Battery

December 2025

State of Enterprise Tech Spending

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AI moving past experimentation to scale

AI MATURING

1. Enterprises are moving from AI exploration to execution

2024 was about researching potential AI use cases. 2025 was about moving from experimentation to production. We expect 2026 will be focused on measurement and ROI as AI capabilities become more closely tied to productivity, efficiency and revenue impact.

2. Enterprises are defining AI ownership

Most AI initiatives sit under CIOs and CTOs, signaling that AI is moving from experimentation to core business infrastructure. However, we're also seeing the rise of the Chief AI Officer, with 23% of organizations implementing that role. This consolidation reflects a maturing market—where governance, execution speed and scalability now define how enterprises manage AI.

HUMANS, AGENTS & AI

3. AI impacts hiring and enterprises' existing workforce

Most enterprises view AI as augmenting, not replacing people: 45% are focused on augmentation, only 1% on primarily replacing, and 48% pursuing a mix of both. We expect a shift in roles toward AI-literate and technical talent to support automation and orchestrate systems, rather than large-scale workforces to "do the work" in many functions.

4. Agentic AI accelerates beyond the copilot

Enterprises are allocating increased budget to agentic AI: 33% of enterprises have already deployed an agentic solution, with 48% more deploying in the next 12 months. Agentic AI encompasses many variations. Current implementations are more controllable applications like IT / HR ops or software development. Two notable exceptions are customer support and sales, which have both rapidly introduced agentic via vendors and bespoke systems.

CODING IS NOW AI-NATIVE

5. AI-assisted coding platforms are reshaping how software gets built

AI coding platforms like GitHub Copilot, Cursor and other open-source tools have become central to developer workflows, driving major gains in productivity, quality and speed. Software development is no longer just *AI-enabled*—it's becoming *AI-native* by default.

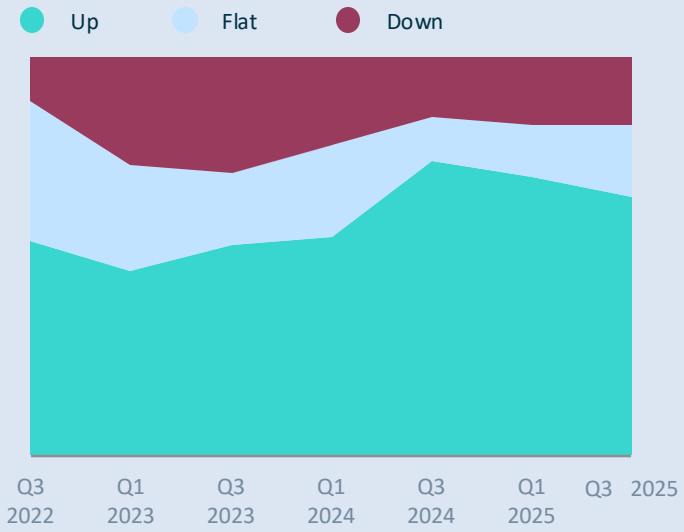
6. Enterprises deploying AI coding at scale are already seeing measurable impact

Engineers using AI coding assistants report efficiency gains of up to 20%, underscoring tangible ROI in large-scale environments. These early adopters are proving that AI can move beyond experimentation to become a cornerstone of enterprise engineering performance.

Source: Battery 2H 2025 Cloud Software Spending Survey

Budgets, AI use-case identification and agentic AI

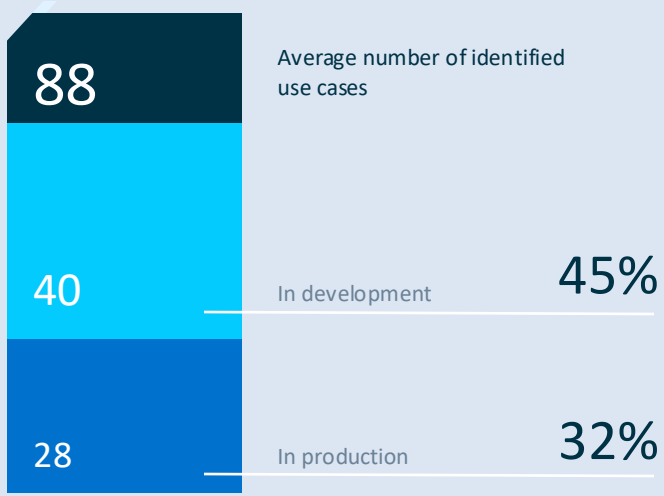
BUDGETS REMAIN STEADY



Enterprise IT spending remains steady. Nearly **two-thirds (65%) of organizations plan to increase budgets over the next 12 months.** Only 17% expect declines, primarily those in tech, healthcare and manufacturing. Enterprises are directing capital toward emerging technologies that strengthen scalable, AI-ready foundations for growth.

AI WAVE STILL BUILDING

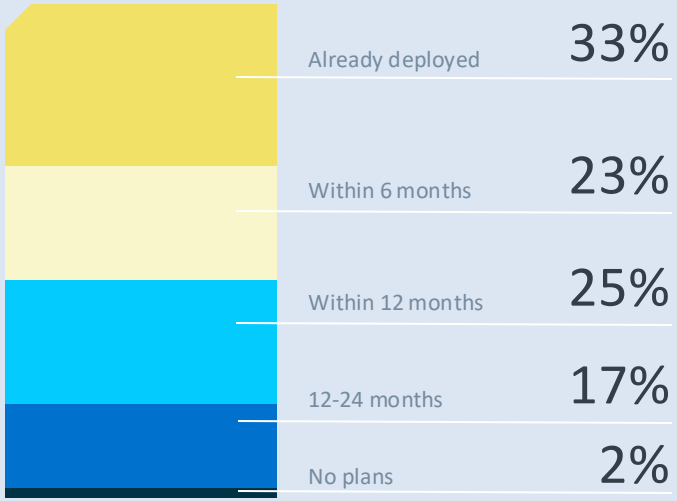
STATUS OF GEN AI ADOPTION OF USE CASES, Q3 2025



Over the past six months, we've seen a significant leap forward in how enterprises operationalize AI. The average number of **Gen AI use cases identified per company has jumped from 36.5 to 88 over the last 12 month**s, with a 3.5x increase in use cases under development and a 4x surge in those in production.

AGENTIC AI DEPLOYMENT

STATUS OF AGENTIC AI DEPLOYMENT, Q3 2025



Agentic AI now autonomously plans, executes and coordinates multi-step workflows across enterprise systems. And momentum is accelerating:

33% of organizations already have agentic AI in production, and another **48% plan to go live within 12 months**—signaling a shift from early adopters to early majority.

Source: Battery 2H 2025 Cloud Software Spending Survey

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Demographics and budget trends

2H 2025 survey composition

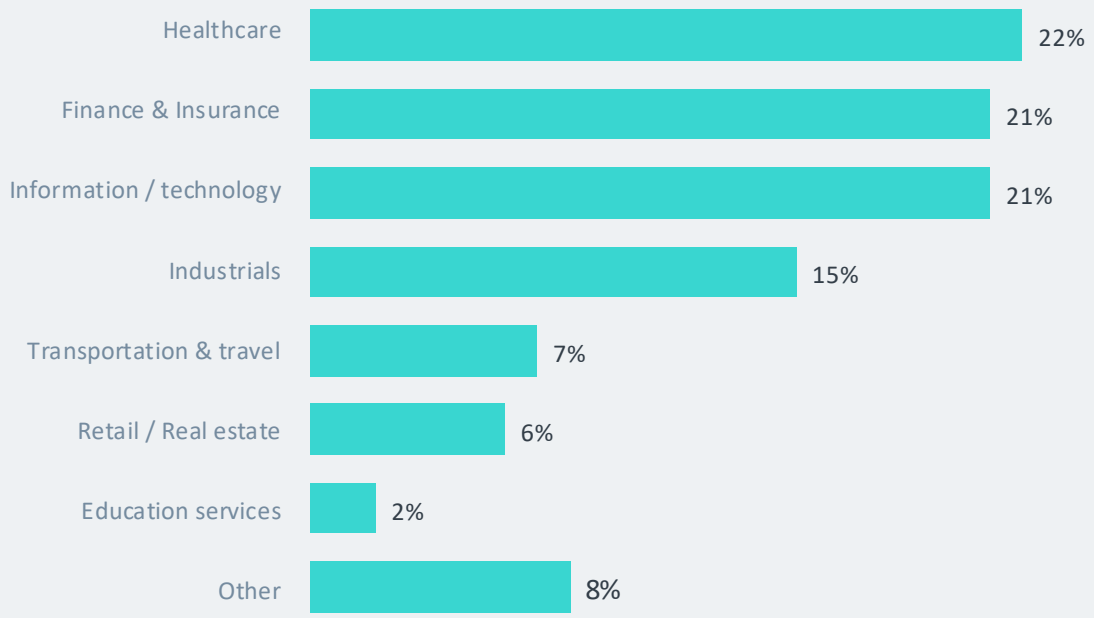
The Battery State of Enterprise Tech Spending survey saw participation from **100 CXOs representing over $44B in annual technology spend.**

