AI PRIORITIES STUDY

AI: It's ROI time

The third annual AI Priorities study finds huge strides in payoff as tech leaps forward, enterprises learn how and where to apply it.

CIO

Foundry

Enterprise AI has already hit the infamous deployment gap (or chasm, or trough of disillusionment—call it what you will) and plowed right through to the other side.

Contrary to "no ROI for AI" headlines as recently as mid-2025, Foundry's third annual AI Priorities study finds AI deployments delivering significant return-on-investment at a fast-growing number of organizations.

Increased employee productivity is the top goal, but not the only goal. About half of companies surveyed say they're achieving meaningful productivity returns. They're also seeing cost savings and efficiencies, improved process automation, and gains in customer experience.

These heightened results follow from lessons learned and improvements made over the past couple of years. IT and AI leaders report big jumps in confidence that their organizations have the right skills in place, and likewise the infrastructure and data, to deliver on AI's promise.

Furthermore, the solution space is maturing, and evolving to meet demand for vertical industry applications and agents. Two-thirds of AI leaders say these focused applications deliver better returns than horizontal plays do.

67%

of ITDMs say that industry specific vendors/products deliver better results for their organization compared to generic AI vendors. **Up from 58% in 2024.**

As with any fast-moving technology, challenges and gaps remain. Integration of AI systems into existing IT environments is a common pain point. Skills have evolved, but more are still required.

Agentic AI raises the stakes for security and governance efforts, and respondents report mixed attention to those areas.

Taken together, the survey results paint a picture of companies that are still building, experimenting, and adding more ambitious use cases, even as they make progress against challenges in integration, governance, scaling and measurement.

ROI: Many happy returns

The search for ROI starts with AI objectives. Respondents' top business objective for AI projects, by a wide margin, is to make employees more productive (55%).

Top 5 business objectives for AI

- Improving employee productivity **(55%)**
- Strengthening data protection and privacy through AI **(45%)**
- Improving customer support or services **(44%)**
- Improved speed of development **(44%)**
- Enabling innovative/new product development **(43%)**

AI initiatives delivering significant ROI

- Increased employee productivity **(48%)**
- Cost savings or efficiency gains **(45%)**
- Business IT/process automation **(45%)**
- Improved customer experience **(42%)**

AI is delivering accordingly, with productivity cited as the top area of achieved benefits, at 48% of organizations. Cost savings and efficiency also ranked highly, as did process automation.

Where in the organization is this ROI appearing? Respondents indicate IT departments lead the way, with more than half saying the payoff in this group is "significantly positive." With a majority of the survey's respondents in IT leadership, this number may get a bump from their greater visibility into IT. Nonetheless, in every one of the 12 functions represented in this question, more than 80% indicated significant or moderate positive ROI.

This isn't to say that ROI is a foregone conclusion. For example, in two functions, a very small percent reported negative

ROI—human resources (3%) and legal/compliance (1%)—suggesting that misapplication of AI in these sensitive areas can result in backlash or regulatory fines.

Also, 33% of respondents indicated they still find it challenging to determine ROI, while 27% face difficulty with business case justification for investments.

Top functions achieving ROI from AI

	Significant ROI	Moderate ROI
IT	55%	32%
Finance/Controlling	49%	41%
Customer service	48%	39%
R&D	48%	39%
Logistics	47%	41%
Distribution	46%	37%

For the majority of companies, though, the value is emerging, as project approaches have been refined, winners chosen, and infrastructure and skill requirements gradually addressed over the past couple of years.

Budgets, buying and building

As ROI ramps up, the AI budget is rapidly being formalized, and it's still growing fast as well.

For the second consecutive year, the percentage of respondents who have a dedicated AI budget jumped dramatically,

65%

of respondents say they have a dedicated AI budget at their organization.
Up from 49% in 2024.
Up from 36% in 2023.

at 65% this year, up from 49% and 36% in the two prior Foundry studies.

On average, AI represents 6% of the total IT budget. This is true at both large and small organizations. And nearly two-thirds of companies (63%) will increase spending on AI in the coming year.

Where will this increased investment go? One pressing question organizations face is whether and when to strictly buy AI products—sometimes characterized as pursuing a "vendor led" strategy—versus building their own AI applications and capabilities.

So far, the build-versus-buy answer is "both".

63%

say their organization will increase spending on AI in the coming year.
Up from 53% in 2024.

IT organizations are investing in tools to help build AI capabilities internally

- Data storage and management **(38%)**
- Skills development/ learning platforms **(37%)**
- Monitoring and maintenance **(37%)**

On the build side, whether called no-code, low-code, vibe coding or whatever name emerges this month, building is easier, or promises to be easier, when AI can write the code and AI agents can perform tasks, not only analyze and inform.

The big-three foundational investments to enable effective internal AI capabilities are data storage and management, skills development platforms, and tools to track and optimize model performance, each cited by 37% to 38% of respondents.

There's a bit of a dropoff to the next tier of answers, in the 32% to 33% range, which includes project management tools, data visualization and reporting, and HPC and cloud infrastructure.

Due to both infrastructure and application/ functionality requirements, IT buyers expect to add new vendors to their portfolios at an accelerating pace. Fully three-quarters anticipate doing so in the coming year, up from 61% a year ago.

