

# Mind the (AI) Gap: Leadership Makes the Difference

04 DECEMBER 2018

# Methodology

- Online survey of companies → Goal: Understanding the role of artificial intelligence (AI) and machine learning across countries and industries
- Evaluation: Which companies are active leaders in adopting or piloting AI
- Goal: Understanding which organizational, procedural and cultural drivers are underlying success factors that differentiate leaders from laggards
- Sampling size: More than **2700 managers** from Germany, Austria, China, France, Japan, Switzerland and the United States
- Participant companies: Ranged **from small SMEs** (> 250 employees) **to large corporates** of 50,000 or more employees
- Condition: Respondents with at least a basic understanding of AI and its potential

# Authors



**Sylvain Duranton**  
Senior Partner and  
Head of  
BCG GAMMA Global



**Jörg Erlebach**  
Senior Partner and  
Head of  
BCG GAMMA  
Germany



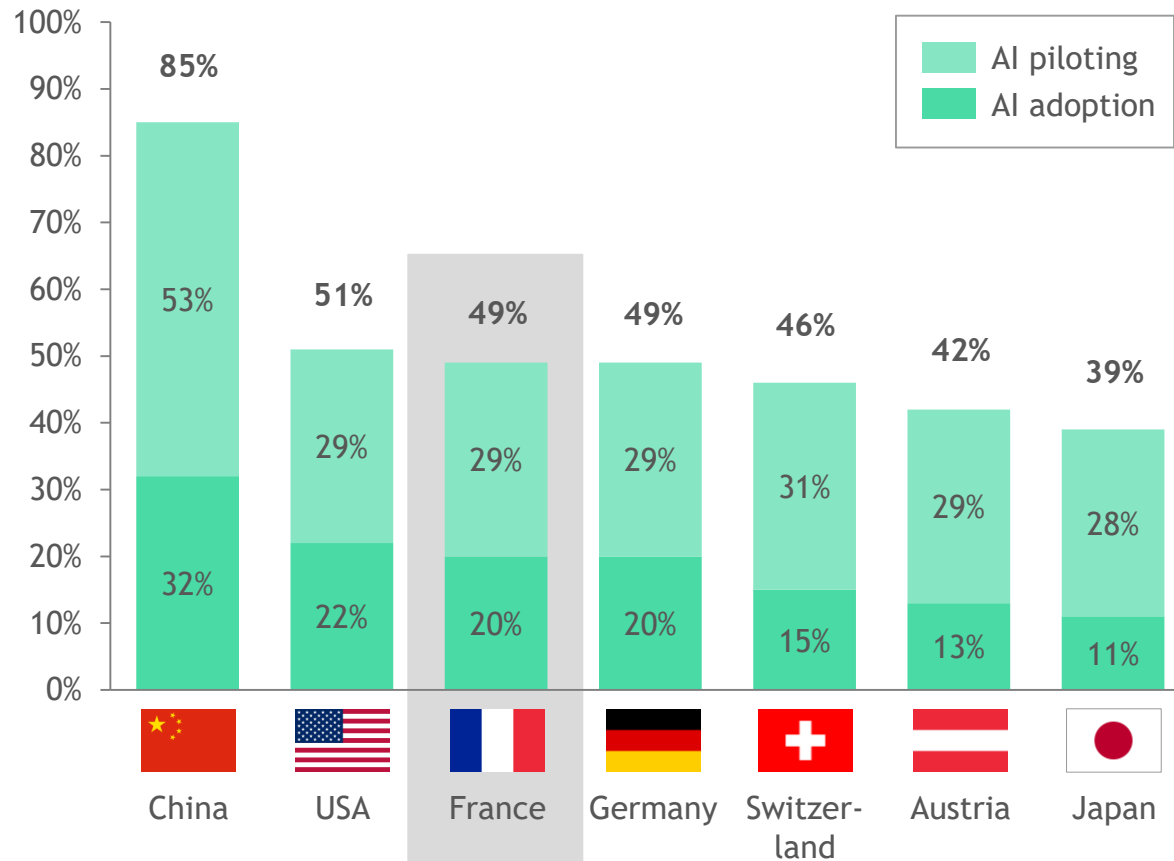
**Marc Pauly**  
Associate Director  
BCG GAMMA

