

The AI ROI gap: big investments, elusive returns

Executive Summary

New reports and corporate disclosures in the past 48 hours reveal a stark disparity between surging AI investments and the modest business returns so far. From failed projects to runaway costs and elusive productivity gains, senior leaders are confronting a sobering reality behind the AI hype. This is prompting a shift from FOMO-driven spending towards a more disciplined, ROI-focused approach.

Big spending, minimal returns

(perspectivelabs.org [1]) An 18-month MIT Media Lab study of 2,400 enterprises found a staggering 95% saw no measurable return on their AI initiatives, despite a median annual spend of \$2.3 /million per company. Supporting this grim finding, a recent Morgan Stanley analysis found only 21% of S&P 500 companies could cite any concrete AI-driven benefit to their business. These numbers highlight a massive gulf between the promise of AI and the reality of actual value delivered.

New industry analyses this week paint an even grimmer picture of AI project outcomes. RAND Corporation data shows over 80% of AI initiatives fail to deliver any business value, with only about 20% fully meeting their objectives. Likewise, S&P Global reported 42% of companies abandoned at least one AI project in 2025 as returns failed to materialise. In short, most enterprise AI experiments have underperformed, falling far short of expectations.

The financial fallout is sobering. Across firms surveyed, the typical AI project cost \$6.8 /million but yielded just \$1.9 /million in tangible value. That's a median ROI of roughly - 72%, meaning companies on average recoup only 28 cents for every dollar invested. While a small minority of "hit" projects delivered outsized benefits (median 188% ROI), the gulf between those few winners and the many laggards is a chasm. Most companies are still waiting for AI to pay off.

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The cost conundrum: AI's growing price tag

The cost side of the AI equation has ballooned dramatically. Tech giants like Amazon, Meta, Google, and Microsoft collectively earmarked an estimated \$650 /billion for AI infrastructure in 2026 alone. Those expenditures are already trickling down to customers. By late 2025, enterprise software vendors had hiked subscription fees by 20% - 37% on average, largely by bundling AI features into products - an 'AI tax' that clients have been forced to swallow (www.forbes.com [1]).

(eu.usatoday.com [2]) At the same time, companies are reeling from a shift to usage-based AI pricing. Although per-token rates have dropped, the cost of completing each task is rising as AI providers move from flat fees to metered usage (eu.usatoday.com [3]). That change has left companies with volatile, often higher cloud bills that are hard to predict. Uber, for instance, saw engineers adopt an AI

coding assistant so rapidly that it burned through the ride-hailing firm's entire 2026 AI budget by April - only four months in (eu.usatoday.com [4]). Such surprises are forcing CFOs to confront just how quickly AI expenses can spiral beyond initial forecasts, pressuring margins.

(www.forbes.com [5]) In some cases, running AI is now pricier than the human labour it was supposed to streamline. A senior Nvidia executive recently admitted the compute costs for his own AI team have surpassed what the company spends on those engineers' salaries (www.forbes.com [6]). The lesson: as AI becomes more embedded in operations, its ongoing costs (from cloud computing to data centre power) can mount steeply - and may well overshoot the savings from automation if left unchecked.

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Hype hangover: lessons from AI misfires

(www.forbes.com [1]) Recent disclosures have exposed how easily enthusiasm for AI can overshoot practical limits. In one case, an enterprise racked up an eye-watering \$500 /million bill in a single month by overusing a generative AI coding model after failing to set usage caps (www.forbes.com [2]). And at Uber, developers' zeal for an AI coding assistant led the company to exhaust its entire annual AI budget in just four months, forcing management to slam the brakes on further use (eu.usatoday.com [3]). These incidents highlight how a rush to scale up AI without proper controls can lead to uncontrolled costs - with little to show for it.

(www.forbes.com [4]) Even tech's biggest players have had sobering reality checks. Microsoft invested \$13 /billion in OpenAI and integrated generative AI across its products - including having up to 30% of new code written by AI - only to halt one division's use of an AI coding tool after the bills became unsustainable (www.forbes.com [5]). Likewise, Salesforce heavily promoted its new AI-powered platform, but within months quietly cut nearly 1,000 jobs from its AI teams and saw multiple top executives depart as the anticipated "transformation" failed to materialise. Such reversals underscore the dangers of betting on AI without a clear path to business value, and they have put leaders on high alert to ensure future AI projects are grounded in viable ROI.

