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GLOBAL INSIGHT

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AlphaWise

AI Adoption and the Future of Work: Banks, Tech and Professional Services - The Data You Haven't Seen

Our Global Insight report, AI Adoption and the Future of Work drew on the second wave of our five-country AlphaWise AI adoption survey, which assessed the impact of AI on employment across the banks, software, tech hardware, semis and professional services sectors. In these sectors, companies reported an average net loss of 5% of positions over the 12 months to April 2026. In this report, we drill down to compare employment outcomes and productivity gains by country, sector, company size, revenue and years of AI implementation.

AlphaWise α

Key Takeaways

- The second wave of our AlphaWise corporate AI adoption survey (April 2026) sought to understand the impact of AI adoption on companies' employment outcomes across banks, software & services, tech hardware & equipment, semiconductors, and professional services.
- We surveyed companies in the US, UK, Germany, Japan and Australia, sampling a spread of company size and annual revenue.
- Our key finding was that AI contributed to the elimination of 12% of jobs and to an additional 15% of positions not being backfilled across these sectors.
- This was partially offset by 25% of employees being retrained, 16% redeployed and 22% of new hires.
- Net loss of positions was highest in Japan at 10%, with only Germany reporting a net gain of -1%, along with the highest % of retrained employees.

Tech Diffusion

A Morgan Stanley Research Key Theme of 2026

To continue our assessment of the impact of AI adoption on employment, we conducted a second wave of our AlphaWise survey of corporate executives across five new industry groups that we had determined to be among the most likely to be impacted in our AI Adoption and the Future of Work report: **banks, software & services, tech hardware & equipment, semiconductors** and **professional services.** Within these sectors, **companies reported**

MORGAN STANLEY & CO. INTERNATIONAL PLC+
Anita Bhardwaj
Data Analyst
Anita.Bhardwaj@morganstanley.com +44 20 7425-1883

MORGAN STANLEY & CO. LLC
Stephen C Byrd
Equity Analyst
Stephen.Byrd@morganstanley.com +1 212 761-3865

MORGAN STANLEY & CO. INTERNATIONAL PLC+
Rachel Fletcher, Ph.D.
Equity Strategist
Rachel.Fletcher@morganstanley.com +44 20 7677-4089

MORGAN STANLEY & CO. LLC
Michelle M. Weaver, CFA
Equity Strategist
Michelle.M.Weaver@morganstanley.com +1 212 296-5254

MORGAN STANLEY ASIA (SINGAPORE) PTE.+
Daniel K Blake
Equity Strategist
Daniel.Blake@morganstanley.com +65 6834-6597

MORGAN STANLEY & CO. INTERNATIONAL PLC+
Regiane Yamanari
Equity Strategist
Regiane.Yamanari@morganstanley.com +44 20 7677-4652

Marina Zavolock
Equity Strategist
Marina.Zavolock@morganstanley.com +44 20 7425-2318

MORGAN STANLEY ASIA (SINGAPORE) PTE.+
Kristal Ji
Equity Strategist
Kristal.Ji@morganstanley.com +65 6834-6949

MORGAN STANLEY & CO. INTERNATIONAL PLC+
Arushi Agarwal, CFA
Equity Strategist
Arushi.Agarwal1@morganstanley.com +44 20 7677-3944

MORGAN STANLEY & CO. LLC
Anna Feldman
Equity Strategist
Anna.Feldman@morganstanley.com +1 212 761-3784

MORGAN STANLEY ASIA LIMITED+
Ehsernta Fu
Equity Strategist
Ehsernta.Fu@morganstanley.com +852 3963-3711

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an average net loss of positions of 5% over the previous 12 months.



As the survey focused on AI-exposed sectors and on companies that have been implementing AI for at least a year, the results provide an early indication of how more advanced AI adoption may reshape workforces as the technology improves. The findings show marked variation by country, sector, company size and tenure of AI adoption - with meaningful workforce adaptation alongside job losses.

It is worth noting that the 5% net loss of positions is not consistent across countries or sectors. Japan reported the highest net loss of jobs at 10%, followed by 6% in the UK, 5% in the US, 4% in Australia and a net gain of -1% in Germany. Within sectors, semiconductors saw the highest net job loss at 8%, followed by software & services (7%), tech hardware (5%), professional services (4%) and banks (3%)

Key findings

1. Across all countries, companies reported an average net loss of 5% of positions over the last 12 months. Japan reported the highest average net loss at 10%, followed by the UK at 6%, the US at 5% and Australia at 4%. Germany was the only country to record a net gain, of 1% of total positions.

Overall, an average 27% of positions were eliminated or not backfilled, partially offset by 22% of new hires. At the same time, companies reported that on average 25% of employees were retrained and a further 16% were redeployed. Only 11% of positions were unaffected by AI adoption.

There were significant differences across countries. Companies in Japan registered the most marked impact, with 14% of positions eliminated and 16% not backfilled, compared with 20% of new hires. Also noteworthy is that Japan recorded the lowest % of retrained employees at 22%. 17% were redeployed, a level more in keeping with that in other countries.

Germany was the only market to record a net gain in positions, with fewer positions eliminated or not backfilled, at 21%, and 22% new hires. Germany also had the lowest level of eliminated positions, at 9%, and the highest level of retraining, at 27%. UK companies recorded a net loss of 6%, with 27% of positions eliminated or not backfilled against 21% represented by new hires. In the US, just 6% of positions were unaffected by AI adoption, the lowest of any country, which indicates how entrenched the adoption of AI is in this geography. This compares with Germany's 15%, with other markets' levels in between.

Across sectors, semiconductor companies saw the highest net loss of positions at 8%, as well as the highest level of positions eliminated (13%) or not backfilled (16%), though also redeployed most employees at 18% and retrained a similar level as in other sectors (24%). Banks registered the lowest net loss of jobs at 3%, eliminated or not backfilled at 25%, alongside 23% new hires.

Anita Bhardwaj is a member of Morgan Stanley's AlphaWise team. She is not a research analyst and is not expressing investment recommendations on financial instruments, industries or transactions.

At 9%, companies with 1,001 to 10,000 employees registered the highest net loss of positions, while those with fewer than 50 employees saw a net gain at -4%, 17% of positions eliminated or not backfilled and 22% new hires. It is worth noting that 27% of positions at companies with fewer than 50 employees were unaffected by AI implementation. Companies with 501 to 1,000 employees made the most new hires (24%) and those with 250 to 500 employees recorded the highest level of retraining at 30%.

2. Offshore employees were more impacted by positions being eliminated or not backfilled in the last 12 months. Overall, offshore employees (41%) were most impacted by eliminated or not backfilled positions, followed by permanent employees (38%) and contract/temporary employees (26%). Offshore positions within Germany (52%) and UK (49%) were most eliminated or not backfilled. In the US (46%) and Japan (45%), more permanent employees were impacted by eliminated or not backfilled roles.

Offshore employees working with banks and software & services were more affected by eliminations or not backfilled positions, while within semis companies permanent employees were more impacted. The largest companies, with over 10,000 employees, were most likely to cut their offshore teams.

3. Across all countries, employees with 2 to 5 years' experience were most eliminated or not backfilled. Broadly, positions of employees with 2 to 10 years' work experience were most likely to be eliminated (35%) or not backfilled (35%). Within this cohort, those with 2 to 5 years' experience fared worse, with 18% of eliminations and 19% of positions not backfilled. This was especially the case among tech hardware & equipment and semiconductor companies.

At the same time, employees with 2 to 10 years' experience were also most likely to be hired (41%), retrained (39%) and redeployed (40%). This was more marked among the banks, software & services sectors and professional services, where employees with 2 to 5 years' experience comprised most new hires and also saw high levels of retraining and redeployment.

In the next 12 months, 72% of companies said they are most likely to hire candidates with 6 to 10 years' experience, followed by 65% for 2 to 5 years, while graduate hiring could stand at around 40%.

4. In the last 12 months, companies' net productivity increased by an average of 9.6% as a result of AI implementation. Net productivity increased most among UK companies (10.3%) and least among those in Germany (8.4%). The software & services sector (10.4%) saw the highest net increase in productivity in the prior 12 months, while semiconductors achieved the lowest net increase in productivity, at 8.2%. At 11.3%, companies with fewer than 50 employees saw the highest net productivity increase. When analysing on a revenue basis, companies generating under $1 million in revenue in 2025 reported the highest net productivity increase at 13.3%, while those with revenue over $5 billion made an average gain of 9.2%.

5. Highest productivity gains were in IT/software development and customer service/support. IT/software development saw the greatest productivity gains across all countries, particularly in Australia, Japan and the UK. Banks saw most

gains in IT/software development and finance/FinOps, while software & services, tech hardware & equipment and semiconductors saw most gains in IT/software development. Professional services was the exception, where customer service/ support (52%) had the edge over IT/software development (49%) and legal & compliance (48%).

6. On average, the companies have been implementing AI solutions for 2.9 years. Japanese companies (3.1 years) have been implementing AI for the longest, followed by Australian companies (3.0 years), Germany & UK (2.9 years), and the US with an average of 2.7 years. 50% of companies in Japan and 38% in Germany adopted AI solutions over 3 years ago, compared with 31% in the UK and Australia and 24% in the US. Banks, tech hardware & equipment and semiconductor sectors have been implementing AI for average 3 years, vs. professional services for 2.8 years. Companies with over 500 employees and with an annual revenue in 2025 of over $5 billion adopted AI solutions earliest.

AlphaWise Survey Details

Exhibit 1:

Primary Research

See what others don't.

1) AI adoption drove a 5% net job loss globally over the last 12 months among the banks, software & services, tech hardware & equipment, semiconductors and professional services sectors. Over the last 12 months, those with 2 to 10 years' work experience, particularly those with 2 to 5 years' experience, were more vulnerable to job elimination and positions not backfilled. Candidates most likely to be hired in the next 12 months will have 2 to 10 years' work experience, followed by those with 2 years' experience. 2) Across all countries, of those positions that were eliminated/not backfilled in the last 12 months, 41% of companies reported that offshore contract/temporary employees were most impacted, followed by 38% asserting that permanent employees globally were most impacted. 3) AI adoption boosted company productivity by a net average of 9.6% over the past year, highest in the UK and US, with the biggest gains in IT, customer service, and financial operations. Looking ahead, firms expect even stronger improvements — especially in Germany, Japan, and sectors like semiconductors and professional services, signalling growing confidence in AI's ability to drive measurable efficiency gains.

Methodology

In April 2026, we carried out a total of 808 online interviews with professionals with detailed knowledge of their company's AI strategy & implementation. The sample consisted of companies within the banks, software & services, tech hardware & equipment, semiconductors & professional services sectors in the US, the UK, Germany, Japan and Australia that have been implementing or developing AI solutions for at least 12 months and plan to continue to do this in the next 12 months.

Sample by Country

US: 160

UK: 163

Germany: 163

Japan: 159

Australia: 163

Sample by Company Sector

Banks: 202

Software & services: 204

Tech hardware & equipment: 150

Semiconductors: 52

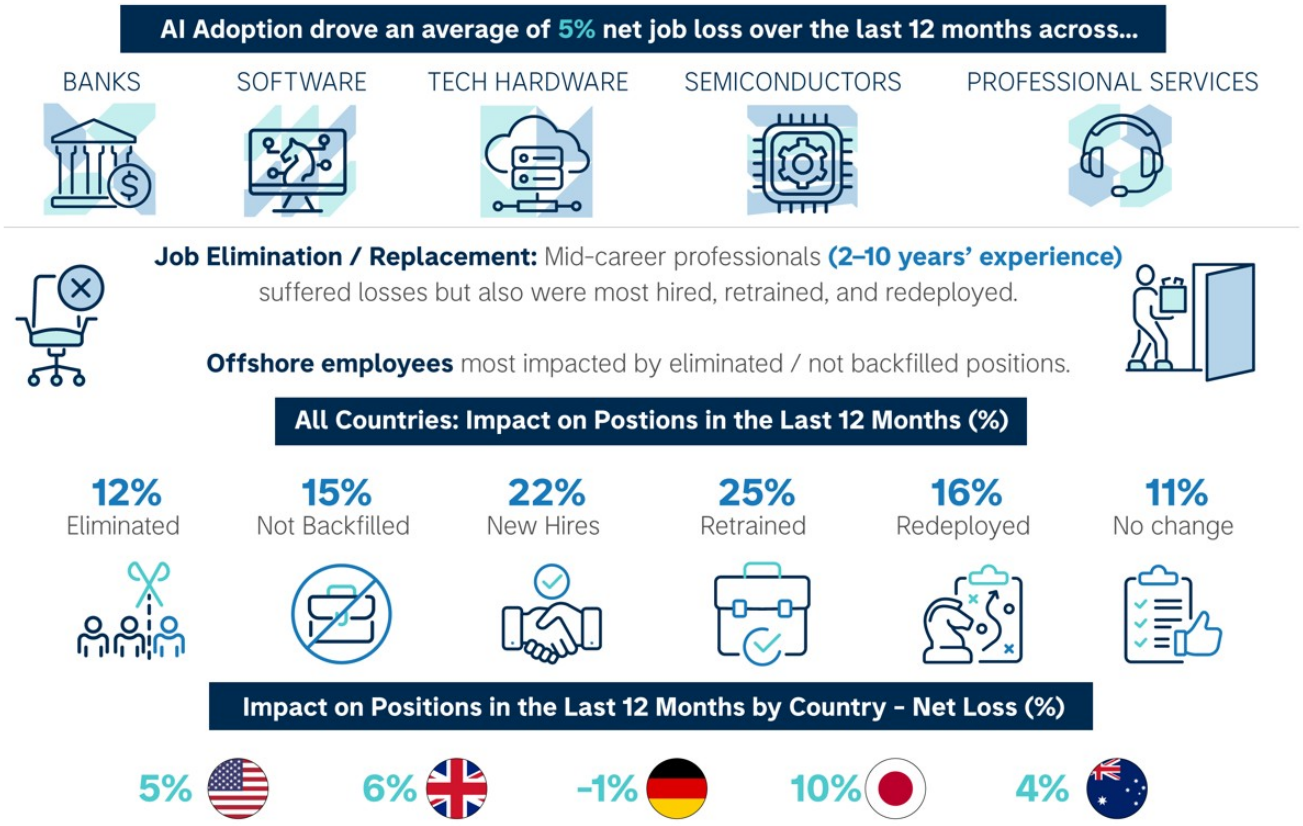
Professional services: 200

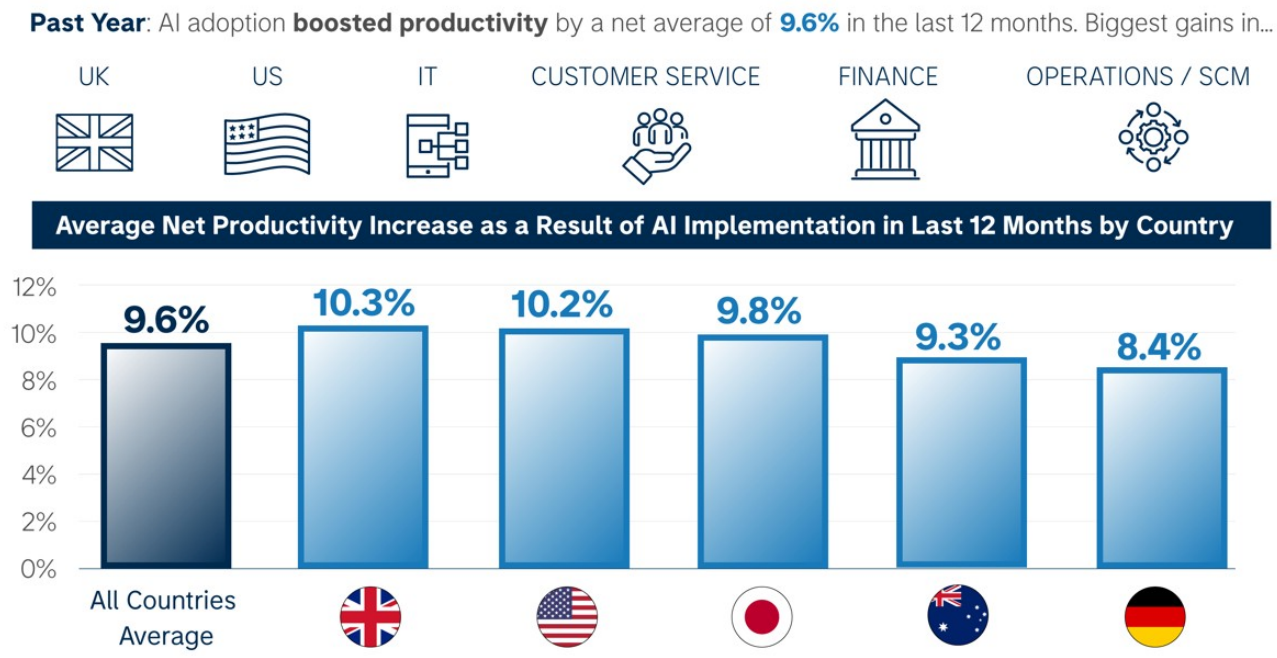
Team behind the analysts.

AlphaWise Primary Research gathers alternative data and generates unique insights via an innovative analytical and visualization platform.

Source: AlphaWise, Morgan Stanley Research

The Story in Pictures



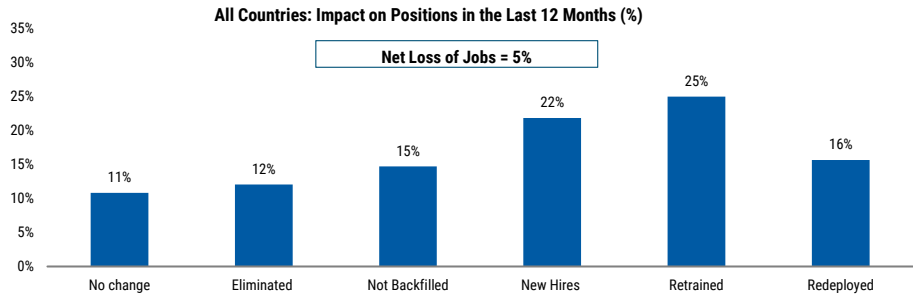


AlphaWise, Morgan Stanley Research

Impact on Employment Outcomes in the Last 12 Months

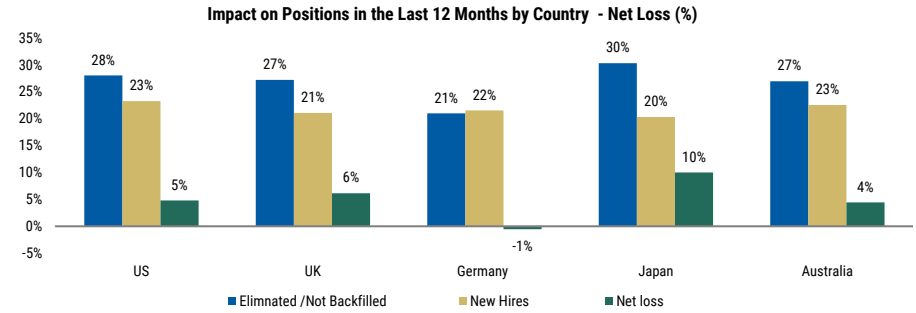
By Country

Exhibit 2: **TOTAL SAMPLE** - 27% of positions were eliminated or not backfilled, while 22% were hired in the last 12 months



Source: AlphaWise, Morgan Stanley Research

Exhibit 3: **NET LOSS** - Net loss of positions was highest in Japan at 10%



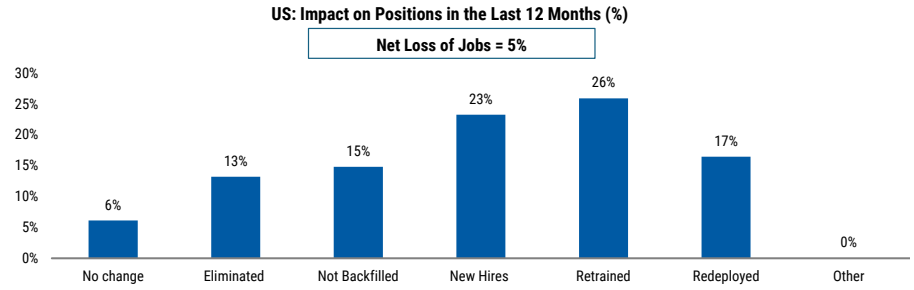
Source: AlphaWise, Morgan Stanley Research

Exhibit 4: **TOTAL SAMPLE** - 83% of companies eliminated positions primarily as the result of AI implementation over the last 12 months

All Countries: Impact on Positions in the Last 12 Months (%)	Eliminated	Not Backfilled	New Hires	Retrained	Redeployed	Other	No change
0%	17%	12%	5%	7%	11%	99%	51%
1% to 10%	45%	25%	10%	7%	19%	1%	17%
11% to 25%	30%	56%	61%	44%	63%	0%	23%
26% to 50%	8%	7%	22%	39%	7%	0%	4%
51% to 75%	0%	0%	1%	2%	0%	0%	1%
76% to 99%	0%	0%	0%	0%	0%	0%	0%
100%	0%	0%	1%	0%	0%	0%	3%

Source: AlphaWise, Morgan Stanley Research

Exhibit 5: **US** - 28% of positions were eliminated or not backfilled, while 23% were hired in the last 12 months



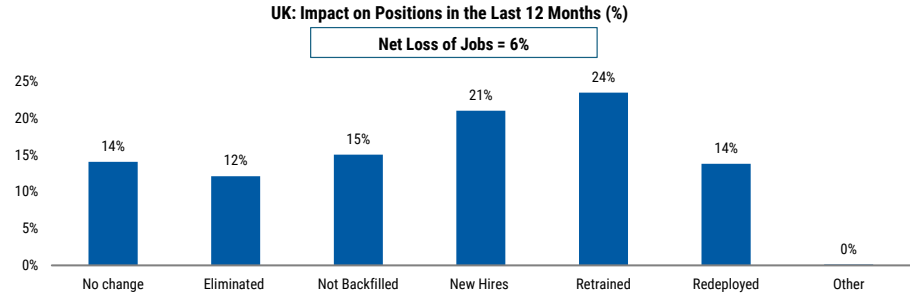
Source: AlphaWise, Morgan Stanley Research

Exhibit 6: **US** - 79% of US companies eliminated positions over the last 12 months

US: Impact on Positions in the Last 12 Months (%)	Eliminated	Not Backfilled	New Hires	Retrained	Redeployed	Other	No change
0%	21%	16%	3%	7%	14%	100%	68%
1% to 10%	37%	18%	8%	2%	13%	0%	14%
11% to 25%	32%	58%	64%	50%	62%	0%	16%
26% to 50%	9%	8%	23%	39%	10%	0%	1%
51% to 75%	1%	1%	1%	1%	1%	1%	1%
76% to 99%	0%	0%	0%	0%	0%	0%	0%
100%	0%	0%	0%	0%	0%	0%	2%

Source: AlphaWise, Morgan Stanley Research

Exhibit 7: **UK** - 27% of positions were eliminated or not backfilled, while 21% were hired in the last 12 months



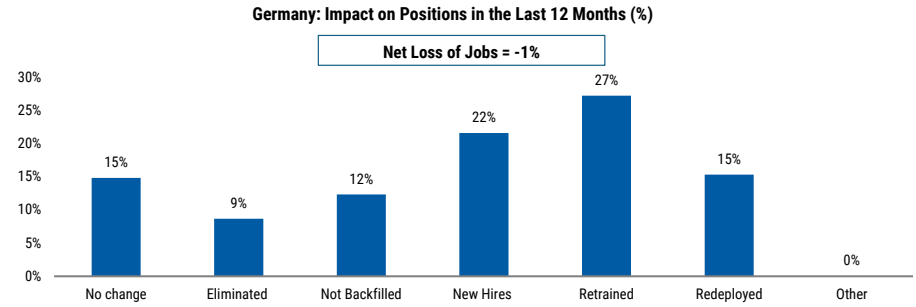
Source: AlphaWise, Morgan Stanley Research

Exhibit 8: **UK** - 52% of companies hired, while 55% redeployed, 11% to 25% of positions

UK: Impact on Positions in the Last 12 Months (%)	Eliminated	Not Backfilled	New Hires	Retrained	Redeployed	Other	No change
0%	20%	16%	7%	10%	15%	98%	52%
1% to 10%	40%	28%	14%	12%	25%	2%	14%
11% to 25%	29%	45%	52%	43%	55%	0%	20%
26% to 50%	10%	10%	24%	31%	5%	0%	6%
51% to 75%	0%	0%	2%	2%	0%	0%	2%
76% to 99%	0%	0%	0%	1%	0%	0%	1%
100%	0%	0%	0%	0%	0%	0%	5%

Source: AlphaWise, Morgan Stanley Research

Exhibit 9: GERMANY - 21% of positions were eliminated or not backfilled, while 22% were hired in the last 12 months



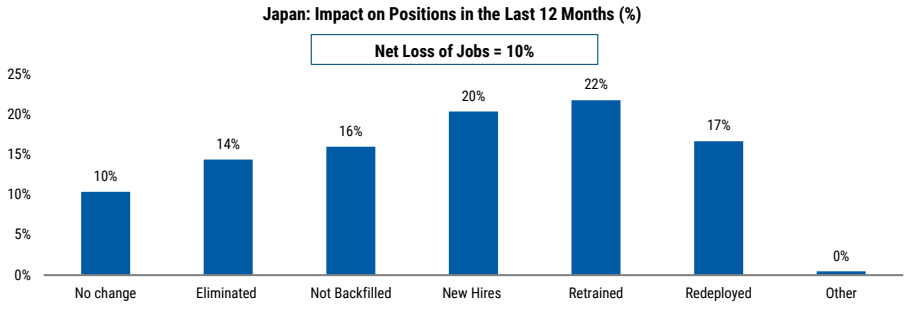
Source: AlphaWise, Morgan Stanley Research

Exhibit 10: GERMANY - 63% of companies redeployed 11% to 25% of positions, while 53% retrained 26% to 50% of their workforce

Germany: Impact on Positions in the Last 12 Months (%)	Eliminated	Not Backfilled	New Hires	Retrained	Redeployed	Other	No change
0%	15%	10%	5%	7%	8%	99%	34%
1% to 10%	60%	41%	10%	6%	21%	1%	23%
11% to 25%	23%	48%	63%	33%	63%	0%	31%
26% to 50%	2%	2%	20%	53%	8%	0%	6%
51% to 75%	0%	0%	0%	2%	0%	0%	2%
76% to 99%	0%	0%	0%	0%	0%	0%	0%
100%	0%	0%	2%	0%	0%	0%	4%

Source: AlphaWise, Morgan Stanley Research

Exhibit 11: JAPAN - 30% of positions were eliminated or not backfilled, while 20% were hired in the last 12 months



Source: AlphaWise, Morgan Stanley Research

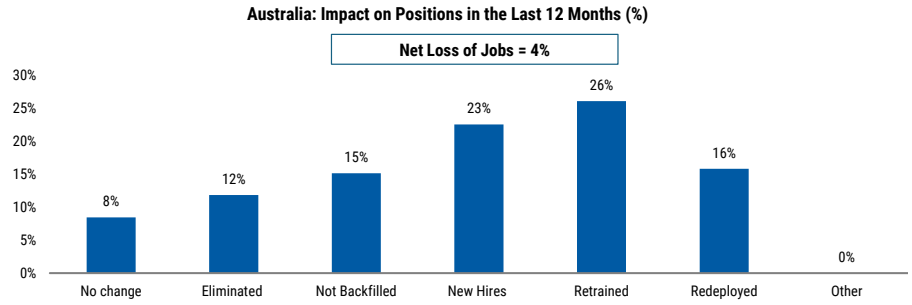
Exhibit 12: JAPAN - 64% of Japanese companies did not backfill 11% to 25% of positions

Japan: Impact on Positions in the Last 12 Months (%)	Eliminated	Not Backfilled	New Hires	Retrained	Redeployed	Other	No change
0%	10%	8%	5%	4%	5%	97%	52%
1% to 10%	36%	21%	12%	11%	21%	2%	16%
11% to 25%	45%	64%	65%	58%	68%	1%	23%
26% to 50%	8%	8%	18%	26%	5%	0%	6%
51% to 75%	1%	0%	0%	1%	0%	0%	2%
76% to 99%	0%	0%	0%	0%	0%	0%	0%
100%	0%	0%	1%	1%	1%	0%	1%

Source: AlphaWise, Morgan Stanley Research

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Exhibit 13: AUSTRALIA - 27% of positions were eliminated or not backfilled, while 23% were hired in the last 12 months



Source: AlphaWise, Morgan Stanley Research

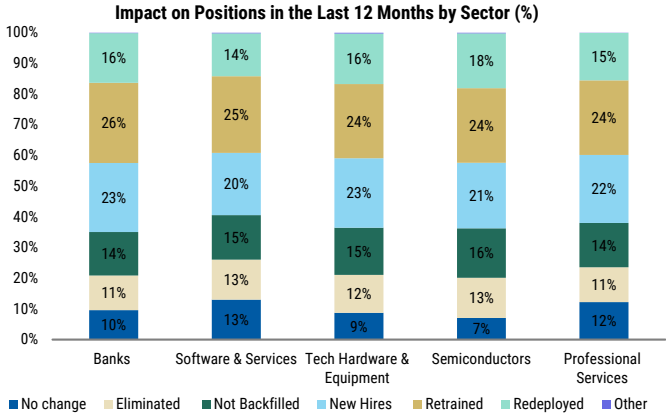
Exhibit 14: AUSTRALIA - 66% of companies redeployed and did not backfill 11% to 25% of positions

Australia: Impact on Positions in the Last 12 Months (%)	Eliminated	Not Backfilled	New Hires	Retrained	Redeployed	Other	No change
0%	17%	10%	4%	5%	10%	100%	49%
1% to 10%	52%	17%	6%	7%	15%	0%	20%
11% to 25%	23%	66%	64%	39%	66%	0%	26%
26% to 50%	8%	6%	26%	47%	9%	0%	2%
51% to 75%	0%	1%	0%	2%	0%	0%	1%
76% to 99%	0%	0%	0%	0%	0%	0%	1%
100%	1%	0%	0%	0%	0%	0%	1%

Source: AlphaWise, Morgan Stanley Research

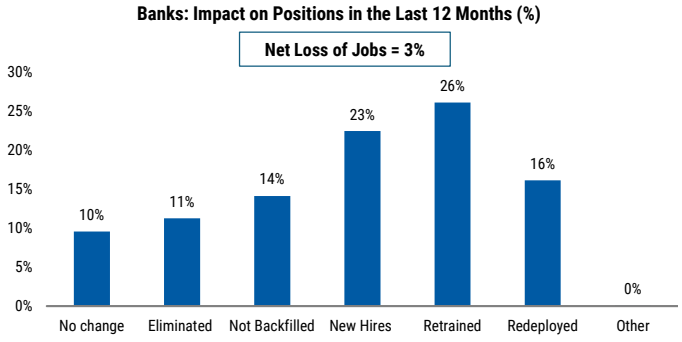
By Sector

Exhibit 15: TOTAL SAMPLE - Of all sectors, semiconductors saw the highest level of eliminations and non-backfilled positions at 29%