77% of respondents spend **$100M+ on cloud infrastructure, application software, data platforms and ML tooling.**

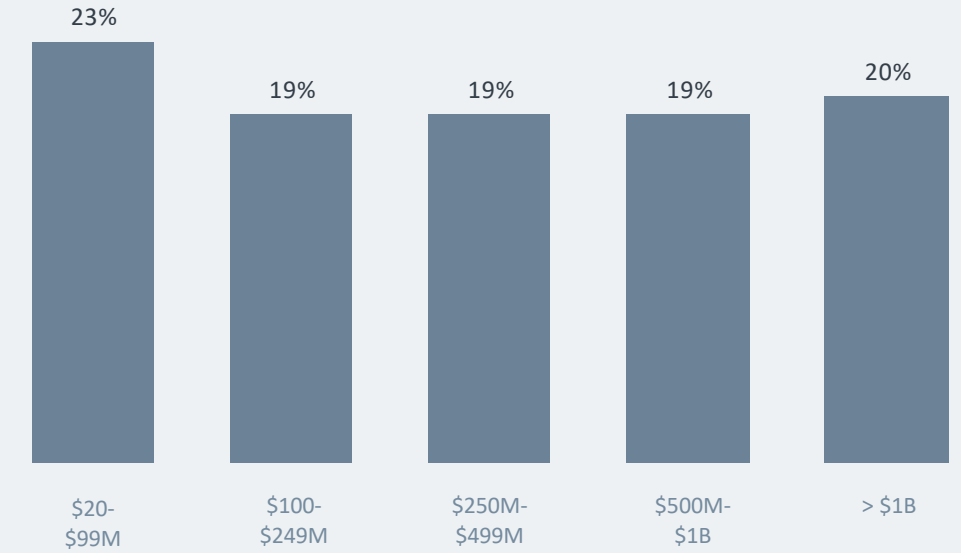
All respondents are from **companies with 1,000+ FTEs** in industries such as financial services, technology, healthcare and manufacturing.

Survey conducted the last week of October and 1st week of November prior to market volatility and "tech drop" in November.

INDUSTRY REPRESENTATION



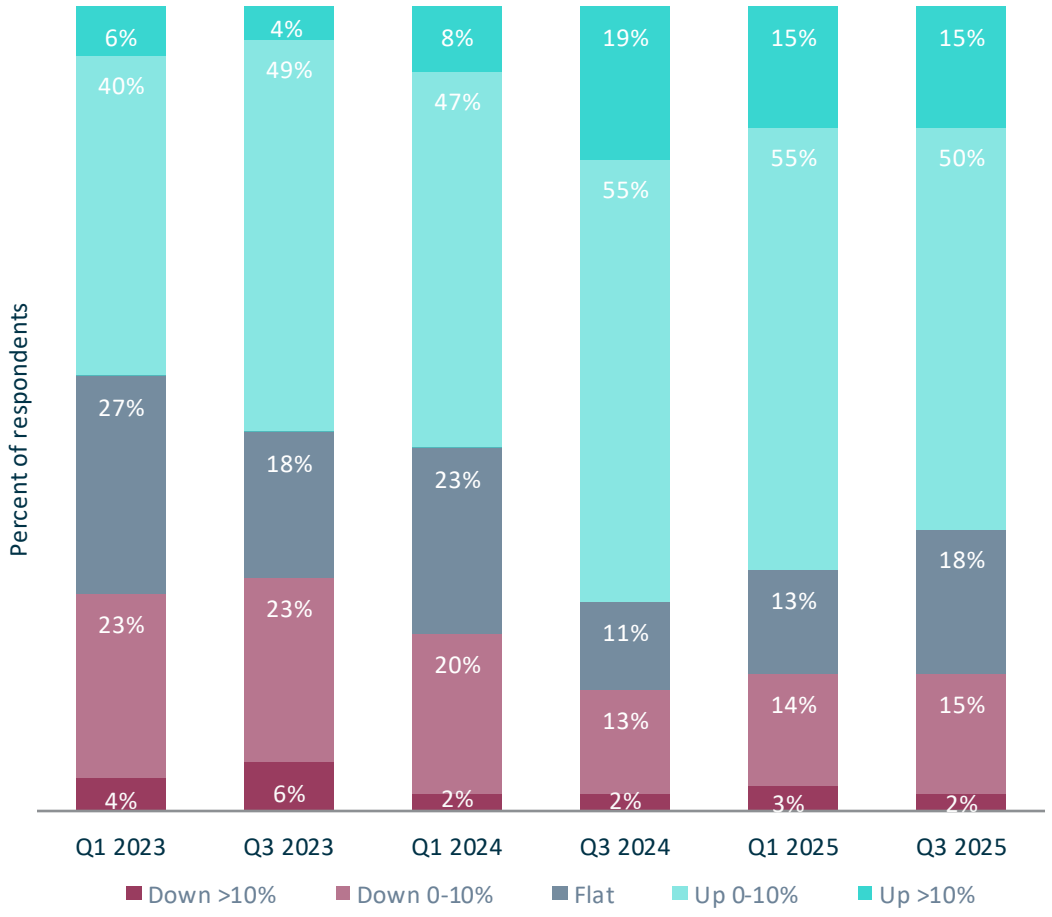
BUDGET DISTRIBUTION: TOTAL TECHNOLOGY SPEND PER COMPANY



Source: Battery 2H 2025 Cloud Software Spending Survey, Notes: 1) Industrials segment includes aviation, construction, utilities, manufacturing, transportation and warehousing. 2) Annual technology spend calculated based on mid-point of total technology budget.

Technology budget and spending trends

POSITIVE MOMENTUM IN CXO BUDGET PLANS



BUDGET DISTRIBUTION: TOTAL TECHNOLOGY SPEND

1. In Q1 2025, 83% of CXOs report flat or increasing budgets, with **65% projecting growth—underscoring confidence in technology investments** to accelerate growth and competitiveness.

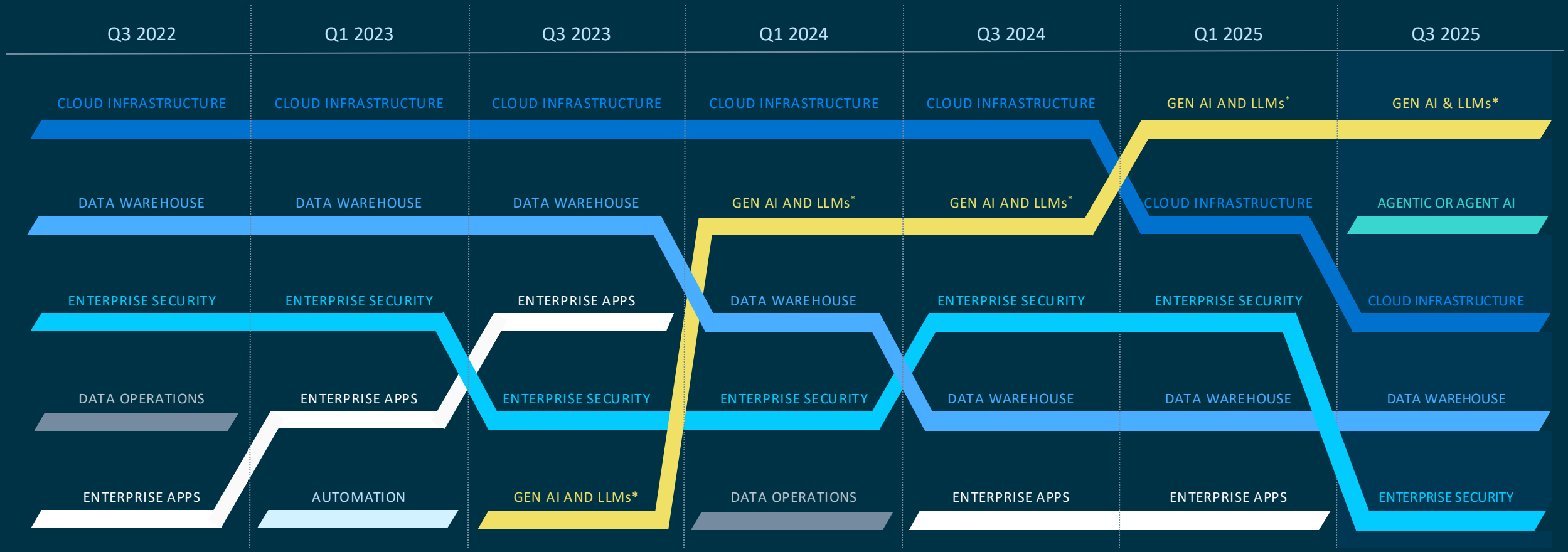
2. The proportion of **organizations seeing >10% budget increases remains solid at 15% in Q1 and Q3 2025.** Those leaning in on technology shift show sustained investment momentum versus regression after early experimentation. **Organizations with over $1b or less than $100m in budget are those driving decreases in budgets.** This reveals pressure within massive enterprises to prove ROI and accelerating costs within smaller organizations as they navigate the shifting landscape.

