STATE OF AI 2025: MID-YEAR REPORT

Lack of Trusted Content Emerges as Achilles Heel

eGain

By Joseph McKendrick, Research Analyst
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UNISPHERE RESEARCH

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1 EXECUTIVE SUMMARY

Knowledge management (KM) has long had its share of challenges. Data and content are often buried within a plethora of systems, such as customer relationship management platforms, cloud services, document management systems, and more. Information may become obsolete as soon as it is created, as businesses speed up in the age of AI. Huge volumes of data and content now flowing through organizations complicate the situation. Users spend inordinate amounts of time trying to find the proverbial needle in the haystack often attempting to piece answers together from multiple sources.

Properly implemented generative artificial intelligence (GenAI) may finally offer relief to users and knowledge practitioners alike, making it easy for users to find the information they need at the moment it is needed while automating the knowledge management process with experts in the loop. **This emerging fusion between KM and GenAI—AI Knowledge—is being rapidly embraced by organizations, eliminating barriers to knowledge adoption and speeding up time to value.** In this symbiotic relationship, AI automates the discovery, creation, curation, publication and optimization of knowledge with trusted content from a central knowledge hub. With this new approach, companies have been able to achieve a ten-fold improvement in the speed of knowledge creation and findability of answers.

The trends and implications shaping AI Knowledge are explored in a new survey of 316 executives, knowledge authors, and managers overseeing KM services across business functions. The survey, fielded among readers of *KMWorld* in spring 2025, was conducted in partnership with eGain and covered organizations primarily within North America. For details on survey respondents, see Section 6 (Firmographics/Demographics) at the end of this report.

Respondents consisted of knowledge management managers and professionals representing an array of industries, from technology to manufacturing.

The survey revealed the following key insights:

- The GenAI tsunami is in full force. Seven in 10 organizations, 70%, are already piloting or have deployed it—33% implemented and 37% piloting.
- However, there is a crisis of trust in GenAI output, with 61% of respondents concerned about the accuracy or consistency of answers, followed by 54% who were concerned about non-compliance.
- An astounding 83% of respondents—same percentage among both executives and practitioners—affirmed that knowledge management technology and processes are extremely important or important to GenAI success within their organizations.
- AI Knowledge has a sweet spot—customer self-service and human-assisted contact center customer service, cited by 45% and 38% of the respondents.
- There is a gulf between management and practitioners on trust levels in GenAL. More than six in 10 executives, 61%, have trust in AI, versus only 47% of managers and staff. This may be due to the fact that managers and their staffs are closer to the actual implementations, wrestling with the day-to-day challenges that come with them.
- The root cause of untrustworthy answers from GenAI is siloed knowledgebases. A majority, 55%, have three or more knowledge silos within their organizations. In addition, 51% report using three or more KM tools, compounding the silo problem. Simply slapping GenAI over these silos only takes chaos to the next level.
- Legacy knowledge tools are failing—62% are not in "love" with the KM platform they are using, indicating that the market is ripe for knowledge modernization. In addition, 61% have yet to actively use GenAI for content creation and curation. This represents a missed opportunity to automate knowledge management and accelerate time to benefit from AI.

On the following pages are the results of this survey with a deeper dive into the data.

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2 GENERATIVE AI ADOPTION: THE TSUNAMI IS ON

The GenAI tsunami is here. Generative AI is just about everywhere now, the survey shows. Seven in ten respondents, 70%, indicate that GenAI projects are either implemented or being piloted within their departments. Additionally, 76% report there are AI deployments and pilots across other parts of their business. (See Figure 1)

By industry group, the tech sector leads the way for live GenAI deployments within their own departments, cited by 67% with an additional 23% piloting GenAI in their departments, for a total of 90% engaged at some level.. A distant second are manufacturers (including pharmaceutical makers), where 35% have implemented GenAI, for a total of 76%, who are either live with or are piloting GenAI. (See Figure 2). Understandably, the government sector is the slowest to adopt AI with only 6% having implemented GenAI with 31% piloting it, given the privacy, security and compliance requirements in that sector.

Interestingly, smaller organizations in the survey have gone live with GenAI more so than larger companies. Close to half of respondents in organizations with fewer than 1,000 employees, 45%, report they are already using AI at the departmental level, compared to 37% of the largest organizations with more than 10,000 employees. It's likely due to complexity, compliance requirements, and longer budget approval and purchase cycles associated with enterprises. (See Figure 3)

AI Knowledge has a sweet spot-customer service, including both customer self-service and human-assisted contact center support. A majority deploying GenAl cites these as primary use cases. Customer self-service is the biggest adopter for generative AI, with close to half of respondents with GenAl initiatives, 45%, indicating this is the main use case at this time. In addition, another 38% are employing GenAl to augment human-assisted, live customer support. GenAl assisted support is also offered through internal IT help desks, with 42% citing its use. (See Figure 4)

Interestingly, there are scant GenAI deployments for e-commerce at this time.

Knowledge practitioners are leading users of GenAI. About half of respondents in the survey, 45%, indicate that knowledge workers—authors and managers—are the main users of GenAl output. At the same time, it is notable 42% of respondents also said that employees across the whole enterprise are taking advantage of GenAl. (See Figure 5)

FIGURE 1: Has Generative AI been implemented within your department or elsewhere in your company?

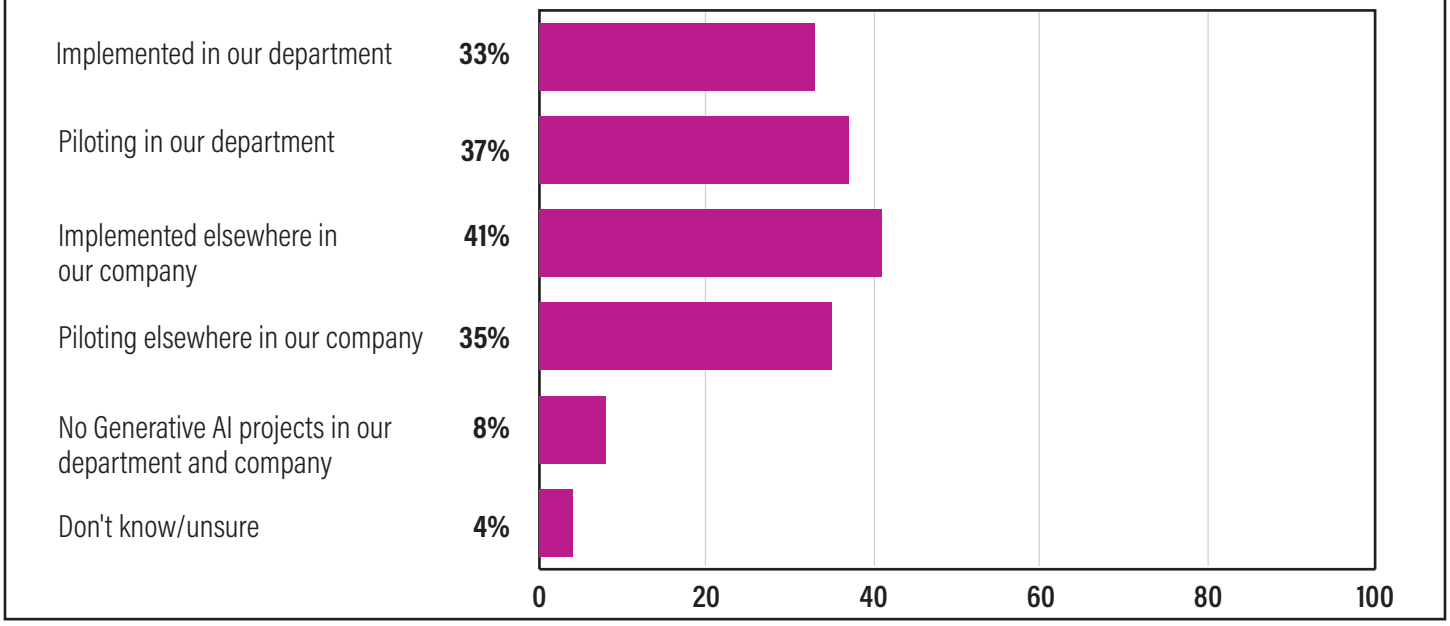

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FIGURE 2: Generative AI implemented—by Industry

	TECH	FIN/INS	GOVT	EDUC	MFG/PHARM	ALL OTHERS
Implemented in our department	67%	17%	6%	31%	35%	25%
Piloting in our department	23%	56%	31%	31%	41%	41%
Implemented elsewhere in our company	57%	33%	31%	44%	47%	39%
Piloting elsewhere in our company	17%	22%	63%	38%	35%	39%
No Generative AI projects	3%	17%	31%	6%	0%	5%
Don't know/unsure	7%	0%	0%	6%	7%	5%

