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The great AI ROI reckoning: hard truths behind the hype

Executive Summary

Despite billions poured into AI, new findings over the past 48 hours reveal a sobering reality: most organisations are seeing minimal financial return on these investments even as costs balloon. This briefing breaks down the latest data on the ROI gap, mounting cost pressures, and the strategies that distinguish AI winners from losers.

The Widening ROI Gap

Business leaders have spent the past few years betting big on artificial intelligence - yet tangible returns remain scarce. This week, fresh evidence confirmed that the majority of companies still aren't seeing meaningful ROI from their AI initiatives. A newly highlighted global CEO survey by PwC found 56% of executives reported no increase in revenue or reduction in costs from AI over the last year (almcorp.com [1]). Another broad study (BCG's AI Radar 2026) revealed only 26% of 1,800+ surveyed executives achieved "tangible value" from generative AI at scale. In other words, roughly three-quarters of enterprises have little to show on the bottom line, despite widespread AI adoption.

Paradoxically, surveys show most organisations believe AI is beneficial even when financial wins are absent. In a 2025 Forbes Research poll, 85% of business leaders said AI improved decision-making and efficiency, yet less than 1% saw a significant (20% or higher) profit or cost improvement from AI projects (www.forbes.com [2]) (www.forbes.com [3]). Many companies report "productivity gains" or better insights from AI without being able to quantify dollar returns. The uncomfortable truth: perceived value from AI and measurable ROI are two very different things.

Even more striking is how concentrated the spoils of AI have been. A new analysis by PwC indicates that three-quarters of all economic gains from AI are being captured by just the top 20% of companies (www.pwc.com [4]). These AI frontrunners - often tech-savvy firms that integrated AI deeply into their operations - are pulling far ahead in financial performance. Meanwhile, the other 80% of companies are left fighting for a share of only about a quarter of the overall AI value being created. This uneven distribution of benefits is prompting many business leaders to ask: what are the winners doing that we're not?

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Soaring costs, slim returns

A growing theme in the latest reports is that AI's price tag is exploding, sometimes without delivering commensurate value. The cost of developing and deploying advanced AI models - especially large language models - has shot up dramatically. Major tech companies collectively increased their AI capital expenditures by roughly 69% this year (www.forbes.com [1]), pouring billions into data centres and specialised hardware to keep up with demand. This surging spend is starting to squeeze margins, as the revenue from AI features often lags behind the infrastructure and cloud-compute bills. Even leading AI providers are not immune: OpenAI, for example, reportedly missed its revenue and user targets, raising alarms about the sustainability of its heavy spending on cloud and data centre resources (www.forbes.com [2]).

It's not just AI vendors feeling the pinch - enterprises using AI are facing sticker shock from the ongoing costs of "renting" intelligence. Running AI models at scale, especially via cloud APIs that charge per use, can burn cash quickly. Numerous corporations have recently imposed new limits to rein in these expenses. In a telling move, Tesla capped each employee's spending on third-party AI tools at $200 per week after discovering some engineers were racking up thousands of dollars in usage fees in just one week. The policy - echoed by similar cutbacks at Uber, Meta, Amazon, and Walmart - is a clear sign that even the biggest companies can be caught off-guard by how expensive AI is to use in practice.

This dynamic has exposed what some analysts dub a "tokenmaxxing" problem - a culture of maximising AI usage (and the corresponding cloud token expenditures) without measuring real productivity gains (www.forbes.com [3]). In extreme cases, poor oversight has led to disastrous overruns. According to one recent investigation, an unnamed large enterprise managed to burn through $500 million on AI services in a single month after it failed to implement basic usage controls and cost monitoring. Such incidents are finally splashing cold water on boards and CFOs. The message: unchecked AI spending in pursuit of vague benefits is not a sustainable strategy.