3. The share of respondents reporting **budget declines remains low with just 17% in 2H 2025, suggesting enterprises are stabilizing downside.** Based on survey majority are looking to AI for automations + efficiencies.

4. Those with budgets increasing over the next 12 months consistently cite Gen AI and agentic AI as catalysts for operational efficiency, workflow automation and cost leverage.

Source: Battery 2H 2025 Cloud Software Spending Survey

Top 5 executive spending priorities (next 12 months)



Generative AI and LLMs remain the focus with agentic AI emerging as a top spending priority, surpassing foundational categories which drove innovation and spending over the last decade like cloud infrastructure. Shifts across the technology stack are creating opportunities for value creation and revenue acceleration at startups at an unprecedented pace.

Source: Battery 2H 2025 Cloud Software Spending Survey
* Note: GenAI and LLMs were new priority option in Q3 2023 & agentic in Q1 2025 Survey

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Human - AI
Impacts & Leadership

The evolution of autonomy

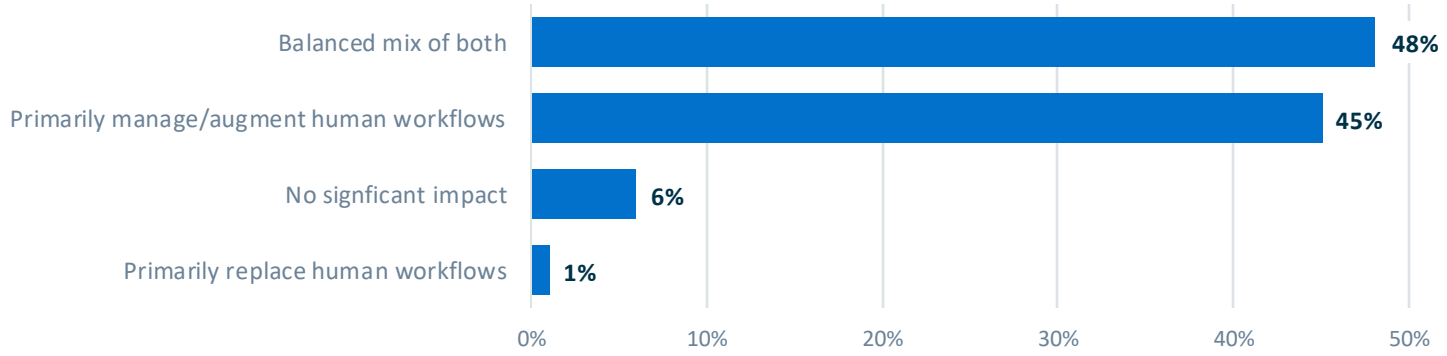
From human supervision to AI automation

Early agentic AI systems rely on humans to verify and guide outputs. Over time, AI agents begin managing workflows independently.

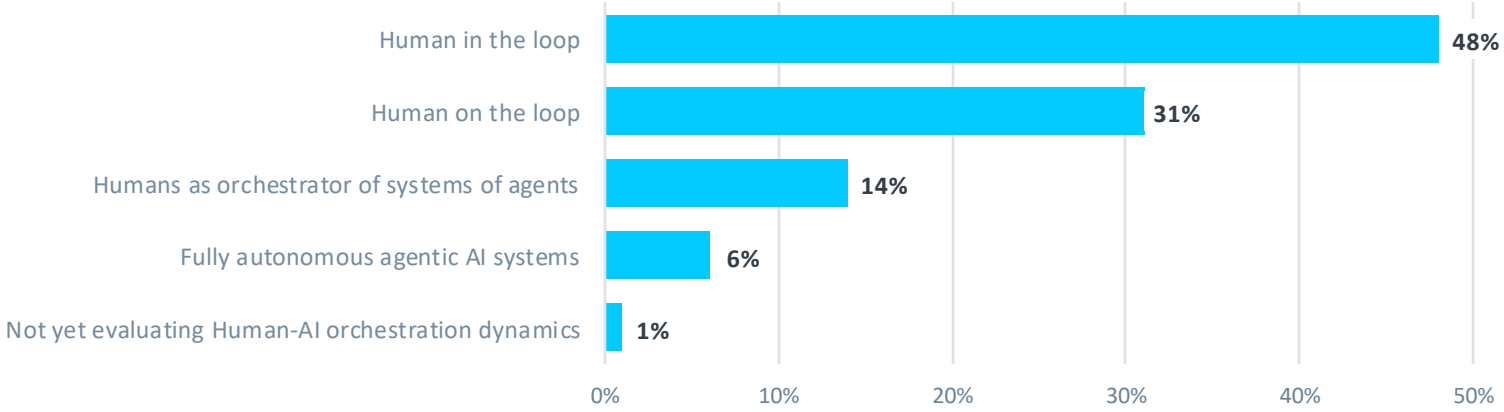
- **Human-in-the-loop:** AI executes defined steps, but people review, approve or correct outputs before they're finalized.
- **Human-on-the-loop:** Humans shift from oversight to setting objectives and monitoring performance, stepping in only when needed.
- **Orchestrator:** AI agents coordinate entire workflows across tools, data and systems—executing, learning and optimizing with minimal human input.

How AI is impacting enterprise hiring

AI'S IMPACT ON ENTERPRISE WORKFLOWS



HUMAN – AGENT COLLABORATION



COLLABORATING WITH AI AGENTS

With the rise in agentic AI, companies can now incorporate agents into human workflows.

69%

of enterprises are experimenting with proof-of-concepts as well as piloting AI-powered workflows in limited environments.

42%

of enterprises report scaling agentic AI across multiple business functions.

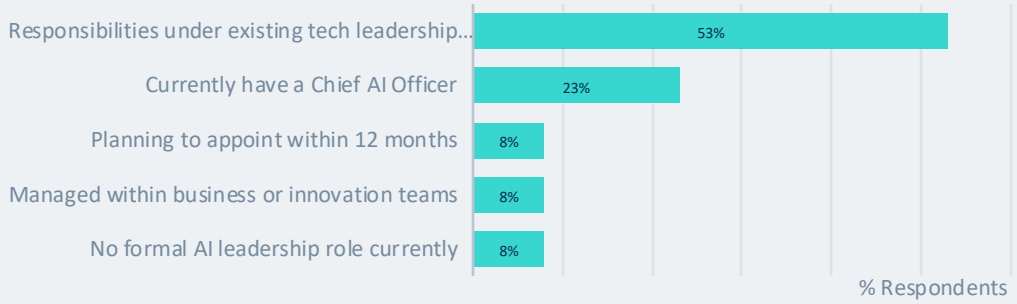
The move toward "human-on-the-loop" and "orchestrator" models of AI-agent deployment is shaping budget allocations, as enterprises fund the integration of autonomous agents that can act while humans oversee or coordinate.

Source: Battery 2H 2025 Cloud Software Spending Survey

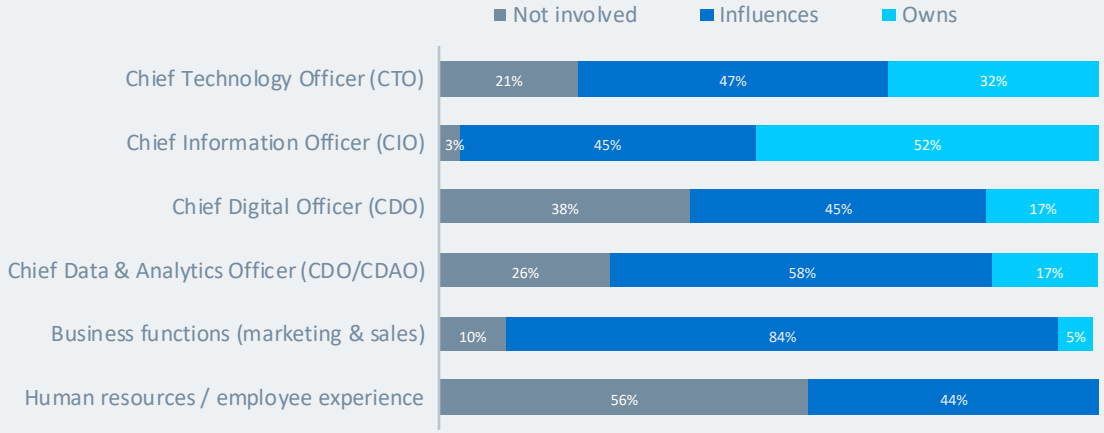
AI and agentic AI are shifting balances of power

RISE OF CHIEF AI OFFICER

Have organizations appointed Chief AI Officer?



Where do AI responsibilities sit within your organization?



WHERE IS THE OWNERSHIP OF AI WITHIN ENTERPRISES

AI has earned its own seat at the executive table, with nearly a quarter of enterprises now appointing Chief AI Officers—a role almost nonexistent three years ago. Larger enterprises and those adopting agentic AI are leading the way, signaling the growing need for dedicated leaderships to guide complex, cross-functional AI strategy.

