ICONIQ

January 2026

State of AI: Bi-Annual Snapshot

The Execution Era of AI

Introduction

We believe that building and operationalizing AI products is no longer just the **new frontier of competitive advantage** but rather becoming table stakes in the software world. In Q2 2025, we published "The AI Builder's Playbook" to elevate the voices of the architects, engineers, and product leaders driving this work and emphasize what it takes to conceive, deliver, and scale AI-powered offerings end-to-end.

Six months later, the picture is clearer. **Over the last six months, we believe the AI market has entered a new phase of maturity. What started as the race to experiment with large models and launch early AI features has increasingly evolved into a challenge of scaling AI into durable, economically sound products.** Given the speed of evolution in this market, this report is designed as a bi-annual update on how teams are building, deploying, monetizing, and using AI as adoption across the market matures.

This report revisits core dimensions of the builder's playbook, highlighting the most important changes and developments over the last six months. Grounded in our proprietary Q2 2025 and Q4 2025 surveys of executives at software companies building AI products, alongside perspectives from our ICONIQ Community, the 2026 State of AI report seeks to offer a longitudinal operator perspective on what it takes to turn AI from a capability into a durable competitive advantage. In our view, the findings point to a clear conclusion: **AI leadership in 2026 will be defined by disciplined execution across product, cost, trust, and go-to-market**.

Explore Our AI Perspectives

Data Sources & Methodology[1]

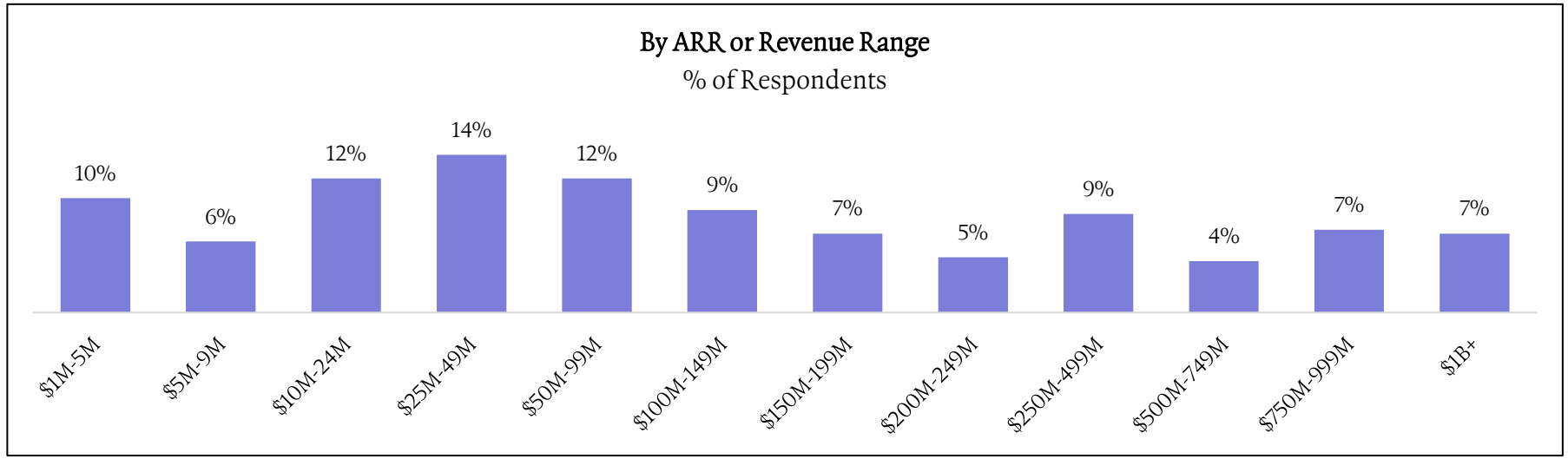
This study summarizes data from a Q4 2025 survey of ~300 executives[2] at software companies building AI products, including CEOs, Heads of Engineering, Heads of AI, Heads of Product, Chief Revenue Officers, and Chief Financial Officers.

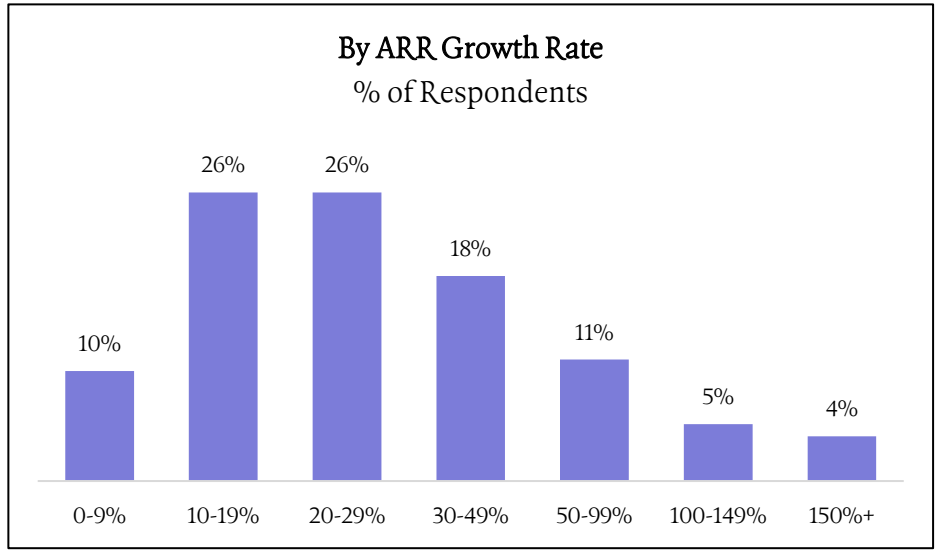
Throughout this report, we compare insights to our prior State of AI report, published in Q2 2025[3], "The AI Builder's Playbook", where applicable. Where necessary, longitudinal data has been normalized to account for differences in firmographics to ensure trends are representative of the data.

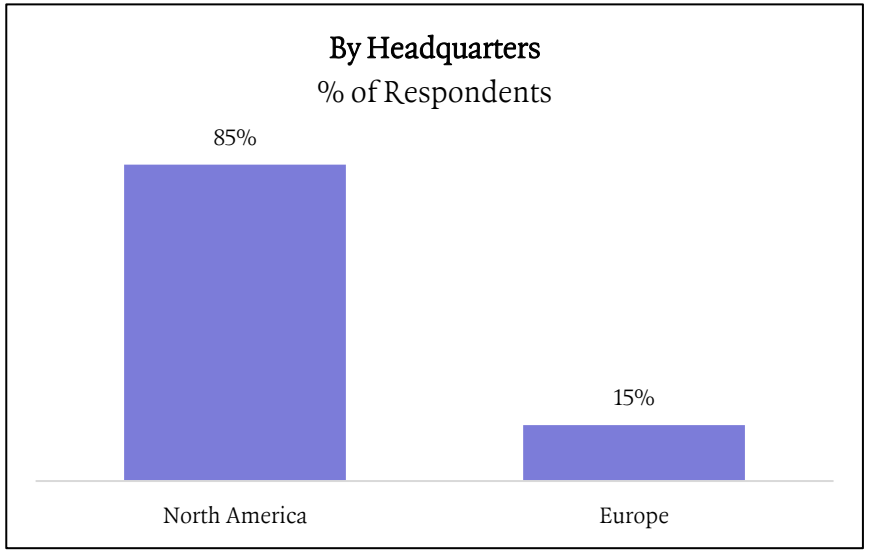
We also weave in insights and what we believe to be best practices from AI leaders from the ICONIQ community.

All industry perspectives shared in this report have been anonymized to protect company-level information.

Respondent Firmographics







1 – This data was collected anonymously by an external survey. Survey responses include some but not all ICONIQ Venture and Growth portfolio companies as well as companies not part of ICONIQ Venture and Growth's portfolio.
2 – Certain questions in the survey were optional or routed based on persona. Accordingly, some N-Size numbers in this presentation are less than 300.
3 – The Q2 2025 report summarizes data from an April 2025 survey of 300 executives at software companies, including CEOs, Heads of Engineering, Heads of AI, and Heads of Product.

From Models to Products: Where We See AI Differentiation Being Built

We believe that AI product development has entered a phase of standardization and maturity. As the base models continue to improve, builders are no longer focused on creating foundational models but instead on **delivering differentiated products at the application layer**. Nearly **70% of companies are building vertical AI applications**, reinforcing that durable value is being created through domain-specific workflows rather than generalized intelligence. Consistent with this shift, **49% of teams now cite application-layer innovation as their primary source of differentiation**, compared to a much smaller cohort relying on proprietary model development.

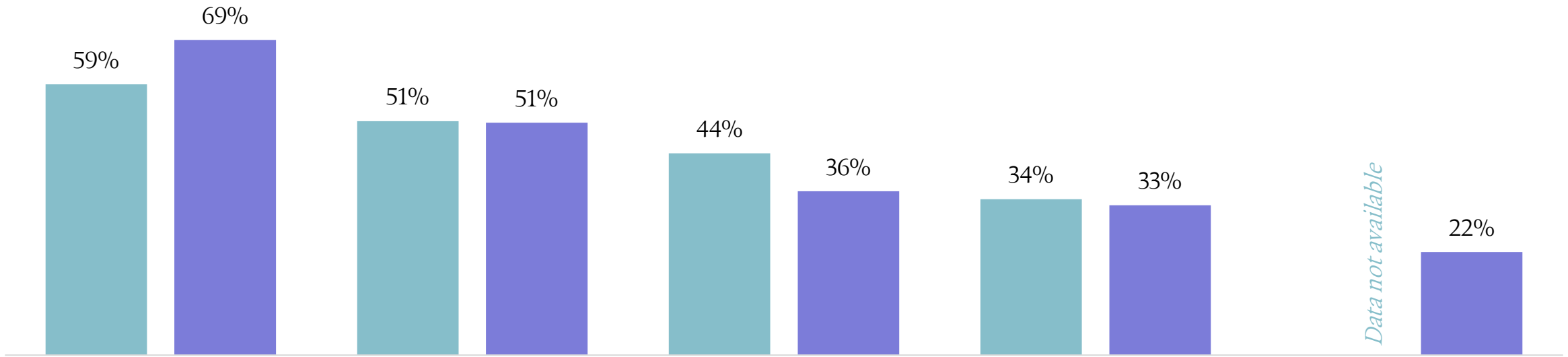
As model quality continues to improve across providers, our survey shows builders are increasingly **adopting multi-model strategies to balance reliability, cost, latency, and customization**. On average, companies **now leverage ~3.1 model providers, up from ~2.8 six months ago**, reflecting a growing emphasis on orchestration rather than allegiance to a single platform. However, despite increased investment in data pipelines and evaluation, most companies still report that their data foundations are only “mostly” or “somewhat” ready, particularly at enterprise scale, underscoring that **data readiness remains a key execution bottleneck as AI products move from launch to scale**.

From Models to Products: Where We See AI Differentiation Being Built

Application layer products continue to be the most common types of products being developed by AI builders, with almost ~70% of builders focused on vertical AI applications

Q2 2025[1]
Q4 2025[2]

What is the primary AI product you are building?
% of Respondents, Select All That Apply



Examples:	*Highly specialized applications designed for a specific industry or function*	*Enterprise applications that can be used across multiple industries or functions*	*Tools and services that facilitate the development, deployment, or operation of AI solutions*	*Foundational AI models or specialized ML algorithms that others can integrate into their products*	*AI products primarily targeted at individual consumers*

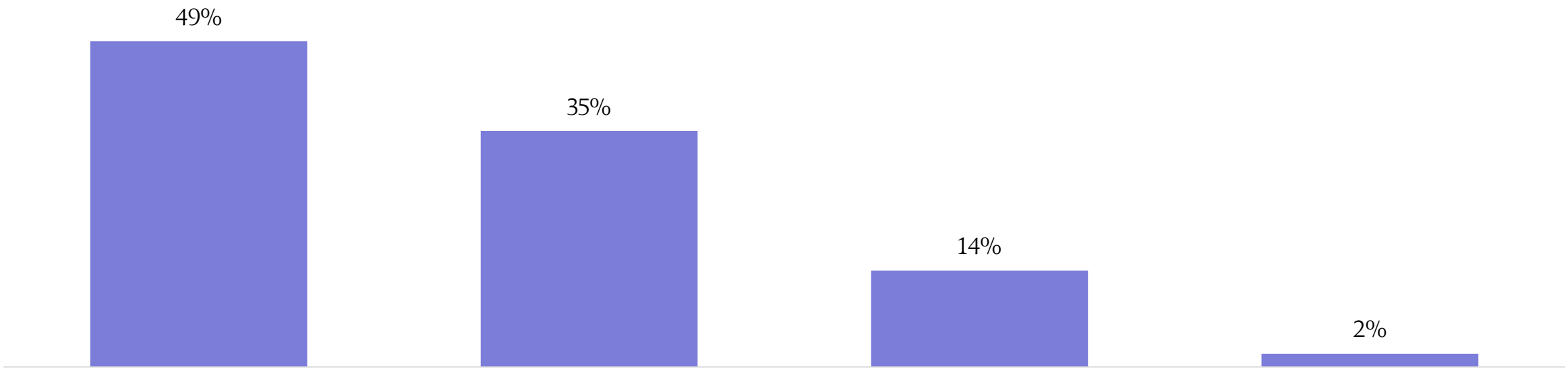
Source: Perspectives from the ICONIQ GenAI Surveys (April 2025 & December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network; 1 – N = 300; 2 – N = 298

From Models to Products: Where We See AI Differentiation Being Built

As base models evolve and improve in efficacy, it appears application layer innovation is the primary differentiator for AI builders, competing on product UX, workflows, and integrations rather than proprietary model development

Where does your team's primary differentiation come from today?

% of Respondents, Single-Select, N=202



Examples: *Unique UX, workflows, integrations, or data applications* | *Custom architecture, RLHF*

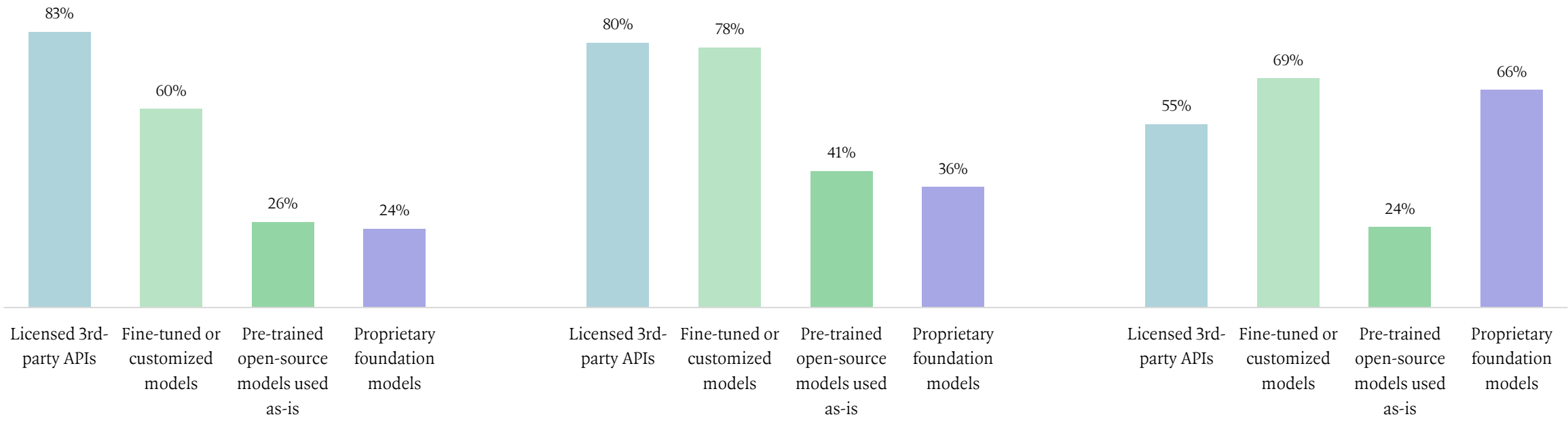
Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

From Models to Products: Where We See AI Differentiation Being Built

Application-focused builders most heavily rely on third-party model APIs, while proprietary model developers tend to leverage fine-tuned or customized models

