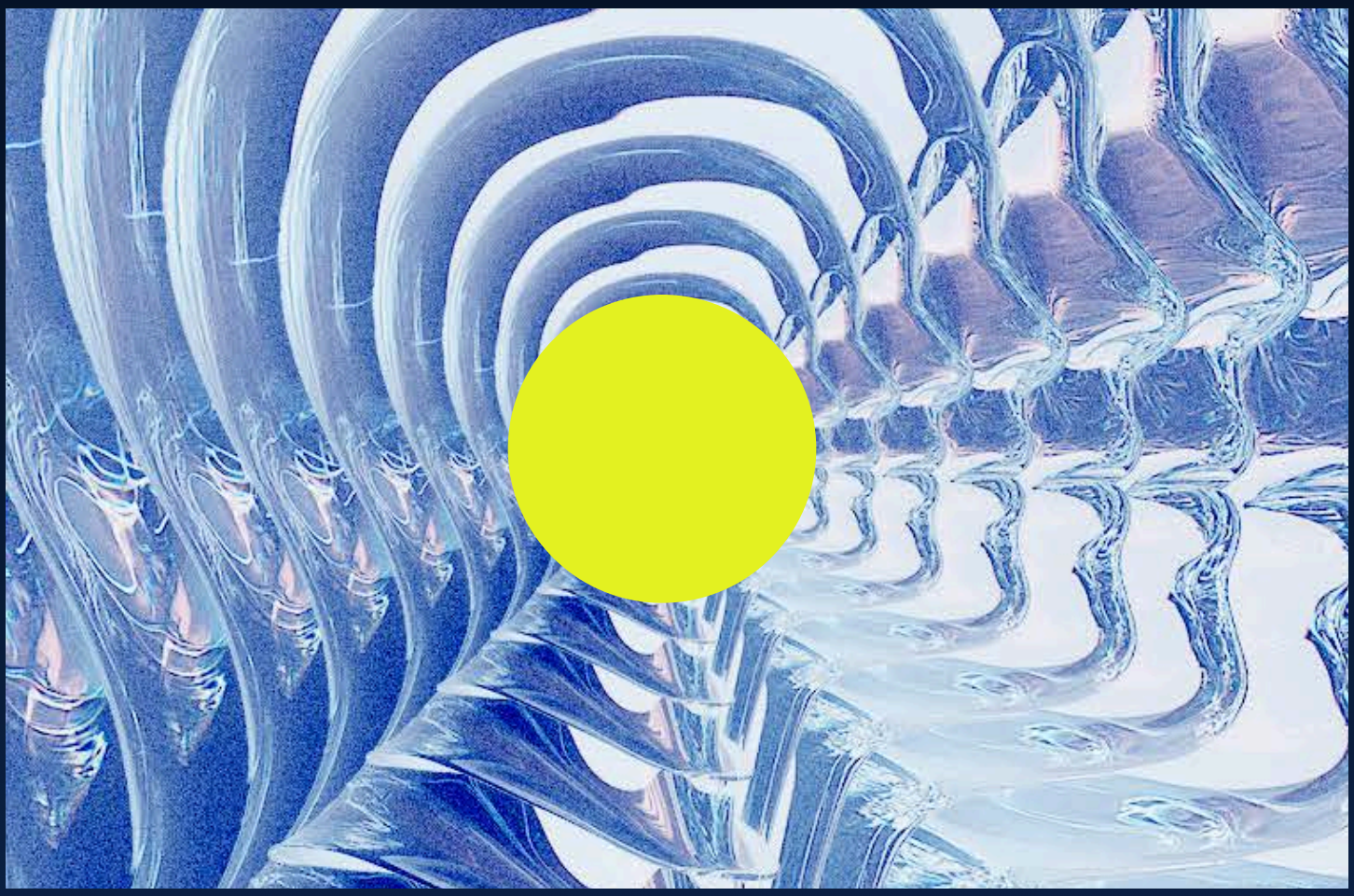
Business Spending Report

Featuring The Ramp AI Index

ramp

Spring 2025



Introduction

A note from our economist

Colleagues,

I'm proud to share Ramp's Business Spending Report. In this issue, we examine trends in advertising, general spend, and a topic I'm particularly passionate about: AI.

This report features a new piece of ongoing research, The Ramp AI Index, which looks at AI adoption, competition, and cost. Economists are carefully watching how AI will transform productivity and growth, and understanding AI adoption is the first step in drawing these conclusions. Our analysis shows, among other things, that businesses are adopting AI at a higher rate and lower cost than previously reported.

Why do we publish these reports? There's no public dataset that captures where, how much, and on what American businesses spend. Plenty of economists track consumer spending data. Very few track business spending, which amounts to over $25 trillion annually—36% more than U.S. consumer spend. Ramp is uniquely positioned to address this gap in public research.

The opportunity to fill that gap is what I love about economics. I feel motivated by the never-ending intellectual inquiry it forces upon us: to constantly re-examine our data, assumptions, and interpretations. Keynes called economics "a method rather than a doctrine, an apparatus of the mind, a technique for thinking, which **helps** the possessor to draw correct conclusions."

Thank you for **your help** building this report. Thank you for sharing your ideas. Thank you for your readership. Thank you for all the unanswered questions on our minds. More!

Ara Kharazian

Ara Kharazian
Economist at Ramp

About this report

The Ramp Business Spending Report is a quarterly analysis of corporate spending trends based on billions of aggregated, anonymized transactions from over 30,000 businesses using Ramp Bill Pay and corporate cards.

Our transaction set is built using company models that extract line-item text from paid receipts and bills uploaded by the purchaser following a sale. We use internal and external data, alongside proprietary company models, to categorize businesses in size segments and sectors. Small businesses represent companies with 1-24 employees. Medium-sized businesses represent companies with 25-99 employees. Large companies include companies with 100 or more employees, including enterprise firms with thousands of employees. These and other report definitions are subject to change.

This report analyzes card and transaction data observable by Ramp or data available from trusted third-party sources. Any conclusions should not be taken as an indication of a company's or Ramp's business performance. Some data points are excluded to protect customer privacy.

See prior reports

Key findings

01 Ramp data shows that 35.5% of U.S. businesses are already using AI, led by the tech, finance, and manufacturing sectors.

02 OpenAI is the definitive leader in business adoption among AI model companies, followed by Anthropic.

03 Large businesses are drawing down advertising spend while small businesses are spending more. We see 53% of large companies maintaining or decreasing ad spend year-over-year, while 55% of small businesses are increasing ad dollars year-over-year.

04 TikTok's ad platform leads in year-over-year spend growth, signaling advertisers have not been deterred by the prospect of a ban.

05 Total business spend is stable quarter-over-quarter.

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The Ramp AI Index

Timely and accurate measurement of AI adoption by American businesses

AI may be the transformative technology that breaks the United States out of a two-decade slowdown in labor productivity. If AI is going to drive economic growth, its adoption will be the first leading indicator. There are datasets available that attempt to track AI adoption, but none of them use actual transaction data to do so.

Ours does.

The U.S. government underestimates AI adoption

As of March 2025, Ramp data shows that 35.5% of American businesses have adopted AI, 4.4x higher than the figure reported by the Census Bureau.

We believe the Census Bureau, which estimates AI adoption with a survey question asking businesses if they use AI, is underestimating actual AI adoption. Consider the question itself: "Does your business use artificial intelligence to produce goods and services?" It's broad and abstract. Does it include customer service representatives powered by AI? Sales chatbots? What about software engineers coding with AI?

Or does it mean using AI in the literal manufacturing of goods? The question forces respondents to draw an arbitrary line.

Our estimate, on the other hand, is based on actual purchases of AI software and solutions processed by Ramp. By analyzing business contracts with AI services providers, it's clear a significantly higher percentage of corporations are already using AI, even if they tell the Census Bureau they aren't.

Critics of this research will point out that our customers are more likely to adopt AI solutions anyway since they already use Ramp, an AI-oriented approach, as their business spend platform. It's a fair criticism. But it's worth noting Ramp data may **still** underestimate the actual AI adoption rate among businesses, since our results do not include usage of free AI tools or employees' usage of personal AI accounts.

Chart 01

How many businesses are using AI?

Ramp estimates 35.5% of U.S. businesses have already adopted AI to produce goods and services. The U.S. government, using survey data from the Census Bureau, estimates only 8.1% of businesses have adopted AI.

