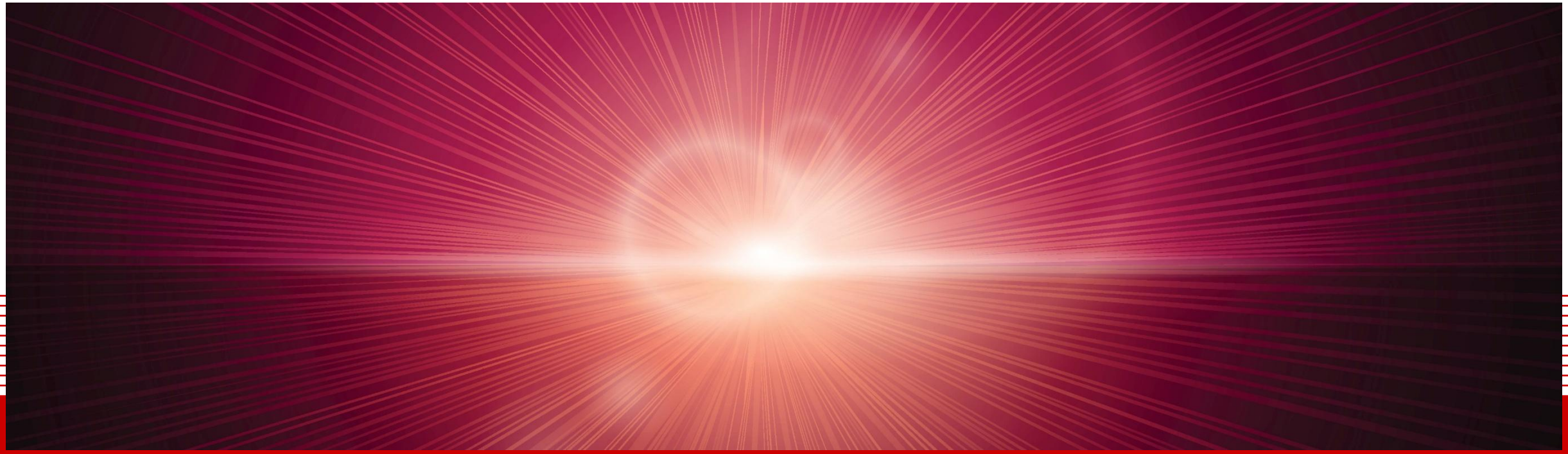
BAIN & COMPANY

India Enterprise Technology Report 2026

India’s technology decision-makers are prioritizing spending on AI and transformation initiatives in 2026.



About the authors

Sandeep Nayak is a partner in Bain & Company's Bengaluru office. He leads the firm's Technology, Media, and Telecommunications practice for the Asia-Pacific region.

Nagaraj GN is a partner in Bain & Company's Mumbai office. He leads the firm's Enterprise Technology practice in India.

Saikat Banerjee is a partner in Bain & Company's Bengaluru office. He leads the firm's AI, Insights, and Solutions practice in India.

Megha Chawla is a partner in Bain & Company's New Delhi office. She is a global leader in the firm's Technology Services sector.

Aabhas Babbar is an associate partner in Bain & Company's New Delhi office. He is a leader in Technology Strategy & Transformation and Performance Improvement, with a focus on Global Captive Centers.

Key contacts

Sandeep Nayak in Bengaluru *(sandeep.nayak@bain.com)*

Nagaraj GN in Mumbai *(nagaraj.gn@bain.com)*

Saikat Banerjee in Bengaluru *(saikat.banerjee@bain.com)*

Megha Chawla in New Delhi *(megha.chawla@bain.com)*

Aabhas Babbar in New Delhi *(aabhas.babbar@bain.com)*

For media queries:

Sitara Achreja *(sitara.achreja@bain.com)*

Acknowledgments

We deeply thank the Bain India team, including Vishwajith Bhat, Rahul Meena, Anant Bihani, and Deepit Shah for their notable contributions, in-depth research, and analytical rigor.

Table of contents

1 Executive summary

Over the past three months, researchers within Bain & Company spoke with and surveyed more than 250 CIOs, CDOs, CAIOs, and CXOs across enterprises in India, spanning multiple industry segments. We wanted to understand their current strategic direction—and how they are prioritizing for the future. The voices of Indian tech decision-makers are summarized in this report, which will become an annual effort.

In this first edition, we learned:

India Inc. is in the midst of a technology spending surge

Indian enterprises are spending 150–200 basis points (bps) (as a percentage of revenue) more on IT than their global counterparts. IT spending is likely to increase approximately 6%–8% in 2026, which is 200–250 bps higher than projections for global peers. Spending has surged over the last 12–18 months and will likely continue for the next 2–3 years.

Why the surge? The need to reduce technical debt is long overdue. This is evident in the share of capital expenditure (capex): Capex is 50%–60% of IT budgets in India, compared to only 20%–30% for global peers. A majority of the spending is going toward data modernization and AI infusion (30% of capex and 40%+ of change in spending); core application modernization (25% of capex); cloud adoption and IT infrastructure (25% of capex); and cybersecurity (20% of capex). Indian enterprises are modernizing the entire IT stack all at once.

A downstream consequence will be a marked increase in cloud penetration in India, with both data real estate and applications shifting. In the US, for example, application shifts have slowed, while a data shift is currently underway.

Spending surges are required but could accelerate current investments toward “legacy of tomorrow” unless a change in approach and operating model is embraced as part of the transformation

We have seen similar spending surges before, often within industry verticals or as a country-specific phenomena, such as the increased spending on modern core/service-oriented and middleware applications in the early 2000s, driven by the banking sector in India and the post-Covid digitalization seen across the world. For many companies, these bursts of IT spends created technology platforms that seemed modern and futuristic but lost their edge and became “legacy” within 3–5 years. Indian enterprises currently have the right spending priorities, but given the pace of change, the risk of “creating legacy tech of tomorrow” is real.

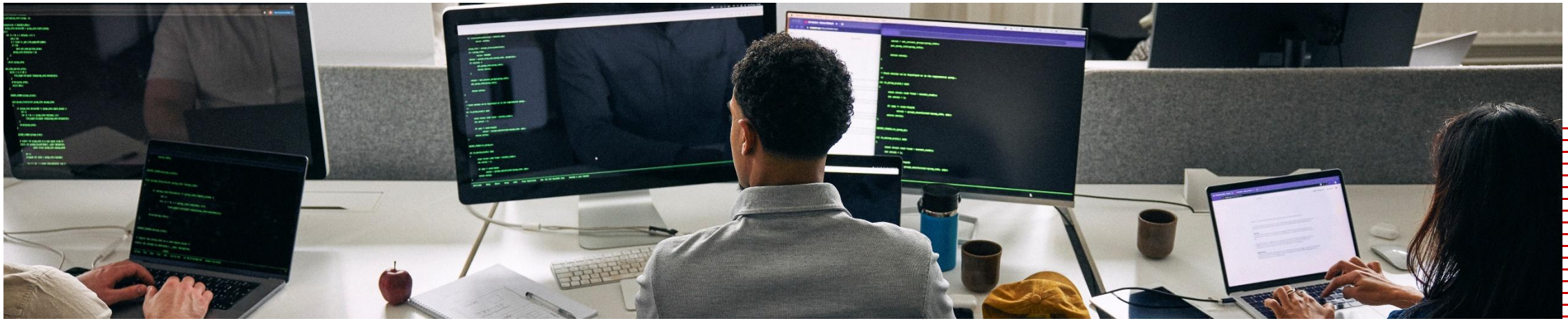
There are early signals that this could happen. This spending surge has been in play for 12–18 months, yet a gap remains between business expectations and the value delivered from technology investments. Only 15% of business leaders we surveyed see IT as truly strategic. Another 70% view IT as good, but not great.

Based on conversations with industry leaders over the last 1–2 years, sentiment has moved in a positive direction, but there is room to do more. The positives and negatives of IT investment remain eerily similar. Leaders told us:

What is working: IT is more scalable and agile than before; business as usual operations are more stable, and there are higher levels of automation.

What needs to improve: Three out of four leaders cited a lack of alignment between business unit and IT goals and KRAs. Even more leaders (about 90%) said their current data foundations are weak and not fit to scale. Talent and capability were also flagged for improvement, particularly in next-gen areas such as data and agentic workflows. Leaders also described proof-of-concept (PoC) fatigue stemming from low- to no-value realization, particularly for AI PoCs.

The leaders we spoke to realize the task ahead is difficult and are proceeding with caution. Approximately 70% said the technical debt of legacy systems will take significant time to overcome. They are also concerned about their ability to acquire or build the right next-generation skill sets, either internally or through tech services partners. They acknowledged that ROI for new technology initiatives remains largely unproven.



India's enterprises need to build today-forward and future-back simultaneously

Businesses will always have unmet IT needs. These are often well documented and help define IT strategy, architectural choices, and downstream execution. We call this "today-forward." In this era—where AI is and will remain the defining disruptor—this approach is likely becoming outdated.

AI is still nascent and advancing rapidly. But for many enterprises, there is already fatigue from the proliferation of PoCs that haven't delivered tangible ROI. At the same time, a handful of enterprises are starting to see dramatic success and could achieve 15%–20% absolute EBITDA improvement (accounting for revenue growth and efficiencies). These companies follow a "future-back" approach. It's defined by:

The starting point: Multifunctional teams spanning business, tech, risk, and compliance completely reimagine business functions and processes to dramatically improve outcomes (e.g., revenue, time, cost, quality).

Prioritizing, planning, and committing to change: Initiatives are prioritized by risk-adjusted value and ROI. Teams account for failure risks, data challenges, technical debt, and short shelf lives before they define execution pathways and commit to outcomes and milestones.

Refine downstream technology roadmaps: Having a clear set of requirements (today-forward and future-back) allows the technology organization to define downstream technology strategies and architecture (e.g., for apps, AI, data, infrastructure, and security). Execution roadmaps are aligned and inform build-buy and partnership choices and ways of working.

Shared vision, common goals, and performance management: Multifunctional teams work together to achieve defined value from a future state of processes within a modern AI ready governance framework that focuses on removing constraints, enables continuous improvement, and evolves to accommodate technology and regulatory changes.

Following this approach, companies often pivot toward a completely different end-state architecture—perhaps scaling systems of intelligence or data-as-a-product, or platformizing AI—while thinning down existing cores and retiring technologies that no longer deliver value. Consequently, budgetary allocations have shifted away from core system replacements executed solely by IT, towards a completely new ways of working with the business to deliver holistic impact.

This is the right time for Indian companies to direct a meaningful part of their business and technology brain-trust, to think "future back", and to reshape existing transformation initiatives, if required.

2 India Inc: Tech investments landscape 2025–26

Indian enterprises are expected to increase their annual technology spend (as a percentage of revenue) by 6%–8% in 2026, outpacing the 4%–6% increase expected among global peers.

Budgets and reallocations reflect strong AI ambitions. More than 70% of the CIOs we surveyed are planning 5%–20% increases in technology spend in 2026 relative to actual spend in 2025. Approximately 40% of 2026 technology budgets are allocated to change initiatives, including AI and data transformation.

CIO's survey responses—and their budget allocations—revealed several themes:

Modernization is a top priority

Indian enterprises are expected to spend 2.5–3x more on technology capex than global peers. About 25% of technology capex is allocated to infrastructure, including addressing aging systems and overdue modernization cycles. Core systems transformation accounts for another 25% of capex, as CIOs de-risk end-of-life platforms, particularly ERP systems.

More than half of Indian CIOs (52%) cited data modernization as an immediate priority to enable data-as-a-product and lay the foundation for future digital and AI efforts.

Cybersecurity is a growing focus

Cybersecurity modernization emerged as a core focus for roughly half of the CIOs we surveyed. About 20% of technology capex is earmarked to counter next-generation, AI-powered threats and prepare for quantum-era disruption.

Developing agentic AI is imperative

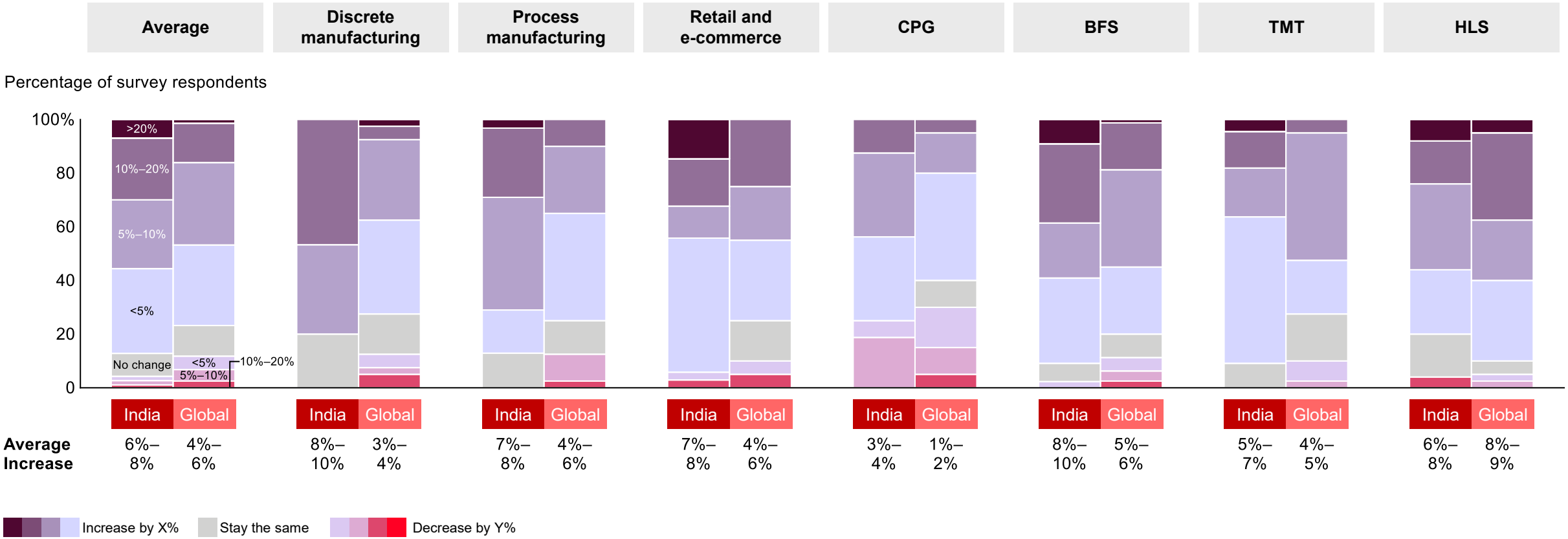
Approximately 60% of CIOs identified agentic AI and digital capability development as core priorities. Roughly 30% of technology capex will be directed toward AI platform development, including enterprise roadmaps for process reimagination across product development, supply chain, customer experience, and IT.

Dramatic change is needed to realize value

Most enterprises reported a substantial gap between the promise of their technology investments and actual value delivered. Closing that gap will require technology leaders to reset operating models, talent strategies, and supplier engagement models—and to start treating technology portfolios as business builders rather than cost centers.

