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2027 CIO Agenda Preview

Closing the gap between AI ambitions and IT realities

Executive summary

AI agents are proliferating, technology costs are rising and AI is diluting IT's span of control but will also require more IT staff. CIOs are facing mounting pressure to balance competing and conflicting forces to scalably deliver while cutting costs.

How we forecast these disconnects will impact planning for 2027

Disconnect No. 1:

IT budgets are increasing, but not at the same rate as AI investment ambitions.

- On average, CIOs and technology executives expect a marginal increase in IT budgets in 2027 of **3.7%** — slightly up from last year's budget increase, and still a flat net increase or negative in many countries due to inflation.
- In contrast, most enterprises are planning to increase their investments in AI significantly. In fact, the average change in funding for agentic AI is the highest among all technology areas **(31.8%).**
- CIOs need to implement AI cost accountability actions to keep unexpected AI token cost overruns from eating up their marginal IT budget increase.

Disconnect No. 2:

Technology ownership is decentralizing, but accountability often remains centralized.

- Although to date only an average of **15.3%** of all technology solutions (including AI agents) are currently developed solely by individuals or teams outside the central IT department. However, more business-led development of AI solutions and Agents is on the horizon: **80%** of tech executives project that AI will increase the overall number of solutions developed outside IT before 2030.
- In contrast, **73%** of enterprises have no plans to develop rules for ownership of technology costs and solutions.
- CIOs need to rally the C-suite and establish the governance, accountability and cost allocation rules for AI solutions, in particular those being built outside of IT.

Executive summary

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How we forecast these disconnects will impact planning for 2027

Disconnect No. 3:

AI cost savings expectations clash with total cost of ownership (TCO) realities.

- While a majority (58%) of CIOs report increased pressure to deliver cost improvements from AI, **half of them (51%)** expect AI to actually increase the TCO of technology solutions over their life cycle.
- In contrast, **only 13%** of respondents reported significant value from the use of AI tools to date. This adds to the **only 21%** of enterprises that have created an AI agent governance framework — and of those, **only 43%** include cost containment actions.
- CIOs need to look beyond the mere costs of AI and tokens, partnering with the CFO on a comprehensive set of rules for "AI economics."

Disconnect No. 4:

Expectations for AI to drive enterprisewide workforce efficiencies clash with rising IT headcount needs.

- Contrary to public headlines regarding "AI layoffs," most CIOs plan to keep their technology workforces stable **(37%)** or growing **(40%).** The specific subteams most likely to see headcount increases are data and analytics **(56% of respondents)** and cybersecurity **(54%).**
- This is aligned with the expected work surges generated by AI in the IT subteams, but contrasts with the expected cost improvements from AI adoption mentioned before and with the efficiencies in workforce.
- CIOs need to supercharge existing IT employees with AI before determining hiring needs. Then empower IT leaders to upskill their teams in alignment with the skills and job requirements of the AI era.

4 disconnects to prepare for in 2027 technology planning

1. IT budgets are increasing, but not at the same rate as AI investment ambitions.
2. Technology ownership is decentralizing, but accountability often remains centralized.
3. AI cost savings expectations clash with TCO realities.
4. Expectations for AI to drive enterprisewide workforce efficiencies clash with rising IT headcount needs.

4 disconnects to prepare for in 2027 technology planning

1

IT budgets are increasing, but not at the same rate as AI investment ambitions.

2

Technology ownership is decentralizing, but accountability often remains centralized.

3

AI cost savings expectations clash with TCO realities.

