



THE PATHWAY TO **GenAI** Competitive Advantage

IS YOUR DATA PREPARED TO UNLOCK
GEN AI'S BUSINESS VALUE?

THE BPI NETWORK REPORT

IN PARTNERSHIP WITH



FOREWORD

The rapid evolution of Generative AI is reshaping industries, promising not just incremental efficiency gains but a significant shift in competitive advantage. However, unlocking GenAI's full potential isn't a given—it requires a foundation of well-prepared, high-quality data. Without it, even the most sophisticated AI models will stumble, producing unreliable insights, introducing compliance risks, and ultimately, derailing ambitious initiatives.

The stark reality: Many GenAI projects are failing. Why? Organizations that don't enable and support their AI use cases through an AI-ready data practice see over 60% of AI projects fail, according to Gartner. This challenge is preventable, but only if organizations take a proactive, strategic approach to their data. Discovering, classifying, enriching, and securing data isn't just an IT concern — it's a business imperative. Without AI-ready data, even the most promising GenAI use cases will fail to deliver.

Our latest research, conducted in collaboration with the Business Performance Innovation (BPI) Network and the Growth Officer Council, explores whether organizations' data is truly primed to unlock GenAI's next-generation business value. It focuses on four critical pillars: Data Quality, Accuracy & Reliability, Security & Privacy, and Cost & ROI.

The findings are striking: While 79% of business leaders believe GenAI will deliver a competitive advantage in the next 18 months, 60% admit they lack confidence in their organization's data-AI readiness. This gap between ambition and execution is where true competitive differentiation lies.

Leveraging data preparation to advance AI initiatives is something we're truly passionate about at EncompaaS. Since GenAI's inception, we've been expertly preparing unstructured data to compliantly accelerate GenAI success.

I invite you to explore this report, gain valuable insights, and determine whether your organization is on the path to GenAI leadership—or at risk of falling behind.



Regards

Jesse Todd

Chief Executive Officer
EncompaaS

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GenAI Readiness

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Expert Insights

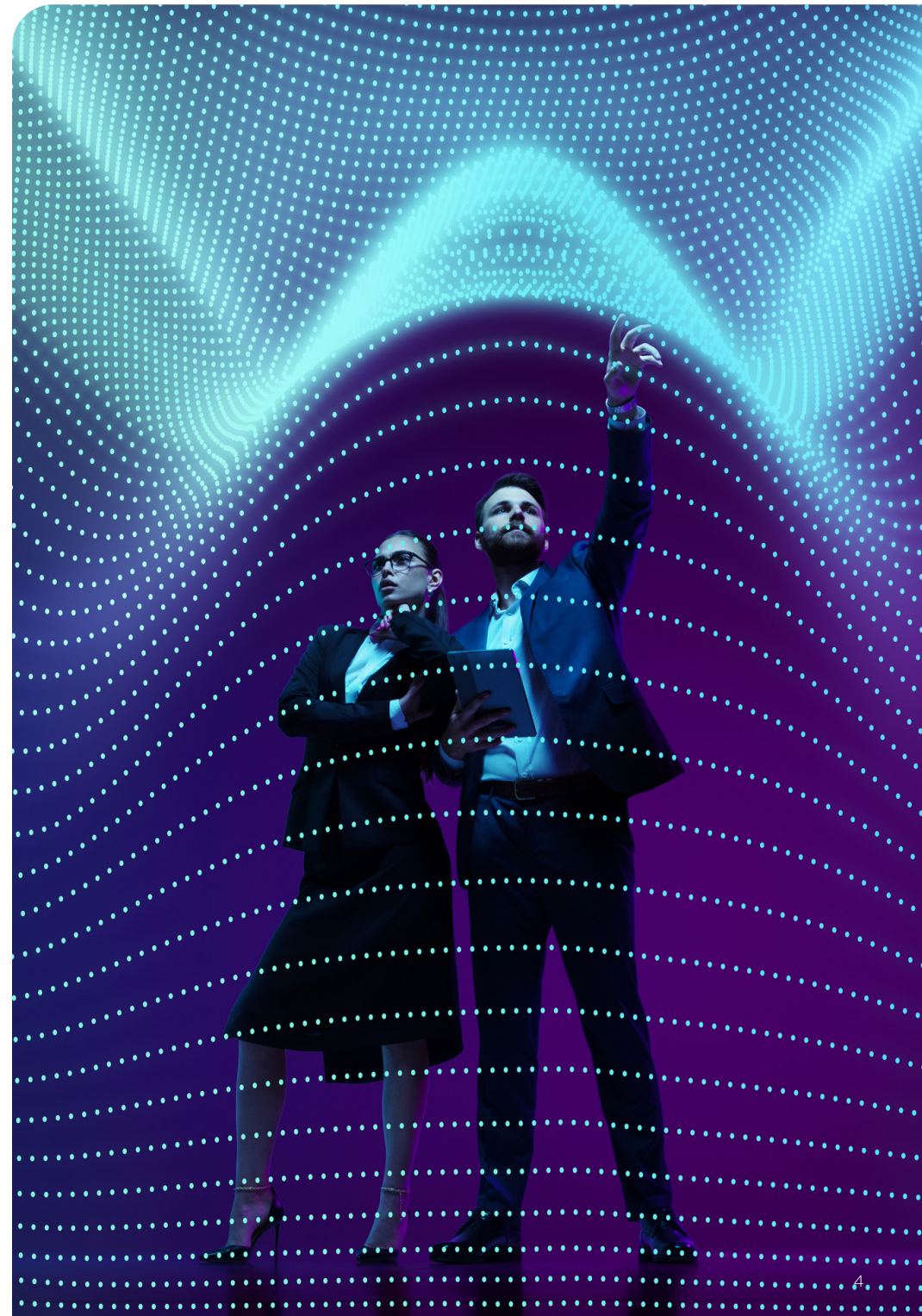
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INTRODUCTION

The endless search for competitive advantage and growth continues to be the dominant agenda item for business leaders and boards operating in a world of parity, complexity and unpredictability.

In a world buffeted by trade headwinds, geopolitical divides, regulatory restrictions, cost escalation, digital disruption, cyber threats, and connected customer empowerment, GenAI promises both salvation and continuous innovation.

This study focuses on how GenAI might shape, impact and influence the way data is used for competitive advantage if properly prepared, primed, programmed and processed. Our survey of over 170 corporate decision makers drills into business model variances and regional geographic contrasts.





Most notably, the BPI Network and Growth Officer Council, in partnership with EncompaaS, seek to help companies:

- Secure and protect brands, IP and data assets in the emerging quantum computing age.
- Streamline burdensome processes to become more operationally efficient and agile.
- Mitigate risk, threats and liability, while ensuring greater compliance and accountability.
- Identify new customer segments and sources of revenue and margin opportunity .
- Become more adept, responsive and predictive across the operational value chain.
- Modernize IT infrastructures and address legacy system limitations and gaps.
- Bring better products to market more effectively and successfully.
- Enjoin in meaningful, lasting and profitable customer relationships.
- Make smarter, more informed and actionable decisions for competitive advantage.

The advent of GenAI has the potential to level playing fields and uplift the performance of every functional area and process in the enterprise. How well data is integrated, unified, cleansed and applied for competitive advantage is the topic we explore in this report.

EXECUTIVE SUMMARY

After a year of delivering mostly marginal efficiency gains, GenAI is on the verge of accelerating functional effectiveness and competitive differentiation. In fact, our study found that 79% of business leaders believe GenAI will deliver a competitive advantage, such as agentic AI improving the customer experience, over the next 18 months.

