GREATER VANCOUVER
BOARD OF TRADE

ACCELERATING AI ADOPTION IN B.C.

An Agenda for Economic Growth Report

EXECUTIVE SUMMARY

British Columbia is well-positioned to become a leader in artificial intelligence (AI). However, AI adoption across B.C. businesses remains inconsistent, with many small and medium-sized enterprises (SMEs) at risk of falling behind. As AI is projected[1] to increase global economic growth by $13 trillion by the end of the decade, ensuring B.C. businesses can fully harness its potential is critical for the province to remain competitive on the world stage.

This report, "Accelerating AI Adoption in B.C.", is the latest policy report from the Greater Vancouver Board of Trade under the Agenda for Growth – The 3% Challenge campaign. It focuses on AI adoption and its role in improving productivity and efficiency in B.C.'s economy.

The numbers show that there is an immense opportunity for B.C. to embrace AI adoption, with transformative implications for businesses and the economy. Accenture has estimated that generative AI could provide a $180 billion productivity boost and add $7 billion from new products and services.[2]

For Canadian workers, this could mean saving up to 125 hours per year, translating to an 8% productivity increase—an impressive leap. SMEs, which account for 50% of Canada's GDP, stand to benefit the most, with an estimated $100 billion in economic value unlocked through Generative AI by 2030. Despite this potential, a staggering 73% of Canadian SMEs have yet to consider AI adoption[3], signaling a critical need for increased awareness and support to help businesses realize these gains.

