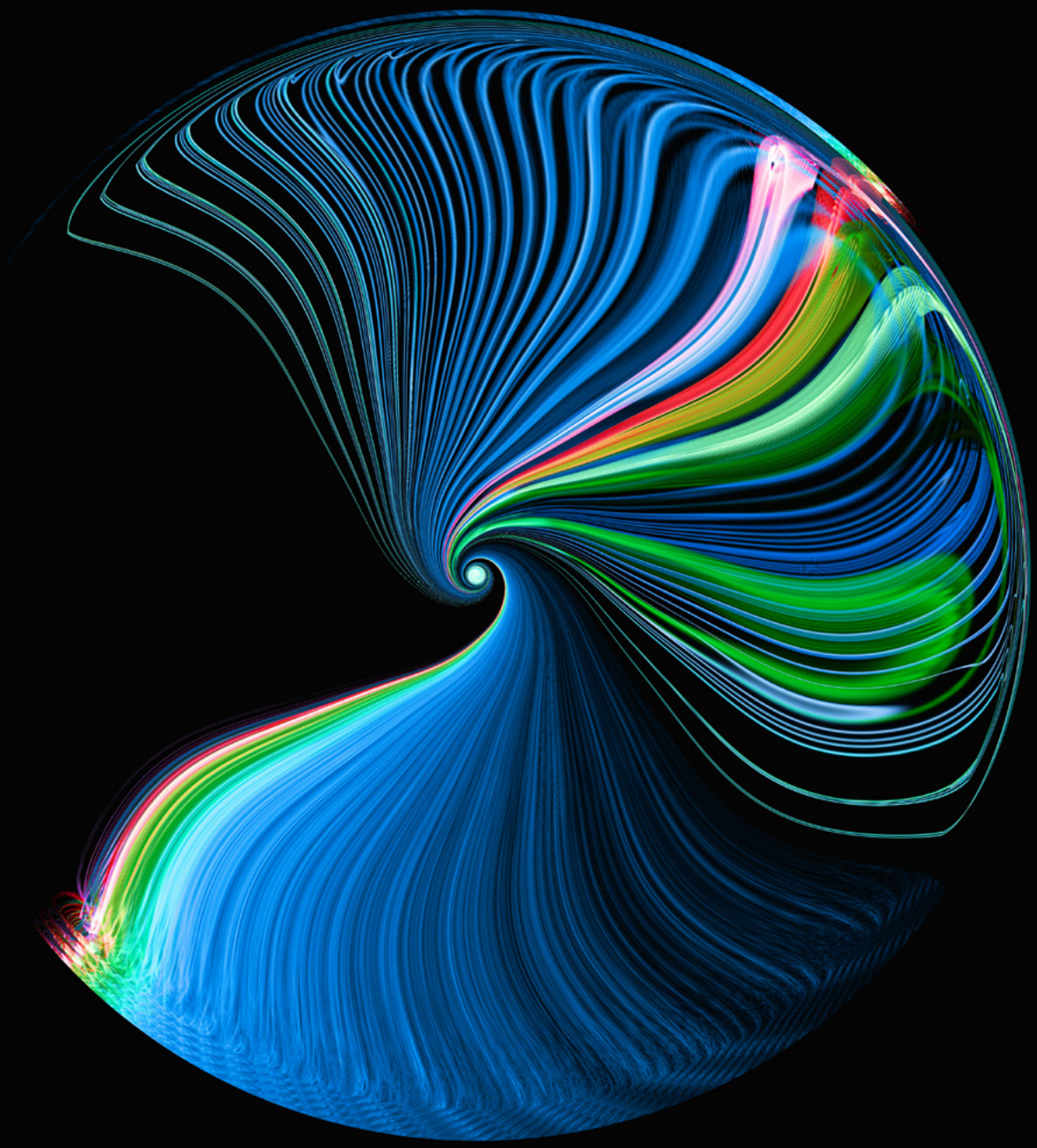
READINESS REPORT

kyndryl

The Readiness Tipping Point



2025

From our Chairman and CEO

Martin Schroeter
Chairman and Chief Executive Officer
Kyndryl

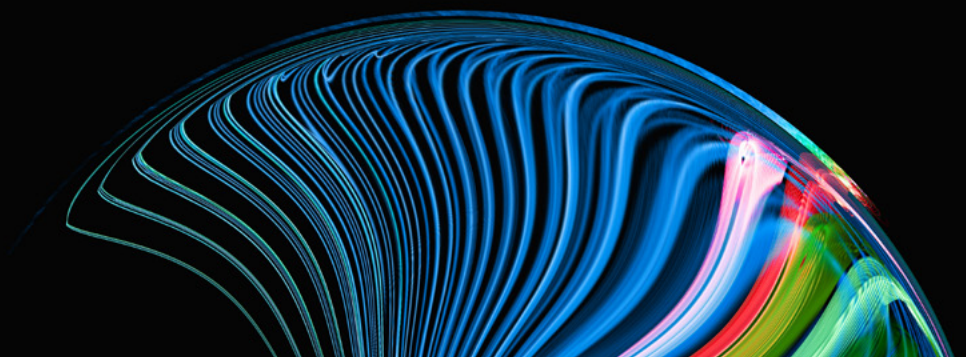
Last year's inaugural Kyndryl Readiness Report revealed a paradox: While 90% of leaders said their IT infrastructure was best in class, only 39% thought it was ready for future risks and disruptive forces. Since then, organizations and their people have continued to be put to the test, navigating macroeconomic uncertainty and the rapid rise of emerging technologies such as agentic AI.

So it's no surprise that the findings in this year's Report — which draws on exclusive data from Kyndryl Bridge, our AI-powered open integration digital business platform, and insights from 3,700 business executives — uncovered a readiness tipping point across their IT estates and their workforces. Tip one way, and they will turn obstacles into competitive differentiators. Tip another, and they will risk their competitiveness.

AI

With the promise to solve complex problems faster, improve customer experiences and continuously optimize how work gets done, companies are turning to AI because it can represent a step change in how they operate their business. Our report shows that AI investments are up 33% over the past year — across the spectrum of traditional machine learning, generative AI, data centers for AI, and AI agents that can reason, adapt and act to achieve specific goals.

As investments in AI increase, the pressure to scale it and demonstrate its value rises as well with three in five leaders reporting that they feel more pressure this year to deliver positive return on their AI investments. This is a people readiness challenge as much as a technology readiness challenge as 87% of leaders believe that AI will fundamentally change roles and responsibilities in their organizations within 12 months. But the majority of leaders worry that their workforce lacks the skills needed to fully seize AI opportunities.



The organizations that become pacesetters will successfully navigate these technology, people and regulatory readiness hurdles with a clear leadership vision and investment in innovation — to 'tip the right way'"

Geopolitics

With geopolitical and regulatory pressures intensifying, leaders are forced to rethink where and how their data is stored, processed, accessed and secured. 65% reported making changes to their cloud strategies in response to new regulations, supply chains, tariffs and other geopolitical uncertainties. And nearly a third of leaders cited regulatory or compliance concerns as the primary barrier limiting their organization's ability to scale recent technology investments.

These are not abstract concerns for global business leaders. The organizations that become pacesetters will successfully navigate these technology, people and regulatory readiness hurdles with a clear leadership vision and investment in innovation — to 'tip the right way' and turn potential obstacles into successful differentiators.

As a leader in mission-critical enterprise services and partner to thousands of customers in 60 countries, Kyndryl is honored to work with industry leaders, thinkers and policy makers on solutions to ready organizations for the realities of now and possibilities in the future.

Martin Schroeter
Chairman and Chief Executive Officer

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The Readiness Tipping Point

AI and geopolitics are upending longstanding business and tech conventions. Organizations need to solve for five tech and talent challenges or be left behind.

This year's Readiness Report shows how organizations are being tested as they navigate two major disruptions: the effects of AI and of an increasingly fragmented geopolitical and regulatory landscape. Organizations are no longer preparing for disruption — they're reacting to it in real time.

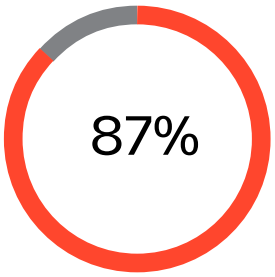
By combining insights from 3,700 senior leaders and decision-makers across 21 countries with data from Kyndryl Bridge, the company's AI-powered open integration digital business platform, the Readiness Report sheds new light on how business leaders see five specific readiness challenges ahead of them: getting solid tech foundations, managing global data, evolving workforces, pressure to scale AI pilots, and aligning leadership. It also shows what they're already doing to prepare their tech and workforces to address them and what's successful.

How organizations address these challenges will determine whether they can transform hurdles into differentiators — allowing them to navigate risk with agility and scale game-changing tech to win.

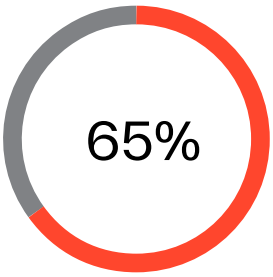
The Readiness Tipping Point

AI and geopolitics are upending longstanding business and tech conventions. Organizations need to solve for five tech and talent challenges or be left behind.

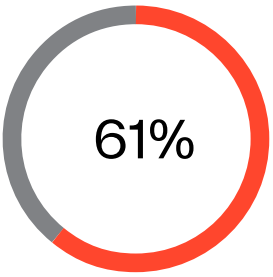
Insights from 3,700 business leaders across 21 countries, with data from Kyndryl Bridge, the company's AI-powered business platform, shows:



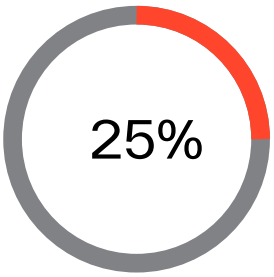
think AI will completely transform job roles and responsibilities at their organizations this year



have made changes to their cloud strategies in response to geopolitical pressures, including data sovereignty regulations



feel more pressure to prove ROI on their AI investments vs. a year ago, with 68% investing "heavily" in some form of the technology



of mission-critical networks, storage, and servers are at end-of-service, according to Kyndryl Bridge, and 57% say innovation is delayed by foundational tech-stack issues

Methodology

The Kyndryl Readiness Report combines survey data from 3,700 senior leaders and decision-makers across 21 countries with insights from Kyndryl Bridge, the company's AI-powered, open integration digital business platform. The Report uncovers the drivers, barriers and trade-offs that can make or break the ability of organizations to protect, sustain and accelerate their performance and future-proof their mission-critical processes.

21 countries

Australia
Belgium
Brazil
Canada
China
Denmark
France
Germany
India
Ireland
Italy
Japan
Mexico
Netherlands
Saudi Arabia
Singapore
Spain
Sweden
United Arab Emirates
United Kingdom
United States

United States, Japan (n=300); Australia, Brazil, Canada, China, France, Germany, India, Ireland, Italy, Mexico, Spain, United Kingdom (n=200); Belgium, Denmark, Netherlands, Saudi Arabia, Singapore, Sweden, United Arab Emirates (n=100)

24 industries, with a focus on 8 core industries

Banking and financial services
Energy and utilities
Healthcare
Insurance
Manufacturing
(including consumer products)
Retail
Technology
Telecommunications
Others

Banking and financial services (n=768), energy and utilities (n=391), healthcare (n=337), insurance (n=369), manufacturing (including consumer products) (n=613), retail (n =114), technology (n=357), telecommunications (n=338).

Methodology

Respondent profiles

Within this report, 50% of respondents are C-Suite level executives, and 50% are senior directors and business unit leaders who influence technology decisions. Half of respondents represented companies with $1 billion or more in revenue. Half represented business leaders (i.e., CEOs, CFOs, and their organizations); half represented technology leaders (i.e., CIOs, CTOs, and their organizations).

The survey was conducted by Edelman DXI on behalf of Kyndryl. Fieldwork was conducted via online survey and telephone interview between June 20 and August 15, 2025.

1,200 companies

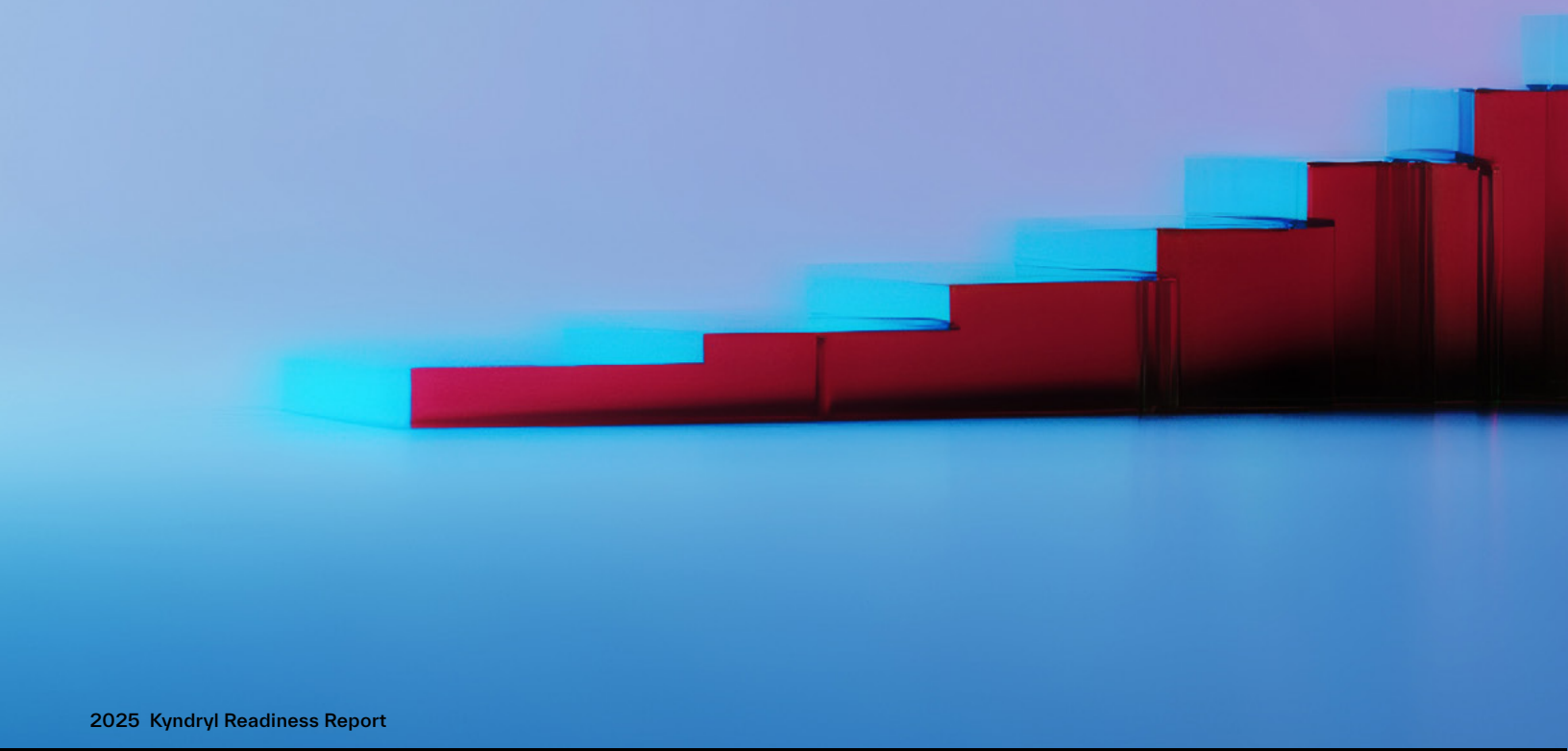
This report contains aggregated and anonymized data from 1,200 companies on Kyndryl Bridge, the company's business platform, which delivers 12 million AI-driven insights monthly. Kyndryl Bridge uses operational data, IP and embedded AI to provide observability across an enterprise's entire IT estate. Kyndryl Bridge data in this report is from August 2025.

