# UK Firms Lag in AI Readiness, Cisco Warns



Britain faces a critical moment in its effort to harness artificial intelligence for economic growth, but new research from Cisco reveals most UK companies are ill-prepared to deploy AI securely and effectively at scale.

According to Cisco’s AI Readiness Index, only 16 per cent of UK firms are equipped to integrate AI across operations without risking security or efficiency. Sarah Walker, Cisco’s UK chief executive, described the issue as “AI infrastructure debt” – the cumulative impact of outdated systems, fragmented data and security gaps that hinder progress and inflate costs. “AI’s value is much harder to unlock” without a strong infrastructure foundation, said Walker.

The report highlights a divide between high-performing ‘pacesetters’ and the broader business community. These pacesetters, representing about one in six AI adopters, treat AI as a strategic priority, with modern systems and sustained investment. Ninety per cent report gains in profitability, productivity and innovation, compared with a 68 per cent average across UK firms. Nearly three-quarters have flexible networks that support AI scaling, in contrast to 22 per cent of other companies.

However, major hurdles remain. More than 60 per cent of UK firms struggle to centralise data, and only 28 per cent have sufficient GPU capacity to run advanced AI models. With AI workloads set to grow rapidly, these limitations could stifle productivity gains and slow the country’s digital transformation.

The problem extends to strategy. A parallel report by Forvis Mazars shows a disconnect between confidence and capability in the financial sector: while all surveyed C-suite executives claim to be “AI-ready,” fewer than half have a clear strategy. Just 31 per cent have set defined objectives, and only a quarter prioritise data improvements.

Cybersecurity is also a growing concern. Following recent attacks on UK retailers including M&S and Harrods, Cisco’s cybersecurity index shows just 4 per cent of firms are fully prepared to face advanced threats. “Far too many organisations are sitting ducks,” said Martin Lee, EMEA lead at Cisco Talos.

Skills shortages add to the challenge. Thirty-five per cent of UK businesses cite lack of expertise as the biggest barrier to AI adoption, while financial uncertainty also plays a role. In London, where 67 per cent of businesses already use AI – compared with a national average of 52 per cent – concerns persist about the availability of digital talent. Alison Kay of AWS warned this could limit broader benefits.

These issues raise concerns about the UK’s role in the global tech economy. The House of Lords Communications and Digital Committee has warned that without stronger support for scaling UK-based AI companies, the country risks becoming an “incubator economy” – fostering innovation but unable to retain it. Labour’s Industrial Strategy promises investment in sovereign AI units and growth zones, yet questions remain over whether this will be enough. Ongoing reliance on foreign cloud providers and weak infrastructure pose continued risks to long-term AI development.

Still, there are reasons for optimism. Walker believes the UK has the talent and ecosystem needed to lead in AI, provided firms invest in robust systems, strategic planning and governance. “The best outcomes come from leaders who set clear goals, back what works, and stop what doesn’t,” she said.

With the right infrastructure, skills and security in place, the UK can move from early-stage experimentation to large-scale AI deployment, unlocking productivity and public service gains and reinforcing its place in the global innovation landscape.

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## Bibliography

1. <https://www.cityam.com/cisco-only-16-per-cent-of-uk-firms-ready-to-deploy-ai-safely/> - Please view link - unable to able to access data
2. <https://www.cityam.com/ms-harrods-and-co-op-attacks-expose-uks-growing-cybersecurity-risks/> - Recent cyberattacks on UK retailers like M&S, Harrods, and Co-op have highlighted significant cybersecurity vulnerabilities. Cisco's latest Index reveals that only 4% of UK firms are fully prepared to defend against complex cyber threats. Additionally, 83% of UK organisations face a shortage of skilled cybersecurity professionals, leaving critical roles unfilled as threat levels increase. Martin Lee, EMEA lead at Cisco Talos, emphasised the urgency, stating, "The bad guys are there looking for ways in – and far too many organisations are sitting ducks."
3. <https://www.cityam.com/uk-risks-being-incubator-economy-with-tech-firms-moving-abroad-lords-warn/> - The UK faces the risk of becoming an "incubator economy," with tech firms relocating abroad if support for scaling up is inadequate. The House of Lords Communications and Digital Committee urges the government to better support UK-based AI and creative technology start-ups to grow into global competitors. Baroness Stowell, committee chairwoman, warned that without intervention, the UK could see a decline in global competitiveness and economic growth, as innovative British technology companies move to other markets or sell to foreign companies.
4. <https://www.cityam.com/half-of-uk-financial-firms-lack-ai-strategy-despite-feeling-ai-ready/> - A report by Forvis Mazars reveals a significant gap between confidence and action in AI adoption within the UK financial sector. While all surveyed C-suite executives claim to be "AI-ready," only 43% of firms have a well-developed AI strategy. Additionally, 31% of businesses have set clear objectives for AI use, and 25% are actively prioritising investment in data improvements. The report highlights the need for a structured approach to AI adoption to effectively manage investments and risks.
5. <https://www.cityam.com/uk-businesses-are-struggling-to-implement-ai-heres-why/> - Despite AI's potential to contribute £200bn to the UK economy, businesses face challenges in adoption due to a lack of expertise, high costs, and regulatory concerns. A survey by ANS and YouGov of over 1,000 IT decision-makers cited the UK's skills gap as the leading barrier to AI adoption, with 35% of UK businesses identifying a lack of expertise as their biggest challenge. Financial hurdles are also significant, with 30% struggling with high costs and 25% uncertain about return on investment.
6. <https://www.cityam.com/what-does-labours-industrial-strategy-really-mean-for-uk-tech/> - Labour's Industrial Strategy outlines a 10-year plan to revitalise the UK's economic model through strategic intervention, with a strong focus on the tech sector. The plan includes £2bn for the UK's AI action plan, £500m for a new sovereign AI unit, and £600m to establish AI growth zones. While the strategy aims to bolster domestic AI capabilities, concerns remain about the UK's reliance on foreign cloud providers and the need for a more robust digital infrastructure to support AI development.
7. <https://www.cityam.com/londons-ai-surge-at-risk-from-skills-crunch-amazon-warns/> - London businesses are adopting AI at a faster rate than the rest of the UK, with 67% of London-based businesses having adopted AI in some capacity, compared to the UK average of 52%. However, this rapid adoption is threatened by a shortage of digital skills. Alison Kay, managing director for public sector at AWS, highlighted that skills remain a critical barrier to AI adoption, potentially limiting the broader economic benefits of AI progress in the capital.