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The great AI ROI reckoning: from big bets to business value

Executive Summary

New evidence shows a growing disconnect between surging AI investments and realised business value. Companies are spending record sums on AI, but many struggle to turn these bets into tangible performance gains. This briefing examines why AI's ROI remains elusive for most, where some firms are seeing real results, and how leaders can realign their AI strategies for true value.

The $2.6 trillion question: where's the ROI?

Global AI spending is exploding. Gartner forecasts corporate outlays on AI will reach $2.59 trillion in 2026 - up 47% from 2025 - making it the fastest-growing tech expenditure category ever. Yet for all these massive investments, hard results are scarce. Only a small fraction of enterprises are seeing significant ROI. One meta-review found that at scale just ~5% of companies achieve substantial value from their AI initiatives (masterofcode.com [1]). And in a Forbes survey of 1,075 executives, fewer than 1% reported a "significant" profit or cost improvement of 20% or more from their AI projects (alacommunity.org [2]).\n\nThese sobering figures are fuelling a reality check in boardrooms. In one Gartner study, more than two-thirds of business leaders admitted they couldn't identify concrete financial benefits from their AI investments. A big reason is that many early AI pilots weren't tied to core business needs and failed to scale beyond experimentation (www.cio.com [3]). Indeed, an MIT study found 95% of enterprise generative AI projects produced no measurable ROI within six months (www.cio.com [4]). Even when AI does create efficiencies or insights, executives say those gains are often indirect and hard to monetise (www.forbes.com [5]).\n\nThe lack of clear ROI has real consequences. More than half of finance leaders still can't provide hard evidence of returns from their AI initiatives (masterofcode.com [6]). Disillusioned by unclear results, 42% of companies had already pulled the plug on most of their AI projects by the end of 2025 (masterofcode.com [7]). In short, the era of unchecked AI experimentation is giving way to demands for tangible value.

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AI’s hidden cost surge

The true cost of AI is coming into sharp focus. Companies that eagerly embraced powerful AI models are now facing unexpected bills. The shift from flat software licenses to usage-based pricing means that even as the price per “token” of computation falls, the cost per task can rise - sometimes steeply (eu.usatoday.com [1]). Some organisations fell victim to “tokenmaxxing” - encouraging widespread AI use as a proxy for innovation - only to see this backfire when every query and chatbot session incurred a cloud fee (eu.usatoday.com [2]).\n\nThose piling bills have triggered a wake-up call for CFOs. In one extreme case, a large enterprise without proper usage controls was charged $500 million in a single month for its AI services. Likewise, Uber saw its engineers’ enthusiastic adoption of AI coding tools burn through the company’s entire 2026 AI budget by April, forcing management to impose strict usage caps (eu.usatoday.com [3]). These “sticker shock” incidents have led to tougher budget scrutiny. Forrester reports that roughly 25% of planned 2026 AI spending is being postponed to 2027 as finance chiefs demand clearer value before approving new investments. In response, many firms are exploring more cost-effective approaches - from using smaller, open-source models to closely monitoring consumption - to ensure AI’s benefits aren’t outweighed by its bills.

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Boardroom pressure for quick wins

As returns lag, boards and shareholders are turning up the heat on AI programmes. Nearly 61% of senior executives say they’re under greater pressure now to prove AI’s value than a year ago (www.cio.com [1]). Investors, too, are impatient: 53% expect new AI initiatives to show positive ROI in six months or less (www.cio.com [2]).\n\nThis push for rapid payback is colliding with the reality of AI implementation. Deloitte’s research finds most AI projects take two to four years to achieve a satisfactory ROI - far longer than the 7 - 12 month payback typical for other tech investments (www.deloitte.com [3]). Fewer than 6% of organisations reported breaking even on AI in under a year (www.deloitte.com [4]). It’s no surprise, then, that 84% of CEOs say new AI initiatives will need more than six months to show returns (www.cio.com [5]) - a direct contradiction of many investors’ expectations. This ROI timeline mismatch is leading to some tough conversations in the C-suite.\n\nIn response, leadership teams are raising the bar for AI investments. The days of green-lighting AI pilots on hype alone are over. As one CIO noted, two years ago there was more leeway to just try “cool” AI projects, but now any proposal must clearly outline how it will reduce costs, increase revenue, or otherwise improve the business in measurable terms (www.cio.com [6]). If an initiative can’t demonstrate tangible outcomes within a realistic timeframe, it faces budget cuts or cancellation.