People Readiness Report

Portions of this report cite Kyndryl's People Readiness Report, which surveyed 1,100 business and technology leaders in 8 markets (Brazil, United States, United Kingdom, Spain, France, Germany, Japan, and India) to uncover how organizations are managing the pace of change related to technological innovation and the actions they must take to better prepare their workforces. The survey was conducted by Edelman DXI on behalf of Kyndryl between February 20 and March 21, 2025.

01.

Solid foundations: Can IT meet today's security and agility challenges?



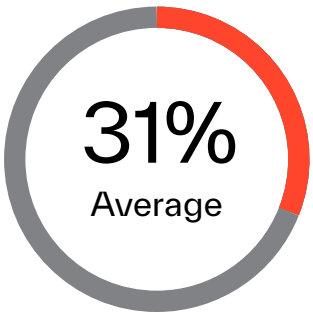
Solid foundations

Compared to the 2024 Readiness Report, organizations continue to feel unprepared for future risks, especially as AI accelerates disruption and exposes readiness gaps. Only 31% of organizations this year feel completely ready across external risks — a slight uptick from 29% last year.

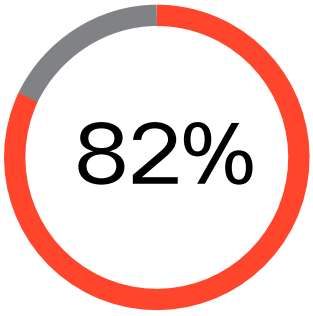
While security threats continue to lead leaders' concerns, most have experienced and are not prepared for the broader web of outages, disruptions, and regulatory expectations now unfolding.

To withstand these risks and rising regulatory pressures, they still say upgrading their IT infrastructure is the best way to mitigate external business risks. They also see a wide range of benefits from doing so, particularly in efficiency and innovation.

Modern cyber resilience strategies and new technologies such as AI depend on a foundational tech and data stack. Reinforcing this foundation is essential to building trust, increasing business agility, maintaining uptime and defending against disruption.



Only 31% feel ready across external business risks



Experienced a cyber-related outage this year

3 in 4

organizations are investing in AI for cybersecurity — more so than any other AI capability

Top actions taken to mitigate external business risks
% selected

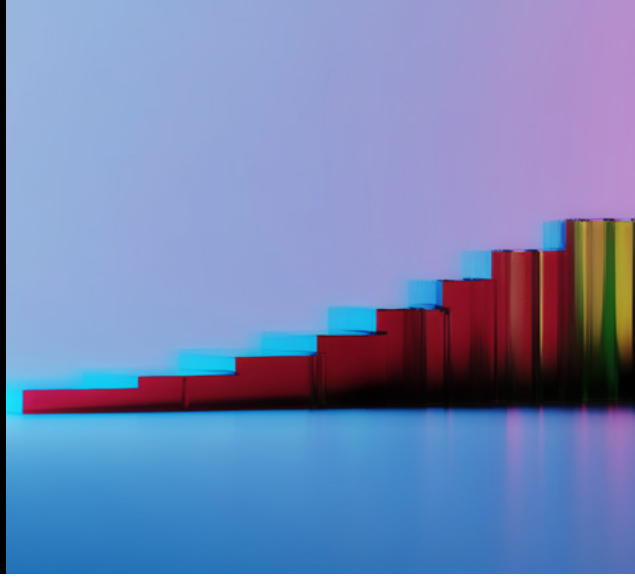
1. Upgrading IT infrastructure

42%

2. Implementing robust cybersecurity measures

39%

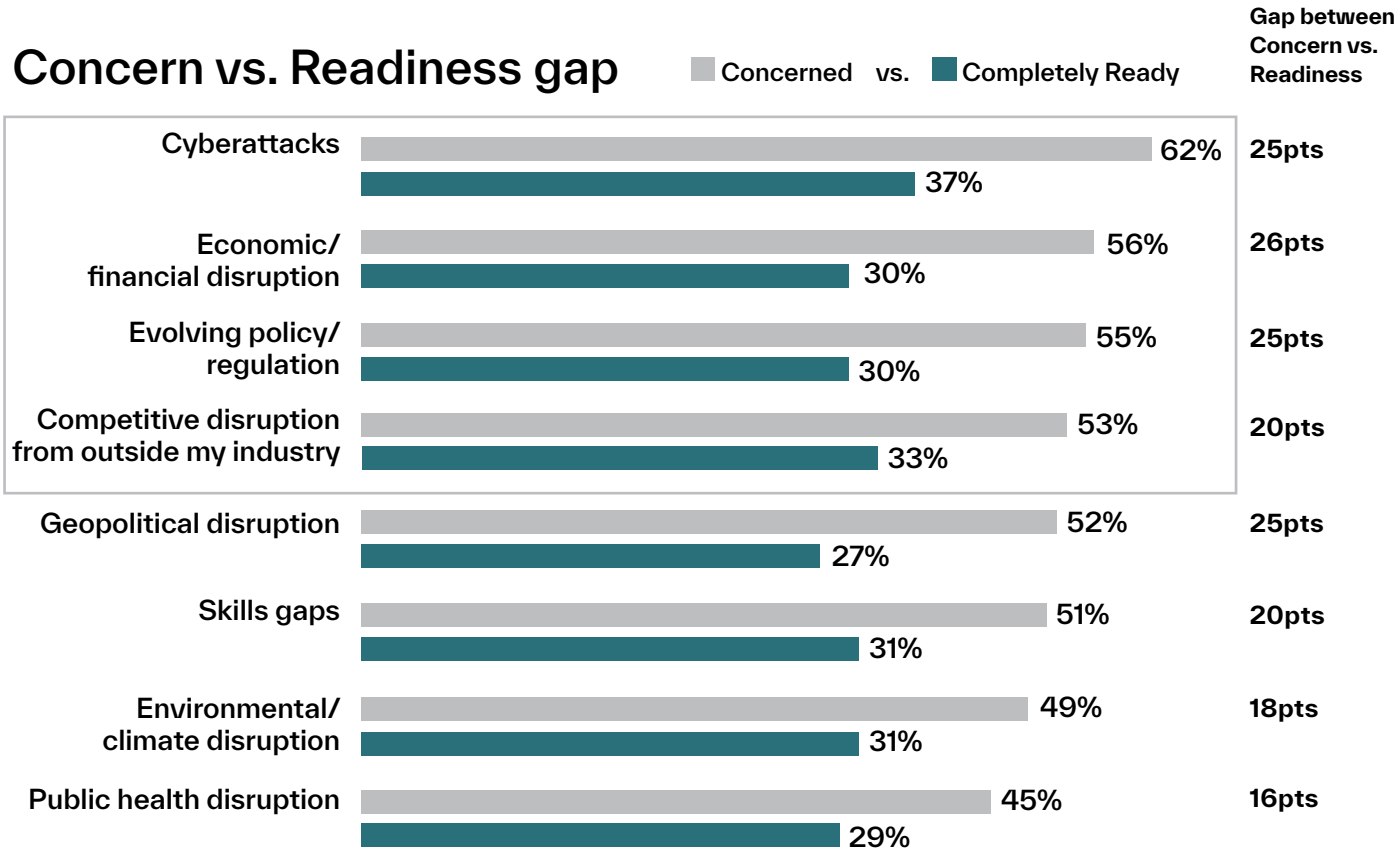
Leaders still don't feel risk ready, struggling with economic and geopolitical disruption, evolving regulations and cybersecurity challenges



31% feel ready across external risks (+2 pts vs. 2024)

#1 Cyberattacks are the number one concern related to external business risks; just 37% feel ready

Concern vs. Readiness gap



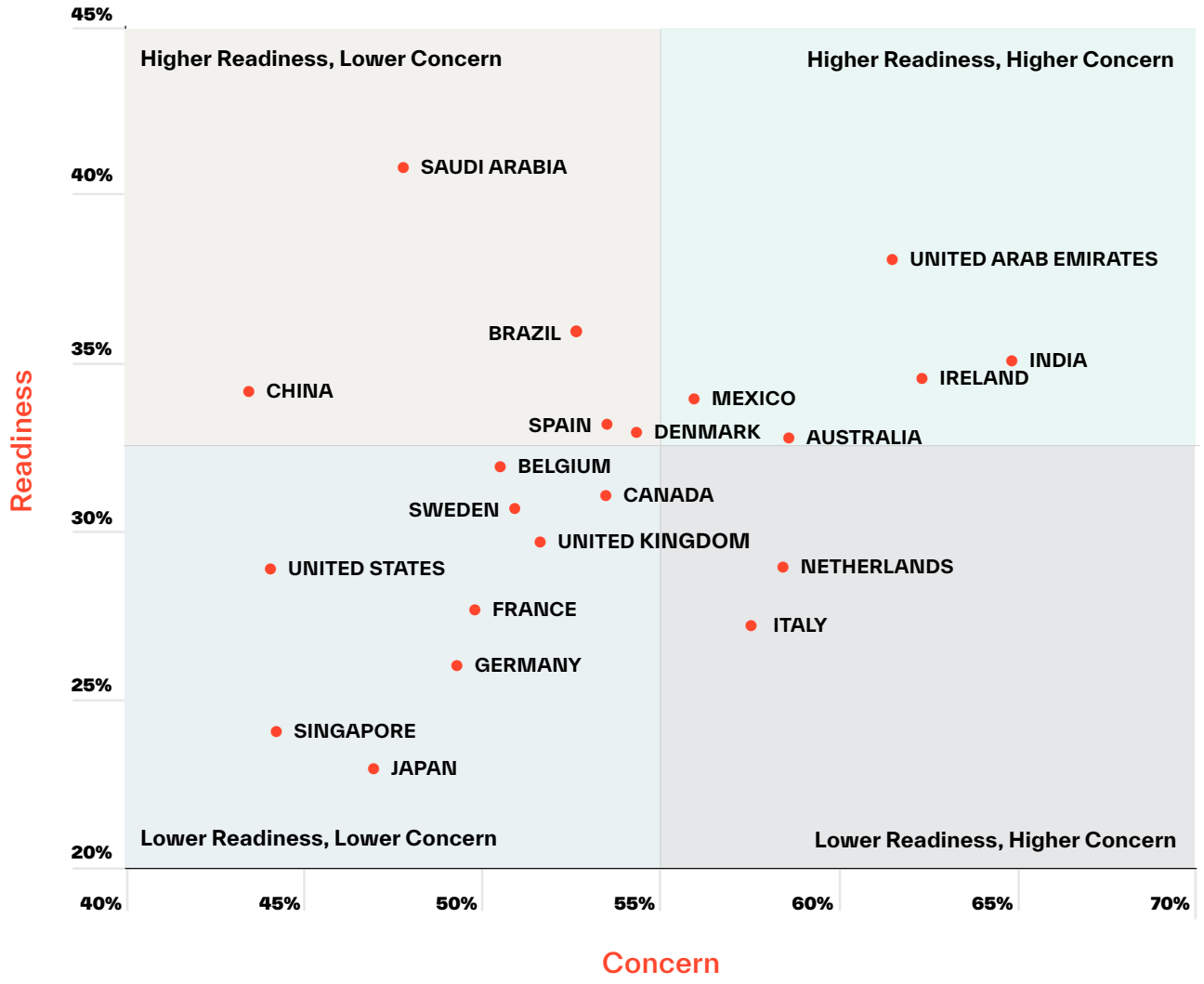
Q12: When thinking holistically about the external risks your organization faces, how concerned are you about each of the following? Base: Total (n=3700)

Q13: How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700)

Despite varying levels of concern across external business risks, Saudi Arabia and UAE report the highest readiness on average

European countries like the Netherlands and Italy report higher levels of concern, but lower-than-average readiness

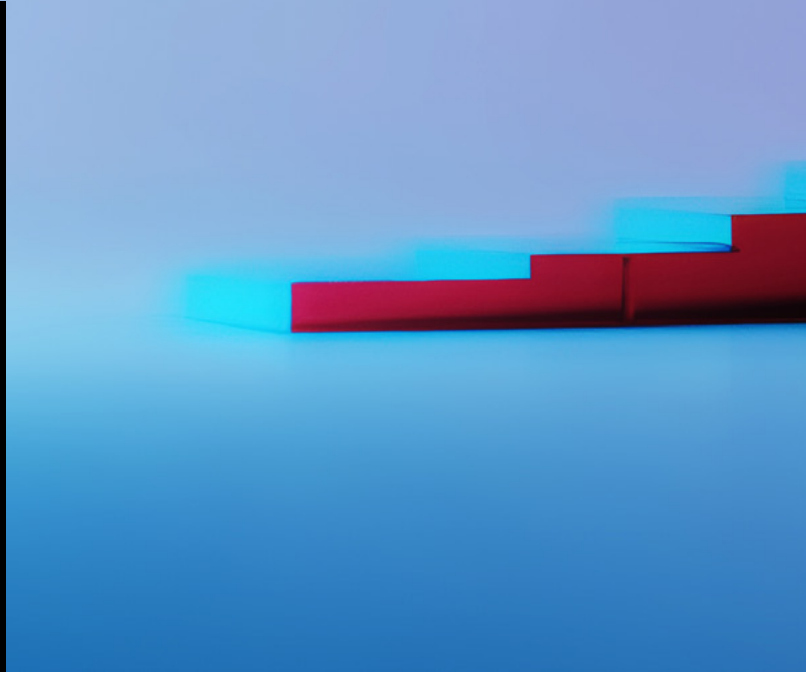
Readiness vs Concern - By Market



Q12: When thinking holistically about the external risks your organization faces, how concerned are you about each of the following? Base: Same as Q13.

