AlixPartners

Disruption Index

Beyond the hype:

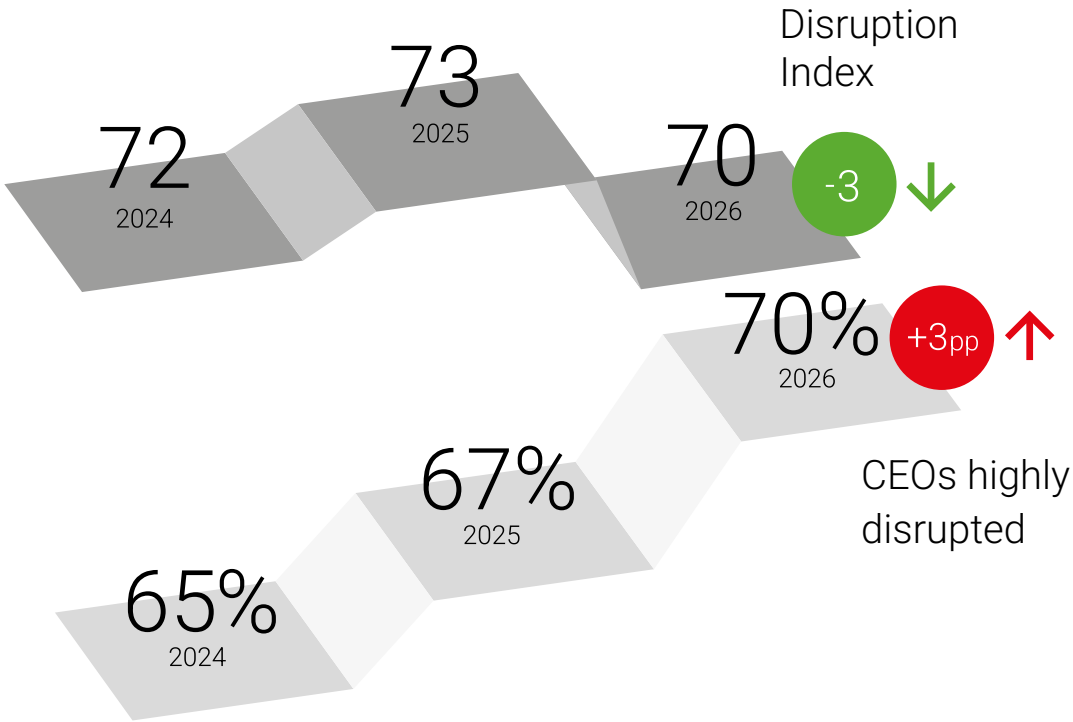
Realizing value in disruption

When it really matters.[sm]

2026

Contents

Our findings in brief



Some are disrupted more than others

Region

United States
+1

Industry

Finance
+2

Retail
+1

AI, automation, and robotics are largest opportunities

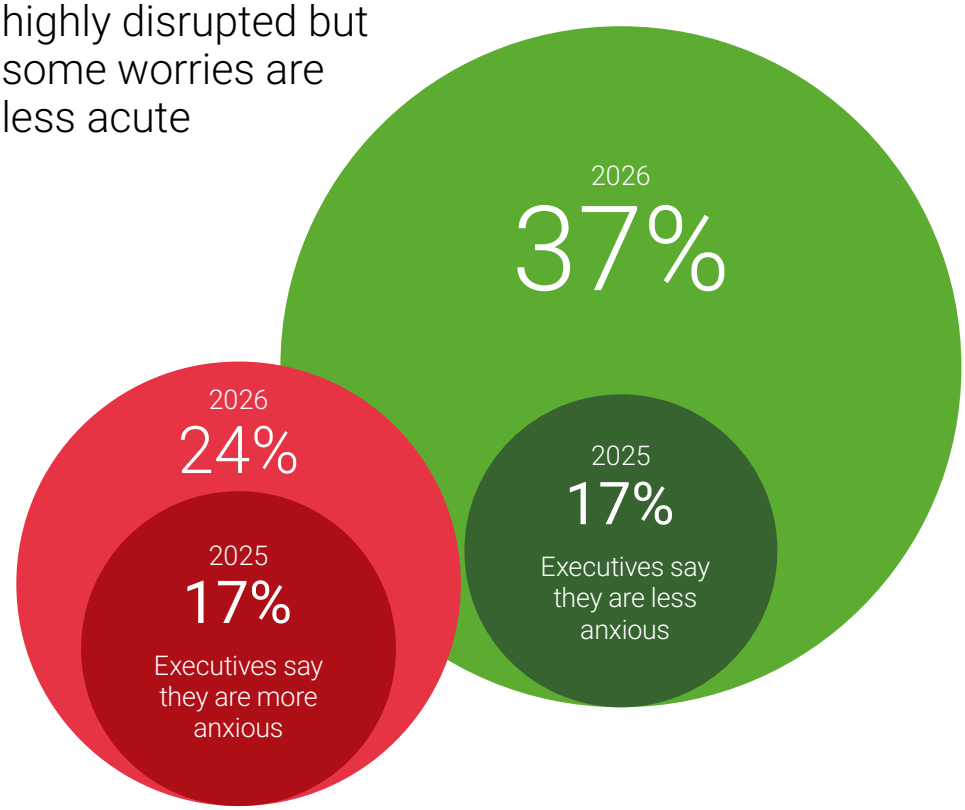
80% of executives are optimistic about the impact of AI on their business

65% are primarily focused on using AI to drive revenue growth (with 35% primarily focused on cost reduction)

77% of CEOs envisioning the deployment of humanoid robots at scale within the next five years

95% of CEOs expect AI to lead to layoffs at their organization within the next 5 years, including **almost half (44%)** who expect AI to lead **10%** or greater reductions in their workforce

World remains highly disrupted but some worries are less acute

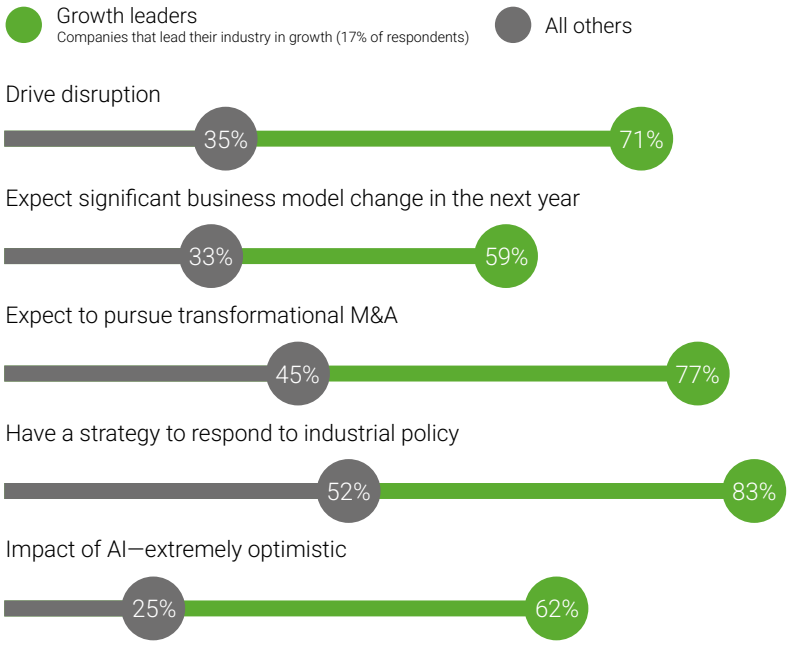


A vast divide: CEOs experience disruption much more acutely than their direct reports

70%
CEOs report high levels of disruption

39%
Other C-suite executives

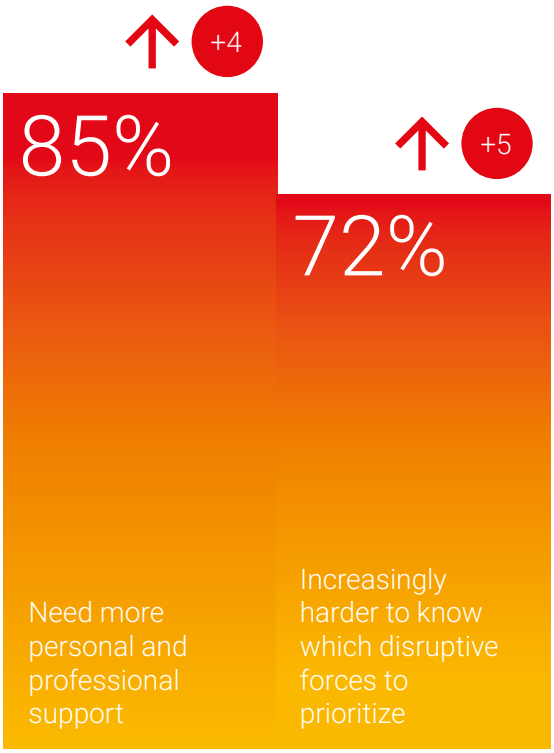
Fastest growing companies are leaning into disruption

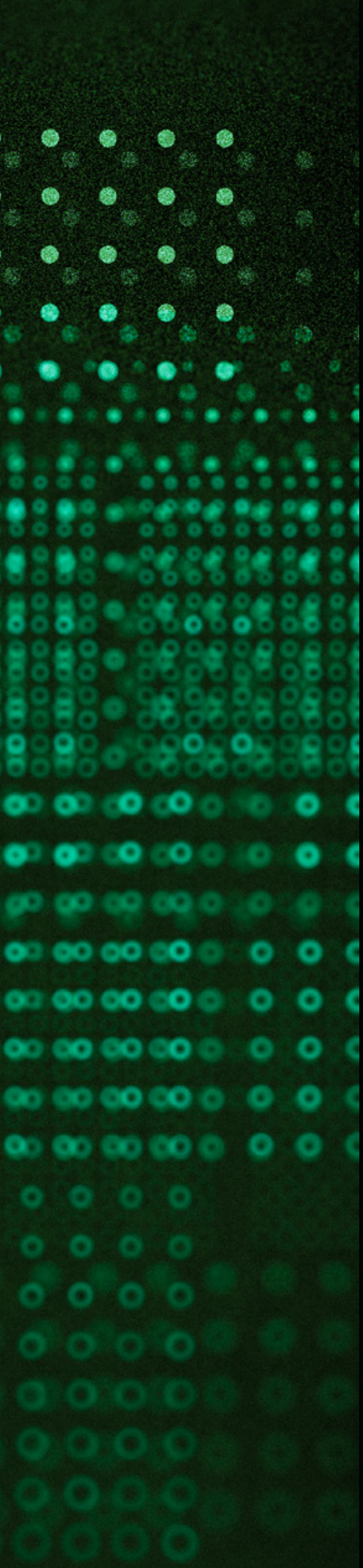


Productivity pressure is on — and AI adoption is accelerating

- Productivity is the **#1** workforce issue
- Automation and AI are the **#1** areas for growth investment
- CEOs expect **55%** of job functions at their organization to be fully integrated with AI in 5 years
- Customer service and operations are top focus for AI investments

The CEO hot seat keeps getting hotter





Chapter 02

Executive summary

We live in a world in which disruption is constant. Geopolitical tensions reshape supply chains and market access. Workforce constraints persist as demographics shift and skill requirements evolve. Cybersecurity threats multiply. And technological change—led by artificial intelligence (AI)—accelerates at an unprecedented pace.

Yet something fundamental is shifting in how business leaders experience and respond to this reality.

The 2026 AlixPartners Disruption Index—our seventh annual—based on responses from over 3,200 senior executives across 11 countries and 10 industries, reveals a complex picture of moderating disruption across most industries and geographies, alongside emerging pockets of confidence and capability. The Disruption Index score is a number derived by analyzing the number and severity of disruptive forces. It is a function of how many forces executives say are disrupting their business, combined with how powerful they say those forces are.

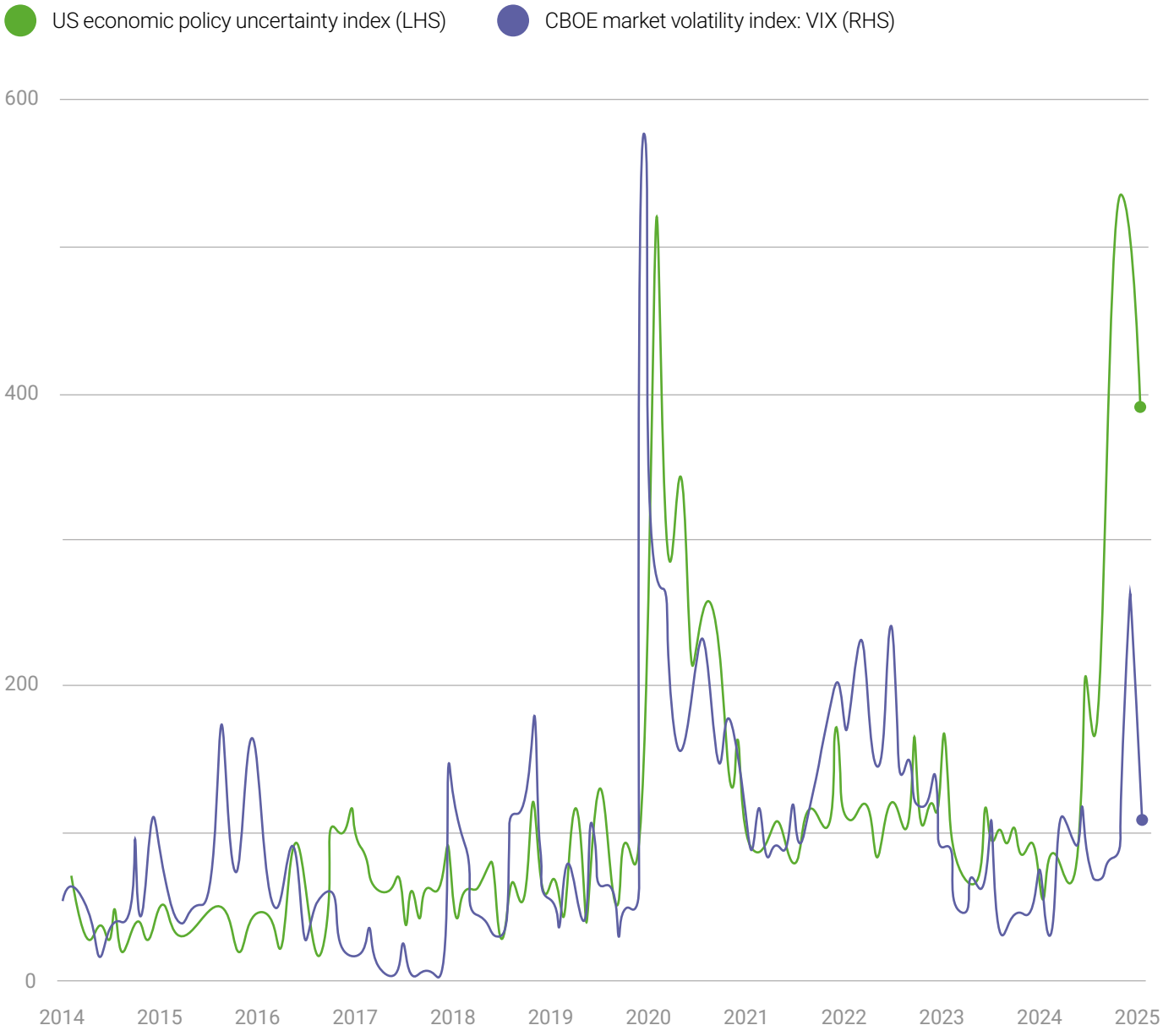
This year, the overall Disruption Index declined by 3 points from 73 in 2025 to 70 in 2026, reflecting the fact that executives feel less pressure from the disruptive impact of new technologies, tariffs, inflation, regulation, and other disruptive forces than last year. Indeed, the number of executives who report feeling highly disrupted dropped 9 percentage points to 48%.

Normalization of uncertainty and disruption

Disruption hasn't decreased—supply chain pressures, geopolitical tensions, and technology-driven change remain intense. Instead, companies are responding to it better. Persistent disruption is becoming normalized, particularly at the best-performing companies. What once felt extraordinary now feels routine. Organizations are building muscle memory for change.

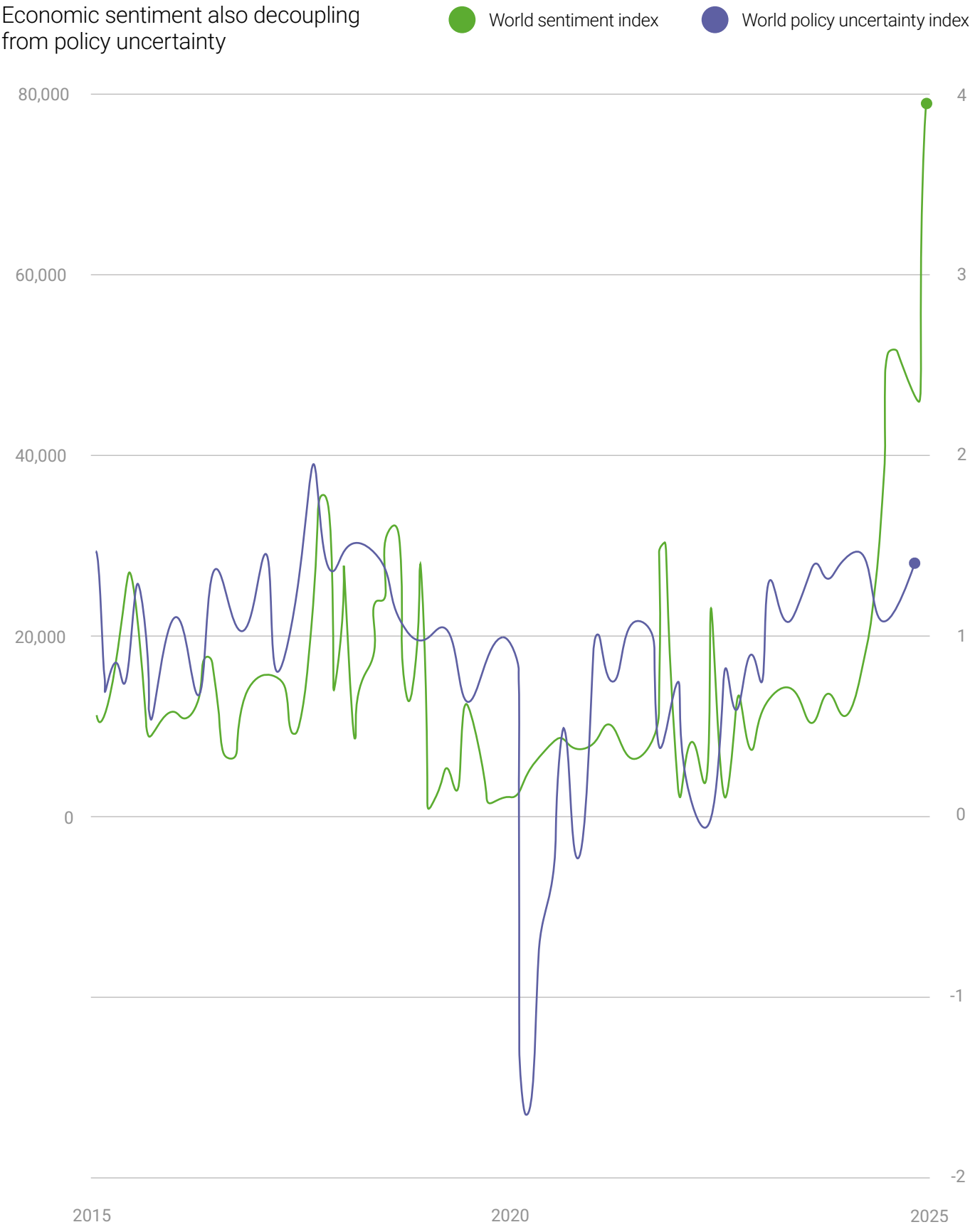
Market volatility decoupling from policy uncertainty

Financial market valuations are less likely to reflect political uncertainty



Source: Haver Analytics, FT graphic: Tej Parkh / @tejparikh90.

Economic sentiment also decoupling from policy uncertainty



Sources: Economic Intelligence Unit (EIU); authors' calculations. Note: Indices are GDP-weighted averages for 71 countries derived from EIU country reports. The World Policy Uncertainty Index captures the frequency of policy- and politics-related uncertainty terms, while the World Sentiment Index reflects the balance of positive and negative words in Economist Intelligence Unit (EIU) country reports.

The world remains highly disrupted

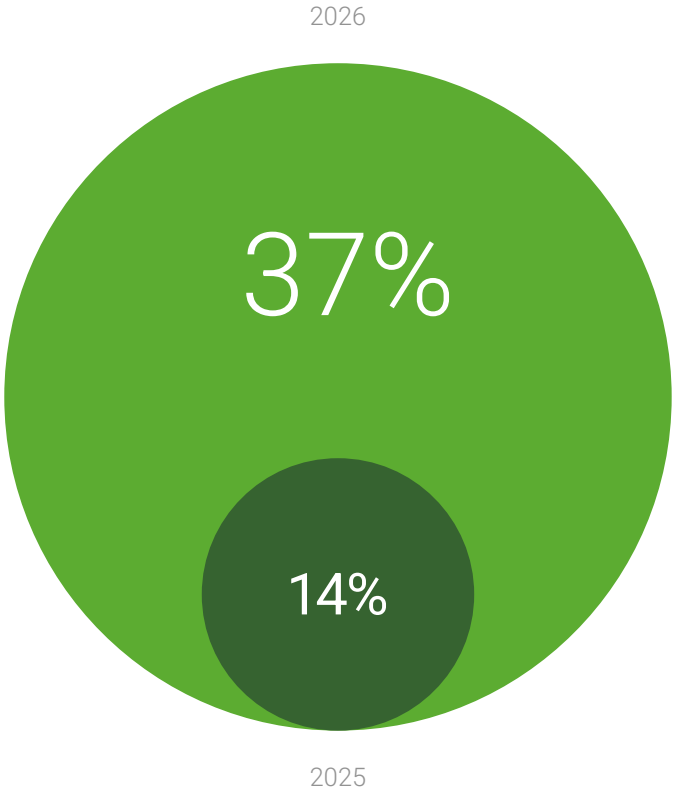
But some worries are less acute

Thirty-seven percent of executives say they are less anxious than they were a year ago—a dramatic change from last year's 14%. At the same time, however, 24% say they are more anxious, a big jump from just 17% last year.

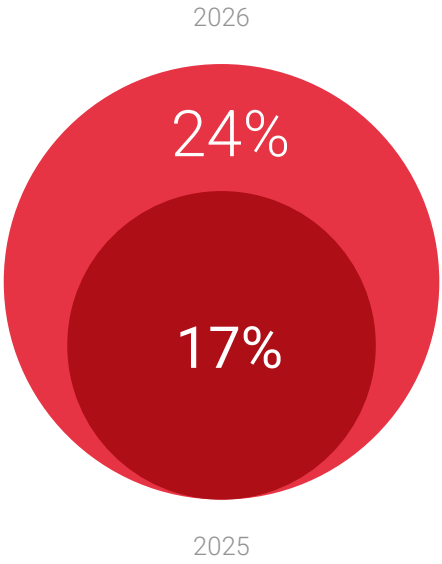
The striking bifurcation in executive anxiety is more than statistical noise—it is a reflection of the rapidly diverging experiences within leadership teams as companies adapt to disruption at different speeds. Those who report greater anxiety are overwhelmingly concentrated among the most active leaders—the ones on the front lines of digital and, especially, AI transformation. These high performers' anxiety is a byproduct of success. As leaders in AI adoption and rapid business growth, they see firsthand how quickly the goalposts move and just how much is at stake. The rewards from leaning into change are considerable, but so is the burden—the realization that staying ahead requires continuous reinvention, ever-greater agility, and the courage to make bold choices while the terrain keeps shifting beneath their feet.

In this new reality, leaders must own their unease. Only those willing to tune into this tension, rather than escape it, will be positioned to continuously adapt, shape outcomes, and thrive amid ongoing disruption.

Less anxious



More anxious

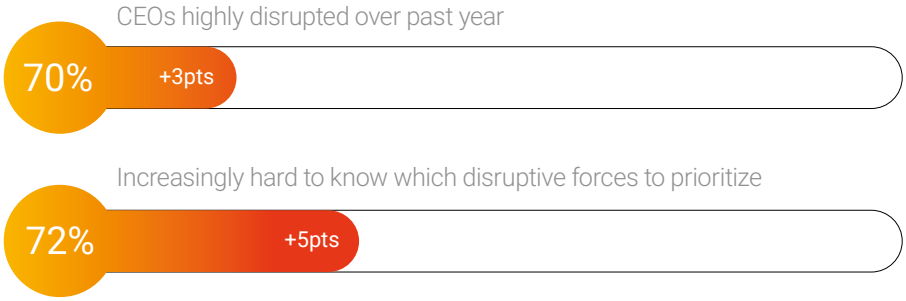


The CEO

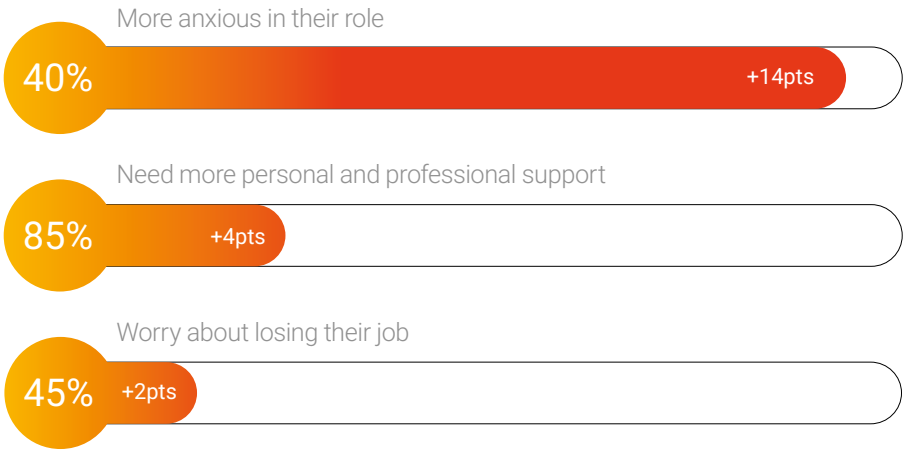
And then there are the CEOs. As in previous years, they are the ones experiencing disruption most acutely. CEOs are truly in the hot seat, saying that their organization has been more disrupted and worrying that they are not moving fast enough to respond. They are also the ones most likely to say that they are personally falling behind in terms of knowledge and skills, and need more support. As we discuss in part 3 of this report, the gulf between CEOs and their direct reports is striking.

The CEO hot seat keeps getting hotter

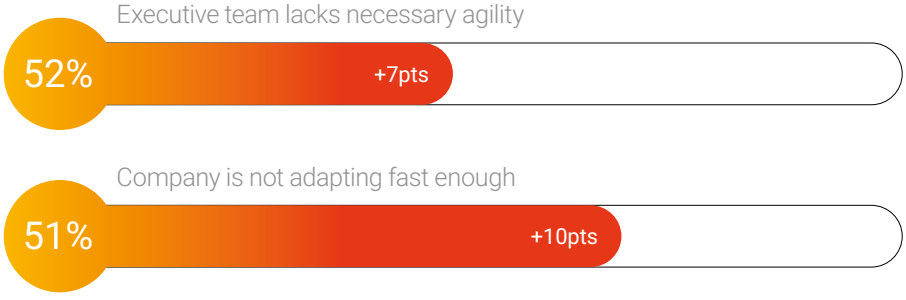
More disrupted



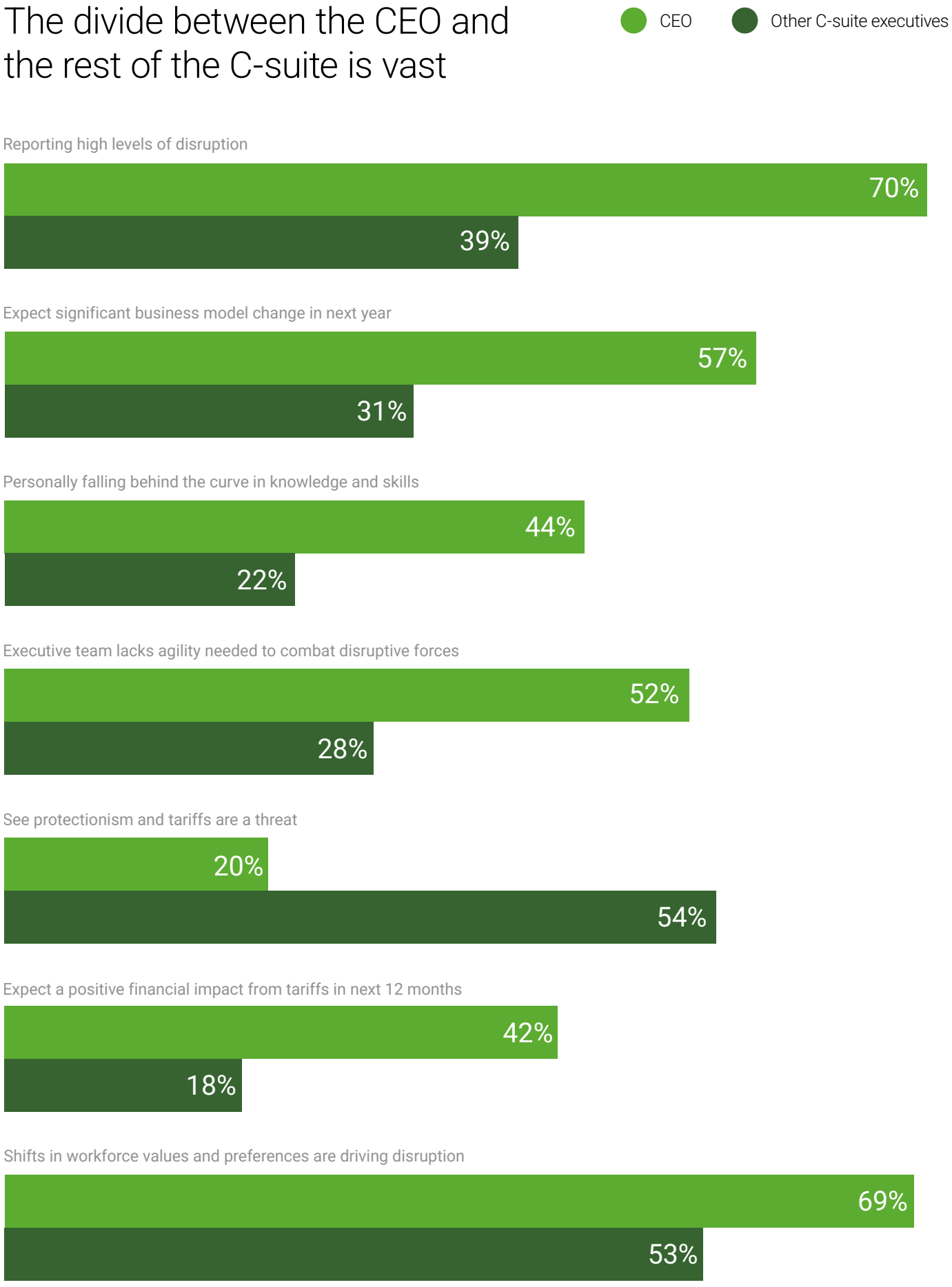
More worried



Contributing organization factors

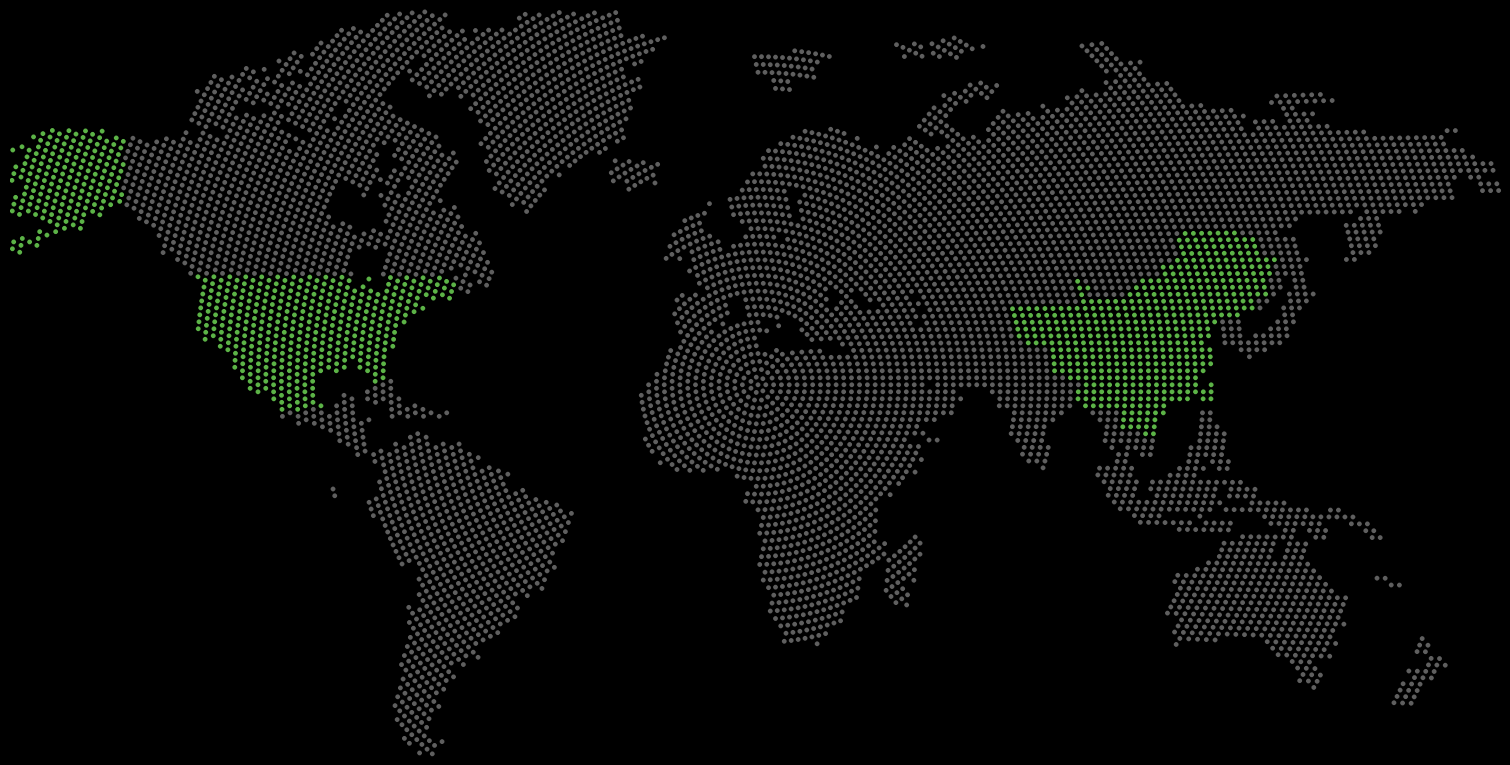


The divide between the CEO and the rest of the C-suite is vast



The U.S./China exception

Businesses in the U.S. and China stand out as being both the most disrupted and the fastest in responding to disruption's challenges



Have highest Disruption Index scores

U.S.	China
72	77

Report highest rates of disruption

U.S.	China
53%	69%

Making significant changes to their business models this year

U.S.	China
42%	51%

Among highest number of job functions fully integrated with AI today

U.S.	China
32%	34%

Extremely optimistic about the impact of AI on their organization

U.S.	China
36%	38%

Adjusting supply chains due to tariffs or geopolitical instability

U.S.	China
83%	90%

Outside the U.S., executives feel less pressure this year

Following a period in which more than half of the world's population went to the polls and governments in at least seven major countries changed hands, it's perhaps no wonder that executives in much of the world felt some relief. Concerns over regulations fell markedly, despite the increased impact of tariffs and other protectionist policies.

On the technology front, companies were transitioning from a period of experimentation with AI to one of increased investment and implementation.

The evolution of both of these trends has undoubtedly helped executives in much of the world report lower disruption year over year. In fact, the United States is the only country in which the Index increased, likely driven primarily by political uncertainty, continued pressures from AI investment and adoption, lingering concerns over inflation, and the pace of business model change.

North America

US

Index score

72
+1

Highly disrupted

53%
+3

Canada

Index score

69
-2

Highly disrupted

43%
-7

Asia

China

Index score

77
-4

Highly disrupted

69%
-13

Japan

Index score

64
-3

Highly disrupted

34%
-5

EMEA

France

Index score

69
-2

Highly disrupted

42%
-3

Switzerland

Index score

68
-8

Highly disrupted

41%
-21

Germany

Index score

67
-7

Highly disrupted

45%
-16

UK

Index score

68
-5

Highly disrupted

40%
-10

Italy

Index score

65
-4

Highly disrupted

37%
-11

Saudi Arabia/UAE

Index score

67
-5

Highly disrupted

33%
-24

United States

Dynamism and disruption

The United States stands apart: With the second-highest disruption Index score (after China), it is the only country where disruption increased this year. Fifty-three percent of U.S. executives report high disruption levels, driven by a convergence of three factors: ongoing policy uncertainty, mixed yet resilient economic performance, and technological leadership in AI.