FIGURE 3: Generative AI implemented—by Company Employee Size

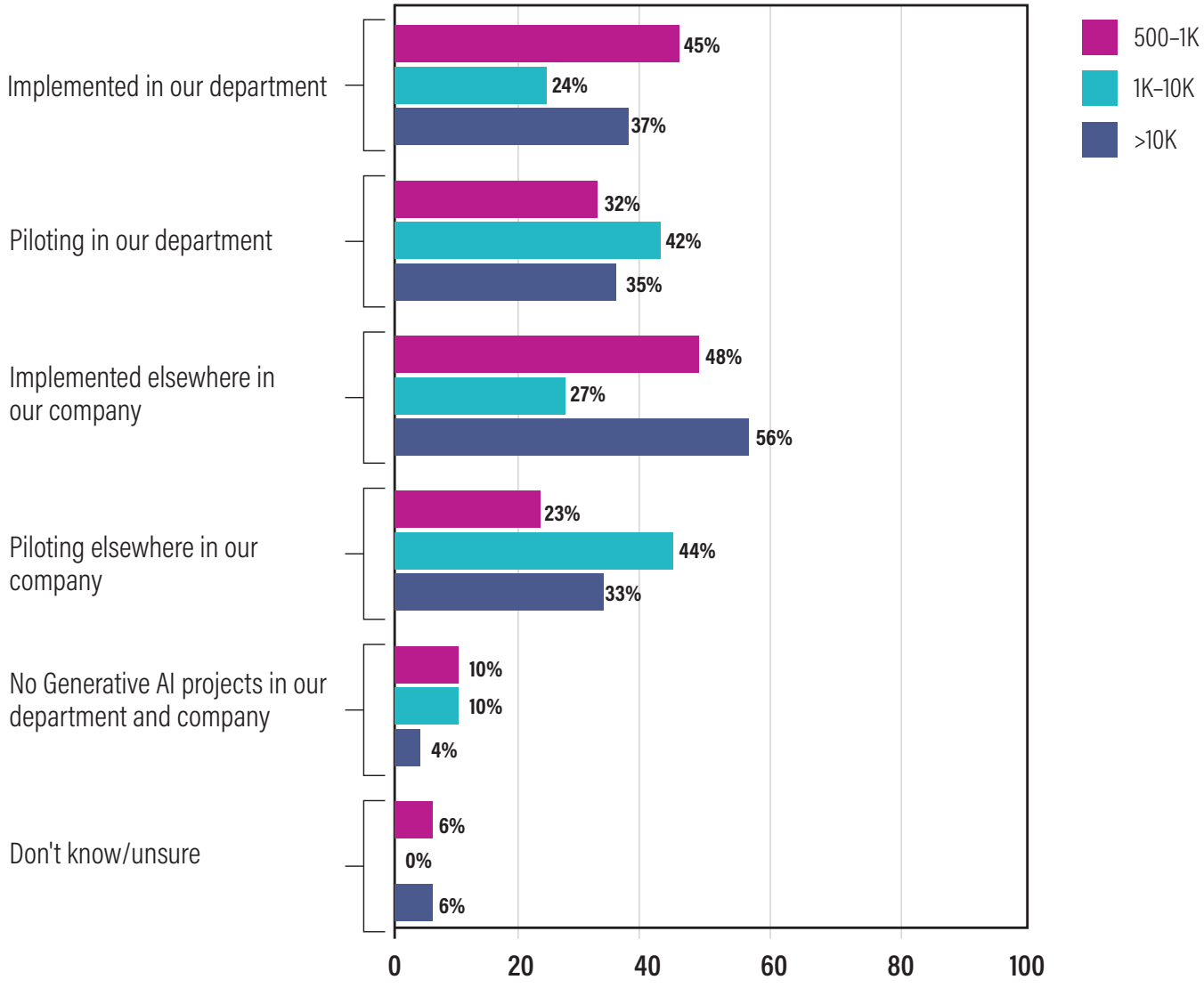

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FIGURE 4: What departments/business functions are using Generative AI?