Q13: How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700); US, Japan (n=300) Canada, Brazil, Ireland, Mexico, UK, Spain, France, Germany, Italy, China, India, Australia (n=200) Belgium, Netherlands, Sweden, Denmark, UAE, Saudi Arabia, Singapore (n=100)

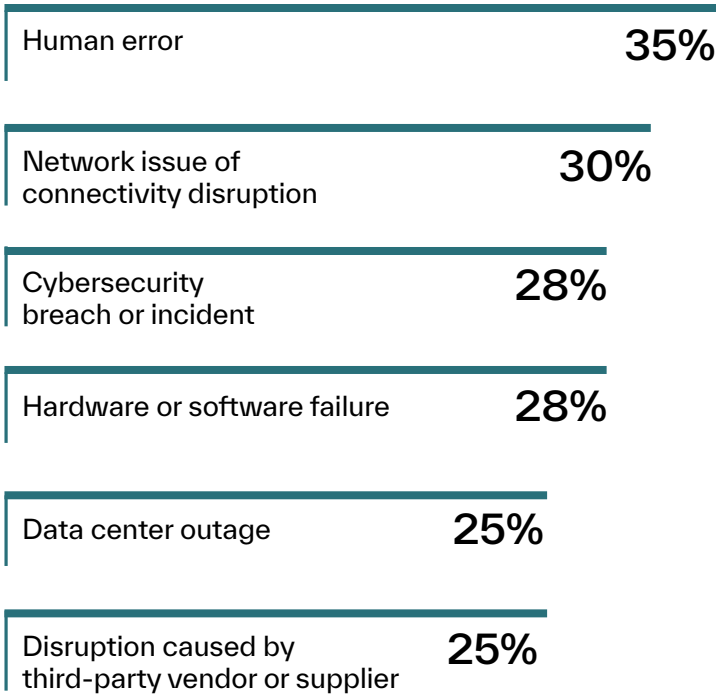
For today's businesses, resilience means more than just protecting against cybercrime



Outages are prevalent among global organizations, but stem from a variety of causes beyond security breaches.

Experienced significant outages within the last year
% Selected

82%



Q47. Has your organization been impacted by any of the following significant cyber-related outages in the past year? Base: Total (n=3700)

Integration and compatibility are major challenges for organizations as IT environments grow increasingly complex

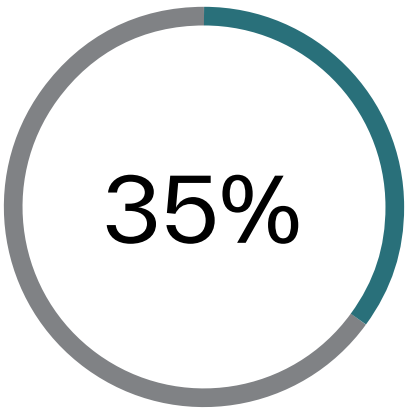
In fact, 31% of leaders cite IT complexity as a top barrier to scale — on par with regulatory concerns. Among organizations not yet seeing positive returns from AI, 35% blame integration difficulties. Without seamless integration, even the most advanced technologies fail to deliver value.

Systems must work together to stay secure and adopt new capabilities. Visibility into interdependencies is essential. Without it, scaling and innovation stall.

Kyndryl Bridge data helps illustrate just how difficult integration and visibility can be, highlighting real-world gaps across today's sprawling and complex IT estates.

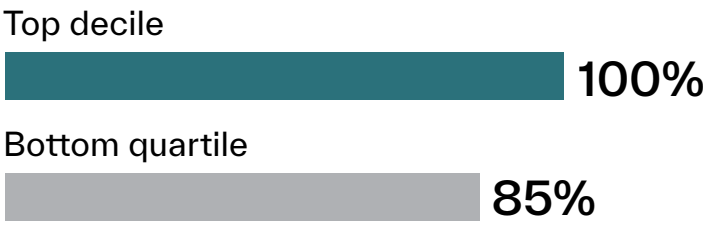
SSL Certificates: These enable encryption and authentication. Expired certificates can disrupt data flows and block integration of new technology. While many organizations maintain 100% validity, the bottom quadrant shows only 85% valid certificates — a clear compatibility risk. *(Note: This reflects observable certificates within Kyndryl Bridge, not limited to those managed by Kyndryl.)*

Patching: Timely patching keeps systems secure and compatible. Delays limit the ability to integrate emerging technologies. Kyndryl Bridge shows a top decile at 100% patch currency, but the median sits at 89%. Unified dashboards and actionable insights help teams close these gaps, enabling proactive integration and scalability.



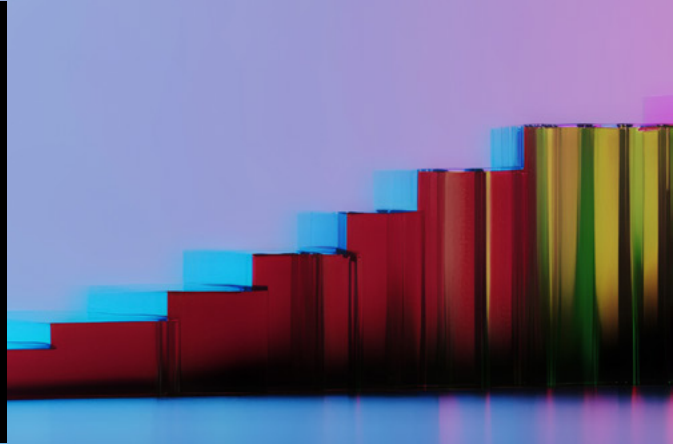
Not yet seeing positive ROI on AI cite integration as a top challenge

SSL certificate validity, Kyndryl Bridge



Patch currency, Kyndryl Bridge

Many enterprises rely on legacy systems and software that have reached or are approaching end-of-service



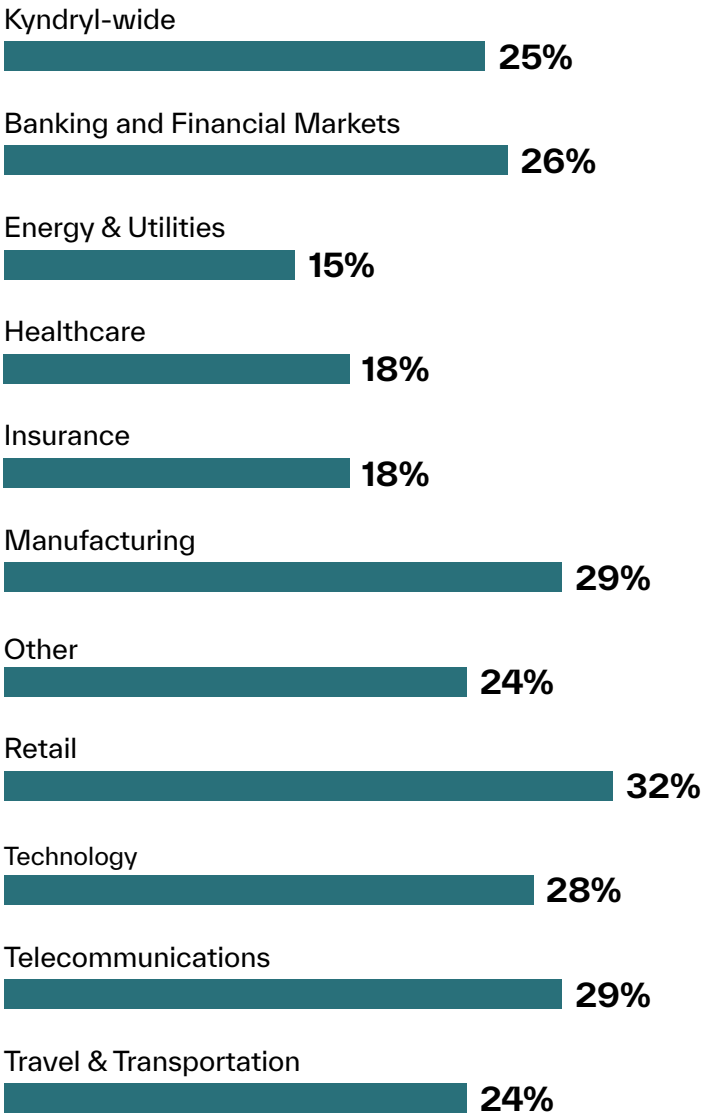
Technologies at end-of-service represent an urgent opportunity for modernization. Beyond security and compliance concerns, outdated systems hinder agility and scalability, making it difficult to adopt cloud-native, AI-native, and other emerging solutions.

Organizations that postpone modernization accumulate substantial "technical debt," diverting resources from strategic initiatives to address recurring legacy issues. In the survey, 22% reported that technical debt holds their organizations back.

Kyndryl Bridge shows that 25% of servers, storage, networks, and operating systems are at or near end-of-service. Aging infrastructure persists due to budget limitations, perceived complexity of upgrades, and insufficient visibility into asset lifecycles.

Visibility across IT estates can help organizations identify end-of-service and end-of-life technologies. By addressing end-of-service risks proactively, organizations can strengthen cyber resilience, maintain regulatory compliance, and unlock the full potential of innovation.

End-of-service % (Median Performers)



Automation is becoming an essential pillar of modern IT operations

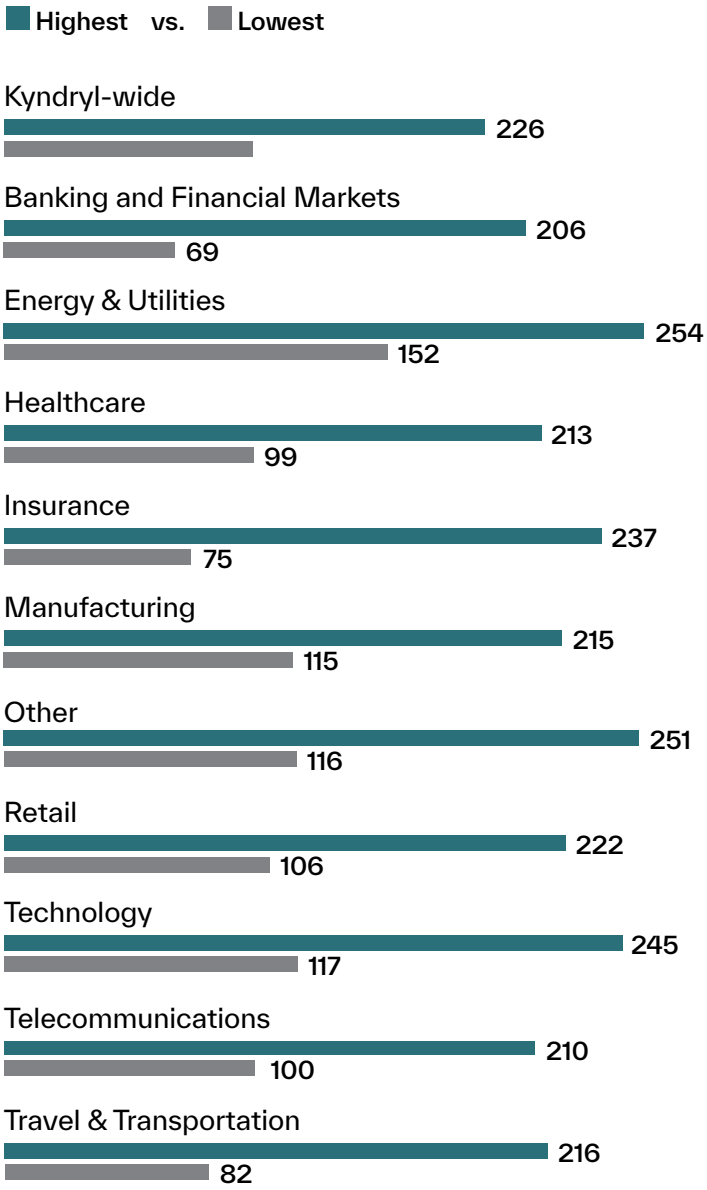
High automation density correlates with accelerated recovery times, reduced human error and enhanced scalability. It also enables predictive analytics and supports proactive remediation strategies, and 32% of organizations experienced reduced costs due to automation and optimization in the past 12 months.

Automations per device from Kyndryl Bridge reflect the degree to which automation is embedded across the IT estate and the efficiency with which resources are utilized. It measures the frequency of interactions between automation engines and individual systems — whether for incident remediation, compliance validation or execution of routine tasks. This metric benchmarks industry performance and highlights device-level efficiency in executing automation tasks.

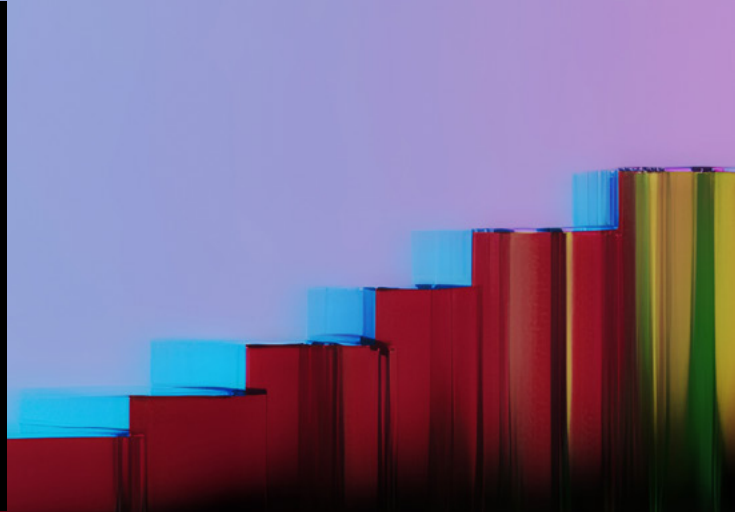
Frequent automation interactions indicate optimized workflows, reduced manual effort and greater operational agility.

