STATE OF THE CIO STUDY

IT leaders take the helm to mainstream AI

The 2026 State of the CIO finds IT leaders on the frontlines as enterprises move beyond AI experimentation to transformative use cases that deliver measurable business value.

CIO

Foundry

As the frenzy of ad hoc experimentation gives way to a concerted effort to mainstream AI, CIOs are spearheading the IT architecture, organizational structures, and process transformation necessary to drive adoption and business value at enterprise scale.

CIOs continue to carry the digital and business transformation agenda, which is now heavily weighted towards AI. Working closely with line of business, CIOs are rallying to respond to the C-suite and board-level imperative to capitalize on AI by identifying use cases, establishing the technology stack, and ensuring the proper guardrails are in place to minimize risk and ensure safe execution.

In its 25th annual State of the CIO research, Foundry canvassed 662 IT leaders and 249 line of business users to understand CIOs' evolving role and their agenda for the coming year. The message was clear: AI is a chief imperative for organizations, and top executives are counting on IT leadership to steer the way to measurable impact on productivity, profits, and long-term growth.

In fact, according to the 2026 State of the CIO research, the top CEO priority for IT leaders this year is to research and implement AI products and projects, cited by 27% of respondents and very much in sync with last year (26%). CEOs in the services (40%) and high-tech (32%) sectors are more likely to designate AI as a mandate as are smaller companies with revenue under $100 million (30%).

To illustrate the speed at which companies are trying to lock down and execute their AI agenda, consider the top business initiatives earmarked for this year. Accelerating AI-driven innovation and applications is the no. 1 business initiative for 2026 and the impetus for significant

Business initiatives in 2026

1. Accelerating AI-driven innovation and applications **(39%)**
2. Increasing operational efficiency **(32%)**
3. Increasing cybersecurity protections **(32%)**

IT investment, cited by 39% of CIOs. AI technologies, including generative AI and agentic AI, are also flagged as the most strategically important IT investments this year, cited by 42% and 38% respectively.

In comparison, AI didn't make the cut for the top three business initiatives just a year ago. In the 2025 research, monetizing company data topped the list, cited by 38% of respondents, followed by improving customer experience (35%) and meeting compliance requirements (35%). Capitalizing on emerging technologies such as AI was a top business priority for only 10% of last year's respondents.

Cumulatively, the fixation on AI is starting to have impact. Nearly three quarters (74%) of 2026 respondents said AI is already or is beginning to reshape operations, significantly higher in financial services (84%) and high tech (85%) sectors and among companies with between $1 billion and $5 billion in revenue (82%). EMEA companies lagged their global counterparts, with only 69% of respondents crediting AI with transforming the business at some level.

The continuously evolving CIO role

The evolution of the CIO role from operational caretaker to business strategist and transformation leader continues, at a more accelerated pace. CIOs remain at the epicenter of change as organizations redefine and reorganize to meet the latest AI moment. Not surprisingly, at the majority of companies (82%), CIOs are tasked with researching and evaluating possible AI additions to the enterprise tech stack.

Most importantly, CIOs are actively engaging with line of business to drive AI adoption and direct focus to high-value efforts. For instance, 79% of IT leaders and 76% of LOB respondents said the CIO is working more closely with LOB on AI applications. This partnership is more pronounced among companies in the advertising, marketing,

82%

of IT leaders say they are tasked with researching and evaluating possible AI additions to the tech stack

PR, and media sector, at 92%. Three quarters of both respondent groups said IT and LOB are aligned on the adoption and use of generative AI.

Both constituencies credit the IT department with driving AI adoption efforts with business units which then align their strategies accordingly (78%). There's a slight gap between respondents who suggest business units are pushing for the adoption of AI-enabled products and solutions. IT leaders (75%) are more likely to say business groups are pushing for AI initiatives while only 72% of LOB respondents described the same dynamic.

