READINESS REPORT

kyndryl

Readiness Reframed



2026-27

From our Chairman and CEO



Martin Schroeter
Chairman and Chief Executive Officer
Kyndryl

For three years, the Kyndryl Readiness Report has explored how global business leaders are preparing for rapid advances in innovation. Over that time, one thing has become increasingly clear: adopting new technology and being ready to put it to work are not the same thing. As the pace of change continues to accelerate, businesses need systems, operations and people that can adapt as quickly as the world around them changes.

This year's study brings that distinction into sharper focus. The good news: more organizations are maturing in their use of AI and seeing value from their investments. At the same time, readiness has declined across risk categories. That's the tension at the heart of this year's report. AI is creating real opportunity, but realizing its full potential depends on the readiness of everything around it.

Business leaders report a meaningful shift in their AI journeys. Eighty-four percent say they are deploying AI in workflows beyond pilot projects, and as they do so, more are also reporting returns on investment. And 64% are seeing some positive returns on their AI investments, up 10 points from last year and up 22 points from 2024. AI is moving from experimentation toward real business use and value.

At the same time, overall readiness declined and is down 7 points from 2025. Readiness for cyberattacks saw the largest decline, dropping 11 points this year. In a year marked by several high-profile security breaches of both private companies and public infrastructure, this may not come as a surprise. AI is increasing the sophistication of these threats, while also providing new tools for defenders.



From our Chairman and CEO

Readiness is not a destination or a one-time undertaking. It is the ability to keep adapting as technology, risks and opportunities change. Those that can do that will be best positioned not simply to adopt what comes next, but to put it to work and sustain the value it creates.

These findings point to three dimensions of readiness that increasingly matter together: the technology foundations organizations depend on, how organizations and their people reinvent the way work gets done, and how they maintain control as technology environments become more complex.

At Kyndryl, we see what it takes to bring AI into production environments at scale. We run and transform the mission-critical technology systems that businesses and economies depend on. These systems must keep operating as they are modernized. That gives us a clear view of what readiness requires.

Readiness is never finished. As technology continues to change, organizations will need to continuously modernize their infrastructure, applications and business processes, while giving their people the tools and opportunities to build their skills and advance their careers.

As I talk with our customers, industry leaders and policymakers around the world, the focus is increasingly on how to put AI to work responsibly and at scale. The opportunity is clear, but so is what it takes to realize it: modern technology and data foundations, stronger security and resilience, and people prepared to work in new ways.

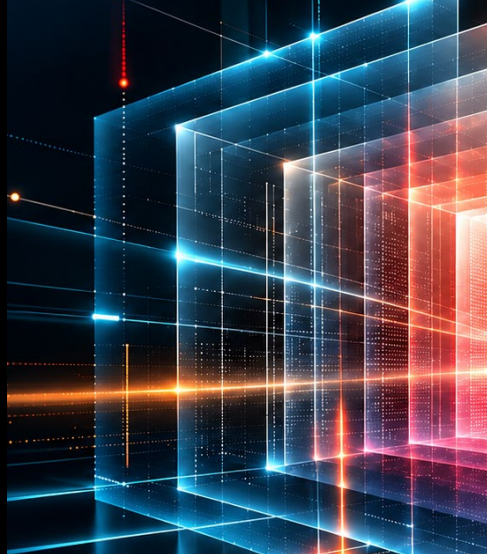
That, ultimately, is the message I take from this year's report. Readiness is not a destination or a one-time undertaking. It is the ability to keep adapting as technology, risks and opportunities change. Those that can do that will be best positioned not simply to adopt what comes next, but to put it to work and sustain the value it creates.



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Chairman and Chief Executive Officer

Methodology

The Kyndryl Readiness Report has insights from 3,700 senior leaders and decision makers across 21 countries. 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 6 core industries

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

Banking and financial services (n=664), energy and utilities (n=514), healthcare (n=484), insurance (n=524), manufacturing (including consumer products) (n=555), telecommunications (n=494)

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 Intelligence on behalf of Kyndryl. Fieldwork was conducted via online survey and telephone interview between July 10 and September 2, 2026.

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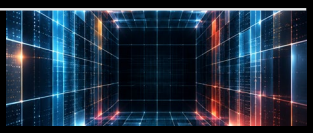
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Introduction



AI returns rise while readiness falls

In this year's Kyndryl Readiness Report, more business and technology leaders reported that AI is delivering value to their organizations: Among organizations investing in AI and machine learning, 64% of them say it's delivered positive returns. That is up from 42% who agreed in 2024 and 54% in 2025. Leaders are no longer waiting for AI to prove its value.

At the same time, leaders report a drop in confidence. On average, only 24% of leaders say their organizations are completely ready to manage external risks: a seven-point drop from 2025. For the third year in a row, cyberattacks topped the list of external concerns, and readiness for them dropped 11 points. Organizations are discovering that successful AI deployment brings a new set of challenges and demands.

This year's findings highlight an evolution in how organizations think about integrating AI into their work, the technology needed to support it and the risks they must manage. As AI moves deeper into the business, the bar for readiness moves with it. Nearly half (48%) significantly changed their AI strategy in the past year, and 59% feel more pressure than they did 12 months ago to prove ROI on their agentic AI investments.

Organizations made progress adopting AI and are moving beyond the pilot phase. Fewer leaders describe themselves as in the AI experimentation phase (49%, down from 62% last year), and 84% have deployed AI in workflows beyond pilots.

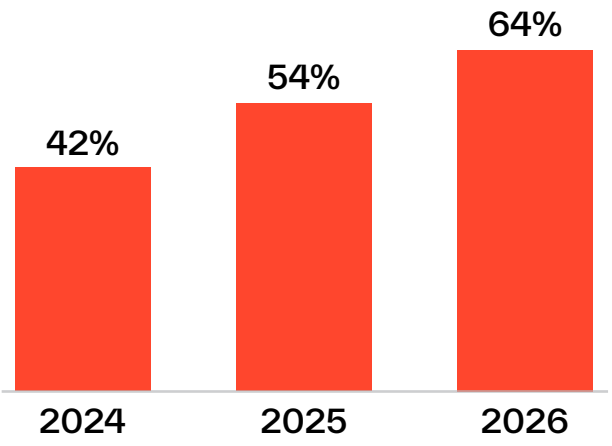
Organizations, then, have AI deployed in some production workflows while still describing their broader adoption as experimental. Fewer leaders also say innovation stalls after proof of concept (45%, down from 57%). Yet these numbers are still high, and progress in one area has not closed the readiness gap across others.

Leaders are saying they need a more deliberate way to decide which projects deserve funding and what has to change around them. Thirty-eight percent say modernization decisions are not consistently tied to business strategy; another 38% say their AI strategy emerged by accident rather than design. Nearly four in ten (39%) have seen an investment fail or have canceled a major initiative, and 59% say short-term ROI pressure undermines longer-term innovation goals. These findings point to a challenge that extends beyond technology adoption.

Continuous readiness demands investment across three dimensions: Foundation, Reinvention and Control. The defining question for 2027 is whether an enterprise can continuously transform and accelerate value without sacrificing resilience.

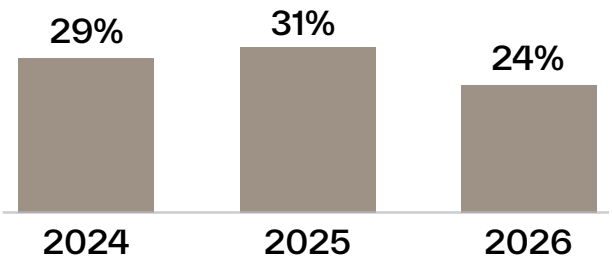
AI returns rise while readiness falls

More firms are reporting positive ROI in their AI and machine learning investments
Positive ROI - AI and machine learning



+22 pts since 2024
+10 pts since 2025

While the average share of leaders reporting complete preparedness for external risks fell 7 points
Average readiness across external risks



-5 pts since 2024
-7 pts since 2025

Q33: 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? Q16. How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700).

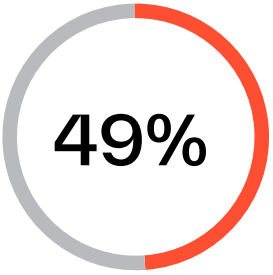
Leaders see the race for pilots wane as focus turns to repeatable value



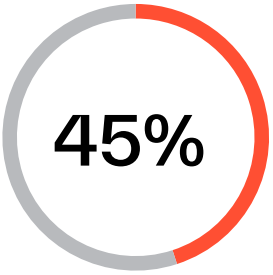
84%

of organizations report they are deploying AI in workflows beyond pilot projects

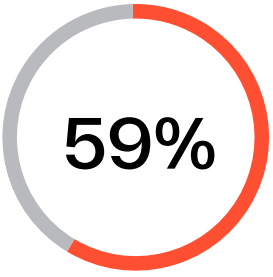
Agreement about my organization's adoption of emerging technology
% Agree



describe their organizations as in the experimentation phase when it comes to AI, **down 13 pts since 2025**



report innovation efforts often stall after the proof-of-concept phase, **down 12 pts from 2025**

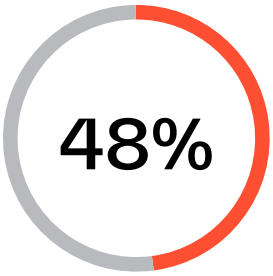


feel more pressure than 12 months ago to **prove agentic AI ROI**

Q8: How much do you agree or disagree with the following statements about your organization's adoption of emerging technologies?
Base: Total (n=3700)

Nearly half significantly changed their AI strategies this year, and alignment between strategy and leadership is linked to better returns





significantly changed their AI strategies this year

Q12: Which of the following has your organization done in the past 12 months? Base: Total (n=3700)

Challenges with alignment

% Agree

32%

report an IT roadmap misaligned with business strategy

33%

cite CEO/CFO disagreement on long-term technology value

33%

cite CHRO/CTO-CIO disagreement on AI strategy

Leadership misalignment goes with lower AI/ML returns

- **Organizations that report CEO and CFO disagreement, CHRO and CTO/CIO disagreement or an IT roadmap misaligned with business strategy report lower positive AI/ML ROI: 55% where at least one type of misalignment is reported vs. 70% where none is.**

- The three tend to occur together (20% report all three, 55% none). CIOs are the most likely to report each (41% to 45%).

- Where respondents say their CTO/CIO has a clear understanding of the business strategy and goals (89%), positive AI/ML ROI is 66%, against 49% where they don't.

