

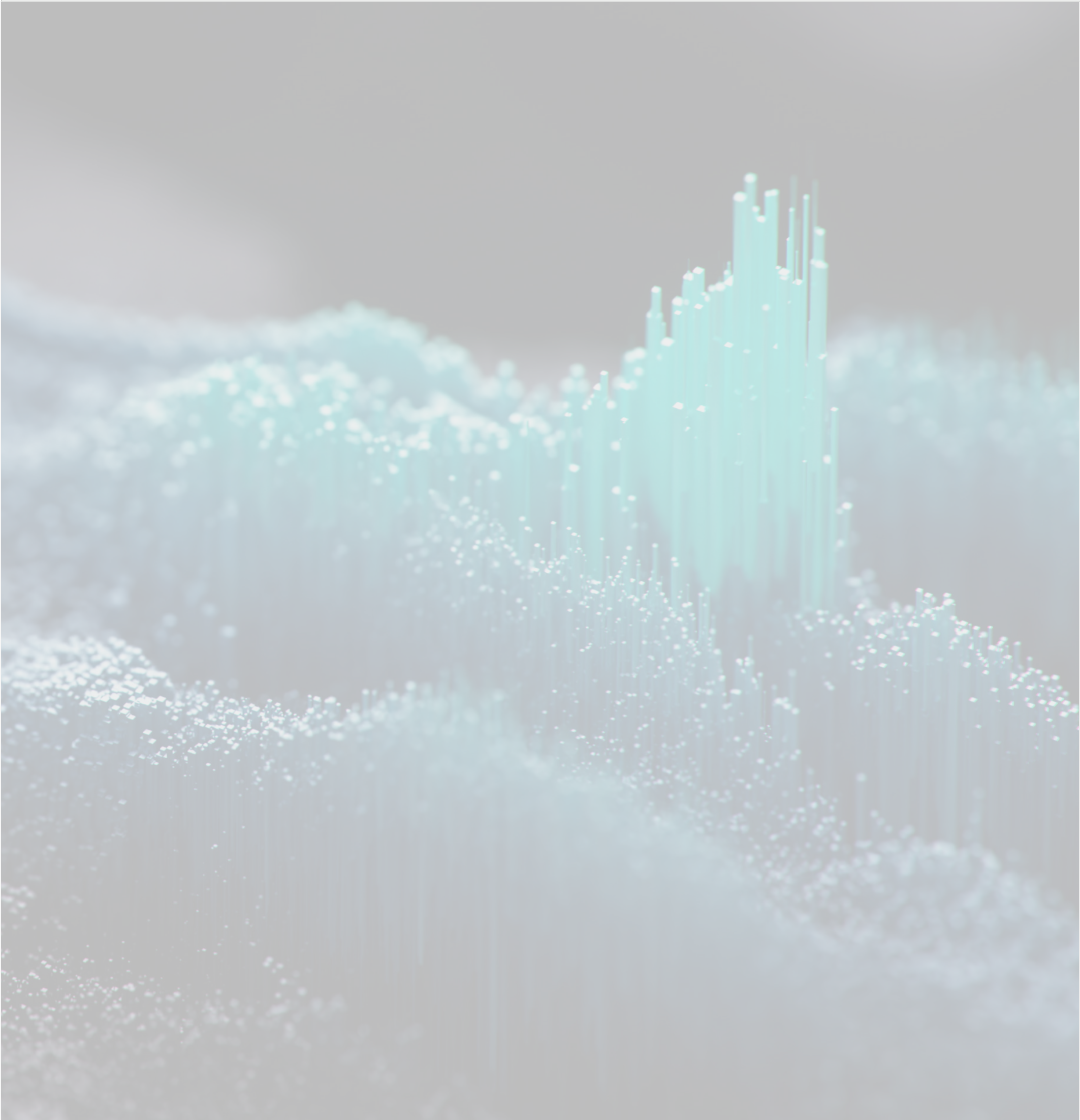


Unlocking Digital Performance | 2025 Outlook: **Continuous Innovation for Measurable Business Results**

How to implement the modern business building blocks
needed to make AI-first transformation a success



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Embracing the Intelligence Age

Change has always been a part of life and business.

From the Industrial Revolution to the digital age, each major transition has been brought about by advances in technology. Until now, the world has adapted to these advances in relatively linear ways, with new technology acting like software updates that bring steady improvements. The internet is a prime


example. What once seemed futuristic has led to a hyper-connected society, but its integration into daily life took time and required several ‘updates’ over decades.

AI is different. Acting more like a full system upgrade, AI is moving much faster than the disruptive technologies that came before it, pushing innovation forward in huge leaps and at a speed none of us can ignore.

“In the next couple of decades, we will be able to do things that would have seemed like magic to our grandparents.”