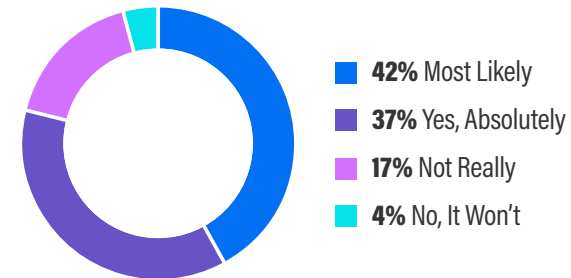
But not everyone will be able to reap the benefits. Through 2026, 30% of GenAI projects will be abandoned after proof of concept due to poor data quality, inadequate risk controls, escalating costs or unclear business value, according to Gartner.

In our study, conducted by the Business Performance Innovation (BPI) Network, the Growth Officer Council and intelligent information management leader EncompaaS, we found that the potential for increased business value with GenAI will challenge even the most seasoned business leaders.

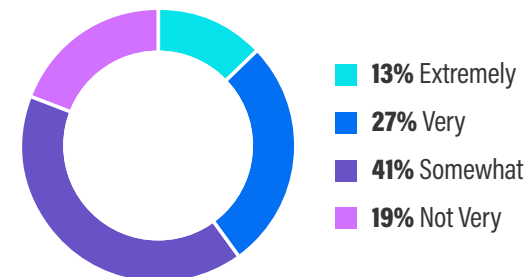
4 in 5 Business Leaders Expect GenAI to Deliver a Competitive Advantage

Data that is ill-prepared to handle GenAI exponentially increases the likelihood of failed initiatives. Further, 60% of business leaders lack confidence in their data-AI readiness to achieve GenAI business value, our study shows.

Will GenAI Deliver Competitive Advantage Over the Next 18 Months?



Are You Confident in Your Data-AI Readiness to Achieve GenAI Value?



Only 13% are “extremely” confident in their data-AI readiness — but they can help us understand where confidence comes from. Generally speaking, confident business leaders come from companies that have made a data transformation that supports GenAI.

60% of Business Leaders Lack Confidence in Data-AI Readiness

“Data management skills and processes, as well as underlying technology and architecture, must undergo an evolutionary change to properly enable AI initiatives,” Gartner says.

Overcoming Obstacles

In order to harness the power of GenAI, organizations first have to discover, classify, manage and secure data for GenAI to interrogate. Many organizations will need to shore up their data environment amid an unprecedented data deluge and growing security and privacy concerns. It’s critical for organizations to “ensure data meets specific requirements, including representativeness, responsiveness and proper data governance principles,” Gartner says.

Our study looked at the state of data-AI readiness and examined how companies are preparing for the next evolution in business value.

We focused on four key areas of data-AI readiness:

1



Data Quality

2



Accuracy & Reliability

3



Security & Privacy

4



Cost & ROI

What You'll Learn

As organizations plot a path toward GenAI competitive advantage, they'll need to make an honest assessment of their data-AI readiness and where they stand among their peers. In this report, you'll learn what initiatives and investments make the most sense, where challenges lie, and what outcomes can be achieved depending on where you are on the data-AI readiness maturity curve. This study will help you gain confidence as you prepare for GenAI's next-generation business value.

Our Methodology

Our findings are based on a global survey of 171 business and functional leaders across industries and geographies. Additionally, we conducted in-depth interviews with executives from StarCIO, AVOA, Pegasystems, and NSW Department of Planning, Industry and Environment. More than 80% of respondents held EVP/SVP/VP/GM/CIO/CTO/CISO/CLO titles. Among all respondents, 53% came from the B2B sector and 47% from the B2C/hybrid sector.

Survey respondents by company size:

29% with annual revenue greater than \$5 billion

31% with \$1 billion to \$5 billion

22% with \$751 million to \$1 billion

13% with \$500 million to \$750 million

4% with less than \$500 million

Survey respondents by industry:

 **17%** in health, pharmaceuticals, life sciences

 **15%** in financial services

 **11%** in environmental, utilities, oil/gas

 **11%** in high-tech

 **8%** in construction

 **5%** in education

LANDMARK LEAP IN BUSINESS VALUE

We know GenAI is going to drive competitive advantage, but what exactly will this look like? Our survey respondents cited a number of areas where they expect to see GenAI's impact and value in the coming months. Here are the top three:

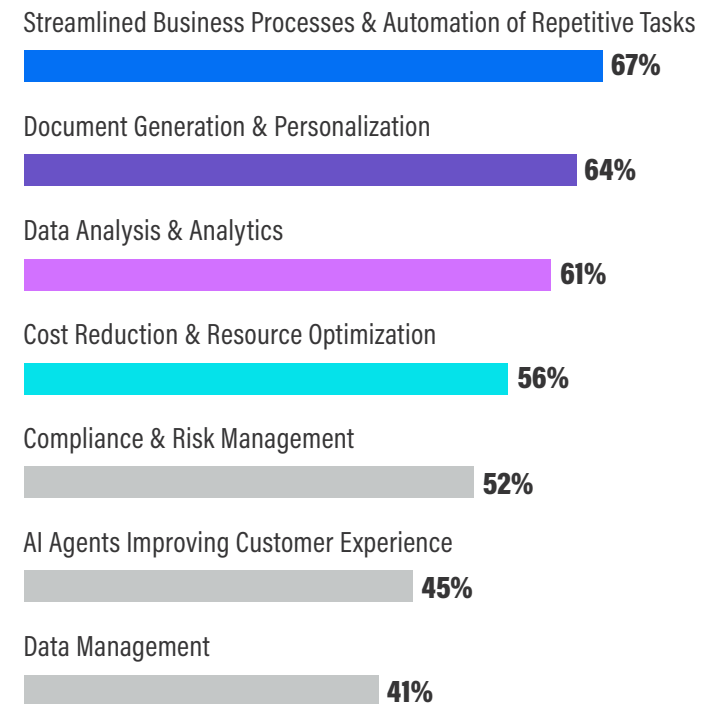
- Streamlined Business Processes & Automation of Repetitive Tasks
- Document Generation & Personalization
- Data Analysis & Analytics

Effectiveness, a Competitive Advantage

GenAI's low-hanging fruit has been to streamline business processes and automate repetitive tasks. This will continue to deliver impact and value, especially among companies with low data-AI maturity. More advanced companies will seek to transform these business processes for more powerful outcomes.

Among business leaders confident in their data-AI readiness, 81% expect to see AI agents improving customer experience, compared to only 21% of not-so-confident leaders.

Where Do You See GenAI's Impact & Value in the Next 18 Months?



Consider a large B2B company working through a complex customer rebate and querying the system on what the correct rebate percentage should be, which can take up to two weeks. Transformed business processes can deliver the right rebate data to a GenAI prompt in minutes.

A recent McKinsey report summed it up this way: “Most companies are pursuing efficiency gains with GenAI, but leaders believe the real value of the technology will accrue from applications that transform the effectiveness of business functions.”

Moreover, transformed business processes free up humans to be more impactful. Gartner predicts 80% of creative talent will use GenAI daily by 2026, allowing for more strategic work and resulting in increased spending on creative.

Who Will Seize the Agentic AI Mantle?

Nearly half (45%) of our survey respondents believe AI agents will improve customer experience. This will be a powerful competitive advantage. It’s early days for agentic AI, and so we expect more business leaders will get on board as use cases emerge.

But who will be the early winners of agentic AI?

Among business leaders confident in their data-AI readiness, 81% expect to see AI agents improving customer experience — the second highest answer in the survey question about GenAI’s impact and value in the next 18 months. Among respondents who lack confidence, only 21% said the same thing, highlighting the contrast in value realization between leaders who’ve shored up their data supply chain and those who haven’t.