Automations per Device per Month

Highest (top 10%) vs. Lowest (bottom 25%) Performers



IT infrastructure is foundational to resiliency, and businesses are making upgrades to mitigate future risk and become more agile



Organizations that have experienced positive ROI on their AI investments are more likely than others to be upgrading their IT infrastructure and implementing robust cybersecurity measures

Top actions organizations are currently taking to mitigate risks
% Selected

Upgrading IT Infrastructure

42%

Implementing robust cybersecurity measures

39%

Q14: What are the top actions your organization is currently taking to mitigate external business risks? Base: Total (n=3700)

3 in 4

report they are investing in **AI for cybersecurity** (e.g., fraud detection and risk management) — **more so than any other AI capability**

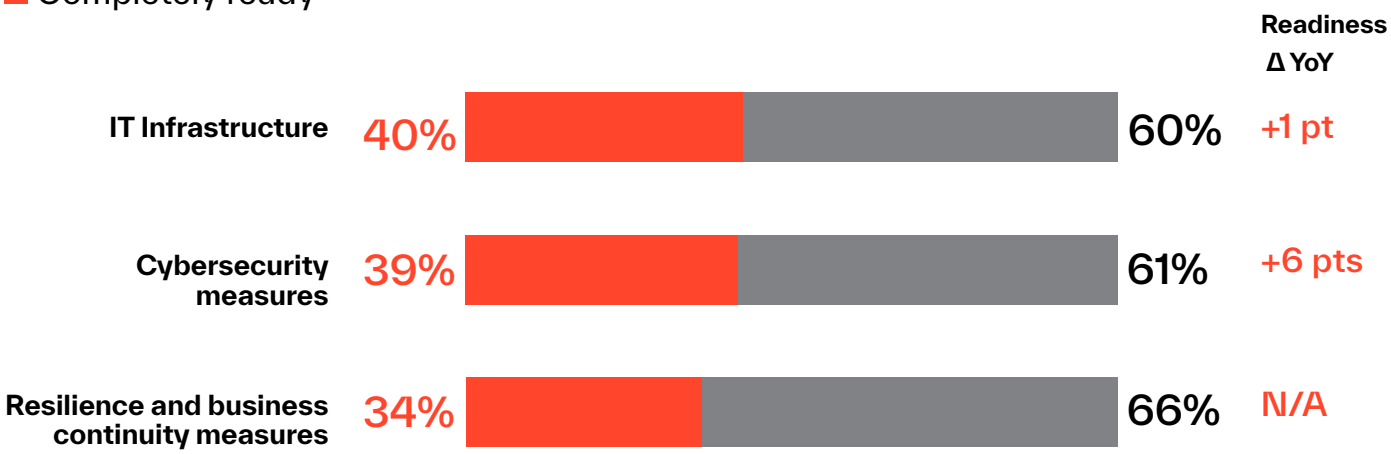
Q59: Is your organization currently investing in any of the following AI capabilities? Base: Total (n=3700)

Despite slight improvements in readiness sentiment year over year, most say their organizations aren't completely ready across key tech elements

3 in 5

still don't feel their IT is ready to manage future risks

Readiness levels of IT elements



Q17. How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Base: Total (n=3700)

Businesses that invest in IT modernization report benefits in efficiency, innovation and sustainability

Reported benefits from IT modernization

% Selected top 3, experienced in past year

Improved efficiency

87%

Improved innovation

69%

Improved employee or customer experience

54%

Enhanced security and compliance

36%

Sustainability-based outcomes

27%

02.

Agile cloud and data: Can digital strategies navigate a fragmented global landscape?

Cloud has provided organizations with many benefits, and companies are now focusing on optimization, business agility and data governance

Cloud adoption has surged, unlocking new value and accelerating growth for businesses across the globe — but organizations are reporting new challenges from both legacy infrastructure designed by "accident" and an increasingly fragmented regulatory environment.

Now, with geopolitical pressures intensifying and regulations tightening, organizations are being forced to rethink where and how their data is stored, processed, accessed and secured. In addition, businesses are now attempting to build agile capabilities on top of those environments.

With optimization top of mind, organizations are moving toward agile cloud strategies built for a more competitive, regulated, and divided world.

CEOs who say they arrived at their current cloud environment by accident, rather than by design
% Selected

Actions taken in response to geopolitical pressures
% Selected, Up to 3

45% Expanding use of encryption or other technical tools to secure data

44% Reevaluating data governance policies

41% Investing in data repatriation (i.e., moving data back from cloud environments to internal infrastructure)

65%

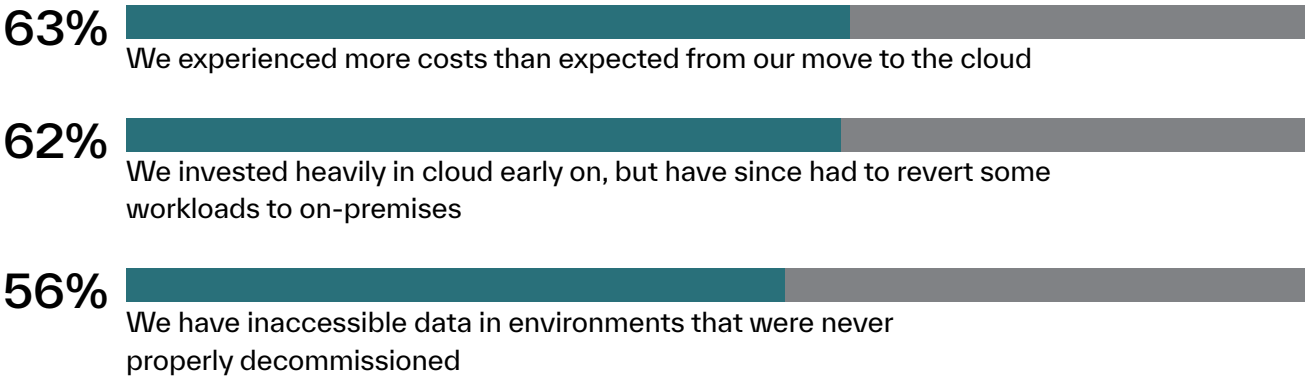
of organizations have made **changes to their cloud strategies** in response to new geopolitical pressures

While many report managing inherited cloud decisions, a variety of approaches can make the most of current architectures, including FinOps, platform engineering and new technologies for public cloud

Report they got to their current cloud environment by accident, rather than by design (vs. 56% of all respondents)

Cloud model and migration challenges

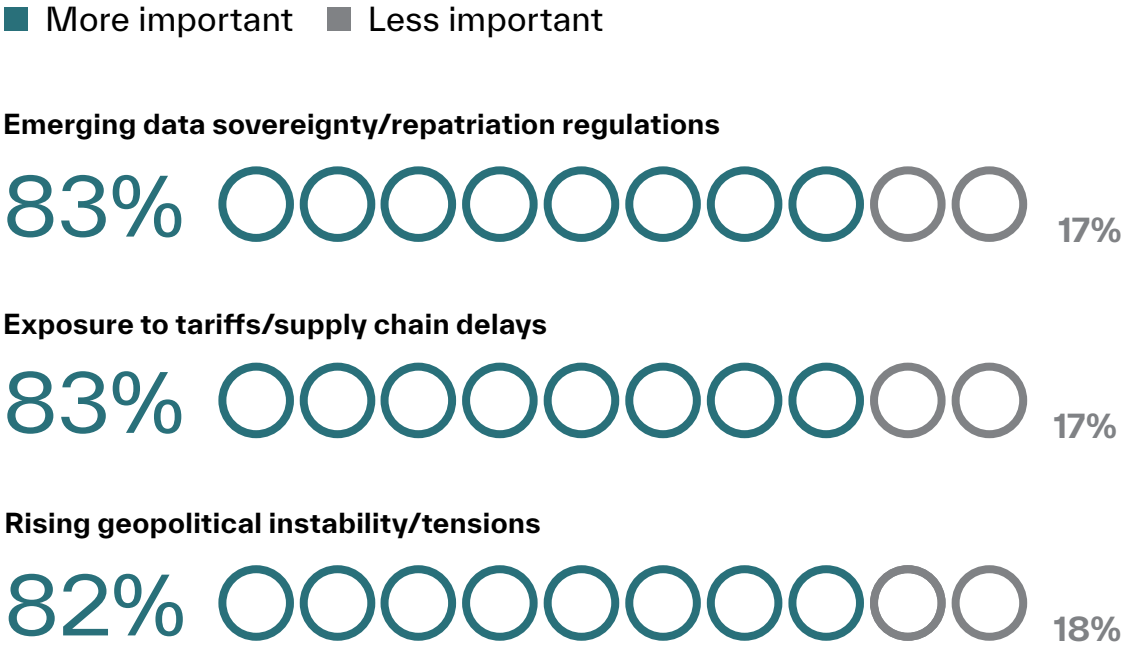
% Selected



Q53: Please rate your level of agreement on the following statements related to your cloud model and migration. Base: Uses cloud (n=3639); CEOs that use cloud (n=385)

Geopolitical pressures and evolving regulations are increasingly influencing IT decision-making

Compared to 12 months ago, geopolitical pressures have become more important in decision making around IT
% Selected



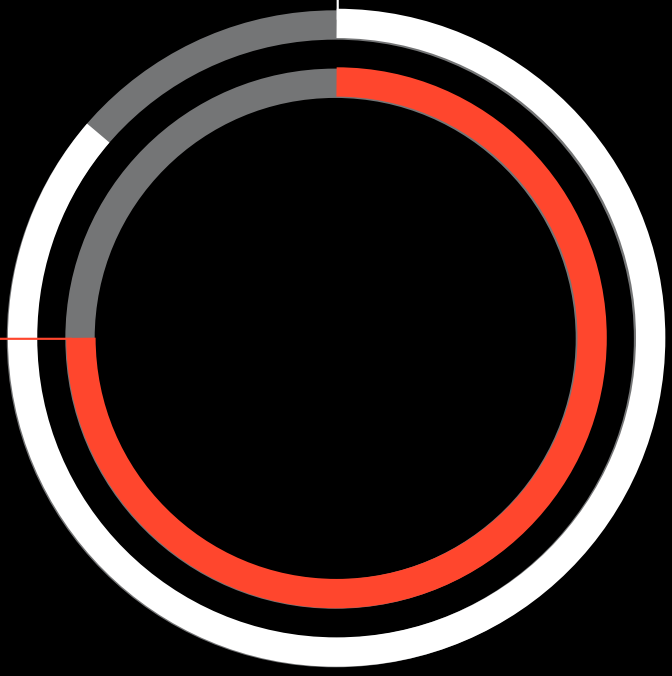
Q45: Compared to 12 months ago, how much more or less important have the following geopolitical pressures become in your organization's decision making around IT / tech modernization? Base: Total (n=3700)

31% cite regulatory or compliance concerns as a primary barrier limiting their organization's ability to scale recent technology investments (ranked 2nd among all barriers)

Q49: Which of the following are the primary barriers limiting your organization's ability to scale recent technology investments? Base: Total (n=3700)

These pressures are forcing companies to rethink where and how they store and manage their data

Geopolitical impacts on cloud usage
% Agree



86%

Agree the country of origin and regulatory alignment of cloud providers are becoming **increasingly important** factors in their cloud evaluation process

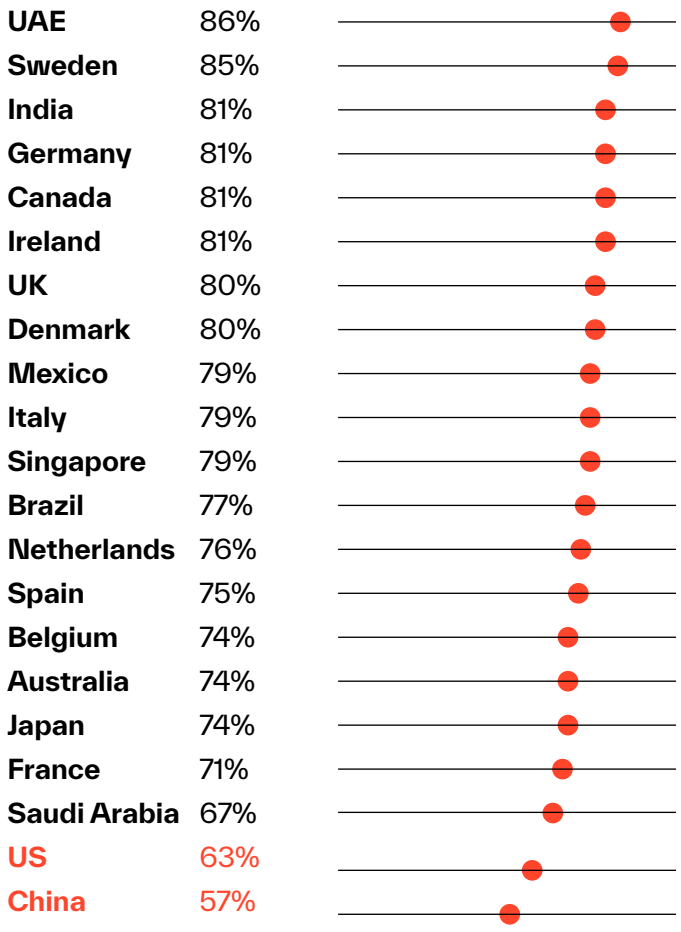
75%

Agree their organization is increasingly **concerned** about the **geopolitical risk**s associated with storing and managing data in global cloud environments

Q53: Please rate your level of agreement on the following statements related to your cloud model and migration
Base: Uses Cloud (n=3639)

Country view: The US and China report the least concern about the geopolitical risks associated with storing and managing data globally

