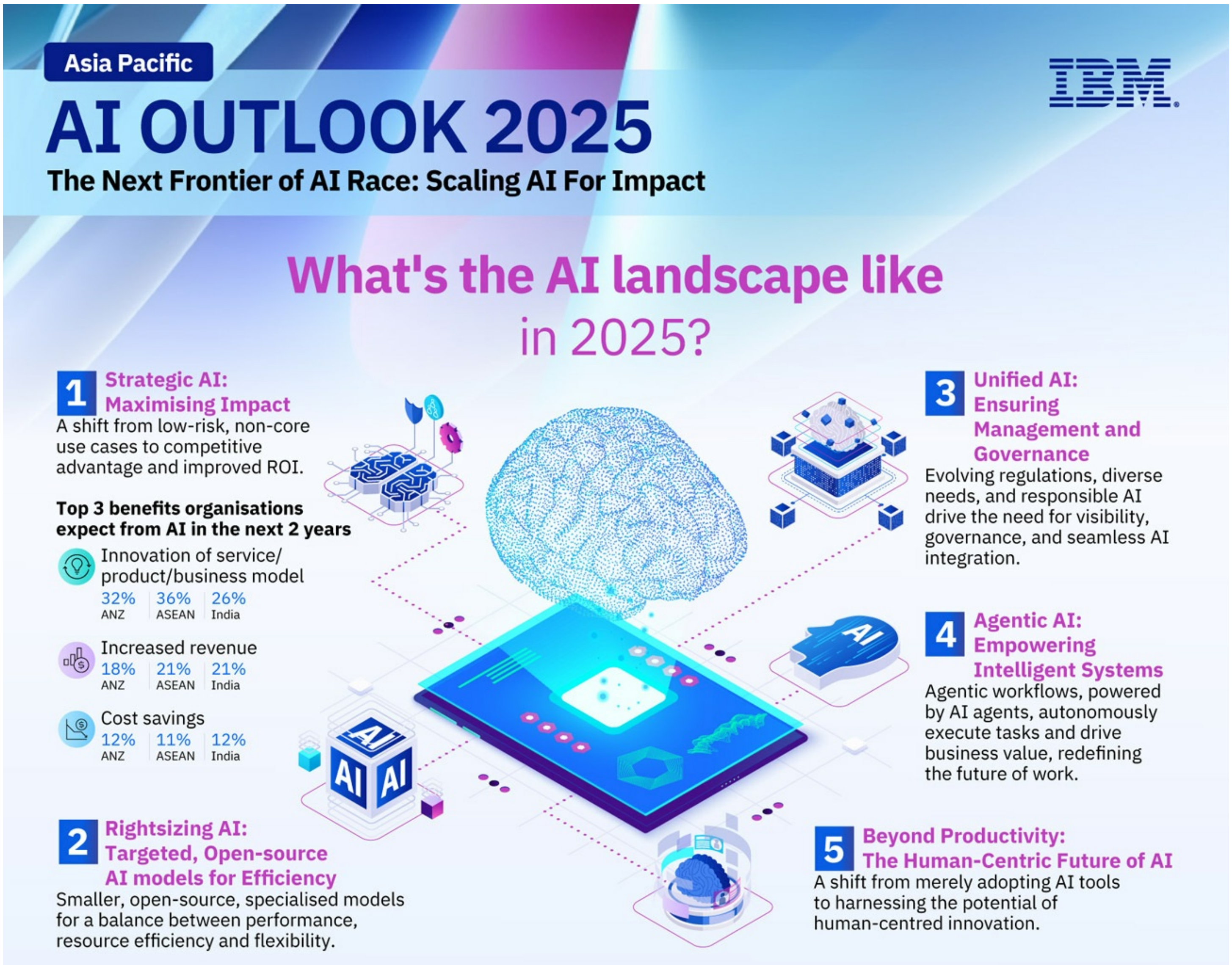
What's Next for AI: New APAC AI Outlook Finds Decisive Shift as Enterprises Move Beyond Early Experimentation to Place ROI at the Heart of AI in 2025

• In 2025, Asia-Pacific enterprises are moving beyond AI experimentation to a hard-headed assessment of project return on investment (ROI). This aims to lay a foundation for long-term growth with open-source models, seamless integration and unified governance between AI solutions. • The race towards a more AI-powered future will set the stage for agentic AI, establishing a new equilibrium within organisations between humans and technology. • 17 Asia-Pacific best practices by industry leaders offer a blueprint for enterprise AI success.



