2025 Key Issues Study Results for Technology Leaders

January 2025

TECHNOLOGY EXECUTIVE ADVISORY

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What you need to know | 2025 Key issues survey

Enterprises prioritize growth in the face of cybersecurity risks and economic concerns	Leaders place higher priority on growth objectives, such as improving customer satisfaction, increasing market penetration, and innovating products and services in 2025. The top risks and concerns include cybersecurity, the potential for economic downturn/recession, and access and retention of talent.
Enterprises plan to expand Gen AI adoption	Eighty-nine percent (89%) of enterprises are advancing their Gen AI initiatives, and those organizations are using various operating models in their efforts. Most organizations are employing more centralized approaches, either highly centralized or business-led, with delivery teams centralized in IT. A quarter of enterprises are using more business-led models with delivery teams outside of IT.
Gen AI usage will shape priority business objectives	More than 40% of business leaders plan to use Gen AI to enhance customer experience, innovate products and services, improve market penetration and achieve cost leadership.
Technology leaders should be key enablers for Gen AI	Enterprises have identified the following as the top challenges to Gen AI adoption: setting realistic expectations, process complexities, data quality concerns, technology complexities, and improving change management. Leaders are less concerned with security sponsorship and funding, signaling a desire to scale Gen AI throughout the enterprise. Technology leaders will need to play an enabler role vs. a gatekeeper role.
Functions need help assessing AI readiness	All functional departments surveyed are in the early stages of Gen AI deployment, facing varying types and levels of obstacles. The functions need to involve technology leaders and their teams to properly assess readiness and overcome specific challenges to deploying and scaling within the function and across the enterprise.

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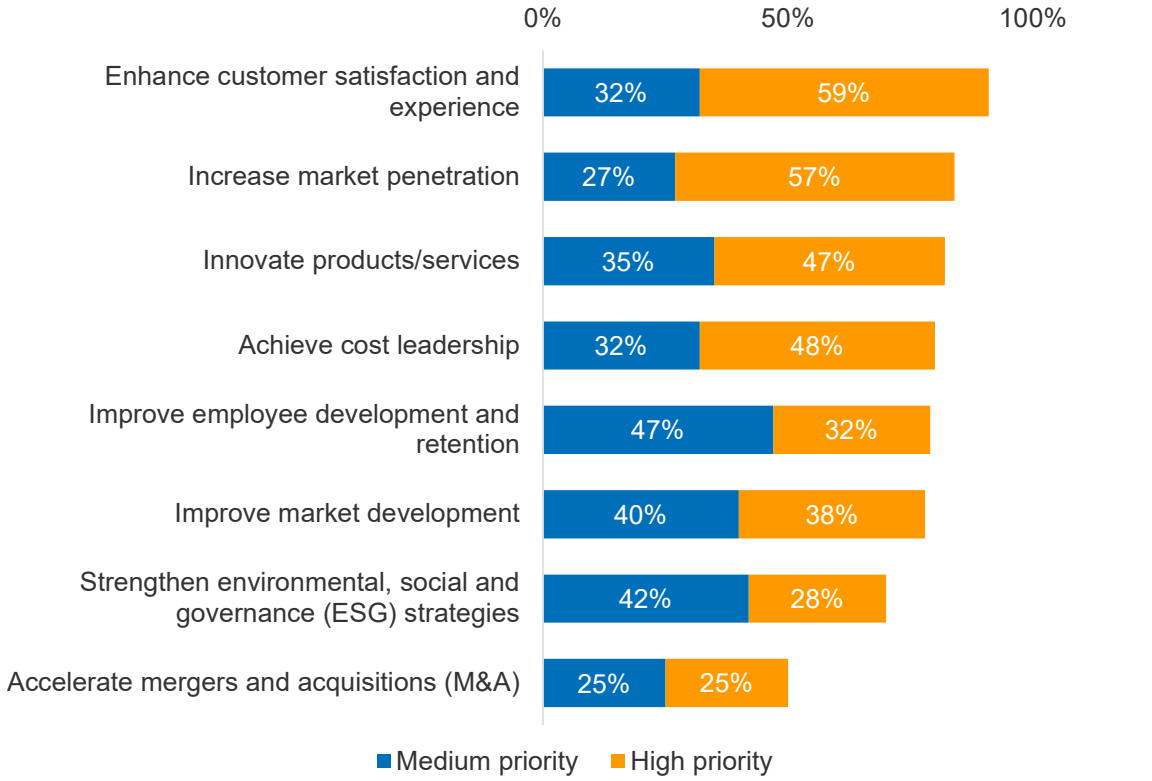
Enterprise and business function context

The issues, risks and business objectives that will shape 2025

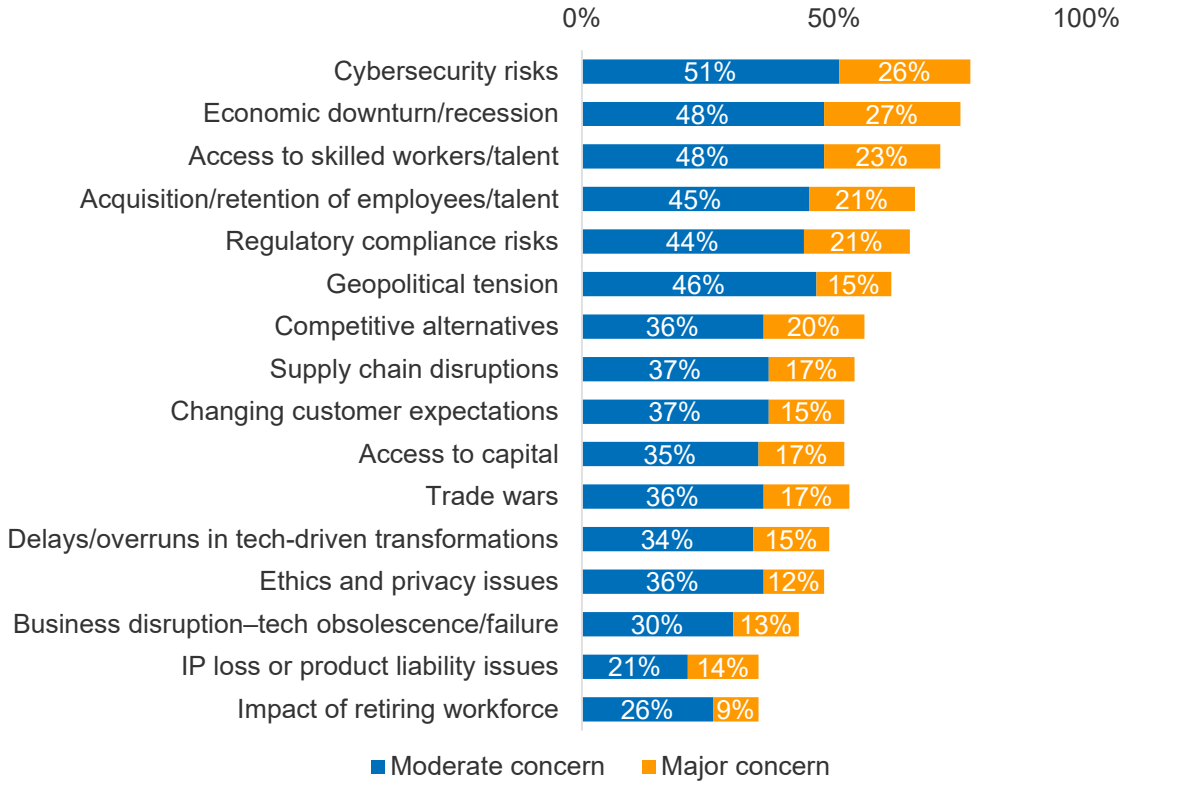
Enterprises place priority on customer satisfaction and growth objectives in the face of cybersecurity and economic concerns.

BUSINESS OBJECTIVE PRIORITIES 2025



Q. Please indicate the importance of each business objective for your organization in 2025. (Response options: “No priority”; ”Low priority”; “Medium priority”; and “High priority.”)

