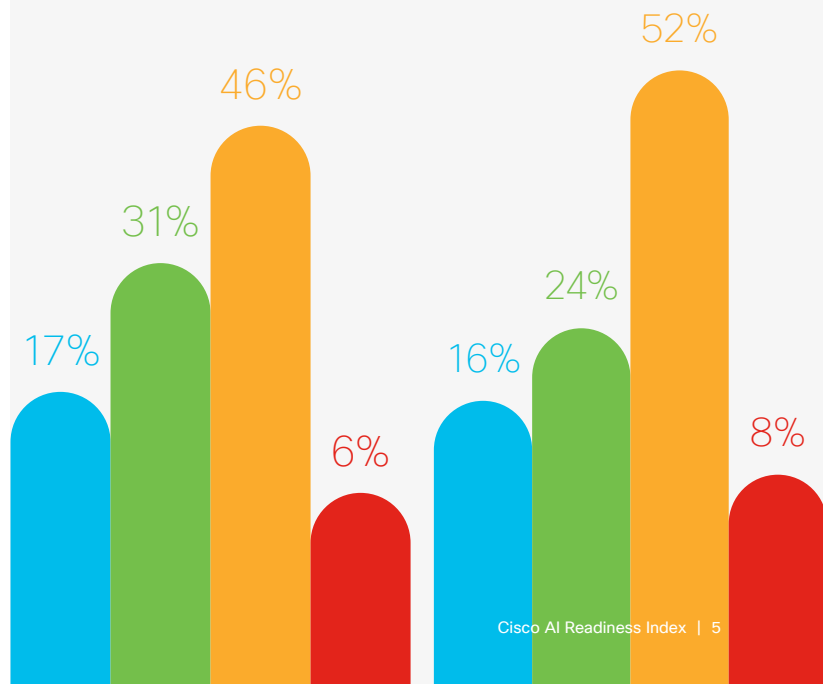
Infrastructure

The readiness of Infrastructure to support AI initiatives has seen a decline, with 40% of organizations in Singapore categorized as Pacesetters or Chasers this year, down from 48% a year ago. In fact, when asked how they would rate their own overall readiness of their IT infrastructure to accommodate AI technology adoption and scaling, more than two-thirds (72%) said they feel moderately ready at best.

This is a key issue that needs to be addressed, not least because 91% of respondents in Singapore predict that the workload of their organizations' infrastructure will increase with the deployment of AI-powered technologies. However, 11% acknowledge their infrastructure has limited scalability and flexibility to accommodate these increasing needs. Honing in on specific areas of IT infrastructure, systems are struggling to keep pace with accelerating AI

Infrastructure Readiness

● Pacesetters ● Chasers ● Followers ● Laggards

APJC   VS   Singapore

APJC:
- Pacesetters: 17%
- Chasers: 31%
- Followers: 46%
- Laggards: 6%

Singapore:
- Pacesetters: 16%
- Chasers: 24%
- Followers: 52%
- Laggards: 8%

Data

and cleaning of data for AI projects. Additionally, more than two thirds (71%) report that they feel there is room for improvement in tracking the origins of data.

Even with adequate processing and lineage tracking measures in place, data must be easily accessible for use in AI initiatives. However, just 16% of companies in Singapore said their data is fully centralized and is accessible organization-wide.

