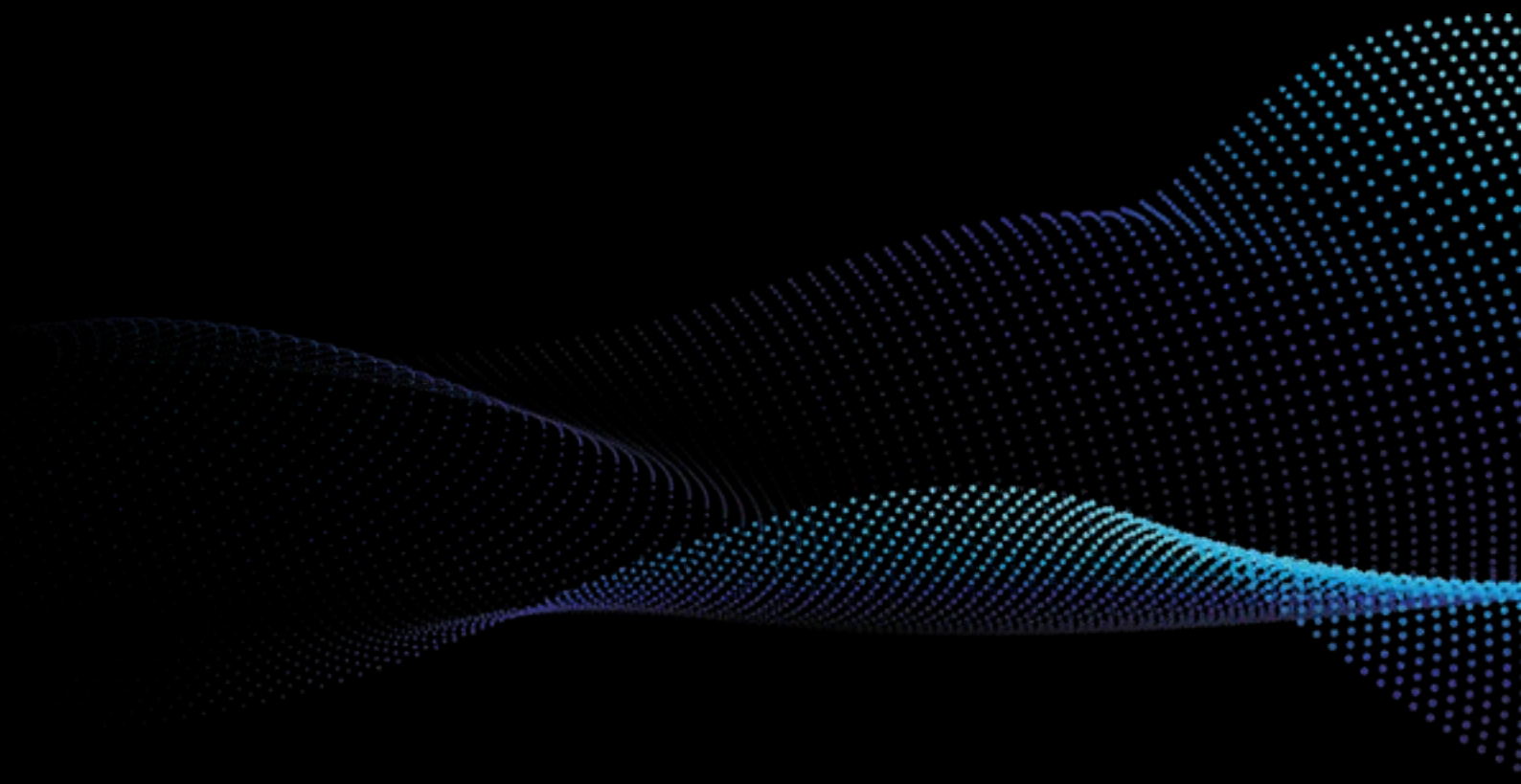
Insights from SoftwareOne and Google Cloud

Driving Business Performance Through Innovation and AI.



Google Cloud

Contents.

