

AI's economic impact: growth, competition and industrial change

Event summary

At the latest FT AI Forum, Madhumita Murgia, artificial intelligence editor of the FT, moderated a discussion on the economic impact of AI.

Her guest was Suzanne Ashman, managing partner of Sovereign AI, the £500mn national fund whose purpose is to invest in UK entrepreneurs and start-ups.

After an interview and questions from the audience, attendees discussed specific issues in groups before reconvening for a plenary session.

The event was conducted under the Chatham House Rule and supported by Deloitte, Eversheds Sutherland and Oracle.

AI adoption is widespread but skin-deep

According to the Office for National Statistics, nearly half of large companies now use AI, but the reality is that adoption is shallow.

In the public sector, AI tools are still a rarity. One participant said AI tools had previously been part of their everyday life and that, when they were no longer available, the impact on productivity was immediately noticeable.

Generally speaking, the legal sector has embraced AI, including apps such as Harvey, Legora and Wordsmith. The popularity of AI tools is reflected in the financial performance of their creators. For instance, in less than a year, the valuation of Swedish company Legora has grown ninefold to \$5.5bn.

Why have law firms become such enthusiastic adopters? One explanation offered was the incentive to complete more work in-house rather than passing it to expensive external lawyers. The shift has even led to the creation of a new job – the legal technologist.

AI adoption could have implications for the industry, with the technology potentially hastening “the long-anticipated death of the billable hour”: the invoicing of clients for work directly attributed to them.

Unsurprisingly, IT is another area that has been quick to adopt AI, mainly because of its value in software engineering. One participant said they were seeing “almost perfect adoption” of software update tools.

More broadly, companies in financial services are also enthusiastic adopters. One popular AI tool maker is the British firm Model ML, which has secured funding from HSBC Asset Management.

You don't have to be the best: why open-weight AI models are popular

Companies once sought out the latest AI, but businesses now realise that for most of their work, they don't need the shiniest model, as routine products solve most problems just as well.

Another factor is dependency. One participant said companies do not want to be reliant on US closed-source models. In Europe, this helps explain the popularity of Mistral, a French AI lab. Companies may use it as part of their technology stack as a form of insurance rather than because it is the best.

Finding suitable alternatives to the big US AI labs is not easy. Many open-weight models are Chinese, which can raise security issues.

Where AI is boosting productivity, and where it's not

There is a lively debate about whether AI will boost productivity because fewer people will be needed to do jobs or because companies will create different revenue streams.

One participant said: "I'm not confident that we won't see a wave of job losses at some point." At the same time, they believed that many AI-related productivity gains would come from the fact that companies that use AI can do "many things in many markets from day one".

But many businesses struggle to generate AI-driven productivity gains, particularly those in "broadly regulated industries". This was attributed in part to a "less willingness to adopt new tools". Healthcare was singled out as an area where AI adoption has been the "most difficult and disappointing".

Why Anthropic might be worth its trillion-dollar IPO valuation

Anthropic, a major AI lab, is poised to conduct what one participant called "history's biggest initial public offering". Is it worth its mooted trillion-dollar valuation? Yes, said another participant. For a start, they argued that Anthropic dominates the software engineering sector but "it hasn't really touched other professional services such as finance and consulting". Could it break into this bigger market? "I wouldn't bet against it," was the answer.

One participant also pointed to Anthropic's ability to attract leading technology talent. Its chief executive is Dario Amodei, formerly of Google and OpenAI, alongside Tom Blomfield, a co-founder of Monzo, the UK digital bank, who is running Anthropic's data centre rollout, and Mike Krieger, a co-founder of Instagram.

Why the UK is well-placed to retain its top AI talent ...

British AI scientists have long been at the forefront of AI development but, generally, their success has come while working abroad, especially in North America. Geoffrey Hinton, who is sometimes dubbed "the godfather of AI", was born and educated in the UK but made his name in Canada. Likewise, Demis Hassabis, who sold his start-up DeepMind to Google, was born and schooled in the UK.

