KPMG Generative AI Survey

Survey Report

—

August 2023

Objectives and methodology

Objective: Assess the current temperature around Generative artificial intelligence (AI), now that the initial hype has receded, and business leaders have a clearer picture of what this technology will mean for their businesses. We set out to understand where business leaders' minds are as we enter this next phase of Generative AI and what trends are emerging within the investment and deployment of these tools.

Methodology: This survey was fielded online and reached a total of n=200 business decision makers in the US. The audience was screened for the following:

- US-based business decision makers – all will be VP and above.
- Employed at organizations with $1 billion or more in annual revenue.
- A mix of business functions and industries, excluding those who work in government, not-for-profits, and education.
- Employed at an organization that is considering/planning, piloting/testing, and/or deploying generative AI technologies.
- Must have responsibility for one of the following:
  - Determines generative AI technology spending and/or approve AI investments,
  - Develops generative AI technologies,
  - Manages and oversee generative AI technology implementations,
  - Serves as a generative AI technology subject matter expert or specialist,
  - Makes or influences decisions around strategy and use of generative AI technology.

The survey was fielded on June 9-23, 2023.

This report includes data from KPMG's Generative AI Survey conducted in March 2023 among n=225 business leaders in the US. Data is included for comparison; however, data was collected independently of this survey with slightly different screening criteria and question wording.

Summary of findings

Almost a year since ChatGPT burst onto the cultural landscape, generative AI continues to excite business leaders, the vast majority of whom still see these tools as fundamental difference makers in their industry and transformative to their business models. While leaders do cite concerns with adoption, regulation, and privacy, it isn't impacting their investment levels or enthusiasm for how these tools will positively impact their businesses.

There are high levels of optimism about the value that generative AI can provide: Generative AI is expected to have a large impact—it is rated as one of the top emerging technologies, and all expect their organization to be impacted *highly* in the next 12-18 months. Eighty percent believe that it will disrupt their industry, and nearly all (93 percent) think that generative AI will provide value to their business.

Investment in generative AI will increase: A majority (80 percent) anticipate an increase in generative AI investment by more than 50 percent in the next six months to one year. Many will use this increased investment to prioritize infrastructure and scaling business through Generative AI use. The leading drivers behind this increase are improving existing business models and leadership demand. While investments will happen in functional areas across the board, more business leaders are looking to leverage Generative AI for marketing and sales, with three in four saying they are likely to invest more in this function.

While there is concern about the evolving regulatory environment, most businesses do not expect to slow their generative AI adoption: A third say they will not pause (35 percent) adoption, and four in ten (41 percent) are willing to take a short (three- to six-month) pause to monitor the regulatory landscape. Most (77 percent) business leaders say that the uncertain and evolving regulatory landscape impacts their generative AI investment decisions, but they also feel confident about handling regulatory requirements. And they have already prepared for these uncertainties—by hiring specialized talent (data privacy and bias), creating new roles, and/or partnering with external consultants to guide the business through generative AI regulations.

Generative AI is expected to have positive impact on the workforce: Eight in ten (84 percent) believe that generative AI will have a positive impact on their workforce. Half feel generative AI is likely to expand their overall headcount, with generative AI specialists being prioritized for those who anticipate hiring. Additionally, business leaders feel that generative AI is very likely to support workforce initiatives such as increased professional development, reduced overtime, and increased in-person connectivity.

Key audience differences

Deployed generative AI
Those with generative AI tools and solutions already deployed (35 percent) show higher levels of optimism around Generative AI's impact. • More likely to say there will be an extreme impact on their organization in the next 12-18 months • More likely to say Generative AI will cause significant disruption to their industry • More likely to say it will provide meaningful value to their business Those with deployed Generative AI tools and solutions are driven by leadership direction and innovation more than those in the researching and planning phases. This group feels more prepared to handle the potential regulatory developments and requirements as they occur. They are more likely than others to have a mature AI governance program.

Key audience differences

Business leader demos
There are very few gender differences when it comes to generative AI perspectives. Generations are aligned in their views of generative AI in the business—with a few exceptions where older generations (Gen X and baby boomers): • Are twice (26 percent) as likely than younger ones (13 percent) to feel that generative AI will cause significant disruption. • Are more likely to see opportunity for Generative AI to support in-person connectivity and reduced “after-hours” work. But they are also more concerned that it can decrease social interactions in the workplace. SVP-/VP-level decision makers (24 percent) are nearly twice as executives (13 percent) to think generative AI will cause significant disruption. Executives are less confident in their data privacy readiness. They are also less concerned about generative AI having negative impacts on the workforce.

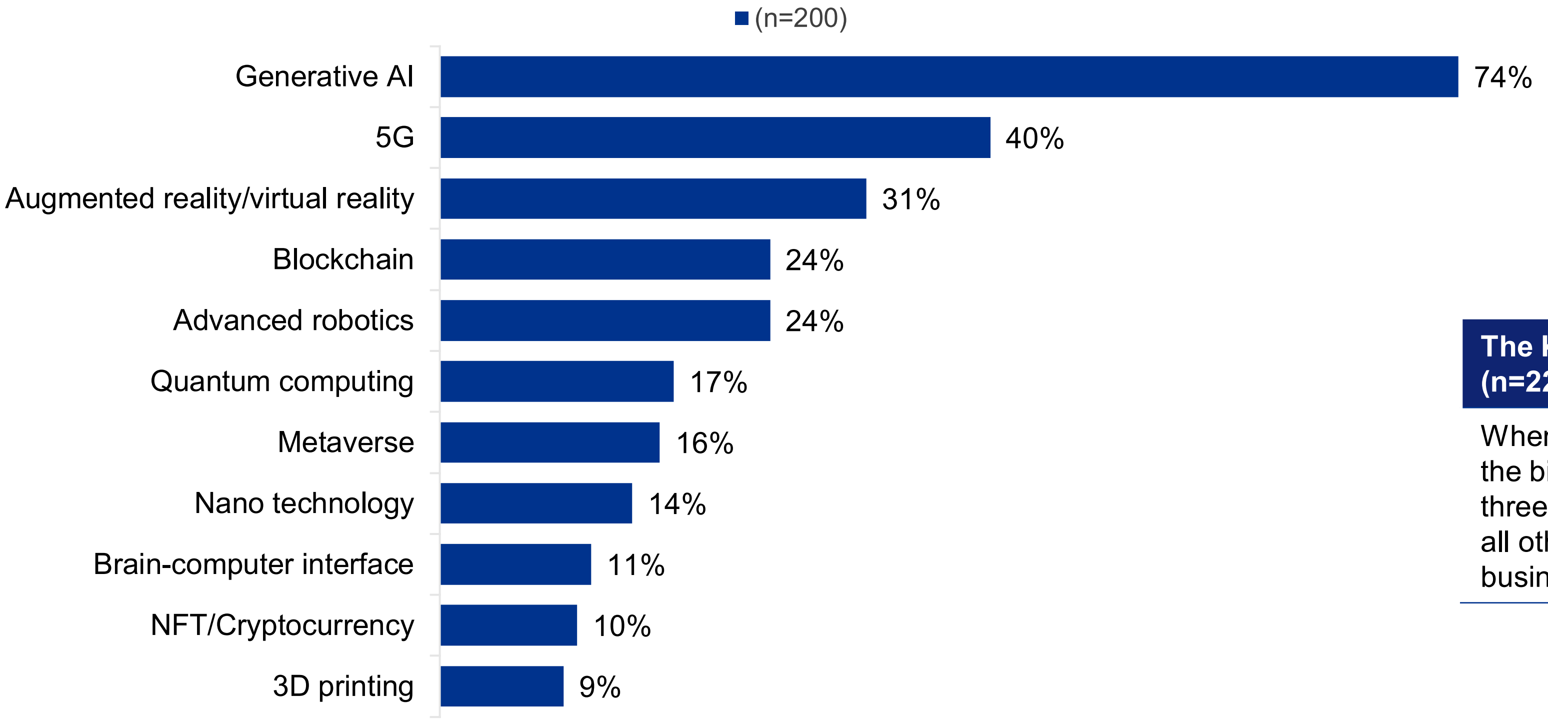
March to June comparisons

Top emerging tech	Generative AI continues to be seen as a top emerging technology. When asked in June 2023, three in four business leaders find it will be a top three emerging technology over the next 12-18 months. When asked in March 2023, 78 percent selected generative AI as a top emerging technology over the next 3-5 years.
Functional area impact	IT/Tech, operations, and marketing and sales are the top functional areas that are anticipated to be impacted the most by generative AI, ranking highest among business leaders in both March and June.
Barriers to implementation	Lack of skilled talent remained a top 3 barrier to implementing generative AI from March to June.
Risk management priorities	Prioritization of risk management has increased since March across the board. In both March and June, cybersecurity was the top area of risk management that business leaders are prioritizing. Risk management measures around weaponization (the use of generative AI to manipulate public opinion) has increased; 29% of business leaders ranked this as high priority in March and 56 percent did in June.
Impact of workforce	Business leaders remain optimistic about the overall impact of generative AI on their workforce, and concerns have decreased. In March, 59 percent of business leaders reported that they predict generative AI will have a net positive impact on workforce. In June, 53 percent of business leaders report that their headcount will likely expand. In both March and June, there are concerns expressed around the unemployment implications for the workforce broadly. However, June saw a significant decrease in anxiety about companies replacing their current employees with generative AI. Concerns around reduced opportunity for professional development and advancement (41 percent versus 26 percent) and decreased creativity and innovation (30 percent versus 16 percent) have also reduced. Concerns around mental health, decreased social interactions, increased unemployment, and creating roles with niches skills remain similar to months prior.

Similar to results from March, business leaders remain focused on Generative AI ahead of other emerging technologies.

Three in four business leaders rank generative AI as the top emerging tech that will impact their businesses over the next year and a half.

Top emerging technologies



The KPMG March Generative AI Survey (n=225 US business leaders)

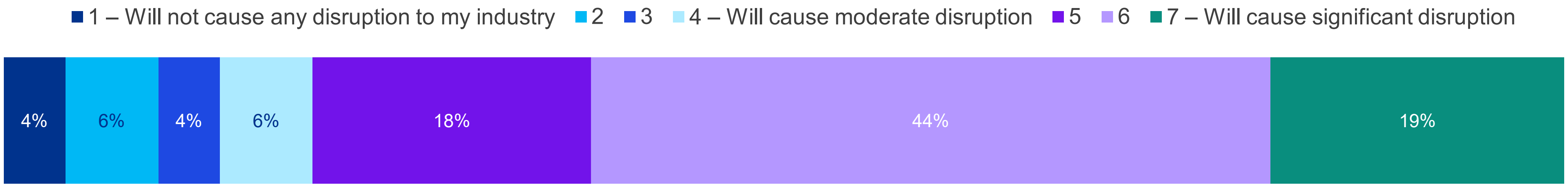
When asked about emerging tech that will have the biggest impact on business over the next three to five years, generative AI ranked above all other tech measured, with 78 percent of business leaders selecting this.

Q2. What emerging technologies will have the biggest impact on your business over the next 12-18 months? Select your top responses up to three.
*March 2023 question: What emerging technologies will have the biggest impact on your business over the next three to five years?

At an industry level, four out of five believe generative AI will disrupt their entire industry; one in five expects it to cause "significant disruption"

Gen X and baby boomers and SVP-/VP-level decision makers are twice as likely as others to say significant disruption.

Generative AI disruption to industry



Percentage saying significant disruption (7)

Firmographics

Researching & piloting	Deployed	$1B to <$5B	$5B or more
14%	29%	23%	11%

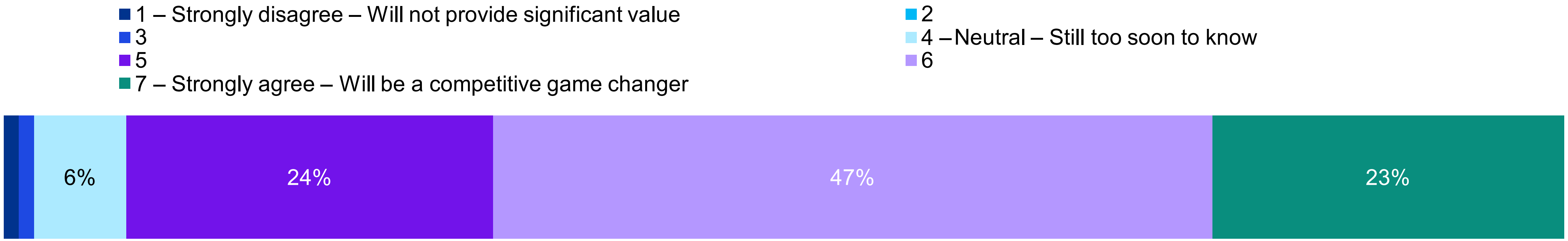
Demographics

Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
19%	19%	13%	26%	24%	13%

Q14. To what degree do you anticipate generative AI will meaningfully disrupt your industry and the businesses within it?