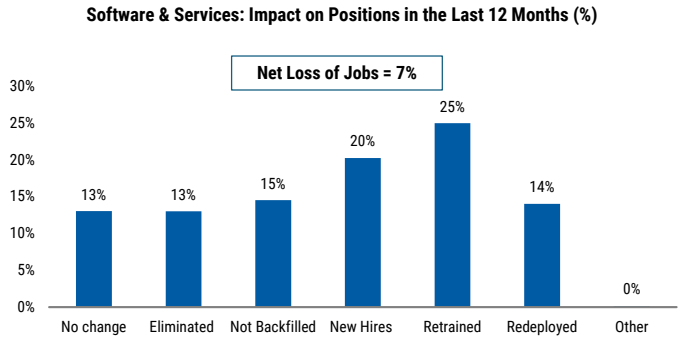
Source: AlphaWise, Morgan Stanley Research

Exhibit 16: BANKS - Of the 5 sectors, at 26%, banks retrained the most employees



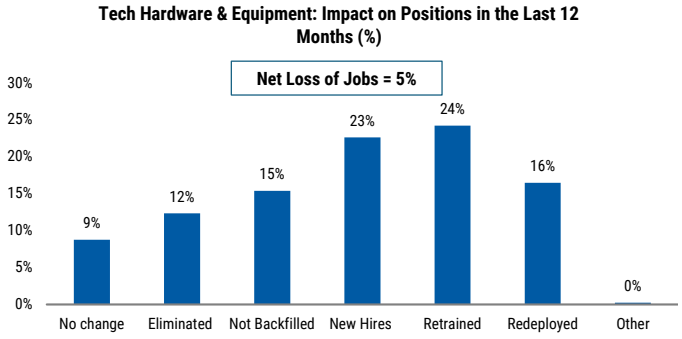
Source: AlphaWise, Morgan Stanley Research

Exhibit 17: SOFTWARE & SERVICES - At 20%, software sector had the lowest level of hires, and highest level of positions unaffected by the implementation of AI



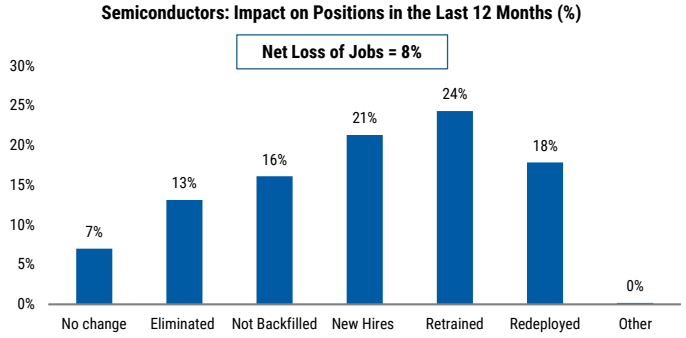
Source: AlphaWise, Morgan Stanley Research

Exhibit 18: TECH HARDWARE & EQUIPMENT - Retraining impacted 24% positions



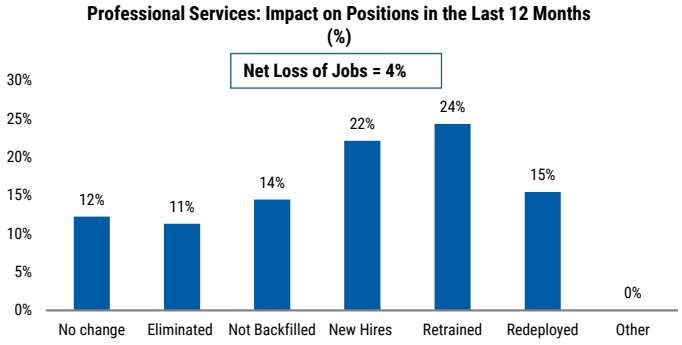
Source: AlphaWise, Morgan Stanley Research

Exhibit 19: SEMICONDUCTORS - At 29%, semis had the highest level of eliminations and not backfilled positions, but also the highest of redeployed positions



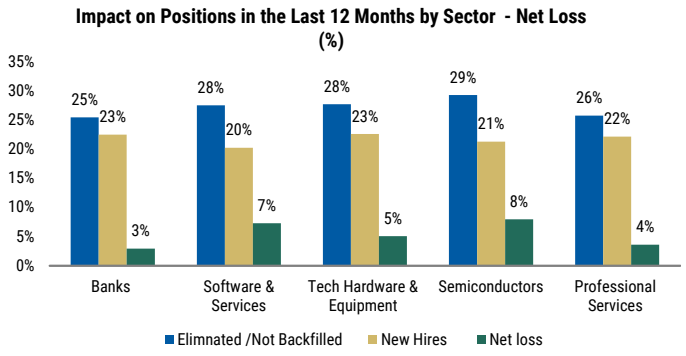
Source: AlphaWise, Morgan Stanley Research

Exhibit 20: PROFESSIONAL SERVICES - With banks, this sector had the lowest eliminations at 11%



Source: AlphaWise, Morgan Stanley Research

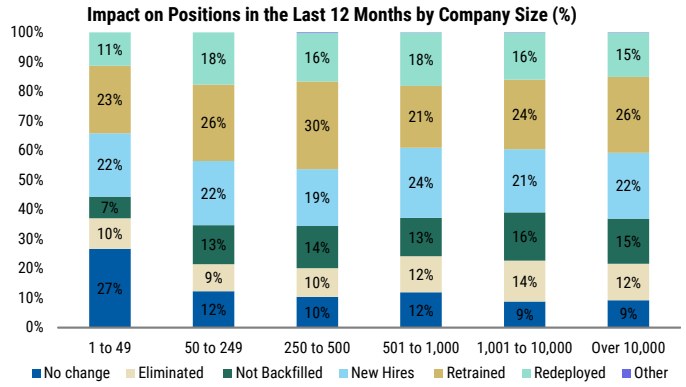
Exhibit 21: NET LOSS - Net loss of positions was highest among semiconductors at 8% and lowest among banks at 3%



Source: AlphaWise, Morgan Stanley Research

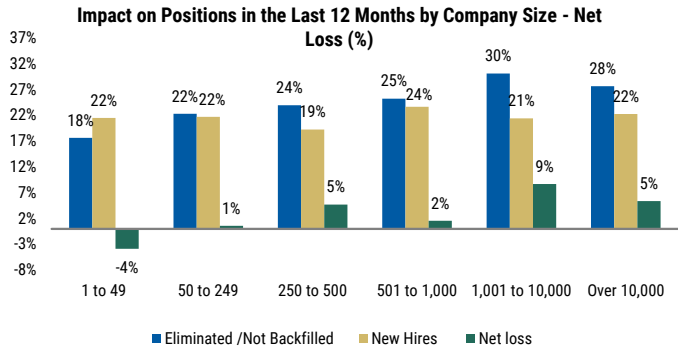
By Company Size

Exhibit 22: TOTAL SAMPLE - Firms with 250 to 500 employees retrained the highest share of positions at 30%



Source: AlphaWise, Morgan Stanley Research

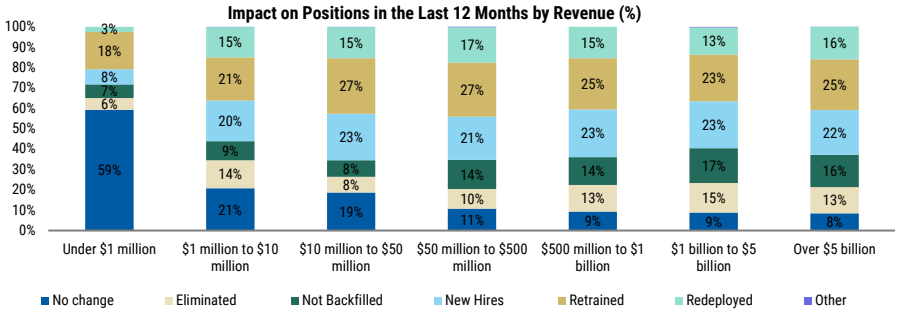
Exhibit 23: NET LOSS - Companies with 1,001 to 10,000 employees registered the highest net loss of positions



Source: AlphaWise, Morgan Stanley Research

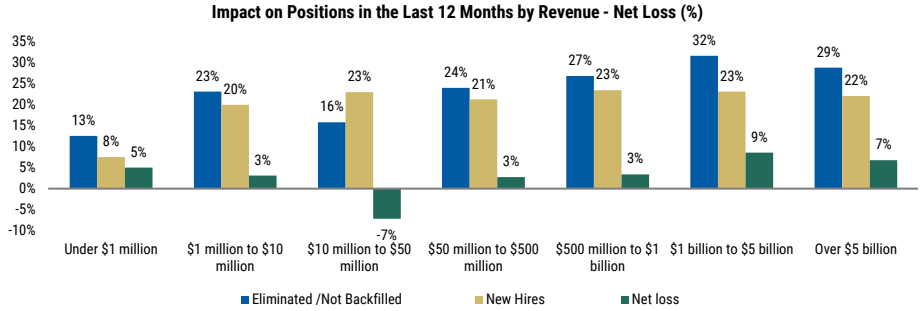
By Revenue

Exhibit 24: TOTAL SAMPLE - Firms with revenue under $1 million saw the least workforce disruption, with 59% reporting no change



Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15 for Under $1 million

Exhibit 25: NET LOSS - Net loss of positions was highest among firms with $1 billion to $5 billion in revenue at 9%



Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15 for Under $1 million

Impact on Employment Outcomes by Level of Work Experience in the Last 12 Months

By Country

Exhibit 26: TOTAL SAMPLE - Employees with 2 to 5 years of experience were most likely to be eliminated/not backfilled, but also most likely to see hiring and redeployment

All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	12%	12%	11%	9%	9%
Non-Graduates with no prior work experience	11%	10%	7%	8%	8%
<2 years work experience	16%	16%	15%	14%	14%
2 to 5 years work experience	18%	19%	21%	20%	20%
6 to 10 years work experience	16%	16%	19%	19%	20%
11 to 15 years work experience	11%	11%	12%	13%	13%
16 to 20 years work experience	8%	7%	8%	8%	9%
21 to 30 years work experience	5%	5%	4%	5%	5%
Over 30 years work experience	3%	3%	3%	3%	3%
Base	674	711	770	754	723

Source: AlphaWise, Morgan Stanley Research

Exhibit 27: US - Those with 2 to 5 years of experience saw most positions eliminated/not backfilled, but also the highest levels of hiring and redeployment

US: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	11%	11%	10%	8%	7%
Non-Graduates with no prior work experience	10%	11%	7%	7%	7%
<2 years work experience	17%	16%	15%	15%	14%
2 to 5 years work experience	19%	20%	22%	21%	21%
6 to 10 years work experience	17%	16%	19%	19%	20%
11 to 15 years work experience	12%	12%	12%	13%	14%
16 to 20 years work experience	8%	7%	8%	9%	9%
21 to 30 years work experience	5%	4%	4%	5%	5%
Over 30 years work experience	2%	3%	2%	3%	3%
Base	126	134	156	149	137

Source: AlphaWise, Morgan Stanley Research

Exhibit 28: UK - Employees with 2 to 5 years of experience were most likely to be eliminated or not backfilled, yet also saw the strongest hiring and redeployment

UK: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	15%	14%	12%	10%	11%
Non-Graduates with no prior work experience	13%	12%	9%	8%	8%
<2 years work experience	17%	17%	16%	15%	16%
2 to 5 years work experience	18%	18%	21%	20%	20%
6 to 10 years work experience	15%	14%	19%	18%	18%
11 to 15 years work experience	10%	10%	10%	11%	10%
16 to 20 years work experience	7%	6%	7%	8%	7%
21 to 30 years work experience	4%	4%	3%	5%	5%
Over 30 years work experience	2%	4%	3%	4%	4%
Base	130	137	151	146	138

Source: AlphaWise, Morgan Stanley Research

Exhibit 29: GERMANY - Employees with 2 to 5 years of experience were most likely to be eliminated or not backfilled, yet also saw the strongest hiring and redeployment

Germany: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	10%	11%	11%	9%	8%
Non-Graduates with no prior work experience	11%	10%	6%	8%	7%
<2 years work experience	17%	17%	14%	14%	14%
2 to 5 years work experience	19%	19%	22%	19%	20%
6 to 10 years work experience	16%	16%	19%	20%	20%
11 to 15 years work experience	11%	12%	13%	15%	14%
16 to 20 years work experience	8%	7%	7%	8%	9%
21 to 30 years work experience	5%	5%	5%	5%	5%
Over 30 years work experience	3%	3%	2%	3%	3%
Base	139	147	155	152	150

Source: AlphaWise, Morgan Stanley Research

Exhibit 30: JAPAN - Employees with 2 to 5 years of experience saw the most eliminations, hiring, and retraining, while those with 6 to 10 years saw the most redeployment

Japan: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	12%	12%	12%	10%	10%
Non-Graduates with no prior work experience	10%	10%	8%	8%	8%
<2 years work experience	15%	15%	15%	14%	13%
2 to 5 years work experience	18%	17%	21%	19%	18%
6 to 10 years work experience	17%	17%	18%	18%	20%
11 to 15 years work experience	12%	12%	12%	14%	13%
16 to 20 years work experience	9%	9%	8%	9%	9%
21 to 30 years work experience	5%	6%	4%	6%	6%
Over 30 years work experience	3%	4%	2%	3%	3%
Base	143	147	151	152	151

Source: AlphaWise, Morgan Stanley Research

Exhibit 31: AUSTRALIA - Retraining was concentrated among those with 6 to 10 years' experience, while employees with 2 to 5 years saw the most jobs eliminated/not backfilled

Australia: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	12%	11%	10%	9%	8%
Non-Graduates with no prior work experience	10%	10%	7%	7%	7%
<2 years work experience	15%	16%	14%	13%	14%
2 to 5 years work experience	18%	19%	21%	20%	21%
6 to 10 years work experience	17%	16%	20%	21%	20%
11 to 15 years work experience	11%	11%	12%	14%	13%
16 to 20 years work experience	8%	7%	8%	8%	9%
21 to 30 years work experience	5%	5%	5%	5%	5%
Over 30 years work experience	4%	3%	3%	3%	3%
Base	136	146	157	155	147

Source: AlphaWise, Morgan Stanley Research

By Sector

Exhibit 32: BANKS - Employees with 2 to 5 years' experience were most likely to be eliminated, not backfilled, and hired

Banks: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	11%	11%	11%	9%	9%
Non-Graduates with no prior work experience	11%	10%	7%	8%	8%
<2 years work experience	16%	17%	14%	15%	15%
2 to 5 years work experience	20%	19%	22%	20%	21%
6 to 10 years work experience	17%	16%	21%	20%	20%
11 to 15 years work experience	10%	11%	12%	13%	12%
16 to 20 years work experience	8%	7%	7%	8%	8%
21 to 30 years work experience	5%	5%	4%	4%	5%
Over 30 years work experience	3%	4%	3%	3%	3%
Base	165	175	195	194	190

Source: AlphaWise, Morgan Stanley Research

Exhibit 33: SOFTWARE & SERVICES - Hiring was concentrated among those with 2 to 5 years' experience, while retraining peaked among employees with 6 to 10 years' work experience

Software & Services: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	13%	14%	13%	10%	10%
Non-Graduates with no prior work experience	10%	12%	8%	7%	7%
<2 years work experience	16%	16%	15%	13%	14%
2 to 5 years work experience	18%	18%	22%	19%	19%
6 to 10 years work experience	17%	15%	17%	20%	19%
11 to 15 years work experience	11%	11%	11%	13%	13%
16 to 20 years work experience	8%	7%	7%	9%	9%
21 to 30 years work experience	4%	4%	4%	5%	5%
Over 30 years work experience	3%	3%	3%	3%	3%
Base	178	184	189	184	175

Source: AlphaWise, Morgan Stanley Research

Exhibit 34: TECH HARDWARE & EQUIPMENT - Eliminations/ positions not backfilled were highest among those with 2 to 5 years' experience, while redeployment was most concentrated among employees with 6 to 10 years experience

Tech Hardware & Equipment: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	13%	12%	11%	11%	9%
Non-Graduates with no prior work experience	12%	10%	8%	8%	8%
<2 years work experience	17%	15%	15%	14%	14%
2 to 5 years work experience	18%	18%	20%	20%	19%
6 to 10 years work experience	16%	16%	20%	19%	20%
11 to 15 years work experience	11%	11%	12%	13%	14%
16 to 20 years work experience	7%	7%	8%	9%	8%
21 to 30 years work experience	4%	6%	4%	5%	5%
Over 30 years work experience	3%	3%	2%	3%	3%
Base	126	134	147	143	138

Source: AlphaWise, Morgan Stanley Research

Exhibit 35: SEMICONDUCTORS - Employees with 2 to 5 years' experience saw the most eliminations/ positions not backfilled, while hiring peaked among those with 6 to 10 years experience

Semiconductors: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	12%	11%	10%	10%	9%
Non-Graduates with no prior work experience	12%	11%	9%	10%	9%
<2 years work experience	16%	17%	15%	15%	15%
2 to 5 years work experience	19%	19%	20%	20%	20%
6 to 10 years work experience	17%	17%	21%	18%	19%
11 to 15 years work experience	11%	12%	13%	14%	14%
16 to 20 years work experience	8%	7%	7%	7%	7%
21 to 30 years work experience	4%	3%	3%	4%	5%
Over 30 years work experience	2%	2%	2%	2%	2%
Base	43	48	51	51	50

Source: AlphaWise, Morgan Stanley Research

Exhibit 36: PROFESSIONAL SERVICES - Hiring was highest among those with 2 to 5 years' experience

Professional Services: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	12%	11%	9%	8%	7%
Non-Graduates with no prior work experience	10%	9%	6%	6%	7%
<2 years work experience	16%	16%	15%	14%	14%
2 to 5 years work experience	18%	19%	22%	20%	20%
6 to 10 years work experience	16%	15%	18%	19%	20%
11 to 15 years work experience	12%	12%	13%	15%	13%
16 to 20 years work experience	9%	8%	9%	9%	9%
21 to 30 years work experience	5%	5%	5%	6%	5%
Over 30 years work experience	3%	4%	3%	3%	4%
Base	162	170	188	182	170

Source: AlphaWise, Morgan Stanley Research

By Company Size

Exhibit 37: 1-49 EMPLOYEES - Employees with 2 to 10 years' experience saw the most hiring and retraining, while positions not backfilled were highest among new graduates

All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level and Company Size (1 to 49 Employees)	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	11%	21%	7%	9%	9%
Non-Graduates with no prior work experience	7%	10%	2%	4%	5%
<2 years work experience	20%	12%	18%	12%	18%
2 to 5 years work experience	17%	14%	26%	26%	24%
6 to 10 years work experience	23%	17%	26%	26%	25%
11 to 15 years work experience	10%	13%	12%	13%	9%
16 to 20 years work experience	6%	5%	6%	6%	6%
21 to 30 years work experience	3%	4%	2%	2%	3%
Over 30 years work experience	3%	4%	2%	2%	2%
Base	18	18	33	35	27

Source: AlphaWise, Morgan Stanley Research

Exhibit 38: 50-249 EMPLOYEES - Employees with 2 to 5 years' experience saw the most hiring and redeployment, while retraining peaked among those with 6 to 10 years' experience

All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level and Company Size (50 to 249 Employees)	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	10%	8%	8%	7%	7%
Non-Graduates with no prior work experience	9%	10%	6%	6%	7%
<2 years work experience	16%	16%	14%	13%	14%
2 to 5 years work experience	19%	20%	23%	20%	21%
6 to 10 years work experience	17%	17%	21%	22%	20%
11 to 15 years work experience	13%	14%	15%	16%	15%
16 to 20 years work experience	9%	8%	8%	8%	9%
21 to 30 years work experience	5%	5%	4%	5%	5%
Over 30 years work experience	3%	3%	2%	3%	3%
Base	87	99	110	109	108

Source: AlphaWise, Morgan Stanley Research

Exhibit 39: 250-500 EMPLOYEES - Eliminations and positions not backfilled were highest among employees with 2 to 5 years' experience, while retraining peaked among those with 6 to 10 years' experience

All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level and Company Size (250 to 500 Employees)	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	11%	12%	10%	9%	8%
Non-Graduates with no prior work experience	11%	9%	6%	5%	6%
<2 years work experience	17%	18%	15%	15%	14%
2 to 5 years work experience	18%	19%	20%	18%	19%
6 to 10 years work experience	15%	16%	19%	20%	19%
11 to 15 years work experience	12%	12%	14%	15%	15%
16 to 20 years work experience	9%	8%	9%	10%	10%
21 to 30 years work experience	5%	4%	5%	5%	7%
Over 30 years work experience	2%	2%	2%	3%	3%
Base	42	44	46	47	47

Source: AlphaWise, Morgan Stanley Research

Exhibit 40: 501-1,000 EMPLOYEES - Employees with 2 to 5 years' experience saw the most eliminations, positions not backfilled, hiring, retraining and redeployment

All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level and Company Size (501 to 1,000 Employees)	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	13%	11%	13%	12%	14%
Non-Graduates with no prior work experience	14%	10%	9%	10%	10%
<2 years work experience	15%	16%	14%	15%	15%
2 to 5 years work experience	20%	19%	20%	21%	21%
6 to 10 years work experience	16%	16%	17%	16%	17%
11 to 15 years work experience	10%	13%	11%	10%	10%
16 to 20 years work experience	7%	7%	7%	7%	7%
21 to 30 years work experience	3%	5%	4%	4%	4%
Over 30 years work experience	3%	4%	4%	4%	3%
Base	33	32	37	36	36

Source: AlphaWise, Morgan Stanley Research

Exhibit 41: 1,001-10,000 EMPLOYEES - Employees with 2 to 5 years' experience saw the most eliminations, positions not backfilled, hiring and redeployment

All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level and Company Size (1,001 to 10,000 Employees)	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	11%	11%	11%	9%	9%
Non-Graduates with no prior work experience	11%	10%	8%	8%	8%
<2 years work experience	16%	16%	15%	15%	15%
2 to 5 years work experience	18%	19%	21%	19%	20%
6 to 10 years work experience	16%	17%	19%	19%	19%
11 to 15 years work experience	12%	12%	12%	14%	13%
16 to 20 years work experience	8%	7%	8%	9%	9%
21 to 30 years work experience	5%	5%	4%	5%	5%
Over 30 years work experience	3%	3%	3%	3%	3%
Base	208	226	237	230	222

Source: AlphaWise, Morgan Stanley Research

Exhibit 42: OVER 10,000 EMPLOYEES - Employees with 2 to 5 years' experience saw the most eliminations, positions not backfilled, hiring and retraining, while redeployment peaked among those with 6 to 10 years' experience

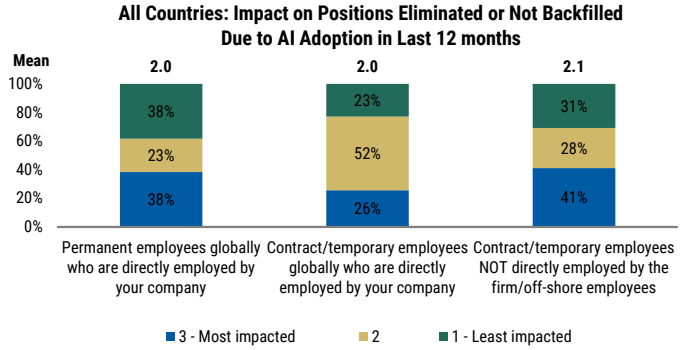
All Countries: Average (%) Impact of AI Adoption on Workforce Outcomes by Experience level and Company Size (Over 10,000 Employees)	Eliminated	Not backfilled	Hired	Retrained	Redeployed
Graduates with no prior work experience	13%	14%	12%	10%	9%
Non-Graduates with no prior work experience	11%	11%	9%	8%	8%
<2 years work experience	16%	17%	15%	14%	13%
2 to 5 years work experience	18%	19%	21%	20%	19%
6 to 10 years work experience	16%	15%	19%	18%	20%
11 to 15 years work experience	10%	10%	11%	12%	13%
16 to 20 years work experience	7%	7%	7%	9%	8%
21 to 30 years work experience	4%	5%	4%	5%	6%
Over 30 years work experience	3%	4%	3%	3%	4%
Base	286	292	307	297	283

Source: AlphaWise, Morgan Stanley Research

Positions of Contract, Temporary & Offshore Employees Eliminated or Not Backfilled in the Last 12 Months

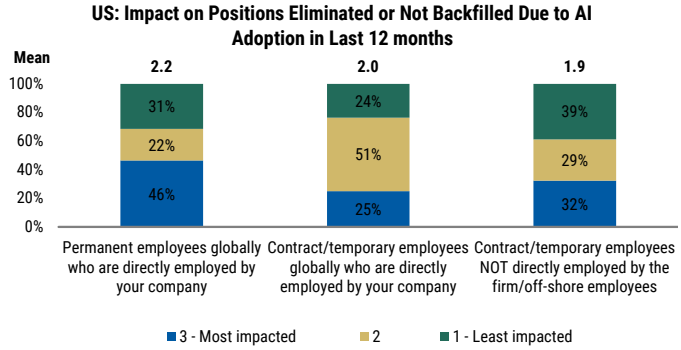
By Country

Exhibit 43: TOTAL SAMPLE - Offshore employees were more likely to be impacted by eliminated and not backfilled positions



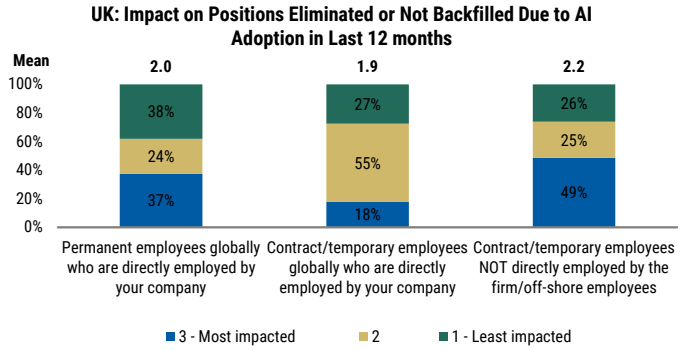
Source: AlphaWise, Morgan Stanley Research

Exhibit 44: US - Permanent employees were most affected by eliminated and not backfilled positions



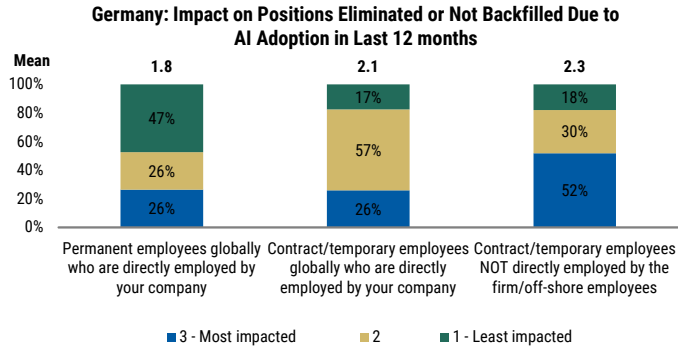
Source: AlphaWise, Morgan Stanley Research

Exhibit 45: UK - Offshore workers were significantly more impacted by the loss in positions



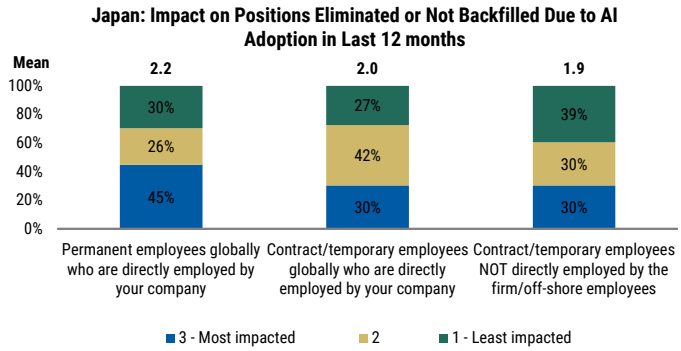
Source: AlphaWise, Morgan Stanley Research

Exhibit 46: GERMANY - Offshore employees suffered the most eliminated or not backfilled positions



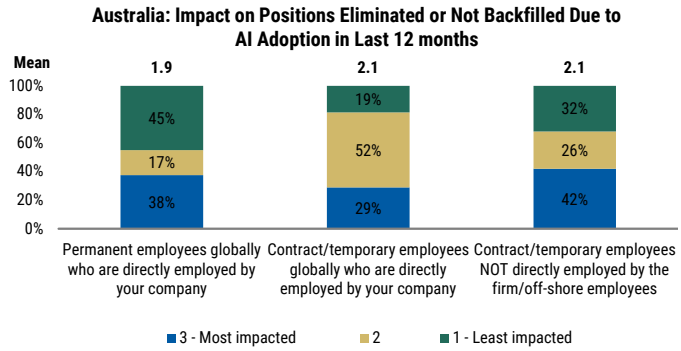
Source: AlphaWise, Morgan Stanley Research

Exhibit 47: JAPAN - Permanent employees were most impacted by eliminated and not backfilled positions



Source: AlphaWise, Morgan Stanley Research

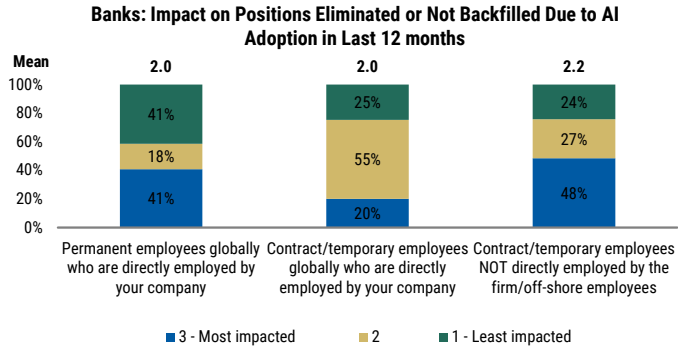
Exhibit 48: AUSTRALIA - Offshore and permanent employees saw most eliminated and not backfilled positions



Source: AlphaWise, Morgan Stanley Research

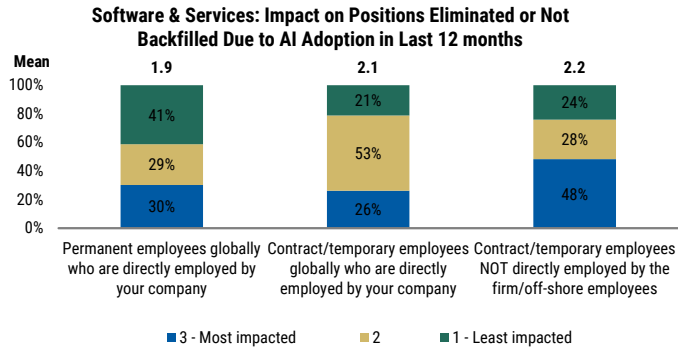
By Sector

Exhibit 49: BANKS - This sector's offshore and permanent employees were most affected by eliminated or not backfilled positions