Model Providers by Primary Differentiator

% of Respondents, Select All That Apply, N=202



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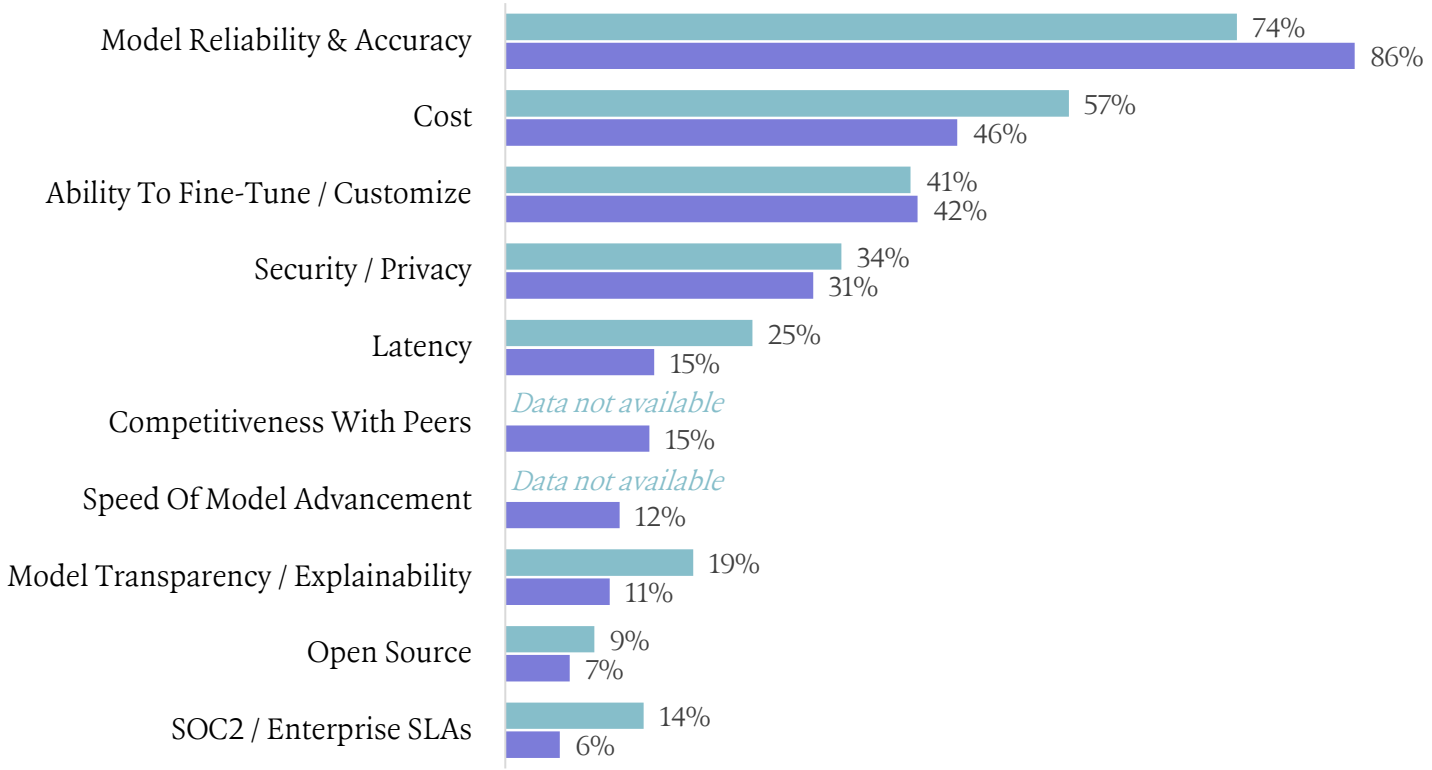
From Models to Products: Where We See AI Differentiation Being Built

Top model selection criteria have remained consistent over the last 6 months, pushing builders toward multi-model strategies to manage trade-offs between model accuracy, cost, and customization

Q2 2025[1]
Q4 2025[2]

Top Considerations When Choosing a Foundational Model for Customer-Facing Use Cases

% of Respondents that Ranked in Top 3



ICONIQ Community Perspective

Builders are Focusing on Model Stack Efficiency

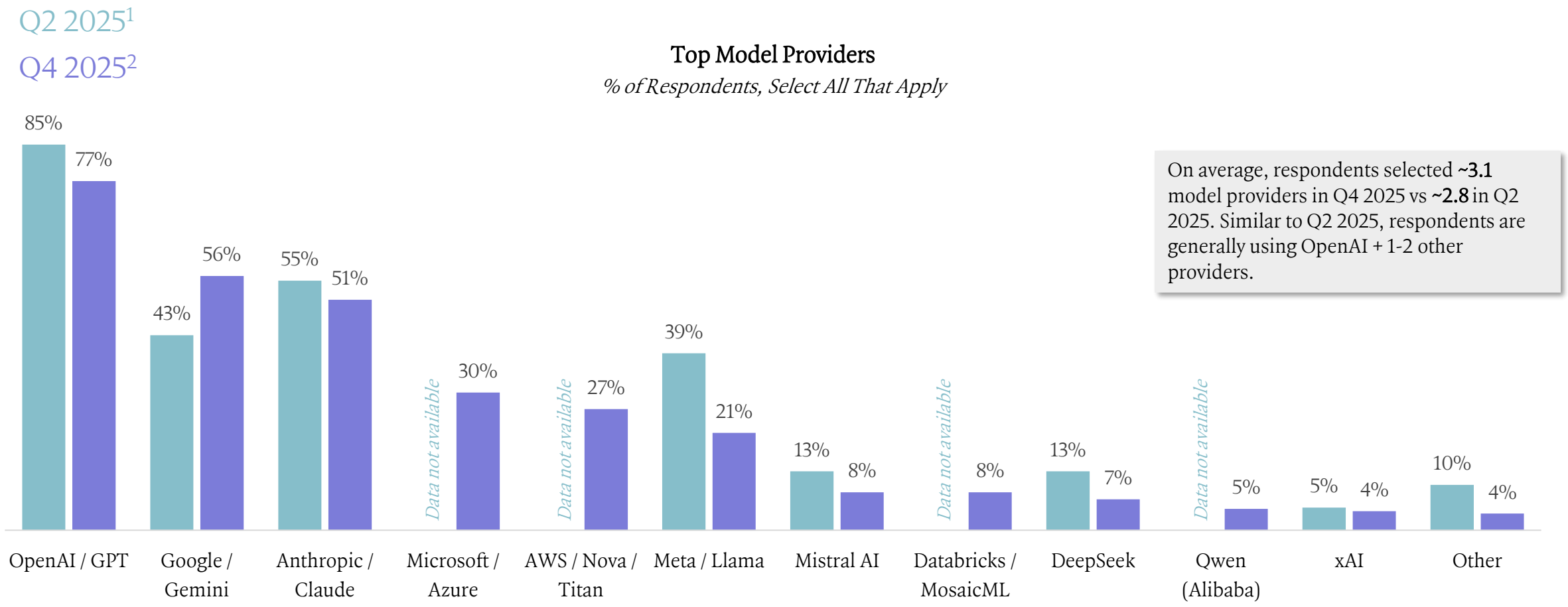
At ICONIQ's recent forum for enterprise Chief Data and AI Officers, leaders discussed their increasing focus **on shifting to a cost-efficient model stack.** Leaders have emphasized that frontier models are often unnecessary for most automation tasks and that open-source and fine-tuned SLMs **deliver sufficient accuracy at lower cost.**

Additionally, **routing strategies are emerging:** the majority of tasks are pushed to smaller models, with only high-complexity cases escalated to improve cost management.

Source: Perspectives from the ICONIQ GenAI Surveys (April 2025 & December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network; 1 – N = 265; 2 – N = 202

From Models to Products: Where We See AI Differentiation Being Built

OpenAI remains the most widely used model provider among survey respondents; however, builders are using a wider variety of models over time. Notably, Gemini has increased to the second most popular provider since our Q2 2025 survey



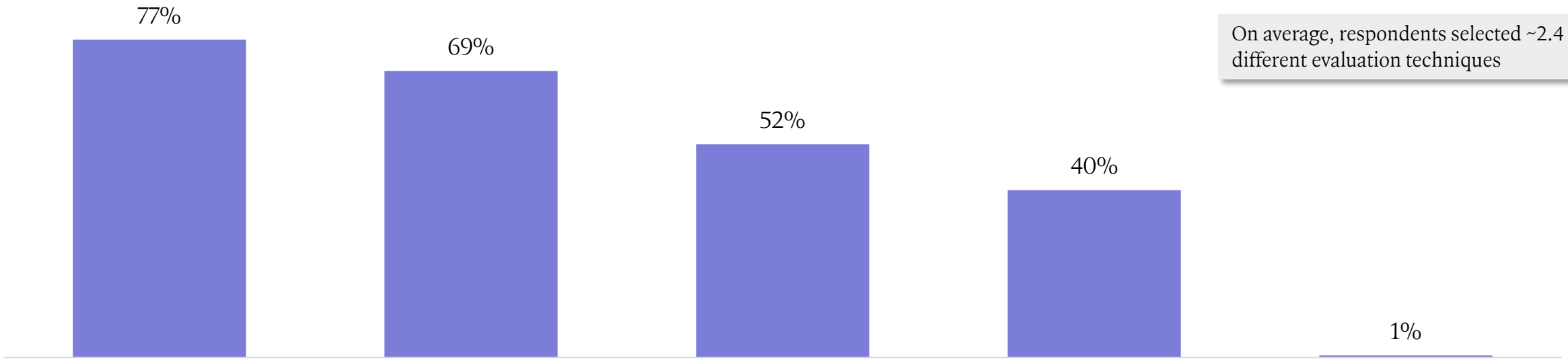
Source: Perspectives from the ICONIQ GenAI Surveys (April 2025 & December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network; 1 – N=184; 2 – N=194

From Models to Products: Where We See AI Differentiation Being Built

To measure performance of AI models, builders are adopting multiple evaluation methods; however, evaluation remains largely user feedback-driven and manual today, with only 52% of builders adopting automated eval frameworks

How do you evaluate the performance and reliability of your AI models?

% of Respondents, Select All That Apply, N=198



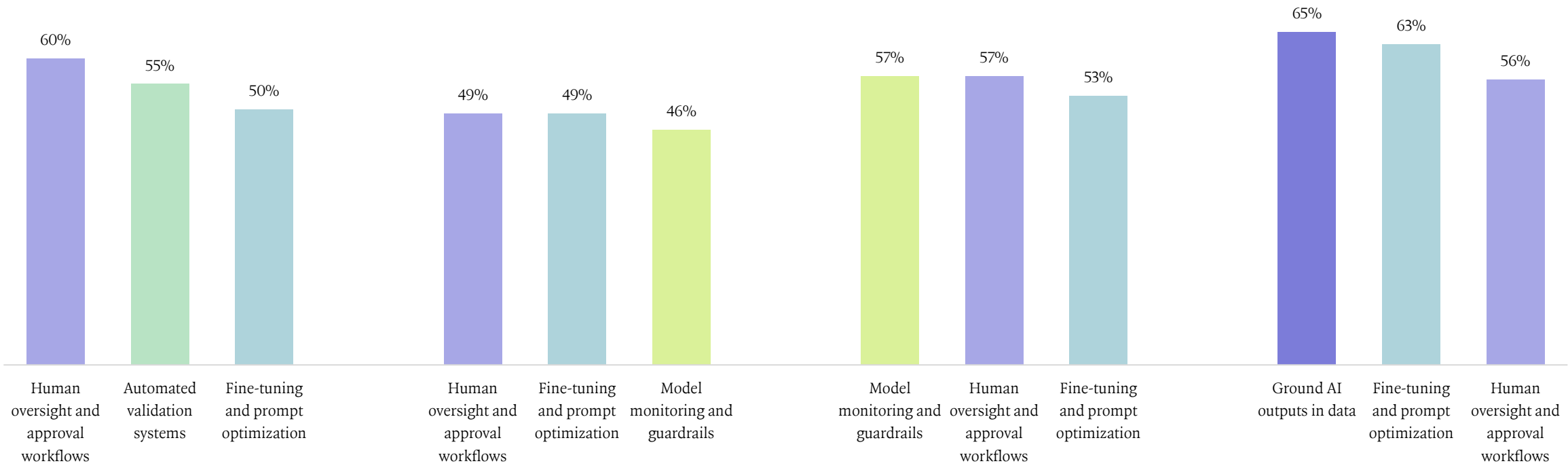
Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

From Models to Products: Where We See AI Differentiation Being Built

Earlier-stage products tend to rely on manual controls to reduce hallucination risk, while scaled products tend to adopt more advanced and automated approaches

Hallucination Risk Mitigation Strategies by Product Stage

% of Respondents, Select All That Apply, Top 3 Responses Only, N=202

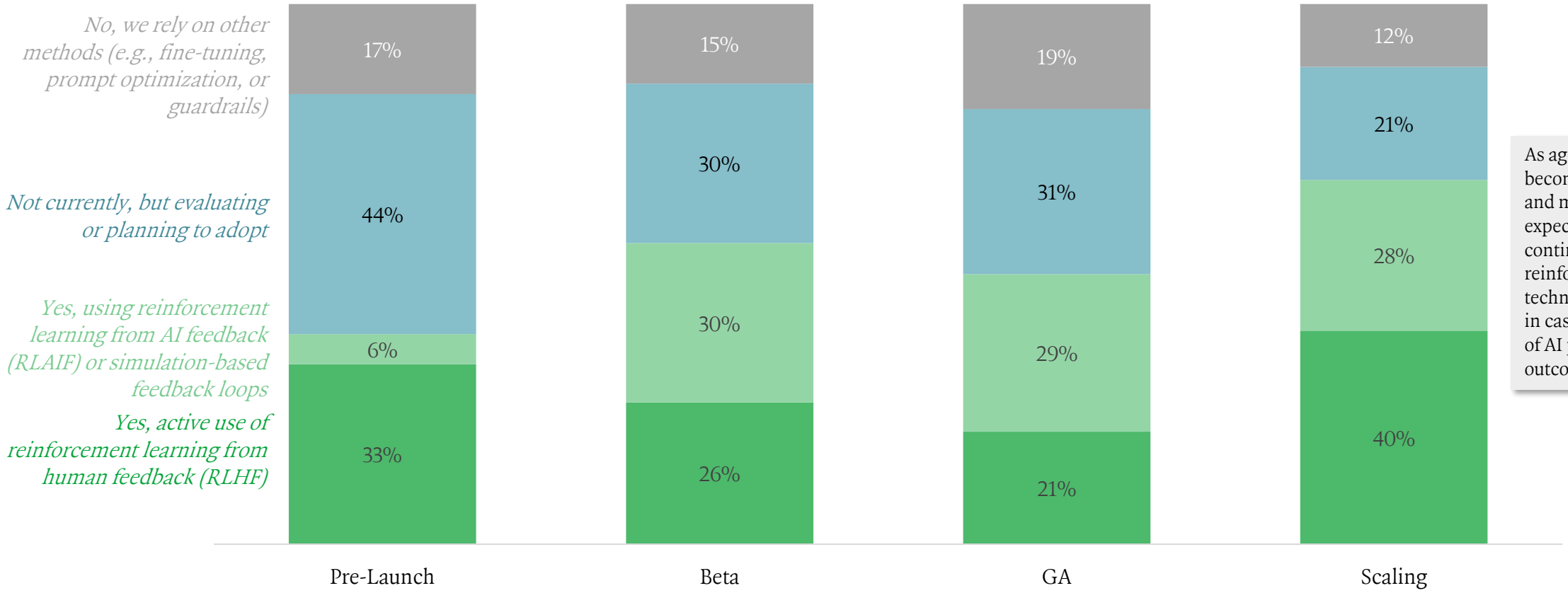


Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

Additionally, as AI products scale, teams tend to adopt reinforcement learning techniques (e.g., RLHF, RLAIF) in model training to improve performance and reduce hallucinations

Is your company using reinforcement learning techniques to improve model performance or reduce hallucination risk?

% of Respondents, Single-Select, N=194



As agentic workflows become more complex and mission critical, we expect companies to continue to adopt reinforcement learning techniques, especially in cases where pricing of AI products is tied to outcomes.

