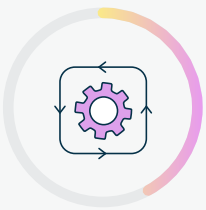
UNLOCKING NEW ZEALAND'S AI POTENTIAL 2025

The AI revolution is taking hold in New Zealand

AI adoption[1] is accelerating rapidly across New Zealand. Today, **42%** of businesses surveyed report that they have adopted AI, up from **34%** a year ago, representing a growth rate of **24%**. This momentum signals that AI is no longer a future consideration for New Zealand businesses, but an active driver of innovation and competitiveness across the economy though AI adoption trails regional leaders such as Australia (**50%**) and Singapore (**48%**).

The impact is already clear:

72% say they have already seen significant productivity gains with AI.



Businesses have noticed productivity gains through automating routine tasks (**42%**), customer service improvements (**25%**), and data analysis and reporting (**24%**).

These gains enable firms to reinvest their time in:

Customer service (**41%**)

New product and service development (**37%**)

Employee training (**35%**)

Certain sectors are emerging as leaders in AI adoption. The tech industry stands at the forefront, with **82%** of firms now using AI, followed closely by financial services at **78%** and professional services, such as consultancies and systems integrators, at **67%**. These industries are setting the pace for wider adoption and demonstrating the transformative potential of AI across New Zealand's economy.

Looking ahead, confidence remains high. **81%** of those who have adopted AI say the technology is likely to increase their growth in the next year, and **70%** expect cost savings thanks to AI.

Many businesses are also turning to external expertise to enhance their capabilities. **40%** of AI-adopting businesses report leveraging external providers or consultants to source AI capabilities. The most frequently reported purposes are to source support with cybersecurity (**39%**), and more advanced AI capabilities (**38%**), for example, developing custom machine learning models, integrating AI into products and services, and improving data analytics for faster decision-making.

The New Zealand Government is supporting this momentum and boosting initiatives to drive the digital transition, recognising AI's potential to drive economic growth. New Zealand's road to AI adoption is outlined in its AI strategy, announced in July 2025. This strategy outlines that generative AI has the potential to add $76 billion to New Zealand's GDP by 2038. The strategy seeks to foster a stable policy environment, reducing regulatory uncertainty by removing barriers to investment and providing clear ethical guidance in line with the OECD's AI Principles.

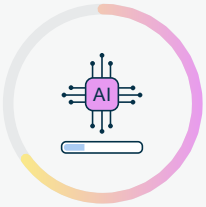
This research provides a comprehensive analysis of New Zealand's AI adoption, highlighting both its strengths and areas for further development. Findings reveal that New Zealand's businesses are emerging as AI innovators, with startups playing a pivotal role in AI integration. Yet, despite this progress, significant untapped potential remains, particularly when compared with regional peers. Fully unlocking AI's promise will require moving beyond surface-level implementation toward deep, sustained integration that drives long-term productivity, inclusivity, and economic growth.

Key findings:

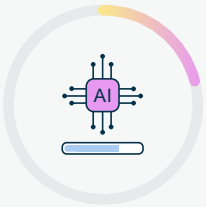
- **42%** of businesses surveyed report that they have adopted AI, up from **34%** a year ago, representing a growth rate of **24%**.
- With **61%** of New Zealand's startups currently using AI, these businesses see the potential impact on their business and industry: **89%** of New Zealand's startups believe AI will transform their industry in the next five years.
- **72%** report productivity gains thanks to AI adoption – gains which are enabling businesses to reinvest their time into customer service (**41%**), new product and service development (**37%**), and employee training (**35%**).
- The digital skills gap remains one of the biggest barriers, with **49%** of businesses saying it prevents them from adopting or expanding their AI use.

Widespread but basic AI adoption

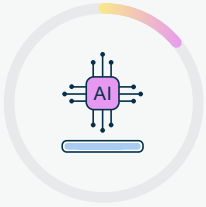
While **42%** of businesses have adopted AI, celebrating adoption figures alone risks masking an underlying trend: when looking more deeply into how businesses are implementing AI, from initial experimentation to full transformation, most organisations remain at basic levels of AI adoption. At this stage, businesses are missing out on potential productivity, efficiency, innovation, and economic gains:



65% of New Zealand's businesses remain focused primarily on more basic uses of AI and on incremental gains (such as driving efficiencies and streamlining processes), rather than innovation (such as developing new products or disrupting industries). These businesses are using publicly available chatbots for routine tasks such as scheduling assistants and purchasing ready-made AI solutions. The manufacturing industry remains concentrated at this stage, with **80%** here, followed by the professional services industry at **78%**.