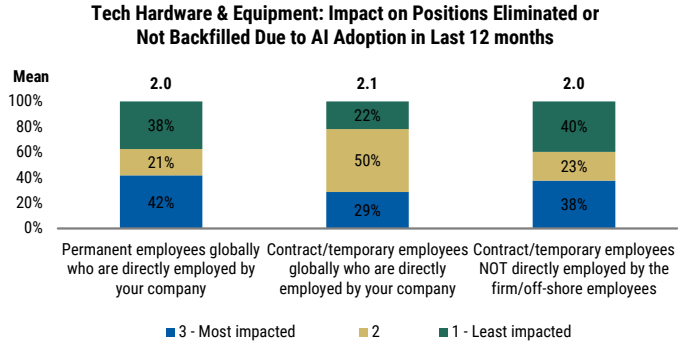
Source: AlphaWise, Morgan Stanley Research

Exhibit 50: SOFTWARE & SERVICES - As in the banks sector, offshore suffered the most position losses



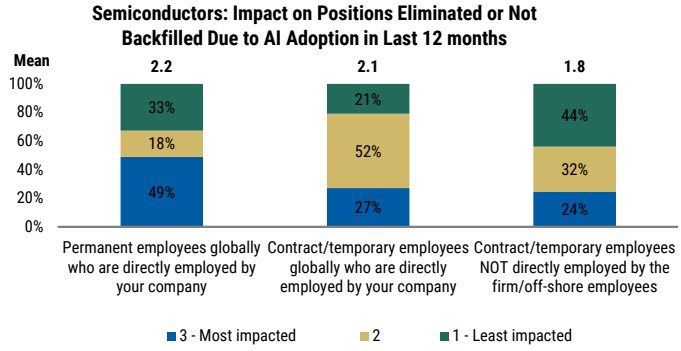
Source: AlphaWise, Morgan Stanley Research

Exhibit 51: TECH HARDWARE & EQUIPMENT - Most positions were eliminated/not backfilled among permanent employees, followed by offshore



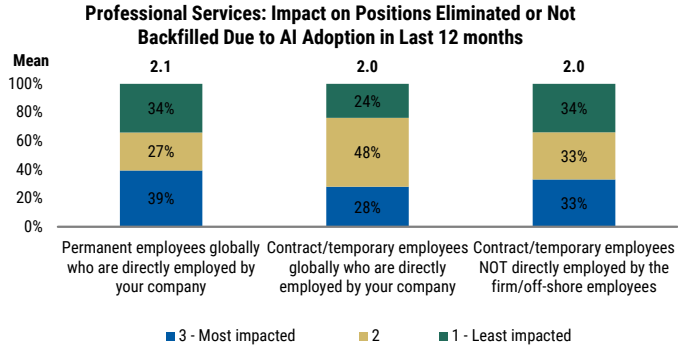
Source: AlphaWise, Morgan Stanley Research

Exhibit 52: SEMICONDUCTORS - While in semis, permanent employees saw the biggest losses



Source: AlphaWise, Morgan Stanley Research

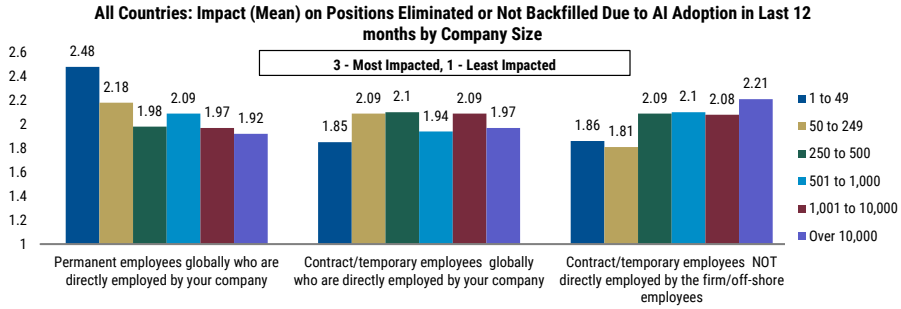
Exhibit 53: PROFESSIONAL SERVICES - Permanent and offshore employees faced more eliminated/not backfilled positions



Source: AlphaWise, Morgan Stanley Research

By Company Size

Exhibit 54: TOTAL SAMPLE - Permanent positions in smaller companies and offshore positions in larger companies were more likely to be eliminated/not backfilled

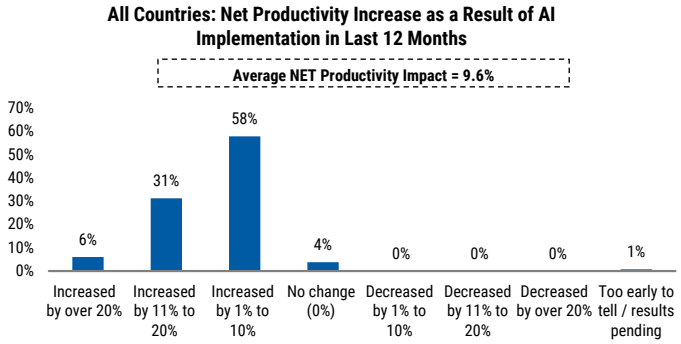


Source: AlphaWise, Morgan Stanley Research

Net Productivity Impact in the Last 12 Months

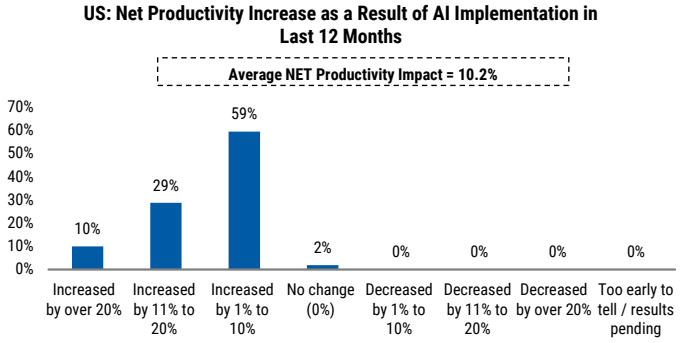
By Country

Exhibit 55: TOTAL SAMPLE - Across all companies, average NET productivity increased by 9.6%



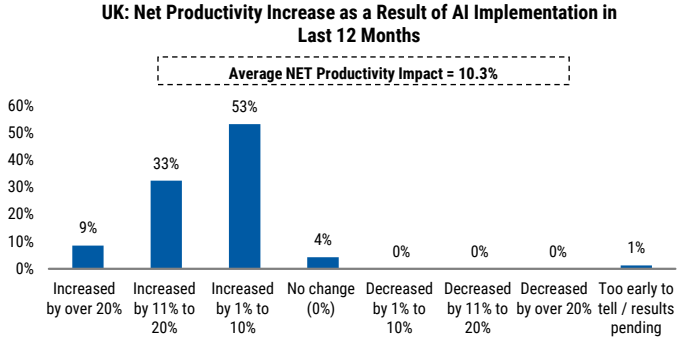
Source: AlphaWise, Morgan Stanley Research

Exhibit 56: US - Average NET productivity increased by 10.2%



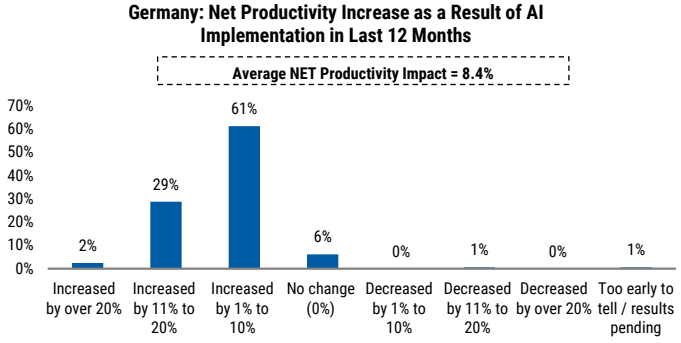
Source: AlphaWise, Morgan Stanley Research

Exhibit 57: UK - Average NET productivity increased by 10.3%, the highest of all countries



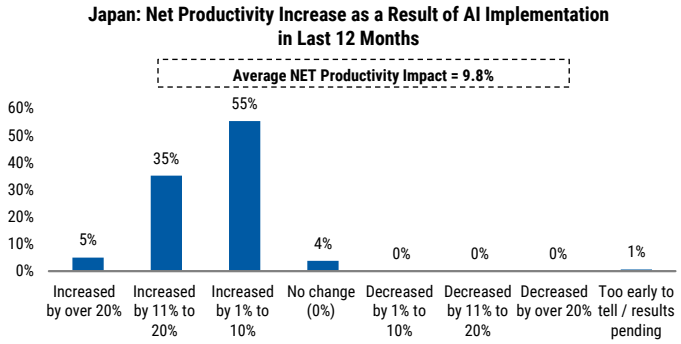
Source: AlphaWise, Morgan Stanley Research

Exhibit 58: GERMANY - Average NET productivity increased by 8.4%, the lowest of all countries



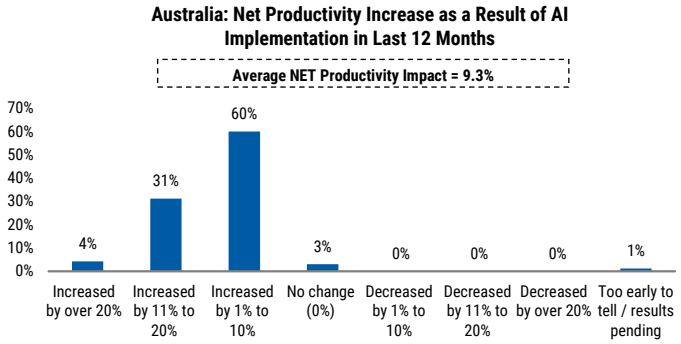
Source: AlphaWise, Morgan Stanley Research

Exhibit 59: JAPAN - Average NET productivity increased by 9.8%



Source: AlphaWise, Morgan Stanley Research

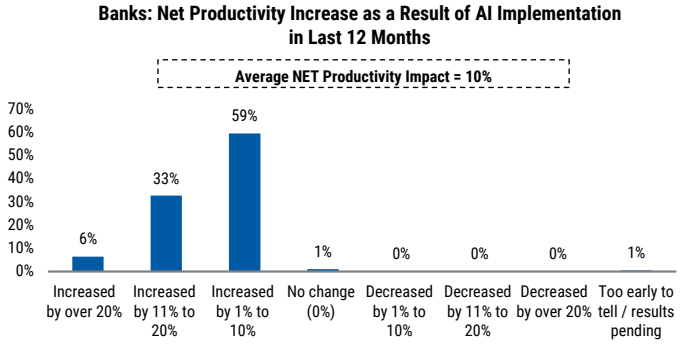
Exhibit 60: AUSTRALIA - Average NET productivity rose by 9.3%



Source: AlphaWise, Morgan Stanley Research

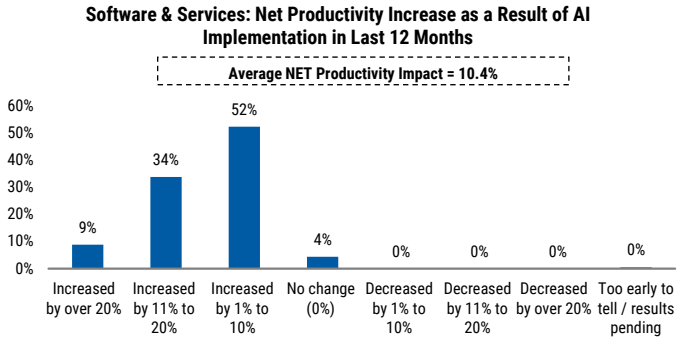
By Sector

Exhibit 61: BANKS - Average NET productivity increased by 10%



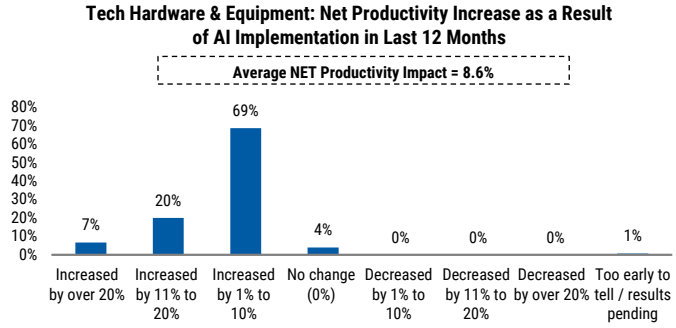
Source: AlphaWise, Morgan Stanley Research

Exhibit 62: SOFTWARE & SERVICES - Average NET productivity increased by 10.4%



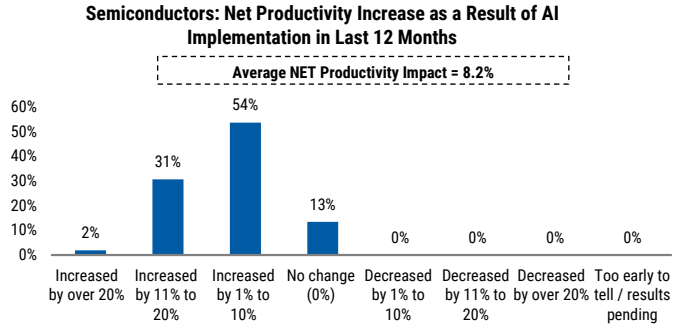
Source: AlphaWise, Morgan Stanley Research

Exhibit 63: TECH HARDWARE & EQUIPMENT - Average NET productivity increased by 8.6%



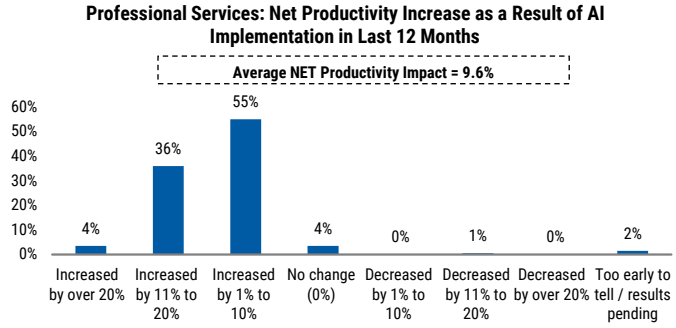
Source: AlphaWise, Morgan Stanley Research

Exhibit 64: SEMICONDUCTORS - Average NET productivity rose by 8.2%, the lowest of all sectors



Source: AlphaWise, Morgan Stanley Research

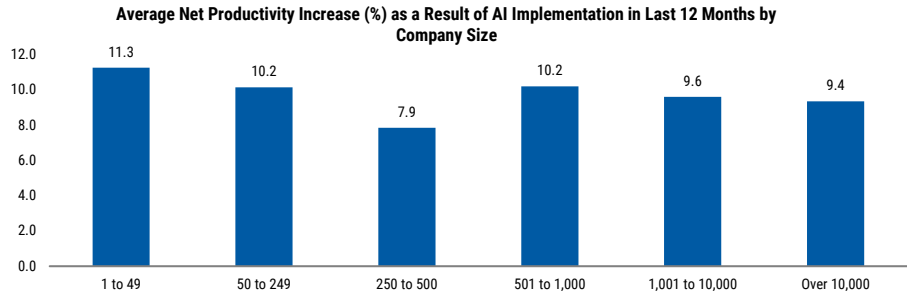
Exhibit 65: PROFESSIONAL SERVICES - Average NET productivity increased by 9.6%



Source: AlphaWise, Morgan Stanley Research

By Company Size

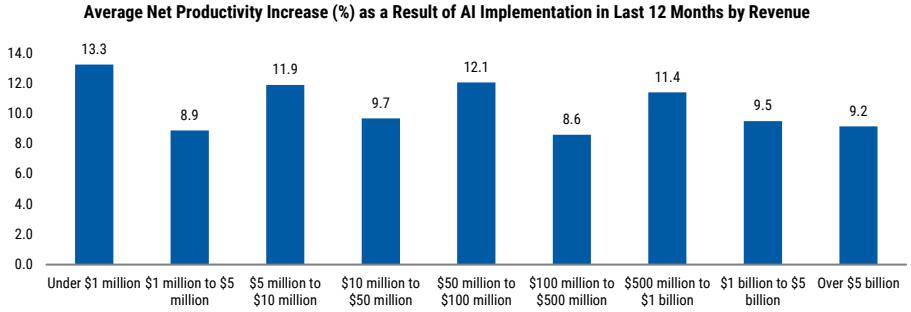
Exhibit 66: TOTAL SAMPLE - Firms with 1 to 49 employees saw the highest average NET productivity increase at 11.3%, while those with 250 to 500 employees saw the lowest gains at 7.9%



Source: AlphaWise, Morgan Stanley Research

By Revenue

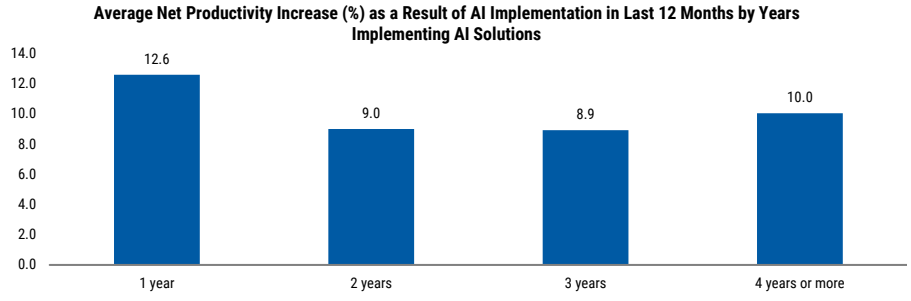
Exhibit 67: TOTAL SAMPLE - Firms with revenue under $1 million saw the highest average NET productivity increase at 13.3%



Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15 for categories $10 million and below

By Years Implementing AI Solutions

Exhibit 68: TOTAL SAMPLE - Companies implementing AI for one year saw the highest average NET productivity gains at 12.6%

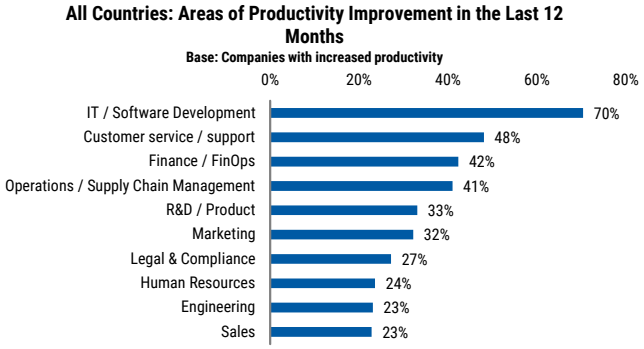


Source: AlphaWise, Morgan Stanley Research

Areas of Productivity Improvement in the Last 12 Months

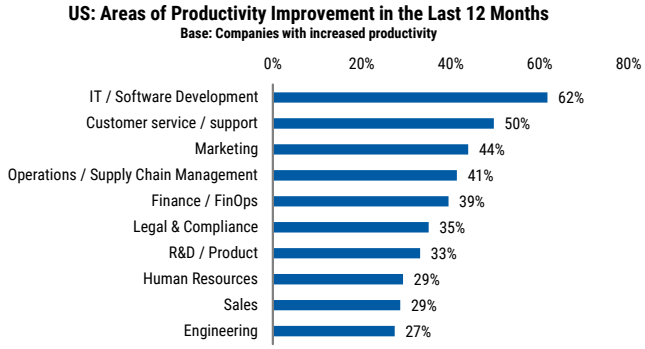
By Country

Exhibit 69: TOTAL SAMPLE - Across all companies, the highest productivity gains were in IT/software development



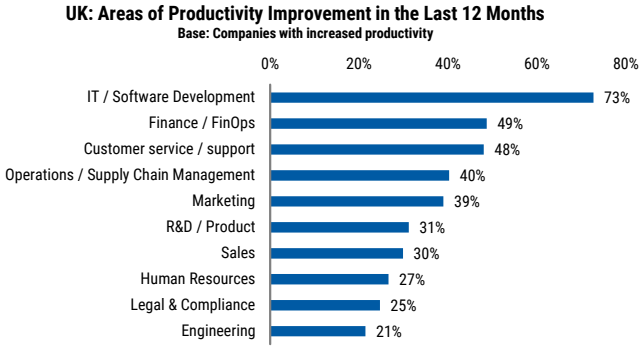
Source: AlphaWise, Morgan Stanley Research

Exhibit 70: US - Important productivity gains were made in IT/ software development



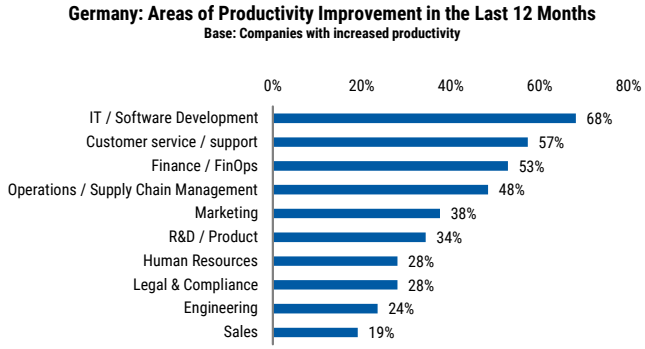
Source: AlphaWise, Morgan Stanley Research

Exhibit 71: UK - 73% of companies improved productivity in IT/ software development



Source: AlphaWise, Morgan Stanley Research

Exhibit 72: GERMANY - Companies gained most productivity improvement in IT & software development



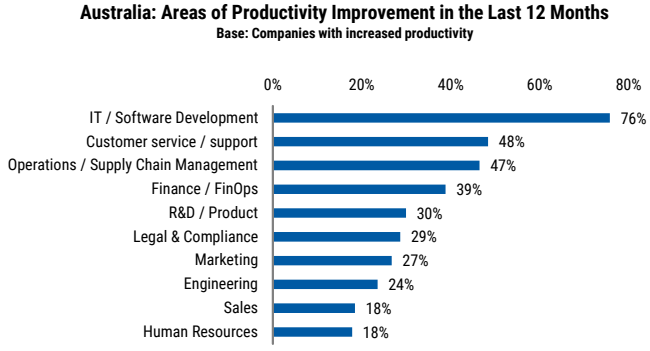
Source: AlphaWise, Morgan Stanley Research

Exhibit 73: JAPAN - 3 in 4 companies made productivity gains in IT/software development



Source: AlphaWise, Morgan Stanley Research

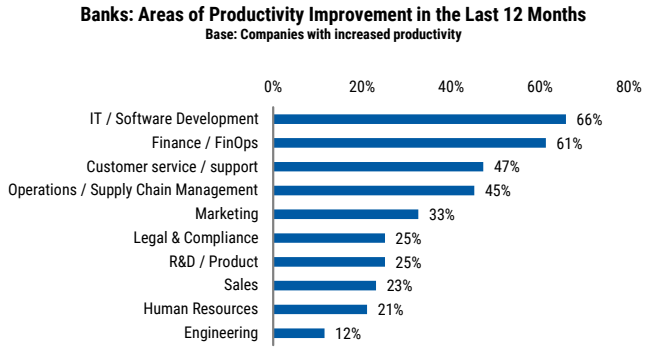
Exhibit 74: AUSTRALIA - Of all countries, companies in Australia made the highest productivity gains in IT/software development



Source: AlphaWise, Morgan Stanley Research

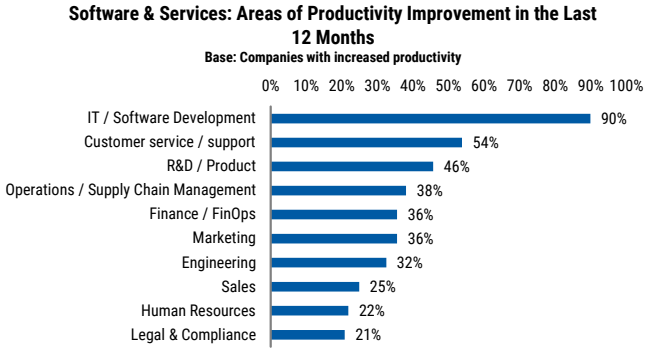
By Sector

Exhibit 75: BANKS - IT and finance/ FinOps delivered the highest productivity gains



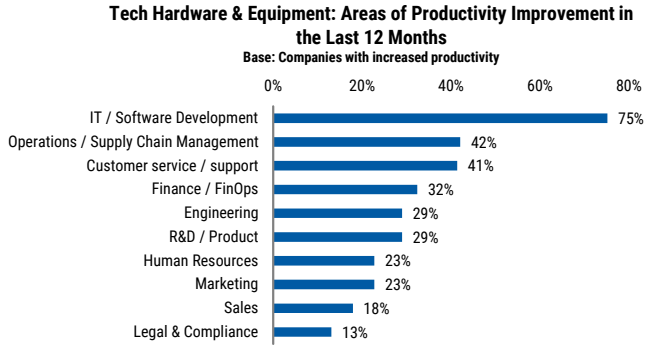
Source: AlphaWise, Morgan Stanley Research

Exhibit 76: SOFTWARE & SERVICES - 90% of software & services companies achieved productivity gains in IT/software development



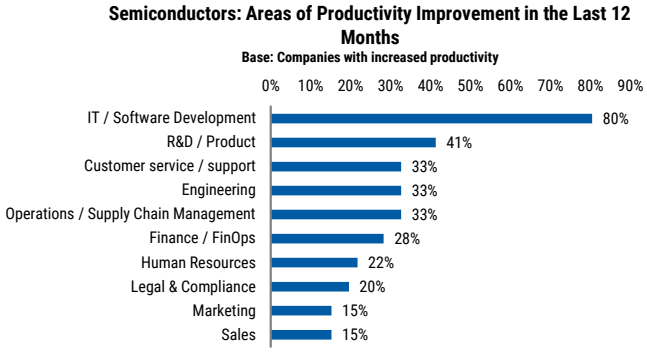
Source: AlphaWise, Morgan Stanley Research

Exhibit 77: TECH HARDWARE & EQUIPMENT - Companies made the most productivity gains in IT/software development



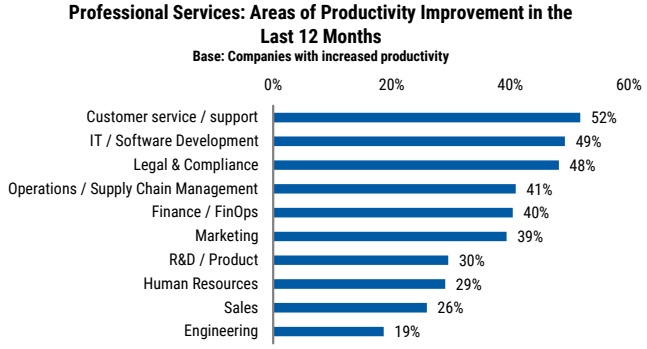
Source: AlphaWise, Morgan Stanley Research

Exhibit 78: SEMICONDUCTORS - 80% of semis companies increased productivity in IT/software development



Source: AlphaWise, Morgan Stanley Research

Exhibit 79: PROFESSIONAL SERVICES - Companies saw most productivity gains in customer service/support and IT/software development



Source: AlphaWise, Morgan Stanley Research

By Company Size

Exhibit 80: TOTAL SAMPLE - Among all company sizes, but peaking among companies with 501 to 1,000 employees, IT/software development led productivity improvements

	Number of Employees					
All Countries: Areas of Productivity Improvement in the Last 12 Months by Company Size	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Customer service / support	36%	53%	56%	49%	53%	43%
Finance / FinOps	29%	45%	44%	44%	43%	42%
Human Resources	10%	18%	23%	33%	26%	24%
IT / Software Development	64%	60%	73%	77%	73%	72%
Engineering	10%	19%	10%	23%	27%	25%
Legal & Compliance	17%	27%	27%	28%	28%	28%
Marketing	29%	29%	42%	31%	32%	33%
Operations / Supply Chain Management	19%	40%	42%	41%	46%	40%
R&D / Product	17%	31%	35%	26%	33%	36%
Sales	26%	21%	19%	28%	25%	21%

Source: AlphaWise, Morgan Stanley Research

By Revenue

Exhibit 81: TOTAL SAMPLE - Companies from all revenue bands saw most productivity improvement among IT/software development but peaked among firms with $10 million to $50 million in annual revenue

	Annual Revenue 2025						
All Countries: Areas of Productivity Improvement in the Last 12 Months by Revenue	Under $1 million	$1 million to $10 million	$10 million to $50 million	$50 million to $500 million	$500 million to $1 billion	$1 billion to $5 billion	Over $5 billion
Customer service / support	38%	50%	42%	46%	41%	52%	47%
Finance / FinOps	-	46%	47%	41%	33%	48%	42%
Human Resources	-	15%	20%	23%	31%	31%	23%
IT / Software Development	75%	62%	78%	70%	70%	77%	72%
Engineering	25%	15%	20%	20%	17%	39%	23%
Legal & Compliance	-	27%	29%	24%	31%	29%	28%
Marketing	50%	27%	27%	23%	31%	43%	30%
Operations / Supply Chain Management	13%	15%	27%	40%	39%	41%	43%
R&D / Product	38%	23%	24%	29%	20%	39%	35%
Sales	13%	19%	33%	26%	20%	31%	20%

Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15 for Under $1 million

By Years Implementing AI Solutions

Exhibit 82: TOTAL SAMPLE - IT/software development was the leading aspect of productivity improvement across all maturity levels of AI adoption

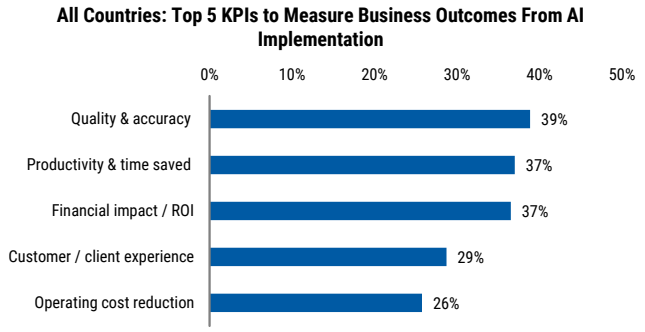
	Years Implementing AI			
All Countries: Areas of Productivity Improvement in the Last 12 Months by Years Implementing AI Solutions	1 year	2 years	3 years	4 years or more
Customer service / support	48%	49%	54%	43%
Finance / FinOps	27%	43%	54%	36%
Human Resources	28%	24%	31%	16%
IT / Software Development	70%	62%	72%	76%
Engineering	30%	17%	32%	19%
Legal & Compliance	27%	17%	38%	26%
Marketing	37%	42%	38%	19%
Operations / Supply Chain Management	38%	33%	49%	42%
R&D / Product	25%	29%	38%	34%
Sales	32%	25%	28%	15%