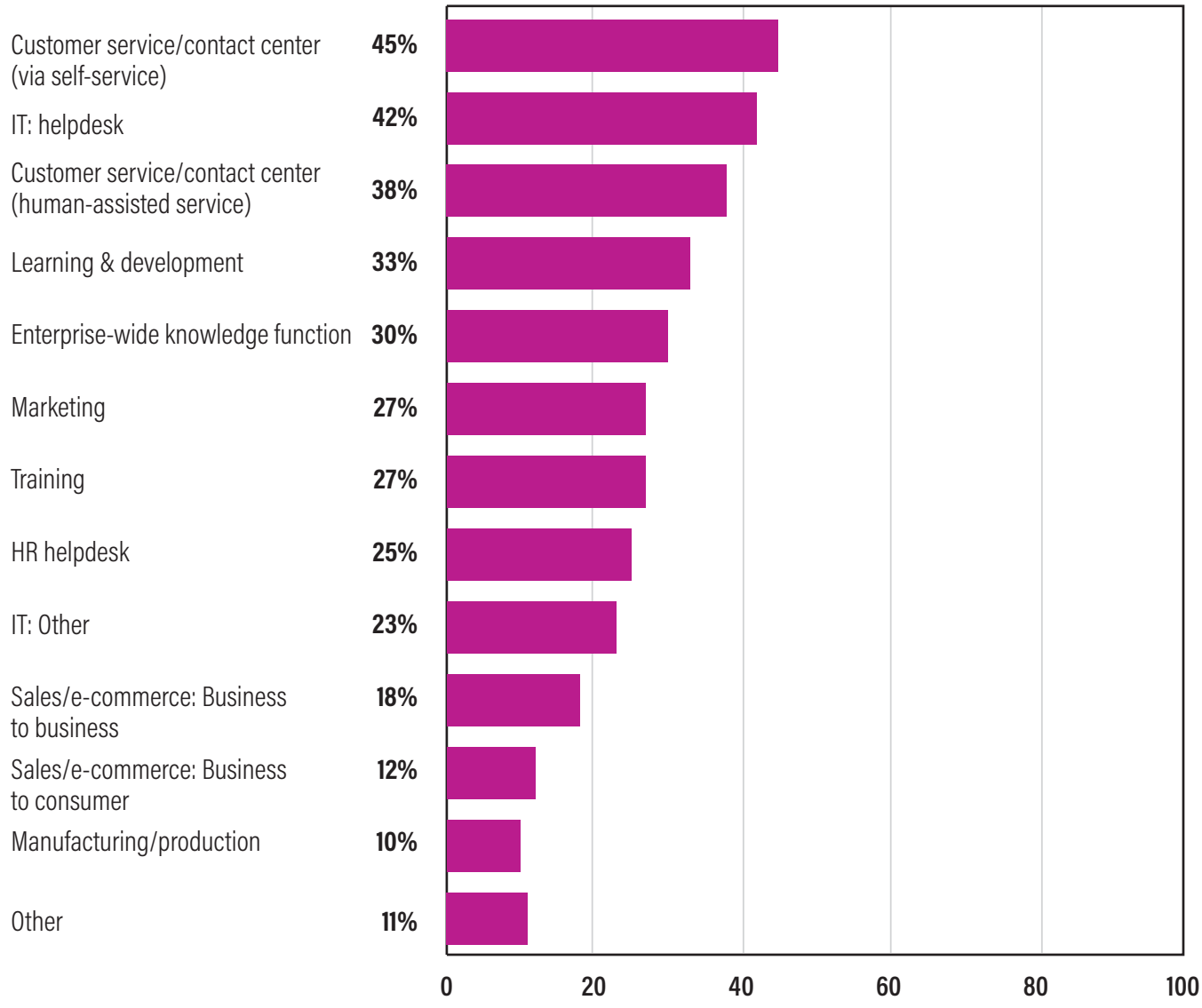

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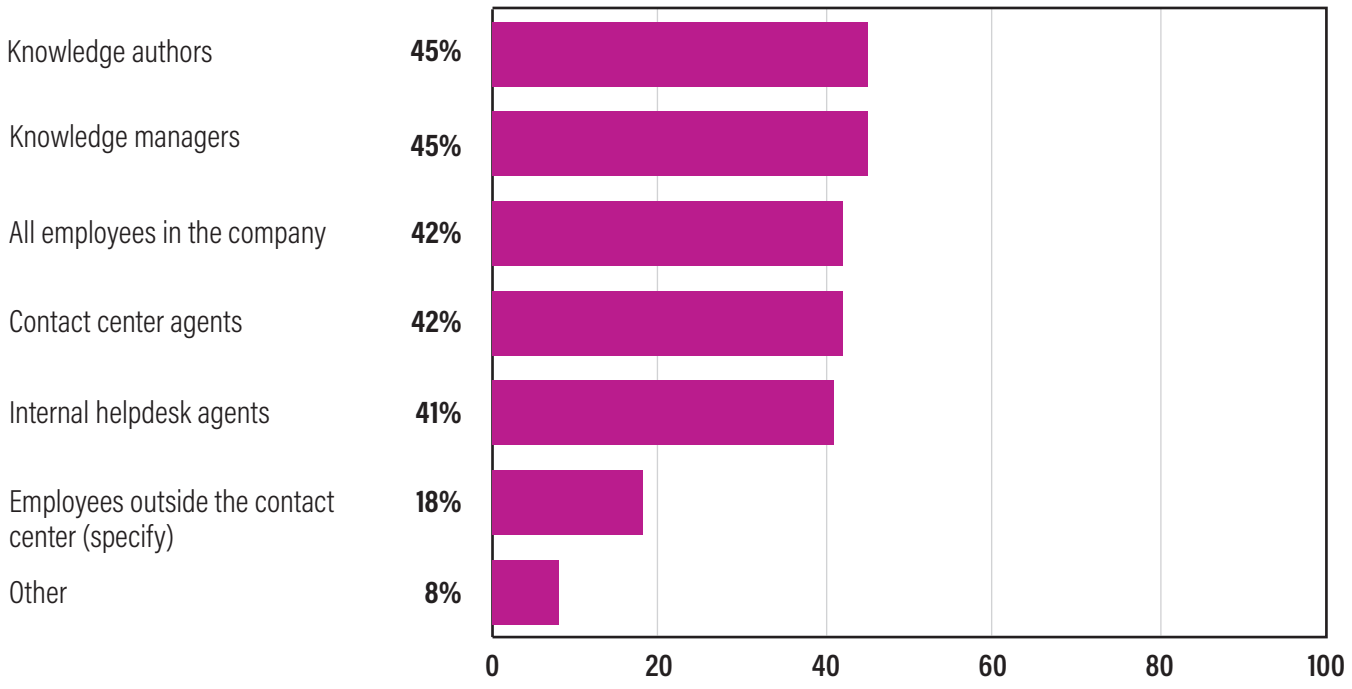
FIGURE 5: Which employees are consuming Generative AI output?



3 TRUST IN AI: KNOWLEDGE FOUNDATION IS KEY

There is a gulf between management and practitioners on trust level in GenAI.

Top-level executives have greater trust in GenAI than the people who work for them. When looking at levels of trust in GenAI output, 61% of executives, defined as director and above, are found to have significantly high levels of trust in GenAI. By contrast, fewer than half of staff employees, inclusive of their managers, express trust. (See Figure 6)

A majority of respondents overall fear GenAI may give the wrong information—and worse. At least 61% question the ability of GenAI to provide accurate or consistent information to their employees' prompts. A majority also express concern over compliance, security, and privacy issues that may arise with the information that is shared across AI systems. Top barriers to GenAI adoption at this time include erroneous answers, cited by 61%, inconsistent answers, also cited by 61%, and non-compliant answers, indicated by 54% of respondents. (See Figure 7)

Executives, managers, and their staff members agree on the importance of KM technologies in supporting GenAI initiatives with trusted data, content, and know-how with 83% saying so. (See Figure 8) They also emphasize that having human experts in the AI loop is critical with an overwhelming 94% saying so. (See Figure 9)

FIGURE 6: How would you characterize your trust level in generative AI output?

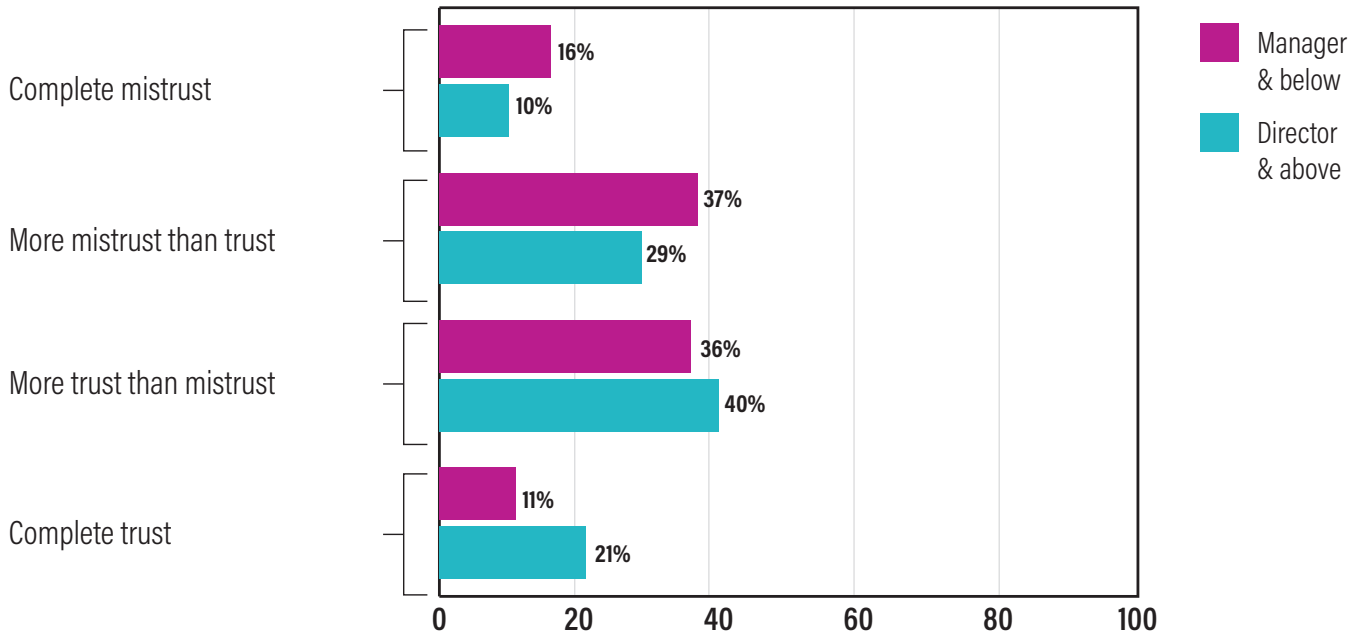


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FIGURE 7: What do you consider to be the top barriers to adoption/consumption of Generative AI output?

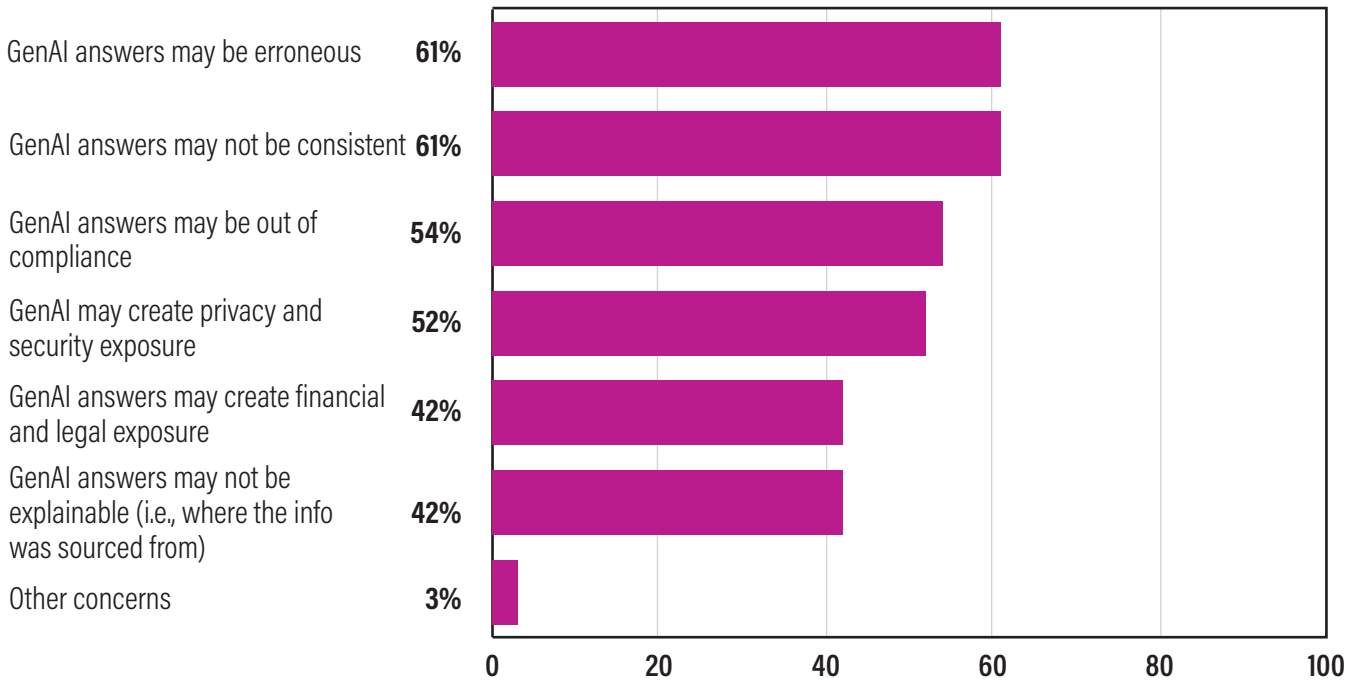

FIGURE 8: Rate the importance of knowledge management technology and processes to support GenAI with trusted data, content, and know-how:

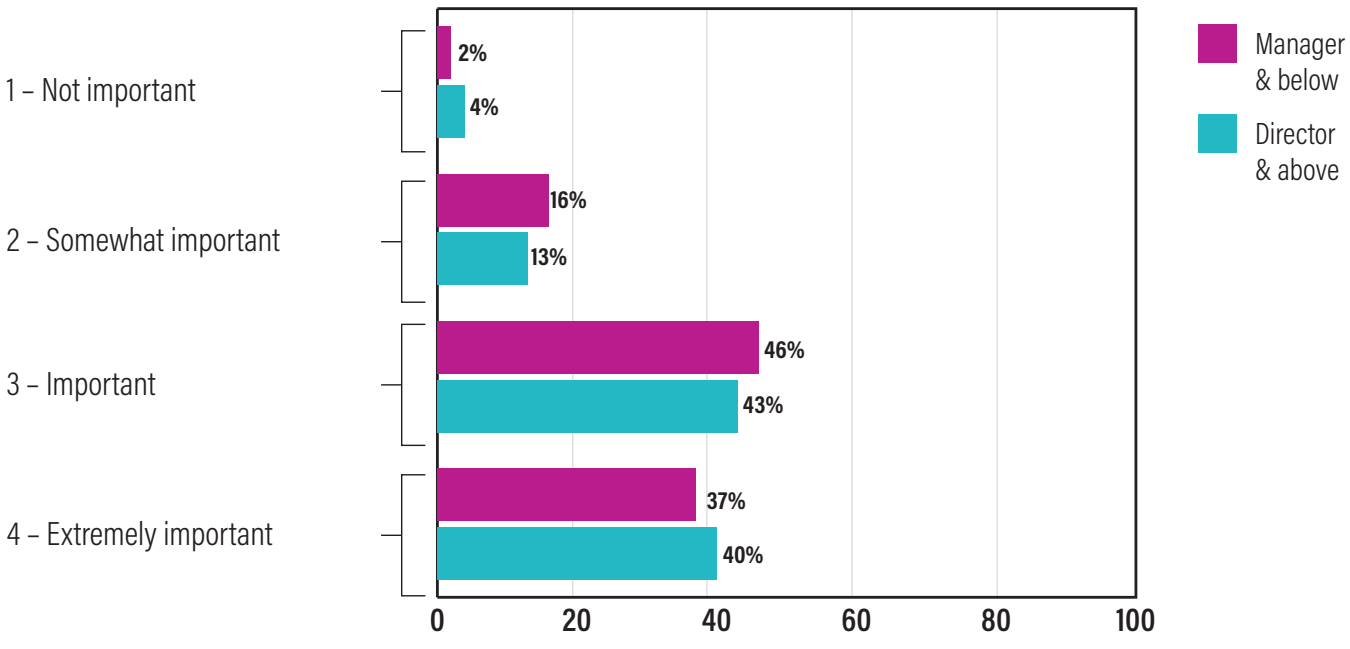

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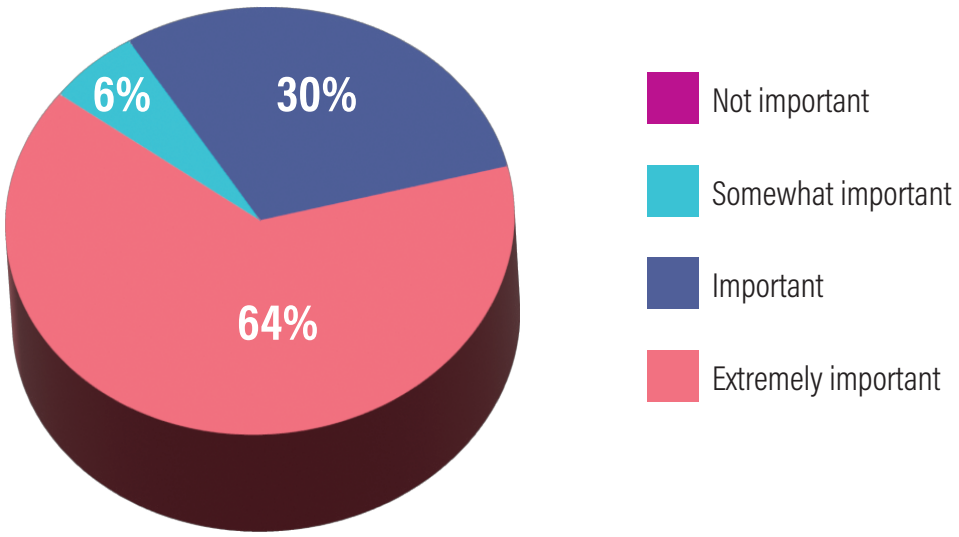
FIGURE 9: How would you rate the importance of (human) expert involvement in assuring the quality of GenAI output?



4 THE STATE OF AI KNOWLEDGE MANAGEMENT: FAILURE OF LEGACY SYSTEMS

Knowledge silos need unification with a trusted hub. AI and KM budgets are still mostly separate, with 60% of respondents saying so. At the same time, 30% report that AI is built into their KM budgets. (See Figure 10)

In terms of integrating AI into KM budgets, manufacturers lead the way, with 44% following this approach. Educational organizations follow with 42%, and the tech sector at 36% (See Figure 11)

Smaller organizations are somewhat more likely to build AI capabilities into their KM budgets—33% of respondents in organizations of fewer than 1,000 employees report having an AI component in their KM budgets, more so than their midsized or largest counterparts. (See Figure 12)

AI budgets are set to increase. Six in ten managers said their knowledge management technology budgets will increase over the coming year. Significantly, no one anticipates any type of scaling back. (See Figure 13)

Generative AI dominates investment plans. When asked for budget specifics, three in four managers cite GenAI as an area where they will be boosting funding levels. Knowledge management tools themselves are cited by a majority as well, at 53%. (See Figure 14)

AI Knowledge budgets come from a variety of sources across the enterprise. At one respondent's organization, the KM budget is "shared among multiple departments, such as HR and IT." Another notes that within their organization, "typically, the executive team seeks sponsors who understand the organization's culture and values and also keep projects aligned with organization's strategies."

Respondents were lukewarm at best towards the KM technology they are using—62% are not in "love" with their system (Figure 15). In addition, 61% have yet to use GenAI for content creation and curation (Figure 16). This represents a huge, missed opportunity to automate and speed up time to value with trusted knowledge backing.

Asked what features they would like to see with their AI Knowledge solutions, respondents demand the capabilities that a modern AI Knowledge hub would offer. The ability to integrate with various applications across enterprises was frequently mentioned by survey respondents. One respondent wants to see AI Knowledge tools "integrating multiple sources of information smoothly," while another cited "easy and seamless integration with other internal applications."

KM software "lacks context-aware and proactive knowledge surfacing," said another. "Most rely on keyword search, forcing users to hunt for information manually.

AI-driven recommendations remain underdeveloped. To improve, KM systems should embed knowledge into workflows, surfacing relevant content based on user behavior and intent. This would boost adoption, reduce redundancy, and enhance efficiency, especially in fast paced environments."

It is common knowledge that the key root cause for untrustworthy answers is siloed knowledgebases. A majority of respondents, 55% (See Figure 17), have three or more knowledge silos within their organizations. In addition, 51% report using three or more KM tools, compounding the silo problem (See Figure 18). Simply slapping GenAI over these silos is a recipe for failure.

The concept of a consolidated knowledge hub is still some time away. Close to two in three respondents, 64%, either do not Close to two in three respondents, 64%, either do not have plans for consolidation of their knowledge silos or are not aware of such plans (See Figure 19). This is one of the key reasons for the failure of KM initiatives. On the flip side, organizations that plan to unify trusted knowledge into a hub will be positioned well to elevate customer and employee experiences while transforming operational performance.

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FIGURE 10: How does your knowledge management budget relate to your AI budget?

