



UNLOCKING THE PHILIPPINES' AI POTENTIAL 2026

The next wave of AI is here

AI adoption in the Philippines is accelerating fast, creating a strong foundation for the next stage of the country's digital economy. Adoption has climbed from **21%** to **32%** of businesses over the past year – a year-on-year growth rate of **52%**, ahead of the **50%** recorded last year – and businesses are reporting stronger returns to match. **74%** of AI adopters report productivity gains from AI, up from **70%** [last year](#), and **68%** say AI has increased their revenue, up from **64%**, with adopters reporting average revenue growth of **20%**, well ahead of the **15%** they had forecast this time last year.

What's changed since last year's report is not just the numbers. A small group of businesses are moving beyond piloting AI: they are running it in production, across core functions, at scale. Their example is starting to pull the wider market forward, and the share of AI-adopting businesses at the most transformative stage of integration has grown from **8%** to **12%** in a year. The conversation has matured alongside them too, from whether to adopt AI at all, a question **32%** of businesses have now answered, to how deeply to integrate it, where most are still concentrated in basic use cases, to whether they feel ready for what comes next: only **19%** say they do for tools like agentic AI.

Most of the market has not yet made that leap. Only **17%** of businesses have a formal roadmap for scaling AI, and next-generation technologies such as agentic AI are moving faster than most organisations' governance, data foundations or confidence in measuring AI's value can keep up. The findings of this report suggest that the Philippines' AI story is no longer about proving the case for adoption. It's about how quickly the rest of the market can close the gap with the leaders already ahead.

This report explores what that gap looks like today, what's driving the businesses already closing it, and what the Philippines needs to build, from skills to governance to public sector leadership, to turn a year of strong momentum into lasting, broad-based transformation.

Key findings

- AI adoption in the Philippines continues to climb: **32%** of businesses have now adopted AI, up from **21%** last year – a year-on-year growth rate of **52%**, ahead of the **50%** recorded the year before. The tech sector leads at **49%**, financial services follows at **45%**, and professional services at **40%**
- Among AI adopters, returns are strengthening: **74%** report productivity gains (up from **70%**), **83%** expect AI to drive growth over the next year, and **68%** report increased revenue (up from **64%**), at an average of **20%** growth, ahead of the **15%** businesses forecast this time last year
- **72%** of AI adopters say their innovation timelines have accelerated over the past two years, rising to **85%** of startups
- Cloud adoption is strengthening alongside AI: **49%** of businesses have adopted cloud technologies, up from **43%** a year ago, providing the data foundation businesses need to deploy AI reliably and at scale
- AI is becoming a mainstream priority: **58%** of businesses say AI adoption is a top or high priority for their organisation, while **74%** of adopters say AI plays a critical or important role in their overall business strategy
- Most businesses remain early in their journey: **57%** describe themselves as exploring or experimenting with AI, and only **6%** say they have fully integrated the technology
- SMEs are matching the trends of the wider landscape: of the **31%** of SMEs in the Philippines who are adopting AI, **71%** are using AI for more basic purposes, while **11%** are harnessing AI for its most advanced use cases
- Ambition remains high despite this: **79%** expect their use of AI to increase over the next 12 months, and **84%** believe AI will significantly transform their industry within five years
- The next wave of AI is arriving faster than many businesses are prepared for: only **19%** of businesses say they feel fully or very ready to adopt next-generation AI technologies such as agentic AI





The Philippines' next AI opportunity: turning widespread experimentation into transformation

While progress on adoption is strong, a deeper look at how businesses are implementing AI, from initial experimentation to full transformation, shows that most organisations remain at the earlier stages of their journey. When asked to describe their most advanced use of AI, AI-adopting businesses fall into three stages:

Basic AI adoption:

Businesses at this stage use AI mainly to improve efficiency and streamline processes, typically through publicly available chatbots for routine tasks or ready-made AI solutions. **70%** of AI-adopting businesses are at this stage, down from **78%** last year, including **71%** of AI-adopting SMEs.

Intermediate AI adoption:

Businesses at this stage have integrated AI across multiple business functions, improving efficiency and creating more innovative customer experiences. **18%** of AI-adopting businesses have reached this stage, as have **18%** of AI-adopting SMEs.

