



Report

CDO Insights 2025

Racing ahead on GenAI and data investments
while navigating potential speed bumps

Where data & AI come to **LIFE**™



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Executive Summary

The race to dominate the generative AI (GenAI) space has companies in the fast lane, speeding toward their ROI goals. But grappling with the new technology itself, coupled with the existing challenges of data management, poses considerable short-term road hazards on the way there. **As in last year's survey**, companies adopting AI continue to hit major roadblocks on their journey. **For instance, even as 92% of data leaders express concern that new GenAI pilots are proceeding without correcting for the problems uncovered by previous initiatives, leaders show no sign of taking their foot off the accelerator.** Instead, they intend to increase investments and training to better harness AI with high expectations of glory at the finish line, reveals a survey of 600 data leaders from companies with \$500M+ in revenue from the U.S., UK/EU and APAC regions conducted by Wakefield Research on behalf of Informatica.

The overwhelming majority of data leaders (92%) face unrealistic expectations from others in the C-suite who expect GenAI initiatives to produce investment returns faster than they will. In fact, nearly all whose organizations are using or planning to use GenAI (97%) find it difficult to demonstrate the business value of GenAI initiatives because of restraints that include cybersecurity and privacy compliance, confidence in AI-generated results and lack of trust in the quality of source data.

While data challenges remain a top roadblock, additional obstacles have emerged as well, resulting in two-thirds (67%) being thus far unable to successfully transition even half of their GenAI pilots to production.

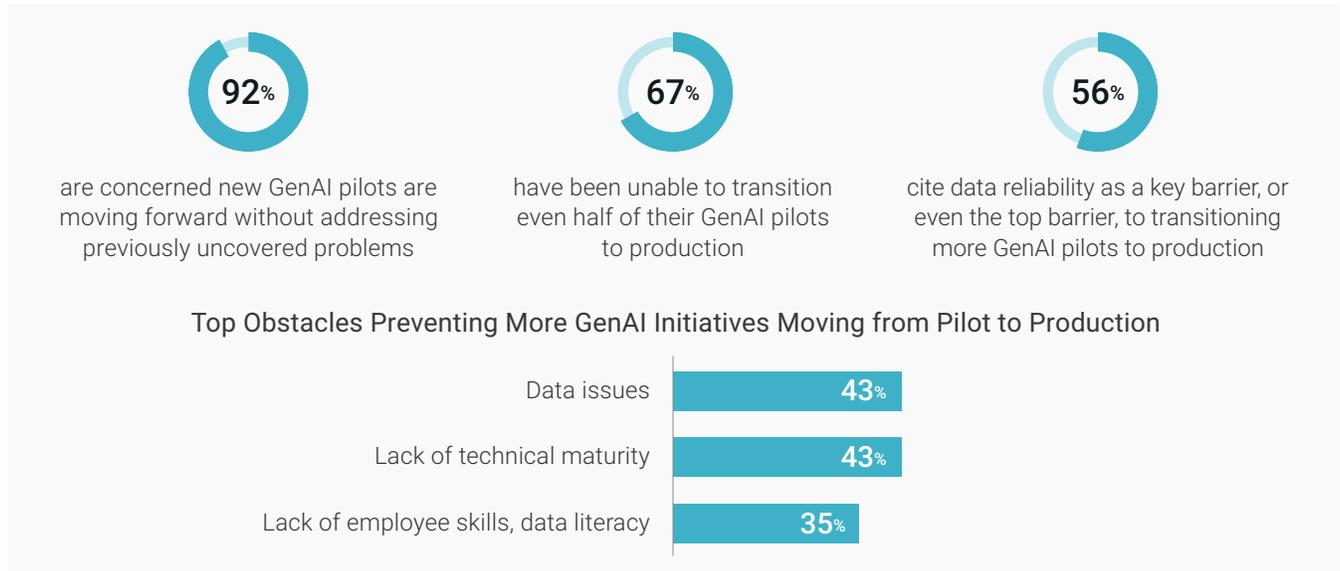
The innovation battlefield is littered with stalled or abandoned GenAI projects affected by a lack of AI fluency and data literacy among staff, difficulty demonstrating value and regulatory issues, as well as a lack of maturity and interoperability in some of the AI tech itself. **For 43%, the quality, completeness and readiness of data is a leading culprit for keeping pilots from taking a victory lap.**

You'd think that might make for a gloomy outlook, but the opposite is true: these challenges aren't throttling enthusiasm for the future. **For 87% who have adopted or plan to adopt GenAI, their organizations will see increased GenAI investment in 2025, to reap benefits such as improved operational efficiency (43%) and a better experience for customers (43%) and employees (39%).** For a quarter, their GenAI investment in 2025 will be a significant increase.