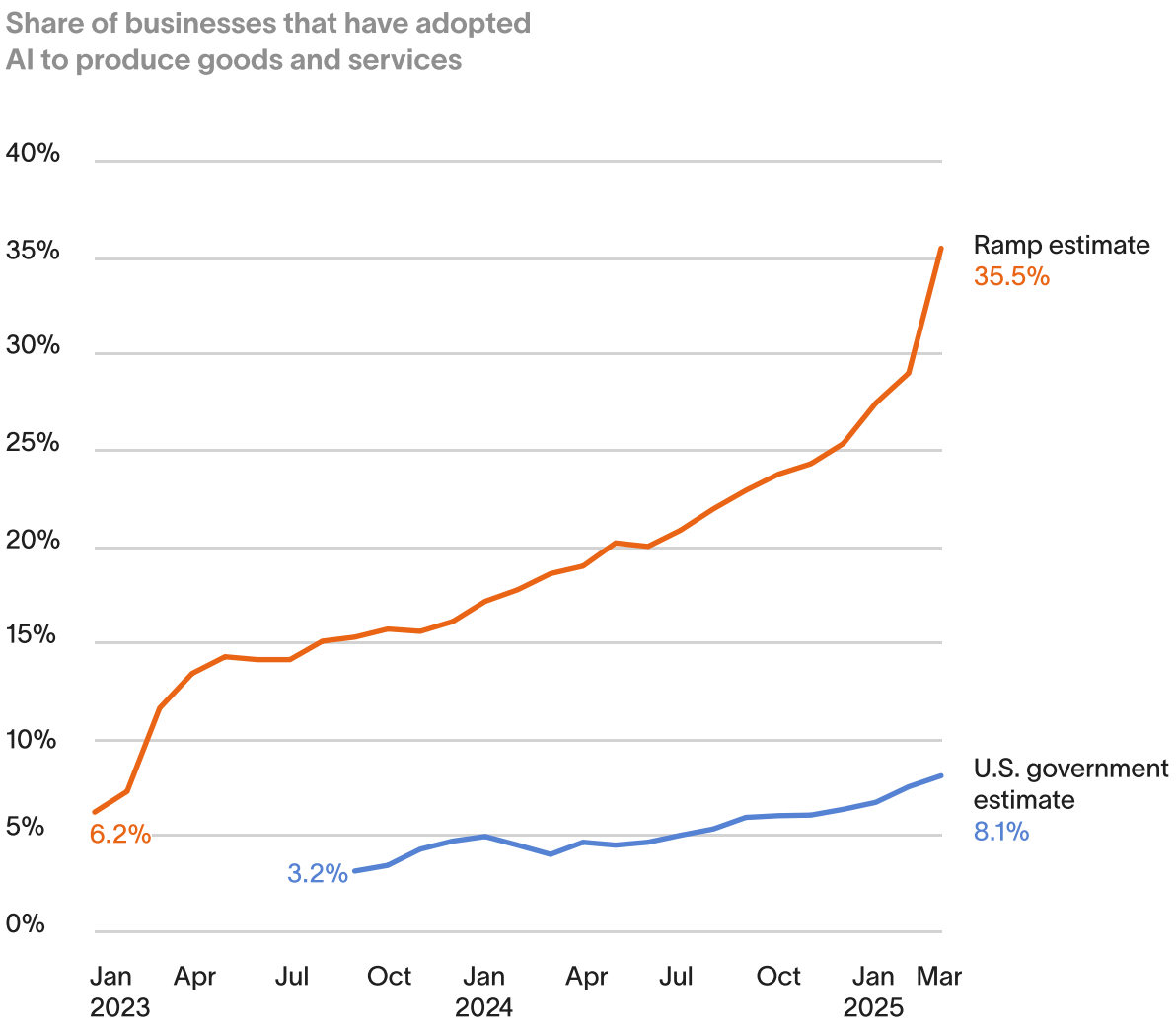


Chart 02

The technology sector posts the highest AI adoption rate

Technology businesses have the highest adoption rate of AI. In our analysis, accommodation and food services posted the lowest adoption rate. Restaurants, hotels, and tourism businesses in the hospitality sector are built on human services, which is generally at odds with AI. However, we've seen examples of restaurants on the Ramp platform using AI automation for back-office tasks.

These findings are directionally similar to those of the Census Bureau, which reports the highest adoption rate in technology and the lowest adoption rate in accommodation; however, we estimate a higher adoption rate across all sectors.

Share of businesses that have adopted AI to produce goods and services

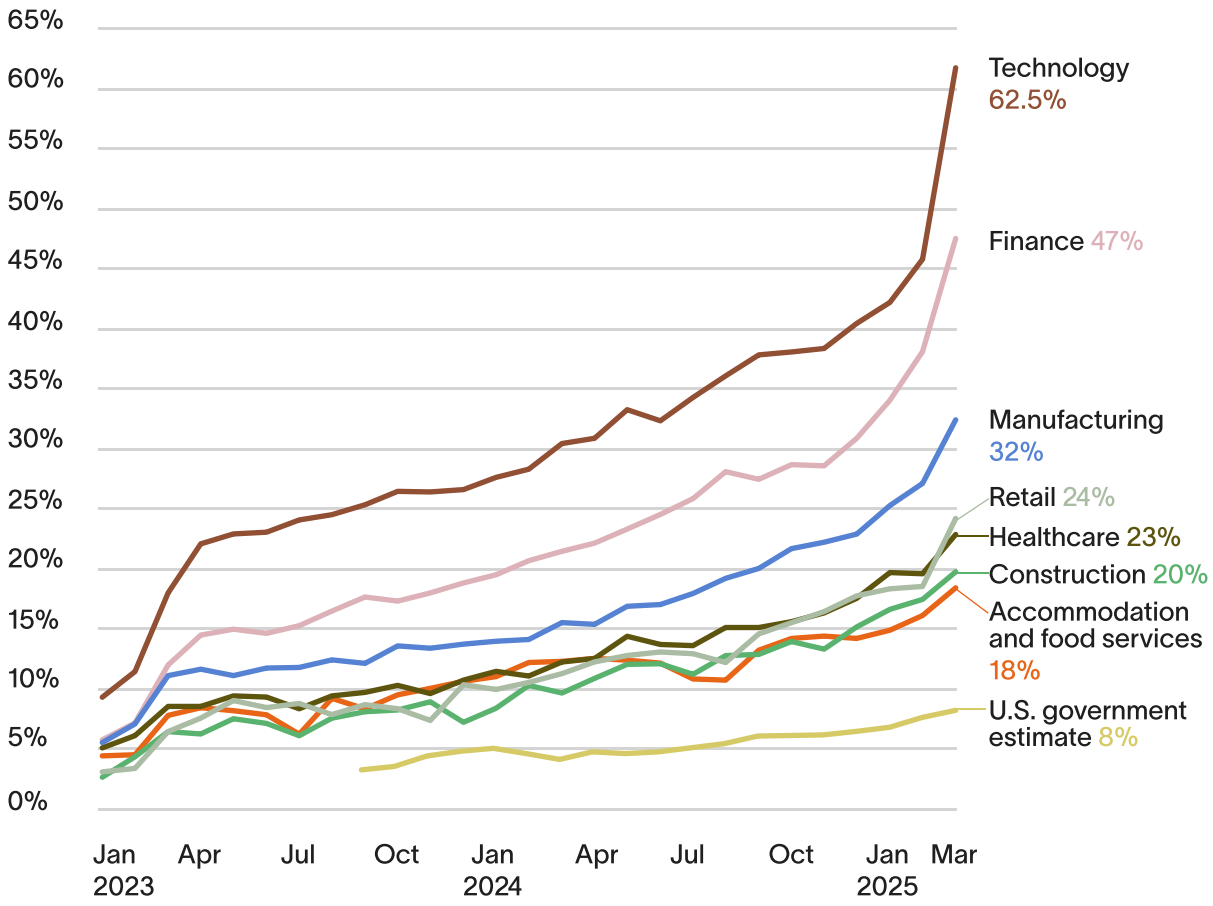


Chart 03

AI adoption is gaining across segments, increasing with business size

Larger businesses are more likely to have adopted AI. We believe there is likely team-to-team variation in AI adoption, which leads to the higher rate among large businesses. Larger companies have more teams, some of which are fast adopters of new technology. These teams, in turn, evangelize AI tools across the company.

Share of businesses that have adopted AI to produce goods and services

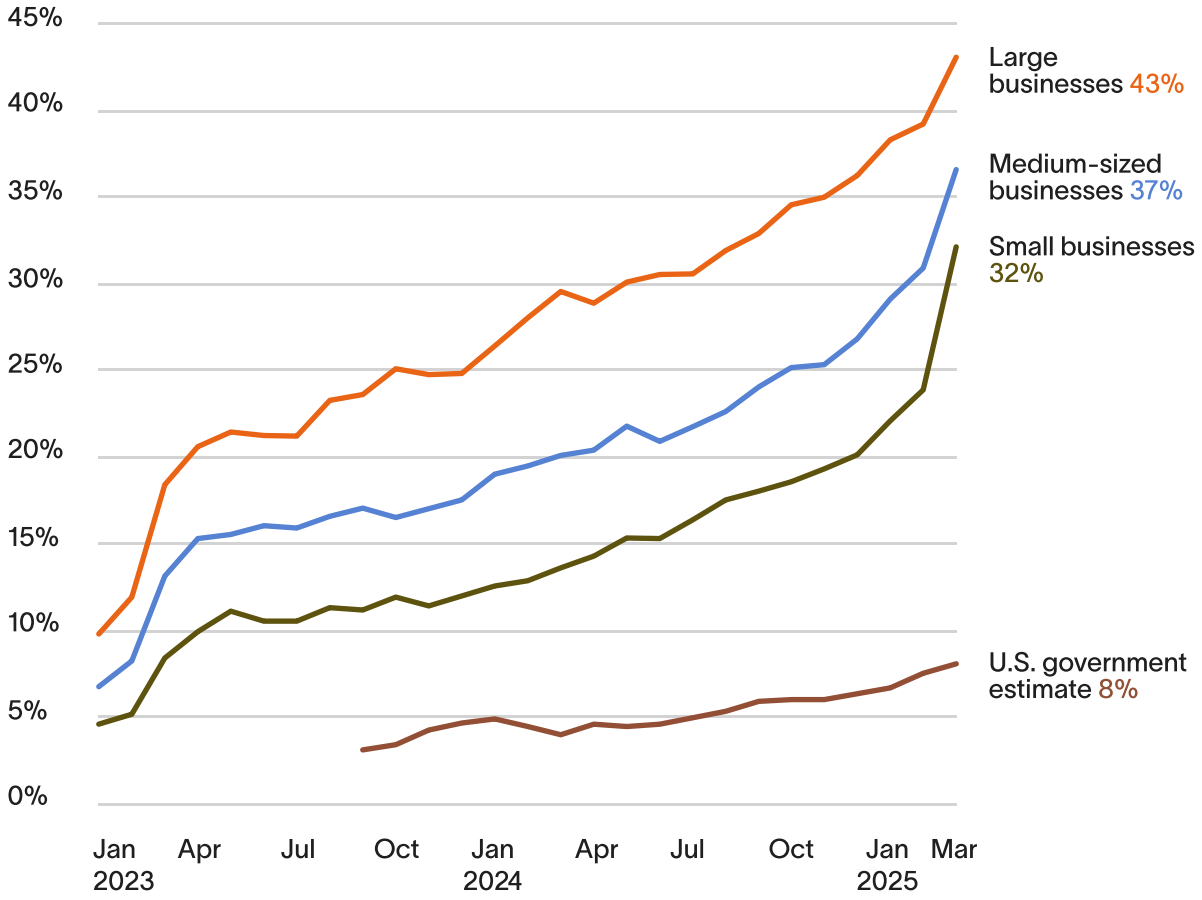


Chart 04

Tech hubs lead in AI growth and adoption

Boston, a center of biotech innovation and academic research, has the highest year-over-year spend growth, followed by Seattle, another tech hub. Mountain View, at the heart of Silicon Valley, has the highest overall adoption rate by far, with the second highest in nearby San Francisco. This is driven by high levels of adoption in the technology sector.

Monthly spend on AI models and products on Ramp's spend platform (March 2025)

City	Monthly AI spend	Growth YoY	AI adoption rate
1. Boston, MA	$332.8K	1613%	39%
2. Seattle, WA	$298.6K	1290%	38%
3. Redwood City, CA	$240.7K	1249%	40%
4. Chicago, IL	$112.5K	614%	34%
5. Mountain View, CA	$310.3K	553%	60%
6. New York, NY	$2M	527%	41%
7. Washington DC	$145.5K	506%	40%
8. Miami, FL	$142.7K	442%	34%
9. San Francisco, CA	$2.1M	426%	50%
10. Austin, TX	$189.5K	423%	38%
11. Orlando, FL	$58.8K	419%	32%

Who is winning the AI race?

