KPMG

AI Workforce – From Hype to Hard Truths

What it takes to deliver AI value

KPMG. Make the Difference.

The rush is over. Now it's time to make AI work

Billions have been spent chasing the AI wave - but too often, that money went into licenses without logic, pilots without purpose, and hype without a plan. The reality? Most organisations are nowhere near capturing AI's full potential. Why? Because they treated AI like a system upgrade, not a strategic revolution.

Why AI value remains elusive

Over the last 3 years, we have studied business's reactions to AI technology and the journey many organisations have been on seeking the "promised benefits that AI will deliver". Whilst there has been success in some areas, the majority still have a way to go before translating their investment into true business value.

When AI truly took its place at the centre of traditional business operations in 2022, both businesses and consultancies started trying to understand what this meant for them. Many began to experiment and get 'hands on' with the tooling, whilst others stood back to see how the first movers faired in the new world.

Over this period, our understanding and approaches have also significantly changed. AI requires a completely different approach than traditional transformation, one that is ironically more focused on people than the technology.

AI: a people and business revolution

One of the challenges corporates are facing in navigating the AI revolution is the lack of clarity as society at large still struggles to understand the impact of the technology. Big questions remain, such as: How do you regulate effectively without disadvantaging your market? How do you prevent AI capability falling into the hands of individuals with the capacity to harm? And what does the future of work look like when AI can perform a large percentage of work done today?

Whilst the answers to the above are still in development, one thing is for certain, AI is going to dramatically change the way in which work is completed and will require a measured approach, bringing everyone on the journey.

This report outlines our perspective on delivering real AI value, drawing on four years of experience working with C-suite leaders and observing how organisations adopt AI across their workforces. It highlights the critical lessons learned in translating technology investment into measurable impact and explores how emerging capabilities - like agentic AI - are reshaping roles, workflows, and the skills people need to succeed. By combining insights from both technology and human behaviour, we provide a roadmap for organisations seeking to move beyond experimentation and build sustainable AI-driven performance.

> We're still at the early stage of the adoption curve in the workplace — innovators and early adopters are pushing boundaries, but mass adoption is yet to come.
>
> Michael Allen - People Consulting Partner

Contents

Terms used throught this report

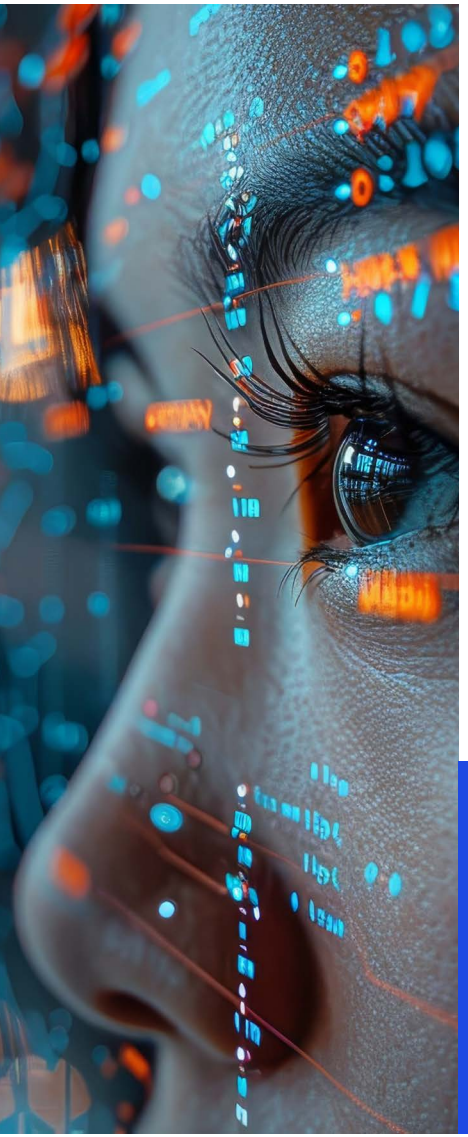
Adoption – The process of integrating AI into everyday business operations.

AI –Technology that enables machines to mimic human intelligence.

AI Tooling – AI enabled tools which supports employees doing current tasks more effectively. E.g. Microsoft Copilot

Agents/Agentic AI – AI agents complete processes and are able to make decisions. Agents are a newer form of AI which supports the reimagining of processes.

LLMs (Large Language Models) – Advanced AI models capable of understanding and generating human-like text.



At a glance

AI has moved rapidly from hype to hard truths. Organisations across every sector have invested heavily in new tools and pilots, but too often the return has been modest.

The real lesson is clear: value from AI does not come from technology alone. It comes from how people adopt, adapt, and reimagine the way work is done. Behavioural science offers the missing lens – showing us that adoption is not just a technical rollout but a human transformation.

Only

46%

of people are willing to trust AI systems globally.

Source: Trust, attitudes and use of artificial intelligence: A global study, 2025

Yet, trust remains a critical challenge. Globally, only 46% of people are willing to trust AI systems (Trust, attitudes and use of artificial intelligence: A global study, 2025). This makes transparency, governance, and user confidence essential for organisations seeking to realise the full value of their AI investments.

1 Many organisations have yet to realise value from AI

Despite bold investments, too few programmes have delivered sustained returns. Lessons from our clients show that failure often stems from unclear value tracking, applying old ways of working to new technology, or rolling out capability without understanding how AI fits into roles and workflows. Without proof of impact, securing further investment becomes a challenge.

2 Progress varies significantly across sectors

Sectors such as retail have moved fast, often prioritising cost savings and quick ROI, while manufacturing and energy remain cautious, slowed by scale and complexity. Healthcare shows ambition but is fragmented in execution, while banking and insurance face regulatory hurdles that create tension between opportunity and risk. These differences highlight that there is no universal blueprint – strategies must reflect sector dynamics, competitive pressures, and regulatory context.

3 Technology is advancing rapidly and reshaping expectations

LLMs are becoming smarter, more responsive, and increasingly tailored to users through memory and feedback loops. The next wave is domain-specific LLMs – models trained on industry, function, or even company-specific data – which promise more relevant, accurate, and context-aware outputs than general-purpose models.

Agentic AI is emerging as a force that will transform how workflows are orchestrated, moving beyond task automation towards autonomous problem-solving. These shifts demand that organisations evolve their technology strategies – starting with basic tooling, then progressing to more advanced, targeted applications that deliver greater business value.

4 Behavioural science and workforce transformation are central to AI success

AI adoption often stumbles when organisations forget the human side. People don't like being changed, but they will embrace change when it feels meaningful, safe, and doable. Winning hearts and minds is as important as changing tasks.

At scale, this isn't about big operating model overhauls – it's about making everyday work easier, building confidence through learning, and showing how AI helps people succeed. Impact has to be visible: whether it's saving time, improving customer experiences, or making work more rewarding, measuring and sharing those wins is what keeps momentum going.

5 KPMG's role: putting people at the centre to deliver value

KPMG cuts through the AI hype to deliver measurable impact. We combine behavioural science with workforce design to ensure technology investments translate into real performance gains. Our approach accelerates adoption, embeds sustainability, and hard-wires business value into every step. By putting people at the centre, we help organisations unlock the full power of AI - turning efficiency into advantage and ambition into results.

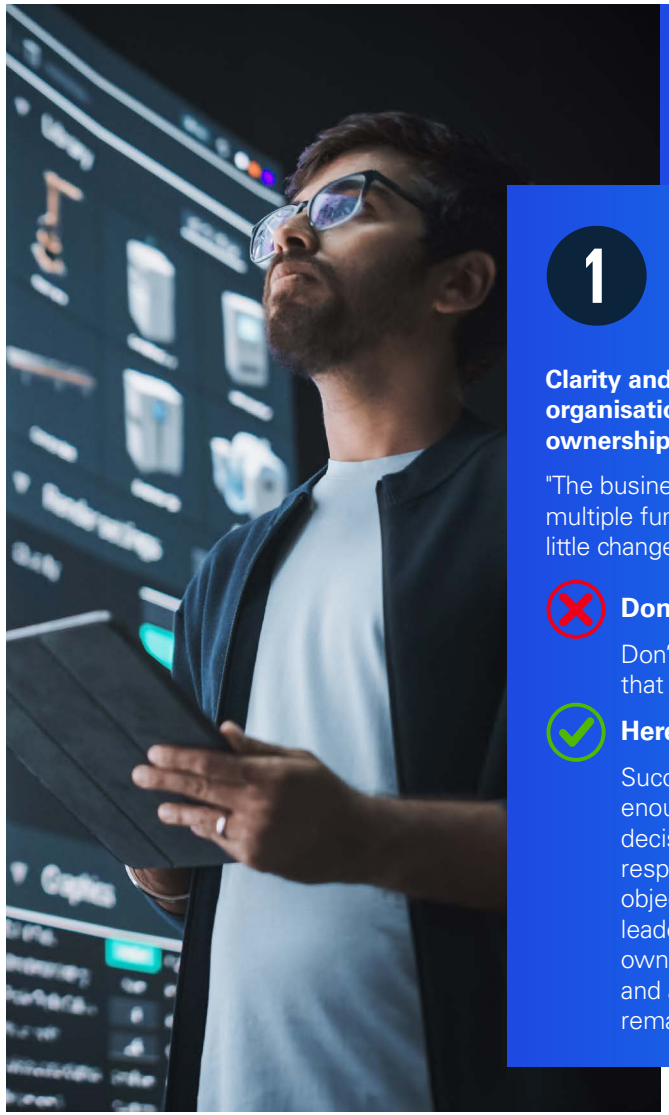
> Now we're at a point where everyone realises there's huge opportunity, but what to do with that opportunity and how to line it up with everything else that you've got going on in the organisation... is another challenge
>
> Freneka Mumford - People Consulting

Lessons from the last year

The past 12 months have marked a decisive shift in the integration of AI within the workforce. The initial surge of hype has subsided, pilots have been tested, and the focus has moved to delivering measurable impact. A critical lesson has emerged: technology alone does not deliver transformation - people and changes to business do.