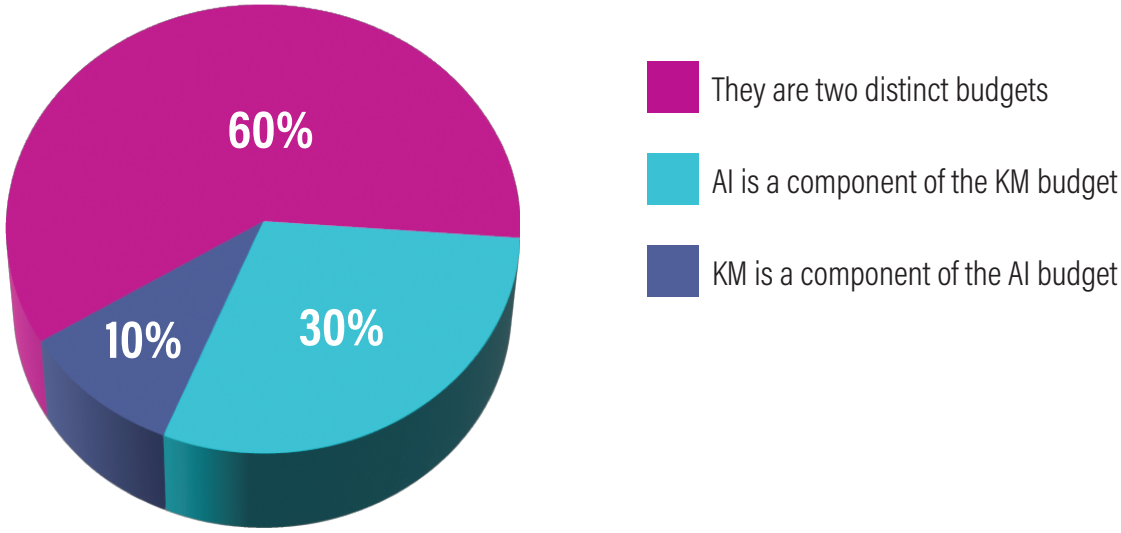

FIGURE 11: Knowledge management and AI budgets—by industry

	TECH	FIN/INS	GOVT	EDUC	MFG/PHARM	ALL OTHERS
They are two distinct budgets	50%	57%	73%	50%	44%	78%
AI is a component of the KM budget	36%	21%	27%	42%	44%	17%
KM is a component of the AI budget	14%	21%	0%	7%	13%	6%

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FIGURE 12: Knowledge management and AI budgets—by Company Employee Size

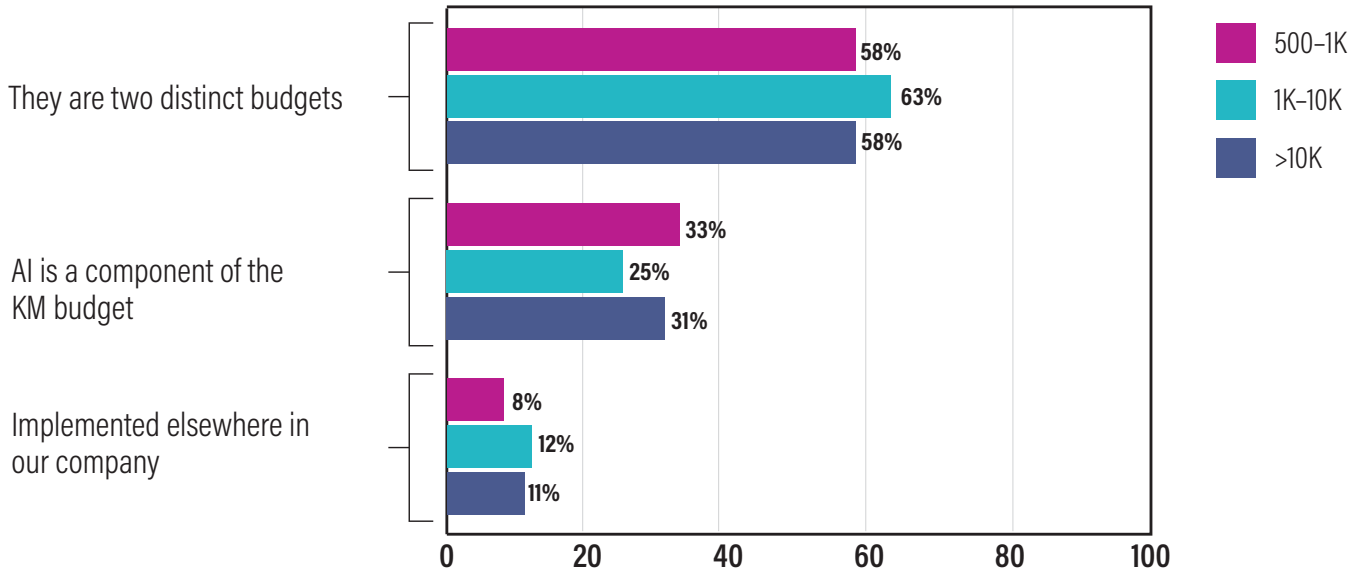

FIGURE 13: How will your AI knowledge and tools/platform budget change in 2025?

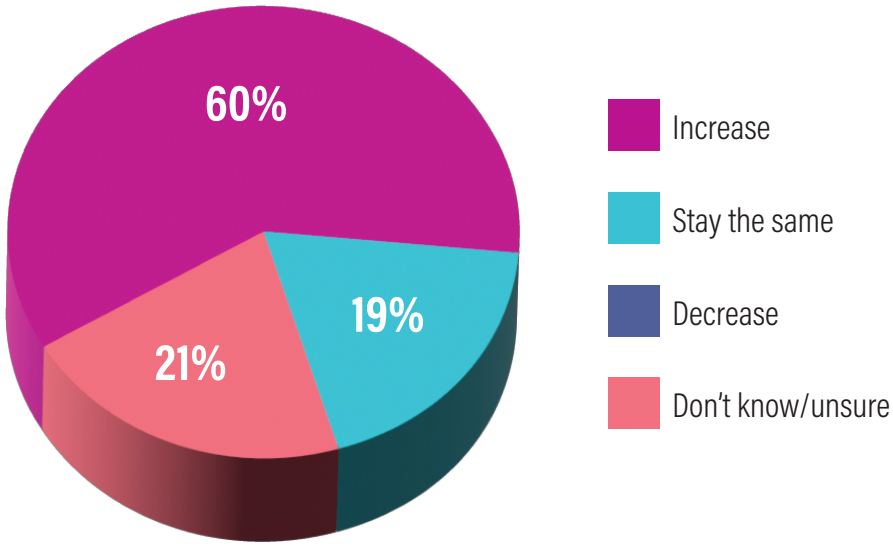

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FIGURE 14: If you anticipate a budget increase, which areas would receive increased funding?

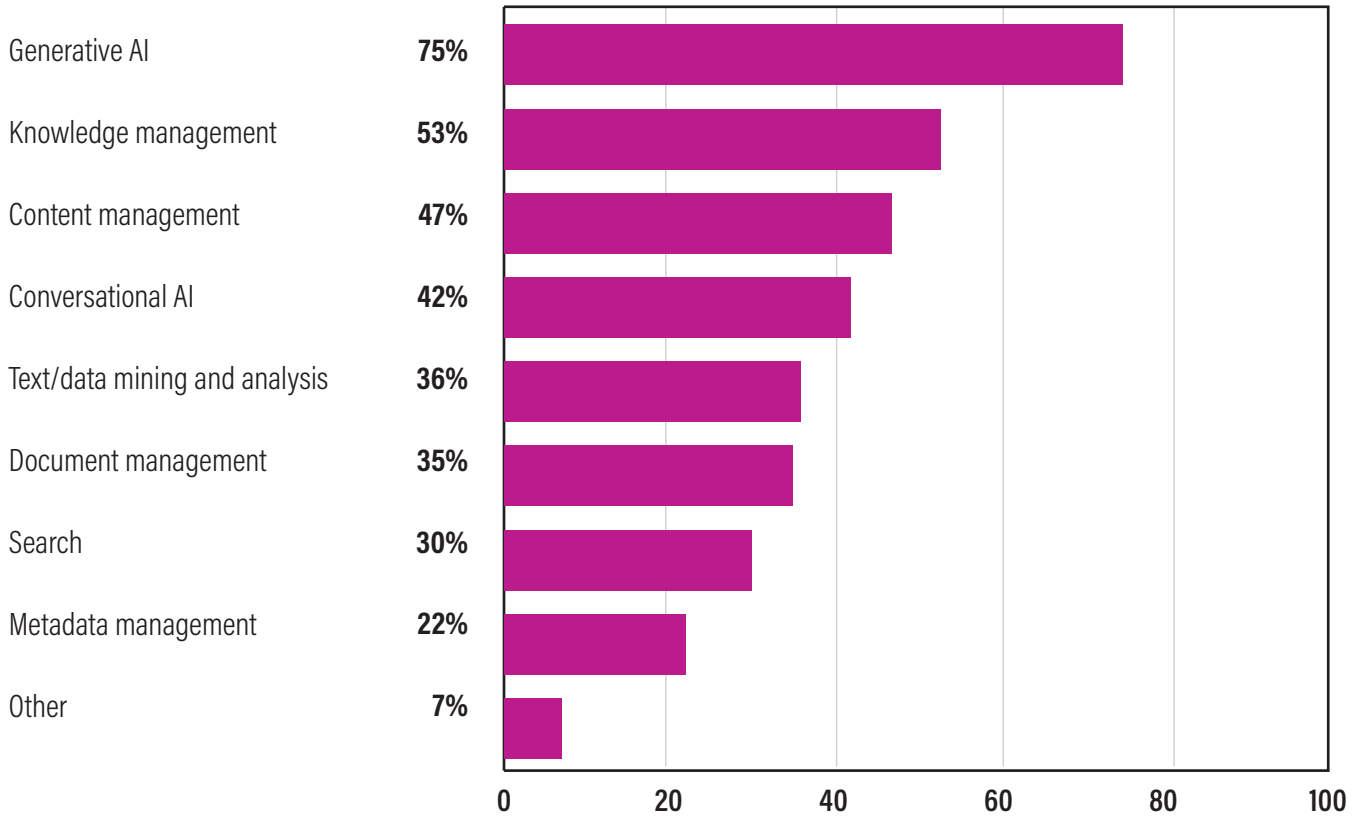

FIGURE 15: What has been your experience with knowledge management technology?