Advanced AI adoption:

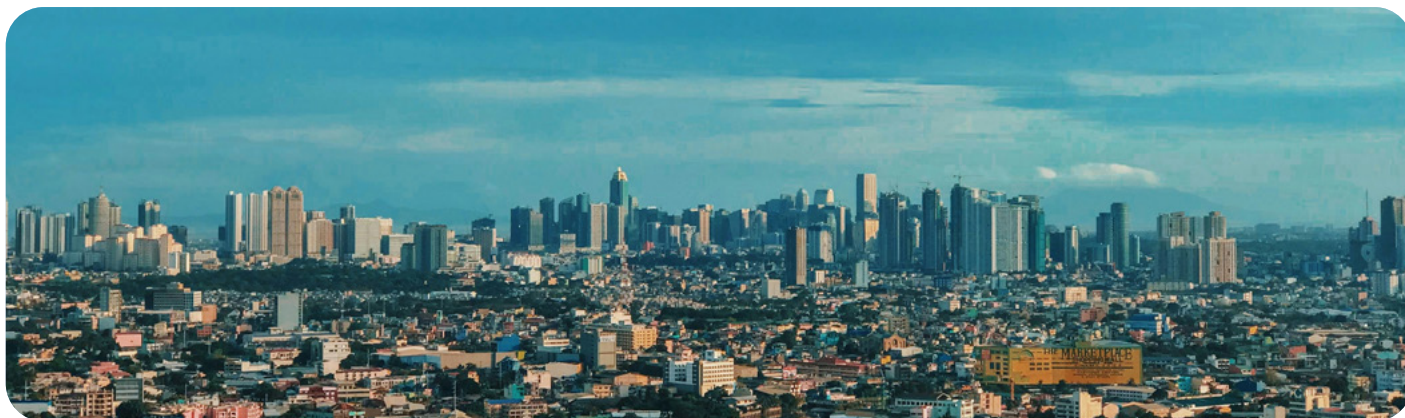
Businesses at this stage are using AI to transform how they operate, through advanced AI systems, combining multiple models, building custom AI systems, or deploying agentic or autonomous AI. **12%** of AI-adopting businesses have reached this stage, up from **8%** last year. Startups lead the way, with **36%** at this stage, compared with **11%** of SMEs and **9%** of large enterprises. By industry, the technology sector leads at **20%**, followed by financial services (**17%**) and professional services (**15%**).

This suggests that for many organisations, AI adoption remains concentrated in pilots, productivity improvements and isolated use cases rather than driving broader business transformation. Only **17%** say they have a formal roadmap for scaling AI across multiple business functions, while **57%** describe themselves as being in the exploration or experimentation stage. Despite this, ambition remains high: **79%** of businesses expect their use of AI to increase over the next 12 months, **47%** believe there is significant untapped potential for AI within their organisation, and **84%** believe AI will significantly transform their industry over the next five years.

This ambition is being matched by movement in the foundations that make scaling possible. Cloud adoption is strengthening alongside AI, with **49%** of businesses now using cloud technologies, up from **43%** last year. This matters for what comes next: cloud provides the data foundation on which reliable, scalable AI deployment depends, giving businesses the secure storage, computing power and data integration needed to move beyond isolated pilots.

Yet stronger infrastructure and high ambition have not yet translated into deeper deployment for most of the market. For the majority of businesses across the Philippines, progress toward AI's more advanced use cases, and the transformative innovation that comes with them, is not moving as fast as it could.

What good looks like is no longer theoretical. The organisations that have moved furthest are not simply larger or better resourced: they are the ones that built a formal strategy for scaling AI early, rather than letting adoption stay confined to isolated pilots. This group shows what the **17%** of businesses with a roadmap for scaling AI can look like in practice, embedding AI across core functions, combining multiple models, deploying agentic systems, and building the governance to run them responsibly at scale.



