



The AI Readiness Barometer: ASEAN's AI Landscape

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AUTHORED BY

SASH MUKHERJEE

VP Industry Insights, Ecosystem

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Introduction

Generative AI has propelled AI into the mainstream, making its benefits tangible and sparking widespread discussions within organisations. However, the challenge now is to move beyond the hype. Organisations must tap into the true transformative potential of AI and integrate it into their core decision-making processes.

Implementing AI is no easy task, as many early adopters know. AI readiness isn't a single starting point; it's a harmonious convergence.

An effective AI strategy sets the direction but requires strong foundations like a robust data strategy, the optimum infrastructure, and the right talent to execute it. Equally crucial is a governance framework to ensure responsible and ethical AI development. These essential building blocks, when combined, create a truly AI-ready organisation.

The Ecosystem AI Readiness Assessment Study was launched in March 2024, in collaboration with IBM, to understand the AI adoption trends across five ASEAN countries, including identifying the most impactful use cases by business units. The data from the study was also used to evaluate the readiness for AI adoption in large organisations across the countries.

This e-book presents the key findings from the study and provides valuable insights to empower organisations as they start or re-calibrate their AI journeys.



About the AI Readiness Assessment Study

The Ecosystem AI Readiness Assessment Study commissioned by IBM, reflects the perspectives of 372 technology, data, and business leaders across 5 countries in ASEAN.

Conducted between March and April 2024, the study provides comprehensive insights into challenges and opportunities of AI adoption in the region.

Country



23%
Singapore



22%
Indonesia



20%
Thailand



19%
Malaysia



16%
The Philippines

Industry

18%
Manufacturing
(Automotive, Electronics)

17%
Financial Services - Banking

16%
Government

9%
Distribution-Travel & Transportations

8%
Distribution-Consumer & Retail

8%
Energy & Resources

8%
Healthcare & Life Sciences

8%
Telecom/Media

8%
Financial Services-Insurance

Function

25%
IT (Security, Infrastructure, Development)

23%
Data Team (Data Architect, Data Engineer, Data Scientist etc.)

18%
Sales, Marketing & Customer Experience

17%
Operations/ Logistics/ Procurement/ Production

17%
Human Resources

Organisation Size (number of employees)



20%
500 - 999



40%
1,000 - 4,999

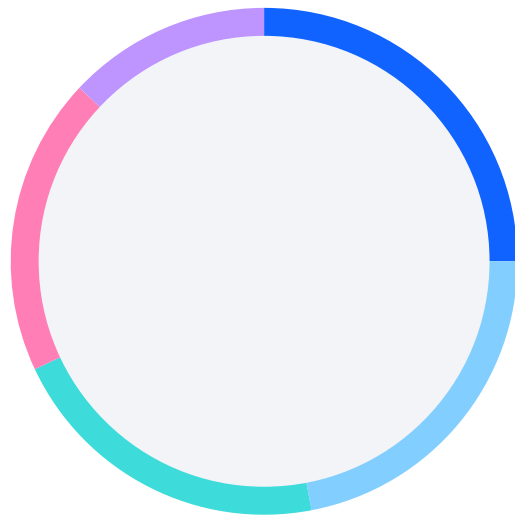


40%
More than 5,000

ASEAN AI Focus for 2024-25

Despite the enthusiasm, uncertainty surrounds AI applications for many leaders. Implementing AI across the organisation requires significant investment (talent, tech stack upgrades) and cultural shifts to ensure AI delivers value (such as better decisions and enhanced customer experiences). Focusing on high-impact business cases such as talent management, customer engagement, and IT operations can maximise the return on AI initiatives – and organisations in ASEAN are doing just that.

Leading AI Priority for 2024-25 in ASEAN



25%

Identifying business use cases for pilots/ PoCs

22%

Improving data quality, interoperability, and consistency

21%

Upskilling/re- skilling employees to be data-ready

19%

Adopting new technologies for data management

13%

Improving data governance and compliance

Q: What is the major area of focus for the organisation's data initiatives to support AI for the next 12 months?

The simultaneous focus on strong data quality, accessibility, and AI skills is a positive step, but a crucial piece remains missing: governance and compliance. Without a robust framework, organisations risk aligning AI initiatives to organisational objectives and value realisation.



Impactful AI Use Cases

ASEAN organisations are streamlining operations with process automation and predictive analytics, while exploring GenAI for content creation.



Operations and IT lead the charge, with applications in document processing, process optimisation, and even code generation. People-focused business units such as Marketing & Sales and HR are embracing GenAI for improved knowledge aggregation, content creation, process optimisation, and employee experience.

The Most Popular AI Use Cases in ASEAN

OPERATIONS

63%

Intelligent Document Processing

57%

Payment & Invoicing Automation

52%

Real-time Inventory Management

IT

60%

Support & Helpdesk

56%

Documentation

50%

Code Generation & QC

PEOPLE-FOCUSED BUSINESS UNITS

Customer, Sales & Marketing

55%

Content Strategy & Creation

HR

55%

Recruiting

Q: Which of these AI use cases has the organisation deployed?