The AI innovation challenge

Innovation is the lifeblood of today's modern business. In today's fast-evolving marketplace, technological innovation, particularly around AI, has become essential for driving growth, profitability, and competitiveness. According to Goldman Sachs Research, over the next decade AI advances could boost global GDP by 7% (almost $7 trillion) and increase productivity by 1.5% per year.

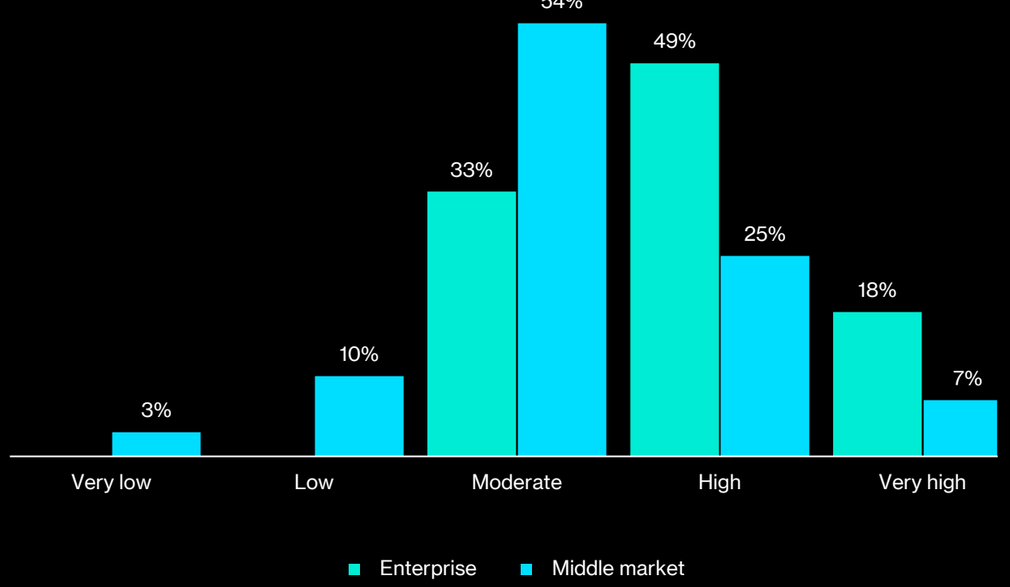
To analyse how companies harness AI and other areas of technological innovation, SoftwareOne commissioned ThoughtLab, a global research firm, to conduct a global study of 600 large enterprise and middle-market companies across industries in late 2024. This included companies that use Google Cloud as their cloud platform.

The study found that middle-market companies are failing to innovate as fast as their larger competitors, despite the importance of innovation to their growth. Only 32% of middle-market businesses surveyed report a high or very high level of innovation vs. 67% of large enterprises. Middle-market executives know they need to do better: 83% believe that they need a high or very high level of innovation to stay competitive.

AI is a particular trouble spot. According to Gartner, at least 60% of AI projects will be abandoned after proof of concept by the end of 2026. Many of these companies fail because they lack the modern IT foundation needed to drive AI transformation and overcome the challenges of operating in a rapidly evolving AI landscape.

The state of their data compounds the problem. Only 14% of organisations are satisfied with their legacy databases' support for AI, according to research by Google (Google Cloud Customer Intelligence Trends Survey 2024).

The middle market lags larger enterprises on level of innovation



How would you rate the level of innovation at your organisation? At what level does it need to be to stay competitive in the future?

Building the AI Readiness Foundation

Modernising for AI at Scale: Laying the Groundwork for Innovation

To unlock the full value of AI companies need more than vision. They need the infrastructure maturity to support scalable, secure, and cost-effective innovation. For many mid-market organisations, this starts with modernising their IT foundation.

Despite rising enthusiasm for AI, most mid-market businesses are still in the early stages of building the modern IT foundations needed to support it. In fact, 53% of companies are only just beginning to explore Generative AI, and most remain in the planning or early implementation stage across other critical areas like app modernisation (43%), IT asset management (43%), cybersecurity (39%), digital workplace (35%), and cloud infrastructure (28%).

