

Gartner Business Quarterly

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Where's the AI VALUE?

- » Walking the Golden Path to AI Value
- » 10 AI Value Metrics That Matter to the C-Suite

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Where's the AI Value?



Chris Howard
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Entropy. It takes effort to convert chaos into order. Executive leaders face an onslaught of AI messaging coupled with irrational exuberance about value generation. Surely AI will produce the transformation that fuels growth and cost reduction! We are in a stage now (the Trough of Disillusionment) where the challenge of converting that hype into value gets real. In the trough, the hard work begins and heroes are made. Gartner clients are expressing frustration with meager returns on their AI investments, so we have crafted great advice to help focus measurement and expectations.

At the heart of that frustration? Minimal return on individual productivity promises. Productivity gains are notoriously difficult to “put in the bank,” and time saved is not money earned. There’s nothing wrong with individual productivity improvement; it just produces return on employee

versus return on investment. How do you measure the value of a satisfied employee? What is the cost of losing a great one? Labor costs and savings manifest as time to full productivity or repatriation of outsourced work more often than reduced headcount. Our worry is that global economic concerns may increase the focus on individual productivity at the expense of more material gains.

In this issue of *Gartner Business Quarterly*, we explore a broad scope of AI value generation and offer business-oriented measurements you can use to shape, quantify and present AI investments — including to the board. After all, AI on its own doesn’t produce value: Its application to existing and new business outcomes does. Instead of AI being the chaos, use it to convert that entropy into order that fits your ambition.

Walking the Golden Path to AI Value

by Alicia Mullery and Daryl Plummer

As an executive leader, you can't afford to underestimate the transformative impact of AI. But you also can't fall for hype and grandiose vendor claims. Your job is to find the golden path between those two extremes. That path is your roadmap to finding, capturing and sustaining value with AI.

Seventy-four percent of CFOs told us they are seeing employee productivity gains from AI in the form of time saved.¹ But time saved is not money saved.

You must convert the time you save with AI into money saved by reengineering your processes and teams. Until that happens, AI will rarely deliver the ROI that your CEO and board of directors are expecting. In fact, only 11% of CFOs say their organization has seen financial value from AI in 2025.¹

In 2026, stop focusing only on how AI can boost productivity. Start finding, capturing and sustaining new AI value.

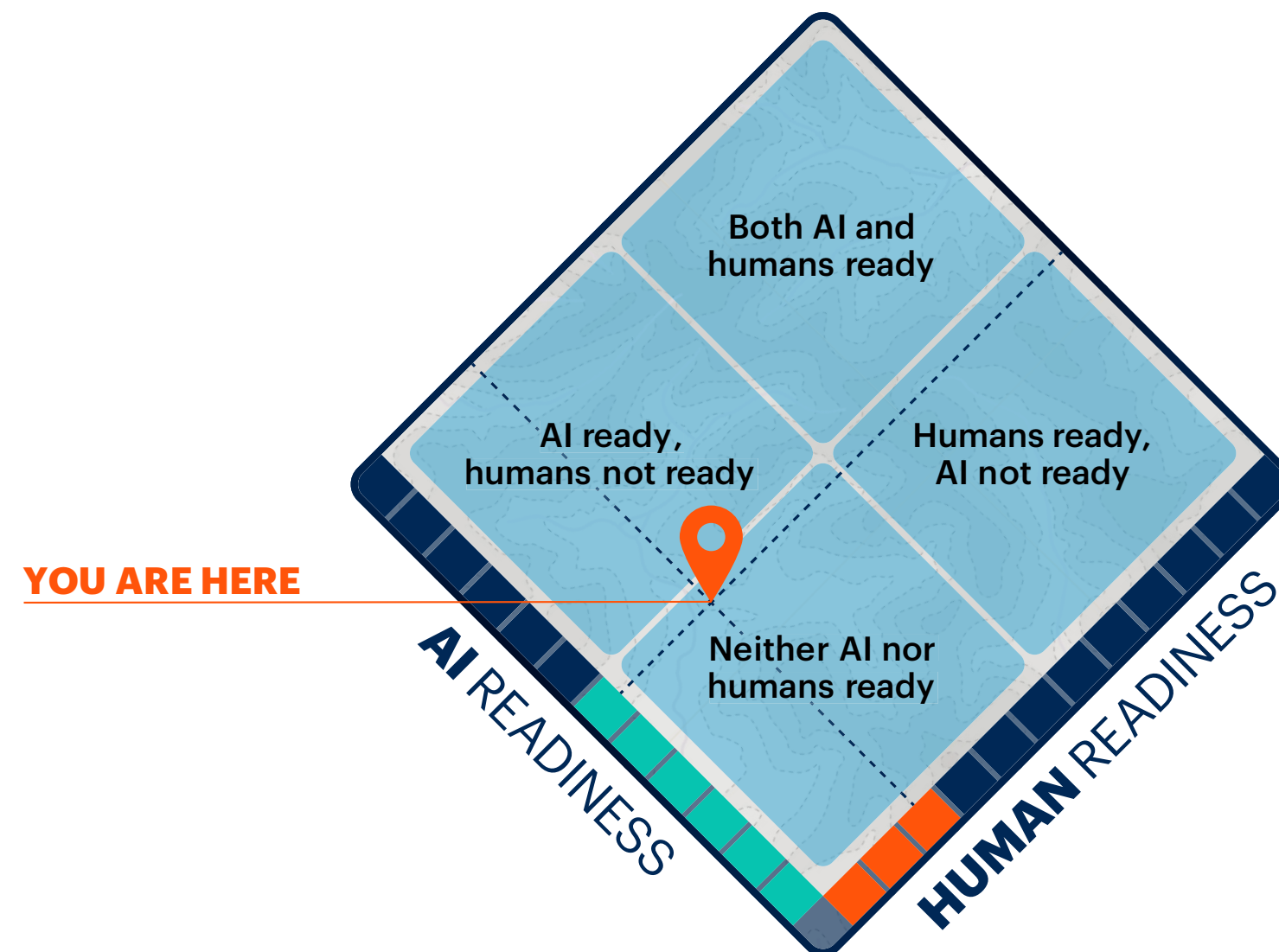
Executive leaders struggle with how far to go with AI and where to look for ROI — a point we highlighted in the 2025 Gartner IT Symposium/Xpo Opening Keynote. Their path to AI value has been impeded by two roadblocks:

- **AI readiness:** While vendors have delivered a lot of AI innovations recently, these technologies haven't yet reached the point where they can consistently help enterprises **find** new value.
- **Human readiness:** Your workforce and organization haven't matured to the point where they can **capture and sustain** AI value.

Few organizations are ready. Only 11% report having both high AI readiness and high human readiness, and 62% say neither AI technology nor their people are ready.²

The “You Are Here” Gartner Positioning System (GPS) is a framework that helps you identify the readiness of AI technology and your people for every AI initiative you pursue. Figure 1 shows an example position of an AI use case.

» Figure 1. The “You Are Here” Gartner Positioning System



Source: Gartner

Position your AI use cases within the GPS, and identify where to pursue value:

- If AI isn't ready, you can't find new value yet beyond productivity gains.
- If AI is ready but your people aren't, you have to prepare your people to capture and sustain value.
- If both AI and humans are ready, you can unlock new value and transcend your organization's current limitations.

Find New AI Value

To find new AI value, you have to determine the readiness of AI technology in terms of capabilities, costs and vendors.

Assess the Readiness of AI Capabilities

Some AI capabilities, such as search, content generation and summarization, are ready. Others are not. Two critical areas stand out:

- **AI accuracy:** Generative AI models have error rates that range from 3% to 25%.³ AI is making mistakes faster

than humans can catch them. Before you buy an AI tool, decide if the accuracy level of its models is suitable for your use case. Determine if you're willing to invest in guardrails for improving AI accuracy, such as two-factor error checking (using one AI to validate the output of another) or formal comparison metrics.

- **AI agents:** Don't settle for conversational AI agents. CIOs should demand autonomous decision-making agents that will enable you to extend your AI capabilities and find new value. Only 15% of IT leaders who are exploring, piloting or implementing AI agents focus on these types of agents.⁴ Start piloting autonomous, multiagent AI systems now to reinvent your processes.

If AI cannot deliver these two capabilities for your use cases, your value returns will be fragile.

Calculate Hidden Costs

It's easy to underestimate your AI bill. Seventy-four percent of CIOs report that their organization is either losing money or only breaking even on its AI investments.⁵

The big problem? Your CFO knows the cost of AI on Day 1. They don't know what the costs will be on Day 100.