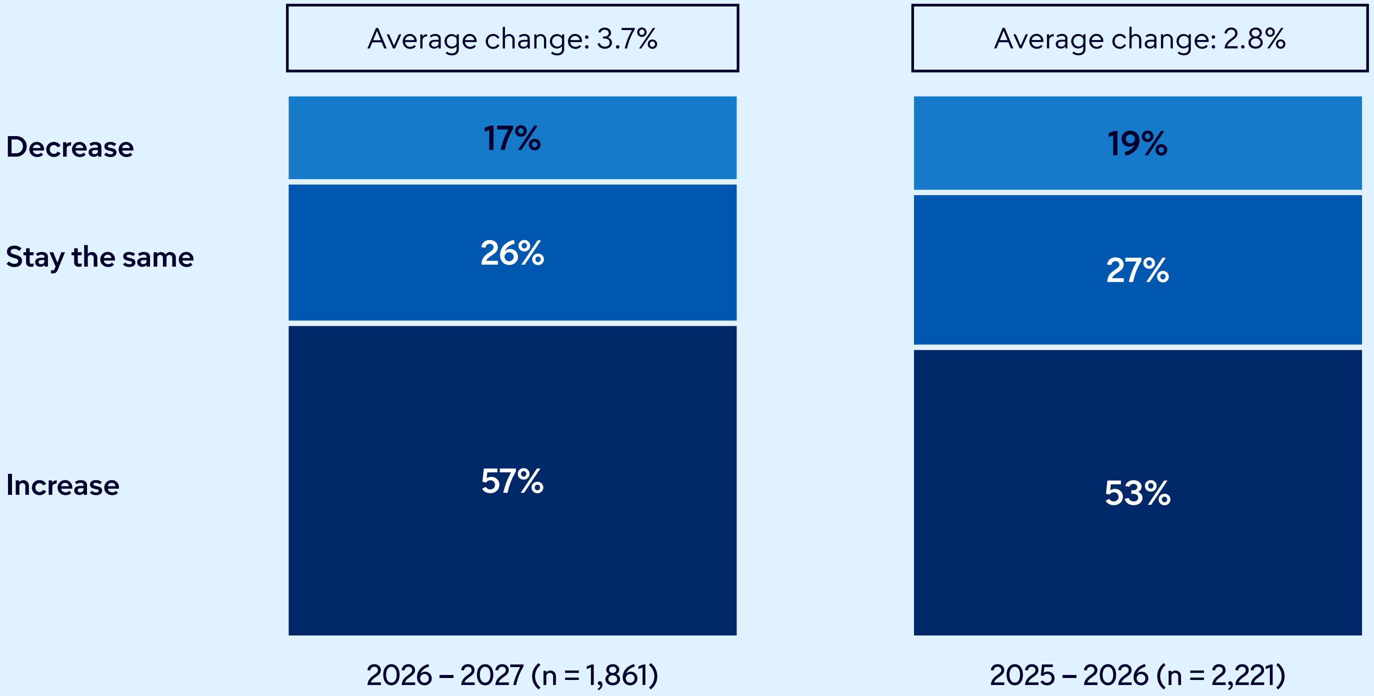
4

Expectations for AI to drive enterprisewide workforce efficiencies clash with rising IT headcount needs.