There is also alignment on where AI projects are currently focused. Three quarters of IT leaders and LOB respondents confirmed AI is primarily being tapped to automate internal processes rather than customer-facing applications. Sixty-six percent of IT leaders and 69% of LOB respondents saw a different adoption pattern at their organizations. They say the bulk of current AI work involves customer-facing use cases as opposed to internal process automation scenarios.

Outside of AI, the CIO role continues to gain stature and take on more of a business orientation. Current economic factors, coupled with growing enterprise visibility, are contributing to this trajectory, cited by 77% of respondents, slightly higher than last year at 75%. Forty percent of respondents report directly into the CEO, down from last year at 48%. This year, EMEA respondents (44%) were more likely to have a direct CIO-to-CEO reporting structure.

The CIO position continues to be pegged as more digital and innovation focused, according to 84% of IT and 78% of LOB respondents. At the same time, 82% of IT and 76% of LOB respondents say CIOs are actively leading digital transformation initiatives more so than their business counterparts—consistent with last year's findings.

There are other trends reflecting the double nature of the CIO role as it continues to mature. CIOs are increasingly viewed as a changemaker, cited by 83% of IT leaders and 76% of LOB respondents. Companies in the mid-to-high revenue range ($1 billion to $5 billion) are more likely to recognize CIOs' elevated stature, with respondents in this category consistently crediting IT executives with leadership responsibilities and characteristics across the board.

Almost half (46%) of survey respondents view the CIO as a business leader who proactively identifies business needs and opportunities and follows up with technology and provider recommendations that align with stated business goals. Only 28% interact with the CIO in a consulting capacity where they are brought in upon

request to evaluate and advise on business needs, technology choices, and potential providers. Even fewer, 14%, are counting on the CIO to simply evaluate and advise on technology choices and providers through a security and/or governance lens.

There are some differences when you compare perceptions of the CIO leadership role across global regions. APAC respondents were more likely to view the CIO as a business leader (50%) compared to other localities while fewer North American companies were apt to see that role for CIOs (42%) compared to the global average.

In all cases, the duality of the CIO charter creates constant friction for IT leadership. Three quarters say it is difficult to strike the right balance between business innovation and operational excellence—a challenge that hasn't dissipated much over passing years. The struggle makes more sense when you consider CIOs continue to embrace multiple roles. On average, the CIO is juggling 1.6 positions, spanning titles like Chief Security Officer, CISO, Chief AI Officer, and other business-related posts, the research found.

Top technology investments and business initiatives

While AI dominates, there are plenty of other initiatives on the CIO plate. Top

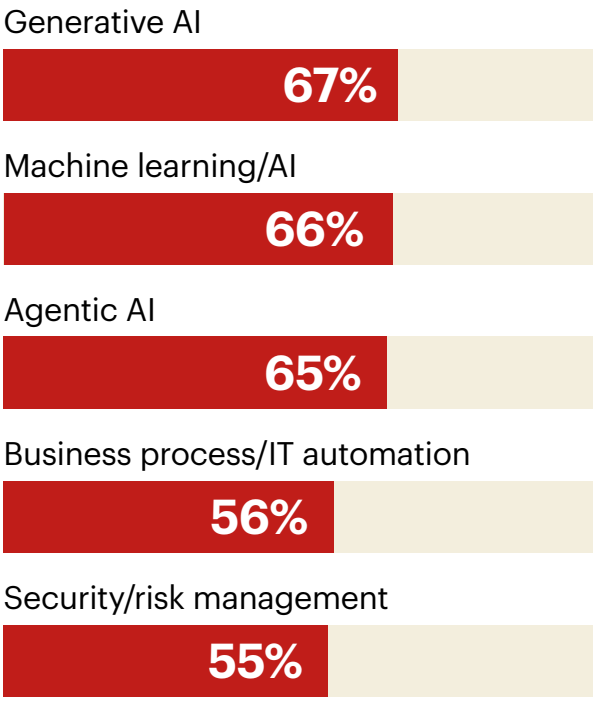
CEO's top priorities for IT leaders in the coming year:

1. Research and implement AI products/projects
2. Upgrade IT and data security to reduce corporate risk
3. Strengthen IT and business collaboration

leadership's no. 1 priority for CIOs is to orchestrate the usual technology-oriented projects, including upgrading IT and data security, cited by 25% and higher than last year at 20%. The mandate for data security, more pronounced in healthcare (39%) and high tech (36%) companies, makes sense given the AI emphasis where success is tied to having high-quality and highly secured data. Strengthening IT and business collaboration also headlines the CEO priority list, cited by 23% of respondents and fairly consistent with last year's findings, at 22%.

As organizations map out specific business initiative investments, innovation tied to AI comes first. Beyond that, State of the CIO respondents are earmarking dollars to efforts that will increase operational efficiency (32%), increase cybersecurity protections (32%), and improve profitability (31%). LOB respondents had a slightly different agenda in mind: Their top business

Technology initiatives driving investment in 2026



initiatives include improving profitability (31%), improving customer experience (28%), and increasing operational efficiency (27%). Less than a quarter (24%) of LOB respondents called out accelerating AI-driven innovation and applications as a priority driving IT investments. The disconnect might be because they are more inclined to fund AI efforts using their own departmental budgets.

Even so, responding organizations expect to throttle investments in the full complement of AI technologies, including generative AI (67%), machine learning/ artificial intelligence (66%), and agentic AI (65%) over the coming year. The advertising/marketing/PR/media segment is especially invested in expanding use of AI as were respondents in healthcare.

Beyond AI technologies, organizations are expanding technology initiatives in areas like business process and IT automation (56%), security and risk management (55%), and data and business analytics (54%). Investments are declining in areas like virtual reality and augmented reality (24%), sustainable and clean technologies (18%), and Internet of Things (18%). Technologies related to IT infrastructure modernization—migrating and developing applications in the cloud (17%), cloud management tools (16%), and application modernization (16%) are also decreasing, an indicator, perhaps, that companies have already invested in these initiatives and are now moving on to other projects.

While AI-related initiatives are by far considered the highest value, organizations see strategic importance in other technologies. Data and business analytics remain an important area for IT organizations, cited by 31% of respondents, followed by security and risk management (29%), and business process and IT automation (26%). Services companies were more invested in risk management (36%) and business process and IT automation (40%) compared to their peers. On a global stage, data and business

analytics were most critical for North American respondents (39%) and of least importance to companies in EMEA, at 21%.

AI structures and operations start to fall into place

As AI experimentation gives way to targeted use cases, CIOs are actively laying the groundwork to foster implementation at scale. Cross-functional steering committees and/or a specialized task force are key building blocks to scaling AI. Eighty-three percent of IT leaders confirmed their firms either have such structures in place or are planning to implement them within the upcoming year. North American respondents were more on board with committing to a steering committee (52%) than other regions.

While the makeup of the AI steering committee or task force is mixed, IT is by far the most dominant player. According to survey respondents, the functional areas most likely to be represented include IT (84%), corporate leadership (CEO and board members) (42%), and security and risk (42%). Business-oriented domains like finance (31%), legal (24%), and HR (23%) are less likely to have representation. In the majority of cases, the CIO or IT leader will lead the committee, cited by 38%. A chief AI officer or equivalent is next in line to take the reins, at 26% followed by corporate leadership (18%). Government, healthcare, and retail sectors were apt to cede steering committee leadership to the CIO while those in the APAC region were more likely to give a chief AI officer (37%) oversight of initiatives.

Less evolved are formal processes for approving and measuring the value of AI projects. Slightly more than half of respondents (53%) have established some type of official approval process, but 28% are still hammering out details with plans to activate something within the next 12 months. Those in the advertising/marketing/PR/media (69%), financial services (68%), and telecommunications (66%) industries were more inclined to have codified approval processes as are companies with revenues over $1 billion.