"Our organization is increasingly concerned about the geopolitical risks associated with storing and managing data in global cloud environments"
% Agree



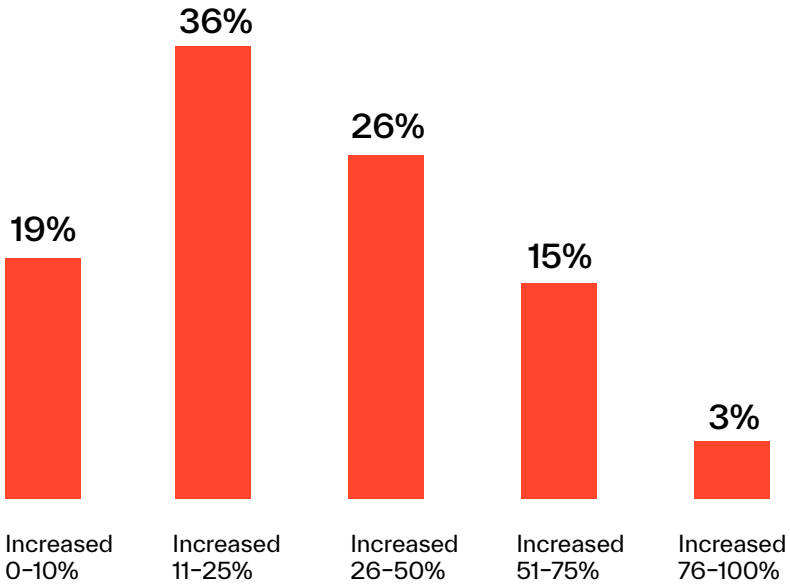
Q53: Please rate your level of agreement on the following statements related to your cloud model and migration: Our organization is increasingly concerned about the geopolitical risks associated with storing and managing data in global cloud environments. Base: Uses Cloud (n=3639); Sample size varies by market

Against this complex global backdrop, organizations report clear benefits from their cloud investments, and cloud spend is increasing

Cloud investment changes in past 12 months
% Selected

30%

On average, organizations have increased their cloud spend over 30% the past year

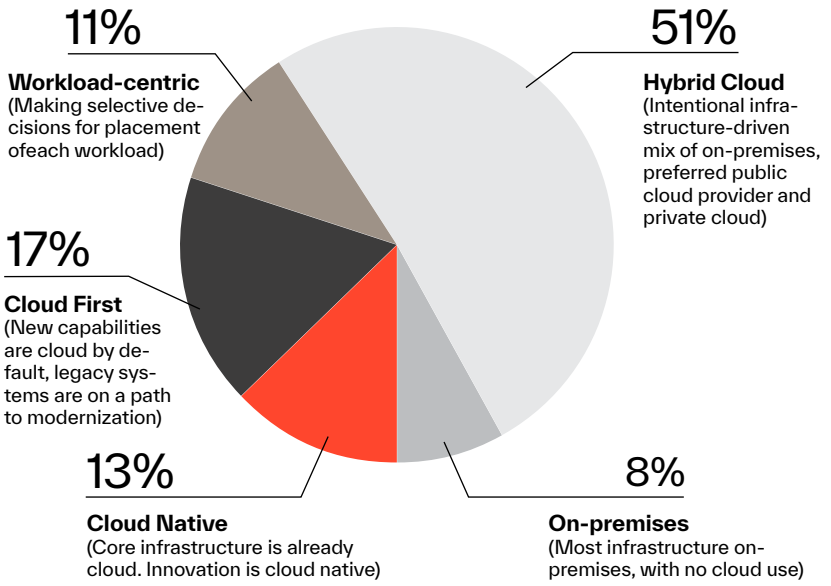


Q55: How has your organization's investment in cloud migration and deployment efforts changed over the past 12 months? Base: Uses Cloud (n=3610)

As organizations rationalize their cloud strategies to a more agile architecture, they can more easily withstand external pressures and use AI

Approach to cloud infrastructure

% Selected



Q51: Which of the following best describes your organization's current approach to cloud infrastructure?
Base: Knows Cloud Deployment Model (n=3693)

Organizational benefits due to cloud investments

% Agree

91% Our cloud investments have **made our business more agile**

91% Our cloud infrastructure gives us th**e flexibility to adapt quickly to new or changing regulatory requirements**

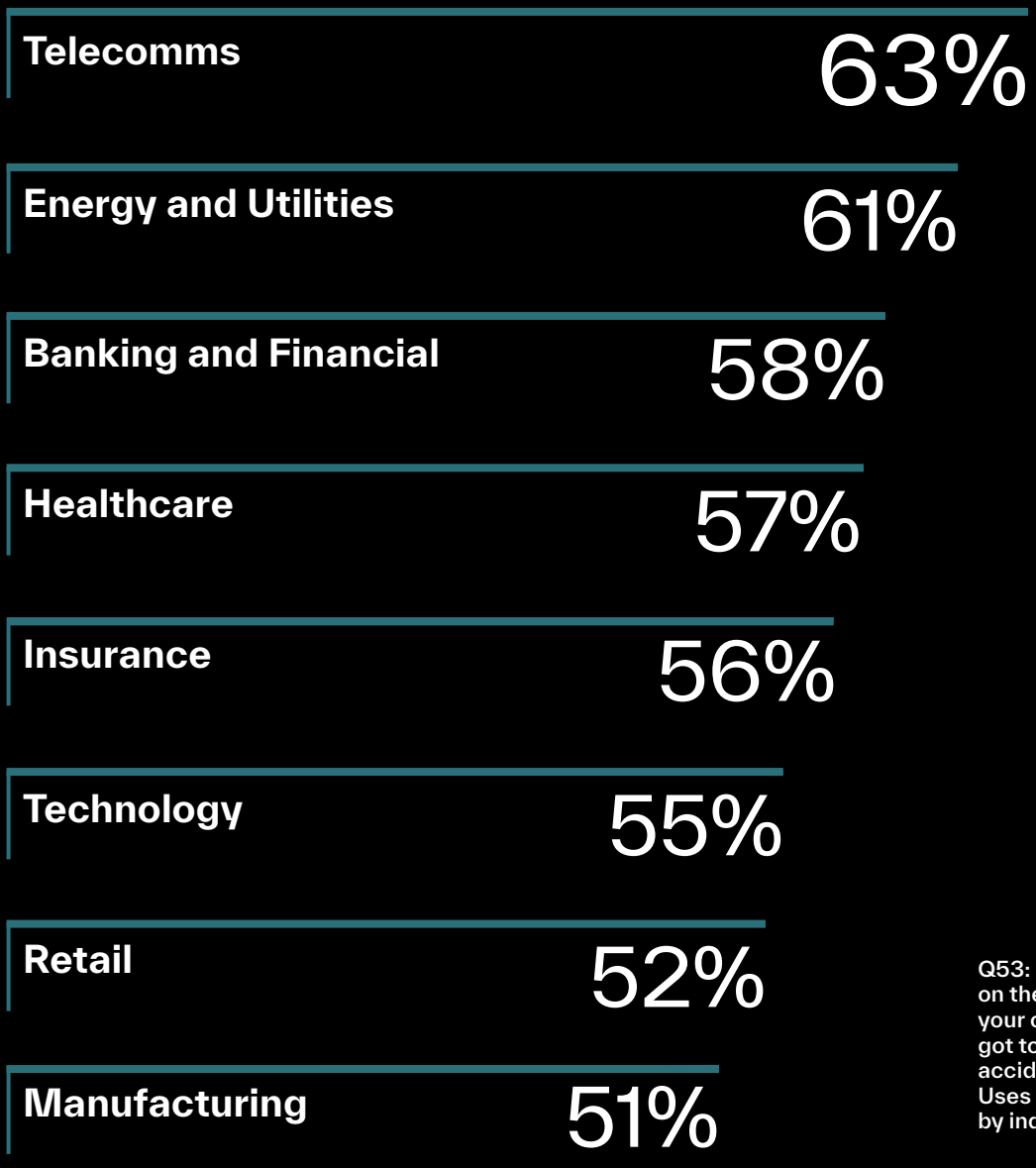
89% Our cloud investments have **allowed us to use AI more easily** than we otherwise would be able to

Q53: Please rate your level of agreement on the following statements related to your cloud model and migration. Base: Uses Cloud (n=3639).

Industry view: Telecomms and Energy & Utilities businesses are most likely to report they arrived at their current cloud environment by accident, rather than by design

Arrived at current cloud environment by accident

% Agree



Q53: Please rate your level of agreement on the following statements related to your cloud model and migration: We got to our current cloud environment by accident rather than by design. Base: Uses Cloud (n=3639); Sample size varies by industry

03.

Aligning workforce: Can workforces keep up with the speed of innovation?

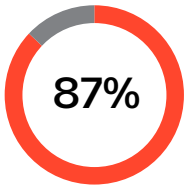
People and culture are at the center of organizations as they adopt and realize efficiencies driven by AI implementation

Technology does not exist in a vacuum, and for organizations to benefit from new tools, they also need to mature their people and processes to adopt them. Workforce trust in new technologies and processes makes a significant difference between organizations that are ready and those that lag behind.

The challenge is urgent: 9 in 10 believe AI will completely transform roles and responsibilities at their organizations within the next year. Yet many worry their workforce may lack the skills, both technical and human, needed to fully seize these opportunities.

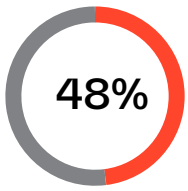
The data shows that developing an organizational culture of strong adaptability helps, and CEOs are concerned about how to leverage culture and talent for success. Almost half say their culture stifles innovation and moves too slow in decision-making.

By contrast, those who describe their culture as dynamic and adaptable report stronger outcomes across multiple metrics. Most notably, they are more likely to report IT readiness and to have experienced positive ROI from their AI investments.

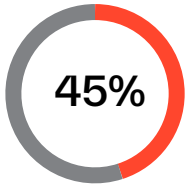


agree **AI is going to completely transform roles and responsibilities** at their organization over the next 12 months

CEO Perceptions of Organizational Culture
% Selected



My organization's culture stifles innovation



My organization's culture moves too slow in decision-making

Most concerning impacts of AI on the workforce % Selected

Having the right technology skills to make the most of AI opportunities	**41%**
Having the right core/human/cognitive skills to make the most of AI opportunities	**39%**
How to upskill and reskill employees whose jobs are replaced with AI	**38%**

Organizations with strong cultural adaptability for continuous transformation are:

+22pts

more likely to report their IT infrastructure is ready to manage future risks

+15pts

more likely to have achieved positive ROI on their AI investments

AI innovation is outpacing workforce absorption — organizations anticipate complete role transformation, but lack workforce readiness

4 in 10

technical employees and over half of non-technical employees are not using AI on a weekly basis, posing opportunity for further adoption

Weekly AI Usage
Average % currently using AI on a weekly basis

61% Technical employees

43% Non-technical employees

Q43: Thinking about both technical and non-technical employees, approximately what percentage of your organization's workforce is currently using AI on a weekly basis (inclusive of machine learning, generative AI, and agentic AI)? Base: Total (n=3700)

Agreement about skills and talent
% Selected

87%

agree AI is going to **completely transform roles and responsibilities** at their organization **over the next 12 months**

Q19: How much do you agree or disagree with the following statements about your organization's IT skills & talent? Base: Total (n=3700)

Current workforce readiness for AI
% Ready

29%

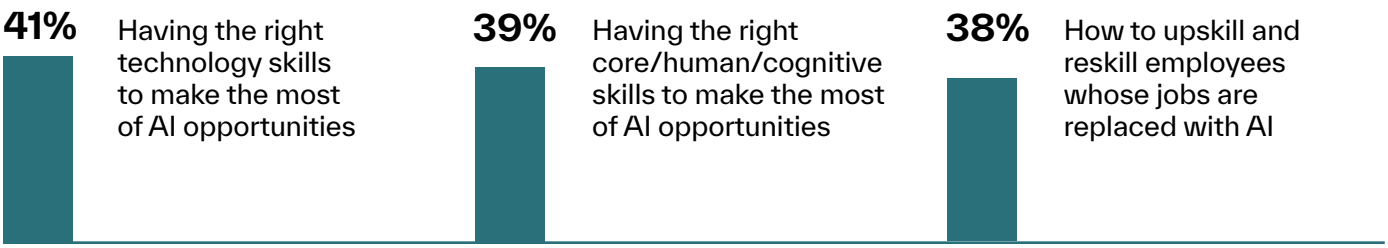
say that their organization's workforce is currently **ready to successfully leverage AI** in the workplace

— People Readiness Report

Q3. How ready would you say your organization's workforce currently is to successfully leverage AI technology in the workplace? Base: Total (n=1100); Kyndryl People Readiness Report 2025

Many cite workforce concerns around AI implementation — specifically related to the skills needed to succeed in this era

Impacts of AI on the workforce most concerned about
% Selected



Q61: Which of the following are you most concerned about when it comes to the impact of AI on your organization's workforce? Base: Total (n=3700)

Concerns related to skills gaps
% Agree

31%

I am **not confident my organization understands how to address the skills gaps**

— People Readiness Report

32%

My organization **does not understand the skills employees will need in the future**

Q14: To what extent do you agree or disagree with the following statements about how your organization is tracking and managing employee skills? Base: Total (n=1100) Kyndryl People Readiness Report 2025

Building trust in AI is key to its adoption, though a quarter of respondents cite the reduction of jobs and resulting disengagement of employees as a top concern

Many companies are taking action to build trust, like involving employees in the implementation process or creating ethical guidelines for AI use.