At an organizational level, almost (93 percent) think that generative AI will provide value to their business, especially those who have already deployed the technology

Perceived value of generative AI to the business



Firmographics

Researching & piloting	Deployed	$1B to <$5B	$5B or more
17%	35%	24%	21%

Demographics

Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
23%	24%	21%	25%	22%	24%

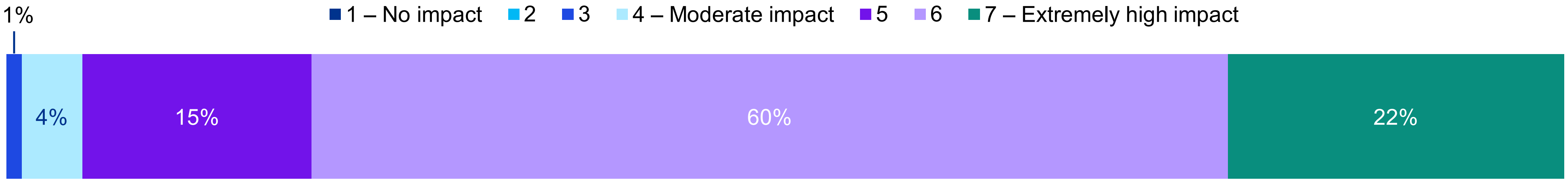
Percent saying generative AI is a game changer (7)

Q15. To what extent do you agree with the following statement: generative AI will deliver meaningful value to our business.

Almost all expect to see meaningful impact from generative AI sometime within the next 1.5 years

Around one-fifth expect generative AI to have an “extreme impact”; those who have already deployed generative AI are more likely to see an “extremely high impact” on their business.

Expected of generative AI on organization over the next 12-18 months



Firmographics

Researching & piloting	Deployed	$1B to <$5B	$5B or more
13%	38%	21%	23%

Percent saying extremely high impact (7)

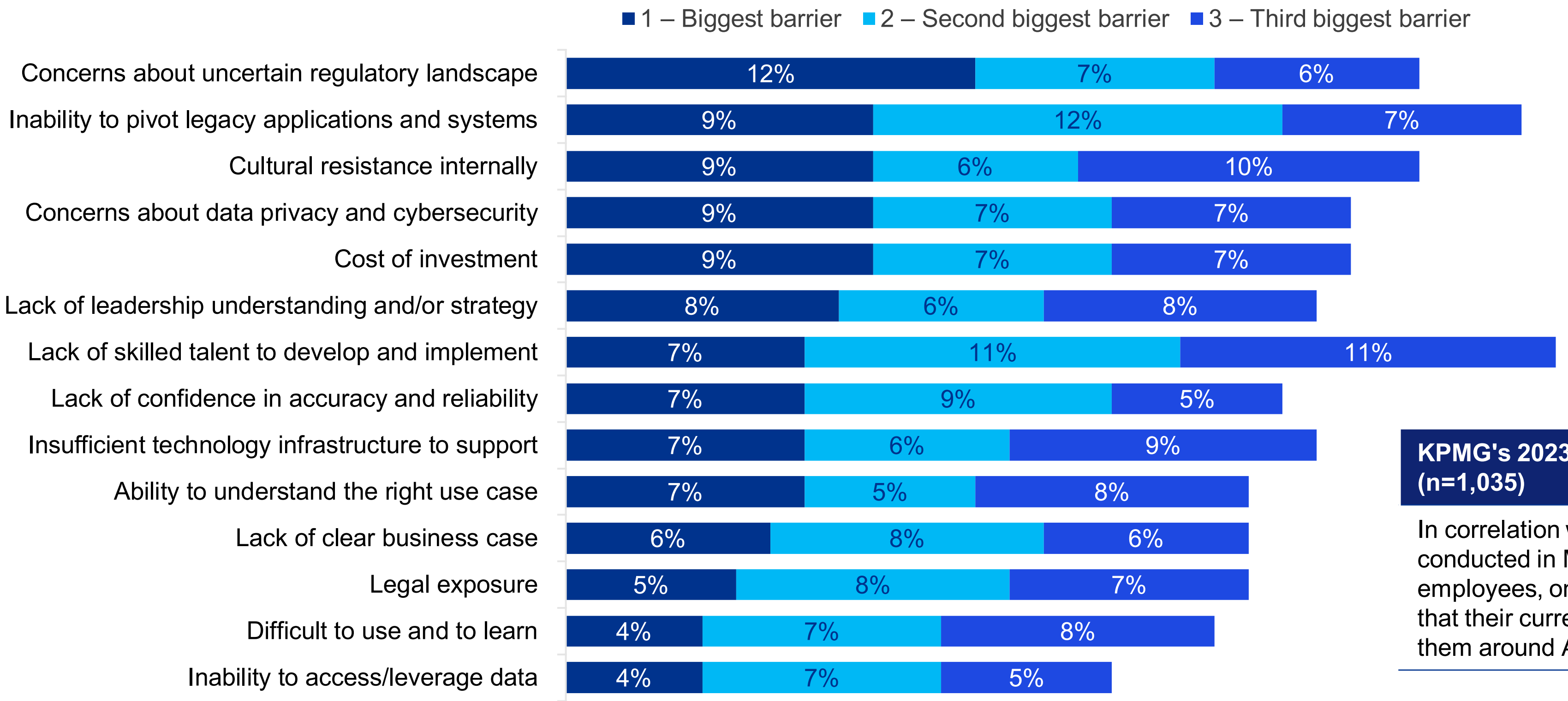
Demographics

Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
23%	16%	18%	25%	24%	19%

Q3. Please rate the impact you think that generative AI technology will have on your organization over the next 12-18 months.

The most significant barrier to implementing generative AI is regulatory uncertainty; most leaders also grapple with lack of skilled talent

Barriers to implementing generative AI



KPMG's 2023 Talent Survey (n=1,035)

In correlation with KPMG's 2023 Talent Survey conducted in May 2023 speaking with US employees, only 42 percent of employees say that their current employer is helpful in upskilling them around AI use.

Q7. What are currently the biggest barriers to implementing generative AI within your company? Rank your top responses up to 3, where 1 is the biggest barrier, 2 is the second biggest, and 3 is third biggest.

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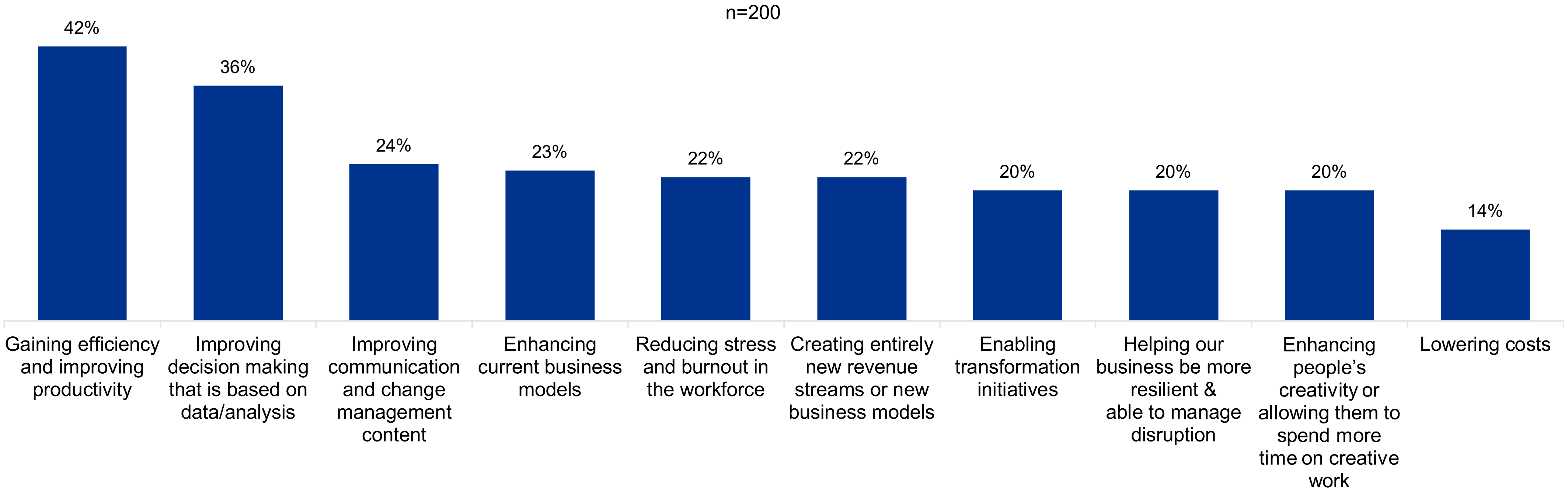
Leaders see value in generative AI's ability to improve productivity and aid data-driven decision-making

Few leaders see value in generative AI relative to cost savings.

Top ways generative AI provides value to the business

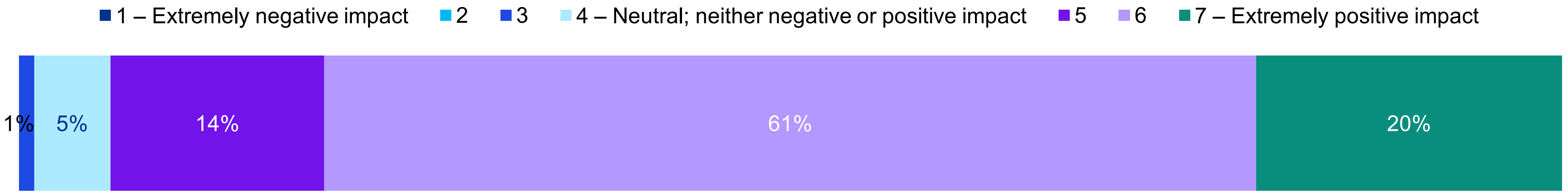


Q16. What are the top ways in which you can see generative AI providing meaningful value to your business?

At an individual level, four out of five leaders think generative AI will help, rather than harm, their workforce

Those who have already deployed are more likely to feel there will be an extreme positive impact compared with those in earlier phases.

Generative AI impact on workforce



Firmographics

Researching & piloting	Deployed	\$1B to <\$5B	\$5B or more
12%	35%	20%	20%

Demographics

Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
20%	22%	20%	20%	17%	23%

Percent saying extremely positive impact (7)

Q26. What impact do you think generative AI will have on your workforce?

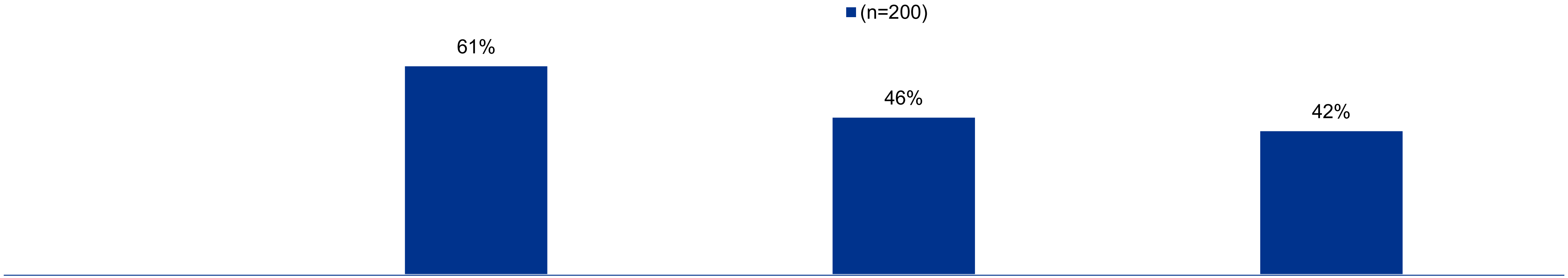
01

Where, how, and in what are companies investing in generative AI?

Six in ten are developing internal Generative AI tools and solutions (61 percent), half are using off-the-shelf-solutions (46 percent) and 42 percent are using off-the-shelf solutions but customizing them to meet their needs

Those who have already deployed generative AI at their company are more likely to say their approach is to customize off-the-shelf solutions; those still in the researching and piloting phases are more likely to be developing internal solutions.

Approach to generative AI



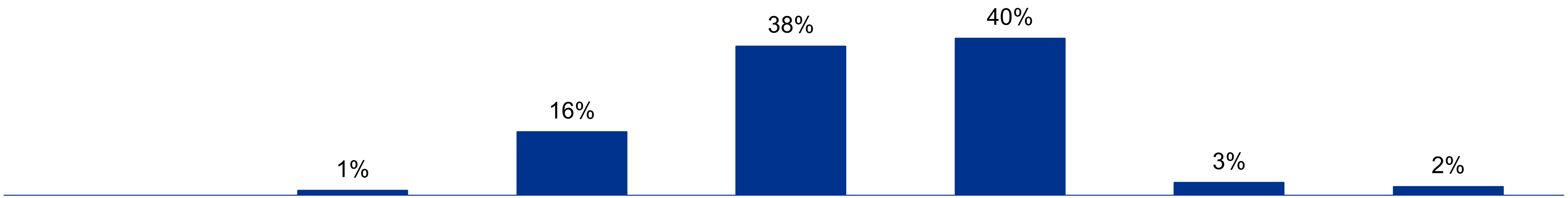
	Internal/"Homegrown"	Leveraging "off-the-shelf" solutions "as is"	Leveraging "off-the-shelf" solutions and customizing them to fit our needs
Researching & piloting	66%	47%	29%
Deployed	49%	43%	67%
$1B to <$5B	63%	40%	39%
$5B or more	56%	56%	48%

Q1. Which of the following describes your organization's approach to implementing generative AI solutions? Select all that apply.

