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Lead first: The human playbook for the Intelligence Age

Operator, overseer, orchestrator



KPMG. Make the Difference.

September 2026

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Foreword

Every major technology wave changed what machines could do. The Intelligence Age changes what humans are required to do. That distinction is everything.

The Industrial Age mechanized physical labor. The Digital Age transformed information processing and communication. Both left the distinctively human untouched: the ambiguous, the creative, the judgement-intensive work that machines couldn't reach. The Intelligence Age attacks that residual directly. For the first time, AI is capable of performing many of the tasks that were previously considered beyond automation.

This paper is not about AI adoption. Every organization is already adopting AI. This paper is about what leaders must understand about what is changing, and why most organizations are structurally unprepared for it.

Public sector organizations differ fundamentally from private companies: their primary purpose is to deliver services and redistribute resources in the public interest. Their funding largely comes from taxes, transfers, and social contributions. They also play critical regulatory and policy-setting roles that influence sustainability outcomes across society.

The Intelligence Age is not a technology transition; it is a civilizational reordering.

Three things define the Intelligence Age as categorically distinct from what came before. AI systems now generalize across domains without explicit programming, removing the foundational requirement that automatable tasks be fully specifiable in advance. The cost of cognitive output is decoupling from human labor at scale, as physical output once decoupled from human muscle. And agentic systems now pursue objectives autonomously across extended timeframes – the human moves from operator to overseer.

The organizations that successfully navigate the Intelligence Age will not be those that moved fastest on technology. They will be those that redesigned enterprise architecture, leadership structure, workforce assumptions, and infrastructure foundations for the age they are actually entering.

The organizations that fail will not fail because they lacked AI. They will fail because they treated AI as a tool deployed within structures built for a previous era.

The Intelligence Age is demanding enterprise redesign. Most organizations are delivering technology deployment. That gap is the challenge this paper addresses.



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01

Defining the Intelligence Age



Before organizations can navigate the Intelligence Age, they need to understand what makes it genuinely different in kind. not just faster or more capable.

Previous technology waves had this in common: what was automated was well-defined, repeatable, and separable from human cognition. The Industrial Age mechanized physical labor. Machines replaced muscle, and humans retained the cognitive residual, the ambiguous, the creative, the interpretive. The Digital Age mechanized data processing and communication. Systems replaced clerical and administrative work, and humans retained the higher-order residual: judgement, strategy, relationship, wisdom.

In both waves, the human held what was left. The residual was the valuable part. The boundary between machine and human held.

The Intelligence Age breaks that boundary, with three distinct categories.

01 Beyond rule-based automation

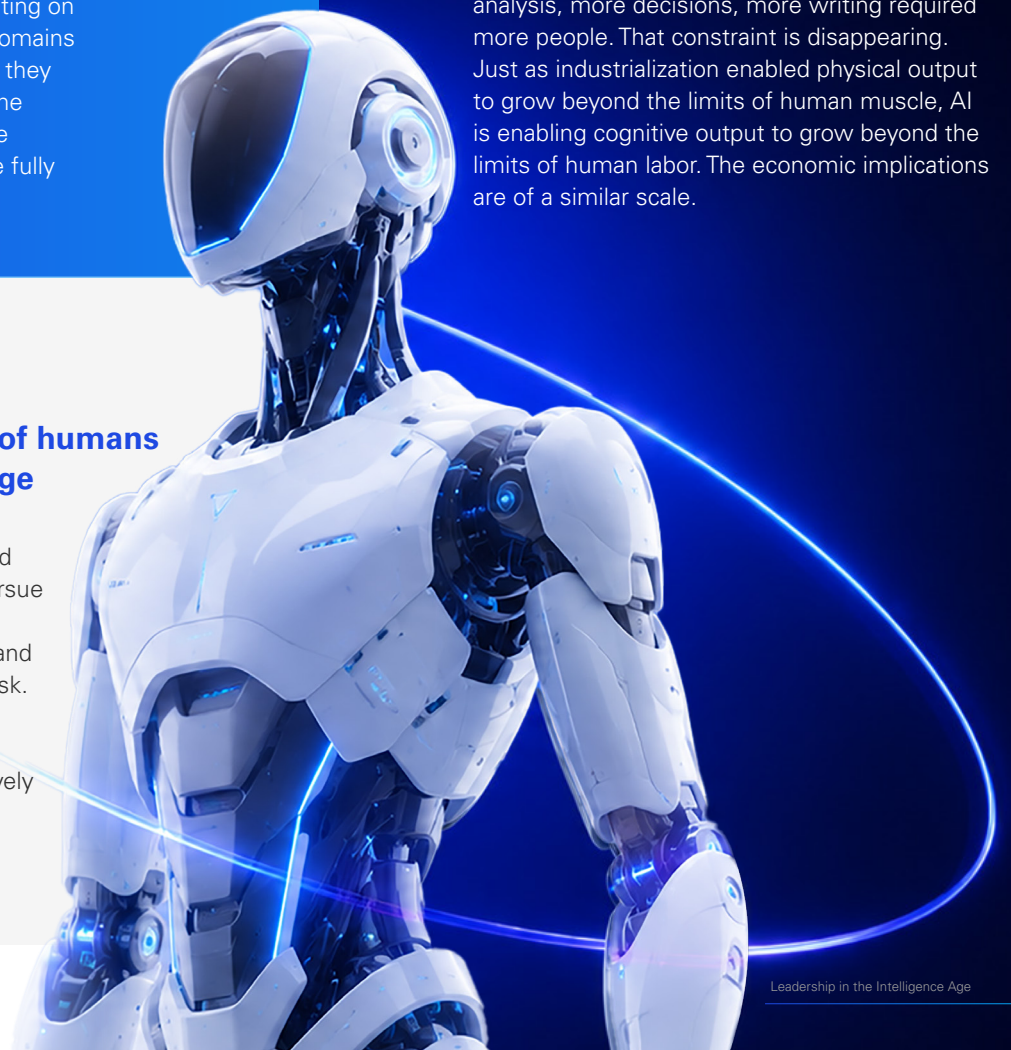
Every previous automation technology required explicit programming. A machine does exactly what it is instructed to do. AI systems operating on large foundation models generalize across domains without explicit rules. They handle situations they were never programmed for. This removes the most fundamental constraint on what can be automated: the requirement that the task be fully specifiable in advance.

02 Scaling intelligence beyond human labor

For all of human civilization, cognitive output has scaled with human headcount and hours. More analysis, more decisions, more writing required more people. That constraint is disappearing. Just as industrialization enabled physical output to grow beyond the limits of human muscle, AI is enabling cognitive output to grow beyond the limits of human labor. The economic implications are of a similar scale.

03 Rethinking the role of humans in the Intelligence Age

Previous software acted when instructed and stopped when done. Agentic AI systems pursue objectives autonomously across extended timeframes, using tools, making decisions, and taking actions. This is not automation of a task. It is delegation of a process, including the intermediate judgement. The human moves from operator to overseer. That is a qualitatively different relationship between human and machine than anything that preceded it.



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Previous waves asked:

What work can machines do?

The Intelligence Age asks:

what work requires humans?



That inversion – from expanding machine capability into human territory, to defining what human territory even is – is the question no previous wave forced us to answer. Organizations, governments, and individuals are entering the Intelligence Age without a credible answer to it. That is the disruption. Everything else follows from it.

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02

The enterprise readiness gap





AI capability accelerates faster than organizational capability. This is not a temporary lag. It is structural.

Organizations are entering the Intelligence Age with leadership models, operating architectures, workforce assumptions, and governance frameworks designed for the Digital Age. That mismatch is not a detail to be managed. It is the central challenge.

The evidence is visible in how AI is currently being deployed across most enterprises. According to the KPMG Global AI Pulse Q2 2026, around three-quarters of organizations say their CEO actively owns AI as a strategic priority. Yet ownership and accountability are not the same thing. As executive ownership becomes the norm, organizations reporting the strongest outcomes are those that translate leadership commitment into clear accountability, decision rights and governance practices.

Significant investment is flowing into AI tools, copilots, and workflow automation. Measurable productivity gains are emerging within controlled environments. Yet enterprise-wide value transformation remains inconsistent. Most organizations have succeeded at experimentation. Far fewer have succeeded at redesign.

The reason is not that AI lacks capability. The reason is that organizations are layering AI onto structures that were never designed for it.

Consider a workforce built around the assumption that humans execute analytical, coordination, and reporting work continuously. AI does not improve that workforce. It makes the structure obsolete. The correct response is not to deploy AI faster. It is to redesign around what AI now does, and to rebuild the organization around what humans should be doing instead.

> **Most organizations are applying Intelligence Age technology to a Digital Age enterprise”**

The productivity gains are real but operating at a fraction of available potential, and the structural misalignment is accumulating beneath the surface. The organizations that ask hard questions about enterprise architecture, not just technology deployment, will compound advantage rapidly. Those that continue layering AI onto legacy structures will reach a ceiling, and the ceiling is not far away.

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03

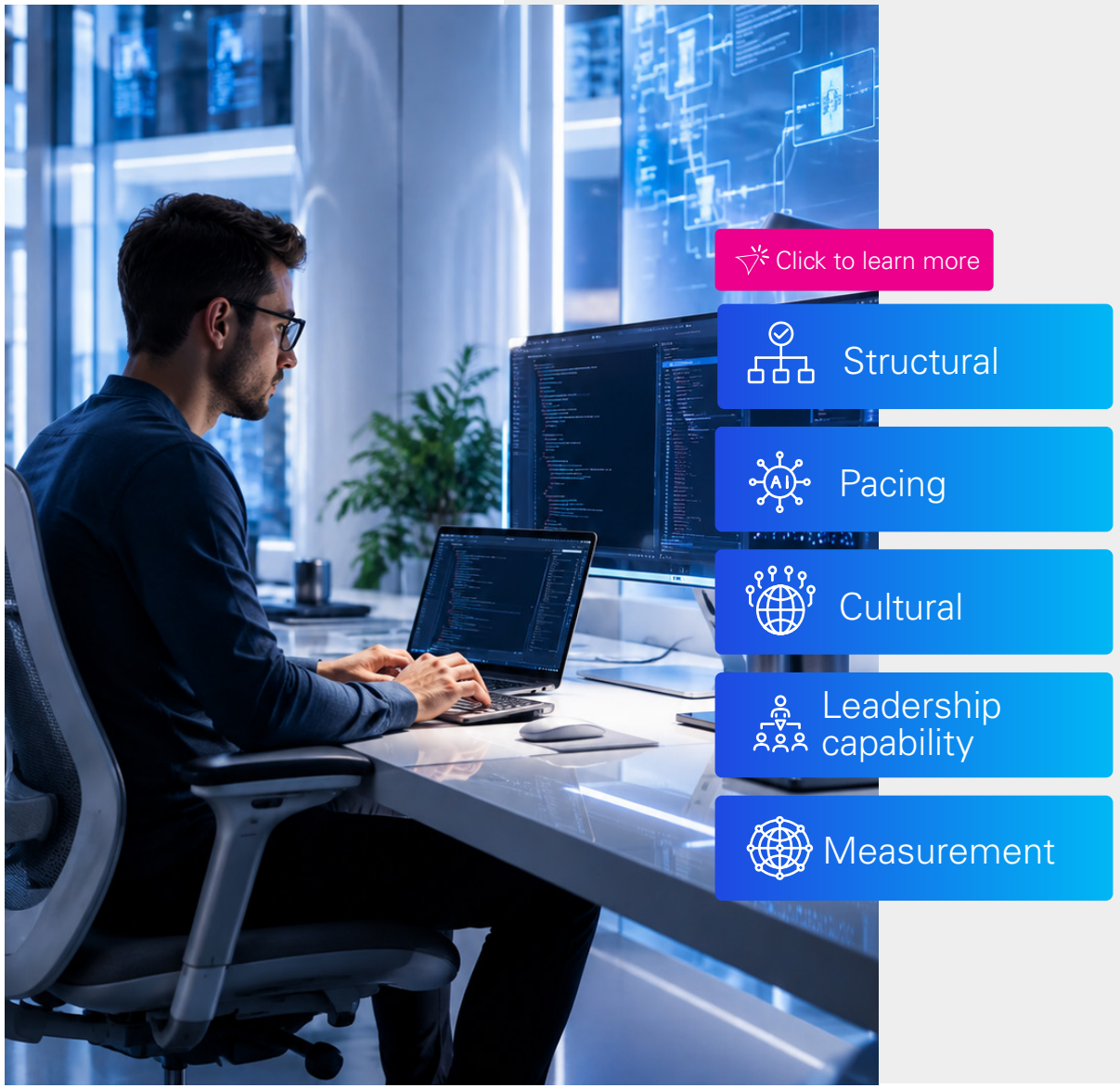
Why AI transformation stalls



The most common misdiagnosis in enterprise AI today is that organizations struggling to scale AI assume the problem is technology. It is not.