21% have advanced to the intermediate stage of AI adoption. These companies are beginning to move beyond implementing one-off AI applications and are integrating the technology into broader business functions (such as delivering personalised recommendations via websites or creating personalised features in apps), resulting in efficiency improvements and more innovative approaches to customer experience. The healthcare industry has progressed to this stage (**31%**), followed by the financial services industry (**30%**).

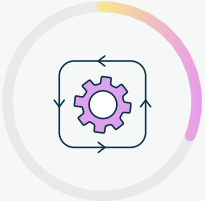


Only **14%** of New Zealand's businesses have reached the most transformative stage of AI integration, where they are using AI for its most advanced purposes. These organisations are combining multiple AI tools or models for complex tasks and creating custom AI systems, which are transforming their operations comprehensively. The tech industry is leading the way in terms of sophisticated adoptions (**25%**), followed by the financial services industry at **23%**.

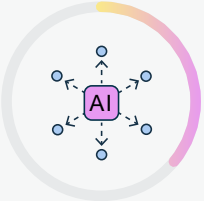
This trend underscores a critical divide in AI adoption – and around the region, a similar pattern is emerging. Only **14%** of New Zealand's businesses have reached the most advanced stages of AI, similar to **17%** of those in Singapore. However, both are trailing Australia, where nearly a quarter (**24%**) have reached this stage. Most companies are still exploring AI's benefits, and are yet to reach this advanced stage, missing out on the deeper strategic advantages the technology can offer.

New Zealand startups are emerging as leaders for AI innovation

Startups[2] aren't just using AI, they're beginning to build entirely new products and business models around it that would have been impossible just years ago. **61%** of startups say they are leveraging AI in some way throughout their business (compared to **42%** of businesses overall).



Of these, only **31%** remain at the basic stage of AI use, while **27%** have progressed to leveraging AI's most advanced uses.



When asked to describe their startup's use of AI technologies, **36%** of startups reported that AI is at the core of their business proposition and operations.

39% of startups are developing new AI-driven products and services.

63% of startups employ AI-specific talent, indicating a strong commitment to building and nurturing in-house AI expertise, ensuring businesses can develop, deploy, and refine AI-driven strategies.

Looking ahead, **89%** of startups believe AI will transform their industry in the next five years, making New Zealand's fast-moving startups key to innovation and competitiveness.

Thematic is using AI to turn customer feedback into actionable insights

Thematic is a New Zealand-based global leader in customer intelligence and feedback analysis. Thematic partnered with AWS to use generative AI to turn customer feedback data from multiple channels into curated, accurate and reliable customer intelligence. Since launching in 2017, Thematic is now helping some of the world's biggest companies, such as Atlassian, DoorDash, and Woolworths, accelerate growth through more accurate, reliable and actionable customer insights.

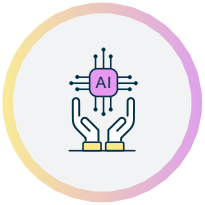
Thematic's platform processes millions of customer-feedback data points from multiple channels—survey comments, review content, support transcripts—and rapidly translates them into clear, actionable insights on what drives customer sentiment and Net Promoter Scores. Using customised LLMs, Thematic's clients now unlock deeper insights faster while still meeting stringent international data-security and compliance requirements.

Looking ahead, Thematic plans to continue pushing the boundaries of generative AI and gain even deeper insights into customer feedback.

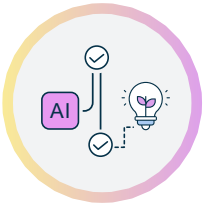
Read more about their work with AWS here.

Adoption is accelerating rapidly – but there is untapped potential

While adoption is now accelerating, New Zealand's businesses are largely trailing neighbours like Australia, where **50%** of businesses have adopted AI, and similar economies like Singapore (**48%**), Germany (**53%**), and Ireland (**45%**).