For a majority (83 percent), investment in generative AI is expected to rise by more than 50 percent over the next 6 -12 months with roughly 4 in 10 expecting to double their speed

Bigger businesses ($5B or more) are more likely to be doubling their generative AI investments.

Perceived investment in generative AI over the next 6-12 months



	Stay flat/no change	Rise by up to 50%	Rise 50% - 99%	Rise more than 100%	Rise more than 200%	Rise more than 500%
Researching & piloting	2%	14%	37%	43%	4%	2%
Deployed	0%	20%	41%	35%	1%	3%
$1B to <$5B	2%	17%	42%	38%	0%	2%
$5B or more	0%	14%	31%	44%	8%	3%

Q4. How do you anticipate your company's overall investment in generative AI to change over the next six months to one year?

Infrastructure is a top area prioritized for generative AI spending, especially among those that have already deployed the technology

	Total	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Increasing **infrastructure** (cloud or on-premise servers) and computing power	31%	26%	41%	32%	30%
Using Generative AI to **create scale in our business**	30%	27%	36%	28%	34%
Generative **AI training**	27%	27%	26%	25%	30%
Hiring **specialized generative AI talent**	27%	24%	32%	26%	28%
Developing **new generative AI-driven products**	24%	22%	26%	22%	27%
Adding tools to **manage data and make it explainable/transparent**	26%	23%	30%	24%	28%
Bringing on **external partners** to help us map out a strategy	23%	22%	25%	23%	23%
Incorporating it into **mid-office and operational business processes**	23%	22%	23%	23%	21%
Establishing a **center of excellence** and leadership roles to oversee	22%	19%	28%	21%	24%
Integrating **generative AI capabilities into current products**	21%	18%	26%	22%	18%
Adding **new generative AI capabilities** (software and platforms)	25%	21%	32%	23%	28%
Acquiring **generative AI companies** or capabilities	21%	23%	17%	19%	24%
Incorporating it into **front-office business processes**	22%	21%	22%	19%	25%
Incorporating it into **back-office business processes**	22%	22%	22%	21%	24%
Bolstering data **security capabilities**	18%	18%	17%	16%	20%

Q5. Which of the following capabilities, technologies, and services are you prioritizing over the next 12 months for generative AI investment? Select all that apply.

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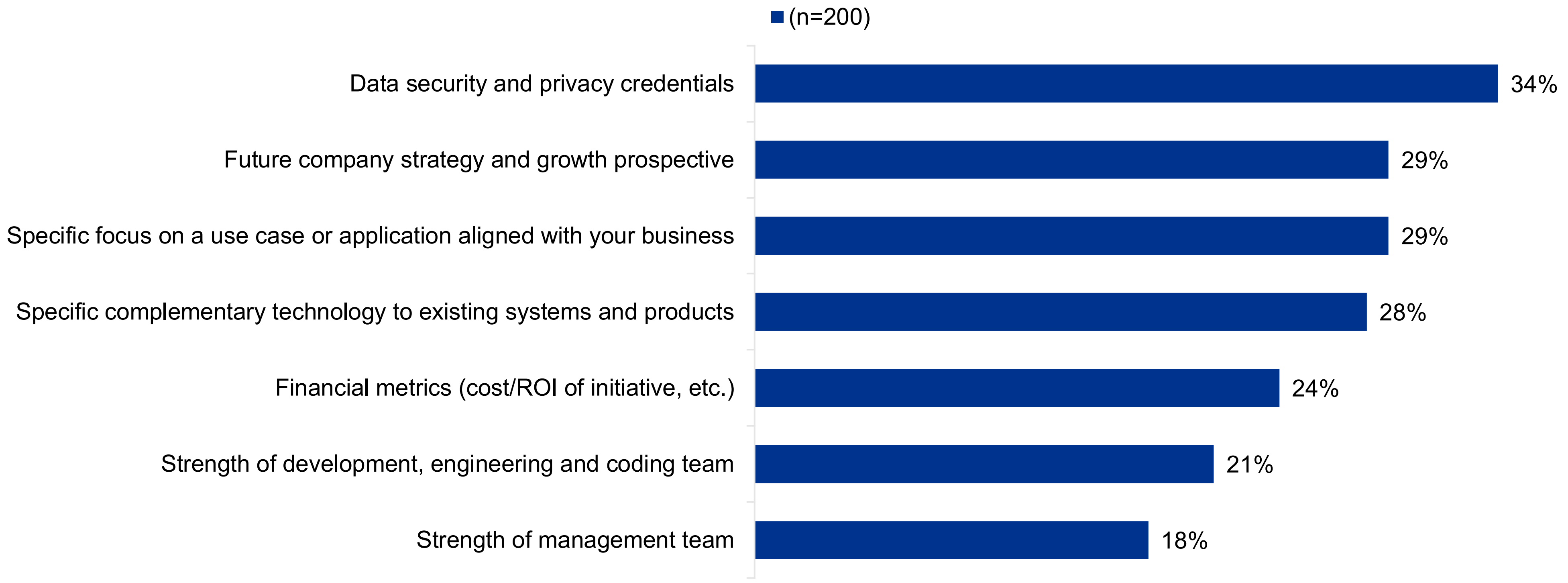
Data security and privacy credentials are a top capability that businesses are looking for when it comes to partnerships or investments in other companies to support their generative AI initiatives

Most important capabilities within partnerships



Q6. What capabilities or characteristics are most important when you consider partnerships with or investments in other companies to support your generative AI initiatives?
Select your top responses up to two.

Similar to findings in March, lack of skilled talent remained a top barrier in June. Additionally, business leaders struggle with their organization's inability to pivot systems, an uncertain regulatory landscape, and internal resistance

Barriers to implementing generative AI

Ranked 1-3	June 2023
Lack of skilled talent to develop and implement	28%
Inability to pivot legacy applications and systems*	27%
Concerns about uncertain regulatory landscape*	24%
Cultural resistance internally	24%
Concerns about data privacy and cybersecurity*	23%
Cost of investment	22%
Lack of leadership understanding and/or strategy	22%
Lack of confidence in accuracy and reliability*	21%
Insufficient technology infrastructure to support	21%
Ability to understand the right use case*	20%
Legal exposure	20%
Lack of clear business case	19%
Difficult to use and to learn*	18%
Inability to access/leverage data	15%

*Not included in March survey.

Ranked 1-3	March 2023
Lack of skilled talent to develop and implement	39%
Lack of clarity on specific ways to implement**	38%
Cost/lack of investment	33%
Lack of leadership understanding and/or strategy	32%
Lack of clear business case	29%
Insufficient technology infrastructure to support	26%
Potential risk and/or privacy threats**	23%
Identifying appropriate Generative AI models**	23%
Cultural resistance internally	20%
Inability to access/leverage data	18%
Legal exposure	11%
Inability to perform certain simple tasks, and provide authentic and accurate results**	7%

**Not included in June survey.

Surveys contained different number of options responses. Percentage comparisons are not one to one.

Q7. What are currently the biggest barriers to implementing generative AI within your company? Rank your top responses up to 3, where 1 is the biggest barrier, 2 is the second biggest, and 3 is the third biggest.

Those who are researching or piloting generative AI are struggling with understanding the right use case, and those who have already deployed are struggling with internal cultural resistance

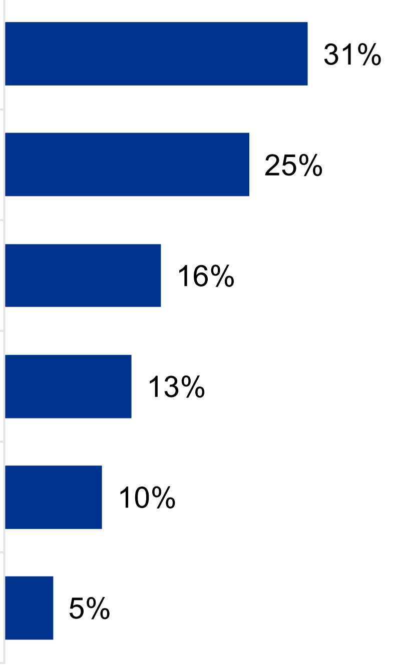
	Percentage in top 3 barriers shown				
	Total	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Lack of skilled talent to develop and implement	28%	26%	30%	26%	30%
Inability to pivot legacy applications and systems	27%	28%	25%	25%	31%
Concerns about uncertain regulatory landscape	24%	24%	25%	25%	23%
Cultural resistance internally	24%	20%	30%	26%	20%
Concerns about data privacy and cybersecurity	23%	26%	16%	22%	24%
Cost of investment	22%	20%	26%	22%	23%
Lack of leadership understanding and/or strategy	22%	23%	19%	27%	11%
Insufficient technology infrastructure to support	21%	23%	17%	19%	25%
Lack of confidence in accuracy and reliability	21%	18%	26%	18%	25%
Ability to understand the right use case	20%	23%	13%	15%	28%
Legal exposure	20%	18%	22%	23%	13%
Lack of clear business case	19%	18%	20%	18%	20%
Difficult to use and to learn	18%	18%	17%	19%	15%
Inability to access/leverage data	15%	16%	13%	16%	13%

Q7. What are currently the biggest barriers to implementing generative AI within your company? Rank your top responses up to 3, where 1 is the biggest barrier, 2 is the second biggest, and 3 is the third biggest.

Improving existing business models and leadership demand are driving desire for generative AI use

Business leaders who have already deployed generative AI are more likely to see its potential to disrupt.

Primary drivers behind organization's desire to pursue generative AI solutions

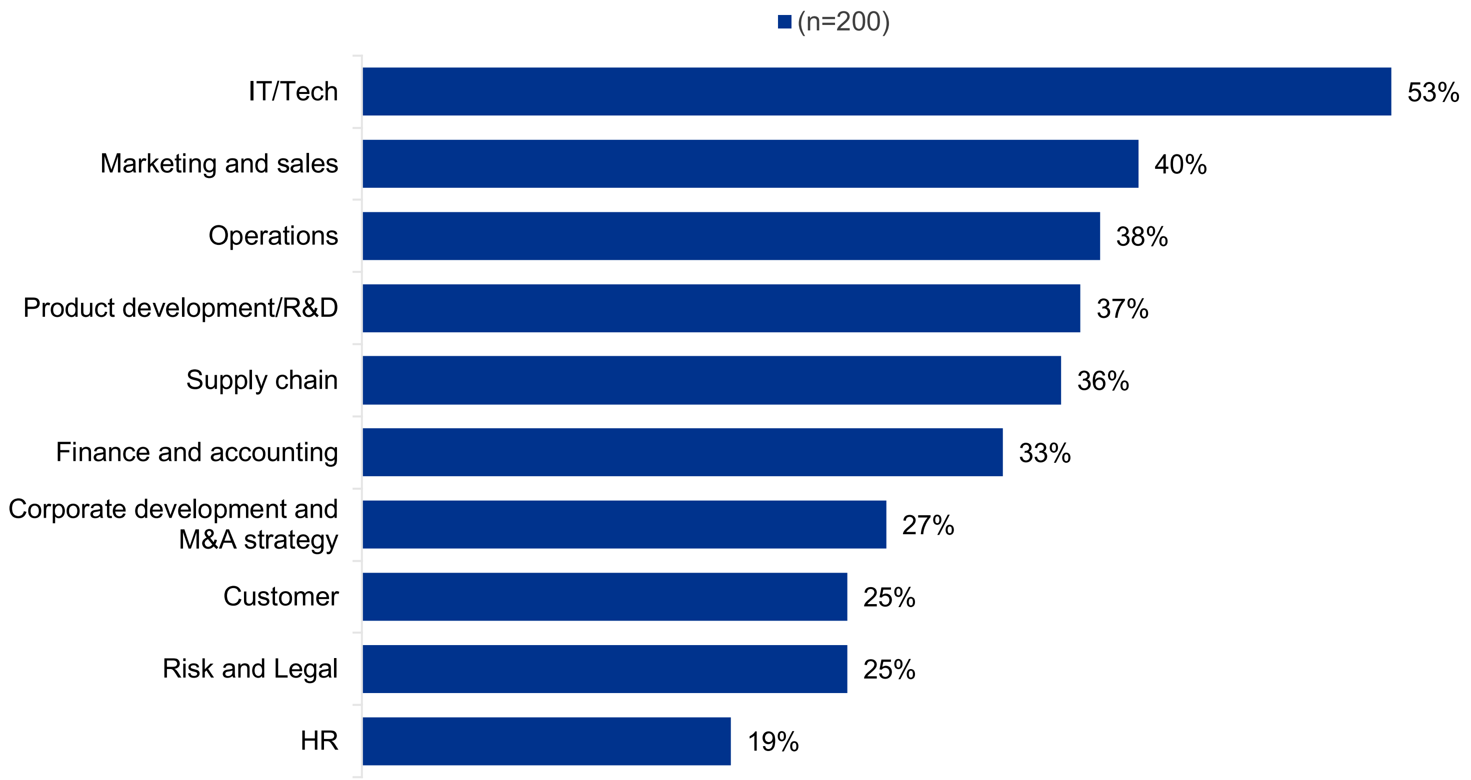


Driver	n=200	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Business model enhancement – Generative AI has the potential to dramatically improve our current operations and products	31%	34%	25%	29%	34%
Leadership direction – organization's leadership is demanding focus on Generative AI given its potential for disrupt	25%	18%	38%	33%	11%
Competitive pressures – we need to invest to maintain competitive advantage	16%	20%	9%	14%	20%
Innovation – Generative AI will likely enable entirely new products, services or business models	13%	8%	22%	10%	18%
Expansion – Generative AI will enable my organization to expand into new markets or segments	10%	12%	6%	10%	10%
Employee demand – our workforce is requesting these solutions	5%	7%	1%	4%	7%

Q8. What is the primary driver behind your organization's desire to further pursue generative AI solutions? Select your top response.