CAIO adoption is accelerating: 23% have Chief AI Officer

- Among enterprises with budgets over $1B, that number jumps to 40%, with another 10% planning to appoint a CAIO within a year—nearly double the overall average or 23%.
- This demonstrates how larger organizations are institutionalizing AI leadership at the C-suite level.
- As overall tech spend increases within organizations, so does the likelihood that there is a Chief AI Officer.

Agentic AI complexity is driving dedicated leadership

- While only 27% of companies with AI implementations have a CAIO, that figure rises to 34% among those deploying agentic AI, underscoring the cross-functional complexity of these next-gen systems.
- These findings reflect a shift from experimentation to strategic AI governance and accountability.

AI leadership remains fragmented in many organizations

- In companies without a CAIO, 26% place AI responsibility under the CIO, and 18% under the CTO, suggesting oversight is still dispersed across traditional technology roles but increasingly moving toward centralized ownership.

Source: Battery 2H 2025 Cloud Software Spending Survey
Forbes: Enterprise AI Leadership

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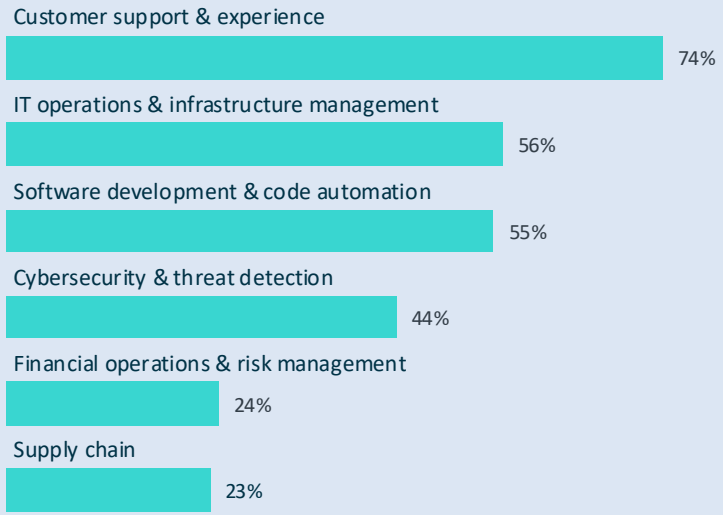
Generative & agentic AI

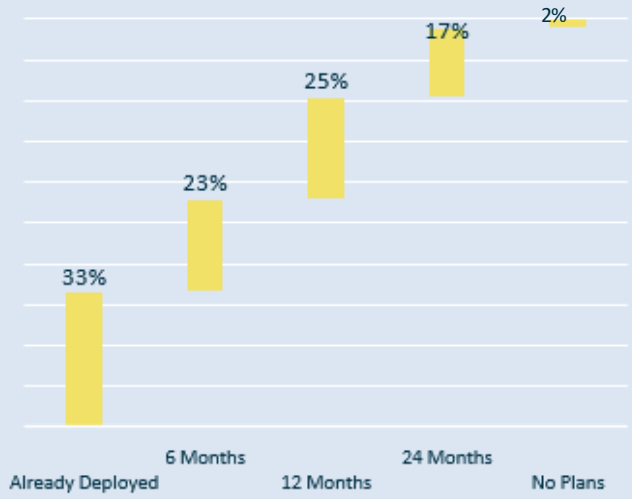
Gen AI to agentic AI: The future of AI

TOP GEN AI FOCUS AREAS



Generative AI is now embedded across all business functions. Its expansion beyond customer experience marks a shift from pilots to scaled deployment—making Gen AI a foundational capability for automation, resilience and innovation.

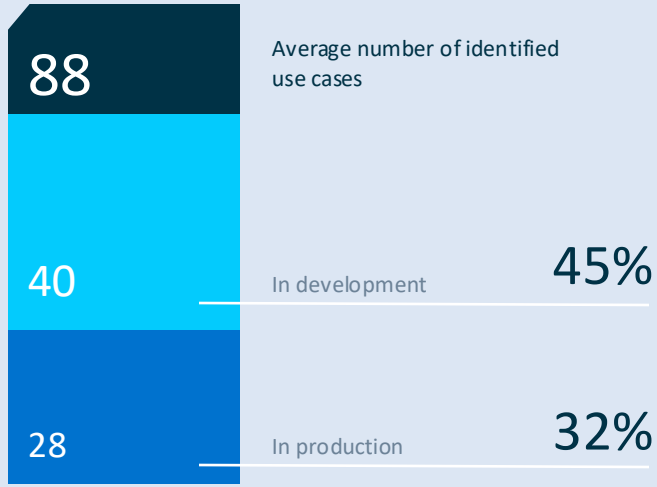
AGENTIC AI DEPLOYMENT CYCLE



Agentic AI is rapidly becoming the operational core of enterprise AI strategy. 33% of enterprises have moved from pilots to deployment, and nearly 75% expect to join them within two years. CXOs see agentic AI not just as another automation layer, but as a force multiplier—integrating intelligence, autonomy and collaboration across core business workflows. The adoption curve is steep, and momentum is accelerating quarter over quarter.

AI USE CASES

STATUS OF GEN AI ADOPTION OF USE CASES, Q3 2025

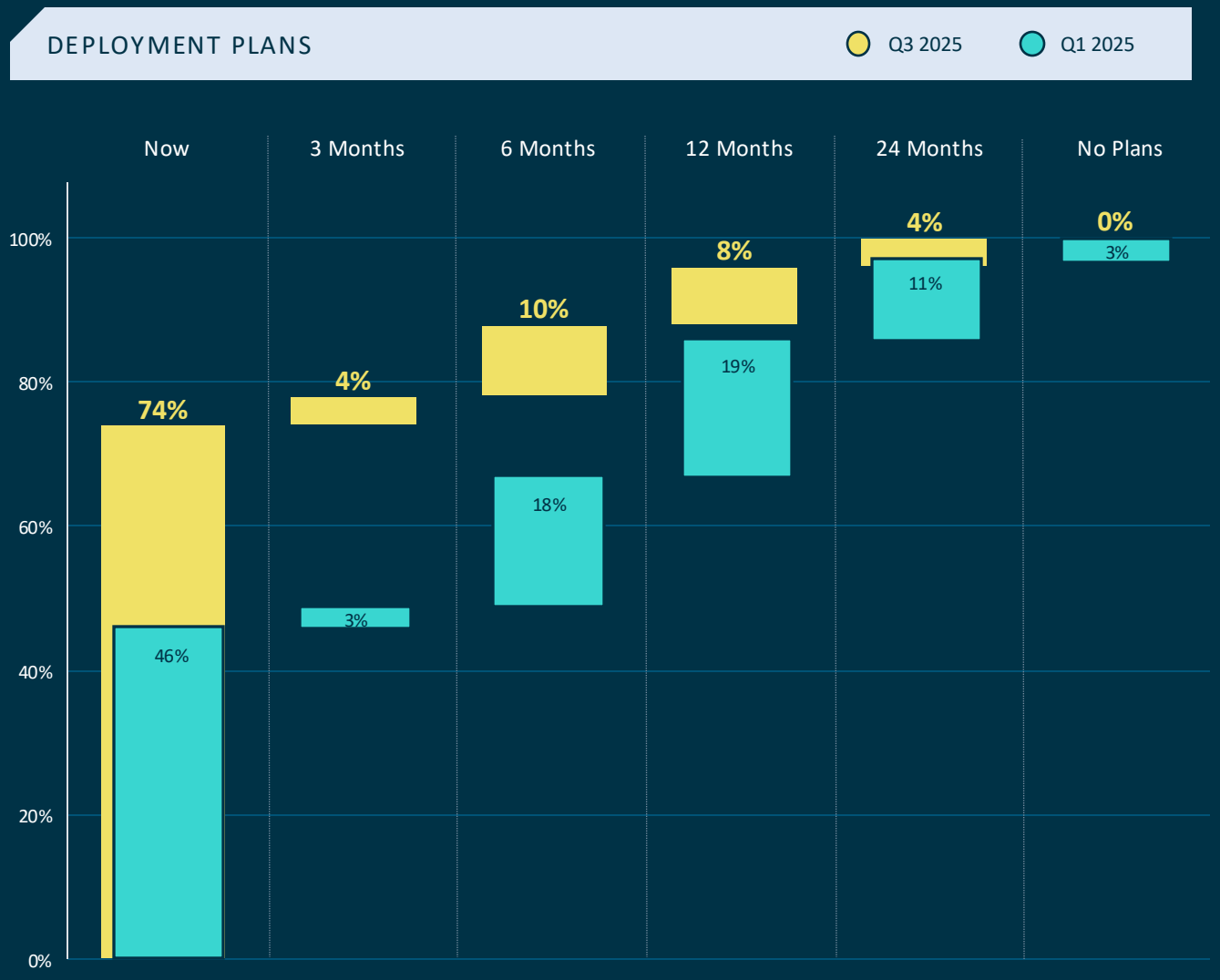


Agentic AI goes beyond generative outputs to autonomously plan, execute and coordinate multi-step workflows across enterprise systems.

