Client case study

From AI ambition to enterprise execution

Why Xylem treated AI as an operating move, not a technology bet.

EY
Shape the future with confidence

1 What separates movement from momentum?

Xylem turns innovation into impact by design, not by chance.

Xylem is a global water technology company that most people rarely notice but rely on every day. Its pumps, treatment systems, analytics and digital solutions help utilities, industries and communities manage water safely and reliably. When water flows, when infrastructure performs and when communities have access to clean water, Xylem is often working behind the scenes.

Around the world, the systems that support water and critical infrastructure are facing growing pressure. Utilities and industrial operators are navigating aging infrastructure, evolving regulations, climate-related disruptions and rising expectations for resilience, efficiency and performance.

As a global leader operating at the center of these challenges, Xylem continually evaluates how emerging technologies can strengthen decision-making, accelerate innovation and create greater value for customers.

Like many industrial companies, Xylem sees significant potential for AI to unlock new opportunities across the business while creating meaningful outcomes for customers.

But leadership recognized that realizing AI's potential would require more than deploying new technology.

Rather than asking how quickly AI could be implemented, Xylem started with a more fundamental question: **How do you turn AI potential into lasting value?**

That question reframed the conversation. AI was not viewed solely as a technology initiative. It became a leadership and operating model discussion focused on governance, accountability, trust and execution.

“Early momentum was never the goal,” says **Matthew Pine**, Chief Executive Officer, Xylem. “What matters is whether new ways of working sustain and deliver real value over time.”

For Xylem, the question is not how much AI is deployed, but whether it helps the organization operate differently. That means enabling people to access knowledge, make decisions and execute work more effectively across the enterprise. Success is measured by how effectively intelligence is embedded into everyday decisions, workflows and business processes and how those capabilities ultimately help customers manage water more efficiently, reliably and sustainably.

2

Discipline before deployment

Leadership aligns on what matters most and what must be in place before AI can scale responsibly.

At the EY Nottingham Spirk Innovation Hub, Xylem leaders came together for a different kind of conversation. The focus was not on AI tools or use cases, but on the leadership, governance and operating model needed to embed intelligence across the enterprise.

"What made the difference for Xylem was moving from individual projects to a shared transformation agenda," says **Dave Poniatowski**, Principal, EY-Parthenon, Ernst & Young LLP. "Once that alignment was in place, we helped Xylem build the discipline needed to scale with confidence."

Xylem engaged EY professionals to help translate strategy into action. As enthusiasm for AI grew across the organization, leadership faced a critical decision: how could the company move beyond individual initiatives and build an enterprise-wide approach?

Working alongside Xylem's executive leadership team, EY-Parthenon professionals helped translate ambition into a shared enterprise vision.

The work that followed centered on four priorities: aligning leadership around a common vision, creating a disciplined approach for evaluating and delivering AI solutions, establishing a trusted technology foundation, and enabling adoption across the enterprise. Each was critical in its own right, but lasting impact depended on all four working together.

The goal was not simply to introduce new technology. It was to create the conditions for intelligence to become part of how the enterprise operates.

"This transformation was bigger than AI," says **Gundeep Singh**, Principal, Industrial Products, Ernst & Young LLP. "It was about creating an organization capable of turning intelligence into action in support of one of the world's most critical resources: water."

With alignment established, attention turned to execution. Xylem and EY Consulting professionals focused on creating the structures, processes and governance needed to move AI from strategy to operation. That included a disciplined approach for evaluating opportunities, delivering solutions and building the technology foundation required for repeatable execution.

At the center of that execution was **xylem.ai**, a secure internal AI environment built in under 10 weeks. Developed collaboratively by Xylem technology teams, EY Consulting professionals and Microsoft teams, the platform addressed a challenge many organizations face: how do you transform AI from a collection of initiatives into a shared enterprise capability?

By bringing enterprise data, AI capabilities and governance controls together in a single trusted environment, Xylem created a reusable foundation employees could trust and use. New use cases can start from an approved foundation, helping accelerate deployment while supporting security, compliance and responsible use across the enterprise.

"The breakthrough wasn't the platform itself," says **Farooque Munshi**, EY Americas Data and AI Advanced Manufacturing Leader. "It was creating clear ownership and a trusted path for the business to adopt AI consistently and at scale."

