

# Mining The GenAI Gold Rush: From Hype To Sustainable Business Models

A COMMISSIONED STUDY CONDUCTED BY FORRESTER CONSULTING ON BEHALF OF AMAZON WEB SERVICES, MARCH 2025



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## Executive Summary

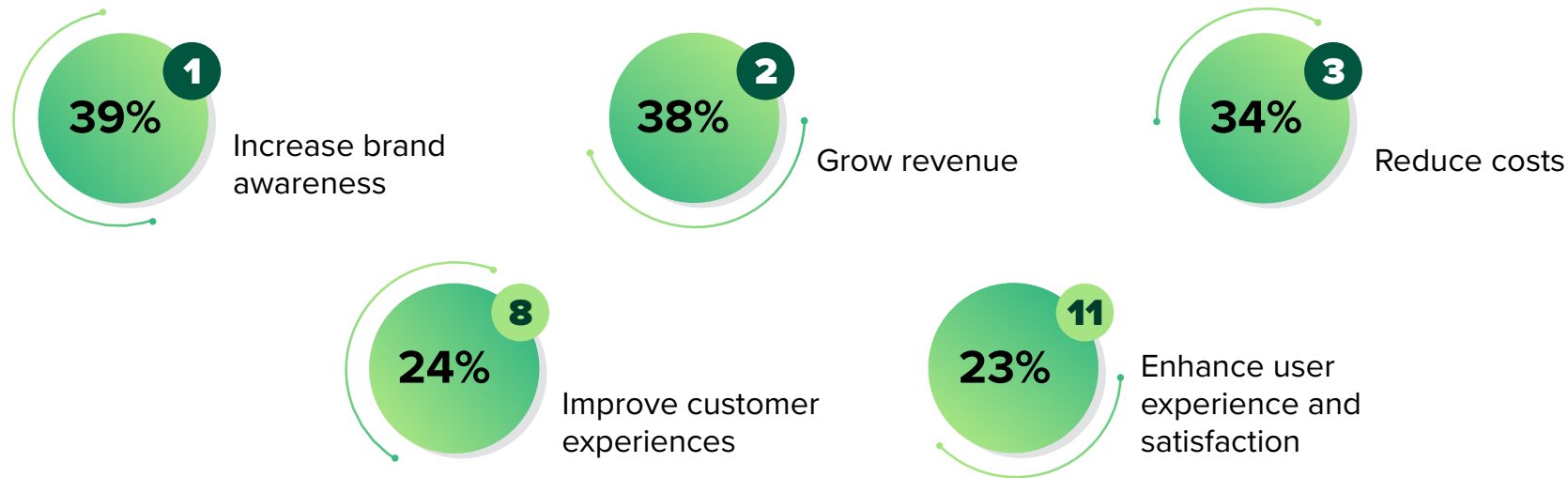
Generative AI (genAI) marks a transformative era in technology, reshaping how we interact with digital systems and the world around us. Organizations are rapidly adopting and investing in genAI, driven by an urgency to capitalize on its transformative potential.

Despite the fervor surrounding genAI, the rush to adopt this technology disrupts planning and preparation, leading to experiments sometimes being sold as solutions. At the core, there is a glaring gap — the absence of robust, proven business models, a pitfall common for nascent technologies like genAI. In addition, genAI development is costly and talent is scarce, making investments risky. Independent software vendors (ISVs) must focus on business-value-driven use cases, developing integrated products that deliver higher value.

## Rushed Enthusiasm: ISV Business Priorities Overlook Improving Customer Experience

ISVs focus on market presence and financial gains, aiming for quick market capture. In contrast, priorities like superior customer support and user experience are less emphasized. While this strategy may yield short-term benefits, it risks neglecting customer satisfaction and retention, which are essential for profitable growth.