After a period of experimentation, momentum is accelerating: **33% of organizations already have agentic AI in production**, and another **48% plan to go live within 12 months**—signaling a shift from early adopters to early majority.

Source: Battery Q1 2025 Cloud Software Spending Survey

Production deployment for Generative AI



Majority in production – What's next?

1. The Generative AI wave is no longer coming—it's here. Today, 74% of enterprises report active Gen AI deployment plans, up from just 46% in Q1 2025. Within two years, that number reaches 100%, signaling near-universal adoption across the enterprise landscape.

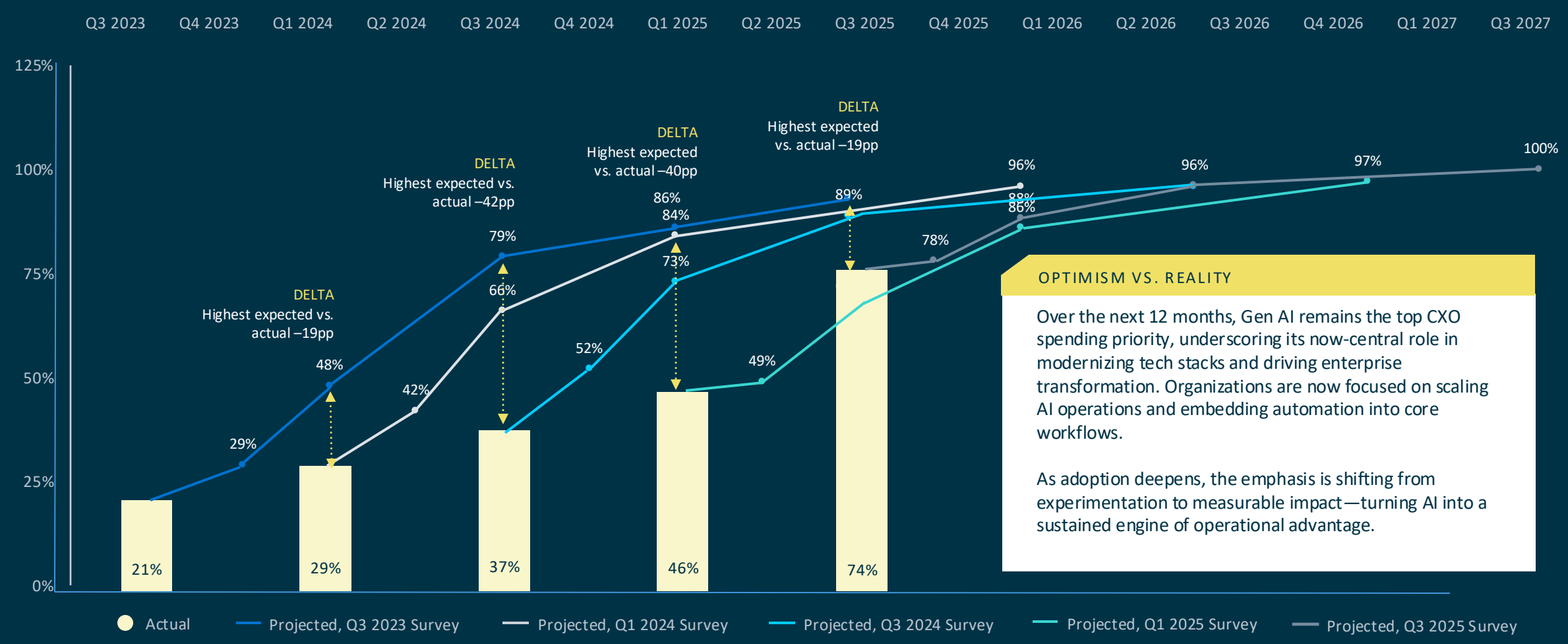
2. Enterprise hesitation around AI has all but vanished. With a more-defined AI stack and much better guardrails & observability, reliability is more established. Every CXO surveyed now plans to deploy Generative AI, with only 11% expecting implementation to extend beyond 12 months—a meaningful shift from the caution seen in Q1 2025.

3. 74% of enterprises already have deployed Gen AI, and essentially everyone has plans to implement within two years. What was once experimental is now operational at scale, although not yet scaled across functions. AI is now a core driver of enterprise competitiveness and capital allocation.

Source: Pitchbook Data | Source: Battery 2H 2025 Cloud Spending Survey

Timeline expectations for Gen AI

DEPLOYMENT PLANS



OPTIMISM VS. REALITY

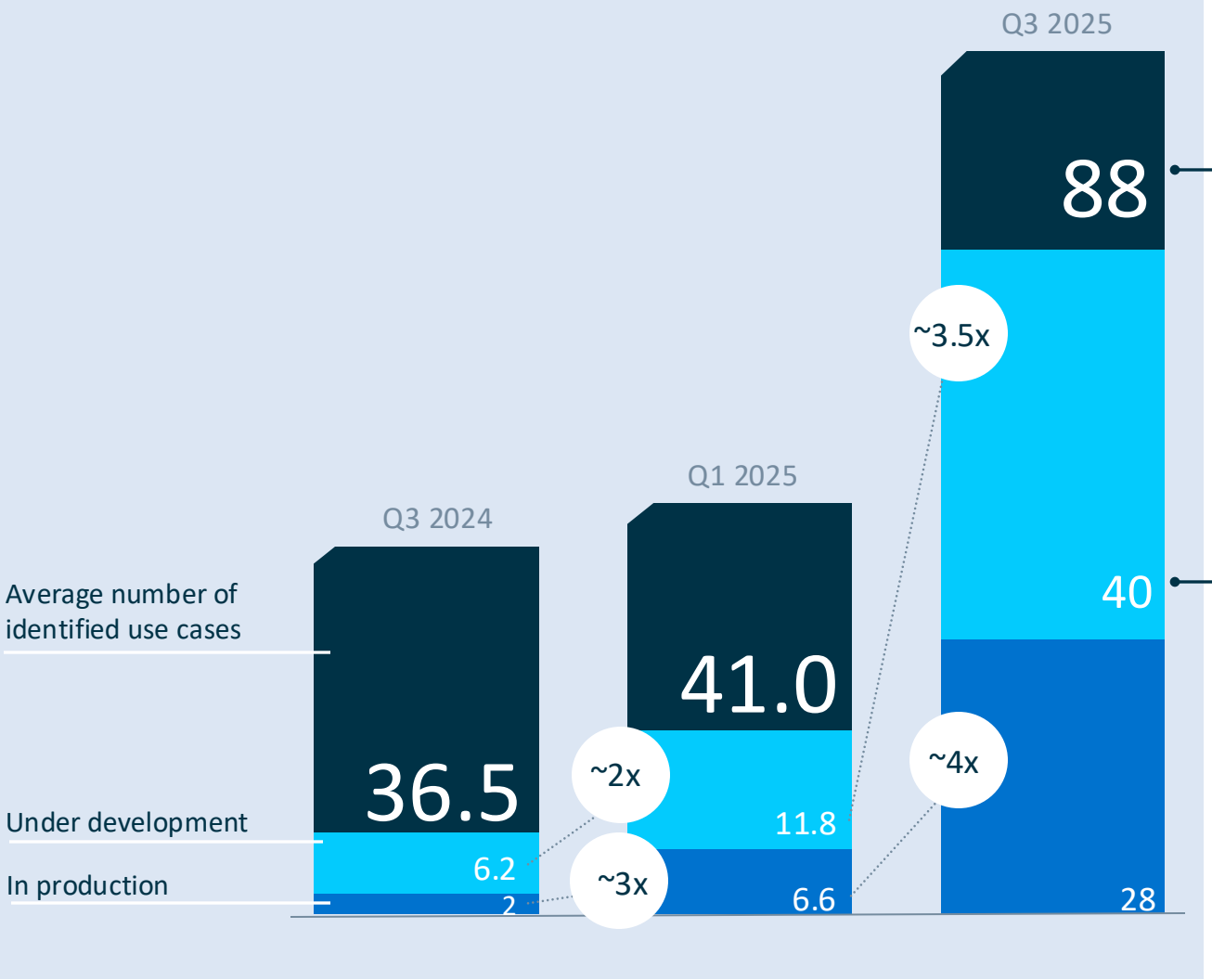
Over the next 12 months, Gen AI remains the top CXO spending priority, underscoring its now-central role in modernizing tech stacks and driving enterprise transformation. Organizations are now focused on scaling AI operations and embedding automation into core workflows.

As adoption deepens, the emphasis is shifting from experimentation to measurable impact—turning AI into a sustained engine of operational advantage.