Every AI tool you buy will carry some ancillary costs you didn't anticipate. These hidden expenses could relate to:

- Managing access credentials to enterprise applications for autonomous agents
- Acquiring new training datasets to ground AI
- Measuring and improving AI accuracy

AI also requires more training and change management than any other technology we've seen. You must account for the cost of this extra time.

For every 100 days you spend implementing an AI tool, expect to spend 25 more days training staff and an additional 100 to 200 days for change management.

Navigate the Vendor Landscape

Tech vendors and governments in the global AI race are merging strategies to form digital nation-states, with the authority to redraw digital borders, set rules and influence markets. As these alliances deepen, traditional boundaries between public and private power are disappearing.

Digital nation-states control enough land, power, water, talent and capital to rival actual countries. Large vendors' quarterly spending on AI infrastructure exceeds \$70 billion.⁶ That's more than the individual annual GDPs of almost half of the world's countries.⁷

Depending on your AI ambitions, you'll need to select from three types of digital nation-state vendors:

- **Hyperscalers** like Amazon, Google, Microsoft, Alibaba and Oracle. If you are planning a massive AI rollout to your enterprise, these "superpower" vendors have the infrastructure scale to support you.
- **Startups.** If you have industry-specific use cases, these "developing nation" vendors offer domain-specific AI agents, knowledge and capabilities (although working with startups is inherently risky).
- **Wildcards** like OpenAI, Anthropic, Meta, DeepSeek and xAI. If you're seeking rapid innovation and leading-edge AI capabilities, look to these newly minted nation-states. They don't have the scale and reach of the superpowers, but their influence is rapidly growing.

Make sure your organization **maintains sovereignty over its AI solutions.**

The U.S., China and the European Union are building AI solutions with proprietary models they control. Gartner predicts that by 2027, 35% of countries will be locked into region-specific AI platforms that use proprietary contextual data. What if they cut you off once you're hooked?

You must avoid model lock-in. In the era of AI sovereignty, protecting your data is not enough. You also have to protect the AI model, safeguard the results it generates and control who can access those results. Your CIO should take the lead in ensuring AI sovereignty with techniques such as digital tokenization (to anonymize data) and model distillation (to mimic the models you depend on).

Capture and Sustain AI Value

Finding value with AI is essential. But your people must be able to capture that value and sustain it over time. Seventy-one percent of CIOs and IT leaders report that the people in their organizations are not ready for AI.²

To capture AI value, you have to improve the readiness of your **workforce.** And to sustain that value, you need to improve the readiness of your **organization.**

Transform Your Workforce

Capturing AI value does not have to mean reducing headcount. Our analysis of layoffs from January through June 2025 found that only 1% of headcount reductions were due to AI.⁸

That said, you need a workforce strategy to make sure your people can capture value from AI. This strategy could include:

- **Deferring net-new hiring:** You won't need to hire more junior associates to perform low-complexity tasks such as summarizing content or building presentations. Senior associates can use AI to do this work faster and cheaper.
- **AI talent remix:** Cut some jobs in lower-performing business units and hire people to support high-potential, AI-driven business lines. This strategy is effective for technology companies, but most organizations have a limited ability to create entirely new lines of business.
- **AI value remix:** If an AI talent remix is not the right strategy for you, seek value beyond productivity. Mix it up. Use AI to write better loans, improve customer service and discover new products. This remix allows an enterprise to gain value from all kinds of sources, not just layoffs.

In addition, your workforce will need to develop critical emerging skills, such as context engineering. This ability — the new prompt engineering — further clarifies your intent when using large language models (LLMs), reducing hallucinations and helping generate a better answer. When your people provide AI with the right context, you'll capture more value from the technology.

You'll also need to watch out for **AI's unintended behavioral byproducts**. One example is skills atrophy. If your people rely too much on AI and stop using their core skills, they'll start losing them.

Proactively managing behavioral byproducts gives you a boost ahead on the golden path, as 91% of CIOs and IT leaders told us their organizations dedicate little to no time scanning for these effects.²

Prepare Your Organization

To sustain AI value over time, you have to remodel your organization by preparing to oversee systemic AI-driven change across every facet of the enterprise. A huge shift is underway.

Today, CIOs report that 81% of IT work is done by humans without AI.⁹ By 2030, Gartner expects that 0% of IT work will be done by humans without AI, 75% will be done by humans augmented with AI and 25% will be done by AI alone.¹⁰

AI will expand IT's capacity. For years, IT has not been able to meet demand for its services. AI is changing that equation. Don't ask what jobs will win or lose; rather, ask what work needs to be done. Start identifying new value-creating IT initiatives to decide how AI will change your entire IT estate through 2030.