ISSUES AND RISKS TO SUCCESS IN 2025



Q. To what degree are the following issues and risks a concern for the organization’s success in 2025?

Source: The Hackett Group 2025 Enterprise Key Issues Study

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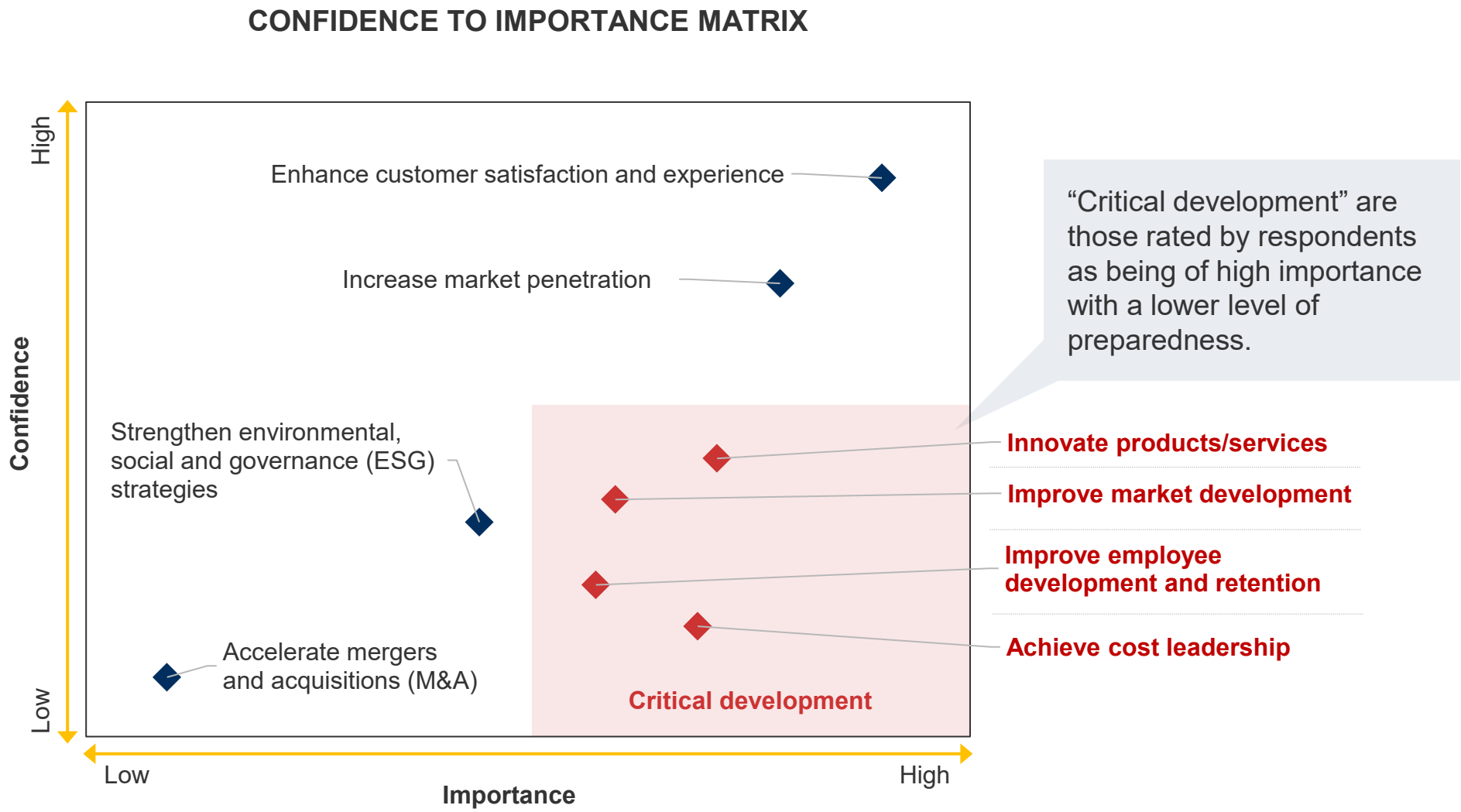
Leaders express greater confidence in achieving customer satisfaction and market penetration objectives



Q. Please indicate importance and your confidence level in the organization's ability to meet the following business objectives in 2025.

Source: The Hackett Group 2025 Enterprise Key Issues Study

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Top 5 objectives/improvement initiatives for 2025 by function*

A wide array of objectives make for a complex operational landscape. Improving outcomes requires cross-functional collaboration, especially for adopting and using emerging technologies such as Gen AI for new performance and competitive advantages.

*See each function's report for detailed discussions of their top objectives.

Source: The Hackett Group 2025 Key Issues Studies: Procurement, Finance, HR, Payroll, Supply Chain, GBS

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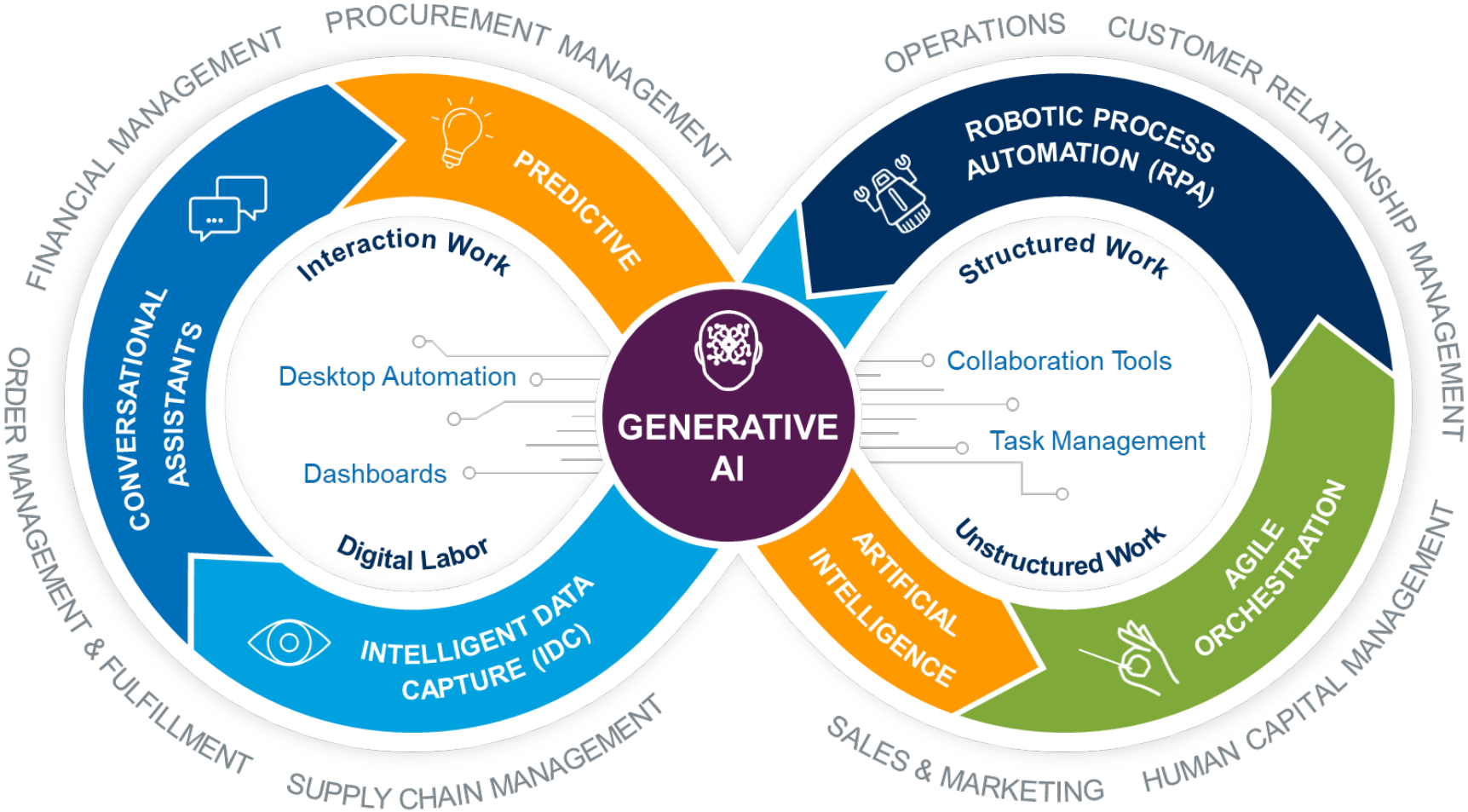
2025 intelligent automation and Gen AI outlook

Enterprise and function outlook for Gen AI and intelligent automation: Enabling technologies to reimagine knowledge work

Gen AI is central to a group of intelligent automation technologies used to reimagine and automate knowledge work. Business function plans highlight expectations for scaling the use of Gen AI and intelligent automation for new performance advantage.



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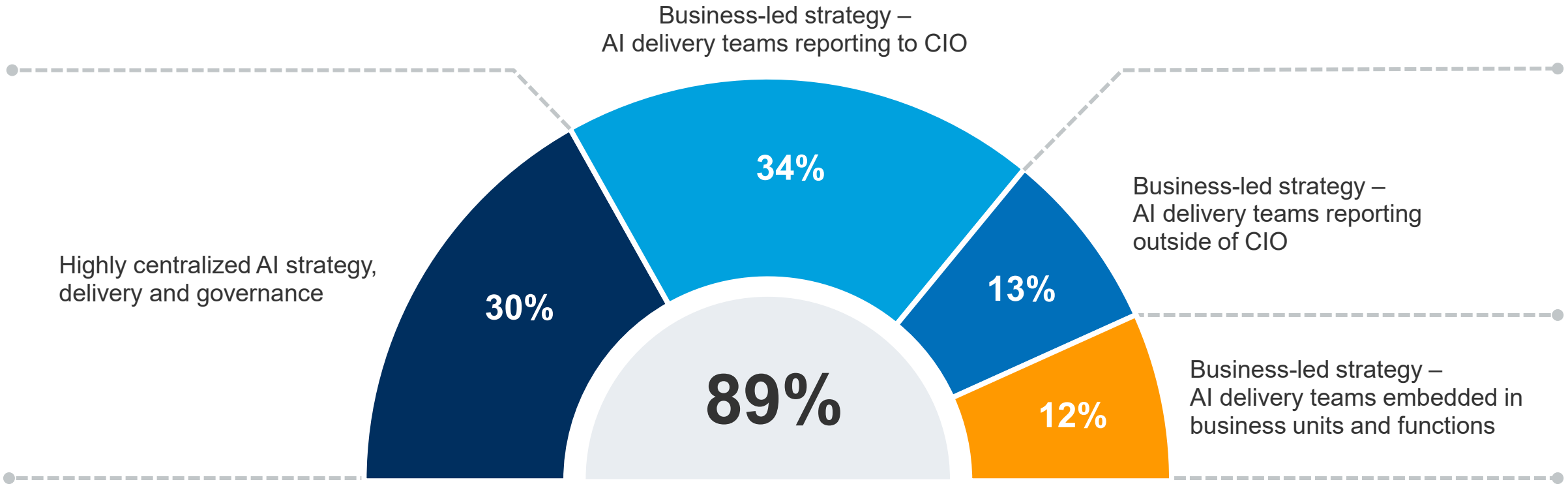
Eighty-nine percent (89%) of enterprises are moving forward with Gen AI

Enterprises are embracing one of four primary approaches to deploying and scaling Gen AI initiatives. Any approach can deliver progress, and the earlier an enterprise is on its journey, the more likely it is to utilize more centralized strategy and delivery approaches.