— Sam Altman, CEO, OpenAI

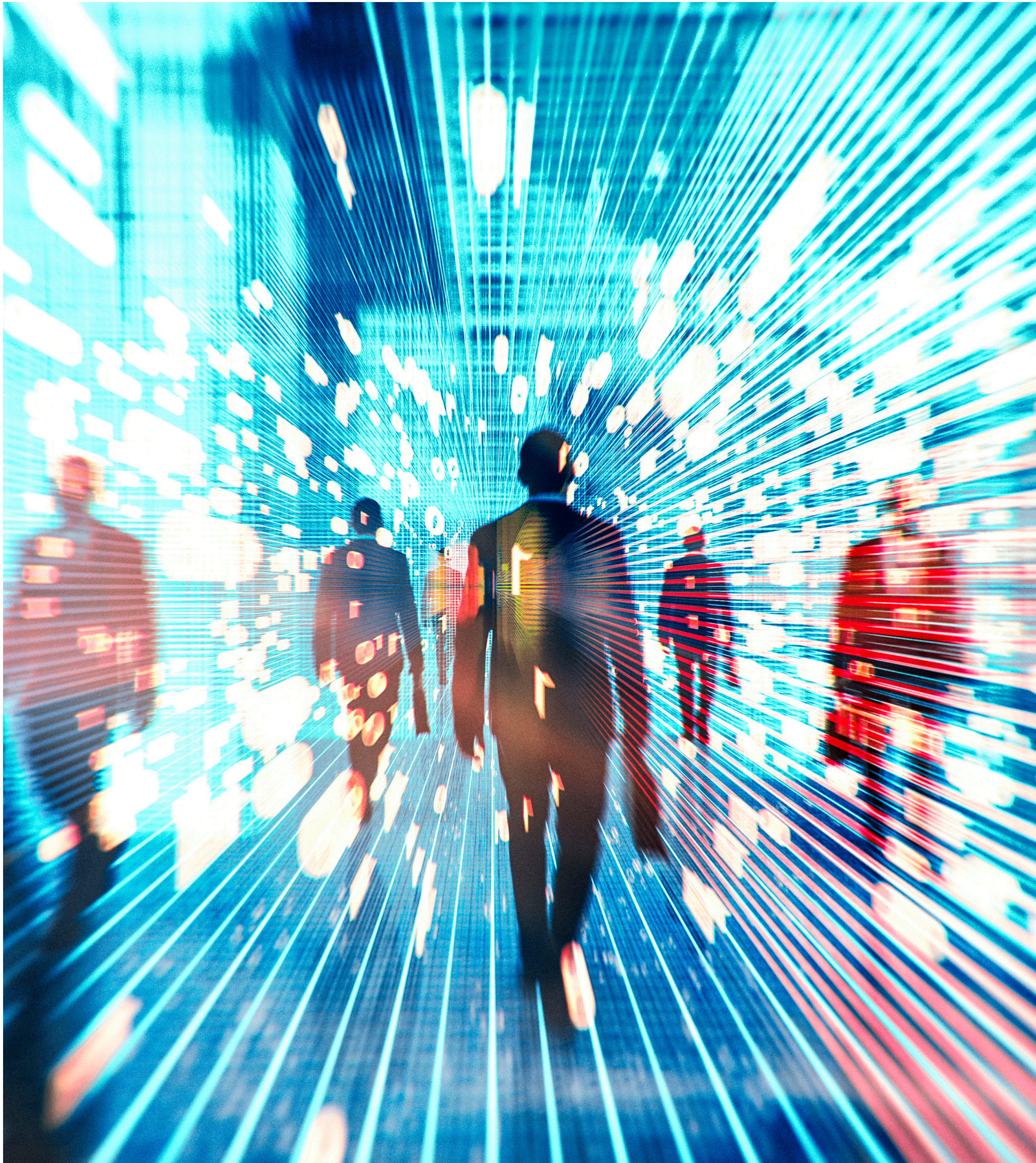


A man's profile is shown in silhouette, looking upwards and to the right. Overlaid on his face and neck are various digital elements: a grid of blue and green dots, a circuit board pattern, and a series of vertical bars in purple and blue. The background is a light gray.

The fact that ChatGPT reached 100 million monthly users just two months after launch, making it the fastest-growing consumer application in history, is testament to how AI is altering the way people work, learn, and connect.¹ Industries are being reshaped, and soon businesses will stand out based on their adoption of AI, with artificial intelligence influencing how decisions are made and how value gets created.

In this sense, AI is not just a technology; it's a rapidly evolving transformative force, which means lessons from the past aren't directly applicable. It'd be easy to look at the cautionary tale of companies like Blackberry, Blockbuster, or Kodak and say those who don't embrace AI will *eventually* suffer the same fate ten or twenty years down the line. However, as we reach a tipping point in the AI revolution, one thing is clear: this next wave of transformation will increase the pace of change significantly.

