



Successful Adoption of AI by Indian corporates key to nation's competitiveness:

IIMA – BCG study on AI Readiness

- **IIMA-BCG joint study 'AI in India – A Strategic Necessity' identifies 11 percent Leaders, 9 percent Leapfroggers, 13 percent Steady followers and 67 percent Laggards from a pool of large Indian companies across sectors.**
- **Awareness, Data mindset and skilled workforce key to bridge the talent gap**

July 12, 2023: The Brij Disa Centre for Data Science and Artificial Intelligence (CDSA) at the Indian Institute of Management Ahmedabad (IIMA), a premier global management Institute and BCG X, the AI, and Digital Transformation unit of the Boston Consulting Group (BCG) have collaborated to release a comprehensive report titled "**AI in India - A Strategic Necessity**" on the AI readiness levels of Indian businesses.

The report findings are based on the study of 130 companies from the Banking, Financial Services, and Insurance (BFSI), Consumer Goods (CG), and Industrial Goods (IG) sectors along with extensive interviews and surveys conducted on CXO's of large-sized, medium, and small organisations. The study objectively and wholistically measures the ability of a company to leverage AI to drive its strategic objectives and enhance its financial and operational performance.

The report was released today, at the IIMA campus by Professor Bharat Bhasker, Director, IIMA, Professor Ankur Sinha, Professor Anindya Chakrabarti, Co-Chairs of the Brij Disa Centre for Data Science and Artificial Intelligence, Professor Arindam Mukherjee, Debjit Ghatak, IIMA alumnus and General Manager, Brij Disa Centre for Data Science and AI, Sumit Sarawgi, Managing Director and Senior Partner, BCG, Deep Narayan Mukherjee, Vice President - Data Science, Rajat Mathur, Partner, BCG, all co-authors of the report from IIMA and BCG respectively.

Releasing the study, **Professor Bharat Bhasker, Director of IIMA**, said, "*India is poised to enter into a digital revolution where successful AI adoption by our industry can be a crucial determinant of India's competitiveness globally. Successful adoption of AI could add up to 1.4 percentage points annually to real GDP growth of India. From the perspective of corporates, successful adoption of AI is expected to add over a five-year period, INR 1.5-2.5 trillion in incremental pre-tax profit for the top 500 Indian companies alone. This presents an incredible opportunity for the Indian industry and our companies can leverage the widespread internet access and cost-effective labour to move ahead and align themselves to the global AI maturity standards.*

I am confident that the joint study by the Brij Disa Centre IIMA and BCG, will have significant implications for policymakers as well as industry lenders to foster a conducive ecosystem for the adoption of AI by Indian organisations, and their success in translating it into business performance."

The report emphasizes the significance of achieving an advanced level of AI maturity for success in today's business landscape. **Sumit Sarawgi, Managing Director & Senior Partner, BCG** commented, "*Investments into AI could deliver extraordinary returns but success hinges on deploying AI at scale. An organisation wide commitment is required in successful AI driven transformation of the organisation. The reason being success from AI adoption, algorithms drive approximately 10% of the success, while data and technology infrastructure adds a further 20%. The remaining 70% hinges on people, processes, and business transformation."*

The report provides key insights into India's corporate AI landscape and roadmaps in AI adoption. The study reveals that select Indian BFSI companies (particularly banks and new-age NBFCs) have very high AI Maturity, on par with global frontrunners. It divides companies into four groups based on their maturity level— Leaders, Steady Followers, Leapfroggers and Laggards. 11% of companies

in the set were adjudged Leaders, that now face a stiff challenge from the Leapfroggers (9% of the companies) who started their AI-driven transformation journey late but have improved sharply in AI Maturity in the last three years, converging with the Leaders on most aspects of AI Maturity. However, the concern emerged with Laggards, about 2/3rds of the companies, that have some exposure and investment in AI in their Technology, Data and Analytical capabilities.

The report offers actionable guidance for companies with mid-level AI maturity to progress towards global best-in-class AI maturity levels. For leaders in AI adoption, the report focuses on exploring the next frontiers of AI excellence. Research shows that AI investments augmenting end-user value and topline growth could drive significant economic and wage expansion. The opportunity is India's for the taking—the challenge is now to turn the enormous potential of AI into reality.