42%

cite **building employee trust around AI** among the most important actions to fully leverage the technology

— People Readiness Report

Q8: Which of the following actions do you believe are most important for organizations to take to successfully leverage AI technology in the workplace? Base: Total (n=1100); Kyndryl People Readiness Report 2025

26%

are **most concerned** about the reduction of jobs and **resulting disengagement** of employees due to AI's impact on their organization

Q61: Which of the following are you most concerned about when it comes to the impact of AI on your organization's workforce? Base: Total (n=3700)

Top 3 actions to build workforce trust in AI

1

Involving employees in the implementation process

44%

2

Creating ethical guidelines for AI use

44%

3

Ensuring transparency around AI goals and implementation

40%

— People Readiness Report

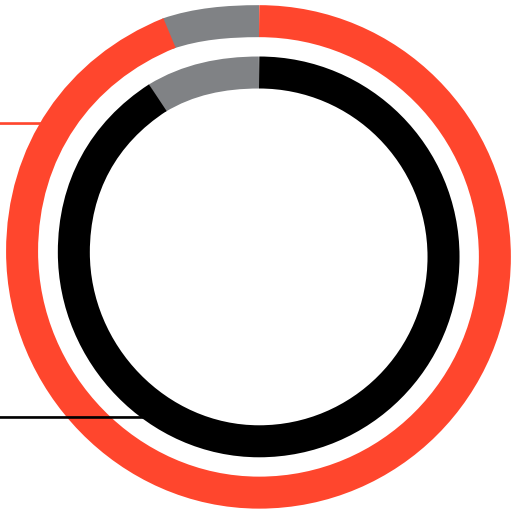
Q26: In which of the following ways, if any, is your organization currently working to build trust among its workforce towards AI technology? Base: Total (n=1100); Kyndryl People Readiness Report

While organizations are prioritizing training and development, executives feel their culture often gets in the way of innovation efforts

Perceptions of organizational culture
% Agree

94% agree **their organization promotes continuous learning**

91% agree their organizations **prioritize training and upskilling initiatives** to bridge skills gaps and stay competitive in the market

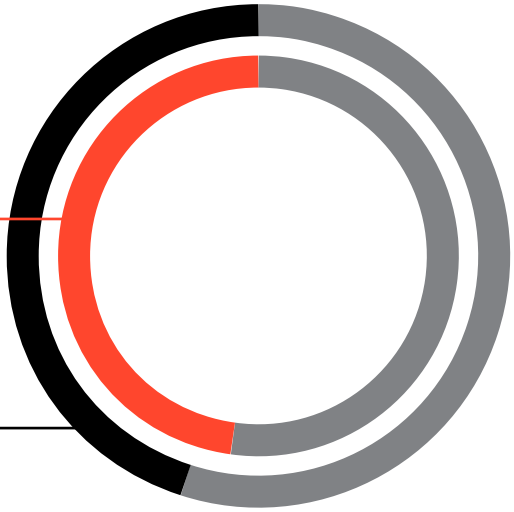


Q19: How much do you agree or disagree with the following statements about your organization's IT skills & talent? Base: Total (n=3700)

CEO perceptions of organizational culture
% Agree

48% agree that their organization's culture **stifles innovation**

45% agree that their organization's culture **moves too slow** in decision-making



Q39: How much do you agree or disagree with the following regarding your organization's culture? My organization's culture... Base: CEOs (n=396) Total (n=3700)

Organizations with strong cultural adaptability for continuous transformation report stronger readiness, AI utilization, ROI, and ability to scale

Cultural adaptability for continuous transformation
% Selected

36%

rate their company culture as **dynamic, with adaptability being a core cultural value**, and continuous transformation being embraced and normalized

Q38: How would you describe your organization's current cultural adaptability for continuous transformation? Base: Total (n=3700)

Leaders who report adaptability as a core cultural value are ahead on:

Infrastructure Readiness

+22 pts More likely to report their **IT infrastructure is ready** to manage future risks

AI Investment ROI

+15 pts More likely to have achieved **positive ROI on their AI investments**

Ability to Scale

+14 pts More likely to be able to **scale innovation efforts past the proof-of-concept** phase

Cloud Investment ROI

+14 pts More likely to have achieved **positive ROI on their cloud investments**

Q17: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Q43: Thinking about both technical and non-technical employees, approximately what percentage of your organization's workforce is currently using AI on a weekly basis (inclusive of machine learning, generative AI, and agentic AI)? Q23: Thinking about the specific digital technologies, tools, or solutions your organization is currently investing in, how would you describe the return on investment (ROI) your company has experienced as a result of these investments? Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Base: Leaders who say adaptability is a core cultural value (n=1314)

04.

Pilots that scale: Can AI and other innovations deliver transformational business value?

Pressure is mounting to scale technology beyond the pilot

The continuous advancement of innovative technologies, including AI, has created enormous potential for today's businesses to both find efficiencies and explore new revenue streams. Unsurprisingly, investments in AI are increasing, along with the pressure leaders feel to demonstrate that the technology pays off: 61% feel more pressure than 12 months ago.

In this context, are business leaders sure they are taking the right steps to move the technology from proof-of-concept ideas to real-world products?

The 2025 report shows that organizations have made progress getting to positive returns on investment for their AI projects, but most organizations still remain in the experimentation phase. They are hindered by integration complexity, regulatory and compliance concerns, and business-tech alignment on how to deliver those projects.

As technological innovation continues to accelerate, failure to scale AI initiatives poses a critical risk to competitiveness and growth.

33%

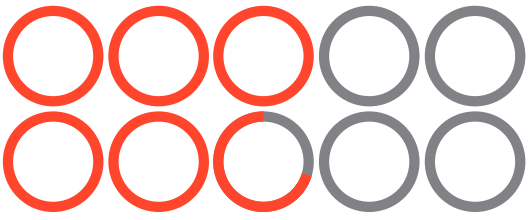
On average, organizations have increased their AI investment over the past year

Pressure to prove ROI on AI, compared to 12 months ago
% Selected

61% More Pressure

57%

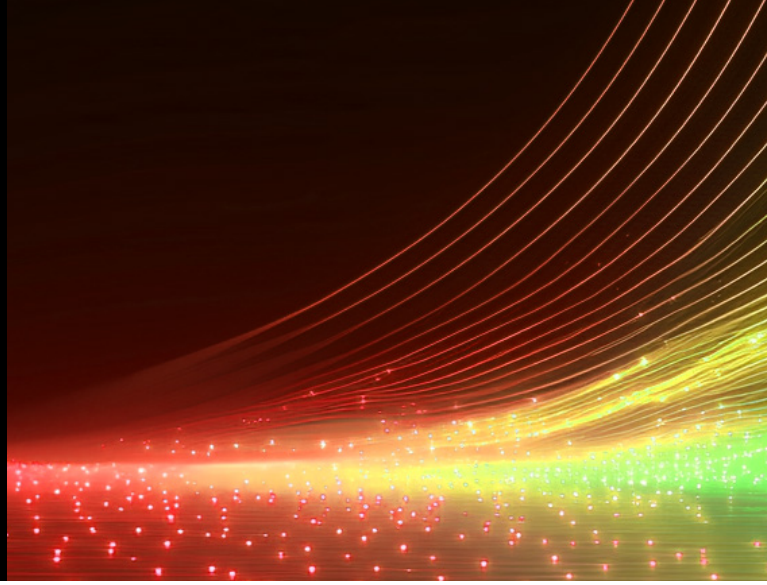
Over half agree that their innovation efforts often stall after the proof-of-concept phase



Top barriers to scaling technology investments
% Selected, Ranked Top 3

1. Complexity of technology environments (31%)
2. Regulatory or compliance concerns (31%)
3. Difficulty aligning business and technology teams (26%)

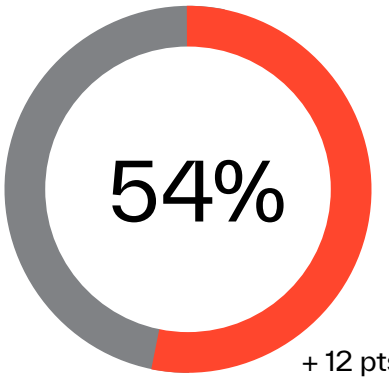
Compared to 2024, more companies are reporting positive ROI on their AI investments — in a period where demonstrating ROI is more important than ever



Though nearly half of organizations struggle to achieve positive return on their AI investments

AI Investment ROI

Positive ROI



Q23: Thinking about the specific digital technologies, tools, or solutions your organization is currently investing in, how would you describe the return on investment (ROI) your company has experienced as a result of these investments? Base: Total (n=3700)

Pressure to prove ROI on AI technologies

Compared to 12 months ago, % Selected

61% More Pressure

AI technologies
(e.g Generative AI, Agentic AI, Machine Learning)

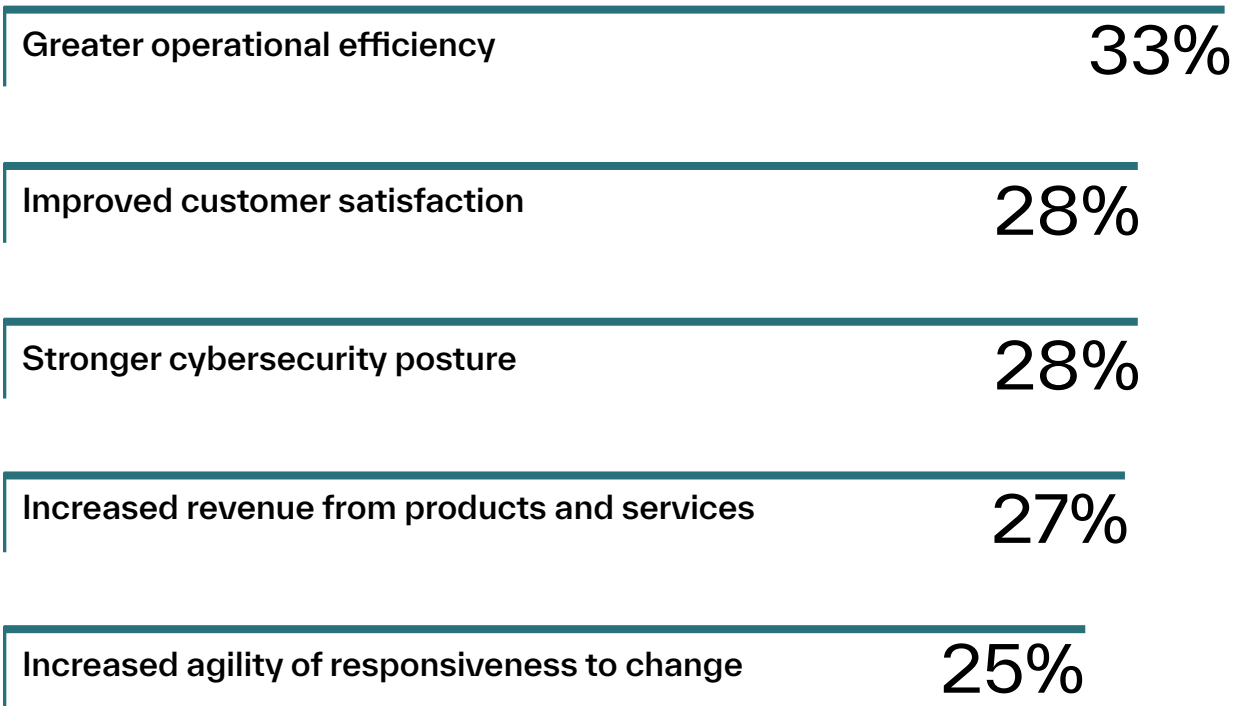
Q63: Compared to 12 months ago, how would you describe the level of pressure you feel from leadership to prove ROI on the following investments? Base: Total (n=3700); Q63 reported as an average of three AI technologies

Global business leaders have diverse expectations for how their digital transformation and innovation initiatives deliver value

Many are prioritizing operational efficiency, while others are focused on customer satisfaction or cyber resilience.

Most critical outcomes to demonstrate ROI on digital transformation efforts

% Selected



Q62: Which of the following outcomes are most critical to demonstrate the success of your organization's digital transformation efforts, in terms of return-on-investment (ROI)? Base: Total (n=3700)

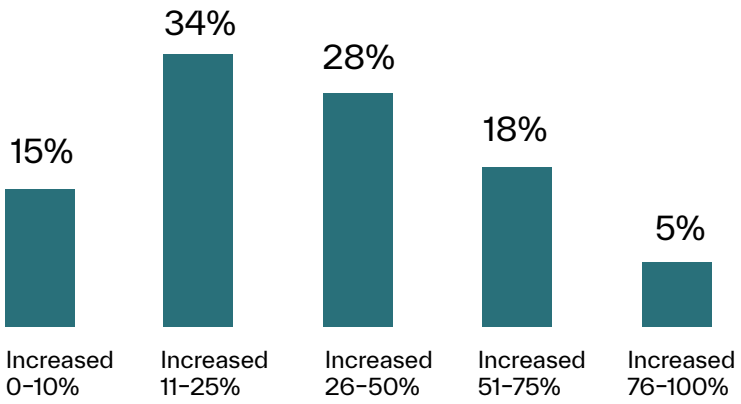
Investment in AI is growing as organizations explore use cases beyond generative capabilities

In the realm of AI, organizations are prioritizing cybersecurity and enterprise processes over chatbots or copilots.

AI investment changes in past 12 months

% Selected

On average, organizations have **increased their AI investment by 33%** over the past year



Q57: How has your organization's investment in artificial intelligence (AI) changed over the past 12 months? Base: Knows AI spend (n=3632)

AI capabilities organizations are investing in

% Selected

Q59: Is your organization currently investing in any of the following AI capabilities? Base: Total (n=3700)

While progress is being made, the AI readiness gap still exists, and most organizations are still experimenting with AI

AI readiness
% Completely Ready

While AI readiness has increased since 2024, nearly 2 in 3 companies still do not feel their AI implementation is ready to manage future risks and disruptive forces

36%

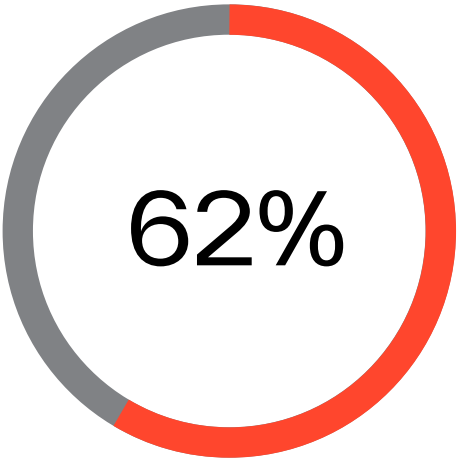
+7pts YOY

64%

Q17: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Base: Total (n=3700)

Perceptions of AI usage
% Agree

3 in 5 report they are still in the experimentation phase when it comes to AI



Q60: Which of the following best describes your organization's ability to scale AI initiatives beyond pilots or prototypes? Base: Total (n=3700)

Their tools alone aren't holding them back. Most companies feel they have the resources needed to scale, but innovation efforts are getting stuck in the pilot phase and often stall after proof-of-concept.