Q. How would you best categorize your enterprise's approach to supporting generative AI?

Source: The Hackett Group 2025 Enterprise Key Issues Study

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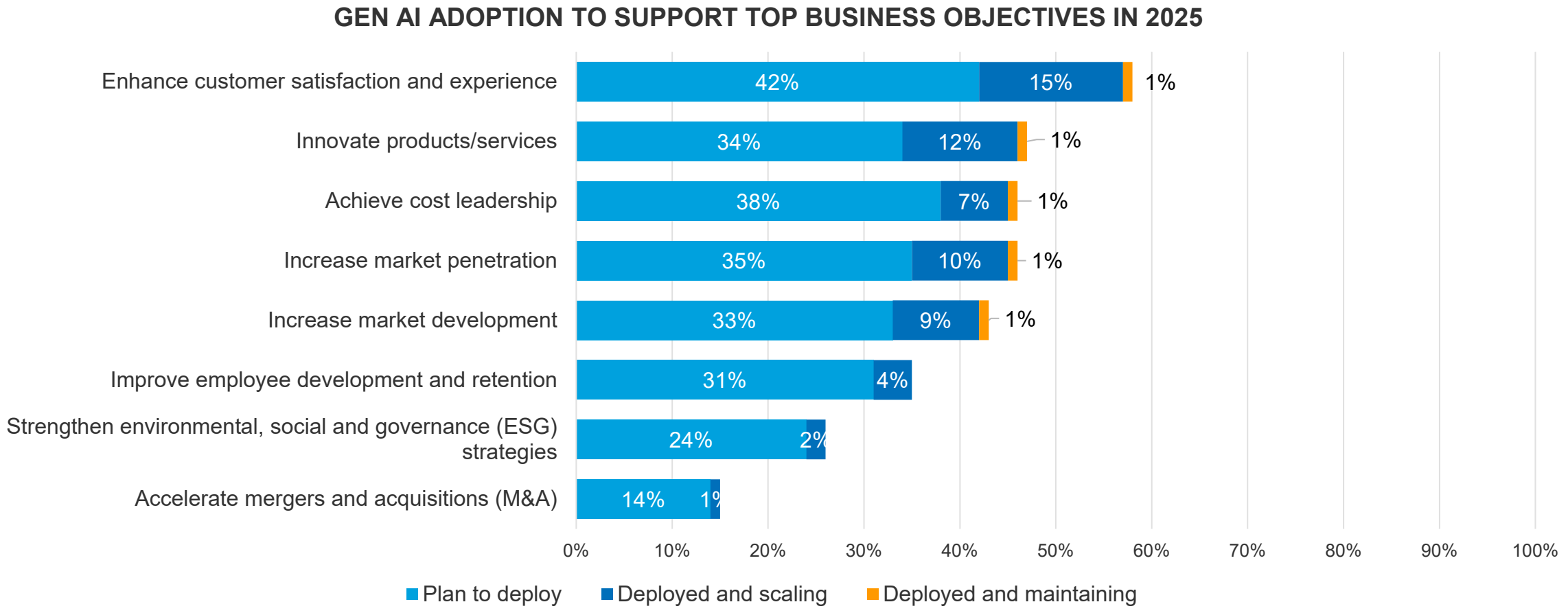
Enterprises plan to use or are currently using Gen AI to support priority business objectives

Plans to use and current usage of Gen AI to support priority business objectives indicate that 2025 will be a key year in which enterprises seek to scale use throughout their organizations.



Q. AI gives organizations an unprecedented opportunity to reimagine how to meet and exceed their business objectives. To what extent are you planning or using AI for each business objective?

Source: The Hackett Group 2025 Enterprise Key Issues Study

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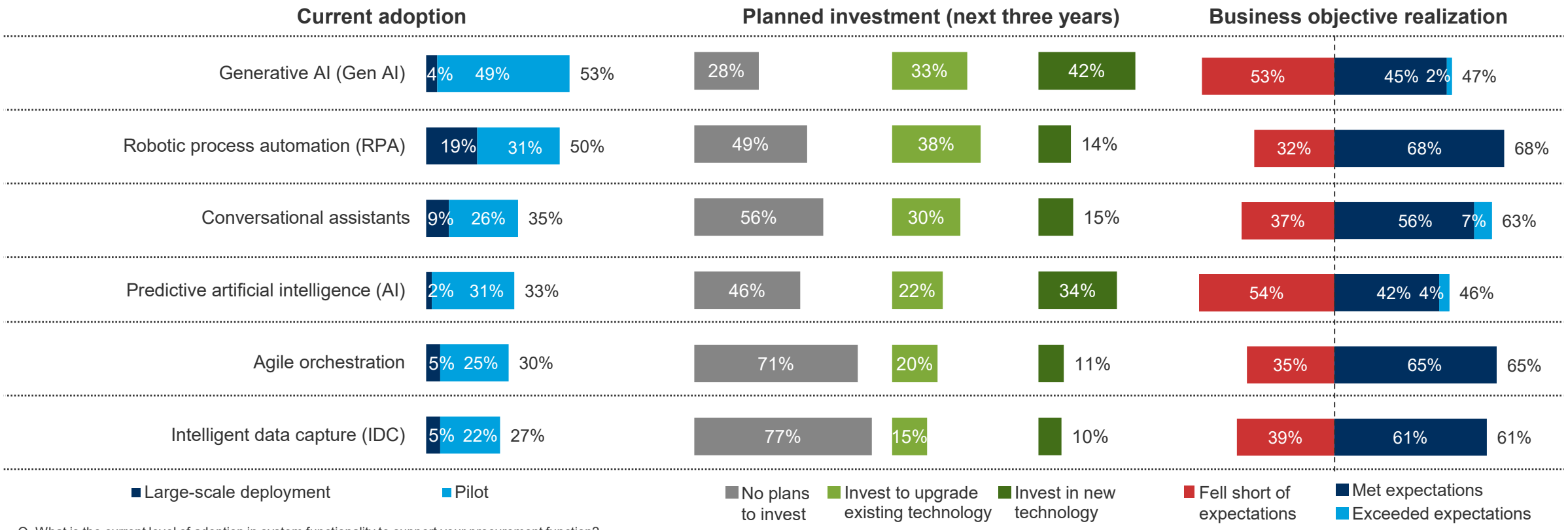
Procurement: Intelligent automation and Gen AI outlook

Generative AI and robotic process automation are the most widely deployed intelligent automation technologies. Strong deployment of Gen AI technology is being reported, with more focus on pilots than large-scale implementation. The level of planned investment in new technology is highest for Gen AI and predictive AI. Predictive AI and Gen AI fell short of expectations for more respondents, which reflects the early stage of adoption of this technology.

TECHNOLOGY ADOPTION AND BUSINESS OBJECTIVE REALIZATION



Q. What is the current level of adoption in system functionality to support your procurement function?

Q. What is the planned investment in system functionality over the next three years to support your procurement function? (Select all that apply.)

Q. Indicate the extent to which realization of business objectives met expectations for the following technology projects executed in the procurement function over the last two years.