Organisations in ASEAN are also evaluating customised AI use cases based on industry needs. AI is transforming industries by optimising product design, predicting customer behaviour, streamlining logistics, and enhancing the safety of public spaces.

Assessing Organisational AI Readiness

While the potential of AI is undeniable, scaling solutions beyond pilots and proof-of-concepts remains a hurdle. Let's explore the key reasons for this scalability challenge.

The Ecosystem AI Readiness Barometer

The Ecosystem AI Readiness Barometer leverages the data from the study to quantify the maturity of organisations on four key aspects of their AI strategy:



Culture & Leadership



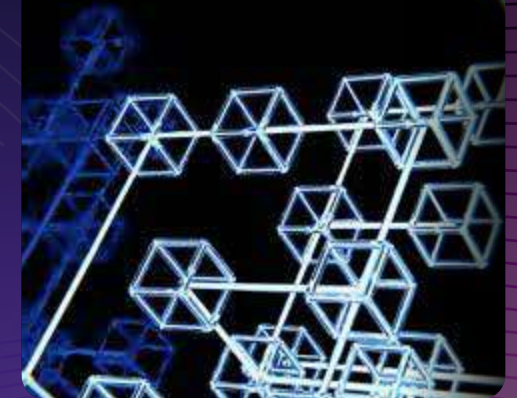
Skills & People



Data Foundation



Governance Framework



The scores assigned to each criterion are aggregated to calculate a final score that indicates where organisations are on their AI journeys – whether they are at the Traditional, Emerging, Consolidating, Transformative, or AI-First stage.

The 5 Stages of AI Readiness

TRADITIONAL

Governance. Lack of defined policy; reliance on regulatory guidance and technology vendors

People. Siloed departments, reluctance to adopt AI; no dedicated data team, limited AI knowledge

Data. Lack of systematic data approach; uncertainties about data storage and AI feasibility

Strategy. Limited AI prioritisation; ad hoc experiments; anecdotal evaluation

EMERGING

Governance. Absence of formally assigned roles; barriers include lack of AI strategy and ethical guidelines

People. Project-specific collaboration; basic data capabilities; reliance on off-the-shelf AI due to lack of expertise

Data. Data confined to specific departments; lack of confidence in AI development

Strategy. Open to change but limited AI success; deprioritised in some cases

CONSOLIDATING

Governance. Responsibilities delegated to specific departments; driven by internal reporting and concerns; hindered by lack of understanding and skills in managing trustworthy AI

People. Inter-departmental collaboration; time-saving AI benefits realised; centralised data team configuring off-the-shelf tools due to limited AI/ML expertise

Data. Data shapes priorities; reliance on structured data; uncertainty in AI implementation

Strategy. Market-driven tech adoption; re-evaluation of AI rollouts

TRANSFORMATIVE

Governance. Collaborative effort across teams; focused on monitoring AI activities, tracking efficiency, and ensuring privacy/security; challenged by absence of universally compatible tools

People. Cross-departmental collaboration promoted; AI enhances productivity; centralised data team focuses on advanced AI projects, integrating AI into existing applications and conducting R&D

Data. Tech adoption with AI focus; assessment against metrics and benchmarks

Strategy. Tech adoption with AI focus, assessment against metrics and benchmarks

AI-FIRST

Governance. Dedicated role established; driven by minimising bias, developing ethical AI, and enabling explainable solutions

People. Collaboration extends to external partners; AI empowers employees; centralised data team with strong AI/ML capabilities spearheads cutting-edge AI initiatives, building proprietary solutions

Data. Data-centric strategy; seamless data access; confidence in AI execution across platforms

Strategy. Proactive innovation, organisation-wide AI strategy, assessment against KPIs and ROI



