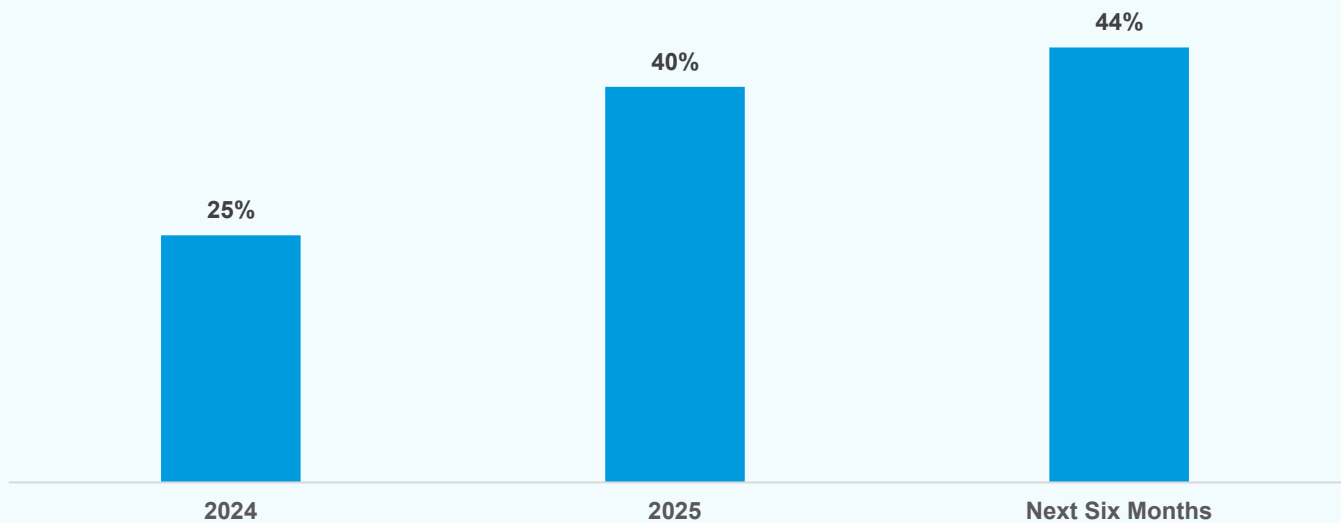


Alger On The Money

How Are Businesses Really Using AI?

Artificial intelligence (AI) is moving quickly from promise to practice. Adoption is rising, but what does the data say about how firms are actually putting AI to work? The answers may shape where investors find the greatest opportunities.

Share of Service Firms Using AI



Source: Federal Reserve Bank of New York, Regional Business Surveys, August 2025. Note: Survey firms are service firms in the New York–Northern New Jersey region. Firms using AI exclusively as an information search tool but nothing else were not counted as AI users.

- According to a New York Fed survey in August 2025, the share of service firms reporting AI adoption has climbed considerably in the past year, with the chart above showing a steady upward trend that reflects AI’s shift from experimentation to widespread business use. In fact, about half of these service firms are paying for AI applications, up 16 percentage points from a year ago.
- Notably, the survey excludes firms that only use AI as a search tool, capturing only more substantive integration into workflows such as marketing, analytics, data management, customer service, and quality control. In terms of AI’s impact on labor, the survey reported that both service and manufacturing firms are primarily retraining their employees as a result of AI, rather than changing headcount, with nearly half expecting to retrain their employees over the next six months.
- We believe the rise in AI adoption among businesses reinforces a durable capital expenditure cycle, with AI service providers already seeing meaningful returns on investment (see also [AI Spend and Deliver](#)). In addition to companies providing the infrastructure hardware, such as GPUs, networking, and power generation, we believe infrastructure software providers, such as cloud services and unstructured databases, could be meaningful beneficiaries of AI enterprise adoption by monetizing higher usage. In our view, AI adoption is still in the early innings—more than half of businesses have yet to deploy it—leaving significant room for productivity gains and potential margin expansion.

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