Small YOY IT budget increases expected to fund substantial AI investment growth

Expected change in IT budget in 2027 vs. 2026

Percentage of respondents



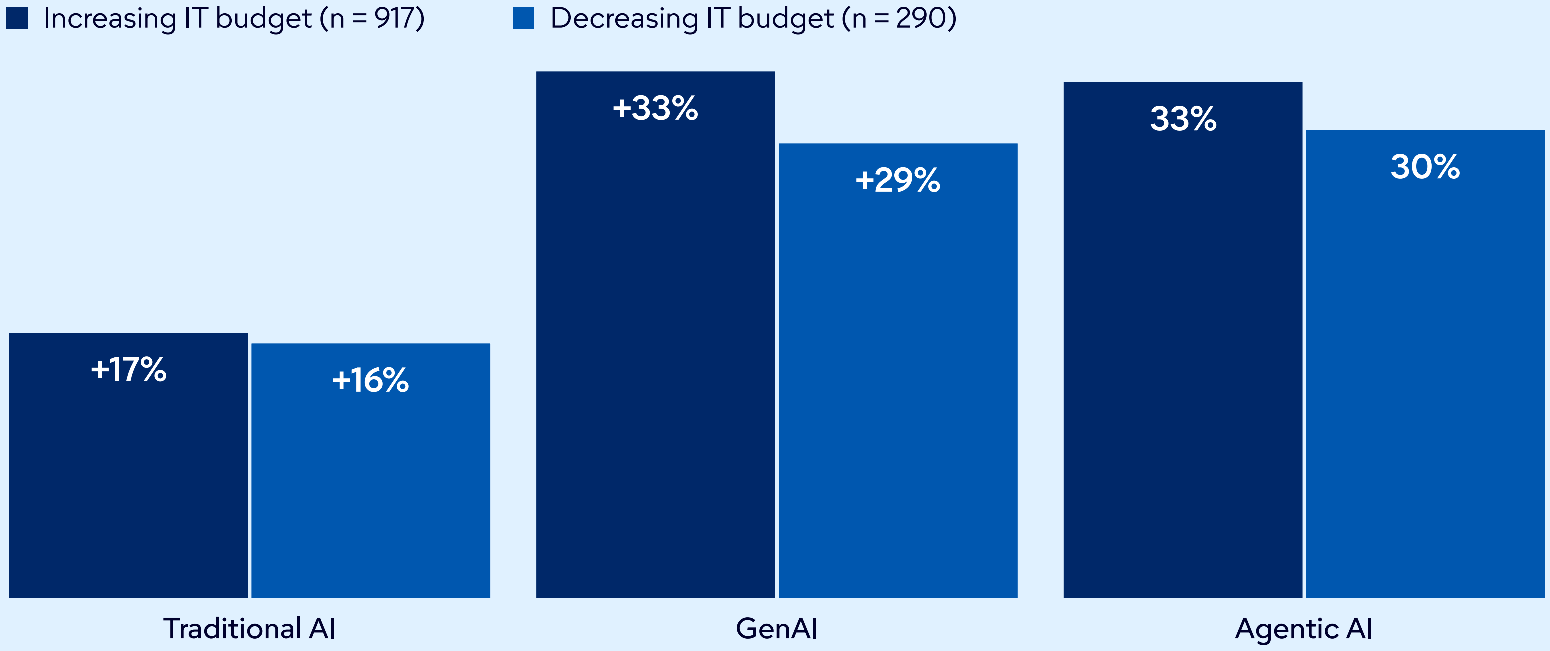
On average, CIOs and technology executives expect an average increase in IT budgets in 2027 of 3.7% — slightly up from last year's budget increase. This is still a marginal net increase in many countries, due to inflation. In contrast, leaders forecast very significant annual increases in AI investments.

n varies by year; CIOs and technology executives answering, excluding "don't know"
Q. By what percentage do you expect your IT budget to increase or decrease from [this year] to [next year]?
Source: 2026 and 2027 Gartner CIO and Technology Executive Surveys

Tech executives are expanding AI spending even where IT budgets are shrinking

Mean percent change in AI and GenAI funding from 2026 to 2027

Respondents increasing IT budget vs. respondents decreasing IT budget



AI investments are expected to grow across the board, even in cases when the total IT budget is expected to decrease. AI has become a relatively protected investment category, even during periods of cost pressure.