Countries such as Australia and Singapore are leading the region in AI adoption, at **50%** and **48%** respectively. Australian and Singaporean businesses are also adopting AI in more sophisticated ways – nearly a quarter (**24%**) of Australian businesses and **17%** of Singaporean businesses that have adopted AI report being at the most advanced stage of adoption, compared to **14%** of AI-adopting businesses in New Zealand.



This trend is particularly noticeable among the region's fast-moving startups: **81%** of Australian startups and **82%** of Singaporean startups report that they are leveraging AI throughout their business, compared to **61%** of startups in New Zealand.

This gap highlights a significant missed opportunity; accelerating AI adoption among startups will be essential to drive the next generation of globally competitive businesses.

SMEs are broadly in line with the national average when it comes to AI adoption (**41%**). However, a significant number remain at the most basic levels of AI adoption, while just **13%** are leveraging AI for its most advanced uses. As most of New Zealand's businesses comprise SMEs, this represents considerable untapped potential.

By taking key steps to empower businesses to adopt and scale advanced AI solutions, New Zealand's government can accelerate productivity growth and digital progress across most of its business landscape. Moving beyond basic adoption for businesses of all sizes is key to unlocking the full benefits of AI for New Zealand's economy and society.

CarbonTrail cuts generative AI costs by 88% for sustainable emissions intelligence

New Zealand–based sustainability technology company CarbonTrail is helping businesses and financial institutions measure, reduce, and report their carbon impact. Its AI-powered platform and CarbonAPI tool analyse transactional and invoice data to provide granular, audit-ready emissions insights that support a low-emission future.

To advance its mission of avoiding one billion tons of CO_2 by 2050, CarbonTrail built an AI-powered platform on AWS to process bank-scale data. The platform delivers **87%** reduction in processing time and **88%** lower costs than comparable GPT-4 with embeddings and reduces low-confidence classifications by **40%**. These capabilities are extended through the CarbonAPI, which enables banks, fintechs, and enterprises to embed invoice-level emissions insights directly into their products and workflows in minutes rather than months. Powering the API with AWS Inferentia also enables CloudTrails to handle hundreds of thousands of customer records without extra overhead, while cutting emissions from AI workloads.

Read more about their work with AWS here.

One NZ is harnessing generative AI to transform the customer experience

One NZ, one of New Zealand's leading telecommunications companies, is leveraging AWS's cloud capabilities and generative AI, including Amazon Bedrock, to revolutionise both customer experience and network operations. The company has deployed a 'Network Concierge' AI agent that autonomously consolidates data from multiple systems, enabling network teams to rapidly diagnose and resolve coverage-related customer issues. The Network Concierge agent pulls together performance data, alarms, past incidents and more to provide customer service representatives with plain-English summaries and next-step guidance—reducing analysis time by **80%**.

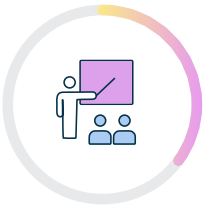
Beyond day-to-day network management, One NZ has deployed AWS agentic AI during storms and outages to identify which cell sites are running low on backup power and prioritise mobile generator deployment. This AI-driven process was successfully tested during recent severe weather events in the South Island. One NZ's broader generative AI initiatives have delivered significant results across the organisation. Within three months of going live with AWS-powered AI in its contact centres, One NZ achieved a **10%** increase in customers reporting interactions with knowledgeable and friendly representatives, and a **10%** increase in customer trust.

Key barriers are preventing New Zealand's businesses from fully leveraging AI

Four key barriers are restricting AI adoption and innovation in New Zealand for businesses of all sizes and sectors. If left unaddressed, these obstacles risk slowing New Zealand's progress:

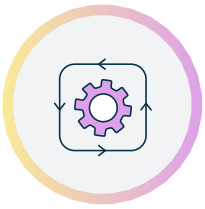
Skills:

Businesses across New Zealand identify the skills gap as a crucial challenge to their AI adoption. A lack of digital skills was the highest reported barrier, with **49%** of businesses saying it prevents them from adopting or expanding their AI use. Businesses expect AI literacy to be important for **46%** of jobs in the next three years, and only **27%** of businesses feel prepared with their current skillset.



Approximately **31%** of employees have participated in digital training or upskilling in the past year.

As a result of the skills gap, businesses are reporting that they would increase their salary offers to candidates with strong AI skills. This is particularly noticeable among the tech industry, which would increase a salary offer by **40%** on average, and the professional services industry (**32%** salary increase on average).