Figure 1: Tech spending in India is expected to accelerate at 6%–8% to fulfill ambitions, vs. 4%–6% for global peers

Q: How are IT/tech budgets likely to be affected in the next year (vs. the previous year)? (India vs. global comparison)

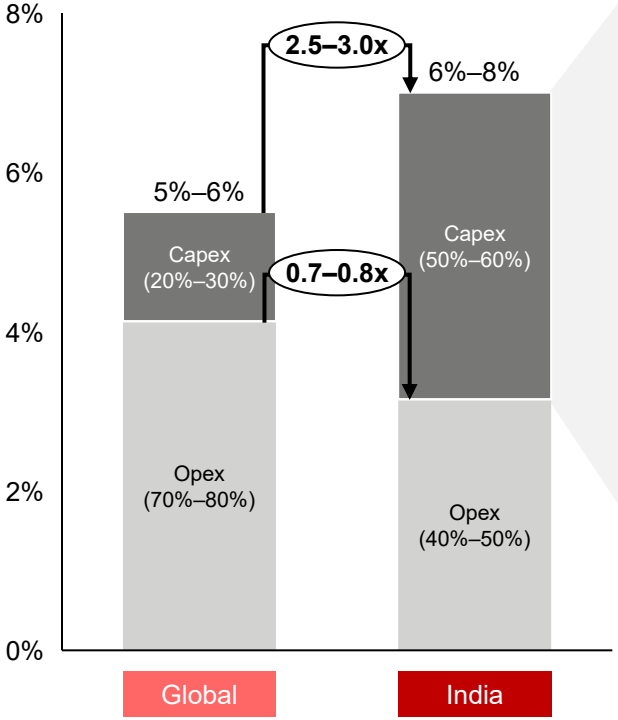


Sources: Bain India CIO Survey (total n=187, November 2025, outliers have been excluded from the data for calculating average tech spending growth); Bain ITeS Survey (total n=280, December 2025)

Figure 2: Data transformation, core system modernization, and AI top the list as Indian enterprises look to spend 2.5–3.0x more on tech capex than global peers

IT/tech services spending split between capex and opex (2025)[1]

Tech spending as a percentage of revenue (2025)



Key capex spending priorities[2]

Year 1 spend on SaaS subscriptions, software licenses, cloud, AI, and data platforms typically falls under capex

AI platform and data-as-a-product — 30%

- Data-as-a-product build
- AI platform spending (including SaaS subscriptions)
- Operating model reinvention for AI/data

Core system modernization — 25%

- ERP modernization (SAP ECC to S/4 HANA)
- Application modernization
- Core system modernization

Infrastructure modernization (including cloud) — 25%

- Cloud migration
- Data center for AI initiatives
- Infrastructure refresh/upgrade
- Network infrastructure modernization

Cybersecurity — 20%

- IAM and zero-trust architecture
- Cloud security
- Threat detection platforms (e.g., SIEM, XDR)
- SaaS/third-party risk security tools

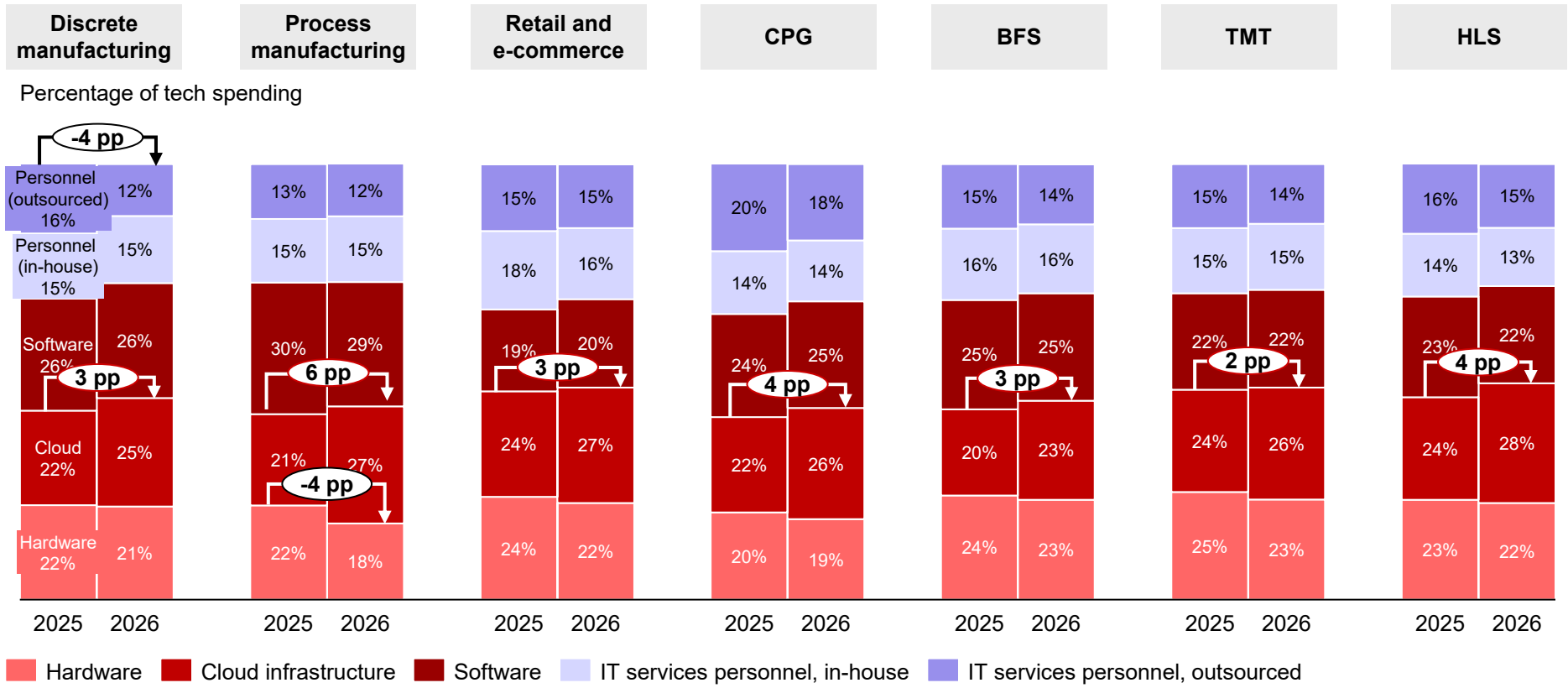
Commentary

- Enterprises are fueling capex investments into agentic AI platform/tools and data foundations to ride the wave of AI-led disruption.
- ECC end-of-life is accelerating ERP re-platforming and broader enterprise-wide core modernization, backed by capex commitments.
- Indian enterprises are entering capex-heavy infrastructure refresh cycles after prolonged underinvestment, which lasted six to seven years.
- Rising AI-native threats are catalyzing capex investments as enterprises shift from reactive security models to proactive, AI-led, and zero-trust cybersecurity architectures.

Notes: 1) Indian tech spending split is based on primary conversations with more than 15 Indian tech leaders on the distribution of tech budget between capex and opex; 2) Percentages are of capex spend
Sources: Bain India CIO Survey (total n=187, November 2025, outliers have been excluded from the data for calculating average tech spending); global tech spending split between capex and opex is the blended average across sectors, as reported by Gartner in IT Key Metrics Data 2025; Industry Measures (individual reports for each sector)

Figure 3: AI, data transformation, and movement of workloads to the cloud could result in a 3–6 pp rise in cloud spending in 2026

Q: How does your current IT/tech spending base distribute across the following categories?



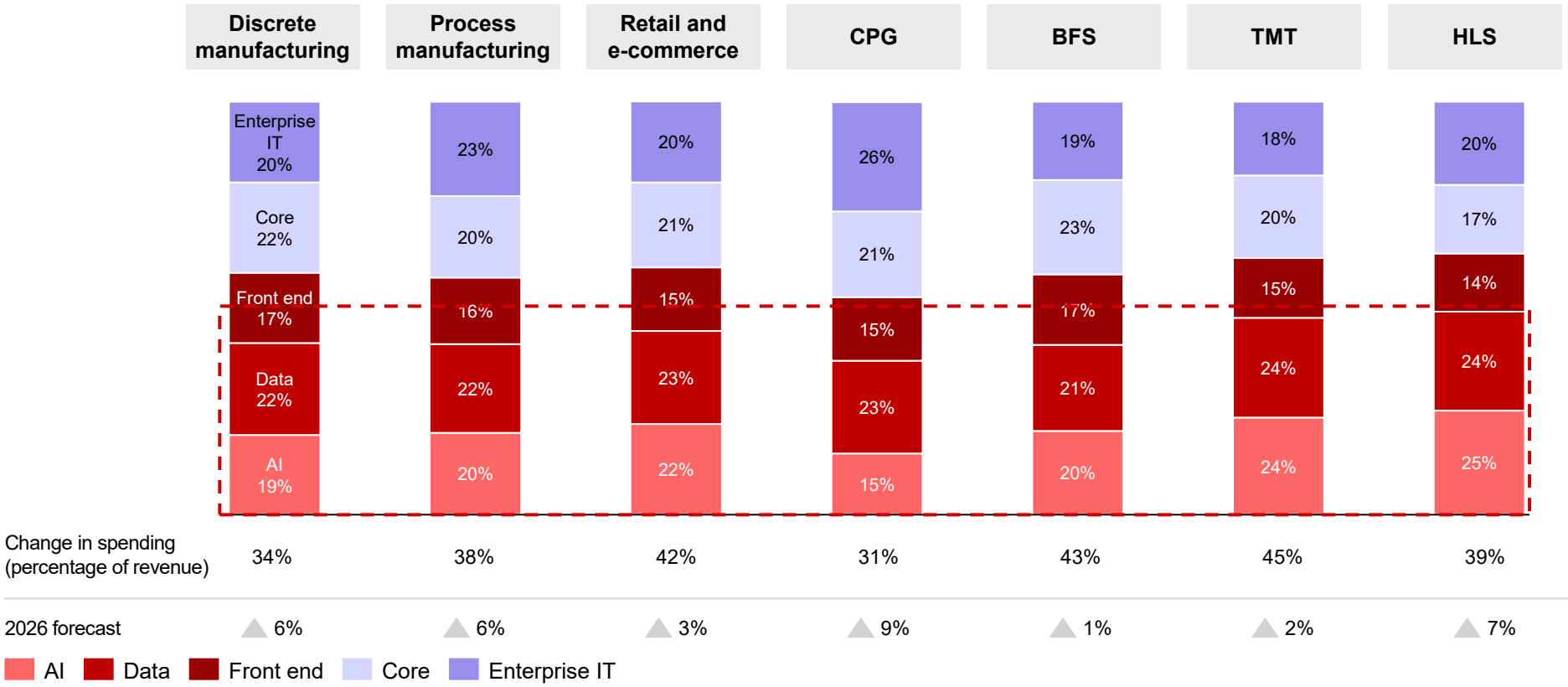
Key insights

- AI, analytics, and data workloads are driving higher compute and storage needs, accelerating cloud adoption.
- A delayed ERP modernization cycle (SAP ECC to S/4 HANA) is driving the shift from on-premises to cloud-based models (SAP RISE hosted on Microsoft Azure, AWS, etc.).
- Limited FinOps maturity (e.g., workload rightsizing, chargeback discipline) is leading to persistent cost leakages in cloud operations.

Notes: Cloud spending growth driven by AI adoption and data modernization initiatives
Source: Bain India CIO Survey (total n=220, November 2025)

Figure 4: AI ambition, which necessitates data transformation, is expected to drive 40%–45% of the change in budgets

Q: What share (percentage) of your total change-related IT/tech spending would go toward each of the workload clusters below?



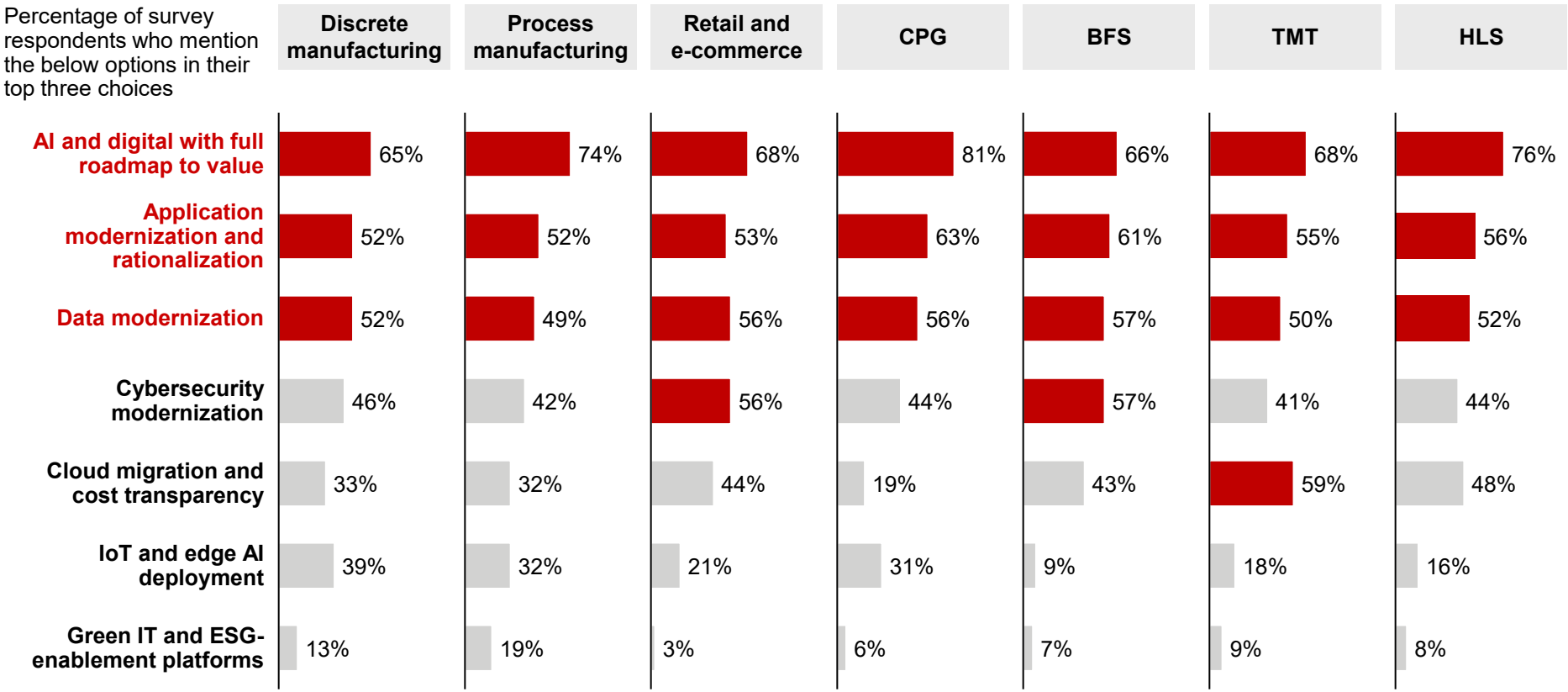
Key insights

- Data storage and real-time insight generation account for ~40% of data investments as data volumes surge and firms look to enable AI at scale.
- AI spending patterns vary by sector: Manufacturing firms are doubling down on operations and supply chain; retail/CPG is focusing on sales, marketing, and procurement; and BFS is prioritizing spending on core operations, risk, and product innovation.