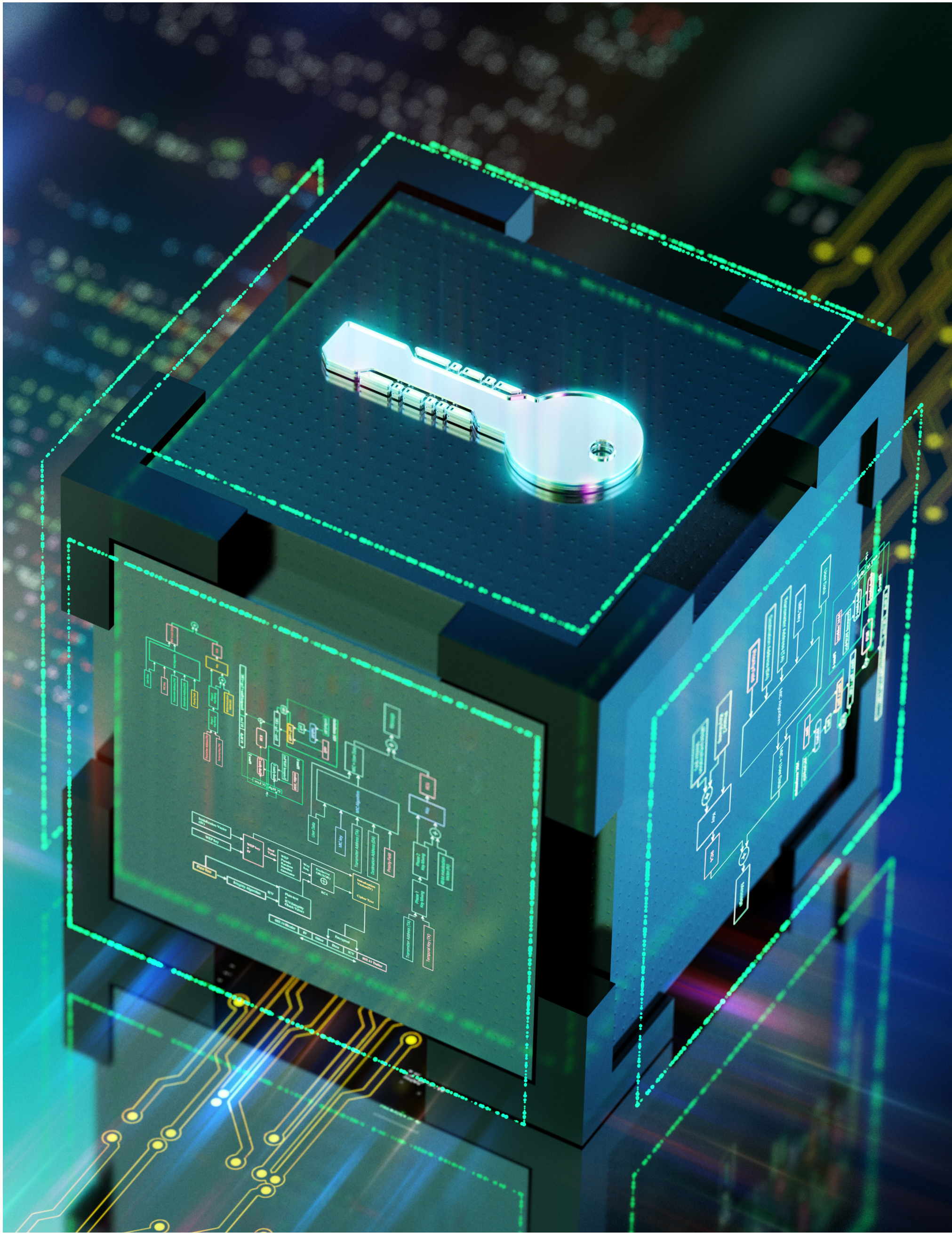
Many company leaders expect to be out of business if they don't significantly accelerate their transformation capabilities. 45% of CEOs doubt their current trajectory will keep their business economically viable beyond the next decade.²



AI has become the strategic imperative in today's rapidly evolving market, going beyond an IT initiative to play an active role in business reinvention. Creating new ways to streamline operations, enhance customer experiences, and drive efficiencies, it's thought generative AI alone could add \$4.4 trillion to the global economy every year.³ Yet AI itself is not a silver bullet.

While adoption is increasing, 40% of enterprises are stuck in the experimentation phase as they're facing barriers in deploying AI at scale.⁴ The success of AI, therefore, will depend on business leaders finding a way to set the stage for continuous innovation in 2025 and beyond. This means implementing flexible, future-ready strategies based on a new set of technological building blocks.

58% of CEOs believe AI will have the most significant impact on their industry in the next three years.⁵ Yet 72% say they see industry disruption as a risk rather than an opportunity.⁶



The Need To Unlock Digital Performance

Despite the optimism surrounding AI and the pressing need to embrace AI-first transformation, many businesses face several technological obstacles to achieving this objective, including fragmented systems, siloed data, outdated applications, and slow development cycles.

It's no surprise, then, that just 11% of organizations have implemented AI at scale.⁷ Building AI pilots is (relatively)

easy. It's less complex to overcome technical obstacles for a pilot, and many enterprises have done so; to date, half of organizations have adopted AI in two or more business functions.⁸

11% of organizations implemented AI at scale

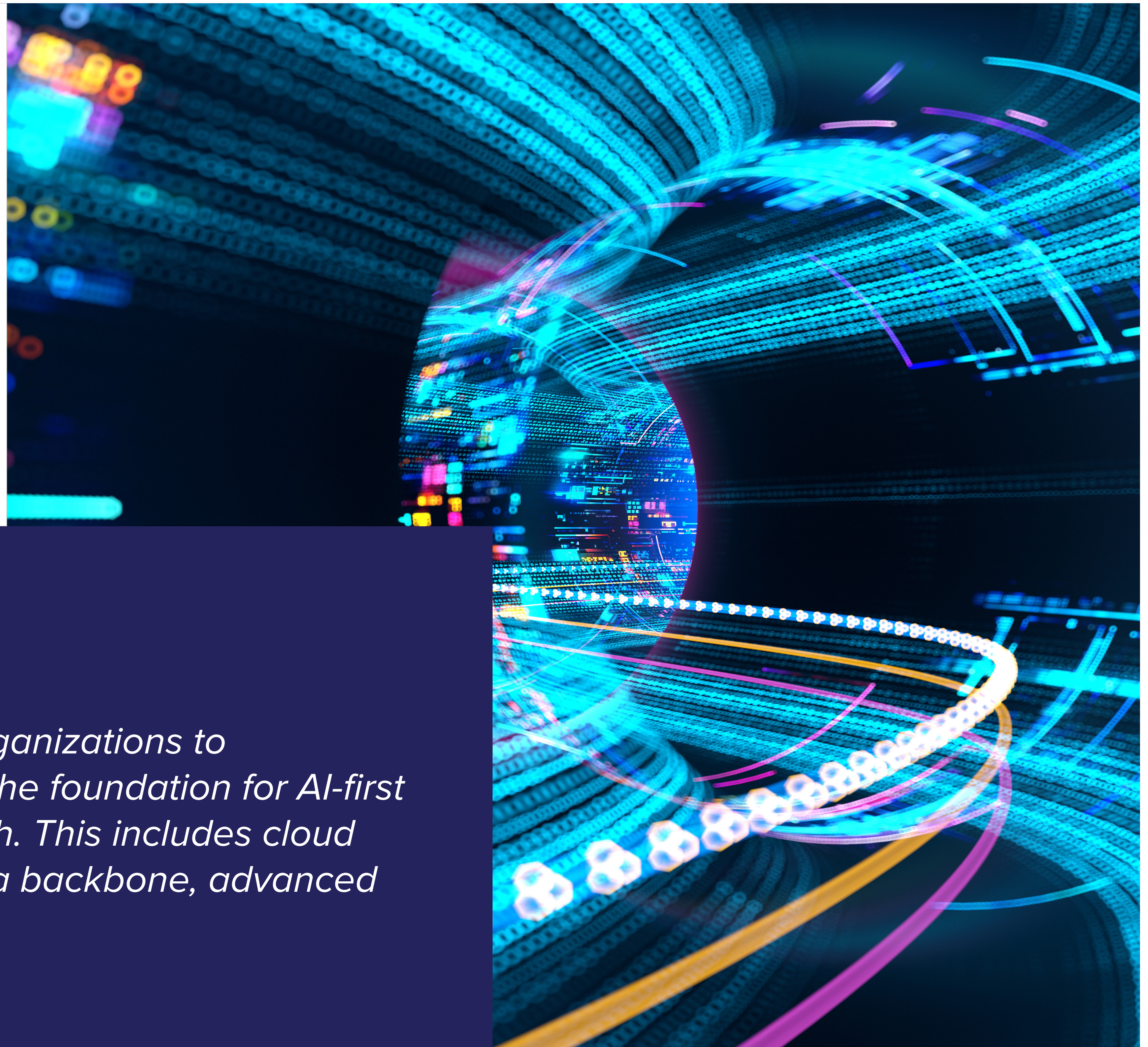
What Is AI Scaling?