Source: The Hackett Group 2025 Procurement Agenda and Key Issues Study

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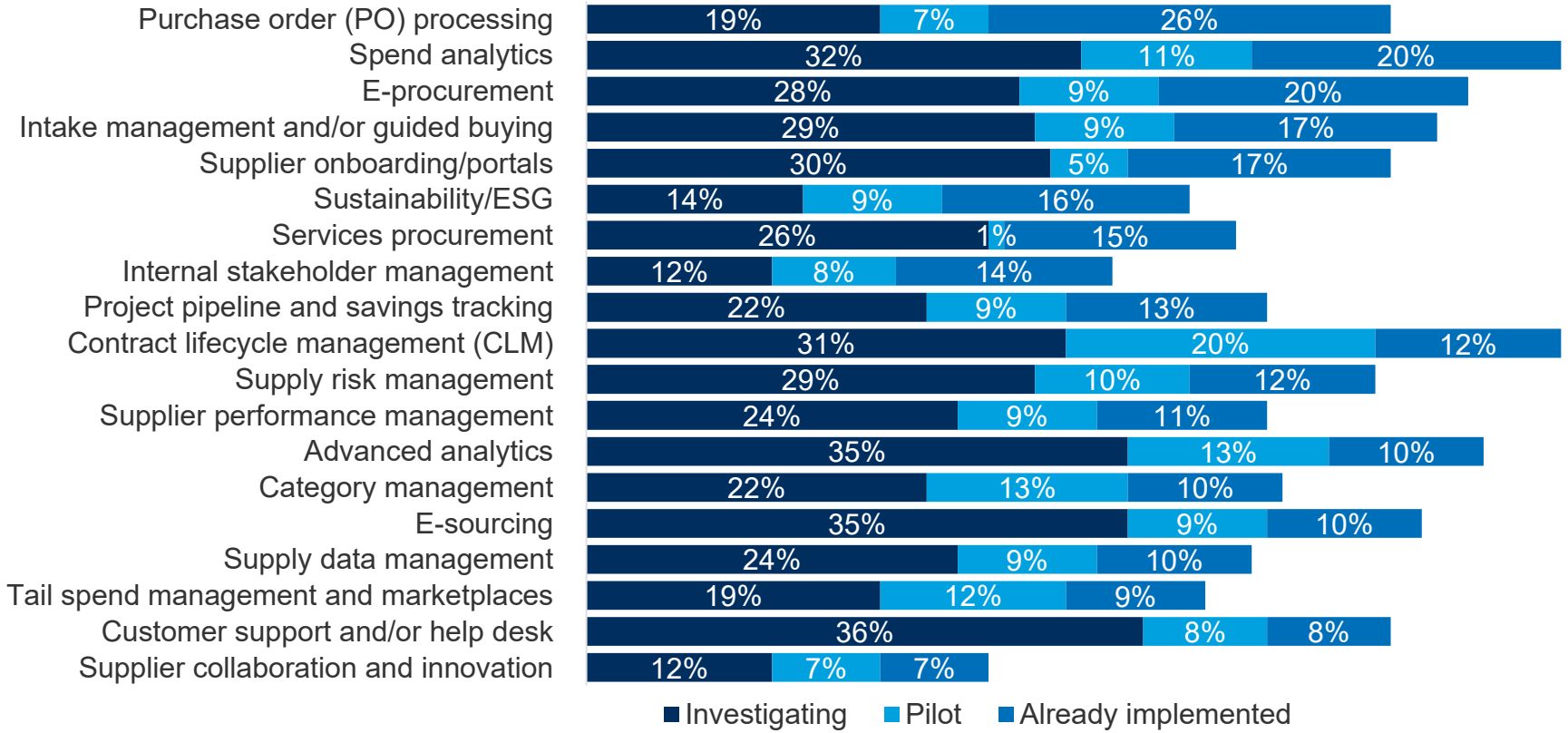
Procurement: Gen AI use case deployment

Organizations have already implemented generative AI for PO processing (26%), spend analytics (20%) and e-procurement (20%). There is notable pilot activity for CLM (20%), advanced analytics (13%) and category management (13%). Popular areas for investigation include customer support and/or help desk (36%), e-sourcing (35%) and advanced analytics (35%).

STATUS FOR APPLYING GENERATIVE AI TECHNOLOGIES



Status definitions:

- **Investigating:** Currently exploring or researching the application of generative AI for this activity.
- **Pilot:** There is an ongoing pilot project testing the application of generative AI for this activity.
- **Already implemented:** Generative AI has already been implemented for this activity.

Q. Please indicate the progress made in pursuing the following potential procurement use cases for Gen AI. (Select the most appropriate option for each process area or activity.)

Source: The Hackett Group 2025 Procurement Agenda and Key Issues Study

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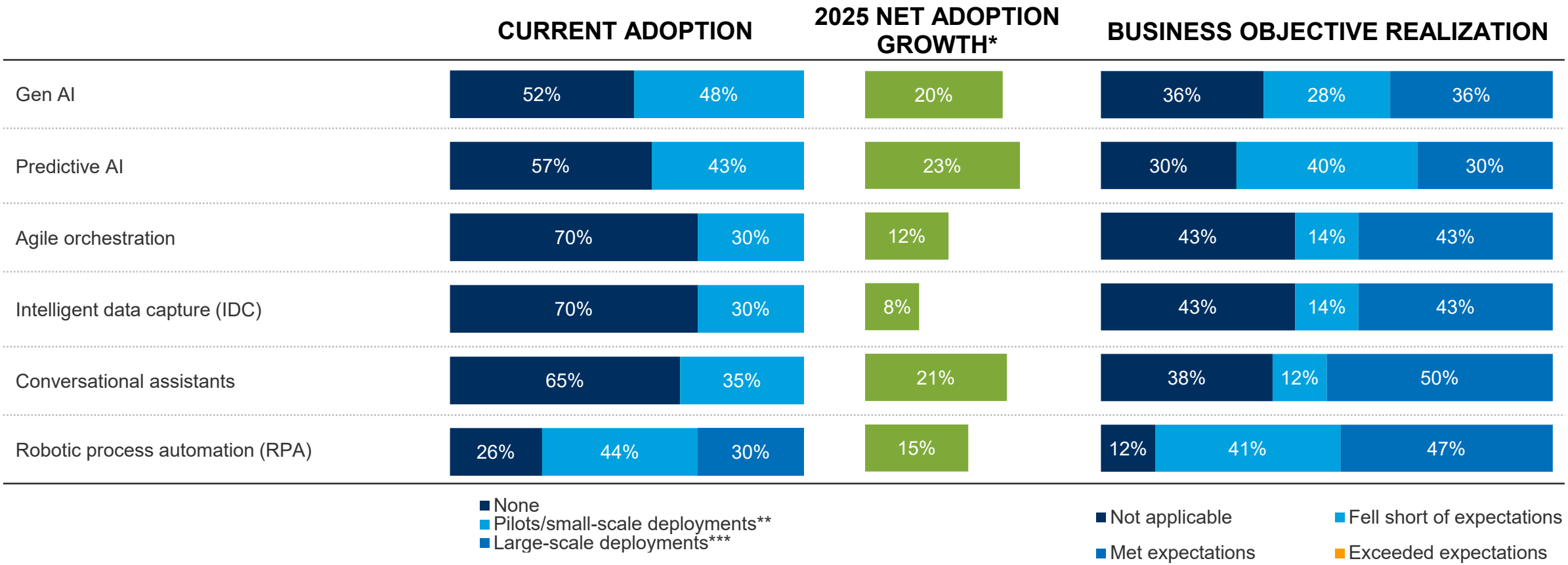
Finance: Intelligent automation and Gen AI outlook

Although Gen AI is top of mind for executives, investment in and adoption of Gen AI and other related intelligent automation technologies is in the early stages. Almost all IA technologies are being piloted to some degree in finance, with only a small percentage of robotic process automation technologies currently in large-scale deployment in a select number of organizations.



Q. What are the current/expected adoption levels for 2025 for each of the following technologies in your finance function?
Q. What is the projected change in adoption for 2025 for each of the following technologies in your finance function?
Q, Describe how the following technology initiatives performed over the past two years in support of business goals and objectives?

***Growth:** Year-over-year percentage change in applicable adoption metric for each technology, e.g., number of bots for RPA or chatbots, number of end users for applications (legacy, next-generation or best-of-breed), and advanced analytics
****Pilots/small-scale deployments:** The technology is used on a limited scale in isolated finance use cases.
*****Large-scale deployments:** The technology is used across the majority of the business in applicable finance use cases.

Source: The Hackett Group 2025 Finance Key Issues Study

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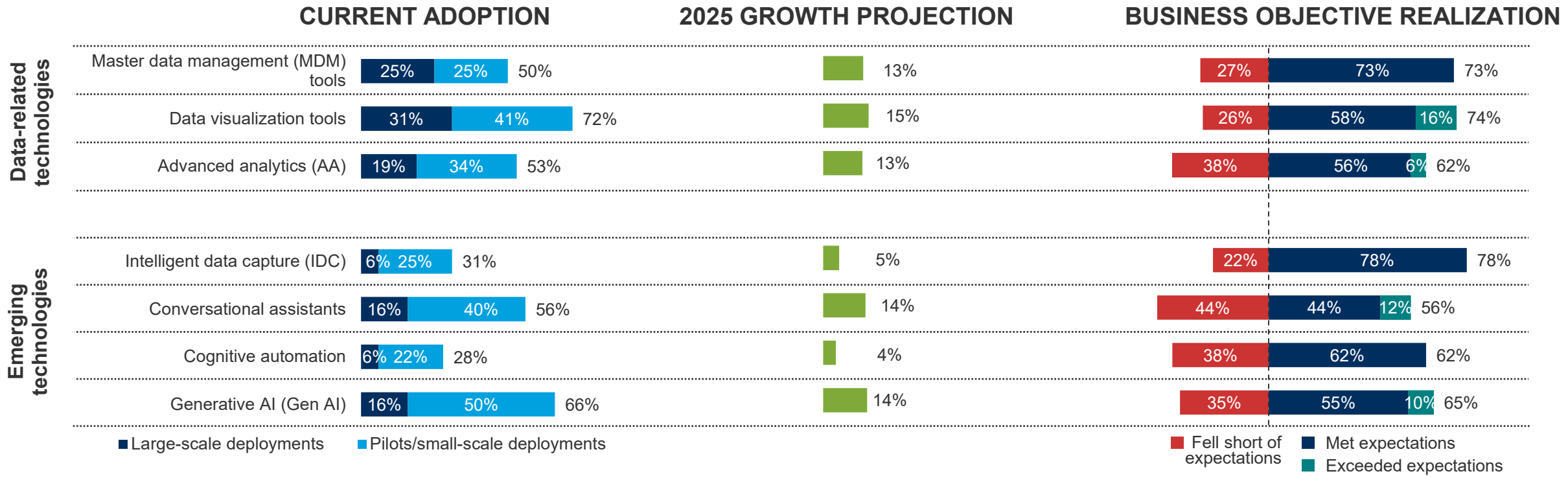
Human Resources: Intelligent automation and Gen AI outlook

Data visualization tools are the most widely adopted data-related technology, and Gen AI is the most deployed emerging technology, although most of it has been implemented on a small scale. Growth rates are mid-teens for most technologies, with the exception of cognitive automation and intelligent data capture. Topping the list of the most effectively used technologies is intelligent data capture (IDC), followed closely by data visualization and MDM tools. Learning curves appear steep for emerging technologies, especially conversational assistants and Gen AI.