Policy uncertainty and tariffs

Eighty-four percent of U.S. executives report that new tariffs are causing strategy adjustments, reflecting broader concerns about governmental and regulatory instability. Forty-eight percent cite governmental elections and politics as a high-impact disruptive force. And while 51% of U.S. executives reported being highly impacted by tariffs this year, issues such as AI and inflation ranked higher. A similar number (51%) think that tariffs will have a positive financial impact on their business over the next 12 months. Uncertainty persists, but companies seem increasingly able to navigate it.

Economic resilience amid uncertainty

The U.S. economy dramatically outperformed expectations in 2024, with Q3 GDP growth reaching 4.3%, the strongest in two years. Yet the economic picture is one of the most complex in years. Sixty percent cite inflation as a top challenge, while interest rates remained elevated. And on balance, executives think it will be easier to both retain (50%) and hire (61%) qualified workers 12 months from now, as the labor market has softened.

Technological leadership and AI

U.S. companies are among the highest in AI adoption and investment. Sixty-one percent report high AI impact, while seventy-eight percent are extremely optimistic about AI's business impact. Forty-eight percent identify digital transformation as their primary area of business model change, and fifty-five percent prioritize accelerating technology adoption. Forty-five percent also prioritize increasing organizational flexibility, the highest percentage globally.

This relentless pace of technological and organizational change, combined with policy uncertainty and economic complexity, creates the paradox of American disruption: Success itself generates pressure. U.S. executives are investing more, transforming faster, and placing bigger bets than peers globally (with perhaps the exception of China)—yet experiencing higher disruption as a result. In America's hyperdynamic market, staying competitive requires constant reinvention.

U.S. executives report higher levels of disruption

72

Disruption Index score (vs 70 global average)

53%

Reporting high disruption

84%

New tariffs causing strategy adjustment

And are leaning into new technologies and organizational change

61%

Highly impacted by AI/ML

48%

Digital transformation primary focus of organizational change

45%

Prioritize organizational flexibility (highest globally)

Europe

Decelerating disruption pressures

Europe tells a different story. Swiss (-8 points) and German (-7 points) executives posted the most significant global declines in Index scores. While structural economic challenges persist—such as aging workforces, energy transition pressures, competition from Chinese manufacturers (especially in the automotive sector), and slower digital transformation—uncertainty and the pressure to transform have diminished somewhat this year.

European executives express higher concerns around

Their companies not adapting fast enough

(higher han average in UK (+9 pts), Germany (+5 pts), and Switzerland (+5 pts))

Executive teams lack agility

(higher than average in UK (+9 pp), Germany (+8 pts), Switzerland (+4 pts))

Employees being set in their ways

(higher than average in France (+12 pts), UK (+10 pts), and Switzerland (+9 pts))

Yet Europe also shows areas of strength

Strong upskilling programs

Leadership in sustainability and green transition

High-quality manufacturing and engineering capabilities

China

Transformation and anxieties race ahead

China's Disruption Index fell from 82 to 77 in 2026, yet it remains the most disrupted market globally, combining intense perceived disruption with some of the world's most aggressive transformation plans and AI investments.

More than two-thirds of Chinese executives say they feel highly disrupted, and they report strong investment in AI and high expectations for major business model change, underscoring a "high-disruption, high-action" environment.

Anxiety is being driven less by technology and more by macro headwinds: a weaker-than-hoped post-COVID recovery, escalating U.S.-China geopolitical tensions and export controls, and a shrinking working-age population

Chinese executives report

High disruption levels

69%+ feel highly disrupted

Aggressive transformation plans

High expectations for business model change

Strong AI investment

Among global leaders in AI spending and deployment

Yet anxiety is rising due to

Economic slowdown

Post-COVID recovery weaker than expected

Geopolitical tensions

US-China decoupling, export controls on technology

Demographic decline

Shrinking working-age population

China remains a critical market and manufacturing base for global companies, but the calculus of operating there is shifting. Increasing numbers of executives from companies outside China are reporting adjustments to their supply chains, diversification of their manufacturing footprint, and hedging against exposure to China.

Middle East

Ambition meets reality

The UAE and Saudi Arabia both posted significant declines (UAE: -5 points, Saudi Arabia: -5.0 points) in their Index scores, perhaps reflecting massive government investments in economic diversification and technology, even as the region grapples with talent constraints, diversification delays, and geopolitical volatility.

Challenges include

Talent acquisition

Difficulty attracting and retaining world-class talent

Economic diversification delays

Oil still dominates despite Vision 2030+ initiatives

Geopolitical volatility

Regional conflicts and tensions

Competition for investment

Other markets offering similar incentives

However, long-term optimism remains

Both countries are massive investors in AI and advanced technology

Major infrastructure projects are creating new opportunities

Sovereign wealth providing capital for bold moves

Young, educated populations (particularly the UAE)

Japan

The challenge of aging

Japan posted a decline of –3 to 64, the lowest score globally. Japanese companies are exploring automation and robotics more aggressively than most other markets—a necessity given labor constraints.

Japan boasts many strengths

Manufacturing excellence

Particularly in automotive, electronics, robotics

High savings rates and strong corporate balance sheets

Government support for digital transformation and "Society 5.0" vision

Improving economic outlook, including an end to deflationary stagnation

Yet also faces challenges

Severe demographic crisis

Fastest-aging major economy

Labor shortages

Particularly acute in manufacturing, services

Corporate conservatism

Slower to adopt AI and digital transformation and business model change

Persistent deflationary

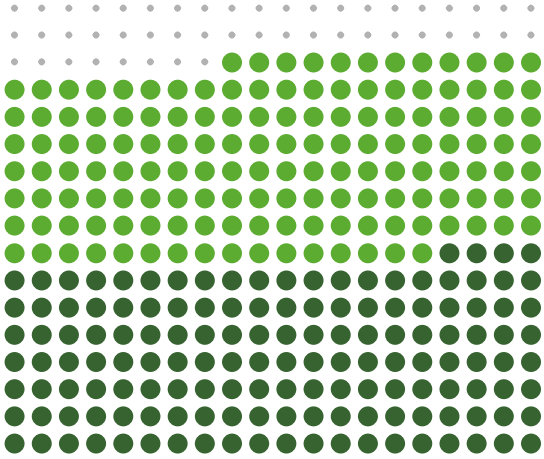
Decades of stagnation shaping expectations

The geopolitical imperative

Supply chain reconfiguration

In process

Already adjusted



The rewiring of the global economy represents a transformation as profound as the AI revolution—and the two are deeply intertwined. The percentage of G-20 trade subject to restrictions has tripled over the past decade, while foreign direct investment flows have shifted even more dramatically. This isn't a temporary disruption or a cyclical downturn—companies face a permanent end to the globalization consensus that dominated trade policy since World War II. Supply chain management, once safely delegated to specialist teams, now requires the attention of CEOs and boards.

Eighty-two percent of executives report they have already adjusted their supply chains in response to tariffs and geopolitical instability (41%) or are in the process of doing so (42%). However, responses vary significantly by region and level of strategic sophistication. Chinese companies are turning tariffs to their advantage—56% report positive impacts today, with 66% expecting a positive impact 12 months from now. Japanese firms tell the opposite story: 55% report negative impacts. American companies are split but cautiously optimistic, with 51% expecting positive impacts next year, partly driven by their greater willingness to pass costs to consumers.

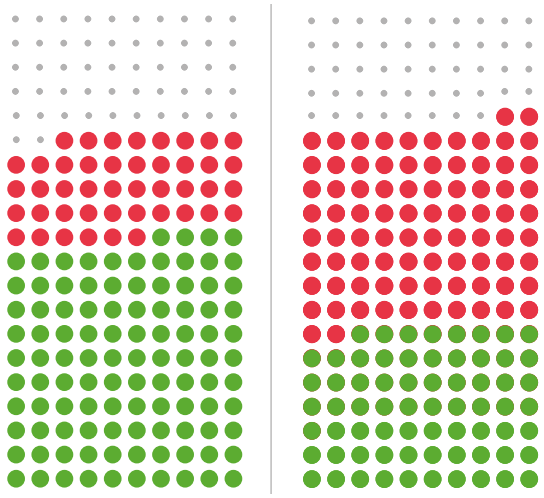
Strategic vs. tactical responses

Geopolitical conflict creates opportunity

Geopolitical conflict is a threat

Growth leaders

Growth laggards



The difference between leading and lagging companies isn't exposure to geopolitical disruption—it's how they respond to it. Growth leaders have moved beyond tactical firefighting to strategic repositioning. Fifty-two percent of growth leaders view geopolitical conflict as creating opportunity for them, while only 22% see it as a threat; among laggards, those percentages reverse to 29% opportunity and 47% threat. Seventy-one percent of growth leaders report that tariffs have had a positive impact on their business, compared to just 34% of slower-growing companies.

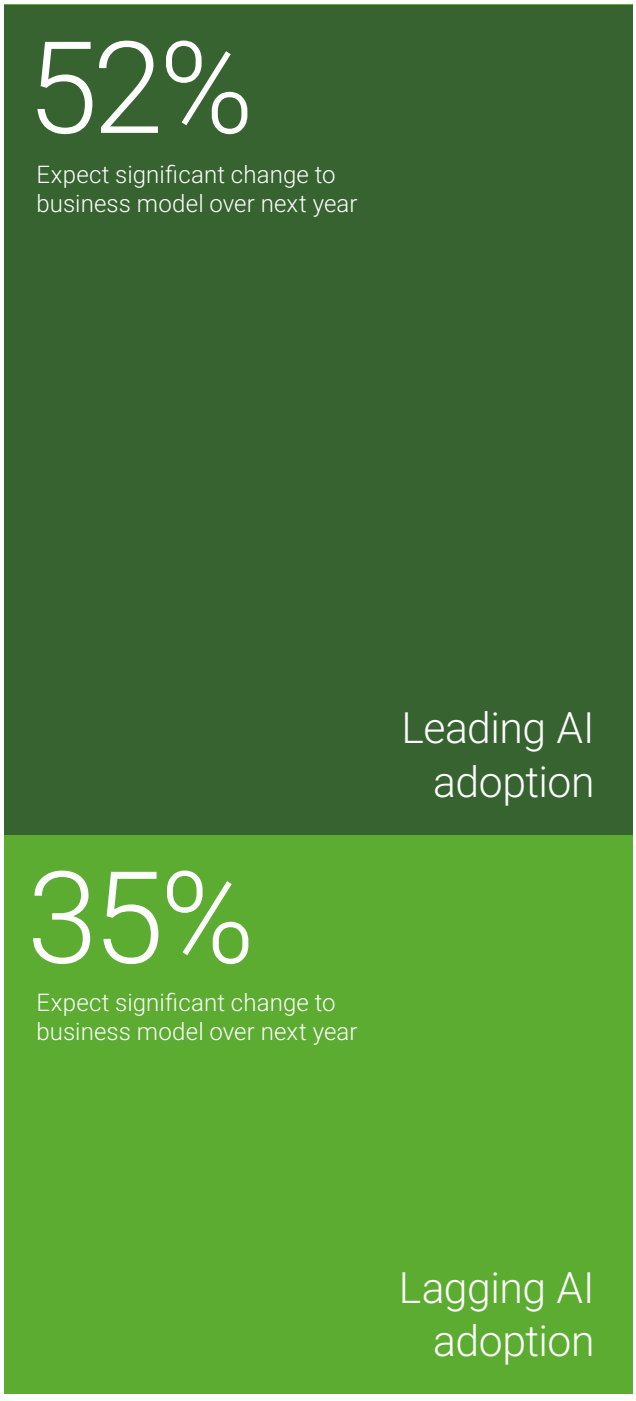
What accounts for this divergence? Growth leaders are acting, not reacting—and their actions are strategic, not just tactical. Seventy-three percent have already found different suppliers and trading partners (versus 34% of laggards), 55% have increased capital expenditures in response to global uncertainty, and 49% have developed explicit strategies to address the rise of industrial policy (versus just 20% of laggards). They are diversifying their production footprints, adjusting product portfolios to mitigate the impact of tariffs, and fundamentally reevaluating their global operating models. Meanwhile, 78% are changing strategies in response to U.S.-China concerns. The best companies are building institutional muscle for permanent geopolitical complexity—treating supply chain resilience and geopolitical adaptability as strategic capabilities that create competitive separation.

AI as a divider and an opportunity

The answer lies in adaptation and action. Companies that have embraced digital transformation, particularly artificial intelligence, are pulling ahead. Leaders in AI adoption report higher optimism in AI's potential (89% vs. 64% among laggards), better integration of AI tools into daily operations (37% vs. 25% of job functions), and crucially, greater confidence in their ability to navigate ongoing disruption.

But at the same time, those leaders still face mounting pressure. They see the pace of change accelerating. They recognize the need for their organizations to keep pace, set priorities, and identify challenges such as cultural resistance, misaligned leadership, and talent gaps. AI leaders are 11 points more likely to report being highly disrupted over the past year.

Those whose adoption of AI is lagging, on the other hand, feel less pressure to lean into significant business model change this year (35% vs. 52%), are much less likely to be moving into new markets or geographies, and are struggling with legacy systems, which hold back their ability to implement digital transformation. Compared to the leaders, they're 8 points more likely to say they are less anxious this year.



Perhaps Andy Grove's maxim is correct: Only the paranoid survive.

AI is becoming the great divider. Not simply as a technology, but as a proxy for organizational agility, strategic clarity, and execution capability.

This year's findings send a clear message:
The middle ground is disappearing. Companies must choose: either adapt boldly and build the capabilities to thrive amid continuous change, or risk falling irretrievably behind. The opportunity remains vast for those willing to act decisively. The window for hesitation is closing. But this adaptation is far from universal.

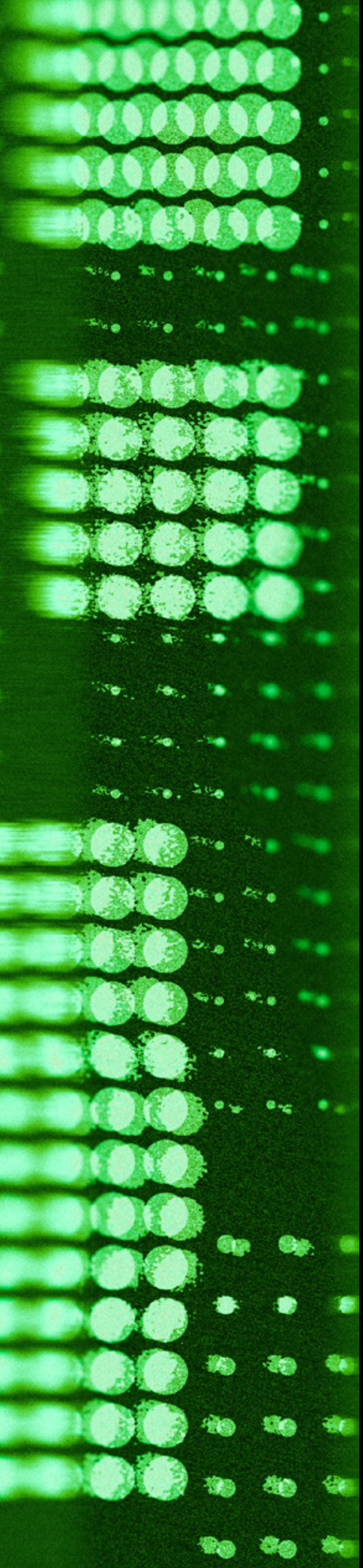
The AlixPartners Disruption Index

Disruption by region

	2023	2024	2025	2026
U.S.	72	71	71	72
Canada	70	69	71	69
U.K.	73	70	73	68
Germany	75	68	74	67
France	74	65	71	69
Italy	73	71	69	65
Switzerland	69	67	76	68
Japan	76	70	67	64
China	86	83	81	77
Saudi Arabia/UAE		72	72	67

Disruption by industry

	2023	2024	2025	2026
Aerospace	77	72	73	72
Automotive	75	72	77	74
Consumer products	82	70	74	65
Energy	84	74	74	69
Financial services	73	68	69	71
Healthcare	75	75	70	70
Media	77	70	76	71
Retail	76	74	72	73
Technology	73	75	73	67
Telecom	70	73	75	70



Chapter 03

The C-suite response:

Fear, hope, and action

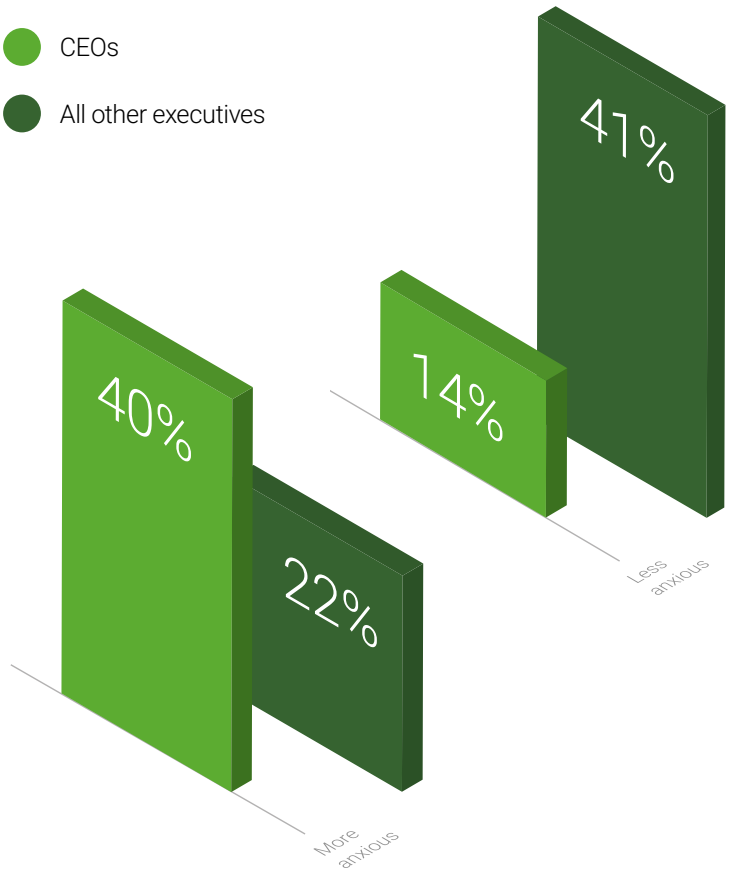
How you perceive disruption depends on where you sit. Compared to others, CEOs are in the hot seat—or the captain's seat, which might be the same thing. Seventy percent of CEOs say their company faces high disruption, compared to 45% of other leaders. CEOs are also more likely to say (by 64% to 38%) that their companies are driving disruption, rather than reacting to it. And 45% of CEOs worry about losing their jobs due to the impact of disruptive forces, a fear shared by only 26% of their subordinates. They are almost twice as likely (44% to 26%) to say that they are personally falling behind the curve in terms of knowledge and skills. It's no wonder the person in the corner office is anxious.

How the C-suite experiences disruption

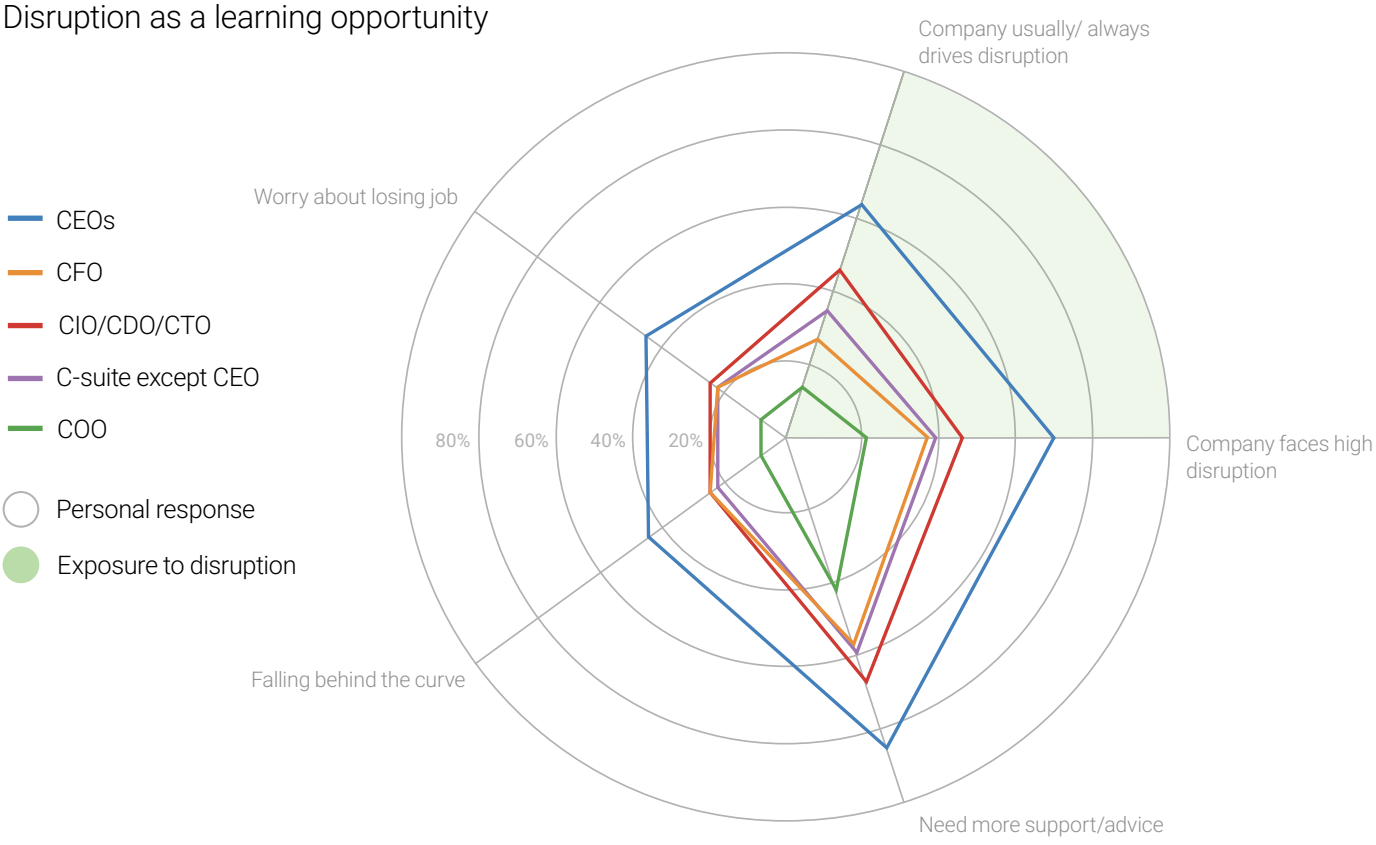
If the women and men sitting around the table with the CEO have significantly different experiences of disruption, one person at the table shares the CEO's view of being disrupted while driving it: the CHRO. Sixty percent of CHROs say their company faces high disruption, and four out of five (79%) say their companies are driving it. Executives responsible for all things digital—chief technology, data, or information officers—feel disruption considerably less keenly; 46% of them say their companies have been highly disrupted, and that their companies are driving disruption.

Among CFOs, 37% see high disruption, and 27% believe their company is driving it. A third of commercial leaders—34% of chief marketing and commercial or revenue officers—believe their companies have been highly disrupted, and 27% say they are driving disruption.

While others around the table talk about disruption, the chief operating officers might be looking at their phones: Only 21% of COOs say disruption is intense, and only 14% believe their companies are leading the charge.



Disruption as a learning opportunity



How executives' disruption readiness compares

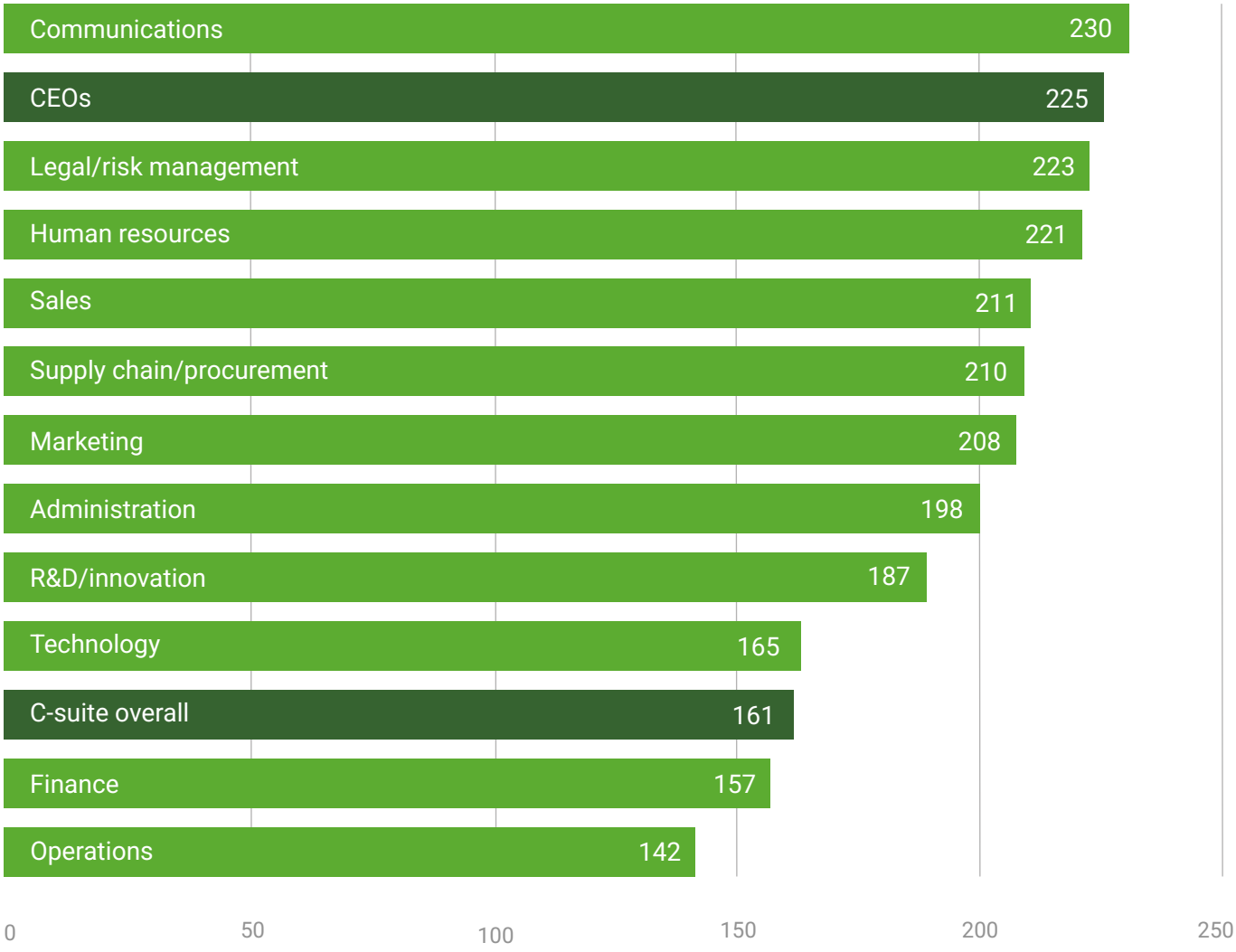
If you ask a company's assembled executives how well their company is prepared to deal with disruptive forces, a similar picture emerges. CEOs are very worried that their executive colleagues and employees aren't up to the job of exploiting or combating the challenges disruption poses. Among CEOs, 72% say it is increasingly difficult to know which disruptive forces to prioritize; 52% say their executive team lacks the agility needed to combat disruptive forces; 51% say their company is not adapting quickly enough, and 50% say employees are too set in their ways. Add those numbers up, and you get an "organizational unreadiness score" of 225.

In this unflattering diagnosis of organizational sclerosis, CEOs have allies in communications, legal and risk management, and human resources. Executives in these three functional areas diagnose organizational unreadiness almost identically to the CEO.

It is interesting to see legal and risk-management leaders arguing on behalf of organizational change, but not surprising: With geopolitical and cybersecurity threats at very high levels, companies that do not address disruption face the prospect of value destruction. It is surprising to see finance and operations executives so much less concerned about organizational change-readiness than others.

Organizational unreadiness score, by function

Total of percentages of executives who agree with the following statements: "Our executive team lacks the agility needed to combat disruptive forces"; "I worry that my company is not adapting fast enough"; "it is becoming increasingly challenging to know which disruptive forces to prioritize"; and "employees at my company tend to be set in their ways and not open to change"

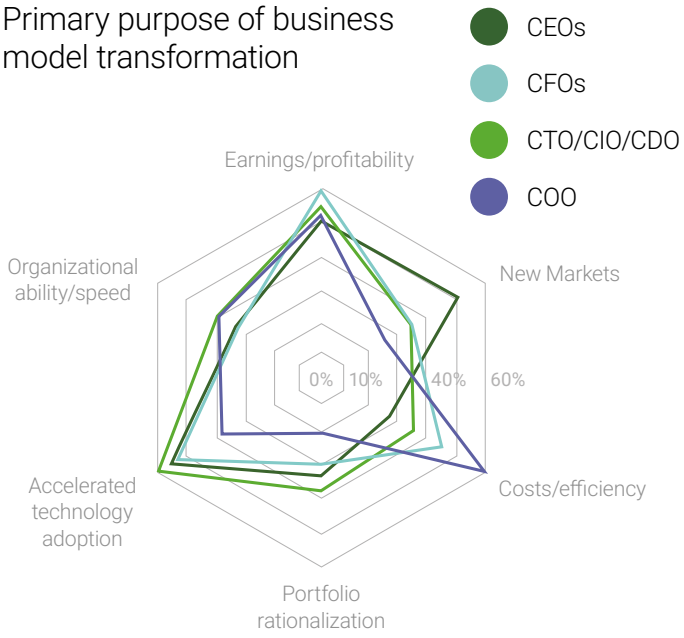


Business model change

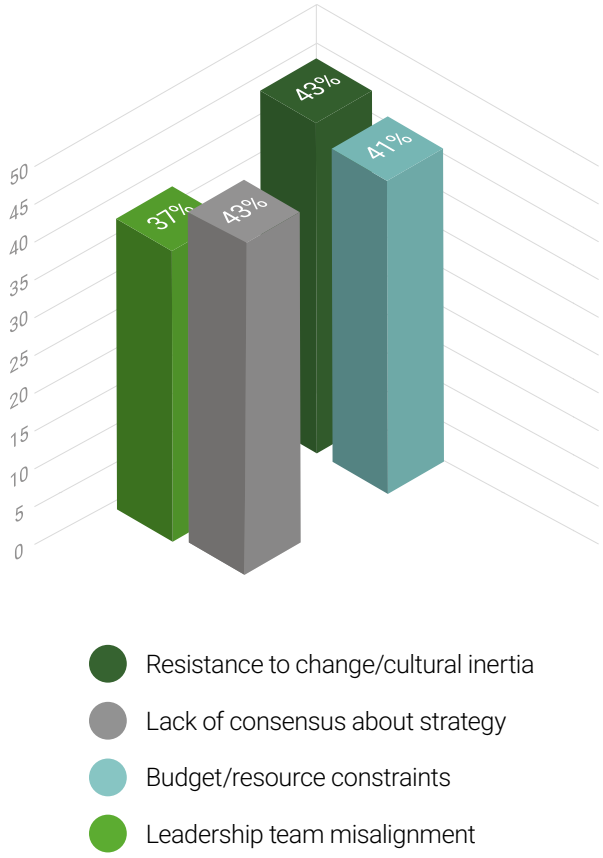
Ready or not, change is on its way. Nearly six out of ten CEOs (57%) say their company's business model will undergo significant change in the year ahead, and only 3% say there will be little or no business model change. Among all executives, those percentages are much lower, but still dramatic, with 38% foreseeing a significant business model change and just 16% expecting things to remain the same. Finance and accounting and operations executives—who are the least concerned about change-readiness—are also the least likely to expect that significant change will happen.

They may be in for a surprise. When it comes to what will change, ops is in the bullseye. Executives cite operations as the primary focus of change more often than any other aspect, except for overall digital transformation, which operations trails by a single percentage point. In third place is supply chain, which is, of course, closely connected to operations. COOs know that their function is about to be transformed. Though COOs are the least likely in the C-suite to believe disruption is high and the least likely to expect major business model change (just 12%), 72% say operations will be the focus of change. For their part, CEOs are in the "everything, everywhere, all at once" camp. They rank overall digital transformation first, then cluster operations, supply chain, and product mix.

Primary purpose of business model transformation



Biggest obstacles to business model change, according to CEOs



But to what end? What is the goal of transformation? More than anyone else, CEOs' orientation is toward growth. They are much more likely than others in the C-suite to say entering new markets is a primary purpose of transformation. COOs are the most cost-conscious, more even than CFOs. And everyone sees a strong need to accelerate the adoption of new technology and to increase earnings and profitability.

Around the table, there is no clear consensus on the pace and impact of disruption, whether the company is driving it or reacting to it, where and how much the company's business model will change, or how much capacity for change the company has. To CEOs, that misalignment is a significant challenge. In their view, three of the four biggest organizational obstacles to transformation have to do with alignment and motivation—and, yes, securing the necessary funding. But defining strategy, creating alignment, and finding resources are precisely what a CEO is hired to do.

The CEO's mandate for action

From Executive Chairman
Simon Freakley

The CEO is in the hot seat. Seventy percent of chief executives report that their companies face high levels of disruption, compared to just 45% of other leaders. Nearly half worry about losing their jobs due to disruptive forces—a fear their teams do not share. CEOs are almost twice as likely to believe they are personally falling behind in knowledge and skills. In an era where disruption has eclipsed economic cycles as the primary driver of change, the corner office has become both the captain's seat and the hot seat.

The world CEOs navigate today offers no respite. Geopolitical tensions fracture supply chains. Technological change, led by AI, accelerates at an unprecedented pace. Cybersecurity threats multiply. Regulatory landscapes shift beneath their feet. Yet something remarkable is emerging from this maelstrom: the realization that waiting for certainty is the riskiest strategy of all.

What companies need today is urgency, focus, and execution. When five-year plans become obsolete in five months, when market leadership can vanish overnight, a good strategy executed with rigor and pace will outperform a perfect strategy executed poorly every time.

This defines what I call the "turnaround mindset"—not a crisis response reserved for distressed companies, but a permanent operating philosophy for an age of continuous disruption. It means maintaining a laser focus on what matters, making evidence-based decisions without overanalyzing them, and communicating clearly and consistently. It means understanding that in today's environment, standing still is moving backward.

The data reveal a stark divergence. Companies driving disruption in their industries are more than 5 times more likely to set the pace for growth. Growth leaders show 15 percentage points AI integration, 24 percentage points more optimism, and dramatically greater willingness to pursue transformational change. They're not hoping disruption will subside. They've accepted it as the new standard and built muscle memory for change.

What separates these leaders? They act while others analyze. They prioritize execution over perfection. They are paranoid in the very best sense. Seventy-two percent of CEOs say it's increasingly difficult to know which disruptive forces to prioritize, 52% believe their executive teams lack necessary agility, and half say their companies aren't adapting quickly enough. These aren't signs of weakness—they're evidence of clear-eyed assessment.

The CEO's burden is singular: defining strategy, creating alignment, and securing resources to drive transformation—exactly what they are hired to do. But in a world where disruption is constant, this burden demands something more than traditional leadership. It requires the courage to act without complete information, as well as the humility to admit error and correct course quickly. The resolve to communicate a vision so consistently that stakeholders hear it long after the CEO has tired of repeating it.

The window for hesitation is closing. The middle ground is disappearing. CEOs who embrace urgency, adopt a turnaround mindset, and drive bold action despite uncertainty won't just survive the disruption ahead—they will define it.

70% percent of chief executives report that their companies face high levels of disruption, compared to just 45% of other leaders

Chapter 04

Artificial intelligence: Moving from promise to practice

Artificial intelligence is racing from experimentation to operational reality. This year's survey reveals that AI adoption is no longer a question of "if" but "how fast"—and the pace of adoption is creating a new class divide in the corporate world.

Investment has led the way. Since ChatGPT's debut in 2022, the world has invested well over half a trillion dollars in AI models and infrastructure, with 2025 alone likely accounting for at least a third to half of that total—making this one of the largest tech investment waves ever recorded. Estimates from Goldman Sachs project that global AI-related infrastructure spending will reach $3–$4 trillion cumulatively by 2030.

But the question is, how quickly will these investments realize material returns? At what point will these tools be fully integrated into systems, workflows, and work cultures?

We currently estimate that approximately 80% of AI-related projects fail, based on our observations in the market. Some academic studies put that number closer to 95% (with some controversy). These failures can happen due to a lack of reliable data or robust technological foundations. But they usually occur because executives lose sight of the business problem they're trying to solve, or an inability to move from pilot to scalable production.

However, this landscape is changing fast. In a recent cross-industry survey of AI use cases, we found that a third of business use cases achieved quantifiable and measurable impact, primarily in the form of productivity gains.

Using publicly available information, AlixPartners identified and categorized the relative maturity, impact types, and value creation of over 2,000 AI use cases across multiple industries.