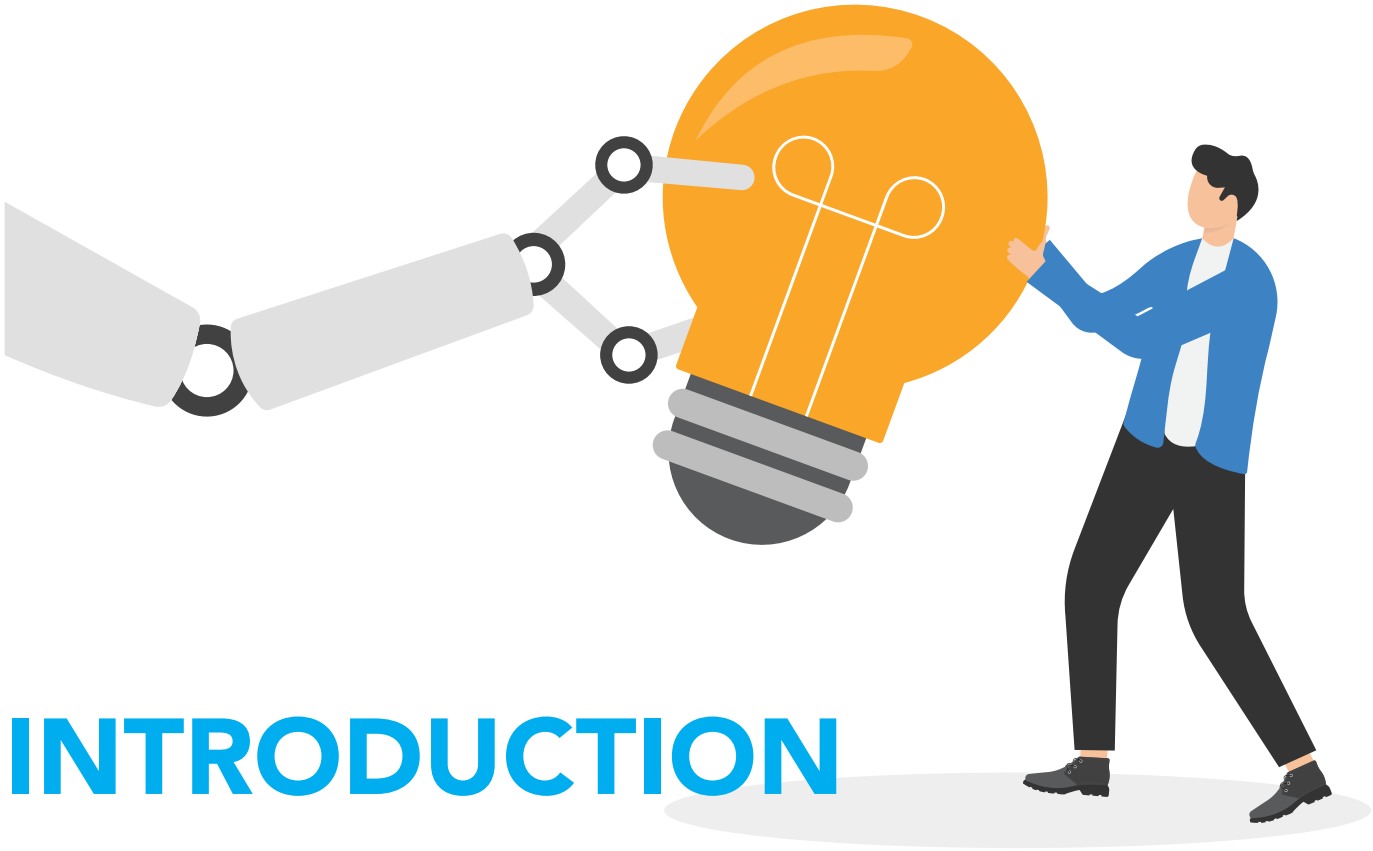
HIGHLIGHTS

- Only 15% of businesses are either using generative AI (9%) or planning to use it soon (6%). While 68% have not considered using AI, and 17% have considered it but do not plan to adopt it.[4]
- Contrary to many of the fears about the impact of AI on employment, reducing employment is not in the top five reasons businesses are adopting. The top three reasons are:
    - Accelerate development of creative content
    - Increase automation in tasks, without reducing employment
    - Drive data-driven decision making
- B.C.'s AI adoption varies widely across sectors:
    - Leading sectors in B.C. include Professional, Scientific, and Technical Services (24%) and Real Estate, Rental, and Leasing (15%).
    - Lagging sectors, such as Construction and Transportation and Warehousing, represent untapped potential to drive economic growth.
- Larger businesses are two to three times more likely to adopt AI compared to smaller ones, pointing to challenges such as costs, limited expertise, and perceived risks among SMEs.

RECOMMENDATIONS

By embracing AI adoption now, B.C. can unlock significant productivity gains, foster economic growth, and secure its competitive edge in a rapidly evolving global market. To achieve this, the Greater Vancouver Board of Trade encourages the provincial government to:

1. Encourage and Enable the Public and Private Sectors to Adopt AI
2. Ensure a sufficient AI talent pool for B.C. businesses
3. Harness Data for Public Good



INTRODUCTION

British Columbia has the potential to become a leader in artificial intelligence (AI), despite significant competition worldwide. The province is in a strong position to lead in both innovation and collaboration across different industries. Businesses in B.C. are already having an impact internationally in these areas. Sharing a time zone with major U.S. technology hubs in Washington, Oregon, and California, B.C. has a natural advantage in forging partnerships and accessing global markets. However, given the significant global competition in this space and overall geopolitical uncertainty, we recommend that B.C. identify a few strategic areas of focus where B.C. could truly excel and dominate. It is impossible to be the global leader in all things AI, but there is potential for B.C. to narrow in on a few key areas as proposed throughout this report.

AI is already reshaping industries worldwide, with the potential to transform how businesses operate and economies grow. However, the extent to which B.C.'s companies and workforce capitalize on these opportunities remains uncertain. While global leadership in AI research and innovation is dominated by large U.S. firms, Canada has emerged as a significant player, ranking 5th globally in AI investment, innovation, and implementation according to Tortoise's Global AI Index. Canada also ranks impressively high in AI intensity—measuring capacity relative to population or economy—at 56.9, close behind the U.S. score of 60.5.[5]

As AI adoption accelerates globally, the challenge for B.C. is clear: how to harness this technology to drive productivity, fuel innovation, and ensure the province's businesses remain competitive on the world stage. This paper explores how B.C. can meet that challenge by fostering AI adoption across sectors, supporting businesses in their digital transformation, and unlocking the full potential of this groundbreaking technology.

What is Generative AI?

Generative artificial intelligence (AI) describes algorithms (such as ChatGPT) that can be used to create new content, including audio, code, images, text, simulations, and videos.