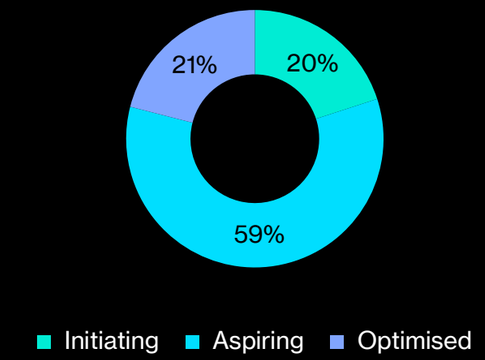
These gaps aren't just technical—they're strategic. Without the right cloud infrastructure, data maturity, and automation-ready systems, AI remains trapped in experimentation, unable to scale across the business.

Three Innovation Maturity Levels

While all middle-market companies want to improve innovation and cut costs, they are at various stages of implementing an innovation flywheel that will help them build a modern IT platform. To reflect these stages, we classified each survey respondent into one of three innovation categories:

- **Optimised Innovators** have made significant progress on building a modern IT foundation for driving innovation and have set cost optimisation as a high priority. They are most likely to scale AI and realise tangible business value.
- **Aspiring Innovators** are making some progress on modernising their IT foundation and on cost optimisation but still have more to do. They may experiment with AI but lack full-scale readiness.
- **Initiating Innovators** are just beginning to develop a modern IT foundation and are in the early stages of cost optimisation.

Innovation maturity breakdown



> "You need a roadmap that broadly defines what you are trying to achieve each year, and which cost-saving and innovation initiatives you plan to undertake. Cost optimisation and innovation should not be done sequentially, but rather as two parallel workstreams."

Craig Thompson,
Senior Vice President, Strategy, Capabilities, and Portfolio, SoftwareOne

Funding Innovation Through Cost Optimisation

AI Needs Infrastructure — and Infrastructure Needs a Funding Plan

Even when the ambition is there, investment can be a barrier. According to the research, **48% of mid-market executives say they either lack the budget or are unsure if they can fund their next wave of innovation.** That figure rises to 73% for smaller mid-market firms.

Instead of waiting for new budgets, leading companies — especially Google Cloud users — are taking a smarter approach: freeing up resources from existing IT operations through cost optimisation, and reinvesting them into AI and modernisation initiatives.

This approach is not hypothetical — it's already happening.

How Google Cloud users fund innovation through cost savings

The SoftwareOne research shows how Google Cloud users are successfully funding innovation through a variety of cost-saving strategies, turning their operations into engines for reinvestment.

1. **Cloud Migration:** We used a mix of private and public cloud to reduce costs on hardware, maintenance, and energy."
   — German tech & media company

2. **Automation:** Routine IT tasks like user provisioning and backups are now fully automated, cutting labour costs significantly."
   — German industrial manufacturer

3. **IT Asset Optimisation:** "We've improved hardware and software efficiency through better IT asset management."
   — UAE-based firm

4. **FinOps Practices:** More than two-thirds of Optimised Innovators have implemented FinOps to track and optimise cloud spending — a crucial step in shifting from fixed IT costs to variable, value-aligned investments.

5. **Data Archiving & Storage Cost Control:** "With a clear data archiving strategy, we've seen major improvements in storage efficiency and cost reallocation."
   — US industrial manufacturer

51%

of Google Cloud users surveyed utilise IT cost savings to invest in AI and GenAI.

19.1%

of Google Cloud users' IT budgets will be allocated to AI and GenAI over the next two years, up from 14.8% today.

How Leading Companies Scale AI Across the Business

Optimised Innovators are rapidly scaling AI across internal and external operations. Over eight in 10 are already midway or advanced in applying traditional AI to streamline internal processes. Over 70% use it to enhance customer engagement and drive innovation. In contrast, most other organisations remain in the early stages of exploration — particularly with Generative AI.

As our data shows, Optimised Innovators typically implement AI internally first, often seeking to free up budget to invest in longer-term, market-related innovation to boost revenue. "By implementing AI and automation, we have reduced our costs and fuelled our funding for innovation," said the IT asset manager and **Google Cloud** user of a French company in the technology, media, and telecoms sector.