CHALLENGES TO UNLOCKING GENERATIVE AI

You can tell when a company is further along the data-AI readiness maturity curve when they're satisfied with the value they're getting from current GenAI projects. Our survey shows a nearly 50-50 split among respondents who are satisfied and dissatisfied.

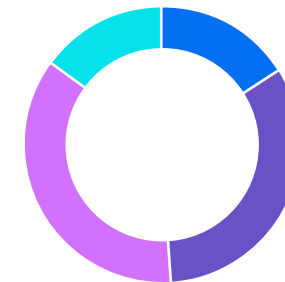
The biggest challenge in unlocking GenAI is data accuracy and reliability. GenAI requires robust data management practices — the right skills, resources, methods, tools, etc. Everything from data quality, accuracy and reliability to data security, privacy and governance needs to be tuned to the needs of GenAI.

2 in 3 Organizations Lack AI Data Management Practices

But nearly two-thirds of organizations either do not have the right data management practices for AI or are unsure, according to Gartner. Nearly 40% of organizations cited “lack of data” as one of the most significant challenges to support and implement AI in their business, Gartner found.

Further, Gartner says 70% or more of data in the enterprise is unstructured, which only compounds the problem. It takes considerably more effort and resources, in the form of expertise and tools, to make unstructured data AI-ready than with structured data.

Are Current GenAI Projects Delivering Value?



- 16% Very Satisfied
- 33% Satisfied
- 36% Dissatisfied
- 15% Very Dissatisfied

GenAI Integration: Tip of the Iceberg

Another problem: Far too many business leaders focus on GenAI's integration and interface layer. They're fascinated with the simplicity of a GenAI prompt and the speed of an answer. But this is only the tip of the iceberg.

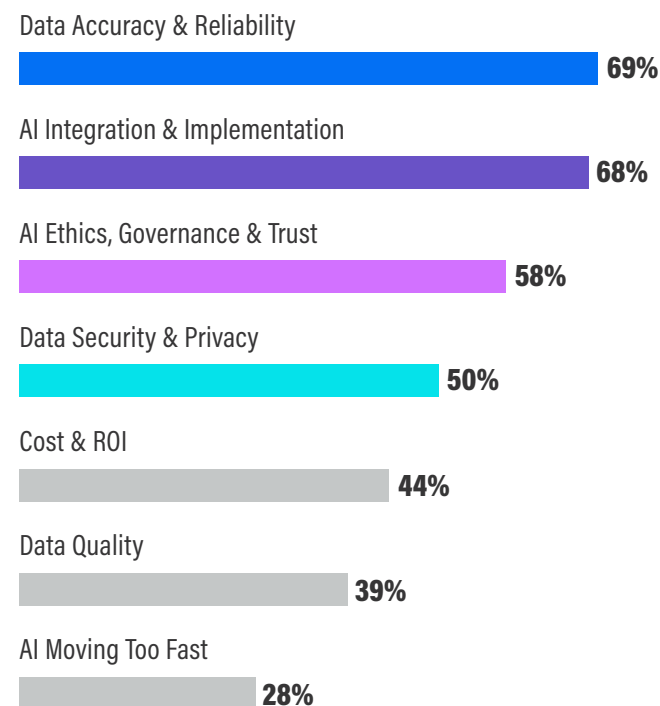
Data sources must be complete for GenAI to be accurate and reliable. Vital data in, say, a siloed records management system in Human Resources might not be interrogated by GenAI and won't be able to contribute to the answer, leading to its inaccuracy.

If you want to get accurate and reliable results, not to mention mitigate risk, you need to think beyond the front end and more about what you're feeding into the platform. A holistic data view is fundamental to the success of GenAI.

"Some people see AI as a magic tool that will solve all their problems, but then they realize they don't have the information or the structure to be able to utilize it."

— Peter Bowen, Chief Data Officer (formerly), NSW Dept. of Planning, Industry and Environment

What Are Your Challenges In Unlocking GenAI?



ACHIEVING AI-READY DATA QUALITY

Since GenAI needs to interrogate all relevant data, a white-hot spotlight will be cast on existing data management practices for keeping data safe, secure and organized, which we call “data quality.” The good news is that half of our survey respondents appear to be on the right track and are satisfied with their data-quality performance.

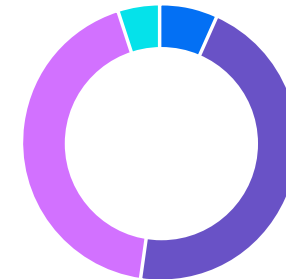
The bad news is that the other half isn’t satisfied, which suggests they’re having trouble overcoming data-quality challenges. In organizations with traditional, manual-based data management practices, data quality can be seen as a tall order given the explosion in data volume and complexity.

Our study found that the top two challenges to data-quality performance are data silos and a limited understanding of data. Data quality doesn’t equal data readiness. Businesses are applying structured data governance techniques to unstructured data, creating a “square peg in a round hole” scenario when preparing data for AI. Most organizations are only scratching the surface of their unstructured content. Most of this data is missing from AI pipelines because it’s undiscovered, lacking context, and not trusted.

Integrating Silos, Understanding Data

Data silos, the decades-long bane of enterprise technology, continue to be the biggest problem facing organizations. Consider this common scenario: A company integrates GenAI with Microsoft Copilot. But GenAI can only interrogate online data in SharePoint Online. GenAI is not going to give a complete response because 80% of corporate data is in other repositories.

How Would You Rate Data Quality Performance?



- 7% Very Satisfied
- 46% Satisfied
- 43% Dissatisfied
- 5% Very Dissatisfied

Limited understanding of data also creates major headaches. Companies need to identify and understand the meaning of, say, data on a particular file share and decide whether it's relevant for GenAI to interrogate. Poor data indexing leads to different answers to the same GenAI prompts.

In the race to implement GenAI, many organizations are doing things backward — jumping straight to "Go" before ensuring they are truly AI-ready. Without a strong foundation, AI initiatives are bound to stumble. Organizations must rethink how they manage and prepare data before feeding it into AI models.

For instance, 70% to 90% of enterprise data is unstructured and may be missing from the AI pipeline. Petabytes of valuable information are spread across file shares, OneDrive, business applications, financial systems, and even physical records stored in boxes. These assets contain crucial insights that could enhance AI-driven decision-making if properly leveraged.

Most of this data is missing because it is:

- Hidden in legacy systems and disparate storage locations.
- Lacks proper classification so AI struggles to interpret it accurately.
- Not trusted because sensitive data is often mixed in, raising compliance and privacy risks.

Along with data silos and a limited understanding of data, survey respondents cite a myriad of other challenges: poor data governance, lack of visibility of organizational data, data volume and complexity, and outdated systems to manage data.

What Are Your Data Quality Challenges?

Siloed Data



Limited Understanding of Data



Poor Data Governance



Lack of Visibility of Organizational Data



Data Volume & Complexity



Outdated Systems to Manage Data



ARE ANSWERS ACCURATE & RELIABLE?

Is your data classified and enriched to provide accurate and reliable GenAI outputs? Nearly half of survey respondents aren't satisfied with their ability to perform these critical functions. Inaccurate and unreliable outputs can derail future GenAI projects.

Four of the biggest challenges in solving this problem are poor quality of training data, difficulty curating specific data, limited explainability and transparency, and the dreaded AI hallucination, which often stems from algorithmic bias and errors in data. There are a host of lesser chores to clean up, too, such as dealing with duplicate records and solving data inconsistencies.