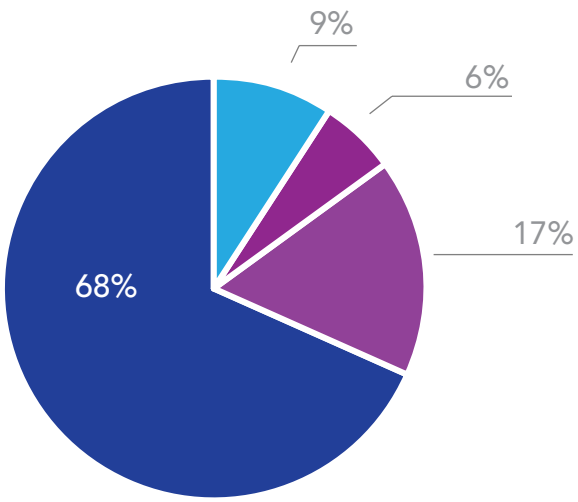
AI ADOPTION IN B.C. – WHERE DO WE STAND?

In B.C., 15% of businesses are either using generative AI (9%) or planning to use it soon (6%).[6] This is slightly above the Canadian average of 14%, or about one in seven businesses. While this shows that a fair number of B.C. companies are moving forward with AI adoption, 68% have not considered using AI, and 17% have considered it but do not plan to adopt it.

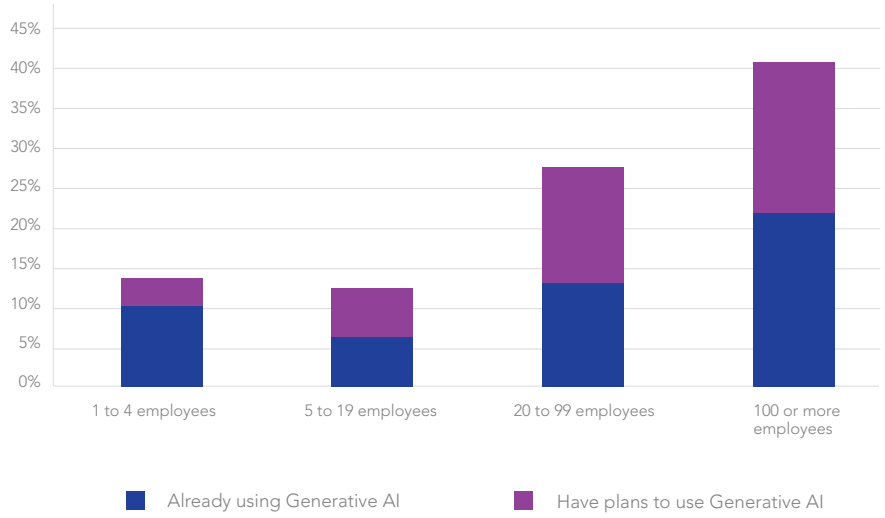
Currently, 39% of B.C. business owners have thought about integrating AI into their operations. This is lower than in other provinces like Quebec, where 48% of business owners are exploring AI adoption.[7] The size of a business often influences whether it has adopted or plans to adopt AI.

AI Adoption Plans by Businesses and Organizations

(All Employment Sizes)