Scaling AI is an enterprise transformation challenge. It spans data architecture, workflow redesign, governance frameworks, leadership capability, workforce adaptation, and organizational culture. Technology is one component. It is not a binding constraint. The Global AI Pulse Q1'26 report highlighted the growing importance of governance and trust as foundations for responsible AI adoption. As organizations scale AI across the enterprise, the Global AI Pulse Q2'26 suggests the conversation is shifting from governance itself to how governance is operationalized. The question is no longer to what degree governance matters. It has to be embedded into day-to-day decision-making.

Several failure modes recur consistently across industries and geographies.

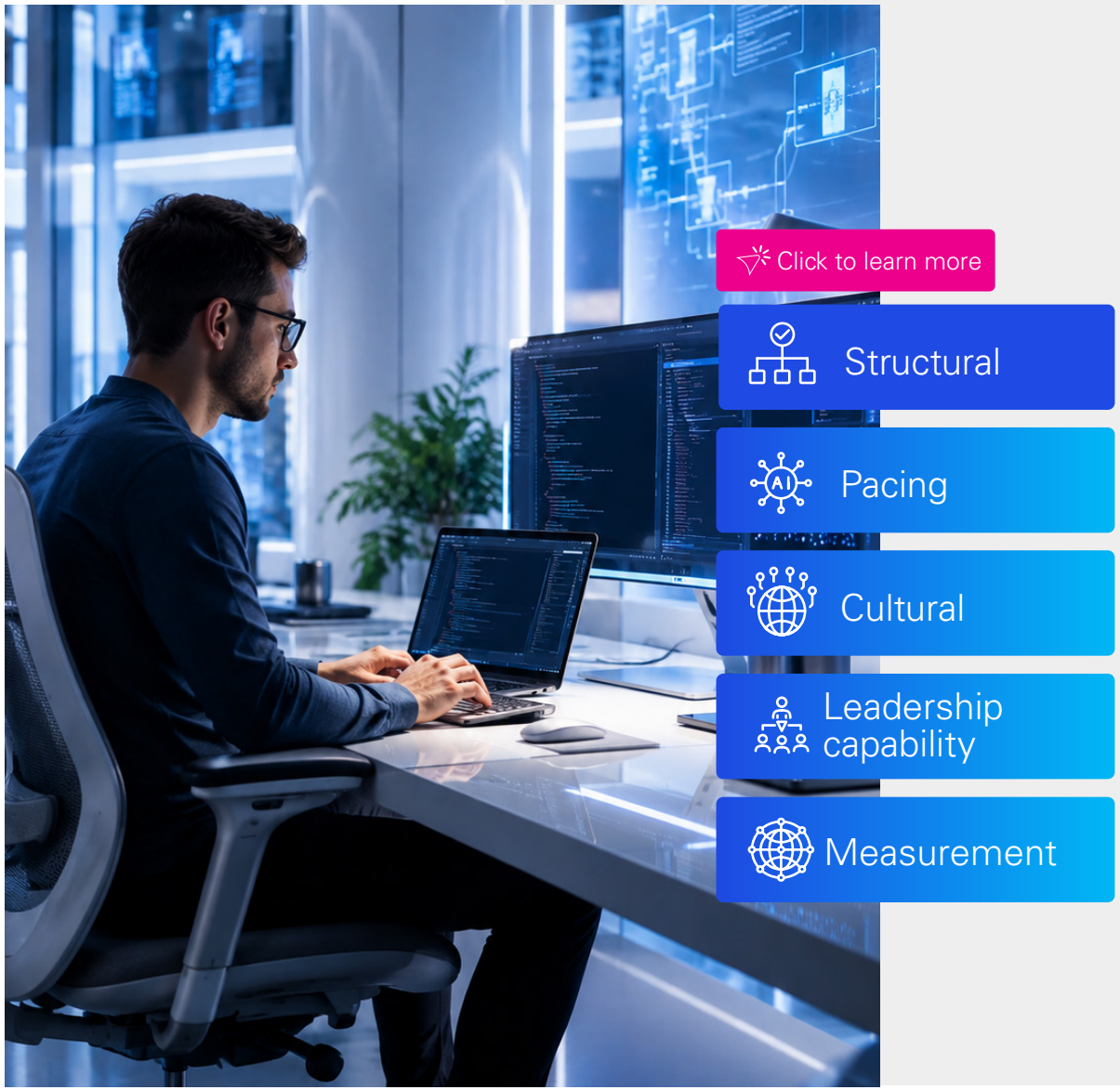


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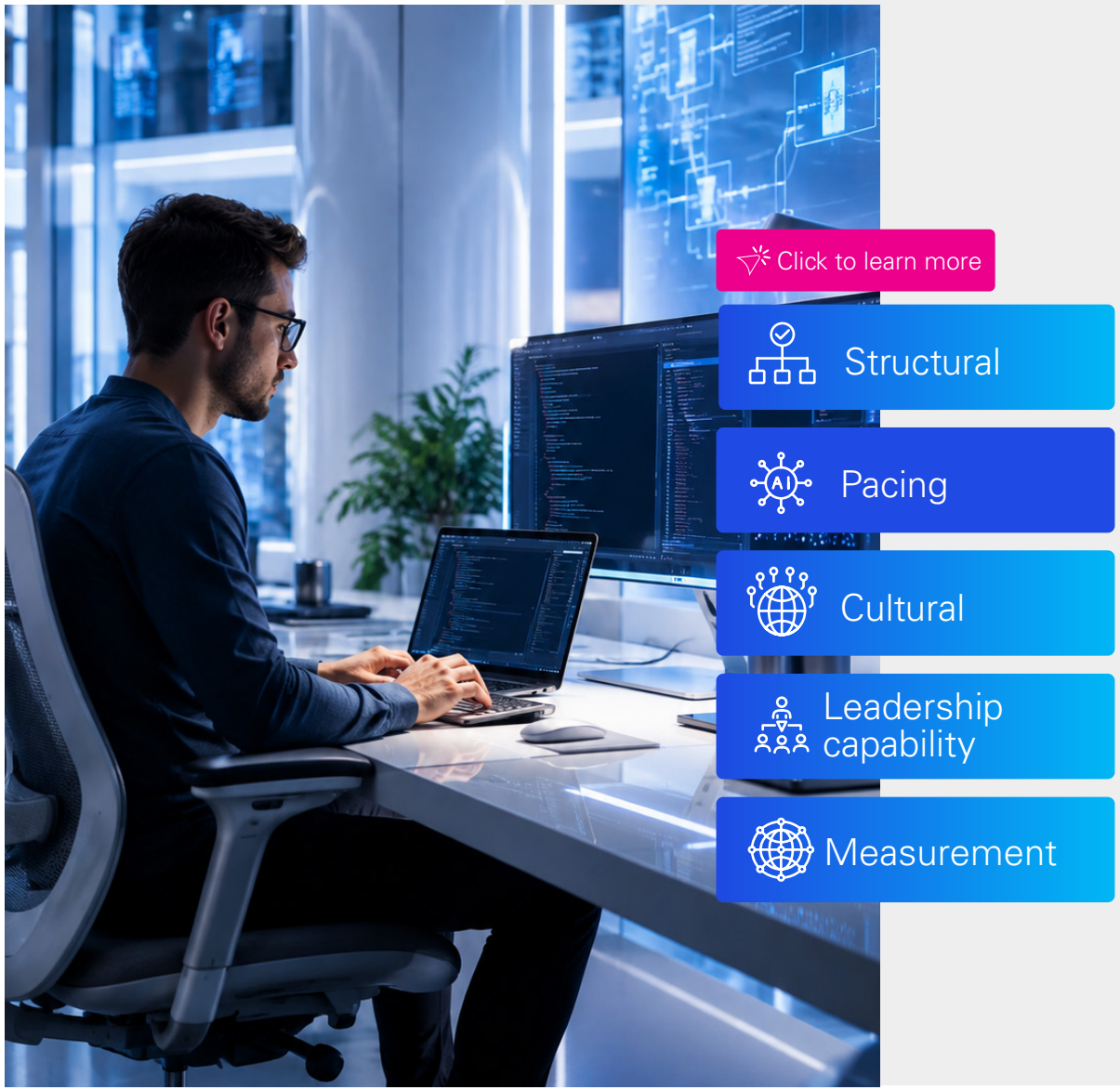
AI is deployed on top of workflows designed for human execution rather than rebuilt around AI capability. The result is marginal efficiency gains rather than fundamental transformation.

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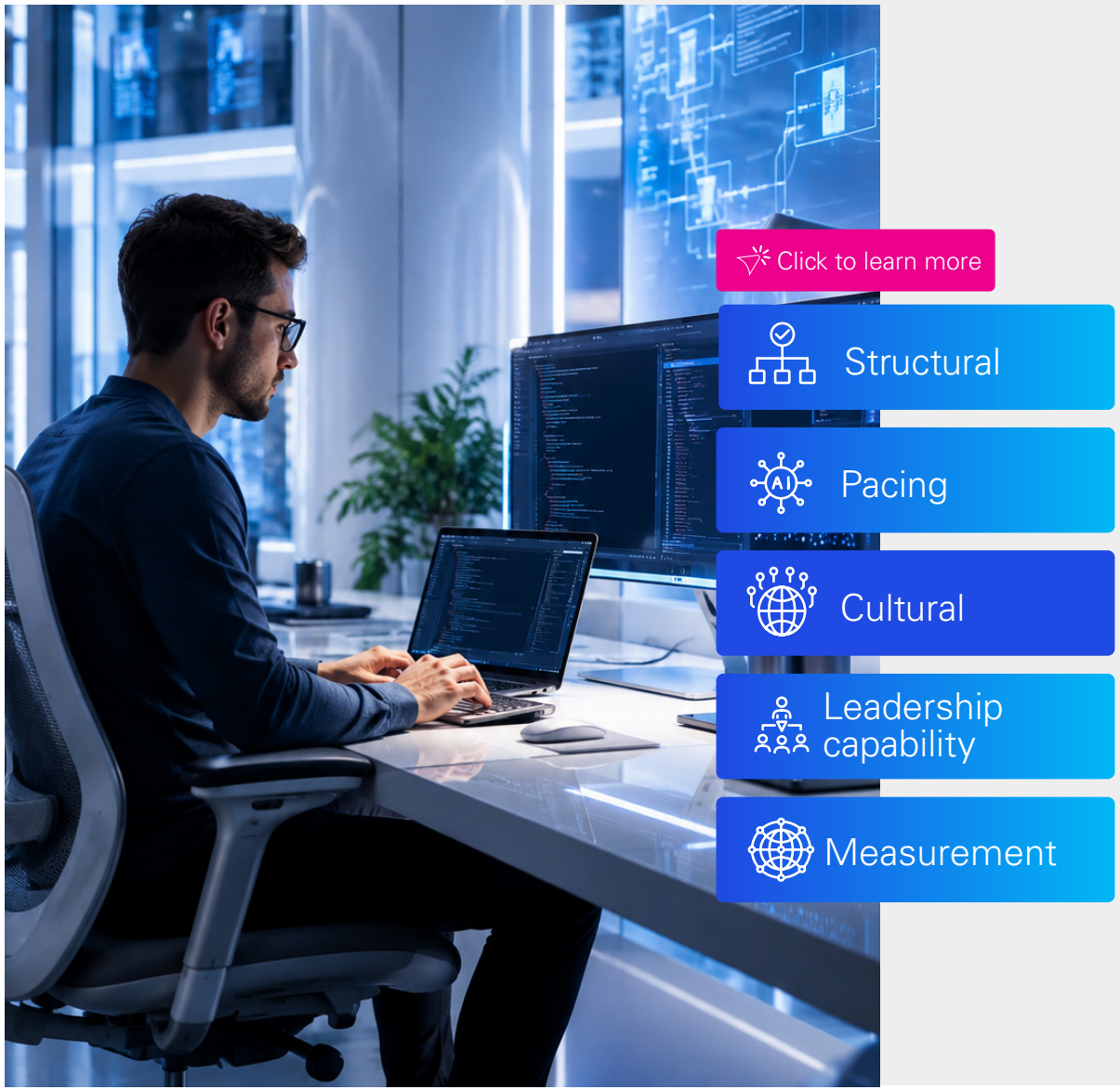
Leaders consistently over-invest in technology deployment and under-invest in the change management required to absorb it. AI lands in organizations before the organization is ready to use it well.