Businesses also report that the most lacking skills in their workforce are adapting to new digital technologies (**35%**), data analysis (**32%**), and collaborating on projects using new digital tools (**31%**).

Greater awareness among citizens also improves their attitude to adoption. **56%** say they would feel more positively about AI if they knew that many everyday technologies (such as social media algorithms and shopping recommendations) use AI – **45%** said this was because it shows that AI is already widely used and trusted.

Compliance:

New Zealand's businesses report that they are facing increasing compliance costs, estimating that $34 out of every $100 they spend on tech goes towards compliance-related costs, including broad privacy and cybersecurity requirements.

While this is currently lower than the European average of $40, it is nonetheless substantial – especially in a market where digital adoption is still scaling. A striking majority, **77%**, of New Zealand's businesses expect these compliance costs to increase further in the next 3 years.

Similarly, nearly a fifth (**19%**) of businesses noted that the cost of regulatory compliance was currently stopping them from expanding their use of AI technologies.

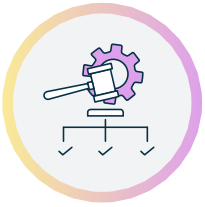
Regulatory uncertainty:

Across the world, businesses are facing growing regulatory uncertainty, while new rules are being considered for emerging technologies like AI.

When considering the positive impact potential new regulation might have on their business, the number one reported hope was that new AI regulation would democratise access to AI so businesses of all sizes can benefit (**46%**), closely followed by ensuring that AI is used ethically and responsibly (**41%**).

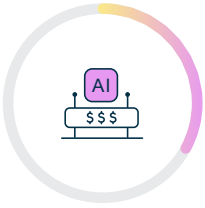
These sentiments match regional peers who do not yet have AI regulation, such as Singapore. Singaporean businesses hoped that AI regulation would increase consumer confidence (**53%**) and provide a stable regulatory framework (**48%**).

On the other side, regarding worries around negative outcomes from the introduction of new regulations, businesses express the greatest worries around slowing AI innovation (**48%**), increasing bureaucracy without improving AI safety (**45%**), and restricting AI access to smaller companies (**41%**).



Expressing similar concerns, Singaporean businesses were also worried that regulation would slow innovation and adoption (**43%**) and that it would increase compliance costs (**40%**). This demonstrates the critical importance of taking a pro-innovation approach and providing regulatory certainty to businesses as they consider these next technologies.

Perceived costs:



33% of New Zealand's businesses cite perceived upfront costs as a key barrier to AI adoption.

Interestingly, **88%** of businesses say they need a clearer understanding of AI's return on investment.

Yet **88%** of New Zealand's AI-adopting businesses are seeing revenue increases from AI – pointing to a gap in perception.

AWS is helping to drive AI adoption for businesses of all sizes

Since AWS opened its first office in New Zealand in 2013, we've been continuously expanding our infrastructure to better serve Kiwi customers:

- Connectivity to the global AWS network – In 2016, AWS enhanced New Zealand's connectivity to the AWS Global Infrastructure by establishing diverse, high-capacity subsea cable connections, improving network reliability and performance for customers.
- Amazon CloudFront – In 2020, AWS expanded its infrastructure footprint in New Zealand by adding two Amazon CloudFront edge locations in Auckland.
- AWS Local Zones – To further enhance its infrastructure offerings in New Zealand, AWS introduced an AWS Local Zone in Auckland in 2023, helping customers deliver applications that require single-digit millisecond latency.
- AWS Direct Connect – In the same year, AWS also added a Direct Connect location in Auckland to help customers securely link their on-premises networks to AWS resulting in lower networking costs and improved application performance. With this Region launch, AWS is adding another Direct Connect location in Auckland.

In September 2025, AWS announced the launch of its AWS Asia Pacific (New Zealand) Region. The Region enables organisations to run their applications and serve end users the cloud backed by world-class security and resilience, while maintaining data residency in New Zealand. This NZD $7.5 billion investment is expected to contribute NZD $10.8 billion to New Zealand's gross domestic product (GDP) and create 1,000 new jobs over a 15 year period and will enable Kiwi organisations of all sizes to innovate and scale faster using the most secure and resilient infrastructure.