IT/Tech is where many business leaders see generative AI having a large impact. Other top areas are marketing and sales, operations, product development/R&D, and supply chain

Top areas for generative AI impact



KPMG's March Generative AI Survey (n=225 U.S. business leaders)

When asked about which functional areas will have the greatest transformational impact with Generative AI, business leaders said IT/tech (59 percent), operations (60 percent), and marketing and sales (48 percent).

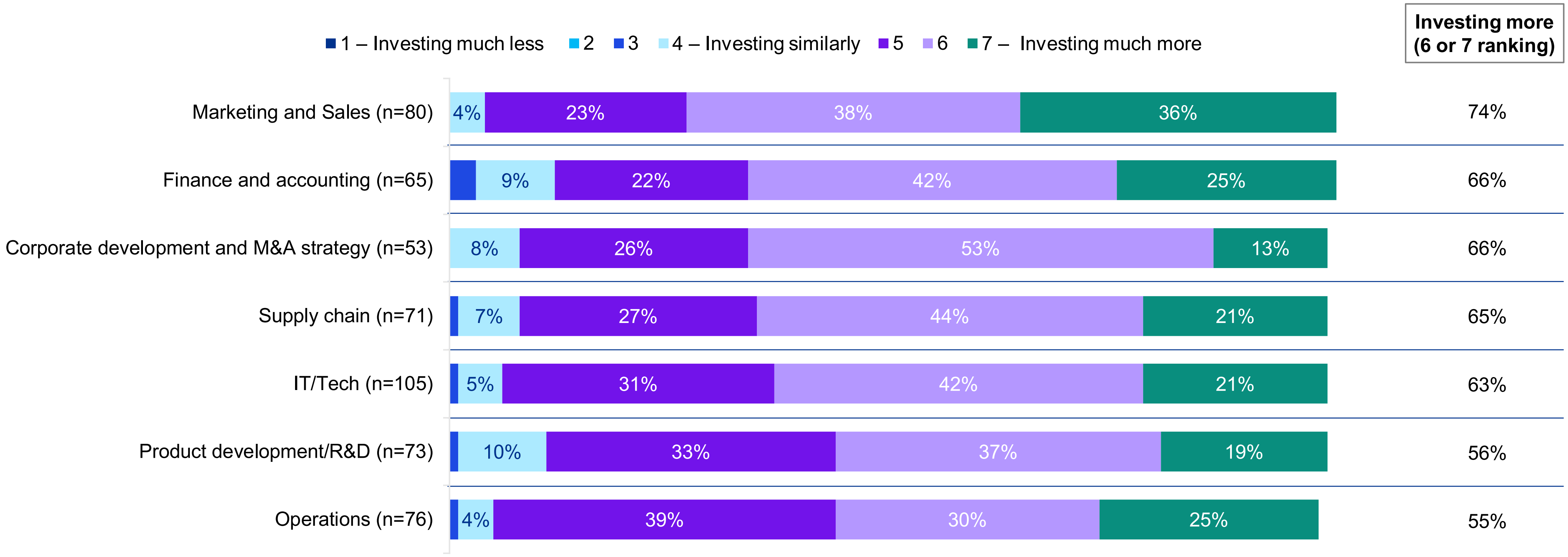
KPMG's 2023 Talent Survey (n=1,035 US employees)

In May 2023, US employees who work in IT/Security functions showed higher than average concern around emerging technologies such as AI making their role irrelevant.

Q9. What are the top 5 areas you where you are deploying generative AI now or are planning to deploy it for the greatest impact on your organization? Select up to five areas.
*March 2023 question: Going forward, what functional areas will see the greatest transformational impact from generative AI?

Organizations will invest more in their priority functions over the next 6-12 months; marketing and sales appears poised to be the greatest area of spend

Allocation shift in six months to one year



Q10. Based on your current efforts in these areas, how do you anticipate allocations to shift in the next six months to one year?
*Functional areas with <n=50 removed.

Top prioritized use cases are self-service HR functions, analyzing customer feedback, and identifying security threats

Generative AI use cases being prioritized

	Total	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Performing self-service HR functions (onboarding and employment processes)	33%	34%	32%	33%	34%
Analyzing customer feedback/improving customer relationships	33%	24%	48%	34%	30%
Identifying security threats and network system anomalies	30%	27%	35%	27%	35%
Identifying new products and use cases (e.g., drug discovery in healthcare)	26%	21%	35%	24%	28%
Developing external chatbots and/or virtual assistants	25%	21%	33%	25%	25%
Developing internal chatbots and/or virtual assistants	23%	24%	22%	26%	18%
Supporting inventory and/or supply chain optimization	23%	22%	23%	21%	24%
Writing code or other development documentation	22%	24%	19%	21%	24%
Automating data governance	22%	21%	23%	20%	24%
Drafting and reviewing legal documents	21%	24%	14%	22%	18%
Creating sales and marketing collateral	20%	19%	20%	19%	20%
Assisting in forecasting, modeling, and projections	20%	18%	22%	18%	23%
Supporting fraud protection	20%	18%	22%	17%	24%
Interviewing and candidate assessment	16%	16%	16%	15%	18%
Contracting and invoicing	15%	15%	16%	16%	14%

Q13. Across all functional areas, which of the following use cases is your company prioritizing? Select all that apply.

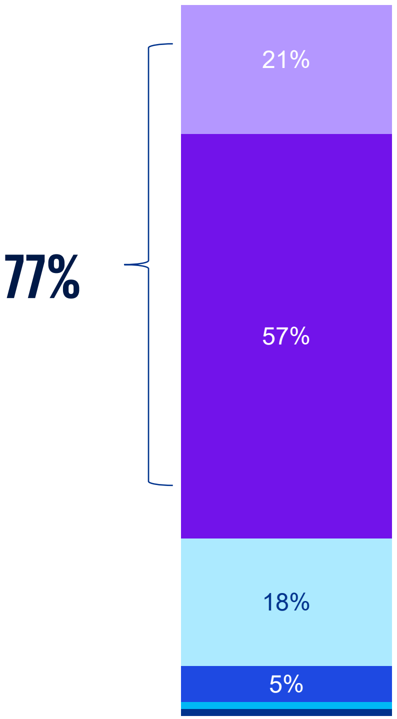
02

Understanding and navigating the myriad of risks related to generative AI

Most are confident that they can mitigate risks associated with generative AI

Those that have deployed have greater confidence in their ability to mitigate risk.

Confidence in organization's ability to mitigate generative AI risks



(n=200)

Firmographics

	Researching & piloting	Deployed	$1B to <$5B	$5B or more
7 – Extremely confident	14%	33%	20%	21%
6	62%	46%	55%	59%
5	18%	16%	19%	15%
4 – Moderately confident	5%	4%	5%	3%

Demographics

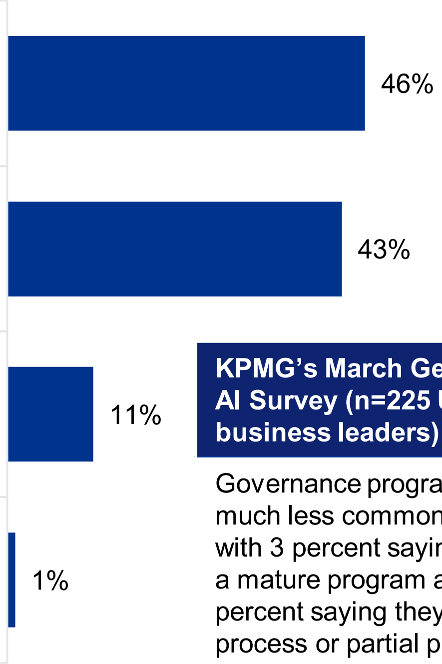
	Male	Female	Gen Z & millennial	Gen X & boomers	SV/VP	Executive
7 – Extremely confident	20%	24%	17%	24%	18%	23%
6	59%	46%	56%	57%	59%	53%
5	17%	22%	22%	13%	15%	20%
4 – Moderately confident	4%	8%	5%	4%	5%	3%

Q17. How confident are you in your organization's ability to address and mitigate risks (data privacy, provides reliable and accurate results, cybersecurity, etc.) associated with generative AI?

Most have done their governance groundwork with about 9 in 10 saying they have at least a partial program implemented.

6 in 10 of those that have deployed say they are further along with their governance programs.

Maturity of generative AI Governance Practices



	Researching & piloting	Deployed	$1B to <$5B	$5B or more
We have a mature responsible AI governance program	40%	57%	46%	46%
We are in the process/partially have implemented a responsible AI governance program	47%	36%	43%	42%
We intend to set up responsible AI governance but have not done so yet	12%	7%	10%	11%
We do not currently see a need, or have not reached enough scale for a responsible AI governance program	1%	0%	1%	0%

KPMG's March Generative AI Survey (n=225 U.S. business leaders)

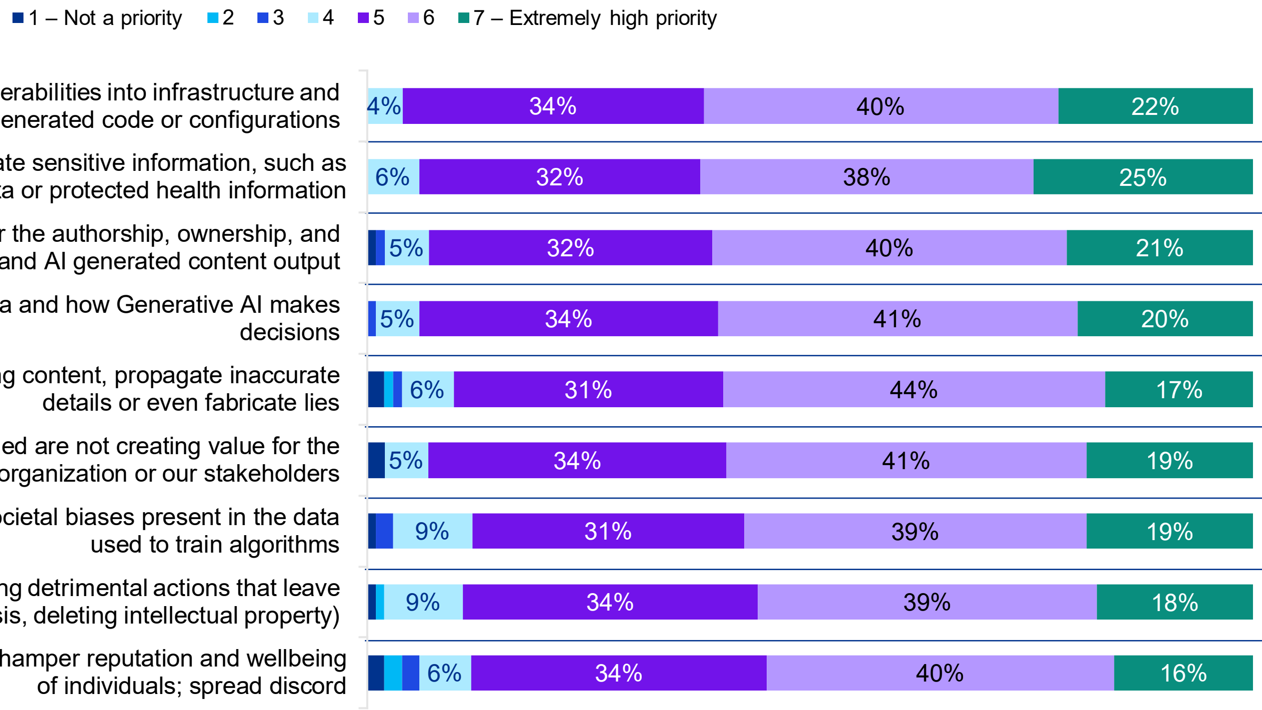
Governance programs were much less common in March, with 3 percent saying they had a mature program and 19 percent saying they had a process or partial program.

Q18. Do you currently have a responsible AI governance program, framework, and/or practices in place for use of AI more generally?
*March 2023 question: Do you currently have a responsible AI governance program, framework, and/or practices in place for use of AI more generally?

Risk management is prioritized across the board. Prioritization has increased since March

Cybersecurity, privacy and copyright/IP issues are among the top risks organizations are concerned with.