Expanding the capabilities and deployment of AI, from initial proofs of concept or small-scale implementations to widespread, enterprise-level applications for continuous innovation.

Companies already recognize AI's enormous potential to reinvent every aspect of business operations. The difficulty comes when it's time to go beyond the pilot and move to the next stage of AI maturity. Successfully making this leap is essential for taking AI's promise and turning it into tangible business value, unlocking digital performance.

What Is Digital Performance?

The digital capabilities that enable organizations to overcome disruption. In other words, the foundation for AI-first transformation and sustainable growth. This includes cloud engineering capabilities, a robust data backbone, advanced platforms, and digital operations.



The Building Blocks for AI-First Transformation



Harnessing AI's full value will require companies to rewire how they work. Rather than continuing with siloed solutions for individual use cases, business leaders should look to establish a platform-based approach for AI using a scalable, reusable foundation that can evolve over time, based on six technological building blocks.

Approached holistically, this will allow enterprises to fit the various pieces of the AI puzzle together to unlock the future adaptability and competitive advantage they need.

Let's look at the six building blocks in turn.

1

Establish a robust data and analytics layer

2

Access scalable infrastructure with the cloud

3

Embrace AI-enabled app modernization

4

Empower digital operations with automation

5

Bolster cybersecurity for the AI lifecycle

6

Create digital chemistry

Establish a robust data and analytics layer

Quality data is critical for driving innovation, solving business problems, and enabling insight-led decision-making. Unlocking actionable intelligence is at the heart of any AI-first transformation effort, and success is not just about having the right tools or talent; it's whether data is AI-ready. However, only 12% of businesses feel their data is both readily accessible and of sufficient quality,⁹ and seven in 10 tech practitioners spend up to four hours per day resolving data problems, conducting quality checks, and correcting errors.¹⁰

In 2025, getting a firm grasp on data foundations will be imperative for any successful AI-first transformation. This will depend on a robust data strategy and governance framework, ensuring the necessary data architecture to support and scale AI initiatives, and fostering a data-driven culture through every level of your organization. Forward-thinking enterprises will also want to consider:



Data collection and integration: While point-to-point integrations have been the go-to for a long time, harnessing the effectiveness of AI will require a different way of thinking. The hub-and-spoke model, for example, which centralizes data from all areas of the business into a single, unified platform overcomes the limitations of fragmented, siloed data environments that restrict your ability to unlock meaningful insights.



Scalability and seamless data sharing: Decentralized data frameworks, like data mesh, can further revolutionize how enterprises manage and leverage their data. By organizing data assets around business domains, and empowering teams to own and manage their data products, it's possible to meet the needs of different business units faster, improve data quality, and drive collaboration across functions.



Automate metadata management: Enterprises that don't have a metadata-driven approach could end up spending as much as 40% more on data management.¹¹ By automating the generation and classification of metadata through AI, enterprises can drive smarter data practices. This is critical for unlocking the power of actionable intelligence through advanced analytics, in addition to unlocking greater innovation and efficiency.



Access scalable infrastructure with the cloud

AI workloads require high-performance compute power and resources. In fact, the compute requirements of the largest machine learning models have grown by a factor of 10 billion since 2010.¹² Despite this, only 22% of enterprises believe their IT infrastructure is ready for AI, presenting a significant roadblock that must be overcome.¹³

To capitalize on the opportunities created by AI-first transformation, enterprises must move their critical data, applications, and processes to the cloud. The success of companies like Netflix, which has flexible cloud computing at the

heart of its technology stack for serving its global customer base, highlight the importance of scalable compute capacity that can dynamically adjust in response to real-time demand, supporting the rapid deployment of resources while lowering operating costs.

A strong, scalable cloud infrastructure foundation will help enterprises power their AI ambitions and accelerate transformation in 2025. To make a success of this building block, business leaders should consider:



Multi-cloud strategies: Major tech players spent \$200 billion in 2024 alone ramping up their infrastructure to meet increasing AI demand,¹⁴ with different providers offering distinct advantages for AI workloads. For many businesses, a multi-cloud strategy will be important, taking advantage of each provider's strengths and choosing the right platform for different AI initiatives without being limited to just one cloud ecosystem.