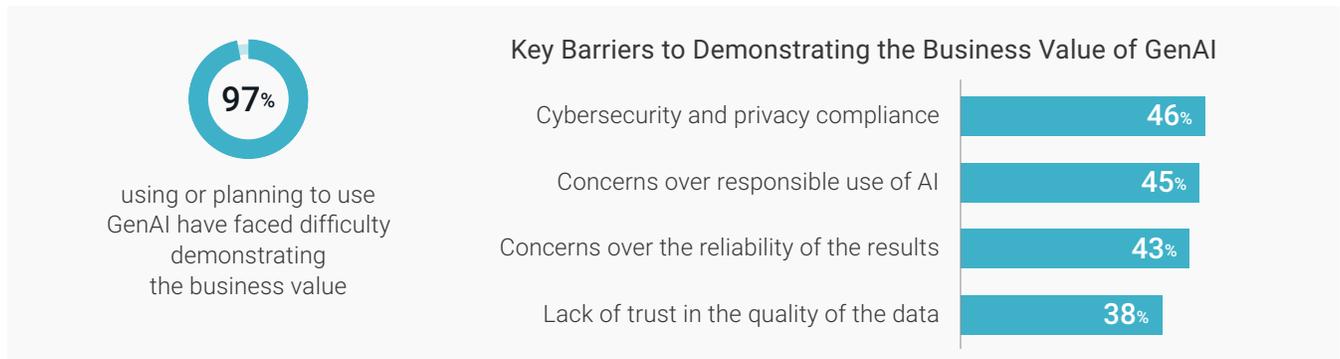
A majority (59%) have pushed steadily forward or even faced pressure to move faster with these projects. One thing's for sure: despite potential red flags, it's full speed ahead for many companies on their journey to AI readiness.

Key Findings

Moving GenAI from Pilot to Production



Demonstrating the Business Value of GenAI



High Expectations for the Opportunities Ahead



Betting Big and Fast on AI Pilots

Even as data leaders have misgivings about how new initiatives are being handled, they anticipate strong investments in the year ahead, which will no doubt help their long-term planning and forward-thinking strategy. **The short term looks bullish, with 87% of those who've adopted GenAI or have plans to do so increasing investments in 2025, including 25% who will increase their investment significantly.**

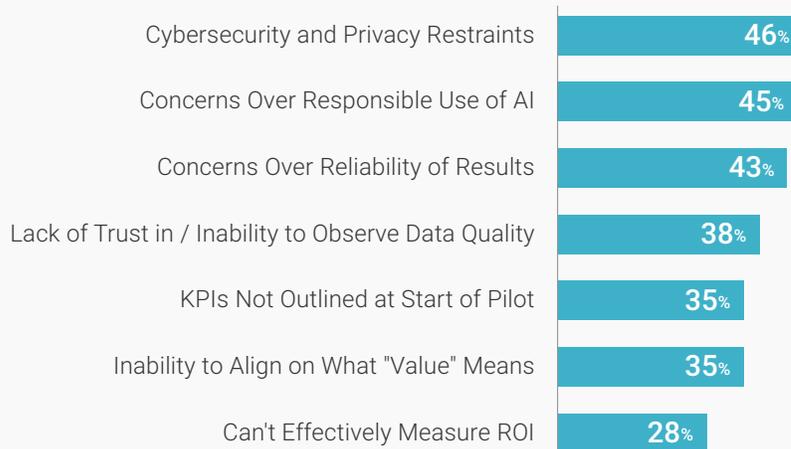
The U.S. leads this charge with 93% in the region upping their investments in the year ahead, more than the 86% in APAC and 82% in the UK/EU. Only 5% will decrease their investments, with the biggest cut happening in the UK/EU (9%), followed by APAC (6%). In the U.S., a mere 2% expect a decrease.

