Transforming the Enterprise

Reframing how enterprises execute, scale and sustain change

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Foreword

Enterprise transformation has entered a new phase. Intelligent economies are reshaping how organizations operate, demanding greater speed, adaptability and coordination than traditional models were designed to support. The challenge is no longer initiating transformation, but orchestrating it: aligning priorities, integrating execution and maintaining control as complexity accelerates across functions, technologies and operating models.

This report is for CEOs, COOs, CIOs, CTOs and transformation leaders seeking to strengthen enterprise performance amid increasing complexity. Drawing on insights from more than 1,700 senior transformation leaders across 20 countries and territories, it examines the capabilities and practices that distinguish organizations converting transformation into sustained performance from those struggling to keep pace.

As intelligent systems extend across the enterprise, organizations are becoming more dynamic, interconnected and able to respond in real time. AI is no longer simply a standalone technology initiative. It is increasingly embedded in decision-making, execution and value creation.

Advantage now depends on operating as an intelligent enterprise: one that can adapt continuously, grow sustainably, operate efficiently, modernize at pace and build trust at scale.

Most organizations, however, are not designed for this reality. They are increasing transformation activity without redesigning how the enterprise operates to absorb it. As a result, complexity is compounding faster than performance — slowing execution, constraining growth and eroding accountability.

This is not a transformation challenge. It is a leadership challenge.

As change accelerates, leaders must balance agility with control while ensuring the organization can continue to perform, adapt and grow.

Delivering this requires strengthening the enterprise as an integrated system. Leaders must rebuild technology and data foundations to enable AI at scale, while establishing trust, governance and resilience that accelerate confident adoption. At the same time, they must redesign how work flows end-to-end across value streams, embedding human-AI collaboration into how the enterprise operates and adapts.

In an intelligent economy, intelligent enterprises are better able to compete. They are designed as integrated, adaptive systems that align decision-making, execution and value delivery. Transformation cannot sit at the edges; it must be aligned and directed from the center.

Orchestration becomes a defining source of competitive advantage. Organizations that can coordinate strategy, technology, operations and talent as an integrated system should be better positioned to sustain performance, accelerate growth and adapt to continuous change. Those that cannot are likely to struggle to keep pace with increasing complexity.

Leading organizations are now reframing transformation around a clear set of strategic priorities: enabling AI at scale, embedding trust, redesigning operating models, and orchestrating continuous enterprise evolution.

Adrian Clamp
Global Head of
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Adrian is Global Head of Consulting Strategy and Investment at KPMG International. He works with leadership teams of private sector and government clients to shape strategy and navigate large-scale transformation in response to shifting economic and technological forces. Adrian is the author of KPMG's perspectives on the intelligent economy and the intelligent enterprise, focusing on how organizations align strategy, decision-making and execution to deliver sustained performance in an AI-driven world.

About the research

This study is based on a survey of:

1,750

senior transformation leaders from 20 countries and territories conducted in February 2026.

Geography:

40%
Americas

38%
Europe, Middle East and Africa

22%
Asia-Pacific (ASPAC)

Respondents:

18%
C-suite and executive leadership

82%
Functional leaders across Finance, Front Office, HR, Supply Chain, Risk and Technology

Organization type:

34%
Public firm

44%
Private firm

13%
Private-equity-backed

9%
Private equity firm

Sectors:

26%
Technology and telecom

23%
Financial services

12%
Consumer and retail

10%
Healthcare and life sciences

8%
Automotive

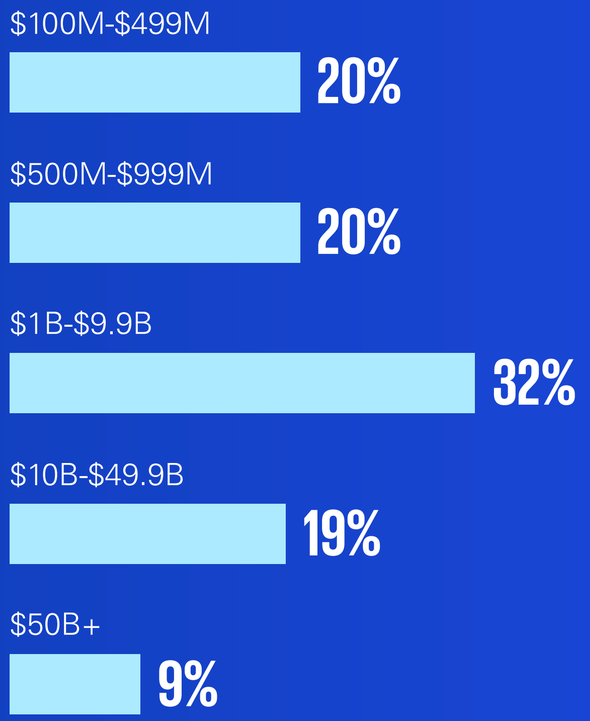
7%
Industrial manufacturing

6%
Infrastructure, construction and transportation

5%
Energy, natural resources and chemicals

3%
Government and public sector

Annual revenue (USD equivalent):



Executive summary

Based on the findings from this research, enterprise transformation is not yet delivering on its promise. Not for lack of ambition, investment or technology, but because most organizations are scaling change without redesigning how the enterprise operates.

The defining challenge is no longer generating transformation activity, but exercising the control required to translate fragmented efforts into integrated execution across the enterprise.

Investment in AI, digital capabilities and new operating models continues to accelerate. Transformation is now widespread, spanning functions, systems and business units simultaneously, with most organizations managing multiple initiatives at once and many undertaking three or more transformations concurrently.

Despite significant activity and investment, relatively few organizations believe they are achieving transformation outcomes at scale. Only 14 percent of organizations consider themselves top performers relative to their peers, and only 26 percent strongly agree that AI has contributed positively to achieving their growth objectives.

This gap reflects a deeper breakdown in enterprise execution. Organizations are increasing transformation activity, but many still struggle to align priorities, coordinate decisions and sustain execution as change accelerates. As a result, transformation activity is expanding faster than enterprise performance.

Early AI gains are exposing the next challenge in enterprise transformation

Organizations are realizing meaningful productivity improvements from AI-driven initiatives. These gains demonstrate AI's potential to improve operational performance, accelerate execution and augment decision-making.

However, productivity gains alone do not constitute transformation. Many organizations are applying AI to existing operating models, workflows and decision structures without fundamentally redesigning how the enterprise operates.

What differentiates leading organizations is not the speed of early gains alone, but whether those gains reshape how work is performed, how decisions are made and how capabilities connect across workflows and operating models to drive sustained enterprise performance.

The challenge is no longer initiating transformation. It is orchestrating it.

Performance gains vary across different types of transformation

Average self-reported performance improvement associated with each transformation type

+14% Risk transformation

+9% Digital/technology transformation

+8% Business model transformation

+8% Regulatory transformation

+5% Functional transformation

The gap between transformation activity and enterprise performance

Only 14% of organizations consider themselves top performers relative to their peers.

Despite widespread transformation activity, enterprise performance gains remain concentrated among a relatively small group of organizations. Only 14 percent consider themselves top performers relative to their peers.

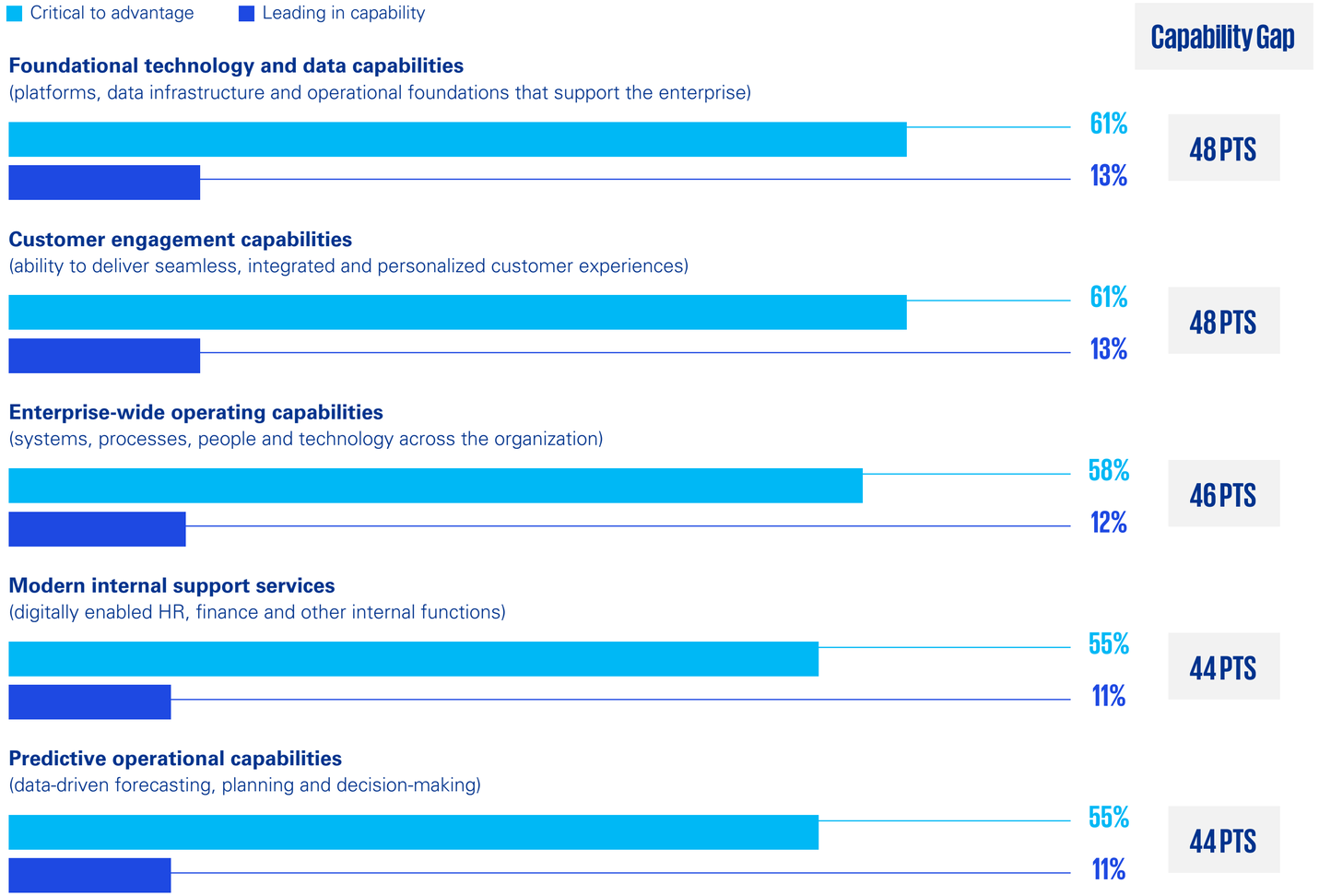
Most leaders understand what is required to compete, yet only a small minority believe their organizations execute these capabilities effectively at scale. The research shows that capabilities such as data, governance, workforce readiness and AI enablement are viewed as critical to competitive advantage. The limiting factor is no longer ambition, but the ability to build, integrate and continuously evolve these capabilities as part of how the organization operates.

The difference lies in how capabilities are developed and scaled. In leading organizations, capability building is embedded into day-to-day operations rather than treated as a series of discrete transformation initiatives. This allows strategic priorities to translate into coordinated execution as business conditions evolve.

What differentiates leading organizations is not the scale of transformation activity, but how effectively transformation becomes part of how the enterprise operates.

Figure 1. Enterprise capabilities: strategic importance vs. current maturity

How critical is this capability to your organization's future competitive advantage? (% critical/very critical)
How would you rate your organization's current maturity in this capability area? (% leading)



The breaking point: governing increasingly autonomous systems

As systems become more automated, existing approaches to governance are coming under increasing strain. Static controls and periodic oversight struggle to keep pace with environments that evolve continuously and adapt in real time.

Most governance models were designed for environments where decisions were made by people, processes changed incrementally and accountability could be traced through relatively stable structures. Those assumptions are becoming less reliable as intelligent systems take on a greater role in decision-making and execution. Visibility diminishes, accountability becomes more complex and risks can compound more quickly. Governance should evolve to become more embedded, adaptive and responsive to how decisions are actually made across the enterprise.

The defining capability: orchestration of a continuously evolving enterprise

From our perspective, the organizations pulling ahead are not simply those deploying AI the fastest; they are those building the capabilities that make transformation work.

At the center of this shift is orchestration: the enterprise capability to align priorities, integrate execution and maintain control across interconnected activities.

Orchestration is often confused with coordination, but the distinction is critical. Coordination relies on alignment mechanisms: committees, governance forums and consensus-building across functions. While necessary, these approaches are typically insufficient to deliver transformation at scale.

Orchestration operates differently. It establishes decision rights, defines intervention thresholds, enforces stopping rules and dynamically reallocates capital and capability to where they can create the greatest value.

Without this shift, transformation efforts often remain fragmented, competing for resources rather than reinforcing one another. Orchestration helps ensure that initiatives are actively directed across the enterprise so that value can compound rather than dissipate across disconnected efforts.

Orchestration:

The enterprise capability to align priorities, integrate execution and maintain control across interconnected activities.

The conditions for scaling transformation

Scaling transformation requires organizations to fundamentally rethink how the enterprise is built, operated and governed:

Rebuild the foundations

Strengthen trust and governance across data, platforms, security and risk so the enterprise can scale with confidence as complexity and uncertainty increase.

Redesign work

Reshape workforce design and ways of working to embed a human-AI operating model — integrating roles, workflows and decision-making to help improve productivity and effectiveness.

Rethink the enterprise

Evolve the execution model to align capabilities, functions, systems and decisions so the organization can direct activity, adapt quickly and deliver consistently at scale.

Five strategic priorities for orchestrating enterprise transformation

01

Rebuild technology foundations for an intelligence layer

Leaders should prioritize rebuilding core technology foundations to support AI as a permanent enterprise capability rather than a series of pilots. This requires investing in secure, resilient and interoperable platforms where data, systems and AI models are designed to work together from the outset. Rather than layering AI onto disconnected systems, organizations should establish a shared, integrated core that enables intelligence to flow across the enterprise, supporting faster innovation, clearer accountability and more scalable execution.

02

Establish trust foundations that enable speed and value

Trust should be embedded directly into how the enterprise operates rather than treated as a control applied after deployment. Governance, risk management, safety and security should be integrated into decision-making and execution so AI can be relied upon at scale. When trust is treated as a performance enabler — actively managed, reinforced through behavior and embedded into operations — organizations can move faster with confidence, reduce friction and scale AI responsibly.

03

Redesign the operating model around end-to-end value streams

Performance increasingly depends on how work flows across the enterprise rather than within individual functions. Organizations should redesign operating models around end-to-end value streams, aligning strategy, customer needs, operations and technology into a more unified execution model. By reducing handoffs and clarifying accountability, leaders can accelerate decisions and help improve outcomes across the full flow of value.