Cloud cost optimization: The elasticity of cloud resources can be both a blessing and a curse. Cloud cost management and FinOps strategies will need to evolve to help enterprises scale their operations and ensure peak performance without dramatically escalating costs. Having real-time visibility is vital for understanding the financial impact of cloud usage, and to help identify and eliminate wasted resources. AI can enhance this further by identifying trends and recommending optimal configurations to improve optimization efforts, delivering cost savings of 15-25%.¹⁵



Expansion of edge computing: The rise of AI initiatives and growth in data demand will make it essential for enterprises to manage, deploy, and secure applications across a range of environments, ensuring fluid operation across the board. Edge computing will become a critical component of modern cloud strategies, not least because processing data closer to its source reduces latency and enhances real-time analytics, allowing businesses to leverage the full spectrum of their data at scale.

Embrace AI-enabled app modernization

AI initiatives will have dependence on legacy apps and platforms. But these can stand in the way of success. Legacy technologies can be hard to integrate – contributing to the data challenges felt by enterprises – and often don't perform with the speed, scale, and flexibility required.

With legacy technologies hampering the efficiencies and restricting the growth of an estimated 88% of businesses,¹⁶ one of the greatest challenges to overcome in 2025 will be finding a way to address the technical debt associated with a large body of legacy systems.

Application modernization has become a key part of any AI-first transformation journey as a result, allowing enterprises to more easily adopt new AI capabilities and accelerate innovation cycles. It will come as no surprise, then, that 89% of enterprises plan to increase or maintain their investments in application modernization over the next year.¹⁷

As modernization efforts accelerate, AI-enabled, cloud-native application and platform development will be central to how enterprises look to future-proof this building block:



Strategic tech debt assessment:

Dealing with tech debt will require a proactive mindset to solving the problem, starting from the top. Since there's no one-size-fits-all approach to modernization, many enterprises will find the best route forward is to evaluate the current state of their applications and identify potential obstacles to AI success with legacy systems, including compatibility with modern technologies and the cost of ongoing maintenance, then prioritize critical areas. This will help minimize disruption and spread out costs.



Application refactoring: An AI-led approach to code refactoring can help tap into advanced algorithms to analyze, understand, and automate the optimization of code without the need for costly, time-consuming rebuilds. This allows you to more easily improve app structure and modify the codebase to boost performance, integrating new capabilities without changing its external behavior.



Replatform for faster cloud adoption:

Moving enterprise systems to the cloud, and taking advantage of the fact that cloud-native applications are more flexible and can be continuously updated, will make it easier to introduce greater business agility. In turn, deploying to the cloud with optimal performance and scalability will help realize the potential of AI across business operations.



Digital assurance: Embracing AI-powered digital assurance will be important for ensuring the success of cloud migration, app development, and the rollout of AI systems at scale. This will include leveraging AI-powered end-to-end test automation to reduce time to market without impacting quality – setting the stage for continuous improvement.



Empower digital operations with automation

AI-first transformation depends on new digital processes that will underpin how organizations operate. From intelligent automation to robotics integration, which is already allowing companies like Amazon to reduce order processing times by 25%, industries are moving beyond low hanging fruit to pair AI with automation for more complex processes.¹⁸ In a manufacturing setting, for example, this will be the shift from robotics to truly smart factories that use real-time analytics and AI systems to optimize production lines, inventory management, and adjust production schedules dynamically.

Leveraging new technology to enhance automation and business process optimization will be pivotal for transforming operations in a way that improves overall quality, delivers faster go-to-market, and enables new products and services. Firmly establishing this building block will require organizations to consider:



Advances in intelligent automation:

Technology enablers like AI, machine learning, and robotic process automation can help digitize and automate processes across the business. As an evolution of intelligent automation, agentic AI is ushering in a new breed of autonomous agents with high levels of decision-making and adaptability that can perform complex tasks based on natural language inputs. For example, in the insurance sector, agentic AI-powered agents can accelerate the claims process by assessing the validity of a claim, pull together the necessary information from various sources, and communicating with the customer in a clear manner. In logistics, agentic AI-powered agents can analyze huge volumes of data in real time to actively predict bottlenecks, optimize routes, and adjust inventory levels based on on-demand fluctuations.



Building an AI-fluent workforce:

With the emphasis on continuous innovation brought about by the AI era, the automation of repetitive tasks will enable employees to focus on more strategic, higher value activities that will enhance overall productivity and job satisfaction. In part, this will require enterprises to foster a culture of innovation that encourages experimentation with AI-driven solutions. Take the finance team of the future, for example. Empowered by AI and automation, they won't just be responsible for reporting the numbers. They'll become analytical storytellers able to bring data to life to show what those numbers mean for the business, and what changes can be made to increase profitability and drive revenue growth.



Bolster cybersecurity for the AI lifecycle

Cyber threats have already shifted over the last decade to become a whole-business risk rather than just an IT concern. The global average cost of a data breach hit \$4.88 million in 2024, which is already a 10% rise compared to 2023 – and it'll only increase further with the expansion of AI systems in today's increasingly data-centric digital landscape.¹⁹

As AI becomes embedded into core business operations, taking steps to protect these systems will be a critically important building block:



Secure development practices:

Building cybersecurity into transformation efforts will be paramount for protecting growth opportunities and fostering trust. This will include having security controls across every stage of the AI lifecycle, ensuring robust protection both today and tomorrow.



Supply chain security: Ensuring the security of cloud services (and third-party providers across the supply chain), and taking steps to protect against data loss through real-time monitoring.