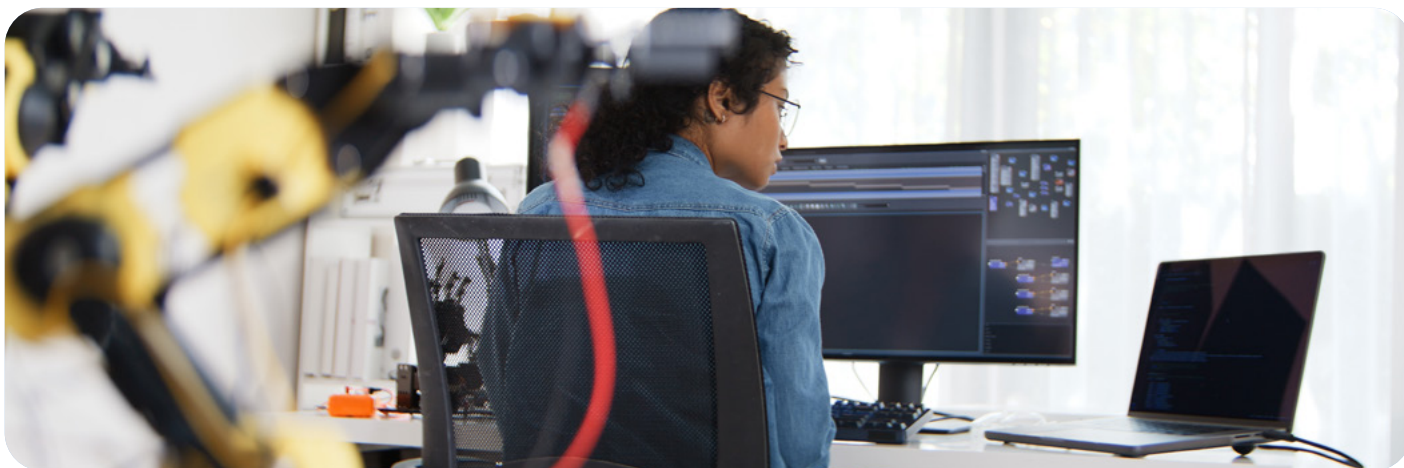
Case study: ePLDT is transforming customer engagement with AI-powered contact centres



[ePLDT](#), the ICT subsidiary of the PLDT Group, is expanding its Cloud and Next-Gen Contact Center-as-a-Service (CCaaS) ecosystem with Amazon Connect, an AWS cloud contact center service. Building on nearly two decades of contact center expertise and a long-standing partnership with AWS, ePLDT is helping businesses modernise customer engagement through intelligent, AI-powered experiences.

Through Amazon Connect, ePLDT can offer businesses capabilities including intelligent self-service, omnichannel engagement, automated call routing, real-time agent assistance, and predictive insights. Its consumption-based model also provides flexibility for organisations to scale customer service operations based on demand.

The integration enables ePLDT to help enterprises move beyond legacy, on-premises contact center workflows toward more agile and personalised customer experiences.



The readiness gap: agentic AI is arriving faster than businesses can prepare

The emergence of next-generation AI technologies, particularly agentic AI, physical AI and advanced robotics, creates a significant opportunity for the Philippines to build on its adoption momentum. These technologies move beyond traditional AI tools by enabling systems to plan, reason and take action autonomously across complex tasks, with the potential to reshape industries and unlock new business models.

Awareness of agentic AI is increasing, but the gap between familiarity and deployment remains significant. Nearly four in ten businesses (**39%**) say they have heard of agentic AI, including **61%** of large enterprises and **37%** of SMEs. Of those familiar with the technology, only **6%** report having fully deployed it, while **20%** are experimenting or piloting it, and **50%** say they have plans to use it or are considering it.

For many businesses, that gap is not only a matter of readiness, but of working out where AI belongs. Adoption is rarely all-or-nothing: businesses seem to be working through, case by case, how much they're comfortable handing over, from high-volume, low-stakes work where the occasional error costs little against the benefit of speed, to decisions where automation and human judgement carry roughly equal weight, to those too sensitive or relationship-critical to delegate at all. That businesses are having this conversation at all marks a shift from a year ago, when discussion tended to focus on whether to adopt AI rather than how far to take it. Seen this way, a slower pace of deployment need not signal reluctance so much as a more deliberate approach to scaling.

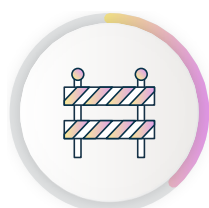
Those that have adopted agentic AI are realising benefits across their business: **46%** report faster decision-making and execution, **57%** report increased operational efficiency or productivity, and **38%** report improved scalability of operations.

