



Confederation of Indian Industry



CII Institute
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Artificial Intelligence (AI) Readiness in Indian Enterprises

September 2025



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Credit: Issarawat Tattong

Preface

We at CII Institute of Logistics, a renowned center of excellence in logistics and supply chain management, are delighted to share this report: “Artificial Intelligence (AI) Readiness in Indian Enterprises”. This comprehensive white paper provides a thorough examination of the current state of AI adoption and preparedness among Indian organizations, aiming to guide in assessing and benchmarking their AI readiness.

AI has emerged as a transformative force, presenting unprecedented opportunities to streamline operations, drive innovation, and unlock new revenue streams. For enterprises, achieving AI readiness is pivotal, enabling improved decision-making, enhanced customer experiences, and substantial competitive barriers. Integrating AI is a critical business differentiator and imperative for future viability. While this journey faces challenges like legacy systems and talent shortages, this paper offers insights to navigate this path, positioning enterprises for long-term growth and sustainability.



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Introduction

Assessing enterprise readiness and adoption

Artificial Intelligence (AI) has emerged as a transformative force, offering unprecedented opportunities to streamline operations, drive innovation, and unlock new revenue streams. For enterprises, the stakes are high. Those who achieve AI readiness can harvest benefits ranging from improved decision-making to enhanced customer experiences. They will also be able to rise above substantial competitive barriers.

AI readiness refers to the foundational capability to adopt and integrate the technology into business processes. It encompasses many factors, including strategic vision, technological infrastructure, data quality, talent acquisition, and governance frameworks. It is as much about adopting new tools as it is about fostering a culture of innovation necessary to adapt to an evolving technological landscape.

Integrating AI into operations serves a dual purpose: It provides a critical business differentiator and is imperative for the future viability of an enterprise.

Enterprises benefit from looking at AI through the lens of business capabilities rather than technologies as AI supports three essential business needs:

- Automating and accelerating business processes and workflows
- Gaining actionable and predictive insights through data analysis
- Personalizing and proactively engaging with customers and employees



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Credit: imaginima

However, the journey to AI readiness is fraught with challenges. Enterprises must overcome barriers related to legacy systems, data silos, and talent shortages. Additionally, they must navigate ethical considerations and regulatory requirements for the responsible AI deployment.

This white paper investigates the current state of AI adoption, specifically in Indian enterprises. It provides a comprehensive guide for enterprises assessing and benchmarking their AI readiness and developing a strategic roadmap for successful AI integration by:

- Outlining the strategic goals that AI can help achieve
- Providing a detailed framework for assessing AI readiness across multiple dimensions
- Offering insights into the technological and human capabilities required for successful AI adoption

This white paper also provides an understanding of enterprises' current AI readiness, the steps required to achieve it, and the tangible benefits that AI can deliver.

Enterprises can draw on the research and insights presented in this paper as they plan and navigate their AI journey to position themselves for long-term growth and sustainability.

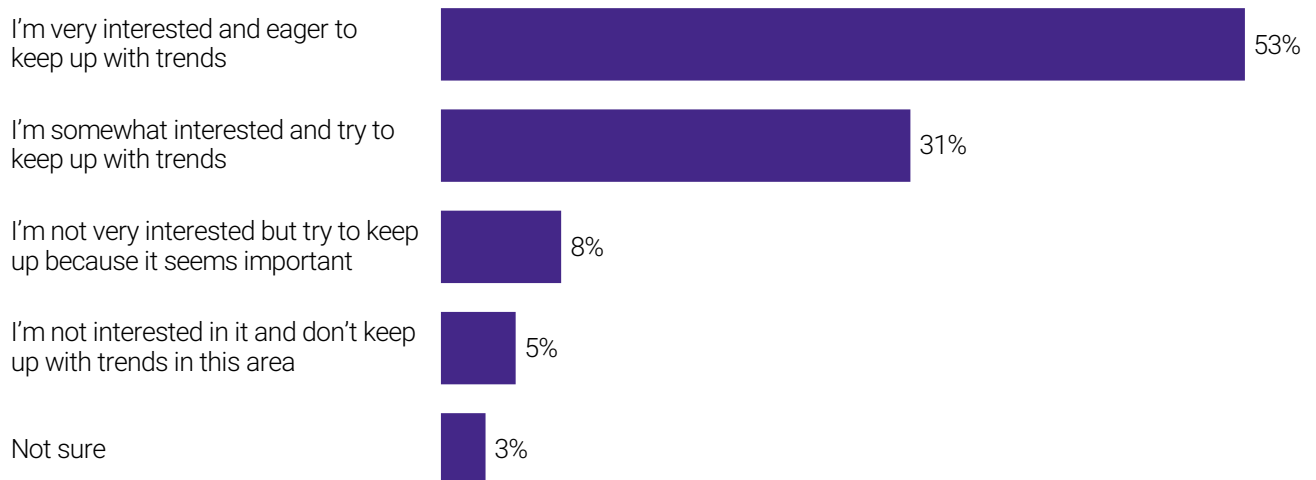
AI readiness in global enterprises

Enterprises can leverage AI to transform their operations and enhance their agility. AI allows them to evolve their business models, streamline and scale operations, drive disruption through innovation, improve customer experience, and catalyze new revenue streams. According to a survey by SMB Group, 84 percent of enterprises are interested in understanding the impact of AI on business (Exhibit 1), while 85 percent are already using or considering adoption of AI (Exhibit 2).¹

¹ Laurie McCabe, 'SMBs and AI: Embracing the Future of Smart Business,' SMB Group, November 27, 2023

Exhibit 1

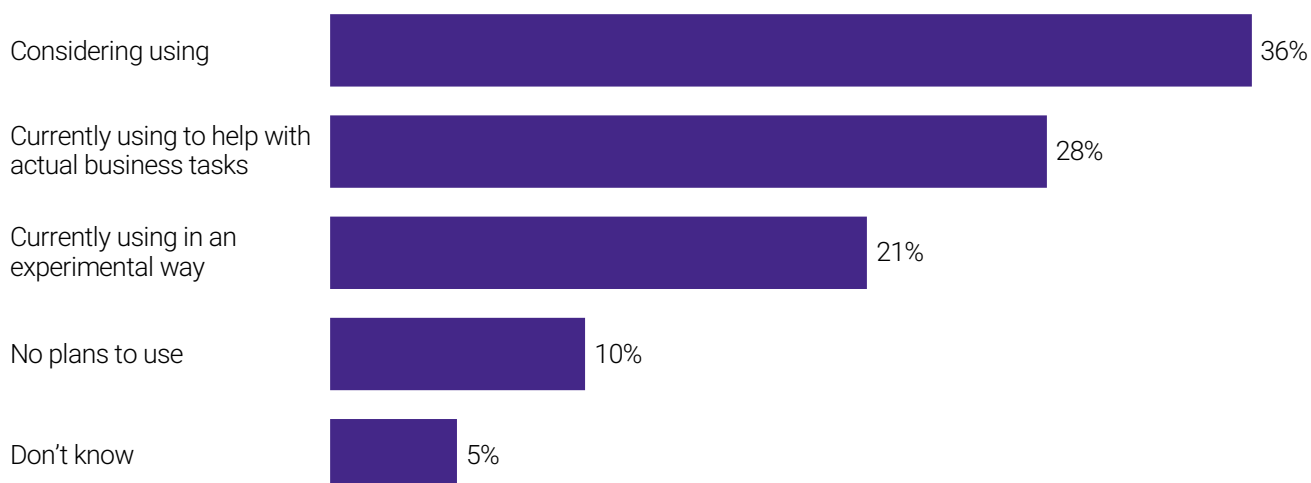
Which statement best reflects your interest in the potential impact that AI will have on business?



