LUMO INSIGHTS

Monday, 15 June 2026

# AI investment boom, ROI bust: hard truths emerge

## Executive Summary

Global AI spending is surging at unprecedented levels, but new evidence reveals a widening gap between these investments and actual business returns. Recent surveys, executive remarks, and cost analyses all point to mounting scepticism among finance leaders: tangible ROI remains elusive even as AI bills skyrocket. Today's intelligence highlights surprising data and candid insights that challenge the AI hype - and outlines pragmatic strategies for enterprises to achieve real value from their AI initiatives.

## Record spending, minimal returns

Enterprises are pouring money into AI at historic rates, with global AI outlays projected to reach $2.59 /trillion in 2026 - a 47% jump over last year and the fastest-growing tech expense in history. This unprecedented investment is fuelling massive infrastructure builds (Nvidia's quarterly revenue hit a record $81 /billion on AI chip demand), but business leaders are increasingly asking: where are the returns?

Some new data paints a sobering picture. A June survey of 951 large companies by Bain & Co. found that 40% achieved only minimal (under 10%) cost savings from their AI efforts so far (www.newsbang.com [1]). Even more striking, just 4% of firms saw savings above 30% (www.newsbang.com [2]) - despite 37% of those firms originally expecting double-digit cost reductions (www.newsbang.com [3]). This stark gap between expectation and reality is prompting uncomfortable questions in the boardroom about whether the AI boom has been a good bet.

Paradoxically, many companies are planning to spend even more on AI despite lackluster results. In Bain's study, 44% of large enterprises said they're funding the next wave of AI initiatives based on savings they anticipated from earlier projects - returns that, in some cases, "haven't yet materialised" (www.newsbang.com [4]). This dynamic has observers warning of a potential bubble: organisations doubling down on unproven AI benefits in a high-stakes race to not be left behind.

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## C-Suite scrutiny & ROI pressure

After two years of frenetic AI investment, financial leaders are tapping the brakes. Initially, many firms gave technology teams a blank cheque to rapidly adopt AI, fearing that hesitating would leave them lagging competitors. Normal cost-benefit checks were often waived in this AI arms race. Now, by mid-2026, that free-spending environment has abruptly changed. CFOs and boards, facing staggering AI bills, are demanding to see real value - or they'll pull the plug.

Forrester's latest research predicts a significant "AI reckoning" in 2026: companies will postpone about 25% of their planned AI spending to 2027 as CFOs enforce stricter financial discipline. In a related finding, less than one-third of corporate decision-makers in a recent Gartner survey could identify specific financial benefits from their AI deployments. In other words, most executives have little evidence of ROI to justify the current levels of investment. Boards are growing impatient with transformation stories that lack clear metrics.

These pressures are leading to candid admissions from tech leaders. Uber - a company at the forefront of AI adoption - has publicly voiced doubts about near-term returns. The ride-hailing giant's COO, Andrew Macdonald, revealed that internal AI usage at Uber skyrocketed (25% of all code written last quarter was assisted by AI), yet the expected surge in new product features or efficiencies "is not there yet," making it "harder to justify" the ballooning costs (finance.yahoo.com [1]) (finance.yahoo.com [2]). Uber's CEO even froze hiring in part to offset AI expenses (finance.yahoo.com [3]). Such remarks signal a broader shift in tone: even AI's early champions now emphasise scrutiny over blind spending, as investors and directors ask when the payoff will come.

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## The hidden cost of AI: from sticker shock to price wars

Behind the excitement over AI's capabilities, many companies are discovering just how expensive these technologies are to run at scale. The raw "compute" required for advanced AI comes at a steep price. Nvidia's Bryan Catanzaro has frankly stated that for some projects today, "the cost of compute is far beyond the costs of the employees" performing the same work (fortune.com [1]). And an MIT study underscored this point by finding AI automation would be economically viable in only 23% of jobs focusing on visual tasks, while in the other 77% it's still cheaper to rely on human labour (fortune.com [2]). In short, the overhead for state-of-the-art AI - cloud GPUs, custom chips, and electricity - can outweigh the labour cost savings, at least with current technology.

This realisation hit home in dramatic fashion when an unnamed enterprise discovered it had inadvertently racked up a $500 /million bill in a single month by letting employees access a generative AI coding assistant without spend limits (techstartups.com [3]). The jaw-dropping tab, revealed by an AI consultant and later confirmed by the vendor, Anthropic, exposed how quickly "unlimited" AI use can burn cash. Unlike traditional software licensed at a fixed annual fee, many AI services are billed per use (per API call or per token), meaning that enthusiastic adoption can lead to exponential cost overruns if not properly governed. It's a lesson companies are taking to heart: several firms have now instituted strict usage caps, monitoring tools, or even cut off costly AI tools internally to control budgets (www.techspot.com [4]).

In fact, a recent Axios investigation highlighted that corporate leaders across America are facing this “AI sticker shock” and beginning to question the ROI of their AI initiatives (www.axios.com [5]) (aidotcom.co.za [6]). Ballooning IT expenses, murky productivity gains, and employee pushback are forcing a more hard-nosed approach. Even AI providers have felt the pressure: OpenAI’s CEO Sam Altman acknowledged that some clients “spent [their] entire 2026 budget in Q1” on AI, calling surging token costs a “huge issue” and vowing to help customers "get more value for less spend” (finance.yahoo.com [7]) (www.techspot.com [8]).