Data protection: Strengthening data governance processes to enhance data management, maintaining comprehensive audit trails and implementing robust data access controls. This is an especially important consideration when you consider that more than a third (40%) of technical executives say their organization's data governance is insufficient, with many pointing to unified governance as one of the keys to unlocking enterprise AI success.²⁰

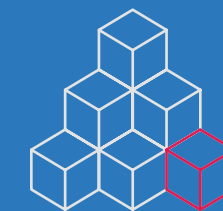


Regulatory compliance: Further security measures will be needed to adhere to regulations and avoid fines. For example, as of February 2024, the cumulative total of GDPR fines was approaching €5 billion, showing the increasing financial consequences of non-compliance.²¹ Data minimization will therefore be an important consideration for 2025 and beyond. Enterprises should take steps to ensure they're only collecting necessary data to minimize overall risk.

Create digital chemistry

Technology and digital workflows are critical pieces of the larger puzzle, but are ultimately means to an end. True AI-first transformation will only happen when organizations are able to put those new digital capabilities into action which requires an investment in organizational change, bridging human expertise with artificial intelligence to create digital chemistry.

70% of change management initiatives fail to achieve their goals due to employee resistance and a lack of management support. When people are truly invested in change, it's 30% more likely to stick.²² Looking ahead, several levers will need to come together to make this a reality:



Ramp up training efforts: The integration of AI will necessitate a digitally literate workforce that's proficient in data analysis and AI system management. Yet, despite the surge for companies across all industries to adopt AI technology, only one-third (35%) of employees were offered training on AI in 2024.²³ Comprehensive training, re-skilling, and up-skilling will be vital. Embedding the principle of continuous learning will also be important so enterprises can keep pace with new technological advances, as well as ensuring ongoing adaptability and cross-functional collaboration.



Human-led, AI-informed decision-making: AI should act as an advisor while the Human in the Loop still makes the final decision, ensuring accountability and ethical considerations. It's a case of augmentation, rather than replacement. For example, AI in healthcare can analyze medical data in real time, but doctors will still need to interpret those results and engage with patients.



Collaborative intelligence: Create an ecosystem for humans and AI systems to work together. This will amplify the impact of the previous five building blocks, unlocking new possibilities, accelerating outcomes, and delivering exceptional experiences that give a competitive advantage and drive growth. In 2025, this will include going beyond general AI usage to look at how AI can be further tailored to individual roles, such as virtual assistants for admin staff or predictive models for analysts.



Employee feedback: Putting systems in place to collect feedback will make it easier to address employee concerns, monitor engagement, and measure digital literacy across the organization.

The Business Case

AI has exposed the incomplete nature of many previous digital transformation efforts. In some cases, the necessary building blocks are inadequate or entirely missing, requiring enterprises to take steps to address this for a new future of business.

Those who act to establish these building blocks stand a better chance of succeeding in the future, harnessing cutting-edge capabilities to stand out and build a competitive advantage for themselves, unlocking a range of benefits:

Increased agility: With full system and data integration giving real-time access to data-driven decision-making capabilities, businesses can assess and respond to market changes faster than before.

Operational efficiency: A strong technological foundation sets the stage for digital workflows and intelligent automation, resulting in streamlined operations and cost savings.

Constant innovation: Having the right building blocks in place makes it far easier to launch and scale new products and services.



Focusing on AI Value Realization

AI-first transformation demands significant upfront costs with longer payback periods compared to traditional IT investments. Despite widespread recognition that action must be taken to implement AI at scale, this understandably poses difficulties for CXOs.

Quantifying ROI can be tough since many benefits like process optimization and decision-making improvements are often indirect and take time to materialize. To overcome this, business leaders should consider both short-term metrics and long-term outcomes associated with investing in the foundational building blocks needed to deliver AI-first transformation.



SHORT-TERM VALUE METRICS

- **Cost reduction:** Automate repetitive tasks to reduce labor costs and optimize resources.
- **Process efficiency:** Track faster and more accurate operations.
- **Customer satisfaction:** Leverage your robust data backbone and AI tools like chatbots to enhance customer service and measure improvements in satisfaction metrics (e.g., NPS).



LONG-TERM STRATEGIC VALUE

- **New revenue streams:** AI-first transformation will rapidly scale your capability to develop new, personalized products and AI-driven innovations.
- **Enhanced decision-making:** Quickly analyze complex datasets for improved forecasting, risk management and quicker, more informed business decisions.
- **Futureproofing:** Increase adaptability to evolving market needs and regulatory changes to protect long-term value.

Cultural Barriers to AI-First Transformation

It's also important to recognize that technological obstacles to AI-first transformation aren't the only challenge. From the general attitudes and collective buy-in of leaders and employees to perceived high-cost objections and general inertia, businesses must also tackle three main cultural barriers.

For the most part, all barriers to transformation success are interconnected. Overcoming them will ultimately depend on having a unified vision across the business, a robust change management plan, and, of course, the capability to implement the building blocks to enable AI-first transformation, amplifying AI and human interaction to deliver accelerated outcomes, exceptional experiences, and new opportunities.



BARRIER TO TRANSFORMATION



HOW TO OVERCOME IT

THE FUTURE OF WORK:

AI-first transformation will result in several shifts to how businesses operate, from redefining job roles to the evolution of the workplace itself. Business leaders may be reluctant to depart from the status quo.

AN OPPORTUNITY, NOT A ROADBLOCK:

Strategically plan for a future of continuous transformation, recognizing that disruption and change will bring with it tremendous opportunity. This will allow you to minimize the business impact of said disruption and capture the full benefits of new technologies.

EMPLOYEE RESISTANCE:

Employees may fear being replaced by AI, creating resistance to new systems and digital processes. In fact, it's thought 77% of employees are concerned about the potential impact of AI on employment.²⁴

PROMOTE AI FLUENCY:

Invest in continual training, up-skilling, and re-skilling to usher in a cultural shift that gets employees to think differently and embrace new ways of doing things. This will ensure employees at every level, from the boardroom to the mailroom, are using AI in their daily tasks to drive efficiency, solve complex problems, and foster innovation.