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No more blank cheques: boardrooms push for ROI

(www.cloudzero.com [1])Corporate boards and investors are turning up the heat on AI spending. Only 26% of boards are still willing to pour money into AI without a clear ROI plan; the other 74% insist on seeing tangible value before signing off on new investments (www.cloudzero.com [2]). This marks a sharp shift from the free-spending mindset of 2023, reflecting a recognition that many high-profile AI bets haven't paid off.

(www.cloudzero.com [3])Finance chiefs have also slammed the brakes on unfettered AI budgets. In one new survey, 87% of senior finance leaders said they must tie AI spend to concrete business outcomes within 12 months, yet only 22% can do so today (www.cloudzero.com [4]). This widespread "show me the ROI" stance means CFOs and boards are now scrutinising AI proposals with a fine-tooth comb. Projects that lack a compelling business case or a realistic payback timeline are being delayed or dropped.

(www.cnbc.com [5])Even the investors who once championed big AI bets are growing cautious. A report from Moody's highlighted that surging AI-related capital expenditures are pressuring cash flow and adding hidden debt at major tech companies (www.cnbc.com [6]). And venture capital insiders warn that AI companies would need roughly \$600 /billion in annual revenue to justify the current levels of infrastructure spending - a gap that is only widening (www.forbes.com [7]). In short, the era of AI exuberance is giving way to hard questions about when (and whether) all this spending will translate into profits.

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Getting real: How to make AI pay off

(perspectivelabs.org [1])Amid the comedown from the generative AI craze, a clearer recipe for ROI is emerging. Companies that succeed with AI almost always start with a specific, high-impact business problem and well-defined success metrics. In the MIT Media Lab study, organisations that spent around four months on upfront problem definition and data preparation were far more likely to achieve positive returns - whereas those that rushed in with barely a month of planning often saw their projects fall flat (perspectivelabs.org [2]). The message is clear: align AI initiatives tightly with business needs, and patience and preparation pay dividends.

(perspectivelabs.org [3])How the budget is allocated also proves decisive. The same MIT research found that companies with successful AI programmes dedicate only about 35% of their AI budget to vendor software, while roughly 65% goes to integration, training, and data quality efforts

(perspectivelabs.org [4]). In contrast, the average firm spent nearly 80% of its AI budget on off-the-shelf tools with minimal customisation (perspectivelabs.org [5]). Investing in internal capabilities and data readiness - not just cutting a check for a trendy platform - is what separates meaningful results

from expensive science projects.

Crucially, the human factor cannot be ignored. Organisations that deploy AI to complement and empower their workforce (instead of to replace employees) tend to see far better outcomes. One industry analysis revealed companies augmenting staff with AI achieved roughly twice the profit margin growth of those that focused on headcount reduction. Building AI into processes alongside skilled employees, coupled with change management and training, helps ensure the technology actually translates into productivity and business improvements.

(www.forbes.com [6]) Finally, leading firms rigorously measure and course-correct to capture value from AI. They establish clear baselines and track improvements - for example, measuring how an AI tool cuts the time staff spend on data entry or customer queries - to verify that automation yields real efficiency gains (www.forbes.com [7]). And to keep vendors honest (and costs contained), they design flexible “multi-model” architectures that let them switch to faster or cheaper AI solutions as they appear (www.forbes.com [8]). These pragmatic strategies are helping turn AI from an experimental expense into a true driver of business performance.

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Key Statistics

- 95% of enterprises report zero measurable ROI from AI initiatives ([[perspectivelabs.org](https://perspectivelabs.org/mit-study-zero-ai-roi-2026/#:~:text=A%20groundbreaking%20study%20from%20MIT%E2%80%99s,solutions%20that%20address%20specific%20business)](<https://perspectivelabs.org/mit-study-zero-ai-roi-2026/#:~:text=A%20groundbreaking%20study%20from%20MIT%E2%80%99s,solutions%20that%20address%20specific%20business>))
- 87% of finance leaders say they must tie AI spend to business outcomes within 12 months, but only 22% can do so today ([[www.cloudzero.com](https://www.cloudzero.com/finance-needs-ai-roi-2026-survey-report/#:~:text=or%20face%20consequences,asked%20the%20same%20question%20their)](<https://www.cloudzero.com/finance-needs-ai-roi-2026-survey-report/#:~:text=or%20face%20consequences,asked%20the%20same%20question%20their>))

KEY TAKEAWAY

The C-suite must end blank-check AI bets. Treat AI as a strategic investment by requiring clear business-case metrics and realistic timelines for ROI. Double down on data readiness and focus on AI solutions that augment employees, not replace them, to achieve real value.

Sources

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