These cost concerns are fuelling an AI pricing war. To placate cost-sensitive customers, OpenAI is reportedly considering steep price cuts for its flagship GPT models (www.newsbang.com [9]). Rival Anthropic, on the other hand, just announced a move away from flat-rate subscriptions to a pure pay-as-you-go model for its latest “Claude Fable 5” AI, pricing usage at $10 per million input tokens and $50 per million output tokens (www.newsbang.com [10]). (Fable 5 processes far more data per query than earlier models, so a fixed monthly fee would quickly be unprofitable for the vendor.) Meanwhile, Google’s new Gemini models are undercutting both OpenAI and Anthropic on price per token by a wide margin (www.newsbang.com [11]). The message is clear: as enterprises wise up to the true costs of AI at scale, providers must either slash prices or offer new billing options - or watch clients retreat to cheaper options.

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## From hype to measurable value

Why have so many AI projects underwhelmed? A big culprit is the rush to “do AI” without a business-grounded plan. Employees at several firms report being told to use AI tools with no clear purpose, just to appear innovative (finance.yahoo.com [1]). In one case, a data company’s leadership insisted on using a trendy generative AI system to categorise customers - even after an in-house expert warned a simpler machine-learning model would be more accurate and far cheaper (finance.yahoo.com [2]). They pushed ahead with the flashy option anyway, incurring higher costs for worse results, simply so they could claim they were embracing AI (finance.yahoo.com [3]). Such misguided initiatives illustrate how hype and internal pressures can lead to wasted resources and disillusioned staff.

In contrast, organisations that are extracting real ROI from AI focus on targeted, quantifiable use-cases and ensure the fundamentals are in place. Many of the early wins come in areas like fraud detection, risk modelling, route optimisation, customer service, and software development, where AI’s

impact can be directly measured in reduced losses, faster cycle times, or labour hours saved. Crucially, these teams establish baseline metrics (time, cost, error rates, etc.) before deploying AI, so any improvements can be verified. As one analysis put it bluntly: “No baseline means no trustworthy ROI claim”.

Moreover, capturing value from AI often requires rethinking business processes and even organisational structure. High-performing companies don’t just buy an AI tool and hope for magic - they re-engineer workflows and train their people to take full advantage of AI-driven efficiency gains. Some have made tough choices to realise savings, such as cutting or redeploying staff in roles that AI can automate - an approach taken by firms like Cloudflare and Coinbase to directly translate automation into financial results. More commonly, firms try to improve productivity without reducing headcount, which yields softer benefits (like faster output or better customer experience) that often don’t show up on the balance sheet - especially when expensive AI subscriptions themselves eat into the bottom line.

The good news is that there are emerging playbooks for maximising AI ROI. One strategy is using the right tool for the job: companies are learning to triage tasks between “expensive” large models and cheaper, less powerful alternatives. The Wall Street Journal recently reported that routing non-critical queries to lightweight or open-source models while reserving cutting-edge AI only for complex tasks can slash running costs by as much as 95% (www.techspot.com [4]). Startup Lindy’s CEO, for example, moved 100% of their AI workload off a costly proprietary model to an open-source system (DeepSeek V4) and says it delivered comparable performance at a fraction of the cost, saving the company millions of dollars (www.techspot.com [5]). These kinds of pragmatic adjustments - cost controls, clear metrics, targeted use-cases, and a willingness to rethink operations - are now seen as essential to convert AI’s much-heralded potential into real business value.

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## Key Statistics

- Only 4% of large firms achieved AI cost savings above 30%, while 40% saw gains of 10% or less ([www.newsbang.com](https://www.newsbang.com/news/article/story_id-p008-117448#:~:text=,not%20yet%20materialized%20for%20some)).
- One company’s unchecked use of an AI model led to a $500 /million bill in a single month ([techstartups.com](https://techstartups.com/2026/05/28/company-accidentally-spent-500-million-on-claude-ai-in-one-month-after-forgetting-usage-limits/#:~:text=According%20to%20a%20report%20from,or%20usage%20controls%20for%20employees)).
- An MIT analysis found AI is cost-effective for only ~23% of visual tasks - the other 77% remain cheaper with human labour ([fortune.com](https://fortune.com/article/why-is-the-cost-of-ai-higher-than-human-workers-nvidia-executive/#:~:text=An%20MIT%20study%20from%202024,humans%20to%20continue%20their%20work)).
- Using smaller or open-source models for routine queries can cut AI operating costs by up to 95% ([www.techspot.com](https://www.techspot.com/news/112759-openai-anthropic-cant-afford-have-everyone-use-ai.html#:~:text=while%20routine%20work%20is%20handled,Some%20compani

es%20have%20already)).

KEY TAKEAWAY

Don’t assume every AI investment will pay off. Insist on clear ROI metrics and cost controls. Double down on use-cases with quantifiable gains, rein in open-ended projects, and align AI spending with real business outcomes - or hit pause.

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