04

Reimagine work for human-AI collaboration

One of the next productivity frontiers lies in how people and AI operate together by design. Organizations should redesign roles, workflows and decision-making to integrate human judgment and AI capabilities into daily work. This requires embedding continuous learning into the flow of work, with clear accountability and incentives aligned to new ways of operating, helping to ensure workforce capability evolves alongside technology rather than constraining it.

05

Rethink enterprise transformation as agile enterprise orchestration

Transformation is increasingly difficult to manage as a collection of independent initiatives. The ability to continuously align priorities, coordinate execution and direct resources across the enterprise as conditions evolve is critical to success. This typically requires clear decision rights, active management of trade-offs and real-time visibility into performance and dependencies. Organizations that build these orchestration capabilities are likely better positioned to scale execution and sustain enterprise performance.

Enterprise transformation in the age of AI

Transformation is accelerating, but execution is becoming harder to sustain at scale

Transformation is now nearly universal. Only one percent of organizations report that they are not currently undertaking transformation, while most are managing multiple initiatives simultaneously across AI, digital capabilities, operating model redesign and new business models.

As these initiatives expand across functions, systems and business units, they increasingly intersect and influence one another. What was once episodic is becoming more continuous, creating new connections across the enterprise.

These growing interdependencies can create new coordination challenges. Initiatives are no longer independent, increasing pressure to align decisions, manage trade-offs and coordinate execution.

Figure 2. Transformation activity is becoming continuous and enterprise-wide

How many transformations is your organization currently undertaking?

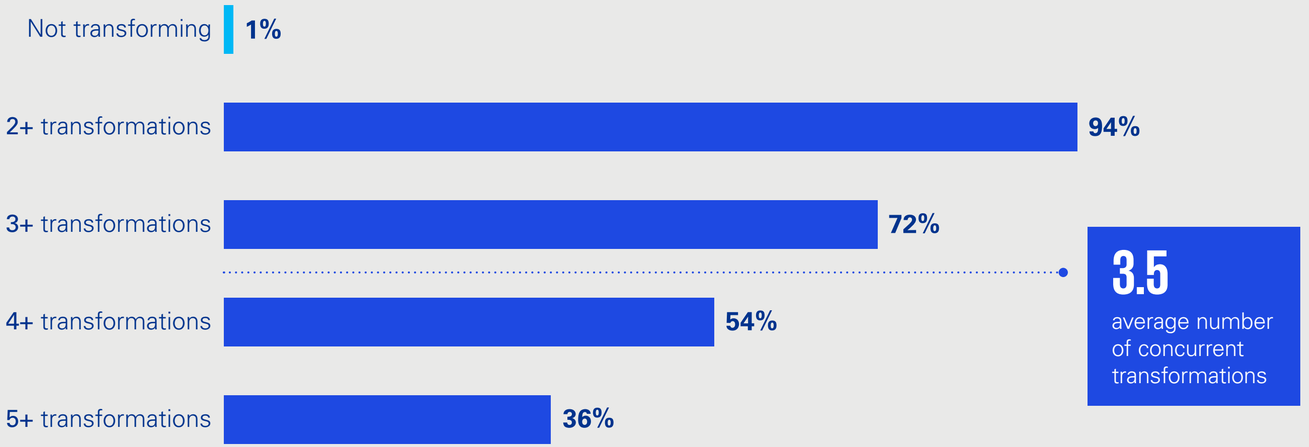
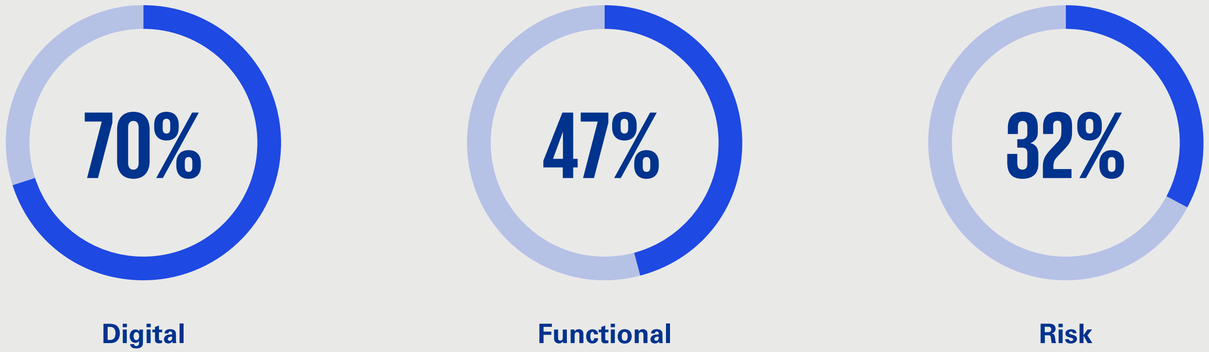


Figure 3. Type of transformations currently undertaking

Which types of transformation is your organization currently undertaking?



As transformation scales, misalignment becomes a primary constraint

As organizations manage concurrent transformation efforts, duplication, competing priorities and inconsistent execution often increase. The challenge is no longer just initiating transformation, but also aligning strategy, operating models, technology, workforce capability and governance into a coherent enterprise system.

Artificial intelligence is intensifying both opportunity and complexity

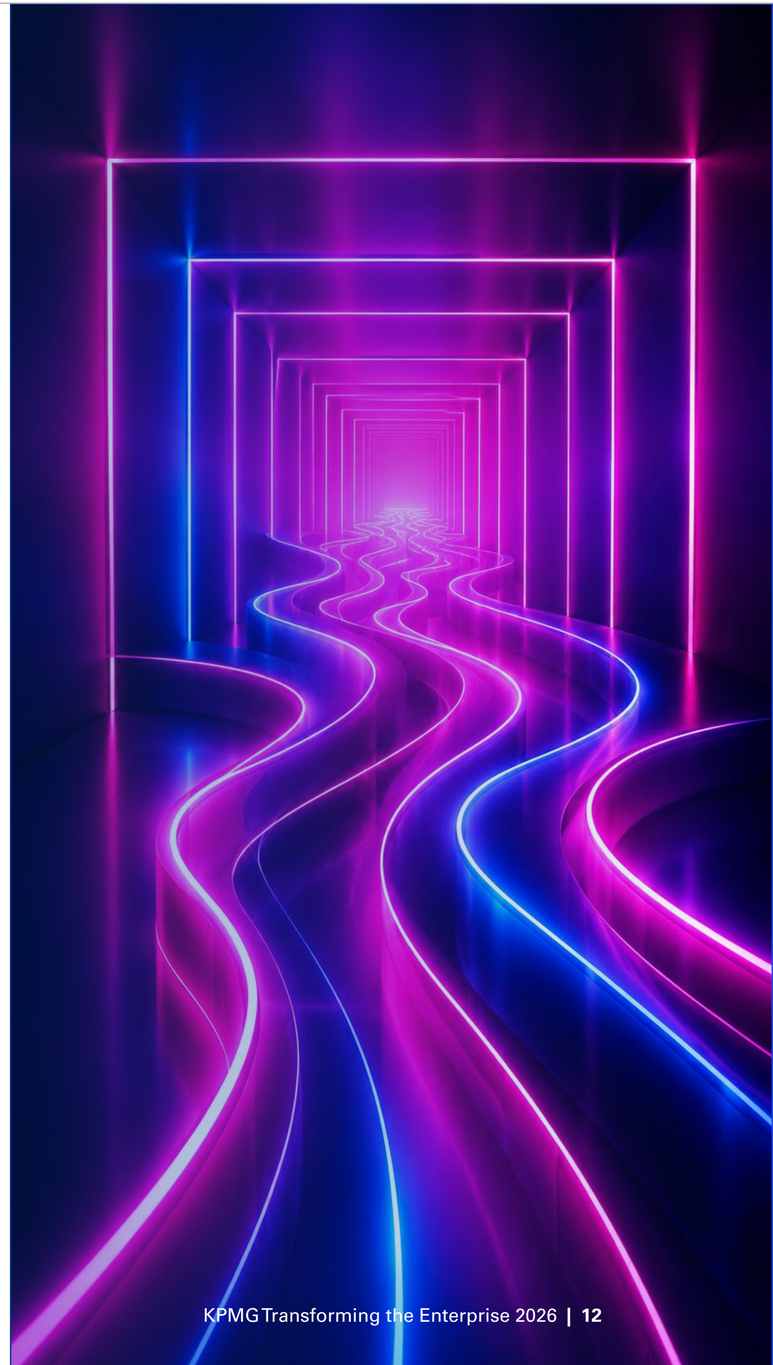
AI is accelerating the pace and scope of transformation. As it becomes embedded across workflows, decisions and customer interactions, organizations can operate faster and more intelligently, but also become more interconnected and dependent on coordinated execution. Many organizations are generating localized gains without redesigning the workflows, operating models and governance structures required to scale AI consistently end-to-end.

Organizations are responding to urgency, but not always with clarity

Leaders are operating in environments defined by uncertainty, conflicting signals and heightened expectations, yet clarity on where to focus and how to sequence transformation often remains limited. As a result, transformation is frequently driven as much by urgency as by strategic intent, which can lead to activity that is not consistently aligned with enterprise outcomes.

Enterprise orchestration offers a path forward

Transformation can no longer be managed as a portfolio of independent initiatives. As organizations manage growing numbers of interconnected change efforts, the ability to align priorities, coordinate execution and maintain visibility across the enterprise becomes increasingly important. Enterprise orchestration offers a way to connect strategy, execution and governance across these activities, helping organizations navigate complexity while sustaining performance.



There are multiple pathways to enterprise performance

To better understand how organizations translate AI adoption into enterprise performance, we applied Bayesian network analysis to map the relationships between capabilities across the enterprise. The analysis shows that transformation success is not driven by any single capability, but by how capabilities connect and reinforce one another to drive enterprise performance.

Building on this insight, the analysis revealed two important findings. First, there is no single path to successful AI transformation. Organizations can achieve strong outcomes through different combinations of capabilities, leveraging their unique strengths and following different pathways to success. Second, while the pathways vary, successful transformations tend to share common characteristics. The strongest outcomes emerge when interconnected capabilities reinforce one another in ways that strengthen adoption, accelerate impact and enable AI to scale more effectively across the enterprise.

Pathway 1: Leadership commitment → Culture and openness → Use case strategy

Organizations with strong leadership commitment are more likely to create cultures that support experimentation, AI adoption and coordinated execution. These conditions help translate transformation ambition into clearer use case strategies and stronger success in embedding AI across the enterprise.

Pathway 2: Talent depth → Data readiness → Training

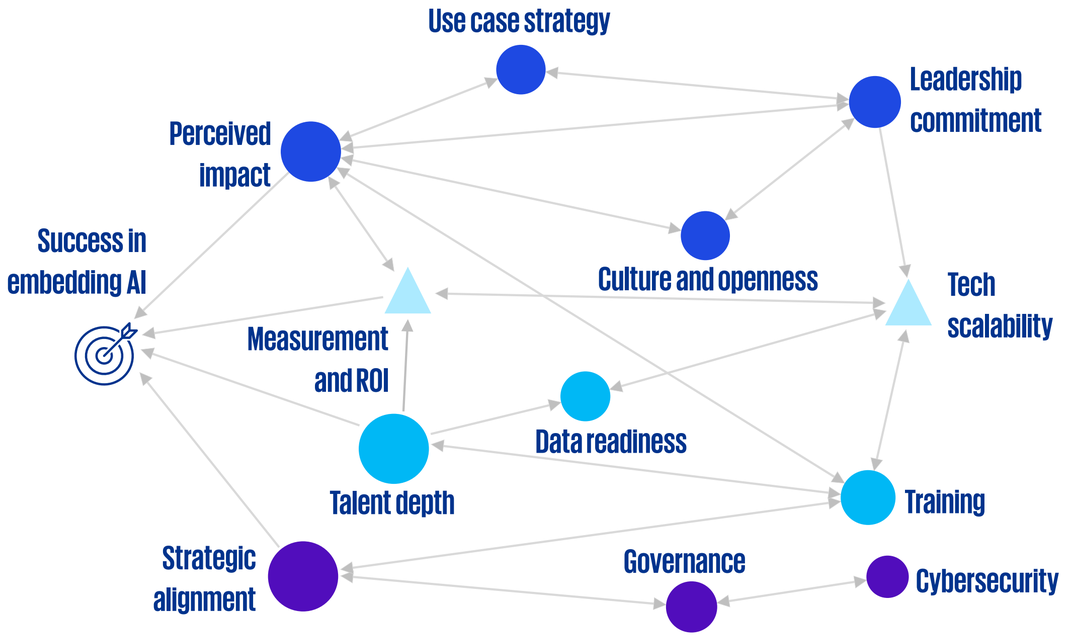
Organizations with deep workforce capabilities are more likely to strengthen data readiness and invest in training that supports AI adoption and execution. Together, these conditions can create the operational foundation required to successfully embed AI at scale.

Pathway 3: Strategic alignment → Governance → Cybersecurity

Organizations with strong strategic alignment are more likely to reinforce governance and cybersecurity capabilities across the enterprise, helping create the trust and stability required to successfully embed AI at scale.

The implication for leaders

The most effective pathway depends on an organization's existing strengths and capabilities, sector dynamics, regulatory pressures and digital maturity. Choosing that pathway often means focusing investments on the capabilities that reinforce one another and create momentum for AI adoption, impact and scale. Different strengths. Different pathways. Shared outcomes.



How to read this model

- Larger nodes = stronger influence on enterprise performance
- Arrows = relationships between capabilities
- Triangles = enterprise-enabling capabilities that reinforce multiple pathways

A Bayesian network is a probabilistic model that estimates the likelihood of different outcomes based on the relationships between variables. It is particularly useful for studying complex transformation environments because it reveals how capabilities can combine and influence one another, rather than treating each factor as an independent driver of success.

The enterprise transformation agenda: an integrated set of capabilities

Transformation at scale depends on a set of interconnected capabilities, with orchestration at the center of this system to align priorities, integrate execution and sustain performance.

> **One of the defining challenges for organizations today is not whether they can transform — it is whether they understand how value is created across the enterprise, and can ensure that transformation reinforces it.**

Adrian Clamp
Global Head of Consulting Strategy and Investment
KPMG International

Enterprise capability	Strategic outcome	Operating requirements
AI technology foundations for integrated data and the intelligence layer	Enterprise-wide integration of data, technology and business context — helping AI to operate reliably and scale across use cases	• Scalable, modular architecture • Interoperable platforms and systems • Data integration and governance • Business ontologies to support AI decision-making
Trusted foundations for speed and value	Transformation at scale with confidence — helping to ensure innovation and AI adoption do not outpace governance and oversight	• Integrated governance frameworks • Responsible AI and data practices • Cybersecurity and resilience embedded into transformation • Risk management alignment from the outset
Value stream based operating model	Faster, more integrated execution across functions, systems and decisions	• End-to-end workflow redesign • Operating model simplification • Cross-functional integration of processes and platforms • Alignment of decision rights across functions
Human-AI collaboration	Productivity and decision quality at scale through new ways of working that integrate human expertise and AI capabilities	• Role and workflow redesign • Workforce capability building • Continuous learning systems • AI embedded into decision-making and execution
Agile enterprise orchestration	Enterprise-wide direction, alignment and control across strategy, execution and performance — helping to ensure transformation operates as a system	• Enterprise-level direction and control of priorities and decisions • Cross-functional leadership alignment • Dynamic resource allocation across initiatives • Real-time visibility into performance and trade-offs

Rebuilding the foundations

The intelligence layer: why AI can fail to scale

Most organizations are not yet designed to scale AI effectively. Rather than operating as integrated systems, they are layering AI capabilities onto fragmented technology and data foundations that were not built for enterprise-wide intelligence.