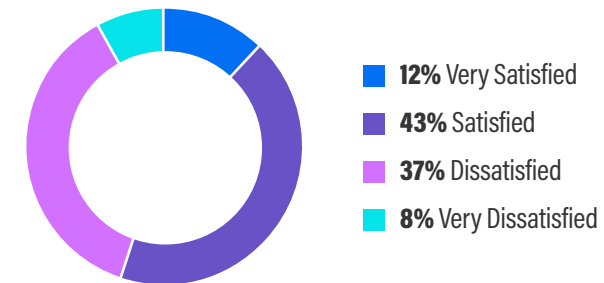
High-Quality Training Data

The expectation is that GenAI answers should be perfect every time. While this isn't realistic — even the best trained humans answer questions correctly only two-thirds of the time — GenAI done well can achieve accuracy rates in the 90th percentile.

How can you get such accuracy and reliability? You need solid data management practices so that GenAI is trained on the best data. There needs to be supervised machine learning, where AI services conduct checks and balances for continuous retraining. This method, called Bayesian inference, calculates probability using prior data and updates it as more data becomes available.

AI-ready data is organized, structured and formatted for optimal AI model training. This involves discovering, classifying and enriching unstructured content — often containing sensitive information like personally identifiable information (PII), payment card industry, and protected health information (PHI) — while filtering out redundant

How Would You Rate Your Accuracy & Reliability for GenAI?



or duplicate data. Without this foundational work, enterprises risk feeding incomplete, biased or non-compliant data into their AI models, leading to unreliable outcomes.

Got the Right Data?

By now, it's obvious GenAI needs to have all the relevant data to deliver the best answers. But this is easier said than done. Consider the case of an airport trying to figure out how much to reimburse an airline vendor. The airport needs to understand what was contractually obligated.

There may be thousands of contracts with airlines, and these contracts can be very complex. Further, contracts often have emails, chats, instant messaging, working papers, amendments and other historical documents related to them. GenAI needs to find the right contract or amendment and extract all the relevant information in order to answer queries quickly and confidently.

To bridge the AI-readiness gap, organizations must shift focus toward enhanced metadata. Traditional or passive metadata, such as file name, creator and date, offers little value when trying to extract meaningful insights. Active metadata created specifically for AI use cases enables AI models to discover, extract and utilize content effectively.

Consider this scenario: A company loads travel expense reports into its AI pipeline to analyze spending trends. What if the CEO's confidential travel expenses related to an undisclosed acquisition are included? Without proper labeling and AI-driven metadata tagging, sensitive information could be exposed, posing serious security and compliance risks.

What Are Your Accuracy & Reliability Challenges?

Poor Quality of Training Data



Difficulty Curating Specific Data



Limited Explainability & Transparency



Hallucinations, Algorithmic Bias, Errors in Data



Data Integration



Duplicate Records



Data Volume & Complexity



RISING SECURITY & PRIVACY THREAT

Data security and privacy means compliance and privacy obligations are automated at scale, ensuring data is de-risked for GenAI. In our survey, 70% of respondents are satisfied with their security and privacy performance.

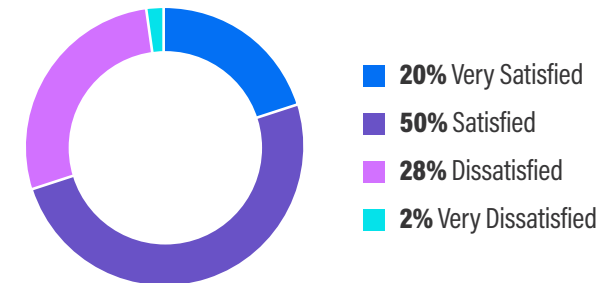
As GenAI's business value swells, along with its reliance on quality data, confidence in security and privacy performance will be put to the test. Our survey respondents cite a preponderance of challenges, from insider threats to third-party risks to a lack of visibility where sensitive data resides.

Lack of Visibility

The lack of visibility can be eye opening for many business executives. A global professional services firm recently gained visibility and insights into over 500 million documents through the discovery, classification and management of sensitive data. The firm was able to delete 10 million over-retained documents, which dramatically reduced its attack surface.

The proliferation of data will continue to challenge security and privacy efforts. Consider a global pharmaceutical company that has 50,000 live contracts, or a mining and infrastructure company whose content volume grows at a rate of 500 gigabytes per month in SharePoint alone.

How Would You Rate Security & Privacy Performance?



As companies feed more data into GenAI, the risk window for sensitive data exposed to GenAI grows. Imagine a staff member acquiring meeting minutes they shouldn't have had access to and then using GenAI to generate a report based on confidential insights. Do you have the right data governance frameworks in place?

Companies need to:

- Automatically analyze and classify records to appropriately reflect the sensitivity of the information, such as PII and PHI, satisfying requirements for private data collection, intelligent information management and data governance by design.
- Apply comprehensive automated data governance policies and actively monitor key assets in critical systems with customizable rules to mitigate accidental misuse and over-retention.

What Are Your Security & Privacy Challenges?

Insider Threats



Lack of Visibility Where Sensitive Data Resides



Third-Party Risks



Limited Explainability & Auditing of Data



Unsecured APIs & Integration



Inadequate Data Governance Frameworks



Data Volume & Complexity



COST & ROI: A MOVING TARGET

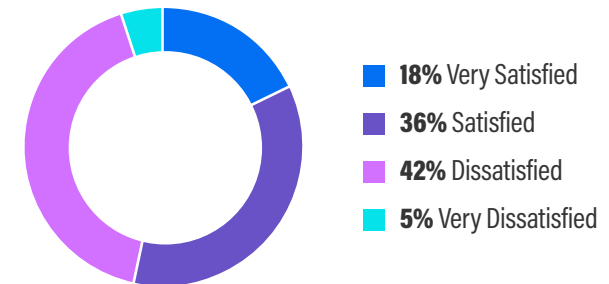
Freeing up resources for GenAI is difficult because emerging use cases aren't clearly understood. This is often the case for early adopters when moving from an existing state to a future state.

Nevertheless, business leaders need to come up with a comprehensive strategy, which includes investing in a strong data environment to support GenAI, and document use cases with expected ROI wherever they can find them. On the upside, our study shows that companies are making progress with 54% of respondents satisfied with their cost and ROI performance.

But this can't be a one-off consideration. Content is constantly being created in ways that can't be readily leveraged by GenAI. Processes that aren't sustainable, repeatable or depend on changing behaviors will become an administrative overhead.

Thankfully, there is a silver-lining where achieving data-AI readiness can actually be done automatically using AI. The best first use case for AI is to use it to sort through, categorize and de-risk data with incredible speed and accuracy.

How Would You Rate Cost & ROI Performance?



New Talent Needed

The top three challenges with cost and ROI are model maintenance, lack of expertise and talent, and data preparation. Put another way, you need people who really understand data-AI readiness and where GenAI is going. GenAI is evolving so quickly that what was current three months ago is no longer the case.

Consider the idea behind agentic AI, which is to provide contextual information into an agent to solve a specific problem. This requires bringing context into the algorithm. Now consider the range of specialized talent needed to develop and implement agentic AI:

- AI workflow designers
- AI model validation engineers
- AI ethics specialists
- Data scientists and machine learning engineers
- Human-AI interaction designers
- AI operations and maintenance specialists

Bottom line: You have to be adaptive and aggressive in the AI talent market.

What Are Your Cost & ROI Challenges?

Model Maintenance & Updates



Expertise & Talent



Data Preparation



High Initial Costs & Ongoing Expense



Risk of Failure



Integration



Unclear ROI



BREAKOUTS BY REGION

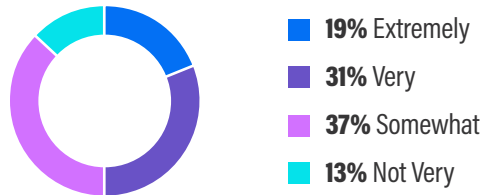
North America is highest on the GenAI maturity curve, followed by Europe. APAC lags behind. This is evidenced by the value they're getting from current GenAI projects. Only 38% of survey respondents in North America expressed dissatisfaction, compared to 45% in Europe, and 84% in APAC. More than 8 in 10 APAC business leaders also lack confidence in their data-AI readiness to achieve future GenAI value.