Source: AlphaWise, Morgan Stanley Research

Top 5 KPIs to Measure Business Outcomes From AI Implementation

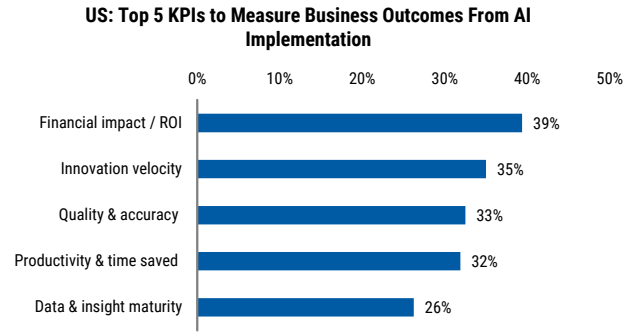
By Country

Exhibit 83: TOTAL SAMPLE - Quality & accuracy, productivity & time saved and financial impact/ROI are the most used KPIs



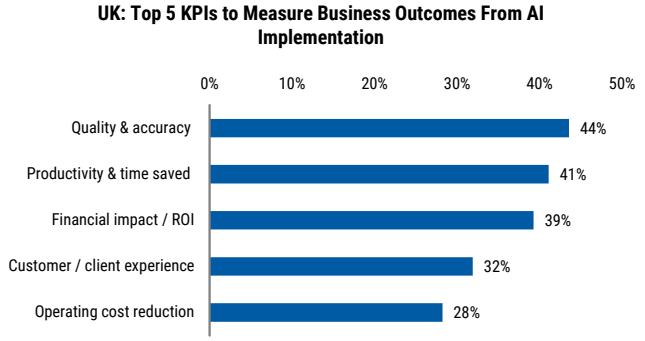
Source: AlphaWise, Morgan Stanley Research

Exhibit 84: US - Financial impact/ROI is the most used KPI by US companies



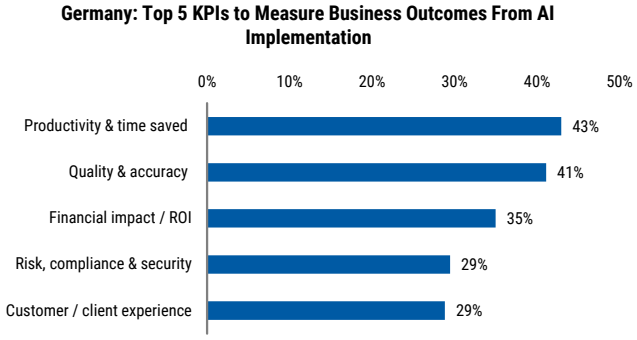
Source: AlphaWise, Morgan Stanley Research

Exhibit 85: UK - In the UK, quality & accuracy is the most used KPI



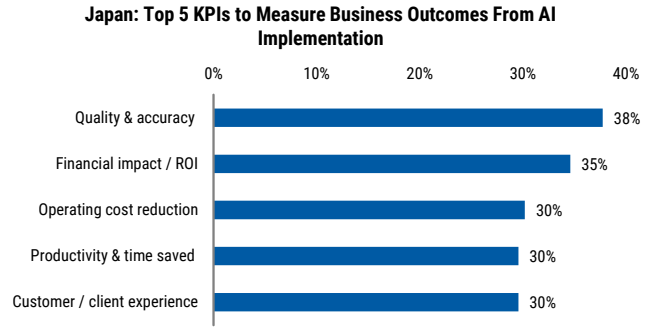
Source: AlphaWise, Morgan Stanley Research

Exhibit 86: GERMANY - Productivity & time saved, followed by quality & accuracy are the most used KPIs



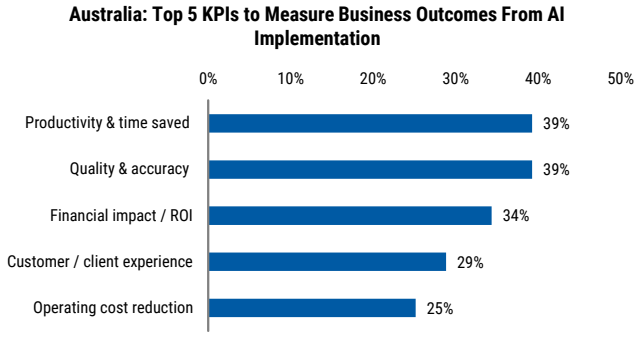
Source: AlphaWise, Morgan Stanley Research

Exhibit 87: JAPAN - Quality & accuracy, followed by financial impact/ROI are the leading KPIs used by Japanese companies



Source: AlphaWise, Morgan Stanley Research

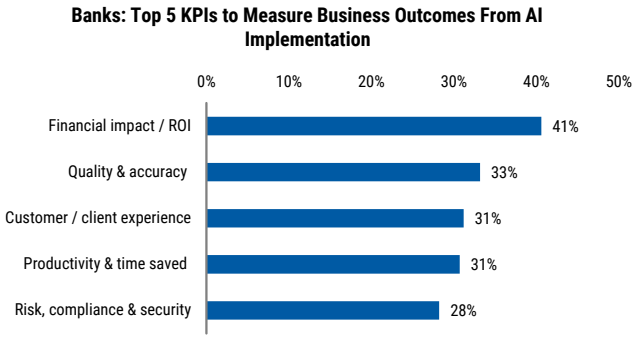
Exhibit 88: AUSTRALIA - Productivity & time saved and quality & accuracy are the most used KPIs



Source: AlphaWise, Morgan Stanley Research

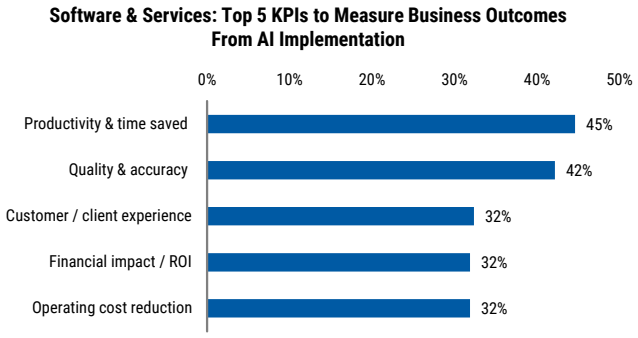
By Sector

Exhibit 89: BANKS - Financial impact/ROI is the most used KPI in this sector



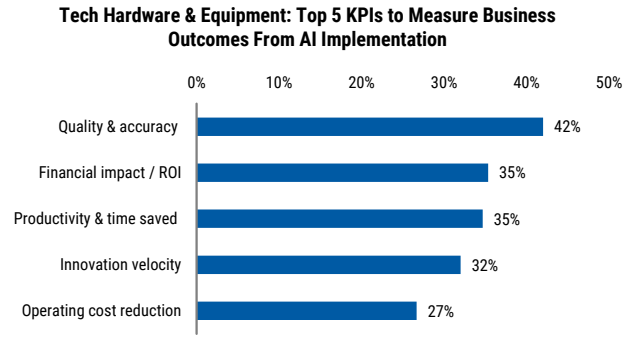
Source: AlphaWise, Morgan Stanley Research

Exhibit 90: SOFTWARE & SERVICES - Productivity & time and quality & accuracy are the 2 most used KPIs



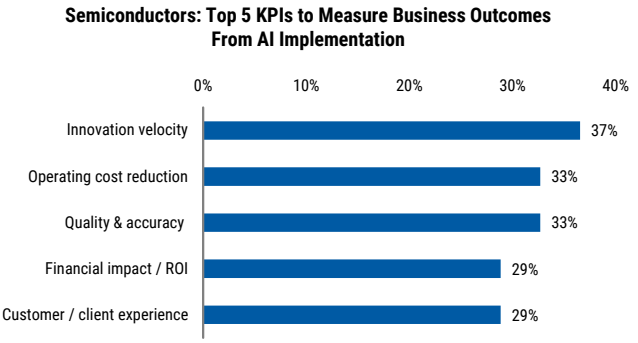
Source: AlphaWise, Morgan Stanley Research

Exhibit 91: TECH HARDWARE & EQUIPMENT - Quality & accuracy is the most used KPI by tech hardware companies



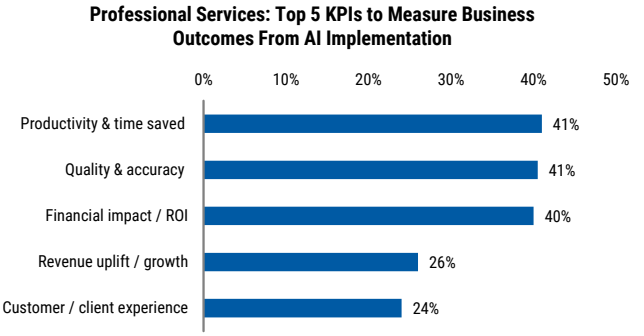
Source: AlphaWise, Morgan Stanley Research

Exhibit 92: SEMICONDUCTORS - For semis companies, innovation velocity was the most used KPI



Source: AlphaWise, Morgan Stanley Research

Exhibit 93: PROFESSIONAL SERVICES - Productivity & time saved, quality & accuracy and financial impact/ROI are the top 3 KPIs for this sector



Source: AlphaWise, Morgan Stanley Research

By Company Size

Exhibit 94: TOTAL SAMPLE - Quality & accuracy is an important KPI among firms of all sizes

	Number of Employees					
All Countries: KPIs to Measure Business Outcomes From AI Implementation by Company Size	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Financial impact / ROI	23%	43%	29%	41%	33%	39%
Operating cost reduction	34%	26%	19%	21%	22%	29%
Revenue uplift / growth	19%	23%	15%	26%	24%	24%
Productivity & time saved	38%	31%	40%	31%	37%	39%
Time-to-market acceleration	11%	19%	15%	18%	19%	20%
Customer / client experience	21%	33%	29%	31%	27%	29%
Quality & accuracy	28%	36%	54%	33%	36%	42%
Risk, compliance & security	17%	22%	17%	21%	21%	24%
Supply chain & operations	15%	17%	15%	21%	26%	17%
Forecasting & planning accuracy	15%	17%	17%	18%	19%	16%
Data & insight maturity	21%	23%	19%	26%	21%	23%
Adoption & engagement	21%	16%	27%	15%	19%	18%
Model performance & safety	11%	24%	19%	15%	19%	17%
Innovation velocity	17%	31%	29%	26%	26%	21%
Workforce & talent outcomes	11%	23%	35%	28%	16%	15%
Sustainability / ESG impact	13%	19%	21%	33%	24%	15%
Vendor / TCO metrics	9%	15%	10%	8%	14%	12%
Strategic impact	21%	10%	23%	15%	18%	22%
Qualitative stakeholder feedback	15%	19%	17%	13%	19%	21%

Source: AlphaWise, Morgan Stanley Research

By Revenue

Exhibit 95: TOTAL SAMPLE - Quality & accuracy and productivity & time saved are KPIs used by all companies, whatever their annual revenue in 2025

	Annual Revenue 2025								
All Countries: KPIs to Measure Business Outcomes From AI Implementation by Revenue	Under $1 million	$1 million to $5 million	$5 million to $10 million	$10 million to $50 million	$50 million to $100 million	$100 million to $500 million	$500 million to $1 billion	$1 billion to $5 billion	Over $5 billion
Financial impact / ROI	8%	46%	33%	39%	32%	43%	37%	34%	36%
Operating cost reduction	25%	54%	33%	22%	33%	21%	24%	38%	23%
Revenue uplift / growth	17%	31%	13%	30%	23%	16%	22%	20%	25%
Productivity & time saved	33%	31%	27%	43%	42%	33%	35%	40%	37%
Time-to-market acceleration	8%	8%	13%	17%	12%	18%	28%	17%	20%
Customer / client experience	17%	15%	47%	26%	40%	29%	20%	33%	27%
Quality & accuracy	25%	31%	60%	30%	28%	50%	31%	34%	40%
Risk, compliance & security	8%	15%	20%	17%	28%	21%	17%	26%	22%
Supply chain & operations	-	15%	13%	11%	27%	14%	13%	21%	22%
Forecasting & planning accuracy	-	15%	27%	13%	20%	20%	19%	18%	16%
Data & insight maturity	8%	15%	20%	20%	23%	22%	30%	12%	25%
Adoption & engagement	8%	31%	27%	22%	12%	21%	13%	21%	18%
Model performance & safety	17%	8%	13%	11%	22%	24%	9%	13%	21%
Innovation velocity	25%	8%	13%	20%	25%	32%	24%	29%	22%
Workforce & talent outcomes	8%	8%	13%	20%	25%	27%	13%	12%	17%
Sustainability / ESG impact	-	8%	7%	17%	17%	24%	26%	19%	20%
Vendor / TCO metrics	8%	-	13%	11%	8%	17%	11%	12%	13%
Strategic impact	-	15%	7%	13%	18%	16%	19%	18%	21%
Qualitative stakeholder feedback	8%	31%	20%	17%	20%	13%	26%	22%	19%

Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15 for categories $10 million and below

By Years Implementing AI Solutions

Exhibit 96: TOTAL SAMPLE - Quality & accuracy, productivity & time saved and financial impact/ROI are the most relevant KPIs for companies with one year to 4 years or more of AI implementation

	Years Implementing AI			
All Countries: KPIs to Measure Business Outcomes From AI Implementation by Years Implementing AI Solutions	1 year	2 years	3 years	4 years or more
Financial impact / ROI	33%	40%	38%	33%
Operating cost reduction	30%	28%	19%	29%
Revenue uplift / growth	16%	20%	26%	25%
Productivity & time saved	36%	35%	35%	40%
Time-to-market acceleration	20%	18%	18%	20%
Customer / client experience	23%	30%	25%	33%
Quality & accuracy	38%	40%	40%	37%
Risk, compliance & security	21%	16%	23%	25%
Supply chain & operations	23%	18%	21%	18%
Forecasting & planning accuracy	13%	14%	23%	15%
Data & insight maturity	8%	19%	27%	24%
Adoption & engagement	16%	20%	16%	20%
Model performance & safety	20%	22%	16%	18%
Innovation velocity	23%	24%	24%	25%
Workforce & talent outcomes	18%	19%	20%	15%
Sustainability / ESG impact	13%	15%	27%	18%
Vendor / TCO metrics	23%	12%	9%	13%
Strategic impact	21%	19%	22%	15%
Qualitative stakeholder feedback	16%	19%	17%	22%

Source: AlphaWise, Morgan Stanley Research

AI Use Cases Implemented By Sector

Banks

Exhibit 97: TOTAL SAMPLE - Obtaining personalized banking & customer insights was the top AI use case, closely followed by AI-powered virtual agents and AI for KYC/identity verification

Banks: Top 5 AI use cases implemented so far	All Countries
Personalized banking & customer insights	50%
AI-Powered Virtual Agents	48%
AI for KYC / identity verification	47%
Automated Content Generation	44%
Search for information	41%

Source: AlphaWise, Morgan Stanley Research

Exhibit 98: US - AI for KYC / identity verification was the top use case

Banks: Top 5 AI use cases implemented so far	US
AI for KYC / identity verification	63%
Search for information	53%
Automated Content Generation	43%
Banker copilots/AI assistants for employees	43%
Personalized banking & customer insights	40%

Source: AlphaWise, Morgan Stanley Research

Exhibit 99: UK - Automated content generation was the top AI use case among UK companies

Banks: Top 5 AI use cases implemented so far	UK
Automated Content Generation	58%
AI-Powered Virtual Agents	55%
AI-Enhanced BI Dashboards	50%
Search for information	43%
Automated Summarization	43%
Risk Management	43%
Personalized banking & customer insights	43%
AI for KYC / identity verification	43%

Source: AlphaWise, Morgan Stanley Research

Exhibit 100: GERMANY - Personalized banking & customer insights was biggest use case at 73%

Banks: Top 5 AI use cases implemented so far	Germany
Personalized banking & customer insights	73%
Search for information	61%
AI for KYC / identity verification	59%
AI-Powered Virtual Agents	51%
AI financial copilots for customers	46%

Source: AlphaWise, Morgan Stanley Research

Exhibit 101: JAPAN - Trading and investment management was the top use case

Banks: Top 5 AI Use Cases Implemented So Far	Japan
Trading & investment management	51%
Automated Content Generation	46%
Personalized banking & customer insights	41%
AI-Powered Virtual Agents	39%
Hyper-Personalized Campaigns	37%

Source: AlphaWise, Morgan Stanley Research

Exhibit 102: AUSTRALIA - AI-powered virtual agents and AI for KYC / identity verification were the top use cases

Banks: Top 5 AI Use Cases Implemented So Far	Australia
AI-Powered Virtual Agents	55%
AI for KYC / identity verification	55%
Personalized banking & customer insights	53%
AI financial copilots for customers	48%
Automated Summarization	45%
Risk Management	45%
Cybersecurity	45%

Source: AlphaWise, Morgan Stanley Research

Exhibit 103:

TOTAL SAMPLE - Personalized banking and customer insights was the leading use case among most companies, whatever the size,

	Number of Employees					
Banks: All Countries: Top 5 AI Use Cases Implemented So Far	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Personalized banking & customer insights	50%	45%	56%	40%	50%	52%
AI-Powered Virtual Agents	33%	39%	44%	50%	48%	51%
Automated Content Generation	33%	36%	44%	60%	45%	45%
Risk Management	17%	21%	22%	40%	35%	43%
Search for information	33%	27%	22%	20%	53%	41%
AI for KYC / identity verification	33%	55%	22%	40%	55%	41%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for (1 to 49), (250 to 500), (501 to 1,000)

Software & Services

Exhibit 104: TOTAL SAMPLE - Across all software companies, search was the dominant use case for 6 in 10 companies

Software & Services: Top 5 AI Use Cases Implemented So Far	Total
Search for information	61%
Software development automation	55%
AI-Powered Virtual Agents	46%
Automated Content Generation	44%
IT operations & infrastructure management (AIOps)	43%

Source: AlphaWise, Morgan Stanley Research

Exhibit 105: US - In the US, software development automation was the leading use case among software companies

Software & Services: Top 5 AI Use Cases Implemented So Far	US
Software development automation	60%
Search for information	55%
IT operations & infrastructure management (AIOps)	53%
Cybersecurity & threat detection	50%
Automated Content Generation	48%

Source: AlphaWise, Morgan Stanley Research

Exhibit 106: UK - 68% of companies cited search as their top use case, distantly followed by AI-powered virtual agents at 50%

Software & Services: Top 5 AI Use Cases Implemented So Far	UK
Search for information	68%
AI-Powered Virtual Agents	50%
Software development automation	48%
Cybersecurity & threat detection	45%
IT operations & infrastructure management (AIOps)	45%

Source: AlphaWise, Morgan Stanley Research

Exhibit 107: GERMANY - Search was the leading AI use case at 73%

Software & Services: Top 5 AI Use Cases Implemented So Far	Germany
Search for information	73%
AI-Powered Virtual Agents	65%
Software development automation	65%
Cybersecurity & threat detection	55%
Automated Content Generation	53%

Source: AlphaWise, Morgan Stanley Research

Exhibit 108: JAPAN - Among Japanese software companies automated content generation was the most cited use case

Software & Services: Top 5 AI Use Cases Implemented So Far	Japan
Automated Content Generation	53%
Search for information	47%
IT operations & infrastructure management (AIOps)	44%
Generative Design	42%
Automated Summarization	40%
Software development automation	40%

Source: AlphaWise, Morgan Stanley Research

Exhibit 109: AUSTRALIA - Search for information was the top AI use case

Software & Services: Top 5 AI Use Cases Implemented So Far	Australia
Search for information	66%
Software development automation	63%
AI-Powered Virtual Agents	44%
Automated Summarization	44%
AI-Enhanced BI Dashboards	44%
IT operations & infrastructure management (AIOps)	44%
Business process automation	44%

Source: AlphaWise, Morgan Stanley Research

Exhibit 110:

TOTAL SAMPLE - Search for information was the leading use case across most company sizes, though software development automation was highest among firms with 50 to 249 employees

	Number of Employees					
Software & Services: Top 5 AI Use Cases Implemented So Far	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Search for information	59%	70%	75%	73%	51%	63%
Software development automation	47%	78%	42%	55%	42%	61%
Automated Content Generation	18%	39%	33%	18%	46%	54%
AI-Powered Virtual Agents	-	48%	50%	36%	49%	52%
IT operations & infrastructure management (AIOps)	29%	30%	50%	45%	41%	50%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for (250 to 500), (501 to 1,000)

Tech Hardware & Equipment

Exhibit 111: TOTAL SAMPLE - Search for information and AI-enhanced BI dashboards were the most cited AI use cases

Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	Total
Search for information	43%
AI-Enhanced BI Dashboards	42%
Automated Content Generation	41%
Automated Summarization	39%
AI-Powered Virtual Agents	37%

Source: AlphaWise, Morgan Stanley Research

Exhibit 112: US - Search for information was the top AI use case, just ahead of automated content generation and AI-enhanced BI dashboards

Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	US
Search for information	53%
Automated Content Generation	50%
AI-Enhanced BI Dashboards	50%
Automated Summarization	43%
AI-Enhanced Product Features (Embedded AI)	40%

Source: AlphaWise, Morgan Stanley Research

Exhibit 113: UK - AI-powered virtual agents and AI-enhanced BI dashboards were the leading use cases

Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	UK
AI-Powered Virtual Agents	50%
AI-Enhanced BI Dashboards	50%
Automated Summarization	43%
Generative Design	43%
Search for information	40%

Source: AlphaWise, Morgan Stanley Research

Exhibit 114: GERMANY - Search for information and computer vision for quality inspection were the most cited use cases

Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	Germany
Search for information	53%
Computer Vision for Quality Inspection	53%
AI-Driven Onboarding	44%
Network Optimization (for telecom equipment)	44%
Automated Summarization	41%
Generative Design	41%
Automated Document Drafting	41%
Product Testing & Reliability Analysis	41%

Source: AlphaWise, Morgan Stanley Research

Exhibit 115: JAPAN - Among tech hardware companies in Japan, search for information was the top use case

Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	Japan
Search for information	46%
Automated Content Generation	43%
Automated Summarization	43%
Product Testing & Reliability Analysis	43%
AI-Powered Virtual Agents	32%
Automated Forecasting & Reporting	32%
Supply Chain & Demand Forecasting	32%

Source: AlphaWise, Morgan Stanley Research

Exhibit 116: AUSTRALIA - AI-enhanced product features was the leading use case

Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	Australia
AI-Enhanced Product Features (Embedded AI)	53%
Computer Vision for Quality Inspection	50%
Supply Chain & Demand Forecasting	50%
Generative Design	47%
Automated Content Generation	43%
AI-Enhanced BI Dashboards	43%

Source: AlphaWise, Morgan Stanley Research

Exhibit 117: TOTAL SAMPLE - AI-enhanced BI dashboards were used most among firms with 501 to 1,000 employees, while automated summarization was most cited among firms with 250 to 500 employees

	Number of Employees					
Tech Hardware & Equipment: Top 5 AI Use Cases Implemented So Far	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Automated Content Generation	40%	30%	29%	50%	39%	48%
Automated Summarization	40%	15%	71%	50%	39%	42%
AI-Enhanced BI Dashboards	50%	20%	43%	75%	47%	42%
AI-Enhanced Product Features (Embedded AI)	20%	20%	29%	50%	41%	40%
Generative Design	50%	25%	14%	-	41%	38%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for (1 to 49), (250 to 500), (501 to 1,000)

Semiconductors

Exhibit 118: TOTAL SAMPLE - Across all semis companies, semiconductor testing automation was the top AI use case

Semiconductors: Top 5 AI Use Cases Implemented So Far	Total
Semiconductor Testing Automation	63%
Search for information	52%
Autonomous Semiconductor Fabs	46%
Automated Content Generation	37%
Digital Twins of Semiconductor Manufacturing	37%

Source: AlphaWise, Morgan Stanley Research

Exhibit 119: US - Semiconductor testing automation was most used by 90%

Semiconductors: Top 5 AI Use Cases Implemented So Far	US
Semiconductor Testing Automation	90%
Autonomous Semiconductor Fabs	50%
Search for information	40%
Synthetic Data Generation	40%
Design Verification & Simulation	40%
AI-Accelerated Simulation	40%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 120: UK - Search for information and autonomous semiconductor fabs were the leading uses of AI

Semiconductors: Top 5 AI Use Cases Implemented So Far	UK
Search for information	60%
Autonomous Semiconductor Fabs	60%
Automated Content Generation	50%
Generative Design	50%
Digital Twins of Semiconductor Manufacturing	50%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 121: GERMANY - Search for information was the top use case

Semiconductors: Top 5 AI Use Cases Implemented So Far	Germany
Search for information	70%
Semiconductor Testing Automation	50%
Automated Forecasting & Reporting	40%
Predictive Maintenance for Fab Equipment	40%
AI-Powered Virtual Agents	30%
Automated Summarization	30%
Generative Design	30%
Supply Chain & Demand Forecasting	30%
Product Quality & Reliability Prediction	30%
Energy Efficiency Optimization	30%
Digital Twins of Semiconductor Manufacturing	30%
AI-Accelerated Simulation	30%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 122: JAPAN - 67% of Japanese semis companies used automated content generation

Semiconductors: Top 5 AI Use Cases Implemented So Far	Japan
Automated Content Generation	67%
Search for information	58%
Computer Vision for Defect Detection	50%
Predictive Maintenance for Fab Equipment	50%
Process Optimization in Fabrication	50%
Semiconductor Testing Automation	50%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 123: AUSTRALIA - Semiconductor testing automation was the top use case at 90%

Semiconductors: Top 5 AI Use Cases Implemented So Far	Australia
Semiconductor Testing Automation	90%
Autonomous Semiconductor Fabs	80%
Computer Vision for Defect Detection	50%
Supply Chain & Demand Forecasting	50%
Automated Summarization	40%
Risk Management	40%
Predictive Maintenance for Fab Equipment	40%
Process Optimization in Fabrication	40%
Generative AI for Chip Architecture	40%
Digital Twins of Semiconductor Manufacturing	40%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 124: TOTAL SAMPLE - Semiconductor testing automation was the biggest use of AI for most companies

	Number of Employees					
Semiconductors: Top 5 AI Use Cases Implemented So Far	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Semiconductor Testing Automation	100%	70%	60%	50%	38%	76%
Search for information	-	50%	60%	-	54%	57%
Autonomous Semiconductor Fabs	100%	60%	40%	-	23%	57%
Automated Content Generation	-	30%	-	100%	31%	48%
Process Optimization in Fabrication	100%	20%	-	50%	31%	43%
Product Quality & Reliability Prediction	-	40%	-	50%	8%	43%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for categories below 10,000

Professional Services

Exhibit 125: TOTAL SAMPLE - 58% of professional services companies used search, followed by 50% implementing automated content generation

Professional Services: Top 5 AI Use Cases Implemented So Far	Total
Search for information	58%
Automated Content Generation	50%
Automated Summarization	50%
Financial Analysis & Audit Automation	46%
Workflow & Process Automation	41%

Source: AlphaWise, Morgan Stanley Research

Exhibit 126: US - Automated content generation was the top use case

Professional Services: Top 5 AI Use Cases Implemented So Far	US
Automated Content Generation	63%
Hyper-Personalized Campaigns	48%
Automated Summarization	48%
AI-Enhanced BI Dashboards	48%
Search for information	45%

Source: AlphaWise, Morgan Stanley Research

Exhibit 127: UK - Search and automated content generation were the leading AI uses

Professional Services: Top 5 AI Use Cases Implemented So Far	UK
Search for information	60%
Automated Content Generation	60%
Automated Summarization	51%
AI-Enhanced BI Dashboards	49%
AI-Powered Virtual Agents	47%
Customer & Market Insights	47%

Source: AlphaWise, Morgan Stanley Research

Exhibit 128: GERMANY - 73% of German professional services companies used AI search

Professional Services: Top 5 AI Use Cases Implemented So Far	Germany
Search for information	73%
Automated Summarization	53%
Document Review & Analysis	53%
Financial Analysis & Audit Automation	53%
Research & Data Analysis	50%
Customer & Market Insights	50%

Source: AlphaWise, Morgan Stanley Research

Exhibit 129: JAPAN - At 43%, Japanese professional companies used search at a lower level than in any other country, tied with document review & analysis

Professional Services: Top 5 AI Use Cases Implemented So Far	Japan
Search for information	43%
Document Review & Analysis	43%
Automated Content Generation	40%
Automated Summarization	40%
Financial Analysis & Audit Automation	40%
Workflow & Process Automation	40%

Source: AlphaWise, Morgan Stanley Research

Exhibit 130: AUSTRALIA - 64% of companies used AI search, ahead of other use cases

Professional Services: Top 5 AI Use Cases Implemented So Far	Australia
Search for information	64%
Financial Analysis & Audit Automation	57%
Automated Summarization	55%
Workflow & Process Automation	43%
Automated Content Generation	40%
Research & Data Analysis	40%
Contract Management	40%

Source: AlphaWise, Morgan Stanley Research

Exhibit 131:

TOTAL SAMPLE - Search was widely used, except for companies with 501-1,000 employees

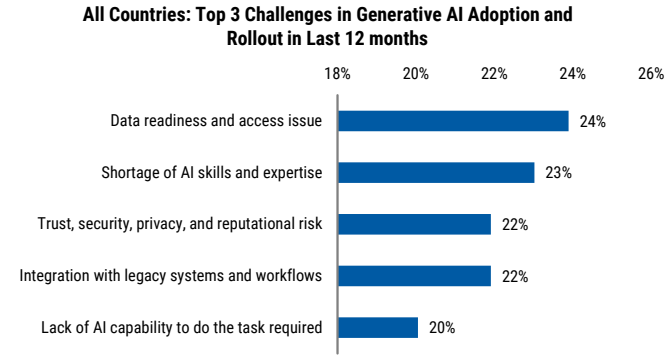
	Number of Employees					
Professional Services: Top 5 AI Use Cases Implemented So Far	1 to 49	50 to 249	250 to 500	501 to 1,000	1,001 to 10,000	Over 10,000
Search for information	62%	79%	73%	17%	41%	65%
Automated Summarization	38%	55%	67%	58%	39%	53%
Financial Analysis & Audit Automation	54%	55%	53%	42%	34%	50%
Automated Content Generation	69%	31%	40%	83%	53%	49%
AI-Powered Virtual Agents	31%	28%	40%	33%	25%	43%

Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for (1 to 49), (250 to 500), (501 to 1,000)

Top 3 Challenges Faced in Adoption & Implementation of AI in the Last 12 Months

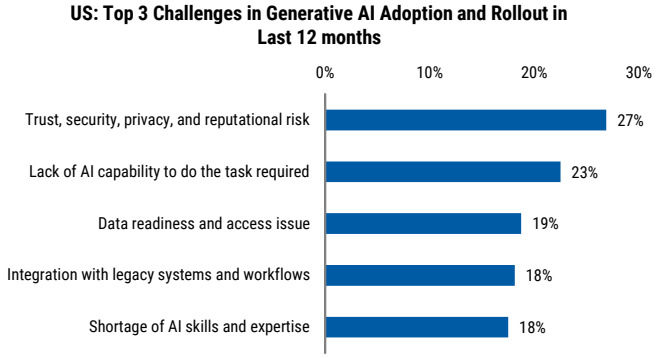
By Country

Exhibit 132: TOTAL SAMPLE - Companies faced 5 key challenges in the implementation of AI, with data readiness & access issue having the edge