Source: Laurie McCabe, 'SMBs and AI: Embracing the Future of Smart Business,' SMB Group, November 27, 2023

Exhibit 2

Is your company currently using AI, considering using AI, or does it have no plans to use AI in your business?



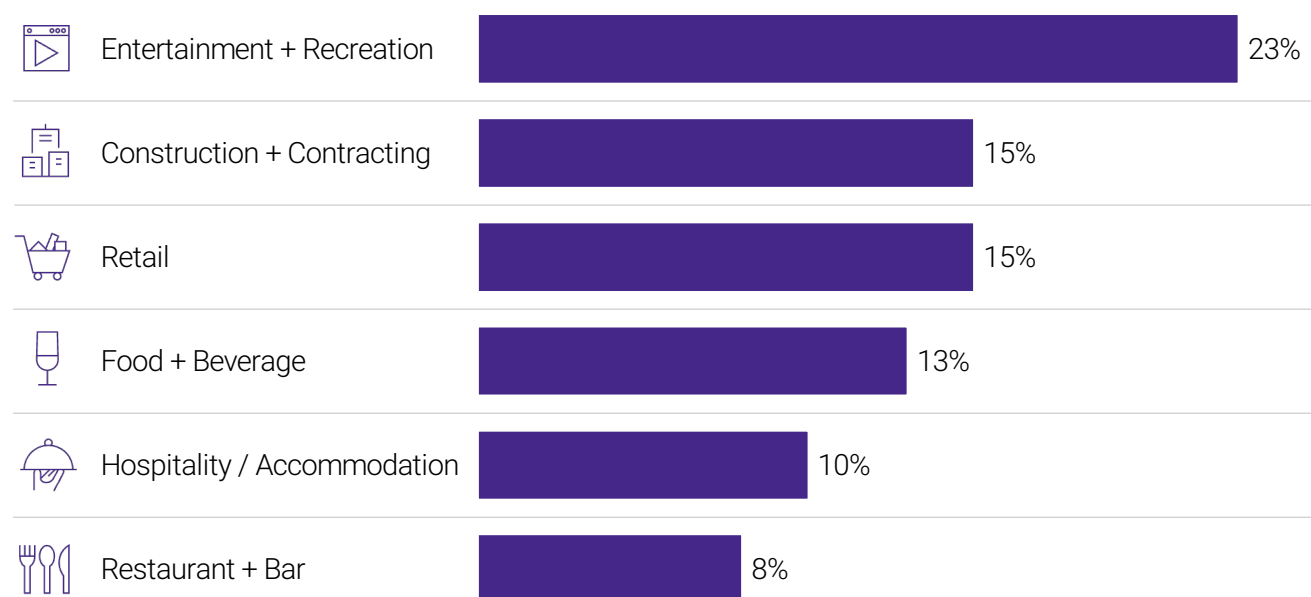
Source: Laurie McCabe, 'SMBs and AI: Embracing the Future of Smart Business,' SMB Group, November 27, 2023

A recent Verizon survey highlighted the extent of AI adoption across various industries. The Entertainment and Recreation industry led with 23 percent adoption, followed by the Construction and Contracting industry (15 percent) and Retail (15 percent)² (Exhibit 3).

² 'Verizon business' 4th Annual State of Small Business Survey,' August 2023

Exhibit 3

% Currently use AI by industry



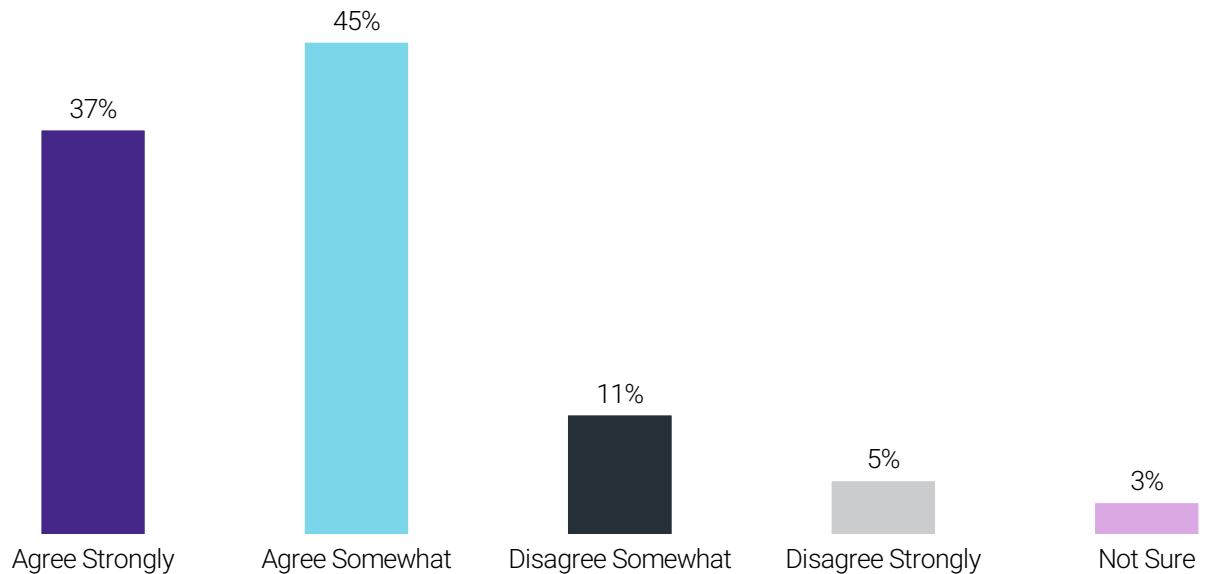
Source: 'Verizon business' 4th Annual State of Small Business Survey,' August 2023

According to a Small Business & Entrepreneurship (SBE) Council survey, 82 percent of enterprises (eight in 10) state that AI tools help them run and grow their businesses effectively (Exhibit 4).³

Exhibit 4

To what extent do you agree or disagree with the following statement:

The availability of artificial intelligence tools significantly impacts my ability to effectively run and grow my business, **N=507 AI users, +/- 4.4 PTS**



Source: 'Small Business AI Adoption Survey,' SBE Council, October 2023

How global businesses view AI

Results from surveys by Verizon and the SBE Council shed light on the four key factors that tilt enterprises in favor of AI adoption. Respondents said that AI helps to save time and boost revenue, drive efficiencies across business functions, offers more benefits than drawbacks, as the AI tools present more opportunities for evolving benefits than traditional methods.