The organisations realising the greatest value are not those simply moving fastest or investing most heavily into the technology, but those that recognise AI as a human, organisation, and technology shift. Different forms of AI demand distinct approaches, requiring organisations to move beyond traditional models of work structured by functions, roles, and tasks. A clearer blueprint is now visible - highlighting both the practices that generate sustainable value and the pitfalls that limit progress.

We examined five of the most significant lessons from the last year, as well as sector-specific insights that reveal where momentum is building, where value is already being realised, and where challenges remain.



1 Strategy without ownership stalls progress

Clarity and accountability are critical. To unlock AI's potential, organisations must move beyond experimentation and align ownership of AI strategy with the realities of day-to-day work.

"The business declared AI a "top priority", but responsibility sat across multiple functions with no clear owner. Strategy papers were written, but little changed on the ground."

Don't do this

Don't assume AI will naturally weave into existing strategies and that ownership will emerge as adoption grows.

Here's what you should do

Successful organisations "flip into action" by getting close enough to real roles and workflows to make informed, practical decisions about where AI adds value. This means carving out responsibilities, aligning AI priorities with broader business objectives, and – crucially - resetting the incentives of senior leadership to support cross-functional collaboration and genuine ownership. Without defined accountability, the right incentives, and a connection to how work actually gets done, AI strategies will remain stalled and fail to deliver on their promise.

2 Counting value is just as important as creating it

Without a clear way to track impact, AI spend becomes a sunk cost instead of a growth driver.

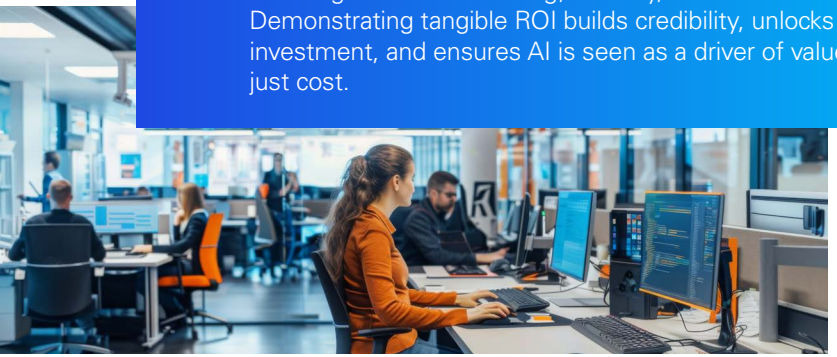
"We launched several AI pilots across the business but didn't establish consistent metrics to measure their impact. When we went back to the Board for additional funding, we couldn't show what value had been created."

Don't do this

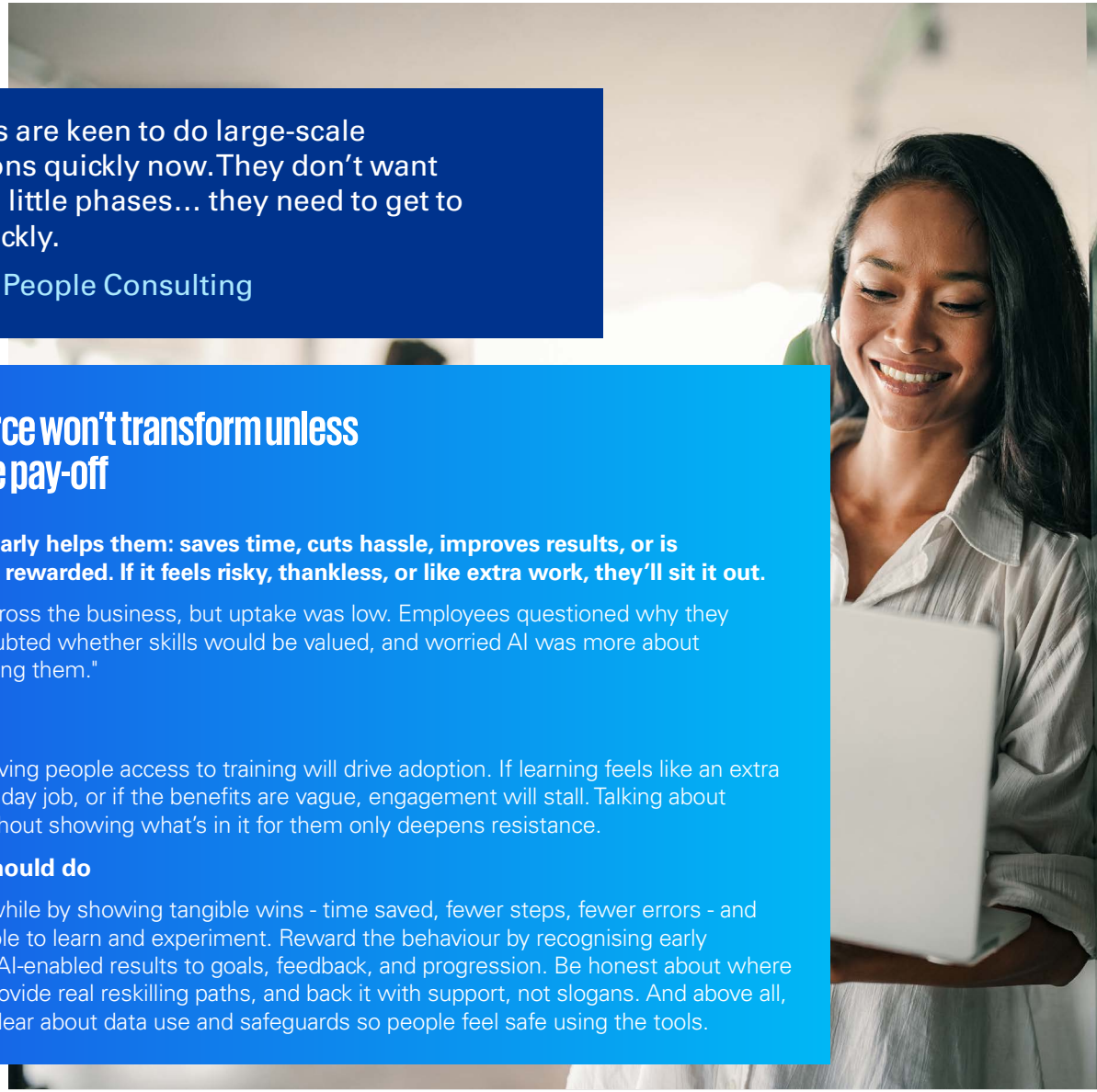
Don't assume that the benefits of AI will speak for themselves and not make parallel investments in proper measurement frameworks.

Here's what you should do

Build measurement into AI programmes from day one. Define success metrics linked to business outcomes, not just activity. Establish a central "control tower" to oversee and coordinate measurement across all AI initiatives, ensuring consistent tracking, visibility, and accountability. Demonstrating tangible ROI builds credibility, unlocks further investment, and ensures AI is seen as a driver of value, not just cost.



> Organisations are keen to do large-scale transformations quickly now. They don't want to keep doing little phases… they need to get to that value quickly.
>
> Fiona Burns - People Consulting



3 The workforce won't transform unless they see the pay-off

People back AI when it clearly helps them: saves time, cuts hassle, improves results, or is recognised in how they're rewarded. If it feels risky, thankless, or like extra work, they'll sit it out.