# Results at a glance

- French companies are lagging behind in leveraging AI, but the global race is still open
  - Only 20% are actively using AI, 30% are still at adoption level
  - But: France is on the same level than Germany (20 %), far ahead Japan (11%). Only China is far ahead in AI usage with nearly 9 out of 10 companies as Active AI Players
  - French Technology, Media and Telecommunication industry with many Active AI Players, whereas Industrial and Financial Services companies have low figures
- When it comes to AI, leadership makes the difference
  - Active Players excel on three dimensions of organization and company culture, as the new BCG GAMMA study shows: short, fast-paced innovation cycles, active management “pull” on AI innovation and cross-functional approach to innovation
  - French companies have nearly 80% longer innovation cycles than Chinese companies
- Call for action
  - Factors like government AI initiatives, good infrastructure, skill levels and business-friendly environments are necessary but not sufficient: Managers need to adapt their working culture to become an active AI Player

# French companies are lagging behind in leveraging AI

Share of Active Players in AI by country










- Only half of French companies are Active Players in AI
- Optimistic part of the forecast: Hardly any difference between France and Germany. "Old Europa far beyond Japan
- Of French companies having prior experience with AI initiatives, only 6 of 10 report generally successful outcomes (compared to 9 of 10 in China)<sup>1</sup>
- Pessimistic part of the forecast: China far leading compared to other countries on overall AI activity

1. For additional data: See report

Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

# The global race to leverage AI in practice is still open

Share of Active Players in AI by country/industry cluster

Consumer	84%	41%	57%	39%	65%	32%	35%	50%
Energy	86%	73%	48%	50%	n.a.	67%	38%	67%
Financial Services	86%	61%	45%	34%	67%	22%	42%	52%
Healthcare	83%	49%	51%	43%	38%	33%	23%	49%
Industrial	83%	49%	43%	60%	35%	44%	32%	55%
Technology, Media, Telecom	89%	65%	63%	64%	43%	67%	60%	71%
<b>Total</b>	<b>85%</b>	<b>51%</b>	<b>49%</b>	<b>49%</b>	<b>46%</b>	<b>42%</b>	<b>39%</b>	<b>55%</b>
								