Source: Bain India CIO Survey (total n=220, November 2025)

Figure 5: About 60% of CIOs say they will prioritize high-impact AI roadmap, application rationalization, and data modernization in the next 12 months

Q: What major tech trends are immediate priorities (in the next 12 months) for your enterprise IT organization?



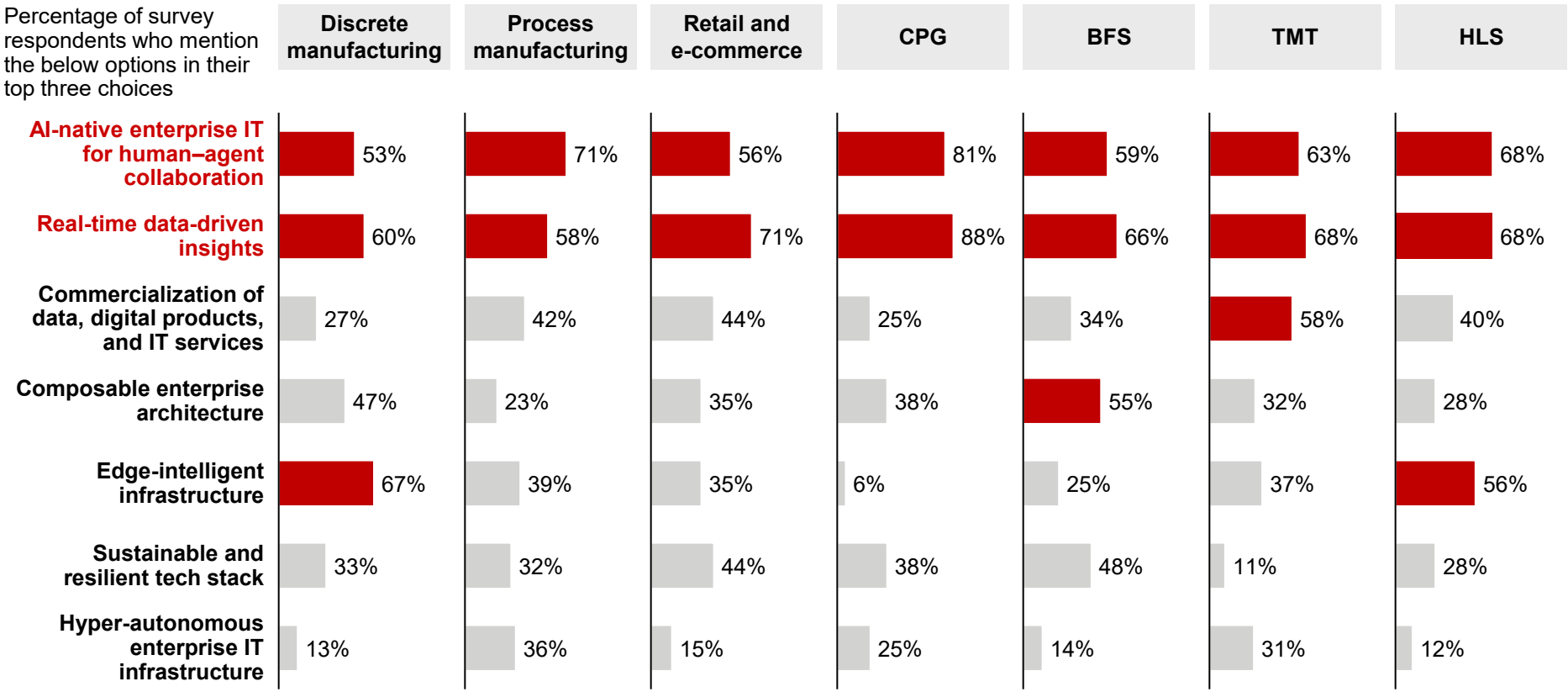
Key insights

- **Data transformation:** Build the enterprise ability to consume and leverage data-as-a-product.
- **AI at the core:** Shift from isolated use cases to a platform-led approach that embeds AI into core business processes (as part of app modernization).
- **AI readiness:** Develop sovereign, full-stack capability to scale AI adoption and strengthen data protection.
- **Cybersecurity modernization:** Rethink and upgrade IT security to safeguard the enterprise in the AI era.

Source: Bain India CIO Survey (total n=220, November 2025)

Figure 6: Real human–agent collaboration, real-time insights, commercializing data and insights, and edge-intelligent architecture are long-term priorities

Q: What strategic bets are long-term priorities (in the next 12–36 months) for your enterprise IT organization?



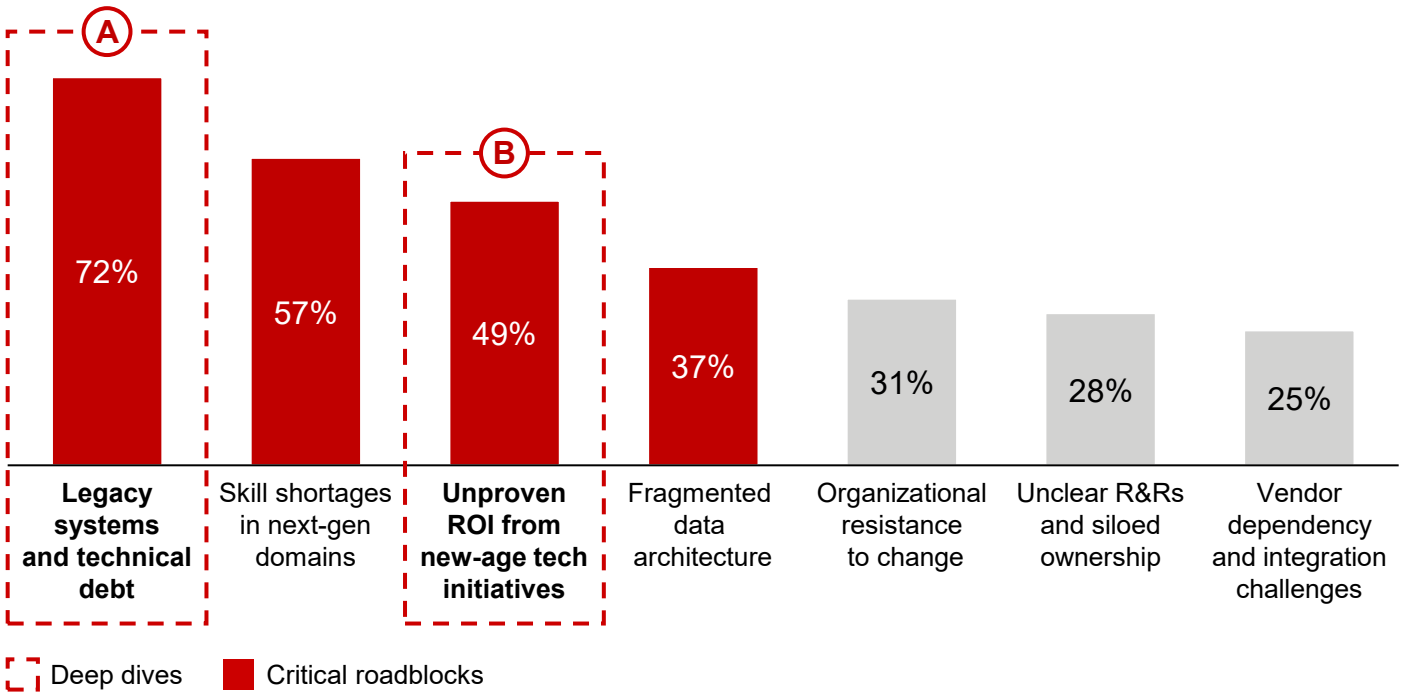
Key insights

- **AI native at scale:** Enterprises are doubling down on AI-driven human–agent collaboration and real-time insights to unlock next-gen productivity.
- **Edge intelligence at the core**: Discrete and HLS leaders are embedding edge compute to power predictive decisions and real-time frontline actions.
- **Composable by design:** BFS and discrete leaders are adopting modular architectures to scale, drive modernization, and unlock enterprise agility.
- **Data as a revenue engine:** Retail, TMT, HLS, and process players are monetizing data and digital products to create new growth flywheels.

Source: Bain India CIO Survey (total n=220, November 2025)

Figure 7: More than 50% of CIOs cite legacy tech debt, talent shortage, and value realization as key challenges to achieving their transformation objectives

Q: What critical near-term challenges must your enterprise IT team address (in the next 12 months) to accelerate tech transformation?



Underlying drivers

A

- **Legacy systems:** Critical workloads remain locked in aging tech stacks (e.g., core systems, legacy PLM platforms), limiting agility and value realization from new technologies.
- **Monolithic architecture:** Legacy systems with deeply coupled components limit modularity and agility, slowing the shift to scalable architectures with AI as integrated capability.

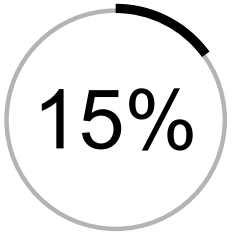
B

- **Lack of ROI framing:** Many next-gen tech and AI initiatives lack clear ROI frameworks, with experimentation often limited to pilots without defined value outcomes or enterprise-scale pathways.
- **Innovation gap:** The capability gap to leverage tech evolution is outpacing ROI realization, often rendering investments obsolete and sunset ready before ROI realization.
- **Cost overruns:** Unmanaged SaaS and cloud sprawl cause budget surprises due to lack of FinOps capability and controls.
- **Fragmented ownership:** Delivery, funding, and accountability continue to sit in silos, with no unified owner.

Source: Bain India CIO Survey (total n=220, November 2025)

Figure 8: Business leaders point to a significant gap between expectations of and the value delivered from technology investments

Q: How likely are you to recommend your IT organization as a strategic partner driving business outcomes? (1–10 scale, 10 = extremely effective, 1 = ineffective)



of business leaders view IT as truly strategic (rating it 9 or 10), while **70%** rate IT performance as "good but not great" (a 7 or 8)

of business leaders feel that current data foundations and AI maturity cannot support enterprise-wide scale

of business leaders cite lack of joint business–IT KPIs as a critical constraint on IT's strategic effectiveness

What is working well

Cloud adoption unlocking agility and scalability

Stable BAU operations with minimal disruption

Automation of repetitive workflows

Strengthened regulatory compliance

Core modernization

IT evolving from a cost center toward more strategic role

What can be improved

Talent and capability gaps in next-gen technologies (data, AI/agentic AI, etc.)

Inconsistent delivery velocity

Reactive cybersecurity posture

Strengthen "one team" culture between BUs and IT

PoC fatigue, with no value realization

Fragmented data foundations

Proactive change management

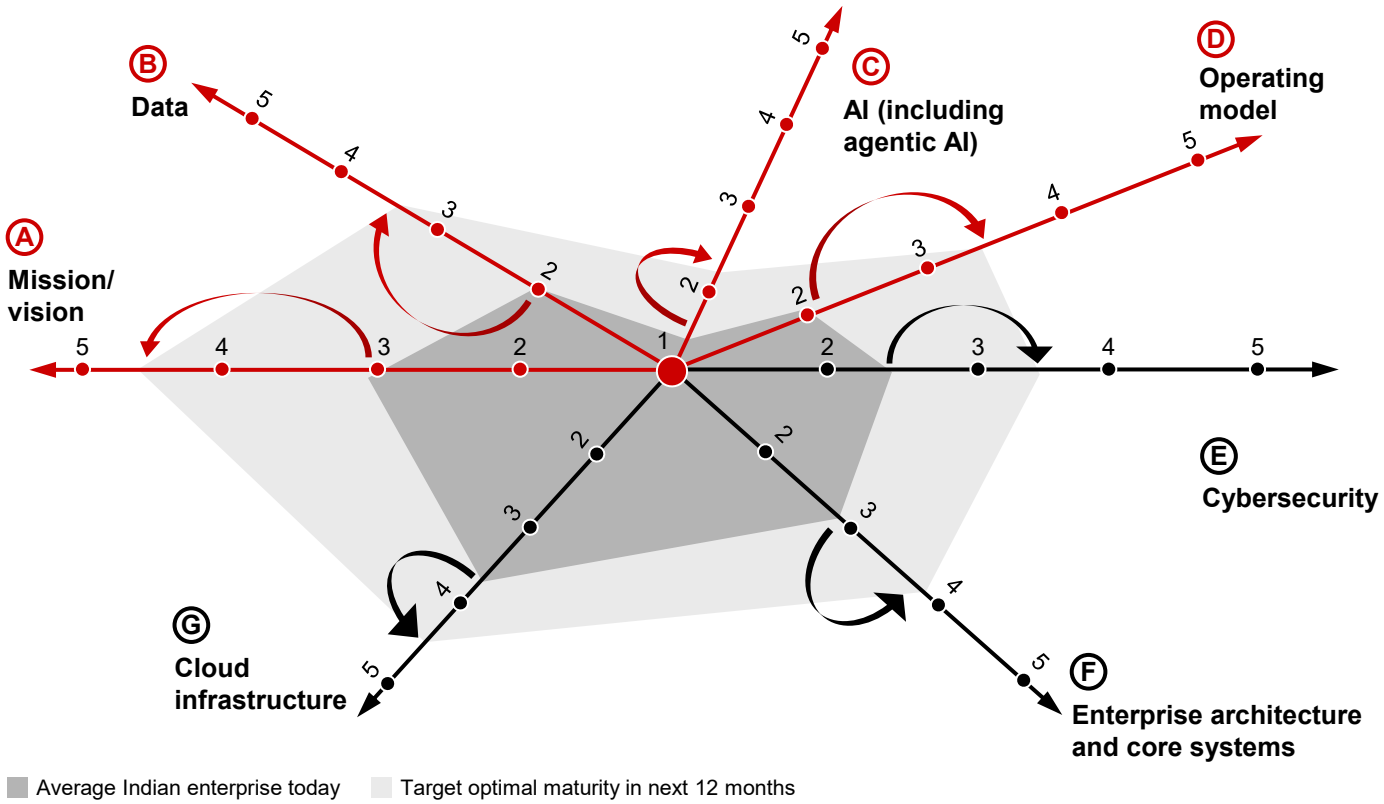
Overreliance on external vendors for critical capabilities

Lack of joint biz-IT KPIs

Note: Illustrative roles include procurement heads, VP of retail banking, account delivery heads, factory directors, heads of growth (credit cards), AVP of supply chain, etc.
Source: Primary conversations with more than 10 business leaders across multiple functions and industries (across discrete/process manufacturing, retail/CPG, BFS, TMT, and HLS)

Figure 9: The current path risks creating tomorrow's legacy; strengthening data foundations and operating models is non-negotiable for deploying AI at scale

Q: How mature is your organization across these technology dimensions? (1–5 scale, 1 = nascent, 5 = mature)



Key maturity gaps

Holistic transformation

- **A** Half of firms have IT as a mission-critical function, but AI has necessitated reimagination of the integrated tech–biz strategy.
- **B** Only a third of respondents have achieved meaningful progress toward data democratization, due to broad gaps in data foundations required to enable AI at scale.
- **C** While 80% CIOs cite AI as a strategic priority, only one in five are moving beyond incremental use cases to a platform-centered, process redesign-led AI approach.
- **D** Fewer than one in two Indian enterprises have begun developing the next-gen talent and Agile models essential for driving tech transformation.