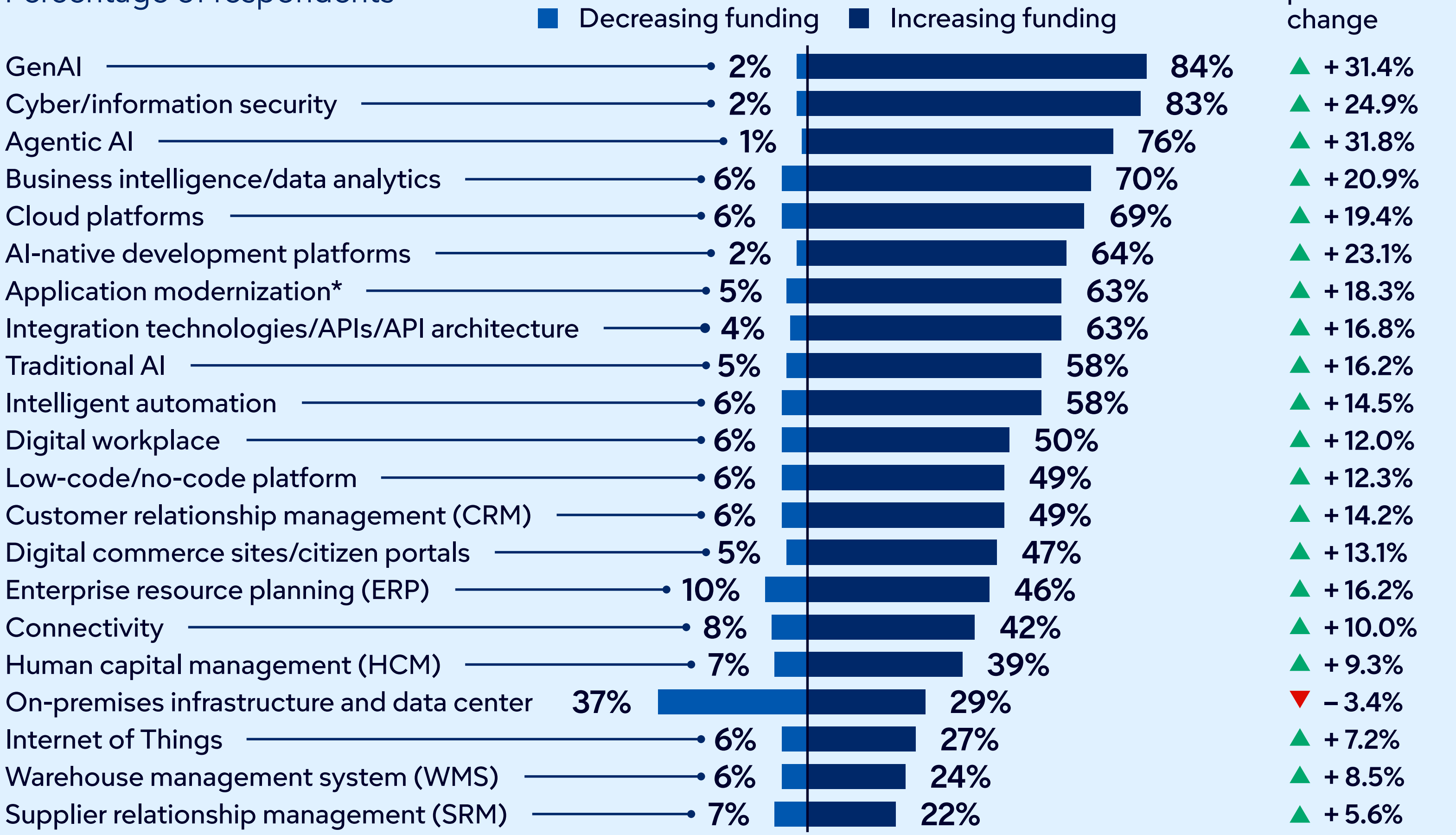
n varies by cohort; CIOs and technology executives answering
Q: For each of these technology areas, by how much will your enterprise increase or decrease funding in 2026 compared with 2025?
Q: By what percentage do you expect your enterprise's IT budget to increase or decrease from 2025 to 2026?
Source: 2027 Gartner CIO and Technology Executive Survey
Note: Chart omits percentage of respondents selecting "no change in funding."

Funding for emerging technologies is significantly growing

Organizations are aggressively increasing investment in AI and emerging technologies that will create competitive differentiation.