Prioritization of risk management



	Prioritizing highly (6 or 7 ranking) June 2023	Prioritizing highly (6 or 7 ranking) March 2023*
Cybersecurity – unintended introduction of vulnerabilities into infrastructure and applications through generated code or configurations	62%	53%
Privacy concerns with personal data: Generate sensitive information, such as personally identifiable data or protected health information	63%	NA
Legal/Copyright/IP issues: Ambiguities over the authorship, ownership, and responsibility of the data input and AI generated content output	61%	40%
Transparent/explainable - we understand the data and how Generative AI makes decisions	61%	NA
Lies and Misinformation: Create fake or misleading content, propagate inaccurate details or even fabricate lies	60%	40%
Under-performance: the use cases pursued are not creating value for the organization or our stakeholders	60%	NA
Bias/Inaccuracy: Perpetuate and even amplify societal biases present in the data used to train algorithms	58%	42%
Liability – Acting on wrong information and taking detrimental actions that leave the company open to legal liability (wrong diagnosis, deleting intellectual property)	57%	47%
Weaponization: Manipulate public opinion and hamper reputation and wellbeing of individuals; spread discord	56%	29%

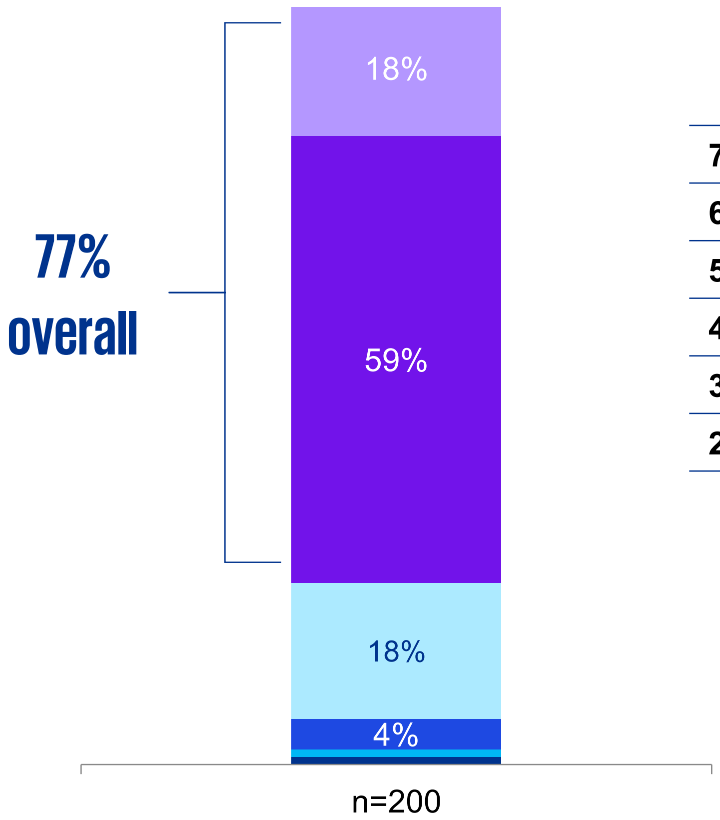
Q19. What level of priority is your organization placing on risk management and mitigation in the following areas to maintain the trust of your stakeholders when it comes to generative AI? Please rank each on a scale of 1-7.
*March 2023 question: What level of priority do the following risk management and mitigation focus areas have with regard to generative AI?

03

Assessing the impact of an uncertain regulatory environment

About 8 in 10 businesses say that evolving regulations have an impact on their decision to make additional Generative AI investments

Impact of evolving regulations on generative AI investment

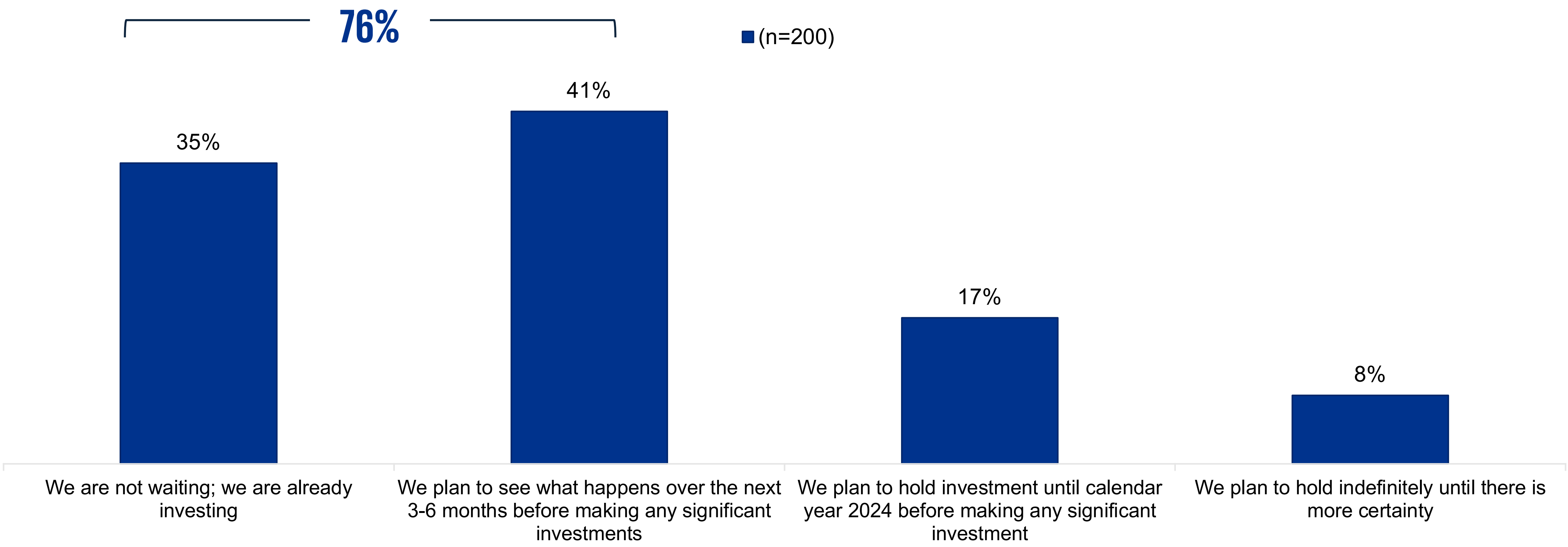


	Researching & piloting	Deployed	$1B to <$5B	$5B or more
7 – Extremely significant	11%	30%	19%	17%
6	63%	51%	64%	51%
5	21%	12%	13%	25%
4 – Moderately significant	4%	4%	3%	6%
3	1%	1%	1%	1%
2	0%	1%	1%	0%

Q20. To what degree does the uncertain and evolving regulatory and legislative landscape impact your decision to invest in generative AI?

Most (76 percent) businesses are not waiting or will take a short (three to six months) pause with AI adoption to monitor the regulatory landscape—only a quarter say they will hold until longer term or indefinitely

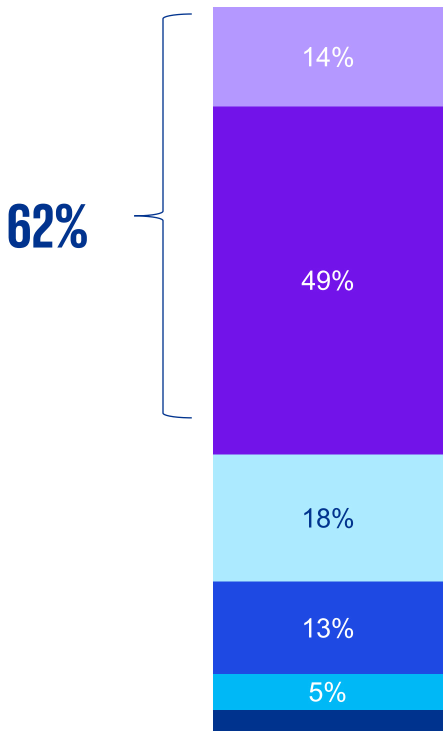
Length of time to evaluate investment and adoption while monitoring regulatory landscape



Q21. How long do you intend to wait on investment and adoption while you monitor the regulatory landscape?

Even still, 6 in 10 (62 percent) agree with the open letter that calls for a six-month pause of AI developments to allow for further regulations

Agreement with pause on AI developments



(n=200)

Firmographics

	Researching & piloting	Deployed	$1B to <$5B	$5B or more
7 – Strongly agree	7%	26%	15%	11%
6	53%	39%	48%	49%
5	21%	12%	16%	21%
4 – Moderately agree	14%	10%	15%	8%

Demographics

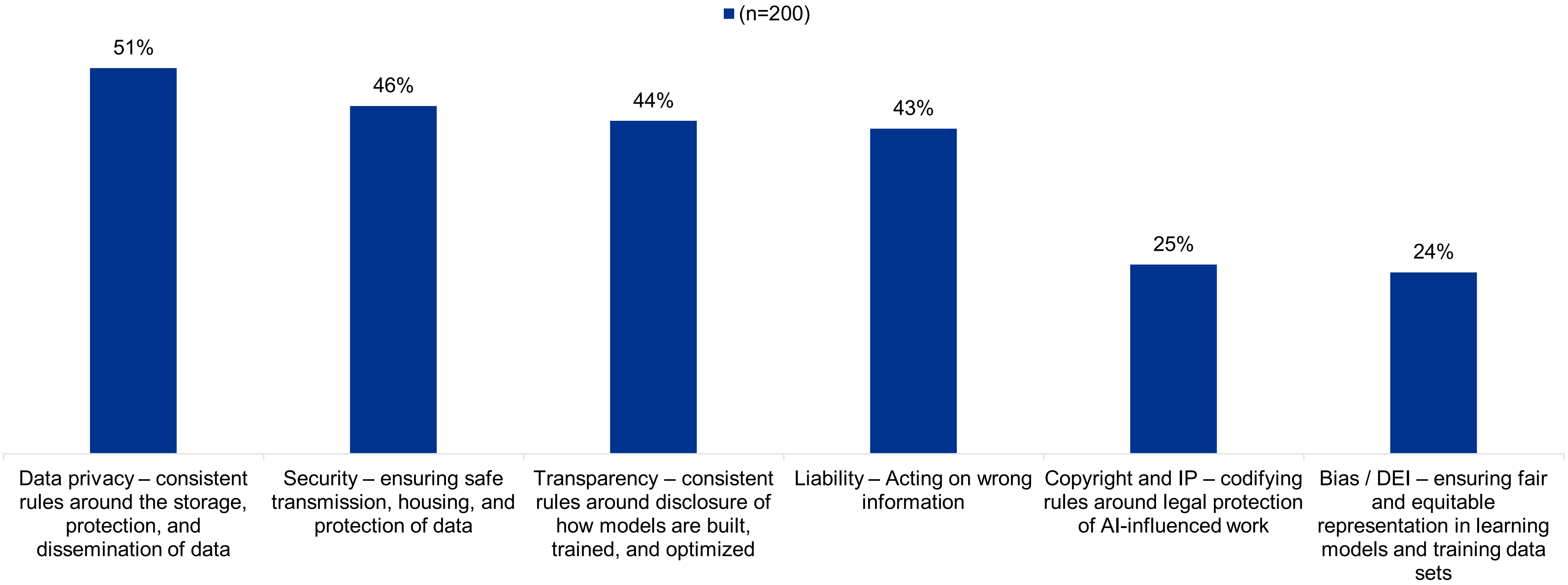
	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
7 – Strongly agree	13%	14%	12%	16%	15%	11%
6	50%	41%	52%	45%	45%	52%
5	16%	27%	20%	16%	16%	20%
4 – Moderately agree	12%	14%	9%	17%	15%	9%

Future of Life Institute AI Open Letter

Q22. To what extent do you agree with the recent open letter that called for a six-month pause on AI developments to allow for further development of regulations?

Business leaders anticipate the most regulatory action around data privacy—less is anticipated around copyright and bias

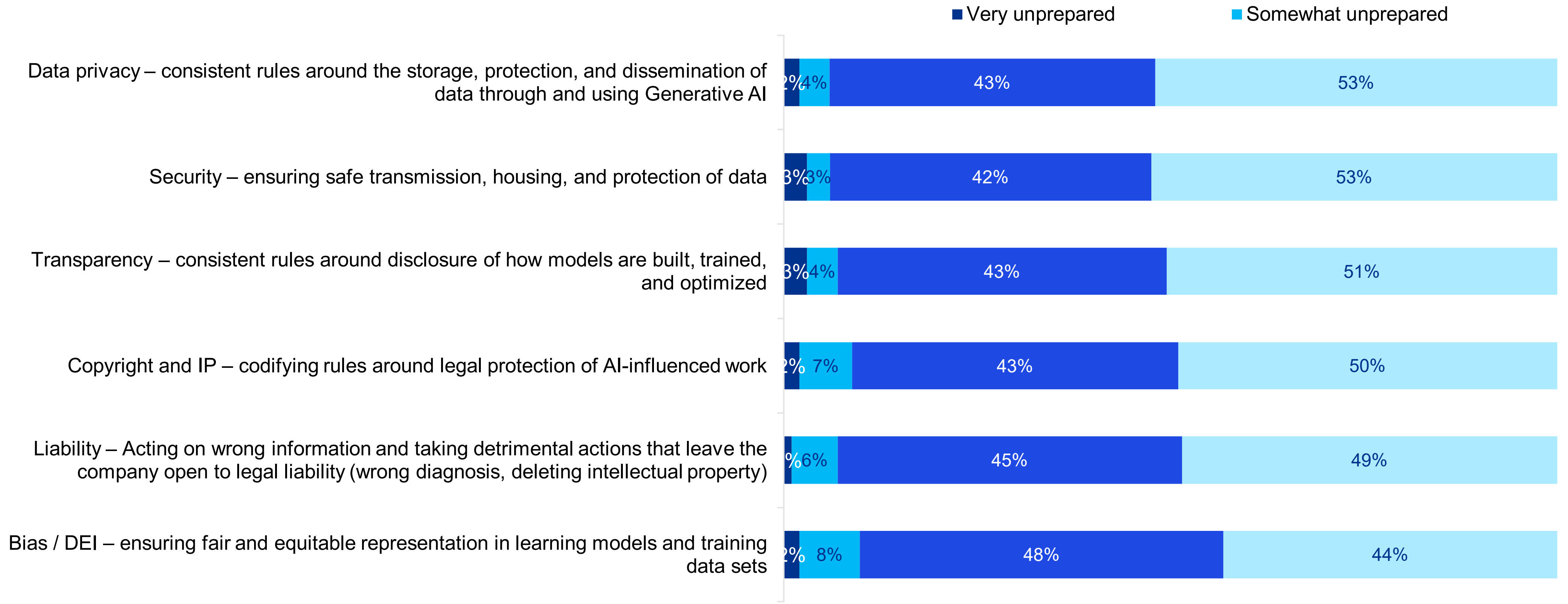
Anticipate immediate regulatory action



Q23. When thinking about areas within generative AI where regulation has been discussed, in which areas do you anticipate the most immediate regulatory action(s)?