OpenAI leads the market for AI products and services. The company was the first to launch a major consumer product, and this early momentum gives the company an edge. OpenAI's landmark product ChatGPT, launched in 2022, is nearly synonymous with AI for many users and drives AI adoption across businesses.

Anthropic, founded by former OpenAI employees, is a distant second in the market. Google, despite its lead in AI research and deep resources, has struggled to translate its lead into adoption for its AI products. Industry newcomers xAI and China-based Deepseek have drawn recent attention, but both remain minor players in the broader market.

Chart 05

OpenAI leads in business adoption

Share of U.S. businesses purchasing AI models, platforms, and tools

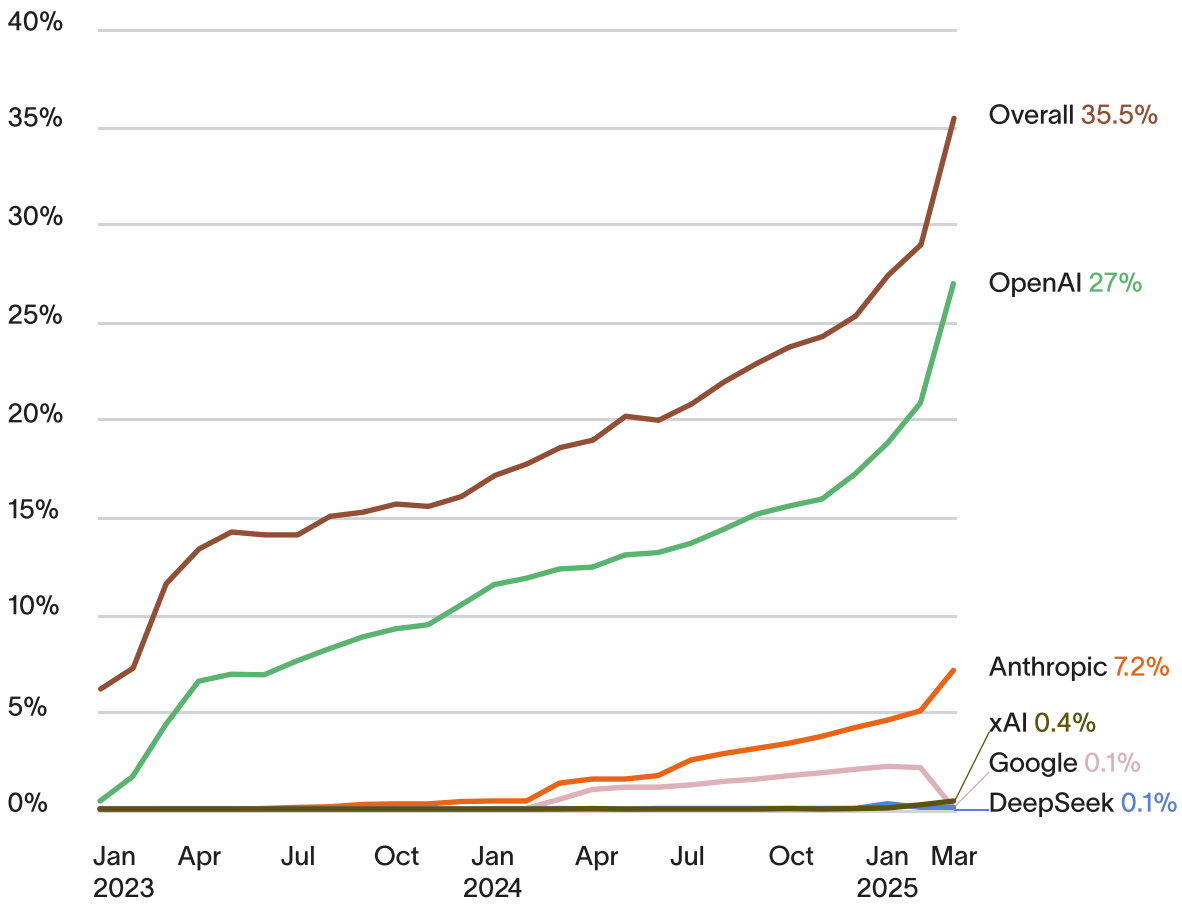


Chart 06

OpenAI leads Anthropic across geographies

Although still lower than OpenAI's, Anthropic's adoption rates are highest in Silicon Valley, driven by uptake in the technology sector. Many businesses are using Anthropic in addition to OpenAI. Ramp analysis has previously shown that businesses are increasingly adopting models from multiple companies instead of using a single vendor for all purposes.

Monthly spend on AI models and products on Ramp's spend platform (March 2025)

	City	Monthly AI spend	OpenAI adoption rate	Anthropic adoption rate	Top AI model company
1.	San Francisco, CA	$2M	34%	16%	OpenAI
2.	New York, NY	$1.8M	27%	10%	OpenAI
3.	Boston, MA	$327.5K	27%	9%	OpenAI
4.	Palo Alto, CA	$308.8K	38%	16%	OpenAI
5.	Mountain View, CA	$300.8K	44%	16%	OpenAI
6.	Seattle, WA	$292.2K	25%	7%	OpenAI
7.	Wilmington, DE	$234.8K	31%	11%	OpenAI
8.	Redwood City, CA	$234.2K	25%	13%	OpenAI
9.	Austin, TX	$175.5K	28%	7%	OpenAI
10.	Los Angeles, CA	$155.1K	24%	5%	OpenAI
11.	Washington, DC	$140.2K	24%	8%	OpenAI

Chart 07

DeepSeek loses momentum, while xAI grows

As seen in Chart 05, overall business adoption for DeepSeek and xAI is low compared to more established AI companies, but we saw spikes in month-over-month growth in early Q1.

Within days of its launch in January 2025, the low-cost Chinese AI model DeepSeek rose to the top of the App Store, surpassing ChatGPT and triggering a selloff of U.S. tech stocks. Ramp data shows outstanding growth for DeepSeek in January as businesses experimented with the new model. But that growth quickly dropped the following month. Meanwhile, other AI companies have introduced more performant low-cost models to compete. While DeepSeek's growth rate recovered in March, it has only been adopted by 0.1% of businesses.

xAI's growth is likely driven by the successful release of Grok 3, a new model that's been well received among businesses in a way that DeepSeek has not. Its business adoption is slightly higher than DeepSeek's at 0.4%. xAI's recent acquisition of the social media platform X (formerly Twitter), both owned by Elon Musk, suggests the company's models may improve with a new competitive advantage: real-time, user-generated content from X.

