



How CIOs are balancing people and process, AI adoption and governance



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In brief

- Talent remains the differentiator for creating or losing value with AI, and tech leaders should try to guide discussions on what people can do and how.
- CIOs are also challenged to balance AI adoption with an awareness of the cost equation amid the drive for productivity improvements and growth.
- Agentic coding is central to both talent and cost, and CIOs are finding that their relationships with the business must be continually reassessed.

The C-suite conversation on AI is beginning to pivot from driving productivity to enabling growth, spurred by advances in agentic coding and more. CIOs find themselves juggling many complex discussions – to somehow strike the balance of delivering ROI, containing the total cost of ownership of AI capabilities, leveraging the best toolsets within a market changing at light speed, and maximizing adoption and governance simultaneously.

It's a tall order that is understandably a lot to handle, and many CIO participants in the Center for Executive Leadership (CEL) roundtable held in May 2026 used the term "FOMO": the fear of missing out, which can feel almost existential. Facilitated by [Rakesh Malhotra](#), EY Americas Digital Engineering Leader, the event highlighted how many companies across sectors are instead facing the same intertwined challenges as they reach for opportunities:

- As we look at the power of AI agents, some budget line items deserve special focus. "Cost of tokens, data, providers licenses and more are a real

unknown," said [Juan Uro](#), EY Americas CEL Leader. "CIOs should partner with CFOs to help estimate the long-term AI cost model."

- Meanwhile, boards and committee chairs often expect direct lines of communication with their CIOs informally outside the cadence of meetings, concerning topics such as accelerating cyber threats and defenses as well as the need to upskill talent and redefine roles.
- And the partnership between the business and IT is more important than ever. While CIOs are central to these debates, they may also be purposely excised when the partnership has frayed, and the business chases the shiny object with a blinkered view of the implications, noted [Whitt Butler](#), EY Americas Vice Chair - Consulting.

Here's how CIOs are advancing on the AI mission and the hurdles they are facing.

1

Talent: the most unpredictable aspect of AI transformation

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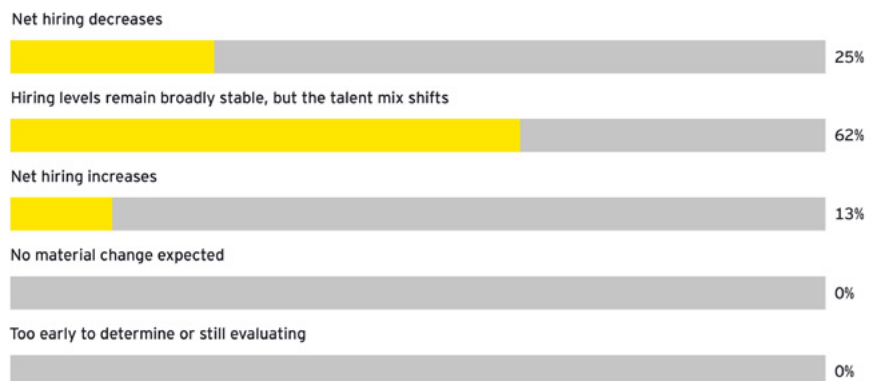
You may see pockets of talent rearrangement, but I don't expect to see a broad wave of layoffs given the cost. If you have talent plus technology, that's much stronger than one alone.

Greg Daco
EY-Parthenon Chief Economist

Soon we'll replace talent with tech because the latter is free – obviously that isn't true, although certain doomsday predictions on employment accept it as such. “These narratives are oversold in part because you need to build the infrastructure and skills first,”

said Greg Daco, EY-Parthenon Chief Economist. “You may see pockets of talent rearrangement, but I don't expect to see a broad wave of layoffs given the cost. If you have talent plus technology, that's much stronger than one alone.”

Over the next 12 to 24 months, how will AI-enabled workflow enhancement affect your organization's hiring strategy?



An informal poll of our participants shows a heavy tilt toward maintaining hiring levels, and attrition is being used to reassess what work is needed and whether agents can fill the gaps. A CIO in an economically sluggish sector is focused on upskilling to prepare for an upturn. “We're setting ourselves up for

not hiring people when the market turns around – that there will be growth that we'll seize with our existing headcount,” she said. “We don't need to add people, but we retain and reposition talent. It's a great message instead of layoffs: we're investing in people and their skills.”