Businesses seek to save time and boost revenue

The survey by Verizon showed that 45 percent of respondents believed AI saves time on specific tasks, enabling users to focus on their core business. Also, 43 percent emphasized that it could help generate additional revenue (Exhibit 5).⁴ These are critical factors in driving AI adoption.

Businesses believe AI will help save time using four levers:

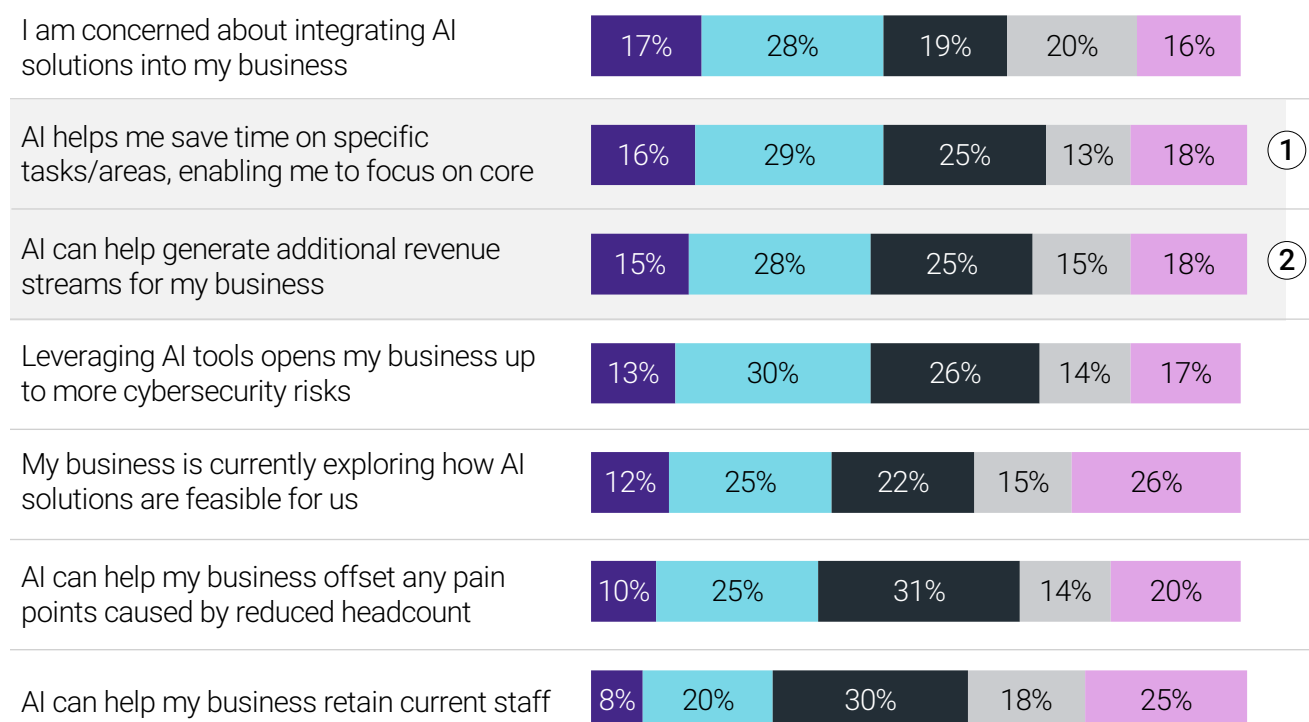
- Automating routine tasks and standardized processes, such as customer support using AI chatbots, reducing the need for human intervention and speeding up response times
- Optimizing operational functions (such as call volume forecasting and route management) to enhance operational efficiency, leading to significant time savings
- Enhancing worker productivity—by as much as 14 percent—that translates to time savings across business functions⁴
- Reducing the time required for analysis and providing insights to enable faster decision-making

³ 'Small Business AI Adoption Survey,' SBE Council, October 2023

⁴ 'Verizon business' 4th Annual State of Small Business Survey,' August 2023

Verizon Survey: Businesses Seek Revenue Boost and Time Savings

■ Strongly Agree ■ Somewhat Agree ■ Somewhat Disagree
■ Strongly Disagree ■ Don't Know / No Option



Source: 'Verizon business' 4th Annual State of Small Business Survey, August 2023

Businesses believe AI can help increase revenue using four levers:

- Creating personalized experiences at scale, enhancing customer experience, and improving customer satisfaction, loyalty, and revenue by up to 40 percent—and, additionally, by enabling customer-specific digital channels that enhance high-quality experiences, driving a revenue uplift of over 10 percent⁵
- Automating and optimizing over 30 percent of marketing and sales activities, improving savings by over 15 percent⁶
- Identifying and enabling new business models, leading to increased revenue (advances in generative AI are expected to boost these efforts further)
- Generating new ideas and product variations without investing in prototypes or expensive samples, thus accelerating product innovation and new product development

⁵ 'Verizon business' 4th Annual State of Small Business Survey, August 2023

Businesses seek to drive efficiencies

The Verizon survey indicates that AI is seen as driving the greatest efficiencies and growth across five business functions. Among these, social media/marketing is ahead of others in AI adoption, with 14 percent of enterprises already using AI for social media/marketing and an additional 36 percent