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What works: from hype to value

Despite the setbacks, a small group of companies is achieving real value from AI - and their approach offers lessons. These leaders start by targeting AI at high-impact, core processes where improvements can be clearly measured, and they pair technology deployment with process redesign rather than layering AI on broken workflows (masterofcode.com [1]). They also shore up the fundamentals first: only 32% of companies say their IT infrastructure is fully AI-ready, just 34% are confident in their data quality, and a mere 23% have mature AI governance processes (www.cio.com [2]). Firms that invest in data, infrastructure, and skills upfront dramatically improve their odds of AI success.\n\nCrucially, successful AI initiatives focus on use cases with tangible metrics. To date, the biggest payoffs have come in areas like fraud detection (fraud losses prevented), logistics optimisation (fuel and time savings), and customer service automation (increased ticket resolutions). In these domains, gains can be directly quantified and attributed to AI interventions. By contrast, many generative AI applications in knowledge work yield only soft benefits - faster content creation or minor productivity bumps - that don’t move financial needles unless accompanied by tough operational changes. Some firms, for example, have had to cut headcount in roles where AI boosted productivity, converting efficiency gains into actual cost savings.\n\nFinally, the top performers embed an ROI mindset in every AI project. They tie initiatives to explicit financial targets (cost, margin, or revenue) and measure outcomes rigorously (www.cio.com [3]). Companies like New York Life exemplify this discipline: their CIO mandated that each AI proposal must align with an earnings plan metric and deliver provable value, using early wins to fund subsequent projects (www.cio.com [4]). This disciplined, iterative approach creates a flywheel of compounding benefits. “Future-ready” leaders are already projecting double the revenue gains and 40% greater cost reductions from AI compared to peers by 2028 (masterofcode.com [5]). In essence, capturing robust ROI from AI is possible - but it requires focusing on business fundamentals over buzz, and being both patient and exacting in the pursuit of value.

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Key Statistics

- <1% of 1,075 surveyed C-suite execs saw 20%+ profit or cost gains from AI (2025) ([alacommunity.org](https://alacommunity.org/wp-content/uploads/2025/11/Forbes.-How-Are-Businesses-Calculating-ROI-On-AI-Investment_.pdf#:~:text=found%20that%20less%20than%201,encompasses%20factors%20such%20as%20reduced))
- 95% of enterprise GenAI projects failed to show ROI within 6 months ([www.cio.com](https://www.cio.com/article/4114010/2026-the-year-ai-roi-gets-real.html#:~:text=Shutterstock%20AI%20initiatives%20by%20and,now%20versus%20a%20year%20ago))
- 84% of CEOs say new AI projects need >6 months to show returns ([www.cio.com](https://www.cio.com/article/4114010/2026-the-year-ai-roi-gets-real.html#:~:text=%E2%80%94%20or%20at%20least%20ROI,may%20be%20colored%20by%20the))

- 53% of investors expect AI initiatives to deliver ROI in under 6 months ([www.cio.com](https://www.cio.com/article/4114010/2026-the-year-ai-roi-gets-real.html#:~:text=noting%20that%2053,managing%20partner%20at%20IBM%20Consulting))

KEY TAKEAWAY

Treat AI investments with the same discipline as any major business initiative. Set clear business-outcome targets, enforce cost controls, and insist on evidence of value. Focus on data and process readiness, and don’t hesitate to pull back if ROI isn’t materialising.

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