Key Highlights:

1. Select companies in the BFSI, CG, and IG sectors have achieved high AI maturity, positioning themselves at par with global benchmarks
2. A Significant Leap: 10% organizations have transformed their AI capabilities in the last 3 years, and they come from across sizes
3. Data mindset in Leadership is the Key: Top 500 Indian companies require 1 Million hours of training in upskilling mid and senior level management on the business aspects of AI, digital transformation, Agile ways of working and more
4. Most MSMEs are now able to leverage AI because of on-demand access to business software and the availability of services like digital payment gateways, fraud detection systems and CRM.
5. Dearth of Data scientists with domain expertise: Need for 25,000 to 30,000 advanced practitioners of AIML expected in Top 500 Companies in the next 3-5 years
6. India has only around 4.5% of the world's AI professionals, and the talent crunch will get more acute.
7. Benefits of AI: INR 1.5-2.5 Trillion incremental pre-tax profit for the top 500 Indian companies in next 5 years

Link to the complete report can be found [here](#)

About Boston Consulting Group:

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we help clients with total transformation—inspiring complex change, enabling organizations to grow, building competitive advantage, and driving bottom-line impact.

To succeed, organizations must blend digital and human capabilities. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives to spark change. BCG delivers solutions through leading-edge management consulting along with technology and design, corporate and digital ventures—and business purpose. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, generating results that allow our clients to thrive. For more information, please visit bcg.com



About Brij Disa Centre for Data Science and Artificial Intelligence

The Brij Disa Centre for Data Science and Artificial Intelligence (CDSA) at the IIMA provides a common platform to faculty, scholars, and practitioners for conducting and disseminating cutting-edge research on data analytics and artificial intelligence that offers solutions applicable to business, governance, and policy. Besides generating action-oriented insights, CDSA is also responsible for dissemination of the knowledge generated to a wider audience both within and outside the realm of the Institute. The Centre aims to forge synergistic and collaborative relationships between scholars and practitioners in data intensive organizations, besides undertaking case-based research to understand the current industry practice and develop case studies for classroom teaching. Furthermore, through its collaboration with the industry, CDSA takes up challenging consulting projects of considerable practical importance. These projects are targeted at providing an opportunity for students to participate in projects that aim at outcomes that can further benefit the organisation and the business, at large.

About IIM Ahmedabad:

The Indian Institute of Management Ahmedabad (IIMA) is a premier, global management Institute that is at the forefront of promoting excellence in the field of management education. Over the 60 years of its existence, it has been acknowledged for its exemplary contributions to scholarship, practice and policy through its distinctive teaching, high-quality research, nurturing future leaders, supporting industry, government, social enterprise and creating a progressive impact on society.

IIMA was founded as an innovative initiative by the Government, industry, and international academia in 1961. Since then, it has been consolidating its global footprint and today it has a network with over 80 top international institutions and a presence in Dubai. Its eminent faculty members and more than 40,000 alumni, who are at the helm of influential positions in all walks of life also contribute to its global recognition. Over the years, IIMA's academically superior, market-driven, and socially impactful programmes, have earned high reputation and acclaim globally. It became the first Indian institution to receive international accreditation from EQUIS. The institute also is placed first in the Government of India's National Institutional Ranking Framework (NIRF), India Rankings 2023. The Institute has been ranked number 1 in India, number 2 in Asia and the 35th, globally, in the Financial Times (FT) Executive Education Rankings 2023. The renowned flagship two-year Post Graduate Programme in Management (PGP) is ranked 26th in the FT Masters in Management Ranking 2021 and the one-year Post Graduate Programme in Management for Executives (PGPX) have been ranked 62nd in the FT Global MBA rankings 2022.

IIMA offers consultancy services and more than 200 curated executive education programmes in customized, blended, and open enrolment formats for a diverse audience comprising business leaders, policymakers, industry professionals, academicians, government officials, armed forces personnel, agri-business and other niche sector specialists and entrepreneurs. To know more about IIMA, please visit: <https://www.iima.ac.in/>

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