Q4: How much do you agree or disagree with the following statements about the way your business makes decisions? Base: Total (n=3700)

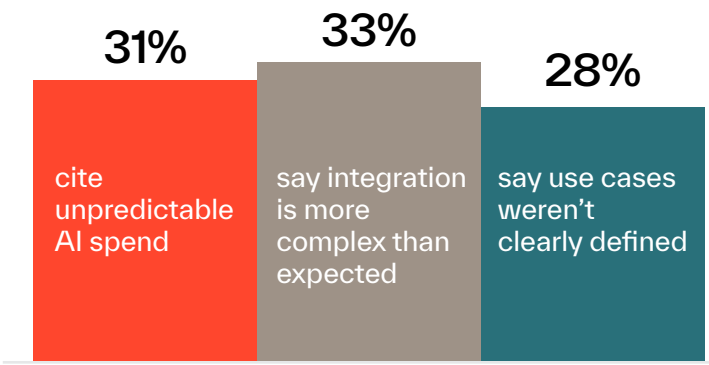
Even with early progress, leaders feel more pressure to prove value and are limited by challenges

46%

say the rapidly changing AI landscape makes it difficult to know when investments will pay off

Q10: How much do you agree or disagree with the following statements? Base: Total (n=3700)

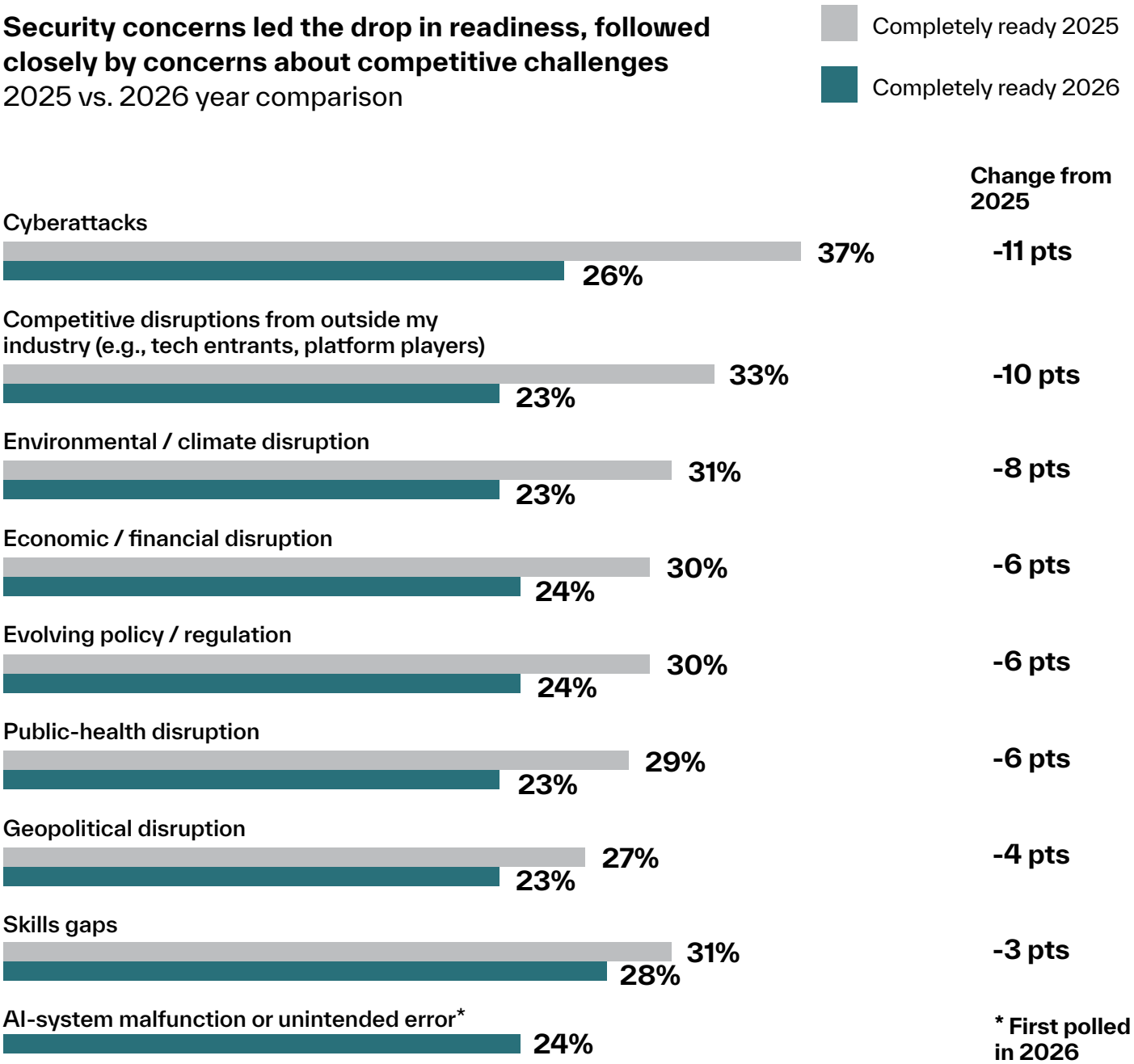
Primary barriers to achieving positive ROI on AI investments
% Selected



Q34: You mentioned your organization has not seen a positive return on its AI investments; what are the primary reasons? Base: Leaders who do not report positive ROI (n=1242)

Compared to one year ago, substantially fewer leaders report they are completely ready across a range of external risks

Security concerns led the drop in readiness, followed closely by concerns about competitive challenges
2025 vs. 2026 year comparison



Q16: How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700)

Three dimensions of readiness increasingly matter together: technology foundations, capacity for reinvention, and maintaining control

Technology will not stop moving long enough for an enterprise to become permanently ready. Organizations need to manage three dimensions at once: continuously evolve the technology foundation, reinvent how work gets done and maintain control as environments become more complex. Together, these define continuous readiness — the ability to translate technological change into business value repeatedly, without sacrificing resilience or strategic alignment.

Foundation

Can the technology estate evolve as AI, business and sovereignty requirements change?

Reinvention

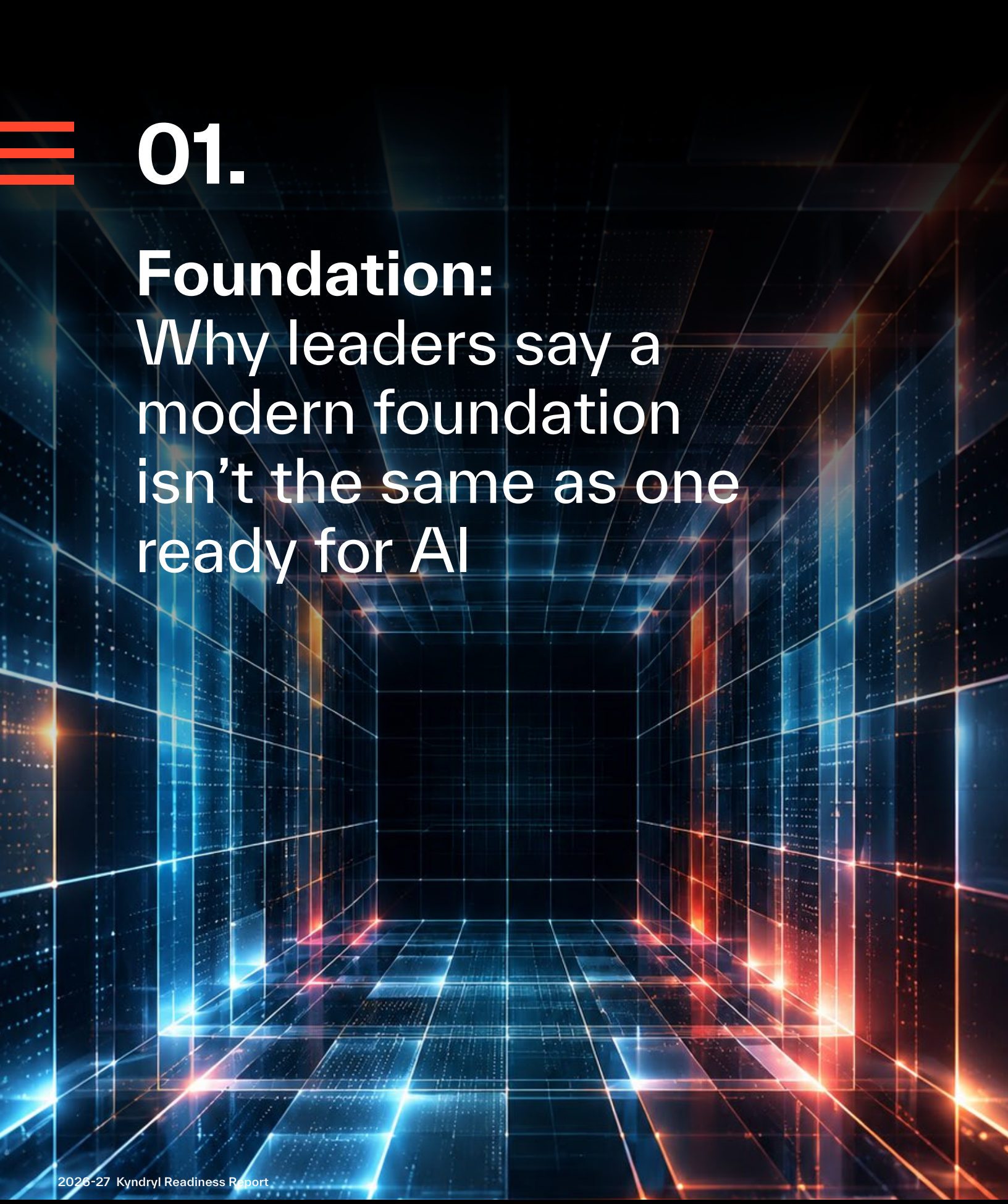
Can organizations redesign workflows, roles and measures as AI changes how work gets done?

Control

Can leaders maintain visibility, accountability and resilience as complexity and risk exposure grow?

01.

Foundation: Why leaders say a modern foundation isn't the same as one ready for AI



Foundation: Why leaders say a modern foundation isn't the same as one ready for AI

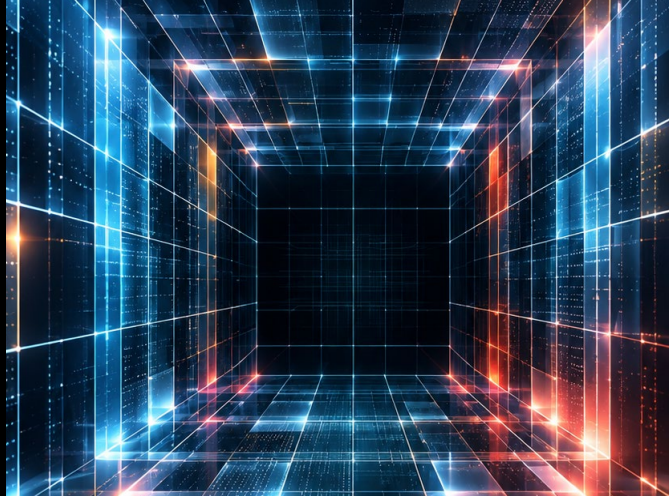
AI is asking more of foundations leaders already consider modern

Most leaders consider their core IT estate modern: 71% say it is mostly or fully modernized. Yet 62% say their foundation needs further modernization before they can fully realize AI's benefits, and 58% of all leaders (and two-thirds of CIOs) say it needs significant re-architecture to support AI at scale. The data points to two problems.