Changes in technology funding, 2026 through 2027

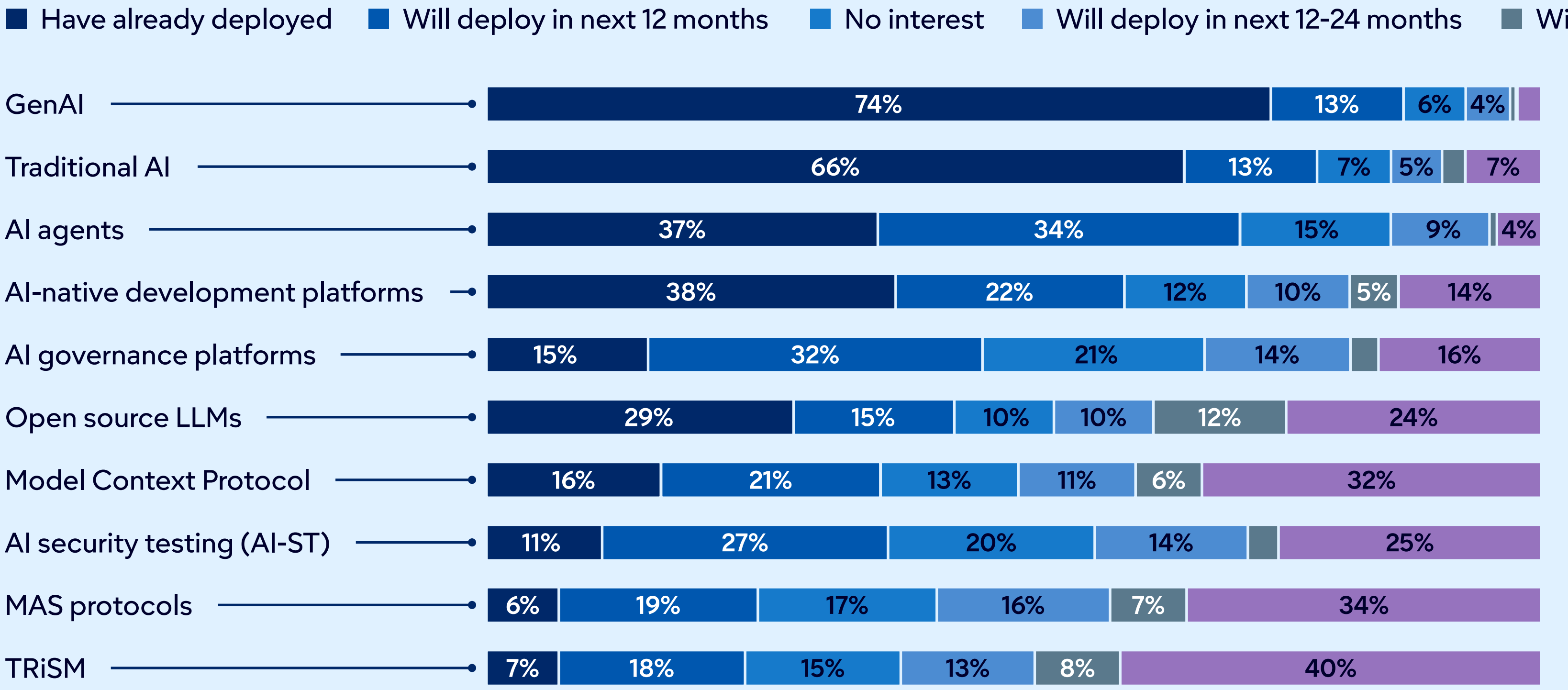
Percentage of respondents



n = ~ 1,962; CIOs and technology executives
Q: For each of these technology areas, by how much will your enterprise increase or decrease funding in 2027 compared with 2026?
Source: 2027 Gartner CIO and Technology Executive Survey
Note: Chart omits percentage of respondents selecting “no change in funding.”
*Application modernization not included in other items.