While APAC has shown a gradual and cautionary approach to GenAI, companies are still experimenting and launching discrete production use cases. Meanwhile, regulation is developing as government agencies issue mature AI assessment frameworks and the private sector adopts responsible AI frameworks.

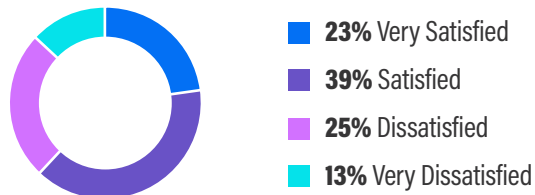
TAKEAWAY: NORTH AMERICA LEADS IN GENAI MATURITY AND VALUE EXTRACTION, WHILE APAC LAGS FAR BEHIND.

NORTH AMERICA

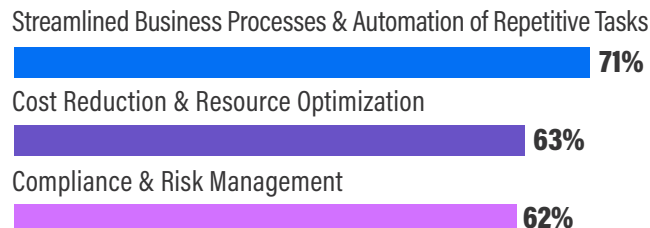
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Are Current GenAI Projects Delivering Value?

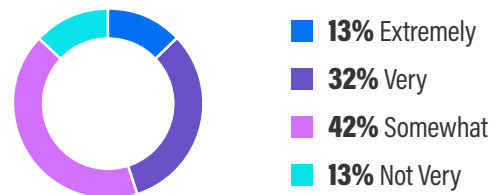


Where Do You See GenAI's Impact & Value in the Next 18 Months? (Top 3 Answers)

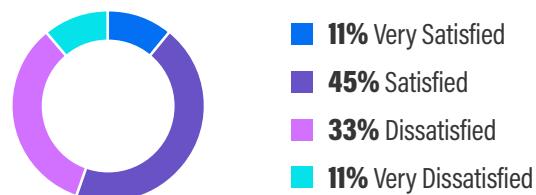


EUROPE

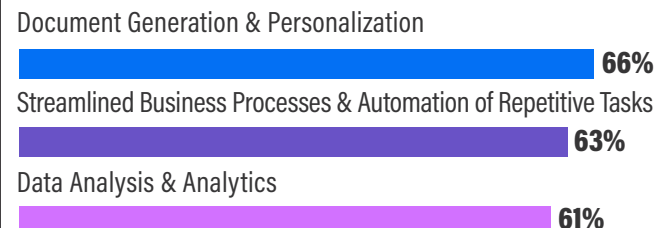
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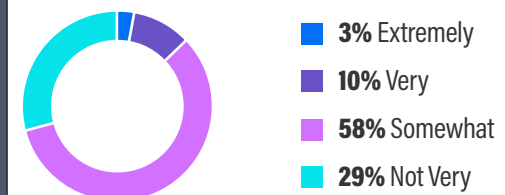


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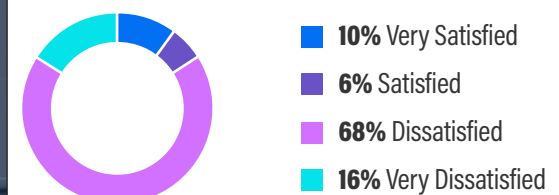


APAC

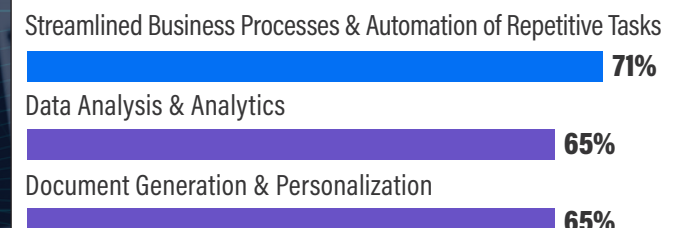
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Are Current GenAI Projects Delivering Value?



Where Do You See GenAI's Impact & Value in the Next 18 Months? (Top 3 Answers)



BREAKOUTS BY B2B-B2C

You might think B2C/hybrid companies are well ahead of B2B companies on the GenAI maturity curve. Only 31% of respondents at B2C/hybrid companies are dissatisfied with the value they're getting from current GenAI projects, compared to 68% at B2B companies. Less than 40% in B2C/hybrid lack confidence in their data-AI readiness, compared to 78% in B2B.

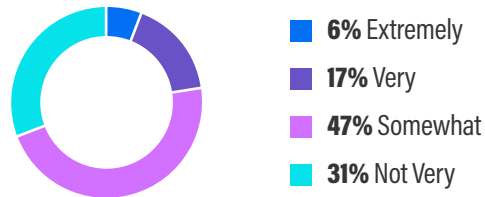
But if you look closer at where each sees GenAI's impact and value, B2B may be more evolved than B2C. In B2B, expected GenAI value is in document generation and personalization. In B2C/hybrid, it's streamlining business processes and automating repetitive tasks.

B2B personalization use cases have more complexity and require a higher level of data quality than a B2C self-service application. With personalization, unstructured data is paramount, data sources are more likely multiplied and siloed, and data trust is key to success.

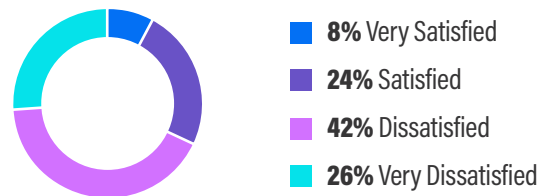
TAKEAWAY: B2B IS MORE EVOLVED THAN B2C IN USE CASES WHERE GENAI MAKES THE MOST IMPACT AND VALUE.

B2B

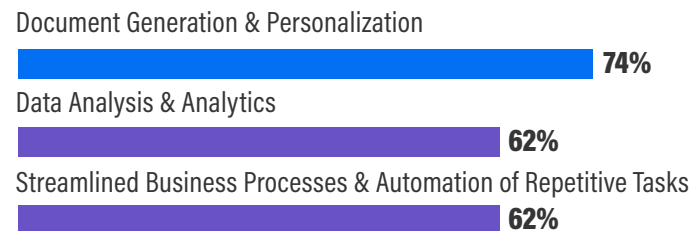
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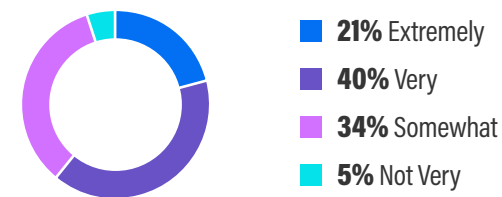


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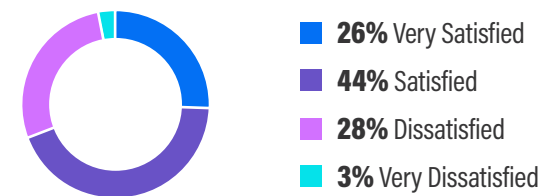


B2C/HYBRID

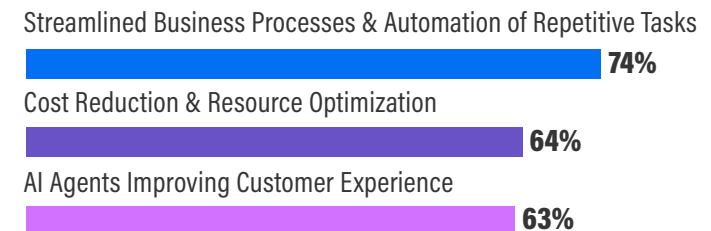
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Are Current GenAI Projects Delivering Value?