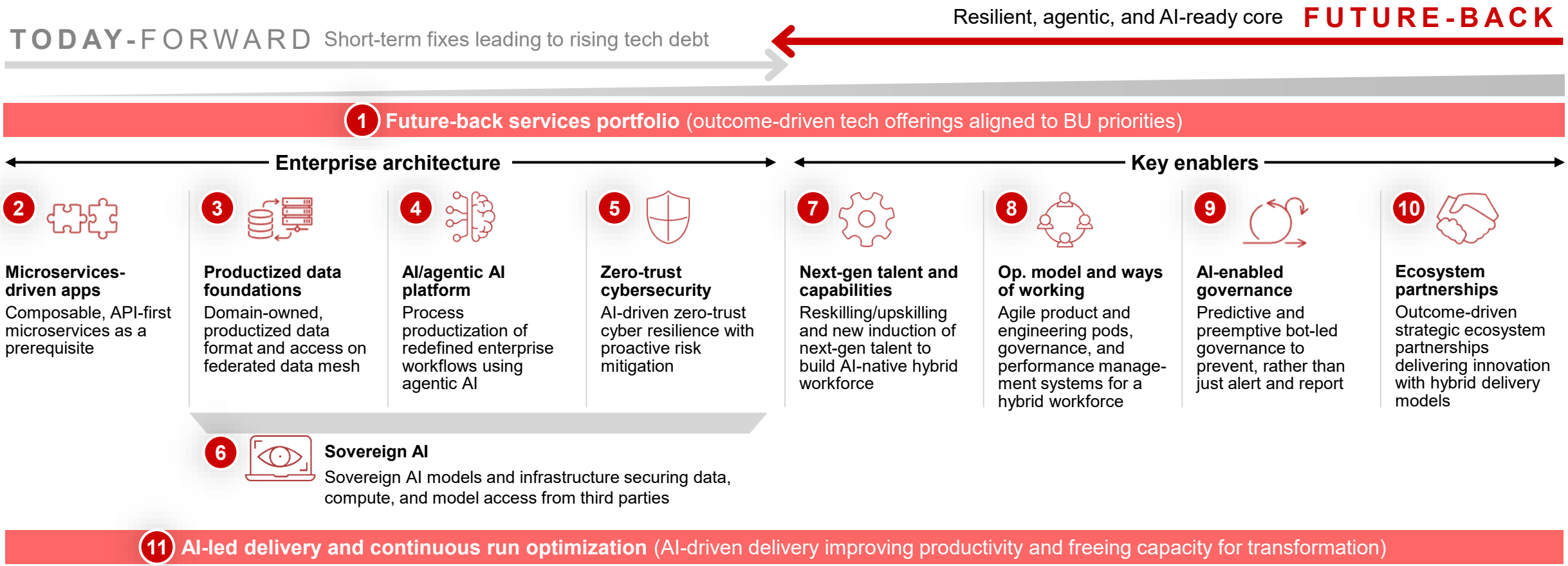
Selective interventions

- **E** Though 57% of firms have embedded security by design, adopting AI and modern defense practices remains essential for robust protection.
- **F** Even as 52% of leaders modernize core and legacy systems, fragmented enterprise architecture continues to dilute outcomes.
- **G** Despite 53% of enterprises migrating to the cloud, investments in robust FinOps governance for arresting cost leakage and increasing efficiency remain limited.

Source: Bain India CIO Survey (total n=220, November 2025)

Figure 10: Key imperatives for Indian tech leaders: Digital reinvention, AI, and new ways of working are redefining value creation

Integrated business–tech strategy



Source: Bain analysis

Figure 11: Over 70% of Indian tech leaders come from an infrastructure/app heritage, while 50% of their global peers come from data/product backgrounds

Global firms have clearly defined tech leadership

Presence: Share of organizations/ firms with at least one tech CXO[1]

Depth:[2] Average number of tech CXOs[1] per organization/firm

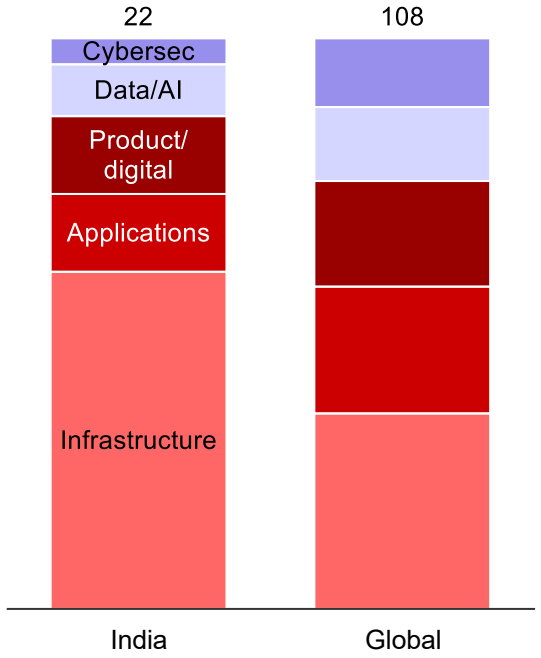
~2.6 | ~3.0

Lateral mix:[3] Share of tech CXOs appointed in last five years

India | Global

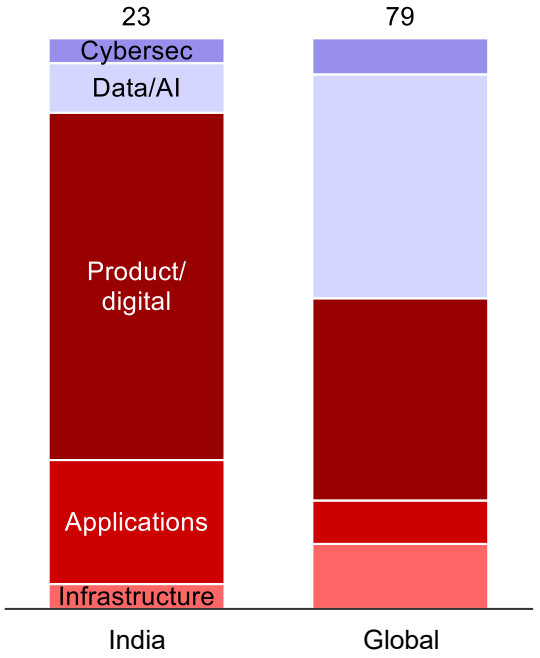
CIO heritage

Percentage of CIOs from each work background



CDO heritage

Percentage of CDOs from each work background



Commentary

- There is clear headroom for Indian firms to formalize roles and expand leadership depth in line with their global peers (2.5 tech CXOs vs. ~3.0 in global group).
- Of global firms, 5%–10% have specialized, AI-focused C-suite roles (35%–40% in data) but this is not the case in India (0% in AI; 10%–15% in data).
- India favors internal tech CXO development, while global firms lean on lateral hiring, given the younger tech talent pool.
- Among India CIOs, ~73% have a strong infrastructure/app heritage, while their global peers reflect diverse career paths.
- India CDOs are shaped by a product/digital heritage (61%), vs. their global peers, who lean on data roots (39%).

Notes: 1) Tech CXO refers to CIO, CTO, CDO, and CISO roles; 2) Tech CXO counts are averaged at the global company level to avoid overcounting country-specific roles; 3) Tech CXOs with more than five years of tenure at their current company are classified as homegrown, while others are considered lateral hires; n=4,976 tech leaders across 101 companies (evenly split between global and Indian listed firms, top 50 by revenue); refined n=623 for identified tech CXOs
Sources: Data aggregated via Aura from publicly available sources; Bain analysis

3 Sectoral deep dives

Figure 12: Sectoral observations, insights, and recommendations

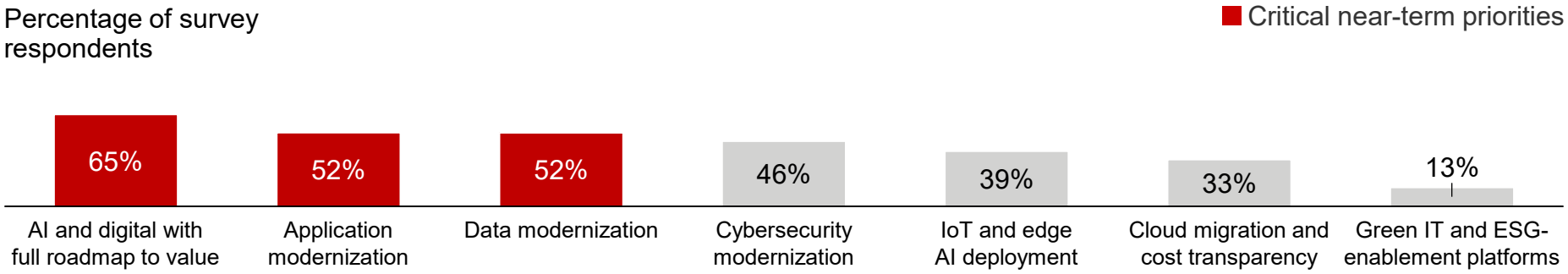
Sector	Key insights
Discrete manufacturing	Digital software factories, edge-intelligent infrastructure, improved new product development, and customer life-cycle value (time to market) with digital and AI investments are emerging as key priorities, leveraging IIOT investments with AI-based, real-time predictive maintenance and data-driven decisions across the life cycle.
Process manufacturing	Digital value creation remains rooted in physical asset performance/customer experience creation, with IT changed spending primarily focused on digitizing manufacturing operations (including IT-OT real-time integrations), supply chain logistics (to solve for tightly integrated upstream and downstream ecosystems), and D2C platforms. Product-centric digital innovation continues to be deprioritized.
Retail and e-commerce	Retail IT investments are moving beyond internal process optimization to orchestrate complex ecosystems of suppliers, marketplaces, and logistics partners. Sustained in-store tech investments beyond POS underscore the store's expanding role as a hub for experience, fulfillment, and service. AI is being embedded into core retail workflows to drive smart decisions and real-time personalization in an omnichannel experience.
CPG	Sustained change spending on AI in sales and marketing reflects the sector's continued reliance on brand strength, pricing, and promotion effectiveness to gain market share in low-margin categories. Rising investments in digital experience platforms signal a shift to D2C models, as brands seek greater control over consumer relationships and brand experiences beyond traditional retail channels. Higher run spending indicates that CPG IT environments remain constrained by complex, tightly integrated legacy systems, limiting architectural flexibility and slowing modernization.
BFS	Scaling AI and introducing agentic AI require businesses to shift from siloed data modernization programs to a data-as-a-product model to enable AI-led decision making, real-time insights, and an improved customer experience. Firm should rethink cloud adoption to ensure the right on-premises–cloud balance (hybrid) and strengthen cost efficiency and resilience in the wake of rising regulatory and compliance demands (e.g., PII masking). Core modernization has become a multi-year strategic priority, making product simplification and productization more complex with the passage of time.

Sources: Bain India CIO Survey (total n=220, November 2025); Bain analysis

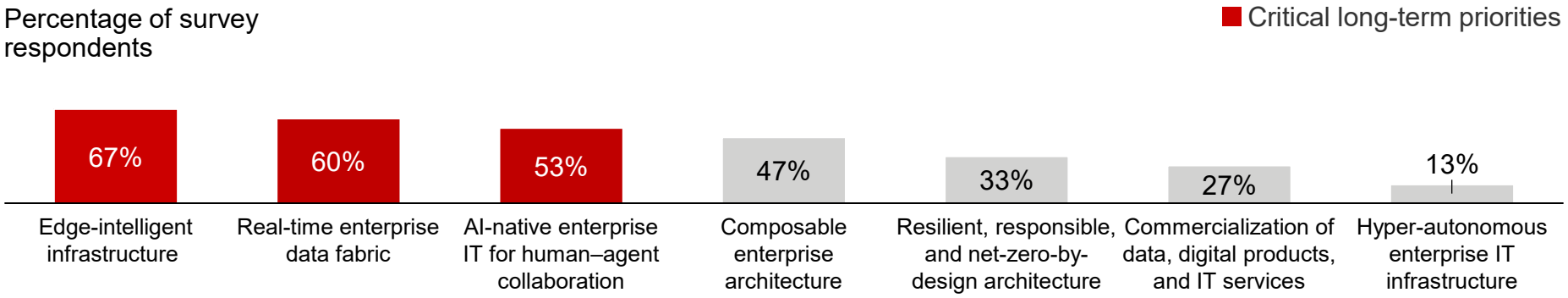
Discrete manufacturing: Key priorities

Figure 13: CIOs are building edge-intelligent infrastructure with AI at the core, focusing on modernizing applications and data foundations in the near term

Q: What major tech trends are immediate priorities (in the next 12 months) for your enterprise IT organization?



Q: What strategic bets are long-term priorities (in the next 12–36 months) for your enterprise IT organization?



Key observations

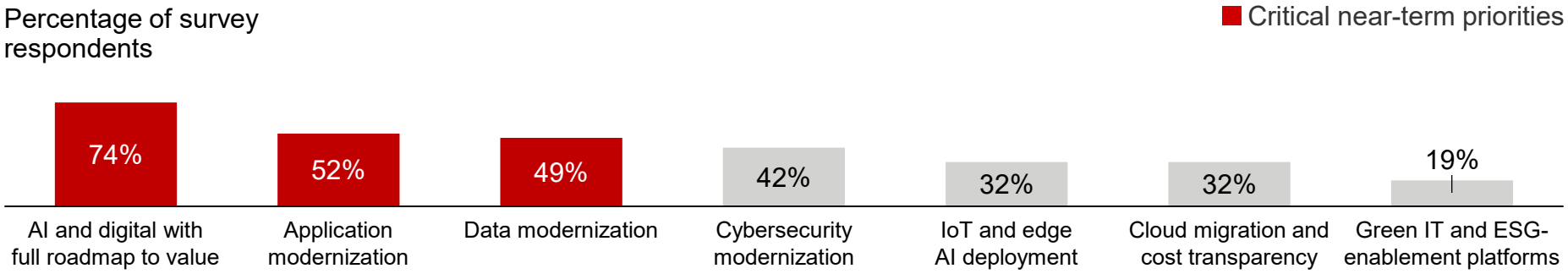
- AI use-case implementation and AI-led experimentation are rising to the top of CIO agendas.
- Persistent data quality and architecture gaps continue to slow progress on AI platforms across OT and IT data cohorts.
- IT security in the AI age continues to be a core concern, with budgets allocated in the short term to address IT security modernization.
- Edge intelligence is increasingly fueling AI-led decision support, and next-best actions are now a key priority in long-term roadmaps.
- CIOs are preparing for an operating model that blends human and bot decision makers, with planned investments aligned to this shift.