Q. What is the current level of adoption and projected change in adoption for 2025 for each of the following technologies in your HR function?

Q. Select the extent to which realization of business objectives met expectations for the following technology projects executed in the HR function within the last two years.

Source: The Hackett Group 2025 HR Key Issues Study

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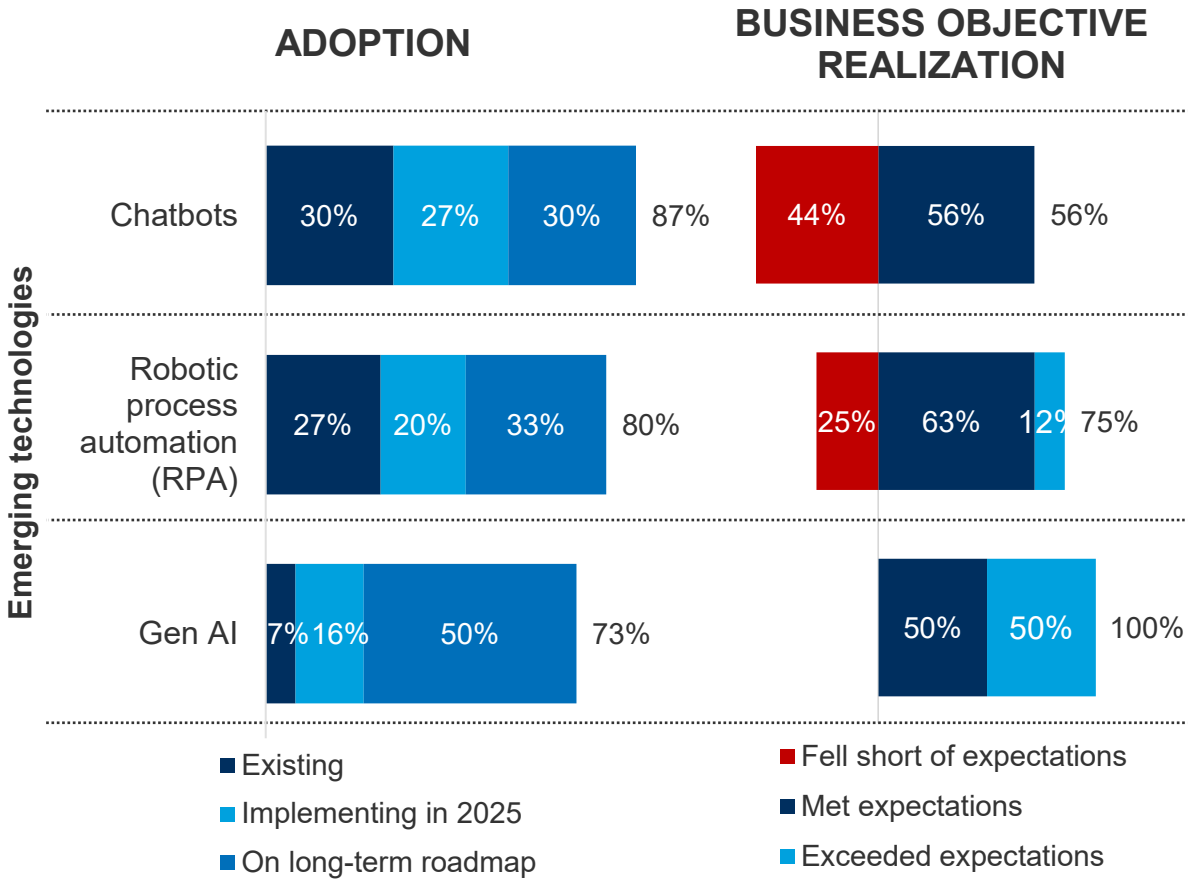
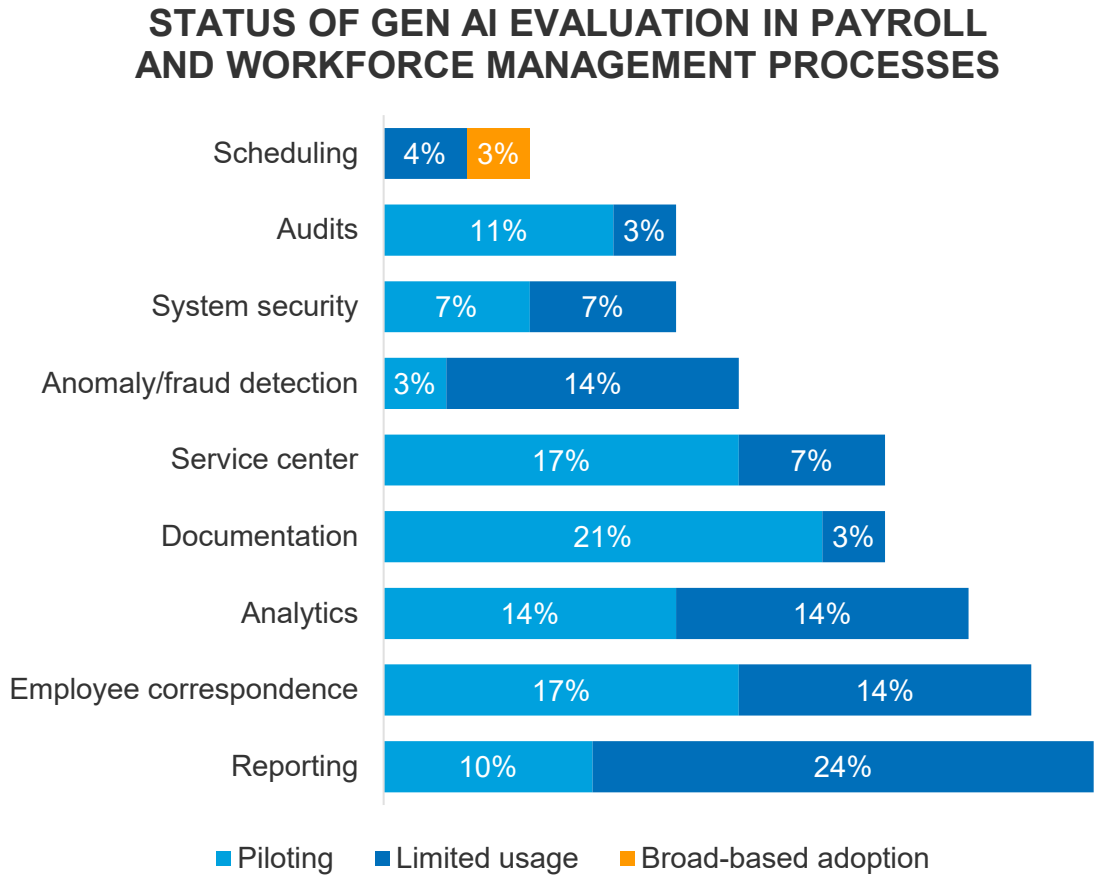
Payroll: Emerging technologies and Gen AI outlook

Chatbots are widely deployed, while RPA leads in meeting or exceeding business objectives. Gen AI use cases have varying usage, with scheduling highest in broad-based adoption. Reporting has the highest overall adoption – in pilots and limited usage. Gen AI has met or exceeded expectations and is ramping up in 2025 and beyond. Documentation is the leading process for piloting.





Q. What is the current level of adoption and projected change in adoption in 2025 for each of the following technologies in your payroll function?
Q. Select the extent to which realization of business objectives met expectations for the following payroll/WFM technology projects within the last two years.