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Boardroom pressure: show me the ROI

Facing these high costs and low returns, corporate leaders are under intense pressure to justify their AI investments. The past two days have brought multiple reports of a sharp shift from enthusiasm to accountability in C-suites. A new survey of 260 finance executives reveals that 87% of CFOs and finance chiefs say the "blank cheque" days are over - they now require a clear line of sight from AI projects to business outcomes within 12 months (www.cloudzero.com [1]). Yet only 22% of those finance leaders can currently link any AI spend to tangible metrics like revenue growth, cost savings, or productivity improvements (www.cloudzero.com [2]). In other words, even the people holding the purse strings admit they often can't quantify what they're getting from AI. That is a red flag, and boards are taking note.

The tolerance for AI projects without measurable impact is evaporating. One new global "AI at Work" study found 100% of surveyed executives said their companies had adopted AI in some form - but nearly 70% of those same leaders were prepared to scale back AI spending if its goals aren't met soon (www.globalisation-partners.com [3]). We're witnessing a transition from a growth phase (where

anything AI-related got funded in fear of missing out) to a value phase, where every AI dollar now needs justification. In fact, industry analysts report that companies have started postponing about a quarter of their planned AI expenditures to next year or later, as financial scrutiny over ROI increases.

Board members and investors, once wowed by AI's potential, are now asking hard questions. The recent IDC-Stanford study on mid-year AI spending exposed a mismatch between boardrooms and operating teams: boards still rank "new AI-driven revenue growth" as their top priority, just as they did at the peak of the 2024 hype, while CIOs and AI leaders now put "AI system reliability and data infrastructure" first (authority-journal.com [4]). "Boards are still having the 2024 conversation," observes Carolyn Tastad, a veteran board member of several Fortune 500 companies. "They want to talk about the AI revenue upside. Their operators are trying to tell them the foundation is cracked. That mismatch is where transformations go to die" (authority-journal.com [5]). With only 19% of big-company boards demonstrating strong AI literacy and governance processes in that study (authority-journal.com [6]), many directors may lack the context to gauge whether AI projects are on track - or if resources should be pulled.

This tension is leading to drastic moves. In one striking example, enterprise software giant Oracle just announced plans to cut up to 30,000 workers to free up funds for a massive $500 billion AI infrastructure initiative. It's perhaps the clearest sign yet that some companies will go to extraordinary lengths - even slashing human capital - to double down on AI bets. But without near-term results, these bets could put leaders in the crosshairs of shareholders and regulators alike. As Uber's COO recently acknowledged to investors, certain AI costs have proven "harder to justify" than anticipated. Many boards are now grappling with the possibility that AI investments might need to be reined in or reallocated unless they can demonstrate real business value, quickly.

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Why so many AI projects stumble

What's causing this gap between investment and outcome? The evidence points to a fundamental execution challenge. AI technology itself is increasingly powerful and capable - but implementing it effectively across an enterprise is harder than advertised. MIT researchers found that a staggering 95% of AI pilot projects delivered no measurable profit or cost improvements to the business. The culprit wasn't the algorithms failing - it was what happened (or didn't happen) afterward. In the rush to experiment with AI, companies often underinvest in the less glamorous work required to turn a pilot into a production success: data engineering, integration with existing systems and processes, robust governance, and establishing ways to measure impact. According to the MIT study, roughly 80% of the effort needed to scale an AI solution - all the "boring" stuff beyond the model itself - never receives adequate funding, so many pilots never translate into results.

Misaligned strategies have also played a role in undermining ROI. For instance, during the early AI boom, many firms saw automation primarily as a cost-cutting tool - often by reducing headcount. Yet reality has proven counterintuitive: Gartner observed no clear ROI improvement in 80% of companies

that implemented AI-driven layoffs. Put plainly, cutting staff in anticipation of AI efficiency gains often backfires when the technology isn't mature enough to deliver or when remaining employees aren't empowered to leverage it. In fact, S&P Global reports 42% of companies abandoned at least one AI project in 2025 (up from 17% the year prior) as these poorly scoped initiatives failed to meet expectations. Many organisations jumped on the AI bandwagon without a solid business case or alignment to strategy, resulting in a parade of pilot projects that never scaled.

