

# AI 2024 TRENDS

## Innovation Must Be Operationalized

Generative AI's transition from innovation budgets to permanent allocations signals the need for structured governance and scalable strategies to realize its full potential.

## Industry-Specific Focus Drives Value

Targeted AI use cases, tailored to specific industry needs, deliver higher ROI and avoid the pitfalls of generalized, one-size-fits-all solutions.

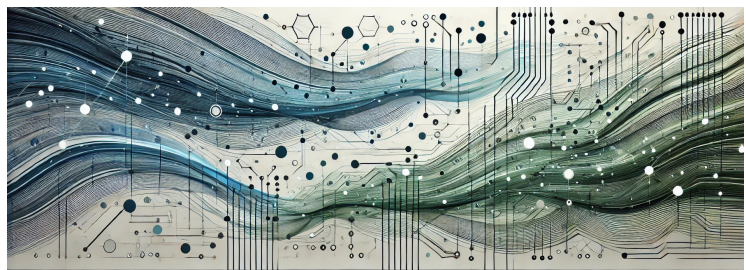
## Complexity Demands Collaboration

The growing adoption of multi-model AI strategies highlights the importance of cross-functional expertise to manage infrastructure and ensure alignment with business goals.



## Reflections on the 2024 State of Generative AI in the Enterprise

The 2024 *State of Generative AI in the Enterprise* report by Menlo Ventures offers a comprehensive analysis of how generative AI is reshaping enterprise landscapes. At Project X Ltd., we continually assess industry trends, not just for their technical merits but for their strategic implications. This ensures that we remain aligned with what matters most to our clients—outcomes, impact, and long-term value. Below, I've outlined key findings from the





## Looking to 2025

Agentic AI, the next evolution in artificial intelligence, poised to transform how enterprises operate by enabling systems to act autonomously on behalf of users across complex, multi-step tasks.

Unlike GenAI, which often requires explicit instructions for every interaction, agentic AI leverages advanced reasoning and contextual understanding to make decisions and execute actions independently.

This shift will unlock new efficiencies in areas like process automation, customer service, and dynamic supply chain management, where adaptive decision-making is critical.

Organizations that succeed will be those that approach with a forward-looking strategy, balancing innovation with governance to harness its transformative potential effectively.

report, supplemented with insights on what these developments mean for organizations.

## Enterprise AI Adoption: A Rapidly Evolving Landscape

The report highlights a seismic shift in enterprise AI adoption, with spending surging to \$13.8 billion in 2024—an extraordinary sixfold increase from \$2.3 billion in 2023. Companies are actively identifying use cases, with an average of 10 per organization.

Adoption is being driven by practical applications such as:

- ✦ Code copilots (51% adoption)
- ✦ Support chatbots (31% adoption)
- ✦ Enterprise search and retrieval tools (28% adoption)
- ✦ Data extraction and transformation systems (27% adoption)
- ✦ Meeting summarization solutions (24% adoption)





## Get Started

If you're new to generative AI, start by identifying one high-impact use case that aligns with your goals.

Build a small pilot with clear metrics, leveraging existing tools or expert partnerships.

Assemble a cross-functional team to ensure alignment, and establish governance and data ethics frameworks early.

Starting small and scaling strategically can position you for success in the AI landscape.

## *Project X Ltd. Insight on Trend*

This growth demonstrates the increasing maturity of generative AI technologies and the demand for tools that enhance productivity and decision-making. However, widespread adoption requires more than identifying high-value applications—it demands thoughtful integration with existing processes and a focus on measurable outcomes. We often advise clients to avoid spreading efforts too thin; focusing on one or two transformative use cases can yield outsized returns while building internal confidence in AI.

## Investment Trends: From Experimentation to Commitment

Sixty percent of AI investments still originate from innovation budgets, with 40% coming from permanent allocations—a significant shift that underscores the transition from experimentation to operationalization. The report highlights that the application layer of AI alone has seen \$4.6 billion in investments in 2024, an eightfold increase year-over-year. The largest layer of investment, however, is in large language models (LLMs), which captured \$6.5 billion in funding this year.

## *Project X Ltd. Insight on Trend*

The increasing share of permanent budgets signals a clear evolution in how enterprises view generative AI—not as an experimental technology but as a core component of business strategy. However, this also raises the stakes: organizations must ensure they have the right infrastructure and talent to support these investments long-term. For our clients, we emphasize the importance of designing AI programs with governance and scalability in mind, ensuring they're equipped to navigate the operational complexities of sustained AI use.

## Industry-Specific Adoption: Tailoring AI to Contexts

Different industries are embracing generative AI at varying speeds. The report details notable enterprise spending levels by sector:

- ◆ Healthcare: \$500 million

- ◆ Legal: \$350 million
- ◆ Financial Services: \$100 million
- ◆ Media and Entertainment: \$100 million

These investments reflect the diversity of use cases, from automating patient record analysis in healthcare to streamlining legal document review.

### *Project X Ltd. Insight on Trend*

Sector-specific adoption highlights the importance of contextualizing AI solutions. Generative AI isn't one-size-fits-all; its effectiveness lies in tailoring its capabilities to meet the unique challenges of an industry. For instance, in healthcare, the emphasis might be on compliance and patient safety, whereas financial services prioritize fraud detection and data privacy. Our approach is to work closely with clients to align AI initiatives with industry-specific needs and long-term objectives.

## **Infrastructure and Market Dynamics: Complexity and Competition**

The report reveals a growing preference for multi-model strategies, with most organizations employing three or more foundational AI models. Closed-source solutions currently dominate, with 81% market share. Provider competition is also intensifying:

- ◆ OpenAI's market share dropped from 50% to 34%
- ◆ Anthropic doubled its share to 24%
- ◆ Retrieval-augmented generation (RAG) has emerged as a leading strategy, with adoption climbing from 31% last year to 51% in 2024.

### *Project X Ltd. Insight on Trend*

The infrastructure trends underscore the complexity of modern AI ecosystems. While multi-model strategies and RAG approaches offer flexibility, they also require sophisticated integration and maintenance capabilities. Additionally, the provider dynamics suggest that enterprises are diversifying their technology stacks to reduce dependency on single vendors. Our role is to guide clients through these complexities, ensuring their AI ecosystems are robust, scalable, and aligned with their strategic goals.

## **Challenges and Opportunities**

Despite the enthusiasm for generative AI, challenges persist. Implementation costs, data privacy concerns, and underwhelming ROI are cited as common barriers. Additionally, a growing talent drought, particularly among AI-skilled enterprise architects, threatens to slow progress. The report predicts three key developments:

- ◆ Agentic automation will drive the next wave of AI transformation.
- ◆ AI-native challengers will disrupt incumbents across industries.
- ◆ The AI talent drought will intensify, leading to higher competition for skilled professionals.

### *Project X Ltd. Insight on Trend*

The challenges outlined in the report are not unfamiliar. AI adoption has required a balance of ambition and pragmatism. At Project X, we emphasize the importance of strong foundations—investing in talent, ensuring data practices, and designing systems that deliver ROI incrementally.

## Closing Thoughts

The 2024 State of Generative AI in the Enterprise offers a compelling view of how this technology is shaping the business landscape. At Project X, we view these trends not just as data points but as opportunities to think strategically about how generative AI can be harnessed to drive meaningful change.

For enterprises navigating this complex landscape, the path forward lies in balancing innovation with thoughtful execution. It's not just about what AI can do—it's about what it should do to align with your mission, values, and goals. As always, our focus is on ensuring that these technologies serve as enablers of long-term success.