90%

agree their organization's tools and processes allow them to rapidly test and scale new ideas

However,

72%

over 7 in 10 agree they have more technology pilot projects than they can realistically scale

57%

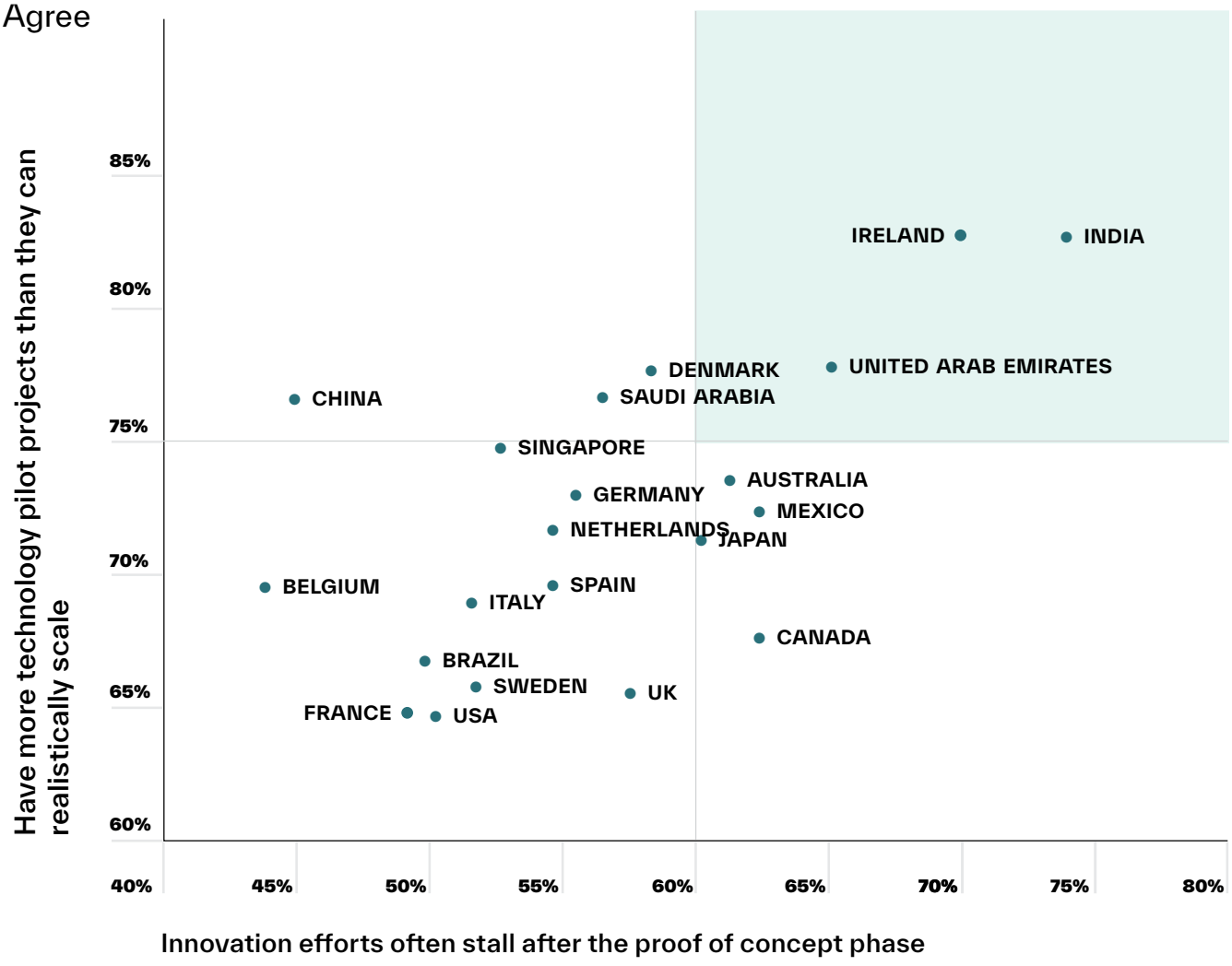
And more than half (57%) agree their innovation efforts are often delayed by foundational issues in the technology stack

Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Base: Total (n=3700)

Challenges vary significantly by country: Ireland and India are more likely than other markets to struggle with scalability challenges and stalled pilot projects

Organizations in Ireland are more likely than those in other markets to cite complexity of tech environments as a top barrier inhibiting scalability (39% vs. 31% global average), while organizations in India struggle primarily with complexity, regulatory challenges and organizational resistance to change.

Scalability challenges, by market



Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Base: Total (n=3700); All markets range from (n=100-300)

To maximize the potential of AI, organizations need support navigating the complexity of their technology environments

Top barriers to scaling technology investments

% Ranked Top 3

1

Complexity of technology environments

31%

2

Regulatory or compliance concerns

31%

3

Difficulty aligning business and technology teams

26%

Q49: Which of the following are the primary barriers limiting your organization's ability to scale recent technology investments? Base: Total (n=3700)

Top barriers to positive return on AI investment

% Selected

1

Integration is more complex than expected

35%

2

We lack the right internal talent to scale

29%

3

Regulation constraints

29%

Q58: You mentioned your organization has not seen a positive return on its AI investments; what are the primary reasons? Base: Leaders who reported neutral or negative return (n=1695)

05.

Velocity and vision: Can business and technology align quickly on the best path forward?

Velocity with vision amid increasing complexity

Pressure to move fast is at an all-time high. Organizations need to keep up not only with the pace of technology advancements but with competition in their own industries and fast-moving regulations.

Leadership decisions are being made under pressure. The case of cloud adoption can offer lessons about the next wave of technological disruption. As companies raced to move their data and processing to the cloud, about a decade ago, they sought economy, agility and scalability. Today they report clear benefits from their decisions: 91% report increased agility; 91% can more easily adapt to regulatory requirements, and 89% say it helps them more easily deploy AI.

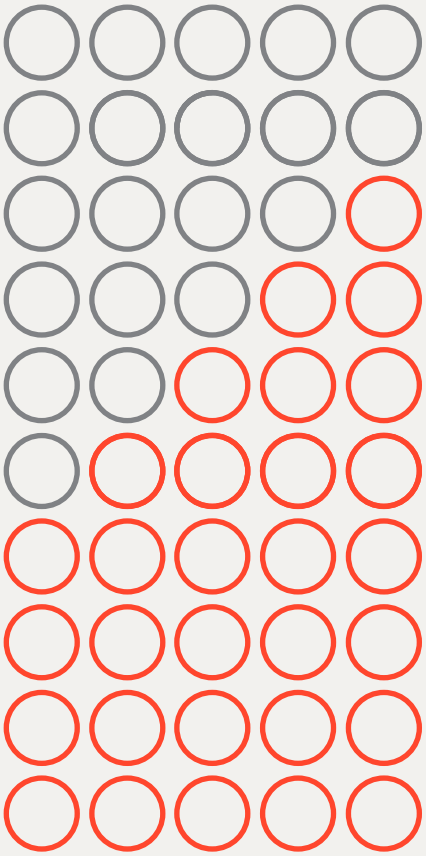
Yet 95% say they would do it differently, given the chance to do it again. Overall, respondents would have increased their focus on security and compliance (40%), improved their internal communications (36%), appreciated the complexity of integration (36%), or invested more in relevant people and talent (36%).

The cloud example shows that organizations still benefit from new technology even while everything isn't fully sorted out.

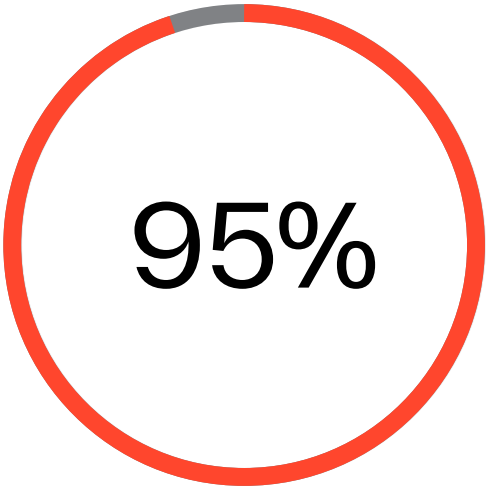
The survey also shows that business leaders have a diverse definition of return on investment. To some, it's operational efficiency; others prioritize employee engagement, increased agility, or increased revenue. There is no one-size-fits-all approach, and decisions aren't made in a vacuum. Aligning technology and business leaders — and rallying employees around a technology roadmap — has never been more important.

60%

agree **their organization struggles to keep up with the pace of techno-logical advancements**



Velocity with vision



would **change the way their organization implemented its cloud strategy** if they had the chance

Top ways they **would change cloud implementation**

1. More focus on **security and compliance**
2. Better understanding of **integration complexity**
3. Improve **cross-departmental communication**

Q52: Thinking back to the way your company implemented its cloud strategy — how, if at all, would you change the way your company implemented its cloud strategy? Base: Total (n=3700)

CEO perceptions of technology investments

% Agree

74%

The pressure to demonstrate short-term ROI undermines longer-term innovation goals

65%

Their CEO and CFO are not aligned with the long-term value of technology investments

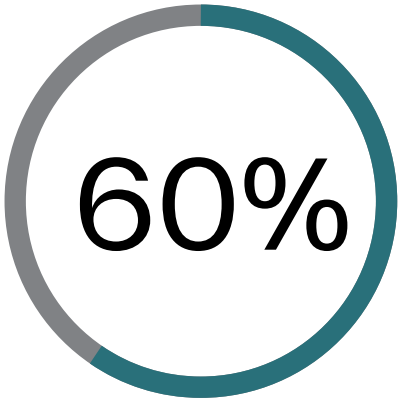
Q64. How much do you agree or disagree with the following statements about the way your business makes decisions? Base: CEOs (n=396)

Technological advancements are happening at a rate organizations cannot keep up with. Even technical employees are falling behind.

CEOs are even more likely than others to agree their organization struggles with the pace of tech advancements (74% vs. 60% global average)

Perceptions of organizational culture

Agree



agree their **organization struggles to keep up with the pace of technological advancements**

Q19: How much do you agree or disagree with the following statements about your organization's IT skills & talent? Base: Total (n=3700); CEOs (n=396)

Employee preparedness for pace of innovation

% Completely agree

54%

Our technical employees can keep up with the latest advancements in technology to support business outcomes

34%

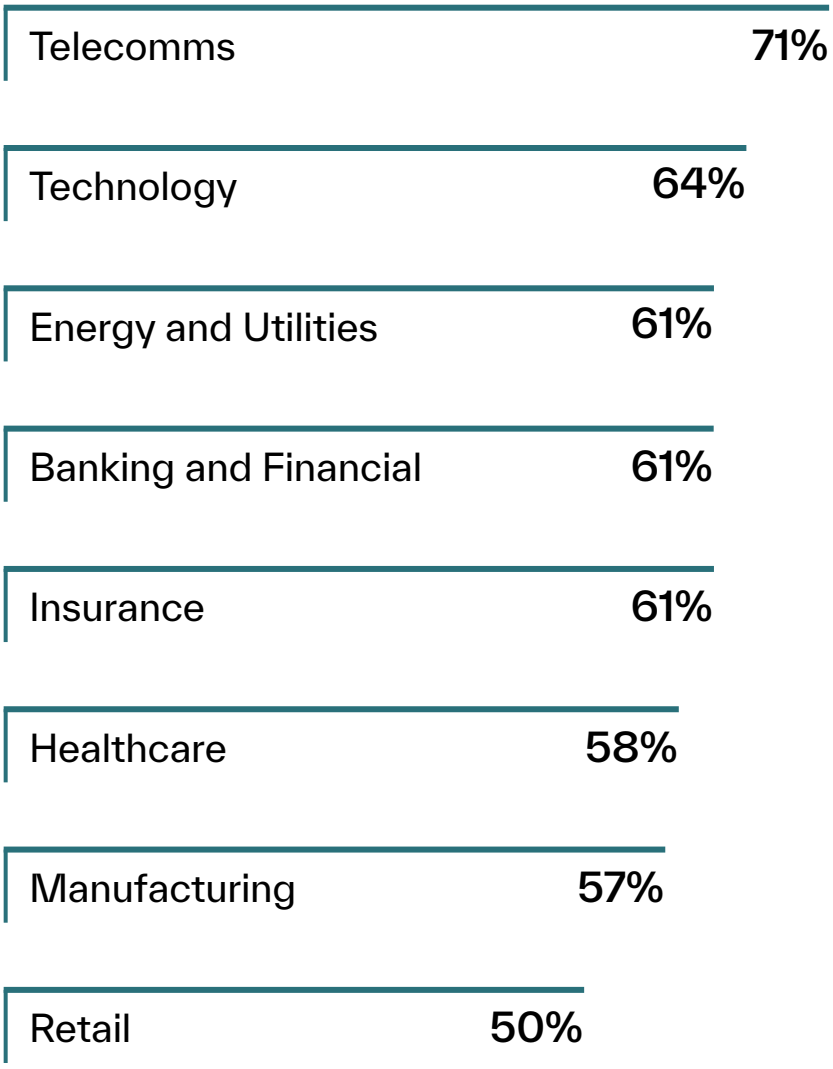
Our non-technical employees can keep up with the latest advancements in technology to drive business outcomes

Q41: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Base: Total (n=3700)

Telecomms organizations are more likely to report they struggle with the pace of technological advancements, while Retail businesses are less likely to cite this as a challenge

"Our organization struggles to keep up with the pace of technological advancements"