Additionally, the proficiency in current analytics tools and the skill levels of employees are areas that require continuous attention. As with Infrastructure, the talent crunch rears its head as the key barrier to better data readiness. As many as 78% of respondents report a lack of talent with the right skills and knowledge in this area as a challenge in this regard.
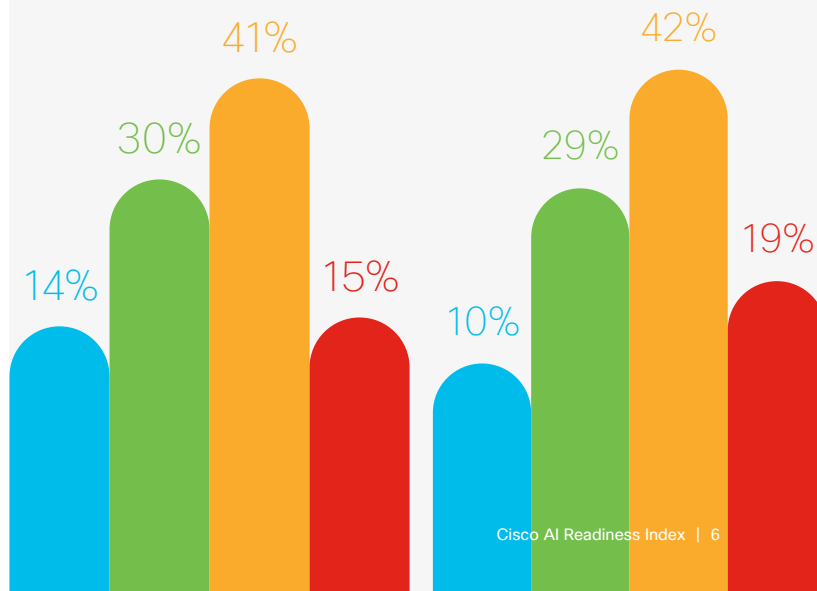
There has been plenty of discussion about the importance of data in the successful use of AI workloads. However, despite the growing knowledge about its criticality, the readiness of organizations to manage data effectively for AI initiatives has declined in the past year.

Less than a third (27%) of respondents in Singapore report high readiness from a data perspective to adapt, deploy, and fully leverage AI technologies.

Organizations still face significant challenges in establishing a strong data foundation for AI, which includes maintaining a centrally managed database, integrating AI systems, upholding rigorous data hygiene practices, and ensuring data security and protection.

In fact, 85% of respondents in Singapore acknowledge inconsistencies or shortcomings in the pre-processing

Data Readiness

● Pacesetters   ● Chasers   ● Followers   ● Laggards

APJC   vs   Singapore

APJC
- 14% Pacesetters
- 30% Chasers
- 41% Followers
- 15% Laggards

Singapore
- 10% Pacesetters
- 29% Chasers
- 42% Followers
- 19% Laggards

for organizations. 45% of respondents rate the level of awareness about potential biases and fairness in data sets across their organization as moderate, with only occasional training or awareness programs in place.

Data privacy and security is another key tenet of AI governance. Only 33% of respondents in Singapore believe there is a high level of understanding across their organization about global data privacy standards. As many organizations operate internationally across multiple geographical jurisdictions, having a good understanding of and protocols around data sovereignty is key to compliance. However, only 21% of organizations say they have a high level of understanding, possessing detailed knowledge of varied jurisdictions and having experts on board.
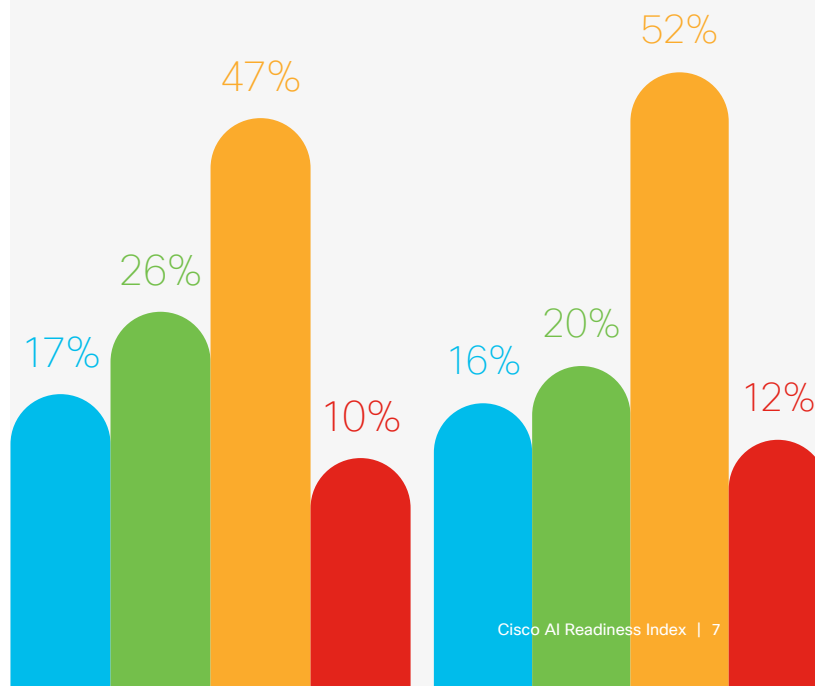
Governance

Against a rapidly evolving regulatory environment, effective AI governance has become even more crucial to the successful implementation of AI. However, it has also become more difficult as is evident from the dip in governance readiness. In this year's Index, 36% of companies in Singapore qualified as Pacesetters or Chasers, compared to 47% last year.