Sources: Bain India CIO Survey (total n=220, November 2025); Bain analysis

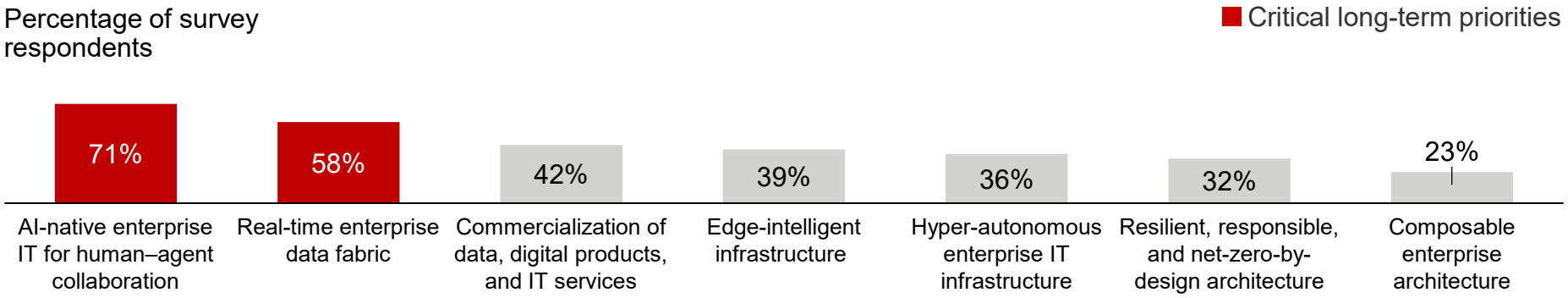
Process manufacturing: Key priorities

Figure 14: The long-term focus is on AI-native enterprises, while firms modernize applications and strengthen data foundations in the near term

Q: What major tech trends are immediate priorities (in the next 12 months) for your enterprise IT organization?



Q: What strategic bets are long-term priorities (in the next 12–36 months) for your enterprise IT organization?



Key observations

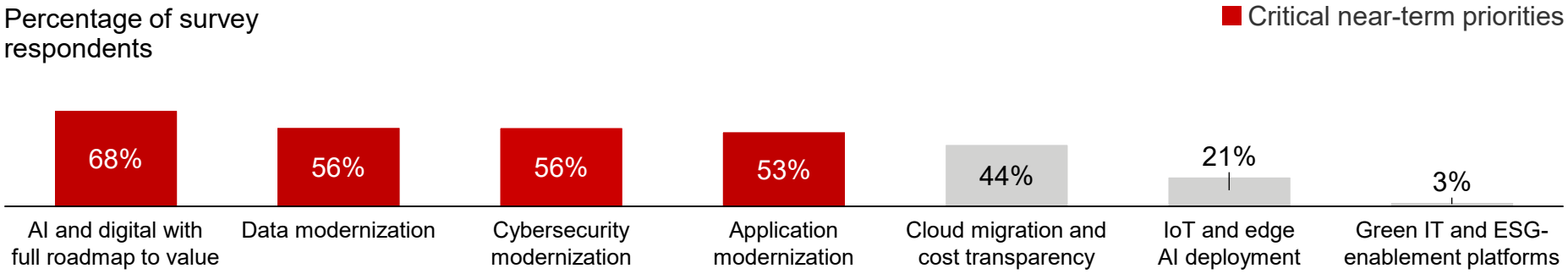
- AI is a primary focus, with firms channeling investments to enhance plant performance via predictive maintenance, optimization, and real-time insights.
- Applications and data modernization are top near-term priorities, aimed at reducing legacy tech debt and enabling AI deployment at scale.
- Data commercialization is emerging as a long-term growth lever, moving beyond internal efficiency to monetization of digital products and services.
- Edge-intelligent and hyper-autonomous infrastructure are rising as strategic bets, pushing decision making closer to assets to boost responsiveness and resilience.

Sources: Bain India CIO Survey (total n=220, November 2025); Bain analysis

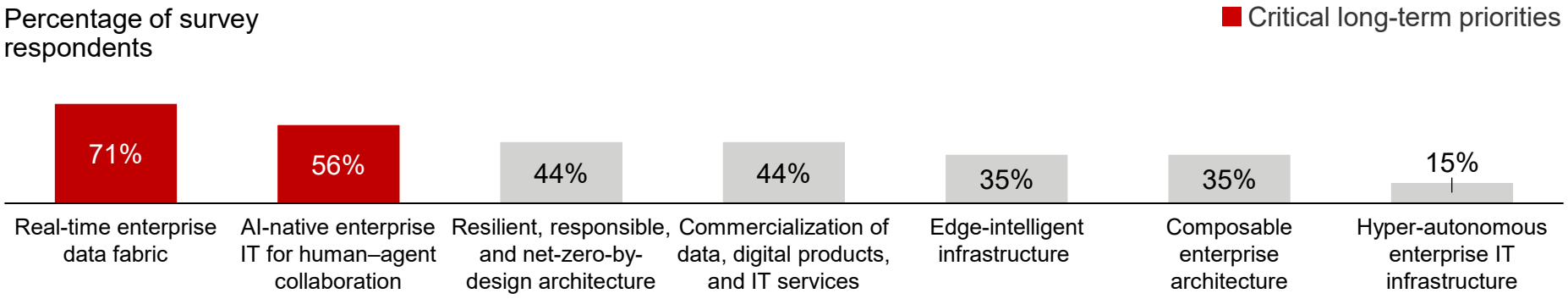
Retail and e-commerce: Key priorities

Figure 15: Real-time enterprise data fabric emerges as a key long-term priority; firms focus on AI, app, data, and cybersecurity modernization in the near term

Q: What major tech trends are immediate priorities (in the next 12 months) for your enterprise IT organization?



Q: What strategic bets are long-term priorities (in the next 12–36 months) for your enterprise IT organization?



Key observations

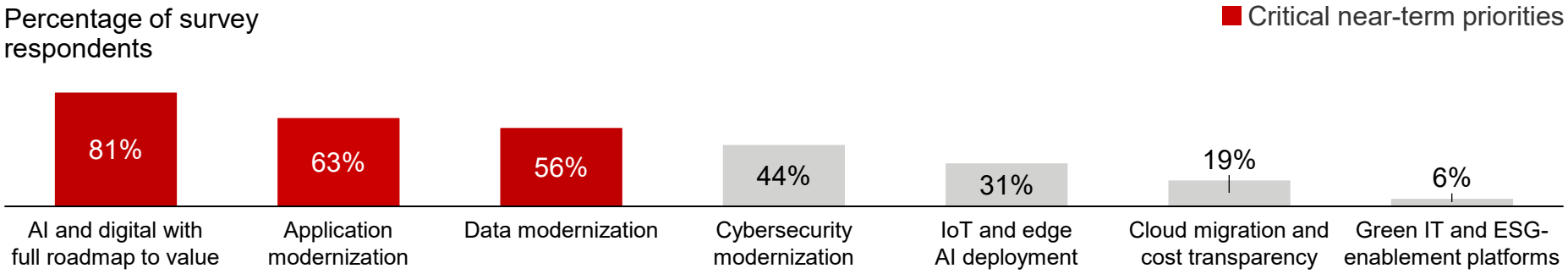
- Data and AI are core investment priorities to drive smarter, insight-led decisions across forecasting, inventory, and customer engagement.
- Cloud modernization is critical for speed and agility, helping retailers accelerate release cycles and keep pace with continuously evolving customer expectations and market dynamics.
- Monetization of data assets is gaining traction as leaders seek to extend value beyond transactions through advertising, marketplace analytics, and personalization services.
- Retailers are building resilient, always-on IT architectures to support platforms that can scale reliably and sustainably (without compromising cost or uptime).

Sources: Bain India CIO Survey (total n=220, November 2025); Bain analysis

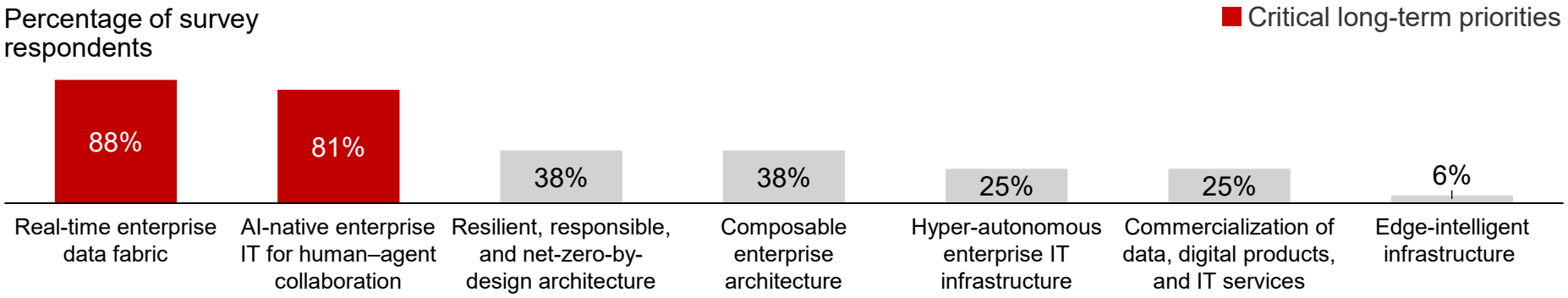
Consumer packaged goods: Key priorities

Figure 16: Firms concentrate long-term on building AI-enabled, data-driven organizations with composable, sustainable, and resilient architectures

Q: What major tech trends are immediate priorities (in the next 12 months) for your enterprise IT organization?



Q: What strategic bets are long-term priorities (in the next 12–36 months) for your enterprise IT organization?



Key observations

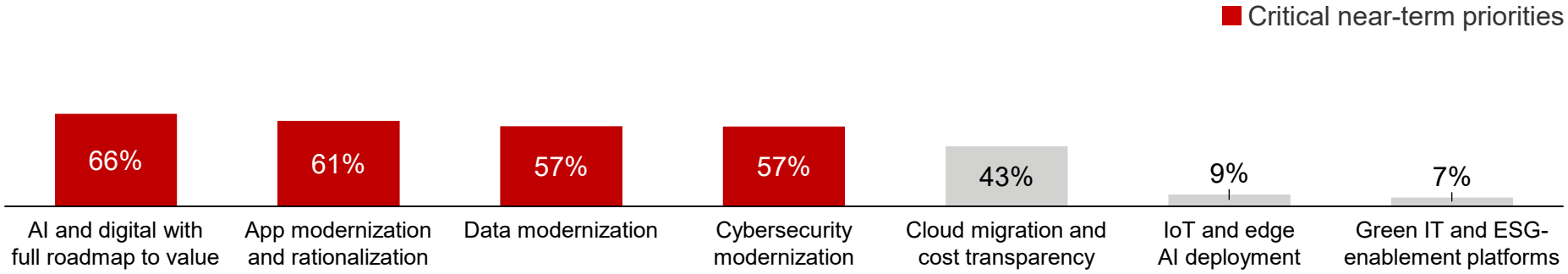
- Data modernization is gaining momentum as firms unify fragmented data across consumer, trade, and operations to enable more integrated planning and accelerate AI adoption.
- AI initiatives sit at the top of the CIO agenda, with spending focused on demand forecasting, pricing, media, and supply planning to strengthen commercial execution.
- Cybersecurity is a board-level priority; firms are expanding digital/D2C platforms and ecosystems, increasing exposure to fraud and IP theft.
- Firms are adopting composable architectures to modularize domain-specific digital capabilities without rearchitecting core systems, enabling faster response to the evolving market landscape.

Sources: Bain India CIO Survey (total n=220, November 2025); Bain analysis

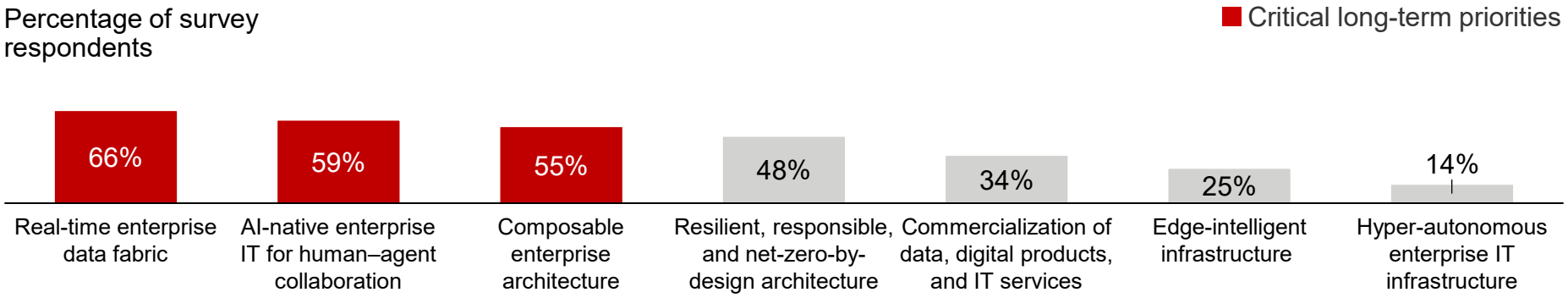
Banking and financial services: Key priorities

Figure 17: Long-term focus is on AI-enabled, data-driven organizations with composable architectures; strengthening security foundations in the near term

Q: What major tech trends are immediate priorities (in the next 12 months) for your enterprise IT organization?



Q: What strategic bets are long-term priorities (in the next 12–36 months) for your enterprise IT organization?



Key observations

- Banks are amplifying their digital investments to pursue AI roadmaps aimed at improving the experience with and efficiency of banking operations.
- Data transformation is now an immediate investment priority for firms seeking to fully leverage the value of digital platforms and AI.
- As banks begin investing in AI beyond deterministic models, their roadmaps will increasingly explore full-stack sovereign AI capabilities.
- Some banks may take the lead on shaping the IT security roadmap for the AI age as RBI makes a parallel push through regulatory mandates.
- Tech resilience and uptime remain a challenge as banks look forward to AI-powered solutions to reduce the associated costs.

Sources: Bain India CIO Survey (total n=220, November 2025); Bain analysis

4 Holistic transformation drives more value

To extract enhanced value from technology investments, CIOs need to rewire their entire businesses with AI and digital technologies as the foundation, powered by a layer of systems of intelligent.

Most transformations get stuck in an incrementalism trap. Instead of pursuing full-potential value unlocks, CIOs make incremental strides that deliver underwhelming results. To take a more holistic approach, CIOs must shift away from use case-led initiatives toward a platform-build approach. Our studies show that leaders can realize 10%–20% higher EBITDA gains by scaling AI deployments anchored in future-ready enterprise architectures.

Unlocking AI's full potential requires a future-back reset of enterprise technology architecture, operating models, technology ecosystem partnerships, and governance—all planned as one holistic strategy. In this model, IT's purpose is to build the business, not simply support it.