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

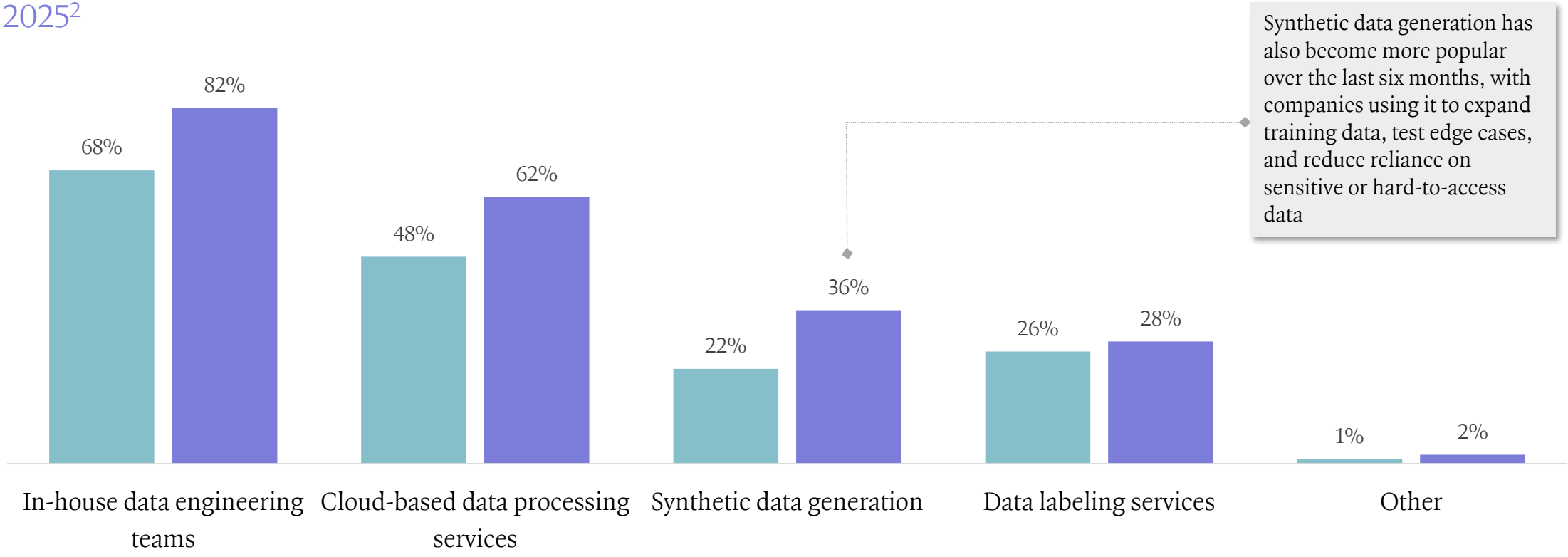
From Models to Products: Where We See AI Differentiation Being Built

Most companies rely on in-house data engineering teams to process and prepare data for AI models, with usage increasing over the past six months

Q2 2025[1]
Q4 2025[2]

How do you process and prepare data for AI models?

% of Respondents, Select all that apply



Synthetic data generation has also become more popular over the last six months, with companies using it to expand training data, test edge cases, and reduce reliance on sensitive or hard-to-access data

Source: Perspectives from the ICONIQ GenAI Surveys (April 2025 & December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network; 1 – N = 292; 2 – N = 197

From Models to Products: Where We See AI Differentiation Being Built

Despite increased investment in data preparation, few companies, especially $500M+ companies, believe they have fully ready data foundations to support accurate AI workflows

How would you rate your data foundation's readiness to support accurate AI workflows?

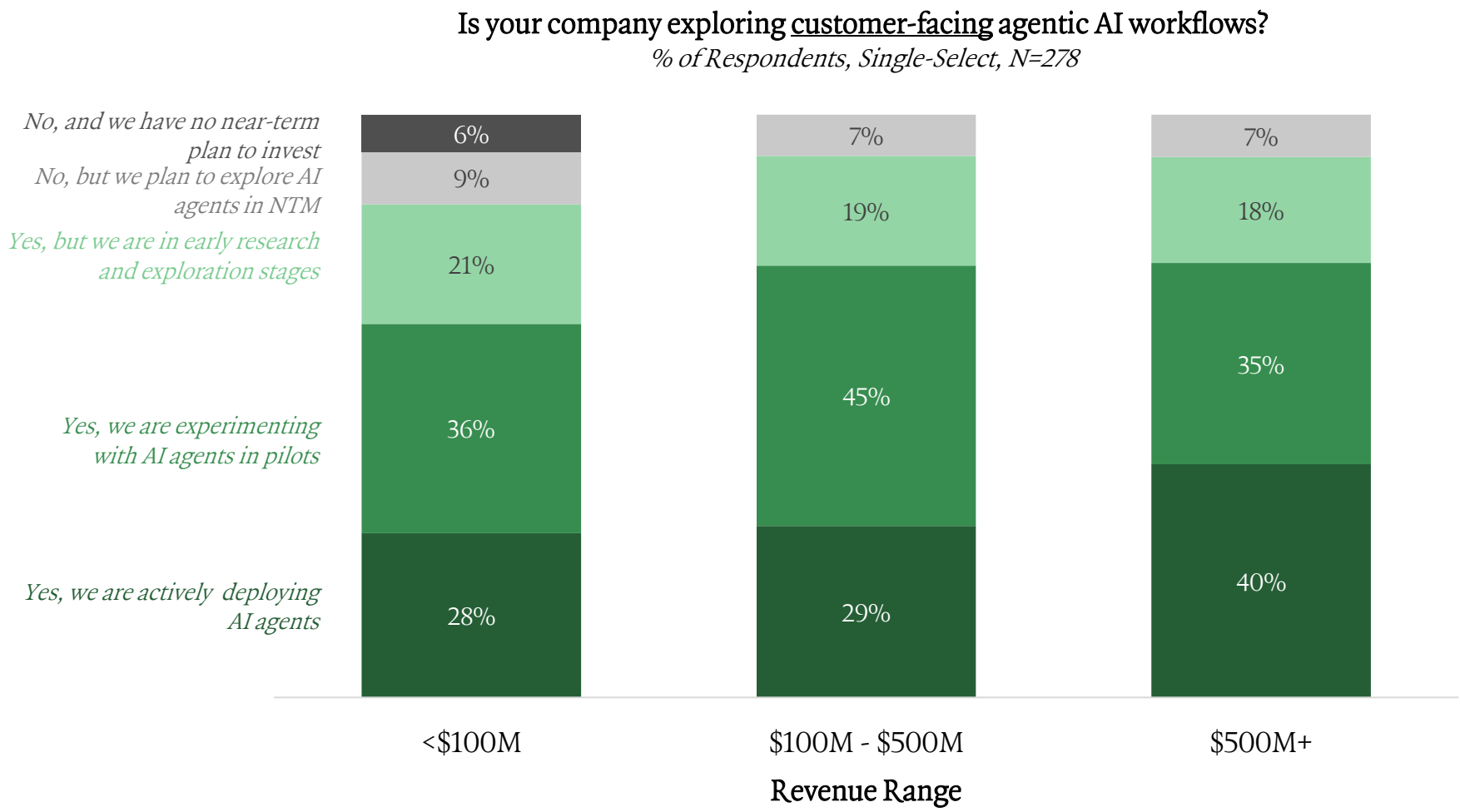
% of Respondents, Single-Select, N=198

AI companies that build **core models** are more likely to have **fully ready data foundation to support AI workflows to ensure product differentiation** (12% fully ready for those building core models vs 6% fully ready for others).

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

From Models to Products: Where We See AI Differentiation Being Built

Companies across revenue buckets are largely exploring agentic AI workflows for customer-facing use cases, with $500M+ companies leading in actively deployed AI agents



Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

While initially counterintuitive, we hypothesize that $500M+ companies are leading in agentic AI deployments likely because they have the **operational maturity, workflow scale, and customer demand required to deploy agents safely in production**. Agentic systems can introduce real execution and trust risk, which we believe later-stage companies are better equipped to manage through mature infrastructure, governance, and standardized workflows. These organizations **also operate at a scale where repetitive, high-volume workflows can make agentic ROI easier to prove**, and where enterprise customers are actively pulling vendors toward greater autonomy and automation. Finally, larger companies often have the brand credibility and customer relationships to survive early agent failures without stalling adoption, while smaller companies often remain in pilot mode.

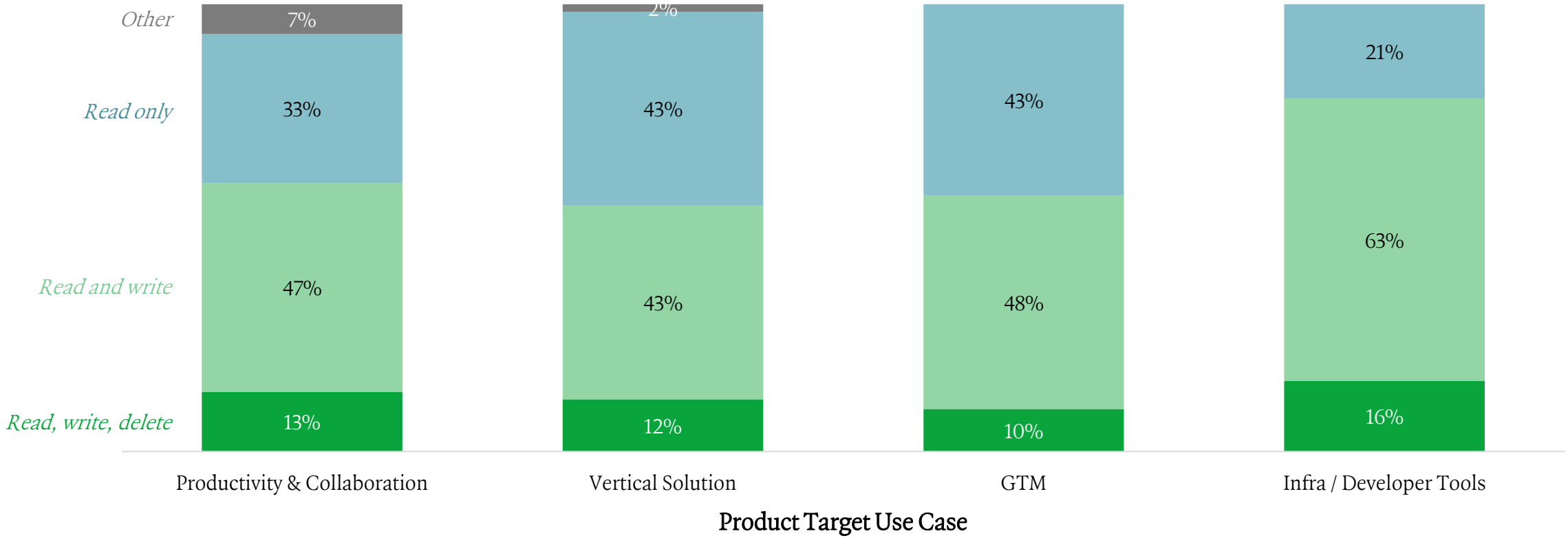
The survey data also showed that companies targeting **vertical solutions and GTM use cases also lead in deployed agentic workflows**, likely because of their clear use cases for deployment, repeatable workflows and easy-to-measure success metrics.

From Models to Products: Where We See AI Differentiation Being Built

Infra / developer customer-facing AI agents tend to have more permissions than other product groups, likely because they operate in controlled environments with more technical users and stronger safeguards

Permissions granted for agentic products in customer-facing use cases

% of Respondents with Customer-Facing Agents, Single-Select, N=115



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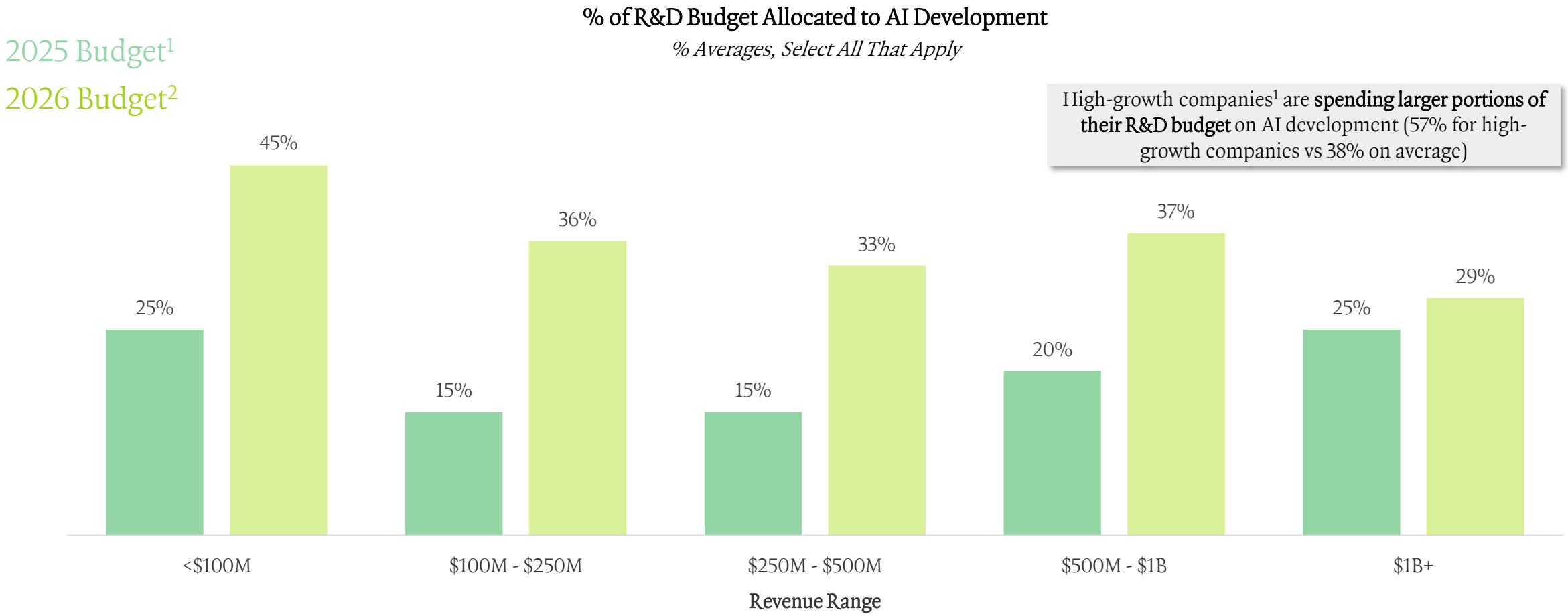
AI Economics Are Coming Into Focus

AI is absorbing a growing share of product investment. Companies are **allocating a larger portion of their R&D budgets to AI development in 2026, with high-growth companies spending ~57% of R&D on AI, compared to ~38% on average.** We believe this shift reflects AI's central role in product roadmaps but also heightens scrutiny on cost structure and margins.

As products scale, AI gross margins are improving, reaching a projected average **gross margin of ~52% in 2026** on aggregate. Cost composition is also evolving: **talent costs decline as a percentage of total spend over time, while model inference becomes the dominant cost driver at scale**. These dynamics reinforce our view that long-term margin leadership depends on model selection, routing strategies, and infrastructure efficiency - not simply pricing power.