Singapore, November 28, 2024: A new "APAC AI Outlook 2025," commissioned by IBM (NYSE: IBM), reveals that Asia-Pacific enterprises are moving beyond AI experimentation to maximise the impact of their AI investments. More than half (54%) now expect AI to deliver longer-term benefits for their business in areas such as innovation or revenue generation. The game changer lies in developing cost-effective AI solutions, with the flexibility to use custom-built open-source models and seamless integrations between multiple vendors.

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The pursuit of short-term wins during the initial phase of generative AI projects has given way to a more nuanced understanding of AI's potential. The focus is also shifting from low-risk, non-core use cases, to deploying Gen AI in core business functions for competitive advantage and improved ROI. According to the Outlook, conducted by Ecosystm on behalf of IBM, nearly 60% of surveyed organisations across the Asia-Pacific region anticipate realising the benefits of their AI investments within two to five years. Only 11% expect returns within the next two years.

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In 2025, the primary focus of AI investments for APAC organizations will center on enhancing customer experience (21%), back-office business process automation (18%) and sales automation and customer lifecycle management (16%). To realize these goals, organizations must address key challenges, including data complexity (39%), high cost of implementation and solution (36%) and limited number of use cases defined (35%).

"While we've seen exciting glimpses of AI's potential, many organisations are still struggling to harness its full power," said **Hans Dekkers, General Manager of IBM Asia Pacific**. "In 2025, the focus of AI will shift beyond low-risk experiments in areas of the business such as employee productivity and customer experience, towards broader strategic goals based on competitive advantage and improved ROI. Smaller, targeted models will gain traction, along with flexible open-source architecture and the ability to manage seamless integration of AI platforms from any tech provider. And the ultimate goal is to achieve a human-centric AI future."

APAC AI Outlook 2025 discusses the key trends and barriers organisations must overcome to unlock AI's transformative potential, along with insights from 17 APAC industry leaders pioneering AI best practices. As such, it offers a valuable blueprint for organisations looking to accelerate their AI initiatives while managing challenges and risks.

The five strategic trends shaping the region's AI future identified in the Outlook includes:

- **AI-led revenue generation takes centre stage:** Organisations will adopt a **"Strategic AI"** approach in 2025, prioritising projects based on feasibility and business impact. This reflects maturing recognition that early wins to build trust and organisational buy-in must be balanced with longer-term AI strategies. The challenge is how to scale AI through use cases that maximise revenue opportunities and ROI.
- **Smaller specialised open-source models emerge as a powerful alternative for many AI applications:** Purpose-built models will be in demand, including those designed for local languages, nuanced regional contexts and simpler computational tasks. The **"Rightsizing AI"** models require significantly less training data and generate a smaller carbon footprint than the large language models that have so far dominated AI discussions.
- **Enterprises embrace new tools for visibility, governance and seamless AI integration:** Asia-Pacific organisations will increasingly leverage open-source AI models to drive innovation and efficiency. The **"Unified AI"** with robust orchestration tools will streamline the management around these solutions, offering flexibility, cost-effectiveness, improved security and seamless integrations between different vendors.
- **AI agents redefine the future of work:** Enterprises will increasingly devise agentic workflows, powered by AI agents, to autonomously execute tasks, collaborate with human workers and drive value across the business. The **"Agentic AI"**,combining AI with automation, has the potential to achieve significant gains in operational efficiency, customer experience and decision-making. However, organisations need to establish internal guardrails, and regularly evaluate underlying models to ensure ethical and responsible use.
- **Human-centred innovation drives the next phase of AI:** While productivity tools have been a major focus of AI adoption, the future lies in leveraging AI to enhance human experiences and capabilities. **"The Human-Centric AI approach"** will become a powerful tool for employees to augment their roles, automate routine tasks, and unlock new opportunities for creativity and innovation. By prioritising the empathetic design of AI solutions, organisations can also

foster stronger customer relationships and brand loyalty.

“Human beings are indispensable in the evolution of AI. People need to be involved at every stage of the technology – this includes maintaining oversight of critical applications,” said **Ullrich Loeffler, CEO of Ecosystm.** “The purpose of AI should always be to make a positive impact on the world, fostering a culture of trust, collaboration and co-creation. Progress should be premised on the idea that AI enhances rather than replaces humans, with both working and growing together.”

Explore how to elevate AI strategy from pilot projects to scalable solutionshere.

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