The cost of change management with AI is high, yet only 23% of CIOs say the managers in their enterprise are ready to help employees navigate technological changes.² You need change management for managers. Provide them with resources to support and enable their teams, such as conversation guides, role-play exercises and AI value stories.

Take-Aways for the C-Suite

To **find new AI value**, you need AI technologies to be ready. To assess AI readiness:

- Evaluate technical capabilities for AI accuracy and AI agents.
- Understand your hidden AI costs and the cost of training and change management.
- Prepare for digital nation-states and AI sovereignty now.

To **capture and sustain AI value**, your workforce and organization need to be ready. To improve human readiness:

- Implement a workforce strategy that may include deferring new hiring, an AI talent remix and an AI value remix.
- Develop critical emerging skills in your workforce such as context engineering, and monitor for skills atrophy and other behavioral byproducts of AI.
- Plan for extra IT capacity, and provide change management resources for managers.

¹ **2025 Gartner CFO Leadership Series — Drive Finance Productivity and Performance With AI Webinar Poll.** This webinar poll took place on 4 March 2025 with 137 attendees participating in the poll. Respondents were CFOs and other finance leaders across multiple industries. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

² 2025 Gartner IT Symposium Keynote Webinar, 12 August 2025.

³ [Humanity's Last Exam](#), Humanity's Last Exam.

⁴ **2025 Gartner Generative and Agentic AI in Enterprise Applications Survey.** This study was conducted to understand the key challenges and opportunities when deploying generative AI tools and where organizations should focus their AI investments. This research also aims to understand what stage organizations are at on their AI agent journey and their thoughts on AI agents. The research was conducted online from May through June 2025 among 360 respondents from organizations with at least 250 full-time employees across all industries (except IT software) in North America (n = 149), Europe (n = 140) and Asia/Pacific (n = 71). Soft quotas were established for country, company size and respondents' function type and job level to ensure a good representation across the sample. Organizations were required to have deployed or plan to deploy in less than one year at least one generative AI tool in at least one core enterprise application domain: digital workplace applications, customer relationship management applications or enterprise resource planning applications. Respondents were team leaders or above, excluding the C-level, and involved in the rollout of generative AI tools; they were required to have certain responsibilities regarding these generative AI tools. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

⁵ **2025 Gartner AI Survey — CIO and Technology Leader View.** This survey was conducted to understand CIOs' and technology leaders' views on their enterprises' status in their AI journey, investment and technology priorities for 2025. It also captured their sentiments toward their enterprises' response

to and effectiveness in dealing with disruptions. The survey was conducted online in May 2025 among CIOs (n = 224) and other technology leaders (n = 282). The total sample was 506 respondents, with representation from North America (n = 211), Europe (n = 141), Oceania (n = 54), Asia (n = 41), the Middle East (n = 30) and Latin America (n = 29) across all industry sectors. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

⁶ [Tech Megacaps Plan to Spend More Than \\$300 Billion in 2025 as AI Race Intensifies](#), CNBC.

⁷ [GDP by Nation](#), World Bank Group.

⁸ [What's Your AI Layoff Strategy?](#)

⁹ **2025 Gartner CIO Leadership Forum Pre-Conference Survey.** This survey was conducted to capture CIOs' and IT leaders' current sentiments, key initiatives and challenges for the coming year, and potential topics of interest to inform the agenda for the 2026 Gartner CIO Leadership Forum. The survey was conducted online in July 2025 among CIOs (70%) and other IT leaders (30%). The total sample is 310 respondents, with representation from North America (53%), Europe (39%) and Asia/Pacific (8%), and across all industry sectors. Disclaimer: Results of this study do not represent global findings or the market as a whole but reflect sentiment of the respondents and companies surveyed.

¹⁰ **Gartner CIO Talent Planning for 2025 Survey.** This survey was conducted to benchmark the skills that CIOs plan to prioritize, capture the methods they plan to use to hire and develop talent, and assess the key technology roles CIOs are implementing in their enterprise. The research was conducted online from October through December 2024 among 487 respondents from midsize and large enterprises in North America, EMEA and the Asia/Pacific region. Respondents were screened for CIO or senior IT leadership roles with decision-making responsibilities in talent planning strategies. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

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