Efforts to drive AI adoption are leading to a bifurcation of talent, others noted, showcasing a developing fault line in how executives are assessing the future and who will be part of it. “One office gets it and suddenly they’re doing X with Y amount of people, and another doesn’t get it,” another CIO said. “We’re measuring that more in this company.” Another agreed: “There are ways to train and educate. But there are individuals that don’t have the capacity or the interest.”

For one leader in an organization with hundreds of thousands of hourly workers, that has meant developing cohorts that study for 10 to 20 hours a week. “Sometimes we put them on big, impactful projects, and that filters through the organization. But it’s not enough. We’re thinking about scale: embedding more medium- to higher-end users to help train people out there.”

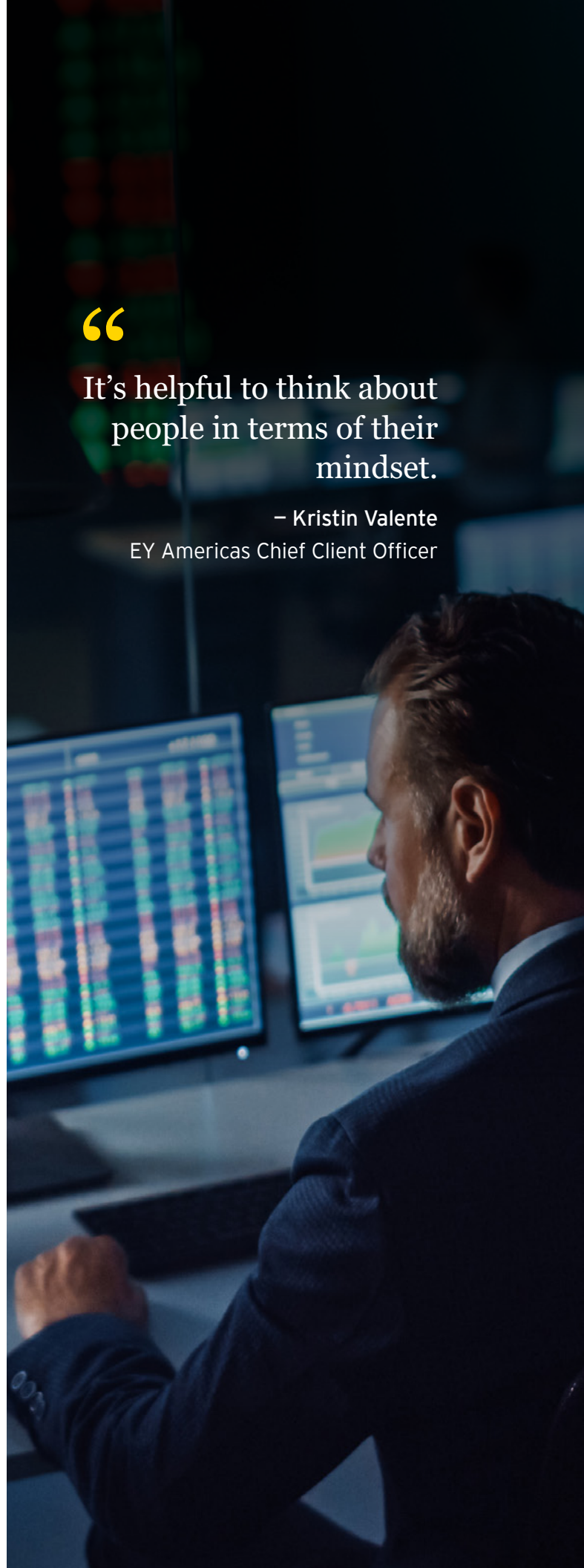
[Kristin Valente](#), EY Americas Chief Client Officer, highlighted how much productivity is contingent upon the individual. “It’s helpful to think about people in terms of their mindset,” she said. “Can they embrace tech? And do they have the skillset and then the toolset to back up that mindset?”

Action item: Is this within the realm of the CIO to fix – if it can be fixed? It’s worthwhile to be part of the conversation and orient the discussion around doing new things with AI and not to do the same things differently, which is as much about talent as it is about technology. And that is closely tangled with cost and governance, two of the most prominent debates occurring in C-suites today.

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– Kristin Valente
EY Americas Chief Client Officer



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Cost: will you pay a price for using too much AI or not enough?