Another key failure point is the so-called "integration gap." Even when AI models work well in the lab, companies struggle to weave them into existing workflows and IT architectures. This has become a windfall for third-party experts: as one analysis notes, Accenture's AI consulting revenues jumped 44% to $18.4 /billion in the last year (authority-journal.com [1]), and other system integrators report similar growth. The "dirty secret" in enterprise AI is that model capabilities have far outpaced most organisations' capacity to deploy them effectively (authority-journal.com [2]). Without the right data pipelines, change management, and upskilled personnel, even best-in-class AI ends up underutilised. It's telling that IBM's recent global CEO study found only 25% of AI initiatives met their expected ROI targets, and a mere 16% of these projects have scaled company-wide. The rest remain stuck in experimentation mode or siloed use, unable to move the needle at the enterprise level.

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Blueprint for realising AI value

Amid the gloom, a few organisations are bucking the trend - and their approaches offer a playbook for others. Surveys suggest that roughly 5% of enterprises are seeing substantial ROI from AI, and these leaders do things differently (www.makebot.ai [1]). High-performing companies treat AI not as a magic box or one-off IT project, but as a fundamental business transformation lever (www.makebot.ai [2]). They start with a clear strategy: targeting a handful of high-impact use cases where AI can either drive new revenue or significantly improve efficiency, rather than trying to sprinkle AI everywhere. Crucially, they also invest in redesigning processes and developing their workforce's AI skills to fully capture those opportunities.

Another hallmark of successful AI adopters is an emphasis on integration and long-term capability over quick wins. As one tech CEO-turned-board-member put it, companies need to ask themselves "Are you buying AI, or are you building AI capability?" (authority-journal.com [3]) Leading firms ensure a large share of their AI budget goes to the less glamorous essentials - upgrading data infrastructure, governance frameworks, model monitoring, and cross-functional teams - rather than just chasing the latest model hype (authority-journal.com [4]). In fact, an analysis of mid-2026 spending patterns shows the organisations that will dominate by 2028 aren't those throwing the most money at AI today, but those investing smartly in the "machine that learns to deploy models" better than anyone else (authority-journal.com [5]). This patient, foundational approach may not grab headlines, but it is increasingly seen as the key to sustainable advantage.

Real-world examples underscore that focus and discipline yield results. Industry data reveals that sectors like healthcare, which have applied AI in targeted ways (for example, in radiology and clinical data documentation), are realising over 50% of their expected AI value, significantly higher than the returns seen in less focused industries like retail (around 29% of value realised) (authority-journal.com [6]). Within companies, a similar pattern is emerging: enterprises that successfully scale AI tend to deploy far more of their pilot projects into full production. The top 5% of "AI achievers" push

roughly 60%+ of their AI initiatives to production, while laggards operationalise only about 12% of theirs. These winning companies also blend new forms of AI (like generative models) with traditional analytics and process optimisation, creating compound benefits rather than isolated experiments (www.makebot.ai [7]). Perhaps most importantly, they insist on measuring outcomes - for instance, by tracking how AI-driven process improvements translate into faster cycle times, headcount reallocation, cost savings, or revenue growth. By learning from these playbooks, senior leaders can recalibrate their own AI strategies to close the ROI gap.

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Key Statistics

- 56% of global CEOs say their AI initiatives delivered no increment in revenue or cost savings in the past year ([almcorp.com](https://almcorp.com/blog/ai-roi-crisis-56-percent-ceos-no-revenue-gains-pwc-survey-2026/#:~:text=comprehensive%20new%20survey%20from%20PwC,Released)).
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KEY TAKEAWAY

Stop assuming every AI dollar will pay off. These revelations show it’s time to reset your AI strategy: demand clear ROI metrics and tighter cost controls, focus on high-impact use cases, and invest in the foundations (data, integration, upskilling) to turn hype into real value.

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