GATE ONE
A Havas Company

TRANSFORMATION INDEX

The Balance Advantage

How organizations crack the growth-efficiency code

With research insights provided by

IDC

About this study

Gate One commissioned a global IDC study of 750 participants. The results of the research were published in an IDC White Paper written by IDC analysts Martina Longo (IDC Research Manager, CIO and CTO Buyer Insights) and Andrea Siviero (IDC Senior Research Director, AI-Fueled Business Strategies).

Using a mixed-method approach, the research examines transformation maturity across large global organizations, analyzing how they're progressing through their transformation journeys and where the gaps between ambition and execution are widest. It also identifies the defining characteristics of transformation Leaders: the top 11% of organizations that have built transformation into a sustained organizational capability and translates those findings into concrete guidance for C-suite executives looking to accelerate their transformation impact.

Full details on methodology and sample composition are available in the methodology section.

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026); n = 750.

About Gate One

Gate One is a global consultancy specializing in growth transformation design and delivery. We help leaders across the private and public sector to build one transformation architecture so that strategy, organization and delivery move as a single system. So your transformation succeeds by design, not effort.

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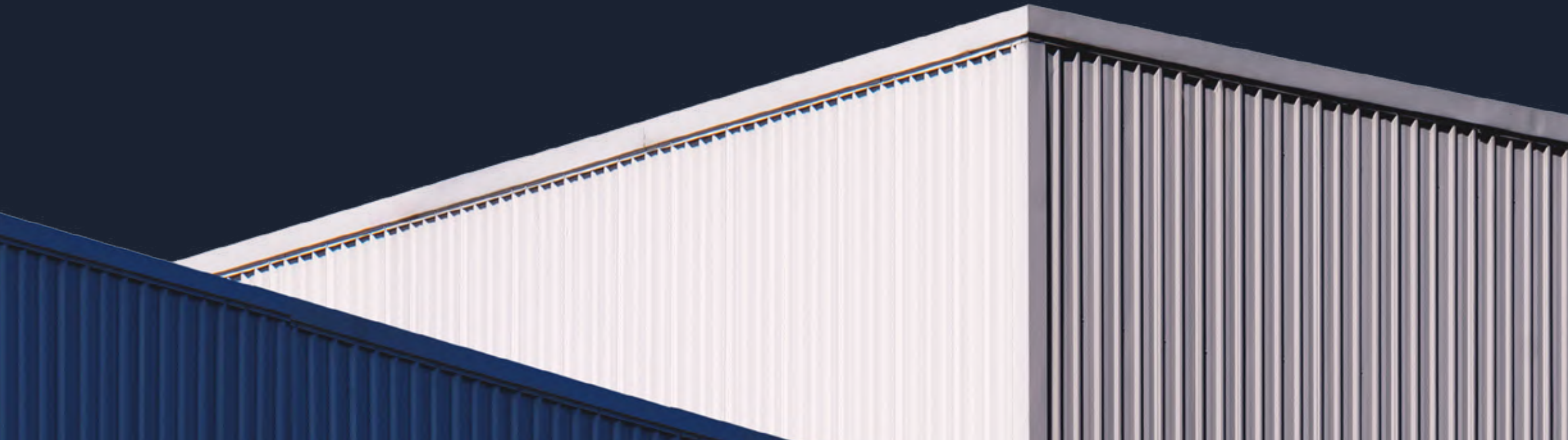

Executive summary

Today, organizations face a strategic tension: **they're simultaneously being asked to grow and become more efficient, under budget pressure, with workforces stretched by years of continuous change.** 38% report high to very high transformation fatigue. 39% say competing stakeholder demands make it difficult to prioritize. The paradox — do more with less, while making a greater impact — has no easy resolution. But the data shows it can be solved.

This is happening as a new economic cycle takes hold: the agentic AI wave is here, compressing into months what previous technology cycles took decades to deliver. **For business leaders, the question is no longer whether to transform. It's whether their organization is built to do it.**

That capability is captured in transformation maturity. It reflects an organization's ability to rethink and redesign its business model, operations and people capabilities to remain competitive. The Transformation Index 2026 delivers a clear and uncomfortable verdict. **Only 21% have reached an advanced or leading stage of transformation maturity.** Just 6% consistently deliver strong transformation outcomes. And while 44% of organizations cite growth as their top priority, most of the transformation spending remains locked in efficiency-oriented initiatives that produce incremental gains when, in fact, structural change is needed.

Transformation Leaders, the top 11% of organizations in this study, have done it. They've rewired how their organizations operate, measure and sustain change. **Five structural disciplines separate them from everyone else**. Each of these is a deliberate design choice, and each one compounds the others.

1. They maintain near-total alignment across strategy, operating model, people and technology
2. They measure ROI continuously and across financial and non-financial indicators
3. They treat change management as a standing organizational capability
4. They govern data and transformation across the C-suite level
5. They redesign processes before they automate them

Transformation is the operating condition. Organizations that pull ahead are not those that move fastest, but those that have built the organizational capability to keep transforming without burning out. This report shows what that looks like, and some urgent actions are needed to get there:

- Your organization is probably more misaligned than your leadership team thinks. Run a pressure test before you commit another penny to transformation.
- Governance isn't an IT responsibility and the organizations that treat it as one are paying for it. Treat governance and data as strategic capabilities.
- Your ROI framework is measuring the wrong thing, and it's distorting your investment decisions. Replace your traditional ROI formula with a broader value framework.
- Automating your current processes isn't transformation. It's making your existing constraints faster. Redesign your processes; don't just give your employees another tool.
- Make your people the program, not a workstream within it.

The rise of a new economic cycle

The ground is shifting faster than most organizations can adapt, and the macro environment shows no signs of stabilizing. Macroeconomic pressures are increasingly interconnected, mutually reinforcing and changing daily rather than the monthly or annual cycles organizations once planned around. **Navigating multiple scenarios at the same time is how business operates** as we chart new economic and societal realities.

A new economic cycle is already taking hold, defined by the rise of agentic AI and its far-reaching implications for how organizations operate, compete and transform.

Investment reflects this shift unambiguously. 2025 was a record year for IT spending, with 14% year-on-year growth — something not seen in three decades — echoing the scale of the internet and ecommerce boom of the mid-1990s.[1]

Previous economic cycles unfolded over decades, but the AI cycle is measured in months. The pace of change is without precedent, its impact cuts across every industry and function, and there's no sign of it plateauing. That's what makes this not merely a cycle, but a super cycle. **Nearly a third of organizations (32%) are already operating at an advanced stage of generative AI or AI agent deployment:** extensive (across multiple functions and processes) or transformative use (delivering value across the organization). Under current trajectories, AI is projected to generate $22 trillion in cumulative value (including direct, indirect and induced economic effects) by 2031, unlocking productivity gains that will fundamentally reshape the global workforce, even if the precise timeline remains subject to uncertainty.[2]

A year ago, the challenge was keeping pace with a rapid cascade of new AI capabilities; today, the challenge is successful adoption and implementation. This is borne out by the data: businesses are prioritizing the technology backbone needed to run AI — data platforms and advanced analytics (55%) as well as cloud infrastructure and migration (52%) — over AI itself. Moreover, the shift is playing out across every business function, reflected in how AI decisions are made: for 50% of organizations, AI decision-making now spans the C-suite, no longer limited to CIOs and CTOs.[3]

1 IDC's Worldwide Black Book Forecast, 31 March 2026
2 IDC's The Economic Impact of AI: 2026 Edition (IDC #US54452226, April 2026)
3 IDC's Worldwide C-Suite Survey, 2025

The strategic tension between growth and efficiency

A defining strategic tension has emerged. **Growth tops the agenda**, with 44% of organizations ranking it among their three most important business objectives for the coming 12 months. Yet almost equally, **efficiency** (43%) and **cost savings** (38%) feature just as prominently. Organizations aren't choosing between ambition and prudence; they're being asked to pursue both at the same time.