Defining success metrics or KPIs, another critical milestone for AI success, is still evolving. Less than half (47%) of respondents have established formal metrics with another 34% planning to do so within the year. For those measuring AI success, operational efficiency and process improvement rank as the top metric, cited by 40% of respondents, followed by employee productivity (34%) and cost reduction (30%). AI's impact on revenue or growth is less of a factor today, cited by only 27% of respondents, yet higher among high-tech companies (38%).

With AI processes and organizational scaffolding still underway, ROI remains somewhat elusive: Less than a fifth (19%) say AI initiatives have met or exceeded ROI goals. The reality lies somewhere in the middle—forty percent confirm some projects have hit the mark while 18% say fewer than a third of AI use cases are meeting defined metrics.

In fact, lack of clear ROI metrics remains a critical barrier to AI success, cited by 32% of respondents, while lack of clarity on corporate AI strategy is a hurdle for 31% of respondents. Another big impediment is the lack of in-house expertise, cited by 40% of respondents and more acute in sectors like healthcare (52%), retail (51%), and manufacturing (49%).

Challenges when implementing AI initiatives

- Lack of in-house AI expertise **(40%)**
- Lack of clear ROI metrics for AI initiatives **(32%)**
- Lack of clarity on corporate AI strategy **(31%)**

Where CIOs are spending time

Already stretched pretty thin, IT leaders continue to have their hands in a lot of pots. This year's respondents plan to have more involvement with AI/machine learning (76%), agentic AI (70%), and cybersecurity (63%). Small to mid-sized companies with between $100 million and $1 billion want to see greater CIO involvement in all things AI and cybersecurity related compared to smaller and larger companies.

While only 47% of IT leaders expect to be more involved in environmental, social, and governance (ESG) initiatives, the dynamic is different among APAC respondents, where 53% expect IT to devote more time and energy to that function this year.

Areas where IT leaders are planning to pull back include cloud migration (21%), physical security (20%), and data center infrastructure (19%). CIOs in the government sector are spending less time on all those functions. For the most part, LOB respondents had similar expectations of CIOs' involvement—looking for them

IT leaders anticipate more involvement over the next year with:

- AI/machine learning (76%)
- Agentic AI (70%)
- Cybersecurity (63%)

Compared to last year, CIOs are spending more time on:

- Working more closely with business leaders on potential AI initiatives
- Learning about emerging tech
- Creating a framework and organizational structure to support AI initiatives

And less time on:

- Negotiating with IT vendors
- Managing IT crises
- Cost control/expense management

to step up activity in all things AI and cybersecurity related while becoming less of a fixture in multi-cloud and risk management as well as physical security.

As IT leaders look to their already crowded dockets, there are a number of areas where they expect to expand time and focus this year as compared to last. Immersion in new technologies remains a central part of the job. Twenty-three percent of respondents expect to work more closely with business leaders on potential AI initiatives, and 22% plan to devote time to learning about emerging technologies like quantum computing, edge computing, digital twins, and the like. Respondents in the high-tech sector were far more likely to ramp up time to learn about emerging technologies (31%) compared to their peers. Overall, respondents also expect to carve out more time to create a framework and organizational structure to support AI initiatives (21%).

The balance of the CIO agenda seems to be shifting towards innovative activities and away from housekeeping and operational tasks. Compared to last year, IT leaders anticipate decreasing time spent negotiating with IT vendors (23%), managing IT crises (22%), and cost control and expense management (18%). Modernizing infrastructure and applications will consume less CIO energy than it has in the past, cited by just 15% of this year's respondents.

In their work with LOB, CIOs play a far-ranging role in the purchase of new technologies. Most business users expect CIOs to help them evaluate products and services (48%), determine the business need (43%), and determine technical requirements (41%). There is far less reliance on CIO input for purchase authorization and approval, post sales engagement, and selling internally to users outside of the IT team.