AI Economics Are Coming Into Focus

Companies are allocating larger parts of their R&D budgets to AI development, signaling a key shift in product innovation towards AI products on the roadmap



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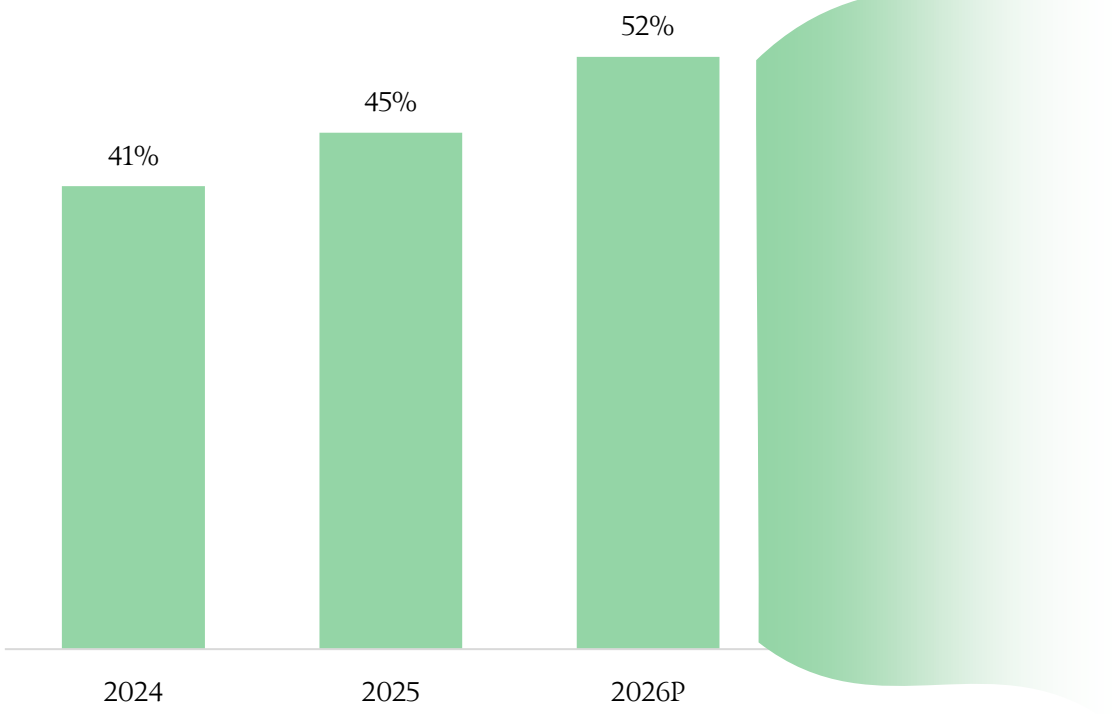
1 – High-growth companies defined as companies that have 100%+ YoY ARR Growth

AI Economics Are Coming Into Focus

As companies develop at scale, gross margins on AI products are projected to improve, underscoring the importance of cost management; companies that view balanced differentiation as their primary differentiator report the highest margins

Gross Margin on AI Products (Aggregated)

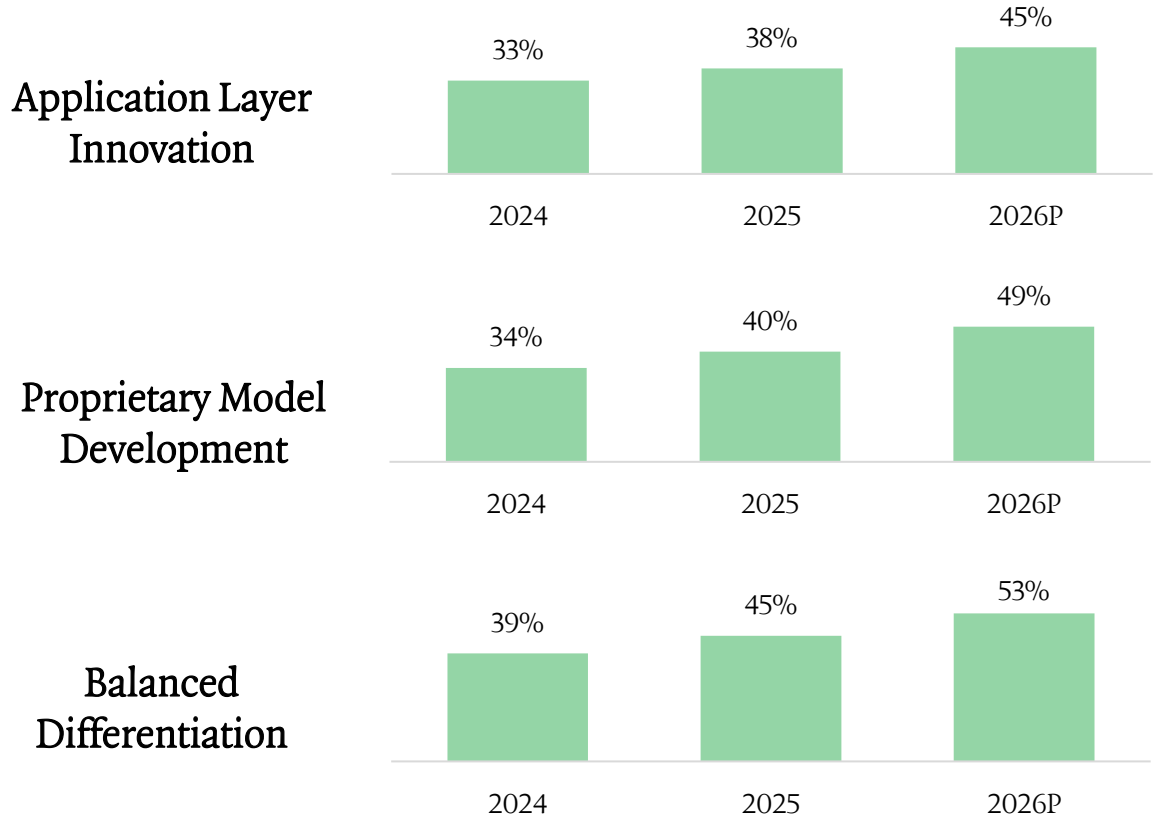
Average, By Year, N=269



Primary Differentiator

Gross Margin on AI Products

Average, By Year



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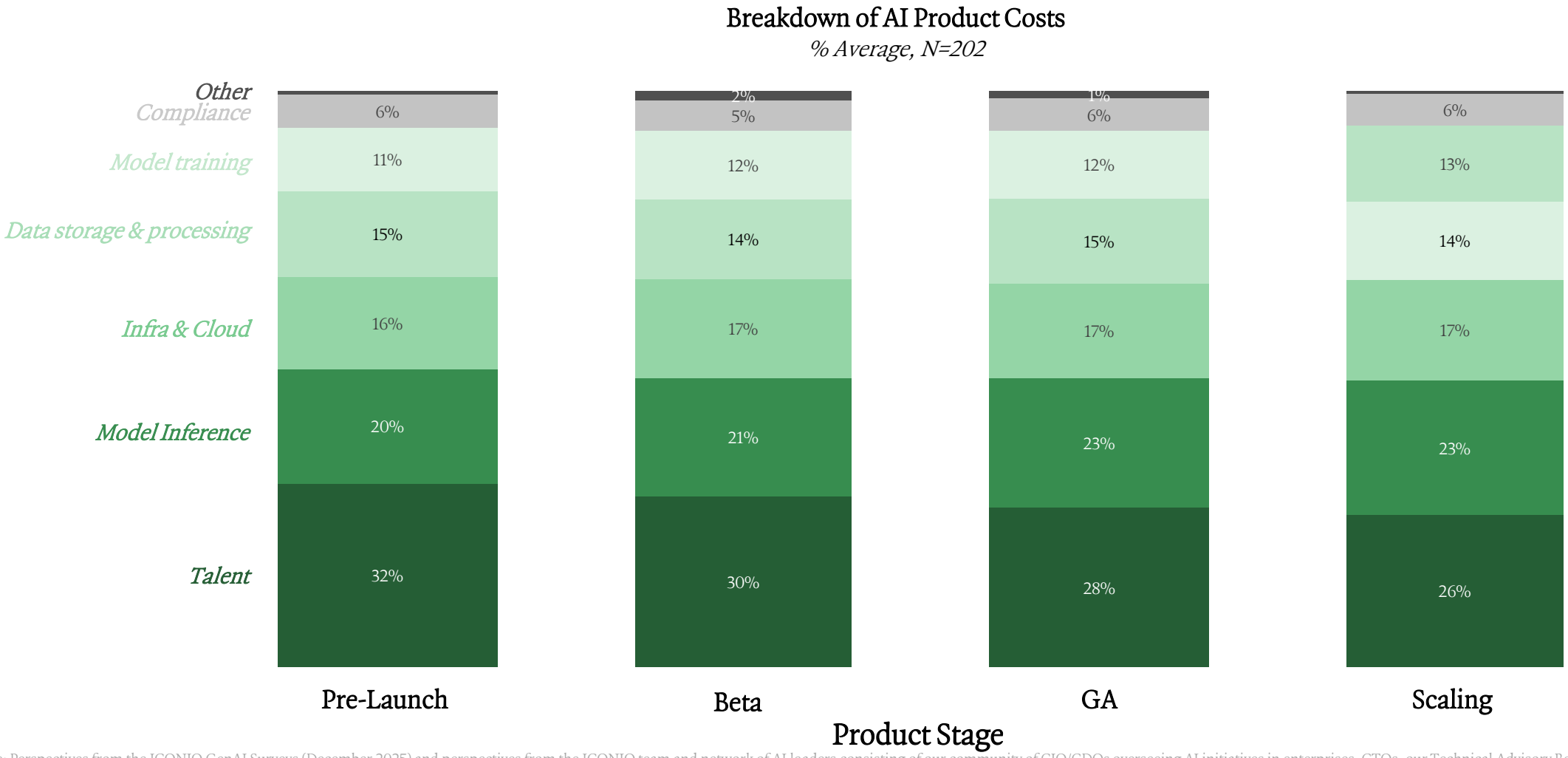
AI Economics Are Coming Into Focus

As products scale, talent costs to develop AI products trend down while model inference costs tend to increase



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AI Is Forcing a Rethink of GTM, Pricing, and Proof of Value

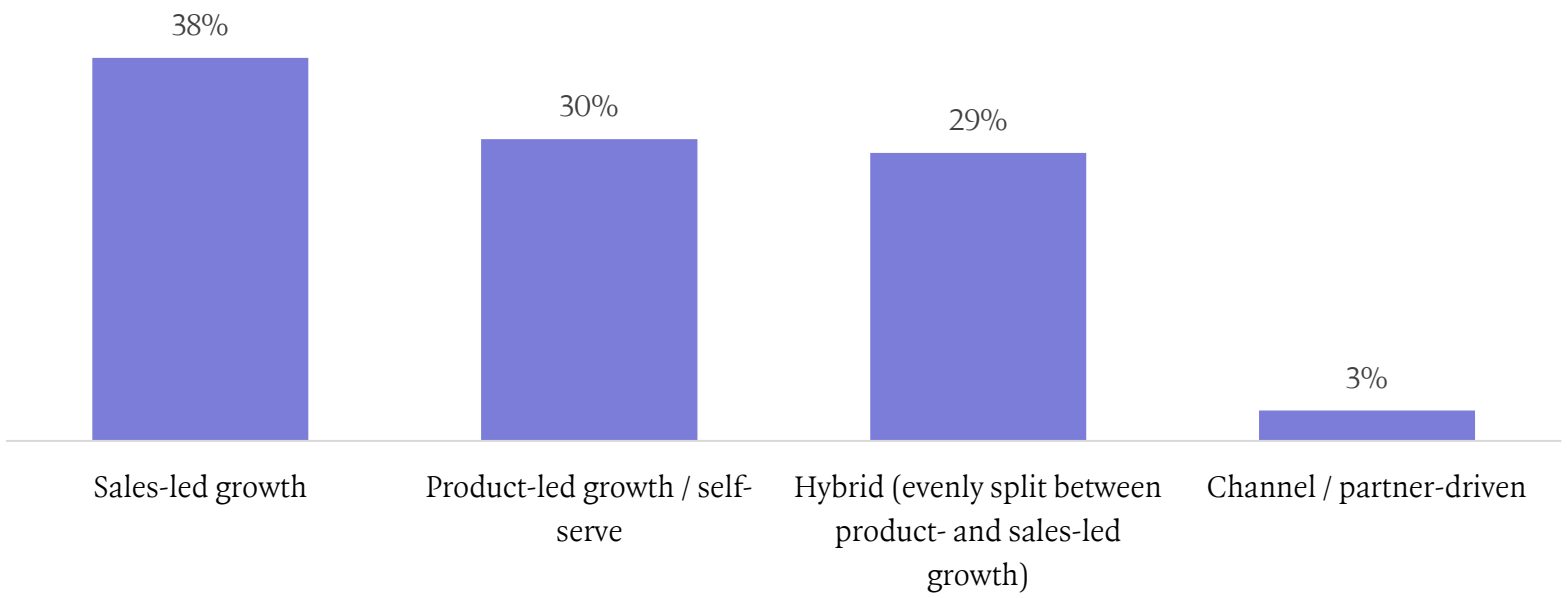
Survey results show go-to-market strategies for AI products are becoming **more complex and diversified as AI reshapes both how products are sold and how value is proven**. While sales-led motions remain the most common, **nearly 60% of companies now employ hybrid or product-led elements**, reflecting the need to combine enterprise selling with hands-on product experience. **Channel and partnerships are emerging as a meaningful growth lever**, particularly with consulting firms, hyperscalers, and PE-backed platforms, contributing directly to pipeline generation and post-sale implementation.

Monetization appears to remain in flux. While 58% of companies still rely on a subscription or platform fee, **usage-based (35%) and outcome-based (18%) pricing models have grown meaningfully in the last six months**. Notably, 37% of companies plan to change their AI pricing model in the next year, driven by **customer demand for value-aligned pricing, competitive pressure, and margin concerns**. Across interviews, hybrid pricing models (combining platform access with usage-based components and pricing safeguards) are emerging as the most pragmatic approach as customers and vendors converge on sustainable AI economics.

Go-to-market strategies for AI builders are diversified across different motions, with sales-led motions leading among survey respondents but hybrid approaches gaining traction

What is your primary go-to-market motion for AI products?

% of Respondents, Single-Select, N=298



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We believe channel and partnerships are emerging as a meaningful growth lever, even where channel is not yet the primary GTM motion.

We've seen AI builders increasingly formalizing partner ecosystems, most commonly with **consulting and PE firms, and hyperscalers**, to support topline growth.

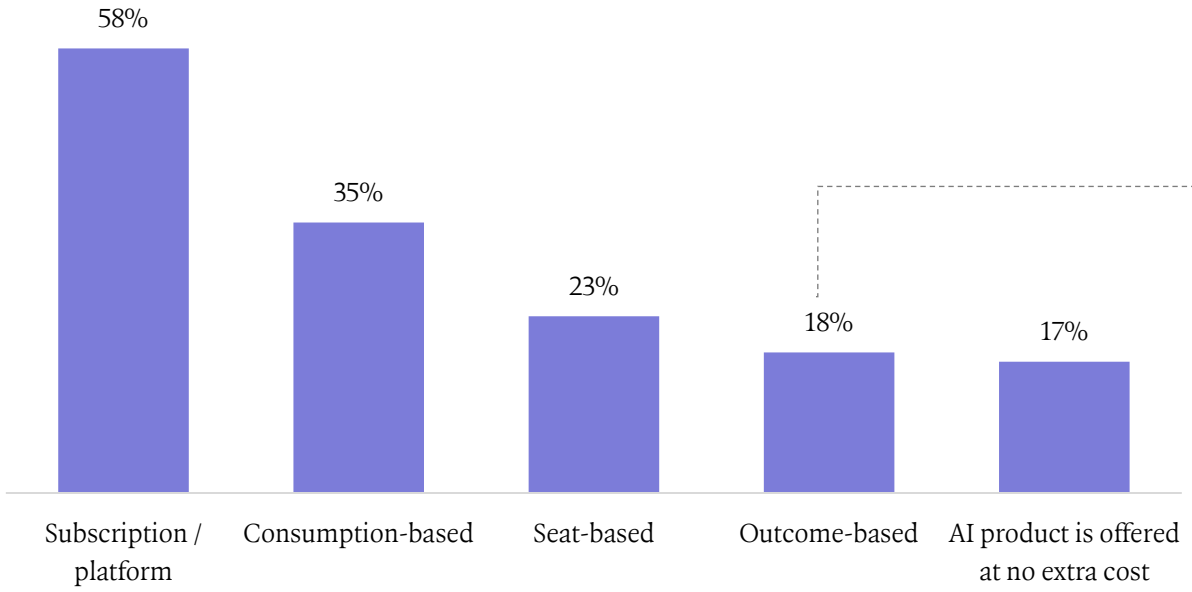
Partners can both add credibility to AI builders and contribute across multiple touchpoints in the customer journey, including deal sourcing and post-sale implementation. Several AI companies report channel/partner-sourced revenue accounting for a **meaningful share of topline outcomes such as increased NNACV and new bookings**, indicating that channel impact is growing over time.