Now, according to an expert participant, Britain is holding on to its most dynamic AI entrepreneurs. They pointed to two entrepreneurs who once thought that to fulfil their ambitions “they had to get on a plane to San Francisco”. But 10 years after setting up their first business, they are staying in the UK because “there’s more capital and more talent” than there used to be. At last, they said, “you can be a really ambitious founder” in the UK.

... but that talent doesn't come cheap

Companies have to be ready to pay top dollar to get the software engineers they need. The example of Jack and Jill, a talent start-up, was raised during the discussion. It recently announced that its lowest-paid engineers were going to be paid £350,000 a year because that was the minimum they could offer to attract people who would otherwise [go to] top companies.

Where the UK can be world-beaters on AI

One participant said: “The LLM [large language model] race is done. We’re not going to create a Google or a Google DeepMind or an OpenAI.”

There are, however, still ways that the UK can compete on the world stage, which include cybersecurity, building an open-weight AI model and developing “world models” that use “spatial intelligence” to capture the physical environment from vast streams of video and other data.

Workshop

Forum participants discussed their responses to the question: where do you believe AI will create the greatest economic value in your organisation over the next three years?

At their tables, members were asked to discuss a response to a further question from this list:

- How are organisations preparing their workforce to address the skills landscape, upskilling needs and the psychological impact of human-AI collaboration?
- How can organisations maximise return on investment from AI initiatives once they have been deployed at scale?
- Is regulation becoming a constraint or a strategic lever for AI? How is it shaping where and how organisations operate and create value globally?
- Where is AI likely to deliver the biggest productivity gains, and what is stopping organisations from capturing them?
- How is AI changing business models and where are organisations finding new sources of revenue and growth?

Here is a selection of the responses, with participants often considering the first question and one of the supplementary questions at the same time.

AI FORUM

Unlocking AI's real-world business value

Economic value

- Some sectors are being radically transformed by AI. One participant picked out the car industry as a classic example: autonomous and driverless cars are being launched with customer-tailored apps which facilitate how people interact with their vehicles.
- If companies are to squeeze all the economic value from AI, one participant said they needed to “embrace the disruptor mindset to reshape the role of their business, their people and teams, and therefore the value of their firm”.
- Another participant said companies needed to focus on human creativity, “free up mind space” (so that employees can “imagine new products, find ways to produce them faster”) and take care not to “outsource their thinking to AI”.

Workforce preparation

- The AI literacy of employees increasingly commands attention: “It’s great to have invested x amount in a tool or a set of technologies,” said one participant, “but if you haven’t invested the same amount, if not more, in AI literacy and change management, then you will find realising the value is much more challenging.”

Maximising ROI

- One participant advised against relying simply on optimising costs and generating greater efficiencies. They said to try to generate new revenue streams as well.
- They also said not to simply rely on the brilliance of the AI model but to think about the “AI harness” – that is, what you build around the AI model that helps your company “squeeze out uniqueness”. To do this, draw on your “proprietary data, tools, methodologies, and standard operating procedures”.
- Finally, think about your brand and communication strategy: “There’s a severe risk that if we all use the same AI tools to create marketing campaigns, we’re going to look very similar,” said one participant. “So how do you stand out from the crowd?”

Regulation

- One participant highlighted the pharmaceutical industry’s good use of AI, not only in developing medicines but also in tackling regulatory issues. “They are dealing with a lot of paperwork, a lot of bureaucracy and AI is being deployed to make improvements so that patients get the medicines they need faster than before.”

Opportunities for productivity gains

- Not all companies are achieving productivity gains. One participant blamed the “so-called latte break where people save time but do not use it properly. Instead, they go to grab another coffee”.

New business models and sources of revenue and growth

- Some participants said companies that use AI can “understand customers’ demands more quickly”, which should accelerate product development; they also said that AI made them “multiskilled” in a way that will allow them to “go into new markets in new ways”.
- For years, search engine optimisation has been the key to ecommerce. Now, in the era of ChatGPT and other chatbots, one participant said the focus was on GEO – generative engine optimisation. This, they said, would “give companies more accurate data than ever”.