The challenge for most organizations may lie in the lack of knowledge and skill to ensure compliance with the policies and protocols in place, as less than half (43%) of respondents in Singapore identified "the lack of talent with expertise in AI governance, law and ethics in the market" as a challenge in improving their readiness from the governance perspective.

Insufficient understanding of potential biases and fairness in data sets used for AI is another key hurdle

Governance Readiness

● Pacesetters ● Chasers ● Followers ● Laggards

APJC (VS) Singapore

APJC
- Pacesetters: 17%
- Chasers: 26%
- Followers: 47%
- Laggards: 10%

Singapore
- Pacesetters: 16%
- Chasers: 20%
- Followers: 52%
- Laggards: 12%

allocating more budget to hire new talent. However, as many as 37% highlighted the shortage of talent in the market as a challenge they face as they look to improve their readiness to adopt AI from a talent perspective.

Faced with a competitive talent market, training and upskilling existing talent could be a more sustainable solution for organizations. Among our respondents, 40% say their organization is investing in upskilling and reskilling existing talent.

The above factors may explain why talent readiness has seen a significant lag, with 52% of organizations in Singapore falling into the Followers category, a jump from 46% last year.
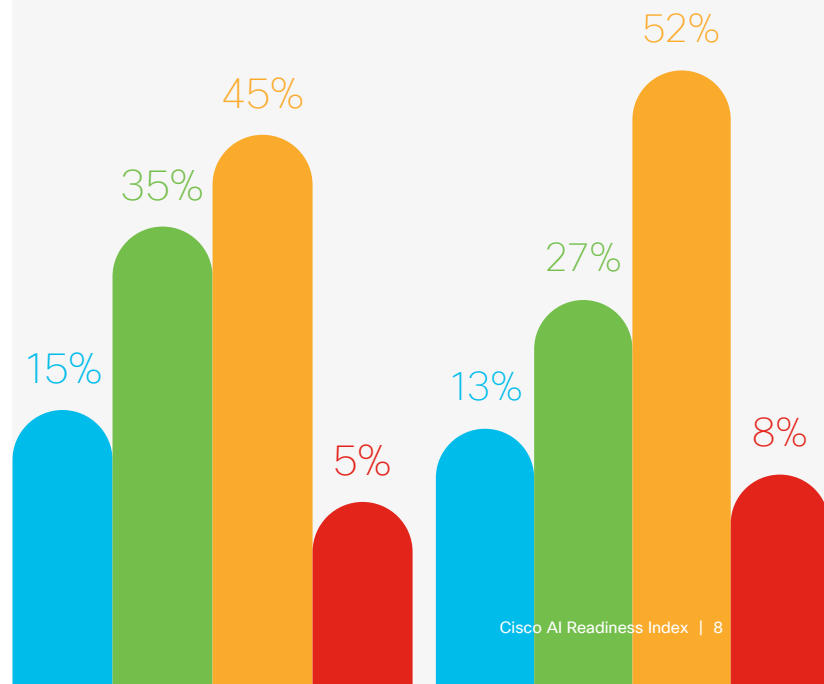
Talent

The race to adopt and deploy AI has triggered a widespread discussion on the lack of skilled talent in the field due in part to the pace at which the technology is evolving, with only 23% of organizations in Singapore claiming their talent is at a high state of readiness to fully leverage AI. 34% of respondents say that their organizations are under resourced in terms of in-house talent necessary for successful AI deployment.

Organizations are actively addressing this issue through a mix of tactics. One of the most common solutions, used by 53% of organizations that are not currently at a high state of talent readiness, is onboarding contractors to plug AI talent gaps.