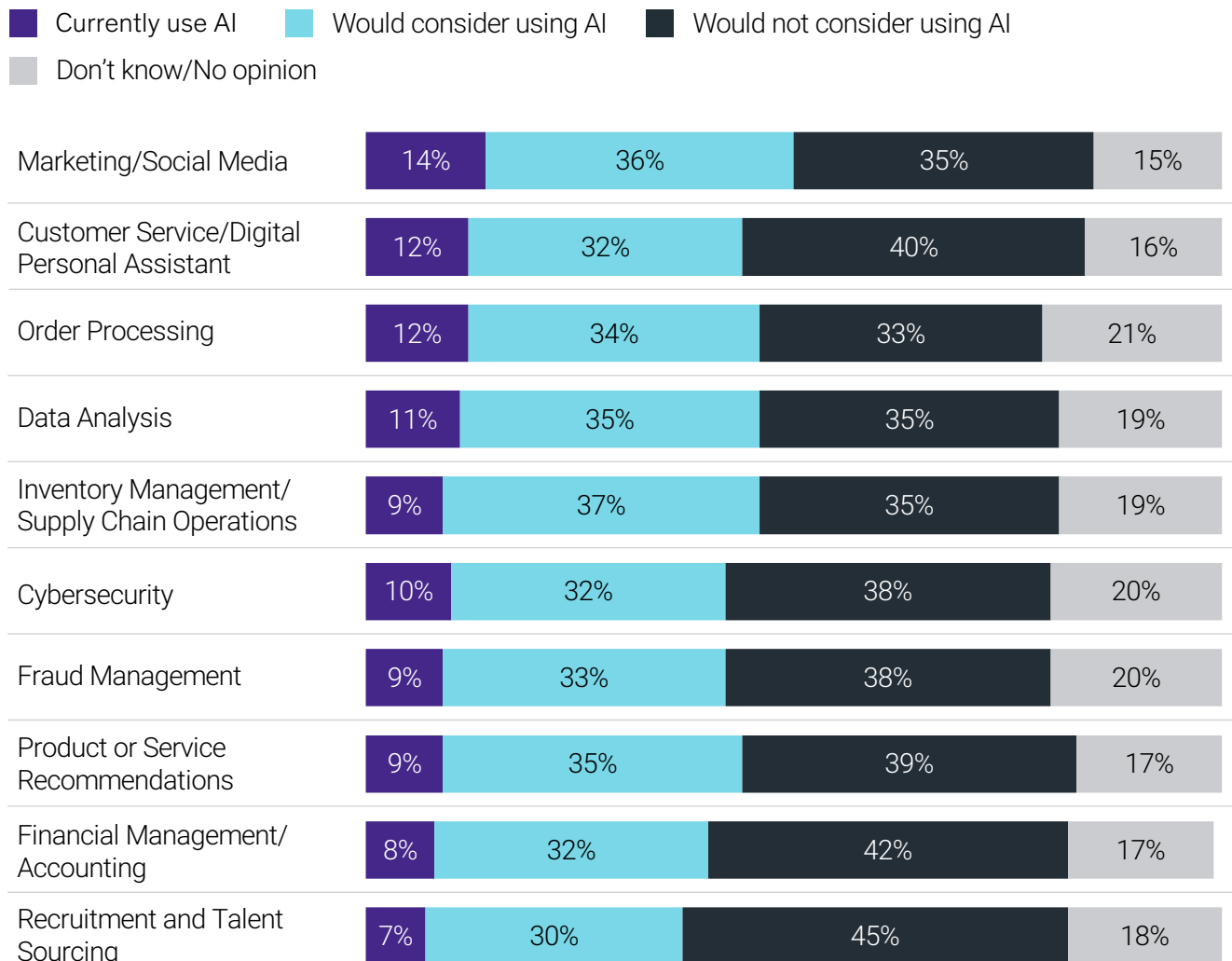
considering using it. The next four priorities for AI integration include order processing (46 percent), data analysis (46 percent), inventory management/supply chain operations (46 percent), and customer service/digital personal assistant (44 percent) (Exhibit 6).⁶

⁶ 'Verizon business' 4th Annual State of Small Business Survey,' August 2023

Exhibit 6

Verizon Survey: AI Integration Dynamics in Organizational Advancement

For what specific business functions do you currently use and/or would you consider using AI solutions?



Source: 'Verizon business' 4th Annual State of Small Business Survey,' August 2023

Businesses see more benefits than drawbacks

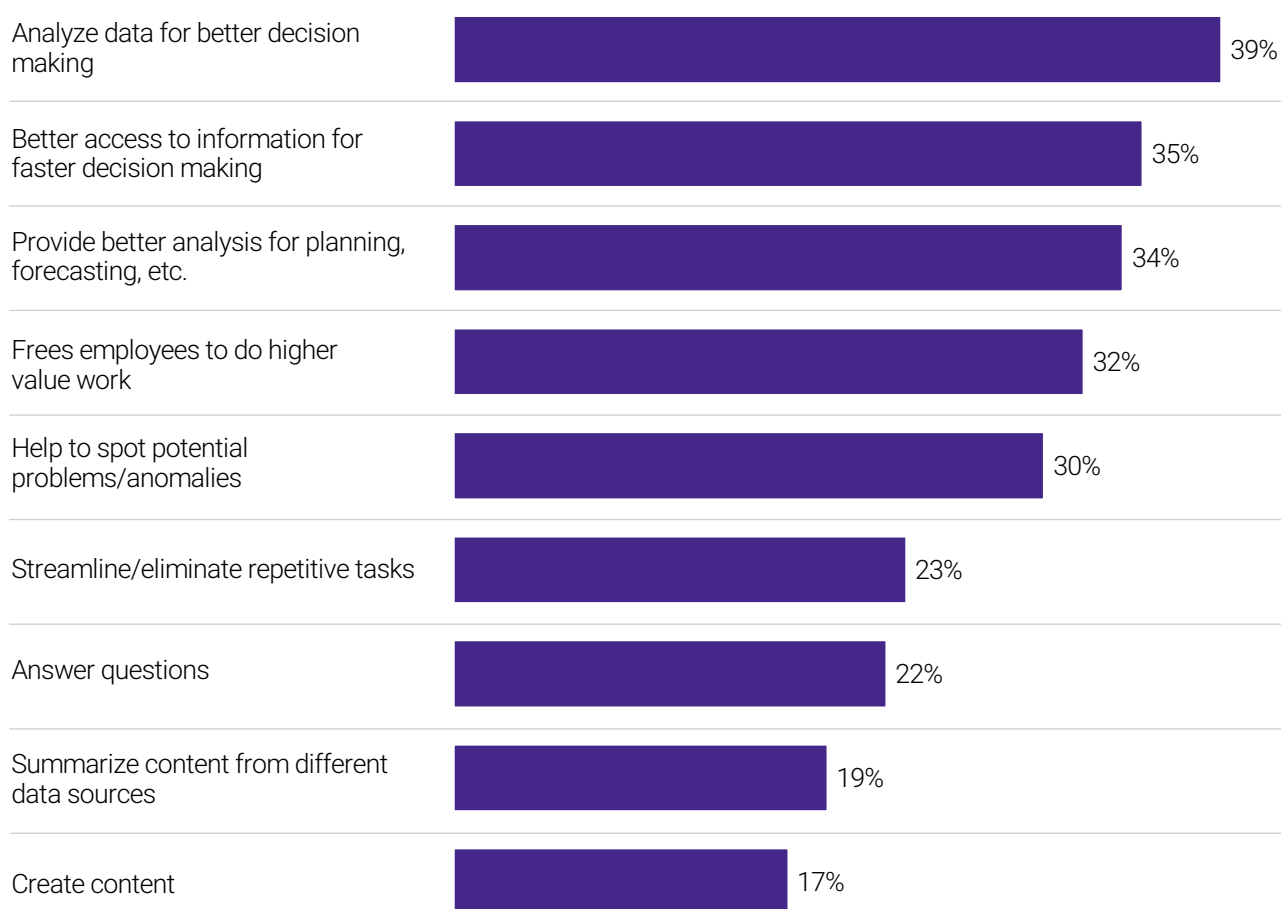
Data from the SMB Group study shows that 52 percent of the respondents believe AI offers more benefits than drawbacks. Larger enterprises express more enthusiasm for AI benefits (reporting that the advantages outweigh the disadvantages). Top-ranked advantages include improved decision-

making (39 percent), faster decision-making (35 percent), enhanced data analysis (34 percent), and freeing employees for higher-value tasks (32 percent) (Exhibit 7).⁷

⁷ 'Verizon business' 4th Annual State of Small Business Survey,' August 2023

Exhibit 7

What do you see as the top 3 benefits that AI can provide to your business?



Source: Laurie McCabe, AI For SMBs: Interest, Exploration and Considerations, SMB Group, September 25, 2023

The data indicates that enterprises see AI as the key driver of enhancing operations, competitiveness, and innovation.