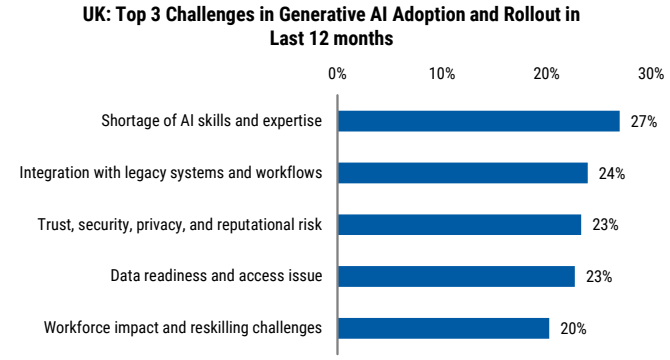
Source: AlphaWise, Morgan Stanley Research

Exhibit 133: US - Trust, security, privacy and reputational risk narrowly led the challenges faced in the US



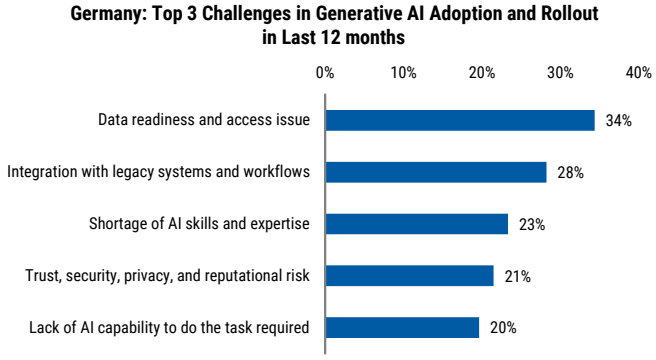
Source: AlphaWise, Morgan Stanley Research

Exhibit 134: UK - A shortage of AI skills and expertise (27%) was narrowly ahead of integration of legacy systems (24%)



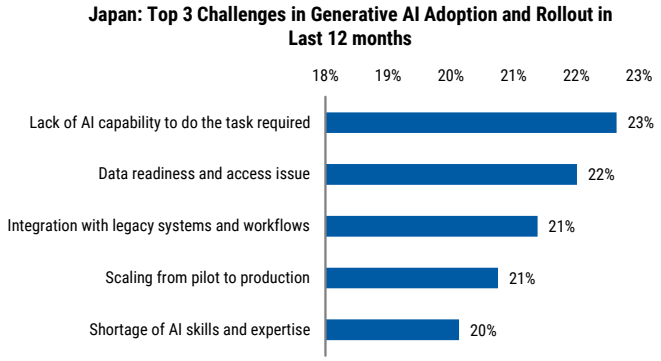
Source: AlphaWise, Morgan Stanley Research

Exhibit 135: GERMANY - At 34%, more German companies cited data readiness and access as a challenge than in any other market



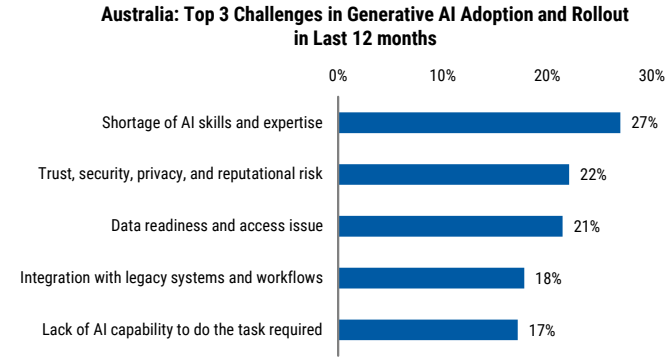
Source: AlphaWise, Morgan Stanley Research

Exhibit 136: JAPAN - The top 5 challenges were cited at similar levels



Source: AlphaWise, Morgan Stanley Research

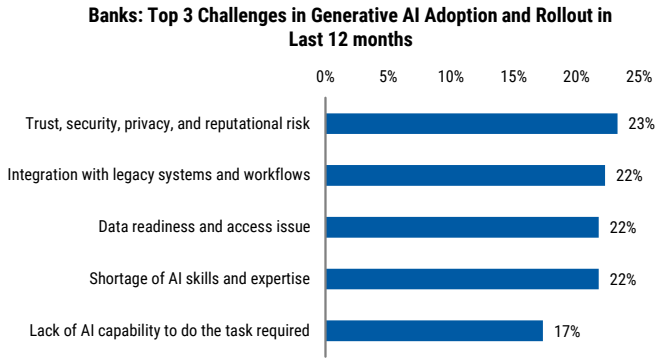
Exhibit 137: AUSTRALIA - Shortage of AI skills and expertise was the main challenge



Source: AlphaWise, Morgan Stanley Research

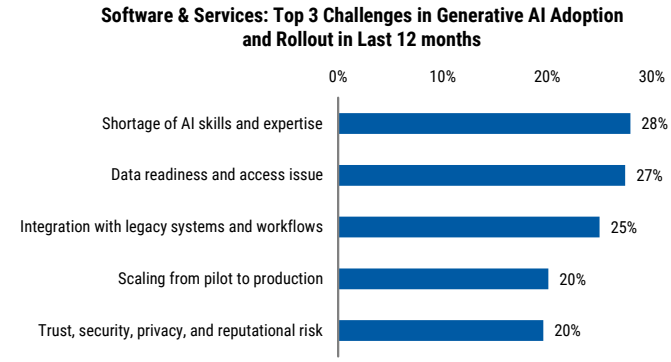
By Sector

Exhibit 138: BANKS - Banks faced 4 main challenges: security, legacy system integration, data readiness and shortage of skills



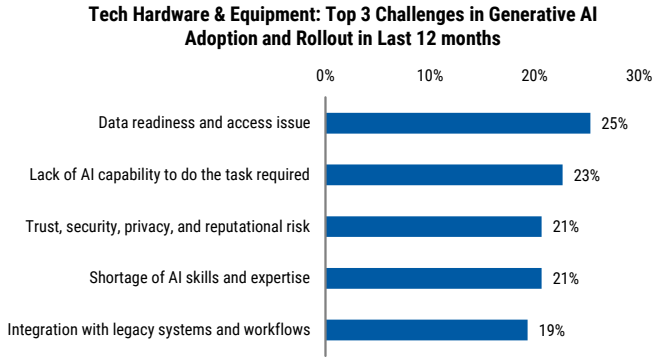
Source: AlphaWise, Morgan Stanley Research

Exhibit 139: SOFTWARE & SERVICES - A shortage of AI skills and data readiness are key challenges



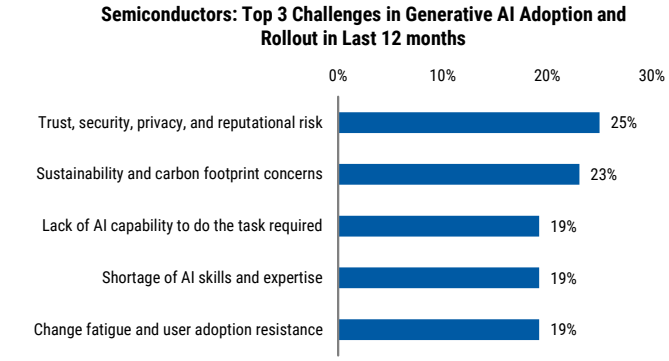
Source: AlphaWise, Morgan Stanley Research

Exhibit 140: TECH HARDWARE & EQUIPMENT - Data readiness and access had the edge as the biggest challenge



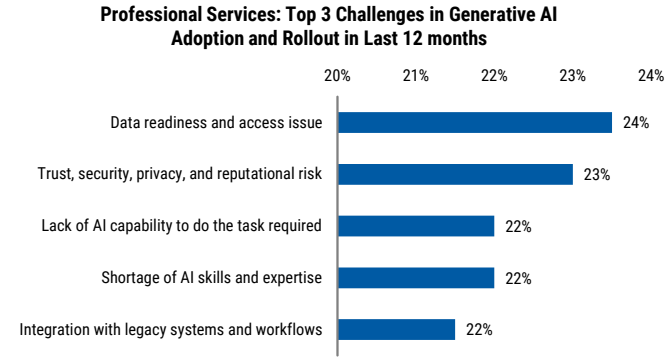
Source: AlphaWise, Morgan Stanley Research

Exhibit 141: SEMICONDUCTORS - Trust, security, privacy and reputational risk was a slightly greater challenge than sustainability concerns



Source: AlphaWise, Morgan Stanley Research

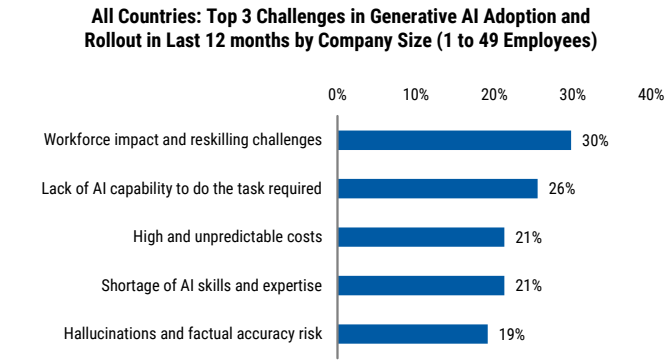
Exhibit 142: PROFESSIONAL SERVICES - Data readiness and access and security were the leading challenges



Source: AlphaWise, Morgan Stanley Research

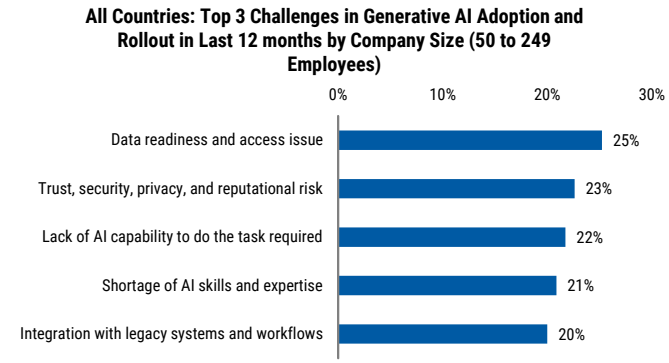
By Company Size

Exhibit 143: 1-49 EMPLOYEES - Workforce impact and reskilling was the top challenge to AI adoption



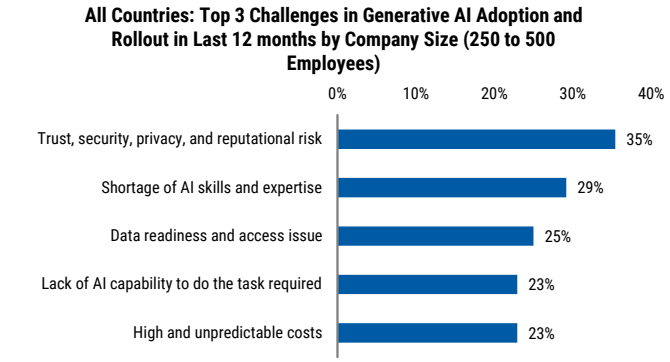
Source: AlphaWise, Morgan Stanley Research

Exhibit 144: 50-249 EMPLOYEES - Data readiness and access was the top challenge



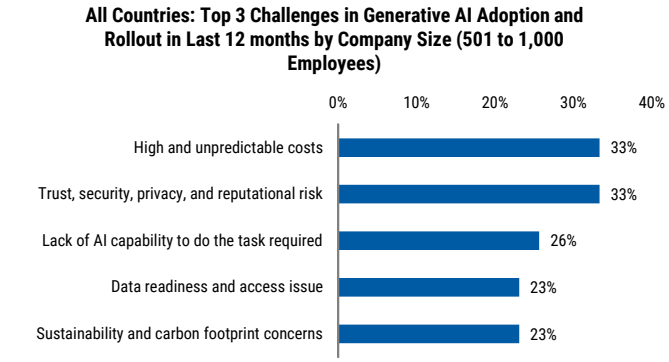
Source: AlphaWise, Morgan Stanley Research

Exhibit 145: 250-500 EMPLOYEES - 35% of companies consider trust, security, privacy and reputational risk the principal challenge



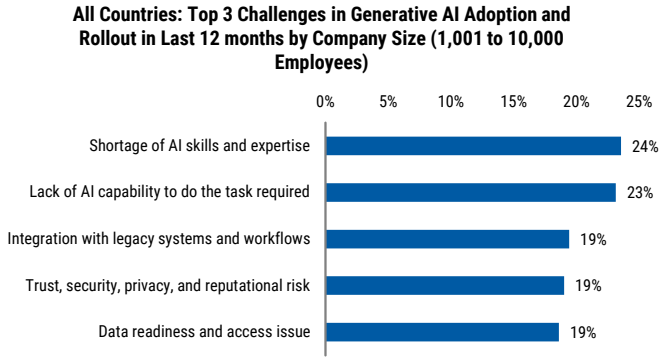
Source: AlphaWise, Morgan Stanley Research

Exhibit 146: 501-1,000 EMPLOYEES - High and unpredictable costs and security, and reputational risk were the principal challenges



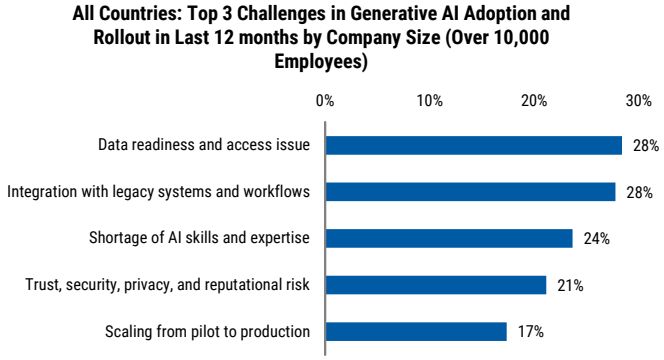
Source: AlphaWise, Morgan Stanley Research

Exhibit 147: 1,001-10,000 EMPLOYEES - For these companies a shortage of AI skills and expertise was the main challenge



Source: AlphaWise, Morgan Stanley Research

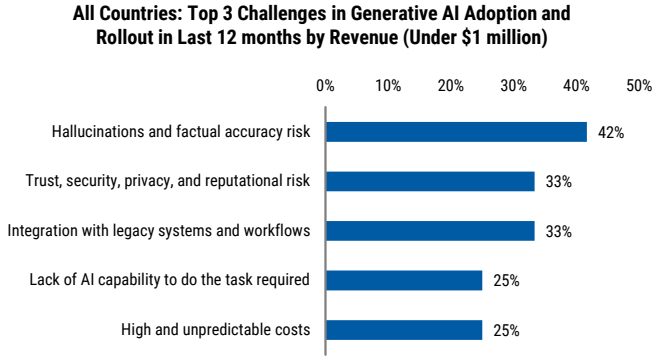
Exhibit 148: OVER 10,000 EMPLOYEES - Data readiness and access and integration with legacy systems and workflows were the major challenges faced by the largest companies



Source: AlphaWise, Morgan Stanley Research

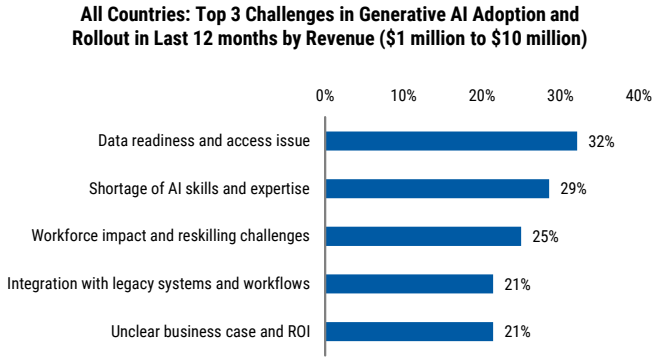
By Revenue

Exhibit 149: UNDER $1 MILLION - Hallucinations and factual accuracy risk was the biggest challenge to AI adoption by smaller companies



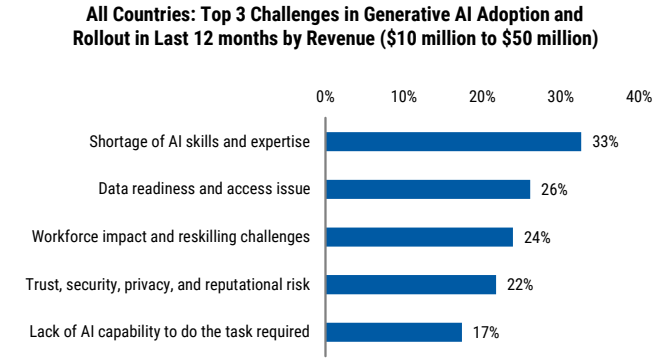
Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15

Exhibit 150: $1 MILLION TO $10 MILLION - Data readiness and access was the main challenge



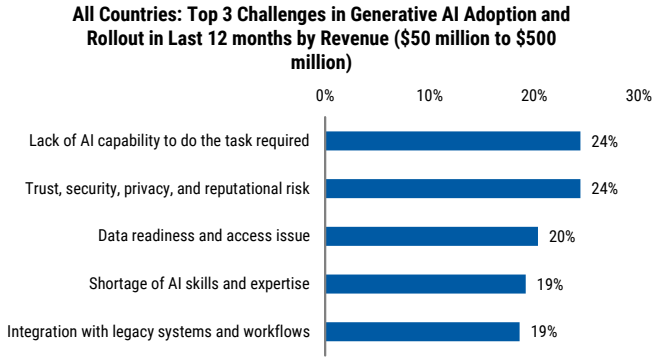
Source: AlphaWise, Morgan Stanley Research

Exhibit 151: $10 MILLION TO $50 MILLION - Shortage of AI skills and expertise was the top challenge



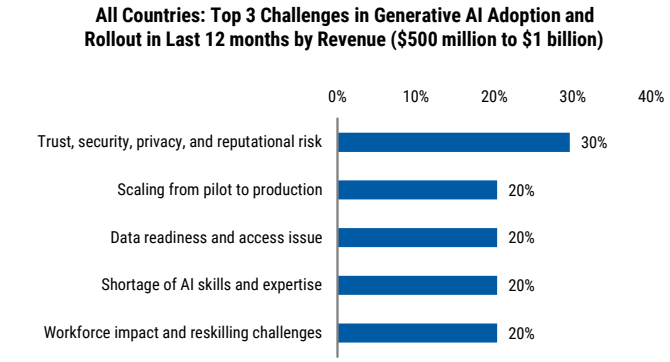
Source: AlphaWise, Morgan Stanley Research

Exhibit 152: $50 MILLION TO $500 MILLION - A lack of AI capability and trust, security, privacy and reputational risk were the major challenges



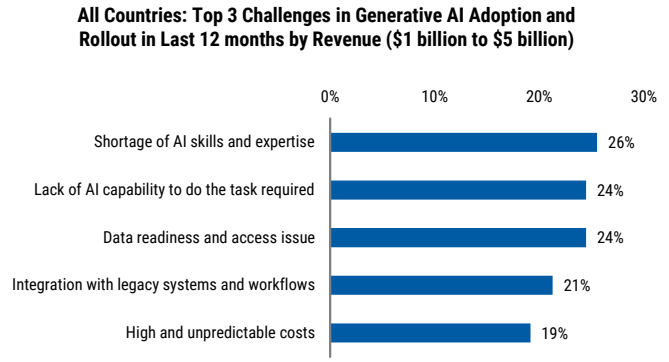
Source: AlphaWise, Morgan Stanley Research

Exhibit 153: $500 MILLION TO $1 BILLION - Trust, security, privacy and reputational risk was the principal challenge for these companies



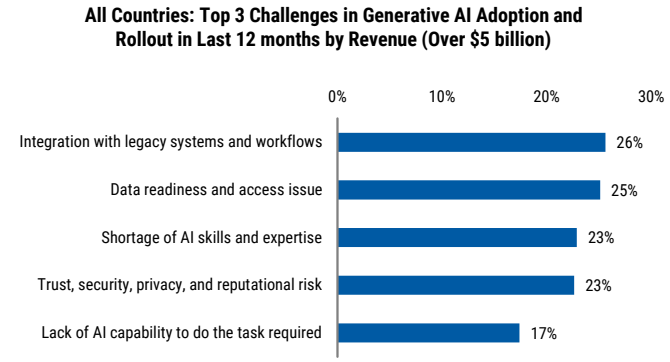
Source: AlphaWise, Morgan Stanley Research

Exhibit 154: $1 BILLION TO $5 BILLION - A shortage of AI skills and expertise had the edge as top challenge, ahead of lack of AI capability and data readiness



Source: AlphaWise, Morgan Stanley Research

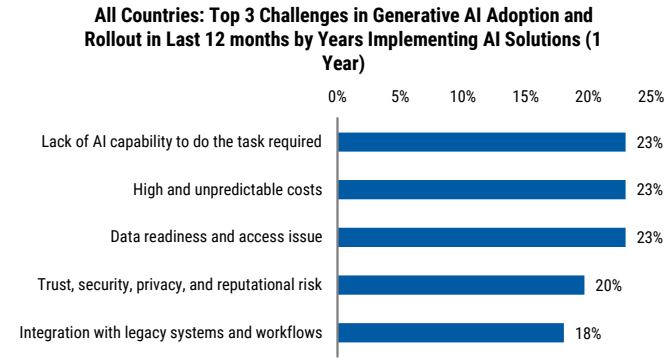
Exhibit 155: OVER $5 BILLION - Integration with legacy systems and data readiness were the main challenges for large companies



Source: AlphaWise, Morgan Stanley Research

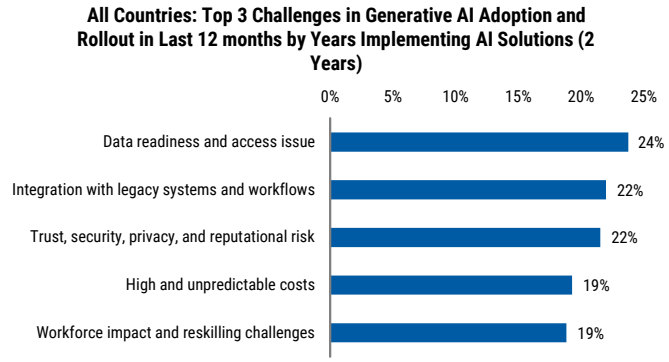
By Years Implementing AI Solutions

Exhibit 156: 1 YEAR - 23% mentioned a lack of AI capability, high and unpredictable costs, and data readiness as challenges



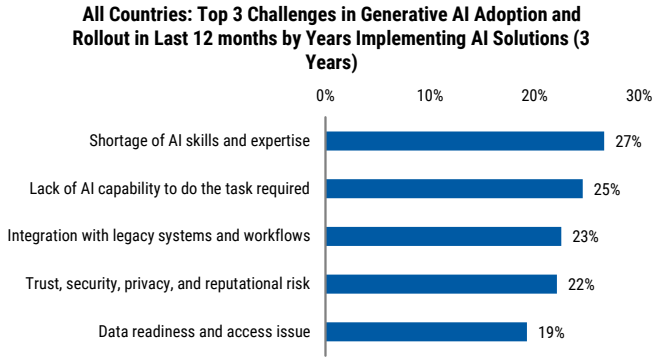
Source: AlphaWise, Morgan Stanley Research

Exhibit 157: 2 YEARS - 1 in 4 companies cited data readiness and access issue as a challenge



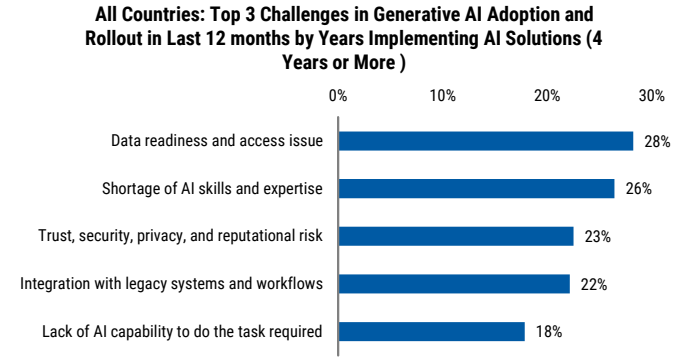
Source: AlphaWise, Morgan Stanley Research

Exhibit 158: 3 YEARS - 27% cited a shortage of AI skills and expertise as challenging



Source: AlphaWise, Morgan Stanley Research

Exhibit 159: 4 YEARS OR MORE - Data readiness and access was the most cited challenge

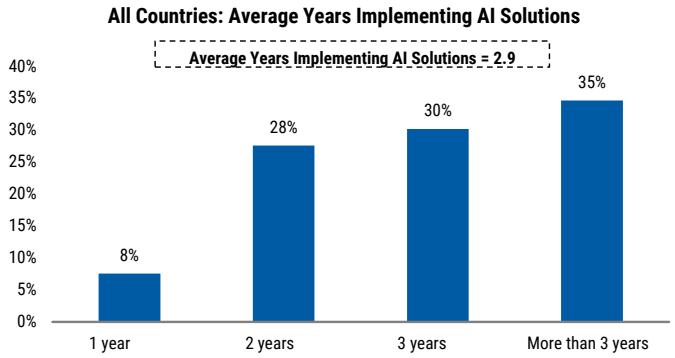


Source: AlphaWise, Morgan Stanley Research

Years Implementing AI Solutions

By Country

Exhibit 160: TOTAL SAMPLE - Companies have implemented AI solutions for an average of 2.9 years, with 35% over 3 years



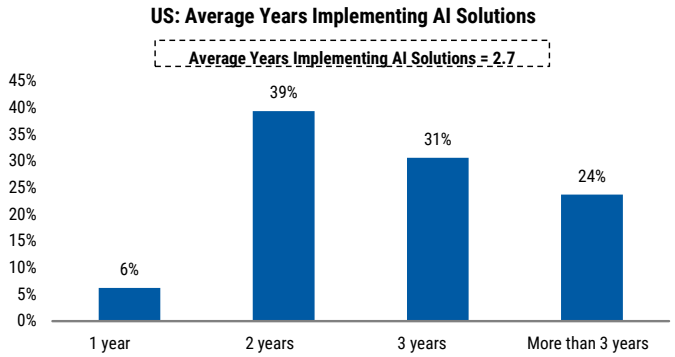
Source: AlphaWise, Morgan Stanley Research

Exhibit 161: COUNTRY COMPARISON - Japanese companies have the longest average AI implementation tenure at 3.1 years, while the US companies have the shortest at 2.7 years

	US	UK	Germany	Japan	Australia
1 year	6%	5%	10%	11%	6%
2 years	39%	33%	28%	18%	20%
3 years	31%	31%	24%	22%	43%
More than 3 years	24%	31%	38%	50%	31%
Mean	2.7	2.9	2.9	3.1	3.0
Base	160	163	163	159	163

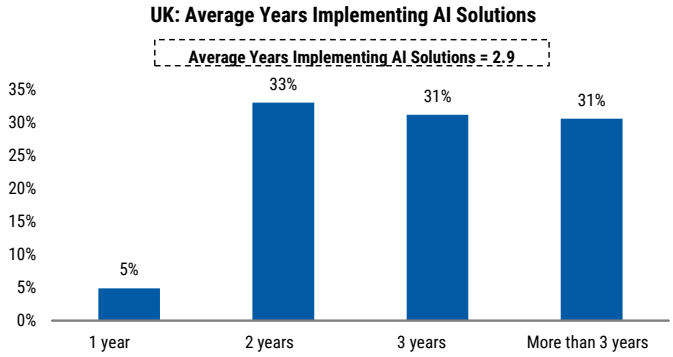
Source: AlphaWise, Morgan Stanley Research

Exhibit 162: US - 45% of companies have implemented AI for 2 years or under, while 55% have done this for 3 years or more



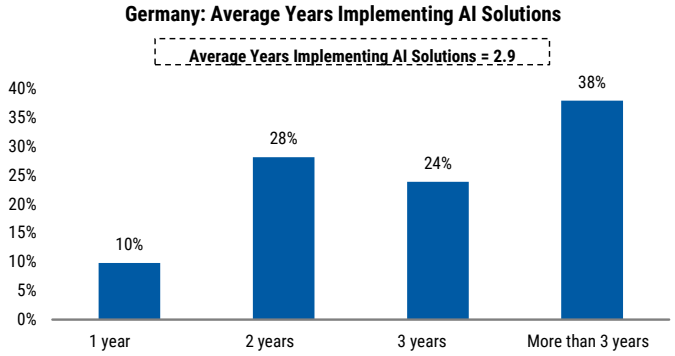
Source: AlphaWise, Morgan Stanley Research

Exhibit 163: UK - While UK companies have implemented AI solutions for an average of 2.9 years, 31% have done so for more than 3 years



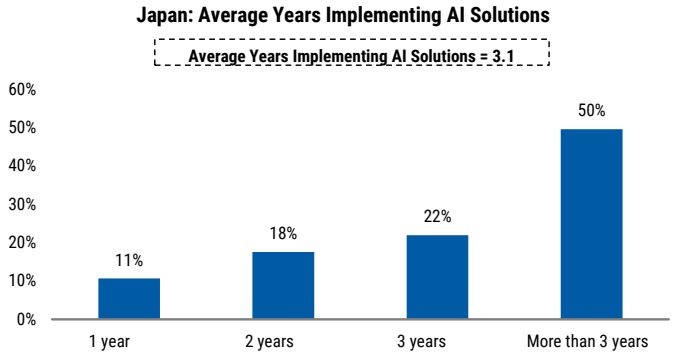
Source: AlphaWise, Morgan Stanley Research

Exhibit 164: GERMANY - Companies have implemented AI solutions for an average of 2.9 years, but 38% have done so for more than 3 years



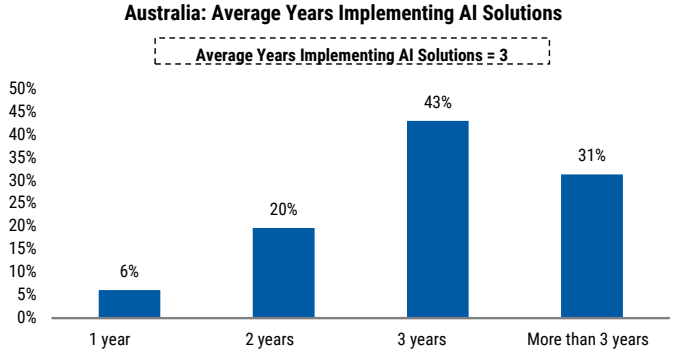
Source: AlphaWise, Morgan Stanley Research