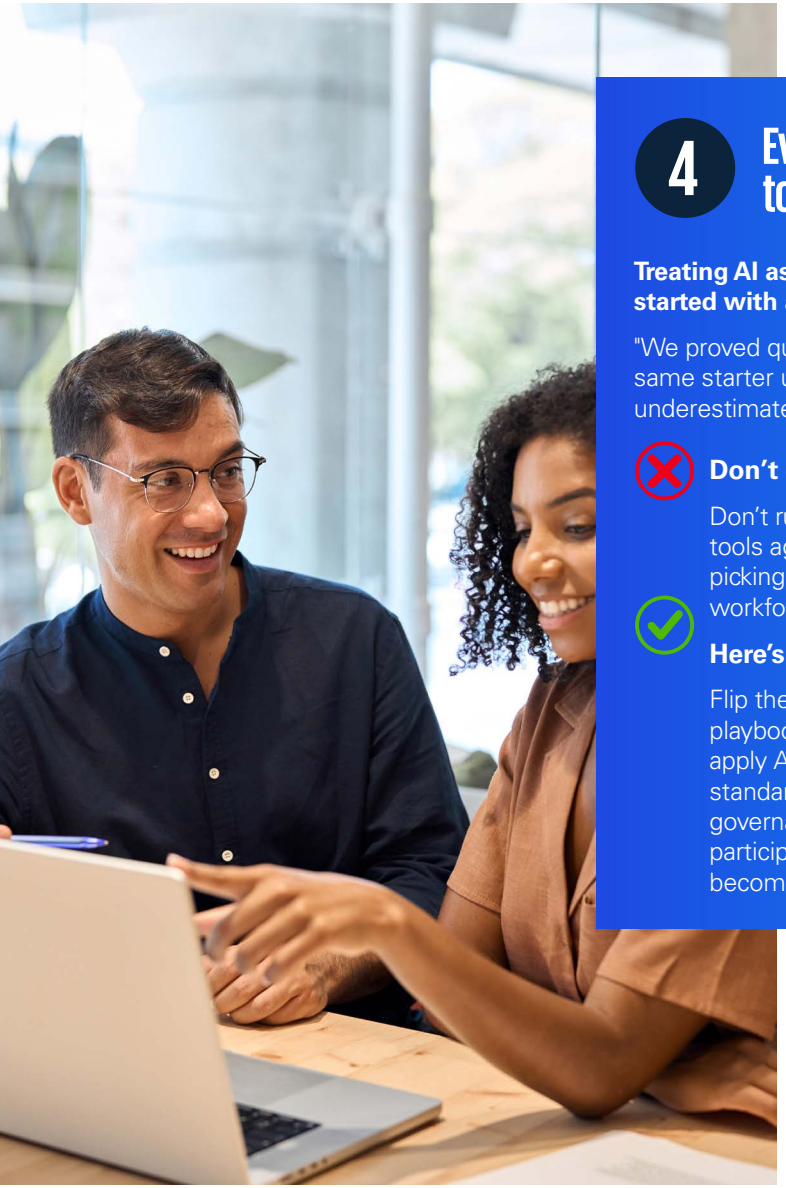
AI training was rolled out across the business, but uptake was low. Employees questioned why they should invest their time, doubted whether skills would be valued, and worried AI was more about replacing roles than enhancing them."

Don't do this

Don't assume that giving people access to training will drive adoption. If learning feels like an extra burden on top of the day job, or if the benefits are vague, engagement will stall. Talking about "transformation" without showing what's in it for them only deepens resistance.

Here's what you should do

Make it worth their while by showing tangible wins - time saved, fewer steps, fewer errors - and protect time for people to learn and experiment. Reward the behaviour by recognising early adopters and linking AI-enabled results to goals, feedback, and progression. Be honest about where roles may change, provide real reskilling paths, and back it with support, not slogans. And above all, build trust by being clear about data use and safeguards so people feel safe using the tools.



4 Evolve beyond siloed initiatives to scalable business value

Treating AI as a list of pilots doesn't scale. Many organisations started with a handful of high profile use cases and hit a ceiling.

"We proved quick wins with Copilot licences, but re using the same starter use cases to judge more advanced tools (like agents) underestimated what they could do."

Don't do this

Don't run AI as a sequence of isolated pilots or judge advanced tools against yesterday's simple tasks. Serial, top down use case picking creates silos, duplicates effort, and leaves most of the workforce on the sidelines - so benefits stay small.

Here's what you should do

Flip the model. Give broad access with clear safeguards, simple playbooks, and protected time to learn. Encourage people to apply AI to the tasks they do every day, share what works, and standardise the winners. Use common tooling and light touch governance so improvements spread fast. When everyone can participate safely, efficiency compounds, and those 20–30% gains become achievable at scale.

5 Providing tools alone doesn't guarantee AI adoption

Even with the best tech, AI adoption stalls within several supporting initiatives being in place.

"A large investment was made to roll out a full suite of GenAI tools across the business, but uptake has been low."

Don't do this

Don't assume AI adoption will happen seamlessly once the tools become available.

Here's what you should do

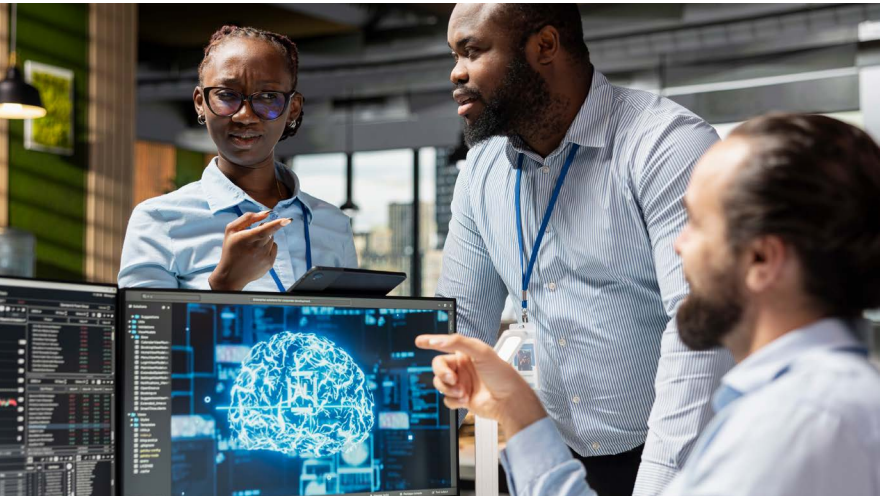
Adoption takes more than just providing the tool and saying 'go be great!' Humans are creatures of habit and therefore need to be coached into changing, even when business opportunities are so great. A greater focus on adoption, learning and incentivisation will coach employees into including AI in their flow of work.

> You don't scale AI by stacking pilots or dropping tools on people's desks. Real impact comes when everyone can use AI confidently in their day to day work.
>
> Niale Cleobury - People Consulting

Industry focus

The lessons learned from our cross-industry research come to life most vividly when we examine specific sectors.

Each sector is at a different stage of maturity in AI adoption, shaped by unique regulatory, cultural, and operational contexts. Yet across them, the same themes emerge: the importance of leadership, the tension between ambition and execution, and the need to balance quick wins with long-term workforce transformation. These sector highlights show what good looks like in practice, where pitfalls have emerged, and how the pace of change is reshaping business models and talent strategies.



Banking

Banking is one of AI's toughest proving grounds: the rewards are vast, but regulatory scrutiny, data governance, and compliance controls make progress harder to scale. While these guardrails often stall adoption, they are also driving banks to find smarter, more resilient ways to embed AI. The institutions that turn regulation from a blocker into a catalyst will not only unlock efficiency, but also set new standards of trust and precision for the sector.

Insurance

Insurance is a sector where prediction, risk modelling, and trust underpin every interaction - making it uniquely suited to AI. Yet adoption has been cautious as firms weigh opportunity against regulatory and reputational risks. The real prize lies not just in automation, but in how AI can reshape value itself: amplifying human expertise, broadening access to knowledge, and helping the industry manage an impending skills gap as experienced professionals retire.

Healthcare

Healthcare is AI's boldest frontier: the potential to transform care, boost productivity, and create more equitable work is immense, yet progress remains patchy. From cutting-edge clinical tools to reshaping back-office roles that employ nearly half the NHS workforce, there's an opportunity to scale beyond pilots and redesign the system so that both patients and staff benefit.

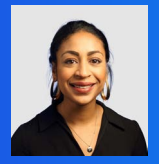
Manufacturing, Consumer and Retail

AI adoption in manufacturing and retail is no longer theoretical, and organisations are under pressure to deliver tangible, monetised results fast. Consumer and Retail moves quickly, prioritising measurable productivity and cost savings. Whilst industrial manufacturing proceeds cautiously, constrained by scale and complexity.

Banking

Investment in AI = **M**
Current adoption = **M**
Value creation = **L**

"The biggest leap in terms of AI adoption for many banks is moving from recognising opportunity to taking decisive action. It's risky to push forward without a clear line of sight across the organisation and a sense of overall purpose. Right now, everyone sees the huge potential of AI, but the question is how to integrate it alongside ongoing programmes and pressures. In Financial Services, cost optimisation and simplification are ever-present priorities, shaping how AI can be deployed. Getting the balance right between efficiency, compliance, and innovation is critical for realising AI's value.