The first is data. Four in ten say their data is not ready to support AI at scale, and 46% say data silos limit their ability to scale AI initiatives. The second is what earlier modernization left behind. Cloud increased agility for 86%, but 60% experienced higher-than-expected costs, 48% say their environment evolved by accident rather than design, and 48% have data stranded in environments that were never decommissioned. Complete readiness also fell this year across infrastructure, networks, cloud and data centers.

Where these problems are addressed, the returns show. Organizations that avoided cloud setbacks report positive AI/ML returns at 73% vs. 58%, those with a mostly or fully modernized estate at 67% vs. 56%, and those whose data isn't ready report an AI investment failure at twice the rate of those whose data is (35% vs. 17%).

Leaders report their IT estates are highly modernized. But AI is raising the requirements for what their technology foundation needs to support.

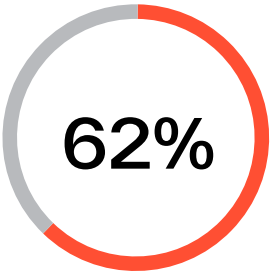


71% of leaders describe their organization's core IT estate as mostly or fully modernized

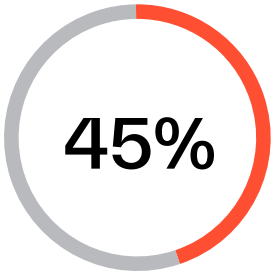
Q1: Which statement best describes the current state of your organization's core IT estate? Base: Total (n=3700)

Perceptions of technology foundation

% Agree



agree their organization needs to modernize its technology foundation before it can fully realize the benefits of AI



agree innovation efforts are often delayed by foundational issues in their technology stack

Q21: How much do you agree or disagree with the following statements? Base: Total (n=3700)



agree their technology foundation requires significant re-architecture before it can support AI at scale

"Individual new technologies are relatively easy to handle, but systemic technological shifts that span the entire company are where most organizations are least prepared."

— Director, Healthcare, Italy

Four in ten leaders say their data isn't ready for AI at scale.

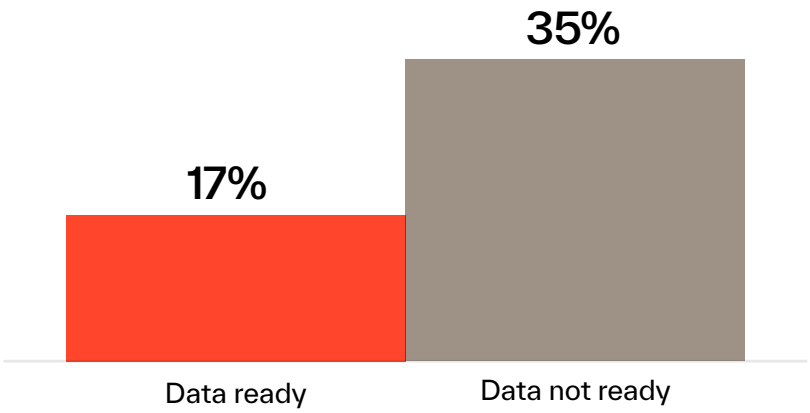
46%

say **data silos** limit their ability to scale AI initiatives

40%

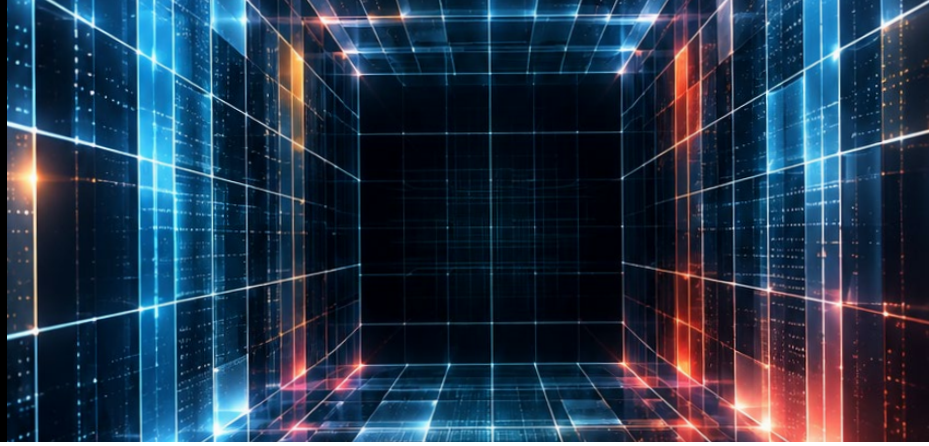
say their data is not ready to support AI at scale. They experienced an **AI initiative investment fail** at twice the rate of their peers who rate their data as ready.

Experienced an AI initiative investment fail
% Selected



Q8: How much do you agree or disagree with the following statements about your organization's adoption of emerging technologies? Base: Total (n=3700). Q12: Which of the following has your organization done in the past 12 months? Base: Data ready (n=2222), Data not ready (n=1478)

Most say cloud has increased agility, yet other challenges remain



86%

say their cloud investments increase their business agility

Q30: Please rate your level of agreement on the following statements related to your cloud model and migration. Base: Total (n=3700)

Yet most also experienced setbacks

60%

experienced higher-than-expected costs

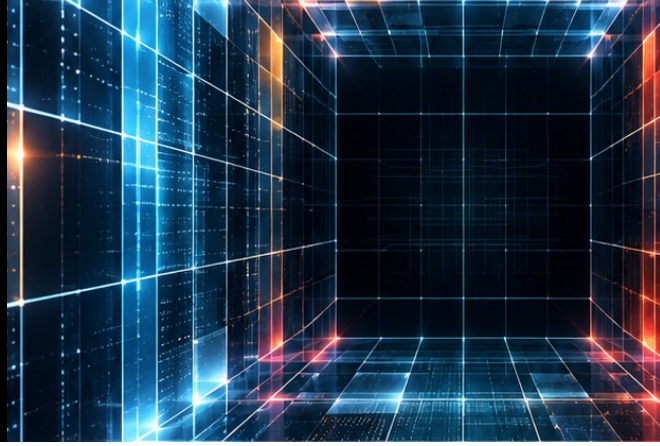
48%

say their cloud environment evolved by accident rather than design

48%

have inaccessible data in environments that were never properly decommissioned

Readiness across IT elements dropped. Fewer leaders say their organizations are completely ready across nearly every element.



Readiness for future risks / disruptions
% Selected, Completely ready

IT infrastructure

		Change from 2025
Total	33%	-7 pts
Banking and financial	35%	-5 pts
Insurance	28%	-7 pts
Manufacturing	29%	-11 pts
Telecommunications	30%	-11 pts
Healthcare	32%	-3 pts
Energy and utilities	30%	-9 pts

Network infrastructure

Total	30%
Banking and financial	30%
Insurance	24%
Manufacturing	30%
Telecommunications	29%
Healthcare	27%
Energy and utilities	28%

Cloud infrastructure

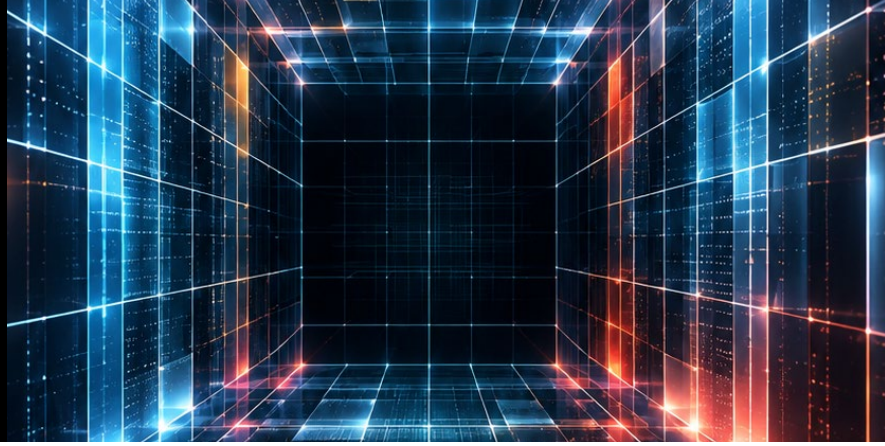
Total	30%
Banking and financial	33%
Insurance	26%
Manufacturing	28%
Telecommunications	26%
Healthcare	24%
Energy and utilities	29%

Data centers and physical infrastructure

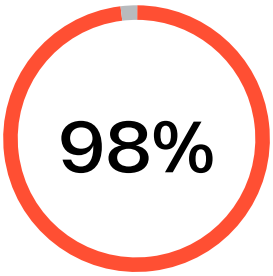
Total	27%
Banking and financial	28%
Insurance	21%
Manufacturing	25%
Telecommunications	29%
Healthcare	28%
Energy and utilities	24%

Q18: 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). Banking and financial services (n=664), energy and utilities (n=514), healthcare (n=484), insurance (n=524), manufacturing (including consumer products) (n=555), telecommunications (n=494)

AI is exposing where organizations needed stronger foundations



Data and infrastructure (36%) is among the top changes, alongside training (37%)



of leaders would change the way their organization implemented its AI strategy if they had the chance

Changes leaders would have implemented
% Selected



Q14: Thinking back to the way your company implemented its AI strategy – how, if at all, would you change the approach?
Base: Total (n=3700)



AI demands more from a modernized IT estate

Organizations looking to scale AI should start with what AI will require of the business: the data it needs, the workflows it will support and the infrastructure required to run it at scale.

The question isn't simply whether systems have been upgraded, but whether they can support what the business wants to do with new technologies. That means addressing data quality, access and integration alongside infrastructure, and not assuming a modern estate has already solved them. Those requirements should shape modernization agendas from the outset.