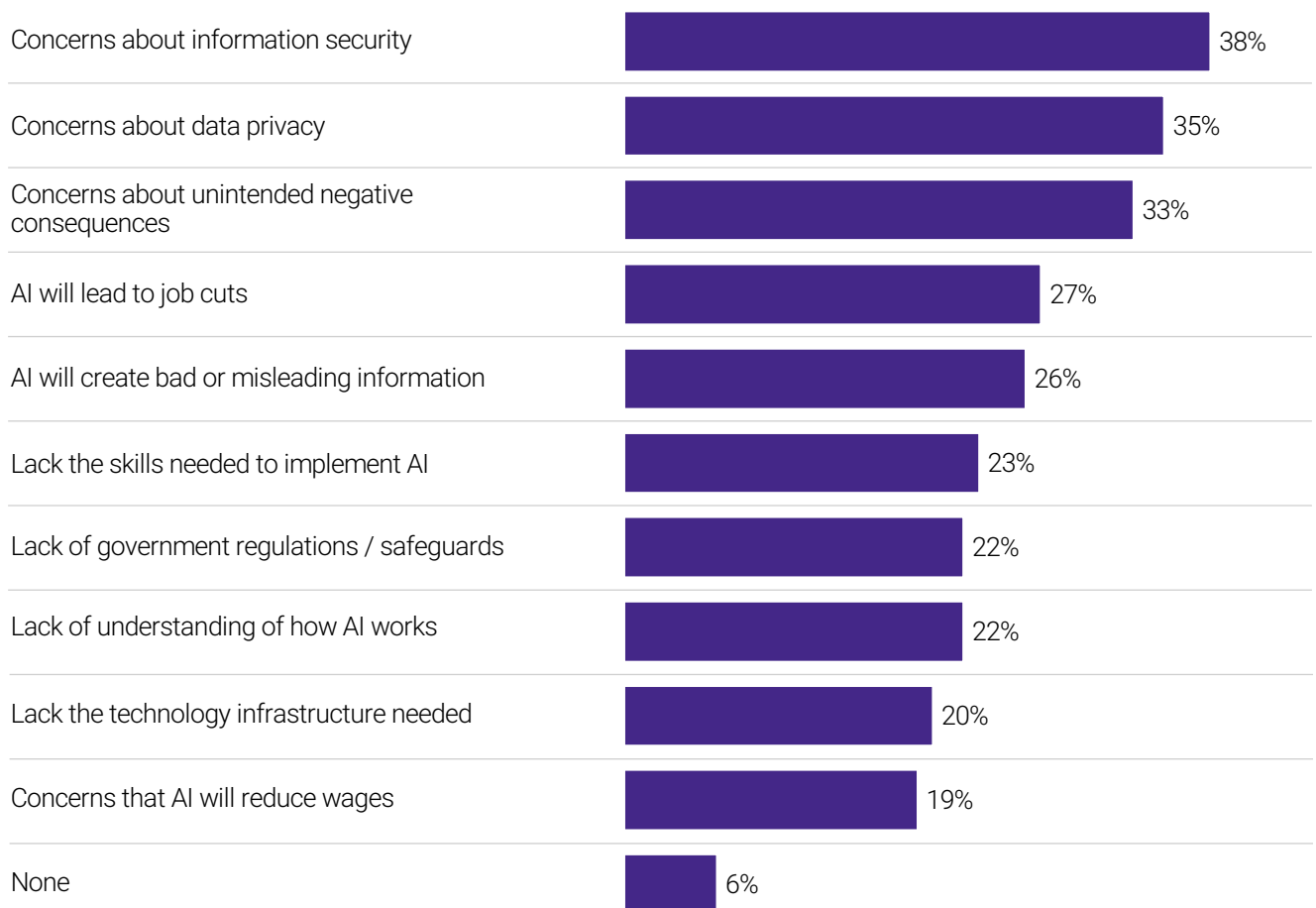
Respondents also highlight concerns about the drawbacks of AI integration. The top-ranked concerns included information security (38 percent), data privacy (35 percent), and unintended negative consequences (33 percent) (Exhibit 8).⁸

However, appropriate risk mitigation policies can address these concerns, ensuring the benefits outweigh the drawbacks.

⁸ Laurie McCabe, AI For SMBs: Interest, Exploration and Considerations, SMB Group, September 25, 2023

Exhibit 8

What do you see as the top 3 drawbacks of your company using AI to support your business?



Source: Laurie McCabe, AI For SMBs: Interest, Exploration and Considerations, SMB Group, September 25, 2023

Businesses favor AI tools over traditional tools

AI tools outperformed traditional tools in saving time, boosting efficiency, and reducing human dependence and costs. The SMB Group study indicated that AI tools outperformed traditional tools by 87 percent for time savings, 80 percent for increased efficiency, 79 percent for automated repetitive and routine tasks, 76 percent for better focusing on high-value tasks, and 71 percent for reducing labor costs.⁹

AI readiness in Indian enterprises

The global landscape of AI adoption provides a useful benchmark to assess and understand where Indian enterprises stand in their AI journey.

The stakes are high for Indian enterprises. In an increasingly competitive market, AI readiness can be the differentiator that sets them apart.

According to a Cisco study of Indian businesses, 26 percent are prepared for AI deployment, surpassing the global average of 14 percent; another 42 percent exhibit moderate preparedness for leveraging AI technologies, compared to 34 percent globally; and 31 percent have limited preparedness for AI adoption, compared to 48 percent globally (Exhibit 9).¹⁰

Only 1 percent of Indian enterprises are deemed unprepared for deploying AI.

These findings highlight India's degree of AI readiness and show it is well-positioned for successful AI implementation.

⁹ Laurie McCabe. 'SMBs and AI: Embracing the Future of Smart Business,' SMB Group, November 27, 2023

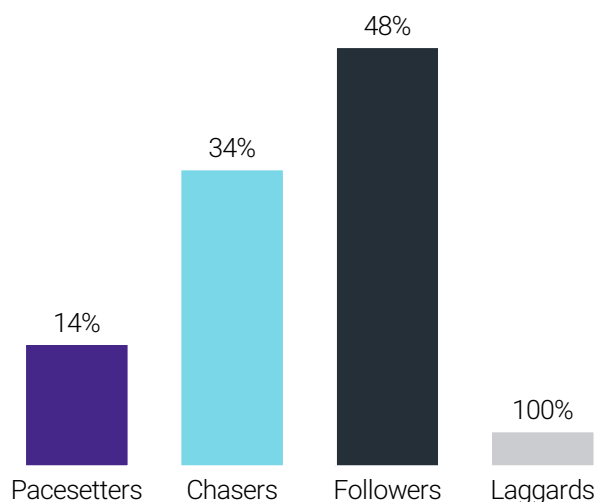
¹⁰ 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

Exhibit 9

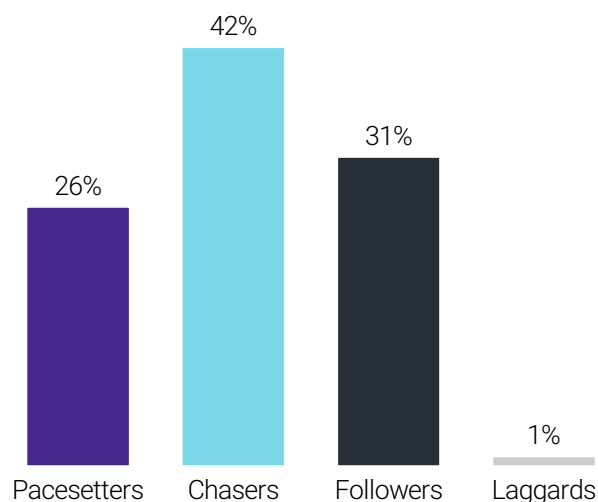
Cisco 2023 Index Insights: AI Readiness in India

Overall Readiness

Global



India



Source: 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

Measuring progress and understanding the pitfalls

Measuring four factors—AI adoption timelines, strategic preparedness, data readiness, and talent pool availability—helps assess Indian enterprises' readiness to adopt AI.