Month-over-month spending growth of AI model companies on Ramp's spend platform

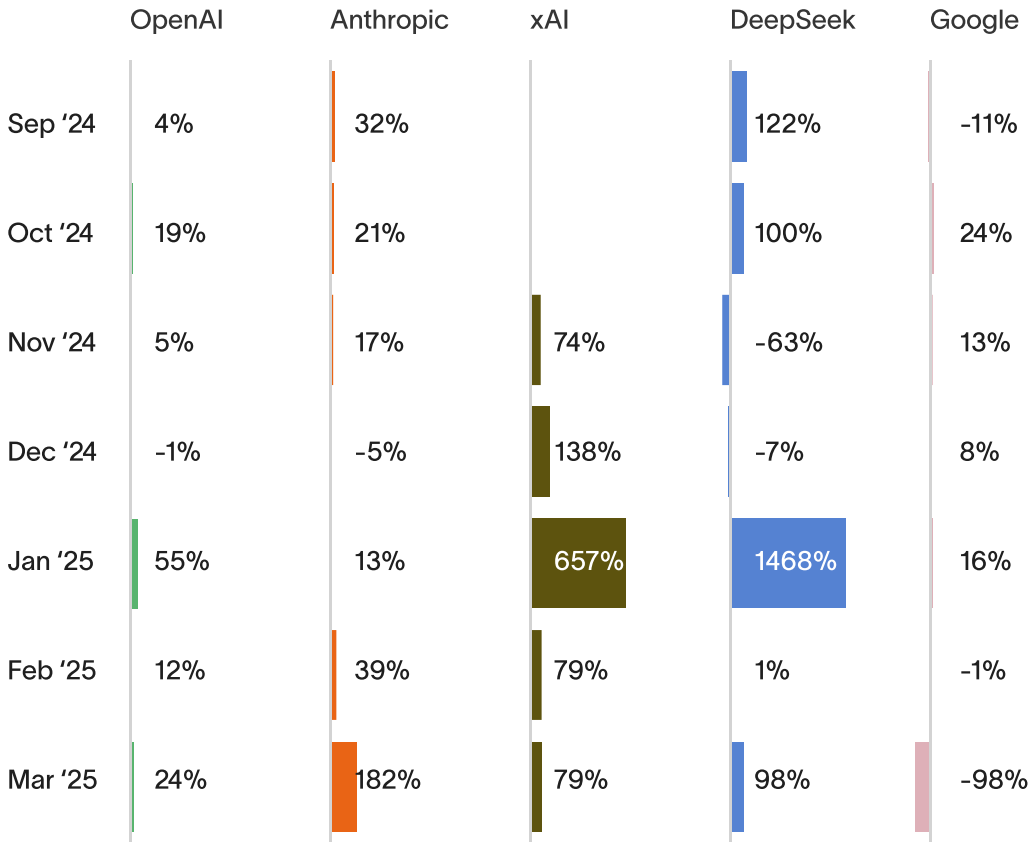


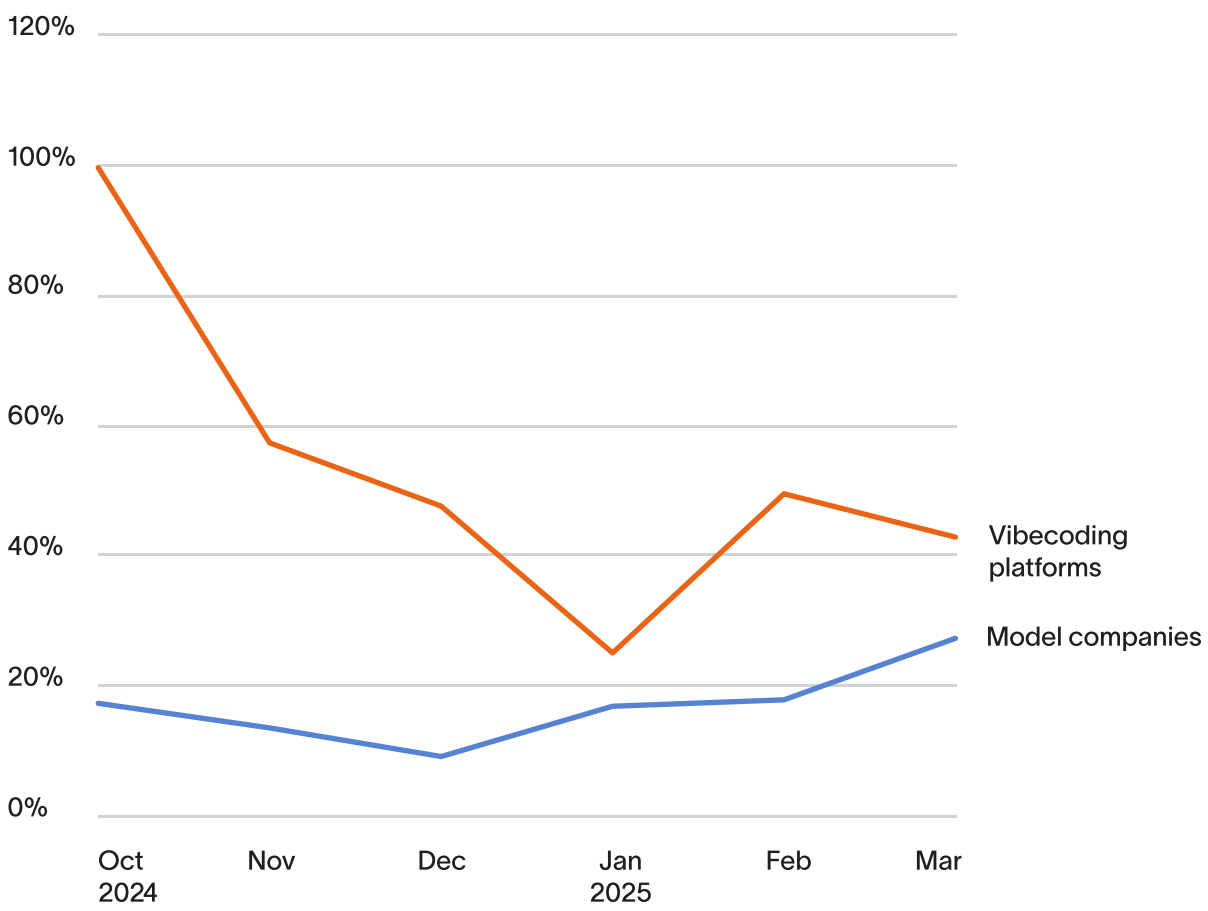
Chart 08

Vibecoding platforms are growing faster than AI companies

We see an increase in the adoption of platforms like Cursor (one of the fastest-growing software vendors on Ramp), Codeium, and Lovable. These platforms allow developers to easily switch between different models from the foundational companies, like OpenAI and Anthropic. By spend, they're growing more quickly than the AI model companies themselves.

Engineers can integrate tools like Cursor directly into their development, popularizing a new programming approach dubbed "vibecoding." Instead of writing code, developers use AI models to generate it through a series of prompts and refinement. Even users without deep engineering expertise can use this technique to create software.

Month-over-month spending growth for software companies associated with vibecoding (Cursor, Codeium, Replit, etc.)



AI is getting cheaper

Ramp data indicates that AI tokens are getting a lot cheaper. Tokens—the fundamental units that power AI models—are processed in large, energy-intensive data centers across the country.

AI companies have "pay-per-token" enterprise pricing, billing customers based on usage. The cost per token has decreased sharply over the last year. Ramp data shows that, a year ago, businesses were paying $10 per one million tokens. As of March 2025, it's $2.50—that's a 75% decrease. Even when OpenAI launched its most expensive model to-date, o1-preview, in late 2024, the average cost rose only slightly before dropping again.

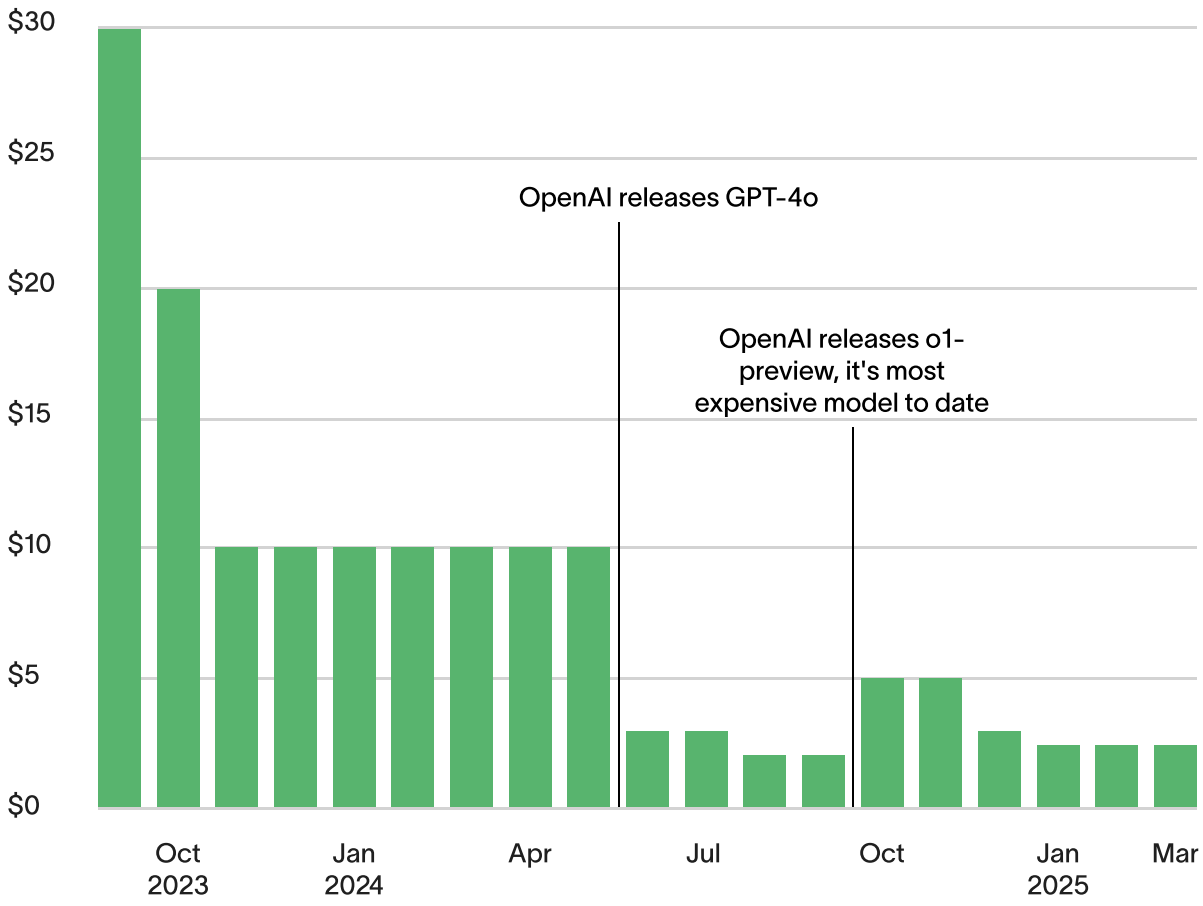
We attribute this trend to rapid improvements in AI technology resulting from a highly competitive market.

The AI space is crowded, so companies like OpenAI and Anthropic must optimize quickly to grow their market share. Faster, more efficient models launch every few weeks. Electricity is the biggest expense in AI, so more efficient (less energy-intensive) models make tokens cheaper to process.

We expect this trend to continue. AI companies will invest further in cost efficiency, driving prices down for companies and users. Anecdotally, we've heard from customers who have been hesitant to adopt AI services due to concerns about the spiraling costs of token usage. We believe these concerns may be misplaced, and as the cost of AI continues to decline, businesses should regularly review the options available to ensure they are using the most optimal models at the lowest cost.

Chart 09 **The cost of AI tokens is dropping**

Median price per 1 million tokens
from OpenAI and Anthropic



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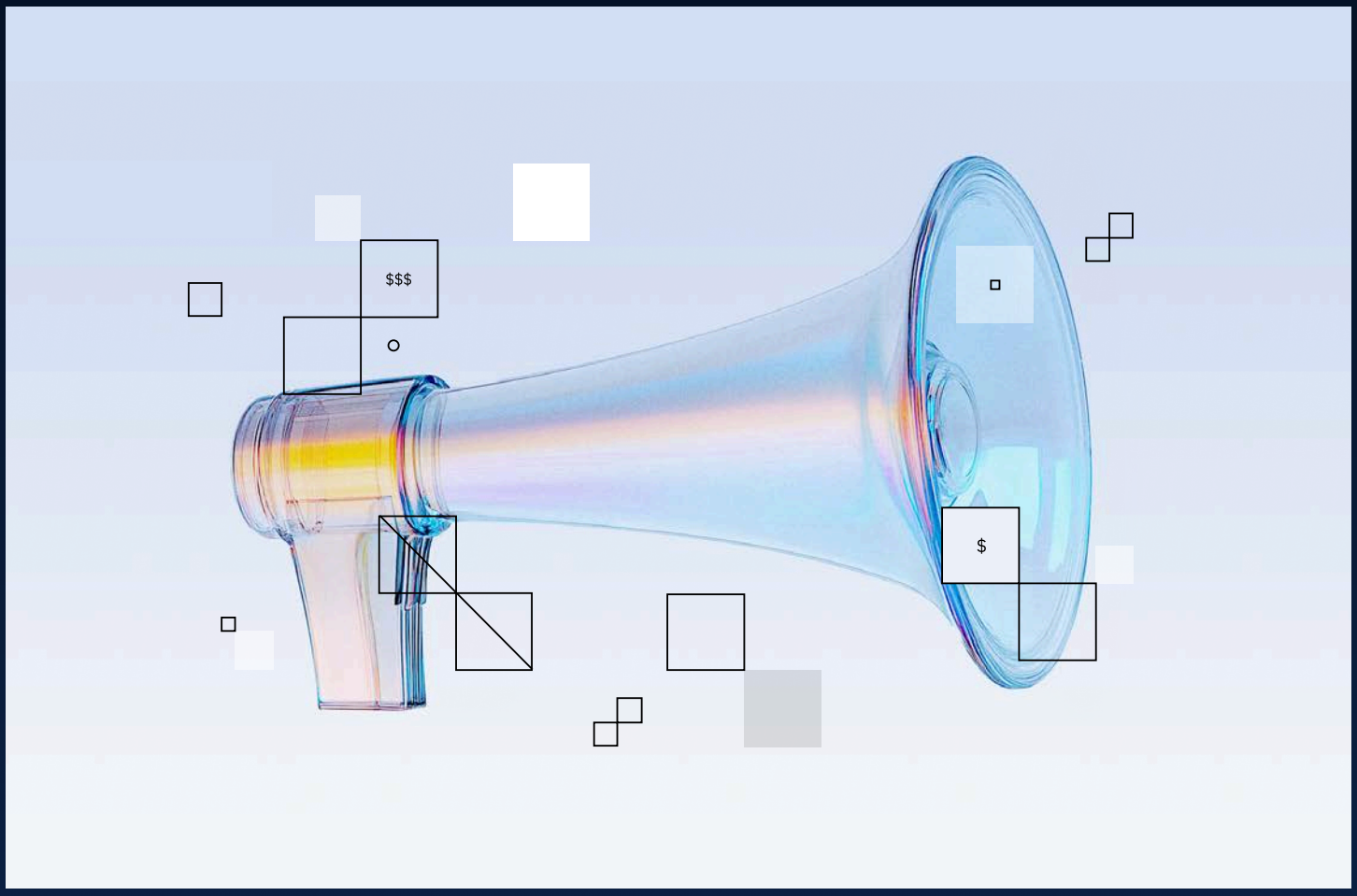