### Business Priorities For GenAI Products Overlook Customer Priorities

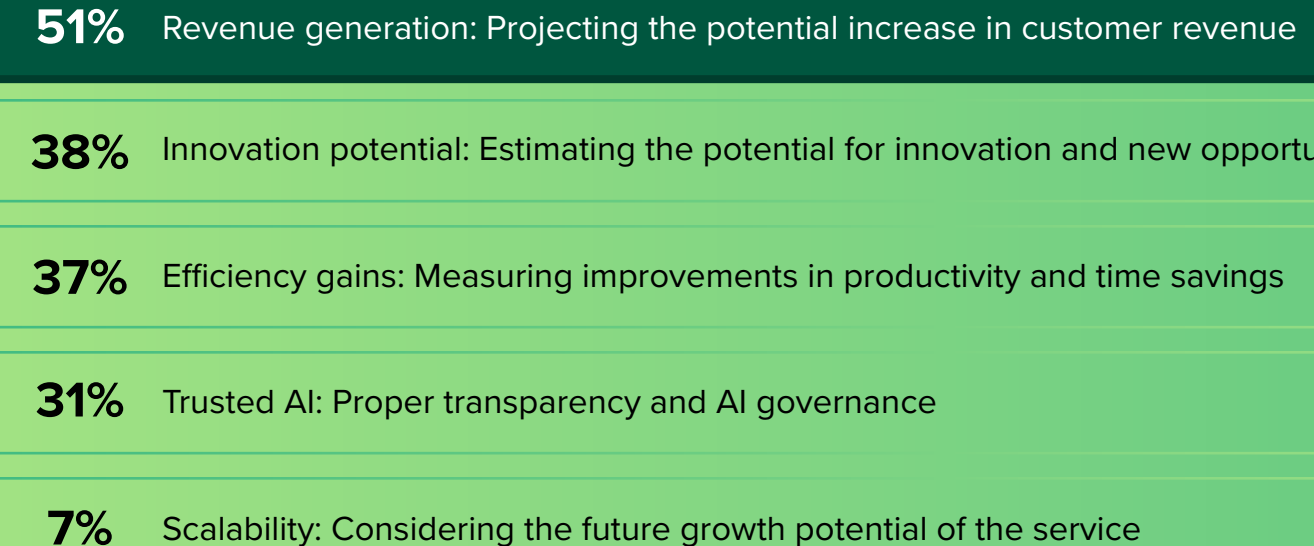


4 Base: 657 ISV executives and decision-makers with responsibility or influence of AI strategy for their organization  
 Note: Showing five responses  
 Source: A commissioned study conducted by Forrester Consulting on behalf of AWS, December 2024

## ISVs' Value Propositions Are High-level, Missing Out On Important Details

ISVs' current value propositions are high-level and focused on financials. They sideline important details around innovation, efficiency, trust, and scalability.

### Top ISV Value Propositions



#1 promise in ISVs' value propositions

Base: 657 ISV executives and decision-makers with responsibility or influence of AI strategy for their organization  
 Note: Showing five responses  
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## ISVs Rely On Off-The-Shelf Solutions To Move Fast

**46%**

mentioned leveraging cloud-based genAI platforms

while only  
**30%**

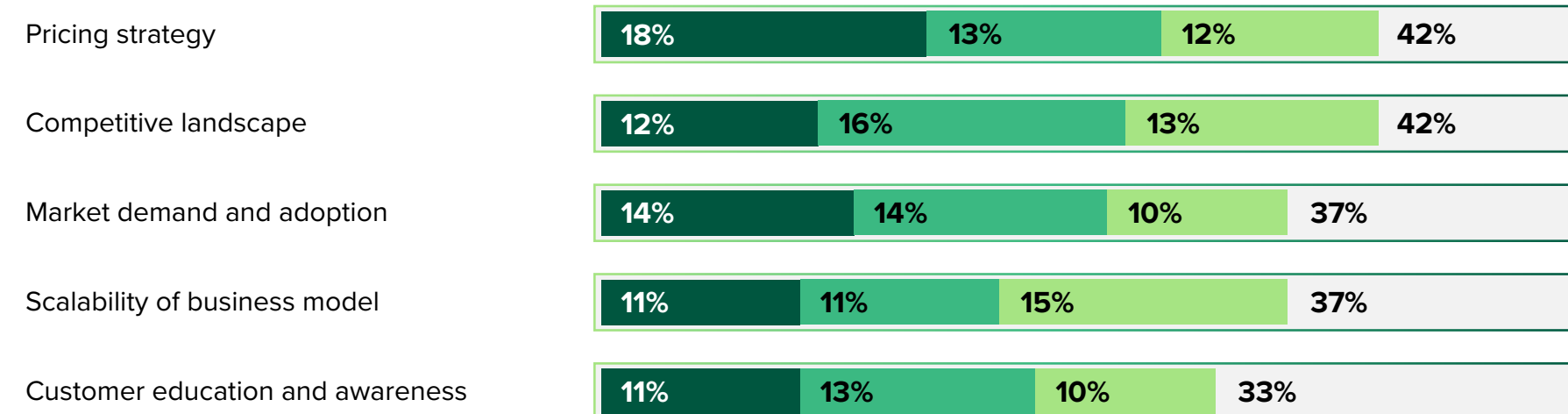
expressed interest in building genAI infrastructure in-house.

## ISVs Chase Opportunities, But Aren't Clear On Costs

ISVs struggle to differentiate their products, predict market needs, operate profitably, and expand their operations without compromising on quality or efficiency. It underscores significant planning pitfalls and suggests that ISVs driven by opportunism may lack a viable business model for genAI.

### “What are the top five business-related challenges in developing and offering genAI services?”

● Rank 1 ● Rank 2 ● Rank 3



# Flawed Business Models Lead To Unsustainable GenAI Development

The foundational weakness of lacking a business model is compounded by:



Expensive development and implementation.