The urgency for adoption: Enterprises in India recognize the importance of early AI adoption to gain a competitive advantage over industry peers. The Cisco study shows that 75 percent of respondents foresee a negative business impact in India if urgent AI adoption does not occur in the next 12 months. Meanwhile, 43 percent prioritized AI deployment as a top budget item in their latest fiscal year financial budget (Exhibit 10).¹¹

Exhibit 10

India's preparedness for AI adaption

Sense of urgency

75%

Respondents said they may see negative impact on business if they don't act in the next 12 months

43%

Said AI deployment has been given the highest priority for budget allocation

Source: 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

Well-defined strategy: Over 85 percent of organizations are prepared to deploy AI in their business functions, with 95 percent defining the strategy for adopting AI. Among the current challenges, 68 percent say infrastructure needs to be enhanced to support future workloads, and 58 percent say full cybersecurity readiness is lacking (Exhibit 11).¹¹

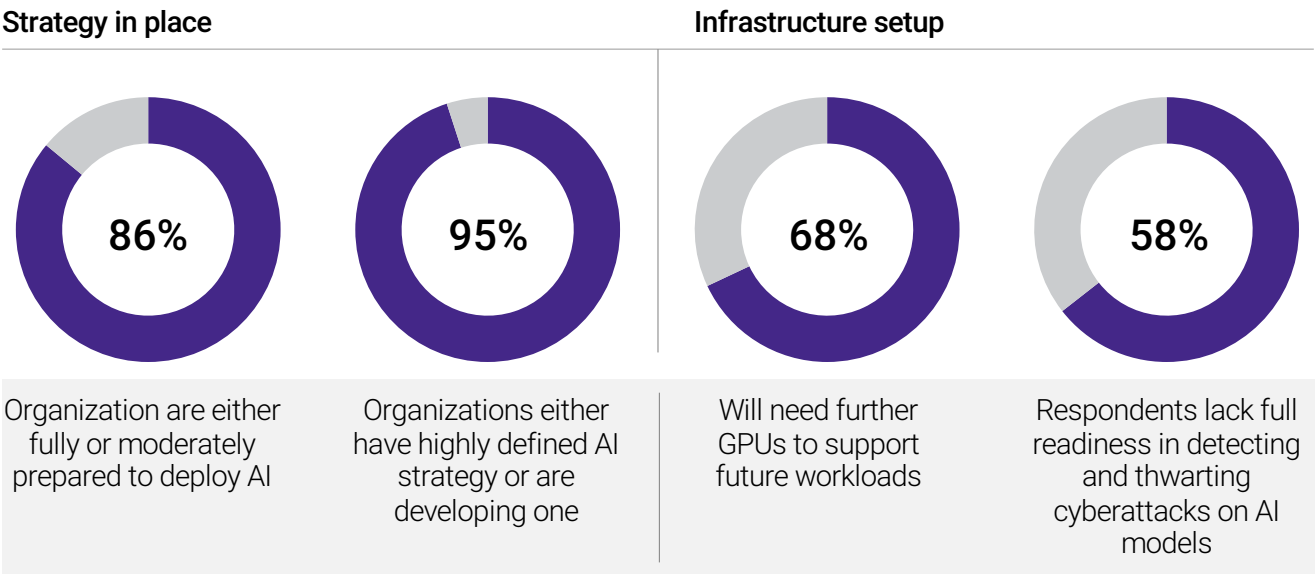
Ready to orchestrate data: 61% of the Indian enterprises claim they are well prepared with mature master data management to support AI integration (Exhibit 12).¹¹

Already talent-rich: Indian enterprises host a vast talent pool upskilled in AI-related capabilities, and 49 percent claim they are well-resourced. About 95 percent say they have invested in upskilling employees, but 16 percent also highlighted an emerging divide in AI capabilities (Exhibit 13).¹¹

¹¹ 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

Exhibit 11

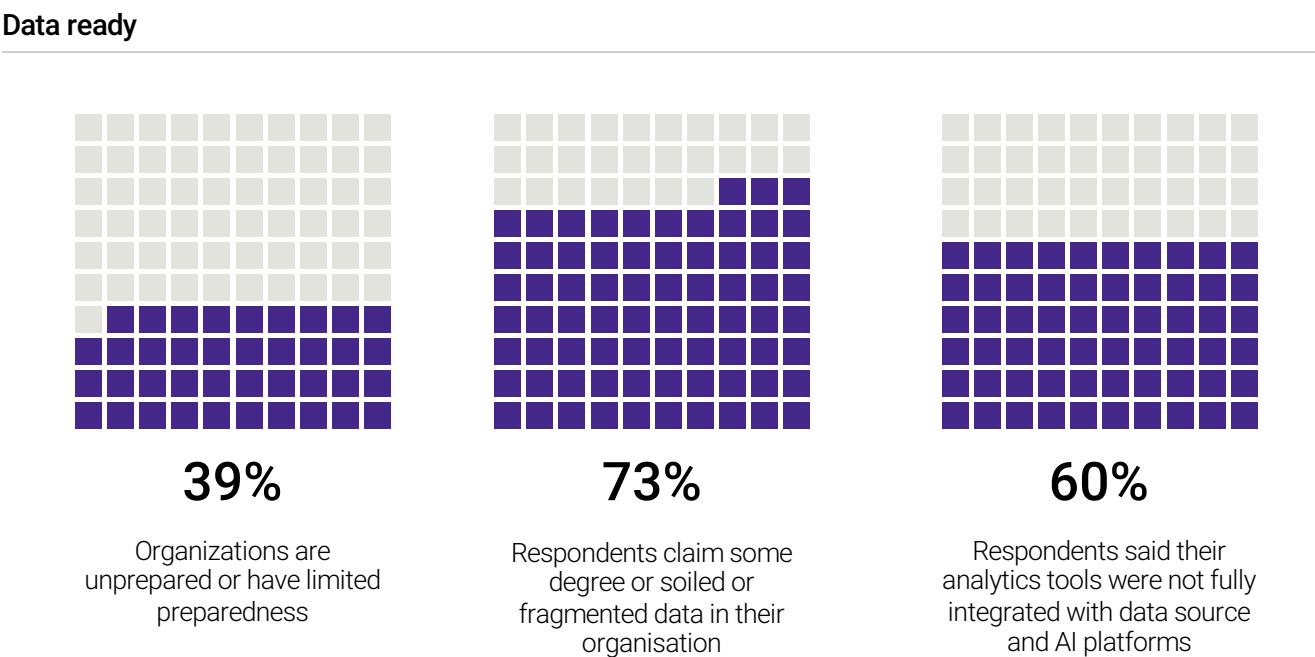
India's preparedness for AI adaption



Source: 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

Exhibit 12

India's preparedness for AI adaption



Source: 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

India's preparedness for AI adaption

Talent pool

49%

Respondents said their organisations are well resourced, 35% moderately well resourced, and 16% under resourced