44%

of organizations ranked growth in their top 3 priorities

43%

of organizations ranked efficiency in their top 3 priorities

The paradox is sharp: do more with less, while having a greater impact. For private organizations, the imperative is to grow revenues and market share; for public sector organizations, it's to deliver better citizen services, both while reducing costs, resources and time. With 32% of respondents citing budget constraints as a major pressure, **the challenge is finding the precise equilibrium between growth and efficiency.** Organizations that master this balance will be the ones that pull ahead.

However, the aspiration sits in tension with the current reality. Just looking at technology, the majority of digital transformation spending focuses on efficiency-oriented initiatives: automating manual tasks, accelerating process speeds and reducing friction at the margins. Most AI implementations remain standalone and limited in scope, driven by individual employee initiative rather than strategic design. **46% of organizations are deploying Generative AI or AI agents in only a small number of use cases or parts of their businesses**, while 22% remain in the early experimentation or pilot phases. The result is isolated gains for some employees that fail to translate into transformational value across the organization.

What's required is something more fundamental: a reinvention of business and operating models — one that doesn't treat growth and efficiency as opposing forces, but as a unified engine. Cracking this code is the defining transformation challenge of today.

Transformation redefined: one engine for growth and efficiency

Transformation becomes more important in the environment we're in, because this will enable us to be more resilient to headwinds.

Head of Transformation,
global insurance organization

In 2026, the research defines transformation as **how organizations rethink and redesign their business models, operations and people capabilities to drive growth and efficiency at the same time,** ensuring long-term competitiveness for private organizations as well as sustainable public value.

This plays out across four connected dimensions.

Defining transformation

Delivering value
Creating new revenue streams through innovative business models, products and services

Improving performance
Driving greater efficiency by standardizing and unifying core processes

Evolving people
Strengthening workforce, skills and culture across structures and teams

Enabling technology
As a key enabler throughout transformation – including data, AI, cybersecurity and modern architecture foundations – helping organizations build stronger capabilities and sustain innovation.

Source: Gate One

Delivering value

Where organizations seek to create new revenue streams, enhance stakeholder outcomes or deliver new services to customers and citizens. This often means rethinking business models and using data and digital capabilities to unlock entirely new sources of value. Examples include developing and launching new customer propositions, data-driven services and platform-based business models that use customer insights to monetize previously untapped assets.

A mobility solutions provider redesigned its enterprise operating model to align with a new strategic direction and evolving customer needs, shifting to a proposition-led structure and enabling greater agility and innovation in its service offering.*

Improving performance

Simplifying and standardizing processes to build more resilient, efficient and scalable operations. This also means eliminating complexity, embedding data-driven decision-making and ensuring processes are designed to continuously optimize outcomes as business needs evolve.

A global travel and leisure organization improved performance by standardizing its transformation delivery processes. This created greater visibility across initiatives, improved delivery consistency and enabled more efficient, scalable execution of transformation programs.*

Evolving people

Recognizing that transformation only delivers if it's adopted. This requires building workforce capabilities, aligning leadership and embedding a culture that sustains new ways of working. At the same time, organizations must actively manage change fatigue and reimagine the workforce for the future, ensuring employees are adaptable and equipped to operate alongside new technologies.

A global consumer healthcare organization transformed how its people work by embedding AI tools across the workforce, supported by structured learning pathways, training and groups of local champions. This enabled widespread adoption of new ways of working and improved productivity.*

Technology

Enabling the data, platforms and tools to scale change, unlock value and embed it over time.

Taken together, these dimensions shift transformation maturity from a set of unconnected initiatives to a sustained capability, enabling organizations to scale growth and improve efficiency in tandem as part of their operations.

The Transformation Index 2026 shows what it takes to make that shift and outperform.[4]

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4 For details on the assessment methodology, please refer to the Methodology

* Source: Gate One

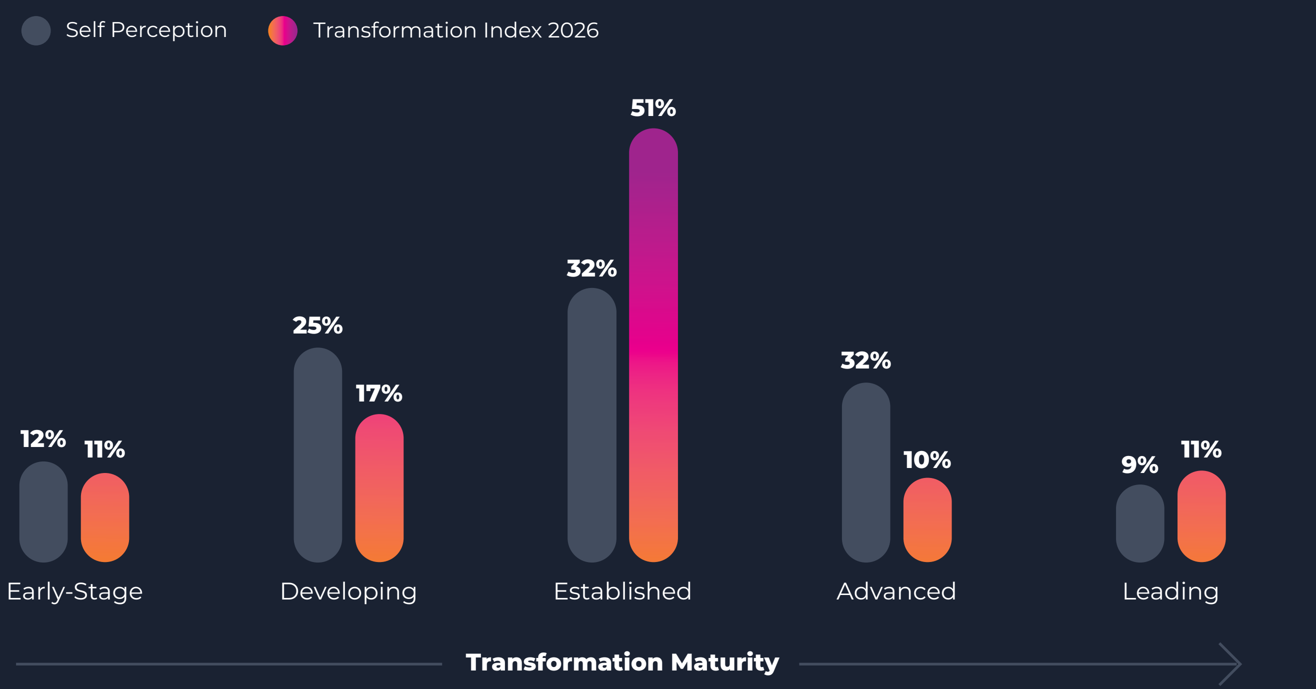
Transformation isn't yet a managed capability for all

> **"When you have an organization that is progressive in working with the business, you have something that will succeed now and in the future."**
>
> CIO, global retail organization

Relentless disruption and competition are leaving companies with a stark choice: transform or lose ground. Yet even when ambitions are set, execution capabilities don't always keep pace.

This year's Transformation Index findings show that only 21% of organizations have reached an advanced or leading stage of transformation, while 51% remain stuck at a mid-maturity level: Established. This continues a trend seen in 2025, when only 22% reached a leading stage despite a different assessment methodology, with 52% still at emerging levels

The five stages of transformation maturity



Notes:

- n = 750
- Figures may not total 100% due to rounding

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026).

Stakeholder demands impacting transformation initiatives

73%
say competing demands from different stakeholders impact the prioritization of transformation initiatives

(From some to a very great extent)

Top three significant stakeholder tensions

63%	Short-term financial performance	**vs**	Long-term transformation
50%	Business expectations	**vs**	Current technology capabilities
45%	Risk, compliance or legal requirements	**vs**	Innovation and experimentation

Note: n = 546 (respondents who indicated stakeholder demands impact the prioritization of transformation initiatives, some to a great extent)

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026); n = 750.