B.C. Businesses' Use of Generative AI

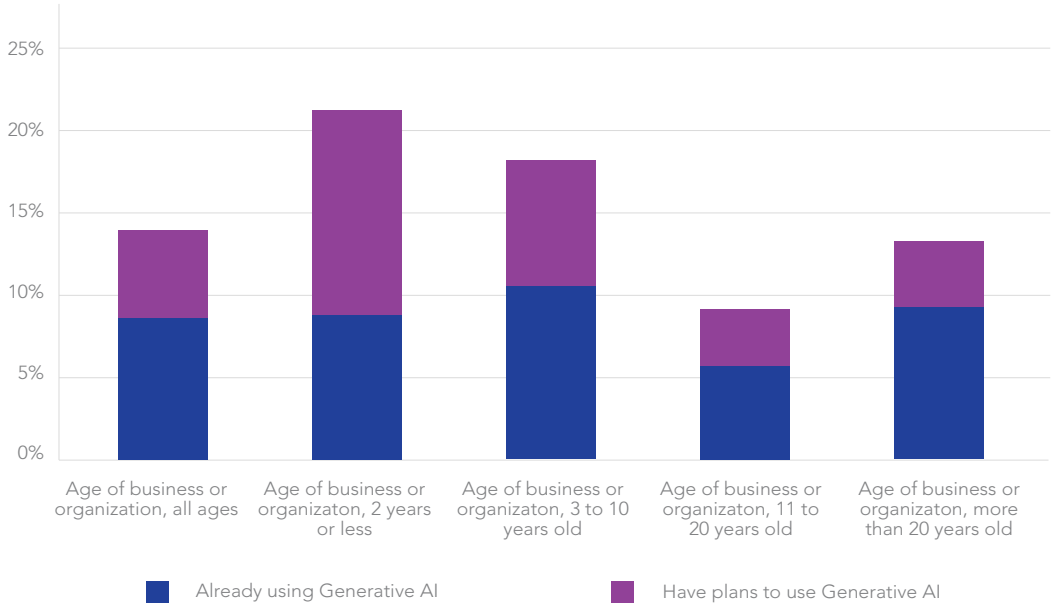


There is a significant difference between small businesses (fewer than 20 employees) and larger ones (more than 20 employees) in their AI adoption. Larger companies are two to three times more likely to use generative AI or plan to use it. Across Canada, nearly 73% of small and medium-sized businesses have not yet considered using generative AI. Even in cities known for AI research, like Montreal, Waterloo, and Edmonton, having top universities nearby does not necessarily lead to higher AI adoption rates.[8] Larger companies, especially those with over 100 employees, are more likely to adopt AI, with a 20% adoption rate. Smaller businesses face challenges such as costs and a lack of skilled workers.

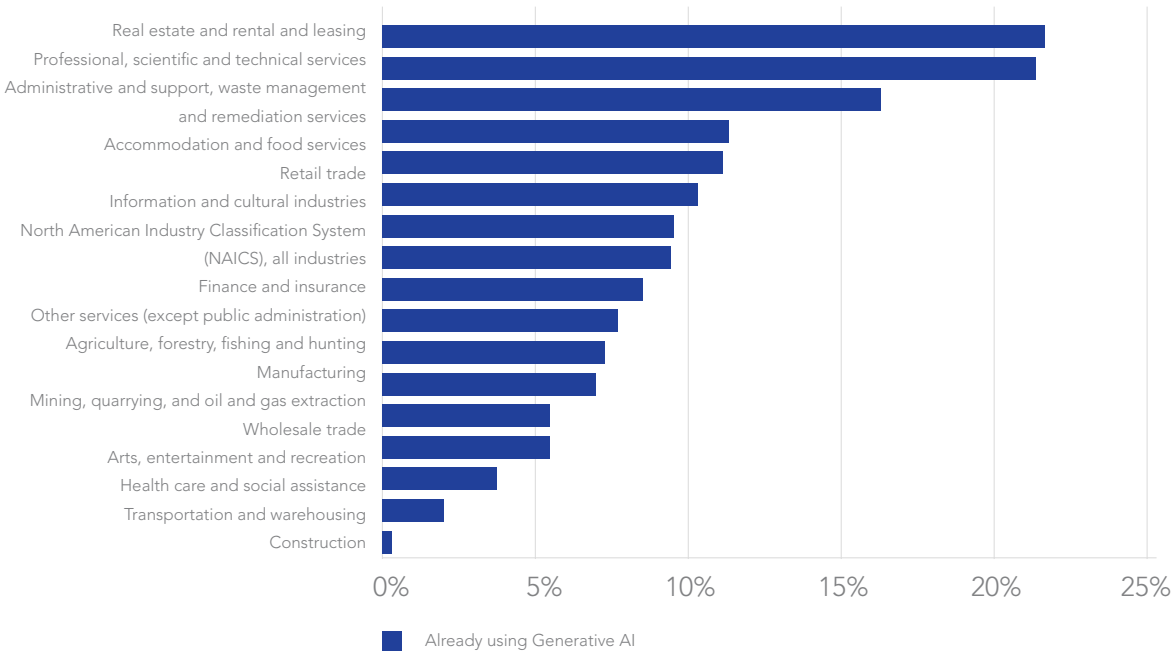
This is key for thinking about how to advance economic development strategies for AI. It is larger businesses that will have the data and better capacity to purchase AI tools and products that improve productivity.

SMEs will be more likely to be either have AI tools and products built into their foundations or to be further behind in adoption. Those that are further behind are most likely to adopt "off-the-shelf" tools.

B.C. Business's use of Generative AI by age of business



Use of Generative AI by Sectors



Younger businesses are more open to adopting generative AI. More than 20% of companies less than 10 years old are already using or planning to use it. For companies older than 10 years, this figure drops to between 10% and 15%.