	China	USA	France	Germany	Switzerland	Austria	Japan	

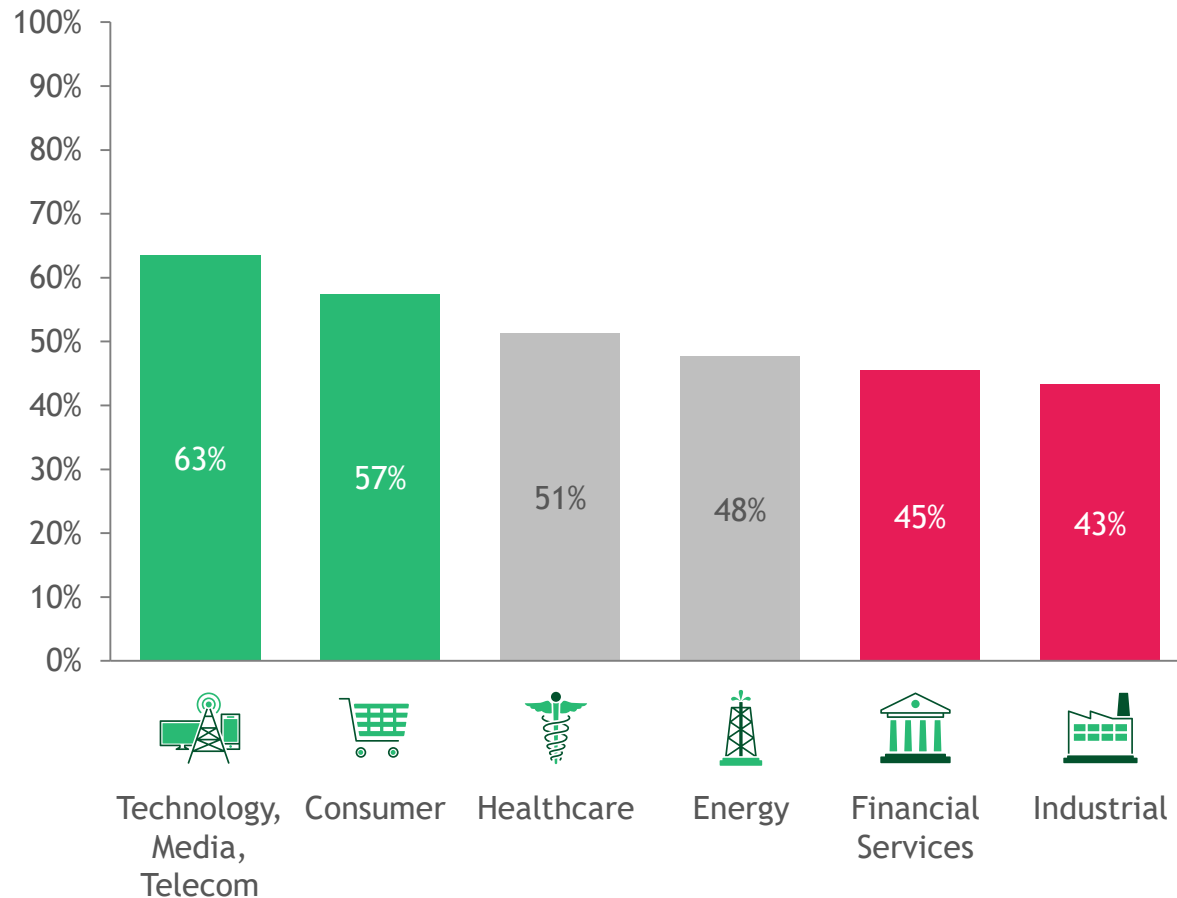


- The current situation in most countries is similar—besides China
- In Consumer, France is leading compared to most other countries besides China
- France needs to catch up especially in sectors like Industrial and Financial Services: less than half of those companies are active AI players
- Tech companies are leading in AI activity overall

Note: Values denote the percentage share of Active Players in each country and/or industry. Colors highlight their relative positioning. “n.a.” denotes clusters with insufficient survey statistics. The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