While most organizations believe they understand where they stand, the data tells a more nuanced story. Early-Stage and Leading organizations tend to have a clearer view of their maturity, while those in Developing, Established and Advanced stages show a greater gap between perception and reality, suggesting that misalignment, not just capability, is a key barrier to progress. Therefore, the challenge isn't only diagnosis, but accurate self-assessment paired with execution.

Many of the barriers are organizational and systemic. 38% report competing priorities pulling in different directions, and 73% cite conflicting stakeholder demands (39% from a great to a very great extent). At the core is a persistent tension between short-term financial performance and long-term transformation goals (63%), business expectations and current technology capabilities (50%) and risk requirements versus innovation ambitions (45%).

21%

of organizations have reached an advanced or leading stage of transformation

51%

remain stuck at a mid-maturity level – Established

The "Established" organization: Stuck between efficiency and growth

Most organizations sit in the Established middle: transformation is an executive priority, with clear strategy, governance and investment, yet ambition still outpaces delivery.

The core constraint is an unresolved tension between growth and efficiency. The core constraint is an unresolved tension between growth and efficiency. **While growth is a top objective (46%), day-to-day decisions are marked by a constant tension between pursuing growth and prioritizing efficiency (44%) and cost savings (36%).** Unlike Leading organizations, which proactively design for both, Established players manage this trade-off reactively. resulting in fragmented initiatives and limited end-to-end redesign.

Progress on people and technology is visible but not translating into impact. Upskilling efforts (58%) are underway, but fatigue is rising and change capabilities remain uneven. Investment in data (55%) and AI (48%) is significant, but value is constrained by fragmented data and lack of scale: only 18% actively manage data to create value, with integrated datasets supporting decision-making and measurable outcomes.

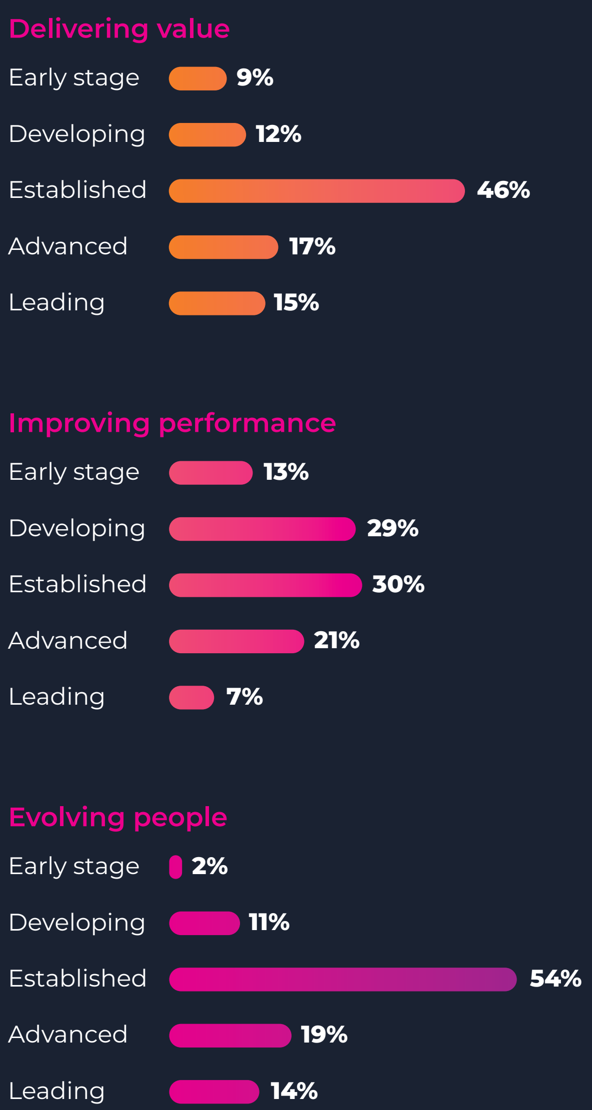
What's holding them back, and how to move forward? Established organizations typically spread investment too thinly, fail to prioritize their most important sources of value across the business and lack clear ownership of outcomes across silos. To reach Leading stage, they must:

- Prioritize fewer, bigger bets aligned with delivering value and measurable performance improvements
- Integrate governance and funding across growth and efficiency agendas, rather than separating them
- Embed end-to-end accountability for transformation outcomes across functions
- Scale what works instead of continuing to experiment at the edges

Where organizations lead and where they fall short

If the need to transform is clear, execution is where organizations prove it. This tension plays out consistently across each transformation dimension, revealing where organizations are progressing, and where they're falling behind.

Maturity assessment across transformation dimensions



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Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026); n = 750.

Delivering value: The growth engine

Delivering value is among the highest-scoring areas, with 15% reaching the Leading stage. While 60% of organizations prioritize new revenue streams and better outcomes for stakeholders, many efforts remain fragmented and fail to scale. Leading organizations stand out by embedding business model transformation as a core capability, focusing on a clear set of priorities aligned with the organization's core strategy and vision, and protecting these growth initiatives through continuous, data-driven KPI tracking.

What to do and why: Focus on scaling a few high-impact value bets end to end. Without that concentration, growth ambition rarely converts into sustained, trackable results.

60%

of organizations prioritize new revenue streams and better outcomes for stakeholders

Improving performance: Building the foundation for sustainable efficiency

This is where organizations struggle most, with only 7% reaching Leading stage. Progress is held back by legacy operating models and process complexity, cited by one in four organizations as key barriers. Most organizations are acting: 54% are reducing manual work, 47% are standardizing processes and 46% are pursuing end-to-end redesign. However, these efforts are often partial and disconnected. Leading organizations have moved past this fragmentation: 84% prioritize end-to-end process redesign at scale, treating it as the primary lever rather than one initiative among many.

Early-Stage and Established organizations are turning to AI to automate tasks and optimize costs, but without rethinking the underlying processes, impact remains limited.

What to do and why: Prioritize simplification and end-to-end redesign before automation. Efficiency gains only scale when the underlying system is simplified, not just digitised.

"We need to standardize both our organization and our processes, as different countries are currently using different approaches - both in how processes are executed and how the organization is structured to support the business... We use this standardization to accelerate profitability."

Group Transformation Director, global insurance organization

Evolving people: Embedding skills and culture to sustain impact

One in three organizations rank workforce capability and talent management among their top three organizational threats.

Skill needs are clear: digital (75%) and data and AI skills (74%) are seen as critical to future readiness, alongside business-technology integration (58%) and leadership and transformation capabilities (51%). Collaboration and cross-functional "T-shaped" skills remain equally important but are often underdeveloped.

At the Early Stage of transformation, these efforts are often fragmented and not sufficiently connected to business priorities. As a result, capability building doesn't consistently translate into sustained behavioral change or improved transformation outcomes. Leading organizations differentiate by focusing on three priorities aligned with core strategy: employee reskilling and upskilling (65%), addressing workforce capacity constraints (52%) and talent acquisition and retention (47%).

What to do and why: Shift from occasional training to continuous, embedded capability building aligned with transformation goals. Without this, fatigue builds, change stalls and organizations can't scale to support both growth and efficiency outcomes.

Sometimes people tell you they support the transformation - but they don't act. That passive resistance is very difficult to manage."

CIO, U.K. government organization

75%

view digital skills as critical for future workforce readiness

84%

of Leading organizations prioritize end-to-end process redesign at scale

Technology: Powering efficiency, driving growth

Technology is no longer seen as a cost center. Instead, organizations increasingly view it as a lever for efficiency and a foundation for new products, services and business models and as a key enabler of the workforce. Notably, 20% already treat it as a source of competitive advantage, regardless of their maturity stage.

Investment reflects the dual push for growth and efficiency. Data platforms (55%) and AI (48%) are central: automating workflows, improving decision-making and enabling new, data-driven offerings or better decision-making.