71%

of leaders say their organization's IT estate is mostly or fully modernized

Yet

66%

of CIOs say their technology foundation requires significant re-architecture before it can support AI at scale

and

40%

of leaders say their organization's data is not ready to support AI at scale

AI-ready data:

Among organizations currently investing in AI and machine learning, those whose data is ready for AI at scale:

+16 pts

more likely to report positive returns on their AI and machine learning investments, vs. those whose data is not ready (70% vs. 54%)

No cloud challenges:

Those not experiencing cost, design or data-access setbacks:

+15 pts

more likely to report positive returns on their AI and machine learning investments, compared to those experiencing multiple cost, design or data-access setbacks (73% vs. 58%)

Modernized estates:

Of those with mostly or fully modernized estates:

+11 pts

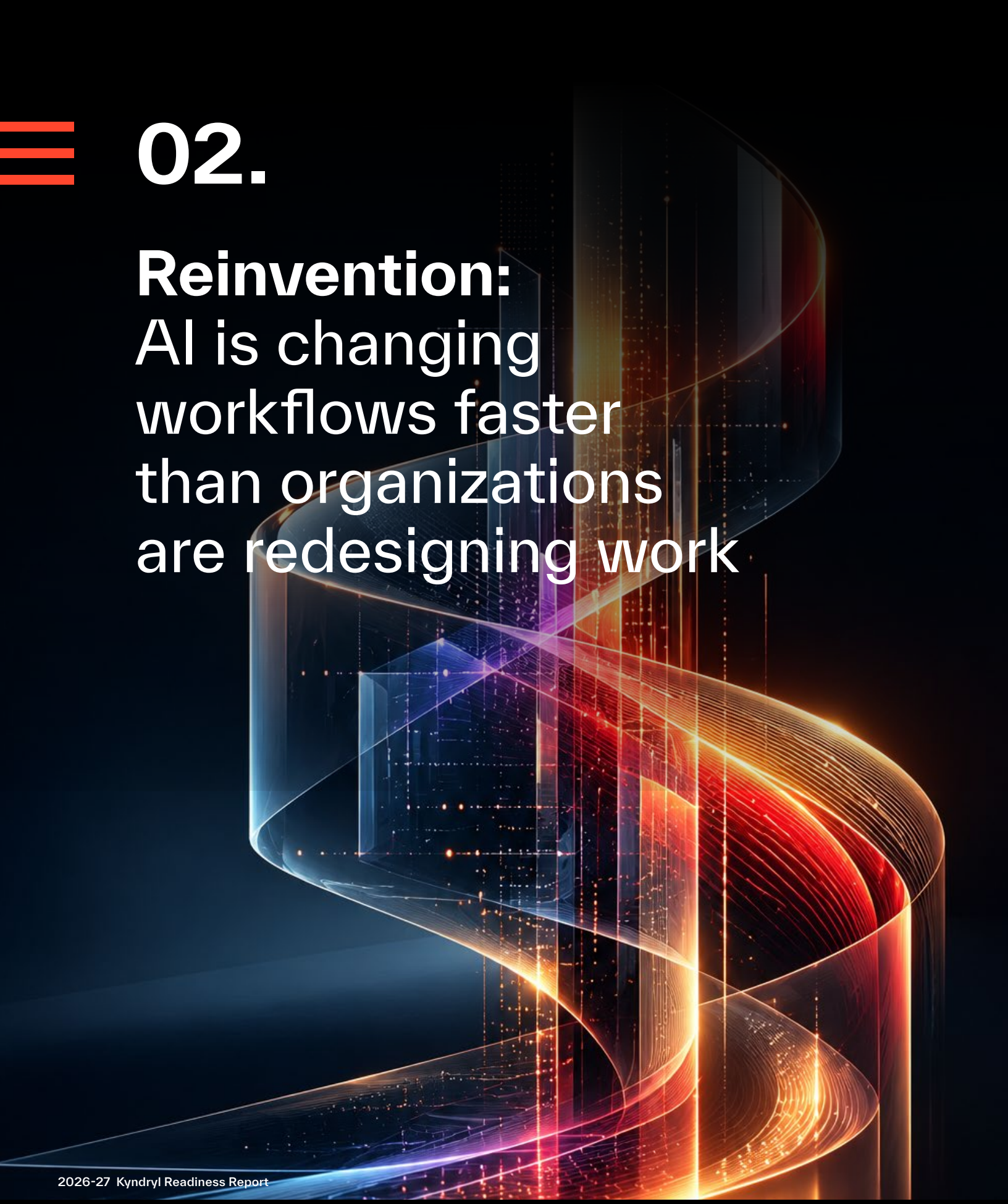
more likely to report positive returns on their AI and machine learning investments, vs. those with partially or mostly legacy estates (67% vs. 56%)

+14 pts

more likely to report being completely ready to manage future risks affecting their IT infrastructure (37% to 23%)

02.

Reinvention: AI is changing workflows faster than organizations are redesigning work



Reinvention



AI is changing workflows faster than organizations are redesigning work

This year's data shows that organizations have incorporated AI into workflows, and organizations are taking actions to make their investments pay off.

As AI changes how work gets done, the organizational design around it must change too. Seventy-seven percent of leaders say AI agents already automate workflows that once required handoffs between teams or systems. Most report that the work of adapting is under way: 75% agree that roles have been redesigned around AI, and 78% agree that formal change management is in place. Far fewer describe it as finished: only 29% completely agree that change management is fully implemented, and 33% completely agree that their workforce is completely ready to leverage AI.

Three-quarters of leaders prefer to embed AI where ROI is clearest or use it as a productivity layer for their existing work. A small number, 13%, opt to rebuild their core processes and operating models around it.

The data also shows that intentional organizational redesign can deliver value. Among the 65% of organizations that agree both that roles have been redesigned around AI and that formal change management is in place, 69% report positive ROI on AI/ML, compared with 53% of all other organizations. The pattern holds for generative AI (64% vs. 49%) and for agentic AI (59% vs. 49%), meaning redesign is associated with value.

Most organizations now run AI inside their workflows



58%

feel more pressure than 12 months ago to prove the ROI of integrating AI into existing processes and workflows

Q35: Compared to 12 months ago, how would you describe the level of pressure you feel from other members of executive leadership to prove ROI on the following investments? Base: Total (n=3700)

84%

agree they are deploying AI in workflows beyond pilot projects

Q8: How much do you agree or disagree with the following statements about your organization's adoption of emerging technologies? Base: Total (n=3700)

81%

use AI for process automation and workflow execution, including 36% who say it is used broadly across the organization

Q13: To what extent do employees at your organization use AI technology for each of the following use cases? Base: Total (n=3700)

77%

agree they are using AI agents to automate workflows that previously required handoffs between multiple teams or systems

Q6: How much do you agree or disagree with the following statements about your organization's current workforce? Base: Total (n=3700)

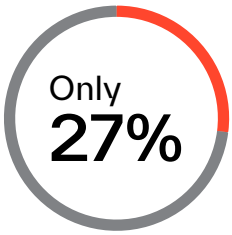


AI deployment is outpacing organizational redesign

Roles, change management, skills and culture are changing more slowly than the technology. Today, just 30% say their IT skills and talent are completely ready (down 7 points from last year).

Current workforce perceptions

% Completely Agree



say roles have been formally redesigned or reorganized around AI



say formal change management programs for AI adoption are fully implemented across the organization



say their organization's workforce is completely ready to leverage AI

Q6: How much do you agree or disagree with the following statements about your organization's current workforce? Base: Total (n=3700)

However, organizations that have redesigned roles and implemented formal change management programs report higher readiness.

Higher readiness

+28pts

AI implementation
(53% vs. 25%)

More likely positive ROI

+8pts

AI and machine learning
(71% vs. 63%)

+10pts

Generative AI
(68% vs. 58%)

+12pts

Agentic AI
(66% vs. 54%)

Q18: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Q33: 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)

Most organizations are adding AI into today's work rather than seeking to reinvent it

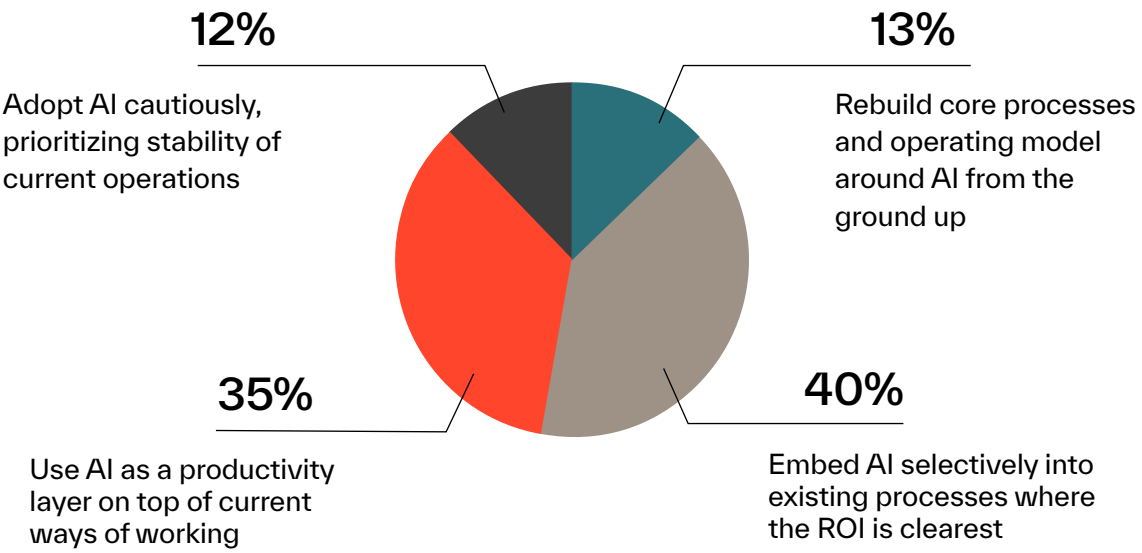


Most leaders expect AI to be added to existing ways of working over the next three years. Just 13% anticipate a more transformational, AI-native approach: building or redesigning processes, workflows or capabilities with AI at their core. Ground-up reinvention remains a minority path, but those who favor it report higher readiness and stronger ROI. These preferences are largely consistent across geographies and industries.

Those focused on rebuilding core processes and operating models around AI report higher levels of readiness across:

- Workforce (+12 pts)
- Cloud infrastructure (+12 pts)
- AI implementation (+10 pts)
- IT infrastructure (+10 pts)
- Skills gaps (+9 pts)

Preferred approach to AI over next 3 years
% Selected



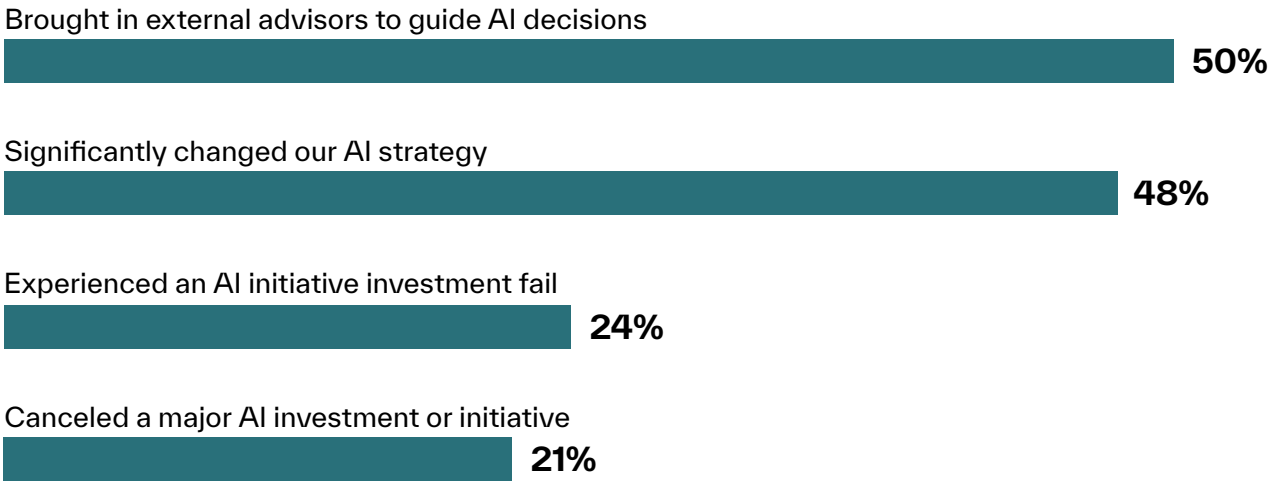
75% express a preference for augmentation vs. ground-up reinvention

Q9: Which of the following best describes the approach your company should take toward AI over the next three years? Base: Total (n=3700)

Leaders say they are making changes to their AI strategies as conditions change



Experienced in the past 12 months
% Selected



Q12: Which of the following has your organization done in the past 12 months? Base: Total (n=3,700)



To break innovation stalemates, expand the definition of a pilot

A technology pilot shouldn't merely prove that the technology works. It should be a miniature version of the eventual entire transformation — workflow, roles, adoption and governance — not just the technology.