Executives are split, with only half saying they are prepared to deal with future regulatory requirements

Preparedness for generative AI regulatory developments



Q24. How prepared do you feel your organization is to handle these potential regulatory developments and/or requirements?

Those who have already deployed generative AI feel more prepared to deal with regulatory developments

Firmographics

Preparedness for generative AI regulatory developments

	Percentage of very prepared (7)				
	Total	**Researching and piloting**	**Deployed**	**$1B to <$5B**	**$5B or more**
Data privacy – Consistent rules around the storage, protection, and dissemination of data through and using generative AI	53%	45%	67%	60%	39%
Security – Ensuring safe transmission, housing, and protection of data	53%	44%	70%	54%	49%
Transparency – Consistent rules around disclosure of how models are built, trained, and optimized	51%	48%	55%	50%	51%
Copyright and IP – Codifying rules around legal protection of AI-influenced work	50%	45%	58%	51%	46%
Liability – Acting on wrong information and taking detrimental actions that leave the company open to legal liability	49%	46%	54%	51%	44%
Bias/DEI – Ensuring fair and equitable representation in learning models and training data sets	44%	35%	59%	45%	41%

Q24. How prepared do you feel your organization is to handle these potential regulatory developments and/or requirements?

Older generations are more optimistic about handling data privacy, security, and liability requirements. Execs are less confident in their data privacy readiness

Demographics

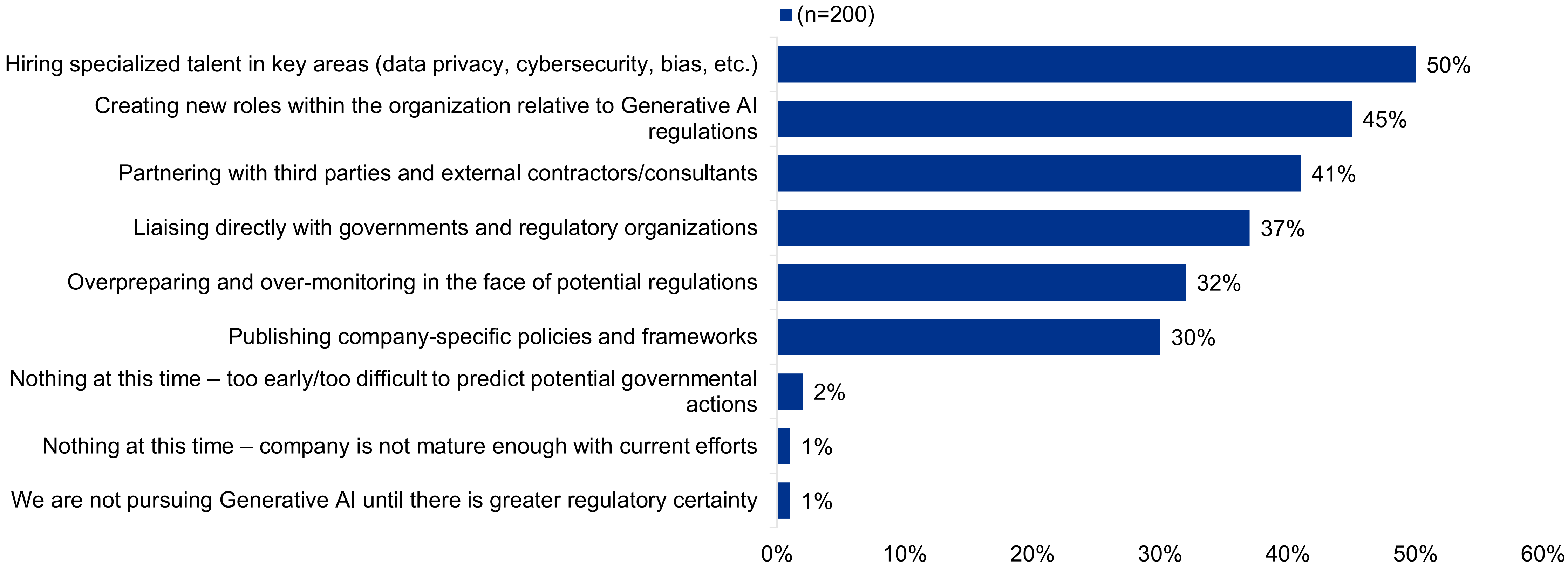
Preparedness for generative AI regulatory developments

	Percentage of very prepared (7)						
	Total	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
Data privacy – Consistent rules around the storage, protection, and dissemination of data through and using generative AI	53%	54%	46%	48%	57%	57%	47%
Security – Ensuring safe transmission, housing, and protection of data	53%	53%	51%	48%	57%	52%	53%
Transparency – Consistent rules around disclosure of how models are built, trained, and optimized	51%	50%	54%	49%	52%	48%	53%
Copyright and IP – Codifying rules around legal protection of AI-influenced work	50%	48%	54%	50%	49%	45%	54%
Liability – Acting on wrong information and taking detrimental actions that leave the company open to legal liability	49%	48%	51%	42%	55%	46%	51%
Bias/DEI – Ensuring fair and equitable representation in learning models and training data sets	44%	43%	46%	42%	45%	44%	43%

Q24. How prepared do you feel your organization is to handle these potential regulatory developments and/or requirements?

Most business leaders are taking some planning measures in expectation of changing regulations around generative AI—hiring specialized talent, creating new roles around regulations, and partnering with third parties are the most common

Plans for changing regulations around generative AI



Q25. How are you planning for expected changes to the global and country-specific regulations surrounding generative AI? Select all that apply.

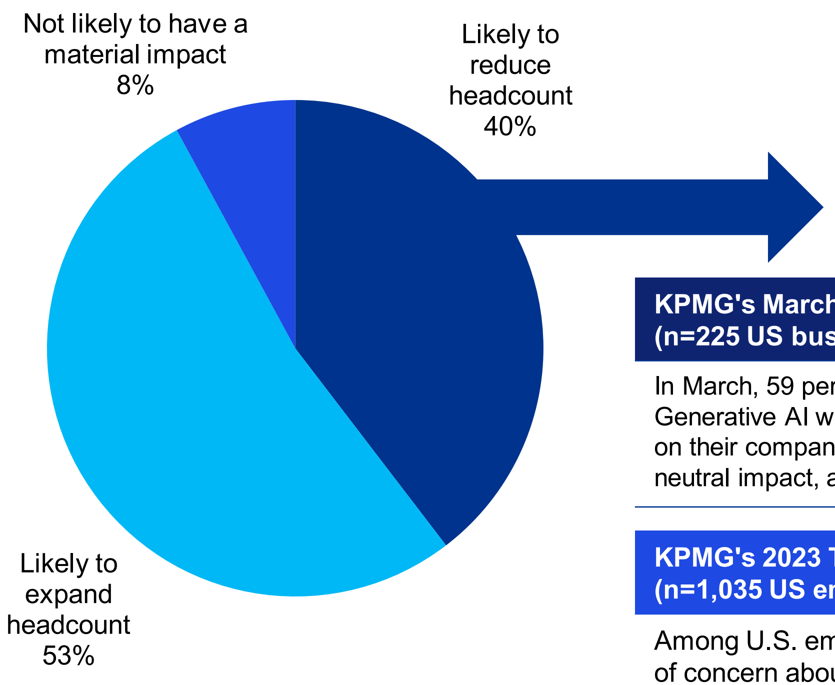
04

Determining the impact of generative AI on their people

Half feel generative AI is likely to expand their overall headcount; 40 percent feel it is likely to reduce it

Task oriented and administrative roles are likely to be reduced.

Generative AI impact on headcount



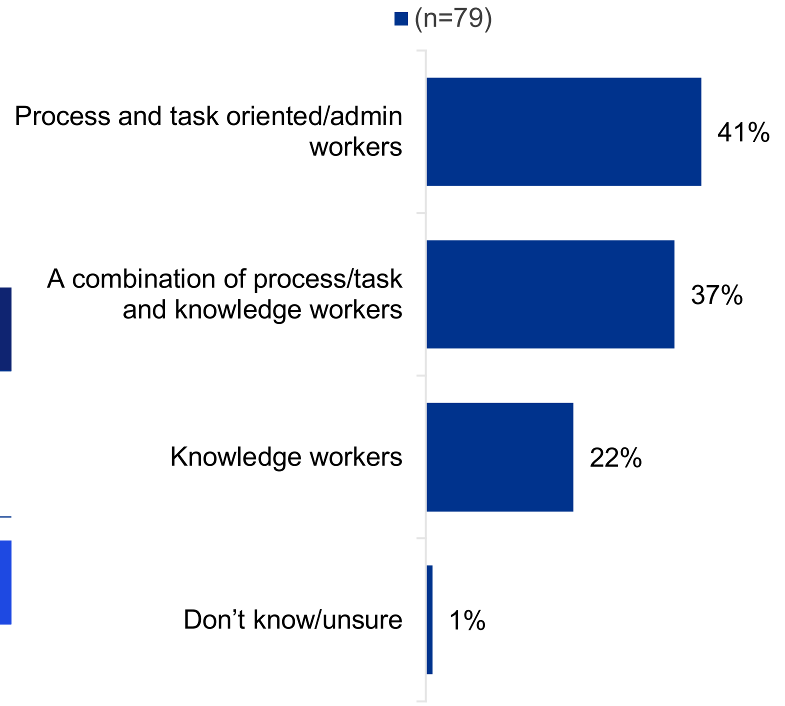
KPMG's March Generative AI Survey (n=225 US business leaders)

In March, 59 percent of business leaders indicated that Generative AI will have an overall net positive impact on their company's workforce, 32 percent indicated a neutral impact, and 10 percent a net negative impact.

KPMG's 2023 Talent Survey (n=1,035 US employees)

Among U.S. employees, 43 percent feel some level of concern about emerging tech such as AI will make their role irrelevant.