The majority of businesses do not yet feel ready to adopt these emerging technologies, but startups and a handful of leading sectors are a bright spot. **19%** of businesses say they feel fully or very ready to adopt next-generation AI technologies such as agentic AI, including **18%** of SMEs and rising to **34%** of large enterprises and **42%** of startups. This is compared to **36%** of businesses in financial services, and **40%** of businesses in information and communication. **41%** of all businesses say they are somewhat ready, and **36%** say they are slightly ready or not ready at all.

Businesses cite the following reasons for not feeling ready for the next generation of AI:



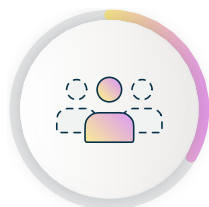
47% cite a shortage of AI and digital skills



39% cite technical or data-related barriers



36% of businesses cite insufficient internal financial resources



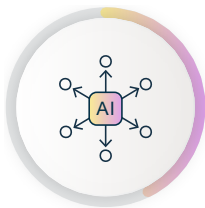
33% cite insufficient internal workforce capacity



Skills remain a critical barrier, as the shape of work shifts

As AI adoption deepens across the Philippines, the skills businesses say they need are changing. Alongside the technical shortages that continue to hold back readiness for next-generation AI, businesses increasingly point to a broader constraint: the ability of employees to work effectively alongside AI, interpreting its outputs, applying judgement, and using it responsibly.

88% of businesses expect AI skills to become more important in their industry over the next five years. Capabilities they identify most often are:



Interpreting, validating and challenging
AI-generated outputs (**43%**)



Supervising or orchestrating
AI systems (**36%**)



The responsible and
compliant use of AI (**35%**)

Beyond technical expertise, critical thinking and judgement (**48%**), adaptability (**46%**) and ethical reasoning (**34%**) are all expected to matter more as adoption grows.

The foundations for this shift are uneven. Businesses estimate that only **31%** of their workforce feel confident using more advanced AI tools, and just **24%** feel confident judging whether sensitive data can be processed by AI in a compliant way. Only **21%** of businesses have clear and widely understood guidelines on when employees should escalate or override AI-driven decisions, and just **29%** of adopters provide organisation-wide training on responsible AI use.

Businesses are placing more weight on reskilling their existing workforce than on hiring specialists: **58%** of adopters rate reskilling existing staff as very important to their AI strategy, compared with **43%** for hiring new AI specialists. Asked what is driving the skills gap, businesses point to education systems not keeping pace with industry needs (**45%**) and skilled workers leaving for opportunities overseas (**39%**), pointing to partnerships between industry, universities and training providers, and pathways that keep talent in the Philippines, as priorities for the country's long-term competitiveness.

This gap between rising demand for AI skills and current workforce confidence risks slowing progress beyond basic use cases. Without broader access to the right skills, both technical and applied, businesses will struggle to move from experimentation to scaled deployment.

In parallel, public familiarity with AI has moved well beyond the early-adopter stage. **85%** of citizens say they are very or somewhat familiar with AI, and nearly four in ten (**38%**) now use AI-powered tools daily, with a further **26%** using them at least weekly. Much of this use is already woven into everyday life – **71%** have used chatbots in the past six months and **62%** personalised media recommendations – and **53%** of those in work say their personal use of AI is more advanced than their use at work, a sign that appetite is running ahead of workplace adoption. This suggests that many workers already bring familiarity and everyday habits with AI to their jobs, which gives employers a base to build on.

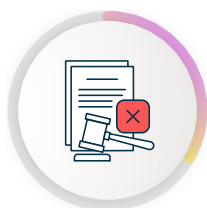


Governance and proof of value are emerging as the next differentiators

Governance and responsible AI are becoming critical enablers of scale

As AI moves from pilots into core operations, the organisational structures that support responsible deployment remain thin. Only **12%** of businesses have a formal and comprehensive responsible AI framework in place, with a further **27%** describing their approach as partial or ad hoc. Data governance is similarly patchy: **18%** have a formal and comprehensive data governance framework, while **22%** have none and no plans to develop one in the next 12 months.