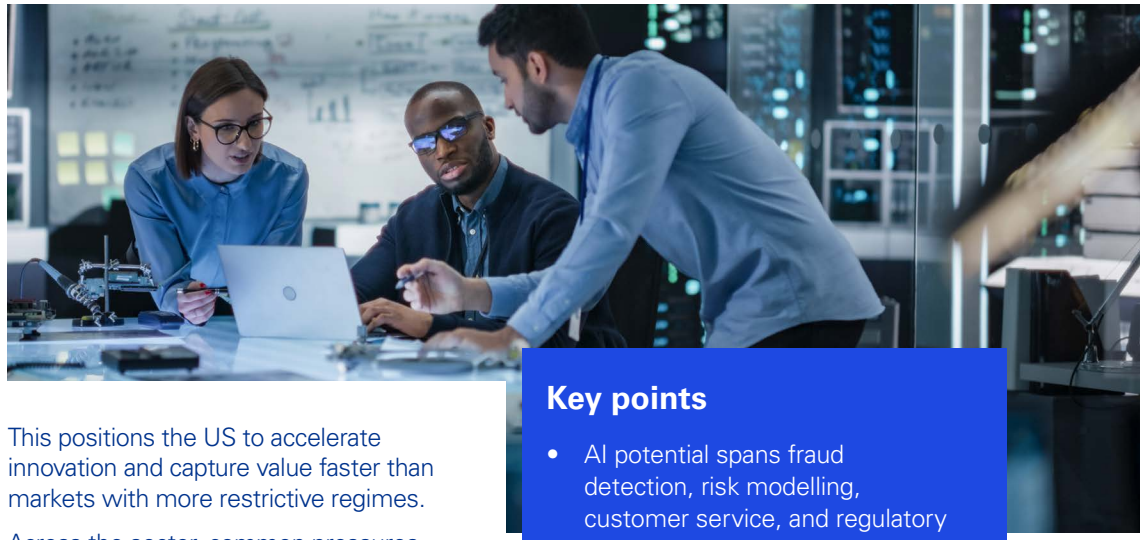
Fren Mumford
People Consulting
KPMG in the UK

Banking is one of the most complex arenas for AI adoption. The potential is substantial - spanning fraud detection, risk modelling, customer service, and regulatory reporting - but few sectors experience a sharper tension between opportunity and constraint. Strict compliance regimes and evolving regulatory frameworks can slow even basic rollouts, with some banks stalled on off-the-shelf tools due to governance hurdles and caution around risk.

Culture adds another layer of friction. Many institutions claim they are "not culturally ready" for AI, and often use this as a blanket explanation rather than addressing the real barriers to adoption, resulting in ambitious strategies, stalled pilots, and tools that never enter daily operations.

The pace of change is uneven across regions. For example, one Financial Services client has AI almost fully live in the US, while integration in the UK has barely begun. This divergence risks creating a two-tier workforce - those empowered by AI and those left behind - raising ethical and operational questions about fairness and consistency.

A new dynamic is emerging in the US following the passing of the Genius Act, which opens the door for stablecoins and AI to create fresh opportunities in the financial sector.



This positions the US to accelerate innovation and capture value faster than markets with more restrictive regimes.

Across the sector, common pressures persist: cost optimisation, simplification agendas, and unresolved questions around ownership. Banking's historic strength has been precision: even marginal productivity gains translate into substantial returns. That advantage remains, but the current environment is shaped more by consolidation than bold investment. Data continues to be a constraint, yet mindsets are shifting. Rather than waiting for perfect foundations, some banks are now exploring how AI can remediate existing weaknesses - leapfrogging old barriers rather than being held back by them.

Key points

- AI potential spans fraud detection, risk modelling, customer service, and regulatory reporting
- Heavy compliance, data governance, and evolving regulatory environments remain the biggest barriers. Cultural resistance slows progress, with many banks hiding behind "not ready" narratives
- Uneven global adoption risks creating a two-tier workforce.
- The Genius Act in the US creates new opportunities for AI and stablecoins, positioning the US for accelerated growth.
- Shift in mindset: some banks now use AI to remediate weaknesses and leapfrog legacy barriers.

Healthcare

Investment in AI = **H**
Current adoption = **M**
Value creation = **M**

> There's a real tension in the public sector between driving productivity, cost efficiencies, and our commitment to creating meaningful roles and opportunities for people. Everyone recognises that tension, but what's challenging is figuring out how to balance it. If we start applying generative AI across large back- and middle-office functions, it could transform hundreds of thousands of roles - but that doesn't have to be a risk. The real opportunity lies in reskilling and upskilling our workforce, helping people transition into higher value, digitally enabled roles. Done right, AI can boost efficiency while expanding opportunity rather than reducing it.

Michael Allen
People Consulting Partner
KPMG in the UK

Healthcare represents one of the most ambitious but under-realised frontiers for AI. Strategic visions are bold - the NHS's 10-year plan makes AI central to transformation, though there is still a disconnect between high-level ambition and what's happening on the ground. Adoption remains fragmented, with most organisations experimenting in pockets rather than embedding AI as part of a holistic model of care.

Recent research at Leeds Teaching Hospitals NHS Trust analysed 16,174 Whole Time Equivalent (WTE) staff across 134 roles, revealing that up to 24% of tasks or sub-tasks in those roles could potentially be augmented by Generative AI[1]. For patient-facing roles, capacity gains from the top three Gen AI capabilities - data interpretation, summarising information, and content creation - could be up to 17%. For clinical support roles, the potential capacity gain from Gen AI in those same capabilities is up to 18%. For non-patient-facing roles, maximum capacity gains from these capabilities range from 20% to 28%, depending on the tasks involved (Impact of Generative AI on Healthcare jobs, 2025).

Clinical applications such as radiology and pathology are furthest ahead, with training curricula already evolving to incorporate AI literacy. Yet the greatest untapped opportunity lies beyond the clinic.

Nearly half the NHS workforce are in middle and back-office functions, often filled by people from lower socioeconomic groups and part-time workers. Embedding AI here could reshape not just productivity, but fairness and inclusivity of work by lifting repetitive administrative burdens, enabling more flexible roles, and opening pathways to higher-value, digitally skilled positions.

One of the challenges is attracting and retaining the digital and technology leadership needed to drive this transformation. This is more acute in the public sector than in the private sector, as healthcare organisations often cannot offer the competitive salaries required to bring in highly experienced digital leaders. Despite this, there is significant potential for impact: with the right focus on education, system redesign, and workforce development, AI can be implemented in a way that empowers people, builds capability, and accelerates innovation.

Healthcare's history shows that transformation is possible when technology is matched with education and system redesign. Success in AI will require exactly that - updated training pathways not just for clinicians but for the wider workforce, visible early wins to build momentum, and the confidence to move from pilots to scaled delivery.

Key points

- AI in healthcare is a powerful support tool, enabling staff to focus on higher-value work.
- Clinical areas like radiology and pathology are leading adoption, with AI literacy entering training pathways.
- Significant potential in back- and middle-office roles to boost productivity, fairness, and inclusivity.
- Patient benefits include shorter waits, smarter demand management, and more personalised care.
- Scaling impact requires system redesign, education across the workforce, and visible early wins.

[1]https://assets.kpmg.com/content/dam/kpmgsites/uk/pdf/2025/06/gen-ai-in-healthcare.pdf.coredownload.inline.pdf

Manufacturing, Consumer and Retail

"The most notable change is the shift from theory to practical application. Our clients have engaged with the tools and heard the hype long enough; they are now focused on seeing real, tangible improvements. Much of this attention is on value proof cases where AI can demonstrably increase productivity and reduce costs - initiatives are implemented provided the benefits are clear and quantifiable.This focus is driven by mounting pressure from shareholders and boards to deliver measurable, monetary impact. At the same time, it is crucial to maintain a strategic perspective: looking across the workforce to maximise adoption and build capability sustainably, ensuring that organisations are positioned to realise the full potential value of AI in the long term.

Fiona Burns
People Consulting
KPMG in the UK

Investment in AI = **M**
Current adoption = **M**
Value creation = **H**

Manufacturing and Consumer and Retail illustrate two very different paths in AI adoption - but both reveal the need to balance immediate efficiency with strategic transformation. In retail and consumer goods, adoption is rapid and commercially driven. We are seeing a few Consumer and Retail clients beginning to move beyond the hype, implementing AI solutions that deliver tangible cost savings and productivity gains.

There is strong pressure from boards and shareholders to demonstrate clear, monetary impacts, and value-proof use cases dominate decision-making: provided the benefit is quantifiable, it gets implemented. Yet, this focus on quick wins can overshadow longer-term workforce planning and capability building, creating the risk of short-sighted decisions. Despite this, the energy and ambition in Retail is palpable; confidence is high, and where competence follows, AI is already reshaping both customer-facing and back-office operations.

Industrial Manufacturing and Engineering, by contrast, move more cautiously. These organisations face enormous structural inertia: shifting a massive corporate engine takes time, and while the intent to adopt AI is clear, execution is slower and often confined to pilots or analysis.

Here, confidence is strong, but there is a tough journey to build the capabilities across the organisation to scale effectively, highlighting the need for significant investment in adoption strategies and upskilling.

Agentic AI is increasingly on the radar, particularly in the USA and in Global Business Services (GBS) and shared services, but at scale, the gains come from incremental adoption: even a 1-3% improvement across a multi-million pound organisation can be transformative, though harder to quantify than headline cost savings. The main lesson across both sectors is that AI adoption must be approached strategically: organisations that focus solely on immediate use cases risk missing the broader opportunity. Building capability across the workforce, maximising adoption at scale, and aligning short-term wins with long-term transformation are critical to unlocking sustainable value.