Leading organizations are taking a different approach. They are rebuilding their technology foundations to enable AI at scale — replacing fragmented systems and legacy applications with secure, resilient ecosystems designed for continuous change.

In these organizations, cloud platforms, modern data architectures and agentic AI operate as a connected ecosystem. Technology is designed for resilience, security and interoperability, enabling intelligence to flow across the enterprise and support faster innovation, stronger collaboration and more dynamic responses to changing market conditions.

AI capability is scaling, but enterprise value is not yet compounding

AI adoption is accelerating across organizations. Investment is increasing, use cases are expanding and capabilities are being introduced across functions, workflows and decision-making.

Yet many organizations are still struggling to translate these gains into coordinated enterprise-wide impact. While AI is often creating value in specific functions and use cases, those gains are not consistently translating into enterprise-wide performance. As a result, value is often created locally rather than compounded across the enterprise.

Many organizations now operate across hybrid ecosystems, combining Software as a Service (SaaS) platforms, proprietary systems and AI capabilities without a consistent approach to managing how these components interact. While this expands access to capability, it can also make it harder to maintain visibility, coordinate execution and ensure consistent enterprise performance.

As AI scales across these environments, the challenge becomes less about deploying capability and more about managing how it operates collectively. Solving this is essential to moving from isolated gains to sustained enterprise performance.

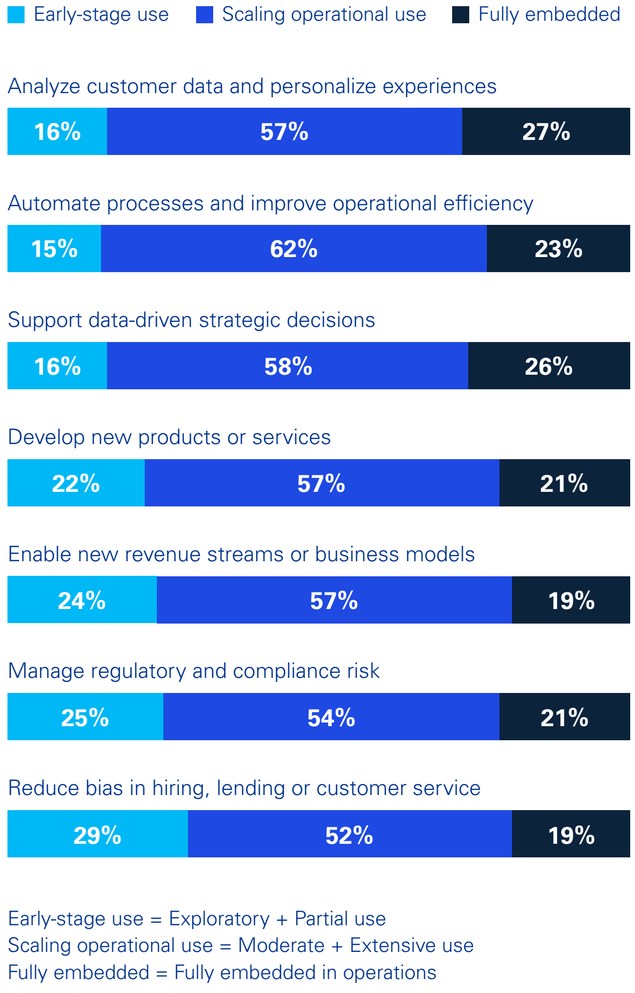
AI deployment is outpacing operational embedding

Despite widespread deployment, AI remains unevenly embedded within day-to-day operations and decision-making. More than half of organizations report broad AI use across activities such as customer analytics, operational efficiency and decision support. However, only a minority report that these capabilities are fully embedded within operational workflows.

This unevenness becomes even more apparent across functions and sectors. Technology and supply chain report higher levels of operational embedding, while finance and HR continue to lag. Sector differences further reinforce this unevenness, with technology and telecommunications reporting higher levels of embedding than government and industrial manufacturing.

Figure 4. Extent of AI use across activities

To what extent is AI used across the following enterprise activities today?



Early-stage use = Exploratory + Partial use
Scaling operational use = Moderate + Extensive use
Fully embedded = Fully embedded in operations

The pivotal role of an integrated and consistent intelligence layer

As AI adoption accelerates, organizations are discovering that deploying new capabilities alone is often insufficient to scale AI effectively. An enterprise-wide intelligence layer helps connect decisions, workflows, data and execution across the business. Without this unifying mechanism, capabilities often expand faster than they can be integrated with other areas of the business.

As a result, value often remains localized rather than scaling consistently across the enterprise. Many organizations remain caught between experimentation and enterprise transformation, with much of the value realized today concentrated in personal productivity gains such as automating tasks, accelerating insights and reducing manual effort.

These gains are meaningful, and many organizations report significant productivity improvements from AI-driven initiatives. The next phase of transformation is not simply generating more productivity, but embedding these capabilities into the operating model so that value can be coordinated, scaled and sustained.

> **Most organizations have an AI value creation problem. Their AI deployment is moving faster than their pace of operating model change.**
>
> **Adrian Clamp**
> Global Head of Consulting Strategy and Investment
> KPMG International

Figure 5. AI productivity gains are emerging, but remain largely incremental

You indicated that you have seen improved productivity in your AI-driven initiatives. How would you describe the level of improvement?

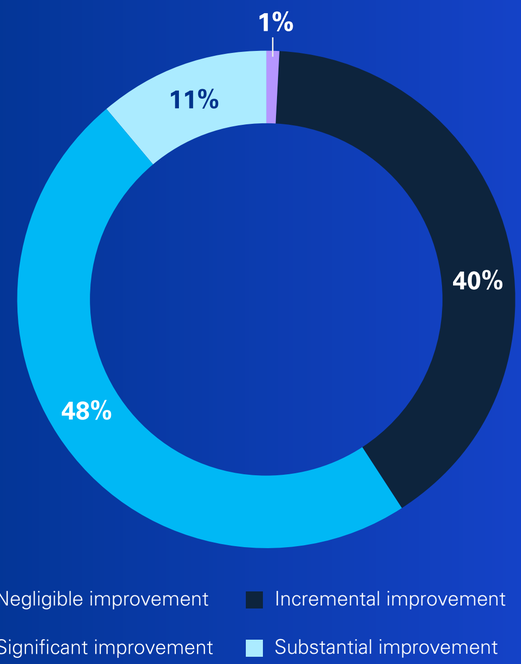


Figure 6. Operational metrics remain the dominant way organizations assess AI value

Which return on investment (ROI) metrics does your organization use to measure the impact of AI-driven initiatives?

Organizations are measuring AI value through efficiency rather than transformation

In evaluating AI's value, most organizations continue to focus on operational metrics such as productivity (39%), time savings (36%) and cost reduction (33%). Far fewer measure strategic outcomes such as revenue growth, competitive advantage or new business models.

Operational gains are important indicators of progress, but they do not represent the full potential of enterprise value creation. Without integrated systems and coordinated execution, AI can improve efficiency without fundamentally strengthening competitive advantage.

This emphasis on operational metrics is consistent across sectors, but particularly pronounced in industrial and public sector organizations, where value realization is more frequently tied to efficiency and cost outcomes. In contrast, sectors such as technology and private equity place greater emphasis on revenue growth and new business models — though even here, full embedding of AI into these strategic outcomes remains limited.

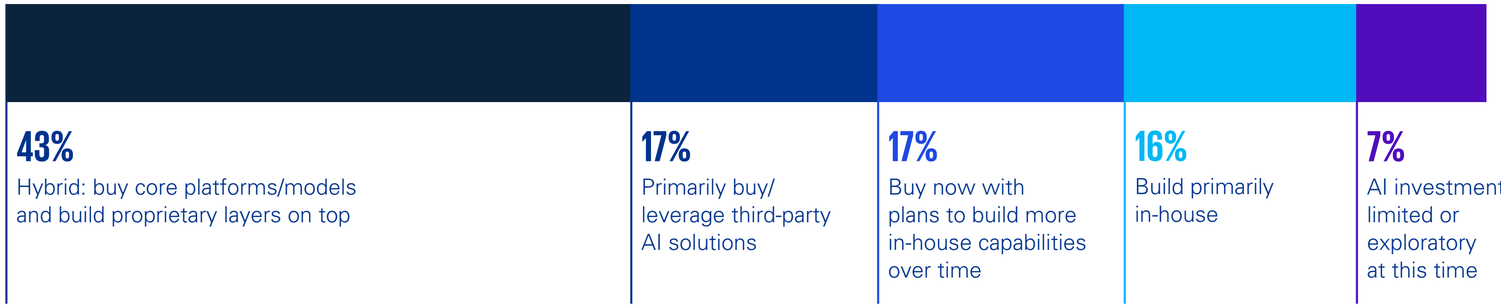
Current state of most organization's technology foundations

As organizations scale AI, they are shifting away from static architectures toward more modular, adaptive technology environments designed for continuous change.

Forty-three percent of organizations report operating through hybrid ecosystems that combine third-party platforms with internally developed capabilities. While this model can provide greater flexibility and speed, it can also increase the importance of integration and governance more holistically.

Figure 7. Hybrid AI ecosystems are emerging as the dominant enterprise model

Which best describes your organization's current approach to building AI capabilities?



Hybrid ecosystems often increase coordination complexity

As AI ecosystems expand, platforms, tools and models often operate with different assumptions about data, workflows and governance, increasing the potential for fragmentation across the enterprise. Coordinating these environments requires greater integration across systems, functions and decision-making processes.

These challenges can become more pronounced when adoption progresses unevenly across the organization. Technology and executive leadership teams report higher levels of AI proficiency and integration, while functions such as finance, risk and HR continue to lag, creating additional barriers to coordination and enterprise-wide scaling.

Organizations are extending core systems rather than replacing them

Most organizations are not replacing systems like enterprise resource planning (ERP), customer relationship management (CRM), or service platforms. Instead, they are extending them with intelligence layers that interpret data, generate insight and support decision-making.

This can create new opportunities for innovation, but can also increase the importance of integration, orchestration and governance across systems and workflows.

In heavily regulated industries such as financial services and healthcare, modernization should also support trust, resilience and regulatory alignment from the outset.

What to focus on when rebuilding and modernizing

As AI capabilities scale across increasingly interconnected environments, modernization is no longer just about simplifying systems. It is also about creating the foundations required to align data, decisions, workflows and governance across the enterprise.

This can require rebuilding:

- Data integration and pipelines
- Decision logic and orchestration
- Governance across operations and analytical layers

When these foundations are aligned, organizations can modernize more flexibly while enabling systems to continuously learn, adapt and scale.

AI is only as powerful as the systems that connect it. Organizations that align data, platforms, workflows and decision-making into a unified architecture are more likely to scale AI effectively. Without that foundation, capability can expand but enterprise impact may not.

Bobby Soni
Global Technology Consulting Leader
KPMG International

Data alone is not enough to scale AI

AI is only as effective as the data and business context that supports it. In many organizations, data remains siloed, inconsistently governed and difficult to access in usable forms. However, data alone is not enough. AI also relies on a shared understanding of how customers, products, processes, risks and decisions connect across the enterprise.

AI relies on shared enterprise context

Without this shared context, AI can process information but cannot consistently apply it in ways that align with business priorities, constraints and operating realities. This challenge becomes even more complex across large enterprises operating across multiple business units, regions and regulatory environments where standards, governance models and operating structures often differ significantly.

At the core of this challenge is the need for a shared enterprise ontology: a consistent model defining how key elements of the business relate to one another. This can create a common operating language across systems, functions and intelligent agents, which can reduce fragmentation and improve coordination across the enterprise.

Shared context calls for a new enterprise architecture

Traditional enterprise architecture focused primarily on systems integration. We believe intelligent enterprises require something broader: an architecture that connects data, workflows, decisions, policies and technologies into a coordinated operating environment.

As organizations move toward more adaptive and event-driven operating models, work should be coordinated dynamically rather than through static processes and manual intervention. Organizations that establish this foundation are typically better positioned to scale AI consistently, coordinate execution more effectively and adapt more quickly as conditions change.

Trust: a foundation for scaling transformation

Trust is becoming operational

As AI becomes embedded into how work gets done, trust should shape how the enterprise operates in real time. Governance, security and accountability are no longer downstream considerations — they influence how decisions are made and executed across the business.

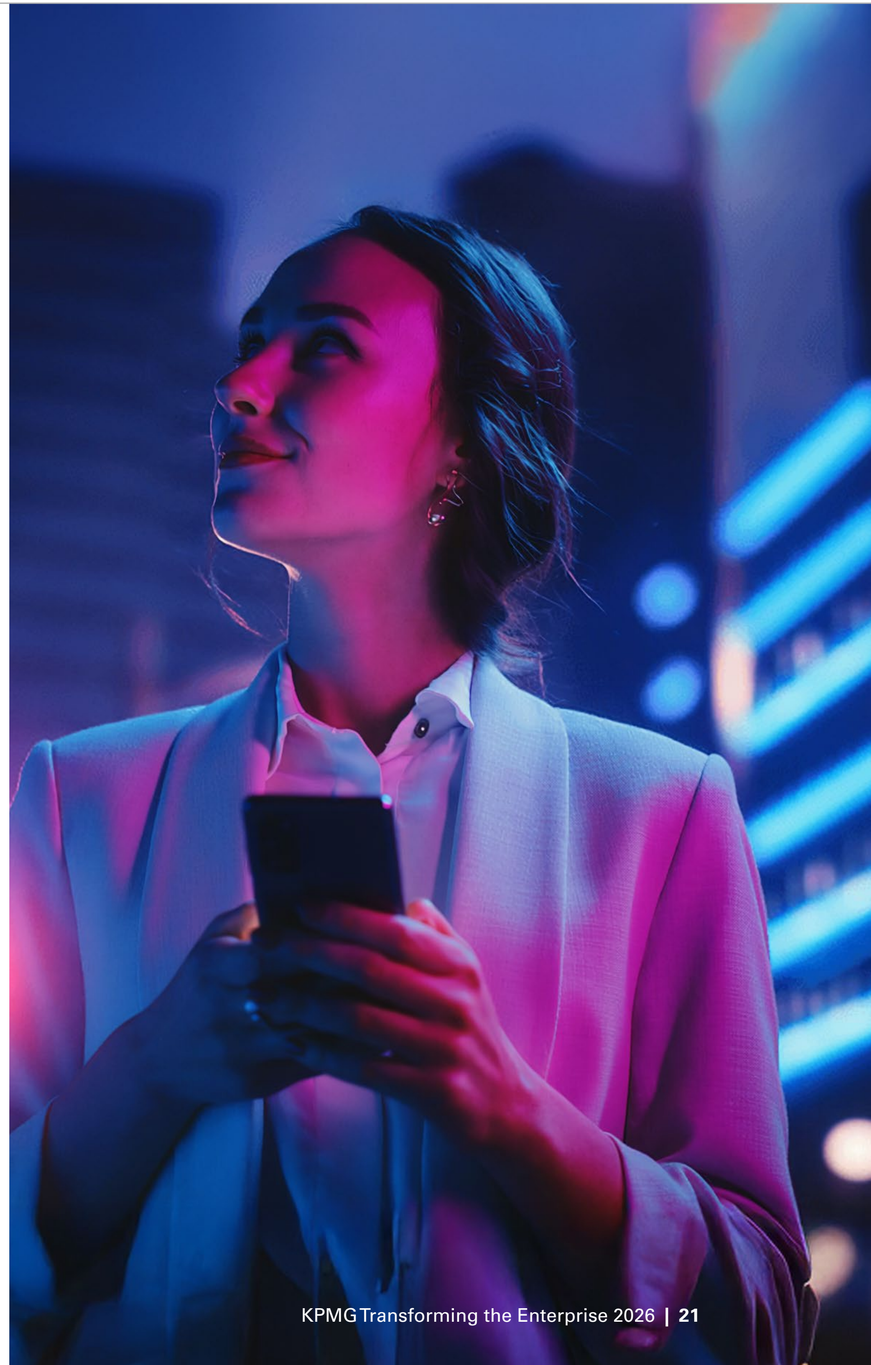
Organizations can struggle if they rely on governance models built around periodic oversight and downstream controls. As systems become more autonomous and interconnected, trust should be embedded directly into the flow of decision-making and execution across the enterprise.