Trends in advertising spend

How Ramp customers spent on advertising

Chart 10

TikTok ad spend increased despite regulatory woes

The U.S. government's ongoing fight to ban Chinese-owned TikTok caused the app to briefly shut down in January 2025, but advertisers weren't deterred. That same month, more than 65% of businesses increased their ad spend on the platform.

At the time of publishing this report, the U.S. government still hasn't reached a permanent resolution with TikTok's parent company, ByteDance.

Share of businesses that increased spend on digital ad platforms year-over-year, 3-month moving average

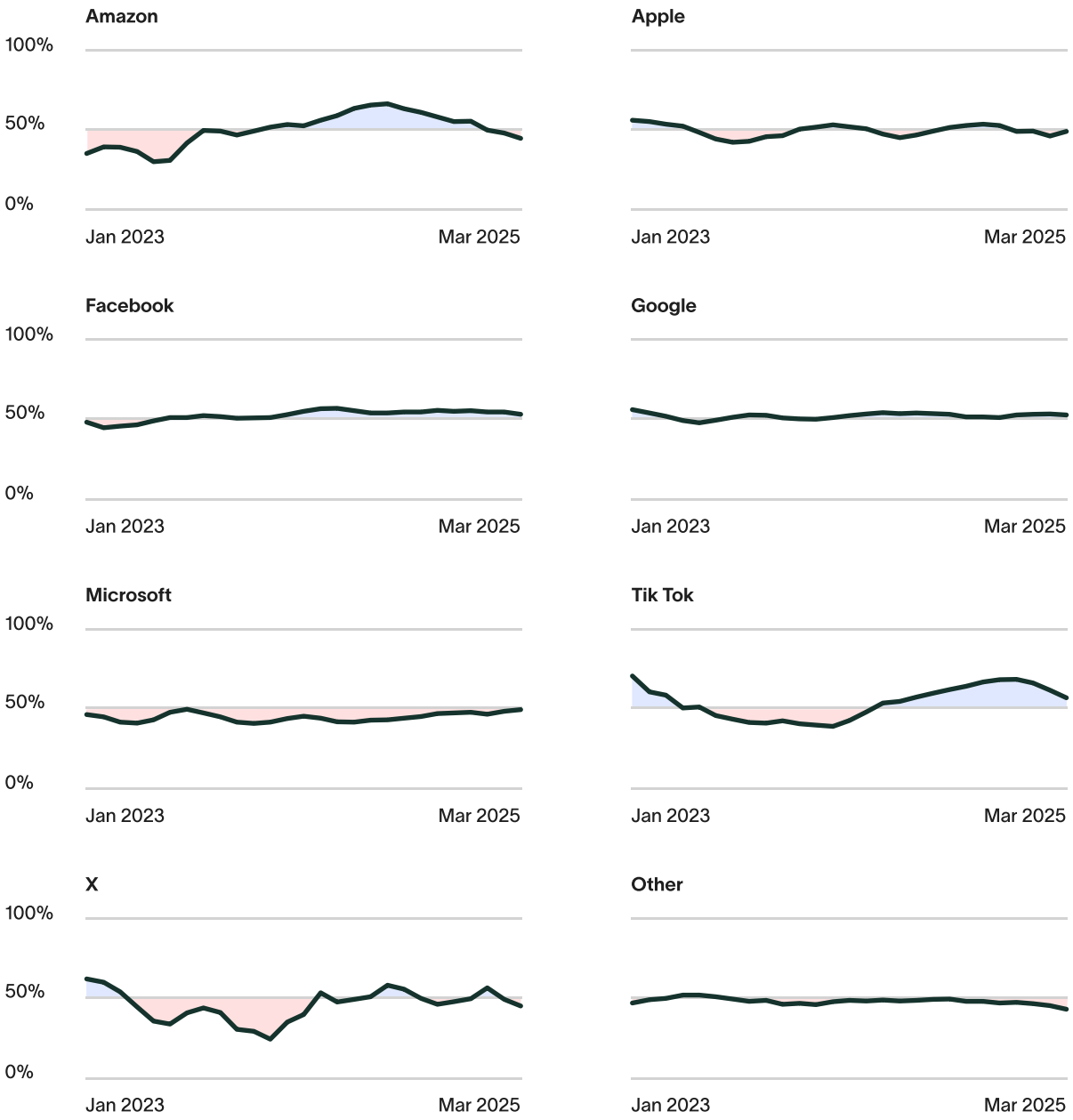


Chart 11

Construction, tech, and real estate sectors are spending more on ads

Between 2022 and 2023, the majority of tech firms decreased ad spend year-over-year, as rising interest rates and a focus on profitability pushed firms to improve margins. In 2024, coinciding with the boom in tech investment and artificial intelligence, ad spend started increasing again. In every month since, the majority of tech firms increased ad spend year-over-year.

Share of businesses that increased spend on digital ad platforms year-over-year, 3-month moving average

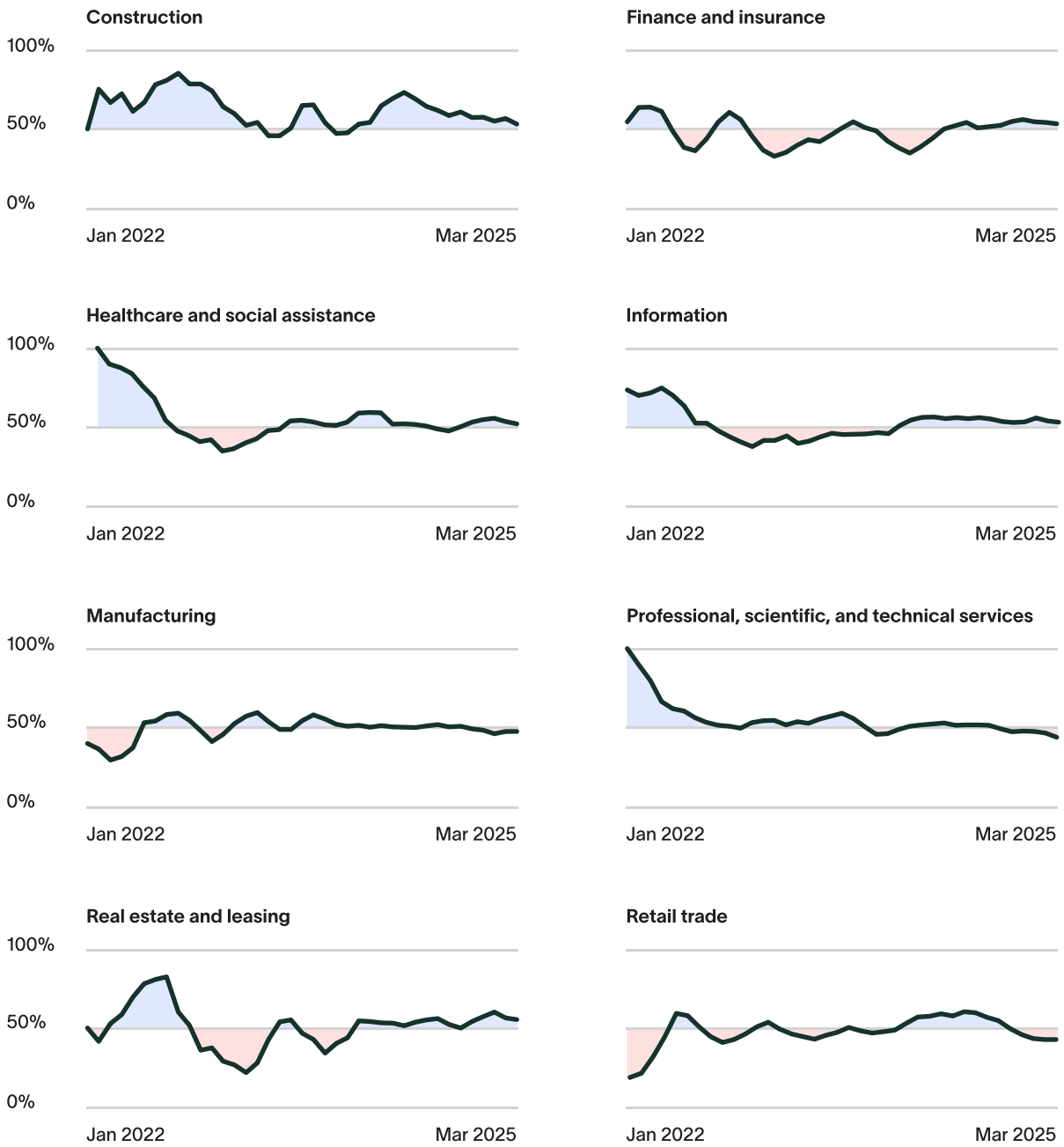
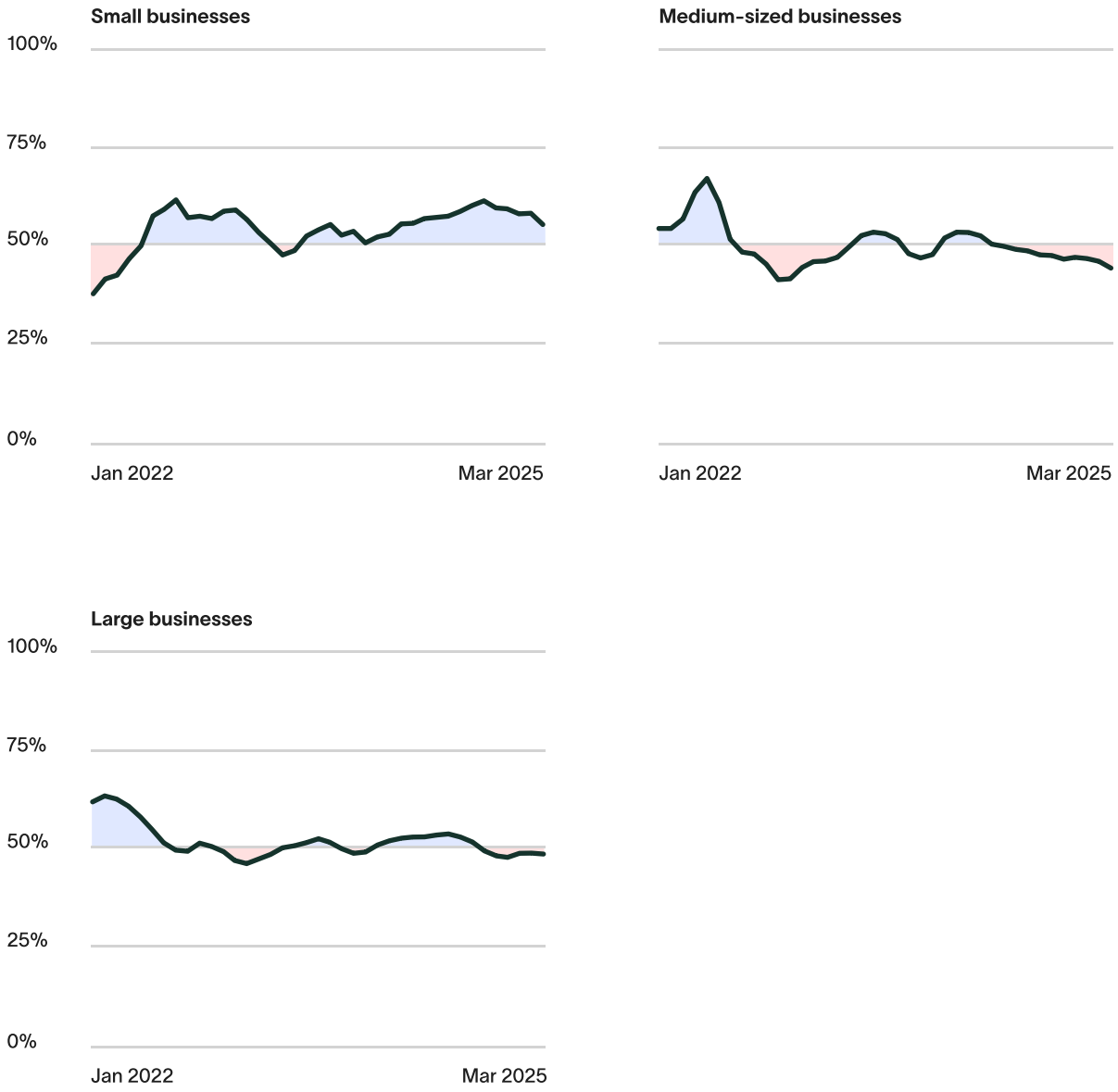


