Midagon Point of View

CIO's AI Journey – onwards from base camp

It has already been a couple of years since the mainstream breakthrough of large language models and generative AI. Many medium to large-sized companies have already acquired some practical experience in implementing AI platforms and solutions. AI products are becoming more mature, and the understanding of AI's running costs has vastly improved. Therefore, there are higher expectations than ever for tangible and measurable business value from AI.

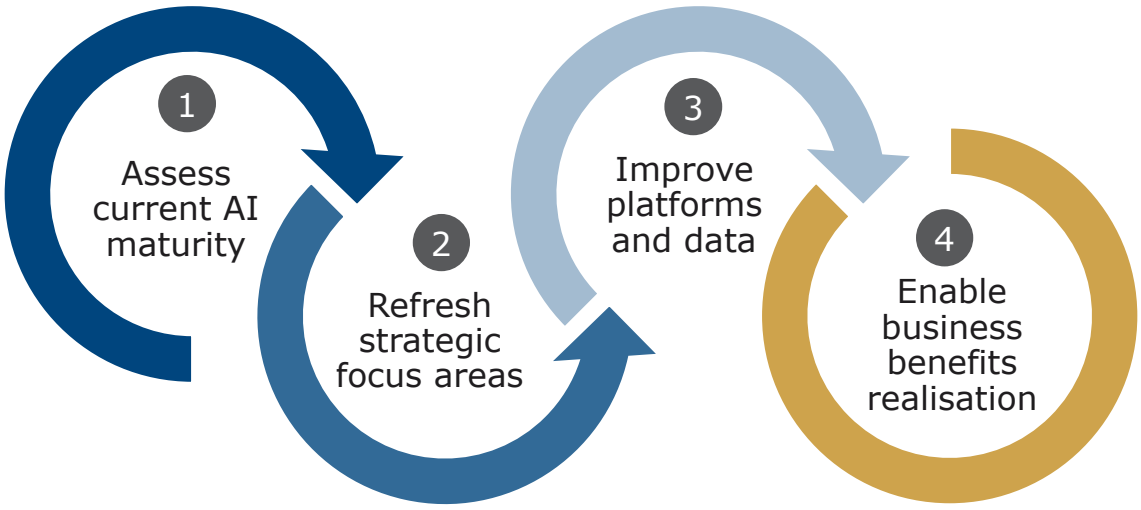
Think about the AI Journey as mountain climbing: Some companies are still on their way to base camp, and some are a little bit beyond. Reaching the summit still takes a long time, but now it is about time to define the path to more advanced camps.

In more practical terms, we have seen two typical scenarios among our clients:

1. Some companies have already acquired true business value from AI solutions.

2. Others have just implemented some AI solution just because of "AI FOMO" (fear of missing out on AI) and are struggling to find the business value.

This document presents Midagon's point of view on understanding and improving your company's AI maturity level. The objective is to present a framework of concepts, ideas, and thinking aids that would help an IT executive perform strategic planning and road mapping that is needed to boost the AI maturity to the next level and ensure that AI provides genuine business value.



The framework is divided into four phases and should be used iteratively. Because of the immense pace of change, revisiting the activities from maturity assessment to enabling business benefits realisation is essential.