Where Do You See GenAI's Impact & Value in the Next 18 Months? (Top 3 Answers)



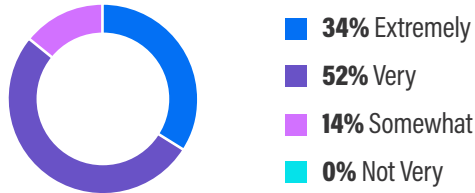
BREAKOUTS BY COMPANY SIZE

When evaluating data-AI readiness with regard to company size, there is a significant correlation between GenAI-powered personalization and the required level of data quality. For example, our survey shows that the largest companies have the most confidence in their data-AI readiness, but this can be attributed to their GenAI use cases being limited to applications where structured data is prevalent. Personalization isn't even on the top three list of where large companies see GenAI's impact and value.

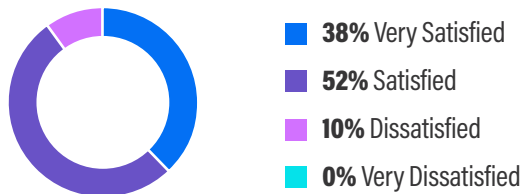
TAKEAWAY: LARGE COMPANIES HAVE MORE CONFIDENCE IN THEIR DATA-AI READINESS BECAUSE THEIR CURRENT USE CASES PREDOMINATELY RELY ON STRUCTURED DATA.

\$5+ Billion

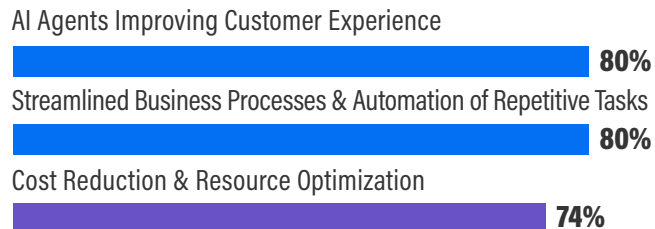
Are You Confident in Your Data-AI Readiness to Achieve GenAI Value?



Are Current GenAI Projects Delivering Value?

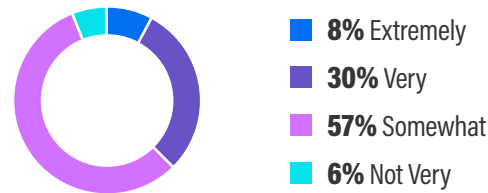


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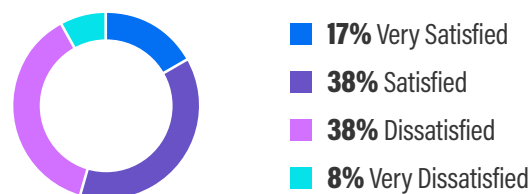


\$1-5 BILLION

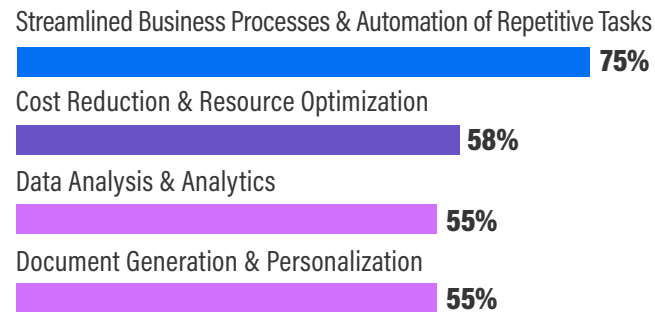
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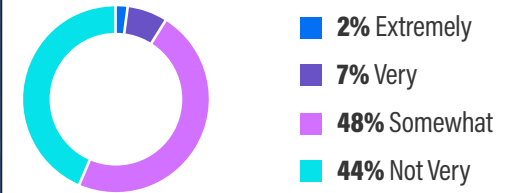


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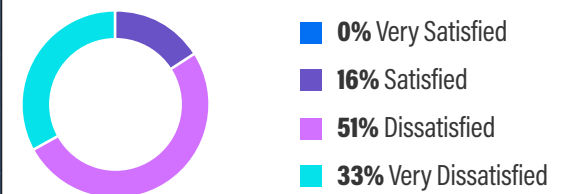


\$500 Million - \$1 Billion

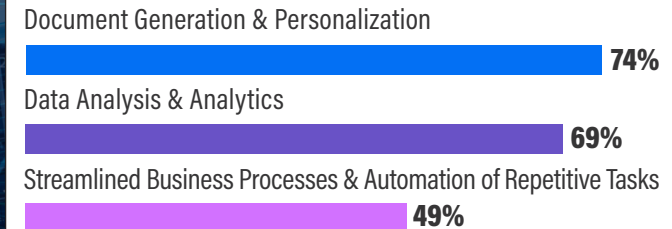
Are You Confident in Your Data-AI Readiness to Achieve GenAI Value?



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WHAT'S AHEAD


Getting to data-AI readiness requires a host of capabilities, which vary depending on where you are on the maturity curve. They range from investing in technology to improving AI and data literacy to prioritizing GenAI use cases.

These are the top three initiatives planned over the next few months, according to our survey respondents. Others include data security, privacy and governance; data preparation and optimization; and AI implementation strategy.

Tools & Technology That Matter

More than 3 in 4 organizations have AI-ready data as one of their top five investment areas in the next two to three years, according to Gartner. Our study found that high-level categories of technology needed for data-AI readiness include:

1. Analytics platform for engineering data, creating and testing AI models, setting up and monitoring data pipelines, etc.
2. Visualization technology for creating and supporting dashboards and other ways of presenting data and AI results to end users.
3. Storage foundation for managing huge amounts of data, often in the form of a data warehouse or data lake.
4. Governance tools consistent with HIPAA, GDPR, CCPA and a host of other acronyms to identify, classify and understand your data, provide proper access, respond to data subject access requests, etc.



"Business leaders who want to take full advantage of AI know they need a modern technology stack, and the first wave of organizations are leaning into this. They feel the threat of disruption and see the urgency."

— Don Schuerman, CTO, Pegasystems

Importance of Data Literacy

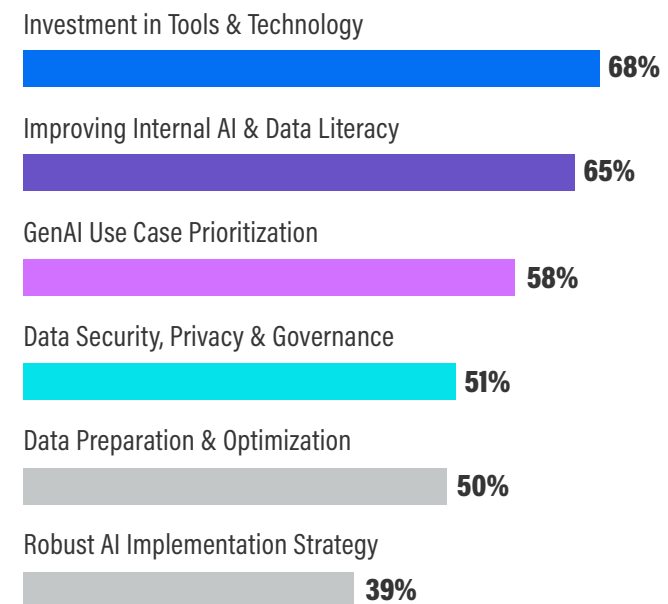
There should be a high priority put on improving internal AI and data literacy. GenAI depends on people who understand the complexity of the data supply chain and can figure out what data points are important for GenAI. They need to be constantly vigilant, such as accommodating data drift.