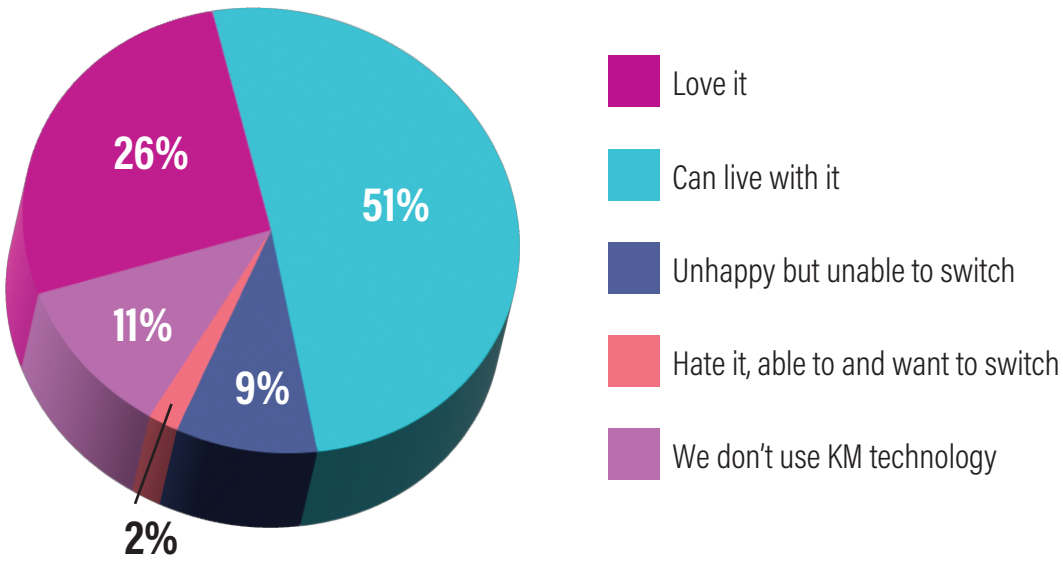

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FIGURE 16: What capabilities of KM software tools are you using today?

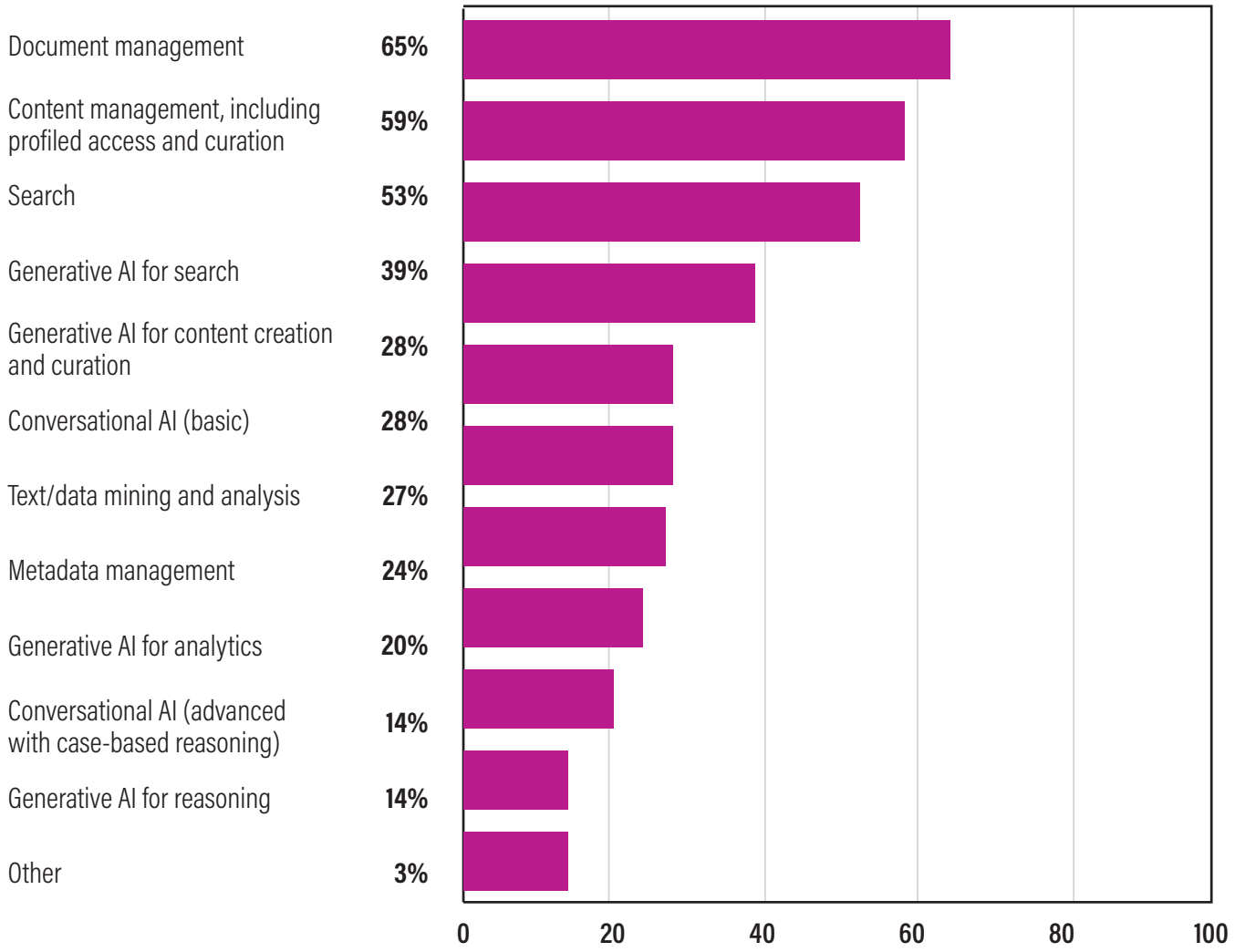

FIGURE 17: How many knowledge repositories do you have in your organization?

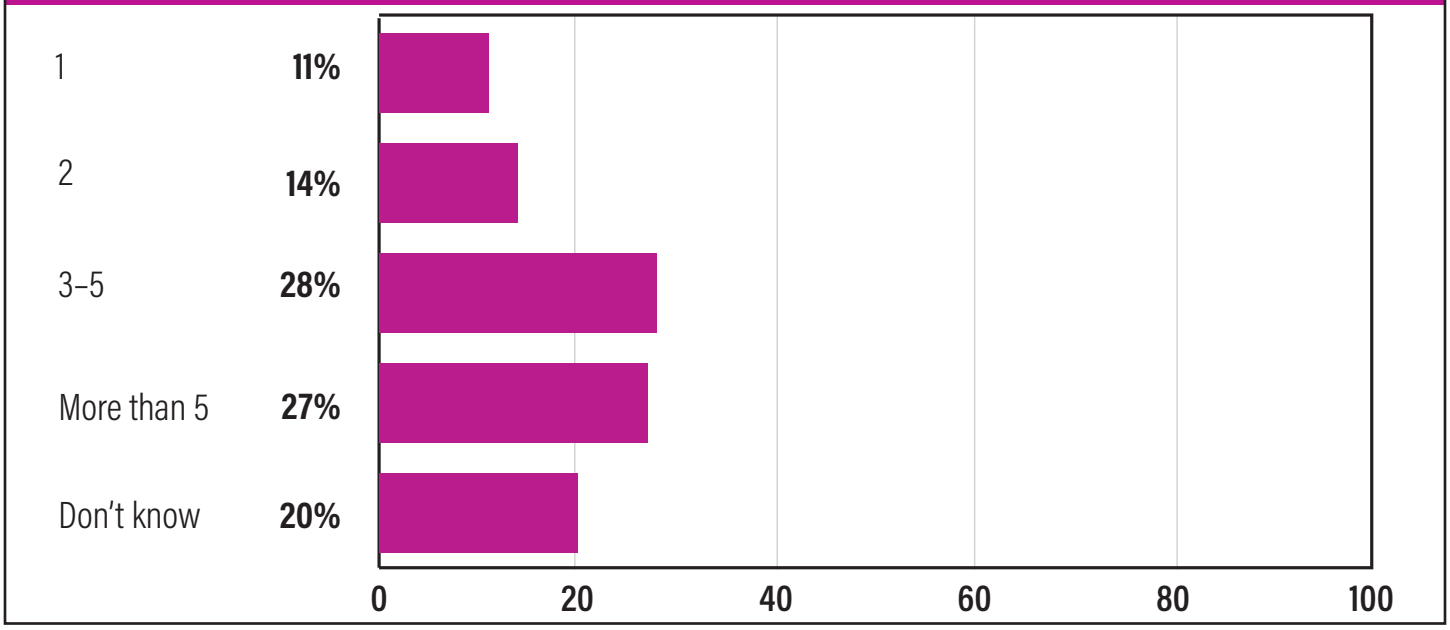

FIGURE 18: How many KM tools are being used in your organization?