This finding suggests that either incumbent vendors aren't adding AI features fast enough, or that entirely new application areas and use cases are emerging given AI's newfound power. Or, more likely, both.

It also indicates that integration of new AI tools into the existing IT stack, which we'll later see is the top challenge to AI deployment, isn't prohibitive.

Regarding incumbent vendors, the survey also asked whether respondents are willing to pay a premium for new AI capabilities added to current products. Respondents were split almost evenly this year, with slight momentum in the direction of those "willing to pay more," which rose to 49% (up from 42% last year).

Challenges, governance, and people issues

The early days of enterprise AI—remember 2023-24?—were indeed rife with news of pilot projects hitting turbulence, of meaningful skills gaps, of potential decimation of jobs and of unclear data governance and security issues.

This year's survey shows progress in some of those areas, though not all.

AI is helping companies fill skills gaps as ITDMs report hiring:

- Chatbot developers
- Data scientists

With future plans to hire:

- Prompt engineers
- Algorithm engineers
- AI writers

On the positive side of the ledger:
Regarding security, "strengthening data protection and privacy" ranked as respondents' no. 2 business objective for using AI. That translates to better cybersecurity programs and products.

Companies report progress in filling skills gaps through hiring. For instance, many have already added chatbot developers (37%) and data scientists (33%) to their teams. While those candidates are still in demand, future hiring plans indicate a growing focus on prompt engineering (35%), algorithm engineers (34%), AI writers (34%), and tech specialists in machine learning, deep learning and NLP (each around 33%).

In terms of developing internal skills, while overall confidence that needed skills are in place has grown, there's still much ground to be covered, with AI and augmented intelligence, edge AI, explainable AI, and AI in cybersecurity atop the "need to develop skills/expertise" list — all mentioned by 50% or more of respondents.

On the negative side:
While 70% said AI lets employees focus on higher-value tasks, leaders are coming around to acknowledge that AI will result in overall workforce reductions.

61% agreed that will be the case, up from 53%-54% in each of the previous two surveys.

Further, the data offers hints that many companies are turning a blind eye to governance concerns, perhaps hoping best practices will shake out while they focus on adding business use cases. For example, among tools purchased to help build internal AI capabilities, those aimed at bias detection and ethical AI are on the shopping list for only 25% of respondents, ranking 11th out of 14 categories queried.

Use cases

The top uses of AI start with the catch-all category of data analytics. Underneath that, employee productivity is closely followed by security, customer service, and process automation. Other use cases such as fraud detection, predictive maintenance and supply chain management are

more industry-specific, but while their prevalence is predictably lower, satisfaction with these uses ranks relatively high.

A big story regarding use cases is the speedy shift to vertical applications, in place of or supplementing broader horizontal AI. A big jump in their ability to "deliver better results for the organization" suggests this shift is likely a big driver of increasing ROI. 67% said industry-specific products and vendors deliver better results than "generic" AI vendors; that's up from 58% in last year's study.

LLMs: IT purchasing and trust

A particular use case deserving further attention is AI's widespread role in the purchase process for technology products.

Fully 99% of respondents use AI at some stage or stages. For many, this usage goes well beyond asking ChatGPT or Claude for a list of leading players in a given service category. Top applications for this purpose include comparing solutions and features (48%) and defining technical requirements (47%).

While 59% use AI-assisted search engines in the process, about half (49%) say they also use more specialized research and content aggregation tools.

IT decision-makers use LLMs when...

- **Comparing solutions/features**
- **Defining technical requirements**
- **Identifying vendors or solutions**

99%

of ITDMs currently use AI or LLM-based tools in the tech buying process.

When an LLM recommends a product or proposes a shortlist, what buyers do next is all over the map—reflecting today's splintered buyer journeys—but validation is the key theme. Independent media or analyst coverage tops the list, followed by checking vendor websites and engaging with peers.

Top methods to validate LLMs' recommendations

- Cross-check with IT editorial or analyst content **(53%)**
- Cross-check with vendor websites **(47%)**
- Peer or professional network discussions **(43%)**
- Industry events or webinars **(40%)**
- Demo or proof-of-concept with vendor **(37%)**

Over half of respondents report "moderate trust" in LLM's output. Nearly one-in-three respondents assign "high trust" to LLM recommendations for vendor shortlist — perhaps surprising, given LLM's variable (i.e. probabilistic) responses and the well-known issue of hallucinations.

Conclusion: Hold onto your hats

Like every big technology wave before it, AI has gone through stages of wide-eyed enterprise optimism, followed by the so-called chasm or trough of disillusionment. The difference today is pace.

As the AI Priorities research makes clear, whether companies have remixed their spending, shuttered failed pilots in favor of new efforts, or just tried again with the next generation of technology, those who've continued the AI journey report real progress on delivering organizational value.

With Agentic AI now taking center stage, the pace will only get faster. Hold onto your hats.

About the survey

The third annual CIO AI Priorities survey analyzed data from an online questionnaire completed by 538 IT decision-makers in December 2025. All respondents are involved in the purchase process for major technology products and services. Respondents' organizations are in North America (60%), Europe (20%) and the Asia-Pacific region (20%). Industries represented include high tech (14%), telecommunications (11%), services (11%), manufacturing (11%), financial services (10%), retail (9%) and more.

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