> Partnerships are an incredibly efficient strategic lever for scalable growth. **The earlier companies lay the foundation (ideally well before $25M ARR) the more likely they are to see channel revenue become a meaningful contributor** down the line.
>
> *Rob Bernshteyn, former CEO, Coupa*

Most AI builders utilize a subscription / platform component to their pricing models; however, consumption- and outcome-based pricing has grown in usage over the last 6 months

AI Pricing Strategies

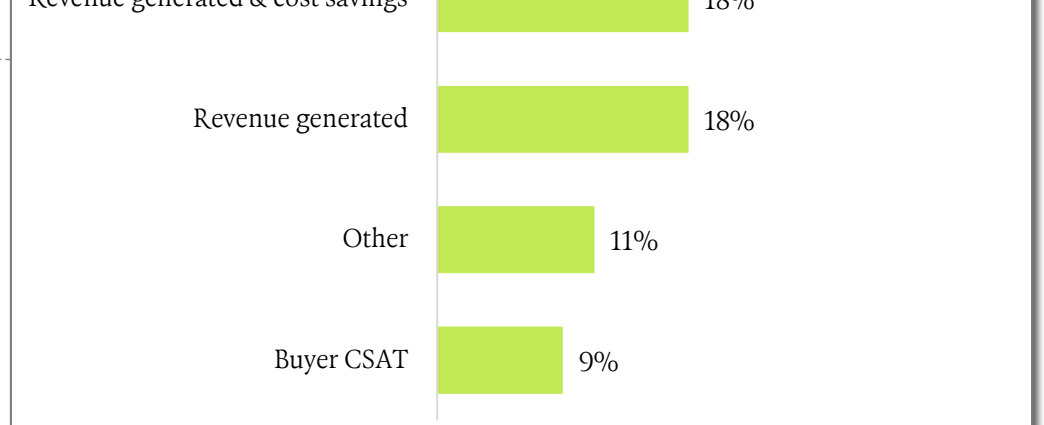
% of Respondents, Select All That Apply, N=297



	Subscription / platform	Consumption-based	Seat-based	Outcome-based	AI product is offered at no extra cost
Q2 2025 Results	-	*19%*	-	*2%*	*34%*

"Outcomes" Tied to Pricing

% of Respondents That Use Outcome-Based Pricing



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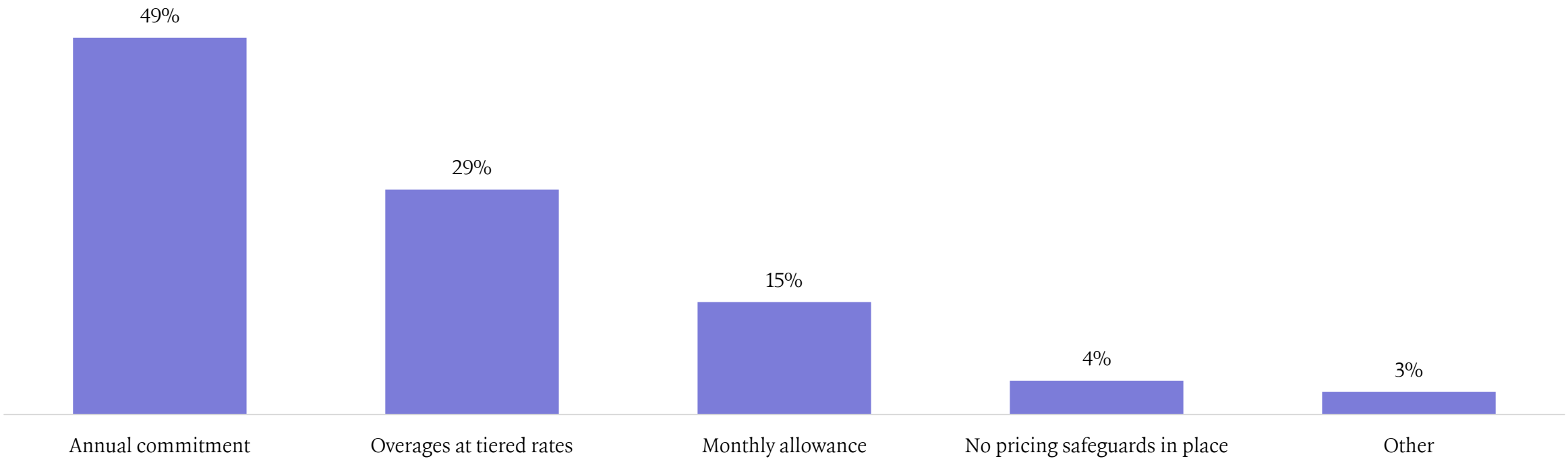
Companies that use outcome- and consumption-based pricing for AI products most commonly use annual commitments and overages at tiered rates as pricing safeguards

What pricing safeguards do you use?

% of Respondents, Select all that apply, Consumption- and outcome-based pricing users only, N=137



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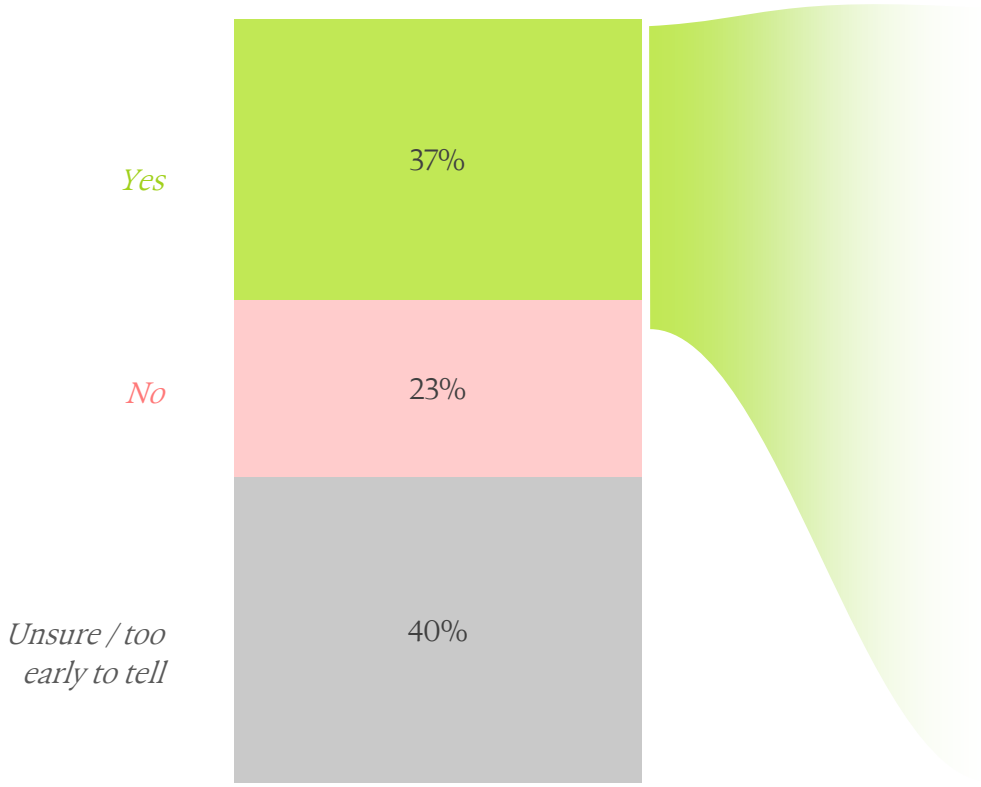
AI monetization is still evolving, with many companies exploring consumption- and outcome-based pricing models to better align to AI business value

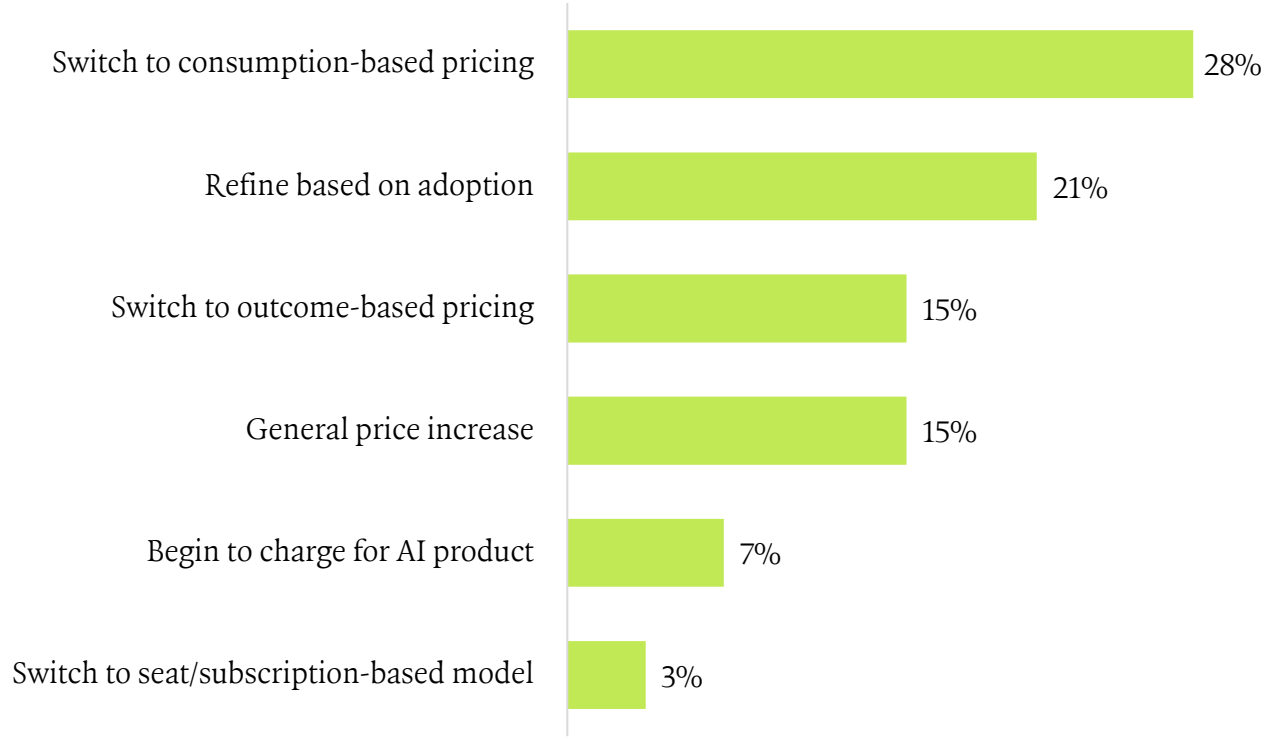
Plans to Change AI Pricing in Next Twelve Months

% of Respondents, Single-Select, N=298



Changes to Explore

% of Respondents, Single-Select, Top 6 Responses Only, N=86



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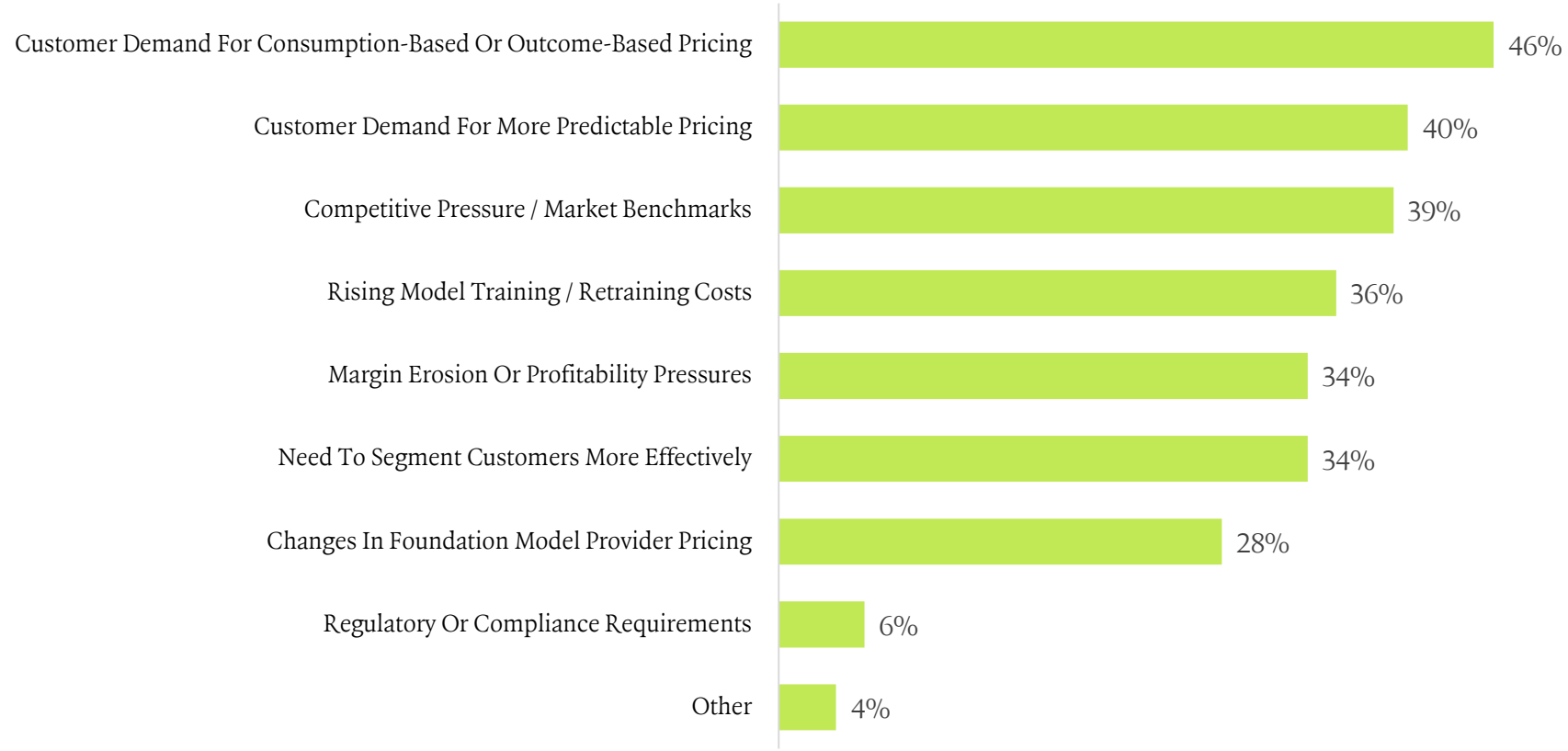
Customer-Facing Products

Internal Productivity

These pricing changes are primarily influenced by customer demand for pricing model changes and competitive pressures in the market

What are the primary drivers for AI pricing model changes?

% of Respondents that Ranked in Top 3, N=109



We believe another reason driving pricing model changes is the rise of agentic AI, primarily because agents are meant to execute tasks autonomously and their ROI is better aligned to consumption or outcomes, rather than licenses.

However, in our view, pricing should also remain tied to total cost of ownership, not just list-price, to consider the cost of data, tokens, and infrastructure.

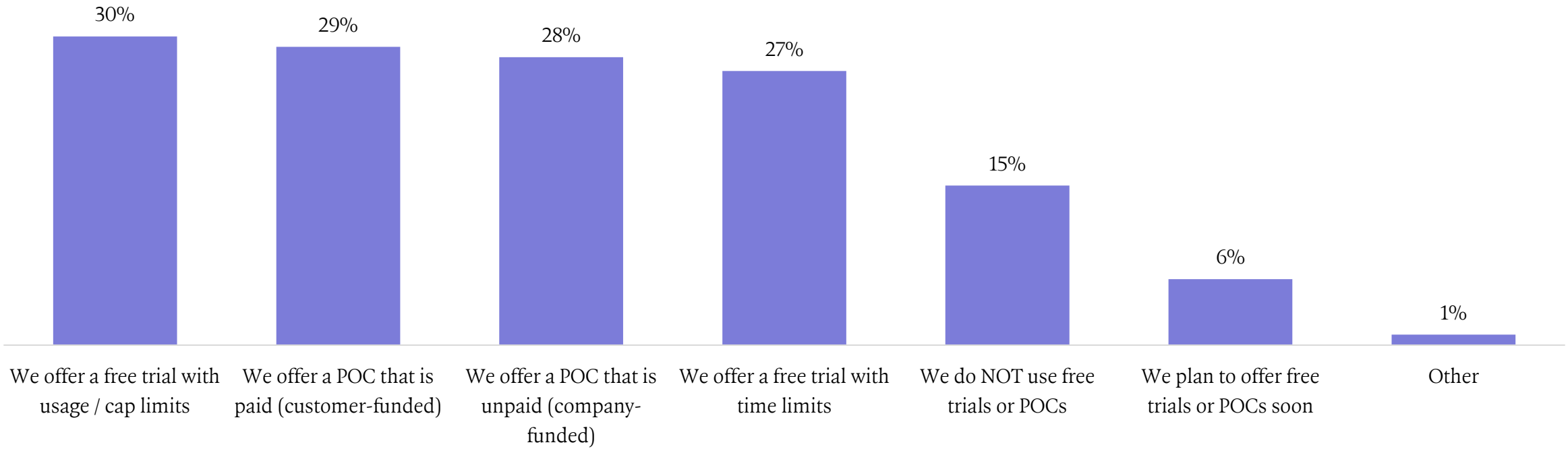
> Start hybrid: **light subscription for platform access + usage for volume** while outcomes are uncertain. Once outcomes stabilize, **shift toward heavier subscription** as it gives predictability and aligns with ARR growth. For example, one customer, averaged 1.6M monthly calls; their average call time was cut from ~15 minutes to ~4-5 minutes and customer satisfaction went up 3x. At that scale, **outcome-based would have been more expensive**, so [the customer] renegotiated to subscription-heavy.
>
> *Head of GTM,*
> *Late-Stage AI-Native Company*

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

AI builders generally use proof-of-concept phases to drive adoption of their products; however, it is unclear who should bear the cost of the trial (customer-funded vs company-funded)

Does your company use free trials or proof-of-concept (POC) phases when selling AI products?