AI COMPLEXITY:

Moving from vision to value realization can be an issue. This presents itself in several ways: a lack of AI and cloud specialists which delays transformation efforts; difficulty moving beyond siloed AI pilots; and an inability to look beyond low-hanging fruit to build new business models that can leverage AI capabilities.

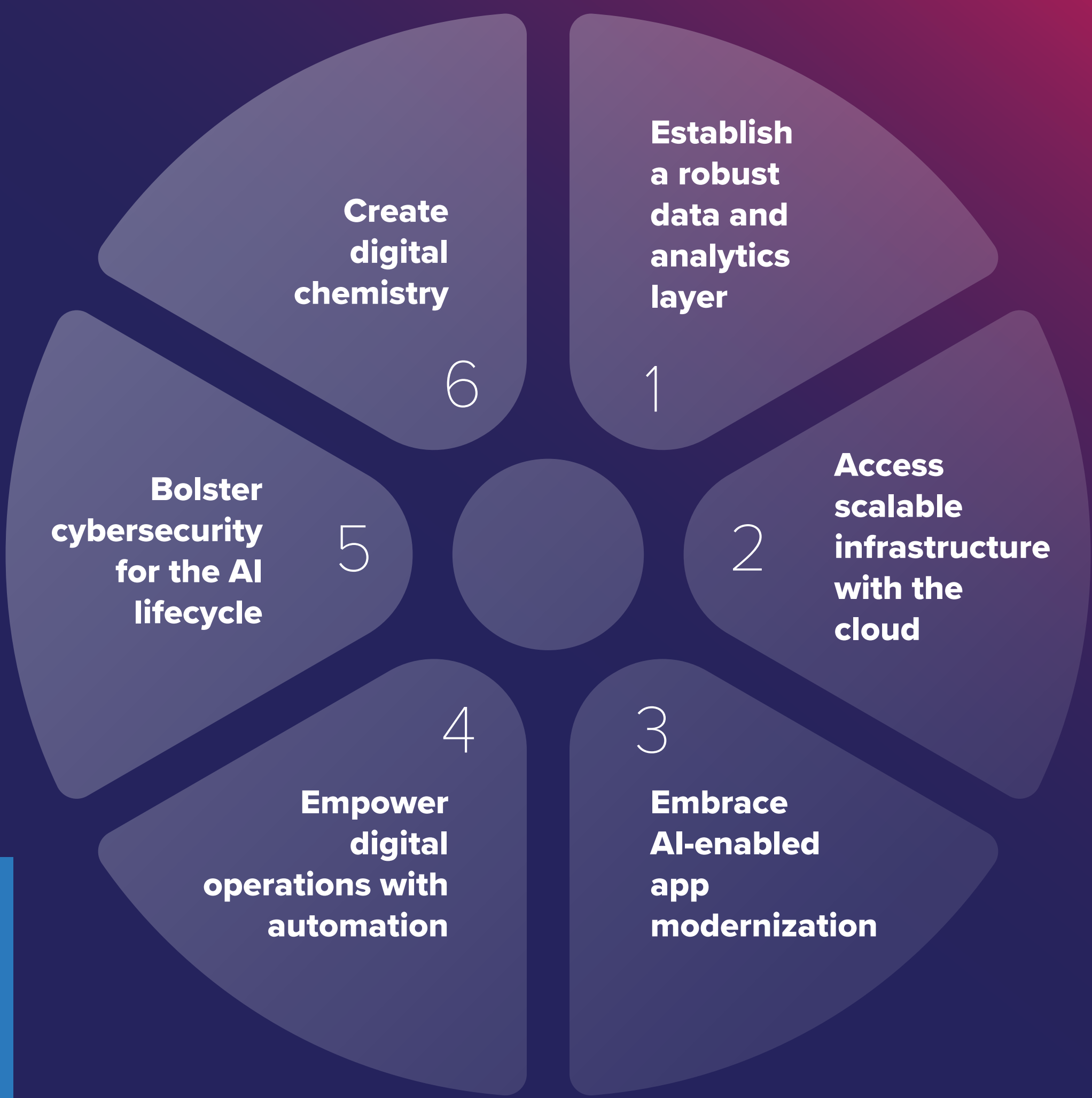
PLAN FOR STAGED PROGRESS:

Deploying AI where it will have the most value is the best place to start. This will deliver short-term efficiency gains that will help you navigate cost challenges. From there, shift to scaling AI adoption and look for ways to leverage disruptive technologies to capitalize on new opportunities.

Conclusion

Organizations around the world will soon be AI-first and cloud-powered, with disruptive technologies acting as innovation enablers across every facet of their business. Yet those without the strategic foundation in place will struggle to realize AI’s full potential in helping them stay competitive in an ever-changing market.

Building for scale doesn’t mean an entirely new technology structure. But it does mean making core investments that can deliver the digital foundation you need to rapidly adopt new capabilities. This way, you can keep pace with market and technology evolution, leveraging future-proof systems that continuously learn, adapt, and deliver value – paving the way for an AI-led, data-driven, and more efficient and successful future.