Most are moving ahead with GenAI initiatives, even as some have experienced problems that interrupted their progress. **More than 2 in 5 (41%) slowed down, paused or stopped GenAI initiatives over the past 12 months.** It is worth noting, however, that these companies who needed to tap the brakes are in the minority. Instead, 46% maintained a steady pace when it came to GenAI initiatives, with another 13% under constant pressure to move faster.

Some of those slowing down, pausing or stopping may be doing so because they are seeing factors that make it harder to justify GenAI investments. Cybersecurity and privacy restraints have made it difficult for 46% to demonstrate the business value of GenAI initiatives, particularly at companies with less than 3,000 employees (53%).

Other challenges revolve around trust, an essential ingredient when measuring the worth of GenAI. Specifically, concerns over the responsible use of AI (45%), the reliability of the results (43%) and the quality of the data (38%) have become challenging hurdles to overcome in demonstrating the business value of these initiatives. With nearly half of those who are looking to increase investments in data management saying these investments will be driven by the need to improve data privacy and security (47%) or the data literacy of their staff (47%), leaders recognize the importance data plays in gaining the company's trust in their GenAI efforts. Other trials are of their own making because teams are not aligned. KPIs not outlined at the start of a pilot (35%) and an inability to align on what "value" means (35%) have impeded demonstrating the importance of GenAI initiatives.

Challenges Demonstrating the Business Value of GenAI Initiatives



A strong majority (92%) believe others in the C-suite expect GenAI initiatives to generate ROI a lot faster than they will.



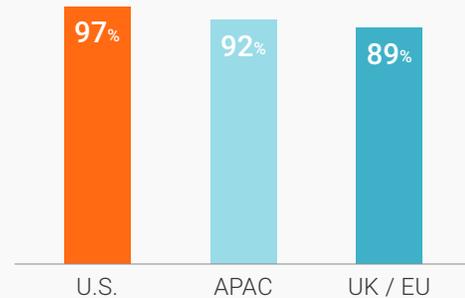
Spotlight: Reconciling Expectations

It's hard to make the case for future AI investments if there is internal misalignment over when to expect ROI. **A strong majority (92%) believe others in the C-suite expect GenAI initiatives to generate ROI a lot faster than they will.** Those in the U.S. experience the strongest disconnect: 97% cite these unrealistic expectations, with APAC and the UK/EU following at 92% and 89%, respectively.

It's not just the timing of the ROI that leads to misalignment, though: of those who have adopted GenAI in their business practices or who plan to, 97% have had difficulty showing the technology's business value, including 28% who can't effectively measure ROI.

When this happens, the types of innovations that could yield big returns can be harder to get through the pipeline. For more than a third of these data leaders (35%), demonstrating value and garnering support is a top obstacle preventing them from moving more of their initiatives from pilot to production. Even among those who have successfully moved more than half of their pilots into production, 27% are still stymied by the inability to demonstrate value or garner support.

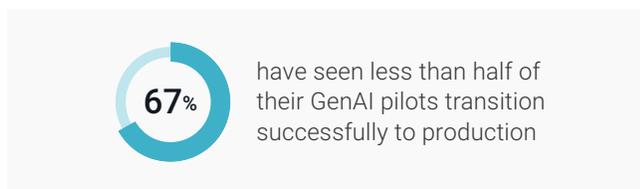
Most Face a C-Suite Expecting GenAI Initiatives to Generate ROI Far Faster Than They Will



Adding to their frustration is the pace of AI's explosion, the understanding that its potential benefits are only limited by the imagination of those working with it and a good measure of FOMO (fear of missing out) that may be creating more urgency at the top.

Persistent Growing Pains Cause Headaches

As leaders look to increase their investments, the enormous potential of data-driven AI projects — and more specifically GenAI — is unlikely to come to fruition without some bumps along the way. But if companies do not course-correct after prior mistakes, they're liable to keep seeing pilots get delayed or stall out completely before they make it to production.