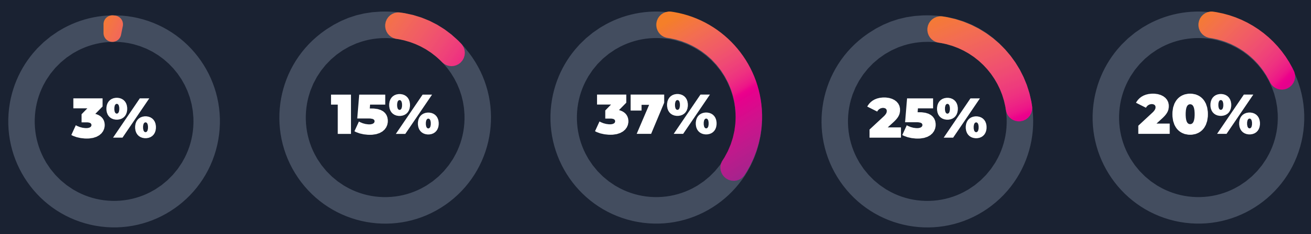
A clear gap emerges between maturity levels. 57% of Early-Stage organizations prioritize AI, while Leading organizations focus on the foundations: data, customer technologies and core modernization (all at 60%). This is reflected in outcomes: 80% of Leaders actively manage data for value compared with just 24% overall, while 61% of Early-Stage organizations still struggle with fragmented data.

What to do and why: Sequence technology investments deliberately by starting with data foundations, core modernization and clear use cases before scaling AI.

> **"Projects rarely fail because of technology. They fail because the work hasn't been done on people, processes and culture."**
>
> CIO, U.K. government organization

Organizations' view of technology investments

Current view of technology investments (%)



view technology as a back-office cost function	view technology as essential infrastructure required to run the business reliably and at scale	value technology investments for improving business efficiency, effectiveness and decision-making	value technology investments for enabling new products, services or business models	view technology investments as fundamental to business strategy and a key driver for market differentiation
Cost	**Efficiency**		**Growth**	

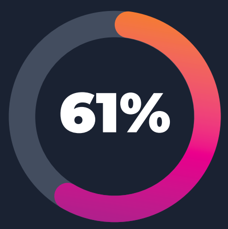
Notes:

- n = 750
- Figures may not total 100% due to rounding

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026)

The approach to data: Early Stage versus Leading organizations

Early Stage



say data is fragmented and poorly understood, with limited visibility and significant silos across the organization

Leading

actively manage data to create value, with integrated datasets supporting decision-making and measurable outcomes

Notes:

- n = 79 respondents at Early Stage
- n = 81 respondents at Leading stage

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026); n = 750.

Is AI really driving transformation or just experimentation?

AI is widely seen as a catalyst for transformation, with most organizations still at an early stage of their journeys. 68% remain in the experimentation phase, applying generative AI and AI agents to isolated use cases, while only 10% have deployed it at scale, with similar patterns across maturity levels.

Level of implementation and usage of Generative AI and AI agents

Not using/early stages:
We're not using Generative AI or AI agents, or are only at early pilot or experimentation stage

22%

Limited use:
We're implementing Generative AI or AI agents in a small number of use cases or parts of the business

46%

Extensive use:
We're implementing Generative AI or AI agents across multiple functions or core processes

22%

Transformative use:
Generative AI and AI agents are fundamental to how we operate and deliver value across the organisation

10%

Note: n = 750

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026)

"AI is magic in certain areas, but it doesn't transform a business by itself."

CIO, global retail organization

57%

of Leading organizations are using AI to enhance operational decision-making

Use cases are expanding fast. AI is already delivering efficiency, 50% target cost savings and 46% improved accuracy, while boosting capabilities across workforce training (54%), talent management (50%) and resource allocation (48%). Organizations at a transformative stage are pulling ahead by using AI not just to automate, but to decide: enhancing operational decision-making (57% versus 46% average) and optimizing resource allocation and workforce planning (47% vs. 40%).

However, these applications often remain fragmented and fail to translate into enterprise-wide impact. Execution and change management represent key obstacles. Organizations continue to face persistent, people-related barriers to technology adoption, including skill gaps (55%), resistance to change (50%) and limited capacity to adopt new tools alongside existing priorities (42%). While these challenges are widespread, organizations achieving more transformative outcomes have made greater progress in training and enablement — only 29% cite insufficient training as a barrier, compared with the 38% average.

What to do and why: Move from experimentation to scaled deployment by aligning AI with process redesign, strong data foundations and workforce adoption. Most organizations treat AI as just another tool. Leaders lay the groundwork for scaling and address change management challenges upfront.

A global insurance organization established a responsible AI operating model, introducing governance frameworks, training and clear usage policies to enable safe, scalable adoption of AI across the business. By combining robust governance with employee enablement, the organization created the foundations for widespread adoption of AI across the workforce. The approach was subsequently recognized as a leading example of responsible AI in the insurance industry, demonstrating how strong governance and change management can accelerate adoption while maintaining trust and control.

Source: Gate One

Learning from leaders: what advanced transformation looks like

Leading organizations aren't just better at transformation. They've fundamentally rewired how they operate, measure and sustain change, turning what others treat as a project into a permanent organizational capability. Five disciplines, aligned with the Transformation framework, separate them from the rest.

1. Alignment and prioritization of transformation areas and initiatives
2. Clear ROI and value measurement never stops
3. Change management is a core organizational capability
4. Data and governance are non-negotiable
5. The operational agenda goes far beyond efficiency

Alignment and prioritization are the superpowers

97% of Leading organizations align priorities across transformation areas to drive mutually reinforcing outcomes. By contrast, 100% of Early-Stage companies face fragmented efforts, priorities that are misaligned and often in conflict.

At the Early Stage, 94% report initiatives that stall or fail, while Leading organizations consistently deliver strong outcomes (57%) or achieve most initiatives on time and on budget (47%): same ambition, opposite results.

Prioritization is what alignment is centered around, and the data reveals a striking pattern. **Less mature organizations tend to spread their efforts across too many fronts at once:** a substantial share of Early-Stage respondents say they have no clear priority in any of the three core domains, business model, operations or people, and the proportion is almost identical in each.

"We are focusing on what is high impact and high investment, and high complexity driven by interdependence. That's the territory where we declare a transformation agenda."

Head of Transformation Office, global consumer health organization

As maturity builds, that default disappears in lockstep across all three domains; at the Leading stage, virtually no organization describes its focus as undifferentiated.

What replaces it isn't a longer to-do list, but a much shorter one.

The volume of competing pressures doesn't diminish with maturity – what changes is the capacity to resolve it.

A year ago, 64% of organizations struggled to align leaders and secure sponsorship; that challenge hasn't gone away, but Leading organizations have visibly broken away from it, concentrating their bets on a consistent set of priorities across dimensions rather than trying to do everything. **Alignment isn't the absence of tension;** it's the discipline of converting that tension into a clear set of trade-offs, governed at the top and visible in delivery.

97%

of Leading organizations align priorities across transformation areas to drive mutually reinforcing outcomes

% reporting “no clear priority - spread” by transformation dimension - Leading versus Early-Stage organizations

Business model		Operational processes		Organizational structures	
0% Leading	vs **28%** Early-stage	**0%** Leading	vs **27%** Early-stage	**0%** Leading	vs **29%** Early-stage

Leaders focus on:

Value: #1 business model priority

72% New revenue streams (services, subscriptions, outcome-based) and stakeholder outcomes

Performance: #1 operational priority

85% Redesigning end-to-end processes (order-to-cash, procure-to-pay)

People: #3 organisational priority

66% Driving employees' reskilling and upskilling

Notes: n = 750

- n = 79 respondents at Early Stage
- n = 81 respondents at Leading stage

Source: IDC White Paper “The Balance Advantage: How organizations crack the growth-efficiency code” (IDC #EUR154681426, July 2026); n = 750.