Organizations tend to build new tools and assume they'll figure out how people work with it afterward. Questions like what the agent does versus the human, who is accountable, and how workflows change need to be addressed during solution design, not handed to change management after deployment.

Most are deploying AI

84%

are deploying AI in workflows beyond pilot projects

Yet deployment precedes transformation

29%

completely agree that formal AI change-management programs are fully implemented across their organizations

45%

say innovation often stalls after proof of concept

Redesigned roles and change management:

Leaders who report their organization has fully redesigned roles and fully implemented change management programs say:

+28 pts

more likely to say their AI implementation is completely ready, compared to those who do not (53% vs. 25%)

+8 pts

more likely to be seeing positive ROI from AI/ML investments, compared to those who do not (71% vs. 63%)

Q6: How much do you agree or disagree with the following statements about your organization's current workforce? Q8: How much do you agree or disagree with the following statements about your organization's adoption of emerging technologies? Q18: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Q33: 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=3,700), except positive ROI, which is based on respondents investing in AI/ML.

03.

Control: Maintaining readiness as risks evolve



Control



Maintaining visibility and control becomes more critical as technology becomes more interconnected

For the third year in a row, cyberattacks are the leading external concern for business leaders. Just 26% say they are completely ready to manage them (down 11 points year over year).

As AI raises the sophistication, speed and frequency of threats, the technology can also be deployed for greater defensive capabilities. Yet at the current moment, more leaders express concern about increased threats than confidence about their organizations' ability to defend against them. Organizations depend on a wider network of third parties, data environments and technology providers. As AI becomes more embedded in IT operations and cybersecurity, organizations need visibility into how systems are used, where accountability sits, which third parties they rely on and how fast they can respond when risks emerge.

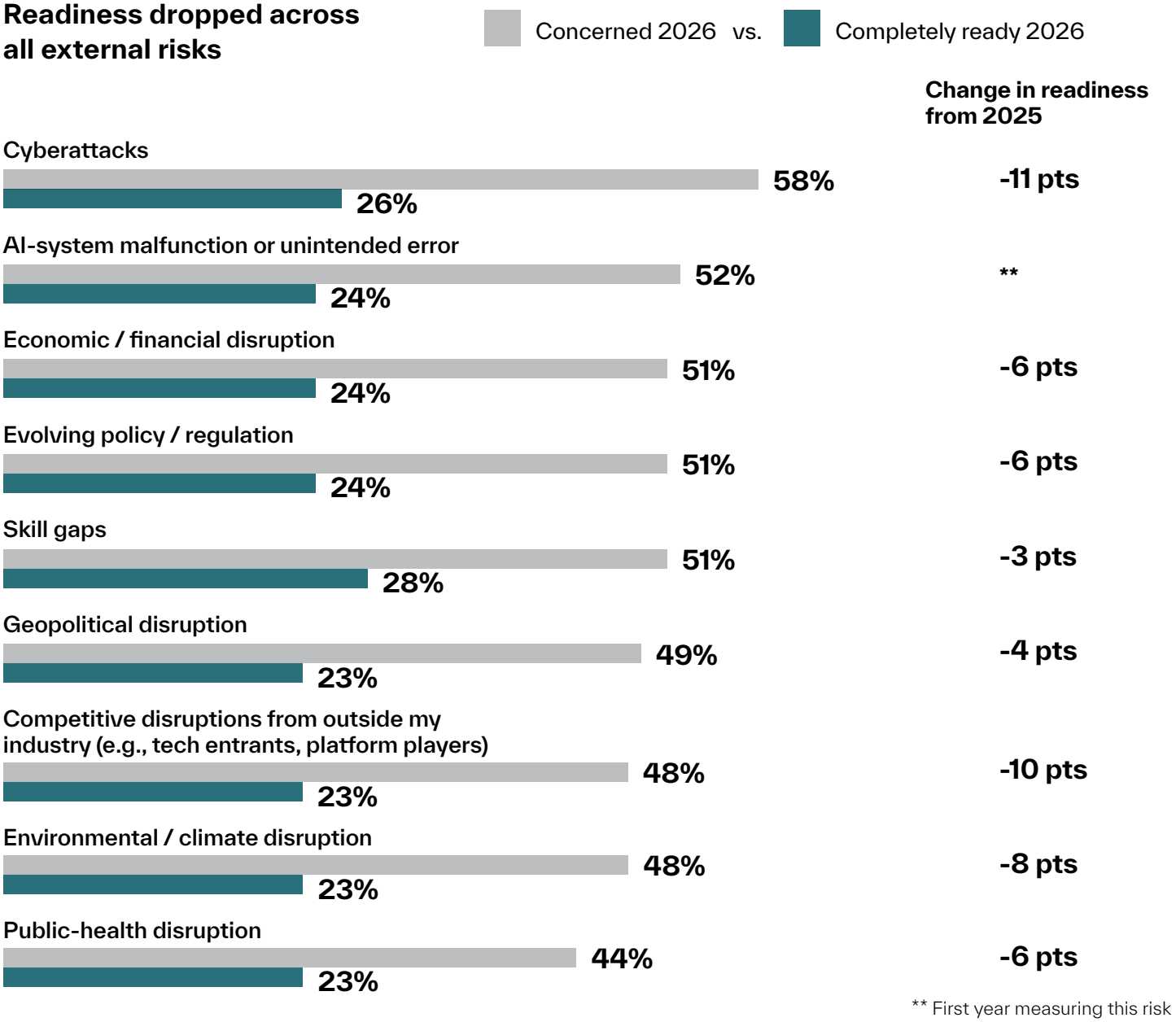
Leaders express a need to update their governance and policies to catch up, yet actions have not yet caught up with intent. In many parts of the world, governments and organizations are taking measures to strengthen digital sovereignty, seeking greater control over their data, technology and critical digital operations amid heightened geopolitical tensions. Control is increasingly being treated as something with economic and strategic value.

The risk environment is becoming more complex

For the third year in a row, concerns about cyber defense top the list of external concerns, as confidence to meet external challenges drops



Readiness dropped across all external risks

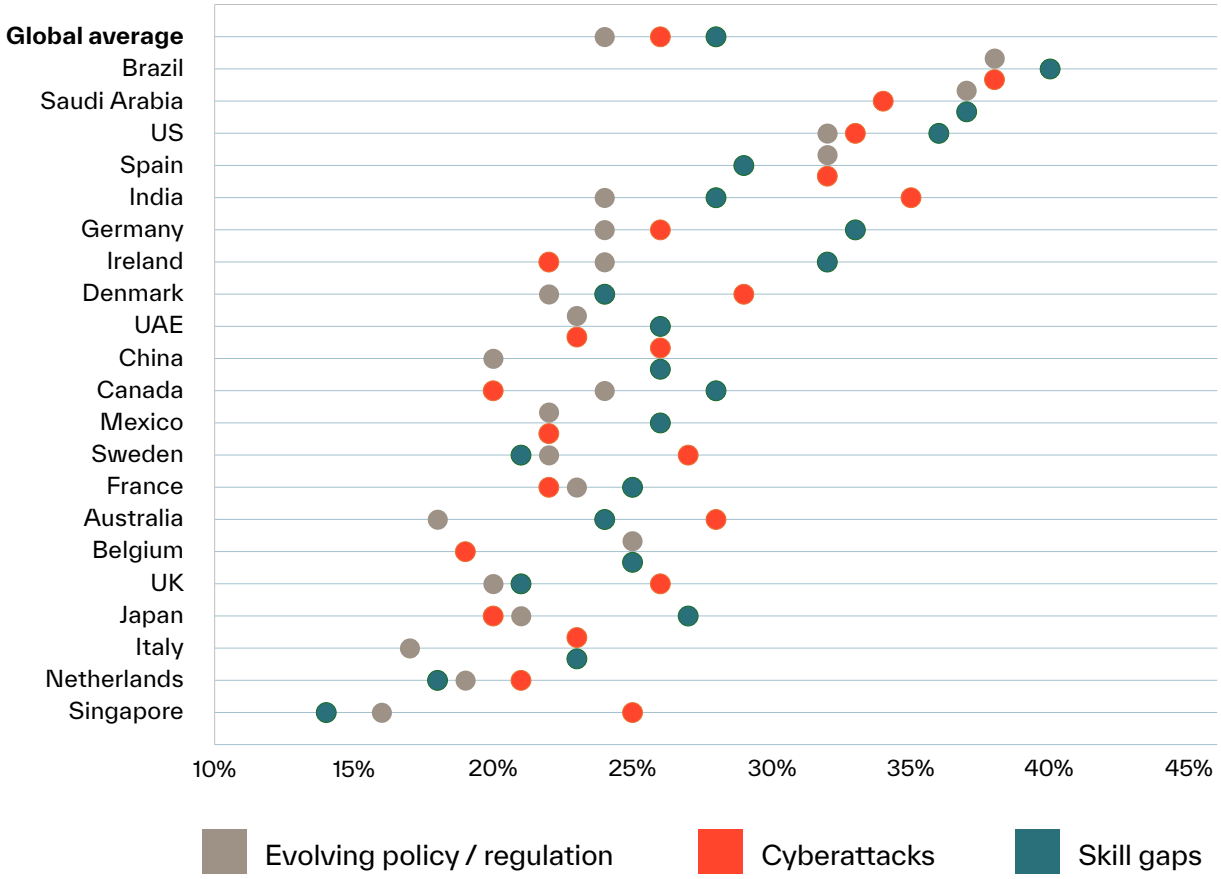


** First year measuring this risk

Q15: When thinking holistically about the external risks your organization faces, how concerned are you about each of the following? Q16: How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700)

Readiness to manage risks related to regulation, cybersecurity and skills varies widely by market





Singapore
Singapore trails on regulation (16%) and skills gaps (14%)

India
India's cyber readiness (35%) is 11 points above its regulation readiness (24%)

Global
Among these three attributes, readiness is lowest on regulation: 24% globally, vs. 26% on cyber and 28% on skills gaps