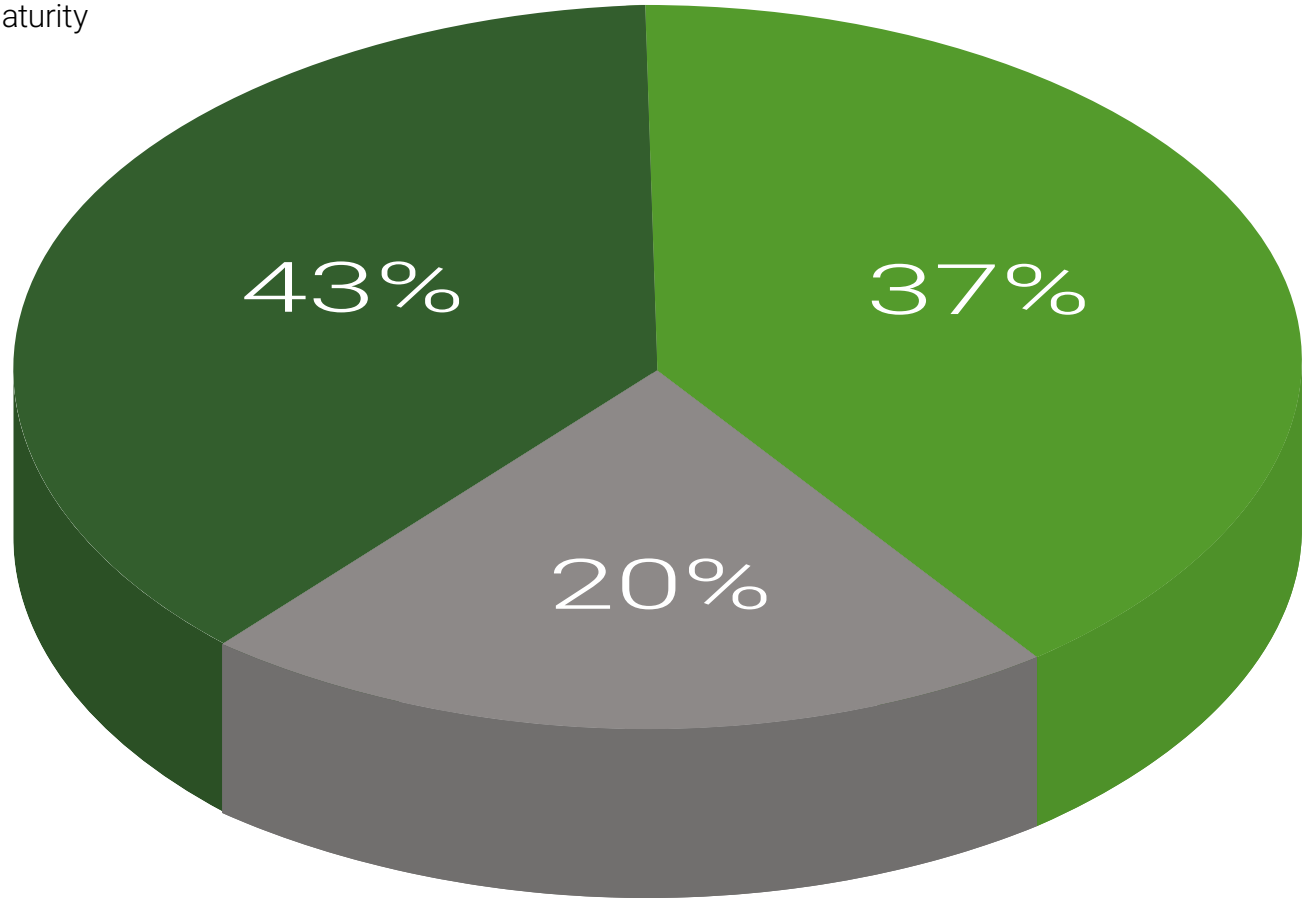
Breakdown of AI use cases, by focus area

Key insights

1. Organizations focused on productivity are taking an 'efficiency-first' approach to AI—getting better at their internal operations before trying to generate new revenue. This strategy builds a strong foundation for long-term, sustainable AI use.

2. AI strategies vary by industry. In sectors like Financial Services, companies mainly build AI tools themselves to drive innovation and meet strict regulatory needs. In Aerospace and Defense and Energy, organizations tend to work more with specialist vendors to handle technically complex AI requirements.

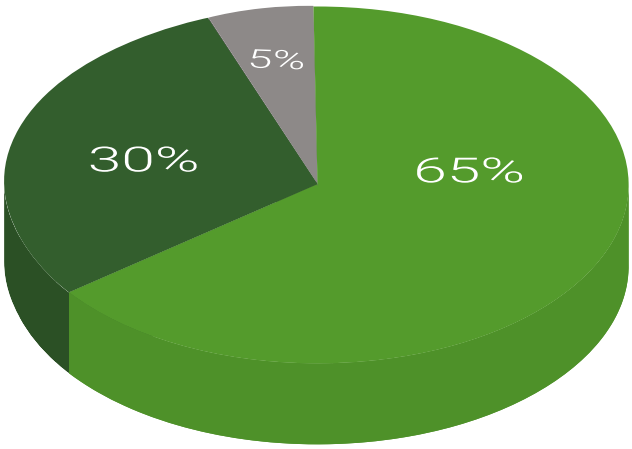
Breakdown of AI use cases, by maturity



Maturity is defined as

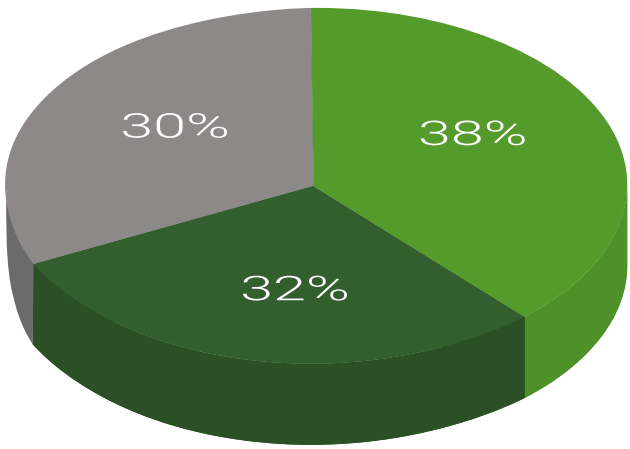
- **High** — Substantial, quantifiable impact
- **Medium** — Largely qualitative, no value attributed
- **Low** — No impact details provided

Breakdown of AI use cases, by impact type



- Qualitative impact
- Quantitative impact
- Financial impact

Breakdown of AI use cases, by value creation area

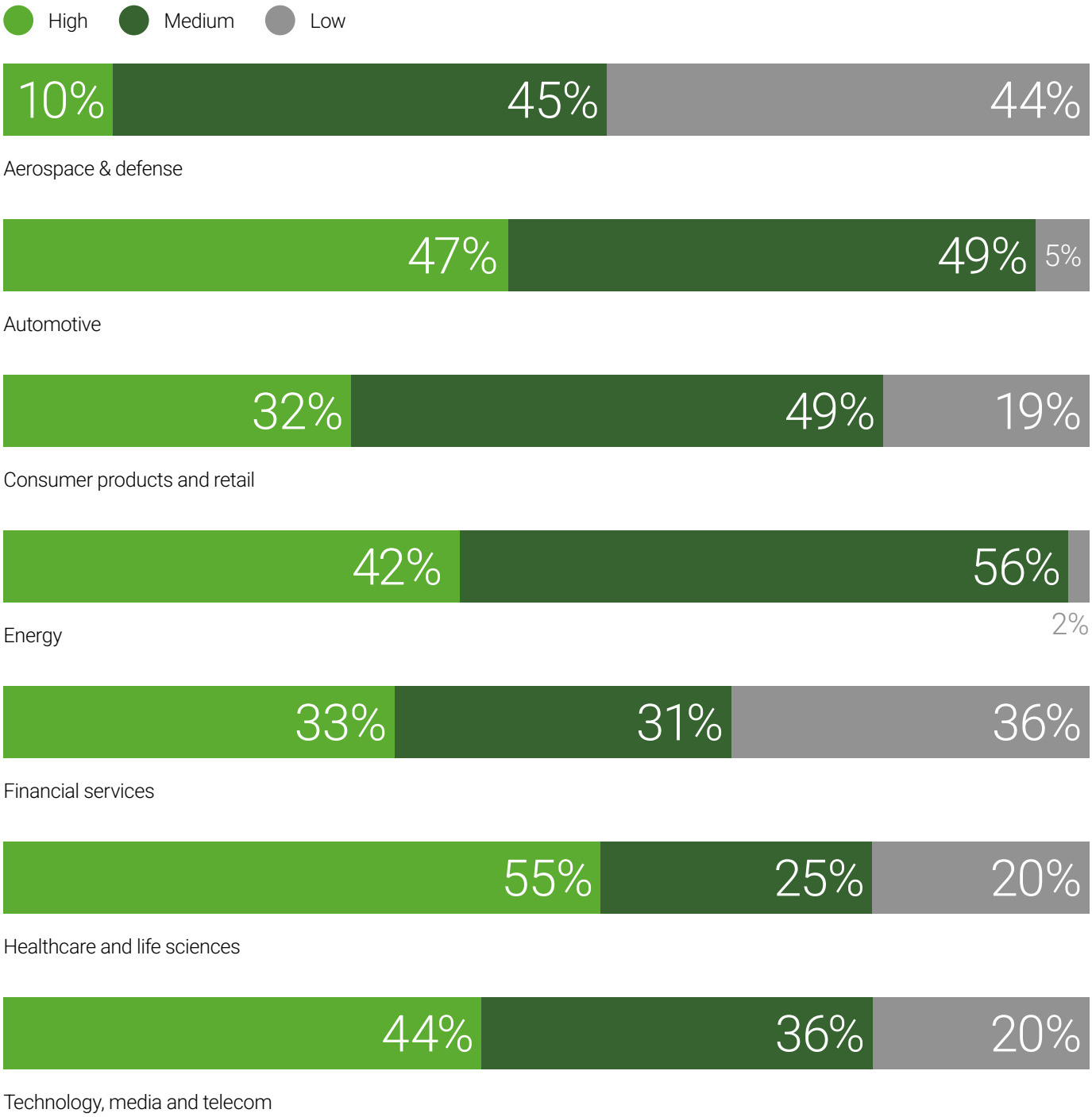


- Value Chain
- Customers
- Employees

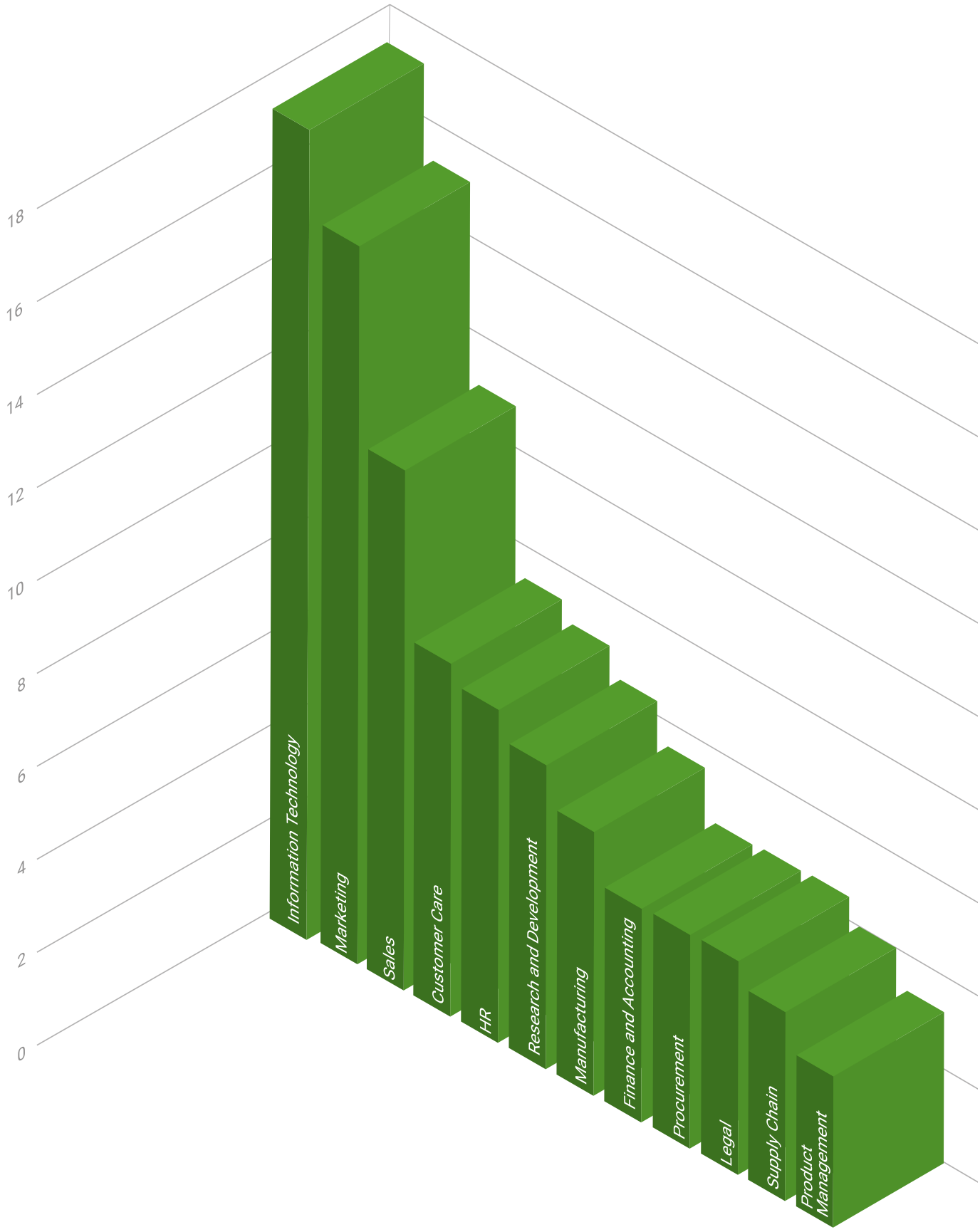
Among **industries**, healthcare has the highest percentage of mature use cases (i.e., showing quantifiable impact). Among **functions**, finance is the maturity leader.

The highest maturity use cases were in finance and accounting, operations, and procurement. The lowest were in product management, corporate strategy, and research and development.

Breakdown of AI use cases, by sector and maturity



Percentage of total use cases



The largest number of AI use cases are in IT itself, followed by the commercial functions.

The respondents in the Disruption Index survey are also optimistic. Today, they estimate that approximately 30% of job functions within their organization are fully integrated with AI tools, and about 42% believe they are leading their competitors in deriving value and P&L impact from their AI investments. In terms of agentic AI, 20% say that agents are broadly deployed across their organization.

Current state of AI integration

80% of executives are optimistic about AI's impact on their organization

48% of job functions expected to be AI-integrated within 5 years

31% of executives expect 10% or greater reductions in headcount in their organization within 5 years due to AI

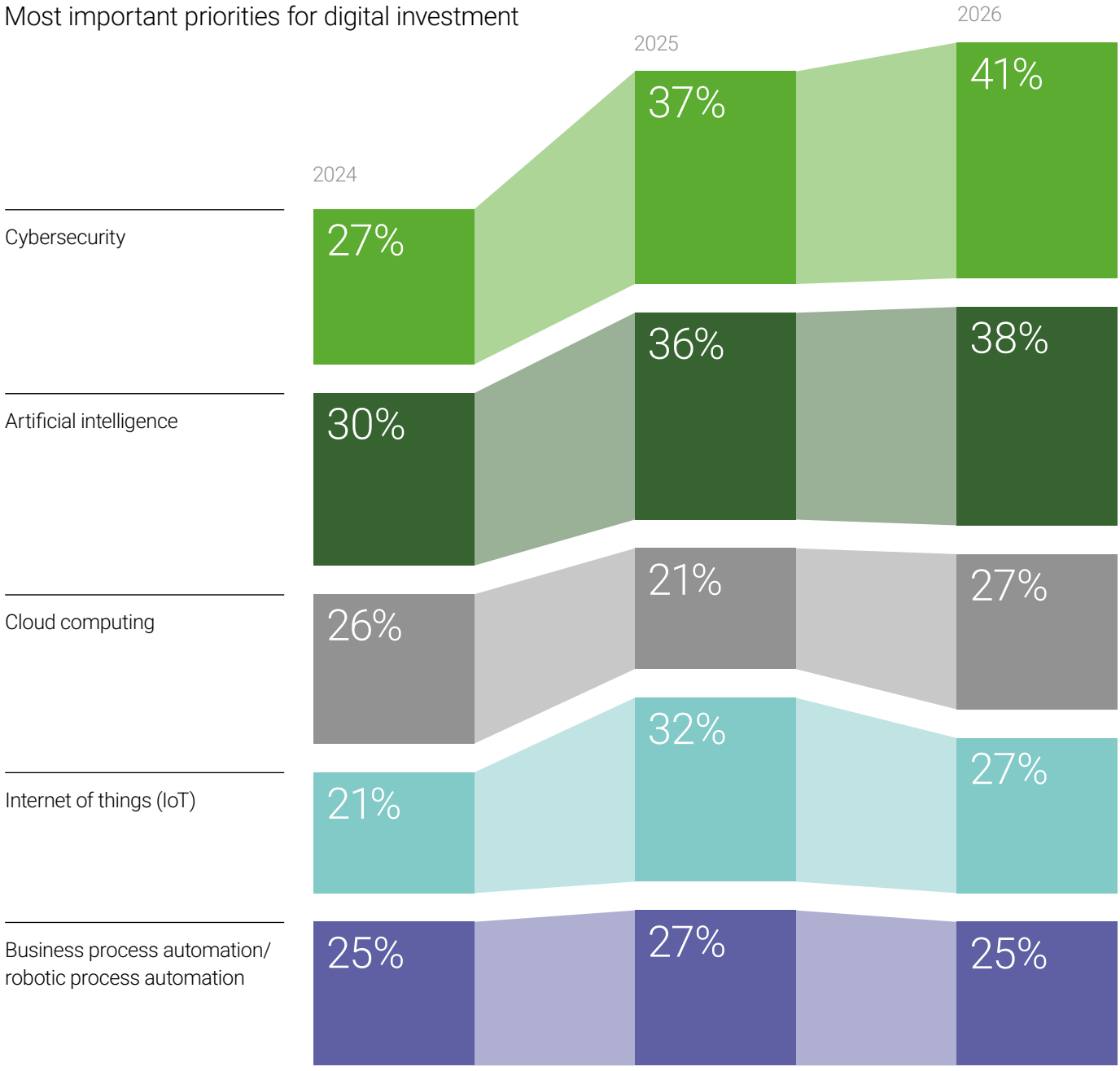
30% of job functions have tools fully integrated today

Making AI work

If 2023 was a year of wonder over AI's potential and 2024 a year of experimentation, then 2025 was the year businesses got practical. Companies have moved beyond pilots and hype, focusing on embedding AI into operations to boost productivity and drive measurable impact on performance and profitability.

For the second consecutive year, cybersecurity and AI are the top two digital investment priorities for companies, and this year "integrating AI across the business" and "increasing our cybersecurity efforts" are tied for the most critical business purpose.

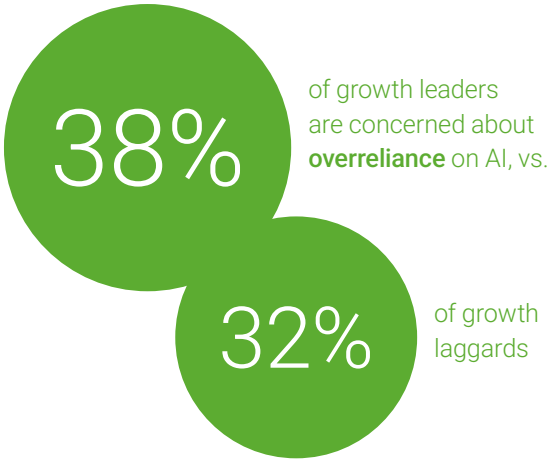
Most important priorities for digital investment

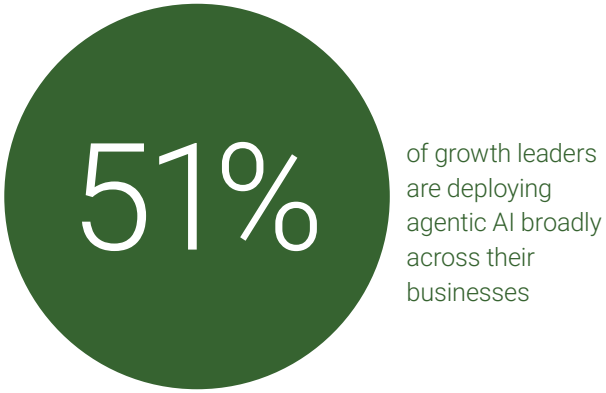


Amid expectations for revolutionary change, it is notable that AI's most immediate business value today comes from everyday—even mundane—improvements.

The top ways that value is being realized in practice, based on our survey, are:

1. Optimizing financial operations like forecasting, budgeting, and expense management
2. Implementing AI-powered voice or chat agents to capture revenue or leads
3. Embedding AI in marketing and sales to scale personalized content and improve conversion
4. Leveraging AI for predictive maintenance to avoid costly equipment downtime





At this stage in AI's maturation, it is creating value primarily through optimization rather than transformation. In this regard, its trajectory mirrors that of other general-purpose technologies throughout history. Electrification, for instance, first improved existing industrial processes before executives began reimagining entire industries through factory redesign and new production models. The same was true of railroads, which initially followed established trade routes before reshaping settlement patterns, supply chains, and economies. The same logic applied to computing: Business process reengineering—with its transformative call "don't automate, obliterate"—emerged decades after mainframes began quietly refining and automating back-office functions.

Utopian or dystopian visions of enterprises dominated by robotic minds are, in fact, just that: visions. Though headlines about AI emphasize its threat to jobs, 65% of executives say revenue growth is the primary purpose of their AI investments, not cost reduction. (Last year, the revenue/costs split was 61%/39%.)

Growth leaders, unsurprisingly, are even more focused on the top line, with 73% stating that revenue is their primary focus for AI. Growth leaders are 25% more likely than others to be embedding AI in their marketing and sales, for example. They are also far more likely to be deploying agentic AI widely across their business, 51% compared to 14% among companies whose growth is lagging—a move that is likely to increase their growth advantage over rivals.

Legacy technology

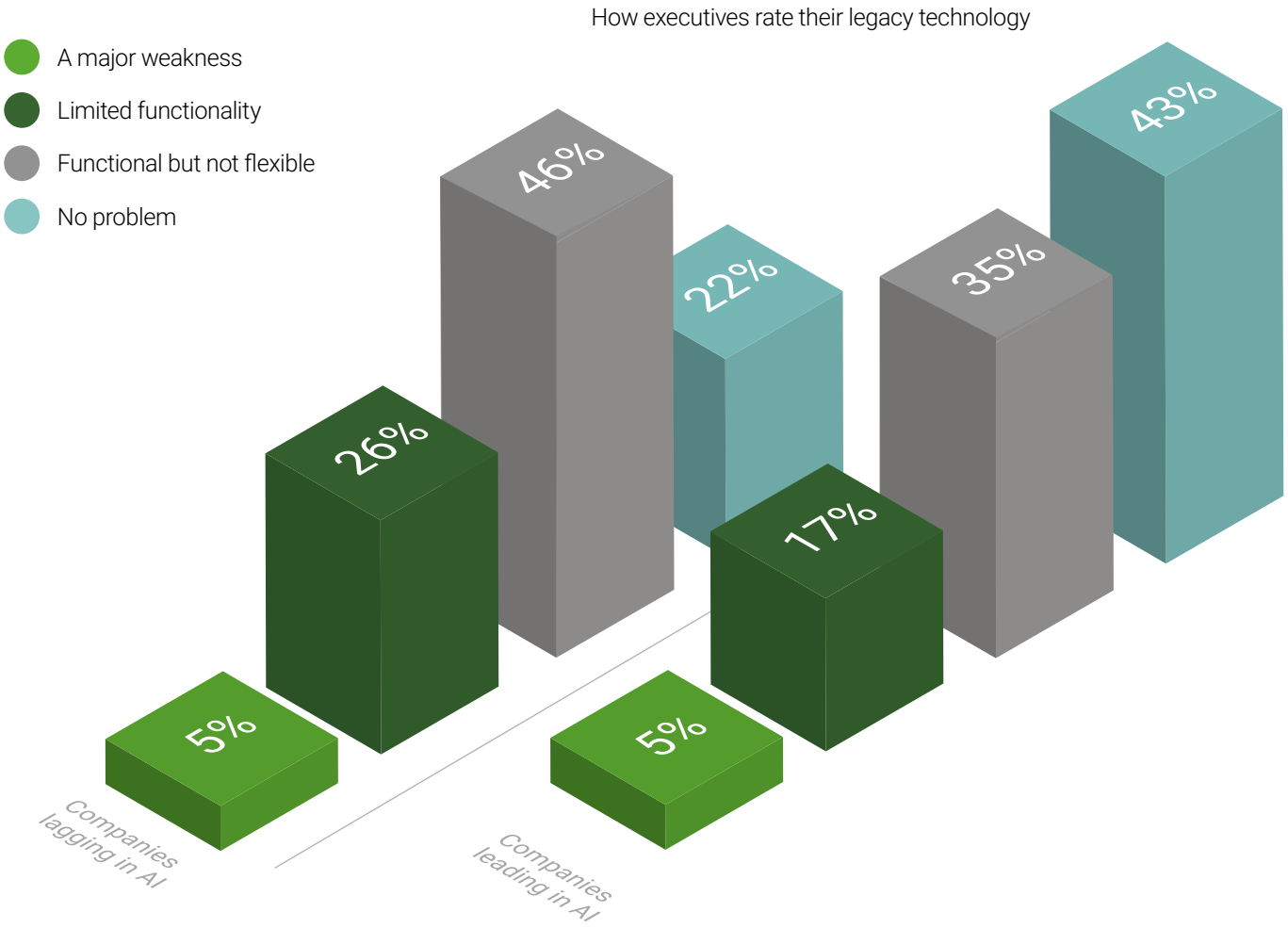
One reason companies struggle to create value from the disruptive power of artificial intelligence is that they have neglected the fundamental work of maintaining legacy technology systems. Overall, 23% say legacy systems are one of the biggest obstacles to business model transformation–and in financial services, that portion rises to 35%.

Historically tech leaders have had a tough time justifying investment in modernizing legacy tech that works "well enough". There hasn't been a compelling case for the CFO to make that investment. But that is changing as AI proves a growth and business model transformation enabler.

It is easy to see how antiquated legacy systems can obstruct technological innovation. Optimizing financial operations is the primary way companies get value from AI—but those efforts will come up short in companies whose systems are clogged with insufficient data or held together with the digital equivalent of duct tape. Companies with fragmented or outdated customer-relationship-management software will be unable to exploit AI's power to flag signs of customer churn or identify cross-selling opportunities. And heaven forbid trying to automate end-to-end processes—a significant source of value creation for 34% of AI leaders—if legacy systems are outdated and inefficient.

Leaders in AI are nearly twice as likely to say their legacy systems are up to date and problem-free as companies that lag in AI.

AI leaders have much stronger legacy IT systems



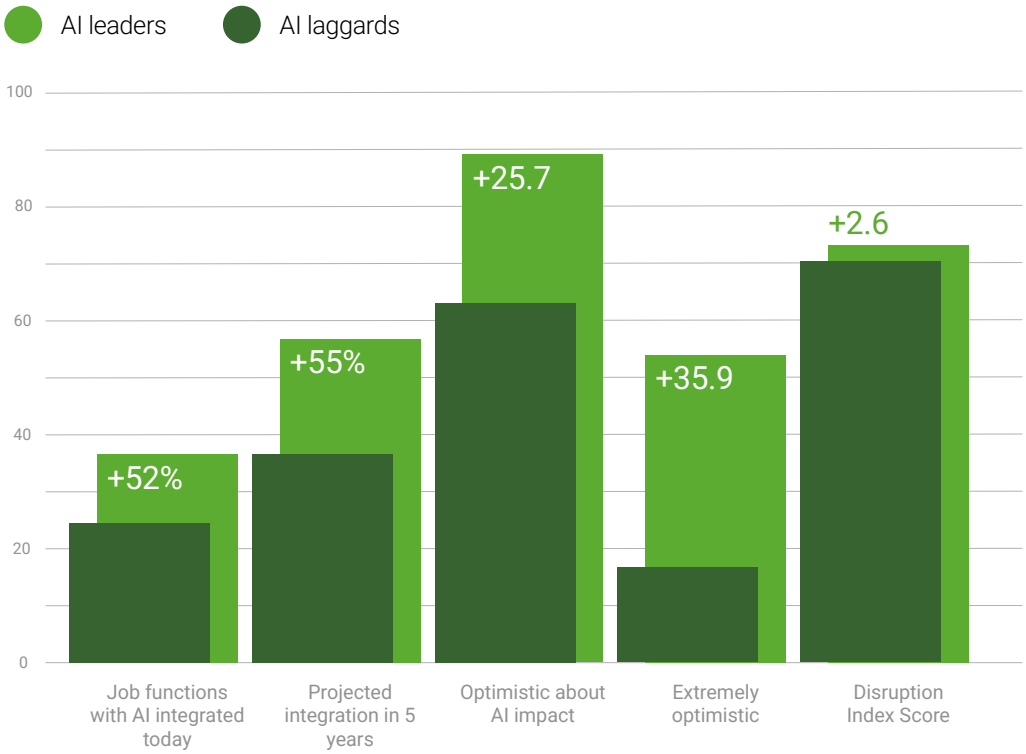
Cybersecurity

Cybersecurity is being rewritten by AI—both as an accelerant of risk and as a core defense capability. In 2026 cybersecurity has become the top digital investment priority for executives worldwide, cited by 41% versus 38% for AI itself, underscoring that every major digital bet is now also a security bet. Cyber and data privacy threats have rapidly climbed the threat rankings over the past two years, and executives explicitly link that surge to the rapid proliferation of AI tools across their organizations.

AI is turbocharging cyber on both sides. On the offensive side, executives' number one concern about AI in 2025 was that bad actors would weaponize it for more convincing phishing, faster malware development, and sophisticated deepfakes, eroding trust in information and institutions. Those fears have only intensified in 2026, with "cybersecurity, deepfakes, and misinformation" topping the list of AI-related risks leaders worry about as they scale agentic AI and automation. On the defensive side, however, companies are pouring capital into AI-enabled detection, monitoring, and automation—using machine learning (ML) to spot anomalous behavior in real time, contain breaches faster, and strengthen increasingly complex, cloud- and data-center-heavy environments. In effect, AI has made cyber risk systemic and continuous, but it has also become the indispensable tool for managing that risk at the speed and scale disruption now demands.

Leaders vs. laggards

We segmented companies into two categories: "AI leaders" (those reporting advanced or cutting-edge AI adoption) and "AI laggards" (those behind or just beginning to adopt AI). The differences are stark:



AI leaders don't just use AI more—they're more optimistic and confident. They are pulling ahead in a compounding cycle: better tools enable better performance, which in turn funds more investment, attracting better talent, which drives further innovation.

AI leaders appear to be better at managing technology projects generally: They are 10 percentage points more likely to say their technology systems are reliable, 11 points more likely to say their tech improves processes and efficiency, 14 points more likely to say technology confers competitive advantage, and 15 points more likely to say they are disrupting their industry and changing the game to their advantage.

What AI leaders do differently

For more information, read our Practical AI for CEOs Playbook

AI leaders distinguish themselves not primarily through technology spending, but through strategic focus and organizational discipline.

Strategy

They prioritize business outcomes over technology experimentation

- Focus on revenue growth (not just cost reduction)
- Target high-impact use cases (productivity, sales effectiveness, supply chain)
- Measure and track ROI rigorously

Execution

They move faster

- Rapid prototyping and iteration
- Willingness to fail fast and learn
- Less perfectionism, more pragmatism

Foundational Pillars

They address infrastructure prerequisites and build organizational readiness

Technical

- Cleaner, better-governed data
- Legacy systems under control or actively being modernized
- Scalable cloud architecture

Organizational

- Upskilling programs at scale
- Clear governance and risk management frameworks
- Executive sponsors who understand AI strategically (not just technically) and who own outcomes

Optimism with responsibility: Leading the AI revolution

From co-CEO
Rob Hornby

I am a technology optimist and would assert humanity has benefited more than it has suffered from its advances.

Our 2026 data suggest this sentiment is shared by most business leaders in relation to AI. However, I advocate that optimism should be coupled with a sense of responsibility for shaping the path that the AI transition will follow.

Although AI was originally developed in the 1950s, the generative branch has created a new wave of interest, experimentation, and speculation since the launch of ChatGPT in late 2022. This form of AI is still in early stages of development, and the ultimate endpoint is not yet in sight—in my view, it is not even understood.

Successful business implementation of AI so far has centred on automating routine tasks for specific use cases. This is a necessary first step, and early productivity gains are building organizational confidence and conversance. Additionally, AI's current maturity dictates that its use is constrained to manage (un)reliability and the associated risks.

Clearly, though, advances are gathering pace, and soon AI platforms will be able to orchestrate tasks in ways that appear more human. At this point, possibilities shift from bottom-up, narrow interventions to top-down, holistic transformation.

Some see this as a prelude to the large-scale displacement of human labour, but I do not believe this is inevitable. History tells us that technological disruption has created many more jobs than it has made obsolete so far; we just tend to identify which roles will be automated before imagining new ones. However, we already know that AI platforms will need to be developed, deployed, trained, validated, updated, amended, interpreted, and governed at scale. This is a whole new industry, akin to the rise of web development during the dot-com boom.

The past also presents a discernible pattern of disruption: periods of inflated speculation, gradual task automation, human labor migrating up the value chain, an expansion of commercial possibilities, and eventual economic and employment growth. The adding machine was predicted to decimate the accounting industry as early as 1936, but instead, it has grown through every disruption, with analysts now anticipating the sector will surpass $1 trillion in global revenues by the end of this decade.

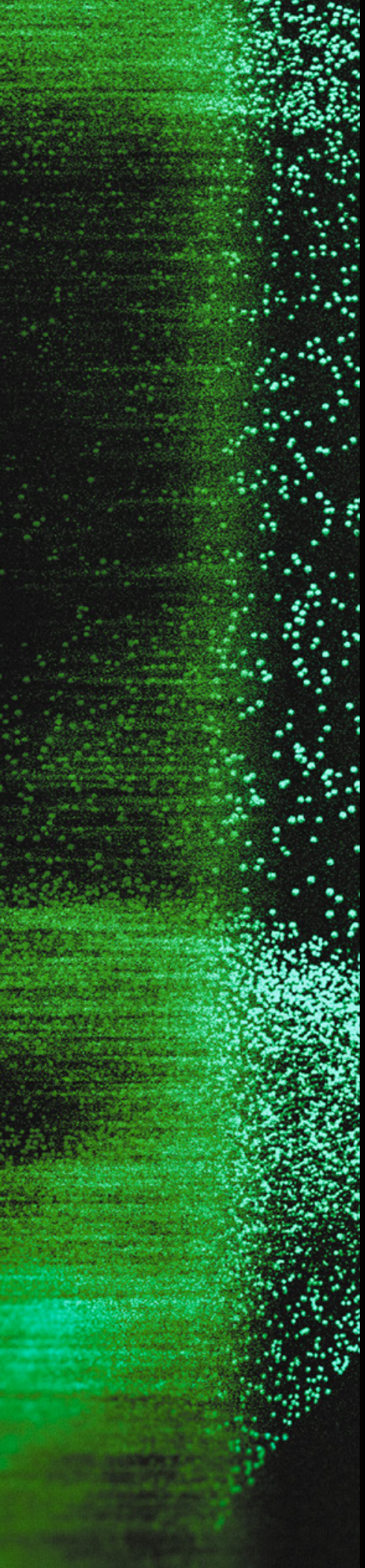
It is also helpful to remember that business is, at its core, a very human endeavour. Commerce is built on trust, relationships, judgment, values, aesthetics, and leadership just as much as analysis, process, and output. AI is showing little sign of entering the world of human behaviour, and there are very few companies that resemble cold algorithmic entities optimized for pure efficiency. Long may that remain the case.

Ironically, early AI adopters are feeling more disrupted than those who are still in the experimentation phase and will pave the way for everyone else. Breaking new ground is likely to be expensive and time-consuming, but it will bring the strategic benefits of sector leadership and next-generation know-how to the brave and well-funded. Even so, most companies are best served acting as fast followers, benefiting from the slipstream of their pioneering competitors.

Also, amidst all that is new in AI, the ghosts of unpaid technical debt will return to haunt us. Data remains a significant issue for most companies, and AI is even more sensitive to quality issues than traditional analytics (and a major source of hallucinations). AI is also a new target for cybercriminals and a source of innovation in how attacks are designed. Maybe this time we will re-lay the foundations, but I doubt it. Pragmatic action is the next best thing and should be initiated now.

Another truism is that disruptors will at some point become disrupted—how, for example, might quantum computing upend the current landscape? What about robotics, synthetic biology, molecular nanotechnology, and space colonization? AI will accelerate everything else once it matures and achieves superintelligent performance. Disruption is the new constant of business leadership and will only accelerate–we are at least getting used to it.

My final challenge to business leaders is that we use our considerable influence to help shape the future that we want, rather than accepting a fate determined simply by what is technically possible. Optimism with responsibility is our privilege and burden.