Among AI adopters, **21%** have comprehensive and enforced policies for non-technical employees using AI tools, **29%** provide organisation-wide training or guidance on responsible AI use, and **26%** review whether their AI deployments remain compliant with evolving regulation as part of a formal process. Only **9%** of businesses have a dedicated team whose primary responsibility is AI governance and regulatory matters; in most (**46%**), responsibility is shared across existing legal, compliance and technology functions. Of those without a dedicated team, **44%** say the organisation is too small or early-stage to justify one, and **33%** cite insufficient budget. Businesses recognise the strain this creates:



34% disagree that their governance and risk processes are keeping pace with advances in AI capability



38% agree that accountability for AI outcomes is clearly defined within their organisation



47% agree that uncertainty around governance and risk management is slowing their AI deployment beyond pilot projects

Businesses that have invested in governance are further ahead in scaling AI

The research suggests governance is becoming a differentiator rather than a compliance exercise. **61%** of businesses agree that strong AI governance is a source of competitive advantage. Organisations with a formal responsible AI framework are five times more likely to report that AI is fully integrated into their operations than those without one (**15%** vs **3%**), and businesses with a formal data governance framework are more likely to describe themselves as fully or very ready to adopt next-generation AI (**34%** vs **15%**). These are associations rather than demonstrated causal effects, as organisations further along in their AI journey have had more reason to formalise governance, but they point to governance maturity, clear accountability and ongoing oversight as consistent features of the businesses that have moved furthest beyond basic use cases.

Businesses are seeing returns, but confidence in measuring lags behind

As AI investment grows, businesses increasingly face a critical question: how do they know whether AI is delivering value? The research is encouraging on returns themselves, with **63%** of AI adopters saying their investment has already broken even or better. But while organisations are becoming more sophisticated in their approach to measurement, many still lack confidence in their ability to evaluate success.

Fewer than one in two (**46%**) report being confident in their ability to accurately measure ROI from AI projects, though this confidence often rests on partial or informal approaches rather than rigorous methodology. Only **14%** say they have a clearly defined and consistently applied framework for what constitutes a successful AI deployment.

Even among organisations that measure AI performance, the focus is often on activity rather than outcomes. **46%** say they primarily track activity and usage metrics such as adoption rates, queries processed or time saved, while **23%** primarily track business outcome metrics such as revenue impact, cost savings or customer satisfaction, and **31%** track a roughly equal mix of both. Measurement is not yet consistently embedded in decision-making either: while **31%** of organisations say AI performance metrics directly determine whether projects are scaled or discontinued, **42%** say metrics inform decisions but are not consistently applied, and **20%** report that metrics rarely or never influence decisions.

The challenge, therefore, is not necessarily that AI is failing to deliver value. Rather, many organisations are still building the confidence to measure that value consistently and use it to guide future investment.

Case study: Emapta is advancing AI-powered recruitment to help clients build teams faster



Emapta, a leading offshore staffing and outsourcing provider serving more than 1,300 clients across 30+ countries, is working with Amazon Web Services (AWS) to develop AI-powered recruitment solutions that streamline candidate evaluation and help businesses build teams faster.

With work done in partnership with the AWS Generative AI Innovation Center, Emapta developed AVAR (AI-Powered Virtual Automated Recruitment), a generative AI solution designed to automate video interviews and support candidate evaluation. AVAR analyzes candidate responses, including communication skills, and generates a Job Compatibility Score to help recruiters assess alignment with each client's role requirements. By reducing scheduling bottlenecks and improving evaluation consistency, AVAR aims to help clients fill roles faster while giving recruiters more time to focus on finding the right talent for their business. The solution targets a **30%** reduction in recruiter time spent per candidate at the interview-evaluation stage.

Built using AWS AI services, including Amazon Bedrock, Amazon Transcribe, and Amazon Nova, AVAR is scheduled to launch in Q4 2026. Emapta is also advancing an AVAR 2.0 roadmap toward an avatar-based conversational interviewer, with plans to extend the solution across its global recruitment operations.



Building the Philippines' long-term AI competitiveness

Businesses are ambitious about the Philippines' place in Southeast Asia's AI economy

Business leaders are optimistic about the country's long-term prospects. **79%** agree the Philippines has the potential to become one of Southeast Asia's leading AI economies over the next decade, and **84%** expect AI to transform large parts of their industry, or transform it completely, within the next five years.

Confidence in today's environment is more measured. **55%** agree the Philippines has a business environment that supports innovation and growth, and **46%** describe the country as highly or somewhat competitive as a global hub for AI and innovation compared with the US, Singapore or China. Those who see the Philippines as competitive point most often to a skilled and educated workforce (**47%**), access to a large regional consumer market (**39%**) and a stable business environment (**31%**). Those who do not most frequently cite a shortage of digital and tech talent (**44%**), inadequate digital infrastructure in some regions (**42%**) and limited access to growth funding (**35%**).