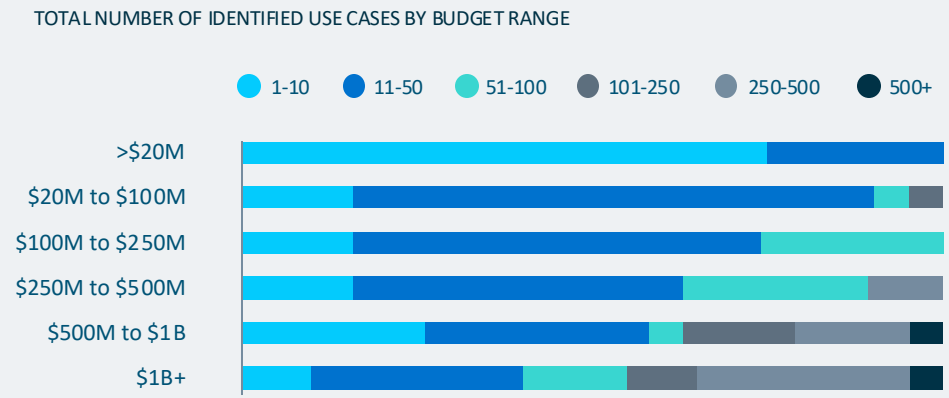
Source: Source: Battery 2H 2025 Cloud Spending Survey

Generative AI use cases grow

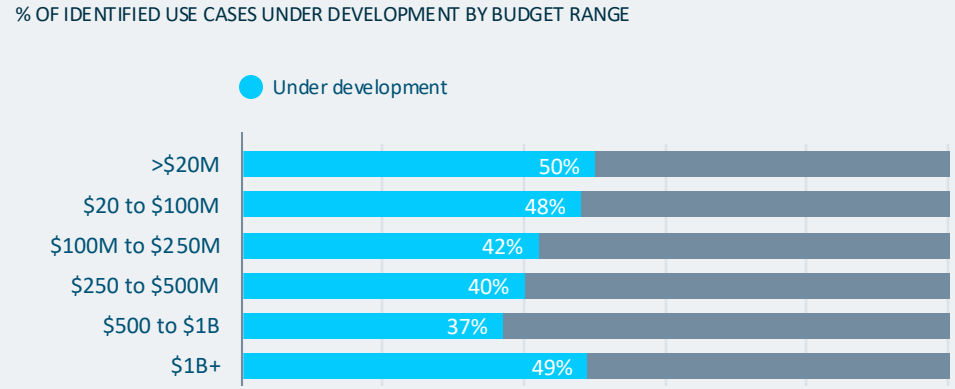
STATUS OF GEN AI ADOPTION OF USE CASES



IDENTIFIED GENERATIVE AI USE CASES & BUDGETS



% OF USE CASES UNDER DEVELOPMENT BY BUDGET



Source: Battery 2H 2025 Cloud Software Spending Survey

AI workloads: How enterprises are bringing AI to life

AI/AGENTIC AI MODEL PROVIDERS

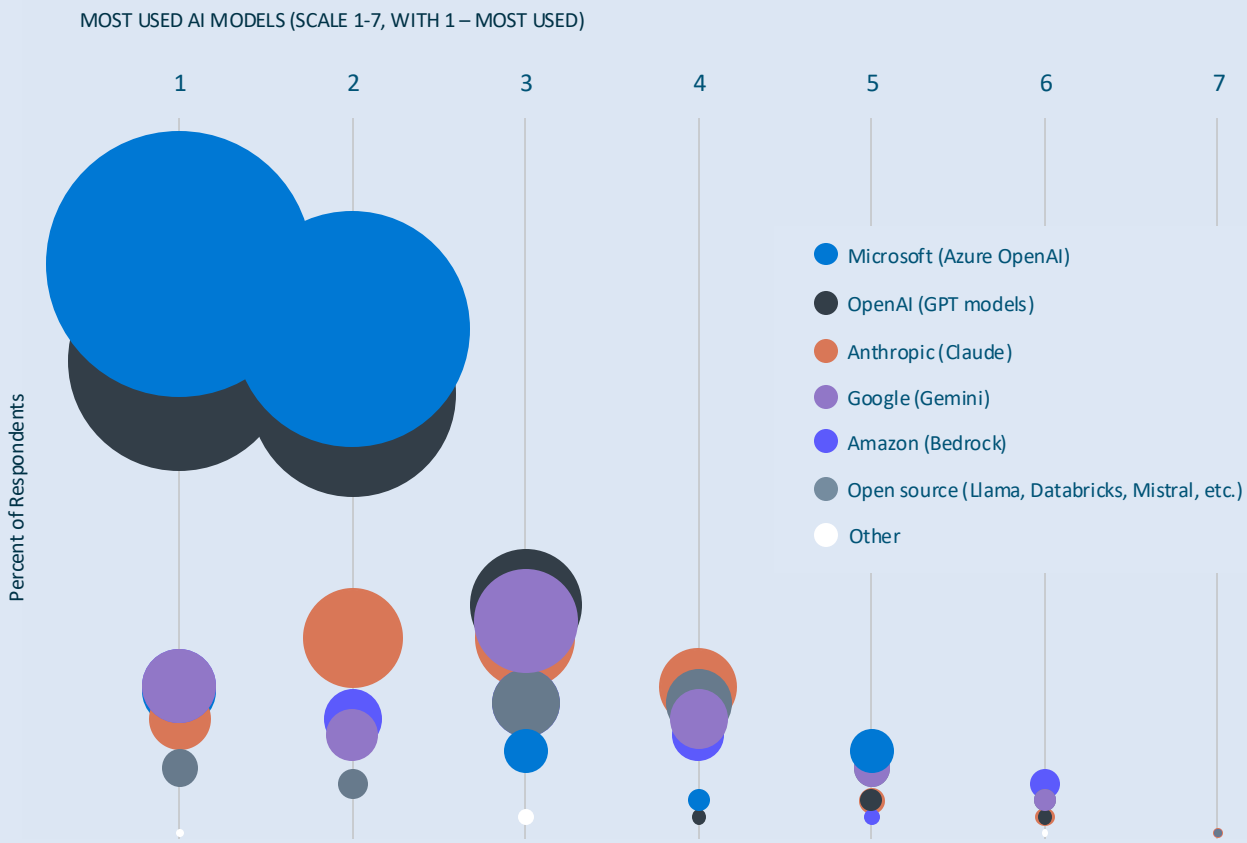
Microsoft AI Foundry and OpenAI are clearly leading the way as being the most used models within this cohort of enterprises. Others are gaining traction like Anthropic, Gemini and Bedrock.

Ranked Top 3: 74% Microsoft & 73% OpenAI

1. Microsoft's suite of models (which includes OpenAI) and OpenAI's standalone GPT models dominate enterprise AI stacks, with organizations naming them as their most-used providers—reflecting prolific and deep integration into core workflows.

2. Enterprises are adopting multi-model strategies, typically using more than one model for flexibility, compliance and domain specialization.

AI/AGENTIC AI MODEL PROVIDERS



Source: Battery Q1 2025 Cloud Software Spending Survey

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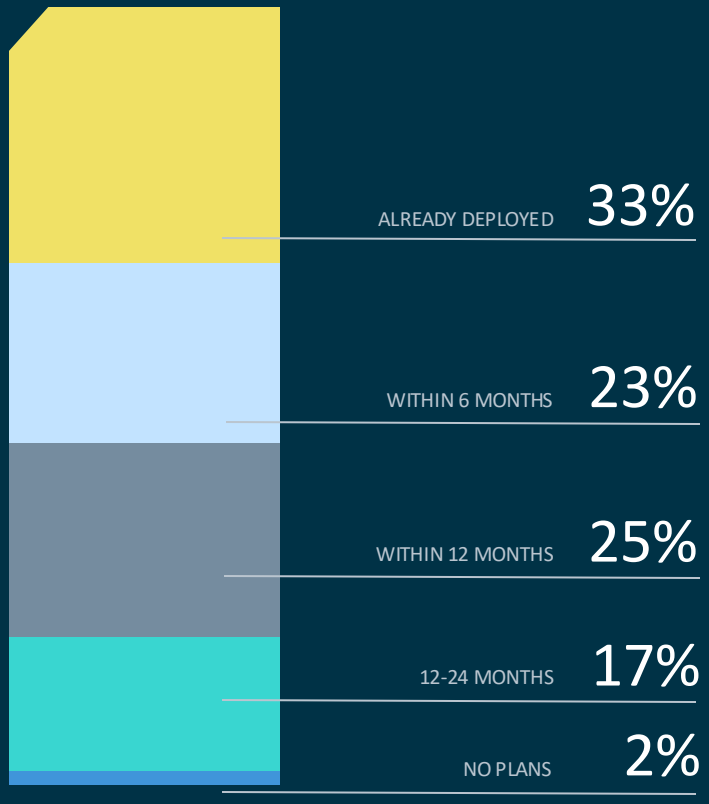
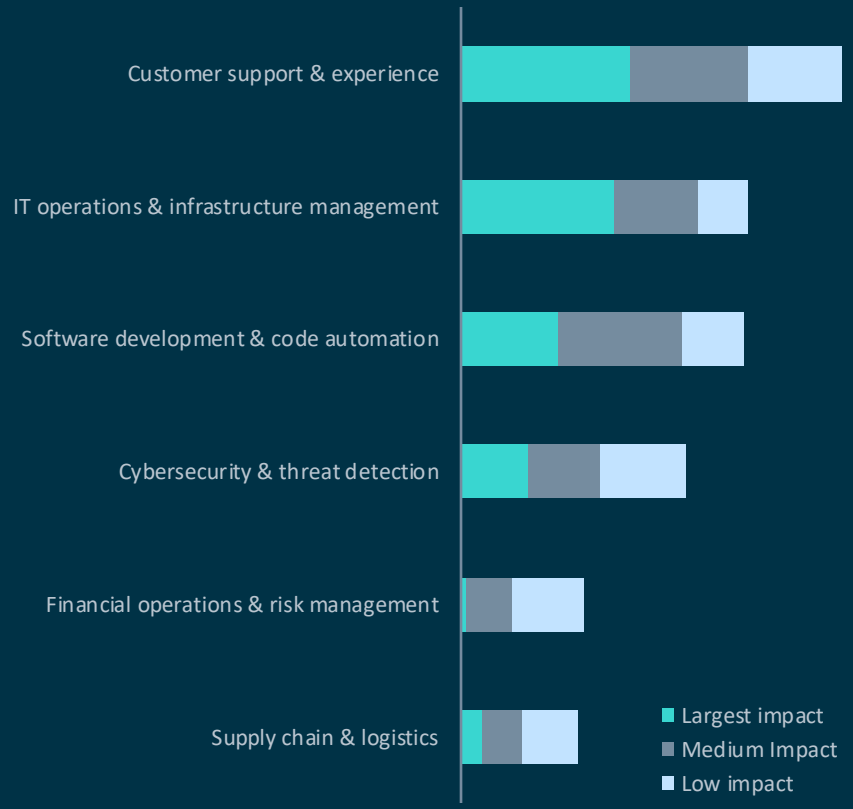
Beyond Copilots & Chatbots: Rise of Agentic Systems