Data changes in subtle ways, and data illiterate people can make simple mistakes that profoundly impact GenAI answers. A company can develop a predictive AI model that examines standard forms, captures certain values and produces excellent outputs, but when someone updates the form, suddenly GenAI isn't reading the right fields and starts delivering inaccurate answers.

Business leaders should promote the idea of upskilling their employees, not replacing them with AI. This serves not only to empower and educate your team but also promotes a more positive outlook on the ways that AI can augment employee performance. Maintaining human control over critical AI decisions prevents an over-reliance on automated systems, which preserves human autonomy.

By doing this, business leaders can foster a culture of responsible AI by enabling employees at all levels to understand and apply ethical considerations in their work with AI systems.

What Are Your Initiatives to Take Advantage of GenAI?



CONCLUSION

Poised to forge a path to competitive advantage, in the form of identifying sources of revenue, engaging customers in more personalized ways, improving the customer experience, freeing up employees to be more impactful, mitigating risks, and making smarter decisions, GenAI will be a disruptive force in determining tomorrow's winners and losers.

But this requires a state of data-AI readiness that delivers strong performance in data quality, accuracy, reliability, security and privacy. Far too many companies lack confidence in their ability to get to this state, so we can expect a high failure rate.

To climb the data-AI maturity curve, companies will need to:

- Invest in a modern technology stack and data supply chain to support ambitious GenAI projects.
- Create a culture of AI and data literacy to figure out and be aware of what data points are important to GenAI.
- Make innovative yet sensible decisions on use cases where GenAI can provide the best value.
- Build a track record of success that engenders trust for GenAI among employees, customers and partners.

EXPERT INSIGHTS

Trust in AI: The Barrier to Successful Outcomes

Trust in AI is one of the single biggest determinants of whether organizations will succeed or fail in their GenAI initiatives. Without trust, AI-generated insights are unreliable, compliance risks escalate, and business outcomes suffer. Trust is not just about ensuring that your AI implementations are secure, ethical, and unbiased — it's about confidence in the quality and reliability of AI-generated outcomes. And that confidence heavily depends on a foundation of trustworthy data.

Organizations today are racing to deploy GenAI, expecting it to be a game-changer for efficiency, innovation, and competitive advantages. But there's a blind spot: many leaders assume that AI will simply “figure it out”. This assumption is flawed. AI is only as good as the data it's fed. If you don't give GenAI the right inputs—the whole story — you won't get the right outputs. It's like expecting a high-performing basketball player to win a grand slam tennis tournament without any additional training.

Trust is Earned, Not Assumed

I've seen this issue firsthand with a client who previously invested millions into a GenAI solution, only to realize that it was generating inaccurate insights due to poor data preparation. The AI was working as expected, but the data fueling it wasn't complete or reliable.

DAVID GOULD
Title: Chief Customer Officer
Company: Encompaas
Industry: Information
Management



"In the past, the trust issue was whether AI could quickly generate correct answers to common questions. Today, the trust issue is far bigger: can AI be trusted to provide reliable, actionable insights that learn from previous experience to drive our business forward?"

This is a problem that organizations are only just beginning to fully grasp. The magnitude of AI's trust gap is becoming increasingly evident, as enterprises attempt to scale AI-driven decision-making across critical business functions.

In the past, the trust issue was whether AI could quickly generate correct answers to common questions. Today, the trust issue is far bigger: can AI be trusted to provide reliable, actionable insights that learn from previous experience to drive our business forward? The answer to that question depends entirely on the quality of the data AI is using.

According to Gartner, AI data readiness is not just a short-term hurdle; it is a fundamental, long-term challenge that organizations must urgently address.

The Hidden Risks of Poor Data Trust

Trust in AI goes beyond bias, security, or transparency. It's also about preventing hidden risks — problems that don't show up until it's too late. Consider an organization that relies on GenAI to analyze legal contracts. If the AI isn't trained on the full context of the contract history — including amendments, disputes, or past litigation — then it will generate responses based on incomplete or inaccurate information. This can lead to costly mistakes or reputational damage.

Worse, we are allowing GenAI free reign to generate new data at scale before we've even ensured that the foundational data can be trusted. We're letting AI act as a decision-making partner while skipping the fundamental step of making sure it understands the complete picture, or even that the partial picture it has access to doesn't include inaccuracies. This is a massive oversight that has real-world consequences.

Bridging the Trust Gap

The solution isn't to step back from AI — it's to implement skillful technology that enhances trust in your data by ensuring it's normalized, secure, and curated for your specific use case.

AI should not only provide answers that appear correct, it should also explain why those answers are reliable. This is where the next evolution of AI governance comes into play: ensuring that GenAI systems are trained on enriched, high-quality data and can validate their outputs with transparent reasoning. Without this, organizations risk making decisions based on AI-driven hallucinations rather than factual insights — and not even be able to trace back to see where the mistakes occurred.

There's also a misconception that trust in AI means you can remove human oversight. That's not always the case. AI isn't replacing human judgment—it's allowing humans to focus on the right areas. But for AI to be a trusted co-pilot, organizations must take proactive steps to prepare their data. That means providing AI-ready content and applying rigorous governance frameworks to ensure that every AI-driven insight is backed by validated, compliant data. At EncompaaS, we can achieve all that at scale without relying on manual remediation work.

AI Success Starts with Data Readiness

Many CEOs have already committed to AI-powered transformation, while Chief Data Officers have invested heavily in structured data management solutions. But without addressing the trust gap, these investments will fall short. Data trust isn't just a technical challenge — it's a strategic imperative. Organizations must shift their mindset from “Go. Set. Ready.” to “Ready. Set. Go.”

The businesses that get this right — those that prioritize AI-ready data and build transparency into their AI models — will be the ones that turn GenAI into a true competitive advantage that will be transparent if challenged by industry or regulators. For everyone else, the risk isn't just failed AI projects — it's eroded trust in AI itself, a failure that no enterprise can afford, and a growing concern that a “please explain” might be coming, without ready or concrete answers.

ISAAC SACOLICK
Title: President
Company: StarCIO
Industry: IT Consulting



EXPERT INSIGHTS

If AI's sole value is boosting productivity, then you're going to have a hard time justifying the investment. AI requires significant cost and expertise to pull off, which means it needs to bring something more to the table.

"There are a lot of ways to get productivity, such as automation and better user experiences, but this is the least interesting part of what AI is doing," says Isaac Sacolick, president of StarCIO consulting and author of "Digital Trailblazer."

Sacolick sees AI unleashing new capabilities to organizations, although not necessarily wholly new ones. Consider a scenario where a CMO wants to run a marketing campaign aimed at 300 chief information security officers (CISOs) during Data Privacy Week. The goal is to get them to view an article around encryption and become a lead.

In the past, the CMO might not have been able to justify assigning a team of, say, three people to work on that campaign. But now the CMO can prompt ChatGPT to suggest subjects, craft messages, orchestrate sequences, and essentially run the campaign with as few as one marketer.

"Sure, you can call that increased productivity, but if you've never tried this campaign before, either because you didn't know how or didn't have the resources or expertise, then that's a newfound capability," Sacolick says.

*"You could come up with
a big idea but not have
the data to support it."*

This applies to any business operation evaluating projects. Let's say a business leader is looking to green-light two out of 10 potential projects. Questions on feasibility, cost and complexity can eliminate half of the projects right off the bat.

With AI, though, the business leader can consider more of them.

"Now you're asking the questions in reverse: Which projects have the highest value and likelihood of delivering impact? Then you can ask whether or not they can be done at a reasonable cost," Sacolick says.