This ambition is unfolding against a fast-moving policy backdrop. In April 2026, the Philippines joined [Pax Silica](#), a US-led initiative to secure supply chains for semiconductors, critical minerals and AI technologies, under which the two countries announced plans for a 4,000-acre AI-focused industrial hub in the Luzon Economic Corridor. The initiative speaks directly to the priorities businesses identify in this research:



Increasing international collaboration and partnerships (**42%**)



Maintaining access to the global technology landscape, which **86%** say is important for Philippine businesses seeking to scale and sell internationally

On digital sovereignty, businesses take a pragmatic view

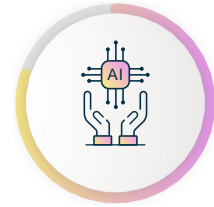
Asked what the term 'digital sovereignty' means to them, the most common answers are strong data protection, privacy and cybersecurity standards (**22%**), resilience against geopolitical, economic or supply-chain disruptions (**15%**), and control over how and where the Philippines' data is stored and processed (**13%**). Far fewer define it as reduced dependence on non-Philippine providers (**6%**) or Philippine ownership across the full digital and AI supply chain (**5%**). This sits alongside a strong attachment to global technology:



86% say access to global technology companies is important for Philippine businesses seeking to scale and sell internationally



81% say it is important to their own innovation



80% say it is important to their own AI adoption and use

Among AI adopters, **47%** use a mix of providers from different regions, and **72%** feel they have adequate choice to select and switch between AI providers. For businesses, sovereignty appears to mean security, resilience and control over data, rather than closing the door on international providers.

The policy environment is evolving in a similar direction. In July 2026, the government signed [Executive Order No. 119](#), replacing a data classification policy dating from 1964 with a risk-based data residency framework for government data. Under the order, the most sensitive tiers of government data must remain within Philippine territory, while less sensitive data can be hosted on secure cloud platforms that meet recognised cybersecurity and encryption standards; the order applies to government data only, not to commercial or private-sector data. It has been positioned as strengthening data protection while keeping the Philippines open to cloud adoption, cross-border digital services and digital infrastructure investment.

For businesses, two questions will matter more than the order's stated scope. The first is implementation: much of how EO 119 works in practice, including for businesses that handle government data on the state's behalf, will only become clear once the Implementing Rules and Regulations are published. The second is precedent: businesses in this research define digital sovereignty largely in terms of data protection and control rather than provider nationality, and will be watching whether a risk-based approach to government data is a template the government intends to extend to commercial data in future, or a boundary it intends to hold. Until both are answered, the order is best read as a direction of travel rather than a settled position; how far it reassures business will depend on how, and to whom, it is applied.



The public sector is a critical driver of trust

Government is seen as a catalyst for adoption. **71%** of businesses agree that government leadership is crucial to accelerating AI adoption in the Philippines, and **66%** agree it is crucial to accelerating adoption in their own sector. **74%** agree that stronger collaboration between government and technology providers would enable greater AI adoption.

President Marcos used his [July 2026 State of the Nation Address](#) to declare that “AI is here to stay,” pointing to AI literacy programmes that have already reached 1.8 million Filipinos, and in September 2026 the government finalised the [Philippines AI+ Infrastructure Masterplan 2026–2033](#), a \$34.4 billion roadmap targeting a thirtyfold expansion in the country’s AI data-centre capacity.

Yet this high-level ambition has not yet translated into a sense of leadership on the ground: only **45%** of businesses agree that the government is currently demonstrating strong leadership on AI, suggesting the gap is less about the absence of national strategy and more about how visible and tangible that strategy feels to individual businesses.

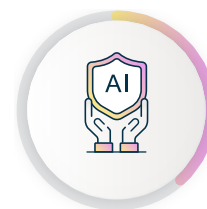
Public sector adoption has a direct bearing on business decisions. **56%** say the adoption of AI by public sector organisations makes them much or somewhat more likely to increase their own adoption. Asked why, the leading reasons are:



Increases trust and confidence in the technologies (**49%**)



Helps create a clearer business case (**42%**)



Demonstrates that AI can be deployed safely and responsibly (**39%**)

Government support such as grants and tax incentives is described as crucial or very important to the decision to adopt AI by **57%** of businesses, and opportunities to sell to government by **44%**.