Agentic AI’s rise & likely focus areas

ORGANIZATIONS' TIMELINE FOR DEPLOYING AGENTIC AI IN PRODUCTION



MOST IMMEDIATE IMPACT OF AGENTIC AI ON THE ORGANIZATION



IMPACT

Customer support, IT ops and software development are becoming proving grounds for enterprise-scale AI agents, where human oversight meets autonomous execution to drive speed, reliability and innovation. **Agents enable systems that anticipate and act autonomously.**

For **enterprises**, it marks the rise of a new systems layer connecting reasoning, memory and orchestration for reliable, governed AI operations. For **startups**, it’s the inflection point where frameworks, tooling and infrastructure for agentic AI define the next competitive edge.

AGENTIC AI ROLL-OUT

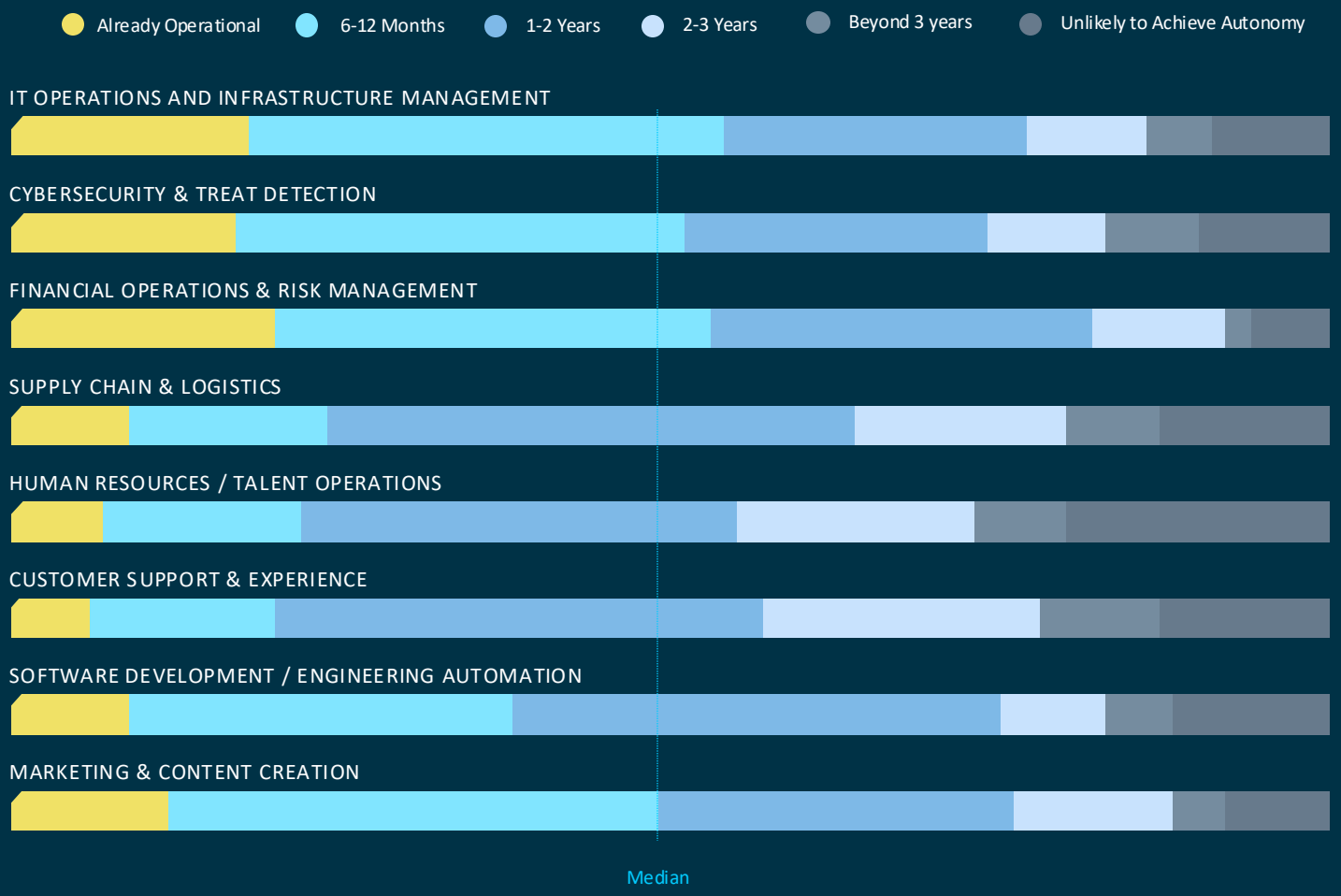
87%
are actively deploying or in R&D.

31%
plan to be live in 6 months with 59% in the next year. Only 8% have no plans.

Source: Battery Q1 2025 Cloud Software Spending Survey

Agentic AI: Use cases, workflows & budget

WHEN DO CXOS SEE AI AGENTS OWNING WORKFLOWS AUTONOMOUSLY?



THE COUNTDOWN TO AUTONOMY HAS BEGUN

While one in 10 enterprises already have fully autonomous workflows in production, most expect meaningful transformation within the next 6–24 months. Across domains, nearly 60% of enterprises expect AI agents to fully own key workflows within the next two years.

- Customer support (53%), software engineering (51%), and marketing (54%) are the leading near-term domains for autonomy.
- In contrast, financial operations and supply chain are expected to evolve more gradually, with most organizations targeting the 2–3 year horizon or beyond.

This illustrates a staged adoption curve—from automating tactical workflows today to achieving system-level autonomy across complex business functions by 2027.

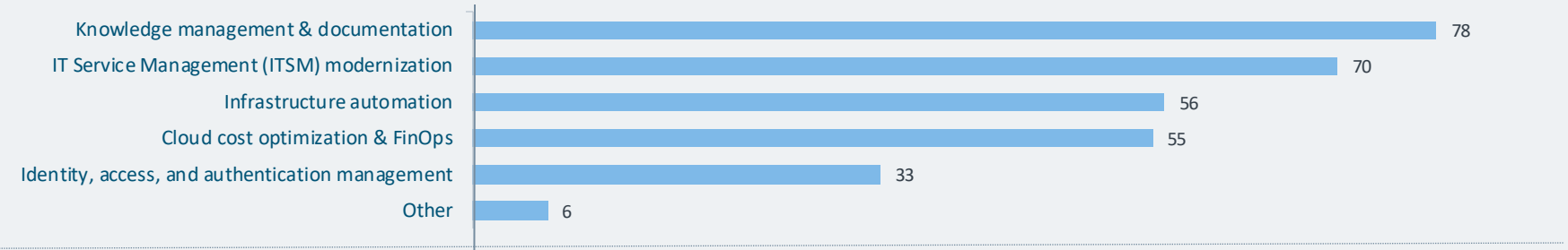
Source: Battery 2H 2025 Cloud Software Spending Survey,

AI disruption: The great re-evaluation of initiatives and old paradigms

WHAT INITIATIVES IS YOUR ORGANIZATION RE-EVALUATING AS A RESULT OF AI ADOPTION?