Chart 12

Small businesses are buying more ads, while big businesses are pulling back

As of March 2025, 53% of large companies maintained or decreased ad spend year-over-year, while 55% of small businesses increased ad spend year-over-year.

Share of businesses that increased spend on digital ad platforms year-over-year, 3-month moving average



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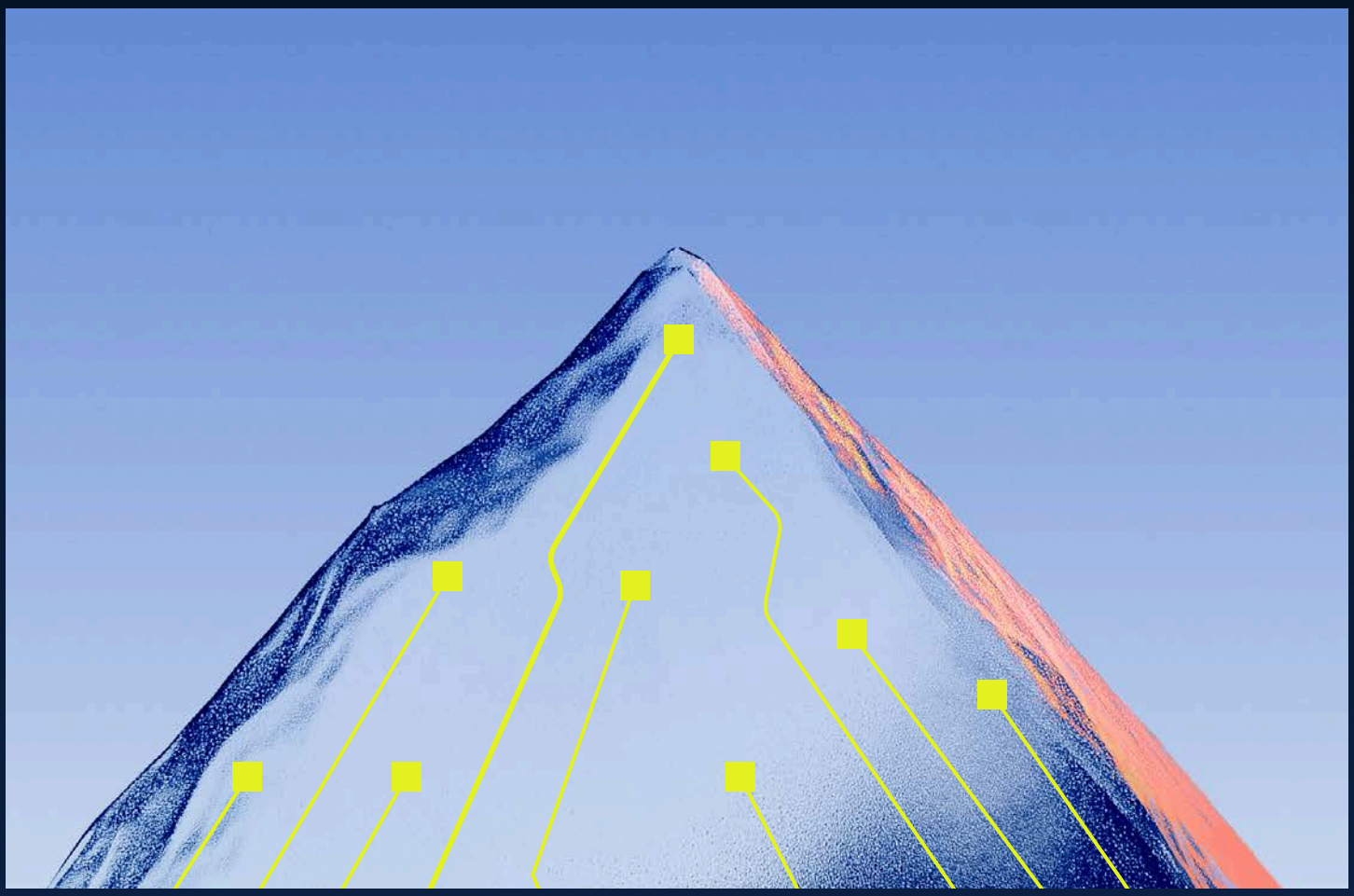


Total business spend

How Ramp customers spent on categories including travel, software, meals, and more

Chart 13 **AP spend increases across all business segments**

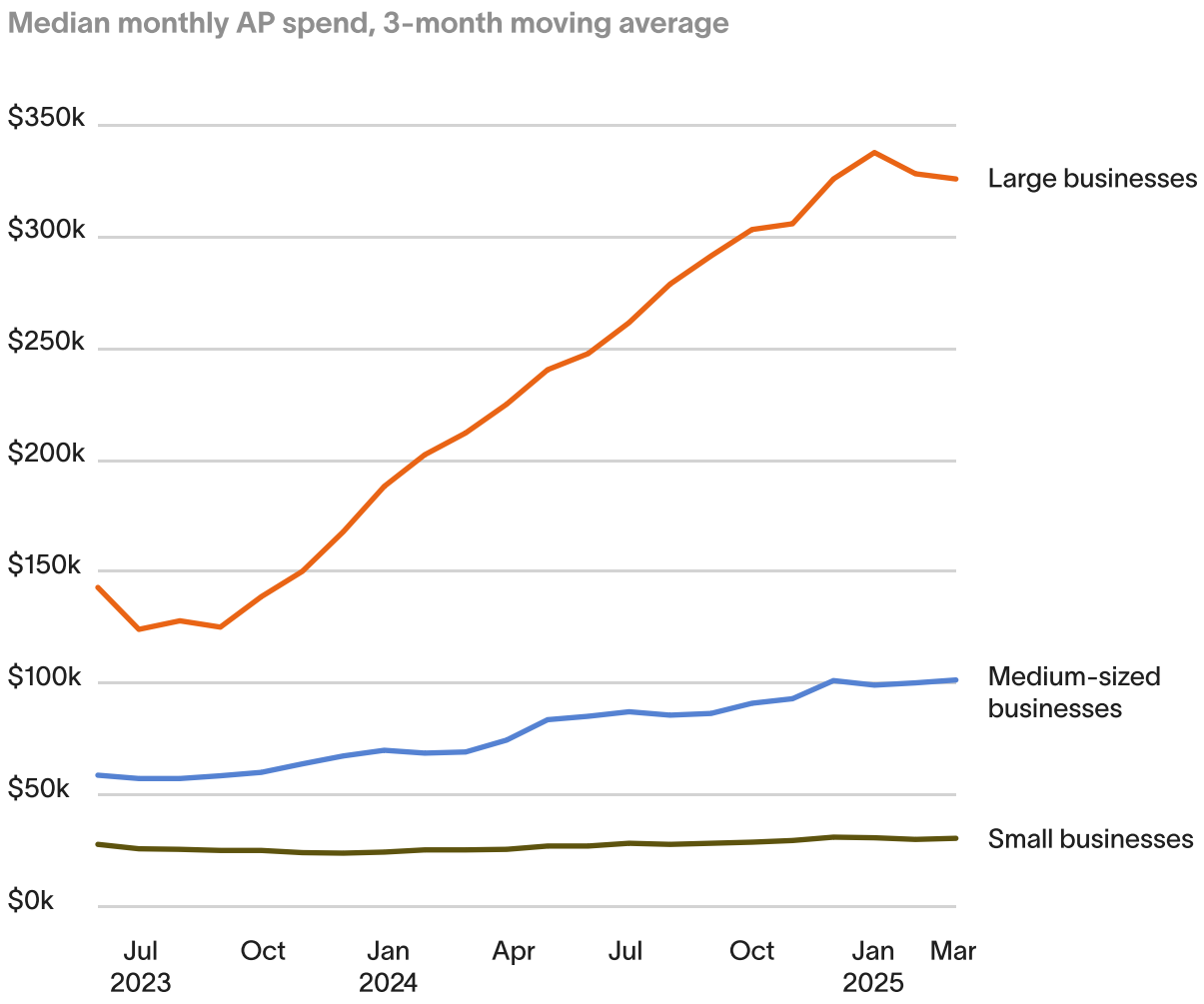


Chart 14 **Large businesses post modest increases in spend, while small businesses hold steady**