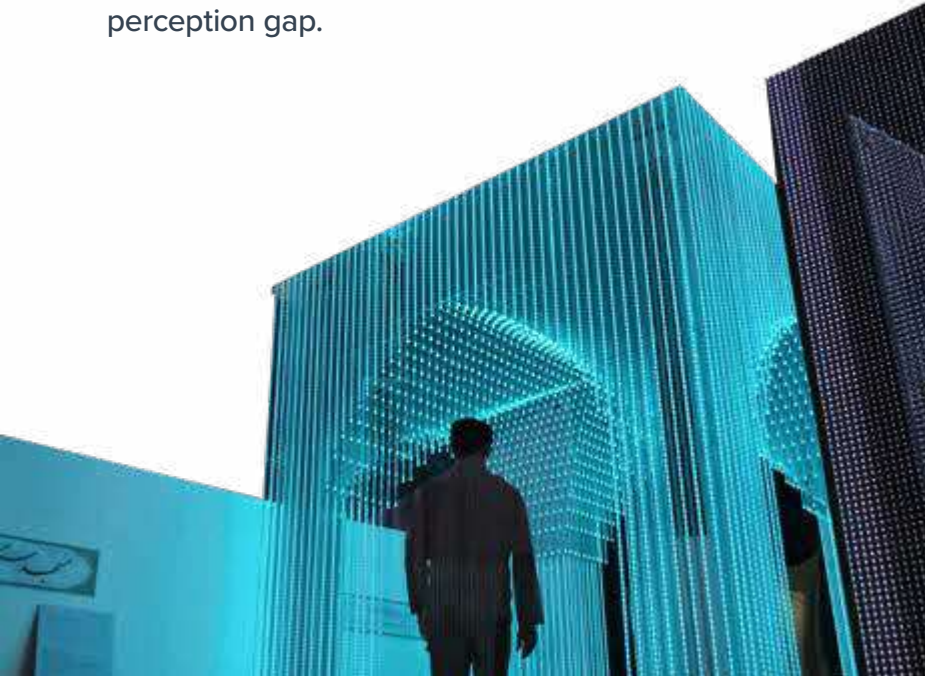
Perception Vs. Reality



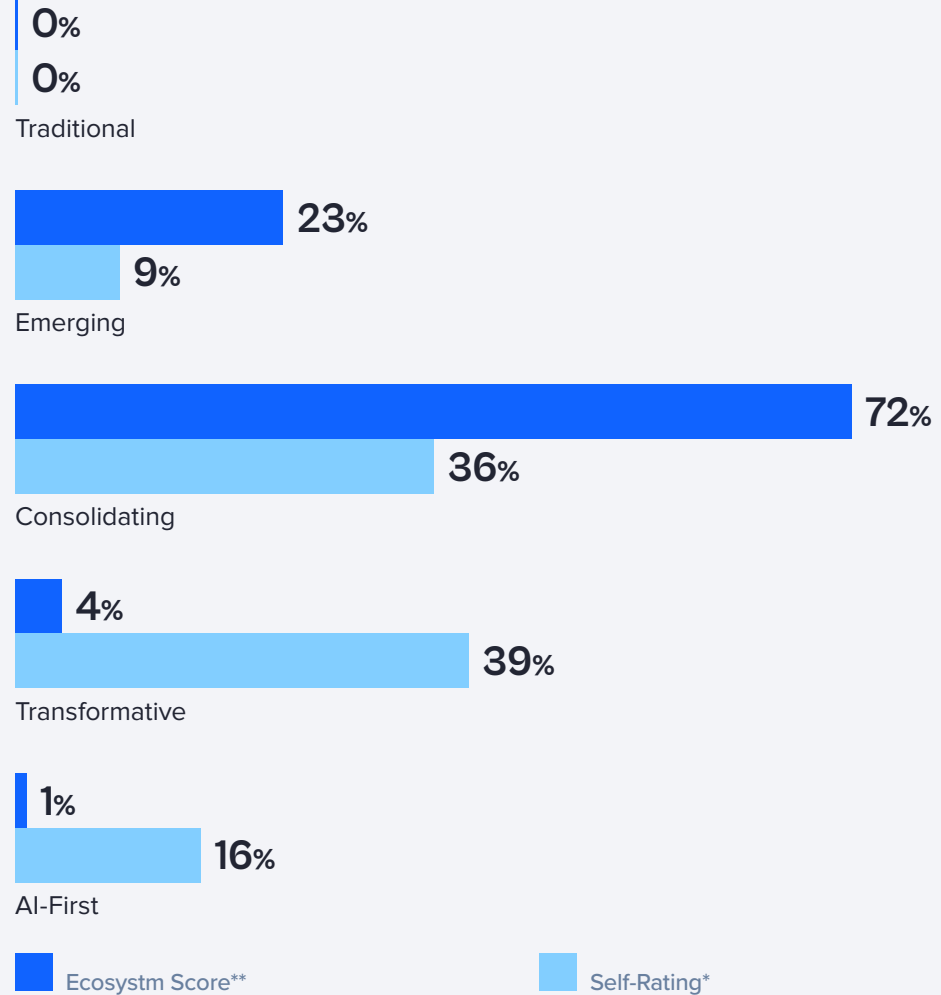
A gap exists between organisational optimism about AI readiness and the reality as revealed by our assessments.

Many organisations lack a comprehensive AI strategy, leading to implementations focused solely on the technology’s impressive capabilities, rather than assessing the solution’s long-term impact on the business.

A closer examination of the core elements of AI readiness sheds light on the root causes of this perception gap.