Exhibit 165: JAPAN - 1 in 2 companies have implemented AI for over 3 years



Source: AlphaWise, Morgan Stanley Research

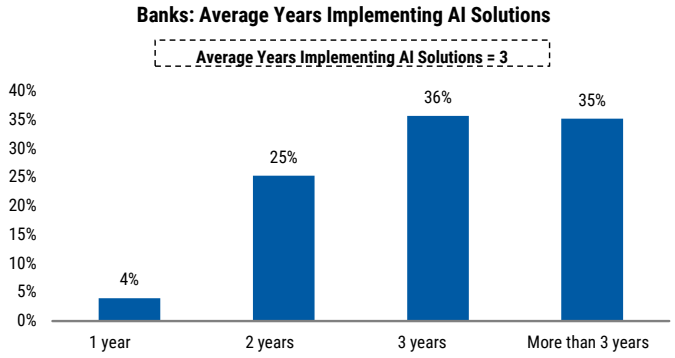
Exhibit 166: AUSTRALIA - Companies have implemented AI solutions for an average of 3 years



Source: AlphaWise, Morgan Stanley Research

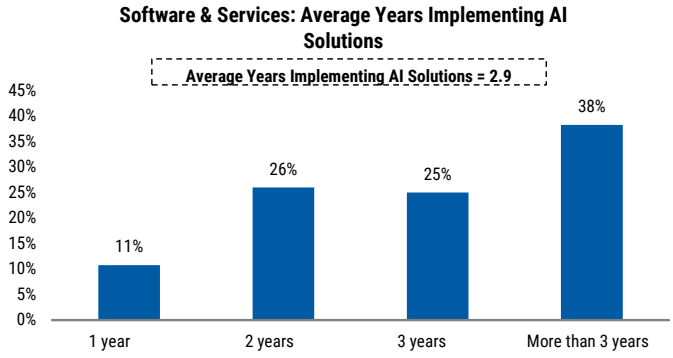
By Sector

Exhibit 167: BANKS - Banks implemented AI solutions for an average of 3 years, 71% for 3 years or more



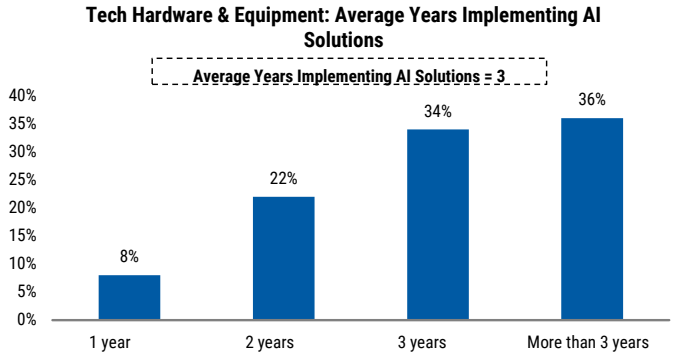
Source: AlphaWise, Morgan Stanley Research

Exhibit 168: SOFTWARE & SERVICES - Implemented AI solutions for an average of 2.9 years



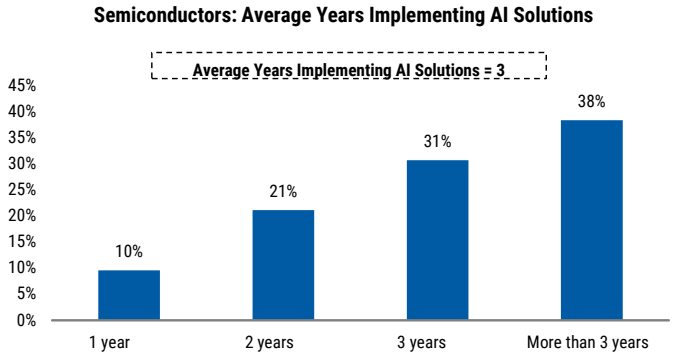
Source: AlphaWise, Morgan Stanley Research

Exhibit 169: TECH HARDWARE & EQUIPMENT - Implemented AI solutions for an average of 3 years, 70% for 3 years or more



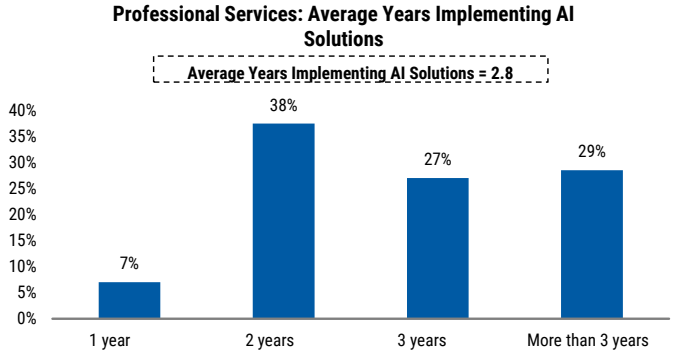
Source: AlphaWise, Morgan Stanley Research

Exhibit 170: SEMICONDUCTORS - Have implemented AI solutions for an average of 3 years, with 38% over 3 years



Source: AlphaWise, Morgan Stanley Research

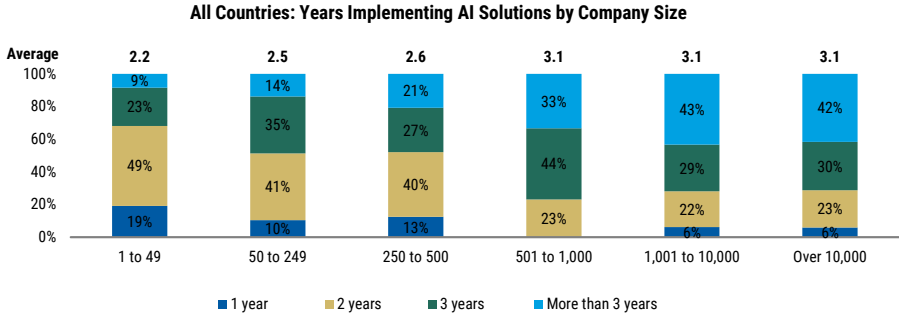
Exhibit 171: PROFESSIONAL SERVICES - These companies have implemented AI solutions for an average of 2.8 years



Source: AlphaWise, Morgan Stanley Research

By Company Size

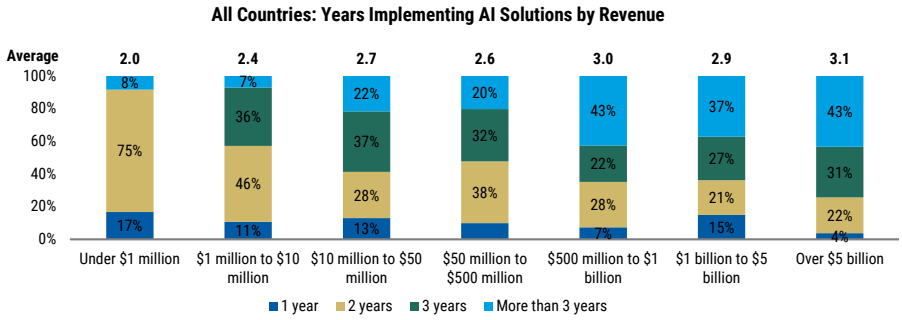
Exhibit 172: TOTAL SAMPLE - Average tenure of AI implementation increases steadily with company size, reaching 3.1 years among organizations with 501+ employees.



Source: AlphaWise, Morgan Stanley Research

By Revenue

Exhibit 173: TOTAL SAMPLE - Higher revenue companies have implemented AI for longer

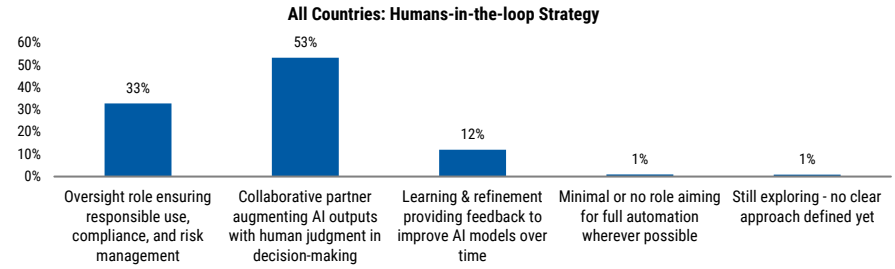


Source: AlphaWise, Morgan Stanley Research. Caution: Low Base <=15 for Under $1 million

Humans-in-the-loop Strategy

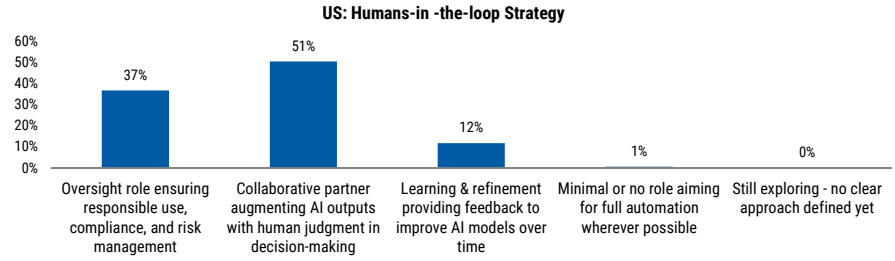
By Country

Exhibit 174: TOTAL SAMPLE - Across all countries, 53% of companies view humans as collaborative partners, while 33% would like to see them in an oversight role



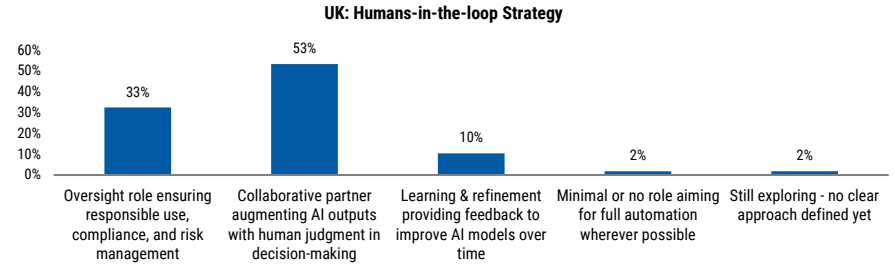
Source: AlphaWise, Morgan Stanley Research

Exhibit 175: US - 37% of US companies prefer humans to take an oversight role, 51% of companies view humans as collaborative partners with AI



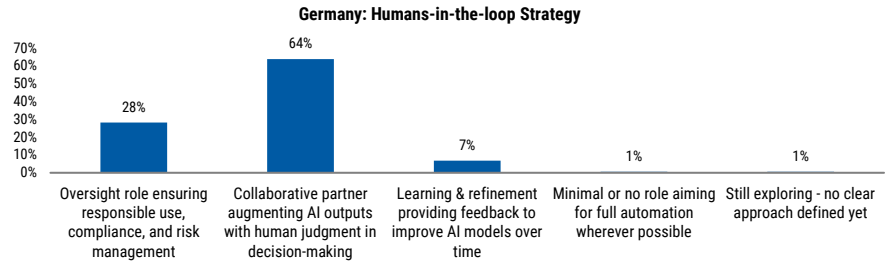
Source: AlphaWise, Morgan Stanley Research

Exhibit 176: UK - 33% of UK companies prefer humans to take an oversight role, 53% of companies view humans as collaborative partners



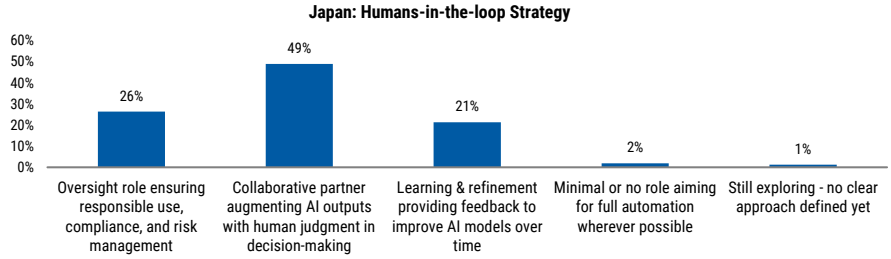
Source: AlphaWise, Morgan Stanley Research

Exhibit 177: GERMANY - 64% of German view humans as collaborative partners for AI, the highest of all markets



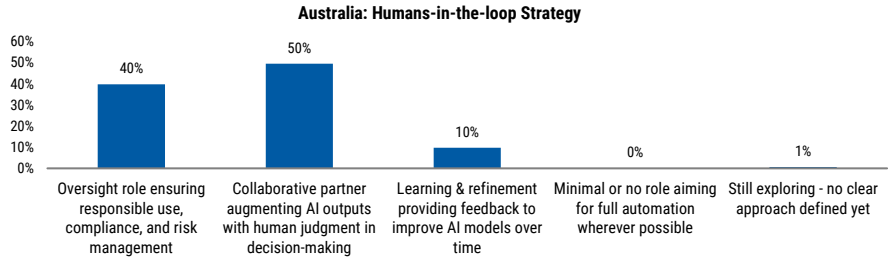
Source: AlphaWise, Morgan Stanley Research

Exhibit 178: JAPAN - Compared to an average of 12% across all markets, 21% of German companies see the importance of providing feedback to improve AI models



Source: AlphaWise, Morgan Stanley Research

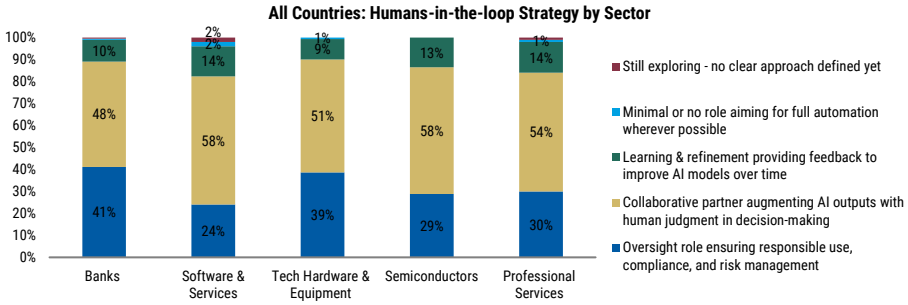
Exhibit 179: AUSTRALIA - Compared to other countries, more Australian companies believe humans should oversee the implementation of AI



Source: AlphaWise, Morgan Stanley Research

By Sector

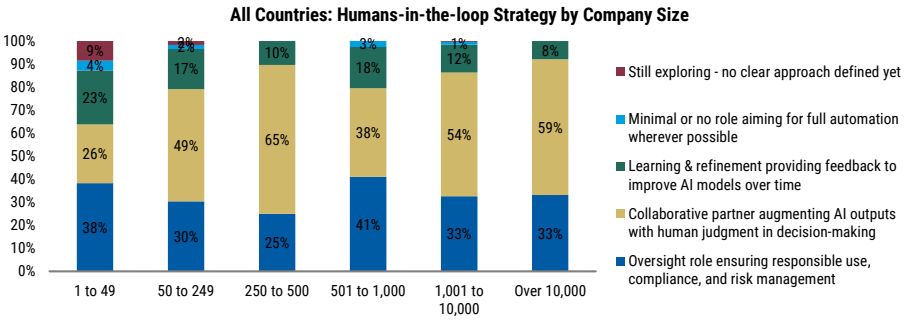
Exhibit 180: TOTAL SAMPLE - Of all sectors, banks would most support an oversight role for humans as AI implementation strategy



Source: AlphaWise, Morgan Stanley Research

By Company Size

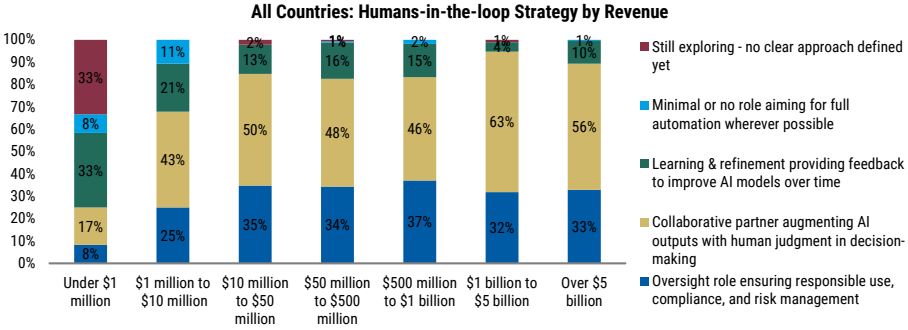
Exhibit 181: TOTAL SAMPLE - Collaborative partnership is the dominant human-in-the-loop strategy across most companies



Source: AlphaWise, Morgan Stanley Research

By Revenue

Exhibit 182: TOTAL SAMPLE - Collaborative partnership is the dominant human-in-the-loop strategy across all revenue tiers, especially among companies with $1 billion to $5 billion in revenue

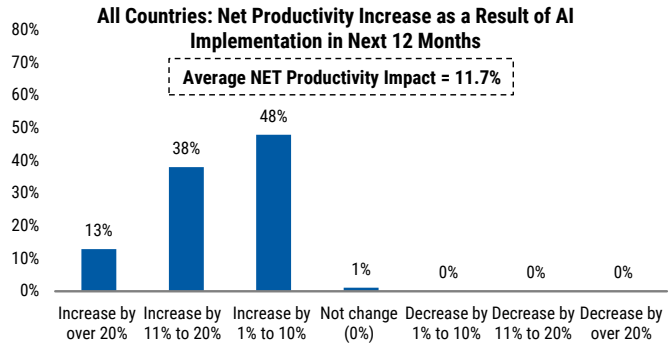


Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for Under $1 million

Net Productivity in the Next 12 Months

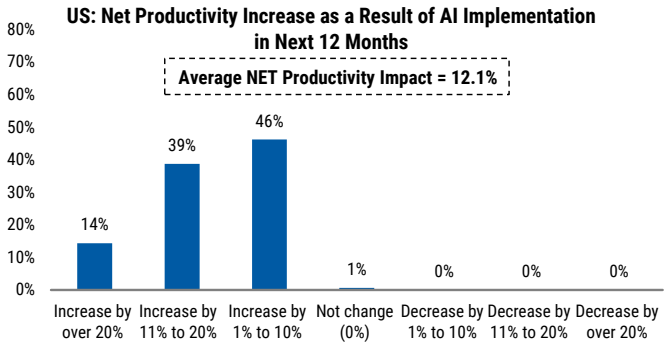
By Country

Exhibit 183: TOTAL SAMPLE - Companies expect AI to increase NET productivity by an average of 11.7% in the next 12 months



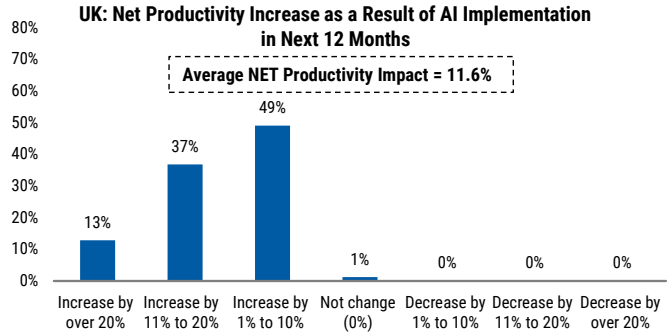
Source: AlphaWise, Morgan Stanley Research

Exhibit 184: US - An average 12.1% NET productivity gain is expected in the next year



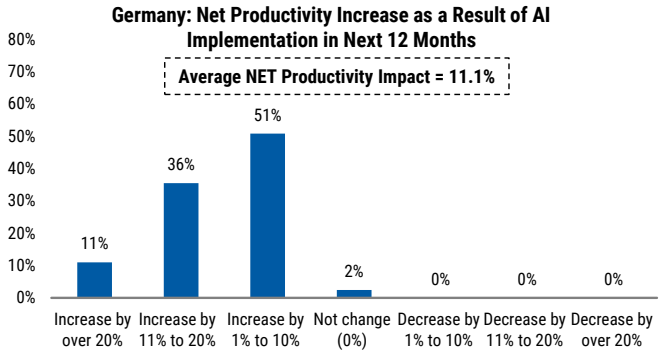
Source: AlphaWise, Morgan Stanley Research

Exhibit 185: UK - An average 11.6% NET productivity increase is anticipated



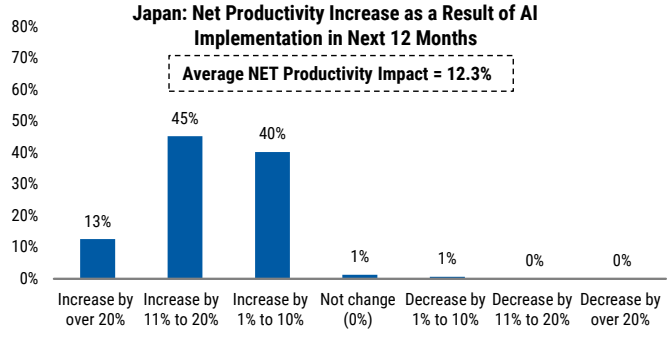
Source: AlphaWise, Morgan Stanley Research

Exhibit 186: GERMANY - An average 11.1% NET productivity improvement could be possible



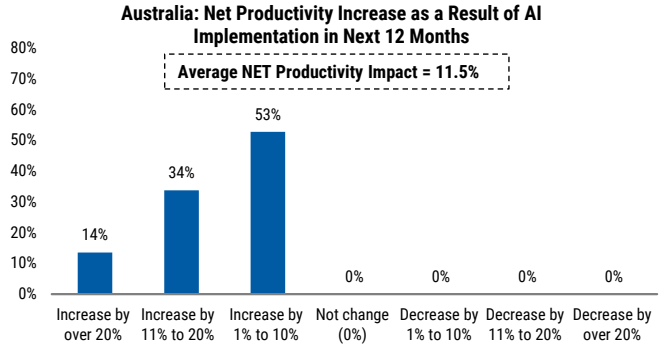
Source: AlphaWise, Morgan Stanley Research

Exhibit 187: JAPAN - Japan has the highest expected average NET productivity increase at 12.3% in the next 12 months



Source: AlphaWise, Morgan Stanley Research

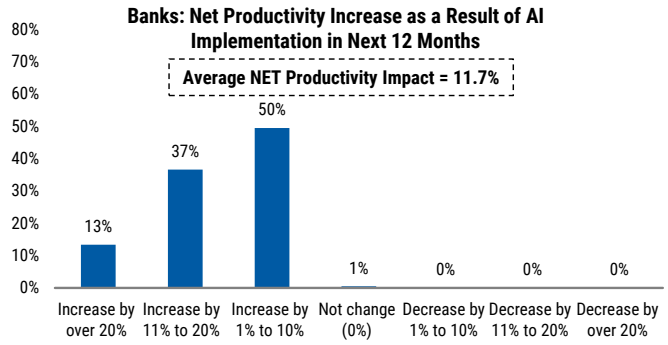
Exhibit 188: AUSTRALIA - An average 11.5% NET productivity gain is expected



Source: AlphaWise, Morgan Stanley Research

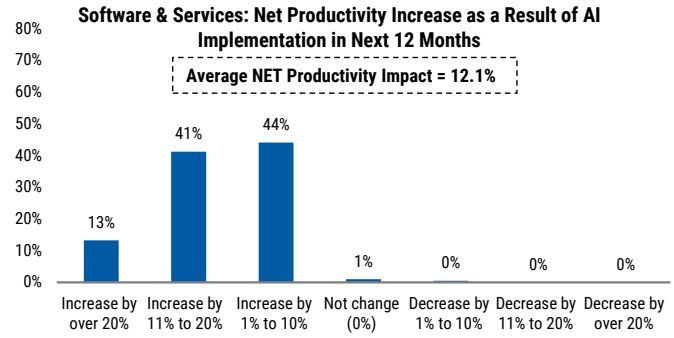
By Sector

Exhibit 189: BANKS - Banks anticipate an average NET productivity gain of 11.7%



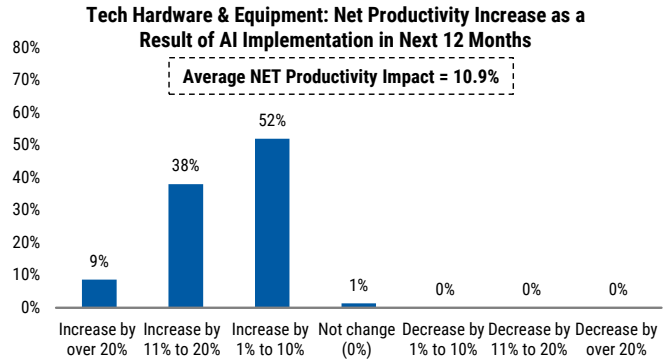
Source: AlphaWise, Morgan Stanley Research

Exhibit 190: SOFTWARE & SERVICES - Software companies expect a NET productivity increase of 12.1%



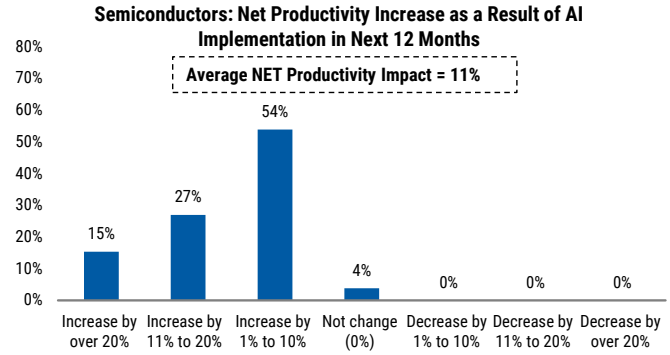
Source: AlphaWise, Morgan Stanley Research

Exhibit 191: TECH HARDWARE & EQUIPMENT - Tech Hardware companies could gain a 10.9% NET productivity improvement owing to AI



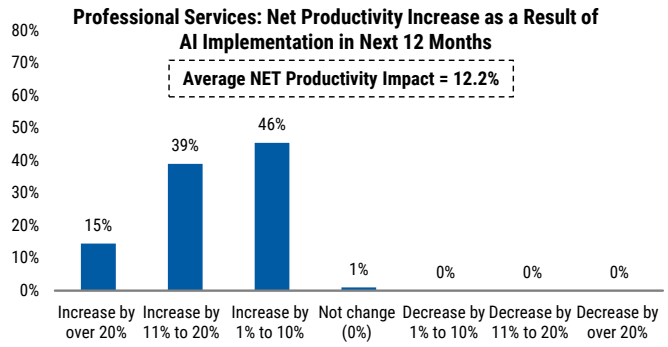
Source: AlphaWise, Morgan Stanley Research

Exhibit 192: SEMICONDUCTORS - Semis companies expect a 11% NET productivity gain in the next 12 months



Source: AlphaWise, Morgan Stanley Research

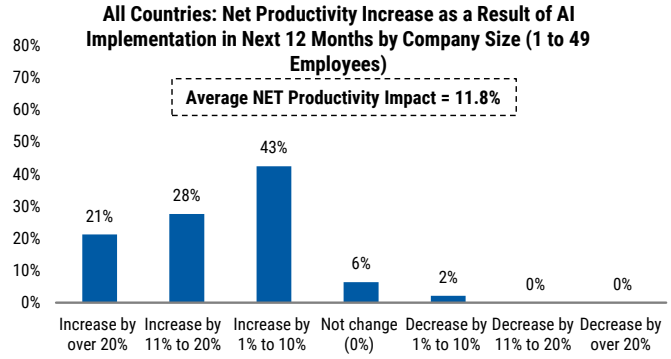
Exhibit 193: PROFESSIONAL SERVICES - An average 12.2% NET productivity gain is expected



Source: AlphaWise, Morgan Stanley Research

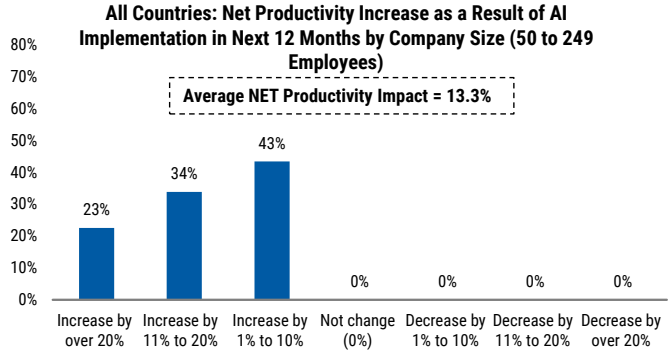
By Company Size

Exhibit 194: 1-49 EMPLOYEES - Average 11.8% NET productivity gain in the next 12 months



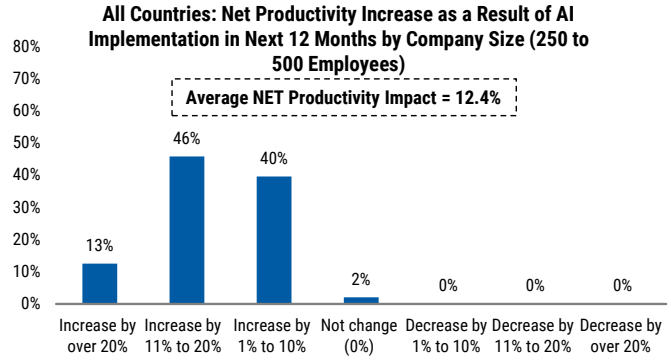
Source: AlphaWise, Morgan Stanley Research

Exhibit 195: 50-249 EMPLOYEES - Average 13.3% NET productivity gain in the next 12 months



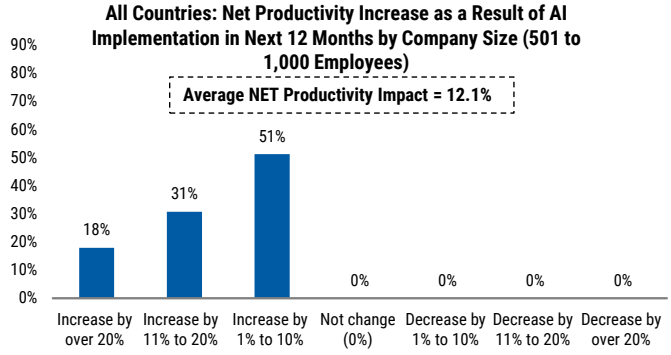
Source: AlphaWise, Morgan Stanley Research

Exhibit 196: 250-500 EMPLOYEES - Average 12.4% NET productivity gain in the next 12 months



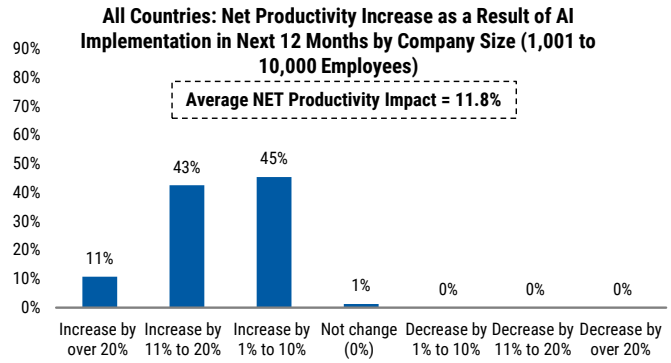
Source: AlphaWise, Morgan Stanley Research