Sponsor Insights

AI adoption is widespread. Value is not.

 Deloitte.

Latte time. Two seemingly unrelated words that neatly describe an unexpected consequence of AI adoption. People are saving time, but they're using it to make coffee.

It was a throwaway anecdote from a recent Financial Times AI Forum, where Deloitte experts led a roundtable discussion on AI adoption. But it points to a much bigger challenge. [Deloitte's GenAI Workforce Survey](#) found that 63 per cent of UK workers have used GenAI, yet half of users report no time saving. Adoption might be widespread, but value isn't.

AI adoption is accelerating; this isn't new news. [Two in three UK workers have used GenAI tools, and around one in eight use them several times a day.](#) In financial services, legal services, and software engineering, AI is already embedded into everyday work. But not all businesses are equal, and the workforce isn't transitioning as one. For many people, AI still feels like driving a Ferrari to pick up the shopping. AI fluency is key.

So the conversation is changing. Instead of "What can AI do?" businesses are now asking "Where will AI create the greatest economic value?"

Realising value

The truth is, many still don't know. They haven't reached the point of defining value; they just need to get going. Organisations feel the pressure and fear being left behind.

But beneath the FOMO, other uncertainties remain when turning experimentation into value.

What exactly are we trying to achieve?

What does value mean for our organisation?

How will we know if our AI investment is working?

There is no perfect answer. Organisations must establish a directional 'North Star' and refine adoption as capabilities mature. You can build the boat while travelling, but you first need to know where you're sailing.

So what should that destination be?

Efficiency is the obvious starting point. Most AI use cases focus on productivity: automating tasks, reducing admin, saving time. But it's dangerous to confuse time savings with value.

Latte time captures the problem perfectly.

If AI gives an employee 30 minutes back, is value created? Not necessarily. If the time is simply absorbed elsewhere, the theoretical productivity gain may never be realised. Also, half of GenAI users say it doesn't save them any time. But the other half report meaningful time savings. So we might be saving time, but the story is nuanced. Organisations must redesign work so newly liberated capacity can flow into better decisions, stronger customer outcomes, and innovation.

The companies that thrive in an AI-powered world will look beyond revenue and cost savings. The biggest opportunities will come from doing things differently. That requires a disruptor mindset. The organisations that create the most value will be those willing to disrupt themselves before their competitors do. By freeing up time and headspace, AI can give people more room to think creatively, explore what's possible and reimagine the business.

The AI revolution might sound like a cliché. But asking yourself "What's my revolution?" is far more interesting.

The human impact

Amid the excitement of revolutions and disruption, we're only just beginning to understand the human impact. We need to consider: "How are organisations preparing their workforce for changing skills, upskilling requirements and the psychological impact of human-AI collaboration?"

Sustainable value won't come from technology alone, but from redesigning work, decision-making and human-machine relationships with trust, accountability and measurable outcomes built in.

AI won't simply make existing roles more productive; it will change what they consist of. That makes AI literacy foundational. Organisations need to invest as seriously in skills, change management and workforce design as the technology itself. With natural language becoming the interface, AI fluency is increasingly about knowing what the technology can do, where it's likely to fail, and when human judgement remains decisive.

But responsibility cannot sit with individuals alone.

Workforce readiness is an operating-model challenge, not a standalone training programme. It requires role-based AI fluency, redesigned workflows, clear decision rights, safe experimentation and continuous learning.

And we mustn't forget the talent pipeline. If AI can perform many of the tasks traditionally given to junior employees, why hire them?

This creates the **pipeline paradox**. Junior roles are how people learn. Remove them entirely, and organisations risk undermining the future supply of experienced, senior professionals.

And what about the psychological impact?

Employees are being asked to embrace a technology that makes them more capable, while simultaneously changing their role and creating uncertainty about their future.

If people ask, "What does this mean for me?" they deserve a credible answer.

