

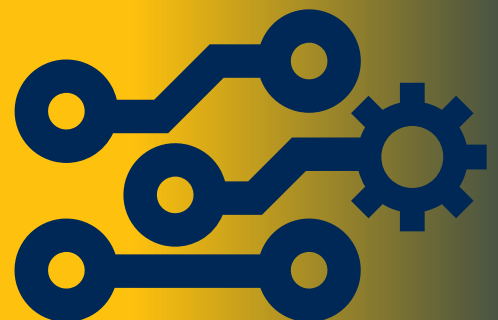
Gartner®

Gartner Research

4 Success Factors for Adopting GenAI Tools as a Tech CEO

Vuk Janosevic

22 January 2024



4 Success Factors for Adopting GenAI Tools as a Tech CEO

Published 22 January 2024 - ID G00804992 - 8 min read

By Analyst(s): Vuk Janosevic

Initiatives: Scalable Business Operations for Tech CEOs

Tech CEOs are inundated with potential use cases to integrate generative AI into their day-to-day operations. Four key success factors enable tech CEOs to navigate their options strategically and effectively evaluate and adopt GenAI tools to support internal processes.

Overview

Key Findings

- With new tools emerging daily, tech CEOs may be considering GenAI tools across dozens or more use cases without a clear vetting process.
- The ease of adopting GenAI tools varies significantly, from plug-and-play options to those requiring extensive technical knowledge, impacting the time-to-value and resource requirements.

Recommendations

To effectively adopt GenAI tools for internal operations, tech CEOs must:

- Adopt a strategic approach to GenAI tool selection by focusing on four key success factors: alignment with specific business areas for high impact, evaluation of integration ease relative to technical and data readiness, effective resource allocation, and comprehensive vendor support.
- Ensure a strategic balance between operational benefits and long-term scalability by prioritizing GenAI tools that align with technical capabilities and resource availability.

Introduction

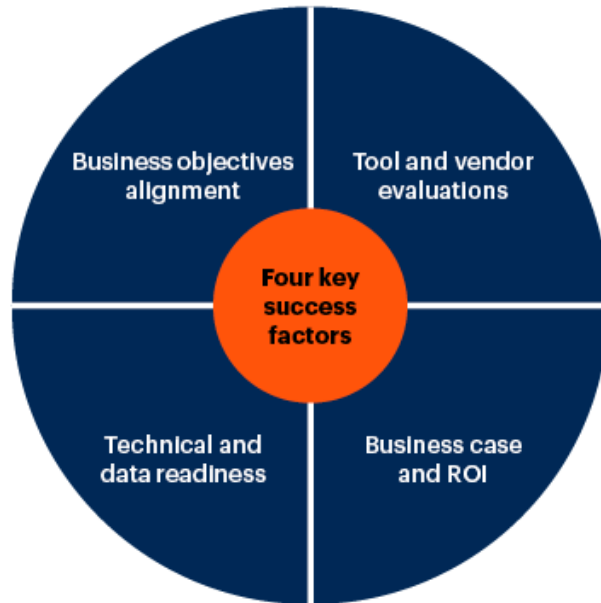
GenAI tools have quickly become essential for tech CEOs to improve business capabilities and boost operational efficiency. However, selecting appropriate solutions in a market brimming with diverse options can be a challenge. A strategic adoption approach is necessary to ensure alignment with organizational goals and seamless integration into the existing technical and data landscape.

Gartner suggests a concurrent evaluation of four key success factors for GenAI tool adoption (see Figure 1):

1. **Setting Business Objectives:** Establish a clear vision of what the organization aims to achieve using GenAI, and how it relates to operational efficiency and autonomy.
2. **Tool and Vendor Selection:** A thorough market review to identify solutions and vendors that align with organizational goals and technical capabilities.
3. **Business Case and ROI:** Establishing a solid business case, allocating limited resources effectively and projecting the ROI to ensure a beneficial adoption.
4. **Technical and Data Readiness Assessment:** A pragmatic approach toward evaluating the technical infrastructure and data readiness, ensuring a smooth alignment with the data requisite of chosen GenAI tools.