Governance must evolve to keep pace

Many organizations still treat governance, risk and security as functions applied after deployment rather than capabilities embedded into transformation itself. As a result, the push for speed often outpaces the systems required to govern it consistently, which can create friction across execution, slow decision-making and reduce confidence in AI adoption at scale.

Trust enables speed, adaptability and scale

Organizations reporting stronger performance outcomes are more likely to embed governance and accountability directly into how decisions are made and work gets done. In these organizations, trust appears to function as more than a safeguard, supporting execution, coordinated transformation and adaptability as complexity increases.



> **Trust is no longer just a safeguard — it is also a prerequisite for performance. As transformation scales across interconnected systems, organizations should be able to rely on decisions — not just data. That confidence is built through how risk is governed and embedded into execution. When it is, transformation can be directed, aligned and scaled. When it is not, it can fragment under its own complexity.**

Samantha Gloede
Global Head of Risk Services, Trusted AI Leader
KPMG International

Most organizations have not fully embedded trust into transformation

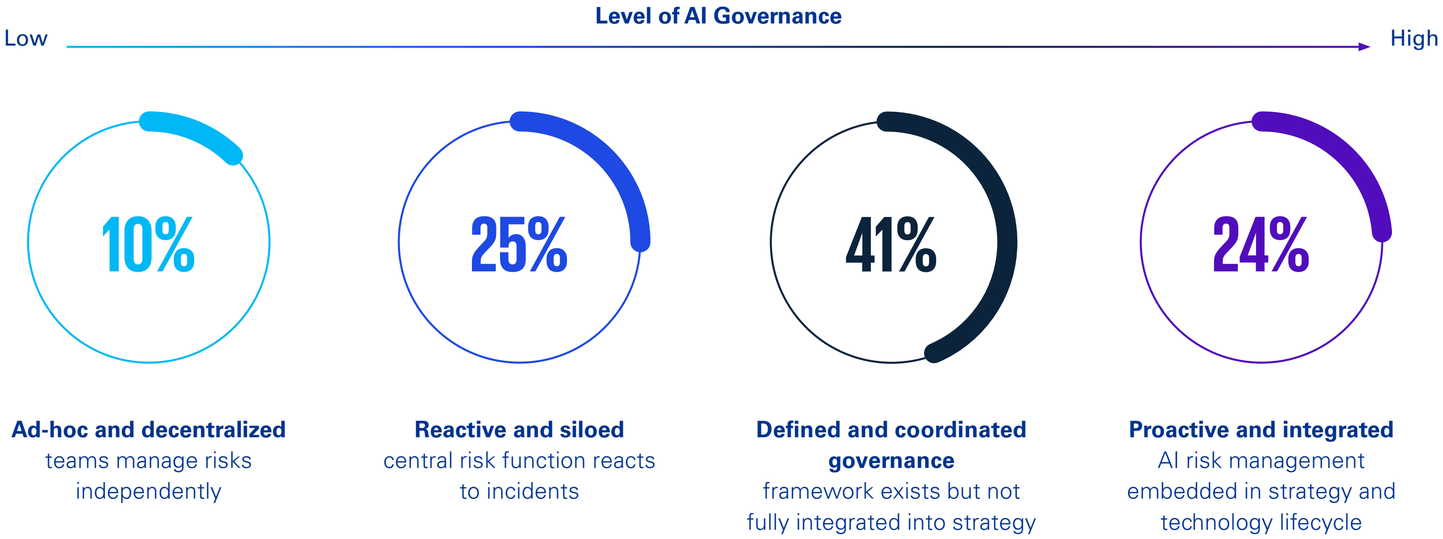
Despite its importance, trust is not consistently embedded into how transformation is designed and executed. Only 24 percent of organizations have proactively integrated risk management into strategy and the technology lifecycle, while most rely on partially integrated, reactive or decentralized approaches.

However, integration remains far from universal. In many organizations, the push for speed continues to outpace the systems required to govern it.

This gap varies significantly across sectors. Technology-intensive and asset-heavy industries such as energy, automotive and telecommunications report higher levels of proactive, integrated governance, consistent with the demands of managing complexity at scale. Highly regulated sectors, including financial services, also tend to embed risk and governance earlier in the lifecycle, often as a requirement rather than a choice.

Figure 8. A small minority of organizations have fully integrated AI governance into transformation

Which of the following best describes your organization's current approach to governing enterprise-wide AI risk?



Trust creates a measurable performance advantage

The research reveals meaningful differences in how organizations operationalize trust. Organizations that report stronger performance outcomes place greater value on proactive governance, trust management and the measurement of trust-related outcomes. Rather than viewing trust primarily as a mechanism for managing risk, these organizations are more likely to embed it directly into decision-making, execution and transformation efforts.

Leadership behavior has an impact on whether trust scales

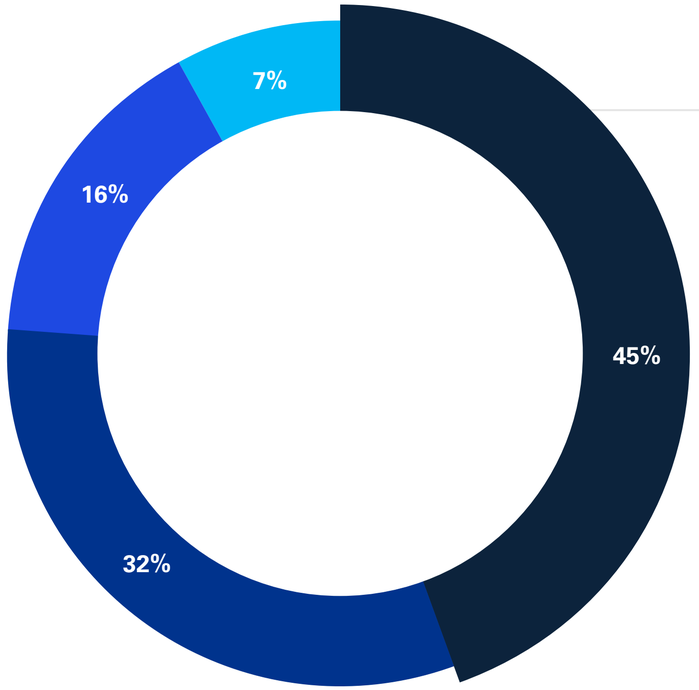
When AI produces unexpected outcomes, organizations respond in fundamentally different ways. Nearly half (45%) report that issues are resolved within technical teams, often without broader visibility, while only 32 percent treat these moments as opportunities for transparent review and organizational learning.

These responses reflect a broader leadership choice between containment and learning. Organizations that respond transparently are better positioned to identify root causes, strengthen systems and build confidence in AI over time.

How organizations respond to unexpected outcomes can influence how trust develops across the enterprise. Approaches that emphasize transparency and learning may help strengthen confidence in AI over time, while approaches focused primarily on containment can limit opportunities for broader organizational learning.

Figure 9. Most organizations still respond to AI risk reactively

When an AI model produces an unexpected or biased outcome, what is the typical leadership response?



- Quietly handled within technical teams without broader communication
- Treated as a learning opportunity with transparent review
- Model is suspended and project put on hold
- Focus on identifying individuals or team to blame

Nearly half of organizations respond to unexpected AI outcomes through containment rather than enterprise-wide learning.

Organizations recognize trust as strategic, but few operationalize it

A majority of organizations now recognize trust as a strategic asset, with 60 percent classifying it as either a strategic differentiator or a core competitive advantage. Yet only 28 percent report measuring operational or revenue outcomes linked to trusted AI.

This gap suggests that while trust is increasingly viewed as essential to enterprise performance, it is not yet consistently managed as a business capability. Many organizations still rely on qualitative indicators, proxy measures or no formal measurement approach at all.

The opportunity now is to move beyond recognizing trust as important and begin managing it with the same rigor applied to other enterprise capabilities.

Figure 10. Trust is shifting from a compliance requirement to a strategic differentiator

Which of the following best describes your organization's approach to trust and AI governance as a source of competitive differentiation?

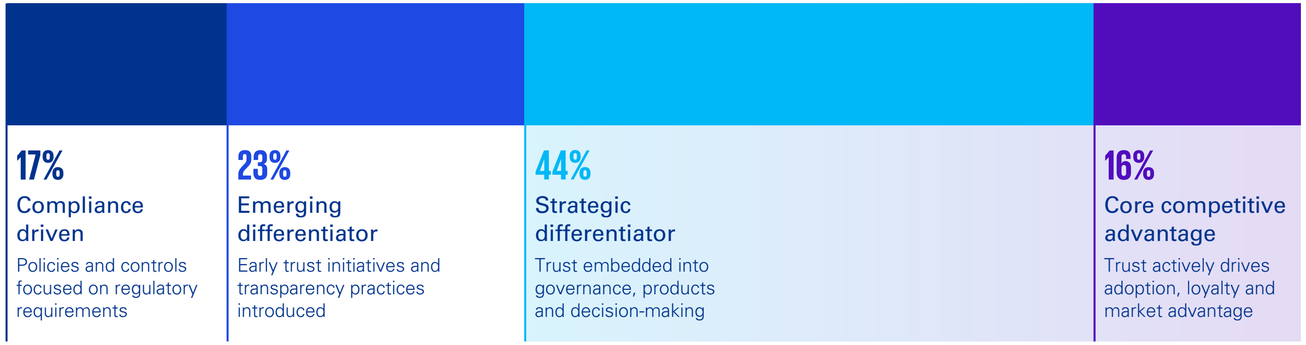
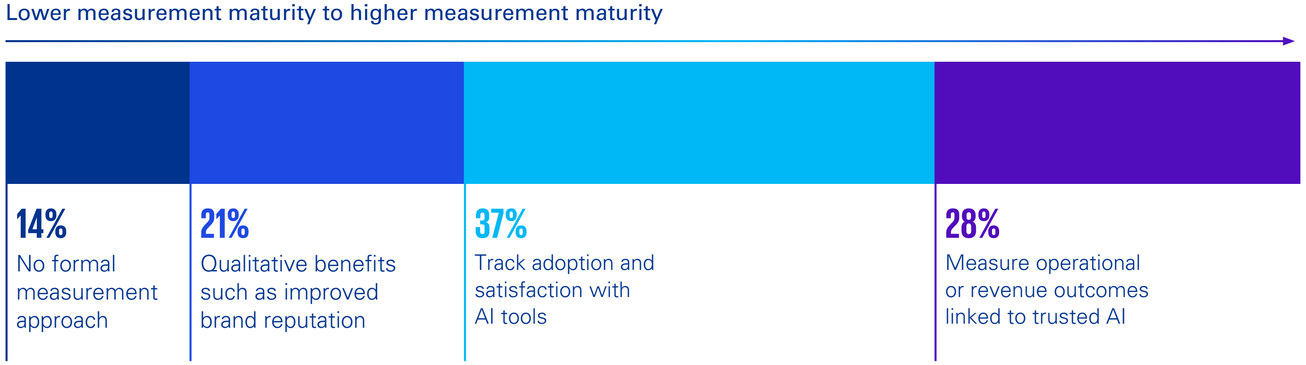


Figure 11. How organizations measure the business value of trusted AI

Beyond cost avoidance, how does your organization measure the value created through AI trust and risk management?



Redesigning work

The operating model: where transformation often succeeds or fails

The operating model has moved from the background to the forefront of enterprise transformation.

For years, organizations focused on strategy, technology and capability building as the primary drivers of change. Increasingly, however, leaders are discovering that transformation outcomes are shaped just as much by how the enterprise is organized to make decisions, allocate resources and adapt over time.

Many of the barriers to transformation no longer stem from a lack of ambition, investment or technology. They emerge from the way work is structured, authority is distributed and priorities are translated into action across the organization. As change becomes more continuous, these underlying mechanisms can either accelerate progress or create friction that limits impact.

This elevates the operating model from a management consideration to a strategic one. The question is no longer whether organizations are transforming, but whether they are organized to sustain transformation over time.

Slow execution exposes the limitations of current operating models

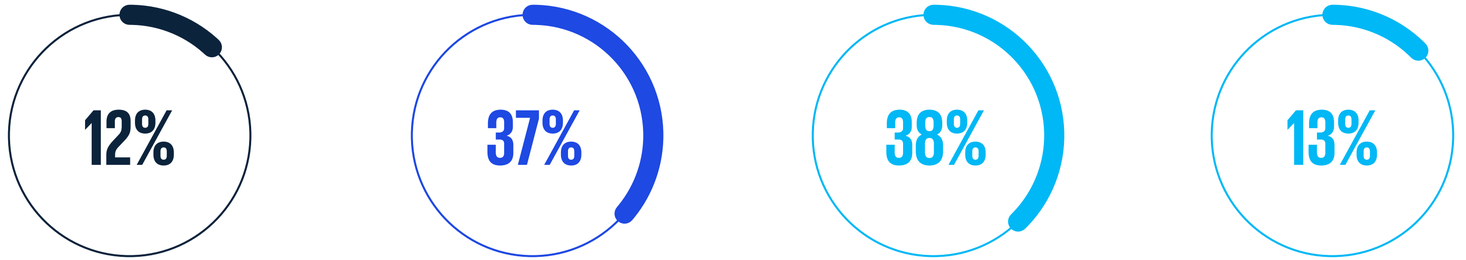
Most enterprises continue to operate through structures designed for stability rather than continuous execution. Work remains organized within functions, decisions are coordinated sequentially and processes are optimized locally rather than across end-to-end value streams. As transformation scales across AI, automation and interconnected workflows, these operating models can introduce increasing friction, slow execution and fragment accountability.