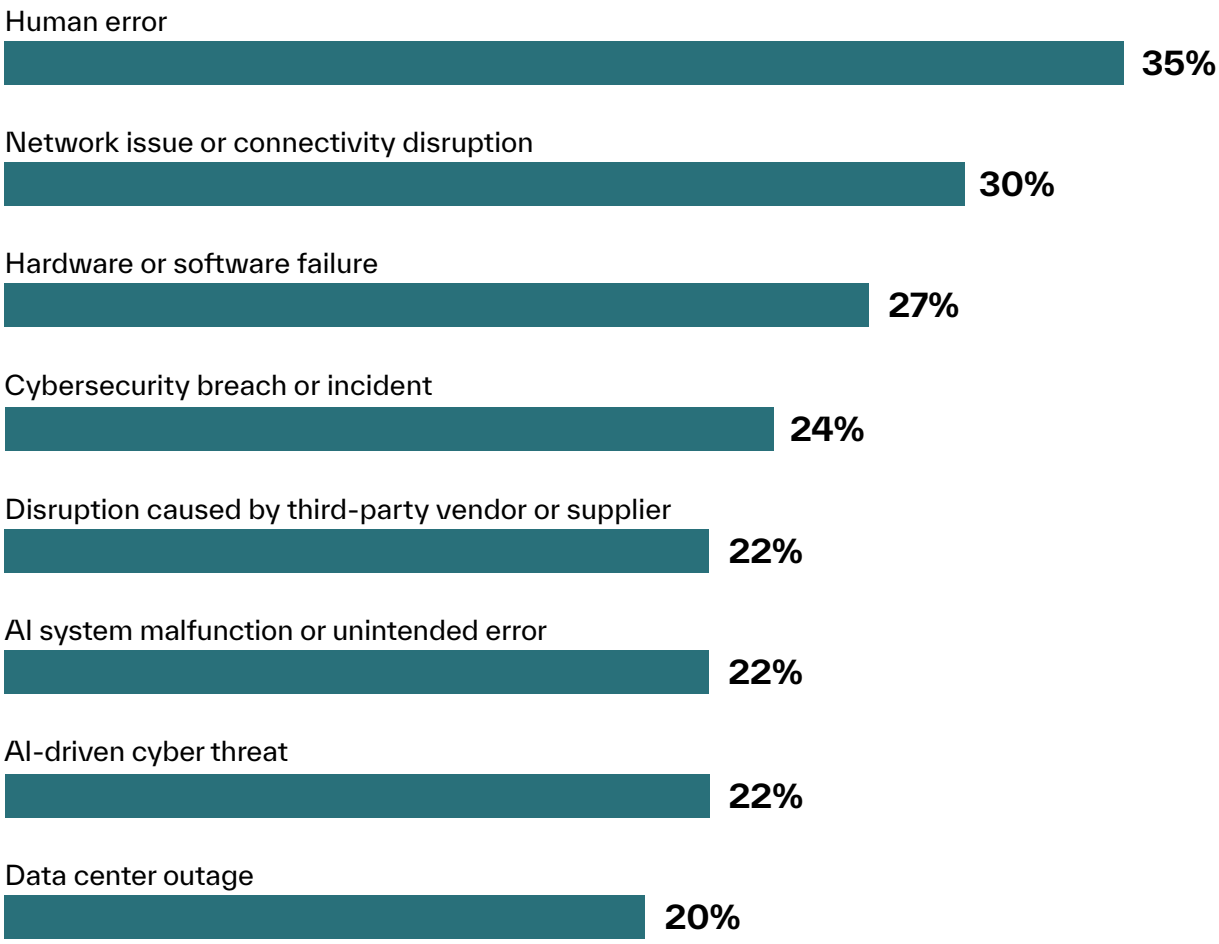
Q16: How ready would you say your organization currently is to manage the following external business risks? Total: Base (n=3700)

Outages are now a routine disruption, and human error accounts for more than a third of them



84% of organizations experienced at least one significant outage in the past year

Causes of outages experienced by organizations
% Selected



Q19: Has your organization been impacted by any of the following significant outages in the past year? Base: Total (n=3700)

Industry view: Cyber defense remains a top challenge, as readiness drops across industries



26%

say they are completely ready to respond to cyberattacks

Cyber readiness by industry
% Selected, Completely ready

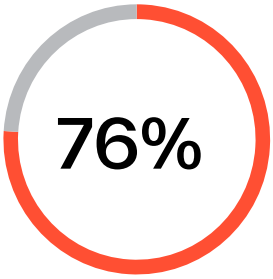
		Change from 2025
Total	26%	-11 pts
Banking and financial	30%	-11 pts
Manufacturing	26%	-5 pts
Energy and utilities	25%	-12 pts
Insurance	23%	-13 pts
Telecomms	23%	-17 pts
Healthcare	20%	-10 pts

Q16: How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700)

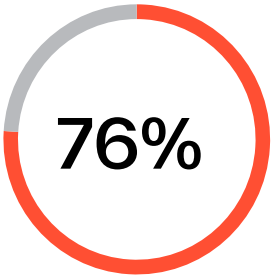
Organizations see AI as essential to cyber defense even as it makes threats more sophisticated



Most see AI as an important tool for security



say AI is essential to effective cybersecurity operations



say AI helps identify threats faster than traditional approaches

But most also say cyber risks are becoming harder to manage

61%
say AI increases cyber-threat sophistication

55%
say the threat landscape is harder to manage every year

52%
say risks are growing faster than we can address them

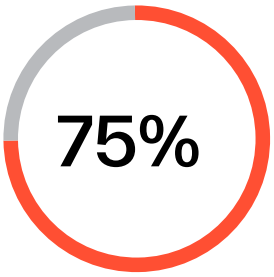
Q20: How much do you agree or disagree with the following statements? Base: Total (n=3700)

Organizations report strong governance, but readiness and accountability lag

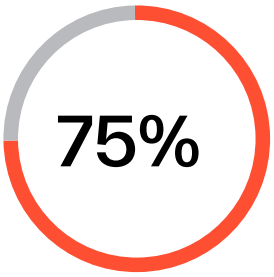
Three-quarters report governance mechanisms are in place, but far fewer feel their governance and data management are ready — and accountability remains unclear for many.



Most organizations say they have governance to oversee AI and manage related cyber risks



We have clear governance over the third-party technology and AI tools we use



We have appropriate governance in place to manage AI-related cybersecurity risks

Q20: How much do you agree or disagree with the following statements? Q21: How much do you agree or disagree with the following statements? Base: Total (n=3700)

Yet gaps remain in readiness for future risks and clarity over AI accountability

Only

28%

of leaders say their organization's data governance and management are completely ready to manage future risks and disruptive forces

and

40%

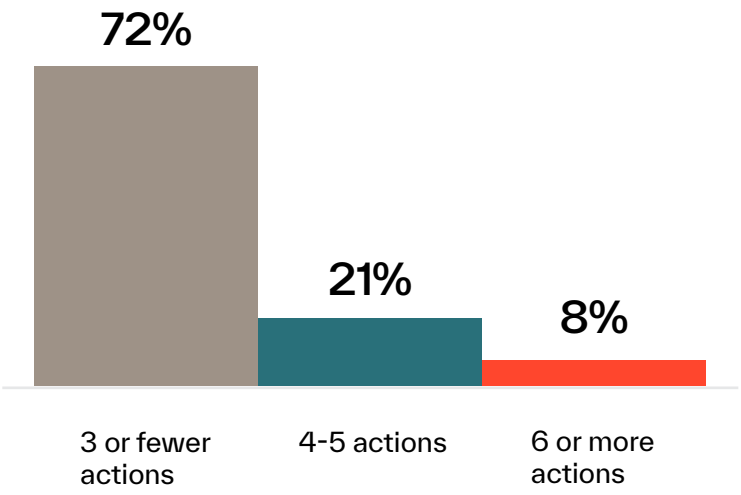
agree uncertainty about AI governance makes it difficult to know where accountability lies

Q10: How much do you agree or disagree with the following statements? Q18: 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)

Some organizations are updating controls, training employees and assessing AI systems, but these measures remain far from universal



The organizations doing the most on AI governance are the ones pulling ahead



Most organizations have taken only a few of the ten AI governance actions we asked about: 72% report three or fewer. The 8% that have taken six or more stand apart.

Forty-six percent of them say they are completely ready to implement AI, compared with 27% of everyone else. They also report higher positive returns: 76% vs. 63% on AI/ML, 73% vs. 58% on generative AI and 68% vs. 54% on agentic AI.

Of the individual actions, risk assessments and audits of AI systems is the one most strongly associated with positive AI/ML returns: organizations that have done them report positive AI/ML ROI at 70%, vs. 60% of those that haven't.

Q22: Which of the following actions has your organization taken to strengthen AI governance? Base: Total (n=3700)

Governance actions taken

% Selected

38% Updated cybersecurity policies or controls to address AI-related risks

36% Provided training for employees on AI governance, ethics or risk management

35% Conducted risk assessments or audits of AI systems currently in use

34% Developed guidelines for the responsible use of generative AI by employees

33% Established or updated a formal AI governance framework or policy

32% Defined accountability for AI-related risks, decisions and outcomes

32% Implemented processes to review and approve AI use cases before deployment

32% Implemented controls to monitor AI outputs for accuracy, bias or unintended consequences

32% Established procedures to comply with emerging AI regulations or reporting requirements

31% Created a cross-functional AI governance committee or oversight body

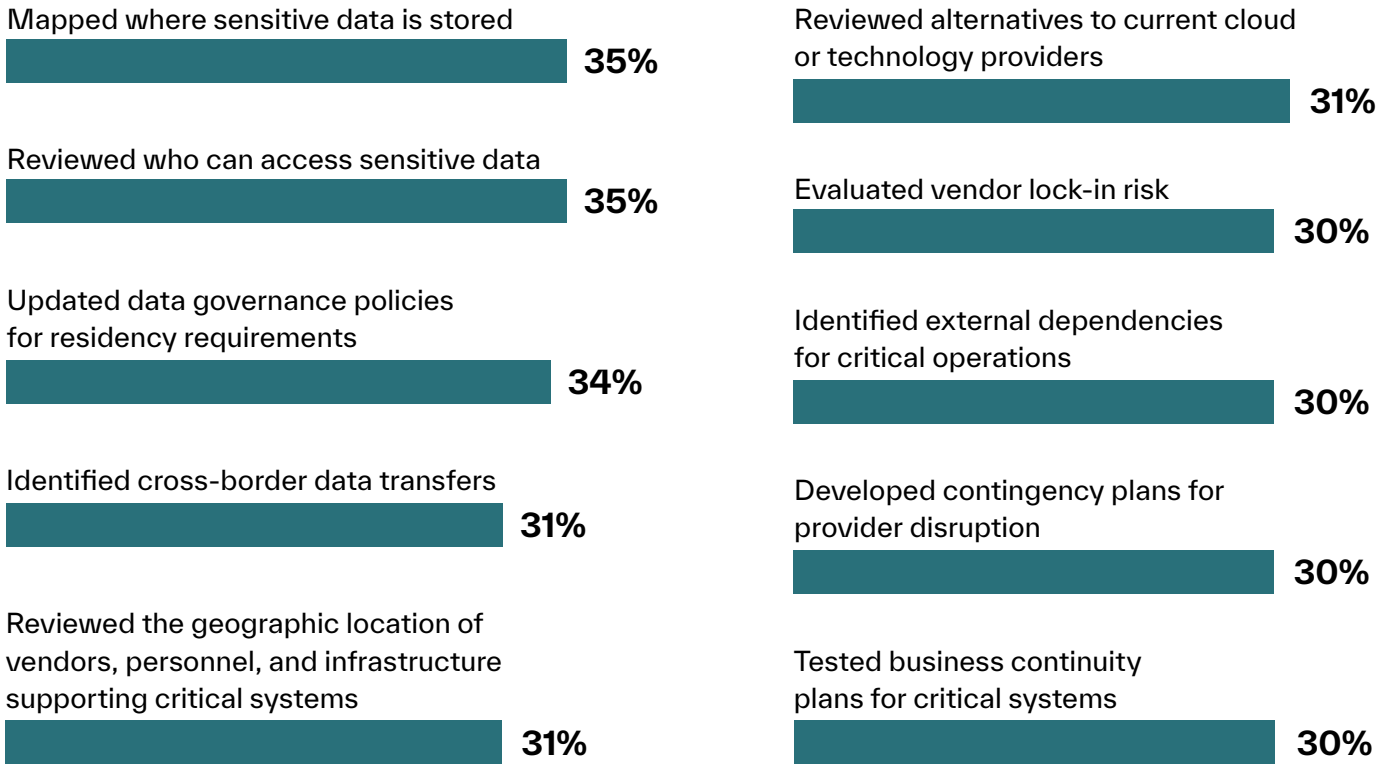
Digital sovereignty is moving beyond data residency