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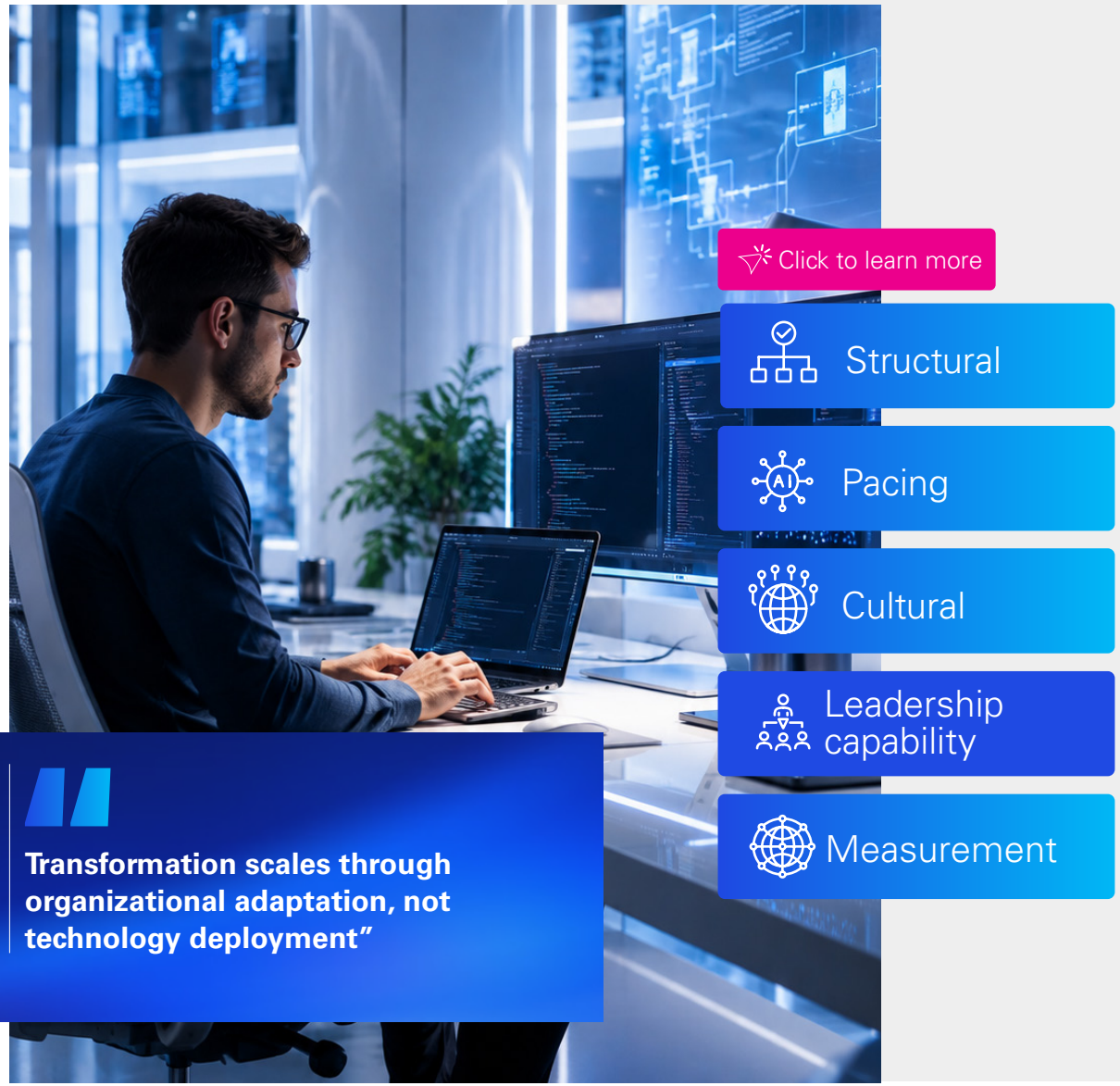
Organizations cannot scale AI transformation in environments where employees fear irrelevance or treat AI outputs as authoritative rather than interrogatable. AI amplification requires human confidence. In most enterprises, confidence is the scarce resource, not technology. There is a quieter version of the same problem: where being the person who knows is the basis of one's standing, people withhold what they know – and an AI that depends on that knowledge inherits the silence. Confidence is one scarce resource. What people are willing to share is another.

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> **Transformation scales through organizational adaptation, not technology deployment"**

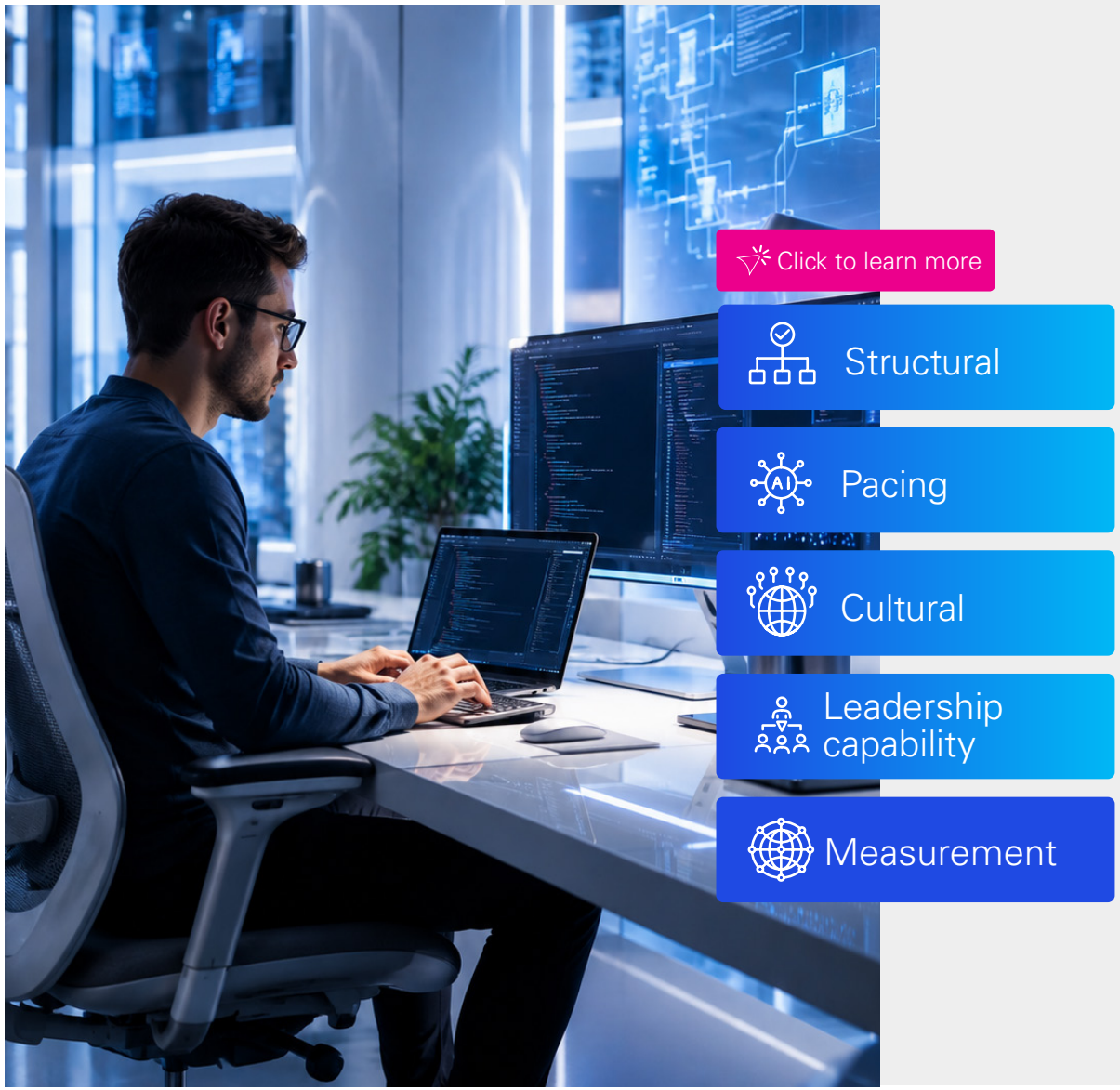
AI transformation stalls when the leaders responsible for driving it cannot independently assess AI outputs, challenge vendor claims, or articulate the workflow redesign required. This is not a technology literacy problem. It is a judgement problem.

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Organizations cannot connect AI investment to business outcomes with confidence. They count deployments, track usage, and report activity, but cannot demonstrate what AI is actually producing. Without measurement, there is no basis for governance, no ability to course-correct, and no justification for continued investment. KPMG's own AI Pulse data shows only 8 percent of organizations have established measurable ROI despite 95 percent having an AI strategy. KPMG's US AI Pulse Q2 2026 shows only 26 percent have full real-time visibility into AI operating costs. Organizations flying blind through the most significant enterprise transformation of a generation cannot lead it.