% of Respondents, Select All That Apply, N=297



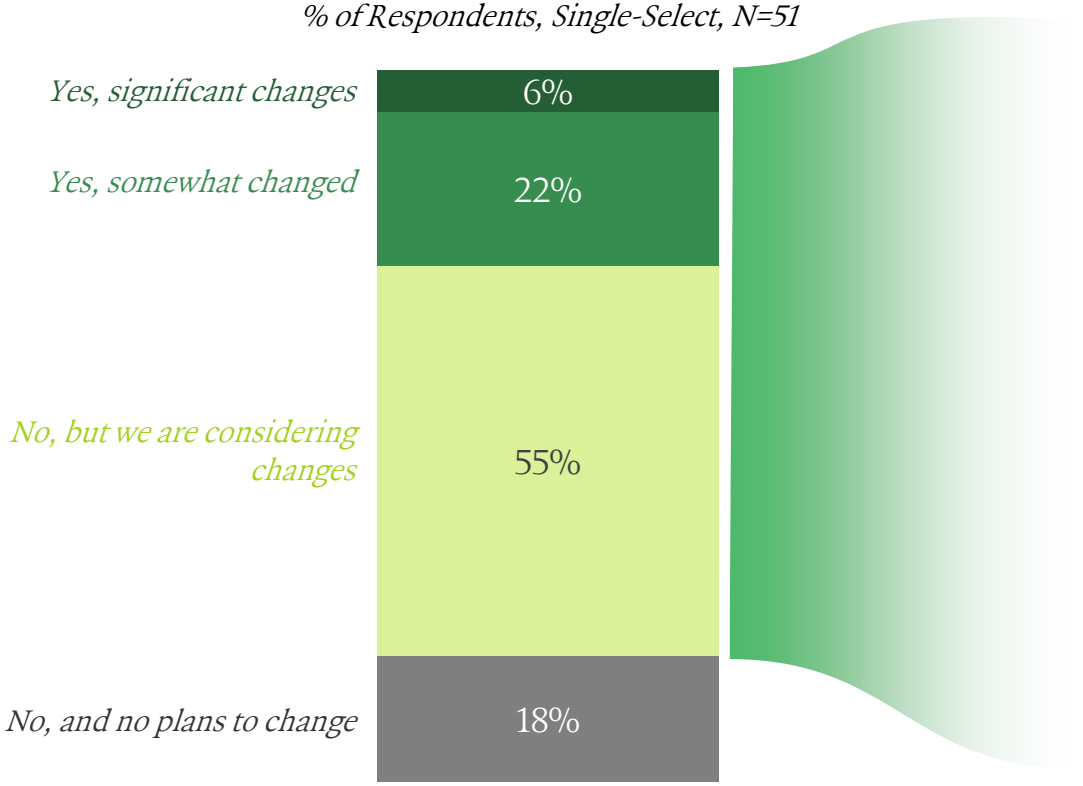
Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

AI Is Forcing a Rethink of GTM, Pricing, and Proof of Value

As AI sales become more complex and POC-driven, companies are adjusting compensation structures to better support AI products, notably through adding new commissions and changing quotas

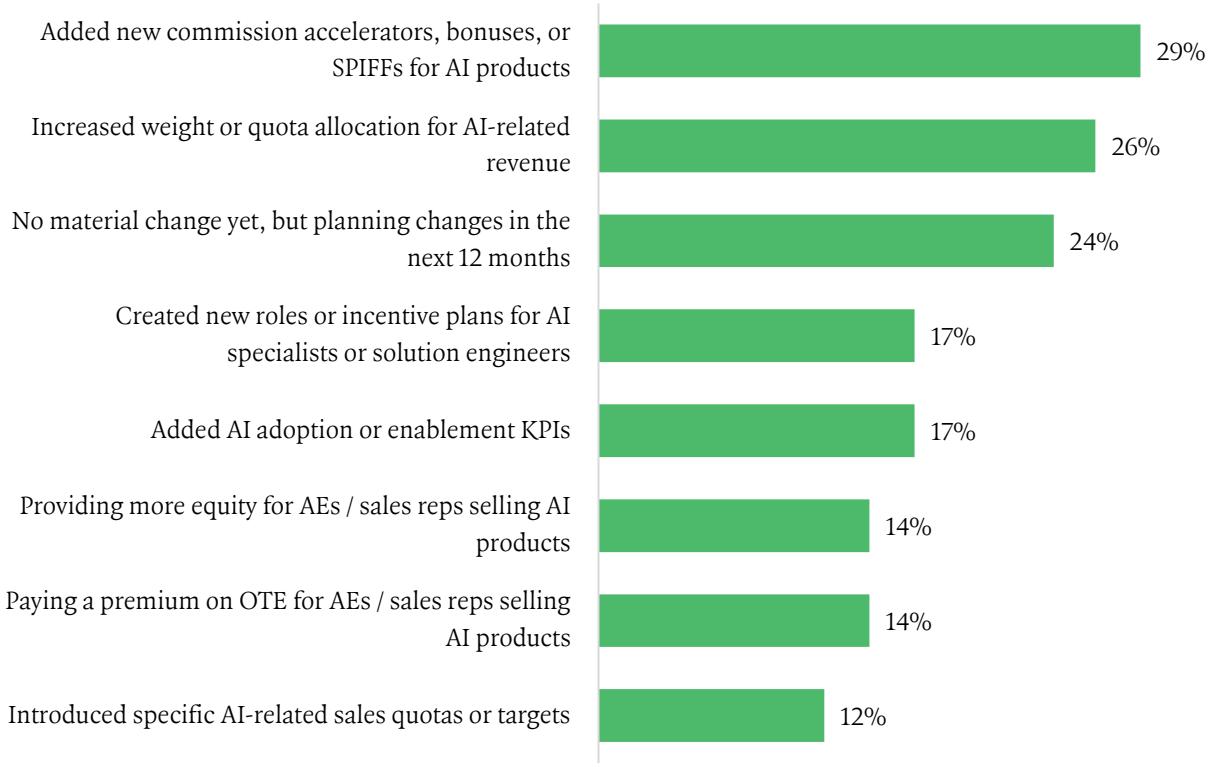
Has the rise of AI in your product offering changed your compensation structures?

% of Respondents, Single-Select, N=51



How have your compensation structures changed with the rise of AI product offerings?

% of Respondents, Select All That Apply, N=42



Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

Additionally, the complexity of AI deployments is driving greater reliance on forward-deployed engineers (FDEs) as a critical part of go-to-market motions, generally used to bridge the gap between product and delivery functions

Which best describes the primary purpose of FDEs at your company?

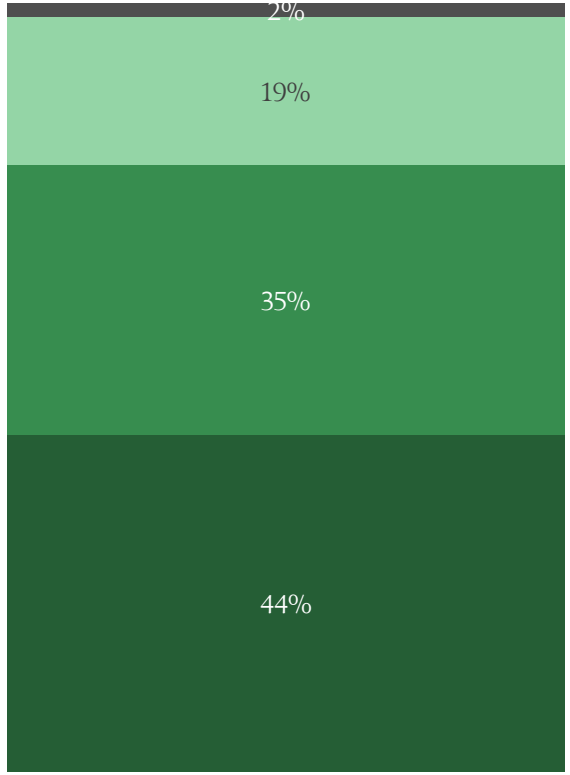
% of Respondents, Single-Select, N=171

Other

Product extension: *FDEs act as part of the product team, building last-mile integrations and features that extend the core product into customer environments and drive adoption*

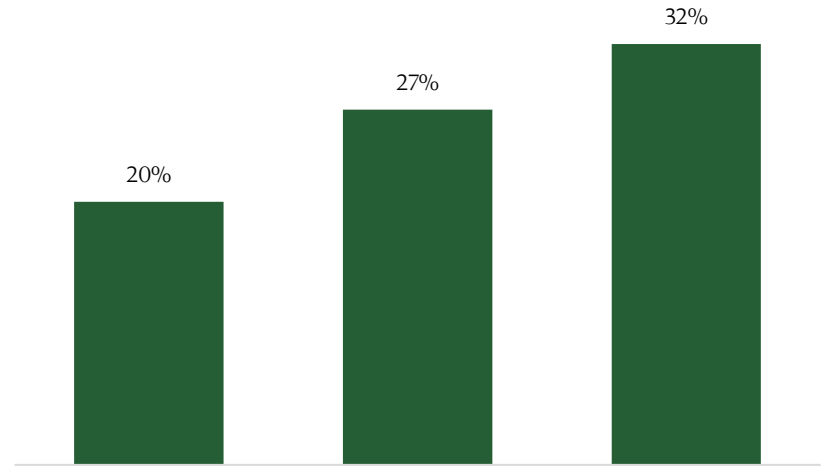
Customer delivery: *FDEs primarily support implementation and customer onboarding post-sale, ensuring successful deployment and adoption*

Hybrid role: *FDEs bridge product and delivery, helping customize products for customers while feeding insights back into product development*



For what percentage of customers does your company use forward deployed engineers?

Median, For companies that utilize FDEs



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AI as a Force Multiplier Across the Organization

Our survey indicates that internal AI adoption has moved beyond experimentation and is now delivering measurable productivity gains across functions. **R&D teams continue to lead adoption, with high-growth companies reporting that ~36% of code is now written with AI assistance, up from 29% six months prior**. Use cases such as coding assistance, testing, documentation, and content generation show the highest reported relative productivity improvements, often **exceeding 30 - 40% time savings**.

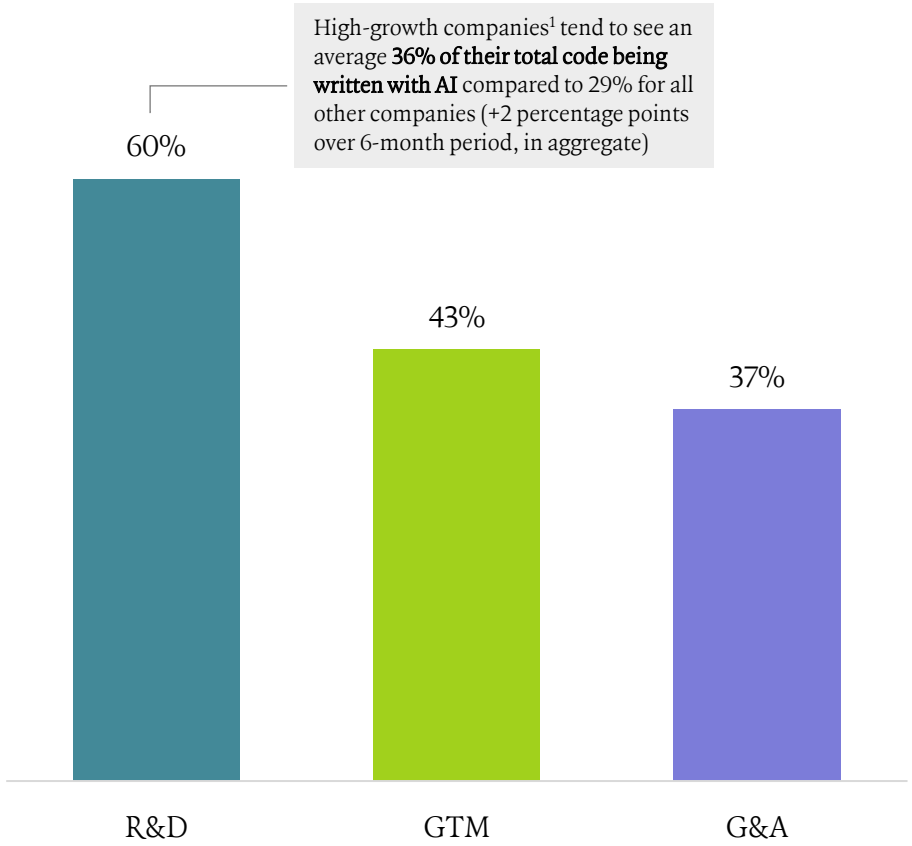
As adoption matures, survey respondents are increasingly **measuring ROI through productivity gains, cost savings, and revenue uplift**. Importantly, AI has not yet driven significant reductions in headcount; instead, it seems to be reshaping workforce composition. Companies are prioritizing AI-fluent talent while de-emphasizing administrative and repetitive roles. The data suggests that internal AI is becoming a **force multiplier for existing teams, rather than a near-term lever for workforce reduction.**

AI as a Force Multiplier Across the Organization

R&D teams continue to lead internal AI adoption, which we believe reflects the tangible value of developer-centric use cases like coding assistance, testing, and code review

Internal AI Active Adoption by Function

Average % of Employees, by Function, N=298



Top Use Cases for Internal AI Tools

Ranked by Year, Top 5 Use Cases, N=201

	Q2 2025	Q4 2025
1	Developer Tools (e.g., Coding Assistance, QA & Testing, Code Review)	Developer Tools (e.g., Coding Assistance, QA & Testing, Code Review)
2	Content Generation	Product & Design
3	Documentation & Knowledge Retrieval	Content Generation
4	Product & Design	Documentation & Knowledge Retrieval
5	Data Analytics	Customer Service