Key points

- AI adoption is moving from hype to tangible, measurable impact.
- Consumer and Retail moves fast, focusing on cost savings and productivity; manufacturing is slower due to scale and complexity.
- Confidence often exceeds competence, highlighting the need for workforce capability building.
- Incremental, organisation-wide adoption can deliver substantial long-term value.
- Strategic adoption - balancing quick wins with capability development - is essential for sustainable transformation.

"There is strong pressure from boards and shareholders to demonstrate clear, monetary impacts, and value-proof use cases dominate decision-making: as long as the benefit is quantifiable, it gets implemented.

Insurance

Investment in AI = **M**
Current adoption = **M**
Value creation = **L**

> In insurance, professional value has long rested on experience, relationships, and judgement. AI won't replace these qualities, but it can amplify them - surfacing insights, accelerating modelling, and helping newer professionals build credibility faster. With a wave of retirements ahead, its role in capturing and transferring knowledge will be vital, provided insurers also invest in digital skills and organisational learning.

Katie Paton
People Consulting
KPMG in the UK

Insurance is an industry built on prediction, risk modelling and trust - making it a natural home for AI. Yet adoption so far has been mixed, with some organisations remaining cautious due to regulatory scrutiny and a concern for reputation.

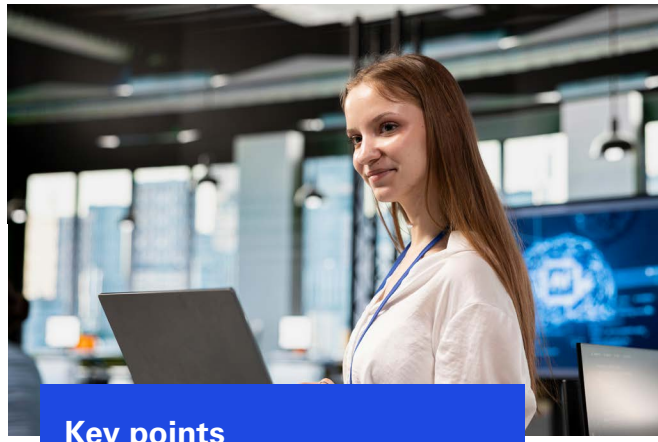
AI also raises important questions about what creates value in an industry where reputation, networks, and accumulated experience have long defined success. Underwriters, brokers, and actuaries are often valued for the relationships they hold and the specialist judgement they bring - qualities that can take decades to build. AI will not replace this human capital, but it can extend and amplify it. By surfacing hidden patterns in data, accelerating scenario modelling, and making institutional knowledge more accessible, AI enables professionals to bring sharper insights and quicker decisions to clients. It can also democratise expertise across the workforce, reducing reliance on a small group of senior specialists and helping newer talent build confidence and credibility earlier in their careers.

In this sense, AI has the potential to rebalance how value is created in insurance, shifting from a model that depends heavily on individual networks towards one where collective intelligence, powered by AI, becomes a differentiator.

Insurers face a unique workforce challenge. By 2035, an estimated 260,000 highly skilled professionals are expected to retire from the sector[2], far outpacing the inflow of new talent from apprenticeships and graduate programmes. AI could be part of the solution – augmenting expertise, transferring knowledge, and easing succession risks – but only if insurers actively invest in organisational learning and digital skills.

At its heart, insurance is a people business built on trust. The way AI is implemented will shape how customers perceive fairness, reliability, and transparency. The opportunity is enormous. By moving beyond automation towards strategic adoption, insurers can reimagine their role – from reactive claims payer to proactive risk partner. Those who balance efficiency gains with customer value, and address both the talent and trust challenges head-on, will define the next era of insurance.

> By using AI to augment talent, automate lower-value tasks, and create more compelling career paths, insurers can turn a structural weakness into a source of competitive advantage.



Key points

- AI adoption in insurance is cautious, constrained by regulation and reputation.
- Human expertise remains central; AI amplifies judgement, insight, and knowledge sharing.
- The sector faces a looming skills gap; AI can aid succession and upskill the workforce.
- Success depends on balancing efficiency with trust, fairness, and customer value.
- Insurers embedding AI for collective intelligence and proactive risk management will lead the next era

[2]https://financialservicesskills.org/wp-content/uploads/2024/04/FSSC-Future-Skills-Report-2024.pdf

Evolving systems demand evolving people

What was once a collection of disparate tools and pilot projects has evolved into intelligent, integrated systems: multi-agent frameworks, layered workflows, and autonomous orchestration - all connected across ecosystems.

The architecture is shifting from transactional interfaces to goal driven agentic workflows, underpinned by stable data and procedural integrations. Meanwhile, LLMs are no longer stateless responders: they remember, adapt, and learn user preferences which lean into memory, context, and feedback loops.

In this section, we dive into two defining innovations reshaping how we work.

1. **The rise of agentic AI**: digital teammates that plan, act, and adapt with minimal human oversight.
2. **The maturing capabilities of LLMs**: which now synthesise memory, personalisation, and even visual outputs to inform smarter insight and execution.

We'll explore what agentic systems look like in action, how teams must shift from technical skill sets to coaching and orchestration capabilities, and what LLMs' growing memory and multimodal strength means for collaboration and creativity.

These trends aren't incremental. They rewrite the rules of how technology and people co-design the work - we must evolve our skillsets accordingly.

> "There's a rise in courses like philosophy and psychology - emotional intelligence and critical thinking are becoming more important than traditional digital skills.
>
> Leanne Allen -Technology and Data Partner

Agentic AI: Redefining the state of human-computer interaction (HCI)

Agentic AI marks the next evolution of intelligent automation, moving beyond passive tools to proactive collaborators. These systems aren't waiting for step-by-step instructions; instead, they interpret goals, plan multi-step workflows, interact across systems, self-correct, and deliver outputs with limited human input. In short, agentic AI is turning from assistant to autonomous teammate.

However, the real opportunity with agentic AI is not just about automating tasks or boosting individual productivity. To unlock its full value, organisations must start by redesigning processes with agents in mind - rather than simply layering agents onto existing, and often inefficient, workflows. This means stepping back to reimagine how work gets done end-to-end, identifying where agents can orchestrate, optimise, and connect activities across teams and systems. When processes are intentionally designed for agentic collaboration, the benefits are far greater: streamlined operations, fewer handoffs, and more meaningful human work.

Agentic AI in action

Imagine a digital agent that books travel, reconciles data across systems, or runs entire project timelines while escalating only when needed. At scale, agentic workflows could fundamentally reshape how work is distributed and completed, allowing humans to focus on decision-making, creativity, and leadership.

But integrating agents into your organisation isn't just a technology problem - it's a human one. The challenge is not only in deploying agents, but in how people work with them. The introduction of agentic AI rewires the skill profile required in many roles. We no longer need people who simply execute tasks; we need people who can coach, manage, and collaborate with AI to get the outcome they want. That means developing skills in judgement, prompt engineering, reviewing and refining agent outputs, and designing the workflows that surround them.

Flipping the traditional hierarchy

In many organisations, this flips the traditional hierarchy. Junior team members who were previously responsible for repetitive work are now acting more like AI managers.

> AI is AI that says something.
> Agentic is AI that does something.
>
> Paul Henninger -Technology and Data Partner

Instead of doing the work themselves, they must guide the agent, intervene when it goes off track, and ensure the output is usable and high quality. It's less about knowing the answer and more about knowing how to shape it.

To unlock the value of agentic AI, companies must embed these skills across the workforce and not just in technical teams.

This is a soft skills revolution disguised as a tech deployment. Success comes not from building the most powerful agent, but from rethinking processes and developing a workforce that knows how to lead, orchestrate, and collaborate with AI.

LLMs: how LLMs are learning you

While the world's attention has often focused on flashy new tools, a quieter revolution is happening under the surface - LLMs are getting smarter, more responsive, and more tailored to us as users. It's not just about raw power anymore; it's about precision, context, and continuity. Increasingly, that precision is being delivered by domain-specific LLMs - models tuned for a function, industry, or jurisdiction - so they can speak the language of Risk, Finance, HR, Legal, or Customer Service with far greater confidence and control.

From one-off answers to personalised collaboration

Memory is at the heart of this transformation. Where early LLMs offered impressive but one-off interactions, the latest generation is beginning to remember previous conversations, learn user preferences, and build continuity into its outputs. This means your AI collaborator isn't just answering the question in front of it - it's increasingly able to recognise your style, goals, and needs over time.

The introduction of training functionality has accelerated this shift. Users can now teach LLMs what "good" looks like, helping models align their outputs with expectations and context. This makes feedback a central skill: employees must learn how to coach their LLMs, just as managers coach their teams. The opportunity doesn't stop there.

The workforce implication

One person's LLM can provide feedback on work generated by another's, creating a loop where outputs are refined against the expectations of multiple stakeholders. Imagine an associate drafting a report with their LLM: before submission, it could be shaped by both the manager's and director's LLMs, producing work that is instantly closer to what leadership wants.

This signals a future where organisations manage not just hierarchies of people, but hierarchies of LLMs - each trained, refined, and optimised for different contexts. The technology still has maturing to do, but the direction of travel is clear.