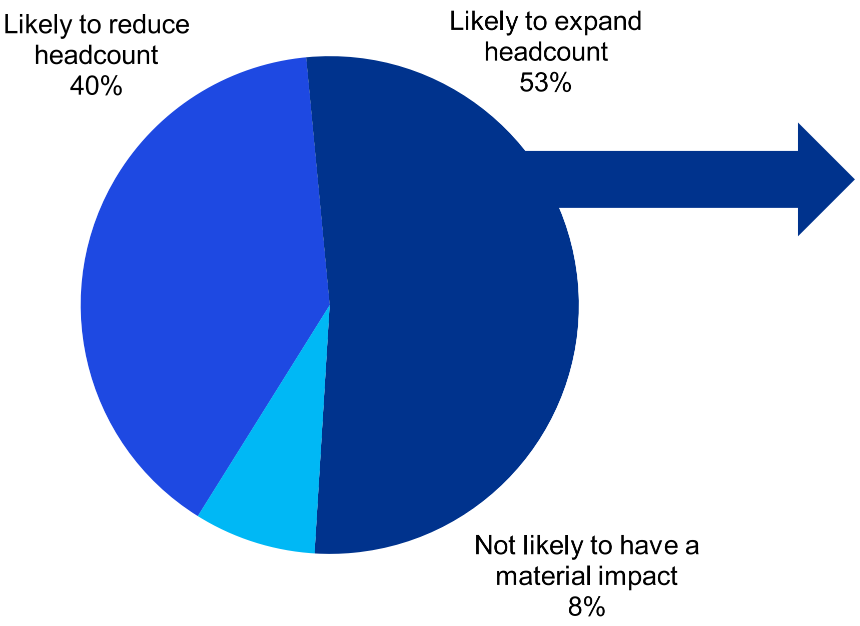
Roles reduced by generative AI



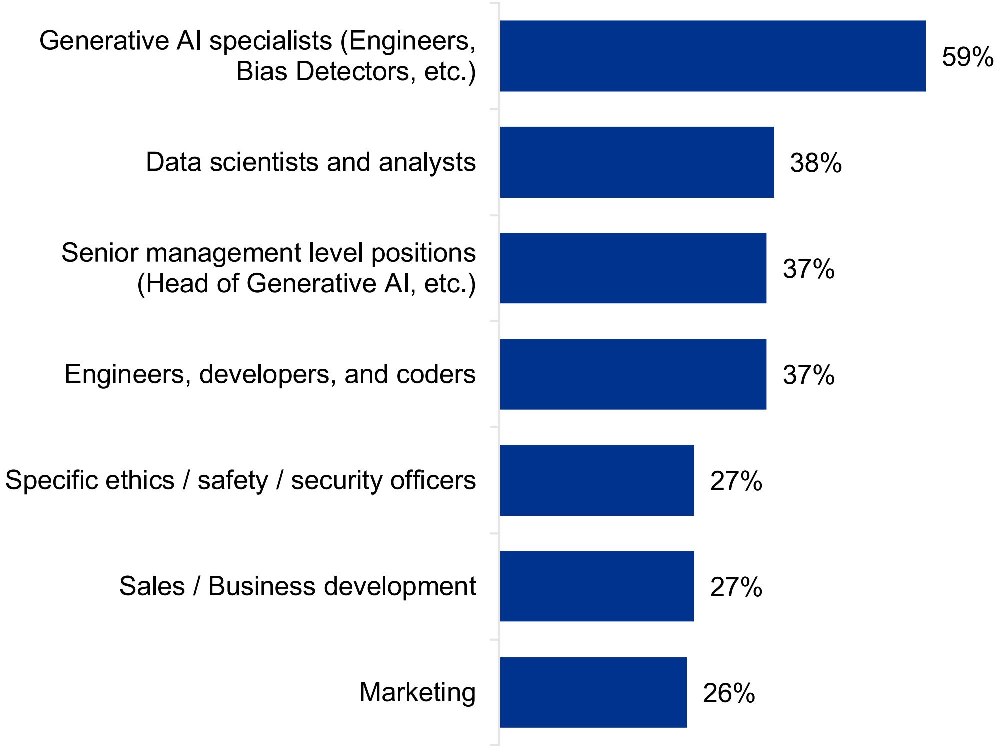
Q27. How do you feel generative AI will impact your organization's overall headcount? Select one.
*March 2023 question: What do you see overall impact on your company's workforce because of generative AI? (Ranked on a seven-point scale from net positive to net negative)
Q28. You said generative AI is likely to reduce your overall headcount. Do you expect that will be among…

For those adding to their headcount, generative AI specialists will be prioritized. Data scientists, senior managers, and developers are the next most sought-after roles

Generative AI impact on headcount



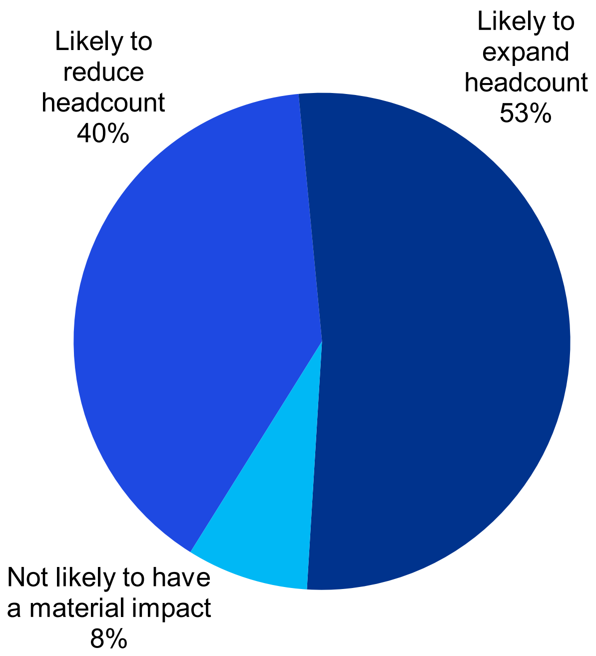
New generative AI roles to be added



Q27. How do you feel generative AI will impact your organization's overall headcount? Select one.
*March 2023 question: What do you see is the overall impact on your company's workforce because of generative AI? (Ranked on a seven-point scale from net positive to net negative)
Q29. If you are hiring for new roles based on generative AI, which type of roles are you prioritizing? Select all that apply.

53 percent of organizations are likely to expand their generative AI headcount while 40 percent are likely to reduce their headcount

Generative AI impact on headcount



Firmographics

	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Expand headcount	58%	43%	51%	56%
Reduce headcount	35%	48%	41%	37%
No material impact	7%	9%	8%	7%

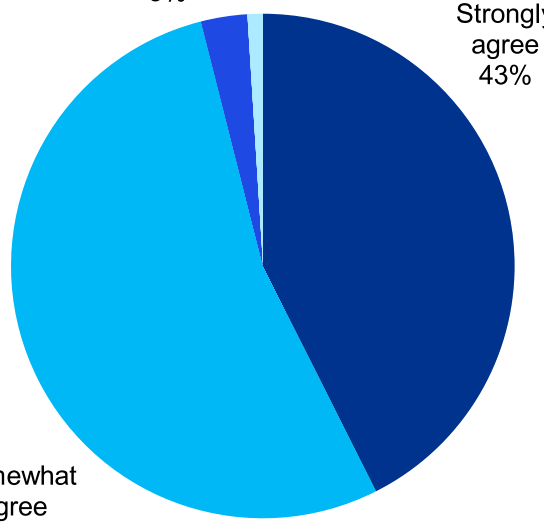
Demographics

	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
Expand headcount	52%	57%	58%	48%	49%	58%
Reduce headcount	41%	32%	36%	44%	41%	38%
No material impact	7%	11%	7%	8%	10%	4%

Q27. How do you feel generative AI will impact your organization's overall headcount? Select one.
*March 2023 question: What do you see overall impact on your company's workforce because of generative AI? (Ranked on a seven-point scale from net positive to net negative)
Q29. If you are hiring for new roles based on generative AI, which type of roles are you prioritizing? Select all that apply.

Virtually all of business leaders (97 percent) agree to some extent that Generative AI will play a role in allowing their organization's employees to be more thoughtful and creative by relieving them from manual processes

Impact employees ability to be creative and thoughtful



Firmographics

	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Strongly agree	36%	57%	38%	52%
Somewhat agree	60%	42%	58%	45%
Somewhat disagree	4%	1%	4%	1%
Strongly disagree	0%	0%	0%	0%

Demographics

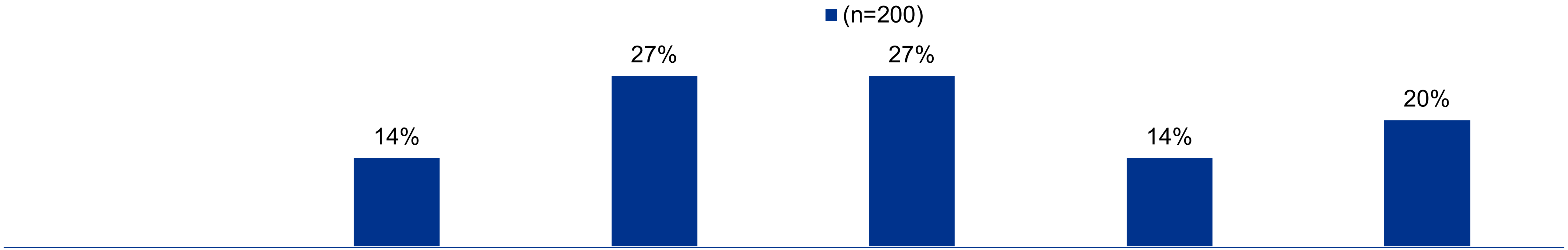
	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
Strongly agree	43%	43%	45%	41%	40%	47%
Somewhat agree	53%	54%	51%	56%	54%	53%
Somewhat disagree	4%	0%	4%	2%	5%	0%
Strongly disagree	0%	0%	0%	0%	0%	0%

Q30. To what extent do you agree that generative AI will allow your organization's existing employees to be more creative and thoughtful because they are freed up from manual processes/work?

Around half of organizations are upskilling their existing employees in an effort to adjust for generative AI—either through small- or large-scale efforts

14 percent will rely on outside vendors, consultants, contractors, or third parties for this, and another 20 pecent will do both.

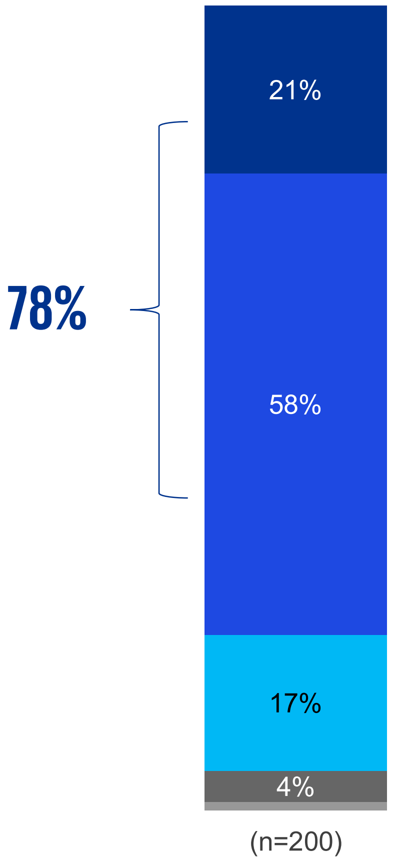
Changing hiring practices



	No substantial changes in the short to medium term	Small-scale efforts to upskill existing employees	Large-scale effort to upskill existing employees	Rather than upskill, rely on outside third parties	Mix of upskill and outside third parties
Researching & piloting	10%	27%	23%	18%	22%
Deployed	20%	28%	33%	4%	14%
$1B to <$5B	19%	28%	26%	12%	15%
$5B or more	3%	25%	28%	15%	28%

Q31. Which of the following statements most closely align with how your organization is planning to change its hiring practices in response to generative AI?

Almost 8 in 10 business leaders feel that the productivity gains made from Generative AI will have an overall positive impact on reducing employee stress and burnout



Productivity gains from generative AI impact on stress

Firmographics

	Researching & piloting	Deployed	$1B to <$5B	$5B or more
7 – Extremely likely	15%	30%	22%	18%
6	63%	48%	54%	63%
5	17%	17%	18%	15%
4 – Somewhat likely	5%	3%	5%	3%

Demographics

	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
7 – Extremely likely	21%	19%	17%	24%	16%	26%
6	58%	57%	63%	51%	55%	61%
5	16%	22%	17%	17%	21%	12%
4 – Somewhat likely	4%	3%	2%	6%	6%	1%

Q32. To what degree do you feel it is likely that the productivity gains generated from Generative AI could ultimately help reduce employee stress and burnout?

Business leaders feel that generative AI is very likely to support workforce initiatives such as increased professional development, reduced overtime, and increases in in-person connectivity

Likelihood to support workforce initiatives

The KPMG 2023 Talent Survey (n=1,035 US employees)

When it comes to US employees’ motivation for changing jobs, salary is their largest motivator. However, other motivations align with the workforce initiatives that business leaders feel generative AI will support, such as flexible work schedules, additional career advancement, and less burnout and stress.

Q33. To what degree do you believe generative AI could support the following workforce initiatives?

Those who have deployed generative AI already are see more opportunities for the technology to support workforce initiatives

Firmographics

Likelihood to support workforce initiatives

Percentage very likely to support (7)

	Total	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Increased opportunities for professional development and career advancement in certain fields	58%	50%	71%	60%	52%
Reduce overtime and "after-hours" work for entry- to mid-level employees (e.g., employees have a steady 40-hour work week)	55%	54%	57%	51%	62%
Create more time for in-person connectivity in a hybrid work environment	53%	46%	67%	52%	55%
Increased time for creative thinking and problem-solving	49%	41%	62%	53%	41%
Shift to a four-day work week for my full organization	47%	44%	52%	49%	44%
Reduce overtime and “after-hours” work for all employees (e.g., employees have a steady 40-hour work week)	44%	37%	57%	41%	49%
Shift to a four-day work week for some segments of my organization	44%	41%	48%	47%	38%

Q33. To what degree do you believe generative AI could support the following workforce initiatives?