Delivering value: ROI is unambiguous, and measurement never stops

For Leading organizations, return on investment is a live signal. Every single Leading organization reports high or very high ROI from its transformation initiatives. But what distinguishes them is the discipline behind it. 37% continuously use performance data to adjust the trajectory of their initiatives in near real time; the remaining 63% do so regularly, at least quarterly. They're not hoping for returns. They can see them in flight.

Leaders also apply a broader lens to what counts as value. They're more likely than their peers to measure ROI against workforce metrics, employee experience, productivity and capability, reflecting a more mature understanding that transformation creates value across dimensions a single financial ratio can't capture. Nearly half of all respondents (45%) already include non-financial metrics among their primary measures of success, a signal that the profession has moved on even if the formula hasn't. This is particularly relevant in public sector contexts, where value is measured through citizen experience, service effectiveness and public trust rather than financial return alone.

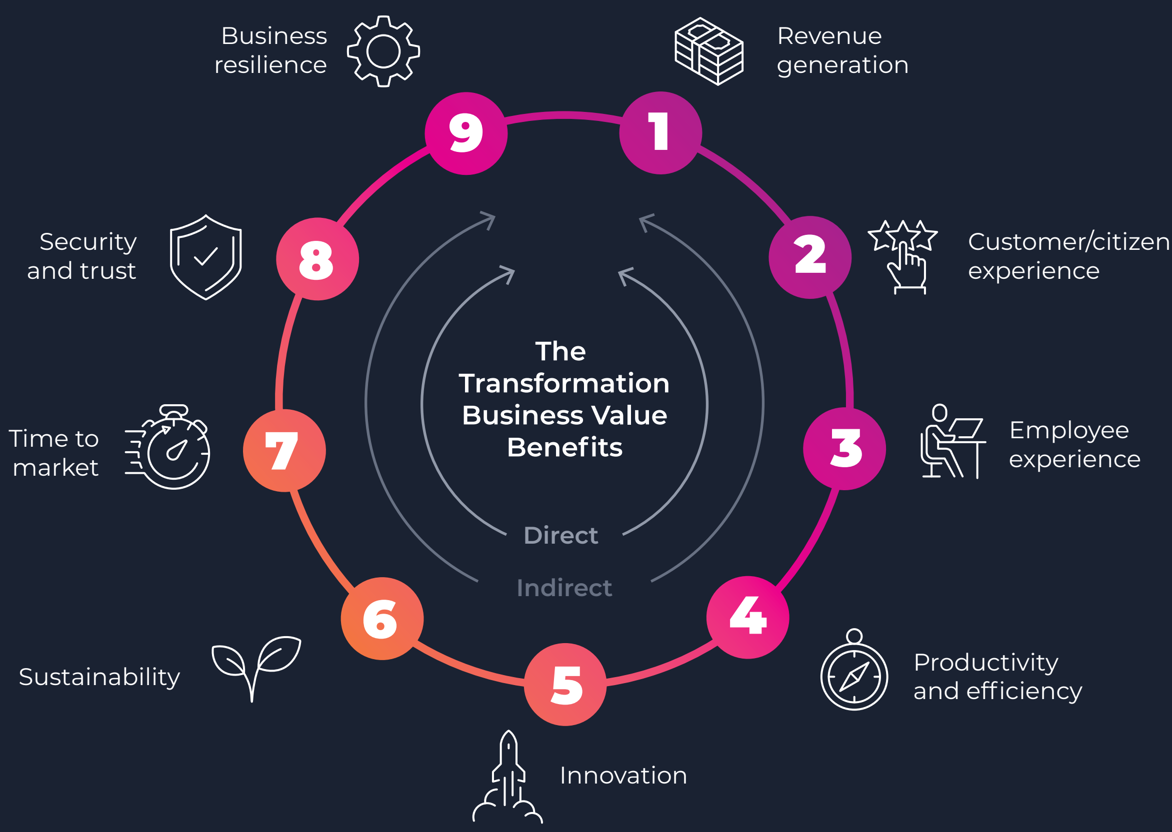
100%

of Leading organizations either continuously or regularly use performance data to adjust the trajectory of their initiatives

45%

of Leading organizations already include non-financial metrics among their primary measures of success

IDC's Transformation Business Value Income Framework



Source: From AI Return on Investment to Business Value: A Practical ROI and Business Value Calculation Framework for IT Leaders (IDC # EUR153267225, March 2025)

The traditional ROI formula was never designed for what transformation has become. Net income divided by the cost of investment reduces a profoundly complex, multidimensional process to a simple mathematic equation. This approach fails to account for both direct and indirect benefits, costs that extend beyond the initial investment to include infrastructure, training and change management, and the critical variables of time, sequencing and probability of success. Most critically, ROI can't be assessed in isolation from the business problem it's designed to solve: without that anchor, the formula produces a number that means very little.

For transformation Leaders, the formula hasn't simply evolved, it's been replaced. The new transformation ROI encompasses a portfolio of indicators: tangible and intangible, financial and human, immediate and long term.

Evolving people: Change management is a core organizational muscle

74% of Leading organizations report a strong or very strong capacity to embrace and sustain transformation-related change, three times the rate of non-leaders. 57% describe their organizations as navigating change without major disruption, a standard that applies to none of their peers. At the other end of the scale, 39% of non-leaders fall into the weakest two categories of change resilience.

74%

of Leading organizations report a strong or very strong capacity to embrace and sustain transformation-related change

This is the most important characteristic that separates Leaders from the rest. It's also the hardest to replicate quickly, because it's not the result of a single initiative. Leaders have built organizations that can keep transforming without burning out, and that capacity is structural.

"It's all about the people. [Product] transformation is about having the right people that understand your business, your customer and your outcomes, because that's what enables you to transform in a way that truly delivers value."

Head of Sales, Marketing and Digital Solutions, UK commercial vehicle leasing organization

Change management for these organizations is a standing capability that's woven into how they operate. That means maintaining a clear and consistent transformation vision, communicating direction and progress transparently with employees at every level and embedding training and reskilling as ongoing practice rather than periodic intervention.

Underlying all of this is a more fundamental insight: **transformation only succeeds when the entire workforce feels part of a broader movement**. Leaders have understood that the human dimension of transformation isn't a support track running alongside the main program; it is the program.

To deliver successful change, there are four key ingredients: leadership, connection to the vision, equipping the team with the appropriate tools, and reinforcing within the organizational context.

The four dimensions of transformational change management

People tend to mimic individuals or groups who surround them – sometimes consciously, sometimes unconsciously.

People seek congruence between their beliefs and actions – believing in the 'why' inspires them to behave in support of change.

We know that people are hardwired to follow the path of least resistance, so adapting to a new change should be made as easy as possible.

Associations and consequences shape behavior – so make sure the context is reinforcing the right things.

Source: Gate One

57%

of Leading organizations navigate change without major disruption

39%

of non-leaders fall into the weakest two categories of change resilience

Technology: Data and governance are non-negotiable

> **“We view AI transformation as one and the same as data and AI transformation. So most of the enterprise-wide skills that we’ve prioritized this side of the year, right off the bat, are your data quality, data management, data governance and getting people familiar with the concepts and the terminology.”**
>
> Director of Employee Experience and Adoption, global consumer health organization

Leaders are solving the data problem that continues to constrain everyone else. They focus on strengthening data systems and architectures and improving data access and quality across functions to allow for a strategic use of data, from decision-making to product and service development.

Governance tells a similar story. **86% of Leaders describe their governance as fully strategic and enterprise-wide, with the C-suite directly accountable for transformation outcomes**, compared with just 4% of non-leaders. Non-leaders are far more likely to operate with structured but fragmented governance frameworks (33%) or no coherent structure at all.

Program governance framework

A repeatable model that provides structured governance, integrated delivery and measurable impact across all programs.