Budgets and other road-blocks to innovation

Business strategy and innovation are where IT leaders are channeling focus, but the usual housekeeping and fiscal hurdles often stand in their way. Staffing and skills shortages remain a distraction, cited by 34% of respondents, even as more IT tasks are automated with AI.

IT leaders in the services (42%) and manufacturing (40%) sectors are struggling the most with finding talent, and staffing challenges remain a bigger deal in EMEA and APAC, both at 36%. Over the next six to 12 months, respondents are looking to staff up talent with expertise in areas like AI and machine learning (42%), cybersecurity (38%), and data science and analytics (28%). As they activate hiring plans, respondents expect to have trouble finding talent with those exact in-demand skills: AI/ML and cybersecurity, both at 33%, and data science and analytics, cited by 24% of respondents.

As always, budgetary constraints stand in the way of innovative tasks, cited by 32%, as does lack of clarity around AI initiatives and opportunities (31%). With new cases for AI and machine learning accelerating, data-related challenges are commanding a good portion of CIOs' focus and time. Interestingly, less than a quarter of respondents are waylaid by longstanding challenges related to reinventing infrastructure and applications to meet new requirements (24%) and soliciting cooperation and buy-in from business stakeholders (23%).

The state of IT budgets remains fairly consistent with last year. Sixty-nine percent of respondents expect an increase, slightly higher than the 65% last year, and 21% expect budgets to remain the same. On average, expectations are for a 6.93 percent bump while companies in the $1 billion to $5 billion range are planning for a bigger boost at slightly over 7%. Of those companies planning additional investment, budget increases are tied to AI/ML projects and products (38%), investment in new skills and talent (25%), and keeping pace with the rising costs of technology and services (25%). The 10% anticipating budget cuts blamed company finances and performance (52%).

AI's impact on budget structure is far-ranging. More than a third (36%) of respondents use IT budgets to fund AI infrastructure such as data center and cloud services with business units responsible for project-specific AI expenses. Another third (34%) fund all aspects of AI out of the IT budget, and 16% say budgeting for AI varies by project. Retail companies (44%) lean towards the model that applies IT budgets to infrastructure

with business units picking up the cost for AI-specific expenses while financial services companies are more prone to let IT bankroll all aspects of AI (43%).

The CIO ecosystem

It's often said, "it takes a village," and that axiom holds true for the CIO role. Vendors, consultants, and other trusted advisors are crucial to getting the job done right, according to 82% of respondents. A strong educational partnership with the CEO and board of directors is another very important source of knowledge and support, cited by 78% of respondents.

The majority of IT leaders (63%) feel like they have sufficient access to a trusted community of peers and mentors outside of their organization, more than 10 points higher in high-tech, financial, and advertising/marketing/PR/media circles. The dynamic is also more pronounced among North American respondents, at 68%. Eighty percent of respondents feel access to external leadership

78%

of CIOs say they have a strong educational partnership with the CEO/board of directors **83% of their LOB counterparts agree**

perspectives is crucial to being effective as a tech leader. What's to gain from a peer community? Respondents were most interested in judgement-free, confidential spaces to discuss leadership challenges (26%), groups to pressure-test ideas and strategies (22%), and a source for fresh perspective and ideas (19%).

With the specter of AI looming large, CIOs find themselves at another pivotal juncture. Leadership will be tested as wholly new challenges arise. But as enterprises turn to IT leadership to steer the journey and create real business value with AI, the career opportunities and trajectory for CIOs look bright.

About the survey

The 25th annual State of the CIO survey was fielded online with the objective of understanding the current parameters of the CIO role and how it may be changing over time. To be considered qualified, respondents must have identified themselves as the head of IT for their company or a division within it. Results are based on 662 qualified IT respondents, and 249 LOB responses. This survey was fielded globally, with the response base being 36% North America, 20% EMEA, and 42% APAC.

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