That means transparency around changing roles, autonomy, fairness and accountability. People should feel involved in redesigning work, rather than having AI thrust upon them. And they need clear pathways to adapt.

The next phase of AI will not be defined by those with the most tools or highest adoption rates. It will be defined by those that can redesign work, equip people to use AI confidently, and govern it responsibly.

The question for leaders is no longer simply what AI can do. It is what their organisation will choose to do differently because of it.

Please reach out to discuss the findings of [Deloitte's GenAI Workforce Survey](#).

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The £550bn question: why the UK's AI moment depends on going deeper, not just broader

By Neil Sholay, SVP of AI and Data, Oracle

The estimates are striking. AI could add more than £550bn to the UK economy by 2035, a figure cited in boardrooms, policy papers, and at almost every technology conference. Less discussed is the gap between that number and the trajectory most organisations are on. Closing it requires a fundamentally different approach to AI than most enterprises are taking.

Most enterprise AI today is horizontal: AI tools deployed across existing business processes, easier to implement and increasingly indistinguishable from one organisation to the next. It is not without value. It creates productivity and builds AI literacy across the organisation for what comes next. But it is not the source of the economic impact those forecasts point to. You don't close a £550bn opportunity with a chatbot.

The race is not about access to AI. It's about depth of application

The global AI competition is often framed around who has the best models, the biggest infrastructure budgets, or the most permissive regulation. These things matter at the frontier. But for the overwhelming majority of enterprises, and for the economic outcomes that actually show up in GDP, the more important variable is how deeply AI is being applied.

When I speak with customers and European enterprise leaders in workshops, a consistent pattern emerges. Organisations that treat broad AI deployment as the destination plateau quickly. Those that look at an existing process or function that is critical to the business and seek to reimagine and then re-engineer it as an agentic workflow or system are pulling ahead of the pack. They report productivity gains of 15 to 20 per cent or more across entire operations, not isolated functions. Horizontal AI opens the door; vertical AI is what you build once you're through it.

The next advantage is meaning, not just data

There is a further layer beneath all of this. The next leap will come from building AI that understands what a business's data actually means, not just how it is stored. Today we manage data; tomorrow we will manage meaning. We have reached a point where AI can read across an organisation's information and grasp what it represents: how things connect, the rules that govern them, where the data came from, and what it is worth to the business. Going deeper with AI therefore means teaching it the language and logic of a specific industry, so that it can work through a problem the way an experienced operator would rather than simply handling text.

Infrastructure matters, but only if it is matched by ambition

Growing competition between the UK, the US, China, and the EU has rightly raised questions about regulation, sovereignty, and control over critical AI infrastructure.

The UK is attracting serious investment: Oracle recently committed \$5bn to expanding cloud infrastructure here over five years, precisely because the UK has the regulatory posture, talent base, and policy intent to be a genuine AI destination.

But infrastructure is a necessary condition, not a sufficient one. Sovereignty frameworks determine what AI can be built; they don't determine how well it gets used. The UK's competitive position will be shaped not just by cloud capacity or regulation, but by whether British enterprises deploy AI with the same depth and exploit data with the same or better discipline as their global counterparts. That is a business strategy question as much as a policy one. Right now, it isn't getting enough attention.

The window is real, and so is the risk of missing it

The enterprises I worry about most are not the ones that haven't started with AI. Most have. They are the ones that deployed horizontal AI broadly, called it done, and moved on. They can point to pilots and dashboards, but they haven't confronted the harder question: which of your most complex, highest-value processes have you fundamentally re-engineered? That's where competitors are already operating at structurally different economics.

The £550bn estimate is not a guarantee. It is a ceiling that depends entirely on execution. The UK has the talent, infrastructure, and regulatory environment that can support responsible deployment at scale. What it needs now is enterprises with the clarity and courage to move beyond the first layer. The real prize is not in being broadly capable with AI. It is in being decisively better than your competitors at what actually drives your business.

AI is changing the way we work, innovate and grow. Discover the insights and real-world examples helping businesses prepare for what's next in our [AI Changes Everything](#) webinar series.