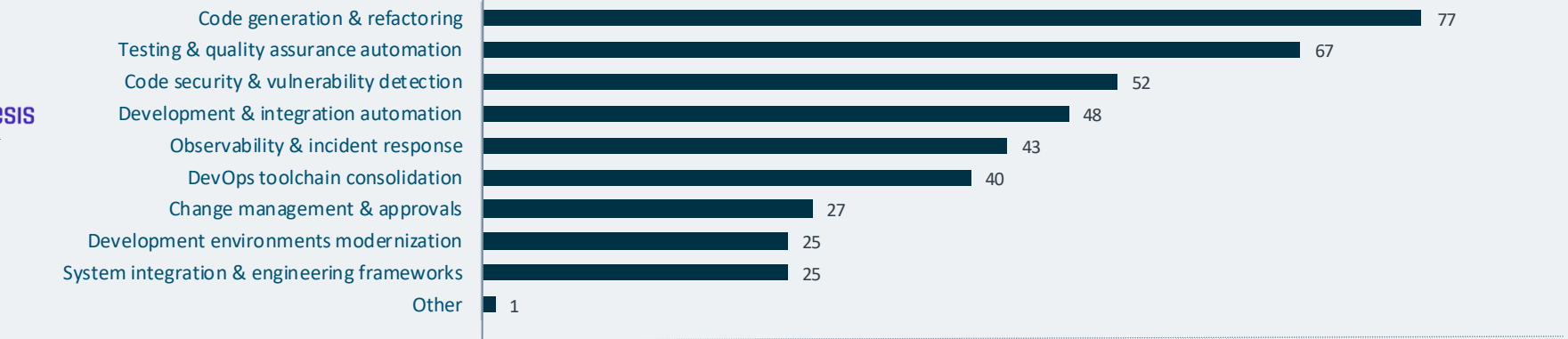
IT INITIATIVES

Arcade, Runlayer, Serval, CONSOLE, atomicwork[1], Keycard, workato[1]



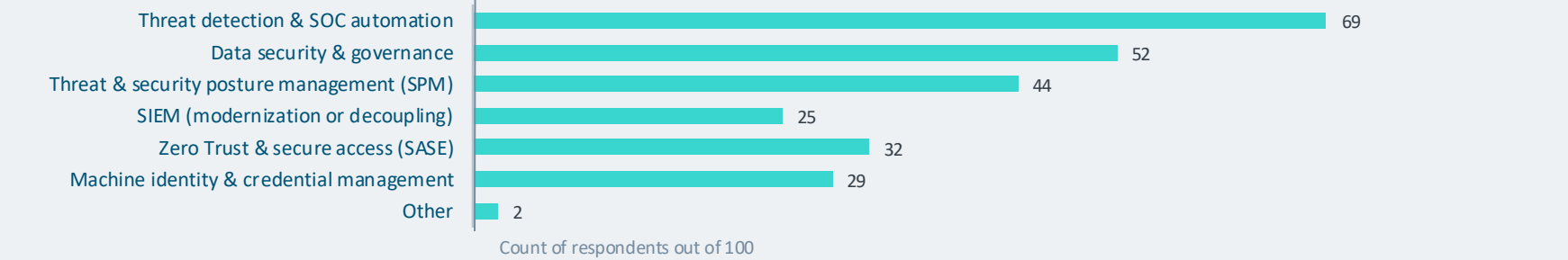
ENGINEERING INITIATIVES

CURSOR, FACTORY, antithesis, Cognition, Cline, baz[1], Traversal, Resolve.ai, dash0, relace.ai, LinearB[1], Morph



SECURITY INITIATIVES

KOI[1], imper.ai[1], prophet, vega, TENZAI[1], runreveal, ZAI, artemis, Dropzone AI, LEGION



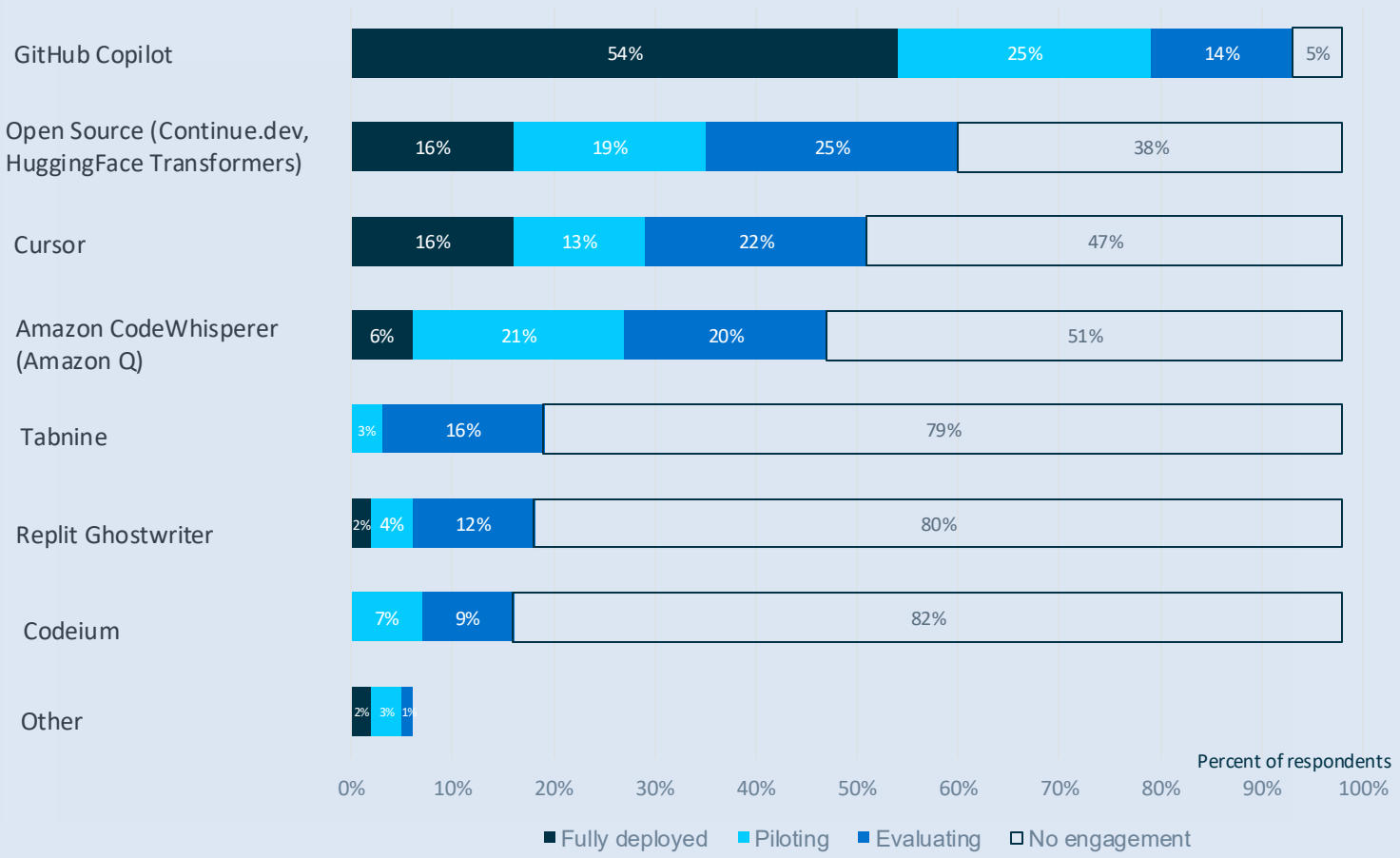
Count of respondents out of 100

Source: Battery 2H 2025 Cloud Software Spending Survey

Note: [1] denotes a past or current Battery company. For a full list of all Battery investments, please click here.

Top Platforms Enterprises are Using to Code AI Workflows

AI-ASSISTED CODING TOOLS THAT ORGANIZATIONS ARE LEVERAGING OR EVALUATING



AI ENTERS ENGINEERING CYCLE

1. Among open-source ecosystems, GitHub and Cursor stand out as leaders in AI-native development. GitHub and Amazon Code Whisper are the tools most being evaluated and piloted, along with other open-source solutions. By linking developer workflows with model experimentation, they're accelerating innovation and shaping how open tools scale inside enterprises.

2. 23% of enterprises now have two Gen AI tools fully deployed, signaling a pragmatic multi-model approach over vendor lock-in. Even with active deployments, 62% are still evaluating alternatives— echoing early cloud adoption, when experimentation came before consolidation.

3. At JPMorgan Chase, tens of thousands of engineers achieved 10–20% productivity gains using a proprietary coding assistant tool—reinforcing that AI within the SDLC is now delivering measurable value at scale.[1]

4. With over 180 million developers on GitHub (+23% YoY), the platform has become the engine of AI-native development. Nearly 80% of new users enable Copilot in their first week as user, showing how AI is no longer an add-on — it's the default way to build.

Source: Battery 2H 2025 Cloud Software Spending Survey
[1] Rueters: JPMorgan Engineers Efficiency Using Coding Assistant

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