CIOs are navigating a critical inflection point, with AI accelerating rapidly and quantum computing on the horizon. As AI gets consumerized, business users may shift from bring-your-own-device to bring-your-own-agent. If quantum computing evolves just as rapidly, its capabilities could become accessible as consumer technology within the next three to five years.

Realizing value in this environment requires clear strategies to strengthen data and infrastructure security and meet regulatory demands. CIOs must begin building secure and sovereign enterprise capabilities now.

To engineer a path to full value realization, leaders must adopt a today-forward and future-back technology strategy now, resetting their approaches to data transformation, governance, partner engagement, and operating models. They also need to develop new non-technical skills within their IT teams (e.g., product management). Otherwise, technology investments risk repeating past patterns—namely, failing to meet enterprises expectations on value delivered.

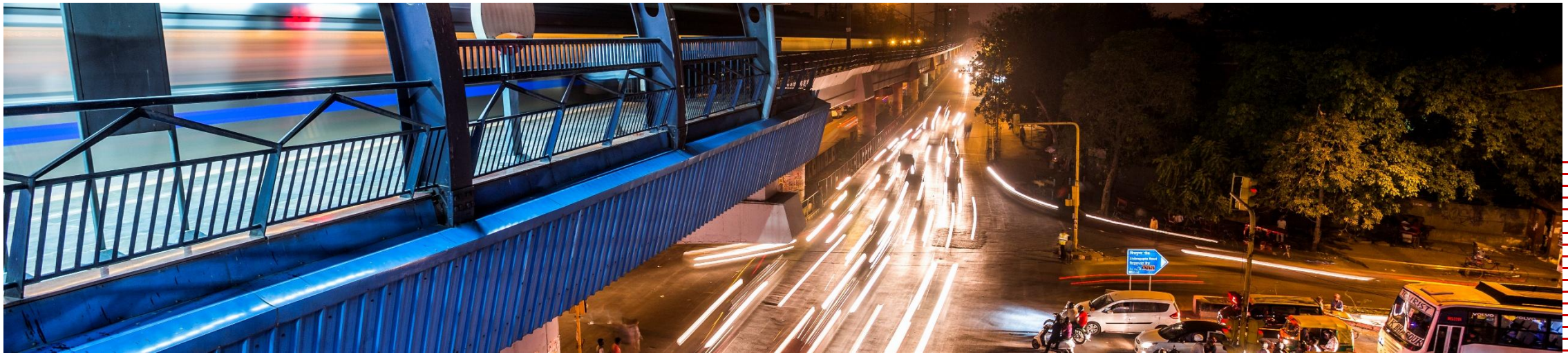
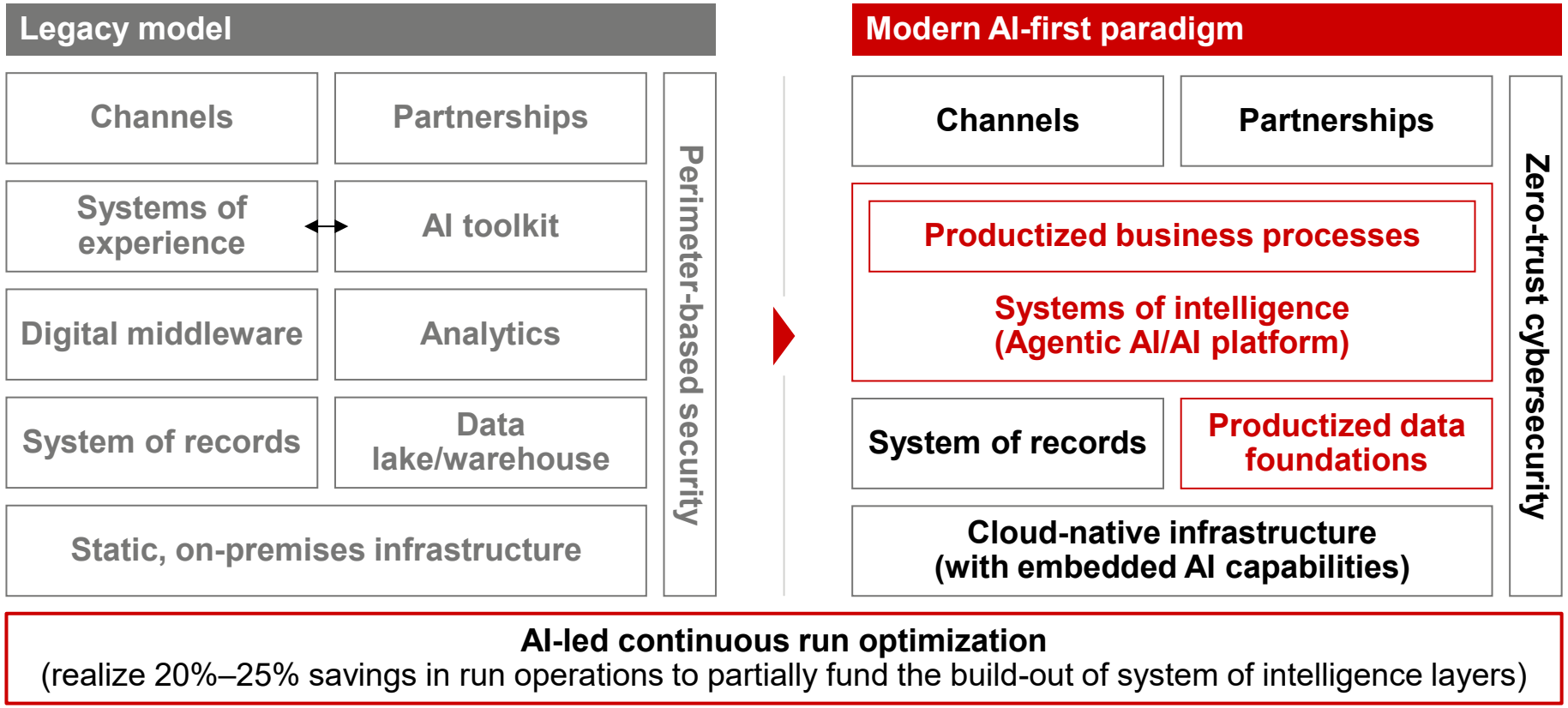


Figure 18: A paradigm shift is not optional: CIOs must lead the journey from legacy to AI-native, productized architecture and processes

Critical tech transformation of the future

Enterprise architecture



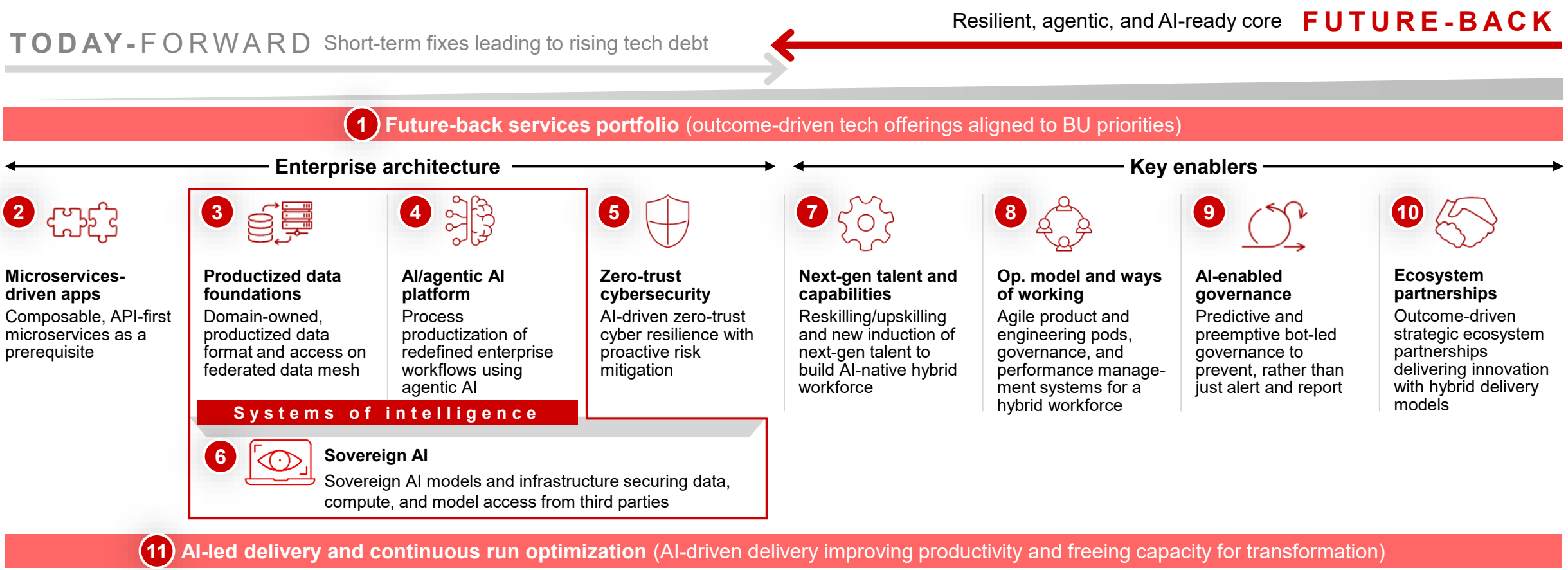
Key observations

- Build a system of intelligence anchored in an agentic AI platform and productized data foundations without altering the existing systems of records and experience.
- Rebalance the budget from system-of-record transformation to accelerate the development of intelligence-driven capabilities.
- Business processes must be redefined as consumable products with embedded AI capabilities, underpinned by data that is transformed into consumable products.

Source: Bain analysis

⑤ Figure 19: Key imperatives for tech leaders: Future-back, full potential approach to build a system of intelligence requires a reset of tech strategy

Integrated business–tech strategy



Source: Bain analysis

Figure 20a: Enterprises must double down on AI platforms and productized data foundations to unlock AI value at scale …

Deep dives to follow

Enterprise architecture

Dimension	Incumbent key limitation (from)		What good looks like (to)
① **Future-back services portfolio**	Fragmented, reactive service portfolios with limited synergy with BU objectives and unclear value articulation	➔	Value-backed, BU-aligned service portfolio with co-owned KPIs, enabling improved BU–IT collaboration and faster impact
② **Microservices-driven apps**	Monolithic, tightly coupled applications; badly designed microservices; and APIs slowing change velocity, increasing technical debt, and limiting AI integration	➔	Composable and secure API-first microservices aligned with business capabilities, enabling rapid delivery, iterative innovation, and scalable growth
③ **Productized data foundations**	BI-centric data stack with fragmented ownership, unclear lineage, and inconsistent, low-quality data	➔	Domain-owned, productized data on a federated mesh with governed access and real-time, AI-ready access
④ **AI/agentic AI platform**	AI confined to isolated pilots with low reuse, limited orchestration, and no scalable platform and data foundation	➔	Platform-centered AI with agentic-first workflows, enabling scalable deployment and reuse of AI solutions across the enterprise
⑤ **Zero-trust cybersecurity**	Reactive and high-human-touch security model resulting in delayed detection and limited threat containment	➔	AI-driven zero-trust resilience with proactive detection, automated response, and uninterrupted business continuity deployment architectures
⑥ **Sovereign AI**	Reliance on global AI platforms with limited control over what can be learned by models, data residency, and regulatory compliance	➔	Sovereign AI models deployed on sovereign cloud with enterprise-controlled data and learning exposure to models and compliant isolation from public AI ecosystems

Source: Bain analysis

Figure 20b: ... enabled by next-gen talent, capabilities, partnerships and AI-led delivery

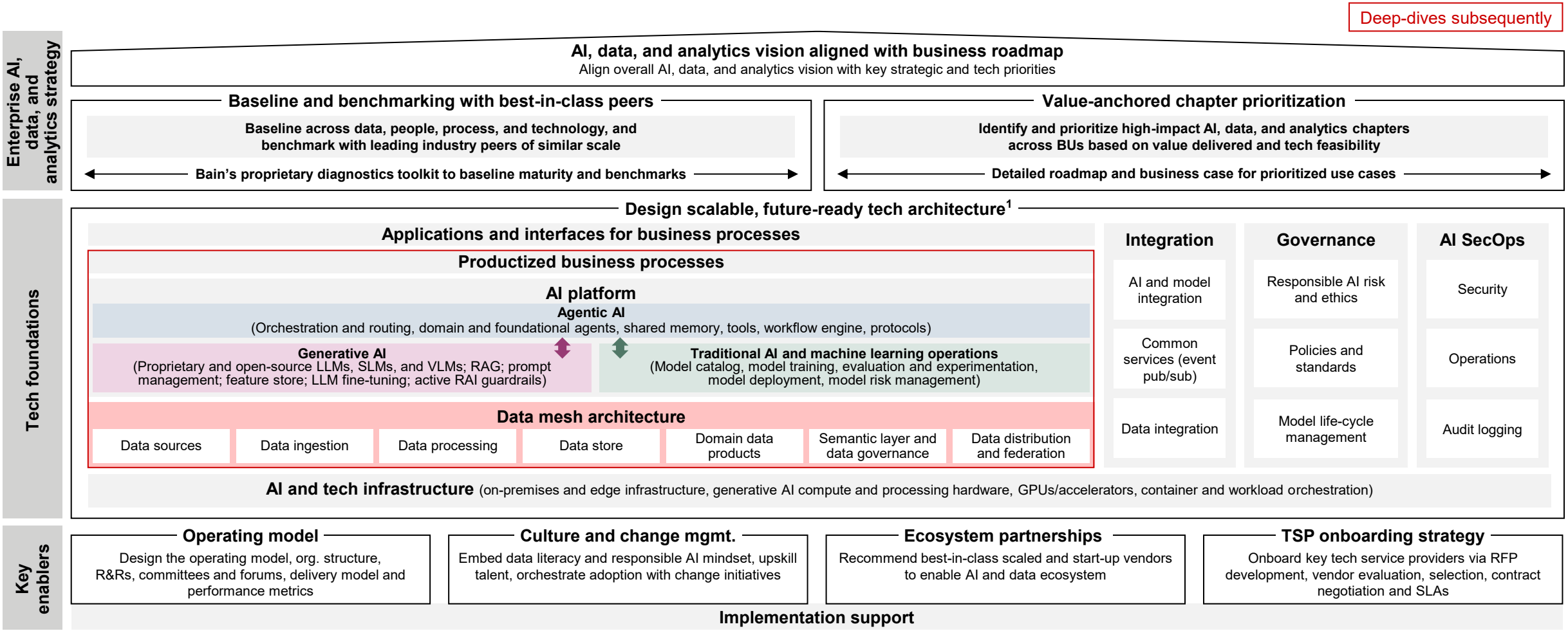
Deep dives to follow

Key enablers

Dimension	Incumbent key limitation (from)		What good looks like (to)
⑦ **Next-gen talent and capabilities**	Talent shortage in next-gen domains (e.g., AI, data) constraining innovation velocity and scalability	➔	Reskilled and upskilled AI-native hybrid workforce with deep data, engineering, and product capabilities, augmented by bot-driven effectiveness
⑧ **Op. model and ways of working**	Centralized, project-led delivery with slow decision pace, unclear accountability, and inconsistent value realization	➔	Product-led, Agile model with reimagined engineering pods, enabling seamless human–agent collaboration and faster decisions
⑨ **AI-enabled governance**	Manual, inconsistent governance with limited visibility, reactive issue management, and no scalable AI assurance framework	➔	AI-driven, predictive, and preemptive machine learning models with automated controls, oversight, continuous visibility, and automated next best actions across project delivery
⑩ **Partnerships**	Fragmented, transactional engagement with vendor ecosystem, with limited co-innovation and capability leverage	➔	Strategic, co-owned outcome partnerships delivering innovation and capability infusion through agent-augmented models, moving beyond traditional SI models
⑪ **AI-led delivery and run optimization**	Underinvestment in tech and manual, inconsistent delivery with low reuse, high effort, and higher security-risk posture	➔	Continuous run optimization with secure AI-based run operations, boosting productivity and security and bringing in predictive, proactive interventions