Google Cloud helps users make headway with AI

Google Cloud offers a suite of AI tools to help firms deploy AI solutions more easily. These include **Gemini**, a GenAI assistant for analysis and code; **Vertex AI**, a unified platform to build and train models; and APIs for tasks like image labelling or speech-to-text. These tools are designed to accelerate GenAI adoption and make it easier for mid-sized enterprises to scale faster — with measurable outcomes.

Our research shows that Optimised Innovators have implemented an average of 10 AI use cases, across four key areas:

- Customer experience & service
- Data intelligence & security
- Advanced analytics
- Employee productivity & workflows

Top ways Google Cloud users create business value with AI

1. Enhance customer experiences
2. Improve IT productivity
3. Optimise/automate processes
4. Upgrade/create products and services
5. Drive revenue
6. Improve risk management
7. Reduce costs
8. Enhance workforce productivity

69%

of GenAI leaders plan to use it for at least half of their core functions, according to Google research

50%

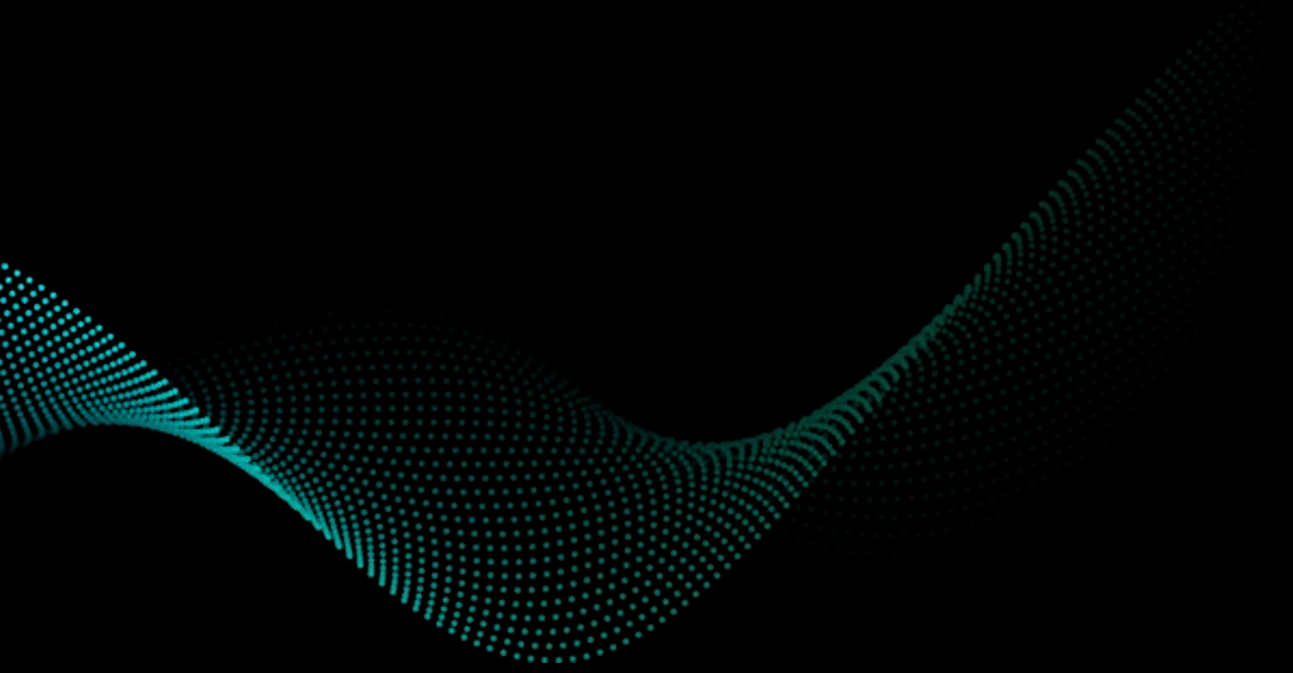
of GenAI leaders already run 10+ use cases in production, according to Google research

AI at Scale: Trends Driving Business Transformation

From Experimentation to Acceleration

AI early adopters aren't just improving efficiency — they're gaining a competitive edge. Optimised Innovators, the most mature segment in our research, are scaling AI across their operations and unlocking new business models in the process. Now, as capital investment surges and enterprise strategies mature, AI is entering its next phase — one defined by intelligent agents, multimodal interfaces, and seamless automation. The companies leading this shift aren't just reacting to change — they're shaping it.