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This variable cost for democratized AI, dependent on the end user, never existed before.

Amr Ahmed

EY Americas Infrastructure
Cloud & Service Resiliency
Practice Leader

You could spend \$400 generating slides, or over \$10,000 on a proposal, or similar amounts just on generating memes when your people get bored. Top executives down to interns are making agents, potentially even the same agents. “One normal regulating factor on bad ideas was that they took time and energy,” Malhotra said. “Now they’re a prompt away.”

This variable cost for democratized AI, dependent on the end user, never existed before, said Amr Ahmed, EY Americas Infrastructure, Cloud & Service Resiliency Practice Leader. He outlined the EY approach on scaling toolsets globally with an eye on prices:

- Building controls around evaluating and bringing in new tools, particularly to avoid duplication and limit the scope
- Working with practices to define personas and the type of tool that aligns with their needs and skillsets
- Exploring allocations based on those personas and tools, coupled with educating users on the tools through different communities

- Accounting for data access and security implications on copyright
- Driving that into the marketplace with self-servicing and different levels of governance for visibility on usage and utilization

CIO participants spoke about trying to thread the needle between encouraging AI use and throttling it. “We’re trying to avoid saying no,” one executive said. “That can’t go unfettered forever, though. People say, ‘I need this,’ and we say: ‘What do you need to accomplish?’ We’re closely monitoring use knowing that someone can run up a hefty bill for an insignificant task.”

Action item: Explore our deep dive on the total cost of ownership of AI. Informed by the business, CIOs should offer insights into what tasks can be scaled for impact with an eye on variables such as inference volume, model mix and retrieval load. Share what you can about tokens and application programming interface (API) calls, subscriptions and licenses, and platform infrastructure, while also noting that doing nothing may be free but comes with an incalculable cost.

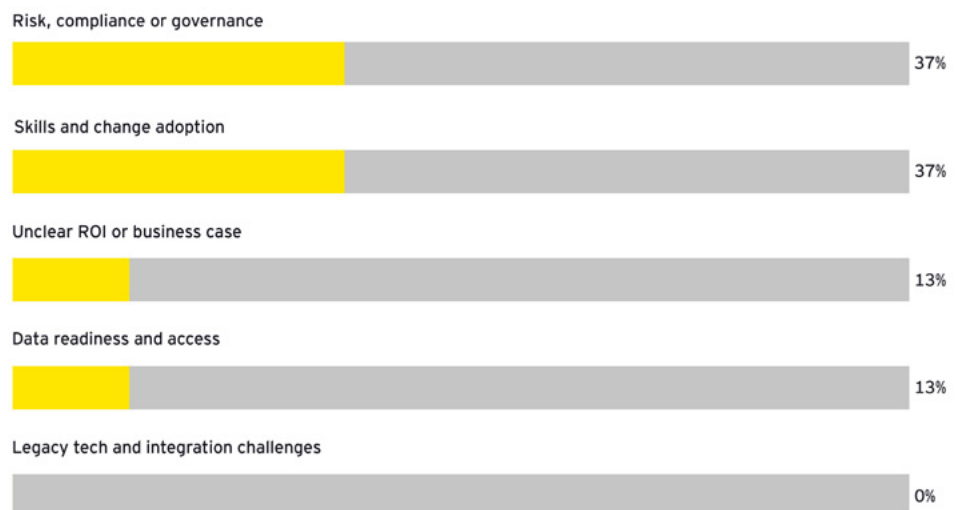
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Digital product development: is governance as big of a hurdle as it seems?

The emphasis on cost has not coincidentally climbed alongside the adoption of agentic coding, which promises to upend the buy-vs.-build paradigm and redefine entire businesses.

“We’re handing every engineer a \$100 million fighter plane – but who gets to fly it?” asked Malhotra, who has spent over 20 years building commercial software.

What is the biggest challenge in adopting AI in digital product development?



For many participants, the hurdles here center on skills and change adoption, as well as risk, compliance and governance. With regard to the latter, AI actually redefines governance in product development, said Sinclair Schuller, EY

Americas Responsible AI Leader and a former software developer.

He noted that writing code is no longer the most time-consuming part of developing a product, which shifts the rest of the timeline. “Now security and

quality assurance happen earlier,” he noted. “What if you’re codifying governance models and technical models in human language and injecting them into products? You don’t have to wait until the product is released to do that. This is governance in a fashion that didn’t exist before.”