Self-Ratings vs AI Readiness Barometer Assessments

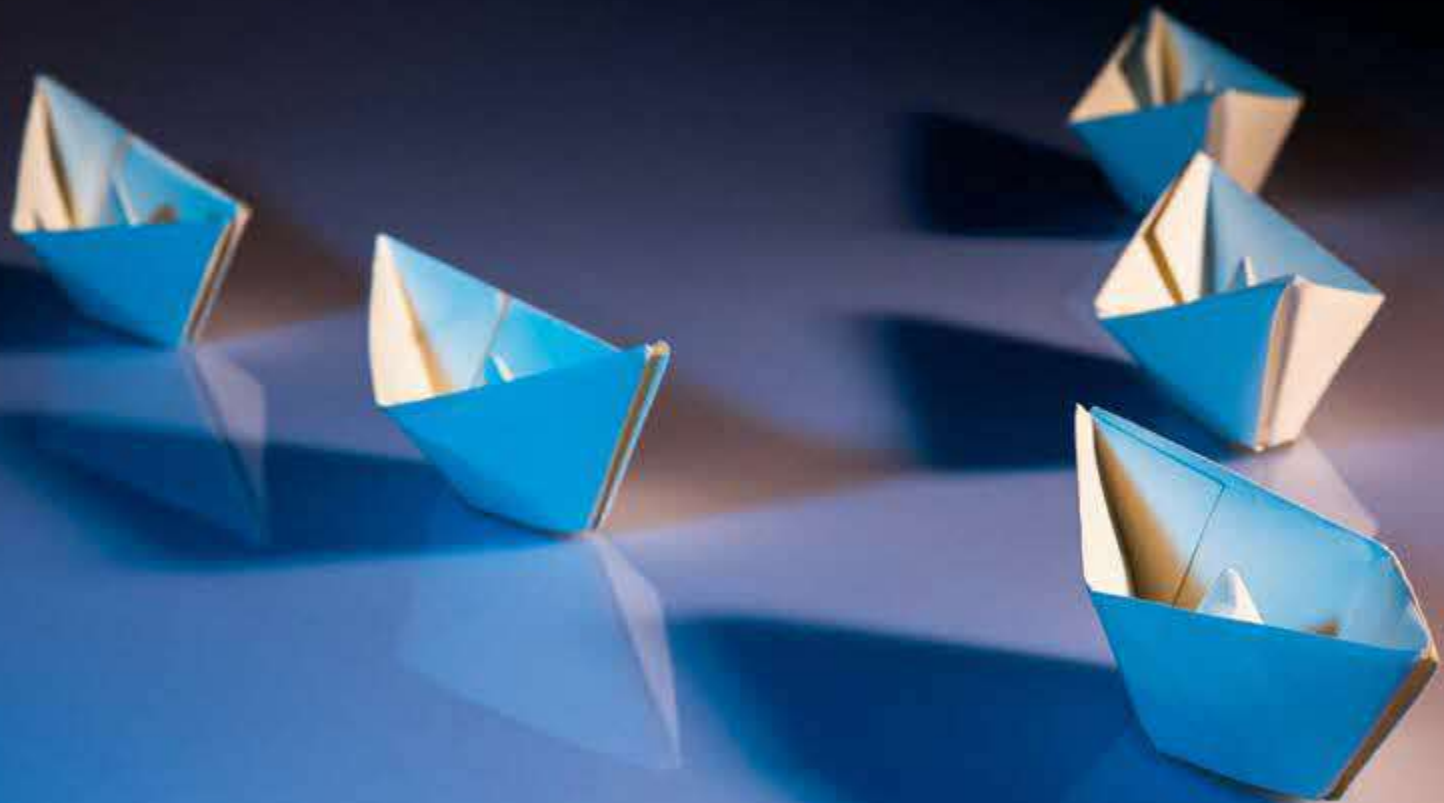


Q: On a scale of 1-10, how would you rate your organisation’s AI maturity (where 1 is ‘Very immature’ and 10 is ‘Extremely mature’)

*Ratings have been grouped to make it consistent with the Readiness Assessment

**Ecosystem’s ratings based on the responses to the Readiness Assessment

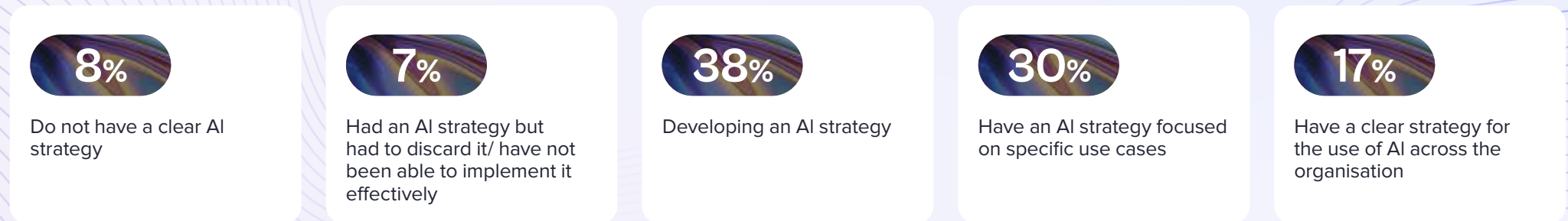
Culture & Leadership



A proactive AI culture fosters innovation by viewing AI as a strategic tool to achieve clear business goals. This approach ensures that AI investments directly contribute to measurable organisational value.

AI Wake-up Call: Rethink Your Strategy

While 85% of organisations acknowledge the power of AI, a significant gap exists between recognition and reality. Only 17% have a well-defined AI strategy, leaving a vast majority without a clear roadmap for success. Limiting the strategy to specific use cases leads to missing the potential for a more transformative impact across the entire organisation. Organisations must recalibrate their AI journeys by clearly articulating a comprehensive AI strategy.