Exhibit 197: 501-1,000 EMPLOYEES - Average 12.1% NET productivity gain in the next 12 months



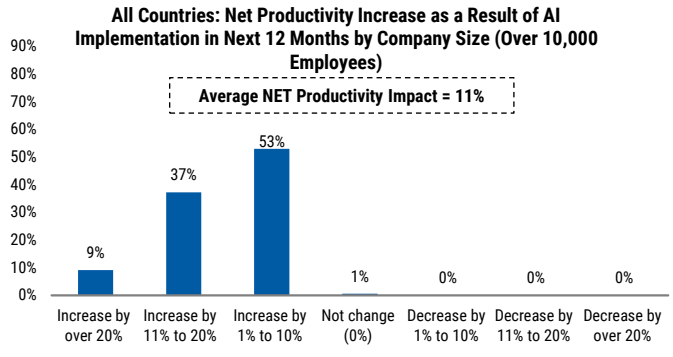
Source: AlphaWise, Morgan Stanley Research

Exhibit 198: 1,001-10,000 EMPLOYEES - Average 11.8% NET productivity gain in the next 12 months



Source: AlphaWise, Morgan Stanley Research

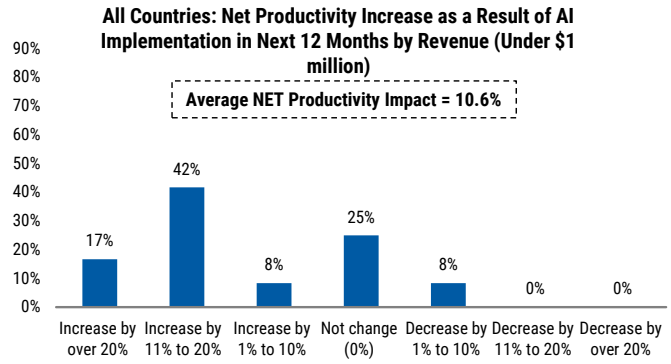
Exhibit 199: OVER 10,000 EMPLOYEES - Average 11% NET productivity gain in the next 12 months



Source: AlphaWise, Morgan Stanley Research

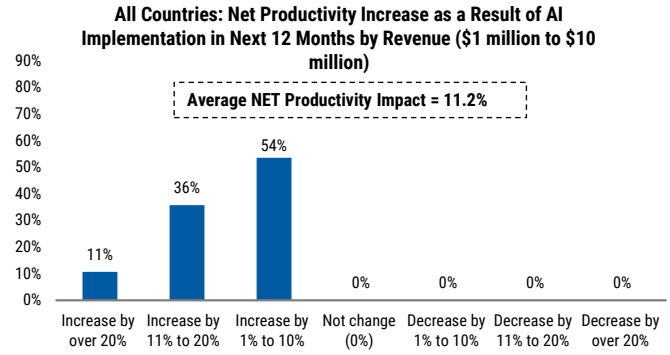
By Revenue

Exhibit 200: UNDER $1 MILLION - Average 10.6% NET productivity gain in the next 12 months



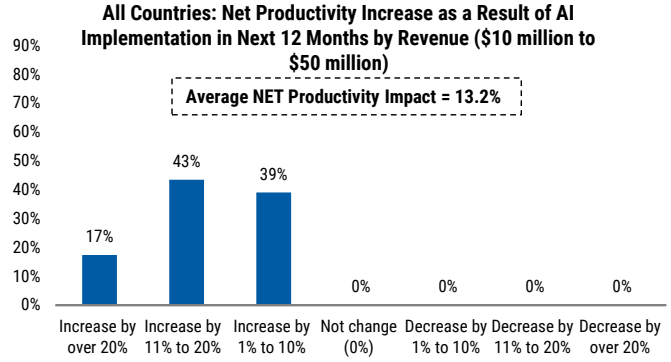
Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 201: $1 MILLION TO $10 MILLION - Average 11.2% NET productivity gain in the next 12 months



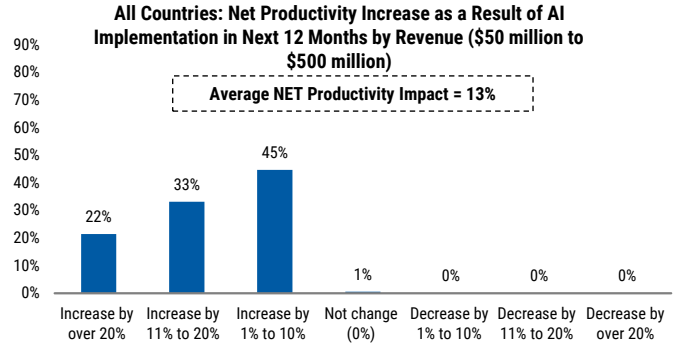
Source: AlphaWise, Morgan Stanley Research

Exhibit 202: $10 MILLION TO $50 MILLION - Average 13.2% NET productivity gain in the next 12 months



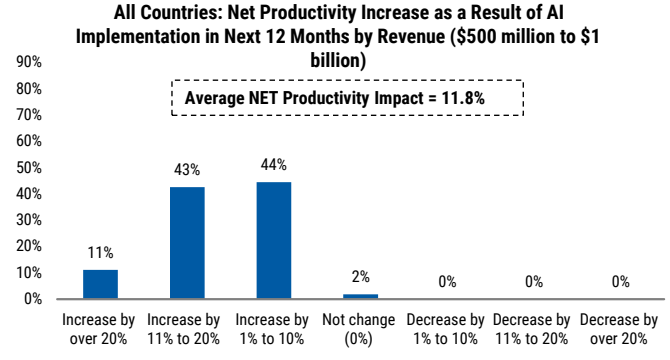
Source: AlphaWise, Morgan Stanley Research

Exhibit 203: $50 MILLION TO $500 MILLION - Average 13% NET productivity gain in the next 12 months



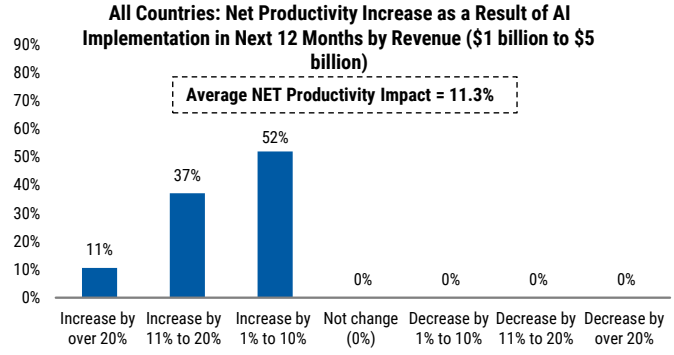
Source: AlphaWise, Morgan Stanley Research

Exhibit 204: $500 MILLION TO $1 BILLION - Average 11.8% NET productivity gain in the next 12 months



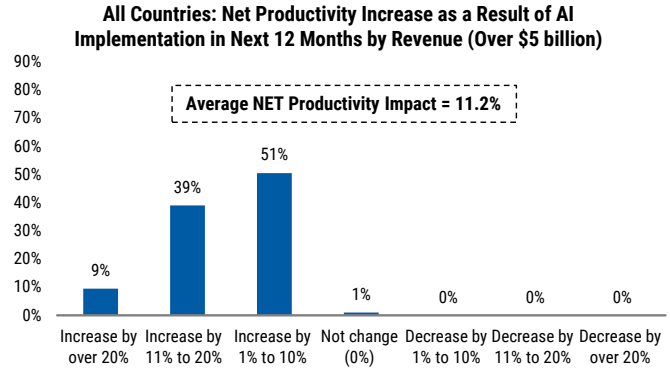
Source: AlphaWise, Morgan Stanley Research

Exhibit 205: $1 BILLION TO $5 BILLION - Average 11.3% NET productivity gain in the next 12 months



Source: AlphaWise, Morgan Stanley Research

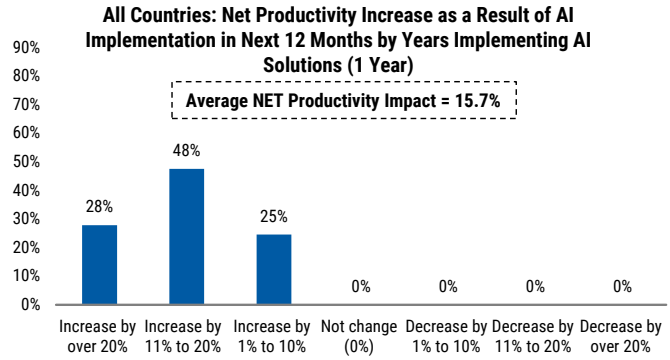
Exhibit 206: OVER $5 BILLION - Average 11.2% NET productivity gain in the next 12 months



Source: AlphaWise, Morgan Stanley Research

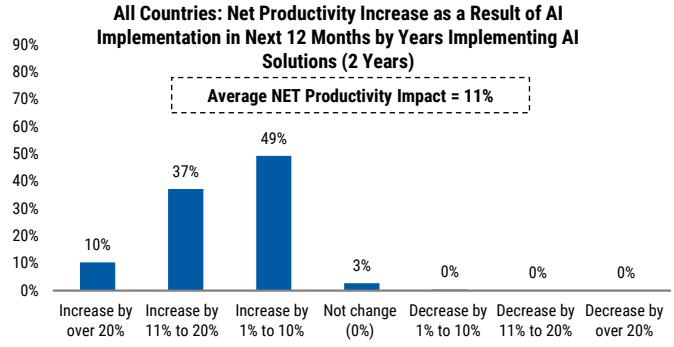
By Years Implementing AI Solutions

Exhibit 207: 1 YEAR - After their 1st year of AI implementation, companies expect to make the highest NET productivity gains of 15.7% in the next 12 months



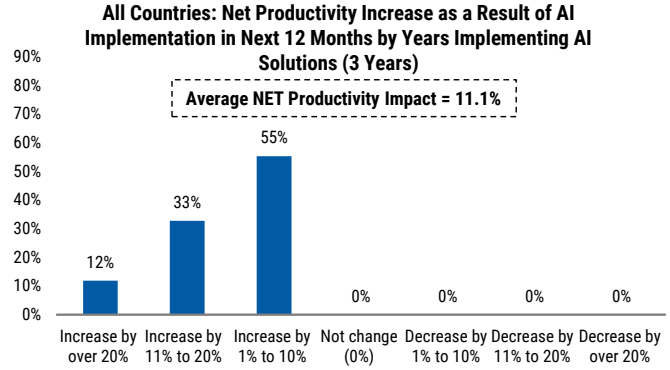
Source: AlphaWise, Morgan Stanley Research

Exhibit 208: 2 YEARS - Companies who have implemented AI for 2 years expect an average 11% NET productivity gain in the next 12 months



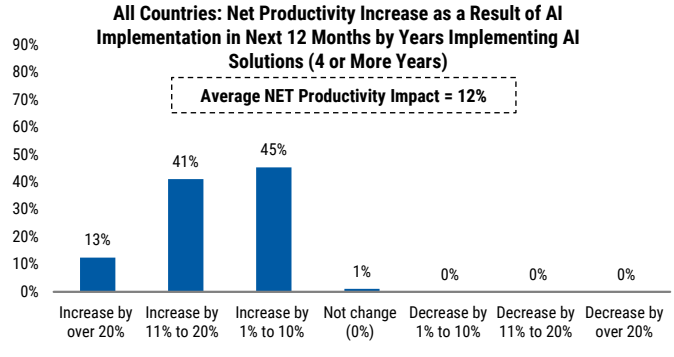
Source: AlphaWise, Morgan Stanley Research

Exhibit 209: 3 YEARS - Companies with 3 years AI implementation expect an average 11% NET productivity gain in the next 12 months



Source: AlphaWise, Morgan Stanley Research

Exhibit 210: 4 YEARS OR MORE - Companies with 4 years or more AI implementation expect an average 12% NET productivity gain in the next 12 months

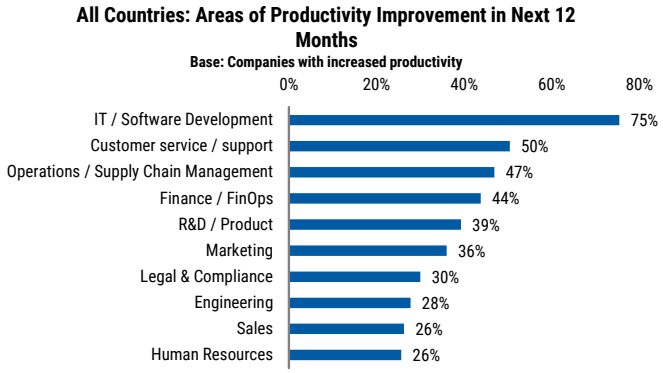


Source: AlphaWise, Morgan Stanley Research

Areas of Productivity Improvement In the Next 12 Months

By Country

Exhibit 211: TOTAL SAMPLE - In the next 12 months, the highest productivity gains could be in IT/software development across all companies



Source: AlphaWise, Morgan Stanley Research

Exhibit 212: US - US companies expect to see their highest productivity improvements in IT/software development



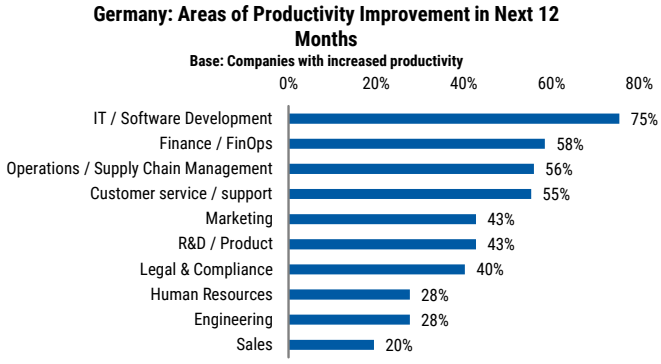
Source: AlphaWise, Morgan Stanley Research

Exhibit 213: UK - For UK companies, IT/software development could be the source of largest productivity improvements



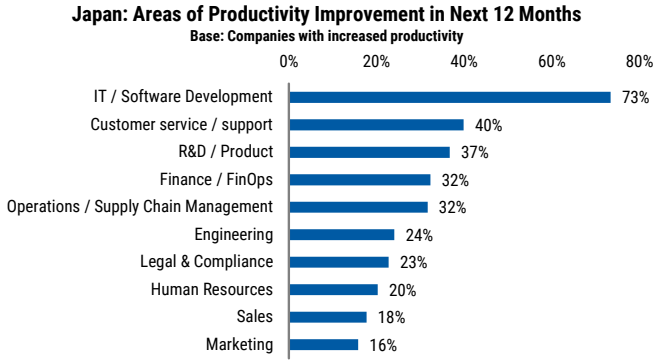
Source: AlphaWise, Morgan Stanley Research

Exhibit 214: GERMANY - IT/Software development could reap the highest productivity gains in the next 12 months



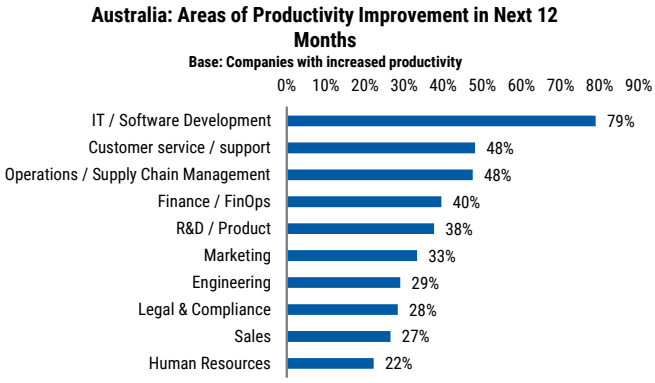
Source: AlphaWise, Morgan Stanley Research

Exhibit 215: JAPAN - Japanese companies expect to see their highest productivity improvements in IT/software development



Source: AlphaWise, Morgan Stanley Research

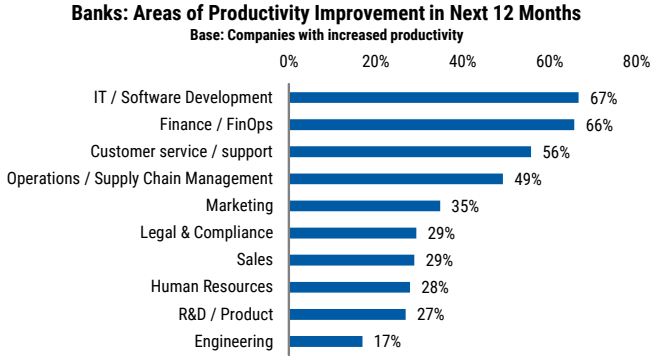
Exhibit 216: AUSTRALIA - For Australian companies, IT/software development could be the source of largest productivity improvements



Source: AlphaWise, Morgan Stanley Research

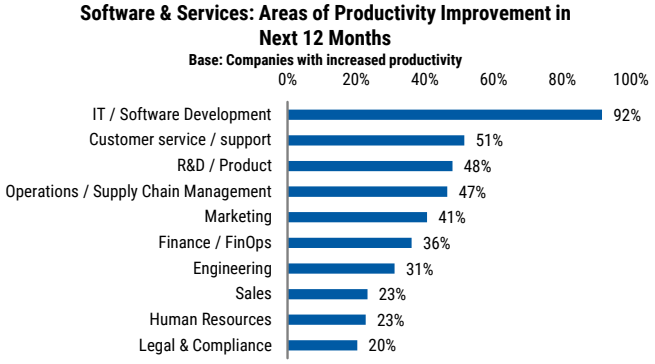
By Sector

Exhibit 217: BANKS - IT/software development could reap the highest productivity gains in the next 12 months



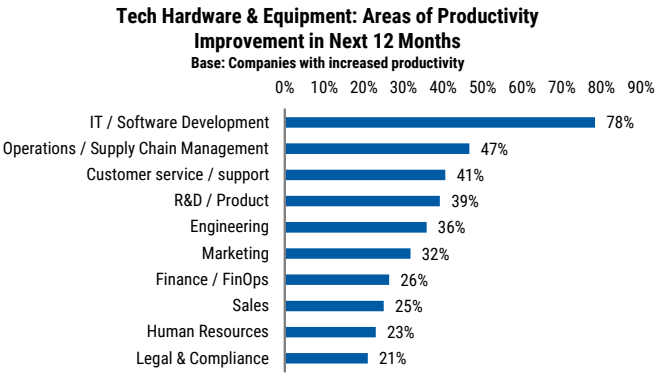
Source: AlphaWise, Morgan Stanley Research

Exhibit 218: SOFTWARE & SERVICES - IT/software development could reap the highest productivity gains in the next 12 months



Source: AlphaWise, Morgan Stanley Research

Exhibit 219: TECH HARDWARE & EQUIPMENT - IT/software development could reap the highest productivity gains



Source: AlphaWise, Morgan Stanley Research

Exhibit 220: SEMICONDUCTORS - IT/software development could reap the highest productivity gains



Source: AlphaWise, Morgan Stanley Research

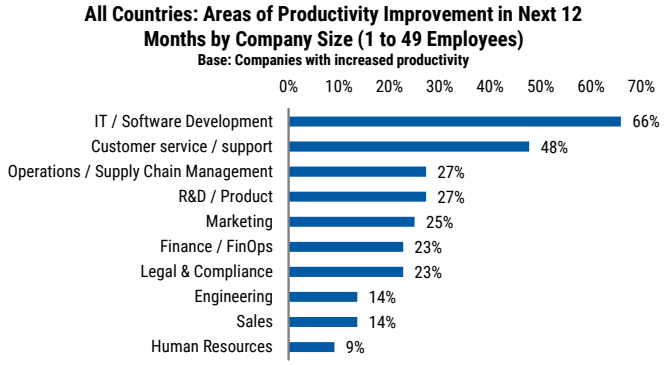
Exhibit 221: PROFESSIONAL SERVICES - IT/software development could reap the highest productivity gains



Source: AlphaWise, Morgan Stanley Research

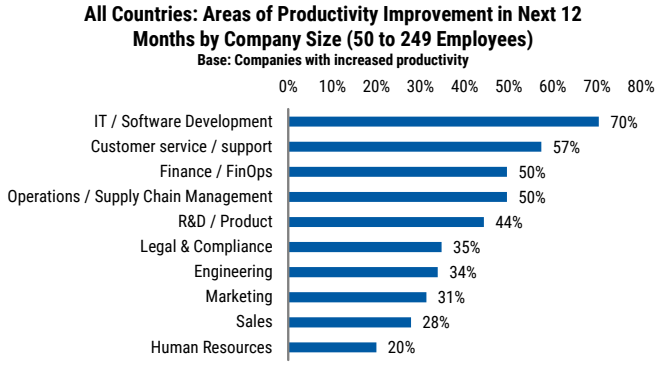
By Company Size

Exhibit 222: 1-49 EMPLOYEES - IT/software development could reap the highest productivity gains in the next 12 months



Source: AlphaWise, Morgan Stanley Research

Exhibit 223: 50-249 EMPLOYEES - IT/software development could reap the highest productivity gains in the next 12 months



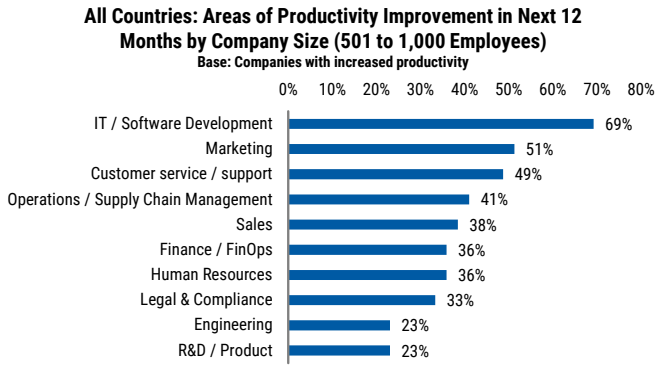
Source: AlphaWise, Morgan Stanley Research

Exhibit 224: 250-500 EMPLOYEES - IT/software development could reap the highest productivity gains in the next 12 months



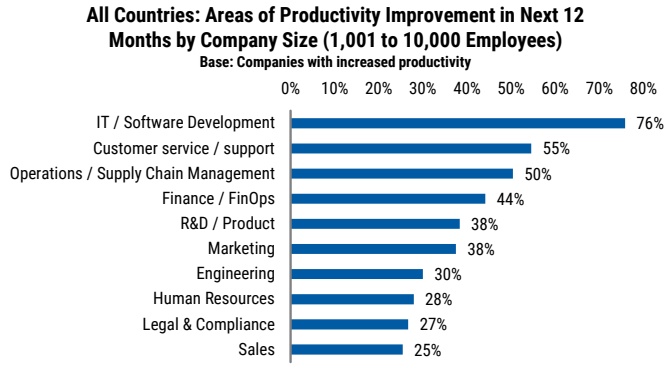
Source: AlphaWise, Morgan Stanley Research

Exhibit 225: 501-1,000 EMPLOYEES - IT/software development could reap the highest productivity gains in the next 12 months



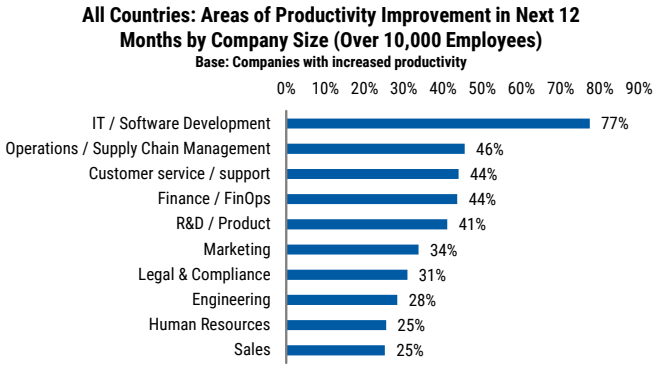
Source: AlphaWise, Morgan Stanley Research

Exhibit 226: 1,001-10,000 EMPLOYEES - IT/software development could reap the highest productivity gains in the next 12 months



Source: AlphaWise, Morgan Stanley Research

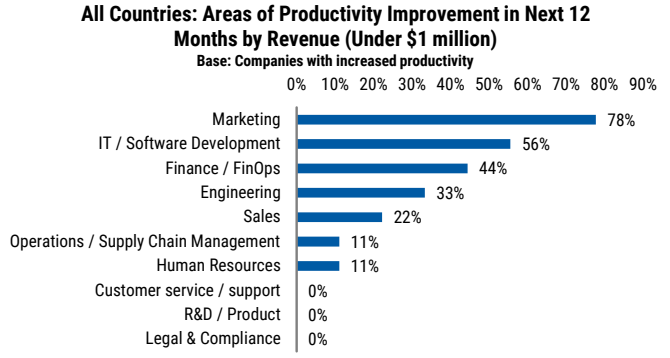
Exhibit 227: OVER 10,000 EMPLOYEES - IT/software development could reap the highest productivity gains in the next 12 months



Source: AlphaWise, Morgan Stanley Research

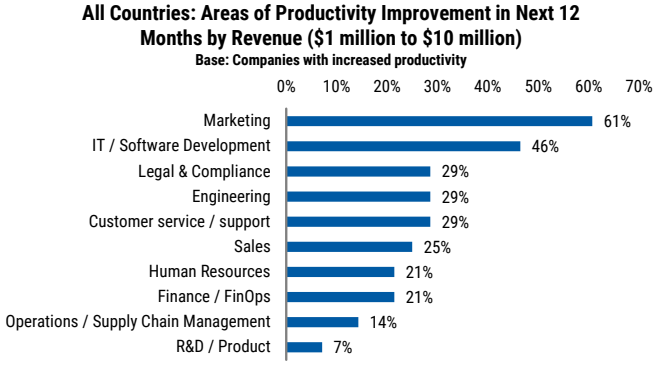
By Revenue

Exhibit 228: UNDER $1 MILLION - For lower revenue companies, marketing is responsible for the highest productivity gains in the next 12 months



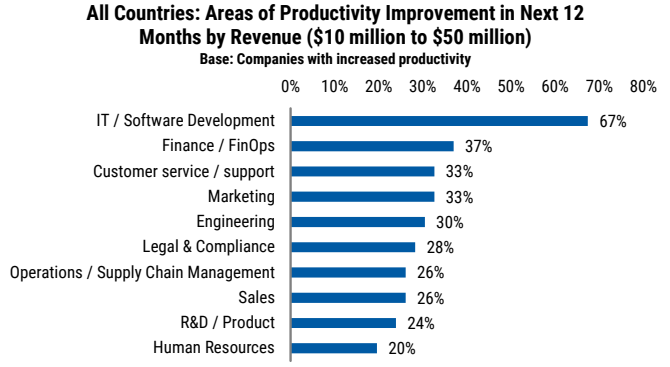
Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15

Exhibit 229: $1 MILLION TO $10 MILLION - For lower revenue companies, marketing is responsible for the highest productivity gains in the next 12 months



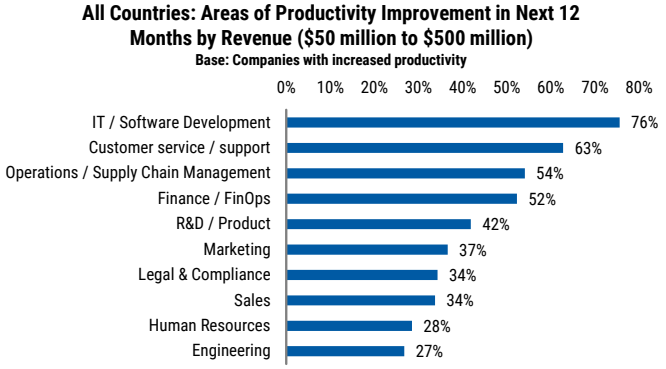
Source: AlphaWise, Morgan Stanley Research

Exhibit 230: $10 MILLION TO $50 MILLION - In the next 12 months, productivity improvements would likely be in IT/ software development



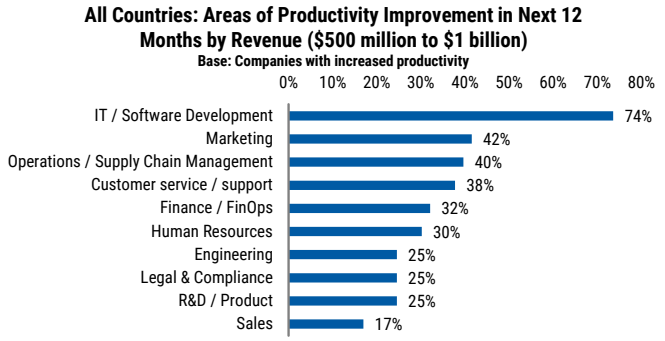
Source: AlphaWise, Morgan Stanley Research

Exhibit 231: $50 MILLION TO $500 MILLION - In the next 12 months, productivity improvements would likely be in IT/ software development



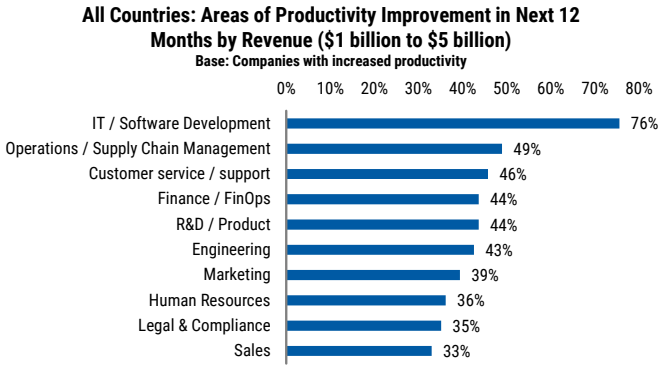
Source: AlphaWise, Morgan Stanley Research

Exhibit 232: $500 MILLION TO $1 BILLION - In the next 12 months, productivity improvements would likely be in IT/ software development



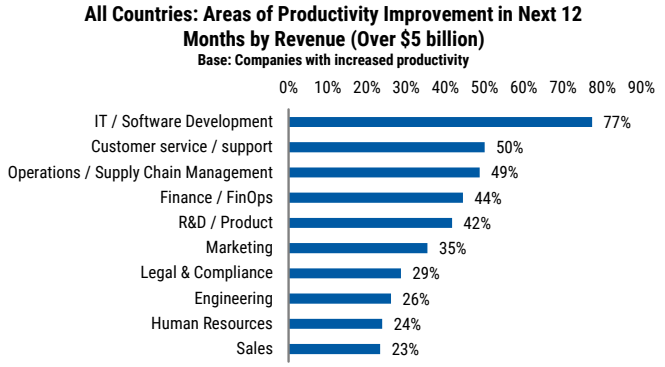
Source: AlphaWise, Morgan Stanley Research

Exhibit 233: $1 BILLION TO $5 BILLION - In the next 12 months, productivity improvements would likely be in IT/software development