A persistent shortage of skilled talent.



A critical underestimation of data, privacy, and security concerns.

These factors create an expensive and unsustainable trajectory, leaving ISVs ill-equipped to scale effectively or meet the demands of an increasingly competitive landscape.

“We’re definitely crawling right now, trying to walk.”

— HEAD OF PRODUCT, GLOBAL SOFTWARE

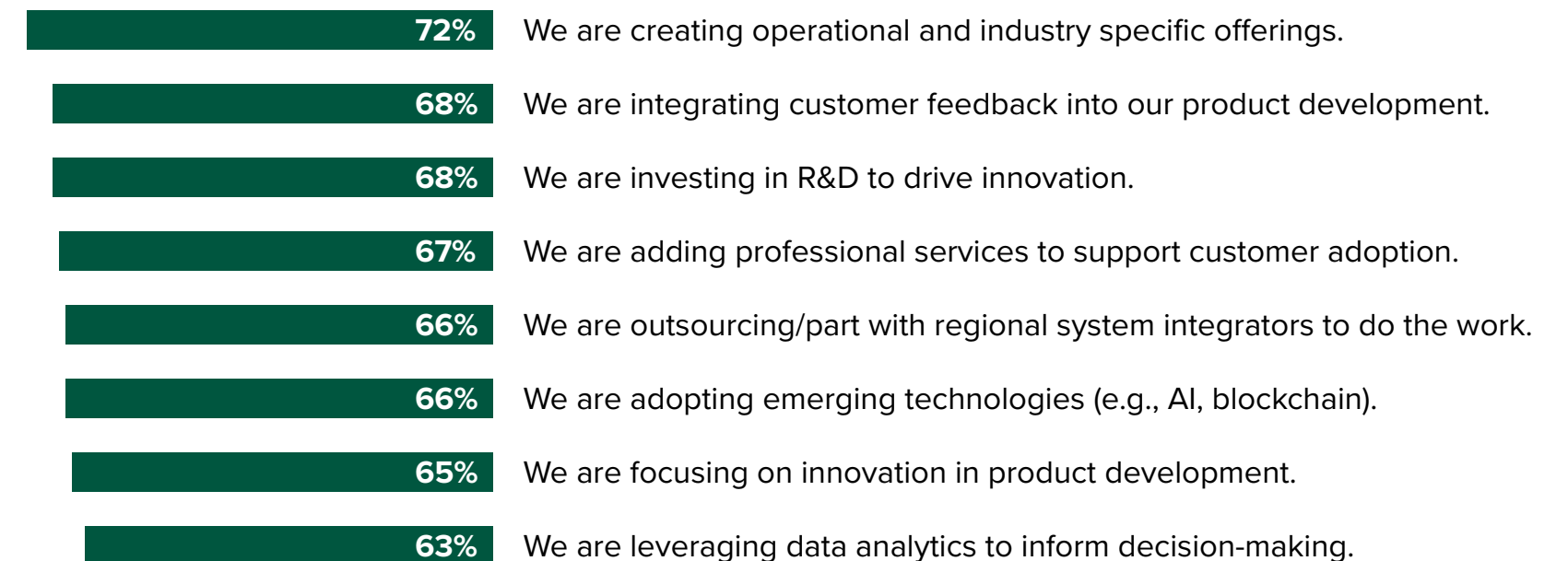
“It should be about more than ‘Can you write my email for me?’ We should give the question around genAI value propositions the justice it deserves. It needs more context to be truly valuable to a customer or a client.”

— STRATEGY EXECUTIVE, CLOUD PLATFORM AND DATA STORAGE

## ISVs’ Future Strategies Aim To Focus On Customers, Innovation, And Data

“To what extent does your organization plan to use the following strategies for your company to stay ahead of the competition?”

(Showing “Implementing” and “Implementing and expanding”)