Q: Which statement best describes the organisation's AI strategy?

Other Gaps:

- ▶ 78% of organisations say they're open to change, but only 17% consider themselves true pioneers, actively embracing cutting-edge technologies. The rest react to external forces.
- ▶ Only 22% measure AI's true value. Most organisations lack clear ROI metrics, making it difficult to assess if their AI investments are generating external revenue or internal efficiencies.
- ▶ Nearly half (43%) of organisations are jumping on the AI bandwagon due to the growing availability of AI-powered business applications.



CULTURE & LEADERSHIP

Critical Success Factors

1

AI for Impact, Not Innovation Alone

Strategic AI adoption driven by a demonstrable need to enhance organisational value, not merely by the recent availability of the technology.

2

Leadership Buy-in and Vision

A culture where leaders champion AI, set a vision, and secure ongoing investments.

3

Openness and Experimentation

An environment where teams are encouraged to test, learn from failures, and refine AI solutions.

4

Metrics and Measurement

Tracking the impact of AI initiatives to demonstrate their value and identify areas for improvement.

5

Future-Focused AI Strategy

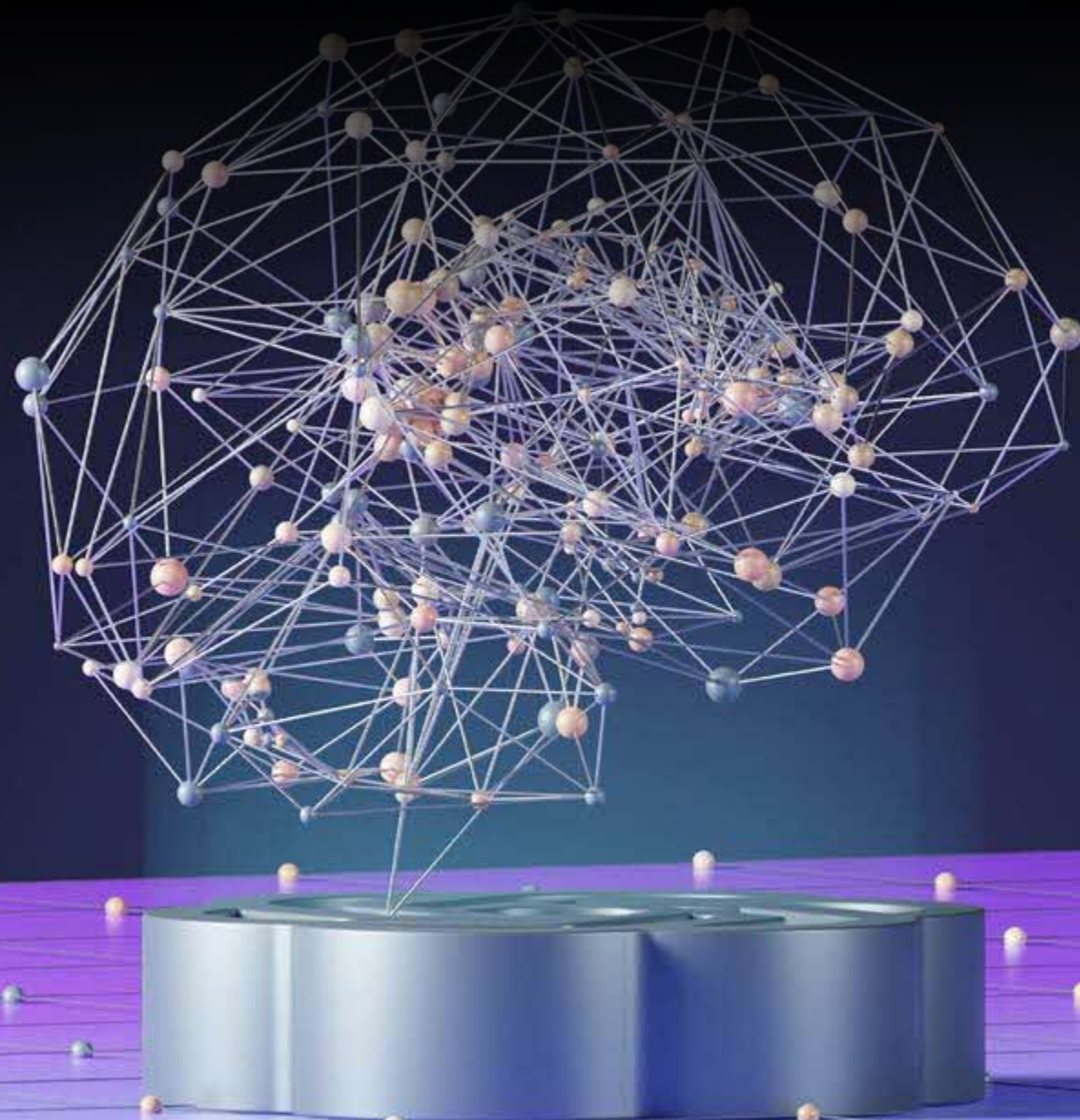
A strategy that goes beyond current use cases and anticipates the evolving potential of AI in the organisation, embracing continuous learning to stay ahead of the AI curve.