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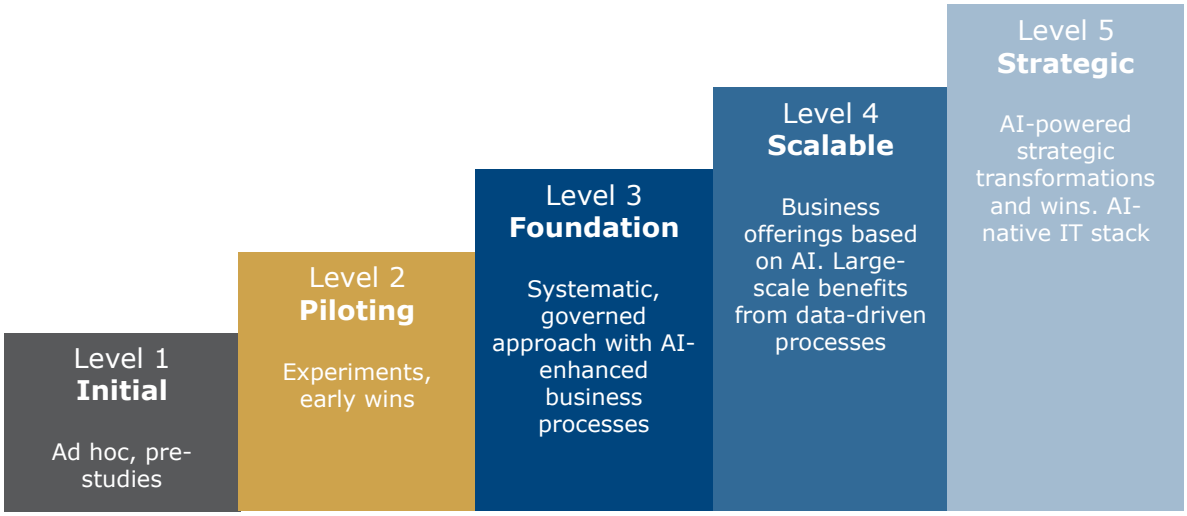
1. Assess current AI maturity

Midagon can help your company to have a holistic view of your current AI capabilities. The AI journey can be broken down into five levels of maturity:



During the assessment, the following dimensions will be analysed:

- **Strategic focus areas:** Can AI initiatives and capabilities be connected to business capabilities and strategic growth areas?
- **Business benefits realised so far:** What is the magnitude of AI-enabled / driven strategic and monetary benefits?
- **Benchmarking and understanding what competitors are doing:** Industry-specific trends and awareness of these factors.
- **Maturity of IT platforms:** There are built-in AI capabilities in business applications, proprietary AI platforms, etc. Does the organisation have the necessary computing power and infrastructure to support AI development and deployment?
- **Data quality and availability:** Does the organisation have access to high-quality, relevant data in a usable format necessary for training and deploying AI solutions?
- **Culture and skills:** Does the organisation encourage innovation and experimentation with new technologies like AI?

2. Refresh strategic focus areas

To regularly refresh the AI vision and strategy of a company, different dimensions need to be considered.

Top-down: AI-First approach: This is a paradigm change that means starting from the assumption that AI will shape the future of every organisation and its processes, services, and interactions. Instead of layering AI on top of existing systems, leaders should ask: How would we build our organisation from scratch if AI was the default option? This approach challenges organisations to redesign their operating models, governance structures, and customer experiences with intelligence at the core.

For decision-makers, AI-First requires organisations to move from isolated pilots toward scalable, enterprise-wide adoption, and eventually to a point where AI is embedded in strategy by default. AI-First is not about technology adoption—it is about redefining how organisations think, decide, and create value in an intelligent era. AI will not replace people, but people who use AI will replace people who don't.

Bottom-up: business domains and capabilities: Using a business capability or process map to constantly understand and evaluate the benefits of AI is a proven approach. Looking into processes that include repetitive tasks, large datasets, decision fatigue (inconsistent human decision making because of large amounts of data) or are error-prone in general can help identify strategic focus areas. Again, industry benchmarking is important to understand proven solutions and benefits. Another dimension to consider is incorporating AI into products offered to end customers: is it already an industry standard or a possible differentiator?

Corporate citizen vs. enterprise AI: This is another practical framework that can be used to clarify strategic priorities and business benefits potential. Current and planned business benefits should be broken down and connected to two types of AI solutions:

1. Corporate citizen AI refers to solutions that improve the micro-level productivity of an individual employee by providing an AI-powered digital workplace.
2. Enterprise AI refers to solutions that improve the efficiency of an enterprise-level business capability (for example, fleet management).