A slightly higher proportion of such organizations (55%) are also taking a longer-term approach by

Talent Readiness

● Pacesetters ● Chasers ● Followers ● Laggards

APJC VS Singapore

APJC
- 15% (Pacesetters)
- 35% (Chasers)
- 45% (Followers)
- 5% (Laggards)

Singapore
- 13% (Pacesetters)
- 27% (Chasers)
- 52% (Followers)
- 8% (Laggards)

of Boards being highly or moderately receptive, down from 76% last year.

There is also more work to be done to engage middle management, where 17% have either limited or no receptiveness to AI. This challenge is even greater amongst employees where over a quarter (27%) of organizations report employees are limited in their willingness to adopt AI or are outright resistant.

A change management plan is an essential tool for navigating the complexity of AI integration, especially in the face of differing stakeholder views. The Index highlighted that while 62% of organizations have one in place, only 36% of these said their plan is a comprehensive one.
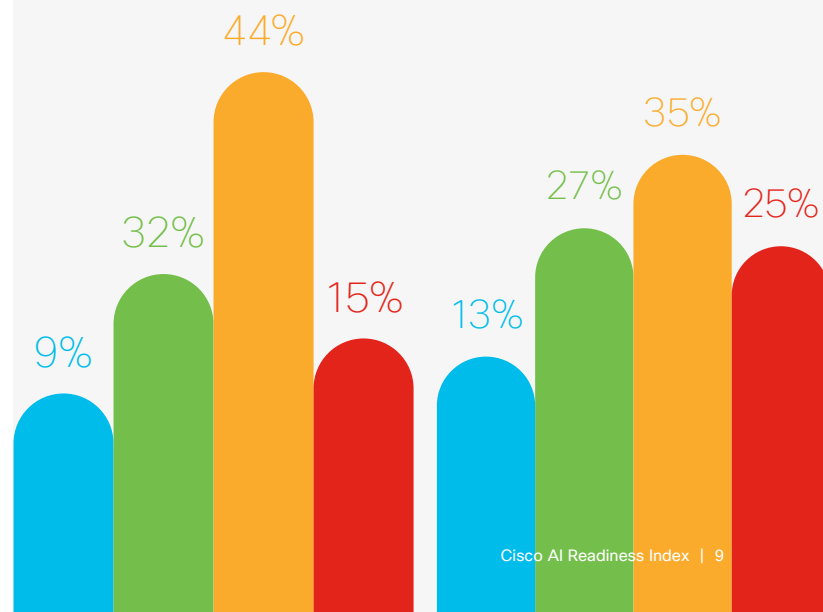
Culture

The growing adoption of AI is poised to bring about large and fundamental culture changes requiring stakeholder support and receptivity for success.

Worryingly, there has been a noticeable reduction in cultural readiness to embrace AI globally, which is mirrored in Singapore. Within the Culture pillar, just 13% of respondents qualify as Pacesetters against the determined criteria, compared to 9% last year.

Organizations that made it to the Chaser category have declined from 42% in 2023 to only 27% in Singapore this year, and the Laggard category slightly increased to 25% from 24%.

To drive meaningful change, it must be initiated from the top. However, the study has revealed that over the past year Boards have become much less receptive to embracing the transformative power of AI, with 72%

Culture Readiness

● Pacesetters ● Chasers ● Followers ● Laggards

APJC   **VS**   Singapore

APJC
- 9% (Pacesetters)
- 32% (Chasers)
- 44% (Followers)
- 15% (Laggards)