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04
The leadership accountabilities

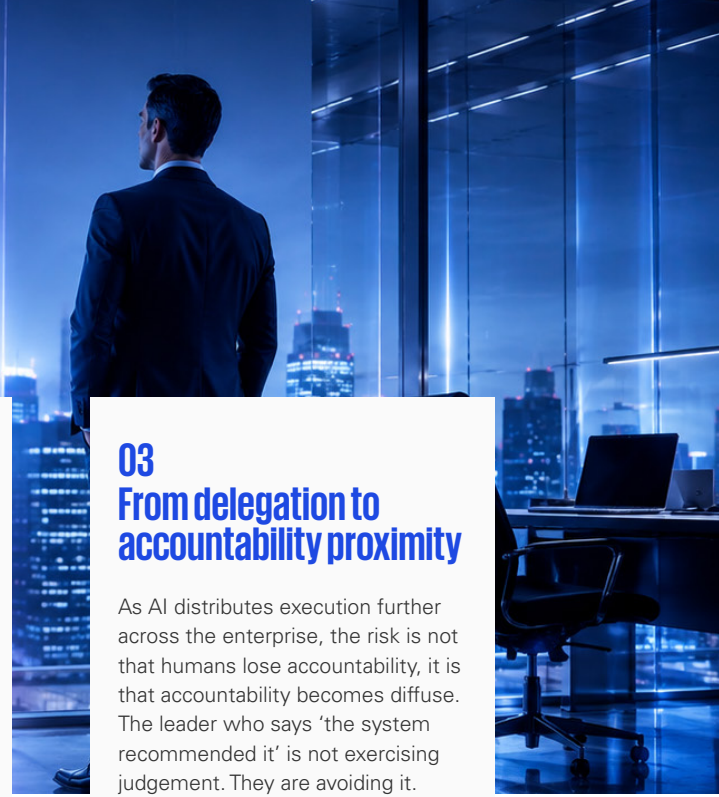
The Intelligence Age is not changing what leaders are responsible for. It is changing what the exercise of that responsibility requires.

Strategy, governance, culture, and stakeholder accountability remain the irreducible core of leadership. What changes is the context: faster cycles, more distributed execution, AI-assisted analysis at every level, and accountability for decisions made in collaboration with systems that cannot bear responsibility themselves.

The latest KPMG Quarterly AI Pulse shows that across multiple measures, the pattern is consistent. Organizations with clearly defined accountability are more likely to report confidence in their AI strategy, stronger business value and established ROI. The strongest relationship appears in ROI, where organizations with clearly defined accountability report established returns at more than three times the rate of those without it.

The findings suggest that governance is becoming an important enabler of successful AI adoption. Accountability alone does not create value, but organizations that define it clearly appear better positioned to realize value consistently.

Three shifts define the Intelligence Age leadership requirement:



01
From directing to orchestrating

In previous eras, leadership value resided substantially in holding superior information. AI eliminates that advantage across the enterprise. When every layer of the organization can access sophisticated analysis, the leadership differentiator becomes the quality of judgement applied to outputs, not the quality of information held.

This is a shift from doing the work to seeing what it is worth. A coach need never have played at the level they coach; a leader need not out-perform the system to get the best from it. The competency is evaluation and challenge: knowing which output to trust, which to interrogate, and how to connect what the system surfaces into a decision it could never reach alone. Connecting the dots was always leadership. It is now most of it.

02
From risk avoidance to intelligent risk tolerance

Organizations accelerating fastest in the Intelligence Age are those whose leadership cultures treat AI experimentation as expected, not exceptional. In environments where employees fear accountability for AI-assisted decisions that go wrong, transformation freezes. Leaders set that culture. No governance framework substitutes for it.

03
From delegation to accountability proximity

As AI distributes execution further across the enterprise, the risk is not that humans lose accountability, it is that accountability becomes diffuse. The leader who says 'the system recommended it' is not exercising judgement. They are avoiding it. Intelligence Age leadership requires actively maintaining accountability even when AI systems are doing significant portions of the analytical and operational work.

> **When the best models are available to everyone, the model stops being the advantage. What only you know becomes it.**

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05

The reinvention of middle management



Middle management is simultaneously the most threatened and most important layer of the enterprise in the Intelligence Age. Most analyses get this wrong, and the mistake is consequential.

The automated coordination, reporting, workflow management, and operational oversight that currently occupies significant middle management time will be substantially compressed by AI. That is accurate. That does not make middle management less important.

The functions AI automates are not the functions that make middle management valuable. They are the functions that currently consume middle management capacity and prevent it from doing what only humans can do.

In the Intelligence Age, the managerial layer closest to execution carries a different and more demanding set of responsibilities: translating strategic intent into AI-assisted workflow redesign, coaching judgment in environments where AI provides recommendations humans must interrogate, building the psychological safety that enables teams to experiment and fail productively, and maintaining trust between the organization and its people through a period of significant structural disruption.



These are not functions that senior leadership can perform from a distance. They are not functions AI can perform at all.

There is a second-order risk being systematically underestimated. Middle management is also where leaders are made. The analytical, coordination, and problem-solving work currently performed at mid-level is the developmental substrate from which senior leadership capability grows. If organizations hollow out those roles without redesigning the development pathway, they will produce a generation of senior leaders in ten to fifteen years who lack the experiential foundation that current senior leadership was built on. The consequences will arrive too late to easily correct.

The reinvention of middle management is not a cost-reduction exercise. It is an organizational capability investment.

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06

The hybrid human-agent enterprise



The future enterprise is not autonomous, it is hybrid. Organizations will increasingly operate through workforces in which intelligent agents and humans collaborate across operational execution, decision-making, coordination, and workflow management. The question is not whether this model emerges – it is whether organizations are designing it intentionally or inheriting it reactively.

In financial services, intelligent agents already handle significant proportions of reporting, reconciliation, compliance monitoring, forecasting, and transaction processing. Human teams are increasingly focused on exception handling, governance, client judgement, and strategic decision-making. That shift is not coming. It is underway. The same pattern is emerging across banking, supply chains, customer service, industrial environments, healthcare administration, and professional services.

Three design principles matter for organizations building hybrid human-agent operating models deliberately.

01

Handoff points between human and agent judgement must be designed explicitly

Where does agent recommendation end and human accountability begin? When that boundary is ambiguous, accountability diffuses – and diffuse accountability in consequential decisions is not a governance grey area. It is a governance failure.

02

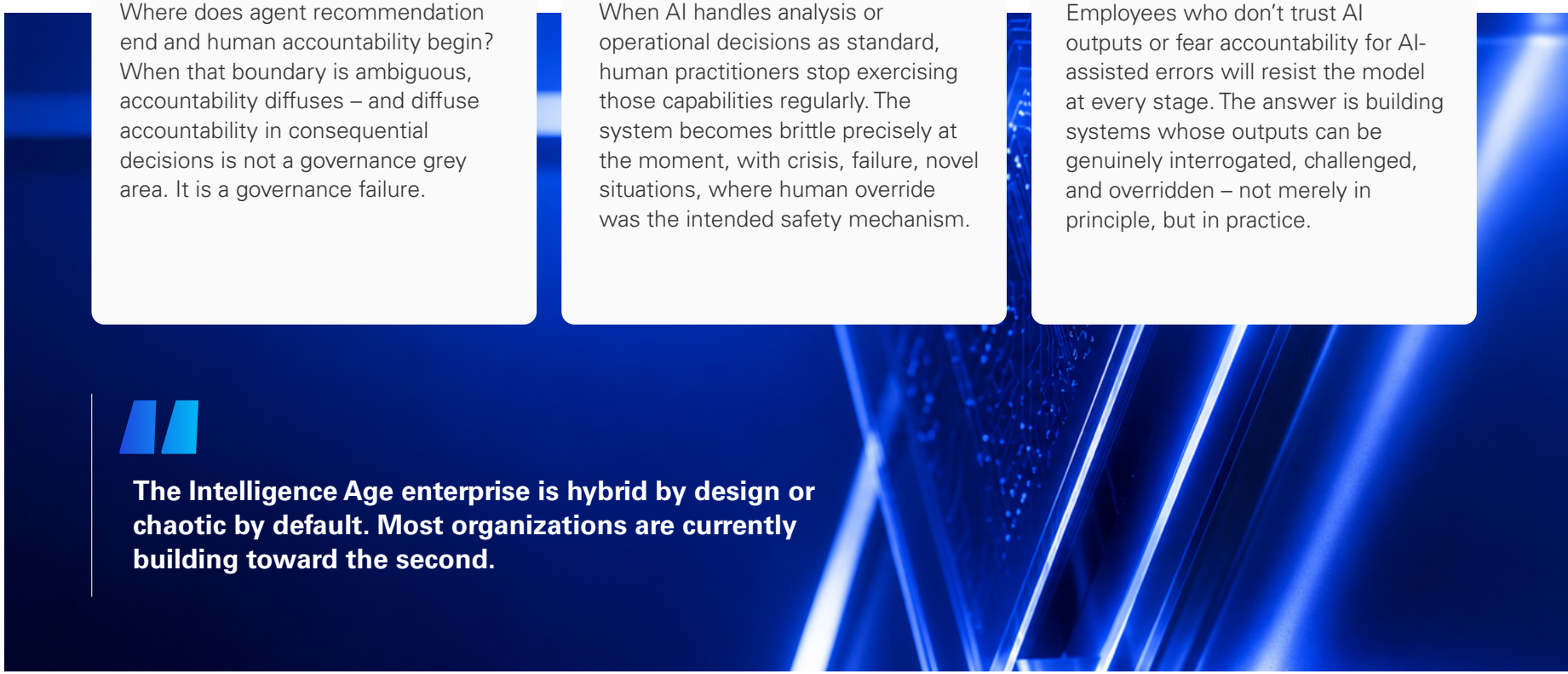
Human capability must be actively maintained in domains where AI provides the default output.

When AI handles analysis or operational decisions as standard, human practitioners stop exercising those capabilities regularly. The system becomes brittle precisely at the moment, with crisis, failure, novel situations, where human override was the intended safety mechanism.

03

Trust must be at the center of hybrid model design, not added as a compliance layer afterwards.

Employees who don't trust AI outputs or fear accountability for AI-assisted errors will resist the model at every stage. The answer is building systems whose outputs can be genuinely interrogated, challenged, and overridden – not merely in principle, but in practice.

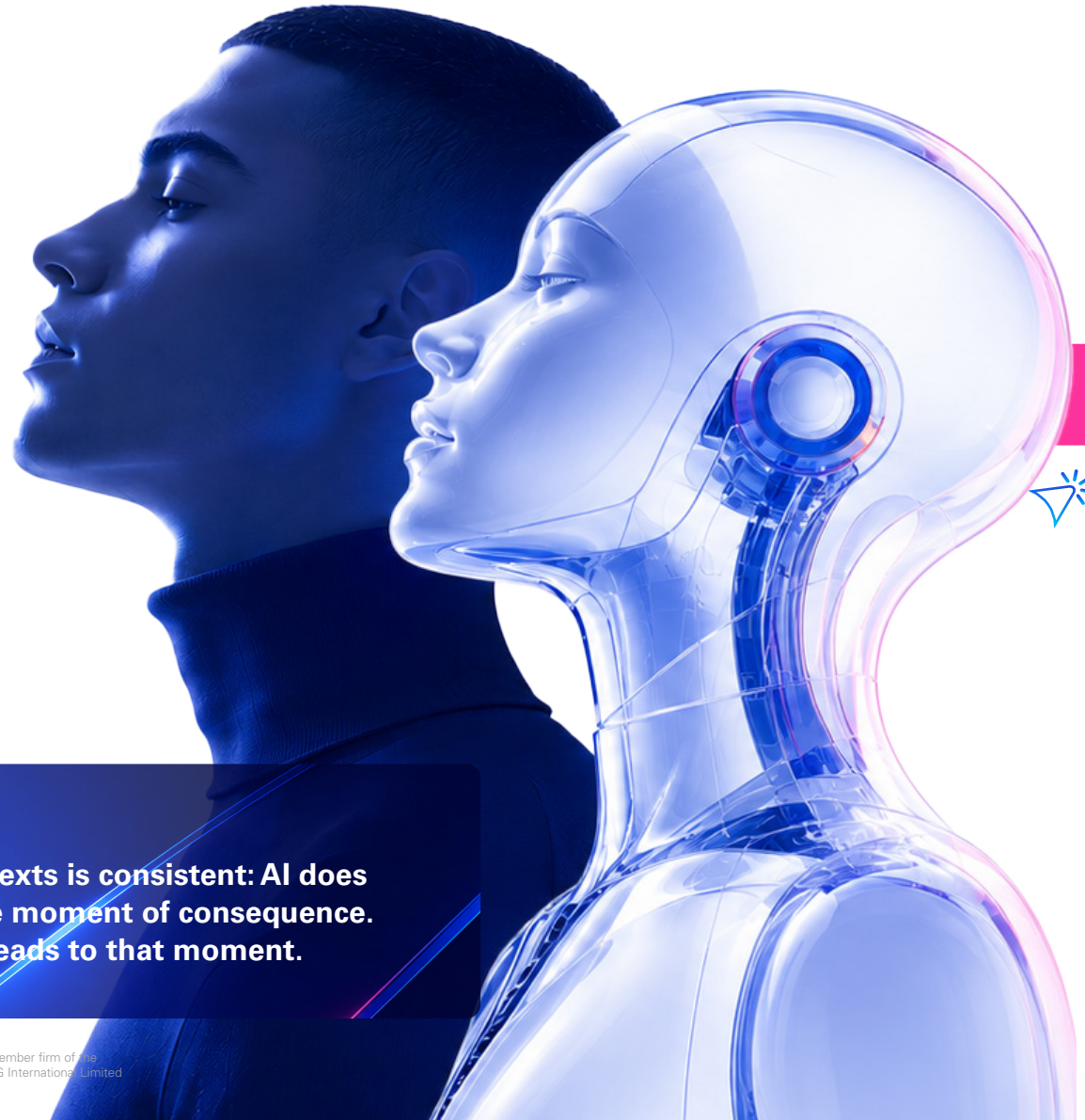


The Intelligence Age enterprise is hybrid by design or chaotic by default. Most organizations are currently building toward the second.