“AI is pivotal to our vision for digital leadership. Its integration spans beyond individual projects, shaping our holistic approach across all business domains, enriching services and operations. We are also seeking employees passionate about tech and fostering a culture of innovation and excellence.”

EXECUTIVE LEADER, CONGLOMERATE, INDONESIA



Skills & People



An AI-ready workforce enables employees to collaborate both internally and with external partners. It relies on a dedicated internal data team for their AI needs; grows advanced AI and ML capabilities through upskilling and reskilling initiatives; and promotes AI awareness among all employees.

AI Expertise Gap: A Barrier to Innovation

A significant gap exists in AI/ML expertise within organisations, hindering their ability to fully embrace this transformative technology. Only 17% have extensive expertise and dedicated data science teams. The vast majority lack specialists or possess only basic internal AI skills. While some organisations leverage embedded AI capabilities within existing applications, maximising AI's potential requires strong internal expertise. Upskilling, hiring AI talent, and leveraging tech partners can bridge the expertise gap.



Q: How would you describe the AI/ML expertise within the organisation?

Other Gaps:

- ▶ Less than a third (28%) of organisations prioritise cross-departmental collaboration, a critical driver of innovation.
- ▶ While 50% of organisations see some productivity gains from AI, only 14% believe it's creating new and expanded job roles.
- ▶ A meagre 11% of organisations are investing in reskilling their tech staff to strengthen internal AI capabilities.

SKILLS & PEOPLE

Critical Success Factors

1

Collaborative Learning

An organisation where knowledge sharing and collaboration is encouraged internally across departments and externally with AI experts, to leverage diverse skillsets.

2

Dual AI Expertise

A dedicated data science team, complemented by comprehensive upskilling initiatives for a broader range of employees, to promote a foundational understanding of AI.

3

Human-AI Synergy

Clear leadership communication on the role of AI as a collaborator that enhances skills and complements roles, for greater employee buy-in for a more productive future.

4

Metrics and Measurement

Effective training programs, collaboration efforts, and overall employee engagement with AI, quantified to refine the approach to training.

5

Change Management

An acknowledgement that access to technology does not ensure adoption – training on both benefits and potential disruptions ensures employee familiarity with new workflows.

“The role of every leader today is to regard AI as ‘augmented intelligence’ and not ‘artificial intelligence’. Investing in upskilling and fostering a culture of acceptance and readiness for AI adoption is essential for higher rates of technology adoption.”

HEAD OF CUSTOMER ENGAGEMENT, INSURANCE PROVIDER, SINGAPORE



Data Foundation

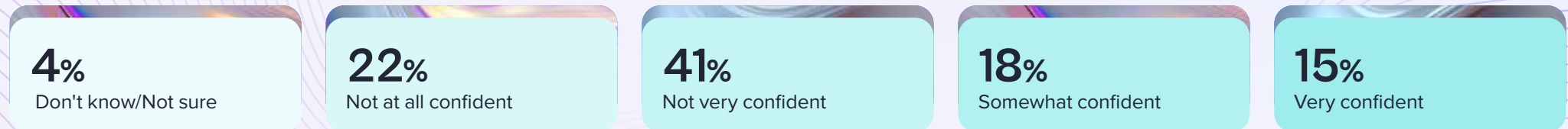




A data-centric organisation views data as a strategic cornerstone of its AI ambitions, guaranteeing seamless access to AI insights throughout the organisation – regardless of data structure, storage location, or modeling method – while actively cultivating trust in the data.

Confidence Gap: AI Adoption Requires Greater Trust

Organisations require access to data across all environments, facilitated by an AI-optimised infrastructure. Hybrid, multi-cloud strategies offer flexibility to store data where it makes sense. However, only 33% of technology and business leaders have some confidence that their AI solutions can be built and managed wherever data resides. This lack of trust in AI portability hinders widespread adoption. Unlocking the full potential of a data-driven future hinges on building confidence that AI solutions can leverage information regardless of location.



Q: How confident is the organisation that AI projects can be built and run wherever the data resides?

Other Gaps:

- ▶ Despite 96% of organisations using data for some business decisions, only 15% leverage it for core strategies and business models.
- ▶ Over a third of organisations remain stuck in the past, relying solely on databases, while only 15% are actively enhancing their capabilities to analyse unstructured data.
- ▶ A staggering 87% of organisations lack a dedicated Chief Data Officer (CDO) to oversee all data-driven and AI projects.

DATA FOUNDATION

Critical Success Factors

1

Data Quality Assurance

Making high-quality, readily available data the bedrock of successful AI projects, through data cleansing and a well-defined data architecture.

2

Scalable Infrastructure

A flexible and scalable infrastructure that is capable of handling large volumes of data efficiently to ensure smooth AI operations and accommodate future growth seamlessly.

3

Data Lineage and Traceability

Tracking the origin and journey of data through its lifecycle to allow for better understanding of biases within the data and facilitate debugging issues with AI models.