Adopting this concurrent evaluation of key success factors enables tech CEOs to make strategic, informed decisions, transforming GenAI adoption from a daunting task into a structured, goal-oriented process.

Figure 1. Key Success Factors for GenAI Adoption

Key Success Factors for GenAI Adoption

Source: Gartner
804992_C

Gartner.

Analysis

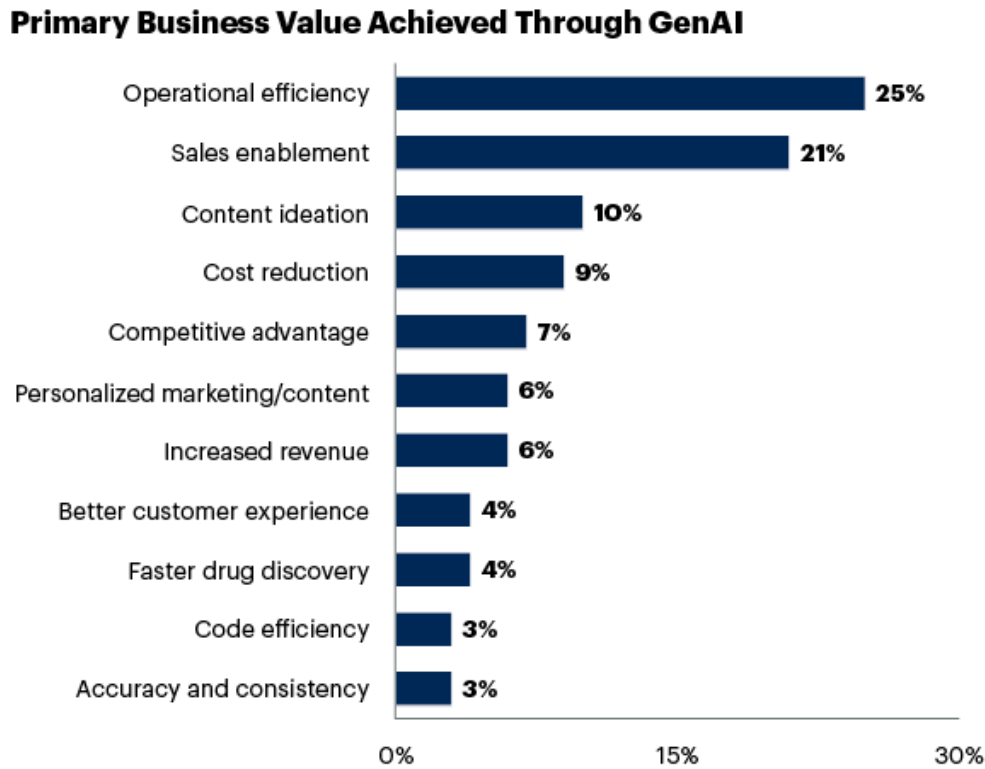
Adopt a Strategic Approach to GenAI Tool Selection

1. Setting Business Objectives

Understanding the potential and limitations of each GenAI tool is crucial for selection. Different GenAI tools may be useful for different objectives, which can impact the decision-making process. The objectives range from improving customer engagement, enhancing data analysis and automating routine tasks to fostering innovative content generation.

Gartner conducted a GenAI, case-based research (CBR) that involved completion of 50 interviews across 25 GenAI vendors globally and analyzed 70 adopter use-case studies. An analysis of these GenAI adopter case studies produced key insights on the primary business value achievable through GenAI, as shown in Figure 2.

Figure 2: Primary Business Value Achieved Through GenAI



n = 185

Source: Gartner
779868_C



While GenAI tools can address current operational challenges, tech CEOs need to envision how GenAI can drive sustained competitive advantage and business growth, from conducting competitive analysis and summarizing content, to crafting targeted customer communications and ideation. GenAI ability extends to generating insights from unstructured data and analyzing sentiments, enhancing customer engagement and internal processes. Marketing GenAI tools have emerged as the most technically mature use cases, but remain nascent in market value and adoption. However, domain-specific GenAI tools can unlock greater efficiency, but are cost intensive. Tech CEOs must engage key stakeholders across various departments in defining the objectives for adoption and aligning on success metrics as well.