These limitations are most visible in how quickly organizations can translate priorities into action. Only 12 percent of organizations report being able to launch new initiatives within three months, while more than half require six months or longer.

In most organizations, priorities are clear. The constraint lies in the ability to translate intent into integrated execution. Constraints are particularly visible in functions with complex dependencies — for example, supply chain, where 43 percent of organizations report execution timelines of six to twelve months, reflecting the challenge of aligning activity across systems, partners and operational processes.

Figure 12. Most organizations struggle to move quickly from strategy to execution

On average, how long does it take to launch a new initiative from concept to execution in your organization?



51% require 6 months or more

> **In our experience, transformation is rarely constrained by ambition or technical possibilities. It is typically constrained by how work moves across the enterprise. Fragmented operating models can create isolated improvements, but struggle to deliver coordinated enterprise performance.**

Svilena Tzekova
Global Head of Corporate Services
KPMG International

Agility is widely prioritized, but not yet structurally enabled

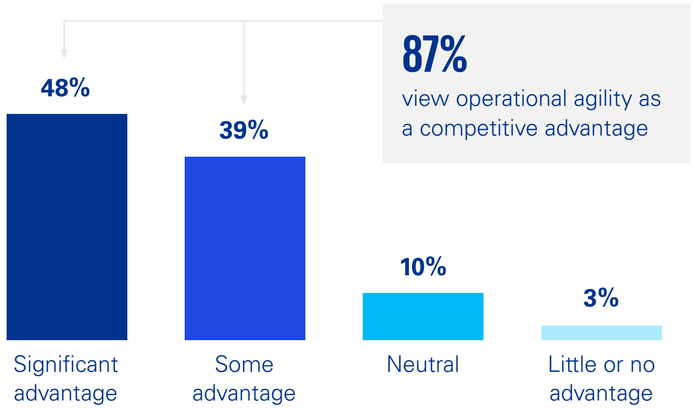
Leaders recognize operational agility as a competitive advantage, with 87 percent reporting that it improves enterprise performance and responsiveness.

This highlights a disconnect: agility is widely prioritized, but many organizations have not designed their operating models to support it. Decision rights remain fragmented and execution is not consistently aligned across the enterprise.

As a result, organizations experience pockets of speed rather than sustained enterprise responsiveness. Work may move quickly within individual functions or initiatives, but coordination across the enterprise remains inconsistent, limiting the ability to translate priorities into action at scale.

Figure 13. Most organizations view operational agility as a competitive advantage

To what extent do you believe that operational agility provides a competitive advantage in your industry?



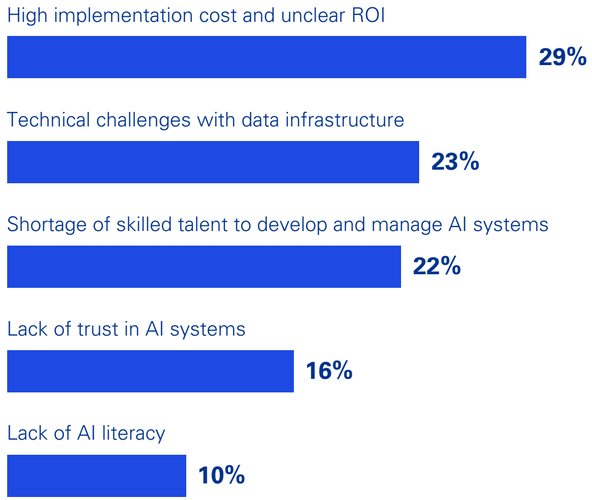
The biggest barriers to scale AI rarely exist in isolation

Organizations are managing interdependent constraints across technology, data, talent and governance simultaneously. No single issue dominates. The challenge lies in coordinating systems, capabilities and decisions in ways that allow transformation to scale across functions.

Often, responsibility for embedding AI remains distributed across functions rather than owned at the enterprise level. Without clear ownership, organizations can struggle to align priorities and coordinate execution.

Figure 14. No single constraint explains why organizations struggle to scale AI value

Which of the following represents the greatest obstacle to achieving a return on your AI investments?



Execution should span across connected ecosystems

As operating models become more complex, work is increasingly distributed across internal teams, external partners and interconnected platforms.

Organizations are increasingly extending their capabilities through partners, platforms and managed services. This can accelerate execution, but it also changes where performance is created. Success is no longer determined solely by how effectively organizations operate internally. It depends on how effectively work moves across an extended ecosystem.

Expanding capability without improving coordination can make it difficult to increase performance. Organizations that fail to integrate work across internal teams, external partners and technology platforms often create more friction than value.

The next phase of AI transformation centers on human-AI coordination.

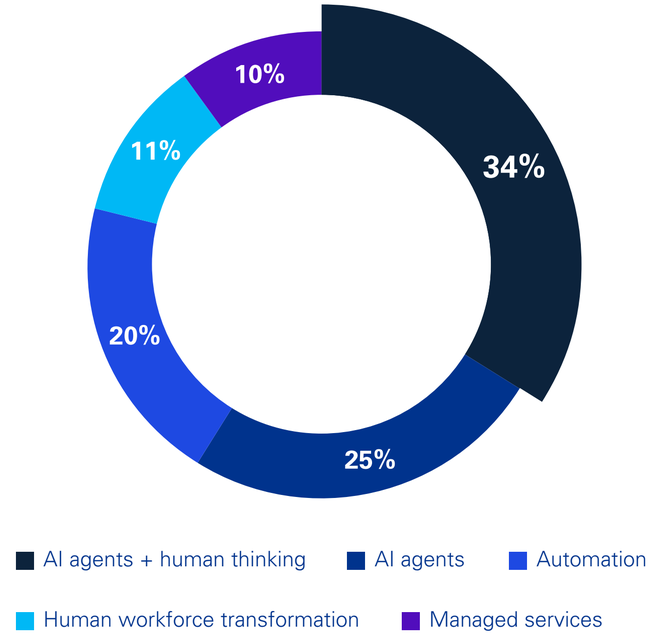
More than one-third of leaders (34%) identify the greatest opportunity in combining AI agents with human decision-making, compared to 25 percent for AI alone and 20 percent for traditional automation. This signals a shift in how performance is created.

As work becomes increasingly distributed across teams, partners and platforms, organizations should rethink how execution is coordinated. Realizing value requires more than AI adoption alone. It requires redesigning workflows, decision-making and accountability so people and AI can operate together effectively across functions and systems.

In many organizations, AI is still layered onto existing ways of working rather than used to redesign them. As a result, gains remain incremental and do not consistently translate into enterprise-wide transformation.

Figure 15. The largest future performance gains are expected to come from integrated human and AI execution

In the next 3-5 years, where do you expect the largest operational performance gains to come from?



The human-AI enterprise: redefining how work is performed

Designing the intelligent enterprise workforce

We expect the next phase of enterprise performance will be shaped by how decisively organizations redesign work itself. As human and machine capabilities increasingly operate together, leading enterprises are moving beyond task-level augmentation toward redesigning how work is coordinated, decisions are made and outcomes are delivered.

In this model, work is organized around end-to-end value streams rather than functions. AI supports analysis, coordination and execution, allowing people to focus on judgment, oversight and innovation. This enables work to move more effectively at an enterprise level and connect decisions more directly to value creation.

This shift helps to improve both efficiency and responsiveness, enabling faster decisions closer to where value is created. Integrating AI across roles also creates new opportunities for scale, innovation and differentiation.

However, most organizations are still embedding AI into existing workflows rather than redesigning how work operates. Tasks are being augmented and processes accelerated, but roles, decision-making and accountability models remain largely unchanged.

This reflects the absence of a true human-AI workforce model — one where work is intentionally redesigned across people, intelligent agents, automation and partners to operate cohesively.

Agentic AI is expanding faster than work is being redesigned

Agentic AI is no longer concentrated in technical domains. While deployment remains highest in technology and IT (59%), it is now being adopted across core business functions, including marketing and sales (43%), operations (42%) and risk and compliance (37%).

This expansion raises an important challenge. Agentic AI is designed to participate more directly in workflows, decision-making and execution than earlier generations of AI. As deployment expands, organizations must move beyond adoption and rethink how work is designed. Without corresponding changes to roles, workflows and accountability, agentic AI may improve individual tasks while leaving broader ways of working largely unchanged.

Figure 16. AI adoption is spreading well beyond technology functions

In which functions is your organization currently deploying agentic AI into workflows?

> **Most organizations are applying AI to existing workflows rather than redesigning how work operates. That can improve efficiency, but may not lead to true transformation. Real value typically comes from connecting workflows and redesigning how humans and AI operate together — helping turn isolated work into an integrated system that operates more like a smart city.**

Mark Williamson
Global Head of People and Change Consulting
KPMG International

AI is changing faster than organizations can adapt

At the heart of many AI initiatives is a fundamental mismatch that many enterprises have not yet addressed. Most workforce models remain designed around deterministic work, where processes are predefined, decisions follow explicit rules and outcomes are expected to be predictable. People, supported by enterprise platforms such as ERP, CRM and workflow tools, are organized to deliver consistency at scale.

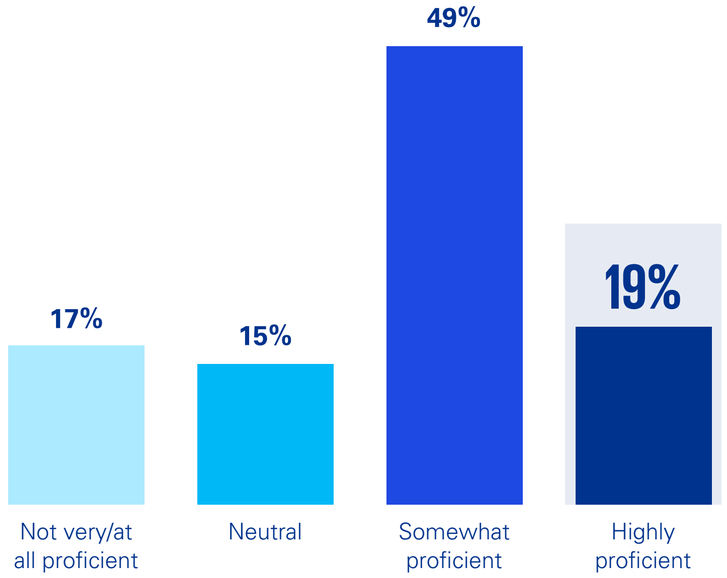
AI operates differently. It is inherently probabilistic, producing outputs based on context, patterns and inference rather than fixed instructions. AI systems can adapt continuously, learn from new data and generate recommendations rather than definitive answers. While these capabilities are well suited to dynamic environments, they can be difficult to integrate into workforce models designed for predictability and control.

This mismatch is increasingly visible in day-to-day execution. Organizations are deploying technology capable of sensing change in real time, yet execution often still depends on manual coordination and multiple layers of approval. Intelligent insights sit in dashboards, waiting for action, while opportunities to intervene earlier, prevent issues, or dynamically reprioritize work are frequently missed, because operating models cannot absorb intelligence at speed.

The challenge is reflected in workforce proficiency. Despite accelerating investment and deployment, only 19 percent of organizations report a highly proficient workforce in using AI tools. Improving proficiency may require more than training alone. It may also require rethinking how work is organized, how decisions are made and how accountability is structured so people and AI can operate together more effectively.

Figure 17. Few organizations report high workforce proficiency in AI

How proficient is your organization's workforce in using AI tools?



Redesigning the total workforce around human and AI capabilities

As AI becomes more deeply embedded into enterprise operations, organizations are beginning to confront a broader workforce challenge: how to organize work when people and intelligent systems contribute side by side. A true human-AI workforce is not simply about introducing new tools. It requires organizations to rethink how work is assigned, supervised and improved when people and intelligent systems increasingly contribute to shared outcomes.

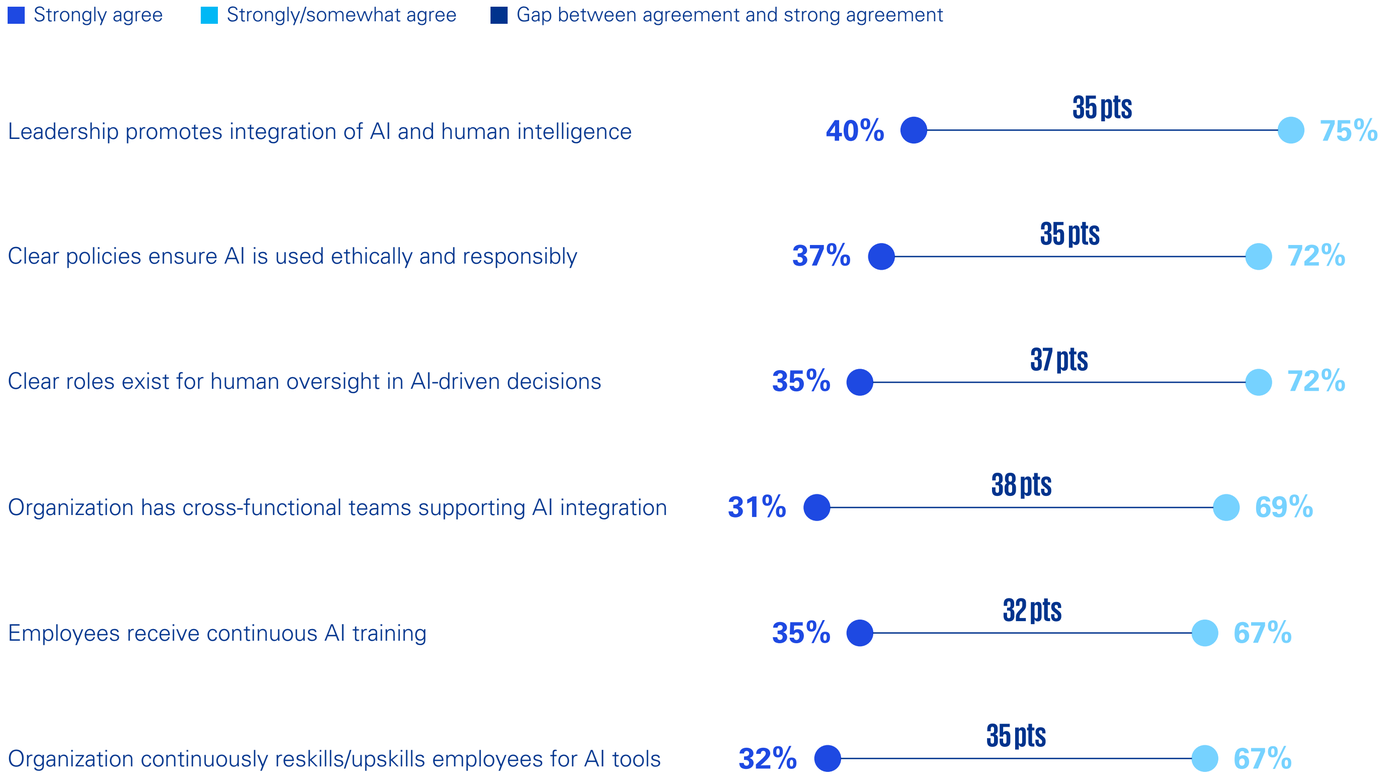
When asked about the extent to which their organizations support human-AI integration, most leaders report positive progress. Seventy-five percent agree that leadership promotes AI-human integration, while 72 percent agree that clear roles exist for human oversight and accountability. However, far fewer express the highest level of confidence that these capabilities are fully embedded within their organizations. Across leadership support, governance, workforce development and human oversight, a consistent gap exists between agreement and strong agreement.