Along these lines, one of the most exciting AI-powered capabilities is video generation, Sacolick says. Without AI, a 30-second television commercial is expensive to build. With AI, a brand can create several videos at a fraction of the cost and conduct tests to find out which one should run.

It's important to note that AI-powered capabilities are not panaceas. They're limited by data and other factors. In the aforementioned scenario of a marketing campaign targeting CISOs, ChatGPT can advise the CMO on how to filter from a list of names and perhaps even write the programming code, but it won't easily be able to research and generate a list of names not in the database.

"Do you even know if your contact database has CISOs and, if so, do they match what you're looking to do?" Sacolick says. "Maybe you ran multiple campaigns against them in the last three weeks, and your governance prohibits you from running another one for three months."

"You could come up with a big idea but not have the data or ability to support it," Sacolick says.

TIM CRAWFORD

Title: CIO Strategic Advisor

Company: AVOA

Industry: Professional
Services



EXPERT INSIGHTS

For Tim Crawford, CIO strategic advisor at AVOA, there's little doubt that GenAI will provide value to a company's stakeholders, customers, employees and investors. But how much value will depend on a company's readiness to innovate, a data strategy that supports AI, and cultivation of trust in GenAI outputs.

"GenAI is a game changer for businesses of all shapes, sizes, industries and backgrounds," Crawford says. "It will level the playing field in many ways and allow companies to both accelerate the work they're doing and bring new opportunities for innovation."

Crawford sees two types of GenAI projects: efficiency and innovation.

GenAI "efficiency" projects do more with less, such as summarizing documents or reviewing code. While a company could assign more people to do this task, they won't be as efficient and effective without GenAI. The challenge with GenAI "efficiency" projects is that they tend to have lower value but a higher hurdle — that is, they're more widely understood and scrutinized.

GenAI "innovation" projects offer capabilities that companies couldn't have without AI. Instead of simply summarizing DNA data, for instance, GenAI would analyze and drive insights from the data. GenAI "innovation" projects have a lower

“GenAI is a game changer for businesses of all shapes, sizes, industries and backgrounds. It will level the playing field in many ways and allow companies to both accelerate the work they’re doing and bring new opportunities for innovation.”

hurdle and higher outcome, but they’re harder to define because they tend to focus on bringing something unique or novel to the industry.

“We’re still in the early stages of GenAI innovation,” Crawford says. “All I can say is that these projects are super sensitive because people are using them as a leverage point for their company, for their business, to catapult them away from their competition.”

From Crawford’s vantage point, many enterprises are unprepared to capitalize on GenAI innovation. The reason for this is a data strategy that doesn’t support AI well, leading to mistrust of GenAI outputs. But companies have recognized the problem and are working on it. Crawford says he surveyed CIOs recently and found that AI was the top driver shaping their data strategy.

“In order to have an effective AI agent, you must have an effective data strategy or else the agent will base its response on bad data, bad intel,” Crawford says. “Part of the cultural issue is about trust. Do we trust the automation, the processes, the data? Until we can trust it, we’ll see limited use of this technology.”

DON SCHUERMAN

Title: CTO

Company: Pegasystems

Industry: Technology



EXPERT INSIGHTS

Business leaders understand the disruptive potential of GenAI, but many face daunting challenges to get ahead of it, says CTO Don Schuerman at Pegasystems. They're handcuffed by a risk-adverse company culture and slow-moving technological change.

"The misbalance that is happening in many cases is organizations have overrated the risk of AI doing something wrong and underrated the risk of getting left behind, of being disrupted, of your business being completely transformed by someone using AI more effectively," Schuerman says.

GenAI projects are often boxed into a tiger team, specialized group, or governed by a centralized committee. While this may work for GenAI projects that deliver marginal productivity gains, which themselves are quickly becoming table stakes, the reality of next-generation GenAI as a creative partner in building a transformational strategy is fast approaching.

Having to go through a series of steps and multiple sign offs to green light these GenAI projects isn't going to work in a world where new AI models show up weekly, and where users and customers are regularly encountering AI in their personal lives, Schuerman says.

“Organizations have overrated the risk of AI doing something wrong and underrated the risk of getting left behind, of being disrupted, of your business being completely transformed by someone using AI more effectively.”

This isn't to say companies shouldn't have governance and controls in place, rather compliance departments need to adjust to the pace of change. It's a shift in cultural mindset, in how a company can fundamentally use AI — in partnership with human judgement and accountability — to redefine its business processes, re-think engagement with customers, and reimagine the customer experience.

A shift in data mindset is also needed to support next-generation GenAI. The goal is to make data in existing systems, and the transactions and processes those data points represent, available to AI agents so that GenAI can quickly, accurately and reliably answer questions.

Case-in-point: A large Pegasystems customer is transforming 500 workflows, modernizing them to the cloud, and setting itself up to operate in an agentic AI way. This means freeing up data structures buried in a legacy data store so that AI agents can plug into them.

“Business leaders who want to take full advantage of AI know they need a modern technology stack, and the first wave of organizations are leaning into this,” Schuerman says. “Enterprise leaders feel the threat of disruption and see the urgency.”

PETER BOWEN

Title: Director Spatial and Data
Company: NSW Department of Planning,
Industry and Environment
Industry: Government



EXPERT INSIGHTS

At NSW Department of Planning, Industry and Environment, there's a highly manual, slow process where a user seeking specific information has to wait a couple of days. Peter Bowen, former director spatial and data, started plans to adopt GenAI in the next 12 months that will reduce this wait time to within 10 seconds.

Bowen admits it's going to be a challenge putting all the foundational pieces in place. The project calls for re-structuring the management of information, integrating data silos, using consistent data sets, and getting everyone on the same page.

"Some people see AI as a magic tool that will solve all their problems, but then they realize they don't have the information or the structure to be able to utilize it," Bowen says. "People think they can get good results, but they don't understand the inputs."

Far too many people are dazzled by GenAI's bright lights. They've used ChatGPT and are awed by its speed and simplicity. "But they don't understand what you need to do to make that bright shiny thing actually work for you," Bowen says.

From a technical and managerial perspective, starting down the path to data-AI readiness can feel overwhelming. While there are many possible GenAI scenarios, Bowen

“Some people see AI as a magic tool that will solve all their problems, but then they realize they don't have the information or the structure to be able to utilize it.”

recommends dialing GenAI back to a single business problem, identifying a clear deliverable, and focusing on the right data and processes to achieve it.

Much groundwork has to be laid to make the first GenAI project successful, Bowen says. Geographical differences in data management, privacy, rules, permissions, and processes need to be ironed out. There's complexity and fragmentation across the country. Users input data in various formats and databases, making the single source of truth a moving target.

Bowen says it's important to leverage an audit and risk committee to get executive endorsement. Another best practice is consistency in messaging to all stakeholders. The payoff to this heavy lifting is that future GenAI projects will be easier to launch with time to value much quicker.

“We want to set the rules in place so people can use AI themselves without having to go through a whole lot of processes,” Bowen says. “Once the project is up and running, we'll have a flood of people coming to us with ideas, and we want to make it self-serve.”



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The Business Performance Innovation (BPI) Network is a peer-driven thought leadership and professional networking organization reaching some 50,000 heads of IT transformation, change management, business re-engineering, process improvement, and strategic planning. The BPI Network brings together global executives who are champions of change through ongoing research, authoritative content and peer-to-peer conversations.

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EncompaaS, a global leader in information management, empowers highly regulated organizations to rapidly mitigate compliance and privacy risks, while unlocking the full potential of their data. The platform uses next-generation AI technologies to find, enrich, and organize structured, unstructured and semi-structured data into a normalized data quality foundation. This enables automated governance at scale, ensuring information is de-risked, and prepares the highest quality data to fuel upstream processes.

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