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In practice

The hybrid human-agent model is not theoretical. There are consistent deployment patterns emerging that validate the argument at enterprise scale.



Financial services

Capital-intensive industries

> **The pattern across both contexts is consistent: AI does not replace the human at the moment of consequence. It improves everything that leads to that moment.**

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Financial services

Working with a leading financial services client, AI is being deployed across the breadth of banking operations. Relationship management co-pilots handle portfolio analysis, client insight generation, and meeting preparation – freeing relationship managers to focus on the conversation itself rather than the preparation for it. CFO reporting functions receive automated narrative-quality financial analysis that previously required significant analyst time. Credit operations are being transformed through agents that process documentation, manage approvals, and surface exceptions for human review. In each case the human role shifts: from producing analysis to governing it, from preparing for client interactions to leading them, from managing processes to exercising judgement when it matters.



Capital-intensive industries

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Financial services



Capital-intensive industries

With a heavy asset client operating across large-scale capital programs and complex asset bases, AI is being deployed as an organizational intelligence layer, connecting supply chain data, capital program reporting, maintenance records, and external risk signals into a shared analytical context. Risk signals that previously required manual correlation across fragmented systems are surfaced earlier and more consistently. Teams shift from reactive firefighting to proactive risk management. A second heavy asset deployment in procurement and supply chain optimization is underway, with early results demonstrating material improvements in sourcing decisions and supplier risk visibility. In both cases, human accountability for consequential decisions remains unchanged. What AI changes is the quality, completeness, and timeliness of what informs those decisions.

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07

Trust, sovereignty, and enterprise foundations



The Intelligence Age is reshaping not just how organizations operate but the foundational strategic assumptions underpinning infrastructure, data ownership, and national competitiveness.

In the Intelligence Age, enterprises inherit the geopolitical assumptions embedded in the infrastructure they depend on. That is a risk most boards and audit committees have not yet priced.

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The wake-up call in Europe

Across Europe, the reassessment of structural dependency on US hyperscalers has moved from policy discussion to operational urgency, accelerated by a single admission that crystallized what critics had argued for years.

At a French Senate hearing in June 2025, Microsoft France's Director of Public and Legal Affairs admitted under oath that he cannot guarantee French citizen data will never be transferred to US authorities. That admission was not a statement about Microsoft's intentions, it was a structural reality. Under the US CLOUD Act, any company headquartered in the US remains subject to US government data demands regardless of where data is physically stored. European servers do not resolve European data sovereignty, but they paper over it.

> **Critics have a term for what US hyperscalers are selling as the solution: sovereignty washing.**

Place infrastructure on European soil, partner with local operators, brand the offering as sovereign, while the parent company and its legal obligations remain entirely American. The architecture of dependency does not change, but the marketing does.

The data confirms this concern is reaching enterprise decision-makers at scale. A Gartner survey of 241 Western European CIOs in November 2025 found that **61 percent** intend to shift more workloads to local or regional providers in response to geopolitical concerns, **53 percent** plan to restrict hyperscaler use, and **44 percent** have already started. Sovereign cloud spending in Europe is growing at 83 percent year-over-year. The global sovereign cloud market is projected to exceed **US$250** billion within three years.

Government action is following enterprise sentiment. In July 2025, Germany, France, Italy, and the Netherlands established the European Digital Infrastructure Consortium to jointly develop sovereign digital tools. Germany's state of Schleswig-Holstein migrated **30,000 civil servants off Microsoft** products to open-source alternatives. France allocated **€1.8 billion** to cloud sovereignty initiatives. The EU Cloud and AI Development Act, expected in 2026, will define sovereign cloud in European law for the first time.

Yet the honest assessment is that Europe's sovereignty movement remains reactive and partially self-undermining. France simultaneously builds Bleu. a Microsoft, Orange, and Capgemini joint venture, and S3NS, a Google-Thales joint venture. Germany builds Delos with Microsoft and SAP. Nations use sovereignty language while maintaining structural dependency. **European cloud providers' share of their own regional market declined from 29 percent in 2017 to 15 percent in 2022, even as the sovereignty conversation intensified.**

Europe is attempting to retrofit sovereignty after dependency has formed. That is expensive, slow, and constantly at risk of being captured by the forces it is trying to escape.



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The Saudi Arabia reference model

Saudi Arabia presents a structurally different model, and its importance is not merely regional. It is the most credible example currently operating of what greenfield sovereign AI infrastructure looks like when capital, political will, and strategic clarity align.

Rather than inheriting dependency and attempting to manage it, Saudi Arabia entered the Intelligence Age with a blank infrastructure canvas and a deliberate strategy to own the full stack: compute, data centers, sovereign AI models, governance frameworks, energy infrastructure, and talent pipelines – simultaneously.

The scale is not incremental. Saudi Arabia's National Data Center Strategy, unveiled in June 2025, targets 1.5 gigawatts of data center capacity by 2030, one of the largest planned national digital infrastructure projects globally. The market is growing at 29 percent CAGR. Current capacity of 222 MW expands to nearly 1,000 MW within five years.

The anchor institution is HUMAIN, launched in May 2025 under the Public Investment Fund with over US$100 billion in planned investment. HUMAIN is building 11 data centers targeting 2,200 megawatts of capacity. Google Cloud and PIF announced a US$10 billion partnership to build a global AI hub through HUMAIN. AWS committed US$5.3 billion to Saudi data center development. A Cloud Computing Special Economic Zone provides tax benefits expected to represent 30 percent of the Kingdom's ICT spending by 2030.

> **Saudi Arabia is not outsourcing to hyperscalers. It is hosting them, on sovereign terms, with data residency law as the forcing function.**

The sovereignty play extends beyond infrastructure to intelligence itself. ALLaM 34B, the Arabic large language model developed under SDAIA and commercialized through HUMAIN, is independently verified as the most advanced Arabic LLM in the Arab world. Trained on one of the largest Arabic datasets ever assembled and refined by over 600 domain experts, it ensures Saudi data trains Saudi AI on Saudi infrastructure. HUMAIN Chat, launched in August 2025, is fully hosted in the Kingdom under Saudi's Personal Data Protection Law.

The geopolitical repositioning is deliberate and explicitly stated. Saudi Arabia is positioning itself as an exporter of data and compute, not just oil. It possesses what most nations attempting sovereign AI infrastructure lack: cheap energy at scale, sovereign capital unconstrained by quarterly earnings cycles, and the political mandate to move at speed. The talent dimension is equally deliberate.

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Saudi Arabia ranks 14th globally in AI readiness, with AI hiring growing at 28.7 percent year-over-year, the third fastest globally. SDAIA and HUMAIN are targeting 20,000 AI experts trained by 2030. AI skill penetration among women in the Kingdom exceeds that among men – a rarity shared globally only with India.

The lesson for enterprise and government leaders is not to replicate Saudi Arabia's model, few have the capital or political architecture to do so. The lesson is about timing and intentionality. Europe is the cautionary case, Saudi Arabia is the reference model.

> **Sovereignty in the Intelligence Age must be designed in, not bolted on after dependency has already formed.**

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08

The skills transition: Stop, start, and how to develop



Most AI transformation communications describe what will change at an abstract level. Leaders are told that creativity, critical thinking, and emotional intelligence will become more important. They are rarely told specifically which tasks to stop, which capacities to start building, and how to actually develop what the Intelligence Age requires.

The framework below addresses that gap across three levels, with a foundational dimension running through all of them: the organizational conditions that make the transition possible at all.



Individual contributors and frontline professionals

Level 1 →



Middle managers

Level 2 →



Senior leaders and CEOs

Level 3 →

Click on each level to see the details

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Level 1: Individual contributors and frontline professionals

Stop doing

Compiling data manually into reports and summaries

Treating expertise as knowing the answer

Waiting for instructions before acting

Learning domain knowledge to hold and recall it

Hiding uncertainty about AI tools to avoid looking incompetent

Start doing

Designing the questions the output must answer and then interrogating AI-generated results for accuracy, gaps, and missing context.

Treating expertise as knowing which questions expose where AI is wrong or incomplete.

Identifying where AI-generated outputs require human judgment and making that call with confidence

Using domain knowledge to recognize when AI is missing the contextual understanding you have.

Treating AI literacy as an ongoing professional responsibility, with permission to be openly in-progress.

How to develop

After each AI output you act on, write one sentence: what did I accept without checking? Build this into a daily habit.

Before accepting any AI output in your domain, state what you would expect it to get wrong. Practice this until it becomes instinct.

Take one decision per week you would previously have escalated. Own it. Debrief on the judgment quality, not just the outcome.

When AI gives you an answer in your domain, ask: what does this not account for that I know? That gap is your value.

Raise one ‘I don’t know how to use AI for this yet’ in your team every week. Normalize the learning curve by modelling it yourself.

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Level 2: Middle managers

Stop doing

Measuring your value by how many tasks your team completes

Running status meetings that report what happened

Directing people toward the answer

Avoiding conversations about job security because the answers are incomplete

Treating the learning and empowerment agenda as someone else's responsibility

Start doing

Measuring your value by the quality of judgment your team exercises on AI-generated recommendations.

Running working sessions that ask: what did AI tell us this week that we should challenge, change, or build on?

Coaching people to interrogate AI outputs and defend their judgment when they disagree.

Owning the 'what does this mean for my team' conversation proactively and honestly – even when certainty is not available.

Owning the development agenda as a first-class leadership priority – not a byproduct of transformation.

How to develop

Change one team KPI. Replace a volume measure with a judgment quality measure – even informally to start.

Introduce a standing agenda item: one AI output we questioned this week and why.

When a team member challenges an AI output, ask: what is your evidence? What would change your mind?

Hold a quarterly one-to-one with each team member specifically about role evolution. Make it developmental, not performative.

Set an Intelligence Age development goal for each team member. Review it in every performance conversation.

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Level 3: Senior leaders and CEOs

Stop doing

Treating infrastructure as a technology procurement decision

Using 'we have an AI strategy' to signal readiness

Communicating transformation through HR frameworks and comms teams

Leaving the psychological safety agenda to HR

Delegating AI governance to a compliance function

Measuring AI success by deployment speed and cost savings

Consuming AI as a public utility, sending your knowledge outward to sharpen capabilities every competitor can also buy.