Further to this, AWS is supporting a skilled Kiwi workforce: Since signing a memorandum of understanding (MoU) with the New Zealand government in 2022, Amazon has trained more than 50,000 Kiwis toward our goal of 100,000. Amazon is committed to continuing to invest in cloud education through programs including AWS Academy, AWS Skill Builder, AWS Educate, and AWS re/Start. Organisations are using AWS to scale globally while investing in local talent development, supporting New Zealand's growing demand for cloud expertise.

Unlocking the full potential of AI through six crucial actions

New Zealand has the right tools and the ambition to continue accelerating adoption and harnessing AI's most transformative potential. However, in order to achieve this full potential and keep pace with regional peers, AWS urges policymakers and industry leaders to take action to unlock AI's full potential across both startups and large enterprises:

1. Accelerate private sector digital adoption through boosted skills efforts:

Streamline access to government funding and build industry-specific digital skills programs, as **49%** of businesses see digital skills as crucial yet only **27%** feel prepared. This gap highlights the need for targeted upskilling initiatives. Closing this gap is key to reinforcing New Zealand's next wave of innovation, productivity, and growth.

2. Establish a national coalition for digital and AI skills:

Form a coordinated partnership between government, industry, and education to boost investment in digital and AI skills, create clear professional certification pathways for New Zealanders, and ensure the workforce is equipped to support advanced AI adoption.

3. Collaborate with technology providers to develop practical AI solutions:

Work with cloud and AI providers to build services that prioritise business outcomes, data protection, and interoperability, enabling organisations to choose and combine the most effective AI models for their needs.

4. Support the growth of New Zealand's startups:

Strengthen early-stage funding and expand innovation programmes to help startups scale AI solutions both locally and globally. By enabling startups to move from AI experimentation to deployment, New Zealand can harness their agility to drive economy-wide transformation.

5. Reinforce a pro-innovation and pro-growth regulatory environment:

Fostering confident investment in AI and boosting AI-driven innovation will be enabled through maintaining a clear regulatory environment for the use of AI and for the training of AI models in New Zealand. At a global level, New Zealand's advocacy for common international standards can help drive down compliance costs and create a stable environment for AI adoption, particularly for NZ businesses exporting their digital services internationally. Further to this, it is also important for governments to adopt leading international benchmarks such as the National Institute of Standards and Technology's NIST AI 100-1 and ISO 42001, which provide coordinated guidance for industry adoption.

6. Increase public sector adoption of AI:

Prioritise digital transformation across industries such as healthcare and education, use public procurement to drive innovation, and create test-beds and cross-border exploratory projects using AI to deliver new services. **76%** of New Zealand businesses say they are more likely to adopt and expand their AI use when the public sector leads, and **44%** of startups say that the public sector's AI adoption is crucial to their ability to scale, attesting that the public sector adoption of new technologies is crucial to increasing trust in these technologies. Similarly, citizens believe that the government should invest in improving its digital services (**71%** say this is important), yet **67%** report that the current pace of change is too slow.

Conclusion

AI adoption in New Zealand is accelerating rapidly, delivering clear benefits, ranging from revenue growth to productivity gains and innovation. To fully capture this momentum and maintain regional competitiveness, businesses must move beyond surface-level adoption toward deeper, more transformative uses of AI. Startups are already setting the pace, using AI to develop new products, services, and business models, but across the wider economy, significant untapped potential remains. Bridging this gap will require tackling barriers in skills and regulation. If policymakers, businesses, and industry leaders work together, New Zealand can turn early progress into an enduring advantage, but doing so will require coordinated action to unlock AI's full transformative potential.

Appendix

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 New Zealand:

- We surveyed 1,000 members of the public, ensuring representation based on region, age, and gender.
- Additionally, we surveyed 1,000 businesses, representative by region, business size, and sector.

Sampling:

Our sampling process used a mix of online panels that are recognised for their validity and reliability. These panels are carefully curated to ensure diverse representation across various demographics. For the business leaders, the panels are selected with a consideration for organisational size, sector, and position within the company. Our objective with the sampling strategy is to achieve an optimal mix that mirrors the actual distribution of our target populations in the respective markets.

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 toward 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

References

1. "Adopted AI" or "consistently use AI": a business that consistently uses at least one AI tool. This would not include businesses that experimented with AI once or twice, or ran a temporary pilot programme, for instance.
2. A startup is 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.