AI adoption also varies across industries in B.C. The top three sectors[9] leading in AI integration are Real Estate, Rental and Leasing; Professional, Scientific, and Technical Services; and Administrative and Support, Waste Management, and Remediation Services. These sectors are significant in B.C.'s economy and are already benefiting from AI-driven productivity. However, other key sectors, such as healthcare, mining, transportation and warehousing, and construction, are lagging behind in AI adoption.

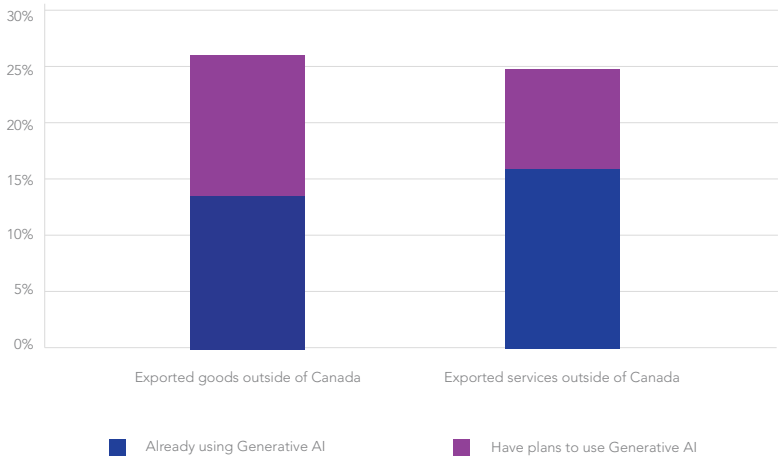
Here is a breakdown of AI adoption by sector in B.C. compared to the rest of Canada:

Businesses' Use of Generative AI	B.C. vs Canada Adoption by sector
Professional, scientific and technical services	24%
Wholesale trade	17%
Real estate and rental and leasing	15%
Arts, entertainment and recreation	12%
Administrative/support, waste management/remediation services	8%
Accommodation and food services	2%
Retail trade	1%
Manufacturing	0%
Agriculture, forestry, fishing and hunting	-1%
Health care and social assistance	-5%
Mining, quarrying, and oil and gas extraction	-5%
Information and cultural industries	-5%
Transportation and warehousing	-6%
Construction	-11%
Finance and insurance	-12%
Other services (except public administration)	-15%

Some sectors in B.C. are adopting AI more quickly than the rest of Canada. For example, B.C.'s professional, scientific, and technical services sector has been the fastest-growing sector in terms of real GDP over the past four years.[10]

There is also growing interest in generative AI among B.C.'s exporting businesses. Just over 25% of companies that export goods outside of Canada have either adopted or plan to adopt generative AI, and just under 25% of service exporters report similar intentions. This is notable given B.C.'s trade-driven economy, with many exporters. Compared to the United States, where nearly half of S&P 500 companies have mentioned AI in earnings calls, only 4.4% of U.S. businesses report using AI for production.[11] B.C.'s exporters appear to be ahead of the curve, positioning themselves to leverage AI for enhanced competitiveness in global markets.

B.C. Exporting Businesses' Use of Generative AI



The reasons B.C. companies are adopting AI and the outcomes they seek are also important. According to data from Statistics Canada[12], the top areas of value or perceived value creation for AI adopters are:

Perceived business value	Among AI Adopters
Accelerate development of creative content	64%
Increase automation in tasks, without reducing employment	51%
Improve client or customer experience	21%
Achieve cost efficiencies	32%
Drive data-driven decision making	41%
Automate tasks to replace employees	21%
Minimize workforce recruitment and retention challenges	11%
Value or potential value created by generative AI, other	9%

It is also of interest to understand the reasons that B.C. companies are adopting AI and the outcomes they are seeking to experience. Statistics Canada data suggests that accelerating development of creative content, automation in tasks without reducing employment, and improving client/customer experiences are the top areas of value or perceived value creation.[13]

While there may be some concern about potential job takeover by AI, reducing the workforce or replacing employees is low on the list of reasons for AI adoption in B.C. Recent data from Statistics Canada suggests that professionals in high-exposure, low-complementarity roles are crucial for maintaining and enhancing AI infrastructure[14], which may create new tasks or jobs, indicating that higher occupational exposure to AI does not necessarily imply a higher risk of job loss.

The main barrier to AI adoption, cited by 69% of Canadian businesses not currently using AI, is the challenge of identifying a clear business case.[15] Additionally, 28% of businesses report a lack of awareness of available AI tools, indicating a need for increased education and support.