Chapter 05

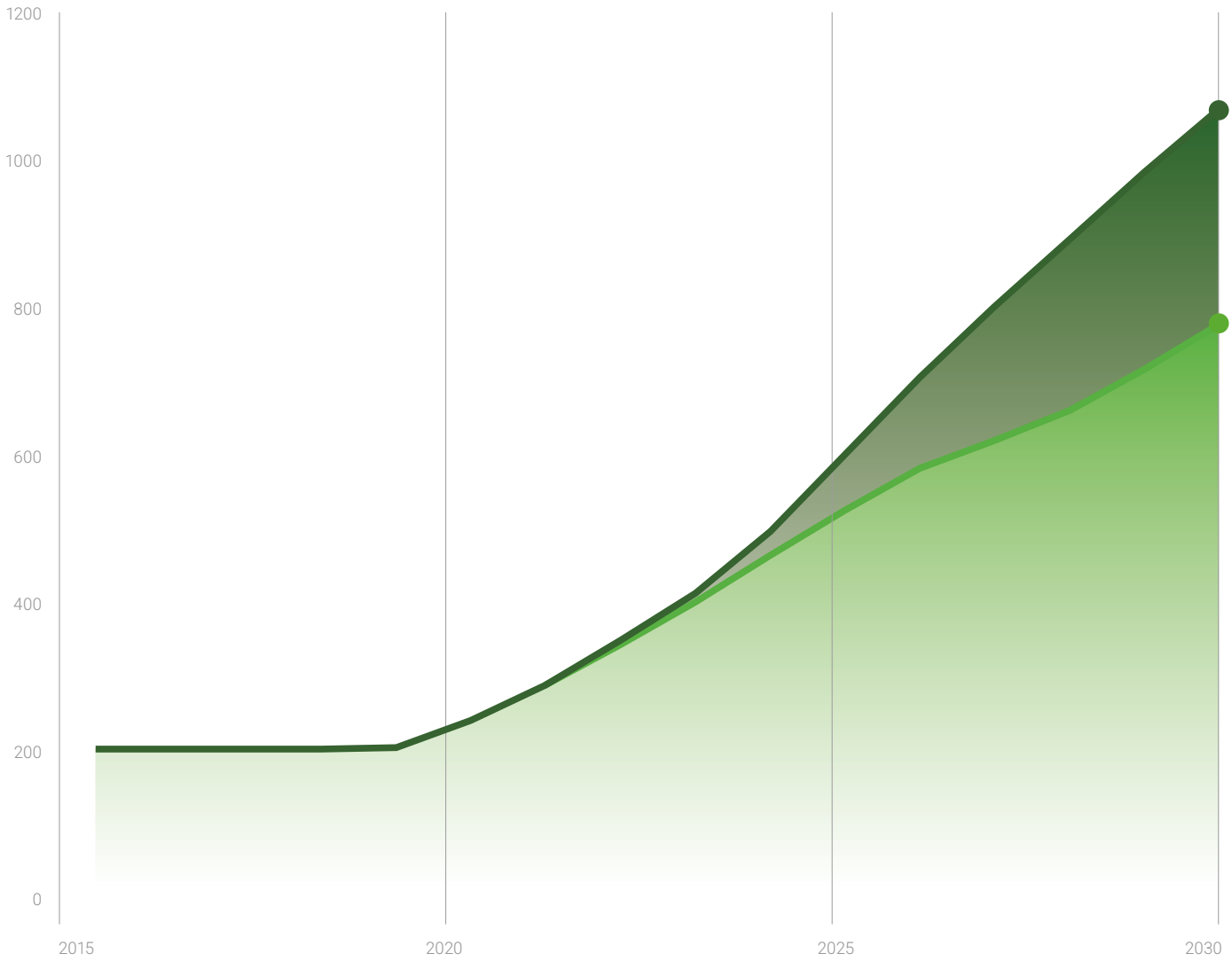
Beyond AI:
Energy as the new technological bottleneck

Since the dawn of the Industrial Revolution, every major economic paradigm shift has been underpinned by a transition to cheaper, more efficient, and more abundant sources of energy. The shift from water power to steam engines catalyzed the first Industrial Revolution. Electrification enabled the mass production era of the early 20th century. The petroleum-based economy powered post-war expansion and the development of modern transportation infrastructure. Each transition unlocked exponential productivity gains and economic growth.

The Information Age represented a notable exception to this pattern. Unlike the steel mills, railroads, and automobile factories that characterized earlier industrial epochs, the digital technologies that defined the late 20th and early 21st centuries—personal computers, software, and telecommunications—were relatively light in their energy demands. The data center existed, but it was a utility, not a constraint.

Global data center power demand growth

data center power demand (TWh)



Source: Masanet et al. (2020), IEA, Cisco, Goldman Sachs Global Investment Research.

The age of electrification returns

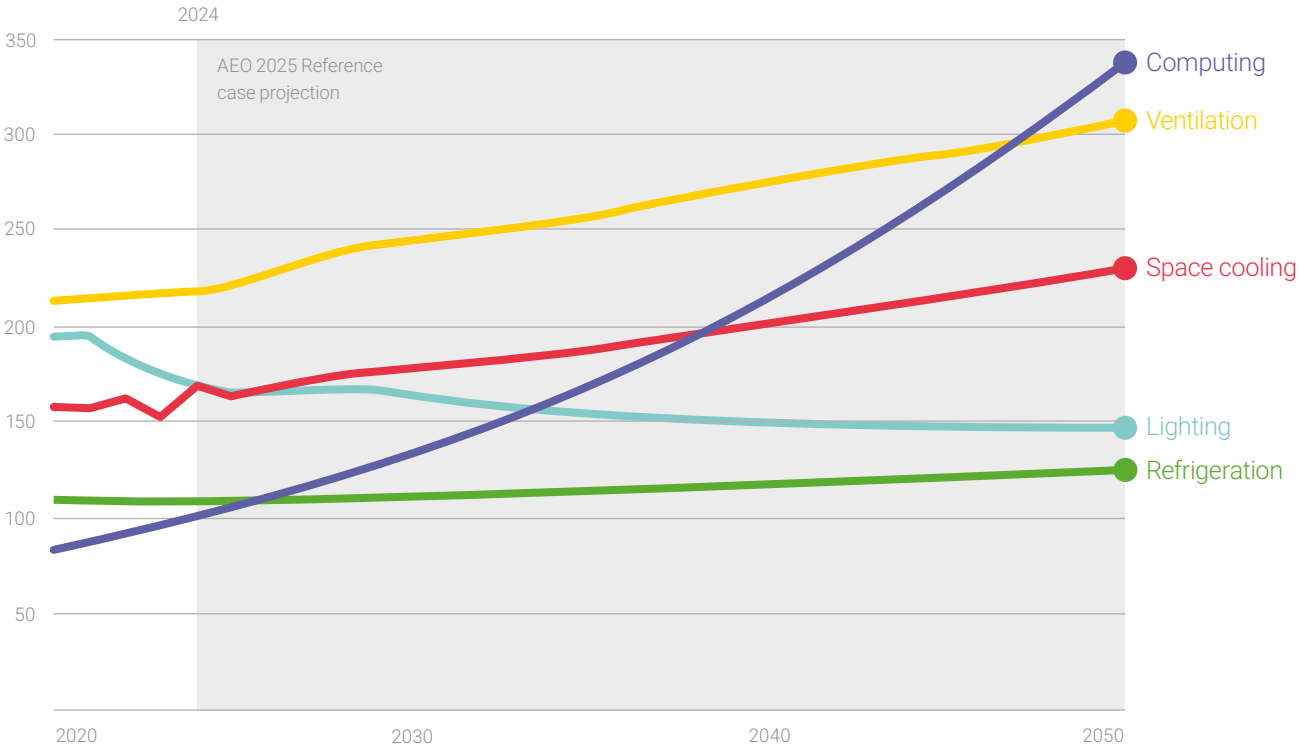
That era is ending. For the first time in decades, energy availability and cost have emerged as central constraints on corporate strategy and economic productivity.

We are entering what might be called the Second Age of Electrification, driven by two converging technological forces: the explosive computational demands of AI and the electrification of transportation through electric vehicles. These technologies, unlike their Information Age predecessors, are intensely energy-hungry. AI model training and inference require massive computational infrastructure. Electric vehicles demand significant charging capacity. The proliferation of data centers to support cloud computing and AI applications is straining existing grid infrastructure.

This year's AlixPartners Disruption Index captures this inflection point with stark clarity.

Electricity consumption of selected end uses in the U.S. commercial sector (2020—2050)

billion kilowatt hours

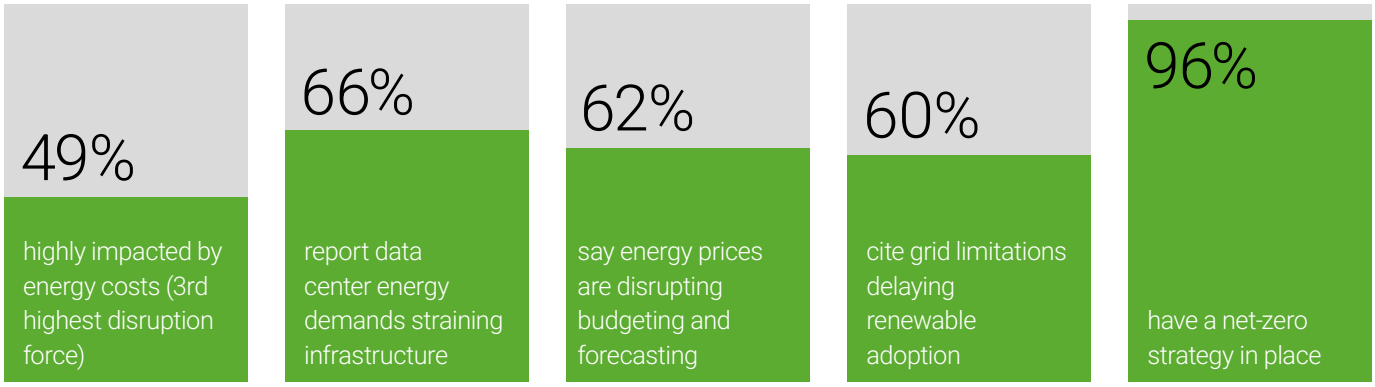


Source: EIA.

CEOs confront the energy reality

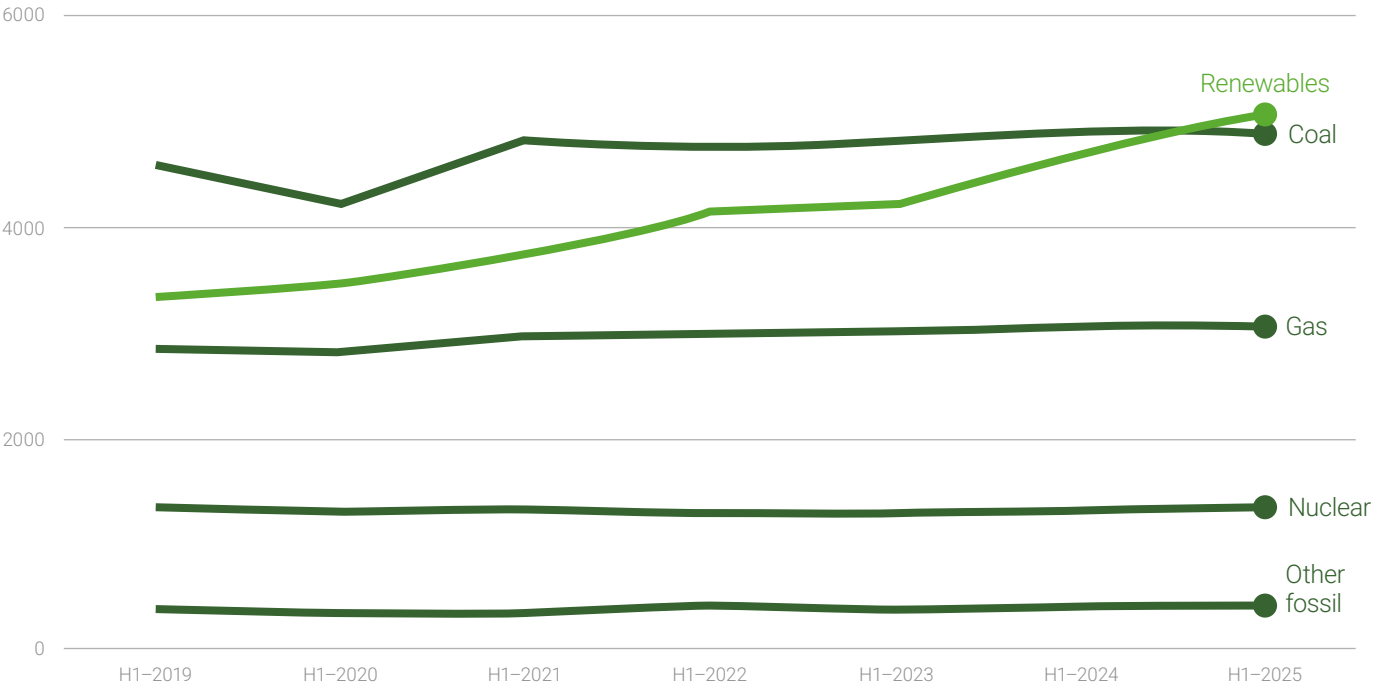
The survey data reveal that energy concerns have moved from the periphery to the core of executive attention. Nearly half of CEOs (49%) identified the cost of energy and the green transition as having a high impact on their organizations over the past year, making it the third-highest disruptive force cited by chief executives. This ranking places energy concerns alongside geopolitical instability and technological disruption as top-tier strategic challenges.

CEO energy dashboard



Renewables produced more electricity than coal for the first time on record in the first half of 2025

Global generation, Jan—June of each year (TWh)



Source: Monthly electricity data, Ember Renewables include wind, solar, hydro, bioenergy and other renewables, such as geothermal.

The pressure is manifesting across multiple dimensions. An overwhelming 62% of CEOs report that energy prices are significantly disrupting their budgeting and forecasting processes, injecting uncertainty into financial planning at the most senior levels. The volatility in energy markets is no longer a line item to be managed; it has become a strategic variable that affects capital allocation, growth plans, and competitive positioning.

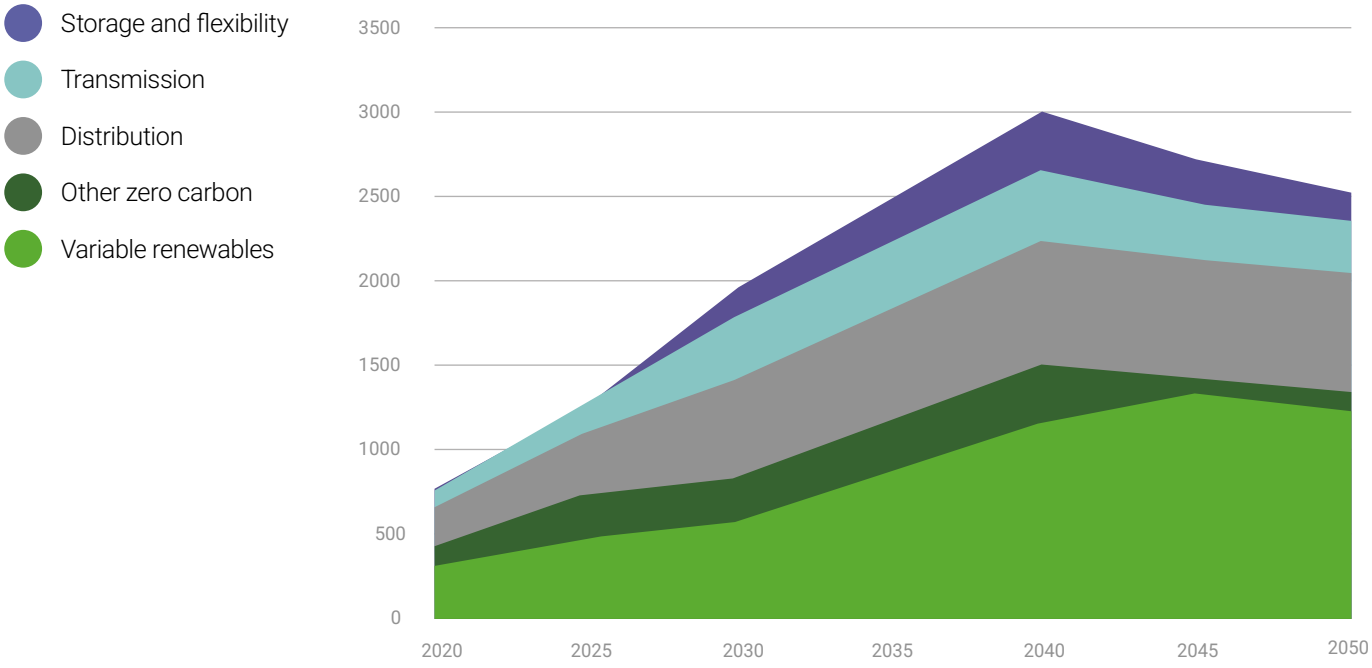
Infrastructure constraints emerge as growth barriers

Perhaps most worrisome for future growth prospects, executives are encountering physical infrastructure limitations to their strategic options. Nearly two-thirds of CEOs (66%) indicate that data center energy demands are straining their infrastructure and escalating costs. This is not a theoretical concern about future capacity—it is a present obstacle to the deployment of AI and digital technologies that many organizations view as essential to maintaining competitive advantage.

The infrastructure challenge extends beyond individual corporate facilities. A full 60% of CEOs report that grid infrastructure limitations are delaying their adoption of renewable energy sources. This creates a double bind: Companies face pressure to decarbonize their operations and commitments to net-zero targets, yet the infrastructure required to transition to cleaner energy sources remains inadequate. The result is a strategic bottleneck where the pace of technological ambition exceeds the capacity of energy infrastructure to support it.

Grid investment must accelerate rapidly

Global annual power sector investment
USD billion per annum



Note: Includes investment in clean electricity generation required to produce green hydrogen.
Source: Systemiq analysis for the ETC; BNEF (2020), Energy Investment Trends; BNEF (2023), New Energy Outlook Grids; BNEF (2024), New Energy Outlook.

The net-zero paradox

The response from the corporate sector reflects both commitment and frustration. Almost all CEOs (96%) report having a net-zero emissions strategy in place, and three-quarters (75%) have revised these strategies within the past 12 months, suggesting active engagement with decarbonization goals rather than static compliance exercises. This is perhaps not a surprise, given that approximately 90% of CEOs report that the environmental policies they have implemented at their companies have had a positive impact on financial performance, organizational culture, and their ability to attract and retain employees.

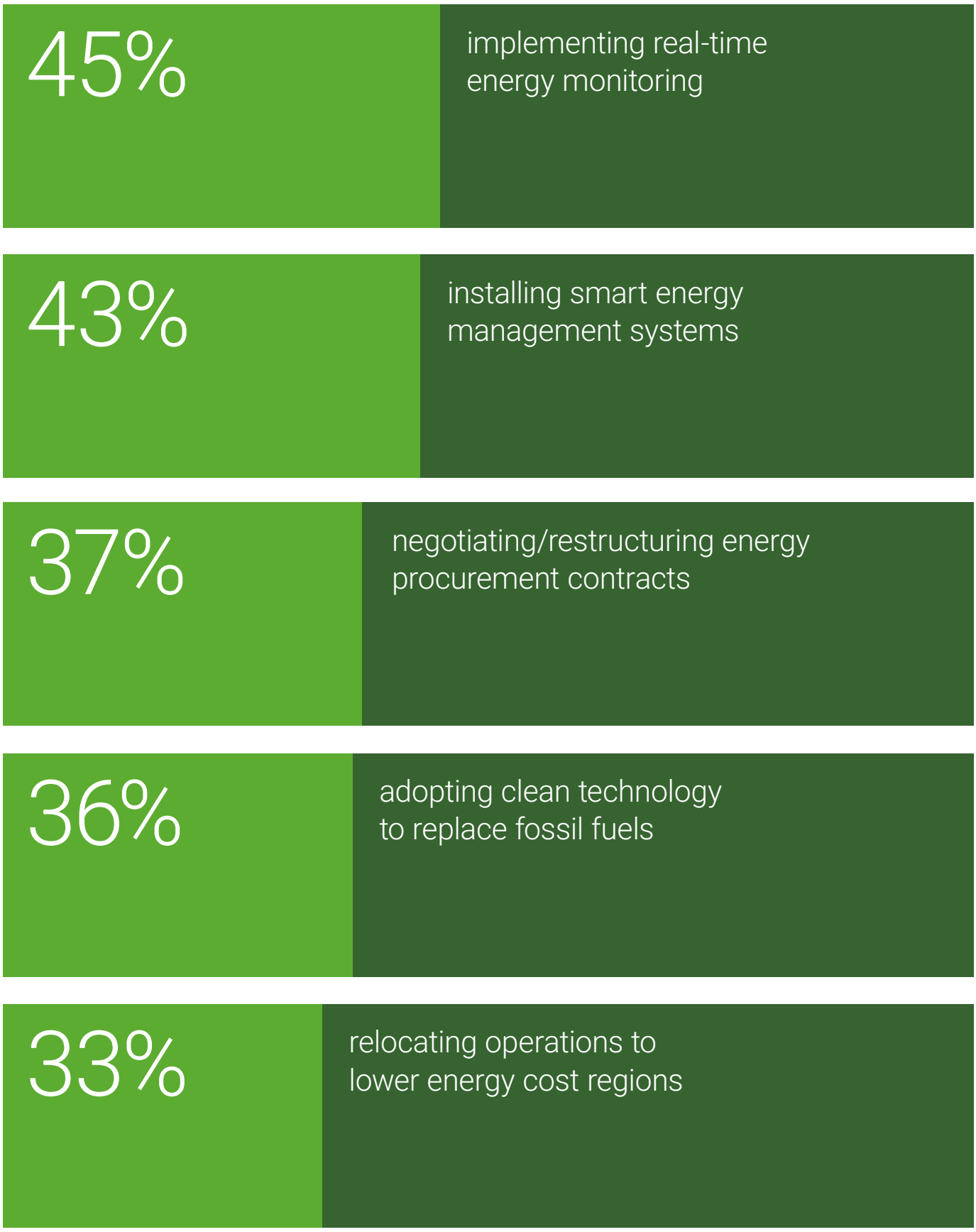
Yet these commitments are colliding with the realities of infrastructure. While companies have embraced sustainability targets and invested in energy management systems—with 43% installing smart energy management or building automation systems and 45% implementing real-time energy monitoring—the fundamental constraint remains energy availability and cost. Companies can optimize their consumption, but they cannot easily expand the capacity of regional grids or accelerate the buildout of renewable generation and transmission infrastructure.

Capital spending and technology trends reshape strategy

The energy constraint is driving significant shifts in corporate capital allocation. Investment patterns reveal companies attempting to navigate the tension between energy-intensive growth ambitions and infrastructure realities. Overall, 49% of organizations are increasing capital expenditures and expansion plans despite economic uncertainties, while 65% are boosting investment in digital transformation initiatives, including automation, cloud infrastructure, and artificial intelligence.

This represents a bet that technological innovation and improved efficiency can partially offset energy constraints. Companies are pursuing multiple strategies simultaneously: 36% have adopted clean technology to replace fossil fuel-based processes in production, while 33% have relocated operations to regions with lower energy costs. The latter trend suggests that energy costs are now significant enough to influence fundamental decisions about geographic footprint and supply chain design.

Corporate energy response actions



Broader technology stack implications

The energy constraint is also reshaping how companies think about their technology infrastructure. The move toward edge computing, more efficient AI models, and hybrid cloud architectures is not driven solely by performance considerations. Energy economics are increasingly factoring into these architectural decisions. Companies are recognizing that the "move everything to the cloud" paradigm of the past decade may need recalibration, as cloud data centers face capacity limitations and rising energy costs.

Similarly, the race toward AI adoption is bumping up against physical reality. While companies see AI and ML as critical to supply chain operations (78% agree it will significantly improve operations) and to overall productivity enhancement (26% plan to invest in AI-powered automation for productivity gains), the energy requirements of large language models and other AI systems are forcing more careful consideration of which applications justify the energy and computational expense.

Energy as a competitive differentiator

What emerges from this data is a new competitive landscape in which access to reliable, affordable energy is becoming a source of advantage. Companies that can secure preferential energy contracts, invest in on-site generation, or position operations in regions with abundant renewable resources may find themselves with structural advantages over competitors. Conversely, organizations in energy-constrained regions, or those slow to invest in energy infrastructure may face growth limitations regardless of their market position or technological capabilities.

The 37% of companies that have already negotiated or restructured energy procurement contracts may be securing advantages that extend beyond cost savings to include reliability and priority access. In an environment where energy availability can delay AI implementations, slow production expansion, or limit data center capacity, the ability to secure energy supply becomes a strategic imperative rather than an operational detail.

Looking forward:

Energy as the new frontier

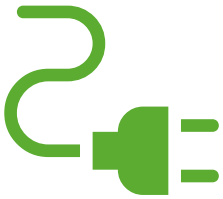
The return of energy as a central economic factor marks a fundamental shift in the business environment. For the better part of three decades, corporate strategy in developed economies could largely take energy availability for granted. That assumption no longer holds. The combination of surging demand from AI and electrification, aging grid infrastructure, and the complex transition to renewable sources has created a new scarcity.

Companies are responding with urgency—revising net-zero strategies, investing in energy management systems, and restructuring operations to account for energy costs and availability. Yet individual corporate action cannot resolve systemic infrastructure deficits. The buildout of generation capacity, transmission infrastructure, and grid modernization required to support the next wave of technological and economic growth will require unprecedented levels of investment and coordination between public and private sectors.

Seizing the advantage

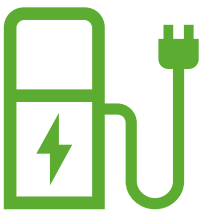
In the meantime, energy will likely shape corporate strategy in ways not seen since the oil shocks of the 1970s. The difference is that this time, it is not a temporary supply disruption, but rather a structural mismatch between the energy demands of emerging technologies and the capacity of existing infrastructure. Until that gap closes, energy will remain a binding constraint on the productivity gains and economic growth that AI and electrification promise to deliver. The companies that navigate this transition most effectively—securing reliable energy access, optimizing consumption, and investing in appropriate infrastructure —will likely emerge with significant competitive advantages in the decade ahead.

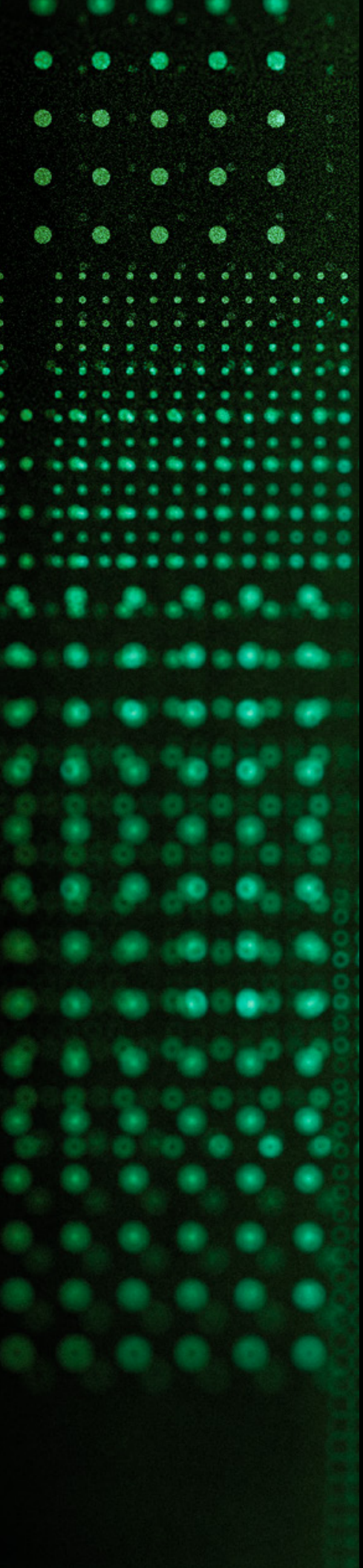
Securing reliable energy access



Optimizing consumption

Investing in appropriate infrastructure





Chapter 06

Rewiring the global economy:

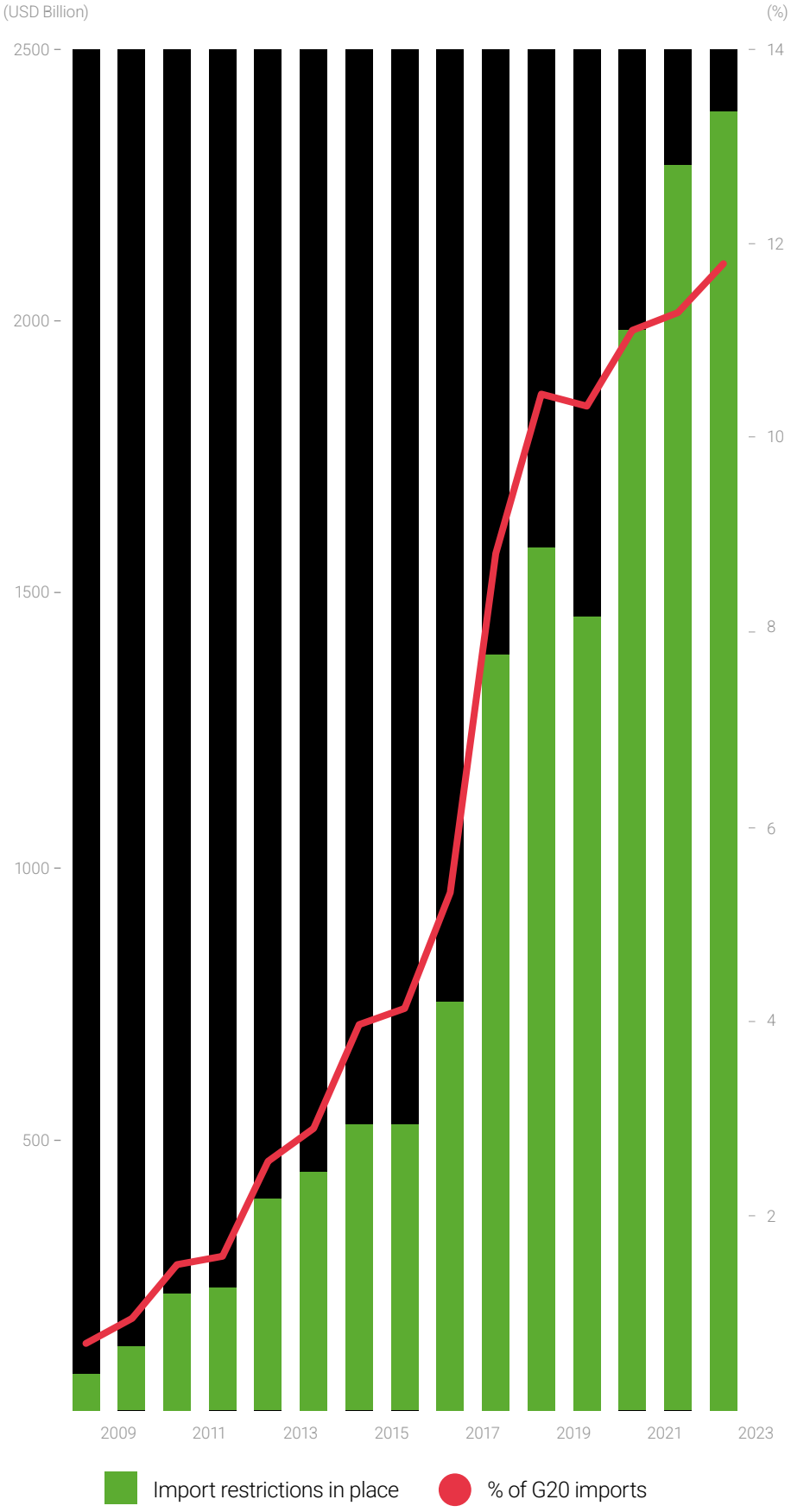
FDI, trade, tariffs, and disruption

Only half a decade ago, most decisions about global strategy—where to sell, source, and invest—could be based on the fundamentals of costs, demand, and competitive advantage. Procurement and supply-chain management could be safely delegated to specialist teams that used increasingly precise and up-to-the-minute data to optimize quality, keep inventory levels low, and squeeze every cent out of costs. Then COVID tore that apart, creating near-term emergencies for virtually every company. It also accelerated an even more disruptive long-term trend: the end of "The Globalization of Markets," which Theodore Levitt proclaimed in 1983 and Thomas L. Friedman celebrated in "The World Is Flat" in 2005.

The percentage of G-20 trade subject to trade restrictions has tripled over the last decade.

Supply chain management has become an issue for CEOs and boards. We are in a deglobalized world where governments in every major market—the U.S., the European Union, and China—are explicitly rolling out industrial policies to benefit favored or critical industries, abandoning the "level playing field" consensus that dominated global trade policy for most of the years since World War II. Because of this long-term change, company decisions about international trade and investment will continue to be shaped by policy, even if government leaders stay their itchy tariff trigger fingers and put their pistols down.

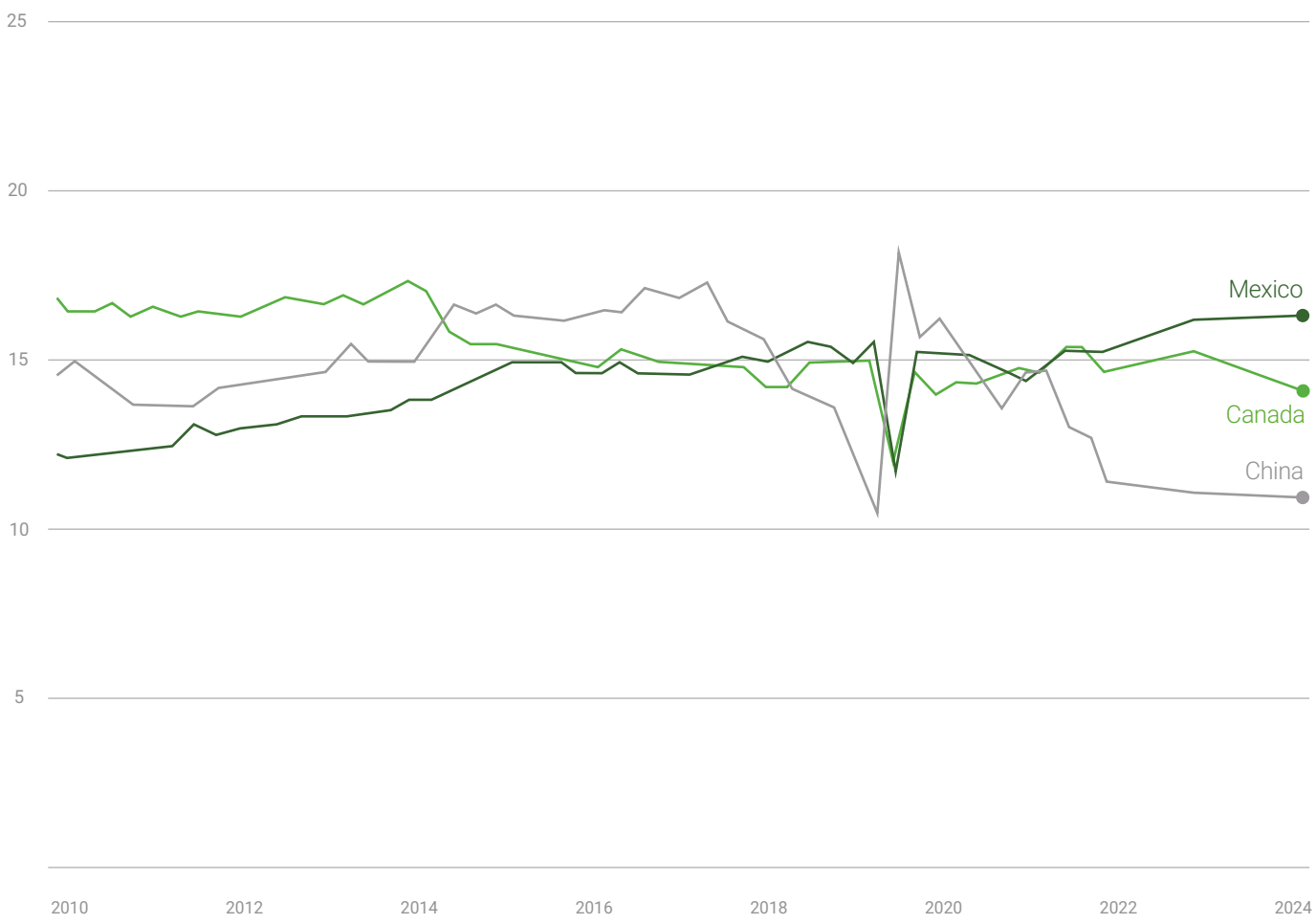
Cumulative trade coverage of G20 import-restrictive measures on goods in force since 2009



The regional impact:
Redirected flows of trade and investment

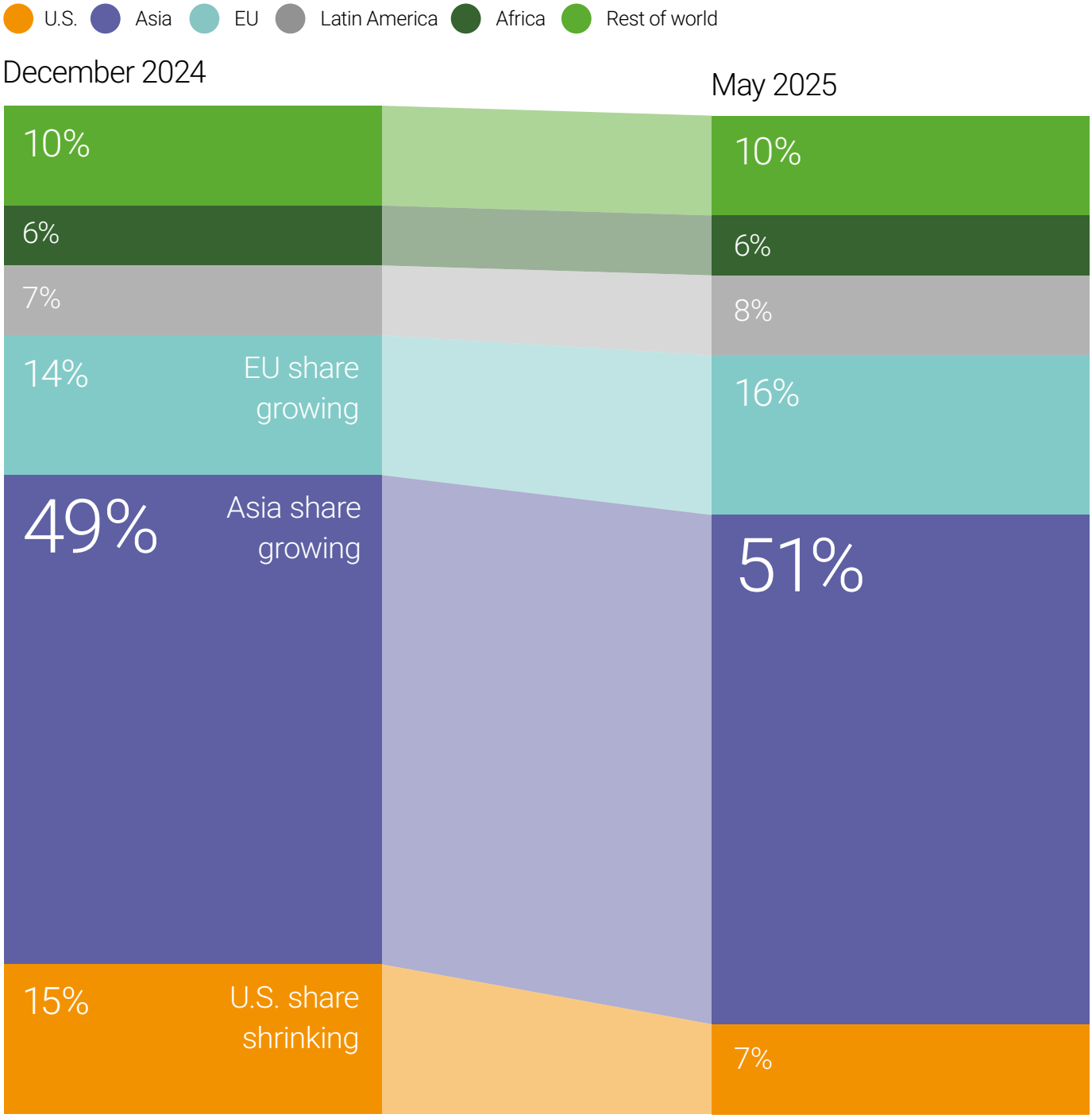
In response, corporate trade and investment flows have begun to change significantly. China's share of U.S. trade has fallen to levels not seen in 20 years, except during the worst of COVID. China, for its part, is exporting less to the U.S. and more to Europe and Asia. (The World Trade Organization estimated in April that China's exports to the U.S. would fall by 77%.)