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

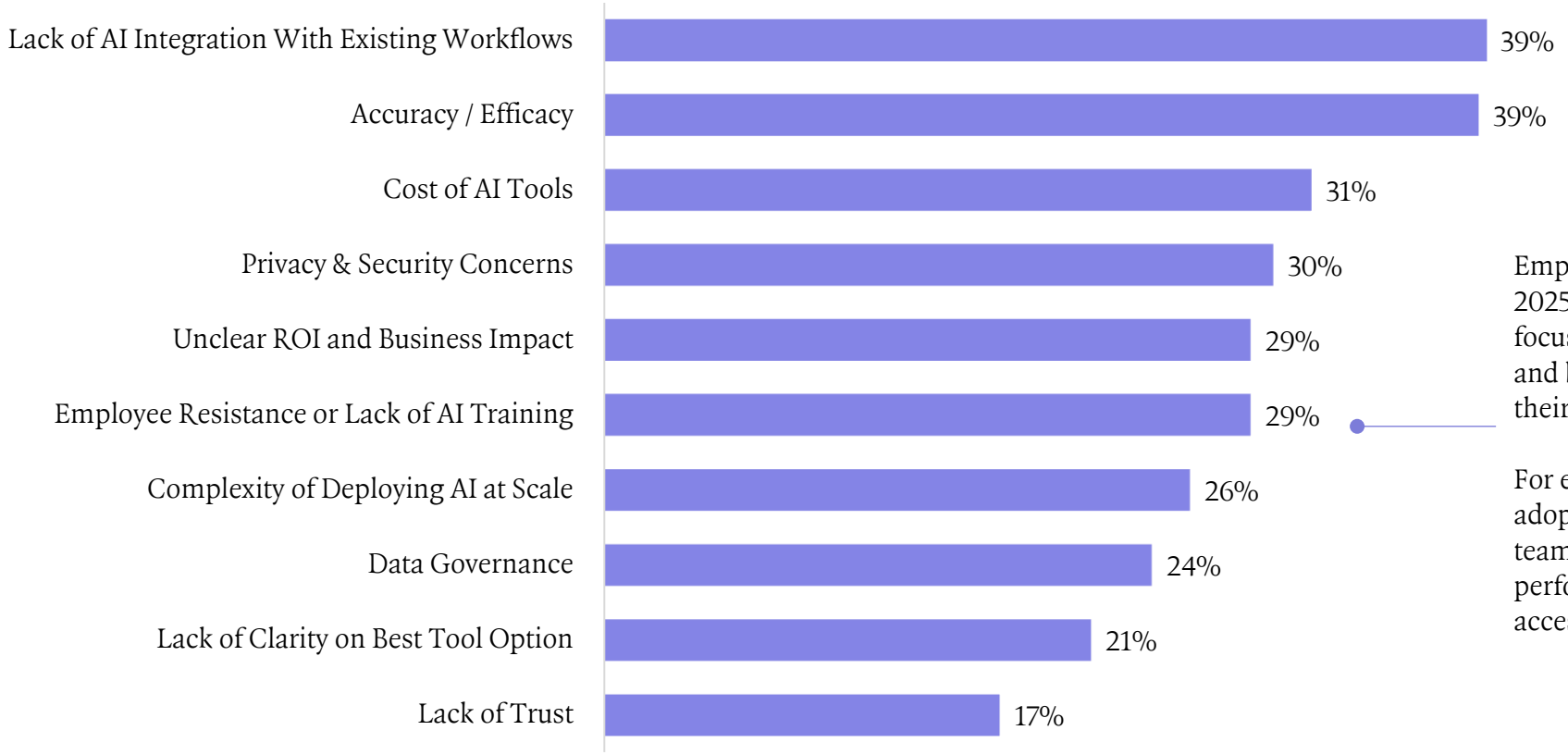
1 High-growth companies defined as companies that have 100%+ YoY ARR Growth

AI as a Force Multiplier Across the Organization

However, integration with existing workflows and accuracy of AI models remain top challenges when adopting AI for internal use, in our view, highlighting the importance of model selection and change management to accelerate adoption

Top Challenges When Adopting AI For Internal Productivity

% of Respondents that Ranked in Top 3, N=298



Employee resistance was a top 3 challenge in Q2 2025 and has dropped significantly as companies focus on change management related to AI adoption and better enable employees to integrate AI into their workflows.

For example, enterprises are experimenting with adoption levers: hackathons, central AI enablement teams, CEO sponsorship, embedding AI in manager performance reviews, and deprovisioning unused access.

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

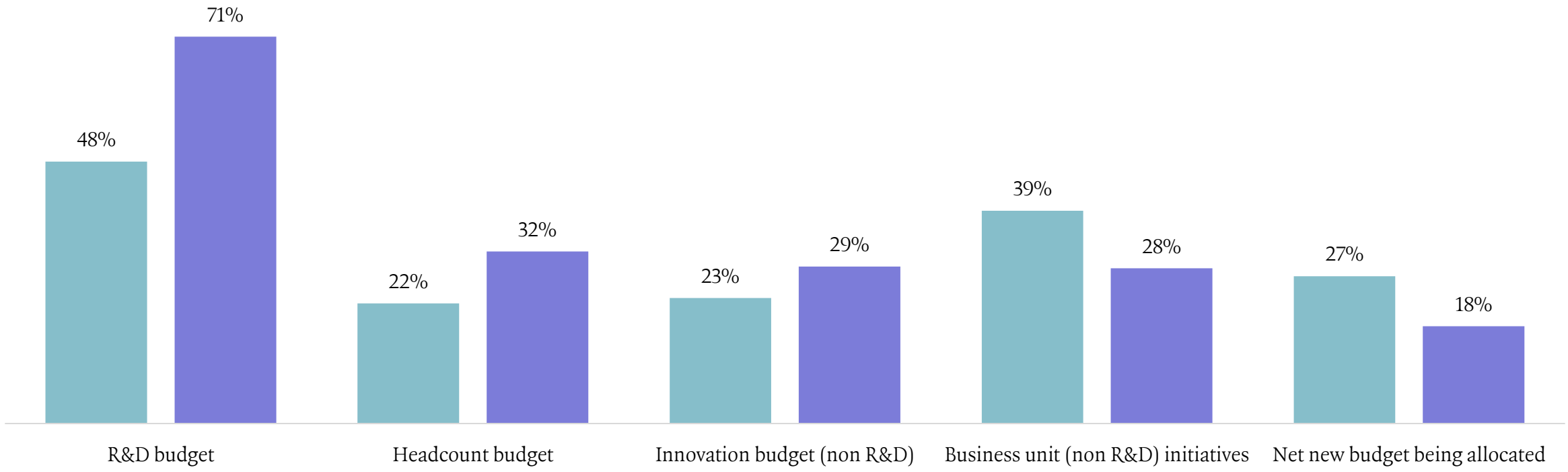
AI as a Force Multiplier Across the Organization

Internal AI is increasingly funded through R&D budgets, with fewer companies relying on net new budget allocation as tools move from experimentation to deeper integration in workflows

Q2 2025[1]
Q4 2025[2]

Where is the budget for internal productivity coming from?

% of Respondents, Select all that apply, N=296

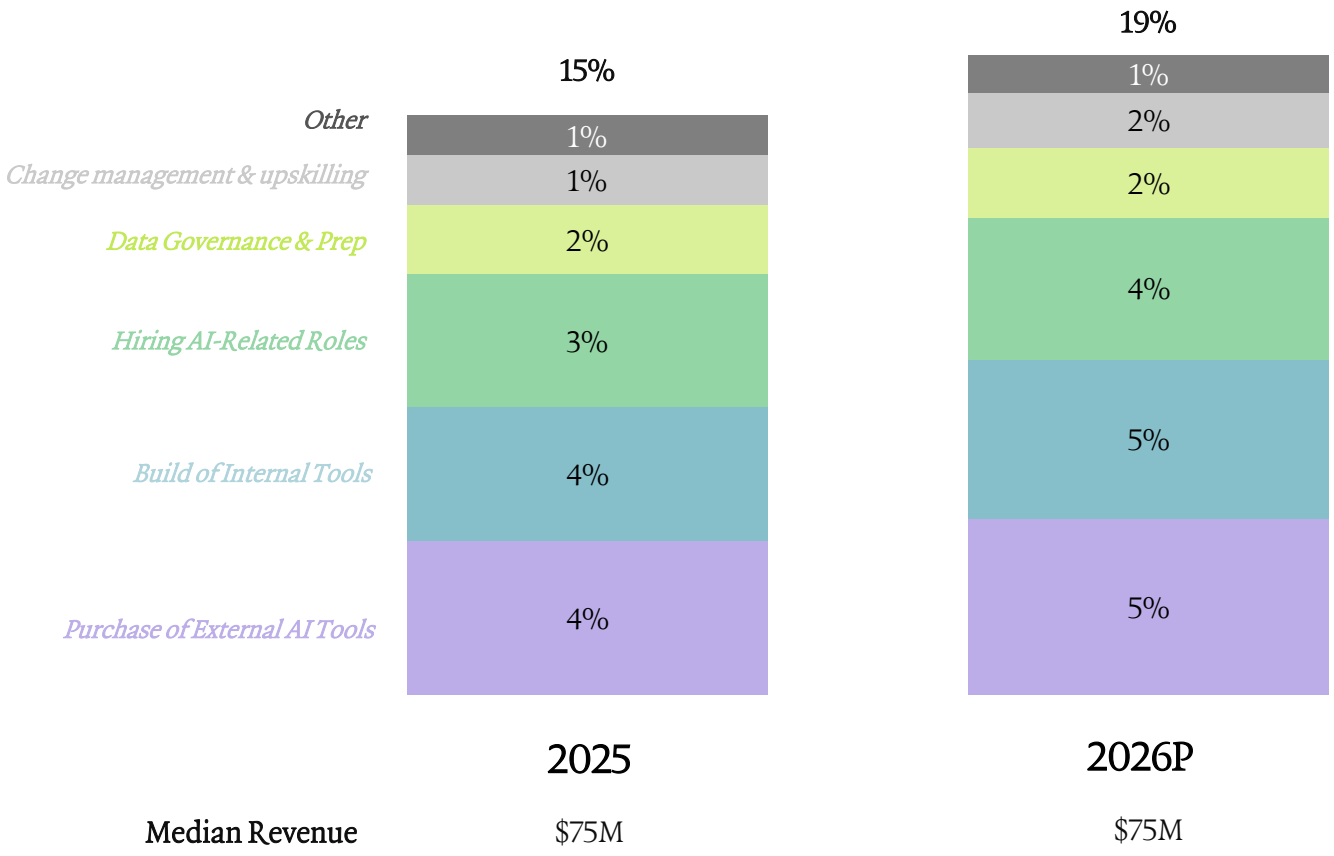


Source: Perspectives from the ICONIQ GenAI Surveys (April 2025 & December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network; 1 – N = 104; 2 – N = 247

Annual spend on internal AI (as a percentage of revenue) is expected to increase in the next year and companies are split between building and buying AI tools for internal use cases

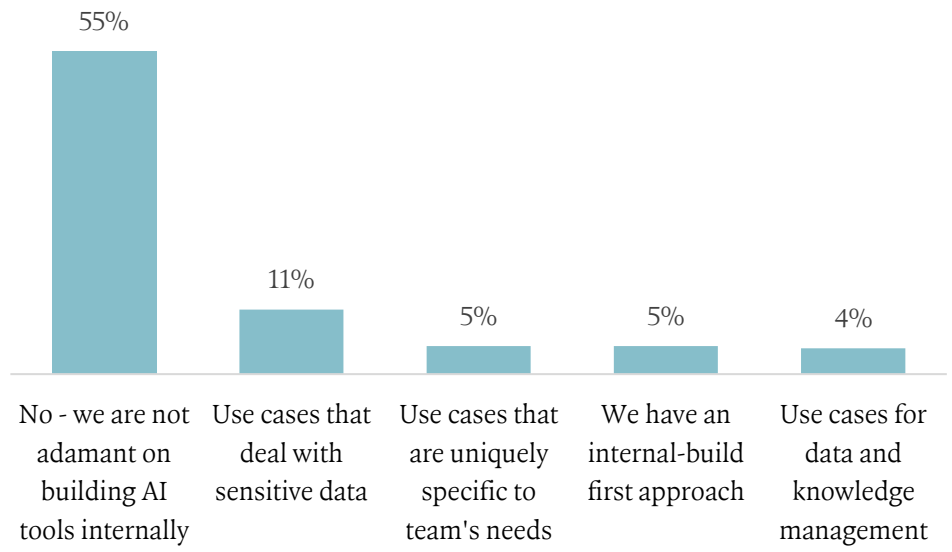
Annual Spend on Internal AI (as a % of Revenue)

% of Respondents, Single-Select, N=203



Are there any internal use cases you are adamant about building internally?

% of Respondents, Top 5 Responses Only, N=274



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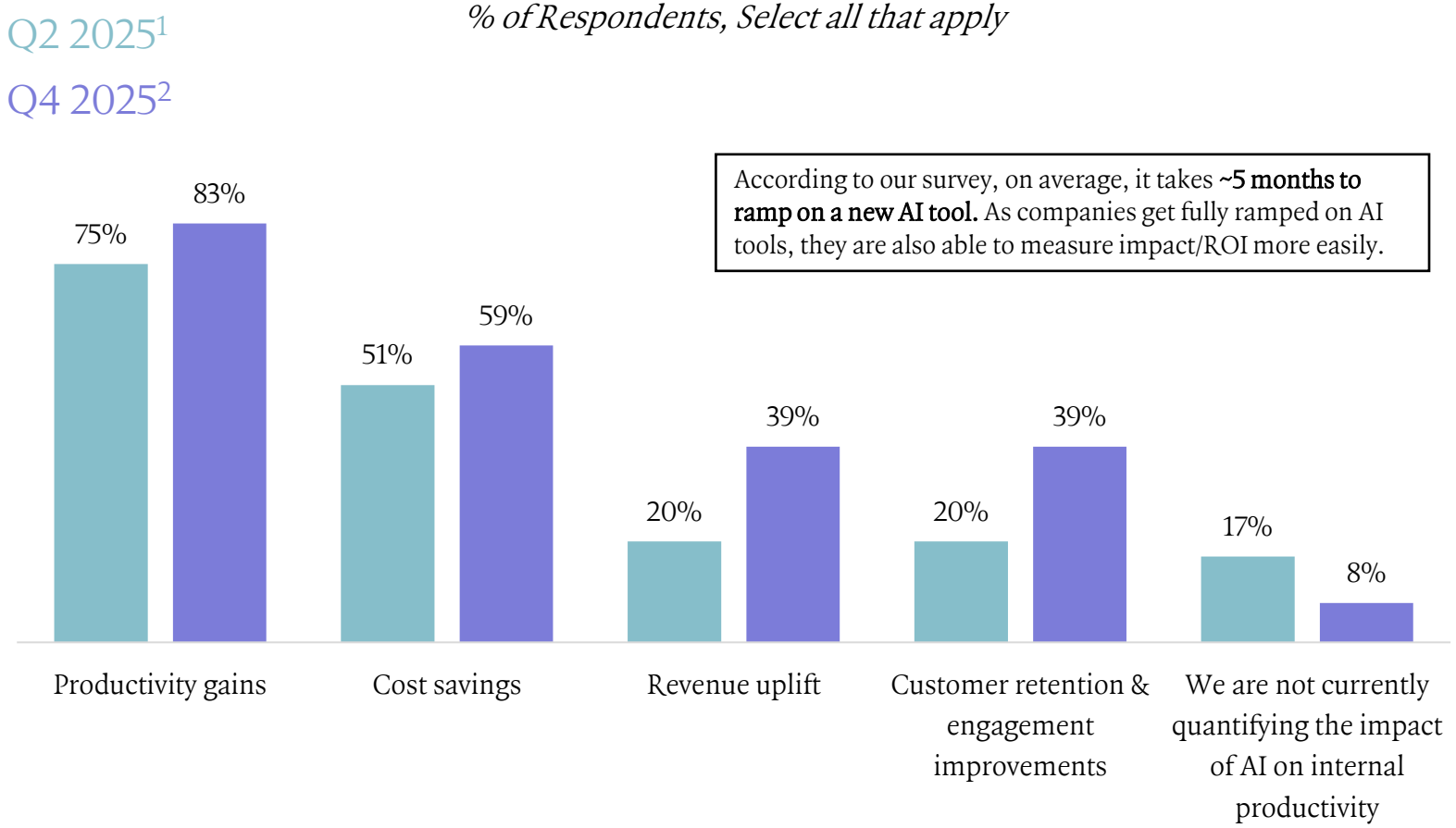
AI as a Force Multiplier Across the Organization

As internal AI adoption matures, companies are increasingly measuring business impact and ROI across multiple dimensions, most commonly through productivity gains and cost savings

How are you measuring the impact of AI on internal productivity?

% of Respondents, Select all that apply



ICONIQ Community Perspective

AI's Impact Still Focused on Bottomline Efficiency

While we are seeing many use cases for AI tooling improve efficiency, we've seen **fewer companies that are measuring the impact of AI on topline growth**.

At a recent ICONIQ forum for Chief Data and AI officers, the CDAO of a F500 consumer company noted that, "**enterprises overweight using AI for efficiency, and underweight use cases around topline revenue growth**. The reason for this being that 'Efficiency is the easy thing, and it's harder to measure the topline growth.'"