Ambitious plans for deploying AI technologies

State of deployment for AI technologies



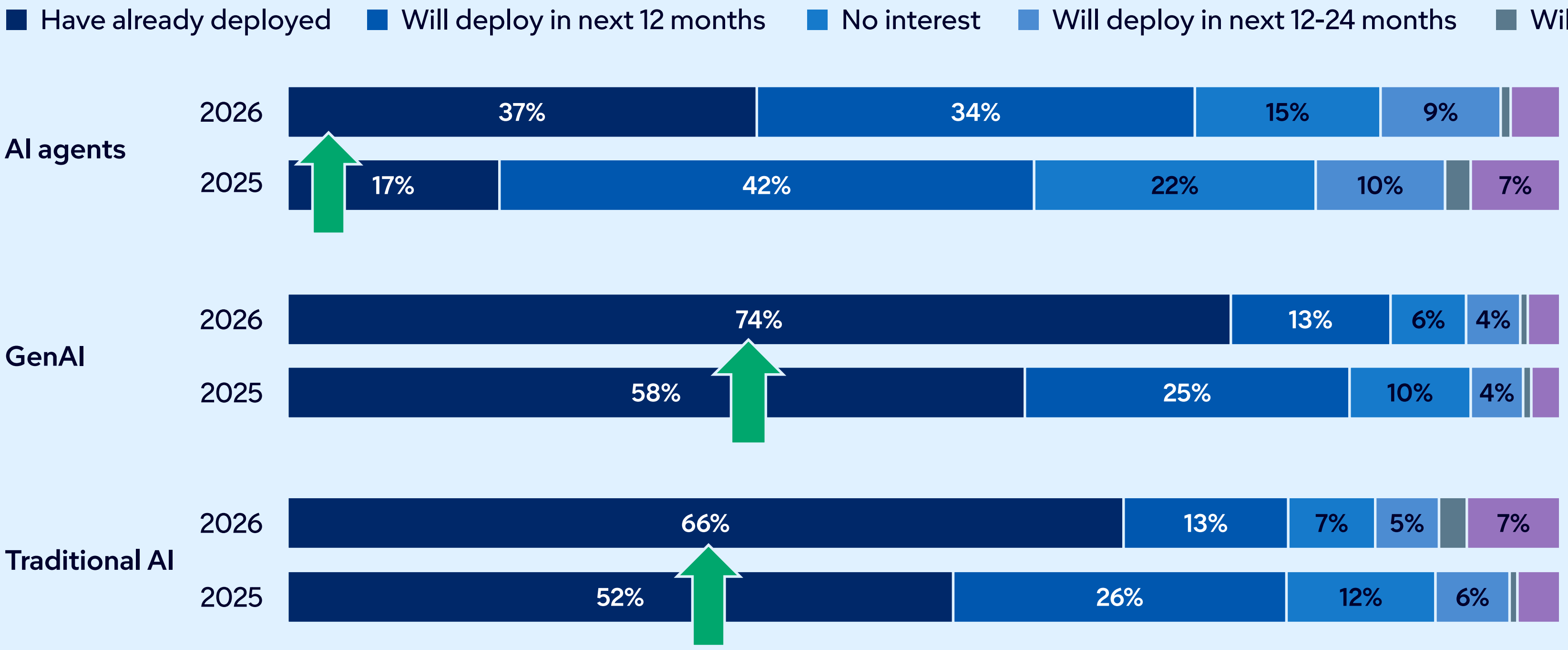
Deployment of AI agents will become the norm in 2027. Organizations seem ready to scale AI agents, but far fewer appear ready to implement the governance mechanisms required to manage them. The challenge for CIOs is not deploying AI agents, but ensuring accountability, security and governance.

n = 2,002 CIOs and technology executives answering
Q: What are your enterprise's deployment plans for the following AI technologies?
Source: 2027 Gartner CIO and Technology Executive Survey
Note: Data labels have been removed for percentages under 4%.