1 Strategic direction

Set direction and ensure the programme delivers sustainable value

Strategic alignment > Value realisation > Prioritization > Stakeholder engagement > Assurance

2 Governance structure

Provide transparency, enable informed decisions and ensure accountability

Governance forums > Decision rights > Reporting and escalation > Policies and standards > Governance assurance

3 Program management office (PMO)

Integrate, plan and control the programme to maintain pace and delivery confidence

PMO/SMO set-up > Integrated planning > Dependency management > Resource management > Financial control

4 Delivery execution

Deliver consistently, manage risk and drive performance

Workstream delivery > Raid management > Performance management > Change control > Benefits realization

Enablers: the foundations that support effective governance and delivery

- People and capability
- Communication
- Tools and data
- Knowledge management
- Benefits realization

Source: Gate One

Effective governance is a strategic capability. A disciplined governance model connects strategy to delivery, with clear decision rights, integrated planning and consistent controls from C-suite to execution. It embeds accountability, standardizes ways of working and ensures transparent reporting and risk management. With data and tools as core enablers, it turns oversight into faster decisions and measurable value at scale.

“Some of our governance takes place in the business team meetings. It becomes a very integrated part of the business day - as opposed to something that’s a side-of-desk activity.”

Head of Transformation, global insurance organization

86%

of Leaders describe their governance as fully strategic and enterprise-wide, compared to just 4% of non-leaders

33%

of non-leaders operate with structured but fragmented governance frameworks

Improving performance: The operational agenda goes far beyond efficiency

Leaders have already crossed the bridges that less mature organizations are still building. Cross-functional coordination and value-chain connectivity — classic mid-maturity priorities — peak at the third and fourth stages of the index (43% and 29%, respectively) and recede at the Leading stage (31% and 21%). For Leaders, these are no longer aspirations but established conditions, freeing operational capacity for the harder work of end-to-end redesign and growth orchestration rather than spending it on stitching the organization together.

What ties the two engines together is the operating model itself. **With that connective tissue already in place, Leaders refuse the binary choice between efficiency and growth —** running both engines simultaneously and at full intensity. They form a coherent growth and value architecture where outcomes are engineered through new offers, service models, partnerships and a sharpened positioning, whether expressed in revenue growth, improved citizen outcomes or policy impact. Less mature organizations, by contrast, tend to pick one lever and underweight the others, or spread thinly across all four without clear conviction in any.

The lesson for everyone below the Leading stage is that operational maturity isn't a sequence in which efficiency is finished before growth begins. It's the capacity to pursue both at the same time, and to do so without the organization pulling itself apart in the process.

> **Operational maturity isn't a sequence in which efficiency is finished before growth begins**

No one is spared: the entire C-Suite is in the game

But if alignment is the key, transformation reaches every seat at the table, and each leader sees it differently.

That divergence is the problem when organizations are already pulled two ways at once: efficiency for resilience, growth for competitiveness. When the C-suite reads that tension through separate lenses, the organization pulls apart. What follows reflects a common pattern across the C-suite.

From different perspectives to transformation alignment

CEO

People-first and optimistic

41%

name talent their #1 threat

CIO

Works the machinery

46%

state both growth and operational efficiency are key business outcomes

CPO

Champions AI, underweights talent

34%

say talent retention is a priority *(vs. 48% average)*

COO

Capability first

55%

call skills gaps the #1 tech barrier

CMO

Running on empty

56%

feel high transformation fatigue

Alignment

Note: n = 750

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026)

Start with the CEO, who is people-first and optimistic. Talent is the CEO's number 1 threat, yet the CPO, the very leader who manages people, is markedly less likely than average to call talent acquisition and retention a priority. It's a gap also highlighted last year, when 42% of CEOs believed their organizations were leading on transformation, and only 17% of the rest of the C-suite agreed. That optimism isn't harmless: a leader confident the program is on track is the leader least likely to defend the long-horizon, growth-side bets that quietly lose ground to this quarter's efficiency targets.

The CIO, by contrast, works the machinery. End-to-end process redesign and architecture are the focus, and they're the engine room of both pulls at once. The same modernization that cuts cost today is the platform tomorrow's growth depends on.. Often, the CIO is the only leader holding both ends and rarely the one credited for either. Where the CEO sees people, the CIO sees the system that must serve everyone's agenda at the same time.

58%

of CMOs feel squeezed by competing stakeholder demands, the highest across the C-suite

The sharpest contradiction sits between the CEO and the Chief People Officer (CPO). Talent is the CEO's number 1 threat, yet the CPO, the very leader who manages people, is markedly less likely than average to call talent acquisition and retention a priority, leaning instead toward data and AI skills for the future workforce. The two roles most responsible for people are pulling it in opposite directions, and that's precisely how a growth ambition and an efficiency reflex drift apart: not because anyone disagrees, but because no one has named the split.

The COO, meanwhile, puts capability first and makes the divergence concrete. Skills and capability gaps are the biggest people-related barriers to technology adoption, named by 55% overall and higher still in the functions closest to delivery. Efficiency can be bought, but growth must be built, and the COO can see the building is lagging. While the CEO worries about keeping talent, the COO knows that even the talent already in place lacks the capabilities that growth now demands. It's the same people problem, seen from opposite ends.

And then there's the CMO, running on empty. Marketing faces the highest transformation fatigue of any function, with 56% reporting it to a great or very great extent, and is the most affected by competing stakeholder demands, cited by 58% of respondents. Here, the divergence appears minimal: a growth-facing function asked to do more, faster, with no protected capacity to absorb it, quietly trading tomorrow's differentiation for today's throughput.

The pattern, across all five, is the same. Each leader sees transformation through the lens of their own mandate, and each lens is reasonable on its own, but together they pull the organization in directions it can't travel all at once. **Efficiency-minded roles optimize what exists, while growth-minded roles chase what comes next,** and no one is reconciling the two. This is where transformation is ultimately won or lost. The first move is also the hardest: getting the C-suite to acknowledge, out loud, how their individual concerns feed the divergence, and then deciding together what to protect for growth and what to optimize for efficiency.

Each leader sees transformation through the lens of their own mandate

Four universal challenges that persist across all maturity stages

Across all maturity stages, organizations face a consistent set of systemic challenges that cut across technology, value, operating models and people. This isn't a transitional issue, it persists even in more advanced organizations, suggesting that the balance itself is a defining capability of modern organizations.

Four universal challenges

AI business impact

1 out of 3
Generative AI/AI agent initiatives
have met or exceeded initial expectations

Skills and capability gaps

61%
of all respondents
view skills gaps as a structural challenge that doesn't go away with experience

Short-term versus long-term tension

63%
of all respondents
struggle to balance immediate delivery pressures against long-term transformation goals

Transformation fatigue

74%
of all respondents
feel continuous transformation makes it hard to sustain momentum

Note: n = 750

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026); n = 750.

1. Generative AI and AI agents business impact

Only one in three generative AI or AI agent initiatives meets or exceeds expectations. Efficiency-led use cases deliver quick wins but plateau, while growth applications require higher levels of risk tolerance and cross-functional integration, making them harder to execute and fund. As with broader transformation efforts, organizations should focus on prioritization, starting with business use cases at the core. Assess them by cross-functional value and feasibility, given available resources and capabilities. **Focus on high-value, high-feasibility initiatives for long-term impact, and use high-feasibility, moderate-impact cases as quick wins.** Deprioritize the rest while addressing feasibility gaps.

> **“We need less expertise to pick, but more soft skills, more curiosity, more capacity to challenge.”**
>
> Group Transformation Director, global insurance organization

> **Organizations should focus on prioritisation, starting with business use cases at the core**

2. Skills and capability gaps – the real bottleneck

Across all maturity stages, organizations face persistent skills gaps, both in technical expertise and in the capabilities required to translate transformation into sustained growth. Organizations need to combine targeted upskilling, cross-functional teaming and selective external hiring, embedding new capabilities directly into delivery rather than building them in isolation.