Singapore
- 13% (Pacesetters)
- 27% (Chasers)
- 35% (Followers)
- 25% (Laggards)
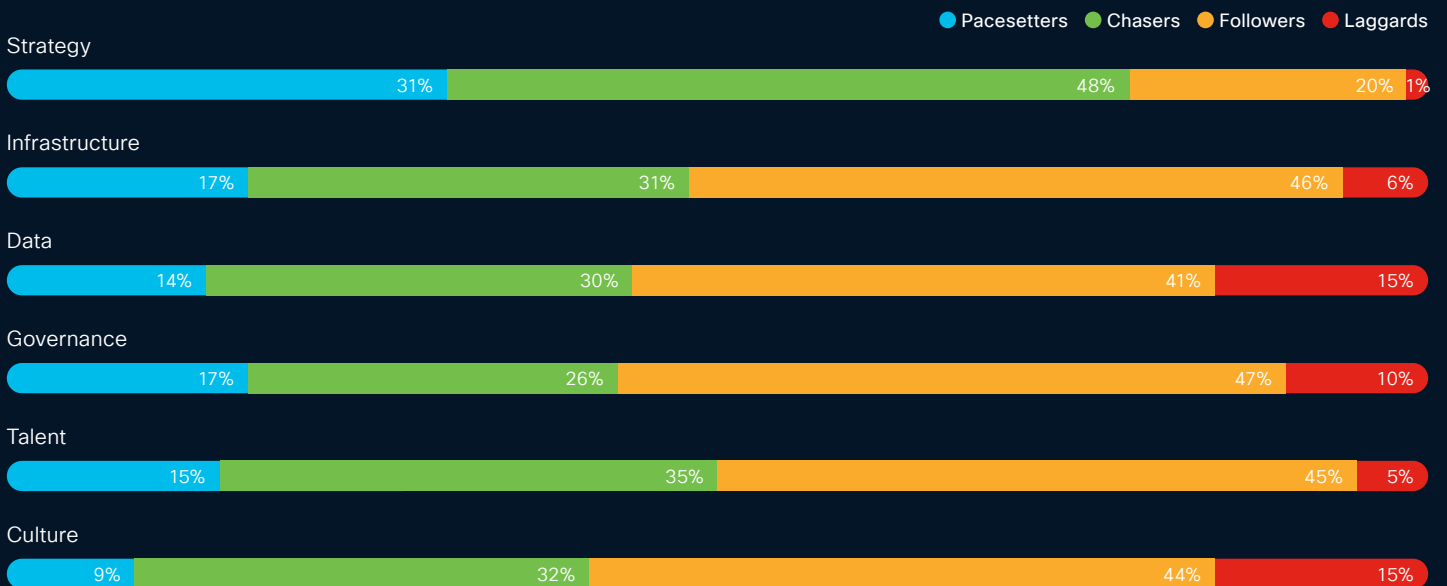
About the Research

Consistent with last year's Index, the Cisco 2024 AI Readiness Index uses six pillars, each with an individual weightage, to benchmark AI readiness – **Strategy** (15%), **Infrastructure** (25%), **Data** (20%), **Governance** (15%), **Talent** (15%), and **Culture** (10%). Within these pillars, levels of readiness are assessed using a combined total of 49 indicators to determine a readiness score for each pillar, as well as an overall readiness score for the respondent's organization. The data was organized and categorized into a level of readiness, with respondents ranked in four groups – **Pacesetters**, **Chasers**, **Followers**, and **Laggards**. These groups and their corresponding scores are pictured right in descending order.

Based on this scoring system, in 2024 15% of respondents in APJC met the criteria for Pacesetters, with Chasers at 33%. Followers are the largest group at 49%, and Laggards the smallest group at 3%. Highlighting the vast divergence in levels of readiness, the average scores recorded for each group are: Pacesetters – 93, Chasers – 72, Followers – 49, and Laggards – 24.

As the survey measures AI readiness, we may also have expected that the groups representing those organizations

Pacesetters (86 and higher):
Organizations at the forefront of readiness for AI adoption and integration globally.

Chasers (61 to 85):
Organizations that are well progressed and above average in AI readiness.

Followers (31 to 60):
Organizations with momentum towards readiness for AI adoption but below average in preparations.

Laggards (30 and below):
Organizations that are least prepared for AI adoption and integration.

that are better prepared (Pacesetters and Chasers) might grow each year as the opportunities and challenges associated with AI become better known. That does not often seem to have been the case, and in this context, stagnant or even marginally declining readiness levels may reflect the speed at which AI adoption and deployment are evolving, making it more difficult for organizations to keep up even as they become more aware of the gaps that need to be closed to leverage AI for success.

● Pacesetters ● Chasers ● Followers ● Laggards

Strategy
31% | 48% | 20% | 1%

Infrastructure
17% | 31% | 46% | 6%

Data
14% | 30% | 41% | 15%

Governance
17% | 26% | 47% | 10%

Talent
15% | 35% | 45% | 5%

Culture
9% | 32% | 44% | 15%

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