95%

Respondents said they have invested in upskilling employees, but 16% signalled an emerging AI divide

Source: 'Cisco AI Readiness Index—Intentions Outpacing Abilities' (India), Cisco, 2023

How AI adoption in India compares to the US and the UK

While the four key factors—AI adoption timelines, strategic preparedness, data readiness, and talent pool availability—favor Indian enterprises, India also compares well with other geographies. PEAK's Decision Intelligence Maturity Report 2022 indicates that 81 percent of Indian workers consider their business to be data-driven, surpassing the 69 percent of workers in the US and the 48 percent of workers in the UK who think likewise.¹²

In India, 98 percent of junior employees have engaged in data analysis in their current roles, outpacing the 81 percent of junior employees in the US and 64 percent of junior employees in the UK who have done likewise.¹²

The report shows that Indian enterprises are doing better across maturity indices, scoring an average of 64 percent. The US was next at 52/100, with the UK trailing at 44 percent (Exhibit 14).¹²

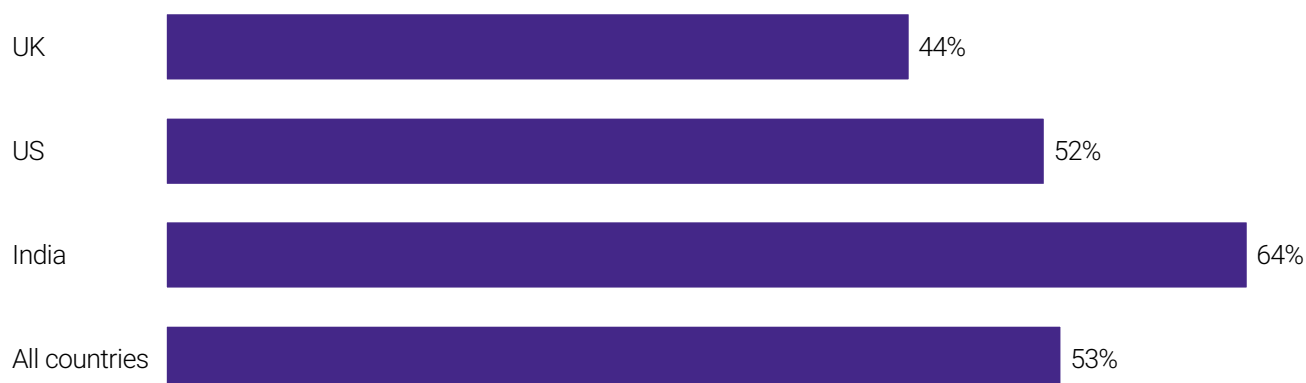
Additionally, 33 percent of Indian businesses have embedded data practitioners in commercial teams, compared to 30 percent in the US and 25 percent in the UK—the latter two relying primarily on centralized data teams.¹²

Furthermore, 20 percent of Indian employees have experienced the temporary substitution of a data expert into a team, compared to 13 percent in the US and 14 percent in the UK.¹²

¹² 'Decision Intelligence Maturity Report 2022,' PEAK

PEAK's DI maturity index 2022 report**India ahead across most measures**

Indian companies scored an average of 64/100 in our index, followed by the US on 52/100, with the UK trailing on 44/100



Source: Decision Intelligence Maturity Report 2022, PEAK

Indian enterprises demonstrate advanced strategic maturity

In the context of the Supply Chain and Logistics Excellence (SCALE) awards initiative, CII-IL, in collaboration with McKinsey & Company, conducted a comprehensive Artificial Intelligence (AI) Readiness Assessment. The results show that 59 percent of Indian enterprises demonstrate advanced strategic maturity in embracing AI (Exhibit 15).¹³

Their technical readiness, including the current systems and infrastructure available to support AI implementation, is also remarkable. Over 55 percent are fully capable, while 44 percent are partially capable (Exhibit 16).¹³

While the data shows that Indian enterprises are setting timelines and milestones, over 55 percent have well-defined goals and objectives regarding AI integration (Exhibit 17).¹³

Based on the survey responses, Indian enterprises are targeting Operational Efficiency (28.57 percent), Customer Experience (25.27 percent), and Data Analysis and Insights (24.18 percent) as the key objectives of AI adoption (Exhibit 18).¹³

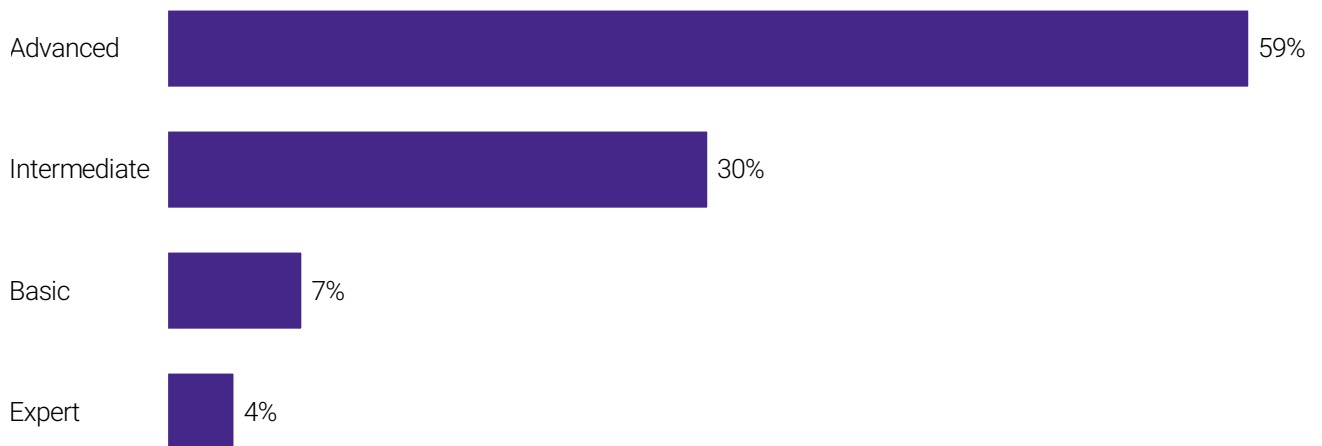
Indian enterprises are showing readiness across different fronts, such as data, technology, finance, and strategy, and are well-positioned to reap the efficiency and growth benefits of AI implementation.