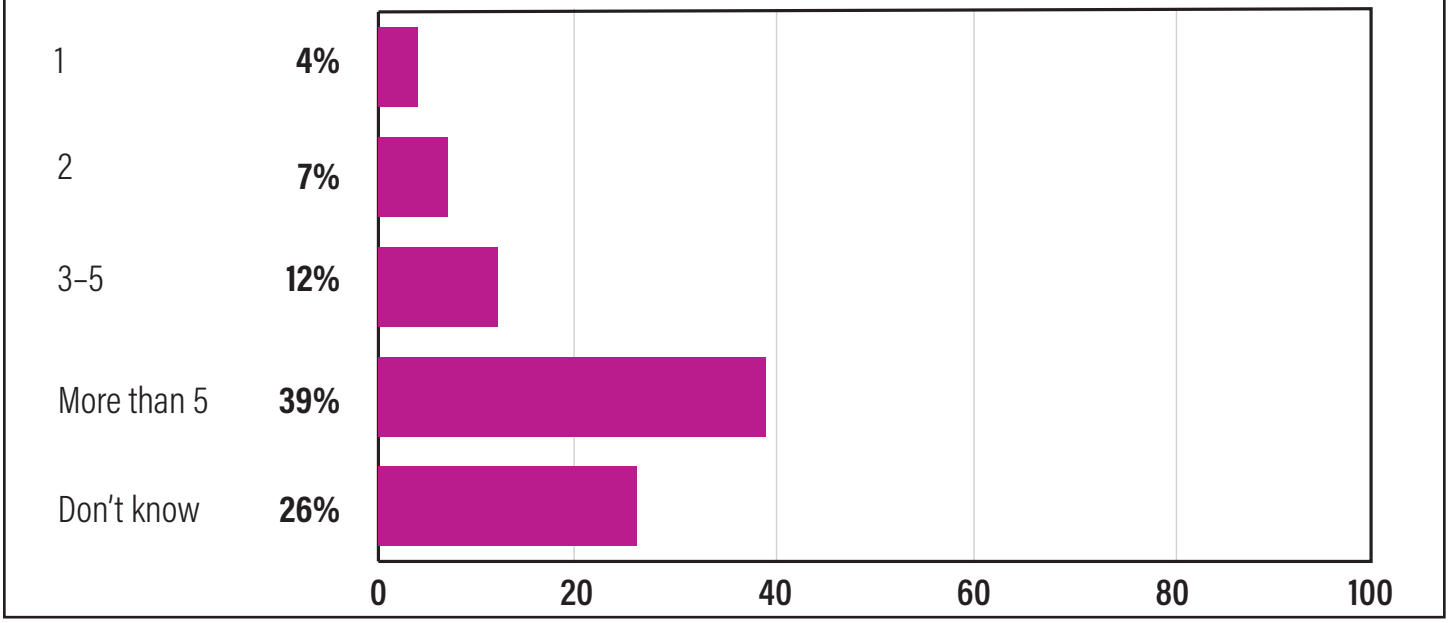

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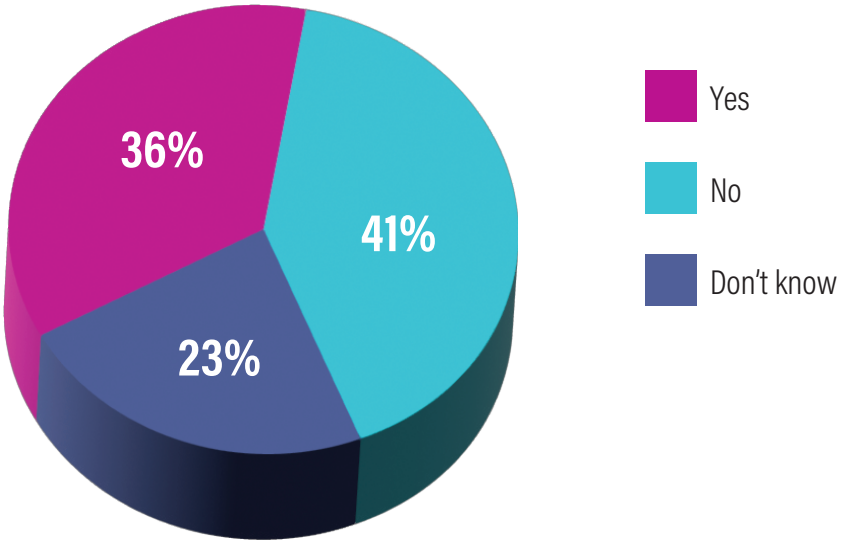
FIGURE 19: Do you have plans to consolidate knowledge silos into one trusted knowledge hub in 2025?



5 CONCLUSION

The knowledge management space is at the cusp of a major revolution, this survey of 316 KM managers and professionals shows. AI has transformed KM by accelerating every stage of the knowledge management process, speeding up time to business value of knowledge. While companies recognize the potential value in AI, with the vast majority expanding their budgets for these technologies, many survey respondents—especially knowledge managers and their teams—have reservations about the accuracy and viability of the output of AI systems, underscoring the need for a robust knowledge foundation to deliver trusted answers, all orchestrated in a central hub with human experts in the loop. This knowledge-backed approach for AI-powered business transformation will help deliver on the great AI promise in the years ahead. We are only at the start of this revolution.

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6 DEMOGRAPHICS/FIRMOGRAPHICS

FIGURE 20: What are your organization's total annual revenues?

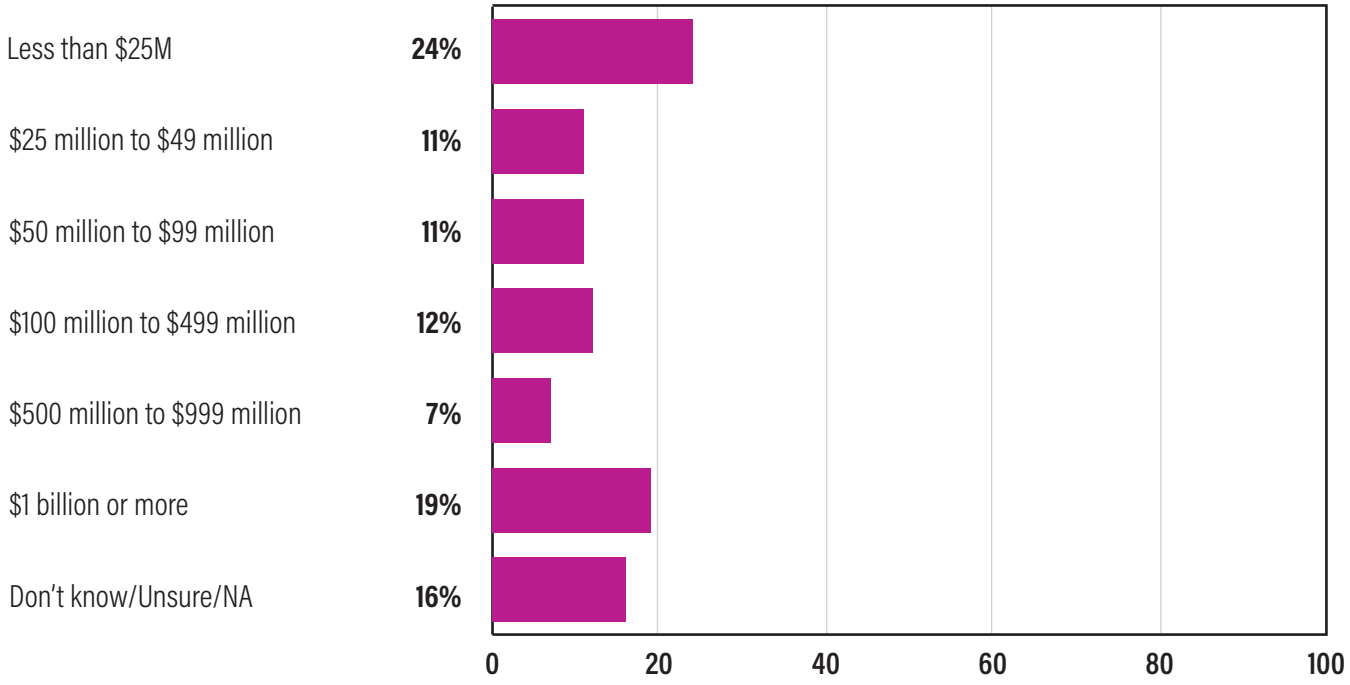

FIGURE 21: How many employees are in your entire organization? (Include all locations, branches, and subsidiaries)