Case study: TESDA is expanding access to cloud and AI skills with AWS



The [Technical Education and Skills Development Authority \(TESDA\)](#) is collaborating with Amazon Web Services (AWS) to expand access to industry-leading cloud and artificial intelligence (AI) training for Filipinos through the TESDA Online Program (TOP).

Under a Strategic Training Agreement, TESDA is integrating AWS digital training courses into TOP, enabling learners nationwide to build foundational skills in cloud computing and AI at no cost and without prerequisites or enrollment limits. Courses include Fundamentals of AI, AWS Certified Cloud Practitioner, and AWS Certified AI Practitioner, covering topics such as machine learning, generative AI, cloud services, security, and responsible AI.

The collaboration is designed to help Filipinos develop in-demand digital skills for local and global employment opportunities.



Recommendations: Unlocking the Philippines' AI future

The Philippines has a clear opportunity to build on its strong adoption momentum and translate it into broad-based economic transformation. The findings of this report point to a set of targeted actions that can help accelerate this shift by building the foundations businesses need to scale AI responsibly and by strengthening the public sector's role as a catalyst for trust.

1. Treat data and infrastructure as prerequisites for the next wave, not afterthoughts

The barriers holding businesses back from next-generation AI are the same ones that have constrained adoption at every stage, and they compound as the technology advances. The priority for businesses is to get data quality, integration and cloud infrastructure in order before chasing agentic use cases, since organisations with formal data governance already show greater readiness. Government and industry can clear the path fastest through grants and incentives, partnerships that bring global technology capability into the Philippines, and regulatory clarity through risk-based, internationally aligned frameworks so businesses can adopt frontier tools as they emerge rather than waiting for local equivalents to be built.

2. Build the discipline to prove AI's value

The issue is not that AI fails to deliver returns, but that few businesses can demonstrate this consistently or use it to guide investment. Businesses should agree success criteria before deployment, anchored to outcomes rather than activity, and use them explicitly to decide what to scale and what to retire. Industry bodies and technology providers can support this by developing shared measurement frameworks and sector benchmarks, so smaller businesses aren't left building methodology from scratch.

3. Build the human capability to work effectively alongside AI

As the skills businesses need shift from technical expertise toward judgement and oversight, investment should follow: prioritising AI literacy across the existing workforce over hiring specialists, paired with clear guardrails on when to trust AI outputs and when to question them. Closing the underlying skills gap will also depend on closer ties between industry, universities and training providers, and on pathways that keep skilled talent in the Philippines rather than losing it overseas.

4. Make the public sector the flagship adopter

Government has an outsized role to play in building the trust and business case that private-sector adoption still lacks. It can do this in three ways: leading by example, through visible, well-publicised AI deployment in citizen-facing services; enabling adoption, through incentives, innovation-friendly procurement and regulatory clarity; and setting the wider stage, through continued openness to global technology and investment. A public sector that demonstrates responsible AI in practice would do more to build national confidence than any single incentive.

5. Build clear decision criteria for where AI belongs

Businesses that are moving furthest into scaling AI are asking where it belongs: which tasks can be handed over fully, which need a human in the loop, and which should remain human-led. Formalising this decision early, based on the cost of error against the benefit of automation, gives businesses a repeatable framework for scaling with confidence rather than relitigating the question with every new use case. Government and industry bodies can support this by publishing sector-specific guidance on where automation is and isn't appropriate, reducing the burden on individual businesses, particularly SMEs, to work this out alone.