While AI pilots abound, success isn't easy to achieve. **In fact, 67% have had less than half of their GenAI pilots transition successfully to production.** The average success rate, including companies that haven't gotten any off the ground, is just over 38%.

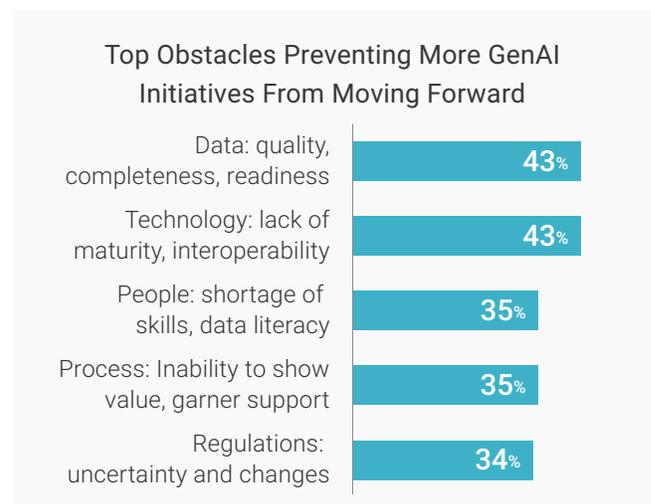
While others in the C-suite may be pushing to continue at breakneck speed, data leaders are apprehensive. **Of those who are already deploying GenAI in their business or plan to do so, 92% are concerned that pilots are moving forward without addressing problems uncovered in prior initiatives.** This is especially true at organizations that will significantly increase GenAI investments in 2025: 69% at these organizations are very or extremely concerned about moving forward without addressing known problems, compared to 58% at companies with less significant increases planned and 48%* at companies where investments will remain the same or decrease.

* Low base size; findings are directional.

Taking AI projects all the way to the finish line is hard and the obstacles to getting there are numerous. The top challenges among those who've gotten some, but not all GenAI pilots to production fall across five categories: data, technology, people, process and regulations. **Among these, data and technology are the biggest obstacles, such as the quality and readiness of data (43%) and the lack of technical maturity (43%).** Among those in the UK/EU, technology is the most often cited obstacle (48%) — much higher than the 37% of leaders in the U.S. who cite this.

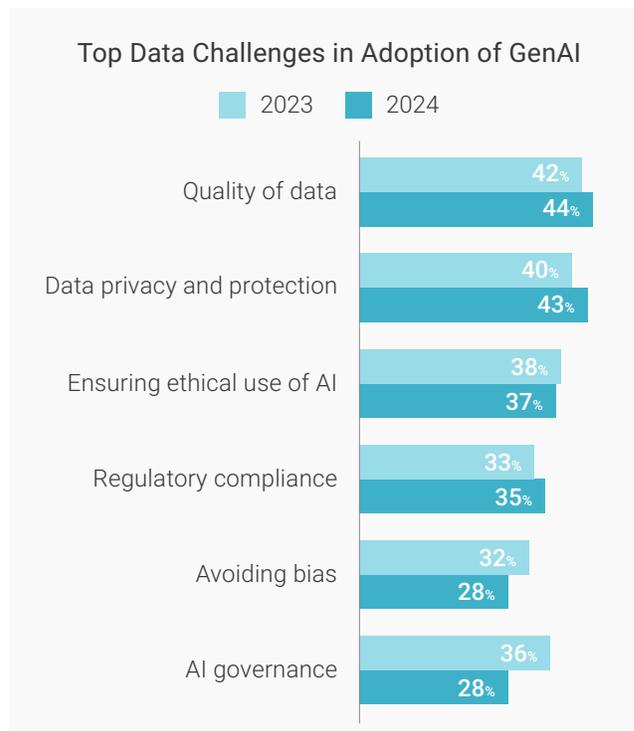
Data reliability is a strong barrier for those who have completed some but not all GenAI pilots: 56% describe data reliability as one of a few key barriers, including 10% who indicate it's the top barrier to moving more GenAI pilots to production.