Other enterprise CDAOs agreed with this sentiment, noting that AI adoption is **driven more by cutting vendor & consultant spend** than driving revenue.

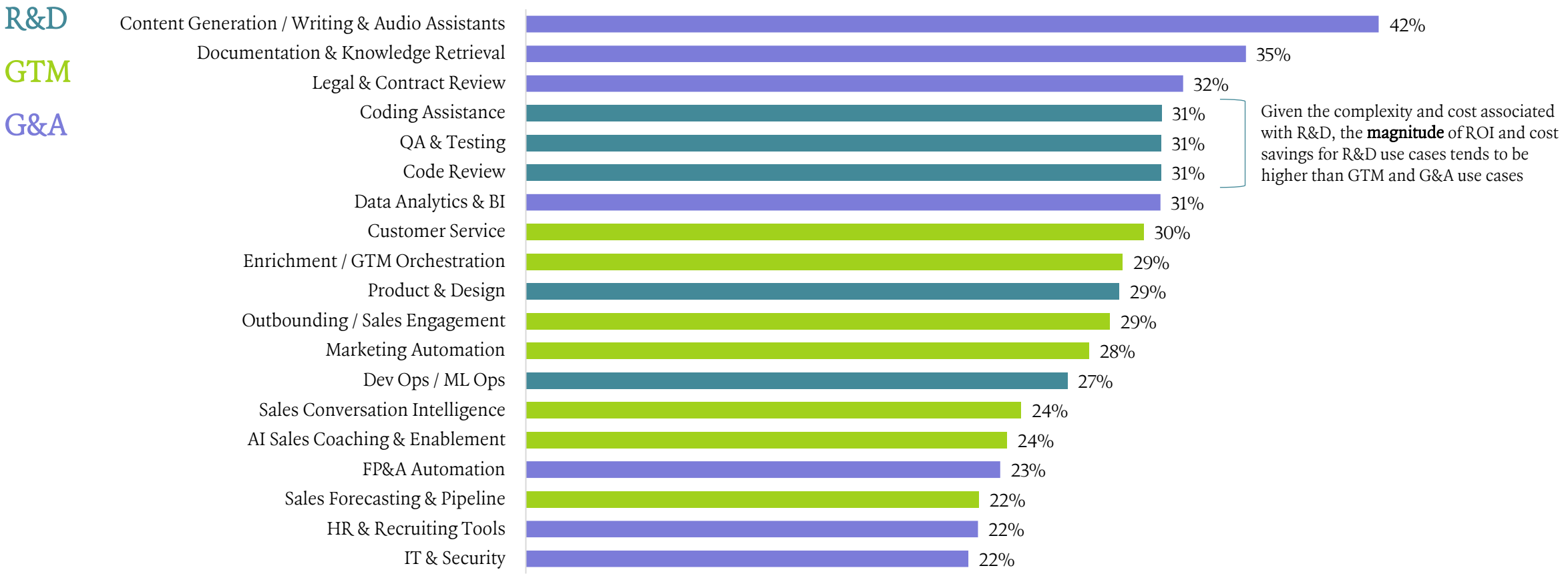
Source: Perspectives from the ICONIQ GenAI Surveys (April 2025 & December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network; 1 – N = 267; 2 – N = 298

AI as a Force Multiplier Across the Organization

Content generation and documentation use cases showcase the highest relative productivity gains for AI adopters

Average relative increase in productivity for use cases where AI support is being deployed

% Average, By Use Case, N=247



Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

Spotlight: Internal AI Adoption in R&D

Select Anecdotes from ICONIQ Portfolio

	Coding Assistance	QA and Testing	Code Review	Product & Design
Example use case	**AI pair-programming, planning, and pull requests**	**Unit, integration, and UI test generation**	**Automated code review and logic validation on pull requests**	**Prototyping from requirements**
How teams are executing on this use case	Engineers **prompt AI tools with work tasks and the agent reads the repository, proposes a plan, estimates costs, and can open pull requests**. Some teams are prompting the AI tools to write the prompt itself for higher quality results.	Engineers **point AI tools at existing test files to scaffold additional test cases, generate factories, and write end-to-end specs**. Teams are using AI to expand coverage quickly and standardize tests for common flows rather than writing tests from scratch.	Engineers are using AI tools to **automatically review diffs, flag potential logic issues, and leave structured comments inline** on the merge request. Engineers then jump directly into their IDE, keeping review tightly integrated with existing developer workflows.	PMs use AI to help **draft requirement and then use AI-powered prototyping tools** to quickly generate clickable prototypes. These prototypes are used to validate user flows, interactions, and assumptions with stakeholders.
ROI gained	Team reports that remote agents are **tackling UI bugs** and **opening PRs**; multiple engineers reported AI tools **resolving merge conflicts** and **generating dependency graphs** that followed internal patterns.	Engineers report **significant time savings**, with AI generating the majority of test code in minutes, materially **reducing manual QA effort** and **accelerating release cycles**.	Engineering teams report the **agent surfacing issues that may have been missed** in manual review, **improving code quality** without adding reviewer overhead.	Teams report that this process **cuts early discovery** from days to hours by **enabling earlier feedback cycles**, **reducing downstream changes**, and improving handoffs into development.

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

Spotlight: Internal AI Adoption in GTM

Select Anecdotes from ICONIQ Portfolio

	Customer Service	Marketing Automation	Sales Coaching & Enablement	Sales Engagement
Example use case	AI chatbots for customer inquiries	Marketing content creation & campaign development	Post-call coaching & follow-ups	Prospect identification and research
How teams are executing on this use case	AI tools **powers generative chat support** across consumer products. They pull from help center content and internal documentation to **resolve high-volume issues**, such as cancellations, refunds, billing, and product questions, before they reach agents.	Teams are uploading comprehensive messaging for all programs into AI tools to help **draft marketing emails, brochures, and other collateral**. AI tools generate drafts that **match the brand voice** and campaign objectives, which the team then refines.	After every sales call, teams use AI tools to **parse transcripts, list action items, draft follow-up emails, and receive coaching notes.**	Teams use AI tools to identify buying signals, so sales teams know who to target. The tools **automatically create email messaging** that is personalized to the customer's priorities and buying signals. It **guides outreach by identifying which contacts to target** using references from board minutes, news articles, strategic plans, and other data.
ROI gained	Customer service teams are seeing cost savings **through material ticket deflection** in repetitive categories **and fewer conversations routed to live agents**.	Initial marketing drafts can now be **completed in one hour (vs two to three days)**, allowing teams to focus on more strategic tasks. Using AI to **maintain brand consistency** also helps generate **cross-functional alignment, reduce review cycles**.	Sales teams are reporting that this **saves ~30 minutes per deal cycle,** resulting in faster and more consistent follow-through in the sales process.	Teams are reporting higher success in **getting meetings and winning opportunities**, supporting meaningful topline / revenue growth.

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

Spotlight: Internal AI Adoption in G&A

Select Anecdotes from ICONIQ Portfolio

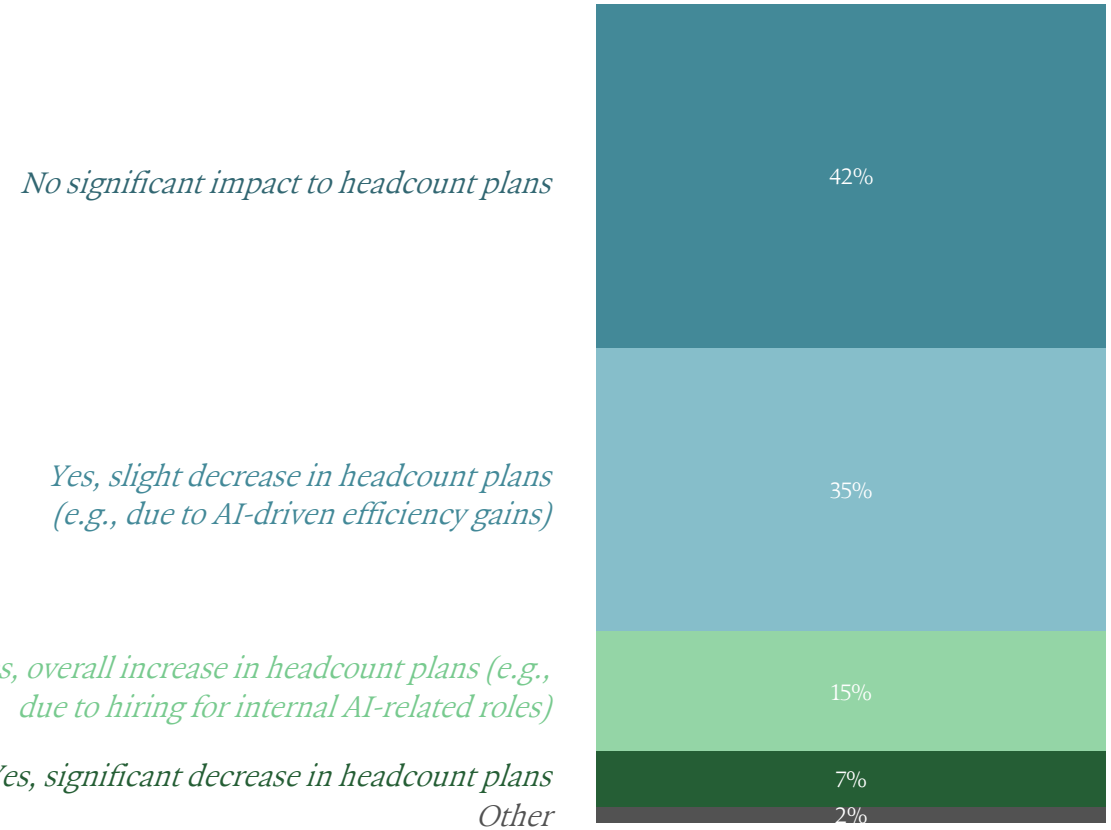
	FP&A Automation	HR & Recruiting	Legal	Data Analytics & BI
Example use case	KPI dashboard automation	Automated candidate selection and feedback	AI powered in-house legal assistant	Customer insights
How teams are executing on this use case	AI automates **dashboard creation and generate contextual commentary explaining KPI trends** and recommended actions. AI tools also **cross-check invoices against contract records** and **flags anomalies or potential fraud**.	AI helps screen applicants by **bulk-downloading resumes from the ATS and analyzing them against job responsibilities**. During candidate review, recruiters **run a list of AI recommended candidates**. During interview processes, AI tools are used to **summarize feedback from multiple interviewers**.	Teams are using legal AI agents as internal legal team support. These agents **help review contracts, spot legal and business risks, and suggest practical changes to deals**, while keeping a special focus on privacy, data security, and compliance obligations.	Teams connect Slack channels to AI tools to summarize sentiment and **trend analysis across micro-surveys**, without any manual data wrangling.
ROI gained	Anomalies are easily identified, enabling quick vendor corrections. Executive dashboard **updates that previously required 4+ hours of manual analysis now auto-generate with narrative insights**, freeing analysts for strategic work.	Teams have **improved screening efficiency at scale and provide consistent, data-driven evaluations** across candidate pools. Hiring teams are enabled to make faster, more data-driven decisions.	Legal teams can now **handle increased volume in a variety of areas with the same headcount** while **maintaining thorough risk assessment and compliance standards**.	Teams **are seeing productivity gains in survey data analysis** and faster sharing of key takeaways.

Source: Perspectives from the ICONIQ GenAI Surveys (December 2025) and perspectives from the ICONIQ team and network of AI leaders consisting of our community of CIO/CDOs overseeing AI initiatives in enterprises, CTOs, our Technical Advisory Board, and others in our network

Although companies are seeing AI's impact on productivity, most companies have seen little to no impact to headcount plans due to AI adoption in 2026

Has internal AI adoption impacted your headcount plans for 2026?

% of Respondents, Single-Select, N=298



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1 – High-growth companies defined as companies that have 100%+ YoY ARR Growth

Customer-Facing Products

Internal Productivity

While company headcount impacts vary across companies, survey respondents that are increasing their headcount plans are **prioritizing AI professionals: developers, data scientists, prompt engineers, and those that have embraced AI into their personal workflows.**

Conversely, **administrative, operational, and back-office G&A roles have been de-prioritized.** Additionally, some companies are also deprioritizing sales team hiring as they unlock productivity gains through AI adoption.

High-growth companies[1] are also seeing more changes with their headcount plans and more likely to increase their headcount due to AI.

> While the **fundamental structure of teams hasn't fully changed yet**, how people work has already dramatically changed. AI is amplifying the extremes – I've seen **top performers be at least 10x more productive** and more novice employees using AI to upskill and accelerate outputs.
>
> **I believe domain and technical expertise will become requirements** for anyone building and traditional project management roles will begin to disappear**. Leaders cannot effectively lead without knowing what's possible with AI.**
>
> **- Kipp Bodnar, Hubspot CMO**

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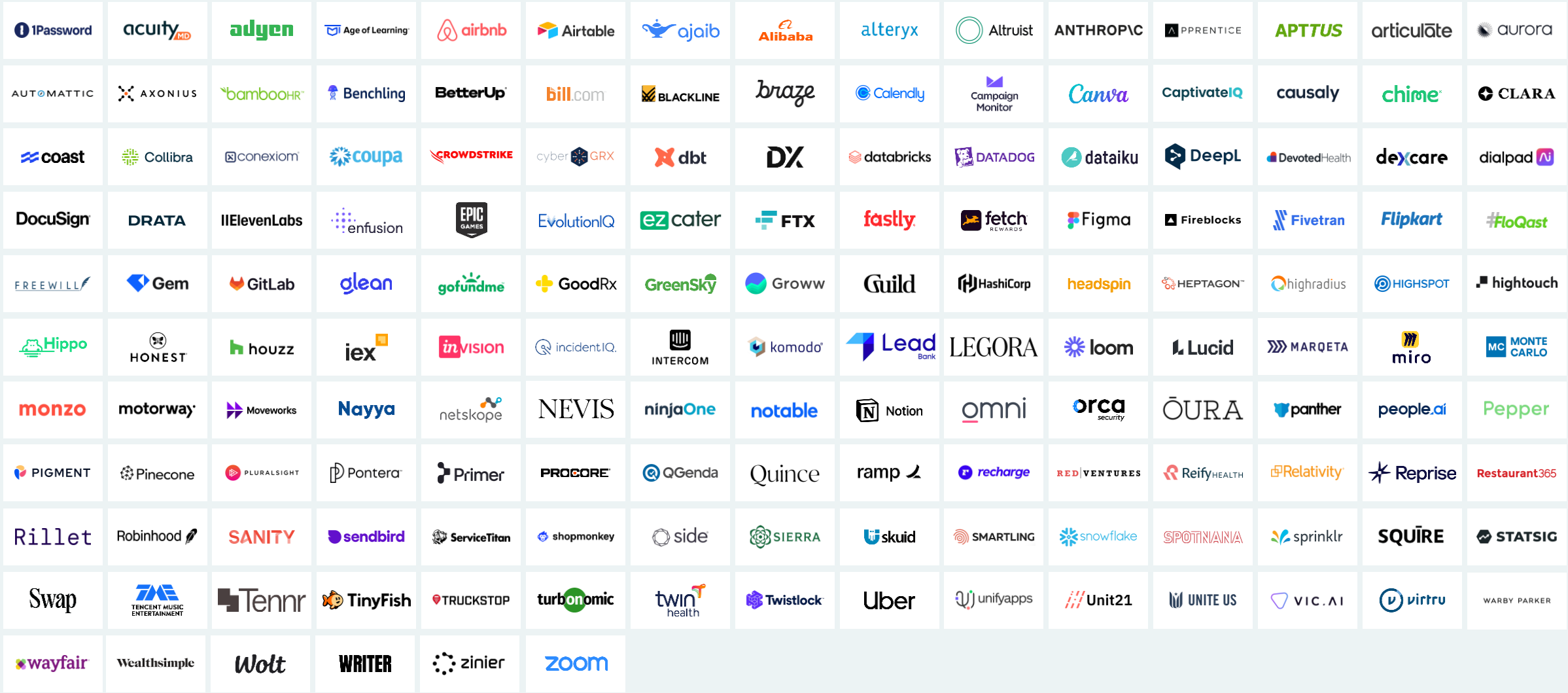
A global portfolio of category-defining businesses



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