In late 2024, the Greater Vancouver Board of Trade partnered with KPMG to launch a brand-new program uniquely designed to empower businesses with a deeper understanding, greater confidence, and a strategic roadmap to navigate AI with the goal of driving organizational efficiencies, reducing costs, enhancing customer experience and increasing revenue. Programs like these will remain critical to supporting B.C. businesses, especially SMEs, in adopting AI to achieve greater productivity and efficiency.

RECOMMENDATIONS FOR ACCELERATING AI ADOPTION IN B.C.

As this paper outlines, B.C. is uniquely positioned to harness the transformative power of AI to drive productivity and efficiency gains across industries. By leveraging its innovative business community, strategic location, and strong ties to global AI ecosystems, B.C. can solidify its reputation as a hub for cutting-edge technology and sustainable economic development.

Accelerating AI adoption is also essential to achieving stronger economic growth across the province. Through our Agenda for Growth – the 3% Challenge, the Greater Vancouver Board of Trade has called for bold action to raise B.C.'s real annual GDP growth to 3% by 2030. AI is a critical enabler of this goal, with the potential to boost productivity, spur innovation, and open new pathways for job creation and competitiveness.

However, realizing this potential will require coordinated action to address barriers to AI adoption, particularly among SMEs. With AI offering immense opportunities to save time, reduce costs, and unlock new economic value, the case for supporting B.C. businesses in their digital transformation has never been stronger.

To fully capitalize on this opportunity, we recommend:

Recommendation 1:

Encourage and Enable the Public and Private Sectors to Adopt AI

Government can play a key leadership role in supporting both the private and public sectors to adopt AI:

- To support private sector adoption, create a business environment that is supportive of AI adoption through clear, consistent, and predictable provincial regulations that encourage innovation while addressing ethical and privacy concerns.
- Internally, promote and encourage AI adoption within B.C. government operations to improve efficiency, transparency, and service delivery. Sharing examples of this AI integration within government as case studies with the private sector can help demonstrate AI's practical applications and build trust in its potential.
- Prioritize policy and focus government support for high-value, B.C.-created AI companies and products in high-opportunity sectors.

Recommendation 2:

Ensure a sufficient AI talent pool for B.C. businesses

Ensure that B.C. has the most AI-ready workforce in Canada by:

- Leveraging and promoting and existing training programs in B.C. like the GVBOT and KPMG AI Adoption Program for B.C. workers at all career stages and across the province. Programs like these would be targeted for workers to use readily available AI products, and a roadmap for further AI adoption.
- Further encourage the development of new AI-related courses, certifications, and micro-credentials focusing on reskilling and upskilling. These programs could focus on those who want to work in the AI sector, at a tech company, companies that build new AI/technology applications or those who wish to incorporate AI in their current line of business.
- Consider a Digital Skills Index for B.C. to measure and improve the workforce's AI readiness.

Recommendation 3:

Harness Data for Public Good

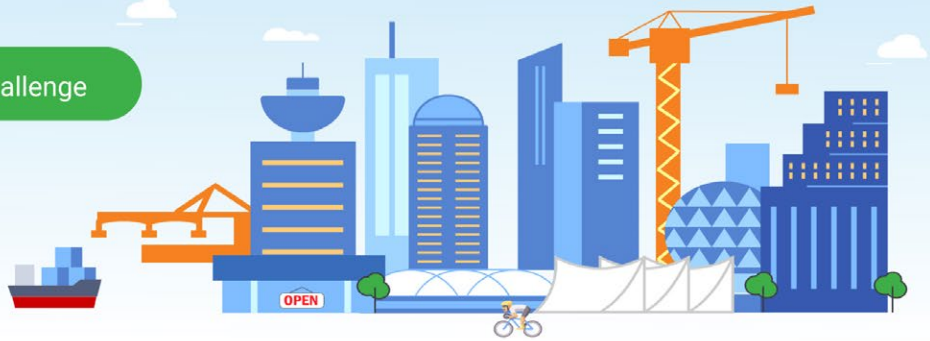
Helping B.C. businesses and the public service become more productive through AI adoption requires access to data. We encourage the B.C. government to:

- Expand access to government datasets under open-data policies to enable AI solutions.
- Work with industry to identify high-value, shareable data sets and make these data sets highly useable by the private sector.

Agenda for Economic Growth

The 3% CHALLENGE

Learn More: boardoftrade.com/3-percent-challenge



FOOTNOTES

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