So what's next for those ready to lead? Google Cloud's latest research reveals five key trends that will define the future of AI adoption.



Top 5 AI Trends to Watch

Based on Google Cloud's 2025 AI and Data Trends

1. **Multimodal AI unlocks the power of context** With the market set to grow from **$2.4B in 2025** to **$99B by 2037**, multimodal AI is becoming a core enterprise capability. By combining text, images, audio, and video, it delivers richer context and more human-like understanding — powering smarter search, automation, and customer experiences.

2. **AI agents evolve: From chatbots to autonomous collaborators** AI agents are becoming more capable, moving from scripted bots to intelligent systems that plan, adapt, and execute complex workflows. Many now operate as part of **multi-agent systems,** coordinating tasks across departments and tools with minimal human input. Adoption is accelerating: **82% of enterprises plan to deploy AI agents within 3 years**, and **71%** expect them to significantly improve automation and service outcomes.

3. **Assistive search redefines discovery** Enterprise search is entering a new era — shifting from retrieving information to generating knowledge. Powered by multimodal AI, new tools can interpret text, images, and voice, creating more intuitive and context-aware discovery experiences.
   With the enterprise search market projected to reach **$12.9B by 2031**, assistive search is becoming a key enabler of productivity, insight, and customer support across industries.

4. **Invisible experiences redefine CX** AI is powering a new standard in customer experience — one that's so seamless, users barely notice it's happening. Real-time conversational tools and enterprise search combine to deliver personalised, proactive support at scale.
   It's a top priority: **55% of organisations** are focusing on AI for customer service in the next 12 months, and **70.7%** rank internal assistance as one of their top three CX use cases.

5. **Security gets smarter, faster, tougher** AI is becoming essential to cybersecurity — automating threat detection, simulating attacks, and enforcing compliance. With breach costs averaging **$2.2M** lower for organisations using AI, it's a clear investment priority. Top use cases include **rule creation (21%), attack simulation (19%), and compliance violation detection (19%)** — all critical for staying ahead of evolving threats.

The AI Action Plan: From Readiness to Results

A practical checklist inspired by Optimised Innovators and Google Cloud leaders

1. Align AI to Business Priorities

- Identify the top 1–2 strategic goals AI can accelerate
- Prioritise high-impact use cases (e.g. CX, operations, insights)
- Secure executive sponsorship for long-term AI investment

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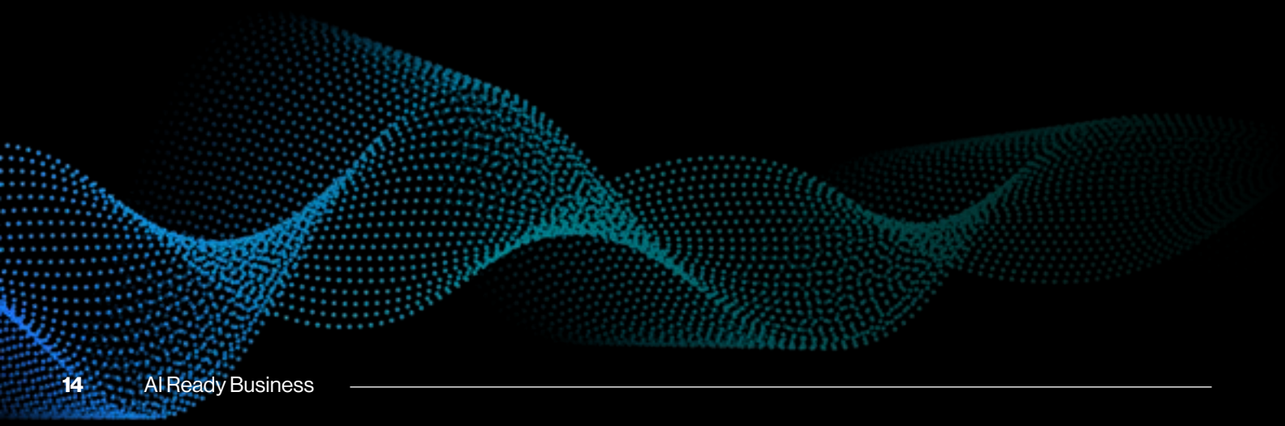
2. Build a Scalable IT & Data Foundation

