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Singapore Enterprises Scale Back on AI Spending Despite Government Support

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Singapore – 22 July 2025 – Singaporean enterprises are spending less of their technology budgets on AI than last year as firms wrestle with data security and governance issues, according to a study by ServiceNow. Even as the government **ramps up support** for firms to tap into AI solutions, Singaporean enterprises are spending an average of 11.5% of their technology budgets on AI this year, down from 15.5% in 2024.

ServiceNow's latest Enterprise AI maturity study found that only 26% of Singaporean enterprise leaders feel they have reached a maturity level to transform their organisations with AI, while 29% say they saw no positive impact from AI on their gross margins in the past year.

The study suggests that Singaporean enterprises are struggling to translate their AI investments into value due to gaps in strategic alignment, integration, and governance. These strategic gaps are deepening due to:

- A lack of leadership alignment and operational integration
- Unclear AI governance frameworks and risk oversight
- Overemphasis on technical upskilling without enterprise-wide readiness

CK Tan, APJ Innovation Officer, Singapore at ServiceNow said, "What we're seeing in Singapore and across Asia-Pacific is that AI adoption is accelerating, but strategic clarity is lagging. Without a clear shared AI vision across the business, even the most promising AI investments struggle to deliver."

Cybersecurity and governance gaps undermine AI adoption

The study shows that Singaporean enterprise leaders are most likely to cite data security (21%) and an AI governance deficit (15%) as their #1 barriers to getting value from AI.

Those barriers may be made worse by fragmented approaches to AI innovation. Although 72% of Singaporean enterprises build and deploy AI applications through multiple internal task forces across the organisation, only 29% of enterprise leaders strongly agree that different departments are aligned on a clearly defined AI strategy. This exacerbates risk, reduces transparency, and stalls returns.

The lack of a centralised platform or cohesive governance model also undermines confidence among employees, who are expected to harness AI amid increasing ambiguity.

The talent gap: A barrier to effective AI transformation

While nearly a third (31%) of enterprises express confidence in their AI talent, the study found that this is often weakened by the absence of a strategic structure. Many organisations lack the governance frameworks, oversight, and clear KPIs needed to support skilled teams. As a result, AI deployment remains limited. The gap is not just about technical skills, but also about having the right structures in place to drive business value.

“Singapore has made bold AI investments, but many organisations are missing the foundational elements such as leadership alignment, strategic upskilling, and enterprise grade security and trust. Without these in place, even the most sophisticated AI tools risk becoming liabilities instead of value drivers,” Tan added.

“The organisations that succeed will be those that treat AI not just as a tool, but as a strategic capability. This means building the right foundations now, leveraging data as an asset to find new sources of value and experience-led transformation to unlock AI’s full potential before the window for competitive advantage closes.”

To help bridge this gap, ServiceNow is **partnering with Nanyang Polytechnic** (NYP) to co-develop curriculum, certifications, and applied AI research. The initiative enables students to tackle real-world use cases from the public sector, with innovations deployed securely on ServiceNow Protected Platform Singapore, Singapore’s secure, regulatory-compliant cloud platform.

To learn more, read ServiceNow’s Enterprise AI Maturity Index study **here**.

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About ServiceNow

ServiceNow (NYSE: NOW) is putting AI to work for people. We move with the pace of innovation to help customers

transform organizations across every industry while upholding a trustworthy, human centered approach to deploying our products and services at scale. Our AI platform for business transformation connects people, processes, data, and devices to increase productivity and maximize business outcomes. For more information, visit:**www.servicenow.com**.

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