Drilling down into these challenges, not much has changed since 2023 regarding these top data-related challenges in GenAI and LLMs adoption. **Quality of data (44%) and data privacy and protection (43%) still top the list, both slightly higher than last year (42% and 40%, respectively).**



As GenAI adoption matures, data quality and privacy become even more critical issues. Among those who have already adopted GenAI into their business practices, data quality (52%) and privacy (47%) are the top data-related barriers, compared to those who are planning to use it in their business practices but haven't (37% and 38%). Likewise, data quality and protection are more of an issue for those who have successfully transitioned more than half of their pilots into production (54% and 56%, respectively) than those who have only moved a quarter or fewer of their pilots (40% and 35%).

Executives continue to navigate their way through the moral use of GenAI, but taking the time to get it right can also become a hurdle to adoption. **Specifically, ensuring the ethical use of the technology (37%), avoiding bias (28%) and AI governance (28%) are each challenges data leaders face in adopting GenAI and LLMs.** While the challenge presented by ensuring the ethical use of AI remains at a similar level to last year, the challenge of avoiding bias dropped by 4 percentage points over last year and the challenge of AI governance saw an even larger year-over-year decline of 7 percentage points. AI ethics are a bigger data-related barrier in APAC (42%) than in the U.S. (30%).



The governance of data for AI and potential changes and compliance challenges that new laws and regulations could bring are ongoing concerns as the space continues to mature.

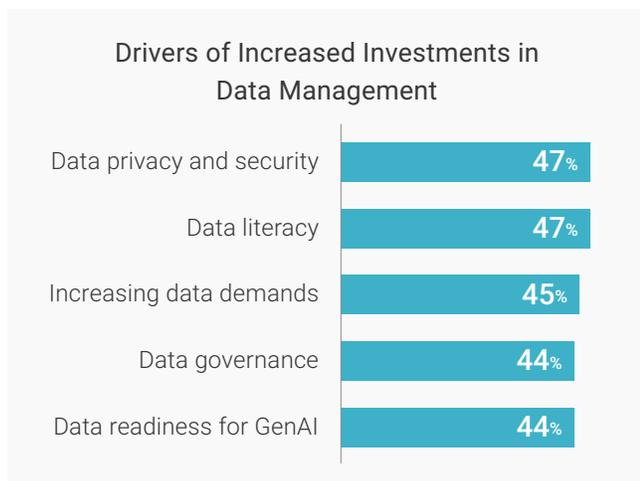
Spotlight: Regulatory Challenges

Regulatory concerns for GenAI are very real for data leaders using or planning to use GenAI. **In fact, for 93% the regulatory environment has held back AI efforts, including 39% who have seen projects stalled due to this.**

Companies that have gotten at least half of their GenAI pilots into production are more interested in managing risks and regulatory compliance than those who have transitioned fewer pilots (41%, compared to 26%). AI regulations are more commonly cited as a top barrier to pushing GenAI pilots into production in the U.S. (40%) than in the UK/EU (29%). For APAC, 34% cite regulations as an obstacle.

Training Up

With GenAI, the tools are much more powerful and relevant if those using them know how to access their potential. Trust and confidence in AI-generated outcomes grow when these initiatives are more skillfully deployed and executed successfully. To that end, businesses are realizing the need to up-skill their workforces to become more data literate and AI fluent to use the technology effectively and responsibly.



