



95% of AI Pilots Fail, AI Services are the Solution

Treating AI like traditional software leads to failure and frustration. Managing AI like a service can reverse this trend.

By Isaac Silverman



95% of AI pilots fail to produce any measurable P&L impact. That finding from MIT's July report should concern every CEO, not because it reveals a technology problem, but because it exposes a management one. The issue isn't bad models or immature technology. Companies have wasted roughly \$30-40 billion on enterprise AI by treating it like traditional software: install it, configure it, let it run. But AI doesn't work that way.

Software is predictable. AI is not. Think of AI less like an application and more like a team of junior analysts. The upside is real, but only when you onboard, manage, direct, and quality-control the work. Like those analysts, AI needs ongoing training, clear direction, context, and feedback to improve. Without these, it stalls.

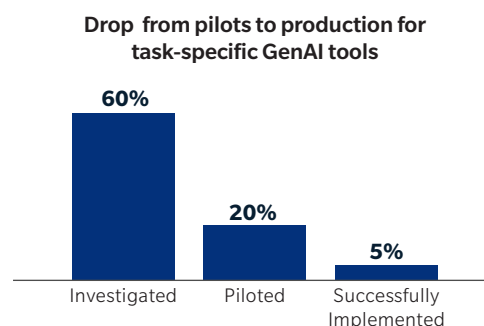
Companies that succeed don't just deploy AI. They manage it like a service, not a product.

I've seen this repeatedly. As founder and former CEO of Daydream, an AI business intelligence tool acquired by SBI in 2025, I've worked with portfolio companies from 9 of the 10 largest PE firms and dozens of Fortune 500 companies. The difference between successful implementations and abandoned pilots is rarely the technology itself.

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MIT's research confirms what I've observed: AI initiatives fail because of change management breakdowns, context gaps, and employees who don't trust the output. These are fixable problems, but only if you stop treating AI like software.

The companies winning with AI aren't treating it like plug-and-play superintelligence. They've built management systems that let AI get smarter with feedback and evolve with the business.



Source: The GenAI Divide State of AI in Business 2025, published by MIT NANDA, Challapally, Pease, Raskar, Chari, July 2025

Trust, Context and Change Management Kill 95% of AI Pilots

Trust makes or breaks an AI pilot. You need the right data at the right time, adjusted for shifting strategies, new context, and lessons learned. Humans do this naturally. AI doesn't. Throw in hallucinations and quality problems, and even receptive teams balk when careers or the company is on the line.

"Most GenAI systems don't retain feedback, adapt to context, or improve over time," according to MIT. So "for mission-critical work, 90% of users prefer humans." This creates an environment where teams will use AI for drafting emails and basic analysis but when the stakes rise, they want human judgment.

Here's what typically happens: A great demo convinces companies they can build AI capabilities in-house. Then reality hits. Change management fails. Context gaps appear. Quality concerns pile up and ultimately pilots fail.

The companies that make it across the divide buy rather than build. They partner with teams who've already done the unglamorous work of building systems that retain context, incorporate feedback, and earn trust over time. Winners aren't just deploying better models. They're building systems that take change management, context, and trust into consideration from the start.

So how do you solve all three at once? The answer isn't better software or trying harder internally. It's AI-powered services. Partnerships that combine technology with human expertise. This is something I've observed for years, and MIT confirmed with data saying: "Strategic partnerships are twice as likely to succeed as internal builds... Organizations that successfully cross the GenAI divide buy rather than build."

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How AI Services Fix Change Management, Context, and Trust Challenges

AI-powered services sidestep the trust, context, and change management problems that kill most pilots. Here's why they work:

- 1. They remove the change management burden.** No new tools to train on, no internal adoption fight. Results show up inside your existing workflows, delivered by experts who live the AI stack daily.
- 2. The provider has already done the heavy lifting.** A strong AI services provider has tens or hundreds of clients solving problems like yours. Their workflows, guardrails, and feedback loops are battle-tested. They've debugged the hallucinations, built human-in-the-loop quality checks, and learned which edge cases break the models. MIT found that successful vendors build systems with "persistent memory and iterative learning by design." Most enterprises don't have the volume to reach that level on their own.
- 3. They evolve with you.** When your strategy pivots, regulations change, or technology advances, the service provider handles model retraining and workflow adjustments. Unlike static tools that need constant prompting, AI services learn from feedback and adapt to shifting context. As new models emerge, workflows often need complete rewrites to take advantage of new capabilities. In-house builds fall behind quickly—what worked six months ago is already outdated. Service providers continuously update workflows to leverage the latest models, so you stay at the frontier without constant internal rework.



AI Services Cost Less and Deliver More

Historically, managed services have two weak spots: scaling talent and high hourly costs. AI fixes both.

- 1. Scaling talent.** Traditional services struggled with consistency. With AI, what works once can be captured, automated, and deployed everywhere. Best practices propagate instantly. Quality ratchets up across all engagements.
- 2. Cost and ROI.** Pre-AI, consulting made sense for targeted interventions, not ongoing operations. When human expertise is amplified by automation, output per hour skyrockets. Specialized AI-driven services deliver ROI that in-house teams can't match.

Three Moves to Join the 5%

Understanding why services work is one thing. Actually, succeeding is another. Three moves separate winners from the 95% who fail:

- 1. Choose hybrid services, not pure tools.** Organizations crossing the divide treat AI vendors less like software companies and more like business partners. They demand deep customization aligned to their processes and data. They benchmark on outcomes and partner through early failures rather than expecting immediate wins.
- 2. Let frontline managers lead.** Strong deployments begin with budget holders and domain managers, not central innovation labs. MIT found the best results came from "prosumers"—employees already using ChatGPT

or Claude who understood both potential and limits. These users become internal champions, identifying real problems and vetting solutions that fit workflows.

- 3. Redesign processes for AI.** Adding AI to existing workflows kills most pilots. Winners rethink how work gets done. Most company processes reflect human capacity constraints, not optimal business logic. Strategic analysis happens sporadically because analysts can only handle so many requests. AI removes such bottlenecks. When intelligence is on tap rather than rationed, you can redesign around abundance instead of periodic reports.

The Path Forward

Early predictions said AI would end consulting. That view mistakes today's AI for superintelligence—and gets it backwards. AI isn't replacing services. It's enabling a services boom.

AI works best when wrapped in human expertise, not deployed as a standalone tool. The future isn't tools or people. It's services that run on AI, delivering results while handling the complexity.

When superintelligence arrives, AI may eat everything—services included. But that's not today. Right now, AI-enabled services are the fastest path to AI that actually works.

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