Source: The Hackett Group 2025 Payroll Key Issues Study

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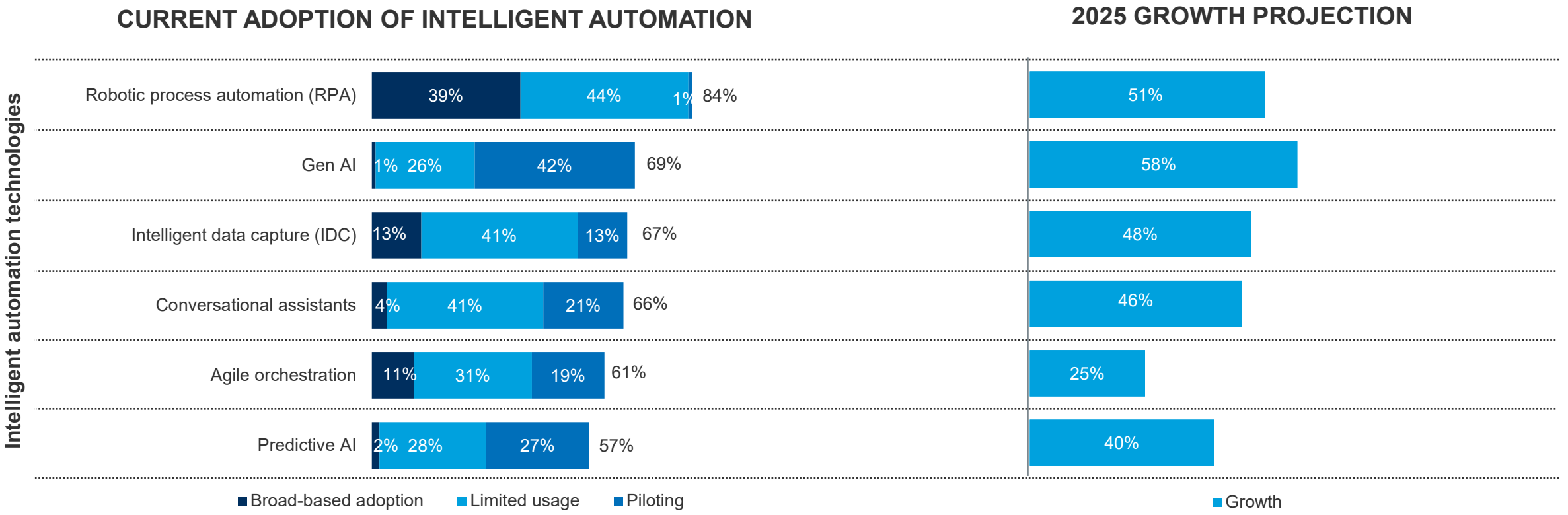
Global Business Services (GBS) organizations expect to increase Gen AI adoption in 2025

Among intelligent automation technologies, robotic process automation (RPA) leads with the highest adoption in GBS organizations – over half of GBS expect further growth in 2025. Interestingly, despite technology advancement and implementation concerns, Gen AI is being piloted by 42% and adopted by 28%, with nearly three-fifths (58%) anticipating further growth next year. Predictive AI, though the least adopted, shows promising growth, while agile orchestration lags.



Q. What is the current level and projected change in adoption for each of the following intelligent automation technologies in your GBS organization in 2025?

Source: The Hackett Group 2025 GBS Key Issues Study

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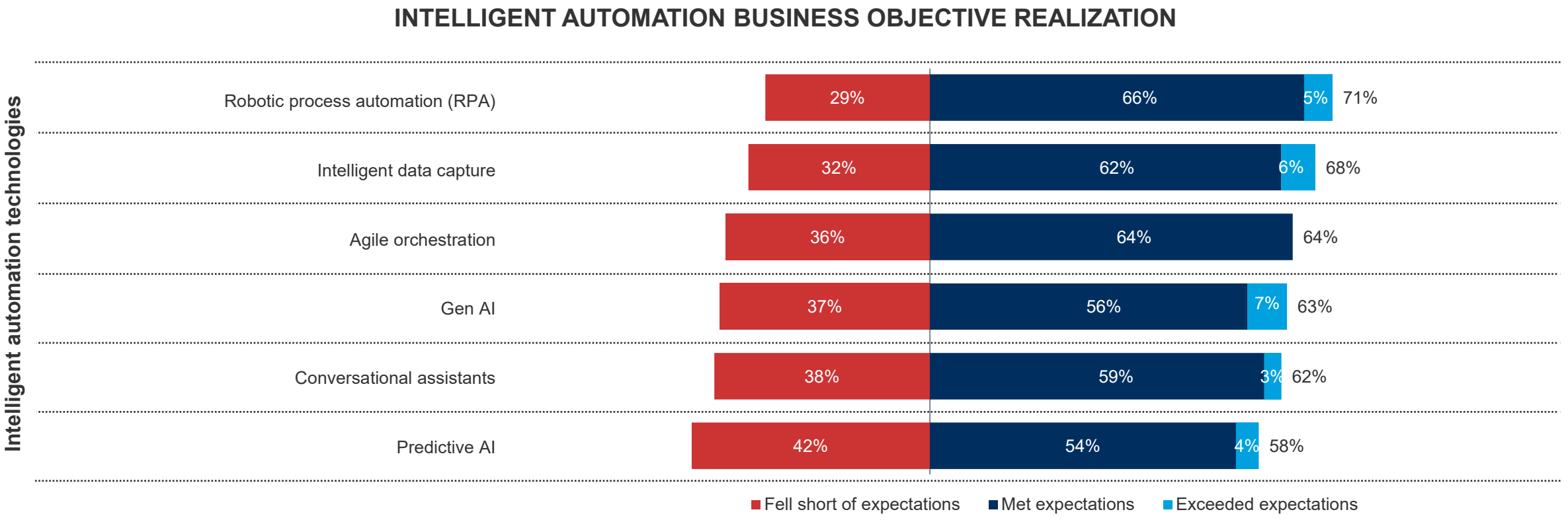
Robotic process automation (RPA), intelligent data capture (IDC) and agile orchestration are most effective in meeting GBS objectives

RPA, intelligent data capture and agile orchestration are most effective in meeting GBS objectives. Predictive AI has underperformed in over two-fifths of GBS organizations, necessitating better training, resource allocation and process optimization to achieve desired outcomes. Predictive AI, which has had the lowest adoption rate to date, also had the lowest rate of meeting business objectives.



Q. Select the extent to which the realization of business objectives met expectations for each of the following intelligent automation technology projects executed in GBS.

Source: The Hackett Group 2025 GBS Key Issues Study

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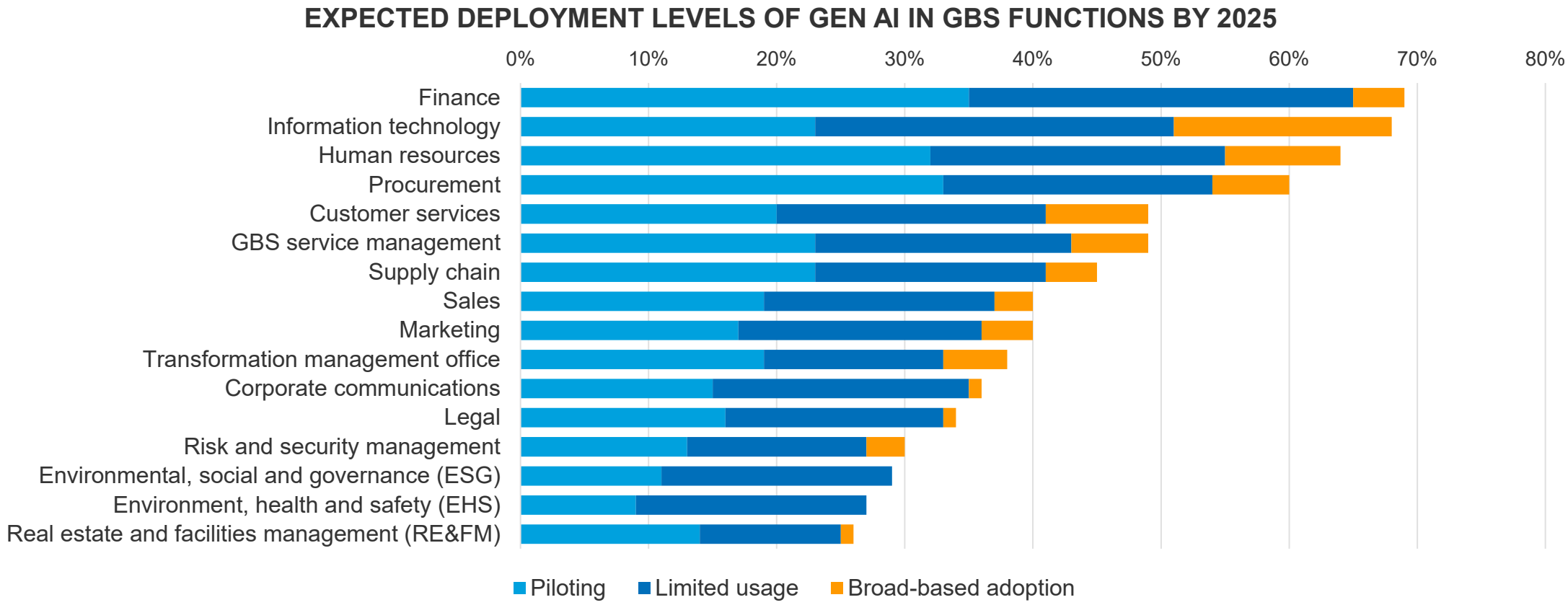
GBS organizations will shape Gen AI adoption across the enterprise in 2025

Global Business Services (GBS) organizations are poised to take on a more significant role in Gen AI delivery. GBS leader expectations for 2025 indicate a promising future, with continued support for back-office functions such as finance, IT, HR and procurement. Their expectations highlight the potential of GBS as an essential Gen AI delivery enabler, empowering enterprises to drive Gen AI adoption in front- and mid-office functions, including supply chain, sales and marketing.



Q. To what level do you expect Gen AI to be deployed by GBS to support each function or activity in 2025?
(Response options: "NA/no plans"; "Piloting"; "Limited usage"; and "Broad-based adoption.")