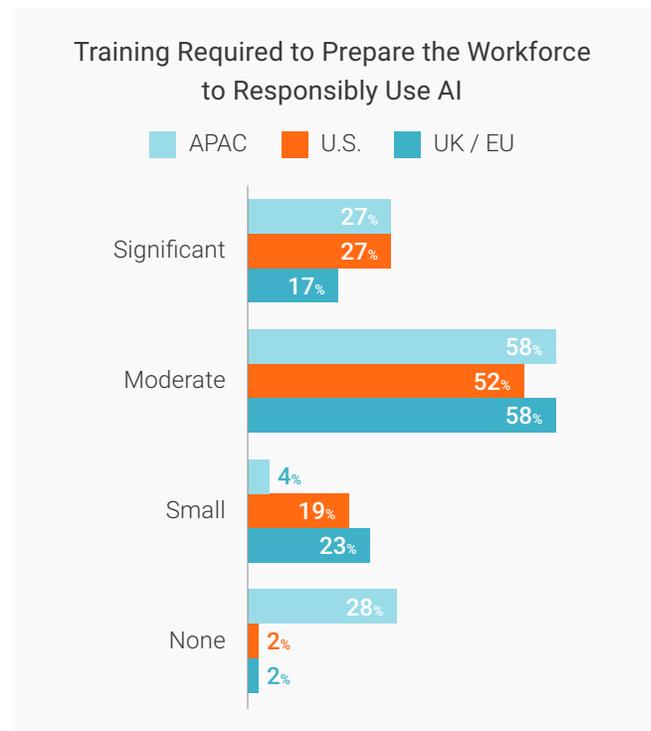
Training makes a difference, and data leaders recognize this need. **While 44% of those at organizations planning to increase their data management investments in 2025 report a lack of data readiness for GenAI as a top driver, improving data literacy (47%) is an even more common impetus of these investments.**

Nearly all data leaders at organizations using or planning to use GenAI (97%) have already encountered issues with their workforce using GenAI or its outputs in their day-to-day operations. **These include using wrong or incomplete data for inputs (53%); plagiarism, copyright or licensing issues (50%); unauthorized use of sensitive data (44%) or not reviewing inputs for bias (37%), among others.**

* Low base size; findings are directional.

Data leaders anticipate it will take 11 months, on average, to get their workforce trained up to responsibly use GenAI or its outputs in their day-to-day operations using their current training programs. **43% of data leaders at companies that anticipate significantly increasing their GenAI investments in 2025 cite big training needs for their workforce to responsibly use GenAI or its outputs in their day-to-day operations.** That's compared to 19% of those planning to increase investments somewhat and 12%* of those whose investments will remain the same or decrease.

Nearly all data leaders at companies using or planning to use GenAI (99%) report that more training is needed for their workforce to responsibly use AI or its outputs in their day-to-day operations. For 80%, a moderate to significant amount of workforce training is needed. The APAC region prioritizes training the most (85%) versus the U.S. (79%) and the UK/EU (75%).

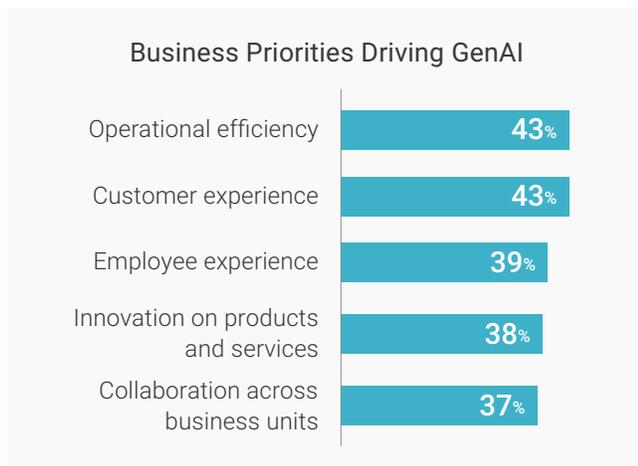


86% plan to increase investments in data management for 2025, with 44% citing data readiness for GenAI as a primary driver of these investments.



Confidence in the Future

The finish line may be far away for some, but the sentiment is that it'll be worth the trouble as these big bets begin to pay off. **The top business priorities driving those who've adopted GenAI initiatives or plan to are operational efficiency (43%) and efforts to improve the customer (43%) or employee (39%) experience.** Driving innovation to create new products or services (38%) and enhancing collaboration across business units (37%) closely followed.



With data challenges standing out as a top barrier to GenAI efforts, these leaders anticipate an increase in

data management investments that will run in tandem with the increases in GenAI investment: **86% plan to increase investments in data management for 2025, with 44% citing data readiness for GenAI as a primary driver of these investments.** The U.S. leads the focus on data management investment with 94% looking at increases, followed by APAC at 88% and the UK/EU at 77%.