Getting ahead of the curve means helping people build the skills and behaviours to train their models effectively, establishing feedback habits, and rethinking how learning and performance management operate in a world where humans and AI are co-coaching each other.

The implication is simple: LLMs are no longer static tools. They are adaptive teammates. The organisations that embrace this coaching dynamic now will be best positioned to turn everyday interactions into exponential value.

> This signals a future where organisations manage not just hierarchies of people, but hierarchies of LLMs - each trained, refined, and optimised for different contexts.

The workforce shift

Agentic systems and maturing LLMs don't just reshape how work gets done – they reshape who does the work, how roles are defined, and what capabilities matter most. If your junior team members are now guiding AI rather than executing tasks themselves, then the very architecture of your workforce is shifting. Are you hiring for technical know-how, or the judgment to manage intelligent systems? Are you building a pipeline of doers, or developers of digital teammates?

These aren't abstract questions. They sit at the heart of your talent strategy. AI is reshaping how work is delivered today while defining the workforce you will need tomorrow. Organisations must not only adapt their existing teams, but also reimagine how they attract, assess, and develop talent going forward.

This evolution unfolds at two critical levels:

1. At the individual level, roles are being redefined – and with them, the skills, behaviours, and day-to-day expectations placed on people.
2. At the organisational level, entire workforce structures, development pathways, and operating models need to flex to reflect the changing nature of work. And yet, no matter how sophisticated the technology, its success still depends on one thing: how people respond to it.

Our next section turns to the human and organisational factors that shape adoption. Moving beyond hype to impact requires a deep understanding of how people and organisations actually work - the psychology of trust, learning/unlearning, adaptation, and engagement. Sustainable value from AI will not come from tools and templates alone, but from strategies that align with human behaviour and organisational dynamics. To succeed, adoption journeys must work with human nature, not against it.

> We need to be bolder in our thinking on what the blend of human and digital workforce means for roles in the future - such as our role as managers of AI. I find it quite inspiring as something we don't hear much about in the market.
>
> Leanne Allen -Technology and Data Partner

From hype to impact: evolving your AI strategy for sustainable value

Early AI adoption was often driven by urgency rather than intentionality. Many organisations invested heavily in technology without a clear focus on the areas with the greatest opportunity, or the behavioural insight, capability planning, and workforce design needed to turn that investment into measurable business value.

> Humans are hardwired to take the path of least resistance. Learning an entirely new AI system for a job you believe you already do well demands a genuine shift in mindset.
>
> Sophia Stiling - People Consulting

To move beyond surface-level experimentation, organisations must stop treating AI as a digital project and start approaching it as a transformation of how people and organisation work. This shift is not only about unlocking capacity but about ensuring that freed-up time and resources are redeployed to create measurable impact.

That requires understanding how individuals and teams learn, adapt, and build trust; designing adoption strategies rooted in behavioural science; and embedding these principles into workforce models that align with evolving roles, expectations, and value creation. Success hinges less on adoption for its own sake and more on making AI a lever for productivity, growth, and strategic advantage by equipping people to use it with purpose and redesigning work to capture value at scale.

People and organisation factors driving AI success

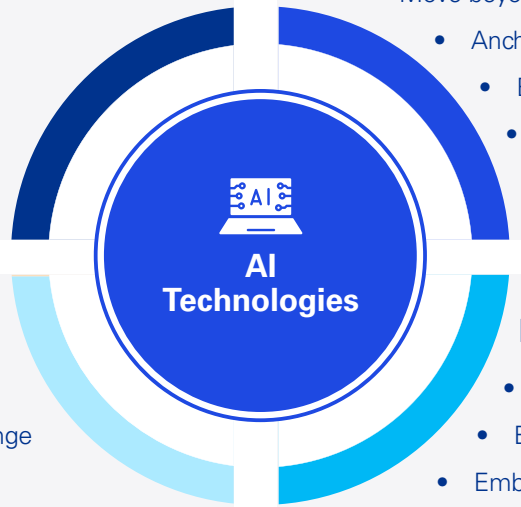
To make this transformation tangible, it helps to view an organisation's AI strategy through two interconnected lenses: the individual and the organisational. The framework below illustrates four critical dimensions that together determine whether AI adoption delivers real business value. The top quadrants highlight the personal skills and behaviours needed for adoption, while the lower quadrants focus on the structures and culture that enable organisations to scale impact. Taken together, these perspectives provide a practical roadmap for translating AI investment into sustained performance.

Leadership: From talk to action

- Model the change you want to see
- Make clear, directional decisions
- Focus on three top leadership actions: time, communication, examples
- Shift from "AI is coming" – "this is how we work with AI"

Adoption: from baby steps to leaps

- Move beyond pilots to adoption at scale
- Anchor change in behaviours, not just systems
- Embrace bold leaps, not cautious steps
- Measure success by the quality of the adoption

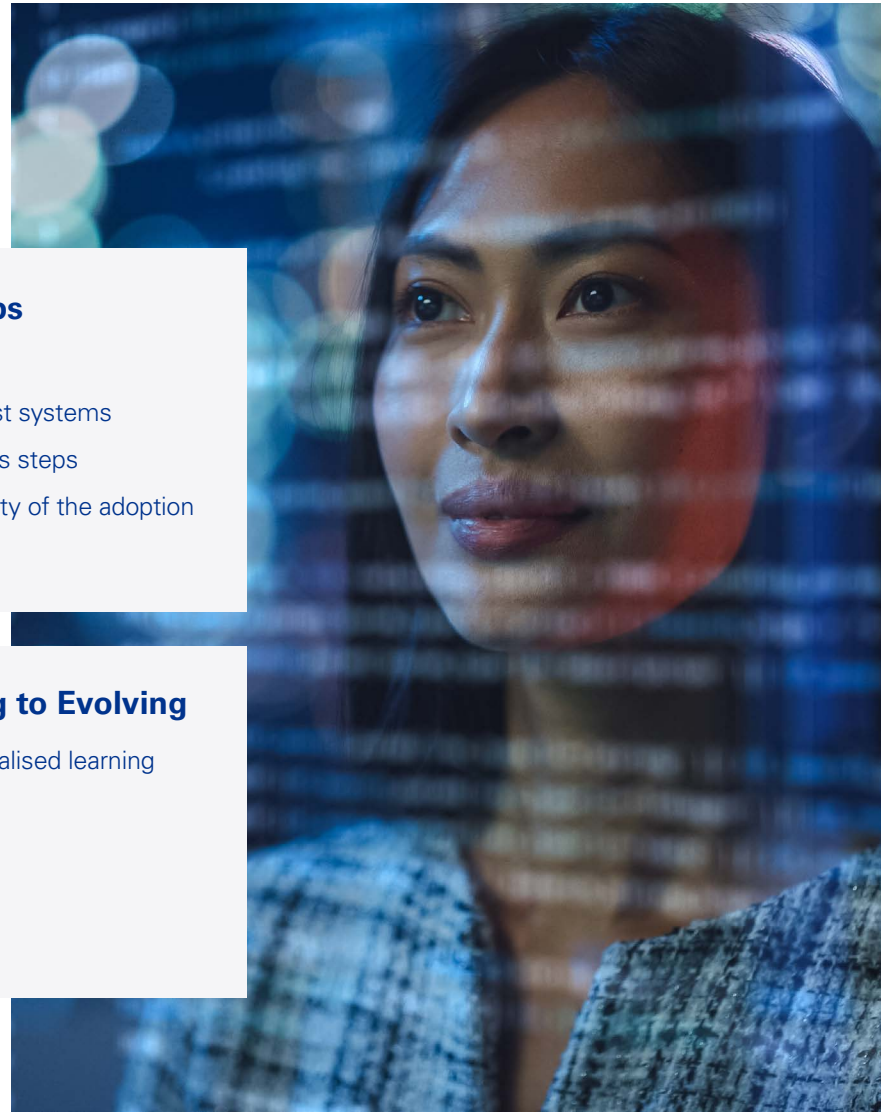


Strategy: From scattergun to specific

- Define specific, measurable outcomes
- Apply the intended outcomes test – if it doesn't change work, it's not strategy
- Shift from cost savings – competitive advantage
- Design for scale, not pilots

Learning: From learning to Evolving

- Deliver context-aware, personalised learning
- Build unlearning as a critical skill
- Embed learning in the flow of work
- Focus on confidence, not just knowledge



The sections that follow explore these two dimensions together - how individuals build the skills and mindsets needed for adoption, and how organisations adapt workforce planning, culture, and leadership to translate AI-enabled capacity into organisational value.

From systems to mindsets, the human shift

Successful AI adoption depends less on the technology itself and more on the behaviours, mindsets, and habits that surround it. Moving beyond technical rollouts and compliance, organisations must embed behavioural change management (BCM) to close the gap between what technology makes possible and how people actually work.