> **Organizations need to combine targeted upskilling, cross-functional teaming and selective external hiring**

3. Short-term versus long-term tension

Transformation efforts are shaped by an inherent tension. Organizations remain optimized for near-term performance, favoring initiatives with clear, immediate returns. **Ensure a predefined set of growth initiatives is endorsed by the board upfront, with strong alignment with the organization’s mission and strategy**, so they receive sustained support from the outset. Actively protect and ring-fence these initiatives, creating funding, governance and metrics that support long-term value.

> **Organizations remain optimized for near-term performance, favouring initiatives with clear, immediate returns**

4. Transformation fatigue

Continuous transformation creates cumulative pressure. This erodes engagement and reduces the organizational capacity for experimentation and innovation. **Address fatigue by communicating transformation outcomes clearly and consistently,** reinforcing focus, evidencing progress and showing how priorities evolve to maintain trust and momentum.

> **Address fatigue by communicating transformation outcomes clearly and consistently**

"There is always fatigue. People will never say it's all great - they will always say it's too much. That's why you need to build confidence day in, day out: we are on the right priorities, we are course-correcting as needed."

Head of Transformation Office, global consumer health organization

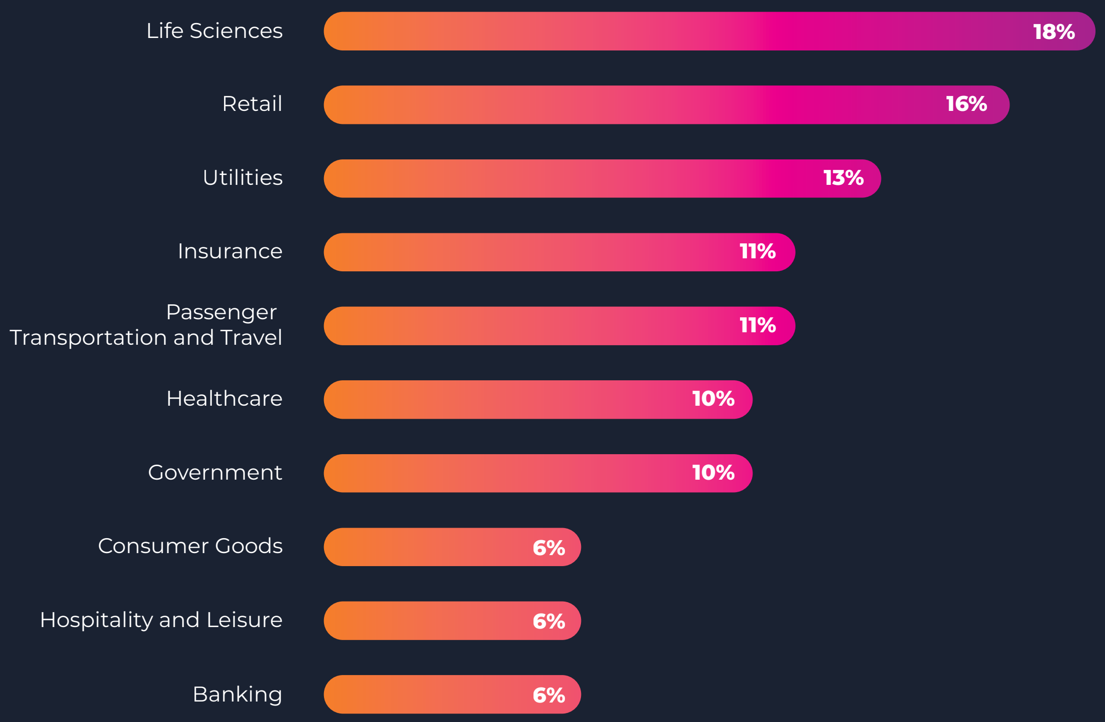
Uneven progress across industries

Amid constantly shifting ground, industries are diverging in how they balance short-term efficiency and long-term growth, which is reflected in their maturity scores.

Life sciences (18%) and **retail** (16%) lead transformation maturity, with **utilities** (13%) close behind. These industries combine strong external pressure with a greater ability to align business-model change operations and workforce, turning strategic intent into coordinated execution. Utilities shows strong forward momentum by prioritizing business-model transformation.

Transformation leadership score by industry

% of organizations at Leading maturity stage by industry vertical



Note: n = 750

Source: IDC White Paper "The Balance Advantage: How organizations crack the growth-efficiency code" (IDC #EUR154681426, July 2026); n = 750.

A middle group that includes **insurance**, **passenger travel** (11%), and **healthcare** (10%) shows more uneven progress.

- Insurance in risk and data management
- Healthcare in technology-enabled services to patients
- Travel in operational adaptation

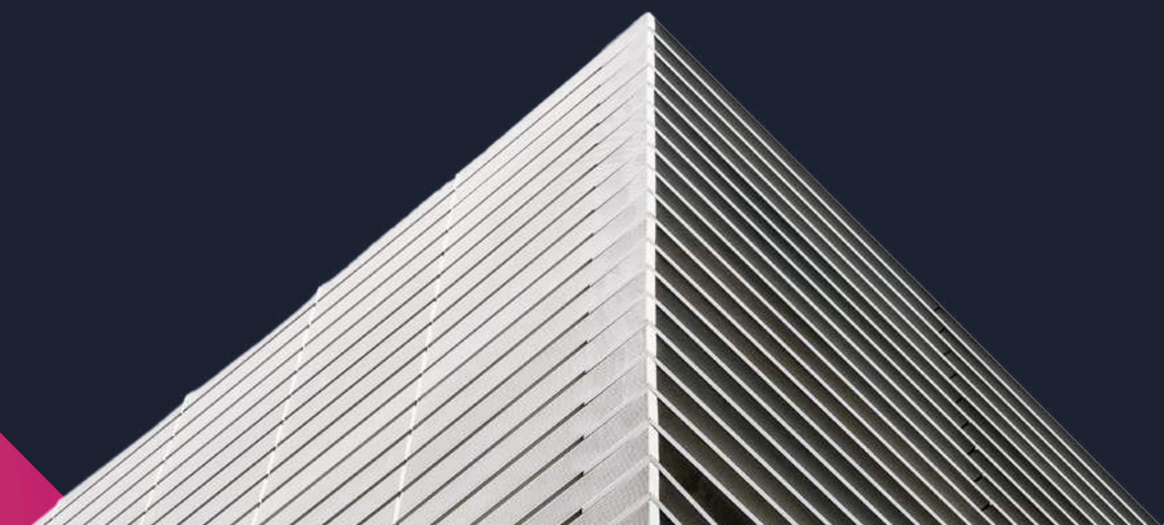
However, they struggle to connect these capabilities at scale, resulting in fragmented transformation. **Government** (10%) stands apart within this group: its constraints are driven by talent pressure and competition with private employers, resulting in skill gaps, engagement challenges and difficulty attracting digital and AI talent.

At the lower end, **banking, consumer goods** and **hospitality** lag, but for different reasons. Banking has strong foundations in enabling value, from business model transformation to how data is managed strategically, yet is held back by legacy systems, regulatory constraints and complex governance, leading to fragmented execution. Consumer goods and hospitality face a more organizational gap, with slow progress on standardizing and scaling core processes.

Across industries, transformation success hinges on connection:

- For lagging industries, the priority is execution
- For mid-tier, the imperative is integration
- For leaders, the focus shifts to acceleration

> **Across industries, transformation success hinges on connection**



The leaders' playbook for balancing growth and efficiency

The data is clear on what sets transformation Leaders apart in driving both growth and efficiency outcomes. Ready to step up your transformation toward maturity?

1. Run a pressure-test before you commit another penny to transformation

Your organization is probably more misaligned than your leadership team thinks. Transformation Leaders report full alignment across strategy, operating model, people and technology. Yet most organizations proceed as though alignment is a given, not a precondition. Likewise, the gap between CEOs who believe they're leading transformation and those who actually are is where most transformation programs fail.