4

Going Beyond Structured Data

Embracing data management tools to extract valuable knowledge from unstructured data (text, images, audio, etc.) that goes beyond traditional databases.

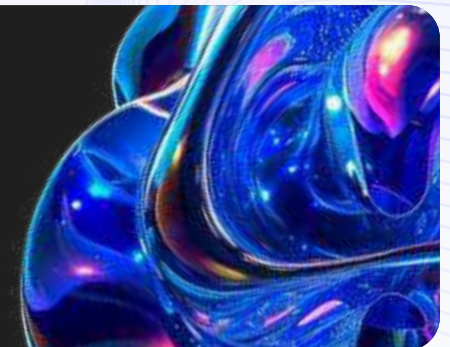
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Centralised Data Leadership

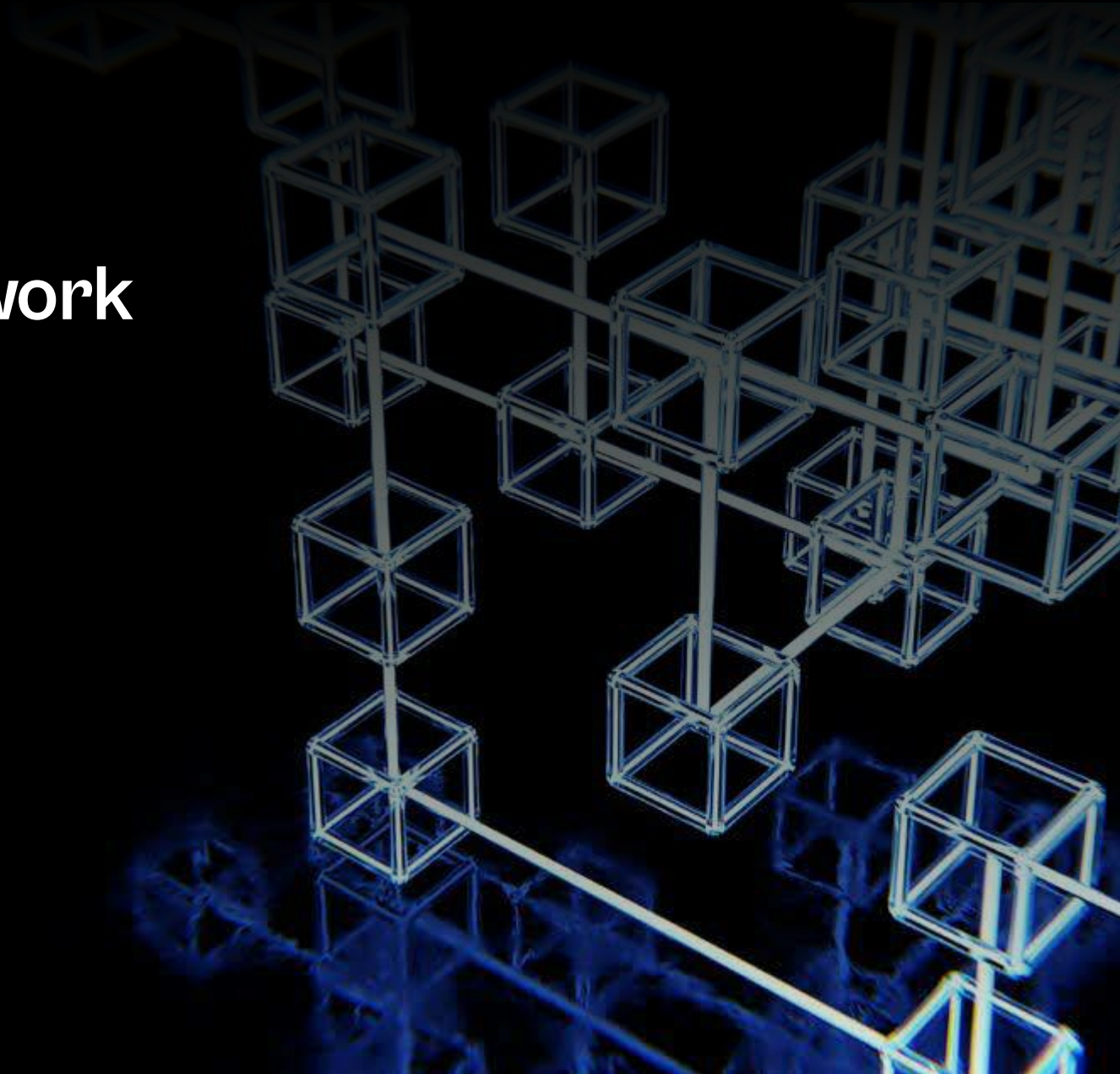
A CDO to provide an organisation-wide view of data and AI opportunities, and dedicated data governance resources to ensure responsible use for AI projects.

"Accessing trusted data remains the primary challenge. Data precedes systems, evolving with technology upgrades. Organisations often revamp their data strategy with each technology upgrade. However, in today's rapidly changing landscape, maintaining consistent data foundations and policies is crucial for continual progress."