Source: The Hackett Group 2025 GBS Key Issues Study

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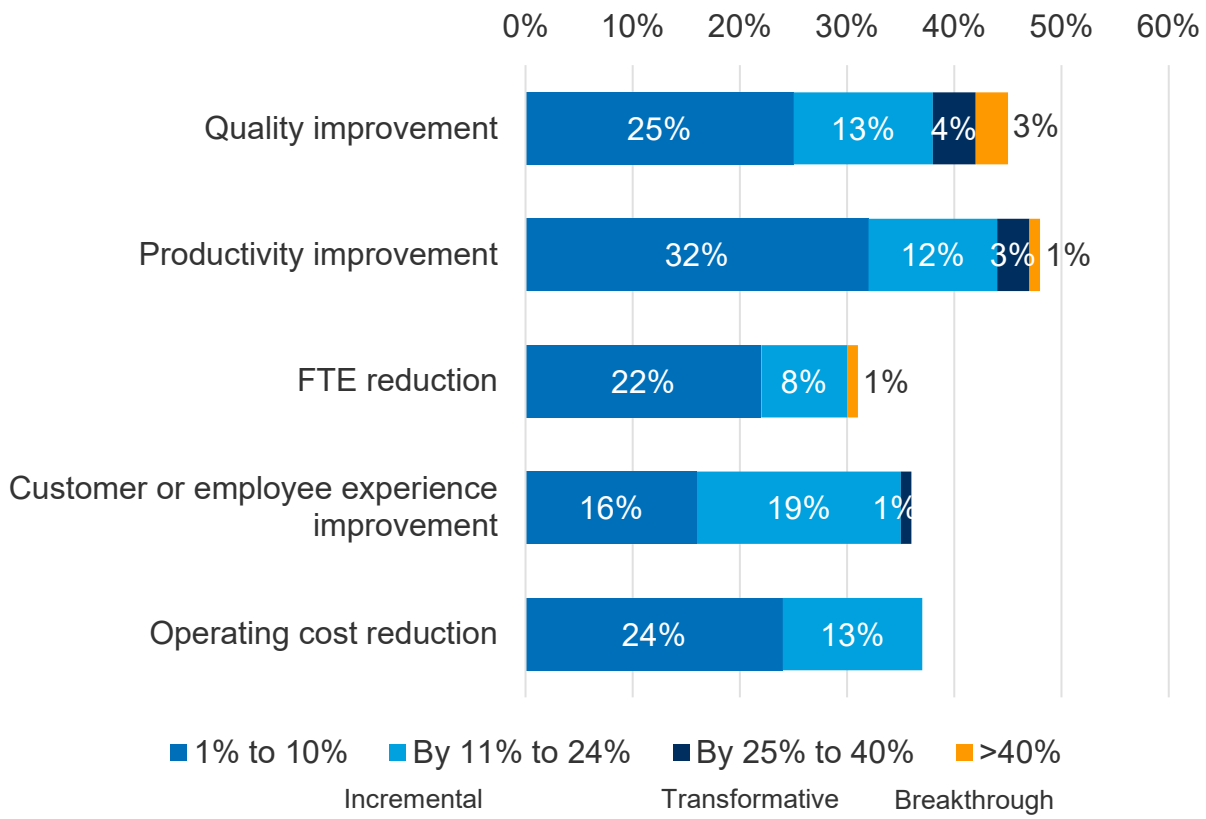
Shape your 2025 success

Incremental, transformative and breakthrough value is being realized

VALUE REALIZED FROM GEN AI ADOPTION BY ORGANIZATIONS



Q. What value has your GBS organization realized from Gen AI adoption?
(Response options: "No improvement"; "1% to 10%"; "11% to 24%"; "25% to 40%"; and ">40%.")

3M

Reimagined order to cash with AI agents to improve customer issue resolution, generating over $3.1m in savings and an additional $3m in soft benefits.

MTN

Leveraged ML and Gen AI to save 10k hours annually by reducing onboarding from 25 days to 30 seconds, expanded real-time risk monitoring from 2% to 100% of suppliers.

Johnson&Johnson

Realizing over 300% ROI over the past few years using conversational AI agents, J&J is improving employee experiences by addressing payroll, benefits, expense reporting, and procurement questions and issues.

Intermountain Health

Reinvented talent acquisition with Gen AI to eliminate contract recruiters, reduce time to fill by 46%, and improve recruiter productivity by 50%.

Source: The Hackett Group 2025 GBS Key Issues *and* 2024 Digital Awards

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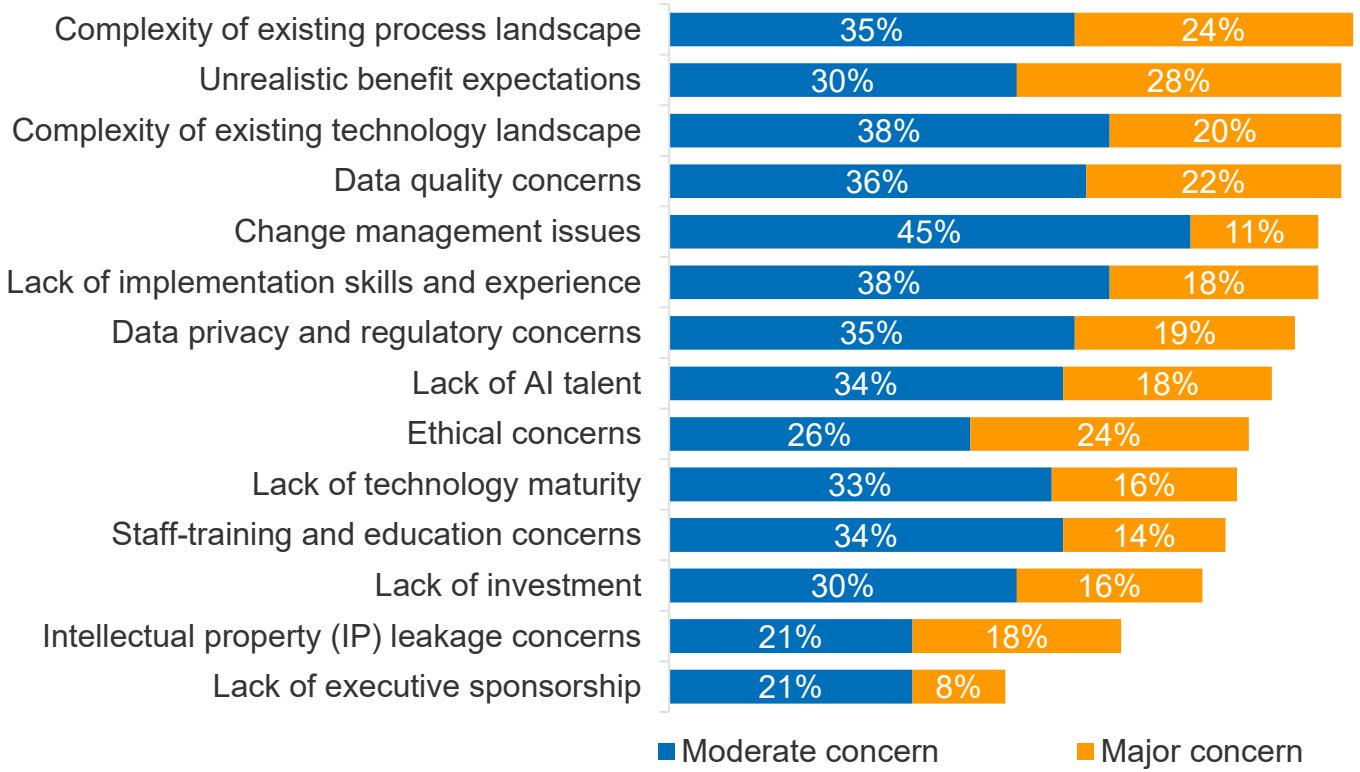
Focus on addressing top concerns to scale value realization across the enterprise

Enterprises must address top concerns with expectations, process complexity, data quality, technology complexity and change management. Organizations are more concerned about defining and delivering on Gen AI expectations than securing executive sponsorship and investment. This signals a shift in focus in 2025 from experimenting to providing real solutions against identified priorities. Doing so will require overcoming top concerns.

CONCERNS REGARDING ADOPTION OF GEN AI IN 2025



Q. Select the degree of concern for the following items regarding your adoption of Gen AI in 2025.
(Response options: "No concern/Not applicable"; "Minor concern"; "Moderate concern"; and "Major concern.")
(Moderate and major concern responses are shown to illustrate the higher concerns respondents have to Gen AI adoption in 2025.)

Source: The Hackett Group 2025 Enterprise Key Issues Study

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Actions for technology leaders to navigate the challenges and opportunities effectively in 2025

1

Prioritize talent acquisition, upskilling and retention

With talent being a top risk in 2025, focusing on acquiring and retaining talent is crucial, especially for emerging technologies like Gen AI. Take advantage of the increasing availability of online training to upskill analysts, architects, and development roles.

2

Be enablers, not gatekeepers

Providing the necessary infrastructure and expertise to enhance opportunities across different functions is essential. This includes supporting the experimentation and deployment of Gen AI use cases.

3

Drive technology success to meet objectives

Ensuring the successful deployment of emerging technologies like Gen AI to help enterprises improve outcomes and leapfrog competitors is vital.

4

Overcome key challenges

Addressing expectations, process complexity, data quality, technology complexity, and change management is important for moving from experimentation to delivering tangible solutions.

5

Assess AI readiness to scale

Involving technology experts to properly assess readiness to deploy and scale AI solutions is necessary, as all functional departments are in the early stages of Gen AI deployment and face varying obstacles.