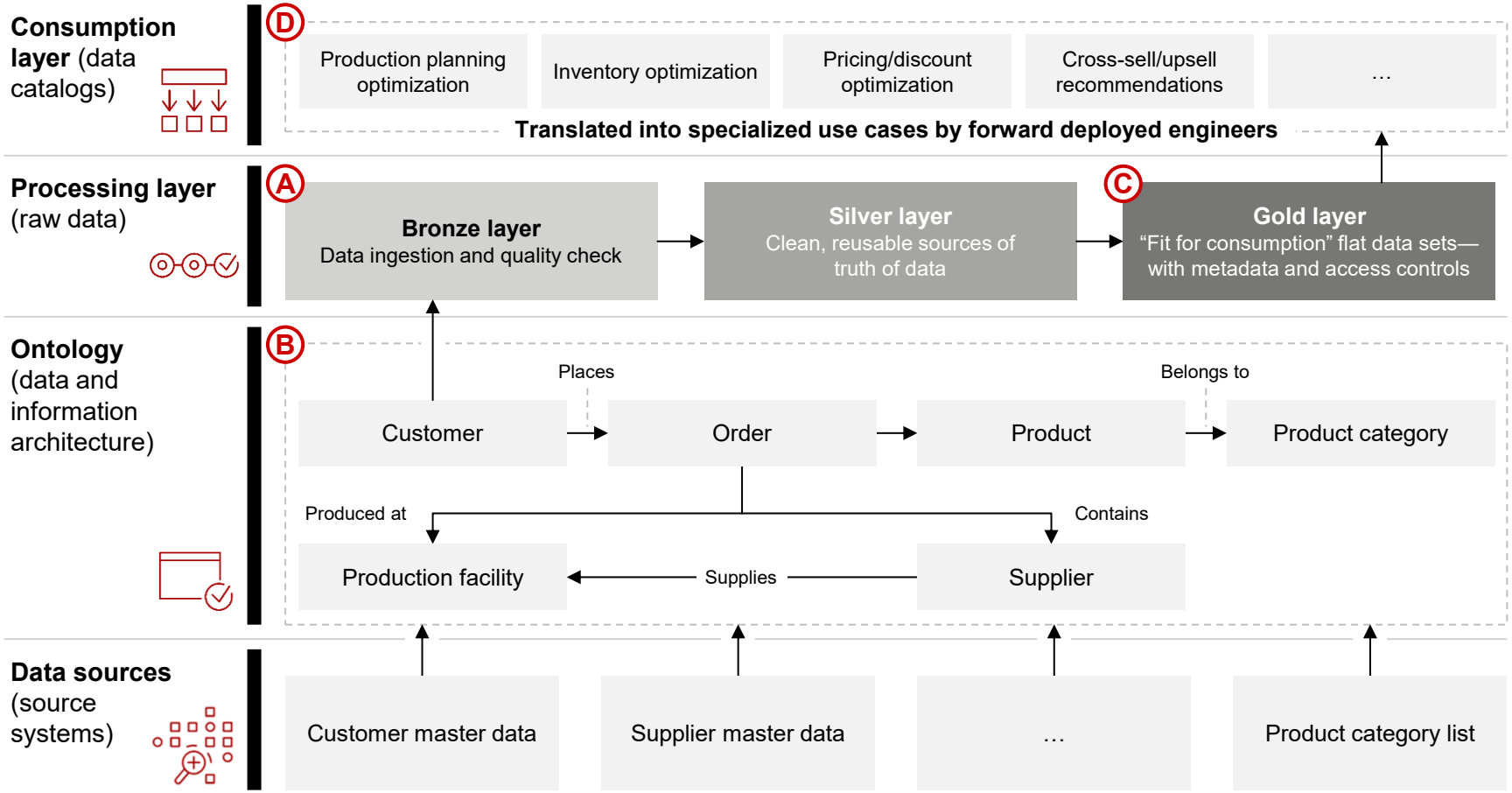
Source: Bain analysis

Figure 21: Enterprise of the future will need an integrated approach to design, deploy, and scale AI/agentic platforms and data foundations to unlock AI value



Note: 1) Bain intellectual property based on learnings from multiple client engagements over the past 18 months | Source: Bain analysis

Figure 22: Productized data foundations: Data transformation demands a new approach to help enterprises unlock value from their investments

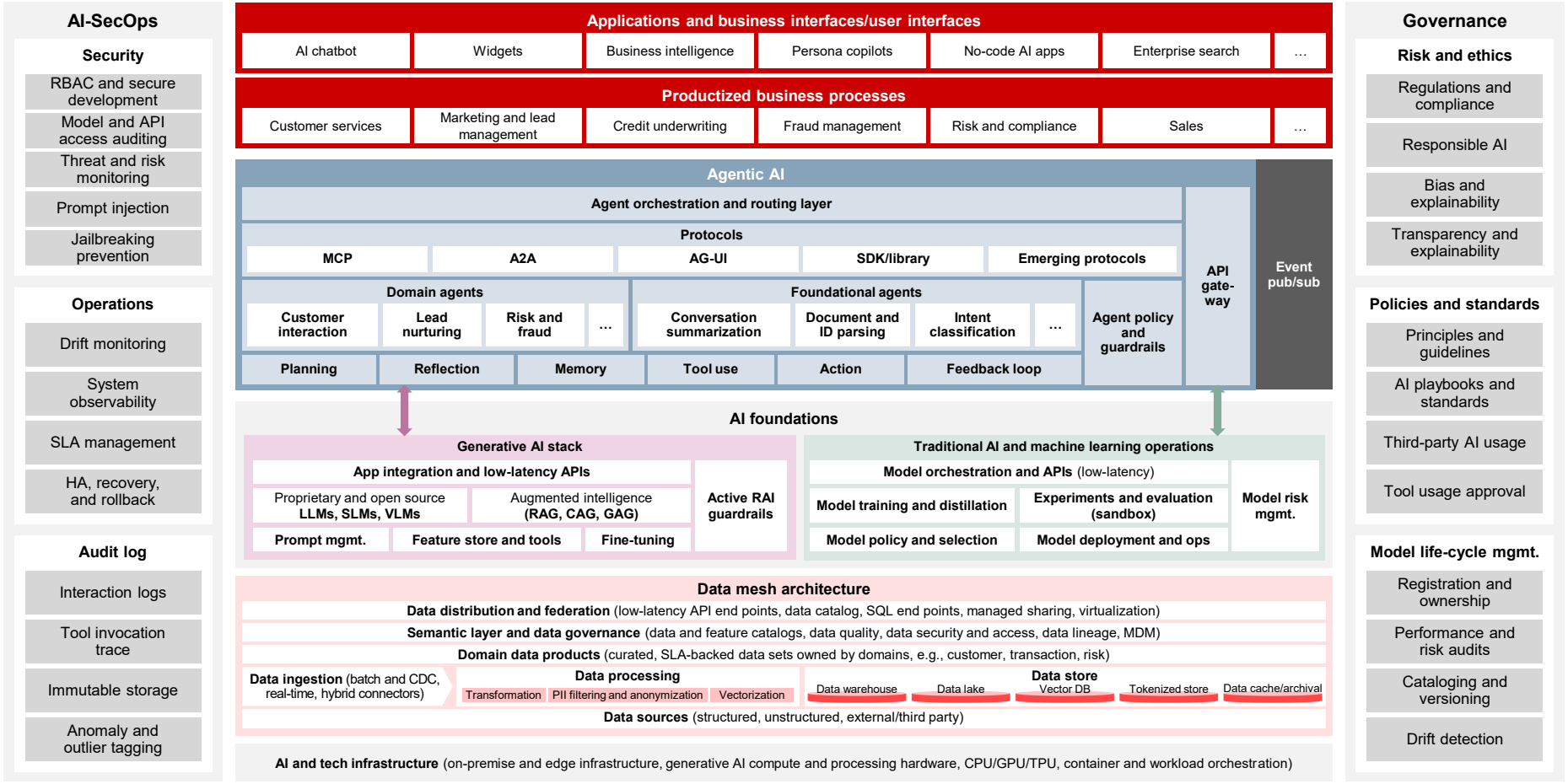


Key observations

- Traditional data transformation efforts to build a single source of truth have drained resources, with no return.
- Enterprises struggle to leverage data for rapid delivery of new technologies, such as agentic AI/AI and hyper-personalization.
- Enterprises must shift to a more holistic and value-led data management strategy.
- An enterprise-specific ontology is critical for getting data platforms to reflect core strengths, IP, and competitive advantage.
- Flat data sets enable engineers to build thematic consumption layers, helping business teams understand and use data.
- Thematic consumption layers should be self-service catalogs that support business initiatives and enable AI/digital systems to explore, test, and deploy data.
- Business teams own and curate the data catalogs, while IT manages raw data and provides tools for life-cycle management.

Source: Bain analysis

Figure 23: AI/agentic AI platform: A unified AI platform is essential to scale 60+ agentic AI use cases securely, governably, and interoperably

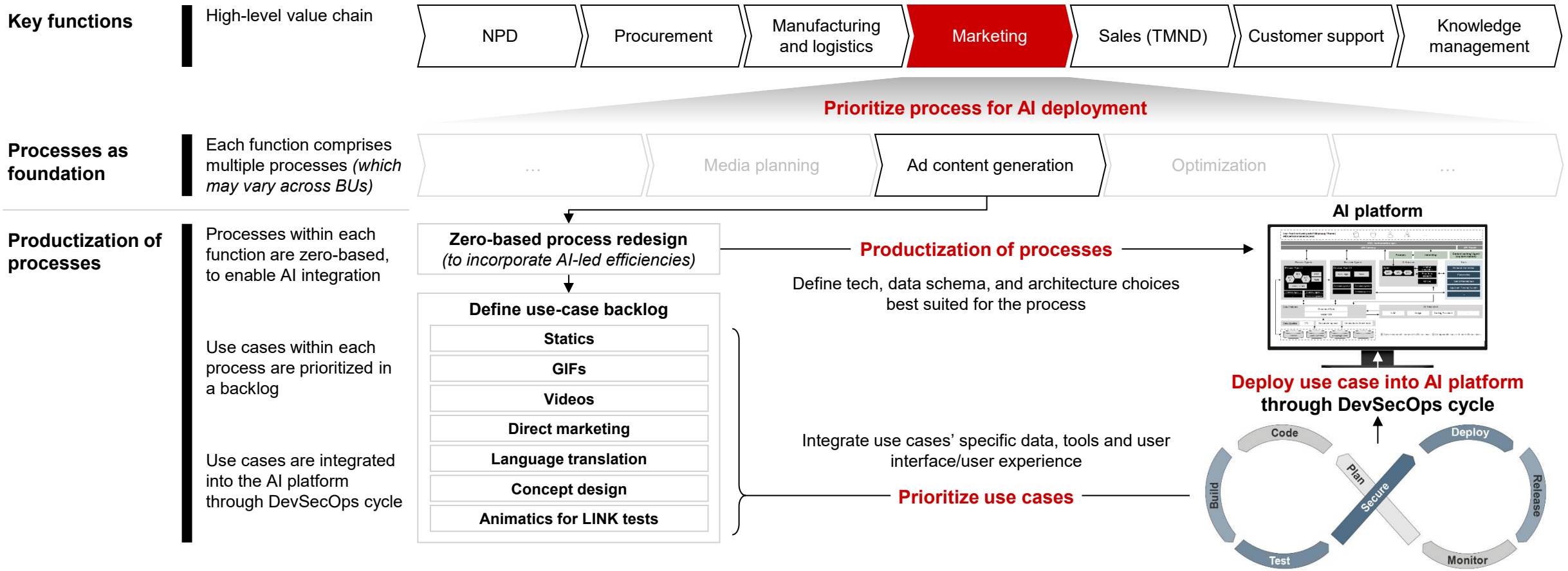


Key tenets of the enterprise AI platform architecture[1]

- A gold-standard AI platform architecture that enables clients to design, deploy, and scale AI-machine learning, generative AI, and agentic AI use cases, orchestrating next-best actions and offering a copilot framework
- A modular architecture supporting multi-modal plug-and-play integration (voice, text, image, and video) to transform user and customer engagement
- A generative AI feature store allowing reuse of granular features across models, driving consistency and accelerating deployment
- A data model providing a unified foundation for development, testing, and production-scale deployment of all AI capabilities (generative AI and agentic AI)
- Decentralized data mesh architecture where domain teams own, publish, and consume data as discoverable, interoperable self-serve data products, governed by shared standards without mass centralization of data

Note: 1) Bain intellectual property based on learnings from multiple client engagements over the past 18 months | Source: Bain analysis

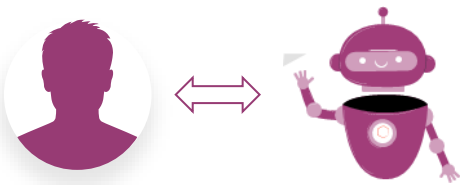
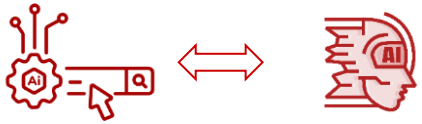
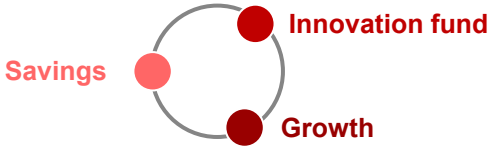
Figure 24: Organizations will need to pursue process productization supported by an Agile ecosystem that enables innovation to unlock AI's full potential