As organizations consider sovereignty requirements, they say they're placing greater value on operational control, technology strategy and resilience, but actions vary

Actions taken to strengthen digital sovereignty

% Selected



Q26: Which of the following actions has your organization taken to strengthen its digital sovereignty? Base: Total (n=3700)

Sovereignty views are running ahead of sovereignty action



65% say sovereignty considerations should shape the entire technology strategy, yet 78% have taken three or fewer of the 10 sovereignty actions and only 6% have taken six or more

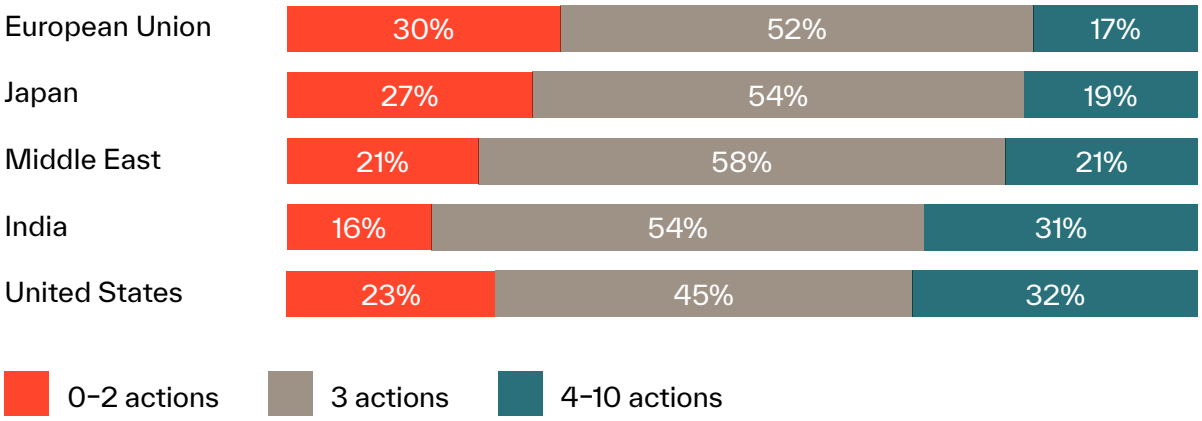
Stronger views go with only slightly more action

Organizations that say sovereignty should shape the entire strategy have taken 3.2 of the 10 actions on average, compared with 3.1 for those who would limit it to sensitive data and critical workloads, and 77% of leaders have still taken three or fewer

Europe is not more sovereignty-minded than the rest of the world

Across nine European markets, views sit within 3 points of the global figure on all seven trade-offs, and organizations have taken slightly fewer actions (3.0 vs. 3.2 on average)

The EU trails other geographies on digital sovereignty actions
% Selected

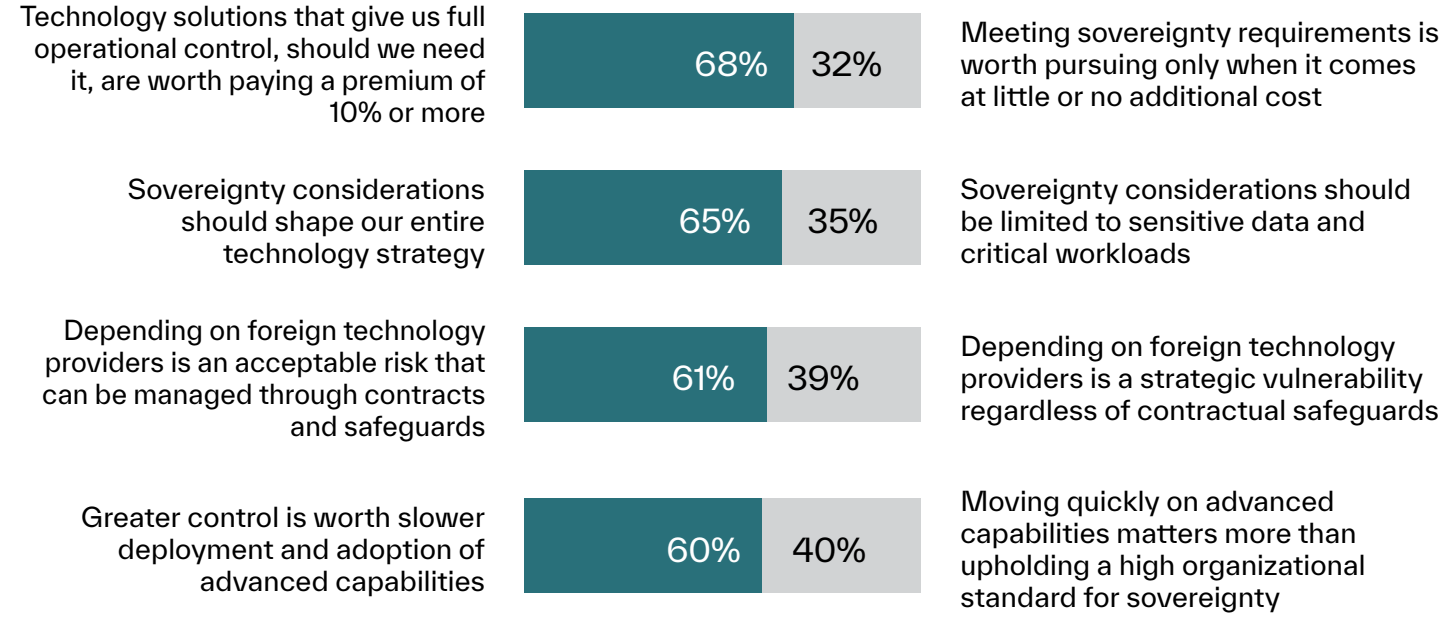


Q26: Which of the following actions has your organization taken to strengthen its digital sovereignty? Q27: Which of the following best reflects your organization's perspective on digital sovereignty? Base: Total (n=3700). Numbers may not add up to 100% due to rounding.

Leaders are willing to pay more, move slower or reconsider providers to preserve greater control over critical technology



Perspectives on digital sovereignty
% Selected



Q27: Which of the following best reflects your organization's perspective on digital sovereignty? Base: Total (n=3700)



Build governance to enable change, not just avoid failure

AI governance should do more than set limits. It should give organizations the clarity to move forward: which uses are appropriate, who owns decisions and how risks will be monitored.

Organizations shouldn't treat governance as a final approval hurdle after an AI solution has been built. Accountability, risk assessment and oversight need to be designed into how the technology will operate. The purpose isn't to eliminate uncertainty before anything moves forward, but to establish how the organization will make decisions and respond when conditions change.

61%

of leaders say AI increases the sophistication of cyber threats

Yet only

28%

say their data governance and management are completely ready to manage future risks and disruptive forces

33%

say they would have implemented stronger governance, risk management and compliance frameworks from the outset of their AI implementations

Stronger governance:

Organizations taking six or more governance actions:

+13 pts more likely to report positive AI/ML returns vs. those taking five or fewer (76% vs. 63%)

+19 pts more likely to be completely ready to implement AI (46% vs. 27%)

+20 pts more likely to be completely ready to manage cyberattacks (45% vs. 25%)

Risk assessments and audits of AI:

Those who report conducting risk assessments and audits, the governance action most strongly linked to positive returns:

+10 pts

more likely to report positive AI/ML returns (70% vs. 60%)

Q16: How ready would you say your organization currently is to manage the following external business risks? Q18: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Q20: How much do you agree or disagree with the following statements? Q22: Which of the following actions has your organization taken to strengthen AI governance? Q33: 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=3,700), except positive ROI, which is based on respondents investing in AI/ML.

Conclusion

Four readiness profiles: Where confidence meets action



Four readiness profiles



Organizations fall into four groups based on what they say about readiness and what they do about it

Some organizations say they are ready and have the results to show for it: they've taken more of the governance actions and are seeing the returns. Some say they're ready and haven't acted yet: they've created the roles and updated the performance metrics, but most have taken three or fewer of 10 AI governance actions. Some sit in the middle, building from the people and workflow side. And some are cautious: often large, regulated organizations that rate themselves least ready, weigh AI risk, and in many cases are waiting for regulatory clarity.

The leaders surveyed fall into four groups, which show where organizations stand today and what each group needs next.

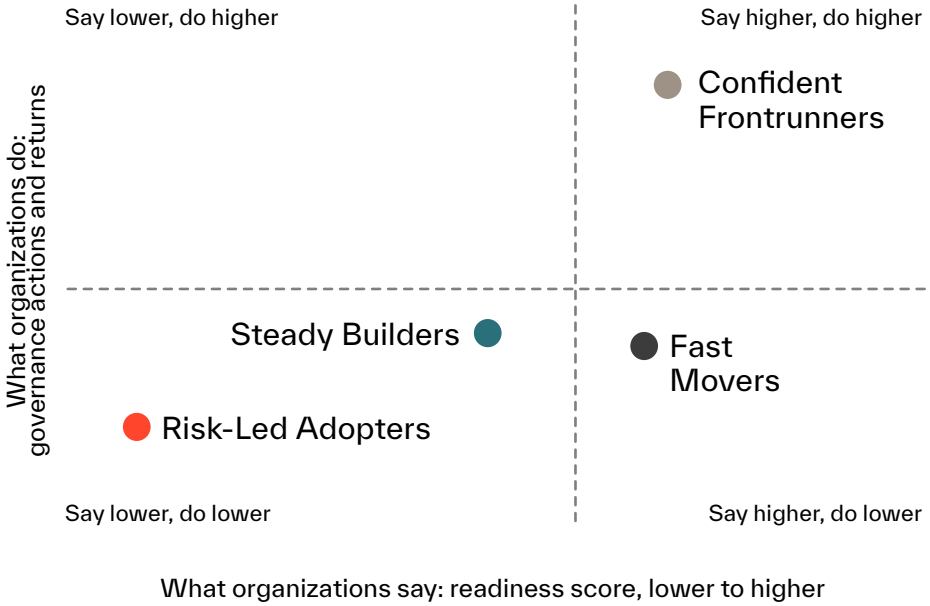
How we plotted organizations by readiness and actions they've taken



Each point on the map is a group average. Left to right shows what organizations say: their readiness score, from 1 to 5. Bottom to top shows what they do: the AI governance actions they have taken and the returns their technology investments deliver. The dashed lines mark the average organization.