Older generations are more likely to see opportunity for generative AI to support in-person connectivity and reduced "after-hours" work

Demographics

Likelihood to support workforce initiatives

	Percentage very likely to support (7)						
	Total	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
Increased opportunities for **professional development and career advancement** in certain fields	58%	60%	46%	61%	54%	58%	57%
Reduce overtime and "after-hours" work for entry- to mid-level employees (e.g., employees have a steady 40-hour work week)	55%	54%	59%	52%	58%	51%	60%
Create more time for in-person connectivity in a hybrid work environment	53%	54%	49%	47%	59%	54%	52%
Increased **time for creative thinking** and problem-solving	49%	50%	41%	43%	54%	52%	44%
Shift to a four-day work week for my full organization	47%	46%	51%	43%	51%	46%	48%
Reduce overtime and "after-hours" work for all employees (e.g., employees have a steady 40-hour work week)	44%	43%	49%	37%	52%	44%	44%
Shift to a four-day work week for some segments of my organization	44%	44%	43%	38%	49%	45%	42%

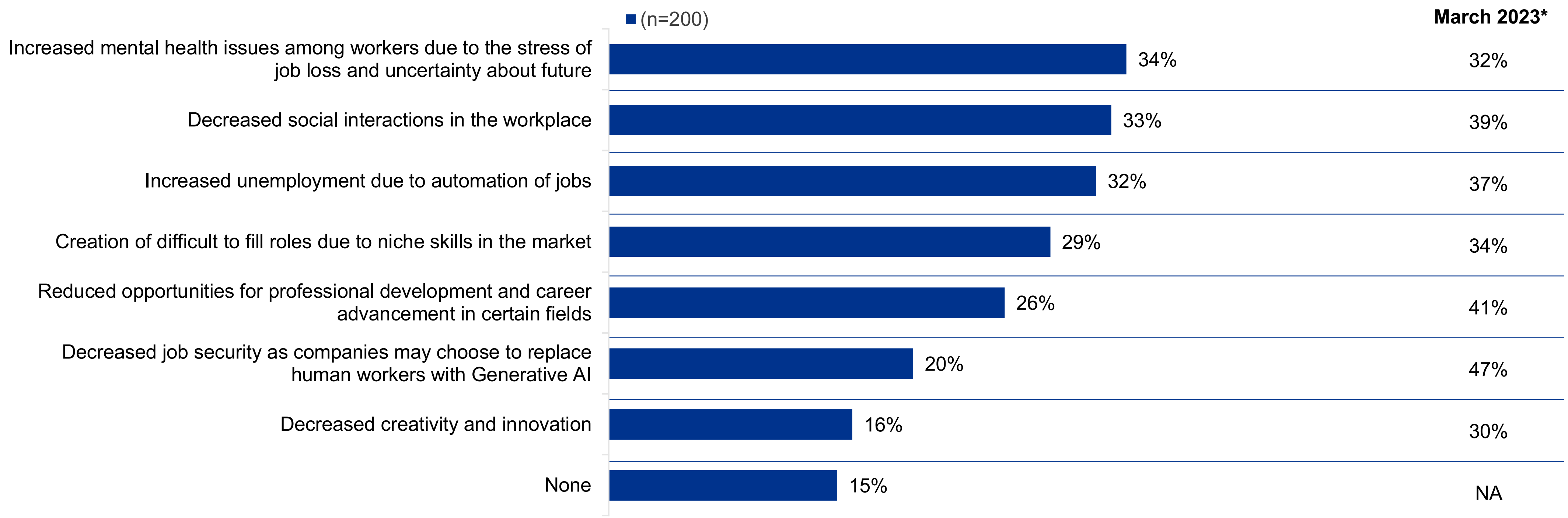
Q33. To what degree do you believe generative AI could support the following workforce initiatives?

KPMG

Top concerns about generative AI's impact on the workforce include mental health issues, decreased social interactions, and increased unemployment

14% of business leaders do not feel any concerns around the potential impact of generative AI in the workforce.

Concern over impact on the workforce



Q34. What concerns do you have about the potential workplace impact of generative AI? Select all that apply.
*March 2023 question: What negative impacts do you anticipate for your workforce because of implementing generative AI?

Companies still in the researching or piloting phases are more concerned about employee stress and automation of jobs

Firmographics

Business leaders at very large companies are more likely to not feel any concern.

Concern over impact on the workforce

	Total	Researching & piloting	Deployed	$1B to <$5B	$5B or more
Increased mental health issues among workers due to the stress of job loss and uncertainty about future	34%	37%	26%	36%	28%
Decreased social interactions in the workplace	33%	27%	43%	35%	30%
Increased unemployment due to automation of jobs	32%	38%	20%	36%	25%
Creation of difficult-to-fill roles due to niche skills in the market	29%	30%	26%	32%	23%
Reduced opportunities for professional development and career advancement in certain fields	26%	25%	26%	26%	24%
Decreased job security as companies may choose to replace human workers with generative AI	20%	18%	23%	22%	15%
Decreased creativity and innovation	16%	17%	14%	17%	14%
No concerns	15%	16%	12%	8%	27%

Q34. What concerns do you have about the potential workplace impact of generative AI? Select all that apply.

SVP-/VP-level business leaders have more concern about generative AI's impact on the workforce than executives

Demographics

Concern over impact on the workforce

	Total	Male	Female	Gen Z & millennial	Gen X & boomers	SVP/VP	Executive
Increased mental health issues among workers due to the stress of job loss and uncertainty about future	34%	36%	22%	36%	31%	37%	29%
Decreased social interactions in the workplace	33%	33%	35%	28%	39%	39%	26%
Increased unemployment due to automation of jobs	32%	31%	35%	27%	38%	35%	28%
Creation of difficult-to-fill roles due to niche skills in the market	29%	29%	27%	23%	34%	34%	22%
Reduced opportunities for professional development and career advancement in certain fields	26%	24%	32%	26%	25%	26%	24%
Decreased job security as companies may choose to replace human workers with generative AI	20%	21%	11%	17%	22%	25%	13%
Decreased creativity and innovation	16%	17%	14%	16%	16%	15%	18%
No concerns	15%	13%	22%	21%	7%	3%	29%

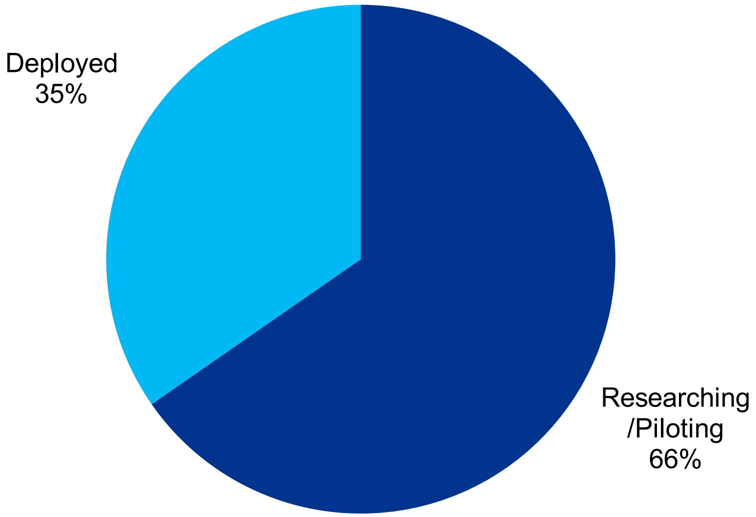
Q34. What concerns do you have about the potential workplace impact of generative AI? Select all that apply.

05

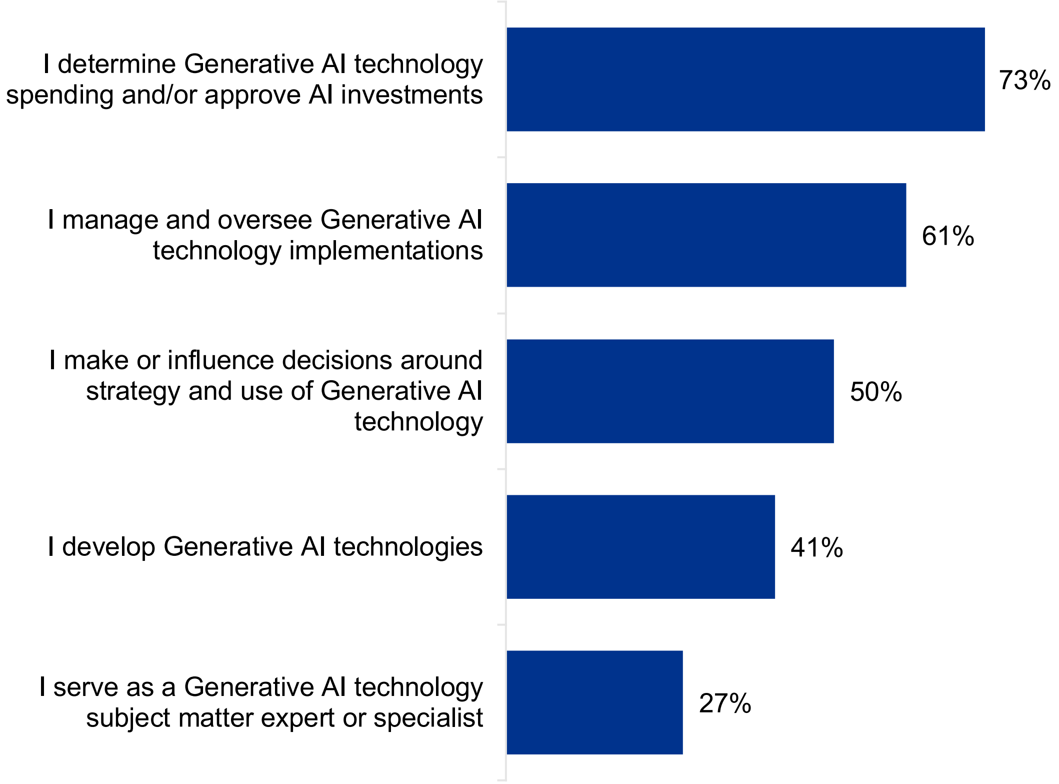
Appendix

Generative AI adoption and decision-making role

Status of generative AI



Personal role in generative AI



S9. Which of the following best describes your organization's use of generative AI technologies?
S10. Which of the following is true regarding your personal level of responsibility and involvement with the generative AI solutions at your company? Select all that apply.

Businesses are prioritizing the specific functional areas they are investing in or planning to invest more in for various reasons

Reason for prioritizing functional area

	IT/Tech	Finance and accounting	Operations	Product development /R&D	Marketing and sales	Supply chain
Building on past success – We have seen positive results	15%	18%	14%	12%	14%	14%
New tools – Makes use cases that were previously not possible	21%	21%	15%	20%	19%	15%
New opportunities – Set us up well to drive new initiatives	17%	12%	17%	17%	6%	20%
Leadership direction – Leadership has indicated as a priority	14%	11%	15%	20%	17%	9%
Employee demand – Employees in function are asking for solutions	4%	12%	6%	11%	14%	9%
Competitive pressures – We need to maintain competitive advantage	17%	19%	22%	11%	13%	17%
Economic drivers – We need to reduce overall cost of processes	11%	7%	11%	9%	16%	15%

Top percentage per column

Q11. When thinking about the functional areas you are investing in or planning to invest more in, why are you prioritizing them specifically? Select your top response for each functional area.

*Functional areas with <n=50 removed.

Those with higher confidence in their ability to mitigate generative AI risks also indicate higher prioritization of risk management activities across the board, especially when it comes to bias/inaccuracy and being transparent/explainable

Prioritization of risk management by confidence in ability to mitigate risk

% Prioritizing (6-7)	Extremely confident (6-7) *in ability to mitigate risk*	Less confident (1-5) *in ability to mitigate risk*
Bias/Inaccuracy: Perpetuate and even amplify societal biases present in the data used to train algorithms	65%	35%
Lies and misinformation: Create fake or misleading content, propagate inaccurate details, or even fabricate lies	63%	50%
Privacy concerns with personal data: Generate sensitive information, such as personally identifiable data or protected health information	64%	57%
Cybersecurity: Unintended introduction of vulnerabilities into infrastructure and applications through generated code or configurations	64%	54%
Weaponization: Manipulate public opinion and hamper reputation and well-being of individuals; spread discord	58%	48%
Legal/Copyright/IP issues: Ambiguities over the authorship, ownership, and responsibility of the data input and AI-generated content output	64%	52%
Liability: Acting on wrong information and taking detrimental actions that leave the company open to legal liability (wrong diagnosis and deleting intellectual property)	56%	59%
Transparent/explainable: We understand the data and how generative AI makes decisions	64%	50%
Under-performance: The use cases pursued are not creating value for the organization or our stakeholders	60%	59%

Q19. What level of priority is your organization placing on risk management and mitigation in the following areas to maintain the trust of your stakeholders when it comes to generative AI? Please rank each on a scale of 1-7.

06

Audience

Demographics

	What is your age?
18-26	1%
27-42	52%
43-58	46%
59-68	2%

	What is your gender?
Male	82%
Female	19%
Other	0%
Prefer not say	0%

	What best describes your primary business function?
Executive leadership	10%
Analytics	10%
Corporate strategy or development	2%
Customer Service	1%
Engineering/Product development	2%
Finance	12%
HR	5%
IT/Security	24%
Legal/Compliance	1%
Marketing	10%
Operations	9%
Procurement	5%
Production/Manufacturing	4%
Sales/Business development	2%
Supply Chain/Logistics/Distribution	4%

Firmographics

	What best describes your role within the organization?
Board of firectors	4%
C-suite/President/Partner	42%
SVP	13%
VP and head of business unit/department	42%

	Approximately how many individuals does your company employ across all of its locations?
500 to 999	4%
1,000 to 4,999	44%
5,000 to 9,999	28%
10,000 to 19,999	10%
20,000+	14%

	What industry do you work in?
Consumer and retail	13%
Energy, natural resources, and chemicals	13%
Healthcare and life sciences	12%
Industrials/Manufacturing	13%
Private equity/Institutional investors	2%
Technology	12%
Telecommunications and media	3%
Financial Services – Banking	16%
Financial Services – Insurance	8%
Financial Services – Capital markets/Asset management	5%
Professional services	6%
Other	1%

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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