The benefits will be wide-ranging. Various studies have indicated that AI can boost labor productivity by up to 40 percent,¹³ contain up to 70 percent of customer calls without human intervention,¹³ and increase operating profits by an additional \$400 to \$660 billion annually in the retail industry alone.¹³

¹³ Artificial Intelligence Readiness Assessment, SCALE awards initiative, CII-IL, in collaboration with McKinsey & Company

Exhibit 15

The familiarity of Indian enterprises with AI and its applications indicates the strategic readiness to leverage AI.



Source: Artificial Intelligence Readiness Assessment, SCALE awards initiative, CII-IL, in collaboration with McKinsey & Company

Exhibit 16

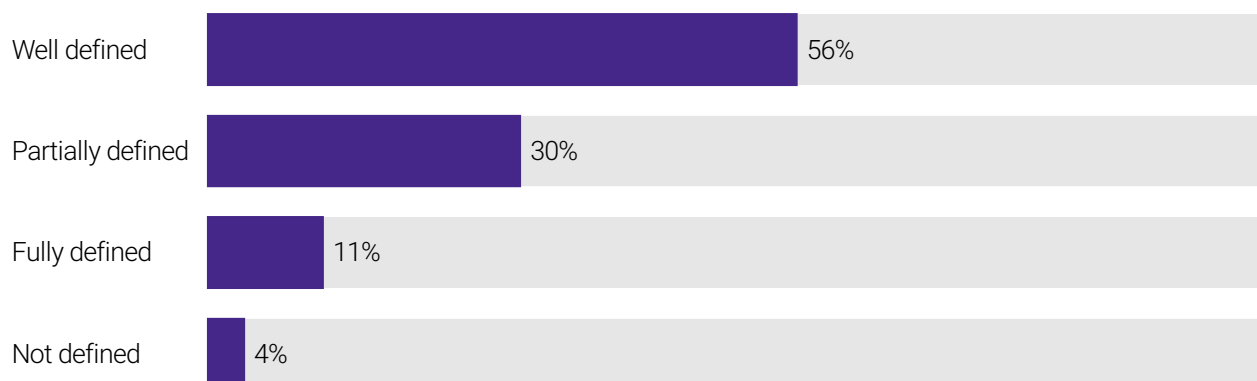
The current systems and infrastructure of Indian enterprises indicate the technical readiness to leverage AI.



Source: Artificial Intelligence Readiness Assessment, SCALE awards initiative, CII-IL, in collaboration with McKinsey & Company

Exhibit 17

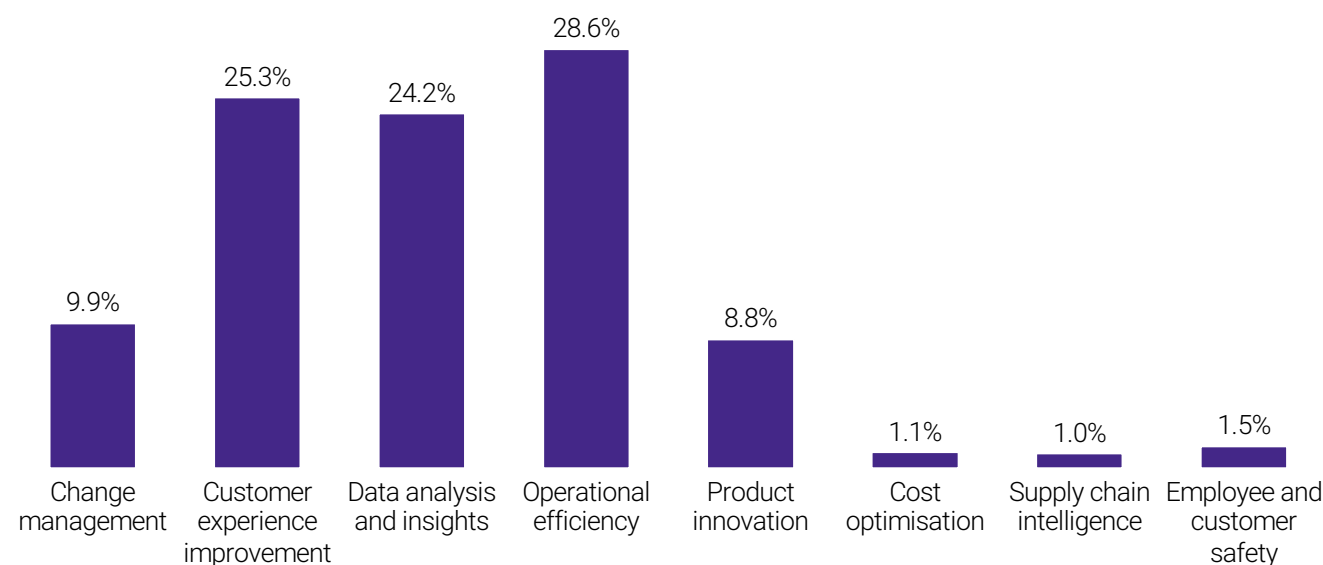
The business goals and objectives of most Indian enterprises regarding AI integration are well-defined



Source: Artificial Intelligence Readiness Assessment, SCALE awards initiative, CII-IL, in collaboration with McKinsey & Company

Exhibit 18

The key business objective of Indian Micro, Small and Medium Enterprises is to target operational efficiency, customer experience, and data analysis



Source: Artificial Intelligence Readiness Assessment, SCALE awards initiative, CII-IL, in collaboration with McKinsey & Company

The path forward: Building on the momentum

Indian enterprises are ahead of their global counterparts in embracing AI, focusing on achieving well-defined business goals by leveraging AI. They also have the strategies and talent required to successfully implement AI across industries. The gap that needs to be bridged is the availability of better infrastructure.

AI adoption is a growing trend, and it is now up to Indian enterprises to continue building the momentum to transform business models, scale operations, maximize efficiencies, and raise competitive barriers.

Acknowledgements

On the occasion of the CII Institute of Logistics Supply Chain conference, we are pleased to release this whitepaper focusing on the state of artificial intelligence (AI) readiness among Indian enterprises. The paper carries valuable insights into the current state of AI adoption. We thank the various individuals and organizations whose inputs contributed to this report's creation.

McKinsey & Company were our knowledge partner for this initiative and provided the analytical fact-base. We thank Dr. K Ganesh, Valerio Dilda, Soshi Akagi, Aakash Kumar Varma, Gopi Krishnan C, Mohit B and Hussain Nulwala of McKinsey & Company for their collaboration.



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CII is a non-government, not-for-profit, industry-led and industry-managed organization with more than 9,000 members from the private and public sectors, including SMEs and MNCs, and an indirect membership of more than 300,000 enterprises from 286 national and regional sectoral industry bodies.

The CII Institute of Logistics (CII-IL), established by the Confederation of Indian Industry as a center of excellence, serves as a driving force in propelling the growth and competitiveness of the logistics and supply chain sector.

Through its array of services, CII-IL acts as a catalyst, elevating the performance of Indian supply chains to unprecedented levels by establishing a sustainable ecosystem through active stakeholder participation and a global network. This ripple effect not only empowers industries to garner deeper insights into emerging trends, but also enables them to tackle industry-specific challenges of national significance while adopting globally recognized best practices in the logistics and supply chain sectors.

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