This suggests that many organizations have begun building the foundations for human-AI integration but have not yet embedded those capabilities into day-to-day operations.

The emergence of a human-AI workforce changes the role of management itself. Management shifts from coordinating individuals to orchestrating a broader workforce of human and digital contributors. The challenge is no longer simply determining where AI should be deployed, but how work should be organized when outcomes are increasingly produced through combinations of human judgment, automation and intelligent systems.

Figure 18. Organizations promote AI-human integration more than they operationalize it

To what extent do you agree or disagree with each of the following statements about your organization?



Rethinking the enterprise

Orchestration: a defining capability for enterprise performance

The intelligent economy is exposing the limits of traditional transformation models

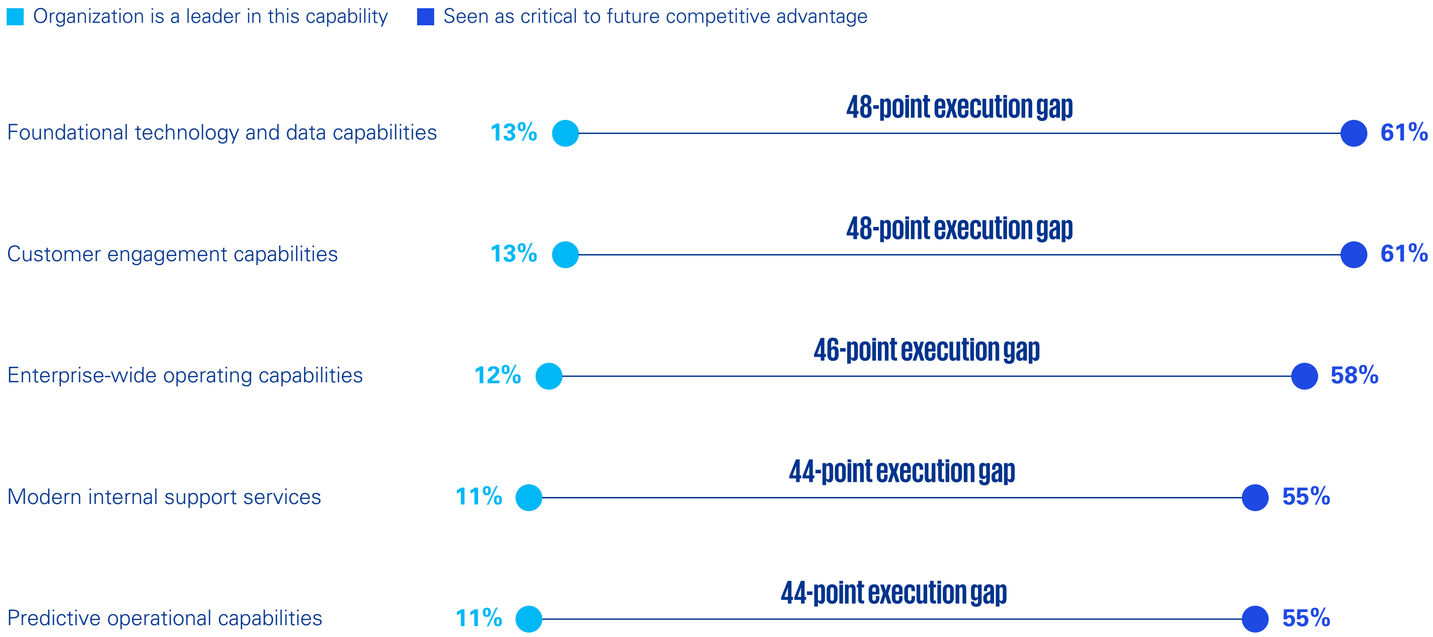
In the research, leaders were remarkably consistent in identifying the capabilities that will matter most for future competitiveness. Across technology and data, customer engagement, operating capabilities and predictive capabilities, a majority view these areas as critical to future advantage. Yet only a small minority believe they have achieved leadership in delivering them today.

This gap between strategic ambition and organizational capability is becoming one of the defining challenges of enterprise transformation. As change accelerates, competitive advantage increasingly depends not only on knowing what capabilities matter, but on building the organizational capacity to develop, integrate and scale them throughout the organization.

This requires more than transformation. It requires orchestration: the ability to connect technology, talent, operating and customer capabilities so they reinforce one another rather than compete for attention and investment.

Figure 19. Organizations identify five critical capabilities, but few have mastered them

Which enterprise capabilities are most critical to future competitive advantage, and how mature is your organization in each area today?



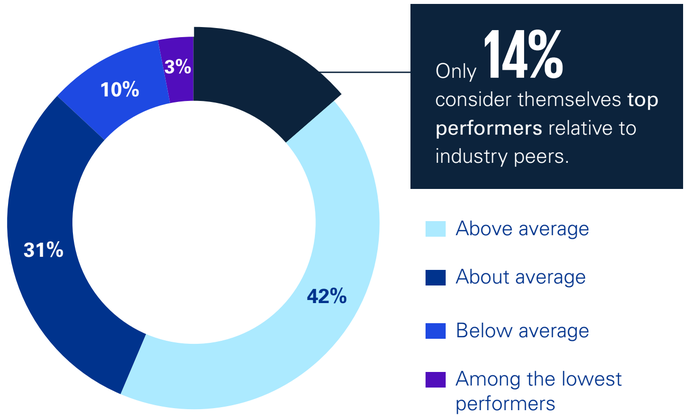
Transformation is widespread, but performance gains remain concentrated

Only 14 percent of organizations consider themselves top performers relative to their peers, despite widespread investment in transformation.

Organizations pursuing transformation — particularly in digital and technology domains — are more likely to outperform peers across key business outcomes, including innovation, investment capacity and stakeholder trust. Risk transformation shows an even stronger relationship with performance, despite being undertaken by fewer organizations.

Figure 20. Organizational performance relative to industry peers

In the past 12 months, how would you rate your organization's overall performance relative to industry peers?



Not all transformation types deliver the same outcomes

Some forms of transformation are associated with stronger performance improvements than others. Risk, digital and business model transformations report the greatest gains, suggesting that where organizations focus transformation efforts influences the value they realize.

However, transformation type alone does not determine outcomes. Organizations that outperform their peers are more likely to connect transformation across operating models, governance, workforce and execution rather than pursuing disconnected initiatives in isolation.

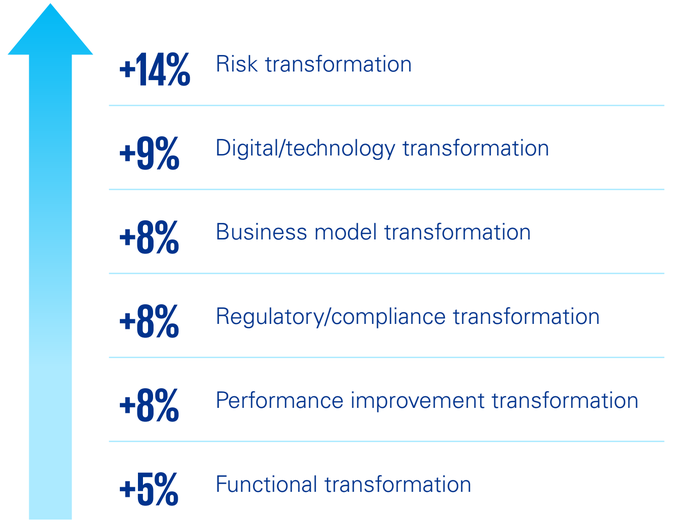
As transformation expands, performance increasingly depends on the ability to coordinate priorities, integrate capabilities and direct execution across the organization. This calls for more than transformation activity. It calls for orchestration.

> **Top-performing organizations are often distinguished not by the volume of transformation underway, but by their ability to orchestrate transformation effectively.**

Adrian Clamp
Global Head of Consulting Strategy and Investment
KPMG International

Figure 21. Performance gains vary across different types of transformation

Average self-reported performance improvement associated with each transformation type



Transformation governance is becoming increasingly complex

Organizations are pursuing transformation across multiple dimensions simultaneously, placing significant pressure on enterprise transformation governance.

Technology transformation is now widespread, with 70 percent of organizations reporting active initiatives. At the same time, operating model transformation (51%) and enterprise-wide change across systems, processes and people (48%) are underway across a significant share of organizations.

As transformation expands, organizations are managing increasing interdependencies across technology, workforce, operations, governance and risk. The challenge is no longer initiating change. It is coordinating execution across interconnected systems, functions and priorities.

Enterprise orchestration aligns concurrent transformations

As organizations pursue multiple transformations simultaneously, the challenge shifts from initiating change to ensuring different transformation efforts work together toward common outcomes.

Orchestration provides the mechanism for doing so. It creates visibility across transformation activity, connects decisions across functions and helps organizations coordinate execution across increasingly interconnected operating environments.

Organizations embedding AI into enterprise strategy and operating models are more likely to realize enterprise-wide value when capabilities are aligned and integrated. Without this alignment, AI often improves individual activities while broader transformation outcomes remain difficult to scale.

Success in orchestration depends on foundational enterprise capabilities

Success in orchestration depends on a set of underlying conditions: strategic alignment, leadership direction, integrated governance, talent depth and strong foundational capabilities. When these capabilities evolve unevenly, it becomes harder to reconcile transformation success against value and desired outcomes.

Strategic Alignment
Clarity on how transformation supports enterprise priorities

Leadership Direction
Active ownership of transformation at the enterprise level

Risk Management
Embedding risk and trust into transformation design

Talent Depth
Availability of governance, change and value management

Foundational Capabilities
Infrastructure, data, AI models, engineering and integration

Figure 22. Organizations are managing transformation across multiple enterprise dimensions simultaneously

Which types of transformation initiatives are currently active across your organization?

Digital transformation	
Integration of digital technologies across the enterprise	70%
Operating model transformation	
Revenue growth, cost reduction, operational efficiency	51%
Organization-wide changes across systems, processes, people and technology	48%
Changes within specific functions such as HR, finance or operations	47%
Strategic business model transformation	
New revenue models, new markets, enhanced customer experience	45%
Managing emerging risks and mitigation approaches	32%
Responding to regulatory or policy changes	31%
Strategic M&A-driven transformation	
Integration, separation or restructuring initiatives	25%

Orchestration turns transformation into enterprise performance

Orchestration is not separate from transformation. It is how transformation is directed and sustained.

As transformation scales across functions, systems and workflows, coordination can no longer remain episodic or program-based. Organizations require continuous alignment across strategy, operations, technology, workforce and governance.

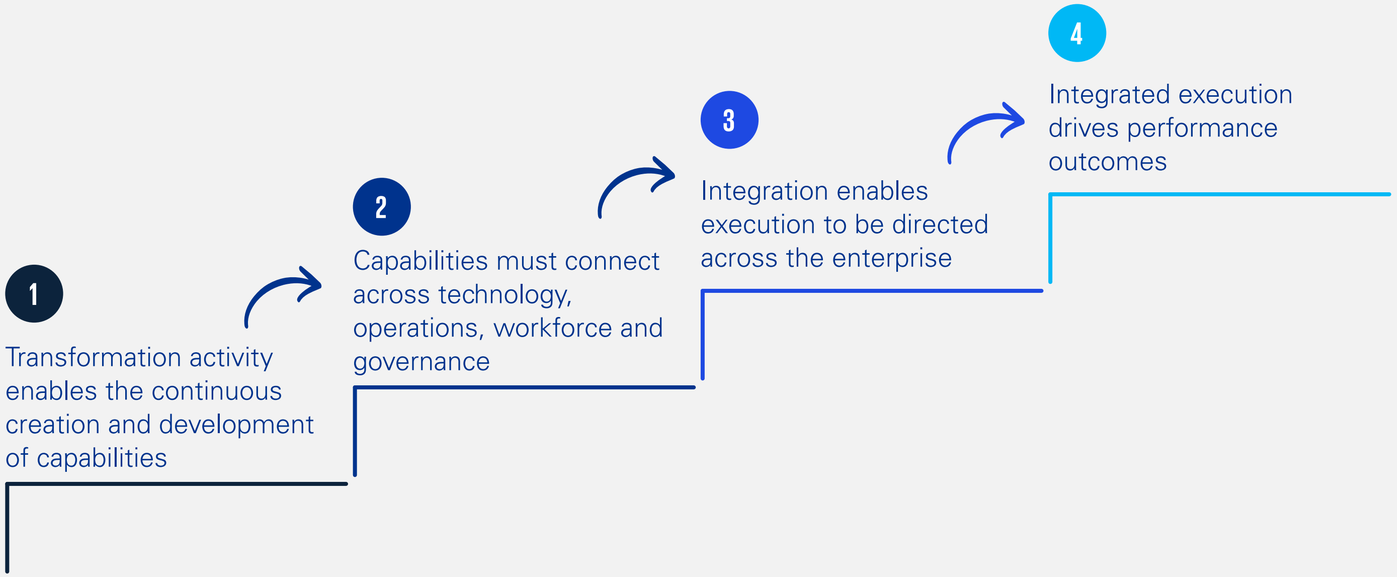
Performance increasingly depends on how effectively organizations integrate these capabilities into coordinated enterprise execution.

Leading organizations orchestrate transformation differently

Leading organizations outperform not because they undertake more transformation, but because they connect technology, operations, workforce and governance efforts into a coordinated enterprise agenda.

This creates a more direct path from transformation activity to enterprise performance.

The pathway from transformation activity to enterprise performance



> **Performance is no longer defined by how much transformation an organization undertakes, but by how effectively it directs it. Leading organizations orchestrate transformation, making deliberate decisions about where to accelerate, align or stop activity to maximize enterprise value.**

Tash Moore
Global Lead for Transformation
KPMG International

Principles of enterprise orchestration

As markets, technologies, operating models and customer expectations evolve simultaneously, organizations must coordinate multiple dimensions of change at once — not sequentially or in isolation.

Orchestration aligns strategy, business models, capabilities, governance and execution into a coordinated enterprise system. Rather than managing disconnected initiatives, leading organizations continuously align priorities, direct execution and adapt dynamically as conditions change.