Mexico becomes top U.S. trading partner as of 2023



Notes: Data are seasonally adjusted and quarterly. Figures also include April 2023.
Total trade is the sum of exports and imports. Source: U.S. Census Bureau.

Composition of Chinese exports, by destination



Sources: China General Administration of Customs, Macrobond, Apollo Chief Economist.

Changes in foreign direct investment (FDI) are following similar trajectories, with U.S. companies investing less in China (and more in Southeast Asia, India, and other markets). In contrast, Chinese companies are decreasing investment in the U.S. (and increasing it in Latin America, ASEAN nations, and Africa). These may be more significant in the long run than trade, since the decision to open or close a plant or office cannot quickly be undone or reversed.

It is important not to overstate the extent or impact of deglobalization. Although the world's major economies—the U.S., China, and the EU—are using industrial policy to advance their self-interest, multinationals are not retreating into their shells. The stock of existing FDI is very high, and trade remains vital not just for economies but also for industries and companies. It is also important to note that deglobalization is a worldwide disruption. Fifty percent of French executives say

they have already adjusted their supply chains to cope with tariffs—a higher percentage than in China (48%). Worldwide, 41% say they have done so, and another 42% say they are in the process of doing so.

Many Chinese companies think deglobalization will be a win for them, perhaps reflecting their current success in non-U.S. export markets. Among Chinese executives, 56% say the impact of tariffs has been positive for their company, and by next year, two out of three expect positive impacts, with 32% saying the benefits will be significant. Japanese companies have a diametrically opposite view; 55% say the impact has been negative, and 47% say it will remain so for at least a year.

American companies feel slightly positive about the effect of tariffs—41% to 37%, with the rest neutral—and slightly optimistic, with 51% saying that by next year the impact will be positive. American companies are 21% more likely than others to pass tariffs onto customers with higher prices, so their optimism might be tested if the American consumer, who is showing signs of stress, begins to balk.

How growth leaders have turned tariff disruption to their advantage

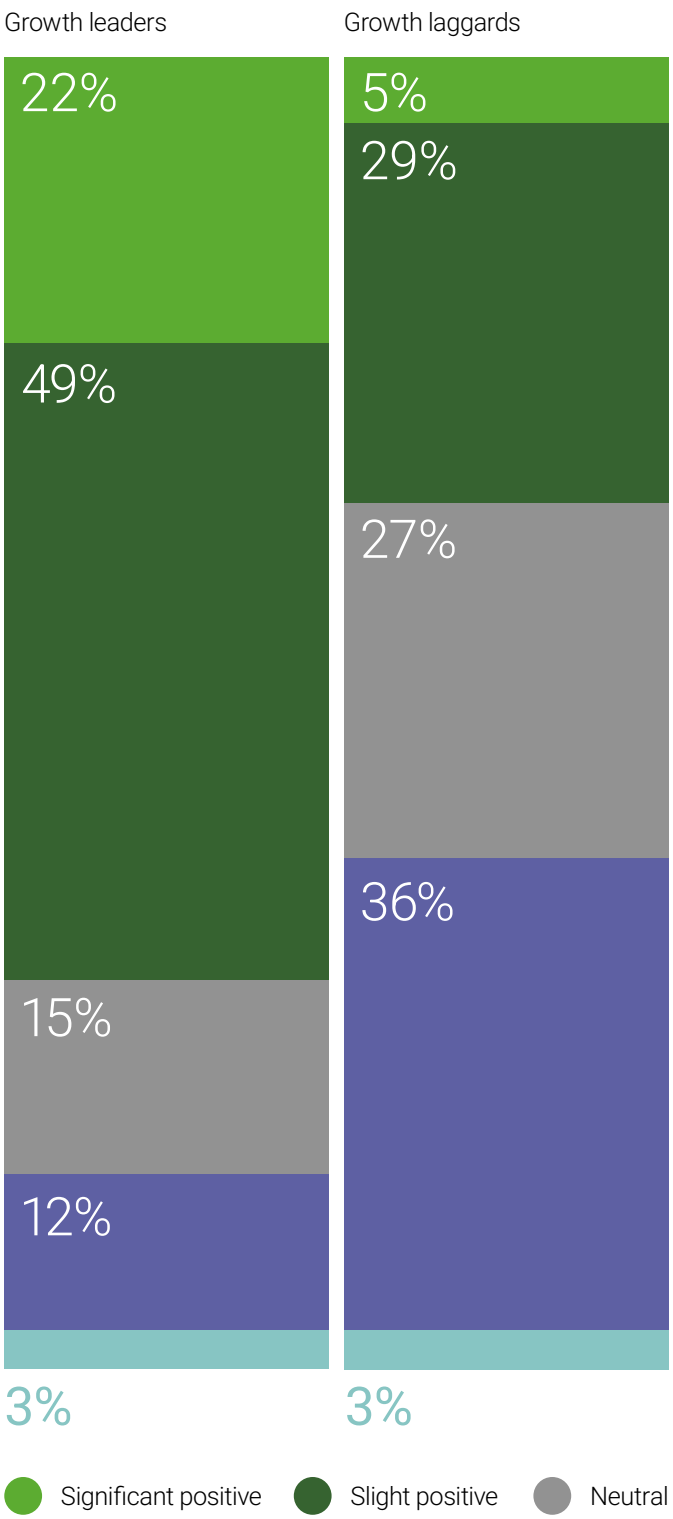
Supply chain redesign is not just a matter of comparison shopping; it includes strategic thinking, extensive research, and, in many cases, changes in internal operations and supplier development programs. We worked with one food company that was sourcing 95% of a key ingredient from China, which controlled 80% of the entire global supply. Though there were many potential suppliers (chiefly in India and Mexico), they were small, relatively untested, and not experienced in global markets. To qualify them, the company invested in a strategic supply office in India and developed a worldwide vendor capability and knowledge base, and, in the end, was able to reduce its China exposure 90% while reducing costs by 11%.

Approximately one in five executives (17%) claim that their company sets the pace for growth in its industry. These growth leaders appear to have coped with tariffs far better than others. Last year, 49% of them said that managing supply chain disruption was increasingly challenging. This year, 34% say so—a drop of almost a third. That is almost precisely what growth-leader executives predicted in 2025, when 32% said they believed supply chain management would pose less of a challenge a year hence.

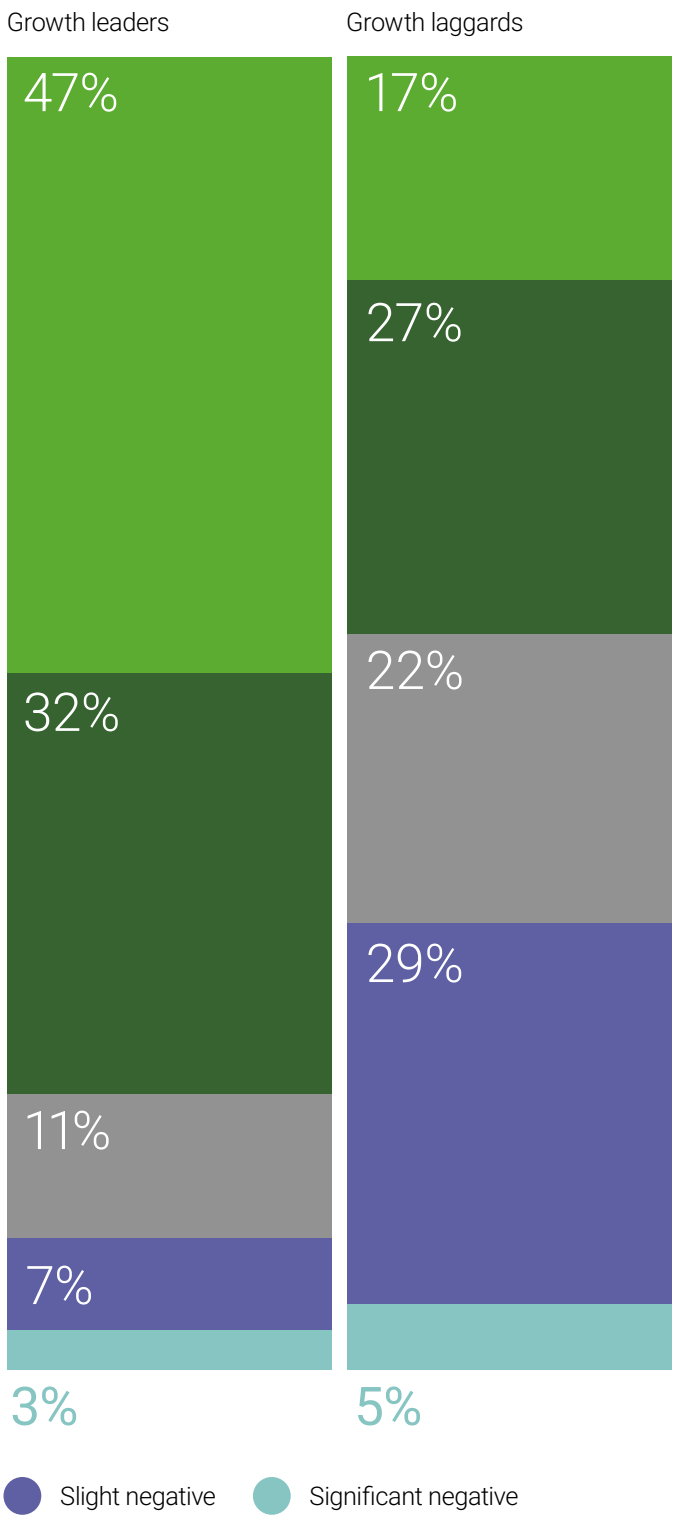
If growth leaders are feeling less impact from supply chain disruption, it is not because they are less exposed; on the contrary, growth leaders are more reliant on international trade for both inputs and sales. Instead, it is because tariffs are a good example of how leading companies are building the muscle to deal with disruption. By contrast, growth laggards are continuing to struggle with the impact of changes in global trade and investment; 42% of them say supply chain disruption is an increasing challenge, almost the same as last year's 43%.

Growth leaders seem to have found ways to turn supply chain disruptions to their advantage. Fifty-two percent of growth leaders say geopolitical conflict creates opportunity for them, while 22% say it constitutes a threat. For laggards, the sentiment is reversed: 29% see an opportunity, while 47% see a threat. For tariffs specifically, 71% of growth leaders report that the impact has been positive—significantly so for 22%. Just 14% see a negative effect, and by next year, 79% expect to have turned tariffs into a positive. By contrast, tariffs have hurt 39% of slower-growing companies.

Current impact of tariffs on the business



Future impact of tariffs on the business



Significant positive · Slight positive · Neutral · Slight negative · Significant negative

What are these growing companies doing differently? First, they are acting, not reacting. Ongoing uncertainty and constant back-and-forth have created deep confusion, leaving many executives stuck, fatigued, hesitant, or mistakenly believing the situation has stabilized.

Not growth leaders, who appear to have concluded that changes in the world economic order are permanent—that there is no "normal" to return to. They are not waiting, and their actions are not just tactical and short-term but strategic and long-term.

For example:

1. 73% of growth leaders say they have already found different suppliers and trading partners because of tariffs. Only 34% of laggards have done so; instead, they emphasize renegotiating terms with existing suppliers.

2. Growth leaders are diversifying their production footprint (33%, vs. 27% for growth laggards). Growth leaders are 5 percentage points more likely to be reshoring or nearshoring production. These changes may be why 55% of growth leaders say they have increased capital expenditures in response to global economic uncertainty.

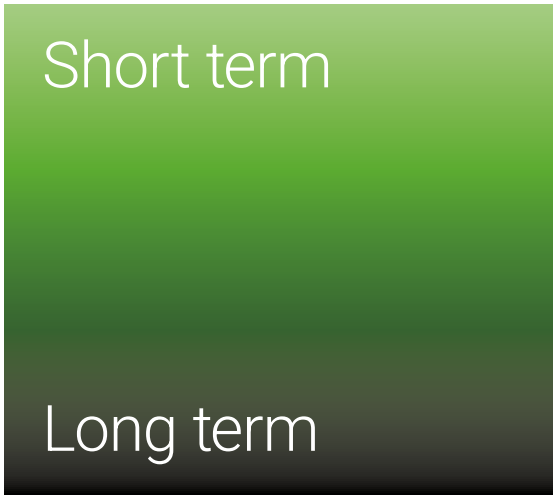
3. Growth leaders are changing their product portfolio to reduce tariff impacts: they say tariffs have caused them to reduce consumer choice (28%, vs. 20% for laggards) and exports (30%, vs. 21% for laggards).

4. They have increased investment in risk management and regulatory compliance (59%/49%).

5. 78% say they are adjusting their strategy in response to concerns about U.S.-China relations, compared to 59% of growth laggards.

6. Half the growth leaders—49%—say they have developed a strategy to address the rise of industrial policy. Among slower-growing companies, only one in five has strategically addressed industrial policy.

Fully addressing tariff disruption requires a multi-layered approach



Supply base: duty engineering

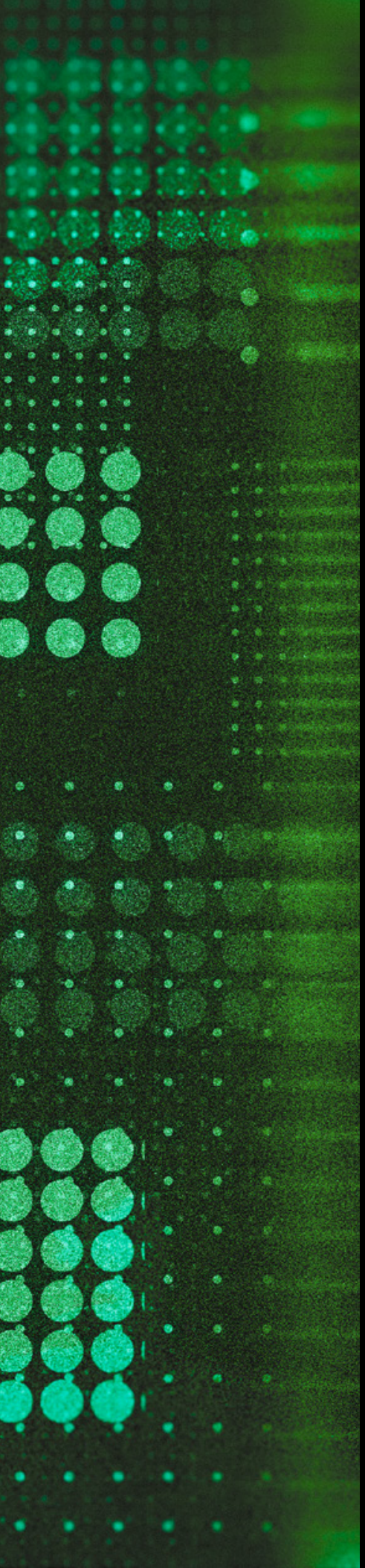
The ability to avoid or minimize tariffs through negotiation, reclassification, and other measures, plus real-time monitoring of regulations, prices, and vendors.

Customers: commercial levers

Analysis of pricing power, demand elasticity, and alternative pricing/payment strategies.

Operations: footprint transformation

Strategic measures ranging from product redesign to friendshoring/reshoring, joint ventures, and favorable trade agreements.



Chapter 07

Organization and customer of the future: Rewriting the playbook

The organization of the future

The fundamental structure of the corporation is being rewritten. Just as disruptive forces are transforming customers, they are equally reshaping what companies look like, what they do, and where the boundaries between inside and outside the firm should be drawn. For executives planning their next moves, the question isn't whether their organizations will change—it's how quickly they can adapt to new, disrupted realities that are redrawing the corporate map.

The make-or-buy decision, reconsidered

In 1937, economist Ronald Coase asked a fundamental question: Why do firms exist at all? His answer—transaction costs—explained why companies bring activities in-house rather than purchasing them from the market. Oliver E. Williamson later refined this insight, showing that firms expand when managing tasks internally costs less than negotiating, monitoring, and enforcing external contracts.

AI is now inverting this calculus. According to the 2026 AlixPartners Disruption Index, 30% of companies are driving value by reducing outsourcing through the use of automated internal workflows. When AI agents can handle routine coordination, monitoring, and data processing at minimal cost, transaction costs plummet. Tasks once too expensive to manage internally—from customer service to invoice reconciliation—become candidates for in-house automation rather than external contracting.

Yet the same technology enables the opposite strategy. As 30% of job functions currently integrate AI tools and 48% are expected to do so within five years, companies can also coordinate more effectively with external partners, and those partners can perform increasingly sophisticated activities. The result: both lean, focused organizations and broad conglomerates become viable. The deciding factor isn't technology alone but strategic clarity about core capabilities in a redesigned, transformed organization.

The aging, augmented workforce

The workforce itself is transforming along two dimensions simultaneously, and this shift is truly global in scope. Today, two-thirds of humanity—representing the vast majority of global GDP—lives in a country with fertility rates below what's needed to sustain its population.

The implications vary by region but converge on an everyday reality: dramatically fewer workers are supporting more retirees. Japan's working-age population has already declined by 16% from its 1995 peak and is projected to decrease by an additional 31% by 2060, increasing its old-age dependency ratio to 74%. China's workforce shrank by nearly 11 million people in 2023, even as it added 7 million jobs, forcing policy changes to keep older workers employed longer. Europe faces working-age population declines of 30% or more in a quarter of OECD countries by 2060. In the U.S., the fastest employment growth is seen among those aged 65 and older, with participation rates for workers aged 75 and above projected to exceed 10%.

At the same time, the labor force is being augmented by AI at unprecedented speed. Currently, 65% of companies focus AI investments on revenue growth rather than cost reduction, deploying the technology across operations, marketing, and customer experience. The data reveal a paradox: 84% of executives report productivity is increasing, while 49% worry their employees' skills are rapidly becoming obsolete.

This creates a dual imperative: Companies must simultaneously retain experienced older workers who possess institutional knowledge and sound business judgment, while reskilling both younger and older employees for AI-augmented roles. Sixty-two percent expect to implement humanoid robots at scale within five years, signaling that human-machine collaboration will become the norm, not the exception.

The productivity transformation

The productivity implications extend beyond individual tasks to entire business processes. Companies report that AI is delivering value through end-to-end automation of workflows—from supply chain operations to financial forecasting. This isn't merely efficiency; it's a fundamental restructuring of how work gets done.

Transaction cost economics suggest that as coordination costs fall, organizational boundaries become more fluid. The data support this: 28% of companies expect to increase the use of contractors and outsourcing over the next year. At the same time, companies are selectively bringing capabilities in-house where AI makes internal management more efficient than external contracting. Seventy percent—and 84% of growth leaders—expect to vertically integrate their supply chains.

The transformation goal executives cite most frequently—ahead even of profitability—is accelerating technology adoption, with 55% prioritizing this objective. This reflects an understanding that productivity gains come not from deploying tools in isolation, but from reimagining entire roles, processes, and functions around AI capabilities.

What to do now

Three actions merit immediate attention:

First, revisit make-or-buy decisions systematically. Where AI reduces transaction costs, bringing capabilities in-house may make strategic sense. Where it enables better external coordination, focused outsourcing becomes more attractive. This is about tactical execution, using technology as a driver for where work occurs. The key is recognizing that yesterday's analysis no longer holds.

Second, invest in workforce transformation that accounts for demographics and augmentation simultaneously. The 42 million workers over 55 in the U.S. labor force represent a wealth of deep expertise. Pairing their judgment with AI capabilities creates a powerful competitive weapon. However, this requires deliberate programs for continuous learning, rather than one-time training initiatives.

Third, define and continuously refine core organizational capabilities. Companies facing rapid technological and demographic change must maintain strategic clarity about which skills and assets generate sustainable competitive advantage, particularly as AI and digital platforms automate tasks and blur traditional boundaries between firms and their ecosystems. Leaders should regularly reassess what functions and processes are essential, which can be outsourced or automated, and how to leverage partnerships, platforms, and internal expertise to stay competitive.

The corporation of the future won't conform to a single template. Some companies will become lean and focused; others will span multiple industries. What successful organizations will share is clarity about which capabilities create they must own and master in a world where AI and common technology platforms are redrawing the boundaries of what belongs inside versus outside the firm. The time to determine where your company fits in this new landscape is now.

The customer of the future

Clayton Christensen's work on disruptive innovation showed that companies that over-optimize to serve today's customer might fail to attract—or even notice—the emergence of tomorrow's. Yet new technologies, demographic and economic shifts, geopolitical changes, and other forces disrupt customers as much as they do businesses. Some of these disruptions (like the impact of business cycles) are short-lived. Others fundamentally change how customers think and act, often altering the balance of power between sellers and buyers.

Consider, for example: How customers and companies find each other

The emergence of search engines in the late 1990s sparked a transformation in how customers and companies connect, resulting in billions of dollars of revenue shifting from newspapers, magazines, and other publishers to search engines like Google. At about the same time, cable and streaming upended network and television advertising; today, YouTube commands a larger video audience than any other broadcast, cable, or streaming service.

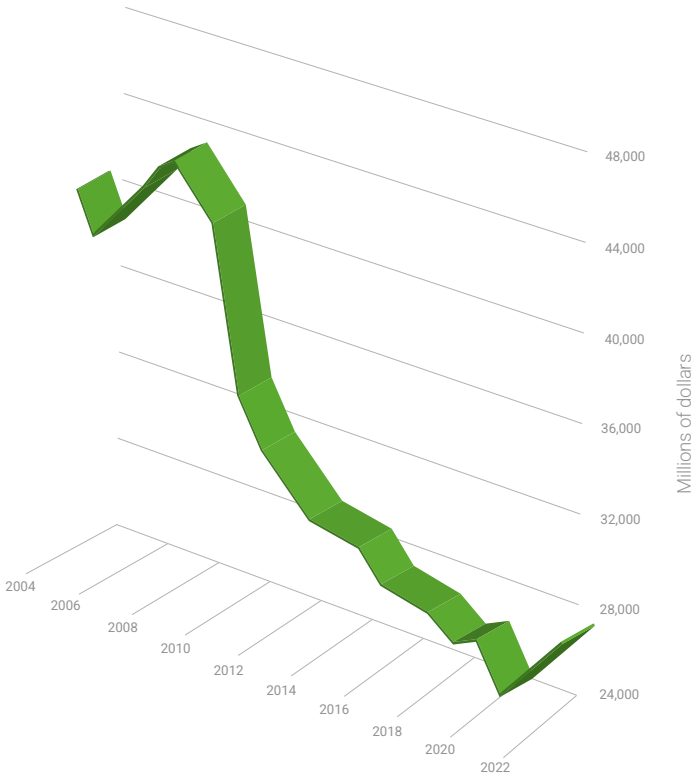
Now the marketing funnel and mix face a new, perhaps equally disruptive set of changes. Today, about two-thirds of U.S. consumers start their searches on social media platforms like TikTok or Instagram, or on retailers' own platforms; nine out of ten media company executives say retail media will disrupt their business models.

The disruption extends far beyond media. How customers search is evolving just as rapidly as where they conduct their searches. "Multimodal search" is the new norm, as consumers are searching via camera lenses, voice prompts, and AI companions—often interchangeably.

Equally disruptive, customers are relying on "zero-click" answers to search questions. These occur when users get an AI-generated response to their question rather than a list of links to click, and stop there. Zero-click disintermediates retailers, media, consumer brands, and any company that tries to attract customers by showcasing its expertise online. It enables buyers to compare products without dropping cookies on sellers' websites and reduces the value of search itself (by how much, no one knows yet). How, in this new world, will Coke battle Pepsi, or an upstart generate awareness?

It's 10 p.m.; do you know where your customer is? Does your customer know where you are?

Advertising flees from "old media"



Source: U.S. Census Bureau via FRED®.

47% of U.S. shoppers used AI for their holiday shopping in 2025, according to Visa

How AI will empower customers

Companies are relying on AI to drive revenues. High-growth companies cite revenue growth as the primary focus of their AI efforts, almost three times more often than costs (73% vs. 27%), with a focus on activities such as marketing, pricing, and personalization. But two can play at that game. According to the AlixPartners 2025 Consumer Sentiment Index, two-thirds of shoppers already use digital tools to compare prices, research products, and check availability. At the same time, increasingly wary shoppers say they value privacy far more than sellers' attempts at personalization. AI will give customers even more powerful tools. Already, traffic to brands' websites is falling as many consumers rely on search engines' AI summaries rather than links; others are abandoning search engines for AI tools like ChatGPT and Perplexity. As agentic AI becomes more widespread and easier to use, customers will exert more control—not just comparing prices and features but deploying agents to act as intermediaries and brokers, obscuring themselves from sellers.

AI has already empowered customers in B2B industries, where 78% of companies—and 89% of disruption leaders—say that AI and ML will significantly improve supply chain operations. The use of AI to compare prices, terms, and availability is becoming routine, while advanced companies use it to mitigate tariffs, evaluate supplier risk, and reduce working capital by integrating procurement with sales and operations planning.

The vanishing subscriber

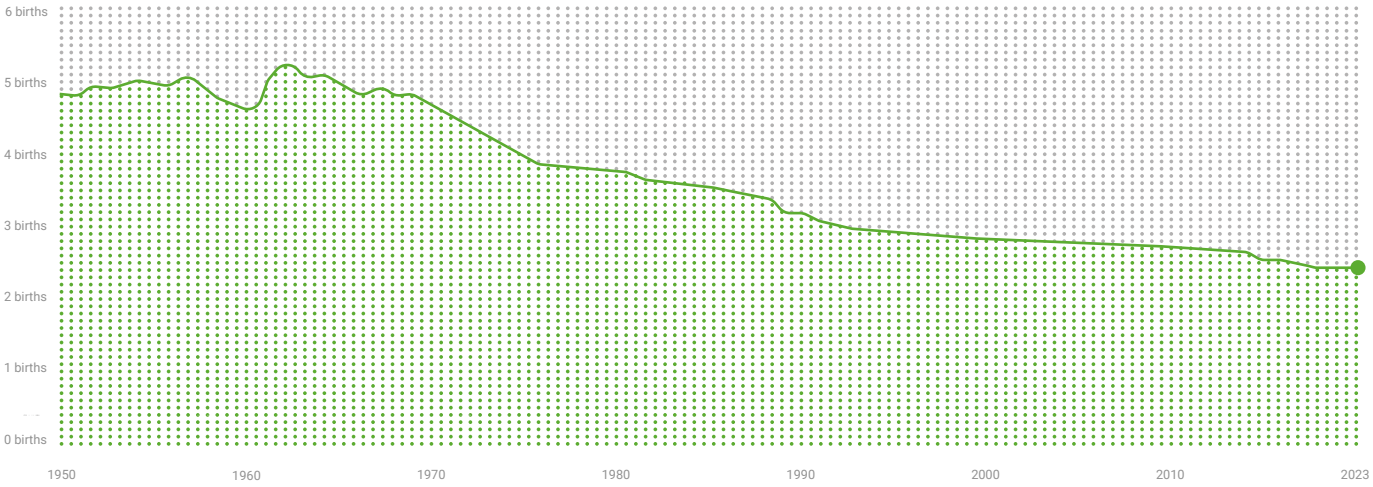
In industry after industry, customers are turning away from paying for subscriptions. Customer churn rates have increased for almost all major video streaming platforms like Netflix and Prime Video—with monthly churn now at 5.5%, vs. 2% in 2019. In the SaaS industry, selling subscriptions (i.e., "seats") is giving way to pricing based on actual usage or on outcomes. By 2027, over 50% of AI-related software revenue will come from hybrid pricing models that combine subscription, usage-based, and outcome-based elements, up from just 31% in 2025. This transition introduces significant volatility in revenue and reduces the usefulness of traditional indicators of enterprise value like annual recurring revenue (ARR). It also fundamentally disrupts the dynamics of customer loyalty. Some customers will break free and shop à la carte. But if a customer wants to pay for usage and performance, then vendors are likely to become more intimately and inextricably connected than ever.

Aging populations, changing tastes, affordability, and changing values

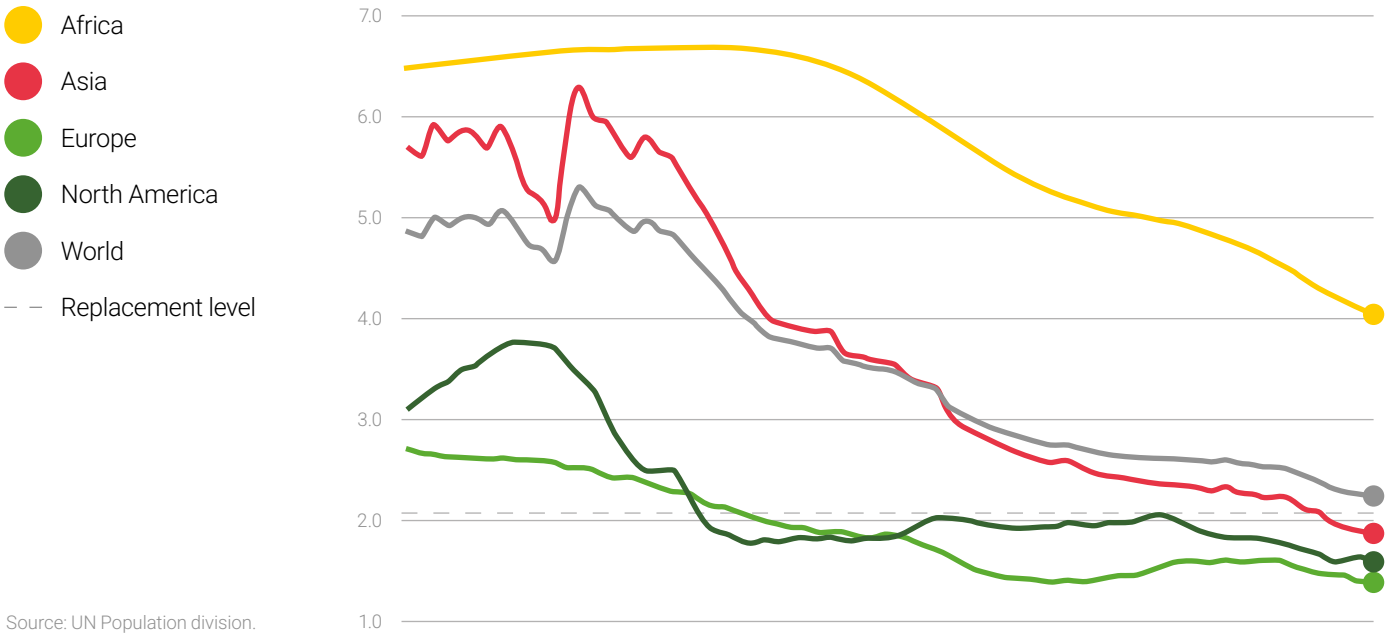
Falling birthrates and aging populations are a global phenomenon, most extreme in Asia and advanced economies, but not limited to them. The impact of demographic change on overall economic growth is open to debate. Still, its effect on what people buy is indisputable: more travel, fewer diapers, less new housing, and more healthcare. It is not accidental that four of the ten largest companies on the 2025 Fortune 500 are healthcare-related, while the 2000 list had none. (That list did include a tobacco company, however.)

Total fertility rate: births per woman (world)

The total fertility rate summarizes the total number of births a woman would have, if she experienced the birth rates seen in women of each age group in one particular year across her childbearing years.



Global fertility rates by region

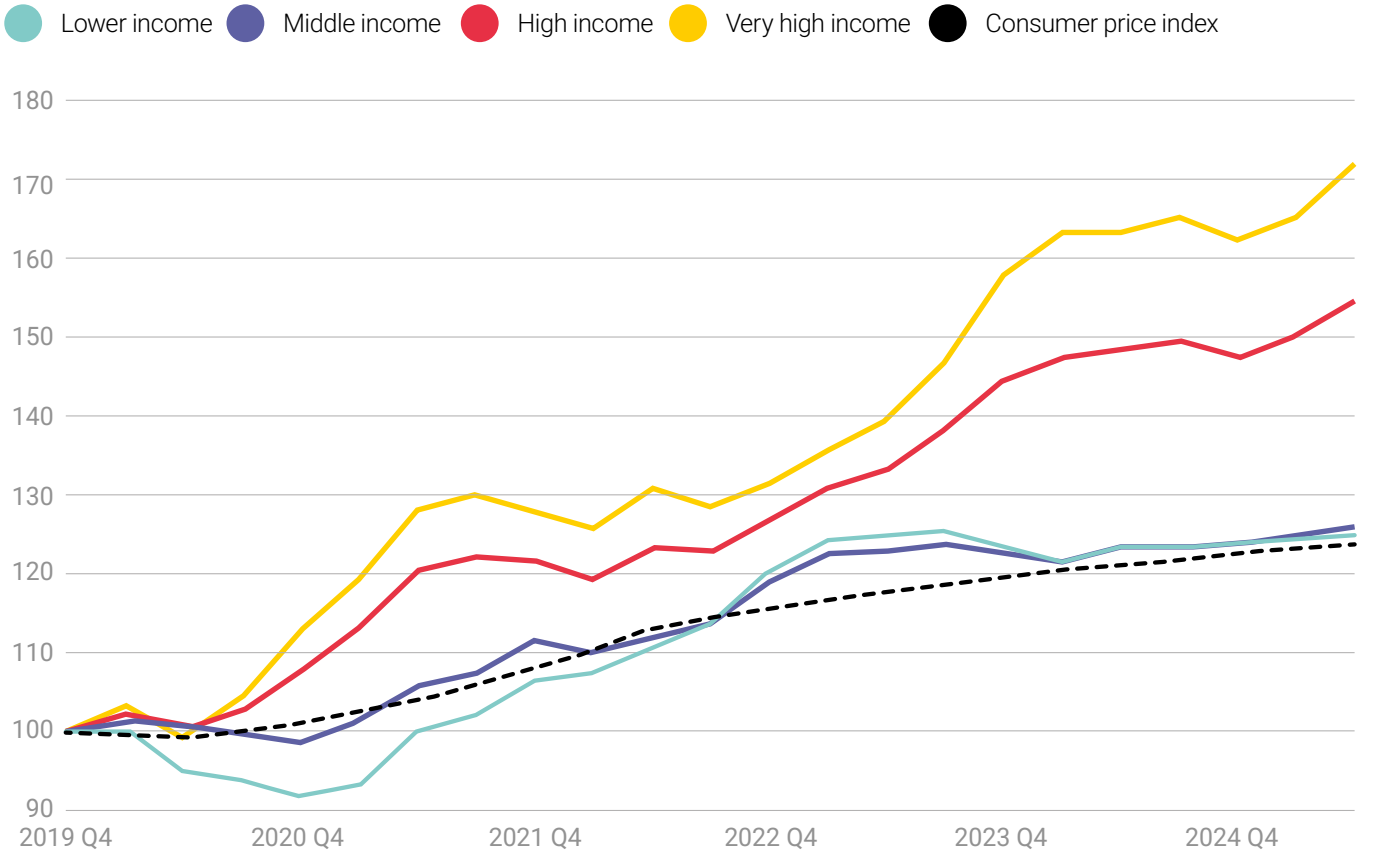


Source: UN Population division.