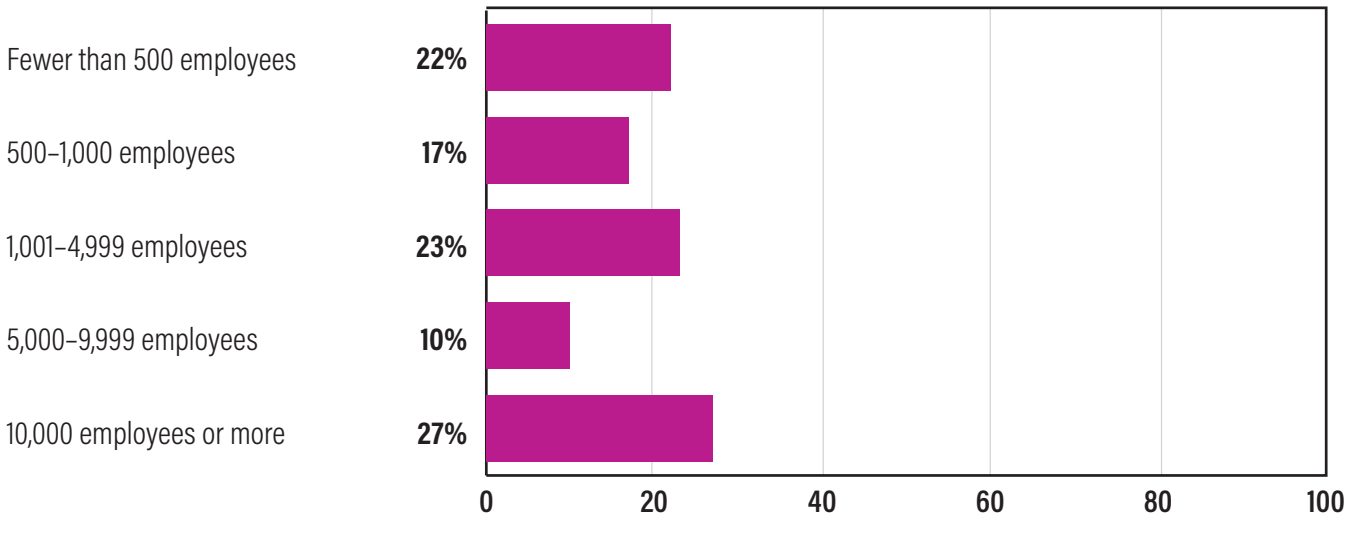

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FIGURE 22: What is your position within your organization?

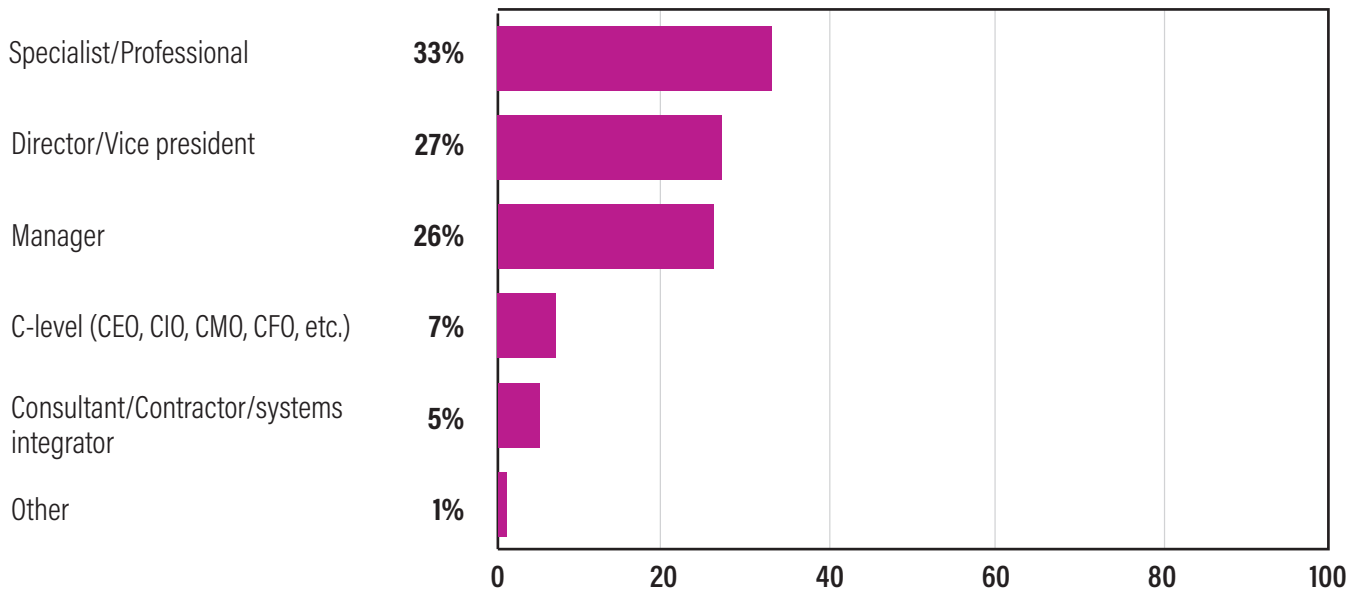

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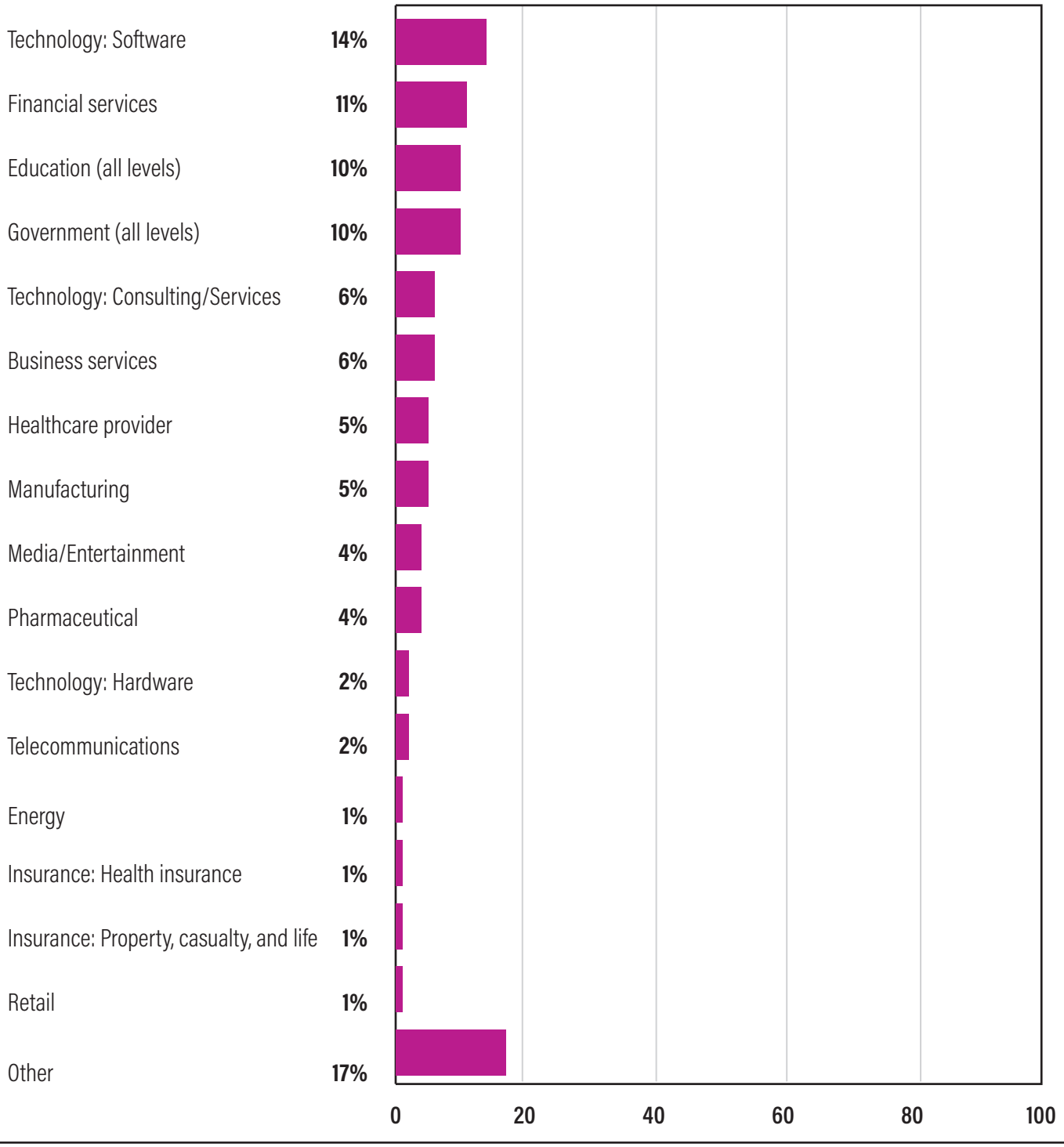
FIGURE 23: What is your organization's primary industry?



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