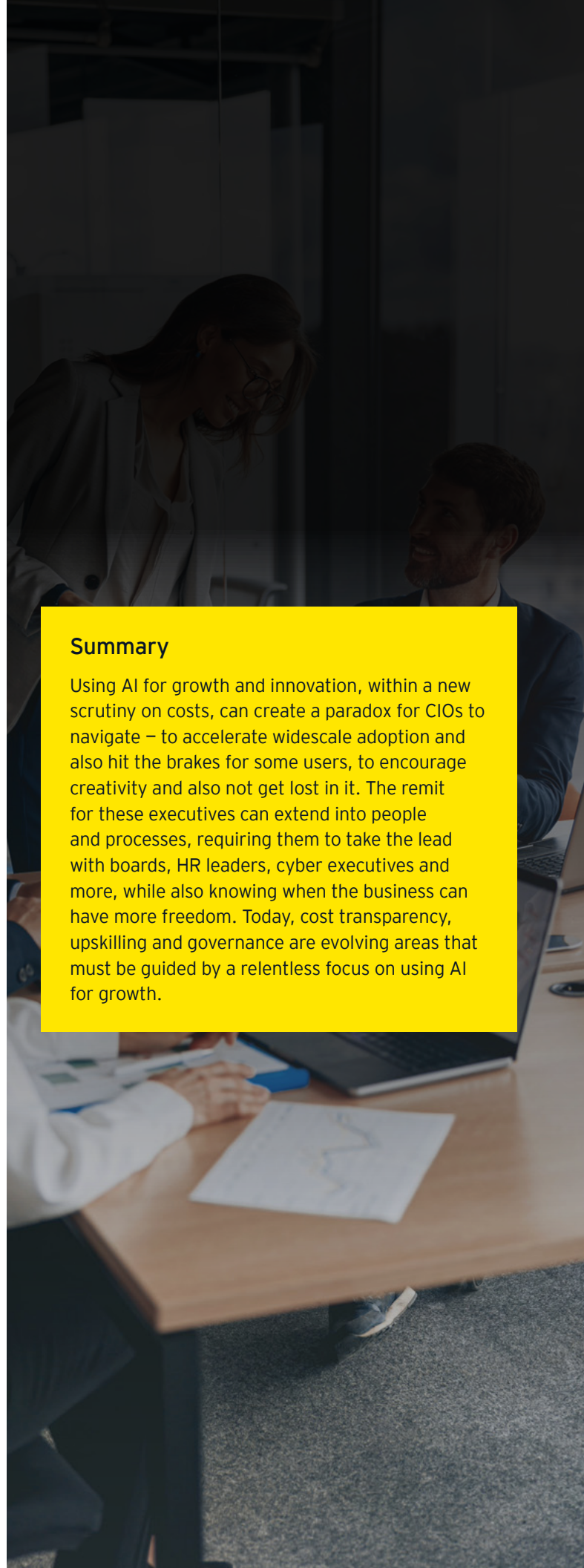
That has forced many CIOs to totally reorient their relationships with the business. “We spent so many years going out and chasing rogue IT, to get it centralized and contained, but this is the opposite,” one leader noted. “We’re trying to enable our business partners to do more with IT. Sometimes not being in that first meeting is OK. Let them declare the problem and then we pop in for meeting two to talk about our service model and the tools we have.”

Another added: “We used to say, ‘Hey, this is our landscape, and this is how you will live.’ We created that environment, but we outgrew it in six months. The speed forced us to change. We’ll open up the taps on the business’s use case as long as it meets our governance and controls.”

Action item: Coupled with cost transparency and monitoring, encourage digital product development among a group of change agents. Explore how you can create comfort that the business’s overall strategy is being fulfilled within guardrails, understanding that new capabilities also allow AI governance to be instilled by design, at a pace that the technology requires.

Summary

Using AI for growth and innovation, within a new scrutiny on costs, can create a paradox for CIOs to navigate – to accelerate widescale adoption and also hit the brakes for some users, to encourage creativity and also not get lost in it. The remit for these executives can extend into people and processes, requiring them to take the lead with boards, HR leaders, cyber executives and more, while also knowing when the business can have more freedom. Today, cost transparency, upskilling and governance are evolving areas that must be guided by a relentless focus on using AI for growth.



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