CHIEF TRANSFORMATION OFFICER, CONGLOMERATE, MALAYSIA



Governance Framework



Implementing effective governance models is critical to navigating the regulatory landscape. However, the rapid rise of AI faces governance hurdles: ensuring proper data use within AI platforms, ethical concerns, and the struggle for proper frameworks. Multimodal AI also raises governance concerns as organisations mix internal and vendor AI models.

Fragmented Focus: Decentralised Data Governance

Governance ownership is concerningly unclear: 15% lack a defined policy, and 66% spread responsibility across departments or teams, potentially leading to inconsistencies. Only 18% have a dedicated data governance role. To address this, a formal policy outlining roles and expectations is crucial. Consider a centralised governance team to lead implementation, while still fostering collaboration across departments for effective data management.



Q: Who is responsible for data governance in the organisation?

Other Gaps:

- ▶ Lack of vendor support on compliance or internal governance policies hinders over 62% of organisations.
- ▶ Only 12% of organisations have implemented processes to track AI model performance variations or model drift, which can significantly impact results over time.
- ▶ Over 84% of organisations lack focus on explainable AI, exposing them to risks as transparency regulations rise and user trust becomes key.

GOVERNANCE FRAMEWORK

Critical Success Factors

1

Centralised, but Federated Governance

Clear central policies for governance, ethics, and security across AI initiatives, while empowering individual business units with ownership and accountability for specific data and AI projects.

2

Responsible AI Guardrails

Not restricting governance to compliance regulations alone to establish internal AI policies reflecting stance on responsible, ethical, and explainable AI.

3

Governance for Multi-Vendor AI

Employ multiple LLMs/ AI vendors under a unified governance solution, streamlining control and monitoring across all models, while remaining vendor-agnostic for future adaptability.

4

Automated AI Lifecycle Management

Ensuring scalability and accountability using a central model inventory that tracks progress and provides real-time visibility.

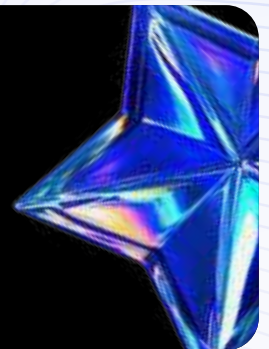
5

User Empowerment

Clear communication and ongoing training to foster awareness, engagement, and alignment, allowing stakeholders to make informed decisions and uphold data governance standards.

“AI projects face risks at individual (where an individual employee makes an error intentionally or unknowingly), organisational (where the organisation prioritises profits over risks), and societal (where society fails to foresee and address AI's long-term impacts) levels. Governance provides a holistic view – but siloed approaches leave organisations deploying AI based on their risk preferences.”

CHRO, LARGE FINANCIAL SERVICES ORGANISATION, SINGAPORE



Ecosystem Opinion

Organisational optimism about AI readiness often outpaces actual preparedness.

While many organisations have dipped their toes into AI experimentation, the real game-changer lies in scaling those initial successes for significant organisational impact. This is where organisations face challenges. AI requires a strong organisational commitment and a multi-pronged approach.

- 01 Broad Vision, Laser Focus.** An organisational vision explores how AI can improve every aspect of the business, while laser-focused use cases pinpoint specific areas where AI delivers the most impact, with clear metrics for success.
- 02 Democratising AI to Build Capabilities.** Bridging the AI expertise gap needs open knowledge sharing internally and with external experts, along with AI skills across the entire workforce, not just data science teams.
- 03 A Data-Centric Approach.** Organisation-wide access to high-quality data, regardless of data format or location, ensures AI insights are delivered where and when they're most needed.
- 04 Centralised AI Governance.** Effective AI hinges on clear, unified policies for ethics, security, and data use, that ensures responsible AI development and smooths the path for multi-vendor solutions.

The road to AI success starts with a readiness assessment. This roadmap identifies strengths, weaknesses, and potential roadblocks for smooth AI integration. For most organisations, technology partners become invaluable allies, helping them identify high-potential use cases, select the right AI tools, optimise workflows for AI through process re-engineering, and refine governance for maximum AI impact.

Do you want to use AI to accelerate productivity and innovation for your business? You need to move beyond experimentation to scale – and you must move fast!

Find out how Generative AI can give business leaders a competitive edge

CLICK HERE



IBM can help you conduct a readiness assessment, as a first step to help you meaningfully transform your business and drive sustainable competitive advantage

Sign up for a free Strategy Session

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Sash Mukherjee

VP Industry Insights, Ecosystem

Sash is a veteran in primary and secondary research with almost twenty years of experience analysing, writing and training in industries as wide-ranging as Public Sector, Healthcare, Education and Insurance.

As VP Industry Insights, Sash helps us see the bigger picture by delving into our insights and developing thought leadership to show buyers and vendors alike where the industry is heading. She is also involved in delivering consulting projects and custom engagements. As an in-demand industry thought-leader, she is a regular speaker and panelist at industry events, and frequently moderates conversations involving key policymakers and senior business & IT executives.



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