% Agree

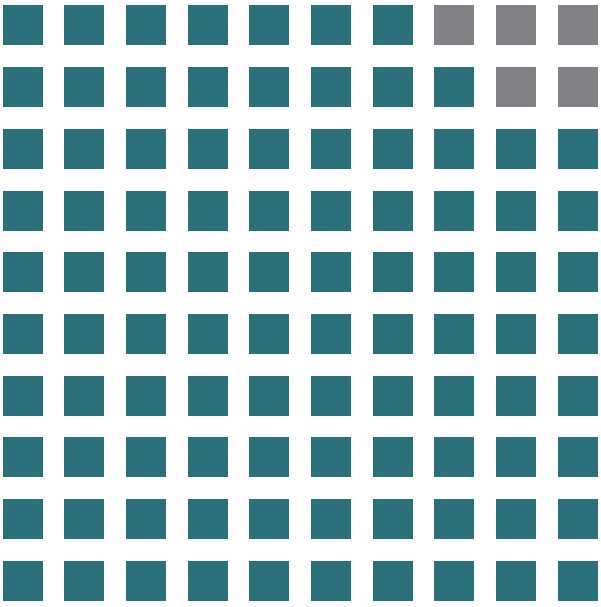


Q19: How much do you agree or disagree with the following statements about your organization's IT skills & talent? Base: Total (n=3700); Sample size varies by industry

In a time where AI is progressing at breakneck speed, decisions made on past innovation efforts can provide lessons for the future

95%

would **change the way their organization implemented their cloud strategy** if they had the chance



Top ways **they would change cloud implementation**

1. More focus on security and compliance **40%**
2. Better understanding of integration complexity **36%**

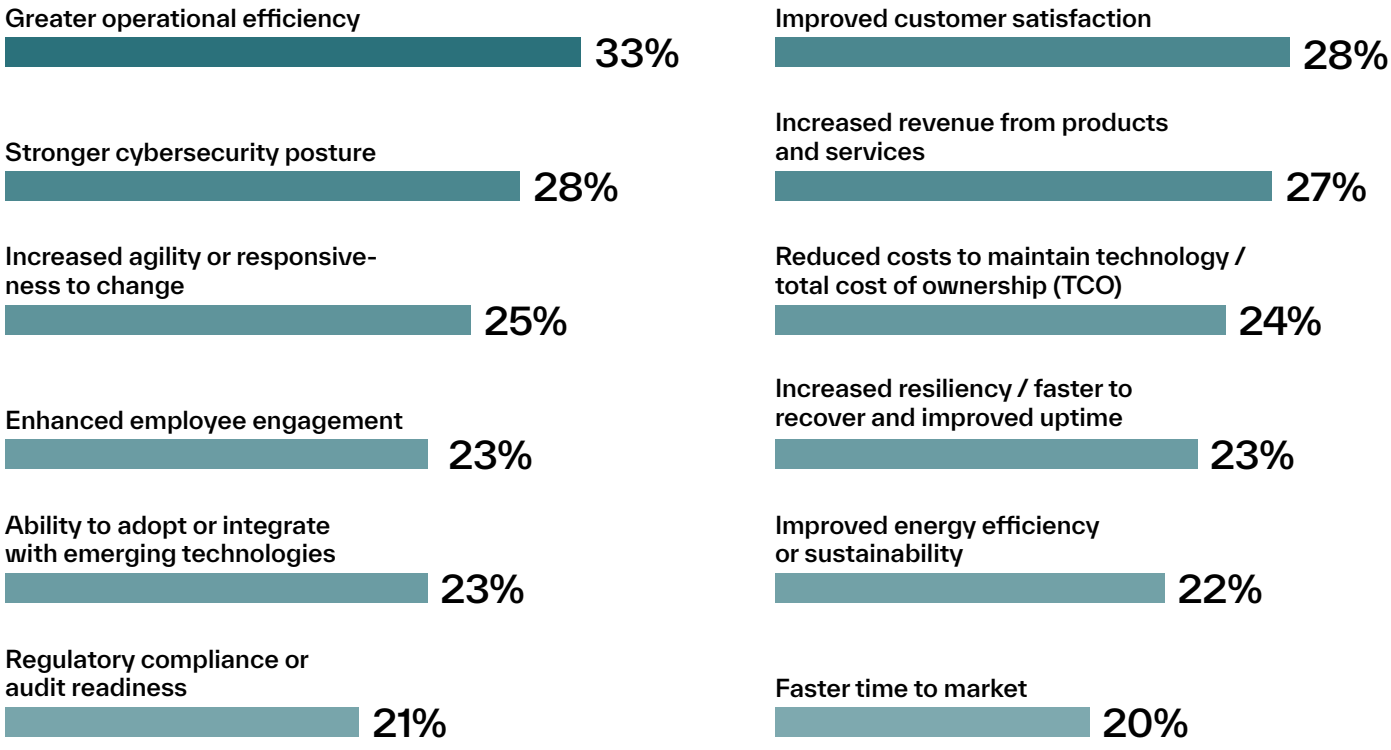
   CFOs are more likely than other leaders to wish they had a better understanding of integration complexity

3. Improve cross-departmental communication **36%**

Q52: Thinking back to the way your company implemented its cloud strategy — how, if at all, would you change the way your company implemented its cloud strategy? Base: Total (n=3700)

Leaders prioritize diverse outcomes of their digital transformation projects. There is no one-size-fits all approach to return on investment.

Outcomes most critical to proving ROI on digital transformation
% Ranked top 3



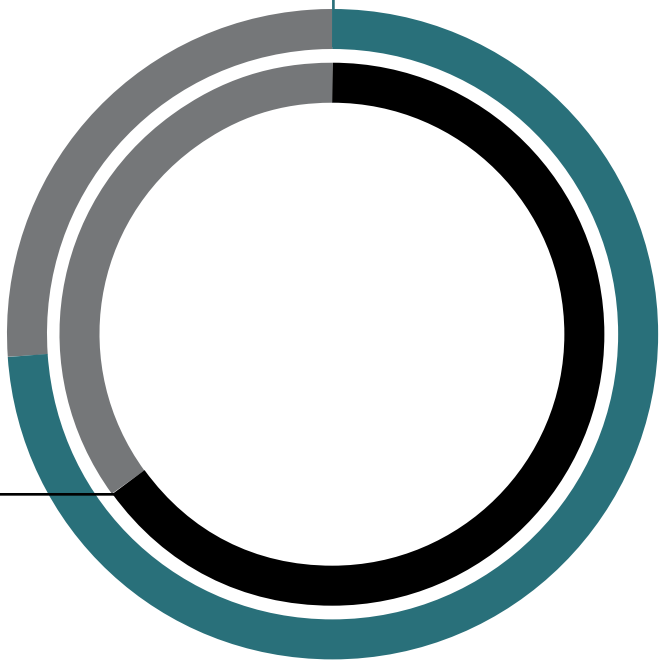
Q62: Which of the following outcomes are most critical to demonstrate the success of your organization's digital transformation efforts, in terms of return-on-investment (ROI)? Base: Total (n=3700)

Nearly 3 in 4 CEOs say short-term pressure undermines long-term innovation, and nearly 2 in 3 say they aren't aligned with their CFO on long-term value

CEO perceptions of technology investment
% Agree

74%

Agree that the pressure to demonstrate short-term ROI undermines longer-term innovation goals



65%

Agree that their CEO and CFO are not aligned with the long-term value of technology investments

Q64. How much do you agree or disagree with the following statements about the way your business makes decisions? Base: CEOs (n=396)

Conclusion

How to Lead

Conclusion: How to lead

The tipping point: pacesetters

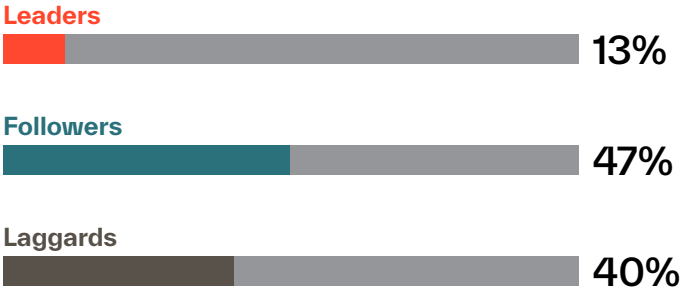
Culture, vision and innovation investment form the core differentiating indicators of organizations that are "tipping" the right way across the five challenges. By evaluating respondents across these criteria — organizational adaptability, ability to turn strategy into a clear inspiring vision and proportion of IT spend reserved for innovation vs. maintenance — organizations segment among three groups: pacesetters, followers and laggards. Pacesetters, which can be found in all countries and company sizes, see benefits across both their technology infrastructure and their workforces.

Pacesetters
Forward-looking organizations that pair strong vision with the investment and adaptability to act on it

Followers
Those making steady progress but slowed by organizational culture or operational gaps

Laggards
Organizations struggling to modernize, often constrained by legacy systems and siloed decision-making

Proportion of groups



On the following pages, we show how these three groups perform across the five tech and talent readiness hurdles.

Each company's readiness was assessed on three 100-point dimensions (cultural adaptability, leadership vision, innovation investment). Composite scores were used to identify three typologies: Pacesetters, Followers, and Laggards.

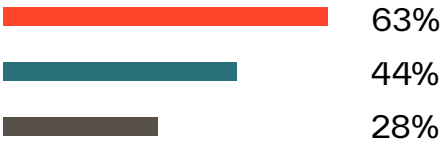
Pacesetters in culture, leadership and digital transformation are prioritizing the foundational infrastructure needed to drive resilience and agility

■ Pacesetters ■ Followers ■ Laggards

Solid foundations

Readiness of IT infrastructure

% Ready



Q17: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? (% Completely Ready)

Pacesetters are less likely

-32pts vs laggards

to have innovation efforts delayed by foundational issues in their tech stack

Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Innovation efforts are often delayed by foundational issues in our technology stack

Currently investing in cybersecurity AI capabilities

% Selected

Q59: Is your organization currently investing in any of the following AI capabilities? Cybersecurity (e.g., fraud detection and risk management)

Pacesetters are more likely

+20pts vs laggards

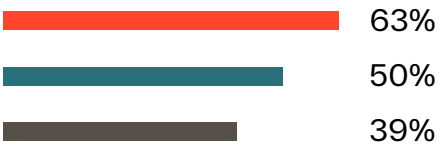
to have not experienced a cyber-related outage in the past year

Q47: Has your organization been impacted by any of the following significant cyber-related outages in the past year? We have not experienced any cyber-related outages

More agile cloud and data

"Our cloud investments have made our business more agile"

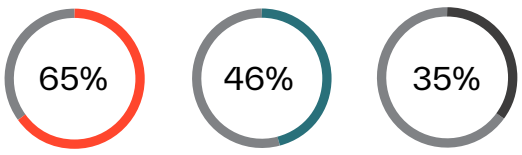
% Completely Agree



Q53: Please rate your level of agreement on the following statements related to your cloud model and migration. Base: Total (n=3700); Pacesetters (n=464); Followers (n=1800); Laggards (n=1436)

"Our cloud infrastructure gives us the flexibility to adapt quickly to new or changing regulatory requirements"

% Completely Agree

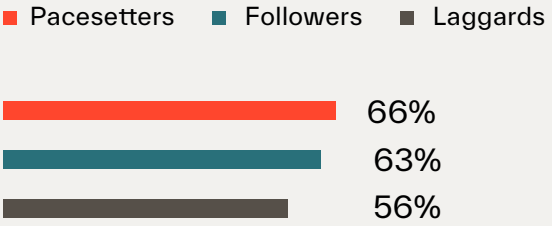


Pacesetters are also enabling a more innovative workforce and experiencing stronger scalability on innovation as well as better leadership alignment

Realigned workforce

Pacesetters see **+10pts** on weekly AI usage amongst technical employees

% of technical employees using AI weekly

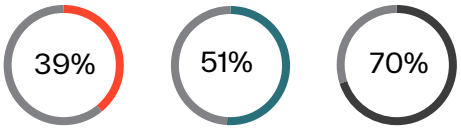


Q43: Thinking about both technical and non-technical employees, approximately what percentage of your organization's workforce is currently using AI on a weekly basis (inclusive of machine learning, generative AI, and agentic AI)? Technical employees

Pilots that scale

"Our innovation efforts often stall after the proof-of-concept phase"

% Agree



Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Our innovation efforts often stall after the proof-of-concept phase

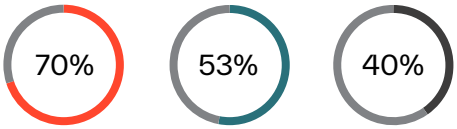
% Experiencing positive ROI on either AI or Generative AI investments (net)

Q23: Thinking about the specific digital technologies, tools, or solutions your organization is currently investing in, how would you describe the return on investment (ROI) your company has experienced as a result of these investments? (% Positive ROI on AI/ML or Gen AI)

Leadership alignment

"Our CTO/CIO has a clear understanding of the business strategy and goals"

% Completely Agree



Pacesetters less likely

-10pts vs laggards

to agree that "our CEO and CFO are not aligned with the long-term value of technology investments"

Q64: How much do you agree or disagree with the following statements about the way your business makes decisions? Our CTO/CIO has a clear understanding of the business strategy and goals (% Completely Agree), Our CEO and CFO are not aligned with the long-term value of technology investments (% Completely Agree) Base: Total (n=3700); Pacesetters (n=464); Followers (n=1800); Laggards (n=1436)

As organizations mature, their barriers shift from basics to complexity

Pacesetters face higher-order challenges that reflect their transformation progress.

Unique barriers to scaling tech investments

Unique barriers are barriers that each segment experiences as a significantly higher rate than the other segments.

Pacesetters
More likely to cite the complexity of tech environments

Followers
More likely to cite regulatory and compliance concerns

Laggards
More likely to cite resource and skills gaps

As organizations advance, their challenges evolve. Pacesetters grapple with the complexity of integrating and scaling advanced technologies — a sign of maturity rather than weakness. Followers continue to navigate compliance and regulatory friction, while laggards remain constrained by skills and investment priorities.

Progress brings new opportunities — but also greater complexity to manage.

Q49: Which of the following are the primary barriers limiting your organization's ability to scale recent technology investments?

Moving from follower to pacesetter: What it takes by role

How each C-suite leader can accelerate readiness.

Role	How to Drive Toward "Pacesetter" Status
CIO/CTO	Shift from infrastructure maintenance to innovation enablement — modernize for agility, not just resilience.
CFO	Treat tech investment as a strategic asset, not a cost center; fund transformation through efficiency wins.
CHRO/Chief People Officer	Build workforce adaptability and AI fluency; align talent strategy with the pace of tech change.
CEO/Business Units Leads	Champion a unified vision for digital innovation; connect transformation outcomes to growth strategy.

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This report was not printed.

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