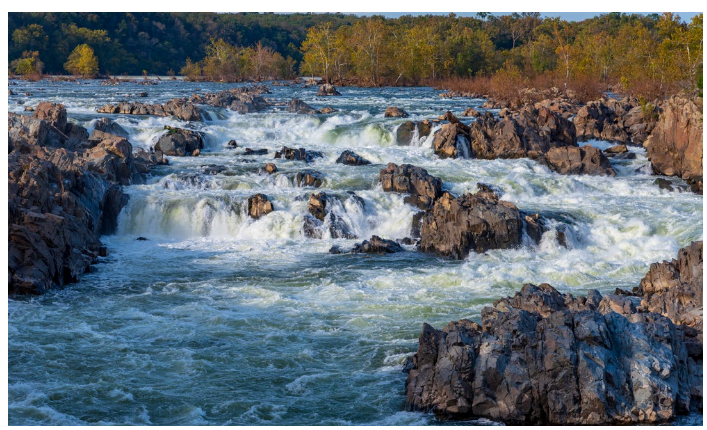
Just as important as the platform was the operating model behind it. Clear ownership was established for building, deploying and sustaining AI solutions, helping ensure AI would not remain a series of isolated initiatives. Business leaders remained accountable for outcomes, while governance standards provided consistency, trust and oversight across the enterprise.

"Customers trust Xylem to help solve critical water challenges," says **Snehal Desai**, EVP and Chief Growth & Commercial Officer, Xylem. "For AI to create lasting value, it has to be embedded into the business, not layered on top of it. That means rethinking end-to-end processes, not just individual tasks."

Making AI available was one thing. Getting people to use it in meaningful ways was another.

EY People & Workforce professionals teamed with Xylem to support adoption in ways grounded in real work. Rather than focusing on awareness alone, the effort centered on helping employees apply AI in ways that were relevant to their roles and responsibilities.

The result is more than a successful AI initiative. Xylem has created the foundation to embed intelligence across the enterprise and scale it with confidence.



3

When intelligence starts to change the work

With AI embedded into everyday workflows, the effects begin to show.

The true measure of any transformation is not the technology itself. It is whether the organization works differently because of it.

At Xylem, that shift is becoming visible across the business. Teams spend less time searching for information and more time acting on it. Analysis accelerates. Decisions become faster, more informed and more consistent. Engineering teams can identify and reuse existing design work rather than recreate it. Commercial teams gain a more complete view of customers and opportunities. Legal and supply chain teams can review contracts and supplier information faster and more effectively.

"The goal was to make AI feel routine, not remarkable," says **Austin Alexander**, Vice President of AI, Xylem. "When it becomes part of how people work instead of something extra, that's when you know it has become integrated in how work gets done."

More than 15,000 employees have been onboarded to xylem.ai, supported by a network of 200+ AI Champions across the organization. Today, 4,000+ employees actively use the platform each day, reflecting how quickly AI has moved beyond experimentation and become part of everyday operations.

"We're focused on becoming a world-class operator," says **Tom Pettit**, Chief Operating Officer, Xylem. "When people can find information faster, make better decisions and focus on the work that matters most, the impact becomes tangible."

The impact extends beyond productivity. Building on an estimated $70 million revenue opportunity and $25 million savings potential, Xylem is scaling proven use cases across the enterprise and applying AI to some of its most important growth, operational and customer priorities.

Xylem's approach to AI and enterprise intelligence is rooted in a broader belief that better information leads to better outcomes. The transformation underway inside Xylem applies many of the same principles the company has long brought to customers: using data, analytics and intelligence to make better decisions and improve performance.

In Valencia, Spain, digital twin technology has helped save more than one billion gallons of water annually while reducing non-revenue water losses by 30%.

In Nashville, Tennessee, advanced analytics and decision-support capabilities are helping utility operators identify anomalies earlier and respond more proactively across their network.

In Hot Springs, Arkansas, digital solutions helped identify a significant leak that was wasting millions of gallons of water each day, contributing to a reduction in non-revenue water loss of nearly 50%.

Whether inside Xylem or across the utilities and industries it serves, the objective is the same: using data, intelligence and operational expertise to move organizations beyond reacting to challenges and toward managing them more proactively.

That principle sits at the heart of Xylem's own transformation. The result is broader than AI adoption. Xylem has created a shared enterprise capability that turns intelligence into action across the business and helps deliver better outcomes for the customers, communities and water systems it serves.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

US SCORE no. 32285-261US

2608-10820-CS
ED None

ey.com