Start doing

Treating infrastructure as a sovereignty decision – whose AI, whose law, whose data.

Asking: does our AI strategy define where human accountability sits when AI is wrong?

Personally naming the disruption, the fear, and the opportunity in the same conversation – visibly and specifically

Making organizational safety a personal leadership commitment, visible, named, and tracked at the executive level.

Designing accountability architecture as a personal leadership responsibility.

Measuring AI success by the quality of human judgment the organization exercises in an AI-rich environment.

Building AI grounded in your own institutional knowledge, your own organizational memory, what your people, current and former, learned, decided, and did.

How to develop

Put AI infrastructure dependencies on your next board agenda. Map which providers you depend on and the concentration risk.

Identify your three highest-stakes AI-assisted decisions. Name the specific human accountable for each outcome, not the process.

In your next all-hands, spend five minutes on what your own role looks like differently because of AI. Model the vulnerability you are asking others to have.

Audit your last five major communications. What are people worried about directly? Rewrite one with that builds honesty in.

Write down concisely where human accountability sits for AI-assisted decisions across your most critical functions. If you cannot, you have a governance gap

Add one qualitative question to your leadership review cycle: where did we over-trust AI output this quarter, and what did it cost us?

Ask one question of your data strategy: what does your organization know that no one outside it can access — and is any of it reaching your AI? Where the answer is no, that is the roadmap.

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Organizational safety as prerequisite

All behavior the tables above depends on one thing that cannot be trained into existence: the genuine belief that it is safe to admit uncertainty, to challenge AI outputs, to experiment and fail, and to raise concerns about a role that is changing in ways that feel threatening.

That belief does not come from a change management program. It comes from what leaders visibly do. Three conditions create organizational safety in the Intelligence Age.

> **You cannot build Intelligence Age capability on a foundation of human fear. Organizational safety is not a culture initiative. It is a performance prerequisite.**

Condition	Start doing	Who owns it
Permission	People believe they can raise uncertainty, admit they are still learning to use AI, and challenge outputs without consequence. The learning curve is treated as normal, not as evidence of inadequacy.	**Middle management;** through daily behavior, team culture, and what gets rewarded in practice
Investment	Organizations visibly invest in people's development, not just in technology. Training budgets, protected learning time, and development conversations signal that people's growth through the transition is a leadership priority.	**Senior leadership;** through resource allocation, time protection, and visible personal commitment
Ownership	Middle management owns the empowerment agenda as a first-class leadership responsibility; not delegated upward to HR or downward to individuals. They drive it, track it, and model it.	**Middle management;** the layer closest to where the fear lives and where permission to change must originate

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09

The risks leaders are underestimating



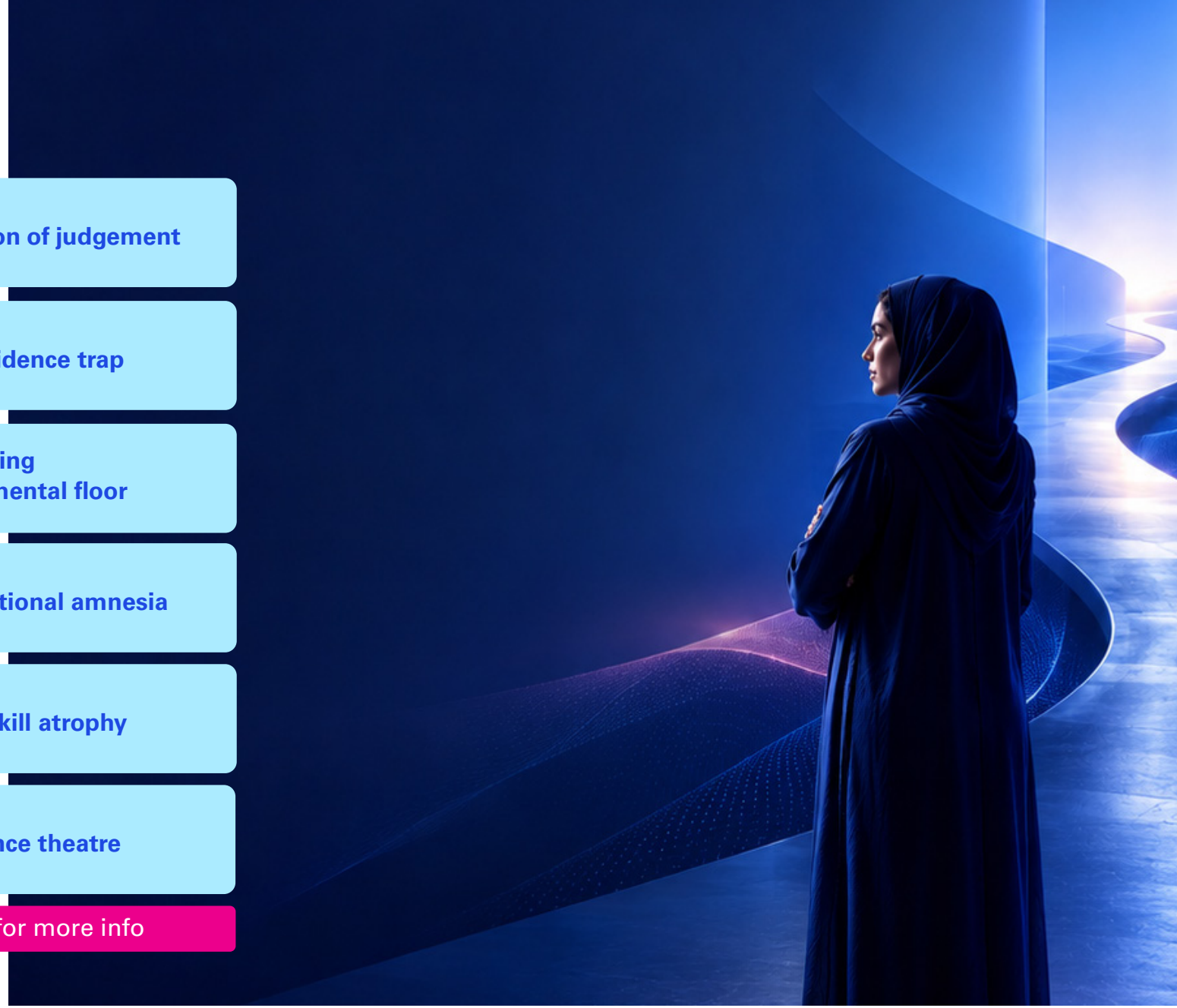
The risks most frequently discussed in the Intelligence Age: job displacement, AI bias, data privacy, model hallucination are real and warrant attention. They are also the risks attracting the most governance focus, regulatory energy, and executive airtime.

The risks that concern informed observers most are different. They are second-order effects; failure modes that emerge not from AI systems behaving badly, but from human and organizational responses to AI systems behaving exactly as designed.

> **The Intelligence Age does not primarily threaten organizations through AI failures. It threatens them through AI succeeding in ways that reduce the quality of human judgement and erode the conditions for genuine accountability.**

- **Abdication of judgement**
- **The confidence trap**
- **The missing developmental floor**
- **Organizational amnesia**
- **Human skill atrophy**
- **Governance theatre**

Click each for more info



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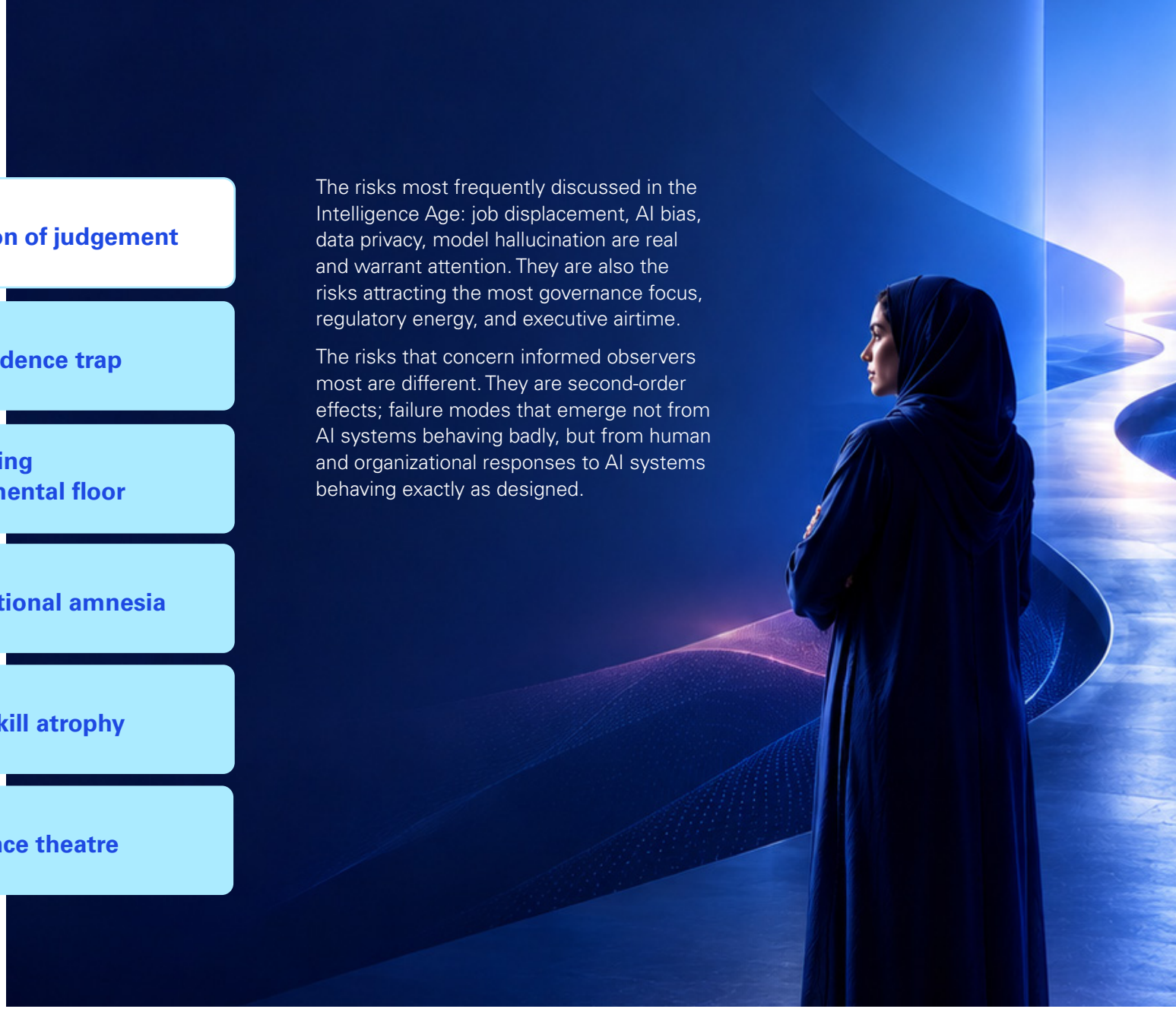
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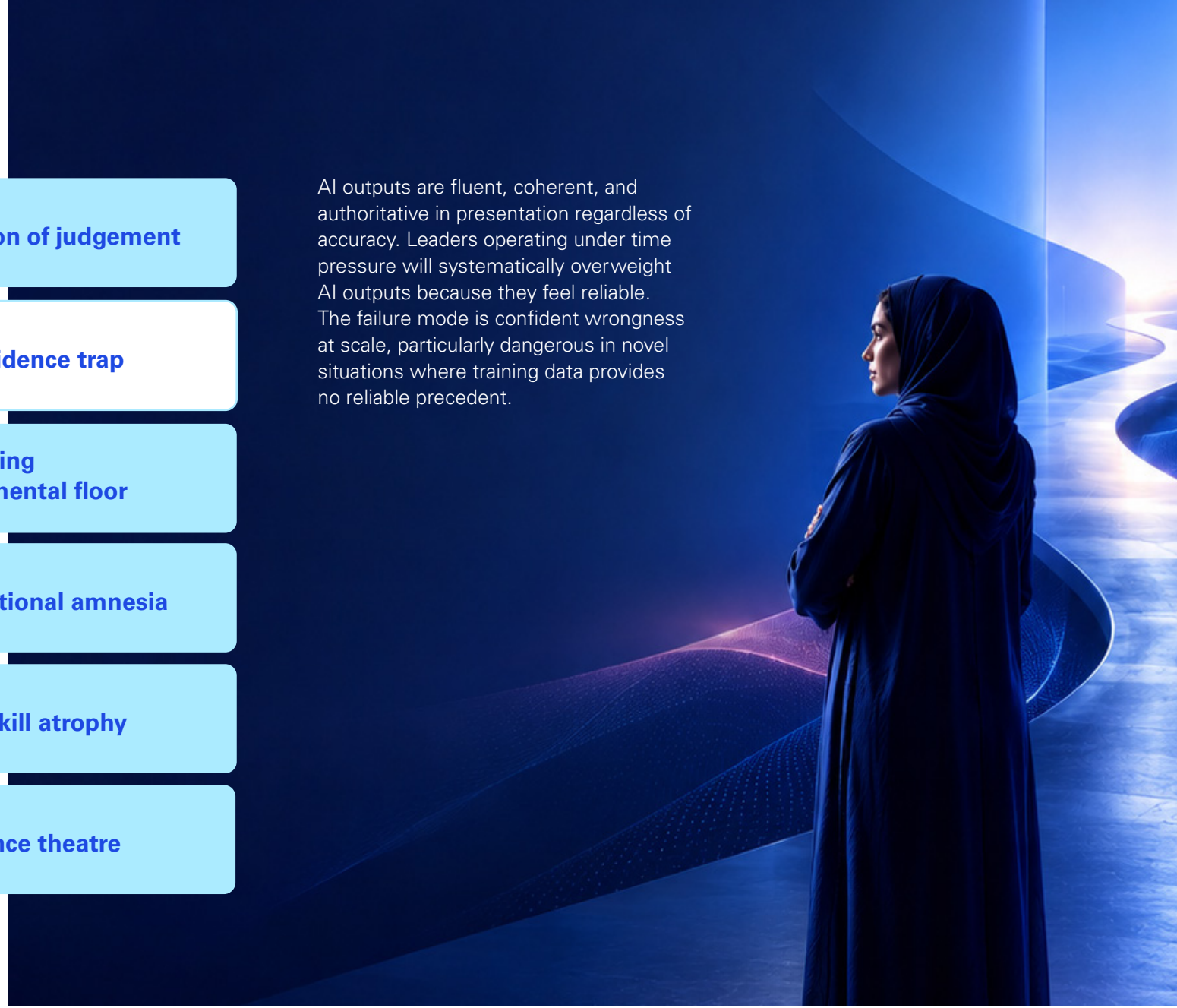
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AI outputs are fluent, coherent, and authoritative in presentation regardless of accuracy. Leaders operating under time pressure will systematically overweight AI outputs because they feel reliable. The failure mode is confident wrongness at scale, particularly dangerous in novel situations where training data provides no reliable precedent.