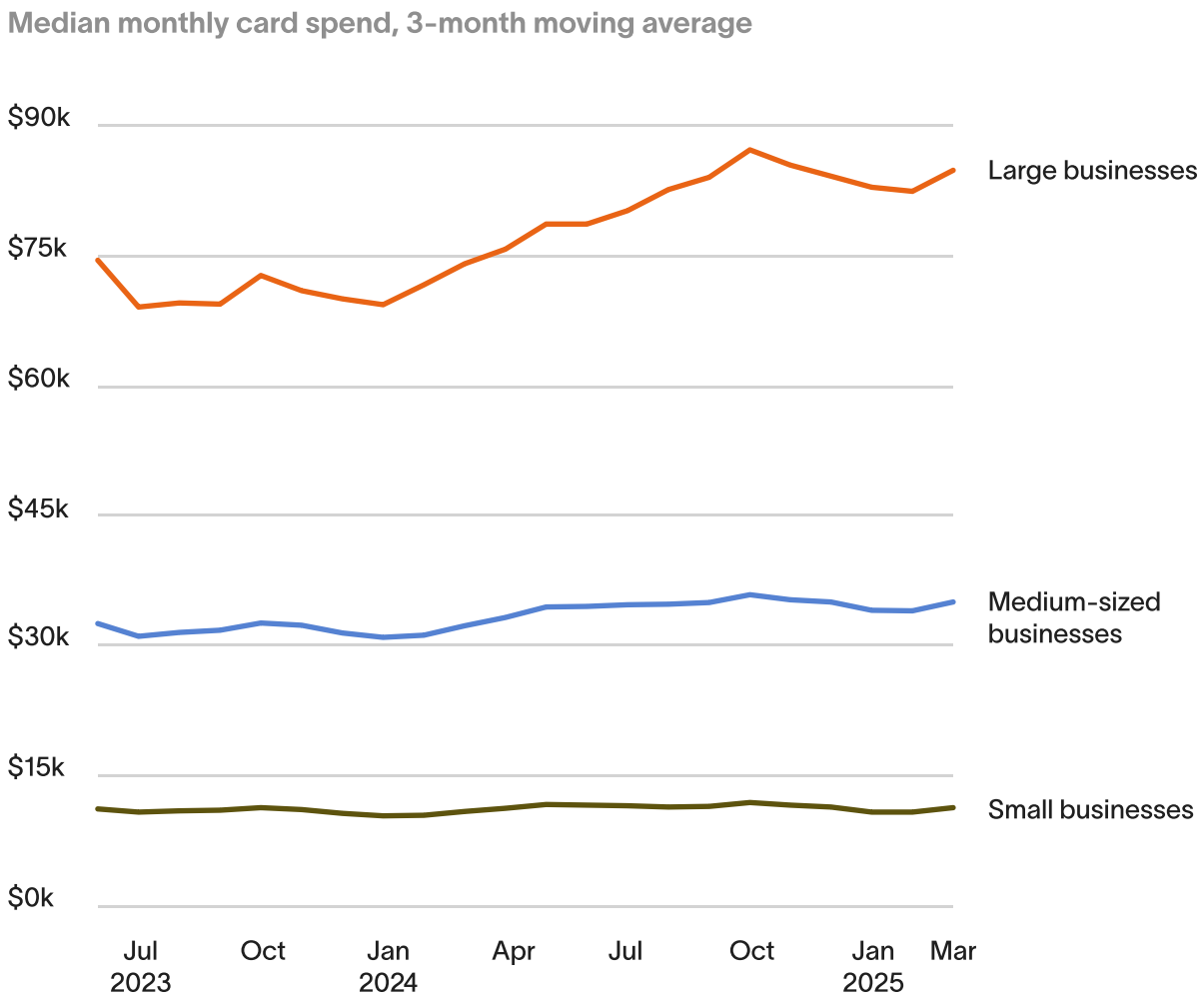


Chart 15 **Cost structures hold stable for small businesses**

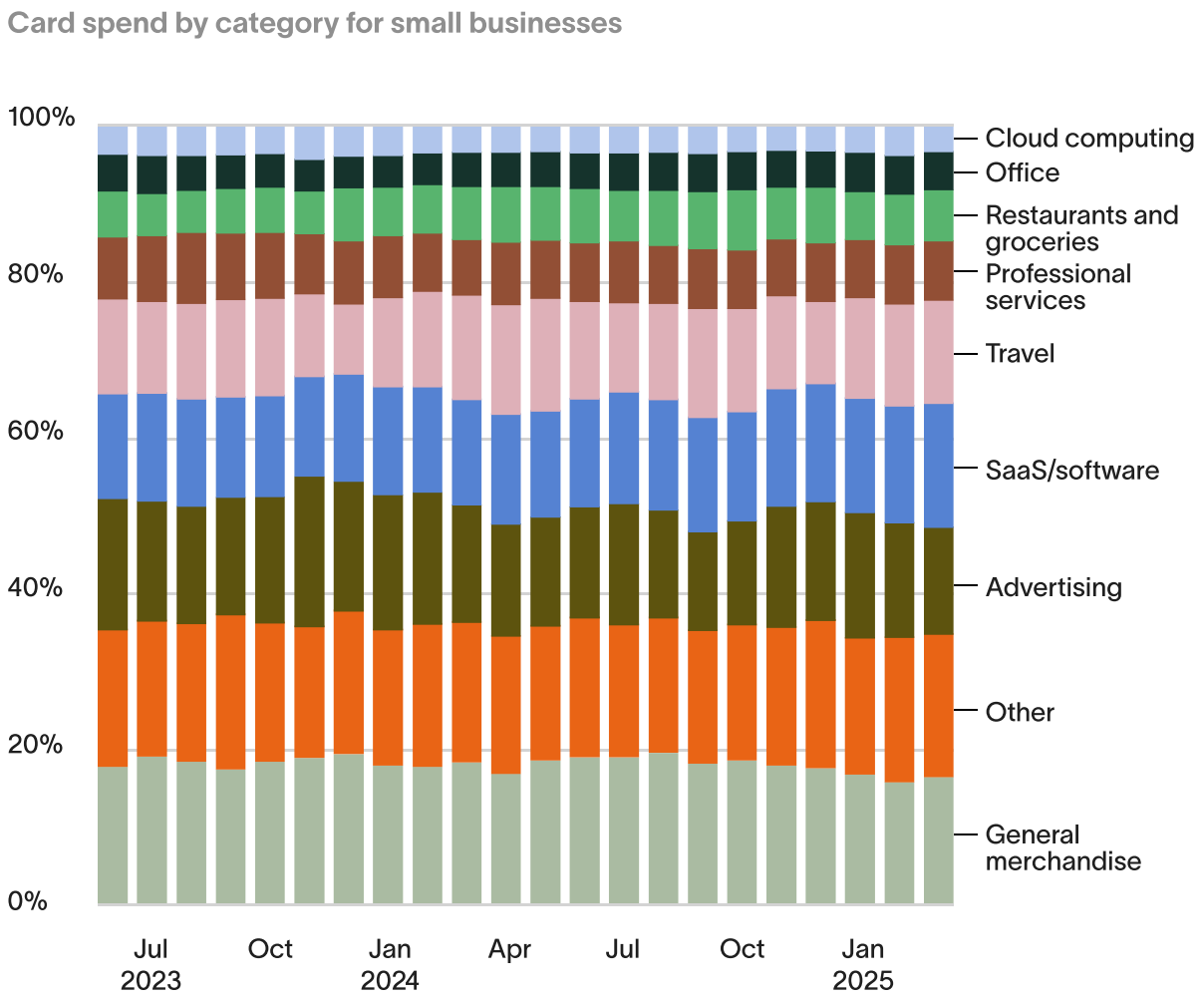


Chart 16 **Cost structures hold stable for medium-sized businesses**

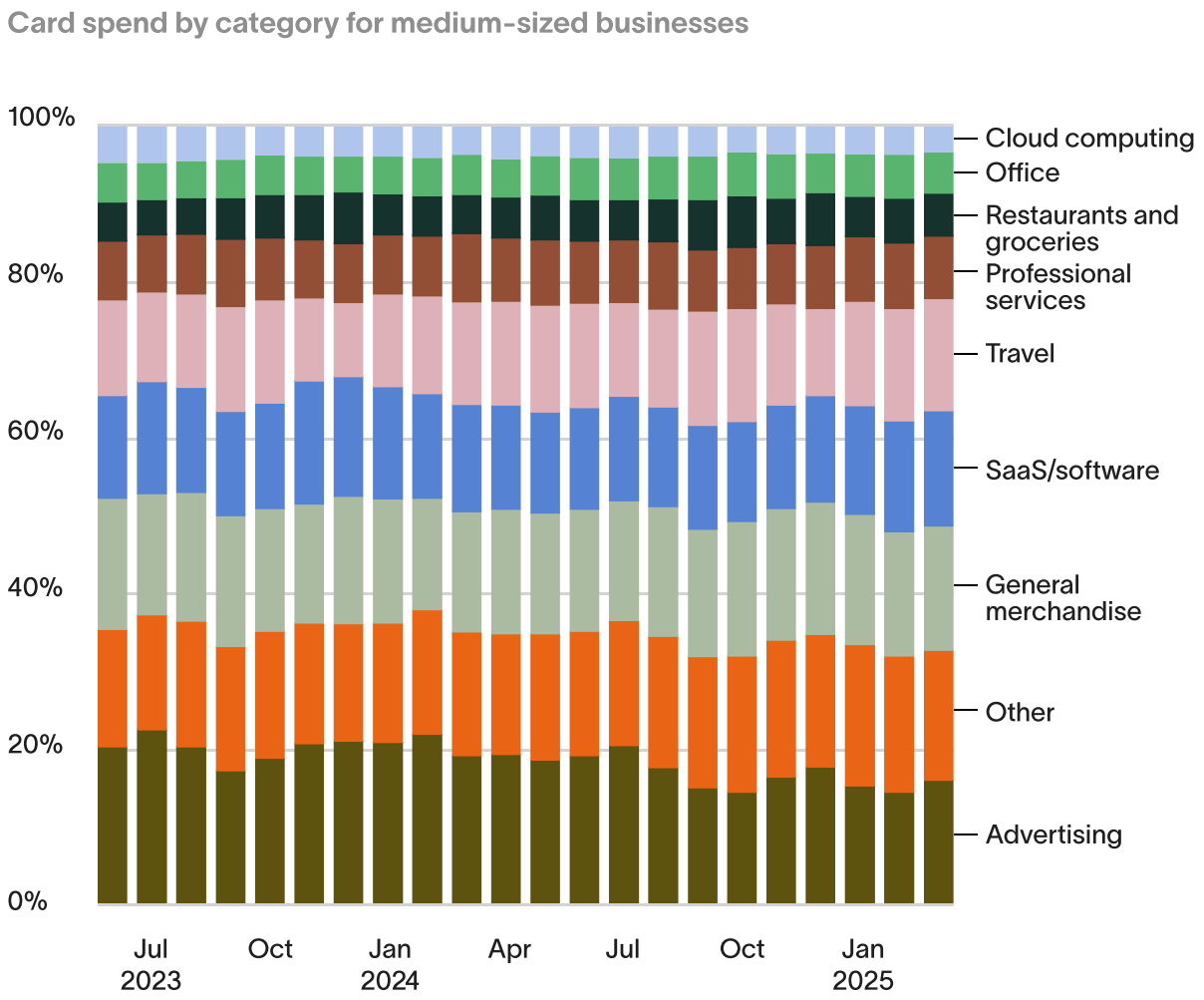
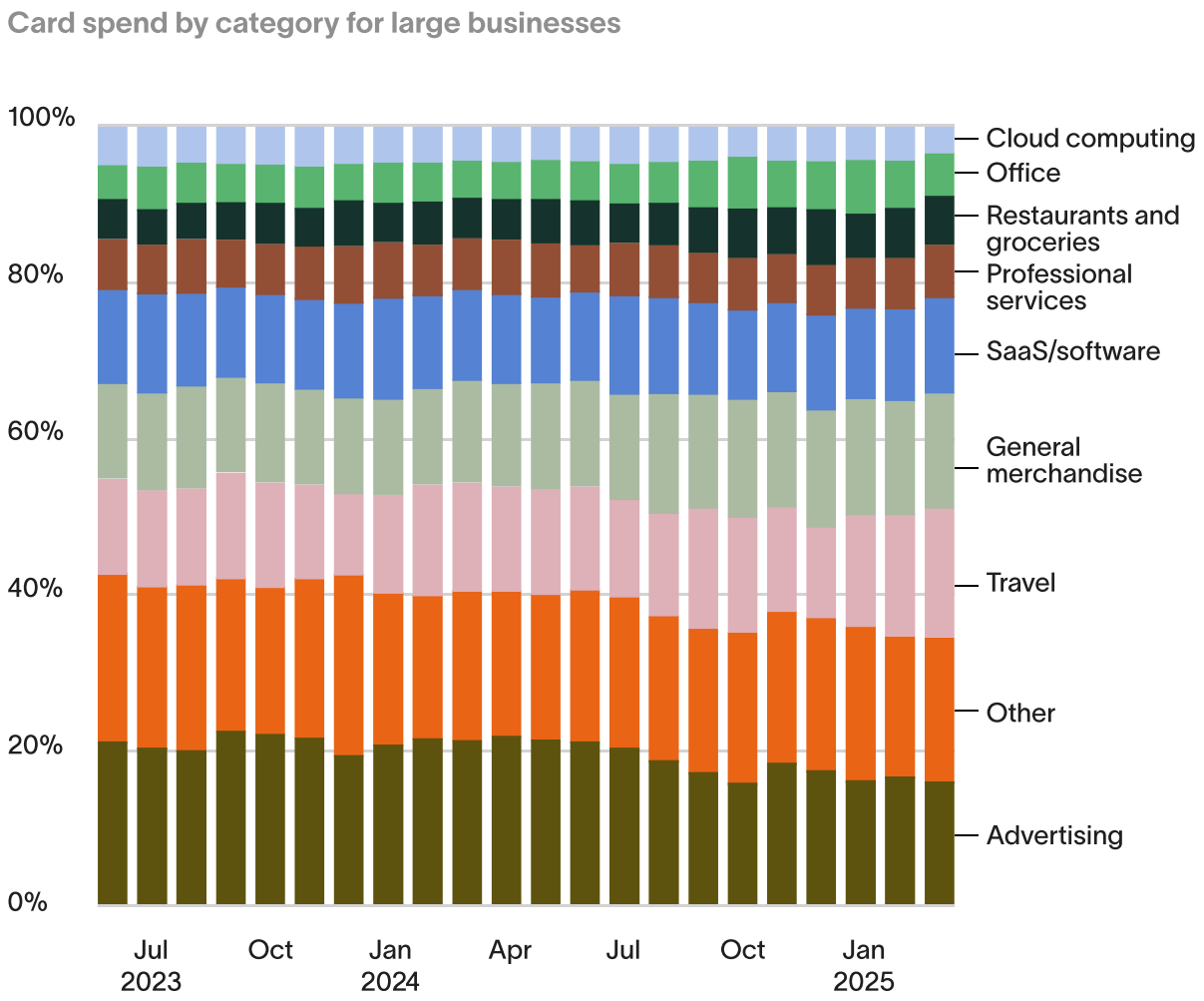


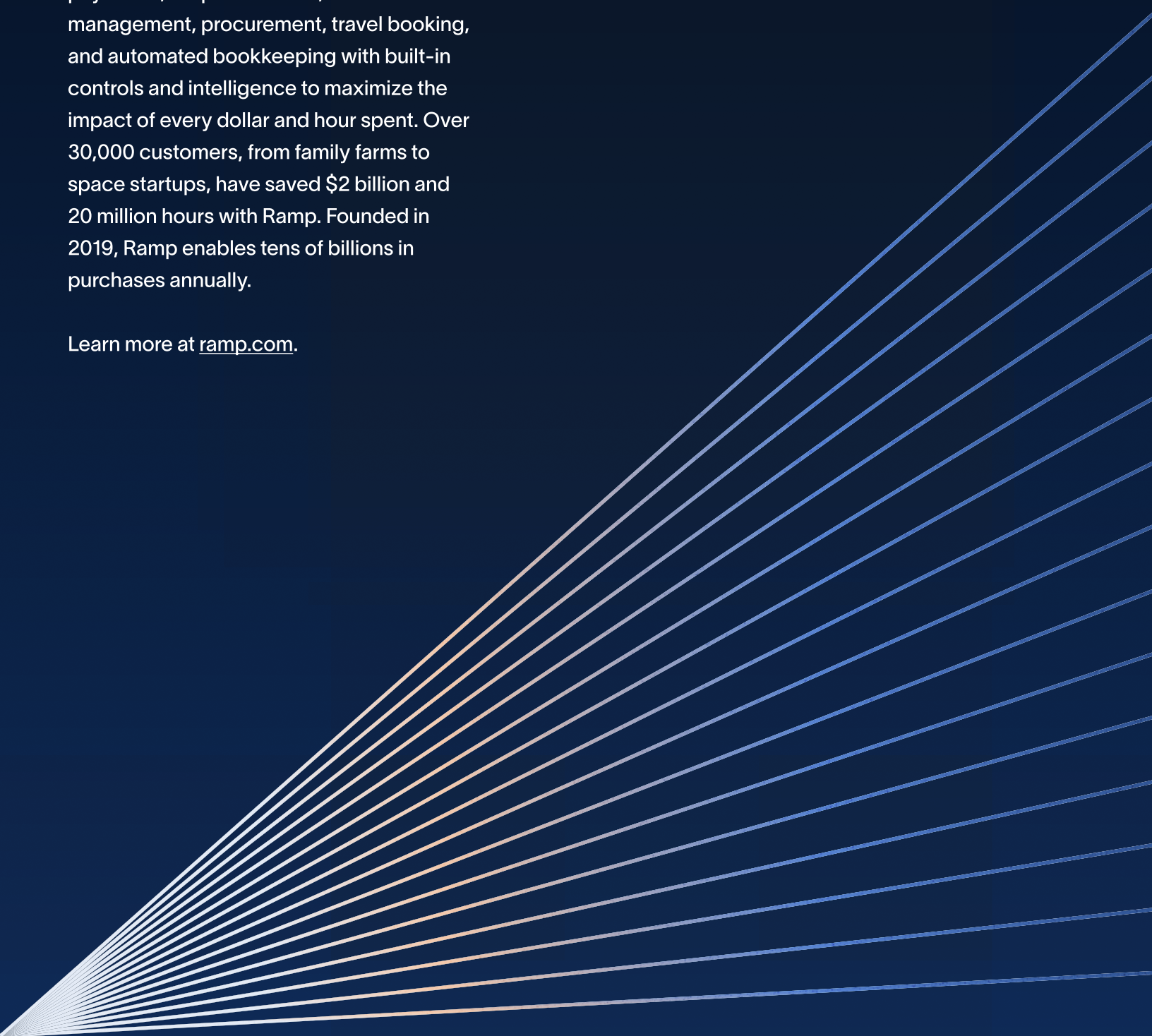
Chart 17 **Large businesses pare back advertising costs, while travel and office expenses grow**



About Ramp

Ramp is a financial operations platform designed to save companies time and money. Our all-in-one solution combines payments, corporate cards, vendor management, procurement, travel booking, and automated bookkeeping with built-in controls and intelligence to maximize the impact of every dollar and hour spent. Over 30,000 customers, from family farms to space startups, have saved $2 billion and 20 million hours with Ramp. Founded in 2019, Ramp enables tens of billions in purchases annually.

Learn more at ramp.com.



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