Globally, consumers are showing a decided preference for products they perceive as more ethical or sustainable, and that shift is being accelerated by a still-underestimated technological revolution—this time in healthcare. The rapid adoption of GLP-1 weight loss drugs is changing how people shop and eat, according to a Cornell University study. It found households with at least one GLP-1 user cut grocery spending by 5.3% within six months of adoption, with higher-income households reducing spending by 8.2%. Their purchases of snacks like potato chips fell 10%; their spending at fast-food restaurants and coffee shops dropped 8%. The Cornell researchers calculate that U.S. grocery and restaurant sales could drop by $16 billion annually, even at present rates of GLP-1 adoption.

These and other changes are both structural and disruptive. They are not going away, and they have the potential to fundamentally shift how value is created and where profits can be found. There are other issues, of course, such as the rising importance of customer experience in an economy dominated by services. Affordability is politically potent in the U.S. but essential to executives everywhere, where both housing and new-vehicle affordability are near record lows. The growth in income inequality, which is a global phenomenon, is driving a rapid rise in store brands (and undermining brand equity for consumer product companies). At the same time, a growing number of buyers (both consumers and businesses) make purchasing decisions in part based on ethical and environmental beliefs.

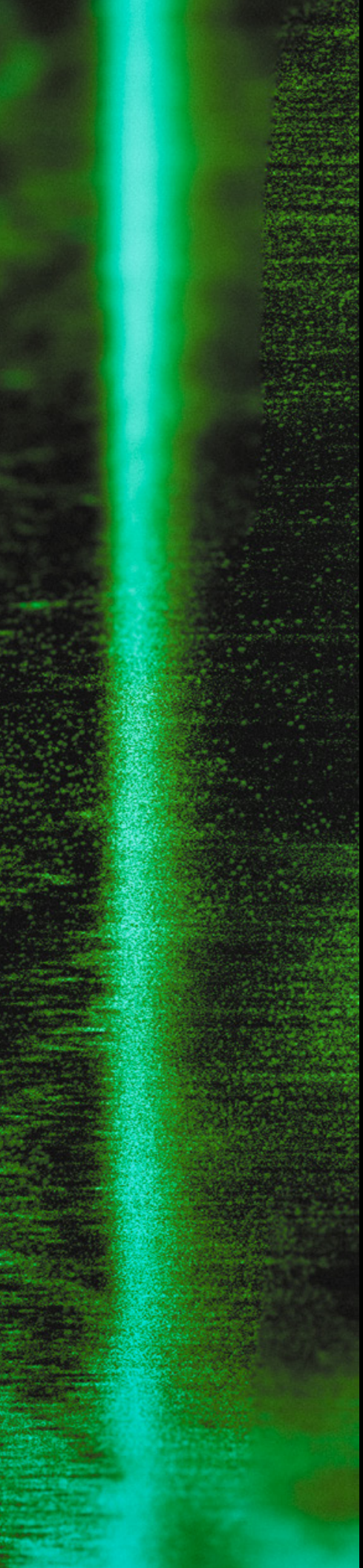
The well-to-do are powering consumer spending



Source: BLS Moody's Analytics

In an age of inequality, spending has shifted to the wealthiest consumers

Amid all these challenges, there's one other that raised the difficulty level for companies trying to find, reach, and enchant the new consumer: the competition for attention.



Chapter 08

Known unknowns: Emerging risks

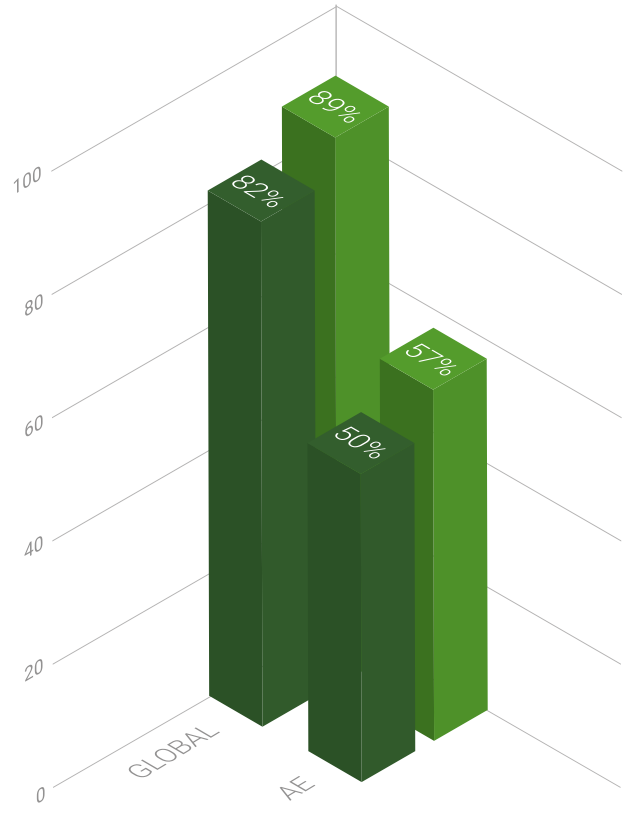
This Disruption Index identifies known threats and opportunities on executives' minds that are informing planning for 2026. However, the true test for business resilience often comes from "known unknowns"—risks and potential shocks not captured in the data, but which could upend industries, markets, and economies. The pandemic of 2020 and the invasion of Ukraine in 2022 were both largely unforeseen events that proved far more disruptive than those cataloged in executive surveys. As we look ahead, a focus on these known unknowns should factor into planning, alongside more visible threats and opportunities.

Bursting of an AI investment bubble

Many analysts believe that the current surge in AI and data center investment has the characteristics of a bubble: extreme valuations, circular financing, and an increasing use of debt have made both technology firms and financial markets vulnerable to a sharp correction. If this is the case—and we saw an equity market correction in the order of 20 to 40% in the S&P 500, which is in line with what was experienced in the dot-com crash— systemic risks could match or even exceed those seen in previous crises. With AI now deeply embedded in the operations of banks, insurers, and funds, an AI crash could lead to market contagion, credit contraction, and operational disruptions across the global economy.

Risks in private capital

Share of total assets of weak banks, by region



Adverse scenario: banks below CET1 of 7 percent (plus G-SIB buffer)

Adverse scenario with NBFI shock: banks below CET1 of 7 percent (plus G-SIB buffer)

The shadow banking system—and private credit in particular—has become the engine of AI infrastructure finance. Hidden leverage, limited regulatory oversight, and interconnectedness with the broader financial sector make this a particularly opaque risk. Defaults among highly leveraged AI borrowers, or liquidity strains in private credit funds, could trigger a chain reaction of market shocks that extend far beyond the AI sector itself. The potential for fire sales, frozen credit, and institutional losses is real, and the current oversight's blind spots make a response more difficult. In its October 2025 "Global Financial Stability Report," the International Monetary Fund highlighted the linkages between banks and non-bank financial institutions as a serious vulnerability in the global financial system. As they point out, approximately 50% of U.S. banks have exposures to this sector that exceed their Tier 1 capital, with a 59% increase between the fourth quarter of 2024 and the second quarter of 2025.

Sources: Call report data; European Banking Authority; Fitch Connect; Fitch Solutions; S&P Capital IQ Pro; and IMF staff calculations.

Note: The figure shows the number of banks falling below the 7 percent CET1 ratio plus a G-SIB buffer under the IMF Global Bank Stress Test adverse scenario, with an additional NBFI shock for euro area and U.S. banks. The NBFI shock assumes that risk weights increase from 20 percent to 50 percent and all available commitments are drawn. AE—advanced economy, CET1—Common Equity Tier 1 capital; G-SIB—global systemically important bank; NBFI—nonbank financial intermediaries.

Quantum computing and encryption shocks

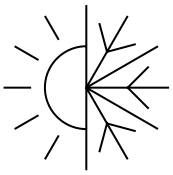
A theoretical but not implausible risk is a practical breakthrough in quantum computing that renders today's encryption obsolete. Such an event would immediately jeopardize the security of global financial transactions, critical infrastructure, and most digital business operations. While the timing is unknown, companies are already being urged to prepare for the transition to quantum-secure cryptography.

Upside wild cards: Transformative AI breakthroughs

Not all known unknowns are negative. One large opportunity is a genuine leap to artificial general intelligence (AGI). If scalable AGI emerges—yielding broad advances in productivity, scientific discovery, or new industries—the upside could be as transformative as past industrial revolutions. The main challenge is that such breakthroughs might come with little warning and could also disrupt labor markets, regulatory norms, and social trust at unprecedented speed.

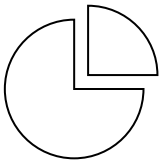
Other known unknown risks

Intensifying climate extremes disrupting supply chains

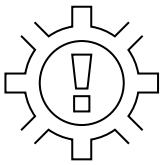


Political instability or geopolitical realignment, shifting global trade

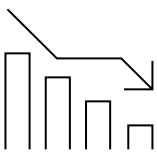
Volatility in resource markets (rare earths, energy, food)



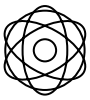
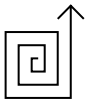
Major technical failures or cyberattacks



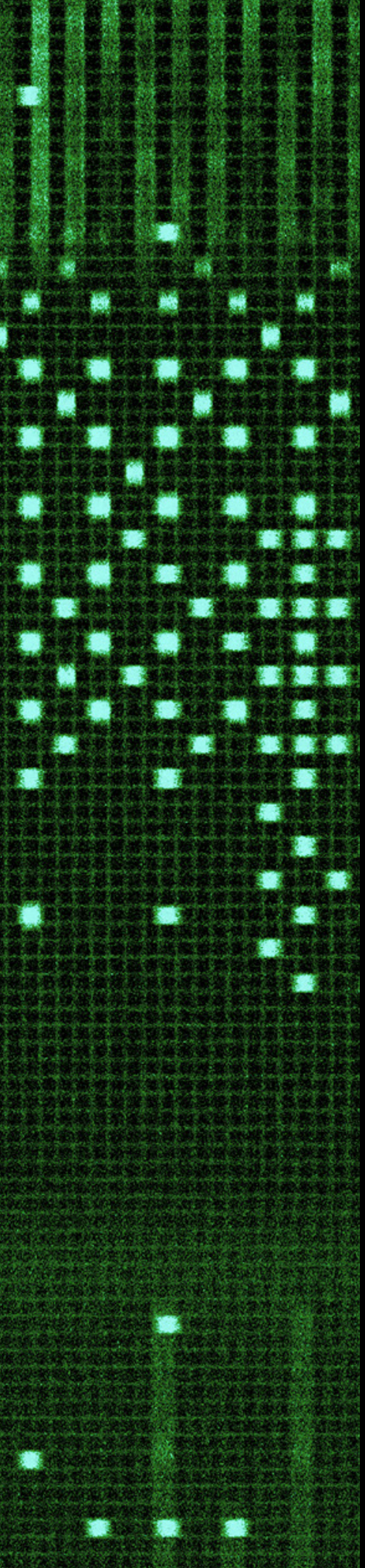
Monetary policy errors triggering recessions or currency crises



2026 known unknowns to watch

	Risk area	Potential impact	Why known unknown?
	Bursting of the AI bubble	Market/credit contraction, widespread disruption	Extreme valuations, timing unclear
	Private capital/ shadow banking	Financial contagion, liquidity crises	Leverage, opacity, poor oversight
	Quantum computing breakthrough	Encryption obsolete, business/financial disruption	Nonlinear tech progress, timing unknown
	Rapid AGI progress	Productivity surge, economical upheaval	Wild card upside, timing/form unknown
	Climate event	Supply chain breakdowns, infrastructure loss	Inevitable, specific impact, unpredictable
	Policy geopolitical errors	Market shocks, global instability	Anticipated, but scale/path unclear
	Resource scarcity	Price spikes, production halts	Historic patterns, triggers varied

While these issues do not appear in the headline findings of the Disruption Index, their potential impacts are so significant that leaders ignore them at their peril. Preparing for known unknowns requires scenario planning, early warning systems, organizational agility, and financial strength—tools that ensure businesses are ready for whatever comes next.



Chapter 09

Toward continuous adaptation:

Action items for 2026

Four imperatives: Productivity, flexibility, optimism, boldness

The six years during which we have measured disruption have borne out the hypothesis with which we began: Disruption has become the new economic driver. Business cycles and market crises still exist and can make big differences in a company's fortunes, of course. But the leadership challenge of our time is not riding the business cycle. Instead, it is responding to disruption. Some of these disruptions are unfolding, visible megatrends like demographic change or the energy transition, which, like rising seas, can tear even the best-built strategy off its foundation. Others are abrupt and unpredictable discontinuities like the COVID-19 pandemic or the extraordinarily rapid spread of artificial intelligence, which, like a sudden cyclone, can lift your house and drop it somewhere that is definitely not Kansas anymore.

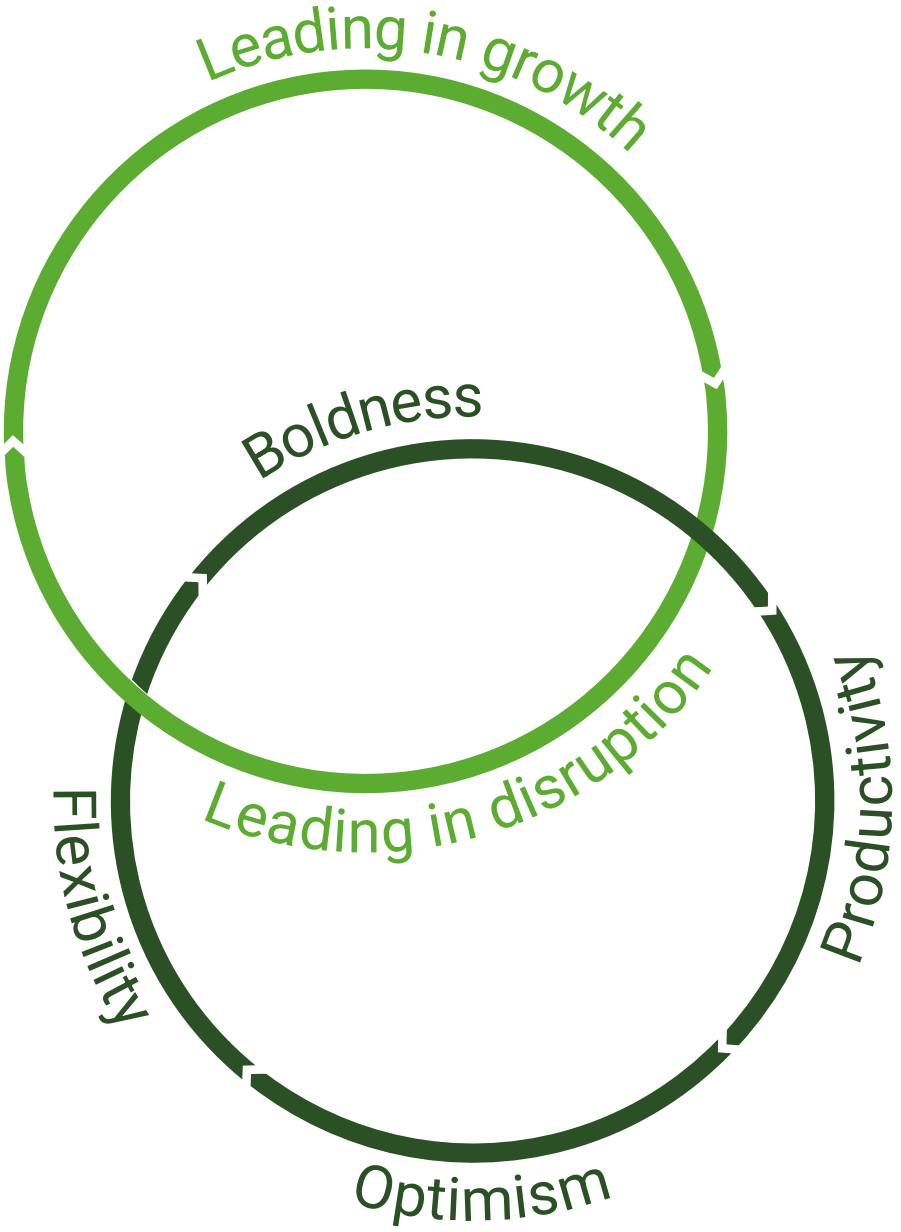
Some companies respond to this new world far more effectively than their rivals. One subset consists of the companies causing the disruption—the revolutionaries that create a new reality and force others to deal with it, companies like Tesla, OpenAI, IKEA, or Alibaba.

It pays to be a disruptor. Last year, 48% of companies said they faced a high level of disruption. Of these, a third—16% of the overall sample—said that they are almost always the drivers of disruption in their industry. Of these disruptors, 63% say they expect to see significant change in their business model this year, compared to 33% of other companies. Seventy-nine percent expect to pursue not just mergers, but transformative mergers (vs. 45% of the others). And 39% expect to see significant positive revenue growth (vs. 25%).

Others do not transform their industries but, instead, transform themselves. That works, too. Consider the subset of growth leaders—the 17% of the sample that say they set the pace for growth in their industry. Half of these (49%) claim the mantle of disruption leadership, too, but half do not. Among growth leaders, 59% expect significant business model change (vs. 33% for slower growers). Seventy-seven percent will pursue transformational acquisitions (vs. 45%). Though they lead their industries in growth, they are dissatisfied to the point where six out of seven expect their growth strategy to change—and 45% expect significant revenue growth next year (vs. 23%).

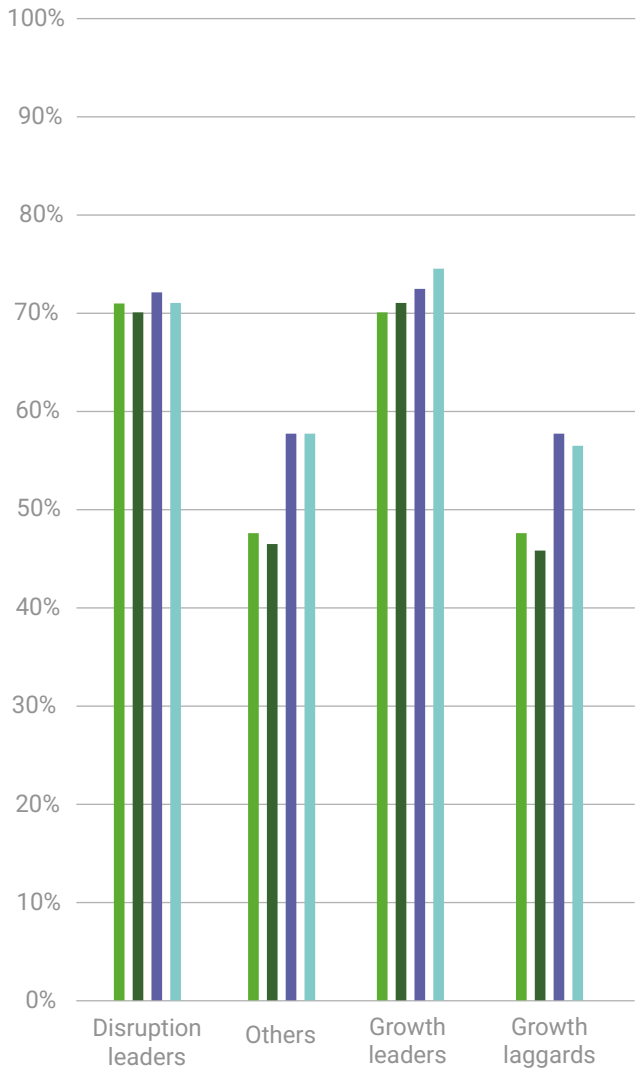
The actions of both groups—disruptors and growth leaders—show that to thrive in a disrupted world, companies must set a course that combines strategic and tactical moves in consistent, forceful ways. Leaders cannot respond to disruption with one-off initiatives—"pivots" in response to this or that threat or opportunity. Agility is necessary, but not sufficient. They also need to develop the mindset, resources, and tools that enable them to pursue three goals simultaneously: productivity, flexibility, and the optimism to fuel the pursuit.

Growth leaders are **5.4x** more likely to drive disruption in their industry. Disruption leaders are **5.3x** more likely to set the pace for growth in their industry.



Relentlessly improve the productivity of people, equipment, and capital

Over the next 12 months, how do you think your company's ability to do the following will change?



- Retain qualified workers overall
- Retain workers with technical skills
- Hire qualified workers overall
- Hire workers with technical skills

Competitive advantage will be nibbled away unless it is supported by strong productivity growth. Today, the productivity frontier—the sum of best practices at any given time—is moving outward at an accelerating pace, pushed not just by regular everyday improvements, but by the step-change disruptive power of artificial intelligence. AI is rapidly making fixed capital more productive—think smart factories, predictive maintenance, digital twins, advanced robotics, and more. The same is true for human capital—people. Goldman Sachs estimates that generative AI, when fully implemented, will raise labor productivity in developed markets by an extraordinary 15%, improving the efficiency of everything from pharmaceutical research to bookkeeping and customer service. For example, in the software industry, autonomous/AI-driven codebases, as well as agentic co-pilots, are expected to reduce manual coding in new software by 75% by the end of 2026, according to the AlixPartners Software Predictions report.

The cost of falling behind will therefore grow exponentially—so the value of investing in productivity will soar. Indeed, executives say that employee productivity and investing in AI and automation are the workforce issues that have had the most impact on their growth in the last year. Leading companies are therefore pursuing no-regrets productivity moves across every link in the value chain, such as improving sales and marketing effectiveness, using zero-based budgeting to discover hidden costs, and aggressively managing tail spend (with AI's help).

There are many indications that companies are becoming increasingly aggressive about labor productivity: a softening job market, announcements of significant layoffs by prominent companies, and the fact that 95% of CEOs expect AI to lead to layoffs within the next 5 years, including 44% who expect AI to lead to 10% or greater reductions in their workforce. It is not coincidental that growth leaders are two-and-a-half times more likely than others to say that agentic AI is broadly integrated across their organizations or that 77% of growth leaders expect to deploy humanoid robots at scale within five years.

Because people want to work for winners, disruptors and growth leaders already have an edge in human capital. Both groups find it significantly easier to hire and retain talent.

To preserve that advantage, they will have to walk the fine line between using new technologies to augment workers, not replace them.

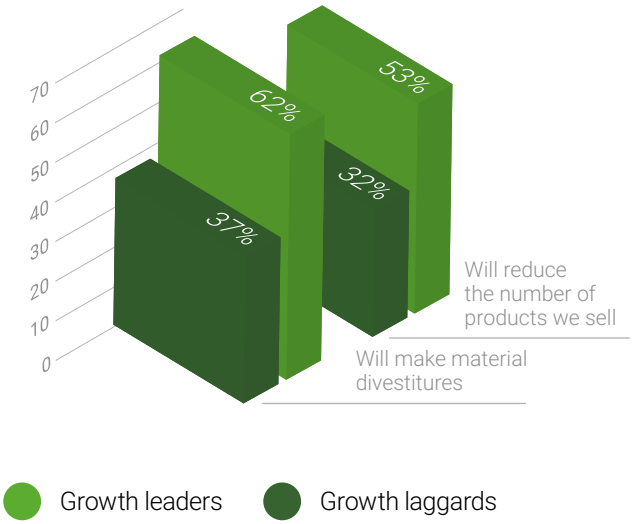
Create flexibility by continuously improving core functions and operations

The single-minded pursuit of efficiency can lead to rigidity; winning in a disrupted world requires combining efficiency with flexibility and change-readiness. Paradoxically, a company that manages continuity well is often best prepared for change. Operational, organizational, and financial flexibility begin with getting the fundamentals right. Technology modernization is a good example. When companies fall into technical debt—the accumulated cost of failing to maintain and update existing technology systems—they have less efficient systems, are more vulnerable to cyber-attack, waste time on workarounds and other problems (by some estimates, a third or more of developers' time), and tie up resources that could be used to pursue technology innovations. Both growth and disruption leaders are 6 percentage points more likely to prioritize legacy upgrades in their technology budgets than other companies.

Similarly, effective working capital management is not just an efficiency/productivity play: It creates options. The money freed by improving the cash conversion cycle is the least expensive capital there is—found money that can be invested in growth or for any other purpose.

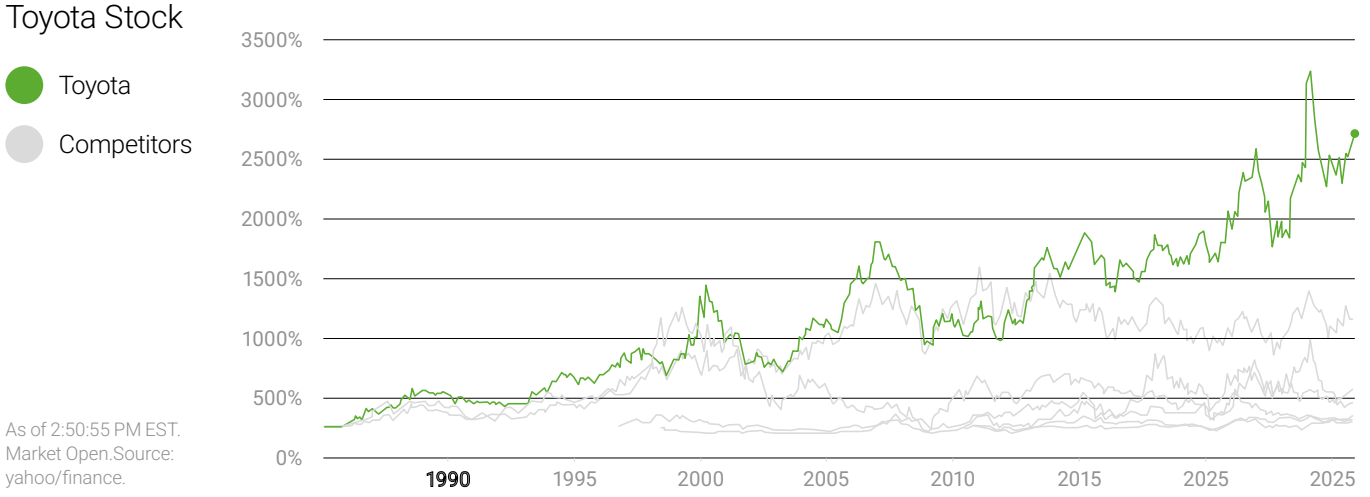
More broadly, regular evaluation of product mix and business portfolio is also a source of flexibility and continuous improvement. Growth leaders are far more likely than others to make material divestitures and reduce the number of products they sell—weeding the garden as aggressively as they plant it.

In the next year



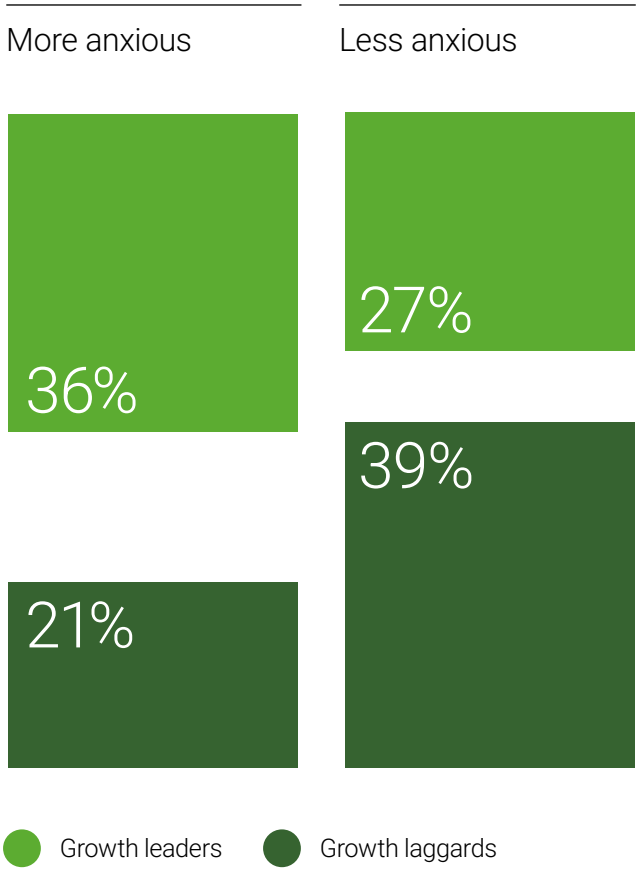
In a disrupted environment, **continuous improvement** is sometimes badmouthed; it shouldn't be. The undeniable need to go big should not distract leaders from the tangible long-term benefits of continually improving every day in every way. Consider the performance of Toyota, the paragon of continuous improvement, in the world's most disruptive industry. It has earned more than 2600% for shareholders since 1985, while the #2 and #3 incumbent automakers returned 982% and 340% respectively.

Toyota Stock



As of 2:50:55 PM EST. Market Open.Source: yahoo/finance.

Find opportunities where others see threats



The companies that perceive disruption most intensely are also the companies that appear to be handling it best. Growth leaders, for example, are 13 percentage points more likely than others to say they have been highly disrupted, and 40 percentage points more likely to say they always drive disruption in their industry.

One likely reason is that they spend less time in shock or denial, and move more quickly to acceptance and action. Disruption rains on every company; winning companies look for ways to make it work. Are your supply chains in trouble? Don't just tweak—remake them so they are better than they were before. Are core assets or activities threatened by technological change? Transform or eliminate them and design a new business model that runs rings around your rivals. Presented with a list of 17 disruptive forces (from AI to aging populations, from protectionism to the energy transition), in every instance, growth leaders are more likely than laggards to see an opportunity; and growth leaders are less likely to see a threat in every case but four. Even inflation, where there's not much upside, is seen as a threat by 46% of growth laggards but only 24% of growth leaders—likely because they see a way to make it hurt them less than their rivals.

This isn't cockeyed optimism; executives at these companies are more anxious about the future. But a combination of ambition, practical insight, and experience allows them to see opportunities where others see obstacles. As a result, they perform better.

Be bold

Efficiency and flexibility make boldness possible. Disruption makes it necessary. Virtually every bit of data collected for the Disruption Index bears out what can be learned from experience and reading the news: A disrupted world belongs to those who can identify it, parry its threats, and seize its opportunities.

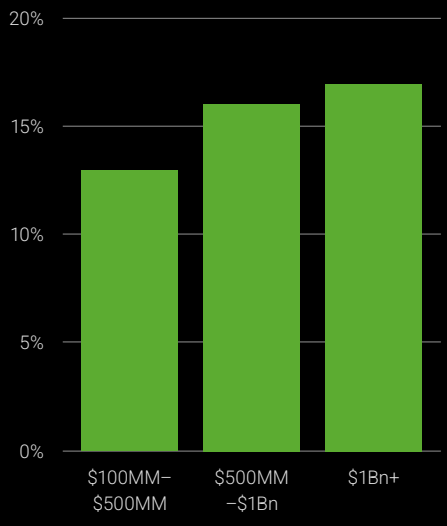
The Disruption Index for growth leaders is 75; for everyone else, it is 69.3—an enormous difference. It means executives at these companies see themselves as affected by more disruptive forces and as affected more strongly. But in every disruptive force—from AI to aging, from energy to interest rates, from protectionism to price increases—growth leaders are more likely than others to see an opportunity.

And to seize it. Seventy-four percent of growth leaders are increasing their technology investment, compared to 54% of other companies. Growth leaders are significantly more likely to be making structural changes in their supply chains and operational footprints, rather than trying to optimize current arrangements. They are 39 percentage points more likely to be forging strategic alliances. And, as noted above, they are nearly twice as likely to plan extensive business model change.

On continuous adaptation

From co-CEO
David Garfield

Always drive disruption percentage



Resilience isn't Enough

This year's Disruption Index teaches us that companies can turn disruption to their advantage, not just survive it. Companies need more than the resilience to withstand disruption or the agility to sidestep it. Both responses are inherently defensive. When disruption is a permanent fact of business life—inevitable, but also unpredictable—companies need a proactive approach that allows them to shape events, not merely respond to them; to create value, not just protect it. That requires continuous adaptation.

This year's Disruption Index gives insight into the strategic why and the practical how of continuous adaptation. About one in six companies say they always, or almost always, drive disruption in their industries. These companies are also five times more likely than others to be setting the pace for growth in their industry. They are not small companies or start-ups, perhaps counter to the perception that smaller, newer companies are usually the upstarts. Indeed, large companies are slightly more likely to say they drive disruption in their industry than smaller ones.

But I also see that they have something else, something greater: They have learned to institutionalize transformation. They are change-ready, because they're changing all the time. Too many companies lurch from one thing to another with the stiff gait of old-time movie monsters; and they almost always move too late.

Continuous adaptation is a mindset and a capability. To develop it, leaders need to balance change and continuity across three areas: operations, organization, and finance.

1 Operations

Operational rigidity can lock a company into a strategic box. Organizations that fine-tune themselves for today's opportunities and threats can become unable to notice new ones; they confuse optimization with adaptation.

We see it in supply chains. As shown in Chapter 6, less successful companies have responded to trade disruption by tinkering around the edges of their procurement and supply operations; by contrast, companies that have turned trade disruption to their advantage have systematically invested in new partnerships, processes, and assets that, one step at a time, fundamentally transform their supply operations.

Technology offers a similar lesson about how continuous adaptation enables strategic change. AlixPartners, data show that 75% of companies with well-maintained legacy systems see new technologies as minimal threats to revenue, while two-thirds of those with outdated systems see them as major risks.

Fast-growing firms are 27% more likely to have strategy processes that elevate bottom-up ideas and 42% more likely to institutionalize the ability to challenge leadership's assumptions.

2 Organization

Agile organizations react quickly to shocks; continuously adaptive organizations act without being told. That behavior stems from a combination of organizational design, which executives can determine, and culture, which leaders can shape.

I see many organizational structures that foster adaptation: cross-functional teams can expose employees to new ideas; HR systems can identify and rotate high-potential talent; after-action reviews can capture insights from successes and failures. Feedback loops matter. Research from The Ohio State University shows that fast-growing firms are 27% more likely to have strategy processes that elevate bottom-up ideas and 42% more likely to institutionalize the ability to challenge leadership's assumptions.

Disruption leaders are ten points more likely to say their company's culture is a competitive advantage, probably because companies with strong cultures, shared values, and psychological safety encourage creativity and collaboration. These are not laissez-faire cultures: Disruptors move faster than others, but their leaders are twenty points more likely to worry that they are not moving fast enough. They set an example of facing facts and acting on them, accepting and expecting accountability, and providing coaching, not just commands.

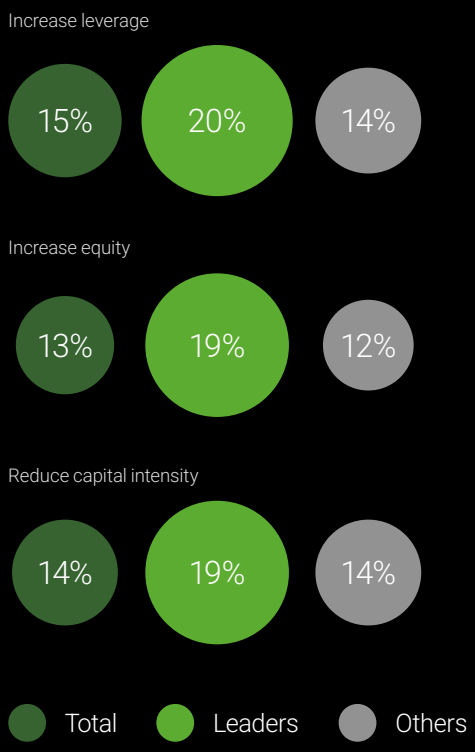
3 Finances

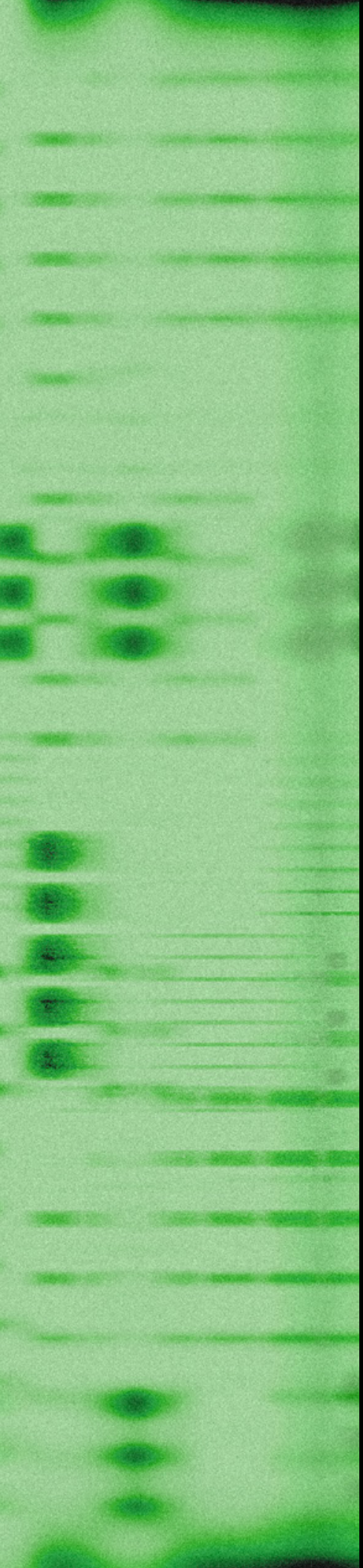
Financial strength—strong balance sheets, flexible cost structures, and access to capital—is the third pillar of continuous adaptation. Companies that cope with disruption best are much more likely than others to reduce the capital intensity of their operations while strengthening the right side of their balance sheet, creating resources to invest for the future.