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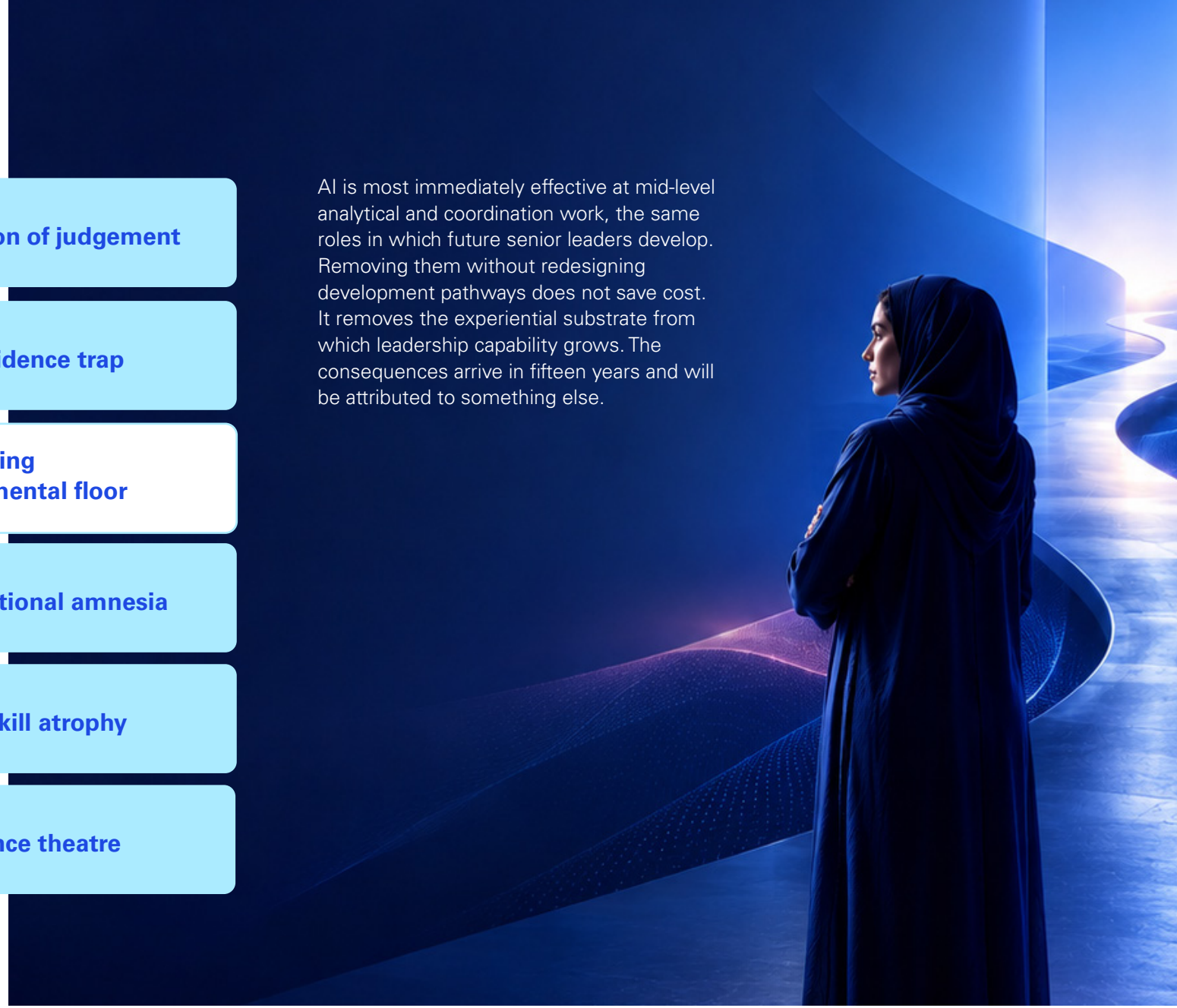
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AI is most immediately effective at mid-level analytical and coordination work, the same roles in which future senior leaders develop. Removing them without redesigning development pathways does not save cost. It removes the experiential substrate from which leadership capability grows. The consequences arrive in fifteen years and will be attributed to something else.



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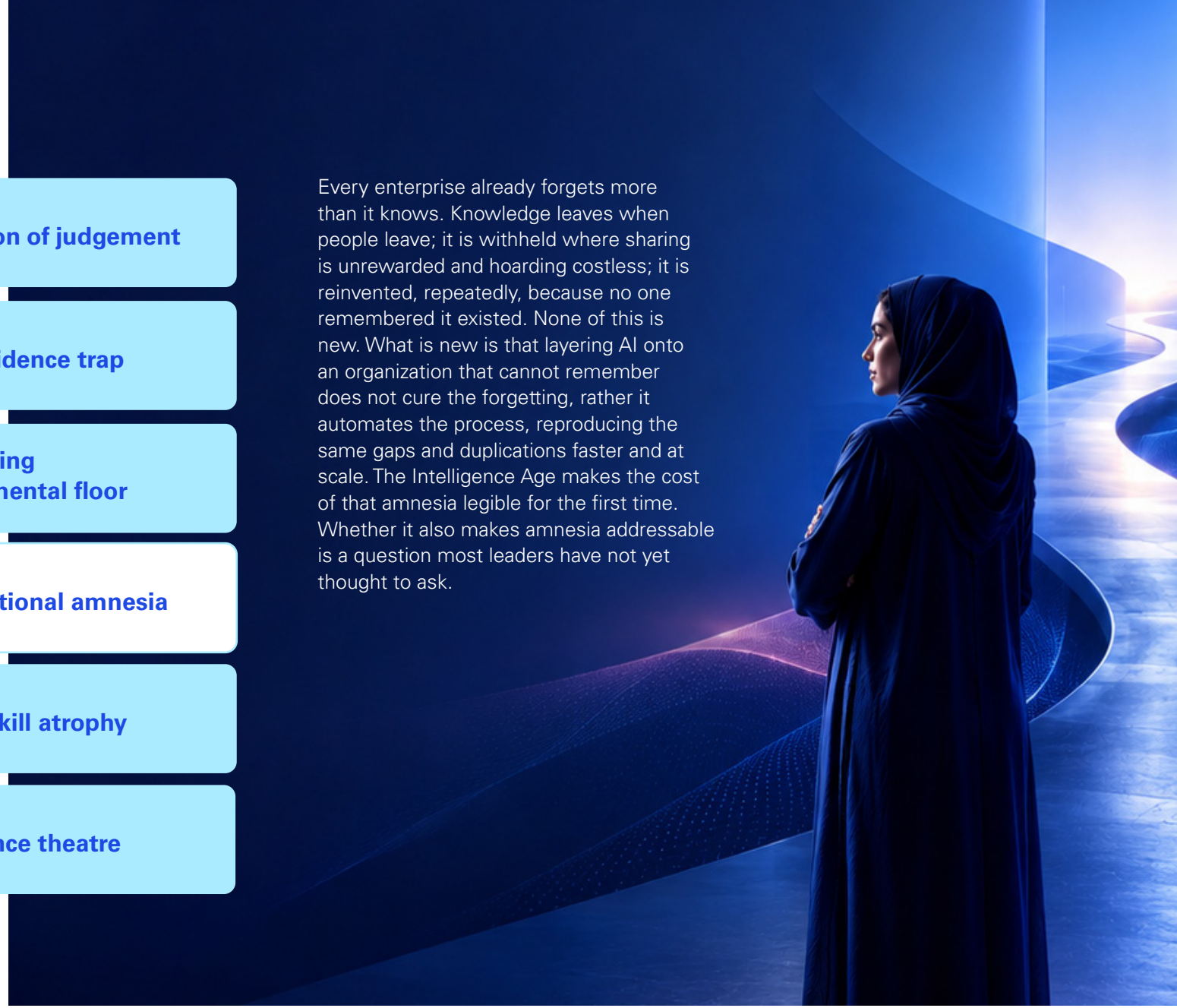
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Every enterprise already forgets more than it knows. Knowledge leaves when people leave; it is withheld where sharing is unrewarded and hoarding costless; it is reinvented, repeatedly, because no one remembered it existed. None of this is new. What is new is that layering AI onto an organization that cannot remember does not cure the forgetting, rather it automates the process, reproducing the same gaps and duplications faster and at scale. The Intelligence Age makes the cost of that amnesia legible for the first time. Whether it also makes amnesia addressable is a question most leaders have not yet thought to ask.