Source: AlphaWise, Morgan Stanley Research

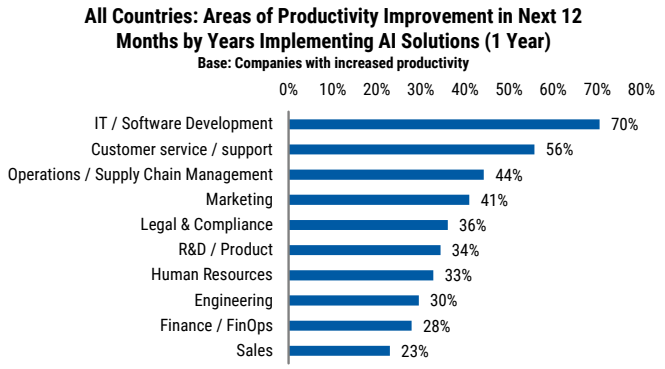
Exhibit 234: OVER $5 BILLION - In the next 12 months, productivity improvements would likely be in IT/software development



Source: AlphaWise, Morgan Stanley Research

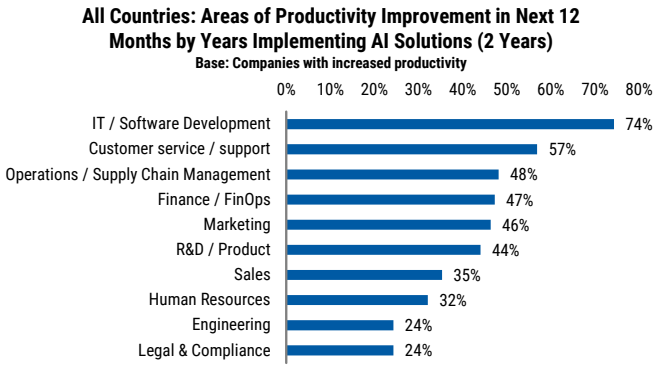
By Years Implementing AI Solutions

Exhibit 235: 1 YEAR - In the next 12 months, productivity improvements would likely be in IT/software development



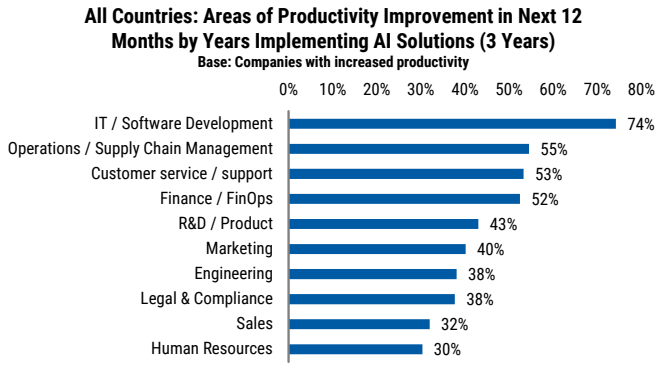
Source: AlphaWise, Morgan Stanley Research

Exhibit 236: 2 YEARS - In the next 12 months, productivity improvements would likely be in IT/software development



Source: AlphaWise, Morgan Stanley Research

Exhibit 237: 3 YEARS - In the next 12 months, productivity improvements would likely be in IT/software development



Source: AlphaWise, Morgan Stanley Research

Exhibit 238: 4 YEARS OR MORE - In the next 12 months, productivity improvements would likely be in IT/software development

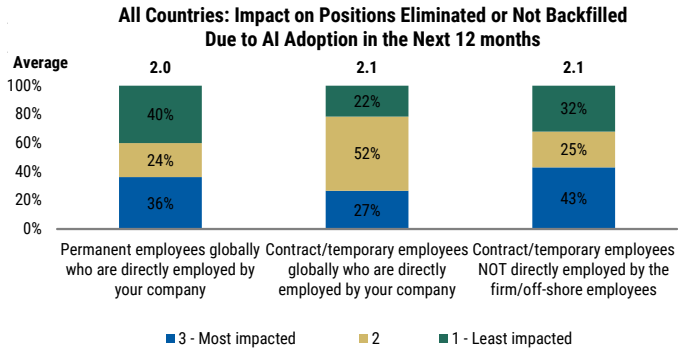


Source: AlphaWise, Morgan Stanley Research

Positions of Contract, Temporary & Offshore Employees Eliminated or Not Backfilled in the Next 12 Months

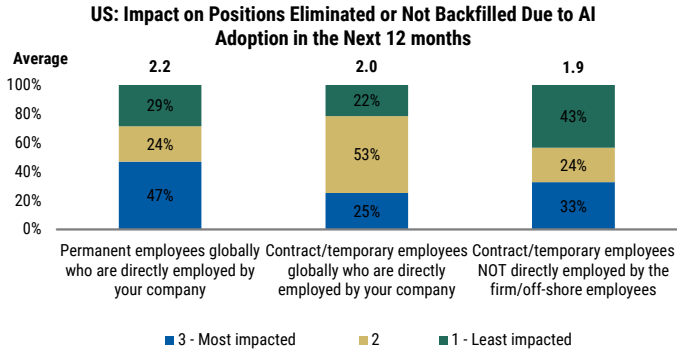
By Country

Exhibit 239: TOTAL SAMPLE - Overall, offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



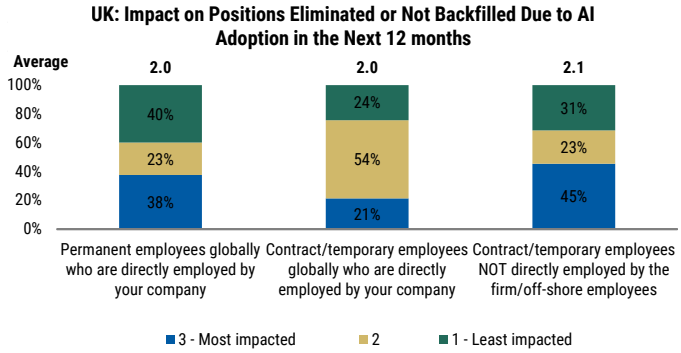
Source: AlphaWise, Morgan Stanley Research

Exhibit 240: US - Permanent employees are most likely to have positions eliminated or not backfilled in the next 12 months



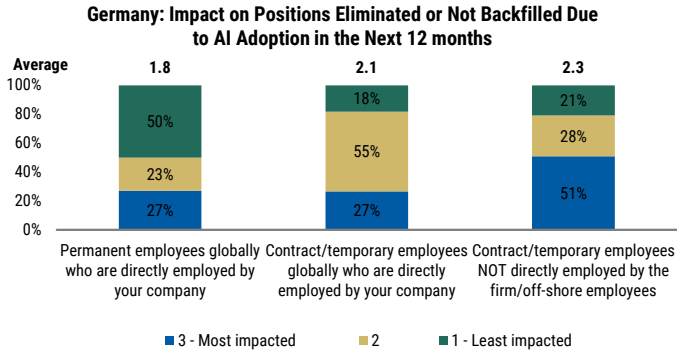
Source: AlphaWise, Morgan Stanley Research

Exhibit 241: UK - Offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



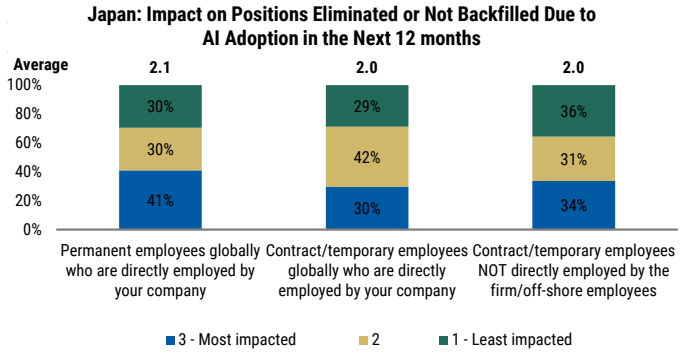
Source: AlphaWise, Morgan Stanley Research

Exhibit 242: GERMANY - Offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



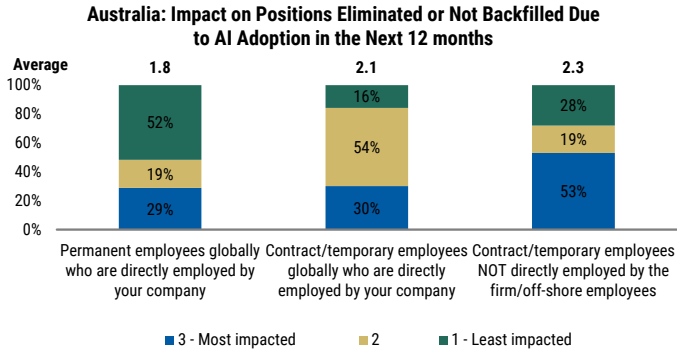
Source: AlphaWise, Morgan Stanley Research

Exhibit 243: JAPAN - Permanent employees are most likely to have positions eliminated or not backfilled in the next 12 months



Source: AlphaWise, Morgan Stanley Research

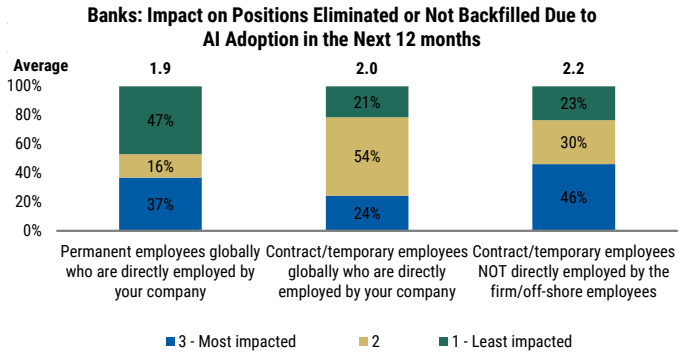
Exhibit 244: AUSTRALIA - Offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



Source: AlphaWise, Morgan Stanley Research

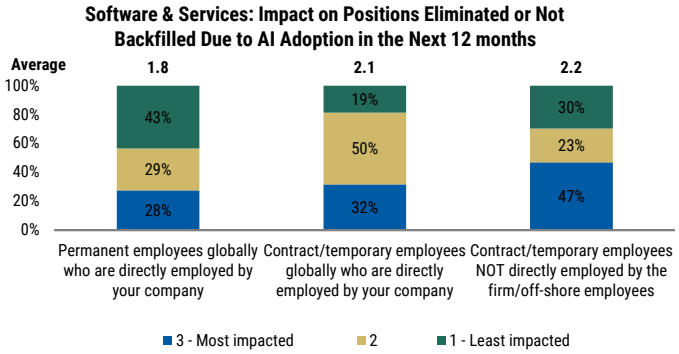
By Sector

Exhibit 245: BANKS - Offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



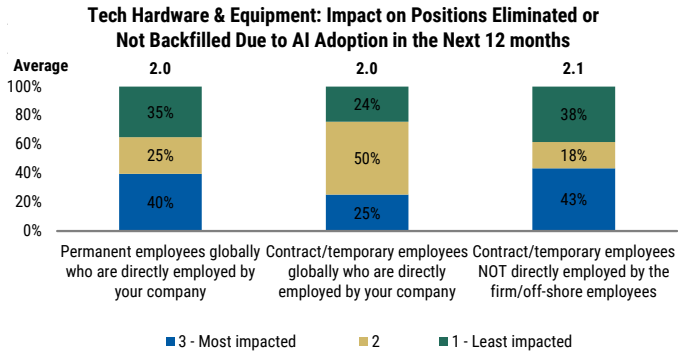
Source: AlphaWise, Morgan Stanley Research

Exhibit 246: SOFTWARE & SERVICES - Offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



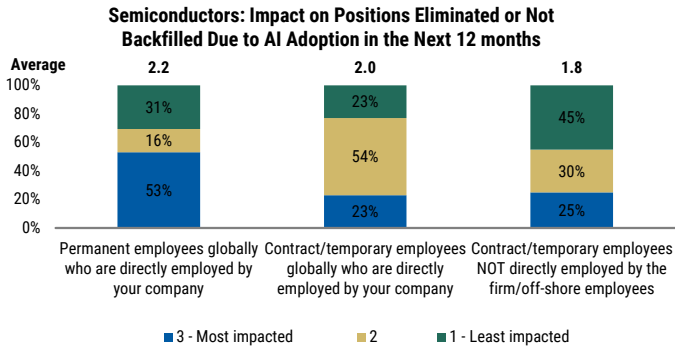
Source: AlphaWise, Morgan Stanley Research

Exhibit 247: TECH HARDWARE & EQUIPMENT - Offshore employees are most likely to have positions eliminated or not backfilled in the next 12 months



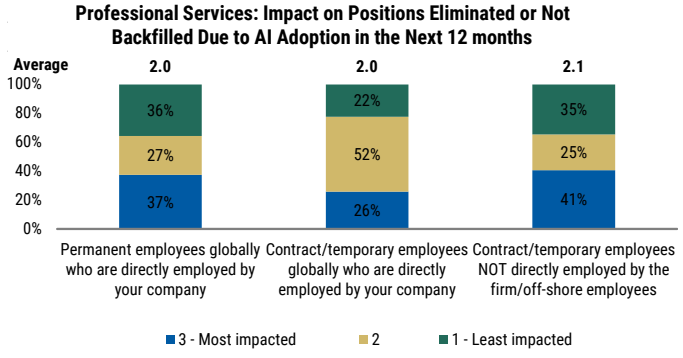
Source: AlphaWise, Morgan Stanley Research

Exhibit 248: SEMICONDUCTORS - Permanent employees are most likely to have positions eliminated or not backfilled in the next 12 months



Source: AlphaWise, Morgan Stanley Research

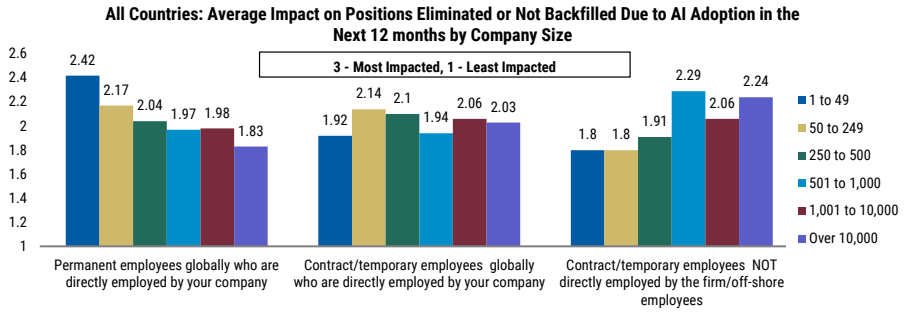
Exhibit 249: PROFESSIONAL SERVICES - Permanent employees are most likely to have positions eliminated or not backfilled in the next 12 months



Source: AlphaWise, Morgan Stanley Research

By Company Size

Exhibit 250: TOTAL SAMPLE - Positions are more likely to be eliminated/not backfilled among permanent employees in smaller companies and offshore employees in larger companies

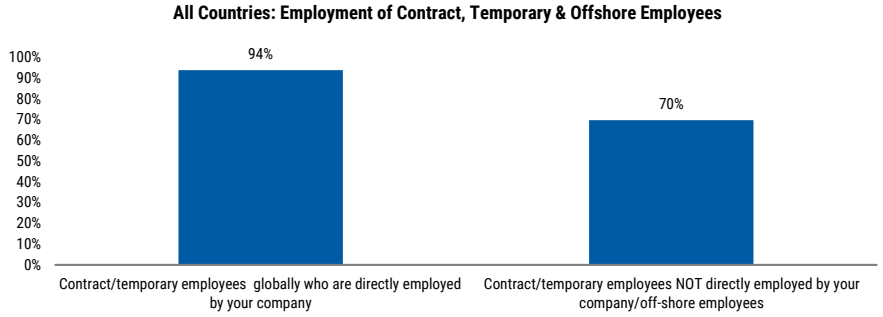


Source: AlphaWise, Morgan Stanley Research

Employment of Contract, Temporary & Offshore Employees

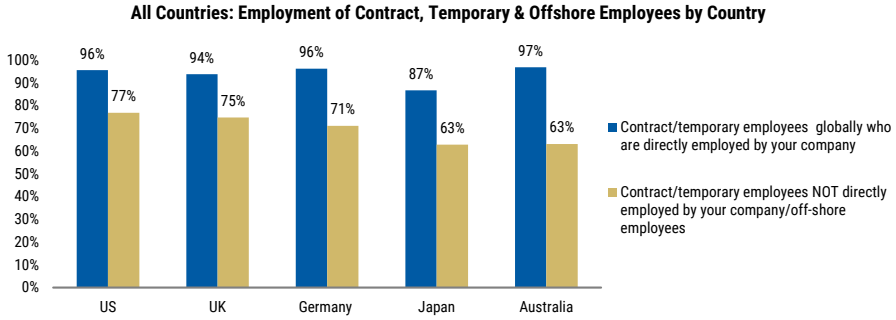
By Country

Exhibit 251: TOTAL SAMPLE - Across all countries, 94% of companies directly employ contract or temporary workers, while 70% have offshore employees



Source: AlphaWise, Morgan Stanley Research

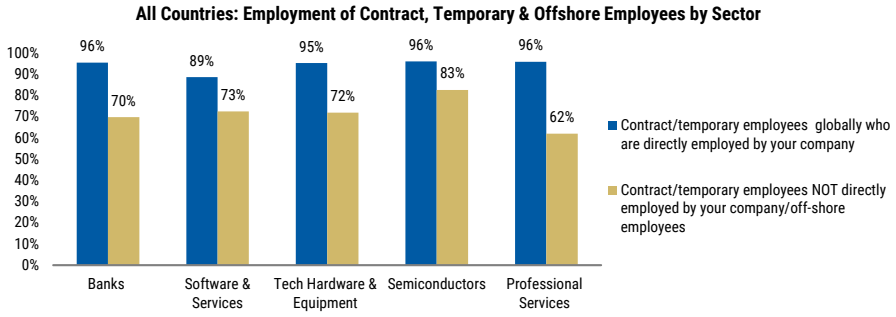
Exhibit 252: COUNTRY COMPARISON - Japan has the lowest level of company temp/ contract employees, while the US employes offshore employees the most



Source: AlphaWise, Morgan Stanley Research

By Sector

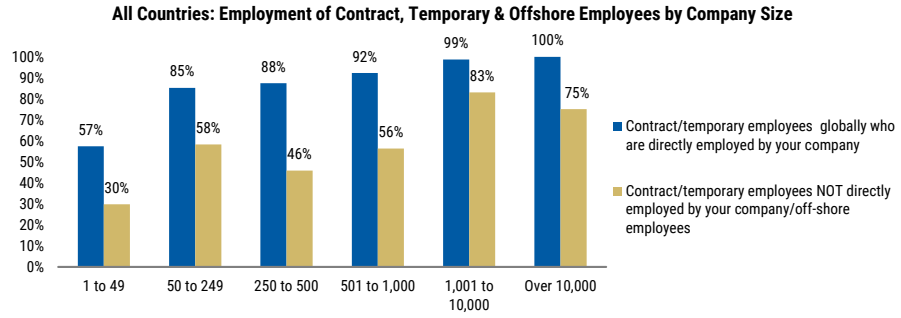
Exhibit 253: TOTAL SAMPLE - Software & services has the lowest level of company temp/contract employees, while semis companies employ offshore the most



Source: AlphaWise, Morgan Stanley Research

By Company Size

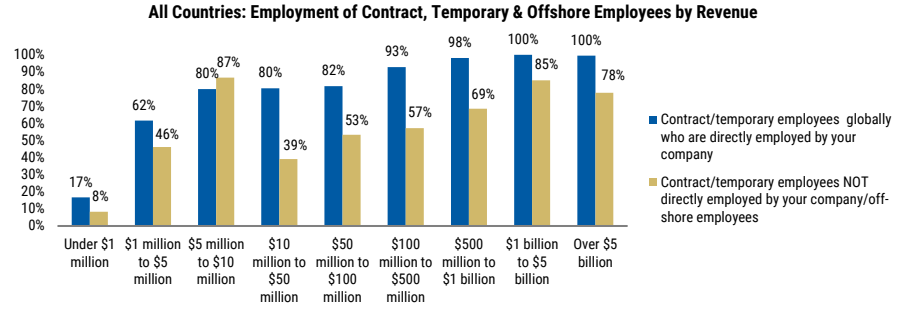
Exhibit 254: TOTAL SAMPLE - Use of directly employed contract or temporary workers rises with company size



Source: AlphaWise, Morgan Stanley Research

By Revenue

Exhibit 255: TOTAL SAMPLE - Employment of contract/temporary employees increases with company revenue

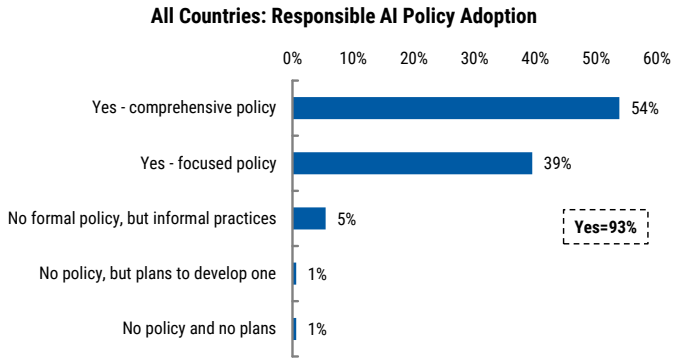


Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for Under $1 million

Responsible AI Policy In Place

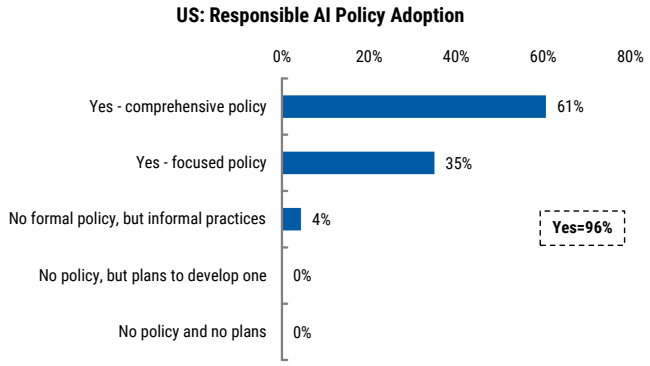
By Country

Exhibit 256: TOTAL SAMPLE - 93% have a responsible AI policy in place, with 54% comprehensive and 39% focused



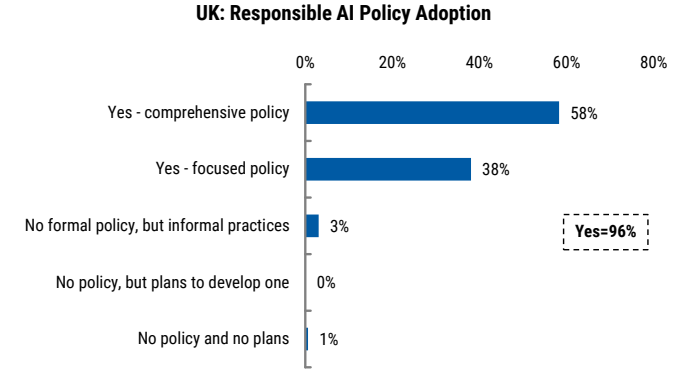
Source: AlphaWise, Morgan Stanley Research

Exhibit 257: US - At 61%, US companies have the highest level of comprehensive AI policy implementation



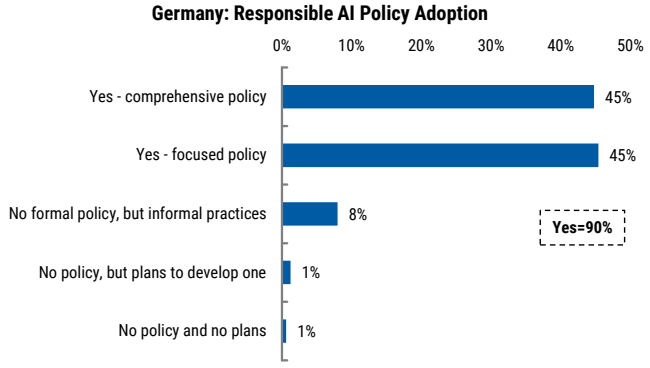
Source: AlphaWise, Morgan Stanley Research

Exhibit 258: UK - 58% of companies have a comprehensive and 38% have a focused AI policy in place



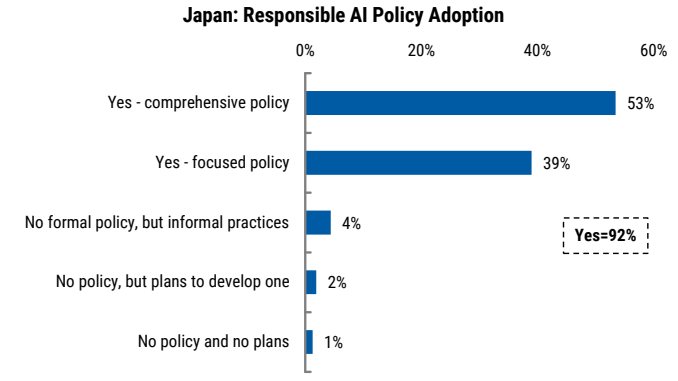
Source: AlphaWise, Morgan Stanley Research

Exhibit 259: GERMANY - Responsible AI policy adoption is evenly split between comprehensive and focused policies



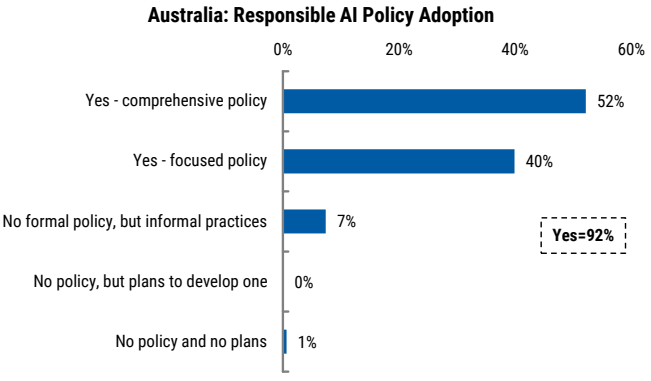
Source: AlphaWise, Morgan Stanley Research

Exhibit 260: JAPAN - 53% of companies have a comprehensive responsible AI policy and 39% have a focused policy



Source: AlphaWise, Morgan Stanley Research

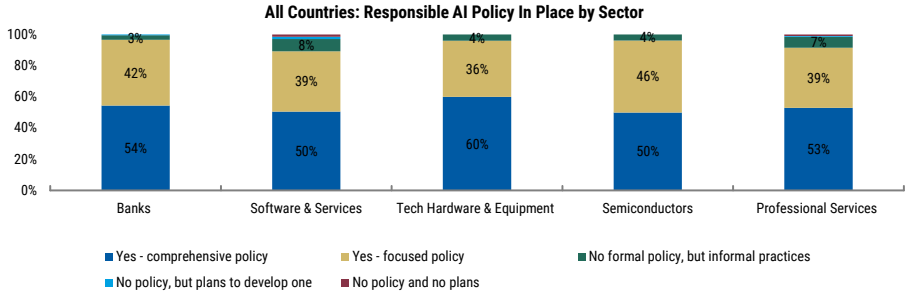
Exhibit 261: AUSTRALIA - 52% of companies have a comprehensive AI policy, while 40% have a focused policy



Source: AlphaWise, Morgan Stanley Research

By Sector

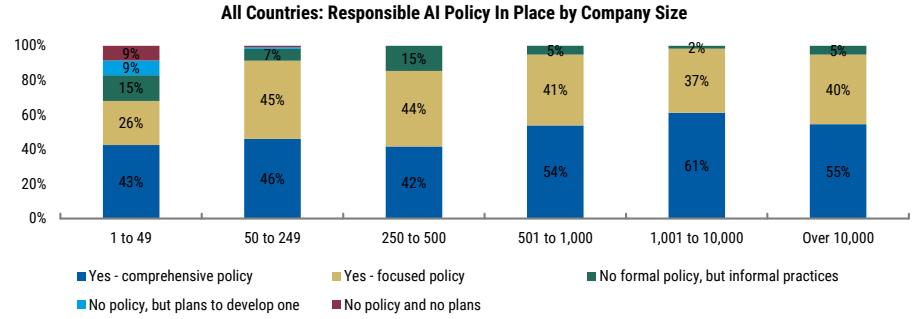
Exhibit 262: TOTAL SAMPLE - Comprehensive responsible AI policies are most prevalent in tech hardware , while semiconductor relies more heavily on focused policies



Source: AlphaWise, Morgan Stanley Research

By Company Size

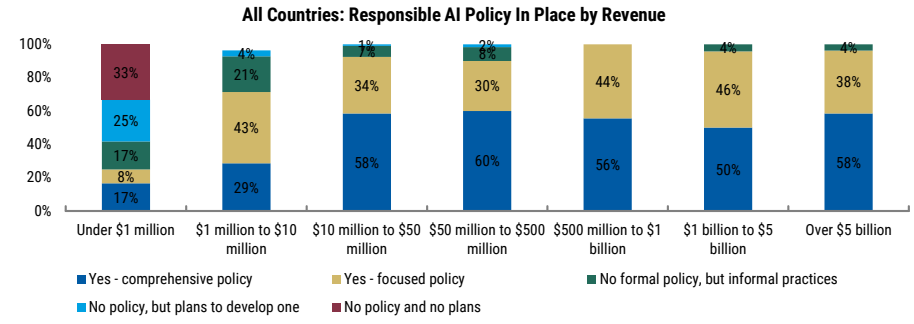
Exhibit 263: TOTAL SAMPLE - Comprehensive AI policy adoption is highest among companies with 1,001 to 10,000 employees



Source: AlphaWise, Morgan Stanley Research

By Revenue

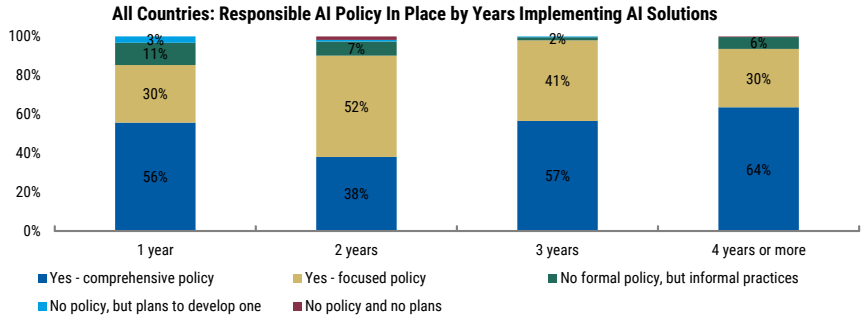
Exhibit 264: TOTAL SAMPLE - Comprehensive AI policy adoption is highest among firms with $50 million to $500 million in revenue



Source: AlphaWise, Morgan Stanley Research. Caution: Low base <=15 for Under $1 million

By Years Implementing AI Solutions

Exhibit 265: TOTAL SAMPLE - Companies with 4 years or more of AI implementation are more likely to have adopted a comprehensive responsible AI policy



Source: AlphaWise, Morgan Stanley Research

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(as of August 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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