- Modernise infrastructure (apps, cloud, digital workplace)
- Improve data quality, integration, and governance
- Ensure security, compliance, and access controls are AI-ready



3. Optimise Costs to Fund Innovation

- Implement FinOps practices to track and reinvest cloud savings
- Retire or consolidate underused assets and tools
- Automate workflows to improve IT and team efficiency

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4. Start with Internal AI Use Cases

- Use AI for employee support, internal processes, or reporting
- Deploy assistive AI (e.g. search, GenAI content) to build momentum
- Capture early ROI to fund broader rollout

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5. Plan for Responsible, Scalable Adoption

- Define clear success metrics for each AI initiative
- Establish policies for governance, ethics, and accountability
- Upskill teams to collaborate effectively with AI
- Engage a trusted partner to guide your strategy and roadmap

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Tip: Companies that treat AI and cost optimisation as parallel workstreams — not sequential ones — scale faster and more sustainably.

Kickstart Your Strategy with an AI Envision Workshop

Led by SoftwareOne

Join a focused workshop to:

- Discover how AI can drive measurable value in your business
- Identify priority use cases aligned to your goals
- Build a scalable, responsible adoption plan

Book your AI Envision Workshop today

Find out how AI can transform your operations — with the right partner at your side

Contact our Google team at SoftwareOne to book you AI Envision Workshop today:

Appendix

Research background: Survey sample

In late 2024, SoftwareOne commissioned ThoughtLab to conduct a survey of 600 businesses across industries, countries, and revenue sizes to analyse how they drive innovation through cost optimisation. To interpret these survey findings, ThoughtLab carried out qualitative research, including in-depth personal interviews with global executives, as well as rigorous secondary research.

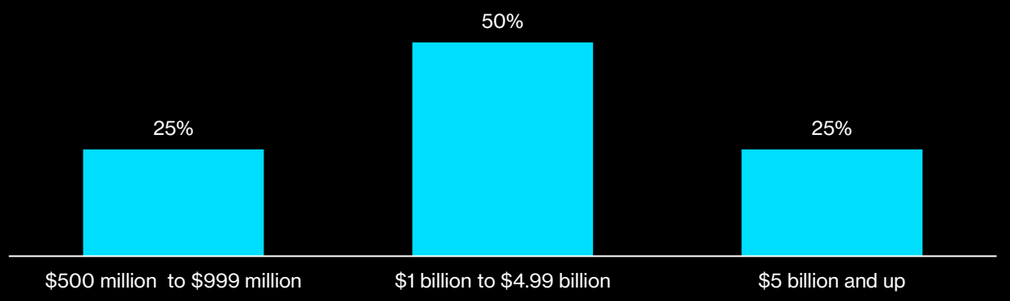
Financial services 21%	**Consumer, retail** 16%
Healthcare, Life sciences 16%	**Professional services** 16%
Industrial manufacturing, Automotive 16%	**Tech, media, telecoms (TMT)** 16%