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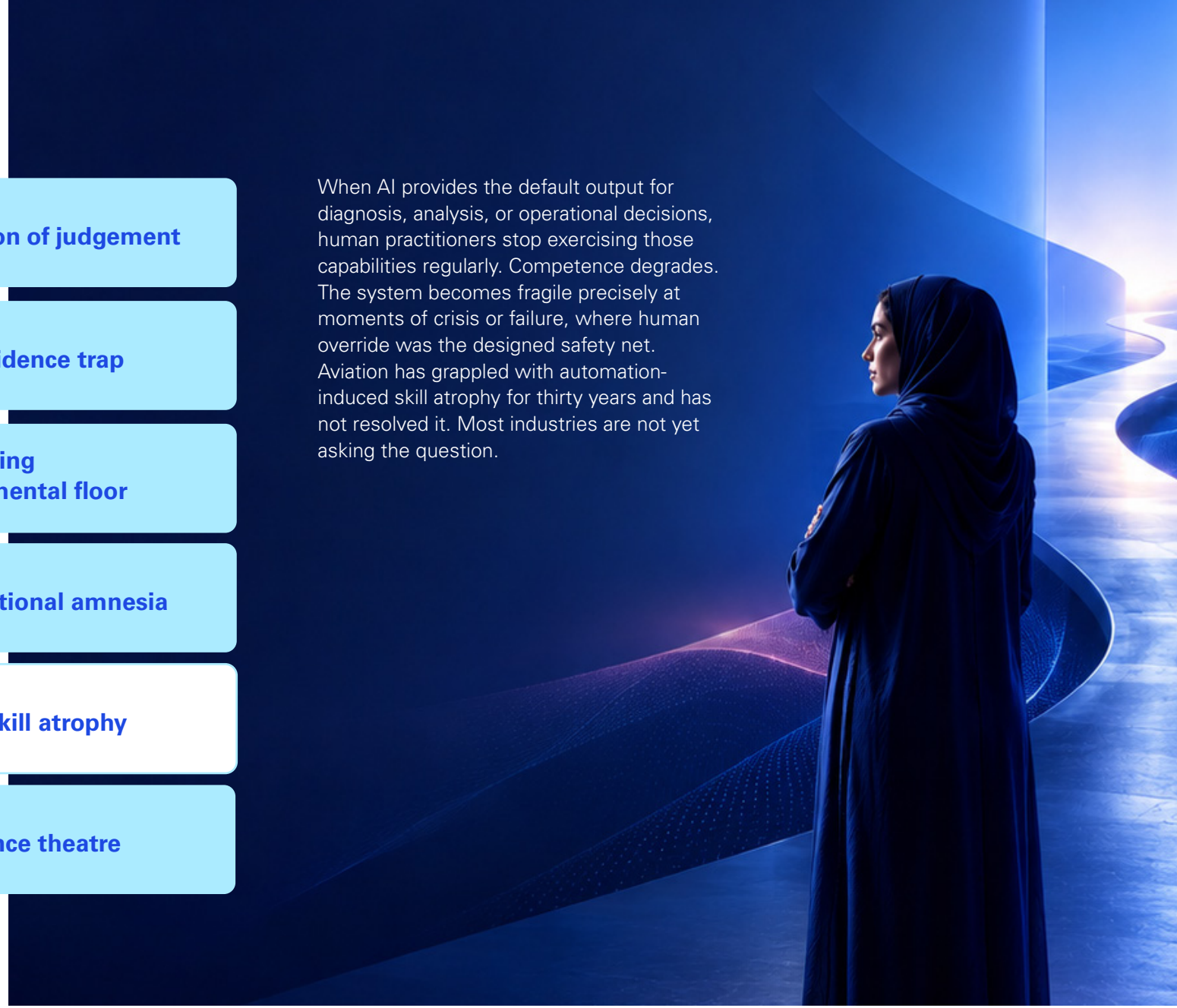
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When AI provides the default output for diagnosis, analysis, or operational decisions, human practitioners stop exercising those capabilities regularly. Competence degrades. The system becomes fragile precisely at moments of crisis or failure, where human override was the designed safety net. Aviation has grappled with automation-induced skill atrophy for thirty years and has not resolved it. Most industries are not yet asking the question.



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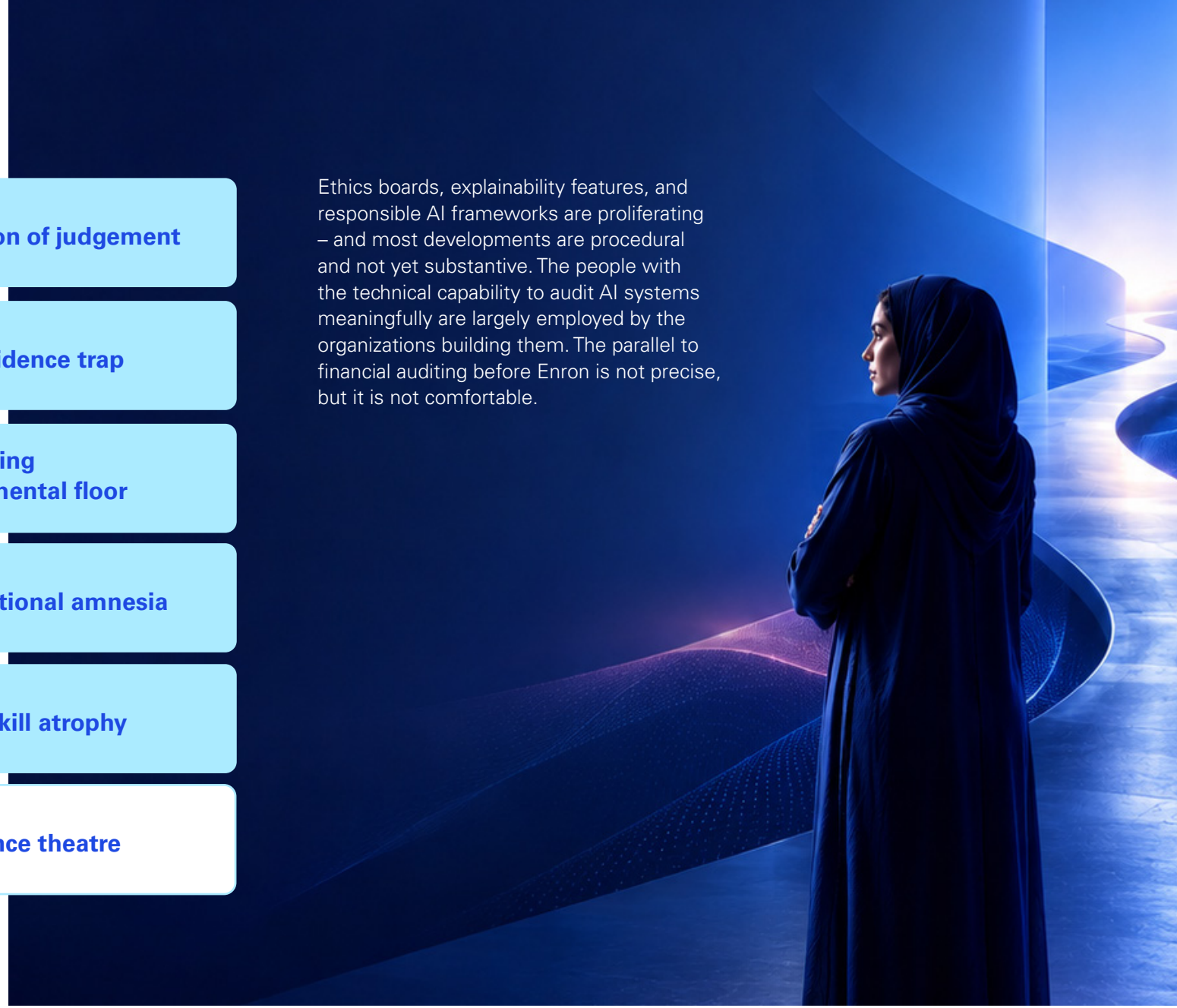
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Ethics boards, explainability features, and responsible AI frameworks are proliferating – and most developments are procedural and not yet substantive. The people with the technical capability to audit AI systems meaningfully are largely employed by the organizations building them. The parallel to financial auditing before Enron is not precise, but it is not comfortable.



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10

What leaders must do



The shift that defines the Intelligence Age is deceptively simple to state and profoundly difficult to execute.

For most of human history, the professional role was that of operator: executing defined work, processing information, and producing outputs. The first wave of AI moves the human from operator to overseer – no longer doing every task but governing the systems that do. Interrogating. Challenging. Maintaining accountability at the moments that matter. That transition is already underway. Most organizations are managing it reactively.

The organizations that lead the Intelligence Age will make a further shift: from overseer to orchestrator. Leaders should not merely be governing what AI produces but actively directing the composition of human and agent capability, and decide what humans bring that no system can replicate, and designing the enterprise around that answer.

Five recommendations for leaders in the Intelligence Age

01

Redesign, don't layer

If I were designing this function from scratch today knowing what AI can do, would it look anything like this? That is the first question for every function leader.

02

Invest in human judgement as the strategic asset

The scarcity is not analytical capability. It is the quality of judgement applied to AI outputs: the ability to interrogate, challenge, contextualize, and take accountability.

03

Build infrastructure strategy as sovereignty strategy

The European experience demonstrates what reactive sovereignty costs. The Saudi experience demonstrates what proactive sovereignty enables.

04

Close the accountability gap before regulators do

Organizations that design accountability architecture now will be ahead of the regulatory cycle, not behind it.

05

Lead the transition visibly

The transition must be led, not managed by communication teams. Leaders who communicate through HR frameworks will lose the trust that transformation requires.

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Operator, overseer, orchestrator

That arc is the journey this paper has argued for. The Intelligence Age does not eliminate the need for human leadership, it demands a new kind of it.

Nowhere is that demand more visible, or more urgent, than in the Middle East. Saudi Arabia and the Gulf sit at an extraordinary convergence: sovereign infrastructure being built at scale, data governance frameworks being established from the ground up, a young workforce entering careers defined entirely by the Intelligence Age, and a national ambition that treats AI not as a technology project but as the foundational asset of the next economic era.

Across the Middle East, the pace of change is unlike anywhere else; enterprise AI access is expanding rapidly, pilots are moving toward production, and investment is intensifying at a scale that would have been unthinkable five years ago.

Yet the same gap as in boardrooms globally is present here too: efficiency gains are arriving before revenue growth, and deployment is moving faster than the leadership capability to direct it. The infrastructure is being built. The ambition is real. What this region now needs – and what this paper is written to address – is the leadership capability to match both.

The leaders who navigate this well will not be those who deployed AI fastest. They will be those who understood what the Intelligence Age was actually asking of them – and who chose to lead it.

> **The Intelligence Age is not eliminating the importance of human leadership, it is concentrating it.**

The choice is not between AI and no AI. The choice is between leading the Intelligence Age and being shaped by it.





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Our values guide our day-to-day behavior, informing how we act, the decisions we make, and how we work with each other, our clients, and all our stakeholders.

Integrity
We do what is right

Excellence
We never stop learning and improving

Courage
We think and act boldly

Together
We respect each other and draw strength from our differences

For Better
We do what matters.

Our purpose is to inspire confidence and empower change. By inspiring confidence in our people, clients and society, we help empower the change needed to solve the toughest challenges and lead the way forward.

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Publication name: Leadership in the Intelligence Age
Publication number: 6609
Publication date: September 2026