(Image generated by Microsoft Copilot)

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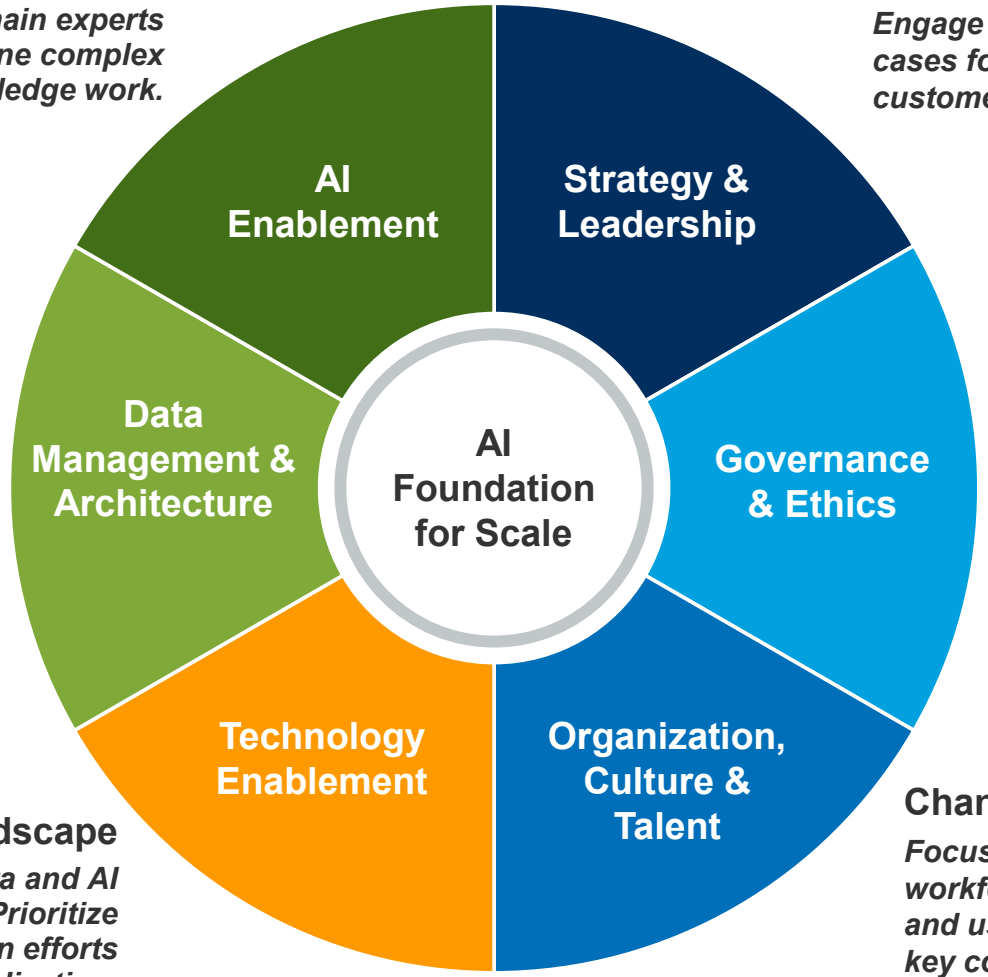
Tackle top concerns by focusing on readiness to scale with a solid foundation

Complexity of existing processes

Embrace ideation and domain experts to demystify and reimagine complex knowledge work.

Unrealistic business expectations

Engage finance leaders early in assessing use cases for cost savings, productivity, quality, and customer/employee experience improvements.



Data quality concerns

Avoid "boiling the ocean" and focus on the data and domains needed to support priority use cases.

Data privacy and regulatory concerns

Embrace privacy by design when defining responsible AI principles, and ensure transparency in how policies are instrumented in Gen AI solutions.

Complexity of existing technology landscape

Focus on the necessary cloud, data and AI infrastructure to support initiatives. Prioritize modernization and rationalization efforts as enablers of Gen AI value realization.

Change management issues

Focus on how Gen AI reshapes work and the workforce, not just on technology adoption and usage. Establish change agents among key contributors who have substantial tacit knowledge of how work gets done.

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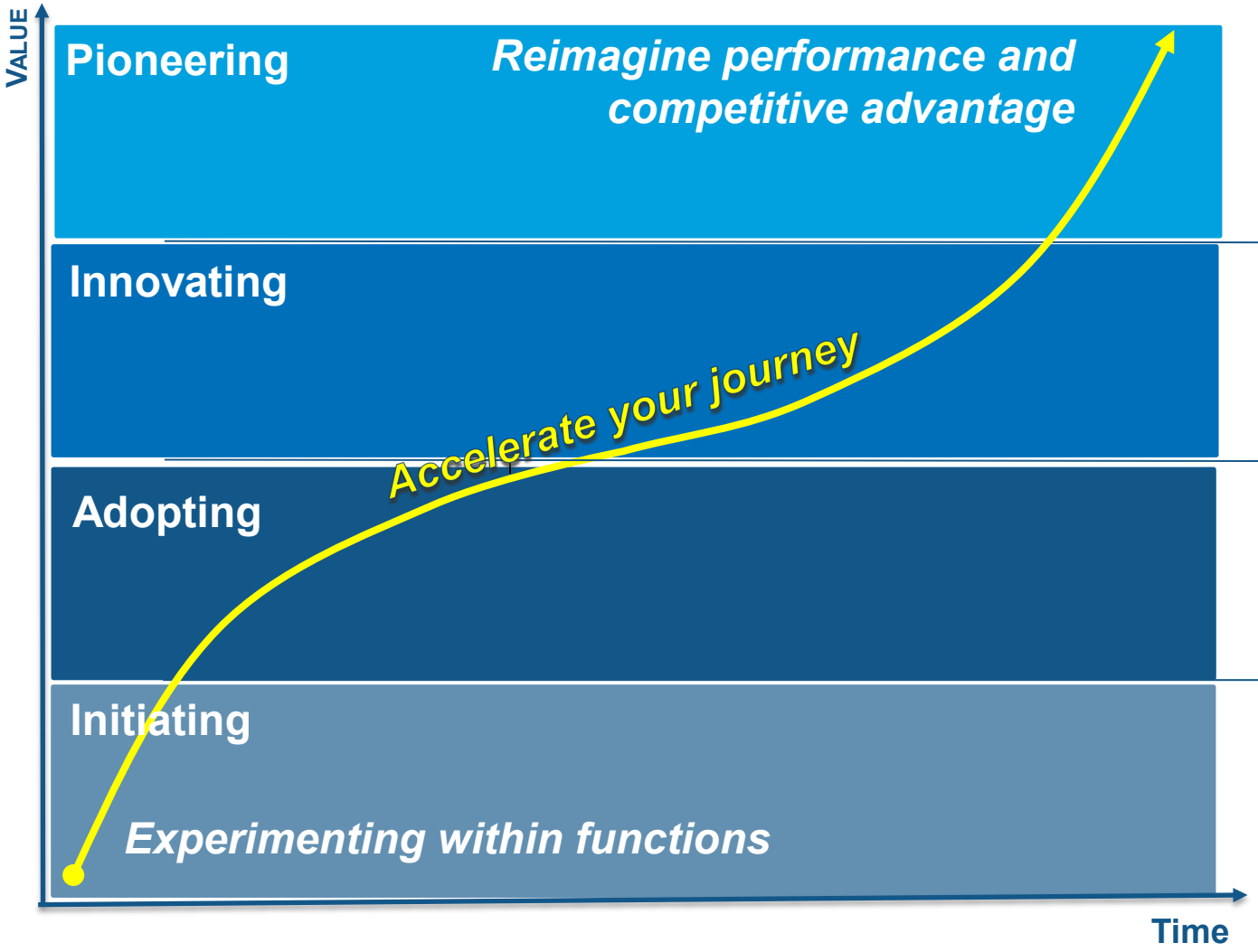
Accelerate your readiness to scale Gen AI throughout the enterprise

HACKETT'S AI READINESS FRAMEWORK



STAGE 4 – PIONEERING
- Realizing breakthrough results
- Continuous innovation
- Seamless experiences
- AI infused into operations

STAGE 3 – INNOVATING
- Realizing transformative value
- Continuous learning
- Scaling enabling practices across the enterprise
- Infusing domain expertise across the enterprise

STAGE 2 – ADOPTING
- Realizing incremental value
- Ethical and responsible AI defined
- Resolving domain-specific complexities
- Embracing AI/ML operations

STAGE 1 – INITIATING
- Ad hoc prioritization and benefits review
- Limited awareness
- Identifying data and technology complexities
- Piloting select use cases

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About this study

BACKGROUND AND METHODOLOGY

For the 2025 edition of The Hackett Group's Technology Key Issues Study, leaders in business services (finance, HR, payroll, procurement, supply chain and GBS) were asked about their strategic priorities and initiatives for 2025.

This report presents the findings for technology across these functions related to:

- Business trends and strategic priorities that are expected to shape the technology agenda
- Enterprise objectives, perceived risks and planned mitigation strategies
- Technology priorities and projected spend
- Executive's perspectives on generative artificial intelligence (Gen AI) – planned investments and possible use cases in IT and throughout the enterprise
- Recommendations for realizing success in 2025

RESPONDENT PROFILE FOR TECHNOLOGY

57% of respondents have revenue greater than $5B

27% of respondents are headquartered in North America

36% of respondents are headquartered in Europe

Source: The Hackett Group 2025 Key Issues Study

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