In practice, effective orchestration is guided by a consistent set of principles:

Do

- Align strategic priorities, business model choices and value streams around measurable value outcomes
- Design experiences, capabilities (human, AI and system), and operating models as an integrated whole
- Use real time signals — from performance, customers, markets and risk — to adjust direction dynamically
- Establish enterprise level ownership to resolve trade-offs across growth, risk, speed and efficiency

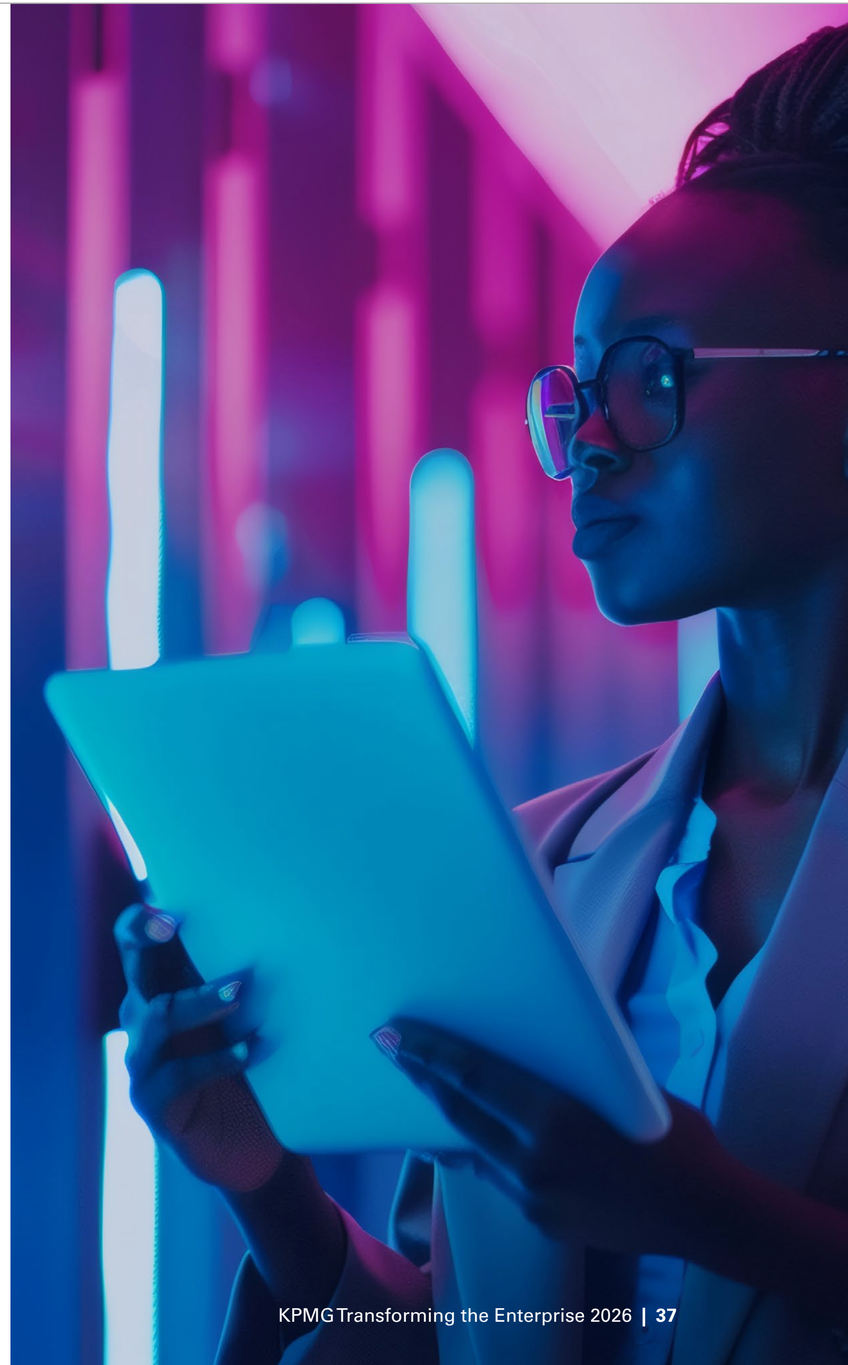
Effective orchestration depends on shared definitions of value, integrated governance, enterprise-wide visibility and coordinated decision-making across functions and systems.

Don’t

- Redefine strategy without reshaping the operating model that must deliver it
- Optimize value streams or experiences in isolation from enterprise priorities
- Treat AI, digital or operating change as standalone transformations
- Govern change through disconnected forums that delay decisions and dilute accountability

> **Orchestration is not about alignment alone — it’s about making the right calls: where to scale, where to stop, and how to turn AI into better customer outcomes.**

Jeanne Johnson
Global Head of Customer and Operations
KPMG International



The leadership decisions that define enterprise orchestration

Enterprise orchestration becomes visible in moments of trade-off. As conditions change, leading organizations apply a consistent set of leadership decisions to align priorities, direct execution and coordinate action.

When growth and risk collide

Leaders make speed conditional on trust. AI initiatives scale only when governance, controls, and accountability are embedded from the outset. Risk is not reviewed after execution; it determines whether execution can scale.

When everything looks successful

Leaders introduce explicit stopping rules. Local success alone is not enough. Initiatives must integrate and reinforce shared capabilities rather than perform in isolation.

When strategy stalls in execution

Leaders redesign decision rights around enterprise outcomes rather than functional ownership. Accountability is distributed across interconnected teams with authority to act closer to execution.

When governance cannot keep pace

Leaders embed governance directly into execution. Real-time thresholds trigger escalation, intervention, or override rather than relying on periodic review cycles.

When resources are trapped in the past

Leaders continuously reallocate capital and talent toward enterprise priorities rather than fixed annual plans or functional ownership structures.

Customer experience: the clearest signal of enterprise orchestration

As AI becomes embedded across decisions and workflows, customer experience increasingly reveals whether the enterprise is truly integrated. Every interaction draws on multiple systems, data sources, workflows and decision rights. Where orchestration is weak, experiences fragment. Customers repeat themselves, issues move slowly across functions, and intelligence fails to translate into action.

Where orchestration is strong, experiences become faster, more adaptive, and more predictive. Customer experience therefore becomes a real-time indicator of how effectively the enterprise aligns data, decision-making, trust, and execution across the organization.

Questions to take to the next board meeting

Technology and data foundations: Are data, platforms and AI capabilities integrated enough to scale intelligence or is the enterprise still layering new capabilities onto fragmented foundations?

Trust and governance: Is governance embedded into execution strongly enough to accelerate AI adoption with confidence, or is risk still being applied after the fact?

Operating model: Where do handoffs, delays and functional boundaries still prevent strategy from translating into coordinated execution?

Workforce and ways of working: Have roles, workflows and decision-making been redesigned for human-AI collaboration, or is AI only being added to existing work?

Enterprise orchestration: Who has the mandate to resolve trade-offs, stop disconnected initiatives, and reallocate resources toward enterprise priorities?

What transformation leaders do differently

What transformation leaders do differently

Transformation leaders are distinguished less by the scale of their ambition than by the choices they make: what they prioritize, how they sequence change, and how they align and direct the enterprise to deliver it.

Prioritize adaptability over efficiency

Most organizations continue to pursue performance through process efficiency.

Leading organizations make a different choice by prioritizing workforce adaptability as a primary driver of execution.

What leaders do differently

- Are less likely to prioritize process optimization (39% vs. 55% among other organizations)
- They place greater emphasis on reskilling, employee experience, and the ability to continuously reconfigure how work gets done

Prioritize enterprise alignment over transformation volume

Most organizations respond to pressure by increasing the volume of transformation activity.

Leaders build on enterprise orchestration capabilities that enable the organization to adapt more effectively, coordinate execution at scale, and compound value over time.

What leaders do differently

- Are nearly 9× more likely to be leading in enterprise capability maturity
- They are 3× more likely to significantly outperform competitors

Align the enterprise before scaling AI

Most organizations are attempting to scale AI technology within fragmented structures.

Leading organizations do the opposite, integrating the enterprise first, then scaling technology across the connected system.

What leaders do differently

- Drive stronger alignment across strategy, operating model, talent, and technology
- They demonstrate greater ability to translate AI adoption into measurable business outcomes by integrating execution across the enterprise

Design trust and risk as foundations to enable speed

Most organizations treat risk and governance as constraints on transformation.

Leading organizations design them as enablers of speed, embedding trust directly into how the enterprise operates.

What leaders do differently

- Leading organizations are more likely to adopt proactive AI risk management embedded across strategy and the technology lifecycle
- They are more than twice as likely to treat trust as a source of competitive differentiation (70% vs. 31% of other organizations)

Leverage external partners to accelerate progress

Most organizations delay transformation until internal capabilities are in place.

Leading organizations use ecosystem partnerships, alliances and platforms to accelerate execution and extend capabilities as conditions change.

What leaders do differently

- Leaders are twice as likely to leverage managed services (25% vs. 14% of other organizations)
- They are more likely to integrate ecosystem partners directly into how value is created, delivered and scaled.

Alliance perspectives

sector and function highlights

Athena Karp

Senior Vice President,
AI Strategy
Workday

Work is being redefined faster than most organizations can adapt

Organizations are applying familiar approaches to AI adoption — change management, training, and rollout — as though this were simply another layer of technology. In practice, the shift is more fundamental. As AI begins to take on tasks and decisions, work itself starts to fragment. Roles that once operated as coherent units break down into components that should be redistributed across human and machine contributions.

Most organizations have no operating model for managing this shift. Their systems for performance, incentives and career progression were designed for a human-only workforce, not one where work is increasingly shared across people, AI agents and automation.

The operating impact

Increased productivity without direction

AI is unlocking meaningful capacity — often in the range of 15-25% — but organizations are rarely explicit about how that capacity should be used. What work is deprioritized? What new work is created? How is value measured? Without clear answers, gains often dissipate or create uncertainty.

Roles that no longer map to the work

What individuals were hired, trained and rewarded to do is increasingly disconnected from where value now sits. The highest-value work is often more strategic, less defined and not yet reflected in role design or capability models.

Incentives that lag behind the shift

Employees are being asked to reimagine how work is done but without aligned goals, incentives or performance measures, making the transition uneven and, at times, resisted.

Where organizations struggle

Most organizations have mature, decades-old systems for managing human work that track output, performance, skills and progression. They have almost no equivalent for managing machines as contributors. As a result, AI is often governed as a tool, even when it is actively participating in how work gets done.

What leaders do differently

The organizations moving ahead are treating this as a work design challenge rather than simply an adoption challenge: redefining roles, making explicit decisions about how capacity is redeployed and building new models to coordinate human and machine contribution as a unified workforce.

> **Most organizations are still thinking about AI as a technology deployment challenge. In reality, it is a work redesign challenge.**
>
> **Athena Karp**

Tina Mashiko

Senior Vice President, Global Finance and Strategic Operations
Oracle

Finance is shifting from reporting performance to continuously steering it

Finance transformation has historically focused on efficiency: closing faster, automating manual work, and standardizing processes. These remain essential but they are no longer sufficient in an environment defined by volatility, margin pressure and rising expectations from leadership. The role of finance is being reshaped by a more fundamental expectation: helping the business make better decisions faster and with greater confidence.

This is changing the operating rhythm of the function. Rather than operating in cycles — close, report, forecast — finance is increasingly expected to operate continuously, integrating financial, operational and external data to deliver real-time insight into performance, risk, and opportunity. In this model, finance no longer looks back; it helps shape what happens next.

The operating impact

From hindsight to forward-looking decision support

Variance analysis and forecasting are shifting from explaining past performance to identifying what is likely to happen and what actions should be taken in response.

A continuous planning and decision cycle

Static forecasts are giving way to rolling, scenario-based models that evolve in real time as new data becomes available.

A function that spans the enterprise

Finance is increasingly integrating data across demand, supply, cost, customer behavior and workforce to create a more complete view of business performance and enable more informed decisions.

Where organizations struggle

Most organizations are not structurally prepared for this shift. Financial, operational and planning data remain fragmented, requiring significant effort to reconcile before they can be used. At the same time, inconsistent processes and local customization limit the ability to scale automation and apply AI effectively. As a result, finance teams continue to spend disproportionate time preparing data instead of interpreting it and guiding decisions.

What leaders do differently

Progress is most evident where organizations treat finance transformation as a system-level discipline, combining standardized processes, trusted data and strong governance to enable real-time execution. In these environments, finance is no longer just a downstream reporting function; it operates as a central decision layer, continuously assessing performance, adjusting forecasts and guiding actions across the enterprise.

In that model, the question is no longer “what happened?” but “what does this mean, and what should we do next?”

> **Finance is becoming less about closing the books and more about continuously directing capital, risk and performance across the enterprise.**
>
> **Tina Mashiko**

David Vallejo

Vice President,
Global Head of Digital
Supply Chain
SAP

End-to-end supply chains remain an aspiration because organizations are not designed to operate that way

Technology has advanced to the point where end-to-end visibility and coordination are increasingly possible. Yet in practice, most supply chains remain fragmented, not just across the enterprise, but within it. Planning, manufacturing and logistics continue to operate as distinct domains, each with its own data, technologies and decision-making cadence.

The constraint is now less technical than organizational. Even in advanced organizations, there is often no clear ownership model for decisions that span functions, let alone extend across finance, suppliers and partners. As a result, transformation efforts frequently default to technology upgrades or functional optimization without addressing the operating structures required to manage the supply chain end-to-end.

The operating impact

End-to-end visibility without end-to-end decisions

Organizations can increasingly see across the supply chain, but lack the structures and incentives to act on that insight in a coordinated way.

Transformation anchored in technology rather than business outcomes

Many initiatives begin with system modernization rather than a clearly defined business objective, leading to progress that is difficult to measure and sustain.

Enterprise optimization across interconnected ecosystems

Even highly digitized organizations often revert to analog processes once they move beyond the enterprise boundary, limiting the ability to coordinate with suppliers, partners and customers in real time.

Where organizations struggle

Supply chain performance is increasingly determined by signals and dependencies that sit outside the enterprise: consumer behavior, partner data external risk factors. Yet most decision models remain internally focused, built on incomplete and delayed data.

Without integrating these external signals, predictive capabilities remain constrained and decision-making continues to rely on cycles instead of continuous, probability-based models.

What leaders do differently

Progress is most evident where transformation is anchored in clear business outcomes such as improved customer service or greater resilience, and used to align functions around shared objectives. From there, organizations extend coordination beyond the enterprise, integrating partners, external data and real-time signals into a unified decision environment.

In this model, supply chain is no longer managed as a collection of discrete functions. It operates as a coordinated capability that helps organizations sense change, make faster decisions and respond across an interconnected ecosystem.