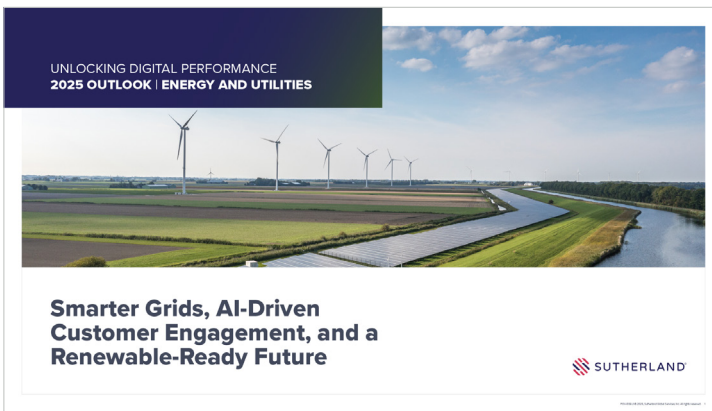


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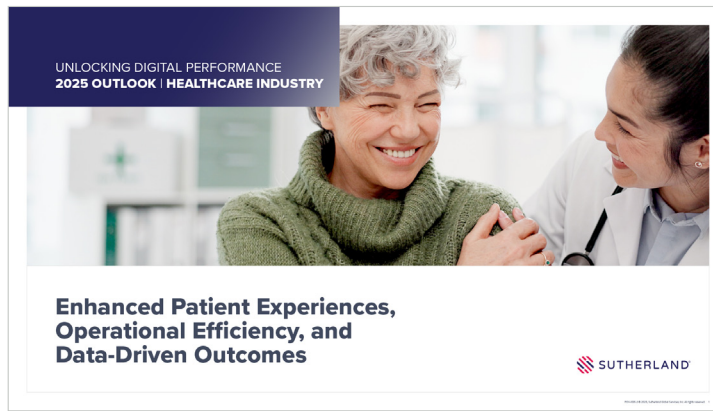
INDUSTRY PERSPECTIVES



Banking ➤



Energy and Utilities ➤



Healthcare ➤



Insurance ➤



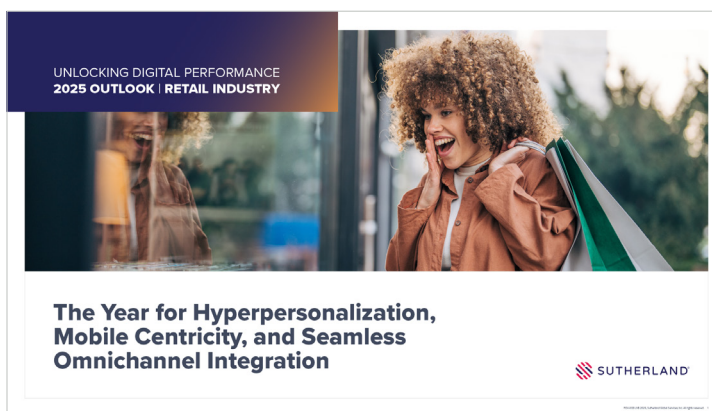
Manufacturing ➤



Media and Entertainment ➤



Mortgage ➤



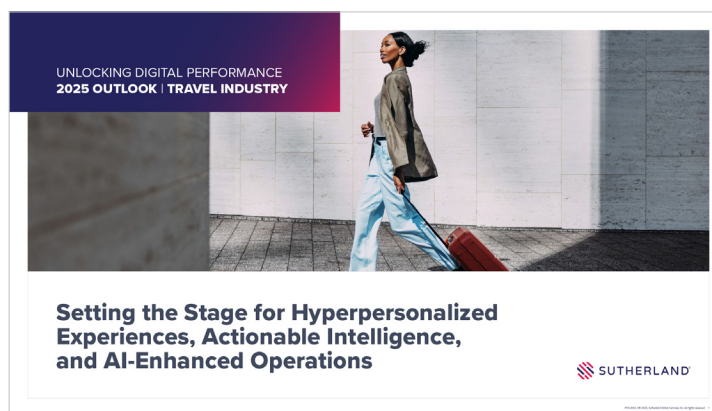
Retail ➤



Technology ➤



Telecom ➤



Travel ➤

The Sutherland Experience

As a global digital transformation leader with 35+ years’ experience, we work with iconic brands worldwide to optimize critical business operations, reinvent experiences, and pioneer new solutions through market-leading technology and business process excellence.

Artificial intelligence. Automation. Cloud engineering. Advanced analytics. For business leaders, these are key factors for success. For us, they’re our core expertise.

Our integrated, AI-driven capabilities cover all six core technological building blocks, taking a holistic approach to bringing human expertise and artificial intelligence together to create a powerful synergy of limitless human creativity – fueled by the transformative power of technology.

From assessing your enterprise landscape to creating a blueprint for establishing your AI foundation and bringing that transformation to life, we’ll work with you to enhance your capabilities and help you unlock the full power of AI for measurable business outcomes.

Delivering Measurable Transformation Outcomes

\$116M

\$116M saved by a PC giant on returns and repairs, redefining customer support with new AI-led CX capabilities

70%

70% productivity boost for global technology provider Avaya, delivering intelligent automation with a human touch

76%

76% of interactions fully automated for a global communication, media, and entertainment leader

40%

40% increase in cash collections for a large municipal health system with our BPaaS solution

25%

25% increase in customer satisfaction for a leading digital bank, integrating siloed systems and transforming CX with AI

60%

60% reduction in operating costs for a leading Middle East airline through intelligent automation for business process excellence

Rapid Expansion

Rapid expansion in local language support for Spotify with real-time AI translation capabilities, going from local to global in just 45 days

Unlocking Digital Performance. Delivering Measurable Results.

At Sutherland, we are a leading global business and digital transformation partner. We work with iconic brands worldwide in Healthcare, Insurance, Banking & Financial Services, Communications, Media & Entertainment, Technology, Travel & Hospitality, Logistics, Retail, Energy & Utilities industries. We bring our clients a unique value proposition through market-leading technology and business process excellence. Leveraging our advanced products and platforms, we drive digital transformation, optimize critical business operations, reinvent experiences, and pioneer new solutions, all provided through a seamless “as a service” model. For each company, we tailor proven and rapid formulas to fit their unique DNA. We bring together human expertise and artificial intelligence. In short, we do digital chemistry. It unlocks new possibilities, great client partnerships, and transformative outcomes.