## ISVs Must Address Transformative Capabilities That Provide Value

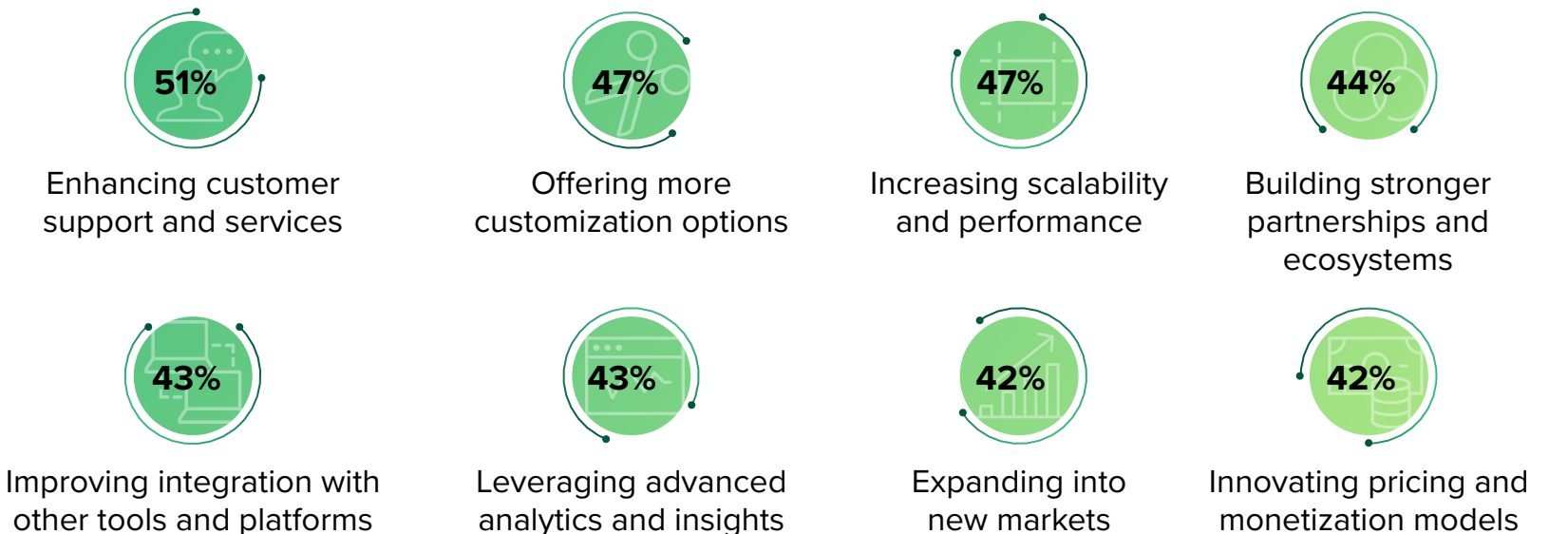
Current investments are directed towards generic use cases like image generation, customer support, and multilingual support. However, ISVs want to invest in more novel genAI capabilities to drive value, including:

Multimodal models	AI in edge locations and multiagent frameworks	Improved scalability, compute, and integration
Foundation models designed to process and integrate information from multiple different data types or modalities to craft specialized applications.	Pilot solutions that are a key design pattern in agentic AI, allowing multiple agents to allocate tasks, share information, and debate ideas to achieve better solutions	The infrastructure needed to support these advanced technologies, handle increased data and processing demands, and integrate new capabilities into existing systems

## ISVs Aspire To Evolve Their Offering From Surface-Level Solutions To Deeply Integrated Products

This evolution supports a sustainable business model by creating robust and efficient solutions that drive growth.

“How do you plan to generate additional value for your customers with your genAI offerings in the future?”



## Key Recommendations

ISVs are in the early stages of genAI adoption, needing to transform rapidly alongside their customers. As ISVs shift to delivering impactful solutions, they should:

**Demonstrate genAI-driven transformation.** Customers struggle to envision post-genAI transformation. ISVs must invest in R&D that addresses areas of vertical and administrative solutions to help customers transform how they do business.

**Upskill talent.** Customers face genAI skill shortages. ISVs need to expand their talent beyond genAI and technology, incorporating vertical and operational expertise to develop easy-to-adopt solutions.

**Enhance partner relationships.** ISVs have focused on technical partnerships with hyperscalers and frontier model builders. To advance genAI solutions, ISVs must form strategic relationships to co-develop products linking partner offers to scalable genAI solutions.

## Methodology

In this study, Forrester conducted an online survey of 657 executives and decision-makers at ISVs in APAC, EMEA, and North America. Survey participants included decision-makers with responsibility or influence of AI strategy for their organizations. Respondents were offered a small incentive for time spent on the survey. Furthermore, Forrester also completed customer interviews with executives and decision-makers at ISVs in APAC, EMEA, and North America. The study began in September 2024 and was completed in December 2024.

## Demographics

REGION	
APAC	33%
EMEA	34%
North America	33%

ROLE	
C-level executive	15%
Vice president	25%
Director	32%
Project manager	28%

NUMBER OF EMPLOYEES	
20,000 or more	11%
5,000 to 19,000	19%
1,000 to 4,999	31%
500 to 999	40%

# Explore More

Download the full study: Mining The Generative AI Gold Rush

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## RELATED FORRESTER RESEARCH

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Forrester Research, Inc., Jan 3, 2025

[GenAI Is Changing The Way Operations Teams Should Think About Data Quality](#),  
Forrester Research, Inc., April 26, 2024

[Generative AI: What It Means For Governance, Risk, And Compliance](#),  
Forrester Research, Inc., April 01, 2024

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