Source: Bain analysis

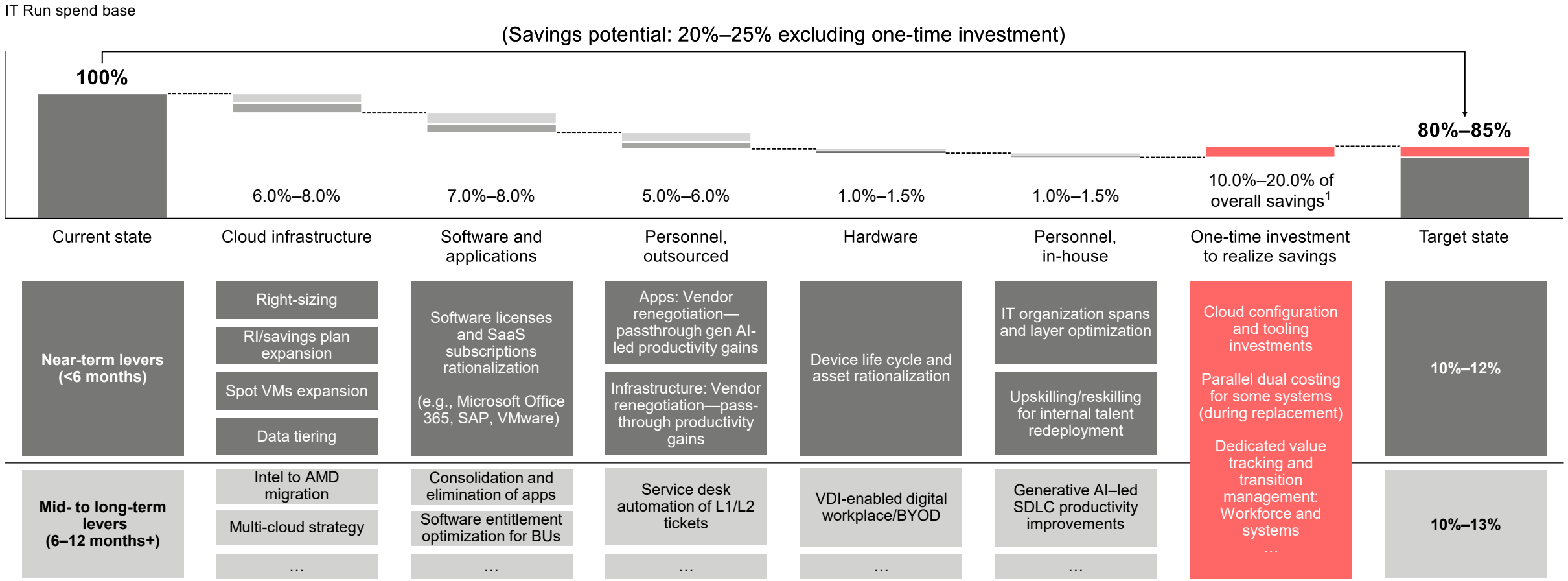
Figure 25: IT service partnerships need to be designed and implemented to realize AI's full potential and unlock 40% of efficiencies on build programs

Deep dive subsequently

		Tenets/themes	What this means in practice
A		**Hybrid delivery team**	• Blend human talent with AI agents for co-delivery, with SI/tech partner bringing automation, copilots, and reusable agents. • Agent-augmented delivery accelerates release velocity by 20%; improves code quality by 60% via rigorous, automated testing; and enables 20% leaner squads.
B		**Shared capability building**	• Institutionalize joint AI Centers of Excellence, combining enterprise domain expertise with AI/engineering depth of SI/tech partners and research innovation from academia. • Drive long-term capability transfer through embedded teams and shared assets.
C		**Platform-led execution**	• Push SI/tech partners to drive the future of IT service delivery for application modernization and deployment through an AI-native, platform-led model. • Transition from one-off deployments to modular, scalable foundations.
D		**Outcome-based contracts**	• More than 20% of AI-driven productivity gains are passed on to customers year over year through outcome-based commercial models. • Value passed on to customers is reinvested in strategic innovation and future-ready enterprise capabilities, rather than treated as short-term savings.
E		**Continuous value creation**	• Establish strategic co-ownership with SI/tech partners and joint transformation roadmaps that adapt to evolving business priorities for continuous value creation.

Source: Bain analysis

Figure 26: Run optimization: Enterprises of the future will need AI-native RunOps, which can immediately unlock 20%–25% of IT run-cost savings



Note: 1) Estimate of 20%–25% of overall cost savings based on past Bain case experience | Source: Bain analysis

5 Strategic imperatives for Indian corporations

The following strategies are imperative for Indian corporations to act on now:

Go "future-back" right now: Create your own future-back view of processes and determine what it takes to get there. This must be an executive priority, enacted with all hands on deck (i.e., involving business functions, support functions, and IT).

Architect new systems of intelligence and continue to shrink the core: Future business workflows will sit on agentic platforms rather than packaged or bespoke applications. A new systems-of-intelligence layer will emerge as part of the enterprise technology stack, sitting between systems of engagement and systems of record, possibly disrupting or replacing systems in the engagement layer.

Data transformation must pivot: Siloed data and inconsistent data states across multiple data platforms present the biggest challenge to AI adoption. The traditional approach of massive data centralization across warehouses and lakes has consumed time and money with little to no value delivery. In the future, data-as-a-product-led foundations will become more prevalent, with AI and agentic AI platforms sitting on top to enable high velocity agents and algorithm releases.

Cyber security: Leaders must prepare for agentic AI now and the fast-approaching quantum computing era. Businesses need to look for post-quantum world algorithms so they can start shifting away from PKI and RSA- and ECC -based algorithms. More importantly, IT teams must work with technology partners to transition to cryptographic standards and algorithms that can counter future threats.

Infrastructure: Leaders need strong FinOps platforms to continually optimize cloud spend and stay ahead of sovereign-related regulations.

Next-gen talent and capabilities: Working with ecosystem partners, corporations must redefine their career and skill roadmaps and reset their approach with the tech talent supply chain, including strategies for planning, sourcing, deploying, and evolving talent.

Refine operating models to match the business: Operating models need to shift into a "process-product-owner (business) x engineer (IT)" model with shared KPIs. They also need to embed ROI at the right places (e.g., processes and use cases).

Reset ecosystem partnerships: Set appropriate KPIs (e.g., cost, time, quality, revenue) and move toward outcome-driven models that are win-win for both parties.

Fund change: For AI to reach its full potential in delivery, build, or run-ops, IT needs to lean in with its budget—especially for cloud, software, infrastructure, and security spending. IT must also invest in continuous productivity improvement initiatives.

The new paradigm of AI and quantum computing requires a new set of skills and capabilities in technology leadership. It's time for Indian companies to diversify the usual mix of application and infrastructure skill and begin developing leaders with software, platform, data, and AI expertise.

Notes: PKI is public key infrastructure; RSA is Rivest-Shamir-Adleman; ECC is elliptic curve cryptography

Glossary

Industry classification	**Discrete manufacturing**	Companies that produce distinct, high-value finished goods through component-based assembly processes (e.g., automotive, industrial equipment, electronics)
	Process manufacturing	Companies that manufacture products in bulk via continuous or batch production processes, typically formula- or recipe-driven (e.g., oil and natural gas, chemicals)
	BFSI (banking, financial services, and insurance)	Companies that provide banking and financial services; includes commercial banks, cooperatives, nonbanking financial companies
	Retail and e-commerce	Businesses that sell finished goods directly to end consumers through physical, digital, or omnichannel distribution models
	CPG (consumer packaged goods)	Producers and distributors of high-volume, fast-moving consumer products sold primarily through retail channels (e.g., food, beverage, household)
	HLS (healthcare and life sciences)	Organizations that research, develop, manufacture, or deliver regulated healthcare products and services (e.g., pharmaceuticals, biotechnology, medical devices)
	TMT (technology, media, and telecommunications)	Companies that provide technology products and services, digital and traditional media, telecommunications infrastructure, and connectivity services
Other terms	**SAP** (systems, applications, and products in data processing)	Global enterprise software provider whose core ERP platforms include ECC (ERP Central Component), S/4 HANA (SAP Business Suite 4 SAP HANA) and RISE with SAP providing an integrated offering to enable cloud transformation and accelerated migration to S/4 HANA
	ERP (enterprise resource planning)	Integrated software systems that manage and automate core enterprise processes such as finance, procurement, supply chain, and HR
	XDR (extended detection and response)	Cybersecurity solution that provides unified threat detection, investigation, and response across endpoints, networks, and cloud and enterprise environments
	SIEM (security information and event management)	Security platform that aggregates and analyzes log and event data to support real-time monitoring, threat detection, and incident response
	IAM (identity access management)	Frameworks and technologies that manage user identities and control access to enterprise systems and data
	SaaS (software-as-a-service)	B2B software delivered on cloud as a service, including horizontal business software, vertical business software, and horizontal infrastructure software
	AWS (Amazon Web Services)	Global hyper-scale cloud platform providing on-demand infrastructure, platform capabilities, and managed services
	ESG (environment, social, and governance)	Framework used to evaluate a company's sustainability performance, social impact, and corporate governance practices for investors and stakeholders
	IoT (Internet of Things)	Ecosystem of interconnected physical devices embedded with sensors and software that capture, transmit, and enable analysis of real-time data across networks
	PLM (product lifecycle management)	Enterprise systems that manage product data, design, engineering changes, and processes from concept through manufacturing, distribution, and end-of-life
	R&R (roles and responsibilities)	Clearly defined accountabilities and decision rights assigned to individuals or teams within an organization or initiative
	BAU (business as usual)	Ongoing operational activities that sustain day-to-day business functions outside project or transformation work
	BU (business unit)	Distinct organizational team or division with dedicated leadership, objectives, and accountability for its own performance and outcomes
	PoC (proof of concept)	Pilot initiative conducted to validate the feasibility, technical viability, or business value of a proposed solution
	D2C (direct to consumer)	Selling products directly to customers, bypassing third-party retailers, wholesalers, or any other intermediaries

Glossary

Other terms	**CDO** (chief data officer)	Senior executive responsible for enterprise data strategy, governance, quality, enabling data-driven decision making, and business outcomes
	CISO (chief information security officer)	Senior executive responsible for enterprise information security strategy, cybersecurity risk management, and data protection
	IIOT (industrial Internet of Things)	Application of connected sensors, devices, and analytics within industrial environments to enhance operational efficiency, monitoring, and automation
	PII (personally identifiable information)	Data that can directly or indirectly identify an individual, including names, identification numbers, and contact details
	POS (point of sale)	Systems and infrastructure that enable transaction processing, payment acceptance, and sales recording at physical or digital checkout
	IT (information technology)	Systems, applications, infrastructure, and data platforms used to manage information and support enterprise business operations
	OT (operational technology)	Systems and control technologies used to monitor, control, and automate physical assets, machinery, and industrial processes in operational environments
	IP (intellectual property)	Legally protected intangible assets, including patents, trademarks, copyrights, and trade secrets, that provide competitive advantage
	RBI (Reserve Bank of India)	India's central banking authority responsible for monetary policy, financial system regulation, and banking supervision.
	BI (business intelligence)	Technologies and processes used to collect, analyze, and visualize data to support reporting, dashboards, and business decision making
	SI (system integrator)	Third-party provider that designs, implements, and integrates technology solutions across multiple platforms and vendors
	GPU (graphics processing unit)	Specialized processor designed to accelerate parallel computing tasks, widely used in graphics rendering, AI, and high-performance computing
	LLM (large language model)	Foundational model trained on diverse data sets to perform natural language understanding, generation, and reasoning across a wide range of tasks
	SLM (small language model)	Lightweight language model designed for targeted use cases, optimized for efficiency, lower latency, and deployment in resource-constrained environments
	RAG (retrieval augmented generation)	AI architecture that combines a language model with real-time retrieval of external knowledge to generate accurate, context-aware, and up-to-date responses
	RFP (request for proposal)	Formal procurement document issued to solicit detailed proposals from vendors for defined products, services, or solutions
	SLA (service level agreement)	Contractual agreement that defines agreed-upon service performance standards, metrics, responsibilities, and penalties between a provider and a customer
	TSP (technology service provider)	Third-party organization that delivers IT, cloud, cybersecurity, or managed technology services to enterprise clients
	VLM (vision language model)	Multimodal AI model trained to jointly understand and generate insights from both visual and textual data
	MDM (master data management)	Processes and systems used to maintain a single, consistent, and accurate source of core business data across the organization
	RAI (responsible AI)	Frameworks and practices that ensure AI systems are designed, developed, and deployed in a fair, transparent, secure, and accountable manner
	RBAC (role-based access control)	An access control model that restricts system access based on predefined user roles and associated permissions

Glossary

Other terms	**SDK** (software development kit)	A packaged set of tools, libraries, and documentation that enables developers to build applications on a specific platform
	A2A (application-to-application)	Direct integration and data exchange between two software applications without manual intervention
	AG-UI (agentic user interface)	An interface paradigm where AI agents proactively interact with users and systems to execute tasks and workflows
	CAG (context-augmented generation)	AI architecture that enhances model outputs by injecting enterprise context directly into the prompt, without dynamic retrieval at runtime
	API (application programming interface)	Defined set of protocols and rules that enables different software systems to communicate and exchange data
	CDC (change data capture)	Data integration technique that identifies and tracks changes in source systems to enable real-time or near-real-time updates downstream
	CPU (central processing unit)	Primary processor of a computer that executes instructions and manages core computational tasks
	DB (database)	A structured system for storing, managing, and retrieving data electronically
	HA (high availability)	Architectural design and operational practices that ensure systems remain continuously available through redundancy, failover, and resilience mechanisms
	GAG (graph-augmented generation)	An AI architecture that enhances model outputs by leveraging knowledge graphs to provide structured, relationship-aware context
	MCP (model context protocol)	A standardized interface that enables AI models to securely access external tools, data sources, and enterprise systems
	TPU (tensor processing unit)	Specialized hardware accelerator designed to optimize large-scale machine learning and AI workloads
	GIF (graphic interchange format)	Digital image file format supporting animation and lossless compression
	NPD (new product development)	End-to-end process of ideating, designing, developing, and launching new products to market
	TMND (targeted market need definition)	Structured articulation of priority customer needs within a defined target segment to guide sales and marketing strategy
	LINK	Proprietary pre-launch advertising effectiveness-testing methodology used to evaluate and optimize marketing creative measures prior to campaign rollout
	AMD (Advanced Micro Devices)	Global semiconductor company that designs high-performance CPUs, GPUs, and data center processors
	RI (reserved instances)	Cloud pricing model that offers discounted rates in exchange for committing to predefined usage over a fixed term
	SDLC (software development life cycle)	End-to-end methodology guiding software planning, design, build, testing, deployment, and continuous improvement
	VDI (virtual desktop infrastructure)	Centralized hosting of desktop environments on enterprise servers, enabling secure remote access across devices
	BYOD (bring your own device)	Workplace model permitting employees to use personal devices to access corporate systems under defined security controls
	VM (virtual machine)	Software-based computing environment that replicates a physical machine, enabling multiple operating systems and applications to run on shared hardware

BAIN & COMPANY

Bold ideas. Bold teams. Extraordinary results.

Bain & Company is a global consultancy that helps the world's most ambitious change makers define the future.

Across the globe, we work alongside our clients as one team with a shared ambition to achieve extraordinary results, outperform the competition, and redefine industries. We complement our tailored, integrated expertise with a vibrant ecosystem of digital innovators to deliver better, faster, and more enduring outcomes. Our 10-year commitment to invest more than $1 billion in pro bono services brings our talent, expertise, and insight to organizations tackling today's urgent challenges in education, racial equity, social justice, economic development, and the environment.

For more information, visit **www.bain.com**