AI deployment rates are rapidly increasing YOY

State of deployment for AI, GenAI and agentic AI

Percentage of respondents

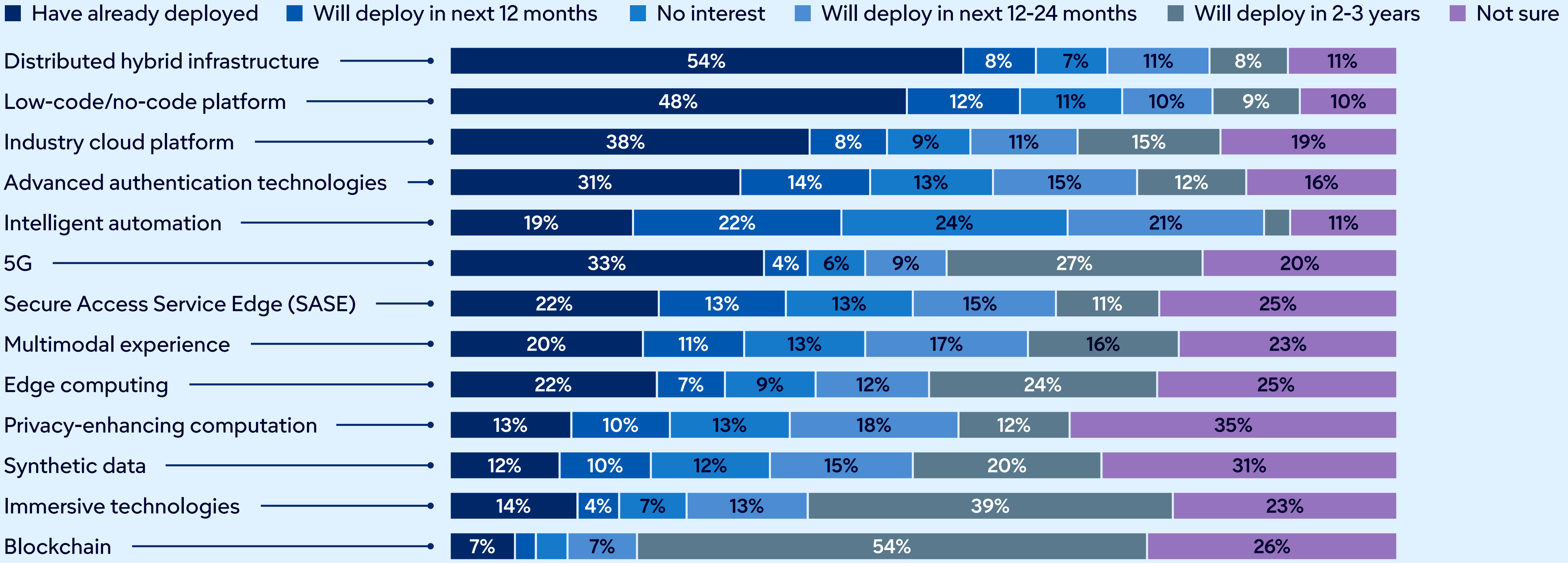


Technology executives have advanced AI and GenAI deployments and are now expanding into agentic AI. The percentage of respondents that have deployed agentic AI has doubled in a year. This progression reflects a strategic focus on leveraging AI's next frontier for greater business impact.

n = 2,487 (2025); 2,002 (2026) CIOs and technology executives answering
Q: What are your enterprise's plans in terms of the following AI technologies?
Source: 2026 and 2027 Gartner CIO and Technology Executive Surveys
Note: Data labels have been removed for percentages under 5%.

Varied paces for deploying other digital technologies

State of deployment for digital technologies



n = 2,002; CIOs and technology executives answering
Q: What are your enterprise's plans in terms of the following digital technologies and trends?
Source: 2027 Gartner CIO and Technology Executive Survey
Note: Data labels have been removed for percentages under 4%.

Action items for CIOs and technology executives

	Recommendations	Relevant insights
IT budgets are increasing, but not at the same rate as AI investment ambitions.	**Create a curated AI marketplace to contain AI consumption and spending.** A curated AI marketplace gives business units access to approved tools and services. This helps create “freedom in a frame” to provide approved choices but limit uncontrolled/ungoverned solutions built by business units. This preserves vendor leverage and, critically, enables leaders to identify which business functions are generating AI costs and therefore take actions to contain them.	Analyst Webinar: How to Scale AI Agents Without Losing Control ↗ Analyst Webinar: Place Bets on Cloud AI Providers That Will Drive Success in AI Markets ↗
	Ruthlessly quit “zombie AI.” Create “kill criteria” for abandoned or stalled AI projects that remain active, continuously draining operational budgets and cloud resources without generating any business value. Establish rules for early identification of what a “zombie AI” solution is before they bleed your operational budget dry.	Analyst Webinar: AI at Work: Why AI Efforts Stall — and How to Fix Them ↗ eBook: Accelerate Enterprise AI Value Realization at Scale ↗
	Anchor every AI investment to a 90-day proof point. If the expected business value of an AI initiative has not been achieved in 3 months and there are no clear signs that the situation will improve, it will be considered ‘Zombie AI’ and therefore terminated.	Analyst Webinar: How CIOs Can Strategically Manage Unpredictable AI Costs ↗ eBook: Strategic Cost Optimization for CIOs in the Age of AI ↗