2. Tool and Vendor Selection

To use GenAI effectively, you need to assess the tools and vendors that are available. These tools differ in what they can do, how easy they are to use and how well they work. Though building your own tools from basic models is an option, it can be very costly and hard for early-stage ventures.

A structured approach to evaluating GenAI tools entails:

1. **Functional Assessment:** Assess the fit for specific use cases and evaluate performance, scalability and extensibility through trials, interactive demos and proof of concepts (POCs) to gain hands-on experience.
2. **Technical Assessment:** Discuss with vendors their algorithmic robustness, model training and fine-tuning capabilities that align with your goals and objectives.
3. **Deployment Options:** Understand the available deployment options (cloud versus on-premises).
4. **Data Privacy and Security:** Discuss the impact on data governance, security and evidence of compliance with industry standards, such as a security operations center (SOC) or upcoming regulations, like the EU AI Act.
5. **Vendor Support and Documentation:** Evaluate the provided support during the integration phase and explore the integration services and the quality of documentation to mitigate potential roadblocks.
6. **Product Maturity:** Probe for in-production success stories, client testimonials and operational impact that demonstrate the effectiveness of the GenAI tools in real-world scenarios.

While evaluating off-the-shelf GenAI solutions, tech CEOs should not only assess the vendor's commitment to upgrades and improvements but also maintain a flexible approach to tool selection. Recognizing that different use cases may require distinct GenAI tools, it is important to be prepared to switch to new solutions as they emerge and future-proof your operations. Further strengthening this evaluation process, Gartner has conducted extensive research of vendors in the GenAI space,¹ spanning all layers of the technology stack – from underlying infrastructure to tooling and end-user applications.

3. Business Case and ROI

Articulating a crisp future state, both quantitative and qualitative, is a crucial step that involves illustrating the potential impact on operational efficiency and critical metrics like CAC (Customer Acquisition Cost), CLV (Customer Lifetime Value), NPS (Net Promoter Score) and NRR (Net Revenue Retention).

The business case evaluation needs to take into account financial implications over both short- and long-term horizons, including both direct and indirect benefits and associated costs. Allocating technical and nontechnical resources to support GenAI tools needs to be evaluated, based on the deployment options provided by vendors.

Direct benefits:

- **Revenue and Growth Expansion:** Accelerating market and client base growth, directly impacting CAC by optimizing marketing and sales efficiencies.
- **Customer Satisfaction Boost:** Improving customer experience, from onboarding to ongoing maintenance, reflected in increased CLV and NRR, as well as positive shifts in NPS.
- **Valuation and Investability Uplift:** Potential appreciation in company's value and investor interest as a result of enhanced operational capabilities and boost in NRR.
- **Cost Savings:** Efficiency gains from automation and optimized processes, contributing to lower CAC and higher CLV.

Indirect benefits:

- **Competitive Advantage:** The value of gaining a competitive edge in the market.
- **Innovation:** The value of additional support and services generated through insights from GenAI tools.
- **Support Advancements:** The value of time saved and errors reduced.

Direct costs:

- **Subscription or License:** Immediate expenses for GenAI tools.
- **Integration:** Costs linked to embedding GenAI into existing systems.
- **Infrastructure:** Immediate expenses for running on-premises solutions.

- **Upgrades:** Necessary investments to support GenAI functionality.
- **Staffing:** Additional human capital to support GenAI from integration to maintenance.

Indirect costs:

- **Training:** Educating staff on GenAI tool usage.
- **Maintenance:** Ongoing upkeep of GenAI systems.
- **Compliance:** Ensuring data privacy and security.

Developing a well-structured budget and ROI analysis, although challenging, is crucial for startups. It enables tech CEOs to make informed decisions, balancing tangible and intangible benefits against costs.

4. Technical and Data Readiness Assessment

Tech CEOs eyeing tools and products with embedded GenAI capabilities need to gauge the readiness of their technical and data infrastructure during the evaluation phase.