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3. Improve platforms and data

In recent years, the maturity of AI products and platforms has grown exponentially. Even though the initial buzz around AI has somewhat settled down, constant technological change can bring new game-changers anytime soon. Therefore, it is essential to regularly re-evaluate the AI solution landscape and maintain an up-to-date roadmap.

Highly dynamic product market: Product and platform selections include multiple dimensions: public vs private platforms, vendors and products to be used. Private AI is recommended for companies in industries with strict data privacy regulations or large amounts of sensitive data. Another matter to consider is whether the company wants to maintain complete control over its AI models and data (that can also justify more extensive use of private platforms).

The pricing models of various AI products are different and volatile: per-user, transaction-based, resource-based (CPU usage, etc.), tiered subscriptions, and others. Given the dynamic nature of the AI vendor landscape, it is recommended to avoid very long-term commitments and implement new platforms in a phased manner.

Importance of a solid data foundation: AI consumes data for breakfast, and it needs enough structured data to perform as expected. Based on Midagon's experiences, one of the key bottlenecks for improving overall AI maturity is currently related to data and its quality. For example, extensive amounts of bad data combined with AI's lack of context awareness can ruin a potential business case quickly.

Data cleaning, preprocessing, and enrichment actions enable working AI platforms. After understanding and improving the quality of data, new governance practices may need to be introduced to ensure the quality and consistency of data throughout its lifecycle. In a wider context, encouraging data literacy across the organisation is an important part of the AI journey to support data-driven decision-making processes.

Don't believe (all) the hype and set realistic expectations: Predicting the development of AI technologies is extremely difficult. Consider what happened with the Internet revolution: eventually, most of the changes predicted during the early years became reality (for example, Internet banking and video on demand), but the change took a lot longer than expected. Many unexpected factors like mobile Internet and IoT emerged, resulting eventually in a much bigger change than what was the vision of the 90s. Similar things will for sure happen in the AI space: Think about recent developments of AI-powered agents that were not the most obvious thing when the breakthrough of generative AI took place.

4. Enable business benefits realisation

To reach the next levels of AI maturity, additional enablers are needed after clarifying strategic goals and building a solid technological foundation.

Organisational structure and ownership: One important thing to define is whether to use a centralised vs. decentralised approach on the organisational level. Having a centralised "AI Centre of Excellence" has both pros (standardisation, resource optimisation, ensuring common strategic direction) and cons (high set-up costs, bureaucracy, lack of business understanding). A decentralised approach is to have embedded AI teams inside existing business units. Hybrid models that combine both worlds can also be an option.

To reach higher AI maturity levels, a fully integrated, AI-first culture needs to be established across the entire organisation. Organisations need to move beyond a defensive mindset toward AI and instead focus on fostering innovation and creating safe spaces for experimentation. This kind of culture is also essential for efficiently orchestrating a portfolio of AI solutions, as companies with low AI maturity often struggle with fragmented and overlapping platforms.

Incorporate AI into governance and KPIs: After the initial experimenting and piloting, AI governance needs to be integrated into daily operations and various levels of decision-making and workflows. Company policies that focus on data privacy, security, and ethical considerations need to provide practical guidance for AI platform development.

Metrics and KPIs should be used to assess the impact of AI solutions on business outcomes. Even though the "AI adoption rate" type of KPIs could be useful in the early stages, AI transformations should be primarily measured by impact on standard business KPIs used by the company already (i.e., profitability, utilisation, process-related metrics, etc). Since AI-based initiatives are often pioneering by nature, it is important to have full transparency that allows occasional failures and enables "killing" of less lucrative initiatives early enough.

Manage risks: AI capabilities bring new considerations to enterprise risk management to ensure that trustworthiness, fairness, reliability and data protection aspects are considered. Practical examples of AI-related risks include the following: AI models trained on biased data can perpetuate unfair outcomes, trust/auditing issues if complex AI-based decisions cannot be properly documented, and vulnerability of AI solutions to hacking or manipulation (potentially leading to safety hazards or malfunctions). Geopolitical aspects of AI products and regulation (for example, the EU AI Act) need to be considered.

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