Continuously adaptive companies are always testing how they allocate capital. They reshape their portfolios regularly; nearly 80% of disruptors expect to make transformational M&A within the next year, and 67% expect to make material divestitures—in each case, 30 points higher than reactive peers. They also account for the cost of capital for every line of business. Boards and CEOs who understand economic profit can allocate capital better every year, creating a self-fueling engine that powers performance.

Continuous adaptation is organic, not mechanical, rooted in the belief that continuity and change are complementary forces, not opposites. Companies that achieve this balance will, by definition, be resilient and agile—but also something greater: They will be able to create their future, not just survive it.

Disruption leadership





Industries

Aerospace and defense

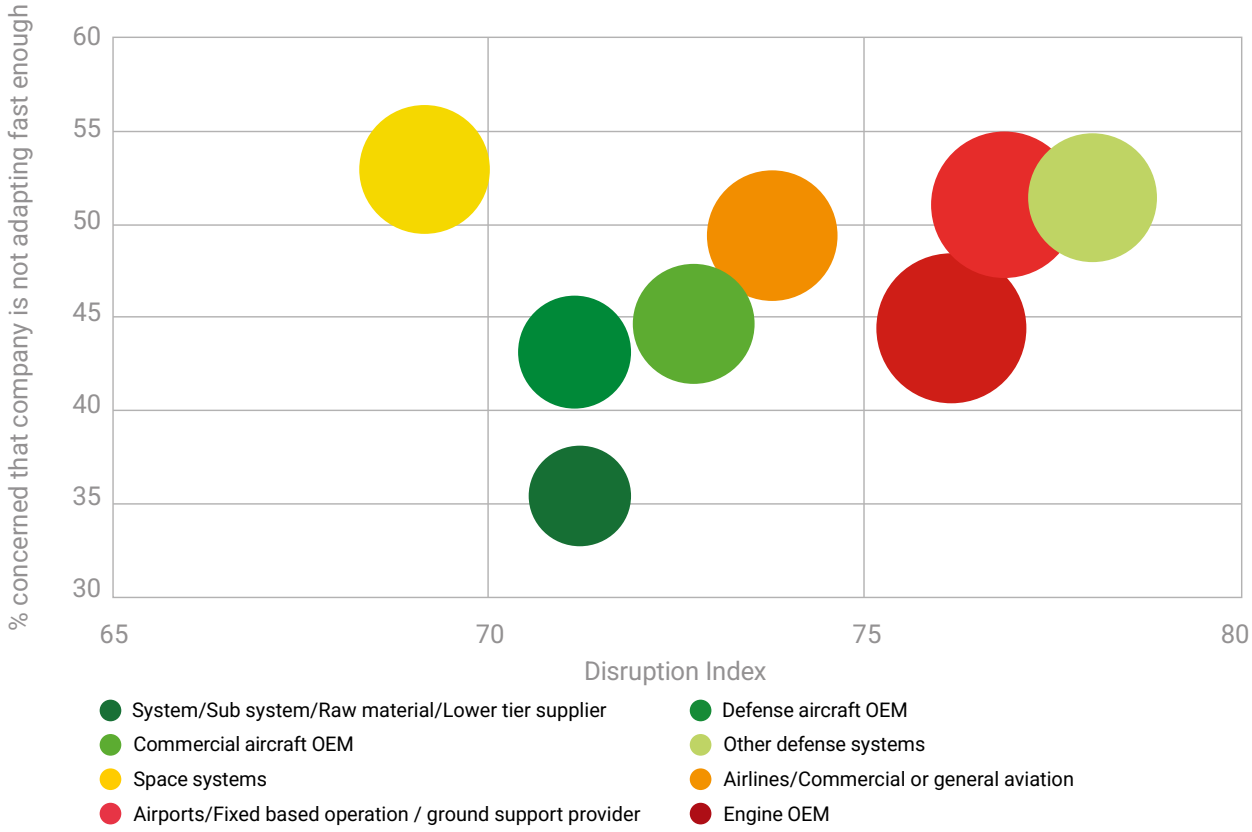
More than half of industry respondents cite a high level of disruption. Supply chain constraints persist in a commercial business wrestling with a huge backlog, while wholesale changes continue in defense funding and procurement strategies. A&D's Disruption Index score of 72 was the third highest in the poll.

Growth expectations remain elevated for commercial and defense segments, and even more so for space products. The focus remains on ramping production, which is paced by the availability of engines and interiors for a commercial airliner backlog that has stretched to more than 17,000 jets. Roughly two-thirds of executives at Aerospace engine OEMs expect significant business model change over the next year.

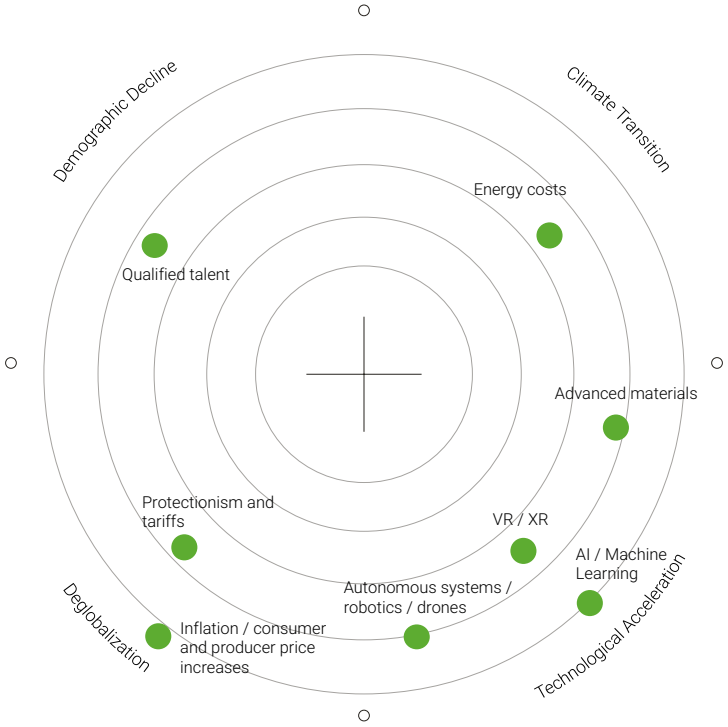
Operating models are being reshaped in aerostructures, satellites, and munitions production. Commercial aerospace executives are more focused on M&A, with their defense counterparts eyeing partnerships and joint ventures, especially with the new breed of technology-focused entrants.

Defense executives are being challenged to deliver to the warfighter at a faster pace and plan to lean more heavily on AI-enabled tools to boost output and efficiency. This follows the trail blazed by their commercial peers in areas such as software-enabled design and predictive maintenance.

Tariffs and trade policy remain a significant challenge for both segments, in addition to the broader geopolitical conflict that has fueled higher military budgets. Accessing processed critical minerals is a headache across the industry, and military supply chains are being retooled to reflect evolving defense strategies in the U.S., Europe, and Asia. Defense buying practices are also starting to change as governments look to deploy cheaper, attritable weapons alongside more exquisite systems.



Disruptive forces



Largest opportunities

78%
New technologies

72%
AI-enabled tools

72%
Advanced materials

Largest threats

41%
Geopolitical conflict

39%
Protectionism and tariffs

35%
Supply chain disruption

Industry callouts

66%
expect industry consolidation to increase—and more than one in four of them expect it to be significant

64%
say the impact of uncertainty over government spending will be very or extremely disruptive

Automotive

Automotive remains the most disrupted industry tracked in this survey, and though its index score of 74 dropped from a year ago, slow growth, fierce competition, and stubbornly high costs combined to upend business across the globe.

The talent crunch may have abated, but workforce plans provide a snapshot of the uncertainty that has gripped the industry: More than half of executives surveyed expect to boost hiring this year, while 25% plan to slow it down, and 20% expect to enact layoffs.

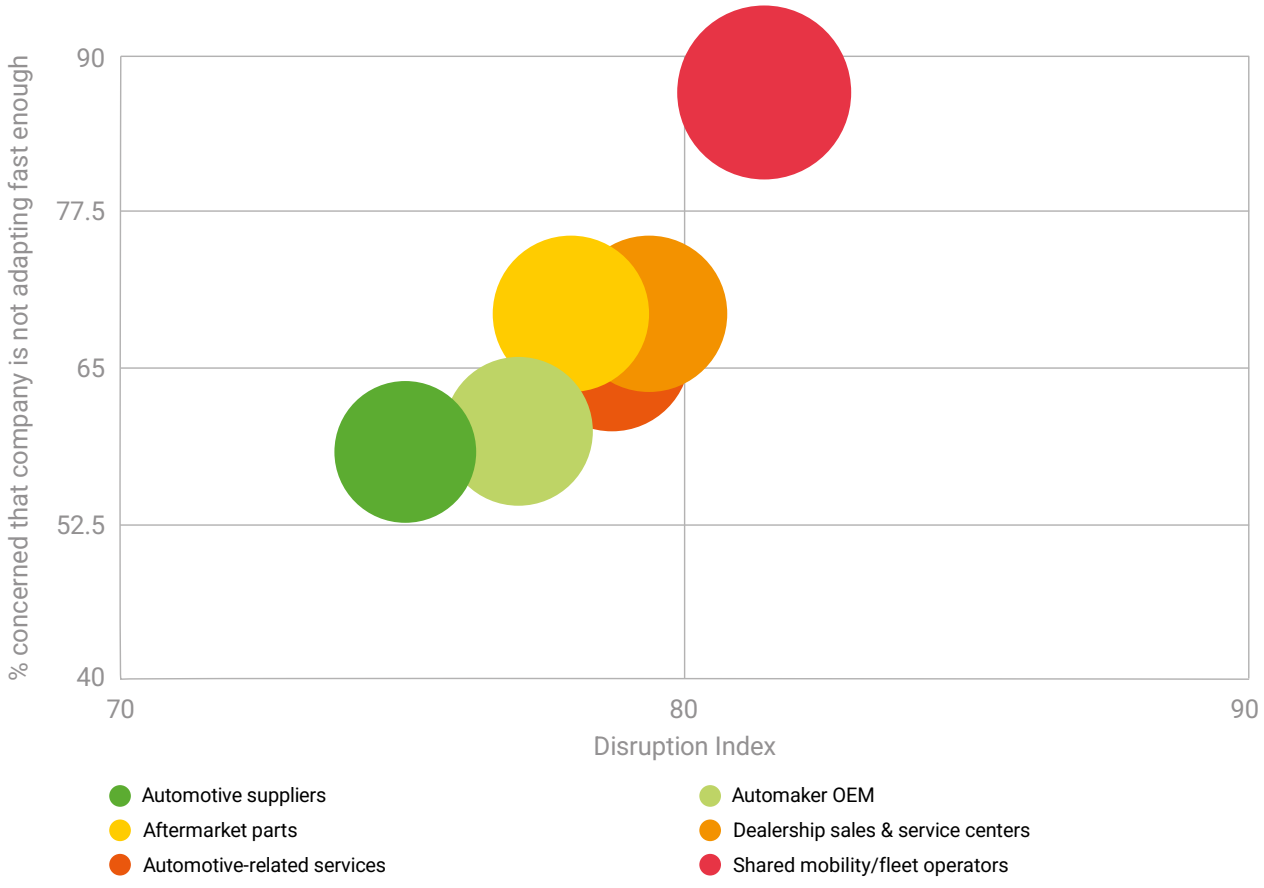
Tariffs and other geopolitical actions are also driving change, as the industry becomes more regionalized, battery-electric vehicle sales lag expectations in many markets, and hyper-competitive Chinese auto companies gain share.

Affordability and matching China's product development cycle are key priorities for executives. New and emerging competition and business models are billed as the biggest disruptive challenge by almost half of respondents, ranked above tariffs and technological change.

Tariffs and other measures have upended supply chains–and, in many cases, disrupted production. They rank well above concerns such as evolving consumer behavior and how changes to government incentives have affected sales of electric vehicles, notably in the U.S.

ADAS, leveraging AI-enabled tools to boost efficiency and technology, and software-defined vehicles head the opportunities from disruption. Digital transformation and cybersecurity are viewed as the top investment priorities.

Tellingly, the biggest growth levers deployed by executives in the survey are improvements to operational efficiency and working-capital management. Only a fifth identify new products and services as their company's key growth driver.



Disruptive forces

Largest opportunities

72%
Autonomous vehicles (AV/ADAS)

69%
AI/ML

67%
Software-defined vehicles

Largest threats

44%
Protectionism and tariffs

40%
Geopolitical conflict

36%
Inflation

Industry callouts

59%
say their company is being outpaced by technological change

81%
expect their company to pursue vertical integration

Consumer products

Disruption in the consumer products industry is now being driven as much by shifting demand and channel dynamics as by macroeconomic shocks, such as inflation and tariffs. Increases in retailer scale and sophistication, the rise of discounters and private label, the rapid growth of digital touchpoints, and the premium consumers place on brand authenticity and purpose are reshaping how value is created and captured across the sector.

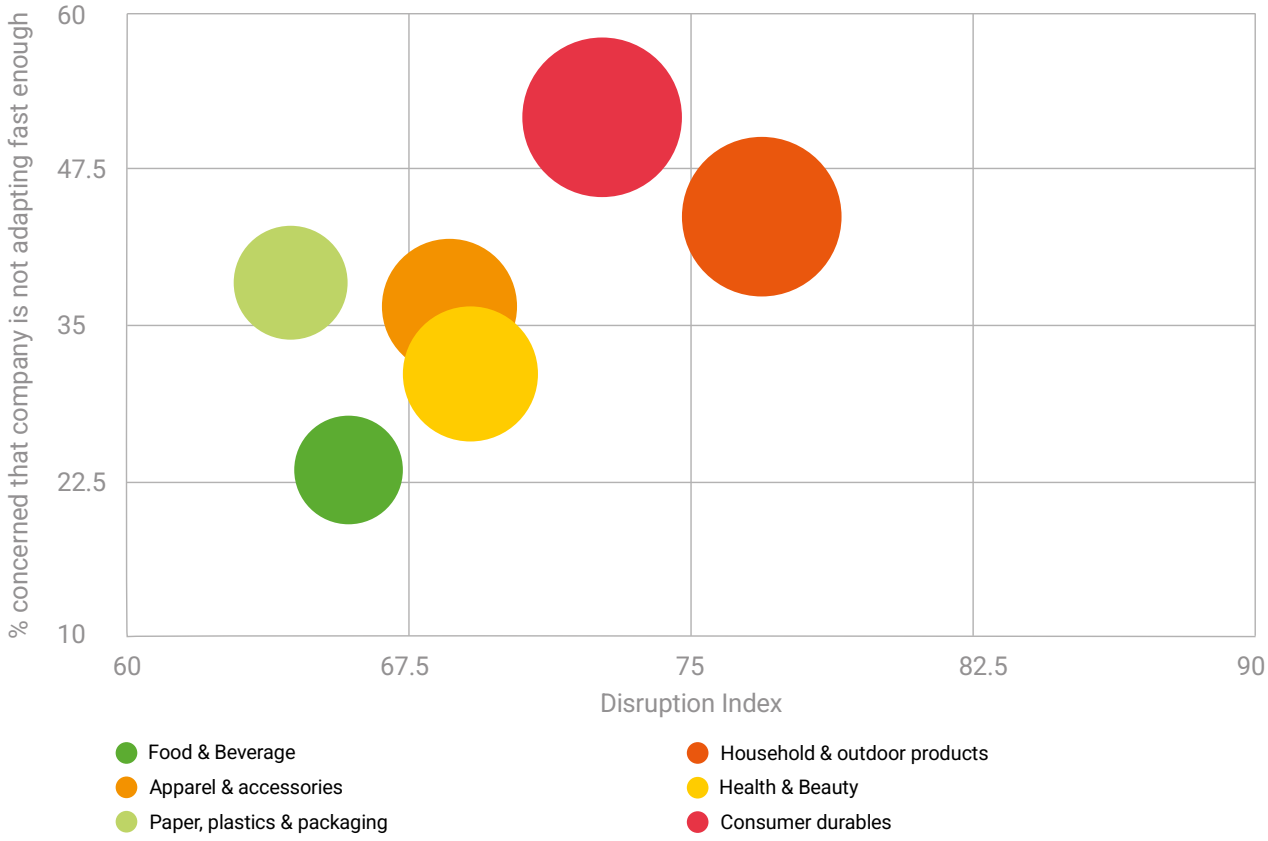
This makes it all the more surprising to find that executives rated their level of disruption at the lowest level of all ten industries surveyed, at 65, which is five points below the mean. Considering the consumer products industry was the fourth most disrupted in the previous year's survey, this drop could indicate that executives are finding ways to manage the changing industry dynamics.

While inflation has moderated from peak levels, companies still face elevated costs for raw materials, energy, transportation, and labor. Maintaining margins while avoiding excessive price increases that could drive value-seeking consumers to alternatives, such as private label, remains a delicate balance. Geopolitical conflicts, seen as a threat by 71% of CP respondents, are further complicating supply chains and logistics.

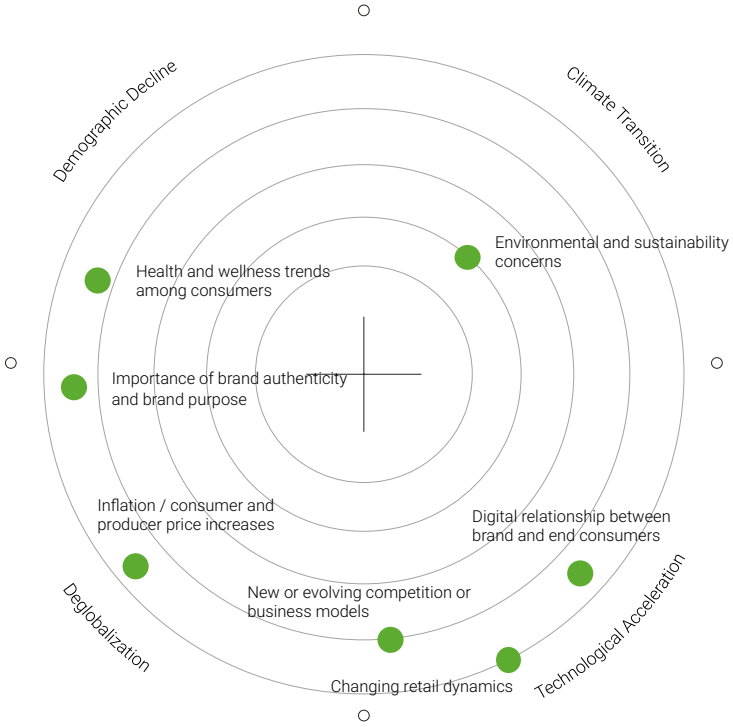
Established brands are fighting to remain relevant, particularly with younger consumers who favor niche brands, direct-to-consumer options, and products aligned with their values, including health and wellness, sustainability, and authenticity.

In the wake of ongoing margin pressures, companies are leveraging AI/ML and automation for several use cases across growth (e.g., personalization, pricing and promotional effectiveness), operations (e.g., supplier risk, S&OP), and transformation (e.g., function operating model). Further, companies are using data-driven insights to tailor products, pricing, and promotions for value-conscious, channel-hopping consumers.

Tariffs create urgency in managing operations, but leaders see a path forward. While 61% of companies report negative tariff impacts, many are responding by diversifying suppliers, nearshoring, and digitizing their supply chains. Confidence is rebounding, with 84% of executives expecting revenue growth in the coming year. However, with unit volumes still below pre-pandemic levels and pricing power eroding, growth-focused leaders will need to find strategic ways to reignite volume to deliver on that ambition.



Disruptive forces



Largest opportunities

80%

Brand authenticity and purpose

75%

Digital relationship between brand and end consumers

70%

Health and wellness trends among consumers

Largest threats

71%

Geopolitical conflict

70%

Protectionism and tariffs

63%

Regulations and taxation

Industry callouts

47%

(the highest level) see lack of skills or talent as the biggest obstacle inhibiting business model transformation

67%

are increasing investments in supply chain diversification and resilience in response to economic or geopolitical instability

Energy

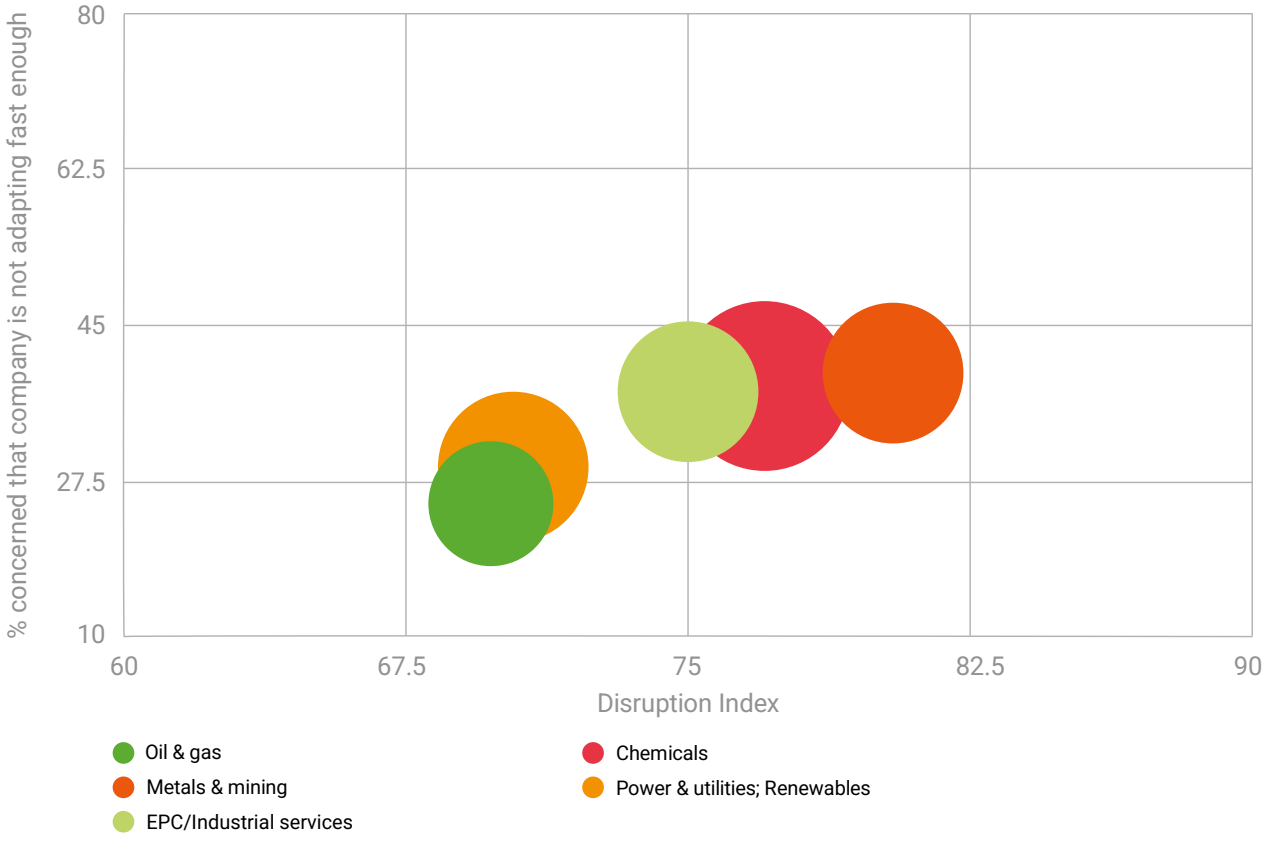
The level of disruption across the energy value chain has dipped sharply over the past year, although the index score of 69 belies increasing challenges in the commodities sector and tectonic shifts in regulation, most notably in the U.S.

While a third of executives on average across energy sectors expect significant changes to their business model over the next year, this number rises to half for the chemicals sector, which is grappling with broader economic challenges that have led to overcapacity. Meanwhile, metals and mining companies are reevaluating portfolios, pushing M&A to a brisk pace.

Solutions focus on cost reduction, operational efficiency, and addressing supply chain challenges, often through digital transformation strategies. Energy executives prioritize improved organizational flexibility compared to their peers in other industries.

Around half of the executives in the latest poll flagged that uncertainty over renewable energy policies is delaying investments in clean projects, while grid infrastructure and equipment limitations are colliding with the surging demand for electrons from data centers. Almost two-thirds of executives surveyed cite data center energy demands as straining infrastructure and escalating costs.

The much-discussed energy transition lies at the heart of the forces reshaping the industry, with some 30% viewing it as a major disruptive threat while 45% eye the opportunities. Energy continues to lead the sectors as the most proactive in terms of being shaped by ESG initiatives, and securing positive financial outcomes.



Disruptive forces

Largest opportunities

75%
AI/ML

74%
Energy transition tech

71%
Government subsidies

Largest threats

51%
Tariffs and protectionism

51%
Geopolitical conflict

48%
Regulation

Industry callouts

64%
of oil & gas executives targeting revenue growth from AI tools

53%
expect higher wage costs in power and utilities

Financial services

Market volatility and geopolitical turbulence, combined with digital business models, cyber risk, and the mainstream adoption of cryptocurrencies, have increased disruption for the financial services industry, moving it from its position as the least disrupted industry last year. Despite these challenges, its score is only one point above the mean.

Financial services firms seem to be responding to disruption by actively driving transformation. An overwhelming 94% of firms anticipate at least moderate business model changes over the next year, with only 6% expecting little or no change, compared to 16% across all industries.

Having moved decisively beyond experimentation, AI may be a key driver of that transformation. Currently, 34% of job functions in financial services are fully integrated with AI tools, outpacing the 30% overall average, with expectations to reach 55% within five years. More striking is the trust differential: 59% of financial services leaders currently express high or complete trust in AI agents operating without human oversight, which is a full ten points higher than the overall mean. This confidence is projected to surge to 79% by 2030, compared to 66% of all industries, signaling AI as mission-critical infrastructure rather than an experimental technology.

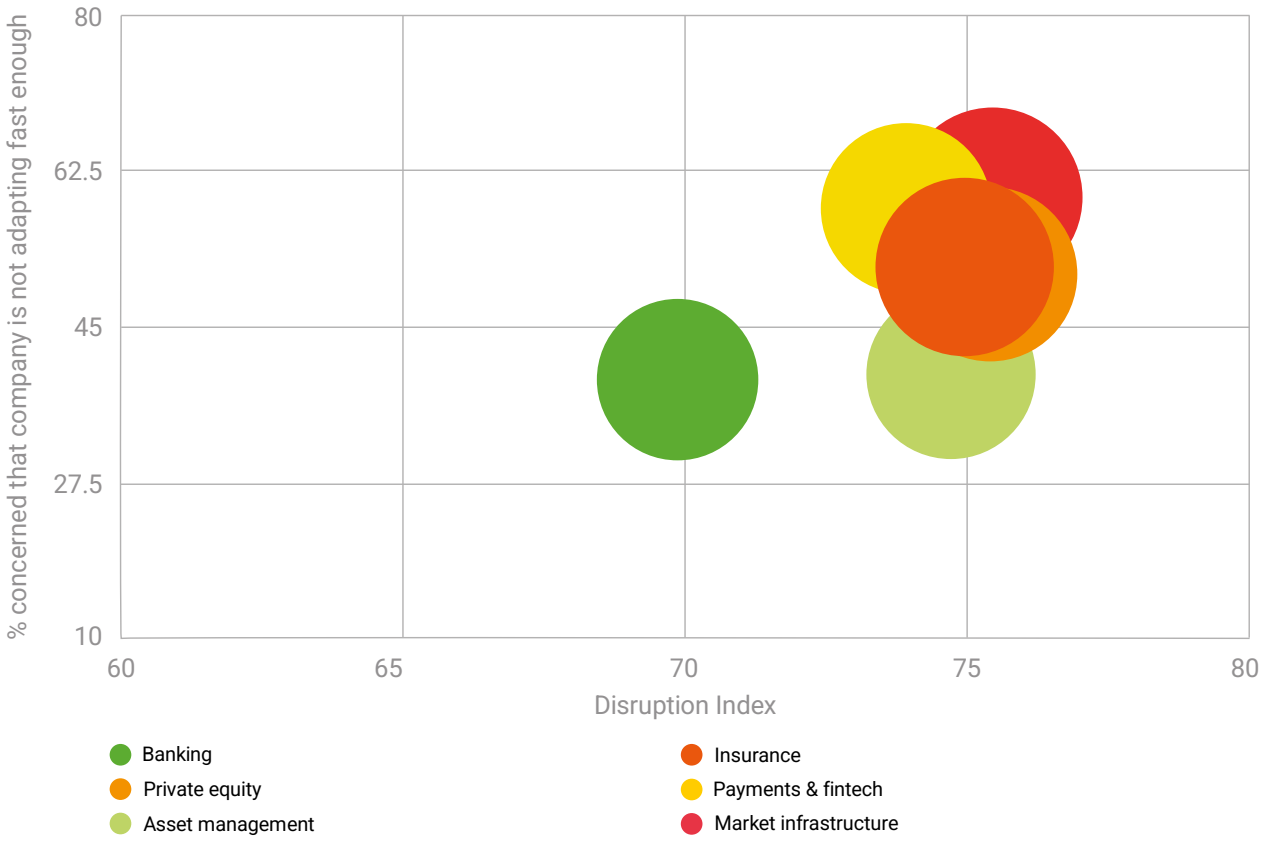
Subsector variations reflect different risk cultures: Payments & fintech exhibits the highest level of AI integration at 40%, while market infrastructure demonstrates an exceptional 85% trust in autonomous AI, compared to banking's more cautious 63%.

Yet when it comes to the people they employ, financial services leaders express higher-than-average concern that new employees in the workforce lack the necessary skills to succeed at their company. They also note that the pace of change is rapidly making their employees' skills obsolete.

While geopolitical risk events can trigger threats to macro-financial stability, financial services firms are demonstrating resilience in the face of these pressures. Given their lack of supply chain exposure, only 20% currently report negative tariff impacts. More remarkably, 57% expect positive tariff impacts within twelve months, up from 45% currently, suggesting sophisticated strategies to capitalize on trade complexity and volatility.

While only 69% expect positive national economic growth, 85% expect positive company revenue growth. This divergence reveals sector confidence in outperforming macroeconomic fundamentals through the deployment of technology and strategic positioning. Market volatility may create trading opportunities, widen spreads, and drive demand for hedging and wealth management services.

A highly active deal market is reshaping the sector, with 72% expecting transformational M&A activity over the next year and 55% planning material divestitures. This aggressive portfolio rationalization reflects mature strategic thinking about competitive advantage in an AI-transformed, geopolitically complex environment.



Disruptive forces

Largest opportunities

69%

AI and ML

61%

Pervasive connective technology infrastructure (internet, IoT, mobile computing technologies, cloud migrations, etc.)

60%

Digitization of assets and cryptocurrencies

Largest threats

41%

Inflation

34%

Geopolitical conflict

32%

Data privacy and cybersecurity-related issues

Industry callouts

86%

of executives are optimistic about the impact of AI on the company as a whole

67%

Data center energy demands are straining our infrastructure and escalating costs

Healthcare & life sciences

Few industries capture the normalization of disruption better than healthcare and life sciences. The latest score of 70 carries forward from last year, though down since the end of the pandemic. Executives continue to grapple with a fresh wave of challenges, ranging from dramatic changes to insurance and increasing costs of care to stressed capital structures.

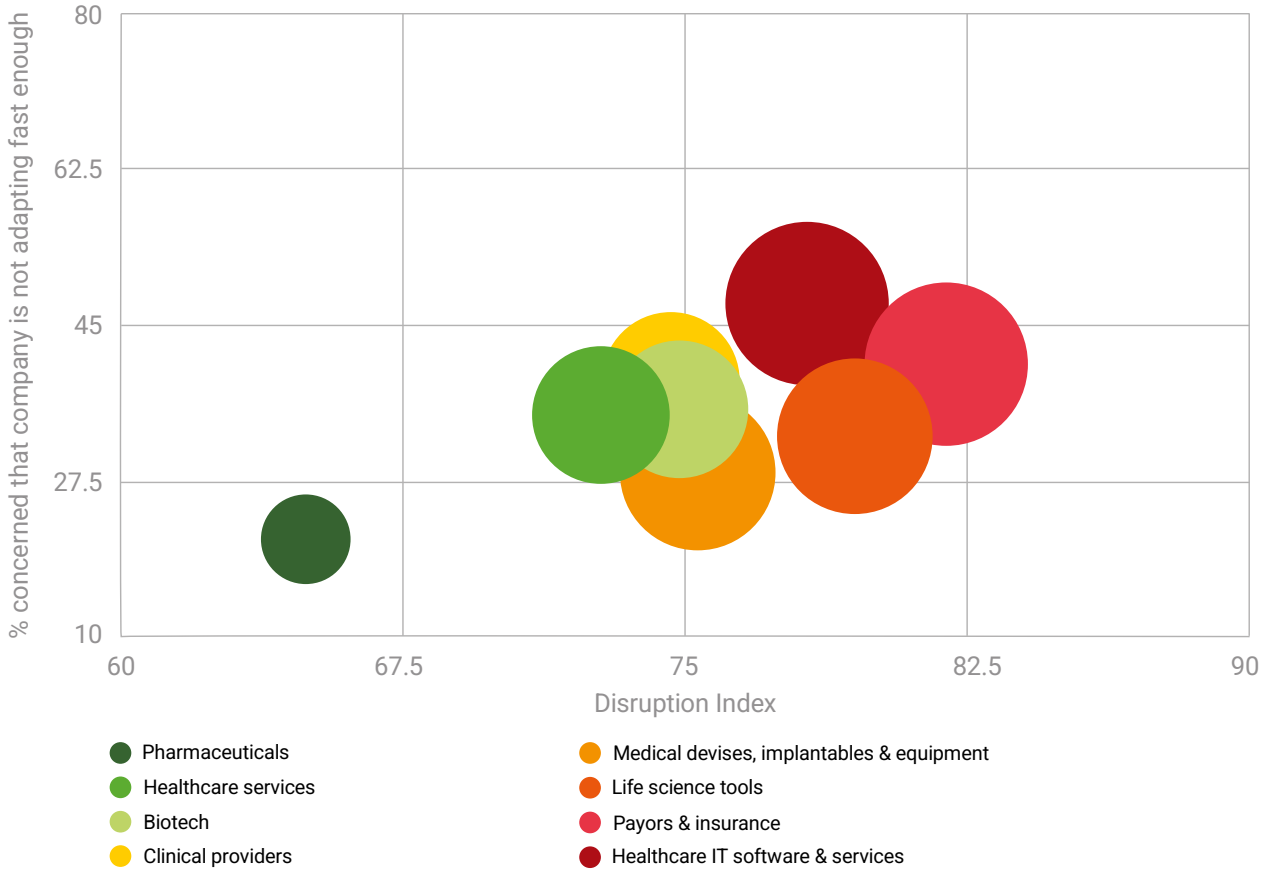
Little surprise that the disruption captured by our survey is especially elevated among clinical providers and device makers. There is a heavy emphasis across the industry on the need to adjust pricing strategy and manage costs. Increasing costs for materials, energy, and logistics are leading to higher prices being passed to customers and patients, compressed margins, and greater forecasting uncertainty.

That's driven a need to evolve business models to address challenging and changing market conditions throughout healthcare, including management service organizations and staffing providers.