Technical Infrastructure Evaluation:

- **System Compatibility:** Assess the system requirements of the GenAI-embedded products. Ensure that your current hardware and software environments either meet or can be upgraded to the tool's requisites.
- **Integration Touchpoints:** The chosen tool should have compatible APIs or other integration mechanisms to ensure seamless communication with your existing systems, databases and any other organizational tools.
- **Processing Power:** While you aren't training GenAI models from scratch, the tool might still require substantial computation power, especially if it runs on-premises. Depending on the complexity of tasks performed, verify whether the tool needs specialized hardware or additional server capacity.
- **Scalability:** As your data and demands grow, ensure that the infrastructure can scale accordingly, whether through cloud solutions or expandable on-premises systems.

Data Readiness Assessment

- **Data Input Specifications:** Check the formats and structures the GenAI tool requires for data input. This could involve specific file formats, data schemas or standardized data representations.
- **Context-Rich Data Knowledge Base:** GenAI tools, even when pretrained, require contextually rich and relevant datasets to function effectively. It is essential to cultivate a repository of high-quality data that is not just vast, but also aligned with the specific contexts in which the tool will operate.
- **Data Storage and Retrieval:** With the continuous integration of the tool with data, storage solutions that allow for quick retrieval and updates are essential. Check whether your current storage solutions meet this criterion.
- **Data Security and Compliance:** From a technical standpoint, ensure encryption, secure data transfer protocols and other security measures are in place and compatible with the tool's requirements.
- **Data Processing Speed:** The projected operational speed of the GenAI tool within the given environment sets the pace for its efficacy, including the duration taken for data processing, and generation, as well as latency and bandwidth for cloud-based tools.

Evidence

This research relies on the interviews with industry leaders and practitioners, as well as secondary research conducted by various Gartner analysts in the domain of GenAI.

Gartner Case-Based Field Research Methodology:

This document presents results and insights from a Gartner case-based field research project conducted over a period of six months starting in July 2022. This project involved completion of 50 interviews across 25 generative AI vendors globally and analyzed over 90 adopter use-case studies. Gartner conducted this research to advise product leaders on advancing capabilities for Generative AI solutions, identifying the most prominent, business-valuable and emerging use cases, and to support strategy and product roadmap evolution. Gartner analysts engaged vendors in two primary discussions:

- A vendor briefing to understand product capabilities, features and related go-to-market strategies
- A vendor interview reviewing verifiable real-world use cases demonstrating adoption of the vendor's innovation where the customer achieved desired outcomes

¹ Tool: Vendor Identification for Generative AI Technologies

Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

Emerging Tech: Top Use Cases for Generative AI

Applying AI – Business Domains

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner's Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "[Guiding Principles on Independence and Objectivity](#)." Gartner research may not be used as input into or for the training or development of generative artificial intelligence, machine learning, algorithms, software, or related technologies.

Actionable, objective insight

Position your organization for success. Explore these additional complimentary resources and tools for high tech industry leaders:

Research



How Generative AI Technology Impacts Offering Strategies for Tech CEOs

Get insights on developing GenAI-based offerings.

[Download Now](#)

Webinar



Strengthen Your Cybersecurity Leadership to Navigate Evolving Security Landscape

Understand the steps you can take to navigate the evolving cybersecurity landscape.

[Watch Now](#)

eBook



2024 Gartner Top 10 Strategic Technology Trends

View top insights and actions for business and technology leaders.

[Download Now](#)

eBook



2024 Leadership Vision for Tech CEOs

Explore the top 3 strategic priorities for tech CEOs in 2024.

[Download Now](#)

Already a client?

Get access to even more resources in your client portal. [Log In](#)

Connect With Us

Get actionable, objective insight that drives smarter decisions and stronger performance on your mission-critical priorities. Contact us to become a client:

U.S.: 1 866 263 8917

International: + 44 (0) 03301 628 476

[Become a Client](#)

Learn more about Gartner for High Tech Leaders

gartner.com/en/high-tech

Stay connected to the latest insight