> **Technology has made real-time supply chain visibility increasingly possible. The operating model required to act on that visibility still lags behind.**
>
> **David Vallejo**

Vasant Balasubramanian

Group Vice President and General Manager for Risk, AI Control Tower, ESG ServiceNow

Risk is still managed at human speed, even as the operating environment moves at machine speed

Across organizations, risk is not experienced uniformly; it varies dramatically depending on where you sit. Cyber and technology teams already operate in a world of continuous monitoring and rapid response. Elsewhere — across legal, operations and enterprise risk — risk is still often managed episodically, assessed at intervals and governed within functional boundaries.

The gap between those models is becoming increasingly difficult to sustain. As AI scales, the pace at which risk emerges and spreads is compressing. What begins as a vulnerability in one domain — cyber, third-party or data — can now propagate across platforms, processes and physical environments within minutes.

The relationship between cause and consequence is no longer linear, and the time to impact is no longer measured in human cycles.

The operating impact

A fragmented view of an interconnected system

Risk continues to be managed through functional lenses, each seeing only part of the picture. The result is a series of partial truths across an environment that is increasingly interconnected.

Speed without containment

As agents interact with agents, decisions and actions occur at machine speed. Risk events no longer unfold gradually — they cascade. Most organizations have not fully internalized what that compression of time means for exposure.

Control models that do not scale

Continuous monitoring exists in parts of the enterprise, particularly in technology, but has not extended across the full set of business processes where AI is now embedded.

Where organizations struggle

Risk is still treated as a function, one that is owned, measured and executed within silos, instead of as a foundational capability that underpins how the enterprise operates. In practice, this limits its ability to scale with the speed and complexity of transformation.

What leaders do differently

Risk only begins to scale with the business when it is treated as an underlying fabric — an operating layer that connects technology, processes, data and third parties. This requires working backward from critical business services, understanding the full ecosystem that enables them and embedding risk into how those systems are designed and run.

In that model, risk doesn't slow the business. It helps define how far and how fast it can move.

> **Risk can be viewed like the fuel gauge in a car. The fuel gauge doesn't slow you down — it lets you go faster and farther because you know how much capacity you have and when you need to adjust. Without it, you drive cautiously, check constantly or stop unnecessarily — wasting time and momentum.**
>
> **Vasant Balasubramanian**

Sector highlights

Across sectors, organizations are pursuing multiple forms of transformation simultaneously, but the impact varies significantly depending on operating models, regulatory environments and the extent to which technology, data and decision-making are integrated more broadly.

In many sectors, transformation is beginning to improve operational performance and support growth. However, measurable enterprise impact remains uneven.

Banking and Capital Markets:

Transformation is strongest in control functions, but constrained at the enterprise level

AI is deeply embedded in risk, compliance and operational efficiency, most notably in areas such as fraud detection, credit underwriting and regulatory reporting, where structured data and strong governance enable scale. However, this momentum is less evident in customer-facing innovation and new business models, where adoption remains more limited.

Industrial Manufacturing:

Transformation is delivering operational gains, but not yet strategic advantage

AI is widely applied to improve operational efficiency, with strong adoption in areas such as predictive maintenance, production planning and quality control. While these use cases are generating meaningful operational gains, adoption remains more limited in innovation, new revenue streams and strategic decision-making, constraining AI's broader influence on commercial growth and enterprise strategy.

Consumer Markets, Retail and Leisure:

AI is advancing in customer engagement, but not yet integrated into the enterprise layer

AI is widely used to analyze customer data and personalize experiences across targeted marketing, recommendation engines and pricing optimization, with front-office adoption relatively advanced. However, customer-facing capabilities are evolving faster than enterprise-wide operational integration, limiting the ability to connect customer intelligence seamlessly across operations, supply chain and decision-making systems.

Energy, Natural Resources and Chemicals:

Transformation is concentrated in targeted use cases

AI is applied in targeted, high-impact use cases including asset optimization, demand forecasting and field operations, where adoption remains relatively concentrated. However, broader application across innovation and enterprise transformation remains uneven.

Healthcare:

Transformation is progressing, but constrained by trust, regulation and system complexity

AI is increasingly used to support decision-making and operational efficiency in areas such as diagnostics, patient triage and capacity planning, with adoption gaining momentum in targeted domains. However, scaling remains constrained by trust considerations, regulatory complexity and fragmented operating environments, limiting the ability to integrate AI consistently across clinical, operational and administrative functions.

Tech and Telecom:

AI is widely embedded enabling both performance and growth

AI is widely applied across operational efficiency, customer experience, decision-making and new business models, spanning areas such as network optimization, customer service automation and product innovation. Unlike many other sectors, adoption is not confined to targeted use cases but increasingly universal. The challenge is now less about adoption and more about sustaining advantage through continuous integration, coordination and innovation.

Government and Public Sector:

Transformation activity is high, but enterprise impact remains difficult to scale

Government organizations are actively pursuing enterprise, functional and digital transformation, with AI increasingly applied across citizen services, operational efficiency and decision-making. Yet measurable productivity gains remain more limited than in many other sectors, highlighting the challenge of translating adoption into sustained value. Greater enterprise impact will require the leadership commitment, capabilities and organizational readiness required to scale AI consistently across the enterprise.

> **AI-enabled transformation in Government is gaining momentum, but scaling impact remains constrained by legacy complexity, fragmented delivery and the pace of institutional change.**
>
> **Dean Grandy**
> KPMG Global Head of Government
> KPMG International

The sector and functions highlighted in this report provide a snapshot of how transformation patterns vary across different organizational contexts.

Function highlights

Human Resources:

HR has earned a greater strategic mandate but is not yet structured to support the transformation to total workforce management

Survey findings show HR playing an increasingly central role in enterprise transformation, with stronger alignment to business outcomes and growing ownership of productivity and performance. This is accelerating the shift toward Total Workforce Management, integrating employees, contingent talent and AI into a unified workforce model.

However, progress remains early. While 61 percent of organizations report evolving toward this model, only 11 percent have fully transitioned, with most still operating through role-based structures, siloed workforce planning and misaligned talent systems. HR is becoming more strategic in talent management, but most organizations have not yet redesigned how work is structured and deployed across human and digital resources

Supply Chain:

AI is improving supply chain execution but not yet enabling integrated, network-level performance

AI is already delivering measurable value across logistics, inventory management and demand planning, helping to improve efficiency, reduce costs and enable more predictive, data-driven decisions. Most organizations now report moderate or extensive AI use across operational supply chain activities.

Progress remains largely function-specific and internally focused, with many organizations still operating through partially integrated planning and execution workflows rather than coordinated, end-to-end systems. Visibility and decision-making often stop at the enterprise boundary, despite growing dependence on multi-tier supplier visibility, real-time demand sensing and synchronized planning across the network.

Risk and Compliance:

Risk is increasingly aligned with strategy but not yet embedded in how the enterprise operates

Survey findings show risk increasingly positioned as a strategic enabler, with 84 percent of organizations reporting alignment between risk management and business strategy. However, this shift is not yet matched operationally. In many organizations, risk still functions primarily as a control mechanism applied after decisions are made, rather than shaping how decisions are defined, evaluated and governed across the enterprise.

This gap is particularly visible in AI. Adoption is strongest in structured, quantitative domains such as risk assessment and cybersecurity, but remains more limited in complex, judgment-based areas such as model governance, ethical decision-making and enterprise risk trade-offs. As a result, risk remains unevenly integrated into the workflows, technologies and decisions it is meant to govern, limiting its ability to drive trust, resilience and performance at scale.

Finance:

Finance is becoming more intelligent and central to the enterprise but not yet operating as a real-time, enterprise-wide decision engine

Survey findings show AI already widely embedded across the finance function, with 94 percent of organizations reporting at least partial adoption and more than 75 percent seeing value creation and/or reduced manual effort across reporting, forecasting and analysis. Finance is also emerging as a central node in enterprise planning, with some of the highest levels of AI integration and expected future impact across functions.

However, most organizations continue to focus on optimizing existing processes rather than reconfiguring finance as a forward-looking, decision-oriented function. Finance often remains anchored in periodic reporting cycles, backward-looking key performance indicators (KPI) and fragmented planning processes rather than enabling continuous, real-time insight and decision support. At the same time, system integration challenges, skills gaps and unclear ROI continue to limit the ability to scale end-to-end automation and advanced analytics.

The sector and functions highlighted in this report provide a snapshot of how transformation patterns vary across different organizational contexts.

Leading in the next phase of transformation

Leading in the next phase of transformation calls for organizations to adopt a new set of strategic priorities for how the enterprise is designed, operated and continuously evolved.

01

Rebuild technology foundations for the intelligence layer

Organizations that scale AI successfully tend to invest first in modern technology foundations. They often move beyond fragmented modernization to build resilient, interoperable platforms where data, technologies and AI capabilities operate as a connected system. Integration can be designed in from the outset, to help enable AI to scale safely, efficiently and continuously.

02

Establish trust foundations for speed and value

Most leading organizations typically embed governance, responsible AI, safety and security directly into decision-making and execution rather than layering them on after deployment. By integrating risk management, controls and accountability into operating models and architectures, trust can become an enabler of speed, adoption and scalable AI execution.

03

Redesign the operating model around end-to-end value streams

Most high-performing organizations structure work around how value is created and delivered rather than around functional boundaries. Leaders redesign operating models so strategy, customers, operations and technology operate as a connected execution system. This can reduce handoffs, shorten decision cycles and enable AI to create impact across the full flow of value.

04

Reimagine work for human-AI collaboration

Most leading organizations make workforce adaptability a core operating capability. Rather than relying on episodic upskilling, they redesign roles and workflows so human expertise and AI operate together by design. Learning is embedded into the flow of work, capabilities evolve continuously, and the workforce becomes a driver of AI scale rather than a constraint.

05

Rethink enterprise transformation as agile enterprise orchestration

Most leaders treat transformation as a coordinated enterprise capability rather than a collection of disconnected initiatives. They orchestrate strategy, execution and investment across functions, helping to ensure capabilities reinforce one another over time. Leading organizations increasingly model enterprise value streams, decisions, risks and controls in ways that both humans and AI can understand, supporting more coordinated execution at scale.

How KPMG can help

KPMG's transformation services span business strategy and model innovation, enterprise and functional transformation, technology, data and AI modernization, talent and organization design, change and adoption, and transformation governance and value management. These services are deployed individually or in combination, depending on whether the client's challenge sits at a foundation, functional or enterprise level, and are tailored by industry, regulatory context and transformation trigger.

A defining strength of KPMG's approach is the ability to orchestrate complex transformation journeys — aligning leadership, sequencing initiatives, coordinating multiple workstreams and collaborators and embedding risk, controls and value realization from the outset. This orchestration is delivered through KPMG's coordinated methods, global delivery model, industry blueprints, accelerators and alliance ecosystem.

KPMG Velocity underpins this delivery. Velocity is KPMG's AI-enabled transformation platform and ecosystem that brings together our methods, assets, insights and alliances into a single delivery backbone. It enables teams to design coherent transformation roadmaps, manage execution across multiple initiatives, embed governance and assurance and track value dynamically over time. By industrializing how transformation is planned and delivered, KPMG Velocity helps accelerate execution while maintaining confidence, consistency and control.

Together, KPMG's transformation services and KPMG Velocity enable clients to move faster with greater clarity — helping to turn transformational ambition into sustained, measurable business outcomes.

In a world of continuous transformation, the ability to both orchestrate and operate change is what enables value to scale.

Transform with KPMG Velocity.

Transformation need	How KPMG helps	KPMG services and capabilities
Set direction and ambition	Define strategic choices, business and operating model evolution, and a clear case for change aligned to external signals and enterprise priorities.	Business strategy consulting; business model innovation; transformation strategy and storytelling; C-suite alignment; insight led scenario planning; industry thought leadership.
Design the future state	Translate ambition into executable designs spanning operating models, value streams, technology architecture and organization structures.	Enterprise and functional target operating models; industry blueprints; transformation roadmaps; technology and data architecture; service and experience design.
Modernize technology, data and AI foundations	Modernize core platforms, data foundations and AI capabilities to enable scale, insight and automation.	Technology architecture and modernization; data strategy, platforms and governance; AI, GenAI and agentic solutions; application modernization; cloud and platform services.
Deliver functional and enterprise transformation	Execute complex transformations across functions or the enterprise, coordinating multiple initiatives and partners.	Finance, HR, supply chain, customer, operations and ESG transformation; post transaction and private equity transformation; infrastructure and data & AI transformation.
Embed workforce, change and adoption	Redesign roles, skills and ways of working, and embed change so transformation can deliver lasting impact.	Talent and skills strategy; organization design; modern ways of working; culture change; organizational change management (OCM); People-centered transformation (PCT), leadership enablement.
Govern, assure and realize value	Establish governance, oversee risk, and track value delivery across concurrent initiatives.	Transformation governance; value management and measurement; risk, regulatory and control integration; transformation management offices (TMO).
Orchestrate at scale	Coordinate multi-party delivery, align incentives and oversee dependencies across complex ecosystems.	Resource orchestration; global delivery network; alliance and partner management; integrated delivery models enabled through KPMG Velocity.
Accelerate through assets and platforms	Help reduce time to value using well-established assets, accelerators and industrialized delivery.	KPMG Velocity; accelerators and reference architectures; data and AI assets; industry playbooks; transformation journeys and toolkits.

KPMG transformation capability recognized by analysts

Independent analyst evaluations reinforce KPMG's position as a leader in enterprise transformation, AI-enabled delivery, governance and large-scale execution.

Horizon 3 Market Leader

HFS Horizons Report: Agentic Services 2026

Unique Value Proposition: "KPMG positions itself as a trusted journey partner, guiding clients from AI strategy to measurable outcomes. The company leverages its client-zero transformation and persona-based, platform-enabled delivery approach under a unifying vision for the intelligent enterprise."

Strengths (Platform focus): "KPMG stands out for its client-zero validated transformation model, deep domain and regulatory expertise across audit, tax, and advisory, and AI-enabled platforms (Clara, Digital Gateway, and Velocity)."

Voice of Customers: "Customers appreciate its innovative and scalable solutions, deep technical insights, ability to work seamlessly with their teams, and trusted leadership while navigating complex transformations."

Voice of Alliance Partners: "Partners applaud its deep industry expertise, trusted advisory strength, global scale and strong innovation and investment in agentic AI solutions."

Source: HFS Horizons Report: Agentic Services, 2026

The Forrester Wave™

Digital Transformation Services Q3 2025

Strategy: "KPMG has a clear and differentiated vision, backed by an ambitious innovation roadmap. It's investing heavily in its Velocity platform, which supports clients in building digital foundations while driving AI adoption and resiliency."

Capabilities: "KPMG's capabilities stand out from the competition when it comes to transformation governance and risk management. KPMG currently shines with outstanding skills in post-merger engagements and customer experience transformation."

Customer Feedback: "Reference clients applaud KPMG's transformation governance and risk mitigation capabilities, especially for complex post-merger engagements in regulated industries."

Forrester's Take: "KPMG will appeal to organizations that want to drive AI adoption with the support of an integrated service and platform delivery model."

Source: The Forrester Wave™: Digital Transformation Services, Q3 2025.

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