# Leading Industries in AI in France are Technology, Media, Telecom and Consumer

Share of Active Players in AI by industry in France

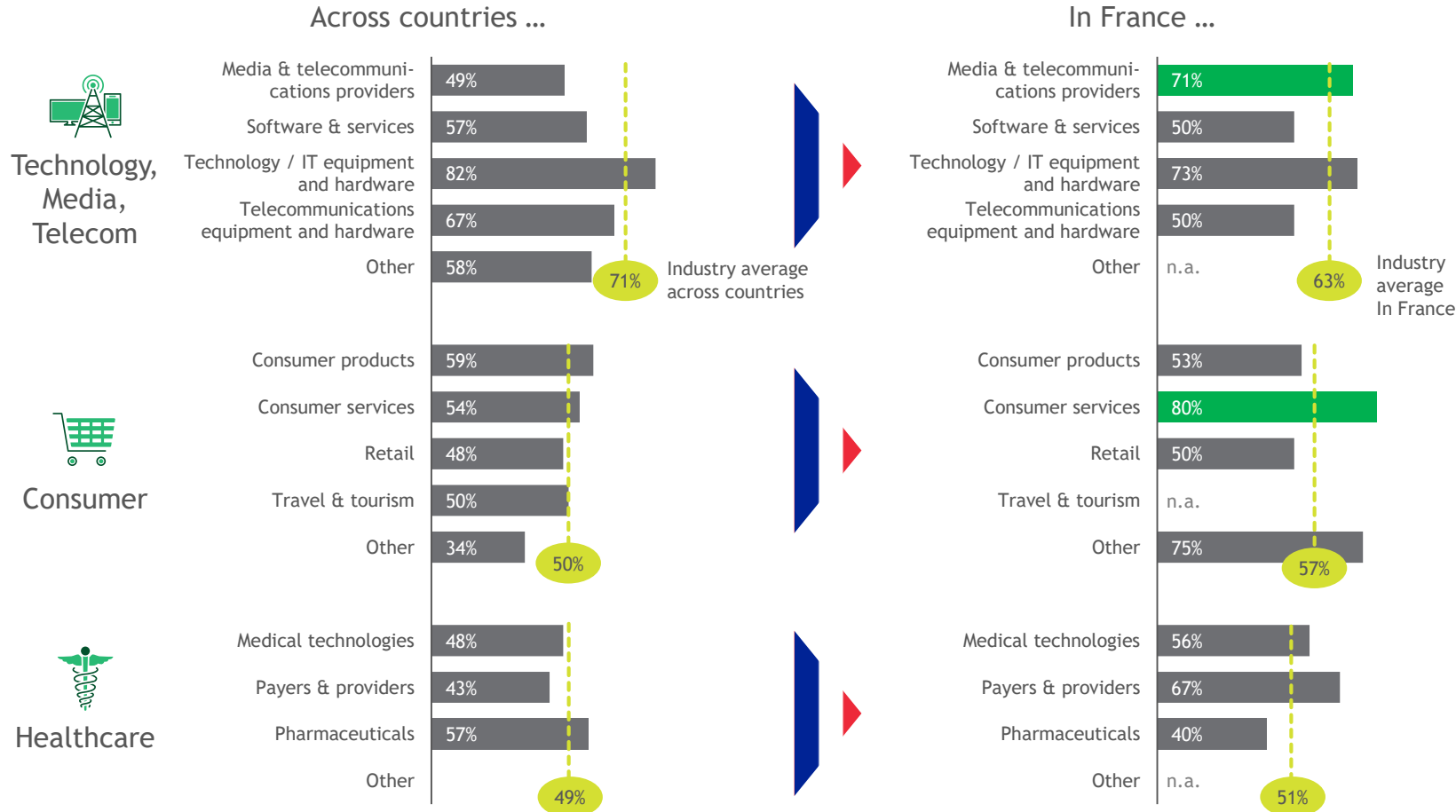


- France is performing above average in the data-rich Consumer segment, with other countries struggling harder to leverage the potential
- In Industrial and Financial Services Industry, France underperforms with only few active AI Players

Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

# France is winning in some sectors like Consumer Services...

## Share of Active Players in AI by industry

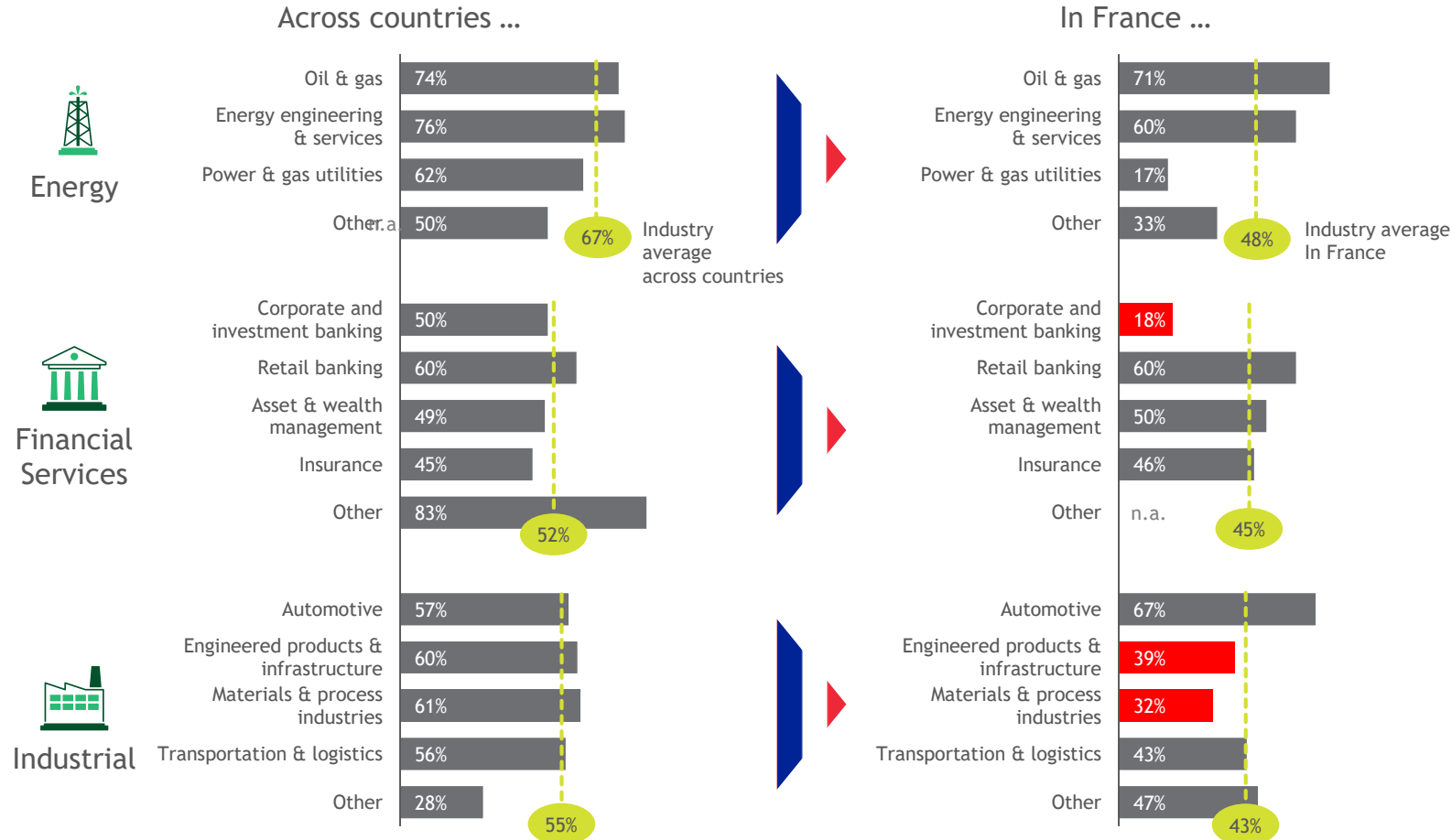


- Technology, Media and Telecoms are leading AI activity in France (like in other countries too), but only Media & Telecoms providers are ahead in a cross-country comparison
- Consumer services show France strong on AI activity

Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

# ...but needs to catch up Industrials and Corporate / Investment Banking

## Share of Active Players in AI by industry



- French materials and process industries are particularly strongly behind, lagging the cross-country average by almost half
- Financial services companies have been early movers on adopting AI in many countries, but France lags here in Corporates and IB

Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers



# How Active Players excel on three dimensions of organization and company culture



Short, fast-paced innovation cycles



Active management  
“pull” on AI innovation

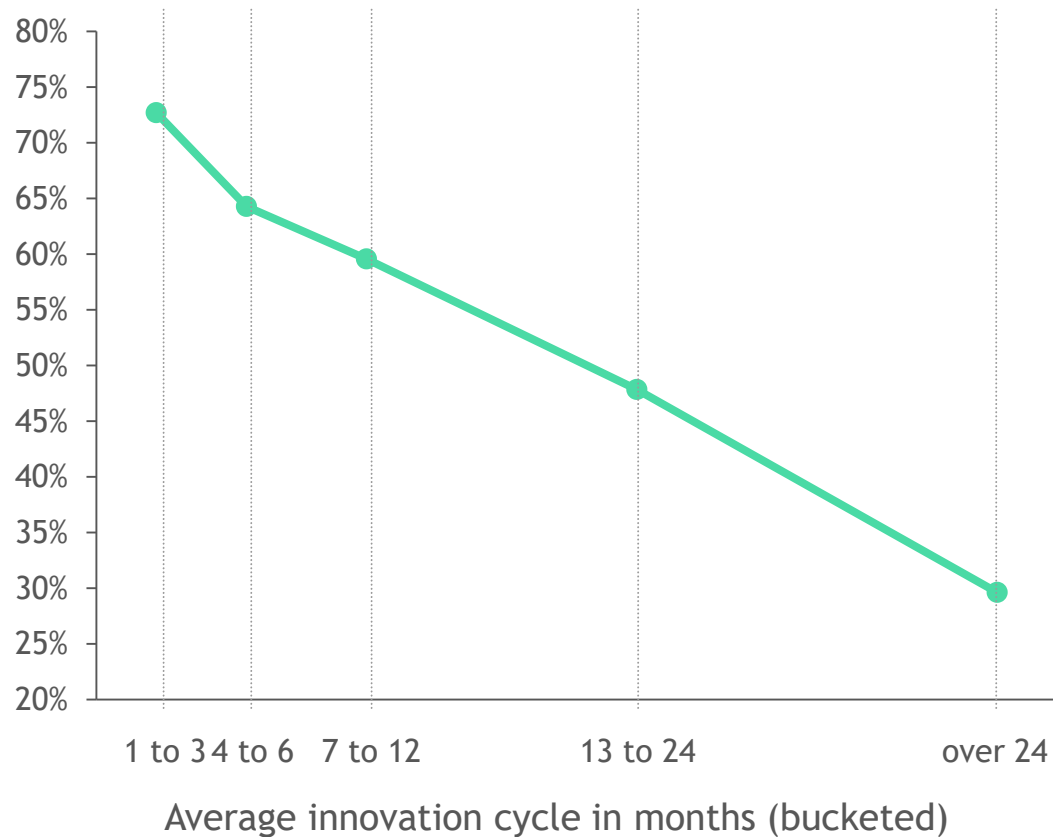


Cross-functional approach to innovation



# Shorter innovation cycles lead to stronger AI activity

Share of Active Players by length of innovation cycle



Average length of innovation cycle (in months)



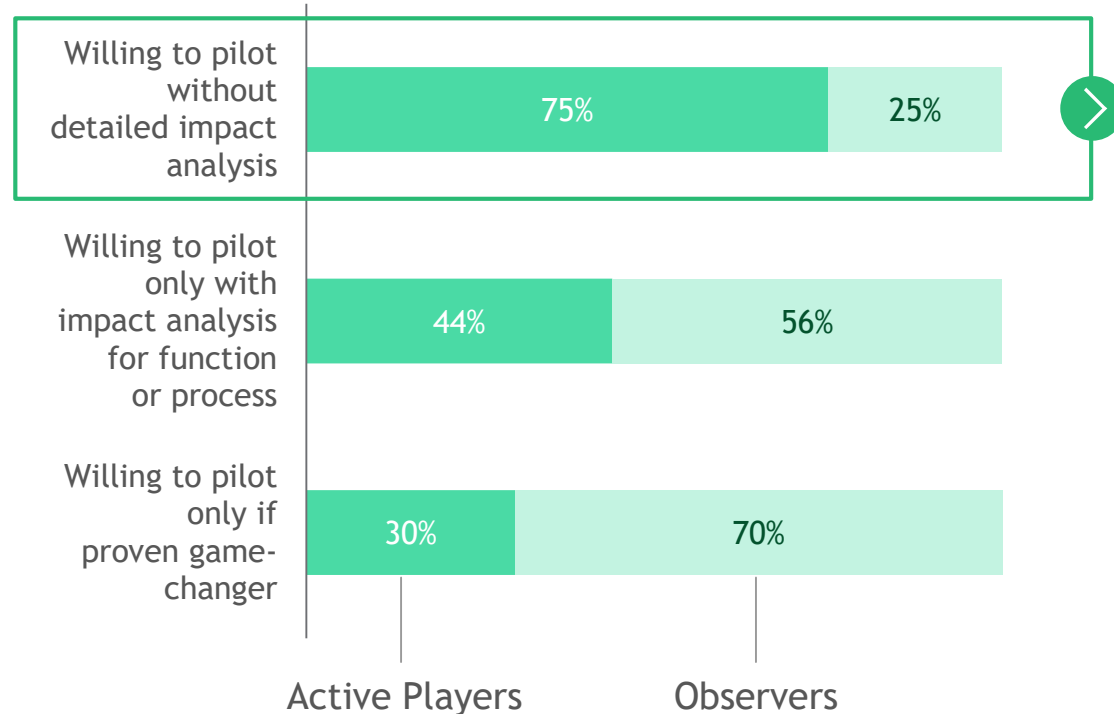
- 72% of high-velocity innovators (1 to 3 months average between idea and working prototype) are active Players in AI
- Activity decreases with speed of innovation: Only one third of the slowest companies are active Players
- French companies surveyed reported 78% longer innovation cycles on average than Chinese companies

Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

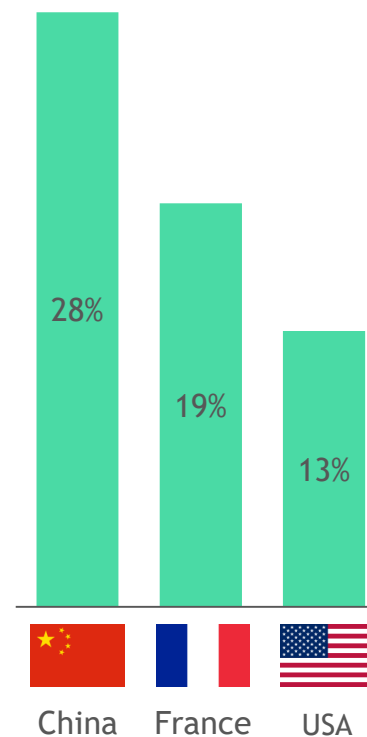


# Active Players are much more willing to pilot early and experiment with AI

Share of Active Players by openness to rapid piloting



Share willing to pilot without detailed impact analysis



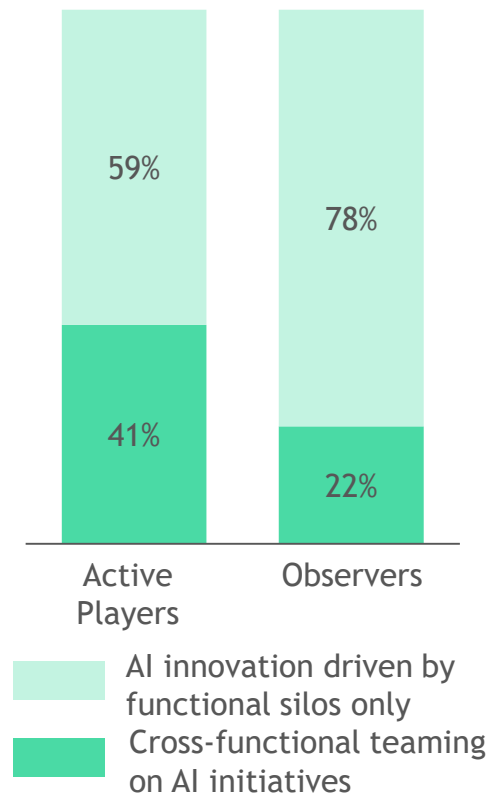
- 75% of companies whose managers are willing to invest in AI initiatives at an early stage are active Players
- Of companies whose managers wait for “game changer” proof, only 30% are active
- China’s managers are 50% more likely than French managers to pilot early
- Only half of the French managers treat AI with greater attention (“pull”) than other innovation topics, while 9 of 10 of Chinese managers do

Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

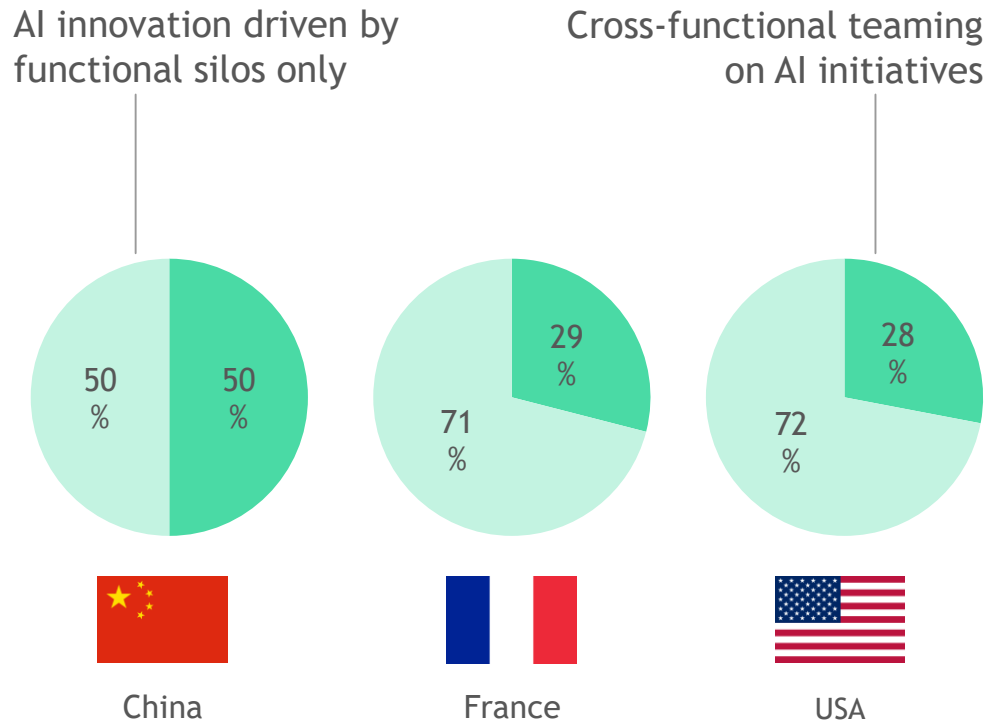


# Driving innovation within functional silos hinders AI activity

Share of organizational approaches for Active Players and Observers



Distribution of organizational approaches to implementing AI



- Working in functional silos on AI (e.g., AI projects only driven by IT) significantly reduces the chances of becoming an active Player
- 41% of active Players drive AI innovation through cross-functional teams, compared to only 22% of Observers
- Two-thirds of French companies still address topics like AI through silos

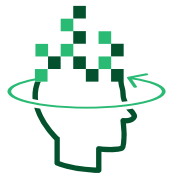
Note: The survey defines Active Players as those companies who are already moving to adopt AI into existing processes or currently running pilot initiatives, and whose efforts thus far are reported to have generally been successful. Others are defined as Observers

# Management leadership on AI makes the difference



## CEOs need to act to become Active AI Players

- Launch and pilot fast and make sure you move to agile\*
- Set the tone on AI innovation, selecting use cases and promoting projects top-down
- Don't follow the silos of your organization and try new ways of working



## Learn from the one who are already on top

Looking beyond one's own nose is key: French CEOs should re-think their processes and learn from industries already leading in AI



## Don't ask for support, first act yourself

External factors such as infrastructure and a business friendly environment are important, but don't make the difference

\* Agile is a team-centered, iterative, and cross-functional approach that can be applied across many business contexts. For more information see the following BCG report: <https://www.bcg.com/de-de/publications/2017/people-boosting-performance-through-organization-design.aspx>



[bcg.com](https://www.bcg.com)