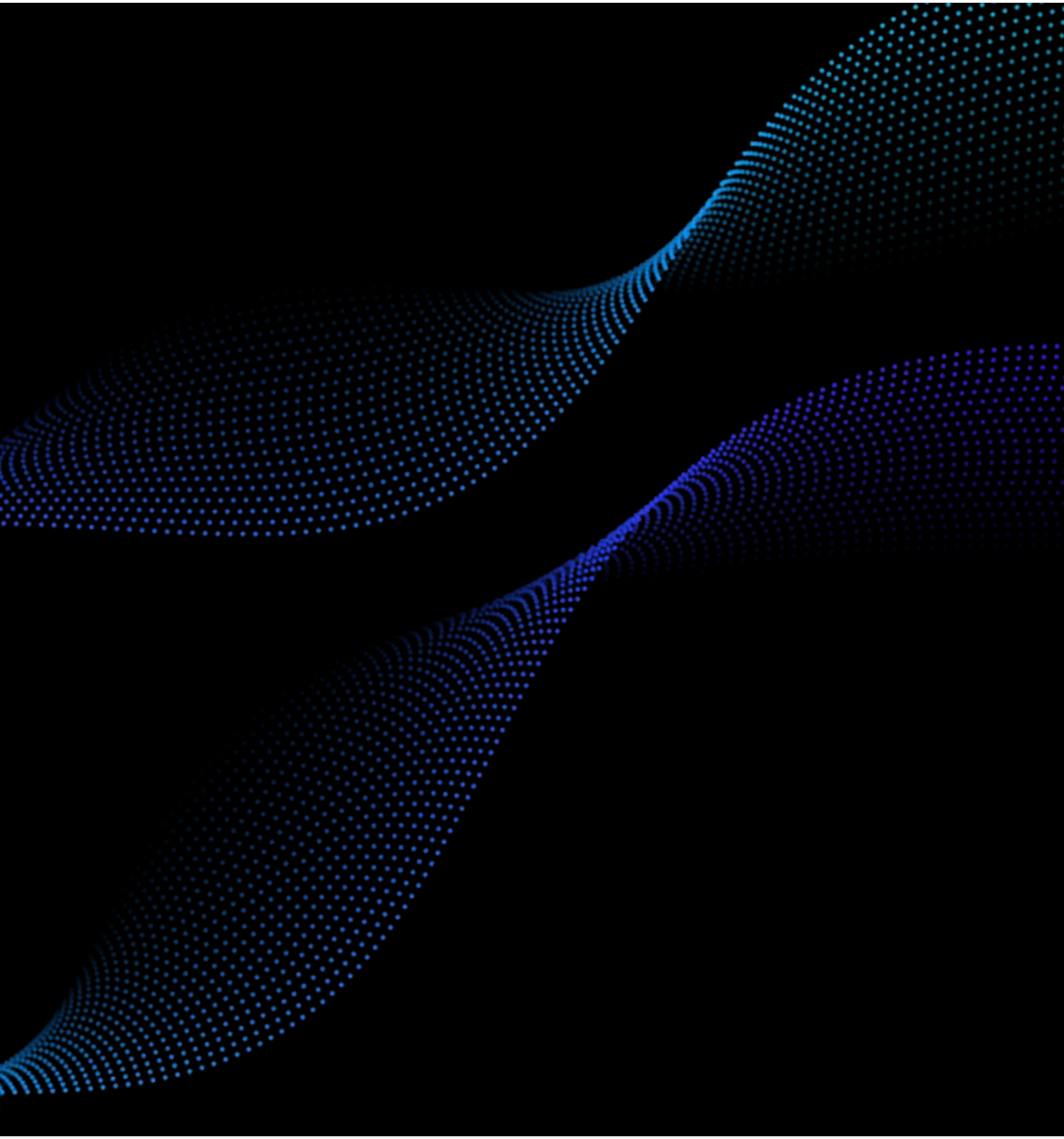
For purposes of this study, the middle market (also referred to as mid-sized companies) includes businesses from $500M to $999M in revenue, and those with revenue of $1B to $4.99B. We defined enterprise companies as those with revenue of $5B and over.

By role

Direct report to C-level executive	**42%**
Chief Finance Officer	**17%**
Chief Procurement Officer	**13%**
IT Asset Manager	**8%**
Chief Information Officer	**7%**
Chief Digital Officer	**7%**
Chief Technology Officer	**7%**

By revenue size





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