Why we resist: instincts and uncertainty

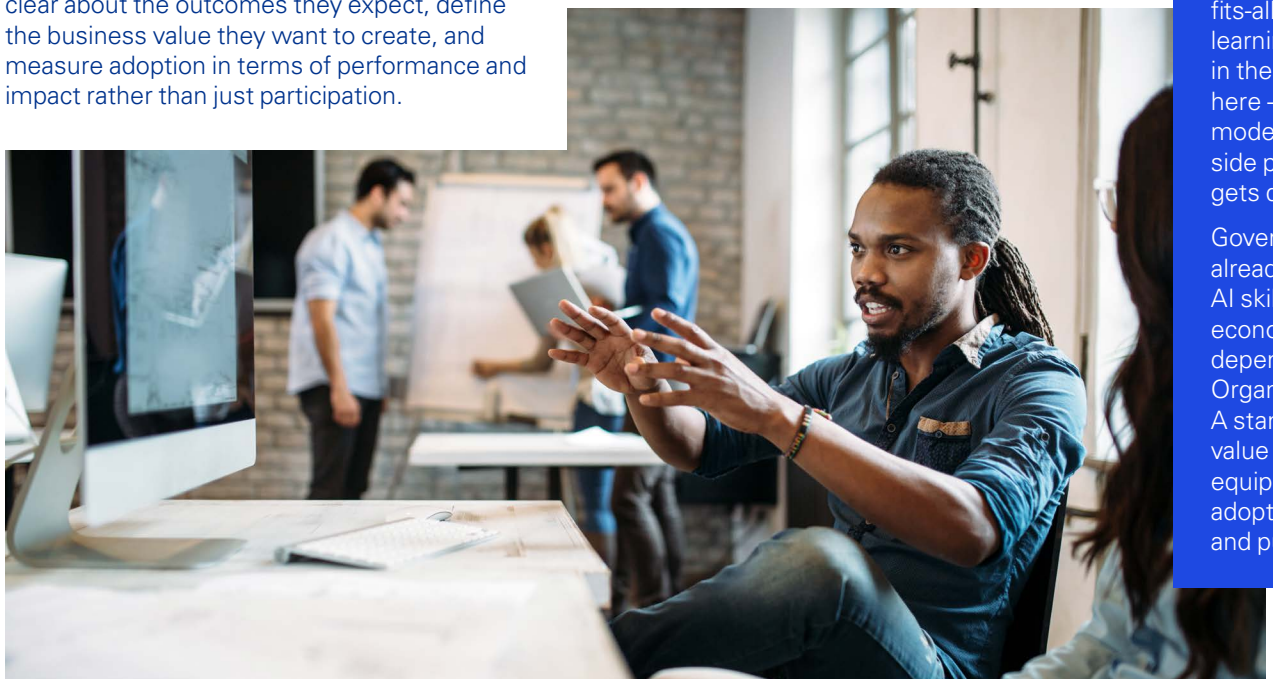
Human behaviour today is still shaped by survival strategies from our prehistoric past. When survival was the primary focus, humans developed ingrained instincts to minimise risk, avoid uncertainty, and conserve energy - strategies that were crucial for staying alive. These same instincts now influence how people respond to large-scale, uncertain change - like the adoption of AI in the workplace. This is why resistance to change is not simply "pushback" but a natural response to perceived risk.

That means adoption strategies must go further than traditional learning and development. They must activate intrinsic motivation, create psychological safety to try and fail, and build meaningful incentives aligned with new ways of working. The focus should not just be on teaching new skills, but also on helping people unlearn outdated habits and replace them with behaviours that make space for experimentation, trust, and collaboration with AI.

Effective adoption strategies also reshape how people learn. Rather than one-off events, learning needs to be contextual, role-specific, and embedded into the flow of work. Continuous reinforcement helps shift habits and decision-making, enabling new ways of working to become natural rather than forced.

From scattergun to strategic adoption

This is why adoption cannot be approached as a single rollout or compliance exercise. Strategies that are scattergun – broad, unfocused, and hard to measure – rarely create lasting change. To generate real impact, organisations must be clear about the outcomes they expect, define the business value they want to create, and measure adoption in terms of performance and impact rather than just participation.



Ultimately, the success of any AI or technology initiative will be judged not by the rollout itself but by the quality of the adoption that follows. High-quality adoption means people are using AI confidently, consistently, and in ways that deliver measurable business value.

Achieving this requires more than incremental improvements - it demands a fundamental shift in the status quo, where strategy, leadership, behavioural science, and learning come together to enable new ways of working and unlock lasting impact.

Building skills for the AI era:

Adoption strategies must go far beyond traditional learning and development. It is not enough to provide training modules and expect change to follow. The most successful organisations activate intrinsic motivation, create psychological safety to try and fail, and build meaningful incentives aligned with new ways of working.

Upskilling must also be targeted. AI fluency will not come from one-size-fits-all training, but from role-relevant learning that is immediately applicable in the flow of work. Leadership is crucial here - managers and executives must model adoption, showing that AI is not a side project but a core part of how work gets done.

Governments, including in the UK, are already investing heavily in national AI skills strategies, recognising that economic competitiveness now depends on widespread capability uplift. Organisations must match that ambition. A standalone pilot or demo will not deliver value unless the people using it are equipped, incentivised, and supported to adopt it - with confidence, consistency, and purpose.

Reskilling can save up to

£49,100

per employee versus hiring someone new with the relevant skills.

Source: CEO Outlook 2024

From capacity to value: scaling through workforce design

The behavioural foundations described earlier are not only critical at the individual level. They also provide the blueprint for organisational scale. If people need the right conditions to adopt AI, then businesses need the right structures to sustain it. In other words, the same principles that unlock individual adoption must be designed into the workforce at large.

Evolving your AI strategy for sustainable value doesn't stop at adoption. Once initial gains are realised through pilot use cases or individual upskilling, the real strategic challenge (and opportunity) emerges: how do you reconfigure your organisation to scale that value?

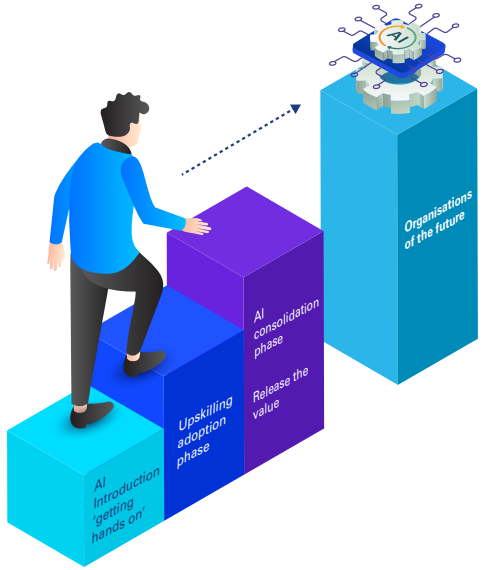
This approach enables organisations to redeploy freed capacity into areas of greatest impact, building a more agile and future-ready workforce while maximising the return on AI investment.

> We're moving away from a period where we get all of our foundations in place and then think about where we can innovate - to trying to parallel track those things.
>
> Freneka Mumford - People Consulting

From experimentation to transformation

For many leaders, the early phases of AI investment were about experimentation: fast deployment, localised wins, and proof-of-concept momentum. But translating that into long-term return requires something deeper: a shift in how your organisation is designed, how your people are deployed, and how your operating model adapts around this new intelligence layer.

This is where value realisation becomes critical. AI creates measurable capacity gains - freeing up time, simplifying workflows, or enabling greater output with the same resource base. However, those gains only translate into business value when they are actively redeployed. Without deliberate workforce redesign, additional capacity risks being absorbed as slack or inefficiency, whereas high-quality adoption redirects it into meaningful impact and measurable return.



Workforce transformation: a core pillar

Workforce transformation must be treated as a core pillar of your AI strategy, not a supporting task. Motivation without structure, or ability without opportunity, only leads to frustrations and wated potential. Scaling adoption depends on workforce design that amplifies, rather than undermines, the human factors you've invested in. Without clear roles, adaptive learning, and systems that sustain behavioural change, the impact of AI will stall.

It also means making value measurable and visible. Tracking where AI is generating freed capacity, and how that capacity is being used, is essential for building the business case for further investment. Leaders who can demonstrate a clear chain from AI adoption, workforce redesign, and measurable business outcomes will find it easier to secure buy-in and budget for scaling.

Finding your organisation's path

Making this strategic shift also means finding the right pace and path for your organisation. There's no one-size-fits-all blueprint for AI-enabled workforce transformation. Success depends on aligning the design with your business priorities, workforce strengths, and long-term ambition.

Some organisations thrive on speed and experimentation, while others operate in tightly regulated or low-margin environments where resilience and precision matter most. There is no single path, but every path must be deliberate: your workforce strategy should reflect your risk appetite, flexibility, and sector dynamics. Done well, it creates not just adoption, but transformation - enabling AI to reshape work and unlock future growth.

Ultimately, the true value of AI is realised not through technology alone, but through people - when strategy, leadership, and behavioural change come together to unlock new ways of working. The organisations that succeed will be those that treat workforce transformation as a core pillar of their AI strategy, making value measurable, visible, and sustainable. By doing so, they will not only keep pace with technological change, but set the benchmark for what good looks like in the age of AI.