The narrow but real window to turn adoption into transformation

The Philippines has strong foundations to succeed in the next wave of AI, and businesses are more confident and more ambitious than they were a year ago. Adoption is climbing, returns are strengthening, and **84%** of businesses believe AI will significantly transform their industry within five years. But the pace of change is accelerating just as quickly. Most adopters remain concentrated in basic use cases, only a small minority have moved into advanced deployment, and next-generation technologies such as agentic AI are already testing the limits of what most organisations feel ready to adopt. The gap this report identifies is not one of ambition. Businesses in the Philippines want to adopt AI, expect it to transform their industries, and believe the country can become one of Southeast Asia's leading AI economies. The gap is in the foundations that turn that appetite into scaled, trusted deployment: skills that extend beyond technical teams into judgement and oversight, governance frameworks that keep pace with how AI is actually used, data and infrastructure that can support next-generation tools, and the confidence to measure whether AI investment is paying off. The government has a distinct part to play in closing this gap. Businesses see public sector leadership as a catalyst that builds trust and creates a clearer case for their own adoption, and they want continued access to global technology and investment alongside a stable, risk-based regulatory environment, rather than a retreat into self-reliance. Where the public sector adopts visibly and demonstrates AI used safely and responsibly, businesses say they are more likely to follow. Without these shifts, AI adoption in the Philippines risks remaining broad but shallow, with the businesses that have already built strong governance and data foundations pulling further ahead of those that have not. With them, the Philippines is well placed to turn today's adoption momentum into sustained innovation, competitiveness and AI-driven growth.



Appendix

Glossary of Terms:

- Adopted AI: Currently consistently use at least one artificial intelligence tool.
- Startup: A business founded in the last 2 years which provides a new product/service or innovation and is aiming for rapid growth in terms of employees and turnover.
- SME: A small or medium-sized enterprise employing fewer than 250 people.
- Large business: A business with greater than 250 employees, inclusive.
- Large enterprise: A large enterprise (also referred to as an established enterprise) is a business with 500 or more employees, founded 10 years ago or more.
- Basic AI adoption: These organisations are using AI primarily for incremental improvements such as efficiency gains and process streamlining rather than for innovation. They rely on publicly available chatbots for routine tasks or purchasing ready-made AI solutions.
- Intermediate state of AI adoption: In these firms, AI is supporting a more innovative customer experience alongside operational efficiency.
- Advanced use of AI/Transformative use of AI: These firms are integrating the most advanced use cases of AI, combining multiple models, developing custom AI solutions, or using agentic and autonomous AI. At this stage, organisations are rapidly innovating with AI and, in turn, disrupting their industry.
- Next-generation AI technologies: Emerging AI capabilities such as agentic AI, physical AI, and advanced robotics that extend beyond traditional predictive or generative models.
- Agentic AI: AI systems capable of autonomously planning, executing, and optimising tasks or workflows with limited human intervention.
- Physical AI: AI embedded directly into physical equipment, machinery, and real-world systems – such as production lines, robots, and vehicles – enabling them to perceive their environment, make real-time decisions, and act autonomously without relying on cloud connectivity.
- Digital skills gap: The mismatch between the digital and AI-related skills organisations require and the skills currently available within the workforce.

Methodology

The fieldwork for this study was undertaken by Strand Partners' research team for Amazon Web Services. This research has followed the guidance set forth by the UK Market Research Society and ESOMAR. For the purposes of this study, business leaders are defined as founders, CEOs, or members of the C-suite in organisations.

'Citizens' are nationally representative members of the public based on the latest available census.

For inquiries regarding our methodology, please direct your questions to: polling@strandpartners.com.

In the Philippines:

- We conducted a survey targeting 1,000 nationally representative members of the public, ensuring representation based on age, gender, and region.
- Additionally, we surveyed 1,000 business leaders, representative by their business size, sector, and region.



Weighting Techniques:

Post-data collection, we applied iterative proportional weight to correct any discrepancies or over-representations in the sample.

Survey:

This study was designed with the objective of delving deep into the digital landscape:

- **Usage Patterns:** This survey gauges the evolving patterns of digital technology usage. We are particularly interested in examining the adoption and implementation levels of technologies, focusing on cloud computing and artificial intelligence.
- **Perceptions and Attitudes:** The survey seeks to unearth the prevailing perceptions and attitudes towards digital technologies, understanding the perceived benefits, challenges, and potential ramifications of both present and emerging tech solutions.
- **Barriers and Opportunities:** The survey scrutinises the predicted challenges and potential avenues that both businesses and individuals anticipate on their digital trajectory. This involves pinpointing challenges, from skill deficits to regulatory complications, and recognising opportunities for growth, innovation, and market development.
- **'Size of the Prize':** The survey shed light on the economic repercussions and growth prospects linked with digital transformation. By elucidating the 'size of the prize', we aspire to stress the importance of digital transformation and foster further investments and technology adoption.