What organizations say and what they do, by group

Each point is a group average, relative to the average organization surveyed



Two measures define the groups: what organizations say and what they do. Organizations that look alike on both measures form a group.

What they say is the readiness score, the average of 19 statements rated 1 to 5 that cover five areas: technology, AI maturity, governance, resilience and people (e.g., "Our data is reliable enough to support decisions across the business").

What they do combines two measures: the number of the 10 AI governance actions taken and the share of technology investments that report positive returns.

Say is the readiness score, the average of 19 statements rated 1 to 5. Do combines the AI governance actions taken (out of ten) and the share of technology investments reporting positive returns. Base: 3700 respondents; Confident Frontrunners n=781; Fast Movers n=1679; Steady Builders n=1052; Risk-Led Adopters n=188.

The four groups at a glance



Confident Frontrunners

21% of those surveyed

They rate themselves ready, and are more likely to report returns on their technology investments.

Readiness 4.3 of 5

Positive ROI on AI/machine learning 85%

33%
6+ of 10 governance actions vs. 8% overall

50%
say they have an operating model for continuous modernization vs. 36% overall

80%
IT estate mostly or fully modernized vs. 71% overall

"Agentic AI due to there being absolutely no human oversight while making very critical decisions that could ultimately completely disrupt business."

(Challenge: CISO, Manufacturing, North America)

Fast Movers

45% of those surveyed

They rate themselves ready, and they have organized around AI with fewer governance actions to back it up.

Readiness 4.2 of 5

Positive ROI on AI/machine learning 61%

<1%
6+ of 10 governance actions vs. 8% overall

41%
say they have an operating model for continuous modernization vs. 36% overall

76%
IT estate mostly or fully modernized vs. 71% overall

"I don't think we are prepared for AI agents. I don't think high level executives know how to integrate this into their workflow, whereas juniors might."

(Challenge: Director, Other industries, APAC)

Steady Builders

28% of those surveyed

Practical and people-first, with a culture that expects change.

Readiness 3.5 of 5

Positive ROI on AI/machine learning 57%

1%
6+ of 10 governance actions vs. 8% overall

22%
say they have an operating model for continuous modernization vs. 36% overall

65%
IT estate mostly or fully modernized vs. 71% overall

"Many organizations think buying technology means they are ready, but I think readiness is meaningless without employee adoption."

(Opportunity: COO, Healthcare, APAC)

Risk-Led Adopters

5% of those surveyed

Often large and regulated, with a close eye on AI risk.

Readiness 2.1 of 5

Positive ROI on AI/machine learning 37%

2%
6+ of 10 governance actions vs. 8% overall

9%
say they have an operating model for continuous modernization vs. 36% overall

33%
IT estate mostly or fully modernized vs. 71% overall

"There is no shared understanding across teams about what agentic AI actually means."

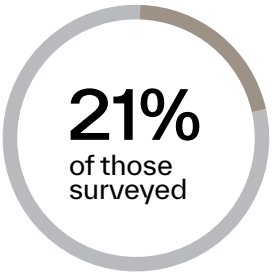
(Challenge: Vice president, Telecommunications, Europe)

Base: 3700 respondents; Confident Frontrunners n=781; Fast Movers n=1679; Steady Builders n=1052; Risk-Led Adopters n=188. Positive ROI is among respondents investing in AI/ML (n=3425).

Confident Frontrunners

They rate themselves ready, and are more likely to report returns on their technology investments.





Readiness 4.3 of 5

Positive ROI 85%

33%
6+ of 10 governance actions vs. 8% overall

50%
say they have an operating model for continuous modernization vs. 36% overall

80%
IT estate mostly or fully modernized vs. 71% overall

What they do well

- **People and workflows**: 95% say they have an accurate inventory of employee skills and new roles focused on AI management, and 94% use AI agents to automate workflows that used to need handoffs.
- **Governance**: 33% have taken six or more of the ten AI governance actions.
- **Returns**: 85% report positive ROI on AI/ML investment.

What they need help with

- **Accountability and oversight for AI that acts on its own**: 81% say clear owners are accountable when AI creates unintended outcomes, and 87% say they are ready to deploy AI with limited human oversight.
- **A simpler, more integrated estate**: 32% name technology complexity as a top barrier, vs. 27% overall.

What respondents say

"Agentic AI due to there being absolutely no human oversight while making very critical decisions that could ultimately completely disrupt business."

Challenge: CISO, Manufacturing, North America

"Scaling AI adoption across the organisation due to skill gaps, legacy systems and data readiness challenges."

Challenge: CISO, Banking and financial markets, APAC

"Being ready requires aligning technology, people, and processes to quickly adapt, innovate and generate demonstrable business value."

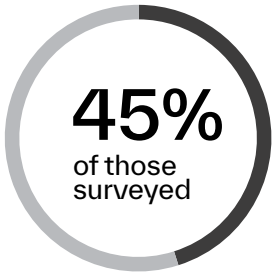
Opportunity: Director, Other industries, Europe

Base: Confident Frontrunners n=781; all respondents n=3700. Positive ROI is among respondents investing in AI/ML (n=3425).

Fast Movers

They rate themselves ready, and they have organized around AI with fewer governance actions to back it up.





Readiness 4.2 of 5

Positive ROI 61%

<1%
6+ of 10 governance actions vs. 8% overall

41%
say they have an operating model for continuous modernization vs. 36% overall

76%
IT estate mostly or fully modernized vs. 71% overall

What they do well

- **People and change:** 92% have created new roles focused on AI management, and 91% each have updated performance metrics and have formal change management for AI adoption in place.
- **A modernized estate:** 76% describe their core IT estate as mostly or fully modernized.

What they need help with

- **Actions behind the confidence:** 87% have taken three or fewer of the ten AI governance actions, and under 1% have taken six or more.
- **Returns to match the score**: 61% report positive ROI on AI/ML investment, vs. 85% of Confident Frontrunners.
- **Leadership alignment**: 48% report at least one leadership misalignment, vs. 24% of Confident Frontrunners.

What respondents say

"I don't think we are prepared for AI agents."

Challenge: Director, Other industries, APAC

"We are not yet fully prepared to address the rapid development of AI assistants.... We need to establish clear rules for their use, data protection measures, and accuracy assurance mechanisms."

Challenge: Senior vice president, Energy and utilities, APAC

"Overall, being ready means having the people, processes, technology, data, and resilience needed to respond quickly and confidently to change."

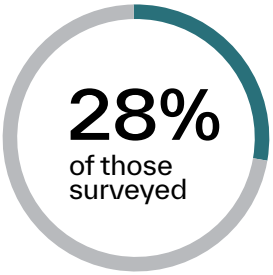
Opportunity: Executive vice president, Insurance, North America

Base: Fast Movers n=1679; all respondents n=3700. Positive ROI is among respondents investing in AI/ML (n=3425).

Steady Builders

Practical and people-first, with a culture that expects change.





Readiness 3.5 of 5

Positive ROI 57%

1%
6+ of 10 governance actions vs. 8% overall

22%
say they have an operating model for continuous modernization vs. 36% overall

65%
IT estate mostly or fully modernized vs. 71% overall

What they do well

- **People and workflows:** 67% have created new roles focused on AI management, and 65% use AI agents to automate work that used to need handoffs.
- **Readiness for change:** 55% say their organization anticipates and prepares for change, vs. 44% overall.
- **A modernized estate:** 65% describe their core IT estate as mostly or fully modernized.

What they need help with

- **Four open questions:** about half are unsure they are ready to deploy AI with limited human oversight (50%), that clear owners are accountable when AI creates unintended outcomes (51%), that they are preparing for AI regulation before it is required (52%), or that they could keep critical operations running if a key technology provider became unavailable (52%).
- **Data foundations and continuous change**: 61% feel more pressure to modernize data than a year ago, vs. 56% overall, and 22% have an operating model designed to continuously evolve, vs. 36% overall.

What respondents say

"Compliance requirements are constantly being updated, and our current preparations are not yet sufficient."

Challenge: CTO, Healthcare, Latin America

"Data governance is probably our weakest area before expanding AI usage in every department."

Challenge: CFO, Insurance, APAC

"Many organizations think buying technology means they are ready, but I think readiness is meaningless without employee adoption."

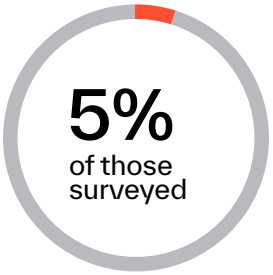
Opportunity: COO, Healthcare, APAC

Base: Steady Builders n=1052; all respondents n=3700. Positive ROI is among respondents investing in AI/ML (n=3425).

Risk-Led Adopters

Often large and regulated, with a close eye on AI risk.





Readiness 2.1 of 5

Positive ROI 37%

2%
6+ of 10 governance actions vs. 8% overall

9%
say they have an operating model for continuous modernization vs. 36% overall

33%
IT estate mostly or fully modernized vs. 71% overall

What they do well

- **Weigh AI risk seriously:** they are the most concerned about AI system malfunction (68% vs. 50% to 51% in the other groups).
- **Closest to confident on oversight and cyber response:** 19% say humans retain meaningful oversight over AI-driven decisions, and 13% say they can detect and respond to cyber incidents quickly.

What they need help with

- **A stronger foundation:** 33% describe their core IT estate as mostly or fully modernized, and 30% name a lack of foundational technology infrastructure as a top barrier.
- **Joint planning**: 30% name difficulty aligning business and technology teams as a top barrier.
- **Regulatory clarity:** 42% are delaying some AI initiatives until regulatory expectations are clearer.

What respondents say

"There is no shared understanding across teams about what agentic AI actually means."

Challenge: Vice president, Telecommunications, Europe

"New technologies are constantly being updated, and compliance rules are constantly changing, resulting in high implementation costs."

Challenge: CFO, Manufacturing, APAC

"Possess agile systems, adaptive culture and clear roadmap to adopt emerging technologies."

Opportunity: Director, Banking and financial markets, Europe

Base: Risk-Led Adopters n=188; all respondents n=3700. Positive ROI is among respondents investing in AI/ML (n=3425).

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