4 disconnects to prepare for in 2027 technology planning

1

IT budgets are increasing,

2

Technology ownership is decentralizing, but

3

AI cost savings

4

Expectations for AI to drive enterprisewide workforce efficiencies

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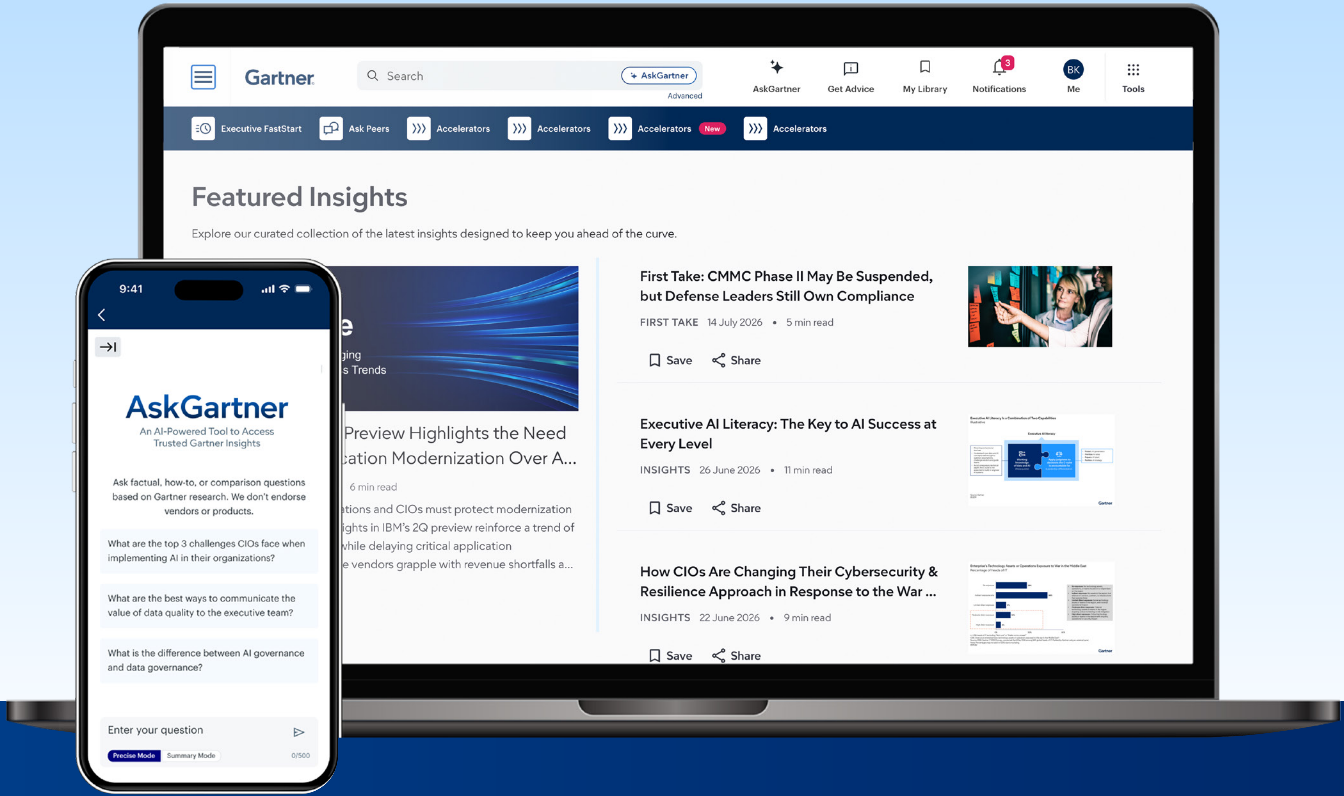

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