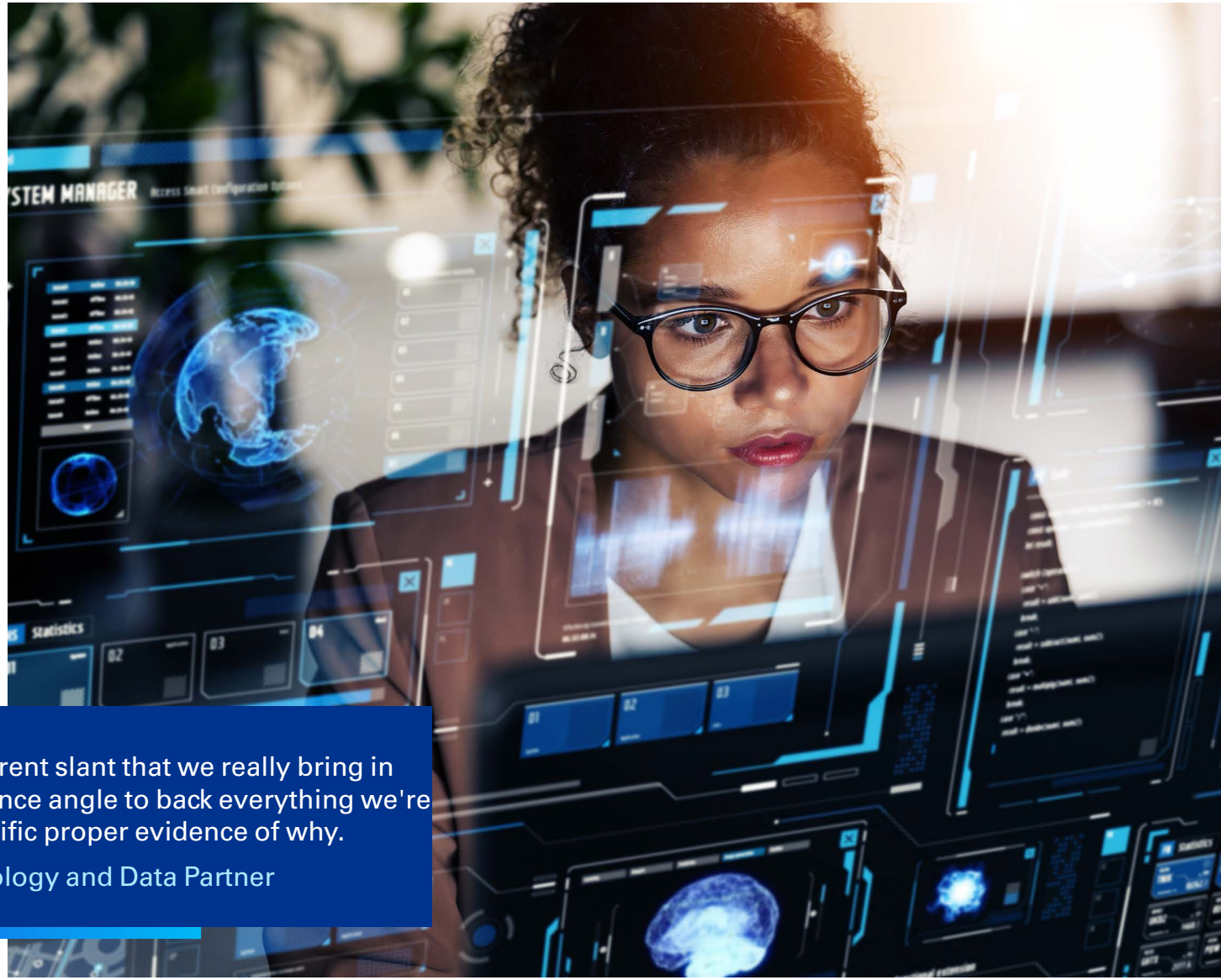
Ask yourself:

- How agile is your organisation? Can you manage large-scale change without destabilising the core business?
- Is your workforce ready to flex? Are roles designed for upskilling and mobility, or locked into rigid structures?
- What is the competitive context in your industry? In some sectors, AI maturity is accelerating rapidly, so staying still means falling behind. In others, adoption is slower, which may offer breathing room but also risks complacency.
- What does your business model allow for? High-margin businesses may have more freedom to invest and experiment; low-margin firms may need to focus on precise, ROI-driven interventions where every hour and headcount counts.

Your KPMG co-pilot

While AI technology is powerful, its true value only emerges when people are equipped, motivated, and supported to use it effectively. This is where KPMG differentiates itself: we don't just help organisations implement AI – we make it stick. Our human-centric, cross-functional approach combines deep technology insight with workforce transformation, ensuring clients move from isolated pilots to scaled value realisation.

KPMG AI Workforce transforms your workforce alongside your technology. We help organisations get real value from their AI investments by reshaping workforces - re-mapping tasks, building new skills, and embedding responsible adoption - so that capacity gains are not just theoretical but realised as measurable business value and lasting impact.



> KPMG have this different slant that we really bring in that behavioural science angle to back everything we're saying up with scientific proper evidence of why.
>
> Leanne Allen - Technology and Data Partner

Our approach is built on three core pillars – **Envision**, **Activate**, and **Realise** - that guide organisations through a practical, people-first transformation journey.

Our accelerators and capabilities support every stage of the adoption journey. Proprietary tools and playbooks rapidly assess roles and processes to pinpoint 'no regret' opportunities. Connected programmes provide continuous learning, embedding AI fluency into daily work, while governance frameworks keep adoption secure, compliant, and aligned with business objectives.

KPMG's strength goes beyond technology. We unite technical expertise with workforce and functional specialists to give clients a holistic view of their organisation. This enables us to design solutions that are practical, scalable, and tailored to context, helping employees overcome apprehension, build confidence, and maximise return on AI investment.

The technology will not wait, and neither can we. If we want AI to truly deliver value, we must prioritise what has always shaped human progress: behavioural patterns, collective habits, and the social systems that govern how people adapt to change. Only by recognising these forces, and deliberately rewiring them, can organisations keep pace with technologies that learn, adapt, and act in real time.

Technology alone isn't enough

What emerges is a simple truth: technology alone will not secure sustainable value. AI can generate answers, but only people can shape outcomes that matter. The real differentiator lies in creating a workforce that knows how to lead, coach, and collaborate with AI - embedding judgement, creativity, and trust at the heart of digital workflows.

This demands more than standing up a platform or scaling a pilot. It requires deliberate investment in culture, skills, and operating models that turn adoption into behaviour change, and behaviour change into long-term impact.

As we look ahead, the organisations that thrive will be those that put people at the centre of transformation - reshaping their workforces for the future, and turning the promise of AI into real, lasting value for businesses, employees, and society.

01

Envision

From detailed organisational design and role reshaping to training and governance, we build the operational and cultural foundations needed to embed generative AI responsibly and effectively across the enterprise.

02

Activate

From detailed organisational design and role reshaping to training and governance, we build the operational and cultural foundations needed to embed generative AI .

03

Realise

Through measured adoption, enablement campaigns, and leadership support, we empower your teams to adapt, accelerate, and continuously evolve.

Glossary

Adoption – The process of integrating AI into everyday business operations.

AI – Technology that enables machines to mimic human intelligence.

AI Tooling – AI enabled tools which supports employees doing current tasks more effectively. E.g. Microsoft Copilot.

Agents/Agentic AI – AI agents complete processes and are able to make decisions. Agents are a newer form of AI which supports the reimagining of processes.

Behavioural Science – The study of human behaviour, used to inform strategies for AI adoption by understanding how people learn, adapt, and engage with new technologies.

Change Management – The approach to transitioning individuals, teams, and organisations to a desired future state, particularly in the context of AI adoption.

Cultural Alignment – The process of ensuring that AI initiatives are in harmony with the existing values and practices of an organisation.

Data Integration – The process of combining data from different sources to provide a unified view, crucial for effective AI deployment.

EVP (Employee Value Proposition) – The unique set of benefits and values that an organisation offers to its employees in exchange for their skills and contributions.

Governance – The framework of rules and practices by which AI is managed and controlled within an organisation.

Human-Centric Design – Designing AI systems with a focus on human needs and experiences to ensure usability and acceptance.

LLMs (Large Language Models) – Advanced AI models capable of understanding and generating human-like text.

Multimodal Models – AI models that can process and generate multiple types of data, such as text and images, to provide more comprehensive insights.

Operational Efficiency – The ability to deliver services in the most cost-effective manner without compromising quality, often enhanced by AI.

Pilot Programmes – Initial small-scale implementations of AI to test and refine its application before wider deployment.

People/Employees – Humans who are employed by the firm to complete roles.

Scalability – The capability of AI systems to handle growing amounts of work or to be expanded to accommodate growth.

Strategic Workforce Planning – The process of aligning an organisation's workforce with its strategic goals, particularly in the context of integrating AI technologies.

Upskilling – Teaching employees new skills to enhance their capabilities.

Workforce – A combination of people and Agents which completes all the work in your business.

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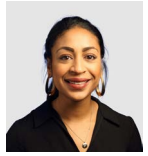

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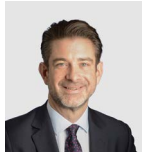

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