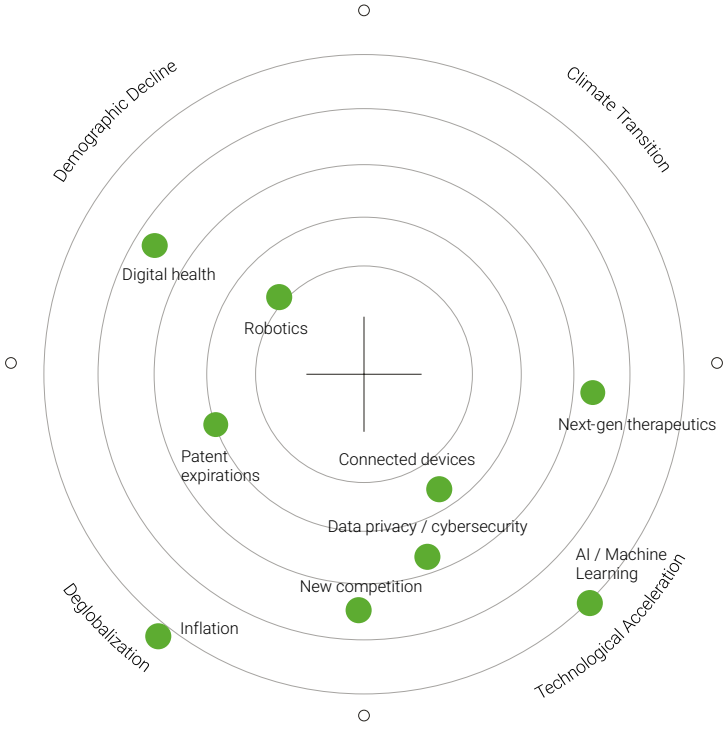
Tariffs and related changes to trade and regulatory policy, especially in the U.S., remain a key concern as executives pursue efforts to mitigate the ongoing cost pressures. Three-quarters of those surveyed are pursuing greater supply chain control through vertical integration, and over half anticipate major M&A activity to strengthen competitiveness.

Pharma sector leaders, who have been key drivers of portfolio changes in recent months, are heavily focused on managing disruption through operational adjustments, cost reduction, and accelerating the adoption of new technologies.

The promise of AI-enabled tools is moderated by the critical nature of what they are delivering. Almost three-quarters of those surveyed view digital transformation as a major opportunity for growth and efficiency. That's tempered by the third of respondents who highlight data privacy, cybersecurity, and ethical concerns with AI and automation, especially as reliance on digital solutions increases. Only a quarter expect to fully trust AI agents in five years, compared with 12% at present.



Disruptive forces



Largest opportunities

80%
Biopharma innovations

77%
Next-gen therapeutics

74%
Advanced materials

Largest threats

49%
Inflation

46%
Protectionism and tariffs

45%
Geopolitical conflict

Industry callouts

45%
expect a positive impact from tariffs over the next year

42%
expect to pursue divestitures

Media

Technology advances, platform proliferation, and shifting consumer habits pushed the disruption score for media and entertainment to 71, just above the cross-industry norm. Yet an analysis of trends within the industry's sub-sectors reveals a classic digital divide.

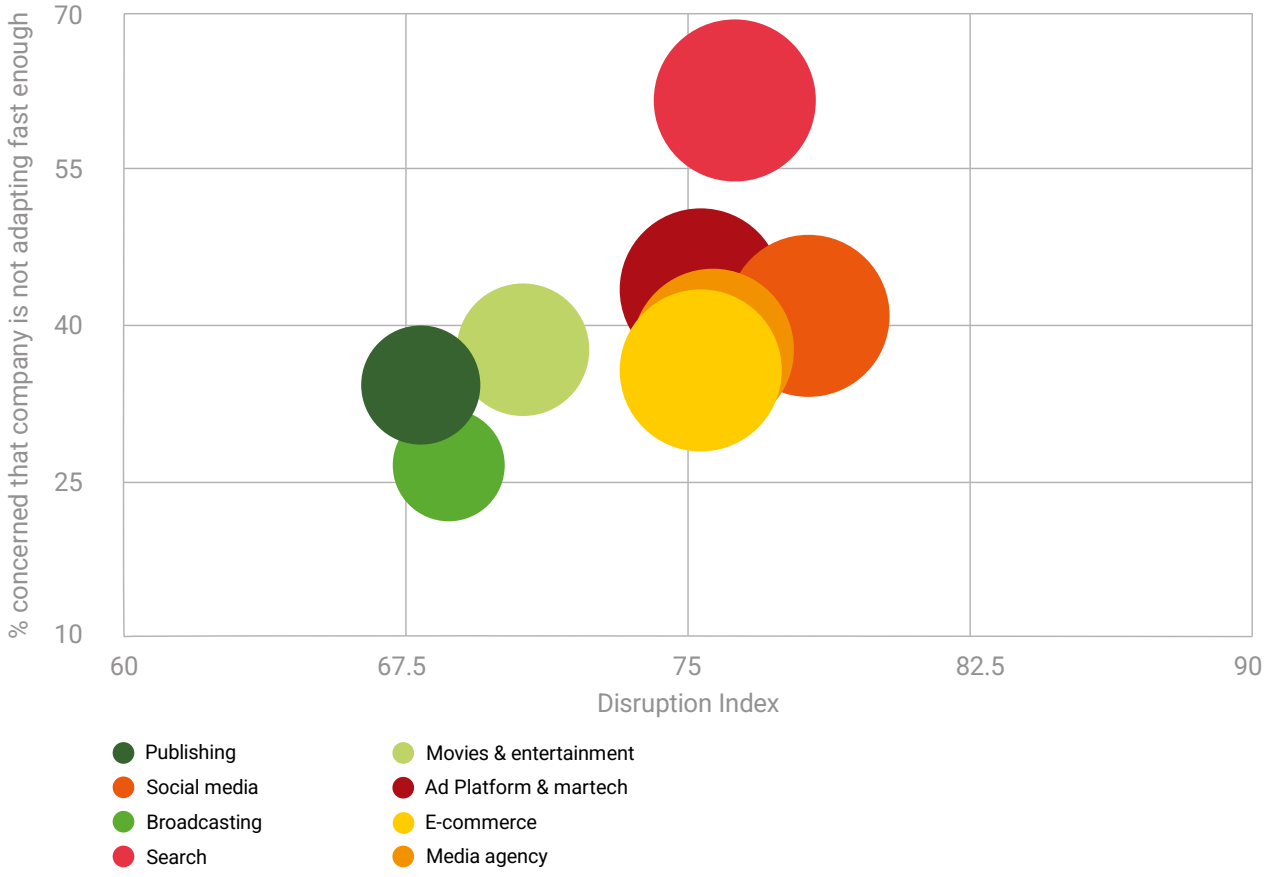
Social media platforms rank at the top of the disruption index at 78—a full 10 points higher than publishing at 68. This isn't a marginal difference; it represents a fundamental fault line in the industry. Digital-native sub-sectors (social media, search, ad platforms, and martech) cluster tightly in the 75-78 range, while traditional media (publishing and broadcasting) fall below the media average, despite the challenges they face from fast-growing, non-traditional media platforms. Given the AI-driven search transformation we are witnessing (a covered in-depth in our recent Media & Entertainment Industry Predictions Report), along with AI's rapid advances across technology and advertising, the former is less surprising. With time, its advances may similarly disrupt traditional media outlets further behind on the digital curve.

Despite a daunting list of disruption drivers at both the industry and sub-sector level, the percentage of media companies expecting significant business model change in the next year ranks slightly lower than the industry mean (37% media vs. 38% overall). The average media company is also less likely than its peers in other industries to anticipate major transformation on the horizon, likely reflecting the influence of slower-moving legacy sub-sectors within the industry. Fully 48% of media company executives say a lack of clarity about business strategy is inhibiting business model transformation--far and away the highest percentage of any industry. (The norm is 38%.)

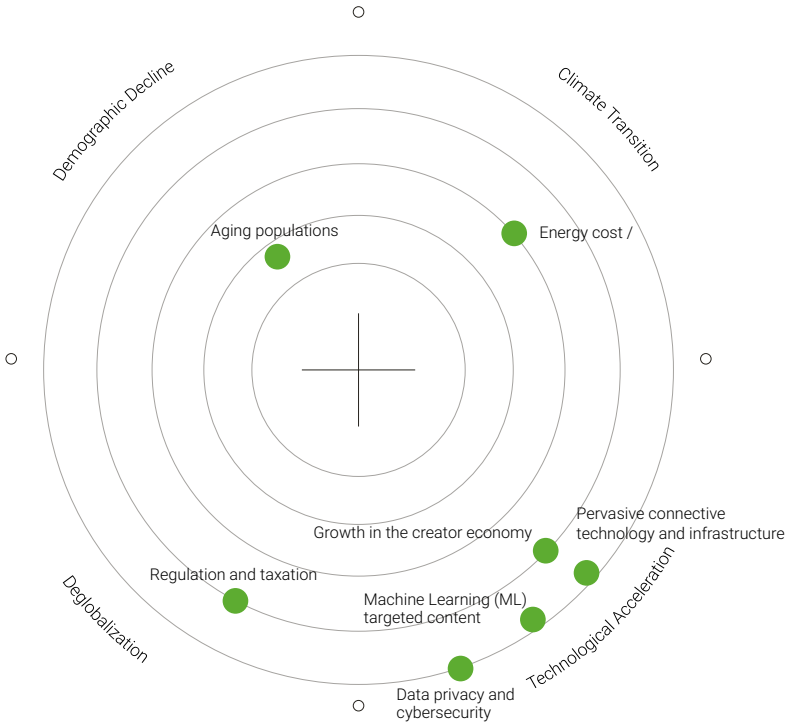
An overwhelming majority of media executives (80%) expect digital disruption to impact their ability to maintain margin growth in the year ahead, while 65% expect AI to have the greatest impact on media value chain disruption in the next year.

Yet when it comes to their own use of AI, media executives ranked it 10 points below the cross-industry average when considering the most important digital tools and technical skills for their companies to address over the next year. This could indicate that they are ahead of other industries when it comes to successful AI implementation, given the fact that they report deriving value and P&L impact from investments in AI at a higher rate than the industry average.

Executives anticipate that AI will lead to a higher level of layoffs this year compared to their industry peers.



Disruptive forces



Largest opportunities

68%

AI/ML

67%

ML-targeted content

67%

Pervasive connective technology infrastructure (IoT, mobile computing technologies, cloud migration, etc.)

Largest threats

37%

Regulation and taxation

35%

Protectionism and tariffs

35%

Geopolitical conflict

Industry callouts

48%

cite lack of clarity or consensus around strategy as the biggest obstacle inhibiting business model transformation

66%

believe their company is moving too fast in implementing new technologies

Retail

Retail disruption continues to deepen as consumer sentiment weakens and spending growth stalls. Shoppers are increasingly motivated by experience, authenticity, and convenience rather than price alone, making traditional loyalty drivers far less effective. As sales volumes plateau, retailers face intensifying pressure to deliver like-for-like volume growth as they contend with tightening consumer budgets and persistent price sensitivity. In this environment, innovation has shifted from being a competitive advantage to an operational necessity for sustaining share.

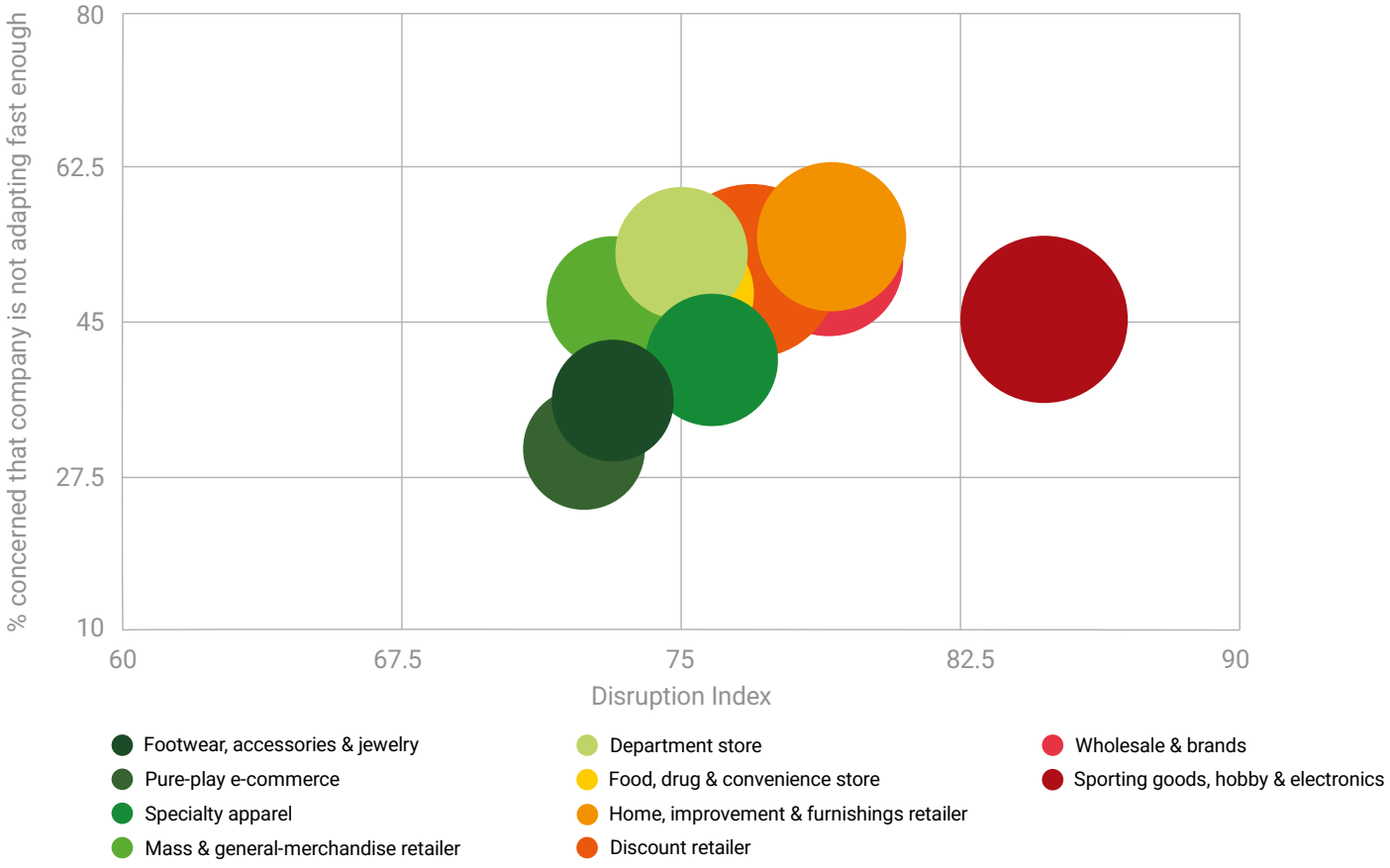
On the supply side, shifting tariffs and trade volatility have further strained margins and exposed structural weaknesses in sourcing and logistics. Given the combination of demand uncertainty and cost volatility, it is little surprise that retail ranks as the second most disrupted industry among those surveyed.

Retail's outlook remains more subdued than most sectors, with expectations for both company and industry growth lagging cross-industry averages. Macroeconomic headwinds, cautious consumers, and margin erosion have left many retailers relying on cost and efficiency plays rather than genuine growth strategies. Yet heightened competition is amplifying the urgency to reimagine value propositions and customer engagement models to differentiate and regain momentum in a stagnant market.

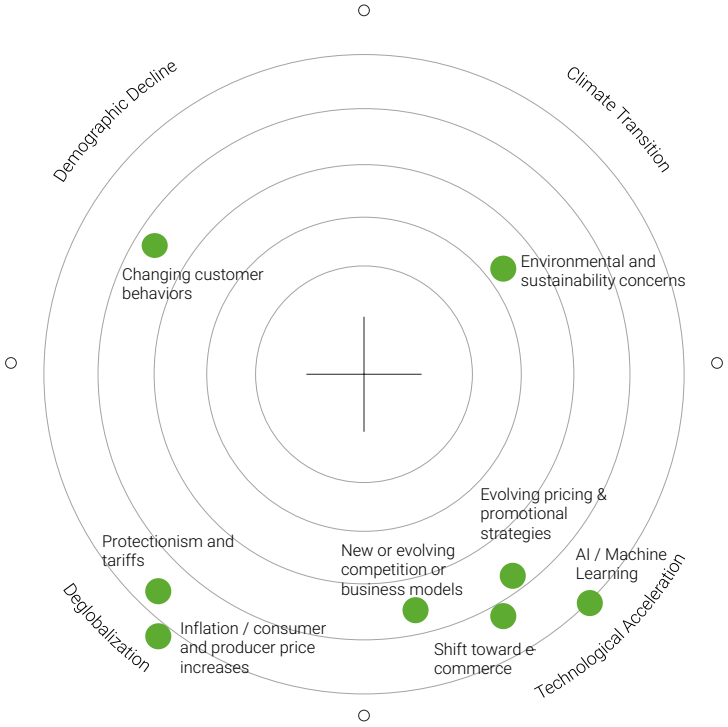
When asked about investment priorities to drive growth, retailers ranked AI/automation as a key driver of productivity well above big bet moves such as M&A and strategic partnerships.

Retailers have less trust in the technology and are more skeptical of its ROI potential than their peers in other industries. Even as executives expect AI reliance to rise sharply by 2030, the gap between technological ambition and near-term profitability underscores how exposed retailers remain because of thin margins and shifting consumer priorities.

Retailers who are attuned to the shifting consumer landscape demonstrate an acute awareness that transformation is unavoidable. Only 8% of retail firms expect little to no change in their business model over the next year. This near consensus that the status quo is unsustainable reflects pressures from ultra-value, cross-border e-commerce platforms (e.g., Temu, Shein), shifting consumer expectations, supply chain volatility, and technological innovations that enable business model transformation.



Disruptive forces



Largest opportunities

66%

AI and ML

65%

Pervasive connective technology infrastructure (internet, IoT, mobile computing technologies, cloud migrations, etc.)

65%

Shift toward e-commerce

Largest threats

32%

Protectionism and tariffs

31%

Inflation/consumer and producer price increases

30%

Geopolitical conflict

Industry callouts

86%

adjusted supply chains to rely on different partners/vendors because of tariffs or geopolitical instability

80%

agree that AI and ML will significantly improve our supply chain operations

Technology

Technology is a disruptive force that cuts across all industries, even as it undergoes its own extraordinary transformation. The industry confronts an inflection point where the traditional playbooks no longer hold. Sector leaders report a disruption score of 67—close to the cross-industry mean—but this masks vastly different realities at the sub-sector level.

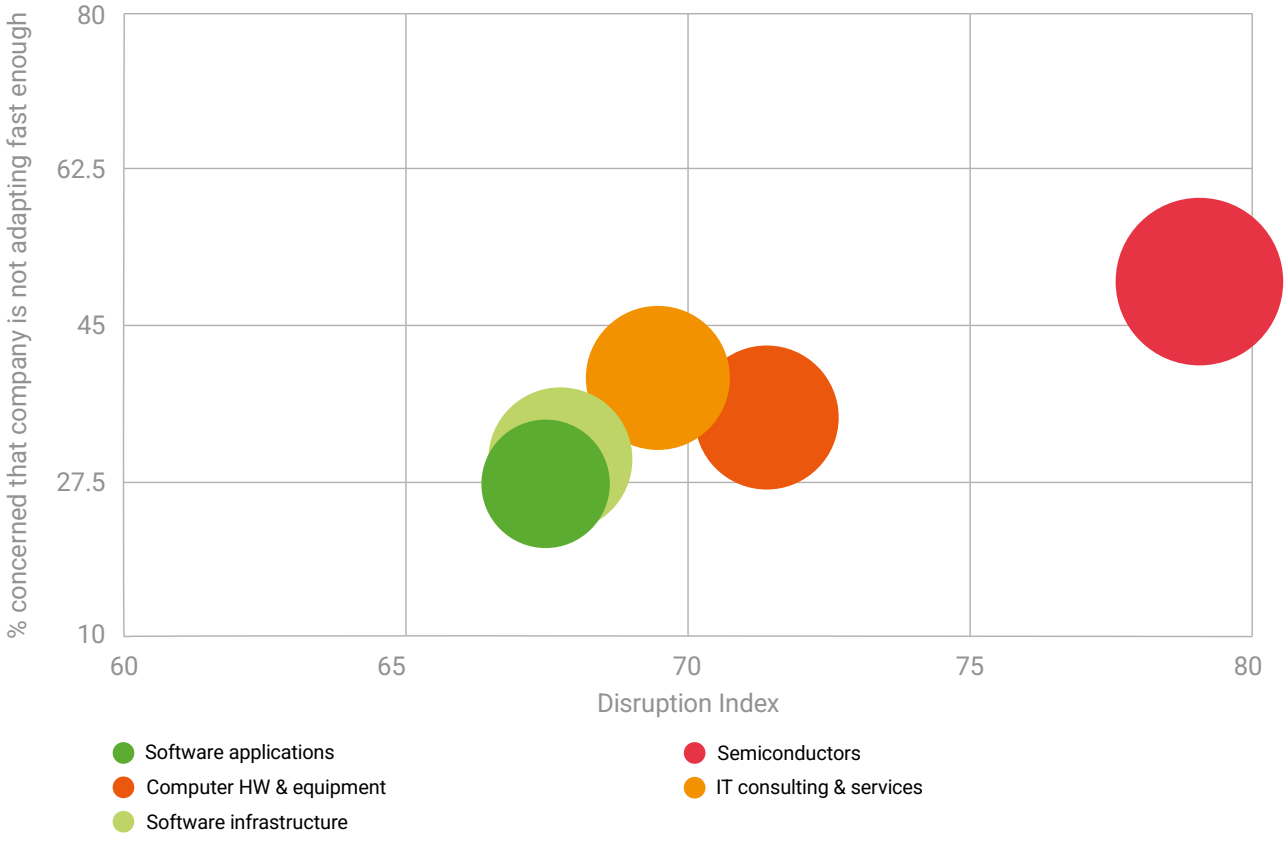
Tech leaders across the industry anticipate overhauling their product and service mix, with 43% expecting their business models to undergo significant transformation within the next year, which is notably higher than the cross-industry average. This transformation is being driven by aggressive investment in digital tools, with three-quarters of firms increasing their spending on advanced technologies, including AI, cloud computing, and analytics.

Enterprise software is entering the end of an era. For two decades, the SaaS model delivered predictable recurring revenue and steady growth. That is changing. AI is redefining what customers value, how companies capture it, and what investors reward. Conversational interfaces and AI agents are becoming the default for how users interact with business software. Pricing models are shifting from per-seat to usage and outcome-based frameworks. Business models themselves are being rethought, with M&A expected to surge 30-40% year-over-year in 2026 as mid-market software companies face an unprecedented squeeze between AI-native startups and hyperscale platforms. Software leaders expect their product and service mix to undergo significant transformation within the next year—a higher proportion than almost any other sub-sector. The shift is not incremental; it is architectural.

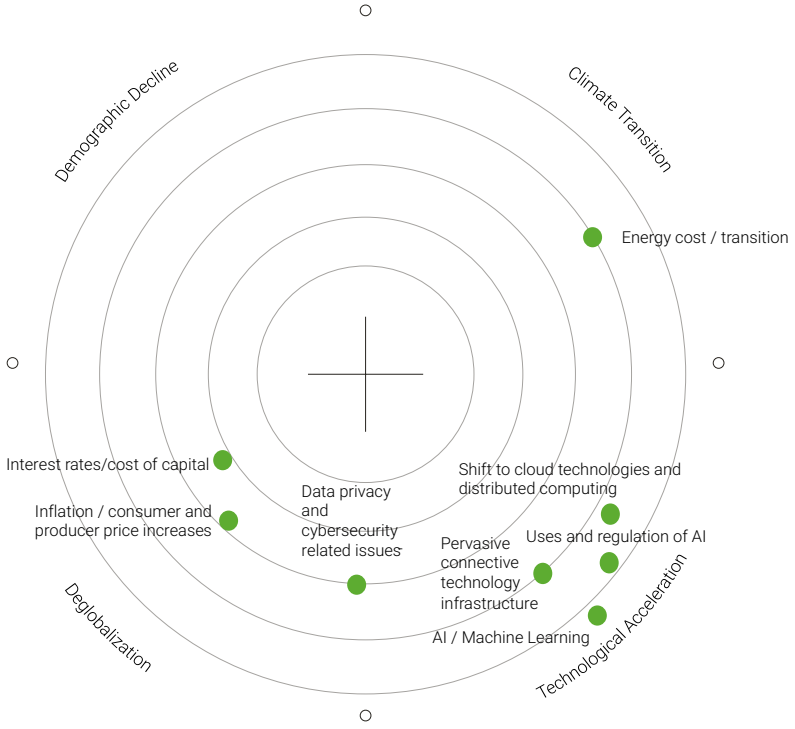
Semiconductors and hardware, by contrast, are benefiting from the AI and data-center boom even as they face intense disruption from geopolitical pressures, supply chain volatility, and tariffs. Demand for advanced silicon, high-bandwidth memory, and power-dense components is surging. Yet this same intensity creates a new constraint: talent. The semiconductor industry's expansion into new geographic footprints—driven by government incentives and supply chain hedging—has created a structural skills shortage. Companies expanding U.S. manufacturing capacity may face a talent gap equivalent to tens of thousands of skilled engineers and technicians, with new facilities sited far from established talent centers. This shortage is shaping which companies can execute their growth plans and which cannot.

Across both software and semiconductors, the binding constraint has shifted from technology to people. Forty percent of technology companies report that a lack of skills or talent may hinder their business model transformation. This talent gap—not strategic clarity or technology access—has become one of the industry's defining challenges.

Technology companies continue to invest aggressively in digital tools, with 75% increasing spending on AI, cloud computing, and analytics. They consider themselves ahead of the competition in understanding AI's potential and deploying it across the business, and they are translating that into tangible value creation.



Disruptive forces



Largest opportunities

79%

AI/ML

76%

Shift to cloud technologies and distributed computing

71%

Pervasive connective technology infrastructure (IoT, mobile computing technologies, cloud migration, etc.)

Largest threats

52%

Inflation/consumer and producer price increases

46%

Geopolitical conflict

46%

Interest rates/cost of capital

Industry callouts

60%

of executives believe they understand AI and its potential benefits better than competitors

41%

feel investment in AI and automation alternatives is the internal workforce issue with the most impact on overall company growth

Telecommunications

Telco leaders enter 2026 with a notable surge in confidence. The sector's disruption score declined by 5 points, and the percentage of executives who perceive themselves as highly disrupted dropped by 12 points to 52%. This shift is primarily attributed to their new self-perception as key enablers of the AI transformation. The major threats of the previous year have all declined significantly (regulation by 11, cyber by a whopping 19, and interest rates by 6 points). While inflation has risen to first place at 43%, it still remains below the top three threats of the previous year.

Forty-two percent of teleco executives now believe their companies are actively "driving disruption," slightly above the all-industry average. This combination of declining threats and a proactive stance suggests that telcos feel they can now ride the wave of disruption, rather than needing a deep reinvention of their core business models. After all, the necessary connectivity for AI and data centers is expected to drive revenues.

This optimism is also reflected in the sector's reduced anxiety, as 43% of executives report feeling less anxious in their role than a year ago, a markedly higher share than the cross-industry average.

The industry's focus has shifted away from internal reinvention. When asked about primary objectives for business model change, telcos rank cost efficiency and profitability lower than both the total sample and technology peers.

Instead, they place greater emphasis on accelerating technology adoption, with nearly 59% highlighting AI, cloud, and data analytics as a top goal. This focus is clearly on the top line—how to leverage their assets to finally achieve growth.

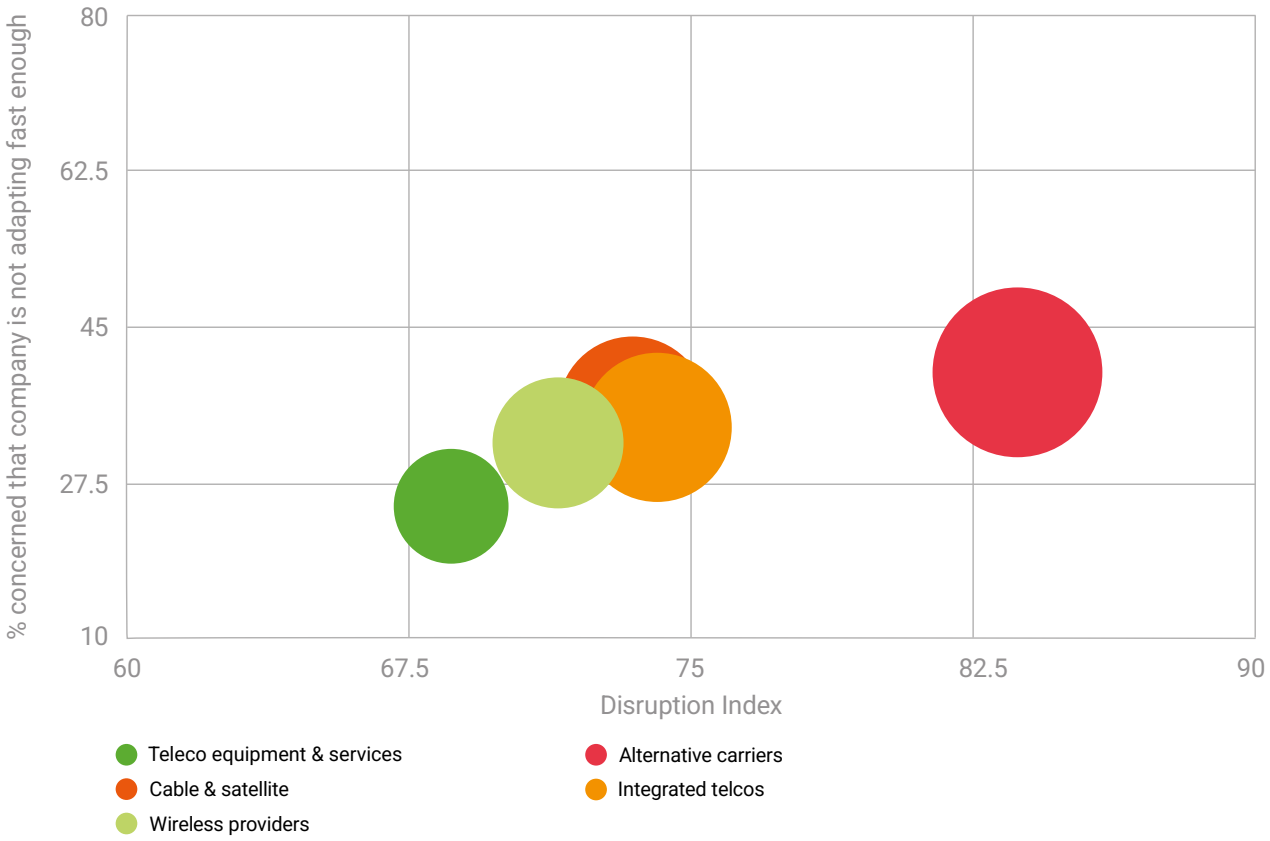
While viewing AI and ML as a major opportunity, the sector appears to be under-preparing for the necessary organizational change to capture that upside. Fifty-nine percent of respondents say their companies are being strongly impacted by AI. However, only a third see integrating AI across the business as the single most important action to improve digital tools.

This confidence also extends to monetization, a long-standing challenge: roughly three-fourths believe operators will meaningfully increase revenues through better monetizing customer data, and 84% expect operators to move materially into the data center business. Unlocking monetization has been a mantra for more than a decade, but achieving it will require more disruptive actions.

Anticipation of consolidation is high, with 69% expecting a significant or moderate rise in M&A activity with a focus, we believe, on asset consolidation, such as fiber, a trend supported by our Fiber Consolidation Sentiment Index for 2026.

Finally, convergence will be stronger than ever, with 84% of respondents anticipating an increase in convergent offerings in 2026. This is seen as an essential unlock to driving new revenue streams.

Together, these responses paint a picture of a sector that has matured in its understanding of AI. Telcos plan to use AI to optimize operations and ride the consumption growth created by the AI wave.



Disruptive forces

Largest opportunities

80%

Fixed wireless technology and products

78%

Pervasive connective technology infrastructure (IoT, mobile computing technologies, cloud migration, etc.)

77%

5G technology and monetization via new products (e.g., private VPNs)

Largest threats

43%

Inflation

41%

Regulation and taxation

40%

Geopolitical conflict and Protectionism and tariffs (tied)

Industry callouts

59%

expect to accelerate technology adoption (e.g., AI, cloud, data analytics) through business transformation

46%

believe legacy systems are not flexible enough to help companies keep up with the market and their competitors

Survey methodology

The AlixPartners Disruption Index measures the state of disruption across major industries and regions.

We asked senior executives across 10 industries and 11 countries questions on the degree to which their business is being disrupted, the various disruptive forces impacting them, the pace at which these disruptive forces are accelerating, and the strategies they are employing to confront them. Using these responses, the Disruption Index provides a measure of the magnitude and complexity of disruption that organizations are facing, accounting for overall disruption levels as well as the number of disruptive forces impacting an organization.

3,200

Executives surveyed

1,000	North America
1,200	EMEA
1,000	APAC

Business executives are defined as...

Ages 25+

Employed in one of the eleven countries listed

Director level or above

Company revenue of $100 million+

Possess insight into disruption trends facing their industry

320

Per industry

11

Countries

United States, Canada, United Kingdom, France, Germany, Italy, Switzerland, China, Japan, Saudi Arabia, and the United Arab Emirates

10

Industries

aerospace & defense, automotive, consumer products, energy & power generation, financial services, healthcare & life sciences, media & entertainment, retail, technology, telecom & cable

AlixPartners Disruption Index =

$$\sqrt{(10 * \sqrt[3]{\text{complexity}}) * \text{magnitude}}$$

The complexity of disruption

Number of simultaneous forces impacting companies over the last year

"How strongly has your company been impacted by each of the following disruptive forces?" (% at least somewhat impactful, global)

×

The magnitude of disruption

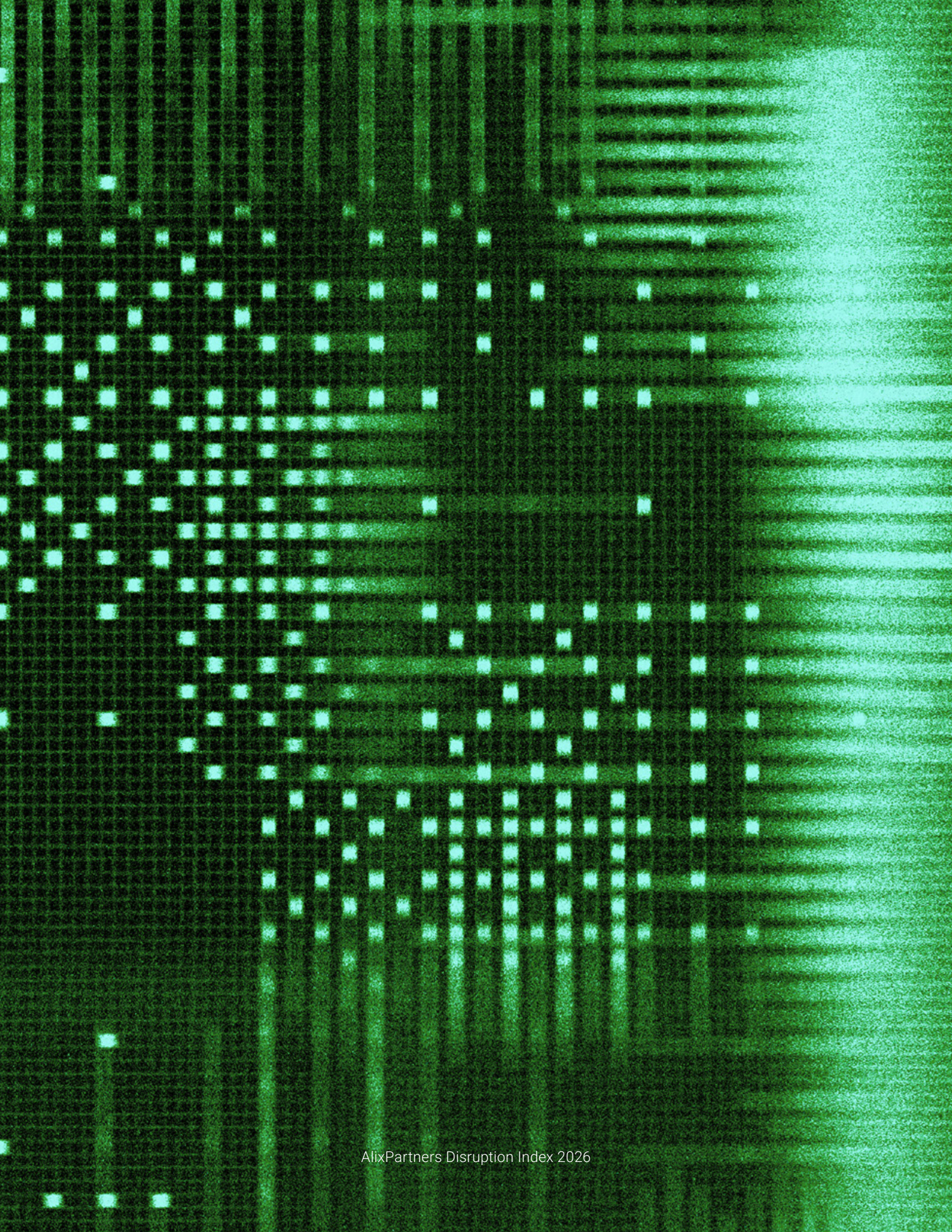
Assessment of how disrupted companies have been over the past year

"How disrupted would you say your company has been over the past year?" (% selected response, global)

All results show combined, global data unless otherwise noted. U.S. n=667, Canada n=333, U.K. n=200, Germany n=200, Italy n=200, France n=200, Switzerland n=200, China n=667, Japan n=333, Saudi Arabia n=100, UAE n=100.

For the purposes of this report, most fieldwork was conducted using multimodal online and telephone interviews from August 11-October 1, 2025.

50% of executives surveyed are C-level and 50% of executives are working for $1B+ companies.


AlixPartners Disruption Index 2026