As they look to improve their data management, CDOs are facing the daunting task of using many disparate tools and vendors, which could make the path forward more complicated. **Over half of data leaders (51%) anticipate needing 10 or more separate tools to support their 2025 data management priorities.** More than a third of those in the U.S. (35%) and nearly a third in APAC (32%) will need 15 or more tools for this, while fewer (23%) in the UK/EU will require this amount.

For many organizations, more siloed tools increase complexity by requiring the management of more vendors and more integration work. **Half of data leaders whose organizations will need tools to support their data management priorities in 2025 believe they'll work with more than five vendors, including 56% in APAC, 53% in the U.S. and 41% in UK/EU.**

Spotlight: A Cloudy Future (In a Good Way)

Data leaders are optimistic that their future will be all-in on cloud data: **95% expect their organization to be fully cloud native in under five years.** A third (33%) are already there or plan to be in less than a year, reaping the benefits of flexibility and better AI readiness, while 39% anticipate a timeframe of a year to less than two years. APAC leads the charge with 39% expecting to be all-cloud in a year or less, with the U.S. (32%) and UK/EU (28%) following.

Conclusion

For data leaders, the hope is that the road ahead in 2025 leads to resolving a host of GenAI challenges — from overcoming AI’s inherent risks and navigating a hazy regulatory horizon to upskilling staff and doubling down on data privacy and quality to address critical roadblocks. Yet as investments in these technologies increase, so do expectations. Data leaders must temper exuberance from the top offices where the C-suite executives are expecting faster ROI from AI than what’s likely to happen.

Also of concern is that a majority of companies appear to not be learning from their mistakes, charging ahead on siloed AI pilots without addressing prior underlying challenges. That may be why nearly all (97%) are having trouble demonstrating the business value of those pilots. AI also brings with it potential troubles such as wrong or incomplete data inputs; issues around plagiarism, copyright or licensing; and the potential for data privacy and protection problems, creating more complexity to manage.

Yet, despite those potential pitfalls, AI is still seen as a potential boon to collaboration and connection, helping businesses address priorities such as improving operational efficiency and customer experience (both 43%), improving employee experience (39%) and creating new products and services. Spending more time up-front on assessing vendors (and potential vendor consolidation for key data management tools), ramping up training and charting a longer-term data management strategy become critical success factors for scale and lasting business impact.

Optimism for this moment in technology is fueling the drive ahead. As long as data leaders can keep expectations in check and navigate these myriad challenges, companies should expect big payoffs at the short-term finish line even as they set themselves up for future success.

About Wakefield Research

Wakefield Research is a leading, independent provider of quantitative, qualitative, and hybrid market research for thought leadership and strategic insights. Wakefield Research is a partner to the world’s leading brands and agencies, including 50 of the Fortune 100. We conduct research in nearly 100 countries and our surveys appear regularly in top-tier media.

Methodological Notes

The Informatica Survey was conducted by Wakefield Research (www.wakefieldresearch.com) among 600 data leaders (defined as CDOs, CDAOs, and CAOs) from companies with \$500M+ in revenue, between October 23rd and November 6th, 2024 using an email invitation and an online survey. Quotas were set for 200 U.S., 200 UK/EU (UK, France, Germany), and 200 APAC (Japan, Korea, China, Singapore, Australia, Malaysia, India).

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.9 percentage points in the U.S., UK/EU, and APAC from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

About Us

Informatica (NYSE: INFA), a leader in enterprise AI-powered cloud data management, brings data and AI to life by empowering businesses to realize the transformative power of their most critical assets. We have created a new category of software, the Informatica Intelligent Data Management Cloud™ (IDMC), powered by AI and an end-to-end data management platform that connects, manages and unifies data across virtually any multi-cloud, hybrid system, democratizing data and enabling enterprises to modernize their business strategies. Customers in approximately 100 countries and more than 80 of the Fortune 100 rely on Informatica to drive data-led digital transformation. **Informatica. Where data and AI come to life.™**

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Worldwide Headquarters
2100 Seaport Blvd.
Redwood City, CA 94063, USA
Phone: 650.385.5000
Fax: 650.385.5500
Toll-free in the US: 1.800.653.3871

[informatica.com](https://www.informatica.com)
[linkedin.com/company/informatica](https://www.linkedin.com/company/informatica)
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IN01-5039-0125

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