C-suite action

Before committing budget to your next initiative, run a structured pressure test. Not a leadership survey, but a rigorous assessment of where your operating model, capabilities and organizational capacity fall short of your stated ambitions. Treat misalignment findings as a hard prerequisite to resolve.

2. Replace your traditional ROI formula with a broader value framework

Your ROI framework (if you have one) is measuring the wrong thing, and it's distorting your investment decisions. Yet most investment decisions are still governed by financial ratios that were never designed for transformation complexity. The consequence is predictable: initiatives with long-term, systemic value get defunded in favor of those that produce quick, visible outputs. This is a strategic distortion built into how transformation is governed.

C-suite action

Work with your CFO to retire activity-based reporting, and replace it with outcome-based scorecards that span the full range of what your transformation is designed to deliver, financial and non-financial, immediate and long term. Tie capital allocation decisions to this framework, not just reporting. If the investment committee is still approving programs on cost-and-output terms, the scorecard is decorative.

3. Make your people the program, not a workstream within it

Most transformation programs have a people workstream. It sits alongside the technology track, the process track, the data track, resourced, scheduled and often, the first to be deprioritized when delivery pressure builds. This is the single most reliable predictor of transformation failure. Technology, business model changes and process redesigns can be implemented without people understanding why, believing in them or changing how they work. When that happens, programs deliver outputs but fail to realize meaningful outcomes.

C-suite action

Stop treating the human dimension as a support track, and make it central in your transformation. Every initiative needs a named people lead with equal standing to the technology lead, accountable for adoption and behavior change. Importantly, make the transformation meaningful at every level: people need to understand not just where the organization is going, but what it means for them.

4. Treat governance and data as strategic capabilities

Leaders have fully centralized, C-suite-accountable governance. Organizations that delegate governance to the technology function aren't just creating coordination problems; they're structurally preventing the kind of strategic decision-making that transformation requires.

C-suite action

Establish a named co-sponsorship model pairing a senior business leader with a technology counterpart, jointly accountable for transformation outcomes, not just delivery milestones. Define your governance principles and decision-making framework before the first initiative goes live. If governance is designed after the program starts, you're managing its consequences.

5. Redesign your processes, don't just give your employees another tool

Most organizations are deploying AI and automation on top of processes that were never designed for the pace, flexibility or data quality that modern transformation demands. This results in incremental efficiency gains that plateau quickly. The research makes clear that automating a broken process doesn't create efficiency; it scales inefficiency.

C-suite action

Before any significant transformation investment is approved, require the COO and CTO to jointly sign off an organizational readiness assessment covering process design, data quality and change capacity. If the process hasn't been redesigned, the investment case shouldn't proceed. Readiness is a gate, not a footnote.

Methodology

The Transformation Index 2026 is based on primary mixed-method research commissioned by Gate One, conducted and analyzed by IDC between April and May 2026.

The study covers large enterprises across the U.K., Ireland, France and the U.S. Data collection comprised telephone surveys with 750 respondents, supplemented by six in-depth qualitative interviews conducted by IDC analysts. All participants are director level or above, spanning executive office, digital, transformation, operations, commercial and HR functions at organizations with $500+ million in revenue or 1,000+ employees, with the majority drawn from firms exceeding $500 million in revenue. All hold decision-making authority or influence over transformation initiatives within their organizations.

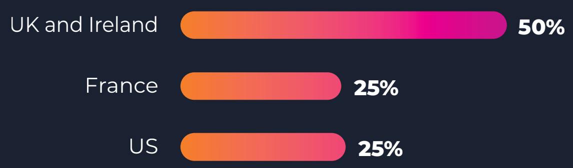
The 2026 Transformation Index was developed by assessing respondents' level of maturity across the core pillars defining transformation — delivering value, improving performance and empowering people — using a structured set of assessment questions.

These questions evaluated key dimensions, including alignment on transformation priorities and the outcomes and progression of transformation initiatives, perspectives on technology investments and the use of performance data and insights, the state of operational processes, people-related constraints and delays in transformation execution and governance structures in place.

For each respondent, scores were calculated across all assessed capabilities and aggregated within each transformation pillar. Based on their scores, organizations were grouped into one of the five stages of transformation maturity defined.

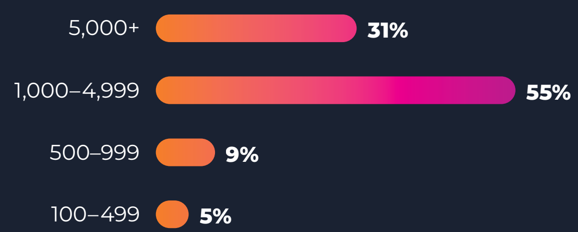
Survey sample

Country



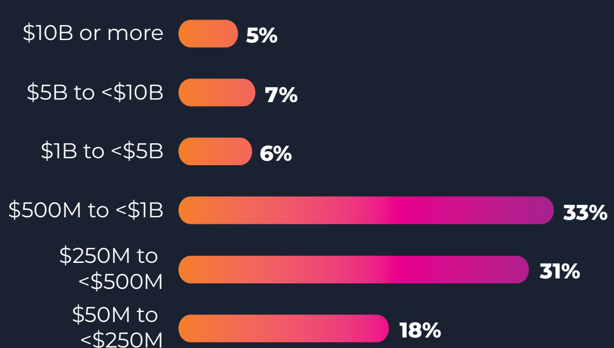
n = 750

Number of employees



n = 750

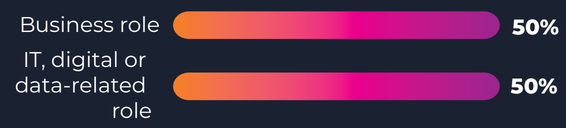
Worldwide annual revenue



n = 730*

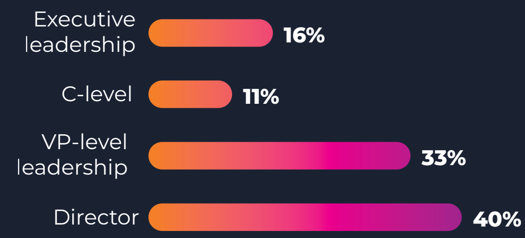
Note: This question was not displayed to UKI Government employees

Respondent roles



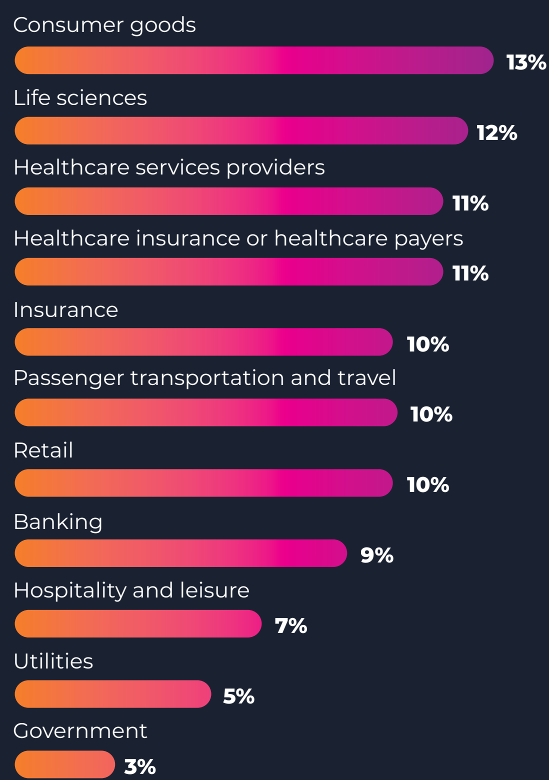
n = 750

Level of seniority



n = 750

Industries



n = 750

Note: The government industry was included for the UKI only

Notes:

- n = 750
- Figures may not total 100% due to rounding

Source: IDC White Paper “The Balance Advantage: How organizations crack the growth-efficiency code” (IDC #EUR154681426, July 2026)

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